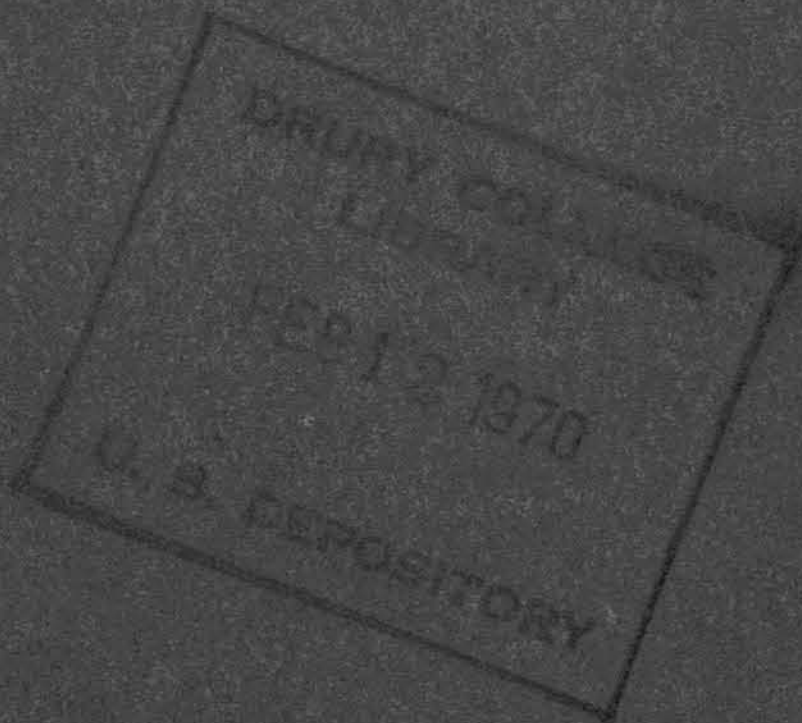


THE BUDGET IN BRIEF

EXECUTIVE OFFICE OF THE PRESIDENT / BUREAU OF THE BUDGET

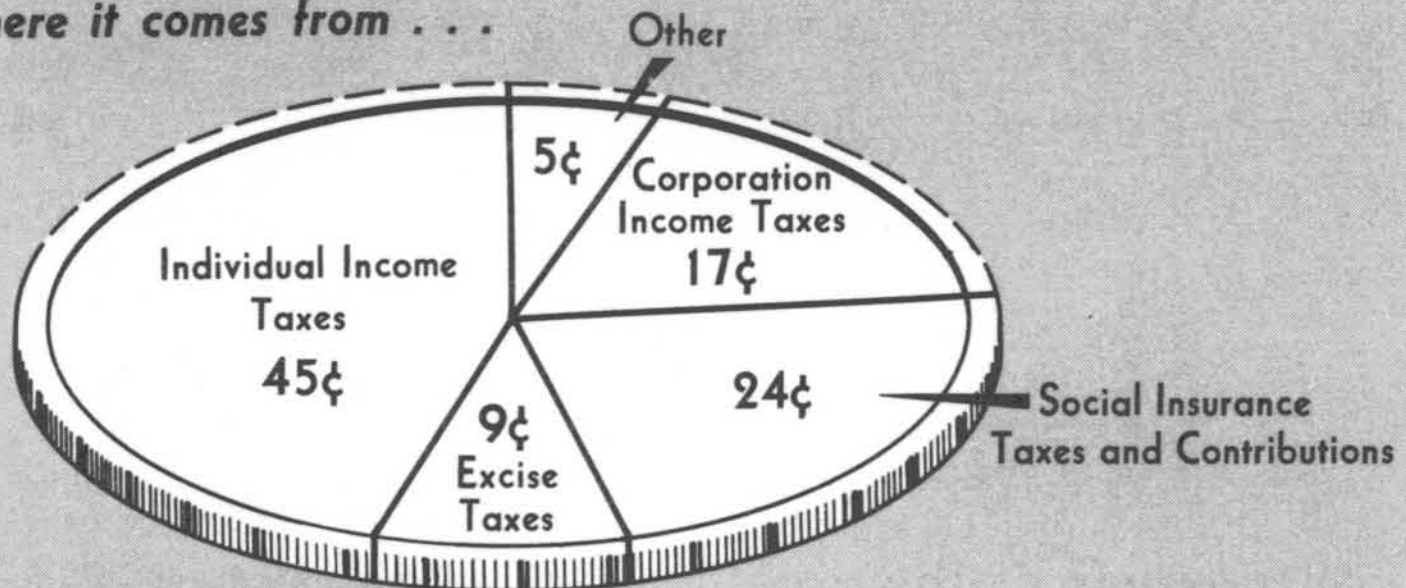


FISCAL YEAR 1971

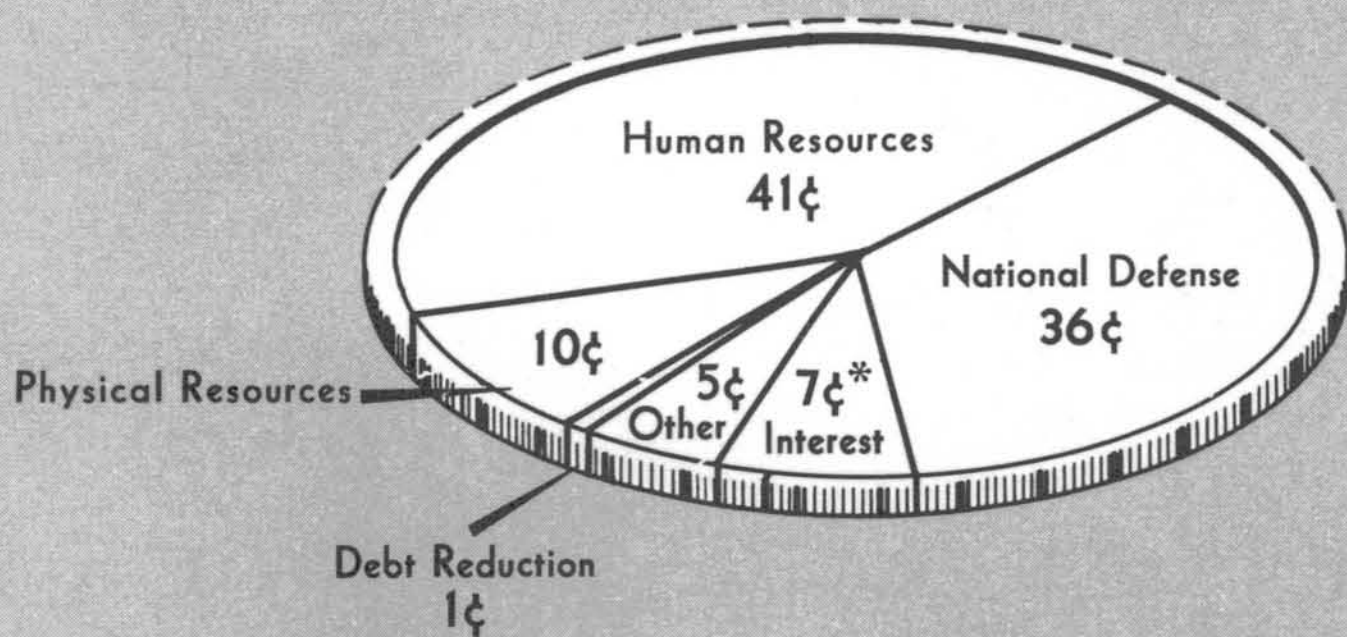
THE BUDGET DOLLAR

Fiscal Year 1971 Estimate

Where it comes from . . .



Where it goes . . .



* Excludes Interest Paid to Trust Funds

FROM THE PRESIDENT'S BUDGET MESSAGE

We have begun to travel a new road.

I am confident that this new road will lead us to an honorable peace in Southeast Asia and toward peace and freedom in the years ahead. As we travel that road of responsibility, our economy will overcome its inflationary fever and return to a sustainable rate of growth.

Domestic programs are being reshaped and revitalized to reach and involve the individual American. Guiding us in this effort are five central themes, which are essential elements of the New Federalism:

- An awareness of the growing desire for fairness and equal opportunity in every facet of American life;
- A recognition of the importance of the interests of the individual in the decisions that determine his destiny;
- An emphasis on restructuring basic program systems to ensure that Government efforts deliver the full measure of their promise;
- An understanding that national unity is needed for the setting of goals, and national diversity must be respected in the administration of services; and
- A willingness to return power to the people and dignity to the individual, through financial help to State and local governments and renewed reliance on private, voluntary action.

This budget reflects these principles; it expresses the *shared purposes* of the Nation.

This budget imparts to our goals a sense of timing and commitment appropriate to a vigorous, free people seeking constantly to expand the Nation's potential and improve its performance.

A handwritten signature in dark ink, reading "Richard Nixon". The signature is written in a cursive, flowing style with a large, prominent "R" and "N".

FEBRUARY 2, 1970.

INTRODUCTION

The Budget of the U.S. Government reflects proposals of the President which, individually and collectively, have an important influence on the Nation's economic and social environment. The budget is the President's financial plan. It presents recommendations for *individual programs* such as water pollution control, social security, and highway safety. It also contains estimates of what the programs will cost and how necessary revenues will be raised. At the same time, the *budget totals* are adapted to economic conditions in order to foster noninflationary economic growth.

This is President Nixon's first budget. It reflects his judgment of the Nation's domestic and international priorities. However, the momentum of ongoing programs—powered by existing laws and international commitments—is substantial. This makes it difficult to make sweeping changes in the substance and size of Federal programs in a single year.

Nonetheless, the President has made many significant changes in priorities in this budget. For the first time in two decades, more Government funds will be devoted to human resource programs than are required for national defense. The budget also proposes the revamping or termination of many outmoded or uneconomic programs.

Many estimates in this budget will change before fiscal year 1971 ends, 17 months after the budget is presented. The Congress will modify some of the requests in the budget and add proposals of its own. Our economic outlook and other external events are changing constantly as well.

Because it serves so many purposes, the budget is a complex and technical document. The *Budget in Brief* is therefore published each year to present the highlights of the budget in a nontechnical way. This year's *Budget in Brief* gives the major facts about the budget for 1971. Parts 1 and 2 summarize the main points in President Nixon's budget message; Part 3 discusses the budget program by function; Part 4 describes the budget system; and Part 5 contains summary tables.

We hope that this booklet will promote greater understanding of the budget and that it will stimulate interest in the issues to be discussed during the next several months.

ROBERT P. MAYO,
Director, Bureau of the Budget.

CONTENTS

	Page
GLOSSARY	2
PART 1. BUDGET POLICY AND THE ECONOMY	5
Budget Goals	5
Overview of the 1971 Budget	6
Fiscal Highlights	7
Federal Debt	15
Federal Employment	17
PART 2. A STRATEGY FOR THE SEVENTIES	18
Reducing Outmoded or Uneconomic Programs	18
Preparing for the Future	19
The Search for Peace	21
The Quality of the Environment	22
Reforms and New Directions	24
PART 3. THE BUDGET PROGRAM BY FUNCTION	29
National Defense	30
International Affairs and Finance	33
Space Research and Technology	35
Agriculture and Rural Development	36
Natural Resources	38
Commerce and Transportation	40
Community Development and Housing	42
Education and Manpower	44
Health	46
Income Security	48
Veterans Benefits and Services	50
General Government	52
Interest	54
PART 4. THE BUDGET SYSTEM	55
The Federal Budget Cycle	55
Controlling Government Spending	59
PART 5. BUDGET TABLES	62

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

GLOSSARY

- FISCAL YEAR**—Year running from July 1 to June 30 and designated by the calendar year in which it *ends*.
- EXPENDITURE ACCOUNT**—The portion of the budget consisting of (1) budget receipts and (2) budget authority and outlays for all non-lending programs, lending programs not classified in the loan account, and the administrative and other net expenses of programs in the loan account.
- LOAN ACCOUNT**—The portion of the budget consisting of the principal amounts of disbursements and repayments for domestic loans subject to definite requirements for full repayment and for foreign loans made on commercial terms.
- AUTHORIZATION**—Basic substantive legislation which sets up a Federal program or agency. Such legislation sometimes sets limits on the amount that can subsequently be appropriated, but does not usually provide budget authority.
- BUDGET AUTHORITY (BA)**—Authority provided by the Congress—mainly in the form of appropriations—which allows Federal agencies to incur obligations to spend or lend money. While most authority is voted each year, some becomes available automatically under permanent laws—for example, interest on the public debt. Budget authority is composed of:
- **NEW OBLIGATIONAL AUTHORITY (NOA)**, which is authority to incur obligations for programs in the expenditure account; plus
 - **LOAN AUTHORITY (LA)**, which is authority to incur obligations for loans made under programs classified in the loan account.
- OBLIGATIONS**—Commitments made by Federal agencies to pay out money for products, services, loans, or other purposes—as distinct from the actual payments. Obligations incurred may not be larger than the budget authority.
- OUTLAYS**—Checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements. Budget outlays are composed of:
- **EXPENDITURES (Exp.)**—Outlays relating to the expenditure account; plus
 - **NET LENDING (NL)**—Gross loan disbursements minus repayments in the loan account.
- BUDGET RECEIPTS**—Money collected because of the sovereign or other compulsory powers of the Government, net of refunds. (See offsetting receipts.)
- BUDGET SURPLUS OR DEFICIT**—The difference between budget receipts and outlays, representing the expenditure account surplus or deficit plus net lending.
- FEDERAL FUNDS**—Funds collected and used by the Federal Government, as owner. The major federally owned fund is the general fund, which is derived from general taxes and borrowing and is used for the general purposes of the Government. Federal funds also include certain earmarked receipts, such as those generated by and used for the operations of Government-owned enterprises.
- TRUST FUNDS**—Funds collected and used by the Federal Government, as trustee, for specified purposes, such as social security and highway construction. Receipts held in trust are not available for the general purposes of the Government. Surplus trust fund receipts are invested in Government securities and earn interest.
- OFFSETTING RECEIPTS**—Composed of (1) proprietary receipts from the public derived from Government activities of a business-type or market-oriented nature which are offset against related budget authority and outlays; and (2) intrabudgetary transactions between one Government agency or fund and another which are offset to avoid double counting.
- UNDISTRIBUTED INTRAGOVERNMENTAL TRANSACTIONS**—Composed of (1) payments to trust funds by Government agencies, as employer, for their employees' retirement; and (2) interest paid to trust funds on their investments in Government securities. To avoid double counting, these transactions are deducted from the budget totals.

PART 1

BUDGET POLICY AND THE ECONOMY

The 1971 budget is a balanced budget. It seeks to meet today's needs and to anticipate tomorrow's challenges.

BUDGET GOALS

This anti-inflationary budget begins the necessary process of reordering our national priorities. For the first time in two full decades, the Federal Government will be able to spend more money on human resource programs than on national defense.

A budget must be a blueprint for the future. Because resources are scarce, we must look to the years ahead and pursue our national goals in an orderly fashion—carefully measuring Federal commitments to accord with the funds available. In order more effectively to mobilize our total resources to achieve national purposes, we must also place greater reliance on private initiative and State and local government efforts.

The 1971 budget will move ahead to:

- Meet our *international responsibilities* by seeking an honorable peace in Vietnam and by maintaining sufficient military power to deter potential aggressors—while at the same time negotiating possible limitations on strategic arms with the Soviet Union.
- Help restore *economic stability* by holding down spending in order to provide another budget surplus and to relieve pressure on prices—and to achieve that surplus without income or excise tax increases.
- Launch a major effort to improve *environmental quality* by attacking pollution, by providing more recreation opportunities, and by developing a better understanding of our environment.

- Inaugurate the *Family Assistance Program*, fundamentally reforming outmoded welfare programs, by encouraging family stability, and by providing incentives for work and training.
- Provide major advances in our programs to *reduce crime*.
- Foster *basic reforms* in Government programs and processes by making entire program systems operate more effectively, and by encouraging responsible decentralization of decisionmaking.

Difficult choices will have to be made if we are to fulfill these goals. In the past few years, too many hard choices were avoided. Inflation was permitted to impose its burdens on all Americans. The willingness to make hard choices is the driving force behind the 1971 budget proposals.

OVERVIEW OF THE 1971 BUDGET

All Government spending flows from budget authority. This authority—generally in the form of appropriations—must be enacted by the Congress before Federal agencies can commit and spend funds. *Budget authority* for 1971 is estimated at \$218.0 billion. Of the total, \$148.1 billion will require current action by the Congress, with the balance becoming available automatically as the result of past congressional actions.

Budget outlays for 1971 will be held to \$200.8 billion, which is only \$2.9 billion more than in 1970.

Revenues are estimated to be \$202.1 billion in 1971, exceeding 1970 levels by only \$2.7 billion.

The *surplus* for 1971, an estimated \$1.3 billion, will serve both to stem persistent inflationary pressures and to relieve hard-pressed financial markets.

Budget surpluses will cause Federal *debt held by the public* to decline slightly from \$279.5 billion at the end of fiscal year 1969 to \$278.5 billion at the end of 1970, and still further to an estimated \$277.3 billion by the end of 1971.

SUMMARY OF THE BUDGET

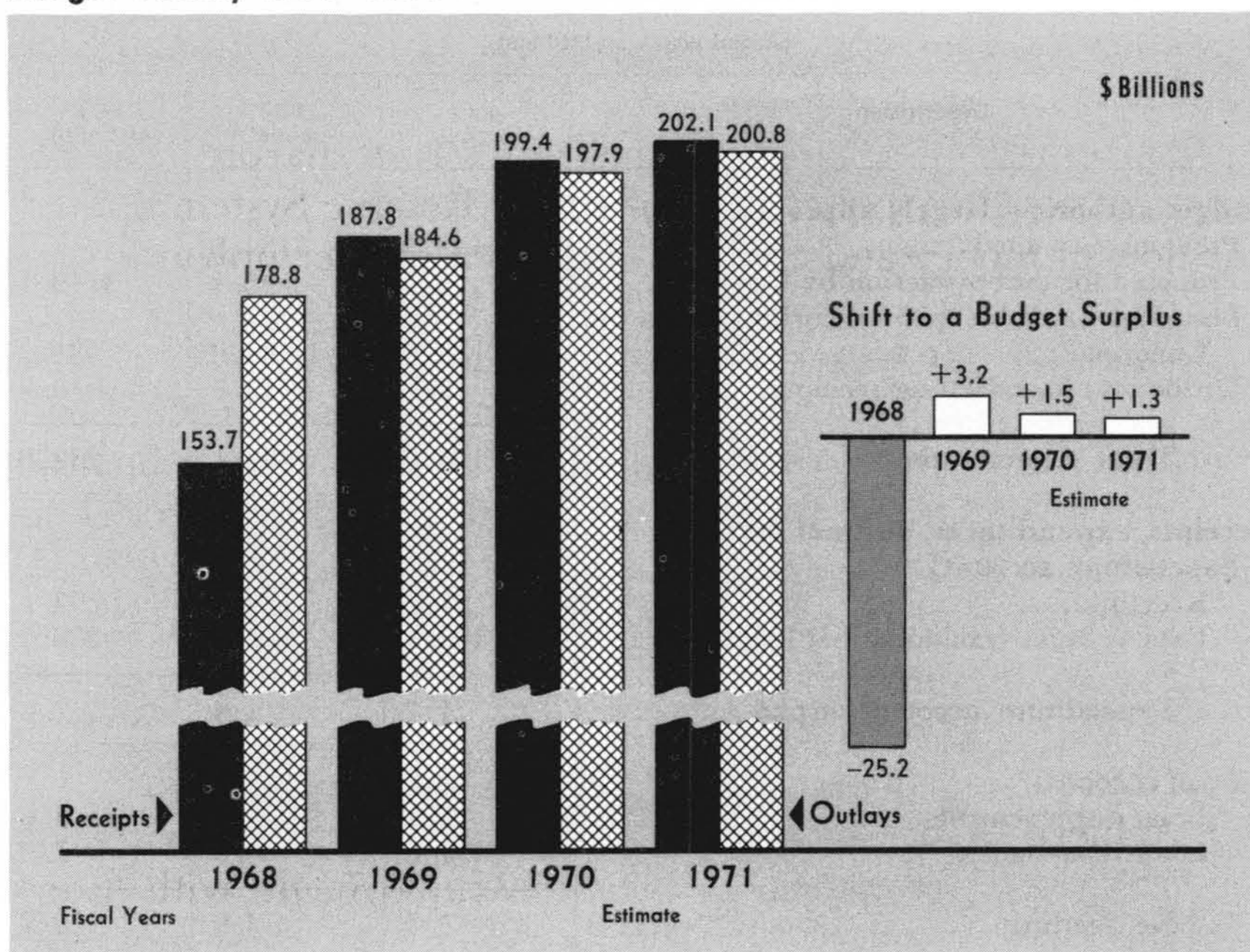
[Fiscal years. In billions]

Description	1969 actual	1970 estimate	1971 estimate
Budget authority (largely appropriations):			
Previously enacted.....	\$133. 2	\$133. 9
Proposed for current action by Congress.....	5. 1	\$148. 1
Becoming available without current action by Congress.....	75. 9	84. 0	86. 7
Deductions for offsetting receipts.....	—12. 9	—13. 9	—16. 8
Total budget authority.....	196. 2	209. 1	218. 0
Receipts, expenditures, and net lending:			
Expenditure account:			
Receipts.....	187. 8	199. 4	202. 1
Expenditures (excluding net lending).....	183. 1	195. 0	200. 1
Expenditure account surplus.....	4. 7	4. 4	2. 0
Loan account:			
Loan disbursements.....	13. 1	9. 5	8. 6
Loan repayments.....	11. 6	6. 6	7. 9
Net lending.....	1. 5	2. 9	0. 7
Total budget:			
Receipts.....	187. 8	199. 4	202. 1
Outlays (expenditures and net lending).....	184. 6	197. 9	200. 8
Budget surplus.....	3. 2	1. 5	1. 3

FISCAL HIGHLIGHTS

The fiscal program is reflected in the budget proposals for total outlays and receipts. These totals must be appropriate to the state of the economy. The 1971 budget was framed in a period of persistent price rises and is designed to help return the economy to a path of noninflationary growth.

Budget Totals, 1968-1971



Economic Setting

Between 1964 and 1968, total demands on our productive capacity increased too rapidly to maintain price stability, largely because of Federal deficits. Government spending rose by more than 50%, fueling inflation with a 4-year deficit of \$39 billion. As a result, the rise in consumer prices accelerated during this period, increasing at a rate of almost 6% in calendar year 1969.

When President Nixon took office he established a policy designed to curb the rising cost of living while avoiding a recession and an excessive increase in unemployment. Within 6 months, the President revised the 1970 budget inherited from the previous Administration to reduce defense expenditures by \$4.1 billion, and controllable civilian programs by \$3.4 billion. Subsequently a 75% reduction was ordered in new Federal construction contracts.

On the revenue side of the budget, proposals were made to the Congress to:

- Continue the income tax surcharge at 10% until December 31, 1969, and at 5% until June 30, 1970—yielding \$7.6 billion in revenues; and

- Repeal the investment tax credit, extend selected excise taxes, and impose new user charges, for an additional \$2.4 billion.

Responding to inflation, interest rates rose sharply. The restrictive monetary policy of the Federal Reserve System limited the flow of money and credit and created further upward pressure on rates.

Monetary and fiscal policies succeeded in moderating economic expansion in calendar year 1969. Past experience, however, has shown that prices react slowly to changes in economic activity. Therefore, it takes time for anti-inflationary actions to be translated into price relief.

A policy of continued budget restraint is imperative to:

- Reduce inflationary pressures and expectations;
- Relieve the pressure in financial markets;
- Improve our balance of international payments; and
- Achieve a rate of economic growth compatible with the longer range objective of high employment with price stability.

Demanding and unpopular actions are essential to a responsible fiscal policy in today's economic setting. Total outlays can be held to an estimated \$200.8 billion only if marginal programs are reduced or eliminated, and some desirable new programs postponed.

Budget Receipts in 1971

Budget receipts in 1971 are estimated to be \$202.1 billion, \$2.7 billion higher than in 1970. This relatively small increase reflects termination of the income tax surcharge, the tax changes contained in the Tax Reform Act of 1969, and the slower rate of economic growth anticipated in calendar year 1970.

Total receipts under December 1969 tax rates, excluding the income tax surcharge, are estimated to increase by \$9.7 billion from 1970 to 1971, due largely to rising incomes. However, the surcharge (which expires on June 30, 1970) adds \$9.9 billion to 1970 receipts and only \$1.4 billion to 1971 receipts—a difference of \$8.5 billion. Therefore, termination of the surcharge largely offsets the rise in receipts due to higher incomes.

The receipts estimates for 1971 include proposed legislation to raise \$1.6 billion, largely through additional user charges and excise tax extensions.

Economic assumptions for receipts estimates.—The basic economic assumptions underlying the estimates of receipts in fiscal years 1970 and 1971 are summarized in the following table:

ECONOMIC ASSUMPTIONS

[Calendar years. In billions]

Description	1968 actual	1969 preliminary	1970 estimate
Gross national product.....	\$865. 7	\$932. 3	\$985
Personal income.....	687. 9	747. 1	800
Corporate profits before tax.....	91. 1	94. 3	89

Receipts by source.—The Federal tax system relies predominantly on *income taxes*. In 1971, receipts from individual and corporation income taxes, together, will account for 62% of total budget receipts.

Social insurance taxes and contributions represent 24% of total estimated budget receipts in 1971. This category includes payroll taxes to finance social security and hospital insurance; unemployment insurance taxes; premiums for supplementary medical insurance; contributions to the railroad retirement system; and civil service retirement contributions by Federal employees. An increase of \$4.3 billion in 1971 is estimated for social insurance receipts. It reflects:

- An anticipated increase in the number of people and in the dollar volume of payrolls covered by the social security system and other retirement and insurance programs;
- An increase in the premiums for supplementary medical insurance from \$4.00 per month to \$5.30 per month, effective July 1, 1970;
- An increase under existing law in the combined employer-employee payroll social security tax from 9.6% to 10.4% on January 1, 1971; and
- Proposed legislation to increase the taxable earnings base for social security on January 1, 1971, from \$7,800 to \$9,000, and to increase railroad retirement fund revenue.

Excise taxes, levied on a variety of products, activities, and services, are expected to provide 9% of total budget receipts in 1971. The proposed extension of the current excise taxes on automobiles and telephone services through December 31, 1971, will provide \$0.6 billion in 1971. An additional \$0.7 billion

reflects proposals made last year for user charges, primarily in the field of transportation, so that those who benefit directly from such Government services will pay a fairer share of the costs.

All other receipts, including estate and gift taxes, customs duties, and miscellaneous receipts, will amount to 5% of the total receipts in 1971.

