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JOINT COMMITTEE PRINT

THE FEDERAL BUDGET AS AN ECONOMIC  
DOCUMENT

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REPORT  
OF THE  
SUBCOMMITTEE ON ECONOMIC STATISTICS  
TO THE  
JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES



Printed for the use of the Joint Economic Committee

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## LETTER OF TRANSMITTAL

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AUGUST 5, 1963.

HON. PAUL H. DOUGLAS,  
*Chairman, Joint Economic Committee,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Transmitted herewith is a report, "The Federal Budget as an Economic Document," which has been prepared by the Subcommittee on Economic Statistics. The report is based upon an earlier staff study under the same title prepared for the subcommittee, and hearings which the subcommittee held on April 23, 24, 25, and 30, 1963.

It is my belief that this report represents the first time, at least in recent years, that any committee or subcommittee of the Congress has examined in detail the usefulness of the Federal budget. Our recommendations for changes in the Federal budget are based on the belief that the document is an essential basis for decisionmaking by the Government and the public generally. We believe, moreover, that the budget in its present form is outmoded. Extensive revisions should be made in format and content in order that the budget can be effectively used in the analysis of Federal policies.

The staff study which initiated this examination of the Federal budget was written by Roy E. Moor of the committee staff, and the additional work done in preparation for the hearings and this report was also done by him. As part of this preparation, consultations were held with the Bureau of the Budget, the Treasury Department, and other interested Government agencies, but none of these groups are to be held responsible for any of the views expressed in this report.

Sincerely,

WILLIAM PROXMIRE,  
*Chairman, Subcommittee on Economic Statistics.*

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## SUMMARY OF RECOMMENDATIONS

### BASIC RECOMMENDATIONS

#### *Budget structure*

The budget should be presented in a series of increasingly detailed volumes. These volumes should be keyed to each other by subject matter and page numbers. Text material should be associated with the statistical tables to clarify the meaning of the data. A separate standard volume should be available to explain budget concepts.

#### *Program budget*

The Federal budget should be presented on a program basis. The program classification should be based upon an overall index system such that appropriations requests can still be made on an agency basis by the functions performed.

#### *Comprehensive coverage*

The horizon of the budget should be extended to incorporate all financial transactions and decisions in which the Government is involved. Specifically, the budget should include, in addition to its present coverage, (1) administrative actions made or contemplated by the executive branch under broad congressional directives, (2) loan and guarantee programs which are on a quasi-independent basis under the general direction of Congress, and (3) public enterprises which obtain and spend funds acquired directly under broad congressional grants.

#### *Timing*

(a) The budget for each year should be presented in the context of a broader, longer run set of budgetary projections. These projections should probably cover a 5-year period.

(b) Regular periodic revisions of budgetary estimates should be provided, on at least a quarterly basis.

(c) Budget amounts should be broken down by calendar quarter rather than being shown simply as annual totals.

### FURTHER SUGGESTIONS

#### *Timing of impact*

The Bureau of the Budget should begin to establish some rules of thumb concerning lead and lag times which might be applied to various categories of expenditures and receipts.

#### *Full employment budget figures*

The Bureau of the Budget should regularly prepare and publish material on a full employment budget basis similar to that which appeared in the 1962 Economic Report of the President.

#### *Detailed assumptions*

The Bureau of the Budget should indicate in more detail within the budget document the types of economic assumptions that underlie projected budget amounts.

*Examination of changes*

The Bureau of the Budget should give consideration to possible improvements in part 5 of the current budget, indicating the nature of changes proposed in budgetary amounts.

*Sector study*

The Bureau should begin assessing the consequences of budgetary policies on particular areas of the economy.

*Future review*

It is the intent of this subcommittee to issue a subsequent report early in 1964 analyzing the changes made in the 1965 budget document.

## THE FEDERAL BUDGET AS AN ECONOMIC DOCUMENT

-----Ordered to be printed-----

Mr. DOUGLAS, from the Joint Committee on the Economic Report,  
submitted the following:

### R E P O R T

[Pursuant to sec. 5(a) of Public Law 304 (79th Cong.)]

#### INTRODUCTION

In early 1962, the Subcommittee on Economic Statistics released a staff study on the subject of the Federal budget as an economic document. This staff study provided a substantial amount of background statistics concerning Federal revenues and expenditures. It also attempted to assess the present usefulness of budgetary data for economic purposes.

On April 23, 24, 25, and 30, 1963, the subcommittee continued its examination of this subject with hearings on the content and usefulness of Federal budget data for assessment of the influence of Federal policies on the economy. These hearings included testimony and submitted materials from a diverse group of witnesses drawn from college departments of economics, from State budget offices, from research organizations, and from business, as well as from the Budget Bureau. This testimony provided a substantial amount of material which had heretofore not been drawn together concerning the various uses, both actual and potential, of Federal budget data. In addition, many ideas were suggested concerning possible changes in budget materials that would make the data more useful.

There was a striking degree of unanimity in the testimony of our witnesses and in the earlier staff study concerning the types of changes which could be made in the Federal budget in order to make it more meaningful for general policy analysis. This report is designed to summarize the nature of these changes.

Consideration of these changes is both timely and desirable. The Federal budget is becoming increasingly a key instrument of Federal policy and the budget is the primary source for data on Federal eco-

conomic activities. It is hoped, therefore, that the Bureau of the Budget and other agencies of Government concerned with Federal expenditures and receipts will take early action on the recommendations made in this report. Certainly the most general conclusion to be drawn from the subcommittee hearings and study is that the present budget presentation is outmoded in view of the general complexity of the economy, the improvements in economic data on other sectors of the economy, and the need for knowledge about the Federal government's role in the economy.

#### PURPOSE OF THE BUDGET

The primary purpose of the budget is to request grants of spending authority from Congress. It is a document to be used as the basis for decisionmaking by the Congress. This has always been the primary function of the budget and any improvement in budget content must start with the recognition of this purpose.

This report must, therefore, address itself first to the nature of budget material that is of value to the Congress in making decisions on grants of spending authority. This section indicates a number of general budget characteristics which seem necessary in assessing these requested grants.

First, budget data must be in the form of forecasts of the future. The requests presented to the Congress concern Government activities in a future period and material should be available on both the general economic conditions and the future role of the Government. Information on the past is desirable primarily as a basis for assessing the current forecasts and for judging the reliability of earlier predictions.

Second, the budget must emphasize detailed forecasts concerning anticipated receipts as well as expenditures. These receipts provide the basis for payment of contemplated Government expenditures and revenue policies are frequently alternatives for expenditure policies.

