

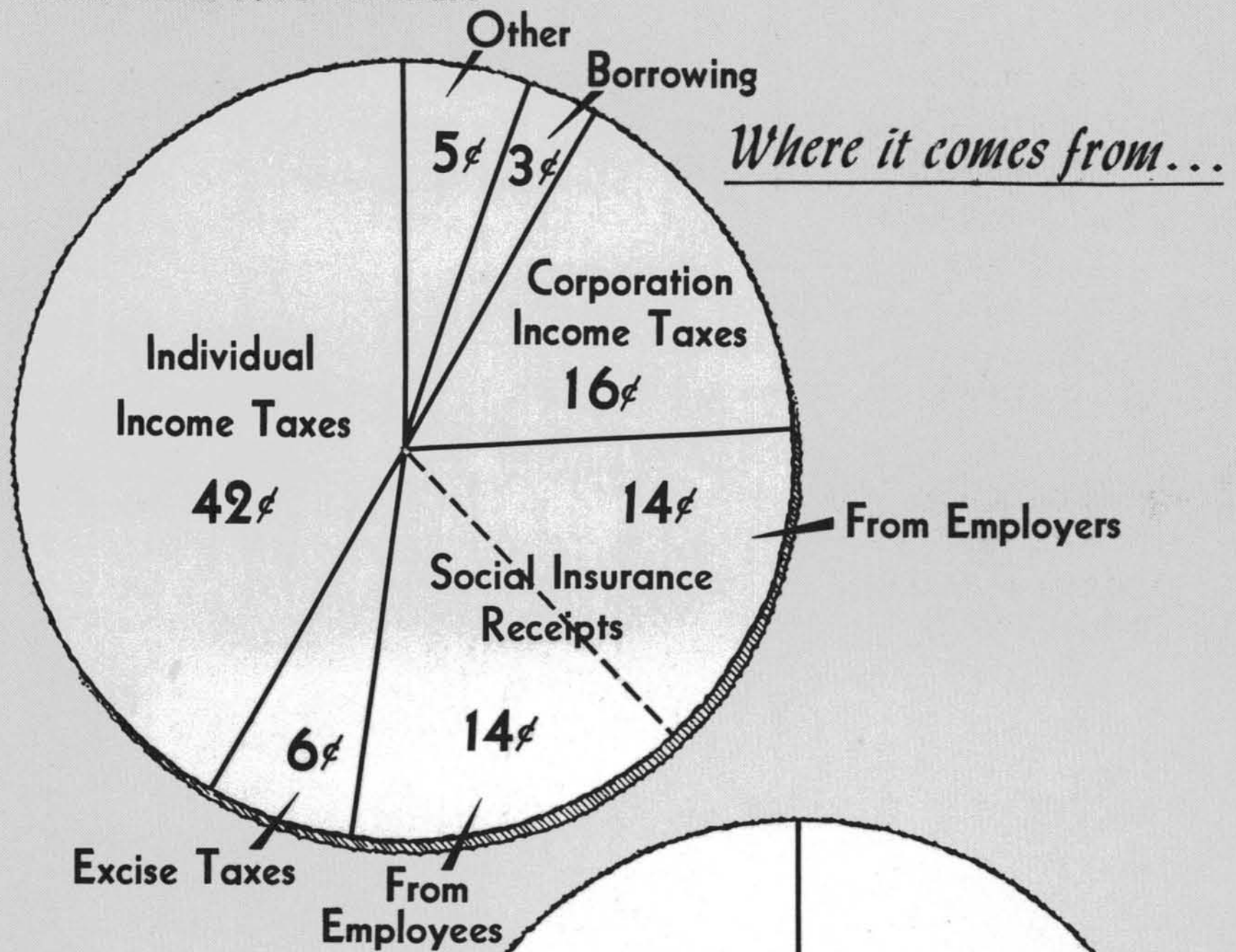
THE UNITED STATES BUDGET IN BRIEF



FISCAL YEAR 1975

THE BUDGET DOLLAR

Fiscal Year 1975 Estimate



Where it goes...

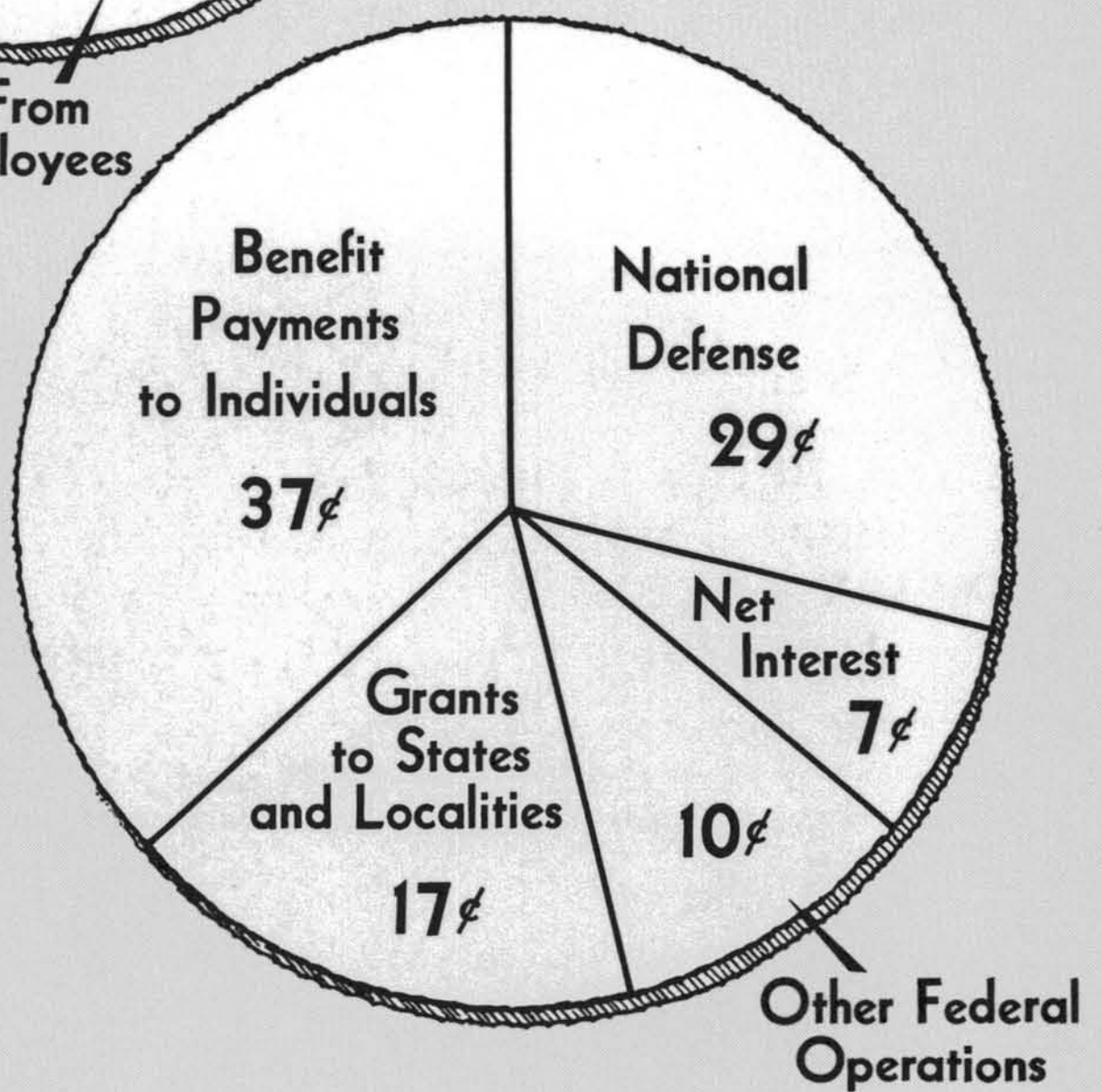
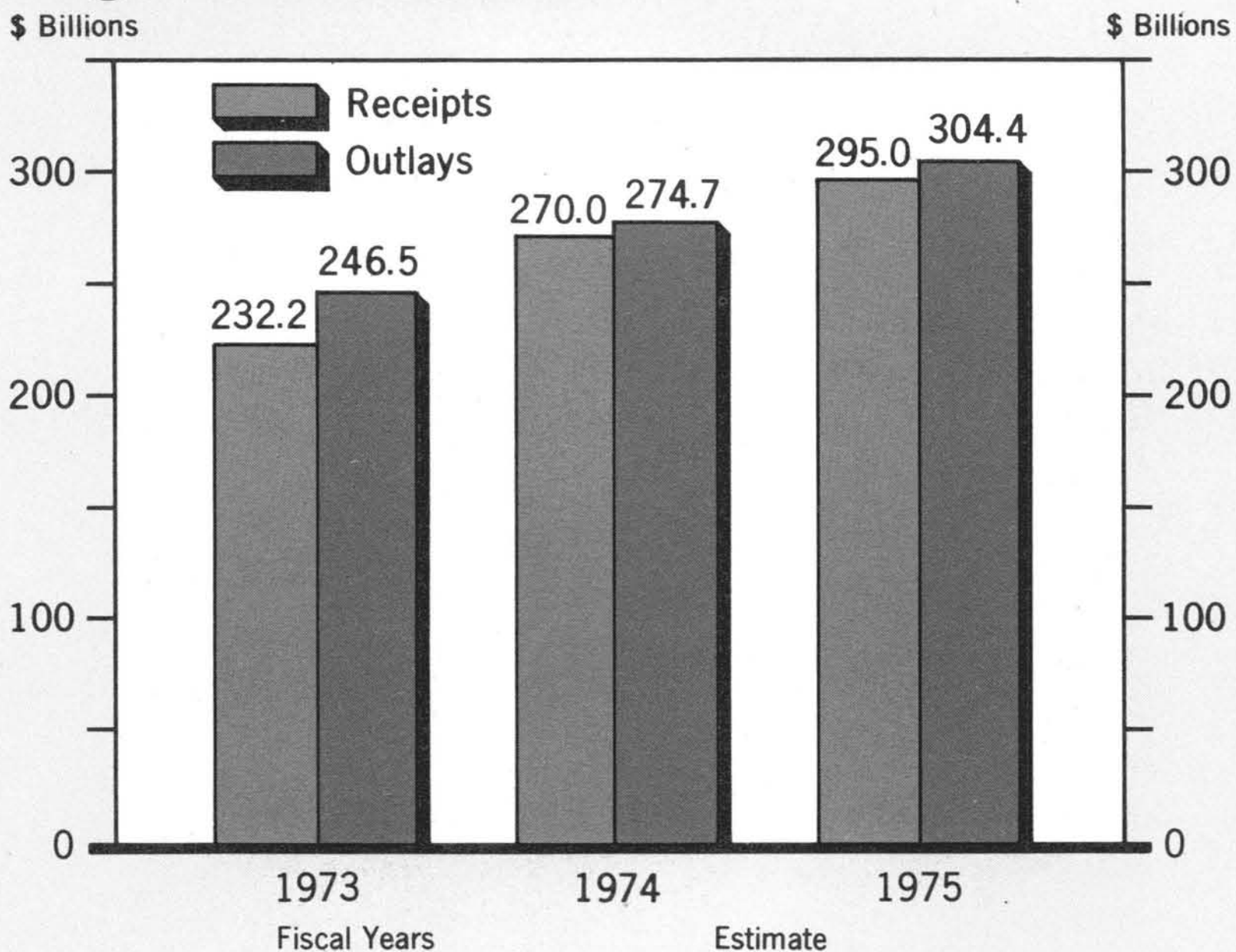


TABLE OF CONTENTS

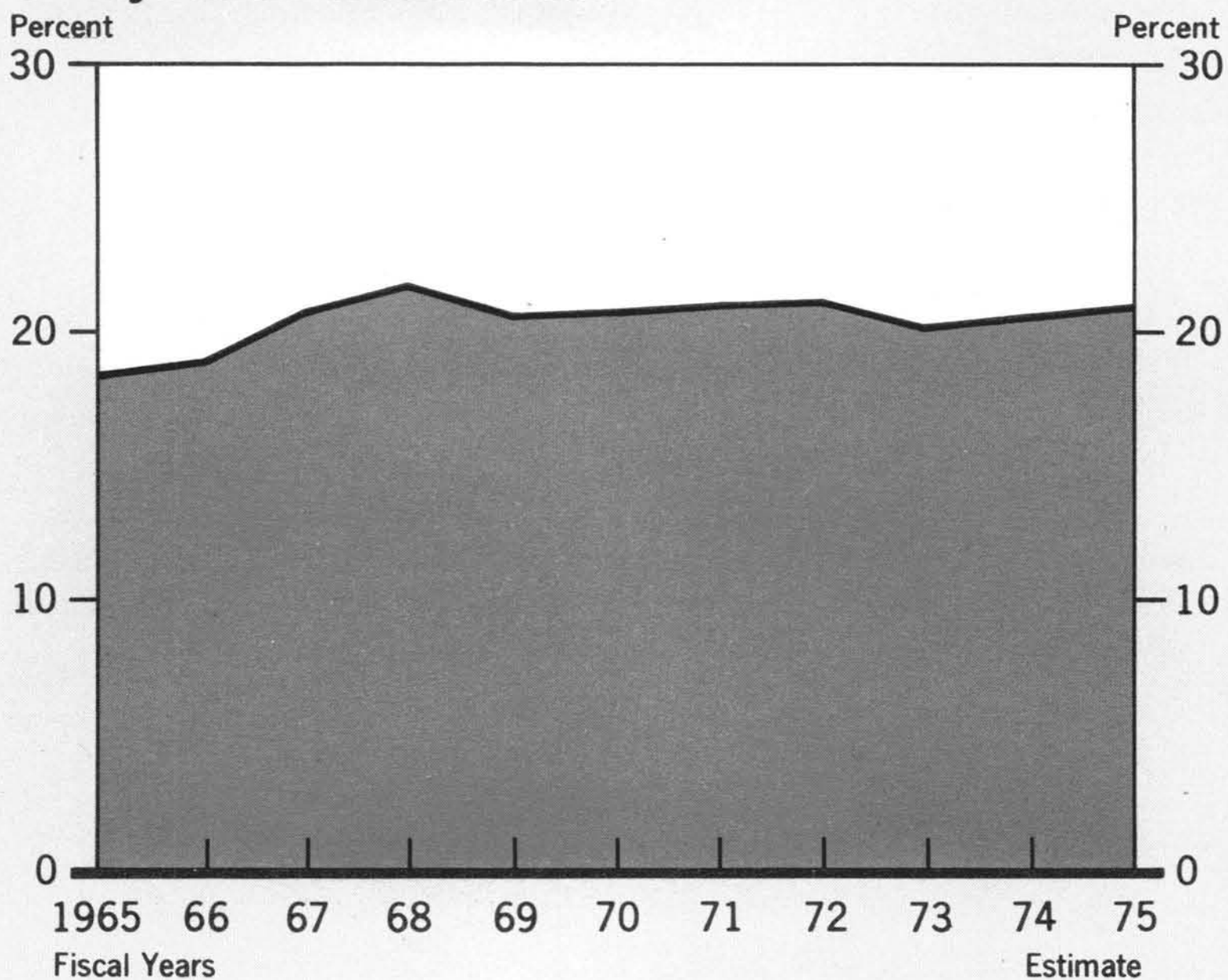
	<i>Page</i>
I. BUDGET OVERVIEW.....	3
II. IMPROVING GOVERNMENT.....	9
New Federalism.....	9
Management.....	11
III. TOWARD A LASTING WORLD PEACE.....	13
National Defense.....	13
International Affairs.....	17
IV. MEETING HUMAN NEEDS.....	19
Health.....	19
Income Security.....	21
Education and Science.....	24
Manpower.....	25
Veterans.....	26
Justice and Civil Rights.....	28
Government Services.....	30
V. DEVELOPING PHYSICAL RESOURCES.....	31
Energy.....	31
Environment and Natural Resources.....	33
Agriculture.....	34
Community and Economic Development.....	35
Housing.....	36
Transportation.....	38
Space.....	40
VI. THE BUDGET PROCESS.....	41
VII. BUDGET TABLES.....	45
GLOSSARY.....	59

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.

Budget Totals Since 1973



Outlays as a Percent of GNP



PART I

BUDGET OVERVIEW

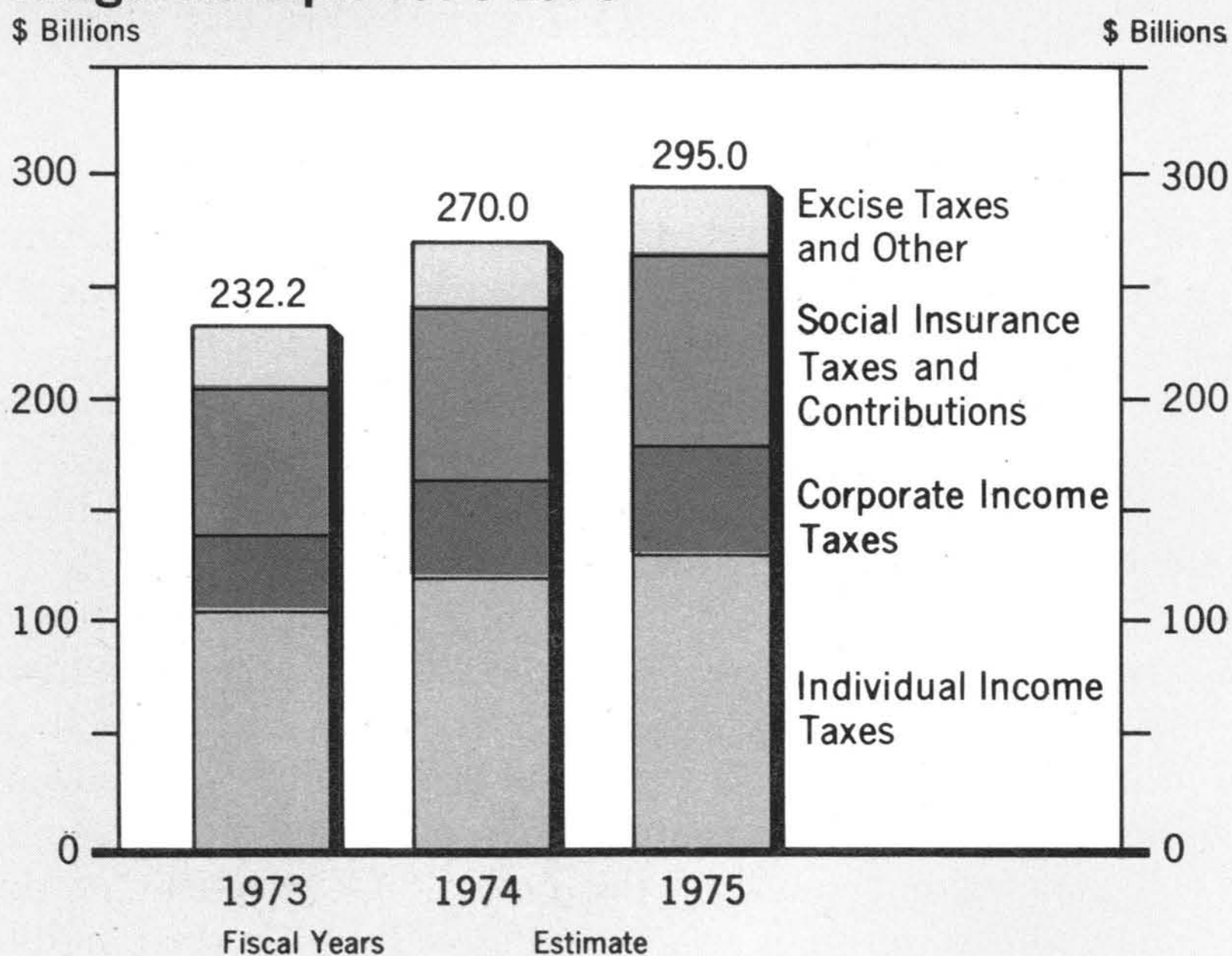
The Federal budget is both a statement of our national objectives and a plan for achieving them. The President's budget for fiscal year 1975 places special emphasis on:

- the proper fiscal balance to keep the economy on the track to sustained high employment and more stable prices;
- a strong defense force in support of our efforts to build an enduring structure of peace in the world;
- a comprehensive program to deal with current shortages and to reestablish our ability to be self-sufficient in energy;
- the New Federalism philosophy of strengthening the role of State and local governments, and of the individual citizen;
- basic reforms of major domestic programs; and
- efficient management of the Federal Government in the years ahead, through a more intensive focus on the tangible results that programs achieve.

The budget recommends total outlays of \$304.4 billion in 1975, \$29.8 billion more than in 1974, and anticipates receipts of \$295 billion, a \$25 billion increase over 1974. About 90% of the increase in outlays between 1974 and 1975 represents mandatory spending increases that are unavoidable under current law.

The estimates of receipts in the budget include the windfall profits tax on oil producers that the Administration has proposed. This tax, which would recapture the excess profits that these producers would otherwise realize due to rising oil prices, is estimated to yield \$3 billion in 1975. In addition, the estimates reflect the tax reform and simplification proposals submitted to Congress last April, as well as legislation to liberalize deductions for individual contributions to pension plans.

Budget Receipts 1973-1975

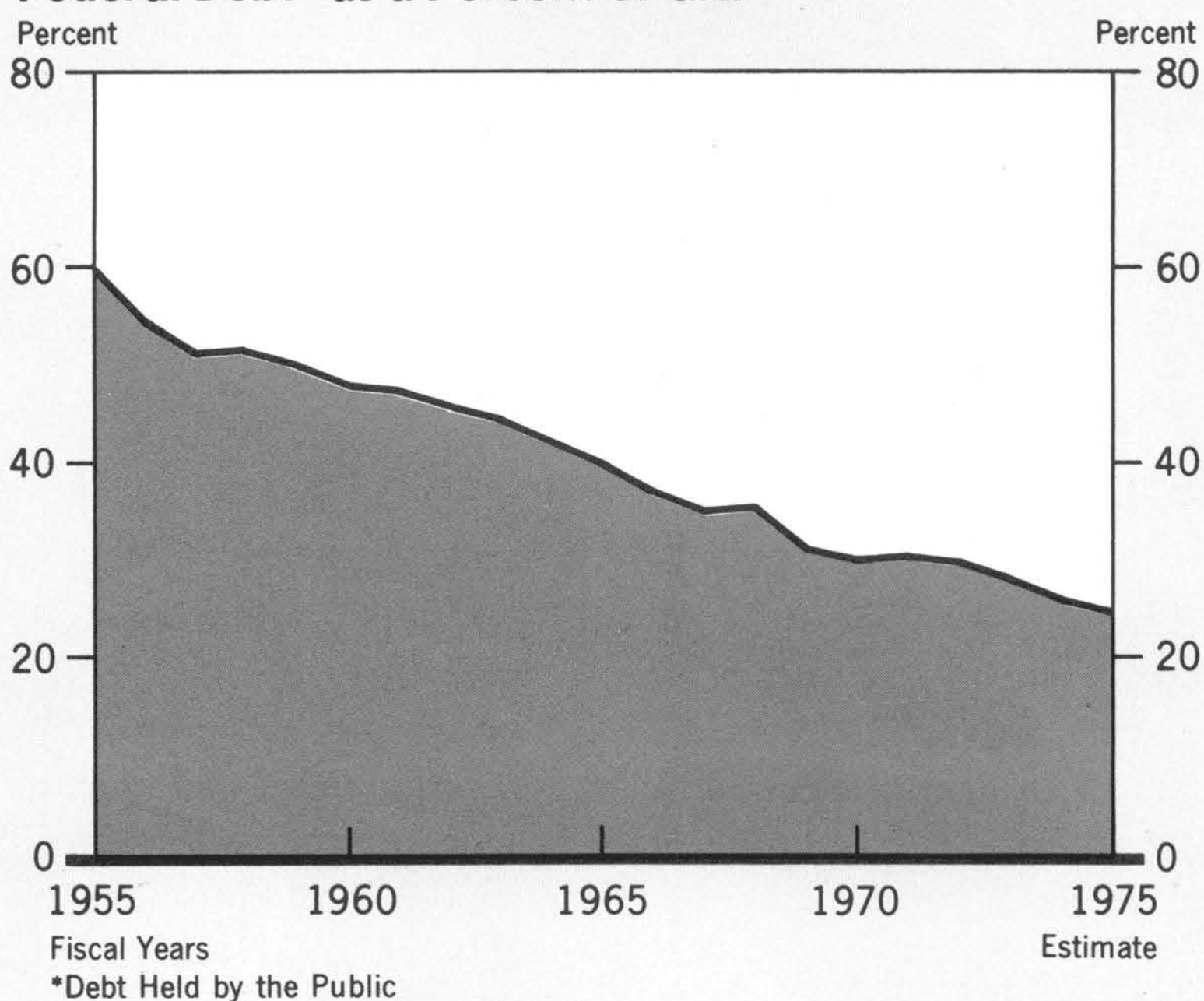


The budget deficit is estimated at \$4.7 billion in 1974 and \$9.4 billion in 1975. As a result, Federal debt held by the public is estimated to rise from \$346.5 billion at the end of 1974 to \$359 billion at the end of 1975. Despite this increase, Federal debt held by the public will continue to decline as a percent of gross national product.

Under conditions of full employment, Federal receipts would be substantially higher and outlays somewhat lower than actual receipts and outlays. Thus, on a *full-employment basis* the budget shows a surplus of \$4 billion in 1974, increasing to \$8 billion in 1975.

A 4% unemployment rate is conventionally used in calculating full-employment receipts and expenditures to remove the effects on budget estimates of changes in the level of economic activity. However, this does not mean that the feasible and proper target for unemployment is always 4%. In fact, as a result of changes in the composition of the labor force, a 4% overall unemployment rate today would mean much tighter

Federal Debt* as a Percent of GNP



conditions in labor markets than would have been true 10 or 20 years ago.