BUDGET RECEIPTS
[Fiscal years. In billions]

Source	1969 actual	1970 estimate	1971 estimate
Individual income taxes	\$87. 2	\$92. 2	\$91. 0
Corporation income taxes	36. 7	37. 0	35. 0
Social insurance taxes and contributions	39. 9	44. 8	49. 1
Excise taxes	15. 2	15. 9	17. 5
All other receipts	8. 7	9. 4	9. 5
Total budget receipts	187. 8	199. 4	202. 1
Under existing law	187. 8	199. 4	200. 5
Under proposed legislation	*	1. 6

* Less than \$50 million.

Outlays

The Federal budget must meet many individual program objectives. At the same time the total outlays must conform to the resources available in light of economic circumstances.

Current fiscal year.—The Congress set a spending ceiling for the Executive Branch for 1970, with provisions allowing the ceiling to be changed by congressional actions that relate to the budget.

The original ceiling set in the law was \$191.9 billion. The Congress recognized, however, that a substantial part of Federal spending in any one year is determined by prior legal obligations and is, therefore, beyond the immediate control of the Executive Branch. For this reason, the law provides that the overall ceiling can be raised by up to \$2.0 billion to take account of increases above the estimates of selected *uncontrollable* expenditures, such as social security and interest on the public debt. Actions of the Congress already taken or projected in this budget are expected to add another \$1.8 billion to the ceiling, thus raising the overall ceiling to \$195.7 billion.

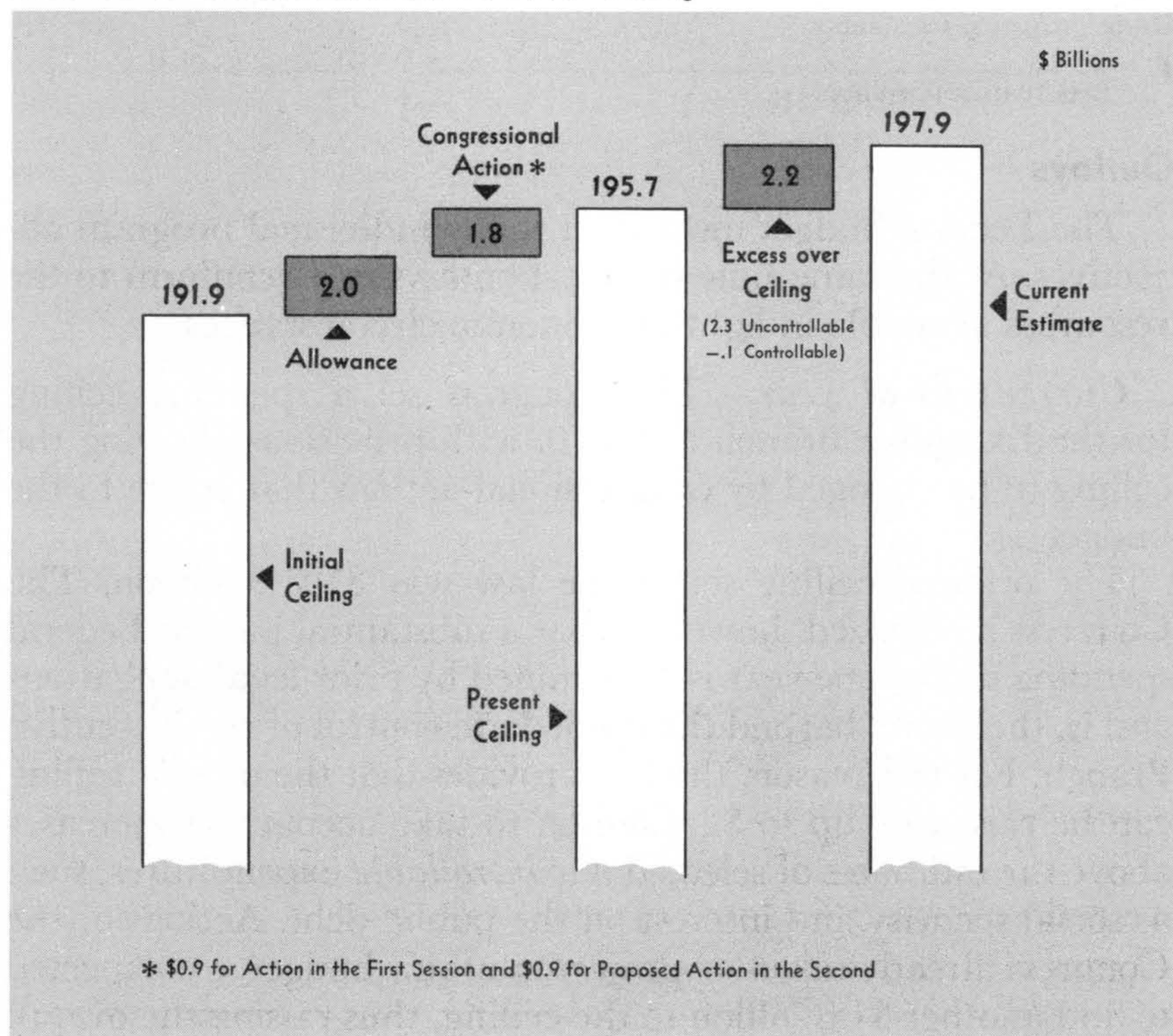
The President supports the intent of the Congress to maintain firm control of Federal spending. But the \$2.0 billion allowance for increases in uncontrollable spending now appears completely

unrealistic. Spending for these uncontrollable programs is now expected to be \$4.3 billion higher in 1970 than estimated last April. *This is \$2.3 billion above the amount allowed for this contingency by the Congress.*

On the other hand, *controllable* spending has been held within the limits set by the Congress. Nonetheless, total 1970 spending is now estimated at \$197.9 billion, which is \$2.2 billion above the legal ceiling. The excess results entirely from the \$2.3 billion increase in outlays for the designated uncontrollable programs. There is a margin of \$0.1 billion under the ceiling on all other spending.

An overall outlay target provides a useful discipline to guide individual actions by the Congress and the Executive Branch. However, an outlay ceiling should include adequate provision for spending on uncontrollable programs.

Relation of Current Estimate to 1970 Ceiling



Therefore, the President is recommending that the 1970 ceiling be amended in two ways. First, the fixed allowance for uncontrollable outlays should be removed for those outlays that the Congress has already placed beyond the Executive's control.

Second, the ceiling itself should be amended so that the extremely thin margin between the revised ceiling and the current estimates of total outlays is sufficient to permit prudent management of the Government without forcing crippling cuts in vital programs during the few remaining months of this fiscal year. The President is further suggesting that the Congress reconsider the real utility of having a flexible ceiling apply to the Congress while a rigid ceiling is applied to the Executive Branch.

The dedication of the Administration to expenditure control has been demonstrated by the \$7.5 billion of reductions already made this year. Vigorous efforts to contain Federal spending will be continued. With the cooperation of the Congress, total spending for 1970 can be held to the revised target of \$197.9 billion.

The President has also suggested a number of steps to improve congressional control over budget totals and avoid the difficulties encountered this year. These are discussed on pages 60–61.

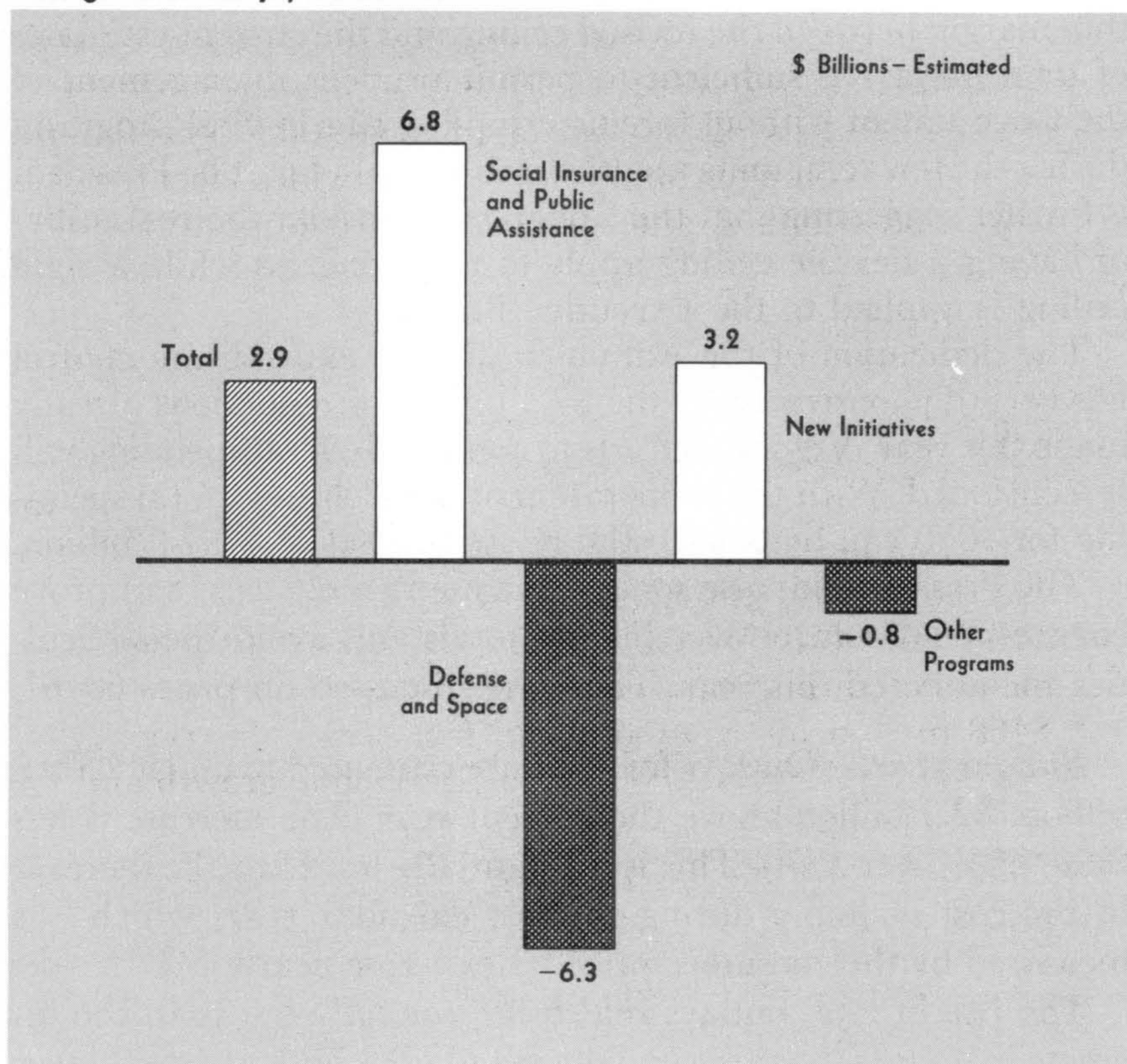
Budget year.—Outlays for 1971 are estimated to reach \$200.8 billion, \$2.9 billion above the current year. The increase is less than 1.5% over 1970. This is substantially less than the increase in the cost of living during the last calendar year, which—as measured by the consumer price index—rose nearly 6%.

The rise in total outlays is also *substantially less* than the increase in outlays that are virtually mandatory under present laws. For example, social insurance trust fund outlays (including Medicare) and public assistance grants (including Medicaid) are estimated to increase in 1971 by \$6.8 billion.

Aside from these outlays, the total of other Federal spending has been reduced below its 1970 level.

New pay raises for Federal civilian and military employees are budgeted at \$175 million in 1970 and \$1.4 billion in 1971. These amounts reflect: (1) the pay adjustments accompanying postal reform; (2) the principle of pay comparability of civilian jobs with similar jobs in private industry; and (3) the legal requirement that military compensation be increased in pace with the salaries of Federal civilian employees. Because the need to control and contain the inflationary spiral is of paramount importance at this time, the President is recommending that the comparability pay raises (which require congressional action) be deferred six months beyond the recent pattern, and be made effective in January 1971.

Change in Outlays, 1970-1971



The 1971 budget shows a significantly different set of priorities than those contained in the budget presented by the previous Administration a year ago. Although total 1971 outlays are \$5.5 billion higher than those originally proposed for 1970, outlays for national defense and space activities have been cut by \$10.8 billion. The current estimate of 1970 spending for defense and space is \$4.4 billion less than the level recommended last year by the outgoing Administration, and a further reduction of \$6.3 billion is proposed for 1971.

A substantial increase in postal revenues is necessary in order to avoid an excessive postal deficit, which would otherwise consume a large part of the resources made available by the difficult cuts being made in other programs. Enactment of the pending bill to raise postal rates, in addition to other measures currently under study, will cause net outlays for the Post Office to decline by an estimated \$866 million from 1970.

To provide funds for some of our most urgent domestic needs, the 1971 budget includes *increases* of:

- \$500 million for starting the *Family Assistance Program*, to replace an unworkable and often inequitable system with one that encourages family stability, provides incentives for work and training, and offers expanded opportunities for day care.
- \$275 million for the first quarterly payment under the proposed *revenue-sharing* plan, to go into effect before the end of 1971.
- \$310 million for improved *crime reduction* efforts.
- \$330 million for air and water pollution control, and for parks and open spaces, as integral parts of efforts to enhance *environmental quality*.
- \$764 million for *food assistance* programs, to help eliminate malnutrition and hunger.
- \$468 million for *transportation* facilities and services, important ingredients for continued economic growth and job development.
- \$352 million for *manpower training*, to help more of our people to become productive and self-supporting.

FEDERAL DEBT

There are three concepts of debt which are currently being used: Federal debt held by the public, gross Federal debt, and debt subject to statutory limitation. Only one of these—Federal debt held by the public—relates directly to the total unified budget surplus or deficit.

Federal debt held by the public includes debt issued by both the Treasury and other Federal agencies. Part of it is owned by private citizens, largely in the form of savings bonds. The Federal Reserve banks and commercial banks also own a large share. The remainder is owned by State and local governments, corporations, insurance companies, mutual savings banks, and others.

As a result of the current budget surpluses, Federal debt held by the public is expected to decline from \$279.5 billion on June 30, 1969, to an estimated \$278.5 billion on June 30, 1970, and \$277.3 billion on June 30, 1971. These debt repayments should be of some modest help to financial markets in meeting the heavy demands for housing and State and local government financing.

FEDERAL DEBT AND BUDGET FINANCING

[Fiscal years. In billions]

Description	1969 actual	1970 estimate	1971 estimate
Federal debt held by the public (at end of fiscal year)	\$279. 5	\$278. 5	\$277. 3
Plus: Debt held by Federal agencies and trust funds.....	87. 7	96. 3	105. 2
Equals: Gross Federal debt.....	367. 1	374. 7	382. 5
Of which:			
Treasury debt ¹	352. 9	362. 1	370. 3
Other agency debt.....	14. 2	12. 6	12. 2
Budget financing:			
Net repayment of borrowing (—).....	—1. 0	—2. 6	—1. 2
Other means of financing.....	—2. 2	1. 1	—0. 1
Total budget financing.....	—3. 2	—1. 5	—1. 3
Total budget surplus.....	3. 2	1. 5	1. 3

¹ Excludes notes issued to the International Monetary Fund.

Gross Federal debt differs from debt held by the public in that it also includes debt held by the Federal Government itself, primarily by trust funds which invest surplus receipts in special Treasury securities. Gross Federal debt will continue to rise, from \$367.1 billion on June 30, 1969, to an estimated \$382.5 billion on June 30, 1971. The increase is more than accounted for by the rise in Government obligations issued to trust funds and other Government agencies.

The *statutory debt limit* covers the major part of the gross Federal debt, but it excludes most borrowing by Federal agencies other than the Treasury. The present temporary debt limit of \$377 billion will expire on June 30, 1970, and the statutory maximum will then revert to the permanent level of \$365 billion.

An increase in the statutory limit will be necessary even though the past two budgets and the one proposed for 1971 all show surpluses of receipts over outlays. The increase in debt subject to limit, like the increase in gross debt, is caused by trust fund investments in special Treasury issues. The President will therefore recommend that the statutory limit be increased to accommodate these trust fund investments.

FEDERAL EMPLOYMENT

Federal civilian employment—as measured by those in full-time, permanent positions—will decline for the second consecutive year reflecting the tight rein being held on employment. At the end of fiscal year 1971, there will be an estimated 2.6 million full-time permanent Federal civilian employees. When part-time and temporary workers are added, total Federal civilian employment will come to about 2.9 million.

A sizable decrease in Defense Department employment, combined with smaller cuts in the space program and in civilian agencies with overseas activities, is enabling the Federal Government to add employees in selected high priority areas without increasing the total number employed. Employment will be increased to meet growing workloads for postal services, air traffic control, veterans medical care, social security payments, environmental protection, and law enforcement.

Nearly 43% of all Federal civilian personnel work in one agency, the Department of Defense—many of them in industrial-type jobs. The Post Office employs 23% of the total, and 6% work for the Veterans Administration. Together, these three agencies employ nearly three out of four full-time permanent Federal civilian workers.

Federal employees are dispersed throughout the country. Less than 11% of all Federal employees work in the National Capital area. About 8% are located overseas in foreign countries and in U.S. territories and possessions. More than 81% work in various States and communities.

At the end of fiscal year 1969, Federal civilian employment accounted for less than one-quarter of the 12.5 million Federal, State, and local governmental employees.

PART 2

A STRATEGY FOR THE SEVENTIES

Basic changes in program priorities are reflected in this year's budget. About 41% of estimated outlays will be devoted to human resource programs—education and manpower, health, income security, and veterans benefits and services. While providing for continued improvements in our military forces, spending for national defense will claim a smaller percentage of the budget than in any year since 1950. Other major programs—pollution control, crime reduction, transportation, and housing—will grow substantially in the years ahead.

CHANGING PRIORITIES

[Fiscal years. Percentage distribution of total budget outlays]

Program	1961 actual	1969 actual	1971 estimate
National defense.....	48	44	37
Human resource programs.....	30	34	41
Other.....	22	22	23
Total budget outlays.....	100	100	100

REDUCING OUTMODED OR UNECONOMIC PROGRAMS

To change priorities requires substantial alteration of existing programs. Much of the budget is the outcome of program decisions made in past years and even decades ago. The Federal Government can no longer afford to confine its budget decisions to marginal increases or decreases in programs. Those that are poorly designed or have outlived their original usefulness must be altered. The President has therefore proposed to restructure, reduce, or terminate a collection of outmoded and uneconomic programs to save \$2.1 billion in 1971 and release resources to help meet present and future needs.

- Program *terminations* will save about \$300 million from lower priority activities in 1971. Much of the total is accounted for by eliminating certain agricultural programs which have accomplished their purposes or are no longer high priority.
- Fundamental *restructuring* of programs will save nearly \$1.4 billion in 1971. For example, the basic concept underlying the present objectives of the Nation's stockpile of strategic and critical materials must be re-examined and modernized. Many commodities in the stockpile are now far in excess of foreseeable needs. Expanded authority will be sought to permit the disposal of \$750 million of these materials in 1971.
- *Reductions* in uneconomic programs will total \$436 million in 1971. The largest reduction stems from actions taken in manned flight activities of the space program.

PROGRAM TERMINATIONS, REDUCTIONS, AND RESTRUCTURING

[Fiscal year 1971. Outlays in millions]

Item	1971 savings
Program terminations	\$300
Special milk and agricultural conservation (cost-sharing)	(130)
Federal ownership of the Alaska Railroad	(100)
Program restructuring	1, 396
Sale of excess strategic and critical materials now stockpiled	(751)
Education aid to federally affected areas more closely related to need . . .	(196)
Eliminate duplicate or unnecessary veterans benefits	(106)
Program reductions	436
Postponement of additional procurement, Saturn V launch vehicles and Apollo spacecraft, and adjusting the lunar flight schedule	(402)
Total, program terminations, reductions, and restructuring	2, 132

PREPARING FOR THE FUTURE

The Administration is placing heavy emphasis on the long-range implications of current decisions. Today's decisions often lead to large commitments tomorrow. Past failure to recognize this fact accounts for much of the present budgetary inflexibility.

It is clear that, over the next few years, the anticipated growth in tax revenues will not meet all the needs of the Seventies. Based on the estimated cost of *today's* programs and projected revenues of the 1971 tax system, a shifting of funds from low-priority to higher priority programs is required to provide needed resources.

Growth in the economy.—Growth in the labor force, rising productivity, and a return to more moderate price trends could increase our gross national product (GNP) to about \$1.4 trillion in 1975.

The growth in our productive capacity will be matched by growth in demand. Population will rise from 205 million to 218 million, a net addition greater than the present population of New England.

Pressures on the Federal Budget.—This growth will be reflected in Federal Government finances. During the years 1971–1975:

- Greater personal income, corporate profits, and other sources of revenue would have increased the yield of the tax system to \$278 billion in 1975 on the basis of the President's tax recommendations in April 1969 and the new proposals made in this budget.
- However, the new Tax Reform Act will reduce that potential increase in 1975 by \$12 billion. As a result, Federal revenues will be a smaller proportion of GNP in 1975 than in 1970.

Growth will also require additional Government services and generate additional Government spending.

- The increases in population, wages, and prices would stimulate growth in many existing Federal services, causing outlays to rise \$28 billion by 1975.
- Proposed program terminations and restructuring will reduce this growth in the budget base, however, by \$2 billion and further cuts will be sought in the future.
- New initiatives proposed in this budget could cost \$18 billion by 1975.

It therefore appears that anticipated revenues are likely to exceed projected outlays by \$22 billion in 1975. This is only 1.5% of our projected gross national product for 1975. Little, if any, of these resources will be available in 1972.

Yet, we must address a host of costly alternatives at the same time that the inherent uncertainty of projecting the future rate of economic growth could easily consume all of our potential discretionary resources. The alternatives include: budget surpluses with high employment, further tax reduction, and the addition of vital expenditure programs.

BUDGET PROJECTIONS

[Fiscal years. In billions]

Description	1971 estimate	1975 projected
Revenues:		
Tax structure proposed by Administration (April 1969) ¹	\$205	\$278
Effect of 1969 Tax Reform Act.....	—3	—12
Total.....	202	266
Outlays:		
Current programs.....	200	228
New initiatives reflected in this budget.....	3	18
Program termination, restructuring, and reduction currently proposed.....	—2	—2
Total.....	201	244
Net margin.....		22

¹ Includes revenue effect of legislation proposed in this budget.

There are many challenges ahead. The full cost of addressing them will far exceed the funds which are likely to be available. Whatever progress we make must depend on our ability to design workable programs and our willingness to raise the required resources.

THE SEARCH FOR PEACE

We seek a world in which all men can live in peace, freedom, and dignity.

Peace and national security.—The best way to achieve this goal is by maintaining sufficient strength to deter aggression, supported by effective and verifiable international agreements, and by collective security and international cooperation.

Following a comprehensive and orderly review of our national security policies, the President has:

- Initiated a plan designed to bring a just peace to Vietnam consistent with our basic objective of self-determination for the Vietnamese people. Our two-pronged effort of negotiating in Paris while transferring major responsibilities to

the South Vietnamese permits a reduction of authorized forces by 115,500 from previously authorized levels.

- Begun strategic arms limitations talks with representatives of the Soviet Union.
- Signed the Nuclear Nonproliferation Treaty.
- Initiated construction of the Safeguard missile defense system, intended to protect the United States from limited nuclear attacks—including an accidental missile launch—and to protect some of our retaliatory forces.
- Renounced biological weapons and initiated disposal of existing bacteriological weapons.
- Appointed an advisory commission to develop a comprehensive plan for eliminating the draft and moving toward an all-volunteer military force.
- Signed into law his proposal for draft reform, to shorten the maximum period of draft vulnerability to one year, thereby reducing uncertainty for millions of young men.

These accomplishments mark the transition from old policies and strategies to new ones.

International relations.—To pursue international development and stability effectively, emphasis will be placed on greater initiative by the countries we assist, more trade, a larger role for private enterprise, and increased reliance on cooperative efforts through international organizations.

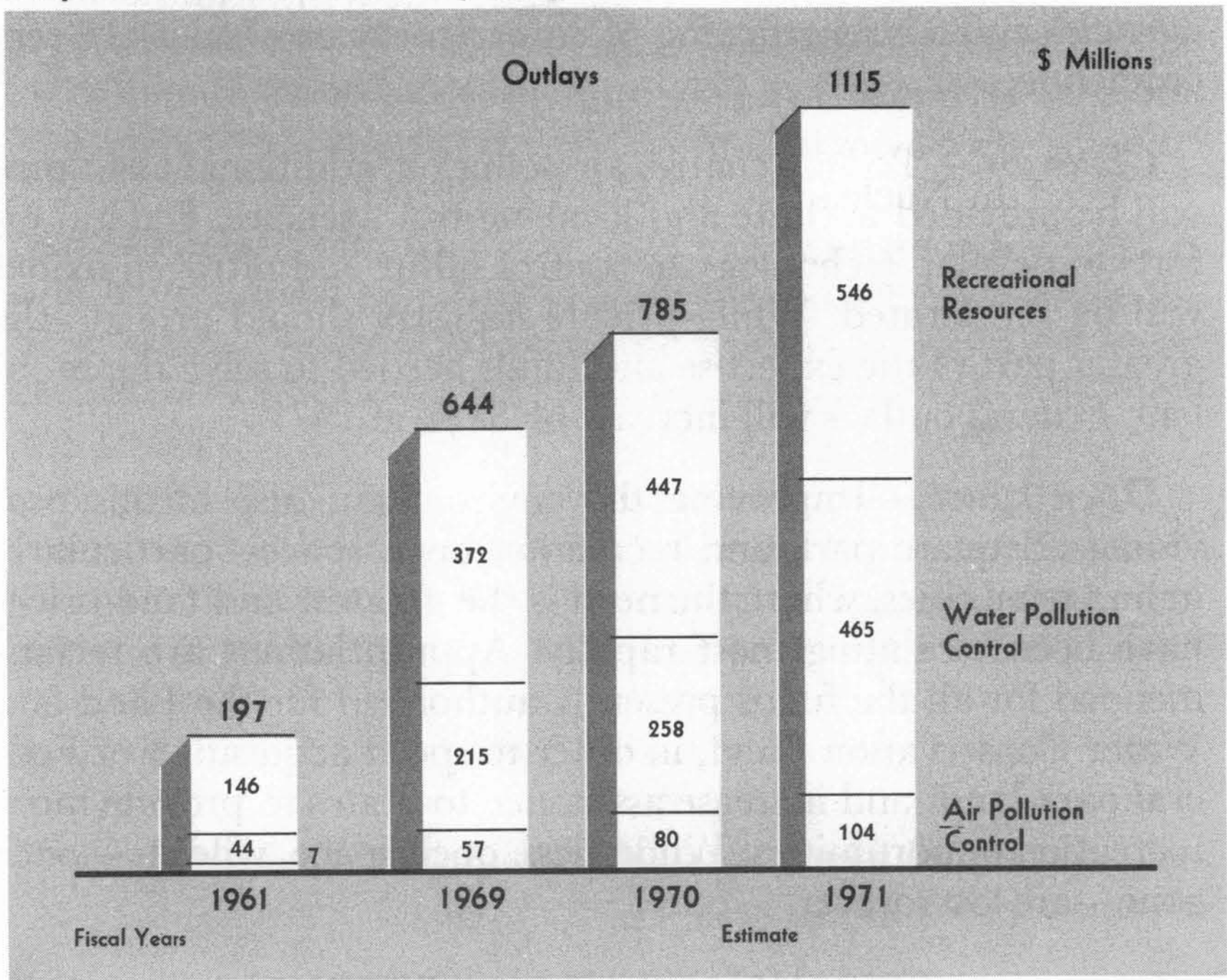
Private enterprise is being encouraged to bring its dynamism to the challenge of economic development. The Overseas Private Investment Corporation has been established to help increase the flow of private capital to the developing world. Efforts will be made to reduce trade barriers and provide more equitable adjustment assistance to industries, companies, and workers injured by import competition.

