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*The Federal Budget
in Brief*

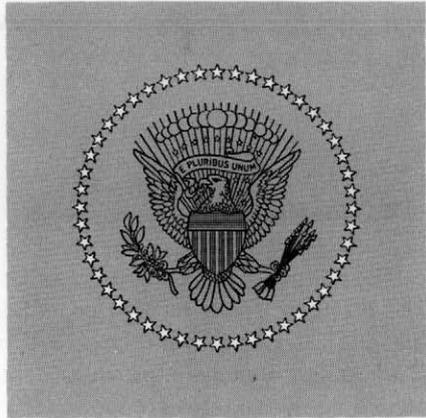
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*Executive Office
of the President*

BUREAU OF THE BUDGET

Fiscal Year
1960



The Federal Budget in Brief
for the fiscal year 1960

Our objective, as a free Nation, must be to prepare for the momentous decade ahead by entering the fiscal year 1960 with a world at peace, and with a strong and free economy as the prerequisite for healthy growth in the years to follow. This can be achieved through Government actions which help foster private economic recovery and development, and which restrain the forces that would drive prices higher, and thereby cheapen our money and erode our personal savings. The first step is to avoid a budget deficit by having the Government live within its means, especially during prosperous, peacetime periods.

The 1960 budget reflects our determination to do this.

DWIGHT D. EISENHOWER.

JANUARY 19, 1959.

Introduction

The budget of the United States Government affects all Americans. In it the President spells out his proposals for meeting our national objectives, and indicates how the money will be raised to carry out these proposals. The budget document provides detailed information on the activities for which appropriations are requested of the Congress. It contains estimates of revenues and expenditures and also shows how funds previously appropriated by the Congress are being spent.

Because of the vast size and scope of Federal Government activities, the budget is a large and complex document. To make the important facts about the budget available in a simpler form, the Bureau of the Budget prepares this Federal Budget in Brief each year. This issue summarizes the budget for the fiscal year 1960, which President Eisenhower sent to the Congress on January 19, 1959.

The 1960 budget presents the administration's financial plan for the year which runs from July 1, 1959, through June 30, 1960. It is a balanced budget. It contains proposals for new Government activities as well as proposals to adapt existing programs to changed circumstances.

By the time the fiscal year ends, 18 months after the budget is presented, many figures will inevitably have changed. International and domestic conditions may vary from the assumptions on which the 1960 budget was based. The President may change some of his requests. And the Congress may modify some of the President's proposals in ways that would affect the 1960 budget results in one way or another.

It is important for all Americans to know what taxes will be collected by the Government and how much the administration proposes be spent in the interests of the country's security and welfare. This booklet gives these facts.

A handwritten signature in black ink, reading "Maurice H. Stans". The signature is written in a cursive, flowing style.

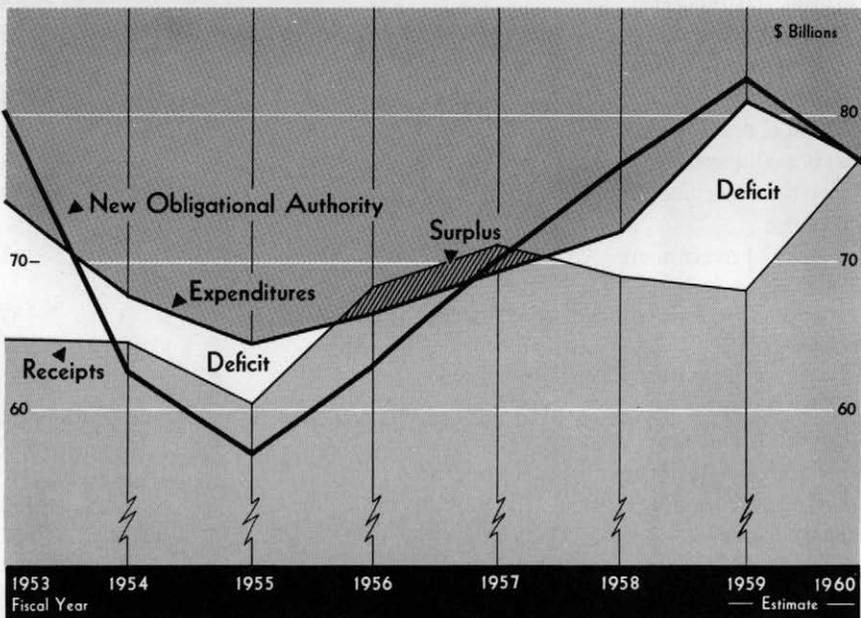
Director, Bureau of the Budget.

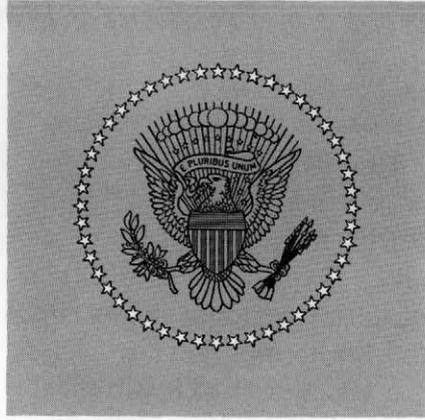
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NOTE.—Detail in the tables of this booklet may not add to the totals because of rounding.

Budget Summary





Part 1 Budget Summary

Part 1 of this booklet presents excerpts from the first part of the President's budget message for 1960. It summarizes briefly the major recommendations in the 1960 budget, and provides total estimates of expenditures, receipts, and new authority to incur financial obligations. Most of these subjects are discussed in further detail in parts 2 and 4.

From the President's 1960 Budget Message

To the Congress of the United States:

The situation we face today as a Nation differs significantly from that of a year ago. We are now entering a period of national prosperity and high employment. This is a time for the Government to conduct itself so as best to help the Nation move forward strongly and confidently in economic and social progress at home, while fulfilling our responsibilities abroad. The budget of the United States for the fiscal year 1960, transmitted herewith, will effectively and responsibly carry out the Government's role in dealing with the problems and the opportunities of the period ahead.

This budget proposes to increase our military effectiveness, to enhance domestic well-being, to help friendly nations to foster their development, to preserve fiscal soundness, and to encourage economic growth and stability, not only in the fiscal year 1960 but in the years beyond. And it clearly shows that these things can be done within our income.

We cannot, of course, undertake to satisfy all pro-

posals for Government spending. But as we choose which ones the Government should accept, we must always remember that freedom and the long-run strength of our economy are prerequisite to attainment of our national goals. Otherwise, we cannot, for long, meet the imperatives of individual freedom, national security, and the many other necessary responsibilities of Government. In short, this budget fits the conditions of today because:

1. It is a balanced budget.— My recommendations call for an approximate equality between revenues and expenditures, with a small surplus.

2. It is a responsible budget.— By avoiding a deficit, it will help prevent further increases in the cost of living and the hidden and unfair tax that inflation imposes on personal savings and incomes.

3. It is a confident budget.— It anticipates, in a rapidly advancing economy, increases in revenues without new general taxes, and counts upon the unity and good judgment of the American people in

In the 1960 Budget:

I. A BALANCED BUDGET

| | |
|--|----------------|
| Receipts | \$77.1 billion |
| Expenditures | 77.0 billion |
| | <hr/> |
| Surplus | 0.1 billion |
| <hr/> | |
| New authority to incur obligations | \$76.8 billion |

supporting a level of government activity which such revenues will make possible.

4. *It is a positive budget.*—It responds to national needs, with due regard to urgencies and priorities, without being either extravagant or unduly limiting.

5. *It is an attainable budget.*—Its proposals are realistic and can be achieved with the cooperation of the Congress.

Any budget is a financial

plan. The budget for the Government is proposed by the President, but it is acted upon by the Congress which has the duty under the Constitution to authorize and appropriate for expenditures. Therefore, responsibility for the Government's finances is a shared one. Achievement of the plan set forth in this budget from here on depends upon congressional response, popular support, and developments in our economy and in the world.

FUTURE BUDGET OUTLOOK

The actions we take now on the 1960 budget will affect the fiscal outlook for many years to come. This budget was prepared in the light of the following general prospects for Government finances for the next few years.

Growth of revenues.—Our Nation's population and la-

bor force will continue to increase. The output per hour of work on our farms and in our factories can also be expected to grow as it has in the past. With sustained economic expansion, with employment of our people and resources at high levels, and with continued

technological advance, the value of total national production and income will be substantially larger in the future than it is today.

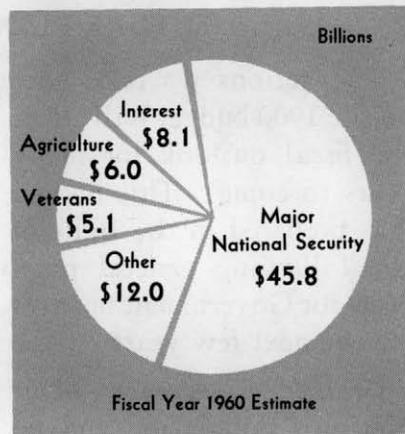
Economic growth generates higher personal incomes and business profits. Under our graduated income tax system, with present tax rates, budget receipts should grow even faster than national income, although the rise in receipts certainly will not be uniform from year to year. Also, some tax reforms and downward tax adjustments will be essential in future years to help maintain and strengthen the incentives for continued economic growth. With a balance in our finances in 1960, we can look forward to tax reduction in the reasonably foreseeable future. In the long run, taxes should be so arranged that in periods of prosperity some annual provision is made for debt reduction, even though at a modest rate.

Control of expenditures.—The estimated 1960 expenditures, while \$3.9 billion less than in 1959, will still be \$12.4 billion higher than in 1955, an average increase of almost \$2.5 billion a year. These figures emphasize that if we

are to succeed in keeping total expenditures under control in the coming years we must recognize certain hard facts.

First, defense spending will remain extremely large as long as we must maintain military readiness in an era of world trouble and unrest. Until there is a significant and secure easing of world tensions, the actions by the Department of Defense to realign forces, close unneeded installations, and cut back outmoded weapons will achieve only relatively small expenditure reductions. Keeping our military structure capable and ready to meet any threat means that we must continue to strengthen our defenses. It is but a reflection of the world

Budget Expenditures



In the 1960 Budget:

II. GENERAL RECOMMENDATIONS

1. Strengthen the effectiveness of our Armed Forces by further modernization and by improved efficiency of operations; and strengthen free world security by continued military assistance to our allies.
2. Assist free nations in their economic development through well-considered programs.
3. Promote scientific research and space exploration.
4. Carry forward current public works programs—now larger than ever before.
5. Continue at a high level programs which promote the general welfare of our people.
6. Foster community development with increased local participation.
7. Discontinue temporary emergency measures and strengthen permanent programs for economic stability.
8. Continue the adjustments needed for a freer agricultural economy with less reliance on the Federal Treasury.
9. Reduce the burden on the general public for services to special groups.
10. Encourage private lending through flexible interest rates for Government credit programs.
11. Achieve long-run economies by adapting programs to changed circumstances.

in which we live to stress again the fact that modern weapons are complex and costly to develop, costly to procure, and costly to operate and maintain.

Second, without one single new action by the Congress to authorize additional projects or programs, Government outlays for some of our major activities are certain to keep on rising for several years after 1960 because of

commitments made in the past. For example, commitments for urban renewal capital grants have exceeded net expenditures by about \$200 million or more for each of the last 3 years. Money to meet these commitments will be paid out in the years immediately ahead. Similarly, continued construction of the many water resources projects underway throughout the country will raise expendi-

tures for these programs in the next 2 years beyond the current record amount.

Moreover, inescapable demands resulting from new technology and the growth of our Nation, and new requirements resulting from the changing nature of our society, will generate Federal expenditures in future years. As a matter of national policy we must, for example, make our airways measure up to the operational and safety needs of the jet age. We must not forget that a rapidly growing population creates virtually automatic increases in many Federal responsibilities.

Fiscal soundness and progress.—Both domestic and defense needs require that we keep our financial house in order. This means that we must adhere to two policies:

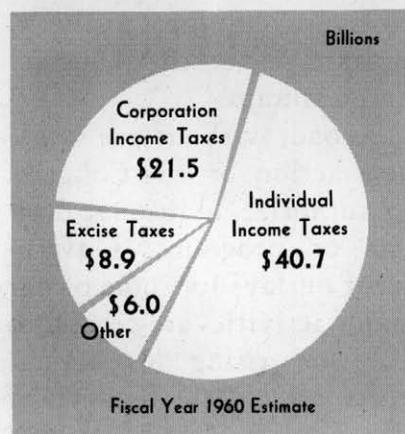
First, we must review all government activities as a part of the continuing budgetary process from year to year. Changing circumstances will inevitably offer opportunities for economies in a variety of existing Federal programs. Consonant with this policy of review, reductions have been recommended in this budget for

1960 appropriations which will affect expenditures not only in that year but also in later years.

Second, we must examine new programs and proposals with a critical eye. Desirability alone is not a sound criterion for adding to Federal responsibilities. The impact today and tomorrow on the entire Nation must be carefully assessed.

Our economy will continue to grow vigorously. This growth will produce additional Federal revenues, but it will not produce them without limit. We cannot take our resources for granted and we cannot spend them indiscriminately. We must deal with new conditions as they arise. We must choose what the Federal Government will do and how it will

Budget Receipts



In the 1960 Budget:

III. NEW RECEIPTS PROPOSALS

HIGHWAY TRUST FUND:

1. Raise motor fuel tax to 4½ cents per gallon.

POSTAL FUND:

2. Revise rates to bring in an additional \$350 million in fiscal 1960.

SPECIAL AND TECHNICAL INCOME TAX ADJUSTMENTS:

3. Enact equitable plan for taxing income of life insurance companies.
4. Revise rules for computing percentage depletion allowances to insure that they are limited to mining processes.
5. Enact corrective legislation relating to taxation of cooperatives.

OTHER RECEIPTS:

6. Raise aviation gasoline tax to 4½ cents per gallon and levy new 4½-cent tax on jet fuels.
7. Adjust other fees and charges so that persons receiving special services will more nearly pay the cost of those services.

do it. If the choice is responsibly made, reductions obtained through economies and the rising revenues accompanying economic growth will produce surpluses which can be used to

lessen the burden of taxes, meet the cost of essential new Government services, and reduce the public debt. The proposals in this budget have been formulated with these long-run objectives in mind.

BUDGET TOTALS

Budget expenditures are proposed to be held to \$77 billion in fiscal 1960, which is \$3.9 billion less than the estimated 1959 level of \$80.9 billion.

With continued vigorous economic recovery, and with the relatively few new tax adjustments proposed herein,

budget receipts in fiscal 1960 are expected to reach a total of \$77.1 billion, an increase of \$9.1 billion over fiscal 1959.

Thus a very modest surplus of about \$0.1 billion is estimated for 1960, compared with a recession-induced deficit of \$12.9 billion in the

current fiscal year. This estimated balance assumes enactment of recommendations for extending present excises and corporation income taxes scheduled for reduction under existing law, for some new tax legislation to remove inequities and loopholes, for increased charges for special services, and for reductions in some current programs. It also assumes that certain programs can be made self-financing by stepping up the sale of portfolio assets.

