



*The Federal Budget  
in Brief*

*Executive Office  
of the President*

*BUREAU OF THE BUDGET*

Fiscal Year

*1959*

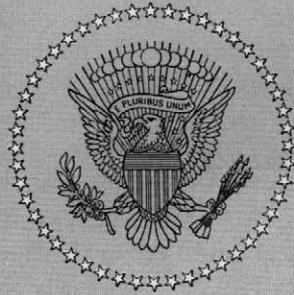
Docs

ALAMAZOO

JAN 27 1958

ALIC LIBRARY

ACQUIRED BY  
Alamazoo Public Library



## *The Federal Budget in Brief*

*for the fiscal year 1959*

I feel confident that this budget expresses the way in which the American people will want to respond to the promises and dangers of the dawning age of space conquest. New dimensions must be added to our defenses, and outmoded activities must be discarded. Closer international cooperation is vital in a world where great distances are losing their meaning. As we devote more of our efforts and resources to these compelling tasks, we will have to limit our demands for less essential services and benefits provided by the Federal Government.

Our response must rise above personal selfishness, above sectional interests, above political partisanship. The goal of lasting peace with justice, difficult though it may be to achieve, is worth all of our efforts. We must make the necessary sacrifices to attain it. Our own people demand it and the nations of the world look to us for leadership.

DWIGHT D. EISENHOWER.

January 13, 1958

## *Introduction*

This issue of *THE FEDERAL BUDGET IN BRIEF* summarizes the budget for the fiscal year 1959, which President Eisenhower sent to the Congress on January 13, 1958. For ready comparison, it also includes summary financial data for earlier years.

The budget for the fiscal year 1959 presents the administration's financial plan and program for the Federal Government for the fiscal year which runs from July 1, 1958 through June 30, 1959. It also reports the results of Government activities in the fiscal year 1957 and the latest budgetary estimates for 1958.

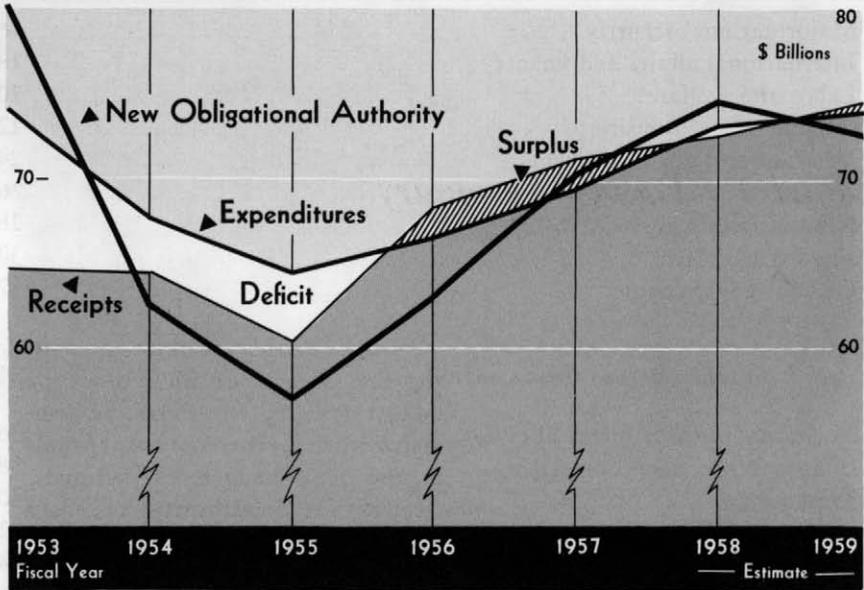
The President presents his budget early in each session of the Congress in order to provide comprehensive information on the activities for which appropriations are requested during the current session. The budget also shows how funds previously appropriated by the Congress are being spent, and contains estimates of revenues and expenditures.

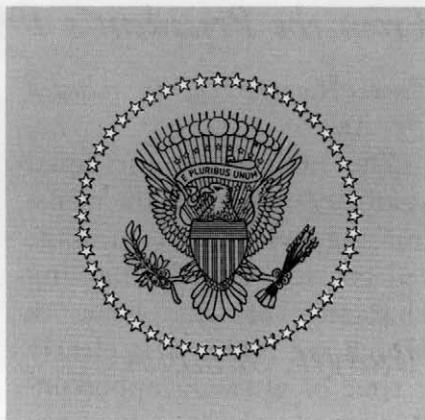
Of course, by the time the fiscal year ends, 18 months after the budget is presented, many figures will inevitably have changed. The President may change some of his requests as circumstances alter. The Congress may modify some of the President's proposals on appropriations and taxes. International and domestic conditions may vary from the assumptions on which the budget was based. Also, the administration is constantly seeking new opportunities for economies and savings.

# Contents

	Page
<i>Part 1.</i> BUDGET SUMMARY . . . . .	5
<i>Part 2.</i> BUDGET INFORMATION BY FUNCTION . . . . .	15
Major national security . . . . .	16
International affairs and finance . . . . .	18
Labor and welfare . . . . .	20
Commerce and housing . . . . .	22
Veterans services and benefits . . . . .	24
Agriculture and agricultural resources . . . . .	26
Natural resources . . . . .	28
Interest . . . . .	30
General government . . . . .	32
<i>Part 3.</i> SUPPLEMENTARY INFORMATION . . . . .	35
Authority to incur financial obligations . . . . .	36
Budget information by agency . . . . .	38
Trust funds . . . . .	40
Federal public works . . . . .	42
Research and development . . . . .	44
Federal aid to State and local governments . . . . .	46
Federal credit programs . . . . .	48
Receipts from and payments to the public . . . . .	50
Public debt . . . . .	51
Historical tables . . . . .	52
GLOSSARY OF SELECTED BUDGET TERMS . . . . .	55

# Budget Summary





## *Part 1 Budget Summary*

Part 1 of this booklet presents the first section of the President's budget message for 1959. It summarizes briefly the significant totals in the 1959 budget—expenditures, receipts, new authority to incur financial obligations, and unexpended balances of authority carried forward from previous appropriations. Most of these subjects are discussed in further detail in parts 2 and 3.

## *From the President's 1959 Budget Message*

*To the Congress of the United States:*

The budget for the fiscal year 1959 which I am transmitting with this message reflects the swiftly moving character of the time in which we live. It is clearly a time of growing opportunity as technology and science almost daily open wholly new vistas to all mankind. Yet it is also a time of growing danger. The progress of the Soviets in long-range missiles and other offensive weapons, together with their continuing rejection of a workable disarmament, compels us to increase certain of our defense activities which we have only recently expanded many fold.

We know that we are sturdy today in the many strengths that keep the peace. This budget reflects our determination to remain so in the future.

This budget reflects another determination—that of adhering to those principles of governmental and fiscal soundness that have always guided this administration—economy in expenditures, efficiency in operations, promotion of growth and stability

in a free-enterprise economy, a vigorous Federal-State system, concern for human well-being, priority of national security over lesser needs, revenues adequate to cover expenditures and permit debt reduction during periods of high business activity, and revision and reduction of taxes when possible.

To meet the responsibilities imposed on us by world conditions and by the fiscal principles to which we adhere, the budget for 1959 contains recommendations to provide:

(1) An immediate increase for 1958 of \$1.3 billion in spending authority for the Department of Defense, and a further increase of \$2.5 billion in 1959 over 1958, to be applied principally to accelerate missile procurement, to strengthen our nuclear retaliatory power, and to spur military research and development programs;

(2) A resulting increase of \$2.8 billion in estimated 1959 expenditures over 1957 for missiles, nuclear armed or powered ships, atomic energy, research and development, science and education, plus a fur-

ther provision of \$0.5 billion for defense purposes, if needed; in addition, authority to transfer up to \$2 billion between military appropriations, in order to take prompt advantage of new developments;

(3) A decrease of \$1.5 billion in 1959 expenditures below 1957 for other military arms and equipment and aircraft of declining importance, in favor of the newer weapons;

(4) Curtailments, revisions, or eliminations of certain present civil programs, and deferments of previously recommended

new programs, in order to restrain nonmilitary spending in 1959 and to provide the basis for budgetary savings of several billion dollars annually within a few years;

(5) Continuation of present tax rates to help achieve a balanced budget in 1959.

I believe that this budget adequately provides for our Federal responsibilities in the year ahead.

The estimated budget totals for the current fiscal year and for the fiscal year 1959 are compared with actual results of earlier years in the following table:

BUDGET TOTALS

[Fiscal years. In billions]

	1956 actual	1957 actual	1958 estimate	1959 estimate
Budget receipts .....	\$68.1	\$71.0	\$72.4	\$74.4
Budget expenditures .....	66.5	69.4	72.8	73.9
Budget surplus (+) or deficit (-) .....	+1.6	+1.6	-.4	+.5
New obligational authority .....	63.2	70.2	<sup>1</sup> 74.4	72.5

<sup>1</sup> Includes \$6.6 billion of anticipated supplemental requests.

*Defense, science, and the budget.*—Americans are determined to maintain our ability to deter war and to repel and decisively counter any possible attack. Today we pos-

sess military superiority over any potential aggressor or aggressors. Every American should clearly understand that the vast defense programs undertaken during the

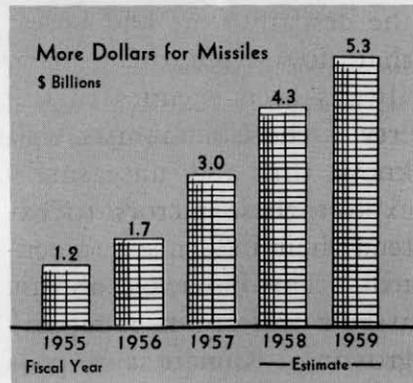
past several years have greatly advanced our military preparedness and developed and harnessed impressive new scientific achievements. We have sharply increased the numbers of scientists and engineers assigned to top priority defense programs. We have expanded many fold the expenditures for the development of missiles, both defensive and counteroffensive. We have accelerated development of advanced guidance systems, new fuels, and heat-resistant materials. We have greatly enlarged our network of warning devices and communications.

Our longer-range ballistic missile development, in particular, has long had the highest national priority. The result is striking. Whereas in 1953 we spent only \$1 million on these programs, we spent \$1 billion in 1957 and will spend more in 1958 and still more in 1959.

Our defenses are strong today, both as a deterrent to war and for use as a crushing response to any attack. Now our concern is for the future. Certain elements of our defense program have reached the point where they can be

further accelerated. I will transmit to the Congress, immediately, a supplemental appropriation request of \$1.3 billion for the Department of Defense for the fiscal year 1958. Further increases in new obligational authority are requested for the fiscal year 1959. The recommended authority for the military functions of the Department of Defense is \$39.1 billion, which is \$0.6 billion more than was requested in last year's budget for 1958 and \$3.8 billion more than the amount the Congress has thus far enacted for 1958. Spending for military functions of the Department of Defense in 1959 is estimated to total \$39.8 billion.

The development of longer-range ballistic missiles, construction of missile sites and detection systems, and other missile programs including



guided missile ships will be substantially augmented. The total expenditures for missile research, development and procurement, for guided missile ships, and for missile-related construction will be \$4.3 billion in 1958 and \$5.3 billion in 1959, compared with \$3 billion spent in 1957, \$1.7 billion in 1956, and \$1.2 billion in 1955. Commencing in 1958, we will procure a number of new missiles which have been recently developed and have now become operational.

As an indispensable part of our efforts to maintain an adequate defense, the budget recommendations for 1959 call for continued contributions to the efforts of free world nations to promote the collective defense and economic growth. The Soviet threat to freedom is far more than military power alone. Poverty and ignorance, and the despair, fear, and unrest that flow from them, have always been enemies to liberty. The Communists well know this and unceasingly exploit these factors to extend their influence and control. This Soviet economic assault on freedom is rapidly growing. Conquest by this

route is no less menacing to us and other free nations than conquest by military force. We must, accordingly, vigorously advance our programs to assist other peoples in their efforts to remove poverty and ignorance. As we succeed in these military and economic efforts, our own freedom and security are strengthened, and the prospects for peace are improved.

Scientific and research efforts throughout the Nation must be expanded. This is a task not only for the Government but also for private industry, foundations, and educational institutions. The Government, on its part, will increase its efforts in this area. Supplemental appropriations for 1958 will be requested for the National Advisory Committee for Aeronautics and the National Science Foundation, as well as the Department of Defense. For 1959, new programs to promote education in science are being recommended and basic research activities are being generally expanded.

*Changes in emphasis.*—Total Government expenditures (1) for all procurement to equip our forces and those of our

allies with weapons, ships, planes, and missiles, (2) for atomic energy, and (3) for all scientific research and education will be approximately \$21.1 billion in 1958 and \$21.6 billion in 1959, compared with \$20.5 billion in 1957.

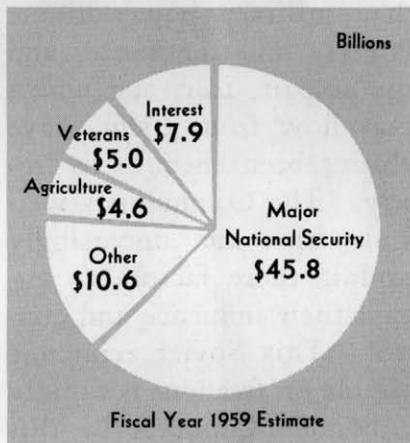
Within these totals for procurement and science, we have gradually but substantially changed our emphasis. This administration's continuing attention in recent years to new concepts of defense is shown by the fact that more than 75% of the total funds for procurement in the 1959 budget and 1958 supplemental requests is programed for new types of equipment which had not been developed in the fiscal year 1955 or were not being bought in production quantities in that year—the first full year following the Korean conflict. In 1953, missiles alone took less than 2 cents of each dollar spent for major procurement; in 1957, missiles took about 15 cents of every procurement dollar, and in 1959 will take about 24 cents.

The greatly increased fire-power of modern weapons and the continuing increase in efficiency permit a further

reduction in the numbers of military personnel. Procurement of older types of weapons and equipment is also being reduced. Other defense expenditures will be reduced by closing installations that are outmoded or are of limited use, and by tightening maintenance standards, procurement practices, and supply management.

*Budget authorizations and expenditures.*—As a result of the increases in our key protection programs recommended in this budget for the current fiscal year and the coming fiscal year, total new obligational authority and budget expenditures for each of these years will be larger than in 1957—even though it is recommended that certain other

## BUDGET EXPENDITURES



programs, both defense and civil, be retarded or reduced.

Total appropriations and other forms of new obligational authority recommended for the fiscal year 1959 amount to \$72.5 billion. This is \$4.7 billion more than has been enacted for 1958 and \$2.3 billion more than for 1957. In addition, \$6.6 billion of supplemental authorizations are estimated for the current year, 1958, for the Department of Defense, Commodity Credit Corporation, Export-Import Bank, and other agencies.

Budget expenditures in the fiscal year 1959 are estimated to be \$73.9 billion. This is \$1.1 billion more than now estimated for 1958 and \$4.5 billion more than in 1957.