But trade and private enterprise are not sufficient by themselves. Continued budget authority is proposed for the Agency for International Development to provide direct aid to developing countries. Further proposals to strengthen aid programs will be presented to the Congress based on a review by the presidential task force on foreign aid.

THE QUALITY OF THE ENVIRONMENT

Our environment is becoming increasingly unpleasant and unhealthy. We are plagued by polluted air, too many contaminated rivers and lakes, and inadequate recreation opportunities.

Major Environmental Quality Programs



Primary responsibility to reduce pollution appropriately rests with State and local governments and the private sector. However, the Federal Government must exert leadership and provide assistance to attack these problems *now*.

Clean water.—The President recommends a sustained national commitment to restore the quality of our water. Authority is being requested for a 5-year program of grants to communities for \$10 billion of sewage treatment facilities construction when coupled with State and local matching funds.

A fundamental reform of the municipal waste treatment program is being proposed to assure that Federal funds go to areas where the benefits are clear, and where State and local governments have developed adequate programs to achieve stated goals. Cost sharing for treatment works must be equitable and create incentives for reducing the amount of industrial waste that would otherwise have to be treated in municipal systems.

Finally, increased assistance to State water pollution control agencies and a strengthening of enforcement provisions are recommended.

Clean air.—To help control air pollution, additional assistance will be provided to State and local control agencies. Federal efforts to develop technology to control sulfur and nitrogen oxides will be accelerated. While private industry should provide the greater part of the expertise and funds needed to solve the problem, Federal outlays will increase by 31% in 1971.

Open space.—Improving the environment also means providing adequate park and recreation open space—particularly in and near cities, where the need is the greatest and land prices have been escalating most rapidly. Appropriations are recommended for all the funds presently authorized for the Land and Water Conservation Fund, in order to speed acquisition of Federal park lands and increase assistance to States to provide more recreation opportunities. Wilderness, open space, wildlife—once gone—are lost forever.

REFORMS AND NEW DIRECTIONS

Reform touches many Government activities. It is demonstrated in this budget by proposals for more effective programs, modernized Government organization, and streamlined procedures.

Income security.—When the President came into office, many of our income security programs were in disarray and in need of reform. Welfare programs were discredited in the eyes of both the recipients and taxpayers. Many of our citizens were going without adequate food and nutrition. Social security benefits had become eroded by inflation. Unemployment compensation failed to cover millions of workers, and payments in many States were inadequate.

Fundamental reforms were set into motion in each of these areas and are now awaiting congressional action:

- The *Family Assistance Program* would replace an inequitable and unworkable dole that often disrupts family life with a comprehensive system for aiding all low-income families with children—including the long-neglected working poor. It features national benefit standards, promise of greater family stability, increased day care, and requirements and

incentives for work and job training. This program would be closely integrated with manpower training and with the food benefits made available under the augmented food stamp program.

- *Social security legislation* enacted in December provides an increase in benefits. The President has also proposed to liberalize the "retirement test" (the current earnings of a retiree which may be allowed without reducing or eliminating social security benefits), and an increase in widows' benefits to the level that their husbands would have received.

The *unemployment insurance proposals* would extend coverage to an additional 5.3 million workers, increase the duration of benefit eligibility during periods of high national unemployment, and reform the financing of the system by increasing the taxable wage base.

Education and manpower.—High priority is placed on expanding the use of manpower programs to move people from welfare rolls into productive employment. The proposed comprehensive Manpower Training Act will bring together a variety of separate programs and give greater responsibility to State and local governments for planning and operating manpower programs to meet local conditions and the specific needs of each trainee. In the meantime, nearly all manpower training programs are being restructured to increase their effectiveness.

Computerized Job Banks will be in operation in 81 cities by 1971, providing a daily listing of available jobs to help match the jobless with employment opportunities more rapidly.

Counting all education-related efforts of Federal agencies, education outlays will exceed \$10 billion in 1971, the largest amount in history. Further recommendations will be made to the Congress to improve the performance of the Nation's educational system.

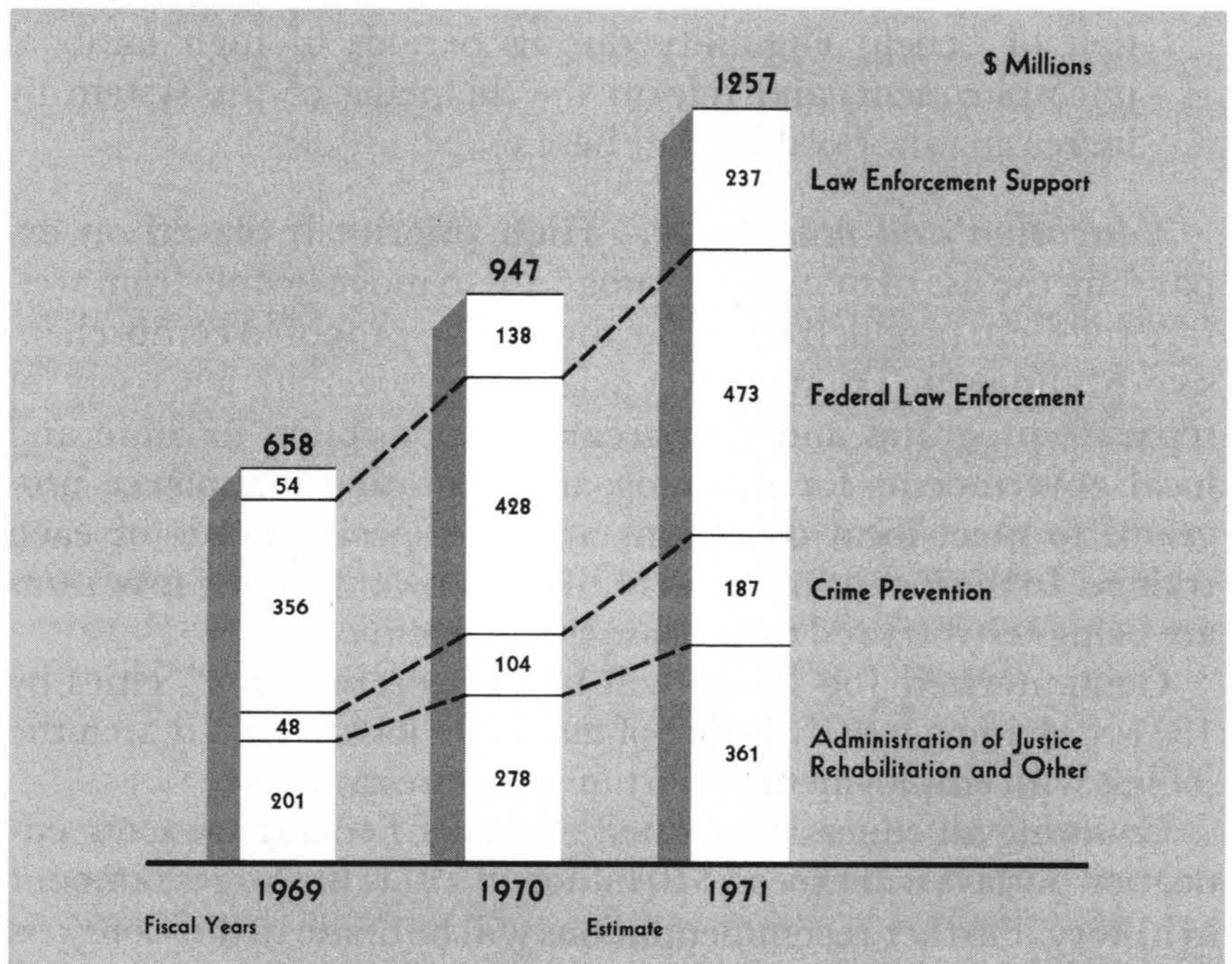
Crime reduction.—Crime reduction and adequate protection of all citizens have been found to be essential national goals. The budget for 1971 provides almost \$1.3 billion for crime reduction, nearly double the outlays in 1969. Significant steps in a comprehensive program for improving all parts of our criminal justice system at every level of government include:

- A \$190 million increase in outlays for the Law Enforcement Assistance Administration for broad-purpose block grants to

States, since the greatest responsibility for reducing crime rests with agencies of State and local governments.

- Reforms in the Federal correctional system.
- An intensification in the war on organized crime by increasing the strike forces operating in cities to 20 in 1971.
- A more vigorous effort to control the traffic in narcotics and dangerous drugs.
- The development and testing of more effective methods of controlling and preventing crime, including the study of juvenile crime and delinquency.

Outlays for Crime Reduction



Transportation.—Mobility of people and goods is important to economic growth and personal satisfaction. Today, our mobility is threatened by increasing congestion and aging facilities. The Administration has proposed legislation to:

- Assist urban transportation through a 12-year, \$10 billion program of grants to communities to modernize and expand public transit facilities and services.
- Expand our airways and airports and maintain a high level of safety through a 10-year, \$3.1 billion program of research and investment in our national airway system and a \$2.5

billion grant program for airfield construction and improvement. These added costs will be financed through increased *user charges*.

- Revitalize our merchant marine through more efficient operating and construction subsidy systems. Nineteen ships will be constructed in 1971, with expansion to 30 a year over a 10-year period if savings are achieved. The program gradually reduces reliance on Federal subsidy and is a challenge to the industry to become more efficient.

Health.—In the Sixties, the Federal Government embarked on a number of new health care programs. Medicare currently covers hospital costs and physician services for 20 million aged; Medicaid provides coverage for over 10 million poor.

Serious problems remain. Foremost among them are the rapid rise in medical care prices, inadequate health services for the poor, and other health problems only recently recognized.

To cope with fast-rising demand and health costs, the efficiency and the supply of medical resources—both physical and human—must be improved. More practicing physicians, dentists, nurses, and other health manpower must be provided. Proposed revisions in the Hill-Burton program will increase construction of facilities for outpatient care as a means of easing the pressure on hospitals and inpatient treatment facilities. Modernization needs will be met by a new loan guarantee program. Revisions will also be proposed in Medicaid to encourage the use of proper, but less expensive, medical treatment outside hospital and long-term-care institutions.

Other proposals to combat growing health problems include increases in community-based programs for prevention or cure of drug addiction, rehabilitation of alcoholics, and family planning services. Research will be increased in areas where current findings promise significant breakthroughs in the future—cancer, heart disease, serious childhood diseases, and dental health.

Housing.—The budget provides substantial funds to assist housing. In 1971, over 1.9 million low- and moderate-income families will be living in federally assisted housing. Authority is requested to provide almost 600,000 additional assisted housing units.

The housing needs of the Nation can be met only if basic reforms are made in the Nation's homebuilding industry. There is growing doubt that the industry can build the needed volume of

housing. *Operation Breakthrough*—which is designed to link development of high-volume housing production methods with assurance of sizable housing markets—has been inaugurated to help solve the underlying problems.

Federal aid system.—The system for providing financial aid to State and local governments has become bogged down administratively.

The Administration has begun to decentralize domestic programs. It seeks to reinvigorate institutions close to the people, and to enlist their support in the solution of local problems before they become national problems. Federal *revenue-sharing* with State and local governments is a central element of the decentralization objective. Under this proposal, Federal aid will not be frozen into specified program areas; public officials at the State and local level will be responsible for using the Federal funds to meet their high-priority needs.

Recent experience has made it clear that many State and local government units are having serious difficulty securing funds in the municipal bond market. To begin to assure more adequate access to financial markets, an environmental financing authority will be proposed to enable such governments to borrow money needed for their share of federally assisted projects for water pollution abatement.

Action is also underway to simplify administrative and technical requirements in Federal assistance programs and to make them more consistent where possible. Legislation to reform the grant system is before the Congress providing for joint funding of closely related grant projects and consolidation of existing programs.

To achieve better coordination of Federal programs in the field, uniform regional boundaries and regional office locations have been established for the principal agencies involved in urban programs. Ten regional councils have been created to mesh Federal activities more closely with State and local programs.

PART 3

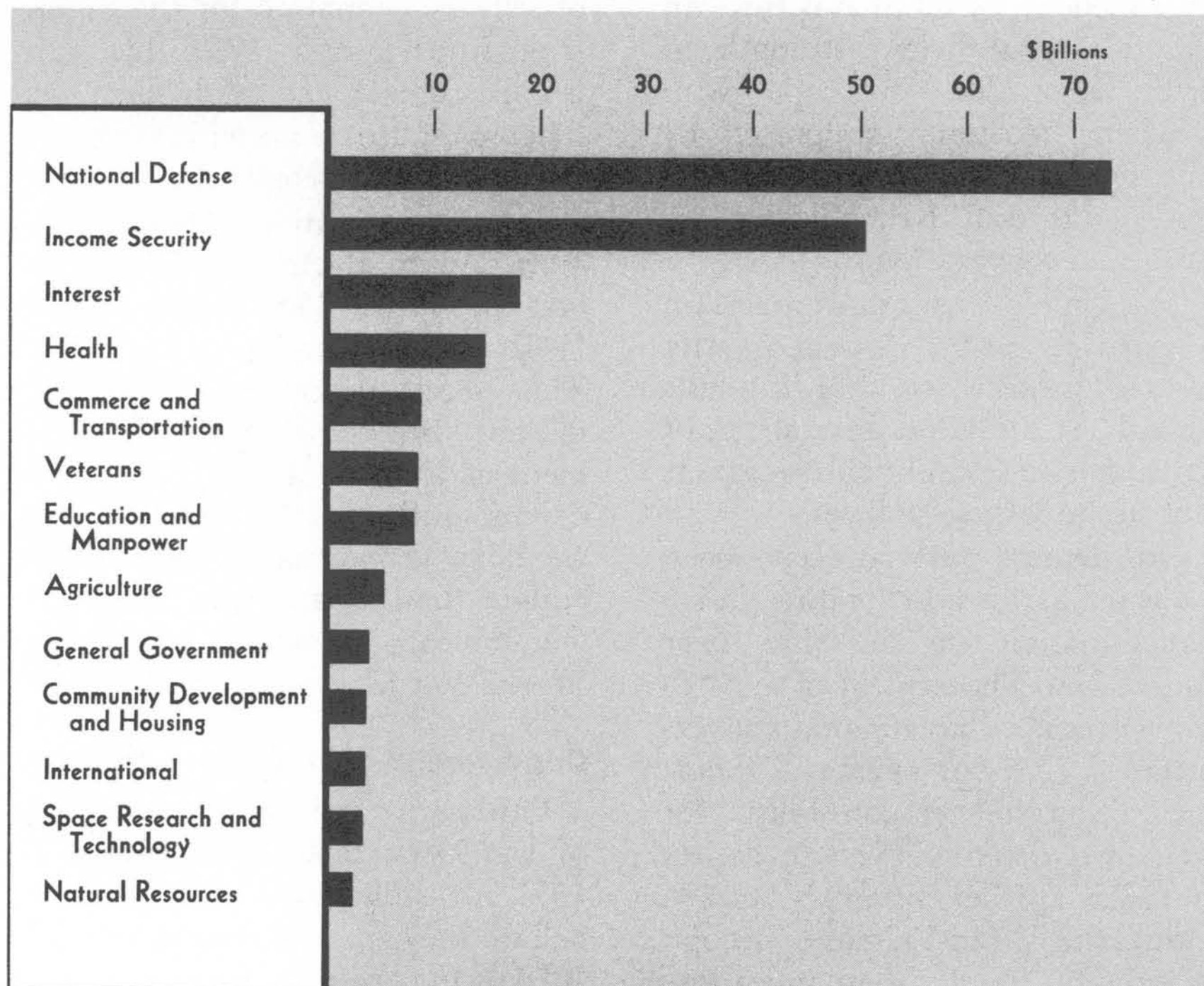
THE BUDGET PROGRAM BY FUNCTION

The outlays of the Federal Government are grouped into 13 functional categories according to the general purpose served, regardless of the administering agency. This section describes the trends and developments anticipated in the programs within each of these functions during 1971.

Apart from the outlays shown in the functional categories, the budget includes several allowances, covering: the proposed program of shar-

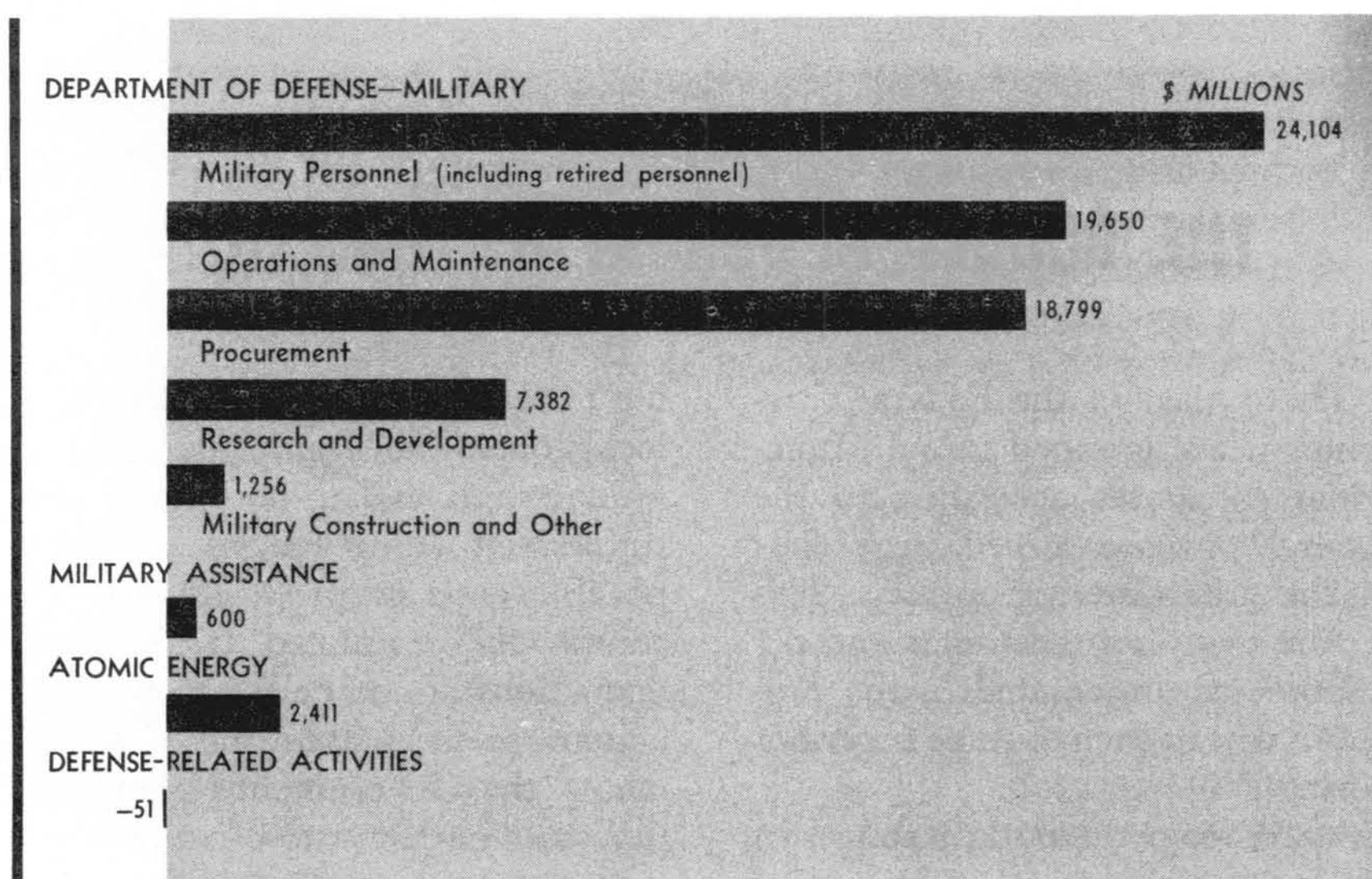
ing Federal revenues with State and local governments; pay increases for military and civilian personnel; and unforeseen contingencies and the possible costs of proposals not yet completely formulated. In addition, deductions are made for two transactions solely within the Government: the Government's contribution as an employer to its employees' retirement funds, and interest received by trust funds on their investment in Government securities.

1971 Outlays by Function



NATIONAL DEFENSE

1971 Outlays----- \$73,583 Million



Note: The amounts above do not reflect deductions of \$572 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

The best way to achieve peace and freedom for all men is through maintaining sufficient strength to deter aggression—or cope with it where necessary—supported by effective and verifiable international agreements and by collective security and cooperation.

The United States must maintain powerful forces for its own security and to protect its vital interests abroad. At the same time, we must be prudent in selecting the programs that support these policies.

Our defense programs have been subjected to the most comprehensive reexamination of its kind ever undertaken. The strategy of this Administration is based upon the expectation that our allies will shoulder substantial responsibility for their own defense. We also expect to make further progress toward ending the war in Vietnam, through negotiation and Vietnamization,

consistent with our basic objective of self-determination for the South Vietnamese people. With this realistic posture we can safely meet our defense requirements with less manpower and lower costs.

Outlays for national defense are estimated to decline to \$73.6 billion in 1971, \$5.8 billion below 1970 and \$7.7 billion below 1969. The largest decreases are for the military functions of the Department of Defense. In total, national defense outlays in 1971 will require a smaller proportion of the Federal budget than at any time since the demobilization period following World War II.

Department of Defense—Military

Outlays for the military functions of the Department of Defense in 1971 are estimated to be \$9.5 billion below the amount requested for 1970 by the prior administration and

\$5.3 billion less than presently estimated for 1970.

The 1971 military program will provide for acquisition of carefully selected weapons systems and a prudent research and development program designed to assure future military strength. This is possible within a lower budget total because not all the outlays planned when this Administration took office are now required. Expensive-to-maintain older systems are being retired and manpower requirements are being reduced. Some of these reductions are offset by the increasing cost of benefits for retired military personnel and higher military and civilian compensation.

Strategic forces.—Our strategic forces are designed to provide a highly reliable and credible ability to inflict unacceptable damage upon those who might attempt a nuclear attack upon the United States or its allies.

This deterrent strength is assured by a mixed force that includes ICBM's, submarine-deployed missiles, and bombers, together with extensive command and control systems.

We seek to limit strategic arms through negotiations; however, we will need to continue a strong deterrent force. Until negotiations are successful, we will require a full range of new strategic programs to maintain our nuclear deterrent against an evolving threat. The 1971 budget provides funds to: (1) replace Minuteman I missiles with Minuteman III's, (2) convert additional ballistic missile submarines from the Polaris to the more capable Poseidon system and equip those missiles with multiple warheads that can be directed to separate targets, (3) continue to deploy the Safe-

guard missile defense system to limit damage from a small, accidental, or unauthorized nuclear attack and to protect some of our retaliatory forces, (4) purchase short-range attack missiles for the late model B-52 and FB-111 bombers, and (5) carry forward the essential research and development efforts that protect us from technological surprise and make possible improvements in our deterrent strength should this be required.

General purpose forces.—Versatile general purpose forces are required for a wide range of military contingencies other than general nuclear war. Most of our land, naval and air forces are designed for such contingencies.

The new ship construction program for 1971 provides for the improvement of our antisubmarine forces, the development of a new sea-based antisubmarine aircraft, additional large assault ships for our amphibious forces, and advanced procurement funds related to construction of the third nuclear-powered Nimitz class attack carrier.

Procurement proposed in 1971 is designed to enhance the firepower and mobility of the land forces. New equipment includes surface-to-air, surface-to-surface and anti-tank missiles as well as land combat vehicles. Helicopter procurement is to replenish losses and modernize air mobile units designed for swift and selective operations.

The tactical air forces program provides for the initial development of a high performance fighter to assure the United States continued air superiority in the 1970's and beyond, an increased number of A-7 attack aircraft for close support of land forces, and the first production of an advanced electronic warfare

system to neutralize enemy radar and weapons control systems. Funds are also requested for the Navy F-14, an advanced swing-wing aircraft designed for defense of the fleet.

Airlift and sealift.—The units in this program give the general purpose forces mobility by being ready to deploy men and equipment rapidly over great distances and to supply them in combat. This capability will be enhanced in 1971 by funds to complete a four-squadron force of C-5A cargo aircraft, a significant reduction from earlier plans for a six-squadron force.

Research and development.—Strong research and development efforts are essential to maintain a sufficient deterrent in the future. At the same time, the process by which new weapons and equipment are developed, tested and deployed is being improved. Future research and development will proceed prudently and selectively to insure that what is needed is developed and that what is put into use has been carefully tested.

Major efforts will be made in 1971 to improve strategic offensive systems and to pursue advanced technology devoted to ballistic missile defense and strategic surveillance. Efforts will also be made to develop improved aircraft weapons, land combat systems, amphibious forces and antisubmarine warfare systems.

Military Assistance

Military assistance to support the forces of other nations is an important instrument of foreign policy. Grant aid and credit sales supplement the efforts of other countries to deter external aggression and to

maintain the internal security necessary for political and economic development.

Atomic Energy

The Atomic Energy Commission is responsible for developing and manufacturing nuclear weapons, improving nuclear power reactors for propulsion of naval vessels and generation of electric power, enriching nuclear fuels for atomic power plants, pursuing the various peaceful applications of atomic energy, and conducting basic research in the physical and biomedical sciences.

AEC's outlays are estimated to decline by \$50 million in 1971. Funds are included for continued production of nuclear weapons and development of higher performance naval reactors, but one plutonium production reactor will be shut down. Facilities will be designed to support a long-term plant improvement program that will increase AEC's capacity to enrich uranium for use in commercial nuclear power reactors.

