

**THE BUDGET**  
**OF THE**  
**UNITED STATES GOVERNMENT**  
**FOR THE FISCAL YEAR ENDING JUNE 30**  
**1963**



**U.S. GOVERNMENT PRINTING OFFICE**  
**WASHINGTON : 1962**

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## A NOTE ON THE FORMAT OF THE BUDGET

*The Budget of the United States Government* is presented this year in a new compact volume containing the Budget Message of the President and other significant data to place before the Congress the President's budgetary recommendations. This volume contains in its 300-odd pages the facts and figures that most users of the budget would normally need or desire.

Additional information used by the Appropriations Committees of the Congress, and reference materials useful to those concerned with details, will be found in a further volume, entitled *The Budget of the United States Government—Appendix*. The *Appendix* contains the text of appropriation language, schedules, and narrative statements on program and performance for the individual appropriations and funds. It also contains the supplementary schedules required by law and heretofore printed in an appendix. The budget for the District of Columbia is printed separately as usual.

Budget documents for the fiscal year 1963, available from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. (Paper covers only.)

1. The Budget of the United States Government, 1963 (\$1.00).
2. The Budget of the United States Government, 1963—Appendix (\$6.00).
3. The Budget of the United States Government, 1963—The District of Columbia (35 cents).
4. The Budget in Brief, 1963 (25 cents).

Note.—The first three volumes named above constitute the official budget of the United States Government.

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#### GENERAL NOTES

The estimates in the budget cover requirements under existing legislation and under legislation which is proposed for enactment by the Congress. While the details of most requests for new obligational authority are contained in the budget appendix, the details of some items will be transmitted later as supplemental estimates. A further explanation of this point is included on page 116.

Unless otherwise indicated, all references to years in this volume are to fiscal years ending June 30.

Details in the tables and charts may not add to the totals because of rounding.



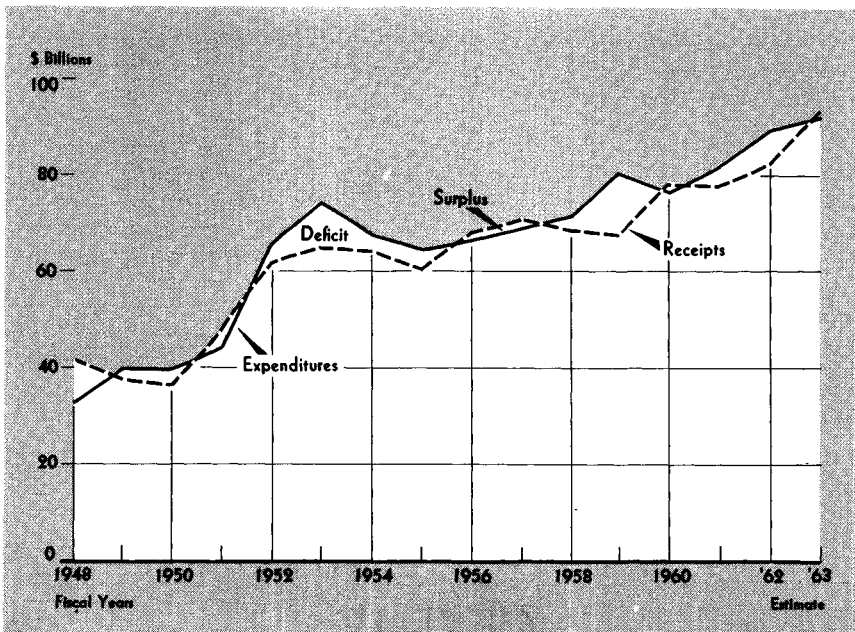
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PART 1

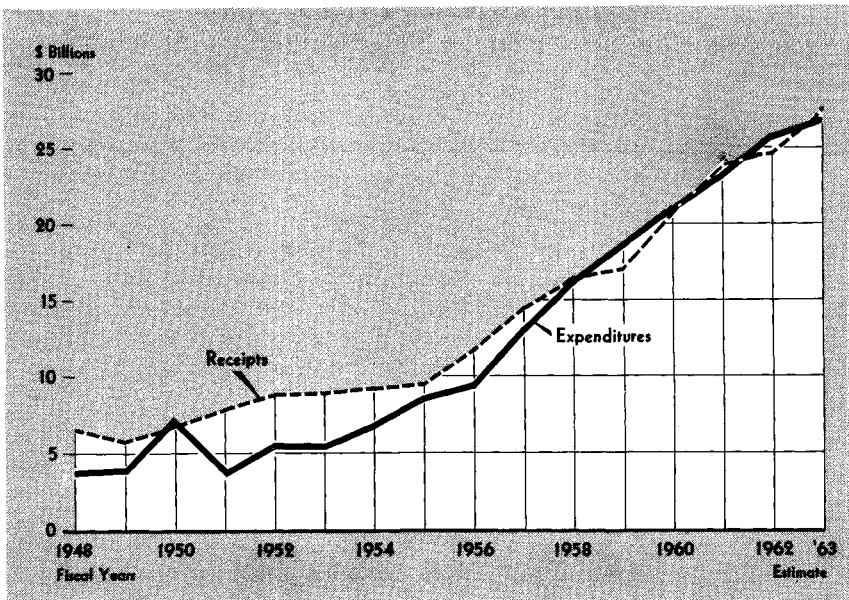
THE BUDGET MESSAGE  
OF THE  
PRESIDENT

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### Budget Totals



### Trust Fund Totals



# BUDGET MESSAGE OF THE PRESIDENT

*To the Congress of the United States:*

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

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

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

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

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

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

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

The administrative budget for 1963 thus shows a modest surplus of about \$500 million. Federal accounts on the basis of the consolidated cash statement—combining the administrative budget with other Federal activities, mainly the social security, highway, and other trust funds—show an estimated excess of receipts from the public of \$1.8 billion over payments to the public. And in the terms in which our national income accounts are calculated—using accrued rather than cash receipts and expenditures, and including only transactions directly affecting production and income—the Federal surplus is estimated at \$4.4 billion.

By all three measures in current use, therefore, the Federal Government is expected to operate in 1963 with some surplus. This is the policy which seems appropriate at the present time. The economy is moving strongly forward, with employment and incomes rising. The prospects are favorable for further rises in the coming year in private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary

## SUMMARY OF FEDERAL FINANCES

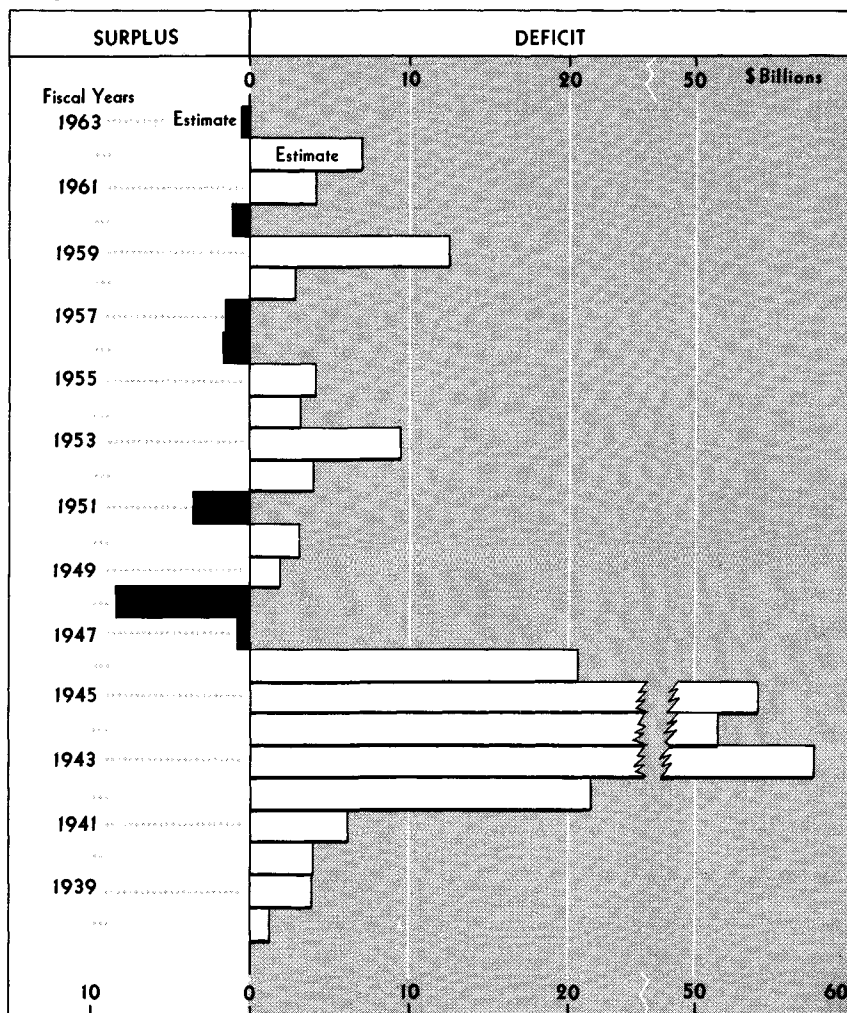
[Fiscal years. In billions]

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

pressures, damaging alike to our domestic economy and to our international balance of payments. On the other hand, we are still far short of full capacity use of plant and manpower. To plan a larger surplus would risk choking off economic recovery and contributing to a premature downturn.

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

### Budget Surplus or Deficit



## BUDGET EXPENDITURES

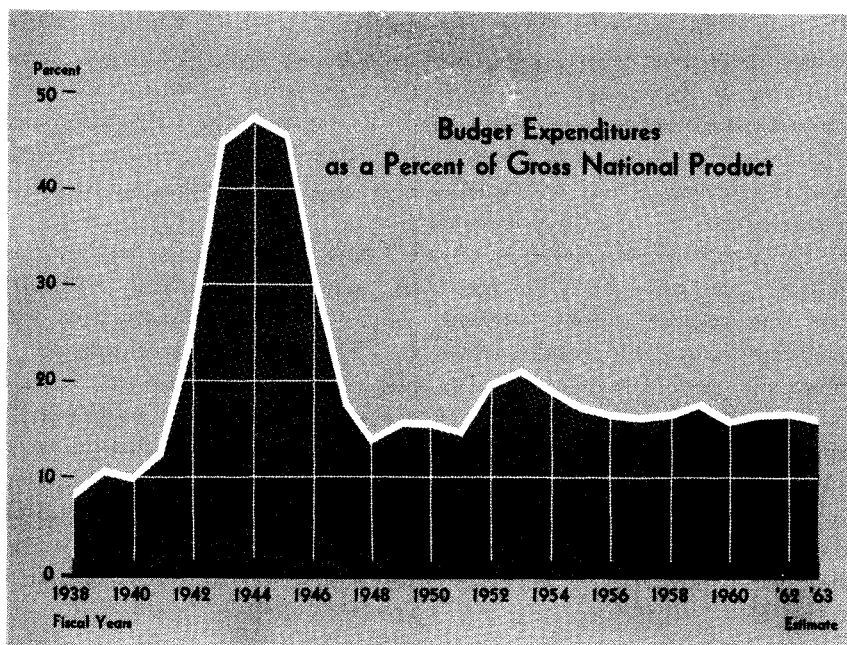
The total of budget expenditures—estimated at \$92.5 billion in fiscal 1963—is determined in large measure by the necessary but costly programs designed to achieve our national security and international objectives in the current world situation. Expenditures for national defense, international, and space programs account for more than three-fifths of total 1963 budget outlays, and for more than three-fourths of the estimated increase in expenditures in 1963 as compared to 1962. Indeed, apart from the expected increase in interest payments, expenditures for the so-called “domestic civil” functions of government have been held virtually stable between 1962 and 1963.

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

### BUDGET EXPENDITURES

[Fiscal years. In billions]

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



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

Increases in expenditures for the Nation's defense are largely responsible for the rise in the budget of this administration compared to that of its predecessor. For fiscal years 1962 and 1963, expenditures for the military functions of the Department of Defense are estimated at about \$9 billion higher, and new obligational authority at \$12 to \$15 billion more, than would have been required to carry forward the program as it stood a year ago.

For the coming year, the budget provides for further significant increases in the capabilities of our strategic forces, including additional Minuteman missiles and Polaris submarines. These forces

are large and versatile enough to survive any attack which could be launched against us today and strike back decisively. The programs proposed in this budget are designed to assure that we will continue to have this capability in the future. This assurance is based on an exhaustive analysis of all the available data on Soviet military forces and the strengths and vulnerabilities of our own forces under a wide range of possible contingencies.

To strengthen the defenses of the North American Continent, this budget proposes additional measures to increase the effectiveness of our anti-bomber defense system, continued efforts to improve our warning of ballistic missile attack, and further research and development at a maximum rate on anti-missile defense possibilities.

The budget for the current year provides for identifying and marking available civilian shelter space for approximately 50 million people. This phase of the civil defense program is proceeding ahead of schedule. For 1963, I am requesting nearly \$700 million for civil defense activities of the Department of Defense, including \$460 million for a new cost-sharing program with State and local governments and private organizations to provide shelters in selected community buildings, such as schools and hospitals.

Although a global nuclear war poses the gravest threat to our survival, it is not the most probable form of conflict as long as we maintain the forces needed to make a nuclear war disastrous to any foe. Military aggression on a lesser scale is far more likely. If we are to retain for ourselves a choice other than a nuclear holocaust or retreat, we must increase considerably our conventional forces. This is a task we share with our free world allies.

The budget recommendations for 1963 are designed to strengthen our conventional forces substantially. I am proposing:

- An increase in the number of regular Army divisions from 14 to 16. The two new divisions would replace the two National Guard divisions now on active duty and scheduled to return to reserve status prior to October 1962.
- A substantial increase in the number of regular tactical fighter units of the Air Force and in the procurement of new fighter and reconnaissance aircraft. These steps will provide more effective air support for our ground forces.
- Revision of the programs for organization and training of the reserve components so they will be better adapted and better prepared to serve in any emergency which requires mobilization.
- Significant increases in procurement for all of our conventional forces. These forces must be equipped and provisioned so they are ready to fight a limited war for a protracted period of time anywhere in the world.



***International affairs and finance.***—A significant change has taken place in our international assistance programs in recent years. Military assistance expenditures are declining to an estimated \$1.4 billion in 1963 compared with \$2.2 billion 5 years earlier. The more industrialized European countries have almost completely taken over the cost of their own armament. In less developed countries, the military assistance program continues to provide essential maintenance, training, and selective modernization of equipment, with increased emphasis on internal security, including anti-guerrilla warfare.

On the other hand, expenditures for economic and financial assistance to the developing nations of the world have been increasing and are estimated at \$2.5 billion in 1963. These expenditures, largely in the form of loans, will rise further in later years as development loan commitments being made currently are drawn upon. A corresponding increase is taking place in the contributions of other industrialized countries.

The new Agency for International Development has been providing needed leadership in coordinating the various elements of our foreign aid programs throughout the world. A consistent effort is being made to relate military and economic assistance to the overall capabilities and needs of recipient countries to achieve economic growth and sustain adequate military strength. To make our assistance more effective, increasing emphasis is being placed on self-help measures and necessary reforms in these countries. The authority provided last year to make long-term loan commitments to developing countries will be of invaluable assistance to orderly long-range planning. Efforts will also be made to foster more effectively the contribution of private enterprise to development, through such means as investment guarantees and assistance for surveys of investment opportunities.

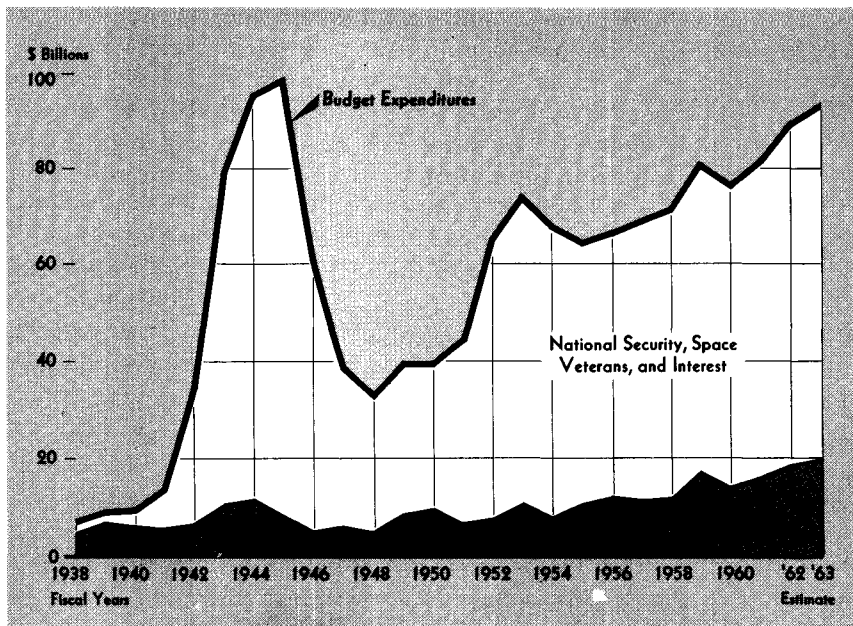
In August 1961, the United States formally joined with its neighbors to the south in the establishment of the Alliance for Progress, an historic cooperative effort to speed the economic and social development of the American Republics. For their part, the Latin American countries agreed to undertake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

**Space research and technology.**—Last year I proposed and the Congress agreed that this Nation should embark on a greater effort to explore and make use of the space environment. This greater effort will result in increased expenditures in 1962 and 1963, combined, of about \$1.1 billion above what they would have been under the policies of the preceding administration; measured in terms of new obligational authority, the increase is \$2.4 billion for the 2 years. With this increase in funds there has been a major stepup in the programs of the National Aeronautics and Space Administration in such fields as communications and meteorology and in the most dramatic effort of all—mastery of space symbolized by an attempt to send a man to the moon and back safely to earth.

Action is being taken to develop the complex Apollo spacecraft in which the manned lunar flights will be made, and to develop the large rockets required to boost the spacecraft to the moon. The techniques of manned space flight, particularly those of long-term flight and of rendezvous between two spacecraft in earth orbit, are being studied both in ground research and in new flight programs.

Our space program has far broader significance, however, than the achievement of manned space flight. The research effort connected with the space program—and particularly the tremendous techno-

### Composition of Budget Expenditures



NOTE: "National Security" includes National Defense and International

logical advances necessary to permit space flight—will have great impact in increasing the rate of technical progress throughout the economy.

***Domestic civil functions.***—Despite the necessary heavy emphasis we are giving to defense, international, and space activities, the budget reflects many important proposals to strengthen our national economy and society. It has been possible to include these proposals without any substantial increase in the total cost of domestic civil functions mainly because of proposed reductions in postal and agricultural expenditures. Some of the more important proposals in domestic civil programs are mentioned below.

***Agriculture and agricultural resources.***—In the development of farm programs we are striving to make effective use of American agricultural abundance, to adjust farm production to bring it in line with domestic and export requirements, and to maintain and increase income for those who are engaged in farming. The steps taken thus far, including the temporary wheat and feed grain legislation enacted in the last session of the Congress, contributed significantly to the rise in farm income last year and to some reduction—the first in 9 years—in surplus stocks. However, new long-range legislation is needed to permit further adaptation of our farm programs to the rapidly increasing productive efficiency in agriculture and to avoid continuing high budgetary costs. The reduction in agricultural expenditures in this budget (from \$6.3 billion in 1962 to \$5.8 billion in 1963) reflects the proposals to this end which I shall be presenting to the Congress in a special message.

The 1963 budget also provides for expansion of the food stamp plan into additional pilot areas, and for a substantial increase in Rural Electrification Administration loan funds—to permit financing of additional generation and transmission facilities where that is necessary. The adequacy of the funds recommended will depend on the willingness of other power suppliers to meet the requirements of the rural electric cooperatives on a reasonable basis.

***Natural resources.***—Estimated expenditures of \$2.3 billion in this budget for the conservation and development of our natural resources are higher than in any previous year.

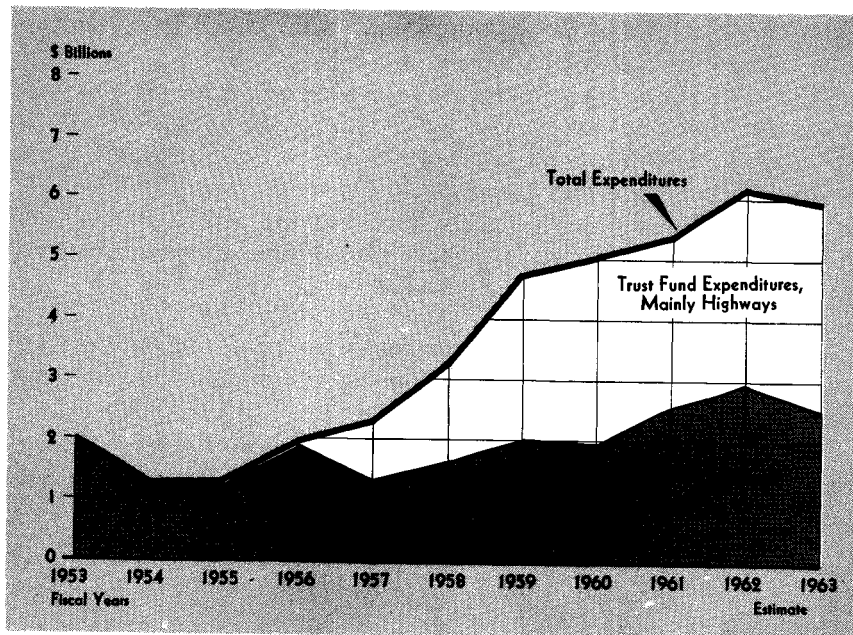
The 1963 budget makes provision for the Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority to start construction on 43 new water resources projects with an estimated total Federal cost of \$600 million. The long-range programs for the national parks and forests are also being strengthened.

One of our most pressing problems is the adequate provision of outdoor recreational facilities to meet the needs of our expanding population. The Federal Government, State and local agencies, and private groups must all share in the solution. By the end of this month the comprehensive report of the Outdoor Recreation Resources Review Commission is expected to be available. The Secretary of the Interior, at my request, is preparing a plan for the Federal Government to meet its share of the responsibility for providing outdoor recreational opportunities, including those related to fish and wildlife.

*Commerce and transportation.*—Budget expenditures for commerce and transportation programs are estimated to decline from \$2.9 billion in 1962 to \$2.5 billion in 1963. This decline reflects mainly a drop of \$592 million for the postal service, based on my legislative proposal to increase postal rates to a level that will cover the costs of postal operations, except for those services properly charged to the general taxpayer.

Outlays for the Federal-aid highway program are financed almost entirely through the highway trust fund and are not included in the budget total. Combined, Federal budget and trust fund expenditures for commerce and transportation programs in 1963 will amount to almost \$6 billion.

### Commerce and Transportation

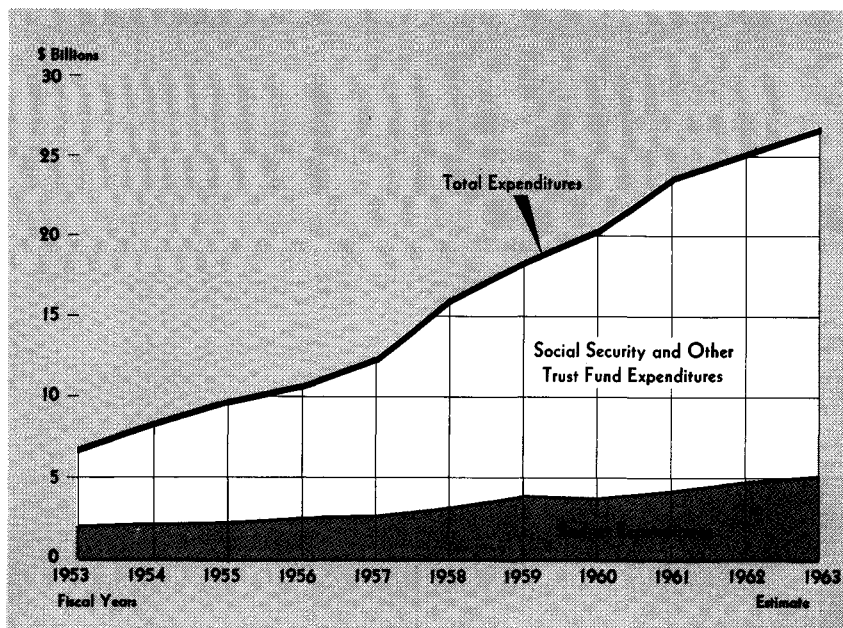


Substantially increased expenditures are provided in the 1963 budget for the new program to assist the redevelopment of areas with persistent unemployment and underemployment and for the expanding development and operation of the Federal airways system.

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

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

### Health, Labor, and Welfare



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I have given particular attention in this budget to strengthening the labor and manpower functions of the Department of Labor and related agencies. In addition to increased funds for the United States Employment Service and for other existing Federal programs, the budget includes funds for the urgently needed legislation providing for Federal aid for training or retraining unemployed workers, and for the training of our young people through an experimental youth employment opportunities program.

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

*Education.*—Expenditures for existing and proposed education programs are estimated to be \$1.5 billion in 1963, an increase of \$327 million over 1962. A strong educational system providing ready access for all to high quality free public elementary and secondary schools is indispensable in our democratic society. Moreover, able students should not be denied a higher education because they cannot pay expenses or because their community or State cannot afford to provide good college facilities. This budget therefore includes funds for the legislative recommendations pending before the Congress to provide loans for the construction of college academic facilities and funds for college scholarships, and assistance to public elementary and secondary education through grants for the construction of classrooms and for teachers' salaries. The budget also includes funds for a new program of financial aid to improve the quality of education by such means as teacher training institutes. Continuing our policy of building the research effort of the Nation, funds are recommended for the National Science Foundation to expand support for basic research and the construction of research facilities, particularly at colleges and universities, and to strengthen programs in science education.

*Veterans benefits and services.*—Our first concern in veterans programs is that adequate benefits be provided for those disabled in the service of their country. The last increase in compensation rates for service-disabled veterans was enacted in 1957. To offset increases in the cost of living since that time, I again recommend that the Congress enact legislation to establish higher rates, particularly for the severely disabled. The 1963 budget provides \$64 million for this proposal.

## NEW OBLIGATIONAL AUTHORITY

Before Federal funds can be spent, the Congress must enact authority for each agency to incur financial obligations. For the current year, it now appears that \$3.8 billion of new obligational authority over the amount already enacted will be required. Of this amount, \$2 billion represents standby authority for lending in case of need to the International Monetary Fund—in accordance with the recently concluded agreement under which other countries will make available twice this amount of standby authority. This will make a total of \$95.7 billion of new obligational authority for fiscal 1962.

For 1963, my recommendations for new obligational authority total \$99.3 billion. This includes substantial sums needed for forward funding of programs—such as those of the Department of Defense and the National Aeronautics and Space Administration—under which commitments are made in one year and expenditures often occur in later years.

## BUDGET RECEIPTS

The estimate of budget receipts for fiscal year 1963 rests on projections of economic recovery and growth which will be discussed in the Economic Report. In brief, the revenue estimates are based on the assumption that the gross national product will rise from \$521 billion in the calendar year 1961 to \$570 billion in calendar 1962. At this level of output, corporate profits in calendar 1962 would be about \$56.5 billion and personal income about \$448 billion. These figures do not reflect the additional stimulus which would be given to investment and incomes in the economy by the investment tax credit now pending before the Congress.

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

There are, of course, uncertainties in any estimates of economic developments so far ahead. If private demand gains greater strength than we now foresee and the current expansion accelerates, there would be a larger Federal surplus, which would be a valuable means of restraining potential inflationary pressures. If, on the other hand, the economic recovery unexpectedly halts or is reversed, revenues would fall below the current estimates and a deficit would inevitably result, moderating the economic slowdown.

## BUDGET RECEIPTS

[Fiscal years. In billions]

Source	1961 actual	1962 estimate	1963 estimate
Individual income taxes.....	\$41.3	\$45.0	\$49.3
Corporation income taxes.....	21.0	21.3	26.6
Excise taxes.....	9.1	9.6	10.0
Estate and gift taxes.....	1.9	2.1	2.3
Customs.....	1.0	1.2	1.3
Miscellaneous receipts.....	4.1	3.5	4.2
Total.....	78.3	82.8	93.7
Deduct interfund transactions.....	.7	.7	.7
Total budget receipts.....	77.7	82.1	93.0

Aside from revenue gains based on economic expansion, there will be larger revenue collections as a result of strengthening the Internal Revenue Service with additional enforcement personnel. Collections are estimated to be increased \$300 million during 1963 because of this effort.

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

I particularly urge enactment of the tax credit for investment in depreciable equipment. The 8% credit as formulated by the Committee on Ways and Means, together with administrative revision of guidelines for depreciation now underway, will encourage modernization of productive equipment in private industry desirable alike to improve the Nation's potential for economic growth and the ability of our producers to compete with those abroad.

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

- Corrective legislation with respect to the tax treatment of gains on depreciable property, including both real and personal property, which would prevent abuses that now occur and permit greater flexibility in the rules for salvage value in determining depreciation.



- A system of tax withholding on dividend and interest income, needed to overcome the serious loss of revenue and the unfairness resulting from the failure of some individuals to report these types of income on their tax returns.
- Repeal of the exclusion from an individual's taxable income of the first \$50 of dividends and the credit against tax of 4% of additional dividends.
- Statutory provisions to cope with the problem of business deductions for entertainment and gifts and other expense account items.
- Legislation to eliminate unwarranted tax preferences now received by several special types of institutions. Earnings of cooperatives reflecting business activities should be currently taxed either to the cooperatives or to the patrons; special provisions now applicable to mutual fire and casualty insurance companies should be repealed; and the tax deductible reserve provisions applicable to mutual savings banks and savings and loan associations should be amended to assure nondiscriminatory taxation among competing financial institutions.
- Revision of the tax treatment of foreign income to serve the overall objective of tax neutrality between domestic and foreign operations. This requires eliminating tax deferral privileges except in less-developed countries, and tightening up on other preferences given to foreign income under existing law. These involve (a) tax haven operations, (b) taxation of foreign investment companies, (c) taxation of American citizens who are resident abroad, (d) estate tax on real property abroad, (e) computation of allowances for foreign tax credits on dividends, and (f) taxation of foreign trusts.

*Extension of present tax rates.*—The budget outlook for 1963 requires that the present tax rates on corporation income and certain excises be extended for another year beyond their scheduled expiration date of June 30, 1962. Existing law calls for changes which would lower the general corporation income tax rate from 52% to 47%; reduce the excise rates on distilled spirits, beers, wines, cigarettes, passenger automobiles, and automobile parts and accessories; and allow the tax on general telephone services to expire. I recommend postponement of these changes for another year to prevent a revenue loss of \$2.8 billion in 1963.

*Transportation tax and user charges.*—Under existing law, the 10% tax on transportation of persons is scheduled for reduction to 5% on July 1, 1962. This tax poses special problems for common carriers

which must compete with private automobiles not subject to the tax. At the same time it is clearly appropriate that passengers and shippers who benefit from special Government programs should bear a fair share of the costs of these programs.

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

More specifically, I recommend that the following user charges be enacted, effective January 1, 1963, with the receipts to be retained in the general fund: (a) a 5% tax on airline tickets and on airfreight waybills; (b) a 2-cents-per-gallon tax on all fuels used in commercial air transportation, including jet fuels; and (c) a 3-cents-per-gallon tax on all fuels used in general aviation. The January 1, 1963, effective date will allow time for review by the Civil Aeronautics Board of fare adjustments that might be required by these user charges. Pending the proposed tax changes, the present 10% tax on air transportation and the 2-cents-per-gallon aviation gasoline tax should be continued until December 31, 1962.

To extend the principle of user charges to inland waterways, a tax of 2 cents per gallon should be applied to all fuels used in transportation on these waterways, effective January 1, 1963.

### PUBLIC DEBT

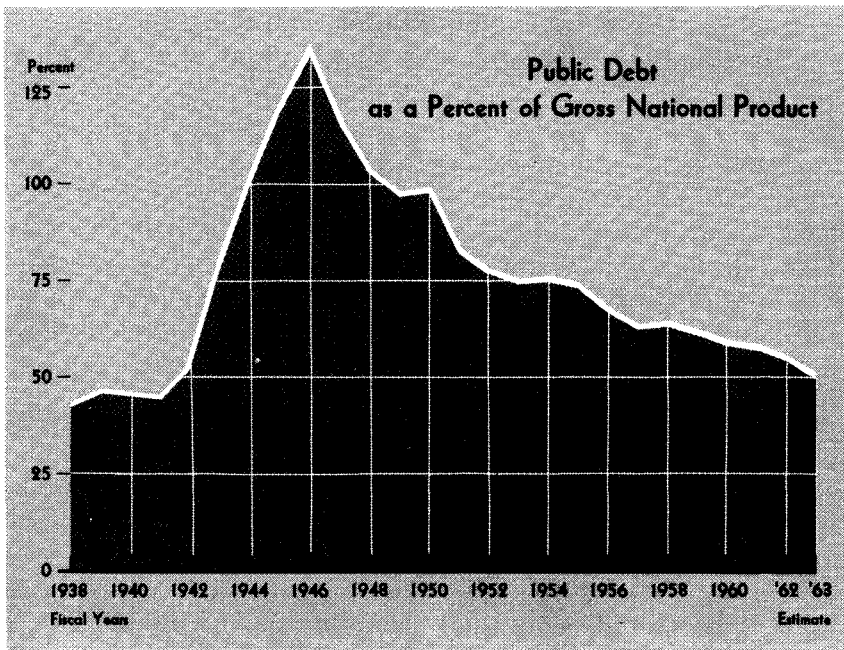
Changes in the public debt from year to year reflect mainly the amount of the budget surplus or deficit. With a budget surplus of \$500 million proposed for 1963, the public debt on June 30, 1963, is expected to be \$294.9 billion compared with \$295.4 billion at the end of the current year.

#### PUBLIC DEBT

[Fiscal years. In billions]

Description	1961 actual	1962 estimate	1963 estimate
Public debt at start of year.....	\$286.3	\$289.0	\$295.4
Change due to budget deficit (+) or surplus (-).....	+3.9	+7.0	-.5
Change due to other factors <sup>1</sup> .....	-1.2	-.6	.....
Public debt at close of year.....	289.0	295.4	294.9

<sup>1</sup> For details, see table 8 in part 2 of this document.



The limit on the public debt now stands at \$298 billion until June 30, 1962, after which the permanent ceiling of \$285 billion again becomes effective. The present temporary limit was established last June before the Berlin situation required additional defense expenditures which used up the margin of flexibility included in the \$298 billion limit.

The current limit would impose serious operating difficulties on the Treasury during the remainder of fiscal 1962. The critical stage in functioning under the present limit is upon us and the Treasury is without any margin to meet unexpected contingencies. Although the total debt will decline to \$295.4 billion after the receipt of taxes in June, customary seasonal patterns of expenditures in excess of receipts can be expected to raise the total debt above the present \$298 billion temporary limit at times during the intervening months.

Despite the expectation of budget balance for fiscal 1963 as a whole, with the debt expected to return to the \$295 billion level on June 30, 1963, seasonal requirements will temporarily raise the outstanding debt during the course of the year to nearly \$305 billion. To make the usual allowance for a margin of flexibility in fiscal 1963, and to restore immediately needed flexibility for operations over the remainder of fiscal 1962, I urge prompt enactment of a temporary increase of the debt limit to \$308 billion, to be available for the remainder of this year and throughout fiscal 1963.

## BUDGET AND FISCAL POLICY

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

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

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

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

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

Three proposals particularly merit congressional consideration at this time:

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

Second, he should have standby power to initiate, when unemployment rises sharply, a temporary expansion in Federal and federally

aided public works programs including authority for new Federal grants and loans for State and local capital improvements. The legislation providing for such an anti-recession program should ensure that projects to be financed will meet high-priority needs, will be started promptly and completed rapidly, and will result in a net addition to Federal, State, or local expenditures.

Third, legislation should be enacted to strengthen considerably the Federal-State unemployment insurance system, including a permanent system of extended unemployment benefits for workers whose regular benefits expire—in good times or bad for workers with long work experience and in recession periods for all workers. These recommendations will be discussed in the Economic Report.

***The budget and the balance of payments.***—In formulating this budget, careful consideration has been given to the impact on our international balance of payments of Federal expenditures abroad for defense, foreign assistance, and the conduct of foreign affairs. During the coming year, U.S. Government expenditures abroad are estimated to be \$4.4 billion, compared with \$4.6 billion in the current year, mainly for construction and procurement of goods and services for U.S. military and civilian operations abroad; military and civilian salaries; and the fraction of foreign assistance which does not directly finance U.S. exports. The 1963 estimate reflects many actions which have been taken to reduce the level of Government expenditures abroad. We are managing to strengthen our military defenses overseas without increasing our foreign exchange outlays, and with respect to economic aid we are stressing even further the procurement of American goods and services.

This budget also reflects other measures we are taking to improve the balance of payments, including tax measures to encourage the modernization of productive equipment and consequent increases in our competitive ability in world markets, stepped up export promotion activities, greater encouragement to foreign travel in the United States, and reduced tax inducements to invest in developed areas abroad rather than at home. To improve further our balance of payments position, we are continuing negotiations with other industrialized countries with the objective of increasing their purchases of defense materiel in the United States and their contributions to the economic advance of the developing countries.

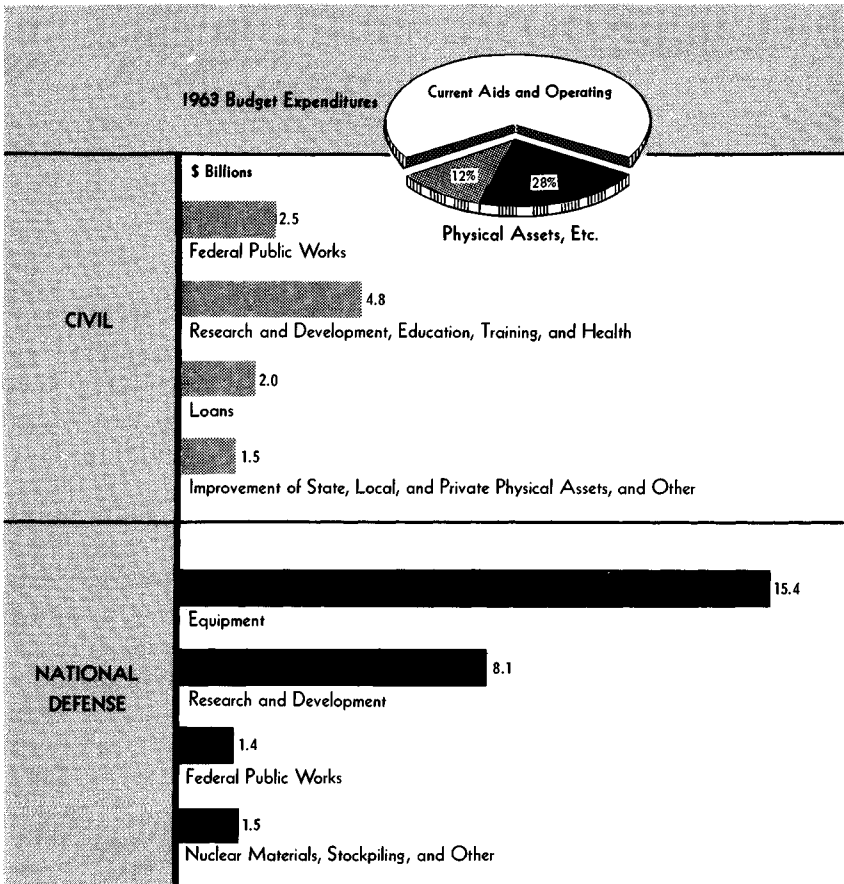
Basic improvement in our balance of payments will depend primarily upon our ability to continue a high degree of overall price stability and to improve the competitive position of U.S. goods in world markets. The dynamic development and prospective expansion of the European Economic Community are resulting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

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

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

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

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



will be spent for civil developmental purposes such as education, training, health, and research and development.

Certain trust fund transactions add to the Nation's assets, as well. For example, in 1963, \$3.2 billion will be spent for grants to States for highways through the highway trust fund.

## EFFICIENCY AND ECONOMY IN THE PUBLIC SERVICE

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

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

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

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

There is also a need for more equitable recognition than is presently provided for postal employees, most of whom spend their entire careers in a single pay level. The proposed reform meets this need directly by increasing the number and size of in-grade steps and by replacing the present longevity increases with additional step increases. The proposal takes into account the career character of the large postal carrier and clerk employee group, recruited at grade PFS-4, by linking their pay with employees paid under the Classification Act at GS-5.

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



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

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

Efficiency and economy require also steady improvement in the organization of the Executive Branch. Notable advances were made this past year, with the cooperation of the Congress: new and stronger organizations for foreign aid, for disarmament, for civil defense, and for maritime activities were established; a number of regulatory commissions were substantially strengthened; and new centralized agencies were established in the Department of Defense for intelligence and for supply activities. A number of further recommendations are pending in the Congress, notably the proposal to establish a new Department of Urban Affairs and Housing, on which I urge early action.

Finally, increased efficiency requires systematic study of ways and means to accomplish the public business more effectively and at less cost. This work goes forward continually in all fields. I cite by way of illustration a few current examples:

- The study, now well along toward completion, of the use of contracts with educational institutions, nonprofit corporations, and

private business concerns for the management of Government research and development activities. This study of "contracting-out" is being made by the Bureau of the Budget with the cooperation of the principal agencies concerned, and is expected to provide much more information on these matters than has been available heretofore.

- Studies, recently completed or in progress, of the operations and management of the Export-Import Bank and the Federal Communications Commission. These studies are made by management consulting firms, and are similar to those completed in recent years for the Federal Trade Commission, the Civil Aeronautics Board, and the Interstate Commerce Commission, all of which produced recommendations of considerable value.
- The study, organized at the request of the Department of State by the Carnegie Endowment for International Peace, of personnel requirements—and ways of meeting those requirements—for U.S. activities overseas in the light of present-day conditions in the world.

Studies of this kind normally do not produce headlines, but they are typical of the effort continually underway to raise the efficiency and reduce the cost of conducting the public business.

### CONCLUSION

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

JOHN F. KENNEDY.

JANUARY 18, 1962.

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PART 2

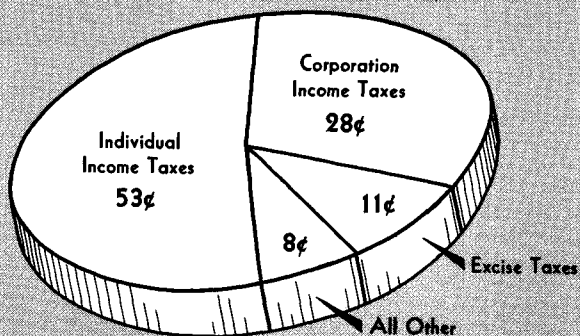
SUMMARY TABLES

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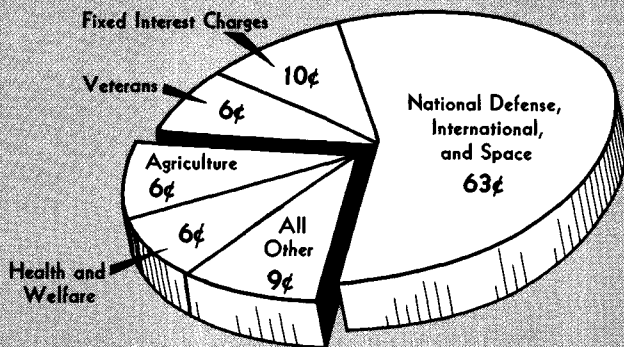
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## THE BUDGET DOLLAR

Where it comes from . . .



Where it goes . . .



Fiscal Year 1963 Estimate

Table 1. SUMMARY OF BUDGET RECEIPTS AND EXPENDITURES  
(in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>BUDGET RECEIPTS</b>			
Individual income taxes.....	41,338	45,000	49,300
Corporation income taxes.....	20,954	21,300	26,600
Excise taxes.....	9,063	9,627	9,956
Estate and gift taxes.....	1,896	2,090	2,325
Customs.....	982	1,215	1,320
Miscellaneous budget receipts.....	4,080	3,524	4,192
Total.....	78,313	82,756	93,693
Deduct interfund transactions.....	654	656	693
Total, budget receipts.....	77,659	82,100	93,000
<b>BUDGET EXPENDITURES</b>			
National defense.....	47,494	51,212	52,690
International affairs and finance.....	2,500	2,896	2,996
Space research and technology.....	744	1,300	2,400
Agriculture and agricultural resources.....	5,173	6,343	5,836
Natural resources.....	2,006	2,117	2,298
Commerce and transportation.....	2,573	2,915	2,531
Housing and community development.....	320	545	832
Health, labor, and welfare.....	4,244	4,708	5,105
Education.....	943	1,143	1,470
Veterans benefits and services.....	5,414	5,572	5,298
Interest.....	9,050	8,998	9,398
General government.....	1,709	1,910	2,027
Allowances for pay adjustments and contingencies.....		75	350
Total.....	82,169	89,732	93,230
Deduct interfund transactions.....	654	656	693
Total, budget expenditures.....	81,515	89,075	92,537
Budget surplus (+) or deficit (-).....	-3,856	-6,975	+463

Note.—This table shows receipts and expenditures of the budget accounts (but not the trust and deposit funds) and the resulting budget surplus or deficit. A further analysis of receipts appears on pages 44 to 53 (including table 11). A further analysis of expenditures by function appears on pages 56 to 109 (including table 13).

Table 2. SUMMARY OF NEW OBLIGATIONAL AUTHORITY BY AGENCY  
(in millions of dollars)

Description	1961 enacted	1962 estimate			1963 estimate		
		Enacted	Supple- mental needed	Total	Trans- mitted herein	Later trans- mittal	Total
Legislative Branch.....	128	129	*	129	136	-----	136
The Judiciary.....	53	58	1	59	63	-----	63
Executive Office of the President.....	72	28	-----	28	23	-----	23
Funds appropriated to the President:							
Foreign Assistance—economic.....	2,646	2,315	-----	2,315	3,397	-----	3,397
Other.....	81	230	2,000	2,230	190	-----	190
Department of Agriculture.....	5,559	7,374	537	7,911	6,965	—539	6,426
Department of Commerce.....	869	794	*	794	634	54	688
Department of Defense:							
Military.....	43,106	49,525	353	49,878	51,420	220	51,640
Civil.....	978	1,012	2	1,014	1,066	-----	1,066
Department of Health, Education, and Welfare.....	3,942	4,605	159	4,764	5,101	1,177	6,278
Department of the Interior.....	826	919	10	929	1,074	-----	1,074
Department of Justice.....	297	295	1	297	309	-----	309
Department of Labor.....	1,075	644	-----	644	273	175	448
Post Office Department.....	895	867	-----	867	800	—535	265
Department of State.....	300	281	128	409	338	12	349
Treasury Department.....	9,977	9,995	-----	9,996	10,438	20	10,458
Atomic Energy Commission.....	2,781	2,547	100	2,647	2,987	-----	2,987
Federal Aviation Agency.....	690	730	-----	730	791	-----	791
General Services Administration.....	513	594	15	609	587	-----	587
Housing and Home Finance Agency.....	4,500	855	1	856	834	150	984
National Aeronautics and Space Administration.....	964	1,672	156	1,828	3,787	-----	3,787
Veterans Administration.....	5,575	5,390	178	5,567	5,449	64	5,514
Other independent agencies.....	769	1,050	36	1,086	1,228	89	1,318
District of Columbia.....	81	62	-----	62	63	-----	63
Allowances for—							
Pay adjustments (except for Post Office Department) <sup>1</sup> .....	-----	-----	-----	-----	-----	162	162
Contingencies.....	-----	-----	100	100	-----	300	300
<b>Total new obligational authority.....</b>	<b>86,675</b>	<b>91,970</b>	<b>3,778</b>	<b>95,748</b>	<b>97,953</b>	<b>1,350</b>	<b>99,303</b>

\*Less than one-half million dollars.

Note.—New obligational authority, here summarized, consists primarily of appropriations, but also includes certain other types of authority enacted by the Congress. The types of authority and the columnar headings for 1962 and 1963 are explained on pages 114 to 116. A more detailed analysis of new obligational authority is found on pages 118 to 266.

<sup>1</sup> Allowance for pay adjustment for Post Office Department is included in line for that Department above.

Table 3. SUMMARY OF BUDGET EXPENDITURES BY AGENCY  
(in millions of dollars)

Description	1961 actual	1962 estimate			1963 estimate		
		Enacted	Supple- mental needed	Total	Trans- mitted herein	Later trans- mittal	Total
Legislative Branch.....	133	161	*	161	148	-----	148
The Judiciary.....	52	58	1	59	63	*	63
Executive Office of the President.....	69	32	-----	32	22	-----	22
Funds appropriated to the President:							
Foreign assistance—economic.....	1,805	1,935	-----	1,935	2,235	-----	2,235
Other.....	77	236	-----	236	186	-----	186
Department of Agriculture.....	5,929	7,143	34	7,177	7,248	—540	6,709
Department of Commerce.....	498	624	25	650	808	7	815
Department of Defense:							
Military.....	44,676	47,928	322	48,250	49,499	201	49,700
Civil.....	972	1,013	2	1,015	1,071	*	1,071
Department of Health, Education, and Welfare.....	3,685	4,328	141	4,469	4,895	288	5,183
Department of the Interior.....	801	866	7	873	1,027	3	1,031
Department of Justice.....	284	297	1	298	304	*	304
Department of Labor.....	831	563	-----	563	266	120	386
Post Office Department.....	914	853	-----	853	798	—537	261
Department of State.....	258	325	127	453	330	12	342
Treasury Department.....	9,953	9,973	*	9,973	10,411	19	10,431
Atomic Energy Commission.....	2,713	2,750	80	2,830	2,860	20	2,880
Federal Aviation Agency.....	638	708	-----	708	781	-----	781
General Services Administration.....	387	487	14	501	576	2	578
Housing and Home Finance Agency.....	502	940	1	940	1,368	15	1,383
National Aeronautics and Space Administration.....	744	1,292	8	1,300	2,252	148	2,400
Veterans Administration.....	5,401	5,383	177	5,560	5,220	65	5,285
Other independent agencies.....	794	778	—44	734	530	72	602
District of Columbia.....	50	90	-----	90	85	-----	85
Allowances for—							
Pay adjustments (except for Post Office Department) <sup>1</sup> .....	-----	-----	-----	-----	-----	150	150
Contingencies.....	-----	-----	75	75	-----	200	200
Subtotal.....	82,169	88,761	971	89,732	92,985	245	93,230
Deduct interfund transactions.....	654	-----	-----	656	-----	-----	693
Total budget expenditures.....	81,515	-----	-----	89,075	-----	-----	92,537

\* Less than one-half million dollars.

Note.—For explanation of the columnar headings for 1962 and 1963, see page 116. For more detailed information on expenditures by agency and account, see pages 118 to 266.

<sup>1</sup> Allowance for pay adjustment for Post Office Department is included in line for that Department.

Table 4. SUMMARY OF TRUST FUNDS (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>TRUST FUND RECEIPTS</b>			
Federal old-age and survivors insurance trust fund.....	11,910	12,252	14,231
Federal disability insurance trust fund.....	1,093	1,116	1,175
Unemployment trust fund.....	3,805	3,584	4,154
Railroad retirement account.....	1,051	1,110	1,188
Federal employees retirement funds.....	2,033	2,063	2,128
Highway trust fund.....	2,925	3,136	3,383
Veterans life insurance funds.....	725	744	743
Other trust funds.....	779	1,013	1,002
Subtotal.....	24,322	25,018	28,005
Deduct interfund transactions.....	515	473	498
<b>Total, trust fund receipts.....</b>	<b>23,807</b>	<b>24,545</b>	<b>27,506</b>
<b>TRUST FUND EXPENDITURES</b>			
Federal old-age and survivors insurance trust fund.....	11,839	13,328	14,282
Federal disability insurance trust fund.....	756	1,076	1,160
Unemployment trust fund.....	4,736	3,844	3,897
Railroad retirement account.....	1,124	1,126	1,144
Federal employees funds.....	879	1,022	1,109
Highway trust fund.....	2,745	3,161	3,385
Veterans life insurance funds.....	801	749	674
Federal National Mortgage Association trust fund, net.....	-89	856	470
Deposit funds and all other trust funds.....	962	887	1,028
Subtotal.....	23,754	26,047	27,148
Deduct interfund transactions.....	515	473	498
<b>Total, trust fund expenditures.....</b>	<b>23,239</b>	<b>25,574</b>	<b>26,650</b>
<b>Net accumulation.....</b>	<b>568</b>	<b>-1,029</b>	<b>857</b>

Note.—This table summarizes the trust and deposit fund receipts and expenditures which are in addition to the budget transactions shown on table 1. The transactions presented here relate to funds which the Government holds in a fiduciary capacity. More detailed information on the trust and deposit funds, including data on investments and borrowing, is included in special analysis A (pages 270 to 278).



Table 5. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC  
(in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>FEDERAL RECEIPTS FROM THE PUBLIC</b>			
Individual income taxes.....	41,338	45,000	49,300
Corporation income taxes.....	20,954	21,300	26,600
Excise taxes.....	11,986	12,759	13,335
Employment taxes.....	12,502	13,022	15,409
Estate and gift taxes.....	1,896	2,090	2,325
Customs.....	982	1,215	1,320
Deposits by States, unemployment insurance.....	2,398	2,400	2,600
Veterans life insurance premiums.....	504	520	518
Other budget and trust receipts.....	4,682	4,317	5,206
<b>Total, Federal receipts from the public.....</b>	<b>97,242</b>	<b>102,623</b>	<b>116,614</b>
<b>FEDERAL PAYMENTS TO THE PUBLIC</b>			
National defense.....	47,685	51,534	53,030
International affairs and finance.....	2,153	3,181	2,935
Space research and technology.....	744	1,300	2,400
Agriculture and agricultural resources.....	5,183	6,383	5,812
Natural resources.....	2,103	2,210	2,396
Commerce and transportation.....	5,107	5,860	5,677
Housing and community development.....	-103	1,809	1,559
Health, labor, and welfare.....	22,364	24,161	25,940
Education.....	945	1,144	1,472
Veterans benefits and services.....	6,187	6,281	5,918
Interest.....	7,257	6,914	7,121
General government.....	1,723	1,927	2,042
Allowances for pay adjustments and contingencies.....		75	350
Payments and adjustments, net.....	-1,820	-1,632	-1,849
<b>Total, Federal payments to the public.....</b>	<b>99,528</b>	<b>111,147</b>	<b>114,804</b>
<b>Excess of Federal receipts (+) or payments (-).....</b>	<b>-2,286</b>	<b>-8,524</b>	<b>+1,810</b>

Note.—This table combines the budget transactions shown in table 1 and the trust fund transactions shown in table 4, excluding payments between the two groups of funds, so that these figures show only the flow of money between the Government and the public. Further information is included in special analysis B, pages 279 to 282.

Table 6. **FEDERAL ACTIVITIES IN THE NATIONAL-INCOME ACCOUNTS**  
(in billions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>RECEIPTS, NATIONAL-INCOME BASIS</b>			
Personal tax and nontax receipts.....	42.9	46.7	51.7
Corporate profits tax accruals.....	20.1	24.6	27.5
Indirect business tax and nontax accruals.....	13.6	14.5	15.3
Contributions for social insurance.....	18.1	19.8	21.8
<b>Total, receipts, national-income basis.....</b>	<b>94.8</b>	<b>105.6</b>	<b>116.3</b>
<b>EXPENDITURES, NATIONAL-INCOME BASIS</b>			
Purchases of goods and services.....	54.6	60.2	64.2
Transfer payments.....	25.7	27.8	29.4
Grants-in-aid to State and local governments.....	6.4	7.0	7.7
Net interest paid.....	6.9	6.6	6.9
Subsidies less current surplus of Government enterprises.....	3.3	4.5	3.7
<b>Total, expenditures, national-income basis.....</b>	<b>97.0</b>	<b>106.1</b>	<b>111.9</b>
<b>Surplus (+) or deficit (-), national-income basis.....</b>	<b>-2.2</b>	<b>-0.5</b>	<b>+4.4</b>

Note.—This table shows Federal receipts and expenditures on the basis used in the national income and gross national product statistics of the Department of Commerce. Both budget funds and trust funds of the Government are included. However, many figures have been adjusted from a cash to an accrual basis, and transactions have been excluded which consist of exchanges or transfers of claims and of previously existing assets (such as loans, the purchase of land, etc.). For a fuller explanation, see Special Analysis C (pages 283 to 289).

Table 7. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>Additions to Federal assets:</b>			
Civil:			
Loans and investments .....	1,692	2,568	1,957
Public works—sites and direct construction .....	1,874	2,183	2,452
Major commodity inventories—net change .....	—390	—620	—376
Major equipment .....	51	51	89
Acquisition and improvement of other physical assets .....	310	487	386
Total, civil .....	3,537	4,669	4,508
National defense:			
Loans .....	—52	—3	—10
Public works—sites and direct construction .....	1,896	1,503	1,450
Major commodity inventories—net change .....	49	90	104
Major equipment .....	13,080	14,847	15,377
Acquisition and improvement of other physical assets .....	1,364	1,257	1,237
Total, national defense .....	16,337	17,694	18,158
Total, additions to Federal assets .....	19,875	22,362	22,665
<b>Additions to other assets:</b>			
Civil:			
State and local physical assets .....	307	371	480
Private physical assets .....	940	991	980
National defense: State and local physical assets .....	11	21	135
Total, additions to other assets .....	1,258	1,383	1,595
<b>Expenditures for other developmental purposes:</b>			
Civil:			
Education, training, and health .....	908	1,073	1,413
Research and development .....	1,409	2,146	3,311
Engineering and natural resource surveys .....	64	80	95
Total, civil .....	2,380	3,299	4,819
National defense:			
Education, training, and health .....	14	15	16
Research and development .....	7,342	7,464	8,146
Total, national defense .....	7,356	7,479	8,162
Total, other developmental expenditures .....	9,736	10,778	12,982
<b>Current aids, special services, and operating expenses:</b>			
Civil .....	27,509	29,116	29,402
National defense .....	23,791	26,018	26,236
Total, current aids, special services, and operating expenses .....	51,300	55,134	55,638
<b>Allowances for pay adjustments and contingencies .....</b>		75	350
Subtotal .....	82,169	89,732	93,230
Deduct interfund transactions .....	654	656	693
<b>Total budget expenditures .....</b>	<b>81,515</b>	<b>89,075</b>	<b>92,537</b>

Note.—This table excludes trust fund expenditures, which cover such additions to assets as federally aided highways. For more information on this classification see special analysis D (pages 290 to 303).

Table 8. THE PUBLIC DEBT (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>SUMMARY OF GOVERNMENT OPERATIONS</b>			
Budget surplus or deficit (—) (table 1).....	—3,856	—6,975	463
Trust fund operations, net (special analysis A, table A-6).....	212	—53	—138
Public enterprise debt and investment transactions, net (special analysis K, table K-5).....	—815	86	—109
Increase or decrease (—) in outstanding checks less deposits in transit.....	285	—113	234
<b>Total operations surplus or deficit (—).....</b>	<b>—4,173</b>	<b>—7,055</b>	<b>450</b>
<b>CHANGE IN CASH BALANCES</b>			
Cash balances, end of year.....	7,456	6,800	6,800
Cash balances, start of year.....	8,989	7,456	6,800
<b>Increase or decrease (—) in cash balances.....</b>	<b>—1,533</b>	<b>—656</b>	<b>—</b>
<b>EFFECTS ON PUBLIC DEBT</b>			
Public debt at start of year.....	286,331	288,971	295,370
Subtract operations surplus (or add deficit).....	4,173	7,055	—450
Add increase (or subtract decrease) in cash balances.....	—1,533	—656	—
<b>Public debt at end of year.....</b>	<b>288,971</b>	<b>295,370</b>	<b>294,920</b>
<b>COMPARISON OF PUBLIC DEBT WITH STATUTORY LIMITATION</b>			
Public debt at end of year.....	288,971	295,370	294,920
Portion of public enterprise debt subject to the public debt limitation.....	240	465	649
Portion of public debt not subject to limitation (—).....	—349	—340	—330
<b>Debt subject to statutory limitation, end of year.....</b>	<b>288,862</b>	<b>295,495</b>	<b>295,239</b>
<b>Statutory limitation on debt, end of year <sup>1</sup>.....</b>	<b>293,000</b>	<b>308,000</b>	<b>308,000</b>

<sup>1</sup> Maximum statutory debt limitation during the year 1961, \$293,000 million; during 1962 under existing law, \$298,000 million; under legislation proposed in the budget message the temporary limit would be \$308,000 million through the remainder of 1962 and in 1963.

Table 9. SUMMARY OF CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Description	As of June 30		
	1961 actual	1962 estimate	1963 estimate
Executive Office of the President.....	2,767	1,661	1,564
Department of Agriculture.....	102,557	110,934	116,388
Department of Commerce.....	30,337	30,793	32,773
Department of Defense:			
Military <sup>1</sup> .....	1,012,375	1,037,018	1,029,069
Civil <sup>2</sup> .....	30,032	31,445	31,562
Department of Health, Education, and Welfare.....	70,335	78,028	82,669
Department of the Interior.....	59,458	64,762	70,157
Department of Justice.....	31,262	31,997	32,671
Department of Labor.....	7,491	8,642	8,956
Post Office Department.....	582,447	593,265	608,729
Department of State.....	23,814	24,038	24,221
Agency for International Development.....	14,906	16,219	16,059
Peace Corps.....	227	547	1,093
Treasury Department.....	79,970	82,995	89,876
Atomic Energy Commission.....	6,846	6,923	7,035
Federal Aviation Agency.....	42,838	45,118	48,959
General Services Administration.....	29,944	32,844	34,521
Housing and Home Finance Agency.....	11,507	13,607	14,981
National Aeronautics and Space Administration.....	17,471	22,000	26,300
Veterans Administration.....	174,110	177,860	178,975
Other agencies.....	76,335	81,649	81,832
<b>Total.....</b>	<b>2,407,029</b>	<b>2,492,345</b>	<b>2,538,390</b>

Note.—Although most of the employees shown here are paid from budget funds, some are paid from trust funds; and in the case of some agencies, the table includes employees who are paid from other funds outside the scope of the budget document. In accordance with definitions of the Civil Service Commission, the figures cover both those employees who are working on June 30, and also part-time and intermittent employees who work at any time during the month of June.

<sup>1</sup> Consists of civilian employment for military functions and military assistance.

<sup>2</sup> Employment for Panama Canal Zone Government, Panama Canal Company, and United States Soldiers' Home is included in "Other agencies" below.

Table 10. BUDGET TOTALS AND PUBLIC DEBT, 1789-1963 (in millions of dollars)

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

\*Less than one-half million dollars.

Note.—Greater detail on budget receipts and budget expenditures for the period 1953 to 1960, inclusive, is found in table 12 (page 53) and table 14 (page 110), respectively. The change in the public debt from year to year is not necessarily the same as the budget surplus or deficit for the reasons summarized and demonstrated for the period 1961 to 1963 in table 8 (page 40). It reflects also changes in the Government's cash on hand, and the use of corporate debt and investment transactions by certain Government enterprises.

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

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

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PART 3

BUDGET RECEIPTS

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## ANALYSIS OF RECEIPTS BY SOURCE

This section of the budget provides supporting detail for the tax proposals and the estimates of budget receipts which are described in the Budget Message.

These estimates of receipts are based on the expectation that the broad economic recovery which began in the first quarter of the calendar year 1961 will continue, and assumes the enactment of proposed legislation regarding taxes.

### BUDGET RECEIPTS

[Fiscal years. In millions]

Source	1961 actual	1962 estimate	1963 estimate
Individual income taxes.....	\$41,338	\$45,000	\$49,300
Corporation income taxes.....	20,954	21,300	26,600
Excise taxes.....	9,063	9,627	9,956
Estate and gift taxes.....	1,896	2,090	2,325
Customs.....	982	1,215	1,320
Miscellaneous receipts.....	4,080	3,524	4,192
Total.....	78,313	82,756	93,693
Deduct interfund transactions.....	654	656	693
Total budget receipts.....	77,659	82,100	93,000

### ECONOMIC BASE OF ESTIMATES

Both the receipt and expenditure estimates in this budget are based on the expectation that the gross national product in the calendar year 1962 will amount to \$570 billion, an increase of almost \$50 billion over the calendar year 1961. This estimated increase in the total value of goods and services produced will be accompanied by commensurate increases in private incomes. Personal income is expected to rise from \$417 billion in calendar 1961 to \$448 billion in calendar 1962. Corporate profits have increased each quarter since the recession low of the first quarter of the calendar year 1961. Despite this rising trend during the calendar year, profits for the year as a whole are estimated to be only slightly above the total for calendar 1960, during which profits were declining. For calendar 1962 as a



whole, a substantial rise of \$10.5 billion to \$56.5 billion of corporate profits is estimated.

The various tax bases are estimated consistent with these assumed measures of overall economic activity. However, since taxes are assessed against certain transactions, transfers, and flows of income as defined by statute rather than as defined in the national income accounts, the relationship of receipts to measures of economic aggregates cannot be precise. Moreover, some adjustments are required for differences in timing. During a period of economic recovery, tax collections do not expand as quickly as many indices of economic activity. Changes in corporation income tax collections, in particular, lag behind changes in corporate profits.

### ESTIMATED CHANGES IN REVENUES

The estimated increase in total budget receipts between fiscal 1962 and 1963 is \$10.9 billion, compared with an increase of \$4.4 billion between the fiscal years 1961 and 1962. Although individual income tax receipts are expected to contribute more than four-fifths of the revenue gains in 1962, corporate income taxes will contribute the largest single part of the 1963 increase. With the exception of miscellaneous receipts, for which a decline is estimated in 1962 from the unusually large collections in 1961, all other sources of receipts show advances in both years.

However, the rise in total receipts is estimated to take place with no major change in the proportions derived from particular sources. The individual income tax remains the most important source of revenue, contributing over one-half the receipts in each year, followed by corporation income taxes which contribute about one-quarter of budget receipts.

The budget receipts totals include an estimated \$100 million in fiscal 1962 and \$300 million in 1963 expected to result from the expanded enforcement activities of the Internal Revenue Service.

*Sources of receipts.*—Individual income tax receipts in fiscal 1963 are estimated to be \$4.3 billion higher than in 1962, reflecting the projected rise of over \$30 billion in personal income expected between calendar years 1961 and 1962. The 1962 receipts estimate is \$3.7 billion above the actual collections in 1961, because, in spite of the recent recession, personal incomes were higher.

Receipts from corporation income taxes are expected to increase by \$5.3 billion in fiscal year 1963, reflecting the estimated large rise in corporate profits between calendar years 1961 and 1962. Corporation income tax receipts in fiscal 1962 are expected to be only \$346 million above the previous year.

Excise tax receipts are estimated to increase by \$564 million in 1962 and to rise further by \$329 million in 1963. Most of the excise taxes are expected to show increases in both 1962 and 1963, as a result of the general rise in business activity and incomes. The largest increases in both years are expected from the taxes on passenger automobiles, liquor and tobacco, and communications.

Receipts from estate and gift taxes are expected to rise to \$2.1 billion in the current year and to advance further to \$2.3 billion in 1963. Because of the predominance of estate taxes in this total and the length of time permitted for filing estate tax returns, the revenue from this source lags more than a year behind current changes in security prices and values of other assets which constitute the bulk of the tax base.

Customs receipts are estimated to increase to \$1.3 billion in 1963, compared to the estimated \$1.2 billion in 1962, as the increased level of business activity generates an expansion in taxable imports.

Miscellaneous receipts are estimated to decrease by \$556 million in the current year, but are expected to advance by more than this amount in 1963. Fiscal 1961 receipts were unusually large by reason of a large loan prepayment by the Federal Republic of Germany. The repayment to the general fund of advances to certain States for temporary unemployment compensation during the 1961 recession accounts for the major part of the 1963 increase.

Efforts are being continued to set fees and charges for special Government services and benefits at appropriate rates in light of costs to the Government and value to those benefiting.

### PROPOSED LEGISLATION

*Tax reform proposals.*—The tax reform program set forth in this budget is expected to have no net effect on total revenues. The investment credit of 8% of expenditures for equipment recommended to encourage modernization of industrial equipment will result in a net revenue loss, while revenue gains are expected from the following proposals to eliminate inequities in the present tax structure:

(a) Withholding on dividend and interest income to recoup the revenue lost because of failure to report such income in full on tax returns.

(b) Repeal of the present \$50 dividend exclusion and 4% tax credit for dividends above \$50.

(c) Limitation of the capital gain treatment of gains on depreciable real and personal property.

(d) Restriction of business expense deductions for entertainment, gifts, and other expense account items.

(e) Taxation of business earnings of cooperatives either at the individual or organization level.

(f) Repeal of special provisions applicable only to mutual organizations in the fire and casualty insurance field.

(g) Revision of the tax deductible reserve provisions applicable to mutual savings banks and savings and loan associations to assure nondiscriminatory taxation among competing financial institutions.

(h) Changes in the tax treatment of foreign income by limiting tax deferral privileges generally to the newly developing countries and by tightening up on various preferences permitted under present law with respect to (1) tax haven operations, (2) taxation of foreign investment companies, (3) taxation of American citizens who are residents abroad, (4) estate tax on real property abroad, (5) computation of allowances for foreign tax credits on dividends, and (6) taxation of foreign trusts.

*Extension of present tax rates.*—Under present law, the corporation income tax rate will drop from 52% to 47% and excise tax rates on distilled spirits, beer, wines, cigarettes, passenger automobiles, and automobile parts and accessories will decline on July 1, 1962, while the tax on general telephone service will expire on July 1, 1962. The revenue estimates assume that legislation extending present rates for these taxes for 1 year beyond June 30, 1962, will be enacted as recommended.

*Transportation tax and user charges.*—Under existing legislation amounts paid for transportation of persons are taxed at 10%. The rate will decline to 5% on July 1, 1962. The estimates for 1963 assume that legislation will be enacted, as recommended, to repeal the tax on transportation of persons other than by air effective July 1, 1962, and establish a system of user charges for aviation and inland waterways.

With respect to aviation, legislation is proposed to continue the present 10% tax on transportation of persons until December 31, 1962.

After that date a tax of 5% on amounts paid for transportation of persons and freight by air would be effective. In addition, the present tax of 2 cents per gallon on aviation gasoline would be extended to jet fuels and the tax rate on fuels used in general aviation would be raised to 3 cents per gallon. The proceeds from these taxes would be retained in the general fund instead of being transferred to the highway trust fund, as is now the case for the aviation gasoline tax.

A user charge is also recommended, to be effective January 1, 1963, of 2 cents per gallon on fuels used on inland waterways, which would offset part of the cost of the operation and maintenance of waterways.

## ESTIMATED EFFECT OF PROPOSED LEGISLATION ON BUDGET RECEIPTS

[In millions]

	Fiscal year 1963	Full annual effect
Corporation income taxes: Tax rate extension.....	\$1,300	\$2,800
Excise taxes:		
Tax rate extensions (excluding transportation of persons):		
Alcohol taxes.....	415	267
Tobacco taxes.....	259	240
Passenger automobiles.....	410	430
Parts and accessories for automobiles.....	60	73
General telephone service.....	395	525
Subtotal, excise tax rate extensions.....	1,539	1,535
Transportation proposals:		
Repeal tax on transportation other than by air, effective July 1, 1962.....	-34	-39
Extend tax on air transportation at 10% for 6 months to December 31, 1962, after which it would drop to 5% as under present law.....	46	
Tax transportation of freight by air.....	3	7
Credit existing 2¢ per gallon aviation gas tax receipts to general fund.....	9	19
Extend 2¢ rate to jet fuel.....	13	36
Increase rate to 3¢ on fuels used in general aviation.....	1	3
Tax fuel used on inland waterways.....	3	10
Subtotal, transportation proposals.....	41	36
Total, excise taxes.....	1,580	1,571
Miscellaneous receipts:		
Sugar import fees.....	180	180
Other.....	-105	-105
Total, proposed legislation.....	2,955	4,446

Table 11. SOURCES OF BUDGET RECEIPTS (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>Individual income taxes:</b>			
Withheld.....	32,978	36,325	40,225
Other.....	13,175	13,645	14,245
Gross individual income taxes.....	46,153	49,970	54,470
Less refunds.....	4,815	4,970	5,170
Net individual income taxes.....	41,338	45,000	49,300
<b>Corporation income taxes</b> .....	21,765	22,200	27,400
Less refunds.....	810	900	800
Net corporation income taxes.....	20,954	21,300	26,600
<b>Excise taxes:</b>			
Alcohol taxes:			
Distilled spirits (domestic and imported).....	2,277	2,360	2,470
Beer.....	795	800	800
Rectification tax.....	22	23	23
Wines (domestic and imported).....	96	98	100
Special taxes in connection with liquor occupations.....	22	22	22
Total alcohol taxes.....	3,213	3,303	3,415
Tobacco taxes:			
Cigarettes (small).....	1,924	1,980	2,050
Manufactured tobacco (chewing, smoking, and snuff).....	17	17	17
Cigars (large).....	49	52	52
Cigarette papers and tubes.....	1	1	1
All other.....	*	*	*
Total tobacco taxes.....	1,991	2,050	2,120
Taxes on documents, other instruments, and playing cards:			
Issues of securities, stock and bond transfers, and deeds of conveyance.....	141	147	152
Playing cards.....	8	8	8
Silver bullion sales or transfers.....	*	*	*
Total taxes on documents, other instruments, and playing cards.....	149	155	160
<b>Manufacturers' excise taxes:</b>			
Gasoline.....	2,370	2,422	2,485
Jet fuel.....			13
Lubricating oils.....	74	76	80
Passenger automobiles.....	1,229	1,345	1,500
Automobile trucks, buses, and trailers.....	237	260	270
Parts and accessories for automobiles.....	189	189	200
Tires, inner tubes, and tread rubber.....	280	368	391
Electric, gas, and oil appliances.....	64	69	73
Electric light bulbs.....	33	37	40
Radio and television receiving sets, phonographs, phonograph records, and musical instruments.....	190	205	225
Mechanical refrigerators, quick-freeze units, and self-contained air-conditioning units.....	56	60	65
Business and store machines.....	98	100	115

See footnote at end of table.

Table 11. SOURCES OF BUDGET RECEIPTS (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>Excise taxes—Continued</b>			
Manufacturers' excise taxes—Continued			
Photographic equipment.....	25	28	30
Matches.....	5	5	5
Sporting goods, including fishing rods, creels, etc.....	21	23	26
Firearms, shells and cartridges.....	15	16	18
Pistols and revolvers.....	2	2	2
Fountain and ballpoint pens, mechanical pencils.....	9	10	11
Total manufacturers' excise taxes.....	4,897	5,215	5,549
Retailers' excise taxes:			
Jewelry.....	168	173	179
Furs.....	29	30	30
Toilet preparations.....	132	144	157
Luggage, handbags, wallets, etc.....	68	68	72
Total retailers' excise taxes.....	398	415	438
Miscellaneous excise taxes:			
Toll telephone service, telegraph and teletypewriter service, wire mileage service, etc.....	344	375	410
General telephone service.....	483	495	525
Transportation of persons.....	264	280	159
Transportation of persons by air.....			34
Transportation of freight by air.....			3
Fuel used on inland waterways.....			3
Diesel fuel used on highways.....	89	107	125
Use tax on certain vehicles.....	46	105	120
Admissions, exclusive of cabarets, roof gardens, etc.....	37	40	43
Cabarets, roof gardens, etc.....	34	34	35
Wagering taxes, including occupational taxes.....	7	7	7
Club dues and initiation fees.....	64	68	71
Leases of safe deposit boxes.....	7	7	7
Coconut and other vegetable oils, processed.....	*	*	*
Sugar tax.....	92	94	96
Coin-operated amusement and gaming devices.....	24	24	25
Bowling alleys and billiard and pool tables.....	4	5	5
All other miscellaneous excise taxes.....	3	2	1
Total miscellaneous excise taxes.....	1,498	1,643	1,669
Undistributed depository receipts and unapplied collections.....	-81	61	67
Gross excise taxes.....	12,064	12,842	13,418
Less refunds.....	78	83	83
Less transfer to Highway trust fund.....	2,923	3,132	3,379
Net excise taxes.....	9,063	9,627	9,956
<b>Employment taxes:</b>			
Federal Insurance Contributions Act and Self-Employment Contributions Act.....	11,586	11,949	13,809
Railroad Retirement Tax Act.....	571	597	624
Federal Unemployment Tax Act.....	345	476	976
Gross employment taxes.....	12,502	13,022	15,409
Less refunds.....	1	*	*

See footnote at end of table.

Table 11. SOURCES OF BUDGET RECEIPTS (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>Employment taxes—Continued</b>			
Less transfers to:			
Federal old-age and survivors insurance trust fund.....	10,623	10,972	12,780
Federal disability insurance trust fund.....	963	977	1,029
Railroad retirement account.....	571	597	624
Unemployment trust fund.....	345	476	976
Net employment taxes.....	—*	*	
<b>Estate and gift taxes.....</b>	1,916	2,110	2,345
Less refunds.....	20	20	20
Net estate and gift taxes.....	1,896	2,090	2,325
<b>Customs.....</b>	1,008	1,241	1,346
Less refunds.....	25	26	26
Net customs.....	982	1,215	1,320
<b>Miscellaneous receipts:</b>			
Under existing legislation:			
Miscellaneous taxes.....	5	5	5
Seigniorage.....	55	67	40
Bullion charges.....	6	8	1
Fees for permits and licenses:			
Admission permits and fees.....	5	5	7
Business concessions.....	5	6	6
Immigration, passport, and consular fees.....	20	20	21
Patent and copyright fees.....	9	9	9
Registration and filing fees.....	6	6	6
Miscellaneous fees for permits and licenses.....	37	17	204
Total fees for permits and licenses.....	81	62	255
Fines, penalties, and forfeitures:			
Fines, penalties, and forfeitures, customs, commerce, and antitrust laws.....	5	5	5
Other fines, penalties, and forfeitures.....	8	8	7
Total fines, penalties, and forfeitures.....	14	13	12
Gifts and contributions.....	*	*	*
<b>Interest:</b>			
Interest on loans to Government-owned enterprises.....	640	642	678
Interest on domestic loans to individuals and private organizations.....	99	88	86
Interest on foreign loans and deferred payments.....	169	202	200
Miscellaneous interest collections.....	34	14	14
Total interest.....	942	947	978
<b>Dividends and other earnings:</b>			
Deposits of earnings, Federal Reserve System.....	788	725	775
Payment equivalent to income taxes.....	9	16	20
Miscellaneous dividends and earnings.....	7	9	9
Total dividends and other earnings.....	805	751	804

See footnote at end of table.

Table 11. SOURCES OF BUDGET RECEIPTS (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>Miscellaneous receipts—Continued</b>			
Under existing legislation—Continued			
Rents:			
Rent of land.....	12	14	15
Rent on Outer Continental Shelf lands.....	2	133	210
Rent of real property, not otherwise classified.....	29	29	29
Rent of equipment and other personal property.....	51	52	52
Total rents.....	94	227	307
Royalties:			
Royalties on Outer Continental Shelf lands.....	6	7	10
Miscellaneous royalties on natural resources.....	109	113	114
Royalties on patents and copyrights.....	*	*	*
Total royalties.....	114	120	124
Sale of products:			
Sale of timber and other natural land products.....	139	160	166
Sale of minerals and mineral products.....	11	12	12
Sale of power and other utilities.....	171	178	201
Sale of publications and reproductions.....	5	5	5
Sale of miscellaneous products and byproducts.....	5	6	6
Total sale of products.....	330	360	390
Fees and other charges for services and special benefits:			
Fees and other charges for administrative, professional, and judicial services.....	15	16	16
Fees and other charges for communication and transportation services.....	9	9	9
Charges for subsistence, laundry, and health services.....	4	4	5
Fees and other charges for services provided to the District of Columbia.....	5	5	5
Fees for general governmental services.....	13	13	14
Other fees and charges.....	54	58	59
Total fees and other charges for services and special benefits.....	99	104	107
Sale of Government property:			
Sale of real property.....	12	8	8
Sale of equipment and other personal property.....	251	245	265
Sale of scrap and salvage materials.....	79	91	97
Total sale of Government property.....	343	344	370
Realization upon loans and investments:			
Repayment from States and other public bodies.....	1	1	513
Repayment of domestic loans to individuals and private organizations.....	345	195	23
Repayment of foreign loans.....	655	193	119
Repayment on miscellaneous recoverable costs.....	7	13	7
Miscellaneous repayments on loans and investments.....	4	5	5
Total realization upon loans and investments.....	1,012	407	668

See footnote at end of table.



Table 11. SOURCES OF BUDGET RECEIPTS (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>Miscellaneous receipts—Continued</b>			
Under existing legislation—Continued			
Recoveries and refunds:			
Recoveries under military occupation.....	1	*	44
Recoveries of excess profits and costs.....	8	10	10
Recoveries under foreign aid programs.....	130	53	34
Refunds of erroneous payments.....	11	11	11
Miscellaneous recoveries and refunds.....	32	36	34
<b>Total recoveries and refunds.....</b>	<b>182</b>	<b>109</b>	<b>133</b>
<b>Gross miscellaneous receipts.....</b>	<b>4,082</b>	<b>3,526</b>	<b>4,194</b>
<b>Less refunds.....</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Net miscellaneous receipts.....</b>	<b>4,080</b>	<b>3,524</b>	<b>4,192</b>
<b>Subtotal receipts.....</b>	<b>78,313</b>	<b>82,756</b>	<b>93,693</b>
<b>Deduct interfund transactions.....</b>	<b>654</b>	<b>656</b>	<b>693</b>
<b>Total budget receipts.....</b>	<b>77,659</b>	<b>82,100</b>	<b>93,000</b>

\* Less than one-half million dollars.

Note.—Estimates include effect of proposed legislation.

Table 12. BUDGET RECEIPTS, 1953–1960 (in millions of dollars)

Description	Actual							
	1953	1954	1955	1956	1957	1958	1959	1960
Individual income taxes.....	30,108	29,542	28,747	32,188	35,620	34,724	36,719	40,715
Corporation income taxes.....	21,238	21,101	17,861	20,880	21,167	20,074	17,309	21,494
Excise taxes (net).....	9,868	9,945	9,131	9,929	9,055	8,612	8,504	9,137
Employment taxes.....	274	283	579	322	328	333	321	339
Estate and gift taxes.....	881	934	924	1,161	1,365	1,393	1,333	1,606
Customs.....	596	542	585	682	735	782	925	1,105
Miscellaneous receipts.....	1,859	2,309	2,562	3,004	2,760	3,200	3,160	4,062
<b>Subtotal.....</b>	<b>64,825</b>	<b>64,655</b>	<b>60,390</b>	<b>68,165</b>	<b>71,029</b>	<b>69,117</b>	<b>68,270</b>	<b>78,457</b>
<b>Deduct interfund transactions.....</b>	<b>154</b>	<b>235</b>	<b>181</b>	<b>315</b>	<b>467</b>	<b>567</b>	<b>355</b>	<b>694</b>
<b>Total budget receipts.....</b>	<b>64,671*</b>	<b>64,420</b>	<b>60,209</b>	<b>67,850</b>	<b>70,562</b>	<b>68,550</b>	<b>67,915</b>	<b>77,763</b>

Note.—Figures shown in this table are net of refunds, but correspond to the net figures used in the same classifications for fiscal years 1961 to 1963 in table 11 (pages 49 to 53).

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PART 4

THE FEDERAL PROGRAM  
BY FUNCTION

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## ANALYSIS OF FEDERAL ACTIVITIES BY FUNCTION

This section of the budget describes the Government activities proposed for 1963 in terms of the major functions they serve. It presents greater detail on existing programs and on new legislative recommendations than is included in the Budget Message.

Almost four-fifths of the \$92.5 billion of budget expenditures estimated for 1963 represent costs associated with our current national security and with past wars. Expenditures for national defense, international, and space programs are estimated at \$58.1 billion; those for veterans benefits and for interest payments, which are related to past wars, are expected to total \$14.7 billion. All other expenditures are estimated at \$19.7 billion, about one-fifth of the total; they include \$5.1 billion for health, labor, and welfare programs and \$5.8 billion for agricultural programs.

The expenditure total includes a \$200 million allowance for contingencies, and an allowance of \$150 million is included for the pay adjustments being proposed for Federal white-collar employees; the recommended revisions in postal workers' pay are included with other estimated Post Office expenditures.

### NATIONAL DEFENSE

The national defense category used in this budget encompasses the military functions of the Department of Defense, military assistance to other countries, atomic energy, and several activities directly supporting our defense effort. Expenditures for national defense in 1963 are estimated at \$52.7 billion, \$1.5 billion more than in 1962 and \$5.2 billion more than in 1961. Practically all of the increase is for the Department of Defense, including the civil defense activities recently transferred to that Department.

***Department of Defense—Military.***—The 1963 budget for the military functions of the Department of Defense is the first to be developed under procedures introduced last year which integrate the making of plans, programs, and budgets. Under these procedures the defense program is developed in terms of the principal military missions of the Defense Establishment, rather than by military services. This approach features long-range projections of programs

and comparisons of the cost-effectiveness of alternative weapons systems. It also involves the continual review and adjustment of long-range objectives to conform with changes in the international situation and in military requirements and technology.

## NATIONAL DEFENSE

[Fiscal years. In millions]

Program or agency	Expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Department of Defense—Military:</b>				
Military functions:				
Present programs.....	\$43,227	\$46,850	\$48,129	\$49,920
Proposed legislation.....			171	220
Military assistance.....	1,449	1,400	1,400	1,500
Subtotal.....	44,676	48,250	49,700	51,640
Atomic energy.....	2,713	2,830	2,880	2,987
<b>Defense-related activities:</b>				
Stockpiling of strategic and critical materials.....	35	36	40	38
Expansion of defense production.....	—12	35		
Selective Service System.....	33	36	37	38
Other.....	50	25	33	41
Total.....	47,494	51,212	52,690	54,744

<sup>1</sup> Compares with new obligational authority of \$45,994 million enacted for 1961 and \$52,644 million (including \$453 million in anticipated supplemental appropriations) estimated for 1962.

Because of the uncertainties inherent in the Berlin crisis, it has been assumed, for purposes of preparing the fiscal year 1963 defense budget, that the special measures associated with that crisis will terminate at the beginning of that fiscal year. Accordingly, the military personnel strengths and force structures shown for the end of fiscal year 1962 in the table on page 62 do not necessarily mesh with those planned for the beginning of fiscal year 1963. Either the 1962 or the 1963 strengths and forces will have to be adjusted, depending on the course of future events.

The following table sets forth the major military programs for fiscal years 1962 and 1963 in terms of obligational availability planned, including recommended new obligational authority plus certain prior year funds. The amount shown for each program represents the total funds necessary to finance the various elements of the program in 1962 and 1963, including military personnel, operation and maintenance, procurement, research and development, and military construction.

## SUMMARY OF THE DEPARTMENT OF DEFENSE PROGRAM

[Fiscal years. In billions]

Major military programs	Obligational availability planned	
	1962 estimate	1963 estimate
Strategic retaliatory forces.....	\$9.5	\$9.4
Continental air and missile defense forces.....	2.2	2.1
General purpose forces.....	18.2	18.4
Sealift and airlift.....	1.1	1.3
Reserve Forces.....	1.8	1.9
Research and development (not included elsewhere).....	4.7	5.7
General support.....	12.1	12.8
Civil defense.....	.3	.7
Proposed legislation:		
Basic allowance for quarters and other.....		.2
Military assistance.....	1.6	1.5
<b>Total obligational availability planned.....</b>	<b>51.5</b>	<b>53.9</b>
Of which:		
New obligational authority.....	49.9	51.6
Prior year funds.....	1.6	2.3

*Strategic retaliatory forces.*—This major program includes manned bombers (B-52's, B-58's, and B-47's), their tankers, and their air-launched missiles, Hound Dog and Skybolt; intercontinental ballistic missiles—Atlas, Titan, and Minuteman; Polaris submarines and their complement of missiles; and communications systems for command and control. The total obligational availability to be used for these forces in 1963 is estimated at \$9.4 billion, compared with \$9.5 billion provided in the 1962 budget as amended, and \$7.5 billion in the original 1962 budget of the previous administration.

