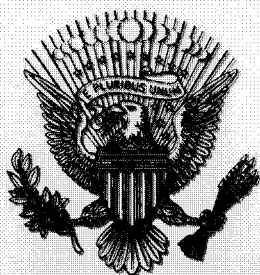


BUREAU OF THE BUDGET • EXECUTIVE OFFICE OF THE PRESIDENT

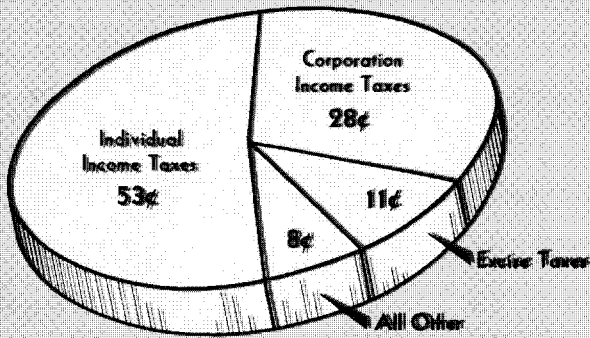


THE BUDGET IN BRIEF

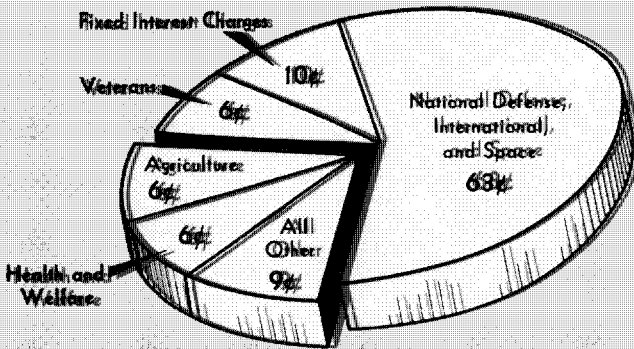
Fiscal Year Ending June 30 1963

THE BUDGET DOLLAR

Where it comes from . . .



Where it goes . . .



Fiscal Year 1963 Estimate

Foreword

The budget of the United States Government is more than a financial plan or a mere set of figures. It presents a program of action proposed by the President to the Congress each year to meet the continuing growth in the Nation's responsibilities at home and abroad—together with anticipated costs and proposals as to where the money should come from.

The Budget in Brief has been designed to provide the interested citizen with accurate, condensed information about the 1963 budget, now before the Congress.

It is my hope that an increasing number of citizens will read *The Budget in Brief* and thus obtain a greater understanding of our Government and its processes.

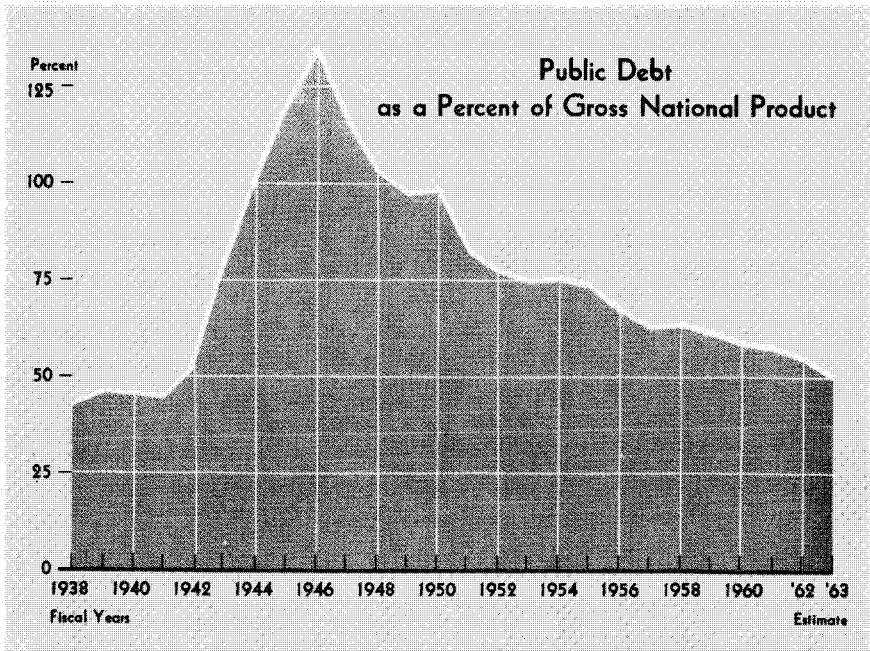
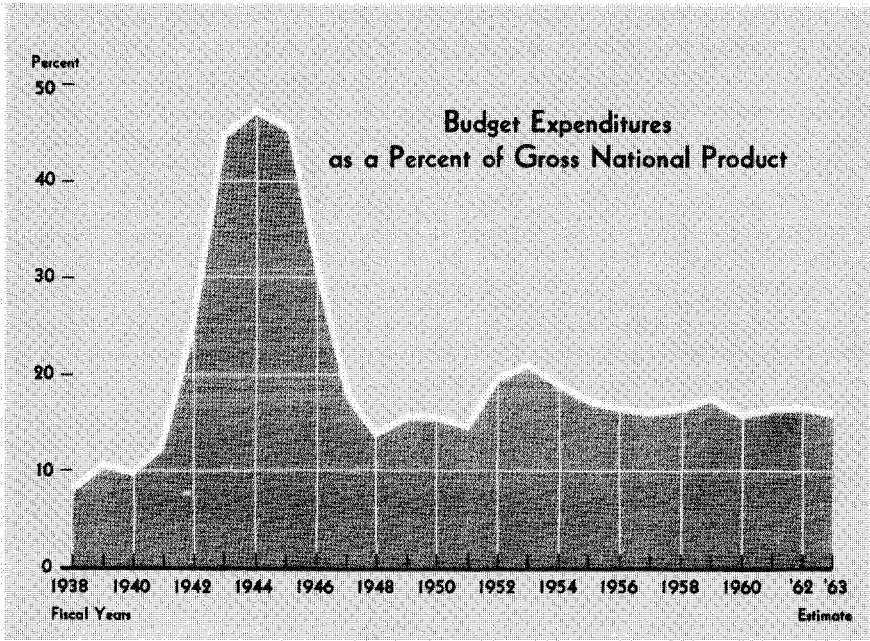
A handwritten signature in black ink, which appears to be "John F. Kennedy". The signature is written in a cursive style with a large, sweeping flourish at the end.

January 18, 1962.

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Note.—All years referred to are fiscal years, unless otherwise noted. Detail in the tables and charts of this booklet may not add to the totals because of rounding.



Part 1 EXCERPTS FROM THE PRESIDENT'S BUDGET MESSAGE

The President transmitted the 1963 Budget to the Congress on January 18, 1962. Excerpts from his budget message follow:

I present with this message my budget recommendations for the fiscal year 1963, beginning next July 1.

This is the first complete budget of this administration. It has been prepared with two main objectives in mind:

- First, to carry forward efficiently the activities—ranging from defense to postal services, from oceanographic research to space exploration—which by national consensus have been assigned to the Federal Government to execute;
- Second, to achieve a financial plan—a relationship between receipts and expenditures—which will contribute to economic growth, high employment, and price stability in our national economy.

Budget expenditures for fiscal 1963 will total \$92.5 billion under my recommendations—an increase of \$3.4 billion over the amount estimated for the present fiscal year. More than three-quarters of the increase is accounted for by national security and space activities, and the bulk of the remainder by fixed interest charges.

Because of the increasing requirements for national security, I have applied strict standards of urgency in reviewing proposed expenditures in this budget. Many desirable new projects and activities are being deferred. I am, moreover, recommending legislation which will reduce certain budgetary outlays, such as the postal deficit and the cost of farm price and production adjustments.

It would not, of course, be sensible to defer expenditures which are of great significance to the growth and strength of the Nation. This budget therefore includes a number of increases in existing programs and some new proposals of high priority—such as improvements in education and scientific research, retraining the unemployed and providing young people with greater employment opportunities, and aid to urban mass transportation.

Budget receipts in fiscal year 1963 are estimated to total \$93 billion, an increase of \$10.9 billion over the recession-affected level of the present fiscal year. These receipts estimates are based on the expectation that the brisk recovery from last year's recession will continue through the coming year and beyond, carrying the gross national product during calendar 1962 to a record \$570 billion.

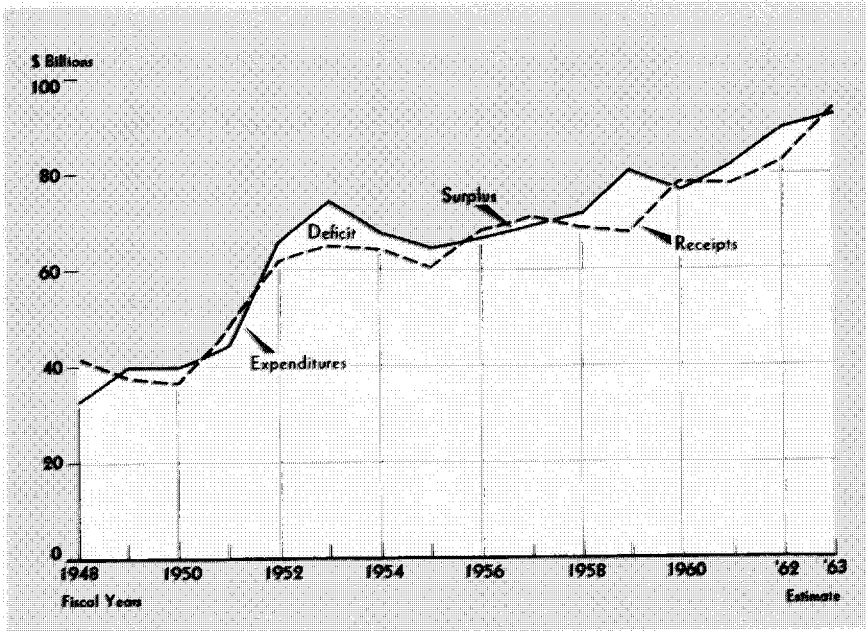
The administrative budget for 1963 thus shows a surplus of about \$500 million. Federal accounts on the basis of the consolidated cash statement—combining the administrative budget with other Federal activities, mainly the social security, highway, and other trust funds—show an estimated excess of receipts from the public of \$1.8 billion over

SUMMARY OF FEDERAL FINANCES

[Fiscal years. In billions of dollars]

Description	1959 actual	1960 actual	1961 actual	1962 estimate	1963 estimate
Administrative budget:					
Budget receipts	67.9	77.8	77.7	82.1	93.0
Budget expenditures	80.3	76.5	81.5	89.1	92.5
Budget surplus (+) or deficit (-)	-12.4	+1.2	-3.9	-7.0	+0.5
Consolidated cash statement:					
Receipts from the public	81.7	95.1	97.2	102.6	116.6
Payments to the public	94.8	94.3	99.5	111.1	114.8
Excess of receipts (+) or payments (-)	-13.1	+0.8	-2.3	-8.5	+1.8
National-income accounts—Federal sector:					
Receipts	85.4	94.1	94.8	105.6	116.3
Expenditures	90.2	91.9	97.0	106.1	111.9
Surplus (+) or deficit (-)	-4.8	+2.2	-2.2	-0.5	+4.4
New obligational authority (administrative budget)					
Public debt, end of year	81.4	79.6	86.7	95.7	99.3
Public debt, end of year	284.7	286.3	289.0	295.4	294.9

Budget Totals



payments to the public. And in the terms in which our national income accounts are calculated—using accrued rather than cash receipts and expenditures, and including only transactions directly affecting production and income—the Federal surplus is estimated at \$4.4 billion.

By all three measures in current use, therefore, the Federal Government is expected to operate in 1963 with some surplus. This is the policy which seems appropriate at the present time. The economy is moving strongly forward, with employment and incomes rising. The prospects are favorable for further rises in the coming year in private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary pressures, damaging alike to our domestic economy and to our international balance of payments. On the other hand, we are still far short of full capacity use of plant and manpower. To plan a larger surplus would risk choking off economic recovery and contributing to a premature downturn.

Under present economic circumstances, therefore, a moderate surplus of the magnitude projected above is the best national policy, considering all of our needs and objectives.

BUDGET EXPENDITURES

The total of budget expenditures is determined in large measure by the necessary but costly programs designed to achieve our national security and international objectives in the current world situation. Expenditures for national defense, international, and space programs account for more than three-fifths of total 1963 budget outlays, and for more than three-fourths of the estimated increase in expenditures in 1963 as compared to 1962. Indeed, apart from the expected increase in interest payments, expenditures for the so-called "domestic civil" functions of government have been held virtually stable between 1962 and 1963.

Within this total there are important shifts in direction and emphasis. Expenditures for agricultural programs, for the postal deficit, and for temporary extended unemployment compensation are expected to drop. The fact that funds for these purposes can be reduced permits us to make increases in other important areas—notably education, health, housing, and natural resource development—without raising significantly total expenditures for domestic civil functions.

BUDGET EXPENDITURES
[Fiscal years. In billions of dollars]

Function	1961 actual	1962 estimate	1963 estimate
National defense	47.5	51.2	52.7
International affairs and finance	2.5	2.9	3.0
Space research and technology .....	.7	1.3	2.4
Subtotal	50.7	55.4	58.1
Interest	9.0	9.0	9.4
Domestic civil functions:			
Agriculture and agricultural resources	5.2	6.3	5.8
Natural resources	2.0	2.1	2.3
Commerce and transportation	2.6	2.9	2.5
Housing and community development .....	.3	.5	.8
Health, labor, and welfare	4.2	4.7	5.1
Education .....	.9	1.1	1.5
Veterans benefits and services	5.4	5.6	5.3
General government	1.7	1.9	2.0
Subtotal, domestic civil functions	22.4	25.3	25.4
Civilian pay reform .....			.2
Allowance for contingencies .....		.1	.2
Deduct interfund transactions .....	.7	.7	.7
Total budget expenditures	81.5	89.1	92.5

National defense.—This budget carries forward the policies instituted within the past 12 months to strengthen our military forces and to increase the flexibility with which they can be controlled and applied. The key elements in our defense program include: a strategic offensive force which would survive and respond overwhelmingly after a massive nuclear attack; a command and control system which would survive and direct the response; an improved anti-bomber defense system; a civil defense program which would help to protect an important proportion of our population from the perils of nuclear fallout; combat-ready limited war forces and the air and sealift needed to move them quickly to wherever they might have to be deployed; and special forces to help our Allies cope with the threat of Communist-sponsored insurrection and subversion.

Increases in expenditures for the Nation's defense are largely responsible for the rise in the budget of this administration compared to that of its predecessor. For fiscal years 1962 and 1963, expenditures for the military functions of the Department of Defense are estimated at about \$9 billion higher than would have been required to carry forward the program as it stood a year ago.

For the coming year, the budget provides for:

- Further increases in the capabilities of our strategic forces, including additional Minuteman missiles and Polaris submarines.
- Additional measures to increase the effectiveness of our anti-bomber defense system, and further research and development at a maximum rate on anti-missile defense possibilities.
- An increase in the number of regular Army divisions from 14 to 16.
- A substantial increase in the number of regular tactical fighter units of the Air Force and in the procurement of new fighter and reconnaissance aircraft.
- Revision of the programs for organization and training of the reserve components so they will be better adapted and better prepared to serve in any emergency.
- For civil defense, a new cost-sharing program with State and local governments and private organizations to provide shelters in selected community buildings such as schools and hospitals.