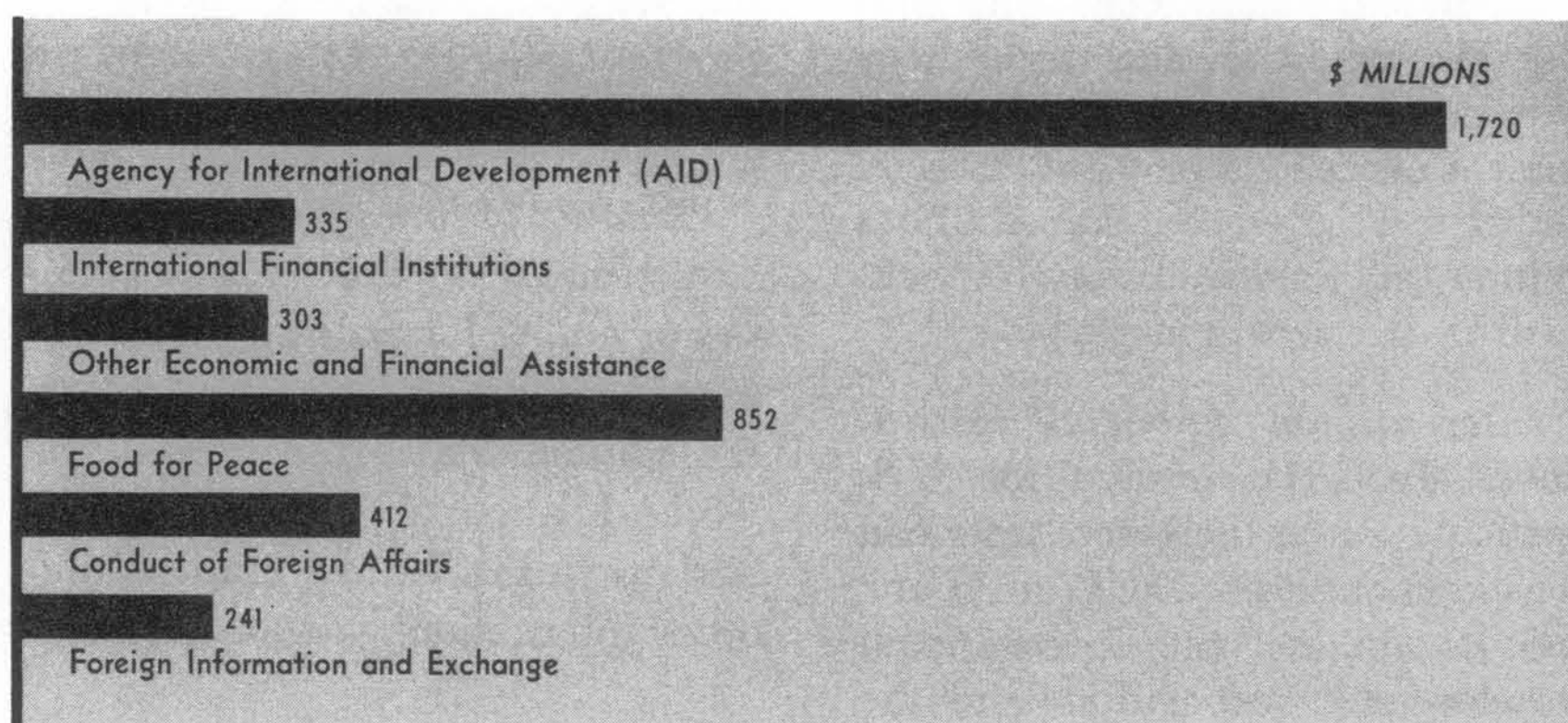
Funds are also provided for Government participation in a cooperative project with industry to construct a fast-breeder demonstration power reactor. Construction of two large accelerators for basic research will continue in 1971.

National Defense

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$73, 583	36. 7%
1970 estimate.....	79, 432	40. 1
1969.....	81, 240	44. 0
1968.....	80, 517	45. 0
1967.....	70, 081	44. 3
1966.....	56, 785	42. 2
1965.....	49, 578	41. 9
1964.....	53, 591	45. 2
1963.....	52, 257	46. 9
1962.....	51, 097	47. 8
1961.....	47, 381	48. 4
1960.....	45, 908	49. 8

INTERNATIONAL AFFAIRS AND FINANCE

1971 Outlays----- \$3, 589 Million



Note: The amounts above do not reflect deductions of \$273 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

Through its international programs, the United States seeks to advance its essential interests and to participate as a force for peace and progress in international affairs. Our international programs have been carefully tailored to assist the development of friendly nations, complement security programs in quest of peace, and strengthen overseas trade and investment.

These programs are characterized by a new style of mutual cooperation among nations, with greater reliance on multilateral institutions and with minimum direct involvement in the affairs of other countries. Total outlays for international programs will be \$523 million lower in 1971 than in 1970. However, the 1971 budget proposes an increase in new budget authority for economic assistance, most of which will be spent in future years.

Agency for International Development (AID).—AID is the principal agency responsible for our bilateral assistance and voluntary contributions to international organiza-

tions. Important changes in the style and content of the AID program in 1971 include emphasis on local private enterprise, support for multilateral development programs, reliance on initiatives of recipient countries, and assistance to raise agricultural productivity and lower rates of population growth.

A new era of cooperation within the Western Hemisphere is beginning. Our assistance will support Latin American solutions for their own problems. Funds are also proposed to link the Americas by road by starting to close the "Darien Gap" of the Pan-American Highway between Colombia and Panama.

The AID program in Vietnam will help combat inflationary pressures and will allow the Vietnamese Government to provide essential services to its citizens. Other East Asian countries, primarily Thailand, Laos, Indonesia, and Korea will receive increased assistance. India and Pakistan will be helped to maintain their increases in agricultural production. Assistance to Africa will go

primarily to Nigeria, Ethiopia, Ghana, and Morocco, and into regional multicountry programs.

Technical assistance programs transfer expertise and technology necessary for self-sustaining development. Reflecting a new emphasis on multilateral channels, contributions to international institutions for technical assistance will increase.

International financial institutions.—In 1971, outlays for U.S. participation in the Inter-American Development Bank, the World Bank and its affiliate, the International Development Association, and the Asian Development Bank will be \$335 million, \$79 million more than in 1970. Additional subscriptions to these institutions are proposed to enable the U.S. to maintain its fair share for development throughout the world.

Other economic and financial assistance.—The Overseas Private Investment Corporation (OPIC) is a new effort to attract private capital to developing nations. It will provide insurance, guarantees and loans, disseminate information, and help finance development feasibility studies. The Export-Import Bank, through its lending programs, assists in financing U.S. exports. The Peace Corps will have 10,000 volunteers and trainees helping people in other countries toward a better life.

Food for Peace.—The United States donates and sells agricultural commodities to developing countries on favorable terms. Over half of the shipments under this program will go to India, Vietnam, Indonesia,

and Korea. Total outlays will be \$852 million, of which \$501 million is for the cost of sales and \$351 million for donations. Extension of this program will be recommended in 1970.

Conduct of foreign affairs.—The Department of State has overall responsibility for assisting the President in foreign affairs and represents the United States throughout the world. It also makes assessed contributions to the United Nations and other international organizations.

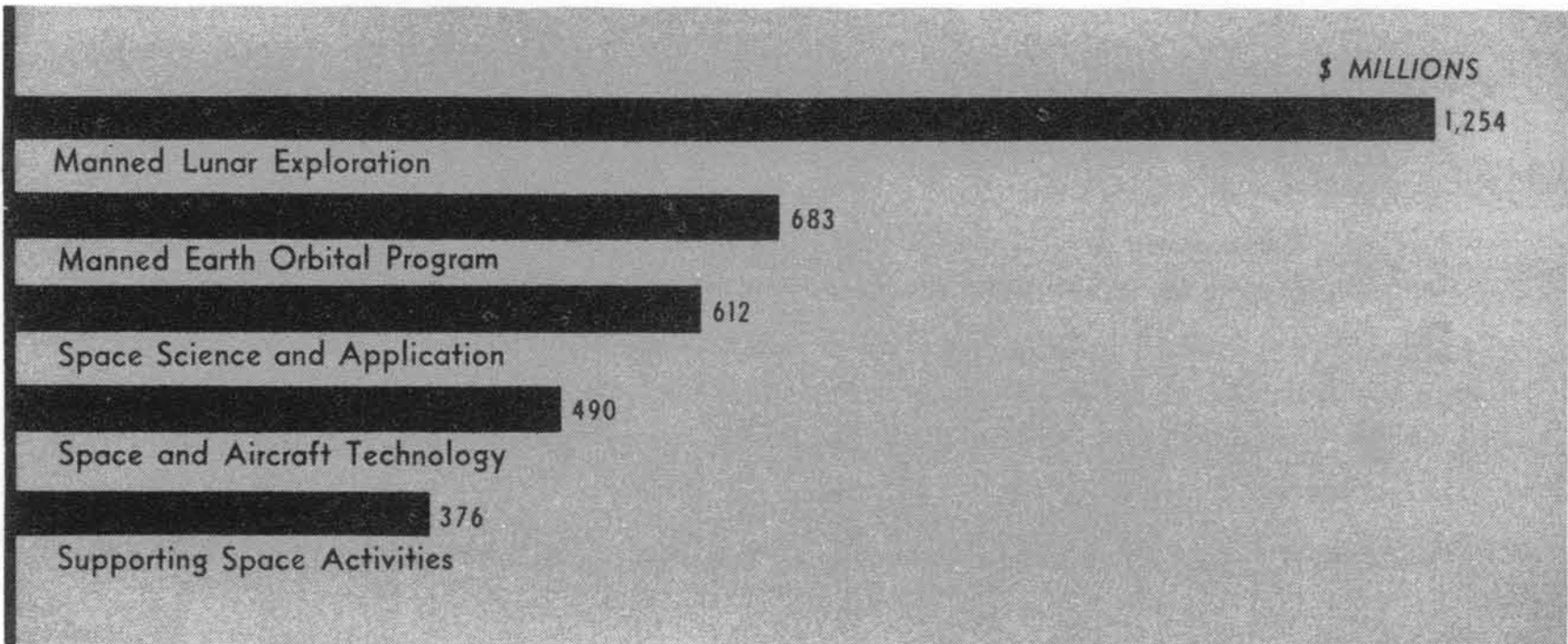
Foreign information and exchange activities.—Important mutual benefits flow from widened social, educational, and cultural contacts among the people of the world. Cultural and educational exchange activities will be expanded. Radio and television broadcasts, motion pictures, and publications will continue to be used to achieve these objectives.

International Affairs and Finance

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$3, 589	1. 8%
1970 estimate.....	4, 113	2. 1
1969.....	3, 785	2. 1
1968.....	4, 619	2. 6
1967.....	4, 547	2. 9
1966.....	4, 490	3. 3
1965.....	4, 340	3. 7
1964.....	4, 117	3. 5
1963.....	4, 115	3. 7
1962.....	4, 492	4. 2
1961.....	3, 357	3. 4
1960.....	3, 054	3. 3

SPACE RESEARCH AND TECHNOLOGY

1971 Outlays----- \$3,400 Million



Note: The amounts above do not reflect deductions of \$15 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

The lunar landing last July was a spectacular success. Consistent with other pressing national priorities, we will selectively extend our space capability at a more deliberate pace. Total outlays are \$486 million less than in 1970. This reflects the completion of the expensive developmental phases of the lunar program and Government-wide budgetary constraints.

Manned space flight.—Manned flights to the moon will continue in order to collect additional data for scientific investigations. Work will proceed on development of a manned space workshop which will orbit the earth for up to 56 days starting in calendar year 1972. Studies of a reusable space shuttle and a space station will be directed towards the development of a new system that can more fully exploit space for the benefit of man, while substantially reducing the cost of space operations.

Space science and application.—Unmanned planetary exploration will move forward in 1971. Development of satellite technology

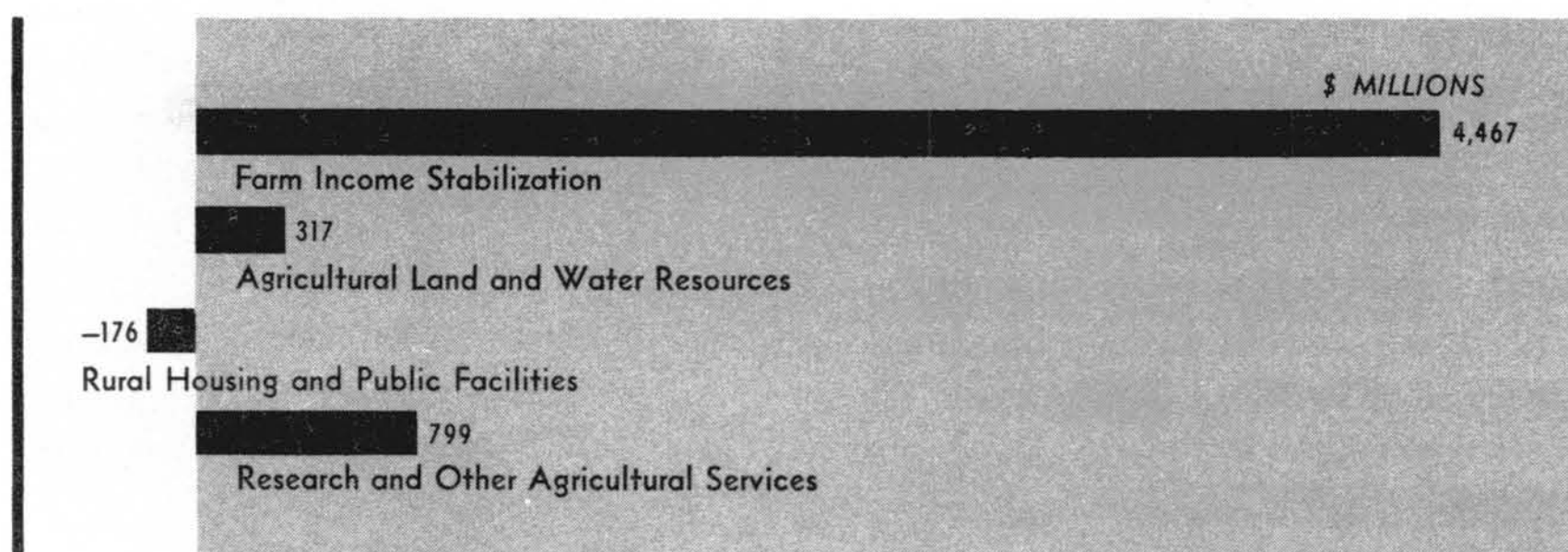
will be pursued to increase our knowledge of earth resources, communications, and meteorology. Hopefully this will contribute to the solution of certain domestic problems and promote greater international cooperation.

Space and aircraft technology.—Development will continue on a nuclear rocket and other advanced research and technological work for future space flights, as well as in all areas of aeronautics.

Space Research and Technology		
Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$3,400	1.7%
1970 estimate.....	3,886	2.0
1969.....	4,247	2.3
1968.....	4,721	2.6
1967.....	5,423	3.4
1966.....	5,933	4.4
1965.....	5,091	4.3
1964.....	4,170	3.5
1963.....	2,552	2.3
1962.....	1,257	1.2
1961.....	744	0.8
1960.....	401	0.4

AGRICULTURE AND RURAL DEVELOPMENT

1971 Outlays----- \$5,364 Million



Note: The amounts above do not reflect deductions of \$41 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

Since the thirties, farm commodity programs have been the principal means by which the Federal Government has sought to raise incomes and improve living conditions in rural areas. Nevertheless, the problems that face the millions of Americans who live in rural areas and small communities have not been fully appreciated. To help meet these problems, the 1971 budget emphasizes programs that will promote rural development and upgrade the environment in rural areas and small communities.

One important element of the overall effort will be an improved framework for coordinating Federal programs, such as health care, education, housing, and training, within multicounty or areawide development projects. Federal agencies will work closely with State and local governments to develop plans that best meet local needs. Development of rural communities also will require forming new ties with urban centers and assisting the process of economic growth.

Excluding the effect of sales of assets to private investors under the various agricultural credit programs, outlays for agriculture and rural

development will be \$337 million above the 1970 level. Emphasis will be given to programs which stimulate rural development, expand consumer protection activities, and increase food assistance to low-income people. Credit programs that help meet critical rural housing needs will increase substantially.

In 1971, assumed easing in credit markets will permit greater participation of private lenders in credit programs. As a result, the Farmers Home Administration expects to increase its loan sales by \$1.3 billion. Including the effect of these loan sales, total outlays for agriculture and rural development will decline by nearly \$1 billion.

Farm income stabilization.—In 1971, outlays to support farm income will be \$4.5 billion. The largest part of these outlays are for annual farm commodity price support and acreage diversion programs that help raise farm income by limiting agricultural production. Increased payments in 1971 to wheat, cotton, and feed grain producers and increased dairy price support costs will be more than offset by reductions in net lending for

agricultural credit programs and a decline in outlays for long-term land retirement programs. New farm commodity legislation will be needed to continue controlling excess agricultural productive capacity while giving farmers more freedom of choice.

Outlays for the removal of surplus agricultural commodities will be used to expand food assistance and provide free or reduced-price lunches for needy schoolchildren. Expansion of the food stamp program (discussed in the income security section) will permit a gradual phasing out of direct distribution of food to needy families. By 1971, every county in the United States will be participating either in the food stamp or direct distribution program.

Agricultural land and water resources.—The Government provides technical and financial assistance to encourage sound conservation practices and prevent irreparable damage to the Nation's soil and water resources. Emphasis will be given to conservation operations affecting community development and critical pollution problems. Assistance will be provided to 68 resource conservation and development projects for which planning has been completed.

The agricultural conservation cost-sharing program will be terminated in 1971 to help provide resources for higher priority programs.

Rural housing and public facilities.—Over half the Nation's substandard housing is in rural areas. As part of the Administration's effort to upgrade rural areas, technical and financial assistance for low- to moderate-income rural housing will be expanded. Approximately 153,000 houses will be

started or acquired in 1971, as compared with 84,000 in 1970.

Financial assistance will be provided for the distribution of electric power and improved telephone service in rural areas. A private bank is being established to provide additional financing for rural electrification borrowers. Legislation is before the Congress to create a mixed-ownership telephone bank that would eventually be privately owned.

Research and other agricultural services.—The research and extension activities of the Department of Agriculture cover a wide range of services from agricultural production to nutrition education for low-income families. Most of the increase will be for the nutrition education program, and for research and extension activities in support of rural development.

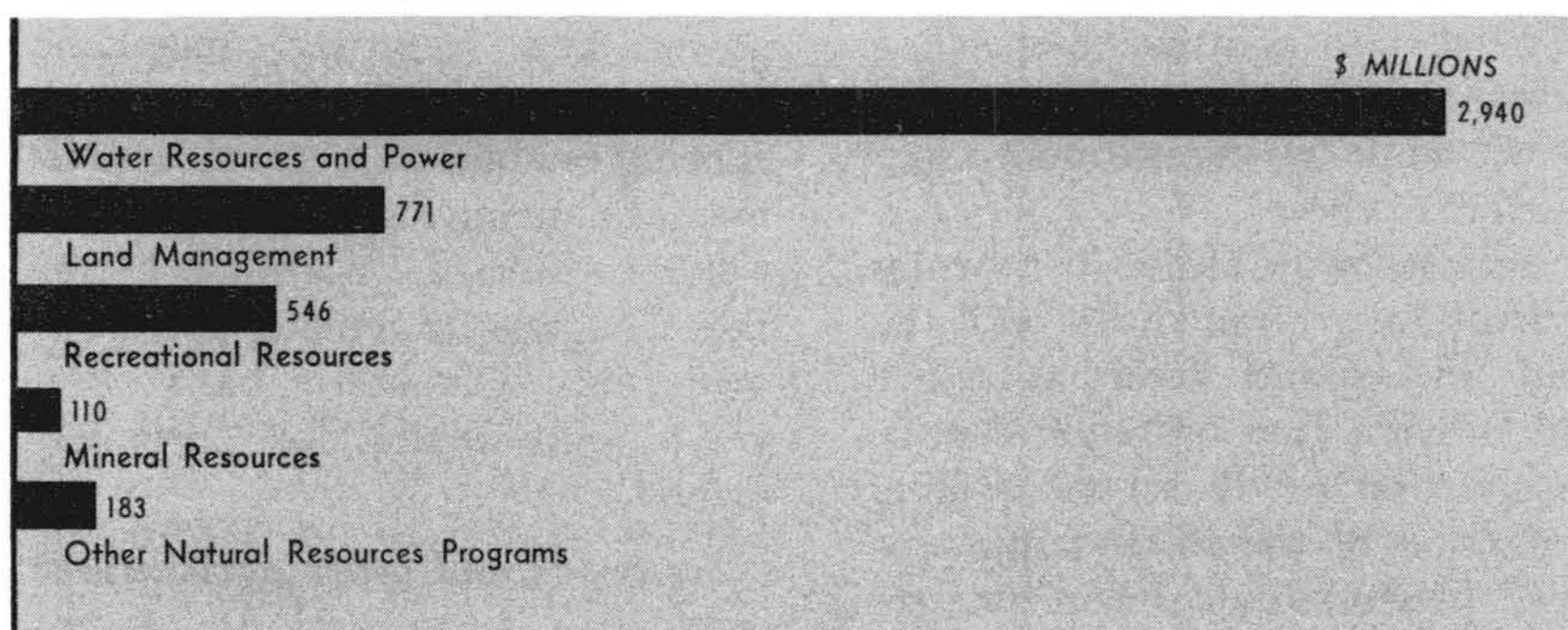
Consumer protective and regulatory programs will be increased to provide for meat and poultry inspection and the registration of pesticides. Increasing meat and poultry consumption and full implementation of the Wholesome Meat and Poultry Acts will require an increase in Federal inspection activities and assistance to States to assure wholesome products.

Agriculture and Rural Development

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate	\$5, 364	2. 7%
1970 estimate	6, 343	3. 2
1969	6, 221	3. 4
1968	5, 943	3. 3
1967	4, 376	2. 8
1966	3, 679	2. 7
1965	4, 807	4. 1
1964	5, 185	4. 4
1963	5, 139	4. 6
1962	4, 123	3. 9
1961	3, 340	3. 4
1960	3, 322	3. 6

NATURAL RESOURCES

1971 Outlays----- \$2,503 Million



Note: The amounts above do not reflect deductions of \$2,048 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

The natural resources programs of the Federal Government are designed to maximize the net benefits to our society from prudent development and use of the Nation's natural resources.

Most natural resources programs are continued in 1971 at about 1970 levels. Selective increases in high priority programs are partially offset by reductions in other programs. Budget increases for new and existing programs will give particular emphasis to environmental quality.

Creation of an environmental financing authority is being proposed to assist State and local governments in financing their share of water pollution control facilities. This authority will aid State and local governments, without placing undue burden on congested municipal bond markets.

Total disbursements for natural resources programs in 1971 are estimated at \$4.6 billion. Receipts from activities such as leasing of mineral rights and timber sales are expected to total \$2.0 billion. After deducting these receipts, net budget outlays in 1971 will be \$2.5 billion.

Water resources and power.—Water pollution abatement activities are carried out at all levels of government. Legislation is being proposed for a 5-year program to stimulate \$10 billion of construction for new waste treatment facilities, combining \$4 billion of Federal grants with State and local borrowing through a new Federal environmental financing authority. This will have very little impact on 1971 spending because of the normal timelag in starting new construction. Other legislation would double grants for State water pollution control programs. Enforcement, surveillance, and basin planning grants are also being increased.

Water development programs provide for the construction of projects that serve a variety of purposes such as power production, flood control, harbor improvement, water supply, watershed protection, and recreation. Most of the outlays in 1971 will be for the continuation of projects started in earlier years.

Power programs will continue to help meet growing demands in areas served by Federal agencies. Rates

of interest for repayment of new Federal investment in power facilities are being raised to bring them more nearly in line with interest costs to the Treasury. Federal participation will begin in research to lower the costs of underground transmission of high-voltage electric power. Such research could reduce the need for overhead transmission lines.

The Northwest hydrothermal program has been initiated. This cooperative arrangement between the Federal Government and public and private utilities in the Pacific Northwest will facilitate the non-Federal construction of large conventional and nuclear thermal powerplants.

Land management.—The Federal Government manages 640 million acres of national forests and lands in the public domain that produce timber, minerals, and grazing, as well as furnish opportunities for outdoor recreation. Increased investments will be made in order to provide additional timber to meet the Nation's housing needs. Environmental protection programs connected with recent petroleum developments in arctic Alaska are also being expanded.

Recreational resources.—The budget recommends appropriation for all the funds presently authorized for the Land and Water Conservation Fund. These funds will be used to speed acquisition of Federal park lands and increase assistance to States. The program to preserve historic buildings and other properties in cooperation with the States and the National Trust for Historic Preservation is also being substantially increased.

Mineral resources.—The Government conducts research on mineral extraction and processing and on environmental problems associated with minerals—notably waste disposal and pollution. Research on processes to produce fuel gas from coal will be increased both to help reduce air pollution and to assure adequate gas supplies in the future. Studies will be increased on the direct conversion of fossil fuels into electricity by magnetohydrodynamic processes, a potentially low-pollution and high-efficiency technology.

A decrease in the projected demand for helium, together with technological developments that will augment the potential supply, has resulted in a decision to re-examine the need for the long-range helium program initiated in 1960.