During the past year, the economy operated at close to full capacity. This condition, together with worldwide shortages of food and energy, led to a severe inflation during calendar year 1973. Fiscal policy has been a key element in the effort to control inflation. Strict limitation of expenditures in 1973 applied needed fiscal restraint to an economy that was expanding at an unsustainable rate. The recommended budget totals continue this policy of fiscal restraint as part of a continuing anti-inflation program. Therefore, the budget recommendations hold the rise of Federal spending to the minimum increases necessary.

There is now evidence, however, that the economy is slowing down. In part, this is due to the energy shortage, which limits our ability to produce some products and reduces demand for others. Consequently, the Administration's energy-use policies are designed to minimize the adverse impact of the energy shortage on the economy, but some effect is inescapable. Because of economic uncertainty arising out of the energy shortage, the budget recommendations provide for a fiscal policy that would

support high employment while restraining inflation. The budget calls for flexibility to take further action, if needed, to offset the effects of energy shortage.

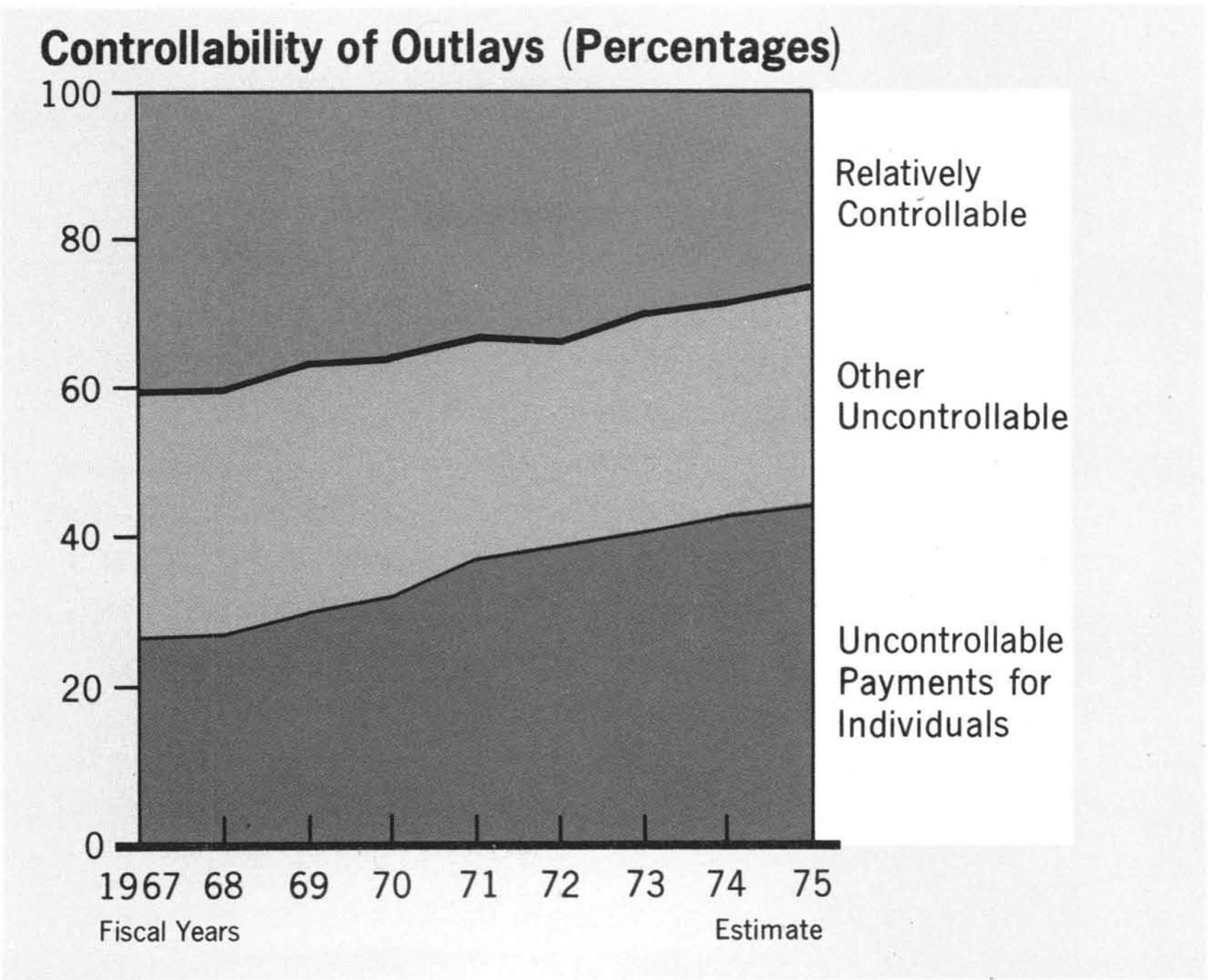
Economic assumptions underlying the budget estimates are summarized in the following table.

ECONOMIC ASSUMPTIONS

[Calendar years. In billions of dollars]

Description	1972 actual	1973 estimate	1974 estimate
Gross national product.....	1, 155	1, 288	1, 390
Personal income.....	939	1, 035	1, 135
Corporate profits before tax.....	98	126	124

The ability to carry out sound fiscal policy and to provide the resources needed to meet emerging problems is limited by past decisions. In 1975, over \$223 billion in outlays, almost three-quarters of the budget, will be *virtually uncontrollable* in the short run due to existing law and prior-year commitments. This represents a substantial decrease in the controllability of the



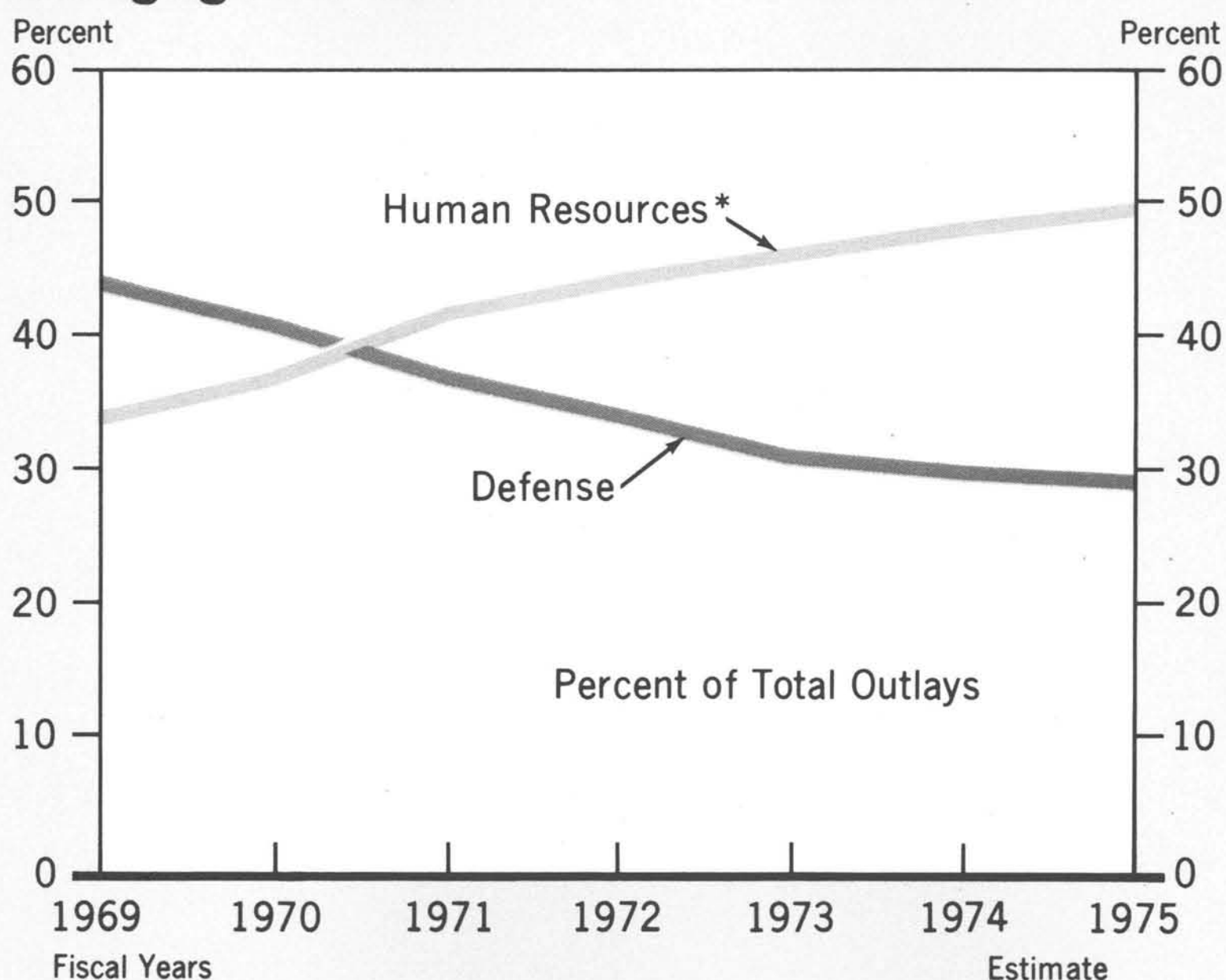
budget since 1967, when only 59% of expenditures were uncontrollable.

The portion of the budget subject to discretionary control has shrunk in recent years for three main reasons:

- the relative decline in controllable defense spending,
- the growth in mandatory grants to State and local governments, and
- the growth in human resources programs (which largely take the form of benefit payments, set by law, to individuals and families).

Defense outlays have remained virtually constant from 1969 to 1974, despite substantial price increases and the pay raises which have accompanied the transition to an all-volunteer armed force. These added costs have been offset by large savings resulting from reductions in men and materiel. As a result, defense costs have been a decreasing share of our national budget, falling from 44% of Federal spending in 1969 to an estimated 29% in 1975. Conversely, Federal spending on human resources has increased from 34% of the budget in 1969 to almost 50% of the 1975 budget.

Changing Priorities



*Education and Manpower, Health, Income Security, and Veterans Benefits

Just as every budget is heavily influenced by past commitments, each budget in turn strongly influences those that follow. Therefore, the future impact of current decisions must be taken into account by projecting future available resources, and the known claims against these resources. This is why the 1975 budget presents detailed projections of its 1976 spending implications, and contains 5-year projections of budget totals under conditions of full employment.

Under current law, the costs of existing social programs, such as social security, and new ones proposed in the budget, will rise over time in response to growth in the number of eligible beneficiaries and price increases. The rise in outlays for existing programs and those now proposed, however, will be less rapid than the rise in tax receipts. Thus, by 1979, receipts are projected to reach about \$428 billion on a full-employment basis, while outlays for existing and proposed programs will be \$391 billion. These figures assume that there will be no change in current tax laws except those proposed in the budget, and that there will be no new major outlay programs beyond those proposed in the 1975 budget. On this basis, full-employment receipts would exceed outlays by \$37 billion in 1979. This potential budget margin could be used for tax reduction, new initiatives, or retirement of public debt. This is a relatively small margin—only 9% of projected 1979 receipts—to cover the exigencies of the next 5 years. But it is indicative of longer term fiscal health if proper fiscal discipline is exercised.

PART II

IMPROVING GOVERNMENT

The recommendations contained in the budget are part of a broad effort by the Administration, working with Congress and with State and local officials, to improve the workings of government at all levels. The New Federalism is a crucial element of this broad endeavor. A second, complementary element consists of improving the efficiency and effectiveness of Federal programs in carrying out Federal responsibilities.

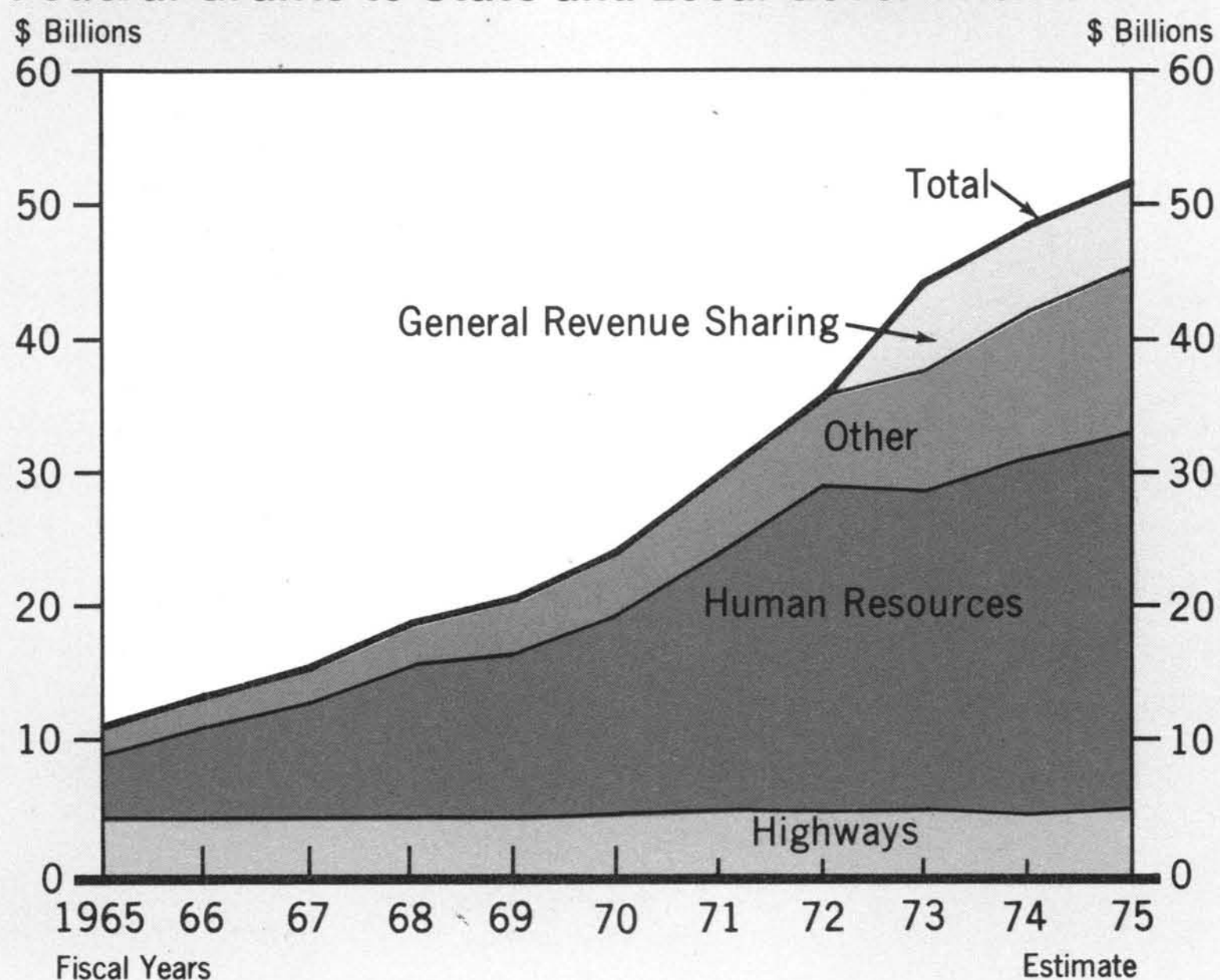
New Federalism

The budget carries forward the New Federalism philosophy. This philosophy stresses the need to recognize the different roles appropriate to each level of government, and to the private sector, thereby strengthening individual choice and self-reliance in America. New Federalism calls for Federal support to meet national problems, and holds that State and local authorities are best able to make decisions on local and statewide needs in accordance with local conditions and community aspirations.

In recent years there has been a shift of Federal spending away from direct Federal operations toward benefit payments to individuals and grants to State and local governments. In 1969, the Federal Government was spending nearly one-fifth more for defense than combined outlays for aid to individuals under human resource programs, and for aid to State and local governments. The 1975 budget proposes spending nearly twice as much money for Federal aid to individuals and States and local governments as for defense. This dramatic shift in Federal spending both reflects and supports New Federalism.

In 1975, Federal grants to State and local governments are projected to total \$51.7 billion, an increase of \$3.4 billion over 1974. In 1973, Federal aid provided more than 20% of the total revenues of State and local governments.

Federal Grants to State and Local Governments



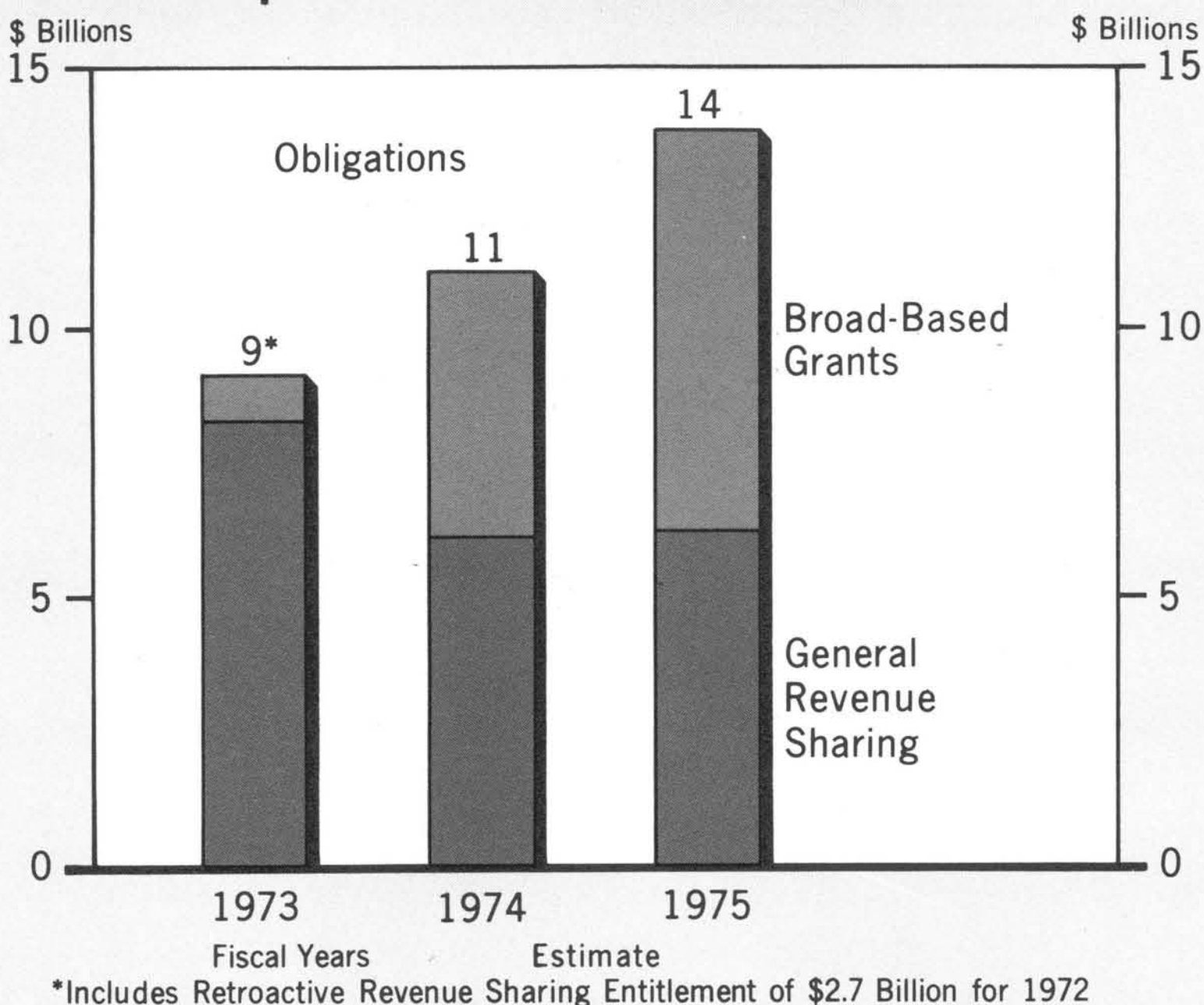
During the last 5 years, the expansion of grant expenditures has been accompanied by continued reform efforts such as General Revenue Sharing, grant simplification and consolidation, and decentralization of Federal agencies. These reform efforts will continue to be the focus of the New Federalism initiatives.

General Revenue Sharing is a major step in revitalizing the Federal system. Under this program, now in its second year, State and local governments receive over \$6 billion a year for use in meeting their needs as they see them. The main features of General Revenue Sharing are minimal restrictions, uncomplicated distribution, and predictable appropriations for 5 years.

The Administration has also sought to substitute broad-based formula grants for narrow categorical grant programs, under which State and local plans were generally subject to detailed Federal review and approval on a project-by-project basis. Broad-based formula grants not only give State and local governments significant discretion as to how funds are used, but ensure that Federal aid is more equitably distributed among areas.

Federal aid in the areas of law enforcement, manpower, and rural development already incorporates the principles of New

Flexible Response to State and Local Needs



Federalism. The Administration is now proposing major reforms to apply this philosophy to Federal assistance for health, education, community and economic development, and transportation.

Even after these proposed measures become law, however, most grant funds will continue to flow from existing categorical grant programs. New Federalism calls for continuing efforts to consolidate and streamline these remaining categorical grant programs, to simplify complex and burdensome application procedures, and to remove unnecessary and inflexible program restrictions. As part of this same effort, Federal programs themselves are being decentralized along uniform regional lines to facilitate coordination of Federal with State and local activities at the operating level.

Management

The Administration has encouraged extensive efforts to streamline and revitalize the organization and management of the Federal Government. These efforts are helping to ensure that the taxpayers truly get their money's worth for their Federal tax dollars.

Several new organizations have been created and existing ones improved, to enable the Federal Government to meet emerging challenges more effectively. Among these new offices are the Environmental Protection Agency, Action, the National Oceanic and Atmospheric Administration, the Drug Enforcement Administration, and the Federal Energy Office.

In 1971 the President proposed creation of four new departments, including a department to be responsible for energy and natural resources. The President is again asking the Congress to join him in renewed consideration of departmental reorganization legislation that will permit more effective management of the Government.

Reorganization is only a first step toward improving governmental performance. Government can be effective only if the public service can develop and retain capable leadership. In response to this need, the Administration has placed high priority on identifying and developing able career managers.

Increasing the effectiveness of individual programs is another essential step in improving overall governmental performance. During the past year the Administration has launched an intensive effort to strengthen the management of major Federal activities. The emphasis in this management initiative is not on producing a great display of activity, nor on merely rearranging work processes; the emphasis is on producing significant *results*. To help keep a constant focus on program results, each major department and agency has worked out with the President a set of specific objectives to be achieved during 1974. Further objectives are being identified as 1975 approaches.

More than 200 such objectives have been established, ranging from international monetary reform to improvement of opportunities for minorities and women. These objectives will not be simply identified and then filed away. Specific results are to be achieved by specific deadlines.

The President's initiative on managing for results requires the development of specific objectives that:

- *focus on accomplishments and not just actions;*
- *are both challenging and achievable in the short term;*
- *are consistent with long-term goals;*
- *can be evaluated to determine overall success; and*
- *reflect approved resource allocations.*

PART III

TOWARD A LASTING WORLD PEACE

The overriding goal of American foreign policy is to build a lasting world peace, a peace resting on the solid foundation of mutual respect among all nations.

National Defense

Peace throughout the world, and continued progress toward prosperity, are related goals shared by all civilized nations. In order to contribute toward these goals, the national security programs of the United States must enable us to deter other nations from initiating conflict which affects this Nation's vital interests, and if deterrence fails, to defeat any aggressor.

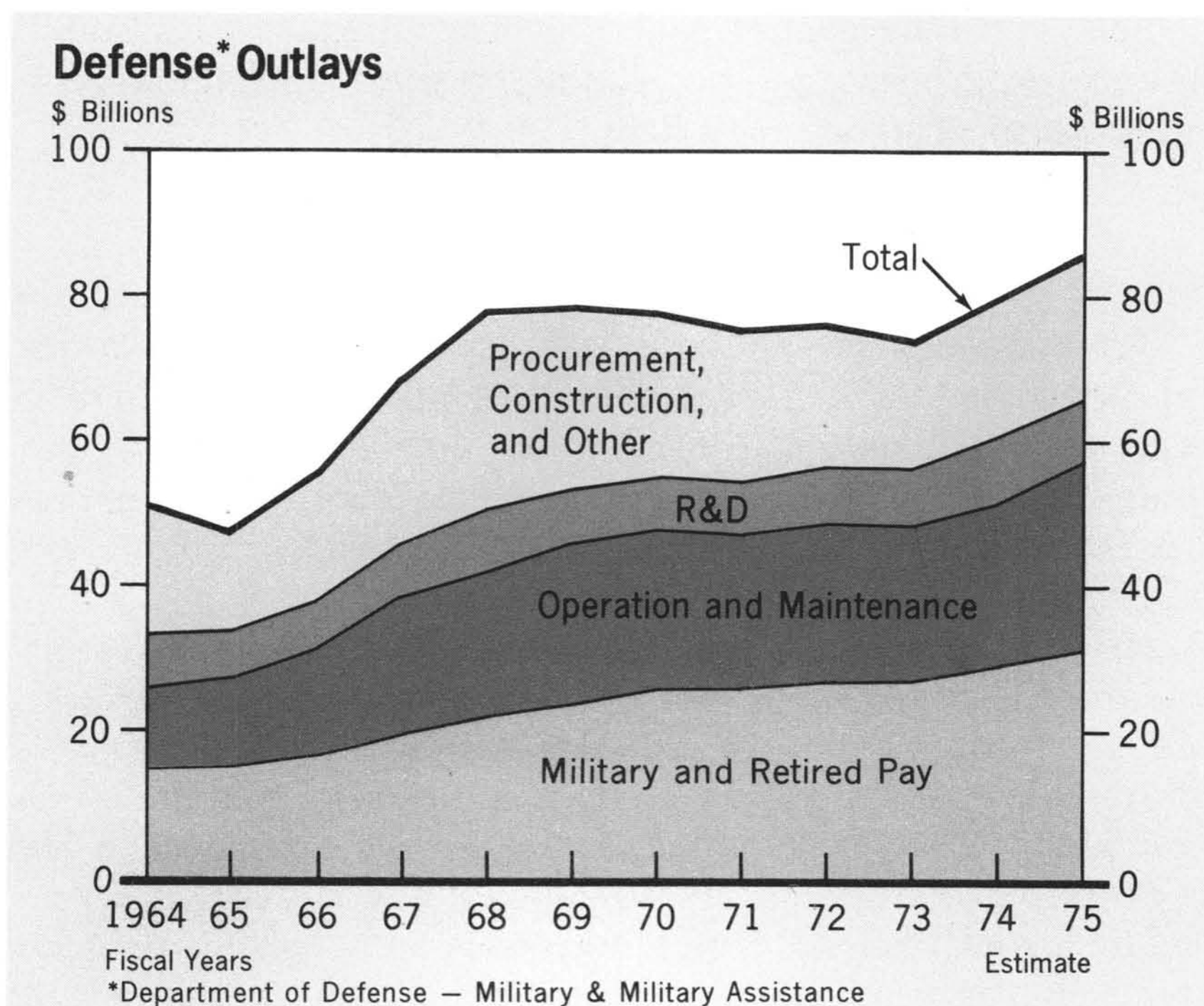
Military strength, the will to employ that strength if necessary, and the recognition of American resolve by potential adversaries, are also requirements for successful negotiations. Unless the United States maintains its strength and its resolve, there is only limited incentive for potential adversaries to keep the peace, and to compromise where perceived national interests conflict.