International affairs and finance.—The new Agency for International Development has been providing needed leadership in coordinating the various elements of our foreign aid programs throughout the world. A consistent effort is being made to relate military and economic assistance to the overall capabilities and needs of recipient

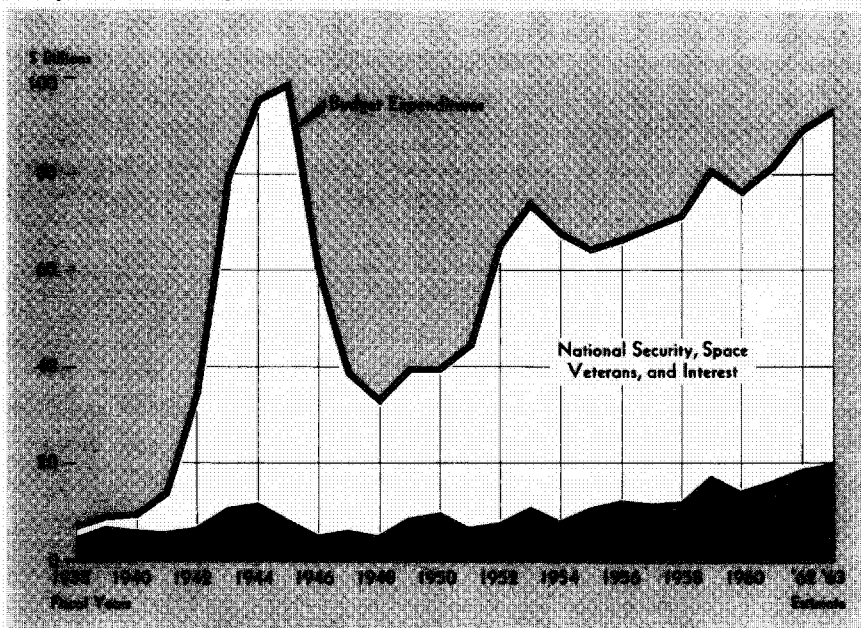
countries to achieve economic growth and sustain adequate military strength. To make our assistance more effective, increasing emphasis is being placed on self-help measures and necessary reforms in these countries.

In August 1961 the United States formally joined with its neighbors to the south in the establishment of the Alliance for Progress, an historic cooperative effort to speed the economic and social development of the American Republics. For their part, the Latin American countries agreed to undertake a strenuous program of social and economic reform and development through this decade. As this program of reform and development proceeds, the United States is pledged to help. To this end, I am proposing a special long-term authorization for \$3 billion of aid to the Alliance for Progress within the next 4 years. In addition, substantial continued development loans are expected from the Export-Import Bank and from U.S. funds being administered by the Inter-American Development Bank. These, together with the continued flow of agricultural commodities under the Food for Peace Program, will mean support for the Alliance for Progress in 1963 substantially exceeding \$1 billion.

Space research and technology.—Last year I proposed and the Congress agreed that this Nation should embark on a greater effort to explore and make use of the space environment. This greater effort will result in increased expenditures in 1962 and 1963, combined, of about \$1.1 billion above what they would have been under the policies of the preceding administration. With this increase in funds there has been a major stepup in the programs of the National Aeronautics and Space Administration in such fields as communications and meteorology and in the most dramatic effort of all—mastery of space symbolized by an attempt to send a man to the moon and back safely to earth.

Our space program has far broader significance, however, than the achievement of manned space flight. The research effort connected with the space program—and particularly the tremendous technological advances necessary to permit space flight—will have great impact in increasing the rate of technical progress throughout the economy.

Composition of Budget Expenditures



NOTE: "National Security" includes National Defense and International.

Domestic civil functions.—Despite the necessary heavy emphasis we are giving to defense, international, and space activities, the budget reflects many important proposals to strengthen our national economy and society. Some of the more important proposals in domestic civil programs are mentioned below.

Agriculture and agricultural resources.—In the development of farm programs we are striving to make effective use of American agricultural abundance, to adjust farm production to bring it in line with domestic and export requirements, and to maintain and increase income for those who are engaged in farming. The steps taken thus far, including the temporary wheat and feed grain legislation enacted in the last session of the Congress, contributed significantly to the rise in farm income last year and to some reduction—the first in 9 years—in surplus stocks. However, new long-range legislation is needed to permit further adaptation of our farm programs to the rapidly increasing productive efficiency in agriculture and to avoid continuing high budgetary costs.

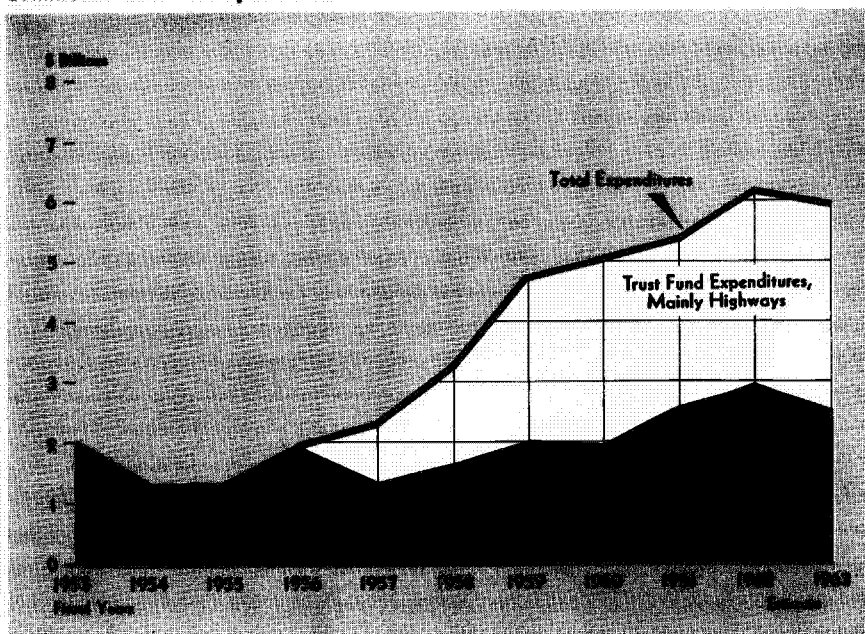
Natural resources.—Estimated expenditures in 1963 for the conservation and development of our natural resources are higher than in any previous year. The 1963 budget makes provision for the Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority to start construction on 43 new water resources projects with an estimated total Federal cost of \$600 million. The long-range programs for the national parks and forests are also being strengthened.

One of our most pressing problems is the provision of outdoor recreational facilities to meet the needs of our expanding population. The Federal Government, State and local agencies, and private groups must all share in the solution. The Secretary of the Interior, at my request, is preparing a plan for the Federal Government to meet its share of the responsibility for providing outdoor recreational opportunities, including those related to fish and wildlife.

Commerce and transportation.—Budget expenditures for commerce and transportation programs are estimated to decline in 1963, reflecting my legislative proposal to increase postal rates to a level that will cover the costs of postal operations, except for those services properly charged to the general taxpayer.

Outlays for the Federal-aid highway program are financed almost entirely through the highway trust fund and are not included in the

Commerce and Transportation

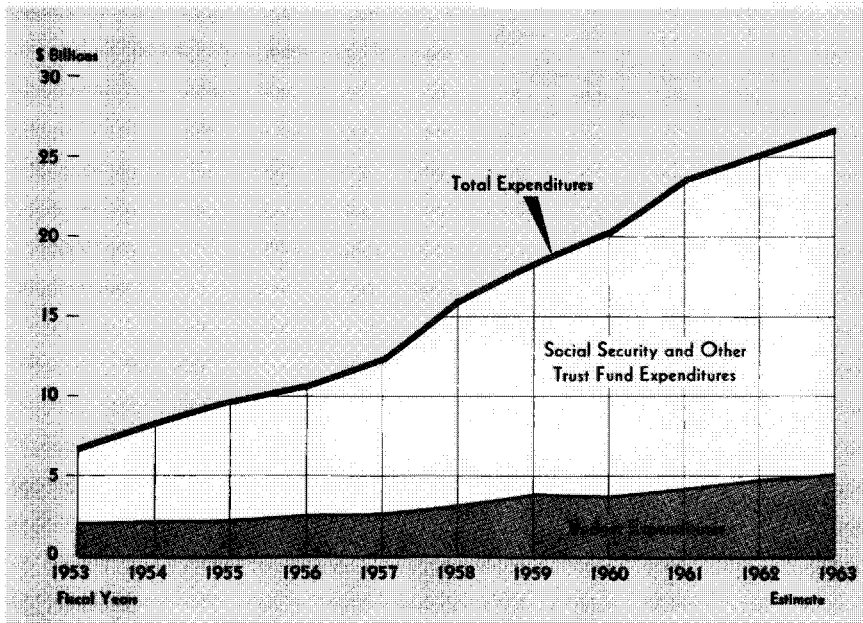


budget total. Combined, Federal budget and trust fund expenditures for commerce and transportation programs in 1963 will amount to almost \$6 billion.

Housing and community development.—The long strides forward authorized by the Housing Act of 1961 are making it possible to accelerate progress in renewing our cities, in financing needed public facilities, in preserving open space, and in supplying housing accommodations, both public and private, within the means of low- and middle-income families and elderly people. The major new proposal I expect to make in this field will extend the authority for Federal aids to urban mass transportation.

Health, labor, and welfare.—Budget expenditures for health, labor, and welfare programs are estimated at \$5.1 billion and trust fund expenditures at \$21.6 billion in 1963. The budget includes increased funds for health research and for a major strengthening of the programs of the Public Health Service, the Office of Vocational Rehabilitation, and the Food and Drug Administration. The budget and trust accounts also reflect the legislative recommendations which are pending in the Congress to provide increased aid for medical education and to enact health insurance for the aged through social security.

Health, Labor, and Welfare



Many American families rely for help and for a new start in life upon the public assistance programs. Yet these programs frequently lack both the services and the means to discharge their purpose constructively. This budget includes substantial increases for public assistance. I am also proposing a significant modernization and strengthening of the welfare programs to emphasize those services which can help restore families to self-sufficiency.

Education.—A strong educational system providing ready access for all to high quality free public elementary and secondary schools is indispensable in our democratic society. Moreover, able students should not be denied a higher education because they cannot pay expenses or because their community or State cannot afford to provide good college facilities. This budget therefore includes funds for the legislative recommendations pending before the Congress to provide loans for the construction of college academic facilities and funds for college scholarships, and assistance to public elementary and secondary education through grants for the construction of classrooms and for teachers' salaries. The budget also includes funds for a new program of financial aid to improve the quality of education by such means as teacher training institutes.

Veterans benefits and services.—Our first concern in veterans programs is that adequate benefits be provided for those disabled in the service of their country. The last increase in compensation rates for service-disabled veterans was enacted in 1957. To offset increases in the cost of living since that time, I again recommend that the Congress establish higher rates, particularly for the severely disabled.

NEW OBLIGATIONAL AUTHORITY

Before Federal funds can be spent, the Congress must enact authority for each agency to incur financial obligations. For 1963, my recommendations for new obligational authority total \$99.3 billion. This includes substantial sums needed for forward funding of programs—such as those of the Department of Defense and the National Aeronautics and Space Administration—under which commitments are made in one year and expenditures often occur in later years.

BUDGET RECEIPTS

The estimate of \$93.0 billion of budget receipts for fiscal year 1963 is based on the assumption that the gross national product will rise from \$521 billion in the calendar year 1961 to \$570 billion in calendar 1962. At this level of output, corporate profits in calendar 1962 would be about \$56.5 billion and personal income about \$448 billion.

Since the spring of calendar year 1961, the average gain in gross national product has been about 2½% per quarter. The economic assumptions underlying the budget estimates will be realized with a somewhat more modest rate of gain of approximately 2% per quarter. This pace of advance would reduce the rate of unemployment to approximately 4% of the civilian labor force by the end of fiscal 1963.

BUDGET RECEIPTS

[Fiscal years. In billions of dollars]

Source	1959 actual	1960 actual	1961 actual	1962 estimate	1963 estimate
Individual income taxes	36.7	40.7	41.3	45.0	49.3
Corporation income taxes	17.3	21.5	21.0	21.3	26.6
Excise taxes	8.5	9.1	9.1	9.6	10.0
Estate and gift taxes	1.3	1.6	1.9	2.1	2.3
Customs . . . . .	.9	1.1	1.0	1.2	1.3
Other receipts	3.5	4.4	4.1	3.5	4.2
Total	68.3	78.5	78.3	82.8	93.7
Deduct interfund transactions . . . . .	.4	.7	.7	.7	.7
Total budget receipts	67.9	77.8	77.7	82.1	93.0

Tax reform proposals.—Extensive and careful consideration has already been given to the tax reform proposals enumerated in my special tax message to the Congress last April. The House Committee on Ways and Means has made action on a similar set of recommendations its first order of business this year. I hope they will be enacted early in this session.

I particularly urge enactment of the tax credit for investment in depreciable equipment. The 8% credit as formulated by the Committee on Ways and Means, together with administrative revision of

guidelines for depreciation now underway, will encourage modernization of productive equipment in private industry desirable alike to improve the Nation's potential for economic growth and the ability of our producers to compete with those abroad.

Any net reduction in fiscal 1963 revenues resulting from adoption of the investment credit is expected to be offset by additional revenues resulting from the enactment of measures to remove defects and inequities in the tax structure, including:

- Corrective legislation with respect to the tax treatment of gains on real and personal property, which would prevent abuses that now occur.

- A system of tax withholding on dividend and interest income, needed to overcome the serious loss of revenue and the unfairness resulting from the failure of some individuals to report these types of income on their tax returns.

- Repeal of the exclusion from an individual's taxable income of the first \$50 of dividends and the credit against tax of 4% of additional dividends.

- Statutory provisions to cope with the problem of business deductions for entertainment and gifts and other expense account items.

- Legislation to eliminate unwarranted tax preferences now received by several special types of institutions.

- Revision of the tax treatment of foreign income to serve the overall objective of tax neutrality between domestic and foreign operations. This requires eliminating tax deferral privileges except in less-developed countries, and tightening up on other preferences given to foreign income under existing law.

Extension of present tax rates.—The budget outlook for 1963 requires that the present tax rates on corporation income and certain excises be extended for another year beyond their scheduled expiration date of June 30, 1962, to prevent a revenue loss of \$2.8 billion in 1963.

Transportation tax and user charges.—Under existing law, the 10% tax on transportation of persons is scheduled for reduction to 5% on July 1, 1962. This tax poses special problems for common carriers which must compete with private automobiles not subject to the tax. At the same time it is clearly appropriate that passengers and shippers

who benefit from special Government programs should bear a fair share of the costs of these programs.

Accordingly, I recommend that the present 10% tax as it applies to passenger transportation other than by air be repealed effective July 1, 1962. I also recommend enactment of new systems of user charges for commercial and general aviation and for transportation on inland waterways.

BUDGET AND FISCAL POLICY

Beyond the specific elements of budget expenditures and receipts, it is necessary to consider the relationship of the budget as a whole to the national economy. Three aspects of this relationship have been given particular attention in the preparation of this budget.

The budget and economic growth and stability.—Our national economic policy is to achieve rapid economic progress for the Nation, with the benefits widely distributed among all parts of the population, to achieve and maintain levels of employment and output commensurate with our growing labor force and productive capacity, and at the same time to maintain reasonable price stability.