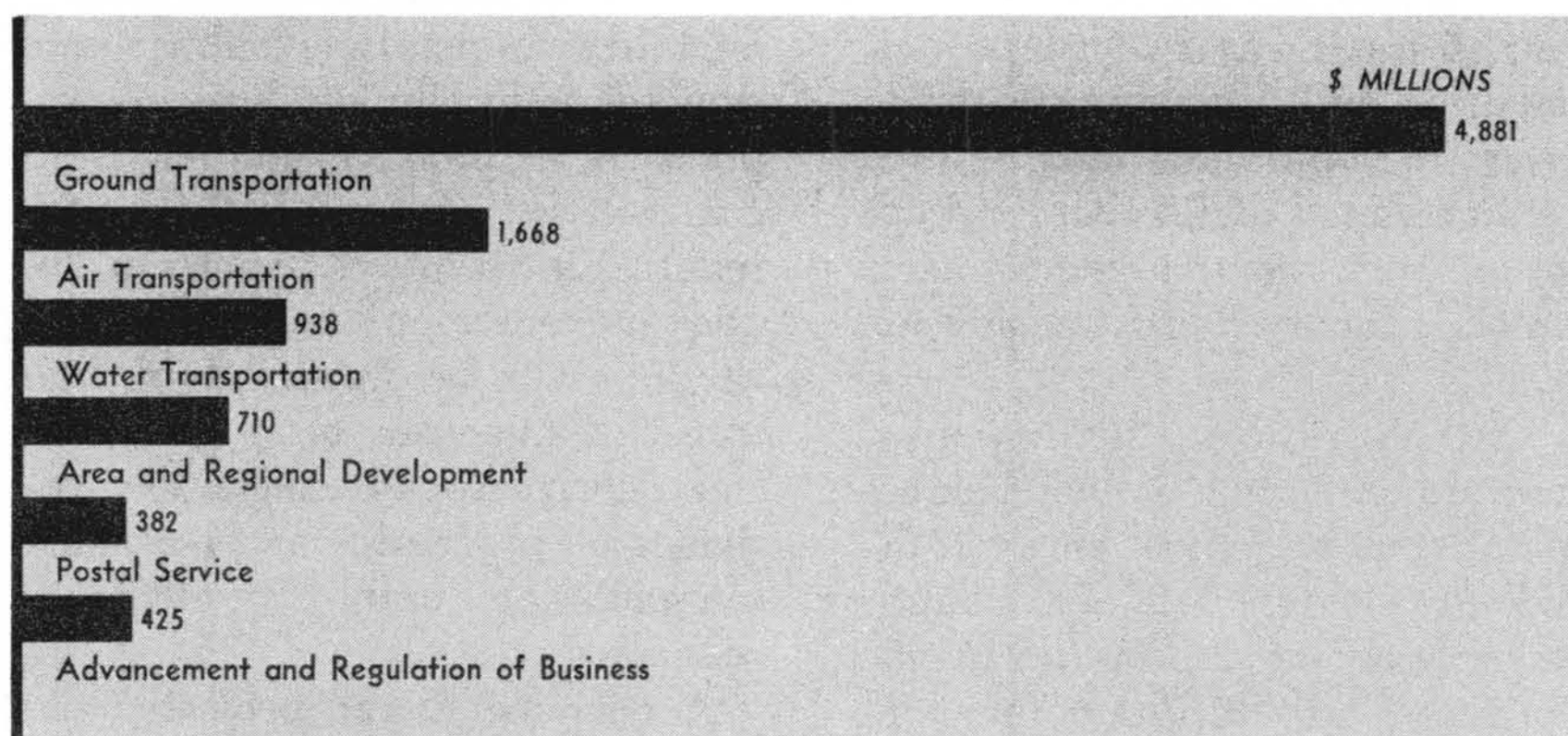
Other natural resources programs.—Geologic mapping and analysis aid the search for minerals and help identify potential geologic hazards such as earthquakes and landslides. Increases are planned for projects in subsurface waste storage, engineering geology, and water resources investigations.

Natural Resources

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$2, 503	1. 2%
1970 estimate.....	2, 485	1. 3
1969.....	2, 129	1. 2
1968.....	1, 702	1. 0
1967.....	1, 860	1. 2
1966.....	2, 035	1. 5
1965.....	2, 063	1. 7
1964.....	1, 972	1. 7
1963.....	1, 505	1. 4
1962.....	1, 686	1. 6
1961.....	1, 568	1. 6
1960.....	1, 019	1. 1

COMMERCE AND TRANSPORTATION

1971 Outlays----- \$8,785 Million



Note: The amounts above do not reflect deductions of \$217 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

This budget supports major proposals to: (1) help communities upgrade and increase public mass transit service, (2) modernize and expand the Nation's airways and airports, and (3) assist the shipping industry to rebuild and revitalize the U.S. merchant marine fleet.

Significant increases will be made to replace outmoded and overcrowded postal facilities. Export promotion activities, efforts to increase foreign travel, and assistance to minority group businessmen will be intensified.

Ground transportation.—An Administration proposal, now before the Congress, seeks to overcome the neglect of urban public transit facilities over the past 30 years. This program will make \$3.1 billion available to assist communities in developing and modernizing transit systems during the next 5 years. Outlays for mass transit in 1971 will be \$284 million, an increase of \$123 million over 1970.

Outlays for highway programs, chiefly from the highway trust fund, will total \$4.6 billion. The highway

trust fund provides grants to States for construction of the 42,500-mile Interstate Highway System—two-thirds of which is now open for travel—and for construction of primary and secondary roads. While outlays for highway construction will decrease slightly from the 1970 level, outlays for programs to improve highway, vehicle and motor carrier safety will increase by 15% over 1970.

Legislation will be proposed to authorize the sale of the Alaska Railroad.

Air transportation.—The proposed aviation legislation provides for a 10-year program to modernize our airway system and expand airport capacity. Since the cost of expanding these facilities should be borne primarily by those who benefit directly, a major increase in aviation user charges is an integral part of this proposal. If this legislation is enacted, revenues will increase to \$661 million in 1971 and the Federal Aviation Administration will spend \$1,345 million to operate the Nation's air traffic control system

and assist airport development through grants in aid.

Outlays for the supersonic transport will be \$275 million in 1971. The Government's share of the development costs will be recouped through royalties on sales of the aircraft.

Water transportation.—This budget initiates the Administration's 10-year program to modernize the U.S. Merchant Marine. The program is expected to expand from construction of 19 ships in 1971 to 30 ships a year over the next 10 years. Success of the program and the Administration's commitment to it, will depend upon a favorable industry response to the challenge to build and operate ships more efficiently.

The Coast Guard will improve its search-and-rescue, polar navigation support, and maritime law enforcement activities. The Selected Reserve Training programs will be discontinued by the end of 1971.

Area and regional development.—Funds for Appalachia and five other regional commissions will assist in providing basic facilities essential to economic development. In addition, industrial development and public facility grants and loans will be provided to selected areas. These efforts will give special emphasis to disadvantaged communities identified as having the greatest growth potential.

Postal service.—Increased mail volume and modernization of postal facilities will cause postal service costs to rise from \$7.9 billion in 1970 to \$8.4 billion in 1971. Postal revenue is expected to increase from \$6.5 billion to \$7.7 billion, partly as a result of a proposed increase in first-class rates to 7 cents per ounce and

rate increases for other classes of mail.

Congress has determined that costs "attributable to public services" are not to be reimbursed from postal rates and fees. After deduction of these costs, revenues in 1971 will appear to exceed operating expenses. This revenue surplus, however, is expected to be offset by the cost of postal pay increases reflected elsewhere in this budget.

Urgently needed legislation to correct deep-seated deficiencies in the postal system by converting it to a Government corporation is presently under consideration by the Congress.

Advancement and regulation of business.—The Department of Commerce will work closely with private firms and interested groups to further economic growth. Export promotion activities will be expanded in 1971, emphasizing joint efforts with U.S. business.

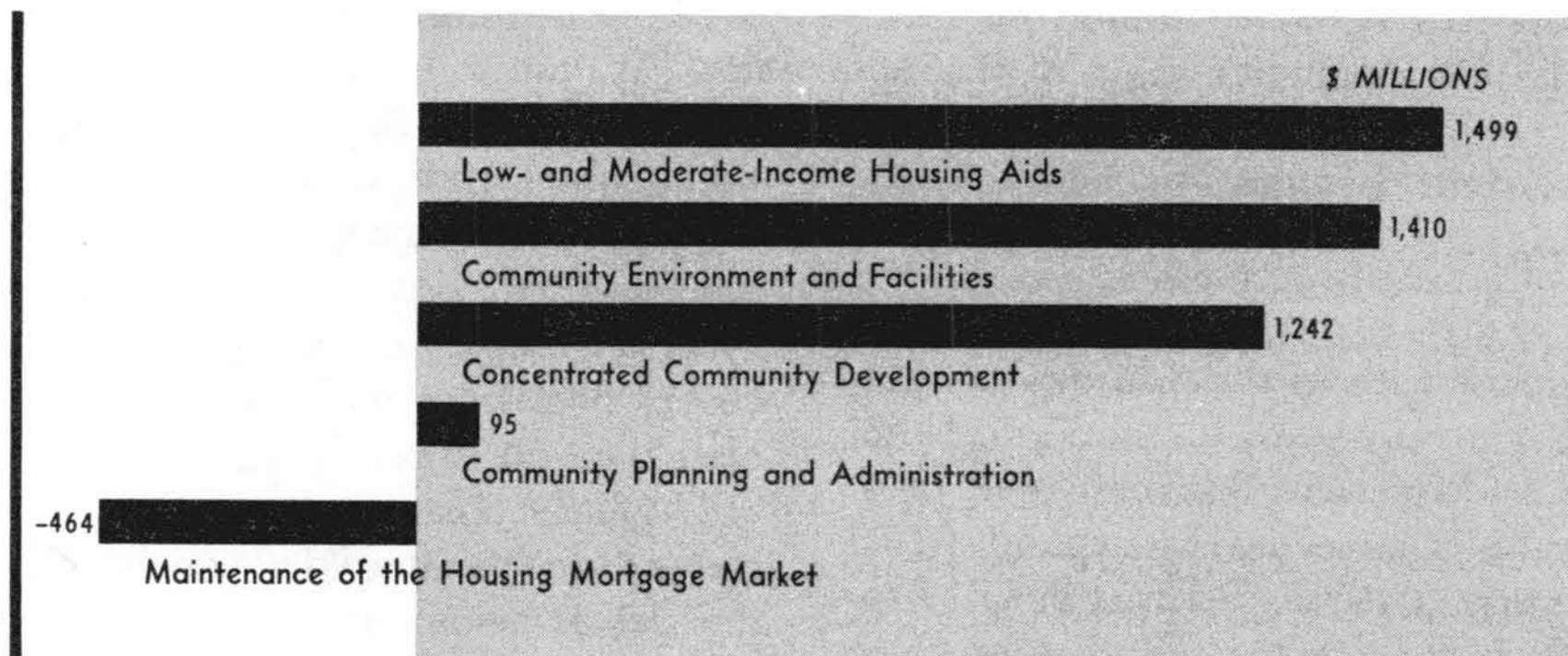
The Small Business Administration will continue efforts to broaden participation of private financial institutions in its lending programs. Loan approvals to minority entrepreneurs will total \$270 million, approximately 30% of SBA's business loan activity.

Commerce and Transportation

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$8,785	4.4%
1970 estimate.....	9,436	4.8
1969.....	7,873	4.3
1968.....	8,047	4.5
1967.....	7,554	4.8
1966.....	7,135	5.3
1965.....	7,364	6.2
1964.....	6,482	5.5
1963.....	5,743	5.2
1962.....	5,408	5.1
1961.....	5,048	5.2
1960.....	4,774	5.2

COMMUNITY DEVELOPMENT AND HOUSING

1971 Outlays----- \$3,781 Million



In the next generation, our population is expected to increase by almost 50%. This growth, together with present need, will severely challenge the Nation's ability to produce needed housing and to create communities free from congestion, decay, pollution, and poverty.

In 1971, community development and housing programs will be directed toward three major objectives:

- Developing the productive capacity to build the housing that our citizens will need during the coming years;
- Encouraging the production of homes for low- and moderate-income families; and
- Developing and stressing more effective ways to meet the challenge of improving and developing the Nation's communities.

Low- and moderate-income housing aids.—These programs recognize the need to assure that housing is provided at prices that lower-income families can afford. The 1971 budget authorizes commitments to provide almost 600,000 units of assisted housing. Principal

reliance will be placed upon interest subsidies that reduce the cost of renting or buying a home, public housing, and programs in rural areas which are discussed in the section on agriculture.

The budget also provides for a program, new in 1970, under which the Government National Mortgage Association will make commitments to purchase mortgages on housing produced under the interest subsidy programs. These commitments—or mortgages purchased under them—will be assumed by the Federal National Mortgage Association or other private investors at little, if any, cost to the Government. In the meantime, the Government's commitments will allow builders to plan the production of assisted housing.

Community environment and facilities.—New communities will be needed to provide additional living space for the new generation of Americans. Six new communities will be assisted in 1970 and 10 in 1971. It is also essential to examine how present programs may be better shaped to fit into the new Federal-State-local partnership. Existing efforts in urban renewal, open

space, water and sewer, and neighborhood facility programs will be maintained at their 1970 levels. Advances for public works planning and grants for advance acquisition of land are being terminated in 1970.

Concentrated community development.—Local community betterment efforts will continue to be supported through community action agencies. Increased emphasis will be placed on innovative approaches to improve the delivery of services to the poor. Steps are being undertaken to identify and improve the performance of the most effective community action agencies and phase out less effective programs. Funds are provided to continue the Model Cities program, which assists cities in carrying out their own plans to use available resources to upgrade needy areas.

Community planning and administration.—Operation Breakthrough, the principal research effort, is aimed at developing new methods of producing large volumes of housing. It also aims at eliminating market constraints that prevent use of such new methods.

Increases for comprehensive planning grants will help State and local governments plan and manage their programs.

Maintenance of the housing mortgage market.—The production

and sale of housing depends upon the existence of a smoothly functioning mortgage market. The Government helps maintain such a market by:

- Assisting private housing to compete for needed funds in the capital market by insuring housing mortgages, private securities backed by mortgages, and accounts in savings and loan associations—which invest most of their assets in home mortgages;
- Assuring equal access by all citizens to sales and rental housing through enforcement of the fair housing laws; and
- Helping to provide property insurance in areas threatened by floods or civil disorders.

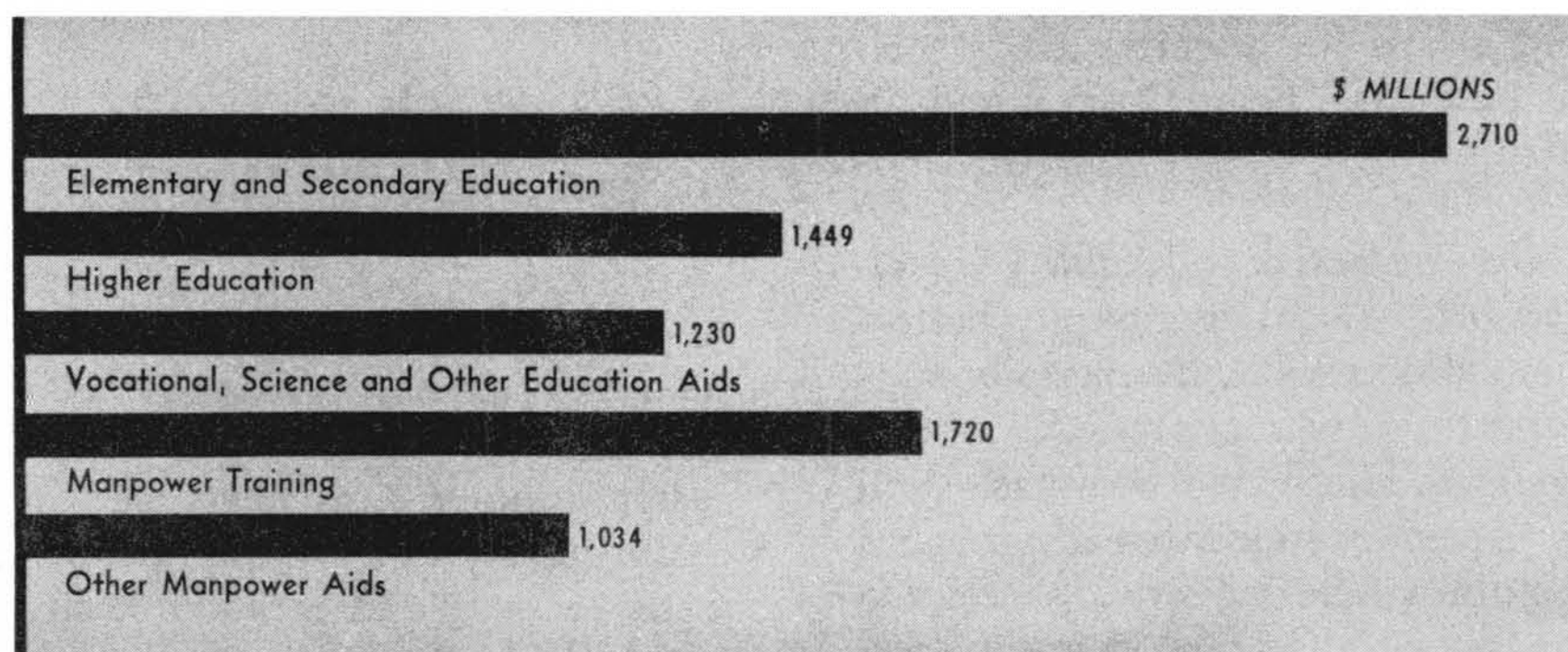
Net receipts of \$465 million will result primarily from mortgage insurance premiums, sales of assets, and interest on investments.

Community Development and Housing

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$3, 781	1. 9%
1970 estimate.....	3, 046	1. 5
1969.....	1, 961	1. 1
1968.....	4, 076	2. 3
1967.....	2, 616	1. 7
1966.....	2, 644	2. 0
1965.....	288	0. 2
1964.....	—185
1963.....	—880
1962.....	589	0. 6
1961.....	191	0. 2
1960.....	971	1. 1

EDUCATION AND MANPOWER

1971 Outlays----- \$8,129 Million



Note: The amounts above do not reflect deductions of \$14 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

The Administration is committed to achieving better performance in education and manpower by:

- Complete restructuring of the delivery system of manpower services through the proposed Manpower Training Act, emphasizing program consolidation and decentralization of administration.
- Stronger efforts—tied to manpower programs—to help welfare recipients become economically independent through the Work Incentive Program and the Family Assistance Program.
- New programs of revenue sharing and welfare reform, which will yield major dividends for education.
- A national review directed at reform of the basic financial structure of elementary and secondary education.
- Emphasis on disadvantaged students and on greater post-high school educational opportunities.
- Expanded educational research and development, with emphasis on a program of experimental schools.
- Greater attention to children during the first 5 years of life, including a new Office of Child Development; and the initiation of efforts to achieve the “Right to Read” goal in the 1970’s.
- Reducing and reforming lower priority categorical grant programs.

Elementary and secondary education.—There will be a major effort to make Title I of the Elementary and Secondary Education Act more effective in improving the academic achievement of students from low-income families. Increases are also proposed for education of Indians and the handicapped, civil rights education, and teacher training.

Higher education.—Student aid will be increased, while construction funds will decrease. Greater reliance will be placed on loan programs using private capital. Additional efforts will be made to assist 2-year and predominantly Negro colleges and disadvantaged students.

Vocational, science, and other education aids.—Vocational education programs will stress preparation for technical fields through closer ties between schools and employers and development of demonstration programs. The National Science Foundation will emphasize research on the problems of the environment. Funds for educational research, the National Foundation on the Arts and the Humanities and the Corporation for Public Broadcasting will increase.

Manpower training.—Federal manpower training programs will help 1.3 million unemployed and underemployed persons obtain jobs suited to their abilities. The proposed Manpower Training Act will improve services to individuals by consolidating existing programs and decentralizing planning and operating responsibilities to State and local governments.

Increased involvement of private industry in hiring and training the disadvantaged will be emphasized through the Job Opportunities in the Business Sector (JOBS) program, operated in conjunction with the National Alliance of Businessmen. A new Public Service Careers program begun in 1970 provides for a similar effort by Federal, State, and local governments. Vocational skill training will be expanded and the restructured Job Corps will open 30 new community residential centers by the beginning of 1971.

The proposed Family Assistance Program, which would overhaul the Nation's welfare system, requires all able-bodied recipients, except mothers of preschool children, to undertake suitable employment or training. Monetary in-

centives to work are also included. Pending the enactment of Family Assistance, the Work Incentive program (WIN) will give job placement and training to a larger number of welfare recipients. WIN and other programs will also provide day care services for 439,000 children, a 60% increase over 1970.

Useful services will be performed in schools, parks, and hospitals under programs that give work to individuals who are unable to obtain regular employment. A redesigned program to enhance the educational and vocational skills of school dropouts will be implemented.

Other manpower aids.—The Federal-State Employment Service will expand the number of automated Job Banks—which provide a daily listing of job opportunities—to cover 81 cities by the end of 1971. Computerized job matching systems will be tried on an experimental basis in 14 States to match job applicants with available positions.

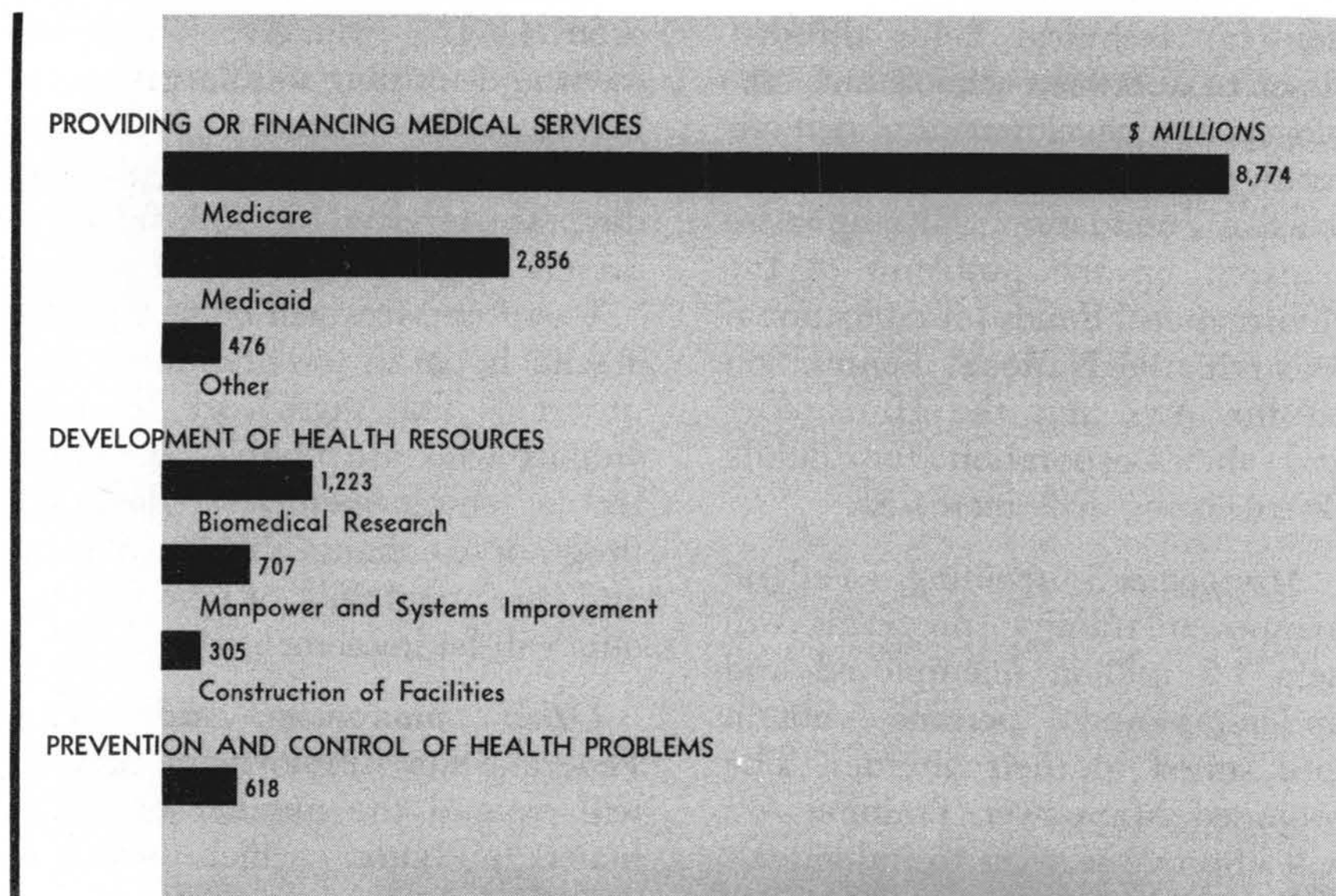
Funds are included to improve occupational safety and health, particularly under newly-enacted legislation covering the coal mine and construction industries.

Education and Manpower

Fiscal year	Total outlays (in millions)	Percent of total budget outlay
1971 estimate.....	\$8, 129	4. 0%
1970 estimate.....	7, 538	3. 8
1969.....	6, 825	3. 7
1968.....	7, 012	3. 9
1967.....	6, 135	3. 9
1966.....	4, 523	3. 4
1965.....	2, 533	2. 1
1964.....	2, 028	1. 7
1963.....	1, 732	1. 6
1962.....	1, 732	1. 6
1961.....	1, 499	1. 5
1960.....	1, 286	1. 4

HEALTH

1971 Outlays----- \$14,957 Million



Note: The amounts above do not reflect deductions of \$1 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

Over the past decade the Federal Government has assumed responsibility to help pay the hospital and medical bills of the Nation's aged and poor. During the same period, however, there have been marked increases in the price of medical care and a growing realization of the inability of our health system to deliver services efficiently and economically. Hence, the 1971 Federal health effort will be directed toward improvements in the organization of health services, expansion in the supply of trained manpower, and increased use of more efficient and lower cost health facilities. Emphasis will also be placed on expanding environmental health and family planning activities.

Providing or financing medical services.—Medicare, the largest Federal program financing health

services, will ease the burden of medical expenses for virtually all the aged in the Nation. Medicaid will expand its coverage to help an estimated 11.3 million poor persons receive needed medical care. Legislation to reform Medicaid will be introduced to emphasize greater use of more economical, but appropriate, methods of care, including comprehensive health centers.

The Maternal and Child Health Program will seek to further reduce infant mortality and birth defects. Family planning assistance will be expanded to serve 2.2 million women, an increase of 600,000 over 1970. Comprehensive health centers will emphasize preventive services for young children, mothers, and low-income groups.

Development of health resources.—High priority is given to programs which develop health re-

sources—biomedical research, training health manpower, construction of health facilities, and improved delivery of health services.

New research leads, which give hope of conquering some of the most prevalent diseases of mankind, will be pursued with greater intensity. Particular emphasis will be given to research on cancer, heart and dental diseases, family planning and child health, environmental health hazards, and narcotic addiction and alcoholism.

Outlays for training health manpower will be increased. Nearly 800 medical, dental, nursing, and other health professions schools will receive direct assistance to expand enrollments and improve the quality of instruction. A total of 34,700 scholarships and 24,200 direct loans will be made to students in the health professions.

A major attempt will be made to improve the ability of the health care system to deliver services efficiently and economically. Increased funds will support the design of better delivery systems by local and regional agencies. The National Center for Health Services Research and Development will coordinate the selection and evaluation of these designs. It will also support demonstrations of new roles for auxiliary health personnel, preventive health care programs, and projects which utilize the latest technology in diagnosing illness.

Federal grants will emphasize the construction of medical facilities which provide outpatient care. The Administration is proposing a new program of loans, mortgage insurance, and interest subsidies to construct hospitals and long-term care facilities.

Prevention and control of health problems.—Outlays for disease prevention and control, environmental health problems, and consumer protection will rise by \$76 million in 1971 to \$618 million.

Outlays for the air pollution control program will increase by more than 30%. The States will be provided additional assistance in establishing and enforcing air quality standards. Efforts to develop technology to control air pollutants will be accelerated. Programs to protect the consumer from illnesses resulting from hazardous foods, drugs, pesticides, food additives, and household products will increase.