Third, data on all anticipated receipts and expenditures should be included in the budget, not simply those budget areas requiring decisions by certain congressional committees. A vast array of Government receipts and expenditures exist and the principal budgetary function of the Congress is to decide on those expenditures and receipts which should be adopted by the Government for a particular time period. This responsibility for budgetary decision making falls upon the entire Congress, not simply upon certain committees. All actions of the Government are based ultimately upon legislation and all have their budgetary aspects; hence, all actions must be included in the budget even though no current legislation is involved in the actions.

Fourth, the budget is virtually the only Government document which provides information on the financial dimension of all Government decisions. Therefore, it should provide a full assessment of the economic consequences of congressional and administrative actions. Every action of the Government affects the private economy through withdrawing resources from the satisfaction of private wants, if in no other way, and these economic effects must be examined in providing sufficient information for decision making.



Fifth, since the budget requests the Congress to make choices among alternative Government policies, information should be available in the budget justifying the selection of certain alternatives over others.

Sixth, budgetary decision making frequently involves choices that have ramifications over a period of years, even though the accounting period is only 1 year. Therefore, congressional analysis requires some long-range forecasting in the budget.

The primary purpose of the budget must be to serve the Congress. However, many other groups also make use of the data contained in the budget. In a democracy, it is desirable that the data used as the basis for government decisionmaking be made as widely available and as fully informative as possible. Therefore, in proposing any changes in format or content of the Federal budget, consideration must be given to other actual and potential users of budget material, such as students of government, economists, business firms, and individual citizens.

All of these groups were, in one way or another, represented during the recent hearings of this subcommittee. A striking—though perhaps not surprising—conclusion from these hearings is that the witnesses all seemed to be urging the same types of information that are essential for adequate congressional decisionmaking. Thus, if the budget can be improved in order to make it a more effective instrument of policy for the Congress, the further objective will also be obtained of making the budget more useful for other budget analysts.

#### THE DILEMMA OF BUDGETARY REFORM

A large number of specific suggestions for changes in budgetary content were suggested in our hearings. If these suggestions are examined in terms of their purposes, it seems clear that two contradictory objectives are being sought. The first of these is simplicity. A number of our witnesses indicated how difficult it is to analyze the budget and obtain meaningful conclusions from the document. This objective of simplicity is obviously important to Congress because the activities of the Federal Government are so vast. It is necessary to present these activities in an organized, clear, and meaningful form in order to assess them. It is even more important for other users of budget information who may have less detailed knowledge of Government procedures and activities.

One of our witnesses described the present complexity of budgetary presentation very well:

You have got the administrative budget, the consolidated cash, the national income accounts. You use the word "expenditures" but you also use the word "appropriations" versus "authorizations." You use the concept of current versus permanent or new authorizations.

All these terms appear—appropriations and reappropriations, new obligational authority, direct obligations, reimbursable obligation, and revolving funds.

You use the words "trust accounts" on a gross basis, a net basis; enterprise funds on a gross and a net basis. Wholly owned Government funds, semiprivate or quasi-Government funds, loans and guarantees, intragovernmental funds or payments, grants-in-aid, subsidiaries.

The list could be extended. I suppose there are at least a hundred different concepts which you really have to be able to understand in order to see what this budget document really means.

Another, but contradictory, objective of budgetary analysis also can be seen in the testimony of our witnesses. This is the need for

completeness: Virtually every witness that appeared in the hearings expressed a desire for additional types of material that are either not now in the budget or not in the document in sufficient detail.

Thus, at the same time that budget users—both actual and potential—urge additional simplicity in order to achieve greater understanding and usefulness, they also urge greater completeness which necessarily involves more detail and, hence, more complexity.

In any report such as this which attempts concretely to improve present budget usefulness, this dilemma of simplicity and complexity must be squarely faced. Thus, our first recommendation concerns the structuring of the budget:

*1. The budget should be presented in a series of increasingly detailed volumes. These volumes should be keyed to each other by subject matter and page numbers. Text material should be associated with the statistical tables to clarify the meaning of the data. A separate standard volume should be available to explain budget concepts.*

The budget must be presented in such a way that both the casual reader and the most inquisitive student of government can distinguish the forest from the trees. The essence of budgetary analysis is to relate the component parts of the budget to the overall activities of the Government. Only in this way can the individual decisions implicit in the budget be judged in the context of the overall program.

For this purpose, therefore, there should be an initial volume which is purely summary in nature and designed only to show the broadest aggregates. This volume would be useful to all individuals who are curious about Government fiscal matters.

The specific content of this volume is indicated elsewhere in this report. Two characteristics of this summary volume, and the other increasingly detailed volumes, should, however, be indicated here. First, there should be an index system so that the reader interested in increasing detail can move readily from volume to volume. This index system can be provided in a number of different ways. One method has already been tried by the Bureau of the Budget in the 1963 fiscal budget and, regrettably, was less extensively used in the 1964 budget. This method was to have summary tables near the beginning of the budget document with footnotes indicating where additional information could be obtained on the material contained in each of the summary tables.

The possibility that seems most reasonable to us would be to provide a highly detailed table of contents for the first and most summary volume in the budget set. This same detailed table of contents, with code numbers, could then be used in each of the subsequent, more detailed, volumes.

The second general characteristic of each of the volumes in the budget set should be the use of text material designed to guide the inexperienced traveler. The evidence in the hearings indicated quite clearly that even our witnesses, expert though they are in budgetary matters, had great difficulty in using the material presently included in the Federal budget. The reason for this must be, in large part, the fact that the budget contains primarily statistical tables, without the text necessary to understand the meaning or usefulness of the tables. As the present Budget Director has recently stated:

The Federal budget is a formidable document. Compounded of Arabic numerals and latinized prose, it reflects the needs, hopes, and fears of a complex,

growing, and increasingly, wealthy society. It is the point of convergence of forces as diverse as an outbreak of hog cholera, a Chinese attack on India, floods in eastern Kentucky, juvenile delinquency on our city streets, a successful Venus probe, and an easing of mortgage money. But all of these vital and diverse forces must, of necessity, be transformed through the budgetary process into the cold common denominator of dollars.<sup>1</sup>

The Bureau of the Budget has already moved along the path described here. For example, the "Federal Budget in Brief" is a highly useful document, written in an understandable prose. However, (a) no keying system exists by which a reader can readily move from the "Budget in Brief" to other budget documents, and (b) some material appears in the "Budget in Brief" that cannot be found, at least in the same form, in other budget documents.

The Bureau has also made a notable step forward by publishing, initially for the fiscal year 1963, a basic budget document separate from the volume containing specific appropriations requests. However, the basic budget document, while relatively compact, contains a polyglot of material that is not readily interrelated either internally or with the large appendix volume containing the appropriations requests.