The Federal budget has a major role to play in achieving these objectives. Basic investments and services of large importance to the Nation are provided through the Government. Striking evidence of this contribution is that the Federal budget today supports about two-thirds of all the scientific research and development going forward in the Nation.

Federal budget policy also has a major role to play in economic stabilization. This role was evident in fiscal years 1961 and 1962, when deficits were incurred in turning the business cycle from recession to recovery, as had been true in 1958–59 and in earlier recessions.

We do not expect another economic recession during the period covered by this budget. However, experience has taught us that periodic fluctuations in the economy cannot be completely avoided, and that Federal fiscal policy should work flexibly and promptly in such situations. For this, we need standby plans, the merits and mechanics of which have been explored ahead of time by the Congress and the administration.

Three proposals particularly merit congressional consideration at this time:

First, the President should be given standby discretionary authority, subject to congressional veto, to reduce personal income tax rates on clear evidence of economic need, for periods and by percentages set in the legislation.

Second, he should have standby power to initiate, when unemployment rises sharply, a temporary expansion in Federal public works programs including grants and loans for State and local capital improvements. The legislation providing for such an anti-recession program should ensure that projects to be financed will meet high-priority needs, will be started promptly and completed rapidly, and will result in a net addition to Federal, State, or local expenditures.

Third, legislation should be enacted to strengthen considerably the Federal-State unemployment insurance system, including a permanent system of extended unemployment benefits for workers whose regular benefits expire.

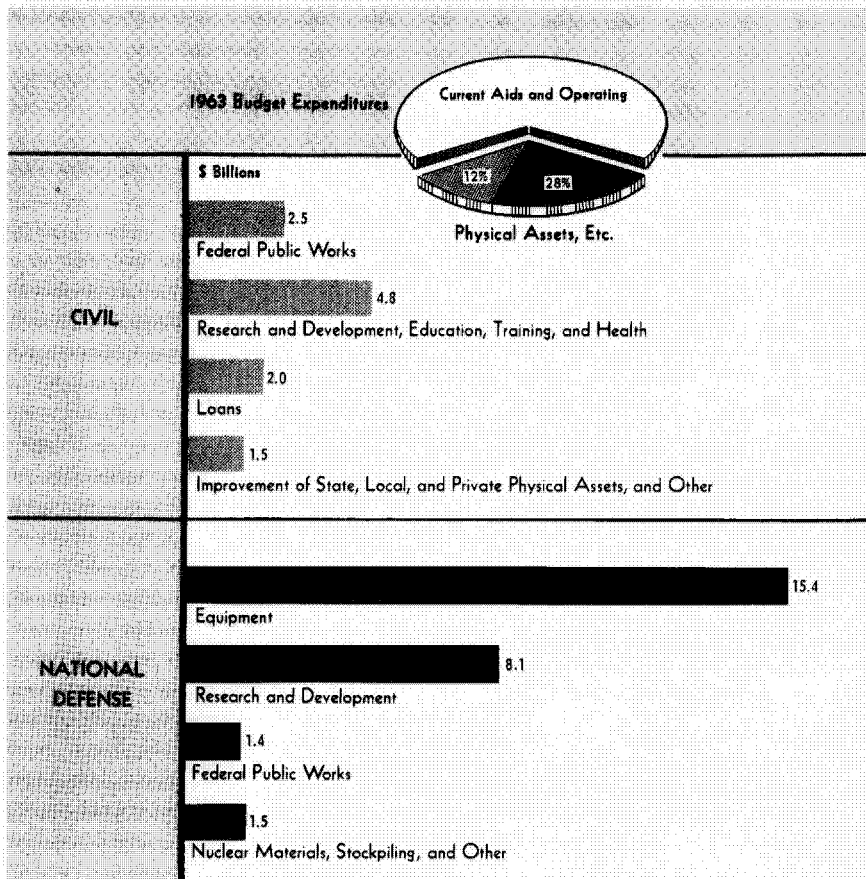
The budget and the balance of payments.—In formulating this budget, careful consideration has been given to the impact on our international balance of payments of Federal expenditures abroad. During the coming year, we are managing to strengthen our military defenses overseas without increasing our foreign exchange outlays, and with respect to economic aid we are stressing even further the procurement of American goods and services.

Basic improvement in our balance of payments will depend primarily upon our ability to continue a high degree of overall price stability and to improve the competitive position of U.S. goods in world markets. The dynamic development and prospective expansion of the European Economic Community are resulting in fundamental changes in world commerce. This pattern of growth presents us with unparalleled export opportunity as well as a continuing challenge. We must meet these changes boldly, confident in our continuing ability to compete on the world markets and to participate in the enormous benefits to all concerned which accrue from the worldwide division of labor and expansion of trade. These are the objectives of the legislative recommendations concerning trade expansion which I shall be sending to the Congress shortly.

The budget and Federal capital outlays.—In contrast with the practice of many businesses, State and local governments, and foreign governments, the budget of the U.S. Government lumps together expenditures for capital investment and for current operations. Nevertheless it is clearly of importance, in analyzing the significance of the Federal budget to the Nation, to recognize that the budget includes substantial expenditures for loans, public works, and other durable assets and capital items which will yield benefits in future years.

Furthermore, increasing attention has been given in recent years to the significance of “developmental” expenditures—outlays for education and training, and for research, which have the effect of adding to the Nation’s level of knowledge and of skill, and thereby increase the capacity to produce a larger national output in future years.

**Expenditures for Physical Assets,
Loans, Research, and Other Developmental Purposes**



In the 1963 budget, expenditures for Federal civil public works are estimated to be \$2.5 billion, and another \$1.5 billion is estimated for additions to State, local, and private physical assets. About \$7 billion of nondefense loan disbursements, to be repaid later, will be made in 1963 (including mortgage purchases); repayments in 1963 of loans previously made are expected to total \$5 billion, resulting in net budget expenditures of \$2 billion for civil loans. An estimated \$4.8 billion will be spent for civil developmental purposes such as education, training, health, and research and development.

EFFICIENCY AND ECONOMY IN THE PUBLIC SERVICE

The effort to increase the degree of efficiency with which the public business is conducted requires constant and unremitting effort on many fronts. This budget reflects continuing improvement in many agencies in productivity per employee, brought about through better training, better supervision, more effective organization, and more efficient equipment.

The first requirement for efficiency and economy in Government is highly competent personnel. In this regard we face one very important problem on which I am placing a new recommendation before the Congress.

This is the urgent need to achieve a reform of white-collar salary systems to enable the Government to obtain and keep the high quality personnel essential for its complex and varied programs. Such a reform should bring career employee salaries at all except the very top career levels into reasonable comparability with private enterprise salaries for the same level of work, and provide salary structures with pay distinctions more adequately reflecting differences in degree of responsibility. These two fundamental standards have been widely supported in the past as proper objectives in determining Government salary structures and I now urge that they be given practical effect.

The legislation I am proposing provides for some adjustment in nearly all salary grades, but it is clear that the higher grades have fallen farthest below the level of reasonable comparability and must therefore be given the greatest percentage increases to make the Government competitive.

There is also a need for more equitable recognition than is presently provided for, postal employees, most of whom spend their entire

careers in a single pay level. The proposed reform meets this need directly by increasing the number and size of in-grade steps and by replacing the present longevity increases with additional step increases.

To ease the budget impact, and to provide ample time for the Congress to study the matter in the light of additional information which will become available annually, I am suggesting that the new pay scales take effect in three annual stages, beginning January 1, 1963.

Important steps to improve the military pay structure, particularly for higher ranking officers, have been taken in recent years, first in 1955 and, more significantly, in 1958. However, the adjustments now being recommended in civilian compensation require study of the possible need for further changes in military compensation. Consequently, I am directing that a thorough review be made which will permit an up-to-date appraisal of the many elements of military compensation and their relationship to the new proposed levels of civilian compensation. There is one area, however, which has already been adequately reviewed. To reflect an acknowledged rise in housing costs, I am proposing legislation to provide selective increases in the basic allowance for quarters payable to military personnel. As in the case of the civilian pay adjustments, these increases should take effect January 1, 1963.

Pay adjustments alone will not assure high standards of employee competence. There must be scrupulous fairness in recruiting and assigning personnel—and we have given renewed emphasis to equality of opportunity in the Federal service. There must be absolute integrity in all dealings with the public and with policy questions—and we have established clearer and stronger guides on ethical standards and recommended improvement in the conflict of interest statutes. There must be careful attention to the views of employees and their organizations—and we are placing into effect the recommendations of the task force on employee-management relations in the Federal service.

Efficiency and economy require also steady improvement in the organization of the Executive Branch. Notable advances were made this past year, with the cooperation of the Congress: new and stronger organizations for foreign aid, for disarmament, for civil defense, and for maritime activities were established; a number of regulatory commissions were substantially strengthened; and new centralized

agencies were established in the Department of Defense for intelligence and for supply activities. A number of further recommendations are pending in the Congress, notably the proposal to establish a new Department of Urban Affairs and Housing, on which I urge early action.

CONCLUSION

This budget represents a blending of many considerations which affect our national welfare. Choices among the conflicting claims on our resources have necessarily been heavily influenced by international developments that continue to threaten world peace. At the same time, the budget supports those activities that have great significance to the Nation's social and economic growth—the mainsprings of our national strength and leadership. In my judgment, this budget meets our national needs within a responsible fiscal framework—which is the test of the budget as an effective instrument of national policy. I recommend it to the Congress for action, in full confidence that it provides for the prudent use of our resources to serve the national interest.

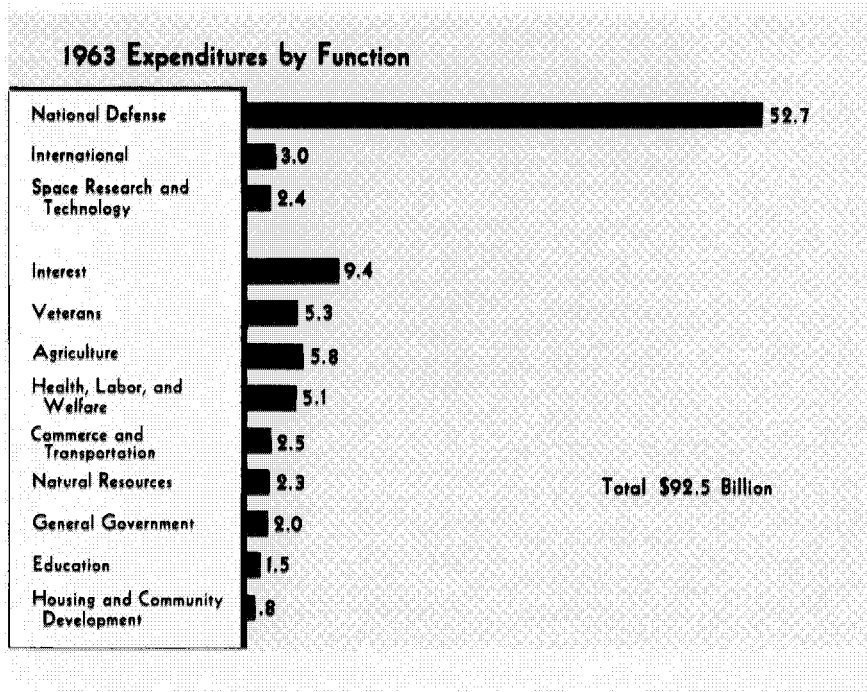
JOHN F. KENNEDY.

January 18, 1962.

Part 2 BUDGET EXPENDITURES BY FUNCTION

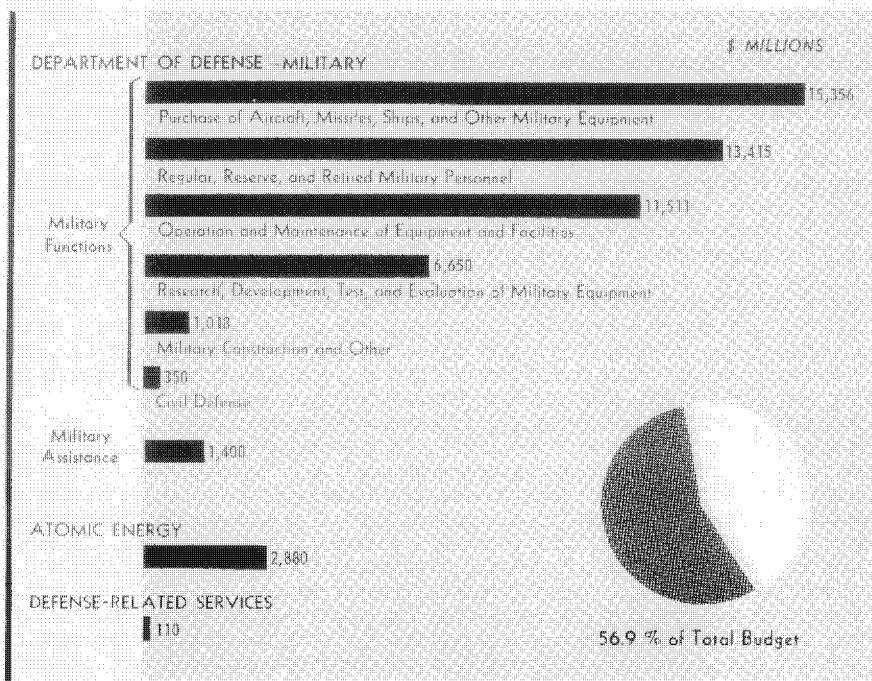
The budget contains a discussion of policies and proposals for each of 12 major functions of the Federal Government. The programs within each of these functions are summarized in this section of the booklet.

The charts in this section show the 1963 estimates of expenditures for these programs. Data since 1956 on the annual budget expenditures for these programs can be found on pages 48 and 49.



National Defense

1963 expenditures, \$52,690 million.



Adequate national defense requires an ability to respond to a direct attack with strategic weapons of increasing technical perfection—bombers, submarines and missiles. It also requires well-trained forces to act at once and appropriately in many other kinds of possible armed conflict. Preparedness in these respects is necessary for our protection. So also is an adequate civil defense program and financial support for the defense efforts of our allies. Expenditures for these purposes in 1963 are estimated at \$1.5 billion more than in 1962 and at \$5.2 billion more than in 1961.

Department of Defense, military functions.—The budget estimates for the Armed Forces of the United States represent a plan to bring together the right amounts of equipment, manpower, supplies, and technical resources to meet the demands that may be made upon our military forces.

Purchase of equipment.—Improved weapons and other items of equipment are produced and purchased as they become available

through research. By the end of 1963, six Polaris submarines and their required numbers of Polaris missiles will be added to the strategic deterrent forces, making a total of 12 in the fleet. Another 23 will be under construction. Atlas and Titan squadrons will soon be at full strength and substantial numbers of Minuteman missiles will be delivered and placed in launching sites in 1963. These forces are sufficiently large and well-protected so that they would be able to strike back decisively if the United States were attacked. Our system to provide advance warning of such an attack will be further improved.

To increase the ability of American forces to engage in local conflicts, more supporting fighter aircraft, artillery, and small arms will be purchased, along with transport aircraft and other means to move men and weapons quickly where they are needed. Supplies of equipment and ammunition will be built up, to enable such forces to fight for long periods if necessary. Expenditures for equipment in fiscal year 1963 are expected to be \$520 million more than in fiscal 1962.

Military personnel.—The average number of persons on active duty in 1963 is expected to be nearly 2.7 million. This number includes two additional regular Army divisions. As well as providing for these forces, the budget provides for 1 million members of the military reserves to be in a state of readiness for recall to active duty. Military personnel costs will be an estimated \$165 million more in fiscal 1963 than in 1962.