Financing of the \$12.9 billion budget deficit for the current fiscal year will increase the public debt to \$285 billion by June 30, 1959, \$2 billion in excess of the present permanent debt limit. With a balanced budget in 1960, a \$285 billion debt is indicated

also for June 30, 1960. On the basis of these estimates, it will be necessary to renew the request made during the past session of Congress for a permanent debt ceiling of \$285 billion and, further, to seek an increase in the temporary debt ceiling sufficient to cover heavy borrowing requirements during the first half of the fiscal year 1960, borrowings which would be repaid before June 30, 1960.

The new authority to incur obligations recommended for fiscal 1960 is \$76.8 billion, which is slightly less than the estimates for expenditures and for receipts. Further reductions in new obligational authority can be attained in 1961 by the Congress enacting my recommendations for program modifications.

BUDGET TOTALS

[Fiscal years. In billions]

| | 1957 actual | 1958 actual | 1959 estimate | 1960 estimate |
|--|----------------|----------------|------------------|------------------|
| Budget receipts..... | \$71.0 | \$69.1 | \$68.0 | \$77.1 |
| Budget expenditures..... | 69.4 | 71.9 | 80.9 | 77.0 |
| Budget surplus (+) or deficit (-)..... | +1.6 | -2.8 | -12.9 | +0.1 |
| New obligational authority..... | 70.2 | 76.3 | 82.4 | 76.8 |

In the 1960 Budget:

IV. HIGHLIGHTS OF LEGISLATIVE PROGRAM

AUTHORIZE:

1. A transitional 4-year program of grants for construction of civil airport facilities.
2. Loans and grants to aid areas of chronic unemployment.
3. A 6-year program of urban renewal capital grants.
4. Revenue bond financing for TVA generating facilities.
5. Statehood for Hawaii and home rule for the District of Columbia.
6. Item veto for legislation authorizing expenditures and for appropriation bills.
7. Revisions in the agricultural price support program.
8. Widening coverage of unemployment compensation.

CONTINUE:

9. Military draft, reserve forces, and related legislation.
10. Mutual security program with strengthened investment guaranties.
11. Agricultural Trade Development and Assistance Act.
12. Current tax rates for corporation income taxes and excise taxes which are scheduled for reduction under existing law.

STRENGTHEN AND IMPROVE:

13. Housing mortgage insurance programs.
14. Minimum wage and 8-hour laws.
15. Statutory protection in labor-management relations.
16. Requirements for conduct of labor union affairs, including welfare and benefit plan reporting.

REPEAL:

17. Limitations on minimum strength of military reserve forces and on disposal of unneeded military real estate.

BUDGET RECEIPTS

Extension of present tax rates.—The budget outlook for 1960 makes it essential to extend present tax rates on corporation profits and certain excise taxes another year beyond their present expiration date of June 30, 1959.

Development of a more equitable tax system.—Considerable progress was made last year in removing unintended benefits and hardships from the tax laws. Continued attention is necessary in this area. As the budget permits,

additional reforms should be undertaken to increase the fairness of the tax system, to reduce the tax restraints on incentives to work and invest, and wherever feasible to simplify the laws.

The Treasury Department has recently proposed an equitable plan for taxing the income of life insurance companies, and will present proposals for corrective amendments of the laws on taxation of cooperatives and on computing percentage depletion in the case of mineral products.

Other changes in tax rates.— In order to make highway-related taxes support our vast highway expenditures, excises on motor fuels need to be increased 1½ cents a gallon to 4½ cents. These receipts will go into the highway trust fund and preserve the pay-as-we-go principle, so that contributions from general tax funds to build Fed-

eral-aid highways will not be necessary.

At the same time, to help defray the rising costs of operating the Federal airways, receipts from excises on aviation gasoline should be retained in general budget receipts rather than transferred to the highway trust fund. The estimates of receipts from excise taxes also reflect a proposal to have users of the Federal airways pay a greater share of costs through increased rates on aviation gasoline and a new tax on jet fuels. These taxes, like the highway gasoline tax, should be 4½ cents per gallon. I believe it fair and sound that such taxes be reflected in the rates of transportation paid by the passengers and shippers.

Revenues.— The estimate of \$77.1 billion in receipts for 1960 is contingent on enactment of the tax recommendations mentioned earlier. Of this estimate, approximately

BUDGET RECEIPTS

[Fiscal years. In billions]

| | 1958 actual | 1959 estimate | 1960 estimate |
|-------------------------------|-------------|---------------|---------------|
| Individual income taxes..... | \$34.7 | \$36.9 | \$40.7 |
| Corporation income taxes..... | 20.1 | 17.0 | 21.5 |
| Excise taxes..... | 8.6 | 8.5 | 8.9 |
| All other receipts..... | 5.7 | 5.6 | 6.0 |
| Total..... | 69.1 | 68.0 | 77.1 |

In the 1960 Budget:

V. LEGISLATIVE PROPOSALS TO ADAPT PROGRAMS TO
CHANGED CIRCUMSTANCES

ENCOURAGE MORE PRIVATE FINANCING FOR CREDIT PROGRAMS THROUGH
FLEXIBLE INTEREST RATES AND OTHER CHANGES:

1. Veterans' housing loans.
2. Rental, military, and cooperative housing mortgages.
3. Rural electrification and telephone loans.
4. College housing loans.
5. Maritime mortgages.

AUTHORIZE SALE OF PROPERTY:

6. Surplus military and other real property.
7. Alaska communications system and related facilities.

REVIEW AND REVISE OPERATING AND BENEFIT STANDARDS:

8. Foreign bidding on certain military contracts.
9. Agricultural conservation program.
10. Military service credits for railroad retirement.
11. Veterans' pension and other programs.

EXPAND NON-FEDERAL PARTICIPATION:

12. Urban renewal.
13. Flood control.
14. School aid in federally affected areas.
15. Waste treatment construction grants.
16. Vocational education grants.
17. Public assistance.
18. Feed and seed assistance in disaster areas.

\$76.5 billion reflects the increases in receipts under present tax rates and present tax sources while \$0.6 billion is from new taxes and increased nontax sources.

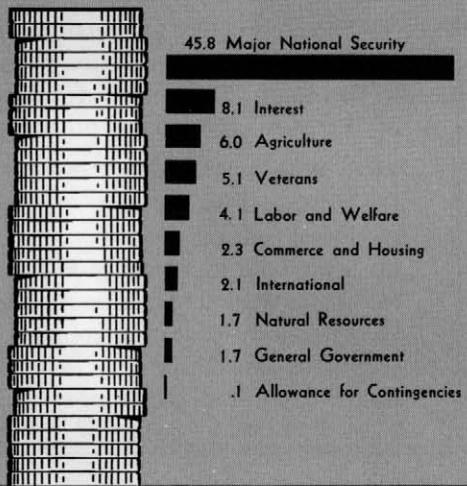
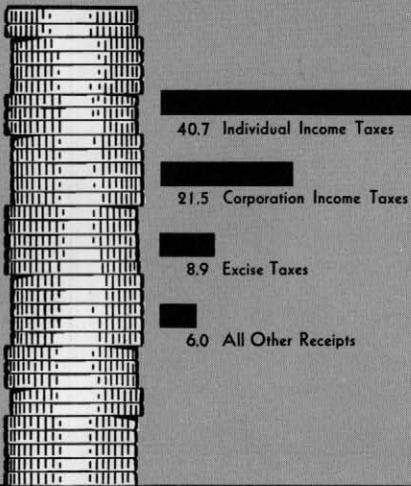
The anticipated rate of recovery of revenues in fiscal 1960 may be compared with the experience of the fiscal years 1955 and 1956, which reflect the recovery from the

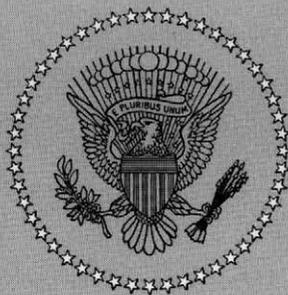
recession of the calendar year 1954. After adjusting for comparability in corporate tax payment dates, the increase in revenues from 1955 to 1956 was more than the increase estimated in this budget. With similar forces of economic recovery at work today, I have confidence that our revenue estimate is sound and will be attained.

1960 Estimated Receipts and Expenditures

1960 Estimated Receipts - \$77.1 billion

1960 Estimated Expenditures - \$77.0 billion





Part 2 Budget Information by Function

The bulk of the President's budget message following the excerpts 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 this discussion and provides data on budget expenditures and new obligational authority for each of these functions.

The charts in this section show the 1960 estimates of expenditures for programs within each major function. Budget expenditures for these same programs over an 8-year period are shown on pages 56 and 57.

Major National Security

\$45,805 million . . . 59.5% of 1960 budget expenditures

The major national security programs for the fiscal year 1960 reflect the growing armed strength of the United States and its allies and the continuing modernization of defense methods.

The Department of Defense, by concentrating efforts on the more advanced and more promising weapons systems, continues to increase substantially the combat capabilities of the military forces with a relatively small increase in the overall cost of defense. The Department will spend \$40.9 billion in 1960 in support of (1) the strategic forces, including 43 wings in the Strategic Air Command, the new Atlas missiles, and the first submarine capable of firing the Polaris ballistic missile; (2) the air defense forces, including the forward warning line and over 70 Army ground-to-air missile battalions; (3) the sea control forces, including 389 warships with both conventional and atomic firepower; and (4) the tactical forces, including 14 Army and 3 Marine divisions and 34 Air Force and 3 Marine tactical air wings.

Missile systems in 1960 will take a larger share of total procurement expenditures and aircraft will take less. Ships and other weapons and equipment will take about the same amount as in 1959.

The number of active-duty military personnel at the end of 1960 will be 2,520,000, about the same as planned for the end of 1959. This

force, however, will have significantly greater combat power as new weapons continue to come into use. The budget proposes the extension of the military draft and other legislation necessary to maintain present personnel levels.

Expenditures for operation and maintenance are expected to be relatively unchanged. Savings are expected from tighter operating schedules and smaller numbers of aircraft and ships to be supported. However, the average costs of operating and maintaining each weapon and unit of equipment will be higher because they are more complex.

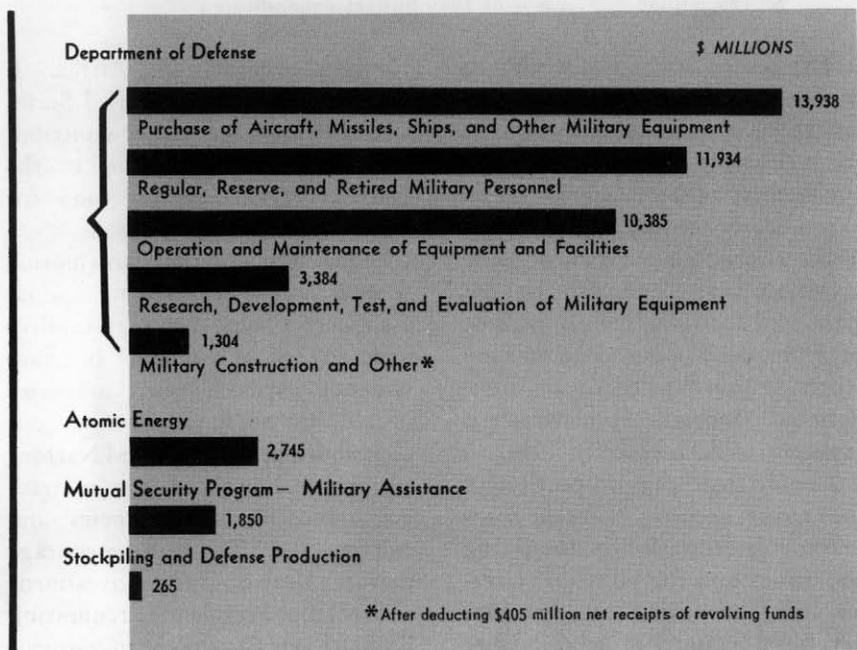
Research, development, test, and evaluation expenditures continue to increase, with the largest amounts being devoted to new missile systems and supersonic aircraft. Increased emphasis will also be given to antisubmarine warfare and the use of military satellites for navigation and communication purposes.

[In millions]

| Fiscal year | Budget expenditures | New obligatory authority |
|----------------|---------------------|--------------------------|
| 1960 est. | \$45, 805 | \$45, 222 |
| 1959 est. | 46, 120 | 45, 704 |
| 1958..... | 44, 142 | 40, 448 |
| 1957..... | 43, 270 | 40, 234 |
| 1956..... | 40, 641 | 35, 903 |
| 1955..... | 40, 626 | 33, 656 |
| 1954..... | 46, 904 | 38, 901 |
| 1953..... | 50, 363 | 57, 298 |

Major National Security

Budget Expenditures in 1960 - Estimate



Construction expenditures will provide for additional missile sites and control centers, continued work on the ballistic missile early warning system, and repair and modernization of existing facilities.

The increasing expenditures of the Atomic Energy Commission will support continued development and production of weapons to meet a variety of military needs, further development of military propulsion and civilian power reactors, and basic research in the physical and life sciences.

Progress by our allies in equipping their armed forces, and deliveries under military assistance in 1959 and prior years, permit a reduction in 1960 in military assistance expenditures under the mutual security program.

Estimated expenditures for stockpiling strategic materials and for expansion of defense production are smaller than in 1959 because most stockpile objectives have been met and deliveries under prior contracts to encourage expanded production of defense materials are declining.

International Affairs and Finance

\$2,129 million . . . 2.8% of 1960 budget expenditures

The United States is directing its diplomacy and devoting a substantial share of its economic resources to maintaining world peace and the security of free nations. Total expenditures estimated for international programs in 1960 are substantially less than the amount estimated for 1959, mainly because of a proposed additional and non-recurring subscription to the International Monetary Fund which is expected to take place in 1959.

The defense support portion of the mutual security program helps prevent deterioration of the living conditions and the political stability of our allies among less-developed countries, whose large military forces would otherwise be too great an economic burden. Defense support takes the form of food, textiles and other consumer goods, machinery, and raw materials.

The Development Loan Fund, established in 1957, provides capital to less-developed countries on terms more favorable than are normally available from other sources, including repayment in foreign currencies. The Fund is now making loans in substantial numbers, and expenditures are estimated to increase considerably in 1960.

Through technical cooperation, less-developed countries are aided to acquire technical, administrative, and managerial skills. The budget provides for training more foreign technicians, with emphasis on ex-

panding programs in Africa. It also provides for the United States share of expected larger contributions by member nations to the United Nations special fund for technical assistance projects.

Other amounts under the mutual security program are for special assistance needed for the stability and progress of a number of countries not covered by other categories of aid, for such programs as our contributions to the United Nations Children's Fund and care of refugees, and for contingencies and emergencies. To help encourage private United States investment abroad, the President is requesting legislation to expand the investment guaranty program.