Probably, four or five volumes in the budget set will be necessary in order to move by easy steps from the most global to the most detailed information. The first of the volumes should be similar to the present "Budget in Brief." However, it should contain the President's budget message and some elaboration on the content of that message. For example, it should have historical tables, the major components of Government expenditures and receipts, and most important, the general nature of the changes involved in the proposed budget from the budget for the preceding year. In other words, a major part of the summary budget document should be devoted to the areas where decisionmaking is required, and some general material should be available on the reasons for these changes.

Some of the material now in the "Budget in Brief," such as the description of the budget, budget concepts, and the budget process, should be provided in detail in a separate, single, standard publication that could be distributed without reference to a specific budget year. Examples of similar publications are the small volumes issued by the Federal Reserve System and Treasury Department on the monetary system. Some conceptual material must, of course, be in the budget document as part of the text indicating the significance of the statistics.

At the opposite end of the spectrum, the most detailed budget volume should be similar to the appendix volume now presented to the Appropriations Committees indicating specific agency requests. The primary changes that should be made in this volume are: (1) to include material on other Government activities which do not require annual appropriations, since such material is germane to appropriations decisions, and (2) to change the text material from the "Latinized prose," perhaps necessary for legislation, to more comprehensible justifications for appropriations requests. Presidential messages to the Congress in other areas are not phrased in legislative language and there is no need for such gobbledegook.

Between these two extremes in the budgetary set, probably three other volumes would be appropriate. These three volumes would

<sup>1</sup> Address by Kermit Gordon, Director of the Bureau of the Budget, before the American Society of Newspaper Editors, Statler Hilton Hotel, Washington, D.C., Apr. 19, 1963.

reflect the three major stages of the budget process: the grant of new obligational authority, the economic impact of the grants, and the final expenditure of cash. Each volume would also provide data necessary to show the transition to the next step in the process.<sup>2</sup> The volume on new obligational authority would contain material similar to that now found at various places in the budget document. The volume on economic impact would be similar to the present national income budget material. The volume on final expenditures would be similar to the present cash budget. Each of these volumes could contain improvements in budget content as indicated later in this report. One of the major changes would be in the provision of explanatory material concerning the interrelationships between the three budget stages.

The advantage of this approach is that it would clearly separate concepts that are now jumbled together in the same volume. One objection that may be raised to this approach would be the printing and publishing costs involved. These seem to be a minor price to pay for obtaining understanding in such an important area. Moreover, only the first summary volume would probably be used extensively, and the other volumes would be largely for Congressmen and other students of the budget. Finally, however, our recommendation could be achieved with fewer volumes as long as the material was arranged in separate sections of the same volumes in some logically organized manner. Our recommendation is not directed so much at the form of publication as at the form of organization of the budget.

All of the subsequent recommendations made in this report should be viewed in the context of this proposed format. Our other recommendations can be incorporated into each of the five volumes in the budget set in varying degrees of complexity.

#### PROGRAM BUDGET

One of the clearest conclusions stemming from our recent hearings is that users of budget material had difficulty in finding particular information. This difficulty is undoubtedly due to the arrangement of the budget by agencies rather than by subject matter. There is, of course, historical justification for the agency approach. In an earlier day, particular functions of the Federal Government were more closely associated with specific agencies. However, with the increasing complexity of the Federal Government, similar functions are frequently performed by a number of different agencies. Yet, the typical user of the budget presumably is interested in specific activities of the Federal Government and less concerned with the agencies that perform them.

This same conclusion is even more valid for the Congress. In assessing the requests for appropriations submitted by the various agencies through the Bureau of the Budget, the first question that must be asked is: what is the product or service that can be expected from the grant of expenditure authority? Congress must have information concerning the uses to which Federal moneys are put. This information is only sporadically available at present because the requests for funds are based upon divisions and branches within agencies rather than upon uses of funds. Therefore, the second

<sup>2</sup> As an example of the structuring involved in these transitions, see app. I.

general recommendation—and certainly the most sweeping one—proposed in this report is the following:

2. *The Federal budget should be presented on a program basis. The program classification should be based upon an overall index system such that appropriations requests can still be made on an agency basis by the functions performed.*

At present, a single page in the budget indicates a "functional" breakdown of Government expenditures. However, this classification is prepared after the general budget figures are determined. In effect, the Bureau of the Budget simply goes through the document and classifies items by general functional categories. This is a useful exercise but a hollow one. Virtually no information is available concerning the breakdown of items that are included by the Bureau in each of the functional groupings. Moreover, the breakdowns are changed from year to year so that it is almost impossible for a budget user to trace out by functional category how certain types of expenditures are changing over time. For example, one of the most important actions of the present administration was to propose an acceleration of public works programs. It is impossible from published budget materials to discover under what functional classification this proposed program can be found.

The suggestion made in this report is to approach the problem of classification from the other end; namely, to start the organization of the budget on a functional program basis through the use of a code system and then to provide one cross classification of the items by agency at the end of the process for purposes of arranging appropriation legislation.

The advantage of this proposed approach is that it will enable all users of the budget to determine the types of activities in which the Federal Government is engaged and the dollar significance of these activities. For example, how much does the Federal Government spend at present for education? How much does it spend for health services? How much does it spend for research, and so on? At present, none of these questions can be adequately answered because a number of different agencies engage in each of these activities. One of our witnesses indicated this problem quite lucidly in the area of education:

For example, a Member of Congress decided to postpone appropriations for education in 1961 because, upon a preliminary review, it was discovered that educational activities were carried on by such a host of agencies, offices, divisions, bureaus, and other bodies, that no one in the Government really knew what the total figures were or what the educational end result or accomplishment had been.

The witness then inserted a table indicating some 66 educational programs scattered through 9 different departments and another 23 programs in 11 other agencies.

How can this change in budget procedures be accomplished? We recommend, as a first step, that the Bureau begin now to establish an index system of activities in which the Federal Government engages.<sup>3</sup> This index would eventually become the detailed table of contents for the summary budget volume, as described earlier. In fact, the Bureau has already gone some way along this route. First, the Bureau has, for internal purposes, established a classification system in order to determine its functional budget table. This system could

<sup>3</sup> For a general indication of the types of broad categories that might be used, see app. II of this report.

be readily adapted for the purposes described here. Second, the Bureau already has a coding system by types of Government expenditures. Thus, the index number approach is not an unfamiliar one to the various agencies. The present code system would, however, have to be revised along the lines of the functional budget breakdown now used.

The second step would then be to send this index to each of the various agencies at the beginning of the budgetary process, i.e., at the time when the agencies begin to prepare their requests for new appropriations. Each agency could then classify the activities in which it is engaged under the functional breakdown provided by the Bureau. Thus, the material would be more or less ready made for the Bureau of the Budget to prepare its document along the index lines.