Operation and maintenance.—Funds are provided in the budget to keep military bases and equipment in efficient working order for use in training or combat. The majority of the civilian employees of the Department of Defense are paid with funds made available under this heading.

Research and development.—New and improved weapons are the result of careful research and testing carried out well in advance of large-scale production. In 1963, the Army plans to develop and test new types of ammunition and battlefield communication equipment in order to improve the effectiveness of individual soldiers and the units to which they belong. The Navy will work on new missiles and torpedoes, on more efficient nuclear reactors for ships, and on the use of satellites for accurate navigation. The Air Force will de-

velop a new type of fighter aircraft and a new basic rocket for use in space. Work will continue on the B-70 aircraft and on a new jet transport.

Civil defense.—The major part of the Nation's civil defense program was transferred to the Department of Defense in 1961. Spaces in existing buildings which will shelter 50 million civilians in the event of attack are already being located, marked clearly, and stocked with necessary food and other supplies. The 1963 budget provides for an additional program of community shelters, with costs to be shared by State and local governments.

Military assistance.—This program helps support the military forces of more than 40 nations. Its cost has declined as the industrialized Western European countries have almost completely taken over the cost of their own armaments. However, the military assistance program is still necessary to enable many developing countries in Asia, Africa, and Latin America to provide their forces with adequate training and equipment. These countries are expected to place increased emphasis on internal security, including preparation for anti-guerrilla warfare.

Atomic energy.—Costs will increase substantially in 1963 for the production and development of nuclear weapons, but it will not be necessary to purchase uranium concentrates in as large quantities as in 1962.

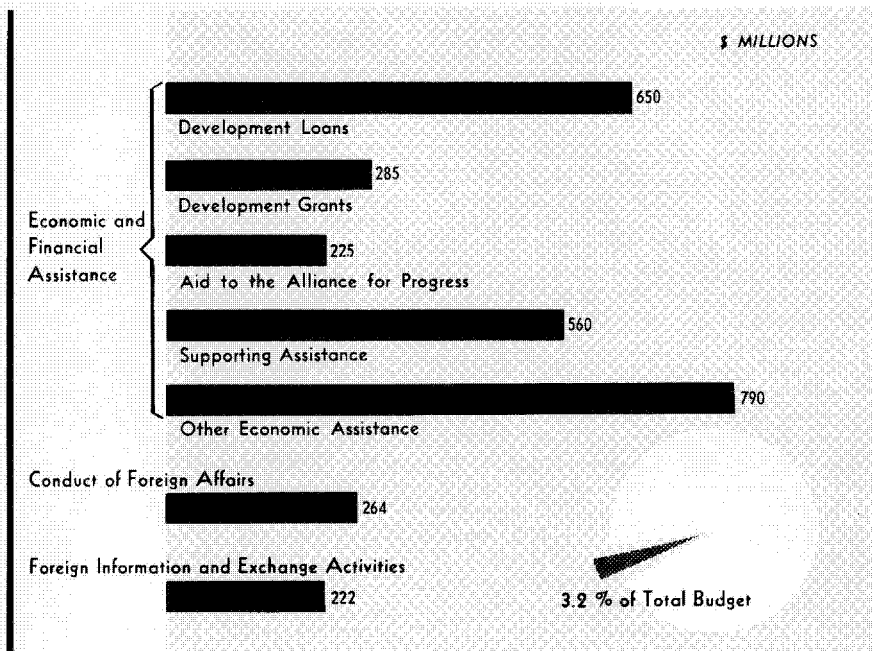
Atomic power sources which will function for long periods are needed in satellites and space vehicles. Increased effort will be devoted to these applications of atomic energy, and to Project Rover, for the development of nuclear rocket propulsion.

The Atomic Energy Commission will support additional research into fundamental problems in the physical and life sciences. Continued efforts will be made to improve the performance of atomic powerplants for civilian use as well as to develop and improve reactors to meet military needs for propulsion and power generation.

Defense-related activities.—These programs include the Selective Service System, stockpiling of strategic and critical materials, and emergency planning by Government agencies other than the Department of Defense.

International Affairs and Finance

1963 expenditures, \$2,996 million



The United States is committed to a variety of programs designed to bring about conditions of peace, freedom and progress in the world. The budget provides for the funds necessary to maintain our leadership in this effort, independently and through international organizations.

Economic and financial assistance.—Funds are made available in various forms to developing nations which are making serious efforts to increase investment in their human and physical resources.

Development loans.—Long-term, low-interest loans, repayable in dollars, will be made for projects which meet local economic needs. Increasingly, such loans will be made on the basis of practical long-range plans prepared by the developing countries themselves to improve the economic prospects of their people. Such plans are expected to include measures of tax and land reform where these are necessary to assure that local funds and natural resources are put to the most productive use.

Development grants.—Improvements in technical training, education, and health are often necessary before economic development can proceed. The Agency for International Development makes development grants for these purposes and assists in preparing sound plans for investment. Funds are also provided to help build basic facilities, such as roads and harbors, in countries which are unable to repay loans.

Aid to the Alliance for Progress.—The United States is allied with the countries of Latin America in a program of economic construction and reform under which we will assist them to carry out long-term programs of self-help.

Supporting assistance.—These funds are granted to some countries needing help to support defense forces and to maintain economic and political stability. With increasing emphasis on development loans and grants, supporting assistance continues to decline.

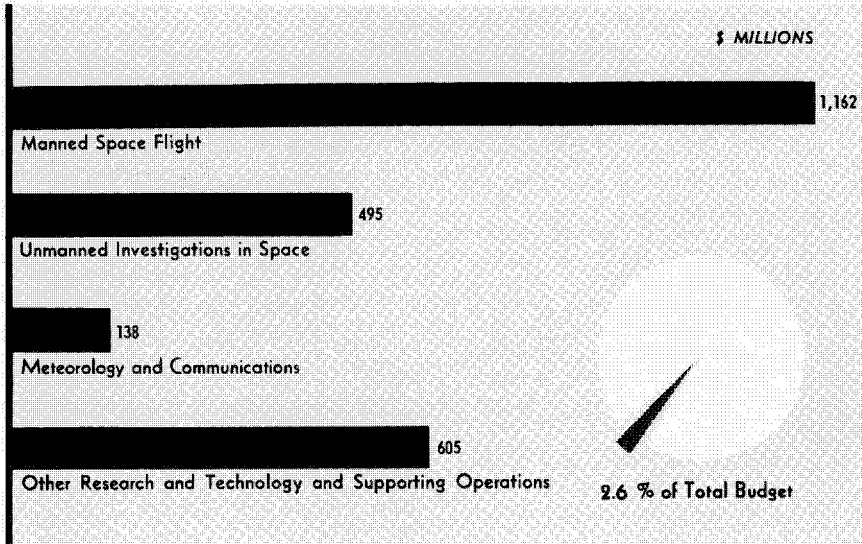
Other economic assistance.—Development loans related to export financing are supplied by the Export-Import Bank. Development loans will also be made by such organizations as the International Development Association and the Inter-American Development Bank, in which the United States is a subscribing member. The Peace Corps was established last year to enable young Americans to contribute their skills to less-developed countries. It is expected to enroll twice as many volunteers in 1963 as in 1962, achieving a corps numbering 6,700. Grants of surplus agricultural commodities under the Food for Peace Program are used increasingly in programs of economic development.

Conduct of foreign affairs.—The 1963 budget includes funds to acquire office and housing space for the Foreign Service, notably in Africa, and to support the new United States Arms Control and Disarmament Agency.

Foreign information and exchange activities.—The activities of the United States Information Agency will continue to expand, especially in Africa and Latin America.

Space Research and Technology

1963 expenditures, \$2,400 million



The United States has undertaken to master the problems and potential of outer space. That goal is symbolized by plans to send a man to the moon and back by 1970. Each step in these preparations will result in new information, previously unobtainable, about conditions beyond the earth. Expenditures by the National Aeronautics and Space Administration in 1963 will be three times the amount spent in 1961, with active research being pursued along a continually broader front.

Manned space flight.—Funds are recommended in the budget for manned flights around the earth, and for a new series of flights to find a way for a manned spacecraft to meet another spacecraft in orbit. Solution of the problems involved in such a rendezvous will make possible many types of space exploration which a single space vehicle cannot perform. Funds are also proposed to continue developing the three-man Apollo spacecraft and the large launch vehicles required for landings on the moon.

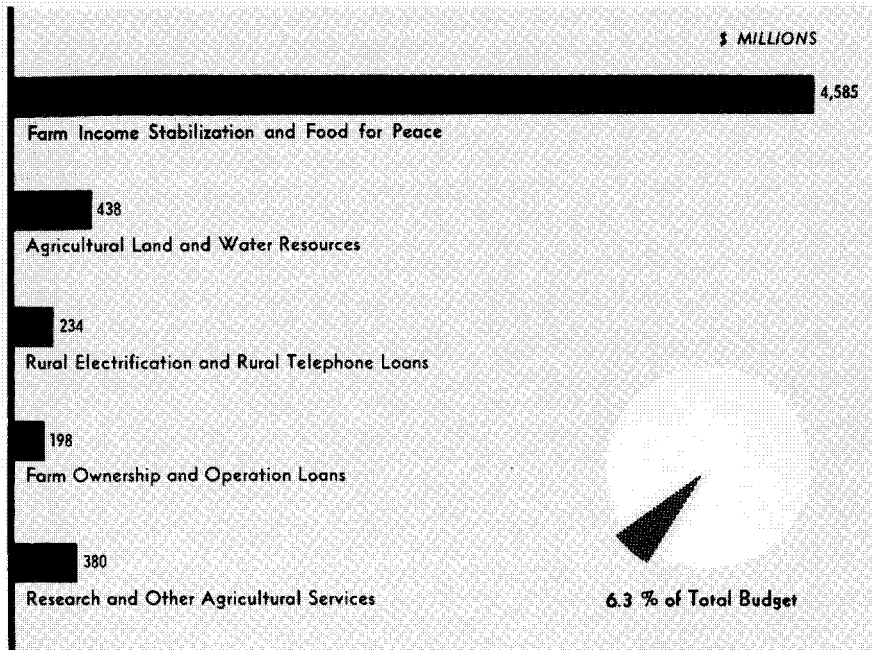
Unmanned investigations in space.—Unmanned space exploration yields much of the scientific information about the earth and its surroundings which is needed to make human space travel practical. The Ranger spacecraft will be able to land an instrumented capsule on the moon which will report on lunar conditions. Development will continue on the more complex Surveyor spacecraft equipped either to land on or to orbit the moon. Funds in this budget will support continued exploration of regions near the earth by means of large satellites containing various types of equipment for special tests and experiments under space conditions.

Meteorology and communications.—The meteorological satellite program has been one of the most immediately successful of our space flight efforts. The Tiros series of satellites will continue to be used until the potentially more effective Nimbus satellites now being developed are ready for weather observation. These and related efforts are the forerunners of a national system of meteorological satellites. Progress is also being made toward early realization of a practical satellite network for worldwide communications. Low-altitude Relay satellites are being developed which receive and retransmit messages and Echo satellites which reflect signals.

Other research and technology and supporting operations.—The space program requires and makes possible further research in a variety of related fields. New types of rocket propulsion will be investigated in 1963, among them nuclear power and electric power for long interplanetary voyages.

Agriculture and Agricultural Resources

1963 expenditures, \$5,836 million



The high efficiency and advanced techniques of American farmers continue to increase the Nation's potential for economic growth. The rapid growth of agricultural production has, however, resulted in large Federal expenditures under existing legislation. The total of such expenditures in 1963 is expected to decline with the enactment of new legislation designed to achieve a better relation between agricultural production and markets.

Farm income stabilization and Food for Peace.—These funds pay the cost of financial operations to maintain adequate market demand for farm production. In addition, farmers are given financial incentives to devote their land to uses which do not produce commodities in excess supply. Efforts are also made to develop new markets for American farm products abroad, and to use our agricultural abundance to promote world peace.

A comprehensive review of these programs has been made, and legislation will be proposed to place American agriculture in a stronger

economic position, at smaller Federal cost. The new proposals are expected to reduce 1963 expenditures by \$434 million from the amount estimated to be spent under present legislation.

Pilot food stamp programs operated in economically depressed areas this past year represent a new approach to helping needy families improve their diets. The programs in the eight pilot areas will be continued in 1963 and similar programs in other areas will be added.

Agricultural land and water resources.—The watershed protection program of the Department of Agriculture provides for the control of small streams, for terracing, strip cropping, and other erosion control measures, which help conserve the Nation's soil and water. The number of these projects under construction or undergoing detailed planning during 1963 will total 474, an increase of 95 over the number in 1962.

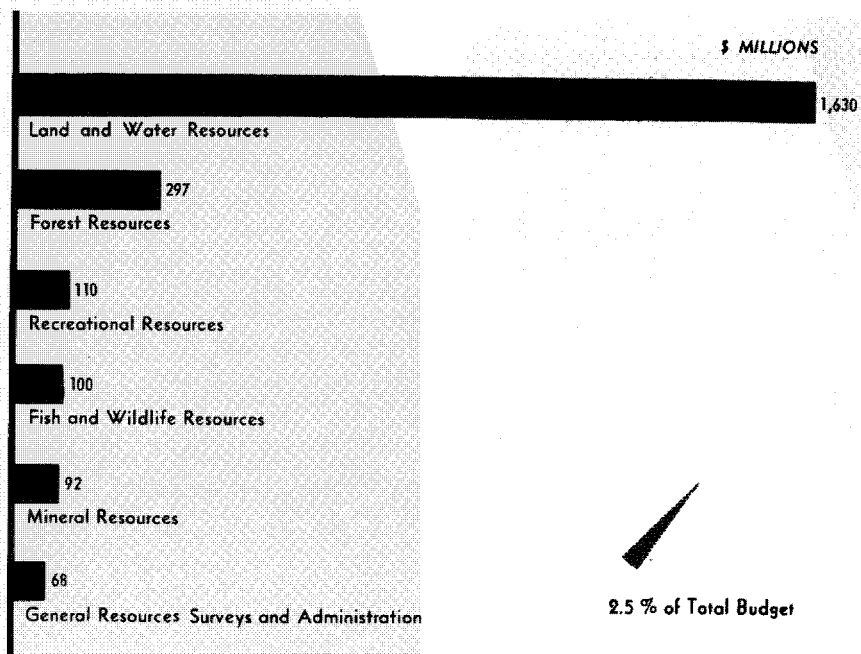
Rural electrification and rural telephones.—The Rural Electrification Administration makes long-term loans at a 2% rate of interest to finance rural electric and telephone systems. Because the demand for electric power continues to expand, the budget recommendations for 1963 include a substantial increase in Rural Electrification Administration loan funds—to permit financing of additional generation and transmission facilities where that is necessary. The adequacy of the funds recommended will depend on the willingness of other power suppliers to meet the requirements of the rural electric cooperatives on a reasonable basis.

Farm ownership and operation loans.—To finance approved plans for more economical farm operations, the Farmers Home Administration makes loans to borrowers who are unable to obtain credit from other sources at interest rates currently prevailing in their communities.

Research and other agricultural services.—Provision is made in the budget for a moderate increase in the research, educational, and regulatory activities and related services of the Department of Agriculture. These services have played a major part in bringing about the agricultural abundance enjoyed by the United States today, and they can be expected to continue to develop improved agricultural products and wider markets.