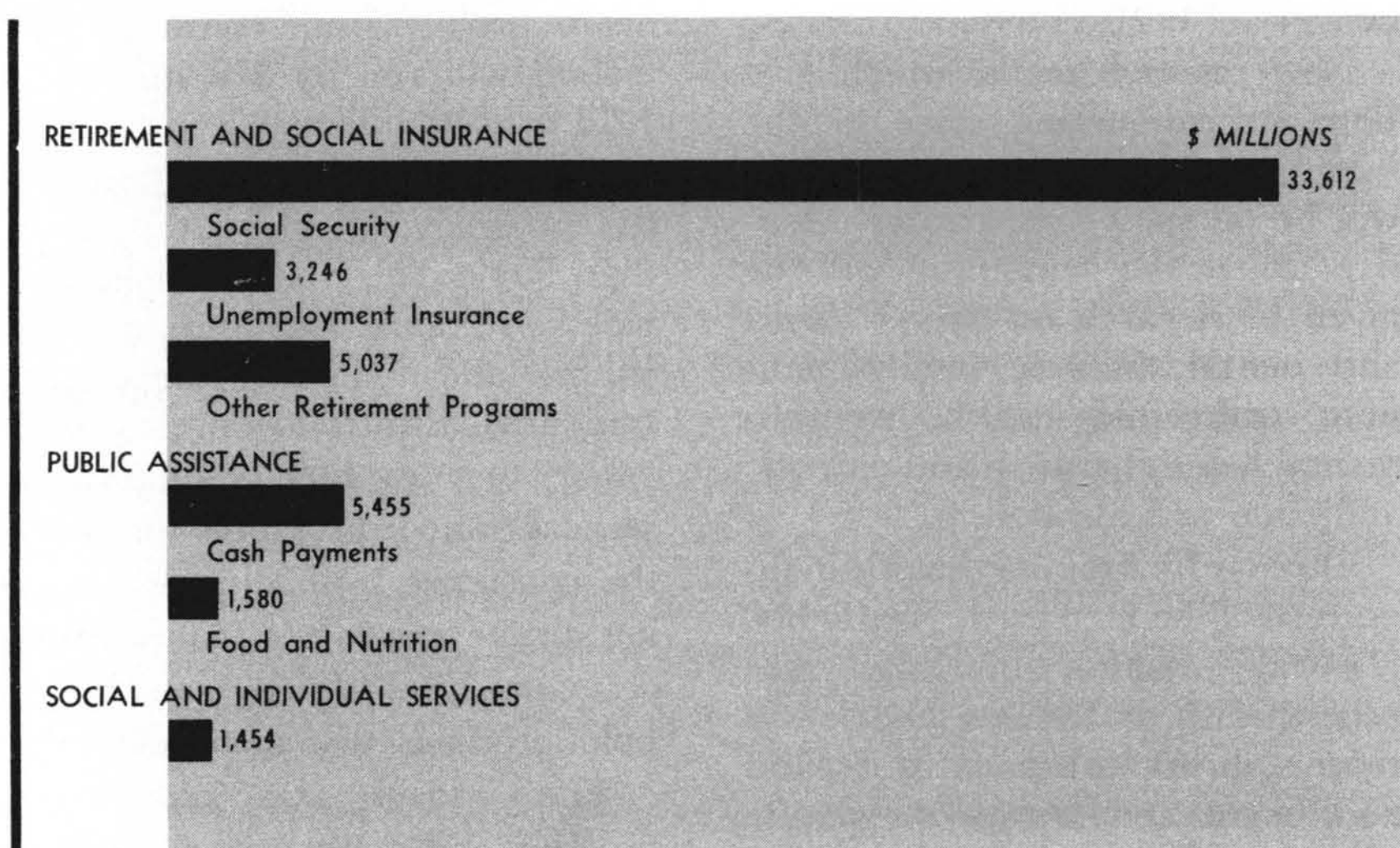
The budget also provides a broader and higher level of Federal support for community mental health centers. Research to increase our knowledge of drugs and programs to train personnel and construct facilities for the treatment and rehabilitation of drug addicts and alcoholics will be increased significantly. High priority will be given to the Federal, State, and private effort to immunize all young children against German measles.

Health

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$14,957	7.4%
1970 estimate.....	13,265	6.7
1969.....	11,696	6.3
1968.....	9,672	5.4
1967.....	6,721	4.2
1966.....	2,543	1.9
1965.....	1,730	1.5
1964.....	1,737	1.5
1963.....	1,393	1.3
1962.....	1,139	1.1
1961.....	873	0.9
1960.....	756	0.8

INCOME SECURITY

1971 Outlays----- \$50,384 Million



Note: The amounts above do not reflect deductions of \$1 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

Income security programs, which are a major target of the Administration's reform effort, provide a measure of economic security to families and individuals through retirement and social insurance, public assistance, and supportive social services. Recently enacted legislation provides a 15% increase in social security benefits. The 1971 budget reflects many additional reforms and improvements in income security programs, including legislative proposals for:

- A new Family Assistance Program to overhaul the Nation's failing welfare system;
- Related improvements in the food stamp program;
- Additional changes in the social security system to improve its equity; and
- Expansion in the coverage of the unemployment insurance system.

Outlays for existing programs will total almost \$50 billion in 1971;

83% of the total is paid from trust fund accounts.

Retirement and social insurance.—Eligibility under these programs is dependent upon prior participation in the work force. Benefits are usually related to the worker's earnings and are paid to reduce the loss of income resulting from retirement, disability, unemployment, or the death of the breadwinner.

The largest such program is social security with 1971 outlays of \$33.6 billion, an increase of \$3.8 billion over 1970 accounted for by the benefit increase and normal program growth. The recently enacted Federal Coal Mine Health and Safety Act will provide compensation to miners with "black lung" disease. Outlays of \$150 million are expected for 1971.

Civil service retirement and disability benefits will increase by

\$400 million over 1970 to \$3.2 billion due to the normal growth in the number of retirees and to recent legislation which liberalized the benefit formula. The railroad retirement program will provide \$1.8 billion in benefits to 1 million railroad workers and their survivors.

Legislation was proposed in 1969 to extend unemployment insurance coverage to an additional 5.3 million workers. The financing of the system will also be revised by increasing the taxable wage base to \$6,000 over a period of 5 years.

Public assistance.—These programs provide benefits based on need, either in the form of cash or food. The largest is the maintenance payment program which is operated by the States with partial Federal reimbursement. Payments are made to the poor who are aged, blind, or disabled, and to families with dependent children. The Federal share of these payments will grow from \$4.3 billion in 1970 to \$4.8 billion in 1971.

Public assistance has been severely criticized in recent years for its failure to help all the poor, the inadequacy of benefit levels in some States, and its failure to promote economic independence among recipients. The proposed Family Assistance Program will be a major step toward the elimination of these problems.

The food stamp program, which increases recipients' food purchasing power, will help to eliminate malnutrition. The budget provides for expansion of this program to

\$1.2 billion in 1971. Child nutrition programs will increase \$12 million. In view of the increases in these food programs, it is recommended that the special milk program be terminated.

Social and individual services.—The \$1.5 billion in 1971 outlays for these programs are mainly for vocational rehabilitation of the disabled, social services for the poor and the elderly, and social welfare research and demonstration projects.

Grants for State-administered services to public assistance recipients constitute the bulk of these outlays. The Administration will soon propose new reforms in the delivery of services to the poor in order to relate these programs more effectively to the Family Assistance Program.

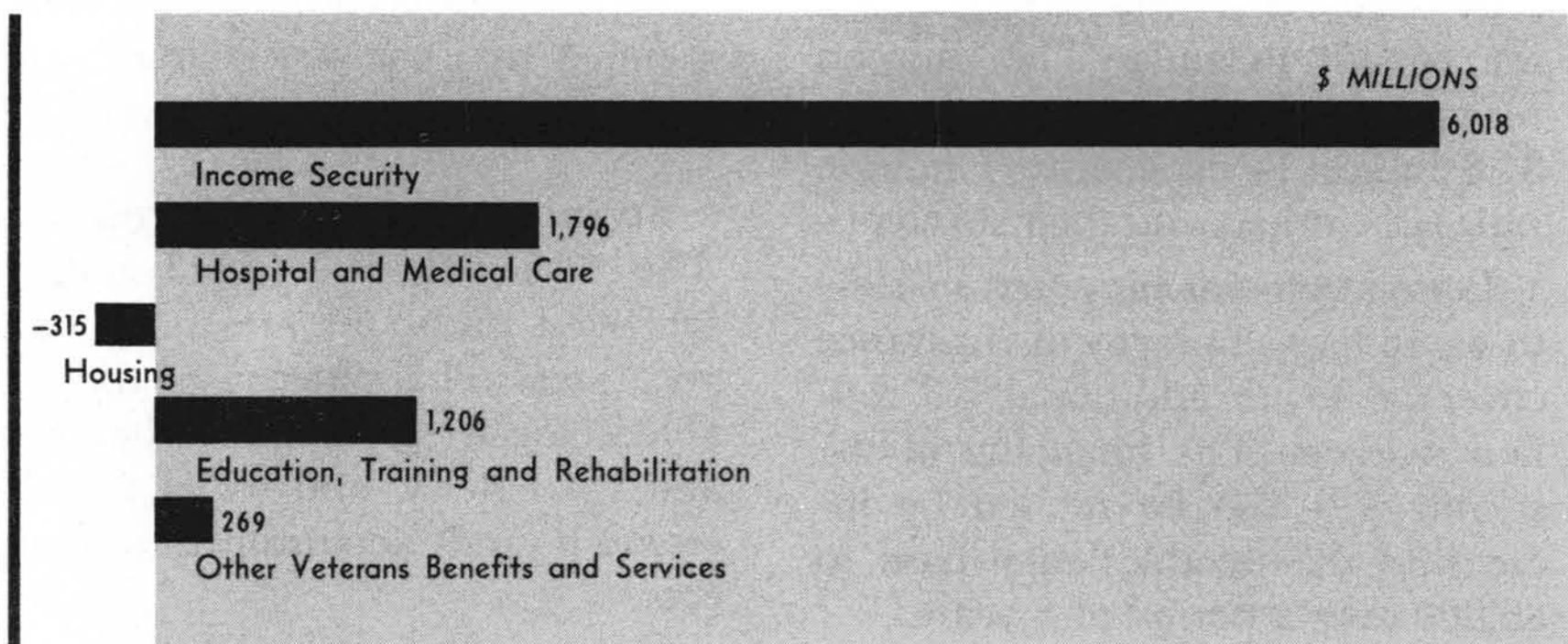
Basic State grants for vocational rehabilitation of the disabled will total \$562 million. With this assistance, 288,000 disabled will become self-sufficient.

Income Security

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$50,384	25.1%
1970 estimate.....	43,832	22.2
1969.....	37,399	20.3
1968.....	33,835	18.9
1967.....	30,881	19.5
1966.....	28,751	21.4
1965.....	25,453	21.5
1964.....	24,833	20.9
1963.....	23,854	21.4
1962.....	22,205	20.8
1961.....	20,956	21.4
1960.....	17,977	19.5

VETERANS BENEFITS AND SERVICES

1971 Outlays----- \$8,475 Million



Note: The amounts above do not reflect deductions of \$498 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

Veterans benefits and services help veterans and their families—through income assistance, medical care, home financing, and career training. In 1971, over one-third of the Nation's 100 million veterans and their dependents or survivors will receive some assistance through Federal veterans programs. Of these, 22 million will receive benefits based upon service prior to 1950 and 17 million based upon more recent service.

Total outlays for all veterans programs will decline from \$8.7 billion in 1970 to \$8.5 billion in 1971. Higher outlays will be made for education and training, compensation, pensions, and medical care. However, these increases are more than offset by proposed legislation to eliminate certain duplicative or outmoded benefits, increase sales of loans to private investors, and obtain reimbursement for hospital care of veterans with non-service-connected ailments.

Over 70% of the total outlays provide income assistance in the form of compensation, pensions, and life insurance payments.

The Administration is concerned about the men and women returning from Vietnam. Accordingly, the President has established a Committee on the Vietnam Veteran to assure that existing Federal programs open training, employment, and other opportunities for these veterans.

Income security.—Veterans with disabilities incurred in or aggravated by military service receive monthly *compensation* based on the severity of their disability and the impairment to their earning power. Compensation also is paid to survivors of servicemen who died as a result of military service. In 1971, payments of \$3.0 billion will be made to 2.4 million veterans or survivors.

Veterans may qualify for monthly *pensions* if they become disabled after their military service and are in financial need. Veterans' widows and surviving children are also paid pensions if their income is below levels set by law. Under recent legislation, the benefit structure was changed to relate pensions more closely to income needs, thus in-

creasing payment levels. In 1971, \$2.3 billion in pensions will be paid to 2.3 million recipients.

The Federal Government also operates or supervises *insurance programs* to protect the families of servicemen and veterans. Over 98% of those currently in the Armed Forces are covered by the Servicemen's Group Life Insurance program, managed jointly by the VA and the Department of Defense. Typically the serviceman is issued a \$10,000 policy underwritten by a group of private insurance companies. Veterans of prior conflicts are insured by two other large programs which are financed through trust funds. In 1971, \$1.2 billion in claims or dividends will be paid to beneficiaries and policyholders under all VA insurance programs.

Hospital and medical care.—Medical care is available to veterans in over 200 hospitals and clinics across the country. The budget provides for improvements in patient care, specialized medical services, expanded medical education and research, and activation or construction of new hospitals. An estimated 3.7 million veterans will receive medical treatment.

Housing.—The Veterans Administration helps eligible veterans buy homes by guaranteeing privately financed mortgages and by making direct loans in rural areas and small communities where credit is not generally available. Under these programs 11,500 direct loans will be made and 222,000 loans will be

guaranteed. Receipts will exceed outlays by \$315 million, reflecting the sale of loans to private investors.

Education, training, and rehabilitation.—Over \$1.2 billion will be spent on educating and training 1,472,000 post-Korean veterans to help them readjust to civilian life. Educational benefits are also available to survivors and to dependents of those who died or were totally disabled as a result of military service. An estimated 46,600 war orphans and dependent children and 21,000 widows and wives will also receive academic training in 1971.

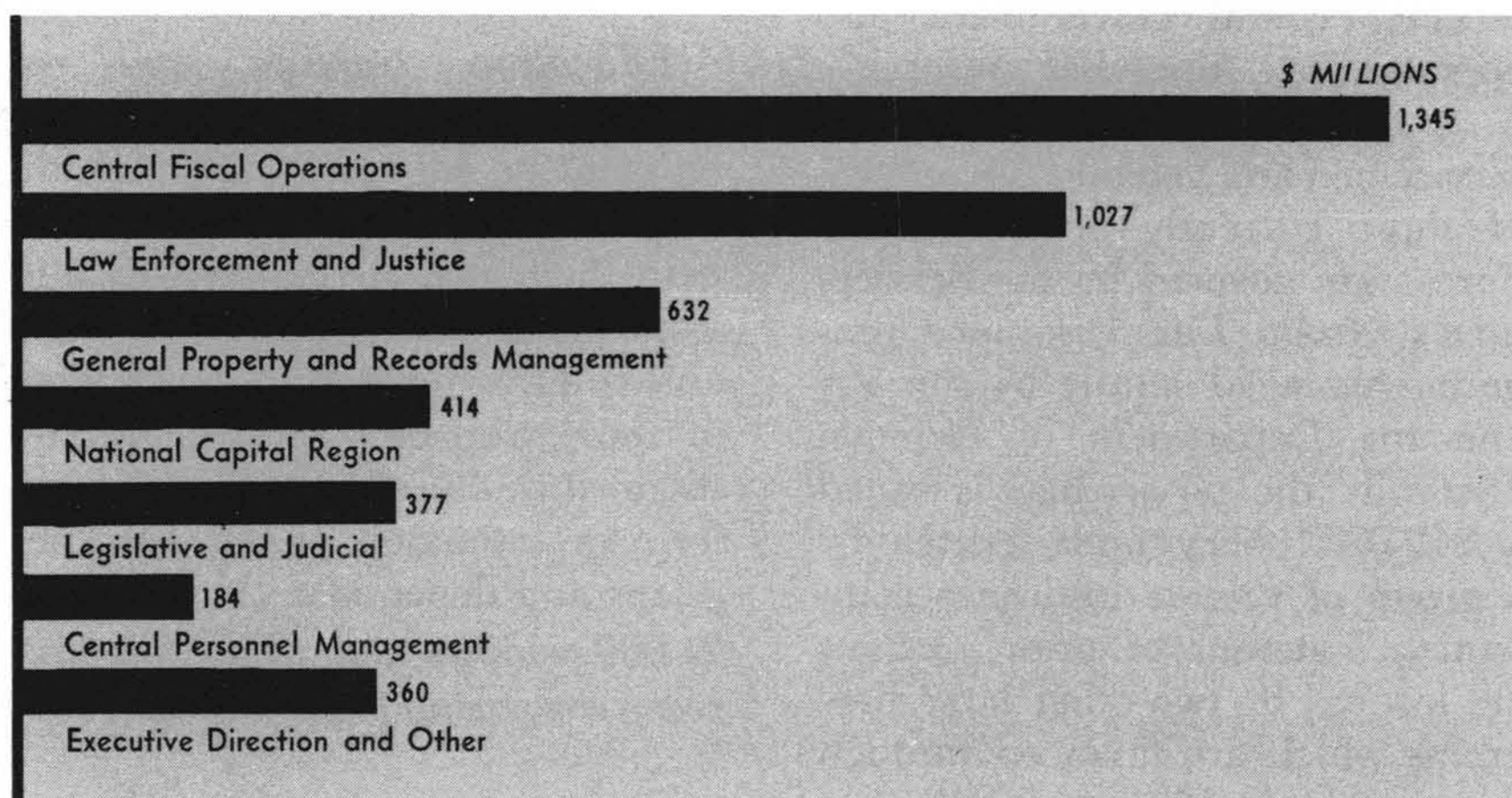
Other veterans benefits and services.—The budget provides for continuing improvements in VA counseling and assistance while servicemen are still in a combat zone, in military hospitals, and in separation centers.

Veterans Benefits and Services

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$8,475	4.2%
1970 estimate.....	8,681	4.4
1969.....	7,640	4.1
1968.....	6,882	3.8
1967.....	6,897	4.4
1966.....	5,920	4.4
1965.....	5,722	4.8
1964.....	5,681	4.8
1963.....	5,520	5.0
1962.....	5,625	5.3
1961.....	5,688	5.8
1960.....	5,426	5.9

GENERAL GOVERNMENT

1971 Outlays----- \$4,084 Million



Note: The amounts above do not reflect deductions of \$255 million for offsetting receipts; thus they add to more than the total budget outlays for the function.

The main objectives of general government programs in 1971 are effective law enforcement, an orderly and fair judicial system, and efficient administration. Emphasis is being placed on intergovernmental efforts to upgrade the Nation's law enforcement and criminal justice systems through a balanced combination of new initiatives and expansion of existing programs.

Outlays for general government will rise by \$465 million in 1971. Nearly \$311 million of this increase is for law enforcement and crime prevention, and improvements in tax collection and administration.

Central fiscal operations.—The Internal Revenue Service accounts for two-thirds of the outlays for central fiscal operations. It will process 110 million tax returns in 1971, and will continue to maintain the integrity and effectiveness of our Federal tax system through its audit and other compliance programs.

The Bureau of Customs will expand its operations to accommodate the tremendous growth in persons and cargo arriving from abroad and to service new "jumbo jets" and satellite terminals at John F. Kennedy Airport in New York.

Law enforcement and justice.—Major new initiatives will be undertaken in law enforcement assistance to State and local governments, correction and rehabilitation of criminals, and efforts to enforce civil rights laws and improve community relations. As a result, outlays will total over \$1.0 billion in 1971, an increase of 33% over 1970.

Law enforcement assistance grants which help State and local governments develop and carry out comprehensive plans to combat crime, will increase substantially. In addition, a new FBI facility, to be completed in 1971, will provide training for over 3,000 State and local law enforcement personnel.

Direct Federal law enforcement activities will be expanded. Strike force teams of attorneys and investigators, which have become a major weapon against organized crime, will expand their operations to 20 cities in 1971. The Administration has launched a concerted drive to halt the rising rate of crimes involving narcotics and drugs. Sharply intensified activity will be undertaken in antismuggling, drug-abuse prevention and domestic law enforcement. A major new program to rehabilitate convicted law violators will also be initiated.

Enforcement of civil rights will be strengthened, particularly in the areas of job discrimination, public school desegregation, and fair housing. Under an Executive order which prohibits employment discrimination by Federal contractors, the Administration has initiated the "Philadelphia Plan"—which seeks to assist nonwhites in entering the building trades. The Community Relations Service in the Justice Department will augment its efforts to ease racial tensions by increasing from 35 to 50 the number of major urban centers served.

General property and records management.—The restrictive policy of recent years toward the construction of public buildings will be relaxed somewhat in 1971. In the present inflationary environment, it will still be necessary, however, to limit construction starts to the most urgently needed projects. In selecting sites for proposed Federal facilities, consideration will be given to their capacity to reinforce Federal social and economic programs as well as their ability to meet the requirements of Federal agencies.

Providing job opportunities in areas of unemployment and accessibility to low-income employees will be major considerations.

National Capital region.—The 1971 budget proposes that public works of the District of Columbia be financed by the sale of local bonds rather than direct Treasury borrowing. This is consonant with the objective of greater local autonomy for the District Government. The budget also includes the Federal payment to the District and funds for substantial progress in the construction of the long-awaited rapid rail transit system for the Washington metropolitan region.

Central personnel management.—Programs to update methods and standards for recruitment and training of Federal employees will continue in 1971. Funds are included to carry out the pending Intergovernmental Personnel Act which is designed to strengthen the management capacity of State and local governments to help achieve the goals of the President's "New Federalism" program.

General Government

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$4,084	2.0%
1970 estimate.....	3,620	1.8
1969.....	2,866	1.6
1968.....	2,561	1.4
1967.....	2,510	1.6
1966.....	2,292	1.7
1965.....	2,210	1.9
1964.....	2,040	1.7
1963.....	1,810	1.6
1962.....	1,650	1.5
1961.....	1,491	1.5
1960.....	1,327	1.4

INTEREST

1971 Outlays----- \$17,799 Million

Interest payments, predominantly on the public debt, are expected to stabilize in 1971 after a sharp rise in 1970.

The increase of \$2.0 billion in 1970 over actual payments in 1969 exceeds that of any previous year. It results mainly from the rise in interest rates which occurred throughout the past calendar year. This rise was most significant for short-term securities, the sector of the market where the great bulk of Treasury refunding operations occurs. Market rates for the shortest term obligations are now almost 2 percentage points above those of a year ago. In addition, even though budget surpluses are reducing the debt held by the public, gross debt outstanding during 1970 will average about \$8 billion higher than in 1969, roughly equivalent to the increased holdings of the trust funds.

The budget assumes that the level of interest rates will decline somewhat in fiscal 1971 as a result of a less inflationary economy.

Many maturing obligations bearing even lower rates will have to be refunded. More important, the substantial surplus receipts of trust funds must be invested in Government securities, which are part of the interest-bearing debt. Thus, even with a balanced budget and assumed lower interest rates, the total

interest payable on the public debt in 1971 will be somewhat higher than in 1970. However, the deduction for interest received by the Treasury on loans to other Government agencies will offset this increase.

Of the estimated interest outlays of \$17.8 billion in 1971, about \$4.3 billion will be paid to trust funds and other Government investment accounts on Government securities owned by them. Another \$3.3 billion of the interest paid on obligations held by the Federal Reserve banks will be returned to the Treasury as miscellaneous receipts through the deposit of excess earnings by such banks. Hence, the net budget impact of interest payments will be about \$10.2 billion in 1971.

Interest

Fiscal year	Total outlays (in millions)	Percent of total budget outlays
1971 estimate.....	\$17,799	8.9%
1970 estimate.....	17,821	9.0
1969.....	15,791	8.6
1968.....	13,744	7.7
1967.....	12,588	8.0
1966.....	11,285	8.4
1965.....	10,357	8.7
1964.....	9,810	8.3
1963.....	9,215	8.3
1962.....	8,321	7.8
1961.....	8,108	8.3
1960.....	8,299	9.0

PART 4

THE BUDGET SYSTEM

The budget serves as an important vehicle for determining national priorities. In the raising of tax revenues and the making of various payments, the Federal Government allocates resources between the private and public sectors of the

economy. Within the public sector, the distribution of outlays among individual programs reflects the priorities that are determined through the interaction of the President, the executive agencies, and the Congress.

THE FEDERAL BUDGET CYCLE

The "budget cycle" is a continuous process in which there are four identifiable phases: (1) executive formulation and submission; (2) congressional authorization and appropriation; (3) budget execution and control; and (4) audit. Each of these phases interrelates and overlaps with the others.

Executive formulation and submission.—The President's transmission of his budget proposals to the Congress each year climaxes many months of planning and analysis throughout the executive branch. Formulation of the 1971 budget, which covers the fiscal year beginning July 1, 1970 and ending June 30, 1971, began in the spring of 1969. About 10 months later, in February 1970, the budget was formally transmitted to Congress.

During the period when a budget is being formulated in the executive branch, there is a continuous exchange of information, proposals, evaluations, and policy determinations among the President, the

Bureau of the Budget, and the various Government agencies.

In the spring, each agency evaluates its programs, identifies policy issues, and makes budgetary projections, giving attention both to important modifications and innovations in its programs, and to alternative long-range program plans. After review in the agency and by the Bureau of the Budget, preliminary plans are presented to the President for his consideration. At about the same time, the President receives projections of the economic outlook and revenue estimates prepared jointly by the Treasury Department, the Council of Economic Advisers, and the Bureau of the Budget.

Following a review of both sets of projections, the President establishes general budget and fiscal policy guidelines for the fiscal year that will begin about 12 months later. Tentative policy determinations and planning targets are then given to the agencies as guidelines for the preparation of their budgets.

Individual budgets are formulated by each agency, reviewed in detail by the Bureau of the Budget throughout the fall and early winter and then presented to the President. Overall fiscal policy problems—relating to total budget receipts and outlays—are also reviewed again. Thus, the budget process involves the consideration simultaneously of individual program levels, and total budget outlays and receipts appropriate to the needs of the economy. The budget submitted to Congress reflects both of these considerations.

Congressional authorization and appropriation.—Congressional review starts when the President sends his budget to the Congress. The Congress can change programs, eliminate them, or add programs not requested by the President. It can increase or decrease the amounts recommended by the President to finance existing and proposed new programs. It also legislates the means of raising revenues.

For the past 2 years, the Congress has enacted limitations on total budget outlays. Generally, however, the Congress does not vote on budget outlays directly. Rather it provides the authority to commit the Government to do certain things that usually require the future spending of money.

Under the traditional procedures, the Congress first enacts legislation which authorizes an agency to carry out a particular program and, in many cases, sets a limit on the amount that can subsequently be appropriated for the program. Many programs are authorized for a specified number of years, or even indefinitely; other programs, including atomic energy and space ex-

ploration, require annual authorizing legislation.