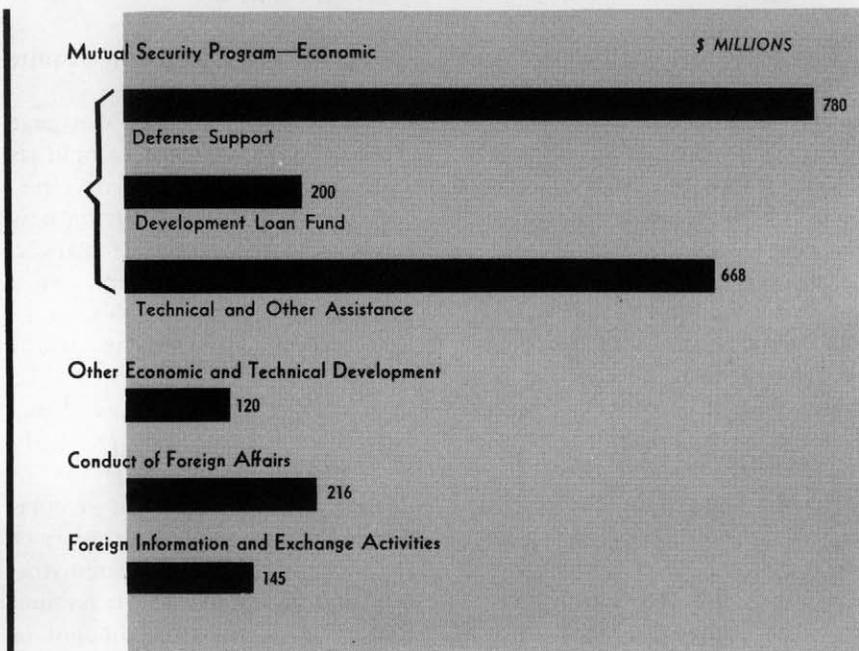
In other economic and technical development programs, the United States promotes trade and encourages the flow of private capital to less-developed countries in several ways. The Export-Import Bank is actively seeking more private participation in its loans

[In millions]

| Fiscal year | Budget expenditures | New obligational authority |
|-------------------|---------------------|----------------------------|
| 1960 est. | \$2, 129 | \$2, 809 |
| 1959 est. | 3, 708 | 7, 070 |
| 1958. | 2, 234 | 3, 983 |
| 1957. | 1, 976 | 2, 240 |
| 1956. | 1, 846 | 2, 123 |
| 1955. | 2, 181 | 2, 304 |
| 1954. | 1, 732 | 1, 838 |
| 1953. | 2, 216 | 2, 149 |

International Affairs and Finance

Budget Expenditures in 1960—Estimate



and is selling part of its portfolio to private investors. The Bank expects to cover its estimated 1960 disbursements entirely from receipts.

In 1959, the United States expects to increase its subscriptions to the International Bank for Reconstruction and Development and to the International Monetary Fund. The Bank channels private capital into public loans to less developed countries. The Fund promotes sound foreign exchange policies and trade by assisting countries to overcome short-term foreign exchange problems.

Within the total for the conduct of foreign affairs, the Department of State plans to open several new diplomatic and consular posts in 1960. It also plans to increase its staff dealing with problems of Eastern Europe and international communism.

Information about the United States is given to other countries by the United States Information Agency through radio, motion pictures, libraries, and publications. In 1960, work will continue on a major rebuilding of the radio facilities of the Voice of America.

Commerce and Housing

\$2,243 million . . . 2.9% of 1960 budget expenditures

Expenditures for commerce and housing programs are expected to decline \$1.3 billion from 1959 to 1960. The estimated reduction occurs primarily in the Federal National Mortgage Association and the Post Office.

The new National Aeronautics and Space Administration will expand investigations of space and the development of satellites and more powerful rocket engines. Construction and operating expenditures for the Federal airways system, administered by the recently created Federal Aviation Agency, are increasing. Air traffic control activities, both civil and military, are now being combined into a single system under this Agency to provide greater safety and efficiency.

The President is proposing legislation to increase the tax on aviation gasoline and impose a tax on jet fuels to help pay for the rising cost of the Federal airways. He is also proposing legislation to continue the airport grant program with Federal participation being gradually reduced.

Water transportation expenditures include funds for modernizing Coast Guard facilities and for operating and construction subsidies for merchant ships. As a part of a comprehensive study of transportation being made by the Secretary of Commerce, a review will be made of our national maritime policies, which were laid

down 23 years ago and require reappraisal.

The Federal National Mortgage Association is expected to hold its 1960 expenditures within receipts. To do this without diverting new funds from the mortgage market, it will offer Government-owned mortgages to investors in exchange for certain Government bonds which will then be retired. To meet college housing needs, direct Government loans will gradually be replaced by other means of financing. Legislation is recommended to broaden the authority of the Federal Housing Administration and to remove the maximum limitation on the total amount of insurance it may provide.

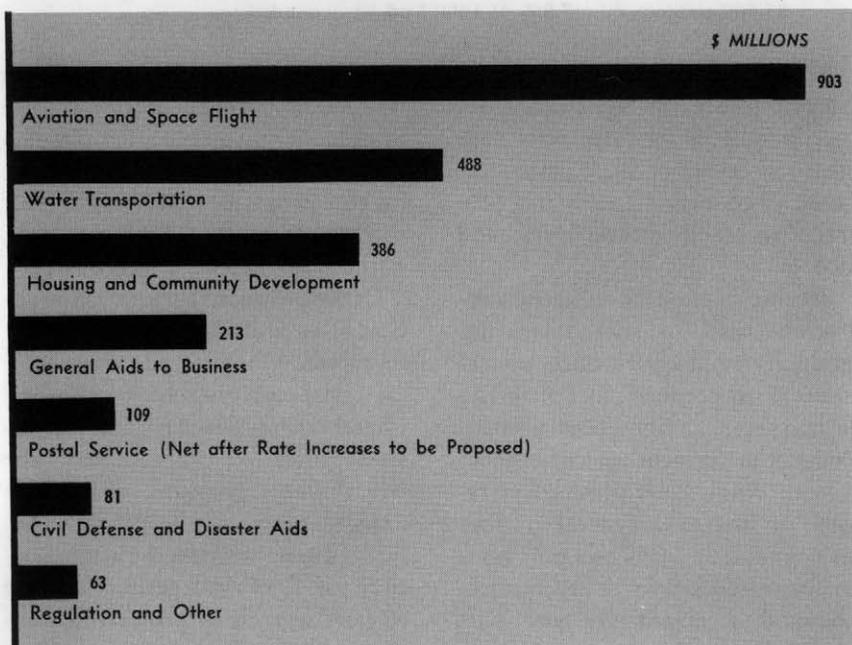
About 650 urban renewal projects receiving major Federal assistance are now underway or completed in more than 380 cities. Legislation is recommended to assure Federal support through 1965, increasing

[In millions]

| Fiscal year | Budget expenditures | New obligational authority |
|-------------------|---------------------|----------------------------|
| 1960 est. | \$2, 243 | \$2, 880 |
| 1959 est. | 3, 509 | 3, 210 |
| 1958 | 2, 109 | 5, 863 |
| 1957 | 1, 455 | 3, 855 |
| 1956 | 2, 030 | 4, 528 |
| 1955 | 1, 504 | 2, 817 |
| 1954 | 817 | 2, 376 |
| 1953 | 2, 504 | 3, 488 |

Commerce and Housing

Budget Expenditures in 1960—Estimate



the State and local share of net project costs from one-third to one-half by 1963 in recognition of the predominantly local benefits received. Other housing expenditures provide direct loans for veterans and help local authorities to finance low-rent public housing.

In 1960 the Small Business Administration expects to make loans to State and local development corporations and small business investment companies under its new authority, and to expand its existing business loan programs. Legislation is recommended to aid areas which have persistent and serious unemployment.

Consistent with the principle established in the Postal Policy Act of 1958 that postal rates should be adequate to cover all post office operating costs except for certain subsidized public services, postal rate revisions to provide at least \$350 million in new 1960 revenues will be proposed. The estimated net expenditures for the postal service reflect primarily the cost of the subsidized public services.

In 1960 the Office of Civil and Defense Mobilization will make grants to States to share certain civil defense costs and will continue the program of public education concerning fallout protection.

Agriculture and Agricultural Resources

\$5,996 million . . . 7.8% of 1960 budget expenditures

About 75% of 1960 expenditures for agriculture and agricultural resources will be for farm price support operations of the Commodity Credit Corporation and related programs to stabilize farm prices and income.

Because of the technological revolution that is still increasing productivity in agriculture, farmers continue to produce more than can be marketed at home and abroad. Under our present price support system, this excess production results in increased Federal outlays for commodity loans and purchases and increased carryover inventories. Commodity inventories and outstanding crop loans of the Commodity Credit Corporation are expected to total nearly \$10.5 billion at the end of fiscal year 1960. To prevent continuation of huge Federal outlays, legislation will be proposed to make badly needed changes in the price support system.

Expenditures under the conservation reserve portion of the soil bank are estimated at \$343 million, which is \$202 million more than the 1959 amount, because higher rental payments and the termination of the acreage reserve are expected to result in many farmers placing more land in the conservation reserve. Cost-sharing payments to farmers for conservation practices under the

agricultural conservation program will amount to \$197 million. The President is recommending a reduction in the advance authorization for this program to \$100 million for the 1960 crop year. This reduction will not affect 1960 expenditures.

Other programs for the conservation of agricultural land and water resources, which include the technical assistance program of the Soil Conservation Service, the watershed protection program, and the Great Plains program, will entail expenditures of \$135 million. Funds available from the appropriation for 1959 will permit starting 60 new watershed protection projects in 1959 and 40 more in 1960.

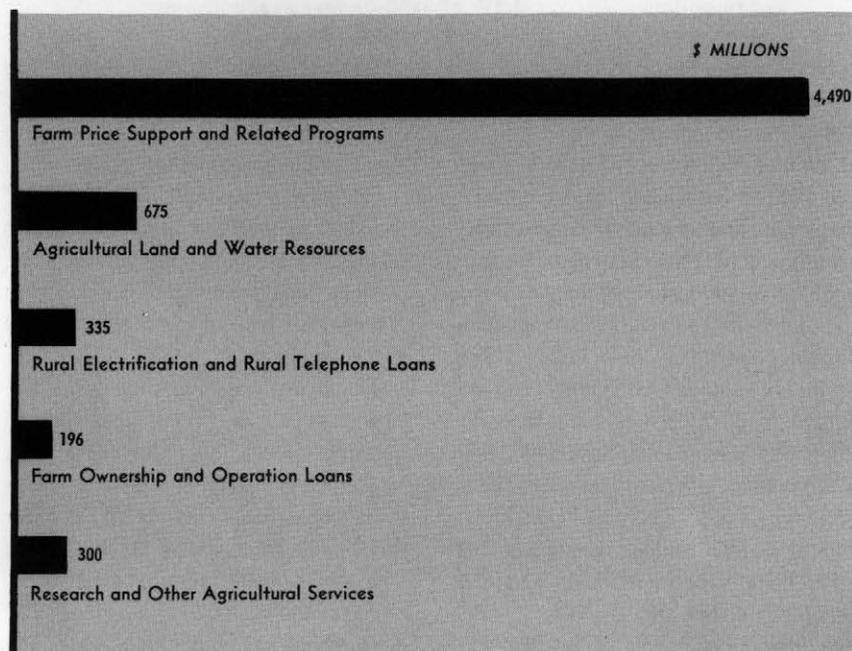
Expenditures of the Rural Electrification Administration are expected to increase somewhat in 1960. Today, over 95% of Ameri-

[In millions]

| Fiscal year | Budget expenditures | New obligational authority |
|----------------|---------------------|----------------------------|
| 1960 est. | \$5, 996 | \$5, 065 |
| 1959 est. | 6, 775 | 5, 414 |
| 1958. | 4, 389 | 6, 257 |
| 1957. | 4, 526 | 5, 275 |
| 1956. | 4, 868 | 3, 310 |
| 1955. | 4, 389 | 2, 672 |
| 1954. | 2, 557 | 4, 010 |
| 1953. | 2, 936 | 1, 333 |

Agriculture and Agricultural Resources

Budget Expenditures in 1960—Estimate



can farms have central station electric service, compared with 11% in 1935. Rural industrial and non-farm residential consumers now account for about one-half of total power sales by the REA system, and are increasing their power consumption much faster than are farm consumers. The President is again recommending legislation to assist electric and telephone borrowers to obtain financing from private sources.

The budget proposes a reduction in the direct loan programs of the Farmers' Home Administration.

Actions by the Secretary of Agriculture raising the interest rate to be paid on insured loans are expected to attract additional private credit in the financing of farm ownership and soil and water conservation loans.

Research, education, and other agricultural services will be carried forward in 1960 at about the current level. Research to increase industrial uses of agricultural commodities will be strengthened through the use of foreign currencies obtained from the sale of farm commodities abroad.

Natural Resources

\$1,710 million . . . 2.2% of 1960 budget expenditures

In 1958 the rates of construction were accelerated for many resource development projects to aid in economic recovery. These higher rates have continued, and expenditures for natural resources programs are expected to reach an all-time high in 1959, and remain at about that level in 1960. In view of this record program and the large amounts required in later years for completion of projects underway, no funds are provided in the 1960 budget for starting construction of new water resources projects. Further, the budget contemplates stretching out construction on some projects underway.

About two-thirds of budget expenditures for natural resources will be for the development of water resources. Flood control, navigation, irrigation, and related activities of the Corps of Engineers and the Bureau of Reclamation are expected to require expenditures of about \$1.1 billion in 1960. This total is higher than in any previous year.

In the interest of sound water resources programs in future years, funds are included in the budget to continue investigation and advance planning and to assemble basic data for future projects. Research will also continue on processes for converting sea water and brackish water to fresh water.

Federal agencies responsible for flood protection works operate under inconsistent standards governing the sharing of costs with local beneficiaries. Accordingly, legislation will be proposed to set a uniform basis of cost sharing for projects not yet under construction which will produce benefits to local areas.

The President is again urging the Congress to authorize the sale of revenue bonds by the Tennessee Valley Authority in order to provide the Authority with greater flexibility in meeting its needs for new power generating facilities.