Not all of the obligational authority enacted for a fiscal year is spent in the same year. Amounts of authority enacted in prior years but which have not yet been spent and are carried forward from one fiscal year to the next are called unexpended balances. These balances are not cash on hand, but represent authority to draw on future receipts of the Treasury in order to pay bills.

The total balances of appropriations to be carried forward at the end of the fiscal year 1959 are estimated to be \$39.9 billion. Of this amount 78% will have been obligated; that is, already committed.

The largest part of the unexpended balances of appropriations is in the Department of Defense, reflecting the long time which necessarily elapses between the placing of orders for complex military equipment and delivery and final payment. It is estimated that \$32.1 billion will be carried forward by that Department at the end of 1959, of which \$24.4 billion will have been obligated.

*Budget receipts.*—Although higher than in previous years, the current estimate of receipts for the fiscal year 1958 is somewhat smaller than earlier expectations, reflecting readjustments currently taking place in our economy following the rapid growth of the past several years. It now appears that 1958 budget receipts will not exceed \$72.4 billion, although they will be well above 1957 receipts of \$71 billion. A combina-

**BUDGET RECEIPTS**  
[Fiscal years. In billions]

Source	1956 actual	1957 actual	1958 estimate	1959 estimate
Individual income taxes .....	\$32.2	\$35.6	\$37.2	\$38.5
Corporation income taxes .....	20.9	21.2	20.4	20.4
Excise taxes .....	9.9	9.1	8.9	9.3
All other receipts .....	5.2	5.2	5.9	6.2
<b>Total .....</b>	<b>68.1</b>	<b>71.0</b>	<b>72.4</b>	<b>74.4</b>

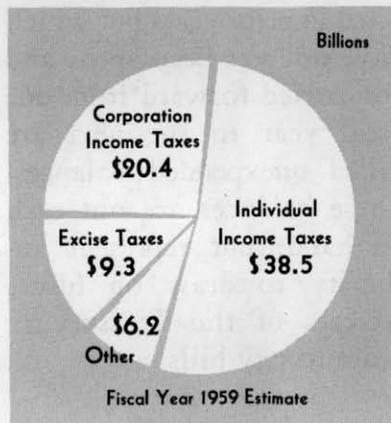
tion of increased defense expenditures and decreased receipts in the revised estimates for the current fiscal year results in an estimated budget deficit of \$0.4 billion.

There are strong grounds to support my confidence that the expansion of our economy will soon be resumed, bringing higher levels of receipts with present tax rates. The acceleration of defense efforts already under way, the increasing pace of activity in a number of programs involving State and local as well as Federal expenditures, the rapid pace of technological advance and its application by American industry, the expanding needs and desires of our growing population, and Government policies designed to facilitate the resumption of growth are among the major factors that justify this confidence. While there are many uncer-

tainties in forecasting results 18 months in advance, our best estimate at this time of budget receipts for 1959 is \$74.4 billion. This would produce a balanced budget with a surplus of \$0.5 billion in 1959.

With relatively minor exceptions, present tax rates have not been changed since 1954 when a program of tax reduction and reform was enacted, saving taxpayers nearly \$7.5 billion annually.

**BUDGET RECEIPTS**



If the Congress follows my recommendations, I believe that we shall be able to do what is required for our defense efforts and meet the basic needs of our domestic programs without an increase in tax rates. To maintain present rates, I recommend that tax rates on corporation income and certain excises, which under existing law are scheduled for reduction next July 1, be extended for another year.

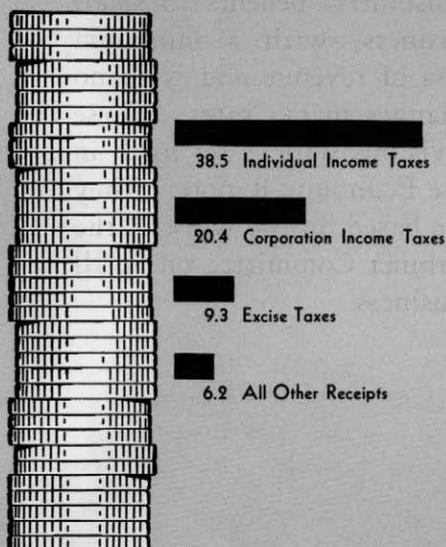
We shall continue our efforts to assure that no one can avoid paying his fair share of the country's total high tax burden. Pending legislation (H. R. 8381), which was developed jointly by the Treasury Department

and the House Committee on Ways and Means to remove unintended tax benefits and hardships, should be enacted with a few modifications. The Treasury Department will continue to review the operation of the tax laws and make recommendations for such additional changes as are needed to close loopholes.

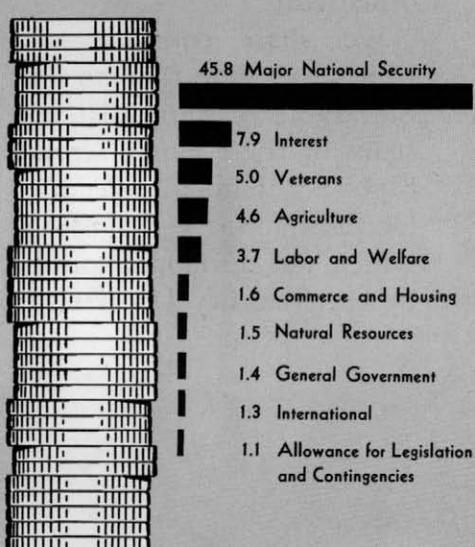
There are certain technical tax revisions which will give substantial benefits to small business, with a minimum loss of revenue and with no changes in tax rates. These revisions will be set forth in the Economic Report. They are based on the work of the Cabinet Committee on Small Business.

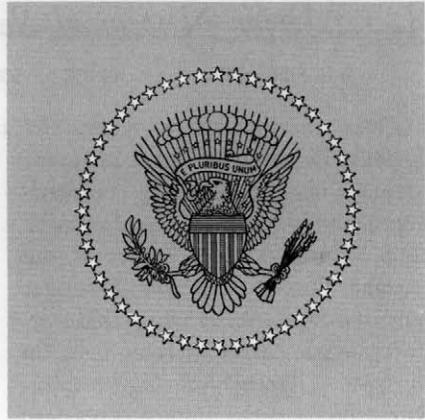
## 1959 Estimated Receipts and Expenditures

1959 Estimated Receipts—\$74.4 billion



1959 Estimated Expenditures—\$73.9 billion





## *Part 2 Budget Information by Function*

The bulk of the President's message following the section already presented consists of a discussion of his policies and recommendations for each of nine major functions of Government.

Part 2 of this booklet summarizes new obligational authority and budget expenditures for each of these functions.

The charts in this section show the 1959 estimates of expenditures for the programs within each major function. Budget expenditures for these same programs over a 7-year period are shown on pages 52 and 53.

# I. Major National Security

\$45,836 million . . . 62.0% of 1959 budget expenditures

Over the past few years, the Defense Department has made great strides in progressively modernizing and adding to the defensive and counteroffensive power of the Armed Forces. The 1959 budget provides for accelerating these efforts, with particular emphasis on missile programs, nuclear retaliatory forces, antisubmarine warfare capabilities, and research and development. While expenditures for these high priority activities will increase, partially offsetting reductions are being effected in parts of the military program which are of declining importance.

Expenditures for the military functions of the Department of Defense are estimated to be \$39.8 billion in 1959, almost \$1 billion more than in 1958.

Total procurement expenditures will remain about the same in 1959 as in 1958. Within this total, expenditures for all types of missiles will continue to increase rapidly and more surface ships and submarines armed with missiles will be built. Procurement of aircraft and conventional weapons will decline.

Military personnel costs will rise in 1959, although the number of personnel on active duty will be reduced. The increase for personnel stems from proposals to revise the military pay system so as to reward merit and technical proficiency and to encourage men and women to make the armed services a career.

Expenditures for operation and maintenance will be about the same as in the current year. Savings from closing marginal installations and tightening maintenance standards and procurement practices will be offset by the increasing unit cost of maintaining and operating new and more complex weapons.

Military public works expenditures will provide additional facilities at airbases to allow greater dispersal of the Strategic Air Command and to reduce the time it takes to get SAC bombers into the air. Improvements will be made in our system for tracking aircraft and missiles and transmitting immediate warning to SAC and Air Defense Command bases. Estimated expenditures for research and development will rise substantially, with much of the increase being devoted to missiles, a missile defense against missiles, outer space projects, and basic

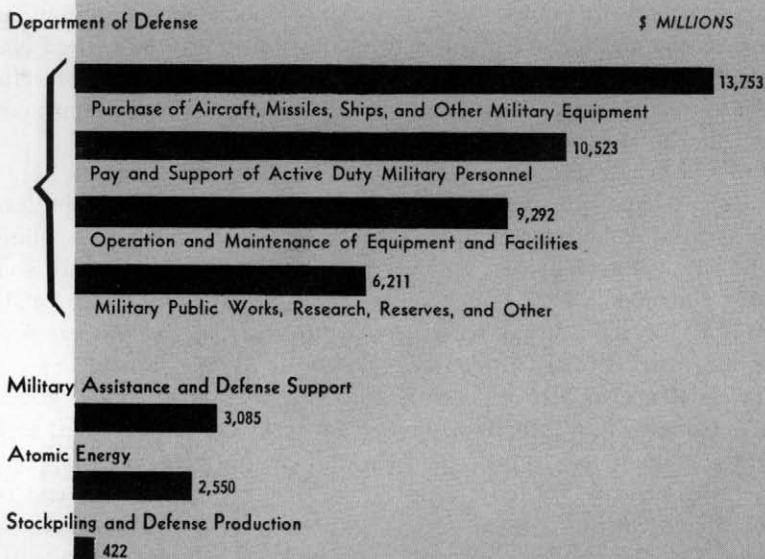
[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. <sup>1</sup> . . . . .	<sup>1</sup> \$45, 836	<sup>1</sup> \$44, 298
1958 est. . . . .	44, 871	40, 995
1957 . . . . .	44, 414	41, 344
1956 . . . . .	41, 825	36, 925
1955 . . . . .	42, 089	34, 778
1954 . . . . .	47, 872	40, 079
1953 . . . . .	51, 830	58, 976

<sup>1</sup> Figures do not reflect \$500 million for defense contingencies, which is included in the allowance for proposed legislation and contingencies.

# Major National Security

Budget Expenditures in 1959—Estimate



research. Funds for personnel, procurement, testing, and other costs related to research are included in other categories.

As part of the mutual security program, the United States provides military assistance (military equipment and training) and defense support (economic aid to help maintain adequate defense forces) to countries participating in collective defense efforts. Expenditures in 1959 for these programs will be about the same as in 1958, but increased appropriations are recommended to finance newer-type weapons for our allies.

Expenditures of the Atomic

Energy Commission are estimated to rise \$250 million in 1959. The increase in the supply of uranium concentrates and the expanded capacity of AEC's production plants will result in greater production and larger operating expenditures. Increased emphasis will be given to research and development for both peaceful and military purposes.

Purchases of defense materials for the military stockpile are decreasing as more and more stockpile objectives are completed. The President is proposing that the Defense Production Act be extended for another 2 years.

## II. *International Affairs and Finance*

\$1,312 million . . . 1.8% of 1959 budget expenditures

Expenditures for most international affairs and finance programs in the fiscal year 1959 are estimated to be higher than in 1958. However, the total declines by \$156 million primarily because in 1958 the Export-Import Bank has made a substantial disbursement under a previously authorized loan to the United Kingdom.

As part of the mutual security program, the United States provides assistance to help less developed countries fulfill their strong desire for improved living standards. Our country has long recognized the compelling humanitarian reasons for helping less fortunate people abroad as we do at home. Moreover, we are concerned that the people of less developed countries strengthen their independence and find prospects for improved levels of living within a free society.

The budget provides for direct United States technical assistance and also for contributions to the United Nations technical assistance programs using the funds and experts of many nations. This assistance teaches other peoples improved ways of farming, of producing goods, of carrying on business and government, and of combating diseases. Provision is included for the new United Nations fund proposed by the United States for resource surveys and training and productivity centers. The budget also provides for such

special assistance programs as our contribution to the United Nations Children's Fund, care of refugees, and other requirements not covered by development loans.

To help meet urgent needs for economic development in less developed countries that cannot be financed by other lending sources, the Development Loan Fund was authorized in the Mutual Security Act of 1957. Projects are now being considered and negotiations are being started that will result in the commitment of an appreciable volume of loans by the end of the current fiscal year. These loans, which to a large extent will supplant earlier grants, will be repayable in local currencies as well as dollars.

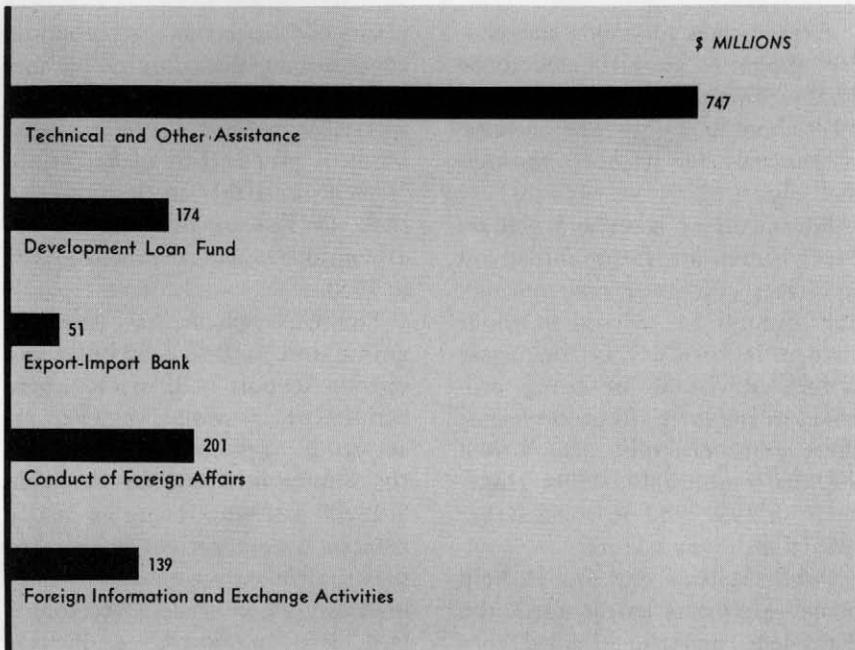
The Export-Import Bank makes loans to promote foreign trade and to finance development projects in countries that can repay in dollars. Since many of the Bank's expenditures for new loans are financed from collections of interest and principal on loans made in earlier

[In millions]

Fiscal year	Budget expenditures	New obligatory authority
1959 est. . . . .	\$1, 312	\$1, 615
1958 est. . . . .	1, 468	3, 292
1957 . . . . .	832	1, 131
1956 . . . . .	662	1, 101
1955 . . . . .	719	1, 182
1954 . . . . .	765	660
1953 . . . . .	749	471

# International Affairs and Finance

Budget Expenditures in 1959—Estimate



years, its net budget expenditures of \$51 million are considerably less than its total program. Gross expenditures of the Bank are estimated to be \$562 million in 1959.