How feasible is this approach? It is striking to note that almost exactly this approach has already been initiated in the area of the largest single area of expenditures; namely, in the Defense Department. The Defense Department has, in large part, already developed a program budget approach.<sup>4</sup> The Defense Department now arranges its expenditures, as well as its general budget plans, under five principal titles: military personnel; operations and maintenance; procurement; research, development, test, and evaluation; and military construction.

Essentially, the general question of feasibility can be rephrased: do the agencies know what they are doing? If agencies are aware of the activities which they are performing, and the dollar costs of these activities, then they should be able to classify the activities under general headings provided by the Bureau. If they do not know the types of activities they are performing, then surely now is the time to begin to find out. The basic point is that the Congress cannot know or understand the activities of the Government unless these activities are adequately described and classified in the Federal budget.

It is important to note that this recommendation involves no changes from present procedures in the budget volume devoted to appropriation legislation. The same agency breakdowns now used for appropriation requests can continue to be used, since the material is assembled from the individual agencies. The Bureau merely has to request that the agencies present the material under a uniform coding system by programs so that it can be assembled in a logical manner for the budget volumes.

There are many advantages to presenting budget material on a program basis. One of these is simply that, as indicated above, it is necessary initially in any budgetary analysis to know what the Government is doing. A second advantage, however, is that a program basis permits comparisons of outputs and costs, both within and between agencies. As indicated at the beginning of this report, the primary purpose of budget analysis is to permit the Congress to assess the choices among various alternative policies. The decision among alternative policies must be based principally on the returns which the Nation obtains from one use of Government funds compared with another. Presenting the budget on a program basis permits such comparisons, e.g., between similar education programs conducted

<sup>4</sup> For a brief description of this approach as used in the Defense Department, see testimony by Charles J. Hitch, "Organizing for National Security," hearings before the Subcommittee on National Policy Machinery, Senate Committee on Government Operations, July 24, 1961, pp. 1004-1058.

by different agencies, in terms of cost, number of students, etc., and also between additional amounts spent on education and additional amounts spent for other purposes. Finally, a program budget permits the Congress and other interested persons to obtain knowledge which is not now available concerning the value of the goods and services being provided by the Federal Government. At the present time, the budget contains information essentially only on requests for grants of new funds.

#### COMPREHENSIVE COVERAGE

Another conclusion which can be drawn from the testimony of most of our witnesses is that the present budget, especially the administrative budget, suffers from inadequate coverage of Government activities. The administrative budget is limited in its terms of reference to Federal funds, i.e., to the receipt and use of funds over which the Government has unqualified control. Thus, funds which come to the Government with some attachments, such as trust funds over which individual participants still have some claim, are not included.

If the budget is to perform its primary role, i.e., to provide information for congressional decision making, then the budget must contain information on all Government activities that have a dollar dimension. This conclusion does not in any way imply a change in the role of the Appropriations Committees of Congress. The Appropriations Committees, other committees of Congress, and the Congress generally must have information concerning the totality of Government financial operations in order to be able to make decisions in their specific areas. Thus, our third recommendation:

3. *The horizon of the budget should be extended to incorporate all financial transactions and decisions in which the Government is involved. Specifically, the budget should include, in addition to its present coverage, (1) administrative actions made or contemplated by the executive branch under broad congressional directives, (2) loan and guarantee programs which are on a quasi-independent basis under the general direction of Congress, and (3) public enterprises which obtain and spend funds acquired directly under broad congressional grants.*

The general significance of this recommendation is that decision making on certain receipts and expenditures cannot be appropriately assessed without general information concerning other Government activities that do not require current appropriation legislation. The present budget excludes many items that are germane for current congressional decision-making. These items are equally important for general public understanding of the economic role of the Government. The Bureau of the Budget is to be complimented for its change in emphasis in the fiscal 1964 budget from the administrative to the cash budget concept. However, as several of our witnesses pointed out, this change was made in a rather timorous and inconsistent manner. Our recommendation, therefore, in this area is that the Bureau of the Budget clearly and explicitly move over to a comprehensive budget basis.

One of the principal advantages of comprehensive coverage in the budget is that it will permit better year-to-year comparisons of budget totals. Any budget concept which is less than comprehensive can be arbitrarily varied over time. For example, the items included in the administrative budget totals have changed over time. It has been

alleged that as much as \$10 billion of expenditures have been removed from the administrative budget simply by redefining items to place them outside rather than inside the administrative budget. No such variations in concept can occur if the concept is always comprehensive.

Basically, three types of changes are needed in the scope of the budget in order to make it comprehensive. The first of these is to include anticipated, as well as actual, administrative actions. At present, both the President and the individual agencies have considerable discretion concerning the amount and the timing of expenditures. As one of our witnesses, who has recently been with the Government, indicated in the hearings, it is virtually impossible to assess, either prospectively or retrospectively, the fiscal actions taken on a discretionary basis by the executive branch. As now constituted, the budget includes actual material for the preceding fiscal year and estimates for the current and immediate future year. Certainly one section of the material for each of these 3 years should be devoted to the administrative budget decisions that were made or are contemplated. This area of administrative actions is potentially—if not actually—of major importance in examining Government fiscal decisions.

A second group of Government activities which must be included in the budget for completeness are loan and guarantee programs. A legitimate question exists as to whether these programs possess primarily the attributes of fiscal or monetary policy, but this question is not relevant in deciding whether they should be included in the Federal budget. There can be no question that these programs involve control or influence by the Federal Government over the use of economic resources. Moreover, the programs unquestionably influence the aggregate level of economic activity. Furthermore, they involve or should involve decision making and review by the Congress which established the agencies and helps to finance them. Finally, the programs represent substitutes for other types of direct budget actions that might be taken to accomplish the same objectives. For all these reasons, loan and guarantee programs should certainly be included in the Federal budget.

The third type of change required to make the budget comprehensive is to present data for all programs on a gross rather than a net basis. The historical justification for netting various Government activities is similar to the one indicated above for using the administrative budget; namely, that only the net amounts of surpluses or deficits of Government enterprises involve Federal funds. Yet, as has been indicated above, the question of budget decision making by the Congress is much broader than simply the use of Federal funds. The Government affects the economy whenever it withdraws funds or uses funds, regardless of the particular agency which handles the funds. There is no necessary reason to assume that all receipts obtained by the Post Office Department should be spent by the Post Office Department.