The Soviet Union continues to pursue an aggressive program to develop new military weapons. As U.S. forces and defense spending, measured in dollars of constant purchasing power, have been reduced, Soviet forces and spending have been increased. In order to prevent a serious imbalance from developing, the United States must continue to modernize and to improve the readiness of its combat forces.

It is hoped that negotiations toward strategic arms limitations and mutual and balanced force reductions will be successful in preserving the present balance in the long term, and in reducing further the threat of war. However, while negotiations continue, the United States must maintain adequate force levels and a technological lead. If negotiations fail and

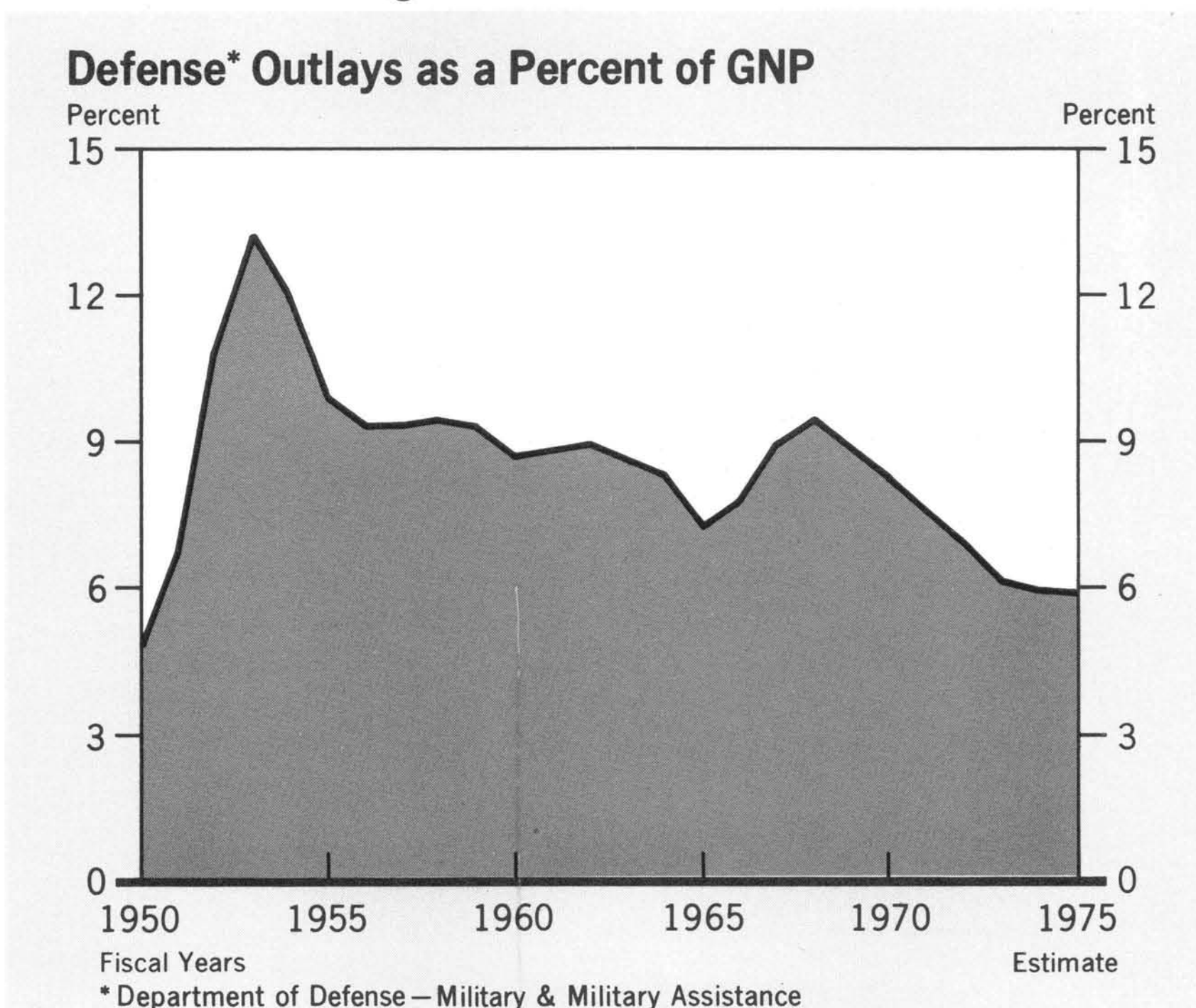
the Soviet Union seeks military advantage, the United States must be prepared to increase its forces quickly and effectively.

Because the time required for development and deployment of major weapon systems is long, decisions made today will shape the ability of the United States to maintain its strength 5 to 10 years from now. Although American forces are adequate today, the United States must begin the research and development efforts necessary to prepare for the future.



Defense outlays are estimated to increase from \$79.5 billion in 1974 to \$85.8 billion in 1975. These totals include spending from a supplemental appropriation proposed for 1974. These levels are the minimum required to insure the preparedness of American forces, to provide for the development of future weapons and to offset the erosion of defense purchasing power resulting from pay and price increases. Despite these essential increases, Defense programs in 1974 and 1975 will require a smaller percentage of gross national product and of the Federal budget than in any year since 1950.

In view of the extensive development of strategic weapons now underway in the Soviet Union, the United States must initiate a number of weapons development programs for the *strategic forces*. These include larger warheads for intercontinental ballistic missiles, mobile missiles, and a smaller ballistic missile submarine. The decision to produce and deploy these systems will depend primarily upon the outcome of the Strategic Arms Limitation negotiations.

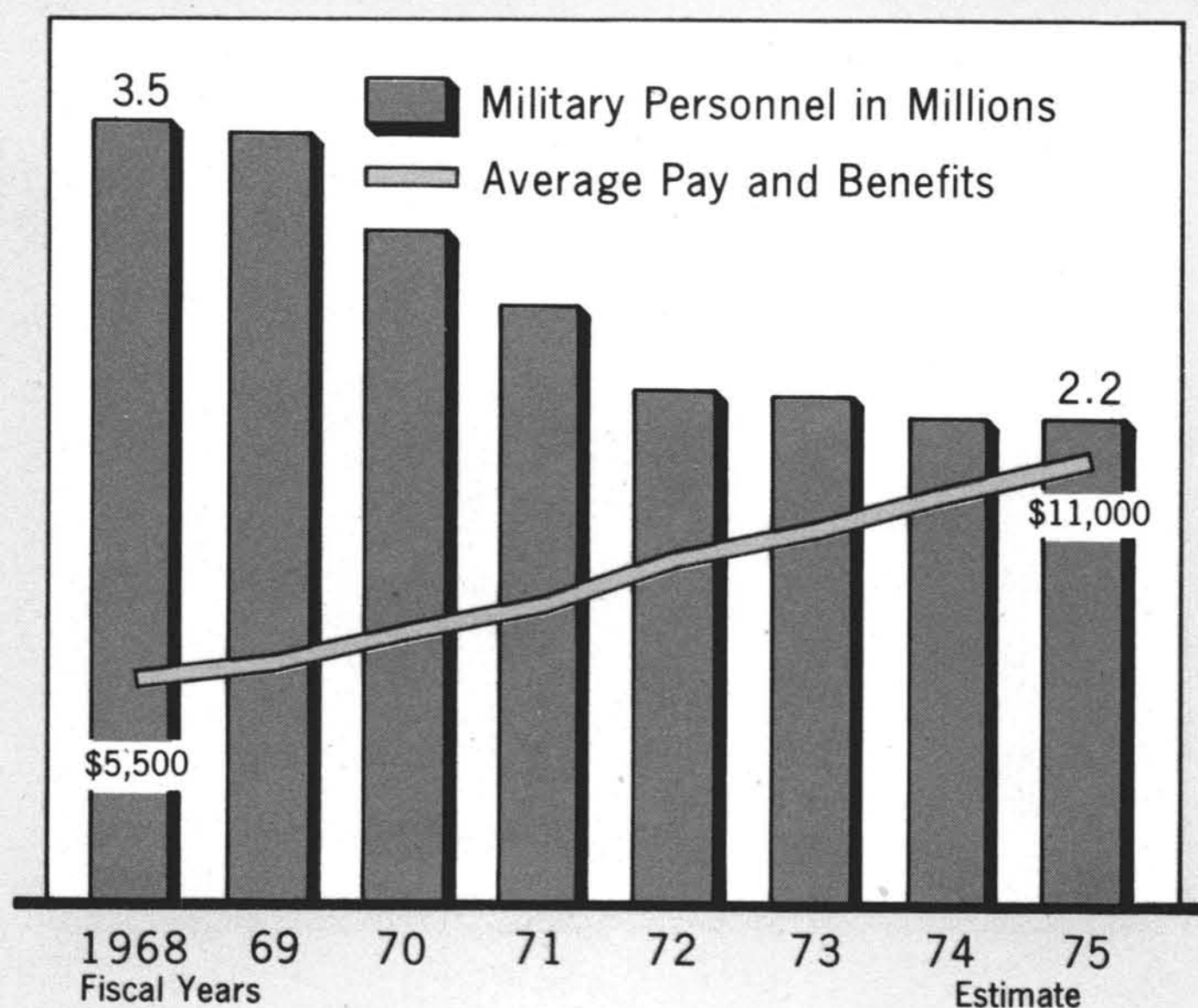


In order to maintain the military strength on which national security is founded, programs for *general purpose forces* will center on improving combat preparedness and on modernizing weapons. Increasing the ratio of combat to support forces by reducing overhead activities is a major goal. Specific materiel shortages which were brought to light during the Middle East crisis will be eliminated and the readiness of ships, aircraft and weapons will be increased in accord with more realistic estimates based upon this recent experience.

Another major initiative of this budget is the expansion of air-lift capabilities through modifications to enlarge the cargo capacity of existing forces.

Although the number of military personnel will have been reduced from 3.5 million in 1968 to 2.2 million in 1975, average per capita pay is expected to double—from \$5,500 to \$11,000 in 1975. As a result total active-duty pay costs will rise from \$19 billion in 1968 to about \$24 billion in 1975.

Military Personnel & Average Active-Duty Pay

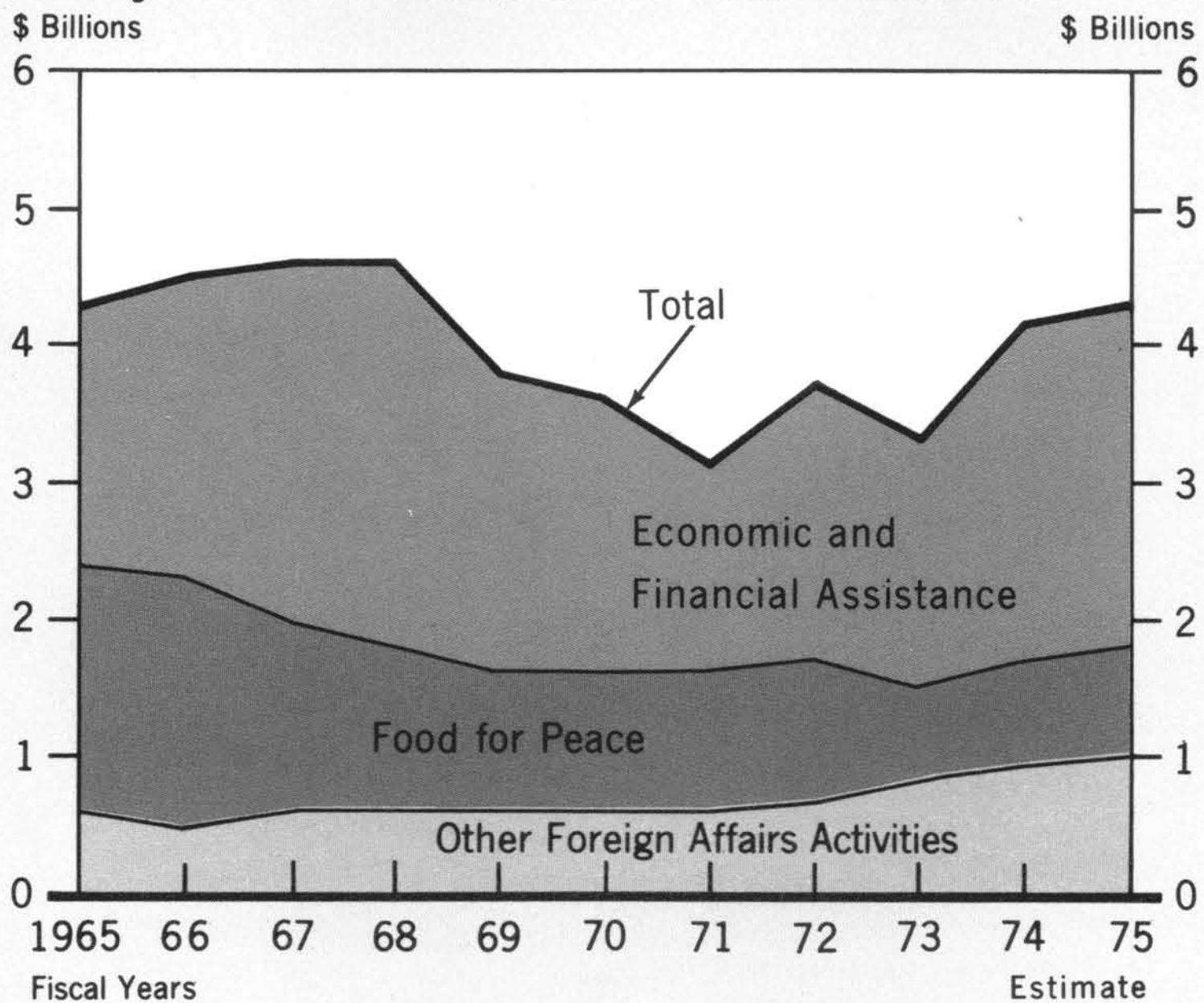


Military assistance to South Vietnam, which is funded by Defense Department appropriations, will be provided within the limits of the Paris Agreement. Outlays for separately-funded military assistance programs are estimated at \$1.2 billion in 1975. These programs are structured to encourage a shift from grants to credit assistance and cash sales. Because of the current uncertainties in the Middle East, no additional authority for security assistance to Israel is requested in the budget. As the situation clarifies, a budget amendment may be proposed. The \$2.2 billion in emergency security assistance appropriated for Israel last year is estimated to result in outlays of \$671 million in 1975.

International Affairs

The world community must make a renewed commitment to international cooperation. The budget proposals for international affairs represent the minimum commitment necessary to maintain our progress toward the goal of world peace. Outlays are estimated at \$4.1 billion in 1975. The level of outlays for international affairs has varied considerably over the last ten years. However these outlays as a percentage of the total budget have steadily decreased.

Outlays for International Affairs and Finance

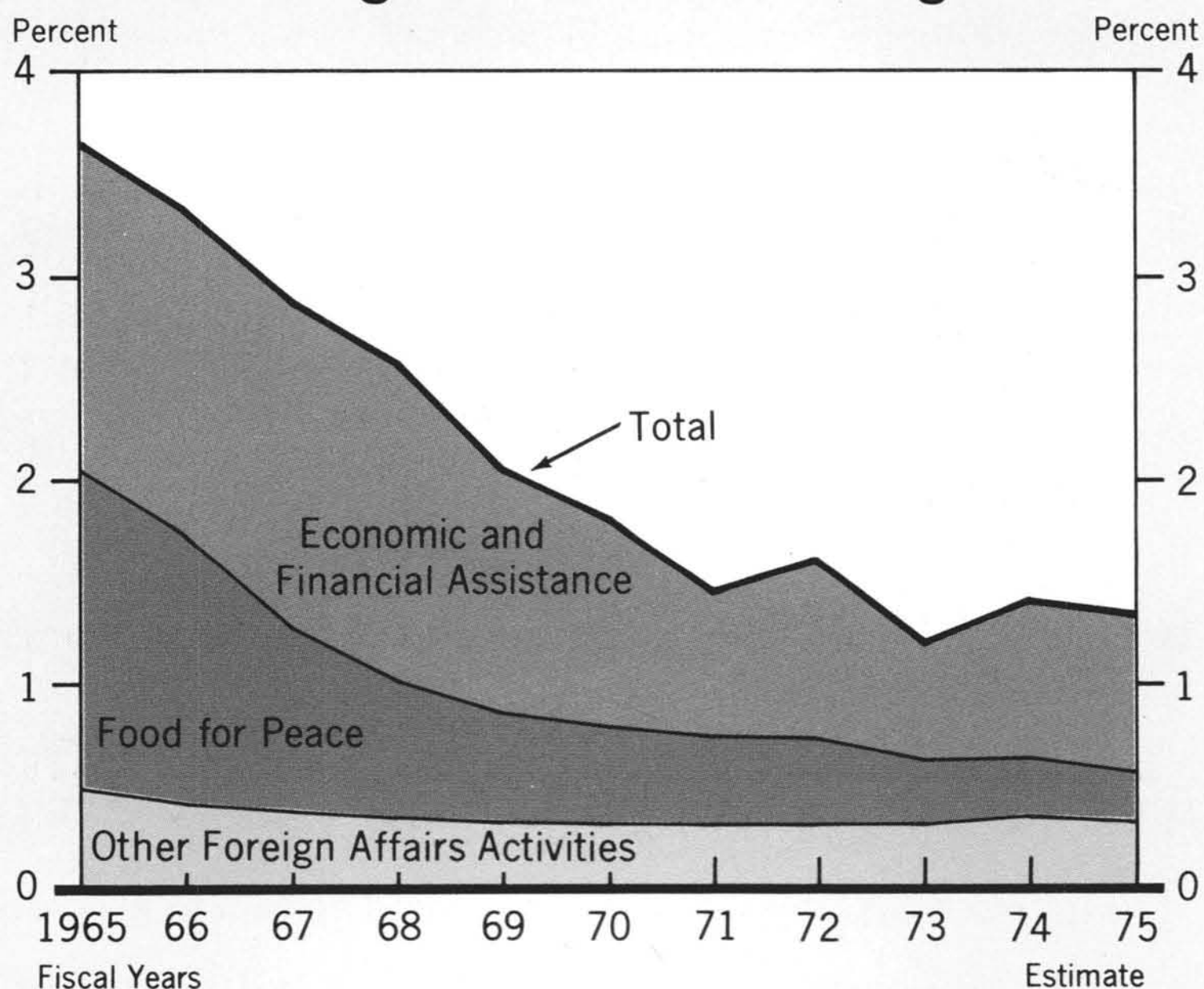


The budget provides for the continuation of our foreign assistance programs to strengthen the economies of developing nations and provide humanitarian assistance and disaster relief. Outlays for multilateral development assistance, provided through international lending institutions and the United Nations, are estimated at \$772 million in 1975. In order to share the assistance burden and assure effective use of funds, much of our bilat-

eral aid will also be provided in consultation with other donor countries and institutions. Increasing emphasis will be placed on programs to assist lower income groups in developing countries. Outlays for bilateral assistance are estimated at \$964 million in 1975.

Helping to rebuild the war-torn economies of South Vietnam, Laos, and Cambodia is especially critical in restoring the peace in Indochina. The United States is emphasizing assistance for long-term reconstruction and economic development, although progress has been constrained by continuing security problems. Outlays for this assistance are estimated at \$648 million in 1975.

Percent of Budget for International Programs



The United States also donates and sells agricultural commodities on favorable terms to friendly nations under the Food for Peace Program. Commodity shortages caused the 1974 program to fall below the levels of previous years. The program may continue to be limited in 1975. Outlays for Food for Peace are estimated at \$742 million in 1975.

PART IV

MEETING HUMAN NEEDS

This Administration has consistently endeavored to strengthen the role of the individual and to ensure equality of opportunity to all Americans. It also has worked to assure assistance for the retired, the disabled, and others who are unable to support themselves and their families.

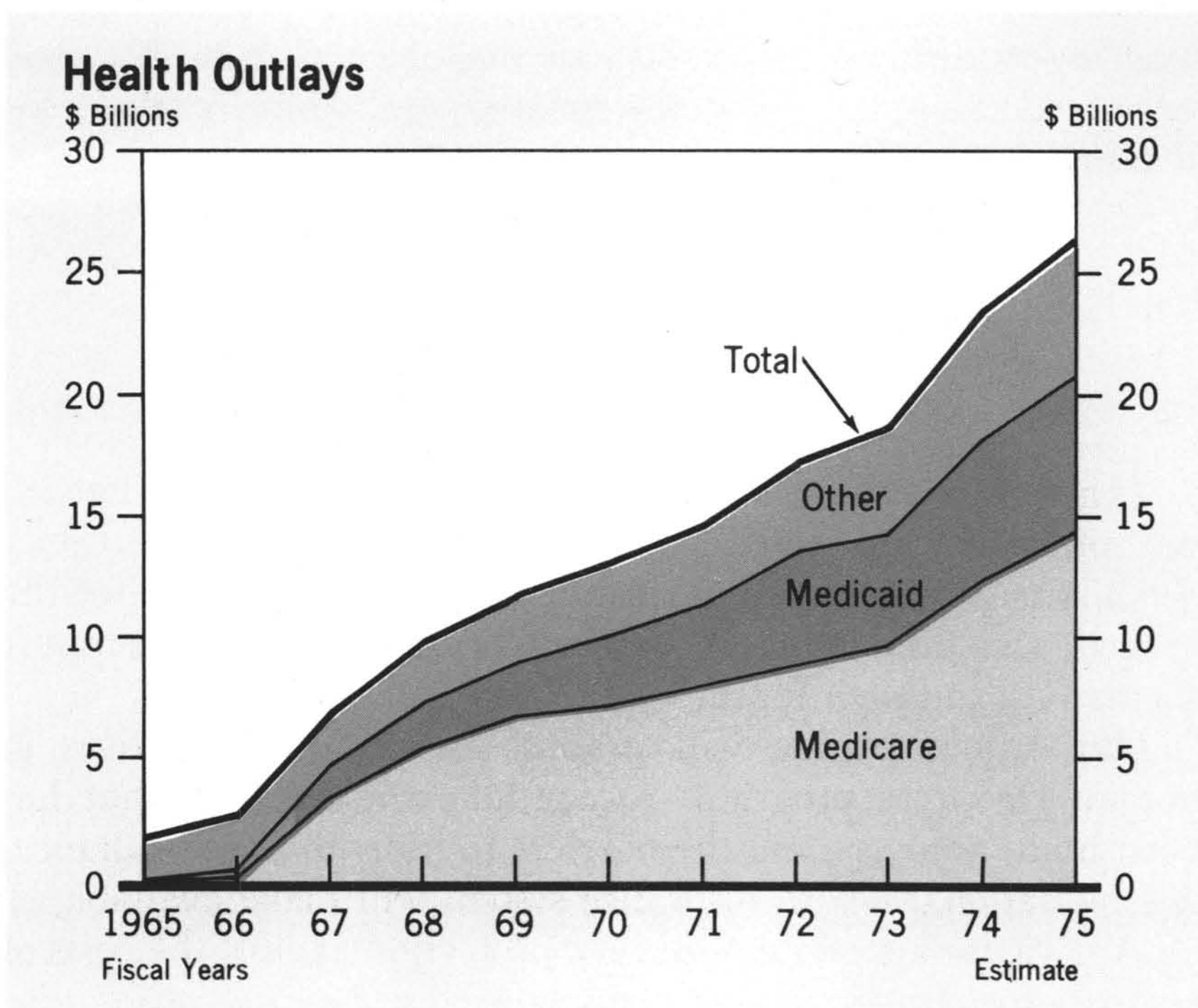
The Administration will propose two major initiatives in human resources programs to continue the progress that has been made to overcome the barriers to individual self-reliance. A new national health insurance system will make available to all Americans adequate insurance protection against the costs of health care. During the coming year, the Administration also plans to work with Congress to develop a new system to replace the present welfare programs.

Health

The 1975 budget for health reflects the Administration's goals of providing adequate financial access to medical care for all Americans and providing greater efficiency in the health care system. Outlays for Federal health programs are estimated to be \$26.3 billion in 1975, an increase of 13% over 1974.