The conduct of foreign affairs will require about the same budget expenditures in 1959 as in 1958. Within this total, funds are being provided for opening some additional foreign service posts in Africa and for strengthening consular, economic, and political work in the Middle East and the Far East.

Information about the United States is given to other countries by

the United States Information Agency through various media, such as radio, motion pictures, libraries, and publications. The Department of State arranges for exchanges of leaders, teachers, specialists, and students with other countries. The President's Special International Program provides for United States cultural presentations and participation in trade fairs abroad. For 1959, all of these information and exchange programs will place greater emphasis on contact with people in Eastern Europe and Africa.

### III. Labor and Welfare

\$3,643 million . . . 4.9% of 1959 budget expenditures

Expenditures for labor and welfare programs are estimated to be \$200 million more in the fiscal year 1959 than in 1958. The increase is primarily for scientific research and education.

Four-fifths of labor and welfare expenditures are for grants-in-aid to States and local governments, and cannot be reduced without changes in basic authorizing legislation. Revisions are being proposed in the laws governing five of these grant programs which will lead to some small budget reductions in 1959, and to some larger reductions in later years.

Public assistance grants to help finance payments to the aged, the dependent, and the disabled continue to increase because of successive amendments increasing the Federal share. Legislation is recommended to modify the formula for Federal participation in financing these grants. This legislation should take effect in 1960 to assure that the States will have opportunity to adjust their finances, thus preventing an adverse impact on the 5 million needy recipients.

Expenditures for health programs have increased sharply since 1955, especially for the research activities of the National Institutes of Health. Health programs also include Indian health services, assistance to States for community health services, and grants for construction of hospitals and waste treatment

plants. Legislation is proposed to continue the hospital grants after the fiscal year 1959 for specialized needs. Likewise, legislation is proposed to make certain revenues available to the States so that the Federal Government can discontinue waste treatment grants in 1960.

The Government has provided grants since 1950 to help build and operate schools in districts where enrollment is swelled by Federal activities. Legislation is proposed to continue this program but with financial assistance being gradually reduced over a period of years so that it ultimately would cover only instances where Federal personnel both live and work on Federal property. Legislation is also recommended for revenue credits to States so that Federal aid for vocational education can cease in 1960.

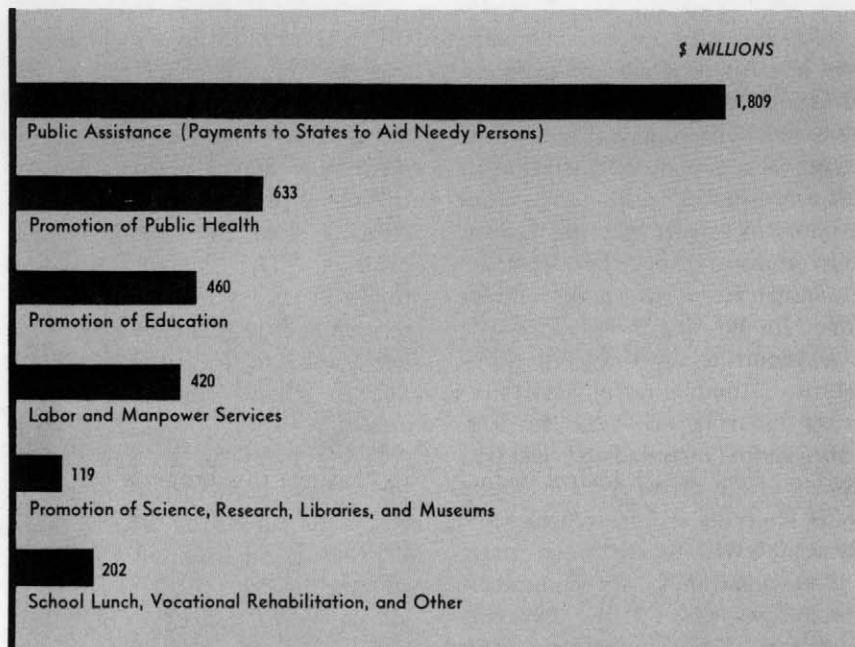
The budget provides increased grants to States to handle unemployment compensation claims promptly and to maintain an effective

[In millions]

Fiscal year	Budget expenditures	New obligatory authority
1959 est. . . . .	\$3, 643	\$3, 616
1958 est. . . . .	3, 443	3, 571
1957. . . . .	2, 966	3, 189
1956. . . . .	2, 776	2, 860
1955. . . . .	2, 552	2, 614
1954. . . . .	2, 485	2, 429
1953. . . . .	2, 426	2, 456

# Labor and Welfare

Budget Expenditures in 1959—Estimate



tive employment service system. It also recommends funds for the Department of Labor to help meet the demand for technicians and skilled workers.

The National Science Foundation will greatly expand its programs for support of basic research and for improving and extending science education. In addition, legislation is recommended to authorize a

temporary 4-year program for the Department of Health, Education, and Welfare to provide matching grants to States for strengthening education, particularly in science and mathematics.

Expenditures in 1959 for school lunch, vocational rehabilitation programs, and other welfare activities will continue at about the same level as in 1958.

## IV. Commerce and Housing

\$1,627 million . . . 2.2% of 1959 budget expenditures

Net expenditures for commerce and housing programs are expected to decline \$519 million from 1958 to 1959. The principal reductions result from proposed legislation to increase postal rates and from termination under existing law of the authority of the Veterans Administration to make direct loans for housing.

Expenditures by the Civil Aeronautics Administration will increase sharply in 1959 as new equipment is installed and operated so that our airways can handle more air traffic. Research in aerodynamics will be expanded under the National Advisory Committee for Aeronautics. Other expenditures for aviation include grants to help finance improvement of civil airports and subsidies to local service airlines. New taxes on jet fuels and increased taxes on aviation gasoline are recommended to help pay for the rising cost of Federal aids to aviation.

The Federal Housing Administration will handle applications for insurance of loans on an estimated 650,000 housing units in 1959. Receipts, mainly from premiums, will exceed expenditures by \$80 million. The Federal National Mortgage Association is committed to purchase a substantial volume of insured mortgages on housing built for members of the armed services, on cooperative housing, and on housing for other groups which cannot obtain private financ-

ing. The President is recommending that laws be amended to encourage private purchases of these mortgages. The Federal Government now makes grants for two-thirds of the cost of buying and clearing land for urban renewal projects. The budget provides funds for this growing activity but recommends that beginning in 1960 the States and localities gradually increase their proportion of the financing to 50% by 1962.

Direct loans for college dormitories have been increasing partly because of subsidized interest rates. Legislation is proposed to encourage private financing by providing Federal guaranties of college housing bonds which do not have Federal tax exemption. Direct Government loans would not be made where private loans were available at reasonable rates. Other housing expenditures go to

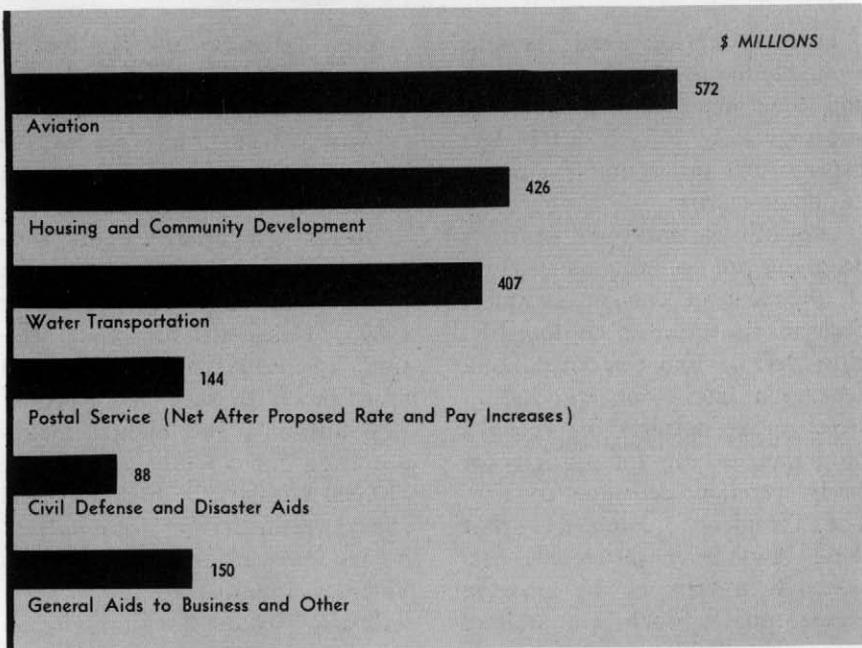
[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. <sup>1</sup> . . . . .	<sup>1</sup> \$1, 627	<sup>1</sup> \$2, 061
1958 est. . . . .	2, 146	4, 026
1957. . . . .	1, 453	3, 852
1956. . . . .	2, 028	4, 526
1955. . . . .	1, 502	2, 815
1954. . . . .	814	2, 374
1953 . . . . .	2, 502	3, 486

<sup>1</sup> Figures include proposed postal rate increase, but do not reflect proposed postal pay increase, which is included in the allowance for proposed legislation and contingencies.

# Commerce and Housing

Budget Expenditures in 1959—Estimate



help local authorities finance low-rent public housing.

The Coast Guard maintains navigation aids, makes safety inspections, and carries on other activities in the field of water transportation. The Maritime Administration provides subsidies for construction and operation of American merchant ships in foreign trade. A review is being made of our maritime legislation with the aim of reducing future Government subsidies.

In every year since World War II, the postal service has incurred large deficits that have been paid by the taxpayers. In 1959 expenditures for postal service will be an

estimated \$684 million more than postal receipts under present legislation. In the budget, the President urges enactment of legislation to raise postal rates and calls for adjustments in the pay of postal employees. The net result would be a substantial reduction in expenditures.

The budget includes the first year cost of proposed legislation for grants to States and localities to strengthen civil defense, and also provides for an expansion in warning networks and in research and training in civil defense problems. It also recommends extension of the Small Business Act.

## V. *Veterans Services and Benefits*

\$5,012 million . . . 6.8% of 1959 budget expenditures

Federal services and benefits available to our 23 million veterans and their dependents account for approximately 20% of all budget expenditures other than for major national security.

Expenditures for some of these programs are declining as veterans of the Korean conflict complete their readjustment to civilian life. However, the long-run outlook under present laws is for large and increasing expenditures for veterans programs, as costs for pensions for needy veterans continue to rise. The President recommends that these laws be reconsidered, particularly in view of the growing general public benefit and welfare programs which are now available to veterans as well as to other groups of the population. Accordingly, a special message is being sent to the Congress proposing adjustments and improvements in veterans benefit programs.

Compensation benefits of over \$2 billion will be paid to 2.4 million individuals and families in 1959 for disability or death resulting from military service. The number of beneficiaries is declining somewhat, but expenditures will be higher than in 1958 because of legislation raising benefit rates by 10% to 30% effective October 1, 1957. Pensions of over \$1 billion for disabilities and deaths not connected with military service will be paid to 1.4

million veterans and families of veterans. The pension rolls are increasing as veterans, particularly of World War I, advance in age and face increased hazards to health and income.

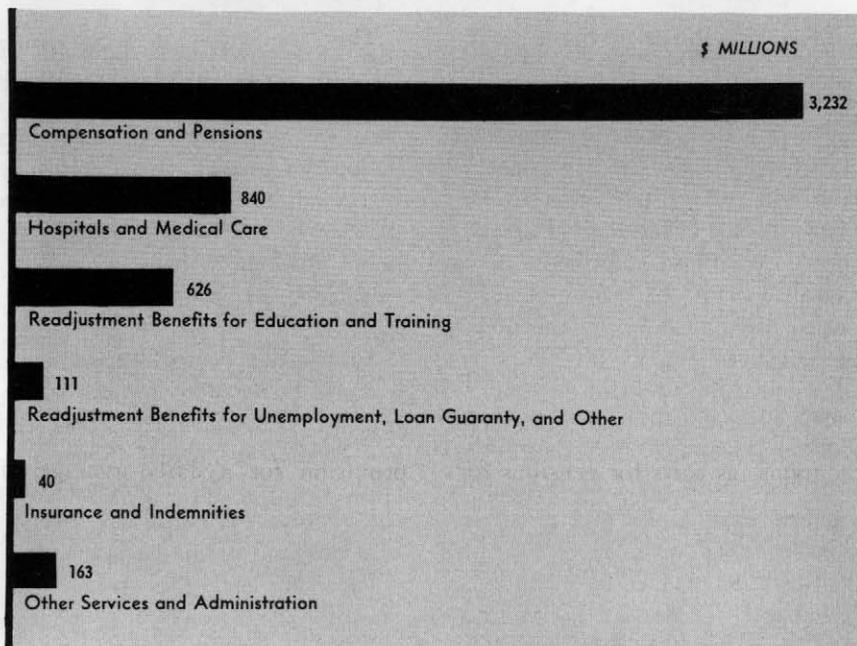
Operating expenditures for hospital and medical care will amount to \$804 million in the fiscal year 1959. Construction, modernization, and repair of facilities will result in additional expenditures of \$36 million. The budget makes provision for a daily average of 110,900 patients in hospitals and 16,600 residents in domiciliary homes directly operated by the Veterans Administration. The VA will also pay for hospitalizing an average of 3,000 patients a day in other hospitals and for half the cost of caring for 9,200 veterans in State soldiers' homes. In addition, the estimates for 1959 allow for the operation of 70 outpatient clinics providing medical and dental care.

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. ....	\$5, 012	\$4, 996
1958 est. ....	5, 034	5, 013
1957. ....	4, 793	4, 870
1956. ....	4, 756	4, 823
1955. ....	4, 457	4, 369
1954. ....	4, 256	4, 272
1953. ....	4, 298	4, 132

# Veterans Services and Benefits

Budget Expenditures in 1959—Estimate



Education and training is the chief readjustment aid provided to veterans of the Korean conflict. Average enrollments and expenditures reached a peak in the fiscal year 1957 and are expected to decline in 1958 and 1959. By June 30, 1959, an estimated 42% of Korean veterans will have participated in this program.

The size of the veterans loan guaranty program in 1959 will be reduced because World War II veterans will no longer be eligible after July 25, 1958. Veterans of

the Korean conflict will be eligible until 1965. It is expected that 55,500 loans for homes, farms, and businesses will be guaranteed in 1959. Budget expenditures, which result from defaults on guaranteed loans, are ultimately largely offset by recoveries from the sale of the defaulted property.

The general operating expenses of the VA will be reduced more than 5% in the coming year. These savings result from numerous administrative improvements and from declining workloads.

## VI. *Agriculture and Agricultural Resources*

\$4,601 million . . . 6.2% of 1959 budget expenditures

Over two-thirds of the expenditures estimated for agricultural programs in the fiscal year 1959 will be for farm price support operations of the Commodity Credit Corporation and related programs to improve income of farmers. Expenditures for these programs have averaged over \$3.5 billion per year during the past 3 years, and under present laws would be likely to continue at high levels.