These funds will support an operational force of about 1,200 bombers at the end of 1963, about half of which will be maintained on a 15-minute ground alert. The budget provides for continuing the capability for maintaining one-eighth of the heavy bomber fleet on continuous airborne alert. Most of the B-52's will be equipped with the Hound Dog air-to-surface missile and the entire bomber force will be supported by a fleet of jet-powered refueling tankers.

Provision is made in the budget for the continued development and testing, and the initial procurement, of the new Skybolt. This air-launched ballistic missile has approximately double the range and many times the speed of the Hound Dog, and four can be carried by a single B-52 bomber compared with two of the Hound Dog.

The planned 13 squadron force of Atlas ICBM's should be completed and in place by the end of 1963 together with the greater part of the planned 12 Titan ICBM squadrons. The first Minuteman solid-fuel ballistic missiles are also expected to be operational by that time. Funds are requested for the procurement of another substantial increment of Minuteman missiles and for construction of hardened and dispersed launching sites. By the time these additional missiles are operational, the Minuteman force will be several times the presently planned Atlas-Titan liquid-fueled missile force.

Six Polaris submarines carrying 96 missiles are now in commission. Funds are already available to increase this number to 12 submarines and to have 17 more under construction by the end of fiscal 1963. This budget provides for 6 more Polaris submarines and their complements of missiles to be started during 1963 and for the advance procurement of long lead-time components permitting 6 more to be started in 1964, raising the total number of Polaris submarines to 41. In addition, funds are included for the initial procurement of longer range missiles which will greatly increase the flexibility and effectiveness of the Polaris force.

*Continental air and missile defense forces.*—This major program includes the many elements of our warning and defense system against airborne attack. Total obligational availability to be applied to these forces and programs in 1963 is estimated at \$2.1 billion, \$0.1 billion less than in the 1962 budget as amended.

Defense against bomber attack will continue to be based on a combination of manned interceptors and surface-to-air missiles, with warning provided by the radar networks. The major effort is now directed to improving the ability of the anti-aircraft defense system to survive and function after an ICBM attack, since a manned bomber attack on the United States might well coincide with or follow an ICBM attack. Funds are provided in this budget for an emergency manual backup for the Semi-Automatic Ground Environment (SAGE) system, fall-out protection for ground personnel, and facilities to permit a further dispersal of the manned interceptor force. The Nike-Hercules system will be made more effective by the completion of the radar improvement program and the procurement of additional missiles.

The effectiveness of our continental air-defense forces is increasing in relation to the size of bomber attack now considered possible. This will permit a reduction in the numbers of air-defense anti-aircraft battalions and air-defense combat wings.

For continental defense against ICBM attack, the budget provides for completing and operating the Ballistic Missile Early Warning System (BMEWS). Two of the three radar warning stations mak-

ing up this system are already in operation; the third is under construction and will be operational next year. The BMEWS is capable of giving our defensive and offensive forces up to 15 minutes warning of an ICBM attack. As part of the research and development program, work will continue on the development of a satellite ICBM warning system, which would extend the period and improve the reliability of our warning, and on the Nike-Zeus anti-missile system on a top-priority basis.

*General purpose forces.*—This program includes the bulk of our Armed Forces, which are available either for use in the event of general war or for rapid deployment to any point in the globe in the event of a more limited military conflict. More specifically, this program covers about two-thirds of the active Army forces, the tactical air units of the Air Force, and virtually all of the active Navy and Marine Corps combat forces with the exception of the Polaris and Regulus submarine systems. The reserve forces associated with this mission are included with other reserve components in a separate program.

The total obligational availability planned for the general purpose forces in 1963 is estimated at \$18.4 billion compared with \$18.2 billion in the amended 1962 budget and \$14.7 billion in the original 1962 budget of the preceding administration.

To insure that these forces have the firepower, mobility, and versatility needed to meet the broadest range of military contingencies, the budget provides for a significant increase in the procurement of modern weapons and supporting equipment. Moreover, in order that these forces may be deployed immediately to any part of the world and be able to fight for protracted periods, inventories of basic equipment and supplies will be built up and placed at forward locations.

For example, under the 1963 budget, the Army will procure another large increment of the 7.62 mm. family of small arms; increased quantities of heavy machineguns; more self-propelled artillery and main battle tanks; and conventional and atomic munitions. In addition, the Army will purchase nearly 40,000 tactical trucks, a large variety of support vehicles, and about 600 aircraft, including the Caribou transports and several types of helicopters. Army missile procurement will include the Hercules, Hawk, and Red Eye air defense missiles; the Honest John, Little John, Sergeant, and Pershing tactical missiles; and anti-tank missiles.

For the Navy, the 1963 shipbuilding program for the general purpose forces involves construction of 29 new ships and major conversions of 33 ships. The proposed new ships include a conventionally powered carrier, a nuclear-powered guided missile frigate, 8 nuclear-powered attack submarines, 5 amphibious ships, and 8 escort vessels.

The conversion program includes modernization of 24 destroyers. The Navy will also procure about 900 aircraft, mostly combat types, including aircraft for attack, reconnaissance, and anti-submarine warfare. Missile procurement will include the Sidewinder and Sparrow air-to-air missiles; the Terrier, Tartar, and Talos surface-to-air missiles; the Bullpup and Shrike air-to-surface missiles; and the Subroc submarine-launched anti-submarine missile. Large quantities of rockets, bombs, modern torpedoes, mines, and other conventional ordnance will also be ordered. A wide variety of weapons and supporting equipment will also be procured for the Marine Corps.

For the Air Force, there will be a substantial increase in the rate of modernization of tactical fighter forces, through continued procurement of the all-weather F-105 aircraft in 1963 and initial procurement in 1962 and 1963 of the versatile F4H fighter. Development work begun in 1962 on a more advanced, long-range, tactical fighter aircraft for use by both the Air Force and Navy will be substantially expanded in 1963. Both the 1963 budget and amended 1962 budget call for a sizable increase in production of new and more effective types of non-nuclear ordnance and for modification of tactical aircraft to enable delivery of heavier loads of such ordnance.

*Sealift and airlift.*—The forces in this program include the Military Sea Transportation Service (MSTS), the Military Air Transport Service (MATS), and the troop carrier squadrons of the Air Force. The total obligational availability planned for these forces in 1963 is \$1.3 billion, compared with \$1.1 billion in the amended 1962 budget.

The budget will support in 1963 a force of 56 Air Force and Navy troop carrier and air transport squadrons. The Reserve components of the Air Force will maintain an additional 65 squadrons, for which funds are included in the program for the Reserve forces.

Last year a major start was made on the modernization and expansion of the airlift forces, and the 1963 budget will augment further our air transport capacity. Additional quantities of C-130E aircraft will be ordered, and procurement of the new C-141 jet transport will begin. These modern jet transports will adequately meet the needs of the Department of Defense even though fewer squadrons are planned than in 1962. Certain squadrons of the older C-118's and C-124's that had been scheduled to be phased out will be retained for a longer period. It is also planned to retain in active units a portion of the aircraft now assigned to the reserve units on active duty, when these units revert to reserve status.

The Military Sea Transportation Service provides specialized troop transports, cargo ships, and tankers required to support the deployment of military forces but which are not available in the civilian maritime fleet. Our sealift capabilities will be increased by



the procurement in 1963 of a modern cargo ship permitting more rapid loading and unloading of vehicles and tanks.

*Personnel strength and force structure.*—The estimated Active Forces at the end of fiscal year 1963 compared with the 2 preceding years are shown in the following table:

SUMMARY OF COMPOSITION OF MAJOR ACTIVE ARMED FORCES

Description	Actual	Estimate	
	June 30, 1961	June 30, 1962	June 30, 1963
Military personnel (in thousands):			
Army.....	858	1,081	960
Navy.....	627	666	665
Marine Corps.....	177	190	190
Air Force.....	820	888	869
Total, Department of Defense.....	2,482	2,825	2,684
Military forces:			
Army:			
Divisions.....	14	16	16
Armored cavalry regiments and combat commands.....	7	6	6
Brigades.....	2	1	3
Battle groups (infantry).....	8	9	10
Missile commands.....	4	3	3
Air defense anti-aircraft battalions.....	77	65	63
Surface-to-surface missile battalions.....	24	30	33
Helicopter aircraft inventory—active.....	2,721	2,785	3,039
Fixed-wing aircraft inventory—active.....	2,843	2,818	2,855
Navy:			
Commissioned ships in fleet.....	(819)	(898)	(862)
Warships.....	375	395	383
Other.....	444	503	479
Attack carrier air groups.....	17	18	17
Carrier anti-submarine air groups.....	11	12	11
Patrol and warning squadrons.....	38	53	35
Marine divisions.....	3	3	3
Marine air wings.....	3	3	3
Aircraft inventory—active.....	8,793	9,297	8,950
Air Force:			
USAF combat wings.....	(88)	(98)	(86)
Strategic wings.....	37	37	33
Air defense wings.....	19	18	17
Tactical wings.....	32	43	36
USAF combat support flying forces.....	(119)	(132)	(122)
Air refueling squadrons.....	65	67	59
MATS air transport squadrons.....	21	30	26
Other specialized squadrons.....	33	35	37
Aircraft inventory—active.....	16,905	16,244	15,449

*Reserve forces.*—The Reserve components of the Army, Navy, Marine Corps, and Air Force are considered together in this program. The military missions of the various components, however, are closely related to those of the Active Forces included in the continental air and missile defense forces, general purpose forces, and airlift and sealift. The total obligational availability planned for these forces in 1963 is \$1.9 billion. Training of the Reserve components will continue to be designed to provide organized units and individual reinforcements prepared to meet the mobilization needs for which they have been established.

The strengths of the Reserve components now planned to be in a paid drill status as of the end of 1963, compared with the 2 preceding years, are as follows:

Component	Actual	Estimated	
	June 30, 1961	June 30, 1962	June 30, 1963
Army Reserve forces.....	695,603	621,800	670,000
Navy Reserve.....	129,948	122,294	125,000
Marine Corps Reserve.....	43,829	45,500	45,500
Air Force Reserve forces.....	135,380	110,950	133,000
Total.....	1,004,760	900,544	973,500

The lower strengths shown for June 30, 1962 in comparison with the strengths shown for June 30, 1961 are due to the temporary mobilization and assignment to the active forces of some reserves in October 1961.

*Research and development.*—This program contains all of the research, development, test, and evaluation activities not included in other major programs, such as basic and applied research, advanced technology, exploratory development, testing at the national missile ranges, and similar and supporting activities. The total obligational availability to be applied to these purposes in 1963 is \$5.7 billion, compared to \$4.7 billion in the 1962 budget as amended.

The Army's research program includes funds for a wide range of battlefield surveillance and communications equipment, and advanced conventional weapons, ammunition items, and aircraft. Development will continue on the Mauler (a mobile anti-missile and anti-aircraft defense system), the Nike-Zeus anti-missile missile, and the communications satellite program.

The Navy's research program will include such projects as the high capacity Typhon missile system, a new deep-diving high-speed torpedo and other anti-submarine warfare projects, more efficient nuclear powerplants, oceanographic research, and a navigational satellite system.

Air Force research includes the initiation of development of a mobile mid-range ballistic missile and a new general purpose booster vehicle for the national space program. Development will be continued on the B-70 prototype aircraft, major space systems, and other programs

*General support.*—This program covers the support activities of each service and various agencies which serve the entire Department of Defense, such as the Office of the Secretary of Defense, the Defense Communications Agency, Defense Supply Agency, and the Defense Atomic Support Agency.

These activities include not only the direct support provided for the Armed Forces and the installations at which they are located, but also the gamut of support services customarily provided for the well-being of military personnel and their dependents, such as housing, medical care, community services, and welfare and recreation.

The total obligational availability planned for this program in 1963 is \$12.8 billion, compared to \$12.1 billion in 1962. The increase over 1962 is mainly for communications and intelligence and for retired pay.

*Civil defense.*—New obligational authority of \$695 million is recommended for 1963 for a further major expansion of the civil defense program recently transferred to the Department of Defense. This is \$440 million more than provided for 1962.

The present program includes the identification and marking of an estimated 50 million shelter spaces in existing buildings as well as a good start on stocking them with necessary supplies and equipment. The amount recommended for 1963 includes \$460 million under legislation being prepared for Federal incentive grants for shelter construction in selected community buildings, such as schools and hospitals. The surveying and marking of existing structures will continue. It is also planned to stock and equip all shelter spaces open to the public in an emergency with a capacity of 50 or more persons, including those identified in the surveys as well as the shelters resulting from the new grant program.

Other existing civil defense activities in the Defense Department budget are expected to be accelerated in 1963; these include warning and alerting programs, radiological monitoring and instrumentation, contributions to State and local governments for civil defense personnel and administrative costs, provision of fallout shelters in existing Federal buildings, and education and information.

*Proposed legislation.*—Funds are provided under proposed legislation to increase the basic allowance for quarters and the travel per diem allowances for military personnel.

Legislation will also be proposed to establish a "Military Family Housing Fund" which would facilitate the financing of new construction and the management and financial control of all military family housing.

*Military assistance.*—Our military planning has long recognized the importance of allied forces in maintaining the security of the Free World. Military assistance helps to strengthen the forces of more than 40 nations. New obligational authority of \$1.5 billion is recommended for military assistance for 1963 to provide training and materiel for essential maintenance and selective modernization of forces in the countries receiving aid.

This budget emphasizes the continuing need to develop and maintain effective forces in nations which are faced with serious threats of internal subversion or external aggression. Individually and within mutual defense organizations, such as the North Atlantic Treaty Organization (NATO), the Southeast Asia Treaty Organization (SEATO), and the Central Treaty Organization (CENTO), these forces play vital roles in the defense of vast areas.

In developing nations where the situation warrants, emphasis in providing assistance will be placed on the smaller, mobile forces trained and equipped to maintain internal security and on units trained and equipped to make a constructive contribution to local development. Most of the Western European NATO countries have now assumed full financial responsibility for equipping their own military forces. Others will do so upon completion of our current commitments to provide certain critical items of materiel.

*Atomic energy activities.*—Expenditures by the Atomic Energy Commission in 1963 are estimated to be \$2,880 million, up somewhat from 1962. Substantial increases in several program areas will be

partially offset by reductions elsewhere, principally in the procurement of uranium concentrates.

*Nuclear weapons and related activities.*—Expenditures for the production of nuclear weapons will rise in 1963, and design and development work will be further intensified to assure the availability of improved types of nuclear weapons.

A continued high level of effort will be devoted to the development and improvement of nuclear powerplants for submarines and surface naval ships in order to improve further their operating characteristics and efficiency.

*Peaceful uses of atomic energy.*—It is expected that atomic energy will make substantial and unique contributions to the conquest of outer space. In 1963 efforts will be intensified on the development of nuclear propulsion for rockets (Project Rover) and of highly compact atomic reactors and radioisotope sources to generate electric power for auxiliary use in satellites, space vehicles, and other specialized remote installations (Project SNAP—systems for nuclear auxiliary power).

The development of civilian atomic power will be carried forward in 1963 at about the levels attained in 1962. Atomic fuels offer a valuable supplement to conventional fuels in the short term and an essential replacement for them in the much longer term. Numerous large power reactors have been and are being constructed, from which valuable technical information will be obtained. Expenditures for the development of civilian atomic power and directly related supporting technology will considerably exceed \$200 million in 1963.

Underlying all of the technical development work in the atomic energy program is the fundamentally important work in basic research in the physical and life sciences. The physical research program will expand in 1963 with significantly increased expenditures in high energy physics, low energy physics, chemistry, and metallurgy. Research activities in the life sciences will also be increased, not only in order to expand basic understanding of the effects of radiation upon life processes, but also, in conjunction with related programs of the Department of Health, Education, and Welfare, to equip the Nation better to cope with growing problems in the area of radiological environmental health.

***Defense-related activities.***—These activities include the Selective Service System, stockpiling of strategic and critical materials, expansion of defense production, and emergency preparedness programs of agencies other than the Department of Defense. Expenditures for these programs are estimated to be \$110 million, or a net decrease of \$22 million from 1962. A reduction in expenditures for defense production expansion is somewhat offset by an increase for emergency medical stockpiling by the Department of Health, Education, and Welfare.

## INTERNATIONAL AFFAIRS AND FINANCE

Expenditures for international affairs and finance programs in 1963 are expected to be \$100 million more than in 1962. Major increases for development assistance, largely for long-term loans, are offset in part by a decline in other forms of assistance and by decreases in the net expenditures of the Export-Import Bank and the Department of State.

New obligational authority recommended for international programs for 1963 is estimated to be \$1 billion less than in 1962. This decrease reflects the nonrecurring request in 1962 for authority to provide \$2 billion in supplementary resources to the International Monetary Fund on a loan basis if the need should arise. For regular activities, an increase over 1962 is recommended, mainly for development loans and the Alliance for Progress.

***Economic and financial assistance.***—Expenditures for economic and financial assistance in 1963 are estimated to be \$202 million greater than in 1962. During the past year there has been a fundamental review and reorientation of our programs of economic assistance. As a result, greater recognition will be given to long-range plans and programs which identify in each developing country the sectors most in need of external support. Much greater emphasis will also be given to the efforts of these countries to marshal their own resources through self-help measures such as land and tax reform.

To give emphasis to this change in direction, the administrative structure of the foreign assistance program has been reorganized. The new Agency for International Development (AID) combines under a single administrator the functions previously performed by the International Cooperation Administration and the Development

## INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Economic and financial assistance:</b>				
Foreign assistance—economic:				
Development loans .....	\$258	\$450	\$650	\$1,250
Development grants .....	169	204	285	332
Aid to the Alliance for Progress .....		85	225	600
Supporting assistance .....	1,013	740	560	500
Voluntary contributions to international organizations .....	76	140	145	149
Contingencies .....	210	250	295	400
Other .....	78	66	75	166
Inter-American Development Bank .....		110	60	60
International Development Association .....	74	62	62	62
Peace Corps .....		10	52	64
Export-Import Bank of Washington .....	37	—101	—225	
Food for Peace (Public Law 480, title II) .....	199	281	300	300
Other:				
Present programs .....	11	11	8	2
Proposed legislation:				
Refugee, migrant, and escapee programs .....			12	12
Inter-American Highway .....			6	18
Subtotal .....	2,126	2,308	2,510	3,914
<b>Foreign information and exchange activities:</b>				
United States Information Agency .....	121	147	159	158
Department of State .....	37	50	63	65
<b>Conduct of foreign affairs:</b>				
Department of State:				
Present programs .....	213	285	245	252
Proposed legislation for purchase of U.N. bonds .....		100		
U.S. Arms Control and Disarmament Agency .....		2	5	6
Tariff Commission and other:				
Present programs .....	3	3	4	4
Proposed legislation for Philippine claims (Foreign Claims Settlement Commission) .....			10	73
Total .....	2,500	2,896	2,996	14,473

<sup>1</sup> Compares with new obligational authority of \$3,256 million enacted for 1961 and \$5,514 million (including \$2,192 million in anticipated supplemental appropriations) estimated for 1962.

Loan Fund, related staff and program services formerly carried out by the Department of State, and the local currency lending activities previously conducted by the Export-Import Bank.

In order to obtain maximum effectiveness from all of the different aid efforts of the United States, the Administrator of AID has been given responsibility for coordinating military assistance with economic assistance, and for relating these programs to others, such as Food for Peace, Export-Import Bank development loans, and certain overseas activities of other Federal agencies.

*Development loans and grants.*—The United States is providing assistance to developing countries largely in the form of long-term loans repayable in dollars at very low rates of interest. Expenditures for such loans are estimated to increase by \$200 million in 1963, mainly under prior commitments. In addition, \$122 million will be contributed to the capital of the International Development Association and the Inter-American Development Bank to be used for development loans.

The Export-Import Bank will also continue to make a high level of development loan commitments. However, the Bank expects that a substantial share of these loans will be financed with private funds under the Bank's guarantee, with collections on previous loans exceeding new disbursements by \$225 million. A new short-term guarantee program by the Bank, which will provide both credit and political risk coverage on exports, will assist exporters to increase sales, and thus help our balance of payments.

Development grants are being used in growing volume, mainly to promote progress in education, technical skills, and other human needs without which people of a developing country cannot put capital to effective use. Grants are also used for essential roads, harbors, and similar development projects where there is no current prospect of ability to repay loans. Expenditures for development grants are expected to rise by \$81 million in 1963, largely for Africa.

The Alliance for Progress, a major new cooperative effort to speed social and economic development in Latin America, was formally initiated last summer at Punta del Este, Uruguay. A \$3 billion authorization is proposed to cover development loans and grants in support of the Alliance within the next 4 years, with an initial appropriation of \$600 million recommended for 1963. The rate at which assistance is extended to Latin America will of course depend upon the progress made in self-help and economic planning. As an invaluable aid to orderly planning, authority should be granted to make long-term commitments of funds authorized for the Alliance, corresponding to the authority provided for development lending in the last session of the Congress.



*Other programs of assistance.*—Supporting assistance is granted to countries which need help to support extraordinary defense forces, maintain economic and political stability, and preserve economic independence; such aid is also granted in connection with U.S. bases overseas. With increasing emphasis being placed on development assistance, supporting assistance is declining. Expenditures for this type of assistance are expected to decrease by \$180 million in 1963 and to be reduced further in future years.

This budget also provides for our voluntary contributions for multilateral programs such as the United Nations special fund and technical assistance program, United Nations economic operations in the Congo, and the Indus Valley development program administered by the International Bank for Reconstruction and Development.

Established in March 1961, the Peace Corps brings to developing countries young Americans with needed skills. The service of these volunteers helps meet the needs of the developing areas of the world and also increases understanding between our people and the peoples of these areas. An increase is expected in the number of volunteers from 2,300 in 1962 to 6,700 in 1963.

Grants of surplus agricultural commodities under the Food for Peace program are being increasingly utilized in programs of economic development as well as for disaster relief. Under this program, many school children around the world are receiving bread and milk, and thousands of persons at work on development projects have more adequate diets.

The budget includes expenditures of \$12 million by the Department of State in 1963 under proposed legislation now pending before the Congress for refugee assistance programs.

***Foreign information and exchange activities.***—The activities of the United States Information Agency will continue to expand, especially in rural sectors and provincial centers in Latin America and Africa. Plans for 1963 call for 11 new branch posts to begin operation in Africa and 10 new branch posts, 9 reading rooms, 10 model community centers, and 10 binational student centers in Latin America.

New broadcasting facilities for the Voice of America, which are now under construction in North Carolina, on the Island of Rhodes, and in Liberia, are expected to be in operation in 1963. The budget also provides for modernization and expansion of certain domestic radio transmitting facilities. Explorations are underway relating to the possibility of strengthening broadcasting facilities in the Far East.

Enactment of the Mutual Educational and Cultural Exchange Act in the last session of the Congress will enable the State Department to conduct exchange of persons programs without depending upon the existence of foreign currency reserves in the Treasury. The Department is therefore better able to meet program needs, especially in Africa and Latin America. Aid will be given to American-sponsored schools abroad to meet the educational requirements of American dependents as well as to demonstrate our educational techniques.

**Conduct of foreign affairs.**—Expenditures of the Department of State in 1962 include large assessed contributions to the United Nations military operation in the Congo. In addition, legislation is proposed to authorize the United States to purchase in 1962 up to \$100 million of the United Nations bonds which will be issued to meet the financial emergency facing the United Nations. Amounts are included in the 1963 budget to strengthen the Foreign Service, particularly for acquiring necessary office and housing facilities in Africa.

The newly established U.S. Arms Control and Disarmament Agency will increase its own staff and its contract research program to discharge its assigned tasks, including technical research and the formulation and representation of United States policy positions on arms control and disarmament at international meetings.

### SPACE RESEARCH AND TECHNOLOGY

A major expansion of the space programs of the National Aeronautics and Space Administration has been undertaken as a result of last year's decision to embark on a program to master space travel; symbolic of this mastery is the effort to achieve a safe manned lunar landing and return before the end of the decade. The programs being carried forward include: (1) the development of the techniques of manned flight and of the complex spacecraft and very large launch vehicles and ground facilities that manned lunar flight will require; (2) the exploration of space by means of unmanned earth satellites and lunar and planetary probes; (3) the development of meteorological and communications satellites; and (4) a wide range of basic research and technological development necessary to support both aeronautical and space efforts.

Expenditures for the National Aeronautics and Space Administration's programs are estimated at \$2.4 billion during 1963, which is \$1.1 billion more than in 1962 and over 3 times the amount spent in 1961. Appropriations of \$3.8 billion in 1963 are recommended in this budget, compared with \$1.8 billion estimated for 1962.

## SPACE RESEARCH AND TECHNOLOGY

[Fiscal years. In millions]

Program	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
Manned space flight.....	\$237	\$471	\$1,162	\$2,260
Unmanned investigations in space.....	216	333	495	556
Meteorology and communications.....	16	82	138	140
Other research, technology, and supporting operations.....	275	414	605	831
Total.....	744	1,300	2,400	<sup>1</sup> 3,787

<sup>1</sup> Compares with new obligational authority of \$964 million enacted for 1961 and \$1,828 million (including \$156 million of anticipated supplemental appropriations) estimated for 1962.

*Manned space flight.*—Funds are recommended in this budget to provide for manned flights of long duration during 1963 and for a new series of flights commencing in 1964 to develop a capability for manned spacecraft to rendezvous with other spacecraft in orbit. Funds are also included to continue the development of the three-man Apollo lunar-landing spacecraft initiated during the current year.

The program to develop large launch vehicles for manned lunar flight has been highlighted by the successful flight of the first stage of the Saturn vehicle and the initiation of the much larger Advanced Saturn program. The Advanced Saturn, with clustered engines in the first stage generating a total of about 7 million pounds of thrust, is designed to enable manned flight around the moon by direct ascent or manned landing on the moon and return in the Apollo spacecraft by means of a single rendezvous in earth orbit.

The huge Nova launch vehicle, capable of boosting the Apollo manned spacecraft to the moon by direct ascent, is being developed as an alternative approach. It is now expected that the first attempts at manned lunar flight will be made with liquid fuel rocket engines; development of large solid fuel rocket motors, however, is being continued by the Department of Defense for possible later use.

*Unmanned investigations in space.*—Unmanned space explorations, from which we have learned so much about the earth and surrounding space, will be continued with funds included in this budget. Explorations near the earth will be conducted primarily by means of large versatile satellites capable of extended observation of the earth, sun, and stars, from which more information can be obtained with fewer launchings. Unmanned lunar exploration will be conducted with the Ranger spacecraft which will be able to land an instrumented capsule on the moon, and development will continue on the more complex Sur-

veyor spacecraft, which will be capable of either landing on or orbiting the moon. These explorations, in addition to having intrinsic scientific value, are required in preparation for manned lunar landing. A Mariner spacecraft designed to send scientific data back to earth from the vicinity of the planet Venus will be launched this calendar year. Development of an advanced Mariner spacecraft is being accelerated to provide for further investigations of both Mars and Venus.

*Meteorology and communications.*—The meteorological satellite program has consistently been one of the most successful of our space flight efforts. The Tiros III satellite transmitted useful meteorological information, including hurricane warnings, for over four months, and its predecessor, Tiros II, had a useful life of more than a year. It is planned to continue use of the Tiros series of satellites until the potentially more effective Nimbus satellites now being developed take over the weather observation role. These and related efforts are contributing toward the establishment of a national system of operational meteorological satellites.

Progress is being made toward early realization of a satellite network for worldwide communications. Funds available in 1962 and recommended for 1963 will provide for low-altitude Relay satellites which will receive and retransmit communications, for initiating more advanced active communications satellites, and for completing the Syncom program of very high altitude communications satellites initiated in 1961 in cooperation with the Army.

Further experiments with advanced versions of the Echo satellite, which reflects communication transmissions, will also be conducted in 1962 and 1963, including development of the capability to launch several communications satellites with a single vehicle.

*Other research, technology, and supporting operations.*—Research and development in aeronautical and space technology and the necessary supporting operations will also increase in 1963. Of special importance, the Rover nuclear rocket program continues at an accelerated pace as a joint project of the Atomic Energy Commission and the National Aeronautics and Space Administration. Development of a flight test vehicle using the nuclear engine is being initiated.

## AGRICULTURE AND AGRICULTURAL RESOURCES

The great strides made by the United States in recent years in farm productive efficiency have contributed greatly to the Nation's capacity for economic growth. The productive capacity of American agriculture must be used effectively to sustain our levels of living, to

further the Nation's goals for economic growth, and to help meet international responsibilities. The rapid increase in agricultural production, however, has resulted in large budgetary outlays for certain agricultural programs. In the preparation of the 1963 budget each individual program has been examined carefully from the viewpoints of priority and provision for necessary services at the lowest possible cost to the taxpayer.

### AGRICULTURE AND AGRICULTURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Farm income stabilization and Food for Peace:</b>				
Price support, supply, and purchase programs:				
Present programs.....	\$1,331	\$2,497	\$2,516	\$2,490
Proposed legislation.....			-434	-423
National Wool Act.....	61	67	70	65
Food for Peace (Public Law 480, titles I and IV).....	1,455	1,489	1,389	1,171
International Wheat Agreement.....	76	81	81	81
Transfer of bartered commodities to supplemental stockpile.....	201	225	250	250
Removal of surplus agricultural commodities.....	203	225	235	274
Conservation reserve.....	363	346	323	323
Sugar Act.....	72	82	87	80
Other.....	39	69	68	70
Subtotal.....	3,801	5,081	4,585	4,381
<b>Financing rural electrification and rural telephones:</b>				
Present programs.....	301	330	370	490
Proposed legislation.....			-136	-136
<b>Financing farm ownership and operation:</b>				
Farmers Home Administration.....	353	158	198	45
Farm Credit Administration.....	-3	-2	*	3
<b>Conservation of agricultural land and water resources:</b>				
Soil Conservation Service (including watershed protection and Great Plains program).....	146	164	181	187
Agricultural conservation program, CCC loan for ACP, and emergency conservation measures.....	251	256	257	244
<b>Research and other agricultural services.....</b>	<b>324</b>	<b>356</b>	<b>380</b>	<b>383</b>
<b>Total.....</b>	<b>5,173</b>	<b>6,343</b>	<b>5,836</b>	<b><sup>1</sup>5,598</b>

\*Less than one-half million dollars.

<sup>1</sup> Compares with new obligational authority of \$4,895 million enacted for 1961 and \$6,701 million (including \$321 million of anticipated supplemental appropriations) estimated for 1962.

*Farm income stabilization and Food for Peace.*—About four-fifths of the budget expenditures for agriculture and agricultural resources are for programs to maintain farm income, to help farmers make the production adjustments required by increased productive efficiency in agriculture, and to utilize our current abundant agricultural production in constructive ways at home and abroad including the Food for Peace program.

A comprehensive review of present programs has been made and legislation will be proposed in a special message on agriculture which will be sent to the Congress shortly. This budget reflects the new legislative proposals by reducing 1963 expenditures \$434 million from the amount estimated under present legislation.

The Sugar Act expires on June 30, 1962. Legislation will be proposed extending it with substantial revisions to bring this program into line with the greatly changed world sugar situation. Under this legislation the difference between the domestic and world price of sugar, which is currently received by foreign suppliers of sugar, will be retained by the United States to the extent permitted by existing international agreements, with an estimated increase in 1963 budget receipts of \$180 million.

Through the direct distribution program of the Department of Agriculture, needy families receive government-donated foods distributed through State and local government facilities. This administration has extended the program to additional areas of economic need and has added new items, particularly peanut butter and canned meat. From December 1960 to November 1961, the number of persons in needy families receiving donated food rose from 3.7 million to 6.2 million and the retail value of the donated food rose from less than \$3 to about \$6 per person per month. The budget provides for continuing this program in 1963 as part of the national effort to assist those in need.

A new approach to helping needy families improve their diets and to expand outlets for our agricultural abundance has been explored this past year through pilot food stamp projects operated in eight economically depressed areas. The results during the 7 months that this program has been in operation are encouraging. To provide additional experience, the programs in the eight pilot areas will be continued in 1963 and additional areas will be included.

Under title I of Public Law 480 (the Agricultural Trade Development and Assistance Act), surplus farm commodities are sold abroad for foreign currencies, and under title IV they are sold abroad on long-term dollar credit. These programs, which comprise the major

portion of our Food for Peace program, are designed to maximize the use of food abroad for economic development and to meet the most urgent dietary needs of hungry people, as well as to facilitate reduction of our abundant stocks of agricultural commodities and to promote new markets for our agricultural exports.

*Financing rural electrification and rural telephones.*—The 1963 estimate of expenditures—and of miscellaneous receipts—reflects legislation which will be proposed to authorize the use of collections on outstanding electrification and telephone loans to help finance new loans. Funds to be available from this source are estimated at \$136 million in 1963. In prior years, such collections were paid into miscellaneous budget receipts. The budget recommendations for 1963 will provide funds for rural electrification loans of \$345 million and telephone loans of \$135 million.

As the demand for electric power in rural areas continues to expand, the rural electric cooperatives must have adequate supplies of power at reasonable prices to meet their needs. The 1963 recommendations include a substantial increase in Rural Electrification Administration loan funds to permit financing of additional generation and transmission facilities. The adequacy of the recommended funds will depend on the willingness of other power suppliers to meet the requirements of the rural electric cooperatives on a reasonable basis.

*Financing farm ownership and operation.*—Budget expenditures for the loan programs of the Farmers Home Administration are estimated to drop sharply in 1962 and 1963 from the 1961 level, reflecting legislation approved last year authorizing the use of loan collections to finance the direct loan program (except for farm housing loans). Prior to 1962 such collections were paid into miscellaneous budget receipts.

*Rural areas development program.*—The number of commercial farms has declined 28% in the last 5 years and the number of farmworkers is currently declining at a rate of about 3% a year. The farm output adjustment programs to be recommended in the special message on agriculture will make it necessary to increase our efforts to find suitable employment for excess rural manpower. While adequate growth in the national economy is the key element in bringing about a solution, it is unlikely that this factor alone will be equal to the task of coping with the problem of underemployment in rural areas in the years ahead. The rural areas development program, which complements the activities of the Area Redevelopment Administration of the Department of Commerce, is designed to speed up economic development in rural areas by stimulating and coordinating

the efforts of the Department of Agriculture and other Federal agencies in cooperation with State and local governments and private agencies in furthering this objective. The manpower aspects of the program will be coordinated with the proposed general manpower development and training program of the Department of Labor.

*Conservation of agricultural land and water resources.*—Small water control structures along with terracing, strip cropping, grass waterways and other erosion control measures are integral parts of the Nation's soil and water conservation effort and complement the larger reservoirs downstream. The estimates for the watershed protection program of the Soil Conservation Service include an increase over 1962 of \$6 million for the growing number of projects—474 under construction or undergoing detailed planning during 1963, compared with 379 in 1962.

Estimated expenditures in 1963 under the agricultural conservation program reflect the \$250 million 1962 program authorized in advance by the Congress in the 1962 appropriation act. This budget proposes an advance authorization for the 1963 program year of \$150 million—which will permit continuation of a substantial sharing by the Government with farmers of the cost of those conservation practices that are in the long-time public interest.

*Research and other agricultural services.*—This budget proposes 1963 expenditures of \$380 million which will provide for moderate expansion of the research, educational, and regulatory activities and related services of the Department of Agriculture. These activities contribute to the welfare of the public generally as well as to the welfare of the agricultural industry. In accordance with the provisions of Public Law 87-209, approved last year, the budget also includes \$3 million of new obligational authority for 1963 for the new nationwide program to eradicate hog cholera.

## NATURAL RESOURCES

The 1963 budget recommendations provide for further strengthening of natural resources programs, with estimated expenditures of \$2.3 billion in 1963 representing a record level.

*Land and water resources.*—The major share of the \$1.6 billion of estimated 1963 expenditures for land and water resources will provide assets yielding long-term benefits. Most of these expenditures will be for continuing construction on projects for flood control, navigation, irrigation, water supply, hydroelectric power, and in some cases related recreational and fish and wildlife benefits. For the Corps of Engineers, the budget includes appropriations of \$30 million for 36



new water resources projects with an estimated total Federal cost of \$492 million, including the initial contribution for flood control costs of the multiple-purpose Oroville Dam under construction by the State of California on the Feather River. Appropriations of \$4 million are also included for 5 new starts (including 2 small project loans) by the Bureau of Reclamation estimated to cost in total \$85 million.

### NATURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligatory authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Land and water resources:</b>				
Corps of Engineers.....	\$926	\$958	\$1,010	\$1,022
Department of the Interior:				
Bureau of Reclamation.....	266	284	320	345
Power marketing agencies.....	43	39	44	62
Bureau of Indian Affairs.....	61	78	105	98
Bureau of Land Management.....	41	46	48	53
Office of Saline Water.....	3	6	9	10
Tennessee Valley Authority.....	39	78	63	35
Federal Power Commission.....	8	9	11	11
International Boundary and Water Commission and other.....	7	16	19	16
<b>Forest resources:</b>				
Forest Service:				
Payment to Klamath Indians.....	69			
Other.....	246	279	281	236
Bureau of Land Management.....	16	15	16	16
<b>Mineral resources:</b>				
Bureau of Land Management.....	35	38	42	42
Bureau of Mines and other.....	27	30	50	58
<b>Recreational resources.....</b>	91	97	110	94
<b>Fish and wildlife resources.....</b>	73	81	100	103
<b>General resource surveys and administration.....</b>	55	63	68	72
<b>Total.....</b>	<b>2,006</b>	<b>2,117</b>	<b>2,298</b>	<b><sup>1</sup>2,272</b>

<sup>1</sup> Compares with new obligatory authority of \$2,038 million enacted for 1961 and \$2,172 million (including \$59 million of anticipated supplemental appropriations) estimated for 1962.

In line with the recommendations of the Senate Select Committee on National Water Resources, funds recommended for project investigations will give increased emphasis to coordinated planning based on entire river-basin areas. Funds are also included in the 1963 budget for administrative expenses of Federal participation in activities of the Delaware River Commission. Legislation has been recommended

to promote comprehensive, coordinated water resources planning by Federal and State agencies and to authorize Federal grants to strengthen State water resources planning.

The Department of the Interior is moving ahead rapidly on the expanded 6-year program of saline water research. Emphasis is being placed on basic research looking toward new ways of reducing the cost of converting saline water to fresh water.

The Department of the Interior in 1963 will continue its studies of the benefits of interconnecting Federal regional power systems, and of the economic potential of marketing power from pumped storage—that is, power generated as needed by releasing water which has been pumped at off-peak periods and stored in small reservoirs at higher elevations. The budget provides funds for the design of an extra-high-voltage interconnection between the Pacific Northwest and Pacific Southwest, and for the initiation of construction on new power transmission lines by the Bonneville Power Administration and the Southwestern Power Administration. The Bureau of Reclamation will continue construction on a backbone grid to distribute power from the Colorado River storage project.

The increase in power needs in the Tennessee Valley area will require the Tennessee Valley Authority to begin construction in 1963 of a 900,000-kilowatt steam power unit. TVA will also start construction of a lock at Gunter'sville Dam and a multiple-purpose water control system in the Beech River area in cooperation with local Tennessee agencies, and continue other resource development activities.

Funds are proposed in the 1963 budget for the Federal Power Commission to initiate a coordinated national power survey to determine the most effective means, regardless of ownership, of supplying the country's electric power needs in future periods, and to continue its concerted attack on the accumulated backlog of natural gas regulatory cases.

The Bureau of Indian Affairs in 1963 will emphasize a development program aimed at raising the level of educational achievement and the standard of living of Indians on reservations. The Indian school construction program, accelerated under the 1962 budget amendments, will be further expanded to reduce the large backlog of needed classrooms for children now out of school. To improve the standard of living on reservations, emphasis will be placed on the establishment of industries and other enterprises which will create new job opportunities.

Under the 1963 budget recommendations, cadastral surveys, soil and moisture conservation, and reseeding on the public domain lands will be accelerated by the Bureau of Land Management.

*Forest resources.*—One of the most urgent needs in the national forests is for roads to provide access for fire protection, timber sales, and recreation. The budget provides for a proposed amendment to the 1960 Highway Act to increase by \$10 million the contract authority for roads and trails.

The 1962 expenditures of the Forest Service include \$38 million for forest fire fighting, the highest on record. Exclusive of fire-fighting costs, estimated expenditures in 1963 for the development program of the national forests will be higher than those in 1962, the main increases being for roads, recreational development, and insect control measures.

*Recreational and fish and wildlife resources.*—The Secretary of the Interior, in cooperation with other appropriate Federal, State, and local officials, is formulating a comprehensive program which will permit the Federal Government to meet its share of the responsibility for providing outdoor recreational opportunities. These plans will take into account the findings of the Outdoor Recreation Resources Review Commission which will be available shortly.

The increasing use of the national park areas makes increases in the budget of the National Park Service necessary for development and operation of these areas. Legislation has already been recommended to protect wilderness areas of great natural beauty and to preserve some of our remaining magnificent seashores and shorelines.

Funds are recommended for 1963 for the Bureau of Commercial Fisheries to develop and support oceanographic research and survey projects and to carry on marketing and other studies to aid the fishing industry. The Bureau of Sport Fisheries and Wildlife will accelerate the acquisition of wetlands for resting and nesting areas for migratory waterfowl.

*Mineral resources and general resource surveys.*—The major increase in 1963 expenditures for mineral resources will be for larger purchases of helium under the conservation program of the Bureau of Mines.

The 1963 budget for the Geological Survey provides for extension of research and data collection facilities to marine geology to provide additional information about the vast resources of the ocean. The agency's hydrologic research program is also being expanded.

Early action is recommended with respect to the authorization request now pending in the Congress for the construction of a laboratory and headquarters building to provide urgently needed facilities for the central operations of the Geological Survey.

## COMMERCE AND TRANSPORTATION

The 1963 budget provides for increases in present major aids to transportation, improvements in the postal service, acceleration of the new program to redevelop the economies of distressed areas, and expanded scientific and other services to all types of businesses. However, net budget expenditures for these programs are estimated to be reduced by \$384 million from the anticipated 1962 level, reflecting primarily the proposed increase in postal rates.

## COMMERCE AND TRANSPORTATION

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Aviation:</b>				
Federal Aviation Agency.....	\$638	\$708	\$781	\$791
Civil Aeronautics Board.....	78	83	85	86
<b>Water transportation:</b>				
Department of Commerce.....	282	351	359	255
Coast Guard.....	276	279	292	308
Panama Canal Company.....	8	15	10	-----
Saint Lawrence Seaway.....	2	2	*	-----
Highways (mainly on national forests and public lands).....	36	39	44	41
<b>Postal service:</b>				
Existing law:				
Public service costs.....	49	63	248	248
Other.....	865	790	550	553
Proposed legislation:				
Pay revisions (including public service costs).....	-----	-----	58	60
Rate revisions.....	-----	-----	-595	-595
<b>Advancement of business:</b>				
Small Business Administration.....	103	250	222	306
Department of Commerce:				
Weather Bureau.....	56	73	98	120
National Bureau of Standards.....	22	33	67	68
Other.....	90	96	107	119
Interstate Commerce Commission: Payment on loan guarantee.....	-----	15	-----	-----
Department of the Interior and other.....	*	*	-1	-----
<b>Area redevelopment</b> .....	-----	44	122	64
<b>Regulation of business</b> .....	67	76	82	83
<b>Total</b> .....	2,573	2,915	2,531	<sup>1</sup> 2,507

\* Less than one-half million dollars.

<sup>1</sup> Compares with new obligational authority of \$2,937 million enacted for 1961 and \$3,129 million (including \$81 million in anticipated supplemental appropriations) estimated for 1962.

*Aviation.*—The Federal Aviation Agency is responsible for development and operation of the Federal airways system. Expenditures for these purposes have been rising sharply in recent years and further increases will be necessary to keep pace with growing air traffic and to sustain high standards of air safety and efficiency. Based on the findings of the recently completed study, Project Beacon, a detailed program for improving air traffic control and navigational aids is now being prepared. Research on the technical and economic feasibility of a commercial supersonic aircraft will be accelerated in 1963, with the aim of permitting a decision late in 1963 on whether Government support for the development of a supersonic transport would be in the national interest.

Expenditures by the Civil Aeronautics Board for operating subsidies, mainly to local service airlines, will continue to be substantial in 1963. Last year, the Congress limited subsidies for helicopter operations, the most costly Federal aid per passenger-mile, and requested the Board to develop an orderly program to terminate subsidies for these operations.

Users of the airways are not yet paying an adequate share of the costs of research, development, and operation of the Federal airways from which they directly benefit. As initial steps toward this goal, the revenue measures described on pages 47 and 48 of this document are being proposed. As airline traffic and earnings improve, airline passengers and shippers and other beneficiaries should be expected to pay their share of the heavy direct and indirect costs of providing these services, now borne largely by the general taxpayers.

*Water transportation.*—Expenditures of the Department of Commerce to aid ocean shipping in 1963 will be \$77 million over 1961 and \$8 million above 1962 levels, primarily because of an acceleration in payments of operating subsidies already earned by shipping companies. As a result, a reduction in operating subsidy expenditures should occur in later years, assuming reasonably stable costs and increased operating efficiency. At the same time, the ship construction program will continue to go forward in 1963 at a level which will permit regular replacement as the vessels in the subsidized fleet reach 25 to 30 years of age.

Coast Guard expenditures will increase by an estimated \$13 million in 1963, primarily to provide expanded loran and other navigational aids and better maintenance of facilities, both ashore and afloat.

Users of the inland waterways now receive substantial benefits from Federal expenditures for constructing, maintaining, and operating these waterways. In line with the policy in other transportation programs, revenue legislation similar to that for users of the airways is

being proposed to recoup a small part of the current Federal outlays for these purposes.

*Highways.*—Federal highway aids are financed almost wholly through the highway trust fund. Expenditures from that trust fund in 1963 are expected to rise by \$224 million to almost \$3.4 billion. The largest part of these expenditures is for the Federal share in the coming year of the 15-year program already authorized to complete construction of the Interstate Highway System. About 12,300 miles of the Interstate System are now open to traffic and another 14,700 miles are in various stages of development.

The Highway Act of 1961 made commendable progress toward providing adequate revenues to continue Federal-aid highway programs on a pay-as-you-build basis. Legislation is recommended this year to provide annual contract authorizations of \$950 million for both 1964 and 1965 for the primary, secondary, and urban highway programs as well as \$36 million a year for forest and public lands highways.

*Postal service.*—The expected increase in mail volume from 65 billion pieces in 1961 to 90 billion pieces by 1970 makes increased efficiency imperative. Postal facilities are being modernized, with primary attention to large mail handling centers where opportunities for increased efficiency are greatest. New mechanical and electronic techniques for processing mail are already in use and others are in various stages of development. Funds are being requested to accelerate the development of new devices and to install advanced mail handling machinery in several large new post offices during 1963.

Expenditures required to provide needed postal services in 1963 will exceed anticipated revenues under existing law by an estimated \$798 million. In addition, the proposed legislation to revise the pay systems for Federal employees includes increases in pay scales of postal employees effective January 1, 1963, totaling \$58 million for the remainder of 1963. Appropriations of \$248 million under existing legislation are recommended to cover the total loss on public service items enumerated in the Postal Policy Act of 1958. In line with the congressional policy that the users of the postal service shall pay the full cost of all other services, legislation is again being recommended to increase postal rates enough to cover such costs. As a result, net expenditures in 1963 will be approximately equal to the public service costs.

*Advancement of business.*—During the past year the Small Business Administration has greatly expanded its financial aids to small businesses unable to obtain private financing. The rate of new business

loan commitments has more than doubled, and an aggressive program of encouraging greater participation by private banks has been initiated, permitting more loans to small business with lower net expenditures in 1963. By the close of 1963 about 900 federally supervised small business investment companies, financed mainly from private sources, will be providing long-term loans or equity funds to small enterprises.

The export promotion programs of the Department of Commerce require considerable expansion as necessary steps in improving our international balance of payments. The appropriations being recommended for the Department in 1963 would provide for more commercial specialists in foreign countries to promote sales of American products, increased operations of the newly established U.S. Travel Service, financial support for 18 trade missions, and a new program for 13 commercial trade and industrial exhibits.

Completion of the 1960 census permits some reduction in the 1963 expenditures by the Bureau of the Census. Increased appropriations are requested, however, to modernize automatic computing equipment and methods of collection of data. The 1963 budget also provides for expanding and improving the quality of statistical data disseminated by other Government agencies, as summarized in special analysis I.

In addition to continued expansion in its regular weather measurement and forecasting services, the Weather Bureau during 1962 and 1963 plans to buy four Nimbus spacecraft, with the expectation that in 1964 they will begin providing daily cloud and radiation data over the entire globe. The 1963 appropriations requested for the National Bureau of Standards include funds to expand its research program and \$35 million to complete construction of its new headquarters in Gaithersburg, Md. The budget for the Coast and Geodetic Survey would continue the enlargement and modernization of the ocean survey fleet required for the expanded national oceanographic program. Action is requested on legislation now before the Congress to authorize planning for Federal participation in the New York World's Fair of 1964.

*Area redevelopment.*—Under the leadership of the Department of Commerce, seven departments and agencies have launched the newly authorized Federal program to help redevelop areas suffering from chronic unemployment or underemployment. Federal assistance is contingent upon approval of a satisfactory plan for economic redevelopment. Over 250 areas, with a total population of more than 18 million people, have received preliminary approval of such plans. Expenditures estimated for 1963 include \$79 million in loans for industrial projects and public facilities and \$30 million in public facility grants.

## HOUSING AND COMMUNITY DEVELOPMENT

The Housing Act of 1961 broadened and extended the major existing Federal programs for housing and community development, added important new programs, and provided funds in some cases for several years to come. Net expenditures are estimated to rise by \$287 million in 1963 primarily because of substantial increases in special assistance mortgage purchases and higher outlays for urban renewal and other community development activities.

*Urban renewal capital grants.*—The 1961 legislation doubled the authority provided in the preceding 12 years for Federal capital grants to help local communities remove and prevent urban blight. As a result, during 1962 and 1963 the Urban Renewal Administration expects to authorize the planning of almost 500 new projects and to approve for actual execution completed plans for 280 projects. While almost all of the expenditures for these projects will not occur until later years, capital grant disbursements for previously authorized projects will increase by an estimated \$114 million in 1963.

### HOUSING AND COMMUNITY DEVELOPMENT

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Urban renewal and community facilities:</b>				
Urban renewal capital grants.....	\$142	\$211	\$325	-----
Public facility loans (excluding transportation loans) .....	10	23	39	-----
Urban mass transportation:				
Present programs.....		13	33	-----
Proposed legislation.....			15	\$100
Open space grants.....		8	42	50
Other.....	10	22	28	33
Public housing programs.....	150	166	193	200
<b>Aids to private housing:</b>				
Housing and Home Finance Agency:				
Federal Housing Administration.....	—7	214	111	184
Federal National Mortgage Association.....	75	12	184	-----
Housing for the elderly—direct loans.....		13	20	100
Other.....	—77	8	17	17
Federal Home Loan Bank Board.....	—35	—239	—270	-----
<b>Aids to National Capital Area:</b>				
District of Columbia.....	50	90	85	63
Other.....	1	4	9	9
<b>Total.....</b>	<b>320</b>	<b>545</b>	<b>832</b>	<b>1 755</b>

<sup>1</sup> Compares with new obligational authority of \$4,082 million enacted for 1961 and \$621 million (including \$1 million of anticipated supplemental appropriations) estimated for 1962.



*Public facility loans.*—Legislation enacted in 1961 authorized a fivefold increase in long-term Federal loans to help local communities finance water, sewer, and other needed public facilities, and also required these loans to be made at lower interest rates than in previous years. As a result, loan commitments, which mainly aid smaller communities, will increase to an estimated \$100 million in 1963.

*Urban mass transportation.*—The Congress likewise recognized the need for Federal assistance for urban mass transportation by providing new authority for planning and demonstration grants and for emergency loans on a temporary and limited basis pending further studies by the Housing and Home Finance Agency and the Department of Commerce. These studies have now demonstrated the key importance of area-wide transportation planning and comprehensive development planning for metropolitan and other large urban areas. Other findings include (1) the need for experimentation in new and improved mass transit services, including stimulation of mass transit technology, and (2) the inadequacy of local and private resources to restore balance in urban transportation systems as long as Federal aid for urban transportation is exclusively for highway programs, particularly the Interstate System. This budget includes funds to support the legislative recommendations for further Federal assistance to urban mass transport which will later be transmitted to the Congress.

*Open space grants.*—In authorizing for the first time Federal grants to cover 20% to 30% of the cost of open space acquired in or near urban areas, the Congress recognized the importance of early acquisition of permanent areas for recreational and other purposes in and near the rapidly expanding cities. The 1963 budget request of \$50 million will enable an estimated \$200 million of such land to be bought with combined Federal, State, and local resources.

*Public housing programs.*—Local housing agencies expect to complete 30,000 additional low-rent public housing units in time for occupancy during 1963, requiring an increase in Federal contributions under previous contracts. During the year an additional 34,000 units will be placed under construction, so that by the year's end almost 600,000 units will be either occupied or in process of construction. An increasing share of these units is being designed for use by elderly low-income families or individuals, and the 1961 legislation authorized limited additional Federal contributions where necessary to permit such occupancy.

*Federal Housing Administration.*—The long-established comprehensive mortgage insurance system administered by the Federal Housing Administration was further broadened in the 1961 legislation, particularly to provide more liberal insurance for housing for middle- and lower-income families and for rehabilitation of existing housing. In 1963 commitments will be issued for insurance of mortgages financing over 1,000,000 housing units and by the close of the year, outstanding mortgages totaling almost \$44 billion will be covered by Federal insurance. This is a self-supporting program. Over the years income from premiums has been adequate not only to cover all expenses and losses, but also to accumulate large reserves. In 1962 and again next year, insurance claims arising from defaults are expected to require outlays substantially greater than current cash receipts. These costs will be largely recovered in later years when the properties and loans acquired are sold to other buyers.

*Federal National Mortgage Association.*—The new types of insured mortgages authorized by the 1961 legislation, especially those financing moderate-income housing, are requiring very substantial increases in purchase commitments under the special assistance program of the Federal National Mortgage Association; commitments for these and other mortgages are estimated at \$1 billion in 1963. However, net expenditures will be much lower, primarily because most of the actual purchases will take place in later years. In addition to purchases of such special types of mortgages which are reflected in budget expenditures, the Association also conducts a secondary market operations trust fund which purchases and sells insured and guaranteed mortgages.

*Housing for the elderly.*—In the past year the direct loans authorized in 1959 to provide long-term low-interest financing for housing for elderly families and persons have attracted widespread interest from nonprofit institutions and other eligible groups. In 1963 loans will be approved on an estimated 10,000 units. Additional appropriations of \$100 million are requested in the budget together with legislation to remove the present \$125 million limitation on such appropriations.

*Federal Home Loan Bank Board.*—The largest single source of financing for private housing is the savings and loan associations. Most of their funds come from savings insured by the Federal Savings and Loan Insurance Corporation, under the jurisdiction of the Federal Home Loan Bank Board. Legislation enacted by the Congress last session requiring advance payments of insurance premiums is enabling the Corporation to build up its insurance reserves at a much more rapid rate than in earlier years.

*District of Columbia.*—Federal budget expenditures include both regular annual payments to the District to help finance its operating requirements, and long-term loans for necessary capital improvements. Legislation is proposed to authorize increased appropriations for both types of Federal assistance in line with the expanding requirements of the District.

## HEALTH, LABOR, AND WELFARE

The 1963 budget provides for substantial increases in a wide range of health, labor and manpower, and welfare programs which help meet human needs and also represent an investment in human resources. A principal objective on which greater emphasis is to be placed in 1963 is the reduction of poverty and delinquency through increased welfare and rehabilitation services.

***Health services and research.***—The Federal Government's role in improving the Nation's health is a large and growing one. For example, the Government in the current year is supporting about three-fifths of the more than \$1 billion being spent for medical research in this country.

In 1963, the Department of Health, Education, and Welfare will spend an estimated \$1.4 billion for health services and research. More than half of this total is to be spent by the National Institutes of Health for medical research and related training and facilities. The 1963 budget for the Institutes recommends a significant increase for research project grants and for the support of clinical research centers, and provides for the training of additional technical manpower with increased emphasis on skills needed in mental health work. The estimated increase of more than \$100 million in expenditures in 1963 will provide for an expansion of the Institutes' programs consistent with sound planning and competing demands in other health programs and other scientific fields. These activities will be augmented under the proposed legislation to create a National Institute of Child Health and Human Development and a National Institute of General Medical Sciences within the National Institutes of Health.

The 1963 budget includes funds for the legislation proposed to the last session of the Congress to authorize Federal grants to assist in construction of new medical, dental, osteopathic, and public health schools. This legislation would also provide scholarships for students and would extend for three additional years the Federal program of matching grants for construction of health research facilities.

Federal expenditures for hospital construction are estimated to reach an all-time high of \$196 million during 1963 as the large volume of projects for which appropriations were enacted in prior years reaches the construction stage.

## HEALTH, LABOR, AND WELFARE

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Health services and research:</b>				
National Institutes of Health:				
Research and training.....	\$420	\$603	\$711	\$780
Grants for construction of health research facilities.....	22	25	30	50
Proposed legislation for medical education assistance.....			9	34
Hospital construction activities.....	160	176	196	176
Community and environmental health.....	70	113	134	148
Grants for construction of waste treatment facilities.....	44	45	55	90
Other.....	222	250	273	296
<b>Labor and manpower:</b>				
Temporary extended unemployment compensation.....	511	359		
Repayable advances to unemployment trust fund.....	49	-55	-3	
Unemployment compensation for Federal employees and ex-servicemen.....	171	144	131	131
Other.....	78	97	106	111
Proposed legislation:				
Manpower development and training.....			60	100
Youth employment opportunities.....			60	75
<b>Public assistance:</b>				
Present programs.....	2,170	2,574	2,692	2,699
Proposed legislation:				
Public welfare improvement.....			93	93
Assistance to Cuban refugees.....			42	45
<b>Other welfare services:</b>				
School lunch and special milk programs:				
Present programs.....	241	274	271	275
Proposed legislation.....			20	20
Vocational rehabilitation:				
Present programs.....	70	83	96	101
Proposed legislation for vocational rehabilitation for peacetime ex-servicemen.....			11	11
Military service credits:				
Payment to OASDI trust funds.....			79	79
Proposed legislation for payment to railroad retirement account.....			16	16
Other.....	15	18	23	17
<b>Total.....</b>	<b>4,244</b>	<b>4,708</b>	<b>5,105</b>	<b><sup>1</sup> 5,348</b>

<sup>1</sup> Compares with new obligational authority of \$4,681 million enacted for 1961 and \$5,203 million (including \$248 million in anticipated supplemental appropriations) estimated for 1962.

Population and industrial growth with accompanying technological advances continue to place ever-increasing consumer protection responsibilities on the Food and Drug Administration. The 1963 budget provides for a 25% increase in the staff of the agency, to permit an increase in all phases of the agency's consumer protection activities, with particular attention to health hazards resulting from the use of pesticides on food crops, and strengthened enforcement activities relating to the manufacture and sale of drugs.

The Public Health Service, as part of its expanding community health activities, will provide substantially increased assistance to the States in the improvement of diagnostic laboratory services, increase research in health practice and medical economics, and initiate a venereal disease eradication program. Increased emphasis is provided for health services to the chronically ill and aged, including expanded grants to States and localities. The budget also provides for expanded research on the environmental health problems of air and water pollution and radiation exposure, and expanded monitoring and surveillance of radiological fallout. To carry out the provisions of the Water Pollution Control Act Amendments of 1961, the budget provides for strengthening Federal enforcement activities, expanding river basin studies, initiating construction of water pollution laboratories, and increasing grants to States and communities for construction of waste treatment works.

***Labor and manpower.***—Budget expenditures in 1963 for labor and manpower programs are expected to be \$191 million less than in 1962, principally because of the termination of temporary extended unemployment compensation. Permanent improvements in the unemployment compensation system are again proposed, including a permanent system of extended unemployment benefits; these improvements are to be financed through the unemployment trust fund.

The need for retraining workers who have no market for their present skills exists across the Nation. Accordingly, the budget provides for the manpower development and training bill submitted last year to authorize on-the-job training and instruction in vocational schools for unemployed workers. A start on meeting this need in areas suffering from persistent unemployment has been made under the area redevelopment program.

Among youth, especially those who have dropped out of school prematurely, the already serious problem of finding jobs will be aggravated considerably in the next few years by the rising influx of young people into the labor market. Funds are included in the 1963 budget for the youth employment opportunities bill recommended last year to provide a 3-year program of experimental projects for training of

youth in local works projects, in conservation camps, and in on-the-job training positions.

The budget also proposes a strengthening of the Department of Labor so that it can give concerted attention to analysis of national manpower requirements and resources, and provides for a continued expansion of the United States Employment Service financed by trust fund expenditures.

***Social insurance and welfare.***—The 1963 budget provides for further improvements in Federal social insurance and welfare programs, which provide income to an average of 28 million beneficiaries.

*Social insurance.*—Major economic security programs are operated through trust funds, outside of the regular budget: old-age, survivors, and disability insurance; the railroad retirement and Federal retirement systems; and unemployment insurance. These trust funds are financed from Federal taxes on employers or employees or through special contributions. During 1963, it is expected that an average of 21 million beneficiaries will receive benefits, of which nearly two-thirds will be retired persons. The trust fund expenditures, mainly for benefit payments, are estimated to total \$21.6 billion in 1963.

A major risk not yet provided for through social insurance is the cost of medical care, particularly for the aged who experience a high incidence of costly sickness in a period of life when incomes and resources are typically scanty. The estimates in this budget provide for the legislation which is again recommended to broaden the social security system to include health insurance for the aged.

*Public assistance.*—Expenditures in 1963 for public assistance to aid the aged, blind, disabled, medically indigent, and dependent children are estimated at \$2.8 billion. Federal expenditures for public assistance benefits and services under existing programs in 1963 will constitute about three-fifths of the estimated total Federal-State-local outlays of \$4.6 billion for these purposes. These outlays will help provide aid to a monthly average of 6.6 million needy Americans, and, in addition, help meet medical and hospital expenses for more than 700,000 medically indigent aged persons during the year.

A careful review of the experience in the public assistance programs since they were instituted on a Federal-State basis in 1935 indicates that money payments are not the only measures needed to combat the problem of want and human neglect for many families and individuals on the welfare rolls, particularly those receiving aid for dependent children. The Secretary of Health, Education, and

Welfare has therefore begun to redirect and reorganize the public assistance programs by introducing and augmenting services to overcome and prevent dependency. The 1963 budget recommendations include provision for expenses arising from the Secretary's administrative action and for extension of present temporary programs, largely for children of the unemployed. In addition, expenditures of \$93 million are estimated for proposed legislation to stimulate and improve services to reduce dependency and provide for related improvements in benefits, including authority for increased grants for child welfare services.

The 1963 budget includes \$42 million in estimated expenditures by the Department of Health, Education, and Welfare for assistance to Cuban refugees under legislation now pending before the Congress for refugee assistance programs.

*Other welfare services.*—The 1963 budget for vocational rehabilitation provides Federal appropriations to match fully all the State funds which are estimated to be available for this purpose. During 1963 the Federal-State vocational rehabilitation programs are expected to return approximately 110,000 persons to gainful employment; the number of persons aided has increased each year since 1954. In addition, the budget includes \$11 million for proposed legislation to authorize vocational rehabilitation for severely disabled peacetime ex-servicemen at Federal expense through the Federal-State system.

Grants to the States through the school lunch and special milk programs of the Department of Agriculture are estimated to increase in 1963 by \$17 million over 1962. The estimate includes the cost of legislation to amend the National School Lunch Act to provide a more equitable formula for the distribution of cash assistance to the States and also to provide a statutory basis for the direction of increased assistance to particularly needy areas and schools.

The railroad retirement system is confronted with a substantial actuarial deficiency and the railroad unemployment system also has had to borrow substantial funds in recent years. The administration is giving intensive attention to means of placing these programs on a solvent basis.

The Federal Government is required to reimburse the railroad retirement system for military service credits to railroad workers who were in the Armed Forces. Present law requires the Government to pay both the employers' and employees' taxes for such credits on behalf of many former railroad workers who did not return to railroad employment after military service and who therefore will not qualify for railroad retirement benefits. It also requires payments

both to the railroad retirement account and to the OASDI trust funds for the same military service benefits. Legislation to provide a revised basis for financing such military service credits will be submitted shortly and the budget includes \$16 million to finance the first-year payment to the railroad retirement account.

This budget also includes \$79 million for the first of seven annual installments of appropriations to meet the Federal Government's \$550 million obligation to reimburse the OASDI trust funds for the added cost of past benefits based on military service credits. Such noncontributory credits were authorized to provide social security insurance coverage on assumed earnings of \$160 a month for all servicemen who served in the Armed Forces from September 16, 1940, through December 31, 1956.

### EDUCATION

The new and expanded programs for education proposed in the 1963 budget represent an important step toward the goal of giving every young American the opportunity for the best education commensurate with his abilities.

Today, two out of every five youths are dropping out of school before completing high school. A significant part of our present manpower problems can be traced to inadequate education and training. One out of every 16 workers is unemployed while the Nation has shortages of scientists, teachers, physicians, nurses, many skilled craftsmen, and other categories of professional and trained workers.

Pupil enrollments are expected to increase by approximately 30% from 1960 to 1970, including a doubling of enrollments in colleges where the cost of education per student is several times the cost of elementary and secondary education. To provide the necessary educational facilities, to raise the salaries of the teaching profession, to improve the quality of instruction, and to provide necessary student aid for able college students will require that total national outlays for education be increased by more than three-fourths during this decade. Expenditures for higher education alone will have to rise at even a faster rate.

Although Federal expenditures for education are rising, they of course represent only a small proportion of total national outlays for education. Expenditures for education programs are estimated to be \$1.5 billion in 1963, an increase of \$327 million over 1962. The new obligational authority of \$2.4 billion represents an increase of \$1.1 billion.

*Aid to elementary and secondary education.*—To help overcome severe shortages of teachers and facilities and provide high quality instruction in the elementary and secondary schools, the budget pro-



vides for the legislation recommended last year. This legislation proposes a 3-year program to provide \$2.1 billion in Federal grants for teachers' salaries and educational facilities on the basis of each State's public school enrollment and per capita income, provided that a State's own effort or contribution is maintained or increased.

### EDUCATION

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Assistance for elementary and secondary education:</b>				
Proposed legislation:				
Aid to public elementary and secondary education.....			\$90	\$600
Improvement in educational quality.....			40	120
Assistance to schools in federally affected areas:				
Present programs.....	\$279	\$291	290	287
Proposed legislation.....			-36	-58
Defense education science, mathematics, and foreign language instruction and other assistance.....	54	66	73	87
<b>Assistance for higher education:</b>				
College housing loans.....	198	250	375	300
Proposed legislation for aid to higher education.....			21	332
Defense education student loans, fellowships, and other assistance.....	72	100	118	119
Assistance for land-grant colleges, Howard University, and Gallaudet College.....	15	29	28	29
<b>Assistance to science education and basic research:</b>				
National Science Foundation:				
Basic research.....	82	124	164	247
Science education.....	62	74	93	111
<b>Other aid to education:</b>				
Vocational education:				
Promotion of vocational education.....	40	40	41	42
Area vocational education (National Defense Education Act).....	8	12	14	15
Other defense education assistance.....	9	8	8	8
Indian education services.....	66	68	81	83
Library of Congress and Smithsonian Institution.....	37	54	42	38
Other.....	22	25	29	35
<b>Total.....</b>	<b>943</b>	<b>1,143</b>	<b>1,470</b>	<b>12,396</b>

<sup>1</sup> Compares with new obligational authority of \$1,333 million enacted for 1961 and \$1,278 million (including \$16 million in anticipated supplemental appropriations) estimated for 1962.

In the last several years, teacher training institutes, research projects, and course content improvement studies financed by the National Science Foundation and the Office of Education have revealed poten-

tialities for rapid improvement in the quality of education, both in the elementary and secondary schools and in the colleges, through supplementary training of teachers and the use of improved teaching media, techniques, and curricula. Legislation is being requested to extend the scope of this work through a new program of grants by the Office of Education for improving the quality of education. The budget for 1963 includes \$120 million in new obligational authority and estimated expenditures of \$40 million for this purpose.

*Assistance to schools in federally affected areas.*—Federal grants are provided for construction of classrooms and for operating expenses in school districts in which enrollments are significantly increased as a result of Federal employment. The 1963 budget includes appropriations of \$229 million for these programs, reflecting the estimated effect of previously proposed legislation to reduce grants to localities for children whose parents work on Federal property but live on taxable property.

*Defense education program.*—Expenditures under the National Defense Education Act are estimated to increase \$27 million over 1962, principally for student loans and laboratory equipment grants. This program has contributed to improvement of education at both elementary and higher levels.

At the elementary-secondary level, the Federal Government by the end of 1963 will have shared in the costs of nearly \$400 million worth of science, mathematics, and foreign language laboratory equipment. It also will have helped approximately 15,500 elementary and secondary school teachers to participate in foreign language teaching institutes, and about 14,000 secondary school counselors to benefit from special training programs.

In aids to higher education, the Act has provided about 495,000 loans to college students between 1959 and 1962, with another 190,000 loans estimated to be made in 1963. By the end of 1963, 7,000 graduate fellowships will have been awarded to expand graduate programs for training of college teachers, and approximately 3,500 individuals will have received advanced training in foreign area and language studies.

*Aid to higher education.*—The Office of Education has estimated that in order to accommodate the expected doubling of college enrollments between 1960 and 1970, the average rate of construction would have to proceed at more than double the rate achieved in the last 10 years.

Last year, the Congress enacted legislation extending the college housing loan program for 4 years and authorizing \$300 million a year in new loans. The budget provides for legislation recommended last year to authorize a similar long-term low-interest loan program for academic facilities; this proposal would authorize \$300 million in loans each year for 5 years for the construction and modernization of college classrooms, laboratories, libraries, and related facilities. The proposal would also authorize a total of 212,500 4-year scholarships, including 25,000 in the first year, for able college students who need financial aid.

*Assistance to science education and basic research.*—Expenditures by the National Science Foundation for the support of science are estimated to be \$257 million in 1963. Of this total, \$164 million is for the support of basic research and research facilities, an increase of \$40 million over 1962 largely for basic research projects in colleges and universities and for research facilities, including matching grants to improve graduate research laboratories.

Expenditures of \$93 million by the Foundation for science education will provide a \$19 million increase over 1962 chiefly for graduate fellowships, matching grants to improve instructional laboratory equipment in colleges and universities, and for course content improvement projects to strengthen curricula in science and mathematics.

*Other aid to education.*—This budget provides for modest improvements in vocational education programs. A new program is being recommended to reduce adult illiteracy through development and support of State literacy programs, special training for teachers, and development of teaching materials and methods.

## VETERANS BENEFITS AND SERVICES

Budget expenditures in 1963 for veterans programs are estimated to be \$274 million less than in 1962. This net decrease results principally from the planned sale of \$250 million in mortgage notes received by the Veterans Administration from the sale of properties acquired in the housing loan guarantee program and the payment in 1962 of \$48 million in special dividends to holders of life insurance policies issued to veterans of the Korean conflict.

Veterans programs, involving payments to about 4½ million beneficiaries each month, are characterized by an increasing proportion of expenditures devoted to pension and medical care benefits for needy veterans with a corresponding decrease in the proportion for compensation and readjustment benefits. Apart from the special factors

affecting the 1963 estimate, noted above, veterans expenditures in the coming year will follow this longer run pattern.

*Service-connected compensation.*—Expenditures in 1963 for compensation benefits are estimated to increase by \$48 million over 1962. The increase results from the proposed adjustment in disability compensation rates which is estimated to require expenditures of \$64 million in 1963. There will be an average of 2,357,000 cases involving compensation payments for service-disabled veterans or survivors of veterans in 1963, 16,000 less than in 1962, and 41,000 less than in 1961.

### VETERANS BENEFITS AND SERVICES

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Service-connected compensation:</b>				
Present program.....	\$2,034	\$2,009	\$1,993	\$1,993
Proposed legislation to raise rates.....			64	64
<b>Non-service-connected pensions.....</b>	<b>1,532</b>	<b>1,670</b>	<b>1,784</b>	<b>1,784</b>
<b>Readjustment benefits:</b>				
Education and training.....	237	141	84	84
Direct housing loans.....	152	161	150	200
Loan guarantee and other benefits.....	169	196	-149	7
<b>Hospitals and medical care:</b>				
Medical care and hospital services.....	945	989	1,011	1,018
Construction of hospitals.....	51	65	68	76
Medical administration, research, and other.....	34	42	42	42
<b>Other veterans benefits and services:</b>				
Insurance and servicemen's indemnities.....	25	70	24	33
Burial and other allowances.....	55	55	55	55
Veterans Administration general operating expenses and other.....	179	175	171	170
<b>Total.....</b>	<b>5,414</b>	<b>5,572</b>	<b>5,298</b>	<b>5,526</b>

<sup>1</sup> Compares with new obligational authority of \$5,586 million enacted for 1961 and \$5,580 million (including \$178 million in anticipated supplemental appropriations) estimated for 1962.

*Non-service-connected pensions.*—An increase of \$114 million in expenditures is estimated in 1963 for pensions, based on an expected rise of 139,000 in pension caseloads. An average of 2,011,000 veterans or survivors will receive pensions in 1963, compared to an estimated 1,872,000 in 1962 and 1,691,000 in 1961. These increases result in part from the raising of income limitations and from the granting of pension eligibility to survivors of veterans of World War II and

the Korean conflict by the Veterans Pension Act of 1959. In addition, World War I veterans continue to come on the rolls in large numbers because of their advanced age. World War I veterans and their survivors constitute the largest group on the pension rolls; by 1963, about half of the 2,400,000 living World War I veterans will be receiving pensions.

*Readjustment benefits.*—Expenditures for education and training benefits are estimated to decline by \$57 million from 1962 to 1963, principally because of a reduction in the number of veterans of the Korean conflict in training. Eight years have now elapsed since the termination of hostilities in Korea and the great majority of those veterans are well established in their civilian pursuits. The number in training will average 52,000 in 1963, compared to 174,000 in 1961 and 98,000 in 1962.

Expenditures for direct housing loans to veterans in rural areas and small towns are expected to decrease somewhat compared to 1962, but approximately 25,000 loans will be made in each year.

Expenditures in 1963 for acquisition of properties and for payment of claims on defaulted loans guaranteed by the Veterans Administration are estimated to decline from the unusually high levels of 1962 which were affected by the 1960–61 recession. The planned sale of \$250 million of mortgage notes in 1963 will cover these expenses and in addition produce substantial excess receipts. The disposal of these notes will reverse the trend toward accumulation of large numbers of housing mortgages from veterans and nonveterans which must now be serviced by the Veterans Administration and will lead to reductions in future administrative costs.

*Hospitals and medical care.*—The budget includes expenditures of \$1,053 million for hospitals and medical care (including administration and research) in 1963, an increase of \$22 million over 1962. This increase will permit continued improvement in the quality of medical care in the hospitals and clinics and further progress in activation of a new hospital at Brecksville, Ohio. Hospital and domiciliary care will be provided for an average of 141,900 beneficiaries per day in Veterans Administration, contract, and State facilities, and for a total of 3,628,000 visits by veterans to outpatient clinics or to private physicians paid by the Veterans Administration on a fee basis for services to qualified veterans.

*Hospital construction.*—An appropriation of \$76 million is proposed for 1963, the third step in carrying out the \$900 million 12-year hospital modernization program initiated in 1961. Construction of three replacement hospitals containing 2,380 beds will be begun in

1963, and planning will be initiated for two others. In addition, a number of modernization projects will be undertaken, including \$3 million for new medical research facilities.

*Other veterans benefits and services.*—A decrease in insurance and indemnity expenditures is estimated in 1963, resulting from the completion of \$10,000 indemnity payments to a number of survivors of veterans deceased during the Korean conflict and from the fact that 1962 expenditures included \$48 million in the form of special insurance dividends distributed to policyholders under the Korean conflict veterans life insurance program. The decline in expenditures for the general operations of the Veterans Administration is based on reductions in workloads and continued improvements in productivity.

*Veterans life insurance trust funds.*—These trust funds involve about 5½ million life insurance policies issued to veterans of World War I and World War II. Receipts are principally from premiums and interest on investments, while expenditures are mainly for death and disability claims and dividends. Trust fund expenditures are estimated to decline from \$749 million in 1962 to \$674 million in 1963, mainly because the 1962 expenditures included special dividend payments to help speed economic recovery from the 1960–61 recession.

## INTEREST

Interest payments, predominantly on the public debt, account for about 10% of estimated total budget expenditures in 1963.

### INTEREST

[Fiscal years. In millions]

Item	New obligational authority and budget expenditures		
	1961 actual	1962 estimate	1963 estimate
Interest on public debt.....	\$8,957	\$8,900	\$9,300
Interest on refunds of receipts.....	83	88	88
Interest on uninvested funds.....	10	10	10
Total.....	9,050	8,998	9,398

Interest payments on the public debt are estimated to rise by \$400 million in 1963, although the public debt at the end of fiscal 1963 will be slightly below the debt at the end of 1962. About half this increase reflects the fact that outstanding debt bearing interest will

be about \$5 billion higher on the average in 1963 than in the current year. The remainder arises from the higher rates on obligations issued recently to refinance maturing securities which were originally issued when market rates of interest were lower.

### GENERAL GOVERNMENT

Expenditures for the general administrative and law enforcement activities of the legislative, judicial and executive branches of the Federal Government are estimated at \$2 billion, about 2% of total 1963 expenditures. The estimated increase of \$117 million over 1962 expenditures is predominantly for improved administration of the tax laws and for construction of Government buildings.

*Legislative and judicial functions.*—Construction of an additional office building for the House of Representatives will be completed during 1963. The 73 new judgeships authorized in the last session of the Congress involve expenditure increases in both 1962 and 1963 for added court personnel, space, and equipment.

*Central fiscal operations.*—An increase of \$61 million in expenditures is estimated for 1963 for the Internal Revenue Service under existing laws, mainly to carry out the third step in a long-range program to modernize the administration of the present tax laws. This action is essential not only to close existing revenue gaps, but also to encourage voluntary compliance by taxpayers. As part of the program in 1963, automatic data processing equipment will be used in tabulating many personal income tax returns, permitting a much more thorough cross-checking of records. The extension of these improved techniques to all returns in later years will permit better administration and still further increases in collections. An additional increase of \$19 million in expenditures is estimated for the Treasury Department to carry out the proposals for withholding of taxes on interest and dividend payments.

The Renegotiation Act, which provides for the recapture of excess profits on certain Government contracts, expires on June 30, 1962. An extension of this legislation is being proposed.

*General property and records management.*—Expenditures for construction of new Government buildings, primarily financed by appropriations made in earlier years, are estimated at \$186 million in 1963, an increase of \$42 million over 1962; this amount includes site acquisition and planning. The 1963 budget provides appropriations of \$192 million to enable the General Services Administration to meet part of the accumulated needs for space required for efficient Govern-

ment operations. An increase of \$18 million in expenditures is also planned for repairs and improvements in existing buildings, including alterations to provide new Federal court facilities.

## GENERAL GOVERNMENT

[Fiscal years. In millions]

Program or agency	Budget expenditures			Recommended new obligational authority for 1963
	1961 actual	1962 estimate	1963 estimate	
<b>Legislative functions</b> .....	118	142	130	112
<b>Judicial functions</b> .....	52	59	63	64
<b>Executive direction and management</b> .....	22	26	23	25
<b>Central fiscal operations:</b>				
<b>Present programs:</b>				
Internal Revenue Service.....	408	447	508	513
Other.....	200	217	219	222
Administration of proposed withholding of taxes on investment income.....			19	20
<b>General property and records management:</b>				
General Services Administration.....	352	465	538	549
Central Intelligence Agency building.....	19	9	*	-----
<b>Central personnel management:</b>				
Department of Labor.....	66	67	66	66
Civil Service Commission.....	74	40	42	41
<b>Protective services and alien control:</b>				
Department of Justice.....	279	292	299	303
Other.....	10	11	12	12
<b>Other general government:</b>				
Territories and possessions.....	74	84	100	94
Claims and other.....	35	51	7	13
<b>Total</b> .....	1,709	1,910	2,027	<sup>1</sup> 2,035

\*Less than one-half million dollars.

<sup>1</sup> Compares with new obligational authority of \$1,860 million enacted for 1961 and \$1,979 million (including — \$27 million in anticipated supplemental appropriations) estimated for 1962.

*Central personnel management.*—Budget expenditures by the Civil Service Commission in 1963 are estimated to be somewhat higher than in the current year, but \$32 million less than in 1961. Cost-of-living increases enacted in 1958 for certain retired employees and their survivors are now being paid from the civil service retirement and disability trust fund pursuant to Public Law 87-114, approved July 31, 1961. Accordingly, rescission of the \$45 million appropriation enacted for 1962 for this purpose is recommended.

An adequate long-range financial plan should be established for the civil service retirement system, which provides survivorship, disability, and retirement protection for more than 2 million Federal



employees. Legislation has been proposed: (1) to continue the present policy under which employing agencies match current contributions by employees; (2) to provide that the net accumulated employee contributions be fully maintained in the fund at all times; and (3) to authorize a permanent indefinite appropriation which may be used at any future time as necessary to permit benefits to be paid as stipulated by law without reducing the fund below this minimum level.

*Protective services and alien control.*—Expenditures for investigative activities of the Federal Bureau of Investigation and for the litigation carried on by the Department of Justice are estimated to rise by \$7 million in 1963, largely because of increased efforts to enforce the income tax laws and the special campaign against racketeering and organized crime recently intensified by the Attorney General.

Prison population continues to rise, reflecting in part a trend toward increased length of sentences. An appropriation request of \$57 million for the Federal Prison System includes funds necessary to provide a site and plans for a new psychiatric prison institution. This will be the first step in a new 10-year program to provide facilities of the types and in the locations most urgently required.