The granting of budget authority—which permits an agency to enter into obligations requiring either immediate or future payment of money—usually is a separate, subsequent action. Most budget authority is enacted in the form of appropriations, which may not exceed the limit established in the basic authorizing legislation for the program. (In addition to appropriations, smaller amounts of budget authority are granted in the form of contract authority and authority to spend debt receipts.)

In most cases, budget authority becomes available each year only as voted by the Congress. For example, this year \$148.1 billion of the recommended \$218.0 billion of new budget authority for 1971 is dependent upon action by the Congress. However, in some cases, the Congress has voted “permanent” budget authority, under which funds become available annually without further congressional action. Most trust fund appropriations are “permanent,” as is the appropriation to pay interest on the public debt.

The consideration of requests for changes in revenue laws and for appropriations follows an established pattern in the Congress. They are considered first in the House of Representatives. The Ways and Means Committee reviews all proposed revenue measures; the Appropriations Committee, through its 13 subcommittees, studies the proposals for appropriations and examines in detail each agency's performance. Each committee then recommends the action to be taken by the House of Representatives.

As parts of the budget are approved by the House, the bills are

forwarded to the Senate, where a similar process is followed. In case of disagreement between the two Houses of Congress, a conference committee (consisting of Members of both bodies) meets to resolve the issues. The conference report is returned to both Houses for approval and the measure is then transmitted to the President, in the form of an appropriation or tax bill, for his approval or veto.

Budget execution and control.—Once approved, the budget becomes the basis for the program operations of each agency during the fiscal year.

Central control over most of the budget authority made available to the executive branch is maintained through a system of "apportioning" the authority. Under the law, the Director of the Bureau of the Budget must distribute or apportion appropriations and other budget authority to each agency by time periods (usually quarterly), or by activities. Obligations may not be incurred in excess of the amounts apportioned. The objective of the apportionment system is to plan the effective and orderly use of available authority and—for annual appropriations—to prevent the need for requesting additional or supplemental authority where possible.

It is, of course, necessary to insure flexibility in case circumstances change. If developments indicate

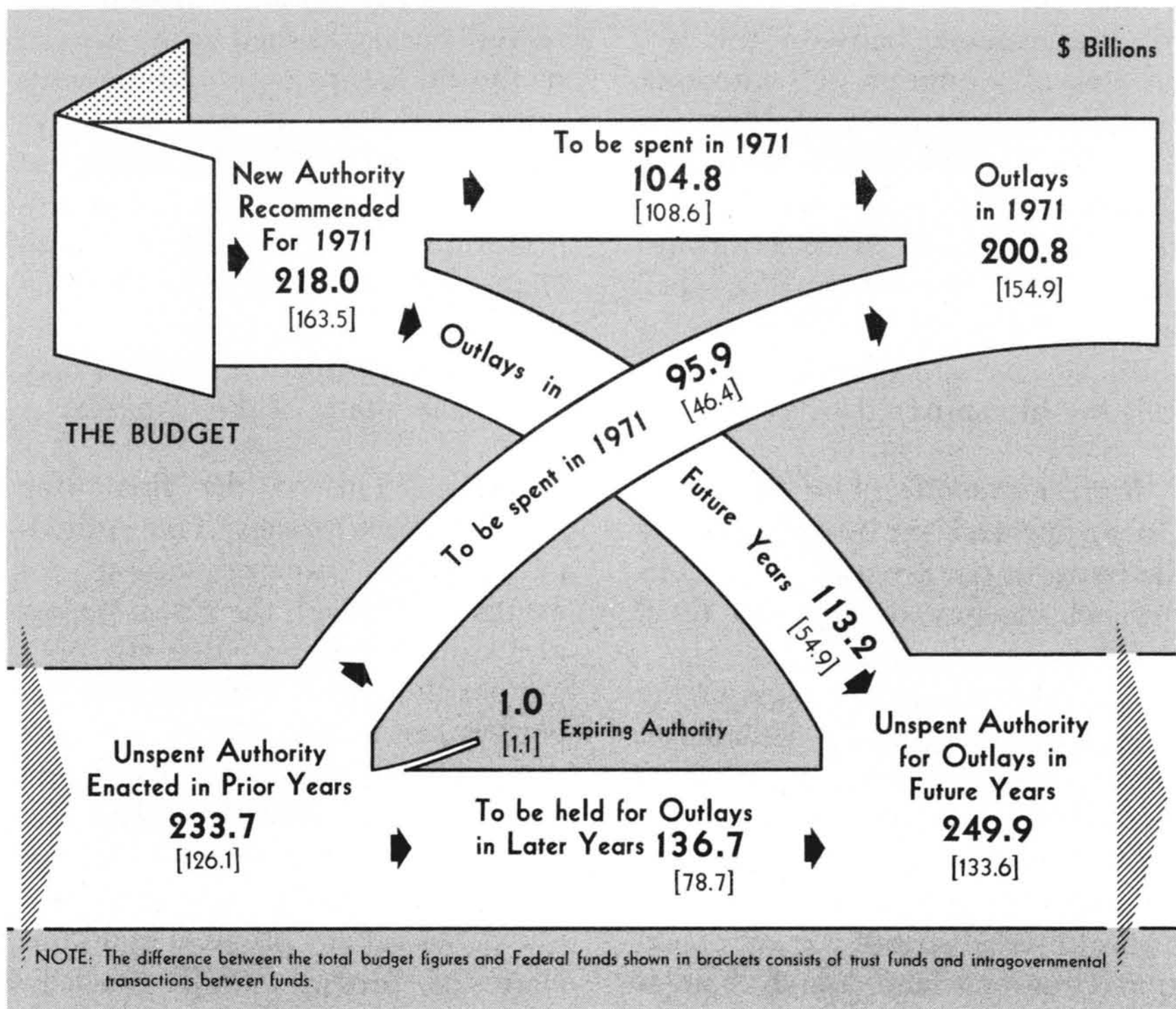
that an agency will not require all the authority made available, "reserves" are established by the Bureau of the Budget to withhold amounts not needed. Such reserves may be released subsequently, if necessary, but only for the purposes of the appropriation. On the other hand, changes in laws or other factors may indicate the need for more authority, and supplemental requests may have to be made of the Congress.

Audit.—This is the final step in the budget process. The individual agencies are responsible for assuring—through their own review and control systems—that the obligations they incur and the resulting outlays are in accordance with the provisions of the authorizing and appropriating legislation. The Bureau of the Budget reviews substantive and financial reports and keeps abreast of agency progress in attainment of program objectives. In addition, the General Accounting Office conducts after-the-fact audits of the manner in which Government agencies are discharging their financial responsibilities, reports its findings to the Congress, and, in certain cases, requires restitution of payments it finds to be improper.

The purpose of all these reviews is to assure that programs are carried out in an effective, efficient, and economical manner.

1971 Budget – Relation of Budget Authority to Outlays

Figures in brackets represent Federal funds only



Relation of budget authority to outlays.—Not all the budget authority appropriated by the Congress for a particular fiscal year results in obligations or outlays within the same year.

- Budget authority for some major procurement and construction programs covers the estimated full cost of the programs at the time they are started, even though the outlays take place over a number of years as the programs move toward completion.
- Budget authority for many loan and guarantee or insurance programs also provides financing for a period of years or represents a contingency backup in the event of defaults or other claims.
- Budget authority for trust funds represents mainly receipts col-

lected under special taxes, which are used as needed over a period of years for benefit payments and other outlays specified in the law.

As a result, there is always a substantial carryover of unspent budget authority from previous years, most of which is earmarked for specified purposes, and is not available for new program operations.

As shown in the chart above, \$95.9 billion of outlays in 1971, almost one-half of the total, will be made under budget authority enacted for earlier years. Conversely, over one-half of 1971 budget authority will not result in outlays until future years.

Therefore, when the Congress increases or decreases the amount of budget authority requested by the

President for a given year, budget outlays in that year are not necessarily changed by the same amount. The change in budget authority

may have only a limited effect on that year's outlays. But its full effect will influence outlays over a period of years.

CONTROLLING GOVERNMENT SPENDING

Control over Government spending is difficult to achieve in the short run. Both the executive and legislative branches have been grappling with this problem for decades.

Controllability of budget outlays.—In the short run, a large part of total budget outlays is relatively uncontrollable under current law. Many programs establish commitments that extend into the future.

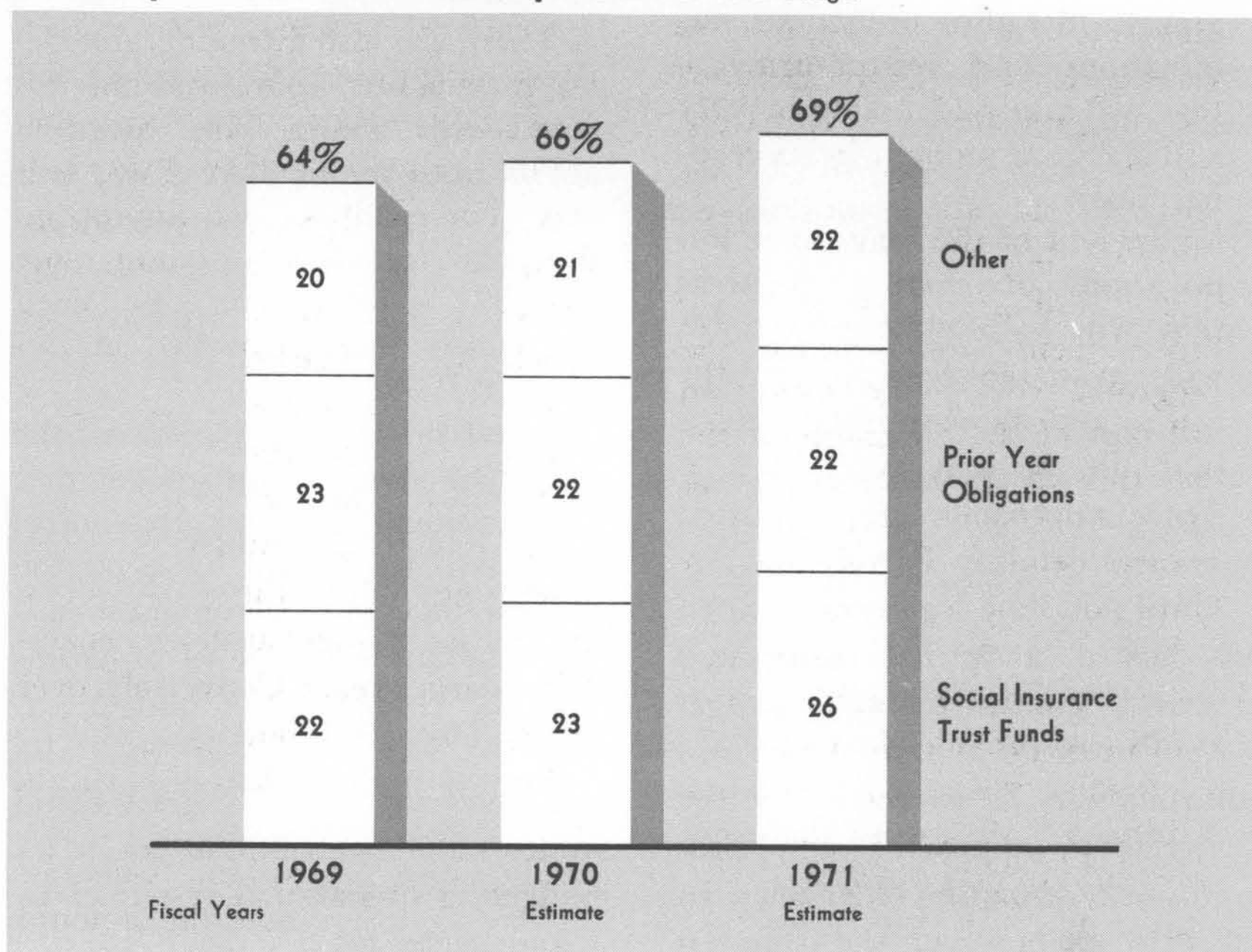
Outlays for open-ended programs such as social insurance trust funds (like social security and unemployment compensation), farm price supports, public assistance, and in-

terest on the debt, flow almost automatically under existing legislation. Similarly, some outlays cover obligations incurred in earlier years. Once the Government has signed a contract obligating it to pay out money, payments must be made as the terms of the contract are met.

In 1971, such built-in costs will account for an estimated 69% of total outlays. The comparable amounts for 1969 and 1970 are roughly 64% and 66%, respectively—showing a growth in the proportion of outlays which are “relatively uncontrollable.”

Between 1970 and 1971, relatively uncontrollable outlays under

Relatively Uncontrollable Outlays Percent of Total Budget



present law will rise by \$7.2 billion:

- Up \$5.9 billion for social security, Medicare, and other social insurance programs financed through trust funds.
- Up \$1.9 billion for other charges that are unavoidable claims against the budget in the short run under requirements of existing law. These include interest on the debt, public assistance and Medicaid, and veterans pensions and compensations.
- Down \$0.6 billion for outlays arising out of prior year contracts and other commitments now reaching the payment stage.

Methods of control.—The President's budget represents the Executive Branch "target" for outlays. In order to gain increased control over Government spending in the future and release resources for new initiatives, the 1971 budget includes:

- Fundamental revisions in outmoded or uneconomic programs—including reductions, terminations and restructurings—that will save \$2.1 billion in 1971 and a similar amount in succeeding years.
- An analysis of the long-range implications of current decisions that will help match programs with available resources in the future and increase budget flexibility in the long run.

These approaches are discussed in greater detail in Part 2.

Until now, the legislative branch has lacked a formal, integrated process to control the *total budget outlays* in the near term. Long run controllability is exercised by the Congress in approving new programs or terminating older ones. In recent years, however, the Congress

has been seeking greater short range control over the budget total.

In 1968, the Congress enacted a reduction in agency *obligations*—reducing the rate at which contracts are signed, stretching out or deferring obligations wherever possible. For fiscal years 1969 and 1970, Congress imposed limitations on overall *outlays*—payments in fulfillment of obligations incurred. A third technique for spending control is a congressionally determined statutory limitation on *borrowing*.

The experience of this period points to some weaknesses in techniques tried thus far. A statutory ceiling on total outlays forces some programs to a lower operating level than the Congress itself desired when acting on individual appropriations. A ceiling may become unworkable if adequate provision is not made for programs which are beyond the control of the executive branch—and often the Congress as well—for the year in question.

There was also a considerable delay in enacting appropriations this year—with many bills awaiting action until the fiscal year was half over. For example, two appropriation bills for 1970—totaling more than \$22 billion—were not enacted before Congress adjourned in December, 1969.

Based on these experiences, the President has recommended that Congressional attempts to control outlays in the future focus on the earliest stages of Government spending—the authorization of programs and the enactment of budget authority. The President has also suggested that the Congress could improve its contribution to better budgeting of national resources by taking steps to:

- Make individual appropriation actions consistent with its wishes on overall budget totals;
- Provide a closer link between legislative consideration of receipts and outlays; and
- Enact appropriations before the fiscal year begins, phasing the authorization and appropriation process in a more orderly way.

PART 5

BUDGET TABLES

	Page
Budget Receipts, Outlays, Financing, and Debt, 1960-1971.....	63
Outstanding Federal Debt and Federally Assisted Credit, 1968-1971..	64
Budget Receipts by Source and Outlays by Function, 1960-1971....	65
Budget Outlays by Subfunction, 1960-1971.....	66
Budget Authority and Outlays by Agency, 1969-1971.....	69
Outlays and Receipts of Trust Funds, 1969-1971.....	70
Summary of Full-Time Permanent Employment in the Executive Branch, 1969-1971.....	70
Federal Finances and the Gross National Product, 1954-1970.....	71
Budget Receipts and Outlays, 1789-1971.....	72

BUDGET RECEIPTS, OUTLAYS, FINANCING, AND DEBT, 1960-1971 (in millions of dollars)

Description	Actual										Estimate	
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Receipts, expenditures, and net lending:												
Expenditure account:												
Receipts.....	92,492	94,389	99,676	106,560	112,662	116,833	130,856	149,552	153,671	187,792	199,386	202,103
Expenditures (excludes net lending).....	90,341	96,597	104,462	111,456	118,039	117,181	130,820	153,201	172,802	183,080	194,985	200,088
Expenditure account surplus or deficit (—).....	2,151	—2,208	—4,786	—4,896	—5,377	—347	36	—3,649	—19,131	4,712	4,401	2,014
Loan account:												
Loan disbursements.....	8,310	7,869	9,621	9,646	10,237	10,911	14,628	17,676	20,327	13,117	9,489	8,604
Loan repayments.....	6,427	6,671	7,271	9,791	9,693	9,662	10,796	12,623	14,297	11,640	6,589	7,921
Net lending.....	1,882	1,198	2,351	—145	545	1,249	3,832	5,053	6,030	1,476	2,900	683
Total budget:												
Receipts.....	92,492	94,389	99,676	106,560	112,662	116,833	130,856	149,552	153,671	187,792	199,386	202,103
Outlays (expenditures and net lending).....	92,223	97,795	106,813	111,311	118,584	118,430	134,652	158,254	178,833	184,556	197,885	200,771
Budget surplus or deficit (—).....	269	—3,406	—7,137	—4,751	—5,922	—1,596	—3,796	—8,702	—25,161	3,236	1,501	1,331
Budget financing:												
Net borrowing from the public or repayment of borrowing (—).....	2,174	1,427	9,769	6,088	3,092	4,061	3,076	2,838	23,100	—1,044	—2,583	—1,200
Other means of financing.....	—2,443	1,979	—2,632	—1,337	2,830	—2,465	720	5,863	2,061	—2,192	1,082	—131
Total means of financing.....	—269	3,406	7,137	4,751	5,922	1,596	3,796	8,702	25,161	¹ —3,236	¹ —1,501	¹ —1,331
Outstanding debt end of year:												
Gross Federal debt.....	290,862	292,895	303,291	310,807	316,763	323,154	329,474	341,348	369,769	367,144	374,734	382,503
Held by the public.....	237,177	238,604	248,373	254,461	257,553	261,614	264,690	267,529	290,629	279,483	278,483	277,283

¹ Excludes changes due to reclassification and to conversion of mixed-ownership enterprises to private ownership.

OUTSTANDING FEDERAL DEBT AND FEDERALLY ASSISTED CREDIT, 1968-1971

[End of year, in billions of dollars]

	1968 actual	1969 actual	1970 estimate	1971 estimate
Gross Federal debt:				
Public debt (issued by Treasury) ¹	345.4	352.9	362.1	370.3
Agency debt (issued by agencies)	24.4	14.2	12.6	12.2
Total gross Federal debt	369.8	367.1	374.7	382.5
Holdings by Government agencies (—): ²				
Public debt	—76.1	—84.8	—93.8	—102.9
Agency debt	—3.0	—2.8	—2.5	—2.3
Total, Federal debt held by the public	290.6	279.5	278.5	277.3
Outstanding Federal and federally assisted credit:				
Direct loans ³	55.3	46.9	52.2	53.8
Guaranteed and insured loans ⁴	97.6	105.1	107.6	119.9
Direct loans by Government-sponsored agencies	10.9	27.2	38.5	46.6
Debt subject to public debt limit:				
Public debt (issued by Treasury) ⁵	345.4	352.9	362.1	370.3
Notes issued by Treasury to International Monetary Fund (not in debt above)	2.2	.8	.8	.8
Agency and District of Columbia debt subject to general limit on public debt	3.8	3.8	3.2	2.1
Portion of public debt not subject to limit (—)	— .7	— .6	— .4	— .4
Total debt subject to public debt limit ⁵	350.7	356.9	365.7	372.8

¹ Amounts shown as actual for end of the fiscal year 1968 have been adjusted from those shown in the preceding budget, to take account of issues and redemptions in transit on June 30.

² Excludes holdings of debt of Government-sponsored enterprises, which had been outstanding at time of their conversion in 1969 to private ownership, as follows: 1969, \$472 million; 1970, \$104 million; and 1971, \$4 million.

³ Including loans in expenditure account.

⁴ Excluding loans held by Government or Government-sponsored agencies.

⁵ The applicable limitations are: June 30, 1968, \$358 billion; July 1, 1968, to Apr. 6, 1969, \$365 billion; Apr. 7, 1969, to June 30, 1970, \$377 billion, and July 1, 1970, to June 30, 1971, \$365 billion. Legislation is proposed to change the limitation.

BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1960-1971 (in millions of dollars)

Description	Actual										Estimate	
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
RECEIPTS BY SOURCE												
Individual income taxes.....	40,741	41,338	45,571	47,588	48,697	48,792	55,446	61,526	68,726	87,249	92,200	91,000
Corporation income taxes.....	21,494	20,954	20,523	21,579	23,493	25,461	30,073	33,971	28,665	36,678	37,000	35,000
Social insurance taxes and contributions (trust funds):												
Employment taxes and contributions.....	11,248	12,679	12,835	14,746	16,959	17,359	20,662	27,823	29,224	34,236	38,914	42,842
Unemployment insurance ¹	2,667	2,902	3,337	4,112	4,045	3,819	3,777	3,659	3,346	3,328	3,340	3,335
Contributions for other insurance and retirement.....	768	857	875	946	1,008	1,081	1,129	1,867	2,052	2,353	2,551	2,931
Excise taxes:												
Federal funds.....	9,137	9,063	9,585	9,915	10,211	10,911	9,145	9,278	9,700	10,585	10,872	12,059
Trust funds (highway).....	2,539	2,798	2,949	3,279	3,519	3,659	3,917	4,441	4,379	4,637	5,068	5,461
Estate and gift taxes.....	1,606	1,896	2,016	2,167	2,394	2,716	3,066	2,978	3,051	3,491	3,500	3,600
Customs duties.....	1,105	982	1,142	1,205	1,252	1,442	1,767	1,901	2,038	2,319	2,260	2,260
Miscellaneous receipts ²	1,187	919	843	1,023	1,084	1,594	1,875	2,108	2,491	2,916	3,681	3,614
Total receipts	92,492	94,389	99,676	106,560	112,662	116,833	130,856	149,552	153,671	187,792	199,386	202,103
Federal funds.....	75,650	75,179	79,703	83,550	87,205	90,943	101,427	111,835	114,726	143,329	149,579	147,600
Trust funds.....	19,228	21,800	22,652	25,799	28,518	29,230	32,997	42,935	44,716	52,009	58,141	64,107
Intragovernmental transactions.....	-2,385	-2,589	-2,680	-2,788	-3,06	-3,339	-3,568	-5,218	-5,771	-7,547	-8,335	-9,605
OUTLAYS BY FUNCTION ²												
National defense.....	45,908	47,381	51,097	52,257	53,591	49,578	56,785	70,081	80,517	81,240	79,432	73,583
International affairs and finance.....	3,054	3,357	4,492	4,115	4,117	4,340	4,490	4,547	4,619	3,785	4,113	3,589
Space research and technology.....	401	744	1,257	2,552	4,170	5,091	5,933	5,423	4,721	4,247	3,886	3,400
Agriculture and rural development.....	3,322	3,340	4,123	5,139	5,185	4,807	3,679	4,376	5,943	6,221	6,343	5,364
Natural resources.....	1,019	1,568	1,686	1,505	1,972	2,063	2,035	1,860	1,702	2,129	2,485	2,503
Commerce and transportation.....	4,774	5,048	5,408	5,743	6,482	7,364	7,135	7,554	8,047	7,873	9,436	8,785
Community development and housing.....	971	191	589	-880	-185	288	2,644	2,616	4,076	1,961	3,046	3,781
Education and manpower.....	1,286	1,499	1,732	1,732	2,028	2,533	4,523	6,135	7,012	6,825	7,538	8,129
Health.....	756	873	1,139	1,393	1,737	1,730	2,543	6,721	9,672	11,696	13,265	14,957
Income security.....	17,977	20,956	22,205	23,854	24,833	25,453	28,751	30,881	33,835	37,399	43,832	50,384
Veterans benefits and services.....	5,426	5,688	5,625	5,520	5,681	5,722	5,920	6,897	6,882	7,640	8,681	8,475
Interest.....	8,299	8,108	8,321	9,215	9,810	10,357	11,285	12,588	13,744	15,791	17,821	17,799
General government.....	1,327	1,491	1,650	1,810	2,040	2,210	2,292	2,510	2,561	2,866	3,620	4,084
Allowances.....											475	2,575
Undistributed intragovernmental transactions.....	-2,296	-2,449	-2,513	-2,644	-2,877	-3,109	-3,364	-3,936	-4,499	-5,117	-6,088	-6,639
Total outlays	92,223	97,79	106,813	111,311	118,584	118,430	134,652	158,254	178,833	184,556	197,885	200,771
Federal funds.....	74,865	79,336	86,594	90,141	95,761	94,807	106,512	126,779	143,105	148,819	156,703	154,936
Trust funds.....	19,743	21,048	22,898	23,958	25,884	26,962	31,708	36,693	41,499	43,284	49,517	55,440
Intragovernmental transactions.....	-2,385	-2,589	-2,680	-2,788	-3,061	-3,339	-3,568	-5,218	-5,771	-7,547	-8,335	-9,605

¹ Includes Federal funds of \$339 million in 1960.

² Includes both Federal funds and trust funds.