In all cases where agencies are obtaining funds from the public these funds are being obtained by the Government and, in all cases, are being withdrawn from private hands. It is important for budget decision making to assess the total flow of funds into the Government from the private sector. Similarly, the essence of budget decision making involves the determination of the best ways in which the funds available to the Government should be spent. Thus, funds obtained from the Government Printing Office may well be most



judiciously spent by an increase in other types of educational activities. There is no more justification for earmarking GPO receipts than there is for arbitrarily saying that 30 percent of all customs duties should be allocated to the Agricultural Marketing Service.<sup>5</sup> These are all devices designed simply to remove control over Government finances from the Appropriations Committees and ultimately from the Congress.

#### TIMING

The testimony of many of our witnesses indicated clearly that considerable dissatisfaction exists concerning the timing of budget materials. These dissatisfactions seem generally to be of three types. One of these concerns the limited time horizon of each budget. The difficulty here is that many decisions involved in each prospective year's budget have implications for a number of future years, but these implications cannot be obtained from the budget document itself. The second dissatisfaction involves the lack of current information about budget amounts. The third dissatisfaction is that all budget data are on an annual basis. Therefore, our recommendation in the timing area is threefold.

4. (a) *The budget for each year should be presented in the context of a broader, longer run set of budgetary projections. These projections should probably cover at least a five-year period.*

(b) *Regular periodic revisions of budgetary estimates should be provided on at least a quarterly basis for at least the ensuing year.*

(c) *Budget amounts should be broken down by calendar quarters rather than being shown simply as annual totals.*

The concept of longrun budgetary projections is not new. The Bureau of the Budget, under the outgoing Eisenhower administration, presented a quite complete set of 10-year forecasts in 1960. Moreover, the Defense Department has now established a similar set of budgetary forecasts on a 5-year basis. This Defense Department 5-year forecast is updated on a monthly basis. Other agencies also are currently engaged in longrun forecasts. A notable example is the Social Security Administration which makes forecasts as a basis for policy with respect to the old-age and survivors insurance trust fund.

The need for longer run forecasts should be apparent. In almost all decisions that have a budgetary dimension, the Congress must be concerned about longrun implications. It would seem virtually impossible for the Congress to make the most rational decisions in these areas without forecasts.

Two contradictory objections have been raised to the proposal for longer run forecasts in the budget. One of these is that such a change would require development of new skills by technical staffs in the various agencies. This may be true in certain cases, but the Bureau of the Budget obviously has such competence and could train appropriate personnel in the various agencies, just as the Bureau presently works with agency budget personnel. To say that the task is a difficult one is not to conclude that it is unnecessary.

The second criticism, however, of the proposal for longer run forecasts is that much of the forecasting relevant for congressional decision making is already available either in agency staff reports or

<sup>5</sup> As is presently done. 7 U.S.C. 612c.

and congressional hearings on particular legislation. If this is true, it suggests the agencies are making the appropriate types of forecasts—as indeed they certainly should be—as part of the planning and preparation of agency programs. The proposal being made in this report is simply that these diverse forecasts, located in many sources, be drawn together and coordinated in the general budget document.

The advantage of such combining and coordinating is that Congressmen and other budget users will obtain a perspective for specific budget decisions.

This proposed change in budgetary content will go a long way toward solving the perplexing problem of the treatment of capital purchases by the Federal Government. At the present time, capital items are included in the budget at the time annual appropriations are requested for the funds necessary to purchase these capital items. Therefore, little recognition is given to either (a) the total costs of these capital acquisitions over a series of years, or (b) their longrun significance in providing services.

With a longer time horizon incorporated in the budget, particular capital acquisitions can be viewed in terms of their total cost. This proposal, therefore, achieves the primary objective which is sought through so-called capital budgeting. The second objective, namely, to assess the returns from capital outlays, is a much more difficult task and may well involve more sophisticated techniques than can be proposed in this subcommittee report. However, in making decisions concerning the appropriateness of capital acquisitions, the first step must be to determine their total direct costs; and this step would be achieved as part of the broader advantages of 5-year budgetary forecasts.

The second general recommendation concerning timing is that the budget figures be updated more frequently than is presently done. An example of the need for such updating can be seen in the fiscal 1964 budget. The figures in this budget were finally assembled and published in January 1963. If the actual schedule of budget publications is followed, the first revision of these figures will occur in the so-called midyear budget review that will be issued after Congress adjourns in the fall of 1963. These reviews vary considerably in content. In some years they have not been issued at all. In other years, only single total figures for expenditures and receipts are provided. In some years, a breakdown has been given by types of expenditures and receipts. Aside from certain text material, these reviews have rarely provided explanations for the changes in the figures from those originally presented in January.

In January 1964, when the 1965 budget is presented, a second review of estimated 1964 totals will be provided. Then, in July 1964, a final set of figures will be issued in a press release by the Bureau of the Budget indicating the probable final figures for the fiscal year 1964. Thus, from January 1963 to July 1964, there will be only three published revisions of the original budget estimates.

This schedule is inadequate for several reasons. First, it is presumably relevant in expenditure planning to have knowledge concerning the changes in estimated receipts. These receipts are largely contingent upon the general level of economic activity which is continually changing and for which improved bases of forecasting are continually becoming available. Since data on changes in economic

activity are regularly provided by Government agencies; it is unfortunate that similar information on the significance of these economic changes for levels of revenue is not also provided.

A second inadequacy with the present schedule is that the Congress, as well as the public generally, should be regularly apprised of the budgetary significance of actions taken by the Congress. At present, it is virtually impossible to know, as each piece of legislation is passed by the two Houses of Congress, what the effect on the current and prospective budget totals will be of the legislation which is enacted. Yet, clearly this information is a vital part of the decisionmaking process itself.

We would specifically recommend, therefore, that the Budget Bureau issue fairly extensive revisions of budget estimates on at least a quarterly basis. Thus, if the budget is originally presented to the Congress around January 20, an initial revision of those budgetary figures could be presented to the Congress around April 20. A second review should certainly be provided for the fiscal year at the time the final figures are issued for the preceding fiscal year in July. A third revision could then be provided in the fall of the year at the time of the current midyear review, although the format of this revision should be much more detailed than has been the case in many earlier years.

In the interim periods between these quarterly general revisions, specific adjustments to budget totals should also be provided in some organized manner. At present, these periodic revisions appear in a disorganized manner in the back of the Congressional Record and in the Appropriations Committees' reports on particular legislation. It would be far more satisfactory if regular press releases could be issued by the Bureau of the Budget indicating the implications of congressional action for current and prospective fiscal years.

Two general objections have been raised to the concept of periodic revisions of budget estimates. The first of these is that such revisions would consume an excessive amount of time for the existing staff of the Bureau of the Budget. This objection simply does not seem valid. The Bureau of the Budget is apparently already doing this type of work on an internal basis and the only additional staff work would be the public release of the figures.