The present system of price supports has tended to stimulate a continued high level of farm production, despite the severe restrictions imposed on farmers by production and marketing controls. It has also speeded up the technological revolution that has been taking place on American farms, with the result that production per farm worker has doubled in the last 15 years. In carrying out its commitments to support farm prices, therefore, the Government has become the market for huge quantities of farm products.

Changes in price support legislation are being proposed in a special message to the Congress. The changes permitted by the proposed legislation would not be applicable before the 1959 crop year. They would be applied gradually and would not begin to affect the budget significantly before the fiscal year 1960.

The President is also recommending that the acreage reserve part of the soil bank be discontinued after the 1958 crop year. On the other hand, the budget provides for an increase in the conservation reserve part of the soil bank, reflecting the belief that more benefits will result from this program per dollar spent.

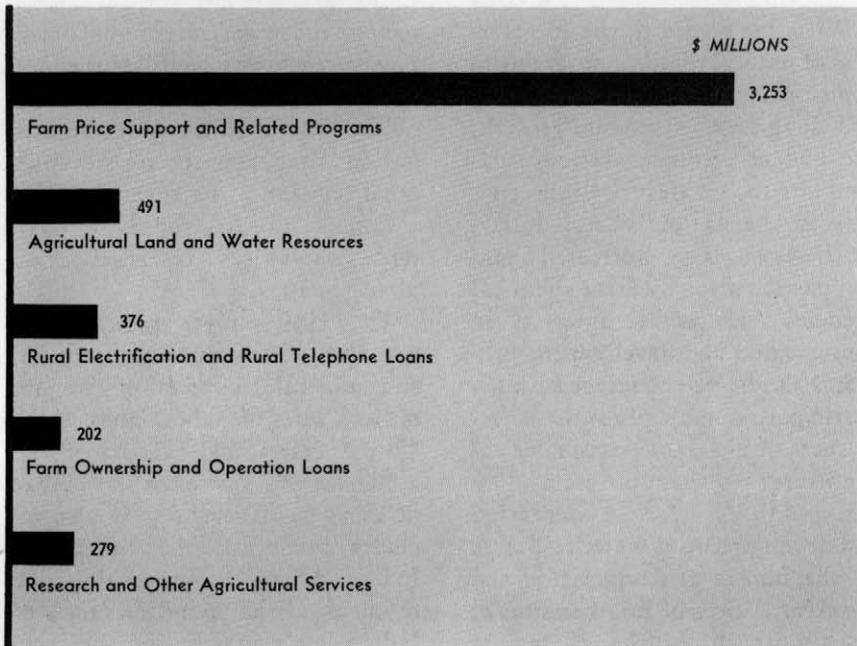
Substantial Federal expenditures are also being made for other programs to conserve agricultural land and water resources. These include cost-sharing payments under the regular agricultural conservation program of the Department of Agriculture and the special program for the Great Plains, financial aid for watershed protection projects, and technical assistance to farmers from the Soil Conservation Service. The budget proposes a reduction to \$125 million in the advance authorization for the agricultural conservation program,

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. . . . .	\$4, 601	\$3, 849
1958 est. . . . .	4, 924	6, 393
1957. . . . .	4, 582	5, 298
1956. . . . .	4, 913	3, 310
1955. . . . .	4, 411	2, 672
1954. . . . .	2, 557	4, 010
1953. . . . .	2, 936	1, 333

# Agriculture and Agricultural Resources

Budget Expenditures in 1959—Estimate



which, with other public efforts in support of conservation, will provide for the more permanent soil and water conservation practices needed to maintain an adequate agricultural resource base. This reduction would apply to the 1959 crop year and will not affect 1959 expenditures.

Reductions in new authority are proposed in the budget for direct loans by the Rural Electrification Administration and the Farmers'

Home Administration. Legislative changes are being recommended to assist electrification and telephone borrowers to obtain financing from private sources and to encourage private investors to make more insured real estate loans.

The budget also recommends increases for industrial-use research, which is expected to broaden farm markets and provide new uses for farm products both at home and overseas.

## VII. *Natural Resources*

\$1,492 million . . . 2.0% of 1959 budget expenditures

With due regard to the effectiveness of natural resource programs in contributing to national security and long-term economic growth, the budget recommendations contemplate the greatest possible economy in the use of Federal dollars for these programs. Increased financial participation by State and local agencies and private interests in conservation and development programs should be encouraged. Such participation multiplies the effectiveness of Federal Government expenditures for these programs.

Expenditures for conservation and development of water resources by the Bureau of Reclamation and the Army Corps of Engineers make up almost three-fifths of budget expenditures for natural resources. Construction activities of these two agencies for flood control, navigation, irrigation, water supply, and power projects will be limited in 1959 to orderly continuation of work on 309 projects started in prior years. Expenditures in 1959 will be greater than in any of the 5 preceding years because of the very high level of commitments on projects already underway. To avoid adding to these commitments at this time, no new project starts are proposed in the budget for 1959.

The budget includes authority, under proposed legislation, for the Tennessee Valley Authority to fi-

nance the construction of new power generating facilities through the sale of revenue bonds. This reflects the President's recommendation that appropriate revenue-bond legislation be enacted.

Construction on the Saint Lawrence Seaway will be largely completed in 1959.

The 1959 budget provides for management of the range, forest, and mineral resources of the 468 million acres of public lands in the United States and Alaska which are under the control of the Bureau of Land Management. It also includes funds for the Bureau of Indian Affairs for managing the resources of the 56 million acres of Indian lands and for the construction of roads, irrigation systems, schools and other buildings needed for Indians.

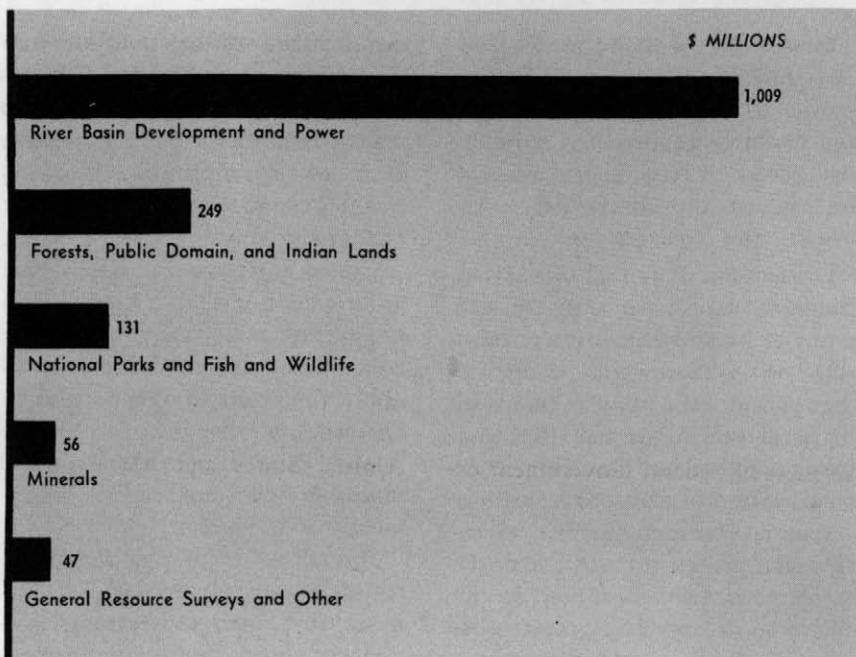
Our national parks, national forests, and fish and wildlife re-

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. ....	\$1, 492	\$1, 446
1958 est. ....	1, 457	1, 439
1957. ....	1, 296	1, 355
1956. ....	1, 104	1, 213
1955. ....	1, 202	1, 070
1954. ....	1, 315	1, 398
1953. ....	1, 476	1, 503

# Natural Resources

Budget Expenditures in 1959—Estimate



sources offer recreational opportunities for many millions of our citizens. Progress will continue to be made in 1959 on the development program of the National Park Service to meet the needs of an estimated 80 million visitors to the parks in 1966, and on the program for recreational facilities in the national forests. The 1959 budget also provides funds for the maintenance of fish propagation stations and wildlife refuges, for research on waterfowl and wildlife management, for assistance to commercial

fisheries, including marketing and technology, and for cooperation with the States on fish and wildlife restoration.

Funds are included in the budget for the Bureau of Mines to continue activities in 1959 for conserving, evaluating, and developing our mineral resources, and for the Geological Survey to continue field studies, mapping, research, and other work related to the discovery, conservation, and management of the Nation's natural resources.

## VIII. Interest

\$7,869 million . . . 10.6% of 1959 budget expenditures

Interest payments by the Federal Government are almost all for interest on the public debt. A relatively minor proportion is required for interest on refunds of taxes and for interest on uninvested funds held by the Treasury.

The amount of annual interest on the public debt depends on the size of the debt and the interest rates paid on Government securities. The public debt was reduced in the fiscal years 1956 and 1957 and these reductions are resulting in interest savings of about \$100 million a year at present interest rates. However, heavy private and local government demand for credit to finance record levels of capital investment have caused market rates of interest to rise steadily during the past several years. Over this period, these higher rates have increased the budget cost of refinancing the large volume of maturing Government obligations. Thus, interest expenditures have risen despite the reduction in the debt.

In recent months interest rates have declined and interest payments in 1959 are expected to be at about the same level as in 1958.

Interest payments on marketable obligations, mainly held by finan-

cial institutions, are over one-half of all interest payments. The refinancing of short-term maturities reflects promptly changes in market rates of interest, and the 1959 budget estimate is based on the changed outlook for these rates.

United States savings bonds bear an interest rate that is higher than the average rate usually paid on the total public debt and carry favorable redemption privileges. Nearly one-fifth of the interest on the public debt is payable to the investors who hold these bonds, mostly individuals.

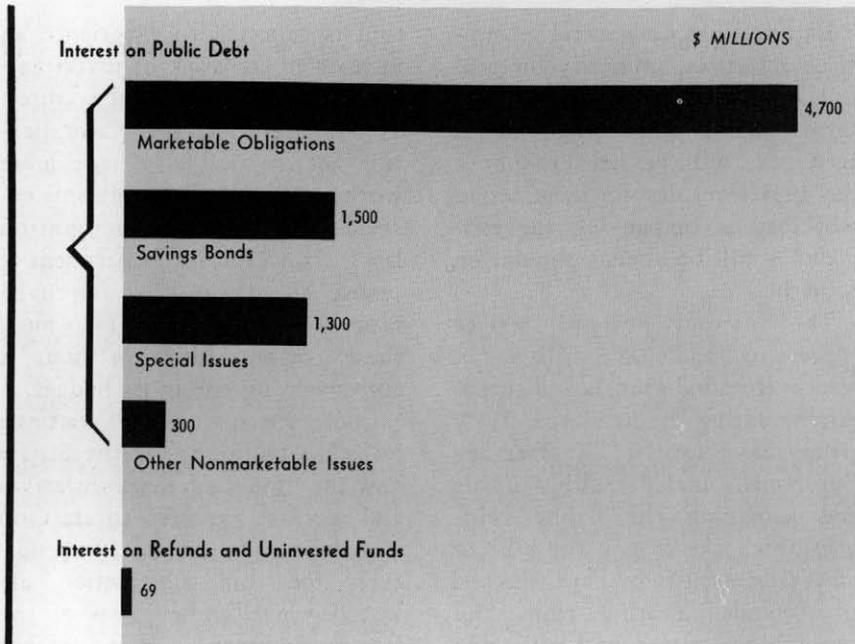
Special issues of nonmarketable securities are owned by Government trust funds and certain Government corporations which invest their reserves against future needs. The interest rate on a large portion of these issues is the average rate

[In millions]

Fiscal year	Budget expenditures
1959 est. . . . .	\$7, 869
1958 est. . . . .	7, 867
1957 . . . . .	7, 308
1956 . . . . .	6, 846
1955 . . . . .	6, 438
1954 . . . . .	6, 470
1953 . . . . .	6, 583

# Interest

Budget Expenditures in 1959—Estimate



for longer term marketable securities. For a few special issues the rates are specified by law.

The Congress does not make annual appropriations for interest

payments. Since these payments are fixed obligations of the Government, expenditures for interest have been authorized by permanent law.

# IX. General Government

\$1,403 million . . . 1.9% of 1959 budget expenditures

Expenditures for general government activities, primarily for central administrative costs not allocated among the other major activities, will be held to about the 1958 level despite increases in workload accompanying the estimated 3 million annual population growth.

The Internal Revenue Service expects to handle 96.5 million tax returns from individuals and corporations during the fiscal year 1959. Other major tasks of the Treasury Department include selling bonds and managing the public debt, writing checks to pay the bills of most Government civil agencies and trust funds, minting coins and engraving currency, and collecting duties on imports. Auditing by the General Accounting Office is another important part of financial management.

Office space for most Federal civil agencies, except the Post Office Department, is provided by the General Services Administration, which also does central purchasing of supplies and maintains Government records and archives. The Government is obtaining new buildings under lease-purchase contracts that provide for transfer of ownership from private builders after payment of rent for a number of years. The President is recommending extension of the legislation providing for such contracts.

The Federal Bureau of Investiga-

tion is expected to experience an increase in its work of investigating violations of Federal statutes. The Immigration and Naturalization Service will also have more work as a result of amendments enacted in 1957 to the immigration laws. However, the Department of Justice anticipates that improved procedures will enable it to meet these responsibilities without a corresponding rise in its budget.

Construction work will continue on office buildings for the Senate and the House of Representatives and work is expected to start on remodeling the Capitol. Expenditures for this construction are included with other costs of the legislative branch. In accordance with the law, the budgets of the legislative and judicial branches of the Government are not subject to review by the President.