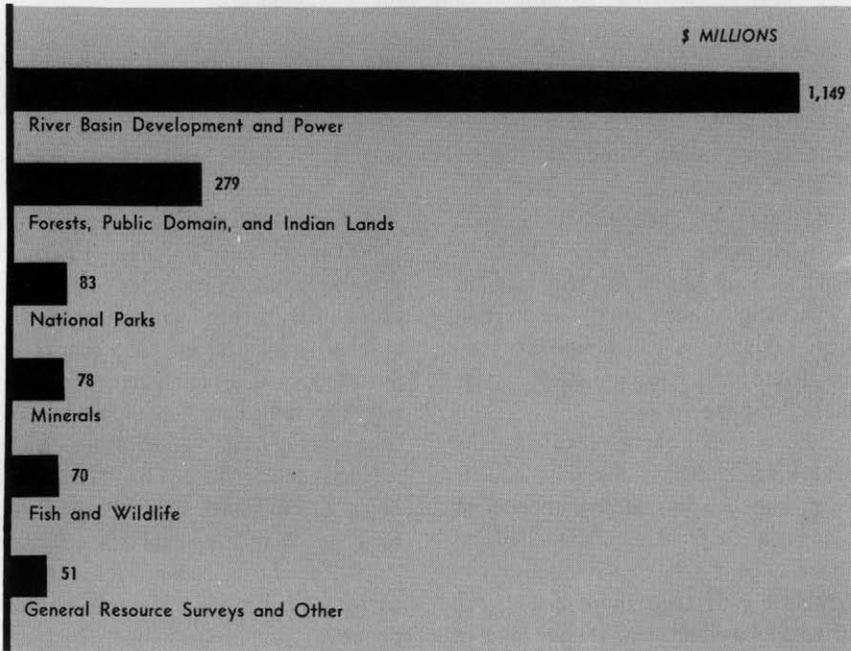
Expenditures for conserving and developing the resources of the national forests, public domain lands, and the Indian lands will be \$279 million in 1960. The Bureau of Land Management will administer 475 million acres of public

[In millions]

| Fiscal year | Budget expenditures | New obligational authority |
|----------------|---------------------|----------------------------|
| 1960 est. | \$1, 710 | \$1, 744 |
| 1959 est. | 1, 708 | 1, 943 |
| 1958. | 1, 543 | 1, 456 |
| 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 1960 - Estimate



lands, including about 300 million acres in Alaska. Scheduled construction on Indian reservations will provide roads, irrigation and water systems, schools, and other facilities.

The budget provides for the continued improvement of our national parks and development of the national forests for recreational use. Expenditures by the National Park Service will provide for the construction of roads and facilities to meet the needs of 65 million visitors

estimated for fiscal year 1960.

The Bureau of Mines will continue its programs directed toward improvement of mining techniques and better utilization of mineral supplies. The President is recommending legislation to conserve the Nation's vital helium resources.

The Fish and Wildlife Service will operate and maintain 91 fish cultural stations and administer 18 million acres in wildlife refuges in 1960. Lands for additional wildlife areas will be acquired.

Labor and Welfare

\$4,129 million . . . 5.4% of 1960 budget expenditures

Within the labor and welfare area, significant increases are provided in 1960 for the new defense education program and for higher public assistance grants. Total expenditures are expected to be \$682 million more than in 1958, but \$251 million less than estimated for 1959, chiefly because the antirecession legislation for temporary unemployment compensation payments expires in 1959.

The rise in Federal grants to the States for public assistance results from legislation enacted in the last Congress increasing the Federal share. In 1960, the Federal Government will contribute over 57% of total payments to an average of 5.7 million recipients per month, and in many cases will contribute as much as 80%. In view of the growth of the Federal old-age, survivors, and disability insurance and the primary responsibility of State and local governments for the economic security needs not met by social insurance, recommendations are being developed to increase State and local participation in the cost of public assistance starting in 1961.

Expenditures for health programs in 1960 are expected to be more than double the amount 5 years earlier. Outlays by the National Institutes of Health for medical research and training will be more than 3 times the amount 5 years

ago. Expenditures for hospital construction, waste treatment facilities, and medical and dental research facilities will total somewhat more in 1960 than in 1959.

A large increase is proposed in 1960 for the new defense education program, which includes (1) repayable contributions to loan funds for college students and (2) grants to States over a 4-year period to help pay for laboratory equipment and for testing and counseling high school students. The National Science Foundation will continue to provide fellowships for capable science students and grants to institutions of higher learning to improve science instruction. In 1960, 28,000 teachers will have the opportunity to attend institutes providing supplementary training in science.

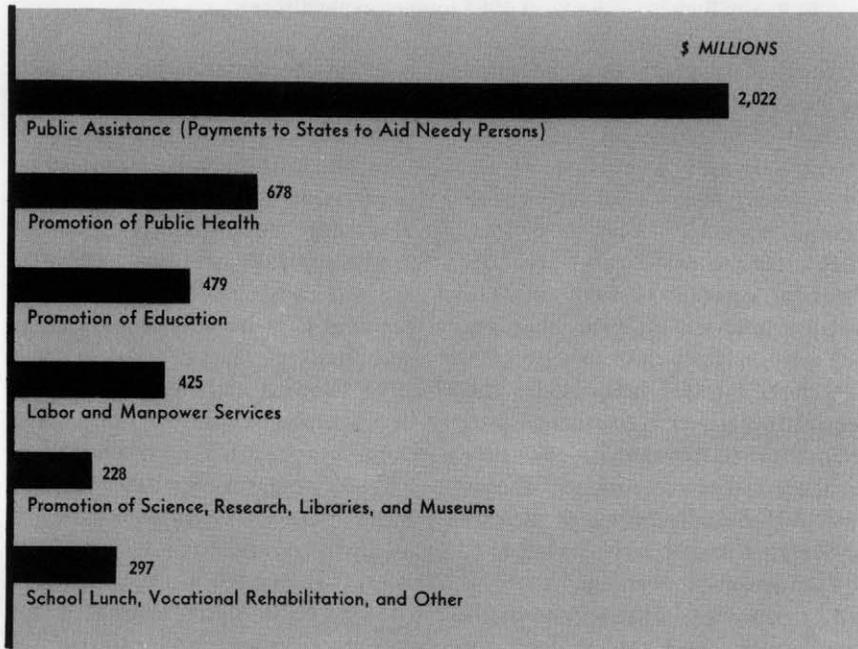
The Federal Government provides aid to schools in communities where large numbers of children of persons engaged in Federal activi-

[In millions]

| Fiscal year | Budget expenditures | New obligatory authority |
|----------------|---------------------|--------------------------|
| 1960 est. | \$4, 129 | \$4, 196 |
| 1959 est. | 4, 380 | 4, 158 |
| 1958. | 3, 447 | 4, 161 |
| 1957. | 3, 022 | 3, 212 |
| 1956. | 2, 821 | 2, 860 |
| 1955. | 2, 575 | 2, 614 |
| 1954. | 2, 485 | 2, 429 |
| 1953. | 2, 426 | 2, 456 |

Labor and Welfare

Budget Expenditures in 1960—Estimate



ties impose a burden on local school districts. Legislation is being proposed to assure greater and more equitable local responsibility in the future for the cost of educating children of those Federal personnel who pay taxes directly or indirectly for the support of public schools.

Federal grants for administration of the State employment service and unemployment insurance offices, which account for most of the expenditures for labor and manpower in 1960, are expected to rise somewhat over 1959. In a special message on labor affairs, the President is proposing measures to strengthen

requirements for the conduct of labor union affairs, and increase protection in labor-management relations. Improvements are also proposed in the minimum wage and 8-hour laws, and in the unemployment compensation system.

Grants in 1960 by the National Science Foundation in support of basic research will be more than double the 1958 amount. The budget contains a major increase for the 18th decennial census.

Expenditures for vocational rehabilitation will increase in 1960. Services will be provided to an estimated 314,000 disabled persons.

Veterans' Services and Benefits

\$5,088 million . . . 6.6% of 1960 budget expenditures

The upward trend of expenditures for veterans' programs is expected to halt temporarily in fiscal 1960 mainly because a decline in readjustment benefits offsets rising expenditures for other programs. Although estimated total expenditures for veterans in 1960 are \$110 million less than in 1959, they are \$62 million more than in 1958.

Some of our national policies and legislation governing veterans' programs need reconsideration, particularly those relating to benefits provided for disability or deaths not related to military service.

Compensation benefits will be paid to over 2.4 million individuals and families in 1960 for death or disability resulting from military service. Expenditures have increased in the last several years because higher benefit rates were enacted, but are expected to decrease somewhat in 1960 as the number of beneficiaries declines. The Veterans Administrator will expedite and broaden the work underway in the Veterans Administration on revising standards for rating of disabilities. For some of the seriously disabled veterans, increases in compensation rates are warranted.

It is expected that pensions will be paid to over 1.4 million individuals and families in 1960, and will total \$68 million more than in 1959. Legislation will be proposed to provide more equitable treatment of needy veterans and to modernize the veterans' pension program in the light of social developments and changes.

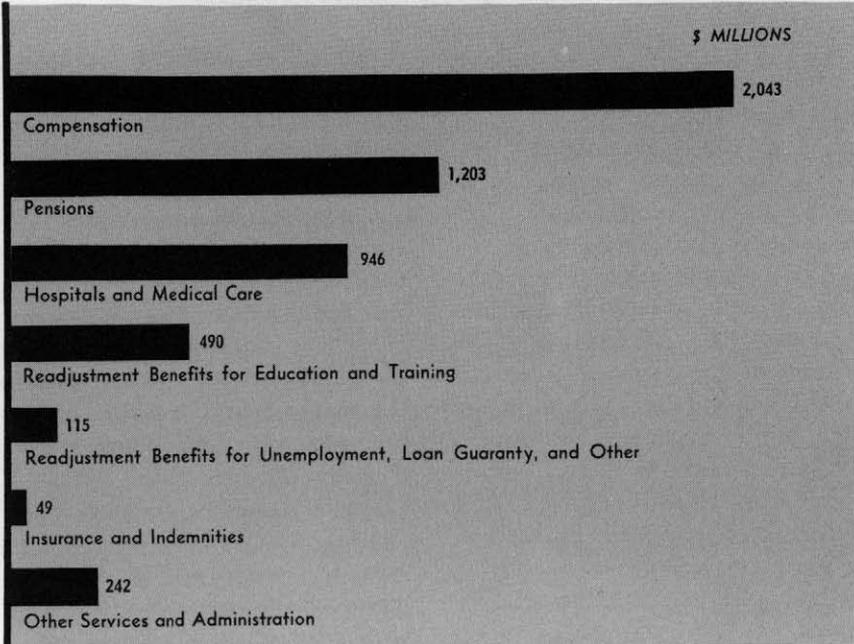
The budget includes \$891 million of expenditures for hospital and domiciliary care for an average of 140,800 veterans per day, and for more than 2 million outpatient medical treatments or examinations. In addition, expenditures of \$55 million are estimated for construction and modernization of veterans' hospitals and homes.

[In millions]

| Fiscal year | Budget expenditures | New obligatory authority |
|----------------|---------------------|--------------------------|
| 1960 est. | \$5, 088 | \$5, 054 |
| 1959 est. | 5, 198 | 5, 125 |
| 1958. | 5, 026 | 5, 071 |
| 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 1960—Estimate



Total expenditures for readjustment benefits continue to decline as the veterans of recent conflicts become reestablished in civilian life. In 1960 education and training will be provided to 360,000 veterans of the Korean conflict and to a small number of World War II veterans. The number of loans guaranteed by the Veterans Ad-

ministration is expected to increase in 1960, primarily because of proposed legislation for encouraging private financing rather than direct Federal loans.

Administrative expenditures associated with veterans' programs will be lower in 1960 than in 1959 because of declining workloads and increasing efficiency.

Interest

\$8,096 million . . . 10.5% of 1960 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.

Interest payments on the public debt are expected to be \$500 million more in 1960 than in 1959. The amount of annual interest depends on the size and composition of the debt and on the interest rates paid on Government securities. It is anticipated that the public debt will reach \$285 billion by the end of the fiscal year 1959, but on the basis of the balanced budget presented by the President, will be no higher at the end of 1960, although it will temporarily reach a higher level during the year.

The rise in market rates since the spring of 1958 requires the Treasury to pay higher interest on securities issued to refinance the heavy volume of maturing Government obligations, a large part of which were issued when interest rates were lower.

Interest payments on marketable obligations, mainly held by financial institutions, are almost two-

thirds of all interest payments. The estimated increase of \$500 million in total expenditures for interest on the public debt occurs on these obligations.

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. Over one-sixth of the interest on the public debt is payable to the investors who hold these bonds, mostly individuals.

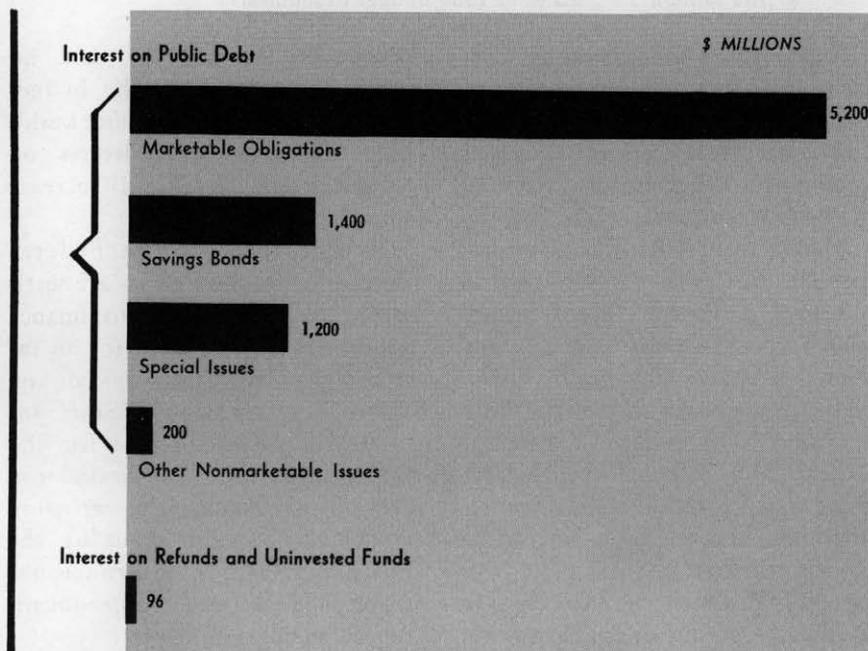
Special issues of nonmarketable securities are owned by Government trust funds and certain Government corporations which invest their reserves against future needs. The interest rate on a large portion

[In millions]

| Fiscal year | Budget expenditures |
|-------------------|---------------------|
| 1960 est. | \$8, 096 |
| 1959 est. | 7, 601 |
| 1958 | 7, 689 |
| 1957 | 7, 308 |
| 1956 | 6, 846 |
| 1955 | 6, 438 |
| 1954 | 6, 470 |
| 1953 | 6, 583 |

Interest

Budget Expenditures in 1960 - Estimate



of these issues is the average rate for longer term marketable securities. For a few special issues the rates are specified by law.

Expenditures for interest have been authorized by permanent law, and annual appropriations are not required.

General Government

\$1,735 million . . . 2.2% of 1960 budget expenditures

Expenditures for general government activities consist mainly of payments for central administrative and construction costs not allocated among the other major activities of the Government.