*Territories and possessions.*—Increased appropriations are recommended for 1963 to carry forward the program launched last year for development of American Samoa and to expand the similar program for the Trust Territory of the Pacific Islands.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>050 NATIONAL DEFENSE</b>						
<b>051 Department of Defense, military functions:</b>						
Military personnel.....	11,778	13,018	13,230	12,085	13,250	13,415
Operation and maintenance.....	10,702	11,870	11,609	10,611	11,595	11,511
Procurement.....	11,716	15,893	16,445	13,095	14,836	15,356
Research, development, test, and evaluation.....	6,033	6,283	6,843	6,131	6,039	6,650
Military construction.....	1,061	959	1,318	1,605	1,250	1,189
Civil defense.....		255	695		140	350
Revolving and management funds.....	30			-300	-260	-171
Total 051.....	41,321	48,278	50,140	43,227	46,850	48,300
<b>057 Military assistance:</b>						
Department of Defense—Military.....	1,785	1,600	1,500	1,449	1,400	1,400
<b>058 Atomic energy:</b>						
Atomic Energy Commission.....	2,781	2,647	2,987	2,713	2,830	2,880
<b>059 Defense-related services:</b>						
Executive Office of the President.....	52	7		50	9	2
Funds Appropriated to the President.....				-12	35	
Department of Health, Education, and Welfare.....		35	41		16	31
Treasury Department.....				*	*	*
General Services Administration.....	22	40	38	35	36	40
Other independent agencies: Selective Service System.....	33	37	38	33	36	37
Total 059.....	107	119	118	104	132	110
<b>Total, national defense.....</b>	<b>45,994</b>	<b>52,644</b>	<b>54,744</b>	<b>47,494</b>	<b>51,212</b>	<b>52,690</b>
<b>150 INTERNATIONAL AFFAIRS AND FINANCE</b>						
<b>151 Conduct of foreign affairs:</b>						
Department of State.....	241	347	252	213	385	245
Other independent agencies:						
Foreign Claims Settlement Commission.....	1	1	74	*	1	11
Tariff Commission.....	3	3	3	3	3	3
United States Arms Control and Disarmament Agency.....		2	6		2	5
Total 151.....	244	353	336	216	390	264
<b>152 Economic and financial assistance:</b>						
Funds Appropriated to the President.....	2,720	4,516	3,582	1,879	2,117	2,409
Department of Agriculture.....	115	461	300	199	281	300
Department of Commerce.....			18	9	10	14
Department of Defense—Civil.....				*		
Department of State.....	1	1	14	1	1	13
Other independent agencies: Export-Import Bank of Washington.....				37	-101	-225
Total 152.....	2,836	4,978	3,914	2,126	2,308	2,510

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>153 Foreign information and exchange activities:</b>						
Department of State.....	43	42	65	37	50	63
Other independent agencies: United States Information Agency.....	132	141	158	121	147	159
Total 153.....	175	183	223	158	197	222
Total, international affairs and finance.....	3,256	5,514	4,473	2,500	2,896	2,996
<b>250 SPACE RESEARCH AND TECHNOLOGY</b>						
<b>251 Space research and technology:</b>						
National Aeronautics and Space Administration.....	964	1,828	3,787	744	1,300	2,400
<b>350 AGRICULTURE AND AGRICULTURAL RESOURCES</b>						
<b>351 Farm income support and production adjustment:</b>						
Department of Agriculture.....	3,315	5,129	4,381	3,801	5,081	4,585
<b>352 Financing farm ownership and operation:</b>						
Department of Agriculture.....	500	371	45	353	158	198
Other independent agencies: Farm Credit Administration.....	3	3	3	-3	-2	*
Total 352.....	503	373	48	349	156	198
<b>353 Financing rural electrification and rural telephones:</b>						
Department of Agriculture.....	320	418	354	301	330	234
<b>354 Agricultural land and water resources:</b>						
Department of Agriculture.....	398	422	432	397	420	438
<b>355 Research and other agricultural services:</b>						
Funds Appropriated to the President.....				1	4	
Department of Agriculture.....	359	361	383	323	352	380
Total 355.....	359	361	383	324	356	380
Total, agriculture and agricultural resources.....	4,895	6,701	5,598	5,173	6,343	5,836
<b>400 NATURAL RESOURCES</b>						
<b>401 Land and water resources:</b>						
Department of Defense—Civil.....	936	974	1,022	926	958	1,010
Department of the Interior.....	428	466	568	414	453	527
Department of State.....	12	16	15	5	14	18
Other independent agencies:						
Delaware River Basin Commission.....		*	*		*	*
Federal Power Commission.....	8	9	11	8	9	11
U.S. Study Commission—Southeast River Basins.....	2	1	1	1	1	1
U.S. Study Commission—Texas.....	1	1		1	1	
Tennessee Valley Authority.....	21	38	35	39	78	63
Total 401.....	1,407	1,505	1,652	1,394	1,515	1,630

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>402 Forest resources:</b>						
Department of Agriculture.....	323	306	236	315	279	281
Department of the Interior.....	16	15	16	16	15	16
Total 402.....	339	320	251	331	294	297
<b>403 Mineral resources:</b>						
Department of the Interior.....	63	82	100	61	68	92
<b>404 Fish and wildlife resources:</b>						
Department of Defense—Civil.....	*	*	*	*	*	*
Department of the Interior.....	74	88	100	71	79	98
Department of State.....	2	2	2	2	2	2
Total 404.....	76	90	103	73	81	100
<b>405 Recreational resources:</b>						
Department of the Interior.....	94	114	94	90	96	110
Other independent agencies: Outdoor Recreation Resources Review Commission.....	1	1	-----	1	1	*
Total 405.....	95	115	94	91	97	110
<b>409 General resource surveys and administration:</b>						
Department of the Interior.....	57	61	72	55	63	68
Total natural resources.....	2,038	2,172	2,272	2,006	2,117	2,298
<b>500 COMMERCE AND TRANSPORTATION</b>						
<b>501 Aviation:</b>						
Department of Commerce.....	-----	-----	-----	*	*	*
Federal Aviation Agency.....	690	730	791	638	708	781
Other independent agencies: Civil Aeronautics Board.....	80	85	86	78	83	85
Total 501.....	771	815	877	716	791	866
<b>502 Water transportation:</b>						
Department of Commerce.....	323	301	255	282	351	359
Department of Defense—Civil.....	-----	-----	-----	8	15	10
Treasury Department.....	281	298	308	276	279	292
Other independent agencies: St. Lawrence Seaway Development Corp.....	-----	-----	-----	2	2	*
Total 502.....	604	599	563	569	646	662
<b>503 Highways:</b>						
Department of Commerce.....	36	36	41	36	39	44
<b>505 Postal service:</b>						
Post Office Department.....	895	867	265	914	853	261
<b>506 Advancement of business:</b>						
Department of Commerce.....	206	283	307	168	202	272
Department of the Interior.....	-----	-----	-----	*	*	-1
Other independent agencies:						
Alaska International Rail and Highway Commission.....	*	-----	-----	*	*	-----
Interstate Commerce Commission.....	-----	15	-----	-----	15	-----
Small Business Administration.....	56	267	306	103	250	222
Total 506.....	262	565	613	271	466	493

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>507 Area redevelopment:</b>						
Department of Commerce.....	300	171	64	-----	44	122
<b>508 Regulation of business:</b>						
Department of Commerce.....	3	3	3	3	3	3
Department of Justice.....	5	6	6	5	6	6
Other independent agencies:						
Civil Aeronautics Board.....	8	9	10	8	9	10
Federal Communications Commission.....	14	13	13	12	14	13
Federal Maritime Commission.....	-----	2	3	-----	2	3
Federal Trade Commission.....	8	10	12	8	10	11
Interstate Commerce Commission.....	21	22	23	22	22	23
Securities and Exchange Commission.....	10	11	13	9	11	13
Total 508.....	69	76	83	67	76	82
<b>Total, commerce and transportation.</b>	2,937	3,129	2,507	2,573	2,915	2,531
<b>550 HOUSING AND COMMUNITY DEVELOPMENT</b>						
<b>551 Aids to private housing:</b>						
Housing and Home Finance Agency.....	931	325	301	-9	247	333
Other independent agencies: Federal Home Loan Bank Board.....	-----	-----	-----	-35	-239	-270
Total 551.....	931	325	301	-44	8	63
<b>552 Public housing:</b>						
Housing and Home Finance Agency.....	159	180	200	150	166	193
<b>553 Urban renewal and community facilities:</b>						
Housing and Home Finance Agency.....	2,910	51	183	162	277	482
<b>555 National Capital area:</b>						
Other independent agencies:						
Commission of Fine Arts.....	*	*	*	*	*	*
Interstate Commission on the Potomac River Basin.....	*	*	*	*	*	*
National Capital Housing Authority.....	*	*	*	*	*	*
National Capital Planning Commission.....	1	1	2	1	2	3
National Capital Transportation Agency.....	*	2	6	*	2	6
District of Columbia.....	81	62	63	50	90	85
Total 555.....	82	65	71	51	94	94
<b>Total, housing and community development.</b>	4,082	621	755	320	545	832
<b>650 HEALTH, LABOR, AND WELFARE</b>						
<b>651 Health services and research:</b>						
Department of Health, Education, and Welfare.....	1,129	1,467	1,575	938	1,213	1,408

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>652 Labor and manpower:</b>						
Executive Office of the President.....	*	*	*	*	*	*
Department of the Interior.....	7	7	8	7	7	7
Department of Labor.....	1,007	575	381	764	495	320
Treasury Department.....	1			1		
Other independent agencies:						
Federal Coal Mine Safety Board of Review.....	*	*	*	*	*	*
Federal Mediation and Conciliation Service.....	4	5	5	4	4	5
National Labor Relations Board.....	18	19	20	18	19	20
National Mediation Board.....	2	2	2	1	2	2
Railroad Retirement Board.....	20	10		13	17	
Total 652.....	1,060	618	417	809	545	354
<b>653 Public assistance:</b>						
Department of Health, Education, and Welfare.....	2,180	2,547	2,837	2,170	2,574	2,827
<b>654 Other welfare services:</b>						
Funds Appropriated to the President.....		21		7	8	8
Department of Agriculture.....	230	446	295	241	274	291
Department of Health, Education, and Welfare.....	82	104	208	78	94	201
Other independent agencies: Railroad Retirement Board.....			16			16
Total 654.....	312	571	519	326	376	516
Total, health, labor, and welfare....	4,681	5,203	5,348	4,244	4,708	5,105
<b>700 EDUCATION</b>						
<b>701 Assistance for elementary and secondary education:</b>						
Department of Health, Education, and Welfare.....	367	373	1,036	332	357	457
<b>702 Assistance for higher education:</b>						
Department of Health, Education, and Welfare.....	102	148	480	88	129	167
Housing and Home Finance Agency.....	500	300	300	198	250	375
Total 702.....	602	448	780	286	379	541
<b>703 Assistance to science education and basic research:</b>						
Other independent agencies: National Science Foundation.....	176	263	358	143	199	257
<b>704 Other aids to education:</b>						
Legislative Branch.....	16	17	19	15	17	19
Department of Health, Education, and Welfare.....	82	89	100	79	86	92
Department of the Interior.....	67	72	83	66	68	81
Other independent agencies: Smithsonian Institution.....	24	16	20	21	36	24
Total 704.....	188	194	221	181	208	215
Total education.....	1,333	1,278	2,396	943	1,143	1,470

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>800 VETERANS BENEFITS AND SERVICES</b>						
<b>801 Veterans service-connected compensation:</b>						
Veterans Administration.....	2,034	2,009	2,058	2,034	2,009	2,058
<b>802 Veterans non-service-connected pensions:</b>						
Veterans Administration.....	1,713	1,457	1,784	1,532	1,670	1,784
<b>803 Veterans readjustment benefits:</b>						
Veterans Administration.....	494	731	292	559	498	85
<b>804 Veterans hospitals and medical care:</b>						
Veterans Administration.....	1,064	1,114	1,136	1,030	1,095	1,121
<b>805 Other veterans benefits and services:</b>						
Department of Defense—Civil.....	9	10	10	10	10	11
Department of Labor.....	1	1	1	1	1	1
Veterans Administration.....	269	257	245	246	287	237
Other independent agencies: American Battle Monuments Commission.....	1	1	2	2	2	2
<b>Total 805.....</b>	<b>280</b>	<b>269</b>	<b>258</b>	<b>259</b>	<b>299</b>	<b>250</b>
<b>Total, veterans benefits and services.....</b>	<b>5,586</b>	<b>5,580</b>	<b>5,526</b>	<b>5,414</b>	<b>5,572</b>	<b>5,298</b>
<b>850 INTEREST</b>						
<b>851 Interest on the public debt:</b>						
Treasury Department.....	8,957	8,900	9,300	8,957	8,900	9,300
<b>852 Interest on refunds of receipts:</b>						
Treasury Department.....	83	88	88	83	88	88
<b>853 Interest on uninvested funds:</b>						
Treasury Department.....	10	10	10	10	10	10
<b>Total, interest.....</b>	<b>9,050</b>	<b>8,998</b>	<b>9,398</b>	<b>9,050</b>	<b>8,998</b>	<b>9,398</b>
<b>900 GENERAL GOVERNMENT</b>						
<b>901 Legislative functions:</b>						
Legislative Branch.....	108	107	112	118	142	130
<b>902 Judicial functions:</b>						
The Judiciary.....	53	59	63	52	59	63
Other independent agencies: Indian Claims Commission.....	*	*	*	*	*	*
<b>Total 902.....</b>	<b>53</b>	<b>60</b>	<b>64</b>	<b>52</b>	<b>59</b>	<b>63</b>
<b>903 Executive direction and management:</b>						
Executive Office of the President.....	20	22	23	20	23	20
Funds Appropriated to the President.....	1	1	1	1	2	1
Treasury Department.....	1	1	2	1	1	2
<b>Total 903.....</b>	<b>22</b>	<b>24</b>	<b>25</b>	<b>22</b>	<b>26</b>	<b>23</b>

See footnotes at end of table.

Table 13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>904 Central fiscal operations:</b>						
Treasury Department.....	579	620	708	562	617	697
Other independent agencies:						
General Accounting Office.....	42	43	44	41	43	44
Renegotiation Board.....	3	3	2	3	3	3
Tax Court of the United States.....	2	2	2	2	2	2
Total 904.....	626	667	756	607	664	745
<b>905 General property and records management:</b>						
General Services Administration.....	490	569	549	352	465	538
Other independent agencies: Central Intelligence Agency.....				19	9	*
Total 905.....	490	569	549	372	474	539
<b>906 Central personnel management:</b>						
Department of Labor.....	66	68	66	66	67	66
Other independent agencies: Civil Service Commission.....	74	47	41	74	40	42
Total 906.....	140	115	107	140	107	108
<b>908 Protective services and alien control:</b>						
Department of Justice.....	292	291	303	279	292	299
Treasury Department.....	9	9	10	9	9	10
Other independent agencies:						
Civil Service Commission.....	*	*	1	*	*	*
Commission on Civil Rights.....	1	1	1	1	1	1
Subversive Activities Control Board.....	*	*	*	*	*	*
Total 908.....	303	302	316	289	303	311
<b>910 Other general government:</b>						
Legislative Branch.....	4	5	5	*	2	-1
Funds Appropriated to the President.....	6	6	3	6	6	3
Department of Defense—Civil.....	33	30	34	28	32	40
Department of the Interior.....	20	24	33	21	25	33
Treasury Department.....	55	70	32	54	70	32
Other independent agencies:						
Advisory Commission on Intergovernmental Relations.....	*	*	*	*	*	*
Historical and memorial commissions.....	*	*	*	*	*	*
Total 910.....	119	135	107	109	135	108
<b>Total, general government.....</b>	<b>1,860</b>	<b>1,979</b>	<b>2,035</b>	<b>1,709</b>	<b>1,910</b>	<b>2,027</b>
<b>Allowances for pay adjustments and contingencies.....</b>		<b>100</b>	<b>462</b>		<b>75</b>	<b>350</b>
Subtotal.....	86,675	95,748	99,303	82,169	89,732	93,230
Deduct interfund transactions.....				654	656	693
<b>Total.....</b>	<b>86,675</b>	<b>95,748</b>	<b>99,303</b>	<b>81,515</b>	<b>89,075</b>	<b>92,537</b>

\*Less than one-half million dollars.

Note.—This table summarizes by functional category the information on new obligational authority and expenditures which is shown in more detail on an agency basis on pages 118 to 266.



Table 14. BUDGET EXPENDITURES, 1953-60 (in millions of dollars)

Description	1953	1954	1955	1956	1957	1958	1959	1960
<b>050 National defense:</b>								
051 Department of Defense military functions: <sup>1</sup>								
Military personnel.....	12,179	11,643	11,403	11,582	11,409	11,611	11,801	11,738
Operation and maintenance.....	10,028	9,162	7,931	8,400	9,487	9,761	10,378	10,223
Procurement.....	17,297	15,957	12,838	12,227	13,488	14,083	14,409	13,334
Research, development, test, and evaluation.....	2,148	2,187	2,261	2,101	2,406	2,504	2,866	4,710
Military construction.....	1,937	1,744	1,715	2,079	1,968	1,753	1,948	1,626
Revolving and management funds.....	15	-367	-617	-598	-323	-643	-179	-416
Total, Department of Defense—military functions.....	43,604	40,326	35,531	35,791	38,436	39,070	41,223	41,215
057 Military assistance.....	3,954	3,629	2,292	2,611	2,352	2,187	2,340	1,609
058 Atomic energy.....	1,791	1,895	1,857	1,651	1,990	2,268	2,541	2,623
059 Defense-related services.....	1,093	1,136	1,015	670	582	708	387	244
<b>Total, national defense..</b>	<b>50,442</b>	<b>46,986</b>	<b>40,695</b>	<b>40,723</b>	<b>43,360</b>	<b>44,234</b>	<b>46,491</b>	<b>45,691</b>
<b>150 International affairs and finance:</b>								
151 Conduct of foreign affairs.....	150	130	121	129	157	173	237	217
152 Economic and financial assistance.....	1,960	1,511	1,960	1,613	1,683	1,910	3,403	1,477
153 Foreign information and exchange activities.....	106	91	100	111	133	149	139	137
<b>Total, international affairs and finance...</b>	<b>2,216</b>	<b>1,732</b>	<b>2,181</b>	<b>1,853</b>	<b>1,973</b>	<b>2,231</b>	<b>3,780</b>	<b>1,832</b>
<b>250 Space research and technology:</b>								
251 Space research and technology.....	79	90	74	71	76	89	145	401
<b>350 Agriculture and agricultural resources:</b>								
351 Farm income support and production adjustment.....	2,125	1,689	3,486	3,900	3,430	3,284	5,297	3,602
352 Financing farm ownership and operation.....	128	272	236	232	248	269	311	289
353 Financing rural electrification and rural telephones.....	239	217	204	217	267	297	315	330
354 Agricultural land and water resources.....	319	252	290	305	374	315	376	368
355 Research and other agricultural services.....	142	142	173	215	227	255	291	293
<b>Total, agriculture and agricultural resources..</b>	<b>2,955</b>	<b>2,573</b>	<b>4,388</b>	<b>4,868</b>	<b>4,546</b>	<b>4,419</b>	<b>6,590</b>	<b>4,882</b>

See footnotes at end of table.

Table 14. BUDGET EXPENDITURES, 1953-60 (in millions of dollars)—Continued

Description	1953	1954	1955	1956	1957	1958	1959	1960
<b>400 Natural resources:</b>								
401 Land and water resources.....	1,235	1,056	935	804	925	1,139	1,184	1,235
402 Forest resources.....	107	117	119	139	163	174	201	220
403 Mineral resources.....	38	37	37	38	62	59	71	65
404 Fish and wildlife resources.....	34	38	43	45	51	60	68	68
405 Recreational resources.....	30	33	35	44	59	69	85	74
409 General resource surveys and administration.....	34	35	34	36	38	44	61	51
<b>Total, natural resources.....</b>	<b>1,478</b>	<b>1,317</b>	<b>1,203</b>	<b>1,105</b>	<b>1,298</b>	<b>1,544</b>	<b>1,670</b>	<b>1,714</b>
<b>500 Commerce and transportation:</b>								
501 Aviation.....	161	186	179	180	219	315	494	568
502 Water transportation.....	455	370	349	420	365	392	436	508
503 Highways.....	572	586	647	783	40	31	30	38
505 Postal service.....	659	312	356	463	518	674	774	525
506 Advancement of business.....	-58	-281	-343	5	127	170*	226	265
507 Area redevelopment.....								
508 Regulation of business.....	137	45	38	41	45	49	58	59
<b>Total, commerce and transportation.....</b>	<b>1,926</b>	<b>1,219</b>	<b>1,225</b>	<b>1,892</b>	<b>1,313</b>	<b>1,631</b>	<b>2,017</b>	<b>1,963</b>
<b>550 Housing and community development:</b>								
551 Aids to private housing.....	310	-277	174	-67	-254	-126	732	-172
552 Public housing.....	29	-401	-116	31	60	51	97	134
553 Urban renewal and community facilities.....	45	37	56	4	49	78	108	130
555 National Capital area.....	12	14	22	23	27	26	33	30
<b>Total, housing and community development.....</b>	<b>396</b>	<b>-628</b>	<b>136</b>	<b>-10</b>	<b>-118</b>	<b>30</b>	<b>970</b>	<b>122</b>
<b>650 Health, labor, and welfare:</b>								
651 Health services and research.....	318	288	271	342	461	540	700	815
652 Labor and manpower.....	248	247	321	479	397	488	924	510
653 Public assistance.....	1,332	1,439	1,428	1,457	1,558	1,797	1,969	2,061
654 Other welfare services.....	155	148	145	184	216	234	284	304
<b>Total, health, labor, and welfare.....</b>	<b>2,052</b>	<b>2,122</b>	<b>2,165</b>	<b>2,462</b>	<b>2,632</b>	<b>3,059</b>	<b>3,877</b>	<b>3,690</b>
<b>700 Education:</b>								
701 Assistance for elementary and secondary education.....	201	184	215	181	174	189	259	327
702 Assistance for higher education.....	24	44	43	44	110	178	225	261
703 Assistance to science education and basic research.....	4	6	11	20	46	50	106	120
704 Other aid to education.....	91	91	109	98	108	124	141	156
<b>Total, education.....</b>	<b>320</b>	<b>326</b>	<b>377</b>	<b>343</b>	<b>437</b>	<b>541</b>	<b>732</b>	<b>866</b>

See footnotes at end of table.

Table 14. BUDGET EXPENDITURES, 1953-60 (in millions of dollars)—Continued

Description	1953	1954	1955	1956	1957	1958	1959	1960
<b>800 Veterans benefits and services:</b>								
801 Veterans service-connected compensation	1,713	1,731	1,829	1,864	1,876	2,024	2,071	2,049
802 Veterans nonservice-connected pensions	644	700	801	884	951	1,036	1,153	1,263
803 Veterans readjustment benefits	867	789	879	944	977	1,026	864	725
804 Veterans hospitals and medical care	757	782	727	788	801	856	921	961
805 Other veterans benefits and services	388	339	286	331	266	242	280	266
<b>Total, veterans benefits and services</b>	<b>4,368</b>	<b>4,341</b>	<b>4,522</b>	<b>4,810</b>	<b>4,870</b>	<b>5,184</b>	<b>5,287</b>	<b>5,266</b>
<b>850 Interest:</b>								
851 Interest on the public debt	6,504	6,382	6,370	6,787	7,244	7,607	7,593	9,180
852 Interest on refunds of receipts	70	83	62	54	57	74	69	76
853 Interest on uninvested funds	5	5	5	6	6	8	9	10
<b>Total, interest</b>	<b>6,578</b>	<b>6,470</b>	<b>6,438</b>	<b>6,846</b>	<b>7,307</b>	<b>7,689</b>	<b>7,671</b>	<b>9,266</b>
<b>900 General government:</b>								
901 Legislative functions	48	49	60	76	90	89	102	109
902 Judicial functions	29	29	31	38	40	44	47	49
903 Executive direction and management	11	11	12	12	12	19	21	20
904 Central fiscal operations	442	449	431	475	476	502	566	558
905 General property and records management	190	157	168	173	201	245	295	372
906 Central personnel management	387	93	96	304	602	84	95	84
908 Protective services and alien control	174	186	185	220	219	233	255	263
910 Other general government	183	253	183	278	100	69	86	88
<b>Total, general government</b>	<b>1,465</b>	<b>1,226</b>	<b>1,166</b>	<b>1,576</b>	<b>1,738</b>	<b>1,284</b>	<b>1,466</b>	<b>1,542</b>
<b>Subtotal</b>	<b>74,274</b>	<b>67,772</b>	<b>64,570</b>	<b>66,540</b>	<b>69,433</b>	<b>71,936</b>	<b>80,697</b>	<b>77,233</b>
<b>Deduct interfund transactions</b>	<b>154</b>	<b>235</b>	<b>181</b>	<b>315</b>	<b>467</b>	<b>567</b>	<b>355</b>	<b>694</b>
<b>Total budget expenditures</b>	<b>74,120</b>	<b>67,537</b>	<b>64,389</b>	<b>66,224</b>	<b>68,966</b>	<b>71,369</b>	<b>80,342</b>	<b>76,539</b>

\*Less than one-half million dollars.

Note.—The historical data on this table corresponds to the revised functional classification used in table 13 (page 103) and elsewhere in this budget. A list of the major changes between this classification and those used in the preceding budgets is available upon request from the Bureau of the Budget.

<sup>1</sup> Amounts shown include estimated comparability adjustments not supportable by accounting records.

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PART 5

THE FEDERAL PROGRAM  
BY AGENCY

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113

610000 O—62—8

## EXPLANATION OF MAJOR STEPS IN FINANCING AGENCY ACTIVITIES

### NEW OBLIGATIONAL AUTHORITY AND ITS USE

*New obligational authority.*—Government agencies are permitted to incur obligations, requiring either the current or future payment of money, only when they have been granted appropriations or other authority to do so by law. The amounts thus authorized by Congress, are called *new obligational authority* (NOA). Such authority must be related to the *obligations* expected to be incurred, rather than match the *expenditures* which are expected to be made during any fiscal year. In some cases NOA is requested and granted to fully finance a project (especially construction, research, or procurement) when it starts, even though the obligations will be spread over 2 or more years.

Most new obligational authority is granted year by year (current authorizations). Some new obligational authority permits additional sums to become available from time to time without further action by the Congress (permanent authorizations), either for an indefinite period or over a specified number of years.

New obligational authority usually takes the form of *appropriations* which permit obligations to be incurred and expenditures to be made. Some is in the form of *contract authorizations* which permit obligations, but require an appropriation "to liquidate" in order to permit expenditures in payment of the obligations. There are also *authorizations to expend from debt receipts*; such NOA permits the use of borrowed money to incur obligations and make expenditures. *Reappropriations* and *reauthorizations* are actions to continue available unused balances which would otherwise expire.

The amount of new obligational authority is usually named specifically in the act of Congress which makes it available (definite authorizations), but in a few cases the amount is left indefinite to be determined by subsequent circumstances (indefinite authorizations); an example is the appropriation for interest on the public debt.

*Obligations incurred.*—Following the enactment of new obligational authority, obligations are to be incurred by Government agencies. Such obligations include the currently accruing liabilities for salaries and wages, certain contractual services, and interest; entering into contracts for equipment, construction, and land; approval of agreements to make loans; and other commitments requiring the future payment of money. In some cases obligations are incurred at the same time payments are made.

*Budget expenditures.*—Obligations are paid by the issuance of check or disbursement in cash, and in a few special cases by issuance of bonds or notes in lieu of checks. Budget expenditures consist of such payments from Federally owned funds, except for retirement of debt and purchase of the Government's own securities.

## DEDUCTION OF CERTAIN RECEIPTS IN DETERMINING EXPENDITURES

For two types of Federal funds—public enterprise funds and intra-governmental funds—expenditures are stated net of receipts. If receipts exceed expenditures the difference shows as a minus entry in the expenditure tables. Because of the netting rule, receipts for these types of funds are not included within the figures for budget receipts.

For the other two types of Federal funds—the general fund and the special funds—receipts from the public are generally included within budget receipts, and deductions are made from expenditures only for some incidental collections from the public (usually called “reimbursements from non-Federal sources”). However, interagency and inter-account reimbursements are netted against expenditures to avoid double counting.

Some payments into miscellaneous receipts of the general fund are proper expenditures of some other Federal fund (for example, interest payments from a public enterprise fund into general fund receipts). These interfund transactions are shown as expenditures for the agencies and functions involved, but are deducted in identical amounts before arriving at total receipts and total expenditures in the affected summary tables.

(Note.—Trust and deposit fund transactions are not included in the conventional budget totals nor are they added into the analysis of new obligational authority and expenditures by agency in this part of the budget. For further information on the financial transactions of such funds, see special analysis A.)

## NETTING IN DETERMINING OBLIGATIONS

Whenever expenditures are net of receipts or reimbursements for an account or an agency, obligations are similarly netted in the following tables (tables 15 and 16). NOA also takes account of the availability of such receipts and reimbursements, and is therefore on a basis which compares to obligations incurred so far as netting is concerned. More detailed schedules which supplement this volume state obligations in gross terms and show separately the receipts or reimbursements which are applicable.

## BALANCES OF OBLIGATIONAL AUTHORITY

Not all of the obligational authority enacted for a fiscal year is spent in the same year. In the case of salaries and wages, only 2 to 3 weeks elapse between the time of obligation and the time of expenditure. On the other hand, in the case of major procurement and construction, several years may elapse. Balances which have been obligated are always carried forward to cover the subsequent expenditure in payment of such obligations.

Most appropriations for current operations are made available for obligation only within the year, and unobligated balances lapse at the end of the fiscal year (1-year appropriations). Some are for a specified longer period (multiple-year appropriations). Some, including most of those for construction and some for research, are made available by Congress until expended, and in such cases the unobligated balances never lapse (no-year appropriations), but are carried forward until objectives have been completed.

Therefore, a change in the amount of new obligational authority for a given year does not necessarily change either the obligations incurred or the budget expenditures in that same year by an equal amount. A change in new obligational authority in any one year may spread its effect over obligations for two or more years and over expenditures for even a longer period.

Balances carried forward from one year to the next are shown on tables 15 and 17, divided between obligated and unobligated. Table 15 also shows the unobligated balances lapsing upon the expiration of one-year and multiple-year accounts, and the adjustments in obligated balances which are required when the payment of such obligations requires a different sum than originally reserved to meet the obligations.

#### ESTIMATES FOR 1962 AND 1963

*Data for 1962.*—Congress has already acted on appropriations and other new obligational authority for fiscal year 1962, but additional, supplemental amounts are estimated to be required in certain cases. Where the word “enacted” is used in the budget in reference to 1962, the amounts are those already voted by Congress (including the amounts likely to be available in the case of appropriations made in an indefinite amount) or the expenditures thereunder, unless otherwise specifically indicated by a footnote. Where the word “estimate” is used, the amounts include both those enacted and needed supplementals.

*Data for 1963.*—This budget is complete as to the estimates for 1963 as now foreseen. The budget appendix generally includes the proposed appropriation language for the various items which are identified in the budget. However, in a few instances—mainly cases of proposed new legislation—estimates are included in the budget, but formal transmittal of the proposed text of the appropriation language (or other proposal) will be made later. In certain tables, these items for later transmittal and expenditures therefrom are identified in separate columns or by special footnotes; in tables where there is no such specific identification, the estimate for 1963 is comprehensive, whether or not the necessary appropriation language is formally transmitted at this time.

*Special allowances.*—It is likely that some additional needs not now known will arise during the remainder of 1962 and 1963, and supplemental proposals will be transmitted to Congress when required. A lump sum allowance is included in the summary tables of the budget to cover such items, and, in the case of 1963, a similar allowance covers pay adjustments for which the need is now foreseen, but which have not been spread by agency within the budget (except for the Post Office Department).

Table 15. RELATION OF AUTHORIZATIONS TO EXPENDITURES

(In millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
New obligational authority. <sup>1</sup> (details on pages 118 to 266):			
Current authorizations:			
Appropriations .....	70,845	81,734	87,784
Reappropriations .....	171	226	21
Authorizations to expend from debt receipts .....	2,878	3,094	464
Contract authorizations .....	2,146	50	86
Permanent authorizations:			
Appropriations .....	9,653	9,595	9,996
Reappropriations .....	30		
Authorizations to expend from debt receipts .....	295	702	684
Contract authorizations .....	658	347	268
<b>Total new obligational authority</b> .....	86,675	95,748	99,303
Unobligated balances brought forward, start of year (table 17) ..	37,572	40,612	36,315
Appropriations available in prior year (—) .....	—537	—2,431	—661
Appropriations available from subsequent year .....	2,431	661	661
Balances no longer available:			
Unobligated balances lapsing (—) .....	—221	—404	—133
Capital transfers from revolving funds to general fund (—) ..	—197	—186	—99
Unobligated balances carried forward, end of year (—) (table 17) ..	—40,612	—36,315	—32,698
<b>Obligations incurred, net (table 16)</b> .....	85,111	97,684	102,687
Obligated balances brought forward, start of year (table 17) ..	34,899	37,695	45,371
Adjustments of obligated balances in expired accounts .....	—146	—276	—7
Obligated balances carried forward, end of year (—) (table 17) ..	—37,695	—45,371	—54,822
<b>Expenditures</b> .....	82,169	89,732	93,230
Deduct interfund transactions .....	654	656	693
<b>Budget expenditures</b> .....	81,515	89,075	92,537
From new obligational authority .....	81,515	89,075	64,455
From balances of prior obligational authority .....			28,081

Note.—This table summarizes and brings into relationship the totals from the various tabulations in part 5 of the budget. The types of new obligational authority and the considerations involved in the various measures of Federal program are explained on pages 114 to 116.

<sup>1</sup> Excludes appropriations to liquidate contract authorizations: 1961, \$590 million; 1962, \$729 million; and 1963, \$816 million.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)

This tabulation shows, for each appropriation and fund account, information on new obligational authority (called NOA herein) and expenditures. Explanatory sentences relate primarily to NOA, and usually to increases or decreases. Functional code numbers are cross references to the lines in table 13 (pages 103 to 109) where the figures are summarized. The NOA in this tabulation takes account of certain transfers between appropriations which are set forth in the Budget Appendix. Congressional action in the appropriation process occasionally is in the form of a limitation on the use of a trust fund or other fund, or an appropriation to liquidate contract authorizations; such items which do not involve NOA are shown in parentheses and not added into the totals.

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH</b>					
<b>Senate</b>					(For the Legislative Branch, explanations are shown only for those items for which supporting data submitted to the Bureau of the Budget indicates the reason for a change from the appropriation for the current fiscal year.)
<b>Current authorizations:</b>					
Compensation of Senators....901 NOA	2,433	2,433	2,433	-----	
Exp. NOA	2,425			-----	
Mileage of President of the Senate NOA	58	58	58	-----	
and of Senators.....901 Exp.	54			-----	
Expense allowance of majority and NOA	4	4	4	-----	
minority leaders.....901 Exp.	4			-----	
Compensation of the Vice Presi- NOA	38	38	38	-----	
dent of the United States...901 Exp.	38			-----	
Expense allowance of the Vice NOA	10	10	10	-----	
President.....901 Exp.	10			-----	
Salaries, officers and employees NOA	18,250	18,321	18,332	11	
901 Exp.	16,726				
Office of the Legislative Counsel of NOA	232	232	232	-----	
the Senate.....901 Exp.	221			-----	
Contingent expenses of the Senate:					
Legislative reorganization...901 NOA	126	126	126	-----	
Exp. NOA	98			-----	
Senate policy committees...901 NOA	268	268	268	-----	
Exp. NOA	229			-----	

Joint Economic Committee. 901	NOA	203	248	168	-92
Reappropriation.....	NOA		12		
	Exp.	179			
Joint Committee on Atomic	NOA	294	294	294	
Energy..... 901	Exp.	317			
Joint Committee on Printing	NOA	116	116	116	
901	Exp.	110			
Vice President's automobile. 901	NOA	9	9	9	
	Exp.	8			
Automobile for the President	NOA	11	9	9	
pro tempore..... 901	Exp.	7			
Automobile for majority and	NOA	17	17	17	
minority leaders..... 901	Exp.	15			
Furniture..... 901	NOA	74	31	31	
	Exp.	58			
Inquiries and investigations. 901	NOA	3,797	3,797	3,797	
	Exp.	3,608			
Folding documents..... 901	NOA	34	34	34	
	Exp.	32			
Senate restaurants..... 901	NOA	85	110		-130
Reappropriation.....	NOA		20		
	Exp.	83			
Mail transportation..... 901	NOA	17	17	17	
	Exp.	13			
Miscellaneous items..... 901	NOA	2,271	2,008	2,105	97
	Exp.	2,238			
Postage stamps..... 901	NOA	56	56	56	
	Exp.	55			
Stationery (revolving fund). 901	NOA	195	195	195	
	Exp.	195			

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
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## LEGISLATIVE BRANCH—Continued

Senate—Continued						(For the Legislative Branch, explanations are shown only for those items for which supporting data submitted to the Bureau of the Budget indicates the reason for a change from the appropriation for the current fiscal year.)
Current authorizations—Continued						
Contingent expenses of the Senate—Continued						
Communications.....901	NOA	15	15	15		
	Exp.	12				
Joint Committee on Inaugural Ceremonies of 1961.....901	NOA	250				
	Exp.	196				
Payments to estates and widows of deceased Members of the Senate.....901	NOA	22				
	Exp.	22				
Recording studio revolving fund 901	Exp.	—78				
Total, Senate.....	NOA	28,886	28,479	28,364	—115	
	Exp.	26,877	26,500	26,400	—100	
House of Representatives:						
Compensation of Members...901	NOA	10,673	10,672	10,672		
	Exp.	10,551				
Mileage of Members and expense allowance of the Speaker...901	NOA	390	200	200		
	Exp.	356				
Salaries, officers and employees. 901	NOA	7,648	7,661	7,790	129	Includes increase for the Office of the Clerk, for committee employees, for the Office of the Postmaster, for the Committee on Appropriations, and for the Office of the Legislative Counsel.
	Exp.	7,228				
Members' clerk hire.....901	NOA	18,122	20,400	20,400		
	Exp.	17,335				

Includes increase for the Office of the Clerk, for committee employees, for the Office of the Postmaster, for the Committee on Appropriations, and for the Office of the Legislative Counsel.

Contingent expenses of the House:					
Furniture.....	901	NOA	243	243	263
		Exp.	242		20
Miscellaneous items.....	901	NOA	2,544	2,550	2,600
		Exp.	2,396		50
Reporting hearings.....	901	NOA	150	150	175
		Exp.	133		25
Special and select committees	901	NOA	2,634	2,900	3,000
		Exp.	2,602		100
Joint Committee on Internal Revenue Taxation.....	901	NOA	322	322	322
		Exp.	271		-----
Joint Committee on Immigration and Nationality Policy	901	NOA	20	20	20
		Exp.	-----		-----
Office of the Coordinator of Information.....	901	NOA	108	108	111
		Exp.	108		3
Telegraph and telephone....	901	NOA	1,275	1,300	1,375
		Exp.	1,205		75
Stationery (revolving fund).....	901	NOA	794	788	788
		Exp.	803		-----
Attending physician's office.....	901	NOA	17	17	17
		Exp.	16		-----
Postage stamps.....	901	NOA	184	184	184
		Exp.	185		-----
Folding documents.....	901	NOA	250	236	240
		Exp.	196		4
Revision of laws.....	901	NOA	20	20	20
		Exp.	21		-----
Speaker's automobile.....	901	NOA	10	10	10
		Exp.	16		-----

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>House of Representatives—Continued</b>					(For the Legislative Branch, explanations are shown only for those items for which supporting data submitted to the Bureau of the Budget indicates the reason for a change from the appropriation for the current fiscal year.)
<b>Current authorizations—Continued</b>					
Contingent expenses of the House—Continued					
Majority leader's automobile NOA	10	10	10	-----	
901 Exp.	9				
Minority leader's automobile NOA	10	10	10	-----	
901 Exp.	8				
New edition of United States NOA	-----	100	-----	-100	This is a nonrecurring item.
Code.....901 Exp.	43				
Preparation of Clerk's report...901 NOA	8	-----	-----	-----	
Exp.	3				
Payments to widows and heirs of NOA	112	22	-----	-22	Funds are appropriated only when required.
deceased Members of Congress 901 Exp.	112				
New edition of the District of Co- Exp.	17				
lumbia Code.....901					
House of Representatives restau- Exp.	7				
rant fund.....901					
House recording studio revolving Exp.	-22				
fund.....901					
Capitol Police:					
General expenses.....901 NOA	37	37	37	-----	
Exp.	37				
Capitol Police Board.....901 NOA	113	115	143	28	
Exp.	89				

Joint Committee on Reduction of Nonessential Federal Expendi- tures.....901	NOA Exp.	27 27	27	-----	-27	
Education of pages.....901	NOA Exp.	68 63	68	68	-----	
Compiling testimony in contested election cases.....901	NOA Exp.	-----	-----	2	2	New item.
Penalty mail costs.....901	NOA Exp.	3,269 3,269	3,836	3,986	150	
Statement of appropriations...901	NOA Exp.	8 8	8	8	-----	
Consolidated working fund...901	Exp.	-12				
Total, House of Representa- tives.....	NOA Exp.	49,065 47,324	52,013 50,000	52,450 50,400	437 400	
<b>Architect of the Capitol</b>						
Office of the Architect of the Capitol:						
Salaries.....901	NOA Exp.	316 307	338 343	363 362	25 19	Increase will permit strengthening staff.
Contingent expenses.....901	NOA Exp.	50 61	50 46	50 50	----- 4	This item is for unforeseen expenses.
Capitol Buildings and Grounds:						
Capitol Buildings.....901	NOA	1,152	{ 1,630 †8 }	1,282	-356	The 1963 requirements are reduced mainly because 1962 included a nonrecurring item for elimination of fire hazards.
	Exp.	1,124	{ 1,660 †8 }	1,282	-386	
Extension of the Capitol:						
Contract authorization...901	NOA	3,000				Appropriations are to liquidate the contract authorization already granted for extension, reconstruction, and replacement of the central part of the Capitol and related improvements.
Liquidation of contract au- thorization. 901	Exp.	6,035	(1,500) 7,463	(500) 868	(-1,000) -6,595	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued						
Architect of the Capitol—Continued						
Current authorizations—Continued						
Capitol Buildings and Grounds—Continued						
Capitol Grounds.....901	NOA	388	446	435	-11	Includes estimate for work on sidewalks in vicinity of Taft memorial offset by savings on nonrecurring work on Louisiana Avenue and New Jersey Avenue roadways and sidewalks near the House Office Building.
	Exp.	379	464	435	-29	
Senate Office Buildings.....901	NOA	2,363	2,170	2,465	125	Includes increase for electronic clock and legislative call system and for work on the terraces of the old building, offset by savings in various nonrecurring expenses that were covered in the 1962 appropriation.
			↑20			
Reappropriation.....	NOA		150			
	Exp.	2,014	2,491	2,465	-46	
			↑20			
Legislative garage.....901	NOA	48	79	63	-16	Includes estimate for replacement of heating equipment; 1962 appropriation included nonrecurring item for painting ceiling of garage.
Reappropriation.....	NOA	64		63		
	Exp.	98	92	63	-29	
House Office Buildings.....901	NOA	1,703	1,639	1,677	30	Increase is primarily for wage board increases. There will also be increased cost for the annual painting.
			↑8			
	Exp.	1,645	1,712	1,677	-43	
			↑8			
Acquisition of property, construction and equipment, additional House Office Building:						
Contract authorization...901	NOA	5,000				Increase relates to requirements to make payments on obligations entered into under prior contract authorization.
Liquidation of contract authorization. 901	Exp.	(18,000)	(6,000)	(8,500)	(2,500)	
		15,256	29,702	22,395	-7,307	

Capitol Power Plant.....901	NOA	2,029	2,052	2,059		
	Exp.	1,855	2,179	2,059	-127	
			†7			
Additional office building for the United States Senate.....901	Exp.	293	664		-664	
Changes and improvements, Capitol Power Plant (liqui- dation of contract authoriza- tion).....901	Exp.	(730) 334	1,644		-1,644	(Expenditures are being completed in 1962 on conversion to 60-cycle, alternating current and other improvements authorized earlier.)
Expansion of facilities, Capitol Power Plant (liquidation of contract authorization).....901	Exp.	(2,500) 418	482	2,688	2,206	(Expenditures in 1963 will be mainly on payment of obligations incurred earlier in connection with the additional House Office Building and other improvements.)
Extension of additional Senate Office Building site.....901	NOA Exp.	140 252	49		-49	(Expenditures are being completed in 1962.)
Furniture and furnishings, addi- tional Senate Office Build- ing.....901	Exp.	44	137		-137	
Remodeling, Senate Office Build- ing.....901	Exp.	65	59		-59	
Subway transportation, Capitol and Senate Office Build- ings.....901	NOA Exp.	6 9	2		-2	
Library buildings and grounds: Structural and mechanical care.....901	NOA	942	3,748	869	-2,885	Decrease is primarily because 1962 appropriation included a nonrecur- ring item on the heating and cooling system, and several other smaller nonrecurring items.
Reappropriation.....	NOA Exp.	25 1,103	†6 1,751	2,369	612	
Furniture and furnishings.....901	NOA Exp.	123 140	99 104	229 229	130 125	Includes increase for steel trays for the card division, for card catalog cases for the catalog division and other equipment items.

†Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>Architect of the Capitol—Continued</b>					
<b>Current authorizations—Continued</b>					
Library buildings and grounds— Continued					
Additional library building (liqui- dation of contract au- thorization). 901	(75)				
Exp.		75		—75	
Total, Architect of the Cap- itol.	17,350	12,401	9,492	—2,959	
Exp.	31,434	51,119	36,942	—14,227	
<b>Botanic Garden</b>					
Salaries and expenses.....901	352	489	456	—33	Includes new item for replacement of boilers, and for additional personnel compensation; there are savings of \$96 thousand on nonrecurring expenditures.
Exp.	359	493	456	—37	
Relocation of greenhouses....901	475	107		—107	(Expenditures were for a one-time project.)
Total, Botanic Garden.....	352	489	456	—33	
Exp.	834	599	456	—143	
<b>Library of Congress</b>					
Salaries and expenses.....704	8,123	8,455	9,033	578	An increase in the number of items acquired for the Library and increased workload in management of the collection and servicing Library users are forecast for 1963.
Exp.	7,798	8,397	8,973	576	
Copyright Office: Salaries and expenses.....704	1,589	1,600	1,620	20	Funds requested for 1963 will enable the Copyright Office to process 252,000 copyright registrations, compared to 247,000 in 1961 and an estimated 250,000 in 1962.
Exp.	1,547	1,619	1,619		

Legislative Reference Service: Salaries and expenses.....901	NOA Exp.	1,780 1,729	1,809 1,819	1,877 1,873	68 54	Inquiries in 1963 are estimated to be 10.7% higher than those handled in 1961 and 5.6% higher than 1962.
Distribution of catalog cards: Salaries and expenses.....704	NOA Exp.	2,173 2,125	2,347 2,378	2,542 2,508	195 130	Sales of catalog cards to other libraries are estimated to increase from 35.7 million in 1961 to 40 million in 1962 and 45 million in 1963. Revenues, which exceed costs, are deposited in miscellaneous receipts.
Books for the general collections 704	NOA Exp.	400 390	470 467	605 595	135 128	The objectives for 1963 include increased emphasis on acquiring selected important foreign newspapers and periodicals, acquiring materials from critical areas abroad, more comprehensive acquisition of scientific and technological items, and microfilming deteriorating materials.
Books for the law library.....704	NOA Exp.	90 102	90 90	110 107	20 17	It is planned to continue the comprehensive coverage of older jurisdictions, initiate similar programs for newly independent countries, and acquire by photoduplication much-needed materials from the Far and Near East.
Books for the blind: Salaries and expenses.....704	NOA Exp.	1,723 1,593	1,786 2,088	1,885 1,846	99 -242	Increase will allow procurement of more copies of popular titles and increased emphasis on research in sound reproduction.
Organizing and microfilming the papers of the Presidents: Salaries and expenses.....704	NOA Exp.	113 122	113 113	113 118	----- 5	The objectives for 1963 will be to provide negative and positive service copy on microfilm of material arranged and indexed, and to continue publishing indexes.
Preservation of early American motion pictures.....704	NOA Exp.	61 45	61 70	61 61	----- -9	Conversion of an additional 132,000 feet of film to safety base film.
Revision of Annotated Constitution: Salaries and expenses.704	NOA Exp.	----- -----	25 13	----- 12	-25 -1	Purpose will be accomplished with amount granted in 1962.
Collection and distribution of library materials (special foreign currency program).....704	NOA Exp.	----- -----	400 249	770 740	370 491	It is planned to expand pilot projects initiated in 1962 in India, Pakistan, and United Arab Republic, to obtain information of technical, scientific, cultural, or educational significance.
Indexing and microfilming records of Russian Orthodox Greek Church in Alaska.....704	NOA Exp.	----- -----	----- -----	15 10	15 10	Public Law 87-113 authorizes an appropriation for work on records of the Orthodox Greek Catholic Church in Alaska in the collections of the Library of Congress.
<b>Permanent authorizations:</b> Oliver Wendell Holmes devise fund (indefinite special fund)910	NOA Exp.	17 58	25 84	7 60	-18 -24	Decrease reflects reduction of principal in this fund and interest accruing to it.

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
Library of Congress—Continued					
Intragovernmental funds:					
Advances and reimbursements.704 Exp.	-149	61	11	-50	
Total, Library of Congress... NOA	16,068	17,181	18,636	1,455	
Exp.	15,360	17,448	18,533	1,085	
Government Printing Office					
Current authorizations:					
Printing and binding-----901 NOA	11,900	13,400	15,200	1,800	Amounts for 1961 and 1962 will not cover costs. Estimate for 1963 reflects probable cost of normal workload.
Exp.	11,830	13,432	15,400	1,968	
Office of Superintendent of Documents: Salaries and expenses.910 NOA	4,044	4,724	4,684	-40	Cost of increased workload in 1963 is more than offset by a reduction in equipment purchases and thus NOA requirements decrease.
Exp.	4,020	4,730	4,690	-40	
Acquisition of site and construction of annex-----910 NOA			6,450	6,450	Provides for the acquisition of site and construction of a fireproof annex building for the Government Printing Office.
Exp.			500	500	
Intragovernmental funds:					
Government Printing Office revolving fund-----910 Exp.	-4,205	-3,160	-5,728	-2,568	
Total, Government Printing Office----- NOA	15,944	18,124	26,334	8,210	
Exp.	11,645	15,002	14,862	-140	
Total, Legislative Branch.... NOA	127,666	{ 128,688 }	135,732	6,994	
Exp.	133,474	{ 160,668 }	147,594	-13,124	

# THE JUDICIARY

610000 O-62-9

Supreme Court of the United States						
<b>Current Authorizations:</b>						
Salaries.....902	NOA	1,440	1,479	1,494	15	Estimate provides for continuing current employment level.
	Exp.	1,463	1,476	1,494	18	
Printing and binding Supreme Court reports.....902	NOA	90	92	108	16	Request covers cost of printing and binding, advance opinions, preliminary prints, and bound reports of the Court.
	Exp.	86	91	108	17	
Miscellaneous expenses.....902	NOA	70	83	96	13	Increase is primarily for furnishings and equipment.
	Exp.	64	88	96	8	
Care of building and grounds...902	NOA	287	284	327	43	Increase is primarily for lighting improvements and for pointing up exterior stone work.
	Exp.	321	280	327	47	
Automobile for the Chief Justice 902	NOA	7	7	7	-----	Expenses are estimated to continue at current level.
	Exp.	6	6	7	1	
Books for the Supreme Court...902	NOA	35	38	35	-3	Prior to 1963 funds were appropriated to the Library of Congress, under Books for the Supreme Court.
	Exp.	35	38	35	-3	
Total, Supreme Court of the United States.	NOA	1,929	1,983	2,067	84	
	Exp.	1,975	1,980	2,067	87	
<b>Court of Customs and Patent Appeals</b>						
Salaries and expenses.....902	NOA	357	359	361	2	Estimate contemplates continuation of activities at current level.
	Exp.	330	359	361	2	
<b>Customs Court</b>						
Salaries and expenses.....902	NOA	840	895	919	24	Estimate contemplates continuation of activities at current level.
	Exp.	851	893	919	26	
<b>Court of Claims</b>						
Salaries and expenses.....902	NOA	915	955	1,044	89	Increase will permit enlargement of staff to expedite work of the Court.
	Exp.	888	954	1,039	85	

† Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>THE JUDICIARY—Continued</b>					
<b>Court of Claims—Continued</b>					
<b>Current authorizations—Continued</b>					
Repairs and improvements.....902 NOA	10	10	10	-----	This appropriation provides for structural and mechanical maintenance.
Exp.	9	10	10	-----	
Total, Court of Claims..... NOA	924	964	1,054	89	
Exp.	897	964	1,049	85	
<b>Courts of Appeals, District Courts, and Other Judicial Services</b>					
Salaries of judges.....902 NOA	9,200	10,100	10,860	760	The estimate includes the full-year cost of the 63 additional District judgeships and 10 additional courts of appeals judgeships created by the act of May 19, 1961 (75 Stat. 80).
Exp.	9,107	9,993	10,810	—50	
Salaries of supporting personnel NOA	23,751	25,645	27,125	1,480	The estimate includes the full-year cost of secretaries, law clerks, and other personnel required to staff the 73 new judgeships.
902 Exp.	23,498	25,581	27,075	1,494	
Fees of jurors and commissioners NOA	4,635	4,500	4,500	-----	An increase in cost of jurors' services is expected as a result of the creation of 63 additional district judgeships, but due to uncertainty as to the amount, no increase in the appropriation has been requested.
902 Exp.	4,619	4,500	4,500	-----	
Travel and miscellaneous expenses NOA	3,835	5,328	4,700	—1,028	The estimate for 1963 includes full-year cost of new judgeships. Reduction of NOA estimate results from large nonrecurring equipment and library purchases and the transfer of funds to GSA for normal recurring furniture requirements in 1962 program.
902 Exp.	3,684	5,391	4,750	—1,041	
		↑400			
Administrative Office of the United NOA	1,368	1,442	1,609	167	The estimate provides for 21 additional clerical positions required to deal with an increased volume of clerical duties occasioned by the activities of new judges. It also provides an additional sum for revision of the General Rules of Practice and Procedure.
States Courts.....902 Exp.	1,366	1,440	1,604	164	

Salaries of referees (special fund)	NOA	2,125	2,370	2,750	380	A rising caseload requires more full-time referees and conversion of some part-time referees to full time. Covered by receipts.
902 Exp.		2,089	2,351	2,720	369	
Expenses of referees (special fund)	NOA	3,651	4,210	5,290	890	This increase will finance extra clerk hire and other support needed to meet the rising caseload. Covered by receipts.
902 Exp.		3,588	4,166 †190	5,250	894	
Total, court of appeals, district courts, and other judicial services.	NOA	48,565	53,594	56,834	2,649	
Exp.		47,950	53,442 †590	56,709	2,677	
Subtotal, The Judiciary-----	NOA	52,615	57,796	61,235	2,849	
Exp.		52,003	57,618 †590	61,105	2,897	
Add: Court facilities and furnishings items requested in General Services Administration chapter (contra)-----905	NOA	-----	627	2,070	1,025	
Exp.		-----	†418 500 †300	1,627 †118	945	
Total, The Judiciary-----	NOA	52,615	58,423	63,305	3,874	
Exp.		52,003	†1,008 58,118 †890	62,732 †118	3,842	

## EXECUTIVE OFFICE OF THE PRESIDENT

<b>Compensation of the President</b>						
<b>Current authorizations:</b>						
Compensation of the President.903	NOA	150	150	150	-----	
Exp.		150	150	150	-----	
<b>The White House Office</b>						
Salaries and expenses-----903	NOA	2,498	2,495	2,545	50	This office provides the President with staff assistance and administrative services. Increase reflects higher cost of communications, printing services and supplies.
Exp.		2,402	2,500	2,540	40	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
EXECUTIVE OFFICE OF THE PRESIDENT—Continued					
Special Projects					
Current authorizations—Continued					
Special projects.....903 NOA	1,258	1,500	1,500	-----	This appropriation is used by the President for staff assistance on special problems.
Exp. 1,312	1,500	1,500	-----		
Bureau of the Budget					
Salaries and expenses.....903 NOA	5,426	5,517	5,677	160	The Bureau assists the President in the discharge of his budgetary, management, and other executive responsibilities. Increase reflects higher costs of supporting present staff and greater use of temporary employees during peak workloads.
Exp. 5,260	5,500	5,672	-----	172	
Council of Economic Advisers					
Salaries and expenses.....903 NOA	436	584	584	-----	The Council of Economic Advisers advises the President on economic programs and policy.
Exp. 421	577	584	-----	7	
National Aeronautics and Space Council					
Salaries and expenses.....903 NOA	-----	545	530	—15	The Council advises and assists the President on policies, plans, and programs in aeronautical and space activities.
Exp. -----	370	470	-----	100	
National Security Council					
Salaries and expenses.....903 NOA	817	554	550	—4	The Council advises the President regarding national security policies.
Exp. 794	571	550	-----	—21	
Office of Emergency Planning					
Salaries and expenses:					
(Defense-related services) ..059 NOA	17,787	906	-----	—906	The office advises and assists the President in determining the policy for planning, directing, and coordinating the total non-military defense program. Emphasis will be given to studies and plans on post-war resource management and rehabilitation.
Exp. 18,392	906	-----	-----	—906	
(Executive direction and man- NOA	7,559	7,024	8,000	976	
agement).....903 Exp.	7,830	8,071	7,369	—702	

Post-attack planning.....	903	NOA Exp.				3,000 1,000	3,000 1,000	Proposal will finance development of State and local plans for management of resources in time of war and after attack. These plans concern themselves not only with the use of resources to meet immediate survival needs but with the role of the States and their political subdivisions as possessor of resources required for the restoration and rehabilitation of the Nation as a whole.
Civil defense and defense mobilization functions of Federal agencies.....	059	NOA Exp.	6,567 6,014	4,521 4,978			-4,521 -4,978	Financing responsibility has been transferred to each of the agencies.
Federal contributions.....	051	NOA Exp.	16,000 11,479	814 1,193			-814 -1,193	This program and estimates for 1963 have been transferred to the Office of Civil Defense, Department of Defense.
Emergency supplies and equipment.....	059	NOA Exp.	9,175 11,627	319 1,770		1,500	-319 -270	Medical supplies and equipment will be financed by the Department of Health, Education, and Welfare. Chemical, biological, and radiological equipment will be financed by the Department of Defense.
Research and development: (Defense-related services).....	059	NOA Exp.	2,468 2,008					Financing is transferred to the "Salaries and expenses" account.
(Executive direction and management).....	903	NOA Exp.	1,532 1,245	766 1,289		184	-766 -1,105	
Construction of facilities.....	903	NOA Exp.		2,500 2,600			-2,500 -2,580	No additional NOA is requested. Construction of underground control center at Denton, Tex., financed in 1962, will be completed.
Total, Office of Emergency Planning.		NOA Exp.	61,088 58,696	16,850 20,807		11,000 10,073	-5,850 -10,734	
<b>President's Advisory Committee on Government Organization</b>								
Salaries and expenses.....	903	NOA Exp.	27 31					This committee has been abolished in accordance with Executive Order 10917.
<b>President's Advisory Committee on Labor-Management Policy</b>								
President's Advisory Committee on Labor-Management Policy.....	652	NOA Exp.	80 6	200 175		326 322	126 147	Increase is for expanded research and information activities.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>EXECUTIVE OFFICE OF THE PRESIDENT—Continued</b>					
<b>Miscellaneous</b>					
<b>Intragovernmental funds:</b>					
Federal Radiation Council: Advances and reimbursements. 903 Exp.	-29	12	-----	-12	(The Council is financed by advances from participating agencies.)
Total, Executive Office of the President. NOA Exp.	71,780 69,042	28,395 32,162	22,862 21,861	-5,533 -10,301	
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
<b>Disaster Relief</b>					
<b>Current authorizations:</b>					
Disaster relief. 654 NOA Exp.	----- 7,456	21,000 8,000	----- 8,000	-21,000 -----	Funds available from prior year appropriations and recoveries are estimated at \$16 million for 1963.
<b>Emergency Fund for the President</b>					
Emergency fund for the President. 903 NOA Exp.	1,000 490	1,000 1,322	1,000 1,000	----- -322	This appropriation enables the President to provide for emergencies affecting the national interest, security, or defense.
<b>Expansion of Defense Production</b>					
<b>Public enterprise funds:</b>					
Revolving fund, Defense Production Act. 059 Exp.	-12,396	34,996	-----	-34,996	(Expenditures and receipts are estimated to balance at \$41 million. It is proposed to cancel \$65 million of notes (not to be reborrowed), cancel \$130 million of unpaid interest due the general fund in 1962, and eliminate the requirement for further interest.)
<b>Expenses of Management Improvement</b>					
<b>Current authorizations:</b>					
Expenses of management improvement. 903 NOA Exp.	165 232	350 348	200 350	-150 2	This enables the President to develop and install improvements in management, organization, and operation of the Executive Branch.

## Foreign Assistance—Economic

## Economic assistance:

Development grants: 152				
Development grants.....	NOA	294,500	<sup>1</sup> 332,000	37,500
Development grants, special authorization.....	NOA	100		—100
Technical cooperation, general authorization.....	NOA	150,000		
Atoms for Peace.....	NOA	1,500		
Ocean freight charges, United States voluntary relief agencies.....	NOA	2,000		
Special assistance, special authorization.....	NOA	1,500		
Exp.		169,332	203,673	285,400
Surveys of investment opportunities..... 152	NOA	1,500	<sup>1</sup> 5,000	3,500
Exp.		100	800	700
International organizations and programs: 152				
International organizations and programs.....	NOA	153,500	<sup>1</sup> 148,900	—4,600
United Nations, expanded program of technical assistance, general and related fund.....	NOA	33,000		
Technical cooperation programs of the Organization of American States.....	NOA	1,300		
United Nations Children's Fund.....	NOA	12,000		
United Nations Relief and Works Agency.....	NOA	16,500		
North Atlantic Treaty Organization.....	NOA	1,200		
Exp.		75,962	140,000	145,000

This increase reflects the generally increased emphasis on development assistance, rather than supporting assistance, and needs for developmental grants for Africa and other developing areas. (Expenditures include some amounts from two earlier appropriations for Economic and technical assistance.)

This is to stimulate surveys to promote private investments in developing areas. The increase will permit further expansion.

Decrease reflects the proposed financing of the UN's peace and security operations by a UN bond issue (as proposed under the State Department) and is partially offset by increased voluntary contributions to the UN expanded program of technical assistance and special fund, as larger contributions are received from other UN members.

<sup>1</sup> To carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>FUNDS APPROPRIATED TO THE PRESIDENT—Continued</b>					
<b>Foreign Assistance—Economic—Continued</b>					
<b>Current authorizations—Continued</b>					
<b>Economic assistance—Continued</b>					
Supporting assistance: 152					
Supporting assistance..... NOA		425,000	1 500,000	75,000	The increase from 1962 is the minimum necessary to achieve essential U.S. objectives, particularly in the Far East. It does represent a substantial decrease from comparable 1961 activities. (Expenditures include amounts from several earlier appropriations for mutual security.)
Defense support..... NOA	660,000				
Special assistance, general au- thorization. NOA	230,000				
Exp.	1,013,057	740,000	560,000	-180,000	
Contingency fund..... 152 NOA	277,475	275,000	1 400,000	125,000	The request is needed to give the President increased resources to meet unforeseen emergencies in the economic assistance area.
Exp.	210,152	250,000	295,000	45,000	
Administrative expenses NOA	40,525	47,473	1 55,000	7,527	The increase reflects primarily the servicing of an increasing program in Latin America, in connection with the Alliance for Progress, and in Africa.
(Agency for International Development)..... 152 Exp.	40,417	44,100	55,000	10,900	
Administrative and other ex- NOA	8,000	3,000	3,100	100	This is primarily for increased administrative support to the Organization for Economic Cooperation and Development.
penses (State)..... 152 Exp.	7,053	3,900	4,200	300	
Other programs: 152					It is proposed to finance these refugee programs under the State Department. (Expenditures include also some sums from an earlier appropriation for Asian Economic Development.)
Intergovernmental Commit- NOA	6,700				
tee for European Migration.					
Program of United Nations NOA	1,300				
High Commissioner for Refugees.					
Escapee program..... NOA	3,350				
Exp.	32,583	20,000	15,929	-4,071	
Total, economic assistance. NOA	1,446,350	1,200,073	1,444,000	243,927	
Exp.	1,548,556	1,401,773	1,361,329	-40,444	

<sup>1</sup> To carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT—Continued					
<b>International Financial Institutions</b>					
<b>Current authorizations—Continued</b>					
Subscription to the International Development Association...152	NOA 73,667	61,656 61,656	61,656 61,656	-----	This is the 3d of 5 annual installments to be paid by members. The total U.S. share is \$320,290 thousand.
Investment in Inter-American Development Bank.....152	NOA ----- Exp. -----	110,000 ----- 110,000	60,000 ----- 60,000	-50,000 ----- -50,000	
Loan to International Monetary Fund (authorization to expend from debt receipts) .....152	NOA ----- Exp. -----	----- ----- †2,000,000	----- ----- -----	----- ----- -2,000,000	For 1962, legislation will be proposed authorizing a loan of \$2 billion to the International Monetary Fund if needed to enable the fund to forestall or cope with an impairment of the international monetary system.
Total, international financial institutions.	NOA 73,667	{ 171,656 +2,000,000 }	121,656	-2,050,000	
	Exp. 73,667	171,656	121,656	-50,000	
<b>Special Foreign Currency Programs</b>					
Translation of publications and scientific cooperation.....355	Exp. 1,092	3,550	-----	-3,550	(Continuation of this program is provided under the National Science Foundation and the Department of Agriculture.)
<b>Transitional Grants to Alaska</b>					
Transitional grants to Alaska. 910	NOA 6,000	6,000	3,000	-3,000	This is for the 4th year of a 5-year authorized program of grants to facilitate the transition to statehood.
	Exp. 6,033	6,063	3,000	-3,063	
<b>Miscellaneous</b>					
Defense aid, special fund.....152	Exp. -4	-----	-----	-----	(Only activity is recovery on prior expenditures.)

Obligations, defense aid, liquidation lend-lease program.....152	Exp.	31	-----	-----	-----	(Account is used only to pay old obligations.)
Refugee relief.....152	Exp.	1	-----	-----	-----	(Account is used only to pay old obligations.)
Relief assistance to countries devastated by war.....152	Exp.	3	-----	-----	-----	(Account is used only to pay old obligations.)
Total, miscellaneous.....	Exp.	31	-----	-----	-----	
Total, Funds Appropriated to President.	NOA	2,727,182	{2,544,579	3,586,606	-957,973	
	Exp.	1,881,988	{2,000,000	2,421,006	249,971	
			2,171,035			

## DEPARTMENT OF AGRICULTURE

<b>AGRICULTURAL RESEARCH SERVICE</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....355	NOA	151,520	156,844	162,126	5,282	Increase is for staffing newly constructed research laboratories, for additional plant and animal quarantine protection, for a nationwide hog cholera eradication program and for enlarging the meat inspection staff.
Reappropriation.....	NOA	1,000	1,000	1,000		
	Exp.	147,529	154,046	160,256	6,210	
Salaries and expenses (special foreign currency program).....355	NOA	15,131	5,265	5,265	-----	This item is for market development research, and agricultural and forest research. Only excess foreign currencies will be used.
	Exp.	1,605	3,100	6,100	3,000	
Construction of facilities.....355	NOA	7,750	800	1,680	880	Request covers research facilities at East Lansing, Mich., and Sidney, Mont.; livestock inspection facilities at Portal, N. Dak., and at Buffalo, N.Y.; and improvements at Beltsville, Md.
	Exp.	99	2,820	5,685	2,865	
State experiment stations.....355	NOA	32,803	35,803	-----	-35,803	Activities have been transferred to "Cooperative State Experiment Stations Service."
	Exp.	32,699	35,802	129	-35,673	
Diseases of animals and poultry.....355	Exp.	-----	14	-----	-14	(Expenditures will be completed in 1962 from this account.)
Animal disease laboratory facilities.....355	Exp.	3,478	845	-----	-845	(Construction in 1962 will complete this installation at Ames, Iowa.)
Research facilities.....355	Exp.	10	4	-----	-4	(Expenditures will be completed in 1962 from this account.)

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>AGRICULTURAL RESEARCH SERVICE—</b> Continued					
<b>Current authorizations—Continued</b>					
Research on strategic and critical agricultural materials.....355 Exp.		1		-1	
<b>Permanent authorizations:</b>					
Alterations and improvements, animal quarantine station, Clif- ton, N.J. (indefinite special fund).....355 Exp.	15				(This work is now completed.)
Establishment of an entomology research laboratory (indefinite special fund).....355 NOA	400				Proceeds from sale of a laboratory at Orlando, Fla., were appropriated to pay part of the cost of constructing a new laboratory.
Exp.		100	300	200	
<b>Intragovernmental funds:</b>					
Working capital fund, Agricul- tural Research Center.....355 Exp.	81	-10	8	18	
Total, Agricultural Research Service..... NOA	208,604	199,712	170,071	-29,641	
Exp.	185,516	196,722	172,478	-24,244	
<b>COOPERATIVE STATE EXPERIMENT STATIONS SERVICE</b>					
<b>Current authorizations:</b>					
Payments and expenses.....355 NOA			38,207	38,207	New account continues the activity previously under "State experiment stations" above, and \$404 thousand for activities previously under "Salaries and expenses, Agricultural Research Service," above. Increase of \$2 million is proposed for additional research.
Exp.			38,107	38,107	

EXTENSION SERVICE						
Cooperative extension work, pay- NOA	67,431	70,804	72,410	1,606	Increase is for extension work in connection with the Rural Areas Development Program.	
ments and expenses.....355 Exp.	67,341	70,506	72,398	1,892		
FARMER COOPERATIVE SERVICE						
Salaries and expenses.....355 NOA	657	657	757	100	The increase will be used to provide additional research and technical assistance for farmers' cooperatives.	
	654	657	744	87		
Intragovernmental funds:						
Advances and reimbursements.355 Exp.	-17	-10	-----	10		
Total, Farmer Cooperative NOA	657	657	757	100		
Service..... Exp.	637	647	744	97		
SOIL CONSERVATION SERVICE						
Current authorizations:						
Conservation operations.....354 NOA	88,604	} 89,636	90,725	1,089	The increase will provide \$100 thousand to expand snow survey operations and \$900 thousand to accelerate soil survey work.	
Reappropriation..... NOA	600					
	86,887	88,295	89,925	1,630		
Watershed protection.....354 NOA	36,800	53,746	59,635	5,889	The estimate provides for starting construction of 60 new watershed projects, continuing 181 others, and completing 35. In addition, 198 projects will receive advanced engineering and technical assistance.	
	32,608	45,540	55,700	10,160		
Flood prevention.....354 NOA	19,570	24,999	24,000	-999	Cooperation with local organizations, cost sharing, and technical assistance will continue at the scheduled rate on the 11 authorized watersheds.	
	17,541	21,400	24,000	2,600		
Great Plains conservation pro- NOA	10,168	10,167	13,000	2,833	This appropriation will cover Federal responsibilities under planned increases in cost-sharing contracts which run from 3 to 10 years.	
gram.....354 Exp.	8,635	9,255	11,400	2,145		
Water conservation and utiliza- Exp.	8	2	2	-----	(Prior year balances more than cover current requirements.)	
tion projects.....354						
Total, Soil Conservation NOA	155,742	178,548	187,360	8,812		
Service. Exp.	145,679	164,492	181,027	16,535		



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
ECONOMIC RESEARCH SERVICE					
Current authorizations—Continued					
Salaries and expenses.....355 NOA		9,360	10,440	1,080	The increase will provide more emphasis on farm economics research, and economic analysis concerned with commodity outlook, and foreign demand and trade.
Exp.		7,904	10,512	2,608	
STATISTICAL REPORTING SERVICE					
Salaries and expenses.....355 NOA		8,758	9,693	935	The long-range program to improve crop and livestock estimating will be extended. Work on automatic data processing will be expanded.
Exp.		7,147	9,953	2,806	
Intragovernmental funds:					
Advances and reimbursements.355 Exp.	-7	7		-7	
Total, Statistical Reporting NOA		8,758	9,693	935	
Service.	-7	7,154	9,953	2,799	
AGRICULTURAL MARKETING SERVICE					
Current authorizations:					
Marketing research and service:					
Appropriation:					
Current.....355 NOA	47,221	{ 37,984	40,335	1,616	The increase will provide for expanding and strengthening the market news service, inspection, standardization, and regulatory activities. A 1962 supplemental is also needed for mandatory poultry inspection. The \$285 thousand represents a one-time transfer from the permanent appropriation, Removal of Surplus Agricultural Commodities, for increased travel costs.
Permanent.....355 NOA		{ †450			
Exp.	45,820	{ 39,505	40,396	491	
		{ †425	†25		
Construction of facilities.....355 NOA			1,600	1,600	It is proposed to construct a facility at Dawson, Ga., principally for peanut marketing research.
Exp.			1,600	1,600	

Payments to States and possessions.....355	NOA Exp.	1,195	1,325	1,325	-----	1,325	-----	Payments are made on a matching fund basis to States for carrying out programs to improve marketing.
Special milk program.....654	NOA Exp.	-----	-----	105,000	105,000	101,000	101,000	This was formerly financed under the Commodity Credit Corporation. The 1963 program will continue the 1962 authorized level. Over 2.9 billion half-pints of fluid milk will be consumed by children under this program in 1963.
School lunch program:								
Appropriation:								
Current.....654	NOA	110,000	125,000	{ 125,000	20,000	†20,000	-----	The regular estimate assumes continuation of the 1962 financing level and includes transfers of \$45 million from the permanent appropriation, Removal of Surplus Agricultural Commodities. Over 2.5 billion meals are expected to be served. Legislation is under consideration by Congress to change the formula for apportioning cash assistance to States. The supplemental indicated will be required to minimize the number of States losing funds in the change.
Permanent.....654	NOA Exp.	45,000	45,000	{ 45,000	-----	170,000	20,500	
		154,359	169,500	{ †20,000	-----	-----	-----	
Permanent authorizations:								
Perishable Agricultural Commodities Act fund (indefinite special fund).....355	NOA Exp.	693	693	693	-----	795	827	746
								-----
Removal of surplus agricultural commodities (indefinite)....351	NOA Exp.	266,823	272,668	274,000	1,332	203,287	225,000	235,000
								10,000
Intragovernmental funds:								
Advances and reimbursements.355	Exp.	56	29	-----	-----	-----	-----	-----
								-----
Total, Agricultural Marketing Service.	NOA	470,932	{ 482,955	{ 592,953	129,548	-----	-----	-----
			{ †450	{ †20,000	-----	-----	-----	-----
	Exp.	405,510	{ 436,186	{ 550,067	133,481	-----	-----	-----
			{ †425	{ †20,025	-----	-----	-----	-----
<b>FOREIGN AGRICULTURAL SERVICE</b>								
Current authorizations:								
Salaries and expenses:								
Appropriation:								
Current.....355	NOA	4,856	12,457	21,841	6,267	-----	-----	-----
Permanent (indefinite)....355	NOA	2,817	3,117	-----	-----	-----	-----	-----
355	Exp.	7,212	9,094	13,260	4,166	-----	-----	-----

†Proposed for separate transmittal.

Apparent increase is largely due to the availability in 1962 of certain foreign currency balances carried over from 1961.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>FOREIGN AGRICULTURAL SERVICE—</b> Continued					
<b>Current authorizations—Continued</b>					
Salaries and expenses (special for- eign currency program) ..... 355	14,175 6,318	3,444 8,300	4,000 6,900	556 —1,400	It is proposed to use this account only for foreign currencies excess to U.S. needs. It will supplement the immediately preceding account.
Total, Foreign Agricultural Service.	21,848 13,530	19,018 17,394	25,841 20,160	6,823 2,766	
<b>COMMODITY EXCHANGE AUTHORITY</b>					
Salaries and expenses ..... 355	990 964	1,007 1,013	1,022 1,020	15 7	The estimate will provide continuation of licensing, auditing, supervision, and investigative activities.
<b>AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE</b>					
Acreage allotments and marketing quotas ..... 351	43,598 43,532	44,098 44,146	44,181 44,181	83 35	Programs are planned on tobacco, peanuts, wheat, cotton, and rice.
Sugar Act program ..... 351	74,500 72,220	78,000 82,227	80,000 <sup>1</sup> 86,900	2,000 4,673	
Agricultural conservation program 354	242,000 249,744	238,000 240,000	244,500 250,000	6,500 10,000	Appropriation is estimated to cover cost-sharing assistance to farmers under the \$250 million program authorized a year ago. It is proposed to authorize a level of \$150 million for the 1963 program, to be paid from the 1964 appropriation.
Emergency conservation measures 354	549	5,000 9,435	12,000	—5,000 2,565	
					Cost-sharing assistance has been offered to farmers to rehabilitate lands damaged by natural disasters.

Conservation reserve program. 351	NOA	330,000	312,000	323,000	11,000	Although payments required on 3- to 15-year contracts with producers, initiated in the period 1956 to 1960, are expected to drop, NOA increase is needed because carryover balances are being exhausted in 1962.
Reappropriation.-----	NOA	21,825				
	Exp.	363,212	346,260	323,050	-23,210	
Special agricultural conservation and adjustment program. 351	NOA		18,500	18,500		Account is for administrative expenses; program payments are from CCC. Wheat has been added to the earlier feed grain program.
	Exp.		17,500	18,500	1,000	
<b>Intragovernmental funds:</b>						
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938.-----355	Exp.	-1,386				(Costs of \$27 million are financed by other accounts.)
Local administration, sec. 388, Agricultural Adjustment Act of 1938.-----355	Exp.	-1,852	-500		500	(Costs of \$146 million are financed by other accounts.)
Total, Agricultural Stabilization and Conservation Service.	NOA	711,923	695,598	710,181	14,583	
	Exp.	726,020	739,068	734,631	-4,437	
<b>SPECIAL EXPORT PROGRAMS</b>						
<b>Current authorizations:</b>						
Public Law 480:						
(Sale of commodities for foreign currencies)-----351	NOA	<sup>2</sup> 1,462,819	1,080,632	-382,187		Appropriations are currently made to cover estimated CCC realized losses for the programs. Portion of the appropriation now requested is for 1962 as footnoted. Appropriations for 1960 and 1961 losses are under CCC below. Expenditures for these purposes, including the part which will be reimbursed to or recovered by CCC later, are summarized in the explanation under CCC below.
	Exp.	1,462,819	1,080,632	-382,187		
(Grants of commodities for famine relief)-----152	NOA	<sup>2</sup> 204,868	300,000	95,132		
	Exp.	204,868	300,000	95,132		
(Losses on long-term sales contracts)-----351	NOA	<sup>2</sup> 13,000	90,000	77,000		
	Exp.	13,000	90,000	77,000		
(International Wheat Agreement)-----351	NOA	<sup>3</sup> 86,331	81,218	-5,113		Appropriations are currently made to cover estimated CCC realized losses. Legislation is being proposed to extend the agreement beyond July 31, 1962. Portion of appropriation now requested is for 1962, as footnoted. Appropriations for 1960 and 1961 losses are under CCC below.
	Exp.	86,331	81,218	-5,113		

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.<sup>2</sup> Of these amounts \$276,368 thousand is proposed in this budget, to become available in 1962.<sup>3</sup> Of this amount \$15,650 thousand is proposed in this budget, to become available in 1962.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>SPECIAL EXPORT PROGRAMS—Con.</b>					
<b>Current authorizations—Continued</b>					
Bartered materials for supple- NOA		1 217,867	250,200	32,333	Appropriations are currently made to cover estimated CCC realized losses. Portion of appropriation now requested is for 1962, as footnoted. Appropriations for 1960 and 1961 losses are under CCC below.
mental stockpile.....351 Exp.		217,867	250,200	32,333	
Total, special export pro- NOA		1,984,885	1,802,050	—182,835	
grams. Exp.		1,984,885	1,802,050	—182,835	
<b>COMMODITY CREDIT CORPORATION</b>					
<b>Price Support, Supply, and Related Programs and Special Milk</b>					
<b>Public enterprise funds:</b>					
Price support, supply, and related programs.....351					
Restoration of capital impair- NOA	1,151,832	936,429		1,553,526	Request is to cover \$2,067 million realized loss for 1961 and a \$423 million installment on a \$1,268.5 million loss recorded in 1961 as a result of a change in inventory valuation policies. The remaining part of the latter loss will be covered in 1964 and 1965 budget requests. Expenditure increases of current and budget years over past year are mainly due to rise in disbursements under guaranteed loans for price-support purposes.
ment (current appropriation).			2,489,955		
Reimbursement for net realized NOA					
losses (current appropriation).					
Limitation on administrative (45,073) (47,116) (48,000) (884)					
expenses. Exp.	1,330,565	2,496,841	2,515,528	18,687	
Special milk program: 654					
Restoration of capital impair- NOA	74,668	81,181		—276,181	Appropriation now requested covers 1962 realized losses, and is requested for 1962, as footnoted. The \$90 million NOA shown in 1962 was for 1961 estimated losses (actually \$87 million). Previous appropriations were each for actual losses of the 2d preceding year. Costs for 1963 are financed under the Agricultural Marketing Service.
ment (current appropriation).					
Reimbursement for costs of special milk program (current appropriation).		90,000			
		2 105,000			

Limitation on administrative expenses.	Exp.	(653) 86,964	(800) 105,000	(-800) -105,000
Total, price support, supply and related programs and special milk.	NOA Exp.	1,226,500 1,417,529	1,212,610 2,601,841	2,489,955 2,515,528
<b>Special Activities</b>				
<b>Intragovernmental funds</b> (NOA items are current appropriations unless otherwise indicated):				
Reimbursement to Commodity Credit Corporation for special activities:				
(Sale of commodities for foreign currencies).....351	NOA	881,000	1,353,000	-1,353,000
(Grants of commodities for famine relief).....152	NOA	107,094	255,685	-255,685
(Reappropriation).....	NOA	7,906		
(International Wheat Agreement).....351	NOA	32,572	88,790	-88,790
(Reappropriation).....	NOA	16,470		
(Bartered materials for supplemental stockpile).....351	NOA	422,950	163,163	-163,163
(National Wool Act) (permanent indefinite appropriation).....351	NOA	67,190	75,278	65,000
(Migratory waterfowl feed).....351	NOA	18	13	-13
(Reappropriation).....	NOA	17		
(Grading and classing activities).....355	NOA		1,264	-1,264
(Reappropriation).....	NOA	998		

<sup>1</sup> Of this amount \$92,867 thousand is proposed in this budget, to become available in 1962.

<sup>2</sup> Proposed in this budget, to become available in 1962.

Most special activities require the use of CCC assets or expenditures with subsequent recovery from special revenues, from appropriations to CCC, or from other agencies. Activities once handled by appropriations to CCC are to be financed from appropriations elsewhere in the 1963 budget, except the National Wool Act, which is a permanent appropriation equal to 70% of customs duties on wool and wool items. For the special export programs, the total expenditures, under CCC and under the program heading on a preceding page, are as follows (in thousands):

Public Law 480:	Code	1961	1962	1963
Sale of commodities for foreign currencies.....	351	1,454,726	1,333,116	1,130,632
Grants of commodities for famine relief.....	152	198,565	281,488	300,000
Losses on long-term sales contracts.....	351	-----	155,500	258,000
International Wheat Agreement.....	351	76,486	81,375	81,218
Bartered materials for supplemental stockpile.....	351	200,507	225,301	250,200
Total.....		1,930,284	2,076,780	2,020,050

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>COMMODITY CREDIT CORPORATION—</b> Continued					
<b>Special Activities—Continued</b>					
<b>Intragovernmental funds—Continued</b>					
(Animal disease eradication NOA activities) (reappropriation) 355	20				For other special activities, the net CCC expenditures are (in thousands):
Net expenditures of Commodity Credit Corporation:					Other Department of Agri- culture programs:
(Special export programs)..... Exp.	1,930,284	91,895	218,000	126,105	National Wool Act..... Code 351 1961 60,887 1962 67,401 1963 70,324
(All other special programs).... Exp.	58,797	74,433	62,830	-11,603	Grading and classing activities (AMS)..... 355 1,378 32
Total, special activities NOA	1,536,235	1,937,193	65,000	-1,872,193	Soil bank program (ASCS)..... 351 12
financed by Commodity Exp.	1,989,081	166,328	280,830	114,502	Long-staple cotton sale program..... 351 -2,534 2,417
Credit Corporation.					Loans for conservation (ASCS)..... 354 1,000 6,500 -4,700
					Department of Defense program: Military housing... 351 -1,987 -2,022 -2,888
					Department of the Interior programs:
					Migratory waterfowl feed..... 351 41 -6
					Surplus grain for game birds..... 351 105 100
					Total..... 58,797 74,433 62,830
<b>Public enterprise funds:</b>					
Proposed for separate transmittal NOA			†-423,000	-423,000	Proposed legislation for feed grains, wheat, and dairy products will
under proposed legislation... 351 Exp.			†-434,000	-434,000	reduce NOA and expenditures.
Total, Commodity Credit NOA	2,762,735	3,149,803	2,131,955	-1,017,848	
Corporation (fund)..... Exp.	3,406,610	2,768,169	2,362,358	-405,811	

# FEDERAL CROP INSURANCE CORPORATION

## Current authorizations:

Operating and administrative expenses.....	NOA 351	6,561	6,549	7,500	951
	Exp.	6,636	5,243	7,704	2,461

Major expansion is planned in the insurance program both to 100 additional counties and to additional commodities. The expansion will require an increase in the appropriation for a share of operating and administrative expenses.

## Public enterprise funds:

Limitation on administrative expenses.....	Exp.	(2,630)	(2,830)	(2,830)	-----
		-6,801	211	910	699

(Contingent liabilities are estimated to be \$370 million.)

Total, Federal Crop Insurance Corporation.	NOA	6,561	6,549	7,500	951
	Exp.	-164	5,454	8,614	3,160

# RURAL ELECTRIFICATION ADMINISTRATION

## Current authorizations:

Loan authorizations (authorization to expend from debt receipts).....	NOA 353	310,000	407,500	{ 480,000 }	-63,326
	Exp.	291,478	320,000	{ †-135,826 }	-95,826
				{ 360,000 }	
				{ †-135,826 }	

Proposal will increase electrification authorizations from \$245 million to \$345 million; will decrease telephone authorizations from \$162.5 million to \$135 million. Legislation is proposed to permit receipts to be used to reduce NOA and net expenditures needed.

Salaries and expenses.....	NOA 353	10,024	10,024	10,324	300
	Exp.	9,901	9,965	10,318	353

Increase in administrative expenses is needed to provide adequate staff.

Total, Rural Electrification Administration.	NOA	320,024	417,524	{ 490,324 }	-63,026
	Exp.	301,379	329,965	{ †-135,826 }	-95,473
				{ 370,318 }	
				{ †-135,826 }	

# FARMERS HOME ADMINISTRATION

Rural housing grants and loans.....	NOA 352	-----	10,000	10,000	-----
Authorizations to expend from debt receipts.....	NOA 352	200,000	-----	-----	-----
	Exp.	57,651	91,000	89,000	-2,000

NOA in 1962 and 1963 is primarily for enlargement and development loans; \$500 thousand a year will be in grants for minor repairs. Direct rural housing loans and some farm labor housing loans are made from balances of prior NOA.

Loan authorizations: Authorization to expend from debt receipts.....	NOA 352	267,000	-----	-----	-----
	Exp.	267,199	-----	-----	-----

This account has been converted to a direct loan account revolving fund.

† Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>FARMERS HOME ADMINISTRATION—</b> Continued					
<b>Current authorizations—Continued</b>					
Salaries and expenses.....352 NOA	33,017	34,507	35,000	493	Expansion of program requires increase in administrative expenses.
Exp. 32,642	32,642	34,425	35,111	686	
<b>Public enterprise funds:</b>					
Direct loan account: Authoriza- NOA		326,000		—326,000	Revolving fund started in 1962. Receipts plus balances of prior NOA will more than cover proposed \$324 million loan program plus interest and incidental costs. Loan program for 1962 is \$276 million.
tion to expend from debt re- Exp.		31,561	58,922	27,361	
ceipts.....352					
Emergency credit revolving fund Exp.	1,475	16,426	15,157	—1,269	(Receipts and balances will finance estimated \$54 million program.)
352					
Agricultural credit insurance fund NOA			240	240	This account has permanent authority to borrow from Treasury. Sale of loans will bring minus expenditure in current year, but 1963 transactions will nearly balance. (Contingent liabilities for insured loans are estimated at \$309 million at the end of 1963.)
(indefinite permanent authori- Exp.	—6,144	—15,538	260	15,798	
zation to expend from debt receipts).....352					
Total, Farmers Home Ad- NOA	500,017	370,507	45,240	—325,267	
ministration. Exp.	352,823	157,874	198,450	40,576	
<b>OFFICE OF THE GENERAL COUNSEL</b>					
<b>Current authorizations:</b>					
Salaries and expenses.....355 NOA	3,550	3,645	3,800	155	Increased legal workload is expected on Forest Service, watershed protection and flood prevention, and marketing and regulation.
Exp. 3,409	3,409	3,625	3,780	155	
<b>OFFICE OF INFORMATION</b>					
Salaries and expenses.....355 NOA	1,548	1,590	1,610	20	Increase is for new equipment.
Exp. 1,574	1,574	1,576	1,596	20	

<b>Intragovernmental funds:</b>					
Advances and reimbursements	355	Exp.	53	7	-----7
Total, Office of Information		NOA	1,548	1,590	1,610
		Exp.	1,627	1,583	1,596
<b>CENTENNIAL OBSERVANCE OF AGRICULTURE</b>					
<b>Current authorizations:</b>					
Salaries and expenses	355	NOA		100	
		Exp.	-----	53	-----47
					-----100
					-----6
<b>NATIONAL AGRICULTURAL LIBRARY</b>					
Salaries and expenses	355	NOA	951	1,028	1,220
		Exp.	946	1,018	1,177
<b>Intragovernmental funds:</b>					
Advances and reimbursements	355	Exp.	-2	-3	-3
Total, National Agricultural Library		NOA	951	1,028	1,220
		Exp.	944	1,015	1,174
<b>GENERAL ADMINISTRATION</b>					
<b>Current authorizations:</b>					
General administration	355	NOA	3,080	3,096	3,698
		Exp.	3,029	3,098	3,698
<b>Intragovernmental funds:</b>					
Working capital fund	355	Exp.	25	15	15
Advances and reimbursements	355	Exp.	-----	-17	4
					21
Total, General Administration		NOA	3,080	3,096	3,698
		Exp.	3,054	3,096	3,717

This nonrecurring appropriation is for the observance of the 100th anniversary in 1962.

The increase is to improve specialized library documentary service to agricultural scientists.

Increase will strengthen general administration of the Department and cover new Office of Rural Areas Development and new Office of Management Appraisal and Systems Development.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued						
FOREST SERVICE						
Current authorizations:						
Forest protection and utiliza- tion.....402	NOA	159,676	{ 169,809 †37,000 }	179,690	—27,119	Firefighting will require \$36 million extra for 1962; insect and disease control will require \$1 million. Increased costs of \$16.2 million for 1963, over 1962 basic amount, will go to forest land management and extra \$4.6 million to forest research. Receipts appropriation for cooperative range improvements are added to this account.
Cooperative range improvement (special fund).....402	NOA	700	700	700	-----	
	Exp.	156,389	{ 164,712 †33,300 }	179,300 †3,700 }	—15,012	
Forest roads and trails:						
Contract authorization:						
Current.....402	NOA	-----	{ 40,000 †10,000 }	-----	—50,000	Legislation is proposed to add \$10 million to contract authority in 1962 to enable program to be accelerated in balance with the development program for the forests. Balances will then carry the program through 1963. Supplemental appropriation to liquidate will be needed, as shown, if legislation is enacted.
Permanent.....402	NOA	35,000	-----	-----	-----	
Appropriation to liquidate con- tract authorization.		(30,000)	(35,000)	{ (37,500) †(6,500) }	(9,000)	
	402 Exp.	31,096	35,973	{ 37,843 †6,500 }	8,370	
Access roads.....402	NOA	1,000	2,000	2,000	-----	Interest in roads or rights-of-way is obtained to provide access to national forest areas where needed.
	Exp.	1,819	700	2,000	1,300	
Acquisition of lands for national forests:						
Superior National Forest...402	NOA	750	250	2,000	1,750	Increased appropriation will permit purchases of added land authorized by Public Law 87-351.
	Exp.	46	400	1,200	800	
Special acts (indefinite special fund).....402	NOA	10	10	10	-----	Certain forest receipts, otherwise payable to counties in Utah, are appropriated for lands in the Cache National Forest.
	Exp.	9	10	10	-----	
Cache National Forest.....402	Exp.	13	50	50	-----	Balances of prior NOA are being used to obtain lands in the Cache National Forest.