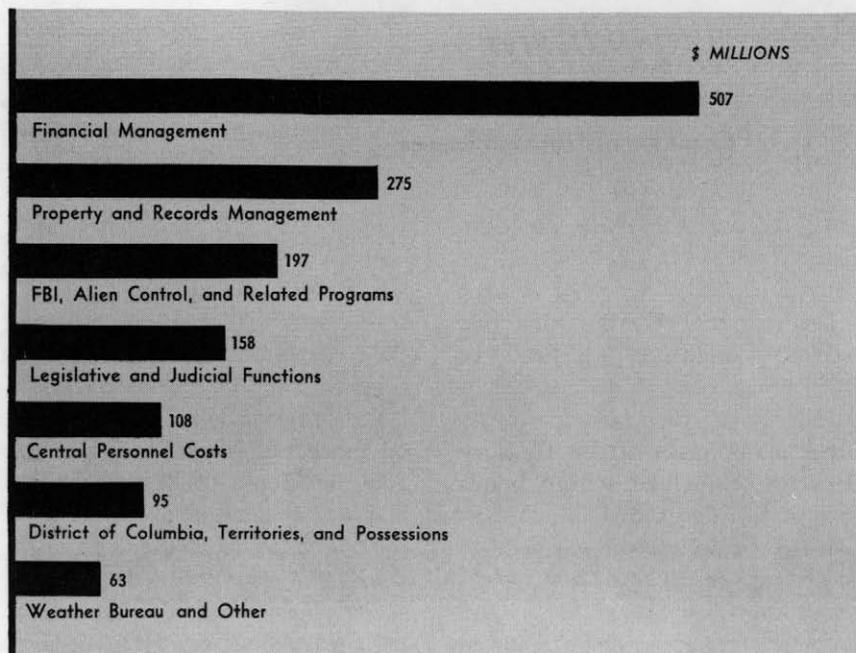
The Civil Service Commission supervises the operation of the merit system for Federal employ-

[In millions]

Fiscal year	Budget expenditures	New obligational authority
1959 est. ....	\$1, 403	\$1, 362
1958 est. ....	1, 377	1, 368
1957. ....	1, 789	1, 833
1956. ....	1, 629	1, 595
1955. ....	1, 201	1, 138
1954. ....	1, 239	1, 074
1953. ....	1, 474	1, 368

# General Government

Budget Expenditures in 1959—Estimate

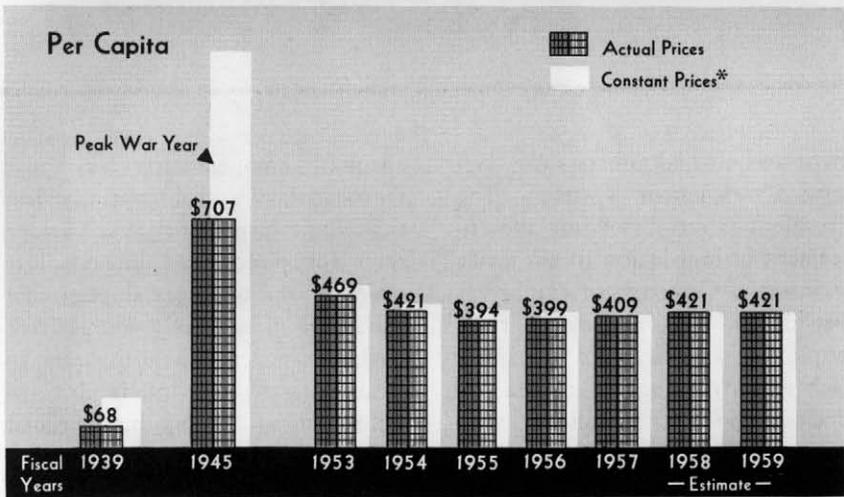
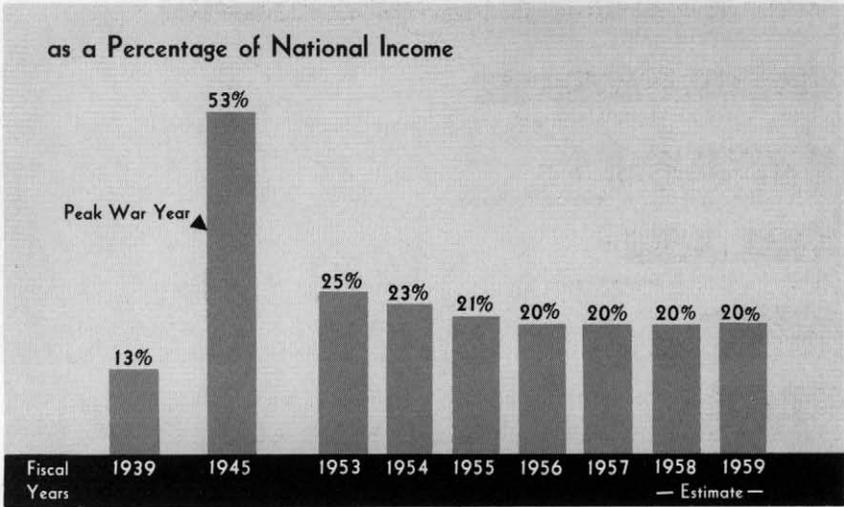


ment and also administers the civil service retirement system. The President is recommending the enactment of legislation to authorize training of Government employees outside as well as within their employing agencies, and to require each employing agency to bear its share of the costs of accident compensation benefits now paid by the Department of Labor. The Department of Labor also pays for unemployment compensation of Federal employees who are laid off.

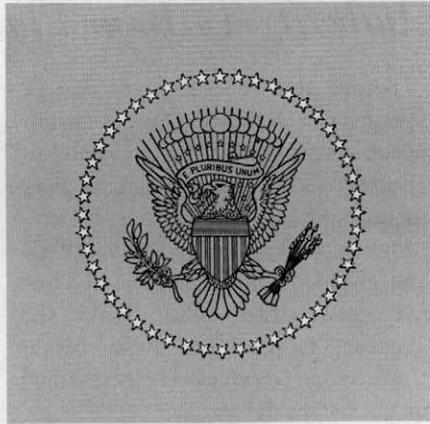
The President is recommending adjustments in the pay system for civilian employees. The primary objective of the proposals is more

adequate compensation for those whose salary is substantially less than their responsibilities. Salary rates for junior and intermediate scientific and managerial personnel should be more nearly competitive with non-Federal rates in order to retain competent people in Government service. The amounts needed to cover the proposed pay revision for all agencies except the Department of Defense are included in the allowance for proposed legislation and contingencies. The budget for the Department of Defense, the Government's largest employer, makes allowance for its share of the additional cost.

# Budget Expenditures



\* Adjusted to November 1957 Wholesale Prices



### *Part 3 Supplementary Information*

Part 3 of this booklet presents information on new authority to incur obligations and on unexpended balances. It summarizes budget information by agency, and also presents summary data for certain Federal activities, such as public works and aid to States and local governments, which are common to many of the agencies and are parts of the functions discussed in part 2.

In addition, part 3 provides information on other aspects of Government financial operations, such as the Federal trust funds and credit programs, and includes historical data on the public debt and on budget receipts and expenditures.

## Authority To Incur Financial Obligations

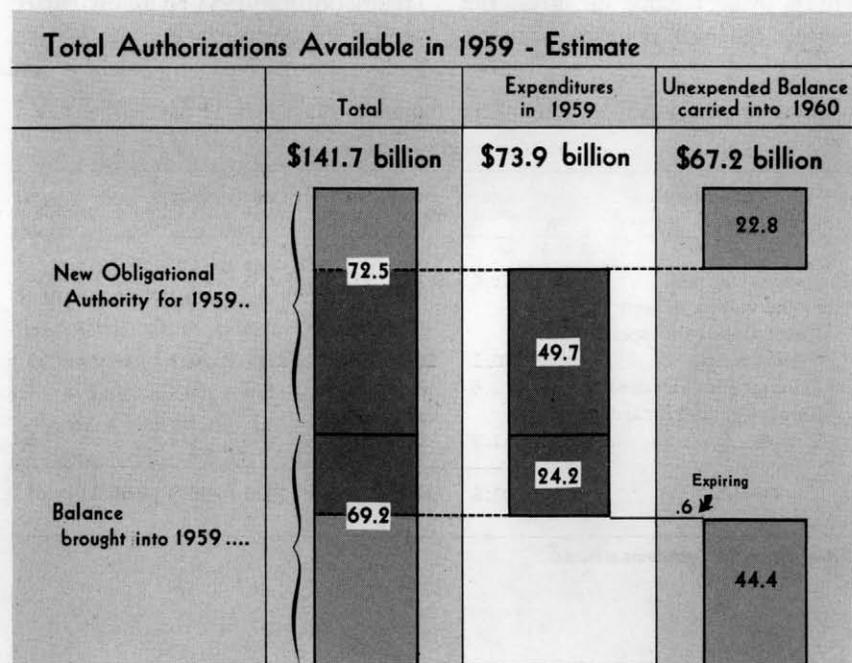
Before any Federal funds can be spent, the Congress must grant specific authority. Under such authority, Government agencies may incur financial obligations by employing workers, ordering supplies, and entering into contracts. They may also draw funds from the Treasury to liquidate these obligations when services are performed or goods are delivered.

The total amount available to Government agencies for expenditure in any particular fiscal year consists of the new obligational authority approved by the Congress for that year plus available authority enacted for prior years but still unspent. Together, the new and old obligational authority which will be available for expenditure in the fiscal year 1959 are esti-

mated to be \$141.7 billion. Nearly half of this amount will be authority carried over from prior years.

From the available \$141.7 billion, budget expenditures estimated to amount to \$73.9 billion will be made in 1959. Approximately \$49.7 billion of this spending will go to pay for obligations incurred under the new authority enacted for 1959. These obligations will be for such items as salaries earned and paid during 1959, and for supplies and equipment which are both ordered and delivered in that year.

The rest of the expenditures, \$24.2 billion, will be mainly for construction and for major military equipment such as jet bombers, guided missiles, and submarines which were ordered under obliga-



tional authority enacted in prior years, but which will not be delivered until 1959. Similarly, part of the new obligational authority enacted for the fiscal year 1959 will be committed to procure ships or to make contracts for construction, and it may be 1 or 2 years or more before payments are finally made for these "long lead-time" items.

Amounts of enacted obligational authority which have not yet resulted in expenditures and are carried forward from one fiscal year to the next are called unexpended balances. These balances are not cash on hand, but represent authority to draw on the Treasury as needed to pay bills. The total of such balances carried forward into the fiscal year 1959 is estimated to be \$69.2 billion.

In some cases, such as the Federal Deposit Insurance Corporation which insures bank deposits, the unspent balances represent standby

or emergency obligational authority which the Government does not anticipate having to exercise in the foreseeable future. However, the major part of the unspent balances which are brought forward into a particular fiscal year are balances of appropriations for programs currently underway.

At the present time, most of the unspent balances of appropriations are obligated; that is, they are amounts largely committed to pay bills which will come due upon completion of contracts already signed or, in some cases, they are amounts now owed by the Government for services or deliveries recently received.

The administration has acted to reduce the amount of balances to the extent sound management allows. Unexpended balances of appropriations will have been reduced from \$78.4 billion at the close of the fiscal year 1953 to an estimated \$39.9 billion by the end of 1959.

#### UNSPENT BALANCES OF AUTHORITY CARRIED FORWARD AT END OF YEAR

[Fiscal years. In billions]

Description <sup>1</sup>	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 estimate	1959 estimate
From appropriations . . . . .	\$78.4	\$67.7	\$52.1	\$46.0	\$43.7	\$40.1	\$39.9
From other authorizations:							
Authorizations to spend from debt receipts . . . . .	20.2	21.1	19.5	18.9	20.7	24.0	22.8
Contract authorizations . . . . .	2.5	2.5	2.6	4.0	1.0	1.5	1.5
Revolving and management funds . . . . .	1.7	2.9	5.4	4.1	3.4	3.6	3.0
Total . . . . .	102.8	94.2	79.6	73.0	68.8	69.2	67.2

<sup>1</sup> See glossary for definitions of items.

## Budget Information by Agency

*New obligational authority by agency.*—In the usual case, an appropriation bill passed by Congress grants authority to a specific agency to incur obligations. Consequently, in order to follow the progress of the budget through Congress, it is important to have budget information classified by agency. In a few instances, such as the mutual security program for which major responsibility is shared by two or more agencies, appropriations are made to the President and are then allocated by him among the agencies.

The Department of Defense accounts for more than half of all new obligational authority recommended for the fiscal year 1959. The second largest amount is for the Treasury Department, largely for paying interest on the public debt for which no annual action by the Congress is required.

New obligational authority in excess of \$2 billion each is also recommended for the Department of Agriculture, the Veterans Administration, the mutual security program, the Department of Health, Education, and Welfare, and the Atomic Energy Commission.

*Gross and net expenditures by agency.*—In addition to the funds they receive under appropriations from the Congress, a number of agencies that are engaged in business-type operations collect funds

directly from customers or clients. For example, the Post Office Department collects money from the sale of stamps and other services, and the Department of Agriculture receives collections on loans or payments for farm commodities it sells. Some business-type operations of the Federal Government are organized as corporations; others, such as the Post Office, are not.

Agencies which receive directly the receipts from their operations are usually authorized to spend both their appropriated funds and their receipts. The true scale of their activities, therefore, is measured by their gross expenditures. However, their net expenditures, calculated by subtracting the applicable receipts from gross expenditures, are the amounts which directly influence the size of the budget deficit or surplus.

Receipts by the Post Office Department are expected to account for more than one-third of all agencies' receipts from operations in the fiscal year 1959. Postal revenues are estimated to be higher in the coming fiscal year than in 1958, mainly because of the increases in postal rates recommended by the President to cover more nearly the costs of providing postal service.

The next largest amount of receipts from operations is expected

## EXPENDITURES AND NEW OBLIGATIONAL AUTHORITY BY AGENCY

[Fiscal year 1959 estimate. In millions]

Description	Gross expenditures	Receipts from operations	Budget expenditures	New obligational authority
Legislative branch . . . . .	\$126		\$126	\$99
The judiciary . . . . .	46		46	46
Executive Office of the President . . . . .	12		12	12
Funds appropriated to the President:				
Mutual security . . . . .	3,870	\$2	3,868	3,940
Other . . . . .	373	71	302	9
Independent offices:				
Atomic Energy Commission . . . . .	2,550	( <sup>1</sup> )	2,550	2,418
Veterans Administration . . . . .	5,114	137	4,977	4,968
Other . . . . .	1,690	945	745	825
General Services Administration . . . . .	418	5	413	336
Housing and Home Finance Agency . . . . .	1,970	1,515	455	638
Department of Agriculture . . . . .	7,888	2,907	4,981	4,107
Department of Commerce . . . . .	824	21	803	951
Department of Defense:				
Military functions . . . . .	39,832	53	39,779	39,145
Civil functions . . . . .	791	90	701	685
Department of Health, Education, and Welfare . . . . .	2,857	3	2,854	2,793
Department of the Interior . . . . .	703	40	663	583
Department of Justice . . . . .	228		228	230
Department of Labor . . . . .	458	6	452	465
Post Office Department . . . . .	3,479	3,495	-16	1
Department of State . . . . .	228		228	207
Treasury Department . . . . .	8,606	15	8,591	8,619
District of Columbia . . . . .	38		38	36
Allowance for proposed legislation and contingencies . . . . .	1,139		1,139	1,339
<b>Total . . . . .</b>	<b>83,240</b>	<b>9,305</b>	<b>73,934</b>	<b>72,452</b>

<sup>1</sup> Less than one-half million dollars.

NOTE.—Detail may not add to totals because of rounding.

to be realized by the Department of Agriculture, primarily from collections on loans and sales of commodities acquired under price-support operations of the Commodity

Credit Corporation. The Housing and Home Finance Agency will also have substantial receipts, reflecting collections on loans previously made by the Agency.

## *Trust Funds*

Each year, a substantial amount of money is collected by the Federal Government and held in trust for later payment to private individuals or to State and local governments. Because these funds are not available for general purposes of government, they are not included in budget receipts and expenditures, and transactions of these funds therefore do not affect the budget surplus or deficit.