Natural Resources

1963 expenditures, \$2,298 million



Estimated expenditures for natural resource programs in fiscal 1963 will be at a record level, \$181 million greater than in the previous year.

Land and water resources.—Most of these expenditures will be for continuation of construction on projects yielding long-term benefits in terms of flood control, navigation, irrigation, and hydroelectric power. Opportunities for recreation are increased at the same time, and wildlife is protected. The budget makes provision for 36 new water resources projects to be undertaken by the Corps of Engineers, with an estimated total Federal cost of \$492 million. Five new starts will be made by the Bureau of Reclamation at an estimated total cost of \$85 million. Legislation has been recommended to encourage comprehensive river-basin planning with Federal grants to strengthen State participation.

The Bonneville Power Administration will begin construction of two new power lines and will initiate designs for extra-high-voltage

lines to move power supplies between the Pacific Northwest and the Pacific Southwest.

The Federal Power Commission in 1963 will begin a survey to determine the most effective means, whether public or private, of supplying future demands for electric power. The Commission will also act to reduce the number of cases awaiting its decision on rates to be charged users of natural gas.

The Tennessee Valley Authority proposes to begin construction of a 900,000 kilowatt steam-electric unit, and, with the cooperation of local agencies, to develop the agricultural and recreational potential of the Beech River watershed in Tennessee.

In 1963, the Bureau of Indian Affairs will emphasize programs aimed at raising the level of education and the standard of living of Indians on reservations. An expanded construction program is planned to reduce the shortage of classrooms which has in recent years prevented many Indian children from attending school. Industries using the natural resources of the Indian lands will be developed to bring the Indians new skills and sources of income.

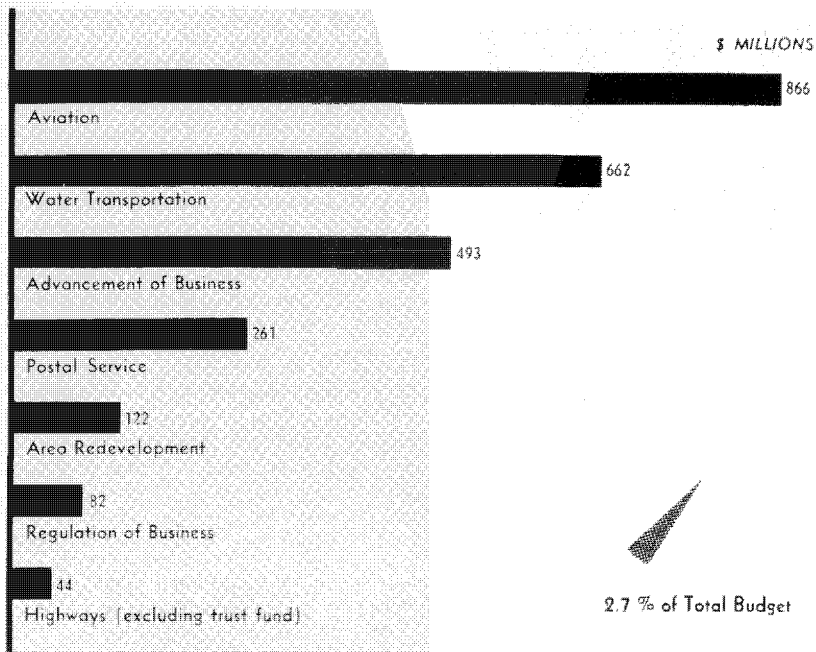
Forest resources.—The budget includes larger funds for the Forest Service, particularly for additional roads needed in the national forests to facilitate firefighting, to improve the terms on which timber is sold, and to provide improved public access to the forests for recreation.

Recreation and fish and wildlife resources.—Increasing numbers visit the national parks and forests each year to enjoy outdoor recreation. The budget provides funds for the higher rate of improvement this use requires. Additional funds are also provided to enable the Fish and Wildlife Service to acquire nesting and feeding grounds for migratory waterfowl.

Mineral resources and general resource surveys.—Under the helium conservation program, private industry is encouraged to finance the recovery of helium for sale to the Department of the Interior. The 1963 budget for the Geological Survey provides for extension of research and data collection activities to undersea geology to provide additional information about the vast resources of the ocean. The Survey's hydrological research program will also be enlarged.

Commerce and Transportation

1963 expenditures, \$2,531 million



Net budget expenditures for Federal programs for commerce and transportation in 1963 are estimated at \$384 million less than in 1962, mainly because of a lower postal deficit to be achieved through proposed increases in postal rates.

Aviation.—Increasingly complex systems of flight navigation and control are needed for the Federal airways in order to maintain high standards of safety and efficiency with growing air traffic. As a step toward having those who use the airways pay a more reasonable share of the cost of the system, new revenue measures are being proposed.

Major long-distance airlines are no longer receiving Federal subsidies, but the Civil Aeronautics Board continues to subsidize airlines offering shorter flights and experimental helicopter service.

Water transportation.—Because of the importance of the American Merchant Marine to national defense and industrial development, the Federal Government pays operating subsidies to American shipping lines to enable them to compete with foreign lines. To keep

the ships of the subsidized fleet modern, the United States will continue to aid in the replacement of over-age or obsolete ships.

Advancement of business.—The Small Business Administration makes loans to small businesses unable to obtain loans from private sources on reasonable terms. Private banks are, however, being encouraged to participate in extending such credit. By the close of 1963, some 900 federally licensed small business investment companies will be providing equity funds or long-term loans to small enterprises.

Sales of American products overseas will be promoted by the Department of Commerce as a step toward improving our balance of payments. The Department will increase the number of its commercial specialists abroad, expand the newly established U.S. Travel Service, and support 13 trade exhibits and 18 trade missions.

Postal service.—The anticipated increase in the volume of mail from 65 billion pieces in 1961 to 90 billion pieces by 1970 requires continued modernization of postal facilities, particularly in large mail-handling centers where opportunities for increased efficiency are greatest. Legislation has been recommended to increase postal charges so that the postal service will be self-supporting except for the costs of public service benefits received by general taxpayers.

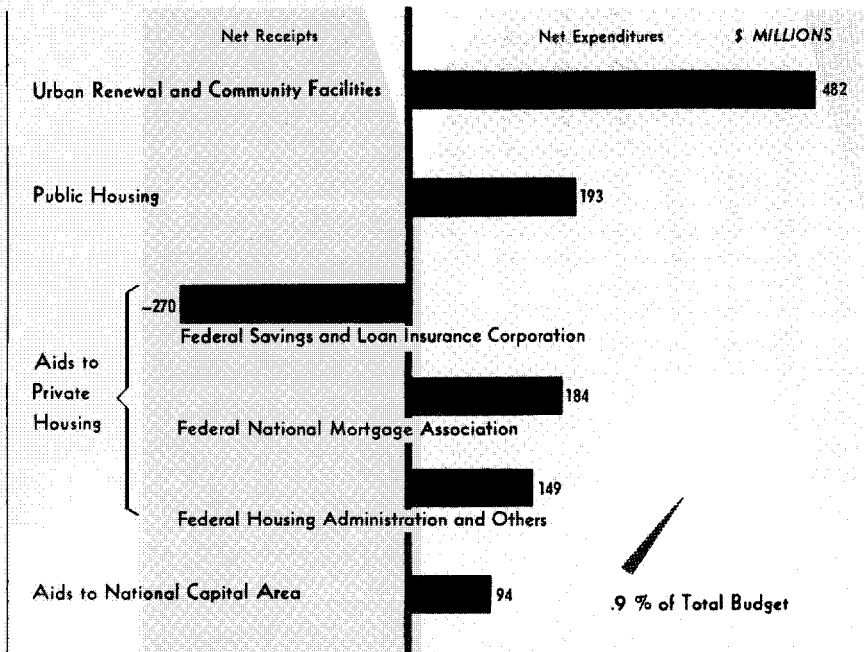
Area redevelopment.—Under a new program, loans and grants are provided by the Federal Government to help redevelop areas suffering from continuing unemployment or underemployment. This help is given to such communities when they have submitted sound plans to build new local industries or expand existing industries. Over 250 areas, with a total population of more than 18 million people, have received preliminary approval of their plans.

Regulation of business.—Funds provided by the budget will permit the efficient performance of the regulatory functions exercised by such agencies as the Interstate Commerce Commission and the Securities and Exchange Commission.

Highways.—The bulk of Federal expenditures for highway construction is financed through the highway trust fund. Expenditures not from the trust fund will be primarily for forest and public lands highways.

Housing and Community Development

1963 expenditures, \$832 million



The rapid growth of our population and its increasing concentration in urban areas have created problems in our cities and towns that have required increased attention by the Federal Government in recent years. The Housing Act of 1961 stepped up the major existing programs of Federal aid for housing and community development, and added important new ones.

Urban renewal and community facilities.—The 1961 legislation doubled the authority provided in the preceding 12 years for Federal grants to help local communities remove and prevent urban blight. As a result, during 1962 and 1963 the Urban Renewal Administration expects to authorize the planning of almost 500 new projects and to approve completed plans for 280 projects.

The same legislation also authorized a fivefold increase in long term Federal loans to help local communities finance needed public works and lowered the interest rates on such loans. The Congress also authorized two new programs: (a) Federal grants to help purchase

open space for recreation and other purposes in or near the rapidly expanding urban areas, and (b) Federal planning and demonstration grants and emergency loans for urban mass transportation. The 1963 budget provides funds to enable an estimated \$200 million of open land to be bought with combined Federal, State, and local resources and also includes funds for a more comprehensive program of Federal aid for urban mass transportation.

Public housing.—The Federal Government makes loans and contributions to local housing agencies to help finance the construction of low-rent housing projects. During fiscal 1963, 30,000 low-rent public housing units are expected to be completed, and 34,000 units will be placed under construction. By the year's end, a total of almost 600,000 units, nationwide, will be either occupied or in process of construction. An increasing share of the new units is being designed for use by elderly low-income families or individuals.

Federal Savings and Loan Insurance Corporation.—Savings invested in the more than 4,200 federally insured savings and loan associations provide the largest single source of funds for private housing. Under recent legislation, insurance premiums were increased, producing higher receipts and an increase in insurance reserves of the Federal Savings and Loan Insurance Corporation.

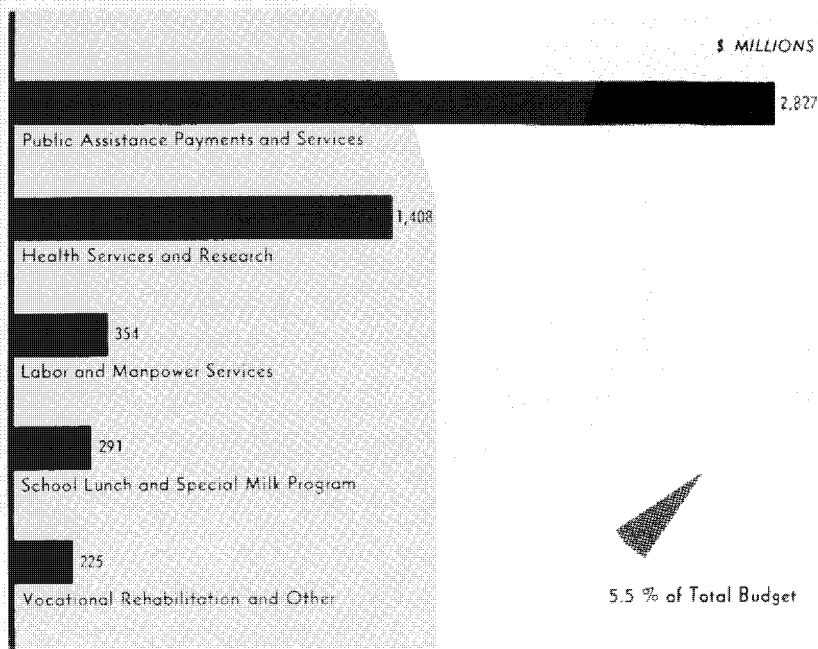
Federal National Mortgage Association.—The Federal Government also aids the supply of funds for private housing by buying mortgages on special types of housing, such as that being built under the newly authorized moderate-income housing program. Higher budget expenditures will be required in 1963 for purchase of mortgages arising mainly from urban renewal activities.

Federal Housing Administration.—The Government insures loans for buying, repairing, and improving homes. By the end of fiscal 1963 the Federal Housing Administration will be protecting almost \$44 billion in outstanding mortgages.

Aids to national capital area.—Federal budget expenditures for the District of Columbia include an annual payment to help finance operating requirements and also include long-term loans for capital improvements.

Health, Labor, and Welfare

1963 expenditures, \$5,105 million



The 1963 budget provides for substantial increases in a wide range of health, labor and manpower, and welfare programs which help meet human needs and also represent an investment in human resources. Budget expenditures in 1963 for these programs are estimated at \$5.1 billion. In addition, expenditures of \$21.6 billion are estimated to be paid out through trust funds to 21 million beneficiaries.

Public assistance payments and services.—Through the Federal-State program of public assistance, aid is given to the aged, blind, disabled, and to dependent children. In 1963, the expenditures for public assistance will help 7.3 million needy Americans. Assistance will also be given to Cuban refugees.

New emphasis is expected to be placed this year on strengthening services and benefits which will help reduce dependency on public aid, particularly in families with dependent children. This will be done in part by actions of the Secretary of Health, Education, and Welfare and in part through proposed new legislation.

Health services and research.—The Federal Government's role in improving the Nation's health is a large and growing one. In 1963, more than half of the Government's expenditures for health services and research are for medical research programs of the National Institutes of Health dealing with cancer, heart disease, mental health, and other diseases. Through these Institutes, grants are given for research projects, clinical research centers are supported, and technicians in various health fields are trained. Estimated expenditures of \$741 million in 1963 are almost 300% greater than the amount spent 5 years earlier.

Federal aid for construction of hospitals will reach a new high of \$196 million in 1963. Recommendations are pending in the Congress for new authority to provide Federal grants for the construction of additional needed medical and dental schools, and for scholarships for medical education.

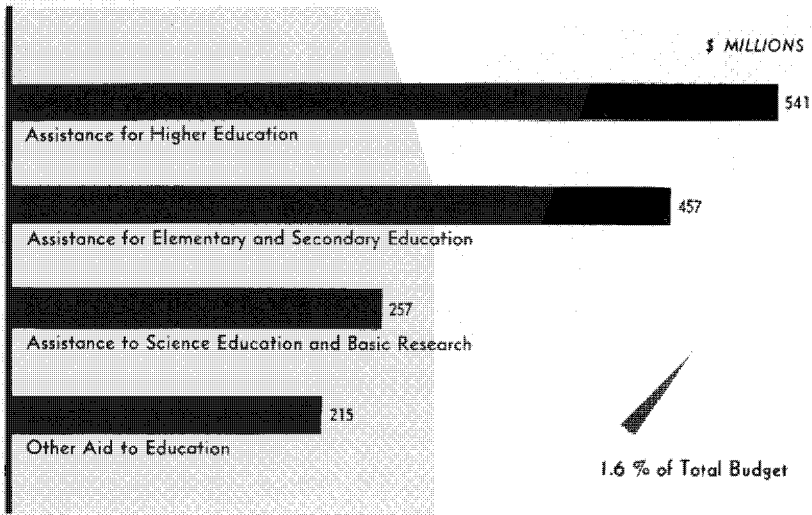
Labor and manpower services.—The programs of the Department of Labor and other labor agencies are designed to maintain an efficient labor market, a healthy climate in labor-management relations, and income during unemployment. Expenditures for these services will decline in 1963 because the program of temporary extended unemployment compensation benefits, enacted to relieve hardship during the 1960-61 recession, is ending. Legislation has been proposed to help train or retrain workers who cannot find jobs requiring their present skills, and to improve employment opportunities for young people through a 3-year program of experimental projects for training of youth in local works projects, in conservation camps, and in on-the-job training positions.