Assistance to States for tree planting.....402	NOA Exp.	6	1,000 550	1,000 1,000	450	Aid is given, mainly through grants, to various States for tree planting and reforestation.
Acquisition of lands, Klamath Indians.....402	NOA Exp.	68,717 68,717				Payment was made in 1961 for 525,585 acres of Klamath Indian lands.
<b>Permanent authorizations:</b>						
Expenses, brush disposal (indefinite special fund).....402	NOA Exp.	6,762 6,727	9,000 7,001	9,000 8,451	1,450	Certain receipts from purchasers of timber are applied to brush disposal.
Roads and trails for States, national forests fund (indefinite special fund).....402	NOA Exp.	14,166 14,166	10,020 10,020	11,600 11,600	1,580 1,580	Permanent law makes available 10% of forest receipts for construction and maintenance of roads and trails within the States from which derived.
<b>Miscellaneous permanent appropriations:</b>						
Forest-fire prevention (indefinite special fund).....402	NOA Exp.	22 19	20 20	20 20		Fees for use of "Smokey Bear" are available for fire prevention campaign.
Restoration of forest lands and improvements (indefinite special fund).....402	NOA Exp.	5 8	196 140	196 150	10	Receipts from claims settlements and forfeitures of deposits are used for needed restorations.
Payments to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund (indefinite special fund).....402	NOA Exp.	123 123	123 123	123 123		Certain receipts are distributed to 3 counties in which Superior National Forest lands are located.
Payments to counties, national grasslands.....402	NOA Exp.	392 392	425 425	425 425		Of receipts from use of national grasslands, 25% is paid to the counties involved.
Payments to school funds, Arizona and New Mexico, act of June 20, 1910 (receipt limitation) (indefinite).....402	NOA Exp.	140 140	99 99	115 115	16 16	These States are paid a share of the National Forest receipts for school purposes.
Payments to States, national forests fund (indefinite special fund).....402	NOA Exp.	35,409 35,409	25,045 25,045	29,000 29,000	3,955 3,955	With minor exceptions, 25 % of the National Forest receipts goes to the States for schools and roads.
Construction of warehouse and related facilities, Salt Lake City, Utah (indefinite special fund).....402	Exp.	25				(Receipts dedicated for this purpose prior to 1961 have been used.)

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>						
<b>FOREST SERVICE—Continued</b>						
<b>Intragovernmental funds:</b>						
Working capital fund, Forest Service.....402	Exp.	-560	784	-84	-868	
Total, Forest Service.....	NOA	322,872	{ 258,697 †47,000 }	235,879	-69,818	
	Exp.	314,542	{ 246,052 †33,300 }	271,203 †10,200	2,051	
Total, Department of Agriculture.	NOA	5,559,465	{ 7,863,841 †47,450 }	6,965,211 †538,826	-1,484,906	
	Exp.	5,929,416	{ 7,142,857 †33,725 }	7,248,404 †539,601	-467,779	
<b>DEPARTMENT OF COMMERCE</b>						
<b>General Administration</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....506	NOA	2,831	3,598	4,460	862	Initiation of new programs and increased emphasis on programs promoting economic growth have increased the workload. Also includes \$0.5 million to assume mobilization planning functions previously financed elsewhere.
	Exp.	2,770	3,500	4,280	780	
Great Lakes Pilotage administration.....506	NOA	60				Financing has been transferred to Salaries and expenses, general administration.
	Exp.	27	10		-10	
West Virginia Centennial Celebration.....506	NOA	10				Activity has been completed.
	Exp.	1				
Participation in Century 21 Exposition.....506	NOA		900		-900	Exposition closes Oct. 21, 1962.
	Exp.	1,008	8,145	635	-7,510	

<b>Public enterprise funds:</b>					
Aviation war risk insurance revolving fund.....501	Exp.	-7	-15	-1	14
<b>Intragovernmental funds:</b>					
Working capital fund.....506	Exp.	-56	-----	-----	-----
Advances and reimbursements.....506	Exp.	-12	-----	-----	-----
Total, general administration.	NOA	2,901	4,498	4,460	-38
	Exp.	3,731	11,640	4,914	-6,726
<b>Area Redevelopment Administration</b>					
<b>Current authorizations:</b>					
Operations.....507	NOA	-----	8,154	13,500	5,346
	Exp.	-----	7,754	13,400	5,646
Grants for public facilities.....507	NOA	-----	40,000	35,000	10,000
Reappropriation.....	Exp.	-----	15,000	30,000	15,000
<b>Public enterprise funds:</b>					
Area redevelopment fund:					
Current appropriation.....507	NOA	-----	122,500	-----	-122,500
Authorization to expend from debt receipts.....507	NOA	300,000	-----	-----	-----
	Exp.	-----	21,165	78,745	57,580
Total Area Redevelopment Administration.	NOA	300,000	170,654	63,500	-107,154
	Exp.	-----	43,919	122,145	78,226
<b>Business Activities</b>					
<b>Current authorizations:</b>					
Salaries and expenses, business activities.....506	NOA	-----	-----	26,110	26,110
	Exp.	-----	-----	21,400	21,400
Salaries and expenses, Office of Field Services.....506	NOA	2,868	3,152	-----	-3,152
	Exp.	2,605	3,105	20	-3,085
Salaries and expenses, Business and Defense Services Administration.....506	NOA	4,553	4,212	-----	-4,212
	Exp.	4,602	4,100	500	-3,600

(Contingent liability estimated at \$792 million.)

Full-year costs of program direction and redevelopment guidance will be financed. Research into unemployment and underemployment will be initiated. Technical assistance will be expanded.

Program contemplates 133 grant approvals, compared to 83 this year. This will exhaust the \$75 million authorized.

Loan commitments during 1963 of \$117.5 million are anticipated. These will be charged against 1961 NOA, all of which has been suspended from use to date.

New account covers 4 older accounts which follow. The increase will significantly assist President's program for export expansion. Included are \$3 million for a new program to assist U.S. business to participate in trade and industrial exhibits abroad, \$1 million to support trade missions previously financed by USIA, \$2.1 million to expand oversea commercial services, and \$1.7 to expand the promotional activities of the recently established U.S. Travel Service. Also includes \$1.9 million to assume mobilization planning functions previously financed by Office of Emergency Planning.

† Proposed for separate transmittal.

‡ Excludes \$489,885 thousand proposed in this budget, to become available in 1962.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF COMMERCE—Continued</b>					
<b>Business Activities—Continued</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses, Bureau of Foreign Commerce.....506	NOA Exp.	3,465 2,996	4,922 4,600	----- 832	-4,922 -3,768
Salaries and expenses, promotion of international travel.....506	NOA Exp.	----- -----	2,500 1,700	----- 800	-2,500 -900
Export control .....508	NOA Exp.	3,025 2,933	3,480 3,450	1 3,480 3,480	----- 30
<b>Intragovernmental funds:</b>					
Advances and reimbursements.506	Exp.	-1	-----	-----	
Total, business activities....	NOA Exp.	13,911 13,134	18,266 16,955	29,590 27,032	11,324 10,077
<b>Office of Business Economics</b>					
<b>Current authorizations:</b>					
Salaries and expenses.....506	NOA Exp.	1,508 1,471	1,600 1,590	1,860 1,840	260 250
<b>Intragovernmental funds:</b>					
Advances and reimbursements.506	Exp.	12	21	-----	-21
Total, Office of Business Eco- nomics.	NOA Exp.	1,508 1,483	1,600 1,611	1,860 1,840	260 229

Estimate will continue current level but is subject to extension of law which expires June 30, 1962.

Increase will improve analysis of national income and product data, and collection of data for computation of balance of international payments; a survey of the effects of governmental expenditures on the economy will be undertaken.

Bureau of the Census						
<b>Current authorizations:</b>						
Salaries and expenses.....506	NOA	9,646	10,767	13,000	2,233	Increase will finance several surveys and programs to improve current measurements in selected areas of the economy and the population.
	Exp.	9,309	10,500	12,296	1,796	
1962 census of governments.....506	NOA	96	1,096	1,400	304	The funds requested will complete all phases of the census of governments.
	Exp.	80	1,064	1,030	—34	
1963 censuses of business, transportation, manufactures and mineral industries.....506	NOA	-----	1,000	3,244	2,244	A prec canvass of multiunit companies will be performed and data collection and tabulation started on transportation and manufactures. Major work will be performed in 1964.
	Exp.	-----	931	3,114	2,183	
1964 census of agriculture.....506	NOA	-----	-----	700	700	Preparatory work will take place on questionnaires, report forms and computer programs after analysis of the farm economy.
	Exp.	-----	-----	560	560	
Modernization of computing equipment.....506	NOA	-----	-----	4,100	4,100	Estimate is for replacement of obsolescent equipment through purchase of a modern large-scale computer.
	Exp.	-----	-----	600	600	
Eighteenth decennial census.....506	NOA	27,194	3,630	-----	—3,630	Funding was completed in 1962.
	Exp.	21,965	8,694	1,600	—7,094	
1958 censuses of business, manufactures, and mineral industries.....506	NOA	1,246	-----	-----	-----	Work has been completed.
	Exp.	2,117	286	-----	—286	
Census of governments.....506	Exp.	1	-----	-----	-----	
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....506	Exp.	152	-----	-----	-----	
Total, Bureau of the Census	NOA	38,182	16,493	22,444	5,951	
	Exp.	33,624	21,475	19,200	—2,275	
<b>Coast and Geodetic Survey</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....506	NOA	18,121	{ 18,721 }	22,500	3,571	Supplemental for 1962 is for vessel crew and wage-board pay increases. In 1963 increased emphasis will be placed on oceanography, aeronautical charting, geodetic and geophysical surveys, and expansion of research.
	Exp.	17,619	{ 18,490 } †198	21,490 †10	2,812	

† Proposed for separate transmittal.

1 To carry out authorizing legislation to be proposed.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF COMMERCE—Continued</b>					
<b>Coast and Geodetic Survey—Continued</b>					
<b>Current authorizations—Continued</b>					
Construction of surveying ships... NOA	4,700	14,185	14,500	315	This provides for a fleet addition of one class I oceanographic ship and a replacement class II hydrographic surveying ship.
506 Exp.	142	4,200	10,000	5,800	
Construction and equipment... NOA	340	-----	-----	-----	Construction of a seismological laboratory was completed in 1962.
506 Exp.	180	160	-----	-160	
Construction and equipment, geo- Exp.	119	27	-----	-27	(Work is completed.)
magnetic station... 506					
Total, Coast and Geodetic NOA	23,161	{ 32,906 }	37,000	3,886	
Survey. Exp.	18,059	{ 22,877 †198 }	31,490 †10 }	8,425	
<b>Inland Waterways Corporation</b>					
<b>Public enterprise funds:</b>					
Inland Waterways Corporation fund... 502					
Limitation on administrative ex- Exp.	(2)	(2)	(2)	-----	(Corporation is in process of liquidation, to be completed by 1969. Collections on the mortgage are paid into the fund as negative expenditures.)
penses.	-----	-1,628	-794	834	
<b>Maritime Administration</b>					
<b>Current authorizations:</b>					
Ship construction... 502 NOA	126,200	98,000	50,000	-48,000	Program calls for 18 ships to be contracted in 1963 at an average subsidy of \$5 million per vessel. Request also includes \$10 million for acquisition of replacement ships, and \$3.2 million for administration. Program will be partially financed by \$63.9 million carryover.
Exp.	114,177	122,000	112,000	-10,000	
Operating-differential subsidies:					
Permanent indefinite contract NOA	176,861	177,000	180,000	3,000	In 1963 subsidized voyages, undertaken under current subsidy contracts, are estimated to increase to 1,735 from 1,724 in 1962.
authorization... 502					

Liquidation of contract authorization.	502	Exp.	(150,000)	{ (182,000) †(25,000) 182,000 †25,000 }	(225,000)	(18,000)	(A supplemental in 1962 is needed to reduce the amount of subsidy bills outstanding.)
			150,143		225,000	18,000	
Research and development	502	NOA	-----	6,500	5,500	-1,000	Emphasis will continue to be placed on ship mechanization. \$2.5 million is for operation of the NS <i>Savannah</i> , previously financed elsewhere. Balance of \$2.1 million will be brought into the year.
		Exp.	-----	5,500	8,000	2,500	
Salaries and expenses	502	NOA	15,148	14,334	15,125	791	Increase is for staff augmentation and expansion of the reserve merchant fleet preservation program.
		Exp.	15,270	13,900	14,988	1,088	
Maritime training	502	NOA	3,216	3,218	3,300	82	Training is planned to continue at about the current level.
		Exp.	3,137	3,303	3,285	-18	
State marine schools	502	NOA	250	250	250	-----	NOA is for maintenance and repair of ships loaned to State schools for training.
Permanent contract authorization	502	NOA	1,642	1,207	1,020	-187	Federal aid to State marine schools will continue at the same level as in prior years, despite a decline in the estimate of contract authorization due to a change in accounting concept.
Appropriation to liquidate contract authorization.	502	Exp.	(1,020)	(1,020)	(1,020)	-----	
			1,198	1,270	1,270	-----	
Payment of War Shipping Administration claims	502	NOA	-----	18	-----	-18	No claims are anticipated in 1963.
		Exp.	-----	18	-----	-18	
<b>Public enterprise funds:</b>							
Federal ship mortgage insurance fund	502	Exp.	-1,876	-1,482	-4,402	-2,920	(Guarantees involving contingent liability of \$650 million are estimated to be outstanding at the close of 1963.)
Vessel operations revolving fund	502	Exp.	355	953	-68	-1,021	(Full recovery of costs is anticipated for 1963.)
War risk insurance revolving fund	502	Exp.	-739	-454	-73	381	(Contingent liability in the event of war is estimated at \$8,744 million.)
<b>Intragovernmental funds:</b>							
Advances and reimbursements	502	Exp.	152	419	-----	-419	
Total, Maritime Administration.		NOA	323,317	300,527	255,195	-45,332	
		Exp.	281,816	{ 327,427 †25,000 }	360,000	7,573	

† Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
Patent Office					
Current authorizations:					
Salaries and expenses.....506 NOA	23,882	24,745	27,000	2,255	Examining facilities and the search system will be modernized, a patent academy established, and increased workload processed.
Exp. 23,137	24,800	26,125	1,325		
Bureau of Public Roads					
Limitation on general administrative expenses (trust fund).	(31,470)	(33,400)	(37,600)	(4,200)	(Increase is to meet added workload and to strengthen emphasis on program and planning direction, highway research, promotion of safety, and engineering training.)
Federal-aid highways (trust fund) (liquidation of contract authorization).	(2,688,692)	(2,990,600)	(3,250,000)	(259,400)	(Appropriation is to liquidate contract authorizations for the Interstate, primary, secondary, and urban highway programs. Legislation to authorize \$950 million of new authority to be available in 1963 is also requested. The authorizations are payable from the Highway trust fund and are therefore not NOA.)
Forest highways:					
Contract authorization:					Proposed legislation will provide \$33 million of NOA to become available in each of the years 1963 and 1964.
Current.....503 NOA	33,000		†33,000		
Permanent.....503 NOA		33,000			
Appropriation to liquidate contract authorization. 503 Exp.	(27,000) 30,900	(27,400) 32,993	(35,000) 35,000	(7,600) 2,007	
Public lands highways:					
Contract authorization:					Proposed legislation will make \$3 million of NOA available in each of the years 1963 and 1964.
Current.....503 NOA	3,500		†3,000		
Permanent.....503 NOA		3,000			
Appropriation to liquidate contract authorization. 503 Exp.	(2,700) 2,808	(3,000) 4,147	(3,000) 4,500	353	
Improvement of the Pentagon road network (trust fund).			(2,500)	(2,500)	(This appropriation will implement a 1961 law.)

Control of outdoor advertising 503	NOA			4,600	4,600	Program provides incentive payments of 0.5% on interstate projects to States agreeing to controls.
	Exp.			4,600	4,600	
Inter-American Highway 152	NOA			†18,000	18,000	Legislation will be proposed to authorize \$32 million to complete building the Inter-American Highway. An appropriation of \$18 million will be required in 1963 for award of contracts in 4 countries.
	Exp.	9,472	10,167	{ 7,100 †6,500 }	3,433	
Woodrow Wilson Memorial Bridge 503	Exp.	2,208	1,673		-1,673	(The bridge was officially opened to traffic on Dec. 28, 1961.)
Access roads (act of Sept. 7, 1950) 503	Exp.	239	223	204	-19	(Balances are utilized for maintenance of the Pentagon network and Shirley Highway in Virginia.)
Construction, operation, and maintenance of roads, Alaska 503	Exp.	105				(Purposes of the appropriation have been completed.)
Surveys and plans 503	Exp.		98		-98	(Purposes of the appropriation have been completed.)
Total, Bureau of Public Roads.	NOA	36,500	36,000	{ 4,600 †54,000 }	22,600	
	Exp.	45,733	49,301	{ 51,404 †6,500 }	8,603	
<b>National Bureau of Standards</b>						
Research and technical services 506	NOA	19,753	23,500	30,000	6,500	Increase will finance the expansion of selected research programs and procurement of scientific equipment.
	Exp.	19,430	22,950	29,075	6,125	
Research and technical services (special foreign currency program) 506	NOA		1,000	1,000		Program supplements the domestic science programs, using foreign currencies excess to normal U.S. needs.
	Exp.		50	501	451	
Plant and facilities 506	NOA	2,000	10,000	2,100	-7,900	The 1963 NOA includes a plasma physics building, a radio warning service building, the design of a radio standards laboratory, and smaller items.
	Exp.	1,753	3,800	5,978	2,178	

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF COMMERCE—Continued						
National Bureau of Standards—Continued						
Current authorizations—Continued						
Construction of facilities.....506 NOA	23,500	35,000	35,000	-----	The 1963 proposal provides the last major increment of the program to relocate the Washington, D.C., facilities near Gaithersburg, Md.	
Exp. 1,115	6,534	33,251	26,717			
Intragovernmental funds:						
Working capital fund.....506 Exp.	-120	-619	-1,804	-1,185		
Advances and reimbursements.506 Exp.	1	4	3	-1		
Total, National Bureau of NOA	45,253	69,500	68,100	-1,400		
Standards. Exp.	22,180	32,719	67,004	34,285		
Weather Bureau						
Current authorizations:						
Salaries and expenses.....506 NOA	48,801	56,158	59,500	3,342	Estimate covers expansion of observation and service activities to keep pace with air traffic requirements and general needs, a modernized river forecast center in California, and completion of the decennial climatological census.	
Exp. 48,820	54,300	56,937	2,637			
Research and development...506 NOA	6,446	9,000	11,500	2,500	This provides for more ocean atmosphere and water resources studies, purchase of 2 aircraft, and rental of an ultra-high-speed computer.	
Exp. 4,460	8,200	11,937	3,737			
Establishment of meteorological NOA	5 250	5,250	4,500	-750	This continues the long range modernization program begun in 1956; it will include 60 additional facilities for ceiling and visibility measurement.	
facilities.....506 Exp.	2,367	3,714	4,126	412		
Meteorological satellite opera- NOA	-----	48,000	45,000	-3,000	This program, begun in 1962, involves purchase of 4 Nimbus spacecraft, and will require, in 1963, \$39.7 million of capital outlay, \$3.7 million of operating costs, and additional contracting. The worldwide meteorological satellite program is expected to begin operating in 1964.	
tions.....506 Exp.	-----	7,000	25,000	18,000		

<b>Intragovernmental funds:</b>					
Advances and reimbursements	506 Exp.	-55			
Total, Weather Bureau	NOA	60,497	118,408	120,500	2,092
	Exp.	55,592	73,214	98,000	24,786
Total, Department of Commerce	NOA	869,112	793,597	634,249	-105,556
	Exp.	498,489	624,310	808,360	165,362
			†208	†54,000	
			†25,198	†6,510	

## DEPARTMENT OF DEFENSE—MILITARY

<b>Military Personnel</b>					
(Functional code 051)					
<b>Current authorizations:</b>					
Military personnel, Army	NOA	3,254,548	3,697,000	3,733,000	-177,500
	Exp.	3,590,489	3,957,000	3,990,000	-160,000
			†213,500	†10,000	
Military personnel, Navy	NOA	2,503,244	2,689,000	2,764,700	75,700
	Exp.	2,547,894	2,725,000	2,750,000	25,000
Military personnel, Marine Corps	NOA	606,746	632,000	671,300	39,300
	Exp.	596,275	640,000	660,000	20,000
Military personnel, Air Force	NOA	3,964,843	4,197,000	4,184,000	-13,000
	Exp.	3,916,383	4,200,000	4,200,000	-----
Reserve personnel, Army	NOA	220,598	221,000	221,600	600
	Exp.	216,248	210,000	217,000	7,000
Reserve personnel, Navy	NOA	85,584	84,600	83,800	-800
	Exp.	85,325	82,000	82,000	-----

Supplemental in 1962 is to support 73,100-man increase in actual Army strength. The 1963 estimate provides pay and allowances for an average of 960,000 military personnel as compared with an average of 1,022,412 in 1962.

This provides for an average of 659,820 military personnel as compared with an average of 652,132 in 1962.

This provides for an average of 189,961 military personnel as compared with an average of 187,184 in 1962.

This will provide for an average of 867,000 military personnel as compared with an average of 862,324 in 1962. Decrease is due to a lower average man-year cost reflecting a slight change downward in grade structure.

This provides for the Army Reserve portion of a combined Army Reserve Forces year-end strength of 670,000 in paid drill training, as compared to 621,800 at the end of 1962.

This provides for a year-end strength of 125,000 in paid drill training as compared with a year-end strength of 122,294 in 1962, but at a reduction in man-year costs.

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>Military Personnel—Continued</b>					
(Functional code 051)—Continued					
<b>Current authorizations—Continued</b>					
Reserve personnel, Marine Corps. NOA	24,831	26,400	28,100	1,700	This provides for a year-end strength of 45,500 in paid drill training.
Exp.	22,788	25,000	26,000	1,000	
Reserve personnel, Air Force..... NOA	52,250	56,000	50,100	-5,900	This provides for a year-end strength of 61,000 in paid drill training as compared with 59,950 in 1962. Average man-year costs will decrease.
Exp.	49,784	50,000	49,000	-1,000	
National Guard personnel, Army. NOA	230,277	235,000	231,600	-3,400	This provides for the Army National Guard portion of a combined Army Reserve Forces year-end strength of 670,000 in paid drill training, as compared to 621,800 at the end of 1962.
Exp.	229,828	215,000	232,000	17,000	
National Guard personnel, Air Force. NOA	46,000	47,000	53,000	6,000	This provides for a year-end strength of 72,000 in paid drill training as compared to 51,000 in 1962.
Exp.	43,748	43,000	52,000	9,000	
Retired pay, Defense..... NOA	789,500	920,000	1,029,000	109,000	This provides for an average of 362,447 personnel on the retired rolls as compared with 314,036 in 1962.
Exp.	786,067	900,000	1,012,000	112,000	
Military personnel..... NOA	-----	-----	†180,000	180,000	Legislation will be proposed to increase basic allowance for quarters and to adjust certain retired pay rates.
Exp.	-----	-----	†135,000	135,000	
Total, military personnel.... NOA	11,778,421	12,805,000	13,050,200	211,700	
		†213,500	†180,000		
Exp.	12,084,828	†13,047,000	13,270,000	165,000	
		†203,000	†145,000		

Operation and Maintenance (Functional code 051)						
Operation and maintenance, Army.	NOA	3,209,772	{ 3,734,131 †139,500 }	{ 3,402,000 3,420,000 }	—471,631	The 1962 supplemental will finance the additional cost resulting from the activation of 2 Army National Guard divisions. The 1963 estimate provides for 2 additional divisions in the Regular Army and assumes the return to inactive duty status of the Guard divisions. The decrease in 1963 reflects transfer of financing certain equipment and operating costs to other accounts.
	Exp.	3,237,352	{ 3,681,000 †119,000 }	{ 3,420,000 †20,000 }	—360,000	
Operation and maintenance, Navy.	NOA	2,597,626	2,888,898	2,840,000	—48,898	In 1963 this appropriation will support an active fleet of 862 ships and approximately 7,200 operating aircraft. The decrease is due to non-recurring costs in 1962 and to the transfer of financing for certain functions and personnel to other accounts.
	Exp.	2,694,075	2,850,000	2,800,000	—50,000	
Operation and maintenance, Marine Corps.	NOA	176,725	187,274	191,000	3,726	This will continue to support 3 divisions and 3 air wings at the improved readiness position attained in 1962.
	Exp.	173,546	180,000	185,000	5,000	
Operation and maintenance, Air Force.	NOA	4,299,387	4,486,644	4,371,000	—115,644	This provides for increased numbers of ballistic missile squadrons. Reduction in total numbers of aircraft and flying hours is offset by increased numbers of higher performance aircraft. Reserve and Air National Guard units, activated in 1962, are returned to inactive status. The estimate also reflects the transfer of financing certain equipment and operating costs to other accounts.
	Exp.	4,268,731	4,400,000	4,350,000	—50,000	
Operation and maintenance, Defense Agencies.	NOA	-----	-----	354,145	354,145	This new appropriation finances functions previously funded elsewhere including the Office of the Secretary of Defense, the Defense Supply Agency, the Defense Communications Agency, the Defense Intelligence Agency, and certain other activities.
	Exp.	-----	-----	300,000	300,000	
Operation and maintenance, Army National Guard.	NOA	166,316	171,000	174,400	3,400	Increase includes \$2.8 million for employer's contributions to State retirement systems under Public Law 87-224.
	Exp.	166,468	165,000	168,000	3,000	
Operation and maintenance, Air National Guard.	NOA	189,481	199,600	194,400	—5,200	Reduction in flying hours and other operating cost is partly offset by new \$1.8 million for employer's contributions to State retirement systems.
	Exp.	171,728	184,000	189,000	5,000	
National Board for the Promotion of Rifle Practice, Army.	NOA	501	500	500	-----	Promotion of civilian interest in small arms marksmanship will continue at current level.
	Exp.	515	500	500	-----	

†Proposed for separate transmittal.



**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>Operation and Maintenance—Continued</b>					
(Functional code 051)—Continued					
<b>Current authorizations—Continued</b>					
Operation and maintenance, NOA	7,230	6,300	6,900	600	Increased usage by commercial customers increases costs. Revenues of \$6,600 thousand for 1963, a 10% increase over 1962, go to the general fund.
Alaska Communication System, Exp.	7,521	6,500	6,800	300	
Claims, Defense..... NOA	19,575	19,000	19,000	-----	This provides for the payment of noncontractual claims against the Department of Defense.
Exp.	16,886	18,000	18,000	-----	
Contingencies, Defense..... NOA	15,000	15,000	15,000	-----	This provides the Secretary of Defense with funds to meet emergencies and extraordinary expenses.
Exp.	7,026	15,000	15,000	-----	
Salaries and expenses, Court of NOA	425	445	455	10	The number of cases docketed in 1961 totaled 979, with approximately 1,000 cases anticipated in 1962 and 1963.
Military Appeals, Defense..... Exp.	424	445	455	10	
Salaries and expenses, Secretary NOA	19,850	21,500	-----	-21,500	Costs in 1963 will be financed by a new appropriation "Operation and maintenance, defense agencies."
of Defense. Exp.	20,356	20,000	2,000	-18,000	
Operation and maintenance, Olymp- Exp.	284	-----	-----	-----	
pic winter games, Department of Defense.					
Miscellaneous expired accounts, Exp.	120	100	-----	-100	
Army.					
Miscellaneous expired accounts, Exp.	397	300	200	-100	
Navy.					
Miscellaneous expired accounts, Exp.	14	55	-----	-55	
Air Force.					

Miscellaneous expired accounts, Office of the Secretary of Defense.	Exp.	540	100	45	-55
Operation and maintenance-----	NOA			†40,000	40,000
	Exp.			†36,000	36,000
Adjustment to reflect comparability with current budget structure.	Exp.	-154,521	-44,914		44,914
Total, operation and maintenance.	NOA	10,701,888	{11,730,291	11,568,800	-260,991
			{†139,500	†40,000	
	Exp.	10,611,463	{11,476,086	11,455,000	-84,086
			{†119,000	†56,000	
<b>Procurement</b>					
(Functional code 051)					
Procurement of equipment and missiles, Army.	NOA	1,495,352	2,532,602	†2,555,000	22,398
	Exp.	1,526,180	1,780,000	2,515,000	735,000
Procurement of aircraft and missiles, Navy.	NOA	2,141,760	2,680,888	†3,065,000	384,112
	Exp.	296,087	1,600,000	2,360,000	760,000
Shipbuilding and conversion, Navy.	NOA	2,245,590	2,937,860	†2,982,000	44,140
	Exp.	1,908,255	2,120,000	2,340,000	220,000
Other procurement, Navy-----	NOA	424,480	852,012	912,000	59,988
	Exp.	66,102	400,000	700,000	300,000

†Proposed for separate transmittal.

‡Partly to carry out authorizing legislation to be proposed.

Legislation has been proposed to increase travel per diem allowances for military personnel.

The program reflects continued emphasis on increasing the combat capability in the important areas of firepower, mobility, communications-electronics and logistics support of Army Forces. Acceleration of the Army modernization program begun in 1962 will be continued. Inventories of combat and support equipment will be augmented.

This provides for procurement of 887 new aircraft consisting of 14 different models to support Navy attack, antisubmarine and early warning missions, and Marine Corps vertical assault and tactical support missions. The missile program includes Polaris missiles in phase with submarine construction.

This continues the emphasis on the Polaris submarine program and on antisubmarine and amphibious capabilities. It includes 6 Polaris submarines, a conventionally powered aircraft carrier and 8 nuclear-powered attack submarines in addition to other new supporting ships and modernization of 35 ships for various purposes.

This provides for procurement of support equipment in keeping with the expanded naval program financed in other Navy accounts.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>						
<b>Procurement—Continued</b>						
(Functional code 051)—Continued						
<b>Current authorizations—Continued</b>						
Procurement, Marine Corps-----	NOA	91,180	264,600	1258,000	-6,600	This continues procurement to attain a high level of materiel readiness for the Marine Corps, but at a slightly lower level for missiles and material handling equipment.
	Exp.	175,059	195,000	246,000	51,000	
Aircraft procurement, Air Force--	NOA	3,562,237	3,582,518	13,135,000	-672,518	This provides for 931 aircraft compared with 744 in 1962, with significant increases in procurement of combat and airlift aircraft to support tactical forces. Funds appropriated for long-range bombers in 1962 are proposed for application to other types of aircraft, reducing 1963 NOA needs.
Reappropriation-----	NOA		225,000			
	Exp.	3,020,962	4,245,000	3,535,000	-710,000	
Missile procurement, Air Force---	NOA	2,615,120	2,729,784	12,500,000	-229,784	This includes completion of the funding of the Atlas and Titan I inter-continental ballistic missile program and substantial completion of the funding of Titan II. Substantial numbers of solid fuel Minuteman missiles will be procured and procurement of the Skybolt weapon system will be initiated. Development, test, and evaluation associated with ballistic missiles is transferred from this account to the Research, development, test, and evaluation, Air Force, appropriation.
	Exp.	2,688,730	3,250,000	2,800,000	-450,000	
Other procurement, Air Force----	NOA	877,171	1,096,182	1,000,000	-96,182	This provides for a slightly lower procurement level for electronic and telecommunications equipment, and other support equipment.
	Exp.	653,641	1,035,000	975,000	-60,000	
Procurement, Defense Agencies--	NOA			138,000	38,000	Funds for procurement of equipment for the Defense Communication Agency, Defense Supply Agency, Defense Intelligence Agency, and other defensewide agencies were previously in other accounts.
	Exp.			8,000	8,000	
Aircraft and related procurement, Navy.	Exp.	1,772,993	1,020,000	300,000	-720,000	Program needs are now provided in other appropriations above.

Procurement of ordnance and ammunition, Navy.	Exp.	506,474	140,000	5,000	—135,000	Program needs are now provided in other appropriations above.
Aircraft, missiles, and related procurement, Air Force.	Exp.	1,573,967	270,000	1,000	—269,000	Program needs are now provided in other appropriations above.
Procurement other than aircraft and missiles, Air Force.	Exp.	753,941	65,000	1,000	—64,000	Program needs are now provided in other appropriations above.
Adjustment to reflect comparability with current budget structure.	NOA Exp.	—1,737,100 —1,847,418	—1,008,900 —1,284,311	----- —430,100	1,008,900 854,211	
Total, procurement-----	NOA Exp.	11,715,790 13,094,975	15,892,546 14,835,689	16,445,000 15,355,900	552,454 520,211	
<b>Research, Development, Test, and Evaluation</b>						
(Functional code 051)						
Research, development, test, and evaluation, Army.	NOA Exp.	1,147,417 1,081,729	1,251,600 1,200,000	1,329,000 1,280,000	77,400 80,000	Increased emphasis is being placed on basic research and programs for improving conventional weapons and equipment, biological and chemical warfare items, and techniques related to remote area limited warfare. Continuing missile developments include the Nike-Zeus anti-missile missile system.
Research development, test, and evaluation, Navy.	NOA Exp.	1,366,509 1,191,813	1,296,294 1,330,000	1,474,000 1,380,000	177,706 50,000	This program emphasizes basic research, aircraft improvements, anti-submarine warfare, oceanography, and further improvements to the Polaris missile system.
Research, development, test, and evaluation, Air Force.	NOA Exp.	1,583,858 1,659,464	2,434,457 1,950,000	3,439,000 3,040,000	1,004,543 1,090,000	A large part of the increase results from the transfer to this account of certain development, test, and evaluation costs of aircraft and missiles previously carried in procurement appropriations. Increased emphasis will be placed on basic research, development of a new high-performance multipurpose fighter aircraft, and military astronautics. Development of a mobile medium range ballistic missile will be initiated.
Research, development, test, and evaluation, Defense Agencies.	NOA Exp.	----- -----	----- -----	451,000 370,000	451,000 370,000	This new appropriation provides for the Advanced Research Projects Agency program and certain other activities not identifiable with any of the military services.

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>Research, Development, Test, and Evaluation—Continued</b>					
(Functional code 051)—Continued					
<b>Current authorizations—Continued</b>					
Emergency fund, Defense----- NOA Exp.	4,159	99,500	150,000	50,500	This permits the prompt exploitation of new research developments and provides for other contingencies.
	-----	30,000	150,000	120,000	
Salaries and expenses, Advanced NOA Research Projects Agency, De- Exp. partment of Defense.	194,000 195,576	192,000 200,000	----- -----	-192,000 -200,000	Financing is now included in the new research account for Defense Agencies.
Adjustment to reflect comparability NOA with current budget structure. Exp.	1,737,100 2,001,939	1,008,900 1,329,225	----- 430,100	-1,008,900 -899,125	
Total, research, development, NOA test, and evaluation. Exp.	6,033,043 6,130,520	6,282,751 6,039,225	6,843,000 6,650,100	560,249 610,875	
<b>Military Construction</b>					
(Functional code 051)					
Military construction, Army----- NOA Exp.	148,407 239,292	171,284 172,000	<sup>1</sup> 177,000 179,000	5,716 7,000	This provides facilities for general purpose forces, including troop housing, maintenance facilities, ammunition storage, communication facilities, and research and development facilities, including a laboratory building at Fort Monmouth, N.J.
Military construction, Navy----- NOA Exp.	162,519 267,034	196,954 180,000	<sup>1</sup> 225,000 200,000	28,046 20,000	This provides facilities for general purpose forces, for support for the Polaris system and for expanded research programs, including a laboratory building at Washington, D.C., a hydro-ballistic test structure at White Oak, Md., and the Atlantic undersea test and evaluation center.

Military construction, Air Force...	NOA Exp.	676,084 997,876	514,746 790,000	<sup>1</sup> 812,000 700,000	297,254 -90,000	This will provide facilities for the ballistic missile program, including additional Minuteman squadrons, for conversion of an additional airbase to receive B-52 aircraft, for additional operation and maintenance facilities to improve airlift capabilities, for expanded research facilities such as an electro-gas dynamics facility at Wright-Patterson, and other construction requirements.
Military construction, Defense Agencies.	NOA Exp.	----- -----	----- -----	<sup>1</sup> 41,000 11,000	41,000 11,000	This new appropriation covers construction of the Defense Communication Agency, Defense Intelligence Agency, Defense Supply Agency, Advanced Research Projects Agency, and certain other activities previously financed elsewhere.
Military construction, Army Reserve.	NOA Exp.	16,038 17,618	14,381 15,000	<sup>1</sup> 8,000 15,000	-6,381	Major emphasis is being given to construction of facilities for priority units and units with an aggregate strength of 200 or more.
Military construction, Naval Reserve.	NOA Exp.	4,000 9,193	7,000 7,500	<sup>1</sup> 7,000 8,000	----- 500	Program continues at current level with emphasis on replacement of air station training facilities.
Military construction, Air Force Reserve.	NOA Exp.	4,000 3,083	4,608 3,000	<sup>1</sup> 5,000 7,000	392 4,000	Emphasis is on provision of hangars, airfield pavements, and maintenance shops.
Military construction, Army National Guard.	NOA Exp.	17,540 18,453	21,869 20,000	<sup>1</sup> 7,000 19,000	-14,869 -1,000	A decrease in the level of armory construction is scheduled for 1963.
Military construction, Air National Guard.	NOA Exp.	13,850 13,686	18,275 15,000	<sup>1</sup> 14,000 20,000	-4,275 5,000	Effort will be placed on provision of hangars, airfield pavements, and maintenance shops but at a lower level.
Loran stations, Defense.....	NOA Exp.	19,000 19,000	10,000 10,000	22,000 22,000	12,000 12,000	This will continue the expansion of this electronic system of navigation.
Construction, U.S.S. <i>Arizona</i> memorial, Navy.	NOA Exp.	----- -----	150 150	----- -----	-150 -150	Contributions were made by the Government to the U.S.S. <i>Arizona</i> memorial fund in 1962.
Construction, Advanced Research Projects Agency, Department of Defense.	Exp.	17,939	12,350	-----	-12,350	(To be covered by "Military construction, defense agencies.")
Construction, Alaska Communication System, Army.	Exp.	160	-----	-----	-----	

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>Military Construction—Continued</b>					
(Functional code 051)—Continued					
<b>Current authorizations—Continued</b>					
Military construction, foreign Exp. countries, Department of De- fense.	1,878	25,000	8,000	-17,000	(Only activity is payment of old obligations.)
Total, military construction— NOA Exp.	1,061,438 1,605,213	959,267 1,250,000	1,318,000 1,189,000	358,733 -61,000	
<b>Civil Defense</b>					
(Functional code 051)					
Operation and maintenance, civil NOA defense. Exp.	-----	-----	126,245 105,000	126,245 105,000	The program includes funds for the nationwide instantaneous home warning system; procurement of instrument requirements for a nationwide network for detecting and monitoring radiological fallout; to continue the development and maintenance of an adequate state of readiness for civil defense emergency operations; and to continue financial assistance to the States and cities with emphasis on funds for construction of emergency operating centers for State and local government use.
Shelter, research and development, NOA and construction, civil defense. Exp.	-----	-----	<sup>1</sup> 568,755 125,000	568,755 125,000	Program will be expanded to include the use of Federal financial incentives for incorporation of shelter space in certain public and nonprofit institutions. Suitable space in existing Federal buildings will be modified for use as shelters. The national shelter survey will be completed and shelter space stocked with supplies and equipment. Research will cover all aspects of shelter design, construction, and use.

Civil defense, Department of Defense.	NOA Exp.	----- 254,864 ----- 140,000	----- 120,000 -----	----- -254,864 ----- -20,000	Activities of this account are financed in the 2 preceding accounts in 1963.
Total, civil defense-----	NOA Exp.	----- 254,864 ----- 140,000	----- 695,000 ----- 350,000	----- 440,136 ----- 210,000	
<b>Revolving and Management Funds</b>					
(Functional code 051)					
<b>Public enterprise funds:</b>					
Acquisition, rehabilitation, and rental of Wherry Act Housing, Department of Defense: Permanent reappropriation.	NOA Exp.	30,000 38,738	----- 25,000 -----	----- 24,500 ----- -500	Reappropriation is permitted under permanent law but is not contemplated for 1963. Costs in 1962 and 1963 are in excess of current receipts.
Defense housing, Army-----	Exp.	-25	-13	----- 13	(Fund has been liquidated in 1962.)
Defense housing, Navy-----	Exp.	-166	-100	----- 100	(Fund has been liquidated in 1962.)
Defense production guarantees, Army.	Exp.	-243	-180	-100 80	(Revenues will continue to exceed purchase of defaulted loans and other costs in 1963.)
Defense production guarantees, Navy.	Exp.	-480	5,488	62 -5,426	(Purchases of defaulted loans exceeded receipts appreciably in 1962; are estimated to do so to small degree in 1963.)
Defense production guarantees, Air Force.	Exp.	-544	-615	-636 -21	(Revenues will continue to exceed purchase of defaulted loans and other costs in 1963.)
Laundry service, Naval Academy.	Exp.	30	22	25 3	(Contemplates revenues and expense of approximately \$625 thousand.)
Civil defense procurement fund--	Exp.	-64	9	38 29	(Fund will operate at approximately \$900 thousand level.)
<b>Intragovernmental funds:</b>					
Army stock fund-----	Exp.	-207,574	-250,000	-37,200 212,800	(Sales will exceed purchases, but by lesser degree than in 1962. Transfer of \$350 million of capital to "Military personnel, Army," is proposed.)
Navy stock fund-----	Exp.	-66,053	-40,000	18,500 58,500	(Purchases will exceed sales in 1963, opposite of the 1962 relationship. Transfer of \$25 million to "Military personnel, Navy," and \$15 million to "Marine Corps stock fund" is proposed.)

<sup>1</sup>Partly to carry out authorizing legislation to be proposed.



**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>Revolving and Management Funds—Continued</b>					
(Functional code 051)—Continued					
<b>Intragovernmental funds:—Continued</b>					
Marine Corps stock fund..... Exp.	-12,664	-300	9,000	9,300	(Purchases will exceed sales. Transfer of \$15 million from Navy stock fund is proposed.)
Air Force stock fund..... Exp.	-22,644	8,000	-5,000	-13,000	(Sales will slightly exceed purchases. Transfer of \$35 million to "Military personnel, Air Force" is proposed.)
Defense stock fund..... Exp.			-200,000	-200,000	(A new fund started with \$3.1 billion of capitalized inventories, and \$281 million of working capital balances transferred from other stock funds. Transfer of \$35 million to "Military personnel, Air Force" is proposed.)
Army industrial fund..... Exp.	7,743				(Estimate contemplates receipts and expenditures of \$799 million.)
Navy industrial fund..... Exp.	-8,966	-8,000		8,000	(Estimate contemplates receipts and expenditures of \$1.7 billion.)
Air Force industrial fund..... Exp.	-16,533	-7,000		7,000	(Estimate contemplates receipts and expenditures of \$359 million.)
Army management fund..... Exp.	-2,860				(Estimate contemplates receipts and expenditures of \$256 million.)
Navy management fund..... Exp.	-10,060	8,000	19,200	11,200	(Estimate contemplates receipts of \$2.1 billion and expenditures slightly higher, reducing balances carried over.)
Air Force management fund..... Exp.	1,649		500	500	(Fund will not be used in 1963 except for liquidation of prior obligations.)
Naval working fund..... Exp.	-653		111	111	(Estimate contemplates activity at gross level of \$25 million.)
Consolidated working funds, Army. Exp.	1,278	-311		311	

Consolidated working funds, Air Force.	Exp.	27	-----	-----	-----
Total, revolving and management funds.	NOA	30,000			
	Exp.	-300,066	-260,000	-171,000	89,000
Total, military functions----	NOA	41,320,580	{47,924,719	49,920,000	1,862,281
			{†353,000	†220,000	
	Exp.	43,226,933	{46,528,000	48,099,000	1,450,000
			{†322,000	†201,000	
<b>Military Assistance</b>					
(Functional code 057)					
Current authorizations:					
Military assistance-----	NOA	1,785,000	1,600,000	1,500,000	-100,000
	Exp.	1,448,630	1,400,000	1,400,000	-----
Total, Department of Defense—Military.	NOA	43,105,580	{49,524,719	51,420,000	1,762,281
			{†353,000	†220,000	
	Exp.	44,675,563	{47,928,000	49,499,000	1,450,000
			{†322,000	†201,000	

Program for 1963 contemplates a decline in U.S. support for weapons and related spare parts for other nations as their capability to support themselves increases. Carry forward of certain balances is proposed.

## DEPARTMENT OF DEFENSE—CIVIL

<b>DEPARTMENT OF THE ARMY</b>					
<b>Cemeterial Expenses</b>					
Current authorizations:					
Salaries and expenses-----805	NOA	9,400	10,440	10,276	-164
	Exp.	9,947	9,530	10,555	1,025
<b>Corps of Engineers—Civil</b>					
General investigations-----401	NOA	12,023	15,877	16,600	723
	Exp.	11,819	15,300	16,300	1,000

Interments will increase 7.0%, headstone applications 5.7%. Level of construction activity will be reduced.

13 new special studies are planned, emphasizing major river basin surveys. Flood plain studies, in their 2d year, will be intensified. Funds for other studies are increased.

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—CIVIL—Continued</b>					
<b>DEPARTMENT OF THE ARMY—Continued</b>					
<b>Corps of Engineers—Civil—Continued</b>					
<b>Current authorizations—Continued</b>					
Construction, general.....401 NOA	706,842	724,022	775,706	51,684	The 1963 program provides for a continued high level of preconstruction planning activities and for construction now underway of 68 navigation projects, 7 beach erosion control projects, 96 flood control projects, 19 multiple-purpose projects, and 26 navigation rehabilitation projects. The request will permit 36 new starts estimated to cost \$492 million and completion of 36 projects with a total estimated cost of \$519 million.
Exp.	703,364	704,851	761,278	56,427	
Operation and maintenance, gen- NOA	130,220	143,397	143,539	-2,058	The supplemental for 1962 is for increased wage-board pay. The 1963 program provides for an increase of \$9.1 million for operation and maintenance of projects, offset by decreased emergency flood control funds and by nonrecurring costs in 1962 resulting from Hurricane Carla damages.
eral.....401 Exp.	128,063	142,000 12,100	143,000 100	-1,000	
General expenses.....401 NOA	12,900	13,148	13,600	452	This provides for strengthened management and for additional compilation and publication of data on waterborne commerce.
Exp.	12,999	13,100	13,700	600	
Flood control, Mississippi River NOA	71,896	72,950	70,500	-2,450	The program of studies, planning, construction, and maintenance of improvements for flood control and navigation will be continued at about the 1962 level, except for construction of Old River control works, where requirements are decreased.
and tributaries.....401 Exp.	73,703	73,500	70,500	-3,000	
United States section, St. Law- NOA	30	20	20	-----	Support will continue at current-year level.
rence River Joint Board of Exp.	4	20	20	-----	
Engineers.....401					
International navigation con- NOA	150	30	-----	-30	Meeting was held in 1961.
gresses.....401 Exp.	15	165	-----	-165	

Niagara remedial works.....401	Exp.	4				(Unobligated balance is being written off in 1962.)
<b>Permanent authorizations:</b>						
Payments to States, Flood Control Act of 1954 (indefinite special fund).....401	NOA Exp.	1,612 1,492	1,717 1,612	1,805 1,717	88 105	Three-fourths of receipts from lease of Federal lands acquired for flood control, navigation and allied purposes is paid to the State in which such property is situated.
Hydraulic mining in California, debris fund (indefinite special fund).....401	NOA Exp.	18 22	18 25	18 20	—5	Fees paid by mine operators for depositing mine debris in restraining works are used for maintenance of restraining reservoirs.
Maintenance and operation of dams and other improvements of navigable waters (indefinite special fund).....401	NOA Exp.	154 154	165 154	177 165	12 11	Half of the proceeds from certain licenses issued by the Federal Power Commission are used for maintenance and operation of dams and other navigational structures and improvement of navigable waters.
<b>Intragovernmental funds:</b>						
Advances and reimbursements, Corps of Engineers—Civil...401	Exp.	—34	34		—34	
Revolving fund, Corps of Engineers—Civil.....401	Exp.	—5,468	5,135	3,200	—1,939	
Total, Corps of Engineers—Civil.....	NOA	935,844	971,344	1,021,965	48,421	
	Exp.	926,137	955,900	1,009,900	52,000	
<b>UNITED STATES SOLDIERS' HOME</b>						
<b>Current authorizations:</b>						
Limitation on operation and maintenance and capital outlay (trust fund).		(5,899)	(6,052)	(6,128)	(—42)	Increase is to provide for estimated rise from 1,557 to 1,660 in domiciliary members present and from 410 to 430 in hospital patients. The increase is more than offset by a reduction in nonrecurring equipment needs and a carryover of balances from 1962.
<b>RYUKYU ISLANDS, ARMY</b>						
Administration.....910	NOA Exp.	6,089 5,111	7,089 6,983	7,900 7,400	811 417	Increase is in both administrative expenses and grants (\$6 million) for essential public health and safety services.
Construction of power systems.910	Exp.	90	—13	6,000	6,013	(Expenditures are for loans financed by appropriation in 1960.)
†Proposed for separate transmittal.						

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—CIVIL—Continued</b>					
<b>RYUKYU ISLANDS, ARMY—Continued</b>					
<b>Current authorizations—Continued</b>					
Construction of water system. 910 Exp.	97	130	100	-30	(Work will be completed in 1962.)
Total, Ryukyu Islands, Army. NOA	6,089	7,089	7,900	811	
Exp.	5,298	7,100	13,500	6,400	
<b>THE PANAMA CANAL</b>					
Canal Zone Government:					
Operating expenses. . . . . 910 NOA	19,769	20,800	22,574	1,774	Increase is needed to cover pay increases for non-U.S. citizens, increased postal workload, expansion of school system, increased road and building maintenance cost, and more health and sanitation work.
Exp.	19,896	20,720	22,403	1,683	
Capital outlay. . . . . 910 NOA	6,921	2,300	3,120	820	Program provides \$2,269 thousand for needed educational facilities, \$564 thousand for health and sanitation, and \$287 thousand for other needs.
Exp.	2,731	4,571	4,355	-216	
Panama Canal Company: Thatcher Ferry Bridge. . . . . 502 Exp.	2,256	11,982	1,545	-10,437	(\$20 million bridge, financed earlier, will be completed in 1963.)
<b>Public enterprise funds:</b>					
Panama Canal Company:					
Panama Canal Company fund. . . . . 502					(General and administrative expenses will be higher in 1963 as commercial transits and other activities rise. Company is gradually using a \$10 million balance of authorization to borrow from the Treasury.)
Limitation on general and administrative expenses. Exp.	(9,394)	(7,824)	(8,113)	(289)	
	5,902	2,650	8,493	5,843	
Total, The Panama Canal. NOA	26,690	23,100	25,694	2,594	
Exp.	30,786	39,923	36,796	-3,127	

## MISCELLANEOUS ACCOUNTS

<b>Current authorizations:</b>					
Civilian relief in Korea, Army	152	Exp.	2		
<b>Permanent authorizations:</b>					
Payments to claimants, disaster at Texas City, Tex., Army (indefinite)	910	Exp.	160	24	-24
(Unobligated balance is being written off in 1962.)					
Wildlife conservation, etc., military reservations, Air Force (indefinite special fund)	404	NOA	26	27	27
		Exp.	30	29	32
Game permit fees are used to carry out a program of fish and game conservation and rehabilitation.					
					3
Total, miscellaneous accounts		NOA	26	27	27
		Exp.	192	53	32
					-21
Total, Department of Defense—Civil.		NOA	978,050	1,012,000	1,065,862
				†2,200	
		Exp.	972,358	1,012,506	1,070,783
				†2,100	†100
					56,277

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

<b>FOOD AND DRUG ADMINISTRATION</b>					
<b>Current authorizations:</b>					
Salaries and expenses	651	NOA	18,848	22,783	28,400
		Exp.	17,409	20,499	24,955
Increase covers 25% expansion of staff to continue strengthening of the agency to meet increasing consumer protection responsibilities.					
					5,617
Salaries and expenses, certification, inspection and other services (indefinite special fund)	651	NOA	1,506	1,790	1,882
		Exp.	1,334	1,583	1,975
Industry fees finance safety testing and certification of antibiotics, insulin, and color additives for use in foods, drugs, or cosmetics and establishment of pesticide and color tolerances.					
					92
Pharmacological-animal laboratory building	651	NOA	100	1,750	-1,750
		Exp.	8	292	1,198
Facility at Beltsville, Md., will be completed in early 1963 from prior years' financing.					
† Proposed for separate transmittal.					

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
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**DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued**

<b>FOOD AND DRUG ADMINISTRATION—Continued</b>					
<b>Intragovernmental funds:</b>					
Advances and reimbursements.651 Exp.	-14				
Total, Food and Drug Administration. NOA	20,454	26,323	30,282	3,959	
Exp.	18,737	22,374	28,420	6,046	
<b>OFFICE OF EDUCATION</b>					
<b>Current authorizations:</b>					
Promotion and further development of vocational education.704 NOA	33,672	33,672	34,672	1,000	Increase in grants to States and possessions will expand practical nurse training program.
Exp.	32,644	33,272	34,272	1,000	
Further endowment of colleges of agriculture and the mechanic arts.....702 NOA	2,502	8,194	11,950	3,756	Increased grants are proposed for land-grant colleges to reach the authorized level.
Exp.	2,502	8,194	11,950	3,756	
Grants for library services.....704 NOA	8,800	7,500	7,500		Program is planned to continue at maximum authorized level.
Exp.	7,414	8,103	7,400	-703	
Payments to school districts (Proposed legislation†).....701 NOA	217,300	231,293	{ 232,293 }	-48,500	Payments will be made to about 4,200 school districts in support of attendance of some 1.8 million federally connected children. This compares with 4,000 school districts and 1.7 million children in 1962. Proposed legislation would reduce the Federal responsibility.
Exp.	207,749	227,199	{ †-49,500 }	-32,199	
			{ 230,000 }		
			{ †-35,000 }		
Assistance for school construction (Proposed legislation †).....701 NOA	63,392	54,850	{ 55,045 }	-8,505	Program in 1963 will assist in providing approximately 2,861 classrooms for about 83,567 pupils. Proposed legislation would reduce the Federal obligation to local school districts for this special assistance.
Exp.	71,042	64,000	{ †-8,700 }	-5,000	
			{ 60,000 }		
			{ †-1,000 }		

Defense educational activities: (Assistance for elementary and secondary education)-----701	NOA Exp.	86,500 53,703	87,100 66,107	87,250 73,050	150 6,943	Payments will continue at about same level as 1962, but expenditure increase reflects greater utilization of allotments for science, mathe- matics, and foreign language laboratory equipment.
(Assistance for higher educa- tion)-----702	NOA Exp.	83,730 72,456	{ 103,407 †16,155 99,522 }	{ 118,700 101,795 †16,155 }	{ -862 18,428 }	The supplemental is needed in 1962 so that loan commitments can be made to freshmen entering school for the academic year 1962-1963. Programs will remain at about the same level as 1962.
(Other aids to education)---704	NOA Exp.	17,250 16,980	21,120 20,324	23,500 22,000	2,380 1,676	Grants to States for vocational training of skilled technicians are in- creased.
Expansion of teaching in education of the mentally retarded---704	NOA Exp.	1,000 814	1,000 950	1,000 950	-----	Grants will continue at the maximum authorized level.
Expansion of teaching in education of the deaf-----704	NOA Exp.	-----	1,500	1,500 1,490	----- 1,490	It is proposed to continue appropriations at the maximum authorized level.
Cooperative research-----704	NOA Exp.	3,357 3,155	5,000 4,024	11,000 6,218	6,000 2,194	156 prior-year projects will continue. New projects will be instituted including special emphasis on research to improve the teaching of Social Studies. Funds are provided for full costs of new projects.
Salaries and expenses-----704	NOA Exp.	10,518 10,401	11,669 11,434	12,741 12,165	1,072 731	Emphasis is placed on data collection, survey, research, and consulta- tive services directed toward improvement of educational quality.
Salaries and expenses (special for- eign currency program)-----704	NOA Exp.	31 1	----- 29	400 50	400 21	Studies of educational systems of other countries will be expanded, and research will be initiated with attention to development of talented youth and teaching of reading. Excess currencies will be used.
Land-grant college aid-----702	NOA Exp.	2,225 2,225	3,775 3,775	-----	-3,775 -3,775	Final payment on \$6 million grant to State of Hawaii was made in 1962.
Aid to public elementary and sec- ondary education (proposed legislation)-----701	NOA Exp.	-----	-----	†600,000 †90,000	600,000 90,000	Legislation is recommended to provide Federal assistance to public school systems for construction, additional teachers, and increased salaries.
Aid to higher education (proposed legislation)-----702	NOA Exp.	-----	-----	†332,200 †20,800	332,200 20,800	Legislation is recommended to authorize a 5-year program of low- interest rate loans for construction, rehabilitation, and improvement of academic facilities in public and other nonprofit institutions of higher education. It would also authorize a scholarship program.
Improvement in educational qual- ity (proposed legislation)---701	NOA Exp.	-----	-----	†120,000 †40,000	120,000 40,000	Legislation is recommended to improve the quality of elementary and secondary education through strengthening of teacher education and by promotion of better instructional practices.

†Proposed for separate transmittal.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>						
<b>OFFICE OF EDUCATION—Continued</b>						
<b>Permanent authorizations:</b>						
Colleges for agriculture and the mechanic arts.....	NOA Exp.	2,550 2,550	2,550 2,550	2,550 2,550	----- -----	Annual grants of \$50 thousand are made to each State and Puerto Rico.
Promotion of vocational educa- tion, Act of Feb. 23, 1917 (in- definite).....	NOA Exp.	7,170 7,154	7,161 7,161	7,161 7,161	----- -----	Grants to States will continue at maximum authorized level.
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....	Exp.	—15	2	2	-----	
Total, Office of Education....	NOA	539,997	{ 579,791	{ 607,262	{ 1,005,316	
	Exp.	490,774	{ †16,155 556,646	{ †994,000 571,053 †130,955	{ 145,362	
<b>OFFICE OF VOCATIONAL REHABILITATION</b>						
<b>Current authorizations:</b>						
Grants to States.....	NOA Exp.	56,200 53,695	64,450 62,350	72,940 71,000	8,490 8,650	Increase permits matching of available State funds to rehabilitate 110,400 handicapped persons—a 10% increase over 1962.
Research and training.....	NOA Exp.	15,430 14,814	20,250 17,622	23,900 21,540	3,650 3,918	Increase will permit initiation of 85 research projects and continuation of 205, and will support 7,483 traineeships and 436 teaching grants in 1963, compared to 4,808 and 355 in 1962.
Research and training (special foreign currency program).....	NOA Exp.	930 114	1,372 1,256	2,000 1,467	628 211	Use of overseas facilities for rehabilitation research will expand. Only currencies excess to normal U.S. needs will be used.
Salaries and expenses.....	NOA Exp.	1,959 1,868	2,325 2,244	2,486 2,460	161 216	Initiation of a program of direct research is planned. Executive direction and administrative support will be strengthened.

Vocational rehabilitation for peacetime ex-servicemen (proposed legislation).....654	NOA Exp.	----- -----	----- -----	†10,800 †10,800	10,800 10,800	Legislation is proposed to provide vocational rehabilitation for peacetime ex-servicemen through the Federal-State program.
<b>Intragovernmental funds:</b>						
Advances and reimbursements.654	Exp.	----- -1	----- -----	----- -----	----- -----	
Total, Office of Vocational Rehabilitation.	NOA	74,519	88,397	{ 101,326 †10,800 }	23,729	
	Exp.	70,490	83,472	{ 96,467 †10,800 }	23,795	
<b>PUBLIC HEALTH SERVICE</b>						
<b>Current authorizations:</b>						
Buildings and facilities.....651	NOA	3,470	{ 18,230 †2,000 }	27,000	6,770	The 1962 supplemental is for site acquisition and plans for environmental health facilities. The 1963 program includes \$4 million for water pollution control laboratories and \$3.2 million to equip the expanded communicable disease center, and for the National Institutes of Health \$10.3 million for a cancer research facility and \$9.5 million for utility system extensions and 4 new research or administrative facilities.
Reappropriation.....	NOA Exp.	306 10,497	{ 7,281 †100 }	13,100 †1,900 }	7,619	
Accident prevention.....651	NOA Exp.	----- -----	3,616 2,848	3,668 3,400	52 552	Increase will be applied to traffic accident research and poison control.
Chronic diseases and health of the aged.....651	NOA Exp.	----- -----	12,956 10,998	22,942 21,500	9,986 10,502	Increase will provide expanded program of grants to States and other public and nonprofit agencies for developing or improving health services for the aged and chronically ill. Increased support will also be given early disease detection and restorative services programs.
Communicable disease activities.....651	NOA Exp.	15,393 14,296	9,963 8,751	10,062 9,400	99 649	Program expansion of about \$1 million mainly for assistance to States for evaluation and improvement of diagnostic laboratory services, offset by 1962 nonrecurring expenses.
Community health practice and research.....651	NOA Exp.	27,135 25,608	22,331 20,820	25,776 24,000	3,445 3,180	Public health traineeships awarded will double and support grants to the 12 public health schools will be increased. Research in public health practice and medical economics will be increased, and migrant health services expanded.
Control of tuberculosis.....651	NOA Exp.	6,493 6,424	6,493 6,000	6,493 6,000	----- -----	An additional \$1 million is proposed for support of project grants, offset by a decrease in grants to States.

†Proposed for separate transmittal.

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>						
<b>PUBLIC HEALTH SERVICE—Continued</b>						
<b>Current authorizations—Continued</b>						
Control of venereal diseases...651	NOA		6,000	7,000	1,000	Increase will support an accelerated program, directed toward eradication of syphilis as a major public health problem.
	Exp.	298	5,500	6,500	1,000	
Dental services and resources...651	NOA		2,400	2,506	106	Increase will expand programs for dental disease prevention through fluoridation, and dental manpower supply and utilization.
	Exp.		2,170	2,300	130	
Nursing services and resources...651	NOA		7,641	8,438	797	Traineeships will be increased to teach 1,700 additional nurses to be teachers, supervisors, and administrators.
	Exp.		6,917	7,900	983	
Hospital construction activities...651	NOA	186,200	211,500	176,220	-35,280	Program will commence 704 hospital and medical facility projects providing 22,282 beds. Though lower than 1962, it will allow general hospital beds to match population growth and obsolescence; allows more emphasis for diagnostic and long-term care facilities.
	Exp.	158,185	173,850	192,100	18,250	
Air pollution...651	NOA		8,589	10,069	1,480	Research grants will increase from 76 to 108 and training grants from 7 to 29. Control and biologic effects research will be expanded.
	Exp.		6,389	8,800	2,411	
Milk, food, interstate, and community sanitation...651	NOA		7,420	7,502	82	Research grants will increase from 165 to 196. Milk and food sanitation services and research on solid wastes disposal will be expanded.
	Exp.		6,256	6,400	144	
Occupational health...651	NOA		3,967	4,022	55	Laboratory research and epidemiologic studies will be expanded.
	Exp.		3,396	3,500	104	
Radiological health...651	NOA		10,493	15,875	5,382	Research grants increase from 59 to 75, traineeships from 75 to 150. A new State grant program is proposed. Emphasis will be placed on countermeasures, monitoring and fallout surveillance activities.
	Exp.		8,947	13,800	4,853	
Water supply and water pollution control...651	NOA		20,267	23,607	3,340	The program will permit increased research, demonstration, and training grants, expansion of river basin studies, expanded water quality data network, and strengthened enforcement activities.
	Exp.		17,805	20,500	2,695	

Grants for waste treatment works construction.....651	NOA Exp.	46,101 44,085	80,000 45,000	90,000 55,000	10,000 10,000	Program provides the maximum amount authorized in 1963 and will permit offering of 900 grants compared to 800 in 1962.
Hospitals and medical care...651	NOA Exp.	56,023 54,495	{ 49,835 48,153 †92 }	{ 50,259 48,200 }	332 -45	A supplemental is needed in 1962 to cover dependents' medical care. Increase in 1963 reflects general increase in program costs for medical services including dependents' medical care.
Foreign quarantine activities...651	NOA Exp.	5,110 4,977	6,082 5,647	4,292 3,800	-1,790 -1,847	Decrease reflects crediting to appropriation the fees for medical examinations formerly given without charge.
Indian health activities.....651	NOA	49,742	{ 52,530 †267 }	{ 55,399 }	2,602	Supplemental in 1962 is needed for wage board pay increases. In 1963 the increase will cover a 3.1% increase in Hospital health service inpatient load, a 2.6% increase in outpatient visits, a 9.5% increase in Contract patient care cost and advance procurement of supplies for Alaska health facilities. Permanent authority to incur obligations in advance of appropriations will not be used in 1963.
Permanent contract authorization.....651	NOA	435	435	-----	-435	
Liquidation of contract authorization.....651	Exp.	(529) 48,024	(435) 50,612 †267 }	(435) 53,595	----- 2,716	
Construction of Indian health facilities.....651	NOA Exp.	9,714 9,757	8,285 11,000	9,220 8,605	935 -2,395	Program includes construction of 2 replacement hospitals, 3 health centers, 3 health stations, 20 sets of personnel quarters, and 67 sanitation projects. It includes 23 alteration and expansion projects and participation in construction of a community hospital.
National Institutes of Health:						In the following items are program increases which are greater than the NOA changes shown; 1962 NOA is not being fully used. Increases include: \$63 million for ongoing projects, \$5 million for added indirect costs of research grants, \$10 million for general institutional research grants, \$6 million for clinical research centers, \$10 million for training of mental health service personnel, \$9 million for intramural programs with emphasis on research and collaborative studies. The level of \$96 million for new research proposals is continued in 1963.
General research and services.....651	NOA Exp.	83,900 55,657	127,589 107,275	147,826 134,000	20,237 26,725	An estimated 2,042 research grants will be supported, compared to 1,782 in 1962. Emphasis will be placed on direct operation in support of the Biologics Control Act.
National Cancer Institute...651	NOA Exp.	111,000 86,070	142,742 115,610	139,109 127,000	-3,633 11,390	Approximately 2,202 research grants will be supported, as compared to 1,887 in 1962. Increased emphasis will be placed on direct research, and professional and technical assistance.

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>Current authorizations—Continued</b>					
National Institutes of Health—Continued					
Mental health activities.....651 NOA	95,761	108,820	126,899	18,079	Research grants will total 1,910, compared to 1,605 in 1962. Training grants will increase to 1,211 in 1963 over 1,099 in 1962. Traineeships will number 4,266 in 1963, compared with 3,863 in 1962.
Exp.	71,662	89,229	115,000	25,771	
National Heart Institute.....651 NOA	86,900	132,864	126,898	—5,966	Program will support an increase in research grants from 2,717 in 1962 to 3,220, with some increase in direct research and collaborative studies.
Exp.	67,020	108,500	115,000	6,500	
National Institute of Dental Research.....651 NOA	15,500	17,335	17,199	—136	Increase is primarily in number and value of research grants to be made—460 grants as opposed to 420 in 1962.
Exp.	11,652	14,215	16,000	1,785	
Arthritis and metabolic disease activities.....651 NOA	61,200	81,802	91,921	10,119	Approximately 3,093 research grants will be supported, as compared to 2,740 in 1962.
Exp.	50,005	66,260	84,000	17,740	
Allergy and infectious disease activities.....651 NOA	44,000	56,074	59,342	3,268	Approximately 1,860 research grants will be supported, as compared to 1,670 grants in 1962.
Exp.	37,656	44,860	54,000	9,140	
Neurology and blindness activities.....651 NOA	49,600	70,745	71,206	461	Increase is primarily attributable to increase in the number and dollar value of research grants.
Exp.	40,763	57,296	65,000	7,704	
Grants for construction of health research facilities.....651 NOA	30,000	30,000	50,000	20,000	Funds are proposed for the 7th year of a \$230 million 7-year program of matching grants for the construction of new and improved non-Federal research facilities in the sciences related to health.
Exp.	21,963	25,000	30,000	5,000	
Grants for cancer research facilities.....651 NOA	-----	5,000	-----	—5,000	8 non-matching construction grants were made in 1962.
Exp.	-----	200	1,000	800	
Total, National Institutes of Health..... NOA	577,861	772,972	830,400	57,428	
Exp.	442,448	628,445	741,000	112,555	

Scientific activities overseas (special foreign currency program) 651	NOA Exp.	3,707 10	9,000 3,000	2,800 4,800	-6,200 1,800	Program expands but NOA declines through use of prior balance of excess currencies.
National health statistics..... 651	NOA Exp.	----- -----	4,642 3,860	5,250 4,850	608 990	Increase permits the full-scale operation of the health examination, interview, and records surveys and improvements in data processing and vital statistics reporting.
National Library of Medicine. 651	NOA Exp.	1,738 1,670	2,066 1,840	3,335 3,100	1,269 1,260	Increase reflects the transfer to the Library of responsibility for financing the scientific translation program and the medical literature analysis and retrieval system as well as increased workload.
Retired pay of commissioned officers..... 651	NOA Exp.	1,927 1,931	2,377 2,377	2,671 2,671	294 294	Officers on retired rolls are expected to increase from 388 to 432 in 1963.
Emergency health activities..... 059	NOA Exp.	----- -----	35,433 16,000	41,445 31,000	6,012 15,000	The program places an additional 750 emergency hospitals in strategic positions and replacement of obsolete and deteriorated items in medical stockpiles and prepositioned hospitals. Training and community preparedness assistance to State and local governments will be expanded.
Salaries and expenses, Office of the Surgeon General..... 651	NOA Exp.	7,368 7,038	5,560 5,297	5,850 5,450	290 153	Central management and administrative service activities will be strengthened in support of expanding programs.
Hospital and medical facility research..... 651	NOA Exp.	----- -----	10,000 2,500	----- 3,900	-10,000 1,400	Activities are included under Hospital construction activities for 1963.
Environmental health activities 651	NOA Exp.	27,768 23,435	----- 5,846	----- -----	----- -5,846	Activities are included elsewhere in 1962 and 1963.
Salaries and expenses, hospital construction services..... 651	NOA Exp.	1,736 1,693	----- 126	----- -----	----- -126	Activities are included under Hospital construction activities in 1962 and 1963.
Construction of mental health-neurology research facility.. 651	NOA Exp.	12,139 11	----- 600	----- 2,000	----- 1,400	Construction will be completed in 1965; no NOA is needed in 1963.
Aid to medical education (proposed legislation)..... 651	NOA Exp.	----- -----	----- -----	†34,400 †9,300	34,400 9,300	Legislation is recommended to authorize grants for the construction of medical, dental, osteopathic, and public health teaching facilities; and to provide scholarships for medical, dental, and osteopathic students, with cost-of-education payments to the schools.
Construction of mental health facilities, Alaska..... 651	Exp.	2,446	3,699	-----	-3,699	(Program is being completed in 1962.)

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>Current authorizations—Continued</b>					
Dependents' medical care.....651 Exp.		1		-1	(This program is now part of Hospitals and medical care.)
Grants and special studies, Alaska 651 Exp.	-22				(Recoveries on prior expenditures occurred in 1961.)
Grants to States for poliomyelitis vaccination.....651 Exp.	-6				(Recoveries on prior expenditures occurred in 1961.)
Surveys and planning for hospital construction.....651 Exp.	-3				(Recoveries on prior expenditures occurred in 1961.)
<b>Public enterprise funds:</b>					
Operation of commissaries, narcotic hospitals.....651 Exp.	-9	12	1	-11	Program of about \$250 thousand is self-sustaining.
<b>Intragovernmental funds:</b>					
Bureau of State Services management fund.....651 Exp.	-355				
National Institutes of Health management fund.....651 Exp.	-520				
Service and supply fund.....651 Exp.	-143	-30	15	45	
Working capital fund, narcotic hospitals.....651 Exp.	47	-6	12	18	
Advances and reimbursements.651 Exp.	-30	70		-70	
Total, Public Health Service. NOA	1,040,366	1,391,083	1,452,101	93,059	
Exp.	856,286	1,121,977	1,307,199	195,963	
		†2,359	†34,400		
		†459	†11,200		

## SAINT ELIZABETHS HOSPITAL

## Current authorizations:

Salaries and expenses.....651	NOA	4,572	{ 5,105 †177 }	5,974	692
	Exp.	4,743	{ 4,833 †177 }	5,875	865
Buildings and facilities.....651	NOA	5,445	{ 575 70 }	8,095	7,450
Reappropriation.....651	NOA				
	Exp.	492	{ 3,368 3,222 }	3,222	-146
<b>Intragovernmental funds:</b>					
Advances and reimbursements.651	Exp.	-19	{ 15 3 }	3	-12
Total, Saint Elizabeths Hos- pital.	NOA	10,017	{ 5,750 †177 }	14,069	8,142
	Exp.	5,216	{ 8,216 †177 }	9,100	707

A supplemental is needed in 1962 for wage board pay increases and an increase in the number of Federal beneficiaries cared for. Increase in 1963 will permit staffing of a replacement 250-bed treatment and cafeteria building and upgrading supplies and equipment.

Program in 1963 includes funds for construction and equipment of a replacement 450-bed treatment facility and for a number of improvement projects on existing facilities.

SOCIAL SECURITY ADMINIS-  
TRATION

## Current authorizations:

Limitation on salaries and ex- penses, Bureau of Old-Age and Survivors Insurance (trust fund).		(232,200)	(267,570)	(285,400)	(17,830)
Limitation on construction, Bu- reau of Old-Age and Survivors Insurance (trust fund).			(4,000)		(-4,000)
Payments for military service credits.....654	NOA			78,600	78,600
	Exp.			78,600	78,600
Grants to States for public assist- ance.....653	NOA	2,177,000	{ 2,401,200 †140,000 }	2,688,300	147,100
	Exp.	2,166,986	{ 2,429,017 †140,000 }	2,682,220	113,203

(Increase provides for a \$15 million contingency reserve and expanding workload, including 6% increase in accounts maintained, 6% in benefit payments, and 27% in claim appeal hearings, partly offset by a 12% decline in OASI claims.)

(1962 appropriation will finance construction of an extension to the headquarters annex.)

Payment to the OASDI trust funds of the 1st of 7 annual installments for the costs of benefits paid during the period Sept. 1, 1950, through June 30, 1960.

A 1962 supplemental is needed to cover an estimated increase in recipients under programs of medical assistance for the aged and aid to dependent children. Increase in 1963 is primarily in further expanded programs of medical assistance to the aged, and aid to dependent children (latter is partly dependent upon extension of legislation).

†Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>SOCIAL SECURITY ADMINIS- TRATION—Continued</b>					
<b>Current authorizations—Continued</b>					
Improvement in public welfare NOA programs (proposed legislation) Exp.			†93,000	93,000	Proposals will be made to improve Federal-State public assistance and child welfare programs, particularly to reduce dependency.
653			†93,000	93,000	
Grants to States for training of NOA public welfare personnel.....653 Exp.			3,500	3,500	Requested funds will alleviate the shortage of trained workers needed to help reduce dependency.
			3,500	3,500	
Assistance for repatriated United NOA States nationals.....653 Exp.		764	875	111	Proposal anticipates an increase in the number of repatriates needing help.
		662	857	195	
Salaries and expenses, Bureau of NOA Family Services.....653 Exp.	2,727	3,442	4,096	654	Increase stresses services to reduce dependency. Estimate provides for civil defense activities formerly budgeted elsewhere.
	2,641	3,305	4,023	718	
Grants for maternal and child wel- NOA fare.....651 Exp.	51,833	69,100	76,750	7,650	Increase will permit expanded program of child welfare services, and increased emphasis on related research and demonstration projects.
	51,522	68,885	75,351	6,466	
Salaries and expenses, Children's NOA Bureau.....651 Exp.	2,493	2,668	2,853	185	Increase will permit limited program expansion.
	2,467	2,619	2,849	230	
Cooperative research or demon- NOA stration projects in social secu- Exp. rity.....653	350	700	1,900	1,200	Program provides the full cost of initiating approximately 16 projects in 1963 and continuation of 13 prior year projects.
	186	492	961	469	
International Social Security As- NOA sociation Meeting.....653 Exp.			100	100	This provides for planning and conducting the 1964 meeting in the United States.
			3	3	
Research and training (special NOA foreign currency program).....651 Exp.		1,607	1,800	193	Increased emphasis will be put on studies in maternal and child health and social welfare. Only excess currencies will be used.
		498	1,083	585	
Salaries and expenses, Office of the NOA Commissioner.....653	373	590	711	121	Direction, coordination, and long-range program analysis and research will be strengthened.

Limitation payable from OASI trust fund.	Exp.	(296) 356	(322) 517	(418) 693	(96) 176
White House Conference on Chil- dren and Youth.....651	NOA Exp.	150 154	----- 9	----- -----	----- -9
Assistance to Cuban refugees (pro- posed legislation).....653	NOA Exp.	----- -----	----- -----	†45,000 †42,000	45,000 42,000
<b>Public enterprise funds:</b>					
Operating funds, Bureau of Fed- eral Credit Unions.....654	Exp.	-139	26	-7	-33
<b>Intragovernmental funds:</b>					
Advances and reimbursements.653	Exp.	15	1	-----	-1
Total, Social Security Admin- istration.	NOA	2,234,926	{ 2,480,071 †140,000	{ 2,859,485 †138,000	377,414
	Exp.	2,224,188	{ 2,506,031 †140,000	{ 2,850,133 †135,000	339,102
<b>SPECIAL INSTITUTIONS</b>					
<b>American Printing House for the Blind</b>					
<b>Current authorizations:</b>					
Education of the blind.....704	NOA	400	670	718	48
	Exp.	400	670	718	48
<b>Freedmen's Hospital</b>					
Salaries and expenses.....651	NOA	3,498	3,736	3,909	173
	Exp.	3,416	3,632	3,809	177
<b>Gallaudet College</b>					
Salaries and expenses.....702	NOA	1,074	1,256	1,410	154
	Exp.	1,053	1,200	1,510	310
Construction.....702	NOA	2,512	} 601	355	-246
Reappropriation.....	NOA	14			
	Exp.	625	2,536	690	-1,846
Total, Gallaudet College....	NOA	3,600	1,857	1,765	-92
	Exp.	1,678	3,736	2,200	-1,536

†Proposed for separate transmittal.

Program was completed in 1961.

Legislation is proposed to authorize financial assistance, education, and vocational training, and resettlement by HEW.

Program of \$4.5 million is financed by fees for services performed.

Increase is estimated in number of blind children served from 15,973 in 1962 to 17,175 in 1963.

Increase is for better care, more training, and opening a 50-bed unit for full-pay patients, the latter adding \$385 thousand in receipts.

Increased faculty and operating costs provide for increase in enrollment estimated at more than 15%.

Provides principally for planning of new dormitories and for repair and renovation on older buildings.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>SPECIAL INSTITUTIONS—Continued</b>					
<b>Howard University</b>					
Current authorizations—Continued					
Salaries and expenses.....702 NOA	5,490	7,007	7,492	485	Increase is for improving quality (with emphasis on research and library), more student aid, and higher maintenance costs.
Exp.	5,523	6,973	7,202	229	
Plans and specifications.....702 NOA	225	461	86	-375	The program provides for the planning of a social work building, and for restudying and updating the master development plan.
Reappropriation..... NOA	16				
Exp.	86	399	209	-190	
Construction and purchase of NOA	1,433	4,447	5,531	1,084	The program will finance construction of a classroom building and a women's dormitory, acquisition of a warehouse service building, and completion of additional powerplant facilities and renovations.
buildings.....702					
Reappropriation..... NOA	2				
Exp.	580	3,730	3,778	48	
Construction of auditorium-fine		(95)		(-95)	
arts building (liquidation of		76		-76	
contract authorization).....702					
Exp.	104				
Total, Howard University... NOA	7,166	11,915	13,109	1,194	
Exp.	6,294	11,177	11,190	13	
Total, special institutions..... NOA	14,664	18,178	19,501	1,323	
Exp.	11,789	19,215	17,917	-1,298	
<b>OFFICE OF THE SECRETARY</b>					
Salaries and expenses.....654 NOA	2,209	2,527	3,058	531	Executive direction, program evaluation and review, information services, and administrative support will be strengthened to meet expanded program responsibility.
Limitation payable from OASI	(326)	(352)	(412)	(60)	
trust fund.					
Exp.	2,196	2,317	3,000	683	

Salaries and expenses, Office of Field Administration.....654	NOA	2,942	3,220	3,565	345	Administrative services will be expanded to adequately support increasing program activity in the 9 regional offices of the Department. Includes civil defense activities previously funded elsewhere.
Limitation payable from OASI trust fund and BFCU operating fund.	Exp.	(1,200)	(1,465)	(1,495)	(30)	
Surplus property utilization....654	NOA	786	862	870	8	Estimate will support personal property allocations and real property transfers estimated over \$440 million.
	Exp.	757	851	851	-----	
Salaries and expenses, Office of the General Counsel.....654	NOA	650	713	856	143	The estimate will allow the office to keep abreast of the workload under recent legislation and expansion of Department's programs.
Limitation payable from OASI trust fund and FDA certification account.	Exp.	(646)	(696)	(725)	(29)	
	Exp.	648	660	830	170	
Juvenile Delinquency and Youth Offenses.....654	NOA	-----	8,200	8,500	300	Slight increase in NOA and major increase in expenditures is for demonstration and evaluation projects and personnel training.
	Exp.	-----	3,088	6,564	3,476	
White House Conference on Aging.....654	NOA	785	-----	-----	-----	Conference was completed in 1961.
	Exp.	710	89	-----	-89	
Intragovernmental funds:						
Working capital fund.....654	Exp.	79	-19	-17	2	
Advances and reimbursements.654	Exp.	-45	-----	-----	-----	
Total, Office of the Secretary..	NOA	7,372	15,522	16,849	1,327	
	Exp.	7,226	10,143	14,735	4,592	
Total, Department of Health, Education, and Welfare.	NOA	3,942,315	{ 4,605,115	5,100,875	} 1,514,269	
			{ †158,691	†1,177,200		
	Exp.	3,684,705	{ 4,328,074	4,895,024	} 714,269	
			{ †140,636	†287,955		

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (In thousands of dollars)

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR						
PUBLIC LAND MANAGEMENT						
Bureau of Land Management						
Current authorizations:						
Management of lands and re- sources.....401	NOA	32,071	{ 33,472 }	41,552	6,080	The supplemental for 1962 is for fire suppression. The increase in 1963 will accelerate the comprehensive inventory of public lands and re- sources, improve records service to the public, increase trespass con- trol, and expand fire prevention activities. Increased emphasis will be placed on multiple use of public lands and development of forest resources. Cadastral surveys and soil and moisture work will be accelerated.
	Exp.	31,454	{ 2,000 33,100 1,900 }	{ 36,532 100 }	1,632	
Construction.....401	NOA	350	850	1,000	150	Construction of access roads, fire lookouts, and miscellaneous support buildings. No significant change in program is planned.
	Exp.	321	625	1,000	375	
Oregon and California grant lands (receipt limitation) (indefi- nite).....401	NOA	7,018	7,750	7,750	-----	A sum equal to 25% of revenues from these lands is available for road construction and maintenance, reforestation, and the development and maintenance of recreational facilities.
	Exp.	7,261	7,750	7,750	-----	
Range improvements (receipt limitation) (indefinite).....401	NOA	863	740	1,045	305	A sum usually equal to 25% of grazing revenues is used for range improvements. Increase in revenues is expected.
	Exp.	710	750	945	195	
Expenses, Public Land Adminis- tration Act (indefinite special fund).....401	NOA	251	-----	-----	-----	This account has now become a permanent appropriation.
	Exp.	36	-----	-----	-----	
Permanent authorizations:						
Expenses, sale of timber, etc., on reclamation lands (indefinite special fund).....402	NOA	-----	2	2	-----	Some receipts from timber sales are used to cover the cost of sales.
	Exp.	1	2	2	-----	
Leasing of grazing lands (receipt limitation).....401	NOA	-----	1	1	-----	Grazing lands intermingled with public grazing lands are managed on a leased basis within the limits of receipts.
	Exp.	1	1	1	-----	

Payments to Oklahoma (royalties receipt limitation).....403	NOA Exp.	11 11	7 7	10 10	3 3	Oklahoma is paid 37½% of the Red River oil and gas royalties in lieu of taxes on Kiowa, Comanche, and Apache tribal funds.
Payments to Coos and Douglas Counties, Oreg., from receipts, Coos Bay Wagon Road grant lands (indefinite special fund).....402	NOA Exp.	98 73	100 125	100 100	----- -25	Out of receipts from the Coos Bay Wagon Road grant lands, payments in lieu of taxes are made to Coos and Douglas Counties, Oreg.
Payments to counties, Oregon and California grant lands (indefinite special fund).....402	NOA Exp.	16,259 16,259	14,455 14,455	15,500 15,500	1,045 1,045	50% of receipts of Oregon and California land-grant fund is paid the counties in which the lands are situated.
Payments to States (grazing fees) (indefinite special fund)....401	NOA Exp.	1 1	1 1	1 1	----- -----	The States are paid 33⅓% of the fees from grazing districts on certain Indian lands.
Payments to States (proceeds of sales) (receipt limitation)....401	NOA Exp.	304 304	260 260	269 269	9 9	The States are paid 5% of the net proceeds from sale of public land and public land products.
Payments to States from grazing receipts, etc., public lands outside grazing districts (indefinite special fund).....401	NOA Exp.	277 210	268 201	405 405	137 204	The States are paid 50% of grazing receipts from public domain lands outside grazing districts.
Payments to States from grazing receipts, etc., public lands within grazing districts (indefinite special fund).....401	NOA Exp.	363 252	310 214	465 465	155 251	The States are paid 12½% of grazing receipts from grazing district lands within their boundaries.
Payments to States from grazing receipts, etc., public lands within grazing districts, miscellaneous (indefinite special fund)....401	NOA Exp.	5 4	5 4	5 5	----- -----	The States are paid specific amounts from grazing fee receipts from miscellaneous lands within grazing districts when payment is not feasible on a percentage basis.
Payments to States from receipts under Mineral Leasing Act (indefinite special fund).....403	NOA Exp.	34,729 34,737	38,297 38,297	42,000 42,000	3,703 3,703	Alaska is paid 90% and other States 37½% from bonuses, royalties, and rentals received under the Minerals Leasing Act.
Payments to State of Alaska, income and proceeds, Alaska school lands (indefinite special fund).....401	NOA Exp.	4 12	----- 4	----- -----	----- -----	Income from secs. 16 and 36 of each township and proceeds from sec. 33 in each township in the Tanana Valley are payable to Alaska for educational purposes.

† Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>PUBLIC LAND MANAGEMENT—Con.</b>					
<b>Bureau of Land Management—Continued</b>					
<b>Permanent authorizations—Continued</b>					
Payments to counties, national NOA	97	215	215		Of revenues received from submarginal lands, 25% is paid to the counties in which such land is situated.
grasslands (indefinite special Exp. fund).....401	97	164	215	51	
Expenses, Public Land Adminis- NOA		500	500		Moneys received from certain bond forfeitures and road maintenance deposits of users are used for forest improvement and road maintenance.
tration Act (indefinite special Exp. fund).....401		400	500	100	
<b>Intragovernmental funds:</b>					
Advances and reimbursements.401 Exp.	-2	2		-2	
<b>Total, Bureau of Land Man- NOA</b>	<b>92,702</b>	<b>{ 97,233 }</b>	<b>110,820</b>	<b>11,587</b>	
agement.		<b>{ 72,000 }</b>			
Exp.	91,741	<b>{ 96,360 }</b>	<b>105,700</b>	<b>7,540</b>	
		<b>{ 1,900 }</b>	<b>{ 100 }</b>		
<b>Bureau of Indian Affairs</b>					
<b>Current authorizations:</b>					
Education and welfare services:					
Appropriation.....704 NOA	65,972	71,162	82,207	11,045	Increase will support a 8.2% increase in school attendance, a 4.1% increase in welfare and guidance services, and a strengthening of law enforcement.
Contract authorization (perma- NOA	542	620	620		
ment).....704					
Appropriation to liquidate con- (469)	(469)	(542)	(620)	(78)	
tract authorization.					
Exp.	65,830	68,000	80,575	12,575	

Resources management.....	401	NOA	24,861	{ 29,025 †1,000 }	34,417	4,392	The 1962 supplemental is for firefighting. Resources management activities will be strengthened and a new program for the development of Indian tribes will be initiated with the increase.
		Exp.	24,667	{ 27,136 †900 }	33,520 †100 }	5,584	
Construction.....	401	NOA	16,265	39,560	54,765	15,205	The 1963 program includes 34 school projects, 11 additions to schools, and rehabilitation of 2 schools. It also includes 1 storm shelter, 2 jails, 1 fire station and 9 utility systems.
		Exp.	17,799	19,000	43,500	24,500	
Road construction:							
Contract authorization:							
Current.....	401	NOA	12,000			-12,000	NOA is not required in 1963. Balance of prior year authority is adequate for 1963 program which is made up of the most critical road and bridge improvement needs on a 16,446-mile system. Includes grading and draining 393 miles, surfacing 430 miles, bridge construction (1,638 feet), and surveying and planning 484 miles.
Permanent.....	401	NOA		12,000			
Appropriation to liquidate contract authorization.	401	Exp.	(14,500)	(16,000)	(17,000)	(1,000)	
			13,481	19,250	19,000	-250	
General administrative expenses		NOA	3,967	3,922	4,372	450	Increase will finance administrative support of expanding educational, assistance and resources management programs.
	409	Exp.	3,892	3,955	4,318	363	
Liquidation of Klamath and Menominee Agencies.....	409	NOA	152	31		-31	The Menominee and Klamath Indian Agencies were liquidated on Apr. 30, 1961, and Aug. 13, 1961, respectively.
		Exp.	197	34		-34	
Miscellaneous accounts:							
Distribution of funds of the Creek Indians.....	409	Exp.	36	25		-25	(Payments are made from balances of prior appropriations.)
Payment to Pine Ridge Sioux Tribe of Indians.....	409	Exp.		46		-46	(Payments are made from balances of prior appropriations.)
Payment to Klamath Tribe of Indians.....	409	Exp.	8	64		-64	(Payments are made from balances of prior appropriations.)
Payment to Menominee Tribe of Indians.....	409	Exp.	52	55		-55	(Payments are made from balances of prior appropriations.)
Payment to loyal Creeks and Freedmen.....	409	Exp.	34	137		-137	(Payments are made from balances of prior appropriations.)
Payment to Indians, States, Counties, etc., act of June 11, 1940.....	409	Exp.	1				(Payments are made from balances of prior appropriations.)

†Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>PUBLIC LAND MANAGEMENT—Con.</b>					
<b>Bureau of Indian Affairs—Continued</b>					
<b>Permanent authorizations:</b>					
Claims and treaty obligations NOA	140	141	161	20	Permanent law authorizes payments to meet treaty obligations with certain Indian tribes. Proposal reflects an increase in applications for farm implement payments to Indians of the Sioux reservation.
(indefinite).....409 Exp.	143	162	161	—1	
<b>Other permanent appropriations</b> (indefinite special funds):					
Acquisition of lands and loans to NOA	14	10	10		Revenue from mineral deposits is used for acquisition of lands and loans to Indians in Oklahoma.
Indians in Oklahoma, act of Exp.	-----	97	10	—87	
June 26, 1936.....409					
Operation and maintenance, In- NOA	2,884	2,679	3,000	321	Revenue from operation and maintenance of irrigation projects is used to defray in part the cost of operating and maintaining the projects.
dian irrigation systems...401 Exp.	2,567	2,800	3,000	200	
Power systems, Indian irriga- NOA	2,002	1,600	1,700	100	Revenue from sale of power by the Colorado River, Flathead, and San Carlos power systems is used to operate and maintain the systems.
tion projects.....401 Exp.	1,966	1,650	1,700	50	
Colorado River Indian Reserva- NOA	181	180	180		Receipts from leasing of unassigned lands may be expended for the benefit of the Colorado River tribes and their members.
tion fund, Arizona.....401 Exp.	15	348	180	—168	
Purchase of land for Rocky Exp.	-----	2	-----	—2	(Payments are made from balances of prior appropriations.)
Boy's Reservation, Mont.409					
<b>Public enterprise funds:</b>					
Revolving fund for loans (current NOA		4,000	4,000		Appropriation will increase capital available for loans. (Operating loss of \$1.5 million is anticipated for 1963.)
appropriation).....401 Exp.	266	7,245	4,235	—3,010	
Liquidation of Hoonah housing Exp.	1	107	1	—106	(Balances are being used for liquidation.)
project revolving funds....409					

<b>Intragovernmental funds:</b>					
Advances and reimbursements.	Exp.	320	515	-----	-515
409					
Total, Bureau of Indian Affairs.	NOA	128,980	{ 164,930 †1,000 }	185,432	19,502
	Exp.	131,276	{ 150,627 †900 }	190,200 †100 }	38,773
<b>National Park Service</b>					
<b>Current authorizations:</b>					
Management and protection	NOA	20,509	{ 21,783 †1,000 }	27,240	4,457
405	Exp.	20,018	{ 20,582 †900 }	23,000 †100 }	1,618
Maintenance and rehabilitation of physical facilities	NOA	15,800	{ 17,869 †485 }	20,000	1,646
405	Exp.	15,616	{ 16,586 †400 }	17,000 †85 }	99
Construction	NOA	21,528	36,726	44,000	7,274
405	Exp.	20,954	22,000	22,882	882
Contract authorization:					
Current	NOA	34,000		-----	-34,000
Permanent	NOA		34,000		
Appropriation to liquidate contract authorization.	Exp.	(30,000) 31,052	(30,000) 33,009	(30,000) 43,900	10,981
Executive Mansion and grounds	NOA	505	693	658	-35
405	Exp.	519	683	657	-26
Extraordinary alterations and repairs, Executive Mansion and grounds	NOA	100		-----	
405	Exp.	121	16	-----	-16
General administrative expenses	NOA	1,581	1,581	2,100	519
405	Exp.	1,606	1,605	1,850	245

†Proposed for separate transmittal.

Supplemental for 1962 is for fire suppression. The increase for 1963 is needed because of addition of 3 new areas, additional mission 66 facilities, increased visitor use and extended season. Park and recreation planning activities will be accelerated, forest management and fire control activities expanded, and U.S. park police strengthened.

The 1962 supplemental is needed for wage board pay increases. The 1963 increase will finance maintenance of 3 additional parks and new mission 66 facilities, plus additional maintenance cost at older facilities due to increased visitation and extension of season.

The 1963 program includes the 7th year increment of a 10-year program. \$31 million will be used for visitor facilities and service facilities and \$12.5 million will acquire land principally in new park areas.

Balances of prior year authority are adequate for 1963 program. Parkway construction will continue at current level with \$16 million in construction scheduled on 7 authorized parkways. Road and trail construction includes work on 160 miles of major roads.

These funds provide for care, maintenance, and operation of the Executive Mansion and the surrounding grounds.

(Balance of prior appropriations is being spent in 1962.)

Increase is primarily for expenses previously financed under Construction appropriation.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>PUBLIC LAND MANAGEMENT—Continued</b>					
<b>National Park Service—Continued</b>					
Permanent authorizations:					
Educational expenses, children of employees, Yellowstone National Park (indefinite special fund).....405	NOA Exp. 103 99	139 143	238 150	99 7	Visitor fees are used to provide educational expenses for dependents of park personnel. In addition, \$150 thousand is programed for construction of a new elementary school in 1963.
Payment for tax losses on land acquired for Grand Teton Na- tional Park (indefinite special fund).....405	NOA Exp. 29 29	28 29	28 28	----- -1	Visitor fees are used to compensate Wyoming for tax losses on Grand Teton National Park lands.
Operation, management, mainte- nance, and demolition of fed- erally acquired properties, Independence National Histor- ical Park (indefinite special fund).....405	NOA Exp. 29 36	22 53	6 5	-16 -48	Some buildings are rented pending conversion to park purposes or demolition. Some sites are being used as parking lots. Income is used for management, maintenance, and demolition.
Purchase of Great Onyx and Crystal Cave properties, Mam- moth Cave National Park (in- definite special fund).....405	NOA Exp. 24 141	----- -----	----- -----	----- -----	The purposes of this appropriation have been accomplished.

<b>Intragovernmental funds:</b>					
Advances and reimbursements..	405 Exp.	-----	2	-----	-2
Total, National Park Service.	NOA	94,207	112,841	94,270	-20,056
	Exp.	90,192	†1,485 94,708 †1,300	109,472 †185	13,649
<b>Office of Territories</b>					
<b>Current authorizations:</b>					
Administration of Territories..	910 NOA	3,321	10,334	12,899	2,565
	Exp.	3,284	10,350	12,825	2,475
Trust Territory of the Pacific Islands.....	910 NOA	5,925	6,304	10,000	3,696
	Exp.	5,914	6,300	10,005	3,705
Alaska public works (reappropriation).....	910 NOA	300	108	-----	-108
	Exp.	1,712	275	-----	-275
<b>Permanent authorizations:</b>					
Internal revenue collections for Virgin Islands (indefinite special fund).....	910 NOA	6,494	6,173	7,000	827
	Exp.	6,494	6,173	7,000	827
<b>Public enterprise funds:</b>					
Loans to private trading enterprises, Trust Territory of the Pacific Islands.....	910 Exp.	-34	-30	-30	-----
Total, Office of Territories...	NOA	16,040	22,919	29,899	6,980
	Exp.	17,370	23,068	29,800	6,732
<b>The Alaska Railroad</b>					
Alaska Railroad revolving fund.....	506 Exp.	-109	-267	-514	-248
Total, public land management.	NOA	331,929	397,923	420,421	18,013
	Exp.	330,469	†4,485 364,497 †4,100	434,658 †385	66,446

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>						
<b>MINERAL RESOURCES</b>						
<b>Geological Survey</b>						
<b>Current authorizations:</b>						
Surveys, investigations, and re- search.....	NOA 409 Exp.	45,956 44,877	49,820 49,600	59,900 57,000	10,080 7,400	This proposal will permit an urgently required increase in quadrangle mapping and map maintenance, accelerate the experimental geology and economic geology programs, initiate a program of research in marine geology and establish an institute of water research. A new radiation laboratory (\$1.1 million) will be built.
<b>Permanent authorizations:</b>						
Payments from proceeds, sale of water, Mineral Leasing Act of 1920, sec. 40(d) (indefinite special fund).....	NOA 401	1	1	1	-----	Receipts are appropriated to develop water wells.
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....	409 Exp.	-545	990	-----	-990	
Total, Geological Survey....	NOA Exp.	45,957 44,332	49,821 50,590	59,901 57,000	10,080 6,410	
<b>Bureau of Mines</b>						
<b>Current authorizations:</b>						
Conservation and development of mineral resources.....	NOA 403 Exp.	23,019 22,776	24,800 23,800	27,000 23,800	2,200 -----	Increased emphasis will be placed on research studies involving processing and utilizing pulverized coal, oil shale, and minerals and metals.
Health and safety.....	NOA 652 Exp.	7,107 7,015	7,198 6,900	8,158 7,300	960 400	
Construction.....	NOA 403 Exp.	2,185 544	835 1,200	1,000 2,000	165 800	The request will finance planning of research facilities at Bruceton, Pa., and Frederick, Md.

General administrative expenses... 403	NOA Exp.	1,290 1,280	1,290 1,205	1,333 1,300	43 95	The increase will permit more administrative support of the Bureau's expanding responsibilities.
Drainage of anthracite mines... 403	Exp.	191	200	600	400	(Balance of a 1956 appropriation is being spent in Pennsylvania.)
<b>Public enterprise funds:</b>						
Development and operation of helium properties (authorization to expend from debt receipts)..... 403	NOA Exp.	----- 941	10,000 -941	20,000 14,000	10,000 14,941	Increase in borrowing from Treasury is to supplement current income; it is to be repaid later. (In addition, authority to increase the limitation on contracts for future production is sought as a 1962 supplemental request.)
<b>Intragovernmental funds:</b>						
Advances and reimbursements... 403	Exp.	22	-----	-----	-----	
Total, Bureau of Mines.....	NOA Exp.	33,601 32,769	44,123 32,364	57,491 49,000	13,368 16,636	
<b>Office of Coal Research</b>						
<b>Current authorizations:</b>						
Salaries and expenses..... 403	NOA Exp.	1,000 47	1,000 953	2,000 1,500	1,000 547	Expansion is planned on research in developing new methods of mining and utilizing coal.
<b>Office of Minerals Exploration</b>						
Salaries and expenses..... 403	NOA Exp.	550 392	750 600	1,000 1,000	250 400	Increase provides primarily for additional financial assistance to private industry in exploration for minerals.
Lead and zinc stabilization program..... 403	NOA Exp.	----- -----	†4,880 †2,230	4,900 2,250 { †2,650}	20 2,670	The 1962 supplemental will start a program of stabilization payments under an act of Oct. 3, 1961, which will be continued at the same level in 1963.
Total, Office of Minerals Exploration.	NOA Exp.	550 392	{ 750 †4,880 600 †2,230	5,900 3,250 †2,650	270 3,070	
<b>Office of Oil and Gas</b>						
Salaries and expenses..... 403	NOA Exp.	512 504	531 531	731 700	200 169	Increased emphasis will be placed on mobilization activities.

†Proposed for separate transmittal.

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>MINERAL RESOURCES—Continued</b>					
<b>Office of Minerals Mobilization</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses.....403 NOA			180	180	This is for emergency planning and preparedness responsibilities with respect to mineral resources, formerly financed in the Office of Emergency Planning.
Exp.			150	150	
Total, mineral resources..... NOA	81,620	{ 96,225	126,203	25,098	
Exp.	78,044	{ +4,880 85,038 +2,230	{ 111,600 +2,650	{ 26,982	
<b>FISH AND WILDLIFE SERVICE</b>					
<b>Office of the Commissioner of Fish and Wildlife</b>					
Salaries and expenses.....404 NOA	364	364	364		Request is to continue program at current level.
Exp.	342	375	360	-15	
<b>Bureau of Commercial Fisheries</b>					
Management and investigations NOA	7,926	12,546	15,213	2,667	Increased emphasis will be placed on research into methods of developing and managing fishery resources. Investigations will be conducted on problems involved in fish migrations over dams.
of resources.....404 Exp.	6,790	11,700	15,000	3,300	
Management and investigations NOA		300	300		Biological and technological research is carried on abroad with foreign currency owned by the United States and excess to normal needs.
of resources (special foreign Exp.		200	200		
currency program).....404					
Construction of fishing vessels.404 NOA	750	750	750		Starting in 1962, subsidies are paid for construction of fishing vessels in U.S. shipyards. Most of the 1961 appropriation lapsed.
Exp.	3	400	500	100	

Construction.....	404 NOA Exp.	2,400 944	7,561 2,801	8,414 6,808	853 4,007	The program includes construction of three research laboratories, a replacement fishery research vessel, and a continuing program of construction of fish screens and fish ladders at man-made and natural barriers. It also provides for design of a fishery research vessel for use in the North Pacific and stream improvement activities.
General administrative expenses	NOA 404 Exp.	385 360	482 475	616 600	134 125	Expanding programs require increased administrative support.
Administration of Pribilof Islands (indefinite special fund).....	NOA 404 Exp.	2,099 1,721	1,981 1,900	1,998 1,900	17	Part of the proceeds from sale of wildlife products of the islands is used on the islands.
<b>Permanent authorizations:</b>						
Promote and develop fishery products and research pertaining to American fisheries (indefinite)	NOA Exp.	5,321 5,085	4,757 4,900	5,000 4,900	243	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, market development, and general administrative services.
404						
Payment to Alaska from Pribilof Islands fund (indefinite special fund).....	NOA Exp.	1,050 1,050	537 537	622 622	85 85	Alaska is paid 70% of net proceeds from sales of wildlife products of the Pribilof Islands.
404						
<b>Public enterprise funds:</b>						
Federal ship mortgage insurance fund, fishing vessels.....	Exp.	—3	—15	—35	—20	(Premium fees are reserved for possible losses.)
404						
Fisheries loan fund.....	Exp.	1,175	885	1,005	120	(\$2.5 million program is financed in part by receipts and in part by fund capital. Administrative needs will continue at current level.)
Limitation on administrative expenses.		(250)	(250)	(250)		
<hr/>						
Total, Bureau of Commercial Fisheries.....	NOA Exp.	19,931 17,125	28,914 23,783	32,913 31,500	3,999 7,717	
<hr/>						
<b>Bureau of Sport Fisheries and Wildlife</b>						
<b>Current authorizations:</b>						
Management and investigations of resources.....	NOA 404 Exp.	19,308 18,905	23,306 22,500	26,572 26,418	3,266 3,918	Increase is for operation of new and expanded fish hatcheries and increased cost of wildlife refuges. It will permit expansion of research, soil and moisture conservation, and wetland drainage applications.

†Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>FISH AND WILDLIFE SERVICE—Con.</b>					
<b>Bureau of Sport Fisheries and Wildlife—Con.</b>					
<b>Current authorizations—Continued</b>					
Construction.....404 NOA	5,135	5,258	4,086	—1,554	The 1962 supplemental is for hurricane and flood damage. The 1963 program includes initiation of construction of a wildlife research station, advance engineering planning for wildlife refuges, and construction and improvement at 18 wildlife refuges and 1 research center. It also continues construction of 5 hatcheries and a fishery research laboratory and improvement work at 1 hatchery and 1 laboratory. It will permit site location for a new fish pesticide laboratory.
Exp.	3,846	5,600	4,500	—1,318	
		†382 †300	†82		
General administrative expenses NOA	1,016	1,071	1,331	260	Expanding programs increase administrative support requirements.
404 Exp.	991	1,060	1,300	240	
Grain for migratory waterfowl.404 NOA		35		—35	Estimate for 1963 is under "Management and investigations of resources."
Exp.		35		—35	
Migratory bird conservation ac- NOA			7,000	7,000	An advance of \$7 million is proposed for acquisition of refuges and waterfowl production areas, to be repaid after 7 years from sale of hunting stamps.
count.....404 Exp.			3,800	3,800	
<b>Permanent authorizations:</b>					
Expenses for sales, etc., in refuges, NOA	96	95	108	13	Proceeds from sales of refuge products pay expenses arising from such sales.
Migratory Bird Conservation Exp.	68	100	115	15	
Act (indefinite special fund).404					
Federal aid in fish restoration and NOA	5,836	6,253	5,800	—453	Assistance is given the States by appropriations equal to the 10% excise tax on sport fishing equipment. Reduced collections are anticipated.
management (receipt limita- Exp.	5,850	5,000	5,580	580	
tion).....404					
Federal aid in wildlife restoration NOA	15,590	14,985	15,300	315	Assistance is given the States by appropriations equal to 11% excise tax on manufacture of firearms, shells, and cartridges. Increased collections are anticipated.
(indefinite special fund)....404 Exp.	16,596	14,500	16,000	1,500	

Management of national wildlife refuges (indefinite special fund) 404	NOA Exp.	1,460 1,515	1,491 1,430	1,500 1,500	9 70	The sum of 75% of proceeds from sale of wildlife refuge products is used for refuge management.
Migratory bird conservation account (receipt limitation) 404	NOA Exp.	4,907 5,403	5,000 4,300	5,000 6,200	1,900	Used for acquisition of bird refuges and waterfowl production areas.
Payment to Alaska, Alaska Game Law (indefinite special fund) 404	NOA Exp.	2 2	1 1	1 1		Half of receipts from certain fines, etc., arising prior to Jan. 1, 1960, are paid to Alaska.
Payments to counties, national grasslands (indefinite special fund) 404	NOA Exp.	6 6	4 4	4 4		The sum of 25% of revenue from submarginal lands goes to counties in which such lands are situated, for schools and roads.
Payments to counties from receipts under Migratory Bird Conservation Act (indefinite special fund) 404	NOA Exp.	487 487	497 497	500 500	3 3	The sum of 25% of revenue from sale of refuge products goes to counties in which refuges are situated, for schools and roads.
<b>Intragovernmental funds:</b> Advances and reimbursements 404	Exp.	14	3		-3	
Total, Bureau of Sport Fisheries and Wildlife.	NOA Exp.	53,841 53,682	{ 57,996 †382 55,030 †300 }	{ 67,202 65,918 †82 }	8,824 10,670	
Total, Fish and Wildlife Service.	NOA Exp.	74,136 71,150	{ 87,274 †382 79,188 †300 }	{ 100,479 97,778 †82 }	12,823 18,372	
<b>WATER AND POWER DEVELOPMENT</b>						
<b>Bureau of Reclamation</b>						
<b>Current authorizations:</b> General investigations 401	NOA Exp.	5,148 5,144	6,636 6,700	8,400 8,000	1,764 1,300	Increase over 1962 represents acceleration of water resources project investigations and engineering methods and materials research.
General investigations (special foreign currency program) 401	NOA Exp.			2,500 600	2,500 600	Currencies excess to U.S. normal needs will be used to initiate water-resources related engineering research abroad.

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>WATER AND POWER DEVELOPMENT—Continued</b>					
<b>Bureau of Reclamation—Continued</b>					
<b>Current authorizations—Continued</b>					
Construction and rehabilitation.401 NOA Exp.	166,745 149,039	152,192 140,000	159,875 152,000	7,683 12,000	Construction will be continued on 32 projects and 19 Missouri River Basin projects units and divisions having a total estimated cost of \$3 billion; construction will be initiated on 2 units of the Missouri River Basin project estimated to cost \$59 million. The program also includes rehabilitation and betterment work on 14 projects. Facilities for 114,200 acres of irrigated land and 309,300 kilowatts of power generating capacity will be completed.
Operation and maintenance.401 NOA Exp.	34,191 31,040	36,186 33,000	38,250 36,000	2,064 3,000	A total of 43 projects and 24 Missouri River Basin units and divisions will be operated and maintained for irrigation, power, and municipal and industrial water supplies. Increase is for new projects coming in to operation and for accelerated dredging on the Colorado River.
General administrative expenses.401 NOA Exp.	4,572 4,568	9,430 9,000	9,300 9,000	-130 -----	Administration and supervision will be strengthened. Cost of certain functions will be transferred to other accounts.
Loan program.401 NOA Exp.	11,643 16,688	13,273 15,000	4,800 9,000	-8,473 -6,000	2 new irrigation project loans will be funded in 1963. Appropriations will provide funds to complete 10 irrigation project loans started in prior years. 7 of the projects financed through the loan program will be completed in 1963.
Emergency fund.401 NOA Exp.	500 103	1,000 145	1,000 501	----- 356	This account is used to insure continued operation of Federal water supply systems and powerplants in emergency situations.
Recreational and fish and wildlife facilities, Colorado River storage project.401 NOA Exp.	----- -----	2,934 1,000	4,000 3,000	1,066 2,000	Program started in 1962. Development of 3 new recreation sites and planning of a national fish hatchery will start in 1963. Work at 8 recreation sites will be continued in 1963.

**Permanent authorizations:**

Boulder City municipal fund (indefinite special fund).....401	NOA Exp.	158 221	----- 11	----- 7	----- -4	Expense of administration of mortgages resulting from Federal property sales is paid from balances of prior appropriations.
Disposal of Coulee Dam community (indefinite special fund).....401	NOA Exp.	31 19	----- 5	----- 5	-----	Contract administration expenses resulting from Federal property sales will be paid from balances of prior appropriations.
Colorado River Dam fund, Boulder Canyon project:						
Payment of interest on advances from Treasury (indefinite special fund).....401	NOA Exp.	3,114 3,114	3,271 3,271	3,200 3,200	-71 -71	Interest is paid the Treasury on moneys advanced for construction of the Boulder Canyon project.
Payment to States of Arizona and Nevada (definite special fund).....401	NOA Exp.	600 600	600 600	600 600	----- -----	Annual payments of \$300 thousand each are made to Arizona and Nevada in lieu of taxes.
Construction of operation and maintenance headquarters and facilities, irrigation projects (indefinite special fund).....401	NOA Exp.	----- -----	107 107	----- -----	-107 -107	Proceeds from sale of property on the Minidoka, Shoshone, and Yakima projects are available for construction.
Operation, maintenance, and replacement of project works, North Platte project (indefinite special fund).....401	NOA Exp.	4 -----	3 10	4 -----	1 -10	This fund is derived from power sales, leasing of grazing and farm-lands, sale or use of townsites, and sale or rental of surplus water.
Payments to Farmers' Irrigation District (North Platte project, Nebraska-Wyoming) (indefinite special fund).....401	NOA Exp.	8 8	8 8	8 8	----- -----	Payments are made from the Reclamation fund on behalf of the North-port Irrigation District for water carriage.
Refunds and returns (indefinite).....401	NOA Exp.	92 95	67 97	100 100	33 3	Overcollections are refunded and amounts of unapplied deposits are returned.
<b>Public enterprise funds:</b>						
Continuing fund for emergency expenses, Fort Peck project, Montana.....401	Exp.	-1,547	-1,954	-2,021	-67	Receipts from power sales are used for operation and maintenance of power generation and transmission facilities of the Fort Peck project and for continued operation in emergency situations. Receipts exceed expenditures.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>WATER AND POWER DEVELOPMENT—Continued</b>					
<b>Bureau of Reclamation—Continued</b>					
<b>Public enterprise funds—Continued</b>					
Upper Colorado River Basin fund NOA	58,700	52,476	112,660	60,184	Construction costs of storage reservoirs and participating irrigation, municipal, and industrial water supply projects are financed through appropriations advanced to the fund. In 1963 construction will be accelerated on storage reservoirs and the participating projects.
(current appropriation)....401 Exp.	56,979	77,000	100,000	23,000	
Total, Bureau of Reclamation. NOA	285,506	278,182	344,697	66,515	
Exp.	266,070	284,000	320,000	36,000	
<b>Bonneville Power Administration</b>					
<b>Current authorizations:</b>					
Construction.....401 NOA	18,720	20,875	34,900	14,025	Increase is for expanded construction program of transmission lines and related facilities to meet power needs of Pacific Northwest.
Exp.	25,557	19,500	24,250	4,750	
Operation and maintenance...401 NOA	11,287	12,188	12,750	562	Expanded workload over 1962 will include 4.8% increase in miles of transmission lines maintained, 7 new substations to be operated and maintained, and an estimated 13.4% increase in energy sales.
Exp.	11,075	12,205	12,750	545	
Total, Bonneville Power Administration. NOA	30,007	33,063	47,650	14,587	
Exp.	36,632	31,705	37,000	5,295	
<b>Southeastern Power Administration</b>					
Operation and maintenance...401 NOA	800	800	800	-----	Power sales program will remain level. Sales receipts of \$2,250 thousand are in addition to sum shown here.
Exp.	423	461	500	39	

<b>Southwestern Power Administration</b>					
Construction.....	401 NOA	1,325	950	7,210	6,260
	Exp.	692	1,789	3,055	1,266
Operation and maintenance....	401 NOA	1,269	1,306	1,450	144
	Exp.	1,255	1,307	1,445	138
Continuing fund (indefinite special fund).....	NOA	5,000	5,000	5,000	-----
	401 Exp.	3,769	3,455	2,500	-955
Total, Southwestern Power Administration.	NOA	7,594	7,256	13,660	6,404
	Exp.	5,715	6,551	7,000	449
<b>Office of Saline Water</b>					
Salaries and expenses.....	401 NOA	1,755	5,255	7,700	2,445
	Exp.	1,870	2,354	4,800	2,446
Operation and maintenance....	401 NOA	-----	-----	2,085	2,085
	Exp.	-----	-----	1,500	1,500
Construction, operation, and maintenance.....	NOA	2,040	4,550	-----	-4,550
	401 Exp.	1,476	4,033	2,700	-1,333
Total, Office of Saline Water.	NOA	3,795	9,805	9,785	-20
	Exp.	3,346	6,387	9,000	2,613
Total, water and power development.	NOA	327,702	329,106	416,592	87,486
	Exp.	312,186	329,104	373,500	44,396
<b>SECRETARIAL OFFICES</b>					
<b>Office of the Solicitor</b>					
Salaries and expenses.....	409 NOA	3,475	3,492	3,747	255
	Exp.	3,356	3,492	3,700	208
<b>Office of the Secretary</b>					
Salaries and expenses.....	409 NOA	2,898	3,385	3,568	183
	Exp.	2,793	3,375	3,551	176

The 1963 construction program provides for approximately 290 miles of transmission lines, additional substation capacity, and additional metering, relay, communications, and general plant equipment.

Increased operations workload will result from increased power sales.

NOA is proposed to continue at \$5 million level to cover costs of buying energy and renting transmission facilities.

Research and development program will be expanded to develop low-cost processes for converting saline water to fresh water.

3 demonstration plants will be in operation for full year, and 2 more plants for final part of year.

Financing of construction of demonstration plants will be completed in 1962. Operating costs transferred to preceding account for 1963.

Expanding departmental programs need strengthened legal staff support.

Growth of Department requires emphasis on management improvement. Information staff will be strengthened and mobilization work increased.

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>SECRETARIAL OFFICES—Continued</b>					
<b>Office of the Secretary—Continued</b>					
<b>Intragovernmental funds:</b>					
Working capital fund.....409 Exp.	-22	-2	-2	-----	(Fund finances \$1.7 million of activity on a break-even basis.)
Advances and reimbursements.409 Exp.	-13	-91	-350	-259	
Total, Office of the Secretary. NOA	2,898	3,385	3,568	183	
Exp.	2,759	3,282	3,199	-83	
Total secretarial offices..... NOA	6,373	6,877	7,315	438	
Exp.	6,115	6,774	6,899	125	
<b>VIRGIN ISLANDS CORPORATION</b>					
<b>Public enterprise funds:</b>					
Operating fund: 910					
Contributions (current appro- NOA	691	669	185	1,935	Contributions appropriation will finance the 1961 net operating loss of \$145 thousand and provide \$40 thousand for nonrevenue producing activities. Revolving fund is for repayable advance to the Corporation for expansion of power facilities by construction of two 3,000-kilowatt diesel generators and one 5,000-kilowatt steam generator, and distribution facilities.
priation).					
Revolving fund (current ap- NOA	2,538	881	3,300		
propriation).					
Authorization to expend from NOA	1,100	-----	-----		
debt receipts.					

Limitation on administrative expenses.		(172)	(180)	(200)	(20)	(Slight expansion is programed.)
Exp.		3,484	1,481	3,005	1,524	
Total, Virgin Islands Corporation.	NOA	4,329	1,550	3,485	1,935	
Exp.		3,484	1,481	3,005	1,524	
Total, Department of the Interior.	NOA	826,089	{ 918,955	{ 1,074,495	145,793	
Exp.		801,450	{ †9,747 866,082 †6,630	{ 1,027,440 †3,117	157,845	

## DEPARTMENT OF JUSTICE

Legal Activities and General Administration						
Current authorizations:						
Salaries and expenses, general ad- ministration.....	NOA Exp.	4,036 3,957	4,165 4,118	4,311 4,290	146 172	Strengthens Department management and recognizes increased travel requirements.
Salaries and expenses, general legal activities.....	NOA Exp.	14,265 13,666	15,773 15,194	16,760 16,425	987 1,231	Provides for maintenance of augmented staff to handle tax matters, greater workload in antiracketeering and organized crime program and civil rights matters.
Limitation on general administra- tive expenses, alien property activities (trust fund).		(755)	(690)	(690)	-----	Continues present effort to liquidate vested properties of enemy interests in World War II.
Salaries and expenses, Antitrust Division.....	NOA Exp.	5,074 5,086	5,869 5,650	5,988 5,921	119 271	Continues the intensified enforcement of antitrust laws, including cases developed out of identical bidding program authorized by Executive Order 10936.
Salaries and expenses, United States attorneys and mar- shals.....	NOA Exp.	24,583 23,703	{ 25,085 †500 24,462 †350 }	{ 27,712 27,172 †150 }	2,127 2,510	Supplemental for 1962 and estimate for 1963 provide resources to cope with additional workload resulting from establishment of 63 additional district judgeships under recent legislation (75 Stat. 80).
Fees and expenses of wit- nesses.....	NOA Exp.	1,835 1,759	1,835 1,777	1,900 1,858	65 81	Covers payment of increased expenses incurred for witnesses in greater number of cases resulting from the creation of new judgeships.
†Proposed for separate transmittal.						



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF JUSTICE—Continued</b>						
<b>Legal Activities and General Administration—Continued</b>						
<b>Current authorizations—Continued</b>						
Salaries and expenses, Administrative Conference of the United States.....908	NOA Exp.	----- -----	150 140	129 130	—21 —10	Finances the conference created for the purpose of assisting the President, the Congress, and the administrative agencies and executive departments in improving existing administrative procedures. Work to be completed and final report submitted by Dec. 31, 1962.
<b>Intragovernmental funds:</b>						
Advances and reimbursements, Administrative Conference of the United States.....908	Exp.	—28	6	-----	—6	
Total, legal activities and general administration.	NOA	49,793	{ 52,877 }	56,800	3,423	
	Exp.	48,144	{ 51,347 †500 †350 }	55,796 †150 }	4,249	
<b>Federal Bureau of Investigation</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....908	NOA Exp.	125,550 125,048	127,126 127,270	130,700 130,460	3,574 3,190	Provides needed additional manpower to discharge expanded investigative responsibilities and mounting work volumes in the overall criminal and civil fields, particularly those arising from the stepped-up program against organized crime and racketeering.
<b>Immigration and Naturalization Service</b>						
Salaries and expenses.....908	NOA Exp.	62,887 61,982	63,459 63,710	64,600 64,150	1,141 440	
<b>Permanent authorizations:</b>						
Refund of bond forfeitures by refugees (indefinite).....908	NOA Exp.	3 3	10 10	----- -----	—10 —10	Refunds are made to persons who posted departure bonds with the Attorney General.
Total, Immigration and Naturalization Service.	NOA Exp.	62,890 61,985	63,469 63,720	64,600 64,150	1,131 430	

Federal Prison System						
<b>Current authorizations:</b>						
Salaries and expenses, Bureau of Prisons.....	NOA	45,195	{ 46,614 †234 }	49,455	2,607	Supplemental for 1962 is for increased population and wage-board pay increases. The 1963 estimate provides for expected increase in inmate population of 3.3% and per diem "care" costs (already up 2 cents to 82 cents); activation of new camps at a southeastern Air Force base and at new maximum security institution; improvement of maintenance standards; and strengthening of custodial coverage and casework supervision.
908	Exp.	45,108	{ 46,200 †200 }	48,966 } †34 }	2,600	
Buildings and facilities.....	NOA	9,875	2,050	3,945	1,895	Includes preliminary planning, site acquisition and preparation for a new psychiatric institution; repairs and improvements (especially at older institutions); a 200-man open unit for young inmates; planning for replacement of national training school; chapel facilities on McNeil Island; and additional facilities at Texarkana, Tex.
908	Exp.	3,242	8,000	5,000	-3,000	
Support of U.S. prisoners.....	NOA	3,705	{ 3,200 †600 }	3,800	-----	Supplemental for 1962 is required for virtually uncontrollable costs. Estimate for 1963 provides for care of U.S. prisoners in some 725 non-Federal institutions and anticipates an average of 3,400 prisoners at a cost of \$3.07 per man-day.
908	Exp.	3,570	{ 3,000 †500 }	3,300 } †100 }	-100	
<b>Intragovernmental funds:</b>						
Federal Prison Industries, Inc.:						Permits vocational training for 12,500 inmates; employment of 5,144 inmates full time in various industries; and assistance in placing inmates in jobs upon their release.
Prison industries fund.....	NOA	(1,513)	(1,582)	(1,731)	(149)	
908	Exp.	-2,871	-2,744	-3,456	-712	
Limitation on administrative and vocational training expenses.						
Total, Federal Prison System.	NOA	58,775	{ 51,864 †834 }	57,200	4,502	
	Exp.	49,049	{ 54,456 †700 }	53,810 } †134 }	-1,212	
Total, Department of Justice.	NOA	297,008	{ 295,336 †1,334 }	309,300	12,630	
	Exp.	284,226	{ 296,793 †1,050 }	304,216 } †284 }	6,657	

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR						
Office of the Secretary						
Current authorizations:						
Salaries and expenses.....	652 NOA	1,870	1,796	2,221	425	Increase provides for general strengthening of management activities and for new emphasis on improving labor-management relations. It is proposed to charge applicable costs to the trust fund.
Limitation payable from Unemployment trust fund.	Exp.	1,890	1,801	(132) 2,090	(132) 289	
Area redevelopment activities.....	652 NOA		14,000	15,041	1,041	Increase will provide the authorized amount for evaluation of skill requirements and assessment of training facilities in redevelopment areas.
	Exp.		11,500	15,000	3,500	
Manpower development and training (proposed legislation) ..	652 NOA			†100,000	100,000	This proposal will help unemployed by training them in needed skills, both on-the-job and in vocational courses.
	Exp.			†60,000	60,000	
Youth employment opportunities (proposed legislation).....	652 NOA			†75,000	75,000	This pilot program will provide experience and training for youth in on-the-job situations, public service programs, and conservation camps.
	Exp.			†60,000	60,000	
Intragovernmental funds:						
Working capital fund.....	652 Exp.	71	-23	-5	18	Operating improvements will continue in central management support services.
Advances and reimbursements.....	652 Exp.	-22				
Total, Office of the Secretary ..	NOA	1,870	15,796	{ 17,262	176,466	
	Exp.	1,938	13,278	{ †175,000	123,807	
				{ 17,085		
				{ †120,000		
Office of Automation and Manpower						
Current authorizations:						
Salaries and expenses.....	652 NOA			900	900	This research and development activity will coordinate programs for easing the impact of technological change on the work force.
	Exp.			855	855	

Bureau of Labor-Management Reports						
Salaries and expenses.....	652 NOA Exp.	5,550 5,656	5,775 5,575	5,850 5,575	75 -----	A step-up is planned in the examination of reports filed under the Landrum-Griffin Act.
Bureau of International Labor Affairs						
Salaries and expenses.....	652 NOA Exp.	----- -----	500 455	950 905	450 450	Increase is primarily for supplying technical advice on the development of labor and manpower programs in foreign countries.
Office of the Solicitor						
Salaries and expenses.....	652 NOA	2,878	4,116	4,181	65	Increase is for better enforcement of the Davis-Bacon Act and preparation of a digest of departmental rulings. It is proposed to charge applicable costs to the trust fund.
Limitation payable from Unemployment trust fund.	Exp.	2,825	3,900	(122) 3,970	(122) 70	
Bureau of Labor Standards						
Salaries and expenses.....	652 NOA Exp.	2,522 2,638	3,258 3,086	3,919 3,720	661 634	Increase is primarily for activities promoting the gainful employment of young workers and proper working conditions for them.
Bureau of Veterans' Reemployment Rights						
Salaries and expenses.....	805 NOA Exp.	632 639	633 633	633 600	----- -33	No change in program level is planned.
Bureau of Apprenticeship and Training						
Salaries and expenses.....	652 NOA Exp.	4,329 4,310	4,976 4,780	5,026 4,775	50 -5	Emphasis will be given to technical services and research on training aids.
Bureau of Employment Security						
Salaries and expenses.....	652 Exp.	470	11	-----	-11	(Trust fund financing replaced this account in 1961.)
Limitation on salaries and expenses, Unemployment trust fund.		(9,000)	(10,500)	(12,865)	(2,365)	More assistance will be given to the States in the use of their expanded staff to improve the employment service. Additional research is planned in unemployment insurance.
Grants to States for unemployment compensation and employment service administration.....	NOA Exp.	18,924 2,164	----- 67	-----	----- -67	Trust fund financing was substituted for general fund appropriations early in 1961.

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF LABOR—Continued</b>						
<b>Bureau of Employment Security—Continued</b>						
<b>Current authorizations—Continued</b>						
Limitation on grants to States for unemployment compensation and employment service administration, Unemployment trust fund.		(360,000)	(405,000)	<sup>1</sup> (424,900)	(19,900)	(The increase is primarily for continued expansion and improvement of the employment service, increased tax and auditing workloads, and increases in the average annual salary rates in State agencies paid from grants from this account. Of the total, \$74.9 million requires legislation to remove a statutory limitation on grants.)
Unemployment compensation for Federal employees and ex-servicemen.....652	NOA Exp.	177,000 171,043	147,000 143,951	131,000 131,000	-16,000 -12,951	Expected improvement in the economy will cause fewer claims to be filed and benefit payments to be paid for a shorter time.
Salaries and expenses, Mexican farm labor program.....652						
Limitation payable from Farm labor supply revolving fund.	Exp.	(1,496) 1,484	(1,519) 1,508	(2,269) 2,268	(750) 760	(Commencing in 1963, services rendered by the States will be paid from this account rather than from the "Grants to States" account.)
Compliance activities, Mexican farm labor program.....652	NOA Exp.	1,169 1,170	1,149 1,134	1,740 1,650	591 516	Increase provides a stepped-up program to help protect employment opportunities and working conditions of domestic farmworkers.
Temporary unemployment compensation.....652	Exp.	-399				
Payment to the Federal extended compensation account.....652	NOA Exp.	500,000 498,139	340,000 341,861		-340,000 -341,861	Program for temporary extended unemployment compensation expires June 30, 1962.
<b>Public enterprise funds:</b>						
Advances to employment security administration account, Unemployment trust fund (current appropriation).....652	NOA Exp.	268,000 48,590	20,000 -55,432	-3,030	-20,000 52,402	During 1963 about \$235.7 million of this revolving fund will finance the program temporarily until tax receipts are received during February 1963. No additional resources are needed.

Farm labor supply revolving fund.....652	Exp.	—788	—482	—2,567	—2,085	(Receipts here finance costs of supplying Mexican workers, and expenditures of Salaries and expenses, Mexican farm labor program.)
Total, Bureau of Employment Security.	NOA Exp.	965,093 721,871	508,149 432,618	132,740 129,321	—375,409 —303,297	
<b>Bureau of Employees' Compensation</b>						
Current authorizations:						
Salaries and expenses.....906	NOA Exp.	3,432 3,379	3,834 3,814	3,845 3,829	11 15	The increase will finance minor changes in administrative costs.
Employees' compensation claims and expenses.....906	NOA Exp.	63,000 62,206	64,000 63,200	62,071 62,071	—1,929 —1,129	Budget contemplates \$65 million of needs, financed in part by \$2,929 thousand of payments from agencies.
Total, Bureau of Employees' Compensation.	NOA Exp.	66,432 65,585	67,834 67,014	65,916 65,900	—1,918 —1,114	
<b>Bureau of Labor Statistics</b>						
Salaries and expenses.....652	NOA Exp.	11,118 11,037	12,667 12,449	15,297 14,573	2,630 2,124	Additional and improved data will be provided in many economic fields with emphasis on manpower and employment research and statistics.
Revision of the Consumer Price Index.....652	NOA Exp.	1,322 1,144	2,100 2,200	1,333 1,333	—767 —867	Tabulation of data collected in 1961 and 1962 will be completed. Analyses and use of the data will begin.
Intragovernmental funds:						
Advances and reimbursements.652	Exp.	118	51	41	—10	
Total, Bureau of Labor Statistics.	NOA Exp.	12,440 12,299	14,767 14,700	16,630 15,947	1,863 1,247	
<b>Women's Bureau</b>						
Current authorizations:						
Salaries and expenses.....652	NOA Exp.	554 541	668 660	777 740	109 80	Work outside of Washington will be expanded to provide better service to the women in the labor force.

<sup>1</sup> Partly to carry out additional authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR—Continued					
Wage and Hour Division					
Current authorizations—Continued					
Salaries and expenses.....652 NOA	12,261	17,307	17,765	458	Provides for full-year level of enforcement resulting from the 1961 broadening of the Fair Labor Standards Act coverage.
Exp.	12,230	16,200	16,845	645	
Total, Department of Labor.. NOA	1,074,561	643,779	{ 272,549 }	—196,230	
Exp.	830,532	562,899	{ +175,000 }	—176,661	
			{ 266,238 }		
			{ +120,000 }		
POST OFFICE DEPARTMENT					
Current authorizations:					
Payment for public services...505 NOA	49,000	62,700	247,800	185,100	Increase is due to placing the appropriation on a "total loss" basis (cost minus revenue, if any) rather than a "revenue foregone" basis, for free and reduced rate mail, and covering for the first time the non-postal services (custodial services for other agencies, etc.) and loss on special services (c.o.d., insured mail, special delivery, and money orders).
Exp.	49,000	62,700	247,800	185,100	
Public enterprise funds:					
Contribution to postal fund (current indefinite appropriation) NOA	845,580	804,500	552,694	—251,806	Postal fund revenues and reimbursements are estimated at \$3,984 million (including receipts from the appropriation for public services, above). Obligations are estimated at \$4,622 million, thus requiring \$638 million to cover the difference. Proposed changes in parcel post rates and regulations will add \$140 million to revenues and \$55 million to obligations, leaving \$553 million needed from the General fund before giving effect to the legislative proposals for pay and rate increases.
Exp.	864,985	789,900	550,339	—239,561	

Authorizations and limitations on use of postal fund:					
Administration, regional operation and research.	(79,911)	(82,000)	(91,194)	(9,194)	(Increase includes \$6.5 million additional for research and engineering obligations. Current year requirements for obligations were low due to carryover of prior contracts.)
Operations.....	(3,356,841)	(3,447,000)	(3,562,000)	(115,000)	(More money is needed to handle increase from 67 billion to 70.3 billion pieces of mail, to service more delivery areas, and to improve services.)
Transportation.....	(563,000)	(582,000)	(601,500)	(19,500)	(Increase is mainly due to mail volume.)
Facilities.....	(137,780)	(152,458)	(177,000)	(24,542)	(Increase is due to site acquisitions and more rental costs.)
Plant and equipment.....		(105,000)	(122,000)	(17,000)	(Provides more for major mechanization projects and vehicle program, less for buildings improvement.)
Modernization and improvement of buildings and equipment.	(131,107)				(Financing is now in other accounts.)
Total authorizations out of postal fund.	(4,268,639)	(4,368,458)	(4,553,694)	(185,236)	
Proposed for separate transmittal:					
Under proposed legislation:					
Postal pay increases.....505 NOA			†60,000	60,000	Legislation for pay increases, proposed to be effective Jan. 1, 1963, will add this sum to the requirements.
Exp.			†57,800	57,800	
Postal rate increases.....505 NOA			†-595,000	-595,000	Legislation for rate increases proposed to be effective July 1, 1962, will cover accrued costs in 1963, and reduce needed general fund contributions to \$17.7 million.
Exp.			†-595,000	-595,000	
Total, Post Office Department.					
NOA	894,580	867,200	{ 800,494}	-601,706	
Exp.	913,985	852,600	{ †-535,000}	-591,661	
			{ 798,139}		
			{ †-537,200}		

†Proposed for separate transmittal.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
DEPARTMENT OF STATE					
<b>Administration of Foreign Affairs</b>					
<b>Current authorizations:</b>					
Salaries and expenses.....151 NOA	125,265	134,360	144,210	9,450	The supplemental for 1962 will provide more adequate medical care of foreign service personnel in Africa. In 1963, major items of increase are for the establishment of new pos's and the elevation of consulates to embassy status, primarily in the newly independent African countries. Increases will also permit purchase of additional security equipment, replacement of some general-purpose equipment, and increases in local employee wage rates.
Exp. Exp.	126,201	133,000 1200	139,500 1200	6,500	
Representation allowances.....151 NOA	872	925	1,100	175	Increase is for representation at new posts, increased costs and more effective official entertaining.
Exp. Exp.	891	915	1,095	180	
Acquisition, operation, and main- NOA	10,723	10,000	127,795	17,795	Replacement of unsatisfactory Government office space and housing facilities is included in this estimate for the first time since 1960, the 1961 and 1962 amounts being almost entirely for non-capital expenses. Many new capital requirements are in African countries.
tenance of buildings abroad.151 Exp.	14,138	13,830	24,400	10,570	
Acquisition, operation, and main- NOA	4,500	4,650	2,205	—2,445	Foreign currencies generated from sales abroad of U.S. surplus agricultural commodities are used to supplement the foreign buildings program in countries where excess currencies are available. A smaller portion of the 1963 program will be financed from this account.
tenance of buildings abroad Exp.	1,304	4,600	2,900	—1,700	
(special foreign currency pro- gram).....151					
Emergencies in the diplomatic NOA	2,300	1,500	1,500		This is for relief and repatriation loans to U.S. citizens abroad and other emergencies. Repayment of loans is to the general fund.
and consular service.....151 Exp.	1,609	2,000	1,900	—100	
Payment to the Foreign Service NOA	2,540				Payment is now made from appropriations from which salaries of foreign service personnel are paid.
retirement and disability Exp.	2,540				
fund.....151					
Extension and remodeling, State NOA	500				Completion of the work is expected during 1962.
Department Building.....151 Exp.	4,940	1,100	198	—902	

<b>Permanent authorizations:</b>						
Replacement of passenger motor vehicles sold abroad (indefinite special fund).....151	NOA Exp.	255 160	177 330	267 266	90 -64	Proceeds available in 1963 will replace 100 vehicles.
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....151	Exp.	101	145	-----	-145	
Total, administration of foreign affairs.	NOA	146,955	{ 151,612 †400 }	{ 177,077 }	25,065	
	Exp.	151,884	{ 155,920 †200 }	{ 170,259 †200 }	14,339	
<b>International Organizations and Conferences</b>						
<b>Current authorizations:</b>						
Contributions to international organizations.....151	NOA	80,905	{ 61,576 †25,600 }	68,609	-18,567	The supplemental in 1962 is needed to cover the U.S. assessment for maintaining the United Nations operation in the Congo. A major portion of the increase for 1963 represents the initial assessment for membership in the Organization for Economic Cooperation and Development. Other increases in 1963 will finance expanded programs of the United Nations, World Health Organization, Food and Agricultural Organization, Pan American Health Organization, and Organization of American States.
	Exp.	48,271	{ †25,600 94,300 †25,600 }	68,200	-51,700	
Missions to international organizations.....151	NOA Exp.	1,953 2,229	2,115 2,000	2,370 2,250	255 250	Increase is primarily for delegations to the United Nations and to international organizations at Geneva.
International conferences and contingencies.....151	NOA	1,943	{ 1,943 †1,584 }	2,270	-1,257	The supplemental for 1962 is needed for U.S. contribution in support of Laos International Control Commission. Offsetting this, there is an increase in 1963 for participation in the United Nations Conference on Application of Science and Technology for the Benefit of Less Developed Areas.
	Exp.	1,885	{ 2,000 †1,584 }	2,200	-1,384	
International tariff negotiations.....151	NOA Exp.	650 278	171 500	----- 43	-171 -457	These negotiations will be completed within the first 6 months of 1962.
United States Citizens Commission on NATO.....151	NOA	150	150	-----	-250	The Commission will terminate June 30, 1962.
Reappropriation.....	NOA Exp.	----- 7	100 250	----- 21	----- -229	

†Proposed for separate transmittal.

‡To carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF STATE—Continued</b>						
<b>International Organizations and Conferences—Continued</b>						
<b>Current authorizations—Continued</b>						
Purchase of United Nations bonds	NOA		†100,000		-100,000	Legislation is proposed to authorize purchase of United Nations bonds to finance peace and security operations.
151 Exp.			†100,000		-100,000	
Total, international organizations and conferences.	NOA	85,601	{ 66,055 }	73,249	-119,990	
	Exp.	52,669	{ †127,184 }	72,714	-153,520	
			{ 99,050 }			
			{ †127,184 }			
<b>International Commissions</b>						
<b>International Boundary and Water Commission, United States and Mexico:</b>						
Salaries and expenses.....	NOA	616	604	670	66	Increased emphasis will be placed on 6 of 7 project investigations scheduled.
	Exp.	642	605	660	55	
Operation and maintenance.....	NOA	2,021	1,950	2,010	60	There will be increased cost of maintenance for the El Paso River channel and flood control work.
	Exp.	1,996	1,987	1,980	-7	
Construction.....	NOA	9,225	13,168	12,355	-813	Financing for 1963 includes \$11,280 thousand for Amistad dam and reservoir, and funds for Lower Rio Grande flood control project, Rio Grande gaging stations, and modification of Ysleta-Zaragoza international bridge.
	Exp.	2,120	11,408	15,360	3,952	
American sections, international commissions.....	NOA	382	415	455	40	This is for increase in water and smoke pollution investigations.
	Exp.	377	400	450	50	
International fisheries commissions.....	NOA	1,896	1,910	2,165	255	This covers increases for the International Pacific Salmon Fisheries Commission and the International Pacific Halibut Commission.
	Exp.	1,777	1,800	2,100	300	

Passamaquoddy tidal power survey.....401	Exp.	29	44	28	-16	(The engineering work now underway should complete this survey.)
Restoration of salmon runs, Fraser River system, International Pacific Salmon Fisheries Commission.....404	Exp.		20	32	12	Prior year funds in this account, together with additional funds requested for the "International fisheries commissions" appropriation, will finance half the cost of constructing fishways to facilitate migration of salmon in the Fraser River system.
Total, international commissions.	NOA Exp.	14,140 6,940	18,047 16,264	17,655 20,610	-392 4,346	
<b>Educational Exchange</b>						
Mutual educational and cultural exchange activities.....153	NOA Exp.			56,657 29,000	56,657 29,000	This new appropriation consolidates nearly all educational and cultural exchange activities of the Department. The major increases will be for exchange-of-persons activities.
International educational exchange activities.....153	NOA Exp.	26,016 25,338	27,000 25,800	----- 13,000	-27,000 -12,800	In 1963 obligations for this program will be financed from the "Mutual educational and cultural exchange activities" appropriation.
International educational exchange activities (special foreign currency program).....153	NOA Exp.	6,600 8,518	7,400 11,000	----- 11,000	-7,400	While NOA for 1963 is requested under the "Mutual educational and cultural exchange activities" appropriation, this account will be used until the funds have been expended.
Center for Cultural and Technical Interchange Between East and West.....153	NOA Exp.	10,000 1,404	3,300 9,000	8,343 8,000	5,043 -1,000	Major increase is in provision of scholarships and grants. Increases will also permit construction of additional educational facilities.
Preservation of ancient Nubian monuments (special foreign currency program).....153	NOA Exp.	----- -----	4,000 2,800	----- 1,200	-4,000 -1,600	This was a one-time appropriation to help UNESCO preserve certain temples in Egypt and the Sudan.
Educational, scientific, and cultural activities.....153	Exp.	561	300	88	-212	(These funds will be fully expended in 1963.)
<b>Permanent authorizations:</b>						
Educational exchange fund, payments by Finland, World War I debt (indefinite special fund).....153	NOA Exp.	396 415	396 700	396 661	----- -39	Payments by Finland on World War I debt are used for educational exchanges between the countries.

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF STATE—Continued</b>						
<b>Educational Exchange—Continued</b>						
<b>Permanent authorizations—Continued</b>						
Educational exchange fund, interest payments by the Government of India (indefinite special fund).....153	Exp.	1,100	175	51	-124	Interest payments on loans to India are used for educational exchanges between the countries.
Total, educational exchange ..	NOA	43,012	42,096	65,396	23,300	
	Exp.	37,337	49,775	63,000	13,225	
<b>Other</b>						
<b>Current authorizations:</b>						
Rama Road, Nicaragua.....152	NOA	1,000	1,000	1 2,350	1,350	The request is based on obtaining \$850 thousand of additional authorizations to complete the highway.
	Exp.	1,136	1,200	1,400	200	
Pan American Health Organization building site.....151	NOA	875	217	-----	-217	Acquisition of land is being completed in 1962.
	Exp.	-----	1,092	-----	-1,092	
Payment to the Government of Japan for Bonin Islanders' claims.....151	NOA	6,000	-----	-----	-----	One-time item.
	Exp.	6,000	-----	-----	-----	
Presentation of a statue to Uruguay.....151	NOA	18	-----	-----	-----	One-time item.
	Exp.	-----	14	-----	-14	
Payment of miscellaneous claims of foreign governments.....151	Exp.	20	-----	-----	-----	
Refugee and migration activities.....152	NOA	-----	-----	†11,500	11,500	A supplemental appropriation is planned to finance proposed legislation authorizing aid to migrants and refugees, and escapees largely from Communist areas.
	Exp.	-----	-----	†11,800	11,800	

<b>Permanent authorizations:</b>						
Payment to the Republic of Panama.....	NOA	1,930	1,930	1,930	-----	Annual payment is made, under treaty, in connection with Panama Canal rights. \$430 thousand of this is recovered from the Panama Canal Company.
	Exp.	1,930	1,930	1,930	-----	
Total, other.....		9,823	3,147	4,280	12,633	
	Exp.	9,086	4,236	†11,500 3,330 †11,800	10,894	
Total, Department of State..		299,532	280,957	337,657	-59,384	
	Exp.	257,916	†127,584 325,245 †127,384	†11,500 329,913 †12,000	-110,716	

## TREASURY DEPARTMENT

<b>Office of the Secretary</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....	NOA	3,576	4,268	4,660	392	Increase will bolster departmental policymaking staff in fields of balance of payments, debt management, and taxation; fund defense mobilization activities and strengthen departmental management.
	Exp.	3,540	4,257	4,610	353	
<b>Permanent authorizations:</b>						
Expenses of administration of settlement of War Claims Act of 1928 (indefinite special fund).....	NOA	18	4	11	7	Change in NOA reflects variations in timing of deposits from German war claim fund. Expenses remain at \$11 thousand a year.
	Exp.	13	11	11	-----	
Federal control of transportation systems (indefinite special fund).....	Exp.	3	1	1	-----	Prior year balance is being used gradually to pay compensation to employees injured in World War I period.
<b>Public enterprise funds:</b>						
Liquidation of corporate assets: Reconstruction Finance Corporation liquidation fund..						Administrative limitation is no longer applicable to this program.
Limitation on administrative expenses.	Exp.	(75) -3,952	(35) -1,040	----- -3,520	----- -2,480	

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.

† Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TREASURY DEPARTMENT—Continued</b>						
<b>Office of the Secretary—Continued</b>						
<b>Public enterprise funds—Continued</b>						
Liquidation of corporate assets—Continued						
Liquidation of Federal Farm Mortgage Corporation... 904	Exp.	-----	-----	-666	-666	(Collection of receivables from a Federal land bank. Account was transferred to Treasury in October 1961.)
Civil defense loans: Civil defense program fund..... 059	Exp.	-137	-137	-138	-1	(Repayments and interest earnings exceed expense.)
<b>Intragovernmental funds:</b>						
Advances and reimbursements. 904	Exp.	1				
Total, Office of the Secretary..	NOA	3,594	4,272	4,671	399	
	Exp.	-532	3,092	298	-2,794	
<b>Bureau of Accounts</b>						
<b>Current authorizations:</b>						
Salaries and expenses..... 904	NOA	3,708	3,716	3,838	122	There will be increased costs for Federal reserve banks' services, due mainly to larger work volume (11.7 million depository receipts compared to 11.2 million this year). There is also an increase in the unit cost rate.
	Exp.	3,590	3,712	3,826	114	
Salaries and expenses, Division of Disbursement..... 904	NOA	24,066	{ 25,700 }	26,975	885	Supplemental is needed in 1962 because Social Security Act changes increase the workload. The increase in 1963 is due to additional workload which includes a 5.6% increase in payments made and a 6.8% increase in savings bonds issued (330.3 million payments, 3.9 million bonds issued.)
	Exp.	20,525	{ 25,716 +390 +324 }	{ 26,854 +66 }	880	
Claims, judgments, and relief acts..... 910	NOA	23,866	37,500	-----	-37,500	Appropriations are made in individual private relief acts; and for certain claims, and for judgments over \$100 thousand only after presentation of the specific items to Congress. Possible needs for 1963 are covered by the general allowance for contingencies.
	Exp.	23,913	37,711	-----	-37,711	

<b>Permanent authorizations:</b>					
Claims, judgments, and relief acts:					
Definite.....	910	NOA	2	2	2
		Exp.	2	2	2
Indefinite.....	910	NOA	5,083	5,000	5,000
		Exp.	5,083	5,000	5,000
Interest on uninvested funds (indefinite).....	853	NOA	10,070	9,687	9,676
		Exp.	10,068	9,687	9,676
					-11
Payment to Unemployment trust fund (indefinite).....	652	NOA	1,216		
		Exp.	1,216		
<b>Public enterprise funds:</b>					
Fund for payment of Government losses in shipment (current appropriation).....	904	NOA	100		525
		Exp.	86	92	460
					368
Total, Bureau of Accounts...		NOA	68,111	{ 81,605 }	46,016
				{ †390 }	
		Exp.	64,484	{ 81,920 }	45,818
				{ †324 }	†66
					-35,979
					-36,360
<b>Bureau of the Public Debt</b>					
<b>Current authorizations:</b>					
Administering the public debt.....	904	NOA	47,943	{ 47,984 }	{ 48,000 }
					{ †8,000 }
Reappropriation.....		NOA	375		
		Exp.	47,260	47,800	{ 47,867 }
					{ †7,900 }
					7,967
<b>Office of the Treasurer</b>					
Salaries and expenses.....	904	NOA	16,960	16,925	16,675
		Exp.	16,737	17,013	16,750
					-250
					-263

Awards in the amount of \$1,620 are paid annually to 2 persons as a result of private relief acts.

Judgments of \$100 thousand or less are payable from this permanent appropriation.

Interest is paid on open-book balances of 8 trust funds. Such balances will decrease slightly in 1963.

Receipts formerly appropriated are now transferred directly to the trust fund.

This fund is charged with losses in shipment of certain Government property. NOA is required to offset some of deficit and permit continued operation.

This appropriation provides for the conduct of public debt operations and promotion of sales of savings bonds and stamps. Increased costs resulting from increase of 2.7 million items over 1962 volume are largely offset by savings of \$457 thousand resulting from management improvements. An extra \$8 million will cover 1st year cost of proposed withholding tax provisions as they relate to interest on Treasury securities.

Through adoption of improved processing techniques an expected 3.2% increase in workload will be handled without increase in appropriations in 1963. Workload for 1963 will include payment and reconciliation of 467 million checks; processing of 356 thousand claims or inquiries on checks; destruction of 1.1 billion pieces of currency and processing of 8.4 million banking transactions.

†Proposed for separate transmittal.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
TREASURY DEPARTMENT—Continued					
Office of the Treasurer—Continued					
Public enterprise funds:					
Check forgery insurance fund. 904 Exp.	11	—9	5	14	(Covers settlements on checks paid on forged endorsements.)
Total, Office of the Treasurer. NOA	16,960	16,925	16,675	—250	
Exp.	16,748	17,004	16,755	—249	
Bureau of Customs					
Current authorizations:					
Salaries and expenses. . . . . 904 NOA	59,815	63,231	66,000	2,769	Increase will allow expansion of enforcement staff to meet the increase in port activities and transfer of certain responsibility from Coast Guard, and expansion of inspection staff to handle increased workload including mail inspection, and reduction of the import entry backlog. Workload estimates include a 4% increase in persons arriving and a 6% increase in customs investigations.
Exp.	58,896	63,691	65,817	2,126	
Internal Revenue Service					
Salaries and expenses. . . . . 904 NOA	413,900	450,182	{ 513,000 }	74,818	The number of tax returns filed is estimated to increase from 95.8 million in 1962 to 98.7 million in 1963. It is planned to finance the 3d step in a long-range plan by allowing an increase in enforcement personnel and installation of an electronic computer system. An extra \$12 million will be needed for quarterly refunding to nonfilers, other nontaxable individuals, and tax-exempt organizations, under proposed legislation for withholding on dividends and interest.
Exp.	408,092	446,630	{ 508,252 }	73,122	
Permanent authorizations:					
Refunding internal revenue col- NOA	82,798	88,155	88,155	-----	Interest is paid at 6% per annum on internal revenue collections which must be refunded.
lections, interest (indefinite) Exp.	82,749	88,105	88,105	-----	

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Internal revenue collections for Puerto Rico (indefinite special fund)-----910	NOA Exp.	26,348 24,998	27,000 26,840	27,000 27,000	----- 160	Taxes on articles produced in Puerto Rico are paid to Puerto Rico.
Total, Internal Revenue Serv- ice.	NOA Exp.	523,046 515,839	565,337 561,575	{ 628,155 †12,000 623,357 †11,500 }	{ 74,818 73,282 }	
<b>Bureau of Narcotics</b>						
<b>Current authorizations:</b>						
Salaries and expenses-----908	NOA Exp.	4,320 4,276	4,462 4,463	4,580 4,580	118 117	Increased travel and foreign service activity is contemplated.
<b>United States Secret Service</b>						
Salaries and expenses-----908	NOA Exp.	4,602 4,532	4,800 4,905	5,850 5,718	1,050 813	To meet mounting caseload, and strengthen protection forces, additional staff and facilities are needed.
Salaries and expenses, White House Police-----903	NOA Exp.	1,141 1,133	1,148 1,156	1,216 1,212	68 56	Increase is for added security posts and additional coverage of White House tours.
Salaries and expenses, guard force 904	NOA Exp.	355 342	358 366	369 369	11 3	Slight increase in average employment will provide more adequate coverage of Treasury money-handling activities.
<b>Permanent authorizations:</b>						
Contribution for annuity benefits (indefinite)-----903	NOA Exp.	256 256	293 293	293 293	----- -----	The District of Columbia is reimbursed for benefit payments made to or for Secret Service employees.
Total, United States Secret Service.	NOA Exp.	6,354 6,263	6,599 6,720	7,728 7,592	1,129 872	
<b>Bureau of the Mint</b>						
<b>Current authorizations:</b>						
Salaries and expenses-----904	NOA Exp.	5,825 5,019	6,138 6,618	6,680 6,680	542 62	Production will increase by 100 million coins to a total of 3.37 billion pieces. New equipment purchases will replace wornout production equipment and increase production capacity.
<b>Permanent authorizations:</b>						
Minor coinage profits, etc. (indefi- nite special fund)-----904	NOA Exp.	440 374	344 420	420 420	76 -----	This increased appropriation of seigniorage is for miscellaneous costs related to production of additional minor coins.

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests	
TREASURY DEPARTMENT—Continued						
Bureau of the Mint—Continued						
Permanent authorizations—Continued						
Silver profit fund (indefinite special fund).....904	NOA Exp.	615 406	326 520	520 520	194 -----	This increased appropriation of seigniorage is for miscellaneous costs related to production of additional silver coins.
Total, Bureau of the Mint....	NOA Exp.	6,880 5,799	6,808 7,558	7,620 7,620	812 62	
Bureau of Engraving and Printing						
Current authorizations:						
Emergency repairs to Bureau of Engraving and Printing Annex Building.....904	NOA Exp.	1,250 124	----- 776	----- -----	----- -776	Expenditure of the \$1,250 thousand appropriated for 1961 for repairing the limestone facing is expected to be completed in 1962.
Air-conditioning the Bureau of Engraving and Printing buildings.....904	NOA Exp.	----- -----	----- -----	300 300	300 300	
Intragovernmental funds:						
Bureau of Engraving and Printing fund.....604	Exp.	569	-321	-777	-456	(Sales of \$25 million produce a net negative expenditure because equipment purchases are less than depreciation included in prices.)
Total, Bureau of Engraving and Printing.	NOA Exp.	1,250 692	----- 455	300 -477	300 -932	
Coast Guard						
Current authorizations:						
Operating expenses.....502	NOA Exp.	205,000 201,572	211,891 209,892	220,000 219,000	8,109 9,108	Increased operational workload and improvement of military readiness will be accomplished by improved facilities and by programs which include extended Loran navigational service and other aids to navigation. Training and management control will be expanded.

Acquisition, construction, and im- provements.....	502	NOA Exp.	30,000 28,181	39,000 21,215	39,000 24,032	2,817	Incl. es construction of 10 replacement and 1 additional vessels, acquisition of 9 replacement aircraft and 8 additional helicopters. Construction of one new air station and planning for another, provision of additional search and rescue facilities. Navigational aids will be expanded and improved. Repair, supply, and research shops and laboratories will be constructed. Academy facilities will be improved. One 500-man barrack will be constructed at Cape May, N.J.
Retired pay.....	502	NOA Exp.	30,000 30,030	31,350 31,215	32,700 32,650	1,350 1,435	Increase of 210 retirements is expected.
Reserve training.....	502	NOA Exp.	16,000 16,371	16,000 16,000	16,500 16,500	500 500	Program will continue at current level. Increase reflects higher operating costs.
<b>Intragovernmental funds:</b>							
Coast Guard supply fund.....	502	Exp.	-32				(Fund breaks even; has \$17.2 million of business annually.)
Coast Guard yard fund.....	502	Exp.	83	215	32	-183	(This fund finances annually about \$13 million of industrial operations at Curtis Bay, Md.)
Total, Coast Guard.....		NOA Exp.	281,000 276,205	298,241 278,537	308,200 292,214	9,959 13,677	
<b>Interest on the Public Debt</b>							
<b>Permanent authorizations:</b>							
Interest on the public debt (in- definite).....	851	NOA Exp.	8,957,242 8,957,242	8,900,000 8,900,000	9,300,000 9,300,000	400,000 400,000	About half of the increase is due to higher average debt outstanding; remainder is because average rates have increased.
Total, Treasury Department..		NOA	9,976,889	9,995,464	10,437,945	462,091	
		Exp.	9,953,171	9,972,815 †390 †324	10,411,441 †20,000 †19,466	457,768	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>ATOMIC ENERGY COMMISSION</b>						
<b>Current authorizations:</b>						
Operating expenses.....	058 NOA	2,456,210	2,351,995 ↑100,000	2,700,788	248,793	A 1962 supplemental of \$100 million in addition to a transfer of \$39.2 million of unobligated balances from "Plant acquisition and construction" is required for the weapons program. In 1963 there will be substantial increases for the production and development of nuclear weapons, for the application of atomic energy to outer space (propulsion and power supply), and for basic research in the physical and life sciences. These increases will be partially offset by a reduction in the procurement of raw uranium concentrates.
Reappropriation.....	NOA	120,894				
	Exp.	2,411,817	2,470,000 ↑80,000	2,590,000 ↑20,000	60,000	
Plant acquisition and construction.....	058 NOA	204,250	195,360	1 286,045	90,685	This appropriation provides for construction of production, research, and development facilities, including reactors and particle accelerators, in support of all operating programs. Funds requested for new projects in 1963 approximate those appropriated in 1962, and an additional substantial amount is needed to complete the funding of the Stanford linear accelerator, construction of which was authorized in 1962.
	Exp.	299,707	280,000	270,000	-10,000	
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....	058 Exp.	1,941				
Total, Atomic Energy Commission.	NOA	2,781,354	2,547,355 ↑100,000	2,986,833	339,478	
	Exp.	2,713,465	2,750,000 ↑80,000	2,860,000 ↑20,000	50,000	
<b>FEDERAL AVIATION AGENCY</b>						
<b>Current authorizations:</b>						
Operations.....	501 NOA	388,164	434,300	492,500	58,200	Increase is needed to handle growing air traffic more efficiently and safely. Appropriation provides around-the-clock traffic management, maintenance of navigation and traffic control aids, and administration of airport grant program, safety standards and research.
	Exp.	375,173	415,000	465,000	50,000	

Facilities and equipment . . . . .	501	NOA	164,600	120,000	135,000	15,000	Additional air navigational aids, radar units, airport tower facilities, and other equipment purchases are needed to increase capacity, efficiency, and safety of airways system.
		Exp.	122,269	125,000	145,000	20,000	
Research and development . . . . .	501	NOA	64,480	60,000	50,000	-10,000	Level of effort on new airways equipment and techniques will be increased to \$65 million, with use of \$15 million of balances.
		Exp.	42,538	45,000	50,000	5,000	
Operation and maintenance, Washington National Airport . . . . .	501	NOA	3,293	3,225	3,725	500	Increase will permit improved level of maintenance and servicing. Revenues of \$4,474 thousand will be deposited in Treasury.
		Exp.	2,782	3,300	3,500	200	
Operation and maintenance, Dulles International Airport . . . . .	501	NOA	2,387	1,975	3,675	1,700	Airport opening is planned for the fall of 1962. Increase is needed for 9 months of full operation. Revenues of \$2,200 thousand will be deposited in Treasury.
		Exp.	287	2,600	3,500	900	
Construction, Washington National Airport . . . . .	501	NOA	4,500	4,200	2,500	-1,700	Projects included will add or improve aircraft movement, safety, and parking facilities.
		Exp.	712	3,043	3,600	557	
Construction and development, additional Washington airport . . . . .	501	NOA	-----	20,100	3,400	-16,700	Estimate is for construction of an aircraft hangar and related maintenance shops and aprons.
		Exp.	29,914	29,400	19,400	-10,000	
Grants-in-aid for airports:							
Appropriation:							
Current . . . . .	501	NOA	-----	75,000	-----	-----	Appropriation of \$75 million for 1963 was made in the 1962 appropriation act. Budget proposes appropriating another \$75 million to become available in 1964. Requirements for liquidation of former contract authority are declining.
Permanent . . . . .	501	NOA	-----	-----	75,000	-----	
Contract authorization (permanent) . . . . .	501	NOA	63,000	-----	-----	-----	
Appropriation to liquidate contract authorization . . . . .	501	Exp.	(80,000) 64,216	(70,000) 80,000	(20,000) 75,000	(-50,000) -5,000	
Civil supersonic aircraft development . . . . .	501	NOA	-----	11,000	25,000	14,000	This is the 2d (final) increment of a program to determine if a supersonic transport aircraft is technically and economically feasible.
		Exp.	-----	3,400	15,000	11,600	
Operation of public airports in Alaska . . . . .	501	Exp.	-8	-----	-----	-----	

† Proposed for separate transmittal.

‡ Primarily to carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>FEDERAL AVIATION AGENCY—Continued</b>					
<b>Current authorizations—Continued</b>					
Grants-in-aid for airports, Federal Airport Act.....501	Exp. 582	1,233	1,000	-233	(Program continues under similar titles, above.)
Claims, Federal Airport Act.....501	Exp. -----	21	-----	-21	
Construction of public airports in Alaska.....501	Exp. -----	3	-----	-3	
Total, Federal Aviation Agency.....	NOA 690,424 Exp. 638,465	729,800 708,000	790,800 781,000	61,000 73,000	

## GENERAL SERVICES ADMINISTRATION

<b>Real Property Activities</b>					
Operating expenses, Public Buildings Service.....905	NOA 171,011	{ 177,804 +2,650 }	187,400	6,946	The 1962 supplemental is for pay increases granted to wage board employees. The increase for 1963 is primarily for management and operation of new Federal buildings, and rental and operation costs of additional leased space acquired during 1962.
	Exp. 168,876	{ 178,011 +2,650 }	187,000	6,339	
Repair and improvement of public buildings.....905	NOA 58,288	57,941	65,000	7,059	Increase provides for more air-conditioning installations and continuation of long-range program of general repairs and improvements.
	Exp. 49,422	49,000	63,000	14,000	
Construction, public buildings projects.....905	NOA 165,441	188,946	170,481	-18,465	Request provides for starts on 33 projects costing \$155.1 million and initiation of 12 extension and conversion projects costing \$15.4 million.
	Exp. 68,983	110,000	153,000	43,000	
Sites and expenses, public buildings projects.....905	NOA 21,000	24,949	22,000	-2,949	The estimate provides for design starts and acquisition of sites, where necessary, for 35 projects involving improvement costs of \$175 million.
	Exp. 4,758	23,000	28,000	5,000	
Payments, public buildings purchase contracts.....905	NOA 4,000	5,200	5,440	240	Request provides for payments on 20 projects involving \$47.1 million committed through lease-purchase contracts.
	Exp. 3,721	5,200	5,440	240	

Additional court facilities.....905	NOA		2,500	9,000	4,000	The 1962 supplemental is needed to provide additional facilities for some of the 73 newly authorized judgeships. In 1963 the increase will provide facilities for the remainder and allow for expansion of other facilities.
	Exp.		†2,500			
			2,000	5,500	4,500	
			†700	†1,700		
Construction, Federal Office Building Numbered 7, Washington, D.C.....905	NOA		23,700		-23,700	Construction in 1963 and 1964 is financed by 1962 appropriation.
	Exp.	10	800	5,000	4,200	
Hospital facilities in the District of Columbia.....905	NOA		3,000		-3,000	It is anticipated that arrangements will be completed in 1962 for construction of new facilities in southeast Washington.
	Exp.	1,290	710	1,400	690	
Acquisition of land and building, Chicago, Ill.....905	Exp.	292	208		-208	(Condemnation proceedings should be completed in 1962.)
Construction, Federal Office Building Numbered 6, Washington, D.C.....905	Exp.	6,903	1,298		-1,298	(Construction, in the southwest redevelopment area, was completed in August 1961.)
Construction, public buildings.....905	Exp.	538	240	84	-156	(Construction of 4 border stations was completed in 1961. A contract for the 5th station will be awarded in 1962.)
Construction, U.S. Mission building, New York, N.Y.....905	Exp.	1,371	120		-120	(Construction was completed in 1961.)
Defense public works, community facilities.....905	Exp.	35				(Account has been liquidated.)
Sites and planning, public buildings outside D.C.....905	Exp.	3	14		-14	(Balance available is reserved for contingencies.)
Intragovernmental funds: Buildings management fund.....905	Exp.	2,405	-1,970	-1,856	114	(Operating costs are estimated at \$338.7 million, an increase of \$30.4 million, mainly due to work for the Post Office Department. The excess of receipts over expenditures is due to income from building sites.)
Construction services, public buildings.....905	Exp.	626	-153	-100	53	No increase is projected over the 1962 level.
Total, real property activities	NOA	419,740	484,040	459,321	-29,869	
	Exp.	309,233	368,478	446,468	76,340	
			†3,350	†1,700		

†Proposed for separate transmittal.



## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>GENERAL SERVICES ADMINISTRATION—Continued</b>						
<b>Personal Property Activities</b>						
<b>Current authorizations:</b>						
Operating expenses, Federal Supply Service.....	NOA	7,666	4,687	42,683	37,996	Includes activities previously under "Expenses, supply distribution." The increase is due mainly to increased Defense business.
	Exp.	7,378	4,710	41,500	36,790	
Expenses, supply distribution.....	NOA	24,468	{ 29,958 }	-----	-30,446	The 1962 supplemental is to adapt procedures to accommodate orders placed by the Department of Defense. Estimate for 1963 is included in preceding account.
			{ †488 }			
	Exp.	23,669	{ 30,330 }	1,412	-29,386	
			{ †478 }	†10		
<b>Intragovernmental funds:</b>						
General supply fund (current appropriation) .....	NOA	20,000	{ 6,000 }	17,000	1,000	The estimates for a 1962 supplemental and the 1963 appropriation are for increased capital to finance expansion of sales and equipment investment.
	Exp.	-4,646	{ †10,000 }	17,600	-11,600	
			{ 19,200 }			
			{ †10,000 }			
Administrative expenses, foreign aid procurements.....	Exp.	57	218	-----	-218	(Account is being liquidated.)
Advances and reimbursements.....	Exp.	68	-210	77	287	
Total, personal property activities.....	NOA	52,134	{ 40,645 }	59,683	8,550	
			{ †10,488 }			
	Exp.	26,526	{ 54,248 }	60,589	-4,127	
			{ †10,478 }	†10		
<b>Utilization and Disposal Activities</b>						
<b>Current authorizations:</b>						
Operating expenses, Utilization and Disposal Service.....	NOA	-----	8,100	8,800	700	This is a new appropriation, financed in 1962 by appropriation transfers. Increase is for emphasis on reuse or prompt disposal of property.
	Exp.	-----	7,366	8,737	1,371	

<b>Permanent authorizations:</b>						
Expenses, disposal of surplus real and related personal property (indefinite special fund).....	NOA Exp.	1,229 1,474	2,000 2,648	2,200 2,400	200 -248	Proceeds of sales are appropriated, as needed, for certain expenses of disposals.
Total, utilization and disposal activities.	NOA Exp.	1,229 1,474	10,100 10,014	11,000 11,137	900 1,123	
<b>Records Activities</b>						
<b>Current authorizations:</b>						
Operating expenses, National Archives and Records Service.....	NOA Exp.	14,261 13,810	13,968 14,000	14,500 14,300	532 300	The increase is to initiate a records disposal microfilming program and to cover increased operating costs.
<b>Transportation and Communications Activities</b>						
Operating expenses, Transportation and Communications Service.....	NOA Exp.	----- -----	3,759 3,559	4,435 4,335	676 776	This is a new appropriation. Functions were financed in 1962 by appropriation transfers. Increase in 1963 is primarily for development of a Federal communications system.  Program is now covered by new appropriation above.
Operating expenses, Transportation and Public Utilities Service.....	NOA Exp.	2,536 2,495	----- 134	----- -----	----- -134	
Total, transportation and communications activities.	NOA Exp.	2,536 2,495	3,759 3,693	4,435 4,335	676 642	
<b>Defense Materials Activities</b>						
Strategic and critical materials.....	NOA Exp.	22,237 35,244	39,977 36,000	38,000 40,000	-1,977 4,000	The 1963 program is to provide \$3.1 million for new material and up-grading of existing materials, \$30 million for inventory management and rotation of material, \$1.9 million for national industrial equipment reserve activities, and \$3 million for operating expenses.  (The program was completed in 1960 and all assets sold.)  (Contingent liability is estimated to be \$9.9 million at the end of 1963.)
<b>Public enterprise funds:</b>						
Abaca fiber program.....	Exp.	-208	-----	-----	-----	
Defense production guarantees, defense materials activities.....	Exp.	-445	-92	-67	25	
† Proposed for separate transmittal.						

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>GENERAL SERVICES ADMINISTRATION—Continued</b>					
<b>Defense Materials Activities—Continued</b>					
<b>Intragovernmental funds:</b>					
Advances and reimbursements Exp. 059	75	-----	-----	-----	
Total, defense materials activities. NOA Exp.	22,237 34,666	39,977 35,908	38,000 39,933	-1,977 4,025	
<b>General Activities</b>					
<b>Current authorizations:</b>					
Salaries and expenses, Office of Administrator..... NOA Exp. 905	247 240	1,272 1,270	1,350 1,350	78 80	This account consolidated by transfer in 1962, expenses previously carried elsewhere.
Allowances and office facilities for former Presidents..... NOA Exp. 903	250 235	300 300	320 310	20 10	Increase is needed for additional staff. Account provides for 3 former Presidents, and pension for a widow of a former President.
Refunds under Renegotiation Act (interest)..... Exp. 905	418	75	-----	-75	(Interest on remaining refunds is covered by balances of prior appropriations.)
<b>Public enterprise funds:</b>					
Federal Facilities Corporation fund..... 905					
Limitation on administrative expenses. Exp.	(20) -1,676	----- -37	-----	----- 37	(The Federal Facilities Corporation was dissolved as of Sept. 30, 1961.)
Reconstruction Finance Corporation liquidation fund..... 905					
Limitation on administrative expenses. Exp.	(42) -188	(42) -182	(25) -200	(-17) -18	(Volume of activity declines as liquidation continues.)
<b>Intragovernmental funds:</b>					
Administrative operations fund 905					
Limitation on use of fund..... Exp.	(13,973) -289	(14,566) -200	(12,131) -225	(-2,435) -25	(Decrease is due mainly to exclusion of automatic data processing from limitation. Program support in 1963 is estimated at \$20.2 million.)

Working capital fund.....905	NOA	-----	100	-----	-100	(Although volume of business is up, no additional capital is requested at this time.)
Exp.		-28	103	51	-52	
Advances and reimbursements 905	Exp.	8	-----	-----	-----	
Total, general activities.....	NOA	497	1,672	1,670	-2	"Additional court facilities" above includes the amounts shown here for furniture and furnishings, and related costs for The Judiciary, which in the case of other agencies, would be budgeted under the respective agencies. A deduction is shown here and an addition at the end of The Judiciary section to cover such charges.
Exp.		-1,280	1,329	1,286	-43	
Subtotal.....	NOA	512,634	594,161	588,609	-21,190	
			†15,638			
	Exp.	386,924	487,670	578,048	78,260	
			†13,828	†1,710		
Less: Court facilities and furnishings items transferred to The Judiciary chapter (contra).....905	NOA	-----	-627	-2,070	-1,025	
			†-418			
	Exp.	-----	-500	-1,627	-945	
			†-300	†-118		
Total, General Services Administration.	NOA	512,634	593,534	586,539	-22,215	
			†15,220			
	Exp.	386,924	487,170	576,421	77,315	
			†13,528	†1,592		

## HOUSING AND HOME FINANCE AGENCY

Office of the Administrator						
Current authorizations:						
Salaries and expenses.....551	NOA	11,015	12,687	15,720	3,033	Most of the increase will be for administrative expenses of the expanded urban renewal programs. The appropriation will be consolidated with \$9,850 thousand in administrative funds from other accounts. Nonadministrative expenses (recovered through fees) provide for inspection and audit of certain projects and loans.
Limitation on nonadministrative expenses.	Exp.	(2,900)	(3,000)	(3,500)	(500)	
		10,797	12,438	15,350	2,912	
Urban planning grants.....553	NOA	4,000	17,100	20,000	2,900	Increase will finance the broadened urban planning assistance program authorized by the Housing Act of 1961 and the Area Redevelopment Act.
	Exp.	3,045	5,000	10,000	5,000	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>HOUSING AND HOME FINANCE AGENCY—Continued</b>						
<b>Office of the Administrator—Continued</b>						
<b>Current authorizations—Continued</b>						
Urban studies and housing re- search.....	NOA Exp.	----- -----	375 275	1,450 785	1,075 510	Additional research and study projects will be undertaken.
Administrative expenses, mass transportation demonstration grants.....	NOA Exp.	----- -----	158 158	100 100	—58 —58	
Mass transportation assistance.....	NOA Exp.	----- -----	----- -----	†100,000 †15,000	100,000 15,000	Proposes legislation for initiation of a long-range program of direct Federal assistance for mass transportation systems in urban areas.
Open-space land grants:						
Administrative expenses.....	NOA	-----	110	320	210	Legislation will be proposed to provide another \$50 million of contract authorization. The program helps finance local acquisition of land for permanent recreation, conservation, and related open-space uses.
Contract authorization.....	NOA	50,000	-----	†50,000	50,000	
Appropriation to liquidate con- tract authorization.....	Exp.	----- -----	(34,890) 8,110	(15,110) 42,320	(—19,780) 34,210	
Low-income housing demonstra- tion grants.....	NOA	-----	20	-----	—20	
Contract authorization.....	NOA	5,000	-----	-----	-----	Administrative expenses of \$50 thousand will be covered by the "Salaries and expenses" appropriation. The remaining \$3,020 thousand of 1961 contract authority will be obligated in 1963.
Appropriation to liquidate con- tract authorizations.....	Exp.	----- -----	(1,980) 720	(1,250) 2,500	(—730) 1,780	
Farm housing research.....	Exp.	7	2	-----	—2	(Payments of prior obligations.)
<b>Public enterprise funds:</b>						
<b>College housing:</b>						
Authorization to expend from debt receipts:						
Current.....	NOA	500,000	-----	-----	-----	The Housing Act of 1961 makes \$300 million available for 1962 and each of the 3 succeeding years. Long-term loans are made for student or faculty housing and related facilities. Administrative workload will be about the same in 1963 as in 1962.
Permanent.....	NOA	-----	300,000	300,000	-----	
Limitation on administrative expenses.....	Exp.	(1,580) 198,175	(2,000) 249,941	(1,900) 374,545	(—100) 124,604	

Public facility loans:						
Current appropriation.....553	NOA		26,500		-26,500	Loan approvals are estimated at \$100 million for public facilities and \$23.5 million for transportation facilities, financed from balances of the 1961 NOA. Administrative workload on both public facility and transportation facility loans will increase.
Authorization to expend from debt receipts.....553	NOA	550,000				
Limitation on administrative expenses.....	Exp.	(538) 9,887	(1,050) 27,961	(1,350) 58,889	(300) 30,928	
Public works planning: Current appropriation.....553	NOA	6,000	7,000	13,000	6,000	Approvals of interest-free advances will increase to \$20 million in 1963. Repayments will provide \$7 million of the required financing.
	Exp.	4,753	7,048	8,048	1,000	
Revolving fund (liquidating programs): Limitation on administrative expenses.....551	Exp.	(148) -87,622	(145) -4,770	(145) -1,122	3,648	(Collections exceed disposition and related expenditures.)
Urban renewal fund:						
Contract authorization:						Program is increasing in volume with over 1,200 active projects at the end of 1963. Appropriations are to fulfill grant commitments made under prior years' NOA. Included is \$5 million for mass transportation demonstration projects funded under this authority. Loans and advances, financed from prior years' NOA, will be largely offset by repayments of earlier loans.
Current.....553	NOA	2,000,000				
Permanent.....553	NOA	300,000				
Appropriation to liquidate contract authorization. 553	Exp.	(150,000) 144,538	(215,842) 228,621	(330,000) 347,692	(114,158) 119,071	
Community disposal operations 552	Exp.	-4,894	-7,325	10	7,335	(Disposal of all properties, both at Oak Ridge, Tenn., and at Richland, Wash., will be completed in 1962.)
Housing for the elderly fund (current appropriation).....551	NOA	20,000	60,000	<sup>1</sup> 100,000	40,000	It is proposed to make indefinite the authorization for appropriation, now at \$125 million. Loan approvals are estimated at \$113 million for 1963, with most of the disbursements to be made later. Expanding program will require increased administrative support.
Limitation on administrative expenses.....551	Exp.	(235) 210	(513) 13,016	(1,000) 20,402	(487) 7,386	
Total, Office of the Administrator.	NOA	3,446,015	423,950	{ 450,590 †150,000 879,519 †15,000 }	{ 176,640 353,324 }	
	Exp.	278,895	541,195			

† Proposed for separate transmittal.