Trust fund receipts in the fiscal year 1959 are estimated to be \$16.6 billion and trust fund expenditures \$16.4 billion. Both receipts and expenditures of trust funds have increased substantially since 1953, reflecting both the creation of new trust funds and the steady growth in the size of older trust funds.

The social security and retirement trust funds are financed mainly from payroll taxes paid by employers and employees. Payments from these funds are for benefits to the unemployed, the aged, the disabled, and survivors of insured persons. Expenditures for old-age and survivors insurance are expected to exceed receipts in 1959 because of recent liberalizations in benefits. An increase in payroll taxes scheduled under existing law for January 1, 1960, will again raise receipts of this fund above expenditures.

Receipts of the highway trust fund come from excise taxes paid

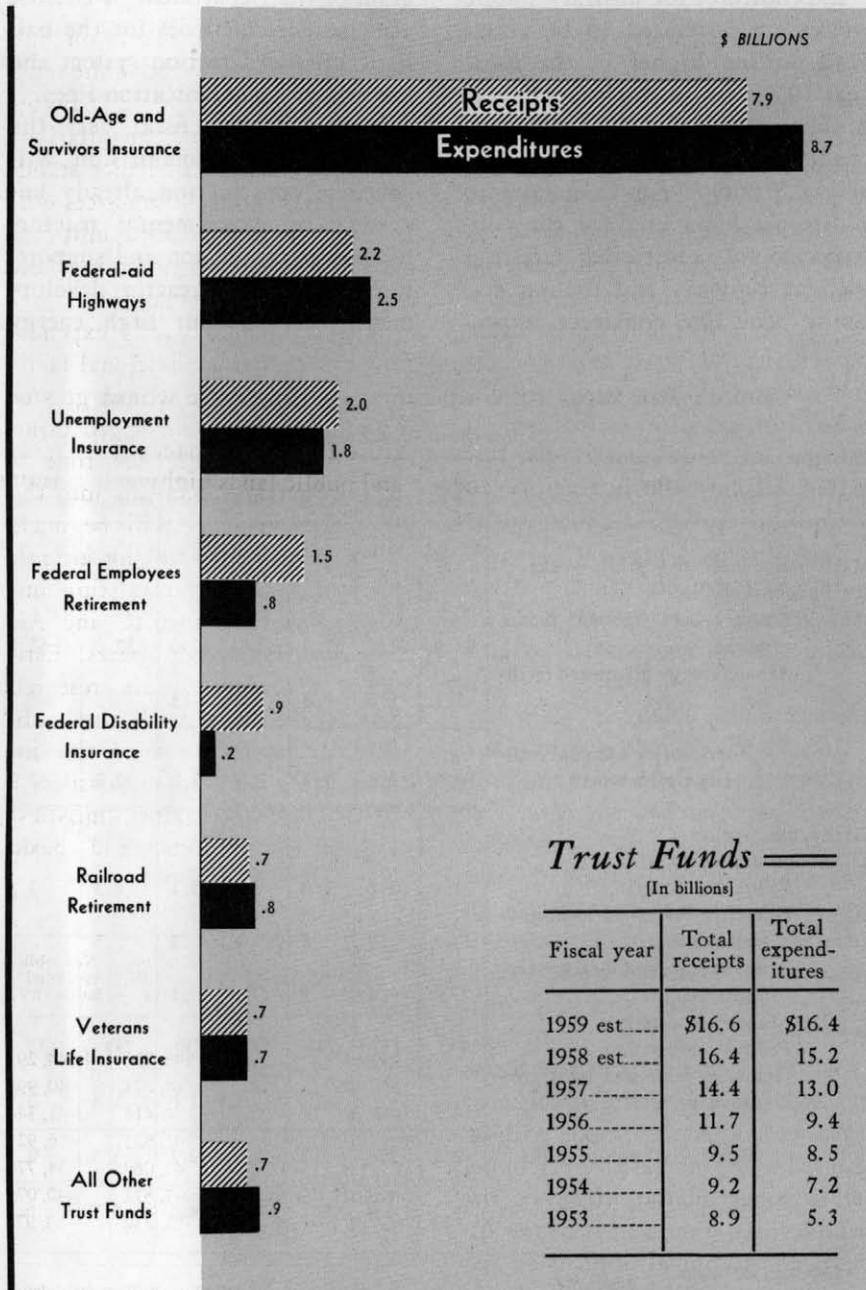
by highway users; expenditures of the fund are primarily grants to States to assist in building the Federal-aid highway systems. In the fiscal year 1959, disbursements of the fund are estimated to exceed receipts for the first time. This excess will be financed by using part of the balance accumulated in earlier years.

The 1959 budget contains several proposals concerning the highway trust fund. These would (1) transfer from the general fund to the trust fund the financing of forest and public lands highway programs in the Department of Commerce, since most of these highways are on one of the Federal-aid systems, (2) retain in the general fund receipts from aviation gasoline taxes, which now go into the trust fund, to help finance the operations of the airways, and (3) provide for payment from the trust fund of the expenses incurred by the Treasury in collecting taxes going into the trust fund.

Other trust funds include the secondary market operations of the Federal National Mortgage Association. The estimated excess of expenditures over receipts for 1959 in the category of "all other trust funds" reflects mainly the mortgage purchases by the Association. These purchases are expected to result in net trust expenditures of \$0.3 billion in 1959.

# Trust Funds RECEIPTS AND EXPENDITURES

Fiscal Year 1959 Estimate



# Federal Public Works

Expenditures for military public works are estimated to be about \$140 million higher in the fiscal year 1959 than in the current year. A substantial portion of these expenditures will be for the dispersal of the Strategic Air Command to additional bases and for the construction of additional facilities such as runways and fueling stations. The 1959 construction pro-

gram of the Department of Defense also includes facilities for the ballistic missile detection system and the related communication lines.

In the coming fiscal year the Atomic Energy Commission will continue construction already underway on experimental reactors for power propulsion and supporting facilities for reactor development, and on four high energy

## BUDGET AND TRUST FUND EXPENDITURES FOR PUBLIC WORKS

[Fiscal years. In billions]

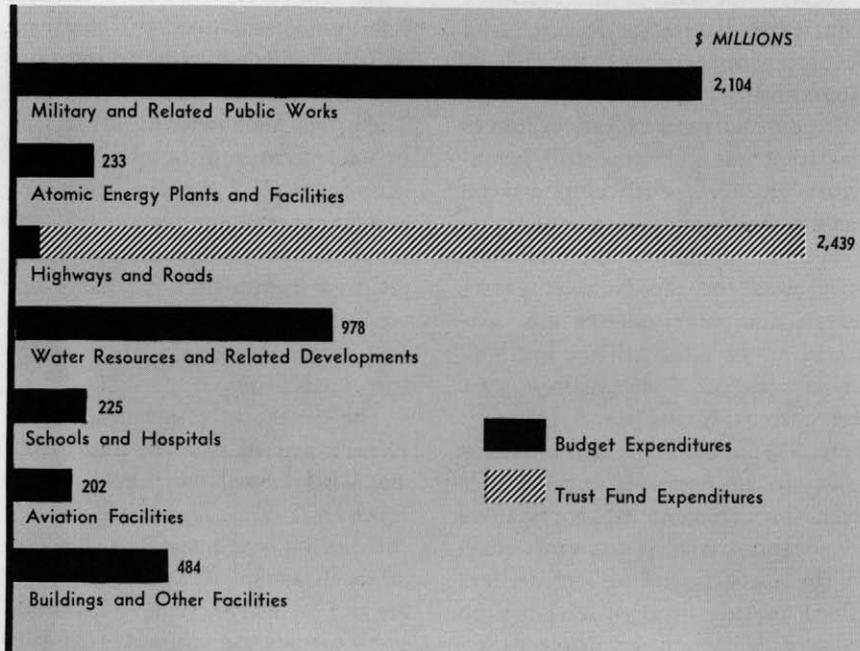
Program	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 estimate	1959 estimate
Major national security public works:							
Budget expenditures:							
Military and related public works.....	\$1.9	\$1.7	\$1.6	\$2.1	\$2.0	\$2.0	\$2.1
Atomic energy plants and facilities.....	1.1	1.1	.8	.2	.3	.2	.2
Total, major national security public works.....	3.0	2.8	2.4	2.3	2.2	2.2	2.3
Civil public works:							
Budget expenditures:							
Federal construction.....	1.4	1.3	1.0	.9	1.1	1.3	1.5
Grants to State and local governments.....	.7	.7	.8	.9	.2	.3	.3
Loans to State and local governments (net).....	( <sup>1</sup> )	-.4	-.1	( <sup>1</sup> )	.1	.1	.2
Trust fund expenditures:							
Federal construction.....	( <sup>1</sup> )						
Grants to State and local governments.....					1.0	1.8	2.3
Total, civil public works...	2.2	1.6	1.7	1.8	2.2	3.5	4.3
Total, Federal public works.	5.2	4.4	4.1	4.1	4.5	5.7	6.7

<sup>1</sup> Less than \$50 million.

NOTE.—Detail may not add to totals because of rounding.

# Federal Public Works

Budget and Trust Fund Expenditures in 1959—Estimate



particle accelerators in the multi-billion electron-volt range. In addition, improvements are planned in production facilities for fissionable materials and weapons.

Construction in the fiscal year 1959 on some Federal civil public works projects will be stretched out where this can be done effectively. In view of the high level of commitments made in the last few years, the budget makes no provision for starting any new water resources projects in 1959 by the Corps of Engineers and the Bureau of Reclamation. New authorizations for other civil public works programs, such as grants for hospital construction and for con-

struction of schools in federally affected areas, are being reduced. However, total expenditures for civil public works are expected to be higher in 1959 than in the current year, primarily because of the expanding Federal-aid highway program, financed through a trust fund, and because of commitments made for direct Federal projects started in previous years.

Construction for the Federal Government accounted for about 6% of all new construction in the United States in the fiscal year 1957. Public works of State and local governments that are carried on with aid from the Federal Government represented another 4%.

## Research and Development

Nearly one-half of the Nation's total expenditures for research and development is spent by the Federal Government. In the fiscal year 1959, expenditures of Federal agencies for these purposes will be increased by 9%, with emphasis on basic research and defense needs.

Federal expenditures directly appropriated for the conduct of research and development are estimated to be \$3.4 billion in 1959, an increase of \$348 million over the current fiscal year. In addition, \$337 million is estimated for research facilities. If expenditures from procurement appropriations for weapons testing and evaluation in the Department of Defense are added to this total of \$3.7 billion from research and development accounts, total Government expenditures for these purposes are estimated to exceed \$6 billion in 1959.

Over 80% of the Federal research and development expenditures are made by the Department of Defense and the Atomic Energy Commission. While these are primarily for national security purposes, a substantial contribution is also made through such research and development to the civilian needs of the Nation.

Research and development expenditures by the Department of Defense are estimated to rise by \$162 million in 1959. Work on missiles, both defensive and counteroffensive, is being expanded, and basic research activities are being increased.

Expenditures of the Atomic Energy Commission will increase in 1959 for both military and non-military research and development. The program includes basic research in nuclear aspects of physical and life sciences. Applied research activities will be increased and concentrated on naval and other military propulsion reactors, and on developing reactors to produce safe and economic electrical energy for civilian use.

The research programs of the Department of Health, Education, and Welfare will continue at a high level in 1959. There has been a substantial expansion of medical research under the Public Health Service in recent years. Increased expenditures are estimated in 1959 for construction of medical research facilities under a program of grants to institutions started in 1957.

### BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT

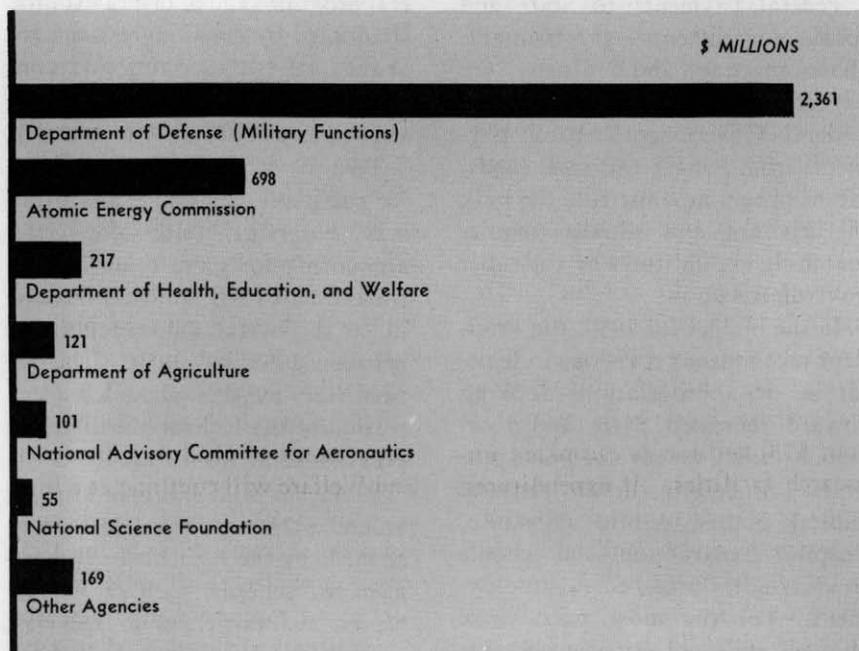
[In millions]

Fiscal year	Total	Major national security	Other
1959 est. <sup>1</sup> .....	\$3, 722	\$3, 093	\$629
1958 est. <sup>1</sup> .....	3, 427	2, 886	541
1957 <sup>1</sup> .....	3, 027	2, 596	431
1956 <sup>1</sup> .....	2, 538	2, 202	336
1955.....	2, 085	1, 804	281
1954.....	2, 085	1, 806	279
1953.....	2, 100	1, 830	270

<sup>1</sup> Includes pay and allowances of military personnel assigned to research and development activities: 1959, \$194; 1958, \$193; 1957, \$196; 1956, \$188.

# Research and Development

Budget Expenditures in 1959—Estimate



Expenditures for research in the Department of Agriculture will also rise in 1959 with emphasis on basic research in the agricultural sciences and efforts to promote greater utilization of farm products.

The National Advisory Committee for Aeronautics will emphasize research in 1959 on problems involved in the flight of various types of aircraft, ballistic and guided missiles, and space vehicles. These activities are primarily concerned with military aviation problems and are closely coordinated with the work of the Department of Defense.

Research expenditures of the

National Science Foundation will rise almost 50% in 1959 to expand support for basic research which underlies the technology of the Nation. Grants will be provided for basic research projects in universities, for constructing and maintaining specialized scientific research facilities, and for collection and dissemination of scientific data.

Of the total Federal research and development expenditures, about one-half is spent in Government installations; the balance is spent in industrial plants and laboratories, universities, and other research centers through grants and contracts.