Management of the Government's finances is largely carried out by the Treasury Department, which collects taxes and customs duties, manages the public debt, and writes checks to pay the bills of most Government agencies. Other major tasks of the Department include selling bonds, minting coins, and engraving currency. During the fiscal year 1960, the Internal Revenue Service expects to handle 96 million tax returns from individuals and corporations. For some work, such as issuing checks and recording sales and redemptions of savings bonds, improved electronic equipment will make possible the handling of higher workloads without additional costs. Auditing by the General Accounting Office is another important part of financial management.

The property and records management function of the Government is performed mainly by the General Services Administration, which provides office space for most Federal civil agencies, handles central purchasing, and maintains Government records and archives. Initiation of new construction is

being deferred in 1960, and no funds are included in the budget for starting new general office buildings. However, expenditures on those already started will increase sharply.

Expenditures of the Federal Bureau of Investigation are estimated to rise in 1960 to finance additional staff required for an increasing number of criminal and other investigations. Staff increases are also provided for the Immigration and Naturalization Service to handle the growing workloads brought about by the rapid increase in international travel and by recent amendments to the immigration laws.

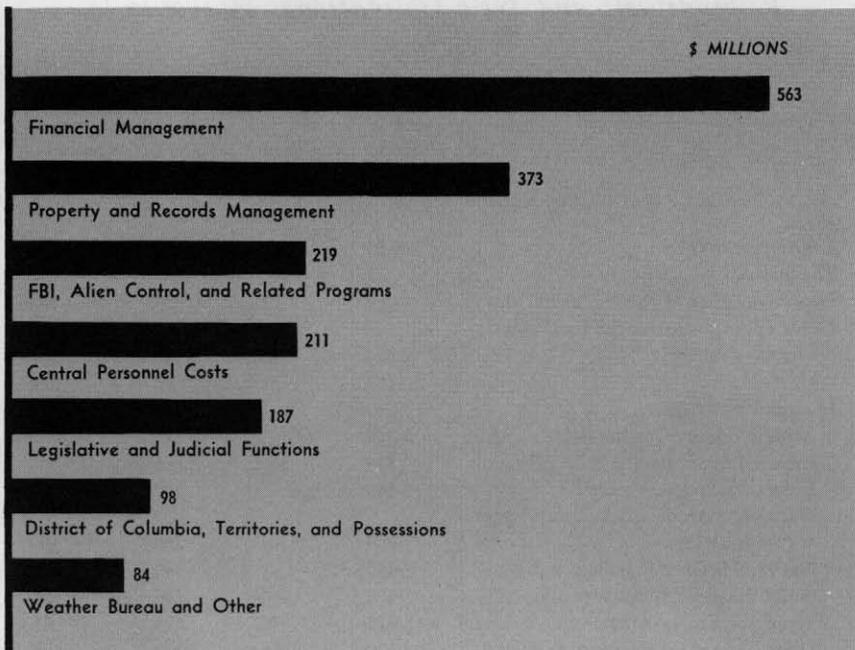
The Civil Service Commission supervises the operation of the merit system for Federal employment and administers the civil service retirement system. Other central personnel costs, paid through the Department of Labor,

[In millions]

| Fiscal year | Budget expenditures | New obligational authority |
|----------------|---------------------|----------------------------|
| 1960 est. | \$1, 735 | \$1, 617 |
| 1959 est. | 1, 673 | 1, 799 |
| 1958. | 1, 356 | 1, 417 |
| 1957. | 1, 787 | 1, 831 |
| 1956. | 1, 627 | 1, 593 |
| 1955. | 1, 199 | 1, 136 |
| 1954. | 1, 235 | 1, 071 |
| 1953. | 1, 472 | 1, 366 |

General Government

Budget Expenditures in 1960—Estimate



include accident compensation benefits and unemployment compensation for Federal employees. Since October 28, 1958, unemployment compensation has also been provided for ex-servicemen whose military service is in peacetime.

Changes in legislation required

by the admission of Alaska into the Union will be proposed. To facilitate transfer to the new State of responsibility for special programs now administered by the Federal Government, a 5-year program of transitional grants to Alaska is proposed.

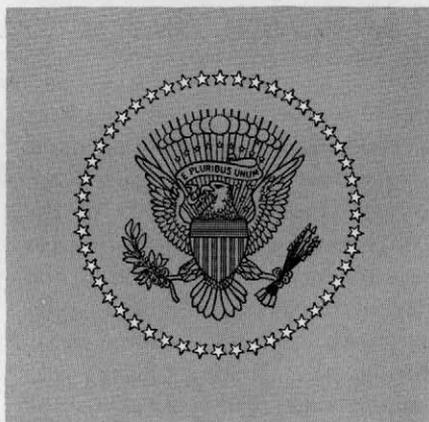
Expenditures and New Obligational Authority by Agency

[Fiscal year 1960 estimate. In millions]

| Description | Gross expenditures | Receipts from operations ¹ | Budget expenditures | New obligational authority |
|---|--------------------|---------------------------------------|---------------------|----------------------------|
| Legislative branch | \$152 | | \$152 | \$110 |
| The judiciary | 51 | | 51 | 51 |
| Executive Office of the President | 76 | \$1 | 75 | 97 |
| Funds appropriated to the President: | | | | |
| Mutual security | 3,514 | 16 | 3,498 | 3,930 |
| Other | 281 | 34 | 247 | 19 |
| Independent offices: | | | | |
| Atomic Energy Commission | 2,745 | (2) | 2,745 | 2,772 |
| Export-Import Bank | 854 | 860 | -6 | |
| Federal Aviation Agency | 560 | | 560 | 602 |
| National Aeronautics and Space Administration | 280 | | 280 | 485 |
| National Science Foundation | 140 | | 140 | 160 |
| Small Business Administration | 305 | 136 | 168 | 206 |
| Tennessee Valley Authority | 315 | 290 | 25 | 15 |
| United States Information Agency | 120 | 6 | 114 | 127 |
| Veterans Administration | 5,330 | 162 | 5,168 | 5,185 |
| Other | 325 | 76 | 249 | 269 |
| General Services Administration | 416 | 5 | 411 | 258 |
| Housing and Home Finance Agency | 2,360 | 2,043 | 318 | 408 |
| Department of Agriculture | 8,506 | 2,056 | 6,450 | 5,514 |
| Department of Commerce | 485 | 9 | 476 | 559 |
| Department of Defense: | | | | |
| Military functions | 41,008 | 63 | 40,945 | 40,850 |
| Civil functions | 955 | 102 | 853 | 902 |
| Department of Health, Education, and Welfare | 3,144 | 4 | 3,140 | 3,176 |
| Department of the Interior | 805 | 48 | 757 | 745 |
| Department of Justice | 259 | | 259 | 275 |
| Department of Labor | 568 | 5 | 562 | 570 |
| Post Office Department | 4,137 | 4,028 | 109 | 172 |
| Department of State | 243 | | 243 | 238 |
| Treasury Department | 8,904 | 4 | 8,900 | 8,916 |
| District of Columbia | 42 | | 42 | 70 |
| Allowance for contingencies | 100 | | 100 | 125 |
| Total | 86,979 | 9,949 | 77,030 | 76,807 |

¹ Include only amounts available by law for use by the agencies and exclude substantial amounts paid directly into the Treasury as miscellaneous receipts.

² Less than one-half million dollars.



Part 3 The Federal Budget Process and Financial System

The Government's program for the next fiscal year has been presented in part 2 largely in terms of expenditures. For any given year, however, the amounts of expenditures for various purposes are not necessarily the same as the amounts of financial authorizations proposed in the budget or provided by the Congress.

Part 3 of this booklet summarizes the budget process, explaining the relationship of expenditures to authorizations and describing other key aspects of the Federal financial system. It provides background information which will aid in understanding the other parts of this booklet.

The Federal Budget Process and Financial System

The basis for budget control: New obligational authority.—Each January the President presents to the Congress a budget representing his best judgment as to the kind and size of Government programs required to meet our national needs during the coming fiscal year (which runs from July 1 to the following June 30, and is designated by the year in which it ends).

Since no Federal funds can be spent without specific authority from the Congress, the budget also contains the President's recommendations as to the amounts of financial authority necessary to carry out the planned programs. As circumstances change, the President may amend his requests in supplementary messages to the Congress.

Congressional action on the budget consists of action upon these requests for financial authority. The Congress may accept some and increase, decrease, or reject others. It may also include new proposals of its own.

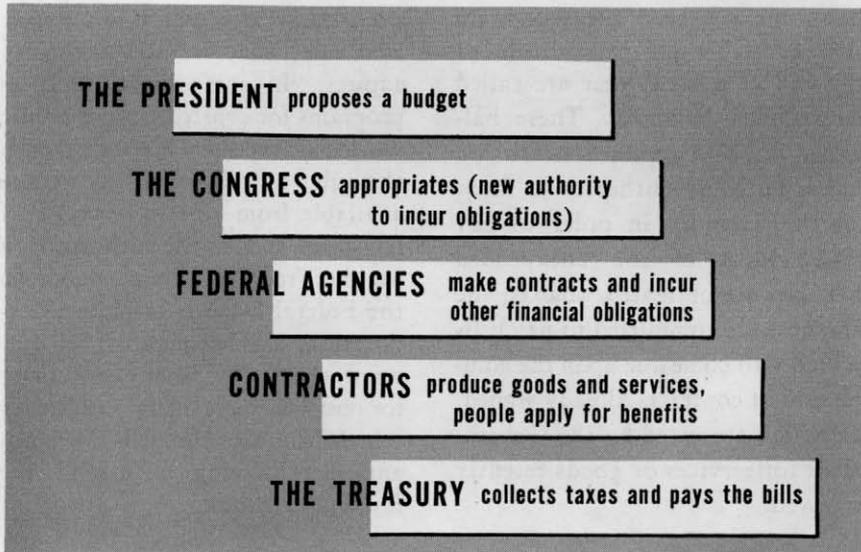
Financial authority can be requested by the President and enacted by the Congress in three forms. The most common is an appropriation, which authorizes the agencies not only to order goods and services but also to draw funds from the Treasury and make expenditures to pay for the goods and services when delivered. Occasionally agencies are given au-

thorizations (contract authorizations) which allow them to contract for the delivery of goods and services but not to make expenditures to pay for them. An appropriation must later be enacted by the Congress before money may actually be spent to pay the bills incurred under a contract authorization. Under the third form, (authorizations to expend from debt receipts), agencies may be authorized to borrow money (usually through the Treasury) and to spend it. These three kinds of authority to incur obligations for the payment of money are all called new obligational authority.

In most cases, new obligational authority becomes available only as the Congress votes it each year. In some cases, however, the Congress has voted permanent authority under which additional sums become available annually without further action by the Congress. The chief example is the permanent appropriation to pay interest on the public debt.

Budget expenditures.—Generally speaking, budget expenditures consist of checks issued and cash payments made from budget accounts for any purpose except retirement of debt. Funds held in trust are not part of the budget accounts and disbursements of such funds are thus not budget expenditures. Budget expenditures ordi-

Five Steps in Spending



narily are on a net basis in that the disbursements of Government agencies (such as the Post Office) which use their receipts in carrying on business type operations with the public are included in the budget after such receipts are deducted from total disbursements.

Although budget expenditures are normally reported as such when the payment is made, a major exception is interest on the public debt, which is reported as an expenditure when the interest becomes due rather than when it is paid.

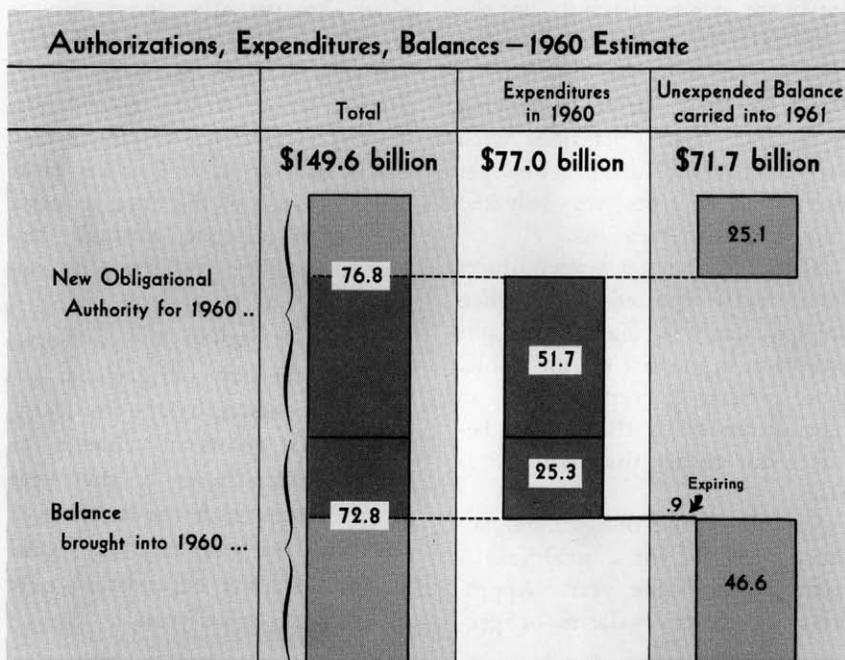
Not all of the obligational authority enacted for a fiscal year is spent in the same year. Appropriations to pay salaries or pen-

sions are usually spent almost entirely in the year for which they are enacted. On the other hand, appropriations to buy guided missiles or to construct an airfield may not be fully spent for 2 or 3 or more years because of the time required to prepare designs, arrange contracts, complete production or construction, and finally pay the bills.

Therefore, when the Congress changes the new obligational authority requested by the President, it does not necessarily change the budget expenditures of that year by the amount of the increase or decrease. Such a change may spread its total effect on expenditures over a period of several years.

Unexpended balances.—The amounts of enacted authority that have not yet been spent and are still available for expenditure at the end of a fiscal year are called unexpended balances. These balances do not represent cash on hand, but only authority to draw on the Treasury in order to pay bills. Most of the unexpended balances are obligated; that is, the amounts are committed to pay bills which will come due upon the completion of contracts already signed, or which are owed by the Government for services or goods recently received.

For many agencies, any authority which is not obligated by the time the year closes is no longer available; that is, the authority expires. In some cases, such as programs for construction of public works, unexpended balances, even though unobligated, continue available from year to year. In a few cases, such as the authorization for the Treasury to lend money to the Federal Deposit Insurance Corporation, the balances carried forward represent standby authority for possible emergencies—authority which the Government does not anticipate having to use in the foreseeable future.



Budget receipts.—Budget receipts represent amounts 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. Budget receipts exclude funds received in trust and money obtained from borrowing.

The Congress establishes tax rates and customs duties and sets forth policies which govern the collection of other receipts. The largest source of budget receipts is income taxes paid by individuals and corporations in all parts of the country; excise taxes also yield substantial revenues.

Budget surplus or deficit.—The budget surplus or deficit is determined by the difference between budget expenditures and budget receipts. A budget surplus results when budget receipts exceed budget expenditures (this situation is commonly referred to as a balanced budget); a budget deficit results when budget expenditures exceed budget receipts.