School lunch and special milk program.—Expenditures by the Department of Agriculture include aid to the States, in the form of both food and money, for providing lunches and milk to children in school. This program benefits over one-half of the Nation's school children.

Vocational rehabilitation and other services.—During 1963 the Federal-State vocational rehabilitation programs are expected to return approximately 110,000 disabled and handicapped persons to gainful employment, an increase of 10,000 over 1962.

Education

1963 expenditures, \$1,470 million



The 1963 budget provides for new and expanded programs for aid to education to help the Nation toward the goal of giving every young American the opportunity for the best education commensurate with his abilities. Between 1960 and 1970 school enrollments are expected to increase by about 30%, including a doubling of enrollments in colleges, where the costs of education per student are the highest.

Assistance for higher education.—To accommodate an expected doubling in college enrollments during this decade, the average rate of construction of college facilities will have to be more than twice the rate achieved in the last 10 years. To help meet these needs, the budget proposes expenditures of \$375 million in 1963 for loans by the Federal Government to colleges at low interest rates to help them provide housing facilities for students and faculty. In addition, a similar loan program is being recommended, to authorize loans of \$300 million each year for 5 years for the construction and modernization of college classrooms and other academic facilities. The proposal would also provide a total of 212,500 4-year scholarships for college students, including 25,000 in the first year. This

will complement the 190,000 loans expected to be made to college students under the National Defense Education Act of 1958, which was enacted to promote improvements in education, particularly in science, mathematics, and foreign languages.

Assistance for elementary and secondary education.—To help overcome severe shortages of qualified teachers and facilities, a 3-year program is pending before the Congress to provide \$2.1 billion in Federal grants for teachers' salaries and school construction. Legislation is also being requested to stimulate improvement in the quality of education through grants to provide better training of teachers and to promote better teaching methods.

The 1963 budget also includes expenditures for Federal grants for school construction and operating expenses in the so-called "impacted areas"; that is, school districts in which enrollments are significantly increased as a result of Federal employment.

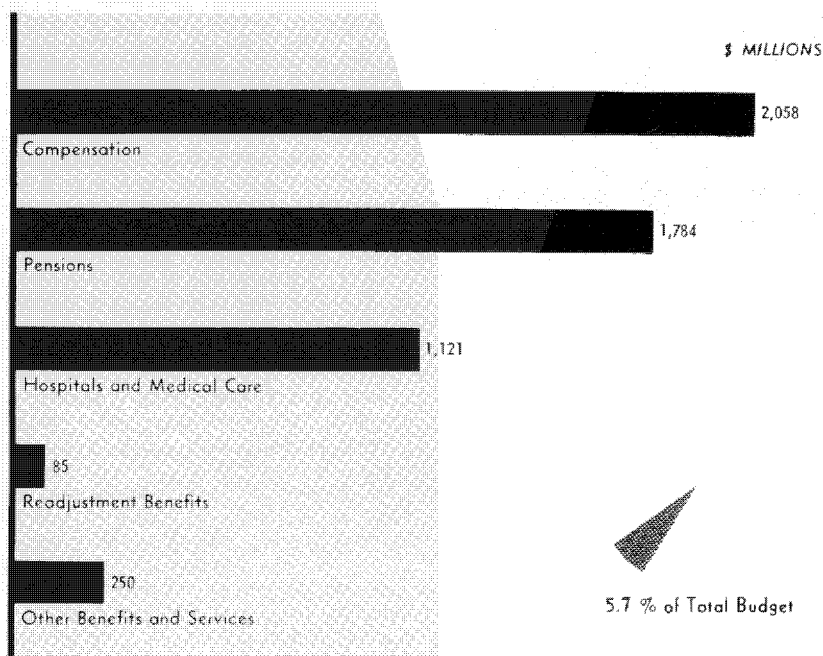
Assistance to science education and basic research.—Expenditures in 1963 by the National Science Foundation for basic research will be almost five times higher than 5 years earlier. The Foundation will provide increased support for basic research projects in colleges and universities, for participation in international scientific programs such as the exploration of the Antarctic, and for matching grants to improve facilities and equipment in graduate research laboratories.

Expenditures in 1963 for science education activities of the National Science Foundation will be six times greater than in 1958. Increases estimated over 1962 will provide more graduate fellowships, improved instructional laboratory equipment in colleges and universities through matching grants, and expanded studies aimed at improving curricula in science and mathematics.

Other aid to education.—Expenditures in this category are mainly for education services to Indians, for Federal-State vocational education programs, and for the Library of Congress and the Smithsonian Institution. Funds are also included for a new program to reduce adult illiteracy.

Veterans Benefits and Services

1963 expenditures, \$5,298 million



Payments for veterans benefits and services are made to about $4\frac{1}{2}$ million veterans or their survivors each month. Over the long run, pensions and medical care benefits are becoming a rising proportion of the total, while education and training benefits and compensation payments for service-connected disabilities are a declining proportion. Veterans expenditures are estimated to decline by \$274 million from the current year because the Veterans Administration plans to finance a portion of its activities by disposing of some of the mortgages it has acquired through defaults on guaranteed loans.

Compensation.—An average of 2,357,000 service-disabled veterans or survivors of veterans will receive compensation payments in 1963—16,000 less than in 1962 and 41,000 less than in 1961. While total caseloads decline, because of deaths and transfers to the pension rolls of World War I and of World War II veterans, a steady increase in the number of peacetime ex-servicemen receiving compensation is ex-

pected. Recommended legislation to raise disability compensation rates will require expenditures of \$64 million in 1963.

Pensions.—This category covers payments for disability or death from causes not related to military service. The number of persons receiving pensions is expected to rise in 1963 by 139,000 above the 1962 average of 1,872,000 recipients. The laws were changed a few years ago to allow higher pensions to the most needy veterans, and to make eligibility for pensions easier for survivors of veterans of World War II and the Korean conflict. World War I veterans continue to come on the rolls in large numbers because of their age—by 1963, about half the 2,400,000 living World War I veterans are expected to be receiving pensions.

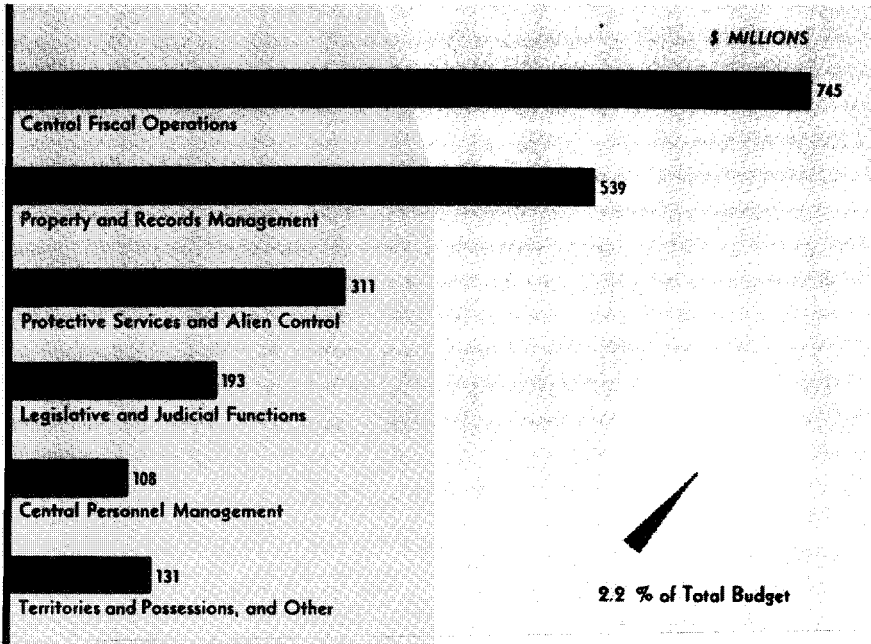
Hospitals and medical care.—Higher expenditures are estimated in 1963 to cover rising costs and permit improvement in the quality of veterans hospital and medical care. Hospital and domiciliary care will be provided for an average of 141,800 patients per day. The budget provides funds for carrying out the third step in a \$900 million 12-year program initiated in 1961 for modernizing veterans hospitals. Under this program, construction will begin in 1963 on three replacement hospitals, with space for 2,380 beds, and on new medical research facilities.

Readjustment benefits.—Education and training benefits are estimated to decline from 1962, because fewer veterans of the Korean conflict will be trained. The number of veterans in training will average 52,000 in 1963, compared to 174,000 in 1961 and 98,000 in 1962. Under another readjustment benefit program, the Government guarantees housing and other loans made to veterans by private lenders. Expenditures in 1963 to pay claims on defaulted housing loans are estimated at lower levels than in 1962 and will be more than offset by the planned sale of \$250 million of mortgage notes acquired from previous defaults. In addition to guaranteeing private loans, the Veterans Administration makes direct housing loans in rural areas and towns where private loans are not available. An estimated 25,000 such loans will be made in 1962 and 1963.

Other benefits and services.—The major portion of these expenditures is for the operating expenses of the Veterans Administration.

General Government

1963 expenditures, \$2,027 million



Expenditures for general government are mainly for general service activities of a Government-wide nature, for executive direction and financial management, and for the costs of the Congress and the Federal court system.

Central fiscal operations.—The Treasury Department collects taxes and other revenues, manages the public debt, and writes checks to pay bills of most of the civilian government agencies. Higher expenditures are estimated for the Internal Revenue Service in 1963 as part of a long-range program to improve and modernize the administration of the tax laws.

Property and records management.—The General Services Administration manages property and records for many agencies of the Federal Government, buys and distributes Government supplies, and builds, manages, and repairs Government office buildings. Almost half of the 1963 expenditures will be to provide more modern and efficient office space.

Protective services and alien control.—The Department of Justice administers the Federal prison system, represents the Government in court trials, and administers the laws under which foreigners immigrate to the United States or become naturalized citizens. The Federal Bureau of Investigation provides much of the evidence needed for the Government's use in both civil and criminal actions, and has responsibility for the internal security of the Nation. Higher expenditures are estimated in 1963 to improve enforcement of the income tax laws and for the campaign against racketeering and organized crime recently stepped up by the Attorney General.

Legislative and judicial functions.—The last session of the Congress authorized 73 new Federal judgeships, which will require higher expenditures in both 1962 and 1963 for additional court personnel, space, and equipment.

Central personnel management.—This category of expenditures includes accident compensation and health benefit payments to Federal employees and administrative costs of the Civil Service Commission.

Territories and possessions and other.—This category includes operating and improvement costs for the Canal Zone Government, the Virgin Islands, the Ryukyu Islands, and other areas, and a new program for developing American Samoa.

Interest

1963 expenditures, \$9,398 million (10.2% of total budget)

Interest on the public debt will cost \$400 million more than in the current year. About half the increase is due to the fact that outstanding debt will be about \$5 billion higher on the average during 1963 than during 1962, although the public debt at the end of the fiscal year will be slightly lower than at the end of 1962. The remainder arises from the higher rates of interest on obligations issued recently to refinance maturing securities which were originally issued when market rates of interest were lower.

Budget Expenditures by Function, 1956-1963

[Fiscal years. In millions of dollars]

Description	Actual						Estimate	
	1956	1957	1958	1959	1960	1961	1962	1963
National defense:								
Department of Defense—Military:								
Military functions:								
Purchase of military equipment.....	12,227	13,488	14,083	14,409	13,334	13,095	14,836	15,356
Military personnel.....	11,582	11,409	11,611	11,801	11,738	12,085	13,250	13,415
Operation and maintenance.....	8,400	9,487	9,761	10,378	10,223	10,611	11,595	11,511
Research and development.....	2,101	2,406	2,504	2,866	4,710	6,131	6,039	6,650
Military construction and other.....	1,481	1,645	1,110	1,769	1,210	1,305	990	1,018
Civil defense.....							140	350
Subtotal, military functions.....	35,791	38,436	39,070	41,223	41,215	43,227	46,850	48,300
Military assistance.....	2,611	2,352	2,187	2,340	1,609	1,449	1,400	1,400
Atomic energy.....	1,651	1,990	2,268	2,541	2,623	2,713	2,830	2,880
Defense-related services.....	670	582	708	387	244	104	132	110
Subtotal.....	40,723	43,360	44,234	46,491	45,691	47,494	51,212	52,690
International affairs and finance:								
Economic and financial assistance:								
Development loans.....			2	66	202	258	450	650
Development grants.....	118	115	136	146	149	169	204	285
Aid to the Alliance for Progress.....							85	225
Supporting assistance.....	1,318	1,296	1,103	1,138	995	1,013	740	560
Other economic assistance.....	177	272	669	2,053	131	685	830	790
Conduct of foreign affairs.....	129	157	173	237	217	216	390	264
Foreign information and exchange activities.....	111	133	149	139	137	158	197	222
Subtotal.....	1,853	1,973	2,231	3,780	1,832	2,500	2,896	2,996
Space research and technology: ¹								
Manned space flight.....						237	471	1,162
Unmanned investigations in space.....						216	333	495
Meteorology and communications.....						16	82	138
Research and technology and supporting operations.....						275	414	605
Subtotal.....	71	76	89	145	401	744	1,300	2,400
Agriculture and agricultural resources:								
Farm income stabilization and Food for Peace.....								
Agricultural land and water resources.....	3,900	3,430	3,284	5,297	3,602	3,801	5,081	4,585
Rural electrification and telephone loans.....	305	374	315	376	368	397	420	438
Farm ownership and operation loans.....	217	267	297	315	330	301	330	234
Research and other agricultural services.....	232	248	269	311	289	349	156	198
Subtotal.....	4,868	4,546	4,419	6,590	4,882	5,173	6,343	5,836
Natural resources:								
Land and water resources.....	804	925	1,139	1,184	1,235	1,394	1,515	1,630
Forest resources.....	139	163	174	201	220	331	294	297
Recreational resources.....	44	59	69	85	74	91	97	110
Fish and wildlife resources.....	45	51	60	68	68	73	81	100
Minerals resources.....	38	62	59	71	65	61	68	92
General resource surveys and other.....	36	38	44	61	51	55	63	68
Subtotal.....	1,105	1,298	1,544	1,670	1,714	2,006	2,117	2,298
Commerce and transportation:								
Aviation.....	180	219	315	494	568	716	791	866
Water transportation.....	420	365	392	436	508	569	646	662
Advancement of business.....	5	127	170	226	265	271	466	493
Postal service.....	463	518	674	774	525	914	853	261
Area redevelopment.....							44	122
Regulation of business.....	41	45	49	58	59	67	76	82
Highways ²	783	40	31	30	38	36	39	44
Subtotal.....	1,892	1,313	1,631	2,017	1,963	2,573	2,915	2,531

¹ Breakdown not available on a comparable basis prior to 1961.

² In 1956, includes Federal-aid highway expenditures of \$740 million; since 1957, these expenditures have been made through a trust fund.