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>HOUSING AND HOME FINANCE AGENCY—Continued</b>					
<b>Federal National Mortgage Association</b>					
<b>Public enterprise funds—Continued</b>					
Loans to secondary market opera- tions fund.....551	Exp. 16,000	17,000	18,000	1,000	(Expenditures are for purchase of preferred stock in the trust fund.)
Special assistance functions fund (authorization to expend from debt receipts).....551	NOA 750,000 Exp. 133,687	144,845	310,500	165,655	Mortgage purchase commitments of \$1 billion will be financed out of NOA enacted in prior years. Most purchases from these commitments will occur later.
Management and liquidating func- tions fund (permanent authori- zation to expend from debt re- ceipts).....551	NOA 63,761 Exp. -74,448	27,274 -150,000	-144,000	-27,274 6,000	Collections exceed expenditures, annually, as liquidation proceeds. No NOA is contemplated for 1963.
Limitation on administrative ex- penses.	(6,900)	(8,000)	(8,750)	(750)	Expanded special assistance functions activity will require increased administrative support.
<b>Total, Federal National Mort- gage Association.</b>	NOA 813,761 Exp. 75,239	27,274 11,845	184,500	-27,274 172,655	

**Federal Housing Administration****Federal Housing Administration fund:**

Permanent indefinite authorization to expend from debt receipts.....551	NOA	81,077	224,931	183,972	-40,959
Limitation on administrative expenses.		(9,011)	(9,800)	(10,800)	(1,000)
Limitation on nonadministrative expenses.	Exp.	(52,988)	(64,650)	(71,400)	(6,750)
		-7,230	213,620	110,912	-102,708
Total, Federal Housing Administration.	NOA Exp.	81,077	224,931	183,972	-40,959
		-7,230	213,620	110,912	-102,708

**Public Housing Administration****Low-rent public housing programs:**

Annual contributions (current appropriation).....552	NOA	145,322	{ 165,000 }	185,000	19,000
Administrative expenses (current appropriation).....552	NOA	13,868	{ 13,968 }	14,750	702
Limitation on administrative expenses.		(13,868)	{ (13,968) }	(14,750)	(702)
Limitation on nonadministrative expenses.		(1,200)	{ (1,200) }	(1,490)	(272)
	Exp.	154,986	{ 172,897 }	192,618	19,361
			{ †720 }	{ †360 }	
Total, Public Housing Administration.	NOA	159,190	{ 178,968 }	199,750	19,702
	Exp.	154,986	{ 172,897 }	192,618	19,361
			{ †720 }	{ †360 }	
Total, Housing and Home Finance Agency.	NOA	4,500,043	{ 855,123 }	834,312	128,109
	Exp.	501,890	{ 939,557 }	1,367,549	442,632
			{ †720 }	{ †15,360 }	

NOA represents net debentures issued under permanent authority, for settlement of insurance claims arising out of mortgage defaults and foreclosures. Expenditures (which exclude retirement of debentures) are net of insurance premiums, recoveries, etc. Contingent liability is estimated at \$44 billion. Expanded programs will require increased administrative support and operating expenses.

Long-term contractual obligations for Federal contributions, including recently authorized special contributions in support of elderly occupants, will require a \$1 million supplemental for 1962 and a \$19 million increase for 1963. Development loans to local authorities will be financed out of pre-1961 NOA and will be almost entirely offset by repayments. Administrative expenses are rising because of increased activity, especially in number of occupied units; supplementals are needed in 1962 because of increased per diem allowances for travel.

†Proposed for separate transmittal.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
<b>Current authorizations:</b>						
Salaries and expenses-----251	NOA	166,818	216,750		-216,750	Merged into the appropriation "Research, development, and operation."
	Exp.	159,142	209,688	21,675	-188,013	
Research, development, and operation-----251	NOA	671,955	{ 1,185,644 †85,000 }	{ 2,968,278 1,697,634 }		The increase reflects the decision to accelerate the space programs and to attempt manned lunar landing before the end of the decade. The supplemental in 1962 will accelerate development of the Advanced Saturn and Centaur launch vehicles and engines for the Nova. In 1963 particular attention will be given to expanded effort in manned space flight technology and development of large space vehicles for manned space exploration. This will include expanded effort on development of two-man and three-man spacecraft, the Advanced Saturn launch vehicle and the Nova launch vehicle. In meteorology, research and development effort on Nimbus satellites will be continued. Work will be initiated on advanced communication satellites. Increased effort will be put on development of propulsion systems with emphasis on nuclear systems. Aircraft and missile basic and applied research will be expanded with emphasis devoted to research on the supersonic transport project and advanced military aircraft.
	Exp.	487,004	{ 932,497 †4,000 }	{ 2,012,505 †81,000 }	{ 1,157,008 }	
Construction of facilities-----251	NOA	125,227	{ 269,356 †71,000 }	{ 818,998 217,820 }	{ 478,642 131,005 }	The 1962 supplemental is needed for establishing the Mississippi test facility and enlarging the launch area at the Atlantic missile range. In 1963 emphasis will be put on expansion of manned space flight program facilities, including developmental, ground test, launching, manufacturing, and general support facilities. The program also provides for a new bioscience laboratory, a spacecraft environment simulation facility, ground test facilities for nuclear rocket engines, a flight simulator for advanced aircraft development, data acquisition facilities, supporting communications facilities, and other projects.
	Exp.	98,162	{ 149,815 †4,000 }	{ 217,820 †67,000 }	{ 131,005 }	
Total, National Aeronautics and Space Administration.	NOA	964,000	{ 1,671,750 †156,000 }	{ 3,787,276 2,252,000 }	{ 1,959,526 †148,000 }	
	Exp.	744,309	{ 1,292,000 †8,000 }	{ 2,252,000 †148,000 }	{ 1,100,000 }	

# VETERANS ADMINISTRATION

<b>Current authorizations:</b>						
General operating expenses	805 NOA	164,350	161,759	157,669	-4,090	The reductions reflect declining workloads in the compensation and pension and in the vocational rehabilitation and education programs as well as more efficient handling of benefit and insurance payments and accounting by automatic data processing operations. Certain small field information offices, no longer required for adequate service to veterans, have been closed during 1962.
	Exp.	164,374	161,389	157,663	-3,726	
Medical administration and miscellaneous operating expenses	NOA	35,165	43,811	13,772	-30,039	Decrease is mainly due to transfer of research to a new item which follows. Expansion of area offices and small increases in the medical educational and training programs are financed here.
	804 Exp.	33,909	41,055	16,700	-24,355	
Medical and prosthetic research	NOA			28,000	28,000	The proposal will continue work at a level consistent with a 10-year planned objective, and equal to the 1962 program.
	804 Exp.			24,800	24,800	
Medical care	804 NOA	953,240	987,158	1,017,892	25,374	Supplemental for 1962 is for wage board pay increases. The 1963 increase will allow continued progress on activation of Brecksville Ohio, hospital; a reduction of equipment replacement backlog; improved staffing of medical facilities; establishment of 2 new audiology clinics and 5 new day-care centers; increased rates for contract hospitalization; and initiation of a pilot restoration center program.
	Exp.	944,607	983,600 †5,000	1,010,840 †360	22,600	
Veterans direct benefits:						
(Veterans service-connected compensation)	801 NOA	2,034,498	2,009,271	1,993,298	-15,973	The decrease results principally from deaths of World War I and II veterans, and transfers to pension rolls.
	Exp.	2,034,498	2,009,271	1,993,298	-15,973	
(Compensation rate increase—proposed legislation)	801 NOA			†64,400	64,400	Legislation will be proposed to increase service-connected compensation rates, particularly for the more severely disabled, in order to provide more adequately for increased living costs.
	Exp.			†64,400	64,400	
(Veterans non-service-connected pensions)	802 NOA	1,712,798	1,435,809	1,783,681	326,872	Costs in 1962 are partly financed from balances brought forward but a supplemental is needed. For 1963, a \$213 million NOA increase is required to match the 1962 level. The remainder of the increase is primarily attributable to an increased caseload of World War I veterans and survivors of World War I and II veterans.
	Exp.	1,531,746	1,435,809 †21,000 1,648,921 †21,000	1,783,681	113,760	
(Veterans readjustment benefits)	803 NOA	344,000	80,000	91,500	-139,700	Supplemental for 1962 is for payment to Loan guaranty revolving fund (\$96.2 million) and for education and training (\$55 million). Education and training caseloads will decrease for 1963, and no payment to the guaranty fund is planned.
	Exp.	406,130	†151,200 94,515 †151,200	91,500	-154,215	

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>VETERANS ADMINISTRATION—Continued</b>					
<b>Current authorizations—Continued</b>					
<b>Veterans direct benefits—Continued</b>					
(Other veterans benefits and services).....805	NOA 52,704	54,920	55,021	101	Burial allowances will increase, offset partly by decreases in vocational rehabilitation subsistence allowances.
Exp.	55,262	54,920	55,021	101	
Veterans insurance and indem- NOA	48,800	39,200	32,000	-7,200	Major portion of NOA decrease is due to continuing phaseout of service- men's indemnities, as installments on awards are completed.
nities.....805	45,622	42,665	36,015	-6,650	
Exp.					
Grants to the Republic of the NOA	1,000	1,000	500	-500	Grants-in-aid are continued at the current obligation level for medical care of eligible Philippine Commonwealth Army veterans.
Philippines.....804	503	500	500		
Exp.					
Construction of hospital and dom- NOA	75,000	76,250	75,500	-750	The proposal for 1963 provides the 3d-year increment of a 12-year \$900 million modernization program and \$500 thousand for experimental hospital facilities.
iciliary facilities.....804	51,433	64,960	68,000	3,040	
Exp.					
Maintenance and operation of NOA	2,643				After 1961, costs previously financed by this account are included in revolving fund operation.
supply depots.....805	2,579	173		-173	
Exp.					
<b>Permanent authorizations:</b>					
Veterans insurance and indem- NOA	641	635	635		Premium receipts on policies issued to certain World War II veterans are appropriated and used for insurance purposes.
nities.....805	641	635	635		
Exp.					
<b>Public enterprise funds:</b>					
Canteen service revolving fund.805	NOA				(Receipts from sales of food and merchandise to hospital patients will continue to exceed expenses slightly.)
Exp.	-92	-121	-52	69	
Direct loans to veterans and re- serves (authorization to ex- pend from debt receipts):					
Current.....803	NOA	350,000		-300,000	Public Law 87-84 added \$350 million to the previous 1962 amount, and provided \$200 million for 1963, and \$500 million for future years. It is estimated that loans closed in 1963 will total approximately 25,500, about the same number as closed in 1962.
Permanent.....803	NOA	150,000	200,000		
Exp.	152,373	161,000	150,000	-11,000	

Loan guaranty revolving fund.....803	Exp.	-----	91,505	-156,256	-247,761	(Planned sale in 1963 of \$250 million of VA-owned mortgage notes will result in greater receipts than expenditures from the fund. For 1962, expenditures will exceed receipts, including \$96.2 million from Readjustment benefits account; excess is financed by \$91.4 million transfer from Direct loan revolving fund.)
Rental, maintenance, and repair of quarters.....805	Exp.	-1	-----	-----	-----	(Receipts from rental housing offset maintenance and upkeep.)
Service-disabled veterans insurance fund.....805	Exp.	-172	-59	135	194	(Growing volume of service disabled insurance claims and policy loans is expected to exceed receipts.)
Soldiers and sailors civil relief.....803	Exp.	84	129	3	-126	(Completion of insurance refunds to veterans results in reduction.)
Veterans special term insurance fund.....805	Exp.	-21,088	26,343	-12,384	-38,727	(Decrease in expenditures is due mainly to the fact that a \$48 million special dividend will be paid in 1962 and \$8 million in 1963.)
Vocational rehabilitation revolving fund.....805	Exp.	7	-2	-----	2	(Repayment of loans from trainees are estimated to equal new loans made.)
<b>Intragovernmental funds:</b>						
Supply fund.....805	Exp.	-1,095	1,305	-45	-1,350	(Fund is estimated to break even on volume of \$165 million.)
Total, Veterans Administration.		NOA	5,574,839	{5,389,813 †177,560}	{5,449,468 †64,400}	-53,505
		Exp.	5,401,321	{5,382,704 †177,200}	{5,220,054 †64,760}	-275,090

## OTHER INDEPENDENT AGENCIES

Advisory Commission on Intergovernmental Relations					
Current authorizations:					
Salaries and expenses.....910	NOA	144	375	375	This Commission brings together representatives of Federal, State, and local governments for studies of intergovernmental cooperation.
	Exp.	138	365	375	
				10	
Alaska International Rail and Highway Commission					
Salaries and expenses.....506	NOA	8			The final report of the Commission was submitted to the Congress on May 25, 1961.
	Exp.	108	5		
				-5	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
<b>American Battle Monuments Commission</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses.....805 NOA	1,320	1,360	1,550	190	Increase is for dedication of 2 memorials, planning of memorial on Guam, and increased maintenance costs.
Exp. 1,319	1,350	1,550	200		
Construction of memorials and Exp. 1,127	600	400	-200		(Account is available only to pay old obligations.)
cemeteries.....805					
Total, American Battle Monu- NOA	1,320	1,360	1,550	190	
ments Commission. Exp. 2,446	1,950	1,950			
<b>Central Intelligence Agency</b>					
Construction.....905 Exp.	19,307	8,994	487	-8,507	(Construction will be completed with use of NOA balances.)
<b>Civil Aeronautics Board</b>					
Salaries and expenses.....506 NOA	7,852	8,890	9,900	1,010	Increase will permit accelerated processing of route and rate cases, and augmentation of safety investigation staff.
Exp. 7,685	8,801	9,875	1,074		
Payments to air carriers:					Law permits CAB to obligate Government in indefinite amounts. Plans are for 1963 subsidies to cover 13 local service operations, 3 helicopter operations, and 9 Alaska routes.
Contract authorization (perma- NOA	80,155	85,340	86,074	734	
nent indefinite).....501					
Liquidation of contract authori- (82,500)	(78,250)	(84,578)	(6,328)	Appropriations liquidate that part of permanent contract authorization for which payments are due during the year.	
zation.....501 Exp. 77,856	82,894	84,578	1,684		
Total, Civil Aeronautics NOA	88,007	94,230	95,974	1,744	
Board. Exp. 85,541	91,695	94,453	2,758		

Civil Service Commission						
Salaries and expenses . . . . .	NOA	20,761	21,349	18,915	-2,434	It is proposed to transfer administrative costs of the retirement activity (\$3,275 thousand) to the "Civil service retirement and disability fund" (trust). This reduction is partly offset by amounts for increased workloads in several areas and \$496 thousand for equipment replacement on occupancy of the CSC building.
Limitation on salaries and expenses (trust fund).	Exp.	20,647	21,329	(3,275) 18,750	(3,275) -2,579	
Investigation of United States citizens for employment by international organizations . . .	NOA	462	430	512	82	Increases are needed for CSC background investigations and services of the Federal Bureau of Investigation.
	Exp.	393	387	490	103	
Annuities under special acts . .	NOA	2,316	2,248	2,113	-135	Panama Canal construction annuitants are estimated to drop from 1,752 to 1,597; Lighthouse Service widows from 433 to 427.
	Exp.	2,134	2,233	2,124	-109	
Government payment for annuitants, Employees health benefits fund . . . . .	NOA	2,500	4,500	5,400	900	Over 127,000 eligibles will participate in this program, an increase of 56.4% over 1962. An estimated \$1.6 million of balances will supplement the 1963 request.
	Exp.	2,500	2,877	7,023	4,146	
Government contribution, retired employees health benefit fund . .	NOA	1,625	19,000	9,200	-4,600	Approximately 261,000 retirees will participate in this program by the end of 1963, an increase of 3.3% over 1962. Obligations in 1962 of \$13.8 million leave 5.2 million to be reappropriated.
Reappropriation . . . . .	NOA			5,200		
	Exp.	1,625	13,800	14,400	600	Appropriation language will be proposed to rescind the 1962 appropriation, which was for increases in benefits under a 1958 law. The payment is no longer required because of changes in the law last year.
Payment to Civil service retirement and disability fund . . .	NOA	46,329	{ 44,637 }			
	Exp.	46,329	{ †-44,637 }			Increase is needed for printing, reproduction, and travel costs and audit of carriers' operations.
			{ 44,637 }			
			{ †-44,637 }			Membership in the program has increased.
Limitation on administrative expenses, Employees health benefits fund (trust fund).			(1,074)	(1,527)	(453)	
Limitation on administrative expenses, Employees life insurance fund (trust fund).		(260)	(260)	(265)	(5)	
Intragovernmental funds:						
Investigations (revolving fund) . . .	Exp.	828	-341	27	368	(Charges will more nearly equal expenses in 1963.)
	906					

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>Civil Service Commission—Continued</b>					
<b>Intragovernmental funds—Continued</b>					
Advances and reimbursements, Exp.	-13				(Financing has been transferred to Salaries and expenses, Civil Service Commission.)
President's Committee on Fund Raising Within the Federal Service.....906					
Total, Civil Service Commission.	73,993	{ 92,164 †-44,637 }	41,340	-6,187	
Exp.	74,442	{ 84,922 †-44,637 }	42,814	2,529	
<b>Commission of Fine Arts</b>					
<b>Current authorizations:</b>					
Salaries and expenses.....555	69	70	80	10	The Commission advises officials on architecture, sculpture, painting, and other fine arts. An additional staff member is requested.
Exp.	61	70	80	10	
<b>Commission on Civil Rights</b>					
Salaries and expenses.....908	888	888	995	107	Strengthened staff will permit increased support of State advisory committees and greater emphasis on appraisal of Federal laws and policies with respect to equal protection of the laws.
Exp.	815	903	975	72	
<b>Delaware River Basin Commission</b>					
Salaries and expenses.....401		†18	32	14	The 1962 supplemental provides staff assistance to the U.S. member for part of 1962. The 1963 proposal covers a full year.
Exp.		†18	32	14	

Export-Import Bank of Washington						
Public enterprise funds:						
Export-Import Bank of Washington fund:						
Limitation on operating expenses.		(1,300,000)		(-1,300,000)	(Bank's new obligations for loans and expenses, estimated at \$1,298 million for 1963, are covered by balances of prior NOA, in form of authorizations to expend from public debt receipts. Sales of loans under repurchase agreements, loan repayments, and other receipts will exceed disbursements.)	
Limitation on administrative expenses.....152	Exp.	(2,697) 43,436	(3,010) -100,000	(3,000) -225,000		
				(-10) -125,000		
Liquidation of certain Reconstruction Finance Corporation assets.....152	Exp.	-6,046	-1,255		1,255	(Liquidation will be completed in 1962.)
Total, Export-Import Bank of Washington.	Exp.	37,390	-101,255	-225,000	-123,745	
Farm Credit Administration						
Permanent authorizations:						
Administrative expenses (indefinite special fund).....352	NOA	2,583	2,590	2,565	-25	Activity is financed by assessments collected from the banks in the farm credit system. No significant change in administrative services is contemplated.
Limitation on administrative expenses.	Exp.	(2,589) 2,459	(2,590) 2,590	(2,565) 2,565	(-25) -25	
Public enterprise funds:						
Federal Farm Mortgage Corporation fund.....352	Exp.	-1,736	-693		693	(This corporation was abolished Oct. 4, 1961.)
Short-term credit investment fund 352	Exp.	3,910	7,500	7,000	-500	(Expenditures represent Government investment in Federal intermediate credit banks and production credit associations.)
Banks for cooperatives investment fund.....352	Exp.	-8,052	-11,470	-10,000	1,470	(Negative expenditures represent a return of capital previously invested in banks for cooperatives.)
Total, Farm Credit Administration.	NOA	2,583	2,590	2,565	-25	
	Exp.	-3,420	-2,073	-435	1,638	
Federal Coal Mine Safety Board of Review						
Current authorizations:						
Salaries and expenses.....652	NOA	70	70	70		The Board handles appeals of orders closing coal mines or declaring them gassy.
	Exp.	55	70	70		

† Proposed for separate transmittal.



**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>Federal Communications Commission</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses.....506 NOA Exp.	13,789 11,948	12,508 13,705	13,100 13,300	592 —405	Increase is for improving enforcement of laws and regulations, establishing a monitoring station in Puerto Rico, replacing equipment, strengthening telephone and telegraph regulation, and undertaking responsibilities in satellite communications.
<b>Federal Home Loan Bank Board</b>					
<b>Public enterprise funds:</b>					
Federal Home Loan Bank Board revolving fund.....551					
Limitation on administrative and nonadministrative ex- penses. Exp.	(10,889) 92	{ (12,231) †(300) —113 }	{ (13,875) —102 }	(1,344) 11	(Expenses are paid from assessments against the 11 Federal home loan banks, the Division of Examination and Supervision, and the Federal Savings and Loan Insurance Corporation. An increase in the 1962 limitation is needed for increased per diem allowances under Public Law 87-139. Most expenses will be higher in 1963.)
Federal Savings and Loan Insurance Corporation fund...551					
Limitation on administrative expenses. Exp.	(857) —35,192	{ (965) †(20) —239,321 }	{ (1,200) —270,135 }	(215) —30,814	Premiums and other receipts greatly exceed current costs. Contingent liability will be \$80.9 billion. Increase in 1962 limitation is for handling prepaid premiums under Public Law 87-210. Increased volume of administrative work is expected in 1963.)
Home Owners' Loan Corporation fund.....551 Exp.	1	7	7	-----	(Only charge is for interest on matured bonds.)
Total, Federal Home Loan Bank Board. Exp.	—35,099	—239,427	—270,230	—30,803	

<b>Federal Maritime Commission</b>					
<b>Current authorizations:</b>					
Salaries and expenses-----	506	NOA	-----	{ 1,306 } 2,900 1,264	Supplemental for 1962 is to finance new program for licensing ocean freight forwarders and regulating dual rate contracts, conference agreements, and tariff filings. Increase in 1963 puts the program on a full-year basis.
		Exp.	-----	{ 1,255 } 2,815 1,300	
				{ †295 } †35 }	
<b>Federal Mediation and Conciliation Service</b>					
Salaries and expenses-----	652	NOA	4,166	4,521 5,023 502	Increase is due to growth in disputes caseload and need for more preventive mediation. It will permit greater use of consultants.
		Exp.	4,147	4,500 4,973 473	
<b>Federal Power Commission</b>					
Salaries and expenses-----	401	NOA	8,164	{ 8,793 } 11,100 1,982	The 1962 supplemental will speed efforts to reduce the backlog of natural gas certificate and rate cases. In 1963, these efforts will be increased. A study will be made of how future national electric power needs can be met most effectively.
		Exp.	7,949	{ †325 } 11,044 2,123	
				{ 8,746 } †75 }	
				{ †250 }	
<b>Permanent authorizations:</b>					
Payments to States under Federal		NOA	54	56 54 -2	States receive 37.5% of receipts from licenses issued for hydroelectric projects in national forest and public lands.
Power Act (indefinite special		Exp.	55	54 56 2	
fund)-----	401				
Total, Federal Power Com-		NOA	8,218	{ 8,849 } 11,154 1,980	
mission.		Exp.	8,003	{ †325 } 11,100 2,125	
				{ 8,800 } †75 }	
				{ †250 }	
<b>Federal Trade Commission</b>					
<b>Current authorizations:</b>					
Salaries and expenses-----	508	NOA	8,010	10,221 11,845 1,624	Increased emphasis on prevention of monopolistic and unfair trade practices coupled with expected growth in business activity will result in large increase in workload.
		Exp.	7,854	10,024 11,000 976	
<b>Foreign Claims Settlement Commission</b>					
Salaries and expenses-----	151	NOA	506	625 { 700 } 325	Workload will increase in processing of Polish claims, begun in 1961 (payable from trust fund). A 1963 supplemental is forecast for administrative costs connected with the following item.
		Exp.	488	642 { †250 } 263	
				{ 685 } †220 }	

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>Foreign Claims Settlement Commission— Continued</b>					
<b>Current authorizations—Continued</b>					
Payment of Philippine war damage NOA			†73,000	73,000	The full payment of awards authorized by law will require a general fund appropriation, which will need to be authorized.
claims.....151 Exp.			†10,000	10,000	
Total, Foreign Claims Settle- NOA	506	625	{ 700	73,325	
ment Commission. Exp.	488	642	{ †73,250	10,263	
			{ †10,220		
<b>General Accounting Office</b>					
Salaries and expenses.....904 NOA	42,179	42,999	43,900	901	The auditing and field operations divisions will be expanded.
Exp.	40,861	42,919	43,844	925	
<b>Historical and Memorial Commissions</b>					
Boston National Historic Sites Exp.	2				(The Commission's work has been completed.)
Commission.....910					
Civil War Centennial Commission.. NOA	104	100	100		The estimate continues support at current level.
910 Exp.	105	100	100		
Franklin Delano Roosevelt Me- Exp.	133	8		-8	(The Commission is planning a memorial to Franklin Delano Roosevelt.)
morial Commission.....910					
James Madison Memorial Com- NOA	10				The Commission is formulating plans for a permanent memorial to James Madison.
mission.....910 Exp.	1	9		-9	
Lincoln Sesquicentennial Commis- Exp.	37	1		-1	(The Commission's work has been completed.)
sion.....910					

United States Territorial Expansion Memorial Commission (re-appropriation).....910	NOA Exp.	4 1	4	4	—4	The Commission is concerned with the Jefferson National Expansion Memorial, St. Louis, Mo.
Total, historical and memorial commissions.	NOA Exp.	118 279	100 122	100 100	—22	
<b>Indian Claims Commission</b>						
Salaries and expenses.....902	NOA Exp.	206 200	280 284	295 295	15 11	Slight expansion is planned to expedite hearing schedules.
<b>Interstate Commerce Commission</b>						
Salaries and expenses.....506	NOA	21,452	{ 22,075 }	23,200	1,000	The 1962 supplemental is for increased travel costs. For 1963, an increase is anticipated to handle rising workloads, reduce backlogs, strengthen enforcement, develop improved regulatory tools, and undertake expanded emergency preparedness activity.
	Exp.	22,139	{ 21,631 †112 }	{ 23,139 †13 }	1,409	
Payment of loan guaranties....506	NOA Exp.	----- -----	14,700 14,676	----- -----	—14,700 —14,676	The 1962 transaction was required as a consequence of a prior guaranty. No payments are anticipated for 1963. Contingent liability is estimated at \$245 million at end of 1963.
Total, Interstate Commerce Commission.	NOA	21,452	{ 36,775 }	23,200	—13,700	
	Exp.	22,139	{ 36,307 †112 }	{ 23,139 †13 }	—13,267	
<b>Interstate Commission on the Potomac River Basin</b>						
Contribution to Interstate Commission on the Potomac River Basin.....555	NOA Exp.	5 5	5 5	5 5	----- -----	The United States contributes \$5 thousand annually for the Commission's efforts to reduce pollution.
<b>National Capital Housing Authority</b>						
Operation and maintenance of properties.....555	NOA Exp.	40 40	40 40	40 40	----- -----	The request continues the operation and maintenance of 96 low-rent housing units, the receipts from which (\$48 thousand for 1963) are deposited in the general fund.

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code		1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued						
<b>National Capital Planning Commission</b>						
<b>Current authorizations—Continued</b>						
Salaries and expenses.....555	NOA	435	525	625	100	The increase provides for rental of commercial office space and moving expenses.
Exp.	Exp.	431	542	620	78	
Land acquisition, National Capital park, parkway, and playground system.....555	NOA	250	500	1,300	800	The estimate is for the Federal share of the costs of acquiring land for stream valley parks in Maryland and Virginia (\$1,200 thousand) and for the George Washington Memorial Parkway (\$100 thousand).
Exp.	Exp.	331	1,458	1,900	442	
Salaries and expenses, open-space study, National Capital region.....555	NOA			65	65	A 2-year appropriation is requested for a study of open space recommendations of the Year 2000 Plan.
Exp.	Exp.			30	30	
Total, National Capital Planning Commission.....	NOA	685	1,025	1,990	965	
Exp.	Exp.	762	2,000	2,550	550	
<b>National Capital Transportation Agency</b>						
Salaries and expenses.....555	NOA	250	960	4,450	3,490	The agency plans to complete staffing for the planning phase of the transit development program, and to initiate economic, engineering, operational, and technological feasibility studies.
Exp.	Exp.	135	897	4,210	3,313	
Land acquisition and construction.....555	NOA		1,000	2,000	1,000	The agency will acquire extra-wide median strips on Interstate Routes 66 and 95 (\$400 thousand), and land for parking and rapid transit station facilities near these routes and the George Washington Memorial Parkway (\$1,600 thousand).
Exp.	Exp.		685	1,790	1,105	
Total, National Capital Transportation Agency.....	NOA	250	1,960	6,450	4,490	
Exp.	Exp.	135	1,582	6,000	4,418	
<b>National Labor Relations Board</b>						
Salaries and expenses.....652	NOA	18,213	19,125	20,250	1,125	Estimates reflect an increase in caseload over 1962 of 12% for unfair labor practice cases, and 9% for representation cases.
Exp.	Exp.	17,967	19,034	20,175	1,141	

<b>National Mediation Board</b>						
Salaries and expenses.....652	NOA	1,604	1,787	1,904	117	Increased use will be made of voluntary arbitration and emergency boards to settle disputes.
	Exp.	1,498	1,781	1,873	92	
<b>National Science Foundation</b>						
Salaries and expenses.....703	NOA	175,800	263,022	358,000	94,978	Grants for support of basic research and facilities will expand nearly 42%. Support of science education will increase over 25%.
	Exp.	142,652	198,655	257,000	58,345	
International Geophysical Year 703	Exp.	687	111	-----	-111	(This account is being closed in 1962.)
<b>Intragovernmental funds:</b>						
Advances and reimbursements.703	Exp.	154	34	-----	-34	
Total, National Science Foundation.	NOA Exp.	175,800 143,493	263,022 198,800	358,000 257,000	94,978 58,200	
<b>Outdoor Recreation Resources Review Commission</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....405	NOA	950	550	-----	-550	Final report will be submitted by Jan. 31, 1962.
	Exp.	1,127	738	80	-658	
<b>Railroad Retirement Board</b>						
Payment to railroad unemployment insurance account....652	NOA Exp.	20,000 13,000	10,000 17,000	-----	-10,000 -17,000	Program of temporary extended unemployment benefits will expire.
Payment for military service credits (proposed legislation)....654	NOA Exp.	-----	-----	†16,000 †16,000	16,000 16,000	
Limitation on salaries and expenses (trust fund).		(9,785)	(9,740)	(9,640)	(-100)	(Claims processed are estimated to increase by about 2,000 to about 185,000, and the number of benefit payments from 10.2 million to 10.8 million. Increased productivity will reduce cost.)
Total, Railroad Retirement Board.	NOA Exp.	20,000 13,000	10,000 17,000	†16,000 †16,000	6,000 -1,000	

†Proposed for separate transmittal.

**ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued**

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>Renegotiation Board</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses-----904 NOA	3,015	2,891	2,500	—391	Consolidation of the Detroit and New York regional offices in Washington, along with procedural changes, will reduce requirements.
Exp.-----	2,895	2,884	2,528	—356	
<b>Saint Lawrence Seaway Development Corporation</b>					
<b>Public enterprise funds:</b>					
Limitation on administrative expenses. Exp.	(414) 2,477	(425) 1,800	(425) 400	----- —1,400	(Operating costs, interest, and some additional construction will be financed from revenues of \$4.5 million and borrowing of \$400 thousand from Treasury.)
<b>Securities and Exchange Commission</b>					
<b>Current authorizations:</b>					
Salaries and expenses-----506 NOA	9,518	11,371	12,800	1,429	Continued expansion of market activity, an increasing volume of security issues, and greater participation by the investing public will increase examining workload by 11.3%, investigating workload by 14.1%, and supervision and regulation activity by 7.1%.
Exp.-----	9,331	11,248	12,740	1,492	
<b>Selective Service System</b>					
Salaries and expenses-----059 NOA	33,169	36,947	38,173	1,226	Increase will provide for reduction in uncompensated local board work and small increase in induction.
Exp.-----	32,845	36,204	37,370	1,166	
<b>Small Business Administration</b>					
Salaries and expenses-----506 NOA	5,943	7,050	6,000	—1,050	Expansion of financial assistance (through the revolving fund) will require greater administrative expenses.
Limitation, to be derived from revolving fund. Exp.	(16,863) 6,039	(18,947) 6,861	(28,000) 5,554	(9,053) —1,307	
Grants for research and management counseling (indefinite special fund)-----506 Exp.	880	900	101	—799	(Old obligations are being liquidated.)

<b>Public enterprise funds:</b>						
Revolving fund (current appropriation).....506	NOA	50,000	{ 180,000 }	{ <sup>1</sup> 300,000 }	40,000	A 1962 supplemental is needed to cover increased business loan and investment and development company program activity. Legislation is proposed to eliminate the ceiling on appropriations and the program limitations.
	Exp.	97,018	{ †80,000 242,933 }	{ 170,735 †45,427 }	-26,771	
Reconstruction Finance Corporation liquidation fund.....506						(Balance is being transferred to preceding fund.)
Limitation on administrative expenses.	Exp.	(675) -1,406	(397) -980		(-397) 980	
Total, Small Business Administration.	NOA	55,943	{ 187,050 }	{ 306,000 }	38,950	
	Exp.	102,531	{ †80,000 249,714 }	{ 176,390 †45,427 }	-27,897	
<b>Smithsonian Institution</b>						
<b>Current authorizations:</b>						
Salaries and expenses.....704	NOA	8,114	{ 9,085 }	{ 11,354 }	2,193	The 1962 supplemental covers increased wage-board rates. Expansion in 1963 will include opening of new building for the Museum of History and Technology, partial occupancy of east wing of Natural History Building, and broadening the scientific programs.
	Exp.	8,431	{ †76 9,205 †70 }	{ 10,981 †6 }	1,712	
Additions to the Natural History Building.....704	NOA	13,500	4,336		-4,336	Rehabilitation and modernization financed in prior years will be completed in 1964.
	Exp.	1,539	6,641	6,405	-236	
Remodeling of Civil Service Commission Building.....704	NOA		400	5,400	5,000	This building, to be transferred to the Institution in 1963, will house the National Portrait Gallery and the National Collection of Fine Arts.
	Exp.		193	268	75	
Construction and improvements, National Zoological Park...704	NOA			950	950	This includes access road relocation, reconstruction of the bird flight cage, and improvements to the bird exhibition building.
	Exp.			900	900	
Museum of History and Technology.....704	Exp.	9,333	18,044	3,139	-14,905	(Completion of the building, with balances of prior NOA, is scheduled for 1963.)

†Proposed for separate transmittal.

<sup>1</sup> Partly to carry out authorizing legislation to be proposed.



# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>Smithsonian Institution—Continued</b>					
<b>Current authorizations—Continued</b>					
Salaries and expenses, National Gallery of Art.....704	1,920 1,938	1,932 1,945	2,054 2,004	122 59	The increase will finance the first increment of a project to repair the glass roof, and other modifications.
<b>Intragovernmental funds:</b>					
Advances and reimbursements, Exp. Smithsonian Institution.....704	-----	9	10	1	
<b>Total, Smithsonian Institu-</b>	<b>23,534</b>	<b>{ 15,753 }</b>	<b>19,758</b>	<b>3,929</b>	
<b>tion.</b>		<b>{ †76 }</b>			
Exp.	21,240	{ 36,037 }	23,707	{ -12,394 }	
		{ †70 }	{ †6 }		
<b>Subversive Activities Control Board</b>					
<b>Current authorizations:</b>					
Salaries and expenses.....908	395	395	395	-----	Estimate is based upon continuing activity at current year level.
Exp.	299	412	395	-17	
<b>Tariff Commission</b>					
Salaries and expenses.....151	2,611	2,770	2,950	180	Increased support of research and investigations activity is needed to meet expanding world trade requirements.
Exp.	2,541	2,640	2,934	294	
<b>Tax Court of the United States</b>					
Salaries and expenses.....904	1,630	{ 1,750 }	1,784	14	A supplemental is needed in 1962 for new program of annuities to widows and dependent children of tax court judges. Increase in 1963 is for salary adjustments and other costs.
Exp.	1,627	{ 1,755 }	1,769	-6	
		{ †20 }			

<b>Tennessee Valley Authority</b>					
<b>Public enterprise funds:</b>					
Tennessee Valley Authority fund:					
Power proceeds and revenue bonds.....401	Exp.	19,675	37,000	29,000	-8,000
(Power revenue of \$284 million, together with \$50 million from revenue bonds, will be used to finance power operations and a \$133 million investment in power facilities, including starting of a new 900,000 kw. steam generating unit. Payments to the general fund will include \$10 million for reduction of appropriation investments and a dividend of \$38.5 million. Returns to the general fund and revenue bond proceeds do not affect the calculation of net expenditures.)					
Current appropriation and non-power proceeds.....401	NOA Exp.	20,520 19,017	38,203 41,000	35,071 34,000	-3,132 -7,000
Appropriations and \$29 million of other receipts will finance all operating costs except power operations and provide for construction of navigation, chemical, and other non-power facilities, including a new lock at Gunterville and a water control system on the Beech River. Principal decreases are in outlay for Melton Hill dam and navigation facilities.					
Total, Tennessee Valley Authority.	NOA Exp.	20,520 38,691	38,203 78,000	35,071 63,000	-3,132 -15,000
<b>United States Arms Control and Disarmament Agency</b>					
<b>Current authorizations:</b>					
Arms control and disarmament activities.....151	NOA Exp.	----- -----	1,840 1,500	6,500 4,600	4,660 3,100
Expanded staff and increased contractual research will accelerate the work of this new agency.					
<b>United States Information Agency</b>					
Salaries and expenses.....153	NOA Exp.	105,330 103,076	111,487 108,000	125,500 120,000	14,013 12,000
The increase will provide \$9 million for overseas program and related media expenses plus \$2.1 million for support of worldwide television, motion picture, press and publications, and information center activities; and \$2.8 million for radio programming and facilities operations.					
Salaries and expenses (special foreign currency program).....153	NOA Exp.	3,000 2,435	9,300 7,500	9,000 9,500	-300 2,000
This finances local currency expenses in 9 countries with U.S.-owned currencies in excess of normal U.S. requirements.					
Special international exhibitions.....153	NOA Exp.	8,918 7,144	8,000 8,500	7,600 6,500	-400 -2,000
This covers 17 exhibits at international fairs, 11 labor missions, and special-purpose exhibitions for the Soviet Union, East Europe, and Berlin.					

†Proposed for separate transmittal.

## ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>United States Information Agency—Con.</b>					
<b>Current authorizations—Continued</b>					
Special international exhibitions NOA	1,096	250	400	150	Currencies, excess to U.S. normal needs, supplement the appropriation immediately above and are used to pay local expenses.
(special foreign currency pro- Exp.	73	900	600	—300	
gram)-----153					
Acquisition and construction of NOA	8,740	10,750	11,260	510	Most of the request is for transmitting facilities. The remainder is for maintenance, research, and development.
radio facilities-----153 Exp.	3,939	19,000	18,875	—125	
Philippine-American Cultural NOA	1,366				These funds are being used as a grant to the Philippine-American Cultural Foundation for construction and equipment of a binational center building.
Foundation-----153 Exp.		100	1,266	1,166	
<b>Public enterprise funds:</b>					
Informational media guarantee NOA	3,692	1,500	4,300	2,800	The request will make possible the issuance of \$7.2 million in guarantee contracts, an increase of \$2.3 million over the 1962 level, and will reduce impairment of the fund by \$968 thousand. Contingent liabilities are estimated at \$6.8 million.
fund (current appropriation) Exp.	4,487	3,419	2,388	—1,031	
153					
Total, United States Informa- NOA	132,142	141,287	158,060	16,773	
tion Agency. Exp.	121,155	147,419	159,129	11,710	
<b>U.S. Study Commission—Southeast River Basins</b>					
<b>Current authorizations:</b>					
Salaries and expenses-----401 NOA	1,550	1,380	552	—828	Final report will be submitted in 1963.
Exp.	1,393	1,480	836	—644	
<b>U.S. Study Commission—Texas</b>					
Salaries and expenses-----401 NOA	1,325	540		—540	Final report is to be submitted in 1962.
Exp.	1,242	742		—742	
Total, Other Independent NOA	768,623	1,049,622	1,228,380	231,751	
Agencies. Exp.	793,998	{ 136,257	{ 189,250	{	
		{ 777,592	{ 530,343	{	
		{ -43,872	{ 171,776	{	
				—131,601	

# DISTRICT OF COLUMBIA

<b>Current authorizations:</b>						
Federal payment to District of Columbia.....555	NOA Exp.	27,533 27,533	32,753 32,753	34,899 34,899	2,146 2,146	Payment of \$32 million is for helping defray expenses of the government of the District of Columbia, and \$2.9 million is for water and sewer services to the Federal Government.
Loans to District of Columbia for capital outlay, general fund.....555	NOA Exp.	15,900 -----	20,400 18,000	18,700 20,000	-1,700 2,000	This is for 30-year interest-bearing loans to assist in financing the construction of facilities.
Loans to District of Columbia for capital outlay, highway fund.....555	NOA Exp.	3,500 8,000	----- 24,250	2,900 12,000	2,900 -12,250	This is for 30-year interest-bearing loans to assist in financing a program of highway construction projects.
Loans to District of Columbia for capital outlay, water fund.....555	Exp.	3,400	3,300	3,400	100	(This is for 30-year interest-bearing loans to assist in financing a program of expansion and improvement of the water system.)
Loans to District of Columbia for capital outlay, sanitary sewage works fund.....555	NOA Exp.	700 800	8,600 5,300	3,242 5,800	-5,358 500	This is for 30-year interest-bearing loans to assist in financing the construction, operation, maintenance, and repair of the sanitary sewage works.
Federal contribution and loans to the Metropolitan area sanitary sewage works fund.....555	NOA Exp.	25,200 2,700	----- 14,400	2,800 8,900	2,800 -5,500	An authorized contribution (\$300 thousand) and loan (\$2,500 thousand) will complete the financing of the acquisition of right-of-way, and construction of a sanitary interceptor and trunk sewerline from the Dulles International Airport to the District of Columbia system.
<b>Permanent authorizations:</b>						
Repayable advances to the District of Columbia general fund.....555	NOA Exp.	8,000 8,000	----- -8,000	----- -----	----- 8,000	Repayment of the 1961 advance was made in 1962.
Total, District of Columbia...	NOA Exp.	80,833 50,433	61,753 90,003	62,541 84,999	788 -5,004	

†Proposed for separate transmittal.

# ANALYSIS OF NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1963

Account and functional code	1961 enacted	1962 estimate	1963 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>ALLOWANCES FOR PAY ADJUSTMENTS AND CONTINGENCIES</b>					
<b>Proposed for separate transmittal:</b>					
Allowances for—					
Pay adjustments (except for NOA					
Post Office Department). Exp.			†162,000	162,000	Legislation will be proposed to provide for new civilian pay scales to take effect in 3 stages, beginning Jan. 1, 1963. (The Post Office Department portion is included under that Department.)
			†150,000	150,000	
Contingencies..... NOA		†100,000	†300,000	200,000	The allowance for contingencies is to cover unforeseen needs and smaller items of proposed legislation. Specific supplemental estimates will be transmitted as the need arises.
Exp.		†75,000	†200,000	125,000	
Total allowance..... NOA		†100,000	†462,000	362,000	
Exp.		†75,000	†350,000	275,000	
<b>GRAND TOTALS</b>					
Total new obligational authority.....	86,675,174	{ 92,459,796	97,953,291	3,555,240	
		{ †3,287,779	†1,349,524		
Expenditures:					
Subtotal.....	82,169,120	{ 88,761,190	92,984,517	3,498,001	
		{ †970,563	†245,237		
Deduct interfund transaction.....	653,953	656,284	693,121	36,837	
Total expenditures.....	81,515,168	{ 88,104,906	92,291,396	3,461,164	
		{ †970,563	†245,237		

†Proposed for separate transmittal.

‡ Excludes \$489,885 thousand proposed in this budget, to be available in 1962.

Table 16. OBLIGATIONS INCURRED, NET (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
Legislative Branch.....	127	137	136
The Judiciary.....	52	59	63
Executive Office of the President.....	73	26	23
Funds appropriated to the President:			
Foreign assistance—economic.....	2,063	3,112	3,489
Other.....	88	109	194
Department of Agriculture.....	7,618	7,255	6,736
Department of Commerce.....	603	745	851
Department of Defense:			
Military.....	44,288	52,512	53,215
Civil.....	978	1,077	1,085
Department of Health, Education, and Welfare.....	3,916	4,790	6,313
Department of the Interior.....	833	973	1,124
Department of Justice.....	291	295	306
Department of Labor.....	831	567	444
Post Office Department.....	874	865	265
Department of State.....	298	422	366
Treasury Department.....	9,959	10,011	10,454
Atomic Energy Commission.....	2,636	2,981	2,987
Federal Aviation Agency.....	668	727	827
General Services Administration.....	409	616	686
Housing and Home Finance Agency.....	781	1,699	2,256
National Aeronautics and Space Administration.....	909	1,860	3,797
Veterans Administration.....	5,414	5,548	5,329
Other independent agencies.....	1,351	1,105	1,194
District of Columbia.....	50	90	85
Allowances for pay adjustments and contingencies.....		100	462
<b>Total obligations incurred, net.....</b>	<b>85,111</b>	<b>97,684</b>	<b>102,687</b>

Note.—This table reflects the net obligations incurred, as explained on pages 114 to 116. Net obligations are determined by deducting from the gross obligations the applicable receipts of public enterprise funds and intragovernmental funds, and the reimbursements to general fund and special fund appropriations.

Table 17. BALANCES OF OBLIGATIONAL AUTHORITY (in millions of dollars)

Description	Start 1961		Start 1962— End 1961		Start 1963— End 1962		End 1963	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
<b>BY AGENCY</b>								
Legislative Branch.....	82	44	72	41	44	26	28	20
The Judiciary.....	3		4		4		5	
Executive Office of the President.....	41	5	41	1	4	2	5	2
Funds appropriated to the President:								
Foreign assistance—economic.....	2,263	502	2,521	1,051	3,698	254	4,948	161
Other.....	168	5,917	179	5,910	52	8,026	60	8,021
Department of Agriculture.....	1,271	2,445	2,958	2,226	3,036	836	3,063	478
Department of Commerce.....	389	217	493	478	589	457	625	294
Department of Defense:								
Military.....	21,845	11,181	21,358	9,934	25,374	7,300	28,889	5,726
Civil.....	242	107	248	106	309	31	324	11
Department of Health, Education, and Welfare.....	1,026	199	1,237	242	1,557	216	2,685	173
Department of the Interior.....	257	167	288	152	390	102	483	50
Department of Justice.....	14	13	20	18	17	16	19	15
Department of Labor.....	9	3	7	223	12	296	70	299
Post Office Department.....	366	7	326	7	339	7	343	7
Department of State.....	50	43	87	44	56	31	85	14
Treasury Department.....	114	268	115	278	153	261	176	260
Atomic Energy Commission.....	1,206	183	1,129	334	1,280		1,387	
Federal Aviation Agency.....	370	148	396	164	415	167	461	131
General Services Administration.....	166	130	188	201	303	188	411	86
Housing and Home Finance Agency.....	2,805	6,132	3,084	9,762	3,843	8,826	4,715	7,495
National Aeronautics and Space Administration.....	273	97	437	154	998	121	2,395	111
Veterans Administration.....	267	368	278	527	274	540	319	706
Other independent agencies.....	1,675	9,314	2,230	8,646	2,600	8,539	3,189	8,584
District of Columbia.....		81		111		75		53
Allowances for pay adjustments and contingencies.....					25		137	
<b>Total balances.....</b>	<b>34,899</b>	<b>37,572</b>	<b>37,695</b>	<b>40,612</b>	<b>45,371</b>	<b>36,315</b>	<b>54,822</b>	<b>32,698</b>
<b>BY TYPE OF AUTHORIZATION</b>								
Appropriations.....	28,119	10,685	28,377	10,237	33,714	6,982	41,262	5,387
Authorizations to expend from debt receipts.....	4,453	21,287	6,794	21,918	7,512	21,849	8,681	20,295
Contract authorizations.....	1,092	808	1,133	2,979	1,237	2,569	1,278	2,036
Revolving and management funds.....	1,236	4,792	1,392	5,478	2,908	4,916	3,601	4,980
<b>Total balances.....</b>	<b>34,899</b>	<b>37,572</b>	<b>37,695</b>	<b>40,612</b>	<b>45,371</b>	<b>36,315</b>	<b>54,822</b>	<b>32,698</b>

Note.—For explanation of balances carried forward, see pages 114 to 116.

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PART 6

SPECIAL ANALYSES

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# SPECIAL ANALYSIS A

## TRUST FUND OPERATIONS AND STATUS

Trust receipts are estimated at \$27.5 billion in 1963, and trust expenditures are estimated at \$26.6 billion. This represents a significant increase over the 1962 levels, as indicated in the following table (in millions of dollars):

### TOTAL TRUST FUND TRANSACTIONS

	1961	1962	1963
Receipts.....	23,807	24,545	27,506
Expenditures.....	23,239	25,574	26,650
Net accumulation.....	568	-1,029	857
Borrowing from the public.....	-66	856	475
Balance as of June 30.....	53,816	53,643	54,975
U.S. securities.....	(49,849)	(49,729)	(51,199)
Open book accounts.....	(3,967)	(3,914)	(3,776)
Increase or decrease (-) in cash balances.....	212	-53	-138

Trust funds are those funds which are held in a fiduciary capacity by the Government. While the budget totals do not include the transactions of the trust funds, several important parts of the Government's program are carried out through trust funds, particularly those for labor, welfare, and highway activities.

Deposit funds are somewhat similar to trust funds. They account for monies that are either held in suspense temporarily, or held by the Government as banker or agent for others.

Table A-1. TRUST FUND OPERATIONS AND STATUS (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>TRUST FUND RECEIPTS</b>			
Federal old-age and survivors insurance trust fund:	(11,910)	(12,252)	(14,231)
Employment taxes.....	10,623	10,972	12,780
Deposits by States.....	755	757	837
Interest on investments.....	530	521	534
Payment for military service credits.....			79
Other.....	1	2	1
Federal disability insurance trust fund:	(1,093)	(1,116)	(1,175)
Employment taxes.....	963	977	1,029
Deposits by States.....	69	69	70
Interest on investments.....	61	70	75
Payment for military service credits.....			1
Health insurance for the aged (proposed legislation).....			42
Unemployment trust fund:	(3,805)	(3,584)	(4,154)
Deposits by States.....	2,398	2,400	2,600
Federal unemployment taxes.....	346	476	976
Railroad unemployment insurance account:			
Employment taxes.....	153	154	163
Other receipts.....	154	92	64
Advance from revolving fund.....	52	-52	
Interest on investments.....	204	172	187
Proposed legislation.....			155
Advances from general fund for temporary unemployment compensation.....	499	342	9

Table A-1. TRUST FUND OPERATIONS AND STATUS (in millions of dollars)—Con.

Description	1961 actual	1962 estimate	1963 estimate
<b>TRUST FUND RECEIPTS—Continued</b>			
Railroad retirement account:	(1,051)	(1,110)	(1,188)
Employment taxes.....	571	597	624
Interest and profits on investments.....	111	120	120
Repayment of advances to Railroad unemployment insurance account.....	31	40	40
Payment from OASI trust fund.....	332	340	375
Payment from Federal disability insurance trust fund.....	5	10	10
Other.....	1	2	4
Proposed legislation: Military service credits.....			16
Federal employees retirement funds:	(2,033)	(2,063)	(2,128)
Deductions from employees' salaries.....	847	869	866
Payments from other funds:			
Employing agency contributions.....	846	866	866
Federal contributions.....	46		
Voluntary contributions, donations, etc.....	12	14	14
Interest and profits on investments.....	281	315	382
Highway trust fund:	(2,925)	(3,136)	(3,383)
Excise taxes.....	2,923	3,132	3,391
Interest on investments.....	2	4	4
Proposed legislation.....			—12
Veterans life insurance funds:	(725)	(744)	(743)
Premiums and other receipts.....	503	520	518
Payments from general and special funds.....	9	8	8
Interest on investments.....	213	216	217
Foreign Assistance Act, advances.....	228	445	395
Indian tribal funds.....	137	79	54
District of Columbia.....	281	357	390
All other trust funds.....	133	132	121
Subtotal.....	24,322	25,018	28,005
Deduct interfund transactions.....	515	473	498
Total, trust fund receipts.....	23,807	24,545	27,506
<b>TRUST FUND EXPENDITURES</b>			
Federal old-age and survivors insurance trust fund:	(11,839)	(13,328)	(14,282)
Benefit payments.....	11,185	12,625	13,538
Administrative expenses and construction.....	236	254	258
Refunds of tax receipts.....	86	109	111
Payment to Railroad Retirement Board.....	332	340	375
Federal disability insurance trust fund:	(756)	(1,076)	(1,160)
Benefit payments.....	704	990	1,073
Administrative expenses—reimbursement to Federal old-age and survivors insurance.....	34	62	64
Other.....	18	23	24
Unemployment trust fund:	(4,736)	(3,844)	(3,897)
Withdrawals by States.....	3,558	2,840	2,600
Railroad unemployment benefit payments.....	252	190	165
Administrative expenses.....	398	425	437
Temporary extended unemployment compensation:			
Benefits.....	491	337	
Repayment of general fund advances.....		2	495
Repayment of advances to Railroad retirement trust fund.....	31	40	40
Proposed legislation.....			150
Other.....	6	9	10
Railroad retirement account:	(1,124)	(1,126)	(1,144)
Benefit payments.....	982	1,050	1,080
Administrative expenses.....	10	10	10
Advances to Railroad unemployment insurance account.....	132	66	55

Table A-1. TRUST FUND OPERATIONS AND STATUS (in millions of dollars)—Con.

Description	1961 actual	1962 estimate	1963 estimate
<b>TRUST FUND EXPENDITURES—Continued</b>			
Federal employees funds:	(879)	(1,022)	(1,109)
Retirement funds.....	955	1,063	1,172
Employees health benefits fund, net.....	-23	-10	-12
Employees life insurance fund, net.....	-51	-31	-50
Retired employees health benefits fund, net.....	-2		
Highway trust fund:	(2,745)	(3,161)	(3,385)
Federal-aid highways.....	2,619	3,026	3,250
Interest on advances from general fund.....	1		
Refunds of taxes.....	126	135	133
Improvement of the Pentagon road network.....			2
Veterans life insurance funds.....	801	749	674
Federal National Mortgage Association trust fund, net.....	-89	856	470
Foreign Assistance Act, advances.....	191	329	335
Indian tribal funds.....	137	62	70
District of Columbia funds.....	303	360	379
Deposit funds and all other trust funds.....	331	136	244
Subtotal.....	23,754	26,047	27,148
Deduct interfund transactions.....	515	473	498
Total, trust fund expenditures.....	23,239	25,574	26,650
<b>TRUST FUND EXPENDITURES BY FUNCTION</b>			
National defense.....	196	334	340
International affairs and finance.....	13	12	22
Agriculture and agricultural resources.....	21	22	25
Natural resources.....	183	112	117
Commerce and transportation.....	2,779	3,199	3,397
Housing and community development.....	214	1,217	849
Health, labor, and welfare.....	19,334	20,396	21,592
Education.....	1	1	1
Veterans benefits and services.....	811	760	683
General government.....	16	19	17
Deposit funds, net.....	186	-23	105
Subtotal.....	23,754	26,047	27,148
Deduct interfund transactions.....	515	473	498
Total, trust fund expenditures.....	23,239	25,574	26,650

## MAJOR TRUST FUND PROGRAMS

Payments from one trust fund to another have been included in the detail of table A-1 but are deducted on the lines for "interfund transactions" before arriving at the total of that table.

*Social Security, Railroad, and other Federal programs for retirement, disability, or death.*—The Federal old-age and survivors insurance, the Federal disability insurance, the Railroad retirement account, and the Federal employees trust funds provide insurance against the loss of income due to retirement, disability or death. Payments are made primarily from monies derived from payroll taxes on employers, employees, and the self-employed. Receipts not immediately needed for benefit outlays are invested in securities of the Federal Government and earn interest, while a deficit is financed by cashing holdings of such securities. The first two trust funds are authorized by the Social

Security Act of 1935, as amended, and comprise the Federal old-age, survivors, and disability insurance (OASDI) program. The 1961 amendments to the Social Security Act liberalized the insured status requirements for benefits, provided actuarially reduced benefits for men between 62 and 65 years of age, increased minimum benefits and aged widows' benefits, and provided a more liberal retirement test for beneficiaries. As a result of the amendments, 1 million additional beneficiaries will be on the rolls at the end of 1963, bringing the total number of persons receiving benefits to 18.7 million.

Expenditures of the OASDI trust funds are expected to increase by over \$1 billion in 1963 because of the normal year-to-year growth of the program and the liberalized eligibility standards and higher benefit rates instituted by the 1961 amendments. However, total OASDI receipts will be at the same level as expenditures in 1963 because of: (a) the increase in the tax rates paid by both employees and employers from 3% to 3 $\frac{1}{8}$ % on each effective January 1, 1962, (b) the further increase from 3 $\frac{1}{8}$ % to 3 $\frac{5}{8}$ % effective January 1, 1963, and (c) the increase in the number of persons paying into the fund. The increased tax rates in 1962 and 1963 are estimated to add an additional \$1,385 million in revenues to the OASI trust fund in 1963.

Legislation has been proposed to provide a program of health insurance for the aged under the social security system, including an increase in the tax rate and the covered wage base to finance the new benefits. Revenues from this program are estimated to amount to \$42 million in 1963. There will be no expenditures in 1963 because benefits will not be payable until the following year.

The railroad retirement system is closely coordinated with the OASDI system and serves as a combined social insurance and staff retirement system for workers in the railroad industry. The increase in receipts to this trust fund in 1962 and 1963 is mainly due to the increase in the combined employer-employee tax rate from 13 $\frac{1}{2}$ % to 14 $\frac{1}{2}$ %, effective January 1, 1962.

Most Federal civilian workers are covered under either the Civil Service Retirement Act or the Foreign Service Retirement Act. Since 1957, Armed Forces personnel have been covered under both the OASDI system (on a contributory basis) and under the military retirement system (financed directly from appropriated budget funds).

The following table indicates the number of individuals receiving monthly benefits from these trust funds at the end of each fiscal year (in thousands):

	<i>Federal old-age and survivors insurance</i>	<i>Federal disability insurance</i>	<i>Railroad retirement account</i>	<i>Civil service and foreign service</i>
Retired individuals: <sup>1</sup>				
1961 actual.....	10,744	-----	464	285
1962 estimate.....	12,124	-----	482	309
1963 estimate.....	12,826	-----	500	335
Disabled individuals and their dependents:				
1961 actual.....	110	898	99	112
1962 estimate.....	126	1,120	102	123
1963 estimate.....	142	1,303	105	135
Survivors: <sup>2</sup>				
1961 actual.....	3,873	-----	262	163
1962 estimate.....	4,190	-----	271	177
1963 estimate.....	4,438	-----	280	193

<sup>1</sup> Includes wives under retirement age who have children in their care under OASI.

<sup>2</sup> Includes children of retired workers under OASI.

*Unemployment trust fund.*—Unemployment insurance was also initiated for most workers by the Social Security Act, and for railroad workers by the Railroad Unemployment Insurance Act. Payroll taxes paid by employers are deposited in the unemployment trust fund. The States and the Railroad Retirement Board draw upon this fund to pay weekly benefits to eligible unemployed workers. The administrative expenses of these two systems are paid from earmarked Federal tax receipts.

State payroll taxes averaged about 2% in 1961 and the average is expected to increase from 2% in 1962 to 2.1% in 1963 as States replenish the drains on their reserve funds from the recession. It is estimated that the higher rates in 1963 will increase receipts by \$124 million. The permanent Federal tax to finance administrative expenses and loans to States is 0.4% of the first \$3,000 of wages. This rate was increased temporarily to 0.8% on January 1, 1962, and will be effective for 2 years in order to repay the Treasury for advances made in 1961 and 1962 for extended benefits under the Temporary Extended Unemployment Compensation Act of 1961; increased revenue from this tax is estimated to be \$484 million in 1963. Railroad taxes were also increased temporarily to finance extended benefits under that program.

In 1961 and 1962, a total of \$828 million will be paid through the trust fund for federally extended unemployment compensation payments under temporary recession programs. These programs were financed initially by advances from the Treasury and will be repaid in 1962, 1963, and 1964 from additional trust fund revenue resulting from a temporary increase of 0.4% in the Federal unemployment tax discussed above. These repayments are estimated to be \$2 million in 1962 and \$495 million in 1963 including repayments of funds used in the Railroad temporary extended benefits program.

While benefit payments are expected to decline substantially in 1963 because of lower unemployment of insured, expenditures from the fund will be \$0.1 billion higher because the repayment of advances from the Treasury for extended benefit payments made in 1961 and 1962 are greater than the decline in benefit payments. Receipts will increase by \$0.6 billion in 1963 primarily because the temporary Federal tax to finance the extended program will be collected.

Legislation has been proposed to improve the Federal-State unemployment insurance system by increasing the amount of benefits, extending duration of unemployment compensation to workers having a long record of employment and on a standby basis extending duration for all workers in recessions, closing gaps in coverage, and providing for a more equitable distribution of the tax burden among employers.

An amendment to legislation submitted in 1962 will be transmitted to permit States voluntarily to repay advances made for extended benefits during the 1958 recession, whenever they are in a position to do so, without losing the interest these amounts would earn in the unemployment trust fund. These repayments would be available to finance the proposed extended benefits in 1963.

*Veterans life insurance.*—The trust accounts in the Veterans Administration consist mainly of two life insurance programs: the National service life insurance fund for veterans of World War II

and the United States Government life insurance fund for veterans of World War I.

Both funds are operated largely on a commercial basis. As of June 30, 1961, the funds represented about 5.5 million policies in force at a value of \$35 billion. Receipts come from premiums, transfers from budgeted funds of the Federal Government to cover losses resulting from war hazards, and interest on investments. Payments from the funds are made for dividends, death and disability claims, and for terminations of policies in force.

Dividend payments of \$79 million, which would ordinarily have been made in 1962, were accelerated into the second half of 1961 in order to help speed economic recovery. An additional special dividend of \$181 million was disbursed in late 1961 and early 1962. In 1963 an estimated \$184 million will be paid in dividends and \$490 million in death and disability claims and other expenses.

*Highway trust fund.*—Receipts from certain excise taxes on motor fuels, tires, innertubes, tread rubber, and trucks, and from vehicle use taxes are deposited into this fund to finance expenditures for Federal-aid highways.

The Highway Act of 1961 increased rates on certain of these taxes, canceled the previously scheduled transfer to the trust fund of a portion of the revenues from the excise taxes on the sale of automobiles and automotive parts and accessories, and extended the trust fund to September 30, 1972. The act continued gasoline and diesel fuel taxes at 4 cents a gallon, increased taxes as of July 1, 1961, on tires and innertubes to 10 cents per pound, tread rubber to 5 cents per pound, and the use tax on highway vehicles of more than 26,000 pounds gross weight to \$3 per thousand pounds per year. The act also provided for transfer of all the present 10 percent excise tax on trucks, buses, etc., to the fund after June 30, 1962.

Trust fund receipts in 1963 are estimated to increase by \$247 million primarily as a result of the transfer of all the manufacturers' excise tax on trucks, buses, etc., to the trust fund. Net trust expenditures in 1963 are estimated to increase by \$224 million as a result of acceleration of the interstate program.

*Federal National Mortgage Association secondary market operations.*—In the secondary market part of its operations the Association buys and sells federally insured or guaranteed mortgages at prices prevailing in the market and lends on the security of such mortgages. These operations are self-supporting in accordance with statutory objectives. Funds required for mortgage purchases in 1963 will be obtained: (a) from private sources through the sale of the Association's debentures; (b) through mortgage sales and repayments; (c) through the sale of common stock which all mortgage sellers are required to purchase; and (d) by sale of preferred stock to the Treasury, in accordance with the statutory requirement that the Association maintain a minimum ratio of capital to debt of 1 to 10. Net trust expenditures are estimated to decrease by \$386 million in 1963 as a result of reduced mortgage purchases and slightly increased sales of mortgages held by the Association.

*Foreign assistance trust funds.*—Funds are advanced by foreign governments (a) to meet required contract payments covering the purchases of defense articles and services, (b) to procure general commodities, and (c) to pay a portion of local costs of development

programs. These funds are administered by the Department of Defense and the Agency for International Development. Expenditures for 1963 are estimated to continue at the 1962 level.

*District of Columbia funds.*—The revenues generated by the District of Columbia taxes are held in trust by the Treasury Department. These funds are utilized for operating expenses of the District of Columbia as appropriated by the Congress.

*Indian tribal funds.*—Funds held in trust for Indian tribes are used for expenses of administering tribal affairs, operation of tribal enterprises, and relief of Indians.

#### BASIS OF RECEIPTS AND EXPENDITURES

The receipts and expenditure figures above are generally on a gross basis. However, deposit funds are stated on a net expenditure basis, as are a small group of trust funds known as trust revolving funds. For the trust revolving funds, only the net expenditures have been included above. The gross figures for these latter funds are as follows:

Table A-2. **EXPENDITURES AND APPLICABLE RECEIPTS OF TRUST REVOLVING FUNDS** (in millions of dollars)

Description	GROSS EXPENDITURES			RECEIPTS FROM OPERATIONS		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
Civil Service Commission (Employees life insurance and health benefits).....	375	428	469	451	469	532
Federal National Mortgage Association.....	690	1,233	1,024	779	377	554
All other trust revolving funds.....	44	41	38	41	39	36
Total, trust revolving funds.....	1,109	1,702	1,531	1,270	885	1,122

#### BORROWING FROM THE PUBLIC

Borrowing from the public and repayments are not included in receipt and expenditure data. Two trust funds—the Federal National Mortgage Association, and the D.C. Armory Board stadium fund—currently engage in such borrowing transactions. Transactions of this type are as follows:

Table A-3. **TRUST FUND BORROWING FROM THE PUBLIC** (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
Federal National Mortgage Association trust fund.....	—86	856	475
District of Columbia municipal government funds.....	19	-----	-----
Total, trust fund borrowing from the public.....	—66	856	475

## INVESTMENTS AND BALANCES

Most of the larger trust funds and some of the smaller ones have authority to invest their balances in interest-bearing securities issued by the Government. Purchases of securities, net of redemptions, are as follows:

Table A-4. TRUST FUND PURCHASES OF U.S. SECURITIES  
(in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
Federal disability insurance trust fund.....	285	39	38
Federal old-age and survivors insurance trust fund.....	-225	-895	68
Federal employees funds.....	1,122	1,041	1,015
Railroad retirement account.....	-78	-22	19
Unemployment trust fund.....	-952	-250	251
Veterans life insurance funds.....	-79	7	70
Highway trust fund.....	233	-10	-2
Federal National Mortgage Association trust fund.....	*	5	5
District of Columbia municipal government funds.....	-4	-5	10
All other trust funds.....	-11	-31	-5
Total, trust fund purchases of U.S. securities.....	289	-120	1,470

\*Less than one-half million dollars.

The remaining balances of trust funds are treated as "open book balances" by Treasury. A few of these earn interest. The total trust fund balances (the open book balances plus the investments in U.S. securities) are as follows:

Table A-5. TRUST FUND BALANCES (in millions of dollars)

Description	As of June 30			
	1960	1961	1962	1963
Federal old-age and survivors insurance trust fund.....	20,829	20,900	19,825	19,774
Federal disability insurance trust fund.....	2,167	2,504	2,544	2,559
Unemployment trust fund.....	6,683	5,753	5,493	5,750
Railroad retirement account.....	3,916	3,843	3,827	3,871
Federal employees funds.....	10,267	11,420	12,462	13,482
Highway trust fund.....	119	299	274	272
Veterans life insurance funds.....	6,923	6,847	6,843	6,912
Federal National Mortgage Association trust fund.....	59	62	62	68
All other trust funds.....	2,352	2,188	2,313	2,287
Total.....	53,314	53,816	53,643	54,975

## SUMMARY OF FINANCIAL OPERATIONS

The transactions of trust funds are one of the factors affecting the change in the public debt. This effect is summarized in the following table. The amounts of the final line are carried forward to table 8.



Table A-6. CHANGES IN TRUST FUND CASH (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
Trust fund receipts.....	23,807	24,545	27,506
Trust fund redemption of U.S. securities.....		120	
Trust fund borrowing from the public.....		856	475
Total additions to cash held for trust funds.....	23,807	25,521	27,981
Trust fund expenditures.....	23,239	25,574	26,650
Trust fund purchases of U.S. securities.....	289		1,470
Trust fund repayment of borrowings from the public.....	66		
Total reductions in cash held for trust funds.....	23,595	25,574	28,119
Increase or decrease (—) in cash held for trust funds.....	212	—53	—138

## HISTORICAL COMPARISON OF EXPENDITURES

Trust fund expenditures are distributed on a functional basis for 1953–60 in the following table. The amounts of each function become a part of the data shown in special analysis B.

Table A-7. TRUST FUND EXPENDITURES, 1953–60 (in millions of dollars)

Description	1953	1954	1955	1956	1957	1958	1959	1960
National defense.....	126	146	165	144	93	345	229	256
International affairs and finance.....	51	101	44	—29	13	—1	21	48
Agriculture and agricultural resources.....	21	18	20	24	168	241	83	21
Natural resources.....	40	45	61	79	69	101	94	116
Commerce and transportation <sup>1</sup> .....	2	1	1	3	970	1,606	2,714	3,069
Housing and community development.....	144	153	87	297	1,168	333	409	1,258
Health, labor, and welfare.....	4,592	6,077	7,474	8,063	9,643	12,850	14,390	16,447
Education.....	1	1	1	1	1	1	1	1
Veterans benefits and services.....	669	779	628	606	608	671	651	673
General government.....	19	9	6	8	8	9	10	16
Adjustment to daily Treasury statement basis.....	95							
Deposit funds, net <sup>2</sup> .....	—471	—560	58	239	219	—88	—6	—107
Subtotal.....	5,288	6,769	8,546	9,434	12,961	16,069	18,597	21,799
Deduct interfund transactions.....	7	18	16	12	10	11	135	908
Total.....	5,281	6,751	8,531	9,422	12,951	16,059	18,462	20,891

<sup>1</sup> Reflects shift of Federal aid highway program to trust fund in 1957.

<sup>2</sup> Excludes deposit funds of certain Government-sponsored enterprises which have been distributed to the appropriate function above.

## SPECIAL ANALYSIS B

### RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

This analysis presents information on Federal receipts from and payments to the public, often called the consolidated cash statement of Federal transactions. (Another way of looking at Federal finances is that of the national-income accounts, presented in Special Analysis C.)

The statement of Federal receipts from payments to the public is designed to show the flow of money (excluding borrowing) between the Federal Government and the public. To derive this statement from the conventional budget figures, three basic adjustments are made: (1) receipts and expenditures of Federal trust funds and Government-sponsored enterprises, neither of which are federally owned, are added; (2) intragovernmental transactions (that is, those completely within the accounts of the budget, trust funds, and Government-sponsored enterprises) are eliminated since they do not involve any flow of money with the public; (3) adjustments to place a limited number of noncash transactions on a cash basis are necessary, because budget and trust accounts record a few transactions as receipts or expenditures when in fact no cash transfers have taken place. For example, the interest on savings bonds is considered a budget expenditure as it accrues, but is not included as a payment to the public until it is paid.

*Comparison with budget.*—Receipts in the consolidated cash statement include all budget receipts. In addition, they include the excises that support the Highway trust fund, as well as employment taxes, deposits by States for unemployment insurance, and veterans life insurance premiums, all of which support trust funds.

It is because of the growth of trust funds in recent years that Federal cash receipts from the public have increased at a faster rate than budget receipts. Employment tax receipts, mainly for old-age, survivors, and disability insurance, have increased very substantially in the past decade particularly (about threefold between 1953 and 1963), as have deposits by States for unemployment insurance (by an estimated 90% from 1953 to 1963). Both of these increases reflect, among other factors, the long-term increase in the employee working force, more complete coverage of the respective programs, and increased tax rates.

Table B-3. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC, 1953-1960  
(in millions of dollars)

Description	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 actual	1959 actual	1960 actual
<b>RECEIPTS FROM THE PUBLIC</b>								
Individual income taxes.....	30,108	29,542	28,747	32,188	35,620	34,724	36,719	40,715
Corporation income taxes.....	21,238	21,101	17,861	20,880	21,167	20,074	17,309	21,494
Excise taxes.....	9,868	9,945	9,131	9,929	10,534	10,728	10,675	11,780
Employment taxes.....	4,980	5,423	6,217	7,294	7,578	8,641	8,850	11,156
Estate and gift taxes.....	881	934	924	1,161	1,365	1,393	1,333	1,606
Customs.....	596	542	585	682	735	782	925	1,105
Deposits by States, unemployment insurance.....	1,371	1,246	1,146	1,330	1,542	1,501	1,701	2,167
Veterans life insurance premiums.....	428	426	441	441	452	485	477	481
Other budget and trust receipts.....	2,027	2,468	2,783	3,183	3,115	3,565	3,671	4,574
<b>Total, receipts from the public.....</b>	<b>71,495</b>	<b>71,626</b>	<b>67,836</b>	<b>77,087</b>	<b>82,105</b>	<b>81,892</b>	<b>81,660</b>	<b>95,078</b>
<b>PAYMENTS TO THE PUBLIC</b>								
National defense.....	50,586	47,138	40,852	40,854	43,435	44,553	46,681	45,914
International affairs and finance.....	2,217	1,692	2,043	1,623	2,634	2,650	2,397	1,575
Space research and technology.....	79	90	74	71	76	89	145	401
Agriculture and agricultural resources.....	2,967	2,619	4,401	4,979	4,644	4,347	7,052	4,877
Natural resources.....	1,513	1,359	1,259	1,177	1,361	1,639	1,751	1,824
Commerce and transportation.....	1,857	1,136	1,148	1,796	2,209	3,060	4,536	4,819
Housing and community development.....	417	-1,004	310	401	851	-302	2,161	1,451
Health, labor, and welfare.....	6,544	8,077	9,478	10,245	12,100	15,748	18,006	19,107
Education.....	321	327	378	344	438	542	733	867
Veterans benefits and services.....	4,953	5,043	5,116	5,329	5,449	5,826	5,909	5,908
Interest <sup>1</sup> .....	4,706	4,620	4,664	5,115	5,264	5,883	5,351	7,463
General government.....	1,160	1,202	1,141	1,349	1,217	1,293	1,475	1,556
Deposit funds (net).....	-471	-560	58	239	219	-88	-6	-107
Undistributed items and other adjustments <sup>2</sup> .....	-75	-315	-384	-909	109	-1,831	-1,391	-1,355
<b>Total, payments to the public.....</b>	<b>76,769</b>	<b>71,423</b>	<b>70,537</b>	<b>72,614</b>	<b>80,006</b>	<b>83,412</b>	<b>94,804</b>	<b>94,301</b>
<b>Excess of receipts (+) or payments (-).....</b>	<b>-5,274</b>	<b>+203</b>	<b>-2,701</b>	<b>+4,473</b>	<b>+2,099</b>	<b>-1,520</b>	<b>-13,144</b>	<b>+777</b>

<sup>1</sup> Since 1954, includes adjustment for change in public debt interest checks, coupons, and accruals outstanding.

<sup>2</sup> Includes contributions by agencies and deductions from Federal employees' salaries for retirement, changes in the clearing account, and other adjustments.

Table B-1. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC, 1961-1963  
(in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>RECEIPTS FROM THE PUBLIC</b>			
Individual income taxes.....	41,338	45,000	49,300
Corporation income taxes.....	20,954	21,300	26,600
Excise taxes.....	11,986	12,759	13,335
Employment taxes.....	12,502	13,022	15,409
Estate and gift taxes.....	1,896	2,090	2,325
Customs.....	982	1,215	1,320
Deposits by States, unemployment insurance.....	2,398	2,400	2,600
Veterans life insurance premiums.....	504	520	518
Other budget and trust receipts.....	4,682	4,317	5,206
<b>Total, receipts from the public.....</b>	<b>97,242</b>	<b>102,623</b>	<b>116,614</b>
<b>PAYMENTS TO THE PUBLIC</b>			
National defense.....	47,685	51,534	53,030
International affairs and finance.....	2,153	3,181	2,935
Space research and technology.....	744	1,300	2,400
Agriculture and agricultural resources.....	5,183	6,383	5,812
Natural resources.....	2,103	2,210	2,396
Commerce and transportation.....	5,107	5,860	5,677
Housing and community development.....	-103	1,809	1,559
Health, labor, and welfare.....	22,364	24,161	25,940
Education.....	945	1,144	1,472
Veterans benefits and services.....	6,187	6,281	5,918
Interest.....	7,257	6,914	7,121
General government.....	1,723	1,927	2,042
Deposit funds, net.....	186	-23	105
Allowances for pay adjustments and contingencies.....		75	350
Expenditures by agencies, as employers, for Federal employees retirement (-).....	-887	-860	-860
Deduction from Federal employees' salaries for retirement (-).....	-841	-863	-860
Increase (-) or decrease in clearing account for outstanding checks, etc.....	-279	113	-234
<b>Total, payments to the public.....</b>	<b>99,528</b>	<b>111,147</b>	<b>114,804</b>
<b>Excess of receipts (+) or payments (-).....</b>	<b>-2,286</b>	<b>-8,524</b>	<b>+1,810</b>

The largest single difference between budget expenditures and payments to the public occurs in programs for health, labor, and welfare. Payments to the public for this function are about five times as great as budget expenditures, reflecting the expenditures of the social security trust fund, the railroad retirement account, and unemployment insurance, all of which are trust fund financed. Payments to the public for housing and community development are considerably

higher than budget expenditures in the fiscal years 1962 and 1963, primarily because the net expenditures of both the Federal National Mortgage Association trust fund and the Federal home loan banks are payments to the public which are not in the administrative budget. Commerce and transportation payments to the public are larger than budget expenditures, mainly because of the inclusion in the former of the expenditures of the Highway trust fund.

In contrast, Federal payments to the public for interest are substantially less than budget expenditures. This is because much of the budget expenditures for interest (about \$2.3 billion is estimated for 1963) is paid to trust funds on their holdings of Government securities; since these interest payments are intragovernmental expenditures and do not result in any flow of money to the public, they are deducted from budget expenditures and trust fund receipts in deriving payments to the public.

**Table B-2. DERIVATION OF RECEIPTS FROM AND PAYMENTS TO THE PUBLIC (in millions of dollars)**

	1961 actual	1962 estimate	1963 estimate
<b>RECEIPTS FROM THE PUBLIC</b>			
Budget receipts (table 1) .....	77,659	82,100	93,000
Trust fund receipts (table 4) .....	23,807	24,545	27,506
Less—			
Intragovernmental transactions .....	4,169	3,955	3,853
Receipts from exercise of monetary authority .....	55	67	40
Receipts from the public .....	97,242	102,623	116,614
<b>PAYMENTS TO THE PUBLIC</b>			
Budget expenditures (table 1) .....	81,515	89,075	92,537
Trust fund expenditures (table 4) .....	23,239	25,574	26,650
Government-sponsored enterprise expenditures (net) .....	-236	514	309
Less—			
Intragovernmental transactions .....	4,169	3,955	3,853
Accrued interest and other noncash adjustments (net) ..	821	61	838
Payments to the public .....	99,528	111,147	114,804
Excess of receipts (+) or payments (-) .....	-2,286	-8,524	+1,810

#### DERIVATION

The derivation of the consolidated cash statement is outlined in table B-2. Additional information is contained in a booklet entitled "Receipts From and Payments to the Public, Supporting Tables and Supplementary Information," which is available on request from the Bureau of the Budget. This booklet includes the detailed derivation of receipts from and payments to the public, and also presents a reconciliation of net cash borrowing from the public with the change in the public debt.

## SPECIAL ANALYSIS C

### FEDERAL ACTIVITIES IN THE NATIONAL-INCOME ACCOUNTS

Data on Government financial transactions are used for many purposes. No single set of accounts can serve all purposes equally well. As a result, various accounting concepts have been developed to meet alternative needs. Three of them are used in this document.

The first of these, the conventional *budget*, often called the administrative budget, records only the receipts and expenditures of funds owned wholly by the Federal Government. Although budget documents placed before the Congress have regularly included both Federally owned funds and funds the Government holds in trust, only the former have been used to calculate the budget totals. Thus, the receipts and expenditures of the trust funds, which in the past consisted primarily of insurance-type operations, have been excluded from the budget totals since 1930. In more recent years, the receipts and expenditures of these funds have grown considerably, and new trust funds have been created, some of which are not insurance funds (e.g., the Highway trust fund). As a consequence, the total flow of financial transactions between the public and the Federal Government is substantially larger than shown in the administrative budget.

A second of these concepts, the *consolidated cash statement*, has been developed to measure total Federal cash receipts from and payments to the public. This statement and its relationship to the administrative budget are discussed in Special Analysis B. In brief, the consolidated cash statement differs from the administrative budget on both the receipt and expenditure sides, principally by including the transactions of the trust funds and excluding transactions between the trust funds and the administrative budget. The result measures the Government's cash transactions with the public. Since it furnishes comprehensive totals of cash transactions, the consolidated cash statement is valuable for determining Government financing and net borrowing requirements and for analyzing the financial impact of the Government's overall program.

A third method for recording Federal transactions has been developed for incorporation into the national-income accounts. The *Federal sector account* in the national-income framework measures the direct impact of Federal taxing and spending on the flow of the Nation's income and output. The numerous conceptual differences between this sector and the two other methods of expressing Federal transactions are discussed in detail below. Its major characteristics, however, can be briefly summarized:

(1) In general, like the consolidated cash statement, the Federal sector account is more comprehensive than the administrative budget in that it includes the transactions of the trust funds. However, like all sectors of the national-income accounts, it records only those receipts and expenditures which directly affect the current income and output of the Nation. Therefore, it excludes such transactions as

loans and repayment of loans, which do not directly affect the income of the recipient (even though they do affect liquidity).

(2) Both the administrative budget and consolidated cash statement record tax receipts as they are *collected*. The national-income accounts record business taxes when they are *accrued* as liabilities by the private sector, since the main economic impact of these taxes is considered to be more closely associated with the accrual of liabilities than with their actual cash collection. Corporations, for example, accrue tax liabilities as they accrue profits, and subtract these liabilities from profits to calculate their profits after tax. The taxes are paid, however, after a lag which averages a little more than 6 months. During periods of economic recovery, such as the present when incomes are rising rapidly, tax collections will be substantially less than tax accruals.

#### THE NATIONAL-INCOME ACCOUNTS

The national-income accounts, developed and prepared by the Department of Commerce's Office of Business Economics, is a dual entry accounting system for making estimates of the Nation's total economic activity.<sup>1</sup>

The output side of these accounts depicts the total market value of the currently produced output of goods and services, classified by type of expenditures—consumer expenditures; gross private domestic investment in new construction, equipment, and inventories; Federal, State, and local government purchases of goods and services; and net exports. The total, as obtained by summing these items, is called the gross national product (GNP). The total value of gross national product is balanced by an equal amount of gross income<sup>2</sup> earned in producing output. The income side of the accounts portrays this total, classified by type of income, e.g., wages and salaries, corporate profits, rent, net interest, etc. Additional data are provided showing various transfers of income from one sector to another, such as business gifts to nonprofit institutions and social security benefits from the Government which are discussed in a following section.

It should be pointed out that national-income data, although based on accounting statements of economic units, are statistical estimates rather than accounting totals in the ordinary sense.

#### THE FEDERAL SECTOR ACCOUNT

The classification of expenditures in the Federal sector account, shown in the accompanying table, has been found by the Department of Commerce to be most useful to economists for analytical purposes. Federal *purchases of goods and services* is the only category of Federal spending which is included directly in the GNP. These purchases represent the value of the Nation's currently produced output bought directly by the Federal Government. They include the pay of military and civilian employees of the Federal Government, outlays on equipment and supplies for defense and other programs, new construction, and the capital formation of Government enterprises.

<sup>1</sup> The accounts are discussed in detail in *National Income*, 1954 edition, pp. 143-149, and in *U.S. Income and Output*, 1958 edition, pp. 53-57 and 99-101. Each is a "Supplement to the Survey of Current Business." Current estimates on a quarterly and an annual basis are provided in the *Survey of Current Business* and in the *Economic Indicators*.

<sup>2</sup> "Gross income" includes capital consumption allowance and certain charges against production.