A budget surplus is usually used to retire part of the Government's debt. A budget deficit is normally financed by borrowing.

Trust funds.—A substantial amount of money is collected by the Federal Government each year which, by law, is not available for

general purposes of government but must be held in trust for later payment to individuals or to State and local governments only for the purposes specified in the law. Since these trust funds are not available for general purposes of government, they are not included in budget receipts and expenditures, and their transactions do not affect the budget surplus or deficit.

The largest trust funds are those for social security and retirement purposes and for Federal-aid highways. The social security and retirement trust funds are financed mainly from payroll taxes paid by employers and employees; payments from these funds are primarily for benefits to the unemployed, the retired, the disabled, or the survivors of insured persons. 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.

Receipts from and payments to the public.—Since trust fund and certain other transactions are not included in the budget totals, a consolidation of these and budget accounts is necessary to show the flow of money between the Government and the public. This consolidation of receipts from and payments to the public provides one measure of the impact of all

Government activities on the economy.

In the consolidation, receipts paid into trust funds are added to budget receipts, and trust fund expenditures to budget expenditures. In addition, the net expenditures of five Government-sponsored activities are included in the total of payments to the public. These are the Federal Deposit Insurance Corporation, the Federal home loan banks, the Federal land banks, the banks for cooperatives, and the Federal intermediate credit banks.

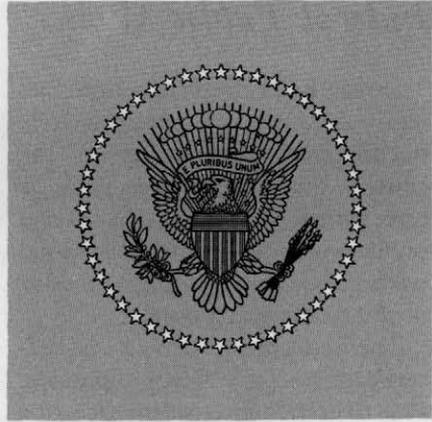
Financial transactions within the Government as a whole, which are recorded as expenditures in one account and receipts in another, are eliminated in this consolidation since they involve no flow of cash outside the Government. Certain other transactions which are recorded as budget receipts or expenditures but do not involve a cash flow are also eliminated. For example, the interest due but not yet paid on savings bonds is counted as a budget expenditure, but it is included in payments to the public only when the cash is paid.

The Government's debt.—Money which has been borrowed by the Treasury and not yet paid back is called the public debt. Most borrowing is from the public, but the Treasury also borrows from the larger trust funds which have authority to invest in Government securities.

A few Government enterprises borrow directly from the public. These borrowings are not part of the public debt. Some of this corporate debt is guaranteed by the Government and some is not.

An increase in the amount of the Government's debt may be required to finance a budget deficit for the year or to provide additional cash on hand as a working balance. The amount of the debt may be reduced when these situations are reversed.

A debt limit, established by statute, controls all but a minor part of the public debt and all of the Government-guaranteed debt of Government enterprises. It is a control over the total debt that can be outstanding at any one time.



Part 4 Supplementary Information

Part 4 of this booklet presents summary data for certain Federal activities, such as public works and aid to State and local governments, which are common to many of the agencies and are parts of the functions discussed in part 2.

In addition, part 4 provides current information on aspects of the Federal budget process and financial system described in part 3, such as the Federal trust funds and receipts from and payments to the public, and includes historical data on the public debt and on budget receipts and expenditures.

Federal Public Works

Direct Federal construction currently accounts for more than 6% of all new construction in the United States. Another 7% is represented by State and local public works which are constructed with Federal aid totaling over 60% of the construction costs.

The acceleration of various Federal civil public works programs in 1958 to help counteract the recession has resulted in high construction rates in 1959. In view of the current record volume of construction, no funds are provided in the 1960 budget to start construction of new projects for water resources and for a number of other civil public works programs. Also, construction on some projects underway will be stretched out.

Nevertheless, total expenditures for civil public works are expected to be higher in 1960 than in any prior year. The increase results mainly from the expanding Federal-aid highway program (financed through a trust fund) and from commitments made for Federal projects started in earlier years.

Construction of military facilities by the Department of Defense constitutes the largest direct Federal program. These facilities range from individual structures, such as armories and barracks, to multiple structures required to support a complete weapon system such as an intercontinental ballistic missile. A major portion of military construction in 1960 relates to missiles and their support. The budget

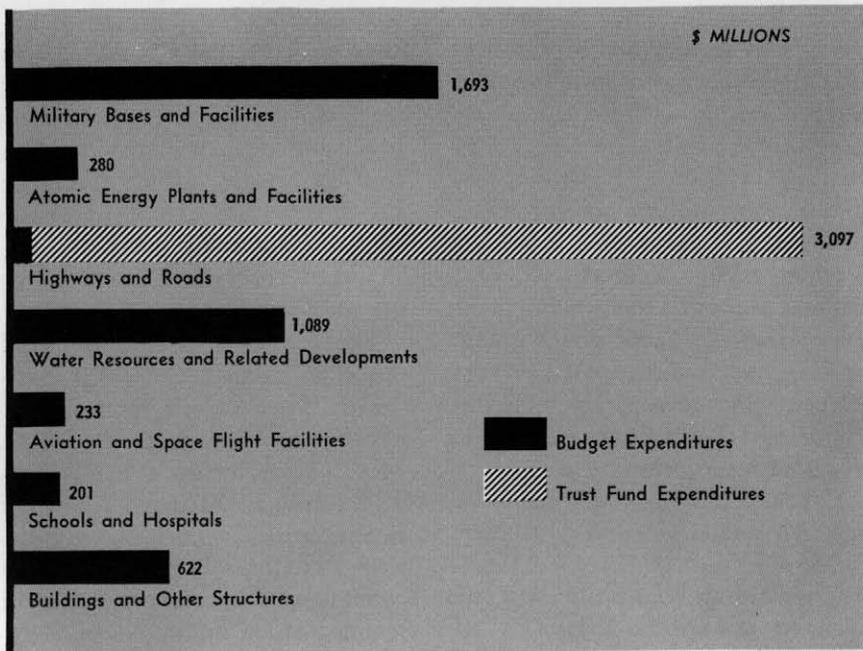
BUDGET AND TRUST FUND EXPENDITURES FOR PUBLIC WORKS

[Fiscal years. In billions]

| Program | Actual | | | | | | Estimate | |
|---|--------|-------|-------|-------|-------|-------|----------|-------|
| | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| Civil public works: | | | | | | | | |
| Federal construction | \$1.4 | \$1.3 | \$1.0 | \$0.9 | \$1.1 | \$1.3 | \$1.6 | \$1.8 |
| Grants and net loans to State and local governments | .7 | .3 | .7 | .9 | .2 | .4 | .5 | .4 |
| Highway trust fund grants | | | | | 1.0 | 1.5 | 2.4 | 3.0 |
| Total, civil public works | 2.2 | 1.6 | 1.7 | 1.8 | 2.2 | 3.1 | 4.5 | 5.2 |
| Military and related public works | 1.9 | 1.7 | 1.6 | 2.1 | 2.0 | 1.8 | 2.0 | 1.7 |
| Atomic energy plants and facilities | 1.1 | 1.1 | .8 | .2 | .3 | .2 | .2 | .3 |
| Total, Federal public works | 5.2 | 4.4 | 4.1 | 4.1 | 4.5 | 5.1 | 6.8 | 7.2 |

Federal Public Works

Budget and Trust Fund Expenditures in 1960 - Estimate



also provides for progress on early warning systems and for the modernization of existing facilities.

The Atomic Energy Commission will complete and put in operation three high-energy particle acceler-

ators in 1960. Construction will continue on experimental reactors for power and propulsion, facilities for the support of reactor development, research laboratories, and production facilities.

Research and Development

About half of the Nation's expenditures for research and development are financed by the Federal Government. Expenditures of all Federal agencies for these purposes are estimated to rise to \$5.5 billion in 1960. Of this total, about \$500 million is for basic research.

More than one-half of total Federal research and development expenditures is spent under grants and contracts, chiefly with private industry and universities. The remainder is spent in Government-operated installations.

Expenditures for the conduct of research and development account for \$5.1 billion of the 1960 total. The remaining \$0.4 billion will be spent for research facilities.

The Department of Defense and the Atomic Energy Commission account for more than four-fifths of the total Federal expenditures for research and development. Although chiefly devoted to strengthening national security, the programs of these agencies also contribute significantly to the Nation's technological advancement.

The Department of Defense in 1960 will expand work to improve missiles and other advanced weapons for strategic, tactical, and defensive purposes. Estimated research and development expenditures by the Department exclude about \$2 billion of procurement funds in support of research and development.

The Atomic Energy Commission will continue development of nuclear weapons and atomic reactors for military propulsion and power, increase development work on promising civilian power reactors, conduct further investigations on the possible use of nuclear explosions for peaceful purposes, and support more research in the physical and life sciences.

The National Aeronautics and Space Administration will substantially expand its research and development program in 1960. Most of the increases will be directed toward extensive scientific investigations in space, the application of satellites to meteorology and communication, the programs for manned space flight, and the development of high thrust engines for future space vehicles. In addition,

BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT

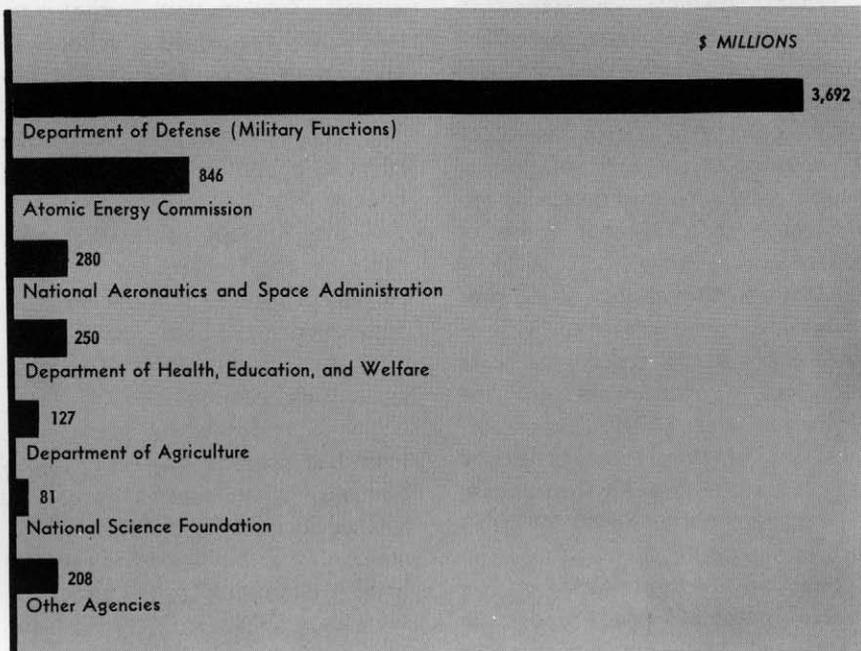
[In millions]

| Fiscal year | Total | Major national security ¹ | Other |
|--------------------|----------|--------------------------------------|-------|
| 1960 est | \$5, 484 | \$4, 572 | \$912 |
| 1959 est | 4, 841 | 4, 108 | 732 |
| 1958 | 3, 498 | 2, 988 | 510 |
| 1957 | 3, 027 | 2, 596 | 431 |
| 1956 | 2, 538 | 2, 202 | 336 |
| 1955 | 2, 085 | 1, 804 | 281 |
| 1954 | 2, 085 | 1, 806 | 279 |
| 1953 | 2, 100 | 1, 830 | 270 |

¹ Figures for the various years are not fully comparable because of changes in appropriation structure.

Research and Development

Budget Expenditures in 1960 - Estimate



tion, research will be continued on problems related to aircraft and missiles.

Programs of the Department of Health, Education, and Welfare, chiefly the medical research activities conducted or sponsored by the Public Health Service, will be at a record level in 1960.

The Department of Agriculture will strengthen research in foreign countries to increase industrial uses of agricultural commodities and will continue emphasis on basic research in the agricultural sciences.

Programs of the National Science

Foundation for the support of basic research, for research laboratories and other facilities, and for the collection and dissemination of scientific data will be expanded in 1960.

Research is also performed under programs of all other departments of the Federal Government, chiefly Interior and Commerce, and by a number of other independent agencies, particularly the recently established Federal Aviation Agency, the Veterans Administration, and the Office of Civil and Defense Mobilization.

Federal Aid to State and Local Governments

Federal financial assistance to State and local governments—grants-in-aid, shared revenues, and net loans—will be \$7.1 billion in 1960. Over 95% of this assistance is provided in the form of grants, which usually require matching expenditures by the other levels of government.

Although the number of aid programs is large, more than 70% of total expenditures for aid to State and local governments are for highways and public assistance. Increases in these two programs are the main reasons for the increase in expenditures in 1960 of \$453 million over 1959.

The continued strength of our Federal system depends upon the States and local governments assuming greater fiscal and administrative responsibility for functions they can perform well. To this end, the President is again recommending enactment of proposals by the Joint Federal-State Action Committee that the vocational education and waste treatment construction programs be transferred to the States and that the Federal tax on local telephone service be revised effective July 1, 1960, to allow limited credits for telephone taxes paid to the States.

Legislation is also proposed to increase State, local, or private responsibility for public assistance,

airport construction, urban renewal, college housing, schools in areas with large Federal employment, and various other programs. The proposed changes will take effect in 1960 in some programs and later in others.

Grants of \$401 million will be made by the Department of Agriculture in 1960 to schools, welfare departments, and other public agencies, partly in the form of surplus agricultural commodities.

Net expenditures for grants and loans to provide low-rent public housing, urban renewal projects, college dormitories and other community facilities are estimated to be \$372 million, which is about the same as in 1959.