Budget Expenditures by Function, 1956-1963—Continued

[Fiscal years. In millions of dollars]

Description	Actual						Estimate	
	1956	1957	1958	1959	1960	1961	1962	1963
<i>Housing and community development:</i>								
Urban renewal and community facilities.....	4	49	78	108	130	162	277	482
Public housing.....	31	60	51	97	134	150	166	193
Aids to private housing:								
Federal Savings and Loan Insurance Corporation.....	-27	-33	-38	-41	-20	-35	-239	-270
Federal National Mortgage Association.....	-20	-188	-32	842	-30	75	12	184
Federal Housing Administration and other.....	-20	-32	-56	-69	-122	-84	235	149
National capital area.....	23	27	26	33	30	51	94	94
Subtotal.....	-10	-118	30	970	122	320	545	832
<i>Health, labor, and welfare:</i>								
Public assistance.....	1,457	1,558	1,797	1,969	2,061	2,170	2,574	2,827
Health services and research.....	342	461	540	700	815	938	1,213	1,408
Labor and manpower.....	479	397	488	924	510	809	545	354
School lunch and special milk.....	128	155	167	218	234	241	274	291
Vocational rehabilitation and other.....	56	61	67	66	70	85	102	225
Subtotal.....	2,462	2,632	3,059	3,877	3,690	4,244	4,708	5,105
<i>Education:</i>								
Higher education.....	44	110	178	225	261	286	379	541
Elementary and secondary education.....	181	174	189	259	327	332	357	457
Science education and basic research.....	20	46	50	106	120	143	199	257
Other aid to education.....	98	108	124	141	156	181	208	215
Subtotal.....	343	437	541	732	866	943	1,143	1,470
<i>Veterans benefits and services:</i>								
Compensation.....	1,864	1,876	2,024	2,071	2,049	2,034	2,009	2,058
Pensions.....	884	951	1,036	1,153	1,263	1,532	1,670	1,784
Hospitals and medical care.....	788	801	856	921	961	1,030	1,095	1,121
Readjustment benefits.....	944	977	1,026	864	725	559	498	85
Other benefits and services.....	331	266	242	280	266	259	299	250
Subtotal.....	4,810	4,870	5,184	5,287	5,266	5,414	5,572	5,298
<i>General government:</i>								
Central fiscal operations.....	475	476	502	566	558	607	664	745
Property and records management.....	173	201	245	295	372	372	474	539
Protective services and alien control.....	220	219	233	255	263	289	303	311
Legislative and judicial functions.....	114	130	133	149	158	170	201	193
Central personnel management.....	304	602	84	95	84	140	107	108
Territories and possessions, and other.....	290	112	88	107	108	131	161	131
Subtotal.....	1,576	1,738	1,284	1,466	1,542	1,709	1,910	2,027
<i>Interest:</i>								
Interest on the public debt:								
Marketable obligations.....	3,659	4,103	4,582	4,621	6,284	5,988	5,880	6,250
Savings bonds.....	1,635	1,582	1,526	1,528	1,503	1,547	1,600	1,625
Special issues.....	1,138	1,241	1,223	1,197	1,193	1,250	1,265	1,275
Other nonmarketable issues.....	354	319	275	246	200	172	155	150
Interest on refunds and uninvested funds.....	60	63	82	79	86	93	98	98
Subtotal.....	6,846	7,307	7,689	7,671	9,266	9,050	8,998	9,398
<i>Allowances for pay adjustments and contingencies</i>								
Subtotal.....							75	350
Deduct interfund transactions.....	66,540	69,433	71,936	80,697	77,233	82,169	89,732	93,230
	315	467	567	355	694	654	656	693
Total budget expenditures.....	66,224	68,966	71,369	80,342	76,539	81,515	89,075	92,537

Part 3 SUPPLEMENTARY INFORMATION

Part 3 of this booklet presents a description of the budget process, definitions of some budgetary terms, data on Federal trust funds, and discussions of the Federal consolidated cash statement and of the Federal sector of the national-income accounts.

It also provides information on Federal civilian employment and on budget expenditures and new obligational authority by agency. In addition, an historical table of budget figures is presented.

Budget Procedures and Terminology

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

The budget contains estimates of the expenditures to be made to carry out these programs and the revenues to be collected. By the time the fiscal year ends, nearly 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 budget was made. The President may amend some of his proposals as circumstances change, and the Congress may modify the President's requests or add new proposals of its own. The five main steps in Federal spending are as follows:

THE PRESIDENT proposes a budget

THE CONGRESS appropriates (new authority to incur obligations)

FEDERAL AGENCIES incur financial obligations within authority granted

SUPPLIERS produce goods and services, people apply for benefits

THE TREASURY collects taxes and pays the bills

The basis for budget control: New obligational authority.— Since no Federal funds can be spent without specific authority from the Congress, the budget presents the President's recommendations as to the amounts of budget authorizations (new obligational authority) necessary to carry out the planned programs. The Congress then considers and acts on these requests for new obligational authority.

New obligational authority is composed of three kinds of authoriza-

tions to incur obligations for the payment of money. *Appropriations* are the most common form of new obligational authority; they authorize 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 *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 to liquidate the contract authorization 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 of new obligational authority, *authorizations to expend from debt receipts*, agencies may be authorized to borrow money (usually through the Treasury) and to spend it.

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 congressional action. The chief example is the permanent appropriation to pay interest on the public debt.

Obligations.—Obligations are commitments made to pay out money. They include current commitments by Federal agencies for salaries and benefit payments, the approval of loan agreements, and the entering into of contracts for equipment or construction. They are charged against the obligational authority granted by the Congress and precede expenditures.

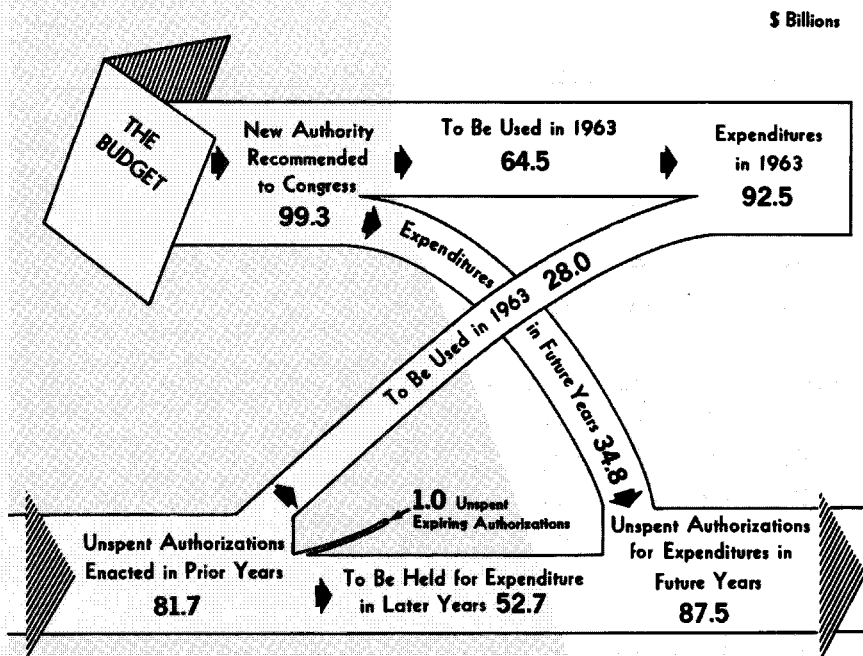
Budget expenditures.—Budget expenditures generally consist of checks issued and cash payments made from budget accounts. Funds held in trust are not part of the budget accounts, and disbursements of such funds are thus not budget expenditures. Budget expenditures ordinarily are on a net basis in that the receipts of Government agencies (such as the Post Office) which carry on business-type operations with the public are deducted from the disbursements of such agencies to arrive at the amount included in the budget totals. When receipts exceed disbursements, the result is shown as a negative expenditure.

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.

Relationship between new obligational authority and expenditures.—Not all of the obligational authority enacted for a fiscal year is spent in the same year. Appropriations to pay salaries or pensions are usually spent almost entirely in the year for which they are enacted. On the other hand, the bulk of appropriations to buy guided missiles or to construct an airfield are likely to be spent 2 or 3 or more years after enactment 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 for a given year, 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. The relationship between new obligational authority and expenditures estimated for the coming fiscal year is illustrated in the accompanying chart.

Relation of Authorizations to Expenditures – 1963



Unexpended balances.—The amounts of enacted obligational authority that have not yet been spent at the end of a fiscal year and are still available for expenditure in future periods, are called unexpended balances. These balances do not represent cash on hand, but only authority to enter into a contract or to expend funds under earlier contracts. 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 bills for services or goods recently received.

Ordinarily, any authority which is not obligated by the time the year closes is no longer available; that is, the authority for obligating expires. In some cases, such as programs for construction of public works, the unobligated part of the unexpended balances continues available from year to year because the Congress has made the appropriation available until expended. 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 are amounts received by the Treasury from taxes and customs (less refunds of overpayments) and from miscellaneous sources such as collections on certain loans, rents, fines, fees, and sales. The Congress establishes tax rates and customs duties, and sets forth policies which govern the collection of other receipts.

Budget surplus or deficit.—A budget surplus results when budget receipts exceed budget expenditures; 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.

Interfund adjustment of budget expenditures and receipts.—Transactions between Government agencies, such as interest paid to the general fund of the Treasury, are not counted in the totals of budget expenditures and receipts. These kinds of transactions, known as "interfund transactions" are counted as expenditures and receipts for individual agencies, but are deducted when the totals for all agencies are added up. Since the same amount is deducted from both receipts and expenditures, the adjustment does not affect the budget surplus or deficit.

Federal public debt.—Money which has been borrowed by the Treasury and not yet repaid is called the public debt. Most borrowing is from the public, but the Treasury also borrows from the larger Government 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. Certain of these securities are guaranteed by the Government; others are not.

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 limit on the amount of the total debt that can be outstanding at any one time.

The principal factor which determines the amount by which the public debt increases or decreases from year to year is the budget surplus or deficit. However, other factors may also affect the debt, such as the drawing down or building up of the Government's cash on hand and its bank balances.

Trust Funds

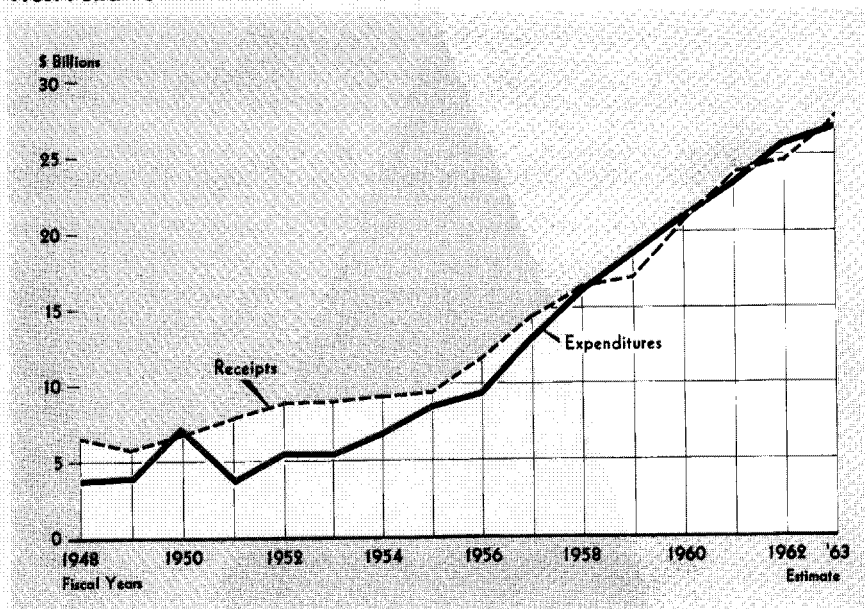
The budget totals do not include transactions involving funds held in trust by the Federal Government. Trust fund receipts are used only for the purposes for which the trusts are established, and are not available for the general purposes of the Government. Nevertheless, activities carried on through trust funds are significant parts of the Government's program.

The largest activities financed through trust funds are old-age, survivors, and disability insurance; railroad employees retirement; Federal employees retirement; unemployment insurance; and highway grants-in-aid. Trust funds also finance the secondary market operations of the Federal National Mortgage Association, veterans life insurance, and numerous smaller programs.

Total receipts and expenditures of trust funds have risen considerably in recent years—the 1963 estimate of \$26.6 billion of trust expenditures compares with \$5.3 billion in fiscal 1953. Increasing social security and highway payments account for most of the rise.

The social security and retirement trust funds are financed mainly by payroll taxes paid by employers and employees; payments from these funds are primarily for benefits to the retired, the survivors of de-

Trust Fund Totals



ceased insured persons, and the disabled and their dependents. Benefits for unemployed workers are financed by payroll taxes on employers. In the case of the highway trust fund, receipts come primarily from excise taxes paid by highway users; expenditures from the fund are primarily grants to States.

Trust fund receipts, estimated at \$27.5 billion, will exceed expenditures by \$856 million in 1963. The portion of tax collections of the major trust funds not immediately needed for expenditure is invested in securities of the Federal Government and earns interest.

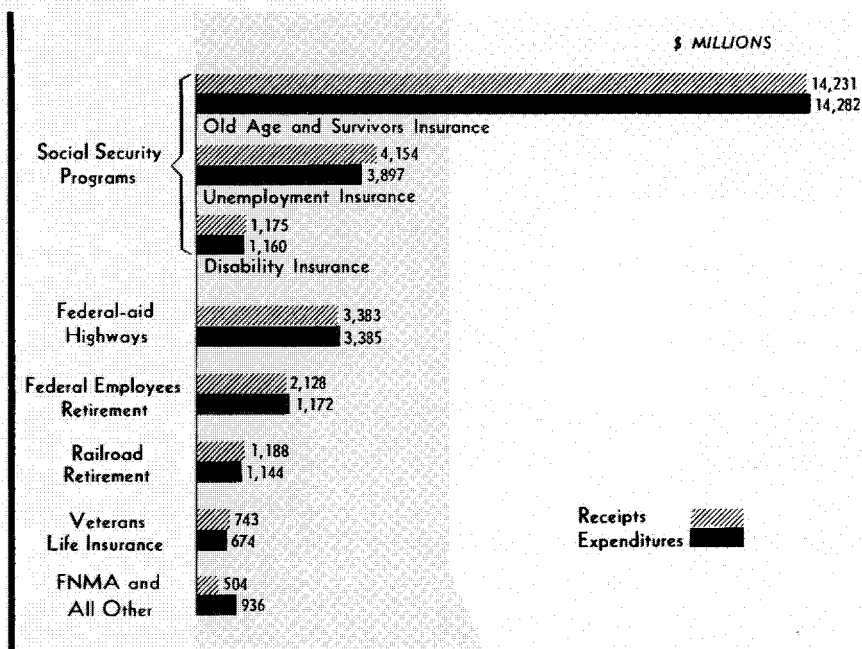
Old-age, survivors, and disability insurance.—At the end of 1963, almost 17.4 million persons will be receiving old-age and survivors benefits and over 1.3 million persons will be receiving disability insurance benefits. Expenditures of the old-age and survivors insurance and disability trust funds are expected to increase by \$1,038 million in 1963 because of the normal year-to-year growth of the program and the liberalized eligibility standards and higher benefit rates under the Social Security Act Amendments of 1961. However, total receipts will be at the same level as expenditures in 1963, primarily because the tax rate on employers and employees rose from 3% to 3½% each, effective January 1, 1962, and will rise again to 3⅞% each on January 1, 1963.