Table C-1. **FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL-INCOME ACCOUNTS, 1953-1960**

(Fiscal years. In billions of dollars)

Description	1953	1954	1955	1956	1957	1958	1959	1960
<b>RECEIPTS, NATIONAL-INCOME BASIS</b>								
Personal tax and nontax.....	31.5	30.4	29.9	33.5	36.7	36.3	38.1	42.0
Corporate profits tax accruals.....	19.8	17.1	18.4	21.0	20.4	17.3	21.2	21.6
Indirect business tax and nontax accruals.....	11.0	10.7	10.4	11.2	12.1	12.0	12.3	13.8
Contributions for social insurance.....	7.6	7.7	8.3	10.5	11.7	12.3	13.8	16.7
<b>Total receipts, national-income basis.....</b>	<b>69.9</b>	<b>65.9</b>	<b>67.0</b>	<b>76.3</b>	<b>80.9</b>	<b>77.8</b>	<b>85.4</b>	<b>94.1</b>
<b>EXPENDITURES, NATIONAL-INCOME BASIS</b>								
Purchases of goods and services.....	56.8	53.9	45.0	45.2	48.3	50.5	53.8	52.9
Transfer payments.....	11.1	11.9	13.8	14.3	16.1	19.4	21.8	22.8
Grants-in-aid to State and local governments.....	2.8	2.8	2.9	3.1	3.6	4.5	6.0	6.6
Net interest paid.....	4.8	4.9	4.9	5.0	5.5	5.6	5.9	6.8
Subsidies less current surplus of Government enterprises.....	.9	1.0	1.4	1.9	3.1	2.7	2.8	2.8
<b>Total expenditures, national-income basis.....</b>	<b>76.2</b>	<b>74.5</b>	<b>68.1</b>	<b>69.5</b>	<b>76.5</b>	<b>82.8</b>	<b>90.2</b>	<b>91.9</b>
<b>Surplus (+) or deficit (-), national-income basis.....</b>	<b>-6.3</b>	<b>-8.6</b>	<b>-1.1</b>	<b>+6.8</b>	<b>+4.4</b>	<b>-4.9</b>	<b>-4.8</b>	<b>+2.2</b>

Source.—Compiled from quarterly estimates published by the Department of Commerce.

*Transfer payments* and *net interest paid* by the Federal Government are outlays in return for which no current service is deemed to be obtained; the most important transfer payments are old age and survivors' insurance benefits, unemployment compensation, and military and veterans pensions. Although such transfer payments do not enter GNP, they do enter into the income stream and have an impact on national output; they are reflected in the GNP in another sector of the accounts when respent by the recipients.



Table C-2. FEDERAL RECEIPTS AND EXPENDITURES  
IN THE NATIONAL-INCOME ACCOUNTS, 1961-1963

(Fiscal years. In billions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>Receipts, national-income basis:</b>			
Personal tax and nontax receipts.....	42.9	46.7	51.7
Corporate profits tax accruals.....	20.1	24.6	27.5
Indirect business tax and nontax accruals.....	13.6	14.5	15.3
Contributions for social insurance.....	18.1	19.8	21.8
<b>Total receipts, national-income basis.....</b>	<b>94.8</b>	<b>105.6</b>	<b>116.3</b>
<b>Expenditures, national-income basis:</b>			
Purchases of goods and services.....	54.6	60.2	64.2
Transfer payments.....	25.7	27.8	29.4
Grants-in-aid to State and local governments.....	6.4	7.0	7.7
Net interest paid.....	6.9	6.6	6.9
Subsidies less current surplus of Government enterprises.....	3.3	4.5	3.7
<b>Total expenditures, national-income basis.....</b>	<b>97.0</b>	<b>106.1</b>	<b>111.9</b>
<b>Surplus (+) or deficit (-), national-income basis.....</b>	<b>-2.2</b>	<b>-5</b>	<b>+4.4</b>

Source.—Data for 1961 are based upon the quarterly estimates by the Department of Commerce. Data for 1962 and 1963 are estimates by the Bureau of the Budget in cooperation with the Department of Commerce.

*Federal grants-in-aid to State and local governments*, like transfer payments and net interest paid, have their impact on GNP when respent by recipients. Most grants are for highways, public assistance, education, and public health. Special Analysis H shows Federal expenditures for aid to State and local governments, but the definition of such aid is wider in scope than that used in the national-income accounts.

Private incomes are also affected by Federal subsidies and by the net surplus of Government enterprises in their operations with the public. These *subsidies less the current surplus of Government enterprises* reflect mainly Government payments to farmers, certain outlays for the export and disposal of surplus agricultural commodities, the postal deficit, shipping subsidies, and payments to air carriers.

The receipts of the Federal sector account are shown in a four-way classification: (1) *personal tax and nontax receipts* consist mostly of individual income taxes, estate and gift taxes, and charges for Government services, fines, and penalties; (2) *corporate profits tax accruals* are the most cyclically volatile component of the Federal sector account because of the great variability of corporate profits; (3) *indirect business tax and nontax accruals* include liquor, tobacco, and other excise taxes, customs duties, and rents and royalties; (4) *contributions for social insurance* are composed chiefly of employment taxes, contributions to the retirement funds for Government employees, and deposits by the States to the unemployment trust fund.

## RELATION TO OTHER MEASURES

The Federal sector account differs from the conventional budget and the consolidated cash statement in several major respects: (1) coverage, (2) netting and consolidation, (3) timing, and (4) the exclusion of capital transactions. The derivation of receipts and expenditures is shown in the following table.

With respect to *coverage*, the Federal sector account omits the revenues and expenditures of the District of Columbia, which are classified by the Department of Commerce in the State and local government sector.

As to *netting and consolidation*, the national-income accounts record both interest paid by the Government and Government purchases on a net basis. Accordingly, interest received by the Government is excluded from receipts and subtracted from Federal interest payments; and receipts from sales of Government products are similarly subtracted from Government purchases. Neither adjustment affects the surplus or deficit, for, in effect, both receipts and expenditures are decreased by the same amount.

Adjustments for consolidation are needed to reflect in the Federal sector account a few transactions such as employer and employee contributions to Federal employees' retirement funds. These contributions are part of the total compensation of Government employees, but are excluded from the consolidated cash statement. Again, the deficit or surplus is unaffected by the adjustment, since total receipts and expenditures are both increased by the same amount.

With respect to *timing*, business taxes are recorded in the national-income accounts as they are accrued by the private sector, rather than when they are collected by the Government. The principal timing adjustments for expenditures are: (1) The Federal sector account records Federal purchases in terms of the delivery of goods and services to the Government, whereas cash payments for these deliveries may precede or follow. (2) The account also records guarantees of nonrecourse loans by the Commodity Credit Corporation as purchases at the time the guarantees are made, rather than when the collateral is surrendered. (3) Interest on savings bonds and Treasury bills is treated as an expenditure by Government when the interest is accrued, rather than when it is actually paid out in cash. (4) Certain foreign currency activities of the Commodity Credit Corporation require an adjustment. The Corporation facilitates exports of surplus agricultural commodities by paying exporters in dollars and, in return, accepting foreign currencies for the exports. Expenditures in the Federal sector account are recorded only at the time these foreign currencies are subsequently used for Government programs. The consolidated cash statement, on the other hand, includes the dollar payments to exporters but excludes both the receipt and the subsequent expenditure of a large part of these foreign currencies.

Many *capital transactions* which are included in the two other measures are excluded from the Federal sector. These items are primarily loans, mortgages, other financial claims, and subscriptions to international lending institutions. Also excluded are purchases and sales of existing assets, such as land and secondhand property. These exclusions generally involve exchanges of secondhand assets or purely financial claims; they neither represent the production of current output nor incomes earned in production.

Table C-3. RELATION OF THE FEDERAL SECTOR IN THE NATIONAL-INCOME ACCOUNTS TO THE BUDGET AND THE CONSOLIDATED CASH STATEMENT

(Fiscal years. In billions of dollars)

	1961 actual	1962 estimate	1963 estimate
<b>RECEIPTS</b>			
<b>Budget receipts</b> .....	77.7	82.1	93.0
Less: Intragovernmental transactions.....	4.2	4.0	3.9
Receipts from exercise of monetary authority.....	.1	.1	( <sup>1</sup> )
Plus: Trust fund receipts.....	23.8	24.5	27.5
<b>Equals: Federal receipts from the public</b> .....	97.2	102.6	116.6
Adjustments for agency coverage:			
Less: District of Columbia revenues.....	.3	.4	.4
Adjustments for netting and consolidation:			
Less: Interest and other earnings.....	1.1	1.1	1.1
Plus: Contributions to Federal employees' retirement funds, etc.....	1.7	1.7	1.7
Adjustments for timing:			
Plus: Excess of corporate tax accruals over collections, per- sonal taxes, etc.....	-1.3	3.5	.8
Adjustments for capital transactions:			
Less: Realization upon loans and investments, sale of Gov- ernment property, etc.....	1.5	.9	1.3
<b>Equals: Receipts—national-income accounts</b> .....	94.8	105.6	116.3
<b>EXPENDITURES</b>			
<b>Budget expenditures</b> .....	81.5	89.1	92.5
Less: Intragovernmental transactions.....	4.2	4.0	3.9
Accrued interest and other noncash expenditures.....	.8	.1	.8
Plus: Trust fund expenditures.....	23.2	25.6	26.7
Government-sponsored enterprise expenditures (net)....	-.2	.5	.3
<b>Equals: Federal payments to the public</b> .....	99.5	111.1	114.8
Adjustments for agency coverage:			
Less: District of Columbia expenditures.....	.3	.4	.4
Adjustments for netting and consolidation:			
Less: Interest received and proceeds of Government sales....	.6	1.0	1.0
Plus: Contributions to Federal employees' retirement funds, etc.....	1.7	1.7	1.7
Adjustments for timing:			
Plus: Excess interest accruals over payments.....	.2	.5	.6
Excess of deliveries over expenditures and other items....	.5	.1	.8
Less: Commodity Credit Corporation foreign currency ex- changes.....	1.0	1.1	1.0
Adjustments for capital transactions:			
Less: Loans—FNMA secondary market mortgage purchases, redemption of IMF notes, etc.....	1.3	3.7	2.5
Trust and deposit fund, land, and other items.....	1.8	1.1	1.1
<b>Equals: Expenditures—national-income accounts</b> .....	97.0	106.1	111.9

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

## USES AND LIMITATIONS

Each of the three measures—the administrative budget, consolidated cash statement, and the Federal sector account—is useful for specific kinds of analysis, and the selection of which to use should be determined by the problem at hand. The Federal sector account is especially suited for an analysis of fiscal policy. It was specifically designed to complement the data on private expenditures and incomes contained in the national-income accounts. The accounts, however, exclude a substantial volume of financial transactions through which the Federal Government significantly affects the capital and credit markets. Moreover, in financial markets, the actual flow of cash payments to the Government may be more significant than the accrual of tax liabilities. As a result, for purposes of analysis of the Federal impact on such markets, the consolidated cash statement is generally more useful than the national-income accounts.

For certain types of problems, no overall measure of receipts and expenditures will serve adequately. Since the various receipt and expenditure transactions have different economic effects, a given aggregate will have an economic impact which depends importantly on the composition of the total. In addition, many Government activities besides receipts and expenditures affect the economy. For example, a rapid expansion in new appropriations and in Government orders could stimulate a rise in business activity well before either the delivery of goods, the performance of services, or the payment for them. The management of the public debt is a further factor which has a significant impact in the money and credit markets of the economy. Consequently, in evaluating the economic impact of Federal Government activities, there is no substitute for complete and detailed analysis of the Government program in all its aspects.

## SPECIAL ANALYSIS D

### INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES

This special analysis is designed to contribute to a greater understanding of the budget by dividing Federal budget expenditures into five major categories: (1) Additions to Federal assets; (2) additions and improvements to State, local, and private assets; (3) expenditures for developmental purposes; (4) current expenses for aids and special services; and (5) other services and current operating expenses.

Basically, this classification distinguishes between two types of spending: Expenditures yielding benefits largely in the current year and those providing benefits primarily beyond the year in which they are made. The former are essentially current expenses for aids and special services, while the latter are principally investment-type outlays. Expenditures yielding benefits over a period of years are shown in the first three classes, while outlays providing mainly current benefits are grouped in the remaining two categories.

1. *Additions to Federal assets.*—This category includes budget expenditures for direct loans, primarily to farmers, homeowners, and foreign governments; for capital subscriptions to mixed-ownership enterprises and certain international organizations; for public works; for increases in major commodity inventories; for major equipment; and for the acquisition and improvement of real property and other physical assets.

2. *Additions and improvements to State, local, and private assets.*—Federal outlays made under this category add directly to State, local, and private physical assets. Expenditures which augment the physical assets of State and local governments are primarily for the construction of hospitals, airports, waste-treatment works, watershed protection projects, and schools in federally affected areas. Federal expenditures which increase the value of privately owned physical assets are made largely for the conservation and improvement of private farms, for grants to States for the building of private hospitals and other health facilities, and for construction subsidies to our merchant fleet.

3. *Developmental expenditures.*—This class of Federal expenditures includes outlays principally for research and development, education and health, and other programs which increase the Nation's fund of knowledge and technical skills. The amounts of spending shown in this category do not reflect fully the Federal Government's contributions to the Nation's technological progress, because they do not take into account certain other programs which, though not primarily designed to promote this objective, help to further this end. Such activities are classified in accordance with their principal purpose; thus veterans educational benefits and hospital services are listed as veterans aids rather than as developmental outlays; likewise, military hospital services are not treated as part of the Government's health program, but as national defense operating expenses.

4. *Current expenses for aids and special services.*—This category covers expenditures which provide aids or special services to special groups, primarily in the year in which they are made, including administrative and other operating expenses attributable to most of the investment-type programs discussed previously and the costs of maintaining their related physical assets; also included are grants to foreign nations for economic and military assistance. Although this category deals essentially with expenditures of an operating character, some of the outlays included have implications for the Nation's future development. Among these are grants for slum clearance and urban renewal, and contributions to local authorities for low-rent public housing.

This classification does not satisfactorily or completely reflect the Federal Government's aid to special groups. First, it does not cover all budget expenditures which provide some form of special assistance; for example, subsidies for the construction of private merchant ships are classified as an addition to private assets. Similarly, outlays for which the Federal Government receives assets or collateral (as the acquisition of farm commodities by the Commodity Credit Corporation) are treated as additions to Federal assets. Second, some Government aids are indirect and, because their dollar magnitudes cannot be readily established, are excluded from this classification. Examples of such indirect benefits include low interest rates on some loans and certain preferential tax treatments.

5. *Other services and current operating expenses.*—The outlays reported under this category are for a wide range of objects. They consist mainly of current expenditures for pay and subsistence of military personnel; for the repair, maintenance, and operation of physical assets of the national military establishment and general purpose public buildings; for the conduct of foreign affairs; for tax collection; for the payment of interest on the national debt; and for the operation and administration of other direct Federal programs not elsewhere classified.

*Recoverability of expenditures.*—In general, Government expenditures for assets are not expected to be recovered by specific revenues. However, most loans, investment in commodity inventories, construction of powerplants, and outlays for range and forest improvements on the public domain are offset in whole or in part by receipts to the Treasury in the form of sales, specific charges, or recoveries. Where such activities are carried on through revolving funds, receipts are credited directly against the expenditures, so that the amounts reported for these programs in the budget and in this analysis are net of receipts. In other cases, these returns are included in miscellaneous receipts to the Treasury rather than as offsets to expenditures.

Whether recovered by specific revenues or not, these investment and developmental expenditures both in physical and human capital add to the wealth and income of the Nation and, by helping to expand the tax base, augment the Government's potential future revenues. However, the present analysis does not attempt to measure the recoverability of these outlays, the potential gain in public revenues which will be forthcoming from them, nor the duration of future benefits and their discounted present value.

Table D-1. SUMMARY OF INVESTMENT, OPERATING, AND OTHER  
BUDGET EXPENDITURES (in millions of dollars)

	1961 actual	1962 estimate	1963 estimate
Additions to Federal assets:			
Civil .....	3,537	4,669	4,508
National defense .....	16,337	17,694	18,158
Additions and improvements to State, local, and private assets:			
Civil .....	1,247	1,362	1,460
National defense .....	11	21	135
Expenditures for other developmental purposes:			
Civil .....	2,380	3,299	4,819
National defense .....	7,356	7,479	8,162
Current expenses for aids and special services:			
Civil .....	15,629	17,057	16,818
National defense .....	1,427	1,424	1,396
Other services and current operating expenses:			
Civil:			
Interest .....	9,050	8,998	9,398
Other .....	2,830	3,061	3,186
National defense .....	22,364	24,594	24,840
Allowances for pay adjustments and contingencies .....		75	350
Subtotal .....	82,169	89,732	93,230
Deduct interfund transactions .....	654	656	693
Grand total .....	81,515	89,075	92,537
Civil .....	34,673	38,446	40,190
National defense .....	47,494	51,212	52,690

*Comparison with capital accounting, budgeting, and funding.*—This analysis does not make a precise distinction between capital and current items, although it does provide useful general magnitudes. Its purpose is to provide a broad framework for understanding Federal expenditures, recognizing not only outlays to increase physical capital and intangible assets, but also developmental expenditures which represent an investment in human capital. Moreover, it does not take into account annual charges for depreciation and obsolescence on existing physical assets, allowances for anticipated losses on loan programs, and profit or loss on sales of assets at figures different from their book value. Agencies generally keep account of such charges according to their particular program needs, but these charges are not reported on a Government-wide basis. As a result, it is not possible to determine from this analysis the net addition to the value of federally owned assets.

This analysis does not purport to be a capital budget in the sense of a long-range program of public works and other expenditures for the acquisition of assets. Nor is it a plan for separate financing of capital expenditures. Some foreign governments and some State and local governments fund a portion of their capital expenditures by separate borrowing, and they usually exclude such expenditures from their computation of budget totals, except for annual charges to amortize these capital outlays over a number of years. The Federal budget, on the other hand, treats both investment items and outlays for

other purposes as expenditures in computing the budget surplus or deficit.

*Trust funds.*—This analysis includes only expenditures financed through the administrative budget. Expenditures financed by the trust funds are not reported herein. For example, grants for federally aided highways, financed through the Highway trust fund, are not reported here as additions to assets owned by State governments.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET  
EXPENDITURES (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
<b>ADDITIONS TO FEDERAL ASSETS</b>			
<b>Loans and investments:</b>			
Civil loans:			
To domestic private borrowers:			
Department of Agriculture:			
Commodity Credit Corporation: Price support and grain storage loans.....	-272	151	-443
Rural Electrification Administration.....	291	320	224
Farmers Home Administration.....	321	149	189
Department of Commerce.....	1	11	44
Department of Health, Education, and Welfare: Defense educational activities and other.....	58	76	100
Housing and Home Finance Agency:			
Federal National Mortgage Association.....	-2	28	208
College housing loans.....	100	125	188
Federal Housing Administration.....	72	77	2
Other.....	-4	8	19
Veterans Administration:			
Readjustment benefits.....	95		
Housing loans:			
Veterans direct loans.....	174	180	177
Loan guarantee revolving fund.....		130	-163
Other.....	*	*	*
Small Business Administration.....	80	220	186
Other agencies.....	-6	21	1
Total, to domestic private borrowers, civil.....	908	1,495	731
To State and local governments:			
Housing and Home Finance Agency:			
College housing loans.....	100	125	188
Public facility loans.....	9	27	59
Other.....	14	18	19
District of Columbia.....	20	57	50
Other agencies.....	28	42	79
Total, to State and local governments, civil.....	171	269	394
To foreign borrowers, other than to international institutions:			
Funds appropriated to the President: Foreign assistance economic.....	348	565	809
Export-Import Bank of Washington.....	132	10	-111
Total, to foreign borrowers, civil.....	480	575	698
Total, civil loans.....	1,558	2,339	1,823

\*Less than one-half million dollars.



Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Loans and investments—Continued</b>			
National defense loans:			
To domestic private borrowers:			
Funds appropriated to the President: Expansion of defense production.....	-42	7	-9
Department of Defense—Military.....	-1	5	-1
Total to domestic private borrowers, national defense.....	-43	12	-10
To foreign borrowers: Funds appropriated to the President.....	-9	-15	-----
Total, national defense loans.....	-52	-3	-10
Total loans.....	1,506	2,335	1,813
Other financial investments:			
Investments in quasi-public institutions and trust funds:			
Department of Labor: Advances to unemployment trust fund.....	49	-55	-3
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations.....	16	17	18
Farm Credit Administration.....	-4	-4	-3
Total investments in quasi-public institutions and trust funds.....	60	-42	12
Investments in international institutions:			
Funds appropriated to the President:			
International Development Association.....	74	62	62
Inter-American Development Bank.....	-----	110	60
Department of State:			
Purchase of United Nations bonds.....	-----	100	-----
Total investments in international institutions.....	74	272	122
Total other financial investments.....	134	229	134
Total loans and investments.....	1,640	2,564	1,947
<b>Public works—sites and direct construction:</b>			
Civil:			
Legislative Branch.....	23	40	26
Department of Agriculture:			
Forest Service.....	47	56	71
Other.....	7	7	9
Department of Commerce:			
National Bureau of Standards: Construction.....	1	6	29
Other.....	6	12	9
Department of Defense—Civil:			
Corps of Engineers—Civil.....	759	760	798
The Panama Canal.....	18	30	18
Other.....	1	1	1
Department of Health, Education, and Welfare.....	31	36	42
Department of the Interior:			
Bureau of Reclamation.....	202	214	250
Bonneville Power Administration.....	25	19	24
National Park Service.....	50	51	59
Bureau of Indian Affairs.....	31	38	62
Other.....	20	28	36

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Public works—sites and direct construction—Continued</b>			
Civil—Continued			
Post Office Department.....	32	49	47
Department of State.....	13	18	26
Federal Aviation Agency.....	140	151	157
General Services Administration: Public buildings.....	103	154	215
National Aeronautics and Space Administration.....	98	154	285
Veterans Administration: Hospitals.....	55	70	72
Smithsonian Institution.....	11	25	11
Tennessee Valley Authority.....	159	202	157
Other.....	42	62	48
Total, public works, civil.....	1,874	2,183	2,452
National defense:			
Department of Defense—Military:			
Military construction (excluding infrastructure).....	1,603	1,225	1,181
Other.....		3	*
Atomic Energy Commission.....	293	275	268
Total, public works, national defense.....	1,896	1,503	1,450
Total, public works, sites and direct construction.....	3,770	3,686	3,902
<b>Major commodity inventories:</b>			
Civil:			
Department of Agriculture: Commodity Credit Corpora- tion: Agricultural commodities.....	—390	—620	—401
Department of the Interior.....			26
Total, major commodity inventories, civil.....	—390	—620	—376
National defense:			
Funds appropriated to the President: Expansion of defense production.....	32	26	6
Department of Defense—Military: Civil defense.....		40	60
Department of Health, Education, and Welfare: Emergency health activities.....		16	31
Other agencies.....	17	8	7
Total, major commodity inventories, national defense.....	49	90	104
Total, major commodity inventories.....	—341	—531	—272
<b>Major equipment:</b>			
Civil:			
Department of Commerce.....	15	23	51
Other agencies.....	36	28	38
Total, major equipment, civil.....	51	51	89
National defense:			
Department of Defense—Military.....	12,965	14,694	15,221
Atomic Energy Commission.....	116	154	157
Other agencies.....	—1	*	*
Total, major equipment, national defense.....	13,080	14,847	15,377
Total, major equipment.....	13,132	14,898	15,466

\* Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Other physical assets—acquisition and improvement:</b>			
Civil:			
Department of Agriculture:			
Forest Service.....	77	46	26
Other.....	1	1	1
Department of the Interior.....	24	26	38
Housing and Home Finance Agency:			
Federal Housing Administration.....	152	264	296
Other.....	—3	—3	*
Veterans Administration.....	52	141	1
Other agencies.....	7	12	24
Total, other physical assets, civil.....	310	487	386
National defense:			
Atomic Energy Commission.....	1,364	1,257	1,237
Other agencies.....	*		
Total, other physical assets, national defense.....	1,364	1,257	1,237
Total, other physical assets—acquisition and improvement.....	1,674	1,745	1,623
Total, additions to Federal assets.....	19,875	22,362	22,665
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE PHYSICAL ASSETS</b>			
<b>State and local physical assets:</b>			
Civil:			
Department of Agriculture: Flood prevention and watershed protection.....	32	43	58
Department of Commerce:			
Bureau of Public Roads.....	32	36	42
Area redevelopment.....		15	30
Department of Health, Education, and Welfare:			
School construction in federally affected areas.....	59	53	49
Hospital construction.....	64	70	76
Waste treatment works construction.....	44	45	55
Other.....	4	6	20
Federal Aviation Agency: Grants in aid for airports.....	65	81	76
Housing and Home Finance Agency: Open space land grants.....		8	42
Other agencies.....	6	14	31
Total, State and local physical assets, civil.....	307	371	480
National defense:			
Department of Defense—Military: Civil defense.....		20	135
Other agencies.....	11	1	
Total, national defense.....	11	21	135
Total, State and local physical assets.....	318	392	615

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE PHYSICAL ASSETS—Continued</b>			
<b>Private physical assets, civil:</b>			
Department of Agriculture:			
Agricultural stabilization and conservation .....	614	596	585
Soil Conservation .....	105	106	109
Other .....	1	7	—4
Department of Commerce: Merchant ships .....	97	114	103
Department of Health, Education, and Welfare:			
Private hospital construction .....	93	102	111
Health research facilities .....	20	24	30
Other .....	1	7	5
National Science Foundation .....	7	34	39
Other agencies .....	2	2	2
Total, private physical assets, civil .....	940	991	980
Total, additions to State, local, and private physical assets .....	1,258	1,383	1,595
<b>EXPENDITURES FOR OTHER DEVELOPMENTAL PURPOSES</b>			
<b>Education, training, and health:</b>			
Civil:			
Department of Agriculture: Cooperative extension work .....	67	71	72
Department of Health, Education, and Welfare:			
Office of Education:			
Defense educational activities .....	77	103	114
Aid to public elementary and secondary education .....			75
Payments to school districts .....	208	227	195
Vocational education .....	40	40	41
Other .....	27	36	76
Office of Vocational Rehabilitation .....	63	73	84
Public Health Service:			
Indian health activities .....	48	51	54
National Institutes of Health .....	123	148	170
Community health practice and research .....	26	21	22
Other .....	27	63	102
Social Security Administration:			
Grants, maternal and child welfare .....	52	69	75
Other .....	3	3	7
Other .....	7	12	16
Department of the Interior: Bureau of Indian Affairs .....	62	63	75
Department of Labor:			
Manpower development and training .....			60
Youth employment opportunities .....			60
Other .....	4	5	5
National Science Foundation .....	62	74	93
Other agencies .....	14	14	16
Total, education, training, and health, civil .....	908	1,073	1,413
National defense: Atomic Energy Commission .....	14	15	16
Total, education, training, and health .....	921	1,088	1,430

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET  
EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>EXPENDITURES FOR OTHER DEVELOPMENTAL PURPOSES—Continued</b>			
<b>Research and development:</b>			
Civil:			
Department of Agriculture:			
Agricultural Research Service.....	74	75	81
Cooperative State Experiment Station Service.....	33	36	38
Other.....	28	38	42
Department of Commerce:			
National Bureau of Standards.....	17	19	25
Other.....	10	17	23
Department of Health, Education, and Welfare:			
Public Health Service:			
National Institutes of Health.....	295	450	535
Other.....	35	44	49
Other.....	23	27	40
Department of the Interior:			
Bureau of Mines.....	25	26	26
Geological Survey.....	42	46	54
Other.....	22	27	38
Federal Aviation Agency.....	50	57	74
National Aeronautics and Space Administration.....	646	1,146	2,115
National Science Foundation.....	70	84	116
Other agencies.....	39	54	55
Total, research and development, civil.....	1,409	2,146	3,311
<b>National defense:</b>			
Department of Defense—Military:			
Military personnel: Research and development.....	205	206	207
Procurement: Test and evaluation support.....	130	142	135
Research, development, test, and evaluation.....	6,131	6,039	6,650
Civil defense.....		10	17
Military assistance.....	31	18	16
Atomic Energy Commission.....	843	1,049	1,122
Other agencies.....	2	*	
Total, research and development, national defense.....	7,342	7,464	8,146
Total, research and development.....	8,751	9,610	11,457
<b>Engineering and natural resource surveys:</b>			
Civil:			
Department of the Interior.....	18	24	27
Other agencies.....	46	56	68
Total, engineering and natural resource surveys.....	64	80	95
Total, expenditures for other developmental purposes.....	9,736	10,778	12,982

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET  
EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES</b>			
<b>Agriculture:</b>			
Civil:			
Department of Agriculture:			
Commodity Credit Corporation and special export programs:			
Sales for foreign currency .....	1,455	1,333	1,131
Price support, supply, and related programs .....	1,992	2,966	2,925
Long-term supply contracts .....		156	258
Transfer to supplemental stockpile .....	201	225	250
National Wool Act .....	61	67	70
International Wheat Agreement .....	76	81	81
Special milk program .....	87	105	
Other .....	-3	1	-3
Agricultural Stabilization and Conservation Service:			
Sugar Act .....	72	82	87
Other .....	-3	17	18
Agricultural Marketing Service:			
Removal of surplus agricultural commodities .....	203	225	235
Special milk program .....			101
Other .....	14	6	6
Farmers Home Administration:			
Direct loans .....		-25	-25
Other .....	32	33	35
Other .....	47	68	78
Other agencies .....	19	24	7
Total, agriculture .....	4,254	5,366	5,255
<b>Business:</b>			
Civil:			
Department of Commerce:			
Maritime Administration: Ship operating subsidies and administration .....	155	211	228
Patent Office .....	23	24	26
Other .....	28	42	59
Department of Defense—Civil:			
Corps of Engineers—Civil: Operation and maintenance .....	90	102	99
Other .....	-11	-15	-11
Post Office Department .....	875	794	192
Treasury Department: Coast Guard: Navigation aids .....	199	208	217
Federal Aviation Agency .....	333	366	415
Civil Aeronautics Board: Payments to air carriers .....	78	83	85
Other agencies .....	18	26	30
Total, civil .....	1,787	1,841	1,340
National defense .....	7	17	4
Total, business .....	1,794	1,859	1,343
<b>Labor:</b>			
Department of Labor:			
Payment to Federal extended compensation account .....	498	342	
Other .....	8	19	25
Other agencies .....	7	6	6
Total, labor .....	514	367	31

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued</b>			
<b>Homeowners and tenants:</b>			
Housing and Home Finance Agency:			
Public housing.....	151	173	192
Urban renewal.....	139	219	338
Federal National Mortgage Association.....	61	-33	-42
Federal Housing Administration.....	-232	-128	-186
Office of Administrator.....	-74	12	33
Federal Home Loan Bank Board.....	-35	-239	-270
Other agencies.....	*	*	*
Total, homeowners and tenants.....	9	3	64
<b>Veterans:</b>			
Department of Health, Education, and Welfare: Reimbursement for military service credits.....			79
Veterans Administration:			
Direct benefits.....	3,883	3,884	3,988
Hospitals and medical care.....	956	1,001	1,025
Insurance.....	25	70	24
Housing loans.....	-22	-20	-27
Loan guarantee revolving fund.....		-83	6
General operation and other.....	166	163	158
Other agencies.....	10	10	26
Total, veterans.....	5,017	5,025	5,278
<b>International:</b>			
Civil:			
Funds appropriated to the President:			
Foreign assistance—economic.....	1,457	1,370	1,426
Peace Corps.....		10	52
Other.....	*		
Department of Agriculture: Commodity Credit Corporation:			
Emergency famine relief to friendly peoples.....	199	281	300
Export-Import Bank of Washington.....	-94	-111	-114
Other agencies.....	21	22	37
Total, international, civil.....	1,582	1,573	1,701
National defense: Department of Defense—Military:			
Military assistance.....	1,418	1,382	1,384
Military construction (infrastructure).....	2	25	8
Total, international, national defense.....	1,420	1,407	1,392
Total, international.....	3,002	2,980	3,093
<b>Other aids and special services:</b>			
Department of Agriculture: School lunch program.....	154	170	190
Department of Commerce: Bureau of the Census.....	22	9	2
Department of Health, Education, and Welfare:			
Public assistance.....	2,167	2,569	2,775
Hospitals and medical care.....	47	48	48
Assistance for Cuban refugees.....			42
Other.....	23	25	25
Department of the Interior: Bureau of Indian Affairs.....	29	34	38

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued</b>			
<b>Other aids and special services—Continued</b>			
Other agencies.....	24	27	28
Total, other aids and special services.....	2,466	2,881	3,149
Total, current expenses for aids and special services.....	17,056	18,481	18,214
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES</b>			
<b>Repair, maintenance, and operation of physical assets (excluding special services):</b>			
Civil:			
Department of Agriculture: Forest Service.....	122	110	111
Department of Defense—Civil: Corps of Engineers.....	52	56	58
Department of the Interior:			
Bureau of Reclamation.....	37	43	47
National Park Service.....	36	38	38
Other.....	49	50	37
General Services Administration: Real property activities.....	193	202	215
Tennessee Valley Authority.....	-134	-139	-110
Other agencies.....	27	31	32
Total, repair, maintenance, and operation, civil.....	381	391	425
National defense:			
Department of Defense—Military:			
Operation and maintenance.....	10,611	11,595	11,511
Revolving funds.....	-299	-265	-170
Atomic Energy Commission.....	84	79	80
Total, repair, maintenance, and operation, national defense.....	10,397	11,410	11,421
Total, repair, maintenance, and operation of physical assets.....	10,777	11,800	11,846
<b>Regulation and control:</b>			
The Judiciary.....	52	58	61
Department of Agriculture:			
Agricultural Stabilization and Conservation Service: Acreage allotments and marketing quotas.....	44	44	44
Agricultural Marketing Service.....	24	28	30
Agricultural Research Service.....	70	77	82
Other.....	1	1	1
Department of Health, Education, and Welfare.....	18	21	27
Department of Justice:			
Federal Bureau of Investigation.....	125	127	130
Legal activities and general administration.....	48	52	56
Immigration and Naturalization Service.....	62	63	64
Federal prisons.....	44	44	47
Treasury Department:			
Bureau of Customs.....	59	63	65
Other.....	28	28	29
Federal Aviation Agency.....	33	40	41
Other agencies.....	118	131	143
Total, regulation and control.....	725	780	821



Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET  
EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued</b>			
<b>Operation and administration of other civil activities:</b>			
International activities:			
Department of State:			
Foreign affairs administration .....	137	146	153
International organizations and conferences .....	53	126	73
Educational exchange .....	36	41	55
Other .....	8	3	2
Foreign Claims Settlement Commission .....	*	1	11
United States Information Agency .....	114	126	139
Other agencies .....		1	1
Total, international activities .....	348	443	433
Federal financial activities:			
Treasury Department:			
Internal Revenue Service .....	408	447	520
Bureau of Accounts .....	24	30	31
Bureau of the Public Debt .....	47	48	56
Other .....	26	28	28
General Accounting Office .....	41	43	44
Other agencies .....	5	5	4
Total, Federal financial activities .....	551	600	683
Other direct Federal programs:			
Legislative Branch .....	98	106	107
Executive Office of the President:			
Office of Emergency Planning .....	9	8	8
Other .....	10	11	12
Department of Commerce:			
Weather Bureau .....	49	56	61
Other .....	2	2	1
Department of Defense—Civil .....	33	34	37
Treasury Department:			
Claims, judgments, and private relief acts .....	29	43	5
Other .....	*	*	*
General Services Administration .....	53	105	104
Other agencies .....	39	41	39
Total, other direct Federal programs .....	322	405	372
Retirement, unemployment, and accident compensation for Federal employees:			
Department of Labor:			
Employees' compensation claims and expenses .....	62	63	62
Unemployment compensation for Federal employees .....	171	144	131
Treasury Department: Coast Guard retired pay and Secret Service annuities .....	30	32	33
Civil Service Commission .....	53	19	24
Other agencies .....	5	2	3
Total, retirement, unemployment, and accident compensa- tion for Federal employees .....	321	260	252

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET  
EXPENDITURES (in millions of dollars)—Continued

Description	1961 actual	1962 estimate	1963 estimate
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued</b>			
<b>Operation and administration of other civil activities—Continued</b>			
Shared revenues and grants-in-aid:			
Department of Agriculture: Forest Service.....	36	26	30
Department of the Interior:			
Bureau of Land Management.....	52	54	59
Other.....	29	29	34
Treasury Department.....	25	27	27
District of Columbia: Federal payment.....	25	30	32
Other agencies.....	15	18	18
Total, shared revenues and grants-in-aid.....	182	183	199
Total, operation and administration of other civil activities.....	1,724	1,891	1,940
<b>Other national defense operation and administration:</b>			
Executive Office of the President: Office of Emergency Plan- ning.....	24	6	-----
Department of Defense—Military:			
Military personnel (excluding research and development)...	11,880	13,044	13,208
Civil defense.....	-----	68	138
General Services Administration: Strategic and critical ma- terials.....	30	30	35
Selective Service System.....	33	36	37
Other agencies.....	-----	-----	*
Total, other national defense operation and administration.....	11,967	13,184	13,419
<b>Interest:</b>			
On the public debt.....	8,957	8,900	9,300
Other interest:			
On refunds: Treasury Department.....	83	88	88
On uninvested funds: Treasury Department.....	10	10	10
Total other interest.....	93	98	98
Total interest.....	9,050	8,998	9,398
Total, other services and current operating expenses.....	34,244	36,653	37,424
Allowances for pay adjustments and contingencies.....	-----	75	350
Subtotal.....	82,169	89,732	93,230
Deduct interfund transactions.....	654	656	693
Grand total.....	81,515	89,075	92,537

\*Less than one-half million dollars.

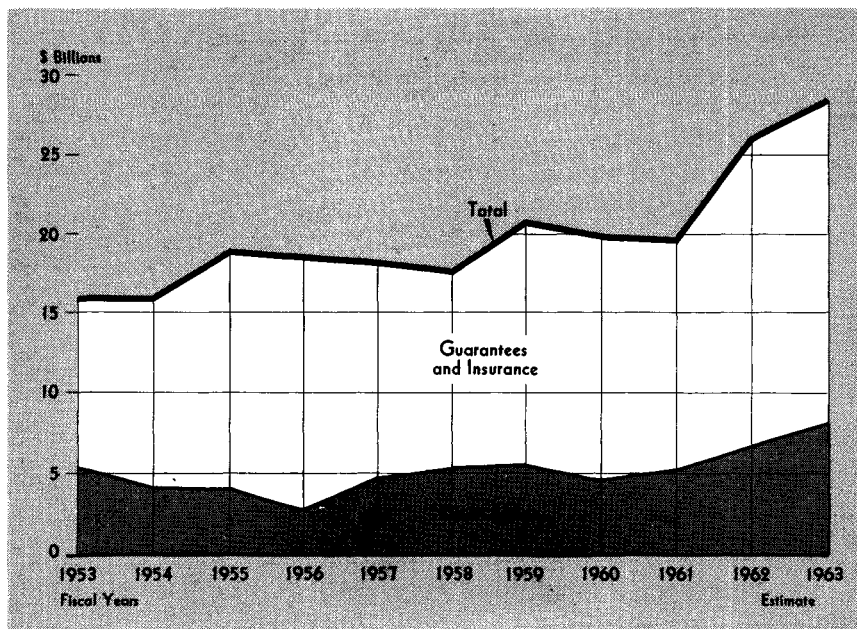
SPECIAL ANALYSIS E  
FEDERAL CREDIT PROGRAMS

INTRODUCTION

Many Federal departments and agencies provide credit assistance to specific borrowers in order to help achieve the basic objectives of the Government programs. Most prominent are the various loan, loan insurance and loan guarantee programs (a) for improvement of housing and encouragement of home ownership and community development; (b) for assistance to farm production and rural communities; and (c) for promotion of economic development abroad. In addition, more specialized credit aids are available for specific types of domestic business, such as small businesses, shipping, aviation, railroads, and commercial fisheries; for college students; and for firms and public agencies in areas of chronic unemployment or underemployment.

**Federal Credit Programs**

*New Commitments*



These programs are intended to supplement, rather than to substitute for private credit. In some cases they fill gaps by providing or stimulating a type of credit not otherwise generally available to important groups of borrowers. Often they assume or share in risks

which private lenders, at least initially, cannot reasonably be expected to undertake. Similarly, terms on which the assistance is provided at times are more liberal, with longer maturities, smaller downpayments, or lower interest rates than are generally available otherwise. Often the loans are part of a package of Federal assistance, which may include, for example, technical aids enabling tenant farmers to build more efficient farm units or helping underdeveloped countries to plan and construct basic transportation systems.

Unlike almost all other Government programs, the initial expenditures involved for credit programs are largely or wholly repayable, so that the ultimate net cost is normally low. Some programs are fully self-supporting; in most others, the income from interest payments or insurance and guarantee fees covers most of the current expenses and/or provides reserves for future losses. Customarily administrative expenses are paid from income, but occasionally separate appropriations are made to finance them. In short, in the main these programs are methods of helping borrowers to help themselves, rather than expenditures yielding only indirect returns to the Federal Government.

#### COVERAGE OF SPECIAL ANALYSIS

While specific borrowers do not usually require continuing credit assistance, the number of types of assistance and the overall level of activity in Federal credit programs has been gradually increasing. The analysis this year includes all major credit programs of 18 separate Federal agencies, as well as the credit aids for defense production administered by several agencies.<sup>1</sup> The newly authorized area redevelopment loan programs and the rapidly expanding program of housing loans for the elderly are included in the analysis for the first time. Loan programs of important quasi-public agencies are excluded from tables E-1 to E-5, but their outstanding loans are shown in table E-6.

The analysis excludes interagency credit used to finance budget expenditures, such as borrowing from the Treasury by other Government agencies, whether for loan or other programs. A number of small and relatively inactive programs and the first-year activities of newly proposed programs, such as college facility loans also are excluded. Even with these exclusions, the tabulations account for almost all new commitments of Federal credit agencies in 1963.

#### NEW COMMITMENTS

New commitments provide the best single measure of the trends in most Federal credit programs. They also give the best advance indication of trends in the economic impact of these programs, since changes in the level of new commitments usually precede corresponding changes in the volume of loans disbursed by either public agencies or private lenders and in the purchase of goods and services by the ultimate borrowers.

In this study, commitments are defined as approvals by Federal agencies of direct loans or of insurance or guarantees of private loans.

<sup>1</sup> Supplementary material containing brief summaries of each of the major programs with emphasis on current developments is available on request from the Bureau of the Budget.

They are shown on a gross basis, including commitments which do not later result in actual credit extension, as well as the unguaranteed portions of loans partially covered by Federal guarantees.

Table E-1. NEW COMMITMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY TYPE OF ASSISTANCE, MAJOR AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1961 actual		1962 estimate		1963 estimate	
	Direct loans	Guarantees and insurance	Direct loans	Guarantees and insurance	Direct loans	Guarantees and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	291	-----	575	-----	1,000	-----
Urban Renewal Administration.....	77	194	119	304	149	394
Community Facilities Administration.....	389	-----	538	-----	558	-----
Federal Housing Administration.....	130	10,457	193	12,698	248	13,904
Public Housing Administration.....	288	311	417	446	448	453
Veterans Administration.....	213	1,702	237	2,440	275	2,490
Department of Agriculture:						
Rural Electrification Administration.....	417	-----	367	-----	480	-----
Farmers Home Administration.....	364	28	405	81	461	81
Commodity Credit Corporation.....	220	1,594	353	2,621	297	2,125
Department of Commerce:						
Area Redevelopment Administration.....	-----	-----	99	-----	118	-----
Maritime Administration.....	1	31	-----	78	-----	95
Civil Aeronautics Board.....	-----	2	-----	12	-----	10
Interstate Commerce Commission.....	-----	75	15	76	-----	75
Expansion of defense production.....	-----	69	-----	64	-----	58
Small Business Administration.....	281	18	437	51	476	124
Department of Health, Education, and Welfare.....	107	-----	92	-----	92	-----
Export-Import Bank.....	1,189	146	919	307	822	408
Department of State: Agency for International Development.....	1,208	27	2,014	45	2,653	100
Total by type of assistance.....	5,175	14,654	6,780	19,223	8,077	20,317
Grand total.....	19,829	-----	26,003	-----	28,394	-----

*Direct loans.*—The new commitments of \$8.1 billion estimated for direct loans in 1963, represent a 60% increase above the actual commitments in 1961, and if realized will be substantially above any previous level of Government lending activity. Almost all major programs will share in the expected expansion, with the greatest growth in commitments by the Agency for International Development, for loans to developing countries, and by the Federal National Mortgage Association, primarily to purchase insured mortgages to finance housing construction and improvement for moderate income families and in urban renewal areas.

*Guarantees and insurance.*—New commitments for Federal guarantees and insurance of private loans in 1963 for the first time are expected to exceed \$20 billion. Over 80% of these will cover housing loans insured by the Federal Housing Administration or guaranteed by the Veterans Administration. Guarantees of agri-

cultural crop support loans by the Commodity Credit Corporation will also continue at high levels.

*Overlapping commitments.*—The total estimated commitments of \$28.4 billion include several cases where two or more types of Federal assistance are provided for the same borrower or on the same property at different stages in the financing process. The most significant overlap in such commitments is probably the purchase of insured or guaranteed mortgages by the Federal National Mortgage Association; there are also numerous cases where builders construct houses with the aid of commitments for mortgage insurance from Federal Housing Administration, but later sell them to veterans whose purchases are financed by mortgages guaranteed by the Veterans Administration.

#### DISBURSEMENTS AND REPAYMENTS

Direct loans can have a major budgetary impact, since the difference between disbursements and repayments represents net expenditures or receipts. Federal guarantees and insurance of private loans, on the other hand, ordinarily have only a minor effect on Federal expenditures, since they result primarily in expenditures by private financial institutions. Net expenditures for Federal credit assistance, therefore, give only a partial picture of the economic impact of most of these programs.

Net expenditures of all Government lending programs (with the exception of loans from trust funds or by quasi-public agencies, shown in table E-6) are included in the budget totals. In most cases collections are offset directly against expenditures. Prior to 1962, however, collections on most loans made by the Farmers Home Administration were deposited in miscellaneous receipts. This is still true for the Rural Electrification Administration, but under proposed legislation by 1963 both agencies will be on a revolving fund basis. In the case of foreign loans, disbursements and repayments in foreign currencies are included in the analysis, though they are not included in budget expenditures and receipts.

Gross loan disbursements of major Federal credit programs have been increasing substantially during 1962 and will rise even further in 1963 to an estimated \$8.1 billion. However, repayments on outstanding loans are also rising, in part because the Export-Import Bank, and the Veterans Administration are undertaking special efforts to transfer increased amounts of their present loans to private lenders. As a result, net expenditures of \$2.4 billion are now estimated for 1963, or less than 10% of the anticipated level of commitments for loan, guarantee, and insurance programs combined. After adding in net expenditures for other credit programs and adjusting for repayments going directly to miscellaneous receipts and for loans in foreign currencies, net budget expenditures for loans will amount to an estimated \$1.8 billion.

The largest increases in loan disbursements are expected to be those of the new Agency for International Development, authorized by Public Law 87-195. The net increase of over \$800 million forecast over the 2-year period for this program accounts for most of the total increase in net expenditures for all credit programs. Other major programs with substantial increases in net expenditures include the college housing and other loan programs of the Community Facilities

Table E-2. DISBURSEMENTS AND REPAYMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM  
(in millions of dollars)

Agency or program	1961 actual		1962 estimate		1963 estimate	
	Dis- burse- ments	Repay- ments	Dis- burse- ments	Repay- ments	Dis- burse- ments	Repay- ments
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	221	223	249	221	438	230
Urban Renewal Administration.....	110	104	150	140	153	143
Community Facilities Administration.....	229	16	317	22	488	27
Federal Housing Administration.....	87	15	92	15	70	68
Public Housing Administration.....	132	127	186	185	193	192
Veterans Administration.....	339	92	411	102	379	365
Department of Agriculture:						
Rural Electrification Administration.....	291	111	320	118	360	128
Farmers Home Administration.....	369	262	478	347	530	363
Commodity Credit Corporation.....	1,365	1,637	2,456	2,306	2,501	2,944
Department of Commerce:						
Area Redevelopment Administration.....			20		79	2
Maritime Administration.....	1	27		19		18
Interstate Commerce Commission.....			15			
Expansion of defense production.....	17	72	25	28	11	20
Small Business Administration.....	190	103	365	132	435	231
Department of Health, Education, and Welfare.....	58		75		92	
Treasury Department: Loan to United Kingdom.....		53		54		55
Export-Import Bank.....	526	395	900	891	800	911
Department of State: Agency for International Development.....	734	70	1,194	74	1,605	94
Total.....	4,669	3,307	7,253	4,654	8,134	5,791
Net addition to loans:						
Major agencies or programs.....	1,362		2,599		2,343	
Other agencies or programs.....	50		90		120	
Adjustment for repayments going directly into miscellaneous receipts.....	442		211		159	
Adjustment for net expenditures in foreign currencies, deduct.....	348		565		809	
Total budget expenditures <sup>1</sup> .....	1,506		2,335		1,813	

<sup>1</sup> See special analysis D, p. 294.

Administration, the mortgage purchase programs of the Federal National Mortgage Association, and the business lending operations of the Small Business Administration. The largest single program in terms of disbursements is the price support program of the Commodity Credit Corporation, but in 1963 repayments (including collateral acquisitions) are expected to exceed disbursements.

Neither current repayments nor net expenditures provide any measure of the ultimate recoverability of the loans made. As previously indicated, interest or premiums cover most or all expenses and losses for many programs. In some, the legislative mandates make losses probable from time to time, such as for the nonrecourse

loans of the Commodity Credit Corporation and the loan guarantee program of the Veterans Administration.

#### OUTSTANDING DIRECT AND GUARANTEED LOANS

The best index of the level of Federal credit programs over a period of years is provided by the total outstanding direct and guaranteed loans. By the close of 1963 these will total \$115 billion for major programs, and with numerous smaller programs nearly \$116 billion.

Table E-3. OUTSTANDING DIRECT LOANS, GUARANTEES, AND INSURANCE FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1961 actual		1962 estimate		1963 estimate	
	Direct loans	Guarantees and insurance	Direct loans	Guarantees and insurance	Direct loans	Guarantees and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	3,416	-----	3,444	-----	3,653	-----
Urban Renewal Administration.....	79	713	89	953	99	1,274
Community Facilities Administration.....	1,080	-----	1,375	-----	1,836	-----
Federal Housing Administration.....	448	35,726	572	40,160	682	45,769
Public Housing Administration.....	97	3,739	98	4,091	99	4,498
Veterans Administration.....	1,618	29,864	1,927	30,600	1,941	31,050
Department of Agriculture:						
Rural Electrification Administration.....	3,367	-----	3,568	-----	3,800	-----
Farmers Home Administration.....	1,087	182	1,207	254	1,367	311
Commodity Credit Corporation.....	917	606	1,066	1,124	605	1,045
Department of Commerce:						
Area Redevelopment Administration.....	-----	-----	20	-----	99	-----
Maritime Administration.....	154	355	135	450	117	550
Civil Aeronautics Board.....	-----	25	-----	33	-----	37
Interstate Commerce Commission.....	-----	126	15	180	15	245
Expansion of defense production.....	158	271	154	256	144	242
Small Business Administration.....	481	50	713	71	918	107
Department of Health, Education, and Welfare.....	131	-----	206	-----	297	-----
Treasury Department: Loan to United Kingdom.....	3,314	-----	3,260	-----	3,205	-----
Export-Import Bank.....	3,369	165	3,377	471	3,266	879
Department of State: Agency for International Development.....	4,216	27	5,336	100	6,847	200
Total by type of assistance.....	23,932	71,849	26,562	78,743	28,990	86,207
Grand total:						
Major agencies or programs.....	95,781	-----	105,305	-----	115,197	-----
Other agencies or programs.....	462	-----	519	-----	549	-----
All agencies.....	96,243	-----	105,824	-----	115,746	-----

As a result of the continuing excess of loan disbursements over repayments, outstanding direct loans of major programs are expected to rise by \$5 billion in the 2 years ending June 30, 1963, to almost \$29 billion. About half of the increase will be in foreign loans by the Agency for International Development, reflecting in part the



increased emphasis on development assistance, largely in the form of loans rather than grants. The largest other increases in loans outstanding will be by the Rural Electrification Administration, the Small Business Administration, the Veterans Administration, the Community Facilities Administration, and the Farmers Home Administration.

Outstanding guaranteed and insured loans are expected to increase by about \$14 billion during the 2-year period to an estimated \$86 billion at the end of 1963, with the increase concentrated as usual in the mortgage insurance programs of the Federal Housing Administration. These programs, together with the loan guarantee programs of the Veterans Administration and the Public Housing Administration, will continue to account for more than 90% of all outstanding guarantees and insurance. The sharpest increase in relative terms is expected by the Export-Import Bank, which is encouraging increased private participation in its program.

The amounts shown include both the guaranteed and nonguaranteed portion of outstanding loans in order to give a clearer picture of the economic impact of these programs and to tie in better with banking statistics. They do not, however, indicate the estimated contingent liability of the Federal Government. The major program for which the contingent liability differs materially from the principal amount of the loans is the veterans loan guarantee program; by the end of 1963, the Government's liability will be about \$13.9 billion lower than the outstanding amount of such loans.

#### NEW COMMITMENT AUTHORITY

New commitment authority includes any additional loan or loan guarantee authority made available or recommended. There are several kinds of new commitment authority. Budget authorizations are those included in budget totals of new obligational authority; they consist either of appropriations or of authorizations to expend from public or corporate debt receipts. Other authorizations, which do not normally give rise to budget expenditures, mainly consist of insurance and guarantee authorizations.

Table E-4 summarizes new commitment authority of the 16 agencies or major credit programs which have received, or will need, additional authority available during the period. New commitment authority required for 1963 is estimated at \$15.4 billion. The increases in authority from 1961 and 1962 levels represent mainly larger insurance authorizations for the Federal Housing Administration and the sharp rises in the lending authority of the Agency for International Development and the Commodity Credit Corporation.

New commitment authority for most credit programs has been provided by the Congress in the basic legislation rather than in appropriation acts. Since most new commitments can be financed out of uncommitted balances of prior authorizations, or out of funds made available by collections on outstanding loans, many programs do not need new commitment authority in any one year. In 1963, congressional approval is requested or anticipated for new commitment authority for seven agencies.

Table E-4. NEW COMMITMENT AUTHORITY FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY TYPE OF AUTHORIZATION, AGENCY, OR MAJOR PROGRAM (in millions of dollars)

Agency or program	1961 actual		1962 estimate		1963 estimate	
	Budget authorizations	Other	Budget authorizations	Other	Budget authorizations	Other
Housing and Home Finance Agency:						
Federal National Mortgage Association	814		27	139		137
Urban Renewal Administration		92		153		216
Community Facilities Administration	1,076		393		413	
Federal Housing Administration		4,314		5,734		6,212
Public Housing Administration		224		340		345
Veterans Administration	150	859	500	1,230	200	1,380
Department of Agriculture:						
Rural Electrification Administration	310		408		344	
Farmers Home Administration	467	150	336	175	10	175
Commodity Credit Corporation	1,226		1,018		2,490	
Department of Commerce: Area Redevelopment Administration	300		122			
Civil Aeronautics Board		2		11		9
Interstate Commerce Commission			15			
Expansion of defense production		41		36		27
Small Business Administration	50	14	260	38	300	78
Department of Health, Education, and Welfare	114		98		98	
Department of State: Agency for International Development	676	433	1,258	1,125	1,770	1,190
Total by type of authorization	5,183	6,129	4,435	8,981	5,625	9,769
Grand total	11,312		13,416		15,394	

In most loan insurance and guarantee programs the authority provided by the basic statute is indefinite. In these cases, the tabulations show new authorizations equal to the net amount of the guaranteed or insured portion of new commitments.

#### STATUS OF CREDIT AUTHORITY

Commitment authority for most major credit programs remains available until utilized or until the program expires. Hence, with only a few exceptions, the existing authority represents the cumulative total of amounts made available in prior years.

*Cumulative net authority.*—Two types of commitment authority are provided for Federal credit programs. Most of the major programs operate on a revolving fund basis, that is, collections on outstanding loans and expirations of insurance commitments permit reuse of the original authority. Leading examples include all lending programs of Government corporations and the insurance programs of the Federal Housing Administration. Limitations, if any, are ordinarily in terms of maximum amounts of loans outstanding, maximum borrowings from Treasury, or maximum amounts of insurance or guarantee liability.

Table E-5. STATUS OF CREDIT AUTHORITY FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM  
(in millions of dollars)

	1961 actual	1962 esti- mate	1963 total	Hous- ing and Home Finance Agency	Veter- ans Admin- istration	Depart- ment of Agri- culture	Other domes- tic credit pro- grams <sup>1</sup>	Inter- national loans <sup>2</sup>
Cumulative net commitment authority at beginning of year:								
Definite limitation.....	32,660	34,029	37,428	10,288	1,830	8,867	3,152	13,291
Indefinite limitation.....	62,763	67,932	75,818	51,637	17,582	-----	506	6,093
New commitment authority during year:								
Definite limitation.....	5,145	4,590	5,780	413	200	3,019	398	1,750
Indefinite limitation.....	6,167	8,826	9,614	6,910	1,380	-----	114	1,210
Adjustments.....	-4,774	-2,131	-4,981	-354	-1,223	-3,143	-112	-149
Cumulative net authority at end of year.....	101,961	113,246	123,659	68,894	19,769	8,743	4,058	22,195
Cumulative charges against authority:								
Direct loans:								
Outstanding.....	23,932	26,562	28,988	6,369	1,941	5,772	1,588	13,318
Undisbursed commitments.....	6,513	7,924	9,695	2,334	20	1,038	455	5,848
Guarantees and insurance:								
In force.....	57,089	63,477	70,685	50,038	17,150	1,356	1,062	1,079
Commitments outstanding.....	6,920	8,217	8,752	8,264	252	4	232	-----
Total charges against authority.....	94,454	106,180	118,120	67,005	19,363	8,170	3,337	20,245
Uncommitted authority, end of year.....	7,507	7,066	5,539	1,889	406	573	721	1,950

<sup>1</sup> Includes Department of Commerce, Small Business Administration, Civil Aeronautics Board, Interstate Commerce Commission, Department of Health, Education, and Welfare, and Expansion of defense production.

<sup>2</sup> Includes Export-Import Bank, Treasury Department (loan to the United Kingdom), and State Department (Agency for International Development).

In the case of a few noncorporate loan and loan insurance programs, a maximum limitation is placed upon the total volume of loan and loan insurance commitments. Funds collected and expirations of such insurance are not available for reuse. The most important remaining example is the Rural Electrification Administration, which it is now proposed to shift to a revolving fund basis.

The bulk of the loan guarantee and insurance programs are not governed by overall dollar limitations. The amount committed depends upon the provisions of the statute or of the agency's regulations governing eligibility for Federal credit assistance and on the number of eligible applications.

Credit authority available at the beginning of 1963 is estimated at \$113.2 billion (table E-5). New commitment authority of \$15.4 billion is estimated to become available during the year. On the other hand, estimated expirations, certain repayments, and other reductions in outstanding authority amount to \$5.0 billion. The net authority available by the end of 1963 is, therefore, estimated at \$123.7 billion.

*Charges against authority.*—The major charges against the available authority are the estimated \$99.7 billion in outstanding loans and guarantees shown in detail in table E-3 (but excluding here the \$15.5 billion portion not guaranteed or insured by the Federal Government, which do not constitute a charge against the authority). Undisbursed commitments to make direct loans or to guarantee private loans are expected to total another \$18.4 billion by the end of 1963.

*Uncommitted authority.*—For major Federal credit programs as a whole, commitment authority at the end of 1963 is estimated to exceed charges against the authority by \$5.5 billion. Of this unused authority, about a third is accounted for by several programs administered by the Housing and Home Finance Agency and another third represents available authority of the Export-Import Bank and authority for foreign currency loans by the Agency for International Development pursuant to Public Law 480. However, since most loan guarantee and insurance programs in 1963 are not expected to be subject to definite limitations, the total uncommitted authority shown in table E-5 does not measure the possible expansion of these programs under present law.

#### QUASI-PUBLIC CREDIT PROGRAMS

The Federal Government also has certain responsibilities for the credit programs of mixed-ownership corporations and other public agencies operating in whole or in part with private funds. The most important are the Federal intermediate credit banks, the banks for cooperatives, the Federal land banks, the Federal home loan banks, the Federal Reserve banks, and the secondary market operations of the Federal National Mortgage Association.

Table E-6. OUTSTANDING LOANS FOR MAJOR QUASI-PUBLIC CREDIT PROGRAMS CLASSIFIED BY AGENCY AND PROGRAM (in millions of dollars)

Agency	June 30, 1960	June 30, 1961
Farm Credit Administration:		
Banks for cooperatives.....	551	595
Federal intermediate credit banks.....	1,698	1,831
Federal land banks.....	2,487	2,728
Federal Home Loan Bank Board: Federal home loan banks.....	1,770	1,869
Federal Reserve Board of Governors: Federal Reserve banks.....	289	72
Housing and Home Finance Agency: Federal National Mortgage Association (Secondary market operations).....	2,600	2,522
Total.....	9,395	9,617

The 12 banks for cooperatives make short-term loans to finance the operations of farmers' cooperatives. Over half of their total resources are obtained by borrowing from the public. The Government's stock investment of \$107 million on June 30, 1961, represented two-thirds of the total stock, with the remainder owned by member cooperatives; as part of the regular retirement program, \$11 million of Government stock was paid off in 1961.

The 12 Federal intermediate credit banks extend credit to production credit associations and privately capitalized farm-lending institutions by discounting short-term notes to help finance the production needs of farmers. To finance their operations, the banks sell short-term debentures to the public up to not more than 10 times their capital and surplus. In the Farm Credit Act of 1956, provision was made for the retirement of Government capital in the banks and for their eventual ownership by the production credit associations, but in recent years, additional Federal investments have been necessary to provide adequate borrowing authority. As of June 30, 1961, the Government owned \$97.5 million in capital stock, or about three-fourths of the outstanding stock.

The 12 Federal land banks are now privately owned, but are sponsored by the Government and operate under the supervision of the Farm Credit Administration. These banks provide mortgage credit to farmers at reasonable interest rates through individual Federal land bank associations.

The 11 Federal home loan banks are also now privately owned, but are supervised by the Federal Home Loan Bank Board and have authority to borrow \$1 billion from the Treasury, if necessary. These banks make both short-term and long-term advances to member savings and loan associations on the security of home mortgages or Treasury obligations, as well as unsecured short-term loans.

All of the stock of the 12 Federal Reserve banks is provided by the member banks, but the policies of the Federal Reserve System are controlled in the main by the presidentially appointed Board of Governors. Moreover, since 1960, the Reserve banks have been paying to the Treasury Department all net earnings, after deduction of expenses and required dividends and after provision for building up surplus accounts to 100% of the subscribed capital. In the event of liquidation, the entire surplus reverts to the Treasury. As part of their normal central banking functions, the Reserve banks purchase acceptances and make short-term discounts and advances for member institutions.

The Secondary market operations trust fund of the Federal National Mortgage Association purchases federally insured and guaranteed mortgages and can make short-term loans secured by such mortgages. The bulk of the funds are provided by sale of debentures to private investors (or for short periods to the Secretary of the Treasury). Mortgage sellers are required to subscribe to common stock in the Association, but, as of June 30, 1961, Government investments in preferred stock amounted to \$159 million, or twice the \$76 million in privately owned common stock. Further purchases of preferred stock of \$17 and \$18 million are anticipated in fiscal 1962 and 1963 to help provide the basis for the borrowing operations necessary to finance the Association's continuing mortgage purchases.

## SPECIAL ANALYSIS F

### FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION

The Federal Government constructs public works as needed to carry out its program responsibilities. In addition, the Government provides grants and loans to State and local governments for various types of public works construction. This special analysis brings together information on public works activities in the various Federal programs in the budget of the U.S. Government. Federal assistance to cooperatives, nonprofit groups and private interests for construction, which is provided through loans, loan guarantees, grants and other incentives, is excluded from this analysis.

For direct Federal projects, usually built by private enterprise under contracts with Federal agencies, budget expenditures reasonably approximate the value of work put in place. For State and local projects aided by the Federal Government, budget expenditures may precede or follow the construction put in place and are generally supplemented by State and local funds.

Expenditures for civil public works are estimated to be \$6.5 billion in 1963, a record level and four times the 1954 total. As indicated by table F-1, these expenditures constitute four-fifths of the total 1963 Federal expenditures for public works.

The major increase in civil works since 1954 has been for the Federal-aid highway program, financed by trust funds since 1957. Federal grants now make up more than half of expenditures for civil public works. While water resources and related power projects account for the largest share of direct Federal expenditures for civil works over the 10-year period, expenditures for research and development facilities have increased substantially in recent years. Since loans are on a net basis, comparisons by years do not reflect adequately changes in the volume of construction.

**Table F-1. FEDERAL EXPENDITURES FOR PUBLIC WORKS,  
FISCAL YEARS 1954-63 (in millions of dollars)**

*From budget accounts and trust funds*

Year	Total, civil and defense public works	Civil public works				National defense public works
		Total	Federal construc- tion	Grants	Loans (net)	
1954.....	4,398	1,592	1,274	720	-403	2,806
1955.....	4,123	1,716	1,025	776	-85	2,408
1956.....	4,103	1,784	869	889	26	2,319
1957.....	4,492	2,243	1,076	1,103	65	2,249
1958.....	5,070	3,106	1,254	1,735	117	1,964
1959.....	6,684	4,535	1,521	2,871	143	2,150
1960.....	6,846	5,011	1,643	3,211	156	1,835
1961.....	6,823	4,925	1,878	2,897	149	1,898
1962 estimate.....	7,333	5,802	2,190	3,358	255	1,531
1963 estimate.....	8,035	6,473	2,455	3,652	365	1,562

Note.—In this and the following tables, nonconstruction costs are excluded; proposed legislation is included for the years 1962 and 1963. Details may not add to totals because of rounding.

## CIVIL PUBLIC WORKS

Table F-2 summarizes expenditures for civil public works by agency for the years 1961 through 1963. Estimated expenditures in 1963 are 12% above those for 1962 and 31% above the 1961 total. Major

Table F-2. EXPENDITURES AND 1963 NEW AUTHORIZATIONS FOR CIVIL PUBLIC WORKS, BY AGENCY (in millions of dollars)

*From budget accounts and trust funds*

Type of program and agency	Expenditures			New authorizations, 1963 estimate
	1961 actual	1962 estimate	1963 estimate	
Federal construction:				
Architect of the Capitol.....	22	40	26	-----
Department of Agriculture.....	54	63	80	38
Corps of Engineers—Civil.....	759	760	798	813
Department of the Interior:				
Bureau of Reclamation.....	202	214	250	272
Bureau of Indian Affairs.....	31	38	62	55
National Park Service.....	50	51	59	32
Other.....	45	47	59	66
Post Office Department.....	32	49	47	44
Federal Aviation Agency.....	140	151	157	141
General Services Administration.....	103	154	215	227
Veterans Administration.....	55	70	72	76
National Aeronautics and Space Administration.....	98	154	285	819
Tennessee Valley Authority.....	159	202	157	24
Other:				
Budget accounts.....	124	190	184	168
Trust funds.....	4	7	3	-----
Total, Federal construction.....	1,878	2,190	2,455	2,774
Grants to State and local governments:				
Bureau of Public Roads.....	32	36	42	39
Bureau of Public Roads (trust fund).....	2,591	2,996	3,216	3,547
Soil Conservation Service.....	32	43	58	64
Office of Education.....	59	53	64	338
Public Health Service.....	112	121	137	163
Federal Aviation Agency.....	65	81	76	75
Area Redevelopment Administration.....	-----	15	30	50
Other.....	6	13	30	28
Total, grants.....	2,897	3,358	3,652	4,304
Loans to State and local governments, net:				
Bureau of Reclamation.....	17	15	9	5
Housing and Home Finance Agency.....	118	160	255	163
District of Columbia.....	12	65	50	27
Area Redevelopment Administration.....	-----	8	33	-----
Other.....	3	6	18	154
Total, loans.....	149	255	365	349
Civil public works:				
Budget accounts.....	2,330	2,799	3,254	3,880
Trust funds.....	2,594	3,003	3,220	3,547
Total, civil public works.....	4,925	5,802	6,473	7,427

increases from 1962 to 1963 for direct Federal work include \$61 million by the General Services Administration for public buildings and \$131 million by the National Aeronautics and Space Administration for space flight centers. In addition to the \$220 million increase in grants from the highway trust fund, there are increases in most of the other grant programs.

**Table F-3. ESTIMATED COST OF 1963 DIRECT FEDERAL CIVIL PUBLIC WORKS BY CONTINUING AND NEW WORK (in millions of dollars)**

*From budget accounts*

Agency or program	Total estimated Federal cost	Cumulative to June 30, 1962	1963 estimated expenditures	Required to complete
<b>Continuing work:</b>				
Corps of Engineers—Civil .....	9,692	5,525	767	3,400
Bureau of Reclamation .....	4,740	2,780	245	1,715
General Services Administration .....	689	364	173	152
Federal Aviation Agency .....	451	147	142	162
Tennessee Valley Authority .....	719	401	131	187
Veterans Administration .....	205	87	60	58
Bureau of Indian Affairs .....	478	229	54	195
National Aeronautics and Space Administration .....	563	226	120	217
Forest Service .....	441	373	50	18
Post Office .....	142	49	39	54
Bureau of Standards .....	103	12	35	56
Architect of the Capitol .....	140	95	26	19
National Park Service .....	110	55	26	29
Other .....	973	538	156	279
<b>Total, continuing work .....</b>	<b>19,446</b>	<b>10,881</b>	<b>2,024</b>	<b>6,541</b>
<b>New projects and features in 1963:</b>				
National Aeronautics and Space Administration .....	809		155	654
Corps of Engineers—Civil .....	426	10	16	400
National Park Service .....	75		32	43
Tennessee Valley Authority .....	152	*	26	126
Forest Service .....	25		21	4
Federal Aviation Agency .....	130		15	115
General Services Administration .....	712		13	699
Veterans Administration .....	106	2	12	92
Bureau of Indian Affairs .....	50		8	42
Post Office Department .....	44		8	36
Bonneville Power Administration .....	30		7	23
Coast Guard .....	15		7	8
Bureau of Reclamation .....	83		1	82
Other .....	142	1	41	100
<b>Total, new projects and features .....</b>	<b>2,799</b>	<b>13</b>	<b>362</b>	<b>2,424</b>
<b>Advance planning:</b>				
Corps of Engineers—Civil .....	46	18	16	12
Bureau of Reclamation .....	32	23	3	6
National Park Service .....	8	1	1	6
Veterans Administration .....	7	*	1	6
General Services Administration <sup>1</sup> .....	176	90	29	57
National Aeronautics and Space Administration .....	10		10	
Other .....	24	2	7	15
<b>Total, advance planning .....</b>	<b>303</b>	<b>134</b>	<b>67</b>	<b>102</b>
<b>Total, direct civil public works .....</b>	<b>22,548</b>	<b>11,028</b>	<b>2,453</b>	<b>9,067</b>

\*Less than one-half million dollars.

<sup>1</sup> Includes some sites as well as planning costs.



*New and continuing work.*—Table F-3 shows expenditures for direct Federal construction in 1963 according to whether the projects are continuing work or recommended for starting in 1963. To complete work now underway, a substantial volume of expenditures will be required in 1963 and later years. In addition, new projects proposed for starting, on which \$362 million will be spent in 1963, will involve additional commitments of \$2.4 billion for future years.

In the water resources area, funds are recommended for the Corps of Engineers to start 36 new projects, with an estimated total Federal cost of \$492 million, including 8 navigation projects and 1 bridge alteration, initial contributions on 5 beach erosion control projects, 13 local flood protection projects, 6 flood control reservoirs (including an initial contribution to California for flood control costs of Oroville Dam, now being build by the State on the Feather River), and 3 multiple-purpose projects with hydroelectric power facilities. The Bureau of Reclamation will start 3 projects estimated to cost \$83.5 million and will make loans of \$1.6 million to local groups for starting 2 small reclamation projects. These loans, as well as the grant to California for Oroville Dam, are not included in table F-3. Construction will be started on 2 new transmission lines by the Bonneville Power Administration and 6 lines by the Southwestern Power Administration.

The Tennessee Valley Authority will begin construction in 1963 of a 900,000-kilowatt steam power unit, estimated to cost \$100 million. TVA will also start construction of a \$16 million lock at the Gunter'sville Dam as well as a \$6 million multiple-purpose water-control system in the Beech River area in cooperation with local Tennessee agencies.

In the public buildings area, the General Services Administration will begin construction of a number of office buildings, estimated to cost in total \$712 million. New construction of \$809 million to be started by the National Aeronautics and Space Administration will provide research and development facilities to support space flight programs. New starts by other agencies include veterans hospitals, schools for Indian children, research laboratories, roads and recreational facilities in the national parks and forests, air navigation facilities, Foreign Service buildings, and Coast Guard facilities.

*Authorized reserve of direct Federal public works.*—Table F-4 summarizes the reserve of Federal projects which have been authorized by substantive legislation and thus require only financing and planning for starting. These reserves provide a basis for a wise selection of projects for advance planning and for starting in accordance with program needs and budgetary policy. The 1963 budget includes \$67 million for advance planning of projects, including acquisition of sites by the General Services Administration for public buildings. Significant amounts will also be spent for preliminary investigations and surveys to assure economical design and construction of projects; these amounts are not included in the public works figures.

Table F-4. RESERVE OF PRESENTLY AUTHORIZED PROJECTS AND PROGRAMS FOR UNDERTAKING AFTER 1963 (in billions of dollars)

Agency	Cost of authorized reserve						
	Estimated total Federal cost	Status of plans as of June 30, 1962			Status of plans as of June 30, 1963		
		Planned to stage where contract could be let	Plans in process	Plans not started	Planned to stage where contract could be let	Plans in process	Plans not started
Corps of Engineers—Civil.....	3.5	0.3	2.4	0.8	1.4	1.5	0.6
Bureau of Reclamation.....	2.4	.1	1.1	1.2	.3	.9	1.2
Tennessee Valley Authority.....	1.6	.1	1.0	.5	.3	1.2	.1
Forest Service.....	1.8	.2	1.6	-----	.3	1.5	-----
Federal Aviation Agency.....	1.0	.2	.3	.5	.3	.5	.2
National Park Service.....	.6	(1)	.1	.5	(1)	.2	.4
General Services Administration.....	.5	(1)	.3	.2	.3	.2	-----
Other agencies.....	1.3	(1)	.2	1.0	.1	.3	.8
Total.....	12.8	1.0	7.0	4.8	3.0	6.4	3.4

1\$50 million or less.

*Civil public works by function.*—In 1963, four-fifths of total civil works expenditures will be for the natural resources and the commerce and transportation functions.

Most of the \$1.4 billion to be spent in 1963 for water resources and related developments (table F-5) is in the natural resources function. Other facilities in this function include construction in the national parks, forests and public domain lands; schools for Indian children; and fish and wildlife facilities.

The \$3.7 billion of expenditures estimated in 1963 for commerce and transportation include \$3.2 billion from the Federal-aid highway trust funds. These grants are in support of the Federal-aid primary and secondary systems and urban extensions of such systems which, together with the 41,000-mile Interstate System, comprise about 850,000 miles of highways. Federal contributions are generally matched by the States, except for the Interstate System for which 90% of the costs are borne by the Federal Government. Also included are \$63 million of grants and loans to States and local agencies for public facilities under the recently established Area Redevelopment Administration, and grants of \$76 million by the Federal Aviation Agency.

Grants to States and local governments make up a significant portion of the expenditures in the health, labor, and welfare function, largely for hospitals, waste treatment plants and research facilities. In some cases Federal aid is provided for both public and private nonprofit hospitals and research facilities; the figures included in this analysis relate only to public facilities.

Estimated public works expenditures of \$288 million for education in 1963 include \$64 million of Federal grants and \$195 million of Federal loans. Included in these figures, under proposed legislation,

Table F-5. BUDGET EXPENDITURES FOR WATER RESOURCES AND RELATED DEVELOPMENTS (in millions of dollars)

Type	1961 actual	1962 estimate	1963 estimate
<b>Flood control works:</b>			
Corps of Engineers—Civil.....	292.7	325.7	342.9
Grant (Oroville Dam).....			15.0
Bureau of Reclamation.....	1.0	1.1	2.4
Soil Conservation Service.....	33.8	49.6	62.9
International Boundary and Water Commission.....	1.6	11.0	15.4
Tennessee Valley Authority.....			2.5
<b>Total, flood control works.....</b>	<b>329.1</b>	<b>387.4</b>	<b>441.1</b>
Beach erosion control: Corps of Engineers—Civil.....	.9	1.2	1.5
<b>Irrigation and water conservation works:</b>			
Bureau of Reclamation.....	88.4	69.6	62.6
Loan and grant program.....	16.6	14.9	8.9
Soil Conservation Service.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Bureau of Indian Affairs.....	3.9	4.2	4.2
<b>Total, irrigation works.....</b>	<b>108.9</b>	<b>88.7</b>	<b>75.7</b>
<b>Navigation facilities:</b>			
Corps of Engineers—Civil.....	203.9	220.6	215.0
Saint Lawrence Seaway Development Corporation.....	2.1	2.7	.8
Tennessee Valley Authority.....	4.1	16.3	9.3
<b>Total, navigation facilities.....</b>	<b>210.1</b>	<b>239.6</b>	<b>225.1</b>
<b>Multiple-purpose dams and reservoirs with hydroelectric power facilities:</b>			
Bureau of Reclamation.....	95.0	115.6	157.7
Corps of Engineers—Civil.....	261.6	212.9	238.8
International Boundary and Water Commission.....	.5	.5	
Tennessee Valley Authority.....	6.2	16.8	11.8
<b>Total, multiple-purpose facilities.....</b>	<b>363.3</b>	<b>345.8</b>	<b>408.3</b>
Steam-electric powerplants: Tennessee Valley Authority.....	121.2	133.8	85.7
<b>Power transmission facilities:</b>			
Tennessee Valley Authority.....	25.8	30.8	37.4
Bureau of Reclamation.....	18.1	27.8	27.5
Bonneville Power Administration.....	25.5	19.4	24.1
Southwestern Power Administration.....	.7	1.8	3.1
<b>Total, power transmission facilities.....</b>	<b>70.1</b>	<b>79.8</b>	<b>92.1</b>
Waste treatment facilities: Public Health Service grants.....	44.1	45.0	55.0
<b>Total, water resources and related developments.....</b>	<b>1,247.7</b>	<b>1,321.3</b>	<b>1,384.5</b>

<sup>1</sup> \$50,000 or less.

are \$15 million of Federal grants for construction of public elementary and secondary schools and \$7.5 million for loans for facilities for higher education. Authorizations of \$300 million and \$150 million, respectively, are proposed in 1963 for these programs.

Table F-6 at the end of this analysis, presents detailed information for civil public works activities, by function, agency and type of facility, as well as for national defense public works.

## NATIONAL DEFENSE PUBLIC WORKS

Expenditures for national defense public works include those of the Department of Defense—Military and the Atomic Energy Commission. On August 1, 1961 the President, by Executive order, transferred major responsibilities for the national civil defense program from the Office of Civil and Defense Mobilization to the Department of Defense. The OCDM has been redesignated as the Office of Emergency Planning.

*Department of Defense—Military.*—The military public works program includes overseas and domestic construction to support Army, Navy, Air Force, Reserve, and National Guard activities. The bulk of these projects forms part of the long-range programs of the Regular Armed Forces to strengthen and modernize facilities for training, maintenance, research and development, supply, medical care, troop housing, and administration. Projects for the Reserve and National Guard programs include training centers, armories, and aviation facilities.

Approximately 40% of the 1963 program provides for facilities required for strategic retaliatory forces, including additional Minuteman base construction and Polaris system supporting facilities for both the Atlantic and Pacific forces. Facilities proposed in support of defensive forces include improved radars for the Hercules air defense system and initiation of construction on a system for the automatic detection and reporting of nuclear detonations. Proposed research and development facilities will provide improved capability in basic research and developmental testing. Construction of facilities required to support programs of the Defense-wide agencies is proposed.

Expenditures in 1963 for military construction (excluding civil defense) are estimated at \$1.2 billion, which is \$61 million below the 1962 estimate and \$416 million less than the 1961 expenditures. This reduction is due in large part to progress made in construction of Atlas-Titan facilities and the dispersal program for Strategic Air Command bases. These decreases are partially offset by increases for facilities in support of the Minuteman and Polaris missile systems.

Under the civil defense program, Federal expenditures for grants in 1963, estimated at \$105 million, will provide for shelter construction in selected community buildings, such as schools and hospitals, and for construction of State emergency operating centers. New obligatory authority of \$458 million is recommended for such grants in 1963.

*Atomic Energy Commission.*—Construction will be continued in 1963 on production, research and development installations. Among these are the New Production Reactor at Hanford, Wash.; the Advanced Test Reactor at Arco, Idaho; and the two-mile long Linear Electron Accelerator at Stanford University, in California. New projects proposed for fiscal year 1963 include facilities for weapons development, reactor development, and research in the physical and life sciences.

Table F-6. FEDERAL ACTIVITIES IN PUBLIC WORKS (in millions of dollars)

*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1961 enacted	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>CIVIL PUBLIC WORKS</b>						
<b>International Affairs and Finance</b>						
Department of State:						
State Department and Foreign Service buildings.....	2.2	2.6	10.5	10.7	6.3	10.3
Cultural and Technical Interchange Center, Hawaii (grant).....	8.2	-----	1.5	.8	5.8	3.0
United States Information Agency: Radio facilities.....	8.7	8.4	10.8	2.9	17.6	17.2
Total, international affairs and finance.....	19.1	11.0	22.8	14.5	29.7	30.5
<b>Space Research and Technology</b>						
National Aeronautics and Space Administration: Research and flight centers.....	125.2	340.4	819.0	98.2	153.8	284.8
<b>Agriculture and Agricultural Resources</b>						
Department of Agriculture:						
Agricultural Research Service and Agricultural Marketing Service: Laboratory and research facilities.....	9.1	1.2	3.5	6.0	5.7	7.8
Soil Conservation Service: Flood prevention and watershed protection:						
Direct work.....	.6	.8	.8	.6	.8	.8
Grants.....	36.8	60.0	64.3	32.1	42.7	57.6
Loans.....	5.0	3.5	4.0	1.1	6.1	4.5
Commodity Credit Corporation: Storage facilities.....	-----	-----	-----	.6	.5	.5
Total, agriculture and agricultural resources.....	51.5	65.4	72.6	40.4	55.8	71.3
<b>Natural Resources</b>						
Department of Agriculture:						
Forest Service: Roads and research, recreational and protective facilities.....	50.0	74.4	33.6	47.0	56.3	71.3
Department of Defense—Civil:						
Corps of Engineers—Civil: Flood control, navigation, and multiple-purpose projects with power.....	761.4	778.7	812.6	759.1	760.3	798.2
Grant: Oroville Dam, Calif.....	-----	-----	15.0	-----	-----	15.0
Department of the Interior:						
Office of Saline Water: Demonstration plants.....	2.0	5.8	-----	1.5	5.0	2.7
Power transmission facilities:						
Bonneville Power Administration.....	18.7	20.9	34.9	25.5	19.4	24.1
Southwestern Power Administration.....	1.3	1.0	7.2	.7	1.8	3.1
Bureau of Land Management: Roads.....	6.5	7.6	7.2	6.7	7.4	7.6
Bureau of Indian Affairs: Irrigation works, roads, and schools.....	28.3	51.6	54.8	31.3	38.2	62.5
Bureau of Reclamation: Irrigation and multiple-purpose projects with power.....	221.9	203.7	271.8	202.5	214.1	250.3
Loans, small irrigation projects.....	11.6	13.2	4.7	16.6	14.9	8.9
Grants.....	-----	-----	-----	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> \$50,000 or less.

Table F-6. FEDERAL ACTIVITIES IN PUBLIC WORKS (in millions of dollars)—  
Continued*By major function and agency—Continued*

Function, organization unit, and program	NEW AUTHORIZA- TIONS			EXPENDITURES		
	1961 enacted	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Natural Resources—Continued</b>						
Department of the Interior—Continued						
Bureau of Mines:						
Laboratories and other structures.....	2.2	0.8	1.0	0.5	1.2	2.0
Helium conservation facilities.....						4.3
Anthracite mine drainage, grants.....				.2	.2	.6
Fish and Wildlife Service: Facilities.....	7.5	13.2	12.5	4.9	8.7	11.4
National Park Service: Parkways, roads, buildings, and utilities.....	52.8	62.9	31.9	49.7	51.0	59.3
Department of State: International Bound- ary and Water Commission: Water resources projects.....	9.2	13.2	12.4	2.1	11.4	15.4
Restoration of salmon runs, Fraser River system.....					(1)	(1)
Tennessee Valley Authority: Power, water resources, and chemical facilities.....	11.5	26.7	24.2	158.9	201.5	156.8
Total, natural resources.....	1,185.0	1,273.5	1,323.6	1,307.2	1,391.5	1,493.5
<b>Commerce and Transportation</b>						
Department of Commerce:						
Bureau of Public Roads:						
Federal-aid highway grants (trust fund).....	2,873.1	3,313.4	2,604.0	2,590.8	2,995.9	3,214.0
Proposed legislation (trust fund).....			940.5			
Improvement of Pentagon road net- work (trust fund).....			2.5			1.8
Woodrow Wilson Bridge, and other direct Federal work.....				2.6	1.9	.2
Forest and public lands highways, and other grants.....	35.0	34.5	34.5	31.8	35.7	37.9
Control of outdoor advertising, grant.....			4.6			4.6
Coast and Geodetic Survey: Observa- tory.....	.6	.2	.3	.5	.4	.3
Weather Bureau: Facilities.....	.4	1.0	2.4	.1	.8	1.0
Century 21 Exposition: Buildings.....				.7	3.4	
National Bureau of Standards: Labora- tories.....	25.1	43.8	32.1	2.9	11.1	36.1
Area Redevelopment Administration:						
Grants for public facilities.....		40.0	50.0		15.0	30.0
Loans for public facilities.....	100.0				8.4	32.7
Department of Defense—Civil: Panama Canal Company:						
Canal and harbor improvements.....				12.8	14.0	13.0
Thatcher Ferry bridge.....				2.3	12.0	1.5
Department of the Interior: Office of Territories: Alaska Railroad.....				1.3	1.3	.7
Post Office Department: Improvements and alterations.....	61.0	51.6	44.3	31.6	48.6	47.2
Treasury Department: Coast Guard:						
Lifeboat stations and other aids.....	7.4	13.0	14.4	26.5	22.0	30.6
Department of Defense transfer.....				-19.0	-10.0	-22.0
Federal Aviation Agency:						
Air traffic control and navigation facil- ities.....	164.6	120.0	135.0	107.6	118.6	133.7

1 \$50,000 or less.