## Federal Aid to State and Local Governments

Federal payments to State and local governments—grants-in-aid, shared revenues, and net loans—are expected to be over 7% of the Federal Government's total payments from budget and trust funds. Grant programs constitute the bulk of this aid and usually require matching expenditures by the other government units.

In the budget for 1959, the President recommends revisions in legislation or appropriations looking toward increased State and local responsibility for several grant programs, including urban renewal capital grants, public assistance, hospital construction, and schools in areas with large Federal employment. For the most part, these changes will not become effective until 1960.

The continued strength of our Federal system depends not only on prudent limitation of Federal activities, but on reinforcing the administrative and fiscal ability of the States to carry out their responsibilities. Accordingly, a Joint Federal-State Action Committee of Governors and of representatives appointed by the President from the Federal Government has been studying various aid programs with a view to transferring partial or complete responsibility for some of them to the States and, at the same time, relinquishing certain Federal revenues for their continued support. An initial progress report has been submitted by this Committee recommending transfers of sev-

eral programs and of one tax source. If adopted by the Congress and the States, these recommendations would reduce Federal aid by slightly over \$100 million annually.

Two-thirds of all Federal aid is for the public assistance and highway programs, with the latter accounting for more than 70% of the estimated \$815 million increase in total Federal aid expenditures between 1958 and 1959. The expenditures for this scheduled acceleration of the Federal-aid highway program come from trust funds.

Payments and grants-in-kind of around \$425 million in 1959 are to be made by the Agriculture Department to schools, welfare departments, and other public agencies, partly in the form of surplus agricultural commodities.

Net expenditures for grants and

### NET BUDGET AND TRUST FUND EXPENDITURES FOR FEDERAL AID

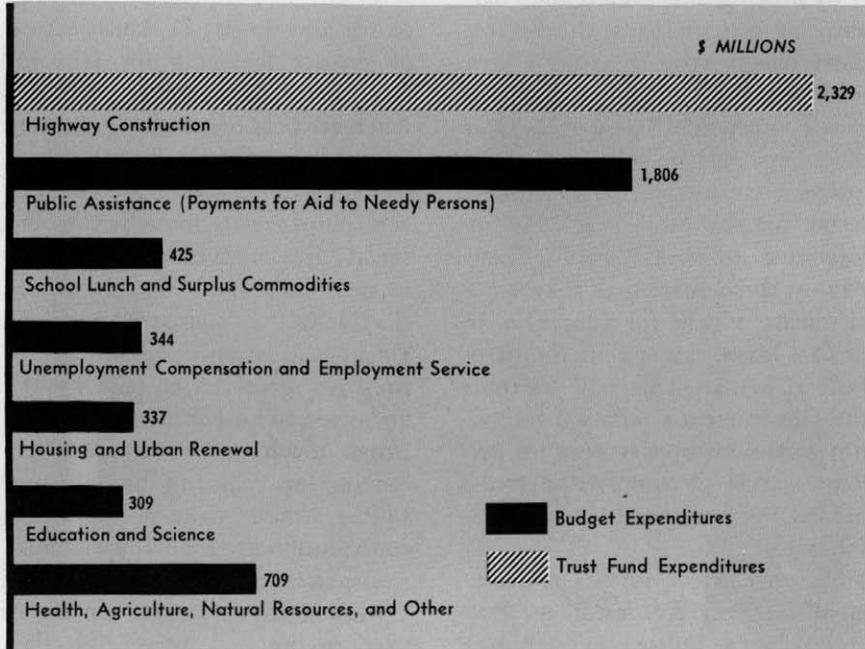
[In millions]

Fiscal year	Grants-in-aid	Shared revenues	Loans	Total
1959 est. . . . .	\$5, 972	\$101	\$186	\$6, 259
1958 est. . . . .	5, 201	100	143	5, 444
1957 . . . . .	3, 943	96	72	4, 111
1956 . . . . .	3, 642	82	29	3, 753
1955 . . . . .	3, 126	78	—80	3, 124
1954 . . . . .	2, 986	66	—395	2, 657
1953 . . . . .	2, 781	51	25	2, 857

NOTE.—The amounts discussed in this section exclude the Government's costs for administering Federal aid to States and localities. Therefore, the figures differ somewhat from those cited elsewhere in this booklet.

# Federal Aid to State and Local Governments

Budget and Trust Fund Expenditures in 1959—Estimate



loans for low-rent public housing, urban renewal, college dormitories, and community facilities are estimated to be \$337 million in the fiscal year 1959, or \$59 million more than in the current year.

Aids to education and science are \$56 million higher in 1959 than in

1958, with increased emphasis being placed on grants for science training.

Health, agricultural, natural resources, and miscellaneous other programs will total approximately \$78 million more in fiscal year 1959 than in 1958.

## *Federal Credit Programs*

By making direct loans and guaranteeing private loans, the Federal Government helps to assure a flow of credit adequate for sound economic growth. These programs have expanded greatly in the last quarter century and new commitments for the fiscal year 1959 are estimated to total \$16.5 billion. Almost three-quarters of these commitments will be for guaranties of private loans, rather than for direct Federal loans. This will continue the Government's policy of allowing maximum opportunity for private sources to supply the credit needed by businesses and individuals.

The net effect of the Government's credit activities on the Federal budget is limited, even though their effect on certain segments of the economy is great. Guaranties usually require budget expenditures only when loans are defaulted, and most of the expenditures will be recovered from later sales of the defaulted properties. Repayments of direct loans offset a significant part of the disbursements for new loans. For these reasons, estimated net budget expenditures in the fiscal year 1959 of \$1.4 billion, while substantial in themselves, are only a fraction of new loan and loan guaranty commitments.

This administration has placed special emphasis upon achieving a more consistent policy among the diverse credit programs with re-

spect to (1) adequate interest rates on all new loans; (2) substitution of private financing for Government loans and mortgage purchases wherever possible; and (3) effective budgetary control. The President recommends in the budget the enactment of legislation which would permit greater flexibility in setting interest rates and would require that, insofar as consistent with the purposes of each program, all of the costs involved be paid by the borrowers who benefit from future loans. Such legislation, by removing or reducing hidden subsidies, would make a significant contribution toward better financial management.

In order to assure the maximum participation of private lenders and reduced reliance on direct Government loans, legislation is recommended that would authorize Federal lending programs to substitute guaranties of private loans to the maximum feasible extent and, for loan guaranty programs, would permit interest rates high enough to attract private lenders.

Legislation is also recommended to bring under the Government Corporation Control Act a few credit programs and other enterprise activities not now subject to budgetary review and audit control.

Over two-thirds of new credit commitments in the coming fiscal year are estimated to be made for

# Federal Credit Programs

[In billions]

Fiscal year	New commitments during fiscal year			Outstanding and committed at end of fiscal year		
	Loans	Guaranties	Total	Loans	Guaranties	Total
1959 est .....	\$4.5	\$12.0	\$16.5	\$25.1	\$54.4	\$79.5
1958 est .....	4.9	12.7	17.6	23.4	50.1	73.6
1957 .....	4.8	13.2	18.1	21.4	45.9	67.3
1956 .....	2.5	15.9	18.4	19.2	43.8	63.0
1955 .....	4.1	14.8	18.9	18.9	40.3	59.2
1954 .....	4.1	11.8	15.9	17.8	35.5	53.3
1953 .....	5.3	10.6	15.9	19.1	30.9	50.0

housing. The Housing and Home Finance Agency will make \$10.6 billion of these commitments. The Agency will insure loans to build or buy private homes and will purchase housing mortgages insured or guaranteed by Federal agencies. Direct loans will be made for college housing and public facilities, and both direct loans and guaranties will be extended for low-rent housing and urban renewal projects undertaken by local governments.

Virtually all new commitments to be made by the Veterans Administration in 1959 will be to guarantee loans to assist veterans in buying and improving homes. These guaranties are expected to total \$844 million. This is much

less than in prior years, primarily because of expiration of eligibility for World War II veterans.

The Department of Agriculture will extend new credit amounting to about \$2.8 billion in the fiscal year 1959. The largest part will be for loans and guaranties to support farm prices. Direct loans for rural electrification and telephones and for farm ownership and operation will be reduced; legislation is being proposed to encourage private financing for these programs.

The remainder of new Federal credit commitments in 1959 will be for such purposes as the promotion of foreign trade, aid to small businesses, and expansion of defense production.

# *Receipts From and Payments to the Public*

[Fiscal years. In millions]

Description	1957 actual	1958 estimate	1959 estimate
Budget receipts . . . . .	\$71, 029	\$72, 400	\$74, 400
Trust fund receipts . . . . .	14, 369	16, 373	16, 619
Deduct:			
Intragovernmental transactions . . . . .	3, 243	3, 605	3, 678
Seigniorage on silver . . . . .	49	55	55
Total, receipts from the public . . . . .	82, 106	85, 113	87, 286
Budget expenditures . . . . .	69, 433	72, 788	73, 934
Trust fund expenditures . . . . .	12, 961	15, 196	16, 364
Government-sponsored enterprise expenditures (net) . . . . .	45	278	334
Cash payments for previously accrued items (net) . . . . .	811	281	—291
Deduct intragovernmental transactions . . . . .	3, 243	3, 605	3, 678
Total, payments to the public . . . . .	80, 007	84, 938	86, 662
Excess of receipts over payments . . . . .	2, 099	175	624

A measure of the impact of Federal transactions on the economy is obtained by consolidating budget transactions with trust fund and other transactions not included in the budget. Since the consolidation excludes transactions between and within Government agencies, and also excludes noncash accruals, Federal Government receipts from and payments to the public present information on the flow of cash between the Government and the public.

Despite an estimated budget defi-

cit of \$388 million for the current year, Federal Government receipts from the public are estimated to exceed payments by \$175 million in 1958. This reflects continued accumulations of trust fund receipts in excess of trust fund expenditures, although this accumulation is partly offset by Government-sponsored enterprise expenditures.

In 1959, the excess of receipts from the public over payments to the public is estimated to be \$624 million, or \$158 million more than the anticipated budget surplus.

## Public Debt

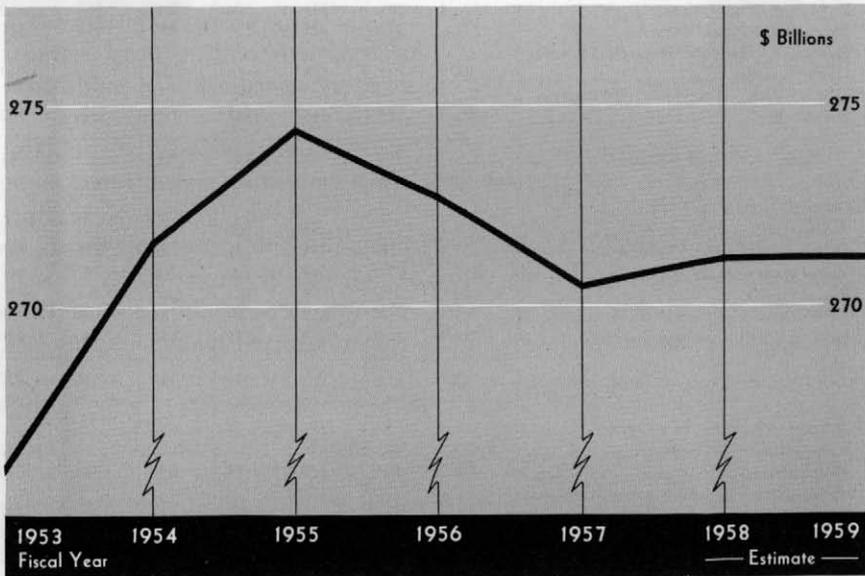
The public debt was reduced by a total of \$3.8 billion in the fiscal years 1956 and 1957. It amounted to \$270.5 billion at the end of the fiscal year 1957. The debt is estimated to be \$271.2 billion at the end of both of the fiscal years 1958 and 1959.

The annual change in the public debt is affected not only by the budget surplus or deficit position, but also by such factors as changes in the amount of cash the Government has on hand and the effect of certain trust fund transactions. In the fiscal year 1957, for example, the budget surplus was \$1.6 billion but the public debt was reduced by \$2.2 billion since it was possible to finance some expenditures during the year by using cash balances. In 1959, on the other hand, no

change is estimated in the debt despite a budget surplus of \$0.5 billion, because the trust funds are expected to reduce the amount of cash they keep with the Treasury and the Treasury will use the budget surplus to keep its total cash balance at about the 1958 level.

The President is recommending that the present debt limit of \$275 billion be revised upward temporarily through the fiscal year 1959. Such a revision is necessary because the debt varies considerably during the year as a result of the seasonal pattern of tax collections. The present limit is restrictive, particularly in view of rising defense expenditures and of the need for more flexibility to permit efficient and economical debt management.

### PUBLIC DEBT OUTSTANDING



## BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 est.	1959 est.
<i>Major national security:</i>							
Department of Defense:							
Purchase of aircraft, missiles, ships, and other military equipment.....	17,123	15,958	12,997	12,182	13,649	13,837	13,753
Pay and support of active duty military personnel.....	11,556	10,961	10,643	10,666	10,384	10,343	10,523
Operation and maintenance of equipment and facilities.....	10,379	9,357	7,905	8,519	9,214	9,341	9,292
Military public works, research, reserves, and other.....	4,553	4,059	3,988	4,424	5,192	5,340	6,211
Military assistance.....	3,954	3,629	2,292	2,611	2,352	2,200	2,200
Defense support.....	1,467	967	1,463	1,184	1,143	945	885
Atomic energy.....	1,791	1,895	1,857	1,651	1,990	2,300	2,550
Stockpiling and defense production.....	1,008	1,045	944	588	490	565	422
Total, major national security.....	51,830	47,872	42,089	41,825	44,414	44,871	45,836
<i>International affairs and finance:</i>							
Technical and other assistance.....	376	444	599	521	642	720	747
Development loan fund.....						20	174
Export-Import Bank.....	117	99	-101	-90	-100	393	51
Conduct of foreign affairs.....	150	130	121	120	157	193	201
Foreign information and exchange activities.....	106	91	100	111	133	141	139
Total, international affairs and finance.....	749	765	719	662	832	1,468	1,312
<i>Labor and welfare:</i>							
Public assistance (payments to States to aid needy persons).....	1,332	1,439	1,428	1,457	1,558	1,822	1,809
Promotion of public health.....	318	290	275	351	469	581	633
Promotion of education.....	290	273	324	279	290	353	460
Labor and manpower services.....	281	277	328	475	400	411	420
Promotion of science, research, libraries, and museums.....	34	33	53	56	71	80	119
School lunch, vocational rehabilitation, and other.....	171	173	143	157	179	196	202
Total, labor and welfare.....	2,426	2,485	2,552	2,776	2,966	3,443	3,643
<i>Commerce and housing:</i>							
Aviation.....	239	275	253	251	295	413	572
Housing and community development.....	487	-506	211	54	49	351	426
Water transportation.....	455	370	349	420	365	397	407
Postal service.....	659	312	356	463	518	686	1 - 16
Civil defense and disaster aids.....	63	61	54	99	84	93	88
General aids to business and other.....	598	301	281	741	144	205	150
Total, commerce and housing.....	2,502	814	1,502	2,028	1,453	2,146	1,627
<i>Veterans services and benefits:</i>							
Compensation and pensions.....	2,420	2,482	2,681	2,798	2,870	3,107	3,232
Hospitals and medical care.....	757	782	727	788	801	846	840
Readjustment benefits for education and training.....	659	546	664	767	774	729	626
Readjustment benefits for unemployment, loan guaranty, and other.....	138	158	150	123	126	136	111