The second criticism is that such revisions of budget estimates during the time that Congress is in session might prejudice the passage of administration legislative proposals because the Bureau of the Budget would be prejudging the nature of final enactment. This criticism, even if valid, would not apply to revisions of expenditure estimates after Congress adjourns, nor would it apply in general to revised revenue estimates. More basically, however, the criticism seems invalid simply because the Congress is entitled to knowledge concerning the budgetary implications of its actions during the time that legislation is being considered. Thus, if the Bureau of the Budget wished, it could provide alternative estimates during the congressional session indicating the budgetary significance of adoption or rejection of particular administration proposals.

Some of the testimony we obtained from State budget officers in our recent hearings is relevant at this point. It is apparently not uncommon for State budget bureaus to issue, even as frequently as daily, revised budget estimates during the legislative session so legis-

lators can understand the implications of their deliberations on the State budgets. No question of prejudice against legislation was raised by our witnesses in describing this practice.

Our third timing recommendation is that budget amounts be shown in the budget on a quarterly basis rather than simply as annual amounts. The reasons for this recommendation should be evident. Quarterly figures are necessary simply to observe the nature of changes in budget amounts. Just as importantly, quarterly figures will reveal rates of change in budget components and these, in turn, will indicate the possible direction of change in other sectors of the economy. The Federal Government has such a role in the economy that intra-year changes cannot be ignored. Almost all economic forecasts presently are provided on a quarterly basis and the Federal sector is one of the most crucial components in these forecasts. One of our witnesses gave a good example of the importance of this information when he pointed out that, although tax reductions have been proposed for late in 1963, social security tax increases have already occurred early in 1963, and the net effect of the Federal Government throughout the year may be actually depressive on the economy. The Bureau of the Budget generally apportions appropriations to agencies by quarters, and the quarterly forecasts should not prove difficult for the Bureau.

#### ANALYSIS

In general, the four major recommendations which are provided above should not only substantially improve the nature of the Federal budget but also make a much more useful document for the Congress and for all other budget users. Moreover, the recommendations do not require much additional effort or manpower by the Bureau of the Budget or by the various Government agencies.

The changes described above will not make the budget ideal for all purposes. Many other changes would complement the above proposals and make the budget even more effective as a policy instrument. These further changes, however, will require more analysis and more effort by the Bureau of the Budget and other Government agencies. Thus, while these additional ideas should be mentioned in this report, we do not, at this time, advance them as recommendations but merely as suggestions for the Bureau of the Budget and others to consider. We would, nevertheless, hope that some progress could be made along the lines indicated here. The gain from such analysis will be found both in the increased meaningfulness of the budget and in the more effective operation of our Government generally.

The suggestions described in this section may seem to entail substantial additional work. However, it is striking to observe that all of the analysis proposed here is not only relevant for congressional decisionmaking but is also equally relevant for the agency decisionmaking that presumably underlies proposals to the Congress. Thus, if the agencies are doing an adequate job of advance consideration on proposals which find their dollar dimension in the budget, the analysis suggested here is already largely available within the individual agencies. Our general suggestion at this point is simply for the Bureau of the Budget to coordinate and combine this material within the budget document insofar as the analysis bears upon budgetary decisions.

One objection that has been raised in the past concerning the inclusion of more analysis in the budget is that such material can—to a certain extent—be found in agency presentations before congressional committees, both the Appropriations Committees themselves and the other legislative committees that must initially pass upon authorizing legislation. This point is undoubtedly valid but, as indicated earlier in this report, the essence of budget decisionmaking is a comparison between alternative policies. If the information on each of these alternative policies is to be found in diverse and relatively obscure sources, the budgetary comparisons are much more difficult.

#### TIMING OF IMPACT

One type of budget analysis concerns the timing of the consequences of Government actions. Most budget decisions, and in fact most congressional decisions, have some impact on the economy. The timing of this impact is a vital part of the information that is necessary about policies. Yet, at present, virtually no information exists on when the results of a decision will hit the economy.

Our proposal in this area of timing is that the Bureau of the Budget begin to establish some rules of thumb concerning lead and lag times which might be applied to various categories of expenditures and receipts. In part, these estimated lead and lag times can only be determined by sample studies conducted either by the Bureau or by other agencies of the Government. In other cases, the leads and lags can be determined analytically and by the use of available data.

Two examples will suffice to indicate the nature of the analysis in this area. It is well recognized, and was pointed out by a number of our witnesses, that military procurement outlays typically begin to have their economic effect at roughly the point when a contract is let with a supplier. Information is already available, albeit in inadequate form, concerning obligations incurred by the Department of Defense. Thus, in establishing budget materials on the overall economic impact of the Government, figures on obligations to be incurred in the Defense Department for procurement could be used directly to supplement figures on actual expenditures.

Another example involves the tax reductions recently proposed by the President. If these proposals are to be enacted, estimates should be available on the time when the reductions will begin to be reflected by increased economic activity. This will generally occur only after the tax reductions have been received by individuals, either through the form of decreased withholding on wages and salaries or increased tax refunds. Sample surveys could be designed to indicate the length of time between such tax reduction and the time the reductions are reflected by economic use of the funds. These survey results could then be used in the future for other tax changes, for veterans' dividends, and for similar items.

#### FULL EMPLOYMENT BUDGET FIGURES

One form of analysis, the so-called full employment budget, has already been provided in certain preliminary ways by executive agencies, particularly the Council of Economic Advisers working in conjunction with the Bureau of the Budget, as well as by various

independent groups, including the staff of the Joint Economic Committee. This set of budget data is designed to indicate the amounts of expenditures and receipts under existing tax rates that would occur if the economy were operating at some specified "full employment" level. The value of such a set of numbers is that they provide an indication of the way in which receipts and expenditures would change as the economy moves from its existing position to one defined as full employment. "Full employment" must be explicitly defined, of course, to make these data meaningful. If this sort of analysis is combined with similar types of data for other sectors of the economy, information can be gleaned that will be useful in determining the appropriate public policies to move toward full employment.

The derivation of a so-called full employment budget involves some analysis, but it is a type that can be done effectively by the Bureau of the Budget. The analysis essentially involves determining the way in which Federal receipts and expenditures will change as the economy moves toward a full employment level. This is useful information if one of the goals of public policy is to strive for stable full employment without inflationary pressures. We would urge that the Bureau, working in conjunction with the Council of Economic Advisers, regularly prepare material similar to that which appeared in the 1962 Economic Report of the President. All of the assumptions concerning the characteristics of the economy at full employment should be indicated. It would be useful to have these figures shown directly in the budget document since their primary purpose is to provide comparisons of the full employment expenditure and receipt levels with those actually in the budget document.