The Administration is proposing a program of national health insurance which calls for basic reform in the financing of medical care. Beginning in 1977 it will bring comprehensive insurance protection for medical expenses within reach of all Americans, including millions of people who currently either cannot obtain or cannot afford adequate insurance coverage. Costs of coverage for low-income families will be federally supported, with payments scaled according to family income.

Until national health insurance is enacted, medical services for the aged, disabled, and poor will continue to be financed primarily through Medicare and Medicaid. In 1975, Medicare out-



lays are estimated to be \$14.2 billion, and outlays for Medicaid are estimated to be \$6.5 billion. In addition, a total of \$125 million will be available in 1974 and 1975 to demonstrate the health maintenance organization concept.

Total outlays for Federal health services delivery programs will be maintained at roughly current levels pending enactment of national health insurance. A nationwide system of physician-sponsored Professional Standards Review Organizations (PSRO's) will strive to improve the quality and appropriateness of medical care under Medicare, Medicaid and the maternal and child health program. Approximately 120 of the proposed 182 PSRO's will be established by the end of 1975.

In 1975, outlays for biomedical research are estimated at over \$2 billion. Research will be increased on heart disease, cancer, and other major diseases.

Outlays of \$796 million for health manpower training will be targeted to assist students in meeting the costs of their education and to promote innovative solutions to the Nation's health manpower problems. Basic operational support to institutions will be phased out gradually as the Federal role shifts toward

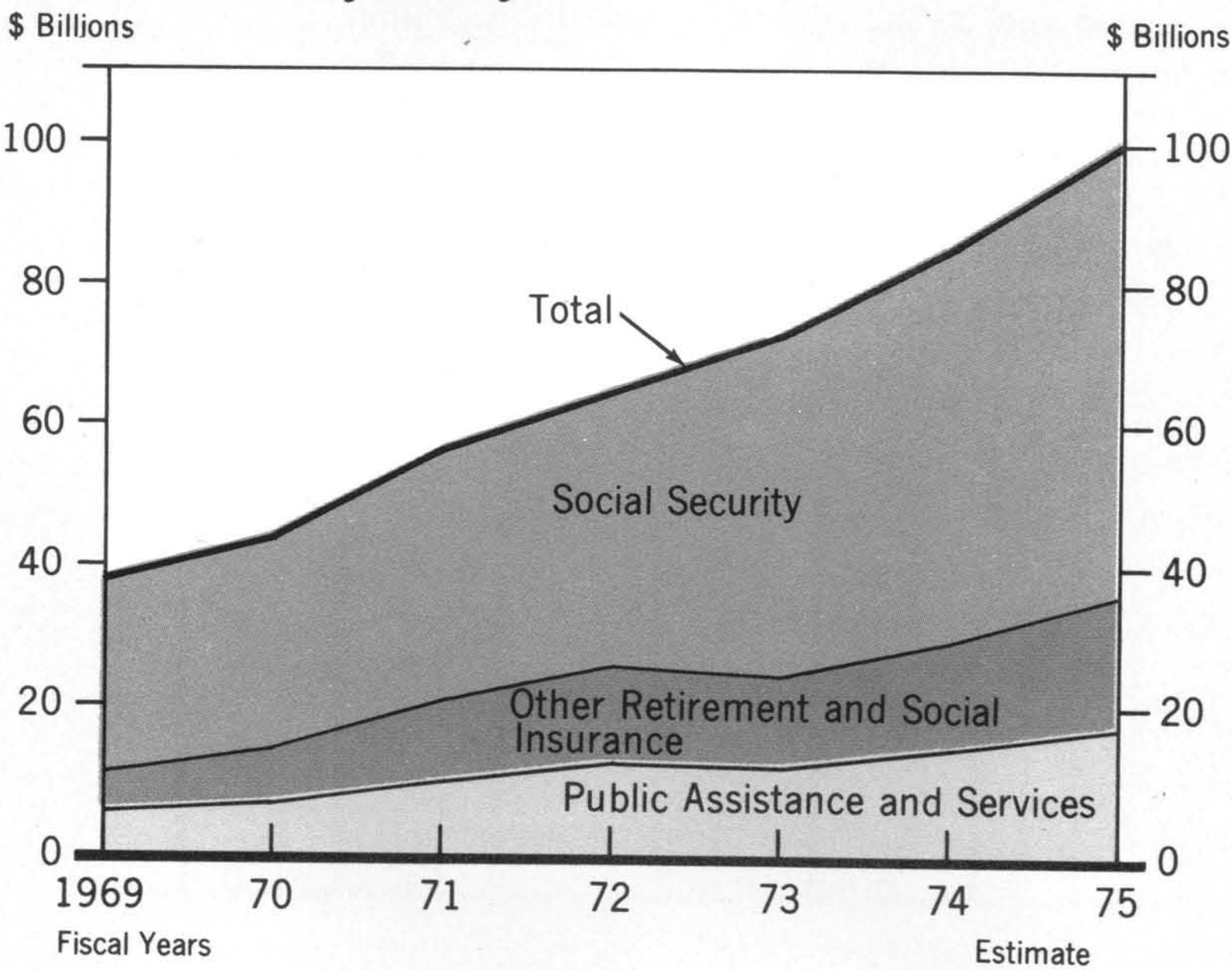
assuring student access to financial assistance. Scholarships will be provided to qualified health professions students in return for a commitment to a period of public service.

Over the past 25 years, the Federal Government has spent over \$4.0 billion for medical facilities under the Hill-Burton program. The total number of hospital beds is now greater than needed. Therefore, the budget again proposes that this program be ended, relying on existing financial systems for future construction of health facilities.

Income Security

A number of Federal programs directly help individuals by providing basic income security. Programs such as social security provide some replacement of income lost through retirement, disability, unemployment, or death of wage earners. Other programs, such as Aid to Families with Dependent Children and Supplemental Security Income, help individuals who are in need. During the coming year, the Administration will

Income Security Outlays

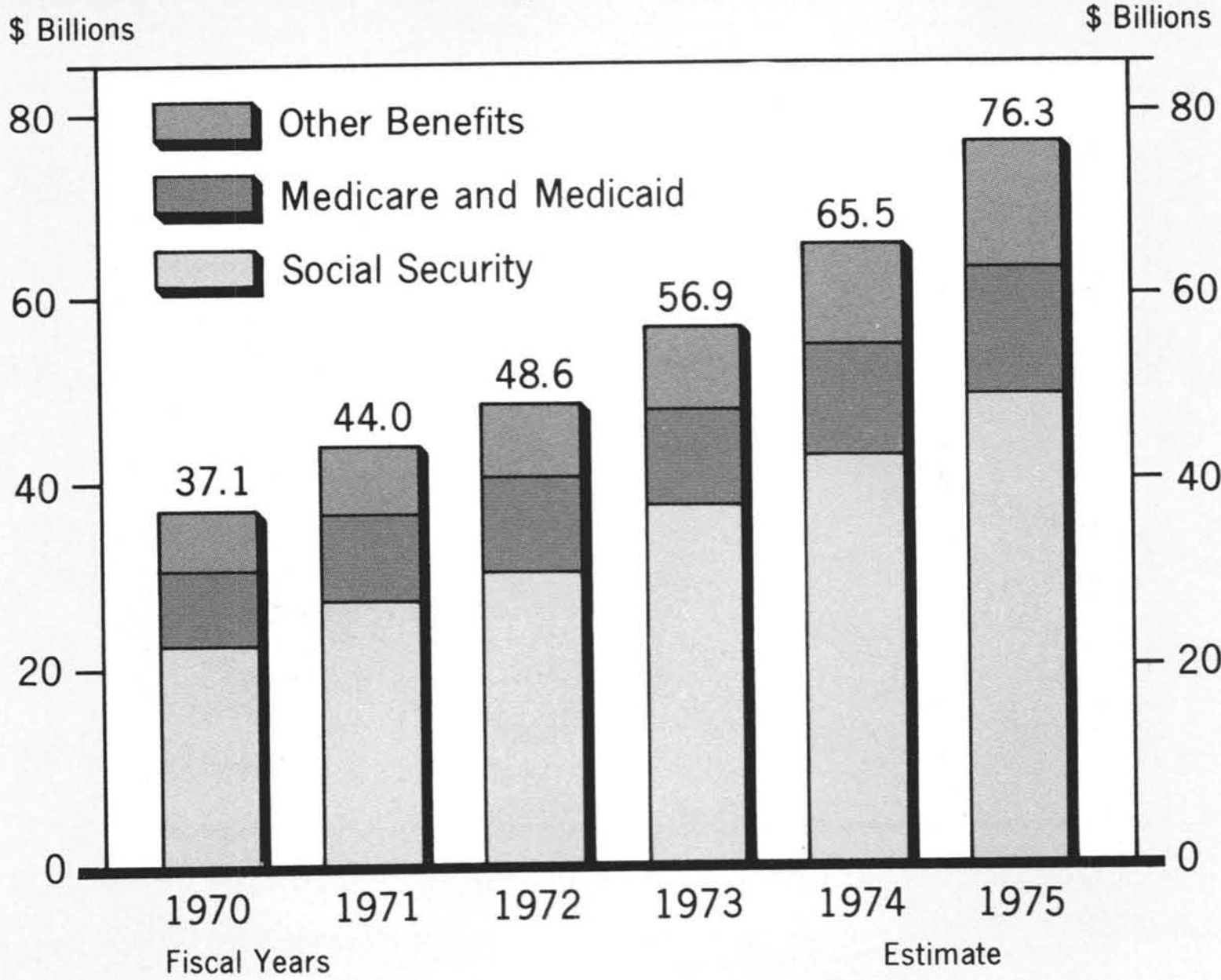


work with Congress to develop a new system to replace the present welfare programs. This new system will provide cash payments on an equitable basis nationwide.

Outlays for income security programs have grown 165% since 1969 and will reach \$100 billion in 1975. Social security, the largest of the income security programs, represents more than one-fifth of the Federal budget. By 1975, there will have been five social security benefit increases since 1969, totaling almost 70%. Legislation enacted last year guarantees that the social security benefits will increase automatically in the future to compensate the recipients for inflation. Federal benefits for the elderly which include both cash and in-kind assistance programs have doubled since 1970.

The most important innovation in the programs for the aged is the Supplemental Security Income Program which was initiated on January 1, 1974. It replaced the federally aided State programs of assistance to the aged, blind, and disabled. This broad reform provides higher benefits to recipients in the majority of States. Outlays for this new program are estimated at \$4.8 billion in 1975.

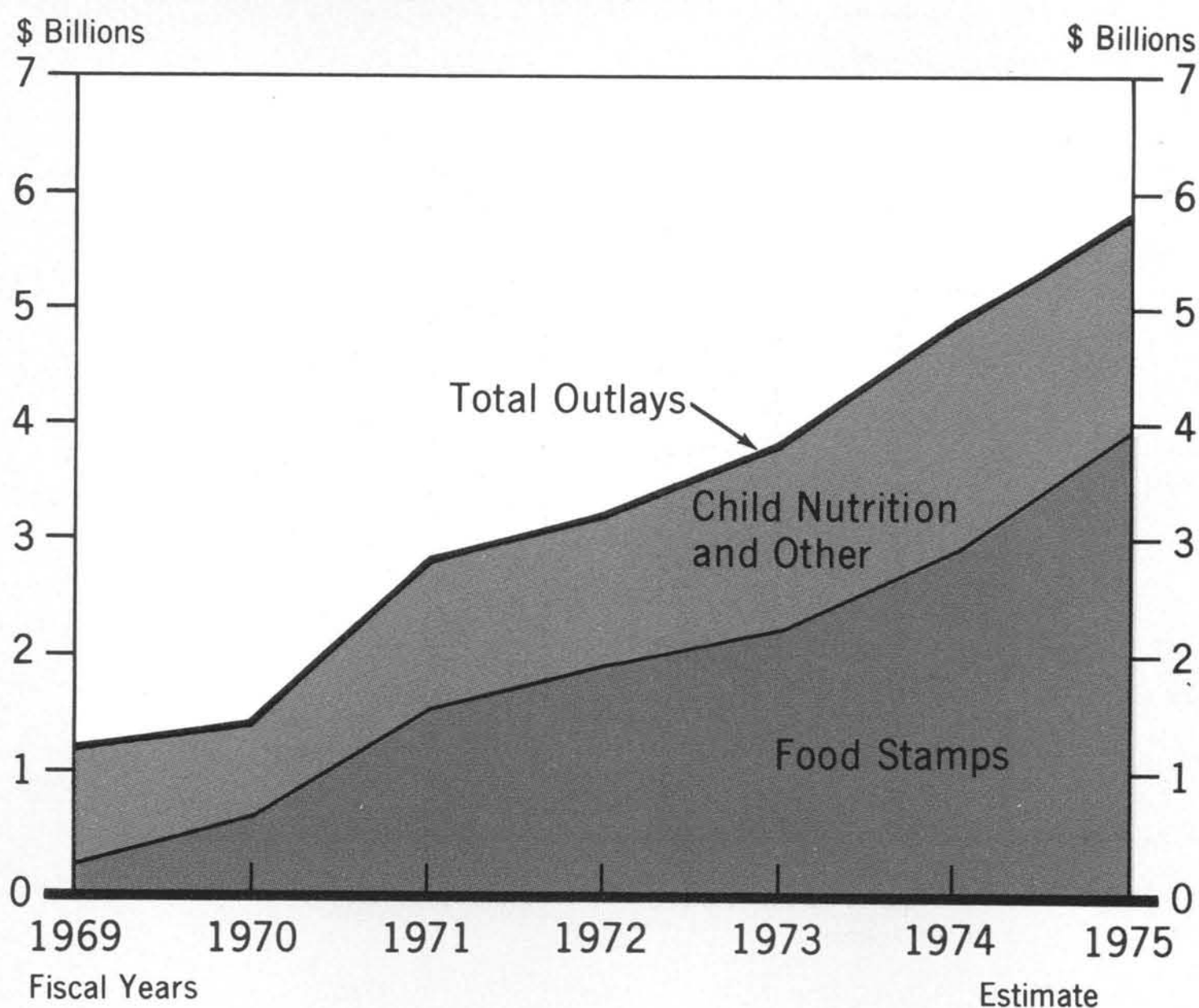
Federal Aid to the Elderly - Benefit Payments



The program of Aid to Families with Dependent Children is expected to grow very little in 1975, partly because it is believed that most eligible families are now receiving benefits, and because of better program management. Outlays for food stamps, another program to assist low-income families, will rise rapidly in 1975 because of a 22% cost-of-living adjustment made in January 1974, accompanied by a major expansion in the eligible population. Outlays are estimated at \$3.9 billion in 1975 which is double the 1972 level. Child nutrition programs, including school lunches and special milk, will reach \$1.8 billion. The budget also proposes that food stamps and related nutrition programs be transferred to the Department of Health, Education, and Welfare from the Department of Agriculture.

In addition to providing direct support to individuals, the Federal Government also assists State and local governments to provide social services to individuals and groups. Spending for these grants is limited by law to \$2.5 billion a year. To improve coordinated planning and delivery of related human services, the Administration will propose an allied services program which will demonstrate the benefits of such coordination.

Federal Aid for Food Assistance



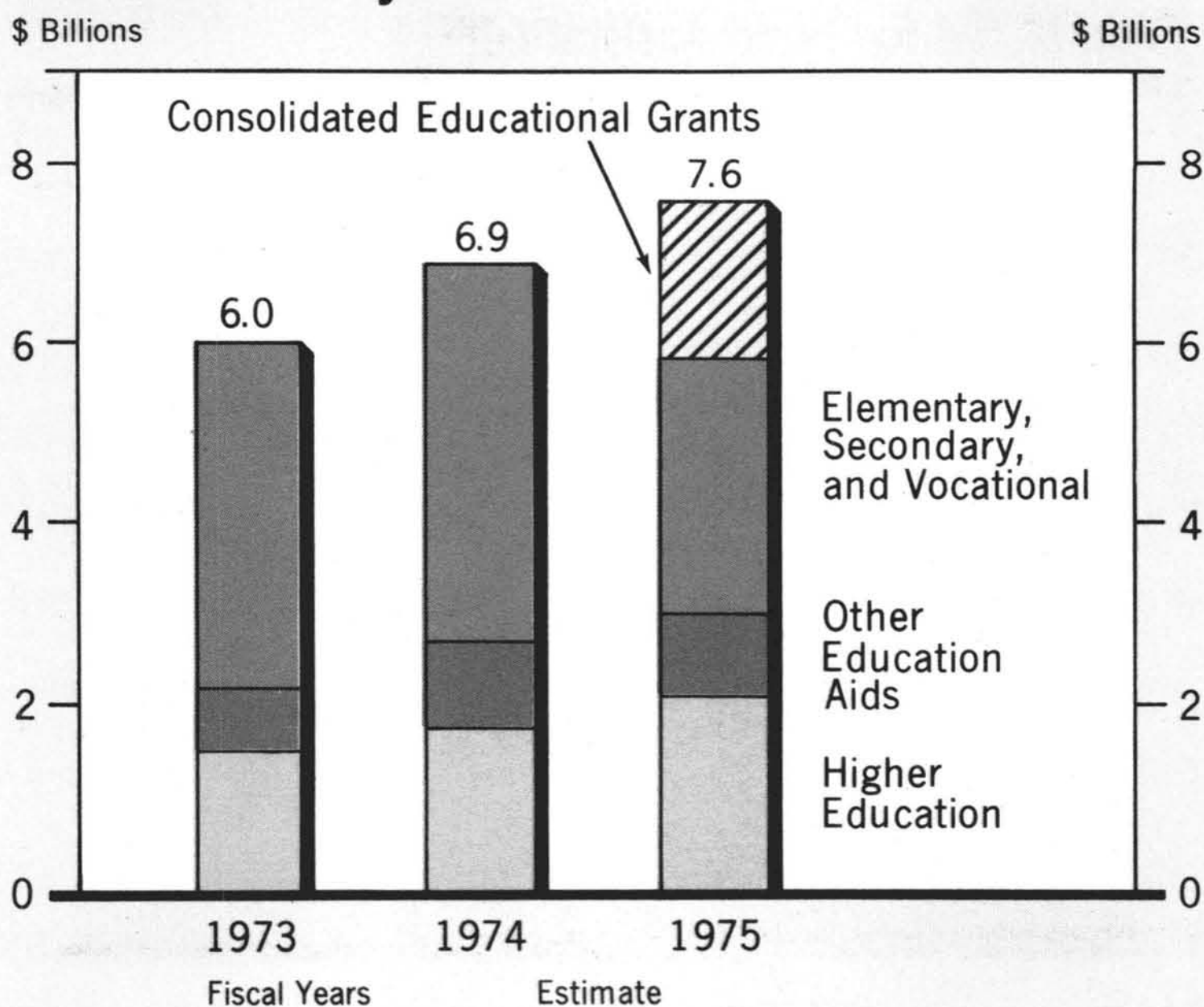
Education and Science

Education and general science programs encourage the development of both basic knowledge and applied skills. The 1975 budget for education programs stresses greater State and local responsibility for using Federal funds to meet local needs. Outlays for education and science programs are estimated at \$8.2 billion in 1975, an increase of \$747 million over 1974.

State and local governments have the primary responsibility for public education in America and pay 90% of the cost. The Administration is working closely with Congress to consolidate and improve the education grant programs of the Federal Government, thereby giving State and local officials increased authority over the use of Federal funds for these programs in their jurisdictions. Upon enactment of acceptable legislation, 1974 supplemental appropriations, totaling \$2.8 billion, will be requested.

The budget for higher education provides \$2.1 billion in outlays in 1975. The Administration's policy of providing Federal aid for higher education directly to qualified students in need

Education Outlays



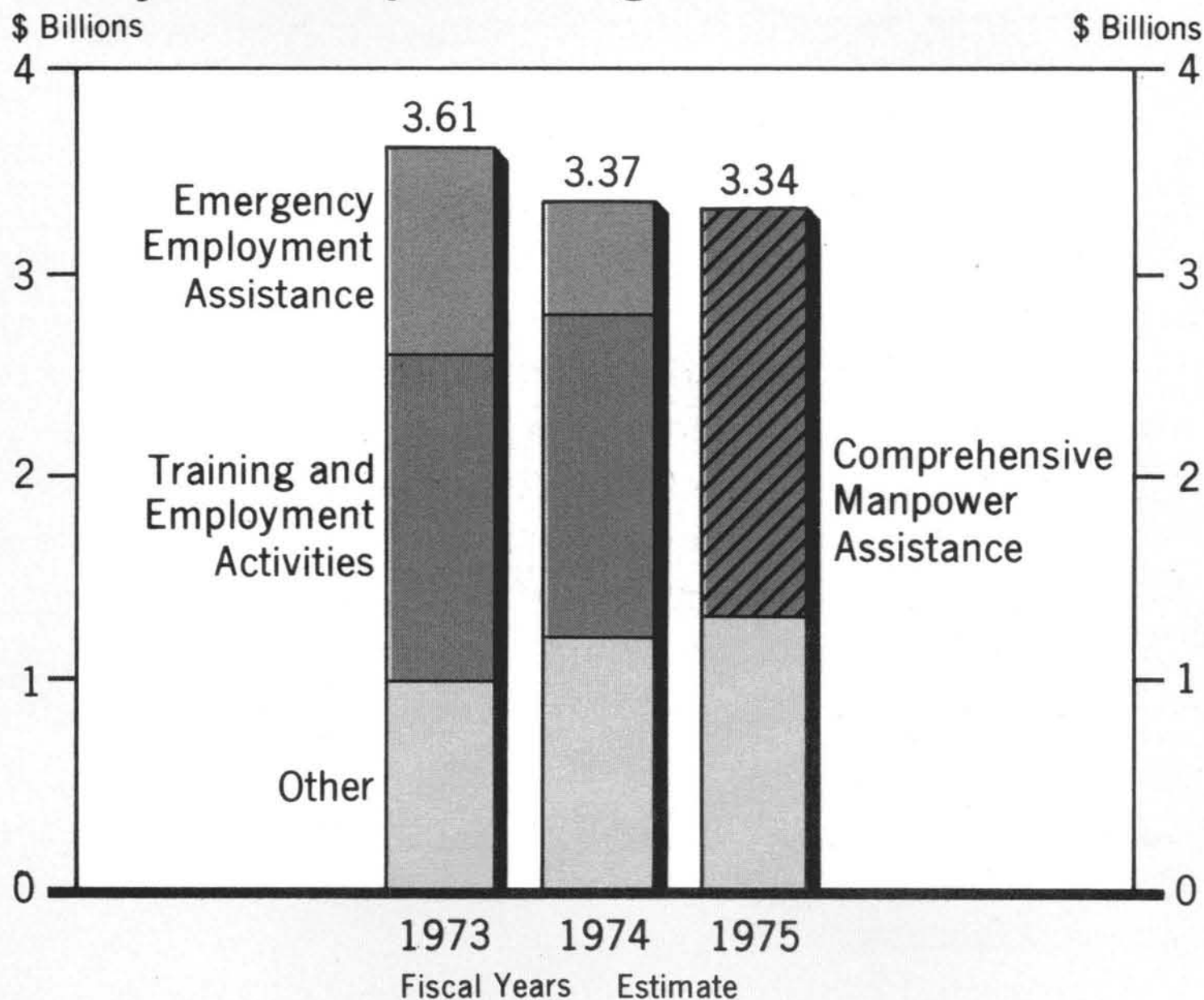
rather than through institutions will be expanded. Budget authority of \$1.3 billion is requested for basic educational opportunity grants and \$250 million for College Work-Study programs. In addition, an estimated \$1.2 billion of guaranteed loans will be made to eligible students. Funding to support the improvement of developing institutions, including Black colleges, will increase over the 1974 level. Outlays for the National Institute of Education will increase by 18% over the 1974 level to \$113 million.

The National Science Foundation (NSF) will increase its support of research on broad problems of society such as the environment and on specific national needs such as solar energy. Outlays for all NSF activities will increase from \$598 million in 1974 to \$630 million in 1975.

Manpower

In December 1973, the Congress enacted the Comprehensive Employment and Training Act, which incorporated the Administration's major goals for reforming and consolidating programs. Most of the \$2.1 billion manpower appropriation for

Outlays for Manpower Programs



this Act will be distributed to State and local governments in 1975. These governments can use the funds to provide the combination of manpower training, transitional public service employment, and other services that best meets the local situation. The remainder of the appropriation will be used to finance special manpower programs including programs for Indians and migrant farm workers, as well as the Job Corps for disadvantaged young people. A supplemental request proposed for 1974 includes \$250 million for areas with high unemployment rates so they can increase public employment or other manpower services. The supplemental will also provide funds to permit distribution of \$300 million to all areas so they can support summer youth employment programs. Authorization for appropriations for the Emergency Employment Assistance program, enacted in 1971 when the national unemployment reached 6%, has expired.

Outlays for the Work Incentive Program (WIN), which helps mothers and fathers receiving welfare payments to find jobs, is estimated to be \$316 million in 1975. Outlays for other manpower aids will increase to \$494 million in 1975.

Veterans

Federal efforts to assist those who have served in the armed forces will be increased through a variety of benefits and services. Total outlays for these programs are estimated to be \$13.6 billion in 1975, an increase of \$300 million from 1974.