## BUDGET EXPENDITURES BY FUNCTION—Continued

[Fiscal years. In millions of dollars]

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 est.	1959 est.
<i>Veterans services and benefits—Con.</i>							
Insurance and indemnities.....	102	100	57	105	47	44	40
Other services and administration.....	223	188	178	176	175	171	163
Total, veterans services and benefits.....	4,298	4,256	4,457	4,756	4,793	5,034	5,012
<i>Agriculture and agricultural resources:</i>							
Farm price support and related programs.....	2,125	1,689	3,508	3,946	3,511	3,628	3,253
Agricultural land and water resources.....	317	244	286	305	351	442	491
Rural electrification and rural telephone loans.....	239	217	204	217	267	339	376
Farm ownership and operation loans.....	109	256	236	231	227	256	202
Research and other agricultural services.....	145	150	177	215	227	259	279
Total, agriculture and agricultural resources.....	2,936	2,557	4,411	4,913	4,582	4,924	4,601
<i>Natural resources:</i>							
River basin development and power.....	1,191	1,009	887	743	861	967	1,009
Forests, public domain, and Indian lands.....	150	164	167	198	225	241	249
National parks and fish and wildlife.....	64	71	78	89	110	143	131
Minerals.....	38	37	37	38	62	63	56
General resource surveys and other.....	34	35	34	35	38	43	47
Total, natural resources.....	1,476	1,315	1,202	1,104	1,296	1,457	1,492
<i>Interest:</i>							
Interest on public debt:							
Marketable obligations.....	3,300	3,101	3,127	3,659	4,103	4,700	4,700
Savings bonds.....	1,678	1,667	1,656	1,635	1,582	1,500	1,500
Special issues.....	1,044	1,128	1,115	1,138	1,241	1,300	1,300
Other nonmarketable issues.....	482	487	473	354	319	300	300
Interest on refunds and uninvested funds.....	80	88	67	60	63	67	69
Total, interest.....	6,583	6,470	6,438	6,846	7,308	7,867	7,869
<i>General government:</i>							
Financial management.....	442	449	431	475	476	508	507
Property and records management.....	185	155	164	164	194	255	275
FBI, alien control, and related programs.....	147	160	157	188	187	193	197
Legislative and judicial functions.....	78	78	91	115	130	145	158
Central personnel costs.....	387	93	115	334	627	124	108
District of Columbia, territories, and possessions.....	55	53	67	69	74	82	95
Weather Bureau and other.....	179	250	176	284	101	70	63
Total, general government.....	1,474	1,239	1,201	1,629	1,789	1,377	1,403
<i>Allowance for proposed legislation and contingencies:</i>							
Pay adjustment:							
Postal.....							160
Other (except Department of Defense).....							179
Defense contingencies.....							500
Other contingencies.....						200	300
Total, budget expenditures.....	74,274	67,772	64,570	66,540	69,433	72,788	73,934

<sup>1</sup> Net after adjusting rates, but does not reflect proposed postal pay increase, which is included in the allowance for proposed legislation and contingencies.

NOTE.—Detail may not add to totals because of rounding.

## BUDGET RECEIPTS AND EXPENDITURES AND PUBLIC DEBT

[Fiscal years. In millions of dollars]

Fiscal year	Budget receipts	Budget expenditures	Surplus (+) or deficit (-)	Public debt at end of year	Fiscal year	Budget receipts	Budget expenditures	Surplus (+) or deficit (-)	Public debt at end of year
1915.....	683	746	-63	1,191	1938.....	5,615	6,792	-1,177	37,165
1916.....	762	713	+48	1,225	1939.....	4,996	8,858	-3,862	40,440
1917.....	1,100	1,954	-853	2,976	1940.....	5,144	9,062	-3,918	42,968
1918.....	3,630	12,662	-9,032	12,244	1941.....	7,103	13,262	-6,159	48,961
1919.....	5,085	18,448	-13,363	25,482	1942.....	12,555	34,046	-21,490	72,422
1920.....	6,649	6,357	+291	24,299	1943.....	21,987	79,407	-57,420	136,696
1921.....	5,567	5,058	+509	23,977	1944.....	43,635	95,059	-51,423	201,003
1922.....	4,021	3,285	+736	22,963	1945.....	44,475	98,416	-53,941	258,682
1923.....	3,849	3,137	+713	22,350	1946.....	39,771	60,448	-20,676	269,422
1924.....	3,853	2,890	+963	21,251	1947.....	39,786	39,032	+754	258,286
1925.....	3,598	2,881	+717	20,516	1948.....	41,488	33,069	+8,419	252,292
1926.....	3,753	2,888	+865	19,643	1949.....	37,696	39,507	-1,811	252,770
1927.....	3,992	2,837	+1,155	18,512	1950.....	36,495	39,617	-3,122	257,357
1928.....	3,872	2,933	+939	17,604	1951.....	47,568	44,058	+3,510	255,222
1929.....	3,861	3,127	+734	16,931	1952.....	61,391	65,408	-4,017	259,105
1930.....	4,058	3,320	+738	16,185	1953.....	64,825	74,274	-9,449	266,071
1931.....	3,116	3,577	-462	16,801	1954.....	64,655	67,772	-3,117	271,260
1932.....	1,924	4,659	-2,735	19,487	1955.....	60,390	64,570	-4,180	274,374
1933.....	2,021	4,623	-2,602	22,539	1956.....	68,165	66,540	+1,626	272,751
1934.....	3,064	6,694	-3,630	27,053	1957.....	71,029	69,433	+1,596	270,527
1935.....	3,730	6,521	-2,791	28,701	1958 est.....	72,400	72,788	-388	271,200
1936.....	4,069	8,493	-4,425	33,779	1959 est.....	74,400	73,934	+466	271,200
1937.....	4,979	7,756	-2,777	36,425					

NOTE.—The change in the public debt from year to year reflects not only the budget surplus or deficit but also changes in the Treasury's cash balances the effect of certain trust fund transactions, and direct borrowing from the public by certain Government enterprises.

## BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In millions of dollars]

Function	Actual								Estimate	
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Major national security.....	13,009	22,444	45,963	51,830	47,872	42,089	41,825	44,414	44,871	45,836
International affairs and finance.....	4,674	3,736	839	749	765	719	662	832	1,468	1,312
Labor and welfare.....	1,963	2,065	2,168	2,426	2,485	2,552	2,776	2,966	3,443	3,643
Commerce and housing.....	1,991	2,217	2,623	2,502	814	1,502	2,028	1,453	2,146	1,627
Veterans services and benefits.....	6,646	5,342	4,863	4,298	4,256	4,457	4,756	4,793	5,034	5,012
Agriculture and agricultural resources.....	2,783	650	1,045	2,936	2,557	4,411	4,913	4,582	4,924	4,601
Natural resources.....	1,206	1,267	1,366	1,476	1,315	1,202	1,104	1,296	1,457	1,492
Interest.....	5,817	5,714	5,934	6,583	6,470	6,438	6,846	7,308	7,867	7,869
General government.....	1,186	1,327	1,464	1,474	1,239	1,201	1,629	1,789	1,377	1,403
Allowance for proposed legislation and contingencies.....									200	1,139
Adjustment to daily Treasury statement basis.....	+341	-705	-857							
Total.....	39,617	44,058	65,408	74,274	67,772	64,570	66,540	69,433	72,788	73,934

NOTE.—Detail may not add to totals because of rounding.

## *Glossary of Selected Budget Terms*

*Fiscal year.*—A year running from July 1 through June 30 which is designated by the calendar year in which it ends.

*New obligational authority.*—Authorizations enacted by the Congress which allow Federal agencies to incur obligations for the payment of money. These authorizations must precede all budget obligations and expenditures. They are enacted in several forms, including:

*Appropriation.*—Authorization to spend money for a stated purpose. This is the most common form of new obligational authority.

*Contract authorization.*—Authorization to make a contract before an appropriation is made to cover it, usually for construction which will extend over a considerable time. A subsequent appropriation to pay for the contract is necessary.

*Authorization to expend from debt receipts.*—Authority granted Government enterprises to spend money they borrow from the Treasury or from the public.

*Obligation.*—Commitment made to pay out money. This includes approval of loans and contracts for equipment or construction, as well as current commitments such as salaries or benefit payments.

*Budget expenditures.*—Net amounts paid to liquidate obligations. Expenditures may follow obligations by a few weeks or in some cases by as many as three or more years. Most expenditures are made in the form of checks and are reported for the fiscal year in which the checks are issued. Exceptions are: (a) payments made in currency instead of by check are reported as expenditures when the disbursements are made, (b) payments made by issuing bonds or notes are reported as expenditures when they are issued, and (c) interest on the public debt is reported as an expenditure in the year in which the interest accrues rather than when it is paid. Receipts of public enterprise funds are deducted from the total sums disbursed by these funds in arriving at budget expenditures. Budget expenditures exclude payments from funds held in trust and repayments of borrowing.

*Budget receipts.*—Money received by the Treasury from taxes and customs (less refunds of previous overpayments) and from miscellaneous sources such as collections on certain loans, rents, fines, fees, and sales. Tax and customs receipts are stated on the basis of collections reported by collecting officers and miscellaneous receipts on the basis of confirmed deposits. Budget receipts exclude funds received in trust and money obtained from borrowing.

*Budget surplus.*—Excess of budget receipts over budget expenditures in any fiscal year. A surplus may be added to the cash held by the Government, used to retire part of the debt or both.

## Glossary—Continued

*Budget deficit.*—Excess of budget expenditures over budget receipts in any fiscal year. A deficit may be financed by increasing the debt, by decreasing the cash held by the Government, or both.

*Unexpended balances carried forward.*—Portions of obligational authority enacted in prior years in the several forms mentioned above which are still available in the succeeding year(s). These balances consist of authority to incur obligations or to draw cash from the Treasury as needed to pay for obligations; they are not cash on hand.

*Revolving funds.*—Funds which finance a cycle of operations, in which expenditures generate receipts that are available for continuing use. Revolving funds may be for public enterprises with receipts primarily from outside the Government, such as the postal fund, or for performance of services, such as printing, to meet the Government's own needs.

*Management funds.*—Funds created to permit pooling of advance payments under two or more appropriations in order to carry out closely related activities.

*Trust funds.*—Funds established for receipts held in trust by the Government for use in carrying out specific purposes in accordance with an agreement or statute.

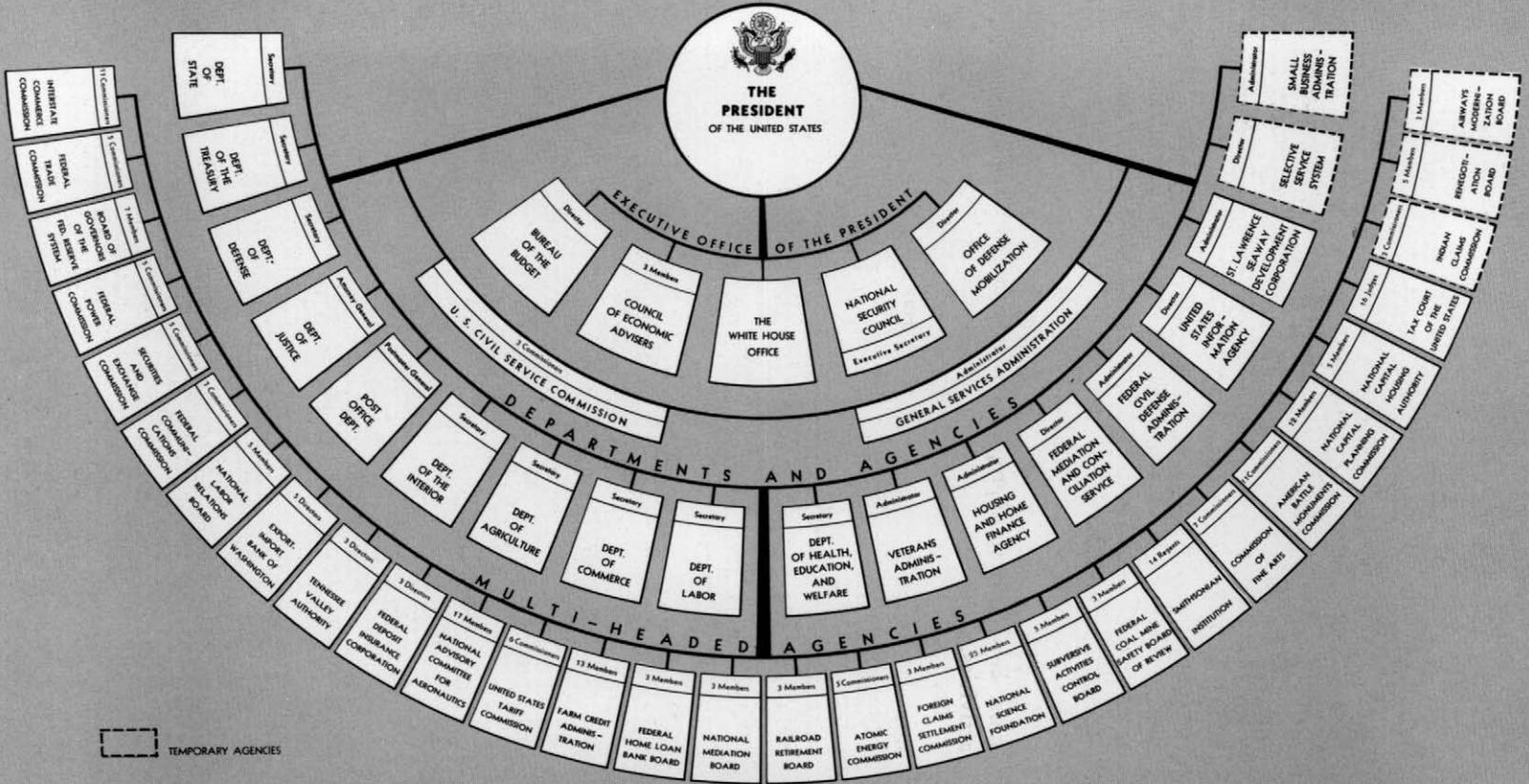
*Loan guaranty.*—A credit aid in which the Government pledges to repay loans made by others in case the borrower defaults or, in some cases, pledges to take over loans from private lenders at their option.

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1958

---

For sale by the Superintendent of Documents, U. S. Government Printing Office  
Washington 25, D. C. - Price 35 cents

# EXECUTIVE BRANCH OF THE GOVERNMENT



TEMPORARY AGENCIES