Table F-6. FEDERAL ACTIVITIES IN PUBLIC WORKS (in millions of dollars)—Continued

*By major function and agency—Continued*

Function, organization unit, and program	NEW AUTHORIZA-TIONS			EXPENDITURES		
	1961 enacted	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Commerce and Transportation—Con.</b>						
Federal Aviation Agency—Continued						
Research facilities.....	1.0	-----	-----	1.5	0.5	0.4
Washington, D.C., and Alaska airports.....	4.5	24.3	5.9	30.6	32.4	23.0
Federal-aid airport program: Grants.....	63.0	75.0	75.0	64.8	81.2	76.0
Saint Lawrence Seaway Development Corporation.....	-----	-----	-----	2.1	2.7	.8
<b>Total, commerce and transportation.....</b>	<b>3,335.7</b>	<b>3,716.8</b>	<b>3,945.5</b>	<b>2,891.3</b>	<b>3,395.9</b>	<b>3,663.5</b>
<b>Housing and Community Development</b>						
Housing and Home Finance Agency:						
Office of the Administrator:						
Public facility loans.....	550.0	26.5	-----	9.0	27.0	59.0
Advance planning, non-Federal public works: Loans.....	6.0	7.0	13.0	5.0	7.0	8.0
Liquidating programs: Community facilities: Loans.....	-----	-----	-----	— .5	— .4	— .1
Public Housing Administration: Low-rent public housing loans.....	-----	-----	-----	4.4	1.0	1.0
National Capital Transportation Agency: Land acquisition and construction.....	-----	1.0	2.0	-----	.7	1.8
District of Columbia:						
Loans for highway, sewage and water systems and other structures.....	42.6	29.0	27.3	12.2	65.2	49.8
Grants for sewage works.....	2.7	-----	.3	2.7	-----	.3
<b>Total, housing and community development.....</b>	<b>601.3</b>	<b>63.5</b>	<b>42.4</b>	<b>32.8</b>	<b>100.5</b>	<b>119.8</b>
<b>Health, Labor, and Welfare</b>						
Department of Health, Education, and Welfare:						
Food and Drug Administration: Building.....	.1	1.8	-----	(1)	.3	1.5
Public Health Service:						
Federal research facilities.....	15.9	20.2	27.0	8.4	9.3	19.0
Indian health facilities.....	9.7	8.3	9.2	9.8	11.0	8.6
National Library of Medicine.....	-----	-----	-----	1.6	1.9	-----
Grants for public hospitals.....	75.3	85.4	69.2	64.0	70.0	76.2
Grants for health research facilities.....	2.0	8.1	4.0	1.9	2.1	5.4
Grants for waste treatment works.....	46.1	80.0	90.0	44.1	45.0	55.0
Mental health facilities, Alaska (grant).....	-----	-----	-----	2.4	3.7	-----
Saint Elizabeths Hospital: Buildings.....	5.4	.6	8.1	.5	3.4	3.2
Bureau of Old-Age and Survivors Insurance: Building (trust fund).....	-----	-----	-----	1.8	4.1	1.9
<b>Total, health, labor, and welfare.....</b>	<b>154.6</b>	<b>204.3</b>	<b>207.5</b>	<b>134.5</b>	<b>150.9</b>	<b>170.8</b>
<b>Education</b>						
Department of Health, Education, and Welfare: Office of Education:						
School construction in federally affected areas:						
At Federal installations.....	7.6	7.8	8.1	10.9	10.0	9.5
Grants.....	54.9	46.2	37.5	59.2	53.1	48.7

<sup>1</sup> \$50,000 or less.

Table F-6. **FEDERAL ACTIVITIES IN PUBLIC WORKS** (in millions of dollars)—  
Continued*By major function and agency—Continued*

Function, organization unit, and program	NEW AUTHORIZA- TIONS			EXPENDITURES		
	1961 enacted	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>CIVIC PUBLIC WORKS—Continued</b>						
<b>Education—Continued</b>						
Department of Health, Education, and Welfare: Office of Education—Con. Elementary and secondary school con- struction grants (proposed legislation)			300.0			15.0
Aid to higher education for academic facilities, loans (proposed legislation)			150.0			7.5
Housing and Home Finance Agency: College housing loans	250.0	150.0	150.0	100.0	125.0	187.5
National Science Foundation: Research facilities	6.1	7.5	7.6	4.7	5.9	8.6
Smithsonian Institution: Museums	13.9	5.2	6.9	11.4	25.3	11.2
Total education	332.4	216.6	660.0	186.2	219.3	288.0
<b>Veterans Benefits and Services</b>						
Department of Defense—Civil: Army: Cemeteries	.4	1.1	.7	.8	.5	1.1
United States Soldiers' Home (trust fund)				1.8	3.0	.8
Veterans Administration: Hospital and domiciliary facilities	75.0	76.2	75.5	55.1	70.0	71.7
American Battle Monuments Commission: Memorials and cemeteries				1.1	.6	.4
Total, veterans benefits and serv- ices	75.4	77.4	76.2	58.9	74.1	74.0
<b>General Government</b>						
Legislative branch: Architect of the Capitol: Buildings and library	8.0			22.4	40.1	26.0
Botanic Garden: Greenhouses				.5	.1	
Government Printing Office: Annex			6.4			.5
The Judiciary: Court facilities		1.0	2.1		.8	1.7
Office of Emergency Planning		2.5		.1	2.6	(1)
Department of Defense—Civil: Army: Power and water systems in the Ryukyu Islands:						
Direct work				.2	.1	.1
Loans						6.0
Canal Zone Government: Improvements	6.6	2.0	2.5	2.4	4.2	3.9
Department of the Interior: Office of Territories: Public buildings in Samoa and the Pacific Islands, grants	1.8	7.1	11.2	1.8	7.1	11.2
Alaska public works:						
Grants				.8	.3	
Loans	.3	.1		.9		
Virgin Islands Corporation: Water and power facilities	3.6	.9	3.3	3.5	1.8	3.3
Department of Justice: Federal Prison System: Prison facilities	9.9	2.0	3.9	4.4	10.0	6.5
Immigration and Naturalization Service: Border facilities	.3	.2	.4	.4	.3	.6

1 \$50,000 or less.



Table F-6. FEDERAL ACTIVITIES IN PUBLIC WORKS (in millions of dollars)—Continued

By major function and agency—Continued

Function, organization unit, and program	NEW AUTHORIZA-TIONS			EXPENDITURES		
	1961 enacted	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
<b>CIVIC PUBLIC WORKS—Continued</b>						
<b>General Government—Continued</b>						
Treasury Department:						
Bureau of Customs: Border facilities.....	0.2	0.2	0.2	0.2	0.2	0.4
Bureau of Engraving and Printing: Air-conditioning.....			.3			.3
General Services Administration:						
Construction of public buildings, sites and planning.....	210.0	262.6	227.0	103.0	153.8	214.7
Loans for public hospitals in D.C.....				.6	.3	.7
Central Intelligence Agency: Headquarters.....				19.3	9.0	.5
Total, general government.....	240.8	278.8	257.4	160.6	230.8	276.4
Total, budget accounts.....	3,248.0	2,934.2	3,880.3	2,330.2	2,799.3	3,254.1
Total, trust funds.....	2,873.1	3,313.4	3,547.0	2,594.3	3,003.0	3,218.6
Total, civil public works.....	6,121.0	6,247.6	7,427.3	4,924.5	5,802.4	6,472.7
<b>NATIONAL DEFENSE PUBLIC WORKS</b>						
Office of Emergency Planning: Shelter areas.....	2.2	.8		.4		
Department of Defense—Military:						
Interservice activities:						
Defense agencies, buildings.....			41.0			11.0
Advanced Research Projects Agency.....				17.9	12.4	
Loran stations.....	19.0	10.0	22.0	19.0	10.0	22.0
Construction, foreign countries.....				1.9	25.0	8.0
Other activities.....		.2		.2	.2	
Civil defense:						
Grants for shelter areas.....		5.0	458.0		2.6	104.7
Emergency centers.....		2.5			2.6	(1)
Army:						
Construction.....	148.4	171.2	177.0	239.3	172.0	179.0
Construction, Army Reserve.....	16.0	14.4	8.0	17.6	15.0	15.0
Construction, Army National Guard.....	17.5	21.9	7.0	18.5	20.0	19.0
Navy:						
Construction.....	162.5	197.0	225.0	267.0	180.0	200.0
Construction, Naval Reserve.....	4.0	7.0	7.0	9.2	7.5	8.0
Air Force:						
Construction.....	676.1	514.7	812.0	997.8	790.0	700.0
Construction, Air Force Reserve.....	4.0	4.6	5.0	3.1	3.0	7.0
Construction, Air National Guard.....	13.8	18.3	14.0	13.7	15.0	20.0
Total, Department of Defense—Military.....	1,061.4	966.8	1,776.0	1,605.2	1,255.2	1,293.8
Atomic Energy Commission: Facilities.....	204.2	195.4	286.0	292.9	275.5	268.5
Total, national defense public works.....	1,267.8	1,163.0	2,062.0	1,898.5	1,530.7	1,562.3
Total, civil and defense public works.....	7,388.8	7,410.6	9,489.4	6,823.0	7,333.1	8,034.9

<sup>1</sup> \$50,000 or less.

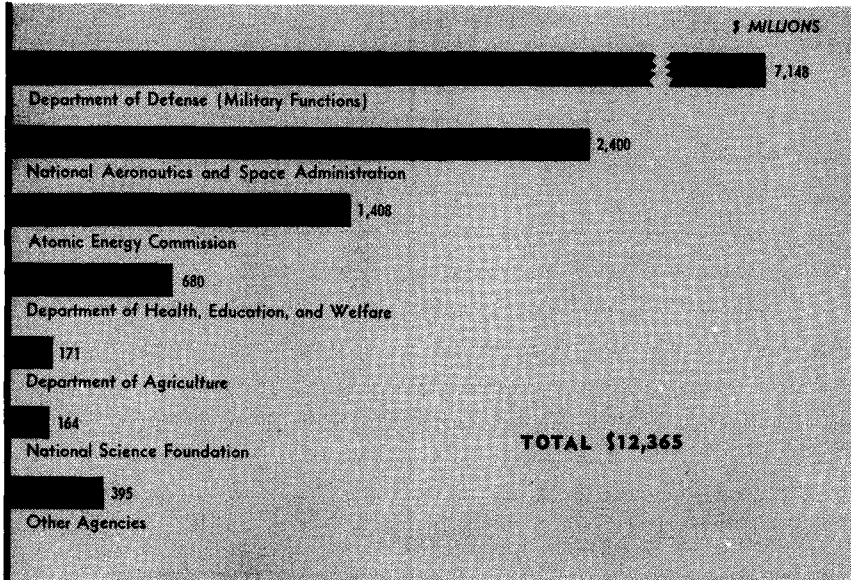
## SPECIAL ANALYSIS G

### FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS

This analysis summarizes Federal expenditures in the fiscal years 1961, 1962, and 1963 for the conduct of research and development and for the construction, improvement, and equipping of research and development facilities.<sup>1</sup>

#### Research and Development

*Estimated Budget Expenditures in 1963*



Net budget expenditures for research and development in 1963 are estimated to total \$12,365 million, an increase of \$2,121 million over 1962 and \$3,074 million over 1961.

**Table G-1. TOTAL FEDERAL RESEARCH AND DEVELOPMENT  
EXPENDITURES (in millions of dollars)**

Purpose	1961 actual	1962 estimate	1963 estimate
Conduct of research and development.....	8,754.0	9,618.0	11,475.9
Research and development facilities.....	536.8	625.9	889.4
<b>Total.....</b>	<b>9,290.8</b>	<b>10,243.9</b>	<b>12,365.3</b>

Note.—Totals in text tables may not add due to rounding.

<sup>1</sup> The term "Conduct of research and development" includes activities in which the primary aim is either to develop new knowledge or to apply existing knowledge to new uses. These activities may be carried out in Government installations or in the facilities of private, State, or local organizations using Federal funds. Generally excluded from this definition are expenditures for routine testing, experimental production, information activities, and training programs. This analysis also omits expenditures for research performed independently by contractors within overhead arrangements on some procurement contracts funded in Department of Defense procurement accounts and for the collection of general-purpose statistics by the Census Bureau and other agencies.

Expenditures for "Research and development facilities" include amounts for physical facilities such as land, buildings, and major equipment, regardless of whether the facility is to be used or owned by the Federal Government or by a private, State, or local organization.

Through its programs the Federal Government now supports over two-thirds of the research and development of the Nation. Of the total Federal expenditures for this purpose about two-thirds are made through contracts with private industry; over 10% through grants and contracts with universities and other nonprofit institutions; and the remainder by Government scientists in Federal facilities.

**Table G-2. FEDERAL EXPENDITURES FOR RESEARCH AND DEVELOPMENT DIVIDED BETWEEN NATIONAL DEFENSE AND OTHER PROGRAMS, FISCAL YEARS 1953-1963 (in millions of dollars)**

Fiscal year	National Defense	Other	Total
1953.....	2,832	269	3,101
1954.....	2,868	280	3,148
1955.....	2,979	289	3,268
1956.....	3,104	332	3,435
1957.....	4,027	433	4,460
1958.....	4,463	523	4,985
1959.....	5,048	744	5,792
1960.....	6,639	1,103	7,742
1961.....	7,719	1,572	9,291
1962.....	7,820	2,424	10,244
1963.....	8,572	3,793	12,365

Note.—Amounts included in this table under "National Defense" for the Department of Defense have been compiled from the best available summary data to provide maximum possible comparability for the years shown.

Within the totals for research and development, expenditures for basic research will increase to about \$1.6 billion in 1963 as compared with well over \$1 billion in 1962. A major portion of the increase in 1963 is attributable to the National Aeronautics and Space Administration.

Included in this analysis, but not separately identified, are the funds of a number of agencies in certain scientific fields of broad national interest. These include space programs, medical and related research, and several fields which have been given special attention by the Federal Council for Science and Technology and its committees, including oceanography, atmospheric sciences, high and low energy physics, and materials and water research.

*Space programs.*—Expenditures for space research and development will amount to about \$3.7 billion in 1963 as compared with about \$2.3 billion in 1962 and \$1.5 billion in 1961. A better index of the growth of Federal activities in this field is shown by the new obligatory authority for all space activities summarized in table G-3.

The amounts shown for the National Aeronautics and Space Administration cover all activities of that agency except those specifically identified with aircraft or missile technology. The estimates for the Department of Defense include all the principal amounts identifiable with the Department's space programs but exclude certain amounts which cannot feasibly be separated from other mili-

Table G-3. NEW OBLIGATIONAL AUTHORITY FOR FEDERAL SPACE PROGRAMS

(in millions of dollars)

Agency	1961 actual	1962 estimate	1963 estimate
National Aeronautics and Space Administration.....	926.2	1,786.3	3,732.9
Department of Defense.....	793.8	1,147.2	1,517.7
Atomic Energy Commission.....	63.2	120.1	192.9
Department of Commerce: Weather Bureau.....		50.2	47.2
National Science Foundation.....	.6	1.6	1.7
Total.....	1,783.8	3,105.4	5,492.4

tary expenses, such as the development of missiles which are also used in the space programs, military personnel costs, and various other operating costs. For the Atomic Energy Commission, the table includes the amounts associated with the development of nuclear rocket propulsion and nuclear power sources for space applications. The Weather Bureau amounts are primarily those related to the establishment of an operational meteorological satellite system, which, therefore, are not included in the totals for research and development in this special analysis. The amounts for the National Science Foundation are for a space telescope project.

*Medical research.*—The Federal Government now supports over three-fifths of the medical and health-related research of the Nation. Total obligations of Federal agencies for the conduct of such research and for research facilities are estimated at \$1,024 million in 1963 as compared with \$857 million in 1962 and \$623 million in 1961.

The rapid growth in the Federal support of medical and health-related research reflects chiefly the increases in the Department of Health, Education, and Welfare, particularly for intramural and research grants programs of the National Institutes of Health, which presently account for about two-thirds of the Federal support of medical research and roughly two-fifths of national expenditures in this field.

The major field of interest to the Atomic Energy Commission is research on the effects of radiation on human beings. Medical research in the Department of Defense emphasizes preventive medicine and medical problems of military operations. The Veterans Administration undertakes clinical research related to the special problems of patient care in its hospitals. A portion of the rapidly growing research programs of the National Aeronautics and Space Administration is directly related to health, particularly the effects of space flight on humans. Research programs of the Department of Agriculture include such fields as nutrition and veterinary medicine. The National Science Foundation supports basic research in the life sciences, a portion of which is of direct significance to health.

Table G-4. OBLIGATIONS OF FEDERAL AGENCIES FOR MEDICAL AND HEALTH RELATED RESEARCH (in millions of dollars)

Agency	1961		1962		1963	
	Budgeted as medical and health related	Directly related <sup>1</sup>	Budgeted as medical and health related	Directly related <sup>1</sup>	Budgeted as medical and health related	Directly related <sup>1</sup>
Department of Health, Education, and Welfare:						
Public Health Service.....	434	-----	613	-----	735	-----
National Institutes of Health.....	(410)	-----	(562)	-----	(679)	-----
Other.....	13	-----	20	-----	21	-----
Total, Department of Health, Education, and Welfare.....	447	-----	633	-----	756	-----
Department of Defense.....	22	28	32	31	43	41
Atomic Energy Commission.....	7	54	8	61	8	71
National Aeronautics and Space Administration.....	-----	5	-----	22	-----	29
Veterans Administration.....	24	-----	32	-----	32	-----
Department of Agriculture.....	-----	19	-----	23	-----	22
National Science Foundation.....	-----	14	-----	14	-----	17
Other.....	3	-----	1	-----	4	1
Total, medical and health related research.....	503	120	706	151	843	181
Total, conduct of research.....	(459)	(111)	(650)	(140)	(750)	(169)
Total, research facilities.....	(44)	(9)	(56)	(12)	(93)	(11)

<sup>1</sup> Includes obligations for research with other than medical or health objectives but related to health in terms of substance or probable applications.

*Oceanography.*—The national oceanographic program of the Federal Government for 1963 will total \$123.6 million in obligations.

Table G-5. OBLIGATIONS OF FEDERAL AGENCIES FOR OCEANOGRAPHIC RESEARCH AND SURVEYS (in millions of dollars)

Agency	1961 actual	1962 estimate	1963 estimate
Departments of—			
Commerce.....	11.4	23.0	23.9
Defense.....	31.6	42.1	57.3
Health, Education, and Welfare.....	.7	1.3	1.6
Interior.....	8.7	14.2	14.9
Atomic Energy Commission.....	1.7	3.6	5.4
National Science Foundation.....	7.9	16.7	20.1
Other.....	.1	.1	.4
Total.....	62.1	101.0	123.6

An estimated \$53.1 million for research and instrumentation will provide for studies by the Navy particularly of the physical and chemical properties of the sea; grants of the National Science Foundation for oceanography including marine biology; the work of the AEC related principally to radiation and atomic wastes; and research

by Department of the Interior on commercial fish resources. Survey programs, principally those of the Departments of Commerce and Navy to map and provide basic statistics on depths, currents, temperatures and related data, will total \$17.1 million. Funds for the construction of ships and facilities will total \$49.1 million. Also included is \$3.7 million for the International Indian Ocean Expedition and \$.6 million for the National Oceanographic Data Center.

*Atmospheric sciences.*—The atmospheric sciences are undergoing rapid development as an increasing array of new techniques become available to obtain and process data bearing on atmospheric properties and dynamics. The Federal Government's program in this field is estimated to grow to over \$200 million in 1963, roughly double the past year's effort. Almost one-half of the increase in 1963 is being directed to the meteorological and scientific satellite programs of the National Aeronautics and Space Administration. Other increases have been required by the rigorous needs of new defense programs, detection and prediction of radioactive fallout, air pollution, and aviation and air-traffic control as well as the desire to advance the science generally through basic research grants and facilities. A notable step to be taken in 1963 will be the financing by the National Science Foundation of a major construction and operating program for the National Center for Atmospheric Research.

*High and low energy physics.*—High energy physics is concerned with the study of elementary particles at the subatomic level and related nuclear forces. It is characterized by high costs for high energy particle accelerators and related equipment. In 1963, total Federal expenditures for high energy physics research and construction are estimated to be \$138 million—of which the Atomic Energy Commission's share is \$126 million—as compared with a total of \$109 million in 1962 and \$86 million in 1961. The balance is chiefly accounted for by the Department of Defense and the National Science Foundation.

Low energy physics is concerned with the structure and properties of the nucleus of the atom and the character of related nuclear processes. The research is conducted primarily with particles produced from relatively small accelerators and research reactors. Total Federal expenditures for low energy physics in 1963 are estimated at \$61 million—of which Atomic Energy Commission will provide \$40 million and the National Science Foundation \$14 million—as compared with a total of \$52 million in 1962 and \$39 million in 1961. The balance is chiefly accounted for by the Departments of Defense and Commerce.

*Materials research.*—Attention has been given over the past 2 years to strengthening materials research with emphasis on basic research and related graduate education. While no overall figures are available, basic materials research is being given increased support particularly through Federal financing of interdisciplinary materials research laboratories on a number of major campuses.

*Water research.*—A long range study of future needs for research in natural resources has been initiated by this administration. Particular attention has been given in recent months to Federal programs in water research. While no precise estimates are available, this budget

provides for a significant strengthening of several agency programs in water research particularly in the Department of the Interior.

In the following paragraphs are described the programs of the Federal agencies with the largest expenditures for research and development. The expenditures for these and other agencies are listed separately in the table at the end of this text.

#### DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS

The research, development, test, and evaluation programs of the Department of Defense include basic research in the sciences, applied research, and technical developments; development of new weapons and equipment; fabrication and procurement of items under development for test and evaluation; and construction, operation, and maintenance of laboratories and test facilities.

Table G-6. EXPENDITURES OF THE DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS FOR RESEARCH AND DEVELOPMENT (in millions of dollars)

Function, purpose, and budget title	1961 actual	1962 esti- mate	1963 esti- mate
Conduct of research and development:			
Research, development, test, and evaluation.....	6,130.5	6,039.2	6,650.1
Procurement.....	130.3	141.7	134.9
Military personnel.....	205.1	206.1	206.6
Civil Defense.....		10.0	17.0
Total, expenditures for the conduct of research and de- velopment.....	6,465.9	6,397.0	7,008.6
Research and development facilities.....	115.9	82.3	139.7
Total, expenditures for research and development.....	6,581.8	6,479.3	7,148.3

The present high levels of effort in basic research and applied research will be augmented in 1963 in certain areas to exploit new possibilities that are emerging and to place further emphasis in areas of fundamental importance to military applications. The planned expenditures will also carry forward the development of a wide variety of major weapon systems and other specific developments for which the annual requirements fluctuate depending on the status of development, the phasing of the effort, and the quantities and cost of the test articles required.

Estimates of expenditures for research and development facilities of the Department of Defense shown in table G-6 include the amounts in the military construction programs for technical facilities having as their primary mission, research, development, or testing functions. The expenditure pattern indicated for the 3 years results from heavy expenditures for the Nike-Zeus test facilities in 1961 and the substantial expenditures for the large radar telescope at Sugar Grove, W. Va., which are estimated to occur in 1963.

The composition of and trends in the programs of the Department are shown in terms of obligations by major fields of effort in table G-7.

Missile development, including an emphasis in the field of defense against ballistic missiles under the Army's Nike-Zeus anti-missile project, continues in 1963 to represent the largest area of activity. The decrease within this field is caused primarily by the trend in major intercontinental ballistic missile programs for which 1961 was the year in which the highest obligations were required. In the strategic area, the Navy's Polaris system is continued at a high level as are the Air Force Minuteman and Skybolt programs. The initiation

**Table G-7. OBLIGATIONS OF THE DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS FOR RESEARCH AND DEVELOPMENT (in millions of dollars)**

Purpose, budget title and program	1961 actual	1962 estimate	1963 estimate
Conduct of research and development:			
Research, development, test, and evaluation:			
Military sciences.....	620.5	785.5	964.4
Aircraft and related equipment.....	680.3	630.3	690.9
Missiles and related equipment.....	3,194.8	2,640.0	2,386.0
Military astronautics and related equipment.....	608.6	1,058.5	1,327.4
Ships and small craft and related equipment.....	212.9	211.3	234.4
Ordnance, combat vehicles, and related equipment.....	168.1	191.1	221.9
Other equipment.....	443.0	532.7	801.5
Programwide management and support.....	236.8	239.9	268.4
Emergency fund.....		99.5	150.0
Total, direct obligations, research, development, test, and evaluation.....	6,165.0	6,388.8	7,044.9
Procurement:			
Aircraft.....	112.7	71.2	8.2
Missiles.....	13.4	12.8	
Ships.....	40.1	31.0	78.6
Other.....	3.7		
Total, direct obligations, procurement.....	169.9	115.0	86.8
Military personnel.....	205.1	206.1	206.6
Civil Defense.....		15.5	17.0
Total, direct obligations for the conduct of research and development.....	6,540.0	6,725.4	7,355.3
Research and development facilities.....	113.1	93.0	106.0
Total, direct obligations for research and development.....	6,653.1	6,818.4	7,461.3

of development effort for a mobile midrange ballistic missile is included in the 1963 program. The decrease in the missile field is approximately offset by the increases estimated for military astronautics and related equipment. The 1963 estimates provide for the initiation of a new multipurpose space booster vehicle for the national space program. Provision is also made for programs for the development of satellite systems in support of military requirements, together with essential supporting research and development on subsystems and components. Requirements in the field of aircraft development remain comparatively high due to the new multipurpose tactical



fighter-bomber aircraft and the B-70 prototype aircraft in Air Force, the new jet cargo aircraft for the Military Air Transport Service, the triservice vertical takeoff and landing aircraft, and mobility and surveillance aircraft types for the Army.

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

All of the activities of the National Aeronautics and Space Administration are classified as research and development for purposes of this special analysis. The NASA is responsible for the development, test, and operation of space vehicles for manned and unmanned exploration of space and other non-military applications, and for conducting the broad programs of supporting research and development required for these purposes. In addition NASA is responsible for conducting research to advance aircraft and missile technology in support of both military and civil interests.

Table G-8. EXPENDITURES OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION FOR RESEARCH AND DEVELOPMENT

(in millions of dollars)

Function and purpose	Conduct of research and development			Research and development facilities		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
Manned space flight.....	231.7	437.7	997.0	5.6	33.5	165.3
Space applications.....	14.9	77.8	135.0	1.3	4.0	2.8
Unmanned investigations in space.....	208.4	312.1	462.1	7.7	21.4	33.0
Space technology.....	122.8	207.5	342.5	19.4	27.7	49.5
Aircraft and missile technology.....	35.8	40.1	50.1	14.5	17.7	5.7
Supporting operations.....	32.5	71.0	128.5	49.7	49.5	28.5
<b>Total, National Aeronautics and Space Administration.....</b>	<b>646.1</b>	<b>1,146.2</b>	<b>2,115.2</b>	<b>98.2</b>	<b>153.8</b>	<b>284.8</b>

Expenditures for manned space flight support programs which will lead to manned lunar landing and return within this decade. Expanded effort will be devoted to the two methods now under consideration to achieve this goal—direct ascent from the earth to the moon and the use of the rendezvous technique to bring large spacecraft components together in earth orbit, after which the combined spacecraft would continue to the moon. Propulsion development, spacecraft development, ground testing and launching required to carry out the Saturn, Advanced Saturn, Apollo, and Nova programs are also provided for. The space application program includes funds for research and development on the Tiros and Nimbus meteorological satellites and the Rebound, Relay, and Syncom communication satellites. Major emphasis in the unmanned investigations in space will be devoted to earth orbiting geophysical, astronomical, and solar observatories; lunar exploration with the Ranger and Surveyor programs; and planetary exploration with the Mariner series. Funds for space technology provide for a variety of technological advancements includ-

ing development of advanced propulsion systems and electric power techniques and systems for future space vehicles. Aircraft and missile technology includes activities for basic and applied research on problems related to design, development, construction, and operation of aircraft and missiles. It includes research on new types of military and commercial aircraft, as well as on techniques of aerodynamic flight which may prove applicable to space travel. Supporting operations include the development and operation of the worldwide tracking and data acquisition networks required for the civilian space programs.

#### ATOMIC ENERGY COMMISSION

The research and development program of the Atomic Energy Commission, including supporting construction, constitutes nearly half of the Commission's total annual expenditures. Basic research is conducted in the physical and life sciences to secure a better understanding of nuclear processes and of the effects of nuclear radiation on living organisms. The Commission's applied research and development program includes efforts to improve the processes used in the production of special nuclear materials, to develop improved types of nuclear weapons, and to find ways of obtaining useful power from nuclear reactions.

While a large portion of the development effort is aimed at military uses of atomic energy, an increasing portion is devoted to civilian applications. However, much of the information from military programs is applicable to peaceful uses. The research and development programs are carried on in the Commission's contractor-operated laboratories, in universities and other private research institutions, and by industrial contractors. In support of the actual conduct of research and development the Commission provides necessary facilities, including laboratories, particle accelerators, research and test reactors, and other test facilities.

Table G-9. EXPENDITURES OF THE ATOMIC ENERGY COMMISSION FOR RESEARCH AND DEVELOPMENT (in millions of dollars)

Function and program	Conduct of research and development			Research and development facilities		
	1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
Special nuclear materials and weapons.....	240.0	412.2	393.5	13.9	16.7	17.0
Reactor development.....	399.9	408.3	463.2	125.8	87.6	97.5
Physical research.....	142.2	156.9	182.7	47.2	61.7	65.5
Biology and medicine.....	50.2	58.5	67.4	3.4	5.2	3.5
Other research and development.....	10.7	13.5	14.9	1.3	1.4	.5
Major operating equipment not included above.....				69.5	101.0	102.0
<b>Total, Atomic Energy Commission.....</b>	<b>843.0</b>	<b>1,049.4</b>	<b>1,121.6</b>	<b>261.1</b>	<b>273.6</b>	<b>286.1</b>

The principal increases in 1963 occur in the reactor development and physical research programs.

The reactor development program comprises primarily efforts to develop reactors for the economic generation of electric power, for propulsion of submarines and naval ships, for propulsion of rockets (Project Rover), and for auxiliary long-lived power sources for satellites and space vehicles (Project SNAP). The space applications (Projects Rover and SNAP) will be expanded substantially in 1963.

The physical research program, which also increases in 1963, comprises research in high and low energy physics and in those aspects of chemistry, metallurgy, and mathematics of particular importance to nuclear science and technology. Included also is a continuing program to achieve a controlled thermonuclear reaction.

The "other research and development" item includes the isotopes development program, which is directed toward utilization of radioisotopes and radiation for a variety of useful purposes, and Project Plowshare, a program to develop peaceful uses of nuclear explosives.

#### DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The expenditures in the Department of Health, Education, and Welfare for research will total an estimated \$679.9 million in 1963, as compared with \$558.2 million in 1962, and \$383.6 million in 1961.

The principal research effort of the Department is the support of medical research by the Public Health Service, particularly the National Institutes of Health. The major increases in National Institutes of Health research expenditures in 1963 are for the continuation of previously approved research projects and for the support of a larger number of clinical research centers. Elsewhere in the Public Health Service, research programs in community and environmental health will increase.

The research programs of the Office of Vocational Rehabilitation, the Food and Drug Administration, and the Office of Education will also be strengthened in 1963.

#### DEPARTMENT OF AGRICULTURE

The expenditures of the Department of Agriculture for research and development are estimated at \$170.7 million in 1963 as compared with \$157.6 million in 1962 and \$141.8 million in 1961.

The largest program of the Department is that of the Agricultural Research Service which conducts research on the production of animals and crops, soil and water conservation, the utilization of farm products, agricultural engineering, human nutrition, and consumer use of agricultural products. Similar research is supported in the experiment stations of the land grant universities through grants of the Cooperative State Experiment Station Service.

Other research programs are undertaken in the Department by the Forest Service, the Economic Research Service, the Agricultural Marketing Service, the Foreign Agricultural Service, the Farmer Cooperative Service, and the National Agricultural Library.

The expenditures of the Department in 1963 include additional funds to initiate a program of project grants to universities and other

nonprofit institutions for basic research and to complete staffing of the Department's new laboratories.

#### NATIONAL SCIENCE FOUNDATION

The total expenditures of the National Science Foundation for research and research facilities are estimated at \$163.9 million in 1963 as compared with \$124.3 million in 1962 and \$81.9 million in 1961.

The 1963 budget will provide increased support for basic research project grants, the Antarctic research program, U.S. participation in the International Indian Ocean Expedition, and for a program of research in the geology and geophysics of the deeper layers of the earth. Additional funds are also estimated in 1963 for radio and optical astronomy observatories; a national center for atmospheric research; oceanographic ships and shore facilities; specialized biological and social science research facilities; and for university nuclear research facilities, computers, and atmospheric research facilities. Further, the Foundation is planning to increase its program of matching grants for the modernization of graduate laboratories at universities.

#### DEPARTMENT OF THE INTERIOR

The 1963 expenditures of the Department for research and development are estimated at \$128.8 million, compared with \$107.3 million in 1962, and \$92.9 million in 1961. These expenditures are directed primarily to the conservation and utilization of the Nation's natural resources. The increases in 1963 are primarily in the Geological Survey's programs of hydrology, geology, and marine geology; the Bureau of Mines' research on extractive metallurgy; the coal research of the Office of Coal Research; the expanded biological research activities of the Fish and Wildlife Service, and the Office of Saline Water's program of research to reduce the cost of converting salt water to fresh water.

#### DEPARTMENT OF COMMERCE

In 1963 the expenditures of the Department of Commerce for research and development are estimated at \$90.8 million as compared with \$48.0 million in 1962 and \$30.8 million in 1961. Of the increase of \$42.8 million in 1963, \$30.7 million is for the construction of facilities chiefly to complete the new center for the National Bureau of Standards at Gaithersburg, Md.

A variety of research programs are conducted by the Department of Commerce—some in support of the missions of constituent bureaus and others to meet general needs of the Nation's science and industry. In the latter category are the programs of the National Bureau of Standards, which serves not only as the national laboratory for standardization and development of measurement techniques but also as a center for specialized research services in radio propagation, computer techniques, building technology, and cryogenics engineering.

A new program in 1963 is the research and technical assistance activities of the Area Redevelopment Administration.

Table G-10. NET BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS (in millions of dollars)

*Based on existing and proposed legislation*

Description	Functional code	Conduct of research and development			Research and development facilities		
		1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
Executive Office of the President:							
Office of Emergency Planning	050	2.0					
	900	1.2	1.3	0.2			
Total, Executive Office of the President		3.3	1.3	.2			
Funds appropriated to the President:							
Expansion of Defense Production:							
General Services Administration	050	.2	(1)				
Foreign assistance—economic:							
Agency for International Development	150	2.2	6.9	17.8	2.4	4.0	1.6
Special foreign currency programs:							
Translation of publications and scientific cooperation	350	1.1	3.6				
Total, funds appropriated to the President		3.5	10.5	17.8	2.4	4.0	1.6
Department of Agriculture:							
Agricultural Research Service	350	73.9	75.3	81.1	6.0	5.6	6.2
Cooperative State Experiment Station Service	350	32.7	35.8	38.2			
Economic Research Service	350		7.9	10.5			
Agricultural Marketing Service	350	9.8	7.2	6.1	(1)	.1	1.6
Forest Service	400	17.5	21.4	23.1	1.0	3.0	2.0
Other	350	.9	1.3	1.8			
Total, Department of Agriculture		134.8	148.9	160.9	7.0	8.7	9.8
Department of Commerce:							
Area Redevelopment Administration	500		.9	1.8			
Maritime Administration	500	4.5	5.5	8.0			
National Bureau of Standards	500	16.6	19.2	25.4	2.9	11.4	40.7
Weather Bureau	500	4.5	8.2	10.3	.5	.2	1.6
Other	500	1.8	2.5	3.0			
Total, Department of Commerce		27.3	36.4	48.5	3.4	11.6	42.3
Department of Defense:							
Military functions	050	6,465.9	6,397.0	7,008.6	115.9	82.3	139.7
Military assistance	050	31.0	17.9	16.0			
Civil functions	400	2.4	2.5	2.7			
Total, Department of Defense		6,499.3	6,417.4	7,027.3	115.9	82.3	139.7

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

**Table G-10. NET BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS (in millions of dollars)—Continued**

*Based on existing and proposed legislation—Continued*

Description	Functional code	Conduct of research and development			Research and development facilities		
		1961 actual	1962 estimate	1963 estimate	1961 actual	1962 estimate	1963 estimate
Department of Health, Education, and Welfare:							
Food and Drug Administration.....	650	3.1	3.5	4.1	( <sup>1</sup> )	0.3	1.5
Office of Education.....	700	11.1	11.2	20.6	-----	-----	-----
Office of Vocational Rehabilitation.....	650	7.5	10.6	12.2	-----	-----	-----
Public Health Service.....	650	329.7	494.5	583.4	30.9	35.6	54.1
Social Security Administration.....	650	1.2	2.5	4.0	-----	-----	-----
<b>Total, Department of Health, Education, and Welfare.....</b>		<b>352.7</b>	<b>522.3</b>	<b>624.3</b>	<b>30.9</b>	<b>35.9</b>	<b>55.6</b>
Department of the Interior:							
Geological Survey.....	400	42.2	46.0	54.0	-----	-----	-----
Bureau of Mines.....	400	23.8	24.8	24.9	.5	1.0	2.0
	650	.9	.9	1.5	-----	-----	-----
Fish and Wildlife Service.....	400	19.2	23.3	26.5	1.6	1.8	5.9
Office of Saline Water.....	400	1.9	1.4	6.3	1.5	5.0	2.7
Other.....	400	1.4	3.1	5.0	-----	-----	-----
<b>Total, Department of the Interior.....</b>		<b>89.4</b>	<b>99.5</b>	<b>118.1</b>	<b>3.5</b>	<b>7.9</b>	<b>10.6</b>
Department of Labor.....	650	2.4	3.7	4.5	-----	-----	-----
Post Office Department.....	500	6.3	8.6	10.7	-----	-----	-----
Department of State.....	150	-----	.8	3.7	-----	-----	-----
Treasury Department:							
Bureau of Engraving and Printing.....	900	.3	.3	.3	-----	-----	-----
Coast Guard.....	500	.7	.7	.8	-----	-----	-----
<b>Total, Treasury Department.....</b>		<b>1.0</b>	<b>1.0</b>	<b>1.1</b>			
Atomic Energy Commission.....	050	843.0	1,049.4	1,121.6	261.1	273.6	286.1
Federal Aviation Agency.....	500	49.8	57.0	73.5	1.5	1.9	3.4
Housing and Home Finance Agency.....	550	( <sup>1</sup> )	.3	.8	-----	-----	-----
National Aeronautics and Space Administration.....	250	646.1	1,146.2	2,115.2	98.2	153.8	284.8
Veterans' Administration.....	800	18.5	23.2	24.3	.9	2.2	4.0
Civil Service Commission.....	900	.2	.2	.2	-----	-----	-----
National Science Foundation.....	700	70.5	84.5	116.0	11.4	39.8	47.9
Smithsonian Institution.....	700	1.3	1.6	2.5	-----	-----	-----
Tennessee Valley Authority.....	400	3.0	3.1	3.3	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
United States Information Agency.....	150	.2	.3	.5	.8	3.3	3.2
Other.....	500	1.3	1.7	.8	( <sup>1</sup> )	.9	.4
<b>Total, research and development.....</b>		<b>8,754.0</b>	<b>9,618.0</b>	<b>11,475.9</b>	<b>536.8</b>	<b>625.9</b>	<b>889.4</b>

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

## SPECIAL ANALYSIS H

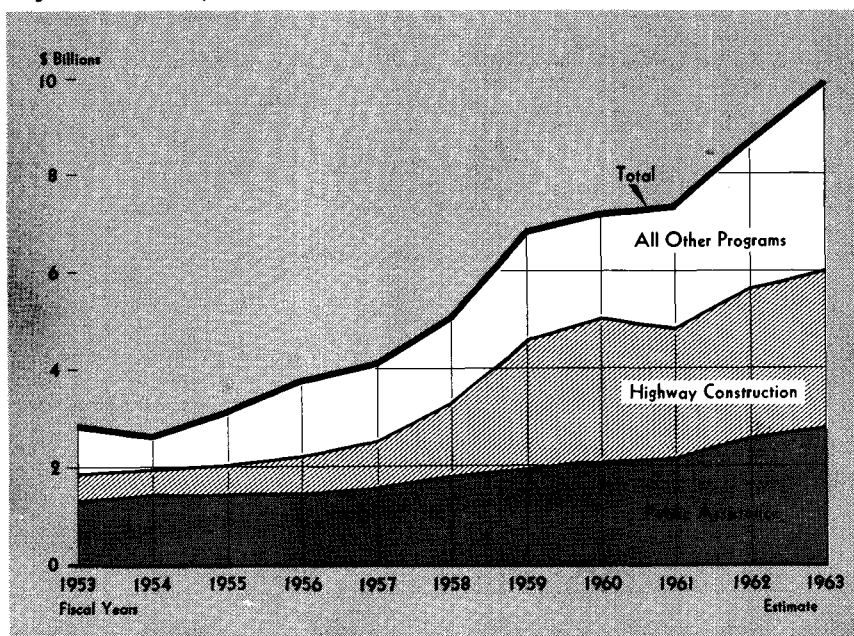
### FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Federal aid to State and local governments in recent decades has become a major factor in the cooperative financing of essential government functions. The rudiments of the present system date back 100 years to the Civil War with the enactment in 1862 of the Morrill Act which established the land-grant colleges and instituted certain federally required minimum standards, characteristic of the present grant-in-aid system. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet economic security and other social welfare needs.

In 1963 Federal financial assistance to State and local governments under existing or proposed programs will total an estimated \$9.9 billion, including net expenditures of \$6.3 billion from regular budget accounts and \$3.6 billion from the Highway and Unemployment trust funds. The total includes \$208 million under proposed legislation for education, public assistance, transportation, and school lunch programs.

#### Federal Aid to State and Local Governments

*Budget and Trust Fund Expenditures*



*The growth of Federal aid programs.*—In 10 years, total Federal aid to State and local governments will have more than tripled, rising from \$2.9 billion in 1953 to an estimated \$9.9 billion in 1963. In the same period, expenditures by State and local governments from their own funds will have more than doubled. Although the number and variety of Federal aid programs have increased markedly in the last several decades, nearly two-thirds of total expenditures in 1963 for assistance to State and local governments will be for highway construction and public assistance grants. Over the last decade, highway construction grants have increased more than sixfold, rising from \$501 million in 1953 to an estimated \$3.3 billion in 1963, the largest increase in Federal aid for any purpose during this period. Grants for public assistance have more than doubled since 1953, increasing from \$1.3 billion to an estimated \$2.8 billion in 1963.

Increasing population and rapid urbanization have led to greater responsibility, particularly at the State and local level, for providing essential public services in education, health, housing, urban renewal, highways and public transportation, and the safeguarding of economic security. While the major burden of such public services rests with the 90,000 State and local governmental jurisdictions, the Federal Government has a vital role, both through direct operation of programs and by providing financial assistance to State and local governments.

The task of providing public services can be facilitated through improved intergovernmental cooperation and coordination concerning revenue sources and expenditure programs. The Advisory Commission on Intergovernmental Relations, established in 1959 for this and other purposes, has made a valuable beginning in identifying some of the areas in which intergovernmental action could improve the efficiency of the several levels of government.

*Major program increases for 1963.*—For 1963, the total of budget and trust fund expenditures under existing and proposed programs for financial assistance to other levels of government is expected to be \$1,216 million more than in 1962 and \$2,613 million larger than the actual total for 1961. The major increases over the 1962 estimate are expected to be in total Federal-aid highway construction, which is estimated to increase by \$227 million to \$3,258 million; in public assistance, which is estimated to increase by \$206 million to \$2,775 million; in the educational assistance programs, which are estimated to rise by \$152 million to a total of \$694 million; in the civil defense programs, which will increase by \$114 million to a total of \$135 million; in contributions of surplus agricultural commodities to State programs, which are estimated to rise by \$103 million to \$533 million; and in the housing and community development programs which will rise by \$224 million to a total of \$753 million. The remaining increase is distributed among other programs including area redevelopment, hospital construction, community and environmental health activities, school lunch and special milk programs, and watershed protection and flood prevention.

*New programs proposed for 1963.*—Federal aid to State and local governments would be affected by several of the recommendations for legislative change or for new programs which are provided for in the 1963 budget. Among those for which specific amounts are included in this analysis are: (1) grants to State and local governments for



construction of civil defense shelters in selected community buildings, such as schools and hospitals, \$105 million; (2) grants to States for public elementary and secondary school construction and teachers' salaries, \$90 million; (3) grants to States for projects to improve the quality of elementary and secondary education, \$19 million; (4) loans for the construction and modernization of college classrooms, laboratories, libraries, and related facilities, \$8 million; (5) grants to States for the improvement of public welfare programs, \$93 million; (6) amendment of the National School Lunch Act, \$20 million; and (7) selective Federal assistance to help improve public transportation in urban areas, \$15 million. The analysis also reflects the effect of proposed legislation to reduce assistance to schools in federally affected areas for children whose parents work on Federal property but live on taxable property.

*Federal aid programs by agency.*—The detailed table at the end of this analysis lists the various programs of Federal financial assistance to State and local governments by type of aid and by agency. In 1963, Federal-aid expenditures by the Department of Health, Education, and Welfare, primarily for public assistance grants, will total \$3,747 million, or 38% of total Federal-aid payments. Grants by the Department of Commerce for highway construction and other programs will total \$3,322 million, or 34% of total Federal aid. Federal-aid expenditures in 1963 by other agencies will make up the remaining

Table H-1. **FEDERAL-AID BUDGET AND TRUST FUND EXPENDITURES BY AGENCY** (in millions of dollars)

Agency	1961 actual	1962 estimate	1963 estimate
Executive Office of the President.....	12.5	1.2	-----
Funds appropriated to the President.....	13.4	13.9	10.8
Department of Agriculture.....	685.4	897.3	1,038.5
Department of Commerce.....	2,623.1	3,055.6	3,321.6
Department of Defense—Military.....	-----	19.6	134.7
Department of Defense—Civil.....	1.5	1.6	22.7
Department of Health, Education, and Welfare.....	2,891.0	3,389.4	3,746.7
Department of the Interior.....	114.9	120.8	130.1
Department of Labor.....	369.3	380.6	403.1
Department of State.....	1.4	9.0	8.0
Treasury Department.....	25.0	26.8	27.0
Federal Aviation Agency.....	64.8	81.2	76.0
General Services Administration.....	1.2	.7	1.3
Housing and Home Finance Agency.....	407.3	567.3	857.7
Veterans Administration.....	9.0	8.8	8.8
Other independent offices.....	15.7	19.9	27.5
District of Columbia <sup>1</sup> .....	47.9	87.2	82.1
Total, budget and trust fund expenditures for Federal aid.....	7,283.4	8,680.8	9,896.6

<sup>1</sup> Represents Federal payments, contributions, and loans to the District of Columbia for operations and capital improvements.

28% of the total, with the largest amounts by the Department of Agriculture, 10%; the Housing and Home Finance Agency, 9%; and the Department of Labor, 4%.

*Federal aid in relation to total Federal and State-local outlays.*—Estimated Federal aid in 1963 to State and local governments from budget accounts alone of \$6,278 million will represent approximately 7% of total Federal budget expenditures. Total financial aid from budget and trust accounts of \$9,897 million will represent about 9% of estimated total Federal cash payments to the public. As a source of State and local revenue, Federal-aid payments from both trust fund and budget accounts in 1961 was about one-seventh of all general revenue available to these jurisdictions.

Table H-2. **FEDERAL-AID EXPENDITURES IN RELATION TO TOTAL FEDERAL EXPENDITURES AND TO STATE-LOCAL REVENUE**

	Net budget expenditures for aid to State and local governments		Total expenditures for aid to State and local governments, budget and trust accounts		
	Amount (millions)	As a percent of total Federal budget expenditures	Amount (millions)	As a percent of total cash payments to the public	As a percent of State-local revenue <sup>1</sup>
1953.....	\$2,857	4	\$2,857	4	12
1954.....	2,657	4	2,657	4	10
1955.....	3,124	5	3,124	4	11
1956.....	3,753	6	3,753	5	12
1957.....	3,159	5	4,111	5	11
1958.....	3,576	5	5,072	6	12
1959.....	4,012	5	6,813	7	15
1960.....	4,259	6	7,174	8	14
1961.....	4,326	5	7,283	7	14
1962 estimate.....	5,304	6	8,681	8	(2)
1963 estimate.....	6,278	7	9,897	9	(2)

<sup>1</sup> Based on compilations published by Governments Division, Bureau of the Census. Excludes State-local revenue from publicly operated utilities, liquor stores, and insurance trust systems.

<sup>2</sup> Not available.

*Types of Federal aid.*—Federal financial assistance to State and local governments takes the form of direct grants-in-aid, shared revenue, and net loans and repayable advances. Grants to States are the most significant type of Federal aid. In 1963, it is estimated that \$9,369 million or 94.7% of total expenditures for all three types of aid will take the form of grants-in-aid. Shared revenue will account for \$134 million, or 1.3%, and net loans and repayable advances, \$394 million, or 4% of the grand total. Apart from these types of Federal aid, many other Federal expenditures affect the finances of State and local governments which are not included in this analysis, such as contractual payments or grants to public institutions for research and training in special fields. A more detailed explanation of the types of Federal aid included in this analysis can be found in *The Budget of the U.S. Government, 1960*, pages 982-988, or is available upon request to the Bureau of the Budget, Washington 25, D.C.

Table H-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

(in millions of dollars)

Agency and program	Functional code	1961 actual	1962 estimate	1963 estimate
<b>BUDGET ACCOUNTS<sup>1</sup></b>				
<b>Grants-in-aid</b>				
<b>Executive Office of the President:</b>				
Office of Emergency Planning: Federal contributions and research and development <sup>2</sup> .....	050	12.5	1.2	-----
<b>Funds appropriated to the President:</b>				
Disaster relief.....	650	7.3	7.8	7.8
Transitional grant to Alaska.....	900	6.0	6.1	3.0
Total, Funds appropriated to the President.....		13.4	13.9	10.8
<b>Department of Agriculture:</b>				
Commodity Credit Corporation and removal of surplus agricultural commodities: Contributions to school lunch and to other public agencies.....	350	267.5	430.3	533.3
Cooperative agricultural extension work.....	350	65.0	68.0	69.7
Agricultural experiment stations.....	350	32.0	35.0	37.3
Watershed protection and flood prevention.....	350	32.4	43.4	58.3
Payments to States, and possessions: Agricultural Marketing Service.....	350	1.2	1.3	1.3
Farmers Home Administration: Farm housing program.....	350	-----	.5	.5
Forest protection and utilization, and assistance to States for tree planting.....	400	11.4	15.3	15.7
School lunch and special milk programs.....	650	238.7	271.7	268.2
Proposed legislation: School lunch program.....	650	-----	-----	20.0
Total, Department of Agriculture.....		648.3	865.5	1,004.4
<b>Department of Commerce:</b>				
Area redevelopment assistance.....	500	-----	15.0	30.0
Forest and public lands highways.....	500	31.8	35.7	37.9
Control of outdoor advertising.....	500	-----	-----	4.6
State marine schools.....	500	.5	.6	.6
Total, Department of Commerce.....		32.3	51.3	73.0
<b>Department of Defense—Military: Civil defense shelters and financial assistance.....</b>				
	050	-----	19.6	134.7
<b>Department of Defense—Civil: Corps of Engineers:</b>				
Payment to California, flood control.....	400	-----	-----	15.0
<b>Department of Health, Education, and Welfare:</b>				
Public assistance.....	650	2,167.0	2,569.0	2,682.2
Proposed legislation: Public welfare improvement.....	650	-----	-----	93.0
Hospital construction activities.....	650	157.2	172.6	191.0
Portion to private nonprofit institutions.....	650	(93.2)	(102.6)	(114.0)
Construction of waste treatment facilities.....	650	44.1	45.0	55.0
Community and environmental health activities.....	650	25.7	38.3	54.9
National Institutes of Health.....	650	14.5	17.4	20.2
Maternal and child welfare.....	650	51.5	68.9	75.4
Vocational rehabilitation.....	650	54.9	63.9	72.6
Other health and welfare programs.....	650	3.6	4.9	4.7
Assistance to schools in federally affected areas.....	700	266.9	280.2	279.6
Proposed legislation: Assistance to schools in federally affected areas.....	700	-----	-----	—36.0
Defense educational activities.....	700	50.2	64.9	72.8

See footnotes at end of table.

Table H-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Con.

(In millions of dollars)

Agency and program	Functional code	1961 actual	1962 estimate	1963 estimate
<b>BUDGET ACCOUNTS</b> <sup>1</sup> —Continued				
<b>Grants-in-aid</b> —Continued				
<b>Department of Health, Education, and Welfare</b> —Con.				
Vocational education.....	700	39.8	40.4	41.4
Other aid to education.....	700	15.6	23.9	23.2
Proposed legislation:				
Aid to public elementary and secondary education.....	700	-----	-----	90.0
Improvement in educational quality.....	700	-----	-----	19.0
Total, Department of Health, Education, and Welfare.....		2,891.0	3,389.4	3,739.2
<b>Department of the Interior:</b>				
Federal aid in fish and wildlife restoration.....	400	20.9	19.5	21.6
Other natural resource programs.....	400	1.1	1.9	1.6
Bureau of Indian Affairs: Education and welfare services.....	700	5.7	7.1	8.6
Grants to territories and Alaska public works.....	900	9.0	15.8	21.8
Total, Department of the Interior.....		36.8	44.3	53.5
<b>Department of Labor:</b> Administration of employment security programs.....	650	2.2	.1	-----
<b>Department of State:</b> East-West Cultural and Technical Interchange Center.....	150	1.4	9.0	8.0
<b>Federal Aviation Agency:</b> Federal-aid airport program.....	500	64.8	81.2	76.0
<b>General Services Administration:</b> Hospital facilities in D.C. (private nonprofit).....	900	.6	.3	.7
<b>Housing and Home Finance Agency:</b>				
Urban renewal and planning.....	550	144.0	215.4	334.5
Low rent public housing program.....	550	140.2	165.6	185.4
Open space program.....	550	-----	8.0	42.0
Urban mass transportation program.....	550	-----	7.9	12.9
Proposed legislation: Urban mass transportation program.....	550	-----	-----	15.0
Low-income housing demonstration program.....	550	-----	.7	2.5
Total, Housing and Home Finance Agency.....		284.2	397.6	592.3
<b>Veterans Administration:</b> State homes and State supervision of schools and training establishments.....	800	9.0	8.8	8.8
<b>National Capital Planning Commission:</b> Acquisition of lands in Maryland and Virginia.....	550	-----	.2	1.2
<b>Small Business Administration:</b> Research and management counseling.....	500	.9	.9	.1
<b>District of Columbia:</b> Federal payment and contributions.....	550	27.7	30.0	32.3
Total, grants-in-aid.....		4,025.0	4,913.2	5,749.9
<b>Shared revenue</b>				
<b>Department of Agriculture:</b> National forest and grass-lands funds, payments to States and counties.....	400	36.1	25.7	29.7
<b>Department of Defense—Civil:</b> Corps of Engineers: Flood Control Act of 1954 payments.....	400	1.5	1.6	1.7

See footnotes at end of table.

Table H-3. **FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Con.**  
(in millions of dollars)

Agency and program	Functional code	1961 actual	1962 estimate	1963 estimate
<b>BUDGET ACCOUNTS</b> <sup>1</sup> —Continued				
<b>Shared revenue</b> —Continued				
<b>Department of the Interior:</b>				
Mineral Leasing Act payments.....	400	34.7	38.3	42.0
Oregon and California land-grant fund payments.....	400	16.3	14.5	15.5
Other payments to States and counties.....	400	3.2	2.7	3.2
Internal revenue collections: Virgin Islands.....	900	6.5	6.2	7.0
Total, Department of the Interior.....		60.6	61.6	67.7
<b>Treasury Department:</b> Tax collections for Puerto Rico....	900	25.0	26.8	27.0
<b>Federal Power Commission:</b> Federal Power Act.....	400	.1	.1	.1
<b>Tennessee Valley Authority:</b> Payments in lieu of taxes....	400	6.5	6.7	7.7
Total, shared revenue.....		129.7	122.5	133.9
<b>Loans and repayable advances (net)</b>				
<b>Department of Agriculture:</b> Watershed protection and flood prevention.....	350	1.1	6.1	4.5
<b>Department of Commerce:</b> Area redevelopment.....	500		8.4	32.7
<b>Department of Defense—Civil:</b> Corps of Engineers: Construction of power systems, Ryukyu Islands.....	900			6.0
<b>Department of Health, Education, and Welfare:</b> Proposed legislation: Aid to higher education.....	700			7.5
<b>Department of the Interior:</b>				
Irrigation projects.....	400	16.6	14.9	8.9
Alaska public works.....	900	.9		
Total, Department of the Interior.....		17.6	14.9	8.9
<b>General Services Administration:</b> Hospital facilities in D.C. (private nonprofit).....	900	.6	.3	.7
<b>Housing and Home Finance Agency:</b>				
Public facilities.....	550	9.0	27.0	59.0
Other housing and community development.....	550	14.1	17.6	18.9
College housing.....	700	100.0	125.0	187.5
Total, Housing and Home Finance Agency.....		123.1	169.6	265.4
<b>Small Business Administration:</b> State and local development companies.....	500	8.3	12.0	18.4
<b>District of Columbia:</b> Capital outlays and operations.....	500	20.2	57.2	49.8
Total, loans and repayable advances (net).....		170.8	268.6	393.9
Total, net budget expenditures.....		4,325.5	5,304.3	6,277.7
<b>TRUST FUNDS</b> <sup>1</sup>				
<b>Grants-in-aid</b>				
<b>Department of Commerce:</b> Highway trust fund: Federal aid highways.....	500	2,590.8	2,995.9	3,215.8
<b>Department of Labor:</b> Unemployment trust fund: Administration of employment security programs.....	650	356.4	379.7	403.1
Total, grants-in-aid.....		2,947.2	3,375.7	3,618.9

See footnotes at end of table.

Table H-3. **FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Con.**  
(in millions of dollars)

Agency and program	Functional code	1961 actual	1962 estimate	1963 estimate
<b>TRUST FUNDS</b> <sup>1</sup> —Continued				
<b>Loans and repayable advances</b>				
Department of Labor: Unemployment trust fund.....	650	10.7	.8	-----
Total, trust fund expenditures.....		2,957.9	3,376.5	3,618.9
Total, budget and trust fund expenditures for Federal aid <sup>3</sup> .....		7,283.4	8,680.8	9,896.6
<b>SUMMARY BY FUNCTIONS</b>				
National defense.....	050	12.5	20.8	134.7
International affairs and finance.....	150	1.4	9.0	8.0
Agriculture and agricultural resources.....	350	399.3	584.6	704.9
Natural resources.....	400	148.3	141.0	162.6
Commerce and transportation:				
Highway construction.....	500	2,622.6	3,031.6	3,258.3
Other.....	500	74.5	118.1	157.8
Housing and community development.....	550	355.2	529.7	753.5
Health, labor, and welfare:				
Public assistance.....	650	2,167.0	2,569.0	2,775.2
Other.....	650	966.8	1,071.1	1,173.0
Education.....	700	478.2	541.5	693.7
Veterans benefits and services.....	800	9.0	8.8	8.8
General government.....	900	48.7	55.6	66.1
Total, budget and trust fund expenditures for Federal aid <sup>3</sup> .....		7,283.4	8,680.8	9,896.6

Note.—Detail will not necessarily add to totals because of rounding.

<sup>1</sup> Many expenditures listed under budget accounts and trust funds are part of larger appropriation accounts or trust accounts.

<sup>2</sup> These programs were transferred to the Department of Defense in 1962.

<sup>3</sup> Includes \$7,101.9 million in 1961 for total budget and trust fund expenditures for grants-in-aid and shared revenue which are distributed by States in the 1961 *Annual Report of the Secretary of the Treasury*, table 88, part A, "Federal Aid Payments to State and Local Units."

## SPECIAL ANALYSIS I

### PRINCIPAL FEDERAL STATISTICAL PROGRAMS

The principal programs in the 1963 budget designed to collect statistical information for the use of the Government and the public are summarized in two categories: current and periodic. Recommendations for the current programs, reflecting the continuing year-to-year statistical activity of the various agencies, total \$61.9 million in 1963, an increase of \$9.1 million over 1962. The periodic statistical programs—the large-scale census-type surveys characteristically undertaken once or twice a decade—total \$11.5 million for 1963, \$1.3 million less than the amount available in 1962.

The functions of collection, processing, and publication of current general purpose statistical information are often closely related to other agency objectives. To indicate the interrelationships of the statistical programs carried out by different agencies and to aid in evaluating the Government's overall statistical system, the significant components of current Federal statistical activity are brought together and classified by broad subject areas in this special analysis. These areas and the amounts involved are summarized in table I-1.

The current statistical programs included in this analysis represent a substantial part of the collection and processing activities of the Federal Government. Since it is not always possible to separate the production or use of data from other aspects of agency administrative responsibility, some statistical activity is not included. Nor has any attempt been made to include resources used in applications of statistical methodology to other than data collection and use. That portion of the work of the Bureau of Employment Security in

**Table I-1. DIRECT OBLIGATIONS FOR PRINCIPAL CURRENT STATISTICAL PROGRAMS, BY BROAD SUBJECT AREAS (in millions of dollars)**

Program	1961 actual	1962 estimate	1963 estimate
Labor statistics (Departments of Labor and Agriculture).....	10.3	11.8	14.3
Demographic and social statistics (Departments of Commerce, Agriculture, and Health, Education, and Welfare).....	6.4	7.0	8.5
Prices and price indexes (Departments of Labor and Agriculture).....	4.3	4.4	5.1
Production and distribution statistics (Departments of Agriculture and Commerce).....	20.2	22.0	24.9
Construction and housing statistics (Department of Commerce).....	1.3	1.5	1.7
National income and business financial accounts (Departments of Commerce, Treasury, and Agriculture; Federal Trade Commission, and Securities and Exchange Commission).....	5.8	6.1	7.3
<b>Total, principal current programs.....</b>	<b>48.4</b>	<b>52.8</b>	<b>61.9</b>

the Department of Labor resulting in current statistical data of general use is included in the 1963 analysis for the first time. Comparability with data shown in previous analyses is also affected by organizational changes relating to statistical work within the Department of Agriculture.

Recommendations for the periodic programs for 1963 reflect the completion of the Eighteenth Decennial Census and include funds needed to complete the 1962 Census of Governments and to start operational work on the 1963 Censuses of Business, Transportation, Manufactures, and Mineral Industries. In addition, funds are recommended to provide for modernizing the present electronic equipment in the Bureau of the Census. Funds are also included for the fourth year of the 5-year project to revise the Consumer Price Index.

The agencies included in the analysis of both current and periodic programs and the sums involved are shown in table I-2.

#### OBJECTIVES OF THE FEDERAL STATISTICAL SYSTEM

The continuing objectives of the Federal statistical system are to provide accurate, comprehensive, and timely data needed for the operations of the Government, to insure the efficient utilization of Government resources with minimum burden on respondents, and to furnish the public with information about the functioning of the economy and the welfare of the people. The data produced are used in the study of social and economic problems, in the formulation of Government and business programs, and in the evaluation of basic trends and activities.

The attainment of these objectives requires continuous consideration of the balance between competing purposes so as to achieve maximum benefit to the Government and the public. The rate at which needed improvements in statistics are carried out is limited not only by available funds, but by the supply of skilled personnel and other resources. The 1963 budget recommendations provide for acceleration of efforts to achieve a better balanced, more adequate current statistical program for the Government as a whole.

#### CURRENT PROGRAMS

*Labor statistics.*—Almost half of the increase of \$2.5 million over the 1962 level recommended in this broad area is for extension and improvement of manpower and employment data. Emphasis will be placed on studying the effects of technological change, the determinants of labor force growth, the factors affecting worker mobility, the problems of selected groups with high unemployment rates, and similar problems.

Other subjects on which improved data are sought include wages and industrial relations, measurement of productivity, industrial hazards, foreign labor conditions, and social security programs.

*Demographic and social statistics.*—In this area an increase of \$1.5 million is provided for three agencies. An increment of \$0.7 million over 1962 for the National Center for Health Statistics in the Public Health Service will permit full scale operation of the National Health Survey and will provide for studies of vital statistics in relation to data from the 1960 Census of Population. The increase of \$0.5 million



Table 1-2. DIRECT OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS, BY AGENCY (in millions of dollars)

Agency	1961 actual	1962 estimate	1963 estimate
<b>CURRENT PROGRAMS</b>			
Department of Agriculture:			
Economic Research Service (except Foreign economic analyses).....	8.3	8.5	9.3
Statistical Reporting Service.....	8.1	8.8	9.7
Department of Commerce:			
Bureau of the Census.....	9.6	10.8	13.0
Office of Business Economics.....	1.5	1.6	1.9
Department of Health, Education, and Welfare:			
Office of Education: Educational statistics.....	.9	1.0	1.3
Public Health Service: National health statistics.....	4.0	4.5	5.2
Department of Labor:			
Bureau of Employment Security: Statistical activities.....	1.3	1.5	1.8
Bureau of Labor Statistics.....	11.1	12.4	15.3
Treasury Department: Internal Revenue Service: Statistical reporting.....	3.1	3.2	3.9
Federal Trade Commission: Financial statistics.....	.3	.3	.3
Securities and Exchange Commission: Operational and business statistics.....	.2	.2	.3
Total, current programs.....	48.4	52.8	61.9
<b>PERIODIC PROGRAMS</b>			
Department of Commerce: Bureau of the Census:			
1962 Census of Governments.....	.1	1.1	1.4
1963 economic censuses.....		1.0	3.2
1964 Census of Agriculture.....			.7
Modernization of computing equipment.....			3.7
Eighteenth Decennial Census.....	18.0	8.4	1.1
1958 economic censuses.....	2.0	.2	
Department of Labor: Bureau of Labor Statistics: Revision of Consumer Price Index.....	1.3	2.1	1.3
Total, periodic programs.....	21.4	12.8	11.5
Total, principal statistical programs.....	69.9	65.6	73.4

Note.—Detail will not necessarily add to totals because of rounding.

recommended for the Bureau of the Census in this area provides for improvements in population estimates and projections and for exploration of problems involved in developing a national register of dwelling units. An increase is also included for the Office of Education to further strengthen its program of basic statistics on the educational system.

*Prices and price indexes.*—The increase in this area (\$0.8 million) will enable work to be started on specific improvements which are recog-

nized as urgently needed. In addition to increasing the number of items priced and the number of price quotations per city for the Consumer Price Index, provision is made for research on concepts and on the measurement of quality and for the improvement of various types of price indexes, including farm prices.

*Production and distribution statistics.*—This broad area, the largest shown here, involves a recommended increase of \$2.9 million over 1962. About half of this increase is for improving agricultural statistics in the Department of Agriculture, including a planned expansion of the enumerative survey designed to improve crop and livestock estimates, and various studies on farm economic problems. The balance of the increase is for improvements in Bureau of the Census series covering data on retail, wholesale, and service trade; industry; foreign trade; the consumer anticipations survey; and other subjects.

*Construction and housing statistics.*—The increase (\$0.2 million) in this area is equally divided between Bureau of the Census projects for the development of a price index for residential construction and for collecting information on construction expenditures of State and local governments.

*National income and business financial accounts.*—Over half of the total increase of \$1.2 million in this area is for the improvement and extension of the use of existing records of the Internal Revenue Service to get more information on capital gains, depletion, depreciation, and other topics of economic importance (\$0.7 million). Most of the balance of the increase is for programs within the Department of Commerce and covers such projects as improving data for measuring the balance of payments and initiating annual estimates of national income for the larger metropolitan areas.

#### PERIODIC PROGRAMS

The periodic statistical programs for 1963 include (1) the major censuses scheduled by law at 5- or 10-year intervals; (2) the revision of the Consumer Price Index; and (3) the Census Bureau's program to modernize its data processing systems equipment.

The funds shown are for the completion of processing and publication for the 1960 decennial censuses and include the amount needed to complete the 1962 Census of Governments. The amounts for the 1963 economic censuses cover the second year of a planned 5-year program. Preparatory funds for the 1964 Census of Agriculture, to be taken in October 1964, are for the first year of a 4-year program. Funds in the 1963 budget also cover the fourth year of a 5-year program to revise the Consumer Price Index (\$1.3 million). A request for \$4.1 million would provide funds to be expended over 2 years for modernizing the present electronic equipment in the Bureau of the Census.

## SPECIAL ANALYSIS J

### FOREIGN CURRENCY AVAILABILITIES AND USES

Many agencies of the Government are engaged in activities throughout the world which involve payments in foreign currencies. From some governmental activities, particularly the sale on concessional terms of surplus agricultural commodities, foreign currencies accrue to the Government without purchase with dollars. This analysis presents in summary form data on foreign currency availabilities and uses.

**Table J-1. CASH AVAILABILITY OF FOREIGN CURRENCIES**  
(in millions of dollar equivalents)

	1961 actual	1962 estimate	1963 estimate
For U.S. uses:			
Excess currencies .....	875	1,029	1,271
Nonexcess currencies:			
Restricted .....	139	135	112
Unrestricted .....	278	325	313
Subtotal, for U.S. uses .....	1,292	1,489	1,697
For country uses .....	2,427	2,420	2,330
Total .....	3,719	3,908	4,027

Foreign currency availabilities are divided in table J-1 between those available for U.S. uses and those available for country uses. In both cases the currencies belong to this Government and are kept in Treasury accounts or those of other Government agencies. The country use currencies, however, are committed by the terms of the international agreements under which they are received to be used on a loan or grant basis for mutually beneficial purposes in the country by agreement with its government. U.S. use currencies, on the other hand, are available for the purposes of U.S. agencies.

U.S. use currencies are further divided between those which are excess and those which are nonexcess. The excess currencies are those of which the Treasury has found (after reviewing the amounts of currency on hand, prospective receipts for U.S. uses, and prospective requirements) the supply to be great enough to more than cover the demand for the next 2 or 3 years. For 1963, a prospective excess condition is anticipated in Indonesia and Syria, in addition to the seven countries (Burma, India, Israel, Pakistan, Poland, United Arab Republic (Egypt), and Yugoslavia) which were determined to be excess-currency countries for 1962.

Some nonexcess U.S. use currencies are restricted in that they have had conditions placed on their use by international agreement which require their use for particular purposes. Such currencies are not, therefore, available to finance regular U.S. activities and must be reserved, frequently for lower priority programs. Restrictions of this nature are currently being avoided to the extent possible.

Most currencies accrue to the credit of the United States because of past or current international agreements authorized under several laws. In most cases, these international agreements deal with sales arrangements, wherein commodities (usually surplus agricultural commodities) are sold to a foreign purchaser for currencies, or with loans, wherein dollars or foreign currencies themselves are lent to foreign borrowers and may be repaid in the currency of the borrower. Currencies also become available in much smaller amounts under other kinds of international agreements and from the normal operations of the U.S. Government abroad.

*Limits on uses of foreign currencies.*—The amount of foreign currencies accruing to the credit of the United States is large and is increasing. However, international agreements, and in many cases the nature of the economy on which they are a claim, restrict the use of the greater part of these currencies.

First, sales of agricultural commodities, through which most of the currencies are acquired, are often largely concessional. In these transactions the international financial position of the purchasing country is usually such that it must minimize the real cost of the sales to itself in terms of export of its resources. As a result, large amounts of currencies acquired by the United States from the sale of farm commodities are restricted by the sales agreement so they can only be loaned or granted back to the buying country.

Second, virtually all of the currencies are inconvertible under the laws and regulations of the purchasing countries. This means they cannot be freely used to buy goods in third countries. Neither can they be exchanged for another currency which we may be able to use.

*Need for foreign currencies.*—Many agencies of the U.S. Government carry on activities overseas in which foreign currencies are needed. As indicated in table J-2, the need for foreign currencies in U.S. operations often does not correspond to their availability on a country-by-country basis. In the normal course of its worldwide operations the Government must purchase large amounts of the currencies of many countries while at the same time accumulating large inconvertible balances of others.

*Procedure for use of foreign currencies.*—Normally, when an agency requires foreign currencies to carry out its activities, it must, by Treasury regulation, seek to buy such currencies from the Treasury Department. If the particular foreign currencies required are not available, they must be purchased through banking channels. Treasury sales are generally at the most advantageous rate at which currencies may be legally obtained, and thus foreign currency expenditures are reported on a comparable basis whether obtained from Treasury or commercial sources.

All currencies purchased by agencies are reflected in Treasury and agency accounts and in the budget as dollar expenditures as they are used, with a corresponding credit to miscellaneous receipts or to the fund (e.g., Commodity Credit Corporation) which financed the transaction from which the currency derived.

Table J-2. FOREIGN CURRENCIES AVAILABLE TO MEET U.S. REQUIREMENTS, 1963 (in millions of dollar equivalents)

Country	Supply	Requirements (expenditures)		Amounts available for use after 1963	Requirements for commercial purchase in 1963
		Other than special programs	Special programs		
<b>Excess currencies:</b>					
Burma.....	11	2	2	7	
India.....	408	11	12	385	
Indonesia.....	31	1	1	29	
Israel.....	60	2	3	55	
Pakistan.....	153	15	4	134	
Poland.....	469	4	2	463	
Syria.....	8	*	*	8	
UAR (Egypt).....	60	2	3	55	
Yugoslavia.....	70	5	3	62	
<b>Total excess currencies.....</b>	<b>1,271</b>	<b>42</b>	<b>30</b>	<b>1,198</b>	
<b>Nonexcess currencies:</b>					
Canada.....	1	183			182
France.....	11	219	1	5	215
Germany, Federal Republic of.....	22	1,129	*	1	1,108
Italy.....	16	68	1	4	57
Japan.....	21	261	1	6	247
Philippines.....	9	40	*	2	33
United Kingdom.....	16	113	1	6	104
Other countries.....	329	282	13	193	160
<b>Total nonexcess currencies.....</b>	<b>425</b>	<b>2,295</b>	<b>16</b>	<b>217</b>	<b>2,105</b>
<b>Total.....</b>	<b>1,697</b>	<b>2,337</b>	<b>47</b>	<b>1,416</b>	<b>2,105</b>

\* Less than one-half million dollars.

*U.S. uses of foreign currencies.*—Table J-3 summarizes foreign currency transactions of U.S. use currencies as they are reflected in the budget.

*Recommendations for special uses, 1963.*—Most U.S. uses of foreign currencies are covered by unrestricted dollar appropriations. For those situations where currencies are available in the Treasury in excess of amounts needed for regular appropriations or where there remain unobligated balances of currencies restricted by international agreement or understanding for particular U.S. uses, separate appropriations are proposed for special foreign currency programs. These appropriations are summarized in table J-4.

Table J-3. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS, U.S. USES  
(in millions of dollar equivalents)

	1961 actual	1962 estimate	1963 estimate
Cash balances brought forward:			
Excess currencies .....	547	811	977
Nonexcess currencies:			
Restricted .....	87	99	93
Nonrestricted .....	141	128	129
Subtotal, cash balances brought forward .....	775	1,037	1,200
Collections:			
Public Law 480 sales .....	385	244	289
Foreign assistance program:			
U.S. portion of counterpart deposits .....	30	22	13
Recoveries, sec. 104(d), title I, Public Law 480 .....	2		
Other nonloan collections:			
Contributions for support of U.S. forces abroad .....	10	6	7
Surplus property and lend-lease .....	22	20	18
Informational media guarantees .....	4	6	5
Interest on public deposits .....	18	19	19
Miscellaneous .....	16	11	6
Loan repayments (principal and interest):			
Public Law 480 loans .....	17	34	49
Mutual security loans .....	14	25	28
Development Loan Fund .....		36	63
Subtotal, collections .....	517	423	497
Transfer of Development Loan Fund balances from country uses .....		29	
Total availabilities .....	1,292	1,489	1,697
Expenditures:			
Without dollar control .....	20	22	12
With dollar credits to—			
Miscellaneous receipts of the general fund .....	90	116	114
Commodity Credit Corporation fund, Agriculture .....	98	146	152
Informational media guarantee fund, USIA .....	3	3	3
Foreign buildings program, State .....	6	*	*
Subtotal, expenditures .....	217	289	281
Adjustments due to changes in exchange rates .....	—37		
Cash balances carried forward .....	1,037	1,200	<sup>1</sup> 1,416

\*Less than one-half million dollars.

<sup>1</sup> Consists of: \$1,217 million excess currencies; \$85 million nonexcess restricted currencies; and \$115 million nonexcess nonrestricted currencies.

Table J-4. SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS—  
NEW OBLIGATIONAL AUTHORITY (in thousands of dollar equivalents)

	1961 enacted	1962 enacted	1963 estimate
Library of Congress: Collection and distribution of library materials.....		364	710
Department of Agriculture:			
Agricultural Research Service: Salaries and expenses....	15,131	5,265	5,265
Foreign Agricultural Service: Salaries and expenses....	14,175	3,444	4,000
Department of Commerce: National Bureau of Standards:			
Research and technical services.....		1,000	1,000
Department of Health, Education, and Welfare:			
Office of Education: Salaries and expenses.....	31		400
Office of Vocational Rehabilitation: Research and training.....	930	1,372	2,000
Public Health Service: Scientific activities overseas....	3,707	9,000	2,800
Social Security Administration: Research and training.....		1,607	1,800
Department of the Interior:			
Bureau of Reclamation: General investigations.....			2,500
Bureau of Commercial Fisheries: Management and investigations of resources.....		300	300
Department of State:			
Acquisition, operation, and maintenance of buildings abroad.....	4,500	4,650	2,205
International educational exchange activities.....	6,600	7,400	
United States Information Agency:			
Salaries and expenses.....	3,000	9,300	9,000
Special international exhibits.....	1,096	250	400
Total.....	49,170	43,952	32,380
Authorizations are distributed as follows:			
To purchase excess currencies.....	17,938	39,969	32,380
To purchase nonexcess currencies.....	31,232	3,983	
Total.....	49,170	43,952	32,380

*U.S. uses without dollar controls.*—The balances of pre-1961 allocations for defense family housing and for exports to third countries have not yet been fully expended, and account for all of the estimated expenditures in 1963 without dollar control and the bulk of such expenditures in 1961 and 1962. The only new authorization estimated for 1963 results from the sale of surplus buildings abroad. These uses are summarized in table J-5.

*Country uses.*—A far larger amount of foreign currencies are used outside of the appropriations process for loans and grants in the host country. These are country use currencies which are committed by the terms of the sales agreements of surplus agricultural commodities to be used for programs of mutual benefit in agreement with the host

country. These purposes include the common defense, economic development, and loans to American and certain foreign private enterprise. These uses are summarized in table J-6.

**Table J-5. SUMMARY OF U.S. USES WITHOUT DOLLAR CONTROLS**  
(in thousands of dollar equivalents)

	1961 actual	1962 estimate	1963 estimate
New authorizations to expend foreign currency receipts:			
Department of State .....	5,748	585	500
Expenditures:			
Agency for International Development .....	8,678	9,000	6,452
Department of Agriculture .....	22	1	
Department of Defense .....	11,496	13,069	5,328
Department of State .....	337		
Total expenditures .....	20,533	22,070	11,780

**Table J-6. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS—**  
**COUNTRY USES** (in millions of dollar equivalents)

	1961 actual	1962 estimate	1963 estimate
Cash balances brought forward .....	1,642	1,544	1,482
Collections:			
Public Law 480 sales .....	603	832	813
Foreign assistance program .....	161	72	34
Development Loan Fund .....	23		
Subtotal, collections .....	786	904	848
Transfer of Development Loan Fund balances to U.S. uses .....		-29	
Total availabilities .....	2,427	2,420	2,330
Expenditures:			
Without dollar control:			
Public Law 480 country loans and grants .....	464	745	955
Public Law 480 loans to private enterprise .....	20	48	50
Other foreign assistance programs .....	207	136	83
With dollar credits to—			
Development Loan Fund .....	4		
Military assistance appropriation .....	15	8	
Subtotal, expenditures .....	709	937	1,087
Adjustments due to changes in exchange rates .....	-173		
Cash balances carried forward .....	1,544	1,482	1,243



## SPECIAL ANALYSIS K

### PUBLIC ENTERPRISE FUND OPERATIONS

Budget expenditures include the net operations of 84 public enterprise funds. The programs of these funds are included in the discussion of budget programs appearing in parts 4 and 5 of the Budget. However, this analysis gives supplementary information with respect to some of the financial transactions of such funds.

The public enterprise funds are revolving funds, owned by the Government, which finance a cycle of operations, in which the expenditures generate receipts coming primarily from outside the Federal Government and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises. Many of them carry on lending operations directly with the public (and a few are specifically set up to finance loans to trust funds). Other public enterprise funds carry on other business-type activities such as insurance, generation of power, purchasing and selling, and transportation activities.

#### EXPENDITURES AND RECEIPTS

The net expenditures of public enterprise funds are estimated at \$4.1 billion for 1963. This sum is derived from an estimate of \$19.9 billion of gross expenditures, and \$15.8 billion of applicable receipts from operations. The relevant figures are stated in table K-1. The Commodity Credit Corporation and the postal fund together account for far more than half of the transactions. The Commodity Credit Corporation transactions exclude the special activities of the Corporation for which the major financing is from appropriated funds.

The expenditures shown above include interest expenses paid to the general fund of the Treasury by a number of funds whose capital is interest-bearing. Such expenditures (which are a part of the inter-fund deduction on table 1 and other tables on budget receipts and expenditures) amount to \$640 million in 1961, \$642 million in 1962, and \$678 million in 1963.

The applicable receipts shown in table K-1 are generally from outside the Government. However, they include a few intragovernmental transactions; notably, the payments received by the postal fund from the appropriation for the expense of public services, the sales of Tennessee Valley Authority power to Government agencies (accounting for over \$100 million a year of its receipts), and subsidy payments from Veterans Administration appropriations for its guaranteed loan program. Such intragovernmental receipts are estimated at \$297 million for 1961, \$413 million for 1962, and \$518 million for 1963.

#### NEW OBLIGATIONAL AUTHORITY AND WRITE-OFFS

Capital requirements of the public enterprise funds are generally supplied through grants of new obligational authority from the general fund. These usually take the form of either appropriations or

Table K-1. GROSS EXPENDITURES AND APPLICABLE RECEIPTS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	GROSS EXPENDITURES			RECEIPTS FROM OPERATIONS		
	1961	1962	1963	1961	1962	1963
Funds appropriated to the President:						
Foreign assistance—Economic.....	270	497	651	13	49	6
Other.....	104	100	41	116	65	41
Department of Agriculture:						
Commodity Credit Corporation.....	5,925	7,301	7,745	4,507	4,700	5,664
Other.....	59	421	485	70	389	409
Department of Commerce.....	7	30	88	9	12	15
Department of Defense:						
Military.....	111	108	76	74	78	52
Civil.....	106	106	114	100	103	106
Department of Health, Education, and Welfare.....	4	4	5	4	4	5
Department of the Interior.....	96	130	171	35	46	51
Department of Labor.....	304	233	238	256	289	244
Post Office Department.....	4,362	4,420	4,732	3,497	3,630	4,719
Treasury Department.....	*	*	1	4	2	5
General Services Administration.....	*	2	*	3	2	*
Housing and Home Finance Agency:						
College housing loans.....	233	294	429	35	44	54
Urban renewal fund.....	254	374	497	109	145	149
Federal National Mortgage Association.....	1,298	1,547	1,366	1,223	1,535	1,182
Federal Housing Administration.....	318	456	488	325	242	377
Public Housing Administration.....	288	364	390	133	190	197
Other.....	32	57	101	110	21	15
Veterans Administration.....	330	650	526	199	372	544
Other independent offices:						
Export-Import Bank of Washington.....	571	954	855	534	1,055	1,080
Small Business Administration.....	223	400	483	127	158	267
Tennessee Valley Authority.....	311	367	376	272	289	313
Other.....	52	31	30	86	270	301
Total.....	15,257	18,847	19,887	11,842	13,692	15,795

\*Less than one-half million dollars.

authorizations to use Treasury borrowing (authorizations to expend from public debt receipts). In the case of housing programs, they sometimes take the form of contract authorizations.

In addition to the provision of new obligational authority for capital, appropriations are sometimes made to help overcome deficits incurred by these funds. The Commodity Credit Corporation, for example, incurs losses each year in its price support and related operations, and appropriations are made to cover such losses. In the case of the postal fund, substantial losses have been incurred, and appropriations have been made regularly to make up for the deficiencies in postal revenues, although for 1963 legislation is proposed which would greatly reduce the NOA needed from the general fund.

Some of the public enterprise funds transfer dividends or earnings to the general fund, and unneeded capital is returned from time to time. Also included as write-offs in table K-2 are the lapsing of a few balances of NOA which are not needed by the fund concerned or which expire for use under the law controlling the fund.

Table K-2. NEW OBLIGATIONAL AUTHORITY AND WRITE-OFFS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	New obligational authority			Write-offs (including capital transfers)		
	1961	1962	1963	1961	1962	1963
Funds appropriated to the President:						
Foreign assistance—Economic.....	600	1,112	1,350			
Other.....					5	
Department of Agriculture:						
Commodity Credit Corporation.....	1,226	1,213	2,490		3	
Other.....		326	*	6	53	
Department of Commerce.....	300	122			55	
Department of Defense—Military.....	30			*	*	
Department of the Interior.....	63	68	140	2	6	2
Department of Labor.....	268	20		1	2	2
Post Office Department.....	846	804	18	20	2	
Treasury Department.....	*	*	1	4	3	4
General Services Administration.....				5	1	
Housing and Home Finance Agency:						
College housing loans.....	500	300	300			
Urban renewal fund.....	2,300					
Federal National Mortgage Association.....	814	27		-4	80	58
Federal Housing Administration.....	81	225	184			
Public Housing Administration.....	159	180	200	*	*	*
Other.....	576	94	113	93	13	2
Veterans Administration.....	150	500	200	*	4	18
Other Independent Offices:						
Export-Import Bank of Washington.....				28	31	30
Small Business Administration.....	50	260	300	2	2	*
Tennessee Valley Authority.....	21	38	35	51	47	48
Other.....	4	1	4	2	1	
Total.....	7,988	5,292	5,335	213	308	165

\*Less than one-half million dollars.

## BORROWING AND INVESTMENTS

The Tennessee Valley Authority has authority to borrow \$750 million from the public. The Federal Housing Administration has an indefinite authorization to issue debentures to the public. Three

Table K-3. PUBLIC ENTERPRISE FUND BORROWING FROM THE PUBLIC (in millions of dollars)

Description	1961 actual	1962 estimate	1963 estimate
Federal Housing Administration (Housing and Home Finance Agency).....	81	225	184
Federal National Mortgage Association (Housing and Home Finance Agency).....	-797	—*	
Federal Farm Mortgage Corporation (Farm Credit Administration).....	—*	—*	
Home Owners Loan Corporation (Home Loan Bank Board).....	—*	—*	—*
Tennessee Valley Authority.....	50	150	50
Total borrowing from the public.....	-666	375	234

\*Less than one-half million dollars.

other funds have previously borrowed from the public and are concluding the retiring of such borrowing, as shown in table K-3.

A few public enterprise funds are authorized to invest in Treasury bonds or notes. Except for the Tennessee Valley Authority, this practice is usually limited to insurance and guaranty funds, where the amounts invested represent moneys received from the public and reserved for possible claims. In addition, the Federal National Mortgage Association acquires some FHA Government-guaranteed debentures. These are shown in table K-4.

**Table K-4. PUBLIC ENTERPRISE FUND PURCHASES OF U.S. SECURITIES NET (in millions of dollars)**

Description	1961 actual	1962 estimate	1963 estimate
Federal National Mortgage Association (Housing and Home Finance Agency).....	8	5	10
Federal Housing Administration (Housing and Home Finance Agency).....	97	12	79
Federal Savings and Loan Insurance Corporation (Federal Home Loan Bank Board).....	34	239	271
Tennessee Valley Authority.....	-12	64	-28
Veterans Administration: Veterans special-term insurance fund..	22	-31	12
Total purchases of U.S. securities.....	149	289	343

Borrowing and investment transactions of the public enterprise funds are never included in receipts and expenditures, but they do affect the "bridge" between the budget surplus and the change in the public debt. Accordingly, the totals of table K-5 are carried forward to table 8.

**Table K-5. SUMMARY OF DEBT AND INVESTMENT TRANSACTIONS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)**

Description	1961 actual	1962 estimate	1963 estimate
Public enterprise fund borrowing from the public.....		375	234
Public enterprise fund purchases of U.S. securities.....	149	289	343
Public enterprise fund repayment of borrowing from the public..	666		
Total reductions in cash, debt, and investment items.....	815	289	343
Increase or decrease (-) in cash due to debt and investment transactions of public enterprise funds.....	-815	86	-109

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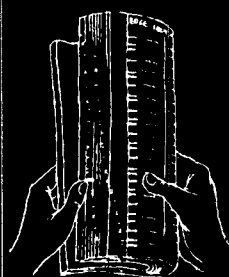


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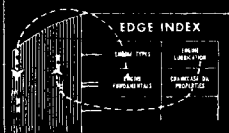


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