It has been argued that these full employment budget figures should not be presented in the budget because they are conjectural in nature. Two points should be made in answer to this criticism. The first of these is that all budget data for forthcoming periods are conjectural in nature, depending upon, among other things, levels of economic activity. The second point is that in some respects the estimating problem with respect to a full employment budget is less difficult than for actual budgetary data since the former is based upon some knowledge of what the economy will be like at the full employment level. Actual budgetary data must be based upon estimates of the actual future course of the economy and this is quite uncertain.

#### DETAILED ASSUMPTIONS

As is evident from the foregoing, any budgetary data must be based on assumptions concerning the level and structure of the entire economy. A considerable amount of analysis concerning the anticipated nature of the economy must be made prior to the presentation of budgetary data. Another suggested form of budget analysis, therefore, would be for the Budget Bureau, working in coordination with other agencies, to indicate more in detail within the budget document the types of economic assumptions that underlie the projected budget amounts. The value of this increased information about economic assumptions is twofold. First, the budget becomes a more useful document because it shows more clearly the interrelationships between the economy and the Federal Government. Second, the detailed assumptions provide a better basis for Congressmen and other budget users to appraise the budget data. Any user of the budget can dis-

agree with the assumptions underlying the projections, can make alternative assumptions, and can determine the effects of these alternative assumptions on the budget.

At present, the only assumptions shown in the budget are economic projections of gross national product, personal income, and corporate profits. Some additional material is to be found in the Economic Report of the President but this additional material is not directly related to the budget components. A number of additional projections within the budget would be helpful. These would include a breakdown of personal incomes by types, such as wages and salaries; aggregate consumption outlays by types; contemplated business investment by types; and State and local government expenditures. The GNP projection should also be drawn on a per capita basis. In effect, the purpose of these will be to show the most reasonable future pattern of the national economy and the way in which the Federal Government fits in that pattern.

#### EXAMINATION OF CHANGES

Another type of analysis which is extremely important for budget decisionmaking involves examination of the changes from one budget to the next. The importance of these changes is that they reveal the proposed policies of the administration that the Congress must review. Thus, another suggestion in this report is for a greater amount of analysis of budgetary changes, indicating the degree to which such changes are the results of increased prices for items purchased by the Government.

The Bureau should be complimented for the steps already taken to improve the assessment of budget changes. In particular, attention should be drawn to part 5 of the 1964 Federal budget. This part 5 presents a lengthy table indicating for each agency of Government the changes both in expenditures and new obligational authority from one budget year to the next, and a brief description of the reasons for the changes. This is one of the most useful portions of the Federal budget. The only comment we make in this report is that the Bureau give consideration to possible changes in this table, in line with other recommendations in this report, in order to make the table understandable for the typical budget user.

#### SECTOR STUDY

The final general type of analysis we would urge concerns the consequences of Government policies on particular areas of the economy such as States or regions, particular industries and types or labor skills. The amount of knowledge available on this general subject is lamentably inadequate. At the present time, virtually no meaningful data exists concerning the consequences of specific Government policies on specific sectors of our Nation.

This is admittedly a difficult form of analysis. However, certain techniques have already been developed in some of the executive agencies and elsewhere that, if consolidated in the budget, could go a long way toward indicating the location of Federal economic impact. For example, the Department of Defense now requires regular reporting from all contractors concerning not only the aggregate amount of

work currently in process but also a breakdown by types of costs, such as labor and capital outlays. Similarly, some data are available for personal income taxes by district offices of internal revenue which are roughly contiguous with State boundaries. Much additional information must be hidden in the recesses of various Government offices, since the agencies are the dispensers of funds and have contact with individual recipients of Government moneys.

Other analysis of a similar nature would also be extremely useful. As an example, it should not be too difficult to assemble information on the amount of overseas spending by various Government agencies, and the impact of this spending on our balance of payments. Similarly, knowledge should be available concerning types of resources affected by specific subsidy programs since these programs, in most cases, require action by the recipient in order to qualify for the subsidy. Another example would be Government inventories and business inventories held on behalf of the Government. Changes in inventories can be crucial in influencing other types of economic fluctuations and information on these changes should be easily obtainable.

#### FUTURE REVIEW

The proposals incorporated in this report are of a type which will take some time for the Bureau of the Budget and other agencies to develop. Therefore, we cannot expect immediate results. On the other hand, there is still approximately 6 months until the 1965 budget is presented to the Congress. During this time, the Bureau could begin to incorporate some of the proposals discussed in this report.

We do not view this report, therefore, as our final word on the general subject of budgetary revision. Rather, this is simply the first installment of our report. The Bureau of the Budget should be lauded for actions which will be taken along the lines indicated in this report. At the same time, it should be reminded occasionally of the possibilities for further improvements. Therefore, it is the intent of this subcommittee to issue a subsequent report early in 1964 analyzing the changes made in the 1965 budget document.

In the meantime, certain of the proposals discussed in this report can be implemented by the Joint Economic Committee itself. While the committee does not have the staff or the expertise which exists in the Bureau of the Budget, we can undertake certain types of budgetary analysis until such time as the Bureau feels prepared to take over these functions. The committee has already indicated its intent to enter the field of budgetary forecasts.<sup>6</sup> We will attempt to provide to the Congress and to other interested groups our best assessment of the types of changes that are occurring in the budget and their significance on aggregate receipts and expenditures. We would hope that, as staff and committee time permits, some additional types of budgetary analysis will be possible.

<sup>6</sup> See press release, "JEC Announces Budget Estimating Program," May 24, 1963.



# APPENDICES

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## APPENDIX I

### POSSIBLE BUDGET STRUCTURING

One of our witnesses provided the format for two statistical tables that could be used to implement several of the recommendations proposed in this report. These two tables are shown here.<sup>1</sup>

<sup>1</sup> Due dates on an "accrual basis," i.e., time of delivery rather than time of payment; expenditures on a consolidated cash basis, i.e., at time of actual payment.



There are several advantages of these two tables. First, they neatly indicate the interrelationships between new obligational authority, obligations incurred, and expenditures. Thus, the average reader could understand these concepts more readily. The tables could be broken down by the functional classifications discussed in the body of this report. Moreover, the same tables could be presented in increasing detail in the various budget documents.

A second advantage of this presentation is that it provides much of the information concerning timing that is discussed in this report. It shows the material by calendar quarter, rather than simply on an annual basis. Moreover, the impact of expenditures on the economy may occur at certain points indicated on the table, such as at the point where obligations are incurred. These figures could, therefore, be readily used in analysis of the economic impact of expenditure programs.