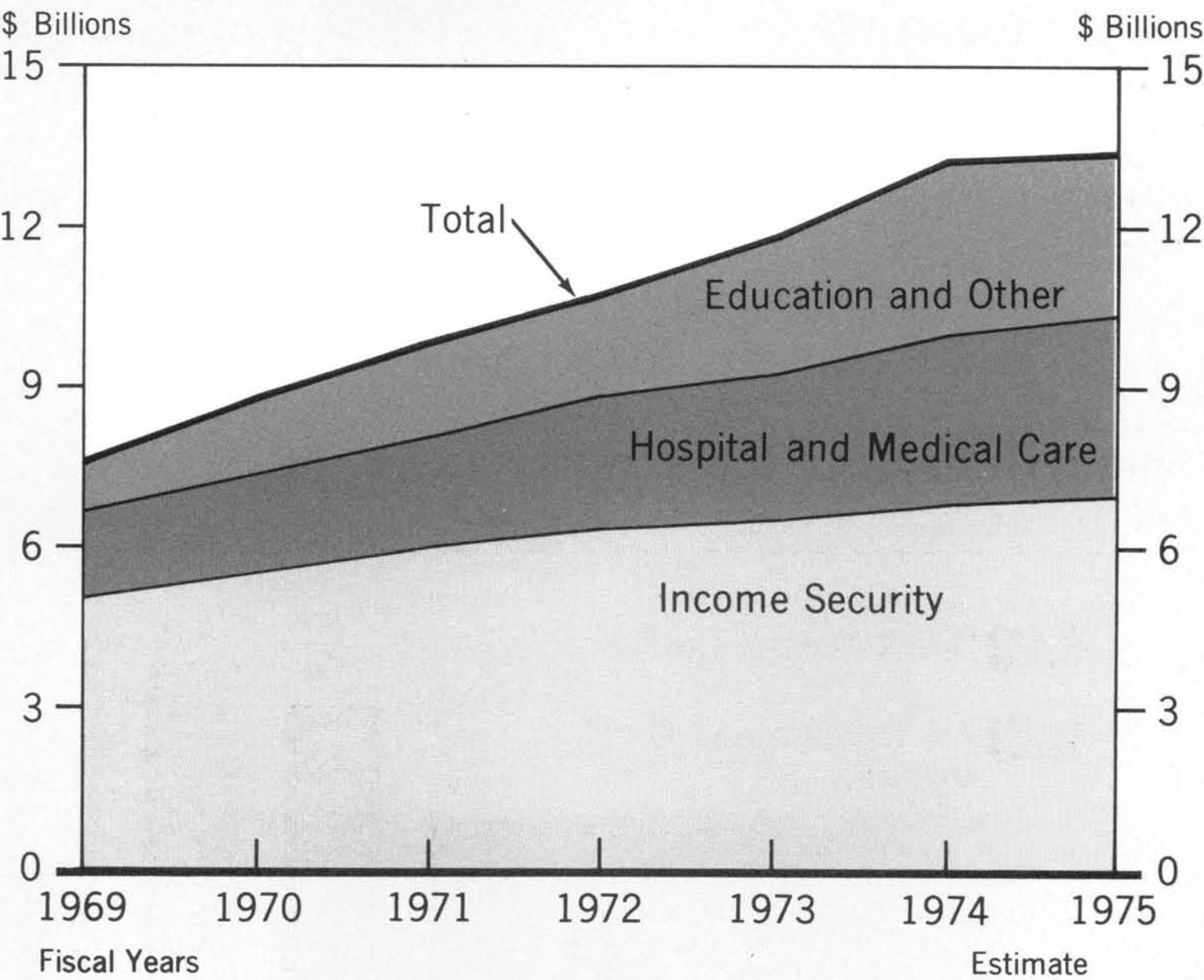
Several income security programs help to maintain family income when veterans are disabled, aged, or deceased. Compensation is paid to veterans who were disabled in military service, and to the survivors of veterans who have died from service-connected disabilities. Outlays for compensation will be \$3.9 billion in 1975. In addition, pensions are paid to war veterans whose income falls below minimum levels. Refinements to provide for more adequate and equitable veterans pensions will be proposed. With the enactment of these improvements, outlays for pensions will increase from \$2.6 billion in 1974 to \$2.9 billion in 1975. Insurance programs administered or supervised by the Veterans Administration (VA) will provide \$74 billion of coverage for veterans and servicemen in 1975.

VA educational benefits prepare veterans and dependents of disabled or deceased veterans for productive civilian careers

through college, vocational, and on-the-job training. The budget provides for an 8% increase in educational benefits in 1975 to compensate for rising costs. Educational benefits per trainee will have more than doubled between 1969 and 1975. Federal agencies will continue to give high priority to veteran readjustment, including training, job placement, and home loan assistance.

Eligible veterans also receive medical care from VA hospitals, clinics, and other facilities—the largest civilian medical system in the country. Outlays for all medical programs will increase by \$309 million over 1974 to an estimated \$3.4 billion in

Outlays for Veterans Benefits



1975. Because many patients who receive treatment for non-service-connected ailments have private health insurance, legislation is proposed to require that the insurance companies of those being treated reimburse VA. The flexibility of medical services will be increased in 1975 through expanded outpatient and community care. The replacement and modernization of the medical facilities for veterans will be funded by a budget authority of \$276 million in 1975, an increase of \$165 million over 1974.

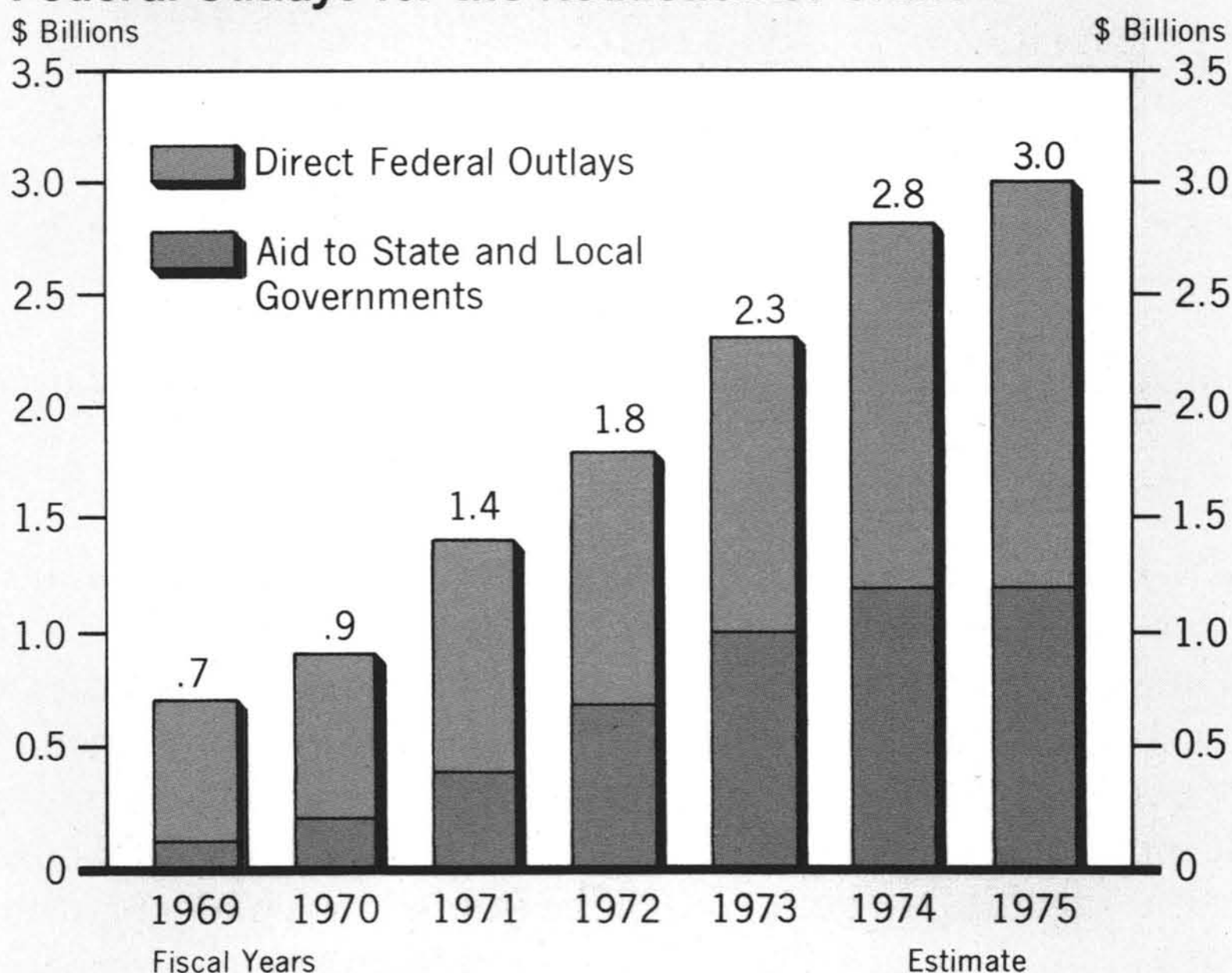
Justice and Civil Rights

Federal law enforcement programs include both direct action on the Federal level and support for law enforcement activities of State and local governments. These programs will continue to emphasize better law enforcement, prompt and efficient administration of justice, and more effective rehabilitation programs for criminal offenders. Outlays for all law enforcement programs are estimated to be \$3.0 billion in 1975.

The Law Enforcement Assistance Administration (LEAA) will assist State and local governments in strengthening all phases of their criminal justice process. Total outlays for LEAA will be \$910 million in 1975, an increase of \$61 million over 1974. LEAA has demonstrated the feasibility of broadbased formula grants and now relies heavily on State governments for project planning, monitoring, and auditing.

Outlays for direct Federal law enforcement programs, such as the Federal Bureau of Investigation, will also increase in 1975. Federal correctional programs will continue to develop a balanced system of community and institutional facilities.

Federal Outlays for the Reduction of Crime

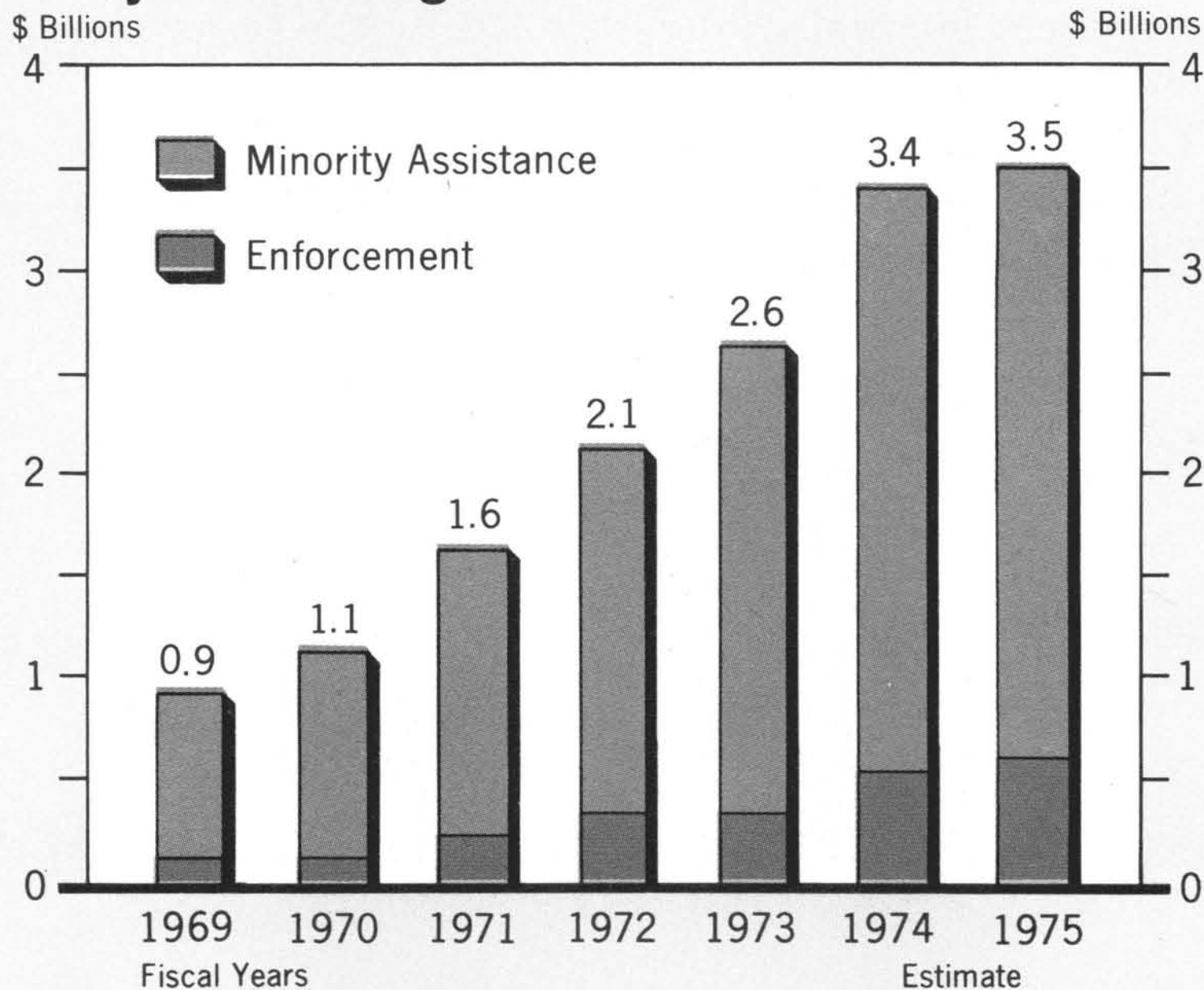


The constitutional guarantees of equality are enforced through civil rights programs. Outlays for all civil rights activities and programs are estimated to be \$3.5 billion in 1975. An estimated \$2.9 billion in 1975 will be spent for minority assistance.

The Community Relations Service will expand its crisis resolution and State liaison programs to assist State and local officials in developing crisis contingency plans. This assistance will help local communities to better utilize their resources, and eventually enable them to conduct community relations programs without Federal assistance. The emergency school assistance program will provide financial assistance to local communities to aid them in the process of desegregating their school systems.

To ensure civil rights, the Department of Justice and other Federal agencies will spend an estimated \$604 million in 1975 for civil rights enforcement, an increase of 16% over 1974. All agencies are expected to be fully aware of their civil rights responsibilities in carrying out the Administration's policies, and their performance will be continually reviewed throughout the year.

Outlays for Civil Rights Activities



Government Services

Many programs are aimed directly at improving the operations of the Federal Government thereby providing more effective Government services for the American people.

A number of these programs are managed by the Treasury Department. In the year ahead increased efforts will be made to simplify and improve the equity of our tax system including the further simplification of various tax forms. In addition, the direct assistance provided by the Internal Revenue Service (IRS) to the taxpayer will be expanded and improved. Outlays for IRS will rise to \$1.6 billion. Coordination of Federal and federally assisted borrowing programs will be improved through the establishment of the Federal Financing Bank. This will assure that such borrowings are financed in a manner least disruptive to private financial markets while reducing the cost of borrowing from the public. The U.S. Customs Service will increase its ability to provide faster and more effective inspection of passengers and cargo entering the United States.

In an effort to encourage greater efficiency in the use of office space and other services, agencies will be required to budget for these services internally instead of having the General Services Administration bear the costs.

The Civil Service Commission will continue New Federalism initiatives by assisting State and local governments to improve their personnel management.

PART V

DEVELOPING PHYSICAL RESOURCES

The 1975 budget provides for a balance between the development and the preservation of our physical resources. Since these resources are limited, we must use them wisely and efficiently. Therefore, the budget proposes both broader, more flexible Federal grant programs and increased research and development to increase the wise utilization of physical resources.

Energy

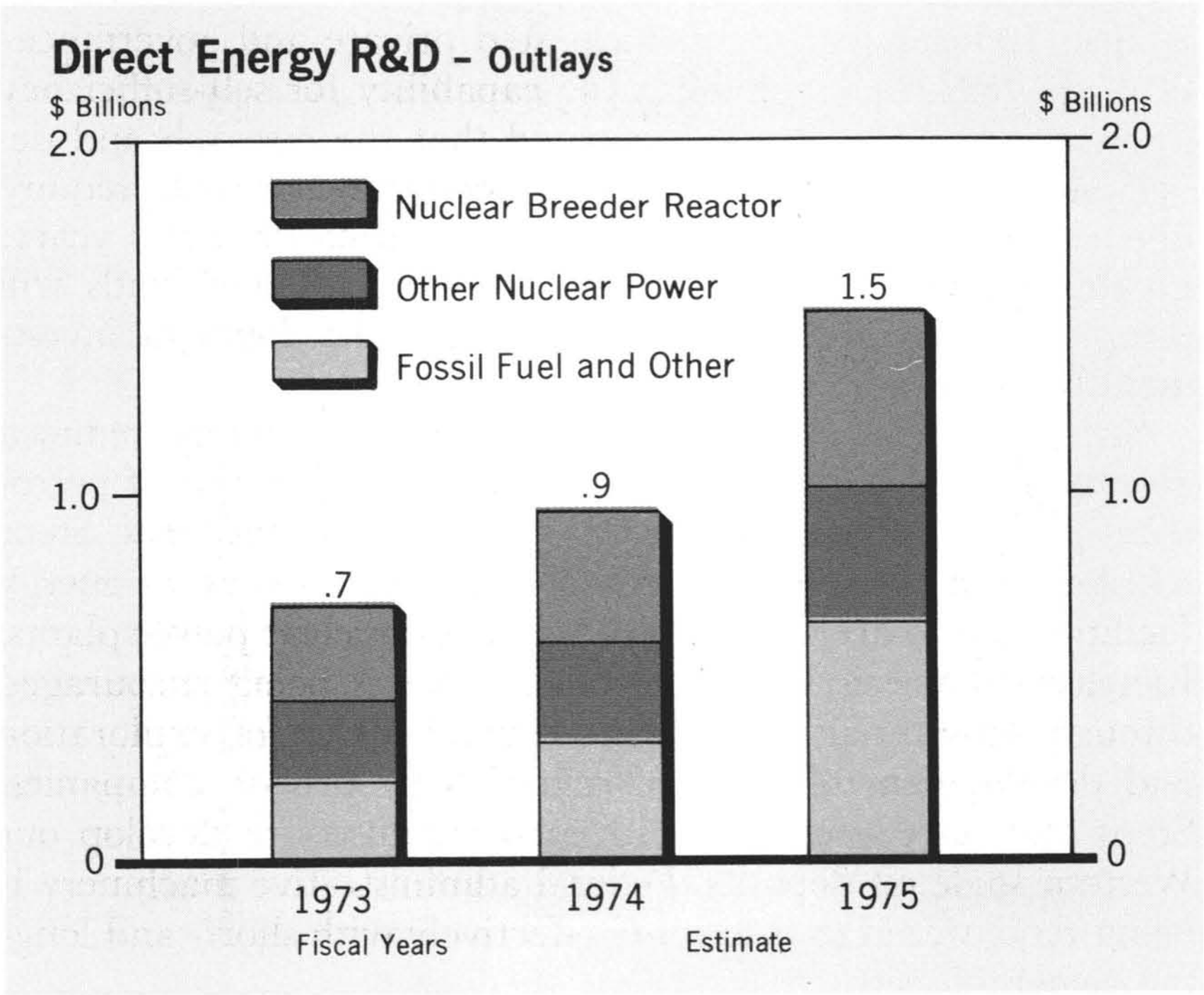
The 1975 budget reflects a comprehensive national energy policy to deal with current shortages and provides funds to initiate Project Independence, an accelerated private and governmental policy effort to reestablish the capability for self-sufficiency in energy by 1980. It is anticipated that the research and development component of Project Independence will require about \$10 billion of Government funds during its first 5 years; greater amounts may be needed thereafter. These funds will complement an even larger research and development investment by the private sector.

Stringent energy conservation measures, including reduced governmental use of energy, and mandatory allocation of petroleum products are being taken to meet the current crisis. Steps will be taken to assure more timely approval of sites for energy facilities and to accelerate construction of nuclear power plants. Increased domestic output of oil and gas is being encouraged through substantial increases in Federal leases for exploration and development of offshore resources by private companies. Steps also have been taken to enable industry to develop our Western shale oil deposits. Federal administrative machinery is being reorganized to deal more effectively with short- and long-term energy needs.

Funds will be provided to move forward with development of fast breeder nuclear reactors that will greatly increase the amount of energy recoverable from nuclear fuel. Research on coal will be accelerated and other research on advanced energy sources, including nuclear fusion, geothermal energy, and solar energy will also be increased.

Outlays for direct energy research and development will increase from \$0.9 billion in 1974 to \$1.5 billion in 1975. An additional \$128 million in outlays is provided for supporting basic research and for environmental and health effects research. These figures include an allowance to fund accelerated energy research and development. Budget amendments distributing this allowance by agency are to be submitted concurrently with the budget.

One result of the energy crisis will be some higher prices. These higher prices will help stimulate development of adequate supplies of fuel through the mechanism of the free market. However to assure that the oil producers will not receive excess profits, the President has proposed an emergency windfall profits tax on these producers.



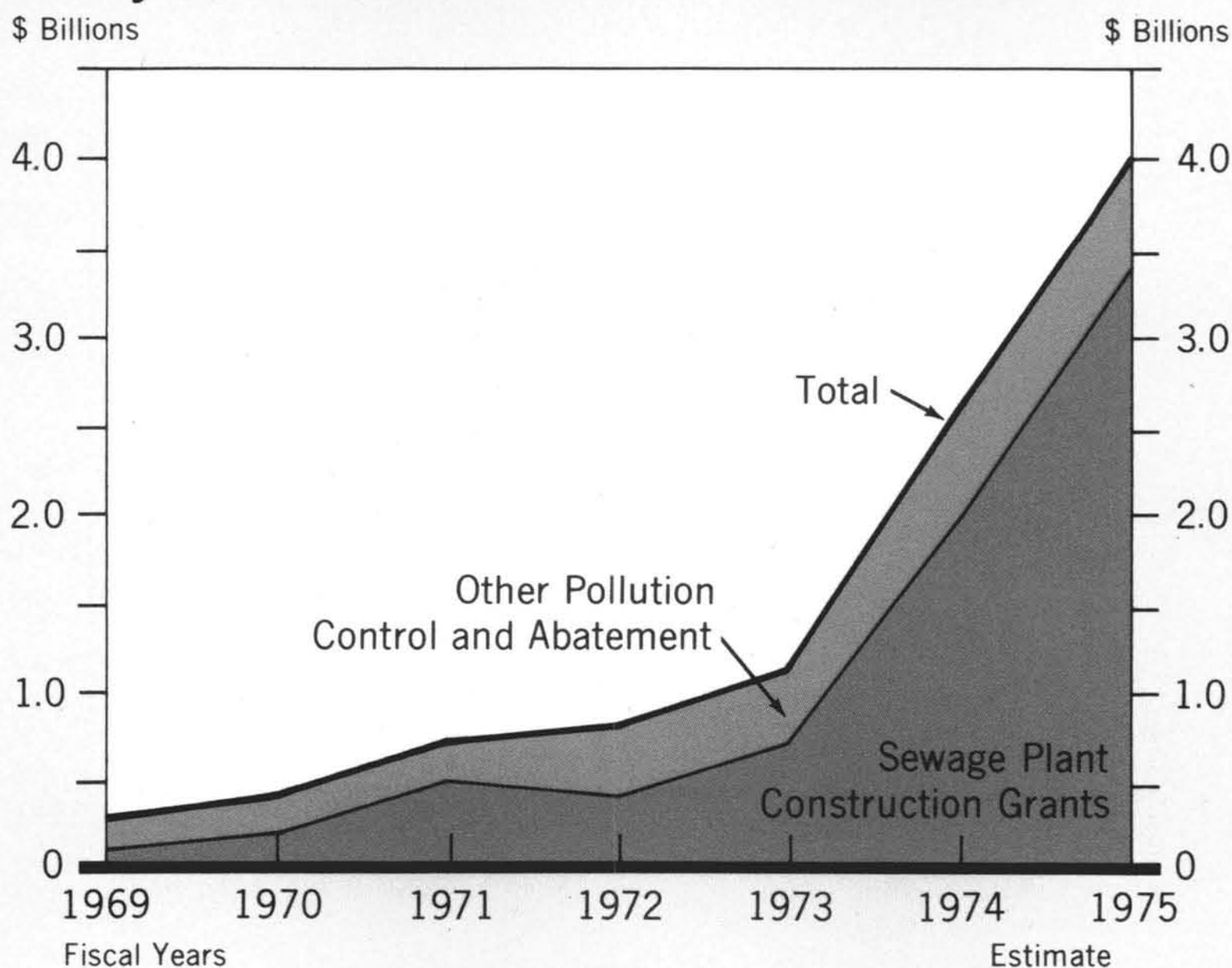
Environment and Natural Resources

The energy problem has brought to the fore the need for a realistic balancing of the demands of economic growth and environmental protection. While some air pollution standards are being relaxed temporarily, the overall quality of air should continue to improve and other efforts to improve environmental quality will be strengthened.

Outlays for pollution control and abatement are estimated to rise to \$4.0 billion in 1975, over 50% above the 1974 level. Most of this increase will be for grants to States for construction of waste treatment plants. In accordance with New Federalism, the priorities for spending new funds for these grants will be determined by the States.

Outlays for water resources and power programs are estimated to be \$3.0 billion in 1975, up \$119 million from 1974. Highest priority will be placed on projects for hydroelectric power, municipal and industrial water supply and urban flood control. Priority will also be given to maintaining schedules for projects nearing completion. New guidelines have been adopted to insure

Outlays for Pollution Control and Abatement-EPA



that projects are more efficient and better reflect environmental values. Reforms to broaden the responsibility of State and local governments in water resource development are being reviewed.