Unemployment insurance.—Receipts of the unemployment trust fund are expected to be \$257 million greater than expenditures in 1963, compared with an excess of \$260 million in expenditures over receipts in 1962. Insured unemployment is expected to be lower in 1963 as a result of continued economic recovery.

Federal-aid highways.—The Highway Act of 1961 increased rates on certain fuel, rubber and other highway use taxes, and provided for the transfer of the remainder of the present manufacturers' excise taxes on trucks and buses from the general fund to the trust fund after June 30, 1962. As a result, highway trust fund receipts in 1963 are estimated to increase by \$247 million to \$3.4 billion. Trust expenditures in 1963 are estimated to increase by \$224 million to \$3.4 billion as a result of acceleration of the interstate highway construction program.

Federal employees and railroad retirement.—The civil service and foreign service retirement systems will pay monthly retirement, disability, or survivor benefits to an estimated 663,000 individuals at the end of 1963, a 9% increase over 1962. An estimated 885,000 persons will be on the railroad retirement beneficiary rolls by the end of 1963 as compared with 855,000 at the end of 1962.

Trust Fund Estimates for 1963



Veterans life insurance.—Receipts of the two veterans life insurance trust funds covering World War I and World War II veterans will be about \$740 million in 1962 and 1963. Expenditures will decline in 1963 by \$75 million from the 1962 level to \$674 million largely because of the payment of a special dividend in fiscal 1962 to help speed economic recovery. The trust funds represent about 5.5 million policies in force at a value of \$35 billion.

Federal National Mortgage Association and all other.—The excess of expenditures over receipts in this category is primarily due to the secondary market operations of the Federal National Mortgage Association. In 1963, the Association anticipates spending \$470 million more for mortgage purchases and expenses than it receives from repayments, sales, and other income.

Receipts from and Payments to the Public

[Fiscal years. In millions of dollars]

Description	1961 actual	1962 estimate	1963 estimate
Receipts from the public:			
Budget receipts.....	77,659	82,100	93,000
Trust fund receipts.....	23,807	24,545	27,506
Deduct—			
Intragovernmental transactions.....	4,169	3,955	3,853
Seigniorage on silver.....	55	67	40
Total.....	97,242	102,623	116,614
Payments to the public:			
Budget expenditures.....	81,515	89,075	92,537
Trust fund expenditures.....	23,239	25,574	26,650
Government-sponsored enterprise expenditures, net.....	— 236	514	309
Deduct—			
Intragovernmental transactions.....	4,169	3,955	3,853
Excess of interest accruals over payments, etc.....	821	61	838
Total.....	99,528	111,147	114,804
Excess of receipts (+) or payments (—).....	— 2,286	— 8,524	+ 1,810

Receipts from and payments to the public, often called the consolidated cash statement, provides a comprehensive measure of the flow of money between the Government and the public. In addition to the budget totals, the consolidated cash statement includes the transactions of trust funds, as well as those (on a net expenditure basis) of Government-sponsored enterprises.

In the consolidation, adjustments are made to exclude transactions within the Government—payments from one Government account to another. Also, certain adjustments are made to shift budget and trust fund expenditures, which are largely on a checks-issued basis but also include a few accrual items (such as the interest which accrues on savings bonds), to a checks-paid basis.

For 1963, receipts from the public are expected to exceed payments to the public by \$1.8 billion. This reflects the budget surplus and some accumulation in the trust funds. In the present fiscal year (1962), payments to the public are expected to be \$8.5 billion greater than receipts from the public, reflecting mainly the estimated budget deficit and an excess of trust fund payments over receipts.

National-Income Accounts—Federal Sector

[Fiscal years. In billions of dollars]

Description	1961 actual	1962 estimate	1963 estimate
Receipts:			
Personal taxes and related payments.....	42.9	46.7	51.7
Corporate profits tax accruals.....	20.1	24.6	27.5
Indirect business tax accruals.....	13.6	14.5	15.3
Social insurance contributions.....	18.1	19.8	21.8
Total	94.8	105.6	116.3
Expenditures:			
Purchases of goods and services.....	54.6	60.2	64.2
Transfer payments.....	25.7	27.8	29.4
Grants-in-aid to State and local governments.....	6.4	7.0	7.7
Net interest and other.....	10.2	11.1	10.6
Total	97.0	106.1	111.9
Surplus (+) or deficit (-).....	-2.2	-0.5	+4.4

Federal expenditures and receipts are included in the national-income statistics on a basis that differs in coverage and in timing from both the conventional budget accounts and the statement of cash receipts from and payments to the public. Receipts and payments of trust funds are included in the Federal sector account of the national-income accounts, but transactions involving loans, mortgages, other claims, and previously existing assets are excluded. These transactions, although having important indirect effects, do not directly affect current production and incomes.

In 1963, Federal receipts in the national-income accounts are estimated to rise by \$10.7 billion, or by \$4.9 billion more than the increase in expenditures. Therefore, the Federal sector is estimated to shift from a deficit of \$0.5 billion in 1962 to a surplus of \$4.4 in 1963. Increases in corporate and personal taxes from higher personal incomes and business profits, occasioned by the sustained economic expansion projected through 1963, provide most of the change in receipts. The largest increase in expenditures is for the expanded purchases of goods and services by the Government, mainly for defense and space programs.

Federal Civilian Employment

The Department of Defense employs more than 40% of all Federal civilian employees, and the Post Office Department and Veterans Administration together employ another 31%.

Total executive branch employment is expected to increase by about 46,000 from June 30, 1962, to June 30, 1963. This is a rise of less than 2%. Major increases are 15,000 in the Post Office Department (to handle increased mail volume); 7,000 in the Treasury Department (mainly for improved tax law enforcement); 5,000 in the Department of Agriculture (primarily for management of the national forests and expanded marketing and other research); and 4,000 in the National Aeronautics and Space Administration (for increased space programs).

FEDERAL CIVILIAN EMPLOYMENT, EXECUTIVE BRANCH, 1954-1963

[In thousands]

End of fiscal year	Total	Department of Defense	Post Office Department	Veterans Administration	All other
1963 estimate	2, 538	1, 061	609	179	690
1962 estimate	2, 492	1, 068	593	178	653
1961	2, 407	1, 042	582	174	608
1960	2, 355	1, 047	563	172	573
1959	2, 355	1, 078	550	171	556
1958	2, 355	1, 097	538	172	548
1957	2, 389	1, 161	521	174	533
1956	2, 372	1, 180	509	177	506
1955	2, 371	1, 187	512	178	494
1954	2, 382	1, 209	507	179	487

Budget Totals and Public Debt, 1789-1963

[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
1789-1849	1,160	1,090	+70	63	1930	4,058	3,320	+738	16,185
1850-1899	13,895	14,932	-1,037	1,437	1931	3,116	3,577	-462	16,801
1900	567	521	+46	1,263	1932	1,924	4,659	-2,735	19,487
1901	588	525	+63	1,222	1933	1,997	4,598	-2,602	22,539
1902	562	485	+77	1,178	1934	3,015	6,645	-3,630	27,053
1903	562	517	+45	1,159	1935	3,706	6,497	-2,791	28,701
1904	541	584	-43	1,136	1936	3,997	8,422	-4,425	33,779
1905	544	567	-23	1,132	1937	4,956	7,733	-2,777	36,425
1906	595	570	+25	1,143	1938	5,588	6,765	-1,177	37,165
1907	666	579	+87	1,147	1939	4,979	8,841	-3,862	40,440
1908	602	659	-57	1,178	1940	5,137	9,055	-3,918	42,968
1909	604	694	-89	1,148	1941	7,096	13,255	-6,159	48,961
1910	676	694	-18	1,147	1942	12,547	34,037	-21,490	72,422
1911	702	691	+11	1,154	1943	21,947	79,368	-57,420	136,696
1912	693	690	+3	1,194	1944	43,563	94,986	-51,423	201,003
1913	714	715	*	1,193	1945	44,362	98,303	-53,941	258,682
1914	725	725	*	1,188	1946	39,650	60,326	-20,676	269,422
1915	683	746	-63	1,191	1947	39,677	38,923	+754	258,286
1916	762	713	+48	1,225	1948	41,375	32,955	+8,419	252,292
1917	1,100	1,954	-853	2,976	1949	37,663	39,474	-1,811	252,770
1918	3,630	12,662	-9,032	12,455	1950	36,422	39,544	-3,122	257,357
1919	5,085	18,448	-13,363	25,485	1951	47,480	43,970	+3,510	255,222
1920	6,649	6,357	+291	24,299	1952	61,287	65,303	-4,017	259,105
1921	5,567	5,058	+509	23,977	1953	64,671	74,120	-9,449	266,071
1922	4,021	3,285	+736	22,963	1954	64,420	67,537	-3,117	271,260
1923	3,849	3,137	+713	22,350	1955	60,209	64,389	-4,180	274,374
1924	3,853	2,890	+963	21,251	1956	67,850	66,224	+1,626	272,751
1925	3,598	2,881	+717	20,516	1957	70,562	68,966	+1,596	270,527
1926	3,753	2,888	+865	19,643	1958	68,550	71,369	-2,819	276,343
1927	3,992	2,837	+1,155	18,512	1959	67,915	80,342	-12,427	284,706
1928	3,872	2,933	+939	17,604	1960	77,763	76,539	+1,224	286,331
1929	3,861	3,127	+734	16,931	1961	77,659	81,515	-3,856	288,971
					1962 est.	82,100	89,075	-6,975	295,370
					1963 est.	93,000	92,537	+463	294,920

* 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.

Certain interfund transactions are excluded from budget receipts and budget expenditures starting in 1932. For years prior to 1932 the amounts of such transactions are not significant.

The change in the public debt from year to year is not necessarily the same as the budget surplus or deficit, as explained on page 56.

Expenditures and New Obligational Authority by Agency

[Fiscal year 1963 estimate. In millions of dollars]

Description	Gross expendi- tures	Public enterprise receipts ¹	Budget expendi- tures	New obli- gational authority
Legislative Branch	148	.....	148	136
The Judiciary	63	.....	63	63
Executive Office of the President	22	.....	22	23
Funds appropriated to the President:				
Foreign assistance—economic	2, 241	6	2, 235	3, 397
Other	227	41	186	190
Department of Agriculture	12, 782	6, 073	6, 709	6, 426
Department of Commerce	830	15	815	688
Department of Defense:				
Military	49, 752	52	49, 700	51, 640
Civil	1, 176	106	1, 071	1, 066
Department of Health, Education, and Welfare	5, 188	5	5, 183	6, 278
Department of the Interior	1, 082	51	1, 031	1, 074
Department of Justice	304	.....	304	309
Department of Labor	630	244	386	448
Post Office Department	4, 980	4, 719	261	265
Department of State	342	.....	342	349
Treasury Department	10, 435	5	10, 431	10, 458
Atomic Energy Commission	2, 880	.....	2, 880	2, 987
Federal Aviation Agency	781	.....	781	791
General Services Administration	578	*	578	587
Housing and Home Finance Agency	3, 356	1, 974	1, 383	984
National Aeronautics and Space Administra- tion	2, 400	.....	2, 400	3, 787
Veterans Administration	5, 829	544	5, 285	5, 514
Other independent agencies	2, 563	1, 961	602	1, 318
District of Columbia	85	.....	85	63
Allowance for:				
Pay adjustments (except for Post Office Department ²)	150	.....	150	162
Contingencies	200	.....	200	300
Subtotal	109, 025	15, 795	93, 230	99, 303
Deduct interfund transactions	693	.....	693	.....
Total budget expenditures	108, 332	15, 795	92, 537	99, 303

*Less than one-half million dollars.

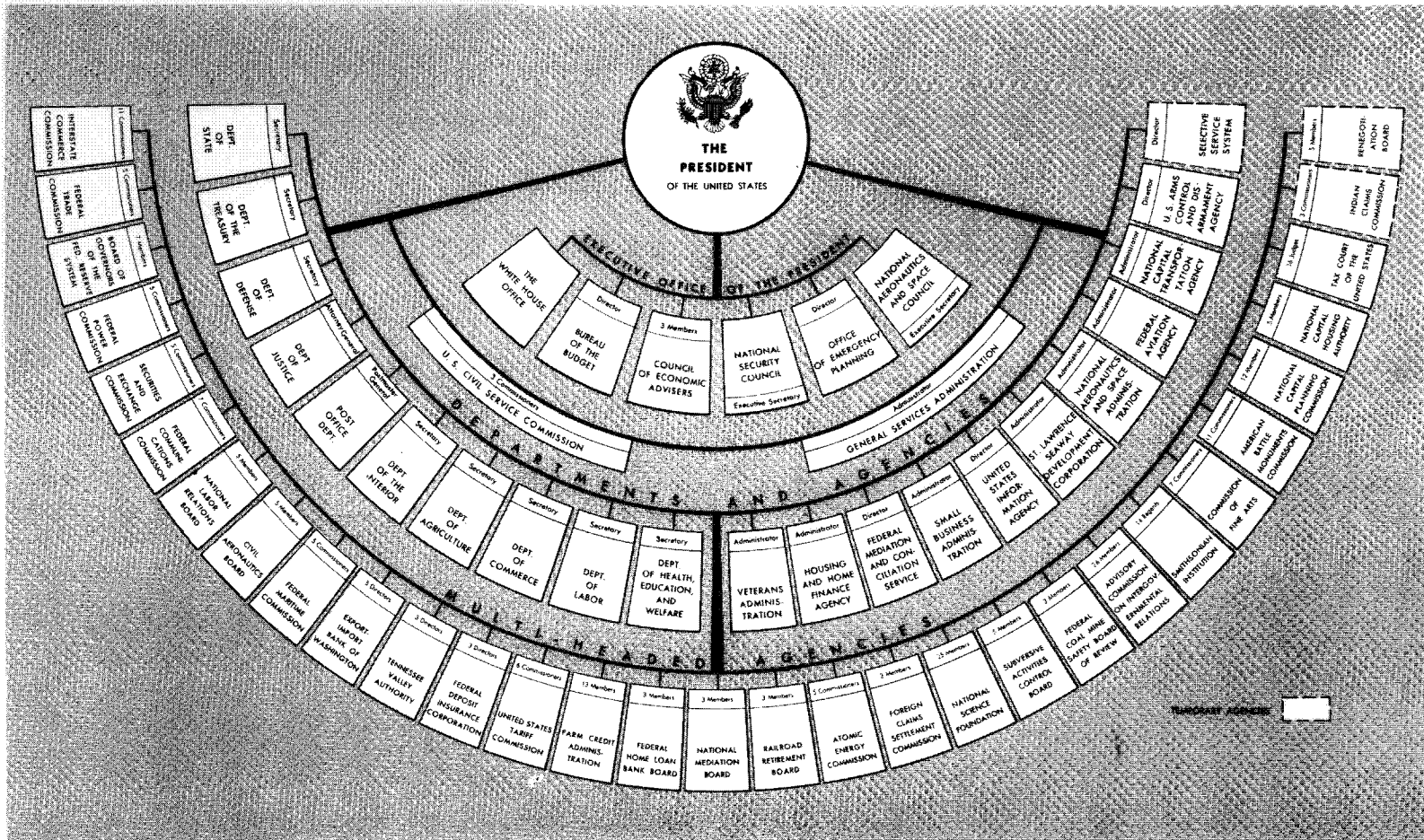
¹ Includes only amounts available by law for use by business-type operations of certain agencies and excludes amounts paid directly into the Treasury as miscellaneous receipts.

² Allowance for pay adjustment for Post Office Department is included in line for that Department.

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