BUDGET OUTLAYS BY SUBFUNCTION, 1960-1971 (in millions of dollars)

Function and subfunction	Actual										Estimate	
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
National defense:												
Department of Defense—Military:												
Military personnel (including retired personnel).....	11,738	12,085	13,032	13,000	14,195	14,771	16,753	19,787	21,954	23,818	25,158	24,104
Operation and maintenance.....	10,223	10,611	11,594	11,874	11,932	12,349	14,710	19,000	20,578	22,227	21,500	19,650
Procurement.....	13,334	13,095	14,532	16,632	15,351	11,839	14,339	19,012	23,283	23,988	21,550	18,799
Research and development.....	4,710	6,131	6,319	6,376	7,021	6,236	6,259	7,160	7,747	7,457	7,300	7,382
Military construction and other.....	1,750	1,606	1,602	513	1,236	928	2,279	2,636	3,975	525	1,139	1,421
Deductions for offsetting receipts.....	-275	-236	-163	-251	-159	-150	-160	-138	-164	-135	-140	-163
Subtotal, Department of Defense—Military ¹	41,479	43,292	46,916	48,143	49,577	45,973	54,178	67,457	77,373	77,877	76,505	71,191
Atomic energy ¹	2,623	2,713	2,806	2,758	2,764	2,625	2,403	2,264	2,466	2,450	2,461	2,411
Military assistance ¹	1,631	1,351	1,337	1,406	1,209	1,125	1,003	858	654	789	495	600
Defense-related activities.....	244	104	92	24	172	136	-62	-17	139	260	119	-51
Deductions for offsetting receipts ²	-69	-80	-53	-74	-130	-281	-738	-481	-116	-138	-150	-572
Total national defense.....	45,908	47,381	51,097	52,257	53,591	49,578	56,785	70,081	80,517	81,240	79,432	73,583
International affairs and finance:												
Economic and financial assistance.....	1,391	1,877	2,325	1,968	1,756	2,041	2,329	3,057	3,053	2,420	2,746	2,357
Food for Peace.....	1,458	1,823	1,947	2,040	2,049	1,852	1,784	1,452	1,204	975	971	852
Conduct of foreign affairs.....	214	216	248	346	296	347	315	336	354	371	396	412
Foreign information and exchange activities.....	137	158	197	201	207	223	227	245	253	237	237	241
Deductions for offsetting receipts.....	-146	-716	-226	-441	-191	-123	-165	-542	-245	-217	-237	-273
Total international affairs and finance.....	3,054	3,357	4,492	4,115	4,117	4,340	4,490	4,547	4,619	3,785	4,113	3,589
Space research and technology:												
Manned space flight.....	113	279	565	1,516	2,768	3,538	4,210	3,649	3,096	2,781	2,355	1,937
Space science and application.....	133	249	420	576	754	751	778	796	700	569	634	612
Space technology.....	52	87	159	303	432	484	435	440	410	344	337	306
Aircraft technology.....	72	51	31	36	40	58	75	89	128	168	180	184
Supporting space activities.....	30	79	82	122	178	262	435	452	390	390	387	376
Deductions for offsetting receipts.....	-*	-*	-*	-*	-1	-2	-1	-2	-3	-6	-6	-15
Total space research and technology.....	401	744	1,257	2,552	4,170	5,091	5,933	5,423	4,721	4,247	3,886	3,400
Agriculture and rural development:												
Farm income stabilization.....	2,383	2,343	3,143	4,060	4,134	3,667	2,536	3,167	4,542	5,000	4,485	4,467
Agricultural land and water resources.....	324	347	368	324	325	342	347	353	351	343	344	317
Rural housing and public facilities.....	333	335	291	375	326	354	309	330	474	318	830	-176
Research and other agricultural services.....	312	344	363	415	441	485	531	570	618	645	726	799
Deductions for offsetting receipts.....	-29	-30	-42	-36	-42	-42	-44	-44	-42	-85	-43	-41
Total agriculture and rural development.....	3,322	3,340	4,123	5,139	5,185	4,807	3,679	4,376	5,943	6,221	6,343	5,364

Natural resources:												
Water resources and power.....	1,241	1,395	1,578	1,718	1,798	1,867	2,061	2,158	2,251	2,256	2,325	2,940
Land management.....	305	428	382	422	459	509	556	618	639	643	746	771
Recreational resources.....	125	146	151	180	202	215	241	285	331	372	447	546
Mineral resources.....	30	28	30	25	46	59	62	73	85	71	116	110
Other natural resources programs.....	66	71	84	94	104	119	131	136	154	160	178	183
Deductions for offsetting receipts.....	-748	-501	-539	-934	-637	-706	-1,016	-1,412	-1,758	-1,373	-1,325	-2,048
Total natural resources.....	1,019	1,568	1,686	1,505	1,972	2,063	2,035	1,860	1,702	2,129	2,485	2,503
Commerce and transportation:												
Ground transportation.....	2,984	2,656	2,817	3,057	3,686	4,092	4,043	4,093	4,367	4,413	4,810	4,881
Air transportation.....	568	716	781	808	835	875	879	945	951	1,042	1,290	1,668
Water transportation.....	509	569	654	672	658	728	708	765	844	864	919	938
Area and regional development.....	120	188	132	242	538	557	315	318	472	584	717	710
Postal service.....	525	914	797	770	578	805	888	1,141	1,080	920	1,247	382
Advancement and regulation of business.....	193	194	350	294	309	463	409	407	493	206	597	425
Deductions for offsetting receipts.....	-125	-189	-123	-99	-123	-156	-107	-115	-159	-157	-144	-217
Total commerce and transportation.....	4,774	5,048	5,408	5,743	6,482	7,364	7,135	7,554	8,047	7,873	9,436	8,785
Community development and housing:												
Low- and moderate-income housing aids.....	145	155	170	198	37	81	391	478	948	871	1,153	1,499
Community environment.....	105	145	227	173	240	331	365	465	486	632	1,122	1,173
Community facilities.....	18	15	27	36	51	46	38	74	106	146	200	237
Concentrated community development.....						51	302	452	648	684	960	1,242
Community planning and administration.....	-72	-79	11	24	29	32	16	33	37	47	82	95
Maintenance of the housing mortgage market.....	787	-36	169	-1,289	-511	-237	1,545	1,133	1,863	-406	-469	-464
Deductions for offsetting receipts.....	-11	-9	-16	-22	-31	-16	-13	-19	-12	-13	-*	-*
Total community development and housing.....	971	191	589	-880	-185	288	2,644	2,616	4,076	1,961	3,046	3,781
Education and manpower:												
Elementary and secondary education.....	397	417	429	527	566	645	1,804	2,439	2,595	2,480	2,668	2,710
Higher education.....	272	291	357	419	383	414	705	1,159	1,393	1,230	1,395	1,449
Science education and basic research.....	120	143	183	206	310	309	368	415	449	490	490	490
Vocational education.....	39	40	40	41	41	132	136	250	265	262	266	329
Other education aids.....	58	76	98	98	110	158	155	264	334	373	434	411
Manpower training.....	4	4	12	64	122	342	731	940	1,263	1,193	1,368	1,720
Other manpower aids.....	399	530	617	380	501	541	634	678	729	810	929	1,034
Deductions for offsetting receipts.....	-3	-4	-4	-5	-5	-9	-11	-11	-16	-13	-13	-14
Total education and manpower.....	1,286	1,499	1,732	1,732	2,028	2,533	4,523	6,135	7,012	6,825	7,538	8,129
Health:												
Providing or financing medical services.....	146	157	264	318	386	476	1,094	4,866	7,455	9,315	10,582	12,106
Development of health resources.....	554	642	786	949	1,170	1,039	1,212	1,556	1,826	1,918	2,142	2,235
Prevention and control of health problems.....	58	77	91	128	182	215	238	301	394	465	542	618
Deductions for offsetting receipts.....	-2	-2	-3	-3	-1	-1	-1	-2	-3	-2	-1	-1
Total health.....	756	873	1,139	1,393	1,737	1,730	2,543	6,721	9,672	11,696	13,265	14,957

Function and subfunction	Actual										Estimate	
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Income security:												
Retirement and social insurance.....	15,597	18,467	19,474	21,249	21,958	22,282	25,298	27,068	29,293	32,240	37,106	41,895
Public assistance.....	2,293	2,385	2,604	2,909	3,085	3,119	3,151	3,180	3,726	4,272	5,381	7,035
Social and individual services.....	88	104	133	176	199	249	410	692	831	888	1,347	1,454
Deductions for offsetting receipts.....	-1	-2	-7	-479	-409	-196	-109	-59	-16	-1	-1	-1
Total income security.....	17,977	20,956	22,205	23,854	24,833	25,453	28,751	30,881	33,835	37,399	43,832	50,384
Veterans benefits and services:												
Income security.....	4,054	4,439	4,476	4,706	4,646	4,710	4,700	5,209	4,997	5,528	5,950	6,018
Hospital and medical care.....	963	1,032	1,085	1,147	1,231	1,271	1,320	1,393	1,472	1,566	1,787	1,796
Education, training, and rehabilitation.....	531	415	159	101	77	58	54	305	478	701	1,000	1,206
Housing.....	206	152	236	-109	44	*	169	304	210	102	162	-315
Other veterans benefits and services.....	187	187	180	176	185	179	196	195	218	237	266	269
Deductions for offsetting receipts.....	-514	-537	-511	-501	-502	-497	-518	-509	-492	-493	-484	-498
Total veterans benefits and services.....	5,426	5,688	5,625	5,520	5,681	5,722	5,920	6,897	6,882	7,640	8,681	8,475
General government:												
Central fiscal operations.....	573	622	668	733	808	844	886	968	1,024	1,094	1,257	1,345
Law enforcement and justice.....	263	289	300	323	335	366	385	426	452	534	772	1,027
General property and records management.....	351	356	355	416	553	565	550	617	569	567	631	632
Legislative and judicial functions.....	158	170	192	194	192	218	238	254	274	302	364	377
National Capital region.....	30	50	73	70	58	61	73	84	104	162	256	414
Central personnel management.....	82	92	106	110	110	107	107	116	140	146	166	184
Executive direction and other general government.....	108	131	158	160	211	213	216	243	270	299	426	360
Deductions for offsetting receipts.....	-238	-220	-204	-196	-226	-165	-162	-199	-272	-238	-253	-255
Total general government.....	1,327	1,491	1,650	1,810	2,040	2,210	2,292	2,510	2,561	2,866	3,620	4,084
Interest.....	8,299	8,108	8,321	9,215	9,810	10,357	11,285	12,588	13,744	15,791	17,821	17,799
Allowances.....											475	2,575
Undistributed intragovernmental transactions.....	-2,297	-2,449	-2,513	-2,644	-2,877	-3,109	-3,364	-3,936	-4,499	-5,117	-6,088	-6,639
Total outlays.....	92,223	97,795	106,813	111,311	118,584	118,430	134,652	158,254	178,833	184,556	197,885	200,771

¹ Entries net of offsetting receipts.² Excludes offsetting receipts which have been distributed by subfunction above.

*Less than \$500 thousand.

BUDGET AUTHORITY AND OUTLAYS BY AGENCY (in millions of dollars)

Department or other unit	Budget authority			Outlays		
	1969 actual	1970 estimate	1971 estimate	1969 actual	1970 estimate	1971 estimate
Legislative Branch.....	307	354	391	277	341	368
The Judiciary.....	110	127	132	109	125	130
Executive Office of the President.....	32	38	146	31	39	145
Funds appropriated to the President.....	4,875	5,058	5,000	4,967	4,818	4,184
Agriculture.....	9,176	8,797	8,577	8,330	8,407	7,953
Commerce.....	941	1,017	1,170	854	1,078	1,014
Defense—Military.....	76,970	73,484	70,798	77,877	76,505	71,191
Defense—Civil.....	1,282	1,199	1,301	1,268	1,270	1,411
Health, Education, and Welfare.....	51,237	57,637	64,803	46,594	52,670	59,653
Housing and Urban Development.....	3,013	4,640	2,997	1,529	2,776	3,317
Interior.....	967	1,889	4,510	837	1,164	913
Justice.....	544	848	1,127	515	743	985
Labor.....	4,613	4,947	5,826	3,475	4,232	5,563
Post Office.....	1,209	1,438	583	920	1,247	382
State.....	426	449	490	437	447	473
Transportation.....	7,392	7,902	11,185	5,970	6,673	7,048
Treasury.....	16,944	19,112	19,077	16,924	19,107	19,066
Atomic Energy Commission.....	2,616	2,224	2,363	2,450	2,461	2,411
General Services Administration.....	338	368	40	425	454	28
National Aeronautics and Space Administration.....	3,991	3,735	3,330	4,247	3,886	3,400
Veterans Administration.....	7,665	8,595	8,878	7,669	8,657	8,455
Other independent agencies.....	6,636	10,608	9,172	3,969	6,397	6,844
Allowances for:						
Revenue sharing.....			275			275
Civilian and military pay increases.....		175	1,400		175	1,400
Contingencies.....		500	1,200		300	900
Undistributed intragovernmental transactions:						
Employer share, employee retirement.....	−2,018	−2,307	−2,366	−2,018	−2,307	−2,366
Interest received by trust funds.....	−3,099	−3,781	−4,273	−3,099	−3,781	−4,273
Total budget authority and outlays.....	196,167	209,051	218,030	184,556	197,885	200,771

MEMORANDUM						
Portion available through current action by Congress.....	133,213	138,948	148,113	87,087	90,262	92,798
Portion available without current action by Congress.....	75,860	84,018	86,706	24,115	27,726	28,826
Outlays from obligated balances.....				50,049	51,998	52,490
Outlays from unobligated balances.....				36,210	41,815	43,445
Deductions for offsetting receipts:						
Intrabudgetary transactions.....	−8,714	−9,704	−11,250	−8,714	−9,704	−11,250
Proprietary receipts from the public.....	−4,192	−4,211	−5,538	−4,192	−4,211	−5,538
Total budget authority and outlays.....	196,167	209,051	218,030	184,556	197,885	200,771

¹ The larger 1971 amount includes provision for direct funding of portions of the White House Office staff previously paid by other agencies.

OUTLAYS AND RECEIPTS OF TRUST FUNDS (in millions of dollars)

Trust fund	Outlays			Receipts		
	1969 actual	1970 estimate	1971 estimate	1969 actual	1970 estimate	1971 estimate
Federal old-age and survivors insurance.....	24,690	27,376	30,794	27,348	31,531	33,444
Federal disability insurance.....	2,613	2,994	3,397	3,705	4,345	5,006
Health insurance.....	6,598	7,538	8,774	7,255	7,431	9,829
Unemployment insurance.....	2,792	3,426	3,818	3,852	3,915	3,950
Railroad retirement accounts.....	1,498	1,680	1,816	1,614	1,704	1,854
Federal employees retirement funds.....	1,826	2,827	3,226	3,776	4,236	4,643
Highway trust fund.....	4,151	4,427	4,395	4,690	5,170	5,613
Foreign military sales.....	1,062	970	955	959	1,020	980
Veterans life insurance.....	703	737	754	751	766	795
Other trust funds (nonrevolving).....	288	278	273	288	305	271
Trust revolving funds.....	-708	-454	-484			
Interfund transactions.....	-523	-542	-580	-523	-542	-580
Proprietary receipts from the public.....	-1,705	-1,739	-1,698	-1,705	-1,739	-1,698
Total.....	43,284	49,517	55,440	52,009	58,141	64,107

SUMMARY OF FULL-TIME PERMANENT EMPLOYMENT IN THE EXECUTIVE BRANCH

Agency	End of year			Change, 1970-71
	1969 actual	1970 estimate	1971 estimate	
Department of Defense—Military and military assistance.....	1,225,877	1,165,900	1,110,100	-55,800
Post Office Department.....	562,381	567,000	585,000	18,000
Subtotal.....	1,788,258	1,732,900	1,695,100	-37,800
Department of Agriculture.....	83,425	83,000	85,300	2,300
Department of Commerce.....	25,364	25,600	26,700	1,100
Department of Defense—Civil.....	31,214	30,700	31,000	300
Department of Health, Education, and Welfare.....	102,941	102,500	105,100	2,600
Department of Housing and Urban Development.....	14,307	14,900	16,000	1,100
Department of the Interior.....	58,156	59,300	61,100	1,800
Department of Justice.....	35,106	37,600	39,100	1,500
Department of Labor.....	9,723	10,300	10,800	500
Department of State.....	24,658	23,900	23,400	-500
Department of Transportation.....	60,386	63,600	70,300	6,700
Treasury Department.....	79,982	86,700	93,500	6,800
Atomic Energy Commission.....	7,047	7,000	6,900	-100
General Services Administration.....	36,176	36,400	36,800	400
National Aeronautics and Space Administration.....	31,733	31,400	30,600	-800
Veterans Administration.....	147,606	148,500	150,200	1,700
Other agencies:				
Agency for International Development.....	15,753	15,000	14,400	-600
Civil Service Commission.....	4,970	5,300	5,500	200
Office of Economic Opportunity.....	2,856	2,400	2,500	100
Selective Service System.....	6,584	6,600	6,500	-100
Small Business Administration.....	4,099	4,100	4,100	
Tennessee Valley Authority.....	11,987	12,300	13,300	1,000
The Panama Canal.....	14,731	14,700	14,900	200
United States Information Agency.....	10,500	10,200	10,100	-100
Miscellaneous agencies.....	26,200	27,800	28,900	1,100
Subtotal.....	845,504	859,900	887,100	27,200
Allowance for contingencies.....		10,000	15,000	5,000
Total.....	2,633,762	2,602,800	2,597,200	-5,600

FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1954-1970 (dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts		Budget outlays (expenditures and net lending)				Federal debt, end of year			
				Total		Budget expenditures (excludes net lending)		Total		Held by the public	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1954.....	\$362.1	\$69.7	19.3	\$70.9	19.6	(1)	(1)	\$270.8	74.8	\$224.5	62.0
1955.....	378.6	65.5	17.3	68.5	18.1	(1)	(1)	274.4	72.5	226.6	59.9
1956.....	409.4	74.5	18.2	70.5	17.2	(1)	(1)	272.8	66.6	222.2	54.3
1957.....	431.3	80.0	18.5	76.7	17.8	(1)	(1)	272.4	63.1	219.4	50.9
1958.....	440.3	79.6	18.1	82.6	18.8	\$81.0	18.4	279.7	63.5	226.4	51.4
1959.....	469.1	79.2	16.9	92.1	19.6	89.4	19.1	287.8	61.3	235.0	50.1
1960.....	495.2	92.5	18.7	92.2	18.6	90.3	18.2	290.9	58.7	237.2	47.9
1961.....	506.5	94.4	18.6	97.8	19.3	96.6	19.1	292.9	57.8	238.6	47.1
1962.....	542.1	99.7	18.4	106.8	19.7	104.5	19.3	303.3	55.9	248.4	45.8
1963.....	573.4	106.6	18.6	111.3	19.4	111.5	19.4	310.8	54.2	254.5	44.4
1964.....	612.2	112.7	18.4	118.6	19.4	118.0	19.3	316.8	51.7	257.6	42.1
1965.....	654.2	116.8	17.9	118.4	18.1	117.2	17.9	323.2	49.4	261.6	40.0
1966.....	721.2	130.9	18.1	134.7	18.7	130.8	18.1	329.5	45.7	264.7	36.7
1967.....	768.8	149.6	19.5	158.3	20.6	153.2	19.9	341.3	44.4	267.5	34.8
1968.....	828.0	153.7	18.6	178.8	21.6	172.8	20.9	369.8	44.7	290.6	35.1
1969.....	900.6	187.8	20.9	184.6	20.5	183.1	20.3	367.1	40.8	279.5	31.0
1970 estimate.....	960.0	199.4	20.8	197.9	20.6	195.0	20.3	374.7	39.0	278.5	29.0

1 Not available.

BUDGET RECEIPTS AND OUTLAYS, 1789-1971 (in millions of dollars)

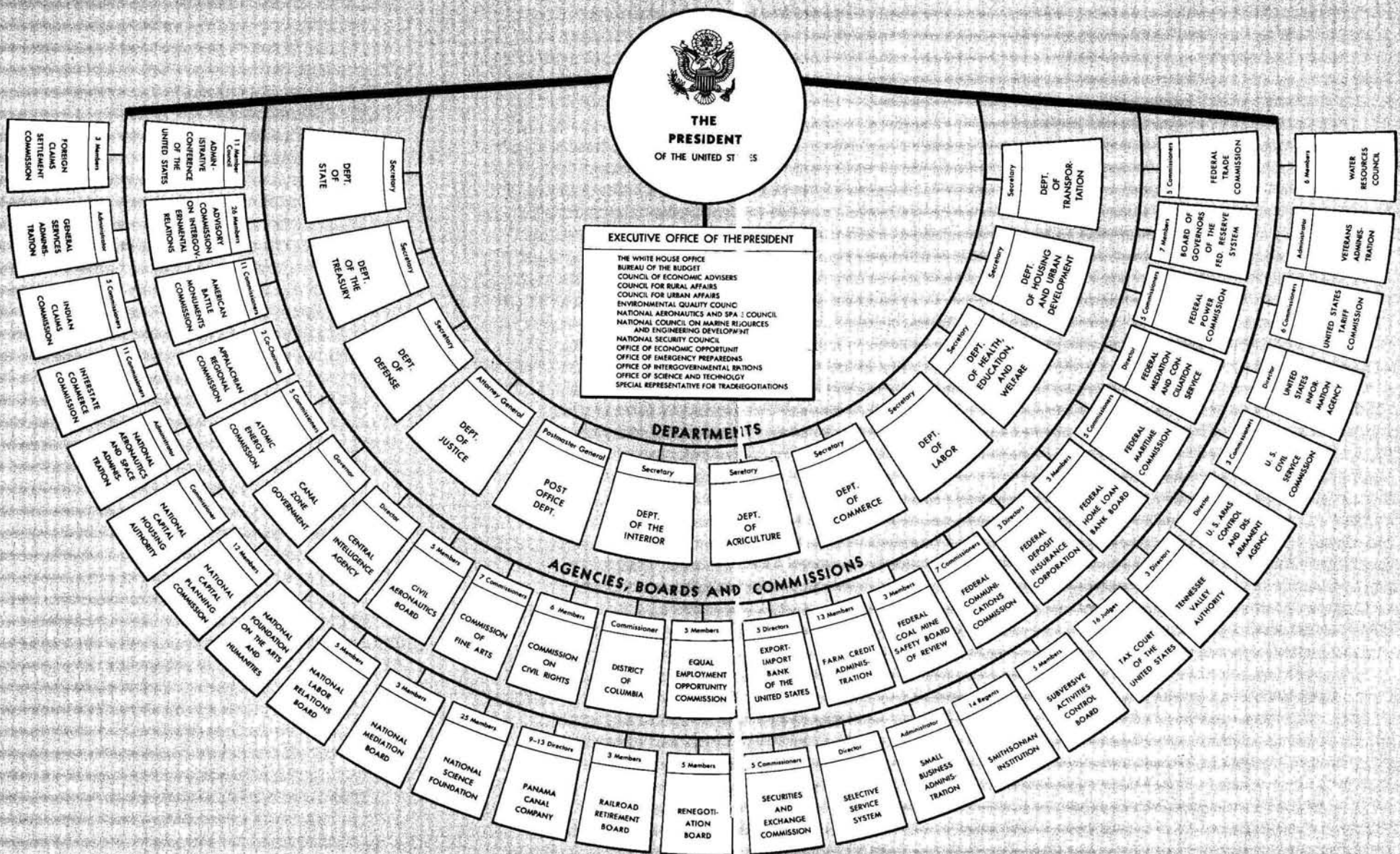
Fiscal year	Receipts	Outlays	Surplus or defi- cit (—)	Fiscal year	Receipts	Outlays	Surplus or defi- cit (—)
ADMINISTRATIVE BUDGET							
1789-1849.....	1, 160	1, 090	+70	1938.....	5, 588	6, 765	-1, 177
1850-1900.....	14, 462	15, 453	-991	1939.....	4, 979	8, 841	-3, 862
1901.....	588	525	+63	CONSOLIDATED CASH STATEMENT			
1902.....	562	485	+77	1940.....	6, 879	9, 589	-2, 710
1903.....	562	517	+45	1941.....	9, 202	13, 980	-4, 778
1904.....	541	584	-43	1942.....	15, 104	34, 500	-19, 396
1905.....	544	567	-23	1943.....	25, 097	78, 909	-53, 812
1906.....	595	570	+25	1944.....	47, 818	93, 956	-46, 138
1907.....	666	579	+87	1945.....	50, 162	95, 184	-45, 022
1908.....	602	659	-57	1946.....	43, 537	61, 738	-18, 201
1909.....	604	694	-89	1947.....	43, 531	36, 931	+6, 600
1910.....	676	694	-18	1948.....	45, 357	36, 493	+8, 864
1911.....	702	691	+11	1949.....	41, 576	40, 570	+1, 006
1912.....	693	690	+3	1950.....	40, 940	43, 147	-2, 207
1913.....	714	715	—*	1951.....	53, 390	45, 797	+7, 593
1914.....	725	726	—*	1952.....	68, 011	67, 962	+49
1915.....	683	746	-63	1953.....	71, 495	76, 769	-5, 274
1916.....	761	713	+48	UNIFIED BUDGET			
1917.....	1, 101	1, 954	-853	1954.....	69, 719	70, 890	-1, 170
1918.....	3, 645	12, 677	-9, 032	1955.....	65, 469	68, 509	-3, 041
1919.....	5, 130	18, 493	-13, 363	1956.....	74, 547	70, 460	+4, 087
1920.....	6, 649	6, 358	+291	1957.....	79, 990	76, 741	+3, 249
1921.....	5, 571	5, 062	+509	1958.....	79, 636	82, 575	-2, 939
1922.....	4, 026	3, 289	+736	1959.....	79, 249	92, 104	-12, 855
1923.....	3, 853	3, 140	+713	1960.....	92, 492	92, 223	+269
1924.....	3, 871	2, 908	+963	1961.....	94, 389	97, 795	-3, 406
1925.....	3, 641	2, 924	+717	1962.....	99, 676	106, 813	-7, 137
1926.....	3, 795	2, 930	+865	1963.....	106, 560	111, 311	-4, 751
1927.....	4, 013	2, 857	+1, 155	1964.....	112, 662	118, 584	-5, 922
1928.....	3, 900	2, 961	+939	1965.....	116, 833	118, 430	-1, 596
1929.....	3, 862	3, 127	+734	1966.....	130, 856	134, 652	-3, 796
1930.....	4, 058	3, 320	+738	1967.....	149, 552	158, 254	-8, 702
1931.....	3, 116	3, 577	-462	1968.....	153, 671	178, 833	-25, 161
1932.....	1, 924	4, 659	-2, 735	1969.....	187, 792	184, 556	+3, 236
1933.....	1, 997	4, 598	-2, 602	1970 estimate.....	199, 386	197, 885	+1, 501
1934.....	3, 015	6, 645	-3, 630	1971 estimate.....	202, 103	200, 771	+1, 331
1935.....	3, 706	6, 497	-2, 791				
1936.....	3, 997	8, 422	-4, 425				
1937.....	4, 956	7, 733	-2, 777				

*Less than \$500 thousand.

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

Refunds of receipts are excluded from receipts and outlays starting in 1913; comparable data are not available for prior years.

EXECUTIVE BRANCH OF THE GOVERNMENT



OFFICE OF THE PRESIDENT / BUREAU OF THE BUDGET

JANUARY 1, 1970

ORGANIZATION CHART OF THE EXECUTIVE BRANCH

This foldout chart presents a graphic view of the major components of the Executive Branch of the Government. Included are the staff offices that make up the Executive Office of the President, the 12 executive departments, and various agencies, boards, and commissions. Temporary commissions, and interagency and public advisory committees are not included.

For further details on the organization and functions of Federal agencies, see the *U.S. Government Organization Manual* (for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402).

The following additional budget documents can be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

1. *The Budget of the United States Government, 1971*. Contains most of the facts, figures, and analyses that general users of the budget would normally desire or need.

2. *The Budget of the United States Government, 1971.—Appendix*. Contains the text of appropriation language, schedules, and narrative statements for individual appropriations and funds.

3. *Special Analyses, Budget of the United States, 1971*. Contains special tabulations and analyses of budgetary data for those interested in selected aspects of the total Federal program.