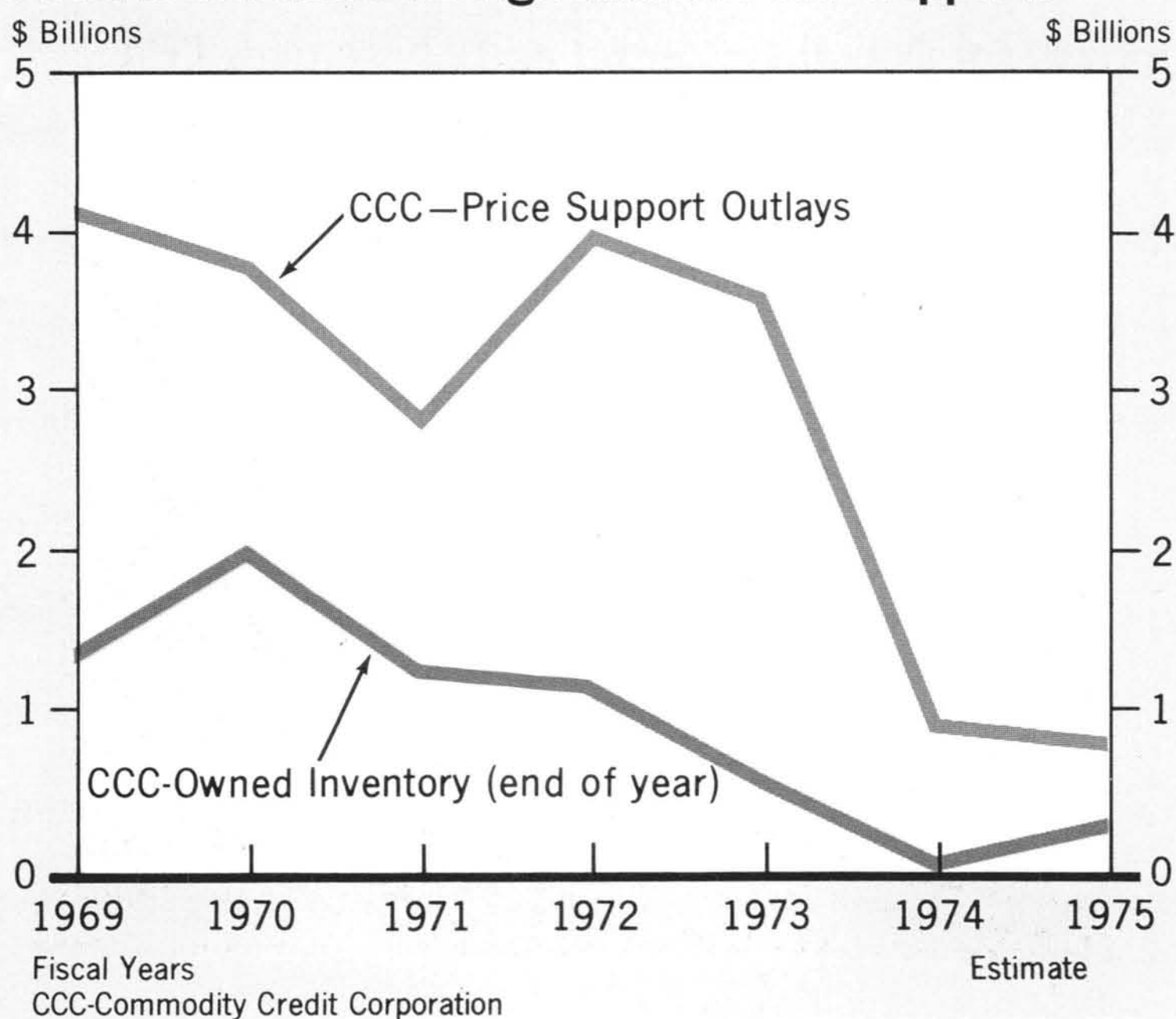
Spending on recreation and park programs will total \$781 million in 1975. An additional \$1.1 billion will be spent for land management activities.

Agriculture

The rise in farm income has sharply reduced our farmers' dependence on price support programs. Following the shortages experienced in 1972, U.S. farm output reached record high proportions in 1973 and promises to reach even higher levels this year. Federal expenditures for farm price support dropped sharply this year and are expected to decline further to under \$0.8 billion in 1975.

In order to maintain the growth of agricultural productivity, the 1975 budget proposes increases in agricultural research, particularly for soybeans and meat production.

Federal Subsidies for Agricultural Price Supports



Community and Economic Development

The 1975 budget proposes broader, more flexible Federal support for community development and management activities, and the continued phaseout of ineffective and wasteful programs. Outlays for these programs are estimated to be \$4.2 billion in 1975.

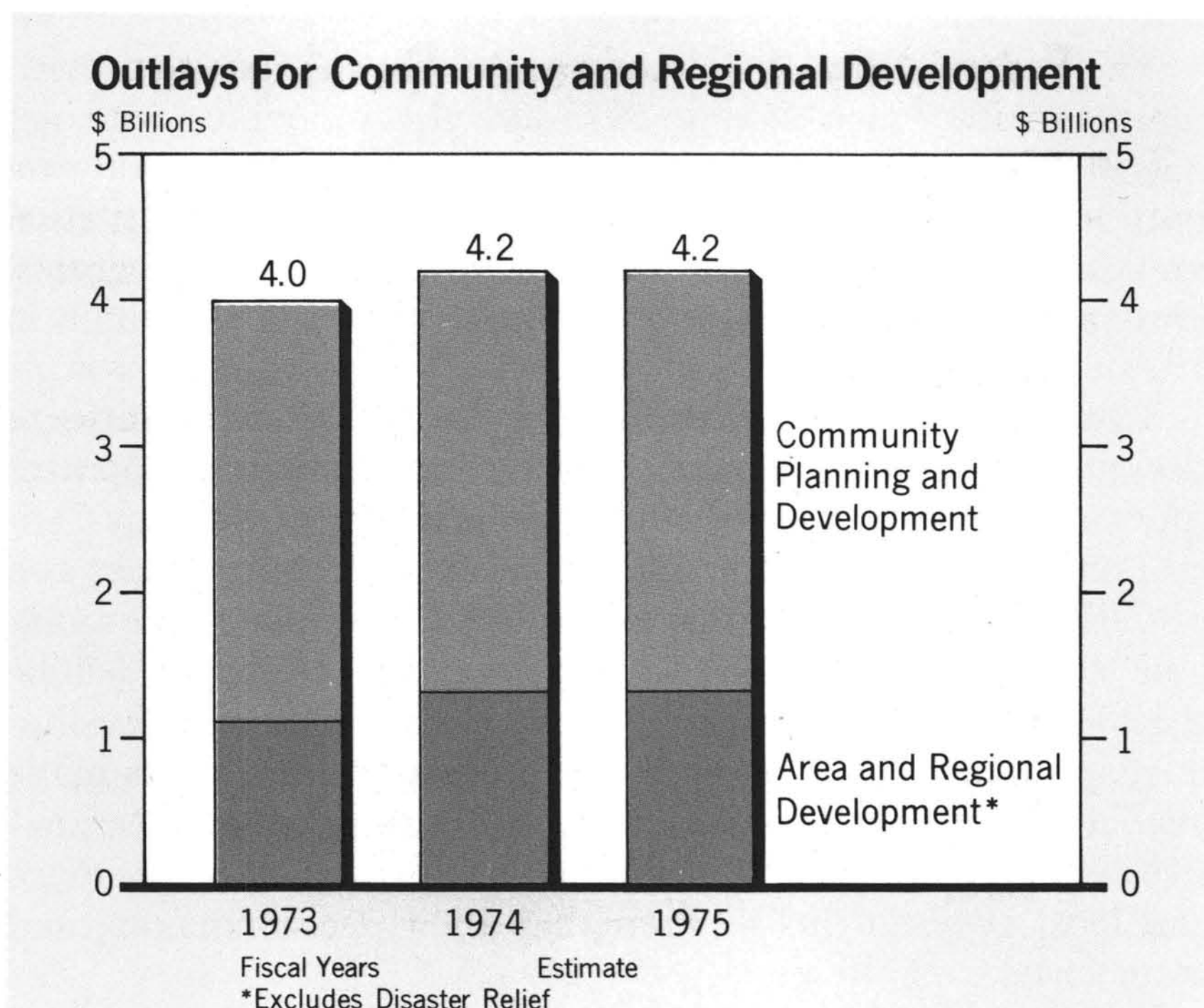
The proposed Better Communities Act will allow localities to decide for themselves how to allocate community development funds rather than having such decisions made for them by Federal officials who have less understanding of local priorities and problems. The budget proposes that \$2.3 billion be made available to localities for use in 1975. Communities of all sizes will be eligible to receive Federal support for their community development programs either directly by formula or from funds made available to the States. In addition, under the proposed Responsive Governments Act, \$110 million is requested to enable State and local governments to strengthen their decisionmaking and managerial capabilities.

By July 1, 1974, seven narrow and restrictive grant and loan programs in the community development area will have been phased out. Although no additional commitments are planned under categorical programs, outlays for projects approved earlier will total \$1.6 billion in 1975.

Assistance to rural development will be provided through grants and loans. An estimated \$1.0 billion of direct and guaranteed loans for industrial development and community development will be made under authority provided by the Rural Development Act of 1972. These programs will be administered so as to support State and local rural development plans and priorities.

The Administration will propose legislation for a new program to help States and communities overcome problems caused by structural changes in their economies. The budget proposes outlays of \$327 million in 1975 for the continuation of the programs of the Economic Development Administration and the Regional Action Planning Commissions to permit an orderly transition to the new program.

The Administration's efforts to assist the role of minorities in the free enterprise system will be expanded. Financial assistance to minority business will be increased 18%. Assistance to other



small businesses will also be increased with an 8% expansion in the loan guarantee program, which encourages private financial institutions to provide financing to small businesses.

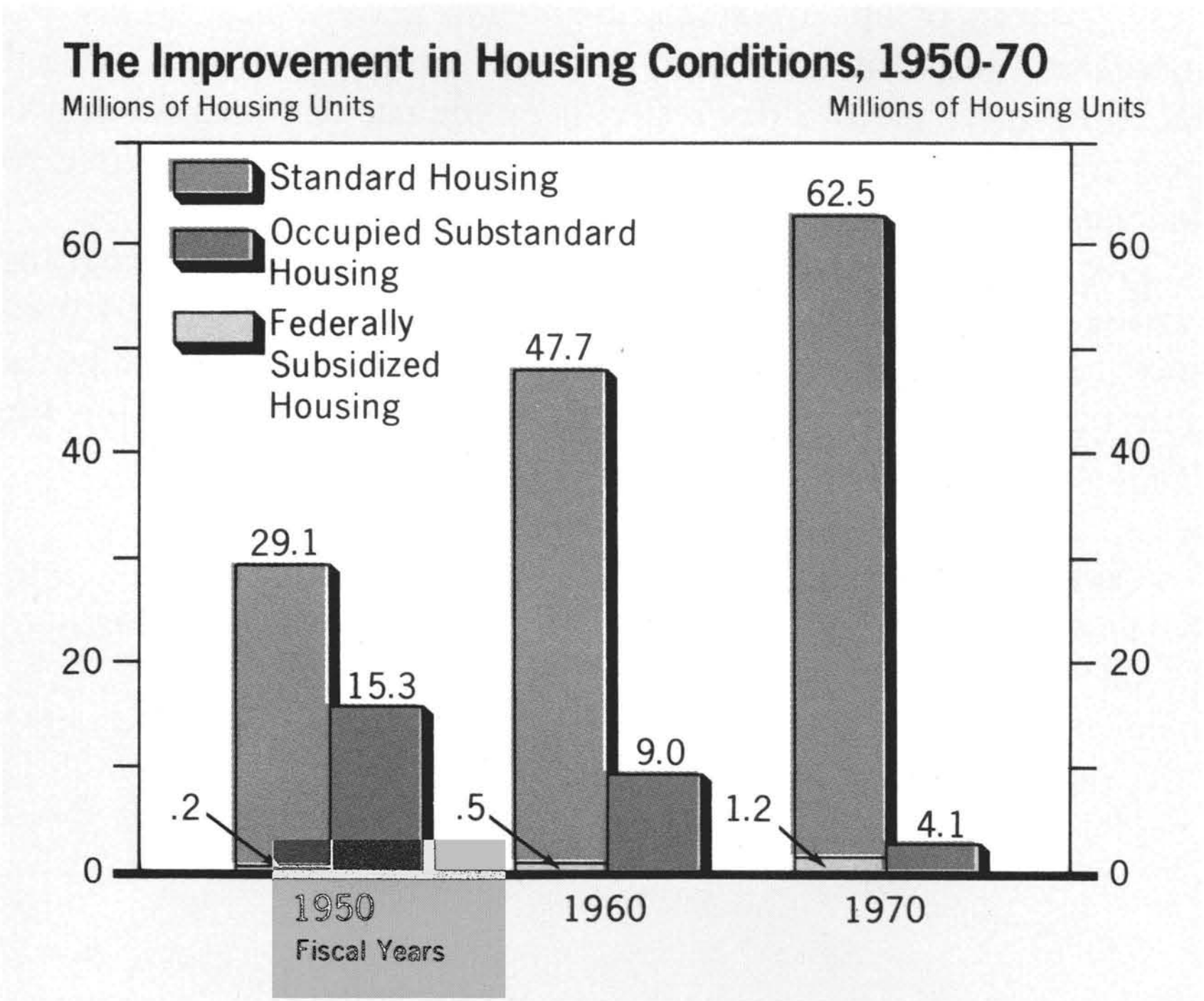
In 1974, other agencies assumed responsibility for most programs previously financed through the Office of Economic Opportunity.

Housing

The quality of housing available to a family is primarily determined by the family's income and assets. Important Federal aids to housing are provided through credit guarantees and special credit institutions. In 1973, the Federal Government initiated a \$5.5 billion program to alleviate temporary housing credit problems. Recently, this program has been expanded to insure that improvements in mortgage markets will continue. Enactment of the Administration's Financial Institutions Act would minimize future credit problems by enabling savings and loan associations to compete more effectively for funds.

The Federal Housing Administration will continue to provide mortgage insurance during 1975 for those families who are qualified but are not adequately served by private mortgage insurers. Loans for homeownership and rental housing in rural areas will be provided through the increasing use of federally guaranteed private mortgage credit.

Federally subsidized housing programs have failed to produce benefits commensurate with their cost and have not addressed the fundamental cause of poor housing—lack of income. Accord-



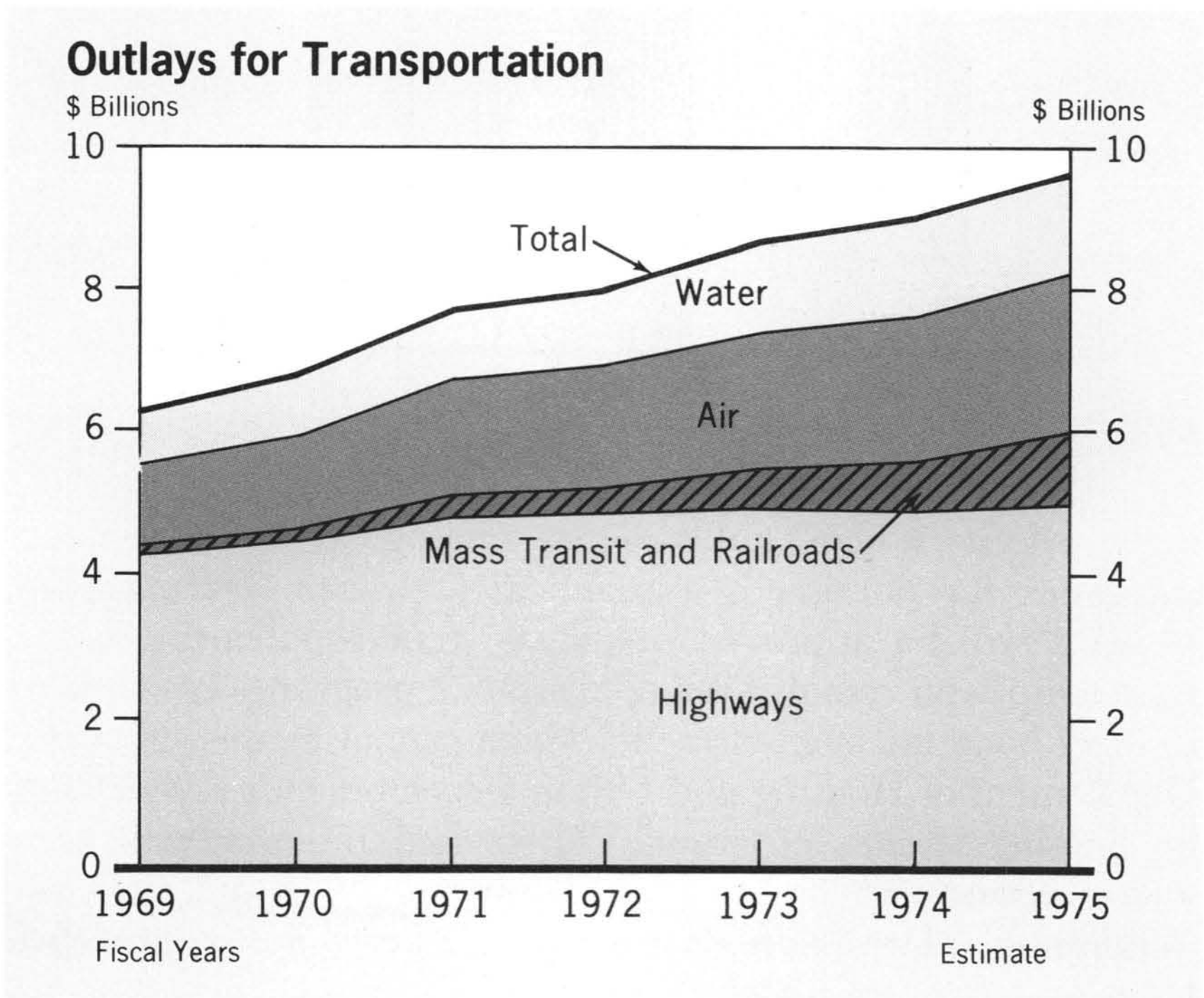
ingly, priority is being given to determining whether direct cash assistance for housing is a practical approach. During 1974, projects will be approved under the rent supplement, homeownership, and rental housing assistance programs as necessary to meet bona fide commitments which cannot be met under the Department of Housing and Urban Development's revised public housing leasing program. The revised program will assist lower income families to obtain housing in 1974 and 1975 and developing information on direct cash assistance approaches. Housing payments under these programs should total \$2.3 billion, an increase of \$375 million over 1974. This level includes \$400 million for public housing operating subsidies.

Subsidized rural housing assistance is being continued on an interim basis, while direct cash assistance approaches are being assessed. Emphasis will be placed on making better use of existing housing in rural areas through credit assistance for the purchase of existing standard housing units, as well as for the rehabilitation of substandard units.

Transportation

The goal of Federal transportation programs is to assist in the development of an effective transportation system. The budget increases funds for transportation and proposes that State and localities have greater discretion over the use of funds for transportation. Outlays for transportation programs are estimated to increase from \$9.0 billion in 1974 to \$9.6 billion in 1975.

The proposed Unified Transportation Assistance Program would provide Federal funding for construction of non-Interstate highways and mass transit systems and for purchase of buses and rail cars. Part of these funds would also be available for transit operating expenses for the first time.



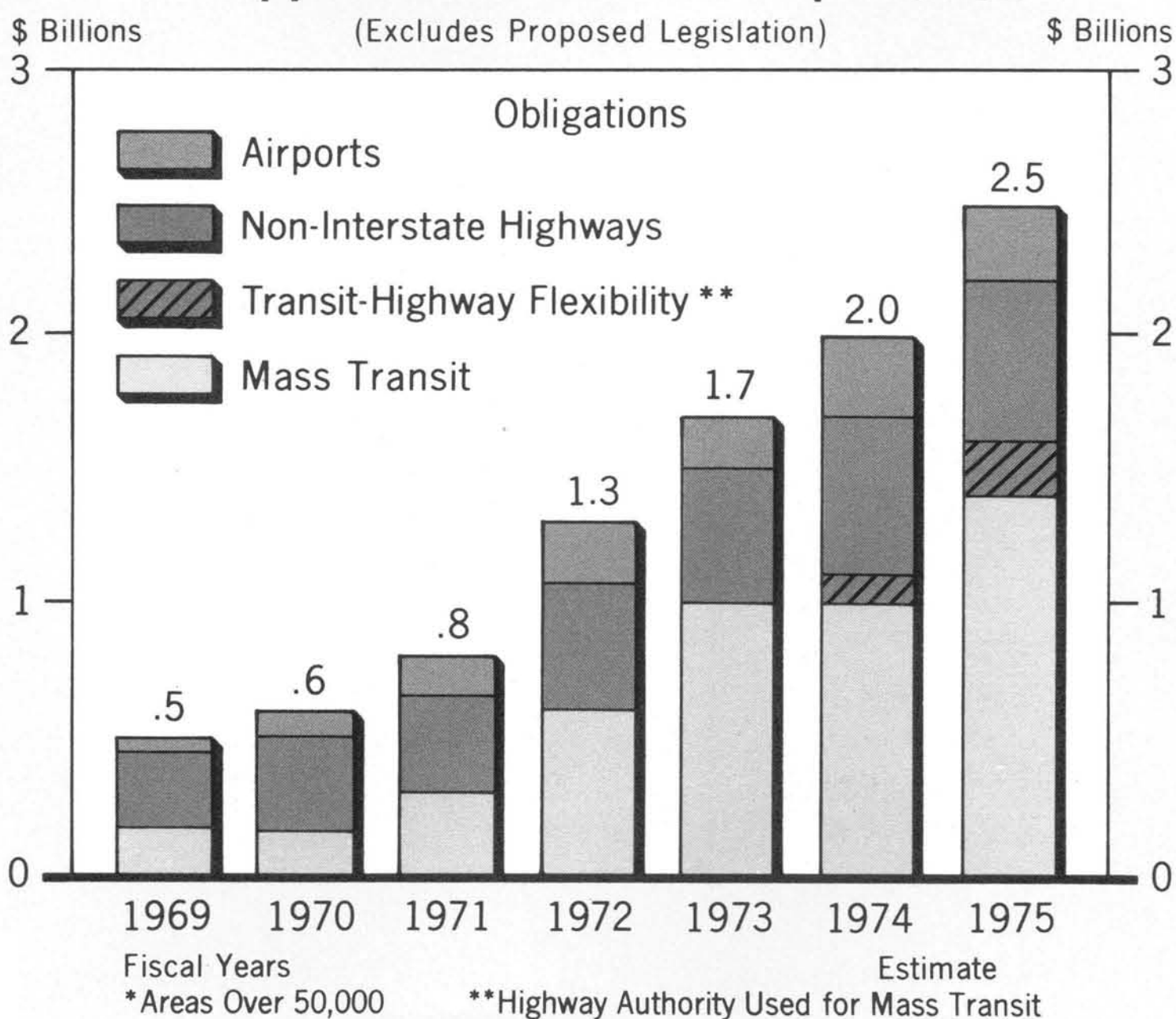
Pending enactment of this initiative, obligations for urban mass transit capital grants will be increased by over 50% to \$1.4 billion in 1975 including at least \$200 million from highway authorizations. Capital assistance for bus systems will be given priority and substantial funding will be provided for construction of commuter and rapid rail systems.

Obligations for highways will be \$4.8 billion in 1975. The Interstate Highway System, which will carry over 20% of all highway travel when completed in the early 1980's, will continue to receive over half of the highway grants.

Outlays of \$265 million in 1975 will help railroads meet demands for more and better service. Legislation to restructure the bankrupt Northeast railroads was recently enacted. Legislation to modernize railroad regulations and provide Federal assistance for upgrading plant and equipment has been proposed. Capital investments for Amtrak are being increased.

The Administration will continue development of the aviation system and propose new aviation service fees to allocate system costs more equitably among users. Outlays for water transportation will be \$1.5 billion in 1975. This includes maritime subsidies and the costs of the Coast Guard.

Federal Support for Urban* Transportation

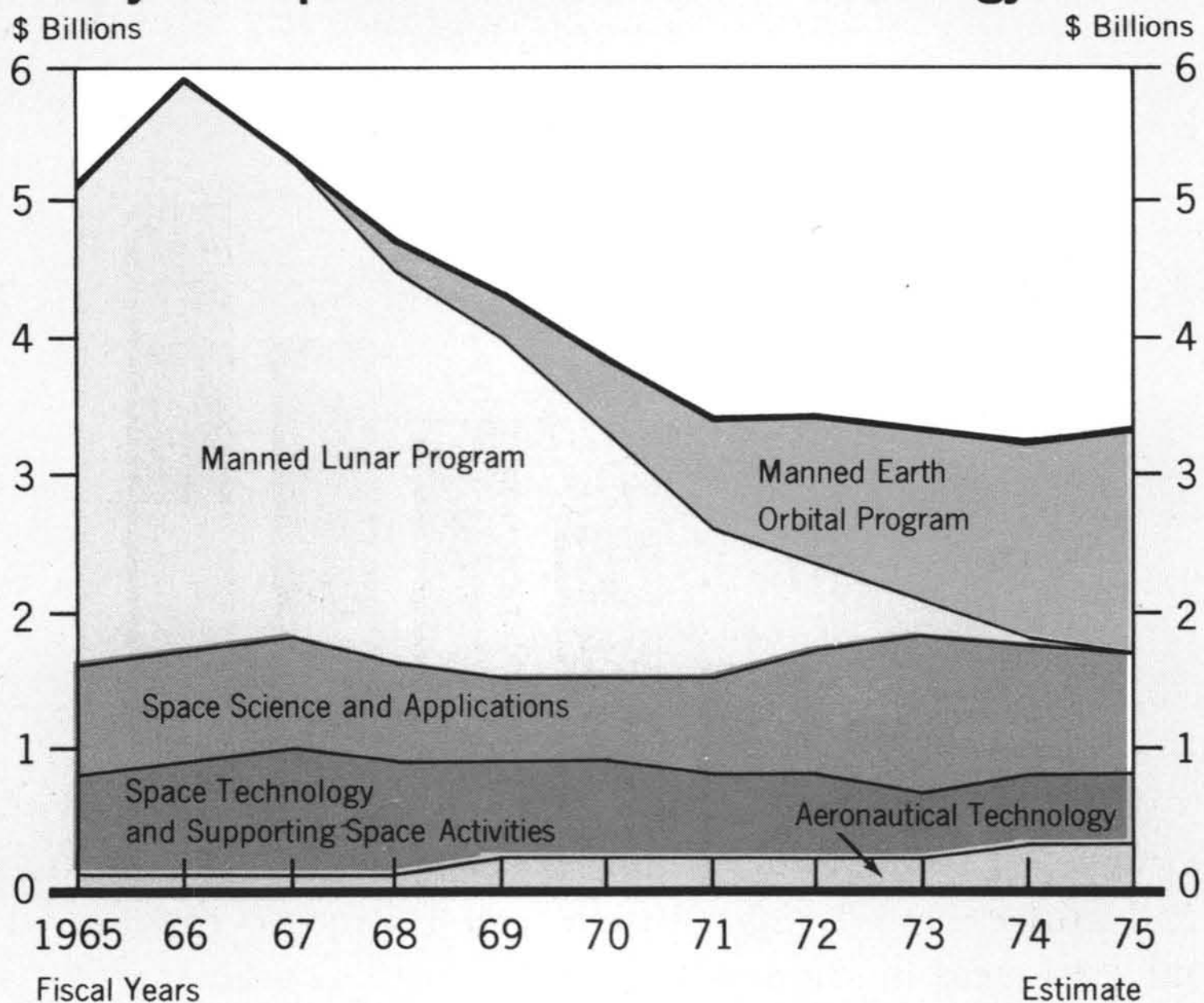


Space

The 1975 budget provides for a balanced development among space science, aeronautics, and the practical application of space technology. Outlays for space programs are estimated to be \$3.3 billion for 1975, an increase of \$95 million over 1974.