NET BUDGET AND TRUST FUND EXPENDITURES FOR FEDERAL AID

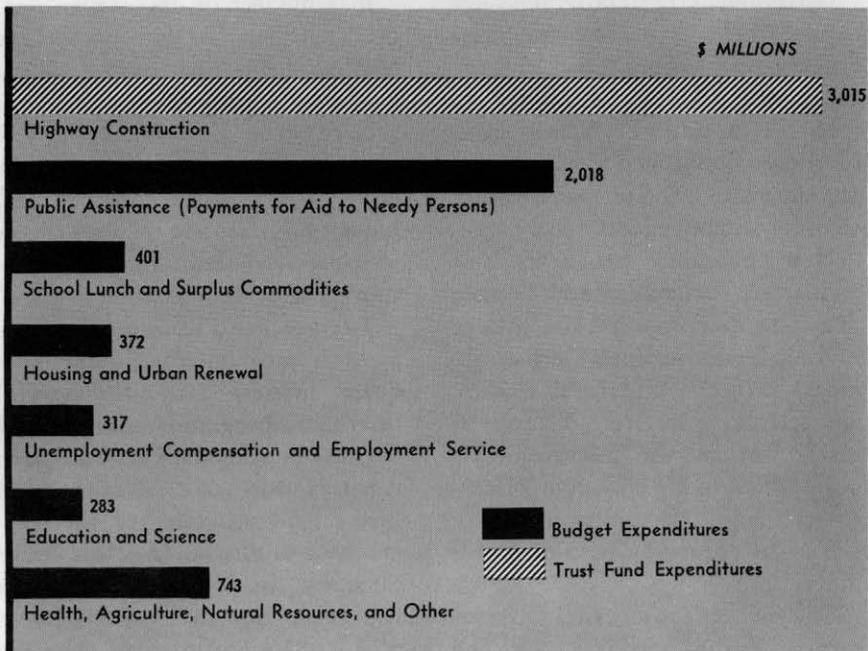
[In millions]

| Fiscal year | Grants-in-aid | Shared revenues | Loans | Total |
|-------------------|---------------|-----------------|-------|---------|
| 1960 est. | \$6,852 | \$119 | \$178 | \$7,149 |
| 1959 est. | 6,266 | 106 | 323 | 6,695 |
| 1958 | 4,831 | 101 | 140 | 5,072 |
| 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 1960 - Estimate



Expenditures for aids to education and science are primarily for grants to school districts affected by Federal activities, the new programs for improving science, mathematics, and language training established under the National

Defense Education Act of 1958, and vocational education grants.

Health, other agricultural, natural resources, and miscellaneous other Federal-aid programs total somewhat more in 1960 than in 1959.

Federal Credit Programs

Government credit programs have expanded greatly in the last quarter century. New commitments for the fiscal year 1960 are estimated to total \$27.5 billion. Nearly 80% of these commitments will be for guaranties of private loans, rather than for direct Federal loans.

New guaranty programs and other assistance for private financing are proposed for college housing, nonresidential urban renewal projects, and rural electric and telephone service. These will carry further 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 the effect on certain segments of the economy is great. Guaranties usually require budget expenditures only when loans are defaulted, and most of the expenditures are recovered through 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 1960 of \$629 million, while substantial in themselves, are only a fraction of new loan and loan guaranty commitments.

In a number of important cases, present legislation on programs for making loans, purchasing mortgages, and insuring or guaranteeing private loans sets inflexible and uneconomic restrictions on interest rates. This creates unneeded and hidden subsidies and requires excessive use of Federal funds by discouraging private lending.

To correct this situation the President is recommending more adequate interest rates for several insurance programs administered by the Housing and Home Finance Agency, for the guaranty and direct loan programs of the Veterans Administration, for loans made by the Rural Electrification Administration in the Department of Agriculture, for college housing loans made by the Housing and Home Finance Agency, and for ship mortgage loans by the Maritime Administration in the Department of Commerce.

The adoption of these recommendations will encourage participation of private capital and will reduce Government expenditures significantly. At the same time, Government guaranties or insurance will continue to permit interest costs to borrowers more favorable than the rates charged in the open market for similar loans.

Nearly four-fifths of new credit commitments in the coming fiscal

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 |
| 1960 est | \$5.7 | \$21.8 | \$27.5 | \$27.7 | \$68.6 | \$96.4 |
| 1959 est | 6.6 | 18.5 | 25.0 | 26.9 | 59.9 | 86.8 |
| 1958 | 5.3 | 12.3 | 17.6 | 23.0 | 51.0 | 74.1 |
| 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 |

year are expected to be made for housing. The Housing and Home Finance Agency will make \$13.6 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. Both direct loans and guaranties will be extended for low-rent housing and urban renewal projects undertaken by local governments and for college dormitories.

The Veterans Administration will guarantee an estimated \$7.8 billion in loans to help veterans buy and

improve homes. In addition, commitments of \$179 million for direct loans are estimated in areas where guaranteed private funds are not available.

The Department of Agriculture will extend new credit amounting to about \$2.7 billion in the fiscal year 1960. The largest part will be for loans and guaranties to support farm prices.

Other new Federal credit commitments amount to 12% of the 1960 total and include aid to various types of businesses, such as small businesses.

Trust Funds

The trust funds, which are outside the regular budget, are expected to collect \$20.5 billion and spend \$20.3 billion in 1960. Since 1953, trust fund expenditures have almost quadrupled and receipts have more than doubled.

Payments under two of the three social insurance programs authorized by the Social Security Act are rising sharply. By the end of fiscal year 1960 monthly benefits are expected to be paid to 13.6 million people from the old-age and survivors insurance fund and to 640,000 from the disability insurance fund. Higher tax rates provided by the last Congress for old-age and survivors insurance will reverse the current excess of payments over receipts, and the fund should again start to build up reserves in 1961. Although benefits were recently added for wives and children of disabled workers, the disability fund will continue to accumulate reserves in 1960.

Expenditures from the unemployment trust fund in 1960 are estimated to be 15% less than in 1959, reflecting the continued improvement in the economy. Legislation is being recommended to widen the coverage of unemployment compensation.

Accumulated receipts from excise taxes paid by highway users will be sufficient to finance the grants made to the States in 1959 for building the Federal-aid highway systems.

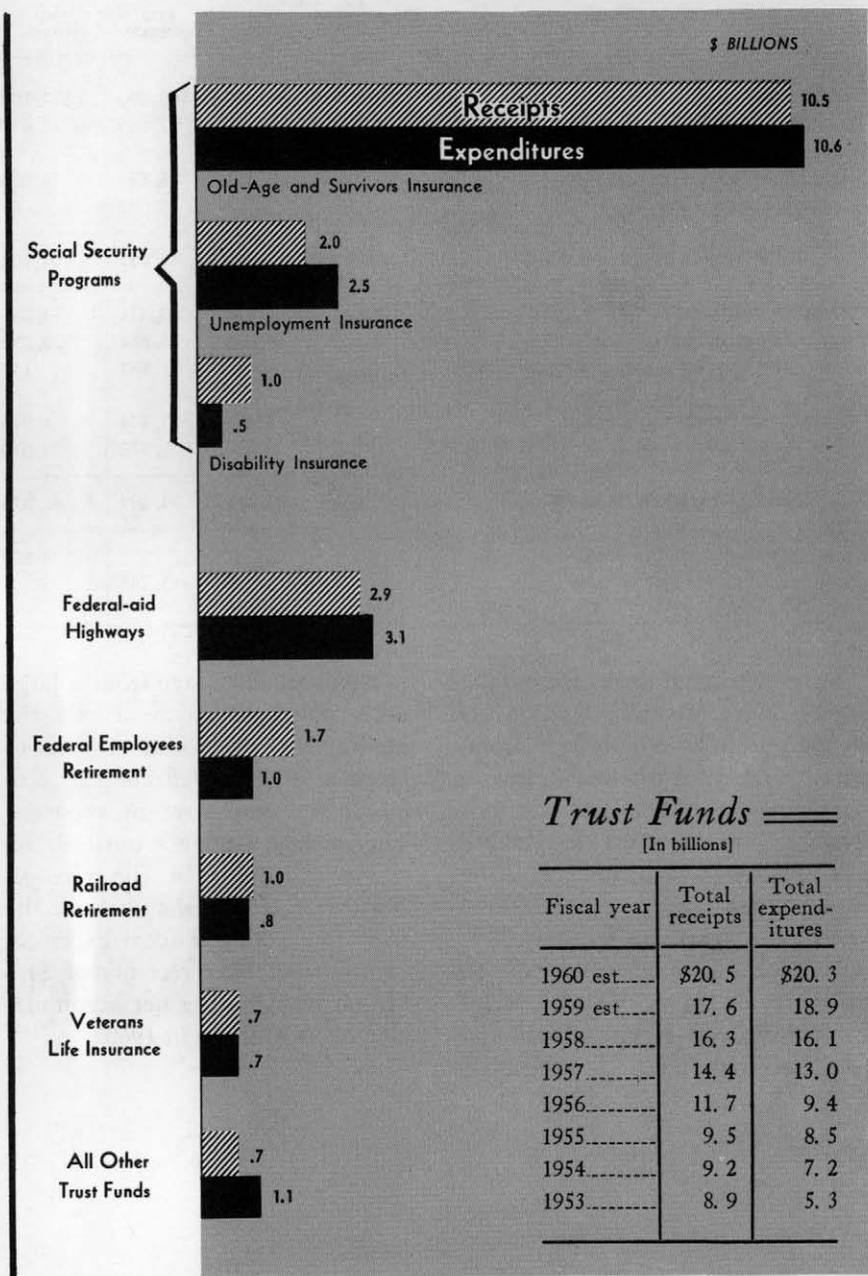
However, in order to maintain the fund on a self-supporting basis, a temporary increase of 1½ cents in the tax on motor fuels through 1964 is recommended. This increase would also cover the cost of the President's proposals that (1) forest and public land highways, an integral part of the Federal-aid system, be financed from the trust fund and (2) the receipts from aviation gasoline taxes, which now go into the trust fund, be retained in the general fund.

The Civil Service and Foreign Service retirement systems are expected to pay monthly retirement, disability, and survivor benefits to over 530,000 individuals at the end of fiscal 1960. Beneficiaries of the railroad retirement system on the same date are estimated at around 760,000. Legislation is proposed to increase tax rates and the amount of wages covered by the railroad retirement system. This will help make the system actuarially sound and more consistent with the old-age and survivors insurance system.

The excess of expenditures over receipts in the category "all other trust funds" is mainly due to the secondary market operations of the Federal National Mortgage Association. In these operations in 1960, the Association expects to spend \$485 million more for mortgage purchases and expenses than it receives from repayments, sales, and other income.

Trust Funds RECEIPTS AND EXPENDITURES

Fiscal Year 1960—Estimate



Trust Funds

[In billions]

| Fiscal year | Total receipts | Total expenditures |
|---------------|----------------|--------------------|
| 1960 est..... | \$20.5 | \$20.3 |
| 1959 est..... | 17.6 | 18.9 |
| 1958..... | 16.3 | 16.1 |
| 1957..... | 14.4 | 13.0 |
| 1956..... | 11.7 | 9.4 |
| 1955..... | 9.5 | 8.5 |
| 1954..... | 9.2 | 7.2 |
| 1953..... | 8.9 | 5.3 |

Receipts From and Payments to the Public

[Fiscal years. In millions]

| Description | 1958 actual | 1959 estimate | 1960 estimate |
|--|----------------|------------------|------------------|
| Budget receipts | \$69, 117 | \$68, 000 | \$77, 100 |
| Trust fund receipts | 16, 329 | 17, 585 | 20, 477 |
| Deduct: | | | |
| Intragovernmental transactions | 3, 493 | 3, 874 | 4, 015 |
| Seigniorage on silver | 59 | 60 | 60 |
| Total receipts from the public | 81, 893 | 81, 651 | 93, 502 |
| Budget expenditures | 71, 936 | 80, 871 | 77, 030 |
| Trust fund expenditures | 16, 069 | 18, 884 | 20, 259 |
| Government-sponsored enterprise expenditures (net) | - 629 | 887 | 112 |
| Deduct: | | | |
| Intragovernmental transactions | 3, 493 | 3, 874 | 4, 015 |
| Excess of interest accruals over payments, etc. | 470 | 1, 870 | 510 |
| Total payments to the public | 83, 413 | 94, 899 | 92, 875 |
| Excess of receipts over payments (+) | | | +626 |
| Excess of payments over receipts (-) | - 1, 520 | - 13, 248 | |

Federal receipts from the public are estimated to exceed payments to the public by \$0.6 billion, compared with an estimated excess of payments of \$13.2 billion in 1959. Receipts are expected to rise to \$93.5 billion, which is \$11.9 billion higher than in the current fiscal year. Payments are estimated at \$92.9 billion, a decrease of \$2 billion from 1959. (For a description of Federal receipts from and payments to the public, see page 41.)

The marked change from a large excess of cash payments to the public in 1959 to an excess of receipts in 1960 reflects the economic recovery now in progress. The improved budget outlook accounts for most of the change. Another factor is the shift in the trust funds from a total excess of expenditures over receipts of \$1.3 billion in 1959 to a net accumulation of \$0.2 billion in 1960.

Historical Comparisons

BUDGET RECEIPTS, 1951-1960

[Fiscal years. In millions of dollars]

| Source | Actual | | | | | | | | Estimate | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|
| | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| Individual income taxes..... | 21,643 | 27,913 | 30,108 | 29,542 | 28,747 | 32,188 | 35,620 | 34,724 | 36,900 | 40,700 |
| Corporation income taxes..... | 14,106 | 21,225 | 21,238 | 21,101 | 17,861 | 20,880 | 21,167 | 20,074 | 17,000 | 21,448 |
| Excise taxes..... | 8,648 | 8,851 | 9,868 | 9,945 | 9,131 | 9,929 | 9,055 | 8,612 | 8,467 | 8,945 |
| All other receipts..... | 3,171 | 3,402 | 3,610 | 4,067 | 4,650 | 5,169 | 5,187 | 5,708 | 5,633 | 6,007 |
| Total..... | 47,568 | 61,391 | 64,825 | 64,655 | 60,390 | 68,165 | 71,029 | 69,117 | 68,000 | 77,100 |

BUDGET EXPENDITURES, 1951-1960

[Fiscal years. In millions of dollars]

| Function | Actual | | | | | | | | Estimate | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|
| | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| Major national security..... | 22,444 | 43,976 | 50,363 | 46,904 | 40,626 | 40,641 | 43,270 | 44,142 | 46,120 | 45,805 |
| International affairs and finance..... | 3,736 | 2,826 | 2,216 | 1,732 | 2,181 | 1,846 | 1,976 | 2,234 | 3,708 | 2,129 |
| Commerce and housing..... | 2,217 | 2,624 | 2,504 | 817 | 1,504 | 2,030 | 1,455 | 2,109 | 3,509 | 2,243 |
| Agriculture and agricultural re- sources..... | 650 | 1,045 | 2,936 | 2,557 | 4,389 | 4,868 | 4,526 | 4,389 | 6,775 | 5,996 |
| Natural resources..... | 1,267 | 1,366 | 1,476 | 1,315 | 1,202 | 1,104 | 1,296 | 1,543 | 1,708 | 1,710 |
| Labor and welfare..... | 2,065 | 2,168 | 2,426 | 2,485 | 2,575 | 2,821 | 3,022 | 3,447 | 4,380 | 4,129 |
| Veterans' services and benefits..... | 5,342 | 4,863 | 4,298 | 4,256 | 4,457 | 4,756 | 4,793 | 5,026 | 5,198 | 5,088 |
| Interest..... | 5,714 | 5,934 | 6,583 | 6,470 | 6,438 | 6,846 | 7,308 | 7,689 | 7,601 | 8,096 |
| General government..... | 1,327 | 1,463 | 1,472 | 1,235 | 1,199 | 1,627 | 1,787 | 1,356 | 1,673 | 1,735 |
| Allowance for contingencies..... | | | | | | | | | 200 | 100 |
| Adjustment to daily Treasury state- ment basis..... | -705 | -857 | | | | | | | | |
| Total..... | 44,058 | 65,408 | 74,274 | 67,772 | 64,570 | 66,540 | 69,433 | 71,936 | 80,871 | 77,030 |