APPENDIX II

POSSIBLE PROGRAM EXPENDITURE CATEGORIES

This appendix indicates one possible outline that could be used in setting up a program budget. As indicated in the text of this report, the idea of a program budget is based upon a division of expenditures by functions or purposes performed by the Government. The following table indicates such a general breakdown.

In general, the outline used in this table is based upon the functional breakdown provided in the budget. Therefore, it would not be too difficult for the Bureau of the Budget to make the transition to an outline such as this one.

The table shown here does not generally indicate subclassifications. However, those shown under the heading of "National defense" provide one example of the broad subclassifications that might be used. Some detailed breakdowns could be by types of costs incurred, e.g., for personnel, equipment, purchases, construction and operating costs.

Code numbers could be associated with each of the general titles and subclassifications for administrative ease in agency organization of their budget material.

The outline shown here could be used not only for these expenditures, but also for new obligational authority, obligations incurred, etc.

The headings should encompass all actions taken by the Government that have a budgetary dimension, such as administrative decisions and loan guarantee programs. All expenditures should be shown on a gross basis, regardless of where the funds come from to finance the activities.

TABLE 3

National defense:	Transportation
Military personnel	Housing and community development
Operation and maintenance	Research:
Procurement	Military
Construction	Space
International affairs	Health
Agriculture	Agriculture
Natural resources	Other
Health	Oceanography
Labor	Welfare
Education	Veterans' benefits and services
General government	Interest
Deposit funds	Allowances, undistributed
Interfund transactions	Postal services
Commerce	

## APPENDIX III

## LIST OF GOVERNMENT ENTERPRISES

The suggestion has been made to show Government enterprises in the budget on a gross rather than a net basis. This appendix provides a list of the present Government enterprises. Almost without exception, these enterprises are presently shown in the budget on a net basis.

TABLE 4

## Legislative branch:

## House of Representatives:

Restaurant fund.

Contingent expenses, recording studio revolving fund.

## Senate:

Recording studio revolving fund.

Restaurant fund.

## Funds appropriated to the President:

Expansion of defense production: Revolving fund, Defense Production Act (master account).

## Foreign assistance (economic):

Alliance for Progress loan fund.

Development Loan Fund (liquidation accounts).

Development loans.

Foreign investment guaranty fund.

## Department of Agriculture:

Commodity Credit Corporation: Commodity Credit Corporation fund.

Federal Crop Insurance Corporation: Federal Crop Insurance Corporation fund.

## Farmer's Home Administration:

Emergency credit revolving fund.

Agriculture credit insurance fund.

Direct loan account.

Rural housing for the elderly.

Rural housing loan revolving fund (proposed).

## Department of Commerce:

General administration: Aviation war risk insurance revolving fund.

Area Redevelopment Administration: Area redevelopment fund.

## Maritime activities:

Federal ship mortgage insurance fund.

Vessel operations revolving fund.

War risk insurance revolving fund.

Inland Waterways Corporation: Inland Waterways Corporation fund.

## Department of Defense:

## Military:

## Public enterprise funds:

Acquisition, rehabilitation, and rental of Wherry Act housing.

Defense housing, Army.

Defense housing, Navy.

Defense production guarantees, Army.

Defense production guarantees, Navy.

Defense production guarantees, Air Force.

Laundry service, Naval Academy.

Civil defense procurement fund.

Civil: Panama Canal Company, Panama Canal Company fund.

## Department of Health, Education, and Welfare:

Public Health Service: Operation of commissaries, narcotic hospitals.

Food and Drug Administration: Revolving fund for certification and other services.

Social Security Administration: Operating fund, Bureau of Federal Credit Unions.

## Department of the Interior:

## Bureau of Indian Affairs:

Revolving fund for loans.

Liquidation of Hoonan housing project revolving fund.

## Bureau of Reclamation:

Continuing fund for emergency expenses, Fort Peck project, Montana.

Upper Colorado River Basin fund.

## Bureau of Mines: Development and operation of helium properties.

## Bureau of Commercial Fisheries:

Federal ship mortgage insurance for fishing vessels.

Fisheries loan fund.

## Office of the Territories: Loans to private trading enterprises, Trust Territory of the Pacific Islands.

Alaska Railroad: Alaska Railroad revolving fund.

Virgin Islands Corporation: Operating fund.

## Department of Labor—Bureau of Employment Security:

Farm labor supply revolving fund.

Advances to Employment Security Administration account, unemployment trust fund.

## Post Office Department: Postal fund.

## Treasury Department—Office of the Secretary:

Exchange stabilization fund.

FFMC liquidation fund.

RFC liquidation fund.

Civil defense program fund.

Bureau of Accounts: Fund for payment of Government losses in shipment.

Office of the Treasurer: Check forgery, insurance fund.

Defense materials activities:

Abaca fiber program.

Defense production guarantees, defense materials activities.

General activities:

Federal facilities corporation fund.

Reconstruction Finance Corporation liquidation fund.

## Housing and Home Finance Agency:

## Office of the Administrator:

Community disposal operations fund.

Operations, college housing loan funds.

Housing for the elderly fund.

Operations, public facility loans.

Public works planning fund.

Revolving fund (liquidating programs).

Urban renewal fund.

Federal Flood Indemnity Administration: Investment in flood indemnity operations.

## Federal National Mortgage Association:

Loans to secondary market operations fund.

Management and liquidating functions fund.

Special assistance functions fund.

Federal Housing Administration: Federal Housing Administration fund.

Public Housing Administration: Low rent public housing program fund.

## Veterans' Administration:

Canteen Service revolving fund.

Direct loans to veterans and reserves.

Loan guarantee revolving fund.

Rental, maintenance, and repair of quarters.

Service-disabled veterans insurance fund.

Soldiers' and Sailors' civil relief.

Veterans' special term insurance fund.

Vocational rehabilitation revolving fund.

Independent offices:

- Export-Import Bank of Washington:
  - Export-Import Bank of Washington fund.
  - Liquidation of certain RFC assets.
- Farm Credit Administration:
  - Banks for cooperatives investment fund.
  - Federal Farm Mortgage Corporation fund. (See Treasury for FFMC liquidation fund.)
  - Short-term investment fund.
- Federal Deposit Insurance Corporation (not a Government fund, Federal loans to it only).
- Federal Home Loan Bank Board:
  - Federal Home Loan Bank Board revolving fund.
  - Federal Savings and Loan Insurance Corporation fund.
  - Home Owners' Loan Corporation fund.
- St. Lawrence Seaway Development Corporation: St. Lawrence Seaway Development Corporation fund.
- Small Business Administration:
  - Liquidation of Reconstruction Finance Corporation loans.
  - Revolving fund, Small Business Administration.
- Tennessee Valley Authority: Tennessee Valley Authority fund.
- U.S. Information Agency: Informational media guarantee fund.