Skylab, the experimental space station launched last year, has tested man's endurance in space. In July 1975, manned spacecraft from the United States and the U.S.S.R. will rendezvous and dock. Development will continue on a reusable manned space shuttle which will provide more economical access to space. Unmanned spacecraft will continue to explore our solar system and the universe. In July 1976, an unmanned probe will search for life on Mars. Spacecraft are being developed to probe the atmosphere of Venus and pass Jupiter and Saturn. Advanced astronomy observatories are being built. Development of practical applications of space technology will include improved weather forecasting, pollution monitoring, and earth resource surveys. In addition, research will be continued on aeronautical technology applicable to aircraft noise, pollution, and fuel consumption problems.

Outlays for Space Research and Technology



PART VI

THE BUDGET PROCESS

The budget sets forth the President's proposed financial plan of operation for the Federal Government and thus serves as an important vehicle for determining national priorities. In raising tax revenues and making 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 budget process has four interrelated phases: (1) executive formulation and transmittal, (2) congressional authorization and appropriation, (3) budget execution and control, and (4) review and audit.

Executive formulation and transmittal.—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 1975 budget, which covers the fiscal year beginning July 1, 1974, and ending June 30, 1975, began in the spring of 1973. About 10 months later, in February 1974, the budget was formally transmitted to Congress.

In the spring, agency programs are evaluated, policy issues are identified, and budget projections are made with attention given to important reforms, innovations, and long-range program plans. Preliminary plans are then presented to the President for his consideration. The President also receives projections of the economic outlook and revenue estimates.

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.

Proposed budgets are formulated by each agency, reviewed in detail by the Office of Management and Budget throughout the fall and early winter, and then presented to the President. Actual past year budget results are considered in making rec-

ommendations for the future. Overall fiscal policy issues—related to total budget receipts and outlays—are also reviewed again. The budget submitted to Congress thus reflects the President's recommendations for both individual program levels and total outlays and receipts appropriate to the state of the economy.

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.

Currently, Congress does not vote on total outlays and receipts directly. Congressional review of the budget reflects many separate actions on authorizations, appropriations, and other bills that relate to the budget. Reforms to improve congressional control over budget totals are now being considered by the Congress.

Under the traditional procedures, the Congress first enacts legislation which *authorizes* an agency to carry out a particular program and, in some cases, sets a limit on the amount that can subsequently be appropriated. Many programs are authorized for several years, or indefinitely; other programs, including atomic energy and space exploration, require annual authorizing legislation.

The granting of *budget authority*—which permits an agency to spend money—usually is a separate, subsequent action. Most budget authority is enacted in the form of *appropriations*, which may not exceed any limit established in the basic authorizing legislation for the program. Appropriations are enacted in at least 14 separate bills. In addition, “backdoor financing” in other bills provides permanent appropriations, authority to contract in advance of appropriations, authority to borrow and spend without an appropriation, and program authorizations that require mandatory spending.

In some cases, the Congress has voted permanent budget authority, under which funds become available annually without further congressional action. Most trust fund appropriations (such as social security) are permanent, as is the appropriation to pay interest on the public debt. This year, \$164 billion of the recommended \$322 billion of new budget authority for 1975 is available without current action by the Congress.

Requests for changes in revenue laws and for appropriations are considered first in the House of Representatives. As parts of the budget are approved by the House, the bills are forwarded to the Senate. In case of disagreement between the two Houses of Congress, a conference committee consisting of members of both bodies resolves the issues. The conference report is returned to both Houses for approval and the bill is then transmitted to the President.

Budget execution and control.—Within the executive branch, central control over budget authority provided by the Congress is maintained through a system of “apportioning.” By law, the Director of the Office of Management and Budget must distribute or apportion appropriations and other budget authority to each agency by time periods (usually quarterly), or by activities. The agencies may not obligate money in excess of the amounts apportioned. The objective of the apportionment system is to plan the effective and orderly use of available authority.

It is, of course, necessary to insure flexibility in case circumstances change. For example, developments may indicate that an agency will not require all the authority made available during the immediate fiscal year, or plans for spending the authority may be incomplete. In such cases, “reserves” may be established by the Director of the Office of Management and Budget (under authority set forth in law and delegated by the President) to withhold some of these amounts not needed. If necessary, such reserves may be released subsequently, but only for the purposes of the appropriation. On the other hand, changes in law or other factors may indicate the need for more authority, and supplemental requests may be sent to the Congress.

Review and 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 Office of Management and Budget also keeps abreast of program objectives. In addition, the General Accounting Office, an arm of the Congress, regularly audits, examines, and evaluates Government programs. Its findings and recommendations for corrective action are made to the Congress, to the Office of Management and Budget, and to the agencies concerned.

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

Relation of Budget Authority to Outlays

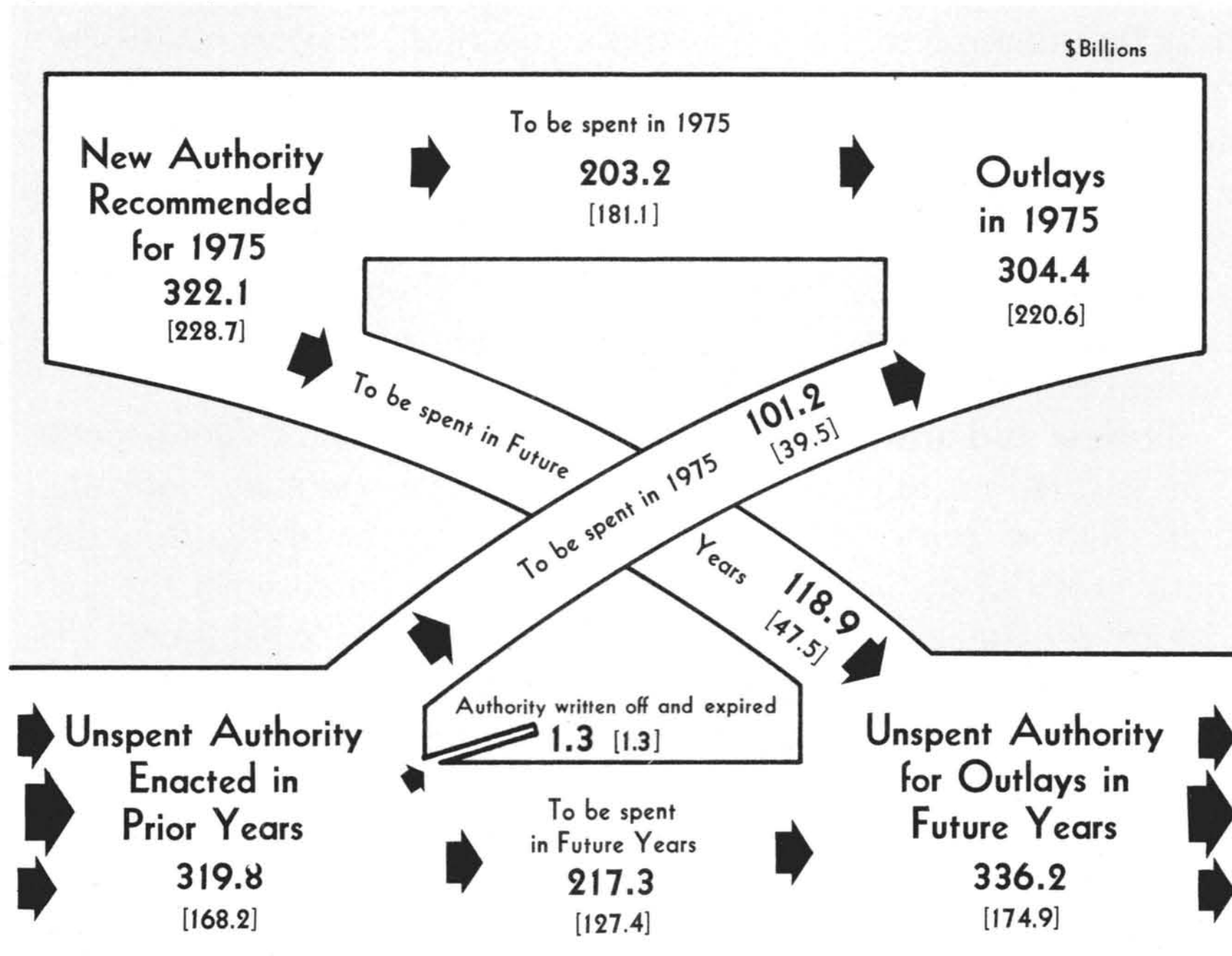
The budget authority appropriated by the Congress for a fiscal year is more than the obligations or outlays within that year because:

- Budget authority for some major procurement and construction covers estimated full cost at the time programs are started, even though 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.
- Budget authority for trust funds represents mainly receipts from special taxes, which are used as needed over a period of years for purposes specified in the law.

As a result, substantial unspent budget authority is always carried over from prior years. Most of it is earmarked for specified purposes, and is not available for new programs.

Relation of Budget Authority to Outlays—1975 Budget

Figures in brackets represent Federal funds only



NOTE: The difference between the total budget figures and federal funds shown in brackets consists of trust funds and interfund transactions between fund groups

PART VII
BUDGET TABLES

	Page
1. Budget Receipts, Outlays, Financing and Debt, 1965–75	46
2. Budget Receipts by Source and Outlays by Function, 1965–75	47
3. Percentage Distribution of Budget Receipts by Source and Out- lays by Function, 1965–75	48
4. Budget Outlays by Function and Subfunction, 1965–75	49
5. Budget Authority and Outlays by Agency, 1973–75	54
6. Outlays and Receipts of Trust Funds, 1973–75	55
7. Summary of Full-Time Permanent Employment in the Executive Branch, 1969–75	56
8. Federal Finances and the Gross National Product, 1954–75	57
9. Budget Receipts and Outlays, 1789–1975	58

NOTE

- Back-up data for charts in this book can be obtained from the Office of Management and Budget, Washington, D.C. 20503.
- More detailed budget tables are included in Part 7 of the *Budget of the United States Government, 1975*.

Table 1. BUDGET RECEIPTS, OUTLAYS, FINANCING, AND DEBT, 1965-75 (in billions of dollars)

Description	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Receipts and outlays:											
Receipts:											
Federal funds.....	90.9	101.4	111.8	114.7	143.3	143.2	133.8	148.8	161.4	185.6	202.8
Trust funds.....	29.2	33.0	42.9	44.7	52.0	59.4	66.2	73.0	92.2	105.5	115.8
Interfund transactions.....	-3.3	-3.6	-5.2	-5.8	-7.5	-8.8	-11.6	-13.2	-21.3	-21.1	-23.6
Total budget receipts.....	116.8	130.9	149.6	153.7	187.8	193.7	188.4	208.6	232.2	270.0	295.0
Outlays:											
Federal funds.....	94.8	106.5	126.8	143.1	148.8	156.3	163.7	178.0	186.4	203.7	220.6
Trust funds.....	27.0	31.7	36.7	41.5	43.3	49.1	59.4	67.1	81.4	92.1	107.4
Interfund transactions.....	-3.3	-3.6	-5.2	-5.8	-7.5	-8.8	-11.6	-13.2	-21.3	-21.1	-23.6
Total budget outlays.....	118.4	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	274.7	304.4
Surplus or deficit (-):											
Federal funds.....	-3.9	-5.1	-14.9	-28.4	-5.5	-13.1	-29.9	-29.1	-25.0	-18.1	-17.9
Trust funds.....	2.3	1.3	6.2	3.2	8.7	10.3	6.8	5.9	10.7	13.5	8.4
Total surplus or deficit.....	-1.6	-3.8	-8.7	-25.2	3.2	-2.8	-23.0	-23.2	-14.3	-4.7	-9.4
Budget financing:											
Net borrowing from the public or repayment of borrowing (-).....	4.1	3.1	2.8	23.1	-1.0	3.8	19.4	19.4	19.3	3.5	12.5
Other means of financing.....	-2.5	.7	5.9	2.1	-2.2	-1.0	3.6	3.8	-5.0	1.2	-3.1
Total means of financing.....	1.6	3.8	8.7	25.2	-3.2	2.8	23.0	23.2	14.3	4.7	9.4
Outstanding debt, end of year:											
Gross Federal debt.....	323.2	329.5	341.3	369.8	367.1	382.6	409.5	437.3	468.4	486.4	508.0
Held by:											
Government agencies.....	61.5	64.8	73.8	79.1	87.7	97.7	105.1	113.6	125.4	139.8	148.9
The public.....	261.6	264.7	267.5	290.6	279.5	284.9	304.3	323.8	343.0	346.5	359.0
Federal Reserve System.....	39.1	42.2	46.7	52.2	54.1	57.7	65.5	71.4	75.2	.....	.....
Others.....	222.5	222.5	220.8	238.4	225.4	227.2	238.8	252.3	267.9	.....	.....

Table 2. BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1965-75 (in billions of dollars)

Description	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
RECEIPTS BY SOURCE											
Individual income taxes.....	48.8	55.4	61.5	68.7	87.2	90.4	86.2	94.7	103.2	118.0	129.0
Corporation income taxes.....	25.5	30.1	34.0	28.7	36.7	32.8	26.8	32.2	36.2	43.0	48.0
Social insurance taxes and contributions.....	22.3	25.6	33.3	34.6	39.9	45.3	48.6	53.9	64.5	77.9	85.6
Excise taxes.....	14.6	13.1	13.7	14.1	15.2	15.7	16.6	15.5	16.3	17.1	17.4
Estate and gift taxes.....	2.7	3.1	3.0	3.1	3.5	3.6	3.7	5.4	4.9	5.4	6.0
Customs duties.....	1.4	1.8	1.9	2.0	2.3	2.4	2.6	3.3	3.2	3.5	3.8
Miscellaneous receipts.....	1.6	1.9	2.1	2.5	2.9	3.4	3.9	3.6	3.9	5.0	5.2
Total receipts.....	116.8	130.9	149.6	153.7	187.8	193.7	188.4	208.6	232.2	270.0	295.0
OUTLAYS BY FUNCTION											
National defense ¹	49.6	56.8	70.1	80.5	81.2	80.3	77.7	78.3	76.0	80.6	87.7
International affairs and finance.....	4.3	4.5	4.5	4.6	3.8	3.6	3.1	3.7	3.0	3.9	4.1
Space research and technology.....	5.1	5.9	5.4	4.7	4.2	3.7	3.4	3.4	3.3	3.2	3.3
Agriculture and rural development.....	4.8	3.7	4.4	5.9	6.2	6.2	5.1	7.1	6.2	4.0	2.7
Natural resources and environment.....	2.1	2.0	1.9	1.7	2.2	2.6	2.7	3.8	.6	.6	3.1
Commerce and transportation.....	7.4	7.3	7.6	8.1	7.9	9.5	11.4	11.3	13.1	13.5	13.4
Community development and housing.....	.3	2.6	2.6	4.1	2.0	3.0	3.4	4.3	4.1	5.4	5.7
Education and manpower.....	2.3	4.3	5.9	6.7	6.5	7.3	8.2	9.8	10.2	10.8	11.5
Health.....	1.7	2.5	6.7	9.6	11.6	12.9	14.5	17.1	18.4	23.3	26.3
Income security.....	25.7	28.9	31.2	34.1	37.7	43.7	56.1	64.9	73.1	85.0	100.1
Veterans benefits and services.....	5.7	5.9	6.9	6.9	7.6	8.7	9.8	10.7	12.0	13.3	13.6
Interest.....	10.4	11.3	12.6	13.7	15.8	18.3	19.6	20.6	22.8	27.8	29.1
General government.....	2.2	2.2	2.4	2.5	2.8	3.3	3.9	4.8	5.5	6.8	6.8
General revenue sharing.....	.....	.....	.....	.....	.....	.....	.....	.....	6.6	6.1	6.2
Allowances ².....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.3	1.6
Undistributed intragovernmental transactions.....	-3.1	-3.4	-3.9	-4.5	-5.1	-6.4	-7.4	-7.9	-8.4	-10.0	-10.7
Total outlays.....	118.4	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	274.7	304.4

¹ Includes allowances for All-Volunteer Force, military retirement systems reform, and civilian and military pay raises for Department of Defense.

² Includes allowances for acceleration of energy research and development, civilian agency pay raises, and contingencies.

Table 3. PERCENTAGE DISTRIBUTION OF BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1965-75

Description	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
RECEIPTS BY SOURCE											
Individual income taxes.....	41.8	42.4	41.1	44.7	46.5	46.7	45.8	45.4	44.5	43.7	43.7
Corporation income taxes.....	21.8	23.0	22.7	18.7	19.5	16.9	14.2	15.4	15.6	15.9	16.3
Social insurance taxes and contributions..	19.1	19.5	22.3	22.5	21.3	23.4	25.8	25.8	27.8	28.9	29.0
Excise taxes.....	12.5	10.0	9.2	9.2	8.1	8.1	8.8	7.4	7.0	6.3	5.9
Estate and gift taxes.....	2.3	2.3	2.0	2.0	1.9	1.9	2.0	2.6	2.1	2.0	2.0
Customs duties.....	1.2	1.4	1.3	1.3	1.2	1.3	1.4	1.6	1.4	1.3	1.3
Miscellaneous receipts.....	1.4	1.4	1.4	1.6	1.5	1.8	2.0	1.7	1.7	1.9	1.7
Total receipts.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
OUTLAYS BY FUNCTION											
National defense ¹	41.9	42.2	44.3	45.0	44.0	40.8	36.7	33.8	30.8	29.3	28.8
International affairs and finance.....	3.7	3.3	2.9	2.6	2.1	1.8	1.5	1.6	1.2	1.4	1.3
Space research and technology.....	4.3	4.4	3.4	2.6	2.3	1.9	1.6	1.5	1.3	1.2	1.1
Agriculture and rural development.....	4.1	2.7	2.8	3.3	3.4	3.2	2.4	3.0	2.5	1.5	.9
Natural resources and environment.....	1.7	1.5	1.2	1.0	1.2	1.3	1.3	1.6	.2	.2	1.0
Commerce and transportation.....	6.3	5.4	4.8	4.5	4.3	4.8	5.4	4.9	5.3	4.9	4.4
Community development and housing....	.2	2.0	1.7	2.3	1.1	1.5	1.6	1.8	1.7	2.0	1.9
Education and manpower.....	1.9	3.2	3.7	3.8	3.5	3.7	3.9	4.2	4.1	3.9	3.8
Health.....	1.4	1.9	4.2	5.4	6.3	6.6	6.8	7.4	7.5	8.5	8.6
Income security.....	21.7	21.5	19.7	19.1	20.5	22.2	26.5	28.0	29.6	30.9	32.9
Veterans benefits and services.....	4.8	4.4	4.4	3.8	4.1	4.4	4.6	4.6	4.9	4.8	4.5
Interest.....	8.7	8.4	8.0	7.7	8.6	9.3	9.3	8.9	9.3	10.1	9.6
General government.....	1.8	1.7	1.5	1.4	1.5	1.7	1.8	2.1	2.2	2.5	2.2
General revenue sharing.....	.....	.....	.....	.....	.....	.....	.....	.....	2.7	2.2	2.0
Allowances ².....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.1	.5
Undistributed intragovernmental transac- tions.....	-2.6	-2.5	-2.5	-2.5	-2.8	-3.2	-3.5	-3.4	-3.4	-3.6	-3.5
Total outlays.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Includes allowances for All-Volunteer Force, military retirement systems reform, and civilian and military pay raises for Department of Defense.² Includes allowances for acceleration of energy research and development, civilian agency pay raises and contingencies.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1965-75 (in billions of dollars)

Function and subfunction	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
National defense:											
Department of Defense—Military: ¹											
Military personnel.....	13.4	15.2	18.0	19.9	21.4	23.0	22.6	23.0	23.2	24.1	24.4
Retired military personnel.....	1.4	1.6	1.8	2.1	2.4	2.8	3.4	3.9	4.4	5.1	5.7
Operation and maintenance.....	12.3	14.7	19.0	20.6	22.2	21.6	20.9	21.7	21.1	23.3	24.9
Procurement.....	11.8	14.3	19.0	23.3	24.0	21.6	18.9	17.1	15.7	15.1	16.4
Research and development.....	6.2	6.3	7.2	7.7	7.5	7.2	7.3	7.9	8.2	8.4	8.9
Military construction and other.....	.9	2.3	2.6	4.0	.5	1.1	1.6	1.7	.9	2.4	2.4
Allowances ².....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.1	2.2
Deductions for offsetting receipts.....	-.2	-.2	-.1	-.2	-.1	-.1	-.1	-.1	-.1	-.2	-.3
Subtotal, Department of Defense (DOD)—Military.....	46.0	54.2	67.5	77.4	77.9	77.2	74.5	75.2	73.3	78.4	84.6
Military assistance ¹	1.1	1.0	.9	.7	.8	.7	1.0	.8	.5	1.1	1.2
Subtotal, DOD—Military and military assistance.....	47.1	55.2	68.3	78.0	78.7	77.9	75.5	76.0	73.8	79.5	85.8
Atomic energy ¹	2.6	2.4	2.3	2.5	2.4	2.5	2.3	2.4	2.4	2.3	2.9
Defense-related activities.....	.1	-.1	—*	.1	.3	.1	-.1	.1	.1	—*	*
Deductions for offsetting receipts ³	-.3	-.7	-.5	-.1	-.1	-.1	-.1	-.1	-.4	-1.2	-1.0
Total national defense.....	49.6	56.8	70.1	80.5	81.2	80.3	77.7	78.3	76.0	80.6	87.7
International affairs and finance:											
Conduct of foreign affairs ¹.....	.3	.3	.3	.4	.4	.4	.4	.5	.5	.6	.7
Economic and financial assistance.....	2.0	2.3	3.1	3.1	2.4	2.2	1.8	2.3	2.1	2.4	2.7
Foreign information and exchange activities.....	.2	.2	.2	.3	.2	.2	.2	.3	.3	.3	.4
Food for Peace.....	1.9	1.8	1.5	1.2	1.0	.9	.9	1.0	.8	.8	.7
Deductions for offsetting receipts ³	-.1	-.2	-.5	-.2	-.2	-.2	-.3	-.3	-.7	-.3	-.3
Total international affairs and finance.....	4.3	4.5	4.5	4.6	3.8	3.6	3.1	3.7	3.0	3.9	4.1

See footnotes at end of table.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1965-75 (in billions of dollars)—Continued

Function and subfunction	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Space research and technology:											
Manned space flight	3.5	4.2	3.6	3.1	2.8	2.2	1.9	1.7	1.5	1.5	1.6
Space science and applications . . . . .	.8	.8	.8	.7	.6	.7	.7	.9	1.1	.9	.9
Space technology . . . . .	.5	.4	.4	.4	.3	.3	.3	.2	.2	.1	.1
Aeronautical technology . . . . .	.1	.1	.1	.1	.2	.2	.2	.2	.2	.3	.3
Supporting space activities . . . . .	.3	.4	.5	.4	.4	.4	.4	.3	.3	.4	.4
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total space research and technology	5.1	5.9	5.4	4.7	4.2	3.7	3.4	3.4	3.3	3.2	3.3
Agriculture and rural development:											
Farm income stabilization	3.7	2.5	3.2	4.5	5.0	4.6	3.7	5.1	4.8	2.3	1.4
Rural housing and public facilities . . . . .	.6	.5	.5	.7	.5	.8	.5	.9	.2	.4	— .1
Agricultural land and water resources . . . . .	.3	.3	.4	.4	.3	.3	.3	.4	.4	.3	.3
Research and other agricultural services . . . . .	.5	.5	.6	.6	.6	.7	.8	.9	1.0	1.0	1.1
Deductions for offsetting receipts	— .3	— .2	— .2	— .2	— .3	— .2	— .2	— .2	— .2	—*	— .1
Total agriculture and rural development	4.8	3.7	4.4	5.9	6.2	6.2	5.1	7.1	6.2	4.0	2.7
Natural resources and environment:											
Water resources and power	1.8	1.9	2.0	2.1	2.0	2.0	2.4	2.7	2.9	2.9	3.0
Land management . . . . .	.5	.6	.6	.6	.6	.8	.8	.9	.9	1.1	1.1
Mineral resources . . . . .	.1	.1	.1	.1	.1	.1	.1	.1	.1	.3	.3
Pollution control and abatement ¹ . . . . .	.1	.2	.2	.2	.3	.4	.7	.8	1.1	2.6	4.0
Recreational resources . . . . .	.2	.2	.3	.3	.4	.4	.5	.5	.6	.8	.8
Other natural resources programs . . . . .	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2
Deductions for offsetting receipts ³	— .7	—1.0	—1.4	—1.8	—1.4	—1.1	—2.0	—1.3	—5.2	—7.2	—6.3
Total natural resources and environment	2.1	2.0	1.9	1.7	2.2	2.6	2.7	3.8	.6	.6	3.1