UNEXPENDED BALANCES OF AUTHORITY CARRIED FORWARD AT END OF YEAR

[Fiscal years. In billions of dollars]

| Description | Actual | | | | | | Estimate | |
|---|--------|------|------|------|------|------|----------|------|
| | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| From appropriations..... | 78.4 | 67.8 | 52.1 | 46.0 | 43.9 | 40.4 | 40.4 | 41.5 |
| From other authorizations: | | | | | | | | |
| Authorizations to spend from debt receipts..... | 20.2 | 21.1 | 19.5 | 18.9 | 20.2 | 25.4 | 26.0 | 23.5 |
| Contract authorizations..... | 2.5 | 2.5 | 2.6 | 4.0 | 1.1 | 1.5 | 1.6 | 1.7 |
| Revolving and management funds..... | 1.7 | 2.9 | 5.4 | 4.1 | 3.7 | 4.8 | 4.8 | 5.0 |
| Total..... | 102.8 | 94.2 | 79.6 | 73.0 | 68.9 | 72.0 | 72.8 | 71.7 |

BUDGET EXPENDITURES BY FUNCTION

[Fiscal years. In million of dollars]

| Description | Actual | | | | | | Estimate | |
|--|--------|--------|--------|--------|--------|--------|----------|--------|
| | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| <i>Major national security:</i> | | | | | | | | |
| Department of Defense..... | 43,611 | 40,336 | 35,532 | 35,791 | 38,439 | 39,062 | 40,800 | 40,945 |
| Atomic energy..... | 1,791 | 1,895 | 1,857 | 1,651 | 1,990 | 2,268 | 2,630 | 2,745 |
| Mutual security program—military assistance..... | 3,954 | 3,629 | 2,292 | 2,611 | 2,352 | 2,187 | 2,312 | 1,850 |
| Stockpiling and defense production..... | 1,008 | 1,045 | 944 | 588 | 490 | 625 | 378 | 265 |
| Total, major national security..... | 50,363 | 46,904 | 40,626 | 40,641 | 43,270 | 44,142 | 46,120 | 45,805 |
| <i>International affairs and finance:</i> | | | | | | | | |
| <i>Mutual security program—economic:</i> | | | | | | | | |
| Defense support..... | 1,467 | 967 | 1,463 | 1,184 | 1,143 | 874 | 815 | 780 |
| Development Loan Fund..... | | | | | | 2 | 125 | 200 |
| Technical and other assistance..... | 235 | 286 | 464 | 406 | 456 | 548 | 629 | 668 |
| Other economic and technical development..... | 258 | 257 | 34 | 25 | 86 | 485 | 1,753 | 120 |
| Conduct of foreign affairs..... | 150 | 130 | 121 | 120 | 157 | 176 | 246 | 216 |
| Foreign information and exchange activities..... | 106 | 91 | 100 | 111 | 133 | 149 | 141 | 145 |
| Total, international affairs and finance..... | 2,216 | 1,732 | 2,181 | 1,846 | 1,976 | 2,234 | 3,708 | 2,129 |
| <i>Commerce and housing:</i> | | | | | | | | |
| Aviation and space flight..... | 239 | 275 | 253 | 251 | 295 | 404 | 678 | 903 |
| Water transportation..... | 455 | 370 | 349 | 420 | 365 | 392 | 463 | 488 |
| Housing and community development..... | 487 | -506 | 211 | 54 | 49 | 357 | 1,236 | 386 |
| General aids to business..... | -111 | -330 | -404 | -83 | 59 | 115 | 205 | 213 |
| Postal service..... | 659 | 312 | 356 | 463 | 518 | 674 | 752 | 1,109 |
| Civil defense and disaster aids..... | 65 | 64 | 57 | 101 | 86 | 86 | 80 | 81 |
| Regulation and other..... | 709 | 631 | 685 | 824 | 85 | 81 | 94 | 63 |
| Total, commerce and housing..... | 2,504 | 817 | 1,504 | 2,030 | 1,455 | 2,109 | 3,509 | 2,243 |
| <i>Agriculture and agricultural resources:</i> | | | | | | | | |
| Farm price support and related programs..... | 2,125 | 1,689 | 3,486 | 3,900 | 3,430 | 3,151 | 5,386 | 4,490 |
| Agricultural land and water resources..... | 320 | 253 | 291 | 305 | 375 | 448 | 514 | 675 |
| Rural electrification and rural telephone loans..... | 239 | 217 | 204 | 217 | 267 | 297 | 325 | 335 |
| Farm ownership and operation loans..... | 109 | 256 | 236 | 231 | 227 | 239 | 251 | 196 |
| Research and other agricultural services..... | 142 | 142 | 173 | 215 | 227 | 255 | 299 | 300 |
| Total, agriculture and agricultural resources..... | 2,936 | 2,557 | 4,389 | 4,868 | 4,526 | 4,389 | 6,775 | 5,996 |
| <i>Natural resources:</i> | | | | | | | | |
| River basin development and power..... | 1,191 | 1,009 | 887 | 743 | 861 | 1,064 | 1,110 | 1,149 |
| Forests, public domain, and Indian lands..... | 150 | 164 | 167 | 198 | 225 | 249 | 292 | 279 |
| National parks..... | 30 | 33 | 35 | 44 | 59 | 69 | 97 | 83 |
| Minerals..... | 38 | 37 | 37 | 38 | 62 | 59 | 78 | 78 |
| Fish and wildlife..... | 34 | 38 | 43 | 45 | 51 | 60 | 69 | 70 |
| General resource surveys and other..... | 34 | 35 | 34 | 35 | 38 | 43 | 61 | 51 |
| Total, natural resources..... | 1,476 | 1,315 | 1,202 | 1,104 | 1,296 | 1,543 | 1,708 | 1,710 |

¹ Net after rate revisions to be proposed.

BUDGET EXPENDITURES BY FUNCTION—Continued

[Fiscal years. In million of dollars]

| Description | Actual | | | | | | Estimate | |
|---|--------|--------|--------|--------|--------|--------|----------|--------|
| | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
| <i>Labor and welfare:</i> | | | | | | | | |
| Public assistance (payments to States to aid needy persons)..... | 1,332 | 1,439 | 1,428 | 1,457 | 1,558 | 1,797 | 1,987 | 2,022 |
| Promotion of public health..... | 318 | 290 | 275 | 351 | 469 | 546 | 669 | 678 |
| Promotion of education..... | 290 | 273 | 324 | 279 | 290 | 315 | 436 | 479 |
| Labor and manpower services..... | 281 | 277 | 328 | 475 | 400 | 458 | 827 | 425 |
| Promotion of science, research, libraries, and museums..... | 34 | 33 | 53 | 56 | 71 | 72 | 133 | 228 |
| School lunch, vocational rehabilitation, and other..... | 171 | 173 | 165 | 202 | 235 | 259 | 328 | 297 |
| Total, labor and welfare..... | 2,426 | 2,485 | 2,575 | 2,821 | 3,022 | 3,447 | 4,380 | 4,129 |
| <i>Veterans' services and benefits:</i> | | | | | | | | |
| Compensation..... | 1,713 | 1,731 | 1,830 | 1,864 | 1,876 | 2,024 | 2,065 | 2,043 |
| Pensions..... | 660 | 716 | 800 | 883 | 951 | 1,036 | 1,135 | 1,203 |
| Hospitals and medical care..... | 757 | 782 | 727 | 788 | 861 | 856 | 930 | 946 |
| Readjustment benefits for education and training..... | 659 | 546 | 664 | 767 | 774 | 699 | 619 | 490 |
| Readjustment benefits for unemployment, loan guaranty, and other..... | 138 | 158 | 150 | 123 | 126 | 168 | 149 | 115 |
| Insurance and indemnities..... | 102 | 100 | 57 | 105 | 47 | 43 | 44 | 49 |
| Other services and administration..... | 269 | 223 | 229 | 226 | 218 | 200 | 256 | 242 |
| Total, veterans' services and benefits..... | 4,298 | 4,256 | 4,457 | 4,756 | 4,793 | 5,026 | 5,198 | 5,088 |
| <i>Interest:</i> | | | | | | | | |
| <i>Interest on public debt:</i> | | | | | | | | |
| Marketable obligations..... | 3,300 | 3,101 | 3,127 | 3,659 | 4,103 | 4,582 | 4,600 | 5,200 |
| Savings bonds..... | 1,678 | 1,667 | 1,656 | 1,635 | 1,582 | 1,526 | 1,500 | 1,400 |
| Special issues..... | 1,044 | 1,128 | 1,115 | 1,138 | 1,241 | 1,223 | 1,200 | 1,200 |
| Other nonmarketable issues..... | 482 | 487 | 473 | 354 | 319 | 275 | 200 | 200 |
| Interest on refunds and uninvested funds..... | 80 | 88 | 67 | 60 | 63 | 82 | 101 | 96 |
| Total, interest..... | 6,583 | 6,470 | 6,438 | 6,846 | 7,308 | 7,689 | 7,601 | 8,096 |
| <i>General government:</i> | | | | | | | | |
| Financial management..... | 442 | 449 | 431 | 475 | 476 | 502 | 566 | 563 |
| Property and records management..... | 185 | 155 | 164 | 164 | 194 | 239 | 343 | 373 |
| FBI, alien control, and related programs..... | 147 | 160 | 157 | 188 | 187 | 199 | 217 | 219 |
| Central personnel costs..... | 387 | 93 | 115 | 334 | 627 | 140 | 215 | 211 |
| Legislative and judicial functions..... | 78 | 78 | 91 | 115 | 130 | 132 | 153 | 187 |
| District of Columbia, territories, and possessions..... | 55 | 53 | 67 | 69 | 74 | 73 | 94 | 98 |
| Weather Bureau and other..... | 177 | 247 | 174 | 281 | 98 | 70 | 86 | 84 |
| Total, general government..... | 1,472 | 1,235 | 1,199 | 1,627 | 1,787 | 1,356 | 1,673 | 1,735 |
| <i>Allowance for contingencies</i> | | | | | | | 200 | 100 |
| Total budget expenditures..... | 74,274 | 67,772 | 64,570 | 66,540 | 69,433 | 71,936 | 80,871 | 77,030 |

BUDGET TOTALS AND PUBLIC DEBT SINCE 1900

[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 |
|-------------|-----------------|---------------------|----------------------------|----------------------------|-------------|-----------------|---------------------|----------------------------|----------------------------|
| 1900 | 567 | 521 | +46 | 1,263 | 1930 | 4,058 | 3,320 | +738 | 16,185 |
| 1901 | 588 | 525 | +63 | 1,222 | 1931 | 3,116 | 3,577 | -462 | 16,801 |
| 1902 | 562 | 485 | +77 | 1,178 | 1932 | 1,924 | 4,659 | -2,735 | 19,487 |
| 1903 | 562 | 517 | +45 | 1,159 | 1933 | 2,021 | 4,623 | -2,602 | 22,539 |
| 1904 | 541 | 584 | -43 | 1,136 | 1934 | 3,064 | 6,694 | -3,630 | 27,053 |
| 1905 | 544 | 567 | -23 | 1,132 | 1935 | 3,730 | 6,521 | -2,791 | 28,701 |
| 1906 | 595 | 570 | +25 | 1,143 | 1936 | 4,069 | 8,493 | -4,425 | 33,779 |
| 1907 | 666 | 579 | +87 | 1,147 | 1937 | 4,979 | 7,756 | -2,777 | 36,425 |
| 1908 | 602 | 659 | -57 | 1,178 | 1938 | 5,615 | 6,792 | -1,177 | 37,165 |
| 1909 | 604 | 694 | -89 | 1,148 | 1939 | 4,996 | 8,858 | -3,862 | 40,440 |
| 1910 | 676 | 694 | -18 | 1,147 | 1940 | 5,144 | 9,062 | -3,918 | 42,968 |
| 1911 | 702 | 691 | +11 | 1,154 | 1941 | 7,103 | 13,262 | -6,159 | 48,961 |
| 1912 | 693 | 690 | +3 | 1,194 | 1942 | 12,555 | 34,046 | -21,490 | 72,422 |
| 1913 | 714 | 715 | (1) | 1,193 | 1943 | 21,987 | 79,407 | -57,420 | 136,696 |
| 1914 | 725 | 725 | (1) | 1,188 | 1944 | 43,635 | 95,059 | -51,423 | 201,003 |
| 1915 | 683 | 746 | -63 | 1,191 | 1945 | 44,475 | 98,416 | -53,941 | 258,682 |
| 1916 | 762 | 713 | +48 | 1,225 | 1946 | 39,771 | 60,448 | -20,676 | 269,422 |
| 1917 | 1,100 | 1,954 | -853 | 2,976 | 1947 | 39,786 | 39,032 | +754 | 258,286 |
| 1918 | 3,630 | 12,662 | -9,032 | 12,455 | 1948 | 41,488 | 33,069 | +8,419 | 252,292 |
| 1919 | 5,085 | 18,448 | -13,363 | 25,485 | 1949 | 37,696 | 39,507 | -1,811 | 252,770 |
| 1920 | 6,649 | 6,357 | +291 | 24,299 | 1950 | 36,495 | 39,617 | -3,122 | 257,357 |
| 1921 | 5,567 | 5,058 | +509 | 23,977 | 1951 | 47,568 | 44,058 | +3,510 | 255,222 |
| 1922 | 4,021 | 3,285 | +736 | 22,963 | 1952 | 61,391 | 65,408 | -4,017 | 259,105 |
| 1923 | 3,849 | 3,137 | +713 | 22,350 | 1953 | 64,825 | 74,274 | -9,449 | 266,071 |
| 1924 | 3,853 | 2,890 | +963 | 21,251 | 1954 | 64,655 | 67,772 | -3,117 | 271,260 |
| 1925 | 3,598 | 2,881 | +717 | 20,516 | 1955 | 60,390 | 64,570 | -4,180 | 274,374 |
| 1926 | 3,753 | 2,888 | +865 | 19,643 | 1956 | 68,165 | 66,540 | +1,626 | 272,751 |
| 1927 | 3,992 | 2,837 | +1,155 | 18,512 | 1957 | 71,029 | 69,433 | +1,596 | 270,527 |
| 1928 | 3,872 | 2,933 | +939 | 17,604 | 1958 | 69,117 | 71,936 | -2,819 | 276,343 |
| 1929 | 3,861 | 3,127 | +734 | 16,931 | 1959 est. | 68,000 | 80,871 | -12,871 | 285,000 |
| | | | | | 1960 est. | 77,100 | 77,030 | +70 | 285,000 |

¹ Less than one-half million dollars.

NOTES.—Refunds of receipts are excluded from budget receipts and budget expenditures starting in 1913; comparable data are not available for prior years.

The change in the public debt from year to year is not necessarily the same as the budget surplus or deficit, as indicated on page 42.

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

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