Commerce and transportation:

Air transportation ¹.....	.9	.9	.9	1.0	1.0	1.2	1.6	1.7	1.9	2.0	2.2
Water transportation.....	.7	.7	.8	.9	.9	.9	1.0	1.1	1.2	1.4	1.5
Ground transportation.....	4.1	4.0	4.1	4.4	4.4	4.6	5.1	5.2	5.5	5.6	6.0
Postal Service.....	.8	.9	1.1	1.1	.9	1.5	2.2	1.8	1.6	2.0	1.6
Advancement of business.....	.4	.4	.3	.4	.2	.6	.9	.7	1.5	1.0	.8
Area and regional development.....	.6	.4	.4	.5	.6	.6	.7	.8	1.5	1.7	1.6
Regulation of business.....	.1	.1	.1	.1	.1	.1	.2	.2	.1	.2	.2
Deductions for offsetting receipts ³	-.2	-.1	-.1	-.2	-.2	-.2	-.2	-.2	-.3	-.3	-.4
Total commerce and transportation.	7.4	7.3	7.6	8.1	7.9	9.5	11.4	11.3	13.1	13.5	13.4

Community development and housing:

Community planning, management, and development.....	.5	.7	1.0	1.3	1.5	2.2	2.5	2.9	2.9	3.0	2.9
Low and moderate income housing aids...	.1	.4	.5	.9	.9	1.3	1.2	1.6	1.4	1.8	2.3
Maintenance of the housing mortgage market.....	-.2	1.5	1.1	1.9	-.4	-.5	-.3	-.2	-.2	.7	.5
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—*	-.1	—*	—*	—*	—*
Total community development and housing.....	.3	2.6	2.6	4.1	2.0	3.0	3.4	4.3	4.1	5.4	5.7

Education and manpower:

Higher education.....	.4	.7	1.2	1.4	1.2	1.4	1.4	1.4	1.5	1.7	2.1
Elementary and secondary education.....	.6	1.8	2.4	2.6	2.5	2.8	3.2	3.5	3.2	3.6	2.3
Vocational education.....	.1	.1	.2	.3	.3	.3	.4	.5	.6	.6	.3
Consolidated educational grants.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.9
Other education aids.....	.2	.2	.3	.3	.4	.5	.5	.5	.7	1.0	1.0
General science.....	.3	.4	.4	.4	.5	.5	.5	.6	.6	.6	.6
Manpower training and employment services ¹.....	.5	1.0	1.2	1.6	1.6	1.6	2.0	2.9	3.3	3.0	2.8
Other manpower aids.....	.1	.1	.1	.1	.1	.2	.2	.3	.3	.4	.5
Deductions for offsetting receipts ³	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total education and manpower....	2.3	4.3	5.9	6.7	6.5	7.3	8.2	9.8	10.2	10.8	11.5

See footnotes at end of table.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION, 1965-75 (in billions of dollars)—Continued

Function and subfunction	Actual									Estimate	
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Health:											
Development of health resources.....	1.0	1.1	1.4	1.8	1.9	2.1	2.2	2.5	2.8	3.3	3.4
Financing or providing medical services ¹ ..	.5	1.2	5.0	7.6	9.5	10.5	12.0	14.4	15.3	19.5	22.4
Prevention or control of health problems..	.2	.2	.3	.2	.2	.2	.2	.2	.3	.4	.5
Deductions for offsetting receipts ³	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total health	1.7	2.5	6.7	9.6	11.6	12.9	14.5	17.1	18.4	23.3	26.3
Income security:											
Retirement and disability ¹	19.6	23.2	24.9	27.2	30.0	34.0	40.7	45.8	56.2	64.9	75.1
Unemployment insurance ¹	3.0	2.4	2.6	2.4	2.6	3.4	6.2	7.1	5.4	5.6	7.1
Public assistance.....	3.1	3.2	3.2	3.7	4.3	5.2	7.8	9.3	9.0	11.6	14.5
Social services.....	.2	.3	.6	.8	.9	1.2	1.5	2.8	2.5	3.0	3.4
Deductions for offsetting receipts ³	— .2	— .1	— .1	—*	—*	—*	—*	—*	—*	—*	—*
Total income security	25.7	28.9	31.2	34.1	37.7	43.7	56.1	64.9	73.1	85.0	100.1
Veterans benefits and services:											
Income security.....	4.7	4.7	5.2	5.0	5.5	6.0	6.4	6.8	7.0	7.2	7.5
Education, training, and rehabilitation...	.1	.1	.3	.5	.7	1.0	1.7	2.0	2.8	3.2	2.9
Housing.....	*	.2	.3	.2	.1	.1	— .2	— .3	— .4	— .2	— .2
Hospital and medical care.....	1.3	1.3	1.4	1.5	1.6	1.8	2.0	2.4	2.7	3.1	3.4
Other veterans benefits and services.....	.2	.2	.2	.2	.2	.3	.3	.3	.3	.4	.4
Deductions for offsetting receipts.....	— .5	— .5	— .5	— .5	— .5	— .5	— .5	— .5	— .5	— .5	— .5
Total veterans benefits and services	5.7	5.9	6.9	6.9	7.6	8.7	9.8	10.7	12.0	13.3	13.6

Interest.....	10.4	11.3	12.6	13.7	15.8	18.3	19.6	20.6	22.8	27.8	29.1
General government:											
Legislative functions.....	.1	.2	.2	.2	.2	.2	.3	.3	.3	.4	.5
Judicial functions.....	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.3
Central fiscal operations.....	.8	.9	1.0	1.0	1.1	1.3	1.4	1.6	1.7	2.0	2.3
Law enforcement and justice.....	.4	.4	.4	.5	.5	.7	1.0	1.2	1.7	2.1	2.3
General property and records management	.6	.6	.7	.6	.6	.6	.6	.7	.9	.9	.1
Other general government ¹⁴.....	.3	.3	.4	.5	.6	.7	.8	1.0	1.1	1.6	1.7
Deductions for offsetting receipts ³	-.2	-.2	-.3	-.3	-.3	-.3	-.3	-.3	-.5	-.5	-.4
Total general government.....	2.2	2.2	2.4	2.5	2.8	3.3	3.9	4.8	5.5	6.8	6.8
General Revenue Sharing.....									6.6	6.1	6.2
Allowances:											
Acceleration of energy research and devel- opment.....											.5
Civilian agency pay raises.....											.6
Contingencies.....										.3	.5
Undistributed intragovernmental transac- tions:											
Employer share, employee retirement.....	-1.3	-1.4	-1.7	-1.8	-2.0	-2.4	-2.6	-2.8	-2.9	-3.5	-3.6
Interest received by trust funds.....	-1.8	-1.9	-2.3	-2.7	-3.1	-3.9	-4.8	-5.1	-5.4	-6.4	-7.1
Total outlays.....	118.4	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	274.7	304.4

*Less than \$50 million.

¹ Entries net of offsetting receipts.

² Includes allowances for All-Volunteer Armed Force, military retirement system reform, and civilian and military pay raises for Department of Defense.

³ Excludes offsetting receipts which have been distributed by subfunction above.

⁴ Includes executive direction and management, central personnel management and national capital region.

Table 5. BUDGET AUTHORITY AND OUTLAYS BY AGENCY, 1973-75 (in millions of dollars)

Department or other unit	Budget authority			Outlays		
	1973 actual	1974 estimate	1975 estimate	1973 actual	1974 estimate	1975 estimate
Legislative branch.....	606	658	722	540	658	734
The Judiciary.....	189	215	312	183	213	310
Executive Office of the President.....	99	107	101	49	112	121
Funds appropriated to the President.....	6,593	9,235	5,328	3,733	4,603	4,414
Agriculture.....	11,417	11,821	14,046	10,028	9,311	9,184
Commerce.....	1,802	1,520	1,727	1,368	1,519	1,712
Defense—Military ¹	77,638	82,690	90,974	73,297	78,400	84,600
Defense—Civil.....	1,991	1,683	1,631	1,703	1,621	1,649
Health, Education, and Welfare.....	89,213	106,456	113,666	82,040	96,768	110,959
Housing and Urban Development.....	5,223	4,536	6,197	3,592	4,983	5,550
Interior.....	—1,937	—3,783	—2,582	—2,253	—3,774	—2,657
Justice.....	1,774	1,914	2,138	1,531	1,938	2,106
Labor.....	10,389	9,315	9,691	8,639	8,590	10,043
State.....	684	783	894	591	743	793
Transportation.....	3,647	17,647	9,813	8,183	8,444	9,059
Treasury.....	32,655	35,753	37,688	30,960	35,849	37,633
Atomic Energy Commission.....	2,633	2,389	3,058	2,393	2,328	2,886
Environmental Protection Agency.....	7,427	4,629	695	1,114	2,559	3,991
General Services Administration.....	518	—637	—738	468	—306	—883
National Aeronautics and Space Administration.....	3,406	3,038	3,245	3,311	3,177	3,272
Veterans Administration.....	12,735	13,760	14,060	11,968	13,241	13,594
Other independent agencies.....	16,076	16,688	18,008	11,449	13,343	14,528
Allowances ².....	.....	400	2,184	.....	300	1,561
Undistributed intragovernmental transactions:						
Employer share, employee retirement.....	—2,927	—3,543	—3,577	—2,927	—3,543	—3,577
Interest received by trust funds.....	—5,436	—6,420	—7,140	—5,436	—6,420	—7,140
Total budget authority and outlays.....	276,417	310,853	322,141	246,526	274,660	304,445

Memorandum:

Portion available through current action by Congress ³	181, 417	202, 575	197, 741	118, 310	127, 102	139, 792
Portion available without current action by Congress.....	128, 137	145, 536	163, 943	68, 037	78, 518	86, 989
Outlays from obligated balances.....	.....	.....	.....	49, 719	56, 260	65, 701
Outlays from unobligated balances.....	.....	.....	.....	43, 598	50, 038	51, 506
Deductions for offsetting receipts:						
Intrabudgetary transactions.....	-23, 436	-24, 361	-26, 837	-23, 436	-24, 361	-26, 837
Proprietary receipts from the public.....	-9, 702	-12, 897	-12, 706	-9, 702	-12, 897	-12, 706
Total budget authority and outlays.....	276, 417	310, 853	322, 141	246, 526	274, 660	304, 445

¹ Includes allowances for All-Volunteer Force, military retirement systems reform, and civilian and military pay raises for Department of Defense.

² Includes allowances for acceleration of energy research and development, civilian agency pay raises, and contingencies.

³ Budget authority excludes appropriations to liquidate contract authorizations. Outlays from such appropriations are included as outlays from balances below.

Table 6. OUTLAYS AND RECEIPTS OF TRUST FUNDS, 1973-75 (in millions of dollars)

Description	Outlays			Receipts		
	1973 actual	1974 estimate	1975 estimate	1973 actual	1974 estimate	1975 estimate
Federal old-age and survivors and disability insurance trust funds . . .	49, 090	56, 235	65, 088	49, 585	59, 321	66, 266
Health insurance trust funds.....	9, 479	12, 180	14, 191	11, 254	15, 477	16, 714
State and local government fiscal assistance trust fund.....	6, 636	6, 147	6, 174	8, 295	6, 055	6, 205
Unemployment trust fund.....	5, 354	5, 850	7, 166	6, 691	6, 910	6, 756
Railroad employees retirement funds.....	2, 445	2, 684	3, 004	2, 277	2, 600	3, 019
Federal employees retirement funds.....	4, 555	5, 989	7, 291	7, 646	9, 226	10, 072
Airport and airway trust funds.....	699	572	1, 959	832	851	1, 773
Highway trust funds.....	4, 811	4, 697	4, 890	5, 912	6, 376	6, 305
Foreign military sales trust fund.....	1, 396	2, 454	3, 100	1, 730	2, 615	3, 250
Veterans life insurance funds.....	585	678	697	837	850	876
Other trust funds (nonrevolving).....	424	638	546	474	555	487
Trust revolving funds.....	-689	-763	-815	.....	.....	.....
Subtotal.....	84, 786	97, 363	113, 289	95, 532	110, 836	121, 723
Intrafund transactions.....	-816	-993	-1, 109	-816	-993	-1, 109
Proprietary receipts from the public.....	-2, 523	-3, 433	-4, 058	-2, 523	-3, 433	-4, 058
Receipts from off-budget Federal agencies.....	.....	-861	-737	.....	-861	-737
Total.....	81, 447	92, 075	107, 385	92, 193	105, 548	115, 818

Table 7. SUMMARY OF FULL-TIME PERMANENT EMPLOYMENT IN THE EXECUTIVE BRANCH, 1969-75

Agency	As of June 30						
	1969 actual ¹	1970 actual ¹	1971 actual ¹	1972 actual ¹	1973 actual	1974 estimate	1975 estimate
Agriculture.....	83,425	82,553	84,252	82,511	81,715	80,200	80,200
Commerce.....	25,364	25,427	28,435	28,412	28,300	28,600	29,100
Defense—military functions.....	1,225,877	1,129,642	1,062,741	1,009,562	957,310	996,600	995,900
Defense—civil functions.....	31,214	30,293	30,063	30,585	29,971	28,700	29,100
Health, Education, and Welfare.....	102,941	99,667	104,283	105,764	114,307	123,900	126,200
Housing and Urban Development.....	14,307	14,661	16,030	15,200	15,820	14,800	14,200
Interior.....	58,156	56,570	57,570	56,892	56,771	58,900	59,400
Justice.....	35,106	38,013	42,662	45,446	45,496	48,900	51,000
Labor.....	9,723	10,217	11,352	12,339	12,468	12,700	13,000
State.....	24,658	23,618	23,398	22,699	22,578	23,400	23,400
Transportation.....	60,386	63,879	68,489	67,232	67,885	69,500	71,300
Treasury.....	79,982	86,020	90,135	95,728	98,087	104,700	111,400
Atomic Energy Commission.....	7,047	7,033	6,920	6,836	7,145	7,400	7,800
Environmental Protection Agency.....	.....	5,778	5,959	7,835	8,270	9,200	9,200
General Services Administration.....	36,176	36,400	38,076	36,002	35,721	37,200	38,000
National Aeronautics and Space Administration.....	31,733	31,223	29,478	27,428	25,955	25,000	24,600
Veterans' Administration.....	147,606	148,497	158,635	163,179	170,616	173,400	181,800
Other:							
Agency for International Development.....	15,753	14,486	13,477	11,719	10,108	9,900	9,500
Civil Service Commission.....	4,970	5,214	5,324	5,260	5,911	6,100	6,300
Selective Service System.....	6,584	6,665	5,569	5,791	4,607	3,100	2,200
Small Business Administration.....	4,099	4,015	4,004	3,916	4,050	4,100	4,300
Tennessee Valley Authority.....	11,987	12,657	13,612	14,001	13,995	14,000	14,400
Panama Canal.....	14,731	14,635	13,967	13,777	13,680	14,000	14,100
United States Information Agency.....	10,500	9,989	9,773	9,255	9,048	9,100	9,100
Miscellaneous.....	29,056	29,801	31,332	33,494	34,603	37,300	37,600
Subtotal.....	2,071,381	1,986,953	1,955,536	1,910,863	1,874,417	1,940,700	1,963,100
Contingencies.....	.....	.....	.....	.....	.....	2,000	5,000
Subtotal.....	2,071,381	1,986,953	1,955,536	1,910,863	1,874,417	1,942,700	1,968,100
Postal Service.....	562,381	565,618	² 603,782	594,834	547,283	537,900	534,700
Total.....	2,633,762	2,552,571	2,559,318	2,505,697	2,421,700	2,480,600	2,502,800

¹ Compiled from budget documents.² Adjusted to include 39,000 Postal Service employees previously classified as temporary.

Table 8. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1954-75 (dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts		Budget outlays		Federal debt, end of year			
		Amount	Percent of GNP	Amount	Percent of GNP	Total		Held by the public	
						Amount	Percent of GNP	Amount	Percent of GNP
1954.....	362.1	69.7	19.3	70.9	19.6	270.8	74.8	224.5	62.0
1955.....	378.6	65.5	17.3	68.5	18.1	274.4	72.5	226.6	59.9
1956.....	409.4	74.5	18.2	70.5	17.2	272.8	66.6	222.2	54.3
1957.....	431.3	80.0	18.5	76.7	17.8	272.4	63.1	219.4	50.9
1958.....	440.3	79.6	18.1	82.6	18.8	279.7	63.5	226.4	51.4
1959.....	469.1	79.2	16.9	92.1	19.6	287.8	61.3	235.0	50.1
1960.....	495.2	92.5	18.7	92.2	18.6	290.9	58.7	237.2	47.9
1961.....	506.5	94.4	18.6	97.8	19.3	292.9	57.8	238.6	47.1
1962.....	542.1	99.7	18.4	106.8	19.7	303.3	55.9	248.4	45.8
1963.....	573.4	106.6	18.6	111.3	19.4	310.8	54.2	254.5	44.4
1964.....	612.2	112.7	18.4	118.6	19.4	316.8	51.7	257.6	42.1
1965.....	654.2	116.8	17.9	118.4	18.1	323.2	49.4	261.6	40.0
1966.....	721.2	130.9	18.1	134.7	18.7	329.5	45.7	264.7	36.7
1967.....	769.8	149.6	19.4	158.3	20.6	341.3	44.3	267.5	34.8
1968.....	826.0	153.7	18.6	178.8	21.6	369.8	44.8	290.6	35.2
1969.....	898.3	187.8	20.9	184.5	20.5	367.1	40.9	279.5	31.1
1970.....	954.6	193.7	20.3	196.6	20.6	382.6	40.1	284.9	29.8
1971.....	1,012.5	188.4	18.6	211.4	20.9	409.5	40.4	304.3	30.1
1972.....	1,100.0	208.6	19.0	231.9	21.1	437.3	39.8	323.8	29.4
1973.....	1,220.0	232.2	19.0	246.5	20.2	468.4	38.4	343.0	28.1
1974 estimate.....	1,340.0	270.0	20.1	274.7	20.5	486.4	36.3	346.5	25.9
1975 estimate.....	1,455.0	295.0	20.3	304.4	20.9	508.0	34.9	359.0	24.7

Table 9. BUDGET RECEIPTS AND OUTLAYS, 1789-1975 (in millions of dollars)

Fiscal year	Receipts	Outlays	Surplus or deficit (—)	Fiscal year	Receipts	Outlays	Surplus or deficit (—)
1789-1849.	1, 160	1, 090	+70	1937.....	4, 956	7, 733	-2, 777
1850-1900.	14, 462	15, 453	-991	1938.....	5, 588	6, 765	-1, 177
1901.....	588	525	+63	1939.....	4, 979	8, 841	-3, 862
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	1954.....	69, 719	70, 890	-1, 170
1917.....	1, 101	1, 954	-853	1955.....	65, 469	68, 509	-3, 041
1918.....	3, 645	12, 677	-9, 032	1956.....	74, 547	70, 460	+4, 087
1919.....	5, 130	18, 493	-13, 363	1957.....	79, 990	76, 741	+3, 249
1920.....	6, 649	6, 358	+291	1958.....	79, 636	82, 575	-2, 939
1921.....	5, 571	5, 062	+509	1959.....	79, 249	92, 104	-12, 855
1922.....	4, 026	3, 289	+736	1960.....	92, 492	92, 223	+269
1923.....	3, 853	3, 140	+713	1961.....	94, 389	97, 795	-3, 406
1924.....	3, 871	2, 908	+963	1962.....	99, 676	106, 813	-7, 137
1925.....	3, 641	2, 924	+717	1963.....	106, 560	111, 311	-4, 751
1926.....	3, 795	2, 930	+865	1964.....	112, 662	118, 584	-5, 922
1927.....	4, 013	2, 857	+1, 155	1965.....	116, 833	118, 430	-1, 596
1928.....	3, 900	2, 961	+939	1966.....	130, 856	134, 652	-3, 796
1929.....	3, 862	3, 127	+734	1967.....	149, 552	158, 254	-8, 702
1930.....	4, 058	3, 320	+738	1968.....	153, 671	178, 833	-25, 161
1931.....	3, 116	3, 577	-462	1969.....	187, 784	184, 548	+3, 236
1932.....	1, 924	4, 659	-2, 735	1970.....	193, 743	196, 588	-2, 845
1933.....	1, 997	4, 598	-2, 602	1971.....	188, 392	211, 425	-23, 033
1934.....	3, 015	6, 645	-3, 630	1972.....	208, 649	231, 876	-23, 227
1935.....	3, 706	6, 497	-2, 791	1973.....	232, 225	246, 526	-14, 301
1936.....	3, 997	8, 422	-4, 425	1974 est...	270, 000	274, 660	-4, 660
				1975 est...	295, 000	304, 445	-9, 445

*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.

Data for 1789-1939 are for the administrative budget; 1940-1953 are consolidated cash data; and 1954-1975 are for the unified budget.

GLOSSARY

AUTHORIZATION—Basic substantive legislation enacted by Congress which sets up a Federal program or agency either indefinitely or for a given period of time. 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. Most budget authority is enacted each year. Some budget authority is made available from prior year balances, and some becomes available automatically under permanent laws, such as the authority to pay interest on the public debt.

BUDGET RECEIPTS—Money collected because of the sovereign or other compulsory powers of the Government, net of refunds. Income from strictly business-type transactions (such as sales or interest) are offset against outlays rather than being counted as budget receipts. (See offsetting receipts.)

BUDGET SURPLUS OR DEFICIT—The difference between budget receipts and outlays.

FEDERAL FUNDS—Funds collected and used by the Federal Government and available for the general purposes of the Government. 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 includes certain earmarked receipts, such as those generated by and used for the operations of Government-owned enterprises.

FISCAL YEAR—Year running from July 1 to June 30, and designated by the calendar year in which it ends.

FULL-EMPLOYMENT OUTLAYS AND RECEIPTS—The outlays and receipts that would be generated if the economy were continually operating at full employment (conventionally defined as unemployment equal to 4% of the civilian labor force).

INTERFUND TRANSACTIONS—A subcategory of intragovernmental receipts (see offsetting receipts) which include all payments from the Federal fund group to trust funds or vice versa. These are shown as payments by one fund group and receipts by the other and are included as receipts and outlays of the appropriate fund group. Such transactions are deducted prior to striking a budget total to avoid double counting.

OBLIGATIONS—Commitments made by Federal agencies to pay out money for products, services or other purposes—as distinct from the actual payments. Obligations incurred may not be larger than budget authority.

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) intragovernmental transactions. Intragovernmental transactions are payments from governmental accounts to budgetary receipt accounts. Since they are payments from the Government to itself, they are offset against outlays rather than being counted as budget receipts.

OUTLAYS—Checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements.

RESERVES—Portions of appropriations, fund or contract authority set aside under authority of law for (a) contingencies; (b) savings which are made possible by or through changes in requirements, greater efficiency of operations, or other development subsequent to the date on which the authority was made available; and (c) subsequent apportionment.

TOTAL OBLIGATIONAL AUTHORITY (TOA)—The sum of budget authority granted or requested from the Congress in a given year, plus unused budget authority from prior years.

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. Trust fund receipts which are not anticipated to be used in the immediate future are generally invested in Government securities and earn interest.

UNDISTRIBUTED INTRAGOVERNMENTAL TRANSACTIONS—Composed of (1) payments to trust funds by Government agencies, as employer, for their employee's retirement; and (2) interest paid to trust funds on their investments in Government securities. These are a subcategory of offsetting receipts.

THE BUDGET DOCUMENTS

Data and analyses relating to the budget for 1975 are published in four documents.

(1) *The Budget of the United States Government, 1975* contains the information that most users of the budget would normally need, including the Budget Message of the President. The *Budget* presents an overview of the President's budget proposals which includes explanations of spending programs, estimated receipts, and the relationship of the budget to the economy. This document also contains a description of the budget system and various summary tables on the budget as a whole.

(2) *The Budget of the United States Government, 1975—Appendix* contains detailed information on the various appropriations and funds which comprise the budget.

The *Appendix* contains more detailed information than any of the other budget documents. It includes for each agency: the proposed wording of laws which would appropriate funds, budget tables for each account, explanations of the work to be performed and the funds needed, proposed general provisions applicable to the appropriations of entire agencies or groups of agencies, and tables on employment. Supplemental proposals for the current year and new legislative proposals are identified separately. Information is also provided on certain activities, whose outlays are not part of the budget totals.

(3) *Special Analyses, Budget of the United States Government, 1975* contains 16 special analyses which highlight specified program areas or provide other significant presentations of Federal budget data.

This document includes information about: Government finances and operations as a whole and how they affect the economy; education, manpower, health, income security, civil rights, and crime reduction programs; trends and developments in the areas of Federal aid to State and local governments, research and development, and environmental protection.

(4) *The United States Budget in Brief, 1975* provides a more concise, less technical overview of the 1975 budget than the above volumes, and includes a variety of charts not used elsewhere. Summary and historical tables on the Federal budget and debt are also provided.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET