

**THE BUDGET**  
**OF THE**  
**UNITED STATES GOVERNMENT**  
**FOR THE FISCAL YEAR ENDING JUNE 30**  
**1965**



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## A NOTE ON THE FORMAT OF THE BUDGET

*The Budget of the United States Government* is presented in a 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 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 those supplementary schedules required by law with respect to details of personnel compensation.

The budget for the District of Columbia is printed separately as usual.

Budget documents for the fiscal year 1965, available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. (Paper covers only.)

1. The Budget of the United States Government, 1965 (\$1.50).
2. The Budget of the United States Government, 1965—Appendix (\$6.25).
3. The Budget of the United States Government, 1965—The District of Columbia (40 cents).
4. The Budget in Brief, 1965 (35 cents).

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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. Unless otherwise indicated, all references to years in this volume are to fiscal years ending June 30. Details in tables, charts, and text may not add to the totals because of rounding.



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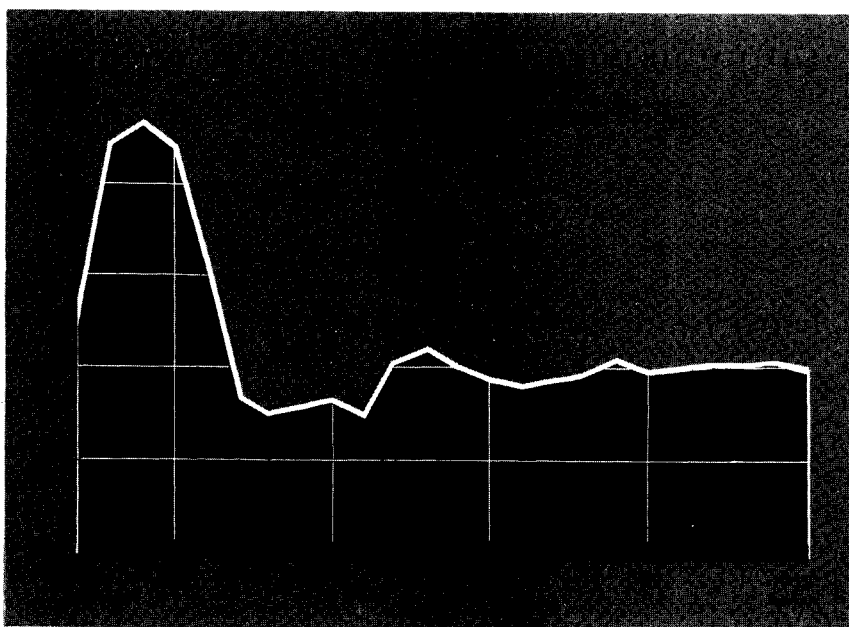
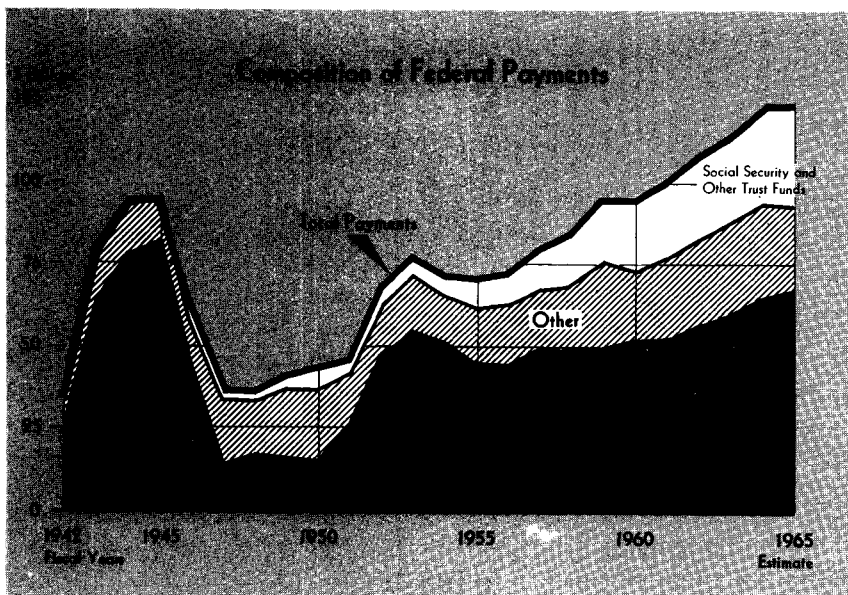
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PART I

THE BUDGET MESSAGE  
OF THE  
PRESIDENT

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# BUDGET MESSAGE OF THE PRESIDENT

*To the Congress of the United States:*

This is the budget of the United States Government for 1965.

The preparation of this budget was the first major task to confront me as President, and it has been a heavy one. Many decisions of great importance have had to be made in a brief span of weeks. I have done my best, and I am satisfied that the budget which I am sending to the Congress will advance our Nation toward greater national security, a stronger economy, and realization of the American dream of individual security and equal opportunity for all of our people.

In formulating my budget, I have been guided by two principles:

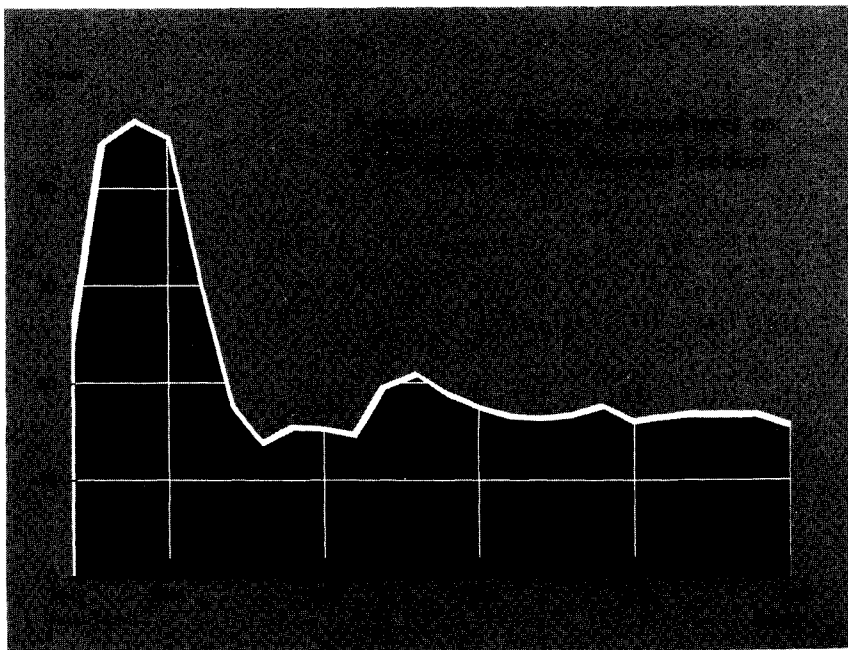
- I have been guided by the principle that spending by the Federal Government, in and of itself, is neither bad nor good. It can be bad when it involves overstaffing of Government agencies, or needless duplication of functions, or poor management, or public services which cost more than they are worth, or the intrusion of government into areas where it does not belong. It can be good when it is put to work efficiently in the interests of our national strength, economic progress, and human compassion.
- I have been guided by the principle that an austere budget need not be and should not be a standstill budget. When budgetary restraint leads the Government to turn its back on new needs and new problems, economy becomes but another word for stagnation. But when vigorous pruning of old programs and procedures releases the funds to meet new challenges and opportunities, economy becomes the companion of progress.

This is, I believe, a budget of economy and progress. On the one hand, it calls for a reduction from the preceding year in total administrative budget expenditures—and it is only the second budget in 9 years to do so. It calls for a substantial reduction in total civilian employment in the executive branch—and it is the first budget to do so since the practice of totaling the employment estimates in the budget was initiated in January 1956. It cuts the deficit in half, and carries us a giant step toward the achievement of a balanced budget in a full-employment, full-prosperity economy.

On the other hand, this budget safeguards the peace by providing for the further strengthening of the most formidable defense establishment the world has ever known; it recommends continued military assistance to those nations menaced by Communist aggression, direct and indirect; it includes economic assistance to those nations which are willing to take the steps necessary to guard their freedom and independence through economic self-help; it provides the funds necessary to advance our mastery of space toward the achievement of a manned lunar landing in this decade; it provides for the sound management and development of our natural and agricultural resources; and in its recommendations relating to education, housing, manpower training, health, and employment opportunities for youth, it provides more funds than ever before in our history for the fuller development of our Nation's most important resource—its people.

Moreover, this budget makes provision for the initiation of a new and major effort to break the vicious circle of chronic poverty, which denies to millions of our fellow citizens a just participation in the benefits of life in our country. We owe to every young person in America a fair start in life—and this means that we must attack those deficiencies in education, training, health, and job opportunities by which the fetters of poverty are passed on from parents to children. The attack on poverty must rely on local initiative and leadership; and the resources of the local, State, and Federal Governments must be mobilized to support these efforts. I will shortly send to the Congress a special message conveying my recommendations for the attack on poverty.

The urgent and necessary program increases recommended in this budget will be financed out of the savings made possible by strict economy measures and by an exhaustive screening of existing programs. As a result of the highly successful cost reduction program launched in 1962 by the Secretary of Defense, the 1965 program of the Department of Defense will require over \$2 billion less in appropriations than would otherwise be the case—a sum greater than the 1965 cost of the new programs I am recommending to the Congress. Department of Defense expenditures will decline by more than \$1 billion from 1964 to 1965, and additional savings are expected to be realized in agriculture, atomic energy, postal services, veterans benefits, and in various lending programs through substitution of private for public credit.



My proposals call for administrative budget expenditures in 1965 of \$97.9 billion—\$900 million less than was requested in the 1964 budget and \$500 million less than I now estimate will be spent in 1964. This reduction in expenditures will be achieved despite a steady growth in the workload of nearly every civilian agency of Government—ranging all the way from the number of income tax returns to the number of visitors to our national parks. The reduction in expenditures will be achieved despite built-in and relatively uncontrollable expenditure increases resulting from past commitments and legislative provisions, including higher costs for interest on the debt and for military and civilian pay increases required by law.

Administrative budget receipts are expected to increase in 1965 to \$93.0 billion, \$4.6 billion over 1964. This increase, reflecting the expectation of a strongly growing economy spurred by prompt enactment of the tax program, takes into account the estimated revenue losses from the new tax rates.

The resulting administrative budget deficit of \$4.9 billion for 1965 is \$5.1 billion below the deficit now estimated for the current year and marks an important first step toward a balanced budget.

## SUMMARY OF FEDERAL RECEIPTS AND PAYMENTS

[Fiscal years. In billions]

Description	1963 actual	1964 estimate	1965 estimate
<b>FEDERAL RECEIPTS</b>			
Administrative budget receipts.....	\$86.4	\$88.4	\$93.0
Trust fund receipts.....	27.7	30.2	30.9
Deduct: Intragovernmental transactions.....	4.3	4.2	4.1
<b>Total cash receipts from the public.....</b>	<b>109.7</b>	<b>114.4</b>	<b>119.7</b>
Add: Adjustment from cash to accrual basis.....	0.6	-0.1	-0.2
Deduct: Receipts from loans, property sales, and other adjustments.....	1.0	0.7	0.7
<b>National income account receipts—Federal sector.....</b>	<b>109.3</b>	<b>113.6</b>	<b>118.8</b>
<b>FEDERAL PAYMENTS</b>			
Administrative budget expenditures.....	92.6	98.4	97.9
Trust fund expenditures (including Government-sponsored enterprises).....	26.5	29.3	29.4
Deduct: Intragovernmental transactions and other adjustments.....	5.4	5.0	4.6
<b>Total cash payments to the public.....</b>	<b>113.8</b>	<b>122.7</b>	<b>122.7</b>
Add: Adjustment from cash to accrual basis.....	0.6	0.1	1.1
Deduct: Disbursements for loans, land purchases, and other adjustments.....	1.8	3.7	2.3
<b>National income account expenditures—Federal sector.....</b>	<b>112.6</b>	<b>119.1</b>	<b>121.5</b>
<b>EXCESS OF RECEIPTS (+) OR PAYMENTS (-)</b>			
Administrative budget.....	-6.3	-10.0	-4.9
Receipts from and payments to the public.....	-4.0	-8.3	-2.9
National income accounts—Federal sector.....	-3.3	-5.5	-2.8

The traditional administrative budget does not include a number of important Federal activities financed through trust funds, such as social security and Federal aid to highways. These activities and the special taxes which finance them have substantial economic effects and serve significant public purposes. A comprehensive disclosure of Federal finances is provided by the consolidated cash statement of Federal receipts from and payments to the public.

On the cash basis, total payments to the public are estimated at \$122.7 billion for 1965. Total receipts from the public are estimated at \$119.7 billion, resulting in a \$2.9 billion excess of payments over receipts. The estimates of cash payments and receipts in 1965 reflect

the normal, built-in growth of trust fund benefit payments, and the employment and excise tax revenues which finance them.

Another measure of Federal finances—one which emphasizes the impact of the Government's fiscal activities on the economy—is based on the national income accounts. Under this concept, Federal fiscal data, including the trust funds, are generally estimated on an accrual rather than a cash basis, and eliminate transactions, such as loans, which do not directly result in production and income. These data indicate an excess of payments over receipts of \$2.8 billion in fiscal year 1965.

### THE ECONOMY AND TAX REDUCTION

The Federal budget is a detailed plan for managing the business of Government, but it is more than that: In setting the relationship between Government expenditures and taxation, the budget is also a powerful economic force which can help or hamper our efforts to achieve stable prosperity and steady growth.

The expenditure proposals in this budget are ample to satisfy our most pressing needs for governmental services, but the broad economic stimulus needed to carry our economy to new high ground in production, income, and employment will not come principally from Government outlays. I believe—as did President Kennedy—that the primary impetus needed to move our economy ahead should come, in present circumstances, from an expansion of the private sector rather than the public sector. Therefore, the earliest possible enactment of the tax reduction bill now before the Congress is an integral and vital part of my budgetary proposals.

Our country is currently in its fourth postwar period of economic expansion—a period which started in February 1961, and has now lasted nearly 3 years.

Preliminary estimates indicate that the Nation's total output of goods and services—our gross national product—rose to \$585 billion in calendar year 1963, an increase of 5.4% over 1962.

Over the same period, personal income rose 4.7%, industrial production 5.1%, and corporate profits 10.5%.

Price stability has been maintained for the sixth consecutive year.

This is a record of strong expansion—and yet the expansion has not been strong enough to absorb the margin of idle workers and idle plant capacity which continues to tarnish our economy's performance. Almost 3 years after the trough of the last recession, and despite the creation of 2½ million new jobs in our economy, the unemployment rate now stands at 5½%. Our factories continue to produce below their optimum rate. As a nation we are producing at a rate at least \$30 billion below our comfortable capacity. This is a gap for which we are paying a high price in idle resources, both human and physical.

This gap must be closed. It must be closed—as President Kennedy urged a year ago—by loosening “the checkrein of taxes on private spending and productive incentives.” It must be closed promptly, for the unemployed have already waited too long for jobs which can be created simply by allowing our people to spend and invest a greater part of the money they earn.

The bill approved by the House of Representatives last September meets the fundamental requirements for tax action in 1964. I propose only two changes in that bill:

- The bill provides for a reduction in the rate of withholding on wages and salaries from 18% to 15% for calendar 1964, starting on January 1, 1964. Since that date has already been passed, the institution of the 15% withholding rate at a later date in 1964 would require substantial additional refunds to taxpayers next year. A corresponding part of the economic stimulus provided by the tax program would be delayed until then. Hence, I propose that the withholding rate be reduced to 14% rather than 15%, effective as soon as possible after enactment. This will assure that the beneficial effects of the 1964 tax reductions are felt immediately, instead of being postponed, in part, for a year. It will simplify procedures for taxpayers and their employers by making unnecessary another change in the withholding rate in 1965, as provided in the House bill. Moreover, the change will also maintain approximately the same division between the fiscal year 1964 and 1965 revenue impact of tax reduction as would have resulted from the House bill. The revenue estimates in this budget assume approval of this change.

- The House bill fails to close the loophole by which property transferred at death now escapes capital gains taxation, but it nevertheless would reduce the rate of taxation on capital gains. Without the former provision, the latter provision is unwarranted, and it should be deleted from the bill.

With these two changes, I urge the enactment of the House bill by the Senate.

With prompt enactment of the tax program, economic expansion in 1964 should proceed briskly. Reflecting the effects of the first stage of the tax reduction, the gross national product in calendar year 1964 should rise to about \$623 billion, plus or minus \$5 billion. This is substantially higher than the GNP which could be expected in the absence of prompt enactment of the tax legislation. In fact, since expectations of a tax reduction have been incorporated into the forward planning of many business firms, the effect on the economy of failure to pass the legislation swiftly might be deeply disturbing.



As the tax reduction takes full effect, its stimulus to private consumption and investment will shrink the \$30 billion gap between the Nation's actual and potential output, and provide approximately 2 million additional jobs for the unemployed and the new workers entering the labor force. As economic activity expands, and personal and business incomes increase, Federal revenues will also rise. The higher revenues, combined with continuing pressure for economy and efficiency in Federal expenditure programs, should hasten the achievement of a balanced budget in an economy of full prosperity.

## RECEIPTS FROM THE PUBLIC

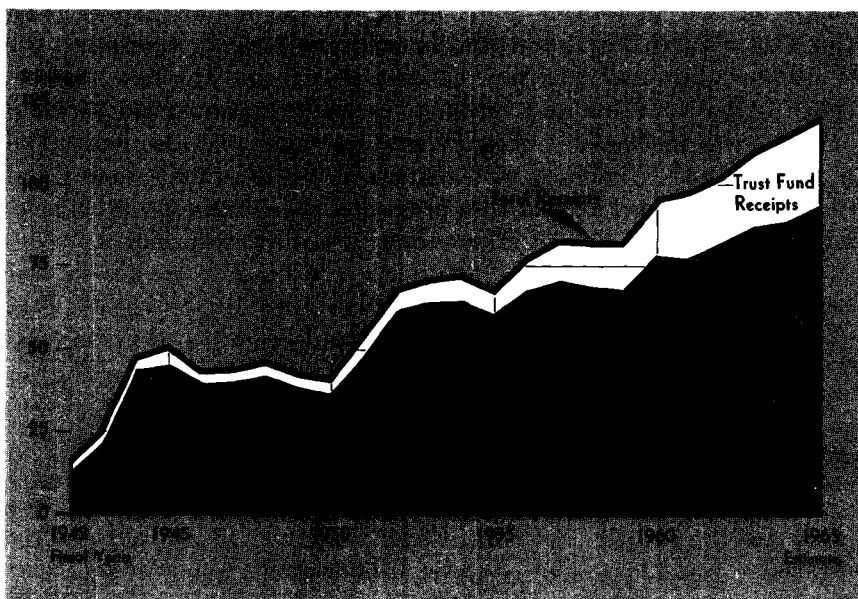
[Fiscal years. In billions]

Source	1963 actual	1964 estimate	1965 estimate
<b>Administrative budget receipts:</b>			
Individual income taxes .....	\$47.6	\$47.5	\$48.5
Corporation income taxes .....	21.6	23.7	25.8
Excise taxes .....	9.9	10.2	11.0
Other .....	7.3	7.0	7.7
<b>Total administrative budget receipts.....</b>	<b>86.4</b>	<b>88.4</b>	<b>93.0</b>
<b>Trust fund receipts:</b>			
Employment taxes .....	14.9	16.8	17.0
Deposits by States, unemployment insurance .....	3.0	2.9	2.8
Excise taxes .....	3.3	3.5	3.5
Federal employee and agency payments for retirement .....	1.9	2.0	1.9
Interest on trust investments .....	1.5	1.6	1.7
Veterans life insurance premiums .....	0.5	0.5	0.5
Other .....	2.7	3.0	3.5
<b>Total trust fund receipts .....</b>	<b>27.7</b>	<b>30.2</b>	<b>30.9</b>
<b>Intragovernmental transactions (deduct).....</b>	<b>4.3</b>	<b>4.2</b>	<b>4.1</b>
<b>Total receipts from the public .....</b>	<b>109.7</b>	<b>114.4</b>	<b>119.7</b>

**Income tax revisions.**—The bill currently before the Senate will reduce income tax liabilities by \$11.1 billion. Individual rate reductions and structural changes account for about 80% of the total tax reduction. The remaining 20% reflects a reduction in corporate taxes, providing enhanced incentives for new investment.

Once the tax bill becomes fully effective in calendar year 1965, the entire schedule of individual income tax rates will fall from the present range of 20% to 91% to a range of 14% to 70%, and the current first \$2,000 bracket of taxable income will be divided into four successive brackets of \$500 each.

## Federal Receipts



All corporations will pay lower tax rates, with incorporated small businesses receiving the largest proportionate tax rate reduction because the tax rate on the first \$25,000 of their taxable income is reduced from 30% to 22%. Large corporations (with estimated tax liabilities above \$100,000) will have to speed up their tax payments in order to reduce the lag between the time when taxable profits are earned and the time when taxes are paid; however, this speedup plan is gradual, shifting the timing of corporation tax collections a bit each year for the next 7 years.

The combination of the investment tax credit and the revision of depreciation guidelines achieved in 1962, plus the \$2½ billion tax rate reductions and structural changes proposed for corporations in the pending bill, will result in a total reduction of about \$5 billion in corporate tax liabilities.

The bill also contains many changes in the income tax laws that are designed to reduce the weight of taxes where the burden is most unfair, and to correct special tax advantages which will no longer be equitable under the proposed structure.

**Excise tax extension.**—The Congress should extend several current excise tax rates which will otherwise decline or expire on July 1, 1964. These excise taxes have been continued at the present rates through annual extensions for the past several years. Without extension, revenues would fall by \$1.7 billion during fiscal year 1965.

**User charges.**—Many Federal Government programs furnish specific, identifiable benefits to the individuals and businesses using them. Equity to all taxpayers demands that those who enjoy the benefits should bear a greater share of the costs. I am, therefore, renewing recommendations for the enactment of user charges for commercial and general aviation and for transportation on inland waterways.

Appropriate fees should also be assessed in other areas where the Government provides special services. New legislation is necessary in several cases to carry out this policy—such as a revision of patent fees to reflect today's costs more adequately—and appropriate proposals are either before the Congress or will be forwarded this year.

### NEW OBLIGATIONAL AUTHORITY

Obligations incurred by Federal agencies under authority provided by the Congress are the forerunners of Federal expenditures. Expenditure control, therefore, depends substantially upon careful control of obligations.

In this budget, new obligational authority of \$103.8 billion is proposed in the administrative budget for fiscal year 1965. This is \$1.2 billion above the amount now estimated for fiscal year 1964, but is \$4.1 billion less than was originally requested for the current year in the 1964 budget. The amount recommended for 1965 includes \$50.9 billion for the Department of Defense (including military assistance), \$120 million less than the amount for the current year.

### NEW OBLIGATIONAL AUTHORITY

[Fiscal years. In billions]

Description	1963 actual	1964 estimate	1965 estimate
Total authorizations requiring current action by Congress:			
Administrative budget funds .....	\$90.6	\$90.0	\$91.4
Trust funds .....	3.9	0.4	4.2
Total authorizations not requiring current action by Congress:			
Administrative budget funds .....	11.6	12.6	12.4
Trust funds .....	24.7	31.3	27.6
Total new obligational authority:			
Administrative budget funds .....	102.3	102.6	103.8
Trust funds .....	28.6	31.7	31.8

Significant changes in new obligational authority from 1964 to 1965 include increases of \$1.5 billion for the Department of Health, Education, and Welfare, mainly as a result of new health and education proposals; \$361 million for the Department of Labor because of

the recently amended manpower training program and the proposed youth employment legislation; and \$500 million for special appropriations requested for new community programs to attack poverty. Major decreases include \$1.5 billion for the Housing and Home Finance Agency, reflecting nonrecurring authority requested in 1964, and \$1.3 billion for the Department of Agriculture.

Of the total amount proposed, \$40 billion will become available under permanent authorizations without further congressional action, including \$27.6 billion becoming automatically available as revenues flow into the trust funds. In the administrative budget, the principal permanent appropriation is to pay the interest on the public debt which in 1965 is estimated at \$11 billion, \$0.4 billion more than in 1964.

For the current fiscal year, the Congress is requested to enact \$4.2 billion of additional new obligational authority to provide needed funds for housing and space programs and to finance legislation enacted last year for which no appropriations were provided—such as increased military compensation, broadened manpower development activities, aid to higher education, vocational education activities, and mental retardation programs. Including supplemental authorizations, a total of \$102.6 billion in new obligational authority is estimated for fiscal year 1964 in the administrative budget.

### **GOVERNMENT PROGRAMS AND EXPENDITURES**

The expenditures proposed in this budget are necessary to meet the needs of our growing society, promote the basic strength of the Nation, honor our worldwide commitments, and fulfill our financial obligations.

Between 1955 and 1965, our population will grow by almost 30 million people, about 17%, with the largest increases in the very young and the very old age groups. To keep pace, the Federal Government has had to continue existing public services and provide the additional services needed for future growth. The expansion of the economy, even though falling short of its potential in recent years, has helped provide the resources for both increased public and private services.

We will continue to experience rapid population growth while we seek to improve the rate of economic growth, and over the long run this will put upward pressure on Government expenditures for civilian purposes. Nevertheless, wherever and whenever possible, we should try to reduce costs, curtail less urgent activities, and find other savings to permit essential new or growing services to be financed at the least cost to the taxpayer. That has been the policy in this budget. Essential services have been provided while administrative budget expenditures decline by over one-half billion dollars between the fiscal years 1964 and 1965.

## THE 1964 AND 1965 BUDGETS COMPARED

(In billions)

	Change from prior year (administrative budget)			
	New obligational authority		Expenditures	
	1964 budget document	1965 budget document	1964 budget document	1965 budget document
National defense.....	\$+2.2	\$-0.2	\$+2.4	\$-1.3
Space.....	+2.0	+0.1	+1.8	+0.6
Interest.....	+0.3	+0.4	+0.3	+0.4
Subtotal.....	+4.6	+0.3	+4.6	-0.3
Health, labor, welfare, and education (including attack on poverty).....	+2.1	+2.6	+0.9	+0.9
All other.....	-2.0	-1.7	-0.9	-1.1
Total.....	+4.7	+1.2	+4.5	-0.5

***The attack on poverty.***—In this budget I have provided over \$1 billion of new obligational authority to begin an all-out attack on the problem of poverty in the United States. In a nation as rich and productive as ours we cannot tolerate a situation in which millions of Americans do not have the education, health, and job opportunities for a decent and respected place as productive citizens. The vicious circle of poverty—in which one generation's poverty, ignorance, and disease breed the same problems for the next—must be broken. I propose to break that circle by raising the educational, skill, and health levels of the younger generation, increasing their job opportunities and helping their families to provide a better home life. I propose a program which relies upon the traditional and time-tested American methods of organized local community action to help individuals, families, and communities to help themselves.

Poverty stems from no one source, but reflects a multitude of causes. Correspondingly, a number of individual programs have been developed over the years to attack these individual problems of job opportunities, education, and training. Other specific programs deal with the closely related areas of health, housing, welfare, and agricultural services. I propose to establish a means of bringing together these separate programs—Federal, State, and local—in an effort to achieve a unified and intensified approach to this complex problem, in which each separate element reinforces the others.

Under this proposal, locally initiated, comprehensive community action programs would be developed, to focus the various available resources on the roots of poverty in urban and rural areas. I shall shortly transmit to the Congress legislation initiating this attack and

## PAYMENTS TO THE PUBLIC

[Fiscal years. In billions]

Function	1963 actual	1964 estimate	1965 estimate
<b>Administrative budget expenditures:</b>			
National defense.....	\$52.8	\$55.3	\$54.0
International affairs and finance.....	2.6	2.4	2.2
Space research and technology.....	2.6	4.4	5.0
Agriculture and agricultural resources.....	7.0	6.1	4.9
Natural resources.....	2.4	2.5	2.6
Commerce and transportation.....	2.8	3.2	3.1
Housing and community development.....	-0.1	-0.2	-0.3
Health, labor, and welfare.....	4.8	5.5	5.8
Education.....	1.2	1.3	1.7
Veterans benefits and services.....	5.2	5.4	5.1
Interest.....	10.0	10.7	11.1
General government.....	2.0	2.2	2.2
Allowances:			
Attack on poverty.....			0.2
Civilian pay comparability.....			0.5
Contingencies.....		0.2	0.3
Interfund transactions (deduct).....	0.5	0.7	0.6
<b>Total administrative budget expenditures.....</b>	<b>92.6</b>	<b>98.4</b>	<b>97.9</b>
<b>Trust fund expenditures:</b>			
Health, labor, and welfare.....	21.9	22.7	23.5
Commerce and transportation.....	2.9	3.4	3.5
National defense.....	0.7	0.9	1.2
Housing and community development.....	*	1.6	0.5
Veterans benefits and services.....	0.8	0.6	0.5
All other.....	0.8	0.6	0.7
Interfund transactions (deduct).....	0.5	0.5	0.5
<b>Total trust fund expenditures.....</b>	<b>26.5</b>	<b>29.3</b>	<b>29.4</b>
<b>Intragovernmental transactions and other adjustments (deduct).....</b>	<b>5.4</b>	<b>5.0</b>	<b>4.6</b>
<b>Total payments to the public.....</b>	<b>113.8</b>	<b>122.7</b>	<b>122.7</b>

\* Less than one-half million dollars.

authorizing, in 1965, \$500 million of new obligational authority specifically for this purpose. Additional funds for the local community action programs will be available from existing agency programs. Moreover, other legislative proposals, recommended elsewhere in this message, will contribute important new resources to the attack on poverty. The Youth Employment Act, the National Service Corps, and the community work and training program, are examples of such proposals. Of particular significance will be the education proposal

for project grants to meet special educational needs. All told, in 1965 more than \$1 billion of Federal resources under existing and proposed legislation would be concentrated, through local community action programs, in an intensive and coordinated attack on poverty.

Special emphasis is also being given to the economic needs of the 165,000-square-mile Appalachian region of the United States, which has been largely bypassed in the growth of prosperity in recent years. This emphasis by the Government, combined with the resources and activities of State, local, and private institutions and enterprises in the region, will be directed toward the development of the natural resources of the region, and the promotion of better employment opportunities for its people.

**National defense.**—To preserve freedom and protect our vital national interests in these recent years of uneasy peace, this Nation has invested heavily in the improvement of its defenses. We have chosen not to concede our opponents supremacy in any type of potential conflict, be it nuclear war, conventional warfare, or guerrilla conflict. We have now increased the strength of our forces so that, faced with any threat of aggression, we can make a response which is appropriate to the situation. With present forces and those now planned, we will continue to maintain this vital military capability.

During the past 3 years, we have achieved notable increases in military readiness, including:

- A 100% increase in the number of nuclear weapons available in the strategic alert forces.
- A 60% increase in the tactical nuclear forces deployed in Western Europe.
- A 45% increase in the number of combat-ready Army divisions.
- A 35% increase in the number of tactical fighter squadrons.
- A 75% increase in airlift capability to improve mobility.

These rapid gains result from an increase in cash payments for military purposes from \$47.7 billion in 1961 to \$56.0 billion in 1964. Along with the high level of preparedness we have now achieved, vigorous efforts to promote economies in the management of our Armed Forces have been producing significant savings. We are therefore able to propose a decrease of \$800 million in cash outlays (\$1.3 billion in the administrative budget) for national defense in fiscal year 1965 while maintaining our position of strength.

Nevertheless, national defense expenditures will remain high. These payments, estimated at \$55.2 billion (\$54.0 billion in the administrative budget) in 1965, will provide for all essential military purposes, including substantial improvements in our present and planned military capabilities. For example, the 1965 budget provides for

additional Minuteman missiles, further improvements in our air, land, and sea tactical forces, procurement of additional airlift aircraft, and continued research and development to ensure our ability to counter new threats.

To reinforce the total defense effort, the Congress should authorize funds for fallout shelters in public buildings, schools, hospitals, and other nonprofit institutions.

Although we continue to seek a relaxation of tensions, we cannot relax our guard. While the nuclear test ban treaty is a hopeful sign, neither that treaty nor other developments to date have, by themselves, reduced our defense requirements. We will continue underground nuclear testing, maintain our above ground test facilities in ready condition, maintain strong weapons laboratories, and continue the development of detection devices. However, because of the nuclear strength we have achieved, it will be possible to cut production of enriched uranium by 25% and to shut down four plutonium piles.

Our inventories of strategic and critical materials are being reviewed to assure that they are necessary for current civil and military defense requirements. I recommend that the Congress enact legislation to improve the management of these materials and simplify the disposal of those no longer needed.

***International affairs and finance.***—The less-developed nations are engaged in a critical struggle for political independence and economic betterment. This struggle takes many forms, from combating armed aggression and subversion in Vietnam to advancing national efforts to reduce poverty and illiteracy in South Asia, Latin America, and other areas. Upon the outcome of this struggle will depend the stability and security of much of the world. Through our programs of foreign assistance, we provide aid to these free peoples and thereby advance our own vital interests. It is essential that we continue, with a small portion of our great resources and technical knowledge, to promote in the emerging nations hope and orderly progress, replacing misery, hostility, and violence.

The \$2.4 billion of new obligational authority recommended for 1965 in this budget for the programs of the Agency for International Development is \$1.1 billion less than originally requested for 1964. It will make the total 1965 obligational availability for the program equivalent to the amount provided by the Congress for 1964 including unobligated funds carried forward from the prior year. The 1965 recommendation represents a prudent assessment of the funds required to fulfill the obligations we have undertaken and the opportunities we seek in a changing and challenging world.

The amount requested reflects a continuing effort to increase the



effectiveness and efficiency of our assistance programs. We are reducing AID staffing by several hundred employees, proportionately one of the largest reductions of any agency in Government. We are stressing the necessity for recipient countries to take adequate self-help measures. The 1965 request reflects the successes we have had in reducing the dependence of some nations upon the low-cost foreign aid loans made by the Agency for International Development; by 1965 a number of countries will have turned to other sources and types of loans more consistent with their increasing economic strength.

On the other hand, the 1965 budget does not allow for sudden opportunities that sometimes present themselves in international economic affairs. We must be able to take quick advantage of situations in which resolute and decisive actions can turn threats to the free world into constructive evidence of our determination to preserve the peace. We must also be able to take advantage of opportunities in which swift action can advance us dramatically along the road to free world cooperation and prosperity. Should such opportunities arise, I will request prompt action by the Congress to provide any additional funds needed to meet emerging requirements.

Our partners in the Alliance for Progress will continue to receive our most determined support and generous cooperation. Recent improvements in the organization of the Alliance should permit an acceleration of this program and foster ever greater hemispheric unity. I am therefore proposing an expanded bilateral program for the Alliance in 1965. Upon completion of negotiations and arrangements with other member countries, legislation will also be proposed to provide additional funds for long-term, low-interest loans by the Inter-American Development Bank.

The sincerity of our purpose overseas is exemplified by the highly successful work of the Peace Corps. As a result of this record and the gratifying flood of requests for the services of the Corps, funds are requested in 1965 for 14,000 volunteers, as compared with 10,500 in 1964.

***Space research and technology.***—Our plan to place a man on the moon in this decade remains unchanged. It is an ambitious and important goal. In addition to providing great scientific benefits, it will demonstrate that our capability in space is second to no other nation's. However, it is clear that no matter how brilliant our scientists and engineers, how farsighted our planners and managers, or how frugal our administrators and contracting personnel, we cannot reach this goal without sufficient funds. There is no second-class ticket to space.

Appropriations enacted for 1964 for the National Aeronautics and Space Administration were \$600 million below the amount requested.

As a result, major development programs leading to the manned lunar landing have fallen behind schedule. Careful replanning of the entire program, including a reduction in the number of test flights, will offset some of this delay. Even so, more funds are needed in 1964, and I am therefore recommending a supplemental appropriation of \$141 million for this year.

For 1965, I am requesting appropriations of \$5.3 billion, \$63 million above the 1964 amount, including the proposed supplemental appropriation. The 1964 and 1965 recommendations represent the minimum amount needed to achieve our goals in space. The estimated increase of \$590 million in expenditures in 1965 is due principally to payments required by commitments made in 1964 and earlier years. With the leveling off of appropriations, annual outlays should remain relatively stable in subsequent years.

In addition to the manned space flight program, though related to it, funds are included to support unmanned space flights for lunar exploration and supporting research and development. Funds are also included for scientific satellites, planetary probes, and experiments with meteorological and communications satellites.

***Agriculture and agricultural resources.***—At the present time, our farms are able to produce all we need for domestic use and all we can reasonably expect to sell abroad with substantially less land and manpower than are now being used. As a result, we have crop surpluses, inadequate farm income, underemployed rural people, and improper land use. A wide range of Government programs, including the feed grain and wheat programs, rural area development, and the more constructive use of surplus production at home and in Food for Peace, have improved this situation. Nevertheless, we need further efforts to help the farm economy adjust to its rapidly changing economic and technological environment and to help the Nation take advantage of its remarkably productive agriculture.

I shall shortly transmit to the Congress my recommendations for agricultural legislation. Included will be cotton and dairy proposals that will decrease by \$230 million the estimated expenditures of the Commodity Credit Corporation in 1965.

Titles I and II of Public Law 480 (Agricultural Trade Development and Assistance Act), the principal authority for our Food for Peace program, should be extended beyond their expiration date of December 31, 1964. Legislation also should be enacted to encourage the shifting of more of our present cropland to less intensive uses.

Federal payments in 1965 for agriculture and agricultural resources are estimated at \$5.1 billion, a reduction of \$1.3 billion from 1964.

This reduction is expected to occur mainly in farm commodity programs. A part, however, depends upon congressional approval of legislation proposed last year authorizing the Farmers Home Administration to insure private credit for financing the rural housing program and a new proposal providing for fees to cover the costs of meat, poultry, and grain inspection services.

**Natural resources.**—We must manage and develop our natural resources wisely, to meet the needs of an increasing population and growing economy. Even within the limits of a restrictive budgetary policy, public investments must be made in resource conservation and development and in research to enable us to use more effectively our water, land, minerals, forests, and other resources. Federal cash payments of \$2.7 billion are estimated in 1965 for these purposes.

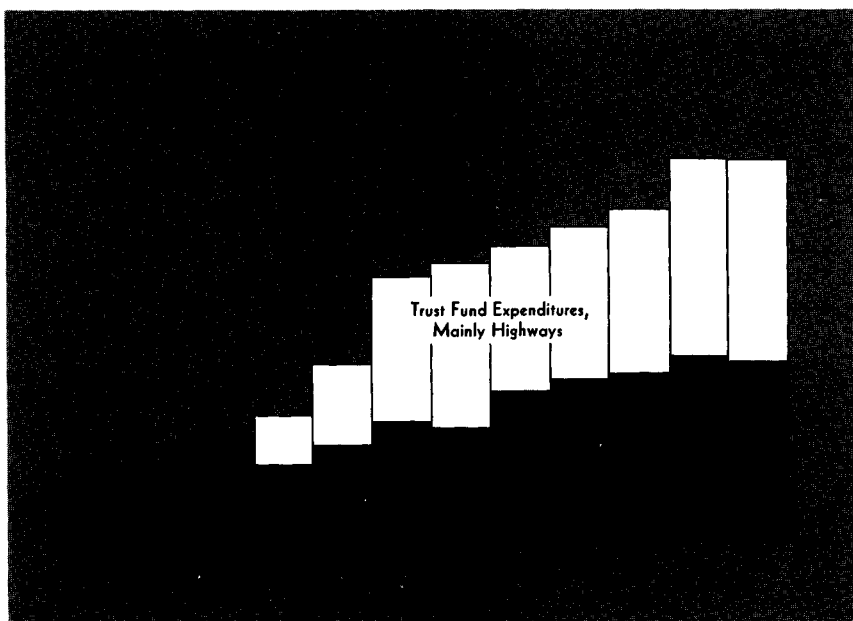
The budget provides for continuing construction of going projects which will supply water to our cities, industries, and farms; abate water pollution and improve water quality; control destructive floods; produce electric power; improve navigation; and provide recreational opportunities. Provision is also made for the Corps of Engineers and the Bureau of Reclamation to start 44 new projects with an estimated total Federal cost of \$512 million.

The need for outdoor recreational areas and facilities is growing rapidly. To help meet this need, legislation should be enacted to assist States in providing recreational opportunities. Legislation should also be enacted to preserve seashore and other areas with important recreation potential, and to protect our remaining wilderness areas.

**Commerce and transportation.**—To encourage continuing growth of our Nation's millions of privately owned businesses, the Government provides extensive aids, particularly to smaller businesses and areas of persistent unemployment, and helps assure the availability of adequate transportation and communication facilities.

Enactment of legislation already approved by the Senate is essential to provide the additional authorizations necessary for the area redevelopment program to go forward and to permit necessary improvements in that program.

Major proposed revisions in our national transportation policy are also pending before the Congress. These proposals would make substantial contributions toward a more efficient transportation system by placing greater reliance on the forces of competition and improving the effectiveness of Government regulation. Extensive hearings have been held on these proposals and I recommend their prompt enactment.

**Commerce and Transportation**

Total Federal payments for commerce and transportation programs will amount to \$6.6 billion in 1965. This is about the same amount as in 1964. Higher outlays from the Highway trust fund (financed by special taxes on highway users), increased loans and grants to redevelop depressed areas, and financing of a design competition for the civil supersonic transport aircraft will be offset by reductions for the temporary accelerated public works program and the postal service, and by strict economies in all programs.

***Housing and community development.***—In the Housing Act of 1961, the Congress substantially broadened Federal aids to private enterprise and local public agencies to help improve housing conditions and rebuild urban communities. The act also made funds available to finance these programs for several years. In several cases, these funds are now almost depleted. I am therefore recommending legislation to provide authority and funds for continuing such programs as urban renewal, urban planning and open space grants, housing loans for the elderly, and low-rent public housing. In addition, I am recommending important revisions and expansions essential to increase the effectiveness of these programs in meeting critical needs—particularly the needs of lower income groups whose inferior earning power seriously handicaps their efforts to achieve adequate living conditions.

Legislation is already being considered by the Congress to strengthen Federal aids to urban communities in order to help modernize and enlarge necessary mass transportation facilities. I urge that action be completed soon on this vitally needed program.

To carry on and improve housing and community development programs without adding to net budgetary requirements, we shall continue to sell to private lenders federally owned mortgages acquired in earlier years. New legislation is proposed to increase the effectiveness of the sales program. The proceeds of such sales and other receipts of housing and community development programs are expected to more than offset payments for these programs in 1965, with resulting net receipts estimated at \$40 million.

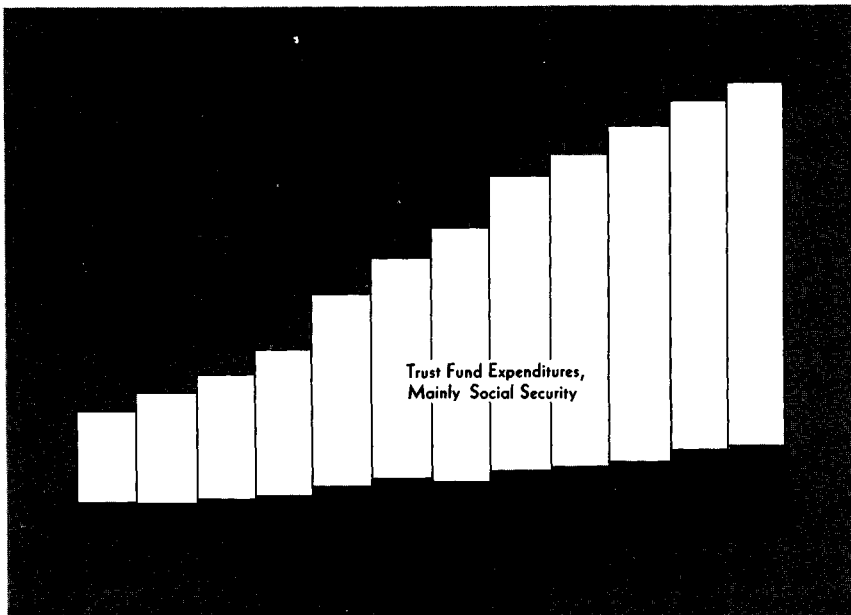
**Health, labor, and welfare.**—This budget places major stress on strengthening the productivity of our labor force, improving the health of our people, and reducing the fear of economic insecurity. In 1965, the Federal Government will strengthen the health, labor, and welfare activities which contribute to these objectives. Payments for these activities, mainly from self-financing trust funds, will be \$28.6 billion, about \$1.3 billion more than in 1964.

Most of the payments are for social insurance and public welfare programs which complement efforts by individuals and families to provide for their own security. These programs have been significantly improved by legislation enacted in recent years. To foster greater self-sufficiency and reduced reliance on public welfare, the Congress should enact proposed legislation to create a National Service Corps and expand demonstration projects in community work programs.

The budget proposals for health activities in 1965 will continue to strengthen the National Institutes of Health and the Food and Drug Administration and will improve environmental health protection. The budget provides for rapid progress under the legislation passed in the last session of the Congress to combat mental illness and retardation, increase the number of doctors and dentists, and reduce air pollution. New legislation is needed this year to improve nurse education and to extend the Hill-Burton program for construction of medical facilities, expanding and redirecting it to meet pressing needs for nursing homes and for modernizing urban hospitals.

Pending legislation to provide urgently needed health insurance for aged persons through the social security system should also be enacted. Provision should be made for benefits to be paid from administrative budget funds to those not eligible under the social security system. Since benefit payments would not start until 1966, this provision would not affect the 1965 budget.

## Health, Labor, and Welfare



For manpower training and services, the budget recommends for both 1964 and 1965 the full authorization provided under the recent amendments to the Manpower Development and Training Act. More than 275,000 unemployed workers, including youths found unqualified for military service, will be trained on jobs and in classrooms during 1965. Of these, about 60,000 will receive basic literacy education. Prompt enactment of the Youth Employment Act is needed to provide work and training in camps and in hometown projects for an estimated 60,000 youths. Legislation is again recommended to improve the State unemployment insurance programs financed from the unemployment trust fund; this legislation would extend coverage to more people and lengthen the duration of benefits.

**Education.**—Bills enacted last year for Federal assistance to higher education and enlarged Federal support for vocational education mark important milestones in efforts to improve our educational system on a national scale. The budget includes supplemental appropriations for 1964 so that these measures can be implemented promptly.

But much remains to be done. Important elements of the education program proposed last year have not yet been enacted. In particular, attention must be turned to the basic foundation of our educational system—the elementary and secondary schools. First, I recommend enactment of pending legislation providing grants to raise teachers' salaries and build critically needed classrooms. Second, to supple-

ment this general aid, I am also recommending an expanded program providing project grants to meet special educational needs and to provide special services for schoolchildren, particularly for use in connection with community action programs to combat poverty.

The Congress should also enact the remaining portions of last year's proposals, such as the federally guaranteed loan program and the work-study program for college students; and the proposals directed at special educational needs of other individuals, including graduate students, prospective and existing teachers, all citizens who appreciate the advantages of good public libraries, adults who have missed the opportunity for basic schooling in the "3-R's", and those who seek to make learning a continuing process through university extension services.

In keeping with the continuing need to strengthen the scientific and technological resources of the Nation, the budget also provides for expansion of the National Science Foundation's basic research and science education programs. Major emphasis will be placed on increasing support for graduate students in the sciences and on strengthening science instruction and facilities in colleges and universities, one objective of which is to develop additional top-ranking centers of graduate study in the sciences.

Expenditures for education are estimated at \$1.6 billion in 1965, an increase of \$0.3 billion over 1964. New obligational authority of \$3.1 billion is requested, up \$1.2 billion from 1964.

***Veterans benefits and services.***—We have a lasting obligation to those who died or were disabled in the defense of the Nation, and to their dependents. During the past 3 years a cost-of-living increase in disability compensation rates has been provided, and increases in benefits have been granted for the widows, children, and dependent parents of veterans who died as a result of military service. In addition, vocational rehabilitation programs have been extended to disabled peacetime ex-servicemen and to those wartime veterans who were precluded from entering training within the regular time limits.

In 1965, the Federal Government will spend \$5.5 billion on its programs for veterans. This is \$425 million less than in 1964, mainly because of an anticipated substantial rise in receipts from sales by the Veterans Administration of Government-owned mortgages, which are applied against expenditures.

We will continue to make certain that veterans with service-related disabilities, and their dependents, are fairly provided for. Benefits and services for other groups of veterans will also continue to be provided, but with the recognition that veterans and their families are sharing to an increasing extent in Federal, State, and local programs which are raising the standards of income maintenance, educational opportunity, and health and welfare for all Americans.

## SPECIAL ASPECTS OF THE GOVERNMENT PROGRAM

Certain additional elements of the proposed 1965 Government program deserve special note.

***Federal expenditures and the balance of payments.***—The recent improvement in the U.S. balance of international payments represents progress toward eliminating our persistent payments deficit. Preliminary estimates indicate that the gross balance-of-payments deficit in the second half of calendar year 1963 was roughly one-third that of the first half. For the year as a whole, these estimates show the deficit to be the lowest since 1957.

Three factors in particular have contributed to the improvement during the past year: the continued price stability of U.S. products, a proposed interest equalization tax on foreign securities, which would be effective as of July 1963, and an increase in short-term interest rates. Anticipation of the proposed tax, which is intended only as a temporary measure, has already had a favorable effect. To insure continuing benefits from the tax during the critical period ahead, I urge its speedy enactment by the Congress. Enactment of the tax reduction legislation now before Congress will also help the balance of payments by making U.S. firms more competitive in world markets and by promoting the kind of economy which will be more attractive to U.S. and foreign investors.

During the past one and a half years, all Federal Government activities affecting the balance of payments have been under continuing scrutiny for the purpose of finding savings—large and small—which can be made in payments abroad. In some cases, purchases or activities formerly conducted overseas have been restricted to the United States. In others, they have been eliminated. Over 80% of the current obligations by the Agency for International Development for loans and grants to developing countries now must be spent for goods and services produced in the United States. In addition, defense offset agreements with certain of our European allies, the prepayment of funds previously loaned to foreign governments, and the sale of special nonmarketable, medium-term Treasury bonds to foreign central banks have been particularly helpful to our balance of payments.

As a result of the reviews and actions undertaken, the net annual outflow from Federal Government programs—payments less regular receipts—is estimated to drop by \$800 million between 1963 and 1965. This excludes special receipts of a nonrecurring nature, such as prepayments of loans, sales of nonmarketable medium-term securities, and advances received on military exports.

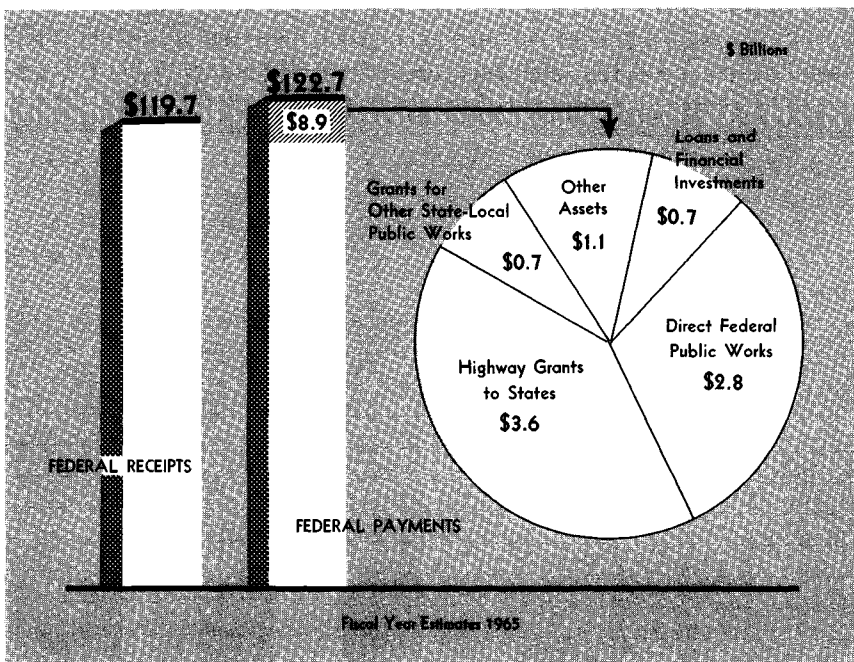


**Federal expenditures of an investment nature.**—A large part of the civilian expenditures of the Federal Government contributes directly and indirectly to the growth and development of the Nation's physical and human resources. For example, budget and trust fund expenditures for fiscal year 1965 include \$3.7 billion for Federal civil public works, for the acquisition of major nondefense equipment and other physical assets, and for small business, rural electrification, and other loans and additions to civilian Federal assets. Another \$5.3 billion of Federal civilian budget and trust fund outlays represent grants for highways, hospitals, schools and other facilities which increase State, local, and private physical assets.

Federal expenditures in 1965 also include \$1.8 billion for such developmental activities as education, training and health, and \$1.5 billion for scientific research and development other than for defense and space objectives. These outlays increase knowledge, enhance skills, and strengthen the physical vigor and quality of the labor force. Thus, of the total estimated Federal cash payments to the public in 1965, about \$12.3 billion or 10%, represent an investment in civilian programs which will help promote the long run growth of our Nation.

Furthermore, during fiscal year 1965 an estimated \$8.2 billion will be spent on defense research and development, including atomic

### Additions to Non-defense Assets

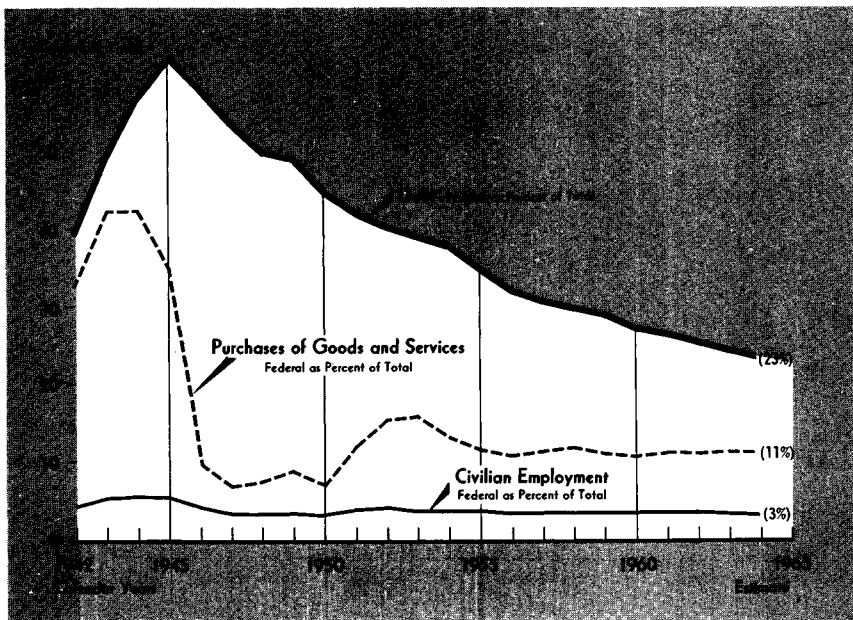


energy, and \$4.5 billion on space research and development. In the long run these outlays will also make a valuable contribution to the technological development and economic growth of our country.

**Federal expenditures and the national output.**—Direct Federal purchases of goods and services in 1965 are estimated at \$69.1 billion, which is less than 11% of the gross national product; five-sixths of these purchases are for the defense and space programs. Total Federal purchases of goods and services have remained at approximately 11% to 12% of the gross national product throughout the last decade.

Other large portions of the budget, such as social security payments, represent transfers of purchasing power to or within other sectors of the economy. Such outlays, amounting to \$52.4 billion in 1965, are estimated to fall somewhat as a percent of total national output. These include \$31.8 billion for transfer payments—such as old-age and survivors insurance benefits, unemployment compensation, and military and veterans pensions—which improve the recipients' standard of living by providing them with increased purchasing power. Similarly, grants-in-aid to State and local governments for such activities as highways, public assistance, and public health increase the ability of these governments to provide local public services. These Federal expenditures transferring purchasing power to other sectors of the economy have more than doubled from 1955 to 1964, while Federal purchases of goods and services have risen by about 50%.

### Federal Debt, Purchases, and Employment Down Relative to Total Economy



In fiscal year 1965, the Federal Government will add to its direct use of total national output much less than will State and local governments. In contrast to the estimated rise of \$1.3 billion in direct Federal purchases in 1965 as compared with 1964, present indications are that purchases by State and local governments will continue to rise by at least as much as the \$3 billion to \$4 billion by which they have been increasing in recent years.

### PUBLIC DEBT

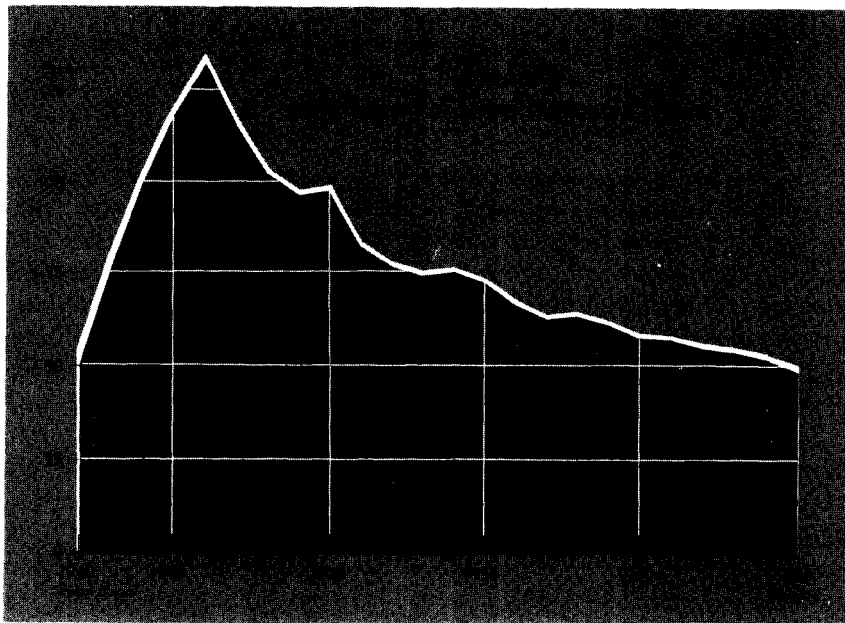
Under present law the temporary debt limitation of \$315 billion will continue in effect through June 29, 1964. The temporary limit then becomes \$309 billion for one day, June 30, 1964, after which the permanent ceiling of \$285 billion again becomes effective.

#### PUBLIC DEBT AT END OF YEAR

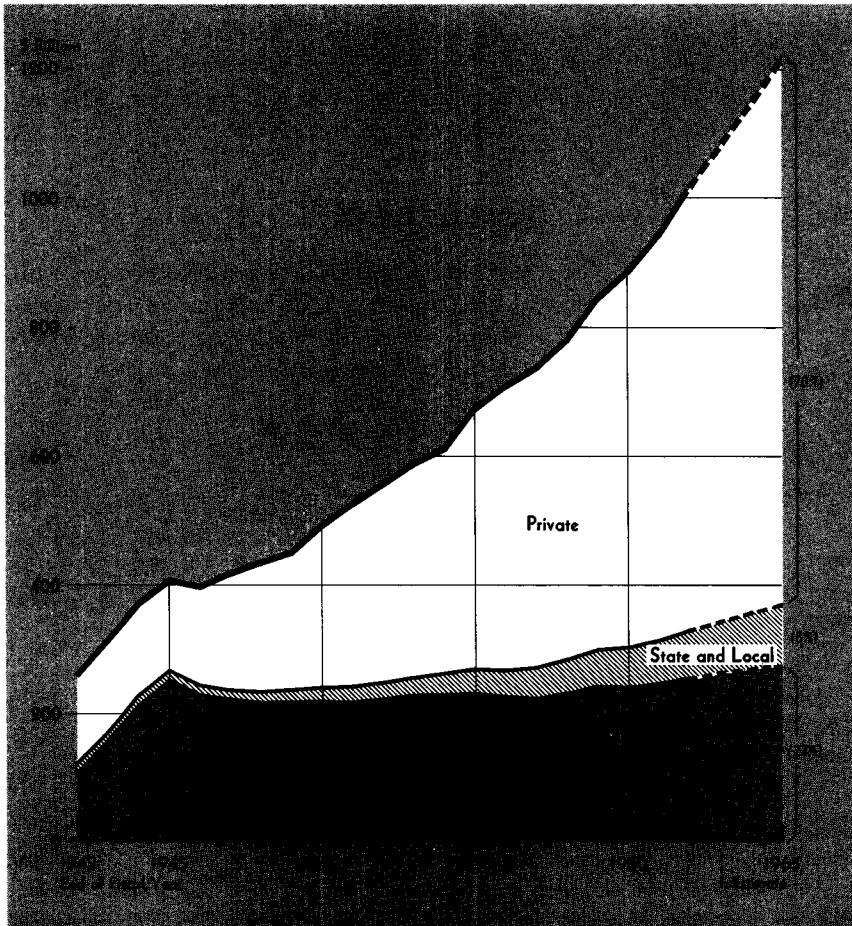
[Fiscal years. In billions]

Description	1962 actual	1963 actual	1964 estimate	1965 estimate
Owned by Federal agencies and trust funds..	\$55.7	\$57.7	\$60.3	\$62.6
Owned privately and by Federal Reserve banks.....	242.5	248.1	251.5	254.4
Total.....	298.2	305.9	311.8	317.0

Note.—For further details see table 11 in part 2 of this document.



### Net Public and Private Debt



The present temporary debt limits were enacted in November 1963. The House Committee on Ways and Means noted in its report of November 4, 1963, that the ceilings were very restrictive, and cut sharply into the normal allowances for contingencies and flexibility during periods of peak requirements in March and June. The report also noted the concern of the Secretary of the Treasury that the debt could not be reduced to the \$309 billion limit set by statute for June 30, 1964, without disrupting orderly management of Treasury finances.

Based on the latest estimates contained in this budget, the debt subject to limit on June 30, 1964, is now estimated to be \$312 billion. Accordingly, a change in the limit is necessary before June 30, 1964, if serious difficulties in the conduct of public debt management are to be avoided. A further change will be needed to cover the anticipated, but reduced, deficit for 1965.

Debt limitations which are so restrictive or so temporary in application as to necessitate several legislative revisions in a single year—as last year—conflict with economical operation of the Government and effective financial management, and involve both the Congress and the Executive in unnecessarily repetitive discussions of the same issues. Instead, the debt ceiling should provide sufficient flexibility for sound management of the Government's finances at the lowest cost, and also permit the Treasury leeway for actively supporting the Nation's balance-of-payments position through timely debt operations. With or without a restrictive debt ceiling, expenditures in this administration will be held to the lowest possible level.

### EFFICIENCY AND ECONOMY IN GOVERNMENT

I call upon all Government employees to observe three paramount principles of public service:

First, complete fairness in the administration of governmental powers and services;

Second, scrupulous avoidance of conflicts of interest; and

Third, a passion for efficiency and economy in every aspect of Government operations.

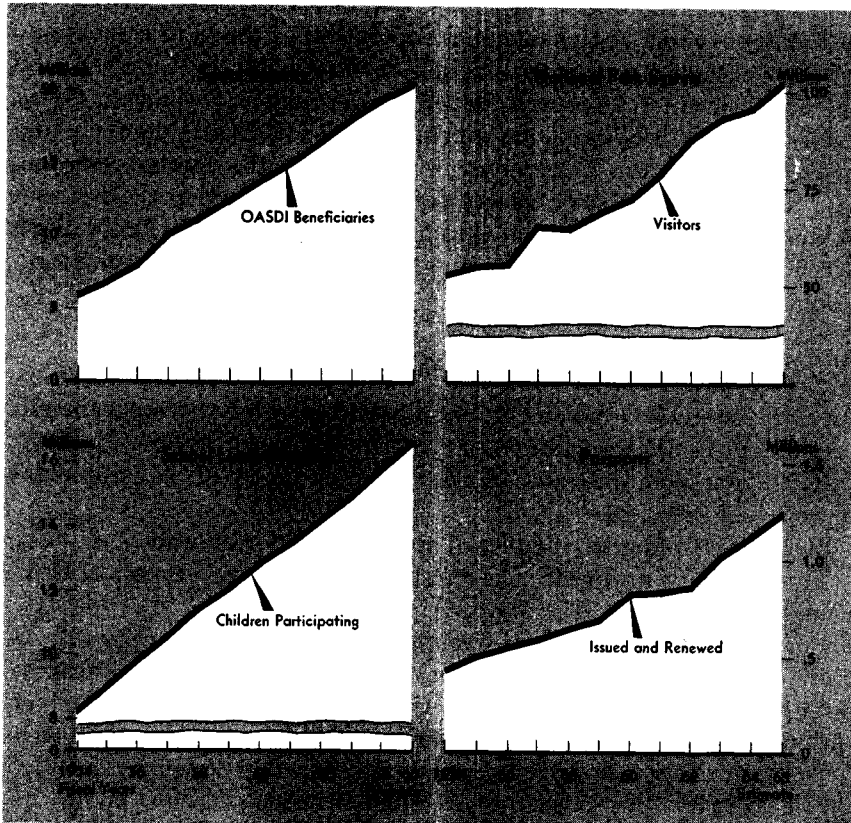
For its part, the Federal Government must be a good employer. It must offer challenging opportunities to its employees. It must be prompt to recognize and reward initiative. It must pay well to attract and keep its share of dedicated and resourceful workers. It must welcome fresh ideas, new approaches, and responsible criticism.

For 33 years I have been in Government service. I have known its challenge, its rewards, and its opportunities. But all these will multiply in the years to come. The time is at hand to develop the Federal service into the finest instrument of public good that our will and ingenuity can forge.

***Controlling employment.***—Although both our population and our economy are growing and placing greater demands upon the Government for services of every kind, I believe the time has come to get our work done by improving the efficiency and productivity of our Federal work force, rather than by adding to its numbers.

This budget proposes a reduction in Federal employment in 1965—from 2,512,400 to 2,511,200 civilian employees—and I have directed the heads of all departments and agencies to work toward reducing employment still further. This reversal in the trend of Federal employment results from a rigorous appraisal of personnel needs, determined measures to increase employee productivity and efficiency, and the curtailment of lower priority work. It will be accomplished despite large and unavoidable increases in workloads.

## Selected Program Trends



Of the 9½ million civilian employees of governments in the United States today, 2½ million are employed by the Federal Government and about 7 million by the State and local governments. In the decade from fiscal year 1955, Federal civilian employment in the executive branch will rise by 6%, while the population of the United States will increase by 17%. State and local employment will increase about 65% during the same period.

In fiscal year 1955, we had 14 Federal civilian employees in the executive branch for every 1,000 people; in fiscal year 1965, we will have fewer than 13 Federal civilian employees to serve every 1,000 people.

**Management improvement and cost reduction.**—As substantial as are savings due to tightening up on Federal employment, even larger economies result from actions which eliminate waste and duplication, simplify unnecessarily complex systems and procedures, and introduce new and better business methods.

The emphasis on management improvement in the executive branch during the past 3 years has led to impressive economies on a very wide front. Functions have been consolidated. Automatic data processing equipment has improved efficiency and reduced operating costs. Excess property in the possession of one agency has been transferred to others, saving substantial funds budgeted for new purchases. Productivity has been increased in agencies with the heaviest volume of workloads, thus avoiding payroll increases.

In the Department of Defense, the cost reduction program has achieved exceptional results. Without impairing combat strength or effectiveness, savings of over \$1 billion were achieved in fiscal year 1963, and annual savings by fiscal year 1967 are expected to reach the impressive figure of \$4 billion. As part of this effort, defense bases and installations no longer needed will be shut down. The number of civilian employees in the Department of Defense will decrease by 10,000 in fiscal year 1964 and by another 17,000 in 1965—to the lowest level since 1950.

I have directed all departments and agencies to continue and intensify these efforts. When the search for economy is compromised, the taxpayer is the loser.

**Government organization.**—The organization of the Government must be adjusted to cope with new and challenging problems resulting from scientific and technological advances, the development of new and the elimination of old programs, and changes in policies and program emphasis.

One of the most urgently needed improvements requiring congressional action is legislation to create a Department of Housing and Community Development to provide leadership in coordinating various Federal programs which aid the development of our urban areas. I recommend that the Congress approve establishment of this new Department during its current session.

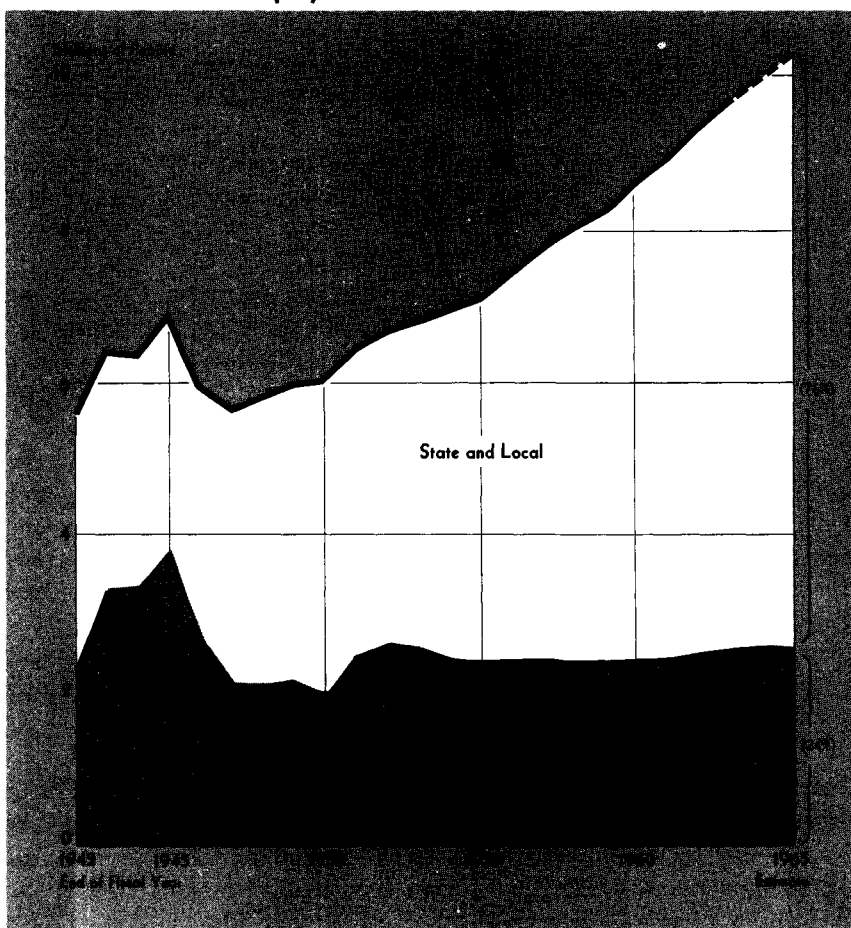
The authority of the President to transmit reorganization plans to the Congress expired on May 31, 1963. Legislation now pending in the Congress should be enacted to renew this authority.

**Salary reform and adjustment.**—Although this budget is deliberately restrictive, I have concluded that government economy will be best served by an upward adjustment in salaries. In the last year and a half the Federal Government has taken far-reaching steps to improve its pay practices. The Federal Salary Reform Act of 1962 and the Uniformed Services Pay Act of 1963 established the principle of keeping military and civilian pay generally in line with pay in the private economy. This is a sound principle, and it is reinforced

by the sound procedure of annual review. This principle is fair to the taxpayer, to Government employees, and to the Government as an employer.

This budget provides for the costs of such action in this session of Congress. Any pay action by the Congress should bring salary rates for top executive branch positions up to levels more nearly commensurate with their respective responsibilities, and increase rates for the Congress and the Judiciary. Economy and efficiency in government will come primarily from the hard and conscientious work of our top managers, who are now plainly underpaid for what is expected of them.

### Government Civilian Employment





## CONCLUSION

Approval of this budget will :

- Lift a major barrier to more rapid growth in the private sector of the economy by reducing tax burdens and providing investment incentives.
- Meet the Nation's defense, international, and domestic requirements.
- Provide generously for human needs and, with local community action, attack forcefully the pockets of human want and deprivation in our land.
- Advance efficient and economical administration in the Government so that each tax dollar will be a dollar well spent.

The program proposed for 1965 should provide ample assurance of our determination to keep costs under tight control and move the tax reduction bill toward speedy approval. It should also provide ample evidence that critical national problems need not go unsolved and human wants unmet in a Nation rich in moral as well as material strength.

A government that is strong, a government that is solvent, a government that is compassionate is the kind of government that endures.

There is no inconsistency in being prudent and frugal, in being alert and strong, and in being sensitive and sympathetic to the unfilled needs of the people.

This is the objective of this Administration. It is an objective that will be met.

I firmly believe the proposals in this budget will serve the Nation well and I ask the support of the Congress and the American people in putting them into effect.

LYNDON B. JOHNSON.

January 21, 1964.

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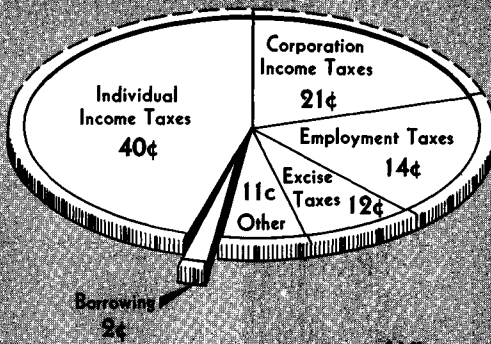
PART 2

SUMMARY TABLES

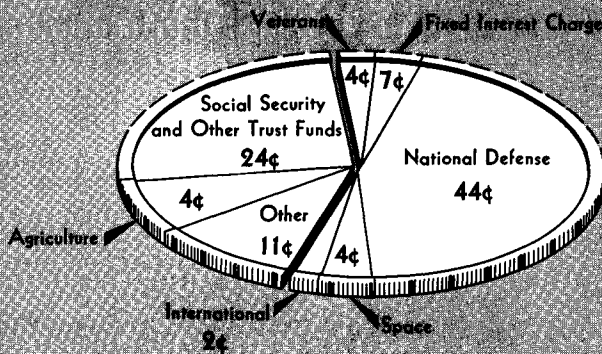
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# THE GOVERNMENT DOLLAR

*Where it comes from . . .*



*Where it goes . . .*



**Fiscal Year 1965 Estimate**

Table 1. BUDGET RÉSUMÉ (in billions of dollars)

ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS AND EXPENDITURES						
Description	ADMINISTRATIVE BUDGET FUNDS			TRUST FUNDS		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>RECEIPTS</b>						
Individual income taxes	47.6	47.5	48.5			
Corporation income taxes	21.6	23.7	25.8			
Employment taxes				14.9	16.8	17.0
Excise taxes	9.9	10.2	11.0	3.3	3.5	3.5
Unemployment tax deposits by States				3.0	2.9	2.8
Estate and gift taxes	2.2	2.3	2.7			
Customs	1.2	1.3	1.5			
Federal employees retirement				1.9	2.0	1.9
Interest on trust funds				1.5	1.6	1.7
Veterans life insurance premiums				.5	.5	.5
Miscellaneous receipts	4.4	4.1	4.1	3.2	3.4	3.9
Interfund transactions	-.5	-.7	-.6	-.5	-.5	-.5
<b>Total receipts</b>	<b>86.4</b>	<b>88.4</b>	<b>93.0</b>	<b>27.7</b>	<b>30.2</b>	<b>30.9</b>
<b>EXPENDITURES</b>						
National defense	52.8	55.3	54.0	.7	.9	1.2
International affairs and finance	2.6	2.4	2.2	*	.1	.1
Space research and technology	2.6	4.4	5.0		*	*
Agriculture and agricultural resources	7.0	6.1	4.9	.5	.5	.4
Natural resources	2.4	2.5	2.6	.1	.1	.1
Commerce and transportation	2.8	3.2	3.1	2.9	3.4	3.5
Housing and community development	-.1	-.2	-.3	*	1.6	.5
Health, labor, and welfare	4.8	5.5	5.8	21.9	22.7	23.5
Education	1.2	1.3	1.7	*	*	*
Veterans benefits and services	5.2	5.4	5.1	.8	.6	.5
Interest	10.0	10.7	11.1			
General government	2.0	2.2	2.2	*	*	*
Deposit funds (net)				.1	-.1	*
Allowance for attack on poverty			.2			
Allowance for civilian pay comparability			.5			
Allowance for contingencies		.2	.3			
Interfund transactions	-.5	-.7	-.6	-.5	-.5	-.5
<b>Total expenditures</b>	<b>92.6</b>	<b>98.4</b>	<b>97.9</b>	<b>26.5</b>	<b>29.3</b>	<b>29.4</b>
<b>CONSOLIDATED SUMMARY</b>						
Description	1963 actual	1964 estimate	1965 estimate			
<b>Cash receipts:</b>						
Administrative budget receipts	86.4	88.4	93.0			
Trust fund receipts	27.7	30.2	30.9			
Intragovernmental transactions	-4.3	-4.2	-4.1			
<b>Total receipts from the public</b>	<b>109.7</b>	<b>114.4</b>	<b>119.7</b>			
<b>Cash expenditures:</b>						
Administrative budget expenditures	92.6	98.4	97.9			
Trust fund expenditures	26.5	29.3	29.4			
Intragovernmental and other noncash transactions	-5.4	-5.0	-4.6			
<b>Total payments to the public</b>	<b>113.8</b>	<b>122.7</b>	<b>122.7</b>			
<b>Excess of receipts from (+) or payments to (-) the public</b>	<b>-4.0</b>	<b>-8.3</b>	<b>-2.9</b>			

\*Less than \$50 million. Note.—Detail may not add to totals due to rounding.

Table 2. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC  
(CONSOLIDATED CASH BASIS) (in billions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>RECEIPTS FROM THE PUBLIC</b>			
Individual income taxes.....	47.6	47.5	48.5
Corporation income taxes.....	21.6	23.7	25.8
Employment taxes.....	14.9	16.8	17.0
Excise taxes.....	13.2	13.7	14.5
Unemployment tax deposits by States.....	3.0	2.9	2.8
Estate and gift taxes.....	2.2	2.3	2.7
Customs.....	1.2	1.3	1.5
Veterans life insurance premiums.....	.5	.5	.5
Other receipts.....	5.6	5.7	6.4
<b>Total receipts from the public.....</b>	<b>109.7</b>	<b>114.4</b>	<b>119.7</b>
<b>PAYMENTS TO THE PUBLIC</b>			
National defense.....	53.4	56.0	55.2
International affairs and finance.....	2.2	2.5	2.4
Space research and technology.....	2.6	4.4	5.0
Agriculture and agricultural resources.....	7.3	6.3	5.1
Natural resources.....	2.5	2.6	2.7
Commerce and transportation.....	5.8	6.6	6.6
Housing and community development.....	— .3	1.3	*
Health, labor, and welfare.....	25.7	27.3	28.6
Education.....	1.2	1.3	1.6
Veterans benefits and services.....	6.0	6.0	5.5
Interest.....	7.4	8.1	8.6
General government.....	2.0	2.2	2.2
Deposit funds, net.....	— .2	— .1	*
Allowance for attack on poverty.....			.2
Allowance for civilian pay comparability.....			.5
Allowance for contingencies.....		.2	.3
Other undistributed adjustments:			
Agency payments for employee retirement.....	— .9	— 1.0	— 1.0
Deduction from employees' salaries for retirement.....	— .9	— .9	— 1.0
Increase (—) or decrease in outstanding checks, etc.....	— .1	— .1	*
<b>Total payments to the public.....</b>	<b>113.8</b>	<b>122.7</b>	<b>122.7</b>
<b>Excess of receipts (+) or payments (—).....</b>	<b>— 4.0</b>	<b>— 8.3</b>	<b>— 2.9</b>

\*Less than \$50 million.

Note.—This table shows the flow of money between the Government and the public on a cash (collections and checks paid) basis. For fuller explanation, see special analysis A (pages 328 to 336).

Table 3. NEW OBLIGATIONAL AUTHORITY BY TYPE AND FUNCTION  
(In billions of dollars)

Description	ADMINISTRATIVE BUDGET FUNDS			TRUST FUNDS		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>TYPE</b>						
<b>Authorizations requiring current action by Congress:</b>						
Appropriations <sup>1</sup> .....	89.1	88.0	91.1	0.4	0.4	0.4
Reappropriations.....	*	*				
Authorizations to expend from debt receipts.....	.5	.5	*			
Contract authorizations.....	1.0	1.5	.4	3.6		3.8
<b>Total authorizations requiring current action by Congress.....</b>	<b>90.6</b>	<b>90.0</b>	<b>91.4</b>	<b>3.9</b>	<b>.4</b>	<b>4.2</b>
<b>Authorizations not requiring current action by Congress (permanent):</b>						
Appropriations <sup>1</sup> .....	10.7	11.5	11.8	23.6	25.8	26.1
Authorizations to expend from debt receipts.....	.7	.6	.5	.2	.1	.1
Contract authorizations.....	.3	.5	.1	.9	5.4	1.3
<b>Total authorizations not requiring current action by Congress (permanent).....</b>	<b>11.6</b>	<b>12.6</b>	<b>12.4</b>	<b>24.7</b>	<b>31.3</b>	<b>27.6</b>
<b>Total new obligational authority.....</b>	<b>102.3</b>	<b>102.6</b>	<b>103.8</b>	<b>28.6</b>	<b>31.7</b>	<b>31.8</b>
<b>FUNCTION</b>						
National defense.....	54.3	53.8	53.7	.9	1.7	1.3
International affairs and finance.....	5.7	3.0	3.6	*	.1	.1
Space research and technology.....	3.7	5.2	5.3	*	*	*
Agriculture and agricultural resources.....	7.1	6.4	5.0	*	*	*
Natural resources.....	2.4	2.6	2.6	.1	.1	.1
Commerce and transportation.....	4.0	2.9	2.8	3.6	3.7	3.8
Housing and community development.....	.6	2.0	.5	.6	.4	.6
Health, labor, and welfare.....	5.4	5.8	6.6	22.6	24.9	25.1
Education.....	1.4	1.9	3.1	*	*	*
Veterans benefits and services.....	5.5	5.6	5.5	.7	.7	.7
Interest.....	10.0	10.7	11.1			
General government.....	2.2	2.3	2.4	*	*	*
Allowance for attack on poverty.....			.5			
Allowance for civilian pay comparability.....			.5			
Allowance for contingencies.....		.4	.5			
<b>Total new obligational authority.....</b>	<b>102.3</b>	<b>102.6</b>	<b>103.8</b>	<b>28.6</b>	<b>31.7</b>	<b>31.8</b>

\*Less than \$50 million.

Note.—New obligational authority is the amount becoming available by act of Congress for the incurring of obligations which will result in expenditures. The various types of new obligational authority are explained on pages 146 and 147. For detailed information on new obligational authority by agency and account see pages 150 to 325.

<sup>1</sup> Excludes appropriations to liquidate contract authorizations:

Administrative budget funds, 1963, \$0.8 billion; 1964, \$0.9 billion; 1965, \$1.4 billion.

Trust funds, 1963, \$4.1 billion; 1964, \$4.5 billion; 1965, \$4.9 billion.

Table 4. NEW OBLIGATIONAL AUTHORITY BY AGENCY (in millions of dollars)

Description	1963 enacted	1964 estimate			1965 estimate		
		Enacted	Supple- mental needed	Total	Trans- mitted herein	Later trans- mittal	Total
<b>ADMINISTRATIVE BUDGET FUNDS</b>							
Legislative Branch.....	160	156	*	156	200	-----	200
The Judiciary.....	64	67	*	67	72	-----	72
Executive Office of the President.....	24	25	-----	25	29	-----	29
Funds appropriated to the Pres- ident.....	5,663	2,262	-----	2,262	2,801	-----	2,801
Department of Agriculture.....	8,032	7,189	76	7,265	6,209	-253	5,956
Department of Commerce.....	813	792	8	800	923	-----	923
Dept. of Defense—Military.....	51,120	49,913	1,087	51,000	50,708	172	50,880
Dept of Defense—Civil.....	1,092	1,148	2	1,150	1,214	-----	1,214
Dept. of Health, Education, & Welfare.....	5,333	5,246	857	6,102	6,531	1,118	7,649
Department of the Interior.....	1,134	1,164	20	1,184	1,173	40	1,213
Department of Justice.....	319	344	1	345	368	-----	368
Department of Labor.....	362	350	120	470	671	160	831
Post Office Department.....	840	654	-----	654	551	-----	551
Department of State.....	423	353	82	435	377	-----	377
Treasury Department.....	11,046	11,861	13	11,874	12,394	-----	12,394
Atomic Energy Commission.....	3,135	2,743	-----	2,743	2,693	-----	2,693
Federal Aviation Agency.....	755	813	-----	813	676	75	751
General Services Administration.....	622	631	3	635	632	-----	632
Housing & Home Finance Agcy.....	785	794	1,409	2,203	674	75	749
National Aeronautics and Space Administration.....	3,673	5,100	141	5,241	5,304	-----	5,304
Veterans Administration.....	5,534	5,536	17	5,553	5,444	-----	5,444
Other independent agencies.....	1,285	1,115	*	1,116	1,207	-65	1,142
District of Columbia.....	70	60	-----	60	68	5	72
Allowance for attack on poverty.....	-----	-----	-----	-----	-----	500	500
Allowance for civilian pay com- parability.....	-----	-----	-----	-----	-----	544	544
Allowance for contingencies.....	-----	-----	400	400	-----	500	500
<b>Total administrative budget.....</b>	<b>102,283</b>	<b>98,317</b>	<b>4,237</b>	<b>102,554</b>	<b>100,919</b>	<b>2,870</b>	<b>103,789</b>
<b>TRUST FUNDS</b>							
Department of Commerce.....	3,611	3,741	-----	3,741	3,817	-----	3,817
Dept. of Health, Education, & Welfare.....	14,989	17,073	-----	17,073	17,439	60	17,499
Department of Labor.....	4,261	4,192	-----	4,192	3,933	-----	3,933
Veterans Administration.....	711	719	-----	719	714	-----	714
Civil Service Commission.....	2,247	2,382	-----	2,382	2,391	-----	2,391
Railroad Retirement Board.....	1,115	1,218	-----	1,218	1,279	-----	1,279
Other agencies.....	1,667	2,370	-----	2,370	2,184	-----	2,184
<b>Total trust funds.....</b>	<b>28,602</b>	<b>31,695</b>	<b>-----</b>	<b>31,695</b>	<b>31,757</b>	<b>60</b>	<b>31,817</b>

\*Less than one-half million dollars.

Note.—For explanation of the columnar headings for 1964 and 1965, see pages 148 and 149. For detailed information on new obligational authority by agency and account, see pages 150 to 325.

Table 5. EXPENDITURES BY AGENCY (in millions of dollars)

Description	1963 actual	1964 estimate			1965 estimate		
		Enacted	Supple- mental needed	Total	Trans- mitted herein	Later trans- mittal	Total
ADMINISTRATIVE BUDGET FUNDS							
Legislative Branch.....	147	166	*	166	179	-----	179
The Judiciary.....	63	67	*	67	72	-----	72
Executive Office of the President.....	23	25	-----	25	28	-----	28
Funds appropriated to the Pres- ident.....	2,247	2,817	-----	2,817	2,533	-----	2,533
Department of Agriculture.....	7,735	7,068	-91	6,978	6,183	-368	5,815
Department of Commerce.....	676	786	*	786	833	*	833
Dept. of Defense—Military.....	49,973	51,244	1,056	52,300	51,008	192	51,200
Dept. of Defense—Civil.....	1,128	1,140	2	1,141	1,192	*	1,192
Dept. of Health, Education, & Welfare.....	4,909	5,135	395	5,530	5,458	396	5,853
Department of the Interior.....	1,029	1,103	11	1,114	1,126	22	1,148
Department of Justice.....	317	329	1	330	343	*	343
Department of Labor.....	257	340	76	415	546	121	667
Post Office Department.....	770	546	-----	546	475	-----	475
Department of State.....	408	355	30	385	362	20	382
Treasury Department.....	11,028	11,860	14	11,874	12,335	*	12,335
Atomic Energy Commission.....	2,758	2,800	-----	2,800	2,735	-----	2,735
Federal Aviation Agency.....	726	790	-----	790	824	5	829
General Services Administration.....	464	552	3	555	578	-----	578
Housing & Home Finance Ag'cy.....	410	212	-----	212	339	-190	149
National Aeronautics and Space Administration.....	2,552	4,375	25	4,400	4,890	100	4,990
Veterans Administration.....	5,173	5,338	11	5,349	5,161	-94	5,066
Other independent agencies.....	293	188	5	193	-20	-65	-85
District of Columbia.....	66	66	-----	66	84	5	88
Allowance for attack on poverty.....	-----	-----	-----	-----	-----	250	250
Allowance for civilian pay com- parability.....	-----	-----	-----	-----	-----	544	544
Allowance for contingencies.....	-----	-----	250	250	-----	300	300
Subtotal.....	93,155	97,301	1,788	99,089	97,262	1,238	98,500
Interfund transactions.....	-513	-----	-----	-685	-----	-----	-600
Total administrative budget.....	92,642	-----	-----	98,405	-----	-----	97,900
TRUST FUNDS							
Department of Commerce.....	3,043	3,581	-----	3,581	3,673	-----	3,673
Dept. of Health, Education, & Welfare.....	15,789	16,705	-----	16,705	17,519	-----	17,519
Department of Labor.....	3,816	3,556	-----	3,556	3,273	170	3,443
Veterans Administration.....	828	634	-----	634	489	-----	489
Civil Service Commission.....	1,131	1,272	-----	1,272	1,435	-----	1,435
Railroad Retirement Board.....	1,112	1,129	-----	1,129	1,144	-----	1,144
Other agencies.....	1,332	2,927	-----	2,927	2,147	-----	2,147
Subtotal.....	27,050	29,803	-----	29,803	29,679	170	29,849
Interfund transactions.....	-505	-----	-----	-488	-----	-----	-477
Total trust funds.....	26,545	-----	-----	29,315	-----	-----	29,372

\*Less than one-half million dollars.

Note.—For explanation of the columnar headings for 1964 and 1965, see pages 148 and 149. For detailed information on expenditures by agency and account, see pages 150 to 325.



Table 6. INVESTMENT, OPERATING, AND OTHER EXPENDITURES

(In millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>			
<b>Additions to Federal assets:</b>			
Civil:			
Loans.....	1,785	1,085	-19
Investments.....	87	98	176
Public works—sites and direct construction.....	2,289	2,720	2,815
Other.....	899	-347	118
National defense.....	17,947	18,734	17,239
Total, additions to Federal assets.....	23,007	22,288	20,330
<b>Additions to State, local, and private assets:</b>			
Civil.....	1,312	1,686	1,683
National defense.....	28	28	22
Total, additions to State, local, and private assets.....	1,340	1,714	1,706
<b>Expenditures for other developmental purposes:</b>			
Civil:			
Research and development.....	3,439	5,253	5,906
Other.....	1,333	1,587	1,931
National defense:			
Research and development.....	7,871	8,581	8,233
Other.....	15	16	19
Total, other developmental expenditures.....	12,658	15,436	16,090
<b>Current aids, special services, and operations:</b>			
Civil.....	29,256	31,461	30,815
National defense.....	26,893	27,940	28,466
Total, current aids, special services, and operations.....	56,150	59,402	59,281
Allowance for attack on poverty.....			250
Allowance for civilian pay comparability.....			544
Allowance for contingencies.....		250	300
Interfund transactions.....	-513	-685	-600
Total administrative budget.....	92,642	98,405	97,900
<b>TRUST FUNDS</b>			
<b>Additions to Federal assets:</b>			
Loans.....	-283	317	550
Public works.....	32	43	25
Other.....	*	1	2
Total, additions to Federal assets.....	-250	362	576
<b>Additions to State, local, and private assets.....</b>	3,481	4,835	3,583
<b>Expenditures for other developmental purposes.....</b>	54	68	74
<b>Retirement and social insurance benefits:</b>			
Insurance and unemployment benefits.....	17,980	18,586	19,470
Other.....	2,834	2,822	2,860
Total, retirement and social insurance benefits.....	20,814	21,409	22,330
<b>Current aids, special services, and operations.....</b>	1,491	1,834	2,126
<b>District of Columbia, deposit funds, and other unclassified items.....</b>	1,461	1,294	1,160
<b>Interfund transactions.....</b>	-505	-488	-477
Total trust funds.....	26,545	29,315	29,372

\*Less than one-half million dollars.

Note.—For more information on this classification see special analysis D (pages 354 to 372).

Table 7. **FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS** (in billions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>RECEIPTS, NATIONAL INCOME BASIS</b>			
Personal tax and nontax receipts.....	50.1	50.1	52.3
Corporate profits tax accruals.....	21.6	23.3	24.9
Indirect business tax and nontax accruals.....	15.6	16.5	17.3
Contributions for social insurance.....	21.9	23.7	24.2
<b>Total receipts, national income basis.....</b>	<b>109.3</b>	<b>113.6</b>	<b>118.8</b>
<b>EXPENDITURES, NATIONAL INCOME BASIS</b>			
Purchases of goods and services.....	64.4	67.8	69.1
Transfer payments.....	29.2	30.5	31.8
Grants-in-aid to State and local governments.....	7.9	9.4	9.7
Net interest paid.....	7.6	8.0	8.5
Subsidies less current surplus of Government enterprises.....	3.5	3.5	2.5
<b>Total expenditures, national income basis.....</b>	<b>112.6</b>	<b>119.1</b>	<b>121.5</b>
<b>Surplus (+) or deficit (-), national income basis.....</b>	<b>-3.3</b>	<b>-5.5</b>	<b>-2.8</b>

**RELATION OF THE FEDERAL SECTOR IN THE NATIONAL INCOME ACCOUNTS  
TO RECEIPTS FROM AND PAYMENTS TO THE PUBLIC**

<b>RECEIPTS</b>			
Total receipts, national income accounts.....	109.3	113.6	118.8
Receipts not included in Federal receipts in the national income accounts:			
Realization on loans and other assets.....	1.5	1.1	1.0
District of Columbia government receipts.....	.3	.4	.4
Interest and other earnings.....	1.1	1.2	1.3
Receipt adjustments to consolidated cash basis:			
Employer and employee contributions to Federal retirement funds.....	-1.9	-1.9	-1.9
Accrual to cash and other adjustments.....	-.6	.1	.2
<b>Total Federal receipts from the public.....</b>	<b>109.7</b>	<b>114.4</b>	<b>119.7</b>
<b>EXPENDITURES</b>			
Total expenditures, national income accounts.....	112.6	119.1	121.5
Expenditures not included in Federal activities in the national income accounts:			
Loans, purchase of land, deposit funds, etc.....	2.7	4.6	2.9
District of Columbia government expenditures.....	.3	.4	.4
Portion of interest and other expenditures offset by receipts in the national income accounts.....	.6	.6	.9
Expenditure adjustments to consolidated cash basis:			
Employer and employee contributions to Federal retirement funds.....	-1.9	-1.9	-1.9
Accrual to cash adjustments.....	-.6	-.1	-1.1
<b>Total Federal payments to the public.....</b>	<b>113.8</b>	<b>122.7</b>	<b>122.7</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. For a fuller explanation, see special analysis A (pages 328 to 336).

**Table 8. RELATION OF AUTHORIZATIONS TO EXPENDITURES**  
(In millions of dollars)

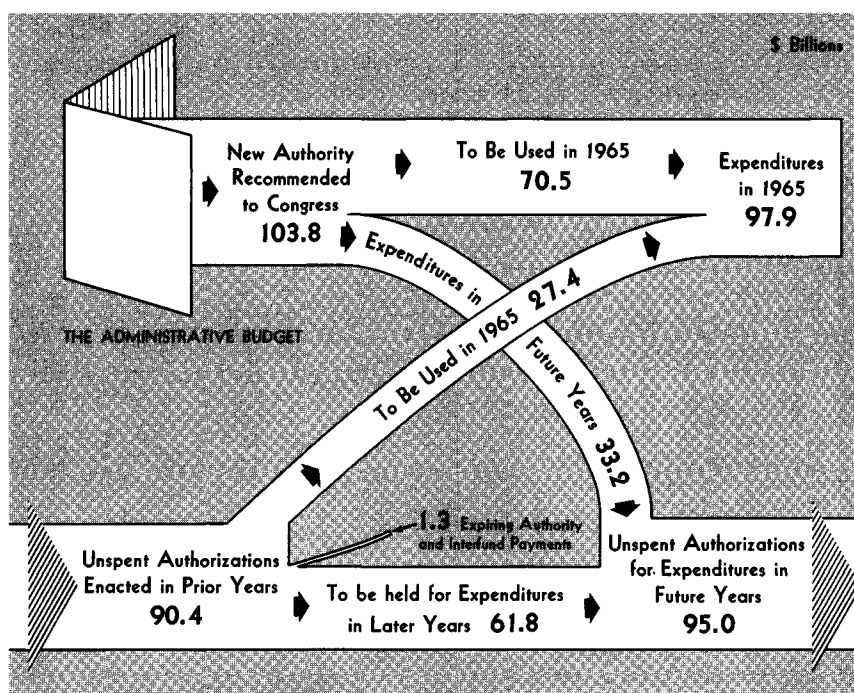
Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>			
<b>New obligational authority (tables 3 and 4):<sup>1</sup></b>			
Current authorizations.....	90,635	90,000	91,404
Permanent authorizations.....	11,648	12,553	12,384
<b>Total new obligational authority.....</b>	<b>102,283</b>	<b>102,554</b>	<b>103,789</b>
Unobligated balances brought forward, start of year (table 10).....	38,974	45,309	43,874
Appropriations available in prior year.....	-639	-647	-796
Appropriations available from subsequent year.....	647	796	796
Balances no longer available:			
Unobligated balances rescinded.....		*	
Unobligated balances lapsing.....	-1,085	-602	-510
Capital transfers from revolving funds to general fund.....	-152	-198	-152
Unobligated balances carried forward, end of year (table 10).....	-45,309	-43,874	-41,693
<b>Obligations incurred, net (table 9).....</b>	<b>94,720</b>	<b>103,337</b>	<b>105,308</b>
Obligated balances brought forward, start of year (table 10).....	40,953	42,308	46,550
Adjustments of obligated balances in expired accounts.....	-210	-5	-6
Obligated balances carried forward, end of year (table 10).....	-42,308	-46,550	-53,352
<b>Subtotal.....</b>	<b>93,155</b>	<b>99,089</b>	<b>98,500</b>
Interfund transactions (see note to table 14).....	-513	-685	-600
<b>Total administrative budget expenditures (tables 1 and 5).....</b>	<b>92,642</b>	<b>98,405</b>	<b>97,900</b>
<b>From new obligational authority.....</b>			<b>70,541</b>
<b>From balances of prior obligational authority.....</b>			<b>27,359</b>

<sup>1</sup>Less than one-half million dollars.

Note.—This table (administrative budget and trust funds) summarizes and brings into relationship totals from the various other tabulations. The types of new obligational authority and the considerations involved in the various means of financing agency activities are explained on pages 146 to 149.

<sup>1</sup> Excludes appropriations to liquidate contract authorizations: 1963, \$804 million; 1964, \$942 million; 1965, \$1,350 million.

Table 8. RELATION OF AUTHORIZATIONS TO EXPENDITURES—Con.



(In millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS</b>			
<b>New obligational authority (tables 3 and 4): <sup>2</sup></b>			
Current authorizations.....	3,940	354	4,236
Permanent authorizations.....	24,661	31,341	27,581
<b>Total new obligational authority.....</b>	<b>28,602</b>	<b>31,695</b>	<b>31,817</b>
Unobligated balances brought forward, start of year (table 10) ..	55,909	57,445	60,458
Balances no longer available: Unobligated balances lapsing.....	-32	-27	-27
Unobligated balances carried forward, end of year (table 10).....	-57,445	-60,458	-62,295
<b>Obligations incurred, net (table 9).....</b>	<b>27,034</b>	<b>28,656</b>	<b>29,953</b>
Obligated balances brought forward, start of year (table 10).....	8,226	8,896	9,316
Adjustment for stock purchase, FNMA.....		101	
Obligated balances carried forward, end of year (table 10).....	-8,896	-9,316	-9,532
<b>Subtotal.....</b>	<b>26,364</b>	<b>28,336</b>	<b>29,738</b>
Government-sponsored enterprise expenditures.....	685	1,467	111
Interfund transactions (see note to table 14).....	-505	-488	-477
<b>Total trust fund expenditures (tables 1 and 5).....</b>	<b>26,545</b>	<b>29,315</b>	<b>29,372</b>
<b>From new obligational authority.....</b>			<b>21,350</b>
<b>From balances of prior obligational authority.....</b>			<b>8,021</b>

<sup>2</sup> Excludes appropriations to liquidate contract authorizations: 1963, \$4,139 million; 1964, \$4,482 million; 1965, \$4,856 million.

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Table 9. OBLIGATIONS INCURRED, NET (in millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>			
Legislative Branch.....	142	157	197
The Judiciary.....	63	67	72
Executive Office of the President.....	23	25	29
Funds appropriated to the President.....	2,582	3,049	2,579
Department of Agriculture.....	7,991	7,329	5,888
Department of Commerce.....	776	896	958
Department of Defense:			
Military.....	49,002	51,631	51,943
Civil.....	1,104	1,180	1,240
Department of Health, Education, and Welfare.....	5,144	6,101	7,957
Department of the Interior.....	1,074	1,276	1,220
Department of Justice.....	314	342	365
Department of Labor.....	262	478	827
Post Office Department.....	808	651	551
Department of State.....	407	457	385
Treasury Department.....	11,049	11,883	12,388
Atomic Energy Commission.....	2,989	3,079	2,693
Federal Aviation Agency.....	734	892	814
General Services Administration.....	580	658	773
Housing and Home Finance Agency.....	466	857	1,198
National Aeronautics and Space Administration.....	3,460	5,397	5,421
Veterans Administration.....	5,214	5,382	5,092
Other independent agencies.....	472	1,185	1,085
District of Columbia.....	66	66	88
Allowance for attack on poverty.....			500
Allowance for civilian pay comparability.....			544
Allowance for contingencies.....		300	500
<b>Total administrative budget.....</b>	<b>94,720</b>	<b>103,337</b>	<b>105,308</b>
<b>TRUST FUNDS</b>			
Department of Commerce.....	3,951	3,816	3,815
Department of Health, Education, and Welfare.....	15,794	16,706	17,534
Department of Labor.....	3,816	3,571	3,459
Veterans Administration.....	846	642	492
Civil Service Commission.....	1,125	1,286	1,452
Railroad Retirement Board.....	1,115	1,129	1,144
Other agencies.....	387	1,507	2,058
<b>Total trust funds.....</b>	<b>27,034</b>	<b>28,656</b>	<b>29,953</b>

Note.—This table reflects the net obligations incurred, as explained on pages 146 and 147. For administrative budget funds, 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. For trust funds, net obligations are determined by deducting from the gross obligations the applicable receipts of trust revolving funds and the reimbursements to trust fund appropriations.

Table 10. BALANCES OF OBLIGATIONAL AUTHORITY\* (in millions of dollars)

Description	Start 1963		Start 1964— End 1963		Start 1965— End 1964		Start 1966— End 1965	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
<b>ADMINISTRATIVE BUDGET FUNDS</b>								
Legislative Branch.....	45	33	37	45	24	37	39	34
The Judiciary.....	5	1	5	1	5	*	6	-----
Executive Office of the President.....	3	*	3	*	3	-----	4	-----
Funds appropriated to the President.....	3,765	6,433	4,098	9,508	4,329	8,678	4,375	8,899
Department of Agriculture.....	3,376	1,189	3,631	990	3,982	771	4,056	758
Department of Commerce.....	522	538	620	531	731	426	856	391
Department of Defense—Military.....	22,130	9,870	21,012	11,693	20,343	11,041	21,086	9,920
Department of Defense—Civil.....	279	77	254	66	293	35	341	9
Dept. of Health, Education, & Welfare.....	1,519	314	1,720	365	2,289	470	4,391	162
Department of the Interior.....	279	172	323	213	485	119	557	111
Department of Justice.....	21	15	17	15	29	14	51	14
Department of Labor.....	14	216	14	307	77	301	237	304
Post Office Department.....	366	7	407	13	512	7	588	7
Department of State.....	90	40	85	54	158	32	160	24
Treasury Department.....	138	278	158	267	167	255	219	260
Atomic Energy Commission.....	1,013	191	1,245	336	1,524	-----	1,482	-----
Federal Aviation Agency.....	352	233	357	246	459	167	444	105
General Services Administration.....	163	371	278	396	381	357	576	212
Housing and Home Finance Agency.....	3,582	9,283	3,630	9,328	4,275	10,493	5,324	9,813
National Aeronautics and Space Administration.....	824	334	1,730	548	2,726	392	3,157	275
Veterans Administration.....	295	555	335	851	368	833	394	1,034
Other independent agencies.....	2,171	8,727	2,348	9,438	3,340	9,264	4,510	9,197
District of Columbia.....	-----	96	-----	97	-----	81	-----	64
Special allowances.....	-----	-----	-----	-----	50	100	500	100
<b>Total administrative budget.....</b>	<b>40,953</b>	<b>38,974</b>	<b>42,308</b>	<b>45,309</b>	<b>46,550</b>	<b>43,874</b>	<b>53,352</b>	<b>41,693</b>
<b>Recapitulation by type of balance:</b>								
Appropriations.....	30,201	9,747	30,130	14,773	32,044	12,938	36,041	11,835
Authorizations to expend from debt receipts.....	6,782	20,628	6,055	21,113	7,635	20,990	9,801	20,472
Contract authorizations.....	2,192	2,649	2,749	2,382	2,819	3,245	2,522	2,582
Revolving and management funds.....	1,779	5,949	3,374	7,040	4,052	6,702	4,988	6,804
<b>Total administrative budget.....</b>	<b>40,953</b>	<b>38,974</b>	<b>42,308</b>	<b>45,309</b>	<b>46,550</b>	<b>43,874</b>	<b>53,352</b>	<b>41,693</b>
<b>TRUST FUNDS</b>								
Department of Commerce.....	5,231	3,085	6,139	2,718	6,374	2,617	6,516	2,591
Dept. of Health, Education, & Welfare.....	17	22,116	22	21,312	23	21,679	37	21,645
Department of Labor.....	7	5,824	8	6,269	23	6,890	39	7,364
Veterans Administration.....	331	6,517	349	6,383	357	6,460	361	6,682
Civil Service Commission.....	98	12,389	92	13,511	106	14,607	123	15,546
Railroad Retirement Board.....	86	3,698	90	3,699	90	3,788	90	3,923
Other agencies <sup>1</sup> .....	2,455	2,279	2,196	3,555	2,344	4,418	2,366	4,545
<b>Total trust funds.....</b>	<b>8,226</b>	<b>55,909</b>	<b>8,896</b>	<b>57,445</b>	<b>9,316</b>	<b>60,458</b>	<b>9,532</b>	<b>62,295</b>
<b>Recapitulation by type of balance:</b>								
Appropriations <sup>1</sup> .....	2,727	44,203	2,953	45,105	2,812	47,290	2,863	48,863
Authorizations to expend from debt receipts.....	17	865	—184	1,871	47	2,024	69	2,014
Contract authorizations.....	5,029	3,897	5,538	3,629	6,076	4,214	6,218	4,235
Revolving and management funds.....	453	6,944	589	6,841	382	6,930	382	7,183
<b>Total trust funds.....</b>	<b>8,226</b>	<b>55,909</b>	<b>8,896</b>	<b>57,445</b>	<b>9,316</b>	<b>60,458</b>	<b>9,532</b>	<b>62,295</b>

\*Less than one-half million dollars.

Note.—For explanation of balances carried forward see page 148.

<sup>1</sup> Obligated balances include deposit funds.

Table 11. THE PUBLIC DEBT (in millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>PUBLIC DEBT HELD BY THE PUBLIC</b>			
Public debt held by public, start of year .....	242,473	248,125	251,514
Change in public debt held by public during the year:			
Consolidated cash deficit or surplus (tables 1 and 2) .....	4,012	8,338	2,948
Receipts from exercise of monetary authority .....	-45	-50	-55
Increase or decrease in debt issued in lieu of checks (table A-3) .....	1,033	810	550
Increase or decrease in cash on hand .....	1,611	-3,921	-----
Net borrowing from or repayments to the public .....	6,612	5,177	3,443
Deduct net borrowing of Government enterprises from the public (included on preceding line) (table B-10) .....	961	1,787	538
Net increase in public debt held by the public .....	5,651	3,389	2,906
Public debt held by the public, end of year .....	248,125	251,514	254,420
<b>PUBLIC DEBT HELD BY GOVERNMENT-ADMINISTERED FUNDS</b>			
Public debt held by Government-administered funds, start of year .....	55,727	57,735	60,286
Change in public debt held by Government-administered funds during the year (table B-11) .....	2,007	2,552	2,294
Public debt held by Government-administered funds, end of year .....	57,735	60,286	62,580
<b>COMPARISON OF PUBLIC DEBT WITH STATUTORY LIMITATION AT END OF YEAR</b>			
Public debt:			
Held by the public .....	248,125	251,514	254,420
Held by Government-administered funds .....	57,735	60,286	62,580
Total public debt .....	305,860	311,800	317,000
Portion of Government enterprise debt subject to the public debt limitation .....	607	749	705
Portion of public debt not subject to limitation .....	-368	-360	-355
Debt subject to limitation, end of year .....	306,098	312,189	317,350
Statutory limitation on public debt, end of year:			
Under existing legislation .....	307,000	309,000	285,000
Under proposed legislation .....	-----	(1)	(1)

Note.—The first portion of this table reflects borrowing (or repayment thereof) through the issuance of U.S. securities to the public by both the Treasury and by certain "Government enterprises," a term used here to refer to activities which have authority to issue their own securities. The borrowing by such enterprises is then deducted to arrive at the changes in the public debt (a term which relates to securities issued by the Treasury). "Government-administered funds" in this table refers to activities which have authority to buy U.S. securities for investment purposes.

<sup>1</sup> To be determined later, when more reliable estimate of requirements may be possible.

Table 12. CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Description	As of June		
	1963 actual	1964 estimate	1965 estimate
Executive Office of the President.....	1,660	1,621	1,618
Department of Agriculture.....	112,488	116,800	115,376
Department of Commerce.....	32,338	34,603	34,945
Department of Defense:			
Military and military assistance <sup>1</sup> .....	1,017,117	1,007,000	989,920
Civil <sup>2</sup> .....	32,648	32,293	31,831
Department of Health, Education, and Welfare.....	81,062	86,000	90,730
Department of the Interior.....	69,558	72,592	72,774
Department of Justice.....	32,081	32,759	32,759
Department of Labor.....	9,567	10,016	9,954
Post Office Department.....	587,161	593,100	597,900
Department of State.....	24,519	25,324	25,320
Agency for International Development.....	16,782	16,500	15,700
Peace Corps.....	1,110	1,150	1,250
Treasury Department.....	86,579	88,433	90,427
Atomic Energy Commission.....	7,120	7,330	7,330
Federal Aviation Agency.....	46,313	46,400	46,450
General Services Administration.....	32,650	35,944	37,700
Housing and Home Finance Agency.....	14,160	14,410	15,144
National Aeronautics and Space Administration.....	29,934	32,600	33,800
Veterans Administration.....	172,864	173,021	173,754
Other:			
Civil Service Commission.....	4,085	4,125	4,079
Selective Service System.....	6,916	6,996	8,036
Small Business Administration.....	3,387	3,500	3,500
Tennessee Valley Authority.....	17,917	18,041	17,650
The Panama Canal.....	14,966	15,083	15,228
United States Information Agency.....	11,793	12,228	12,228
Miscellaneous independent agencies and other.....	23,513	24,531	25,797
Total.....	<sup>3</sup> 2,490,288	2,512,400	2,511,200

Note.—The figures include tentative estimates for employment under appropriations proposed for later transmittal. 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 of the Panama Canal and the U.S. Soldiers' Home is included under "Other" below.

<sup>3</sup> Excludes 7,411 project employees for the public works acceleration program.



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PART 3

RECEIPTS

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## ANALYSIS OF RECEIPTS BY SOURCE

This section of the budget supplements the budget message with additional information about the revenue estimates and the anticipated tax changes.

***Economic base of estimates.***—Prompt enactment of the pending tax bill, making sizable tax reductions effective as of January 1, 1964, will accelerate the growth of the economy toward full employment. Under these conditions the Nation's output of goods and services is expected to reach \$623 billion in calendar year 1964, an increase of \$38 billion over calendar year 1963. This projection should be taken as the midpoint of a \$10 billion range, from \$618 to \$628 billion. Substantial gains in personal income and corporate profits before taxes will accompany the growth in output. Specifically, the revenue estimates in the 1965 budget are based on the following economic assumptions:

ECONOMIC ASSUMPTIONS  
[Calendar years. In billions]

	1962 actual	1963 preliminary	1964 estimate
Gross national product.....	\$554.9	\$585.0	\$623
Personal income.....	442.1	463.0	492
Corporate profits before taxes.....	46.8	51.7	56

Estimates of tax revenues cannot be derived directly and simply from the assumed levels of aggregate economic performance. The definitions of taxable income in the tax statutes, which determine tax liabilities, differ from the economic or statistical definitions of income which are used to measure economic performance. In addition, tax payments are received by the Treasury after the period in which tax liabilities are incurred. For example, corporation income tax collections now lag about 6 months behind the period when the taxable income was earned; there is also some lag between the time when individual income and social security taxes are deducted from earnings and the time employers transfer these sums to the Treasury.

***Estimated changes in revenues.***—Total receipts from the public are estimated at \$119.7 billion in fiscal year 1965, an increase of \$5.4 billion over the level estimated for fiscal year 1964. These estimates

assume passage of the revenue legislation discussed in the proposed legislation section of this analysis. Especially important is enactment of the income tax program approved by the House of Representatives and currently under consideration in the Senate. The reductions in income tax rates are assumed to be retroactive to January 1, 1964.

Under the new income tax rates, tax payments by individuals and corporations will be reduced by approximately \$2.6 billion in fiscal year 1964 and \$8.0 billion in fiscal year 1965, calculated on the basis of calendar 1963 income levels. These potential gross losses in tax receipts, however, will be offset in part by increased revenues from the economic stimulus of the tax cut and a new schedule for quarterly corporation tax payments. As a result, the net revenue decline from the tax changes is estimated to be \$2.2 billion in fiscal year 1964 and \$3.1 billion in fiscal year 1965. Despite this loss, income tax collections, individual and corporate, are expected to be \$3.1 billion greater in fiscal 1965 than in the current fiscal year, chiefly because of the anticipated continuing expansion of economic activity.

## RECEIPTS FROM THE PUBLIC

[Fiscal years. In millions]

Source	1963 actual	1964 estimate	1965 estimate
<b>Administrative budget receipts:</b>			
Individual income taxes.....	\$47,588	\$47,500	\$48,500
Corporation income taxes.....	21,579	23,700	25,800
Excise taxes.....	9,915	10,221	10,987
Estate and gift taxes.....	2,167	2,335	2,740
Customs.....	1,205	1,275	1,460
Miscellaneous budget receipts.....	3,922	3,369	3,513
Subtotal, administrative budget receipts.....	86,376	88,400	93,000
<b>Trust fund receipts:</b>			
Employment taxes.....	14,862	16,777	16,996
Deposits by States, unemployment insurance.....	3,009	2,900	2,825
Excise taxes.....	3,279	3,478	3,504
Federal employee and agency payments for retirement.....	1,878	1,959	1,923
Interest on trust funds.....	1,477	1,589	1,669
Veterans life insurance premiums, etc.....	494	501	499
Other trust fund receipts.....	2,690	2,958	3,457
Subtotal, trust fund receipts.....	27,689	30,163	30,872
Intragovernmental transactions.....	-4,326	-4,197	-4,130
<b>Total, receipts from the public.....</b>	<b>109,739</b>	<b>114,366</b>	<b>119,742</b>

*Individual income tax receipts* are estimated at \$48.5 billion in fiscal 1965 compared with \$47.5 billion in 1964. This change reflects the net effect of the anticipated reduction in tax rates and the associated rise in personal income subject to tax.

*Corporation income tax receipts* are estimated at \$25.8 billion in fiscal year 1965, an increase of \$2.1 billion over fiscal year 1964. The decline in tax collections because of the reduction in corporation income tax rates will be more than offset by the receipts gained from the higher profits arising from the stimulation to economic activity and from the acceleration of corporation tax payments under the terms of the pending tax bill.

*Excise tax receipts* show an estimated increase of \$766 million during the coming fiscal year. Virtually all excise taxes will yield increased revenues, accompanying the expected general rise in economic activity.

*Employment tax collections* will rise by \$219 million in fiscal year 1965 to \$17.0 billion. The increase reflects mainly higher levels of employment and earnings and the increase in the taxable wage base for the railroad retirement system from \$4,800 to \$5,400 enacted last year.

*Deposits by States for unemployment insurance* are expected to decline by \$75 million. Because of generally rising employment, many firms have maintained stable employment levels, and are qualifying for reduced rates of payroll taxes under experience rating clauses in their State laws.

*Miscellaneous budget receipts* in total will rise by \$144 million to \$3.5 billion in fiscal year 1965. Increases estimated in a number of components, including proposals for new or higher user charges, are partly offset by declines in others.

**Proposed legislation.**—The following are the major revenue proposals recommended for enactment this year.

*Income tax rate and structural tax changes.*—The pending revenue bill will reduce tax rates on individual and corporate incomes, make tax treatment among taxpayers more equitable, and bolster economic incentives. Part of the tax reduction will be in effect during calendar year 1964 and the remainder during calendar year 1965. When fully effective, it will reduce income tax liabilities by over \$11 billion a year.

The legislation is assumed to be enacted very early this calendar year, with a 14% withholding rate on wages and salaries beginning in

February, and with the initial stage of the new income tax rates effective for the entire calendar year 1964. Accordingly, the reduced withholding rate will influence receipts only during the last months of fiscal 1964 and during the whole of fiscal 1965. When the second stage of tax reductions goes into effect on January 1, 1965, the withholding rate will remain at 14%.

The rates on taxable individual incomes then will be in a range from 14% to 70%, compared with the present range from 20% to 91%. The present first bracket of taxable income up to \$2,000 for single persons, and \$4,000 for married couples, which is now taxed at 20%, will be divided into four equal brackets, each of which will be taxed at a different rate below 20%.

The combined normal and surtax rates on corporation incomes above \$25,000 will become 48%, compared with the current 52%. Incorporated small businesses will receive an even larger tax rate reduction, since the normal tax rate on corporation income below \$25,000 will decline to 22% from the current 30%.

Corporations with income tax liabilities in excess of \$100,000 per year will have their tax payments moved closer in time to the accrual of tax liabilities. The speedup of payments will start in calendar year 1964 and will be completed in 1970, when payments of estimated tax liabilities greater than \$100,000 will be made quarterly as the liability develops. During the transition to the new payment schedule total tax payments by these corporations will not exceed the taxes they would pay under present rates on the same income.

The major structural revisions contained in the bill will become effective on January 1, 1964. They include (1) a minimum standard deduction that will reduce the tax liability of many low-income taxpayers by more than the general rate reduction, (2) a limit on the deductibility of certain State and local government taxes, and (3) repeal of the dividend credit and an increase in the amount of dividend income excluded from taxable income. Other important provisions will reduce such special exemptions as tax-free sick pay allowances for illnesses of short duration, limit the grouping of oil properties for depletion allowances, and tighten the requirements on personal holding companies.

*Excise taxes.*—Under present law, the excise rates on distilled spirits, beer, wines, cigarettes, passenger automobiles, and automobile parts and accessories will be reduced on July 1, 1964, and the tax on general telephone service will expire on July 1, 1964. The revenue estimates in this budget are based on proposed legislation extending the present rates of these taxes for 1 additional year.

*Federal unemployment tax.*—Legislation is pending to increase the payroll tax rate on employers under the unemployment insurance system from 3.1% to 3.4%, effective on calendar year 1965 wages. Federal receipts under this program will not show the effects of the new tax rate until fiscal year 1966 because of the lag in depositing the receipts with the Treasury. This increased tax rate is designed to finance proposed improvements in the system, including a longer period of eligibility for unemployment benefits.

*User charges.*—In keeping with the policy that a larger share of the costs of programs which provide special benefits or privileges should be met by those receiving the benefits, rather than by the general taxpayer, legislation authorizing certain additional user charges, and extending others, is recommended.

The most significant charges proposed affect commercial and other users of transportation, and would become effective on July 1, 1964. These include (a) continuing as a user charge the 5% excise tax on air passenger transportation which would otherwise expire on July 1, 1964; (b) instituting a 5% tax on air freight; (c) extending to jet fuels, currently untaxed, the present 2 cents per gallon tax on fuels used in commercial air transportation; (d) increasing from 2 cents to 3 cents per gallon the tax on all fuels used in general aviation; and (e) initiating user charges for the inland waterways through a tax of 2 cents per gallon on fuels used in transportation on these waterways. The receipts from all of these charges will be retained in the general fund of the Treasury under the proposed legislation.

In addition, a land and water conservation fund has been proposed to finance planning, land acquisition and development of recreation facilities, to be carried out chiefly through grants to States. The revenues would come to this new fund from (a) existing and new admission and user fees in national forests, parks, and other recreation areas, (b) the proceeds from the sale of surplus Government real property, and (c) transfer of certain motor boat fuel taxes from the highway trust fund.

Legislation to increase the fees charged by the Patent Office has been sent to the Congress; the new fee schedule would bring the Patent Office closer to a self-sustaining pattern of operations.

*Rural Electrification Administration.*—Legislation is again being proposed to permit the Rural Electrification Administration to use its repayments on outstanding loans to finance new loans. Enactment of this legislation will reduce equally miscellaneous receipts and REA expenditures in fiscal years 1964 and 1965, and will not affect the budgetary surplus or deficit.

# ESTIMATED EFFECT OF PROPOSED LEGISLATION ON ADMINISTRATIVE BUDGET RECEIPTS

[In millions]

Proposal	Fiscal year 1965
Income tax rate and structure proposals (net).....	—\$3,100
Excise tax rate extensions:	
Alcohol taxes.....	458
Tobacco taxes.....	269
Passenger automobiles.....	480
Parts and accessories for automobiles.....	80
General telephone service.....	455
Subtotal, excise tax rate extensions.....	1,742
Transportation user charge proposals:	
Extend 5% tax on air passenger transportation.....	98
Tax transportation of air freight at 5%.....	8
Credit existing 2 cents per gallon aviation gas tax receipts to general fund.....	22
Extend 2 cents per gallon rate to jet fuels.....	47
Increase rate to 3 cents per gallon on fuel used in general aviation.....	3
Tax fuel used on inland waterways at 2 cents per gallon.....	8
Credit receipts from tax on gasoline used in motor boats to general fund (for use in new land and water conservation fund).....	27
Subtotal, transportation proposals.....	213
Total, excise taxes.....	1,955
Other user charges:	
Land and water conservation fund <sup>A</sup> .....	38
Patent fees.....	11
Other.....	2
Rural Electrification Administration revolving fund.....	—178
Total.....	—1,272

<sup>A</sup> In addition, the proposed legislation transfers \$60 million of receipts from sales of surplus real property to the new land and water conservation fund.

Table 13. SOURCES OF RECEIPTS (in millions of dollars)

[Note.—Estimates include effect of proposed legislation.]

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>			
<b>Individual income taxes:</b>			
Withheld.....	38,719	38,200	35,500
Other.....	14,269	14,900	16,700
Gross individual income taxes.....	52,988	53,100	52,200
Refunds.....	—5,400	—5,600	—3,700
Net individual income taxes.....	47,588	47,500	48,500
<b>Corporation income taxes:</b>			
Refunds.....	22,336	24,600	26,700
	—757	—900	—900
Net corporation income taxes.....	21,579	23,700	25,800
<b>Excise taxes:</b>			
<b>Alcohol taxes:</b>			
Distilled spirits (domestic and imported).....	2,468	2,555	2,700
Beer.....	825	850	885
Rectification tax.....	26	28	30
Wines (domestic and imported).....	102	105	110
Special taxes in connection with liquor occupations.....	21	22	22
Total, alcohol taxes.....	3,442	3,560	3,747
<b>Tobacco taxes:</b>			
Cigarettes (small).....	2,011	2,075	2,140
Manufactured tobacco (chewing, smoking, and snuff)...	16	17	17
Cigars (large).....	50	51	52
Cigarette papers and tubes.....	1	1	1
All other.....	2	2	2
Total, tobacco taxes.....	2,079	2,146	2,212
<b>Taxes on documents, other instruments, and playing cards:</b>			
Issues of securities, stock and bond transfers, purchases of foreign securities, and deeds of conveyance.....	140	160	190
Playing cards.....	9	9	10
Total, taxes on documents, other instruments, and playing cards.....	149	169	200
<b>Manufacturers' excise taxes:</b>			
Gasoline.....	2,497	2,612	2,665
Lubricating oils.....	74	80	83
Passenger automobiles.....	1,560	1,725	1,800
Automobile trucks, buses, and trailers.....	303	349	350
Parts and accessories for automobiles.....	225	240	255
Tires, inner tubes, and tread rubber.....	399	411	422



Table 13. SOURCES OF RECEIPTS (in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>			
<b>Excise taxes—Continued</b>			
<b>Manufacturers' excise taxes—Continued</b>			
Electric, gas, and oil appliances.....	68	73	78
Electric light bulbs.....	36	40	44
Radio and television receiving sets, phonographs, phonograph records, and musical instruments.....	232	248	283
Mechanical refrigerators, quick-freeze units, and self-contained air-conditioning units.....	61	66	71
Business and store machines.....	75	70	70
Photographic equipment.....	25	26	28
Matches.....	4	4	4
Sporting goods, including fishing rods, creels, etc.....	24	29	35
Firearms, shells, and cartridges.....	16	17	18
Pistols and revolvers.....	2	2	2
Fountain and ballpoint pens, mechanical pencils.....	9	10	11
Total, manufacturers' excise taxes.....	5,610	6,002	6,219
<b>Retailers' excise taxes:</b>			
Jewelry.....	182	196	205
Furs.....	29	32	34
Toilet preparations.....	158	180	202
Luggage, handbags, wallets, etc.....	74	78	83
Total, retailers' excise taxes.....	444	486	524
<b>Miscellaneous excise taxes:</b>			
Toll telephone service, telegraph and teletypewriter service, wire mileage service, etc.....	365	380	415
General telephone service.....	516	540	585
Transportation of persons.....	234	106	20
Transportation of persons by air.....			98
Transportation of freight by air.....			8
Fuel used on inland waterways.....			8
Jet fuel.....			47
Diesel fuel used on highways.....	113	125	132
Use tax on certain vehicles.....	99	110	115
Admissions, exclusive of cabarets, roof gardens, etc.....	43	47	53
Cabarets, roof gardens, etc.....	40	44	50
Wagering taxes, including occupational taxes.....	6	6	6
Club dues and initiation fees.....	71	80	85
Leases of safe deposit boxes.....	7	7	8
Sugar tax.....	100	102	104
Coin-operated amusement and gaming devices.....	20	23	26
Bowling alleys and billiard and pool tables.....	5	5	6
All other miscellaneous excise taxes.....	2	2	2
Total, miscellaneous excise taxes.....	1,620	1,577	1,768

Table 13. SOURCES OF RECEIPTS (in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>			
<b>Excise taxes—Continued</b>			
Undistributed depository receipts and unapplied collections.....	66	—19	45
Gross excise taxes.....	13,410	13,921	14,715
Refunds:			
Applicable to budget accounts.....	—89	—93	—99
Applicable to trust accounts.....	—126	—129	—125
Transfer to Highway trust fund.....	—3,279	—3,478	—3,504
Net excise taxes.....	9,915	10,221	10,987
<hr/>			
Estate and gift taxes.....	2,187	2,360	2,765
Refunds.....	—20	—25	—25
Net estate and gift taxes.....	2,167	2,335	2,740
<hr/>			
Customs.....	1,241	1,310	1,495
Refunds.....	—35	—35	—35
Net customs.....	1,205	1,275	1,460
<hr/>			
<b>Miscellaneous receipts:</b>			
Miscellaneous taxes.....	5	5	5
Seigniorage.....	45	50	55
Bullion charges.....	1	2	1
<hr/>			
<b>Fees for permits and licenses:</b>			
Admission permits and fees.....	6	8	33
Business concessions.....	6	7	7
Immigration, passport, and consular fees.....	24	26	28
Patent and copyright fees.....	9	16	21
Registration and filing fees.....	8	8	9
Landing fees, airports.....	2	2	3
Miscellaneous fees for permits and licenses.....	46	16	18
Total, fees for permits and licenses.....	101	82	119
<hr/>			
<b>Fines, penalties, and forfeitures:</b>			
Fines, penalties, and forfeitures—agriculture laws.....	2	1	1
Fines, penalties, and forfeitures—customs, commerce, and antitrust laws.....	4	4	4
Forfeitures of unclaimed money and property.....	11	26	1
Proceeds from old series currency, act of June 30, 1961..	58		73
Other fines, penalties, and forfeitures.....	4	4	4
Total, fines, penalties, and forfeitures.....	79	35	83

Table 13. SOURCES OF RECEIPTS (in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>			
<b>Miscellaneous receipts—Continued</b>			
<b>Interest:</b>			
Interest on loans to Government-owned enterprises .....	499	669	583
Interest on domestic loans to individuals and private organizations .....	91	95	107
Interest on foreign loans and deferred payments .....	157	169	167
Miscellaneous interest collections .....	18	19	22
Total, interest .....	765	952	880
<b>Dividends and other earnings:</b>			
Deposits of earnings, Federal Reserve System .....	828	880	910
Payment equivalent to income taxes .....	22	27	16
Miscellaneous dividends and earnings .....	10	10	11
Total, dividends and other earnings .....	860	917	937
<b>Rents:</b>			
Rent of land .....	14	15	16
Rent on Outer Continental Shelf lands .....	359	174	262
Rent of real property, not otherwise classified .....	25	29	33
Rent of equipment and other personal property .....	38	36	33
Total, rents .....	437	255	343
<b>Royalties:</b>			
Royalties on Outer Continental Shelf lands .....	7	9	10
Miscellaneous royalties on natural resources .....	116	122	126
Royalties on patents and copyrights .....	*	*	*
Total, royalties .....	124	132	137
<b>Sale of products:</b>			
Sale of timber and other natural land products .....	161	173	185
Sale of minerals and mineral products .....	9	10	10
Sale of power and other utilities .....	189	209	224
Sale of publications and reproductions .....	5	6	6
Sale of miscellaneous products and byproducts .....	5	6	6
Total, sale of products .....	370	404	431
<b>Fees and other charges for services and special benefits:</b>			
Fees and other charges for administrative, professional, and judicial services .....	17	21	26
Fees and other charges for communication and transportation services .....	10	11	13
Charges for subsistence, laundry, and health services .....	5	5	6

\* Less than one-half million dollars.

Table 13. SOURCES OF RECEIPTS (in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>			
<b>Miscellaneous receipts—Continued</b>			
Fees and other charges for services and special benefits—Con.			
Fees and other charges for services provided to the Dis-			
trict of Columbia.....	4	6	5
Fees for general governmental services.....	13	15	15
Other fees and charges.....	61	67	78
Total, fees and other charges for services and special			
benefits.....	110	125	142
Sale of Government property:			
Sale of real property.....	139	75	75
Sale of equipment and other personal property.....	73	227	299
Sale of scrap and salvage materials.....	52	76	101
Total, sale of Government property.....	263	377	474
Realization upon loans and investments:			
Repayments from States and other public bodies.....	467	397	193
Repayments of domestic loans to individuals and private			
organizations.....	187	36	49
Repayment of foreign loans.....	398	108	118
Repayment on miscellaneous recoverable costs.....	6	7	7
Miscellaneous repayments on loans and investments.....	17	15	8
Total, realization upon loans and investments.....	1,076	563	375
Recoveries and refunds:			
Recoveries under military occupation.....	5	46	34
Recoveries of excess profits and costs.....	10	5	6
Recoveries under foreign aid programs.....	154	63	60
Refunds of erroneous payments.....	5	5	5
Miscellaneous recoveries and refunds.....	26	35	26
Total, recoveries and refunds.....	200	155	131
Gross miscellaneous receipts.....	4,436	4,054	4,114
Refunds.....	-1	-1	-1
Net miscellaneous receipts.....	4,435	4,053	4,113
Interfund transactions.....	-513	-684	-600
Total, administrative budget receipts.....	86,376	88,400	93,000

Table 13. SOURCES OF RECEIPTS (in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS</b>			
<b>Employment taxes:</b>			
Federal old-age and survivors insurance trust fund.....	12,479	14,353	14,700
Federal disability insurance trust fund.....	1,005	1,062	1,089
Railroad retirement account.....	572	617	682
Unemployment trust fund.....	948	900	711
Refunds.....	-143	-155	-186
Net employment taxes.....	14,862	16,777	16,996
<b>Unemployment tax deposits by States:</b>			
Unemployment trust fund.....	3,009	2,900	2,825
<b>Excise taxes:</b>			
Highway trust fund.....	3,405	3,607	3,629
Refunds.....	-126	-129	-125
Net excise taxes.....	3,279	3,478	3,504
<b>Federal employees and agency payments for retirement:</b>			
Federal employees retirement funds.....	1,878	1,959	1,923
<b>Interest on trust funds:</b>			
Federal old-age and survivors insurance trust fund.....	512	529	553
Federal disability insurance trust fund.....	70	67	65
Unemployment trust fund.....	191	216	229
Railroad retirement account.....	105	132	134
Federal employees retirement funds.....	364	419	464
Highway trust fund.....	14	6	6
Veterans life insurance funds.....	210	209	207
Indian tribal funds.....	8	8	8
Other trust funds.....	3	3	3
Interest on trust funds.....	1,477	1,589	1,669
<b>Veterans life insurance premiums, etc.:</b>			
Veterans life insurance funds.....	494	501	499
<b>Miscellaneous trust fund receipts:</b>			
Military assistance advances.....	950	990	1,290
Indian tribal funds.....	62	38	36
District of Columbia.....	341	367	425
Other trust fund receipts.....	1,842	2,051	2,183
Net miscellaneous trust fund receipts.....	3,195	3,446	3,934
Subtotal, trust fund receipts.....	28,193	30,651	31,349
<b>Interfund transactions</b> .....	-505	-488	-477
<b>Total, trust fund receipts</b> .....	27,689	30,163	30,872

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PART 4

THE FEDERAL PROGRAM  
BY FUNCTION

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## ANALYSIS OF FEDERAL ACTIVITIES BY FUNCTION

This part of the budget describes the recommended program of the Government for fiscal year 1965 in terms of the 12 major functions served.

These recommendations result from a critical review of priorities and costs. They provide for meeting the Nation's needs and responsibilities at home and abroad with a maximum of efficiency and economy.

Total Federal payments to the public in fiscal year 1965 are estimated at \$122.7 billion. This includes not only expenditures in the administrative budget but also outlays of Government trust funds, which finance such programs as social security and interstate highway construction.

The \$97.9 billion of administrative budget expenditures estimated for fiscal year 1965 is \$0.5 billion below the estimate for the current fiscal year. This has been accomplished despite growing workloads, increases in pay costs, and built-in and uncontrollable increases for a number of activities. Within the total, reductions have been made wherever possible, enabling selective increases for a number of domestic programs vitally needed to meet human needs and encourage economic growth.

About 80% of the estimated administrative budget expenditures in 1965 will be devoted to our national defense, international, and space objectives, and for veterans and interest payments which represent the continuing costs of the Nation's past wars. These activities represent a substantially smaller proportion of total Federal cash payments, 63%, because most of the trust fund expenditures are related to other programs.

Of the remaining Federal payments to the public, more than three-fifths is for health, labor and welfare programs, primarily trust fund benefit payments under old-age and survivors insurance, unemployment insurance, and other retirement systems financed through special taxes.

In addition to the expenditures estimated in the 12 functional categories, the budget includes special allowances, totaling \$1.1 billion in 1965, for programs to combat poverty, for civilian pay adjustments, and for contingencies.

Of this total, \$250 million is provided as an allowance for expenditures under a new program to attack poverty in the Nation. These funds will be used, in conjunction with funds from existing and elsewhere proposed legislation, as the resources for locally initiated community action programs in urban and rural areas. Federal, State,

and local programs—relating primarily to education and training, health, job opportunities, housing, and welfare services—will be focused on the objective of striking at the root causes of poverty. Many of the other legislative proposals in this budget will also contribute to the attack on poverty, in particular the recommendations for improvements in education and youth employment opportunities.

The Federal agencies concerned are already giving special attention to promoting the long run economic development of the Appalachian region. A comprehensive program is now being planned jointly by the various Federal agencies and the 10 States involved, which will include further Federal assistance in developing the economic base of the region.

An additional allowance of \$544 million is provided in the expenditure estimate for 1965 for proposed legislation to make salary rates of Federal civilian employees more nearly comparable with pay scales in the private economy, along the lines recommended last year. Finally, an estimate of \$300 million is included to cover contingencies that may arise during fiscal 1965.

### NATIONAL DEFENSE

The very substantial investments which we have made to improve our military forces in recent years are proving their worth. The Nation has amassed forces which, in conjunction with those of our allies, enable us to cope successfully with any intrusion into areas of our vital national interest. Events have made clear to all our ability to make swift, effective, and deliberate responses to acts of aggression, large or small, in any part of the world.

Along with these achievements have come important management improvements in the defense establishment which are resulting in substantial cost reductions and related savings. Accordingly, in 1965 we will be able to further strengthen our defense programs while at the same time making significant reductions in total expenditures. National defense outlays are estimated to decline to \$55.2 billion in 1965 from the \$56.0 billion estimated for fiscal year 1964.

**Department of Defense.**—Military expenditures of the Department of Defense are estimated at \$51.2 billion in 1965, a decrease of \$1.1 billion from the current year. New obligational authority of \$50.9 billion is proposed for the Department, compared with \$51.0 billion for the current year.

This budget provides for further gains in combat effectiveness and continued maintenance of active forces in a high state of readiness. The reduction in defense expenditures is not based on any sacrifice in essential military capability. Instead, it reflects the diminishing need for further large additions to force levels and stocks of supplies



## NATIONAL DEFENSE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Department of Defense—Military</b>				
Military personnel:				
Present programs.....	\$13,000	\$14,180	\$14,499	\$14,597
Proposed legislation.....			161	172
Operation and maintenance.....	11,874	11,870	12,278	12,396
Procurement.....	16,632	16,337	14,785	13,756
Research, development, test, and evaluation.....	6,376	6,943	6,580	6,722
Military construction.....	1,144	1,107	1,056	1,168
Family housing.....	427	680	660	711
Civil defense.....	203	150	150	358
Military assistance.....	1,721	1,400	1,200	1,000
Revolving and management funds.....	—1,401	—367	—169	-----
Subtotal, Department of Defense, military.....	49,973	52,300	51,200	50,880
Atomic energy.....	2,758	2,800	2,735	2,693
<b>Defense-related activities:</b>				
Stockpiling of strategic and critical materials.....	22	16	17	18
Expansion of defense production.....	—57	126	—38	-----
Selective Service System.....	34	37	42	43
Emergency preparedness activities.....	25	18	23	18
Subtotal, administrative budget.....	52,755	55,297	53,979	1 53,652
<b>Trust Funds:</b>				
Military assistance.....	674	860	1,225	1,325
Other.....	5	7	6	6
Subtotal, trust funds.....	679	867	1,231	1 1,331
Intragovernmental transactions and other adjustments (deduct).....	5	153	—1	
Total.....	53,429	56,011	55,211	

<sup>1</sup> Compares with new obligational authority for 1963 and 1964 as follows:  
 Administrative budget funds: 1963, \$54,323 million; 1964, \$53,837 million.  
 Trust funds: 1963, \$892 million; 1964, \$1,689 million.

and equipment. It also reflects a stringent screening of existing and proposed programs, and increasing economies under the Department's cost reduction program. Savings achieved in 1963 under the cost reduction program totaled over \$1 billion. Further actions this year and in fiscal 1965 are expected to raise the rate of ultimate annual savings to \$4 billion.

The estimated strength and composition of the active forces at the end of fiscal year 1965 compared with the 2 preceding years and with 1961 are shown in the accompanying table.

## SUMMARY OF ACTIVE FORCES

Description	Actual, June 30, 1961	Actual, June 30, 1963	Estimated	
			June 30, 1964	June 30, 1965
Military personnel (in thousands):				
Army.....	858	975	972	974
Navy.....	627	664	670	678
Marine Corps.....	177	190	190	190
Air Force.....	820	869	855	839
Total, Department of Defense.....	2,482	2,698	2,687	2,681
Selected military forces:				
Strategic retaliatory forces:				
Intercontinental ballistic missiles (squadrons):				
Minuteman.....		2	12	16
Titan.....		7	12	12
Atlas.....	4	13	13	9
Polaris submarines.....	5	12	22	32
Strategic bombers (wings):				
B-52.....	13	14	14	14
B-58.....	1	2	2	2
B-47.....	20	13	10	5
Continental air and missile defense forces:				
Manned fighter interceptor squadrons.....	42	42	40	40
Interceptor missile squadrons (BOMARC).....	7	8	8	6
Army air defense missile battalions <sup>A</sup> .....	49½	31½	26½	23½
General purpose forces:				
Army divisions (combat ready).....	11	16	16	16
Army surface-to-surface missile battalions.....	42½	48½	38	38
Army air defense missile battalions.....	26¾	31¾	31¾	32¾
Army special forces groups.....	3	6	7	7
Warships:				
Attack carriers.....	15	15	15	15
Antisubmarine warfare carriers.....	9	9	9	9
Nuclear attack submarines.....	13	16	23	27
Other.....	328	326	320	325
Amphibious assault ships.....	110	132	133	135
Carrier air groups (attack and ASW).....	28	28	28	28
Marine Corps divisions/aircraft wings.....	3	3	3	3
Air Force tactical forces squadrons.....	93	109	110	113
Airlift and sealift forces:				
Airlift aircraft (squadrons):				
C-130 through C-141.....	16	26	34	38
C-118 through C-124.....	35	31	27	17
Troopships, cargo ships, and tankers.....	99	101	99	99

<sup>A</sup> Decrease reflects phaseout of Nike-Ajax and transfer of Nike-Hercules battalions to Army National Guard.

The financial requirements of the Department of Defense can best be described in terms of the total obligational availability proposed for each of the major military programs. Total obligational availability for any year is the sum of new obligational authority granted by the Congress for that year plus obligational authority granted in prior years which is not required to complete prior year programs.

#### SUMMARY OF THE DEPARTMENT OF DEFENSE BUDGET PROGRAM

[Fiscal years. In billions]

Major military programs	Total obligational availability		
	1963 actual	1964 estimate	1965 estimate
Strategic retaliatory forces.....	\$8.4	\$7.3	\$5.3
Continental air and missile defense forces.....	1.9	1.9	1.8
General purpose forces.....	17.9	18.2	18.5
Airlift and sealift forces.....	1.4	1.3	1.4
Reserve forces.....	1.8	2.0	2.0
Research and development (not included elsewhere).....	5.1	5.4	5.5
General support.....	13.1	13.9	14.8
Retired pay.....	1.0	1.2	1.4
Civil defense.....	.1	.1	.4
Military assistance.....	1.6	1.1	1.1
Proposed legislation.....			.2
Total obligational availability.....	52.2	52.5	52.4
Of which:			
New obligational authority.....	51.1	51.0	50.9
Prior year funds.....	1.1	1.5	1.5

*Strategic retaliatory forces.*—Our strategic retaliatory forces now consist of more than 600 operational long-range ballistic missiles—Atlas, Titan, Minuteman, and the submarine-launched Polaris—together with a SAC bomber force of about 1,000 aircraft, including those on air alert training missions and about 500 on quick-reaction ground alert. The present and planned forces are, and will continue to be, vastly superior to the Soviet nuclear force. Most of the land-based missile force has been hardened and dispersed so that, with the highly invulnerable Polaris force at sea and the continuously alerted strategic aircraft, we are clearly capable of destroying an aggressor even if forced to absorb a surprise first strike.

Under these conditions, further substantial numerical increases in our strategic forces above those already planned would soon be of diminishing value. The 1965 budget provides for another increment of an improved type of Minuteman missile, bringing to 1,000 the number of Minutemen approved through fiscal 1965. In addition, emphasis is being placed on improving the effectiveness of the stra-

tegic missile and bomber forces and their responsiveness to command authority.

The 1965 budget provides for an extensive missile improvement program, modifications to earlier versions of the Minuteman and Polaris missiles to increase their range and versatility, and a special modification program for the B-52 manned bomber designed to ensure the continued effectiveness of this aircraft in future years. The 1965 budget also provides for further development and procurement of postattack command and control systems, continued research on advanced ICBM systems, and design studies on intercontinental strike aircraft.

Total obligational availability for the strategic retaliatory forces in 1965 is estimated to decline by \$2.0 billion from 1964. The reduction is possible mainly because funding for the planned fleet of 41 Polaris submarines is being completed in 1964 and fewer additional Minuteman missiles are included for 1965. Savings will also result from the continued phase-out of the B-47 medium bomber force and of the older, unprotected Atlas missiles, which are particularly expensive to maintain.

*Continental air and missile defense forces.*—Our continental defense forces are intended to provide warning of attack, to defend command centers and retaliatory forces, and to reduce casualties in the population and damage to industry. Total obligational availability for these forces in 1965 is estimated to decline by \$0.1 billion from 1964.

The strategic threat to the United States is shifting from manned bombers to ballistic missiles. Moreover, a larger portion of the Soviet missile forces is being deployed in submarines at sea or otherwise protected. Accordingly, the 1965 program provides for continued development work on a priority basis for the Nike X antimissile system along with continued exploration of advanced antiballistic missile defense concepts. Research will also proceed on various missile warning and space surveillance systems.

The vulnerability of our defenses against bomber attack will be reduced by the further dispersal of interceptor aircraft and Nike-Hercules surface-to-air missile batteries, as well as by the further progress expected in improving the survivability of control systems for interceptors. The Ballistic Missile Early Warning System will continue to provide notice of missile attack.

*General purpose forces.*—In the past several years there has been a great improvement in the ground, sea, and air forces designed principally for limited war, and the Nation now possesses the kinds of forces needed to deal with such a contingency. These expanded capabilities have been achieved not only by increases in the size of our forces, but also by a buildup of combat stocks, increases in mobility

and readiness, and by modernization of the weapons inventory. The gap which once existed between requirements for equipment and supplies and actual inventory levels has already been significantly narrowed, and the 1965 budget provides for further gains. Total obligational availability for the general purpose forces is estimated at \$18.5 billion in 1965, \$0.3 billion more than in 1964.

The funds provided in this budget will maintain the present 16 Army divisions and the 3 Marine division/aircraft wings, and will provide for continued testing of an air assault division concept. Army and Marine Corps inventories of modern combat weapons and equipment, including aircraft, missiles, and helicopters, will be further augmented.

The Navy general purpose force program provides for the construction of 47 new ships, including 6 nuclear attack submarines and a submarine tender, 16 destroyer escorts for antisubmarine warfare, 7 fleet support ships, 10 amphibious assault ships, and 1 destroyer tender. Including all major programs, this budget provides for construction of 53 new ships and 7 major conversions.

The 1965 budget also provides for further procurement of both the fighter and reconnaissance versions of the modern F-4 aircraft for the Navy and Air Force; development and production of the VAL, a new Navy light attack aircraft; construction of tactical aircraft shelters in overseas areas; and procurement of additional conventional ordnance and equipment. Development of the advanced F-111 tactical fighter aircraft for the Navy and Air Force will continue in 1965.

*Airlift and sealift forces.*—Modernization and expansion of the airlift forces during the past several years have greatly increased our ability to deploy forces rapidly to trouble spots all over the world. A dramatic example of this was operation "Big Lift," in which the personnel of a combat-ready Army division were airlifted from Texas to West Germany in 63 hours and united with prepositioned equipment.

Total obligational availability of \$1.4 billion estimated for this program in 1965 is \$0.1 billion more than in 1964. The 1965 budget provides for procurement of additional C-141 jet transports, procurement of a cargo ship designed for rapid loading and unloading of military equipment, and modernization of two tankers. In addition, funds are provided for a continuation of the program of large-scale airlift exercises, and for initial design studies on a new jet cargo aircraft.

*Reserve forces.*—To the extent that the reserve components of the Army, Navy, Marine Corps, and Air Force can respond in a timely manner, the need for active forces is lessened. The major reorganization of the Army Reserve and Army National Guard instituted last year has helped to increase the readiness and potential combat effectiveness of these forces.

In 1965, total obligational availability to support these forces is estimated at \$2.0 billion.

## RESERVE AND NATIONAL GUARD PERSONNEL

Component	Actual	Estimated	
	June 30. 1963	June 30. 1964	June 30. 1965
Army Reserve.....	236,985	264,000	285,000
Army National Guard.....	360,714	376,000	395,000
Naval Reserve.....	119,611	126,000	126,000
Marine Corps Reserve.....	46,257	45,500	45,500
Air Force Reserve.....	58,607	61,000	61,000
Air National Guard.....	74,325	75,000	75,000
Total.....	896,499	947,500	987,500

The paid drill training strength of the Army reserve components authorized and programed for the end of fiscal years 1963 through 1965 is 700,000. However, it is estimated that the strengths which can actually be attained in 1964 and 1965 are below this amount, as was the case in 1963. The funds provided in this budget would support the lower levels anticipated.

*Research and development.*—Total obligational availability proposed for this program category, which includes all research and development of weapons and other systems not included in the other program categories, is \$5.5 billion, \$0.1 billion more than in 1964. Work will be completed on a number of systems and will be canceled on some other programs, such as the Dynasoar manned spacecraft project. The Dynasoar project will be replaced by a broader and more promising program for exploring problems and potentials of manned military operations in space, including development of a manned orbiting laboratory.

General programs of basic research and exploratory development, which provide the building blocks for future weapons, will continue to be expanded in 1965. Projects included in the 1965 program range from weapons for guerrilla warfare to sophisticated space programs. Examples are: the Titan III, a large booster rocket for the space program; the Nike X ballistic missile defense system; vertical takeoff fighter and transport aircraft; penetration aids for our ballistic missiles; antisubmarine warfare weapons; and the Medium-Range Ballistic Missile.

*General support.*—This program includes all costs which cannot be allocated meaningfully among the other major programs, such as the financing of individual training and education, communications, the National Military Command System, logistic support, medical services, military housing, command operations, and certain other departmentwide activities. Much of this program is influenced by other program decisions; for example, the costs of medical care and recruit training are directly related to the size of the military forces. Total obligational availability required for this program in 1965 is \$14.8 billion, compared with \$13.9 billion in 1964. This increase results from military and civilian pay increases required by law and higher costs for such functions as the Defense Atomic Support Agency and Army communications.

Funds are provided for determining the effects of underground nuclear weapons tests and for maintaining readiness to test in the atmosphere in case of violation of the limited nuclear test ban treaty.

*Civil defense.*—An effective civil defense program is an important element of our total defense effort. It aims at the achievement of a nationwide fallout shelter system. The 1965 program is based on enactment of legislation similar to that proposed last year to provide Federal assistance for fallout shelters in public buildings, schools, hospitals, and other nonprofit institutions. Total obligational availability of \$0.4 billion is proposed for the civil defense program for 1965, compared with \$0.1 billion in 1964.

The 1965 program also provides for continued work on systems to warn the population of an attack, equipment for monitoring the level of radioactivity, construction of protected regional centers for emergency governmental operation, training and education for emergency preparedness, research and development, financial assistance to States, and procurement of provisions for fallout shelter spaces. The nationwide shelter survey, under which 104 million spaces have already been identified, will continue.

*Military assistance.*—The military assistance program is based on the recognition that the security of the United States is interdependent with that of the rest of the free world. In the 1965 budget, funds for military assistance have been included under the Department of Defense, reflecting a new emphasis on closer coordination between this program and the Department's other regular missions.

Under the military assistance program, equipment, training, and related services are provided for the armed forces of more than 60 allied and friendly nations. The program also helps to maintain our access to overseas bases, which allows optimum deployment of our own military forces. To replace the forces of our allies with comparable and similarly deployed American troops and facilities would cost us much more in terms of both manpower and expenditures.

The Western European nations in the North Atlantic Treaty Organization now supply almost all the financial support for their own military forces and also provide military assistance to others. Continuing military assistance from the United States to these European countries is limited to the fulfillment of prior commitments and a modest amount of training, essential to the attainment of U.S. objectives. Today, in response to the changing nature and direction of the Communist threat, approximately 70% of the total program goes to nine key countries on the periphery of the Soviet Union and Communist China—Greece, Turkey, Iran, India, Pakistan, Thailand, Vietnam, and the Republics of China and Korea.

In the less developed nations of Latin America and Africa, our military assistance is directed primarily toward strengthening internal security and helping indigenous forces in civic action projects.

Recommended total obligational availability for the military assistance program in 1965 is \$1.1 billion, the same as in 1964.

*Proposed legislation.*—Further adjustments will be needed in military compensation rates to keep military pay abreast of changes in pay scales in the private economy. To cover the costs of these adjustments, the budget includes \$143 million of new obligational authority for 1965, on the assumption that the Congress will enact the necessary legislation in time for it to become effective on October 1, 1964.

The Congress is again requested to enact legislation to:

- Provide comparable subsistence standards among the military services by establishing a single, uniform ration.
- Modernize and make more uniform the statutes of military services governing various aspects of officer career management in order to aid in attracting and retaining qualified officer personnel.



- Authorize the military departments to offer an elective 2-year Reserve Officer Training Corps course leading to a commission in addition to the presently authorized 4-year program.
- Revise the present system for appointments to the Military, Naval, and Air Academies to provide more equitable opportunities for those wishing to enter these schools.
- Authorize disposal of the Government-owned communications facilities in Alaska to private enterprise for operation and development under appropriate regulatory supervision.

**Atomic energy activities.**—Expenditures by the Atomic Energy Commission in 1965 are estimated to be \$2.7 billion, down \$65 million from 1964. Increases for research and development programs for peaceful uses of atomic energy will be more than offset by a reduction of \$126 million in the procurement of uranium concentrates and the production of special nuclear materials. The lower rate of production of these materials (plutonium and enriched uranium) is consistent with anticipated military and civilian requirements arrived at following extensive review by the Atomic Energy Commission and the Department of Defense.

**Nuclear weapons.**—Expenditures for the development and production of nuclear weapons in 1965 will remain at the levels attained in 1964. Underground testing of nuclear weapons will continue in 1965, along with preparations to achieve and maintain readiness to resume testing in the atmosphere, in the event that the limited nuclear test ban treaty is terminated.

**Peaceful uses of atomic energy.**—Expenditures in 1965 for the development of civilian nuclear power are estimated at \$234 million, an increase of \$5 million from 1964. Increased emphasis will be placed on reactors which produce more fuel than they consume (“breeders”), and efforts will be continued to develop certain other advanced reactors. However, there will be a decline in Federal expenditures for established types of light water-cooled reactors which are now coming into increasing use in private utility systems. Continued emphasis will be given to the nuclear safety program, including construction of a third experimental facility.

Programs to develop the use of nuclear energy in space exploration will be continued in 1965. Work will continue on the SNAP program to develop compact nuclear electric power units for satellites and space vehicles, with particular emphasis on units fueled by radioisotopes.

The Rover nuclear rocket program will be reoriented to ground-based research and engineering, with deferral of flight objectives.

There will be continued growth in 1965 in basic research in the physical and biomedical sciences. Particularly noteworthy in the physical sciences program will be the start of construction of the world's finest research reactor at Argonne National Laboratory near Chicago, which will serve many scientific disciplines. Research activities in the biomedical sciences will grow in several areas, including fallout studies.

Work on the peaceful application of nuclear explosives under Project Plowshare will be concentrated in 1965 on the development of suitable devices for excavation purposes.

***Defense-related activities.***—Expenditures for the various defense-related activities of agencies other than the Department of Defense and the Atomic Energy Commission are expected to decline by \$153 million in 1965. The decrease is in defense production activities, reflecting proposed legislation to eliminate requirements for further interest payments on borrowings from the Treasury for certain previous investments in defense production programs.

Expenditures for the Selective Service System are estimated to rise by \$5 million in 1965 due to a more than one-third increase in registration and classification workloads, as larger numbers of young men reach age 18 and become subject to registration. Special procedures are planned to provide for examination of 18-year-olds as part of a national effort to help identify and overcome the disabilities which result in rejection of so many of our youth for service in the Armed Forces.

## INTERNATIONAL AFFAIRS AND FINANCE

The international activities of the U.S. Government foster understanding by educational, cultural, and economic exchange with other nations, and by providing information about this country and its objectives. They also promote world stability by supplying the critical margin of economic resources and technical knowledge that will help developing nations to attack poverty and discontent, advance toward economic independence, and maintain their political integrity.

New obligational authority of \$3.6 billion is requested for international affairs and finance activities for 1965, an increase of about \$600 million over 1964. Administrative budget expenditures are estimated to be \$2.2 billion in 1965, about \$200 million less than in 1964. This reduction primarily reflects greater anticipated sales of certificates of participation by the Export-Import Bank.

## INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Economic and financial programs:</b>				
Agency for International Development:				
Development loans .....	\$760	\$790	\$850	\$925
Development grants .....	245	230	225	225
Alliance for Progress .....	260	325	405	550
Supporting assistance .....	494	415	335	335
Contingencies and other .....	284	340	335	357
Subtotal .....	2,043	2,100	2,150	2,392
International financial institutions .....	122	112	62	268
Peace Corps .....	42	73	90	115
Export-Import Bank .....	-392	-650	-856	-----
Food for Peace (Public Law 480, title II) .....	216	246	244	264
Other .....	10	16	16	12
<b>Foreign information and exchange activities:</b>				
U.S. Information Agency .....	155	160	172	176
Department of State .....	46	74	56	54
<b>Conduct of foreign affairs:</b>				
Department of State .....	340	282	283	294
U.S. Arms Control and Disarmament Agency .....	2	7	9	11
Tariff Commission .....	3	3	3	3
Foreign Claims Settlement Commission .....	1	23	19	2
Subtotal, administrative budget .....	2,588	2,447	2,248	<sup>1</sup> 3,591
<b>Trust Funds .....</b>	<b>44</b>	<b>86</b>	<b>99</b>	<b><sup>1</sup> 130</b>
Intragovernmental transactions and adjustment for net cash issuances or withdrawals by international financial institutions (deduct) .....	390	81	-30	
<b>Total .....</b>	<b>2,242</b>	<b>2,452</b>	<b>2,377</b>	

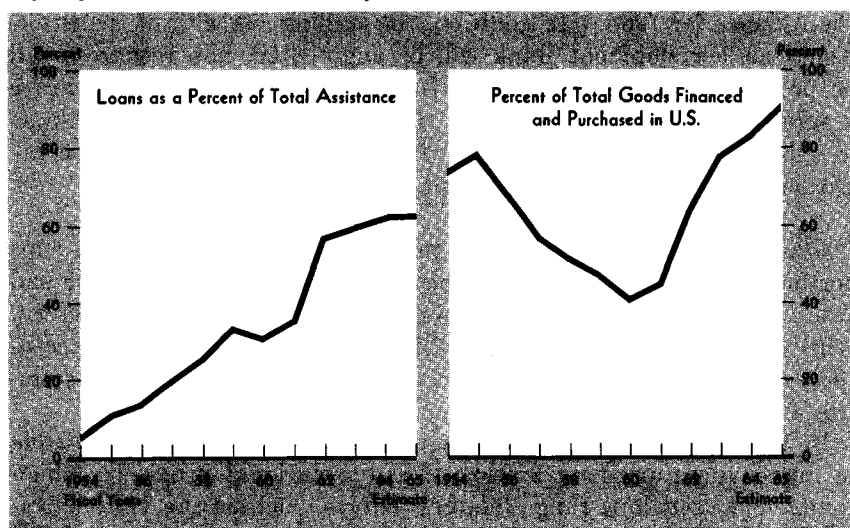
<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:  
 Administrative budget funds: 1963, \$5,693 million; 1964, \$2,994 million.  
 Trust funds: 1963, \$34 million; 1964, \$68 million.

**Agency for International Development.**—The Agency for International Development administers and coordinates economic assistance programs in less developed countries where political stability, resistance to aggression, or accelerated economic or social progress is of importance to the United States. Expenditures for these programs are estimated to be \$2.2 billion in 1965, an increase of \$50 million over

1964. New obligational authority of \$2.4 billion is requested for AID for 1965. This will make the total 1965 obligational availability equivalent to the amount provided for 1964 including unobligated funds carried forward from the prior year.

In determining the allocation of its funds, the Agency for International Development is carefully weighing U.S. objectives and applying increasingly rigorous standards in evaluating recipient country performance and the availability of funds from other sources. Procurement procedures insure that more than 80% of AID commitments now finance procurement of goods and services produced in the United States. Improved management will help the Agency to reduce its employment by 800 during 1965.

#### Agency for International Development – Program Trends



*Development loans and grants.*—Increasingly, our commitments for development assistance are focused in a relatively small number of countries which are displaying the serious discipline essential to economic development; in such instances, we are attempting to encourage and sustain the acquired momentum by providing long-term assistance on favorable terms until alternative sources of financing become available. Where evidence of the necessary discipline does not exist, our assistance is being reduced or withheld.

The bulk of our long-term assistance is in the form of loans repayable in dollars. Expenditures for loans are estimated to rise in 1965 by \$60 million. Complementing these loans is technical assistance financed primarily through development grants. This assistance helps provide the human skills, education, and institutions that are basic to social and economic progress. Expenditures for such grants are

estimated at \$225 million in 1965, approximately the same amount as estimated for 1964.

*Alliance for Progress.*—The principles of social and economic reform, which underlay the creation of the Alliance for Progress less than 3 years ago, are taking root in the countries of Latin America. Though economic and social change occurs only slowly, these countries are able to use our development assistance more effectively with each passing year. To encourage and accelerate passage of these countries through the crucial early stages of progress, Alliance for Progress development assistance is being concentrated in those countries which show evidence of adopting internal policies conducive to economic development.

This budget includes new obligational authority of \$550 million for the Alliance for 1965. In addition, the lending capacity of the Inter-American Development Bank will be augmented, and resources will be provided through the Export-Import Bank, the Food for Peace program, and the Peace Corps. Together, these funds will enable us to maintain our current level of contribution and will fulfill our commitment to progress in this hemisphere.

*Other AID programs.*—Our foreign assistance program provides supporting assistance grants where necessary to maintain political and economic stability in critical areas of the world, and to meet certain other security objectives. Expenditures for supporting assistance in 1965 will be \$335 million, \$80 million less than in 1964, as more countries become able to use development loans instead of grants.

In 1965, the Agency for International Development will continue to make voluntary contributions for international programs which complement our long-range bilateral efforts, such as the United Nations Special Fund and Technical Assistance program and the Indus Basin Development program administered by the International Bank for Reconstruction and Development.

*Other economic and financial programs.*—To advance further the concept of partnership on which the Alliance for Progress is based, the United States is proposing to strengthen and expand the activities of the Inter-American Development Bank. Legislation will be proposed for the enlargement of the resources of the Bank used for long-term, low-interest loans, under arrangement subject to negotiations with the Bank's members.

The new obligational authority recommended for 1965 for international financial institutions includes \$206 million as the first install-

ment of a \$412 million increase in the U.S. subscription to callable capital stock of the Inter-American Development Bank. No expenditure is contemplated under this increase, but the move will facilitate the Bank's issuance of its securities in financial markets in the United States and abroad.

The fifth and final installment of \$62 million also requested in this budget for the International Development Association fulfills our initial pledge to finance, along with 15 other industrial countries, the development loans provided on favorable terms by this institution. An authorization request of \$312 million is now pending before the Congress for U.S. participation in a second round of pledges, recently negotiated; the first expenditure under the new pledge will not be required until fiscal year 1966.

Continuing its efforts to increase U.S. exports, the Export-Import Bank will expand its loans to foreign borrowers for the purchase of U.S. exports and also its guarantees of the private financing of U.S. exports. Under the Bank's highly successful arrangement with the recently formed Foreign Credit Insurance Association, more than 70 private insurance companies participate in insuring a rapidly growing volume of private U.S. export financing against both commercial and political risks. In 1965, the Bank is expected to have net receipts of \$856 million, about \$200 million more than in 1964, reflecting primarily an increase in the sale to private buyers of certificates of participation in its portfolio.

In recognition of the growing overseas demand for the services of Peace Corps volunteers and the continued increase in applications for service in the Corps, the number of volunteers is expected to rise from 10,500 in 1964 to 14,000 in 1965, requiring an estimated increase in expenditures of \$17 million over the current year's level.

Grants of surplus agricultural commodities under the Food for Peace program are distributed for disaster relief and also made available to support economic development projects. This part of the program provides milk and other nutritious foods to millions of school children around the world and makes possible more adequate diets for workers on development projects. It is expected to continue in 1965 at about the same level as in 1964.

***Foreign information and exchange activities.***—Primary responsibility for improving mutual understanding with other countries and for informing them about our aims and attitudes rests with the Department of State and the United States Information Agency.

Expenditures for the exchange activities of the Department of State are estimated to decline by \$18 million in 1965, reflecting pri-

marily a nonrecurring grant of \$25 million in the previous year for the establishment of a Japan-America Foundation. The quality and impact of educational and cultural exchange activities will be improved.

The United States Information Agency will carry forward its programs in 1965 with no increase in personnel. Nevertheless, the Agency will continue to expand and improve its television programming for Latin America, its radio broadcasts to Africa, and its worldwide motion picture activities.

Attention will be devoted to informational materials in support of counterinsurgency efforts in certain Far East countries. New obligational authority is being requested for 1965 to complete one new Voice of America radio facility and to modernize another.

***Conduct of foreign affairs.***—The Department of State continues to face increasingly complex foreign affairs responsibilities. Four years ago, diplomatic and consular posts were maintained in 82 countries; today they are maintained in 111 countries. As more new nations gain their independence, this upward trend will continue. Other workloads are also expected to rise. For example, in 1965 a 10% increase over 1964 is expected in the number of passports and nonimmigrant visas issued.

Nevertheless, employment levels and total expenditures for the Department's conduct of foreign affairs are estimated to be virtually the same in 1965 as in 1964. While increased expenditures are estimated for support of the Foreign Service, including improved communications and needed office and housing facilities overseas, they will be offset by a decrease in contributions to international organizations.

The budget includes amounts to pay the costs of U.S. membership in the United Nations and other international organizations which are vital elements in the multilateral approach to peace, stability, and progress. During the past year, new arrangements were approved by the General Assembly, which reduce the U.S. share of U.N. peace and security costs; the estimates in this budget are based on those arrangements.

The U.S. Arms Control and Disarmament Agency, while making small reductions in its staff, will expand its contract research program in 1965. Its main work will continue to be the research needed for the formulation and presentation of U.S. positions at international disarmament meetings.

Expenditures of the Foreign Claims Settlement Commission are estimated to be unusually high in fiscal years 1964 and 1965 because

of special payments of war claims to the Philippines. These payments are scheduled for completion in December 1964.

### SPACE RESEARCH AND TECHNOLOGY

The programs of the National Aeronautics and Space Administration are designed to maintain American supremacy in space and to demonstrate this supremacy by achieving a manned landing on the moon in this decade. Besides manned space flight, these programs include the exploration of space by unmanned spacecraft; the development of satellite technology for meteorological, communications, and other applications; and the advancement of basic research and technological development on which both our aeronautical and space efforts depend.

#### SPACE RESEARCH AND TECHNOLOGY

[Fiscal years. In millions]

Program	Payments to the public			Recommended new obligatory authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
Manned space flight.....	\$1,533	\$2,898	\$3,370	\$3,580
Unmanned investigations in space.....	484	645	670	733
Meteorology, communications, and other space applications.....	90	105	97	98
Other research, technology, and supporting operations.....	445	752	853	893
Subtotal, administrative budget.....	2,552	4,400	4,990	5,304
<b>Trust Funds.....</b>		*	2	*
Total.....	2,552	4,400	4,992	5,304

\*Less than one-half million dollars.

<sup>1</sup> Compares with new obligatory authority for 1963 and 1964 as follows:

Administrative budget funds: 1963, \$3,673 million; 1964, \$5,241 million.

Trust funds: 1963, \$1 thousand; 1964, \$2 million.

A total of \$5.3 billion in new obligatory authority for 1965 is recommended to support these programs. In addition, a supplemental appropriation of \$141 million is requested for 1964, to regain in part the slippage in the manned lunar landing program resulting from reductions in 1964 appropriations below the amount requested in the budget. The amount requested for 1965 is \$63 million more than the amount now estimated for 1964. This is a smaller increase than in any year since this Nation launched its space program, made



possible by a detailed review of all requirements, careful allocation of resources, and improved program management over the past year.

Expenditures for the space program in 1965 are estimated at slightly less than \$5.0 billion, which is \$590 million more than the estimate for 1964. The increase is mainly to fulfill obligations already incurred, as payments are made for equipment, facilities, and services contracted for in prior years and delivered in 1965.

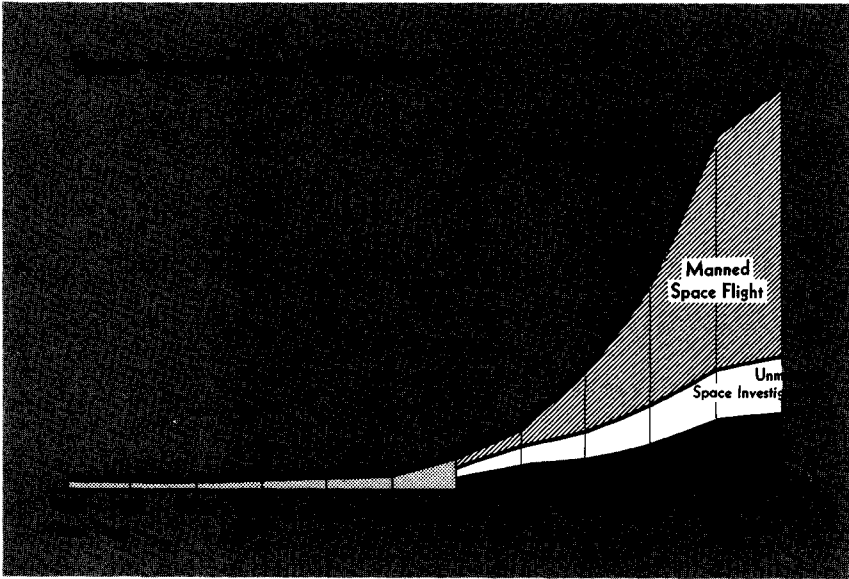
*Manned space flight.*—Manned space flight activities, which account for over two-thirds of the budget of the National Aeronautics and Space Administration, are focused on the top priority objective of achieving a manned lunar landing in this decade. The launch vehicle, spacecraft, and supporting development programs required to meet this objective will provide the broad technological capability for engaging in other space activities in the years ahead.

Reductions in the appropriations for 1964 from the amounts requested have delayed initial flight testing in the Saturn and Apollo programs. These reductions will be partially offset by the proposed 1964 supplemental appropriation. Other steps, such as a cutback in the number of planned flights and adoption of a new approach of testing complete space vehicles—instead of testing separate stages—will help to make up the delays in meeting the goal of landing men on the moon.

The level of activity in support of the 3-man Apollo lunar spacecraft development program will reach its peak during 1965 with 13 flight spacecraft in production by the end of the year. The Saturn V rocket program will be proceeding rapidly along its development cycle in preparation for launching the Apollo spacecraft, and will account for about \$850 million of the estimated 1965 expenditures. This rocket, standing 37 stories high, will be able to place in orbit a payload about 10 times heavier than that of the Saturn I, the largest rocket known to be in existence today.

The Saturn I first stage has successfully flown four times in four attempts. With the addition of a high-energy upper stage, large payloads will be orbited in 1965 to pave the way for manned Apollo flights. By the end of the year, the Saturn IB rockets, which will launch the manned Apollo spacecraft for earth orbital flights, will be undergoing acceptance testing in preparation for delivery to the John F. Kennedy Space Center for initial flight tests.

Manned flights of the 2-man Gemini spacecraft will be conducted during 1965 to add to the Nation's store of spaceflight experience and to continue the training and preparation of astronauts for flights to the moon.



*Unmanned investigations in space.*—Unmanned investigations in space will continue in 1965 by means of large observatory satellites able to conduct a variety of experiments. These satellites are the most economical for the amount of scientific data collected in relation to the number of spacecraft launched. As further economy measures, the number of observatory satellites ordered has been trimmed to meet optimum production schedules, and incentive contracting has been instituted.

Unmanned explorations of the moon preparatory to manned landings will be continued with additional flights of the Ranger spacecraft, which will televise the moon's surface as it approaches. Emphasis will be placed on the development of the more advanced Surveyor spacecraft, which can "soft land" instruments on the moon, now that the liquid hydrogen fueled Centaur upper stage rocket has undergone a successful flight test. The first Surveyor flights are scheduled for 1965. Development of the Lunar Orbiter Spacecraft, which will examine the surface of the moon from lunar orbit, will also move forward.

Mariner space flights, one of which was so successful in exploring the planet Venus, will be continued for investigations of the planet Mars, with the next flight scheduled to take place during fiscal 1965.

*Meteorology, communications, and other space applications.*—Additional research and development flights using the successful Tiros

spacecraft will be conducted in 1965 in support of the operational meteorological satellite system of the Weather Bureau. Experiments with the larger Nimbus satellite will be continued.

In the communications field, Relay and Syncom satellites will be in orbit during the coming year for civil and military experiments. The Relay low-altitude satellite can receive and retransmit television and telephone signals from one ground station to another as it moves around the earth. The Syncom high-altitude satellite is placed in orbit above the earth so that it is synchronized with the earth's speed and stays directly over the same spot on the earth's surface.

Development of a new advanced satellite for experiments in space technology related to a variety of space applications, such as communications, meteorology, and space science, will be continued in 1965.

*Other research, technology, and supporting operations.*—The supporting programs on which space operations and long-term improvements in the space program depend will continue in 1965. These programs include the NASA worldwide tracking system, research and development in aeronautics and space technology, and support of college and university programs in the space sciences, including the training of candidates for advanced degrees.

## AGRICULTURE AND AGRICULTURAL RESOURCES

Agricultural productivity continues to increase. Total farm output in calendar year 1963 was 12% above the 1957–59 average and represented a new record high for the sixth consecutive year. Although the rise in crop output since 1960 has been limited by acreage reductions under the feed grain and wheat programs, rising yields for these and other crops have accompanied such reductions. Crop harvests in 1963 were greater than in 1960, despite the 5% decline in the acreage used for crops and an 11% reduction in total agricultural man-hours. Nonetheless, during the past 2 years the carryover of wheat has been cut from a high of 1.4 billion to 1.2 billion bushels and the carryover of feed grains from 85 million to 62 million tons.

The longrun upward trend in agricultural productivity has contributed heavily to the Nation's economic growth. But it is also a factor contributing to the current unsatisfactory incomes of many of our farmers and the continued high budgetary costs of our farm programs. While too large a part of our productive resources is still devoted to agriculture, we have derived important advantages from the resulting excess farm production by using agricultural commodities to raise the level of living of low-income people in our own Nation and to provide needed food assistance to people of other nations. Farm

## AGRICULTURE AND AGRICULTURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Farm income stabilization and Food for Peace:</b>				
Price support, supply, and purchase programs:				
Present programs.....	\$2,857	\$1,480	\$1,540	\$1,124
Proposed legislation.....			-230	
National Wool Act.....	63	79	55	80
Food for Peace (Public Law 480, titles I, III, and IV) ..	1,824	2,168	1,676	1,951
International Wheat Agreement.....	74	101	*	32
Transfer of commodities to supplemental stockpile.....	100	86	81	120
Removal of surplus agricultural commodities.....	112	271	174	174
Conservation reserve and cropland conversion:				
Present programs.....	309	314	210	208
Proposed legislation.....		33	42	40
Sugar Act.....	77	93	88	88
Other.....	102	120	114	122
Subtotal.....	5,517	4,746	3,750	3,938
<b>Financing rural electrification and rural telephones:</b>				
Present programs.....	342	388	394	440
Proposed legislation.....		-169	-178	-347
<b>Financing farming and rural housing:</b>				
Farmers Home Administration:				
Present programs.....	296	280	86	54
Proposed legislation.....			43	103
Farm Credit Administration.....	4	-1	1	3
<b>Agricultural land and water resources:</b>				
Soil Conservation Service.....	182	192	198	204
Agricultural conservation program payments (including CCC loan).....	219	221	220	225
Other.....	3	5	5	
<b>Research and other agricultural services:</b>				
Present programs.....	391	409	433	443
Proposed legislation for inspection fees.....			-45	-49
Subtotal, administrative budget.....	6,954	6,070	4,907	<sup>1</sup> 5,014
<b>Trust Funds</b> (mainly federally sponsored farm credit institutions).....	507	475	442	<sup>1</sup> 28
Intragovernmental transactions and other adjustments (deduct).....	194	205	283	
Total.....	7,266	6,340	5,065	

\*Less than one-half million dollars.

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:

Administrative budget funds: 1963, \$7,070 million; 1964, \$6,385 million.

Trust funds: 1963, \$25 million; 1964, \$28 million.

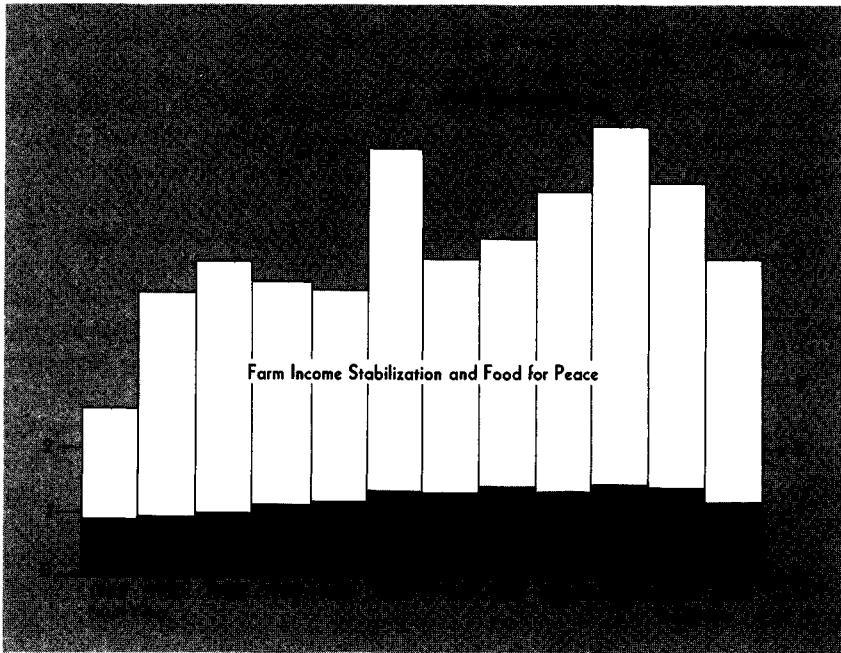
legislation designed to improve our present farm programs and promote more effective use of present rural resources will be proposed to the Congress early in this session.

Payments to the public for agricultural programs in 1965 are estimated at \$5.1 billion, down \$1.3 billion from 1964. The reduction reflects mainly substantial declines in anticipated expenditures for (1) farm price support and Food for Peace programs financed by the Commodity Credit Corporation, (2) the rural housing loan program of the Farmers Home Administration, and (3) the meat, poultry, and grain inspection programs. Part of the reduction is also the result of increased efficiency and reduced personnel requirements. Department of Agriculture employment is estimated to decline from 116,800 at the end of 1964 to 115,376 by the end of the fiscal year 1965.

*Farm income stabilization and Food for Peace.*—Expenditures for farm income stabilization and Food for Peace, accounting for 74% of total payments for agriculture and agricultural resources, are estimated to be \$996 million less in fiscal year 1965 than in 1964. Most of the decrease results from (1) estimated lower unit costs of agricultural commodities, primarily wheat, shipped under the Food for Peace program and the International Wheat Agreement, and (2) anticipated budgetary savings from proposed legislation for cotton and dairy products.

Legislative proposals designed to make cotton available at lower prices to domestic users, while still providing essential income support to cotton producers, are now pending before the Congress. The Administration has supported the objectives of this legislation. It is, however, possible to accomplish these goals at a reduced budgetary cost, and proposals to this effect will be transmitted to the Congress shortly. There are several pending legislative proposals before the Congress, supported by the Administration, which would improve the dairy program. The combined effect of the legislative proposals for cotton and dairy products would reduce the 1965 net budget expenditures of the Commodity Credit Corporation by \$230 million.

Titles I and II of Public Law 480 (Agricultural Trade Development and Assistance Act) expire on December 31, 1964, and extension is recommended. Title I, under which sales of agricultural commodities are made for foreign currencies, is the principal authority for and accounts for most of the expenditures for the Food for Peace program.

**Agriculture and Agricultural Resources** *Administrative Budget*

Titles I, III, and IV of Public Law 480 are classified in the budget under agriculture and agricultural resources. Title II, under which grants of food and other agricultural commodities are made to needy people abroad, is classified under international affairs and finance. The following table brings together the total expenditures under Public Law 480 and shows the amount for each title separately:

**FOOD FOR PEACE EXPENDITURES**

[Fiscal years. In millions]

Public Law 480	1963 actual	1964 estimate	1965 estimate
Title I (sales for foreign currencies) .....	\$1,483	\$1,609	\$1,081
Title II (grants abroad, primarily for emergency famine relief) ..	216	246	244
Title III (grants through private welfare agencies) .....	261	334	298
Title IV (long-term credit sales) .....	80	225	297
<b>Total, Public Law 480</b> .....	<b>2,040</b>	<b>2,414</b>	<b>1,920</b>

Note.—The decline from 1964 to 1965 reflects principally lower unit costs of wheat shipped under the program. The volume of commodities shipped is expected to remain at the same level as in 1964.

Rental contracts will expire during 1964 on 7.4 million acres of cropland that was placed in the conservation reserve between 1956 and 1960 and during the 1-year extension in 1963. Under this program, farmers contracted to retire cropland from production for specified periods. Legislation is being proposed to establish an expanded cropland conversion program under which the emphasis is on permanent rather than temporary shifts of cropland to less intensive uses. This approach would provide a lasting contribution to adjustment of agricultural production to available markets. The budget includes new obligational authority of \$50 million for this program in 1964 and \$50 million to continue the program in 1965; of these requests, \$40 million is under the proposed expanded program for these years and \$10 million is under existing legislative authority.

*Financing rural electrification and rural telephones.*—Funds recommended for the Rural Electrification Administration will permit electrification loan commitments of \$300 million in 1965, the same level as in 1964. Loan commitments of \$85 million are estimated in 1965 for the telephone program. In addition, a contingency reserve of \$65 million is included to be available for both loan programs, to be used to the extent necessary. Under new procedures now being developed by the Rural Electrification Administration for review of loans for generation and transmission of electricity, it is expected that local cooperatives and commercial power suppliers will be able to reach agreement more frequently. As a consequence, the volume of Federal generation and transmission loans in 1964 and 1965 is estimated to be lower than in 1963.

New obligational authority recommended for the electrification and telephone programs in 1965 reflects anticipated early enactment of proposed legislation to authorize use of collections on outstanding electrification and telephone loans to help finance new loans. Under this legislation, estimated collections of \$169 million in 1964 and \$178 million in 1965 will be available to help finance the 1965 loan programs, thereby reducing the amount of new obligational authority required.

*Financing farming and rural housing.*—The Farmers Home Administration deals with unsatisfactory farming, housing, and other rural conditions that can be improved through the use of direct Federal loans and insurance of private credit. The substantial reduction of

\$152 million in estimated budget expenditures for these programs from 1964 to 1965 reflects mainly proposed legislation which would largely replace direct Federal loans with insured private credit in the financing of the rural housing program. This action is part of a Government-wide policy of using private rather than public funds in credit programs to the maximum extent feasible. The 1965 estimates for the Farmers Home Administration provide for an enlarged program to finance rural housing for the elderly and for continuation of the pilot rural renewal program.

*Agricultural land and water resources.*—Expenditures for these programs are estimated to increase moderately in 1965. The estimates provide for continuing a new pilot program, started in 1964, under which loans and grants are made to rural communities to promote conservation and development of land and water resources on an areawide basis. Funds recommended for the upstream watershed protection program will permit about 36 new starts in 1965, as well as continuation of work on projects already underway; a small expansion is provided for the Great Plains conservation program.

Expenditures in 1965 under the agricultural conservation program are estimated at \$220 million, excluding administrative expenses, based on the \$220 million advance authorization by the Congress for the 1964 program year. An advance authorization of \$120 million is proposed for the 1965 program year. This amount will be adequate to permit the Government to share with farmers the cost of high priority conservation practices.

*Research and other agricultural services.*—Control of pesticides will be an important part of the research program in both 1964 and 1965. Ways will be sought to avoid pesticide hazards, the side effects of disease and pest control will be evaluated, and pesticide regulation will be improved. In addition, construction at Beltsville, Md., of a long needed National Agricultural Library is expected to begin in 1965.

Greater workloads in inspection activities will result from continued increases in the production of meat and poultry products. The number of establishments in which Federal meat inspection is performed is expected to rise from 1,696 in 1964 to 1,760 in 1965. To further the general policy that beneficiaries of special Government services should be charged for such services, legislation will be pro-



posed to finance directly the full cost of meat, poultry, and grain inspection activities through a system of fees. Collections from these fees are estimated at \$49 million in 1965.

### NATURAL RESOURCES

The United States is fortunate in having abundant natural resources. These resources must be wisely managed and developed to meet the needs of a growing population and an expanding economy. Estimated payments to the public of \$2.7 billion in 1965 for natural resources will provide for continued investments in resource conservation and development—investments which will contribute to our future economic growth.

*Land and water resources.*—A large part of the \$1.8 billion of estimated 1965 expenditures for land and water resources will advance projects started in prior years to supply water to our cities, industries, and farms; abate water pollution; prevent the ravages of floods; generate electric power; improve navigation; and increase recreational opportunities. In addition, the budget provides for an orderly program of new construction starts.

The new obligational authority proposed for 1965 for the Corps of Engineers includes appropriations of \$16 million to start construction of 34 projects with an estimated total Federal cost of \$378 million. The program for the Bureau of Reclamation provides for 10 new starts (including 3 small project loans) estimated to cost a total of \$134 million, and requiring appropriations of \$7 million for 1965. Enactment of pending legislation is recommended to provide uniform standards and obtain appropriate cost sharing for the recreation and fish and wildlife aspects of water resources projects of these two agencies.

Coordinated planning for the orderly and progressive development of water and related land resources in a number of river basins will be continued in 1965 by the Departments of the Army, Interior, Agriculture, and Health, Education, and Welfare. The Senate recently approved legislation which would further promote the coordination of planning between Federal and State agencies and authorize limited Federal grants to assist State planning. Early enactment of this legislation is recommended.

The Department of the Interior will continue its research program to find ways of reducing the cost of converting saline water to fresh water. Legislation has been recommended to provide a new program

## NATURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Land and water resources:</b>				
Corps of Engineers.....	\$1,072	\$1,075	\$1,133	\$1,152
Department of the Interior:				
Bureau of Reclamation.....	344	335	324	324
Power marketing agencies.....	37	50	60	69
Bureau of Indian Affairs.....	109	109	110	116
Bureau of Land Management.....	50	55	56	61
Office of Saline Water.....	9	11	12	13
Tennessee Valley Authority.....	53	57	68	51
Federal Power Commission.....	11	12	13	13
International Boundary and Water Commission and other.....	15	17	32	18
Subtotal.....	1,699	1,720	1,808	1,817
<b>Forest resources:</b>				
Forest Service.....	287	338	321	338
Bureau of Land Management.....	16	15	18	19
<b>Recreational resources:</b>				
Present programs.....	112	122	123	118
Proposed legislation.....			15	40
<b>Fish and wildlife resources</b> .....	94	104	110	114
<b>Mineral resources:</b>				
Bureau of Land Management.....	47	48	49	49
Bureau of Mines and other.....	24	60	64	60
<b>General resource surveys and administration</b> .....	73	76	80	82
Subtotal, administrative budget.....	2,352	2,483	2,588	<sup>1</sup> 2,637
<b>Trust Funds:</b>				
Indian tribal funds.....	67	69	54	44
Other.....	55	69	53	55
Subtotal, trust funds.....	122	138	107	<sup>1</sup> 100
<b>Intragovernmental transactions and other adjustments (deduct)</b> .....	18	10	6	
<b>Total</b> .....	2,456	2,611	2,688	

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:  
Administrative budget funds: 1963, \$2,447 million; 1964, \$2,588 million.  
Trust funds: 1963, \$134 million; 1964, \$109 million.

of grants to States to stimulate further research to help us make the most effective use of our water resources.

Funds appropriated for 1964 are available to begin construction of the interconnection between the electric power systems of the Pacific Northwest and Pacific Southwest after enactment of Pacific Northwest marketing area legislation and after the Secretary of the Interior has negotiated with non-Federal interests. Federal power marketing systems will be strengthened in 1965 to meet increased requirements in areas served by Federal hydroelectric projects, including the provision of a high-voltage power distribution system for the Bonneville Power Administration.

Funds are included in the budget to enable the Federal Power Commission to step up its examination of interstate wholesale electric power rates. Substantial progress has been made by the Commission in reducing its backlog of natural gas cases, involving the ordering of over \$500 million in refunds of excess charges.

The Tennessee Valley Authority will carry forward the development of natural resources in the valley in cooperation with State, local, and private groups. Development of the Land Between the Lakes recreation demonstration area will proceed. In 1965 TVA will proceed with the construction of steam-electric power units started in prior years to meet the growing demand for power in its marketing area. These power facilities are financed with revenues from sales of power and with borrowings from the public.

The budget includes funds for the management and development of 477 million acres of public domain lands and the administration of mineral leasing on the submerged lands of the Outer Continental Shelf. It provides additional funds to rehabilitate burned-over lands and to improve the maintenance of roads and buildings.

*Indian affairs.*—Since 1961, economic development programs for Indians have resulted in the establishment of 25 industrial plants on or near Indian reservations. These will provide about 4,000 additional jobs. To help Indian people achieve further economic and social development, the 1965 budget continues emphasis on elementary, secondary, and adult education, and adult vocational and on-the-job training. Educational assistance will be provided for 57,000 children and 12,000 adults in 1965, compared with assistance to 48,000 children and 8,000 adults in 1963.

To help meet the growing need for credit to develop Indian resources, legislation will be proposed to authorize Federal guarantees of loans by private lenders and to increase the authorization for the existing direct loan program.

*Forest resources.*—Expenditures for forest resources, estimated at \$339 million in 1965, will provide for construction of access roads, reforestation, and development of recreation areas on the 186 million acres of the national forest system; these activities will provide substantial employment opportunities in rural areas. Access roads are needed to allow an increase in the amount of timber cut; over 11 billion board feet of timber are expected to be harvested in national forests in 1965, compared with 10 billion board feet in 1963. Similarly, more recreation facilities are essential for the expected 155 million visits to national forests in calendar year 1965, compared with 125 million in calendar year 1963.

An addition to the Forest Products Laboratory in Madison, Wis., will be constructed in 1965. This will permit expanded research on wood utilization techniques and standards, resulting in benefits to the lumber industry, landowners, and consumers.

*Recreational resources.*—Expenditures for recreational resources under existing legislation are estimated to remain at about the current year's level in 1965. Most of these expenditures are for the management and development of our 26-million-acre national park system. A total of 102 million visits to the parks is expected in calendar year 1965, an increase of 9% over 1963.

A rapidly growing population, increased urbanization, and added leisure time emphasize the importance of preserving additional seashore and other areas with important recreation potential. Accordingly, legislation already recommended should be enacted to authorize further Federal acquisition of several such areas, as well as to protect our remaining wilderness areas.

Legislation is also needed to authorize Federal grants to States for planning, land acquisition, and development of recreation facilities. This legislation would provide for user charges so that direct beneficiaries of Federal recreation areas will help defray the costs.

*Fish and wildlife resources.*—The estimated expenditures of \$110 million in 1965 for these activities include amounts for accelerating research on the effects of pesticides, for supporting the national oceanographic research effort, and for other studies to aid the fishing industry. The budget also provides for the development and operation of 100 fish hatcheries and 298 wildlife refuges and for the acquisition of wetlands for migratory waterfowl; these activities benefit 25 million sport fishermen and 15 million hunters.

*Mineral resources and general resource surveys.*—Efforts will continue in 1965 to find ways of increasing the utilization of the Nation's

coal supply, including the conversion of coal to gaseous and liquid forms that may economically be used to satisfy our growing energy requirements. Added efforts will also be made to find methods of reducing health and safety hazards in mining operations.

Topographic surveys and mapping, basic to many private and public development programs, will be extended. By the end of 1964, 69% of the United States will have been surveyed for topographic maps at a standard scale of 1 mile to the inch or larger; an additional 2.5% will be surveyed during 1965. The budget also provides for increased studies on the composition of the upper mantle of the earth's crust. These studies will add to our knowledge of the formation of mineral deposits and contribute to the development of techniques for locating deep-lying mineral bodies.

Helium is important to our defense and space programs and for scientific, industrial, and medical uses. The Federal Government operates five plants and contracts with four private firms for the purchase of helium extracted from natural gases for future sale and use. If not extracted, this limited and nonreplaceable resource is wasted as a noncombustible part of natural gas used for fuel. About 787 million cubic feet of helium are expected to be produced by Government plants in 1965, and 3.7 billion cubic feet will be produced for the Government by private contractors. Of this total, about 3.9 billion cubic feet will be conserved for the Nation's future needs.

### COMMERCE AND TRANSPORTATION

The Federal Government provides a wide range of financial, technical, and other aids to private business, particularly to small enterprises and those in areas of persistent unemployment. It also helps strengthen our economy by improving transportation and communication facilities, regulating certain types of business activity, and encouraging competition where necessary to protect the public interest.

In 1965, payments to the public for these purposes will total an estimated \$6.6 billion. Over half of this total represents trust fund expenditures for Federal-aid highways, which are estimated to increase by \$99 million over the 1964 level.

Administrative budget expenditures of \$3.1 billion are estimated to be \$82 million below the estimate for 1964. Federal loans and grants to aid redevelopment of depressed areas will increase because of previous commitments, and minimum essential expansions are proposed for Federal aviation, weather activities, and certain other programs. However, these increases will be more than offset by reductions in outlays for the temporary public works acceleration program begun in fiscal 1963, for the postal service, and for various other programs.

## COMMERCE AND TRANSPORTATION

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Advancement of business:</b>				
Department of Commerce:				
Weather Bureau.....	\$85	\$92	\$101	\$103
National Bureau of Standards.....	41	63	65	46
Other aids to business.....	98	129	148	150
Small Business Administration.....	142	141	141	7
Other agencies.....	1	*	*	-----
<b>Area redevelopment:</b>				
Department of Commerce.....	39	98	130	222
Public works acceleration program.....	62	365	245	5
<b>Aviation:</b>				
Federal Aviation Agency.....	726	790	829	751
Civil Aeronautics Board—subsidies.....	82	85	83	84
<b>Water transportation:</b>				
Department of Commerce.....	364	350	336	357
Coast Guard.....	297	351	380	423
Panama Canal Co.....	10	6	—1	-----
St. Lawrence Seaway.....	1	1	2	-----
Highways (mainly on national forests and public lands)...	41	45	42	36
Postal service.....	770	546	475	551
Regulation of business.....	84	89	94	97
Subtotal, administrative budget.....	2,843	3,151	3,069	<sup>1</sup> 2,833
<b>Trust Funds:</b>				
Department of Commerce:				
Highway trust fund.....	3,017	3,551	3,650	3,805
Other.....	21	22	18	6
Federal Deposit Insurance Corporation.....	—161	—180	—202	-----
Subtotal, trust funds.....	2,877	3,394	3,466	<sup>1</sup> 3,811
Intragovernmental transactions and other adjustments (deduct).....	—57	—57	—54	
Total.....	5,777	6,601	6,588	

\*Less than one-half million dollars.

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:

Administrative budget funds: 1963, \$4,020 million; 1964, \$2,926 million.

Trust funds: 1963, \$3,605 million; 1964, \$3,731 million.

**Advancement of business.**—Responsibilities of the Department of Commerce and the Small Business Administration for advancing business enterprise include export promotion, aids to civilian research

and technology, weather and census information, and loans and special services to small businesses.

To foster the expansion of U.S. exports, the 1965 budget provides \$22 million in new obligational authority, \$4 million more than in 1964, to strengthen the export promotion program of the Department of Commerce. These funds will be used to encourage private firms to increase their exports, expand the number of exporting firms, provide more trade centers in foreign countries, and enlarge the number of American firms exhibiting their products at commercial trade fairs overseas.

Maintenance of the traditional U.S. leadership in technology is vital both to economic growth at home and effective competition in world markets. Increases of \$9 million in new obligational authority are requested in this budget to expand the activities of the Bureau of Standards, the Patent Office, and the Office of Technical Services so that better services can be provided to business and industry.

The rapid growth of Government-sponsored research has increased the importance of making the results of this research available to the interested public. Accordingly, the Commerce Department's role as a clearinghouse for a great variety of technical information is being strengthened. For example, funds are provided for the Office of Technical Services to assume responsibility for distribution of all unclassified research reports by the Department of Defense—a step which is expected to bring economies as well as improve service. In addition, the Bureau of Standards is establishing a National Standard Reference Data System to make verified data in the physical sciences conveniently available to science and industry. By accomplishing the time-consuming evaluation of information at a central point, research and engineering work should be made more efficient throughout American industry. In a few years, savings by Government contractors alone should exceed the additional budgetary costs.

During the past year, the responsibility for planning and coordinating the Government's extensive meteorological activities has been centralized in the Department of Commerce in order to avoid duplicating expenditures for weather operations, supporting research, and equipment. A review of the meteorological satellite programs of the Weather Bureau and the National Aeronautics and Space Administration has disclosed that during the next few years operating requirements can be met satisfactorily with a less sophisticated system than had previously been planned. By terminating the plan to launch a number of Nimbus satellites, in their present design, for use in routine weather operations, and using instead a simplified spacecraft similar to the successful NASA Tiros, the Weather Bureau will be able to hold annual costs over the next several years roughly \$20 million below the level previously estimated.

Provision is made in the budget for continued improvement in 1965 of the statistics used by both Government and private groups to measure our economic and social development, as discussed in Special Analysis J. Work on the 5-year economic censuses covering manufacturing, mineral industries, transportation, and the distribution and service trades will be almost completed in 1965. Enumeration of the Census of Agriculture will occur early in the fiscal year, requiring a temporary net increase of \$5 million in expenditures by the Bureau of the Census to \$36 million. This latter census has been taken regularly since 1840 and provides valuable benchmark data needed to understand changes occurring in agriculture.

Although net expenditures of the Small Business Administration are estimated to remain level in 1965, the agency will continue to expand the financial and other assistance it provides the small business community. This will be accomplished by using funds already available and funds which will become available from repayments and sales of earlier loans. The level of new commitments for small business loans will be increased to \$258 million in 1965, \$31 million more than in 1964. Commitments to small business investment companies and State and local development companies are estimated at \$126 million in 1965, an increase of \$20 million over 1964. At the same time, measures to simplify administrative procedures are encouraging increased participation by private lenders, thus reducing the need for Federal assistance.

**Area redevelopment.**—The Department of Commerce, with the assistance of other major departments and agencies, provides a broad range of Government aids to help depressed areas rebuild their economic base and thus create additional permanent employment. Expenditures for the area redevelopment program enacted in May 1961 will increase from \$98 million in 1964 to \$130 million in 1965, primarily for loans to finance construction of industrial and commercial facilities. The loans, grants, and technical assistance financed from prior authority and from the new obligational authority of \$222 million recommended for 1965 will help provide 150,000 workers with permanent employment in these economically depressed areas. The 1965 budget assumes enactment of legislation currently pending in the Congress to increase the maximum authorization on the various types of Federal assistance; these additional authorizations are required to carry out the program planned in 1965.

No provision is made in the budget for extension of the temporary accelerated public works program initiated in fiscal year 1963. However, an appropriation of \$5 million remaining under the legislative authority is requested for contingencies and to administer ongoing projects. Expenditures for projects already approved are estimated



at \$245 million in 1965, down \$120 million from 1964. These include over 2,400 waste treatment plants and water supply facilities, more than 1,000 street construction and repair projects, 281 hospitals and health facilities, and other useful public works.

**Transportation policies.**—Major steps have been taken to improve and coordinate the planning of Federal transportation programs which should pay dividends in better transportation and reduced costs to carriers, transportation users, and taxpayers. Several major legislative revisions of national transportation policy and programs which are pending before the Congress would further these objectives. They include: (1) amendments to exempt from minimum rate control carriers of bulk commodities, agriculture and fishery products, and intercity passengers; (2) various proposals to protect shippers, encourage rate and service experiments, foster through-routes and joint rates, and improve the effectiveness of regulation; and (3) Federal assistance for rehabilitation and expansion of mass transportation systems in urban communities, discussed under Housing and Community Development.

In fairness to the taxpayers and to encourage efficient use of Government-financed transportation facilities, the substantial special benefits received by travelers and shippers from Federal expenditures on aviation and inland waterways should be paid for at least in part by the users of these facilities. Accordingly, recommendations have been made for increased transportation user charges; these recommendations are discussed in Part 3 of this budget.

**Aviation.**—The Federal Aviation Agency is continuing to expand and modernize the national system of air traffic control and navigation aids. The use of manpower is being improved and obsolete or unnecessary facilities and services are being eliminated. Partly as a result of these economies, the recommendation for \$751 million in new obligational authority for 1965 is below the 1964 appropriation for the Agency's regular programs.

The joint industry-Government program to develop a civil supersonic transport aircraft for which \$60 million was appropriated in 1964, is proceeding on schedule. Design proposals have been received from prospective manufacturers and will shortly be evaluated for technical and economic feasibility. Expenditures for this program are estimated to increase in 1965 by \$42 million. All other expenditures of the FAA, taken together, are estimated to decline slightly from 1964 to 1965, despite increases in air traffic and the related workloads.

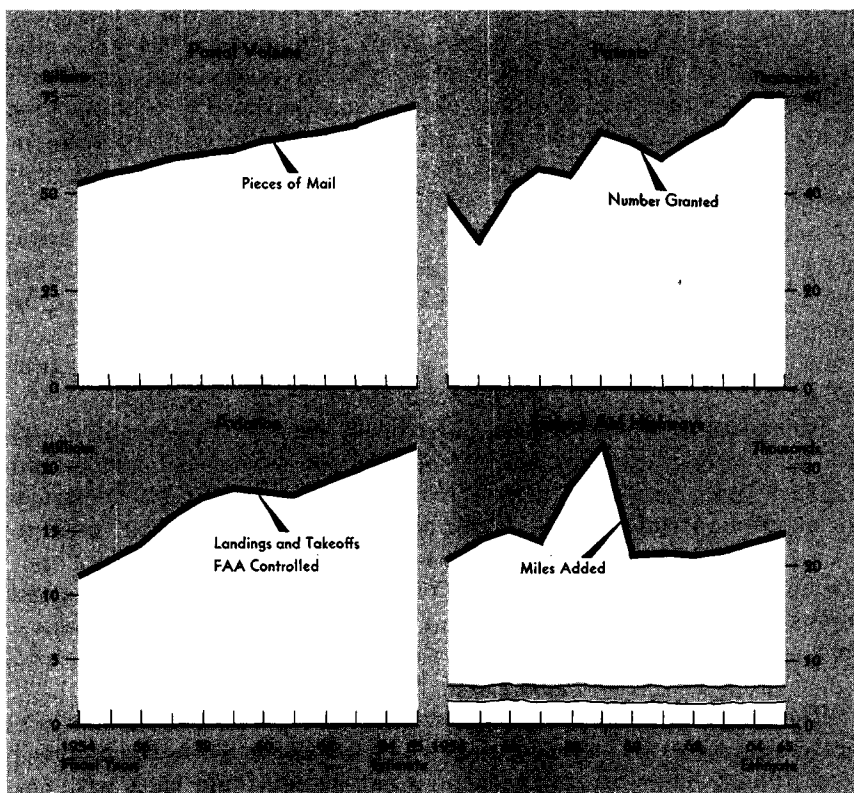
**Water transportation.**—Expenditures by the Department of Commerce for ocean shipping will decrease by an estimated \$15 million in 1965, primarily because operating subsidy payments in 1964 completed liquidation of an accumulation of prior year obligations which will not recur. However, the new obligational authority recommended is up by \$12 million over 1964, principally for the ship replacement program, including increased provision of automated equipment designed to reduce operating subsidies in future years. Starts on 17 new ships will be made as part of the continuing program to replace obsolete vessels in the subsidized fleet. Efforts to revitalize the U.S. merchant marine will continue, with particular attention to labor-management relations and application of new technology, in order to improve the competitive position of the U.S. fleet and thus reduce over the long run the need for Government subsidies.

Expenditures by the Coast Guard will rise by an estimated \$29 million in 1965, primarily because of fixed commitments for increased military pay and related personnel costs and larger outlays necessary for maintenance of vessels. New obligational authority of \$90 million, an increase of \$39 million over 1964, is requested for acquisition, construction, and improvement of Coast Guard facilities; the request represents the 1965 installment of a long-range program to accelerate replacement of obsolete vessels and expand air rescue facilities.

**Highways.**—Federal highway expenditures are financed almost entirely from taxes on highway users which are deposited in the highway trust fund. They are financed on a pay-as-you-build basis with the level of revenues controlling expenditures. Trust fund expenditures will increase by \$99 million in 1965 to an estimated \$3,650 million. About three-quarters of this total is for the Interstate Highway System, which is scheduled for completion in 1972. Over 15,400 miles of this 41,000-mile system are now open to traffic and another 16,600 miles are in various stages of development. Almost all remaining trust fund expenditures are for the primary and secondary Federal-aid highway systems. The budget assumes enactment of legislation extending these latter programs for two years at the present annual level of \$975 million.

**Postal service.**—Expenditures of the postal service in 1965 will exceed postal revenues by an estimated \$475 million. This compares with \$770 million in 1963 and an estimated \$546 million in 1964. The decreases from 1963 result from the postal rate increases which became effective in January 1963, an increase in parcel post rates expected to go into effect April 1, 1964, and provision of better

## Commerce and Transportation - Program Trends



service at less cost. The 1965 postal deficit, the amount by which postal revenues fail to cover postal costs after deducting public service costs, is estimated at \$89 million.

Current programs to improve the efficiency of postal operations are expected to accomplish substantial results in the years ahead. The cooperation of large mailers in converting their mailing lists to the new ZIP Code will reduce mail processing costs by increasing the amount of presorted mail presented to post offices. An automatic address reader and a computer-controlled letter sorter to process ZIP-coded mail are being developed and are expected to be ready for installation in 1967. Establishment of new centers for the receipt and dispatch of mail, and the consolidation of the mail processing functions of small post offices into large central processing facilities are continuing—with further savings anticipated in transportation and mail processing costs as well as better service to the public.

**Regulation of business.**—Pending legislation should be enacted to help protect millions of small investors by extending the present dis-

closure safeguards to all companies whose securities are widely owned, and by otherwise strengthening the securities laws.

Additional funds are requested for the Federal Maritime Commission to meet increased workloads and to permit the agency to pursue actively its effort to assure that fair and reasonable rates govern the movement of commodities in our waterborne foreign commerce in support of our export expansion program.

## HOUSING AND COMMUNITY DEVELOPMENT

Since the enactment of the Housing Act of 1949, our national housing policy has been directed toward the long-run goal, set in that act, of "a decent home and a suitable living environment for every American family." Through grants, direct loans and mortgage purchases, and especially through insurance of private credit, Federal programs have stimulated widespread investment by private individuals and groups, as well as by local communities, in housing construction and community development. As a result, repayments and sales of mortgages and other assets acquired in earlier years, together with other receipts, are now exceeding the amount required to finance necessary increases in Federal housing activities. Net receipts of \$317 million are estimated in the administrative budget for housing and community development programs in 1965, compared with estimated net receipts of \$191 million in 1964. Total Federal receipts from the public for these programs are expected to exceed payments to the public in 1965 by \$40 million.

*Urban renewal and community facilities.*—All the authority available for urban renewal capital grants provided by the Housing Act of 1961 will have been earmarked for specific projects by the close of the current fiscal year. Accordingly, legislation to authorize an additional \$1.4 billion in grants is recommended for prompt enactment. This will permit reservations of funds for projects to continue for 2 additional years at about the current level, and will provide for proposed increases in payments to families and small businesses displaced by urban renewal.

Meanwhile, urban renewal projects financed in earlier years continue to advance toward completion. The number of older projects completed during the year will rise from 51 to 65. Specific plans will be submitted and approved for an estimated 200 projects in 1965, compared to 165 in the current year. This increased activity and the proposed higher relocation payments will result in an increase of \$75 million in expenditures for capital grants from 1964.

The rise in expenditures in 1965 for loans to assist smaller communities in financing essential public facilities will be more than offset by higher receipts from sales of loans made in earlier years. The successful sale of such loans, which were originally made by the Gov-

## HOUSING AND COMMUNITY DEVELOPMENT

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligatory authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
Urban renewal and community facilities:				
Housing and Home Finance Agency:				
Urban renewal:				
Capital grants.....	\$186	\$225	\$300	-----
Loans.....	-13	18	18	-----
Public facility loans (excluding transportation loans) ..	27	34	32	-----
Urban mass transportation:				
Present programs.....	5	10	12	*
Proposed legislation.....			10	\$75
Other.....	17	29	39	50
Public housing programs.....	178	146	222	231
Aids to private housing:				
Housing and Home Finance Agency:				
Federal Housing Administration.....	135	57	-173	-----
Federal National Mortgage Association:				
Special assistance functions.....	-277	-365	-313	-----
Management and liquidating programs.....	-162	-113	-74	-----
Secondary market operations, preferred stock repurchase.....		-101		-----
Proposed legislation for pool participation sales.....			-200	-----
Housing for the elderly—direct loans.....	19	33	49	75
Other.....	13	16	19	18
Federal Savings and Loan Insurance Corporation.....	-264	-250	-349	-----
National Capital Region:				
District of Columbia.....	66	66	88	72
Other.....	4	3	2	1
Subtotal, administrative budget.....	-67	-191	-317	<sup>1</sup> 523
<b>Trust Funds:</b>				
Federal National Mortgage Association, secondary market operations, net.....	-730	30	138	147
District of Columbia municipal government.....	334	396	417	419
Federal home loan banks, net.....	363	1,200	-100	-----
Other.....	-2	2	1	-----
Subtotal, trust funds.....	-36	1,628	456	<sup>1</sup> 566
<b>Intragovernmental transactions and other adjustments (deduct):</b>				
District of Columbia.....	105	115	156	
Other.....	60	43	23	
Total.....	-268	1,279	-40	

<sup>1</sup> Less than one-half million dollars.

<sup>1</sup> Compares with new obligatory authority for 1963 and 1964, as follows:  
 Administrative budget funds: 1963, \$559 million; 1964, \$1,965 million.  
 Trust funds: 1963, \$554 million; 1964, \$449 million.

ernment because they were unacceptable to private investors, is a small but significant part of the Government-wide efforts to substitute private for public credit wherever possible.

Pending legislation to assist urban mass transportation systems would authorize Federal grants, direct loans, and loan guarantees involving new obligational authority totaling \$375 million over a 3-year period. The 1965 budget includes \$75 million in new obligational authority and \$10 million in expenditures for the first year of operation under the new program.

New obligational authority of \$25 million is needed to continue the urban planning assistance program. This program, while small in terms of expenditures, offers potential savings by assuring that Federal aids to community development are put to the most effective use, particularly in our growing metropolitan areas.

*Public housing programs.*—The authority provided in the Housing Act of 1961 to make contracts for annual contributions to local housing authorities to support construction of additional low-rent public housing units will be exhausted by the end of the current fiscal year. Legislation is being requested to authorize contracts for an additional 200,000 units over the next 4 years, together with amendments to improve the flexibility and effectiveness of the present program.

Expenditures under present programs will rise to \$222 million in 1965, as additional units built under prior authorizations are completed and become eligible for annual contributions, and as more units occupied by elderly persons become eligible for the special additional contributions authorized in 1961. Estimated net expenditures in 1964 are unusually low because of nonrecurring receipts from private refinancing of the last \$53 million of local housing authority bonds owned by the Public Housing Administration.

*Aids to private housing.*—Federal assistance to private housing has generally been accomplished by encouraging private credit markets to supply more adequate financing. The Housing and Home Finance Agency provides such assistance primarily by insuring loans made by private institutions and by maintaining secondary market facilities to improve the marketability of such loans. The Federal Savings and Loan Insurance Corporation, through insurance of savings and loan accounts, encourages small savers to pool their funds for home mortgage lending. The Federal home loan banks supplement such funds by lending to member savings and loan associations which experience loan demands temporarily greater than they can meet.

It is expected that private funds will continue to be available in 1965 for a considerable volume of investment in federally insured

mortgages. As a result, sales of mortgages previously acquired by the Government, together with repayments, will exceed the purchases of new types of insured mortgages, even though an increase in such purchases is anticipated—especially for housing of moderate income families. The turnover of a limited Federal investment thus will permit maximum support of new housing construction with minimum burden on the Federal budget.

The Federal Housing Administration will continue to make substantial expenditures for mortgage and property acquisitions arising from defaults on insured mortgages. However, these and other expenditures will be more than offset by receipts from (1) privately financed sales of properties, and (2) transfers of mortgages acquired on previous sales of properties to the Federal National Mortgage Association for management and sale through its unified mortgage administration system. As a result, the FHA will have net receipts estimated at \$173 million in 1965, compared to estimated net expenditures of \$57 million in the current year.

The Federal National Mortgage Association will continue its successful marketing policies under which all three of its programs last year were able not only to finance current operations from receipts, but also to reduce substantially previous borrowings. Although some increase is expected in mortgage purchases by the secondary market trust fund in 1965, this trust fund is buying back this year a substantial part of its preferred stock now held by the Treasury, since it does not currently need these funds to finance its operations. This repurchase will reduce administrative budget expenditures by \$101 million in 1964, but will not affect payments to the public.

To broaden further the range of private investment in federally insured and guaranteed mortgage loans, legislation is being proposed to authorize FNMA to issue and sell participations in pools of FHA-insured and VA-guaranteed loans. Enactment of this legislation would permit sales of such participations in these loans owned by the Association amounting to an estimated \$200 million in 1965 over and above sales of individual mortgages under present sales procedures. Sales of similar participations in loans owned by the Veterans Administration are discussed under Veterans Benefits and Services.

The direct loan program for moderate-income rental and cooperative housing for the elderly is expected to provide for commitments of \$100 million in 1965, but expenditures are estimated at only about half this amount because of the lower commitment levels of prior years. Legislation will be proposed to remove the limit on appropriations for this program, and an appropriation of \$75 million is included in this budget for 1965.

The continuing rapid growth of savings and loan associations insured by the Federal Savings and Loan Insurance Corporation is producing a corresponding increase in receipts from insurance premiums, especially from prepayments of premiums required under the 1961 legislation to strengthen the reserves of the Corporation. These increases in receipts, together with a reduction of outlays required to protect insured accounts, will reduce net administrative budget expenditures by about \$100 million from 1964.

During fiscal year 1964, the Federal home loan banks are expected to increase their outstanding advances to member savings and loan associations by \$1.2 billion. The banks now anticipate that in 1965 receipts from repayments of such advances will exceed new advances by \$100 million. Transactions of these banks are not included in the administrative budget, but are recorded as trust fund expenditures.

*National Capital Region.*—The District of Columbia government provides both State and local government services for the industries and residents of the National Capital city. As the predominant industry, the Federal Government recognizes a special responsibility to bear its proper share of the costs of such services, as well as to provide long-term loans needed to carry out an orderly program of capital improvements. Legislation enacted in 1963 increased the authorizations for both types of Federal assistance. Additional legislative authority is needed to provide further increases in these authorizations and to base them on appropriate measures of the Federal impact on the community and of the District's ability to repay borrowings.

The specific programs and fiscal requirements of the District of Columbia government are discussed more fully in the separate District of Columbia budget.

The Federal Government has a unique interest in assuring a balanced transportation system for the National Capital Area. Legislation to authorize rapid rail transit and express bus systems was transmitted to the Congress in May 1963. Early action to permit a beginning on an acceptable program is essential for the orderly development of the Nation's Capital.

## HEALTH, LABOR, AND WELFARE

In 1965 Federal payments to the public for health, labor, and welfare programs, largely from trust funds financed by special taxes, are estimated to total \$28.6 billion, an increase of \$1.3 billion over the estimate for 1964. Most of this increase reflects the built-in growth of trust fund programs such as old-age and survivors insurance.



## HEALTH, LABOR, AND WELFARE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Health services and research:</b>				
National Institutes of Health.....	\$724	\$826	\$850	\$1,050
Community and environmental health:				
Construction of health facilities:				
Present programs.....	189	200	202	23
Proposed legislation (Hill-Burton).....			5	270
Health professions education assistance.....		6	19	86
Proposed legislation for nurse education.....			11	19
Environmental and other community health.....	192	280	291	328
Other.....	249	326	355	378
<b>Labor and manpower:</b>				
Unemployment compensation for Federal employees and ex-servicemen.....	153	140	116	126
Manpower development and training.....	52	136	325	411
Proposed legislation for youth opportunities.....		10	96	160
Repayable advances to unemployment trust fund.....	-85	-8	-4	
Other.....	104	112	118	119
<b>Public assistance:</b>				
Grants to States.....	2,730	2,948	2,781	2,980
Proposed legislation for community work-training.....			35	50
Assistance to Cuban refugees and other.....	59	59	53	54
<b>Other welfare services:</b>				
Vocational rehabilitation.....	98	123	125	146
School lunch and special milk programs.....	263	280	293	292
Food stamp program.....	20	45	51	51
Proposed legislation for military service credits.....			60	60
Other.....	42	51	51	44
Subtotal, administrative budget.....	4,789	5,533	5,832	1 6,647
<b>Trust Funds:</b>				
Old-age, survivors, and disability insurance.....	15,789	16,704	17,518	17,499
Unemployment insurance.....	3,815	3,555	3,443	3,933
Civil service retirement and disability.....	1,176	1,337	1,490	2,391
Railroad retirement.....	1,112	1,129	1,144	1,279
Other.....	-37	-56	-46	10
Subtotal, trust funds.....	21,855	22,669	23,549	125,112
Intragovernmental transactions and other adjustments (deduct).....	946	937	786	
Total.....	25,698	27,265	28,595	

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:  
 Administrative budget funds: 1963, \$5,382 million; 1964, \$5,765 million.  
 Trust funds: 1963, \$22,621 million; 1964, \$24,874 million.

Administrative budget expenditures in 1965 are estimated to increase by \$299 million for new and urgently needed programs such as manpower development and training, improved youth employment opportunities, and medical education.

More than nine-tenths of the estimated payments for health, labor, and welfare in 1965 will be made through the social insurance trust funds and through grants for public assistance. These payments provide income support for the unemployed, retired, disabled, and other recipients. An estimated 32 million people will receive \$30 billion of Federal income maintenance payments in 1965, including veterans payments, military retired pay, and other programs classified elsewhere in the budget. Of this amount, \$17 billion will be paid to 16 million aged persons. Other services and programs costing nearly \$2 billion will also be provided for the aged, including the grants for community services and work opportunities proposed in the Senior Citizens Community Planning and Services Act pending in the Congress.

***Health services and research.***—The Department of Health, Education, and Welfare will spend an estimated \$1,733 million in 1965 for health research and training and for public health services, including related consumer protection activities.

***Health research.***—Annual Federal expenditures in this field exceed \$1 billion, of which about three-fifths represents outlays by the National Institutes of Health. Federal funds support nearly two-thirds of total national expenditures for health research and about one-half of such funds go to universities. In addition to providing support for specific research projects and for research facilities, the budget includes funds for general research and training grants. These expenditures make a significant contribution toward maintaining our leadership in combating disease and in providing trained health personnel.

***Health manpower and facilities.***—The enactment of the Health Professions Education Assistance Act of 1963 launched a much needed program to increase the capacity of medical and dental schools. Construction grants and student loans are designed to increase the number of medical school graduates by 50% and to double the number of dental graduates by 1970. The budget includes a supplemental appropriation of \$30 million for 1964 and recommends \$86 million of new obligational authority for the second-year cost of this program.

To meet the urgent need for more and better qualified professional nurses, we must by 1970 increase the number of practicing professional nurses by 25%. Legislation is therefore being proposed to extend and expand the current graduate nurse traineeship program, to au-

thorize the construction of facilities for teaching nurses, and to provide financial aid for nursing students. Extension and expansion of programs for training professional public health personnel are also recommended.

The authorization for the highly successful Hill-Burton Act to aid the construction of medical facilities expires June 30, 1964, and legislation is recommended to extend this program. During the past 17 years the Federal Government has contributed \$2 billion under this act toward the construction of medical facilities costing \$6 billion. The program has concentrated on the construction of general community hospitals in rural areas, and has eliminated much of the backlog of need. The proposed legislation would shift the emphasis of the program toward modernizing the older general hospitals, largely centered in urban areas, and toward stimulating construction of long-term care facilities for the chronically ill and aged. Almost half of all hospitals require some form of modernization; loan guarantees would be used to achieve greater results than are possible with Federal grants alone. These proposals will provide expanded assistance to communities for meeting needs for health facilities.

*Mental health.*—In recognition of the need for energetic action to combat mental illness, legislation was enacted in 1963 authorizing a 3-year program totaling \$150 million for construction of community mental health centers. The budget includes an appropriation of \$35 million for 1965. This represents a vital first step in making adequate care available in the patients' own communities, rather than sending them away to distant large mental institutions. Starting in 1964, project grants of \$9 million are being made to State mental institutions for demonstrations in intensive therapy and training of personnel; these grants will be increased to \$18 million in 1965. Including these programs, new obligational authority requested for 1965 for the National Institute of Mental Health and for construction of mental health centers totals \$224 million, \$48 million more than for 1964.

*Mental retardation.*—Legislation enacted during 1963, pursuant to the recommendations of the President's Panel on Mental Retardation, provides a firm basis for a concerted national effort to combat mental retardation on all fronts.

This legislation augments existing grant programs for services to mentally retarded children, and authorizes a new project grant program to help reduce the incidence of retardation by comprehensive maternity care to 300,000 mothers who otherwise could not afford it. Additional programs authorized to combat retardation include educational research, teacher training, and community- and university-

based clinics and research centers. The budget provides for a 1964 supplemental appropriation of \$36 million to start these programs, and appropriations of \$72 million are requested for 1965. Including these new programs, a total of \$243 million in new obligational authority is recommended for 1965 for services and benefits to the retarded by the Department of Health, Education, and Welfare. This request, including both administrative budget and trust funds, is nearly twice the amount enacted 2 years earlier.

*Public health services and health protection.*—In 1965, the Public Health Service and the Food and Drug Administration will spend \$333 million to improve community health services, combat environmental health hazards, and provide greater protection for the health and safety of consumers.

Control of environmental health hazards depends largely on increased research and the availability of specialized manpower. The budget includes \$32 million of new obligational authority for research, training, and fellowship grants to stimulate further work in this field and funds for planning additional Federal research facilities.

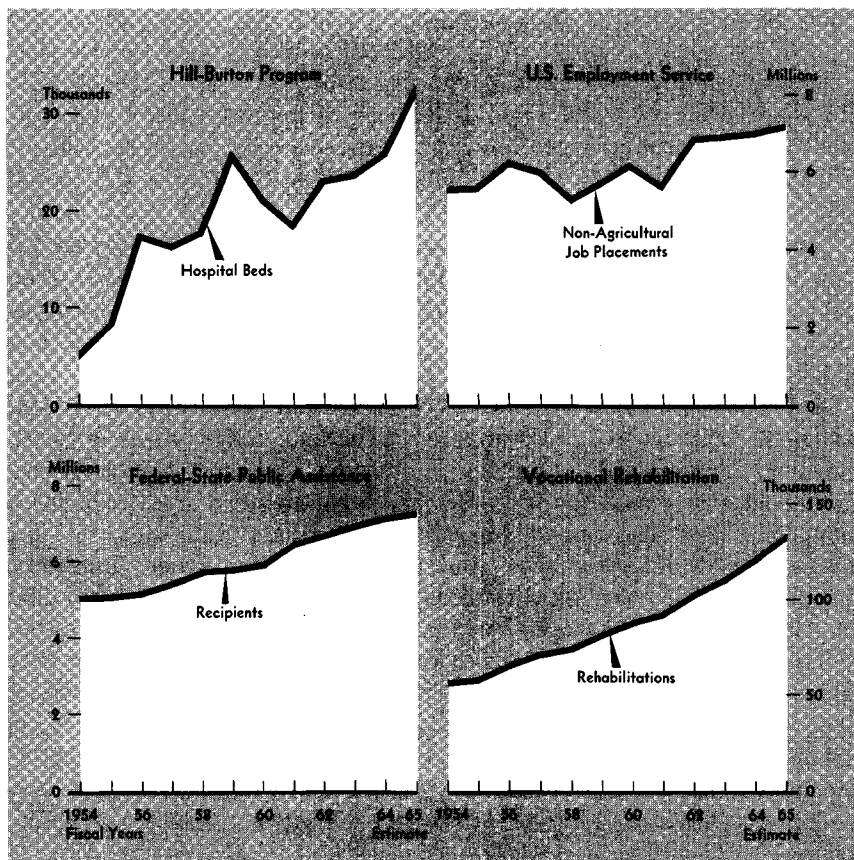
This budget provides for a substantial strengthening of activities designed to increase our knowledge of the long-range effects of pesticides on man and other biological systems. Appropriations of \$13 million are requested for 1965 for the Department of Health, Education, and Welfare which, together with funds requested for the Departments of Agriculture and Interior (under other functional categories), bring the total requested for this purpose to \$56 million for 1965, \$10 million more than for 1964.

The Clean Air Act of 1963 provides for major new Federal responsibilities in controlling and combating air pollution. A supplemental appropriation is proposed for 1964 to initiate activities under this act promptly. Expenditures of \$19 million are estimated in 1965 for all air pollution activities, an increase of \$8 million from 1964. Increased emphasis will also be given to water pollution control, including strengthening of enforcement and research. Eight water pollution laboratories will be under construction in 1965 from funds authorized in previous years.

The Food and Drug Administration will expand its consumer protection program to carry out the Drug Amendments of 1962. In addition, a major reorganization completed in 1963 will enable the agency to give better health and safety protection to the consumer. Legislation is recommended to provide more adequate protection against dangerous cosmetics, harmful and ineffective therapeutic devices, and to make other needed improvements in the food and drug laws.

The President's Advisory Commission on Narcotics and Drug Abuse has completed a study of measures needed to strengthen control over the distribution and usage of narcotic and psychotoxic drugs and to improve programs for rehabilitating addicts, and its recommendations are under review.

### Health, Labor, Welfare - Program Trends



**Labor and manpower.**—Administrative budget expenditures in 1965 for labor and manpower programs are expected to increase by \$261 million over 1964, principally to provide training and employment opportunities for unemployed workers and youths.

To help cope with the problem of the more than 900,000 currently unemployed among our younger people, the Youth Employment Act was proposed last year and is awaiting final action by the Congress. This act will provide work and training through conservation work camps and work projects in local communities. The budget includes new obligational authority of \$30 million in 1964 and \$160

million in 1965 under this legislation, which will benefit an estimated 60,000 youths during 1965.

A persistent need exists to train unemployed workers in skills which will enable them to find productive employment. This budget provides for \$165 million of appropriations for 1964, including a supplemental appropriation of \$55 million, and a total of \$411 million in appropriations for 1965 to finance the recently broadened and strengthened Manpower Development and Training Act program. The new amendments to the Act will make it possible to train 135,000 unemployed workers in 1964 and more than 275,000 in 1965, including many youths found unqualified for military service. The 1965 total includes an estimated 60,000 workers and youths who will receive basic literacy training to enable them to go on to regular vocational training. In addition to the regular flow of workers who seek training, it is anticipated that more than 300,000 18-year-olds, found unqualified for military service, will be referred to manpower conservation units in the employment service.

The Federal-State employment service—financed through the unemployment trust fund—represents a key element in the total array of programs to assist unemployed workers in obtaining suitable employment. Between 1961 and 1965 total nonagricultural job placements through this service will increase by 28%. To continue strengthening the 1,900 local employment offices throughout the country—including special services for older workers—and to meet the cost of rising State pay scales, the budget includes an increase of \$30 million in trust fund expenditures to \$452 million in 1965.

The newly established Labor-Management Services Administration in the Department of Labor will expand its efforts to improve labor-management relations, including general research on collective bargaining. Total outlays in the field of labor-management relations are estimated at \$41 million in 1965; this includes the labor-management mediation agencies and the National Labor Relations Board. Legislation is being recommended to improve conditions for migrant agricultural workers. Legislation is also recommended to amend the Fair Labor Standards Act to extend minimum wage and other protection to more than 2 million additional workers and to authorize higher penalty pay for overtime in covered industries in which it is found to be appropriate.

***Social insurance and welfare services.***—Our economy provides a higher standard of living to a greater proportion of its people than any other nation. This result has been achieved principally through the enterprise and industry of our citizens, but it has been reinforced by public programs which provide social insurance and other aids or services to help those families suffering a loss of income because of unemployment, disability, retirement, or death.

*Social insurance.*—Trust fund expenditures under social security, railroad retirement, and retirement programs for Federal civilian employees are estimated to be over \$20 billion during 1965, an increase of \$982 million over 1964.

The basic social security system now covers about 90% of our workers and their families. Legislation is recommended, effective January 1, 1966, to expand this system to provide protection for the aged against the disproportionately heavy costs of hospital and nursing home care. Financing for this hospital insurance would be provided by raising the combined employer-employee payroll tax by  $\frac{1}{2}$ % and by increasing the amount of earnings covered by social security. The increase in the earnings base will also raise benefits in future years and will help keep the system abreast of the general rise in levels of earnings. Under the legislation, the cost of hospital benefits for the currently aged who are not covered by the social security system would be met from regular appropriations.

Under the unemployment insurance system, \$2.9 billion will be paid in benefits in 1965 (including \$116 million from administrative budget funds for benefits to ex-servicemen and former Federal employees). These benefits will be paid to an estimated weekly average of 1.7 million claimants. In many States, the coverage and duration of unemployment insurance benefits are inadequate. Legislation has therefore been proposed to extend coverage of the system, increase the duration of benefits, and assure the necessary revenues to finance these improvements. The expenditure estimate for the unemployment trust fund includes \$170 million for this legislation in 1965.

The 1965 budget also includes \$60 million under proposed legislation to start liquidating, on a scheduled basis, the Federal Government's obligation to the old-age, survivors, and disability insurance system for credits for past military service.

*Public assistance.*—Expenditures of \$2.9 billion, including \$35 million under proposed legislation to augment community work-training programs, are estimated for public assistance in 1965. These expenditures are \$138 million less than in 1964 because cash balances held by the States will be drawn down. However, the program will be expanding to help States and communities provide for the basic needs of more than 7 million persons, including 523,000 persons estimated to receive medical assistance for the aged under existing law. Legislation is proposed to improve certain features of the old-age assistance program.

*Other welfare services.*—The Federal-State vocational rehabilitation program which provides coordinated services to the disabled, will restore an estimated 133,000 individuals to economic independence in

1965, an increase of 21% over 1963. Federal expenditures for vocational rehabilitation will total \$125 million in 1965. New legislation is proposed to expand vocational rehabilitation services, particularly for the mentally retarded.

In the fiscal year 1965, 16.6 million school children are expected to participate in the school lunch program, 5 percent more than in 1964. To meet this growth in the number of participating children and to initiate assistance on a selective basis to needy schools, grants to States are estimated to rise by \$12 million. New obligational authority of \$100 million is recommended for 1965 for the special milk program, the same level as in 1964, to be financed by transferring funds from the permanent appropriation for the removal of surplus agricultural commodities. The pilot food stamp program is financed from the same permanent appropriation. Legislation has been proposed to provide continuing authority for this program.

Legislation has also been proposed to extend beyond June 30, 1964, the authorization for Federal grants to support coordinated community projects combating juvenile delinquency and to train workers in this field.

## EDUCATION

Education is essential to preserving our democratic society and advancing our national economy. Every individual should have the opportunity to develop his abilities to the fullest, particularly in an age of increasing technology and rapidly growing demand for the highly trained. This can be achieved only through concerted and cooperative efforts by private individuals and organizations and by all levels of government. The Federal Government can best play its part through programs designed to meet selected, critical needs and to stimulate improvements throughout our educational system.

The 1965 budget provides for an increase of \$339 million in expenditures for education programs. Most of this increase is for measures recommended last year which were recently enacted and for pending measures on which the Congress has not yet completed consideration. Other increases are provided for expanding existing programs, mainly those of the National Science Foundation, and for a substantially enlarged program to aid individuals who require special education and related services, particularly as part of the attack on poverty.

The new obligational authority recommended for fiscal 1965 totals \$3.1 billion, an increase of \$1.2 billion over 1964.

*Proposed education legislation.*—The budget includes new obligational authority of \$718 million and estimated expenditures of \$118 million in 1965 for education programs recommended last year which are still pending, and for an enlargement of the proposed aid for



## EDUCATION

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligatory authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
<b>Assistance for elementary and secondary education:</b>				
Assistance to schools in federally impacted areas.....	\$343	\$350	\$395	\$418
Defense education: Science, mathematics, and foreign language instruction, and guidance and testing.....	49	61	76	84
<b>Assistance for higher education:</b>				
Construction of academic facilities.....		3	38	464
College housing loans.....	284	223	208	300
Defense education: Student loans, fellowships, and language and area centers.....	116	149	162	165
Assistance for land-grant colleges, Howard University and Gallaudet College.....	28	30	33	28
<b>Assistance to science education and basic research:</b>				
National Science Foundation:				
Basic research and specialized research facilities.....	106	132	148	224
Grants for institutional science programs.....	31	37	58	98
Science education.....	51	70	74	137
Other science activities.....	18	21	22	29
<b>Other aids to education:</b>				
Vocational education.....	55	73	127	205
Other defense education assistance.....	20	24	23	23
Indian education services.....	78	84	92	97
Library of Congress and Smithsonian Institution.....	38	48	51	45
Other.....	27	41	65	79
<b>Proposed education legislation.....</b>		3	118	718
Subtotal, administrative budget.....	1,244	1,348	1,691	13,115
<b>Trust Funds.....</b>	2	2	2	12
Intragovernmental transactions and other adjustments (deduct).....	33	48	52	
<b>Total.....</b>	1,214	1,302	1,641	

<sup>1</sup> Compares with new obligatory authority for 1963 and 1964, as follows:  
 Administrative budget funds: 1963, \$1,420 million; 1964, \$1,888 million.  
 Trust funds: 1963, \$2 million; 1964, \$2 million.

elementary and secondary education. These proposals would authorize Federal support for—

- Strengthening of our elementary and secondary school system through grants for teachers' salary increases and urgently needed classroom construction;

- An enlarged program providing project grants for education as a major weapon to support broad community action programs to combat poverty and to provide special educational and related services for certain groups of children—the handicapped, the illiterate, the culturally disadvantaged, slow learners, children of migrant agricultural workers, and the gifted and talented as well;
- Expansion of the National Defense Education Act fellowship program to help meet the need for highly trained professional personnel, particularly college teachers and scientists;
- Work-study and student loan insurance programs to help assure that needy students are not denied a college education;
- Programs to train new teachers and specialists required for our schools;
- Upgrading and supplementing the training of our present teachers;
- Special assistance to ease desegregation of public schools;
- Construction of public libraries and expansion of public library services in urban as well as rural areas;
- Basic adult education; and
- University extension services.

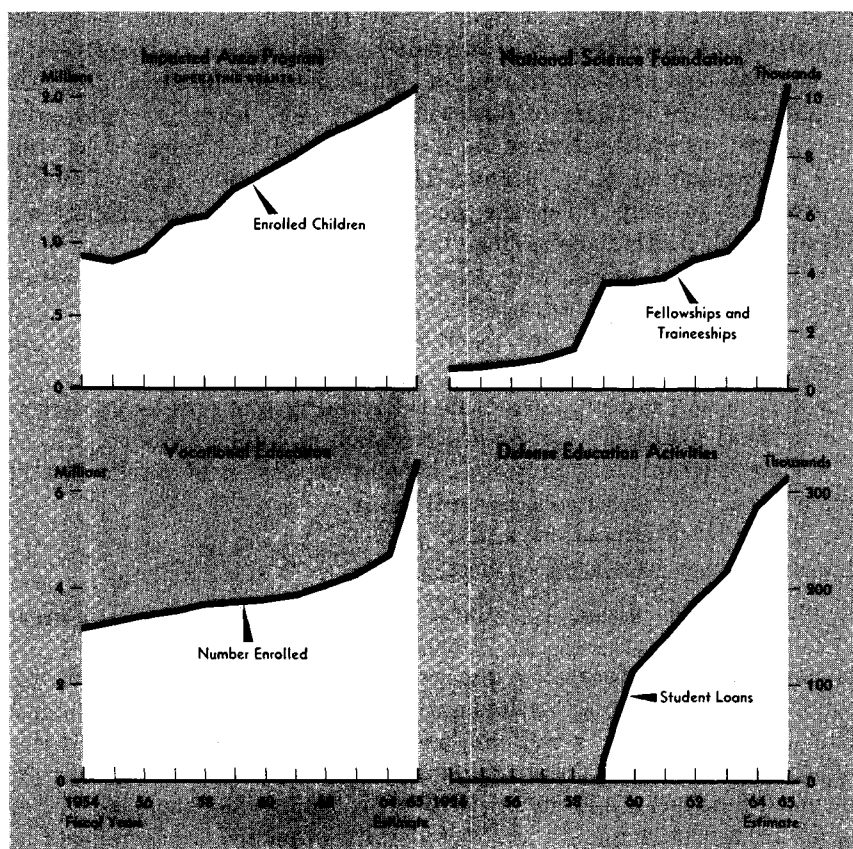
The following discussion relates principally to existing programs.

*Assistance for elementary and secondary education.*—Expenditures for assistance to schools in federally impacted areas and for defense education programs which support science, mathematics, foreign language instruction, and guidance and counseling programs are estimated at \$471 million in fiscal year 1965. The increase of \$45 million over 1964 for schools in federally impacted areas reflects an increase of 100,000 students whose parents work or reside on Federal properties, and a 5% increase in the cost of instruction. As an aid to consideration of the future of this program, a thorough study will be made of the impact of Federal activities on the fiscal and economic resources of local communities.

*Assistance for higher education.*—A new program to assist in construction of classrooms, libraries and laboratories for graduate and undergraduate schools, public junior colleges, and technical institutes was authorized in Public Law 88-204, approved December 16, 1963. The budget includes a proposed supplemental appropriation to initiate this program in 1964. About \$570 million in grants and loans will be committed in 1965, with expenditures estimated at \$38 million.

New obligational authority of \$300 million will be available for college housing loans in 1965, the same as in 1964. Estimated expenditures in each of these years reflect anticipated sales to private lenders of \$50 million in Government loans previously made. Re-

## Education - Program Trends



payments on outstanding loans and increased private participation in new loans during 1965 will further reduce net expenditures by \$15 million in 1965 to an estimated \$208 million.

Under the National Defense Education Act, the number of student loans is expected to increase by 45% between 1963 and 1965, when an estimated 314,000 loans will be made.

*Assistance to science education and basic research.*—The National Science Foundation continues to perform a vital role in support of science education and fundamental research. In keeping with proposals made a year ago as part of the Administration's education program, substantial increases are again recommended in the scope of the programs of the Foundation to develop additional academic institutions of scientific excellence and to strengthen science education.

The need for highly trained manpower for engineering, mathematics, and the physical sciences—to which these programs would contribute significantly—was underscored by the President's Science Advisory

Committee last year. Over 10,000 fellowships will be granted in 1965, an increase of nearly 80% over 1964. Increases are also provided in 1965 for the support of basic research, including funds to proceed with major procurement for Project Mohole. Total new obligational authority for the Foundation will rise from \$353 million in 1964 to \$488 million in 1965.

*Other aids to education.*—Expenditures for vocational education programs are estimated to increase by \$54 million in 1965 to carry out the provisions of Public Law 88-210, approved December 18, 1963. The act authorizes grants to States for vocational education and construction of facilities, and provides Federal support for projects which will meet the vocational needs of youths with special handicaps to learning. The budget includes a supplemental appropriation of \$60 million for 1964 to initiate programs under the new act, and a further increase of \$89 million is recommended for 1965.

Expenditures are also estimated to increase in 1965 for (1) expanded research supported by the Office of Education to improve course materials, teaching methods, and knowledge about the processes of education; (2) increased construction of educational television facilities; and (3) expanded training of teachers for the handicapped, as authorized in Public Law 88-164.

## VETERANS BENEFITS AND SERVICES

Payments to the public in 1965 for veterans programs are estimated to decrease by \$425 million from the current year's level. Major expenditure decreases include (1) \$275 million in the housing loan programs, largely reflecting continuing high sales of mortgages held by the Veterans Administration and proposed sales of certificates of participation in a pool of VA-guaranteed housing loans; (2) \$146 million in life insurance payments from trust funds, mainly because of a speedup of some dividend payments into 1964; and (3) \$23 million in education and training readjustment benefits, principally because these benefits under the GI bill for veterans of the Korean conflict are ending.

*Service-connected compensation.*—Compensation for disability and death arising from military service is estimated at \$2,120 million in 1965. This is a reduction of \$6 million from 1964, reflecting a decline in the number of veterans and their survivors receiving benefits. It is estimated that beneficiaries will total 2,354,000 in 1965, which is 7,000 less than in 1964. However, average payments per recipient will increase in 1965, because of a cost-of-living increase in benefits to certain widows, orphans, and dependent parents provided by legislation enacted last year.

## VETERANS BENEFITS AND SERVICES

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
Service-connected compensation.....	\$2,116	\$2,126	\$2,120	\$2,121
Non-service-connected pensions.....	1,698	1,743	1,777	1,778
<b>Readjustment benefits:</b>				
Education and training.....	88	56	33	29
Direct housing loans:				
Present programs.....	-86	-69	-171	150
Proposed legislation.....				-150
Housing loan guarantees.....	-23	10	-63	
Proposed legislation for pool participation sales of housing mortgages.....			-100	
Other.....	8	9	11	11
<b>Hospitals and medical care:</b>				
Medical care and hospital services.....	1,036	1,115	1,110	1,116
Construction of hospitals.....	66	75	85	102
Medical administration, research, and other.....	43	50	50	52
<b>Other veterans benefits and services:</b>				
Insurance and servicemen's indemnities.....	14	13	-4	15
Burial and other allowances.....	57	60	63	63
Veterans Administration general operating expenses and other.....	169	175	169	172
Subtotal, administrative budget.....	5,186	5,362	5,081	5,460
<b>Trust Funds:</b>				
National service life insurance.....	747	565	430	664
U.S. Government life insurance.....	79	68	57	48
Other.....	9	9	9	9
Subtotal, trust funds.....	835	642	495	721
Intragovernmental transactions and other adjustments (deduct).....	50	54	52	
Total.....	5,971	5,950	5,525	

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:  
Administrative budget funds: 1963, \$5,546 million; 1964, \$5,566 million.  
Trust funds: 1963, \$718 million; 1964, \$726 million.

Costs of compensation are expected to decline in future years because the number of beneficiaries being added to the rolls is less than the number whose benefits are terminated through death, remarriage, or recovery from disability.

*Nonservice-connected pensions.*—Pension expenditures for disability and death not connected with military service are expected to rise by \$34 million in 1965, as the average number of recipients increases by an estimated 78,000 to a total of 2,106,000. World War I pensioners and their surviving beneficiaries constitute 72% of this number. Pensions for veterans of World War II and the Korean conflict and for survivors of veterans will continue to rise as increasing numbers of veterans reach ages at which rates of disability and mortality mount.

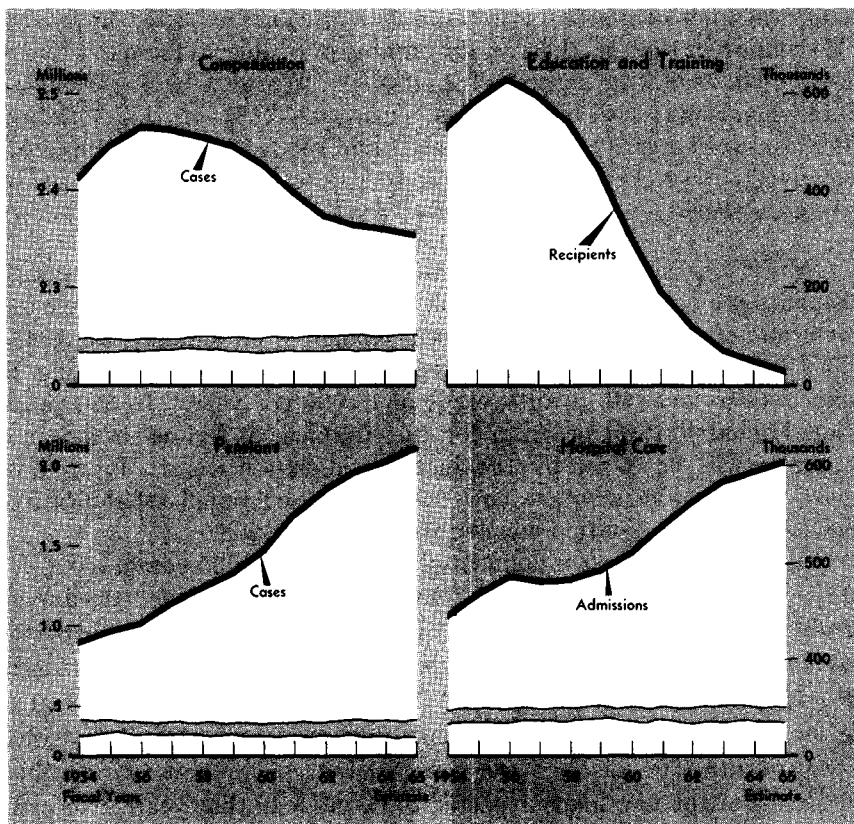
*Readjustment benefits.*—Expenditures for education and training benefits are estimated to decline in 1965, as these benefits, mainly for veterans of the Korean conflict, will terminate on January 31, 1965. The number of war orphans receiving education and training is expected to level off at an average of 15,000 per year. In the vocational rehabilitation program for the disabled, a decline in wartime trainees will be offset by the increase in ex-servicemen injured in peacetime service who are now entitled to vocational rehabilitation benefits under legislation enacted in fiscal year 1963.

An increase of \$102 million in net receipts in 1965 compared with 1964 is expected in the direct housing loan program for veterans in rural areas and small towns. This change reflects an anticipated reduction in loans from 15,000 in 1964 to 10,000 in 1965, plus increased receipts from sales of Veterans Administration-held mortgage loans. About \$635 million of unobligated funds is estimated to be carried forward into 1965 for the direct loan program, an amount considerably in excess of the new loans expected to be made in that year. Accordingly, the budget includes a proposal to cancel the \$150 million of new obligational authority which otherwise would become available for 1965 under present law.

Under the veterans loan guarantee program, 175,000 loans are estimated to be guaranteed in 1965, 8% fewer than in 1964. Foreclosures of mortgages financed with guaranteed loans are expected to continue high, resulting in expenditures for the payment of claims and for property acquisition only slightly less than in 1964. However, properties and loans previously acquired by the Veterans Administration will be sold in increasing volume, resulting in net receipts of \$63 million in 1965 compared with net expenditures of \$10 million in 1964.

In addition, legislation is recommended under which an estimated \$100 million in certificates of participation in a pool of previously acquired veterans housing loans will be sold to private lenders in order to broaden private financing of housing loan programs.

## Veterans Benefits and Services—Program Trends



*Hospitals and medical care.*—The 1965 budget includes expenditures of \$1,160 million for hospital and medical care services, including administration and medical and prosthetic research. Although the total is about the same as in 1964, provision is made for continued improvement in the quality of medical care, expansion of research, and activation of a new 710-bed hospital in Washington, D.C.

Hospital, domiciliary, and nursing home care will be provided in 1965 for an average of 137,622 beneficiaries per day in Veterans Administration, contract, and State facilities—approximately the same total as in 1964. There will also be an estimated 6 million visits by veterans to outpatient clinics operated by the Veterans Administration or to private physicians at the expense of the Veterans Administration.

*Hospital construction.*—Expenditures for hospital construction in 1965 are estimated to be \$85 million. New obligational authority of

\$102 million is proposed for the year, representing the fifth step in carrying out the 15-year \$1.2 billion hospital program initiated in 1961 to modernize the 125,000-bed hospital system. Construction of one new facility of 1,040 beds in Los Angeles, Calif., and replacement of two hospitals containing 1,940 beds in Hines, Ill., and San Juan, P.R., will begin in 1965, and planning will be initiated for one other hospital. Several new modernization projects will also be undertaken, and new obligational authority of \$6 million in 1965 is provided for the construction and planning of new medical research facilities.

*Veterans life insurance trust funds.*—The National Service and U.S. Government life insurance trust funds finance over 5 million life insurance policies, primarily for veterans of World Wars I and II. Receipts are chiefly from premiums and interest on investments; expenditures are mainly for death and disability claims and dividends. Trust fund expenditures are estimated to decline by \$146 million in fiscal year 1965, mainly because \$113 million of the \$234 million total regular dividend payments due in that year are being accelerated into the winter months of fiscal year 1964.

*Other veterans benefits and services.*—Insurance and indemnity expenditures made from administrative budget funds are estimated to decline by \$17 million in 1965 because of the completion of payments of special dividends and the gradual phase-out of the servicemen's indemnity program as installment payments are completed.

Reductions in workloads and continuing improvements in productivity will result in decreased costs for general administrative operations of the Veterans Administration. These reductions will more than offset the added cost in 1965 mandatory pay increases as provided in the Federal Salary Reform Act of 1962.

## INTEREST

Interest payments will continue to rise in 1965, reflecting in part the higher average level of the outstanding public debt. The higher payments also take into account the effect in 1965 of interest rate increases which have taken place in the last few years to stem the flow of short-term funds abroad. The impact on the budget is occurring gradually as individual issues mature and are refunded with securities paying higher interest.

Payments to the public in 1965 for interest, primarily on the public debt, will be \$2.5 billion less than the estimated administrative budget expenditures of \$11.1 billion. The difference results from two factors: (1) Interest payments to Federal trust funds and agencies on their investments in United States Government securities, estimated at \$1.9 billion in 1965, are included in administrative budget



## INTEREST

[Fiscal years. In millions]

Item	Payments to the public			Recommended new obligatory authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
Interest on public debt.....	\$9,895	\$10,600	\$11,000	\$11,000
Interest on refunds of receipts.....	74	90	90	90
Interest on uninvested funds.....	11	11	12	12
Subtotal, administrative budget.....	9,980	10,701	11,101	11,102
Intragovernmental transactions and other adjustments (deduct):				
Excess of interest accrued over interest paid.....	881	772	603	
Interest paid to trust funds and Government agencies.....	1,672	1,809	1,903	
Total.....	7,427	8,120	8,596	

expenditures, but are excluded from cash payments to the public since they are transactions within the Government; and (2) accruals of interest on savings bonds—included in administrative budget expenditures—are estimated to exceed by \$603 million the actual payments of cash to bondholders redeeming bonds during 1965.

Of the \$8.6 billion of estimated payments to the public for interest, over \$900 million of the interest paid on securities held by the Federal Reserve banks will be offset by the customary payments of excess earnings by the Reserve banks to the Treasury, which are included in miscellaneous budget receipts.

## GENERAL GOVERNMENT

Expenditures in 1965 for the general administrative and law enforcement activities of the legislative, judicial, and executive branches of the Federal Government will amount to an estimated \$2.2 billion, the same as in 1964. Increases from the 1964 estimate to improve revenue collection activities and to build, repair and operate Government buildings will be offset by decreases for other activities.

*Central fiscal operations.*—Expenditures of the Internal Revenue Service are estimated at \$592 million in fiscal year 1965, an increase of \$28 million over 1964. This increase will provide the resources necessary to purchase the automatic data processing equipment and pay the related operating personnel required for the 1965 phase in the establishment of a nationwide master file record of taxpayers.

## GENERAL GOVERNMENT

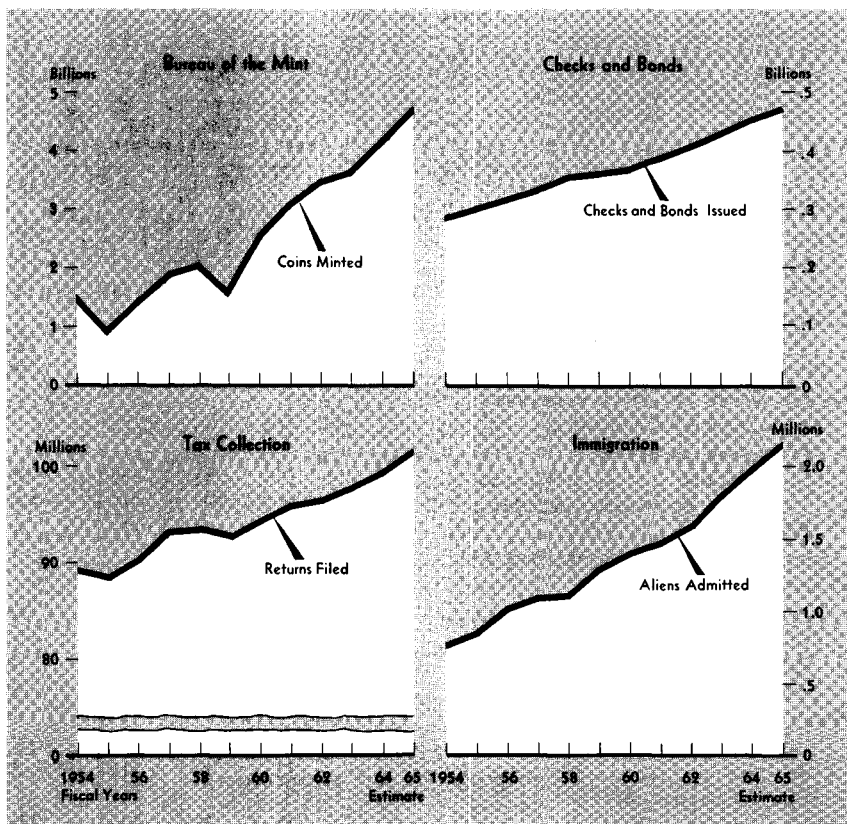
[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1965
	1963 actual	1964 estimate	1965 estimate	
<b>Administrative Budget Funds:</b>				
Legislative functions.....	\$131	\$141	\$138	\$124
Judicial functions.....	63	68	72	72
Executive direction and management.....	21	24	24	25
Central fiscal operations:				
Internal Revenue Service.....	497	564	592	595
Other.....	218	237	246	259
General property and records management:				
General Services Administration:				
Public Buildings Service:				
Construction.....	120	141	169	199
Operation, maintenance, and other.....	271	294	315	325
Other.....	51	104	77	90
Central Intelligence Agency building.....	2	1		
Central personnel management:				
Department of Labor.....	69	63	57	57
Civil Service Commission:				
Present programs.....	73	112	114	114
Proposed legislation.....			-65	-65
Protective services and alien control:				
Department of Justice.....	311	323	336	361
Other.....	12	14	15	15
Other general government:				
Territories and possessions.....	115	138	125	140
Government Printing Office building.....			16	47
Claims and other.....	24	16	7	6
Subtotal, administrative budget.....	1,979	2,238	2,238	<sup>1</sup> 2,368
<b>Trust Funds.....</b>	19	18	18	<sup>1</sup> 18
Intragovernmental transactions and other adjustments (deduct).....	14	15	16	
Total.....	1,983	2,241	2,239	

<sup>1</sup> Compares with new obligational authority for 1963 and 1964, as follows:  
 Administrative budget funds: 1963, \$2,170 million; 1964, \$2,297 million.  
 Trust funds: 1963, \$17 million; 1964, \$17 million.

Increased appropriations are requested to construct the new U.S. mint in Philadelphia authorized by legislation enacted last August. The new facility is necessary to meet the steadily rising demand for coins. It will permit large-scale production methods which will reduce coin manufacturing costs substantially.

## General Government – Program Trends



Legislation is being requested to extend the Renegotiation Act beyond its present expiration date of June 30, 1964, in order to continue the Renegotiation Board's activities in recovery of excessive profits on procurement for the national defense program.

*General property and records management.*—To continue the Government-wide program of providing more modern and efficient facilities for Government operations, new obligational authority of \$199 million is requested for fiscal year 1965 for acquisition of sites, planning, and construction of new buildings by the General Services Administration. This amount is about the same as the appropriations for 1964 for these purposes. Progress on construction financed in prior years, however, will cause expenditures for construction to rise by \$28 million. Increases are also estimated for operation, repair, and maintenance of facilities. These increases for public buildings activities will be partly offset by a reduction in net expenditures for

the Federal Supply Service, primarily because larger advances are expected to be received from agencies ordering supplies.

*Central personnel management.*—Present law requires an appropriation from the administrative budget to the civil service retirement and disability trust fund, largely to pay increased annuities to present retirees, effective January 1, 1963. Enactment of pending legislation would permit payment of such benefits directly from the retirement fund, thus eliminating \$65 million from the administrative budget for 1965.

*Protective services and alien control.*—An increase of \$13 million in expenditures is anticipated in 1965 for the law enforcement and related activities of the Department of Justice. New obligational authority recommended for 1965 will increase by \$23 million, primarily to complete construction of the psychiatric prison hospital in North Carolina and to build a new National Training School for Boys in West Virginia to replace badly deteriorated facilities in Washington, D.C.

*Territories and possessions.*—In accordance with legislation enacted last fall to assist in the rehabilitation of Guam, supplemental appropriations of \$11 million are recommended for 1964, and an almost equal amount for 1965, for loans and grants, mainly to replace public facilities destroyed by the typhoon in November 1962.

The programs for the Trust Territory of the Pacific will be expanded further to improve health, educational, and economic conditions of this area.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>						
<b>050 NATIONAL DEFENSE</b>						
<b>051 Department of Defense—Military:</b>						
Military personnel.....	12,739	13,938	14,769	13,000	14,180	14,660
Operation and maintenance.....	11,496	11,709	12,396	11,874	11,870	12,278
Procurement.....	16,647	15,706	13,756	16,632	16,337	14,785
Research, development, test, and evaluation.....	6,993	6,949	6,722	6,376	6,943	6,580
Military construction.....	1,204	948	1,168	1,144	1,107	1,056
Family housing.....	590	637	711	427	680	660
Civil defense.....	126	112	358	203	150	150
Military assistance.....	1,325	1,000	1,000	1,721	1,400	1,200
Revolving and management funds.....	1	-----	-----	-1,401	-367	-169
Total 051.....	51,120	51,000	50,880	49,973	52,300	51,200
<b>058 Atomic energy:</b>						
Atomic Energy Commission.....	3,135	2,743	2,693	2,758	2,800	2,735
<b>059 Defense-related activities:</b>						
Executive Office of the President.....	5	6	8	5	5	8
Funds appropriated to the President.....	-----	-----	-----	-57	126	-38
Department of Health, Education, and Welfare.....	7	28	10	20	13	15
Treasury Department.....	-----	-----	-----	*	*	*
General Services Administration.....	18	24	18	22	16	17
Other independent agencies: Selective Service System.....	38	38	43	34	37	42
Total 059.....	68	95	79	24	197	44
Total, national defense.....	54,323	53,837	53,652	52,755	55,297	53,979
<b>150 INTERNATIONAL AFFAIRS AND FINANCE</b>						
<b>151 Conduct of foreign affairs:</b>						
Department of State.....	339	288	294	340	282	283
Other independent agencies:						
Foreign Claims Settlement Commission.....	74	1	2	1	23	19
Tariff Commission.....	3	3	3	3	3	3
United States Arms Control and Disarmament Agency.....	6	8	11	2	7	9
Total 151.....	422	300	310	346	316	315
<b>152 Economic and financial programs:</b>						
Funds appropriated to the President.....	4,784	2,208	2,775	2,207	2,285	2,302
Department of Agriculture.....	250	215	264	216	246	244
Department of Commerce.....	12	9	4	3	5	7
Department of State.....	17	11	8	7	11	9
Other independent agencies: Export-Import Bank of Washington.....	-----	-----	-----	-392	-650	-856
Total 152.....	5,063	2,443	3,051	2,041	1,897	1,705

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>						
<b>153 Foreign information and exchange activities:</b>						
Department of State.....	51	85	54	46	74	56
Other independent agencies: United States Information Agency.....	157	166	176	155	160	172
Total 153.....	207	251	230	201	234	227
<b>Total, international affairs and finance.....</b>	<b>5,693</b>	<b>2,994</b>	<b>3,591</b>	<b>2,588</b>	<b>2,447</b>	<b>2,248</b>
<b>250 SPACE RESEARCH AND TECHNOLOGY</b>						
<b>251 Space research and technology:</b>						
National Aeronautics and Space Administration.....	3,673	5,241	5,304	2,552	4,400	4,990
<b>350 AGRICULTURE AND AGRICULTURAL RESOURCES</b>						
<b>351 Farm income stabilization and Food for Peace:</b>						
Department of Agriculture.....	5,677	4,977	3,938	5,517	4,746	3,750
<b>352 Financing farming and rural housing:</b>						
Department of Agriculture.....	102	72	157	296	280	129
Other independent agencies: Farm Credit Administration.....	3	3	3	4	-1	1
Total 352.....	104	74	160	300	279	130
<b>353 Financing rural electrification and rural telephones:</b>						
Department of Agriculture.....	490	506	93	342	219	216
<b>354 Agricultural land and water resources:</b>						
Department of Agriculture.....	406	417	429	404	417	423
<b>355 Research and other agricultural services:</b>						
Funds appropriated to the President.....				1	2	
Department of Agriculture.....	393	410	394	390	406	388
Total 355.....	393	410	394	391	409	388
<b>Total, agriculture and agricultural resources.....</b>	<b>7,070</b>	<b>6,385</b>	<b>5,014</b>	<b>6,954</b>	<b>6,070</b>	<b>4,907</b>

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET</b>						
<b>FUNDS—Continued</b>						
<b>400 NATURAL RESOURCES</b>						
<b>401 Land and water resources:</b>						
Department of Defense—Civil.....	1,046	1,097	1,152	1,072	1,075	1,133
Department of the Interior.....	587	616	582	548	559	562
Department of State.....	14	49	18	14	16	32
Other independent agencies:						
Federal Power Commission.....	11	12	13	11	12	13
Delaware River Basin Commission.....	*	*	*	*	*	*
Tennessee Valley Authority.....	35	47	51	53	57	68
U.S. Study Commission—Southeast River Basins.....	1	-----	-----	1	*	-----
U.S. Study Commission—Texas.....	*	-----	-----	*	*	-----
Total 401.....	1,694	1,821	1,817	1,699	1,720	1,808
<b>402 Forest resources:</b>						
Department of Agriculture.....	332	341	338	287	338	321
Department of the Interior.....	16	16	19	16	15	18
Total 402.....	348	357	357	303	354	339
<b>403 Mineral resources:</b>						
Department of the Interior.....	90	91	110	71	107	113
<b>404 Fish and wildlife resources:</b>						
Department of Defense—Civil.....	*	*	*	*	*	*
Department of the Interior.....	104	109	112	92	102	107
Department of State.....	2	2	2	2	2	2
Total 404.....	106	112	114	94	104	110
<b>405 Recreational resources:</b>						
Department of the Interior.....	134	131	158	112	122	138
Other independent agencies: Outdoor Recreation Resources Review Commission.....	-----	-----	-----	*	*	-----
Total 405.....	134	131	158	112	122	138
<b>409 General resource surveys and administration:</b>						
Department of the Interior.....	75	76	82	73	76	80
Total, natural resources.....	2,447	2,588	2,637	2,352	2,483	2,588
<b>500 COMMERCE AND TRANSPORTATION</b>						
<b>501 Aviation:</b>						
Department of Commerce.....	-----	-----	-----	*	*	*
Federal Aviation Agency.....	755	813	751	726	790	829
Other independent agencies: Civil Aeronautics Board.....	83	88	84	82	85	83
Total 501.....	838	901	835	808	875	912

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>						
<b>502 Water transportation:</b>						
Department of Commerce.....	295	345	357	364	350	336
Department of Defense—Civil.....				10	6	—1
Treasury Department.....	305	365	423	297	351	380
Other independent agencies: St. Lawrence Seaway Development Corporation.....				1	1	2
Total 502.....	599	710	780	672	708	717
<b>503 Highways:</b>						
Department of Commerce.....	50	42	36	41	45	42
<b>505 Postal service:</b>						
Post Office Department.....	840	654	551	770	546	475
<b>506 Advancement of business:</b>						
Department of Commerce.....	289	247	299	225	284	314
Department of the Interior.....				1	*	*
Other independent agencies:						
Alaska International Rail and Highway Commission.....				*		
Small Business Administration.....	306	98	7	142	141	141
Total 506.....	595	345	307	366	426	455
<b>507 Area redevelopment:</b>						
Funds appropriated to the President.....	850	30	5	62	365	245
Department of Commerce.....	162	153	222	39	98	130
Total 507.....	1,012	183	228	101	463	375
<b>508 Regulation of business:</b>						
Department of Commerce.....	4	4	5	4	4	4
Department of Justice.....	6	7	7	6	6	7
Other independent agencies:						
Civil Aeronautics Board.....	9	10	11	9	10	10
Federal Communications Commission.....	15	16	17	14	16	16
Federal Maritime Commission.....	2	3	3	2	3	3
Federal Trade Commission.....	11	12	13	12	12	13
Interstate Commerce Commission.....	24	25	26	24	24	25
Securities and Exchange Commission.....	13	14	15	13	14	15
Total 508.....	85	90	97	84	89	94
Total, commerce and transportation.....	4,020	2,926	2,833	2,843	3,151	3,069
<b>550 HOUSING AND COMMUNITY DEVELOPMENT</b>						
<b>551 Aids to private housing:</b>						
Housing and Home Finance Agency.....	247	263	93	—273	—473	—693
Other independent agencies: Federal Home Loan Bank Board.....				—264	—250	—349
Total 551.....	247	263	93	—537	—723	—1,041

See footnotes at end of table, p. 144.



Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>						
<b>552 Public housing programs:</b>						
Housing and Home Finance Agency.....	195	212	231	178	146	222
<b>553 Urban renewal and community facilities:</b>						
Housing and Home Finance Agency.....	43	1,428	125	222	316	411
<b>555 National Capital region:</b>						
Other independent agencies:						
Commission of Fine Arts.....	*	*	*	*	*	*
National Capital Housing Authority.....	*	*	*	*	*	*
National Capital Planning Commission.....	1	1	1	2	2	1
National Capital Transportation Agency.....	3	1	1	2	1	1
Interstate Commission on the Potomac River Basin.....	*	*	*	*	*	*
District of Columbia.....	70	60	72	66	66	88
Total 555.....	74	62	74	70	69	90
Total, housing and community development.....	559	1,965	523	-67	-191	-317
<b>650 HEALTH, LABOR, AND WELFARE</b>						
<b>651 Health services and research:</b>						
Department of Health, Education, and Welfare.....	1,715	1,882	2,154	1,354	1,638	1,733
<b>652 Labor and manpower:</b>						
Department of the Interior.....	8	9	10	8	8	9
Department of Labor.....	292	407	773	187	351	609
Other independent agencies:						
Federal Coal Mine Safety Board of Review.....	*	*	*	*	*	*
Federal Mediation and Conciliation Service.....	5	6	6	5	6	6
National Labor Relations Board.....	21	22	25	21	22	25
National Mediation Board.....	2	2	2	2	2	2
President's Advisory Committee on Labor-Management Policy.....	*	*	*	*	*	*
Total 652.....	329	446	816	224	390	651
<b>653 Public assistance:</b>						
Department of Health, Education, and Welfare.....	2,814	2,946	3,084	2,788	3,007	2,869

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET</b>						
<b>FUNDS—Continued</b>						
<b>655 Other welfare services:</b>						
Funds appropriated to the President.....	25	20	20	31	35	23
Department of Agriculture.....	382	327	344	284	325	344
Department of Health, Education, and Welfare.....	117	144	216	110	139	199
Other independent agencies: Railroad Retirement Board.....			14	—1		14
<b>Total 655.....</b>	<b>524</b>	<b>491</b>	<b>593</b>	<b>423</b>	<b>498</b>	<b>579</b>
<b>Total, health, labor, and welfare.....</b>	<b>5,382</b>	<b>5,765</b>	<b>6,647</b>	<b>4,789</b>	<b>5,533</b>	<b>5,832</b>
<b>700 EDUCATION</b>						
<b>701 Assistance for elementary and secondary education:</b>						
Department of Health, Education, and Welfare.....	419	446	502	392	411	471
<b>702 Assistance for higher education:</b>						
Department of Health, Education, and Welfare.....	149	452	658	144	182	234
Housing and Home Finance Agency.....	300	300	300	284	223	208
<b>Total 702.....</b>	<b>449</b>	<b>752</b>	<b>958</b>	<b>428</b>	<b>404</b>	<b>442</b>
<b>703 Assistance to science education and basic research:</b>						
Other independent agencies: National Science Foundation.....	322	353	488	206	260	302
<b>704 Other aids to education:</b>						
Legislative branch.....	20	20	24	18	22	23
Department of Health, Education, and Welfare.....	112	198	308	102	138	216
Department of the Interior.....	83	89	97	78	84	92
Other independent agencies: Smithsonian Institution.....	14	23	21	20	26	28
<b>Total 704.....</b>	<b>229</b>	<b>331</b>	<b>449</b>	<b>219</b>	<b>269</b>	<b>359</b>
<b>Proposed education legislation.....</b>		<b>5</b>	<b>718</b>		<b>3</b>	<b>118</b>
<b>Total, education.....</b>	<b>1,420</b>	<b>1,888</b>	<b>3,115</b>	<b>1,244</b>	<b>1,348</b>	<b>1,691</b>
<b>800 VETERANS BENEFITS AND SERVICES</b>						
<b>801 Veterans service-connected compensation:</b>						
Veterans Administration.....	2,117	2,121	2,121	2,116	2,126	2,120
<b>802 Veterans non-service-connected pensions:</b>						
Veterans Administration.....	1,700	1,739	1,778	1,698	1,743	1,777
<b>803 Veterans readjustment benefits:</b>						
Veterans Administration.....	296	217	40	—13	6	—290

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>						
<b>804 Veterans hospitals and medical care:</b>						
Veterans Administration.....	1,170	1,222	1,270	1,145	1,240	1,246
<b>805 Other veterans benefits and services:</b>						
Department of Defense—Civil.....	10	11	13	11	11	12
Department of Labor.....	1	1	1	1	1	1
Veterans Administration.....	251	253	234	227	234	214
Other independent agencies:						
American Battle Monuments Commission.....	2	2	2	2	2	2
Historical and Memorial Commission.....		*	*		*	*
Total 805.....	263	267	250	240	248	229
Total, veterans benefits and services.....	5,546	5,566	5,460	5,186	5,362	5,081
<b>850 INTEREST</b>						
<b>851 Interest on the public debt:</b>						
Treasury Department.....	9,895	10,600	11,000	9,895	10,600	11,000
<b>852 Interest on refunds of receipts:</b>						
Treasury Department.....	74	90	90	74	90	90
<b>853 Interest on uninvested funds:</b>						
Treasury Department.....	11	11	12	11	11	12
Total, interest.....	9,980	10,701	11,102	9,980	10,701	11,101
<b>900 GENERAL GOVERNMENT</b>						
<b>901 Legislative functions:</b>						
Legislative branch.....	129	127	124	131	141	138
<b>902 Judicial functions:</b>						
The Judiciary.....	64	67	72	63	67	72
Other independent agencies: Indian Claims Commission.....	*	*	*	*	*	*
Total 902.....	64	67	72	63	68	72
<b>903 Executive direction and management:</b>						
Executive Office of the President.....	18	19	21	18	20	20
Funds appropriated to the President.....	1	1	1	1	1	1
Treasury Department.....	2	2	2	2	2	2
General Services Administration.....	*	*	*	*	*	*
Total 903.....	22	23	25	21	24	24
<b>904 Central fiscal operations:</b>						
Treasury Department.....	681	736	802	669	749	787
Other independent agencies:						
General Accounting Office.....	44	46	47	42	46	47
Renegotiation Board.....	2	3	3	2	2	3
Tax Court of the United States.....	2	2	2	2	2	2
Total 904.....	729	787	854	715	800	838

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS—Continued</b>						
<b>905 General property and records management:</b>						
General Services Administration.....	603	610	614	442	539	561
Other independent agencies: Central Intelligence Agency.....				2	1	
Total 905.....	603	610	614	444	540	561
<b>906 Central personnel management:</b>						
Department of Labor.....	69	63	57	69	63	57
Other independent agencies: Civil Service Commission.....	73	110	49	73	112	49
Total 906.....	142	173	106	142	175	106
<b>908 Protective services and alien control:</b>						
Department of Justice.....	312	338	361	311	323	336
Treasury Department.....	11	12	13	10	12	13
Other independent agencies:						
Civil Service Commission.....	1	1	1	*	1	1
Commission on Civil Rights.....	1	1	1	1	1	1
Subversive Activities Control Board.....	*	*	*	*	*	*
Total 908.....	325	352	376	323	338	351
<b>910 Other general government:</b>						
Legislative branch.....	11	9	52	—3	3	18
Funds appropriated to the President.....	3	3		3	3	*
Department of Defense—Civil.....	35	42	48	35	50	48
Department of the Interior.....	37	47	44	32	40	29
Treasury Department.....	68	57	52	71	58	52
Other independent agencies:						
Advisory Commission on Intergovernmental Relations.....	*	*	*	*	*	*
Historical and memorial commissions.....	*	*	*	*	*	*
Commission on International Rules of Judicial Procedure.....	*			*	*	
Total 910.....	156	158	197	139	154	148
Total, general government.....	2,170	2,297	2,368	1,979	2,238	2,238
Allowance for attack on poverty.....			500			250
Allowance for civilian pay comparability.....			544			544
Allowance for contingencies.....		400	500		250	300
Interfund transactions <sup>1</sup> .....				—513	—685	—600
Total, administrative budget.....	102,283	102,554	103,789	92,642	98,405	97,900

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS</b>						
<b>050 NATIONAL DEFENSE</b>						
<b>051 Department of Defense—Military:</b>						
Department of Defense—Military.....	6	5	5	5	5	5
Military assistance.....	886	1,682	1,325	674	860	1,225
Total 051.....	892	1,687	1,330	679	865	1,230
<b>058 Atomic energy:</b>						
Atomic Energy Commission.....	*	2	1	*	2	1
<b>059 Defense-related activities:</b>						
Treasury Department.....	*			*		
Total, national defense.....	892	1,689	1,331	679	867	1,231
<b>150 INTERNATIONAL AFFAIRS AND FINANCE</b>						
<b>151 Conduct of foreign affairs:</b>						
Department of Justice.....	*	*	*	32	52	22
Department of State.....	*	*	*	*	*	*
Treasury Department.....	*	8	2	6	1	1
Foreign Claims Settlement Commission.....	24	48	119	*	22	66
Total 151.....	24	56	121	38	75	90
<b>152 Economic and financial assistance:</b>						
Funds appropriated to the President.....	4	3	3	1	3	3
Department of Commerce.....	6	10	6	5	8	5
Department of State.....	*	*	*	*	*	*
Total 152.....	10	13	9	6	11	9
<b>153 Foreign information and exchange activities:</b>						
Department of State.....	*	*	*	*	*	*
United States Information Agency.....	*	*	*	*	*	*
Total 153.....	*	*	*	*	*	*
Total, international affairs and finance.....	34	68	130	44	86	99
<b>250 SPACE RESEARCH AND TECHNOLOGY</b>						
<b>251 Space research and technology:</b>						
National Aeronautics and Space Administration.....	*	2	*		*	2
<b>350 AGRICULTURE AND AGRICULTURAL RESOURCES</b>						
<b>351 Farm income stabilization and Food for Peace:</b>						
Department of Agriculture.....	*	*	*		*	

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS—Continued</b>						
<b>352 Financing farming and rural housing:</b>						
Department of Agriculture.....				*	1	1
Farm Credit Administration.....				483	447	413
Total 352.....				483	448	414
<b>354 Agricultural land and water resources:</b>						
Department of Agriculture.....	*	1	1	1	1	1
<b>355 Research and other agricultural services:</b>						
Department of Agriculture.....	25	27	27	24	27	27
Total, agriculture and agricultural resources.....	25	28	28	507	475	442
<b>400 NATURAL RESOURCES</b>						
<b>401 Land and water resources:</b>						
Department of Defense—Civil.....	28	21	19	22	34	20
Department of the Interior.....	2	2	1	2	2	2
Total 401.....	30	23	20	24	36	22
<b>402 Forest resources:</b>						
Department of Agriculture.....	26	27	27	21	23	23
<b>403 Mineral resources:</b>						
Department of the Interior.....	2	1	1	1	1	1
<b>404 Fish and wildlife resources:</b>						
Department of the Interior.....	1	1	1	1	1	1
<b>405 Recreational resources:</b>						
Department of the Interior.....	1	1	1	2	2	1
<b>409 General resource surveys and administration:</b>						
Department of the Interior.....	74	55	49	72	74	59
Total, natural resources.....	134	109	100	122	138	107
<b>500 COMMERCE AND TRANSPORTATION</b>						
<b>501 Aviation:</b>						
Federal Aviation Agency.....	*			*	*	
<b>502 Water transportation:</b>						
Department of Commerce.....	18	22	1	15	16	13
Treasury Department.....	*	*	*	*	*	*
Total 502.....	18	22	1	15	16	13

See footnotes at end of table, p. 144.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS—Continued</b>						
<b>503 Highways:</b>						
Department of Commerce.....	3,584	3,706	3,806	3,019	3,554	3,651
<b>506 Advancement of business:</b>						
Department of Commerce.....	4	4	4	4	4	4
Federal Deposit Insurance Corporation.....				-161	-180	-202
Total 506.....	4	4	4	-157	-176	-198
<b>508 Regulation of business:</b>						
Federal Communications Commission.....				*		
Total, commerce and transportation.....	3,605	3,731	3,811	2,877	3,394	3,466
<b>550 HOUSING AND COMMUNITY DEVELOPMENT</b>						
<b>551 Aids to private housing:</b>						
Housing and Home Finance Agency.....	208	100	147	-730	30	138
Federal Home Loan Bank Board.....				363	1,200	-100
Total 551.....	208	100	147	-367	1,230	38
<b>555 Aids to National Capital area:</b>						
National Capital Housing Agency.....				-2	1	1
National Capital Planning Commission.....	*	1		*	1	
District of Columbia.....	346	348	419	334	396	417
Total 555.....	346	349	419	332	398	418
Total, housing and community development.....	554	449	566	-36	1,628	456
<b>650 HEALTH, LABOR, AND WELFARE</b>						
<b>651 Health services and research:</b>						
Department of Health, Education, and Welfare.....	1	1	*	1	1	*
<b>652 Labor and manpower:</b>						
Department of Labor.....	1,054	1,113	766	348	422	452
<b>654 Retirement and social insurance:</b>						
The Judiciary.....	1	1	1	*	*	*
Department of Health, Education, and Welfare.....	14,989	17,072	17,499	15,789	16,704	17,518
Department of Labor.....	3,206	3,079	3,167	3,467	3,133	2,991
Department of State.....	8	9	9	7	8	8
Civil Service Commission.....	2,247	2,382	2,391	1,131	1,272	1,435
Railroad Retirement Board.....	1,115	1,218	1,279	1,112	1,129	1,144
Total 654.....	21,566	23,761	24,346	21,506	22,246	23,097
Total, health, labor, and welfare.....	22,621	24,874	25,112	21,855	22,669	23,549

See footnotes at end of table, p. 441.

Table 14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES BY FUNCTION AND AGENCY (in millions of dollars)—Continued

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>TRUST FUNDS—Continued</b>						
<b>700 EDUCATION</b>						
<b>703 Assistance to science education and basic research:</b>						
National Science Foundation.....	*	*	*	*	*	*
Smithsonian Institution.....	*	*	*	*	*	*
Total 703.....	*	*	*	*	*	*
<b>704 Other aids to education:</b>						
Legislative branch.....	2	2	2	2	2	2
Total, education.....	2	2	2	2	2	2
<b>800 VETERANS BENEFITS AND SERVICES</b>						
<b>805 Other veterans benefits and services:</b>						
Department of Defense—Civil.....	6	7	7	7	8	7
Veterans Administration.....	711	719	714	828	634	489
American Battle Monuments Commission.....	*	*	*	*	*	*
Total, veterans benefits and services.....	718	726	721	835	642	495
<b>900 GENERAL GOVERNMENT</b>						
<b>904 Central fiscal operations:</b>						
Treasury Department.....	16	17	18	16	18	18
General Accounting Office.....	*	*	*	*	*	*
Tax Court of the United States.....	*	*	*	*	*	*
Total 904.....	16	17	18	16	18	18
<b>905 General property and records management:</b>						
General Services Administration.....	*	*	*	2	*	*
<b>906 Central personnel management:</b>						
Department of Labor.....	*	*	*	*	*	*
<b>908 Protective services and alien control:</b>						
Department of Justice.....				*		
<b>910 Other general government:</b>						
Historical and memorial commissions.....		*			*	
Total, general government.....	17	17	18	19	18	18
Deposit funds.....				146	-116	-17
Interfund transactions <sup>1</sup> .....				-505	-488	-477
Total, trust funds.....	28,602	31,695	31,817	26,545	29,315	29,372

See footnotes at end of table, p. 144.



\*Less than one-half million dollars.

<sup>1</sup> Interfund transactions shown as deduct lines above are as follows:

	1963 <i>actual</i>	1964 <i>estimate</i>	1965 <i>estimate</i>
<b>Administrative Budget</b>			
Interest on loans to Government-owned enterprises:			
Commodity Credit Corporation.....	186	195	268
Expansion of Defense Production.....	6	154	---
Export-Import Bank of Washington.....	51	41	21
Housing and Home Finance Agency.....	160	170	176
Panama Canal Company.....	10	11	11
Small Business Administration.....	20	27	32
Veterans Administration.....	47	50	50
St. Lawrence Seaway Development Corporation.....	2	3	3
Other.....	16	18	23
Fees and other charges:			
Public enterprise funds.....	*	*	*
Panama Canal Company for annuity payment and cost of Canal Zone Government.....	14	15	16
Total, administrative budget.....	<u>513</u>	<u>685</u>	<u>600</u>
<b>Trust Funds</b>			
Payments to employees' retirement fund receipts:			
District of Columbia government.....	7	7	8
District of Columbia employees' pay deductions.....	7	7	8
Payments between funds:			
FOASI fund from Federal disability insurance fund.....	2	3	3
Railroad retirement account from:			
FOASI trust fund.....	423	423	418
Unemployment trust fund.....	9	10	13
Federal disability insurance fund.....	20	20	18
Civil service retirement and disability fund to Foreign Service retirement fund.....	*	*	*
Unemployment trust fund from railroad retirement account.....	38	18	8
Total, trust funds.....	<u>505</u>	<u>488</u>	<u>477</u>

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PART 5

THE FEDERAL PROGRAM  
BY AGENCY

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## EXPLANATION OF MEANS OF FINANCING AGENCY ACTIVITIES

### TYPES OF FUNDS

Agency activities are financed both through administrative budget funds and through trust funds.

The administrative budget covers Federal (Government-owned) funds which are of four types. The *general* fund is credited with receipts not earmarked by law, and is charged with expenditures payable from such revenues and from general borrowing. *Special* funds account for Federal receipts earmarked for specific purposes, other than carrying out a cycle of operations. *Public enterprise* (revolving) funds finance a cycle of operations in which expenditures generate receipts primarily from the public. *Intragovernmental revolving and management* funds facilitate financing operations within and between Government agencies.

*Trust* funds are established to account for receipts which are held in a fiduciary capacity by the Government for use in carrying out specific purposes and programs. Within the category of trust funds there is a special category of *trust revolving* funds which carry on a cycle of business-type operations.

The budget also includes (in association with the trust funds) deposit funds, which are not used for Government programs but are essentially suspense or agent accounts, and some transactions of certain Government-sponsored enterprises. The following discussion is not generally pertinent to them.

### NEW OBLIGATIONAL AUTHORITY AND OBLIGATIONS

*New obligatory authority.*—Government agencies are permitted to enter into obligations, requiring either immediate or future payment of money, only when they have been granted authority to do so by law. The amounts thus authorized by Congress are called *new obligatory authority* (NOA). Such authority is related to the *obligations* expected to be incurred. Some new obligatory authority is granted for 1 fiscal year; some is for a longer period or is provided without a time limit on its use. In some cases NOA is requested and granted to finance a project fully (especially construction, research, or procurement) at the time it starts, allowing the obligations to be spread over 2 or more years.

New obligatory 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. Any part of NOA which is not used for obligations during the period for which it is made available by the Congress expires, and thus cannot be used at a later time. However, *reappropriations* and *reauthorizations* are congressional actions to continue availability of unused balances which would otherwise expire. There are also *authorizations to expend from debt receipts*; such NOA permits the use of borrowed money to incur obligations and make expenditures. Authority to use Treasury borrowing is an authorization to expend from *public* debt receipts; authority to borrow directly from private enterprise, granted only to certain Government corporations, is called an authorization to expend from *corporate* debt receipts.

Most new obligational authority of administrative budget funds is granted year by year (*current authorizations*). Some new obligational authority in the administrative budget and most NOA in the trust funds permit additional sums to become available from time to time without further action by the Congress (*permanent authorizations*).

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 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 payment of money.

#### EXPENDITURES AND BALANCES

*Expenditures.*—Obligations are liquidated by the issuance of checks, disbursement of cash, the maturing of interest coupons in the case of some bonds, and, in a few special cases, by issuance of bonds or notes (or increases in the redemption value of bonds outstanding) in lieu of checks. Retirement of debt and purchase of the Government's own securities are not counted as expenditures (or as obligations incurred).

Expenditures during any fiscal year may be payments of obligations incurred in prior years or in the same year. The expenditures therefore flow in part from balances of prior year NOA and in part from NOA provided for the year in which the money is spent.

For three types of funds—public enterprise, intragovernmental, and trust revolving funds—expenditures are stated net of receipts. If

receipts exceed expenditures the difference shows as a minus entry in the expenditure tables. Moneys received from the issuance of debt instruments or the sale of the Government's own securities are not counted as receipts or netted against expenditures.

Expenditures of the individual accounts and funds include various payments to other accounts and funds. For example, a number of public enterprise funds pay, to the general fund, interest on the capital they have received from the Government. Interfund transactions of this type within the administrative budget are deducted at the end of the expenditure tables (and identical deductions are made at the end of the receipt tables). Similar interfund deductions are made in the trust fund tables for those payments made by one trust fund to another.

*Balances.*—Not all of the obligational authority enacted for a fiscal year is paid out 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. Amounts 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 (1-year appropriations). Some are for a specified longer period (multiple-year appropriations). Some, including most of those for construction, some for research, and nearly all trust fund appropriations are made available by Congress until expended (no-year appropriations), and remain available for obligation 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 2 or more years and over expenditures for even a longer period.

#### ESTIMATES FOR 1964 AND 1965

*Data for 1964.*—Congress has already acted on appropriations and other new obligational authority for fiscal year 1964, but additional supplemental amounts are estimated to be required in certain cases. Where the word "enacted" is used in the budget in reference to 1964, as in tables 4 and 5, 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 indicated. Where the word "estimate" is used, the amounts include both those which are enacted and needed supplementals, including some pending before the Congress. Certain

standard footnotes are used in the following table to distinguish the status of pending or proposed items for 1964 in this part of the budget.

*Data for 1965.*—This budget is complete as to the estimates for 1965 as now foreseen. The budget appendix generally includes the proposed appropriation language for the various items which are identified in the budget. However, in some 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, as in the following table. In tables where there is no such specific identification, the estimate for 1965 is comprehensive, whether or not the necessary appropriation language is formally transmitted at this time.

*Changes from 1964 to 1965.*—The table which follows gives data for 1963, 1964, and 1965, with figures on increases or decreases of 1965 compared with 1964. These changes include certain mandatory cost changes as well as proposals of the President with respect to programs. The 1965 estimates provide the full year's cost of the pay increases effective in January 1964, under the Federal Salary Reform Act of 1962, for which only a half-year's cost was provided in fiscal year 1964.

*Special allowances.*—It is certain that additional needs, not now known, will arise during the remainder of 1964 and 1965, and supplemental proposals will be transmitted to Congress when required to finance them. Congress will also enact legislation which is not specifically provided for in the budget, either because it is not proposed by the President, or because its cost in either of the 2 years is relatively small. Furthermore, some legislative proposals may involve all (as for civilian comparability pay adjustments), or a number of agencies (as for the poverty program for 1965). In such cases it is not feasible to show individual items under the agencies concerned. Lump-sum allowances are included in the summary tables of the budget to cover such items.

*Annexed budgets.*—The expenditures and revenues of seven self-supporting Government agencies or programs have heretofore been omitted from the budget documents, except that partial figures on three of them have been included in the trust fund and consolidated cash totals (but with no supporting data in the appendix). Without making any changes in the totals, a memorandum section now covers these activities at the end of part 5, and some details on them appear in the appendix. Like the budgets for the legislative branch and the judiciary, the annexed budgets have not been reviewed by the President but are included in the amounts submitted by the agencies (except for two cases, which are noted, where Bureau of the Budget estimates are used because no agency estimates were submitted).

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

This tabulation shows, for each appropriation and fund account, among the administrative budget funds, information on new obligational authority (called NOA herein) and expenditures. It includes appropriation requests for 1964 based on the amounts recommended by the President which are pending before the Congress and on which no or partial congressional action has been taken. Such requests are identified by footnote (C). Explanatory sentences relate primarily to NOA, and usually to increases or decreases for 1965. Functional code numbers are cross references to the lines in table 14, (pages 132 to 144) 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 also included here in parentheses, but are not added into the totals. NOA items in the administrative budget are current authorizations except where otherwise indicated. A final section of this tabulation shows similar information on the trust funds. Smaller funds are grouped in that section. Accounts appearing there are permanent authorizations unless otherwise noted.

Account and functional code		1963 enacted	1964 estimate	1965 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 indicate the reason for a change from the appropriation for the current fiscal year.)
<b>General and special funds:</b>						
Compensation of the Vice President and Senators.....	NOA Exp. 901	2,471 2,460	2,471	2,471	-----	
Mileage of President of the Senate and of Senators.....	NOA Exp. 901	58 53	58	58	-----	
Expense allowances of the Vice President, and majority and minority leaders.....	NOA Exp. 901	14 14	14	14	-----	
Salaries, officers and employees	NOA Exp. 901	20,041 18,588	20,653	20,720	67	
Office of the Legislative Counsel of the Senate.....	NOA Exp. 901	242 233	247	247	-----	
Contingent expenses of the Senate: Legislative reorganization ..	NOA Exp. 901	132 102	-----	-----	-----	

Senate policy committees....901	NOA	344	351	351	-----
	Exp.	221			
Automobiles and maintenance 901	NOA	37	38	40	2
	Exp.	32			
Vice President's automobile.901	Exp.	1			
Automobile for majority and minority leaders.....901	Exp.	2			
Furniture.....901	NOA	31	31	31	-----
	Exp.	44			
Inquiries and investigations.901	NOA	3,951	4,026	4,026	-----
	Exp.	3,912			
Folding documents.....901	NOA	36	37	37	-----
	Exp.	27			
Mail transportation.....901	NOA	17	17	17	-----
	Exp.	10			
Miscellaneous items.....901	NOA	2,435	2,864	2,565	-299
	Exp.	2,620			
Postage stamps.....901	NOA	56	64	62	-2
	Exp.	53			
Stationery (revolving fund).901	NOA	195	256	195	-61
	Exp.	200			
Communications.....901	NOA	15	15	15	-----
	Exp.	12			
Payments to estates and widows of deceased Members of the Senate.....901	NOA	68	22	-----	-22
	Exp.	135			



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>SENATE—Continued</b>					
<b>General and special funds—Continued</b>					
Senate restaurant fund.....901 Exp.	-94				
Recording studio revolving fund Exp. 901	15				
Joint items:					
Joint Committee on Reduction NOA of Nonessential Federal Ex- Exp. penditures.....901	28 29	30	30	-----	
Joint Economic Committee.901 NOA Exp.	261 259	235	235	-----	
Joint Committee on Atomic NOA Energy.....901 Exp.	305 267	311	311	-----	
Joint Committee on Printing.. NOA 901 Exp.	121 113	124	124	-----	
Total, Senate..... NOA Exp.	30,859 29,310	31,863 29,910	31,548 29,825	-315 -85	
<b>HOUSE OF REPRESENTATIVES</b>					
Compensation of Members....901 NOA Exp.	10,672 10,598	10,622	10,622	-----	
Mileage of Members and expense NOA allowance of the Speaker...901 Exp.	200 195	200	200	-----	

Salaries, officers and employees... 901	NOA Exp.	8,149 7,834	8,385	8,541	156
Members' clerk hire..... 901	NOA Exp.	21,348 20,425	21,300	21,800	500
Contingent expenses of the House: Furniture..... 901	NOA Exp.	270 216	270	420	150
Miscellaneous items..... 901	NOA	2,827	3,725	3,800	75
Reappropriation.....	NOA	139			
	Exp.	2,806			
Reporting hearings..... 901	NOA Exp.	175 166	223	225	2
Special and select commit- tees..... 901	NOA Exp.	3,059 3,058	3,966	4,000	34
Office of the Coordinator of In- formation..... 901	NOA Exp.	120 119	122	118	-4
Telegraph and telephone... 901	NOA Exp.	1,500 1,480	2,185	2,500	315
Stationery (revolving fund) . 901	NOA Exp.	788 829	1,308	1,046	-262
Attending physician's office. 901	NOA Exp.	17 16	17	17	-----
Postage stamps..... 901	NOA Exp.	184 183	274	229	-45
Folding documents..... 901	NOA Exp.	251 221	251	251	-----
Revision of laws..... 901	NOA Exp.	20 20	21	21	-----

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>HOUSE OF REPRESENTATIVES—Con.</b>					
<b>General and special funds—Continued</b>					
Contingent expenses of the House—Con.					
Speaker's automobile.....901 NOA	10	11	11	-----	
Exp.	10				
Majority leader's automobile... NOA	10	10	11	1	
901 Exp.	8				
Minority leader's automobile... NOA	10	10	11	1	
901 Exp.	10				
Portrait of Speaker.....901 NOA	2				
New edition of the United States NOA			150	150	
Code.....901 Exp.	43	-----			
Payments to widows and heirs NOA	45	68	-----	-68	
of deceased Members of Con- Exp.	125				
gress.....901					
New edition of the District of Co- NOA			100	100	
lumbia Code.....901 Exp.	23	-----			
House of Representatives restau- Exp.	64				
rant fund.....901					
House recording studio revolving Exp.	-25				
fund.....901					

Joint items:					
Joint Committee on Internal Revenue Taxation.....	NOA Exp.	338 300	344	344	-----
Joint Committee on Immigration and Nationality Policy... 901	NOA Exp.	20 -----	20	160	140
Joint Committee on Defense Production.....	NOA Exp.	68 61	70	91	21
Capitol Police: General expenses.....	NOA Exp.	37 37	37	37	-----
Capitol Police Board.....	NOA Exp.	136 90	144	144	-----
Education of Pages.....	NOA Exp.	73 65	80	80	-----
Penalty mail costs.....	NOA Exp.	3,986 3,986	4,867	4,800	-67
Statements of appropriations..	NOA Exp.	8 8	13	13	-----
Consolidated working fund...	Exp.	14			
Total, House of Representatives.	NOA Exp.	54,324 52,983	58,543 57,114	59,742 58,070	1,199 956

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued						
ARCHITECT OF THE CAPITOL						
General and special funds—Continued						
Office of the Architect of the Capitol:						
Salaries.....901	NOA	363	442	569	127	Increase is for additional new positions and for positions on full-year basis presently on a part-year basis.
	Exp.	355	442	569	127	
Contingent expenses.....901	NOA	50	50	50	-----	This item is for unforeseen expenses. About half is usually needed for snow removal.
	Exp.	25	64	50	—14	
Capitol buildings and grounds:						
Capitol buildings.....901	NOA	1,296	1,428	1,515	—15	Supplemental in 1964 is for wage board pay increases. The 1965 requirements are reduced mainly because 1964 included a nonrecurring reappropriation for elimination of fire hazards.
Reappropriation.....901	NOA	337	82			
			A 20			
	Exp.	1,443	1,727	1,516	—231	
			A 20			
Extension of the Capitol: Liquidation of contract authorization.....901	Exp.	(800) 1,875	(700) 1,055	-----	(—700) —1,055	
Capitol Grounds.....901	NOA	435	476	678	198	Supplemental in 1964 is for wage board pay increases. The 1965 requirements are increased mainly to provide additional personnel and maintenance for expanded areas, and for resurfacing the Capitol Plaza and Northeast and Southeast Drives.
			A 4			
	Exp.	449	515	678	159	
			A 4			
Senate Office Buildings.....901	NOA	2,251	2,535	2,402	—164	Supplemental in 1964 is for wage board pay increases. The 1965 requirements are reduced mainly because 1964 included nonrecurring items of fire protection improvements.
			A 31			
	Exp.	2,299	2,621	2,402	—250	
			A 31			

Restoration of Old Senate Chamber.....	901	NOA	-----	38	-----	-38	
		Exp.	-----	20	18	-2	
Legislative garage.....	901	NOA	63	50	52	1	Supplemental in 1964 is for wage board pay increases.
		Exp.	61	<sup>A</sup> 1 54 <sup>A</sup> 1	52	-3	
House Office Buildings.....	901	NOA	1,722	1,778	3,354	1,563	Supplemental in 1964 is for wage board pay increases. The 1965 requirements are increased mainly to provide additional personnel to staff the Rayburn House Office Building.
		Exp.	1,721	<sup>A</sup> 13 1,804 <sup>A</sup> 13	3,254	1,437	
Acquisition of property, construction, and equipment, additional House Office Building:							
Contract authorization.....	901	NOA	18,000	4,800	-----	-4,800	(Appropriations are to liquidate contract authorization already granted.)
Liquidation of contract authorization.		Exp.	(8,500) 20,470	(20,000) 19,873	(8,000) 14,392	(-12,000) -5,481	
Capitol Power Plant.....	901	NOA	2,052	2,213	2,706	480	Supplemental in 1964 is for wage board pay increases. Principal increases are to provide for additional electrical energy and additional fuel required in 1965.
		Exp.	2,004	<sup>A</sup> 14 2,203 <sup>A</sup> 14	2,656	439	
Expansion of facilities, Capitol Power Plant.....	901	Exp.	827	1,524	1,807	283	
Extension of additional Senate Office Building site.....	901	Exp.	2	5	-----	-5	
Additional office building for the United States Senate.....	901	Exp.	178	144	-----	-144	
Changes and improvements, Capitol Power Plant.....	901	Exp.	434	203	-----	-203	

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>ARCHITECT OF THE CAPITOL—Con.</b>					
<b>General and special funds—Continued</b>					
Capitol buildings and grounds—Con.					
Furniture and furnishings, additional Senate Office Building-----901	Exp. 30	89	-----	-89	
Remodeling, Senate Office Building-----901	Exp. 2	2	-----	-2	
Library buildings and grounds:					
Structural and mechanical care-----901	NOA 844	3,388 ^ 13	2,396	-1,005	Supplemental in 1964 is for wage board pay increases. The 1965 requirements are reduced mainly because 1964 included a nonrecurring item for city water distribution system and sewer and water systems serving the main library building and grounds.
Reappropriation-----901	NOA 272	-----			
	Exp. 1,202	2,597 ^ 13	3,878	1,267	
Furniture and furnishings-901	NOA 225	180	229	49	Increase is primarily for steel trays for Card Division.
	Exp. 141	242	219	-23	
Additional library building-901	Exp. -----	10	-----	-10	
Total, Architect of the Capitol.	NOA 27,911	17,461 ^ 96	13,951	-3,606	
	Exp. 33,516	35,192 ^ 96	31,492	-3,796	

## BOTANIC GARDEN

BOTANIC GARDEN						
Salaries and expenses.....	901	NOA	452	454 A 5	528	69
Reappropriation.....	901	NOA	62	578 A 5	528	-55
		Exp.	412			
Relocation of greenhouses.....	901	Exp.	47	10		-10
Total, Botanic Garden....	901	NOA	514	454 A 5	528	69
		Exp.	459	588 A 5	528	-65

Supplemental in 1964 is for wage board pay increases. Increase in 1965 results mainly from proposed improvements to main conservatory and its mechanical equipment.

## LIBRARY OF CONGRESS

Salaries and expenses.....	704 NOA	10,074	9,726	10,790	1,064	Provides for increased activity in acquisition of materials by purchase, gift, exchange, and other means, in organization of the collections, and in reader and reference services.
Reappropriation.....	704 NOA	67				
	Exp.	8,933	10,481	10,659	178	
Copyright Office: Salaries and expenses.....	704 NOA	1,674	1,781	1,828	47	Increase is needed to pay full year cost of last year's increase in personnel.
	Exp.	1,659	1,781	1,818	37	
Legislative Reference Service: Salaries and expenses.....	704 NOA	1,961	2,119	2,308	189	Provides for additional research and analysis, preparation of indexes and digests and other reference and reader services.
	Exp.	1,944	2,102	2,287	185	
Distribution of catalog cards: Salaries and expenses.....	704 NOA	2,754	3,042	3,440	398	Increase in sales activity is expected. Costs are generally recovered from sales income.
	Exp.	2,649	2,999	3,392	393	
Books for the general collections.....	704 NOA	570	670	670		Objective will be to continue to acquire research materials, foreign newspapers and periodicals and materials in science and technology.
	Exp.	515	670	670		
Books for the law library.....	704 NOA	110	110	110		Objective will be to continue to improve the Library's coverage and to preserve deteriorating material.
	Exp.	91	121	110	-11	
Books for the blind: Salaries and expenses.....	704 NOA	1,894	1,900	2,446	546	Estimate will allow procurement of braille books, more titles and copies of talking books and other improvements in service to the blind.
	Exp.	2,150	2,034	2,259	225	

A 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 1965

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>LEGISLATIVE BRANCH—Continued</b>					
<b>LIBRARY OF CONGRESS—Continued</b>					
<b>General and special funds—Continued</b>					
Organizing and microfilming the NOA papers of the Presidents: Sal- Exp. aries and expenses.....704	113 114	113 131	113 131	----- -----	Estimate continues the program authorized in 1959 to arrange, index and microfilm papers in the Library's collections.
Preservation of American motion NOA pictures.....704 Exp.	61 42	50 82	50 50	----- -32	Estimate will allow continued conversion of paper prints and nitrate films to safety film.
Revision of Annotated Constitu- Exp. tion.....704	18	-----	-----	-----	(Work is now completed.)
Collection and distribution of NOA library materials (special for- Exp. eign currency program).....704	680 634	978 969	1,860 1,850	882 881	Program utilizes surplus foreign currencies to acquire and distribute foreign library materials.
Indexing and microfilming the NOA Russian Orthodox Greek Catho- Exp. lic Church Records in Alaska. 704	15 1	14	-----	-14	Work is expected to be completed in 1964.
Oliver Wendell Holmes devise fund NOA (permanent, indefinite, special Exp. fund).....704	20 34	8 50	6 50	----- -----	Principal and interest on the fund will be used primarily to continue preparation of the history of the Supreme Court.
<b>Intragovernmental funds:</b>					
Advances and reimbursements.704 Exp.	-521	294	-----	-294	
Total, Library of Congress... NOA	19,993	20,497	23,621	3,124	
Exp.	18,264	21,728	23,276	1,548	

## GOVERNMENT PRINTING OFFICE

## General and special funds:

Printing and binding-----901	NOA	15,200	18,200	18,000	-200
	Exp.	15,191	18,074	18,050	-24
Office of Superintendent of Documents: Salaries and expenses 910	NOA	4,760	5,242	5,562	320
	Exp.	4,422	5,267	5,597	330
Acquisition of site and construction of annex-----910	NOA	6,450	-----	-----	-----
Acquisition of site and construction of buildings-----910	NOA	-----	-----	46,723	46,723
	Exp.	-----	-----	16,478	16,478
Intragovernmental funds:					
Government Printing Office revolving fund-----910	NOA	-----	3,550	-----	-3,550
	Exp.	-6,939	-2,138	-4,569	-2,431
Total, Government Printing Office.	NOA	26,410	26,992	70,285	43,293
	Exp.	12,674	21,203	35,556	14,353
Total, Legislative Branch----	NOA	160,010	155,810	199,674	43,763
	Exp.	147,205	165,735	178,747	12,911
			<sup>A</sup> 101		
			<sup>A</sup> 101		

Appropriation covers all printing, binding, and distribution for the Congress, or as otherwise authorized by law.

Estimate covers costs of services and sales functions. Receipts usually exceed costs of the sales functions and are deposited in the general fund of the Treasury.

(Funds were transferred to the Government Printing Office revolving fund in 1964 as part of increase in capital.)

Increase is for the construction of an additional building.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
THE JUDICIARY						
<b>SUPREME COURT OF THE UNITED STATES</b>						
<b>General and special funds:</b>						
Salaries.....	902 NOA	1,503	1,588	1,613	25	Estimate provides for salaries of the Chief Justice and 8 Associate Justices and all other officers and employees.
	Exp.	1,492	1,576	1,607	31	
Printing and binding Supreme Court reports.....	902 NOA	138	138	138		Estimate covers costs of printing and binding advance opinions, preliminary prints and bound reports of the Court.
	Exp.	110	128	138	10	
Miscellaneous expenses.....	902 NOA	79	85	87	2	Estimate allows for expenses as approved by the Chief Justice.
	Exp.	76	84	87	3	
Care of the building and grounds.....	902 NOA	323	348 A 9	305	-52	Supplemental for 1964 is for wage board pay increases. Estimate covers work of the Architect of the Capitol in the care of Court facilities.
	Exp.	292	349 A 9	305	-53	
Automobile for the Chief Justice	902 NOA	7	8	8		Expenses are estimated to continue at current level.
	Exp.	7	7	8	1	
Books for the Supreme Court.	902 NOA	35	35	35		Expenses are estimated to continue at current level.
	Exp.	36	34	35	1	
Total, Supreme Court of the United States.	NOA	2,085	2,201 A 9	2,186	-24	
	Exp.	2,012	2,179 A 9	2,180	-8	

COURT OF CUSTOMS AND PATENT APPEALS							
Salaries and expenses.....	902	NOA Exp.	370 363	388 387	403 400	15 13	Estimate includes an additional clerical position for the Clerk's office, and other increased expenses.
CUSTOMS COURT							
Salaries and expenses.....	902	NOA Exp.	931 903	989 987	1,044 1,040	54 53	Estimate includes an additional court reporter, 3 additional bailiffs, and other increased expenses.
COURT OF CLAIMS							
Salaries and expenses.....	902	NOA Exp.	1,034 1,018	1,100 1,104	1,176 1,175	76 71	Increase includes \$50 thousand to publish the Court's decisions.
Repairs and improvements...	902	NOA Exp.	10 9	10 10	10 10	----- -----	Estimate will continue the structural and mechanical maintenance of buildings.
Total, Court of Claims.....		NOA Exp.	1,044 1,026	1,110 1,113	1,186 1,184	76 71	
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES							
Salaries of judges.....	902	NOA Exp.	10,960 10,881	11,200 11,185	11,200 11,200	----- 15	No increase is requested.
Salaries of supporting personnel...	902	NOA Exp.	27,988 27,784	30,650 30,548	32,940 32,890	2,290 2,342	Provides funds for additional officers and clerk-stenographers for the probation system and additional deputy clerks.
Fees of jurors and commissioners...	902	NOA Exp.	5,500 5,437	5,500 5,500	5,500 5,500	----- -----	No increase is requested.
Travel and miscellaneous ex- penses.....	902	NOA Exp.	4,670 4,668	4,500 4,519	5,065 5,015	565 496	Includes expenses in support of new personnel and a new require- ment for space alterations.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>THE JUDICIARY—Continued</b>					
<b>COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES—Continued</b>					
<b>General and special funds—Continued</b>					
Administrative office of the United NOA States courts.....902 Exp.	1,530 1,501	1,590 1,585	2,060 2,054	470 469	Includes \$420 thousand to begin a central disbursing program.
Salaries of referees (special fund) NOA 902 Exp.	2,552 2,511	2,550 2,533	2,905 2,855	355 322	Provides for additional referees, conversion of part-time referees to full-time, and some changes in salaries.
Expenses of referees (special NOA fund).....902 Exp.	4,898 4,460	5,250 5,335	5,965 5,900	715 565	Includes \$289 thousand for additional temporary clerks for referees.
Total, courts of appeals, dis- NOA trict courts, and other judi- cial services. Exp.	58,098 57,243	61,240 61,205	65,634 65,414	4,394 4,209	
Subtotal, The Judiciary..... NOA	62,528	65,928 A 9	70,453	4,516	
Exp.	61,546	65,871 A 9	70,218	4,338	
Add: Court facilities and furnish- NOA ings items requested in General Services Administration chapter (contra).....902 Exp.	1,584 1,514	1,031 1,377	1,464 1,532	433 155	
Total, The Judiciary..... NOA	64,112	66,959 A 9	71,917	4,949	
Exp.	63,060	67,248 A 9	71,750	4,433	

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THE BUDGET FOR FISCAL YEAR 1965

## EXECUTIVE OFFICE OF THE PRESIDENT

<b>COMPENSATION OF THE PRESIDENT</b>					
<b>General and special funds:</b>					
Compensation of the President	NOA	150	150	150	
903 Exp.		150	150	150	
<b>THE WHITE HOUSE OFFICE</b>					
Salaries and expenses	903 NOA	2,545	2,730	2,730	
Exp.		2,502	2,720	2,730	10
<b>SPECIAL PROJECTS</b>					
Special projects	903 NOA	1,500	1,500	1,500	
Exp.		1,039	1,500	1,500	
<b>EXECUTIVE MANSION AND GROUNDS</b>					
Executive Mansion and grounds	NOA	658	671	696	25
903 Exp.		660	665	696	31
<b>BUREAU OF THE BUDGET</b>					
Salaries and expenses	903 NOA	5,872	6,500	6,861	361
Exp.		5,829	6,655	6,819	164
<b>Intragovernmental funds:</b>					
Advances and reimbursements	903 Exp.	-5	79		-79
Total, Bureau of the Budget	NOA	5,872	6,500	6,861	361
Exp.		5,825	6,734	6,819	85

<sup>A</sup> Proposed for separate transmittal.

This office provides the President with staff assistance and administrative services.

The President uses this appropriation for staff assistance on special problems.

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

The Bureau assists the President in the discharge of his budgetary, management, and other executive responsibilities. Increase reflects mandatory salary reform costs and slight increase in temporary and intermittent services.

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# THE BUDGET FOR FISCAL YEAR 1965

State and local preparedness...059	NOA Exp.	----- -----	1,500 375	1,500 1,500	----- 1,125	This appropriation finances the development of State and local plans and preparations for management of resources in time of war and after attack. This includes the use of resources to meet survival needs and the role of the States and their political subdivisions as possessors of resources required for restoration and rehabilitation of the Nation.
Emergency preparedness functions of Federal agencies.....059	NOA Exp.	5,190 4,792	4,190 4,261	6,500 6,269	2,310 2,008	This appropriation assists other Federal agencies to prepare national emergency plans and develop preparedness programs under the guidance and review of the Office of Emergency Planning, as directed by Executive orders.
Emergency supplies and equip- ment.....059	Exp.	13	7	-----	—7	(This activity was transferred to other agencies by Executive order.)
Research and development...903	Exp.	609	336	-----	—336	(Financing is transferred to the "Salaries and expenses" account.)
Total, Office of Emergency Planning.	NOA Exp.	10,430 10,942	10,385 9,900	13,700 12,500	3,315 2,600	
<b>OFFICE OF SCIENCE AND TECHNOLOGY</b>						
Salaries and expenses.....903	NOA Exp.	764 464	880 860	950 940	70 80	This Office advises and assists the President in developing policies and evaluating programs to assure that science and technology are used most effectively in the interests of national security and the general welfare.
<b>SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS</b>						
Salaries and expenses.....903	NOA Exp.	----- -----	465 450	540 517	75 67	This Office is responsible for the administration of the trade agreements program. It will prepare for and direct U.S. participation in all trade negotiations under the Trade Expansion Act of 1962, including the forthcoming major Sixth Round of negotiations under the General Agreement on Tariffs and Trade.
<b>MISCELLANEOUS</b>						
Intragovernmental funds: Federal Radiation Council: Ad- vances and reimbursements...903	Exp.	—22	10	-----	—10	(The Council is financed by advances from participating agencies.)
Total, Executive Office of the President.	NOA Exp.	23,601 23,113	24,996 24,677	28,872 27,581	3,876 2,904	



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT					
DISASTER RELIEF					
General and special funds:					
Disaster relief.....655	NOA	25,000	20,000	20,000	Estimate for 1965 will cover possible disaster needs, based on recent experience.
Exp.		30,803	35,000	23,000	
ECONOMIC ASSISTANCE					
Development grants.....152	NOA	224,800	154,898	<sup>D</sup> 225,000	Estimate reflects continued emphasis on technical assistance programs particularly in Africa, and expansion of research effort.
Exp.		244,877	230,000	225,000	
American schools and hospitals abroad.....152	NOA		14,300	<sup>D</sup> 12,000	Estimate will permit continued U.S. support to American sponsored schools abroad, primarily in the Near East.
Exp.			500	2,550	
American schools and hospitals abroad (special foreign currency program).....152	NOA	2,800	4,700		(Expenditures cover U.S. contribution to complete U.S.-sponsored children's hospital in Poland and to support the American University at Cairo.)
Exp.		1,127	812	2,000	
Investment surveys.....152	NOA			<sup>D</sup> 2,100	Estimate will allow continued encouragement of private investors to survey investment opportunities in developing areas.
Exp.			50	100	
Contributions to international or- ganizations.....152	NOA	148,900	116,000	<sup>D</sup> 135,600	Estimate primarily will meet scheduled requirements for the Indus Basin Development project and match the contributions of other U.N. members in support of the U.N. Special Fund and Technical Assistance program.
Exp.		93,568	142,000	125,000	
Supporting assistance.....152	NOA	404,753	330,000	<sup>D</sup> 335,000	This activity is expected to stabilize, after several consecutive years of program reductions.
Exp.		493,693	415,000	335,000	
Contingency fund.....152	NOA	250,000	50,000	<sup>D</sup> 150,000	Estimate will provide flexibility to the President for meeting unforeseen emergencies and opportunities in foreign affairs.
Exp.		137,186	145,000	155,000	

Alliance for Progress, grants... 152	NOA Exp.	89,900 94,942	80,000 75,000	<sup>D</sup> 85,000 65,000	5,000 -10,000	Estimate will permit keeping pace with Alliance efforts by the countries of Latin America. Loans appear under "Loan and guarantee programs."
Social progress trust fund..... 152	NOA Exp.	----- 49,000	135,000 100,000	----- 120,000	-135,000 20,000	This program is expected to be part of expanded arrangements to be proposed for the Inter-American Development Bank. A small part of 1964 appropriation will be used to finance the activities of the Organization of American States related to the Alliance for Progress.
Administrative expenses, Agency for International Development..... 152	NOA Exp.	50,890 52,542	49,982 52,600	<sup>D</sup> 54,500 54,000	4,518 1,400	Estimate reflects pay increases, expanded training programs, and other items for administration of the program.
Administrative expenses, State. 152	NOA Exp.	2,757 2,059	2,700 2,700	2,900 2,900	200 200	Provision is made for mandatory cost rises and more adequate provision for nonsalary expenses.
Subtotal, grants and other programs.	NOA Exp.	1,174,800 1,168,994	937,580 1,163,662	1,002,100 1,086,550	64,520 -77,112	
<b>Public enterprise funds:</b>						
Loan and guarantee programs:						
Alliance for Progress: Develop- ment loans..... 152	NOA Exp.	424,700 116,315	375,000 150,000	465,000 220,000	90,000 70,000	Estimate provides for the U.S. share in accelerating joint Alliance for Progress effort. The U.S. also supports Latin American development through (a) use of agricultural surplus under the Food for Peace program, (b) Alliance development grants, (c) the facilities of the Export-Import Bank and the Peace Corps, and (d) subscriptions to the Inter-American Development Bank, all shown elsewhere.
Development loans—revolving fund..... 152	NOA Exp.	974,400 401,465	687,300 470,000	925,000 550,000	237,700 80,000	Estimate reflects expanded requirements for overseas loan assistance mainly in the Near East and South Asia.
Development Loan Fund (liqui- dation account)..... 152	Exp.	358,436	320,000	300,000	-20,000	(The Fund ceased existence as a corporate entity in 1962, except for liquidation of loan commitments.)
Foreign investment guarantee fund..... 152	NOA Exp.	30,000 -2,930	----- -4,610	----- -7,500	----- -2,890	Guarantees totaling \$725 million are expected to be issued. Additional guarantee authorization of \$220 million will be requested to cover future guarantee requirements.
Subtotal, loan and guaran- tee programs.	NOA Exp.	1,429,100 873,286	1,062,300 935,390	1,390,000 1,062,500	327,700 127,110	

<sup>D</sup> 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT—Continued					
ECONOMIC ASSISTANCE—Continued					
Intragovernmental funds:					
Advance acquisition of property— revolving fund-----152	Exp. 862	1,000	1,000	-----	(The fund finances costs related to acquisition, renovation, and resale of Government-owned excess property.)
Office of Inspector General, For- eign Assistance, State-----152	Exp. -51	-52	-50	2	(Advances of \$825 thousand from other appropriations will finance the continued review of foreign assistance activities.)
Subtotal, intragovernmental funds.	Exp. 811	948	950	2	
Total, economic assistance---	NOA 2,603,900	1,999,880	2,392,100	392,220	
Exp.	2,043,092	2,100,000	2,150,000	50,000	
EMERGENCY FUND FOR THE PRESIDENT					
General and special funds:					
Emergency fund for the President 903	NOA 1,000	1,000	1,000	-----	This appropriation enables the President to provide for emergencies affecting the national interest, security, or defense.
Exp.	389	1,000	1,000	-----	
EXPANSION OF DEFENSE PRODUCTION					
Public enterprise funds:					
Revolving fund, Defense Produc- tion Act-----059	Exp. -57,069	125,939	-37,845	-163,784	(Estimate for 1965 reflects proposed legislation which would eliminate certain payments of interest to Treasury after 1964.)

EXPENSES OF MANAGEMENT IMPROVEMENT						
<b>General and special funds:</b>						
Expenses of management im-	NOA	200	100	300	200	This enables the President to improve management, organization, and operation of the executive branch.
provement.....903	Exp.	127	272	267	-5	
<b>INTERNATIONAL FINANCIAL INSTITUTIONS</b>						
Investment in Inter-American	NOA	60,000	50,000	*205,880	155,880	NOA in 1965 will provide the first of 2 equal installments for callable capital stock to be subscribed by December 31, 1964, and December 31, 1965.
Development Bank.....152	Exp.	60,000	50,000	-----	-50,000	
Subscription to the International	NOA	61,656	61,656	61,656	-----	This is the fifth and final installment of the initial subscription to be paid by members. The total U.S. share is \$320.3 million.
Development Association...152	Exp.	61,656	61,656	61,656	-----	
Loans to the International Mone-	NOA	2,000,000	-----	-----	-----	NOA is available if needed as part of a multicountry commitment to forestall or cope with an impairment of the international monetary system.
tary Fund.....152	Exp.	-----	-----	-----	-----	
Total, international financial	NOA	2,121,656	111,656	267,536	155,880	
institutions.	Exp.	121,656	111,656	61,656	-50,000	
<b>PEACE CORPS</b>						
Salaries and expenses.....152	NOA	58,556	92,100	} <sup>D</sup> 115,000	19,036	Corps will expand to 14,000, an increase of 3,500 over 1964. Main expansion will continue to be in Latin America and Africa.
Reappropriation.....	NOA	-----	3,864		-----	
	Exp.	42,259	73,000	90,000	17,000	

\* To carry out authorizing legislation now pending in the Congress.

<sup>D</sup> 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests																																																												
FUNDS APPROPRIATED TO THE PRESIDENT—Continued																																																																	
PUBLIC WORKS ACCELERATION																																																																	
General and special funds—Continued																																																																	
Public works acceleration.....507 NOA Exp.	850,000 62,460	30,000 365,000	5,000 245,000	—25,000 —120,000	Funds are proposed for contingencies and administrative costs of the \$880 million program now underway. A major cost element will be field inspection prior to making progress payments on projects developed by communities. As of November 1, 1963, 7,021 projects were approved which will generate over 1,120,000 man-months of employment. Estimated obligations and expenditures will accelerate functions covered by regular appropriations as follows (in millions of dollars):																																																												
					<table><tr><th></th><th>Estimated obligations (allocations)</th><th colspan="3">Expenditures</th></tr><tr><th></th><th></th><th>1963</th><th>1964</th><th>1965</th></tr><tr><td>Housing and community development.....(553)</td><td>481</td><td>13</td><td>175</td><td>156</td></tr><tr><td>Community health facilities and waste treatment.....(651)</td><td>231</td><td>1</td><td>81</td><td>77</td></tr><tr><td>Land, water, mineral, forest and wildlife resources.....<sup>1</sup>(400)</td><td>136</td><td>44</td><td>85</td><td>5</td></tr><tr><td>Commerce, highways, and other transportation.....<sup>1</sup>(500)</td><td>20</td><td>2</td><td>16</td><td>2</td></tr><tr><td>Federal facilities, post offices, and prisons.....<sup>1</sup>(900)</td><td>8</td><td>1</td><td>7</td><td>---</td></tr><tr><td>Agriculture and agricultural resources.....<sup>1</sup>(300)</td><td>2</td><td>1</td><td>1</td><td>---</td></tr><tr><td>Veterans and all other functions....<sup>2</sup>0</td><td>20</td><td>---</td><td>---</td><td>---</td></tr><tr><td>Unallocated (1965 NOA).....</td><td>5</td><td>---</td><td>---</td><td>5</td></tr><tr><td>Lapsed appropriations.....</td><td>2</td><td>---</td><td>---</td><td>---</td></tr><tr><td>Total allocations.....</td><td>885</td><td>62</td><td>365</td><td>245</td></tr></table>		Estimated obligations (allocations)	Expenditures					1963	1964	1965	Housing and community development.....(553)	481	13	175	156	Community health facilities and waste treatment.....(651)	231	1	81	77	Land, water, mineral, forest and wildlife resources..... <sup>1</sup> (400)	136	44	85	5	Commerce, highways, and other transportation..... <sup>1</sup> (500)	20	2	16	2	Federal facilities, post offices, and prisons..... <sup>1</sup> (900)	8	1	7	---	Agriculture and agricultural resources..... <sup>1</sup> (300)	2	1	1	---	Veterans and all other functions.... <sup>2</sup> 0	20	---	---	---	Unallocated (1965 NOA).....	5	---	---	5	Lapsed appropriations.....	2	---	---	---	Total allocations.....	885	62	365	245
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<sup>1</sup> Includes more than one subfunction.<sup>2</sup> Less than \$500 thousand.

SPECIAL FOREIGN CURRENCY PROGRAMS						
Translation of publications and scientific cooperation.....	Exp. 355	663	2,319	-----	-2,319	(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.....	NOA 910	3,000	3,000	-----	-3,000	1964 was the last year of a five-year authorized program of grants to facilitate the transition to statehood.
	Exp.	3,110	3,000	21	-2,979	
<b>MISCELLANEOUS</b>						
Obligations, defense aid, liquidation lend-lease program.....	Exp. 152	8	-----	-----	-----	(Account is used only to pay old obligations.)
Total, funds appropriated to the President.	NOA Exp.	5,663,312 2,247,497	2,261,600 2,817,186	2,800,936 2,533,099	539,336 -284,087	

## DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH SERVICE						
<b>General and special funds:</b>						
Salaries and expenses.....355	NOA	173,586	183,764 ^ 840	195,407 ^ —30,837	} —21,034	Supplemental in 1964 is for increased workload and for salary reclassification of meat inspectors. Decreases in 1965 contemplate (a) enactment of legislation to finance meat inspection on a self-supporting fee basis, (b) closing nonessential research stations, and (c) slowing fire ant eradication. These are partly offset by increases including staffing new laboratories, pesticide research and regulation, research construction, pay costs, meat and quarantine inspection.
Reappropriation.....	NOA	1,000	1,000	-----		
	Exp.	166,733	177,110 ^ 800	189,070 ^ —28,570	} —17,410	
Salaries and expenses (special foreign currency program).....355	NOA	5,265	1,250	5,000		3,750
	Exp.	4,208	5,880	9,750	3,870	
State experiment stations.....355	Exp.	146	4	-----	—4	(Activities were transferred to Cooperative State Research Service.)
^ Proposed for separate transmittal.						

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>						
<b>AGRICULTURAL RESEARCH SERVICE—</b>						
Continued						
<b>General and special funds—Continued</b>						
Construction of facilities.....355	Exp.	3,983	2,390	543	—1,847	(New construction is funded under Salaries and expenses.)
Diseases of animals and poultry.....355	Exp.	-----	13	-----	—13	(Expenditures from the account are expected to be completed in 1964.)
Animal disease laboratory facilities.....355	Exp.	157	149	-----	—149	(Construction in 1964 completes this installation at Ames, Iowa.)
Research on strategic and critical materials.....355	Exp.	-----	1	-----	—1	(Expenditures from this account are expected to be completed in 1964.)
Establishment of an entomology research laboratory.....355	Exp.	390	10	-----	—10	(Expenditures from this account are expected to be completed in 1964.)
<b>Intragovernmental funds:</b>						
Working capital fund, Agricultural Research Center.....355	Exp.	137	-----	-----	-----	
Total, Agricultural Research Service.	NOA	179,851	186,014	200,407	—17,284	
	Exp.	175,755	185,557	199,363	—15,564	
			<sup>A</sup> 840	<sup>A</sup> —30,837		
			<sup>A</sup> 800	<sup>A</sup> —28,570		
<b>COOPERATIVE STATE RESEARCH SERVICE</b>						
<b>General and special funds:</b>						
Payments and expenses.....355	NOA	38,262	41,633	42,460	827	Increase provides payments to State Agricultural Experiment Stations, partly offset by shift in financing of management to Office of Management Services.
	Exp.	37,992	41,630	42,460	830	

**EXTENSION SERVICE**

Cooperative extension work, pay- ments and expenses.....355	NOA Exp.	75,343 74,678	80,180 80,110	77,679 77,808	-2,501 -2,302
<b>Intragovernmental funds:</b>					
Advances and reimbursements.....355	Exp.	-135	-75	-----	75
Total, Extension Service.....	NOA Exp.	75,343 74,543	80,180 80,035	77,679 77,808	-2,501 -2,227

Estimate provides for payments to States at level recommended in 1964 budget and for mandatory salary reform costs and retirement costs.

**FARMER COOPERATIVE SERVICE**

<b>General and special funds:</b>					
Salaries and expenses.....355	NOA Exp.	704 688	1,201 1,141	1,102 1,117	-99 -24
<b>Intragovernmental funds:</b>					
Advances and reimbursements.....355	Exp.	-34	109	-----	-109
Total, Farmer Cooperative Service.	NOA Exp.	704 654	1,201 1,250	1,102 1,117	-99 -133

Mandatory salary reform costs are more than offset by the shift in financing of management to Office of Management Services.

**SOIL CONSERVATION SERVICE**

<b>General and special funds:</b>					
Conservation operations.....354	NOA Exp.	93,988 92,997	98,043 97,545	98,750 98,300	707 755
Watershed protection.....354	NOA Exp.	61,357 53,115	63,539 58,000	65,848 62,100	2,309 4,100
Flood prevention.....354	NOA Exp.	25,325 26,493	25,434 24,800	22,656 23,500	-2,778 -1,300
Great Plains conservation pro- gram.....354	NOA Exp.	12,354 9,746	13,617 10,940	14,744 11,725	1,127 785

Increase provides for soil surveys and mandatory salary reform costs partly offset by savings due to management improvements.

Estimate will start construction of about 36 watershed projects, continue 260, complete 35, provide advance engineering for 125, and increase comprehensive river basin surveys.

Decrease assumes use of \$3,800 thousand of the prior year unobligated balance to continue work in the 11 authorized watersheds.

Provides for increased cost-share funds for technical services, and for mandatory salary reform costs.

A Proposed for separate transmittal.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>SOIL CONSERVATION SERVICE—Con.</b>					
<b>General and special funds—Continued</b>					
Resource conservation and devel- NOA		1,500	2,044	544	Program includes planning and starting up to 10 pilot projects to main- tain and enhance the level of economic activity.
opment.....354 Exp.		394	2,400	2,006	
Total, Soil Conservation Serv- NOA	193,023	202,133	204,042	1,909	
ice. Exp.	182,351	191,679	198,025	6,346	
<b>ECONOMIC RESEARCH SERVICE</b>					
Salaries and expenses.....355 NOA	9,834	9,909	9,476	-433	Mandatory salary reform costs are more than offset by the shift in fi- nancing of management to Office of Management Services.
Exp.	9,742	9,795	9,511	-284	
<b>STATISTICAL REPORTING SERVICE</b>					
Salaries and expenses.....355 NOA	10,012	11,272	11,431	160	Increases for enumerative survey for crop and livestock estimates, cattle-on-feed reports, and mandatory salary reform costs, more than offset decreases for consumer surveys and the financing of management under Office of Management Services.
Exp.	10,019	11,108	11,402	294	
<b>AGRICULTURAL MARKETING SERVICE</b>					
Marketing research and service... NOA	41,018	42,476	43,975	-17,309	Supplemental in 1964 is for salary reclassification of poultry inspectors. Net decrease reflects a net reduction in research and legislation to finance certain marketing services on a fee basis, with increases in market news and mandatory salary reform costs.
355		<sup>A</sup> 173	<sup>A</sup> -18,635		
Exp.	40,615	41,242	43,652	-14,149	
		<sup>A</sup> 166	<sup>A</sup> -16,393		
Payments to States and posses- NOA	1,425	1,500	1,425	-75	Estimate is reduced to the 1963 level of matching payments to the States for programs to improve marketing.
sions.....355 Exp.	1,425	1,500	1,425	-75	

Special milk program.....655	NOA	99,997	100,000	-----	-100,000	Decrease in the direct appropriation and the increase in the permanent appropriation (transferred from "Removal of surplus agricultural commodities"), reflect a shift in financing in 1965.
Permanent.....	NOA			99,831	99,831	
	Exp.	95,370	98,500	99,800	1,300	
School lunch program.....655	NOA	124,993	137,000	147,610	10,610	Increase provides for growth in the program and includes \$2 million for aid to needy schools.
Permanent.....	NOA	45,000	45,000	45,000		
	Exp.	169,596	181,500	193,000	11,500	
Perishable agricultural commodities act fund (permanent, indefinite, special fund).....355	NOA	746	832	893	61	An increase in license fee rates effective Jan. 1, 1963, allows improved administration of the license system.
	Exp.	773	884	908	24	
Removal of surplus agricultural commodities (permanent, indefinite).....351	NOA	244,611	271,276	173,727	-97,549	30% of certain customs receipts is available to finance this and related Federal programs. Reduction reflects transfer to finance special milk program in 1965, partly offset by slight increase in receipts.
	Exp.	111,536	271,276	173,727	-97,549	
	655	20,248	44,625	51,125	6,500	These funds available to finance the pilot food stamp program in 1965 provide for some expansion.
	Exp.	20,248	44,625	51,125	6,500	
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....355	Exp.	-5	7	-----	-7	
Total, Agricultural Marketing Service.	NOA	578,038	642,709	563,586	-97,931	
			<sup>A</sup> 173	<sup>A</sup> -18,635		
	Exp.	439,556	639,534	563,637	-92,456	
			<sup>A</sup> 166	<sup>A</sup> -16,393		
<b>FOREIGN AGRICULTURAL SERVICE</b>						
<b>General and special funds:</b>						
Salaries and expenses.....355	NOA	17,128	18,700	20,561	1,861	Increase is largely for expanded market development work abroad in both dollar and soft currency areas, and for mandatory salary reform costs.
Permanent, indefinite.....	NOA	3,117	3,117	3,117		
	Exp.	11,934	15,459	18,142	2,683	
Salaries and expenses (special foreign currency program).....355	NOA	4,000	-----	-----	-800	There are adequate carryover balances of excess foreign currencies for this account.
	Exp.	4,628	4,000	3,200		
Total, Foreign Agricultural Service.	NOA	24,245	21,817	23,678	1,861	
	Exp.	16,562	19,459	21,342	1,883	

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>COMMODITY EXCHANGE AUTHORITY</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses.....355 NOA	1,060	1,095	1,119	24	Estimate will continue licensing, auditing, supervisory and investigative activities, and provide for mandatory salary reform costs.
Exp. Exp.	1,048	1,085	1,119	34	
<b>AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE</b>					
Expenses, Agricultural Stabiliza- NOA	95,344	106,550	114,562	-7,188	Supplemental in 1964 is to finance the administrative expenses of the feed grain program enacted after submission of the 1964 budget. Decrease results from savings to be realized from reducing the percentage of farms measured under wheat and feed-grain programs.
tion and Conservation Service. 351 Exp.	88,484	<sup>A</sup> 15,200 100,386 <sup>A</sup> 15,200	113,562	-2,024	
Sugar Act program .....351 NOA	77,650	78,000	87,500	3,100	Supplemental in 1964 is for payments resulting from unanticipated increases in production. Increase in 1965 assumes payments to sugar producers under existing law for increased production.
Exp. Exp.	76,929	<sup>A</sup> 6,400 86,938 <sup>A</sup> 6,400	87,659	-5,679	
Agricultural conservation pro- NOA	212,900	215,000	225,000	10,000	NOA in 1965 is for cost-sharing payments to farmers authorized in 1964; 1965 proposal is \$120 million (excluding administration), to be appropriated in 1966.
gram.....354 Exp.	210,788	220,760	220,090	-670	
Cropland conversion program:					
Contract authorization.....351 NOA	25,000	10,000	10,000	-----	Supplemental in 1964 expands the program to shift cropland to less intensive usage. Proposed legislation would provide for \$50 million annually. Supplemental in 1965 would continue program at the new 1964 level.
		<sup>A</sup> 40,000	<sup>A</sup> 40,000		
Appropriation to liquidate con- (2,000)		(11,350)	(10,000)	(2,650)	
tract authorization. Exp.	3,996	<sup>A</sup> 43,000 11,350 <sup>A</sup> 43,000	<sup>A</sup> 47,000 10,000 <sup>A</sup> 41,670	-2,680	

Conservation reserve program 351	NOA	304,000	294,000	198,000	-96,000	Requirements for annual rental payments will decrease in 1965 with contracts expiring on about 6.7 million acres during 1964.	
	Exp.	305,378	293,129	200,000	-93,129		
Acreage allotments and marketing quotas 351	Exp.	78	11	-----	-11	(This account is merged with "Expenses, Agricultural Stabilization and Conservation Service.")	
Emergency conservation measures 354	Exp.	2,701	5,000	4,936	-64	(Payments are for cost-sharing assistance to farmers to rehabilitate lands damaged by natural disasters.)	
<b>Intragovernmental funds:</b>							
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938 355	Exp.	2,761	16	-----	-16	(This account is merged with "Expenses, Agricultural Stabilization and Conservation Service.")	
Local Administration, sec. 388, Agricultural Adjustment Act of 1938 355	Exp.	8,249	65	-----	-65	(This account is merged with "Expenses, Agricultural Stabilization and Conservation Service.")	
Total, Agricultural Stabilization and Conservation Service.	NOA	714,894	703,550	635,062	} -90,088		
	Exp.	699,364	<sup>A</sup> 61,600	<sup>A</sup> 40,000			} -104,338
			717,655	636,247			
		<sup>A</sup> 64,600	<sup>A</sup> 41,670				
<b>FOREIGN ASSISTANCE AND COMMODITY CREDIT CORPORATION</b>							
<b>Foreign Assistance Programs</b>						Expenditures for the five following items are the expenditures made by the Government (through Commodity Credit Corporation) in each year for the respective program.	
<b>General and special funds:</b>							
Public Law 480:							
Sale of commodities for foreign currencies 351	NOA	1,588,804	1,452,000	1,893,000	441,000	Decrease in expenditures results primarily from estimated reduction in unit costs of agricultural commodities (principally wheat) sold abroad for foreign currencies.	
	Exp.	1,483,030	1,609,270	1,081,000	-528,270		
Grants of commodities for famine relief 152	NOA	250,000	215,451	264,000	48,549	Volume of commodities donated is estimated to continue at a slightly higher level in 1965 with some reduction in ocean transportation costs.	
	Exp.	215,593	245,860	243,547	-2,313		
Losses on long-term sales contracts 351	NOA	40,000	52,515	58,000	5,485	It is estimated that long-term sales for dollars will continue to increase in 1965.	
	Exp.	80,223	225,305	297,015	71,710		
International Wheat Agreement 351	NOA	81,218	86,218	31,838	-54,380	It is estimated that domestic wheat prices will not exceed Agreement prices and subsidies will not be required in 1965.	
	Exp.	74,167	100,603	179	-100,424		

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>FOREIGN ASSISTANCE AND COMMODITY CREDIT CORPORATION—Continued</b>					
<b>Foreign Assistance Programs—Continued</b>					
<b>General and special funds—Continued</b>					
Bartered materials for supplemental stockpile.....351 NOA	125,000	82,860	120,000	37,140	Estimate is for the value of strategic materials acquired by barter and transferred to the supplemental stockpile.
Exp.	99,662	86,338	81,000	—5,338	
Subtotal..... NOA	2,085,022	1,889,044	2,366,838	477,794	Expenditures shown above have been made by the Commodity Credit Corporation in advance of appropriations in some years. This adjustment line brings the total of this group to the amounts paid by the appropriation to the Corporation during each year.
Exp.	1,952,675	2,267,376	1,702,741	—564,635	
Increase (—) or decrease in amount owed by general fund to Commodity Credit Corporation. Exp.	138,347	—388,347	674,112	1,062,459	
Total, foreign assistance programs. NOA	2,085,022	1,889,044	2,366,838	477,794	
Exp.	2,091,022	1,879,029	2,376,853	497,824	
<b>Commodity Credit Corporation</b>					
<b>Price Support and Related Programs</b>					
<b>Public enterprise funds:</b>					
Price support and related programs: 351 NOA	740,513				Request is for needed capital for the Corporation, reimbursing it for a portion of its 1963 realized losses.
Contract authorization.....		(315,067)	(599,932)	(284,865)	
Appropriation to liquidate contract authorization. NOA					
Reimbursement for net realized losses. NOA	2,278,455	2,384,333	1,124,068	—1,260,265	
Limitation on administrative expenses. Exp.	(43,188)	(41,650)	(37,650)	(—4,000)	(Reduction in expenditures of \$230 million is based on proposed legislation for new programs for cotton and dairy products.)
	3,117,377	1,813,227	1,838,717	—204,510	
			Δ —230,000		

Special milk program: 655					
Reimbursement for costs for special milk program.	NOA Exp.	92,243 -1,643			
Total, price support and related programs.	NOA Exp.	3,111,211 3,115,734	2,384,333 1,813,227	1,124,068 1,838,717 A -230,000	-1,260,265 -204,510
<b>Special Activities</b>					
<b>Intragovernmental funds:</b>					
Military housing, barter and exchange.....351	Exp.	-1,635	-2,416	-2,000	416
National Wool Act (permanent, indefinite).....351	NOA Exp.	69,165 63,165	90,179 79,292	80,500 54,538	-9,679 -24,754
Migratory waterfowl feed.....351	Exp.	42			
Surplus grain for game birds...351	Exp.	36	45	45	
Loans for conservation purposes.....354	Exp.	7,900			
Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.....351	Exp.	167	305		-305
Subtotal.....	NOA Exp.	69,165 69,675	90,179 77,226	80,500 52,583	-9,679 -24,643

A Proposed for separate transmittal.

(Program is now being financed through an appropriation under the Agricultural Marketing Service.)

The facilities of the Commodity Credit Corporation are available by law for carrying out the various programs listed. Subsequent recovery of costs incurred is made from special revenues, appropriations or from other agencies.

(Receipts are from Department of Defense for housing constructed in France, using foreign currencies acquired by sale of agricultural commodities.)

Decrease in 1965 results from non-recurring doubling-up of payments in 1964 to coincide with marketing year.

(This item now included in Department of Interior.)

(Grain is made available to Department of Interior and to States to feed starving migratory birds.)

(Corporation funds may be loaned to the Secretary of Agriculture to carry out the agricultural conservation program. No net borrowings are expected in 1965.)

(The Corporation is authorized to sell cotton released from the national stockpile. Proceeds, less costs incurred, are deposited in the Treasury as miscellaneous receipts.)

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>						
<b>FOREIGN ASSISTANCE AND COMMODITY CREDIT CORPORATION—Continued</b>						
<b>Commodity Credit Corporation—Continued</b>						
<b>Special Activities—Continued</b>						
<b>Intragovernmental funds—Continued</b>						
Increase or decrease (—) in amount owed by general fund for foreign assistance programs.	Exp.	—138,347	388,347	—674,112	—1,062,459	Expenditures made through the Commodity Credit Corporation for foreign assistance programs are included on the respective lines of the foreign assistance group. This adjustment brings the total of this group to the net expenditures for special activities funded by the Corporation during each year.
Total, special activities financed by Commodity Credit Corporation.	NOA Exp.	69,165 —68,672	90,179 465,573	80,500 —621,529	—9,679 —1,087,102	
Total, Commodity Credit Corporation price support and related programs, and special activities.	NOA Exp.	3,180,376 3,047,062	2,474,512 2,278,800	1,204,568 1,217,188 A —230,000	—705,865 —1,291,612	
Total, foreign assistance program and Commodity Credit Corporation.	NOA Exp.	5,265,398 5,138,084	4,363,556 4,157,829	3,571,406 3,594,041 A —230,000	—792,150 —793,788	
<b>FEDERAL CROP INSURANCE CORPORATION</b>						
<b>General and special funds:</b>						
Operating and administrative expenses.....351	NOA Exp.	6,795 6,794	7,058 7,752	6,942 6,799	—116 —953	Decrease in 1965 is from shift in financing of activities to Office of Inspector General. Program is maintained at the 1964 level.

**Public enterprise funds:**  
Federal Crop Insurance Corpora-  
tion Fund:

Limitation on administrative  
expenses.....351

Exp.

(3,265)  
7,713

(3,505)  
-1,744

(3,649)  
-4,096

(144)  
-2,352

(Increase is for mandatory salary reform costs and expansion of the crop insurance program in 1964.)

Total, Federal Crop Insur-  
ance Corporation.

NOA  
Exp.

6,795  
14,507

7,058  
6,008

6,942  
2,703

-116  
-3,305

**RURAL ELECTRIFICATION ADMIN-  
ISTRATION**

**General and special funds:**

Loans (authorization to expend  
from debt receipts).....353

NOA

480,000

495,000

428,000

-414,000

NOA of \$428 million, plus balance from previous years, will provide for estimated loan commitments of \$300 million for electrification and \$85 million for telephone and for \$65 million reserve. Proposed legislation permits loan receipts to be used to reduce expenditures in 1964, and both NOA and expenditures in 1965.

Exp.

331,656

377,000

383,000

-3,000

A -169,000

A -178,000

Salaries and expenses.....353

NOA

10,440

11,247

11,518

271

Exp.

10,396

11,056

11,446

390

Increase provides for additional staff and for mandatory salary reform costs, partly offset by decrease from shift in financing of activities to the Office of Inspector General.

Total, Rural Electrification  
Administration.

NOA

490,440

506,247

439,518

-413,729

Exp.

342,052

388,056

394,446

-2,610

A -169,000

A -178,000

**FARMERS HOME ADMINISTRATION**

Rural housing grants and loans.....352

Exp.

1,006

4,355

2,500

-1,855

(Existing funds are sufficient for enlargement and development loans and repair and improvement grants through 1965.)

Loan authorizations.....352

Authorization to expend from  
debt receipts.....

NOA

50,000

-----

-----

-----

NOA provided in 1963 was for a new program of housing loans to elderly individuals in rural areas. NOA provided in 1964 is for rural housing loans to other than the elderly. Expenditures (including use of balances of prior NOA) will decline in 1965 as the proposed loan insurance program becomes operative.

Appropriations.....

NOA

-----

25,000

-----

-25,000

Exp.

183,197

135,900

20,700

-115,200

<sup>A</sup> Proposed for separate transmittal.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>FARMERS HOME ADMINISTRATION—</b> Continued					
<b>General and special funds—Continued</b>					
Salaries and expenses.....352 NOA	35,742	38,831	40,284 ^ 3,000	4,453	Increase in 1965 is for administrative costs of expanded programs and mandatory salary reform costs and is partly offset by decrease from shift in financing of activities to Office of Inspector General. Supplemental in 1965 is for administrative expenses related to the proposed insured loan program.
Exp. ....	35,690	38,809	40,800 ^ 2,850	4,841	
Rural renewal.....352 NOA		1,200	2,190	990	Estimate provides for 6 projects in a pilot program of technical and loan assistance to local public bodies for rural economic development.
Exp. ....		1,185	2,185	1,000	
<b>Public enterprise funds:</b>					
Direct loan account.....352 Exp.	55,012	77,002	3,431	—73,571	(Receipts and balances will more than cover proposed \$325 million loan program, interest and incidental costs.)
Emergency credit revolving fund 352 Exp.	7,384	13,438	5,865	—7,573	(Receipts and balances will finance estimated \$69 million program including administrative expenses.)
Agricultural credit insurance fund (indefinite permanent authori- zation to expend from debt receipts).....352 NOA	15,071	3,131	6,541	3,410	The agency has permanent authority to borrow from Treasury for this account. Sale of loans will increase in 1965. Contingent liabilities for insured loans are estimated at \$804 million.
Exp. ....	13,549	5,063	5,744	681	
Rural housing for the elderly re- volving fund.....352 NOA	1,000	3,500	5,000	1,500	Estimate in 1965 will increase capital, used for loans to nonprofit institu- tions to finance rental housing for the elderly in rural areas.
Exp. ....		4,500	4,525	25	

Rural housing insurance fund (proposed legislation).....352	NOA Exp.	----- -----	----- -----	<sup>A</sup> 100,000 <sup>A</sup> 40,000	100,000 40,000	Legislation will be proposed to authorize a revolving fund to finance insured rural housing loans.
Total, Farmers Home Admin- istration.	NOA Exp.	101,813 295,838	71,662 280,252	54,015 <sup>A</sup> 103,000 85,750 <sup>A</sup> 42,850	85,353 -151,652	
<hr/>						
<b>OFFICE OF RURAL AREAS DEVELOPMENT</b>						
<b>General and special funds:</b>						Increase is for mandatory salary reform costs.
Salaries and expenses.....355	NOA Exp.	----- -----	120 110	124 124	4 14	
<b>Intragovernmental funds:</b>						
Advances and reimbursements...355	Exp.	-156	367	-----	-367	
Total, Office of Rural Areas Development.	NOA Exp.	----- -156	120 477	124 124	4 -353	
<hr/>						
<b>OFFICE OF THE INSPECTOR GENERAL</b>						
<b>General and special funds:</b>						Provides departmentwide audit and investigation services. Financed in past years within other accounts.
Salaries and expenses.....355	NOA Exp.	174 174	----- -----	9,874 9,850	9,874 9,850	
<hr/>						
<b>OFFICE OF THE GENERAL COUNSEL</b>						
Salaries and expenses.....355	NOA Exp.	3,850 3,774	3,967 3,860	3,853 3,853	-114 -7	Mandatory salary reform costs are more than offset by the shift in financing of management to Office of Management Services.
<hr/>						
<b>OFFICE OF INFORMATION</b>						
Salaries and expenses.....355	NOA Exp.	1,661 1,577	1,684 1,668	1,648 1,664	-36 -4	Mandatory salary reform costs are more than offset by the shift in financing of management to Office of Management Services.
<hr/>						

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>CENTENNIAL OBSERVANCE OF AGRICULTURE</b>					
General and special funds—Continued					
Salaries and expenses.....355 Exp.	59	-----	-----	-----	(The purposes of the account have been met.)
<b>NATIONAL AGRICULTURAL LIBRARY</b>					
Salaries and expenses.....355 NOA	1,185	1,426	1,347	-79	Mandatory salary reform costs are more than offset by the shift in financing of management to Office of Management Services.
Exp.	1,154	1,395	1,254	-141	
Library facilities.....355 NOA	-----	450	7,000	6,550	Increase provides for construction of the National Agricultural Library, Beltsville, Md. Planning funds were provided in 1964.
Exp.	-----	450	335	-115	
Total, National Agricultural NOA	1,185	1,876	8,347	6,471	
Library. Exp.	1,154	1,845	1,589	-256	
<b>OFFICE OF MANAGEMENT SERVICES</b>					
Salaries and expenses.....355 NOA	-----	-----	2,527	2,527	Provides central financing of management services for a number of smaller Department agencies, previously financed from other accounts.
Exp.	-----	-----	2,513	2,513	
<b>GENERAL ADMINISTRATION</b>					
Salaries and expenses.....355 NOA	3,477	3,750	3,372	-378	Mandatory salary reform costs and additional assistants in the immediate Office of the Secretary are more than offset by the shift in financing of management, audit, and investigation to the Office of Management Services and the Office of the Inspector General.
Exp.	3,250	3,830	3,372	-458	

<b>Intragovernmental funds:</b>						
Working capital fund.....	355	Exp.	241	-----	-14	-14
Total, general administration.		NOA	3,477	3,750	3,372	-378
		Exp.	3,491	3,830	3,358	-472
<b>FOREST SERVICE</b>						
<b>General and special funds:</b>						
Forest protection and utilization	NOA		198,392	189,025	197,318	-4,707
402				<sup>A</sup> 13,000		
Cooperative range improvements	NOA		700	700	700	
(special fund).....	402	Exp.	198,238	197,874	192,600	-17,274
				<sup>A</sup> 12,500	<sup>A</sup> 500	
Forest roads and trails.....	402					
Contract authorization:						
Current.....	NOA		80,000		<sup>D</sup> 85,000	
Permanent.....	NOA			85,000		
Appropriation to liquidate con-			(44,500)	(63,200)	(72,300)	(9,100)
tract authorization.	Exp.		39,390	72,349	72,300	-49
Access roads.....	402	NOA	2,000			
		Exp.	842	2,500	596	-1,904
Acquisition of lands for national						
forests:						
Superior National Forest....	402	NOA	2,000			
		Exp.	785	1,250	650	-600
Special acts (indefinite, special	NOA		30	70	70	
fund).....	402	Exp.	3	63	70	7
Cache National Forest.....	402	Exp.	6	50	50	
Wasatch National Forest....	402	NOA		250	150	-100
		Exp.		100	200	100

<sup>A</sup> Proposed for separate transmittal.<sup>D</sup> To carry out authorizing legislation to be proposed.

Supplemental in 1964 is for firefighting. Decrease in 1965 results from a lower estimate for firefighting offset by increases for forest land management, research activities, and mandatory salary reform costs.

Program will construct or reconstruct about 1,900 miles of multi-purpose roads mostly to harvest timber. Additions to liquidating cash in 1965 will provide funding for expanded construction program.

Prior balances will acquire interests in roads or rights-of-way; future activity will be financed in Forest roads and trails.

(Prior balances are used to acquire lands in the Superior National Forest.)

Certain forest receipts, otherwise payable to counties in Utah, Nevada, and California, are used to acquire lands within national forests.

(Prior balances are used to acquire lands in the Cache National Forest.)

Completes authorization for purchases of land authorized by Public Law 87-661.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF AGRICULTURE—Continued</b>					
<b>FOREST SERVICE—Continued</b>					
<b>General and special funds—Continued</b>					
Assistance to States for tree plant- NOA ing.....402 Exp.	1,000 1,201	1,000 1,000	1,000 1,000	----- -----	Aid is given, mainly through grants, for reforestation work.
Expenses, brush disposal (perma- NOA nent, indefinite, special fund)... Exp. 402	8,758 7,642	9,000 8,800	9,200 9,100	200 300	Certain receipts from purchasers of timber are applied to restoration of timber sale areas.
Roads and trails for States, na- NOA tional forests fund (permanent, Exp. indefinite, special fund).....402	10,900 10,900	12,001 12,001	12,400 12,400	399 399	Permanent law makes available 10% of national forest receipts for construction and maintenance of roads and trails in national forests within the States from which the receipts were derived.
Forest fire prevention (permanent, NOA indefinite, special fund).....402 Exp.	28 11	45 29	25 30	-20 1	Fees for use of "Smokey Bear" are available for forest fire prevention campaign.
Restoration of forest lands and NOA improvements (permanent, in- Exp. definite, special fund).....402	21 7	100 100	100 100	----- -----	Receipts from claims settlements and forfeitures of deposits are used for restorations.
Payments to Minnesota (Cook, NOA Lake, and St. Louis Counties) Exp. from the national forest fund (permanent, indefinite, special fund).....402	125 125	131 131	133 133	2 2	Certain receipts are distributed to three counties in which Superior National Forest lands are located.
Payments to counties, national NOA grasslands (permanent, indef- Exp. nite, special fund).....402	390 394	438 438	450 450	12 12	Permanent law makes available 25% of national grassland receipts for payment to counties for schools and roads.

Payments to school funds, Arizona and New Mexico, act of June 20, 1910 (receipt limitation) (permanent, indefinite) -----	NOA Exp.	80 80	100 100	110 110	10 10	These States are paid a share of the national forest receipts for school purposes.
Payments to States, National forests fund (permanent, indefinite, special fund) -----	NOA Exp.	27,235 27,235	29,994 29,994	31,100 31,100	1,106 1,106	With minor exceptions, 25% of the national forest receipts goes to the States for schools and roads.
<b>Intragovernmental funds:</b>						
Advances and reimbursements -----	Exp.	273	4	-----	-4	
Working capital fund, Forest Service -----	Exp.	-17	-910	-303	607	
Total, Forest Service -----	NOA	331,659	327,854 A 13,000	337,756	-3,098	
	Exp.	287,116	325,873 A 12,500	320,586 A 500	-17,287	
Total, Department of Agriculture.	NOA	8,031,720	7,189,287 A 75,613	6,209,424 A -253,472	-1,308,948	
	Exp.	7,735,260	7,068,485 A -90,934	6,182,508 A -367,943	-1,162,986	

## DEPARTMENT OF COMMERCE

<b>GENERAL ADMINISTRATION</b>						
<b>General and special funds:</b>						
Salaries and expenses -----	NOA Exp.	3,851 3,864	4,000 3,750	4,350 4,100	350 350	Increase is to staff approved positions for the full fiscal year and to meet mandatory salary reform costs.
Participation in Century 21 Exposition -----	Exp.	1,561	41	-----	-41	(Activity was completed in 1962. Payments are prior obligations.)
Participation in New York World's Fair -----	Exp.	2,294	9,232	2,957	-6,274	(Fair opens Apr. 21, 1964. Government personnel will manage and maintain exhibits in the Federal pavilion.)

A Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF COMMERCE—Continued						
GENERAL ADMINISTRATION—Con.						
Public enterprise funds:						
Aviation war risk insurance revolving fund.....501	Exp.	-13	-23	-7	15	(Contingent liability is estimated at \$7,312 million.)
Intragovernmental funds:						
Working capital fund.....506	Exp.	-51	-----	-----	-----	
Total, general administration.	NOA	3,851	4,000	4,350	350	
	Exp.	7,656	13,000	7,050	-5,950	
ECONOMIC DEVELOPMENT						
Area Redevelopment Administration						
General and special funds:						
Operations.....507	NOA	12,371	13,480	F 17,500	4,020	Technical assistance to disadvantaged areas will be substantially expanded.
	Exp.	11,166	13,000	15,000	2,000	
Grants for public facilities.....507	NOA	35,000	A D 8,000	D 35,000	27,000	Grants are made to local communities for construction of facilities which permanently increase employment.
	Exp.	2,853	10,000	11,000	1,000	
Public enterprise funds:						
Area redevelopment fund.....507	NOA	115,050	132,000	G 170,000	38,000	Cumulative loan reservations at the end of 1965 will total \$550 million. Increase is primarily for urban industrial and public facility loans.
	Exp.	24,945	74,600	104,000	29,400	
Total, Area Redevelopment Administration.	NOA	162,421	145,480	} 222,500	69,020	
	Exp.	38,964	A D 8,000 97,600		32,400	

Office of Business Economics					
<b>General and special funds:</b>					
Salaries and expenses.....506	NOA	1,875	2,000	2,550	550
	Exp.	1,844	1,900	2,400	500
<b>Intragovernmental funds:</b>					
Advances and reimbursements.506	Exp.	4			
Total, Office of Business Economics.	NOA	1,875	2,000	2,550	550
	Exp.	1,848	1,900	2,400	500
<b>Bureau of the Census</b>					
<b>General and special funds:</b>					
Salaries and expenses.....506	NOA	12,827	13,637 <sup>C</sup>	15,000	1,153
	Exp.	13,813	13,035 <sup>C</sup> 190	14,590 <sup>C</sup> 20	1,385
1963 censuses of business, transportation, manufactures, and mineral industries.....506	NOA	3,071	8,500	7,000	-1,500
	Exp.	2,581	6,900	5,600	-1,300
1964 census of agriculture.....506	NOA	700	1,345	16,500	15,155
	Exp.	366	1,300	14,000	12,700
Modernization of automatic data processing equipment.....506	NOA	4,000	4,500	200	-4,300
	Exp.	196	8,000	100	-7,900
Preparation for 19th decennial census.....506	NOA		740	1,100	360
	Exp.		600	800	200
National housing inventory....506	NOA			1,700	1,700
	Exp.			1,100	1,100

Increase is to improve balance of payments computations and selected portions of the national income accounts. Regional economic work and the use of automation will be expanded.

Supplemental is for special analysis of data on footwear imports. Increase will provide additional population estimates for local areas, improve construction put-in-place estimates and the quality of export data, and permit the design of a new retail area sample.

Major enumeration of the economic censuses will be performed in 1964; funds in 1965 will provide for processing the data.

Enumeration of the Nation's farms will take place after the fall harvest of calendar year 1964.

Estimate will permit developmental work in automated document handling and high-speed input techniques. Decrease reflects computer purchases in 1963 and 1964.

Increase will finance a large-scale field test to complete evaluation of the mail enumeration technique.

Estimate will provide a current survey of changes in occupancy and use of various housing units.

A Proposed for separate transmittal.

C 1964 appropriation pending in Congress.

D To carry out authorizing legislation to be proposed.

F Includes \$3,000 thousand to carry out authorizing legislation to be proposed.

G Includes \$110,000 thousand 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF COMMERCE—Continued</b>					
<b>ECONOMIC DEVELOPMENT—Continued</b>					
<b>Bureau of the Census—Continued</b>					
<b>General and special funds—Continued</b>					
1962 census of governments.....506 NOA	1,050	350	-----	-350	Final reports and volumes will be printed in 1964.
Exp.	780	800	20	-780	
18th decennial census.....506 NOA	38	-----	-----	-----	(Activity was completed in 1963. Expenditures are prior obligations.)
Exp.	2,840	335	20	-315	
1958 censuses of business, manu- Exp.	21	-----	-----	-----	(Activity was completed in prior years.)
factures, and mineral industries					
506					
<b>Intragovernmental funds:</b>					
Advances and reimbursements.506 Exp.	-1,205	-----	-----	-----	
<b>Total, Bureau of the Census. NOA</b>	<b>21,687</b>	<b>29,072</b>	<b>41,500</b>	<b>12,218</b>	
Exp.	19,393	30,970 C 190	36,230 C 20	5,090	
<b>Business and Defense Services</b>					
<b>Administration</b>					
<b>General and special funds:</b>					
Salaries and expenses.....506 NOA	3,993	4,600	5,000	400	Increased emphasis will be devoted to analyzing commodity data for use by U.S. exporters and to domestic marketing analysis.
Exp.	3,993	4,500	4,900	400	

<b>Office of Field Services</b>						
Salaries and expenses.....	506	NOA Exp.	3,434 3,388	3,725 3,600	4,450 4,300	725 700
<b>International Activities</b>						
Salaries and expenses.....	506	NOA Exp.	7,198 6,299	9,230 8,000	12,600 11,300	3,370 3,300
Export control.....	508	NOA Exp.	3,838 3,727	4,100 4,050	4,625 4,500	525 450
Total, international activities.		NOA Exp.	11,035 10,026	13,330 12,050	17,225 15,800	3,895 3,750
<b>Office of Trade Adjustment</b>						
Trade adjustment assistance...	506	NOA Exp.	25 3	100 90	350 150	250 60
Trade adjustment loans and loan guarantees.....	506	NOA Exp.	----- -----	----- -----	500 150	500 150
Total, Office of Trade Adjustment.		NOA Exp.	25 3	100 90	850 300	750 210
<b>U.S. Travel Service</b>						
Salaries and expenses.....	506	NOA Exp.	3,331 2,902	2,600 2,500	3,950 3,650	1,350 1,150
Total, economic development.		NOA	207,801	200,907 A D 8,000 C 210	298,025	88,908
		Exp.	80,518	153,210 C 190	197,580 C 20	44,200

Increase provides additional foreign trade staff to stimulate American firms to seek and expand foreign markets for their products.

Increase will further strengthen the export expansion program by providing additional trade centers and commercial trade fairs which will enable more American firms to exhibit and develop sales abroad.

Increase will provide for expected rise in number of export licenses issued.

Estimate will provide technical assistance to import-injured firms under the Trade Expansion Act.

Estimate will provide financial assistance to firms that have suffered because of increased imports.

Increase will substantially expand the overseas advertising program. Visitors from overseas have increased 49% since 1961.

A Proposed for separate transmittal.

C 1964 appropriation pending in Congress.

D 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
SCIENCE AND TECHNOLOGY					
General and special funds—Continued					
Civilian industrial technology—506 NOA	625	1,000	—	—1,000	Contracts for textile research will be executed in 1964 and 1965, and activity phased out.
Exp.	3	100	800	700	
Coast and Geodetic Survey					
Salaries and expenses—506 NOA	22,956	24,967 <sup>A 55</sup>	29,000	3,783	Supplemental (\$55 thousand) is for wage board pay increases. Estimate provides funds to operate oceanographic survey ships to be commissioned in 1965, for workload increases in data processing and chart production, and for expansion of research and development activities. A worldwide seismological network, equipped and organized by Department of Defense, will be maintained and operated.
Exp.	20,693	23,775 <sup>A 55</sup> <sup>B 170</sup>	27,975 <sup>B 25</sup>	4,000	
Construction of surveying ships—506 NOA	14,400	13,000	9,000	—4,000	
Exp.	4,326	10,000	14,500	4,500	
Construction and equipment—506 NOA	—	—	600	600	The estimate provides for construction of a magnetic and seismological observatory.
Exp.	32	—	100	100	
Construction and equipment, geo-magnetic station—506 Exp.	26	—	—	—	(Work is completed. Payments are for prior obligations.)
Total, Coast and Geodetic Survey. NOA	37,356	37,967 <sup>A 55</sup>	38,600	383	
Exp.	25,077	33,775 <sup>A 55</sup> <sup>B 170</sup>	42,575 <sup>B 25</sup>	8,600	

<b>Patent Office</b>						
Salaries and expenses.....	506 NOA	27,490	29,195	32,000	2,805	Increase will improve basic examining functions and cover workload increases. Research and development will be expanded; automation of the patent copy supply system will be undertaken.
	Exp.	26,520	28,300	31,200	2,900	
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....	506 Exp.	-16				
Total, Patent Office.....	NOA	27,490	29,195	32,000	2,805	
	Exp.	26,504	28,300	31,200	2,900	
<b>National Bureau of Standards</b>						
<b>General and special funds:</b>						
Research and technical services...	NOA	28,165	28,700	35,000	6,300	Estimate will allow development of the National Standard Reference Data System and increase research by contract, permit initiation of an engineering standards program of measurement methodologies of value to industry, and replace research equipment.
506	Exp.	27,198	27,914	32,315	4,401	
Research and technical services (special foreign currency program).....	NOA	500	500	500		Grants are made in "excess currency" countries to support research, supplementing domestic programs in the physical sciences.
506	Exp.	359	513	787	274	
Plant and facilities.....	NOA	2,000	3,000	3,900	900	The estimate will provide for the design and installation of a neutron physics laboratory, replacement of a standard frequency transmitter, an isotope separator, and other items.
506	Exp.	1,527	5,350	6,800	1,450	
Construction of facilities.....	NOA	30,000	7,713	7,000	-713	Estimate will cover the final construction expenses of the new laboratory complex at Gaithersburg, Md.
506	Exp.	15,833	29,529	25,881	-3,648	
<b>Intragovernmental funds:</b>						
Working capital fund.....	506 Exp.	-3,517	-407	-783	-376	(Estimated Government equity in the fund will be \$168 million on June 30, 1965.)
Advances and reimbursements...	Exp.	4	1		-1	
506						
Total, National Bureau of Standards.	NOA	60,665	39,913	46,400	6,487	
	Exp.	41,405	62,900	65,000	2,100	

<sup>A</sup> Proposed for separate transmittal.

<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
SCIENCE AND TECHNOLOGY—Con.					
Office of Technical Services					
General and special funds:					
Salaries and expenses.....506	NOA	1,113	1,020	1,750	Increase will strengthen the Office as a clearing house for the acquisition, indexing, processing, and sale of unclassified Federal research reports and technical documents.
Exp.		1,099	950	1,300	
Weather Bureau					
Salaries and expenses.....506	NOA	60,697	64,498	68,800	Increase will improve upper air observations, add to centrally produced forecasts, and disseminate additional data to the field.
Exp.		60,538	62,800	66,150	
Research and development....506	NOA	11,119	10,400	14,100	Increase will finance projects to improve efficiency of Bureau operations, improve understanding of weather phenomena pertinent to aviation, develop high altitude sensing equipment, and contribute to atmospheric research and water resources programs.
Exp.		10,818	9,500	12,000	
Research and development (special foreign currency program) 506	NOA		250	500	Excess currencies will be used to improve foreign observations and to study problems of climatic and hydrologic cycles in arid regions.
Exp.				250	
Establishment of meteorological facilities.....506	NOA	4,325	4,800	1,725	Estimate continues the modernization program begun in 1956.
Exp.		3,617	3,500	4,000	

Meteorological satellite operations.....	506	NOA	40,000	16,500	18,000	18,000	Estimate includes spacecraft, launches, facilities, and services to obtain observations of worldwide cloud patterns from satellites.
		Exp.	10,299		19,000	2,500	
<b>Intragovernmental funds:</b>							
Advances and reimbursements.....	506	Exp.	22				
Total, Weather Bureau....		NOA	116,140	79,948	103,125	23,177	
		Exp.	85,294	92,300	101,400	9,100	
Total, science and technology.		NOA	243,389	189,043 A 55	221,875	32,582	
		Exp.	179,382	218,325 B 195	242,275 B 25	23,750	
				A 55			
				B 170			
<b>TRANSPORTATION</b>							
<b>Inland Waterways Corporation</b>							
<b>Public enterprise funds:</b>							
Inland Waterways Corporation Fund.....	502						
Limitation on administrative expenses.		Exp.	(2) -825	(2) -800	(-2) 800	(On July 19, 1963, Public Law 88-67 repealed the Inland Waterways Corporation Act. Fund balance has been returned to Treasury.)	
<b>Maritime Administration</b>							
<b>General and special funds:</b>							
Ship construction.....	502	NOA	64,200	112,500	124,900	12,400	
		Exp.	107,912	103,000	103,000		
Operating-differential subsidies:							
Permanent, indefinite, contract authorization.....	502	NOA	200,000	200,000	200,000		
Liquidation of contract authorization.		Exp.	(220,400) 220,677	(216,500) 218,000	(190,000) 208,000	(-26,500) -10,000	
Voyages undertaken under subsidy contracts are estimated to increase to 1,941 in 1965 from 1,920 in 1964.							

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF COMMERCE—Continued						
TRANSPORTATION—Continued						
Maritime Administration—Continued						
General and special funds—Continued						
Research and development...502	NOA	3,550	7,000	10,100	3,100	Increase is principally assumption of certain costs of experimental operation of the nuclear ship <i>Savannah</i> previously paid by AEC.
Exp.		7,542	8,000	9,000	1,000	
Salaries and expenses.....502	NOA	15,249	15,500	15,750	250	Estimate provides for continuing of program at substantially the same level as 1964.
Exp.		14,738	15,000	15,000	-----	
Maritime training.....502	NOA	3,319	3,495	4,484	989	Increase is for improvements to the Federal Maritime Academy and includes a new library building.
Exp.		3,284	3,218	3,500	282	
State marine schools.....502	NOA	250	250	550	300	Increase is primarily for preparation of a training ship for Texas academy. Federal aid to State schools will continue at substantially the same level as 1964.
Permanent, indefinite, contract authorization.....502	NOA	1,948	1,155	1,185	30	
Liquidation of contract authorization.		(1,948)	(1,155)	(1,185)	(30)	
Exp.		1,431	1,355	1,857	502	
Public enterprise funds:						
Federal ship mortgage insurance fund (permanent, indefinite authorization to expend from public debt receipts).....502	NOA	6,000	5,100	-----	-5,100	NOA occurs when requirements for payments under guarantees arise. None are anticipated in 1965. Guarantees involving a contingent liability of \$578 million are estimated to be outstanding at the close of 1965.
Exp.		8,100	2,965	-4,288	-7,253	
Vessel operations revolving fund...502	Exp.	1,392	-390	37	427	(Fund is substantially self-supporting.)

War risk insurance revolving fund.....	Exp. 502	-361	-148	-106	42	(Contingent liability in event of war is estimated at \$13 billion.)
<b>Intragovernmental fund:</b>						
Advances and reimbursements.....	Exp. 502	81	-----	-----	-----	
Total, Maritime Administration.	NOA Exp.	294,516 364,796	345,000 351,000	356,969 336,000	11,969 -15,000	
<b>Bureau of Public Roads</b>						
<b>Trust funds:</b>						
Limitation on general administrative expenses.		(38,178)	(43,800)	(48,750)	(4,950)	(Increase provides for expanded programs and increased emphasis on right-of-way investigation, planning, and contract research.)
Federal-aid highways (liquidation of contract authorization).		(3,249,200)	(3,249,150)	(3,650,000)	(400,850)	(Appropriation is to liquidate contract authorization and meet administrative expenses for interstate, primary, secondary, and urban highways. These costs are payable from the highway trust fund.)
Improvement of the Pentagon road network.		(2,000)	(500)	-----	(-500)	(Financing required to implement a 1961 law has been completed.)
<b>General and special funds:</b>						
Forest highways: 503						
Contract authorization:						
Current.....	NQA	33,000	-----	<sup>D</sup> 33,000	33,000	Legislation will be proposed to extend this program at the current level.
Permanent.....	NOA	-----	33,000	-----	-33,000	
Liquidation of contract authorization.	Exp.	(36,900) 38,794	(33,000) 34,144	(33,000) 33,000	----- -1,144	
Public lands highways: 503						
Contract authorization:						
Current.....	NOA	15,000	-----	<sup>D</sup> 3,000	3,000	Legislation will be proposed to continue this program.
Permanent.....	NOA	-----	9,000	-----	-9,000	
Liquidation of contract authorization.....	Exp.	(2,500) 2,136	(4,000) 7,690	(9,000) 9,000	(5,000) 1,310	
Control of outdoor advertising. 503	NOA Exp.	2,000	-----	-----	-----	(The appropriation is available for incentive payments to States agreeing to control highway advertising.)
		-----	2,000	-----	-2,000	

<sup>D</sup> 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF COMMERCE—Continued</b>					
<b>TRANSPORTATION—Continued</b>					
<b>Bureau of Public Roads—Continued</b>					
<b>General and special funds—Continued</b>					
Inter-American Highway.....152 NOA		9,000	4,000	-5,000	The Highway Act of 1962 authorized \$32 million to complete the Inter-American Highway. The 1965 request will permit the program to proceed on schedule.
Contract authorization: Current.	12,000				
Liquidation of contract authorization. Exp.	2,961	(6,000) 5,400	7,000	(-6,000) 1,600	
Woodrow Wilson Memorial Bridge 503 Exp.	241	127		-127	(The bridge was officially opened to traffic in December 1961.)
Access roads (act of Sept. 7, 1950) 503 Exp.	95	130		-130	(The purpose of the appropriation has been met.)
Construction, operation, and maintenance of roads, Alaska 503 Exp.	4				(The purpose of the appropriation has been met.)
Study of highway program for Alaska.....503 NOA	400				(The 1963 appropriation financed a study authorized in 1962.)
Surveys and plans.....503 Exp.	95	400		-400	
<b>Intragovernmental funds:</b>					
Advances and reimbursements. 503 Exp.	-206	10		-10	
<b>Total, Bureau of Public Roads.</b> NOA	62,400	51,000	40,000	-11,000	
Exp.	44,121	49,900	49,000	-900	

Transportation Research						
<b>General and special funds:</b>						
Transportation research.....	506 NOA	623	2,000	2,000	-----	Provides for continuation of program at 1964 level.
	Exp.	1	1,000	1,500	500	
Total, transportation.....	NOA	357,539	398,000	398,969	969	
	Exp.	408,094	401,100	386,500	-14,600	
Total, Department of Commerce.	NOA	812,580	791,950	923,219	122,809	
			A 8,055			
			B 195			
			C 210			
	Exp.	675,650	785,635	833,405	47,400	
			A 55	B 25		
			B 170	C 20		
			C 190			

## DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL						
(Functional code 051)						
<b>General and special funds:</b>						
Military personnel, Army.....	NOA	3,612,848	3,784,317	4,231,000	188,283	Supplemental in 1964 is to support an average of 962,995 military personnel and for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for an increase in average strength to 974,849, the full year effect of the pay increase, and lower financing by transfers from revolving funds.
			A 24,400			
			B 234,000			
	Exp.	3,903,592	3,905,000	4,202,600	48,000	
			A 23,700	A 700		
			B 230,300	B 3,700		
Military personnel, Navy.....	NOA	2,707,081	2,614,683	3,055,000	195,317	Supplemental in 1964 is to support an average of 666,546 military personnel and for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for an increase in average strength to 673,657, the full year effect of the pay increase, and lower financing by transfers from revolving funds.
			A 44,000			
			B 201,000			
	Exp.	2,713,509	2,748,000	3,035,000	54,000	
			A 41,400	A 2,600		
			B 197,600	B 3,400		

A Proposed for separate transmittal.

B Proposed for separate transmittal. Uniformed Services Pay Act of 1963.

C 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 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>General and special funds—Continued</b>					
Military personnel, Marine Corps. NOA	664,951	678,600 B 47,000	747,000	21,400	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase.
Exp.	666,468	678,000 B 47,000	735,000	10,000	
Military personnel, Air Force. NOA	4,056,507	3,943,000 A 146,000 B 286,000	4,389,000	14,000	Supplemental in 1964 is to support an average of 865,089 military personnel and for part-year costs of military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase.
Exp.	4,102,712	3,973,000 A 138,200 B 277,800	4,363,000 A 7,800 B 8,200	-10,000	
Reserve personnel, Army. NOA	222,456	210,100 B 500	242,900	32,300	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase and to provide for an estimated year-end paid drill strength of 285,000 compared with 264,000 for 1964.
Exp.	186,714	209,578 B 422	235,922 B 78	26,000	
Reserve personnel, Navy. NOA	80,800	92,300 B 2,800	99,200	4,100	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase. The estimate continues a year-end paid drill strength of 126,000 but provides for an increase in average strength from 121,200 to 125,300.
Exp.	79,140	91,700 B 2,300	97,300 B 500	3,800	

Reserve personnel, Marine Corps.	NOA	26,800	28,500 B 1,400	30,900	1,000	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase. The estimate continues a year-end paid drill strength of 45,500.
	Exp.	26,504	28,800 B 1,200	30,800 B 200	1,000	
Reserve personnel, Air Force.....	NOA	48,700	55,100 B 2,600	59,200	1,500	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase. The estimate continues a year-end paid drill strength of 61,000.
	Exp.	48,589	53,700 B 2,300	56,900 B 300	1,200	
National Guard personnel, Army.	NOA	243,474	242,800 B 8,500	274,500	23,200	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase and to provide for an estimated year-end paid drill strength of 395,000 compared with 376,000 for 1964.
	Exp.	212,242	239,800 B 7,200	264,700 B 1,300	19,000	
National Guard personnel, Air Force.	NOA	49,300	58,300 B 3,200	69,300	7,800	Supplemental in 1964 is for part-year costs for military pay increases effective Oct. 1, 1963. Increase in 1965 is for the full year effect of the pay increase. The estimate continues a year-end paid drill strength of 75,000.
	Exp.	45,366	56,300 B 2,700	64,500 B 500	6,000	
Retired pay, Defense.....	NOA	1,025,700	1,143,000 A 20,000 B 66,000	1,399,000	170,000	Supplemental in 1964 is for an average of 412,446 retired personnel and for part-year costs for retired pay increases effective Oct. 1, 1963. Increase in 1965 is for an increase in average retired strength to 466,074 and for the full year effect of the pay increase.
	Exp.	1,014,673	1,140,000 A 19,400 B 64,600	1,382,000 A 600 B 1,400	160,000	
Increased military compensation (proposed legislation).	NOA	-----	-----	A 143,000	143,000	Legislation to be effective Oct. 1, 1964, will be proposed to provide for increased compensation for military personnel on active duty.
	Exp.	-----	-----	A 136,000	136,000	
Uniform rations (proposed legislation).	NOA	-----	-----	A 29,000	29,000	Legislation has been proposed to provide a uniform ration for all services.
	Exp.	-----	-----	A 25,000	25,000	
Total, military personnel....	NOA	12,738,617	12,850,700 A 234,400 B 853,000	14,597,000 A 172,000	830,900	
	Exp.	12,999,509	13,123,878 A 222,700 B 833,422	14,467,722 A 172,700 B 19,578	480,000	

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>OPERATION AND MAINTENANCE</b>					
(Functional code 051)					
<b>General and special funds—Continued</b>					
Operation and maintenance, NOA Army. Exp.	3,362,554 3,581,763	3,355,902 3,415,000	3,463,000 3,457,000	107,098 42,000	Increase includes expanded testing of air assault concepts, increased unit training, existence of higher average aircraft inventory, and mandatory salary reform costs.
Operation and maintenance, NOA Navy. Exp.	2,825,758 2,863,985	2,908,955 2,926,000	3,159,000 3,107,000	250,045 181,000	Increase includes costs of greater numbers of replacement fuel cores for nuclear-powered ships, improvements in submarine safety, additional Polaris submarines in the fleet, and higher costs of operating and maintaining more complex ships and aircraft.
Operation and maintenance, Ma- NOA rine Corps. Exp.	188,189 190,743	191,306 189,000	188,000 188,000	-3,306 -1,000	Estimate continues support of 3 divisions and 3 air wings at a high state of combat readiness.
Operation and maintenance, Air NOA Force. Exp.	4,355,819 4,488,812	4,336,887 4,414,000	4,606,000 4,549,000	269,113 135,000	Increase reflects higher operating costs of modern and improved electronic equipment and aircraft, and an increase in joint exercises with other services, including airlift of Army troops and equipment to oversea areas for short periods of field training.
Operation and maintenance, NOA Defense agencies. Exp.	356,077 318,421	477,654 461,000	516,986 506,000	39,332 45,000	Increase reflects further consolidation of intelligence activities from the military departments and the cost of the Defense Communications System.
Operation and maintenance, Army NOA National Guard. Exp.	174,379 174,221	180,790 179,000	188,000 187,000	7,210 8,000	Increase reflects completion of conversion from Nike-Ajax to Hercules air defense units, mandatory salary reform costs, and cost of maintaining higher equipment levels.
Operation and maintenance, Air NOA National Guard. Exp.	194,400 193,301	222,700 221,000	236,000 230,000	13,300 9,000	Increase is mainly to allow additional flying hours and to cover higher aircraft operating costs and mandatory salary reform costs.

National Board for the Promotion of Rifle Practice, Army.	NOA Exp.	622 650	528 500	484 500	—44	Lease costs of the national match site will be lower in 1965.
Claims, Defense	NOA Exp.	22,300 21,211	19,000 20,000	23,000 21,800	4,000 1,800	Additional lump-sum settlements and higher costs of foreign claims are expected.
Contingencies, Defense	NOA Exp.	15,000 10,909	15,000 14,000	15,000 15,000	1,000	This account provides the Secretary of Defense with funds to meet emergencies and extraordinary expenses.
Court of Military Appeals, Defense.	NOA Exp.	472 462	509 500	530 500	21	Caseload is expected to continue at about the 1963 level of 834.
Operation and maintenance, Alaska Communication System, Army.	Exp.	688	13		—13	(Transferred to "Operation and maintenance, Air Force." Expenditures are from 1962 and prior appropriations.)
Miscellaneous expired accounts, Department of Defense.	Exp.	28,451	29,987	16,200	—13,787	
Total, operation and maintenance.	NOA Exp.	11,495,569 11,873,616	11,709,231 11,870,000	12,396,000 12,278,000	686,769 408,000	
<b>PROCUREMENT</b>						
(Functional code 051)						
Procurement of equipment and missiles, Army.	NOA Exp.	2,519,186 2,370,713	2,931,094 2,604,000	<sup>E</sup> 1,779,000 2,376,000	—1,152,094 —228,000	Program is directed at filling combat essential equipment allowances for the reorganized Army division (ROAD) active and reserve force, and providing inventories adequate for sustained combat operations. Modernization of older materiel is continued. Decrease reflects reduced procurement of materiel as stocks approach inventory objectives.
Procurement of aircraft and missiles, Navy.	NOA Exp.	3,034,660 2,725,779	2,889,145 2,862,000	<sup>D</sup> 2,515,000 2,640,000	—374,145 —222,000	Decrease results mainly from (a) major reprogramming of prior year funds for 1965 needs; (b) decline in aircraft modifications with completion of the heavy reconnaissance (A-5C) program, and (c) drop in procurement of Polaris missiles upon attainment of improved inventory position.

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

<sup>E</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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>					
<b>PROCUREMENT—Continued</b>					
(Functional code 051)—Continued					
<b>General and special funds—Continued</b>					
Shipbuilding and conversion, NOA Navy.	2,919,200 2,550,881	2,059,589 2,290,000	<sup>D</sup> 1,966,000 2,120,000	-93,589 -170,000	Funding includes new construction of 6 nuclear attack submarines, 16 escort ships, 10 amphibious assault ships, 7 ships to replenish warships at sea, and additional supporting ships, gunboats, and small craft. Decrease reflects completion of funding for Polaris submarines in 1964.
Other procurement, Navy----- NOA Exp.	903,600 826,633	1,175,231 947,000	1,058,000 991,000	-117,231 44,000	Modernization of fleet equipment and weapons will continue, with emphasis on antisubmarine forces. Decrease reflects prior financing available for 1965.
Procurement, Marine Corps----- NOA Exp.	256,000 185,305	201,960 205,000	<sup>E</sup> 181,000 188,000	-20,960 -17,000	The program will continue to improve firepower, mobility, and communications. Decrease reflects reduced procurement of ammunition and ordnance, support vehicles, engineer and other equipment as stocks approach inventory objectives.
Aircraft procurement, Air Force... NOA Exp.	3,562,400 3,746,089	3,385,575 4,010,000	<sup>D</sup> 3,663,000 3,460,000	277,425 -550,000	Provides for procurement of 889 new aircraft, compared with 840 in 1964. Emphasis continues on tactical and airlift aircraft. Increase reflects higher procurement of spares and repair parts, and modification of B-52 strategic bombers, partly offset by reduced sales and recoupments from prior year programs.
Missile procurement, Air Force... NOA Exp.	2,459,000 2,675,807	2,141,990 2,118,000	<sup>D</sup> 1,730,000 2,050,000	-411,990 -68,000	Program continues procurement of the Minuteman intercontinental ballistic missile and Bullpup, Sparrow, and Shrike missiles. Modifications to existing ballistic missiles are also provided for. Decrease reflects reduction in ballistic missile requirements.

Other procurement, Air Force....	NOA Exp.	956,162 1,251,222	878,299 1,110,000	802,000 900,000	-76,299 -210,000	The program will continue procurement of conventional ordnance and intelligence, warning, communications and control systems, primarily to improve air defense and conventional war capabilities. Principal decreases are in procurement of electronics, telecommunications, and automatic data processing equipment for communications and intelligence programs.
Procurement, Defense agencies....	NOA Exp.	36,902 6,774	43,164 40,000	62,000 50,000	18,836 10,000	Increase reflects higher procurement of electronic equipment by the Defense Communication Agency and by other departmentwide activities.
Aircraft and related procurement, Navy.	Exp.	292,353	151,000	10,000	-141,000	(Program needs are now provided in other appropriations above.)
Total, procurement.....	NOA Exp.	16,647,110 16,631,555	15,706,047 16,337,000	13,756,000 14,785,000	-1,950,047 -1,552,000	
<b>RESEARCH, DEVELOPMENT, TEST, AND EVALUATION</b>						
(Functional code 051)						
Research, development, test, and evaluation, Army.	NOA Exp.	1,329,434 1,354,425	1,386,091 1,373,000	<sup>D</sup> 1,397,000 1,365,000	10,909 -8,000	Increase is for additional work in development of advanced anti-ballistic missile defense, and continued emphasis on improved weaponry and equipment for limited and remote area warfare.
Research, development, test, and evaluation, Navy.	NOA Exp.	1,510,602 1,429,341	1,540,713 1,487,000	<sup>D</sup> 1,451,000 1,458,000	-89,713 -29,000	Increases for antisubmarine warfare development are more than offset by phasing down improvement work on the Polaris missile.
Research, development, test, and evaluation, Air Force.	NOA Exp.	3,697,592 3,300,374	3,481,434 3,623,000	<sup>D</sup> 3,205,000 3,237,000	-276,434 -386,000	Decrease reflects the phaseout of research and development on major missile and aircraft programs and the reorientation of the military space program. These developments more than offset new programs to be initiated.
Research, development, test, and evaluation, Defense agencies.	NOA Exp.	450,755 291,424	439,942 410,000	<sup>D</sup> 519,000 470,000	79,058 60,000	Increase is primarily to attain readiness posture for nuclear weapons effects tests and for accelerated development of nuclear test detection techniques as safeguards under the test ban treaty.

<sup>D</sup> To carry out authorizing legislation to be proposed.<sup>E</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	1963 enacted	1964 estimate	1965 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>General and special funds—Continued</b>					
Emergency fund, Defense—NOA Exp.	4,904	101,000 50,000	150,000 50,000	49,000	This appropriation provides funds for transfer to program appropriations for prompt exploitation of research and development opportunities.
Total, research, development, test, and evaluation. NOA Exp.	6,993,287 6,375,564	6,949,180 6,943,000	6,722,000 6,580,000	—227,180 —363,000	
<b>MILITARY CONSTRUCTION</b>					
(Functional code 051)					
Military construction, Army—NOA Exp.	151,407 145,078	200,646 175,000	2408,000 251,000	207,354 76,000	Increase is largely for construction in relocating Nike-Hercules air defense units, replacement of World War II troop housing and bachelor officer quarters, classified facilities, and other essential projects previously deferred.
Military construction, Navy—NOA Exp.	161,354 190,186	198,853 202,000	2278,000 225,000	79,147 23,000	Increase is for essential projects previously deferred and construction to replace deteriorated hospital facilities.
Military construction, Air Force—NOA Exp.	780,068 715,438	468,275 614,000	2406,000 500,000	—62,275 —114,000	Estimate includes construction for an additional hardened Minuteman squadron, improvement of previously authorized Minuteman and Titan missile sites, and new facilities for strategic, tactical, and air defense aircraft forces. Decrease reflects offsetting reductions in construction of missile facilities.

Military construction, Defense agencies.	NOA Exp.	49,777 7,468	24,000 39,000	<sup>E</sup> 34,000 30,000	10,000 -9,000	Increase is for essential projects previously deferred.
Military construction, Army Reserve.	NOA Exp.	8,000 14,816	4,500 10,500	<sup>E</sup> 5,000 8,000	500 -2,500	Estimate will continue construction at about the 1964 level.
Military construction, Naval Reserve.	NOA Exp.	7,000 5,598	6,000 8,000	<sup>E</sup> 7,000 7,000	1,000 -1,000	Estimate provides for continuation of the 1964 program level. Re-programing in 1964 permitted reduction in funding for that year.
Military construction, Air Force Reserve.	NOA Exp.	5,000 4,633	4,000 6,000	<sup>E</sup> 5,000 5,000	1,000 -1,000	Estimate provides for continuation of the 1964 program level. Savings in 1963 permitted a reduction in 1964 funding.
Military construction, Army National Guard.	NOA Exp.	7,000 18,383	5,700 15,000	<sup>E</sup> 6,000 10,000	300 -5,000	Completion of the most urgent requirements allows a declining level of armory construction in 1964 and 1965.
Military construction, Air National Guard.	NOA Exp.	14,000 21,913	16,000 17,000	<sup>E</sup> 14,000 15,000	-2,000 -2,000	Decrease reflects a declining level of construction as the most urgent requirements are completed.
Loran stations, Defense-----	NOA Exp.	20,000 20,000	20,500 20,500	5,000 5,000	-15,500 -15,500	Estimate provides for continued expansion of this navigation system.
Construction, Alaska Communication System, Army.	Exp.	4				
Total, military construction	NOA Exp.	1,203,606 1,143,518	948,474 1,107,000	1,168,000 1,056,000	219,526 -51,000	
<b>FAMILY HOUSING</b>						
(Functional code 051)						
Family housing, Defense-----	NOA Exp.	590,326 426,658	637,406 680,000	<sup>D</sup> 711,000 660,000	73,594 -20,000	Provides the third increment of a construction program for military housing—12,500 units, or 5,000 more than in 1964.

<sup>D</sup> To carry out authorizing legislation to be proposed.<sup>E</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		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—MILITARY—Continued</b>						
<b>CIVIL DEFENSE</b>						
(Functional code 051)						
General and special funds—Continued Operation and maintenance, civil defense.	NOA	72,845	70,312	92,400	22,088	Increase reflects improved attack warning, radioactivity detection, and emergency broadcasting systems; expanded defense training programs; and additional matching funds to support the expanding civil defense efforts of State and local governments.
	Exp.	34,457	75,000	80,000	5,000	
Shelter, construction and research and development, civil defense.	NOA	53,000	41,250	<sup>B</sup> 265,600	224,350	Estimate includes additional public shelters, under proposed legisla- tion, funds to stock available shelters with survival supplies and equipment and for additional studies on population survival techniques.
	Exp.	10,070	47,500	68,000	20,500	
Civil defense, Department of De- fense.	Exp.	156,347	27,000	1,000	-26,000	(Obligations incurred in 1962 and prior years are liquidated under this account.)
Construction of facilities, Depart- ment of Defense.	Exp.	1,740	500	1,000	500	(Funds to construct Federal regional operating centers for both day- to-day and emergency operations were used for one facility at Denton, Tex.; remaining funds will provide a center in Massachu- setts and for site surveys and preliminary planning for 6 others.)
Total, civil defense.....	NOA	125,845	111,562	358,000	246,438	
	Exp.	202,614	150,000	150,000	-----	
<b>MILITARY ASSISTANCE</b>						
(Functional code 051)						
Military assistance, Defense.....	NOA	1,325,000	1,000,000	<sup>D</sup> 1,000,000	-----	The 1965 program of grant military assistance remains at the 1964 level. Program composition, however, reflects the increased ability of some countries to finance their own military needs.
	Exp.	1,720,755	1,400,000	1,200,000	-200,000	

## REVOLVING AND MANAGEMENT FUNDS

(Functional code 051)

**Public enterprise funds:**

Defense production guarantees, Exp. Army.	—72	—80	—75	5	(A reduction in loan activity is forecast resulting in reduced revenues.)
Defense production guarantees, Exp. Navy.	—696	3,008	294	—2,714	(A reduction in loan activity is forecast with an accompanying reduction in revenues.)
Defense production guarantees, Exp. Air Force.	4,436	785	785	-----	(No change in the level of purchase of defaulted loans is forecast.)
Laundry service, Naval Academy Exp.	—24	6	5	—1	(Estimate contemplates receipts and expenditures of approximately \$725 thousand, the same as the 1964 level.)
Civil defense procurement fund... Exp.	—41	100	100	-----	(No change is anticipated in the level of equipment procurement for State and local government emergency centers.)
<b>Intragovernmental funds:</b>					
Army stock fund..... Exp.	—71,421	—75,800	—43,800	32,000	(Estimate reflects lesser availability of stock for sale without replacement.)
Navy stock fund..... Exp.	67,459	-----	—60,000	—60,000	(Sales will exceed purchases in 1965 reflecting the sale of stock not requiring replacement.)
Marine Corps stock fund (contract authorization.) NOA Exp.	889 12,776	2,000	—11,000	—13,000	(Sales will exceed purchases in 1965 reflecting the sale of stock not requiring replacement.)
Air Force stock fund..... Exp.	21,954	—22,000	—4,200	17,800	(Collections will exceed expenditures in 1964 as a result of inventory reductions and mechanization of fuels billing procedures.)
Defense stock fund..... Exp.	—216,735	—170,000	—150,000	20,000	(Estimate reflects lesser availability of stock for sale without replacement.)
Army industrial fund..... Exp.	—389,847	—72,887	49,000	121,887	(Expenditures will exceed collections in 1965 as work is accomplished on prepaid orders.)

<sup>D</sup> To carry out authorizing legislation to be proposed.<sup>E</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	1963 enacted	1964 estimate	1965 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>					
Navy industrial fund..... Exp.	-812,293	-9,684	63,787	73,471	(Work performed in 1965 will be partly financed from customers' prepayments in prior years.)
Air Force industrial fund..... Exp.	-4,195	-7,411	-794	6,617	(Collections were very high in 1964 because of improved billing procedures.)
Defense industrial fund..... Exp.	-2,325	-1,300	-----	1,300	(Collections exceed expenditures in 1964 because of customers' prepayments.)
Army management fund..... Exp.	-4,617	-----	75	75	(Fund will operate at \$295 million level in 1965.)
Navy management fund..... Exp.	-16,172	-17,693	-15,000	2,693	(Total activity of \$1.6 billion is forecast for 1965.)
Air Force management fund..... Exp.	190	100	309	209	(Expenditures reflect the liquidation of prior year obligations.)
Defense agencies management fund. Exp.	5,542	61	-----	-61	(Fund is not to be used in 1965.)
Naval working fund..... Exp.	4,313	2,042	1,514	-528	(Estimate reflects a decrease in activity with the 1965 level at \$18 million.)

Consolidated working funds, Exp. Army.		1,157	1,753	-----	-1,753	(Use of this account has been discontinued. Estimate reflects liquidation of prior year obligations.)
Total, revolving and manage- funds.	NOA	889				
	Exp.	-1,400,613	-367,000	-169,000	198,000	
Total, Department of De- fense—Military.	NOA	51,120,250	49,912,600	50,708,000	-120,000	
			A 234,400	A 172,000		
			B 853,000			
	Exp.	49,973,176	51,243,878	51,007,722	-1,100,000	
			A 222,700	A 172,700		
			B 833,422	B 19,578		

## DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY						
Cemeterial Expenses						
General and special funds:						
Salaries and expenses-----805	NOA	10,333	10,800	13,295	2,495	Increases of 7% in interments and 5% in headstone applications are expected, as well as higher maintenance workload. Increase also includes \$1.5 million in construction activity.
	Exp.	10,923	10,900	11,865	965	
Corps of Engineers—Civil						
General investigations-----401	NOA	18,100	19,115	19,760	645	Provides funds for 211 flood control, navigation, and beach erosion studies, of which 20 will be initiated in 1965, and maintains progress on 19 comprehensive river basin surveys and 5 special studies. A program to develop construction uses of nuclear explosives will continue.
	Exp.	16,797	19,300	19,600	300	
Construction, general-----401	NOA	792,870	827,146	880,143	52,996	Continues construction on 217 projects. Forty-eight projects, costing \$526 million, will be completed, and construction on 34 projects, costing \$378 million will be started. Also, provides for preconstruction planning on 105 projects, including 14 on which planning will start in 1965.
	Exp.	813,273	811,300	865,800	54,500	

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF DEFENSE—CIVIL—Continued</b>					
<b>DEPARTMENT OF THE ARMY—Con.</b>					
<b>Corps of Engineers—Civil—Continued</b>					
<b>General and special funds—Continued</b>					
Operation and maintenance, gen- NOA	145,850	154,000	158,676	2,876	A supplemental for 1964 is for increased wage board pay. Workload in 1965 involves maintenance of 456 projects.
eral.....401		<sup>A</sup> 1,800			
Exp.	141,200	154,800	155,400	-1,000	
		<sup>A</sup> 1,700	<sup>A</sup> 100		
Flood control, hurricane and shore NOA			4,150	4,150	Provides for emergency operations to combat flood disaster situations, previously funded under "Operation and maintenance, general."
protection emergencies.....401			6,000	6,000	
Exp.					
General expenses.....401	14,165	15,000	15,575	575	Increase provides for management and supervision of greater program workload.
Exp.	14,268	15,000	15,500	500	
Flood control, Mississippi River NOA	73,504	77,862	71,860	-6,002	Provides for increased operation and maintenance requirements and continues construction on 12 major project features. Two flood control studies will be started.
and tributaries.....401					
Exp.	82,042	73,600	72,100	-1,500	
United States section, Saint Law- NOA	20	10		-10	Activities of the Board are expected to terminate in 1964.
rence River Joint Board of					
Engineers.....401	2	10		-10	
Exp.					
International navigation con- Exp.	14	7		-7	(Final costs will be liquidated in 1964.)
gresses.....401					
Payments to States, Flood Con- NOA	1,719	1,828	1,828		Three-fourths of receipts from lease of Federal lands acquired for flood control, navigation and allied purposes are paid to States in which the projects are situated.
trol Act of 1954 (permanent, Exp.	1,614	1,719	1,828	109	
indefinite, special fund).....401					

Hydraulic mining in California, debris fund (permanent, indefinite, special fund).....401	NOA Exp.	18 17	18 24	18 18	----- -6	Fees paid by mine operators for depositing mine debris in restraining works are used for their maintenance.
Maintenance and operation of dams and other improvements of navigable waters (permanent, indefinite, special fund).....401	NOA Exp.	154 154	154 154	154 154	----- -----	Half of the receipts from licenses issued by the Federal Power Commission for non-Federal projects on navigable waters are used for maintenance and operation of dams and other navigational structures and for navigation improvements.
<b>Intragovernmental funds:</b>						
Advances and reimbursements, Corps of Engineers—Civil...401	Exp.	-10	28	-----	-28	
Revolving fund, Corps of Engineers—Civil.....401	Exp.	2,552	-2,500	-3,500	-1,000	(The fund provides centralized services and facilities to agency programs. Repayments will rise in 1965 in relation to expenditures.)
Total, Corps of Engineers—Civil.	NOA	1,046,401	1,095,133 ^ 1,800	1,152,164	55,230	
	Exp.	1,071,923	1,073,442 ^ 1,700	1,132,900 ^ 100	57,858	
<b>UNITED STATES SOLDIERS' HOME</b>						
<b>Trust fund:</b>						
Limitation on operation and maintenance and capital outlay.		(6,272)	(6,622) (^ 120)	(6,888)	(146)	Increase provides for estimated rise from 1,798 to 1,991 domiciliary members, and from 423 to 449 hospital patients.
<b>RYUKYU ISLANDS, ARMY</b>						
<b>General and special funds:</b>						
Administration.....910	NOA	8,954	10,000	14,441	4,441	Grants for assistance to the Ryukyuan economy and government will increase by \$4.1 million to a total of \$12 million, the full amount authorized.
	Exp.	8,387	9,600	12,300	2,700	
Construction of power systems 910	Exp.	-----	7,900	2,200	-5,700	(Expenditures are in the form of loans from prior year funds.)
Total, Ryukyu Islands, Army	NOA	8,954	10,000	14,441	4,441	
	Exp.	8,387	17,500	14,500	-3,000	

<sup>A</sup> Proposed for separate transmittal.



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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—CIVIL—Continued						
THE PANAMA CANAL						
General and special funds:						
Canal Zone Government:						
Operating expenses.....	910 NOA	23,406	25,725	28,774	3,049	Increase will permit expanded operation of schools and hospitals to accommodate added Zone-based military personnel and dependents.
	Exp.	22,645	26,000	28,549	2,549	
Capital outlay.....	910 NOA	3,120	6,500	4,821	-1,679	Provides \$2,842 thousand for needed educational facilities, \$795 thousand for health and sanitation, and \$1,184 thousand for other needs.
	Exp.	4,075	6,000	5,245	-755	
Panama Canal Company:	Exp.	1,716	137	-----	-137	(Thatcher Ferry Bridge went into service on Oct. 12, 1962.)
Thatcher Ferry Bridge.....	502					
Public enterprise funds:						
Panama Canal Company: Panama						(Provides for strengthening the direction and management of administrative services.) (Decrease results from a net drop in capital outlay and operating expenses of \$1.8 million and an increase in revenues of \$4.6 million.)
Canal Company fund.....	502					
Limitation on general and		(8,058)	(9,285)	(10,639)	(1,354)	
administrative expenses.	Exp.	8,364	5,506	-944	-6,450	
Total, The Panama Canal.	NOA	26,526	32,225	33,595	1,370	
	Exp.	36,800	37,643	32,850	-4,793	
MISCELLANEOUS ACCOUNTS						
General and special funds:						
Wildlife conservation, etc., mili-	NOA	32	80	90	10	Game permit fees are used to carry out a program of fish and game conservation.
tary reservations, Army (per-	Exp.	5	76	90	14	
manent, indefinite, special						
fund).....	404					

Wildlife conservation, etc., military reservations, Navy (permanent, indefinite, special fund).....404	NOA Exp.	----- -----	5 5	5 5	----- -----	Game permit fees are used to carry out a program of fish and game conservation.
Wildlife conservation, etc., military reservations, Air Force (permanent, indefinite, special fund).....404	NOA Exp.	28 28	30 29	30 29	----- -----	Game permit fees are used to carry out a program of fish and game conservation.
Total, miscellaneous accounts	NOA Exp.	60 33	115 110	125 124	10 14	
Total, Department of Defense—Civil.	NOA Exp.	1,092,274 1,128,066	1,148,274 ^ 1,800 1,139,595 ^ 1,700	1,213,620 1,192,239 ^ 100	63,546 51,044	

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## FOOD AND DRUG ADMINISTRATION

## General and special funds:

Salaries and expenses.....651	NOA Exp.	29,062 26,672	35,687 33,287	39,500 38,100	3,813 4,813	Consumer protection will be strengthened with emphasis on research and scientific evaluations required to set tolerances for pesticides, food and color additives, and drugs.
Buildings and facilities.....651	NOA Exp.	----- -----	4,466 852	11,025 4,052	6,559 3,200	Provides new headquarters laboratory, new and improved district facilities, and preparation of a master plan for Beltsville, Md., site.
Pharmacological-animal laboratory building.....651	Exp.	651	1,001	142	—859	(Laboratory will be completed in 1964 from prior year's financing.)
Salaries and expenses, certification and other services (indefinite special fund).....651	NOA Exp.	1,890 1,907	----- -----	----- -----	----- -----	(Account was converted into a self-sustaining public enterprise fund in 1964.)

^ Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>FOOD AND DRUG ADMINISTRATION— Continued</b>					
<b>Public enterprise funds:</b>					
Certification and other services.651 Exp.	-----	-40	506	546	(Industry fees finance the certification of antibiotic drugs, insulin, and color additives and establishment of tolerances for pesticides.)
<b>Intragovernmental funds:</b>					
Advances and reimbursements.651 Exp.	-4	-----	-----	-----	
Total, Food and Drug Administration.-----	30,951 29,227	40,153 35,100	50,525 42,800	10,372 7,700	
<b>OFFICE OF EDUCATION</b>					
<b>General and special funds:</b>					
Expansion and improvement of vocational education.-----704	NOA				Supplemental in 1964 will initiate programs authorized in the Vocational Education Act of 1963. Estimate in 1965 provides for increases as authorized in the Act and for costs of activities authorized by earlier legislation.
Exp.	34,716	34,756 ^ 60,000 34,370 ^ 16,600	183,296 69,900 ^ 35,400	88,540 54,330	
Higher education facilities construction.-----702	NOA	^ 266,750	464,000	197,250	Supplemental in 1964 will initiate programs authorized in the Higher Education Facilities Act of 1963. Estimate in 1965 provides for increases in grants and loans to assist in construction of classroom, laboratory, and library facilities at colleges and technical institutes.
Exp.	-----	^ 2,800	20,400 ^ 17,700	35,300	
Further endowment of colleges of agriculture and the mechanic arts 702	NOA	11,950	11,950	11,950	Grants for land-grant colleges will continue at maximum authorized level.
Exp.	11,950	11,950	11,950	-----	
Grants for library services.-----704	NOA	7,500	7,500	7,500	Continues support for rural library services at maximum authorized level.
Exp.	7,257	7,500	7,500	-----	

Payments to school districts...701	NOA	282,322	104,466 A 216,204	359,450	38,780	Supplemental in 1964 finances recently enacted legislation extending authorization for part of program which expired June 30, 1963. Payments will be made in 1965 on behalf of 100,000 additional children whose parents work or reside on Federal property.
	Exp.	276,869	145,000 A 145,000	263,796 A 71,204	45,000	
Assistance for school construction 701	NOA	63,686	23,740 A 36,606	58,400	-1,946	Supplemental in 1964 finances recently enacted legislation extending authorization for part of program which expired June 30, 1963. Grants will be made in 1965 for construction of about 2,700 classrooms for 80,000 pupils whose parents live or work on Federal property.
	Exp.	66,242	58,200 A 1,800	41,700 A 18,300	-----	
Defense educational activities: (Assistance for elementary and secondary education).....701	NOA	72,750	62,750 A 2,500	84,100	18,850	The 1964 supplemental will initiate programs authorized in Part B of the Vocational Education Act of 1963. The Act authorizes an expansion of grants to States for science, mathematics, and foreign language laboratory equipment and for guidance and counseling programs. It also authorizes expansion of student loans and refilling vacated graduate fellowships. Grants for vocational training in the skilled trades, support for teacher training institutes, and research programs will continue at about the 1964 level.
	Exp.	48,690	58,880 A 2,500	75,785	14,405	
(Assistance for higher educa- tion).....702	NOA	118,697	118,650 A 32,758	165,390	13,982	
	Exp.	116,476	118,280 A 31,100	160,511 A 1,658	12,789	
(Other aids to education)...704	NOA	38,003	38,220	38,400	180	
	Exp.	33,169	38,840	38,346	-494	
Total, Defense educational activities.	NOA	229,450	219,620 A 35,258	287,890	33,012	
	Exp.	198,336	216,000 A 33,600	274,642 A 1,658	26,700	
Expansion of teaching in education of the mentally retarded...704	NOA	1,000	-----	-----	-----	(Account is merged with Educational improvement for the handicapped in 1964.)
	Exp.	960	850	-----	-850	
Expansion of teaching in education of the deaf.....704	NOA	1,500	-----	-----	-----	(Account is merged with Educational improvement for the handicapped in 1964.)
	Exp.	1,383	1,594	-----	-1,594	
Educational improvement for the handicapped.....704	NOA	-----	2,500 C 11,685	16,500	2,315	Supplemental in 1964 will initiate program, authorized in recent legislation, which provides grants for teacher training and for research relating to the education of handicapped children.
	Exp.	-----	150 C 1,930	3,205 C 9,755	10,880	

A Proposed for separate transmittal.

C 1964 appropriation pending in Congress.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>						
<b>OFFICE OF EDUCATION—Continued</b>						
<b>General and special funds—Continued</b>						
Cooperative research.....	704 NOA	6,985	11,500	17,000	5,500	Increases are to develop course content material, improve teacher training, demonstrate research findings, and identify research gaps.
	Exp.	5,015	8,300	13,000	4,700	
Educational research (special for- eign currency program).....	704 NOA	400	500	500	-----	Excess foreign currencies support research in foreign countries, supplementing studies to improve education in the United States.
	Exp.	20	300	400	100	
Foreign language training and area studies.....	704 NOA	-----	1,500	1,500	-----	Grants are awarded for academic year and short-term study abroad to improve the teaching of modern foreign language and area studies.
	Exp.	-----	300	1,500	1,200	
Salaries and expenses.....	704 NOA	12,645	14,761	19,699	3,938	Supplemental in 1964 will provide for administrative costs of the Higher Education Facilities and Vocational Education Acts of 1963. Emphasis in 1965 is on data collection, surveys, and consultative services to improve the quality of education.
	Exp.	12,041	<sup>A</sup> 1,000 14,000 <sup>A</sup> 900	18,790 <sup>A</sup> 100	3,990	
Proposed education program (pro- posed legislation).....	700 NOA	-----	<sup>A</sup> 5,000 <sup>A</sup> 3,000	<sup>A</sup> 718,400 <sup>A</sup> 118,000	713,400 115,000	
	Exp.	-----	-----	-----	-----	Pending legislation will increase educational opportunities for individuals in higher education, upgrade and strengthen training of teachers, expand library services and facilities, stimulate basic education and extension programs for adults, improve teachers' salaries and public school classrooms, and facilitate public school desegregation. An enlarged proposal provides grants to assist in meeting special educational needs of disadvantaged and other children, particularly to combat poverty.
Colleges of agriculture and the mechanic arts (permanent).....	702 NOA	2,550	2,550	2,550	-----	Annual grants of \$50 thousand are made to each State and Puerto Rico.
	Exp.	2,550	2,550	2,550	-----	

Promotion of vocational education, Act of February 23, 1917 (permanent, indefinite) --- 704	NOA Exp.	7,161 7,144	7,161 7,150	7,161 7,150	----- -----	Grants to States will continue at a maximum authorized level.
<b>Intragovernmental funds:</b>						
Advances and reimbursements --- 704	Exp.	-392	28	1	-27	
Total, Office of Education ---	NOA	661,865	442,504 A 620,818 C 11,685	1,437,396 A 718,400	1,080,789	
	Exp.	623,705	508,242 A 203,700 C 1,930	736,484 A 262,362 C 9,755	294,729	
<b>VOCATIONAL REHABILITATION ADMINISTRATION</b>						
<b>General and special funds:</b>						
Grants to States ----- 655	NOA	72,940	88,700	100,100	11,400	Permits matching of available State funds to rehabilitate 133,000 handicapped persons—10% over 1964.
	Exp.	70,652	86,111	89,550	3,439	
Research and training ----- 655	NOA	25,500	34,810	40,620	5,810	Provides for 432 research and demonstration projects, 7,849 traineeships, 523 teaching grants, and 8 research and training centers. A change in scheduling of payments causes expenditures to drop in 1965.
	Exp.	24,145	32,698	30,900	-1,798	
Research and training (special foreign currency program) --- 655	NOA	2,000	2,000	2,000	-----	Excess foreign currencies permit use of overseas facilities for rehabilitation research and interchange of experts.
	Exp.	392	1,180	1,200	20	
Salaries and expenses ----- 655	NOA	2,486	2,897	3,160	263	Provides for strengthening administration of expanding grant programs and for additional specialized services to States.
	Exp.	2,405	2,839	3,100	261	
Total, Vocational Rehabilitation Administration.	NOA	102,926	128,407	145,880	17,473	
	Exp.	97,594	122,828	124,750	1,922	
<b>PUBLIC HEALTH SERVICE</b>						
Buildings and facilities ----- 651	NOA	33,200	16,311	21,512	5,201	Provides \$13.3 million for the National Institutes of Health, \$3.8 million for an Arctic Health Research Center, and \$1.8 million for environmental health facilities.
	Exp.	2,224	14,000	18,500	4,500	

A Proposed for separate transmittal.

C 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>Community Health</b>					
General and special funds—Continued					
Accident prevention.....651 NOA	3,664	4,163 B 18	3,823	-358	Provides for fewer new research grants than in 1964, and reduces direct operations relating to research, training, and technical services.
Exp.	3,679	3,682 B 18	3,500	-200	
Chronic diseases and health of the aged.....651 NOA	22,936	53,372 B 252 C 2,277	53,769	-2,132	Pending supplemental in 1964 is for comprehensive State planning grants for a coordinated approach to action on mental retardation. Decrease in formula grants to States and in research grants in 1965 is partly offset by increases to support new projects for cancer detection, and improved community control and training programs for neurological and sensory diseases, including mental retardation.
Exp.	16,303	41,938 B 252 C 1,077	47,915 C 1,200	5,848	
Communicable disease activities 651 NOA	18,892	28,380 B 184	30,017	1,453	Increase will expand hepatitis research, epidemic and medical training aids, improvement of State medical laboratories, and will continue the program to eradicate the yellow fever mosquito.
Exp.	10,750	29,016 B 184	28,300	-900	
Community health practice and research.....651 NOA	26,706	29,605 B 67	22,644	-7,028	Estimate reflects deemphasis of general health grants and the expiration of authority for the public health traineeship program, but increases by \$1 million for the migrant agricultural workers health program.
Exp.	23,947	26,133 B 67	20,000	-6,200	
Control of tuberculosis.....651 NOA	6,993	6,828 B 22	6,364	-486	Elimination of the State formula grant will allow concentration of increased project grants in areas of greatest TB prevalence.
Exp.	6,819	5,978 B 22	5,700	-300	

Control of venereal diseases... 651	NOA	8,000	9,588 B 19	9,725	118	Estimate continues the renewed effort to eradicate venereal disease.
	Exp.	7,844	8,568 B 19	8,745	158	
Dental services and resources... 651	NOA	2,999	6,194 B 60	6,671	417	Increase is for a small expansion of the program to train dental students in the use of dental assistants.
	Exp.	2,603	5,440 B 60	6,000	500	
Nursing services and resources. 651	NOA	8,437	11,216 B 41	4,062 A 19,285	12,090	Legislation is proposed to continue the expiring graduate nurse training grant program and provide assistance to undergraduates through student loans and to provide for construction of teaching facilities.
	Exp.	8,374	9,859 B 41	3,700 A 11,000	4,800	
Hospital construction activities... 651	NOA	226,214	226,219 B 26	23,346 A 270,000	62,052	Proposed legislation will continue community hospital grants at a lower rate; initiate support for modernization of facilities and provide grants to coordinate area planning of medical facilities. A pending supplemental will initiate grant assistance for university-based mental retardation clinics. Estimate in 1965 includes \$17.5 million for this purpose and for construction of community clinics.
	Exp.	189,117	199,974 B 26	201,000 A 5,000 C 1,000	7,000	
Health professions educational assistance..... 651	NOA	-----	C 30,390	85,782	55,392	Supplemental in 1964 will initiate newly authorized program of support for medical and dental education. Estimate in 1965 includes \$10.2 million for student loans and \$75 million for grants for construction of medical, dental, and allied professional teaching facilities.
	Exp.	-----	C 6,000	15,000 C 4,100	13,100	
George Washington University Hospital construction..... 651	NOA	-----	2,500	-----	-2,500	The Federal contribution was appropriated in 1964. These funds will be fully expended by the end of 1965.
	Exp.	-----	625	1,875	1,250	
Salaries and expenses, hospital construction services..... 651	Exp.	5	-----	-----	-----	
Construction of mental health facilities, Alaska..... 651	Exp.	315	191	-----	-191	

<sup>A</sup> Proposed for separate transmittal.

<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

<sup>C</sup> 1964 appropriation pending in Congress.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>Community Health—Continued</b>					
General and special funds—Continued					
Grants to States for poliomyelitis Exp. vaccination.....651	-22				
Total, community health.... NOA	324,842	378,065 B 689 C 37,716	246,203 A 289,285	119,018	
Exp.	269,733	331,404 B 689 C 7,077	341,735 A 16,000 C 6,300	24,865	
<b>Environmental Health</b>					
Environmental health sciences... NOA 651		4,220 B 15 C 1,200	10,890	5,455	Pending supplemental will initiate studies on pesticides recommended by the President's Science Advisory Committee. Research will be expanded in 1965 to determine the health effects of the continued use of pesticides.
Exp.		3,585 B 15 C 1,000	9,700 C 200	5,300	
Air pollution.....651 NOA	11,065	12,933 A 2,200 B 59	22,030	6,838	Supplemental in 1964 will initiate the program authorized by the Clean Air Act. Increases in 1965 are principally for full-year costs of new grant-in-aid and enforcement programs.
Exp.	10,101	11,273 A 200 B 59	17,400 A 2,000	7,868	

Environmental engineering and sanitation.....651	NOA	8,530	9,009 B 74	9,215	132	The program will continue at about the 1964 level except for small increases in training State and local health personnel.
	Exp.	8,725	8,626 B 74	8,700	-----	
Occupational health.....651	NOA	4,121	4,990 B 49	5,215	176	Program will be continued at about the 1964 level of operations.
	Exp.	4,059	4,451 B 49	4,500	-----	
Radiological health.....651	NOA	15,825	19,120 B 245	19,640	275	Grants to States will be expanded and increased emphasis given to X-ray control and technical training of State personnel.
	Exp.	13,438	15,755 B 245	16,000	-----	
Water supply and water pollution control.....651	NOA	24,668	28,930 B 130	34,420	5,360	Comprehensive river basin planning for pollution abatement, special pollution studies, enforcement, and research will be expanded.
	Exp.	22,551	25,870 B 130	30,000	4,000	
Grants for waste treatment works construction.....651	NOA	90,000	90,000	90,000	-----	Program provides for continuation of the 1964 level and will allow 900 new grants.
	Exp.	51,738	75,000	75,000	-----	
Environmental health activities 651	Exp.	924	168	-----	-168	(Activities now appear in other accounts.)
Total, environmental health	NOA	154,209	169,202 A 2,200 B 572 C 1,200	191,410	18,236	
	Exp.	111,537	144,728 A 200 B 572 C 1,000	161,300 A 2,000 C 200	17,000	

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

C 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>Medical Services</b>					
General and special funds—Continued					
Hospitals and medical care...651 NOA	48,820	49,957 A 99	52,710	1,422	Supplementals in 1964 are proposed transfers from National Heart Institute for wage board and commissioned officers' pay increases. Increased 1965 costs are due to expected increase of 47,000 outpatient visits, mandatory salary reform costs, equipment replacement, and transfer of funding of maintenance and repair costs from the General Services Administration.
Exp.	50,025	B 1,232 48,768 A 97	51,569 A 2	1,474	
		B 1,232			
Foreign quarantine activities...651 NOA	5,910	6,456 A 31	6,893	329	Supplementals in 1964 are proposed transfers from National Heart Institute for wage board and commissioned officers' pay increases. Increase in 1965 permits expansion of overseas visa examination program. These additional costs are offset by examination fees which are deposited in general funds of the Treasury.
Exp.	6,317	B 77 5,573 A 30	5,999 A 1	320	
		B 77			
Indian health activities.....651 NOA	56,391	58,961 A 171	61,576	1,878	Supplementals in 1964 are proposed transfers from National Heart Institute for wage board and commissioned officers' pay increases. Increases in hospital patients, outpatient visits, contract patient care and extension of field health services to additional Indian communities result in increases in 1965.
Liquidation of contract authori- zation.	(432) 55,175	B 566 56,178 A 167	59,318 A 4	2,411	
Exp.		B 566			

Construction of Indian health facilities.....651	NOA Exp.	9,335 7,281	5,350 10,000	8,643 8,500	3,293 -1,500	Includes planning and construction of 1 hospital, 2 health centers, 5 health stations, 56 quarters, alterations at 12 locations and 38 sanitation projects.
Total, medical services.....	NOA	120,456	120,724 A 301 B 1,875	129,822	6,922	
	Exp.	118,799	120,519 A 294 B 1,875	125,386 A,7	2,705	
<b>National Institutes of Health</b>						
General research and services...651	NOA Exp.	159,703 113,618	154,206 124,000	163,745 111,840	9,539 -12,160	Estimate will support an increase chiefly in research grants from an estimated 2,197 projects in 1964 to 2,307 in 1965. A change in scheduling of payments causes expenditures to drop in 1965.
Biologics standards.....651	NOA	-----	4,787 B 30	4,992	175	Increase will permit expansion in testing of new vaccines and in the inspection of blood banks and blood preservation methods.
	Exp.	-----	4,470 B 30	4,700	200	
National Institute of Child Health and Human Development...651	NOA Exp.	-----	34,000 29,500	43,169 34,200	9,169 4,700	Estimate will expand intramural research and increase research grants from 820 projects in 1964 to approximately 1,150 in 1965.
National Cancer Institute.....651	NOA Exp.	155,697 119,223	143,158 122,000	140,962 119,540	-2,196 -2,460	Provides chiefly for a small expansion in research grants from 1,950 projects in 1964 to 1,992 in 1965 and an increase in collaborative studies with public and private organizations. Decrease results from transfers to other accounts.
National Institute of Mental Health.....651	NOA Exp.	143,578 111,544	176,165 149,000	188,917 158,820	12,752 9,820	Increase will allow 2,274 research grants in 1965 compared with 2,097 in 1964 and 1,960 training grants, up from 1,742 in 1964.
Construction of community mental health centers.....651	NOA Exp.	-----	-----	35,000 3,000	35,000 3,000	Estimate provides for new program to construct public and other non-profit community mental health centers.
National Heart Institute.....651	NOA	147,374	127,408 A -301 B -3,215	125,398	1,506	Increase will provide for approximately 2,700 research grants in 1965 as compared with 2,589 in 1964. Supplementals in 1964 are proposed transfers to other accounts for wage board and Uniformed Services Pay Act increases.
	Exp.	111,127	106,000	106,300	300	

<sup>A</sup> Proposed for separate transmittal.

<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>PUBLIC HEALTH SERVICE—Continued</b>					
<b>National Institutes of Health—Continued</b>					
<b>General and special funds—Continued</b>					
National Institute of Dental Re- NOA	21,199	19,166	20,135	969	Increase is primarily for 3 new clinical research centers and an increase in training grants from 89 in 1964 to 93 in 1965.
search.....651 Exp.	17,664	17,300	19,000	1,700	
National Institute of Arthritis and NOA	103,388	107,699	113,176	5,477	Increase is chiefly to provide 3,270 research grants in 1965 as compared with 3,140 in 1964.
Metabolic Diseases.....651 Exp.	88,009	94,500	102,059	7,559	
National Institute of Allergy and NOA	66,137	67,117	68,445	1,328	Increase will provide primarily for an expansion in training grants from 180 in 1964 to 186 in 1965.
Infectious Diseases.....651 Exp.	56,857	61,500	63,000	1,500	
National Institute of Neurological NOA	83,472	84,443	88,428	3,985	Increase will provide for continuation of prior year grants and an increase in research grants from 1,708 in 1964 to 1,713 in 1965.
Diseases and Blindness.....651 Exp.	67,802	74,500	79,000	4,500	
Grants for construction of health NOA	50,000	50,000	58,000	2,000	Pending supplemental in 1964 and increase in 1965 provide funds for matching grants for mental retardation research facilities.
research facilities.....651		6,000			
Exp.	36,244	40,000	41,000	4,000	
		1,000	4,000		
Grants for cancer research facili- Exp.	1,444	2,000	1,441	—559	(Expenditures are payments of prior obligations.)
ties.....651					

Construction of mental health-neurology research facility.....651	Exp.	66	200	2,100	1,900	(Expenditures are payments of prior obligations.)
Total, National Institutes of Health.	NOA	930,547	968,149 A -301 B -3,185 C 6,000	1,050,367	79,704	
	Exp.	723,596	824,970 B 30 C 1,000	846,000 C 4,000	24,000	
Scientific activities overseas (special foreign currency program) 651	NOA Exp.	2,800 1,588	4,000 3,900	1,000 4,500	-3,000 600	The program will continue at about the 1964 level through use of prior balance of excess foreign currencies.
National health statistics.....651	NOA Exp.	5,149 5,056	5,949 5,400	6,184 5,900	235 500	Provides for augmentation of the existing programs for the collection and analysis of health statistics and health survey methods.
National Library of Medicine.....651	NOA Exp.	3,335 2,347	4,074 3,900	3,633 3,338	-441 -562	Provides for improvements in the acquisition, organization, preservation, and dissemination of literature on research in the biomedical sciences. The increase is more than offset by a decrease in non-recurring equipment costs.
Retired pay of commissioned officers (indefinite).....651	NOA Exp.	5,526 4,581	6,517 5,000	7,272 5,900	755 900	Retired officers will increase from 468 to 521. This account includes the PHS cost of medical care of dependents of commissioned officers.
Salaries and expenses, Office of the Surgeon General.....651	NOA Exp.	5,661 5,741	6,195 B 49 5,734 B 49	6,033 5,800	-211 17	Apparent decrease results from transfers to other accounts.
Emergency health activities....059	NOA Exp.	7,000 19,998	27,500 13,000	9,539 15,000	-17,961 2,000	Provides for management of inventory and stockpile; 1964 appropriation finances procurement of additional medical supplies.
<b>Public enterprise funds:</b>						
Operation of commissaries, narcotic hospitals.....651	Exp.	3	2	-2	-4	

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

C 1964 appropriation pending in Congress.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>						
<b>PUBLIC HEALTH SERVICE—Continued</b>						
<b>Intragovernmental funds:</b>						
Bureau of State Services management fund.....651	Exp.	-276				
National Institutes of Health management fund.....651	Exp.	-2,191				
Service and supply fund.....651	Exp.	-264	50	50		
Working capital fund, narcotic hospitals.....651	Exp.	61	5	3	-2	
Advances and reimbursements.....651	Exp.	-241	596		-596	
Advances and reimbursements for general research support grants.....651	Exp.	-7,688	12,678		-12,678	(Accumulated advances will be paid out in 1964. Advances and payments in 1965 are expected to be equal.)
Total, Public Health Service.....	NOA	1,592,726	1,706,686 A 2,200 C 44,916	1,672,975 A 289,285	208,458	
	Exp.	1,254,604	1,485,886 A 494 B 3,215 C 9,077	1,533,410 A 18,007 C 10,500	63,245	

## SAINT ELIZABETHS HOSPITAL

<b>General and special funds:</b>						
Salaries and expenses (indefinite)	NOA	6,332	7,434	8,461	565	Supplemental in 1964 is for wage board and other pay increases. Estimate in 1965 provides for greater prisoner patient security and improvement in quality of patient care.
651	Exp.	5,540	<sup>A</sup> 462 8,365 <sup>A</sup> 450	<sup>A</sup> 12 8,374 <sup>A</sup> 12	-429	
Buildings and facilities.....	651	NOA	8,095	627	2,032	1,405
	Exp.		1,920	2,056	4,697	2,641
<b>Intragovernmental funds:</b>						
Advances and reimbursements.	651	Exp.	30	1	3	2
Total, Saint Elizabeths Hospital.	NOA	14,427	8,061	10,493	1,970	
	Exp.	7,490	<sup>A</sup> 462 10,422 <sup>A</sup> 450	<sup>A</sup> 12 13,074 <sup>A</sup> 12	2,214	
<b>SOCIAL SECURITY ADMINISTRATION</b>						
<b>Trust funds:</b>						
Limitation on salaries and expenses.		(286,398)	(317,900)	(330,370)	(12,470)	Estimate provides for 7% increase in beneficiaries, 6.7% increase in hearings and appeals, and higher costs for disability determinations.
Limitation on construction.....		-----	-----	(5,750)	(5,750)	Provides for the construction of 25 district offices and the planning of additional headquarters construction.
<b>General and special funds:</b>						
International Social Security Association meeting.....	655	NOA	92	-----	-92	Prior-year's appropriation provides for planning and conducting 1964 meeting in the United States.
	Exp.		37	22	-15	
Payments for military service credits (proposed legislation)	655	NOA	-----	<sup>A</sup> 60,000	60,000	Estimate is to meet the first of 50 annual equal installments to OASDI trust funds under proposed legislation.
	Exp.		-----	<sup>A</sup> 60,000	60,000	
<b>Public enterprise funds:</b>						
Operating fund, Bureau of Federal Credit Unions.....	655	Exp.	-132	235	133	-102

<sup>A</sup> Proposed for separate transmittal.<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.<sup>C</sup> 1964 appropriation pending in Congress.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>SOCIAL SECURITY ADMINISTRATION—</b> Continued					
<b>Intragovernmental funds:</b>					
Advances and reimbursements 653 Exp.	32	-----	-----	-----	
Total, Social Security Ad- NOA	-----	92	^ 60,000	59,908	
ministration. Exp.	-100	272	155 ^ 60,000	59,883	
<b>WELFARE ADMINISTRATION</b>					
<b>General and special funds:</b>					
Grants to States for public assist- NOA	2,738,300	2,725,000	2,980,000	95,400	Supplemental in 1964 is needed for increase in caseload and payments to recipients. Increase in 1965 is for expansion of medical assistance for the aged, aid to dependent children and aid to the permanently and totally disabled. Reduction in expenditures is from a change in scheduling of payments.
ance-----653 Exp.	2,729,582	^ 159,600 2,788,000 ^ 159,600	2,781,000	-166,600	
Assistance for repatriated United NOA	467	467	310	-157	Provides assistance to mentally ill repatriates. Reduction results from legislation expiring June 30, 1964. Proposed legislation to extend program is being recommended.
States nationals-----653 Exp.	412	437	300	-137	
Salaries and expenses, Bureau of NOA	3,760	4,956	5,683	727	Increase will strengthen review of State and local operations and help States improve administration of programs.
Family Services-----653 Exp.	3,708	4,995	5,500	505	
Grants for maternal and child wel- NOA	76,795	82,943	131,830	32,387	Supplemental covers funds for grant programs, under recent legislation, and will provide new and expanded services to prevent mental retardation. Increases are for child welfare services, research and training, and full-year cost of the new program.
fare-----651 Exp.	76,058	^ 16,500 82,676 ^ 16,400	122,000	23,024	
			^ 100		

Salaries and expenses, Children's Bureau.....	NOA 651	2,943	3,401 C 375	4,315	539	Provides staff on a full-year basis for the implementation of the new program to emphasize the prevention of mental retardation.
	Exp.	2,768	3,204 C 375	4,095	516	
White House Conference on Children and Youth.....	Exp. 651	1				(Conference costs have been paid in full.)
Juvenile delinquency and youth offenses.....	NOA 655	5,810	6,950		-6,950	Legislation is being proposed to extend program which expires June 30, 1964.
	Exp.	4,474	6,796	3,905	-2,891	
Salaries and expenses, Office of Aging.....	NOA 655		545	600	55	Provides for increased service to State and local community aging organizations.
	Exp.		505	580	75	
Cooperative research or demonstration projects.....	NOA 653	1,100	1,455	1,800	345	Provides for 40 comprehensive research and demonstration projects aimed at reducing dependency.
	Exp.	953	1,301	1,100	-201	
Research and training (special foreign currency program).....	NOA 651					Studies on social welfare programs will be undertaken using available excess foreign currencies from a 1962 appropriation.
	Exp.	117	212	372	160	
Salaries and expenses, Office of the Commissioner.....	NOA 653	736	1,025	1,072	47	Increase will strengthen regional direction.
	Exp.	552	881	1,042	161	
Assistance to refugees in the United States.....	NOA 653	70,110	39,717	45,400	-8,400	Estimate reflects decline in requirements for financial assistance, education, training, and health services for Cuban refugees.
Reappropriation.....	Exp.	52,902	14,083 51,364	44,552	-6,812	
Community work training (proposed legislation).....	NOA 653			A 50,000	50,000	Legislation will be proposed to authorize training and work experience for the rehabilitation of welfare recipients.
	Exp.			A 35,000	35,000	
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....	NOA 653					
	Exp.	-24	16		-16	
<b>Total, Welfare Administration.</b>	NOA	2,900,021	2,880,542 A 159,600 C 16,875	3,171,010 A 50,000	163,993	
	Exp.	2,871,502	2,940,387 A 159,600 C 16,775	2,964,446 A 35,000 C 100	-117,216	

<sup>A</sup> Proposed for separate transmittal.

<sup>C</sup> 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
SPECIAL INSTITUTIONS					
American Printing House for the Blind					
General and special funds:					
Education of the blind.....704	NOA	739	775	865	Increase reflects larger school enrollment of blind children and increase in costs of producing educational material for the blind.
Exp.		719	775	865	
Freedmen's Hospital					
Salaries and expenses.....651	NOA	3,909	3,880	3,873	Increased reimbursement income from patient fees offsets costs of improvements in both training program and quality of patient care.
Exp.		3,740	3,831	3,838	
Gallaudet College					
Salaries and expenses.....702	NOA	1,479	1,822	1,926	Additional faculty and higher operating costs will accompany the estimated 16% increase in enrollment in 1965.
Exp.		1,459	1,807	1,911	
Construction.....702	NOA	1,065	2,919	367	Provides principally for improvement of existing facilities.
Exp.		524	856	2,174	
Total, Gallaudet College....	NOA	2,544	4,741	2,293	
Exp.		1,983	2,663	4,085	
Howard University					
Salaries and expenses.....702	NOA	7,935	8,819	9,660	Increase provides principally for a 5% larger enrollment in the liberal arts and graduate schools and for increased costs of operating newly constructed facilities.
Exp.		8,363	8,600	9,300	

Construction.....702	NOA	5,617	6,245	1,810	-4,435	Provides for construction of graduate social work building, new boiler, and for planning of student-faculty center.
	Exp.	2,764	3,800	5,400	1,600	
Total, Howard University...	NOA	13,552	15,064	11,470	-3,594	
	Exp.	11,127	12,400	14,700	2,300	
Total, special institutions....	NOA	20,744	24,460	18,501	-5,959	
	Exp.	17,569	19,669	23,488	3,819	
<b>OFFICE OF THE SECRETARY</b>						
<b>General and special funds:</b>						
Salaries and expenses, Office of the Secretary.....655	NOA	2,718	2,833	3,185	352	Estimate provides for increased emphasis in analysis, evaluation, and coordination of the Department's programs.
Limitation payable from OASI trust fund.	Exp.	(375) 2,702	(467) 2,760	(479) 3,123	(12) 363	
Salaries and expenses, Office of Field Administration....655	NOA	3,418	3,675	3,848	173	Estimate provides increase in administrative services to meet increases in workload.
Limitation payable from OASI trust fund and Bureau of Federal Credit Unions operating fund.	Exp.	(1,538) 3,347	(1,337) 3,600	(1,288) 3,806	(-49) 206	
Surplus property utilization....655	NOA	890	950	970	20	Estimate anticipates continued allocation to States of about \$390 million of surplus property for education, health, and civil defense.
	Exp.	880	930	940	10	
Salaries and expenses, Office of the General Counsel.....655	NOA	832	970	1,328	358	Increases are to meet additional workload resulting from enactment of new legislation.
Limitation payable from OASI trust fund and Food and Drug Administration revolving fund.	Exp.	(739) 770	(900) 950	(907) 1,276	(7) 326	

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>					
<b>OFFICE OF THE SECRETARY—Con.</b>					
<b>General and special funds—Continued</b>					
Educational television facilities NOA	1,500	6,500	15,300	8,800	Provides expansion in grants to public and nonprofit private educational television agencies for construction of transmission apparatus.
704 Exp.	2	4,000	10,000	6,000	
<b>Intragovernmental funds:</b>					
Working capital fund-----655 Exp.	84	-29	-6	23	
Advances and reimbursements.655 Exp.	-36	20	-----	-20	
Total, Office of the Secretary NOA	9,358	14,928	24,631	9,703	
Exp.	7,749	12,231	19,139	6,908	
Total, Department of Health, Education, and Welfare. NOA	5,333,019	5,245,833	6,531,411	1,546,707	
Exp.	4,909,340	5,135,037	5,457,746	323,204	
		<sup>A</sup> 783,080	<sup>A</sup> 1,117,685		
		<sup>C</sup> 73,476			
		<sup>A</sup> 364,244	<sup>A</sup> 375,381		
		<sup>B</sup> 3,215	<sup>C</sup> 20,355		
		<sup>C</sup> 27,782			
<b>DEPARTMENT OF THE INTERIOR</b>					
<b>PUBLIC LAND MANAGEMENT</b>					
<b>Bureau of Land Management</b>					
<b>General and special funds:</b>					
Management of lands and re- NOA	44,062	44,066	45,447	-1,119	Supplemental in 1964 is for fire suppression. Estimate in 1965 will accelerate adjudication of grazing privileges and inventories on public forested lands. Rehabilitation of burned-over lands will receive additional funds. More adequate provision is made for accomplishing the maintenance of buildings, sanitation and protection facilities, and roads on the public domain.
sources-----401		<sup>A</sup> 2,500			
Exp.	40,218	40,915	42,800	-215	
		<sup>A</sup> 2,300	<sup>A</sup> 200		

Construction.....	401	NOA	1,000	300	1,400	1,100	Provides for construction of facilities to house fire control operations in Alaska, and for construction of sanitation and protection facilities on public domain lands in areas of heavy public use.
		Exp.	1,260	450	1,000	550	
Oregon and California grant lands (receipt limitation) (indefinite).....	401	NOA	7,703	9,000	8,250	-750	A sum equal to 25% of revenues from these lands is available for road construction and maintenance, reforestation, protection, and the development and maintenance of recreational facilities.
		Exp.	6,727	7,700	7,272	-428	
Public lands development roads and trails:	401						
Contract authorization:							
Current.....		NOA	2,000		D 2,000	2,000	It is anticipated that 1965 NOA will be provided in the Federal-Aid Highway Act. 184 miles of road construction is programed for 1965.
Permanent.....		NOA		4,000		-4,000	
Appropriation to liquidate contract authorization.		Exp.		(760)	(2,000)	(1,240)	
				760	2,000	1,240	
Range improvements (receipt limitation) (indefinite).....	401	NOA	697	1,248	1,523	275	A sum usually equal to 33% of grazing revenues is used for range improvements. Increase in revenue is expected.
		Exp.	846	925	1,000	75	
<b>Permanent appropriations:</b>							
General fund.....	401	NOA	249	231	233	2	Revenues from mineral leasing, sale of timber, grazing leases and permits, and other public domain revenue-producing operations are used in resource programs, or are paid to the States and counties in various proportions, as specified by law. Permanent appropriation of receipts from land and water resources are devoted, in general, to such improvements as roads, recreational facilities, and on grazing lands. Those from forest resources may be used for the costs of timber sales, or for State or county roads, schools, etc. Minerals revenues are largely paid to States for educational and other uses.
Special fund.....	401	NOA	1,232	1,658	1,696	38	
		Exp.	1,266	1,675	1,765	90	
Special fund.....	402	NOA	16,091	16,008	18,752	2,744	
		Exp.	16,098	15,319	18,052	2,733	
General fund.....	403	NOA	6	6	10	4	
Special fund.....	403	NOA	47,148	47,650	49,301	1,651	
		Exp.	47,154	47,656	49,311	1,655	

<sup>A</sup> Proposed for separate transmittal.

<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

<sup>C</sup> 1964 appropriations pending in Congress.

<sup>D</sup> 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		1963 enacted	1964 estimate	1965 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>Intragovernmental funds:</b>						
Advances and reimbursements. 401	Exp.	1	-----	-----	-----	
Total, Bureau of Land Management.	NOA	120,188	124,167 ▲ 2,500	128,612	1,945	
	Exp.	113,568	115,400 ▲ 2,300	123,200 ▲ 200	5,700	
<b>Bureau of Indian Affairs</b>						
<b>General and special funds:</b>						
<b>Education and welfare services:</b>						
Appropriation.....704	NOA	81,736	88,446	96,070	7,624	The increase is primarily to support an additional 2,493 students in Federal elementary and secondary schools and 1,865 more persons in the vocational training program.
Contract authorization (perma- nent).....704	NOA	772 (569)	900 (772)	900 (900)	----- (128)	
Appropriation to liquidate con- tract authorization.	Exp.	78,490	83,720	91,425	7,705	
Resources management.....401	NOA	35,533	37,673 ▲ 500	40,728	2,555	The 1964 supplemental is for fire fighting. The increase in 1965 is primarily for maintenance of new schools and school bus roads, and for economic development on and near reservations.
	Exp.	33,280	35,984 ▲ 400	38,228 ▲ 100	1,944	
Construction.....401	NOA	53,692	58,238	51,176	-7,062	The program includes construction of new schools, additions to existing schools, and construction of utility and irrigation systems.
Road construction: 401	Exp.	46,314	41,193	48,322	7,129	
Contract authorization:						It is anticipated that 1965 NOA will be provided in the Federal-Aid Highway Act. The 1965 program includes 482 miles of grading and draining and 556 miles of surfacing.
Current.....	NOA	16,000	-----	18,000	18,000	
Permanent.....	NOA	-----	18,000	-----	-18,000	
Appropriation to liquidate con- tract authorization.	Exp.	(17,995) 18,261	(15,000) 16,273	(17,000) 17,000	(2,000) 727	

General administrative expenses	NOA	4,188	4,265	4,331	66	Increase is for mandatory salary reform costs.
409 Exp.		4,006	4,237	4,321	84	
Menominee educational grants	NOA	176	132	88	-44	Estimate provides for the fourth of five decreasing grants for school costs to lessen the impact of the termination of Federal services to the Menominee tribe.
704 Exp.		396	132	88	-44	
Miscellaneous accounts	NOA	5,771				Payments are made to various tribes as authorized by special laws.
409 Exp.		5,791	145		-145	
Claims and treaty obligations	NOA	159	161	161		Payments are authorized to meet treaty obligations with certain Indian tribes.
(permanent, indefinite) 409 Exp.		161	188	161	-27	
Other miscellaneous appropriations	NOA	6,009	6,375	6,529	154	Revenue from irrigation and electric power projects is used to operate and maintain the projects.
(permanent, indefinite, special funds) 401 Exp.		5,793	6,382	6,342	-40	
Other miscellaneous accounts	NOA	4	10	10		Revenue from mineral deposits is used for acquisition of lands and for loans to Indians in Oklahoma.
(permanent, indefinite, special funds) 409 Exp.			109	10	-99	
<b>Public enterprise funds:</b>						Supplemental for 1964 is for loans to tribes for hiring expert assistance in claims cases before the Indian Claims Commission. Legislation will be recommended to increase the appropriation authorization which has expired.
Revolving fund for loans 401	NOA	4,000	2,000		-2,900	
	Exp.	4,861	7,385		-8,285	
			^ 900			
Liquidation of Hoonah housing project revolving fund 409	Exp.	2	106	3	-103	(Balances are being used for liquidation.)
<b>Intergovernmental funds:</b>						
Advances and reimbursements 409	Exp.	-1,162	2,046		-2,046	
Total, Bureau of Indian Affairs.	NOA	208,040	216,201	217,993	392	
	Exp.	196,193	197,900	205,900	6,800	
			^ 1,400	^ 100		
			^ 1,300			

<sup>A</sup> Proposed for separate transmittal.

<sup>D</sup> 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		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>						
<b>PUBLIC LAND MANAGEMENT—Con.</b>						
<b>National Park Service</b>						
<b>General and special funds:</b>						
Management and protection... 405	NOA	25,383	27,077 A 275	29,712	2,360	Supplemental in 1964 is for fire suppression. Increase in 1965 is for operation of 2 new park areas and newly constructed facilities and to serve the increasing visitation to the 207 areas. Natural science and wildlife management studies will be initiated and U.S. Park Police strengthened.
	Exp.	24,091	25,745 A 255	27,980 A 20	2,000	
Maintenance and rehabilitation of physical facilities..... 405	NOA	20,579	21,541 A 400	23,500	1,559	Supplemental in 1964 is for wage board pay increases. The 1965 increase will cover 1 new area and permit more adequate maintenance of roads and facilities throughout the system.
	Exp.	19,817	20,125 A 375	21,475 A 25	1,000	
Construction..... 405	NOA	45,776	32,697 A 3,700	25,406	-10,991	The 1964 supplemental is for acquisition of lands at Point Reyes National Seashore, Calif. In 1965, the program is limited to construction of facilities and acquisition of water rights. Land acquisition, funded in this account in 1964 (\$5.3 million), will be financed in the Land and water conservation fund under proposed legislation.
	Exp.	31,967	35,090 A 2,700	31,764 A 1,000	-5,026	
Contract authorization: 405						Work on 7 parkways will continue and road and trail construction will include work on 119 miles of major roads. It is anticipated that 1965 NOA will be provided in the Federal Aid Highway Act.
Current.....	NOA	38,550		D 34,000	34,000	
Permanent.....	NOA		41,000		-41,000	
Appropriation to liquidate contract authorization.	Exp.	(27,000)	(29,000)	(30,000)	(1,000)	
		31,931	33,724	36,000	2,276	
General administrative expenses 405	NOA	2,055	2,137	2,412	275	Increase provides for strengthening administrative services for the expanding park program.
	Exp.	1,989	2,039	2,200	161	

Other miscellaneous appropriations (permanent indefinite special funds).....405	NOA Exp.	267 162	148 269	133 136	-15 -133	Certain revenues from park operations are used for the purposes authorized by law.
Intragovernmental funds:						
Advances and reimbursements 405	Exp.	585	178	-----	-178	
Total, National Park Service.	NOA	132,610	124,601 A 4,375	115,163	-13,813	
	Exp.	110,543	117,170 A 3,330	119,555 A 1,045	100	
Bureau of Outdoor Recreation						
General and special funds:						Increase provides for preparation of nationwide outdoor recreation plan and coordination of Federal recreation programs.
Salaries and expenses.....405	NOA Exp.	1,201 969	1,900 1,900	2,700 2,700	800 800	
Land and water conservation fund (proposed legislation).....405	NOA Exp.	-----	-----	A 40,000 A 14,800	40,000 14,800	
Total, Bureau of Outdoor Recreation.	NOA	1,201	1,900	2,700 A 40,000	40,800	Legislation is recommended to establish a fund to which certain receipts will be credited. Upon appropriation the receipts will be available for Federal and State recreational purposes.
	Exp.	969	1,900	2,700 A 14,800	15,600	
Office of Territories						
General and special funds:						A program to restore and improve public facilities on Guam damaged by a typhoon will be initiated with the 1964 supplemental. Decrease in 1965 reflects completion of the major part of the Samoan construction program.
Administration of Territories...910	NOA	13,796	13,000 A 11,464	18,814	-5,650	
	Exp.	13,648	13,025 A 4,000	4,617 A 5,659	-6,749	
Trust Territory of the Pacific Islands.....910	NOA Exp.	15,000 9,703	15,000 15,502	17,500 12,260	2,500 -3,242	Increase reflects another step in the program to raise the standard of living of the Micronesians.
Alaska public works.....910	Exp.	-----	13	-----	-13	
A Proposed for separate transmittal. D 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>PUBLIC LAND MANAGEMENT—Con.</b>					
<b>Office of Territories—Continued</b>					
<b>General and special funds—Continued</b>					
Internal revenue collections for NOA	7,683	7,042	8,000	958	Payments are made to the Virgin Islands from taxes collected on island products sold in the United States.
Virgin Islands (permanent, in- definite, special fund)-----910	7,683	7,042	8,000	958	
<b>Public enterprise funds:</b>					
Loans to private trading enter- prises, Trust Territory of the Pacific Islands-----910	23	35	72	37	(Loans made are expected to exceed collections on loans.)
Total, Office of Territories.910 NOA	36,479	35,042	44,314	-2,192	(Receipts of \$15.1 million are expected to exceed estimated expenditures for railroad operations.)
Exp.	31,056	<sup>A</sup> 11,464 35,617 <sup>A</sup> 4,000	24,949 <sup>A</sup> 5,659	-9,009	
<b>The Alaska Railroad</b>					
Alaska Railroad revolving Exp. fund-----506	-942	34	-422	-456	
Total, public land manage- NOA ment.	498,518	501,911	508,782	27,132	
Exp.	451,387	<sup>A</sup> 19,739 468,021 <sup>A</sup> 10,930	<sup>A</sup> 40,000 475,882 <sup>A</sup> 21,804	18,735	

## MINERAL RESOURCES

## Geological Survey

## General and special funds:

Surveys, investigations, and re- search.....	NOA Exp.	57,943 56,802	63,700 61,100	69,223 67,200	5,523 6,100
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Estimate provides increases for work on the National Atlas; major acceleration of studies of the earth's crust and upper mantle; additional ground-water studies and stream gaging stations; and extension of marine geologic and hydrologic studies to the Pacific shelf. A laboratory for research that uses radioactive materials will be built at Denver.

Payments from proceeds, sale of water, Mineral Leasing Act of 1920, sec. 40(d) (permanent, indefinite, special fund)....	NOA Exp.	1	-----	1	1
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Receipts are appropriated to maintain and develop water wells on the public domain.

## Intragovernmental funds:

Advances and reimbursements.....	NOA Exp.	-312	300	200	-100
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Total, Geological Survey.....	NOA Exp.	57,944 56,491	63,700 61,400	69,224 67,400	5,524 6,000
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## Bureau of Mines

## General and special funds:

Conservation and development of mineral resources.....	NOA Exp.	27,468 26,985	29,369 28,500	30,377 29,000	1,008 500
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Increased emphasis will be on research to eliminate methane outbursts in mines, and to develop methods for in-place retorting of oil shale.

Health and safety.....	NOA Exp.	8,426 8,201	8,662 8,300	9,530 9,200	868 900
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Provides for accelerated research and increased educational effort to reduce health and safety hazards in mining operations.

Construction.....	NOA Exp.	425 723	----- 500	----- 351	----- -149
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Funds appropriated in 1963 will be used for advance planning of research facilities.

General administrative expenses.....	NOA Exp.	1,391 1,376	1,460 1,351	1,425 1,400	-35 49
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Savings from reorganization result in decreased requirements for 1965.

Drainage of anthracite mines.....	Exp.	40	200	369	169
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(Balance of a 1956 appropriation will be spent in Pennsylvania.)

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>MINERAL RESOURCES—Continued</b>					
<b>Bureau of Mines—Continued</b>					
<b>Public enterprise funds:</b>					
Helium fund (authorization to ex- NOA pend from debt receipts)....403 Exp.	6,000 —9,508	6,000 21,149	20,000 24,480	14,000 3,331	Increase in borrowing from Treasury is for the purchase of helium; it is to be repaid later as helium is sold.
<b>Intragovernmental funds:</b>					
Advances and reimbursements.403 Exp.	39	-----	-----	-----	
Total, Bureau of Mines..... NOA Exp.	43,710 27,858	45,491 60,000	61,332 64,800	15,841 4,800	
<b>Office of Coal Research</b>					
<b>General and special funds:</b>					
Salaries and expenses.....403 NOA Exp.	3,450 1,470	5,075 4,361	6,836 4,790	1,761 429	Increase will provide expansion of research by contract to find new markets and to develop new methods of mining, preparing and utilizing coal.
<b>Office of Minerals Exploration</b>					
Salaries and expenses.....403 NOA Exp.	750 569	850 895	900 900	50 5	Increase provides primarily for additional financial assistance to private industry in exploration for minerals.
Lead and zinc programs.....403 NOA Exp.	2,450 1,491	----- 1,928	----- 1,650	----- —278	Program provides stabilization payments to small domestic producers of lead and zinc. Funds appropriated in 1963 will be used to finance program in 1965.
Total, Office of Minerals NOA Exploration. Exp.	3,200 2,060	850 2,823	900 2,550	50 —273	

<b>Office of Oil and Gas</b>						
Salaries and expenses.....	403 NOA	558	616	660	44	Increased emphasis will be placed on coordination of petroleum and gas matters.
	Exp.	556	616	660	44	
Total, Mineral Resources.....	NOA	108,862	115,732	138,952	23,220	
	Exp.	88,435	129,200	140,200	11,000	
<b>FISH AND WILDLIFE SERVICE</b>						
<b>Office of the Commissioner of Fish and Wildlife</b>						
Salaries and expenses.....	404 NOA	374	386	393	7	Estimate continues program at current level and provides for mandatory salary reform costs.
	Exp.	376	380	387	7	
<b>Bureau of Commercial Fisheries</b>						
Management and investigations of resources.....	404 NOA	15,854	17,824	20,681	2,757	Supplemental in 1964 is for pesticides studies. In 1965, increased emphasis will be given to pesticides studies and to biological research and development activities of the national oceanography program.
	Exp.	15,685	16,900 <sup>c</sup> 100	17,500	500	
Management and investigations of resources (special foreign currency program).....	404 NOA	300	300	300	-----	Biological and technological research is carried on abroad using excess foreign currencies.
	Exp.	100	200	200	-----	
Construction.....	404 NOA	8,473	4,450	4,788	338	Program includes construction of a shellfisheries research center, a biological research laboratory, and a replacement for the exploratory vessel <i>Oregon</i> . It also provides for fish production and migration facilities in the Columbia River system, and equipment for a new research vessel being constructed in 1964.
	Exp.	2,737	6,210	8,337	2,127	
Construction of fishing vessels.	404 NOA	750	750	-----	-750	Subsidies are paid for construction of vessels. Authorization for the program terminated in 1964, but payments continue into 1965.
	Exp.	557	250	300	50	
General administrative expenses	440 NOA	622	653	676	23	Estimate continues program at current level and provides for mandatory salary reform costs.
	Exp.	557	600	600	-----	

<sup>c</sup> 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 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 Commercial Fisheries—Con.</b>					
General and special funds—Continued					
Administration of Pribilof Islands NOA	2,017	2,468	2,442	-26	Part of the proceeds from sales, mostly of fur sealskins, is used in admin- istration of the Pribilof Islands.
(indefinite, special fund) --- 404 Exp.	1,918	2,200	2,000	-200	
Promote and develop fishery prod- NOA	5,071	5,373	5,200	-173	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, market development, and general administra- tive services.
ucts and research pertaining to Exp.	4,908	5,000	4,500	-500	
American fisheries (permanent, indefinite) ----- 404					
Payment to Alaska from Pribilof NOA	703	589	1,606	1,017	Alaska is paid 70% of net proceeds from sales of wildlife products of the Pribilof Islands.
Islands fund (permanent, in- Exp.	703	589	1,606	1,017	
definite, special fund) ----- 404					
<b>Public enterprise funds:</b>					
Federal ship mortgage insurance Exp.	-20	-29	-30	-1	(Premiums and fees are reserved for possible losses. Contingent liability will be \$7 million in 1965.)
fund, fishing vessels ----- 404					
Fisheries loan fund ----- 404 Exp.	-1,382	-1,000	-1,000	-----	(Program of \$1.3 million is financed by receipts and fund capital. Administrative needs increase to cover mandatory salary reform costs.)
Limitation on administrative expenses.	(250)	(270)	(277)	(7)	
Total, Bureau of Commer- NOA	33,790	32,407	35,693	3,186	
cial Fisheries.		c 100			
Exp.	25,764	30,920	34,013	2,993	
		c 100			

Bureau of Sport Fisheries and Wildlife						
<b>General and special funds:</b>						
Management and investigations of resources.....	NOA	27,695	30,560	34,419	3,559	Supplemental in 1964 is for pesticides studies. Increase in 1965 is for operation of new and expanded fish hatcheries, wildlife refuges, and research facilities, and further expansion of pesticides research.
404	Exp.	26,516	<sup>c</sup> 300 29,750 <sup>c</sup> 250	33,450 <sup>c</sup> 50	3,500	
Construction.....	NOA	6,922	5,244	3,593	-1,651	Program includes construction of a fish-pesticide laboratory and a wildlife-pesticide screening center; plans and specifications for a National Fisheries Center and Aquarium; replacement of a fish hatchery water supply line; development at 12 wildlife refuges; and continued construction of a waterfowl management research center.
404	Exp.	6,223	7,000	3,500	-3,500	
General administrative expenses..	NOA	1,293	1,359	1,384	25	Estimate continues program at current level and provides for mandatory salary reform costs.
404	Exp.	1,314	1,400	1,300	-100	
Migratory bird conservation account.....	NOA	7,000	10,000	8,000	-2,000	Estimate of \$8 million to be advanced from general revenues (to be repaid later) is for acquisition of migratory waterfowl lands.
404	Exp.	5,000	8,000	8,000	-----	
Federal aid in fish restoration and management (permanent, receipt limitation).....	NOA	6,032	6,358	6,000	-358	Matching assistance to States is provided by appropriations equal to 10% excise tax on sport fishing equipment.
404	Exp.	5,667	5,454	5,700	246	
Federal aid in wildlife restoration (permanent, indefinite, special fund).....	NOA	14,912	16,238	16,000	-238	Matching assistance to States is provided by appropriations equal to 11% excise tax on manufacture of firearms and cartridges.
404	Exp.	15,526	13,000	15,600	2,600	
Migratory bird conservation account (receipt limitation) (permanent).....	NOA	3,419	4,000	4,000	-----	Estimated receipts from sale of Federal duck-hunting stamps are used for the acquisition of migratory waterfowl lands.
404	Exp.	3,425	3,000	3,000	-----	
Payments to counties, national grasslands (permanent, indefinite, special fund).....	NOA	2	2	2	-----	The sum of 25% of revenue from submarginal lands goes to counties in which such lands are located, for schools and roads.
404	Exp.	2	2	2	-----	

<sup>c</sup> 1964 appropriation pending in Congress.



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

Account and functional code	1963 enacted	1964 estimate	1965 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—Continued</b>					
<b>General and special funds—Continued</b>					
Permanent appropriations from NOA	2,445	2,495	2,416	—79	Of net proceeds from sales of refuge products, 75% is used for refuge management and enforcement of game protection laws, and 25% goes to counties in which such refuges are located for schools and roads.
national wildlife refuge receipts Exp.	2,119	2,444	2,398	—46	
(indefinite, special funds) — 404					
Total, Bureau of Sport Fisheries and Wildlife. NOA	69,720	76,256	75,814	—742	
Exp.	65,791	70,050	72,950	2,700	
		300	50		
Total, Fish and Wildlife Service. NOA	103,884	109,049	111,900	2,451	
Exp.	91,930	101,350	107,350	5,700	
		400	50		
<b>WATER AND POWER DEVELOPMENT</b>					
<b>Bureau of Reclamation</b>					
General investigations..... 401 NOA	8,608	10,289	10,500	211	Program includes engineering and economic investigations and research activities. Increase strengthens river basin surveys.
Exp.	8,329	10,000	10,500	500	

Construction and rehabilitation... 401	NOA Exp.	163,451 167,670	185,387 168,485	182,730 182,650	-2,657 14,165	Construction continues on 23 projects and 18 Missouri River Basin project units estimated to cost \$4.3 billion; construction will start on 6 new projects and features estimated to cost \$113 million, including the Riverton, Wyo., project for which authorizing legislation is pending in Congress. Funds for this project will be requested following enactment of the legislation. Rehabilitation and betterment will be carried out on 11 projects. Facilities for 134,800 acres of irrigated land and 100,900 acre-feet of municipal and industrial water supply will be completed.
Operation and maintenance... 401	NOA Exp.	35,835 32,470	37,781 34,400	40,300 40,000	2,519 5,600	Provides for operation and maintenance of 42 projects and Missouri River Basin units for irrigation, power, and water use. Increase provides for operation of new projects and expanded channel improvements on the Colorado River.
General administrative expenses... 401	NOA Exp.	9,665 9,574	10,000 9,900	10,400 10,400	400 500	Provides overall administration and the technical direction of Bureau programs.
Loan program... 401	NOA Exp.	12,217 14,507	12,367 15,000	13,570 14,600	1,203 -400	Estimate finances loans started in prior years and provides for 3 new irrigation project loans costing \$4.2 million; 6 loan projects will be completed.
Emergency fund... 401	NOA Exp.	1,000	500	1,000	500	This account insures continuing operation of Federal water supply systems and powerplants in emergency situations.
Recreational and fish and wildlife facilities, Colorado River storage project... 401	NOA Exp.	3,232 2,390	3,952 3,100	4,500 4,500	548 1,400	Provides for development of recreational and fish and wildlife resources.
Other miscellaneous appropriations (permanent, special funds)... 401	NOA Exp.	3,745 3,704	3,954 4,062	3,812 3,810	-142 -251	Includes appropriations of Colorado River Dam fund revenues for payment of interest to Treasury and other specific items.
<b>Public enterprise funds:</b>						
Continuing fund for emergency expenses, Fort Peck project, Montana... 401	Exp.	-996	-1,188	-1,311	-123	(Receipts from power sales are used for operation and maintenance of power generation and transmission facilities and for continued operation in emergency situations. Receipts exceed expenditures.)

<sup>c</sup> 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 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	108,566	93,991	57,800	—36,191	Construction continues on 3 storage units and the transmission facilities, and on 8 participating projects. Crystal Dam will be started in 1965.
401 Exp.	106,529	90,741	57,501	—33,241	
<b>Total, Bureau of Reclamation.</b>	<b>346,319</b>	<b>357,721</b>	<b>323,612</b>	<b>—34,109</b>	
Exp.	344,177	335,000	323,650	—11,350	
<b>Bonneville Power Administration</b>					
<b>General and special funds:</b>					
Construction.....401 NOA	29,800	36,174	43,820	7,646	Increase is mainly for construction of 500 kv transmission lines as the main backbone of the Pacific Northwest power grid, and for a transmission line to southern Idaho.
Exp.	16,023	27,100	33,720	6,620	
Operation and maintenance....401 NOA	13,121	13,689	14,980	1,291	Increase will provide for the operation and maintenance of transmission facilities added to the power system.
Exp.	13,056	13,700	14,980	1,280	
Continuing fund for emergency expenses, Bonneville project, Oregon (permanent, indefinite special).....401 NOA	1,140	202	-----	—202	This account is used to insure continued operation of the power system in emergencies. Emergency work begun in 1963 to repair damage caused by severe windstorms will be completed in 1964.
Exp.	891	200	-----	—200	
<b>Total, Bonneville Power Administration.</b>	<b>44,062</b>	<b>50,065</b>	<b>58,800</b>	<b>8,735</b>	
Exp.	29,970	41,000	48,700	7,700	

Southeastern Power Administration						
Operation and maintenance....	401 NOA Exp.	796 457	999 600	1,000 700	1 100	Provides for continuation of power marketing program.
Southwestern Power Administration						
Construction.....	401 NOA Exp.	7,193 1,212	2,999 4,200	2,770 5,850	-229 1,650	Construction program provides for approximately 205 miles of transmission lines, additional substation capacity and related facilities.
Operation and maintenance....	401 NOA Exp.	1,475 1,464	1,500 1,490	1,680 1,650	180 160	Increase is required to maintain additional power facilities.
Continuing fund (indefinite, special fund).....	401 NOA Exp.	5,000 3,540	4,500 2,910	4,500 3,500	----- 590	Provides for energy purchases and rental of transmission lines.
Total, Southwestern Power Administration.	NOA Exp.	13,668 6,216	8,999 8,600	8,950 11,000	-49 2,400	
Office of Saline Water						
Salaries and expenses.....	401 NOA Exp.	7,557 5,843	10,000 8,150	10,650 8,760	650 610	Provides for continuation of the research program to develop low cost processes for converting saline water to fresh water.
Operation and maintenance....	401 NOA Exp.	1,985 816	1,850 1,850	2,300 2,300	450 450	Provides for operation of four demonstration plants throughout 1965.
Construction, operation and maintenance.....	401 Exp.	2,015	1,000	940	-60	(Financing for construction of scheduled demonstration plants was completed in 1962. Operation and maintenance is now financed above.)
Total, Office of Saline Water.	NOA Exp.	9,542 8,674	11,850 11,000	12,950 12,000	1,100 1,000	
Total, water and power development.	NOA Exp.	414,387 389,494	429,634 396,200	405,312 396,050	-24,322 -150	

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF THE INTERIOR—Continued</b>					
<b>SECRETARIAL OFFICES</b>					
<b>Office of the Solicitor</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses .....409 NOA	3,851	3,999	4,173	174	Increase is primarily for mandatory salary reform costs.
Exp. ....	3,677	3,850	4,000	150	
<b>Office of the Secretary</b>					
Salaries and expenses .....409 NOA	3,480	3,855	4,125	270	Departmental direction and management services will be strengthened with the increase.
Exp. ....	3,441	3,686	4,003	317	
<b>Intragovernmental funds:</b>					
Working capital fund .....409 Exp.	-----	—8	—2	6	
Advances and reimbursements.409 Exp.	—120	72	—1	—73	
Total, Office of the Secretary. NOA	3,480	3,855	4,125	270	
Exp. ....	3,322	3,750	4,000	250	
Total, secretarial offices. .... NOA	7,331	7,854	8,298	444	
Exp. ....	6,999	7,600	8,000	400	
<b>VIRGIN ISLANDS CORPORATION</b>					
<b>Public enterprise funds:</b>					
Operating fund: 910					
Contributions ..... NOA	480	-----	-----	-----	(Revenues are expected to be sufficient to cover the cost of operations.)
Revolving fund ..... NOA	200	-----	-----	-----	
Loans to operating fund (au- NOA	200	-----	-----	-----	
thorization to expend from debt receipts).					

Limitation on administrative expenses.	Exp.	(184) 554	(186) 249	(156) -1,186	(-30) -1,435	(The anticipated sale of the corporation's power and water desalinization plants in 1964 will permit a reduction in administrative expenses.)
Total, Virgin Islands Corporation.	NOA Exp.	880 554	----- 249	----- -1,186	----- -1,435	
Total, Department of the Interior.	NOA	1,133,862	1,164,180 ^ 19,739 C 400	1,173,244 ^ 40,000	28,925	
	Exp.	1,028,800	1,102,620 ^ 10,930 C 350	1,126,296 ^ 21,804 C 50	34,250	

## DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION						
General and special funds:						
Salaries and expenses, general administration.....	NOA Exp.	4,428 4,436	4,660 4,550	4,871 4,760	211 210	Increase will finance mandatory salary reform costs.
Salaries and expenses, general legal activities.....	NOA Exp.	17,096 17,047	18,526 18,000	19,590 19,140	1,064 1,140	Increase is for full year cost of staff added in 1964, primarily to handle increasing tax and civil rights caseloads, and for mandatory salary reform costs, partly offset by reductions from improvements in land acquisition procedures.
Trust fund:						
Limitation on general administrative expenses, alien property activities.		(690)	(690)	(690)	-----	(Estimate contemplates that most of the work of the Office of Alien Property will be completed by June 30, 1965.)
General and special funds:						
Salaries and expenses, Antitrust Division.....	NOA Exp.	6,218 6,272	6,599 6,500	6,854 6,700	255 200	Increase will finance mandatory salary reform costs.
Salaries and expenses, U.S. attorneys and marshals.....	NOA Exp.	28,162 27,775	29,227 28,352	30,825 30,100	1,598 1,748	Increase provides for continuation of promotion plan for assistant U.S. attorneys, increased costs of travel, communications, reporting, and printing, and mandatory salary reform costs.

^ Proposed for separate transmittal.

C 1964 appropriation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>DEPARTMENT OF JUSTICE—Continued</b>					
<b>LEGAL ACTIVITIES AND GENERAL ADMINISTRATION—Continued</b>					
<b>General and special funds—Continued</b>					
Fees and expenses of witnesses NOA	2,500	2,300	3,000	300	Supplemental in 1964 and increase in 1965 are to provide for costs related to increasing caseload.
908		Δ 400			
Exp.	2,492	2,250	2,870	280	
		Δ 370	Δ 30		
Salaries and expenses, Adminis- NOA	100				(The Conference completed its work in 1963).
trative Conference of the United Exp.	127				
States.....908					
<b>Intragovernmental funds:</b>					
Advances and reimbursements:					
Committee to study the feasi- Exp.	—25	25		—25	(The Committee completes its work in 1964.)
bility of establishing a Na- tional Service Corps.....908					
President's Committee on Juve- Exp.	—39	23		—23	(The Committee will continue to operate in 1965 if proposed legislation to extend grant program under Department of Health, Education, and Welfare is enacted.)
nile Delinquency and Youth Crime.....908					
Total, legal activities and NOA	58,503	61,312	65,140	3,428	
general administration.		Δ 400			
Exp.	58,083	59,700	63,570	3,530	
		Δ 370	Δ 30		
<b>FEDERAL BUREAU OF INVESTIGATION</b>					
<b>General and special funds:</b>					
Salaries and expenses.....908 NOA	135,889	146,828	150,445	3,617	Increase in 1965 provides for continuation of promotion plan for special agents and mandatory salary reform costs.
Exp.	135,527	142,750	148,700	5,950	

IMMIGRATION AND NATURALIZATION  
SERVICESalaries and expenses.....908 NOA  
Exp.66,241  
66,32369,000  
67,57071,800  
71,0002,800  
3,430

Estimate includes funds for replacement of border inspection and patrol stations, repair and maintenance of stations, continuation of a records improvement program, a special analysis of alien registration reports and mandatory salary reform costs.

## FEDERAL PRISON SYSTEM

Salaries and expenses, Bureau of NOA  
Prisons.....908

50,242

52,996  
^ 201

55,141

1,944

Supplemental in 1964 is for wage board pay increases. Increase in 1965 provides for full-year cost of employees added in 1964 and for mandatory salary reform costs.

Exp.

49,586

49,750  
^ 15051,949  
^ 51

2,100

Buildings and facilities.....908 NOA  
Exp.3,545  
6,5539,525  
8,95021,212  
6,84511,687  
-2,105

Estimate includes funds for completion of construction of a psychiatric institution, construction of a replacement for the National Training School for Boys, and repairs and improvements at several institutions.

Support of U.S. prisoners.....908 NOA  
Exp.4,100  
4,0834,100  
^ 200  
4,050  
^ 1504,400  
4,350  
^ 50100  
200

Supplemental is for increased cost of prisoners in local facilities. Estimate in 1965 provides care of prisoners in 749 non-Federal institutions and anticipates an average of 3,425 prisoners, the same as in 1964, at a cost of \$3.52 per man-day, \$0.16 higher than in 1964.

Intragovernmental funds:  
Federal Prison Industries, Inc.:  
Prison industries fund.....908  
Limitation on administrative  
and vocational training ex-  
penses.

(1,774)  
-3,121(2,100)  
-3,450(2,180)  
-3,445(80)  
5

(Estimate provides vocational training for 12,150 inmates, employment of 5,500 inmates full time in various industries, and assistance in job placement upon release.)

Total, Federal Prison Sys- NOA  
tem.

57,887

66,621  
^ 401

80,753

13,731

Exp.

57,102

59,300  
^ 30059,699  
^ 101

200

Total, Department of Jus- NOA  
tice.

318,521

343,761  
^ 801

368,138

23,576

Exp.

317,035

329,320  
^ 670342,969  
^ 131

13,110

^ Proposed for separate transmittal.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR					
BUREAU OF LABOR STATISTICS					
General and special funds:					
Salaries and expenses.....652 NOA	14,590	16,345	18,388	2,043	Increase will improve and extend manpower and employment statistics and will provide additional and improved data in other fields.
Exp.	14,484	16,265	18,000	1,735	
Revision of the consumer price NOA	1,364	1,320	-----	-1,320	Revision of the index will be completed in 1964.
index.....652 Exp.	1,488	1,377	110	-1,267	
Intragovernmental funds:					
Advances and reimbursements.652 Exp.	147	31	245	214	
Total, Bureau of Labor Sta- NOA	15,955	17,665	18,388	723	
tistics. Exp.	15,825	17,673	18,355	682	
BUREAU OF INTERNATIONAL LABOR AFFAIRS					
General and special funds:					
Salaries and expenses.....652 NOA	779	842	863	21	Estimate reflects mandatory salary reform costs.
Exp.	720	818	770	-48	
Intragovernmental funds:					
Advances and reimbursements.652 Exp.	71	143	41	-102	
Total, Bureau of Interna- NOA	779	842	863	21	
tional Labor Affairs. Exp.	791	961	811	-150	
MANPOWER ADMINISTRATION					
General and special funds:					
Salaries and expenses, Office of NOA	781	-----	-----	-----	(This account has been merged with "Manpower development and training activities.")
Manpower, Automation, and Exp.	452	329	-----	-329	
Training.....652					

Manpower development and training activities.....652	NOA	69,914	109,977 ^ 55,000	411,000	246,023	Supplemental in 1964 will provide for retraining of workers under recent legislation. In 1965 the number of unemployed receiving training in needed skills will more than double, to about 275 thousand, including training under the recently authorized basic literacy program.
	Exp.	51,824	106,000 ^ 30,000	300,000 ^ 25,000	189,000	
Area redevelopment activities, salaries and expenses.....652	NOA	11,060	8,500	9,000	500	The program is planned at the same general level as last year—about \$4.5 million for occupational training and \$4.1 million for retraining and subsistence payments. About 12 thousand unemployed workers will be retrained.
	Exp.	6,632	8,237	8,343	106	
Trade adjustment activities, salaries and expenses.....652	NOA	100	150	345	195	Increase will provide support and staffing to carry out the Department's responsibilities in tariff negotiations.
	Exp.	1	165	350	185	
Salaries and expenses, Bureau of Apprenticeship and Training.....652	NOA	5,199	5,460	5,541	81	No change in the level of operation is contemplated. Increase is for mandatory salary reform costs partly offset by productivity gains.
	Exp.	5,291	5,466	5,590	124	
Salaries and expenses, Bureau of Employment Security.....652	Exp.	-----	5	-----	-5	(Program is now financed from trust fund.)
Limitation on salaries and expenses, Unemployment trust fund.		(11,936)	(12,400)	(13,471)	(1,071)	(Increase provides for improvement and extension of manpower research and statistics and improved financial management.)
Grants to States for unemployment compensation and Employment Service Administration.....652	Exp.	-----	13	-----	-13	(Program is now financed from trust fund.)
Limitation on grants to States for unemployment compensation and Employment Service Administration, Unemployment trust fund.		(400,000)	(425,000)	(455,076)	(30,076)	(Increase is for continued expansion and improvement of the employment service, improvement in unemployment compensation administration, and increases in State salary rates.)
Unemployment compensation for Federal employees and ex-servicemen.....652	NOA	151,000	110,000 ^ 30,000	126,000	-14,000	Supplemental in 1964 is to meet additional claims. Expected improvement in the economy is estimated to result in an average decrease of 8 thousand initial claims per week.
	Exp.	152,859	110,000 ^ 30,000	116,000	-24,000	

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF LABOR—Continued</b>					
<b>MANPOWER ADMINISTRATION—Con.</b>					
<b>General and special funds—Continued</b>					
Compliance activities, Mexican NOA	1,369	870	870	-430	Supplemental in 1964 covers cost of extension of the program after December 1963. Estimate in 1965 provides 6 months financing. Program expires December 31, 1964.
farm labor program.....652		^ 430			
Exp.	1,207	933	850	-513	
		^ 430			
Salaries and expenses, Mexican	(1,785)	(1,135)	(850)	(-450)	(Limitation is for 6 months. Program expires December 31, 1964.)
farm labor program.....652		(^ 165)			
Limitation payable from farm	1,815	916	840	-241	
labor supply revolving fund		^ 165			
652					
Temporary unemployment com- Exp.	-7				(This program is no longer in effect.)
pensation.....652					
Payment to Federal extended com- Exp.	2,392				(This program is no longer in effect.)
pensation account.....652					
Youth employment opportunities NOA		^ 30,000	^ 160,000	130,000	Proposed legislation will provide work and training through conservation camps and work projects in local communities for an estimated 60,000 youths in 1965.
(proposed legislation).....652		^ 10,000	^ 96,000	86,000	
Exp.					
<b>Intragovernmental funds:</b>					
Advances and reimbursements, Exp.	-85	84		-84	
employment security.....652					
Advances and reimbursements, Exp.	-17	16		-16	
Manpower, Automation, and					
Training.....652					
<b>Public enterprise funds:</b>					
Farm labor supply revolving fund Exp.	-1,226	-1,041	-141	900	(Estimate is for 6 months. Program expires December 31, 1964.)
652					

Advances to Employment Security Administration account, Unemployment trust fund.....652	Exp.	-85,248	-7,602	-3,500	4,102	(Payments are made to the Unemployment trust fund pending later return of tax receipts. Repayments in excess of current advances are reflected as minus expenditures.)
Total, manpower administration.	NOA	239,423	234,957	552,756	362,369	
	Exp.	135,890	<sup>A</sup> 115,430 223,521 <sup>A</sup> 70,595	<sup>A</sup> 160,000 428,332 <sup>A</sup> 121,000	255,216	
LABOR-MANAGEMENT RELATIONS						
General and special funds:						
Salaries and expenses, Bureau of Labor-Management Reports 652	NOA	5,884				The Bureau of Labor-Management Reports has been merged into the Labor-Management Services Administration. Estimate reflects additional research and assistance in the field of collective bargaining, partly offset by increased productivity in the processing of labor-management and welfare-pension reports.
	Exp.	5,929	465		-465	
Salaries and expenses, Labor-Management Services Administration.....652	NOA		7,499	7,736	237	
	Exp.		7,050	7,550	500	
Salaries and expenses, Bureau of Veterans' Reemployment Rights 805	NOA	652	784	791	7	Estimate reflects phaseout of staff added to handle workloads resulting from the Berlin callup.
	Exp.	653	765	780	15	
Total, labor-management relations.	NOA	6,536	8,283	8,527	244	
	Exp.	6,582	8,280	8,330	50	
WAGE AND LABOR STANDARDS						
Salaries and expenses, Bureau of Labor Standards.....652	NOA	4,625	3,470	3,545	75	Increase relates primarily to mandatory salary reform costs.
	Exp.	4,156	3,631	3,650	19	
Salaries and expenses, Women's Bureau.....652	NOA	911	784	772	-12	Decrease reflects primarily termination of the President's Commission on the Status of Women upon completion of its report in October 1963.
	Exp.	898	825	750	-75	

<sup>A</sup> Proposed for separate transmittal.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF LABOR—Continued</b>					
<b>WAGE AND LABOR STANDARDS—Con.</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses, Wage and NOA	18,089	19,275	20,528	1,253	Increase reflects the addition of work in enforcement of the Equal Pay Act, which prohibits discrimination in wages paid to women.
Hour Division.....652 Exp.	17,789	19,724	20,500	776	
<b>Intragovernmental funds:</b>					
Advances and reimbursements, Exp.	16				
Women's Bureau.....652					
Total, wage and labor NOA	23,625	23,529	24,845	1,316	
standards, Exp.	22,859	24,180	24,900	720	
<b>EMPLOYEES' COMPENSATION</b>					
<b>General and special funds:</b>					
Salaries and expenses, Bureau of NOA	3,982	4,275	4,401	126	Estimate reflects mandatory salary reform costs.
Employees' Compensation. 906 Exp.	3,894	4,466	4,400	-66	
Employees compensation claims NOA	65,221	53,838	52,650	-6,188	Supplemental in 1964 will provide for higher compensation rates resulting from base wage and salary increases, and higher medical costs. Decreases in 1964 and 1965 reflect rising reimbursements from agencies employing workers injured on the job.
and expense.....906		A 5,000			
Exp.	65,263	53,838	52,650	-6,188	
		A 5,000			
Total, Employees' compen- NOA	69,203	58,113	57,051	-6,062	
sation.		A 5,000			
Exp.	69,157	58,304	57,050	-6,254	
		A 5,000			

## OFFICE OF THE SOLICITOR

Salaries and expenses.....	652 NOA	4,298	4,420	4,857	437
Limitation payable from Unemployment trust fund.	Exp.	(125) 4,306	(127) 4,425	(132) 4,990	(5) 565

Estimate provides for mandatory salary reform costs.

## OFFICE OF THE SECRETARY

Salaries and expenses.....	652 NOA	2,093	2,219	3,223	1,004
Limitation payable from Unemployment trust fund.	Exp.	(136) 2,027	(138) 2,304	(139) 3,030	(1) 726

Increase reflects one-time costs, on a departmentwide basis, for consolidating and improving leased office space and for increased departmentwide services and mandatory salary reform costs.

## Intragovernmental funds:

Working capital fund.....	652 Exp.	-54	28	-30	-58
Advances and reimbursements.	652 Exp.	-103	103	44	-59

(Decrease represents excess of advances over expenditures, involving mostly services which will not be completed at the end of 1965.)

Total, Office of the Secretary..	NOA	2,093	2,219	3,223	1,004
	Exp.	1,870	2,435	3,044	609

Total, Department of Labor..	NOA	361,911	350,028	670,510	360,052
	Exp.	257,279	<sup>A</sup> 120,430 339,779 <sup>A</sup> 75,595	<sup>A</sup> 160,000 545,812 <sup>A</sup> 121,000	251,438

## POST OFFICE DEPARTMENT

Public enterprise funds:					
Contribution to the postal fund (indefinite).....	505 NOA	840,241	654,399	550,700	-103,699
	Exp.	770,335	546,015	474,700	-71,315

Estimated obligations of \$5,134 million, less estimated postal fund revenues and reimbursements of \$4,583 million, leaves \$551 million to be contributed. This is an increase of \$132 million in obligations (largely mail volume) and \$233 million in revenues (mail volume and rate increase). Included are estimated net revenues of \$77 million from proposed parcel post rate increases, assumed to be effective April 1, 1964. After deducting costs determined by law to be public services, the deficit in postal rates and fees is estimated to be \$89 million, compared with \$183 million for 1964 and \$407 million for 1963.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>POST OFFICE DEPARTMENT—Continued</b>					
<b>Public enterprise funds—Continued</b>					
Authorizations and limitations on use of postal fund:					
Administration and regional operation.	(78,517)	(83,007)	(86,455)	(3,448)	(Increase is mainly for strengthening management.)
Research, development, and engineering.	(12,115)	(11,913)	(13,000)	(1,087)	(Increase provides for additional procurement of experimental mail handling equipment, including an automatic address reader and computer memory for existing letter sorters to mechanize the processing of ZIP-coded and other typewritten mail.)
Operations.....	(3,701,632)	(3,925,000)	(4,034,900)	(109,900)	(Increase is due to growth in mail volume (2.8%) and delivery stops (3.4%), partly offset by savings estimated to result from improved management and presorting of ZIP-coded mail by large-volume mailers.)
Transportation.....	(587,500)	(605,500)	(601,000)	(—4,500)	(Decrease results from savings in transportation costs, partly offset by increased costs due to growth in mail volume.)
Facilities.....	(172,504)	(195,904)	(205,069)	(9,165)	(Increase is due principally to added rental costs for additional space to handle an increasing mail volume.)
Plant and equipment.....	(96,584)	(104,075)	(90,276)	(—13,799)	(Decrease is due to deferral of building extension and modernization projects until current backlogs are reduced, partly offset by increases in procurement of mechanical equipment for new and existing post offices.)
Total authorizations out of postal fund.	(4,648,852)	(4,925,399)	(5,030,700)	(105,301)	
Total, Post Office Department. NOA Exp.	840,241 770,335	654,399 546,015	550,700 474,700	—103,699 —71,315	

# DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS						
<b>General and special funds:</b>						
Salaries and expenses.....	151 NOA	147,456	152,953 ^ 5,000	166,000	8,047	Supplemental for 1964 will finance equipment, personnel, and other expenses for improved communications. Major increases in 1965 are for mandatory cost rises and more adequate provision for non-salary expenses to increase effectiveness of personnel.
	Exp.	151,915	150,000 ^ 1,000	160,000 ^ 3,000	12,000	
Representation allowances.....	151 NOA	950	973	1,025	52	Increase is due to rising costs.
	Exp.	942	950	1,000	50	
Acquisition, operation, and maintenance of buildings abroad.....	151 NOA	10,000	18,125	22,257	4,132	Increase is for construction and acquisition of office and housing facilities.
	Exp.	11,658	14,000	16,000	2,000	
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	151 NOA	2,205	2,750	6,143	3,393	Increase is to permit a greater portion of the total building program to be financed from excess foreign currencies.
	Exp.	1,769	2,700	5,000	2,300	
Emergencies in the diplomatic and consular service.....	151 NOA	1,800	1,500 ^ 400	1,600	-300	Provides for relief and repatriation loans to U.S. citizens abroad and other emergencies. Supplemental for 1964 is for requirements in excess of earlier estimates.
	Exp.	1,611	1,600 ^ 200	1,500 ^ 200	-100	
Extension and remodeling, State Department Building.....	151 Exp.	200	300	300	-----	(All funds will be obligated or withdrawn by the end of 1964.)
^ Proposed for separate transmittal.						

^ Proposed for separate transmittal.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DEPARTMENT OF STATE—Continued</b>					
<b>ADMINISTRATION OF FOREIGN AFFAIRS—Continued</b>					
<b>General and special funds—Continued</b>					
Replacement of passenger motor vehicles sold abroad (permanent, indefinite, special fund) 151	234 205	304 300	272 273	-32 -27	Proceeds available in 1965 will replace 140 vehicles.
<b>Intragovernmental funds:</b>					
Advances and reimbursements 151 Exp.	-1,450				
Total, administration of foreign affairs. NOA	162,645	176,605 ^ 5,400	197,297	15,292	
Exp.	166,849	169,850 ^ 1,200	184,073 ^ 3,200	16,223	
<b>INTERNATIONAL ORGANIZATIONS AND CONFERENCES</b>					
<b>General and special funds:</b>					
Contributions to international organizations..... 151 NOA	69,227	99,679	87,617	-12,062	Normal activities of most international organizations will continue to expand. Decrease reflects expected termination of U.N. peace and security operation in the Congo and that the need for a U.N. working capital fund advance will not recur.
Exp.	94,554	99,679	87,500	-12,179	
Missions to international organizations..... 151 NOA	2,322	2,500	3,238	738	Increase is primarily transfer from salaries and expenses; remainder is for servicing expanded conference activity in Geneva.
Exp.	1,953	2,450	3,000	550	
International conferences and contingencies..... 151 NOA	3,117	1,943	2,778	835	Increase reflects consolidation under Department of State of international conference expenses previously financed by other agencies and a larger conference program.
Exp.	2,267	2,400	2,600	200	

International tariff negotiations	NOA		365	1,500	1,135	Negotiations will begin late in 1964 and continue throughout 1965.
151	Exp.	7	240	1,150	910	
Loan to the United Nations...	NOA	100,000				Estimate reflects U.S. matching of currently known pledges by other countries to purchase U.N. bonds.
151	Exp.	72,070	4,466		-4,466	
United States Citizens Commission on NATO.....	Exp.	4	10		-10	(Commission terminated in 1962. Obligations will be paid by 1964.)
151						
Total, international organizations and conferences.	NOA	174,666	104,487	95,133	-9,354	
	Exp.	170,855	109,245	94,250	-14,995	
INTERNATIONAL COMMISSIONS						
International Boundary and Water Commission, United States and Mexico:						
Salaries and expenses.....	NOA	692	715	785	70	Six project feasibility studies will be continued.
401	Exp.	683	720	785	65	
Operation and maintenance....	NOA	1,972	2,015	1,963	-52	Equipment acquisition will be reduced and levee rehabilitation work will decline.
401	Exp.	2,020	2,000	1,960	-40	
Construction.....	NOA	10,998	6,497	14,623	-31,184	Supplemental in 1964 is needed to make effective the Chamizal settlement with Mexico. Estimate for 1965 will continue construction of Amistad Dam and powerplant and the lower Rio Grande flood control project, and complete two sanitation projects.
			<sup>A</sup> 39,310			
	Exp.	11,003	12,404	14,532	15,638	
			<sup>A</sup> 650	<sup>A</sup> 14,160		
American sections, international commissions.....	NOA	415	430	474	44	Increase will finance additional sanitation and stream flow studies under joint plans with Canada.
401	Exp.	416	425	450	25	
International fisheries commissions.....	NOA	1,910	2,000	2,189	189	Increase is for lamprey control and restoration of Fraser River salmon fisheries.
404	Exp.	1,873	1,909	2,100	191	
Passamaquoddy tidal power survey.....	Exp.	3				(Previously appropriated funds may be used for additional review of the survey.)
401						

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF STATE—Continued						
<b>INTERNATIONAL COMMISSIONS—</b> Continued						
<b>General and special funds—Continued</b>						
Restoration of salmon runs, Fraser River system, International Pacific Salmon Fisheries Commission.....404	Exp.	2	51	-----	-51	(Activities under this account will be completed in 1964.)
Total, international commissions.	NOA	15,987	11,657 A 39,310	20,034	-30,933	
	Exp.	15,999	17,509 A 650	19,827 A 14,160	15,828	
<b>EDUCATIONAL EXCHANGE</b>						
Mutual educational and cultural exchange activities.....153	NOA	41,948	42,625	47,679	5,054	Increase represents shift in financing from the account immediately following.
	Exp.	26,385	31,092	40,060	8,968	
International educational exchange activities (special foreign currency program).....153	Exp.	10,829	7,500	6,500	-1,000	(Expenditures will continue until prior appropriations are exhausted.)
Center for Cultural and Technical Interchange Between East and West.....153	NOA	8,340	5,100	5,932	832	Increase is to maintain 1964 program level at slightly higher cost.
	Exp.	7,345	5,600	5,600	-----	
Preservation of ancient Nubian monuments (special foreign currency program).....153	NOA	-----	A 12,000	-----	-12,000	Grants were made in 1962 primarily to help UNESCO preserve certain temples in Egypt and the Sudan. Supplemental in 1964 is for U.S. contribution to UNESCO to save Abu Simbel monuments.
	Exp.	505	873 A 3,000	----- A 3,000	-873	
Educational and cultural exchange with Japan.....153	NOA	-----	A 25,000	-----	-25,000	Supplemental in 1964 is to establish an educational and cultural foundation in Japan with yen credits which the United States and Japan have agreed shall be used for educational exchange.
	Exp.	-----	A 25,000	-----	-25,000	

Educational, scientific, and cultural activities.....153	Exp.	53	33	-----	-33	(These funds are expected to be fully expended in 1964.)
Educational exchange fund, payments by Finland, World War I debt (permanent, indefinite, special fund).....153	NOA Exp.	396 460	396 450	396 400	----- -50	Current payments by Finland on World War I debt are used for educational exchanges with Finland.
Educational fund, interest payments by the Government of India.....153	Exp.	2	68	-----	-68	(Certain interest paid in the past by India is being used for educational exchanges with India.)
Total, educational exchange..	NOA	50,684	48,121	54,007	-31,114	
	Exp.	45,580	<sup>A</sup> 37,000 45,616 <sup>A</sup> 28,000	52,560 <sup>A</sup> 3,000	-18,056	
<b>OTHER</b>						
Rama Road, Nicaragua.....152	NOA	1,500				
Contract authorization.....152	NOA	850				
Liquidation of contract authorization.....	Exp.	1,087	(850) 1,000	1,000		(Contracts to complete the road, being constructed under international agreement, are expected to be let in 1964.)
Migration and refugee assistance.....152	NOA	14,947	10,550	8,200	-2,350	
	Exp.	6,193	10,000	8,000	-2,000	Decrease reflects a smaller number of refugees to be resettled and more cost-sharing by other countries.
Payment to the Republic of Panama (permanent).....151	NOA	1,930	1,930	1,930		
	Exp.	1,930	1,930	1,930		Annual payment is made, under treaty, for Panama Canal rights. \$430 thousand of this is recovered from the Panama Canal Company.
Total, other.....	NOA	19,227	12,480	10,130	-2,350	
	Exp.	9,211	12,930	10,930	-2,000	
Total, Department of State..	NOA	423,209	353,350	376,601	-58,459	
	Exp.	408,493	<sup>A</sup> 81,710 355,150 <sup>A</sup> 29,850	361,640 <sup>A</sup> 20,360	-3,000	

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
TREASURY DEPARTMENT						
OFFICE OF THE SECRETARY						
<b>General and special funds:</b>						
Salaries and expenses-----	904 NOA	4,686	5,195 <sup>A 29</sup>	5,580	356	Supplemental is for wage board increases. Increase will strengthen the supervision of bureau operations, and legal and administrative services.
	Exp.	4,612	5,373 <sup>A 2</sup>	5,532 <sup>A 27</sup>	184	
Expenses of administration of settlement of War Claims Act of 1928 (permanent, indefinite, special fund)-----	904 NOA	11	12	13	1	Funds are appropriated from a receipt account for administrative expenses of paying awards under the act.
	Exp.	12	13	13	-----	
Federal control of transportation systems-----	904 Exp.	1	1	1	-----	(Prior year balance is used to pay compensation to employees injured during World War I.)
<b>Public enterprise funds:</b>						
Liquidation of corporate assets: Reconstruction Finance Corporation liquidation fund...	904 Exp.	-3,127	-924	-538	386	(Receipts and expenditures will be lower in 1965.)
Civil defense loans: Civil defense program fund-----	059 Exp.	-135	-58	-61	-3	(Repayments and interest earnings exceed expense.)

Liquidation of Federal Farm Mortgage Corporation.....904	Exp.	-533	-274	-278	-4	(Estimate reflects collection of receivables from a Federal land bank.)
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....904	Exp.	-1				
Total, Office of the Secretary..	NOA	4,697	5,207 ^ 29	5,593	357	
	Exp.	829	4,131 ^ 2	4,669 ^ 27	563	
<b>BUREAU OF ACCOUNTS</b>						
<b>General and special funds:</b>						
Salaries and expenses.....904	NOA	3,882	4,055	33,390	29,335	The increase is due to the merger of "Salaries and expenses, Division of Disbursement." The net overall decrease is due to a nonrecurring purchase of electronic equipment in 1964.
	Exp.	3,680	4,105	27,125	23,020	
Salaries and expenses, Division of Disbursement.....904	NOA	28,239	30,557		-30,557	This appropriation is merged with "Salaries and expenses, Bureau of Accounts" in 1965.
	Exp.	28,256	29,140	5,803	-23,337	
Claims, judgments, and relief acts: Current definite.....910	NOA	21,220	7,249		-7,249	Appropriations are made in individual private relief acts. For certain claims and for judgments over \$100 thousand, the specific items are presented to Congress.
	Exp.	21,936	7,549		-7,549	
Permanent, definite.....910	NOA	2	2	2		Awards totaling \$1,620 are paid annually to 2 persons as a result of private relief acts.
	Exp.	2	2	2		
Permanent, indefinite.....910	NOA	4,310	5,000	5,000		Judgments of \$100 thousand or less are paid from this permanent appropriation.
	Exp.	4,310	5,000	5,000		
Interest on uninvested funds (permanent, indefinite).....853	NOA	10,917	11,458	11,857	399	Interest is paid on open book balances of 8 trust funds.
	Exp.	10,917	11,458	11,857	399	
<b>Public enterprise funds:</b>						
Fund for payment of Government losses in shipment.....904	NOA	525	550		-550	Fund covers losses in shipment of certain Government property, and losses in redemption of savings bonds.
	Exp.	536	364	114	-250	
Total, Bureau of Accounts....	NOA	69,096	58,871	50,249	-8,622	
	Exp.	69,637	57,618	49,901	-7,717	

^ Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
TREASURY DEPARTMENT—Continued						
BUREAU OF THE PUBLIC DEBT						
General and special funds:						
Administering the public debt. 904	NOA	48,296	47,992	49,250	1,258	Increase will provide funds to purchase electronic equipment, reimburse Federal Reserve banks for increased maintenance, replenish savings bond stock, and pay increased bond redemption costs.
Exp.		48,787	48,527	48,650	123	
OFFICE OF THE TREASURER						
Salaries and expenses. . . . . 904	NOA	16,450	16,700	6,290	-9,235	The substitution of Federal Reserve notes for \$1 silver certificates reduces the procurement of currency. Reduction also occurs from nonrecurring purchase of electronic equipment in 1964.
Exp.		16,111	<sup>C</sup> -1,175 13,869	6,392	-7,477	
Public enterprise funds:						
Check forgery insurance fund. 904	NOA		50		-50	The fund covers settlements of checks paid on forged endorsements.
Exp.		-2	10	7	-3	
Total, Office of the Treasurer.	NOA	16,450	16,750	6,290	9,285	
Exp.		16,109	<sup>C</sup> -1,175 13,879	6,399	7,480	
BUREAU OF CUSTOMS						
General and special funds:						
Salaries and expenses. . . . . 904	NOA	67,875	72,317	78,200	5,768	Supplemental is for wage board pay increases. Increase in 1965 will add manpower to meet greater work volume and strengthen enforcement.
Exp.		67,268	<sup>A</sup> 115 74,078 <sup>A</sup> 105	<sup>A</sup> 10 76,265 <sup>A</sup> 10	2,092	

INTERNAL REVENUE SERVICE						
Salaries and expenses.....904	NOA Exp.	502,170 497,273	549,900 563,500	595,300 592,400	45,400 28,900	Tax returns filed are expected to increase from 99.3 million to 101.5 million in 1965. Increase will also continue expansion of the data processing system.
Refunding internal revenue collections, interest (permanent, indefinite).....852	NOA Exp.	73,931 73,857	89,700 89,625	89,700 89,625	----- -----	Interest is paid at 6% per annum on internal revenue collections which must be refunded.
Internal revenue collections for Puerto Rico (permanent, indefinite special fund).....910	NOA Exp.	42,465 44,780	45,000 45,076	47,000 47,000	2,000 1,924	Taxes on articles produced in Puerto Rico are paid to Puerto Rico.
Total, Internal Revenue Service.....	NOA Exp.	618,566 615,911	684,600 698,201	732,000 729,025	47,400 30,824	
BUREAU OF NARCOTICS						
Salaries and expenses.....908	NOA Exp.	4,767 4,659	5,350 5,448	5,550 5,517	200 69	Increase provides for the final phase of revised staffing structure and for added enforcement abroad.
UNITED STATES SECRET SERVICE						
Salaries and expenses.....908	NOA Exp.	5,784 5,389	6,825 7,043	7,550 7,483	725 440	Increase is for added caseloads, increased protective responsibilities, and additional equipment.
Salaries and expenses, White House Police.....903	NOA Exp.	1,524 1,445	1,700 1,705	1,730 1,784	30 79	Increase provides for longevity step increases and additional equipment and supplies.
Salaries and expenses, guard force.....904	NOA Exp.	383 370	400 404	420 432	20 28	An additional guard post must be covered in 1965.
Contribution for annuity benefits (permanent, indefinite).....903	NOA Exp.	336 336	380 380	400 400	20 20	The District of Columbia is reimbursed for benefit payments made for Secret Service employees.
Total, U.S. Secret Service....	NOA Exp.	8,028 7,540	9,305 9,532	10,100 10,099	795 567	

<sup>A</sup> Proposed for separate transmittal.

<sup>C</sup> 1964 appropriation pending in Congress.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TREASURY DEPARTMENT—Continued</b>					
<b>BUREAU OF THE MINT</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses.....904 NOA	7,025	7,500 C 675	9,980	1,805	Supplemental provides for the production of 50 million silver dollars. The 1965 increase will allow production of an additional 100 million silver dollars and 450 million other coins and will finance the 3d year increment of the equipment replacement program.
Exp.	6,552	7,707 C 650	9,778 C 25	1,446	
Construction of mint facilities..904 NOA		C 500	16,000	15,500	Supplemental provides planning funds for a new mint in Philadelphia. Increase in 1965 will cover site, construction, and equipment costs.
Exp.		C 500	8,000	7,500	
Minor coinage profits, etc. (perma- NOA	523	496	605	109	Increase in appropriation of seigniorage is for transportation and other costs related to production of additional minor coins.
nent, indefinite, special Exp.	448	538	605	67	
fund).....904					
Silver profit fund (permanent, in- NOA	661	548	1,175	627	Increase in appropriation of seigniorage is for transportation and other costs related to production of additional silver coins.
definite, special fund).....904 Exp.	534	614	1,175	561	
Total, Bureau of the Mint... NOA	8,209	8,544 C 1,175	27,760	18,041	
Exp.	7,534	8,859 C 1,150	19,558 C 25	9,574	
<b>BUREAU OF ENGRAVING AND PRINTING</b>					
Emergency repairs to Bureau of Exp.	43				(Repairs to the Annex Building were completed in 1963.)
Engraving and Printing Annex Building.....904					
Air-conditioning the Bureau of NOA	300		5,750	5,750	The installation of air-conditioning will be complete in 1967.
Engraving and Printing (build- Exp.		300	2,500	2,200	
ings).....904					

<b>Intragovernmental funds:</b>							
Bureau of Engraving and Printing fund.....	904	Exp.	-2,272	886	2,477	1,591	(Increase provides for purchase of equipment.)
		NOA	300		5,750	5,750	
Total, Bureau of Engraving and Printing.		Exp.	-2,229	1,186	4,977	3,971	
<b>COAST GUARD</b>							
<b>General and special funds:</b>							
Operating expenses.....	502	NOA	222,531	248,992 B 10,800	274,400	14,608	Supplemental will cover the costs of military pay legislation. Increase in 1965 will operate new vessels, aircraft, and shore establishments, extend loran navigational service, expand efforts in oceanography, and improve military readiness.
		Exp.	216,240	246,592 B 10,800	270,700	13,308	
Acquisition, construction, and improvements.....	502	NOA	33,330	51,000	H 90,000	39,000	Includes construction of 15 replacement and 9 additional vessels and 2 off-shore structures to replace lightships, the acquisition of 9 replacement and 8 additional helicopters and other increases to improve existing facilities.
		Exp.	34,571	38,339	50,490	12,151	
Retired pay.....	502	NOA	32,350	33,600 B 1,125	37,900	3,175	A net average increase of 659 persons on the retired rolls is expected.
		Exp.	31,850	33,604 B 1,125	37,900	3,171	
Reserve training.....	502	NOA	16,498	18,800 B 960	21,000	1,240	Increase will provide for 1,040 additional reservists in the 6-month training program and operate a newly activated training vessel.
		Exp.	16,117	18,800 B 960	21,000	1,240	
<b>Intragovernmental funds:</b>							
Coast Guard supply fund.....	502	Exp.	-513	900		-900	(Receipts will equal expenditures in 1965 with sales of \$18.8 million.)
Coast Guard yard fund.....	502	Exp.	-1,682	148	-25	-173	(Receipts will exceed expenditures slightly in a \$15.3 million program.)
Total, Coast Guard.....		NOA	304,708	352,392 B 12,885	423,300	58,023	
		Exp.	296,582	338,383 B 12,885	380,065	28,797	

<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

<sup>C</sup> 1964 appropriation pending in Congress.

<sup>H</sup> Includes \$71,799 thousand 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		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
TREASURY DEPARTMENT—Continued						
INTEREST ON THE PUBLIC DEBT						
General and special funds:						
Interest on the public debt (per-	NOA	9,895,304	10,600,000	11,000,000	400,000	The increase reflects a higher average level of outstanding debt, and at a higher average rate of interest.
manent, indefinite)-----851	Exp.	9,895,304	10,600,000	11,000,000	400,000	
Total, Treasury Department.	NOA	11,046,296	11,861,328	12,394,042	519,685	
	Exp.	11,027,931	11,859,842	12,335,125	461,203	
			A 144 B 12,885 A 107 B 12,885 C 1,150	A 37 C 25		
ATOMIC ENERGY COMMISSION						
General and special funds:						
Operating expenses-----058	NOA	2,872,031	2,342,669	2,323,000	-19,669	Estimate provides increases for basic research in the physical and bio-medical sciences, and for civilian applications of radioisotopes. These will be more than offset by decreases in procurement of uranium concentrates and production of special nuclear materials.
	Exp.	2,507,296	2,365,000	2,300,000	-65,000	
Plant and capital equipment...058	NOA	262,745	400,000	370,000	-30,000	Estimate provides for procurement of equipment and for construction of production, research and development facilities, including reactors and particle accelerators, in support of all operating programs.
	Exp.	250,648	435,000	435,000	-----	
Intragovernmental funds:						
Advances and reimbursements.058	Exp.	-68	-----	-----	-----	
Total, Atomic Energy Com-	NOA	3,134,776	2,742,669	2,693,000	-49,669	
mission.	Exp.	2,757,876	2,800,000	2,735,000	-65,000	

# FEDERAL AVIATION AGENCY

General and special funds:							
Operations.....	501	NOA	488,187	527,864	549,000	21,136	Increase is chiefly for operating newly commissioned air navigation and traffic control facilities and mandatory salary reform costs.
		Exp.	472,691	517,000	539,000	22,000	
Facilities and equipment.....	501	NOA	125,000	100,250	75,000	-25,250	Air navigation aids, instrument landing systems, traffic control display devices and other equipment will be procured and installed to improve and expand the Federal airways system.
		Exp.	113,183	112,000	95,000	-17,000	
Grants-in-aid for airports.....	501	NOA			A 75,000		Legislation is pending to continue the program at an annual level of \$75 million for the years 1965, 1966, and 1967. Budget proposes that appropriations be made for both 1965 and 1966.
Permanent.....		NOA	75,000	75,000			
Liquidation of contract authorization.....			(20,000)	(20,000)	(7,000)	(-13,000)	
	501	Exp.	51,002	75,000	70,500	500	
					A 5,000		
Research and development.....	501	NOA	35,000	40,000	42,000	2,000	Work on improved air traffic control, air navigation, and related systems will be continued at approximately the 1964 level.
		Exp.	54,953	47,000	46,000	-1,000	
Operation and maintenance, Washington National Airport.....	501	NOA	3,475	3,582	3,631	49	Services at the airport will be provided at approximately their present level. Receipts to the general fund recover the costs.
		Exp.	3,491	3,600	3,600		
Operation and maintenance, Dulles International Airport.....	501	NOA	3,277	3,985	4,619	634	Increase is chiefly to handle expected traffic growth and to cover higher utilities and maintenance costs associated with new tenants.
		Exp.	3,631	3,800	4,400	600	
Construction, Washington National Airport.....	501	NOA	2,000	2,075	1,800	-275	Estimate is for replacement of an obsolete hangar.
		Exp.	1,124	3,300	3,600	300	
Construction, Dulles International Airport.....	501	NOA		450	200	-250	Estimate provides for construction of interior service roads.
		Exp.		200	200		
Construction and development, additional Washington airport.....	501	NOA	3,200				(Expenditures decline with completion of construction of Dulles Airport.)
		Exp.	18,931	9,800	1,500	-8,300	

A Proposed for separate transmittal.

B Proposed for separate transmittal, Uniformed Services Pay Act of 1963.

C 1964 appropriation pending in Congress.

I Includes \$2,310,432 thousand to carry out authorizing legislation to be proposed.

J Includes \$341,110 thousand 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>FEDERAL AVIATION AGENCY—Continued</b>					
<b>General and special funds—Continued</b>					
Civil supersonic aircraft develop- ment.....501	NOA 20,000 6,792	60,000 18,000	60,000	-60,000 42,000	Funds appropriated in 1964 are to finance a detailed design competition for development of a supersonic transport.
Grants-in-aid for airports, Federal Airport Act.....501	Exp. 491	297	200	-97	
Claims, Federal Airport Act...501	Exp. 20				
Construction of public airports in Alaska.....501	Exp. -----	3	-----	-3	
Total, Federal Aviation Agency.	NOA 755,139	813,206	676,250 A 75,000	-61,956	
	Exp. 726,311	790,000	824,000 A 5,000	39,000	
<b>GENERAL SERVICES ADMINISTRATION</b>					
<b>Real Property Activities</b>					
<b>General and special funds:</b>					
Operating expenses, Public Build- ings Service.....905	NOA 193,786	219,122	224,895	2,423	Supplemental in 1964 is for wage board increases. Increase in 1965 is primarily for operation of new Federal buildings being acquired in 1964 and 1965.
	Exp. 193,187	A 3,350 213,500 A 3,350	224,320	7,470	
Repair and improvement of public buildings.....905	NOA 65,000	75,000	90,000	15,000	Increase provides for maintenance of new Federal buildings and continuation of long-range program of general repairs and improvements.
	Exp. 62,502	68,000	75,000	7,000	

Construction, public buildings projects.....905	NOA Exp.	180,956 91,779	157,601 115,000	169,613 131,500	12,012 16,500	Estimate includes 151 new projects and an increase in one other, partly offset by savings from 3 projects which have been otherwise provided for or abandoned.
Sites and expenses, public buildings projects.....905	NOA Exp.	30,500 27,700	40,000 25,000	29,500 28,000	-10,500 3,000	Estimate provides for design and site acquisition where necessary, for 41 projects.
Payments, public buildings purchase contracts.....905	NOA Exp.	5,150 5,035	5,200 5,200	10,350 10,350	5,150 5,150	Request provides for payment on 7 projects and prepayments on 13 projects constructed through lease-purchase contracts.
Expenses, U.S. court facilities.....905	NOA Exp.	----- -----	1,031 928	1,464 1,400	433 472	Request provides for space expansion and for furniture and furnishings of U.S. courts.
Additional court facilities.....905	NOA Exp.	8,500 2,722	----- 5,000	----- 4,000	----- -1,000	(Appropriations in prior years will complete facilities for 73 additional judges.)
Construction, Federal Office Building Numbered 7, Washington, D.C.....905	Exp.	544	1,000	9,000	8,000	(Construction is financed by 1962 appropriation.)
Hospital facilities in the District of Columbia.....905	NOA Exp.	375 75	----- 1,522	----- 2,038	----- 516	The 1963 amount provided for costs over original estimates for a Federal grant for construction of a new hospital in southeast Washington.
Improvements, national industrial reserve plant No. 485.....905	NOA Exp.	1,100 -----	----- 58	----- 850	----- 792	This appropriation provided improvements essential to national defense.
Acquisition of land and building, Chicago, Ill.....905	Exp.	2,921	-----	-----	-----	(Acquisition completed in 1963.)
Construction, Federal Office Building Numbered 6, Washington, D.C.....905	Exp.	11	15	-----	-15	(Expenditures are payments of prior obligations.)
Construction, public buildings.....905	Exp.	193	117	-----	-117	(Construction of the last of 5 border stations was completed in October 1963.)
Construction, U.S. Mission Building, New York, N.Y.....905	Exp.	31	12	-----	-12	(Expenditures are payments of prior obligations.)

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>GENERAL SERVICES ADMINISTRATION—Continued</b>					
<b>Real Property Activities—Continued</b>					
<b>General and special funds—Continued</b>					
Defense public works, community Exp. facilities.....905	1	-----	-----	-----	(Expenditures are payments of prior obligations.)
Sites and planning, public build- Exp. ings outside the District of Columbia.....905	-----	14	-----	-14	(Expenditures are payments of prior obligations.)
<b>Intragovernmental funds:</b>					
Buildings management fund...905 Exp.	5,991	-2,817	-1,154	1,663	(Operating costs are estimated at \$379.8 million. Increase is mainly modernization work for the Post Office Department.)
Construction services, public Exp. buildings.....905	-256	194	-----	-194	(Operating costs are estimated at \$15.6 million, an increase of \$1.7 million, mainly in repair and improvement work and projects assigned to GSA by other agencies.)
Advances and reimbursements.905 Exp.	-28	-----	-----	-----	
Total, real property activities.. NOA	485,367	497,954	525,822	24,518	
Exp.	392,408	432,743 A 3,350	485,304	49,211	
<b>PERSONAL PROPERTY ACTIVITIES</b>					
<b>General and special funds:</b>					
Operating expenses, Federal Sup- NOA ply Service.....905 Exp.	41,522 37,721	48,280 47,200	54,800 52,800	6,520 5,600	Increase is primarily for further increased supply support to the Department of Defense.
Expenses, supply distribution.905 Exp.	2,369	37	-----	-37	

<b>Intragovernmental funds:</b>						
General supply fund.....	905 NOA	38,500	30,000	-----	-30,000	The 1965 program will continue increases in sales to the military with a slight increase in sales to other agencies. Additional interagency motor pools are also estimated. Additional capital is unnecessary in 1965 with substantial increases in customers' advances.
	Exp.	-18,531	25,335	-8,595	-33,930	
Advances and reimbursements.....	905 Exp.	637				
Total, personal property activities.....	NOA Exp.	80,022 22,196	78,280 72,572	54,800 44,205	-23,480 -28,367	
<b>UTILIZATION AND DISPOSAL ACTIVITIES</b>						
<b>General and special funds:</b>						
Operating expenses, Utilization and Disposal Service.....	905 NOA Exp.	9,126 8,604	9,388 8,866	10,150 10,050	762 1,184	Estimate provides for further emphasis on reuse or prompt disposal of property.
Expenses, disposal of surplus real and related personal property (permanent, indefinite, special fund).....	NOA Exp.	1,047 1,095	1,200 1,200	1,200 1,200	----- -----	Proceeds of sales are appropriated for certain expenses of disposals.
Total, utilization and disposal activities.....	NOA Exp.	10,173 9,699	10,588 10,066	11,350 11,250	762 1,184	
<b>RECORDS ACTIVITIES</b>						
Operating expenses, National Archives and Records Service.....	905 NOA Exp.	14,416 14,389	14,730 14,400	15,500 15,400	770 1,000	Increase is primarily for records management assistance and records center activities. Records in custody will total 8.9 million cubic feet; 5.4 million reference services will be performed.
<b>TRANSPORTATION AND COMMUNICATIONS ACTIVITIES</b>						
Operating expenses, Transportation and Communications Service.....	905 NOA Exp.	4,607 4,652	4,950 4,700	6,000 5,600	1,050 900	Increase is primarily for continued development and management of the Federal Telecommunications System.

<sup>A</sup> Proposed for separate transmittal.



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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>GENERAL SERVICES ADMINISTRATION—Continued</b>						
<b>TRANSPORTATION AND COMMUNICATIONS ACTIVITIES—Con.</b>						
<b>Intragovernmental funds:</b>						
Federal telecommunications fund	NOA	9,000				(The 1963 amount was for initial capital for the fund established by Public Law 87-847.)
905 Exp.			1,404	-502	-1,906	
Total, transportation and com-	NOA	13,607	4,950	6,000	1,050	
munications activities	Exp.	4,652	6,104	5,098	-1,006	
<b>DEFENSE MATERIALS ACTIVITIES</b>						
<b>General and special funds:</b>						
Strategic and critical materials	NOA	18,095	23,925	18,230	-5,695	Provides \$13.8 million, mainly for inventory management, including storage and disposal of material excess to stockpile needs; \$1.4 million for national industrial equipment reserve activities and \$3 million for operating expenses.
.059 Exp.		22,671	17,000	17,600	600	
<b>Intragovernmental funds:</b>						
Advances and reimbursements	Exp.	-859	-1,000	-1,000		
.059 Exp.						
Total, defense materials	NOA	18,095	23,925	18,230	-5,695	
activities	Exp.	21,812	16,000	16,600	600	
<b>GENERAL ACTIVITIES</b>						
<b>General and special funds:</b>						
Salaries and expenses, Office of	NOA	1,405	1,438	1,550	112	Increase is for additional activity in business service centers.
Administrator	Exp.	1,347	1,438	1,550	112	
905 Exp.						
Allowances and office facilities for	NOA	310	300	310	10	Account provides for 3 former Presidents and the widow of a former President.
former Presidents	Exp.	261	300	310	10	
903 Exp.						

Office of Mrs. Jacqueline Bouvier Kennedy.....903	NOA	-----	65	-----	-65	Funds appropriated in 1964 will remain available in 1965 for payment of obligations authorized by recent legislation.
	Exp.	-----	43	22	-21	
Refunds under Renegotiation Act (interest).....905	Exp.	-----	25	-----	-25	(Interest on remaining refunds is covered by balances of prior appropriations.)
<b>Public enterprise funds:</b>						
Reconstruction Finance Corporation liquidation fund.....905						
Limitation on administrative expense.	Exp.	(25) -168	-147	-89	58	(Volume of activity declines as liquidation continues.)
<b>Intragovernmental funds:</b>						
Administrative operations fund.....905						
Limitation on use of fund.	Exp.	(11,911) -656	(18,150) -400	(21,840) -500	(3,690) -100	(Increase in financing is to provide necessary staff services for GSA programs and programs of other agencies.)
Working capital fund.....905	NOA	-----		200	200	Request would provide additional capital mainly for replacement of obsolete printing and reproduction equipment.
	Exp.	-----	-44	-142	88 230	
Total, general activities.....	NOA	1,715	1,803	2,060	257	
	Exp.	740	1,117	1,381	264	
Subtotal.....	NOA	623,396	632,230 ^ 3,350	633,762	-1,818	
	Exp.	465,896	553,002 ^ 3,350	579,238	22,886	
Less: Court facilities and furnishings items transferred to The Judiciary Chapter (contra) .905	NOA	1,584	1,031	1,464	433	
	Exp.	1,514	1,377	1,532	155	
Total, General Services Administration.	NOA	621,812	631,199 ^ 3,350	632,298	-2,251	
	Exp.	464,382	551,625 ^ 3,350	577,706	22,731	

^ Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
HOUSING AND HOME FINANCE AGENCY						
<b>OFFICE OF THE ADMINISTRATOR</b>						
<b>General and special funds:</b>						
Salaries and expenses.....551	NOA	14,565	15,322	16,915	1,593	Increase provides additional staff in supervision and coordination activities and in the planning advances and urban renewal programs. The appropriation will be consolidated with \$14 million in administrative funds from other accounts. Nonadministrative expenses (recovered through fees) provide inspection and audit of certain projects and loans.
Limitation on nonadministrative expenses.	Exp.	(3,250)	(3,250)	(3,700)	(450)	
		14,210	15,100	16,500	1,400	
Urban planning grants.....553	NOA	18,000	21,150	<sup>K</sup> 25,000	3,850	Increase will provide expansion in comprehensive planning assistance to States, small cities, and metropolitan and regional areas.
	Exp.	12,389	18,000	20,000	2,000	
Urban studies and housing research.....551	NOA	375	387	1,500	1,113	Increase will provide for expansion of statistical series on housing markets to cover rental and existing housing, and special analytical surveys and studies on housing and urban problems.
	Exp.	243	400	1,200	800	
Administrative expenses, mass transportation demonstrations 553	NOA	200	195	200	5	Estimate provides administrative costs of the existing programs of mass transportation loans and demonstration grants.
	Exp.	190	195	200	5	
Urban transportation assistance (proposed legislation).....553	NOA	-----	-----	<sup>A</sup> 75,000	75,000	Authorization is proposed to finance direct Federal assistance for construction, improvement, and modernization of mass transportation systems. Expenditures under the current transportation program are included under "Public facility loans" and "Urban renewal fund."
	Exp.	-----	-----	<sup>A</sup> 10,000	10,000	
Open-space land grants.....553	NOA	250	262	<sup>L</sup> 12,694	12,432	Previous authorization for grants will be used up in 1965, requiring new appropriations. Increase in number of grants is reflected in higher liquidating appropriation.
Liquidation of contract authorization.	Exp.	(14,750)	(14,738)	(17,306)	(2,568)	
		265	9,000	15,000	6,000	

Low-income housing demonstration programs.....551	NOA	40	43	75	32	Estimate provides for administrative costs of the low-income housing demonstration program. Additional contract authorization is proposed in 1964 to continue grants for testing and demonstration of new and improved methods of housing low-income families.
Contract authorization.....	NOA		<sup>A</sup> 5,000		-5,000	
Liquidation of contract authorization.	Exp.	(2,960) 146	(1,157) 2,000	<sup>M</sup> (5,000) 3,100	(3,843) 1,100	
Farm housing research.....551	Exp.	2				
<b>Public enterprise funds:</b>						
College housing loans (permanent authorization to expend from public debt receipts).....702	NOA	300,000	300,000	300,000		The Housing Act of 1961 authorized \$300 million each in 1962-65 for loans financing student housing and related facilities.
Limitation on administrative expenses.	Exp.	(1,848) 283,574	(1,903) 222,635	(1,900) 208,028	(-3) -14,607	
Public facility loans.....553	NOA	12,534				Appropriations in 1963 were for mass transportation loans. Expenditures include substantial loans for other facilities, financed from 1961 NOA. Increased administrative costs result from higher levels of activity.
Limitation on administrative expenses.	Exp.	(1,188) 30,048	(1,220) 33,915	(1,300) 31,274	(80) -2,641	
Public works planning.....553	NOA	12,000	2,000	<sup>D</sup> 12,000	6,000	Proposed 1964 supplemental is to provide funds for interest-free advances totaling \$15 million, financed in part by repayments and other available funds. In 1965, approvals total \$24 million.
	Exp.	5,864	<sup>A</sup> 4,000 3,528	5,170	1,642	
Revolving fund (liquidating programs): Limitation on administrative expenses.....551	Exp.	(145) -2,014	(135) -1,931	(110) -1,919	(-25) 12	(Decreased administrative costs result from reduced size of investments to be managed and liquidated.)
Urban renewal fund (contract authorization).....553	NOA		<sup>A</sup> 1,400,000		-1,400,000	New legislative authority in 1964 will provide funds for 1965 and 1966. Accelerating progress under existing contracts requires higher payments and higher liquidating appropriation.
Liquidation of contract authorization.	Exp.	(319,766) 173,208	(104,805) 251,567	(265,000) 329,700	(160,195) 78,133	
Community disposal operations.....552	Exp.	-1,160	-2,153	-417	1,736	(Repayments and sales of mortgages will continue to exceed rising expenses of advance preparations to sell properties at Los Alamos, N. Mex.)

<sup>A</sup> Proposed for separate transmittal.

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

<sup>K</sup> Includes \$22,650 thousand to carry out authorizing legislation to be proposed.

<sup>L</sup> Includes \$12,294 thousand to carry out authorizing legislation to be proposed.

<sup>M</sup> Includes \$4,957 thousand 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	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>HOUSING AND HOME FINANCE AGENCY—Continued</b>					
<b>OFFICE OF THE ADMINISTRATOR— Continued</b>					
<b>Public enterprise funds—Continued</b>					
Housing for the elderly fund...551 NOA	70,000	100,000	N 75,000	-25,000	Appropriations in 1965 and balances brought forward from 1964 will allow funds to be reserved for loans amounting to \$100 million in 1965, compared to \$75 million in 1964. Increased 1965 administrative costs result from higher program level.
Limitation on administrative and nonadministrative expenses. Exp.	(744) 18,856	(885) 33,246	(1,150) 49,181	(265) 15,935	
Total, Office of the Administrator. NOA	427,965	439,359	443,384	-1,329,975	
Exp.	535,821	A 1,409,000 585,502	A 75,000 677,017 A 10,000	101,515	
<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION</b>					
Loans to secondary market operations.....551 Exp.	-----	-100,820	-----	100,820	(The trust fund will purchase from Treasury in 1964 the holdings of preferred stock not currently needed as the basis for financing new mortgage purchases.)
Special assistance functions.....551 Exp.	-277,044	-364,513	-313,000	51,513	(Expenditures will rise in 1965 primarily because of increasing purchases of below-market-interest-rate mortgages on rental housing for moderate-income families. New commitments for mortgage purchases will increase by \$155 million to \$500 million. Mortgage sales are estimated at \$350 million (par) in both 1964 and 1965.)

Management and liquidating functions.....551	Exp.	-162,265	-112,782	-74,500	38,282	(Acquisitions of mortgages from the FHA for administration and liquidation will increase by \$155 million (par), but sales of \$170 million (par) and mortgage repayments will continue to produce net receipts for the fund.)
Sale of participations in mortgage pools (proposed legislation).....551	Exp.	-----	-----	<sup>A</sup> -200,000	-200,000	(Legislation is proposed to authorize the sale of participations in pools of mortgages held by FNMA.)
Limitation on administrative expenses.		(8,392)	(8,750)	(8,800)	(50)	
Total, Federal National Mortgage Association.	Exp.	-439,309	-578,115	-387,500 <sup>A</sup> -200,000	-9,385	
<b>FEDERAL HOUSING ADMINISTRATION</b>						
Federal Housing Administration fund (permanent indefinite authorization to expend from corporate debt receipts).....551	NOA	162,413	142,395	-----	-142,395	Decrease results from increased use of private rather than FHA financing of resales of properties acquired as a result of defaults on insured mortgages, and from transfer of \$250 million (par) in mortgages to FNMA for consolidated administration and liquidation. Property acquisitions will continue to rise but are expected to be matched by resales in 1965. Mortgage insurance outstanding is estimated at \$48.4 billion by the end of 1965. Increased application levels, insurance-in-force, and claims activities will require increased administrative support and operating expenses.
Limitation on administrative expenses.		(10,732)	(9,500)	(10,375)	(875)	
Limitation on nonadministrative expenses.	Exp.	(69,305) 134,951	(76,565) 56,511	(79,750) -173,180	(3,185) -229,691	

<sup>A</sup> Proposed for separate transmittal.<sup>N</sup> Includes \$50 million 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		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>HOUSING AND HOME FINANCE AGENCY—Continued</b>						
<b>PUBLIC HOUSING ADMINISTRATION</b>						
Low-rent public housing program:						
Annual contributions.....	552 NOA	180,000	197,000	214,000	17,000	Increase primarily reflects approximately 27,000 additional units receiving contributions for the first time under contracts previously executed.
Administrative expenses.....	552 NOA	14,882	15,484	16,670	1,186	Administrative expenses rise with the heavier management workload.
Limitation on administrative expenses.		(14,882)	(15,484)	(16,670)	(1,186)	
Limitation on nonadministrative expenses.	Exp.	(1,224)	(1,420)	(1,605)	(185)	(Increase will cover inspection of increased construction activity and permit acceleration of repair and maintenance at 3 federally owned and operated projects.)
		178,867	148,441	222,713	74,272	
Total, Public Housing Administration.	NOA	194,882	212,484	230,670	18,186	
	Exp.	178,867	148,441	222,713	74,272	
Total, Housing and Home Finance Agency.	NOA	785,259	794,238	674,054	-1,454,184	
	Exp.	410,330	<sup>A</sup> 1,409,000	<sup>A</sup> 75,000		
			212,339	339,050	-63,289	
				<sup>A</sup> -190,000		

<sup>A</sup> Proposed for separate transmittal.

# NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

<b>General and special funds:</b>						
Research and development.....	251 NOA	2,929,407	3,909,615	D 4,382,000	331,385	The 1964 supplemental is to regain in part the slippage in schedules in the manned lunar landing program resulting from reductions in the 1964 appropriations. The increase in 1965 is for continuing manned space flight programs required for achieving a manned lunar landing by the end of the decade. Effort on meteorological and communications satellites will continue at a slightly lower level than in 1964. Effort will continue on unmanned investigations of the lunar and planetary environments. Aeronautics research will continue in support of civil and military requirements with increased emphasis in the supersonic transport program. Funding is also included for supporting research and for the operation of worldwide tracking and data acquisition networks to meet increased flight program requirements.
	Exp.	2,308,384	A 141,000 3,495,000 A 25,000	3,805,000 A 100,000	385,000	
Construction of facilities.....	251 NOA	743,634	673,500	D 281,000	—392,500	Facilities required for the manned lunar landing program have been largely funded in prior years. The major portion of the 1965 funds is to provide further facilities for the manned space flight program, including the Saturn V launch complex and supporting facilities.
	Exp.	225,267	475,000	520,000	45,000	
Administrative operations.....	251 NOA	-----	516,851	D 641,000	124,149	Additional amount provides for heavier workload at NASA installations to support manned space flight and other programs.
	Exp.	-----	405,000	565,000	160,000	
Salaries and expenses.....	251 Exp.	18,695	-----	-----	-----	
Total, National Aeronautics and Space Administration.	NOA	3,673,041	5,099,966	5,304,000	63,034	
	Exp.	2,552,347	A 141,000 4,375,000 A 25,000	4,890,000 A 100,000	590,000	

<sup>A</sup> Proposed for separate transmittal.

<sup>D</sup> 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		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>VETERANS ADMINISTRATION</b>						
<b>General and special funds:</b>						
General operating expenses . . .	805 NOA	161,245	159,710	156,524	-3,186	Reduction reflects declining workloads, increased productivity and transfers of costs of tort claim settlements and burial flags to the Compensation and pensions appropriation. Decreases are offset in part by mandatory salary reform costs.
	Exp.	158,443	162,000	155,000	-7,000	
Medical administration and miscellaneous operating expenses	NOA	13,982	14,800	14,915	115	Increase provides for mandatory salary reform costs.
804	Exp.	16,576	15,076	14,000	-1,076	
Medical and prosthetic research	NOA	30,500	33,742	36,987	3,245	Increase provides for program growth consistent with 10-year planned objective.
804	Exp.	26,534	34,300	35,905	1,605	
Medical care . . . . .	804 NOA	1,048,142	1,081,170	1,115,935	24,186	Supplemental in 1964 is for wage board increases. The 1965 estimate provides for mandatory salary reform costs; activation of 2,000 nursing home beds; activation of the new Washington, D.C., hospital; completing activation of a new restoration center at East Orange, N.J.; increased maintenance and repair requirements; establishing 5 new day care centers; increased utilization of utilities, drugs and medical supplies; and increases in medical and dental fees for home-town care.
	Exp.	1,035,762	1,105,299 ^ 9,865	1,109,571 ^ 714	-4,879	
Compensation and pensions:						
(Veterans service-connected compensation) . . . . .	801 NOA	2,117,179	2,121,381	2,121,488	107	Increases include new cost-of-living increases in dependency and indemnity payments to widows, parents, and children, offset mainly by decreases due to deaths of World War I and World War II veterans and transfers to pension rolls.
	Exp.	2,116,179	2,126,000	2,120,000	-6,000	
(Veterans non-service-connected pensions) . . . . .	802 NOA	1,699,952	1,738,585	1,778,160	39,575	Increase arises mainly in caseloads among World War II and Korean conflict veterans and among survivors of veterans of World War I and World War II.
	Exp.	1,698,390	1,743,000	1,777,000	34,000	

(Other veterans benefits and services).....805	NOA Exp.	56,869 56,869	61,034 60,000	63,352 63,000	2,318 3,000	Increase includes tort claims and burial flags (previously programed under "General operating expenses") and subsistence allowance to disabled peacetime ex-servicemen undergoing vocational rehabilitation.
Readjustment benefits.....803	NOA Exp.	95,800 95,600	67,000 64,600	39,600 43,600	-27,400 -21,000	Reduced requirements result primarily from the phasing out of Korean conflict readjustment trainees by Jan. 31, 1965, as provided by law.
Veterans insurance and indemnities.....805	NOA	32,000	30,200	13,700	-16,500	Decreases result principally from phaseout of indemnities paid to survivors of veterans and servicemen deceased during the Korean conflict.
Permanent, indefinite, special fund.	NOA Exp.	682 33,987	800 28,600	800 21,700	-6,900	Permanent NOA is premium receipts on policies issued to certain disabled veterans of World War II.
Grants to the Republic of the Philippines.....804	NOA Exp.	350 301	310 310	310 310	-----	Estimate is for medical care and treatment of daily average of 180 Philippine Commonwealth Army veterans.
Construction of hospital and domiciliary facilities.....804	NOA Exp.	77,000 65,752	76,796 5,000 74,500 500	102,000 80,500 4,500	20,204 10,000	Supplemental in 1964 is for alterations of existing hospitals to provide 2,000 nursing home beds. Proposal for 1965 is the fifth-year increment of a 15-year \$1,200 million modernization program. Includes \$6.4 million for construction and planning research facilities.
Construction—Corregidor-Bataan Memorial.....805	NOA Exp.	-----	1,500 150	-----	-1,500 350	Supplemental in 1964 is for construction of a recently authorized memorial on Corregidor to those who fought in the Pacific area in World War II.
<b>Public enterprise funds:</b>						
Canteen service revolving fund 805	Exp.	-751	167	304	137	(Receipts of \$49 million from canteen sales to hospital patients and staff approximately offset expenses.)
Direct loan to veterans and reserves (authorization to expend from debt receipts): 803						
Permanent.....	NOA	200,000	150,000	150,000	-150,000	Loans decrease as World War II veterans entitlement runs out. Sale of loans and other unobligated balances eliminate need for borrowings from the Treasury. Permanent NOA of \$150 million which would otherwise become available for 1965 is proposed for cancellation.
Current.....	NOA Exp.	-86,187	-69,000	-150,000 -171,000	-102,000	
Loan guaranty revolving fund 803	Exp.	-22,922	10,000	-63,000	-73,000	(Receipts, primarily from planned sale of mortgage notes, are expected to more than offset expenditures.)
Sale of participations in mortgage pools (proposed legislation) 803	Exp.	-----	-----	100,000	-100,000	(Legislation is proposed to authorize the sale of participations in pooled mortgage loans.)

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>VETERANS ADMINISTRATION—Continued</b>						
<b>Public enterprise funds—Continued</b>						
Rental, maintenance and repair of quarters.....	Exp. 805	2	-----	-----	-----	(Receipts from rental housing offset maintenance costs.)
Service-disabled veterans insurance fund.....	Exp. 805	-102	-34	27	61	(Receipts from premiums and the insurance and indemnities appropriation approximately cover expenditures of \$9.3 million, mainly death claims.)
Soldiers' and sailors' civil relief.....	Exp. 803	23	37	16	-21	(A small volume of claims will be partly offset by repayments.)
Veterans special term insurance fund.....	Exp. 805	-19,840	-15,739	-25,406	-9,667	(Increased net receipts result primarily from the completion of payment in 1964 of the special dividend authorized by Public Law 87-223.)
Vocational rehabilitation revolving fund.....	Exp. 805	-8	2	-----	-2	(Repayment of loans to trainees are expected to cover new loans.)
<b>Intragovernmental funds:</b>						
Supply fund.....	Exp. 805	-1,784	-815	-901	-86	(Fund is estimated to net near zero on a volume of \$183.7 million.)
Total, Veterans Administration.	NOA	5,533,700	5,535,528	5,443,771	-108,836	
	Exp.	5,172,823	5,338,303	5,160,626	-282,478	
			<sup>A</sup> 17,079	<sup>A</sup> -94,286		
			<sup>A</sup> 10,515			
<b>OTHER INDEPENDENT AGENCIES</b>						
<b>ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS</b>						
<b>General and special funds:</b>						
Salaries and expenses.....	NOA 910	375	385	395	10	This Commission brings together representatives of Federal, State, and local Governments for studies of intergovernmental cooperation.
	Exp.	412	380	393	13	

**ALASKA INTERNATIONAL RAIL AND  
HIGHWAY COMMISSION**

Salaries and expenses.....506 Exp.

-1

(The Commission made its final report to the Congress in 1961.)

**AMERICAN BATTLE MONUMENTS  
COMMISSION**Salaries and expenses.....805 NOA  
Exp.1,580  
1,4731,800  
1,8171,800  
1,900

83

Level of maintenance is expected to remain at about the 1964 level.

Construction of memorials and  
cemeteries.....805 Exp.

353

183

-183

(Account is available only to pay old obligations.)

Total, American Battle Mon- NOA  
uments Commission. Exp.1,580  
1,8261,800  
2,0001,800  
1,900

-100

**CENTRAL INTELLIGENCE AGENCY**

Construction.....905 Exp.

1,722

922

-922

(Construction will be completed with use of unexpended balances.)

**CIVIL AERONAUTICS BOARD**Salaries and expenses.....508 NOA  
Exp.9,425  
9,37410,240  
9,52210,800  
10,000560  
478

Increases are primarily to strengthen the aircraft accident investigation program.

Payments to air carriers:  
Contract authorization (perma- NOA  
nent, indefinite).....501

82,740

87,656

84,024

-3,632

Airline subsidy obligations are expected to decline in 1965.

Liquidation of contract authori-  
zation.

(82,864)

(79,000)

(82,824)

(-1,176)

(Supplemental in 1964 is for funds to meet additional authorized contractual payments. Appropriation for 1965 liquidates that part of subsidy contract obligations for which payments are due during the year.)

Exp.

81,857

80,478  
A 5,000

82,824

-2,654

Total, Civil Aeronautics NOA  
Board. Exp.92,165  
91,23197,896  
90,000  
A 5,00094,824  
92,824-3,072  
-2,176

A Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>CIVIL SERVICE COMMISSION</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses-----906 NOA	22,141	21,805	22,187	382	Mandatory salary reform costs are partly offset by decreases resulting from productivity improvement. Provision is also made for purchase of a computer in lieu of rental.
Exp. NOA	22,071	22,784	21,992	-792	
Investigation of United States NOA	600	600	634	34	Increase in 1965 results from expanded workload and mandatory salary reform costs.
citizens for employment by in- Exp.	459	579	633	54	
ternational organizations....908					
Annuities under special acts...906 NOA	2,000	1,800	1,700	-100	Panama Canal construction annuitants are estimated to drop from 1,518 to 1,347; Lighthouse Service widows from 425 to 423.
Exp. NOA	1,862	1,837	1,714	-123	
Government payment for annui- NOA	5,166	9,500	10,664	1,164	On June 30, 1963, 116 thousand eligibles were enrolled; increases to 157 thousand in 1964 and to 201 thousand in 1965 are expected.
tants, employees health benefits Exp.	6,789	9,500	10,664	1,164	
fund-----906					
<b>Trust fund:</b>					
Limitation on administrative ex- (1,099)	(1,125)	(1,151)	(26)	(26)	(Increase will provide for additional eligibility determinations and mandatory salary reform costs.)
penses, employees health bene- (1,125)	(1,151)	(26)	(26)	(26)	
fits fund.					
<b>General and special funds:</b>					
Government contribution, retired NOA	8,000	14,800	14,840	40	Increase includes amount to pay mandatory contributions unpaid in 1964.
employees health benefits fund					
906					
Reappropriation----- NOA	5,200	14,800	14,840	40	
Exp. NOA	13,200	14,800	14,840	40	

<b>Trust fund:</b>						
Limitation on administrative expenses, retired employees health benefits fund.		(388)	(392)	(348)	(-44)	(Administrative expense will decrease with drop in number of estimated participants from 236 to 232 thousand.)
<b>General and special funds:</b>						
Payment to civil service retirement and disability fund.....906	NOA	30,000	62,000	65,000	} -62,000	Estimate is to pay costs of additional benefits granted in 1963. Pending legislation to provide permanent financing would eliminate the need for an appropriation in 1965.
	Exp.	30,000	62,000	<sup>A</sup> -65,000		
				<sup>A</sup> -65,000		
<b>Trust fund:</b>						
Limitation on administrative expenses, employees life insurance fund.		(264)	(270)	(277)	(7)	(Increased participation under regular insurance program is partly offset by decrease in beneficial association members.)
<b>Intragovernmental funds:</b>						
Investigations (revolving fund) 906	Exp.	-699	632	-343	-975	(Decrease in expenditures reflects decreases in investigations in process that will not be completed by the end of 1965.)
Total, Civil Service Commission.	NOA	73,107	110,505	115,025	} -60,480	
	Exp.	73,683	112,132	<sup>A</sup> -65,000 114,500 <sup>A</sup> -65,000		
<b>COMMISSION OF FINE ARTS</b>						
<b>General and special funds:</b>						
Salaries and expenses.....555	NOA	83	91	161	70	Estimate provides for mandatory salary reform costs, increased travel costs, consultant services, and equipment.
	Exp.	82	91	161	70	
<b>COMMISSION ON CIVIL RIGHTS</b>						
Salaries and expenses.....908	NOA	960	985	<sup>o</sup> 985	-----5	Estimate will continue program at about 1964 level.
	Exp.	1,046	970	965		

<sup>A</sup> Proposed for separate transmittal.<sup>o</sup> Includes \$555 thousand to carry out legislation pending in Congress.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses.....910 NOA	10				
Exp.	3	7		—7	(This Commission expired on Dec. 31, 1963.)
<b>EXPORT-IMPORT BANK OF WASHINGTON</b>					
<b>Public enterprise funds:</b>					
Export-Import Bank of Washing- ton fund.....152	(1,295,000)	(1,314,366)		(—1,314,366)	
Limitation on operating ex- penses.	(3,123)	(3,500)	(3,825)	(325)	
Limitation on administrative expenses. Exp.	—391,547	—648,981	—855,914	—206,933	(Disbursements will be exceeded by loan repayments, sales of certificates and individual loan maturities with recourse, and other receipts.)
Liquidation of certain Reconstruc- tion Finance Corporation assets 152 Exp.	—3	—1,250		1,250	(Completion of liquidation is anticipated in 1964.)
Total, Export-Import Bank of Washington. Exp.	—391,550	—650,231	—855,914	—205,683	
<b>FARM CREDIT ADMINISTRATION</b>					
<b>General and special funds:</b>					
Administrative expenses (perma- NOA nent, indefinite, special fund).....352	2,564	2,785	2,876	91	Activity is financed by assessments collected from the banks in the farm credit system. No significant change in administrative services is contemplated. The increase in 1965 is for mandatory salary reform costs.
Limitation on administrative ex- penses. Exp.	(2,632) 2,567	(2,785) 2,785	(2,876) 2,876	(91) 91	

<b>Public enterprise funds:</b>						
Short-term credit investment fund	Exp.	13,310	9,920	9,900	-20	(Expenditures represent Government investment in Federal intermediate credit banks and production credit associations.)
352						
Banks for cooperatives investment fund	Exp.	-11,980	-13,927	-11,750	2,177	(Negative expenditures represent a return of capital previously invested in banks for cooperatives.)
352						
Total, Farm Credit Administration.	NOA	2,564	2,785	2,876	91	
	Exp.	3,898	-1,222	1,026	2,248	
<b>FEDERAL COAL MINE SAFETY BOARD OF REVIEW</b>						
<b>General and special funds:</b>						
Salaries and expenses	NOA	70	65	70	5	Increase is primarily for mandatory salary reform costs.
652	Exp.	59	65	70	5	
<b>FEDERAL COMMUNICATIONS COMMISSION</b>						
Salaries and expenses	NOA	14,951	15,584	16,610	1,026	Increase provides for more intensive enforcement activities in the field and regulation of common carriers in greater depth.
508	Exp.	14,088	16,000	16,400	400	
<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 expenses.	Exp.	(13,619)	(15,230)	(17,333)	(2,103)	(Expenses are paid from fees, charges, and assessments—primarily by member institutions and the Federal home loan banks. Limitation increases in 1965 primarily because of mandatory salary reform costs and transfer of certain functions from the Corporation.)
		-119	-67	-28	39	
Federal Savings and Loan Insurance Corporation fund						
551						
Limitation on administrative expenses.	Exp.	(1,161)	(1,315)	(225)	(-1,090)	(Premiums and other receipts will continue to increase, while acquisition of assets from insured institutions will decrease, causing a rise in net revenues. Administrative expenses decrease because of transfer of certain functions to Federal Home Loan Bank Board revolving fund.)
		-263,543	-250,151	-348,838	-98,687	



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>FEDERAL HOME LOAN BANK BOARD—</b> Continued					
<b>Public enterprise funds—Continued</b>					
Home Owners' Loan Corporation Exp. fund.....551	1	1	1	-----	(Only expenditures are for interest on matured bonds.)
Total, Federal Home Loan Exp. Bank Board.	—263,661	—250,217	—348,865	—98,648	
<b>FEDERAL MARITIME COMMISSION</b>					
<b>General and special funds:</b>					
Salaries and expenses.....508 NOA	2,267	2,575	3,300	725	Increase is to provide for expanding caseload and for development of economic data for evaluating shipping rates and practices.
Exp.	2,142	2,586	3,100	514	
<b>FEDERAL MEDIATION AND CONCILIATION SERVICE</b>					
Salaries and expenses.....652 NOA	5,189	5,687	6,100	413	Increase will permit greater efforts to avoid disputes through preventive mediation.
Exp.	5,052	5,650	6,050	400	
<b>FEDERAL POWER COMMISSION</b>					
Salaries and expenses.....401 NOA	11,007	11,850	13,335	1,485	Backlog of natural gas producer rate cases will be reduced as first area rate case is completed. Regulation of interstate electric power rates will be strengthened.
Exp.	10,653	12,171	13,310	1,139	

Payments to States under Federal Power Act (permanent, indefinite, special fund).....401	NOA Exp.	98 58	89 98	89 89	----- -9	States receive 37.5% of license receipts from hydroelectric projects in national forests and public lands.
Total, Federal Power Commission.	NOA Exp.	11,105 10,712	11,939 12,269	13,424 13,399	1,485 1,130	
<b>FEDERAL TRADE COMMISSION</b>						
Salaries and expenses.....508	NOA Exp.	11,472 11,515	12,215 11,900	13,270 12,900	1,055 1,000	Increase provides for compliance investigations, expanded enforcement activity under textile and fur statutes, greater emphasis on industry guidance, and mandatory salary reform costs.
<b>FOREIGN CLAIMS SETTLEMENT COMMISSION</b>						
Salaries and expenses.....151	NOA Exp.	738 514	1,414 1,468	1,700 1,728	286 260	Increase results from rise in General War Claims workload from 3 thousand in 1964 to 8.5 thousand in 1965.
Payment of Philippine war damage claims.....151	NOA Exp.	73,000 290	21,832	17,505	----- -4,327	Transfer of \$20 million of unobligated balance will be made for the Philippine education program in 1965. Expenditures in 1965 will complete the claims program.
Total, Foreign Claims Settlement Commission.	NOA Exp.	73,738 804	1,414 23,300	1,700 19,233	286 -4,067	
<b>GENERAL ACCOUNTING OFFICE</b>						
Salaries and expenses.....904	NOA Exp.	43,898 42,294	45,691 46,294	47,200 47,035	1,509 741	Increase is primarily for mandatory salary reform costs and extended audit coverage.
<b>HISTORICAL AND MEMORIAL COMMISSIONS</b>						
Civil War Centennial Commission.....910	NOA Exp.	100 97	100 103	100 100	----- -3	(Expenditure activity will decline slightly.)
Corregidor-Bataan Memorial Commission.....805	NOA Exp.	----- -----	<sup>A</sup> 11 <sup>A</sup> 11	25 25	14 14	Supplemental in 1964 is for planning for the memorial Estimate in 1965 will continue the work of the Commission.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>HISTORICAL AND MEMORIAL COMMISSIONS—Continued</b>					
<b>General and special funds—Continued</b>					
Franklin Delano Roosevelt Me- morial Commission.....910	NOA 25				
Exp.	2	25		-25	(The Commission is expected to complete its work under the 1963 NOA.)
James Madison Memorial Com- mission.....910	Exp. 1				(No activity is expected in 1965.)
United States Territorial Exp- ansion Memorial Commission..910	Exp. -----	4		-4	(The Commission is concerned with the Jefferson National Expansion Memorial, St. Louis, Mo.)
Woodrow Wilson Memorial Com- mission.....910	NOA 10				
Exp.	-----	10		-10	(The Commission is expected to complete its work under the 1963 authorization.)
Total, historical and memorial commissions.	NOA 135	100	125	14	
Exp.	100	111 142 111	125	-28	
<b>INDIAN CLAIMS COMMISSION</b>					
Salaries and expenses.....902	NOA 297	297	313	16	
Exp.	269	290	305	15	Increase is primarily for mandatory salary reform costs.
<b>INTERSTATE COMMERCE COMMISSION</b>					
Salaries and expenses.....508	NOA 23,500	24,669	25,850	1,181	
Exp.	23,519	24,000	25,000	1,000	Increases are for additional workload arising from growth of the regulated motor carrier industry.

NATIONAL CAPITAL HOUSING AUTHORITY						
Operation and maintenance of properties.....	NOA Exp.	40 40	43 43	37 37	—6 —6	Decrease results from demolition in 1964 of 23 existing low-rent housing units. Receipts (\$39 thousand in 1965) are deposited in the general fund.
NATIONAL CAPITAL PLANNING COMMISSION						
Salaries and expenses.....	NOA Exp.	632 586	650 725	774 774	124 49	Estimate provides for staff to deal with increased workload, publication of comprehensive plans, increased travel and communication costs, and mandatory salary reform costs.
Land acquisition, National Capital park, parkway, and playground system.....	NOA Exp.	100 1,296	— 1,615	— 500	— —1,115	
Total, National Capital Plan- ning Commission.	NOA Exp.	732 1,882	650 2,340	774 1,274	124 —1,066	
NATIONAL CAPITAL TRANSPORTA- TION AGENCY						
Salaries and expenses.....	NOA Exp.	2,893 2,290	1,000 900	500 500	—500 —400	Employment will be reduced pending enactment of legislation providing for rapid transit for the National Capital region.  (Funds have been appropriated for advance acquisition of rights-of-way for rapid transit facilities.)
Land acquisition and construc- tion.....	NOA Exp.	400 33	— —	— —	— —	
Total, National Capital Transportation Agency.	NOA Exp.	3,293 2,323	1,000 900	500 500	—500 —400	
NATIONAL LABOR RELATIONS BOARD						
Salaries and expenses.....	NOA Exp.	20,966 20,945	22,422 22,435	25,250 24,962	2,828 2,527	Estimate reflects continuing increases in unfair labor practices caseload and in representation petitions.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>NATIONAL MEDIATION BOARD</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses.....652 NOA	1,939	1,950	1,970	20	Increase is primarily for mandatory salary reform costs.
Exp.	1,812	1,948	1,968	20	
<b>NATIONAL SCIENCE FOUNDATION</b>					
Salaries and expenses.....703 NOA	322,476	353,000	487,700	134,700	Includes increase to emphasize science education (by 32%), institutional development and improvement (by 88%), and basic research (by 18%).
Exp.	206,858	259,953	301,700	41,747	
International Geophysical Year... Exp.	-5	47	-----	-47	(Expenditures under prior obligations will be complete in 1964.)
703					
<b>Intragovernmental funds:</b>					
Advances and reimbursements.703 Exp.	-480	-----	-----	-----	
Total, National Science Found- NOA	322,476	353,000	487,700	134,700	
dation. Exp.	206,372	260,000	301,700	41,700	
<b>OUTDOOR RECREATION RESOURCES REVIEW COMMISSION</b>					
<b>General and special funds:</b>					
Salaries and expenses.....405 Exp.	88	13	-----	-13	(The Commission's work has been completed.)
<b>PARTICIPATION IN INTERSTATE- FEDERAL COMMISSIONS</b>					
Delaware River Basin Commission:					
Salaries and expenses.....401 NOA	34	38	39	1	This appropriation provides for the expenses of the U.S. Commissioner, his alternate, and their staff.
Exp.	30	38	39	1	

Contribution to the Delaware River Basin Commission . 401	NOA Exp.	80 100	117 117	92 92	-25 -25	The amount recommended is the Federal share (24.2%) of the net annual expense budget as adopted for 1965 by the Commission.
Total, Delaware River Basin Commission.	NOA Exp.	114 130	155 155	131 131	-24 -24	
Interstate Commission on the Potomac River Basin: Contribution.....555	NOA Exp.	5 5	5 5	5 5	----- -----	
Total, participation in interstate-Federal commissions.	NOA Exp.	119 135	160 160	136 136	-24 -24	
<b>PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY</b>						
President's Advisory Committee on Labor-Management Policy 652	NOA Exp.	300 120	200 120	200 120	----- -----	No change in the level of activities is anticipated.
<b>RAILROAD RETIREMENT BOARD</b>						
Payment for military service credits.....655	NOA Exp.	-----	-----	13,834 13,834	13,834 13,834	Estimate is first of proposed 10 annual installments to pay amount due the account for military service of railroad workers.
Payment to railroad unemployment insurance account.....652	Exp.	-601	-----	-----	-----	(Program of temporary extended benefits has expired.)
<b>Trust fund:</b> Limitation on salaries and expenses.		(9,906)	(11,065)	(10,560)	(-505)	(Claims from railroad workers and numbers of beneficiaries are expected to increase. Increases in productivity and decline in the number of industry workers result in a decrease.)
<b>RENEGOTIATION BOARD</b>						
<b>General and special funds:</b> Salaries and expenses.....904	NOA Exp.	2,446 2,325	2,550 2,500	2,600 2,625	50 125	Provides for mandatory salary reform costs. The Renegotiation Act expires on June 30, 1964, but this will have no effect on the work of the Board until later years. Legislation to extend will be proposed.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION</b>					
<b>Public enterprise funds:</b>					
St. Lawrence Seaway Develop- ment Corporation fund.....502					
Limitation on administrative expenses. Exp.	(424) 1,437	(429) 1,000	(450) 1,500	(21) 500	(Operating costs, interest, and some additional construction will be financed from revenues of \$4.5 million and borrowing of \$1.5 million from the Treasury.)
<b>SECURITIES AND EXCHANGE COMMISSION</b>					
<b>General and special funds:</b>					
Salaries and expenses.....508 NOA	13,219	13,933	15,225	1,292	Increases emphasis on investigations and enforcement; provides more frequent inspections of investment companies and investment ad- visers; and includes mandatory salary reform costs.
Exp.	13,207	14,200	15,100	900	
<b>SELECTIVE SERVICE SYSTEM</b>					
Salaries and expenses.....059 NOA	37,569	37,705	43,020	5,315	Increase reflects mandatory salary reform costs and higher workloads. Registrations will increase 38% from 1,526 to 2,110 thousand.
Exp.	34,489	37,230	42,350	5,120	
<b>SMALL BUSINESS ADMINISTRATION</b>					
Salaries and expenses.....506 NOA	5,879	6,972	7,476	504	Increase provides for mandatory salary reform cost and for full-year cost of personnel added during 1964.
Limitation to be derived from revolving fund.	(27,500)	(27,800)	(29,193)	(1,393)	(Increase provides for mandatory salary reform cost and for full year cost of personnel added during 1964.)

Limitation to be derived from trade adjustment loan assistance.	Exp.	4,849	(30) 7,144	(100) 7,313	(70) 169	(Administrative costs of trade adjustment loan program rise as program activity grows.)
Trade adjustment loan assistance.....506	NOA Exp.		1,500 25	500	-1,500 475	Program will be funded from available balances of 1964 appropriation.
Grants for research and management counseling.....506	Exp.	161	341		-341	(Old obligations are expected to be fully liquidated in 1964.)
<b>Public enterprise funds:</b>						
Revolving fund.....506	NOA Exp.	300,000 137,368	90,000 133,649		-90,000 27	Higher program level in 1965 will be financed entirely by repayments, sales, and available balances.
Reconstruction Finance Corporation liquidation fund.....506	Exp.	40				(Balance has been transferred to preceding fund.)
<b>Intragovernmental funds:</b>						
Advances and reimbursements.....506	Exp.	-11				
Total, Small Business Administration.	NOA Exp.	305,879 142,407	98,472 141,159	7,476 141,489	-90,996 330	
<b>SMITHSONIAN INSTITUTION</b>						
<b>General and special funds:</b>						
Salaries and expenses.....704	NOA	11,000	13,124 A 112	14,794	1,558	Supplemental in 1964 is for wage board pay increases. Estimate in 1965 provides for mandatory salary reform costs, staffing of the new Museum of History and Technology and the east wing of the Natural History Building, and broadened scientific effort.
	Exp.	10,509	13,035 A 110	14,501 A 2	1,358	
Remodeling of Civil Service Commission Building.....704	NOA Exp.		5,465 1,404	1,000 2,246	-4,465 842	Provides for remodeling of the building as an art gallery.
Construction and improvements, National Zoological Park.....704	NOA Exp.	1,275 90	1,275 1,500	1,776 2,200	501 700	Provides for replacement of exhibits, additional parking, extension of utilities, modernization of sewage system, and planning.

A Proposed for separate transmittal.



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>SMITHSONIAN INSTITUTION—Con.</b>					
<b>General and special funds—Continued</b>					
National Air Museum.....704 NOA		511	1,364	853	The Institution will complete planning for a National Air Museum Building.
Exp.		425	1,411	986	
Salaries and expenses, National NOA	2,114	2,138	2,147	-29	The estimate provides for workload increases, maintenance of building and equipment, and mandatory salary reform costs. Repairs to glass roof, from prior years' NOA, will be completed in 1965.
Gallery of Art.....704		<sup>A 38</sup>			
Exp.	2,006	2,140	2,284	106	
		<sup>A 38</sup>			
Additions to the Natural History Exp.	1,949	3,358	5,085	1,727	(Construction of the east wing was completed in 1963. Construction of the west wing, with balances of prior NOA, is scheduled for 1964.)
Building.....704					
Museum of History and Technol- Exp.	5,509	4,108	324	-3,784	(The building will be completed in 1964.)
ogy.....704					
<b>Intragovernmental funds:</b>					
Advances and reimbursements, Exp.	-27	41	41		
Smithsonian Institution....704					
Total, Smithsonian Institu- NOA	14,389	22,513	21,081	-1,582	
tion.		<sup>A 150</sup>			
Exp.	20,204	26,011	28,092	1,935	
		<sup>A 148</sup>	<sup>A 2</sup>		
<b>SUBVERSIVE ACTIVITIES CONTROL BOARD</b>					
<b>General and special funds:</b>					
Salaries and expenses.....908 NOA	395	425	475	50	Increase will finance mandatory salary reform costs.
Exp.	338	444	475	31	

**TARIFF COMMISSION**Salaries and expenses.....151 NOA  
Exp.2,950  
2,7673,145  
3,1043,324  
3,310179  
206Increase anticipates larger number of public investigations, and work on  
Summaries of Tariff Information.**TAX COURT OF THE  
UNITED STATES**Salaries and expenses.....904 NOA  
Exp.1,803  
1,7701,890  
1,8701,960  
2,00470  
134

Increase is primarily for mandatory salary reform costs.

**TENNESSEE VALLEY AUTHORITY****Public enterprise funds:**Tennessee Valley Authority fund:  
Power proceeds and borrow-  
ings.....401 Exp.

14,943

10,000

17,500

7,500

(Power revenues of \$295 million, together with \$75 million from revenue  
bonds will be used to finance power operations and a \$137 million  
investment in power system facilities, including construction on a  
900,000-kilowatt power unit. Payment to the general fund will  
include \$10 million for reduction of investment and a dividend of  
\$42.2 million. Returns to the general fund and revenue bond  
proceeds do not effect net expenditures.)Appropriations and nonpower NOA  
proceeds.....401 Exp.35,071  
38,50647,142  
47,00050,915  
50,0003,773  
3,000An appropriation of \$50.9 million and \$25.0 million of other receipts will  
finance all operating costs except power operations and provide  
\$36.0 million for construction of navigation, chemical, and other non-  
power facilities. Increases are principally for added capital outlay,  
including second year construction on Nickajack dam and lock.Total, Tennessee Valley NOA  
Authority. Exp.35,071  
53,44947,142  
57,00050,915  
67,5003,773  
10,500**UNITED STATES ARMS CONTROL  
AND DISARMAMENT AGENCY****General and special funds:**Arms control and disarmament NOA  
activities.....151 Exp.6,500  
2,3337,500  
7,41011,000  
9,2003,500  
1,790

Increase will provide for additional contractual research.

A Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>OTHER INDEPENDENT AGENCIES—Continued</b>					
<b>UNITED STATES INFORMATION AGENCY</b>					
<b>General and special funds—Continued</b>					
Salaries and expenses-----153 NOA	123,090	133,882	143,800	9,918	Increase will provide \$4.9 million for expansion of oversea programs and \$3.1 million for support of worldwide television, motion picture, radio, press and publications, and information center activities.
Exp.-----153	121,465	125,500	136,800	11,300	
Salaries and expenses (special for- NOA	8,500	11,750	8,200	-3,550	Currencies excess to U.S. needs supplement the appropriation immediately above and are used to pay local expenses.
foreign currency program)-----153 Exp.	10,099	11,000	11,200	200	
Special international exhibitions NOA	7,600	7,200	7,200	-----	Estimate covers exhibits at international fairs, trade missions to promote Amercian exports, labor missions, and special exhibits in the Soviet Union, East Europe, Sao Paulo, and Venice.
153 Exp.	6,770	7,332	6,715	-617	
Special international exhibitions NOA	375	450	450	-----	Currencies excess to U.S. needs supplement the appropriation immediately above and are used to pay local expenses.
(special foreign currency pro- Exp.	524	518	485	-33	
gram)-----153					
Acquisition and construction of NOA	16,150	12,070	15,116	3,046	Estimate for 1965 is largely to complete new transmitting facility in Greece.
radio facilities-----153 Exp.	14,756	14,150	15,250	1,100	
<b>Public enterprise funds:</b>					
Informational media guarantee NOA	1,000	750	1,000	250	Estimate will maintain the program at about the 1964 level of guarantees.
fund-----153 Exp.	1,850	1,781	1,077	-704	
<b>Total, United States Informa- NOA</b>	<b>156,715</b>	<b>166,102</b>	<b>175,766</b>	<b>9,664</b>	
<b>tion Agency. Exp.</b>	<b>155,463</b>	<b>160,281</b>	<b>171,527</b>	<b>11,246</b>	

# U.S. STUDY COMMISSION— SOUTHEAST RIVER BASINS

## General and special funds:

Salaries and expenses.....	401	NOA	552			
		Exp.	669	167		-167

(Final report was submitted to the President on Sept. 24, 1963. The Commission ceased to exist on Dec. 23, 1963.)

# U.S. STUDY COMMISSION—TEXAS

Salaries and expenses: Reappropriation.....	401	NOA	237			
		Exp.	106	7		-7

(Final report was submitted to the President on May 28, 1962. The Commission ceased to exist on Aug. 28, 1962.)

Total, other independent agencies.	NOA	1,285,054	1,115,485	1,207,271	26,625
	Exp.	293,322	187,670	-19,690	-277,517
			<sup>A</sup> 5,159	<sup>A</sup> -64,998	

## DISTRICT OF COLUMBIA

## General and special funds:

Federal payment to District of Columbia (proposed legislation)	NOA	32,899	40,368	53,220	17,652
	555			<sup>A</sup> 4,800	
	Exp.	32,899	40,368	53,220	17,652
				<sup>A</sup> 4,800	

Amount of \$50 million is to help defray expenses of the government of the District and \$3.2 million is for water and sewer services to the Federal Government. Supplemental in 1965 will be authorized by legislation to base the payment on a formula reflecting impact of the Federal Government on the District.

Loans to District of Columbia for capital outlay, general fund.....	NOA	18,700	11,300	8,600	-2,700
	555		15,000	15,000	
	Exp.				

Loans are 30-year-interest-bearing, to assist in constructing facilities.

Loans to District of Columbia for capital outlay, highway fund.....	NOA	1,600		800	800
	555			6,000	4,062
	Exp.	7,500	1,938		

Loans are 30-year-interest-bearing, to assist highway construction.

Loans to District of Columbia for capital outlay, water fund.....	NOA				
	555				
	Exp.	850	3,900	3,000	-900

Loans are 30-year-interest-bearing, to assist water system construction. No new loans are contemplated in 1965.

<sup>A</sup> Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>DISTRICT OF COLUMBIA—Continued</b>					
<b>General and special funds—Continued</b>					
Loans to District of Columbia for capital outlay, sanitary sewage works fund.....555	NOA 3,242 Exp. 2,400	8,000 9,000	5,000 3,500	-3,000 -5,500	Loans are 30-year-interest-bearing, to assist construction of separate storm drainage and sanitary sewers.
Federal contributions and loans to the Metropolitan area sanitary sewage works fund.....555	NOA 2,800 Exp. 14,500	6,000	3,550	-2,450	No appropriation is requested in 1965. Previously authorized contribution (\$3 million) and loans (\$25 million) will complete work in 1964.
Repayable advances to the District of Columbia general fund (per- manent, indefinite).....555	NOA 10,000 Exp. 7,000	-10,000		10,000	Temporary advances are made to avoid sale of investments, with later repayments. No advance is contemplated in 1965.
Advances to stadium sinking fund, Armory Board (permanent, in- definite authorization to expend from debt receipts).....555	NOA 416 Exp. 416	656 -176	-656	-656 -480	Advances are made to meet interest payments on bonds which cannot be met from receipts.
Total, District of Columbia...	NOA 69,657 Exp. 65,565	60,324 66,030	67,620 A 4,800 83,614 A 4,800	12,096 22,384	

## SPECIAL ALLOWANCES

Allowance for attack on poverty....	NOA Exp.		A 500,000 A 250,000	500,000 250,000	Legislation will be proposed to launch a coordinated Federal, State, and local attack on poverty by providing funds to supplement existing and initiate new activities, under comprehensive local community programs.
Allowance for civilian pay compara- bility.	NOA Exp.		A 544,000 A 544,000	544,000 544,000	Proposed legislation would provide for civilian pay scales more nearly comparable with those in private employment.

Allowance for contingencies.....	NOA	-----	<sup>A</sup> 400,000	<sup>A</sup> 500,000	100,000	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.	-----	<sup>A</sup> 250,000	<sup>A</sup> 300,000	50,000	
		-----				
		-----				
Total allowances.....	NOA	-----	<sup>A</sup> 400,000	<sup>A</sup> 1,544,000	1,144,000	
	Exp.	-----	<sup>A</sup> 250,000	<sup>A</sup> 1,094,000	844,000	
		-----				
		-----				

## GRAND TOTALS—ADMINISTRATIVE BUDGET

Total new obligational authority.....	102,283,356	98,316,970 <sup>A</sup> 3,296,472 <sup>B</sup> 866,080 <sup>C</sup> 74,086	100,918,572 <sup>A</sup> 2,870,013	1,234,977
Expenditures:				
Subtotal.....	93,155,196	97,301,169 <sup>A</sup> 909,051 <sup>B</sup> 849,692 <sup>C</sup> 29,472	97,261,645 <sup>A</sup> 1,198,086 <sup>B</sup> 19,603 <sup>C</sup> 20,450	—589,600
Interfund transactions.....	—513,397	—684,565	—599,519	85,046
Total expenditures.....	92,641,799	98,404,819	97,900,265	—504,554

## TRUST FUNDS

LEGISLATIVE BRANCH						
Library of Congress: Gift and trust	NOA	1,630	1,627	1,667	40	Income of the gift fund and other gifts and receipts are devoted to advancing the work of the Library.
fund income accounts.....	704 Exp.	1,723	1,707	1,789	82	
THE JUDICIARY						
Judicial survivors annuity fund...654	NOA	658	680	690	10	Pays annuities to dependents of deceased judges, refunds to former judges and claims of survivors in certain cases.
	Exp.	416	440	440	-----	

<sup>A</sup> Proposed for separate transmittal.<sup>B</sup> Proposed for separate transmittal, Uniformed Services Pay Act of 1963.<sup>C</sup> 1964 appropriation pending in Congress.

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TRUST FUNDS—Continued</b>						
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>						
Agency for International Development trust funds.....	NOA 152 Exp.	3,624 1,015	3,000 3,120	3,000 3,110	----- -10	These funds are advances by foreign governments to pay for local costs of development grant and other mutually agreed upon programs. The activity level is expected to remain about the same as in 1964.
Peace Corps gifts and donations.....	NOA 152 Exp.	127 70	153 206	215 210	62 4	Gifts and advances from foreign governments are used in the program.
Total, funds appropriated to the President.	NOA Exp.	3,751 1,085	3,153 3,326	3,215 3,320	62 -6	
<b>DEPARTMENT OF AGRICULTURE</b>						
Miscellaneous contributed funds.....	Exp. 351	-----	45	-----	-45	(Receipts, mostly from States and local organizations, are used in work under cooperative agreements with ASCS.)
	NOA 354 Exp.	479 533	636 591	700 660	64 69	Receipts, mostly from States and local organizations, are used in work under cooperative agreements with SCS.
	NOA 355 Exp.	24,919 24,226	26,967 26,831	27,207 27,280	240 449	Fees are used for inspection and grading services of AMS and ARS. Other receipts are used under cooperative agreements.
Farmers Home Administration (trust revolving fund).....	Exp. 352	-518	1,056	577	-479	(Funds of 39 States are administered in insured loan programs within those States.)
Forest Service: Cooperative work....	NOA 402 Exp.	25,635 21,016	27,175 23,200	26,910 23,000	-265 -200	Advances from others are used in cooperative work, such as reforestation, in forests and on land adjacent to forests.
Total, Department of Agriculture.	NOA Exp.	51,035 45,258	54,778 51,723	54,817 51,517	39 -206	

## DEPARTMENT OF COMMERCE

Bureau of Public Roads highway  
trust fund: 503

Contract authorization.....	NOA	3,580,019	3,705,000	3,805,000	100,000
Current appropriation.....	NOA	2,000	500	-----	-500
Receipts to liquidate contract au- thorization and finance cur- rent appropriation:					
(Excise taxes).....		(3,278,698)	(3,478,000)	(3,553,000)	(75,000)
(Interest on investments).....		(14,268)	(6,000)	(6,000)	-----
	Exp.	3,016,701	3,551,000	3,650,000	99,000

Contract authorization granted by Congress is explained in non-add entry under Administrative Budget items for Commerce above. Receipts of the fund liquidate portions of the contract authorization. Proposed legislation will shift aviation and motorboat gas tax revenues to General Fund. Expenditures are mainly in the form of grants to States, but also include outlays for administration and research (\$48.8 million in 1965).

Bureau of Public Roads international  
trust funds: 152

Contract authorization.....	NOA	5,639	9,561	4,958	-4,603
Current appropriation.....	NOA	282	-----	630	630
Receipts to liquidate contract au- thorization and finance current appropriation.	Exp.	(4,714)	(6,040)	(7,078)	(1,038)
		4,802	7,534	5,394	-2,140

Advances from other countries are used for cooperative work and technical assistance.

Miscellaneous trust funds, Bureau of  
Public Roads: 503

Contract authorization.....	NOA	1,630	-----	-----	-----
Current appropriation.....	NOA	331	-----	1,200	1,200
Receipts to liquidate contract au- thorization and finance current appropriation.	Exp.	(1,567)	(1,360)	-----	(-1,360)
		2,021	2,776	1,200	-1,576

Advances from other Federal agencies, States, local governments, and nongovernmental interests are used for special services requested by those who pay.

## Other miscellaneous trust funds 506

	NOA	3,534	4,240	3,871	-369
	Exp.	3,713	4,196	3,906	-290
	NOA	17,789	21,714	1,349	-20,365
	Exp.	15,322	15,512	12,564	-2,948

Gifts, donations, advances from individuals and firms, proceeds from sale of documents, and bond sale receipts held in escrow are used to finance projects and activities to which the receipts are dedicated.

Total, Department of Com-  
merce.

	NOA	3,611,224	3,741,015	3,817,008	75,993
	Exp.	3,042,560	3,581,018	3,673,064	92,046



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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NOA requests
<b>TRUST FUNDS—Continued</b>						
<b>DEPARTMENT OF DEFENSE— MILITARY</b>						
Miscellaneous trust funds.....	NOA	5,549	5,091	5,090	—1	Receipts include gifts, donations and bequests used for specified purposes. Funds also include ships' stores profits used for benefit of naval personnel, and the USS <i>Arizona</i> memorial fund.
Exp.		5,116	5,131	5,081	—50	
Military assistance advances.....	NOA	886,187	1,682,300	1,324,800	—357,500	Contract authorizations based on agreements with foreign governments for the sale of military materiel are lower in 1965 because of conclusion in 1964 of agreements with certain countries covering 2 years' sales.
Contract authorization.....		(838,306)	(990,500)	(1,290,000)	(299,500)	
Receipts to liquidate contract authorization.	Exp.	673,736	860,000	1,225,000	365,000	
Total, Department of De-	NOA	891,736	1,687,391	1,329,890	—357,501	
fense—Military.	Exp.	678,852	865,131	1,230,081	364,950	
<b>DEPARTMENT OF DEFENSE—CIVIL</b>						
Corps of Engineers advances and contributed funds.....	NOA	27,566	20,956	18,844	—2,112	Advances and contributions from local interests are used in construction and maintenance work. Unused balances are returned.
401 Exp.		22,171	34,000	19,975	—14,025	
U.S. Soldiers Home, receipts appropriated:						Receipts include fines, forfeitures and pay stoppages of Army and Air Force enlisted personnel. Current appropriations are for maintenance and capital outlay. Receipts unappropriated are (in thousands): 1963, \$3,880; 1964, \$3,180; 1965, \$3,034. Refunds are permanently authorized.
Current appropriation.....	NOA	6,272	6,742	6,888	146	
Permanent appropriation.....	NOA	3	3	3		
Exp.		6,990	7,505	6,853	—652	

U.S. Soldiers Home, trust revolving fund.....805	Exp.	10			
Total, Department of Defense—Civil.	NOA Exp.	33,841 29,171	27,701 41,505	25,735 26,828	-1,966 -14,677
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE</b>					
Federal old-age and survivors insurance trust fund.....654	NOA	(13,842,660)	(15,873,553)	(16,271,163)	(397,610)
Receipts appropriated:					
(Employment taxes).....		12,338,191	14,242,000	14,531,000	289,000
(Deposits by States).....		989,571	1,100,000	1,128,000	28,000
(Interest on investments).....		514,822	531,476	556,085	24,609
(Payments for military service credits.)				<sup>A</sup> 56,000	56,000
(Other).....		76	76	77	1
Expenditures:	Exp.	(14,529,710)	(15,358,634)	(16,090,671)	(732,037)
(Benefit payments).....		13,844,584	14,629,000	15,376,000	747,000
(Administrative expenses and construction.)		262,603	306,634	296,171	-10,463
(Payment to Railroad Retirement Board.)		422,523	423,000	418,500	-4,500
Disability insurance trust fund. 654	NOA	(1,146,256)	(1,198,387)	(1,227,622)	(29,235)
Receipts appropriated:					
(Employment taxes).....		994,763	1,050,000	1,076,000	26,000
(Deposits by States).....		81,858	81,000	83,000	2,000
(Interest on investments).....		69,635	67,387	64,622	-2,765
(Payment for military service credits.)				<sup>A</sup> 4,000	4,000
Expenditures.....	Exp.	(1,259,214)	(1,345,179)	(1,427,794)	(82,615)
(Benefit payments).....		1,170,678	1,255,000	1,324,000	69,000
(Administrative expenses).....		68,927	70,179	85,294	15,115
(Payment to Railroad Retirement Account.)		19,609	20,000	18,500	-1,500

<sup>A</sup> Proposed for separate transmittal.

(Fund finances certain supply inventories of the Home.)

The Social Security program provides insurance against the loss of income due to death, retirement, or disability. Receipts are primarily from taxes on employers, employees, and self-employed. Receipts not immediately needed are invested at interest in U.S. securities until payments exceed receipts. In addition to receipts shown in 1963, \$28,000 thousand received in taxes were unappropriated at year end, but required no congressional action.

The number receiving monthly benefits at the end of each fiscal year are as follows (in thousands):

	1963 actual	1964 estimate	1965 estimate
Retired individuals <sup>1</sup> .....	12,600	13,372	13,991
Disabled dependents.....	151	172	192
Survivors <sup>2</sup> .....	4,475	4,744	4,966

<sup>1</sup> Includes wives under retirement age who have children in their care.

<sup>2</sup> Includes children of retired workers.

The disability insurance provisions of the Social Security Act are administered largely under this separate fund. Receipts are mainly from taxes on employment. Funds not immediately needed are invested in U.S. securities until required.

The number receiving monthly benefits at the end of each fiscal year is as follows (in thousands):

	1963 actual	1964 estimate	1965 estimate
Disabled, and their dependents..	1,404	1,564	1,729

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TRUST FUNDS—Continued</b>						
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued</b>						
Miscellaneous trust funds.....	651 NOA	541	872	228	-644	Gifts and contributions are expended for specified purposes, or are used to further the work of the Public Health Service.
	Exp.	556	748	447	-301	
	655 Exp.	-7				
Total, Department of Health, Education, and Welfare.	NOA	14,989,458	17,072,812	17,439,013	396,966	
	Exp.	15,789,473	16,704,561	17,518,912	814,351	
<b>DEPARTMENT OF THE INTERIOR</b>						
Indian tribal funds.....	409 NOA	69,711	50,911	44,293	-6,618	Certain funds of Indian tribes are maintained in trust and administered by the Secretary for their benefit.
	Exp.	66,871	69,250	54,183	-15,067	
Miscellaneous trust funds.....	401 NOA	2,106	1,765	1,450	-315	Non-Federal advances are deposited for shared land management activities and for construction of power and reclamation facilities.
	Exp.	2,179	1,798	1,576	-222	
	403 NOA	1,617	1,374	1,386	12	States, counties, municipalities and private sources contribute funds for minerals and mining research.
	Exp.	1,245	1,300	1,300		
	404 NOA	1,360	1,429	1,474	45	Contributions and receipts are used for fishery products inspection, sea lamprey control and other work of the Fish and Wildlife Service.
	Exp.	1,310	1,470	1,470		
	405 NOA	1,211	1,011	511	-500	Donations are mainly used for specified purposes of the National Park Service.
	Exp.	1,986	2,143	855	-1,288	

409 NOA	4,643	4,587	4,784	197
Exp.	4,831	4,686	4,801	115
Total, Department of the NOA	80,648	61,077	53,898	-7,179
Interior.	78,419	80,647	64,185	-16,462
<b>DEPARTMENT OF JUSTICE</b>				
Alien property trust revolving funds Exp.	31,688	51,867	22,290	-29,577
151				
Federal prison system trust revolving fund.....908	18	-----	-----	-----
Total, Department of Justice. Exp.	31,706	51,867	22,290	-29,577
<b>DEPARTMENT OF LABOR</b>				
Unemployment Trust Fund.....654 NOA	(4,260,542)	(4,191,829)	(3,932,809)	(-259,020)
Receipts appropriated:				
(Deposits by States).....654	3,008,934	2,901,090	2,825,000	76,090
(Federal unemployment taxes):				
652	945,242	896,482	537,000	-359,482
654	-----	-----	170,000	170,000
(Railroad unemployment insurance taxes).....654	149,798	147,000	153,800	6,800
(Railroad unemployment insurance—other).....654	44,982	31,000	18,200	-12,800
(Advance from revolving fund).....654	-81,912	-----	-----	-----
652				
(Interest on investments).....652	191,107	216,257	228,809	12,552
(Advances for temporary unemployment compensation).....654	2,392	-----	-----	-----

<sup>A</sup> Proposed for separate transmittal.

Certain revenues from Indian reservations, agencies, and schools are used for support of schools and agency functions.

(Seized property of enemy nations of World War II or their nationals is being liquidated and used for payment of claims and settlements.)

(Profits from sales of sundries in prison commissaries are used for the benefit of prison inmates.)

The fund combines financial activities of the Federal-State and railroad unemployment systems. Payroll taxes of employers are the principal source of receipts. States and the Railroad Retirement Board draw upon the funds to pay weekly benefits to unemployed eligibles. Recently enacted legislation will increase employer contributions for railroad unemployment to fully fund requirements, and other proposed legislation will improve benefits under the Federal-State system. In addition to receipts shown, \$126 thousand were unappropriated at year end, but required no congressional action. Receipts in 1963 and 1964 included repayments of advances to States for temporary extended unemployment benefits. Decrease in 1965 receipts reflects the completion of repayments in 1964.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TRUST FUNDS—Continued</b>					
<b>DEPARTMENT OF LABOR—Continued</b>					
Unemployment Trust Fund—Continued					
Expenditures: Exp.	(3,815,459)	(3,555,408)	(3,442,561)	(-112,847)	(The average rate of insured unemployment during 1963 was 4.4 percent; the estimate for 1964 is 3.8 percent, and for 1965, 3.7 percent.)
(Withdrawals by States) . . . 654	2,812,637	2,550,000	2,450,000	-100,000	
(Railroad unemployment bene- fits) . . . . . 654	166,744	152,210	150,000	-2,210	
(Federal extended benefits) . 654	-----	-----	A 170,000	170,000	
(Administrative expenses):					
652	347,972	422,400	452,000	29,600	
654	8,840	9,300	8,600	-700	
(Temporary extended unem- ployment compensation bene- fits) . . . . . 654	-14,873	-----	-----	-----	
(Repayment of advances for temporary extended benefits) 654	466,327	302,500	-----	-302,500	
(Repayment of advances for temporary unemployment compensation) . . . . . 654	-----	93,381	190,000	96,619	
(Other) . . . . . 654	27,812	25,617	21,961	-3,656	
Bureau of Employees' Compensation trust funds . . . . . 906	NOA Exp. 39 160	39 121	39 98	----- -23	Receipts are from employers on the deaths of employees without eligible survivors, and from fines and penalties. Payments include certain permanent disability cases and rehabilitation maintenance benefits.
Miscellaneous trust funds . . . . . 652	Exp. 6	6	10	4	
Total, Department of Labor . . . . .	NOA Exp. 4,260,581 3,815,624	4,191,868 3,555,535	3,932,848 3,272,669 A 170,000	-259,020 -112,866	(Includes advances from others for labor statistics.)

## DEPARTMENT OF STATE

Foreign Service retirement and disability fund.....654	NOA	(8,232)	(8,550)	(8,903)	(353)
Receipts appropriated:					
(Employing agency contribution.)	NOA	3,136	3,370	3,519	149
(Deduction from salaries).....	NOA	3,635	3,630	3,784	154
(Interest on investments).....	NOA	1,461	1,550	1,600	50
	Exp.	7,085	7,580	8,413	833
Miscellaneous trust funds.....151	NOA	7	44	2	-42
	Exp.	8	40	11	-29
	153	3	10	10	
	Exp.	1	8	9	1
	152	100	198	189	-9
	Exp.	184	250	300	50
Total, Department of State...	NOA	8,342	8,802	9,104	302
	Exp.	7,278	7,878	8,733	855

## TREASURY DEPARTMENT

National defense conditional gift fund.....059	NOA	4			
	Exp.	5			
Foreign claims fund.....151	NOA	61	7,600	1,900	-5,700
	Exp.	6,445	1,053	1,205	152
Coast Guard general gift fund...502	NOA	6	30	6	-24
	Exp.	3	35	6	-29
Miscellaneous trust fund.....904	NOA	16,244	16,836	17,533	697
	Exp.	16,224	17,752	17,603	-149
Total, Treasury Department...	NOA	16,315	24,466	19,439	-5,027
	Exp.	22,677	18,840	18,814	-26

A retirement and disability system for Foreign Service officers and most Foreign Service staff officers and employees is maintained. Employing agencies match employee payments of 6½% of basic salaries. Approximately 1,261 annuitants will be receiving benefits at the end of 1965. Fund balances are invested in interest-bearing U.S. securities.

Ford Foundation contribution increases 1964 receipts above normal level.

These funds, mainly from gifts, are for educational exchange.

Advances from foreign governments for training and other services will continue in 1965 at about the 1964 level.

Decrease represents change in receipts for Polish claims fund from \$7,600 thousand in 1964 to \$1,900 thousand in 1965.

Decrease results from nonrecurring expenditure for a swimming pool given to the Coast Guard Yard, Curtis Bay, Md.

Increase is principally estimated work volume and increased salary costs for Customs activities in Puerto Rico and the Virgin Islands.

A Proposed for separate transmittal.

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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
ATOMIC ENERGY COMMISSION					
Advances for non-Federal projects... NOA 058 Exp.	274 125	2,074 2,223	1,328 1,328	-746 -895	Advances from the Washington Public Power Supply System are for work related to construction of electric facilities at Richland, Wash.
FEDERAL AVIATION AGENCY					
Miscellaneous trust funds .....501 NOA Exp.	4 19	36	----- -----	----- -36	(State, local, and private advances for air navigation facilities, in prior years, are used as intended.)
GENERAL SERVICES ADMINISTRATION					
National Archives trust revolving Exp. fund .....905	4	-69	-60	9	(Microfilm and reproduction service and admission fees to 3 Presidential libraries are used for operations.)
Miscellaneous trust funds .....905 NOA Liquidation of contract authori- (1,742) zation ..... Exp. 2,168	259 (1,742) 2,168	30 (254) 431	30 ----- 77	----- (-254) -354	Receipts from the FDIC liquidate authority for GSA to construct a \$7 million building in Washington. The substantially completed building was occupied in May 1963. Grants from foundations are used for historical research.
Total, General Services Ad- NOA ministration. Exp.	259 2,173	30 362	30 17	----- -345	

HOUSING AND HOME FINANCE  
AGENCY

Federal National Mortgage Association, secondary market operations, trust revolving fund (authorization to expend corporate debt receipts) -----551

207,840	100,000	147,000	47,000
-730,222	29,872	138,000	108,128

Mortgage purchases of \$490 million will include \$40 million acquired in exchange for U.S. securities; receipts will include sales of \$150 million (par) of mortgages. Private equity of \$128 million will exceed Government equity of \$106.8 million at year end, primarily because of trust fund purchase of Treasury preferred stock in 1964.

NATIONAL AERONAUTICS AND  
SPACE ADMINISTRATIONInternational cooperation.....251 NOA  
Exp.

2,000	-2,000
500	1,000

No new receipts are expected. NOA in 1964 is advance from Italy for equipment purchases.

Gifts and donations.....251 NOA  
Exp.

1	1	1
---	---	---

No increase is expected.

Total, National Aeronautics  
and Space Administration. NOA  
Exp.

1	2,001	1	-2,000
	500	1,500	1,000

## VETERANS ADMINISTRATION

Life insurance funds.....805 NOA

(709,548)	(717,169)	(711,983)	(-5,186)
-----------	-----------	-----------	----------

Receipts appropriated:

(Premiums and other operating  
receipts.) NOA

493,659	501,236	498,754	-2,482
---------	---------	---------	--------

(Payments from general and  
special funds.) NOA

5,753	7,089	5,838	-1,251
-------	-------	-------	--------

(Interest on investments)-----NOA  
Exp.

210,136	208,844	207,391	-1,453
826,226	632,701	486,819	-145,882

The National Service (World War II) and U.S. Government (World War I) Life Insurance funds will cover 5,072,000 policies, \$32.5 billion of insurance in force at end of 1965. Premium receipts and interest earned thereon are available for the payment of liabilities. The decrease in expenditures results from the acceleration of dividends into 1963 and 1964. Fund balances are in U.S. securities; assets exceeded actuarial liabilities by \$79 million at June 30, 1963.

Miscellaneous trust funds.....805 NOA  
Exp.

1,889	1,895	1,905	10
1,661	1,703	1,715	12

Gifts and other receipts are used for welfare of veterans at homes and hospitals.

Total, Veterans Administra-  
tion. NOA  
Exp.

711,438	719,064	713,888	-5,176
827,887	634,404	488,534	-145,870



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

Account and functional code	1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests	
TRUST FUNDS—Continued						
OTHER INDEPENDENT AGENCIES						
American Battle Monuments Com- mission contributed fund.....805	NOA Exp.	7 5	4 6	3 3	-1 -3	Contributions for flowers and for repair of non-Federal war memorials are used as intended.
Civil Service Commission: Civil service retirement and disability fund.....654	NOA	(2,247,055)	(2,382,000)	(2,391,000)	(9,000)	Most civilian workers are covered by this fund. Employees and em- ploying agencies each pay 6½% of basic salaries. About 725 thousand persons are expected to be on annuity rolls by June 1965. Fund balances are invested in U.S. securities. Receipts under Contribu- tions include \$30 million in 1963 and \$62 million in 1964 from general funds under Public Law 87-793. Pending legislation would eliminate the need for an appropriation of \$65 million in 1965.
Receipts appropriated:						
(Employing agency contribu- tions.)	NOA	920,853	945,000	958,000	13,000	
(Deductions from salaries) ----	NOA	920,752	945,000	958,000	13,000	
(Voluntary contributions, etc.)	NOA	43,191	75,000	13,000	-62,000	
(Interest on investments) ----	NOA	362,259	417,000	462,000	45,000	
	Exp.	1,175,887	1,336,582	1,490,220	153,638	
Employees health benefits fund (trust revolving fund).	Exp.	-12,326	-14,665	-2,728	11,937	(Employees health benefits fund will have 2,100,000 participants; em- ployees life insurance fund 2,525,000, and retired employees health benefits fund, 231,600.)
Employees life insurance fund (trust revolving fund).	Exp.	-32,239	-50,265	-52,088	-1,823	
Retired employees health benefits fund (trust revolving fund).	Exp.	-143	166	-187	-353	
Federal Communications Commis- sion trust revolving fund.....508	Exp.	10	-----	-----	-----	(Fund is used as clearinghouse for settlements with foreign govern- ments on radiotelephone and radiotelegraph messages.)
Foreign Claims Settlement Commis- sion war claims fund.....151	NOA Exp.	24,250 128	47,500 22,000	118,750 66,000	71,250 44,000	Alien property fund receipts are appropriated for claims under the General War Damage Claims Act.

700-000 0-04-21	General Accounting Office trust fund	NOA	4	6	6	-----	Estates are held in trust for legal claimants.
	904	Exp.	5	8	6	-2	
Historical and Memorial Commis-	sions:						
	Civil War Centennial Commis-	Exp.	-----	-----	1	1	(Donations are used under the terms received.)
	sion, donations.....910						
Battle of Lake Erie Sesquicen-	tenennial Celebration Commis-	NOA		1		-1	Donations are used under the terms received.
	sion, donations.....910	Exp.	-----	1	-----	-1	
National Capital Housing Authority	trust revolving fund.....555	Exp.	-2,437	1,459	856	-603	(Activity of \$18.6 million involves 11,000 housing units.)
National Capital Planning Commis-	sion contributed fund.....555	NOA	75	602	-----	-602	One-half the cost of land for the George Washington Memorial Parkway
		Exp.	202	804	-----	-804	is contributed by Maryland and Virginia.
National Science Foundation dona-	tions.....703	NOA	2	2	2	-----	Donations received are used in furtherance of general purposes of the
		Exp.	2	2	2	-----	Foundation.
Railroad Retirement Board: Rail-	road retirement account.....654	NOA	(1,115,341)	(1,218,324)	(1,279,134)	(60,810)	The Railroad Retirement system serves as a combined social insurance
	Receipts appropriated:						and staff retirement system for workers in the railroad industry.
(Employment taxes).....	NOA	559,049	633,724	682,000	48,276		Recent legislation, increasing contributions by railroad employees and
	(Interest on investments).....	NOA	105,214	131,900	133,700	1,800	employers, results in an increase in receipts. Funds are recommended
(Payment from OASI trust	fund.)	NOA	422,523	423,000	418,500	-4,500	to fulfill the Government's obligation for time spent in military
	(Payment from Federal dis-	NOA	19,609	20,000	18,500	-1,500	service. Trust fund balances are invested in interest-bearing U.S.
(ability insurance trust fund.)	(Payment for military service	NOA			13,834	13,834	securities. The number receiving monthly benefits at the end of each
	credits.)						fiscal year is as follows (in thousands):
(Other).....	NOA	8,946	9,700	12,600	2,900		
	Exp.	(1,111,533)	(1,128,950)	(1,143,500)	(14,550)		
Expenditures:	(Benefit payments).....	Exp.	1,064,001	1,100,000	1,125,000	25,000	Retired individuals.....489 504 517
	(Administrative expenses).....	Exp.	9,833	10,950	10,500	-450	Disabled, and their dependents.....101 101 102
(Advances for unemployment	insurance.)	Exp.	37,699	18,000	8,000	-10,000	Survivors.....277 286 294

1963 1964 1965  
actual estimate estimate

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

Account and functional code		1963 enacted	1964 estimate	1965 estimate	Increase or decrease (-)	Explanation of NOA requests
<b>TRUST FUNDS—Continued</b>						
<b>OTHER INDEPENDENT AGENCIES—</b> Continued						
Smithsonian Institution trust fund... NOA		10	19	15	-4	Donations, subscriptions, and fees are used for part of cost of the Canal Zone Biological Area.
704 Exp.		10	19	16	-3	
Tax Court of the United States trust NOA		26	26	26	-----	Judges pay 3% (currently \$6 thousand) and the Government pays the remainder (\$20 thousand) to finance survivors annuity system.
fund.....904 Exp.		4	12	12	-----	
United States Information Agency NOA		26	46	50	4	Business concerns contribute toward exhibits. Donations are received to acquire and ship books abroad. Sale of films is also financed here.
trust funds.....153 Exp.		6	58	54	-4	
Total, other independent NOA		3,386,796	3,648,530	3,788,986	140,456	
agencies. Exp.		2,240,648	2,425,137	2,645,667	220,530	
<b>DISTRICT OF COLUMBIA</b>						
District of Columbia receipts appro- priated:						
Current appropriations.....555 NOA		344,184	346,797	416,951	} 70,144	Funds of the municipal government are accounted for through U.S. Treasury as trust funds. Congressional appropriations of municipal funds are required currently for most municipal activities.
Permanent appropriations.....555 NOA		1,646	1,608	1,598		
Exp.		333,546	395,613	417,055	21,443	
<b>DEPOSIT FUNDS</b>						
Federal agencies..... Exp.		145,667	-115,855	-16,892	98,963	(Net change in suspense account balance is reported here.)

GOVERNMENT-SPONSORED  
ENTERPRISES

Farm Credit Administration: Banks for Cooperatives.....	352	Exp.	29,289	40,000	40,000	-----	(Bank operations are financed by \$80.9 million of Government capital and \$80.1 million of private capital as of June 1963.)
Federal Intermediate Credit Banks.....	352	Exp.	276,889	226,645	233,000	6,355	(Bank operations are financed by \$115.0 million of Government capital and \$49.9 million of private capital as of June 1963.)
Federal Land Banks.....	352	Exp.	176,418	180,000	140,000	-40,000	(Bank operations are wholly privately owned enterprise.)
Federal Home Loan Bank Board: Home loan banks.....	551	Exp.	363,215	1,200,000	-100,000	-1,300,000	(Bank operations are wholly privately owned enterprise.)
Federal Deposit Insurance Corpora- tion.....	506	Exp.	-160,546	-180,000	-202,000	-22,000	(Premium receipts and interest on investments in U.S. securities exceed current claims and expenses; corporation has no capital stock.)
Total, Government-sponsored enterprises.		Exp.	685,266	1,466,645	111,000	-1,355,645	

## GRAND TOTALS—TRUST FUNDS

Total new obligational authority.....	28,601,661	31,695,474	31,757,106 A 60,000	} 121,632
Expenditures:				
Subtotal.....	27,050,078	29,803,115	29,678,851 A 170,000	} -45,736
Interfund transactions.....	-504,847	-487,960	-476,949	11,011
Total expenditures.....	26,545,231	29,315,155	29,371,902	-56,747

A Proposed for separate transmittal.

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

Account and functional code	1963 actual	1964 estimate	1965 estimate	Increase or decrease (—)	Explanation of NAO requests
<b>MEMORANDUM—ANNEXED BUDGETS</b>					
Department of Agriculture:					
Milk Marketing Administration:					
Not included above..... Exp.	—41	—6	-----	6	(Operations are financed by assessments on regulated milk handlers.)
Treasury Department:					
Comptroller of the Currency:					
Included under "Deposit funds" above.* Exp.	—1,267	—506	—500	6	(Operations are financed primarily by assessments from national banks.)
Exchange Stabilization Fund:					
Included under "Deposit funds" above. Exp.	—3,706				(The fund is financed by \$200 million of Government capital and by earnings. Operating expenditures for 1964 and 1965 have been estimated by the Bureau of the Budget.)
Operating expenditures..... Exp.	(3,068)	(2,990)	(2,997)	(7)	
Other Independent Agencies:					
Board of Governors of Federal Reserve System:					
Not included above*..... Exp.	5	—112	152	264	(Operations are financed by levies upon the Federal Reserve Banks, in proportion to their capital and surplus.)
Farm Credit Administration:					
Banks for Cooperatives:					
Included under Government-sponsored enterprises above. Exp.	29,289	40,000	40,000	-----	(Loan program is estimated to continue at slightly over \$1 billion a year. Repayments of loans and other income will be supplemented by borrowing from the public of \$56.7 million in 1964 and \$23.8 million in 1965. Government capital is being retired by nearly \$12 million in each of these 2 years. See further explanation under Government-sponsored enterprises, above.)
Included under "Deposit funds" above. Exp.	304	150	-----	—150	
Not included above..... Exp.	—27,190	16,725	—16,150	—32,875	
Total..... Exp.	2,403	56,875	23,850	—33,025	

Federal intermediate credit banks:					
Included under Government-sponsored enterprises above.	Exp.	276,889	226,645	233,000	6,355
Included under "Deposit funds" above.	Exp.	-1,218	-1,382	-1,950	-568
Not included above.....	Exp.	-7,950	10,550	-----	-10,550
Total.....		267,720	235,813	231,050	-4,763
Federal Deposit Insurance Corporation:					
Included under Government-sponsored enterprises above.	Exp.	-160,546	-180,000	-202,000	-22,000
Included under "Deposit funds" above.	Exp.	1,615	1,000	-1,000	-2,000
Total.....		-158,931	-179,000	-203,000	-24,000
Total:					
Included under Government-sponsored enterprises above.	Exp.	145,632	86,645	71,000	-15,645
Included under "Deposit funds" above.	Exp.	-4,272	-738	-3,450	-2,712
Not included above.....	Exp.	-35,176	27,157	-15,998	-43,155
Total, annexed budgets.....	Exp.	106,183	113,064	51,552	-61,512

(Loan program is estimated at \$5 billion for 1965, which is approximately \$300 million more than the estimated loans for 1964. Repayments of loans and other income will be supplemented by borrowing from the public of \$237 million in 1964 and \$235 million in 1965. Government ownership of capital stock is being increased by \$9 million in 1964 and \$8.4 million in 1965. See further explanation under Government-sponsored enterprises, above.)

(Approximately \$179 billion of deposits in 13,455 banks were insured as of Dec. 31, 1962, and this amount continues to grow with expansion of the population and the economy. The cumulative net income, which is being retained as a reserve, is estimated to be approximately \$2.8 billion by June 1964 and \$3.0 billion by June 1965. The principal revenues are from insurance assessments (approximately \$100 million for 1964 and \$117 million for 1965) and interest on investments (\$97 million and \$103 million for the same 2 years). The estimates for these years are the Bureau of the Budget's. See further explanation under Government-sponsored enterprises, above.)

\* Amounts reported are on a calendar year basis.

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PART 6

SPECIAL ANALYSES

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## SPECIAL ANALYSIS A

### THREE MEASURES OF FEDERAL FINANCIAL TRANSACTIONS

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 budget concepts and forms have been developed to meet different needs. The three measures of Federal receipts and expenditures most commonly used are: (1) the administrative budget, (2) the consolidated cash statement of Federal transactions, and (3) the Federal sector of the national income accounts. A reconciliation of these three measures is presented in table A-1.

#### ADMINISTRATIVE BUDGET

The administrative budget covers receipts and expenditures of funds owned by the Federal Government—the general fund, special funds, public enterprise funds, and intragovernmental revolving and management funds. Although budget documents placed before the Congress have regularly included both federally owned funds and funds held in trust by the Government, only the former have been traditionally used to calculate budget totals.

For many years, the administrative budget served as the principal financial plan for conducting the affairs of Government. It represented a focal point for management and decisionmaking with respect to Government activities. As long as almost all Federal financial transactions were carried out with federally owned funds, the administrative budget provided adequate coverage.

In recent years, however, trust fund operations have grown rapidly. Several major parts of the Government's program are now carried out through trust funds, particularly those for labor, welfare, and highway activities. This means that the flow of financial transactions between the Federal Government and the public is considerably larger than is indicated by the administrative budget.

#### CONSOLIDATED CASH STATEMENT

The consolidated cash statement of Federal receipts and payments is designed to show the total flow of financial transactions (excluding borrowing) between the Federal Government and the public. It is more comprehensive and complete than the administrative budget in that it includes the receipts and expenditures of trust funds as well as funds wholly owned by the Federal Government. Since the consolidated cash statement measures the Government's flow of cash to and from the public, intragovernmental transactions (transactions between budget and trust fund accounts) are excluded and payments are put on a checks-paid basis. The consolidated cash statement is useful for determining Government financing and net borrowing requirements and for analyzing the financial impact of the Government's overall activities.



Table A-1. RELATION OF FEDERAL RECEIPTS AND EXPENDITURES IN THE ADMINISTRATIVE BUDGET, CONSOLIDATED CASH STATEMENT, AND NATIONAL INCOME ACCOUNTS, 1963-65

[In billions of dollars]

	1963 actual	1964 estimate	1965 estimate
<b>RECEIPTS</b>			
Administrative budget receipts.....	86.4	88.4	93.0
Plus: Trust fund receipts.....	27.7	30.2	30.9
Less: Intragovernmental transactions.....	4.3	4.1	4.1
Receipts from exercise of monetary authority.....	*	.1	.1
Equals: Federal receipts from the public.....	109.7	114.4	119.7
Adjustments for agency coverage:			
Less: District of Columbia revenues.....	.3	.4	.4
Adjustments for netting and consolidation:			
Plus: Contributions to Federal employees' retirement funds, etc.....	1.9	1.9	1.9
Less: Interest, dividends, and other earnings.....	1.1	1.2	1.3
Adjustments for timing:			
Plus: Excess of corporate tax accruals over collections, personal taxes, social insurance contributions, etc.....	.6	-.1	-.2
Adjustments for capital transactions:			
Less: Realization upon loans and investments, sale of Government property, etc.....	1.5	1.1	1.0
Equals: Receipts—national-income accounts.....	109.3	113.6	118.8
<b>EXPENDITURES</b>			
Administrative budget expenditures.....	92.6	98.4	97.9
Plus: Trust fund expenditures (including Government-sponsored enterprise expenditures, net).....	26.5	29.3	29.4
Less: Intragovernmental transactions.....	4.3	4.1	4.1
Debt issuance in lieu of checks and other adjustments.....	1.1	.9	.5
Equals: Federal payments to the public.....	113.8	122.7	122.7
Adjustments for agency coverage:			
Less: District of Columbia expenditures.....	.3	.4	.4
Adjustments for netting and consolidation:			
Plus: Contributions to Federal employees' retirement funds, etc.....	1.9	1.9	1.9
Less: Interest received and proceeds of Government sales.....	.6	.6	.9
Adjustments for timing:			
Plus: Excess of interest accruals over interest payments.....	.9	.8	.6
Excess of deliveries over expenditures and other items.....	*	-.4	.6
Less: Commodity Credit Corporation foreign currency exchanges.....	.3	.3	.1
Adjustments for capital transactions:			
Less: Loans—Federal National Mortgage Association secondary market mortgage purchases, redemption of International Monetary Fund notes, etc.....	.7	1.1	.2
Trust funds (including Government-sponsored enterprise expenditures, net) and deposit fund items.....	1.9	3.4	2.6
Purchase of land and existing assets and other items.....	.1	.1	.1
Equals: Expenditures—national-income accounts.....	112.6	119.1	121.5

\*Less than \$50 million.

## FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS

The Federal sector of the national income and product accounts is designed to provide a measure of the direct impact of Federal fiscal activity on the Nation's current flow of income and output.

Like the consolidated cash statement, the Federal sector account is more comprehensive than the administrative budget in that it includes most trust fund transactions. However, in contrast both to the consolidated cash statement and the administrative budget, only those receipts and expenditures which directly affect the current flow of income and output are recorded. Therefore, the Federal sector of the income and product accounts excludes transactions involving purely financial claims and exchanges of secondhand or existing assets; such transactions represent neither the production of current output nor incomes earned in production, even though they have indirect effects on the level or composition of economic activity.

Further, both the administrative budget and consolidated cash statement count business tax receipts, like other receipts, as they are collected. In contrast, the Federal sector account records some business tax receipts, particularly corporate income taxes, as they accrue, on the grounds that the main economic impact of these taxes is more closely associated with the accrual of liabilities than with actual cash collections. Also, the Federal sector records most purchases of goods and services when delivery is made, while the administrative budget and consolidated cash statement count expenditures at the time of payment.

## RELATIONSHIP OF CONSOLIDATED CASH STATEMENT TO THE ADMINISTRATIVE BUDGET

Certain adjustments are needed to derive the consolidated cash statement from administrative budget totals, as summarized in table A-1.

1. *Trust funds.*—In addition to administrative budget receipts and expenditures, the consolidated cash statement covers the financial transactions of Federal trust funds (including Government-sponsored enterprises). Accordingly, excise taxes that support the highway trust fund, employment taxes, deposits by States for unemployment insurance, veterans life insurance premiums, and other trust fund receipts are included along with the corresponding trust fund disbursements.

2. *Intragovernmental transactions.*—Administrative budget receipts include amounts paid into the Treasury by trust funds. (These amounts are also reported as trust fund expenditures.) Similarly, there are trust fund receipts, such as interest on trust fund holdings of U.S. securities, which are also reported as administrative budget expenditures. In consolidating the transactions of budget and trust funds, these intragovernmental transactions are eliminated from the combined receipts and expenditures since no exchange of cash with the public is involved in these operations.

Table A-2. INTRAGOVERNMENTAL TRANSACTIONS EXCLUDED FROM THE CONSOLIDATED CASH STATEMENT

[In millions of dollars]

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative budget receipts which are trust fund expenditures:</b>			
Franchise taxes from Government-sponsored enterprises.....	5	5	5
Dividends, interest, etc., from Federal National Mortgage Association.....	27	31	21
Reimbursements for expenses and services.....	62	65	67
Repayment of advances from unemployment trust fund and other.....	816	403	190
<b>Total, administrative budget receipt items.....</b>	<b>909</b>	<b>504</b>	<b>282</b>
<b>Trust fund receipts which are administrative budget expenditures:</b>			
Interest on trust funds.....	1,477	1,589	1,669
Contributions for military service credits.....			74
Payments to District of Columbia (including Federal grants-in-aid).....	88	95	134
Employing agencies' payments to employees' retirement funds.....	947	1,003	953
Awards to Indian tribal funds.....	15	7	3
Advances to unemployment trust fund.....	-80		
Contributions to veterans' life insurance funds.....	6	7	6
Other.....	1	1	1
<b>Total, trust fund receipt items.....</b>	<b>2,454</b>	<b>2,702</b>	<b>2,839</b>
Deductions from employees' salaries for retirement.....	917	941	954
<b>Total, intragovernmental transactions.....</b>	<b>4,281</b>	<b>4,147</b>	<b>4,075</b>

3. *Exercise of monetary authority.*—These receipts are now mostly from seigniorage; that is, they represent the difference between the cost of the metal and minting of coins, on the one hand, and the actual value of the coins as money on the other. Seigniorage is included in administrative budget receipts, but is not a cash receipt from the public.

4. *Debt issuance in lieu of checks.*—In a few cases, Government expenditures are made by issuing bonds or notes, or increasing the value of bonds outstanding in lieu of issuing checks. Such transactions are recorded in the administrative budget as expenditures when the debt is thus increased, even though no cash outflow takes place until the debt instrument is redeemed.

For example, the administrative budget records interest on savings bonds when it accrues (and is added to the redemption value currently payable) rather than when it is actually paid. In computing cash payments to the public, interest payments are included only when the bonds are cashed. Therefore, an adjustment is made for the difference between the amount of interest accrued and the amount paid.

Table A-3. DEBT ISSUANCE IN LIEU OF CHECKS, NET (in millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate	End 1965 outstanding
Accrued interest added to value of debt (savings bonds, etc.)	696	772	603	11,891
Treasury notes issued for:				
International Monetary Fund	255			2,922
International Development Association	14	14	-52	91
Inter-American Development Bank	70	25		150
Armed Forces leave bonds issued <sup>1</sup>	-1	-1	-1	6
Adjusted-service bonds issued	*	*	*	1
Excess profits tax refund bonds issued <sup>2</sup>	*	*	*	1
Total, debt issuance in lieu of checks, net	1,033	810	550	15,062

\*Less than one-half million dollars.

<sup>1</sup> Negative figures represent net redemption.

<sup>2</sup> Reported as refunds of receipts.

A second example involves transactions in special notes used to pay certain U.S. Government obligations. The Government has paid a portion of its subscriptions to the International Monetary Fund, the International Development Association, and the Inter-American Development Bank in non-interest-bearing notes. The notes are considered administrative budget expenditures and become part of the public debt when they are issued. However, they are not counted as a payment to the public until they are redeemed for cash, at which time they cease to be part of the public debt. Conversely, when the institutions return cash to the Treasury in exchange for notes, payments to the public are reduced by the amount of the cash receipts and a corresponding increase in the public debt takes place.

5. *Changes in outstanding checks.*—Administrative budget and trust fund expenditures are recorded at the time checks are issued. To reflect more accurately the point in time at which cash is actually in the hands of the public, an adjustment is made to place expenditures on a checks-paid basis.

#### FEDERAL SECTOR ACCOUNTS—DEFINITIONS AND RELATIONSHIP TO OTHER MEASURES

The national income accounts, as developed and prepared by the Department of Commerce's Office of Business Economics, is a dual-entry accounting system for making estimates of the current productive activity of U.S. residents.<sup>1</sup> The term "residents" is defined to include the Federal Government as well as State and local governments, corporations incorporated under U.S. laws (but not their foreign branches or subsidiaries), individuals employed in the United States proper, and U.S. citizens employed by the Federal Government abroad (civilian as well as military). "Nonresidents" include governments, individuals (other than employees of the Federal Government), and businesses in foreign countries, as well as in Puerto Rico, the Virgin Islands, and other U.S. possessions.

<sup>1</sup> The accounts are discussed in detail in the Department of Commerce's *National Income*, 1954 edition, pp. 143-149, and *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*.

The output side of the national income 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, obtained by summing these items, is called the gross national product (GNP).

The total value of the gross national product is balanced by an equal amount of gross income earned in producing the output.<sup>2</sup> The income side of the accounts portrays this total, classified by type of income; for example, wages and salaries, proprietors' income, corporate profits, rent, and net interest and certain other costs of production, such as depreciation and indirect business taxes. The income accounts also provide additional data showing various transfers of income from one sector to another, such as business gifts to nonprofit institutions and social security benefits from the Government.

It should be pointed out that national income data, although based on accounting statements of economic units, are statistical aggregates rather than accounting totals in the ordinary sense.

**Federal receipts.**—Federal receipts on a national income basis are classified into the following four categories: (1) personal tax and nontax receipts, (2) corporate profits tax accruals, (3) indirect business tax and nontax accruals, and (4) receipts from contributions for social insurance. Personal tax and nontax receipts consist mostly of individual income taxes, estate and gift taxes, fines, penalties, and charges for Government services. Corporate profits tax accruals represent the Federal tax liability incurred and accrued by resident corporations on their corporate earnings during the specified year or period. Federal corporation income tax collections do not necessarily coincide with—and usually lag—accruals. Indirect business tax and nontax accruals consist primarily of excise taxes, customs duties, Federal receipts from rent and royalties, and other charges to business. Receipts from 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.

**Federal expenditures.**—Federal expenditures on a national income basis are classified in the following categories: (1) Purchases of goods and services, (2) transfer payments, (3) grants-in-aid to State and local governments, (4) net interest paid, and (5) subsidies less current surplus of Government enterprises. The definitions of the categories have been developed by the Department of Commerce consistent with the framework of accounts covering the Nation's total economic activity.

1. *Purchase of goods and services.*—These purchases represent the value of the Nation's currently produced output bought directly by the Federal Government. They are reported in the national income accounts net of Government sales.

Purchases include the pay of active military and civilian employees of the Federal Government, employer contributions to retirement, insurance and other benefits for Federal employees, outlays on new

<sup>2</sup> "Gross income" includes capital consumption allowances and certain charges against production.

equipment and supplies for defense and other programs, new construction, research and development contracts with corporations organized for profit, expenditures for the purchase of commodities (even if the commodities are then donated or transferred, domestically or abroad), and generally, the administrative expenses of Government programs.

2. *Transfer payments.*—Transfer payments consist of expenditures by the Federal Government for which no current output or services have been rendered; in other words, they are payments to certain recipients for which no contribution to national production is made during the time period under consideration. There are two important criteria which must be met by an expenditure classified as a transfer payment: (a) the recipient must be an individual, an institution not organized for profitmaking purposes (a “not-for-profit” institution) or a nonresident (for example, a foreign government), and (b) the expenditure must also be in monetary form and not in commodities.

Examples of transfer payments are: veterans compensation, pensions, and benefits; retired pay to Federal civilian or military personnel; unemployment benefits; and old-age, survivors, and disability insurance; cash gifts and contributions to nonresidents; nonrepayable outlays for scholarships and fellowships; and research and development expenditures for contracts let to private individuals. Although such transfer payments do not directly enter GNP calculations, 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.

For national income purposes, net interest paid to nonresidents is considered a transfer payment. All other transactions involving interest expenditures and receipts (that is, to and from residents) are reported in the net interest paid category.

3. *Grants-in-aid to State and local governments.*—Grants, for purposes of the national income accounts, are Federal payments to State and local governments (other than for interest on the public debt), including State and local educational institutions. Included in grants are almost all of the grants-in-aid and the shared revenues in Special Analysis I of the budget, except (a) outlays to nonprofit and privately owned hospitals, (b) outlays-in-kind such as commodities distributed to State and local governments, and (c) payments to Puerto Rico, the Virgin Islands, and other possessions. In addition, the national income accounts record as grants research and development outlays for contracts to public educational institutions. Like transfer payments and net interest paid, Federal grants-in-aid are counted in the GNP when respent by recipients—in this case, as purchases by State and local governments.

4. *Net interest paid.*—Net interest paid consists of the interest outlays to residents minus the interest received from this source.

5. *Subsidies less current surplus of Government enterprises.*—This category consists of two elements which are consolidated for analytical and statistical reasons: (a) subsidy payments to (resident) businesses, and (b) the “current surplus” (or deficit as the case may be) of Government enterprises.

(a) In principle a Government expenditure becomes a subsidy when it enables a producer to sell goods and services below the cost-price

relationship determined by market forces or when it is a payment made to curtail production. By definition, therefore, subsidies are made only to businesses organized for profitmaking purposes (including farms). Examples of subsidies are Government payments to farmers for land retirement, certain outlays for the export of surplus agricultural commodities by business, payments to air carriers, and the operating differential subsidy of the Maritime Administration.

(b) Government enterprise is the term applied to those functions of the Government (usually appearing in the budget as public enterprise revolving funds) whose operating costs are to a great extent covered by the sale of goods and services to the public, as opposed to being financed by tax receipts. In short, Government enterprises conduct operations which are of a commercial nature. Because of this, part of their operations are reported in the business sector of the national income accounts and part in the Federal sector. The Federal sector covers the difference between sales and operating costs, interest expenses, and capital formation.

***Relationship to the consolidated cash statement.***—There are a number of important differences between the Federal sector account and the consolidated cash statement. These are set forth in table A-1.

1. *Coverage.*—With respect to coverage, the Federal Government part of the income and product accounts excludes the revenues and expenditures of the District of Columbia, which are classified by the Department of Commerce in the State and local government sector.

2. *Netting and consolidation.*—The Federal sector account records 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. Similarly, receipts from sales of Government products are subtracted from Government purchases. Neither adjustment influences 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 income and product account a few transactions such as employer and employee contributions to Federal employees' retirement funds. Although these contributions are considered to be part of the total compensation of Government employees in the national income accounts, they are excluded from the consolidated cash statement as an intragovernmental transaction. Again, the deficit or surplus is unaffected by the adjustment, since total receipts and expenditures are both increased by the same amount.

3. *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: (a) 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; (b) the account also records as purchases guarantees of nonrecourse loans by the Commodity Credit Corporation at the time the guarantees are made, rather than when the collateral is surrendered; (c) interest on savings bonds and Treasury bills is treated as an expenditure in the Federal sector account when the interest is

accrued, rather than when it is actually paid out in cash; and (d) certain foreign currency activities of the Commodity Credit Corporation also require an adjustment—the Corporation facilitates exports of surplus agricultural commodities by paying dollars to exporters, in exchange for foreign currencies received 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.

4. *Capital transactions.*—Many capital or financial transactions which are included in the consolidated cash statement are excluded from the Federal sector account. These items consist primarily of loans, mortgages, and other financial claims. Also excluded are purchases and sales of existing assets, such as land and secondhand property.

#### USES AND LIMITATIONS

Each of the three measures—the administrative budget, consolidated cash statement, and the Federal sector of the income and product accounts—is useful for specific kinds of analysis, and the selection of which to use should be determined by the problem at hand.

The administrative budget provides a useful measure of the Government's operations which are financed by the Government's own funds.

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 national income 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 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 money and credit, 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 transactions 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 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 B

### PUBLIC ENTERPRISES, TRUST FUNDS, AND GROSS EXPENDITURES OF THE GOVERNMENT

This analysis presents selected information on the public enterprise funds and the trust funds with special reference to financing. It also covers certain receipts and reimbursements from outside the Treasury to general fund appropriations and other accounts which are netted in the administrative budget expenditures, and it indicates the magnitude of total expenditures if such netting did not occur. Additional tables in this special analysis relating to borrowing and investments in U.S. securities are an integral part of the computation of the changes in public debt in table 11 of part 2 of the budget.

#### PUBLIC ENTERPRISE FUNDS

The public enterprise funds are federally owned funds which carry on a cycle of operations, primarily with the public, organized usually on a business-type basis. Some of them are incorporated enterprises; others are unincorporated. Their expenditures have been included, on a net basis, in the administrative budget for many years. The general fund usually supplies them with capital; the provision of such capital, its return, and any dividends given to the general fund are not counted in the budget totals as expenditures or receipts.

*Expenditures and receipts.*—Expenditures of public enterprise funds are estimated to be \$21.5 billion in 1965, and their receipts will be \$19.9 billion (table B-1), resulting in net expenditures of \$1.6 billion which are included in the administrative budget totals. The Commodity Credit Corporation and the postal fund together account for somewhat more than half of the transactions. The figures for both 1964 and 1965 take account of the legislative proposal to put the Rural Electrification Administration loan program on a public enterprise fund basis.

The expenditures in table B-1 include certain interfund payments to the general fund, principally for interest (see note at end of table 14). The receipts shown in table B-1 are generally from the public; but they include some transactions from within the Government—notably, the sales of Commodity Credit Corporation inventories and services to appropriations for special activities, accounting for \$2 billion of the Commodity Credit Corporation receipts shown for 1965. The sales of Tennessee Valley Authority power to Government agencies, payments by all agencies to the Post Office for postal services, and interest paid to certain funds on their investments are other examples of such intragovernmental receipts included in table B-1.

Table B-1. GROSS EXPENDITURES AND APPLICABLE RECEIPTS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Funds appropriated to the President:						
Foreign assistance—Economic.....	895	963	1,099	22	27	36
Other.....	34	168	7	91	42	45
Department of Agriculture:						
Commodity Credit Corporation.....	10,418	9,574	7,995	17,371	12,298	17,008
Rural Electrification Administration (proposed legislation).....		377	383		169	178
Other.....	624	676	862	540	577	807
Department of Commerce.....	46	96	124	13	20	24
Department of Defense:						
Military.....	16	15	4	12	11	3
Civil (Panama Canal Company).....	112	117	115	104	112	116
Department of Health, Education, and Welfare.....	4	8	8	5	7	8
Department of the Interior.....	148	170	138	49	52	60
Department of Labor.....	176	259	262	262	268	265
Post Office Department.....	4,640	4,899	5,058	3,870	4,353	4,583
Treasury Department.....	1	1	*	4	2	1
General Services Administration.....	*	*		*	*	*
Housing and Home Finance Agency:						
College housing loans.....	339	342	340	56	119	132
Urban renewal fund.....	336	402	527	162	151	198
Federal National Mortgage Association.....	868	598	1,014	1,308	1,176	1,602
Federal Housing Administration.....	611	755	779	476	698	952
Public Housing Administration.....	567	594	628	388	446	405
Other.....	69	98	131	17	31	48
Veterans Administration.....	618	581	487	748	656	846
Other independent offices:						
Export-Import Bank of Washington.....	548	708	739	939	1,358	1,595
Federal Savings and Loan Insurance Corporation.....	8	60	-1	271	310	348
Small Business Administration.....	340	363	386	203	230	252
Tennessee Valley Authority.....	348	367	388	295	310	321
Other.....	37	35	39	33	36	38
Total.....	21,802	22,227	21,512	17,237	18,460	19,869
Receipts from the public.....				(14,209)	(15,737)	(16,468)
Receipts from other accounts.....				(3,028)	(2,723)	(3,401)

\*Less than one-half million dollars.

<sup>1</sup> Includes advances from foreign assistance programs of \$2,091 million in 1963, \$1,879 million in 1964, and \$2,377 million in 1965.

<sup>2</sup> Excludes adjustment of \$2 million for "Cropland conversion program."

*Treasury financing.*—Capital requirements of the public enterprise funds are usually supplied through new obligational authority (either appropriations or some other form of NOA) from the general fund. While most public enterprise funds are operated to be self-sustaining over a period of years, the largest—the Commodity Credit Corporation—has incurred substantial losses in most years. Appropriations have been made regularly to make up for the loss in this fund, the postal deficit, and other losses in a few smaller funds. Contract authorizations have also been provided for the Commodity Credit Corporation and for the Urban Renewal Fund of the Housing and Home Finance Agency.

Table B-2 reflects all such new obligational authority, except for the authority to borrow directly from the public. The latter counts as new obligational authority, but is reflected in table B-10 instead of here.

Writeoffs shown here are primarily the return of capital or transfer of dividends to the general fund of the Treasury; they include a few cases of transfers to other accounts or lapses of obligational authority.

**Table B-2. NEW OBLIGATIONAL AUTHORITY AND WRITEOFFS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)**

Description	New obligational authority <sup>1</sup>			Writeoffs (including capital transfers) <sup>1</sup>		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Funds appropriated to the President: Foreign assistance—Economic.....	1,429	1,062	1,390		43	21
Department of Agriculture:						
Commodity Credit Corporation.....	3,180	2,475	1,205	1		
Rural Electrification Administration (proposed legislation).....		<sup>2</sup> 495	81		150	68
Other.....	16	7	112			
Department of Commerce.....	121	137	170	29	8	
Department of Defense—Military.....				<sup>3</sup> 102		
Department of Health, Education, and Welfare.....		( <sup>2</sup> )				
Department of the Interior.....	119	103	78	7	1	1
Department of Labor.....				<sup>4</sup> 2	<sup>4</sup> 1	<sup>4</sup> 1
Post Office Department.....	840	654	551	26	10	
Treasury Department.....	1	1		4	1	1
General Services Administration.....				6	1	
Housing and Home Finance Agency:						
College housing loans.....	300	300	300			
Urban renewal fund.....		1,400				
Federal National Mortgage Association.....				255	175	185
Public Housing Administration.....	195	212	231	4	*	*
Other.....	95	106	87	22	6	3
Veterans Administration.....	200	150		21	187	150
Other independent offices:						
Export-Import Bank of Washington.....				35	51	50
Small Business Administration.....	300	90		1		
Tennessee Valley Authority.....	35	47	51	49	50	52
Other.....	1	1	1	*	*	*
Total.....	6,832	7,240	4,255	563	685	532

\* Less than one-half million dollars.

<sup>1</sup> Excludes NOA in form of indefinite authorization for Federal Housing Administration to expend from corporate debt receipts of \$162 million in 1963, and \$142 million in 1964, and reductions in such borrowings of \$44 million in 1965.

<sup>2</sup> Excludes transfers received upon initiation of new funds: For Rural Electrification Administration, Department of Agriculture, \$1,062 million in 1964; for Food and Drug Administration, Department of Health, Education, and Welfare, \$1 million in 1964.

<sup>3</sup> Represents balances transferred to "Family housing, Defense."

<sup>4</sup> Unobligated balance transferred to "Salaries and expenses, Mexican farm program."

*Balances available.*—The balances of public enterprise funds are shown in table B-3. They are there divided between the balances which are accounted for as assets of the funds (cash in banks, fund balances with the Treasury, and U.S. securities), and the undrawn authorizations to obtain capital from the Treasury, to borrow, or (in two cases) to contract in excess of their cash availability.

Table B-3. BALANCES OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	Cash balances in Treasury and U.S. securities as of June 30			Undrawn authorizations as of June 30		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Funds appropriated to the President:						
Foreign assistance—Economic.....	2,728	2,812	3,118	199	199	199
Other.....	19	2	34	177	69	74
Department of Agriculture:						
Commodity Credit Corporation.....	36	28	22	<sup>1</sup> 2,298	<sup>1</sup> 2,504	<sup>1</sup> 2,727
Rural Electrification Administration (proposed legislation).....						1,008
Other.....	284	193	249	1	*	
Department of Commerce.....	106	159	229	300	300	300
Department of Defense—Military.....	21	17	16			
Department of Defense—Civil (Panama Canal Company).....	11	6	7	10	10	10
Department of Health, Education, and Welfare.....	1	3	2			
Department of the Interior.....	60	52	57	16	8	1
Department of Labor.....	294	302	304			
Post Office Department.....	420	519	595			
Treasury Department.....	*	1	*	250	250	250
General Services Administration.....	1	*	*			
Housing and Home Finance Agency:						
College housing loans.....	69	66	73	743	823	908
Urban renewal fund.....	420	273	208	<sup>2</sup> 3,656	<sup>2</sup> 4,951	<sup>2</sup> 4,686
Federal National Mortgage Association.....	97	38	30	4,310	4,772	5,183
Federal Housing Administration.....	842	928	1,057			
Public Housing Administration.....	64	103	111	1,475	1,500	1,500
Other.....	166	234	271	1,037	1,002	967
Veterans Administration.....	609	677	1,036	281	249	99
Other independent offices:						
Export-Import Bank of Washington.....	5	1	1	4,524	5,127	5,933
Small Business Administration.....	393	349	215			
Tennessee Valley Authority.....	24	39	45	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Loans to Federal Deposit Insurance Corporation.....				3,000	3,000	3,000
Loans to Federal home loan banks.....				1,000	1,000	1,000
Federal Savings and Loan Insurance Corporation.....	868	1,118	1,467	750	750	750
Other.....	116	120	122	24	23	21
Total.....	7,653	8,036	9,268	24,050	26,536	28,616

\*Less than one-half million dollars.

<sup>1</sup> Includes unfunded balance of contract authority of \$1,402 million in 1963, \$1,087 million in 1964, and \$487 million in 1965.<sup>2</sup> Includes unfunded balance of contract authority of \$3,016 million in 1963, \$4,311 million in 1964, and \$3,045 million in 1965.<sup>3</sup> Excludes undrawn corporate debt authority of \$555 million in 1963, \$480 million in 1964, and \$405 million in 1965.

In most cases, a large part of the balances are obligated or reserved—to pay loan commitments, purchase and construction contracts, or other obligations entered into but on which the other party has not yet required or earned the money. The balances include inactive “standby” authority for loans to the Federal Deposit Insurance Corporation, the home loan banks, and the Federal Savings and Loan Insurance Corporation. Also included is an unused balance for the never-activated Federal Flood Indemnity Administration (HHFA).

## TRUST FUNDS

The trust funds are administered in a fiduciary capacity by the Government. They are not included in the administrative budget totals, and transactions between the general fund and the trust funds are conducted "at arm's length"—that is, payments between them are reported as expenditures and receipts of the funds involved.

*Expenditures and receipts.*—Trust fund expenditures are estimated to be \$29.4 billion in 1965, with receipts of \$30.9 billion, as shown in table B-4. The transactions of the Federal old-age and survivors insurance fund are slightly more than half of the totals.

Table B-4. EXPENDITURES AND RECEIPTS OF TRUST FUNDS  
(In millions of dollars)

Description	Expenditures			Receipts		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Federal old-age and survivors insurance trust fund.....	14,530	15,359	16,091	13,856	15,846	16,271
Federal disability insurance trust fund.....	1,259	1,345	1,428	1,145	1,198	1,228
Unemployment trust fund.....	3,815	3,555	3,443	4,261	4,191	3,933
Railroad retirement account.....	1,112	1,129	1,144	1,128	1,202	1,279
Federal employees' funds.....	1,138	1,279	1,444	2,255	2,391	2,400
Highway trust fund.....	3,017	3,551	3,650	3,293	3,484	3,510
Veterans life insurance funds.....	826	633	487	710	717	712
Federal National Mortgage Association trust funds.....	-730	30	138	-----	-----	-----
Other trust funds.....	1,252	1,571	1,932	1,546	1,623	2,017
Deposit funds.....	146	-116	-17	-----	-----	-----
Interfund transactions (table 14, note).....	-505	-488	-477	-505	-488	-477
Subtotal.....	25,860	27,849	29,261	27,689	30,163	30,872
Government-sponsored enterprises.....	685	1,467	111	-----	-----	-----
Total.....	26,545	29,315	29,372	27,689	30,163	30,872

The trust funds include a small group of trust revolving funds (see table B-5) which, like the public enterprise funds, are stated on a net expenditure basis in figures used elsewhere in the budget.

Table B-5. TRANSACTIONS OF TRUST REVOLVING FUNDS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Civil Service Commission (Employees' life insurance and health benefits).....	501	520	581	546	585	636
Federal National Mortgage Association.....	393	479	595	1,124	449	457
All other trust revolving funds.....	62	100	159	33	45	135
Total, trust revolving funds.....	956	1,099	1,335	1,703	1,079	1,228
Receipts from the public.....	-----	-----	-----	(1,489)	(857)	(998)
Receipts from other accounts.....	-----	-----	-----	(214)	(222)	(230)

*Treasury financing.*—The principal financing provided by the general fund to the trust funds is interest paid on public debt investments of the trust funds. The Government also contributes, as employer, to the employee retirement funds.

*Balances available.*—Trust fund balances with the Treasury and U.S. securities are shown in table B-6. These balances are reserved to carry out the purposes of the trust.

Table B-6. TRUST FUND BALANCES (in millions of dollars)

Description	As of June 30			
	1962 actual	1963 actual	1964 estimate	1965 estimate
Federal old-age and survivors insurance trust fund.....	19,641	18,967	19,454	19,634
Federal disability insurance trust fund.....	2,508	2,394	2,247	2,047
Unemployment trust fund.....	5,832	6,277	6,912	7,402
Railroad retirement account.....	3,789	3,805	3,878	4,014
Federal employees' funds.....	12,524	13,641	14,752	15,708
Highway trust fund.....	471	747	680	540
Veterans life insurance funds.....	6,843	6,726	6,811	7,036
Federal National Mortgage Association trust fund.....	104	237	25	22
All other trust funds.....	842	1,136	1,188	1,273
Deposit funds.....	1,913	1,767	1,883	1,900
<b>Total.....</b>	<b>54,467</b>	<b>55,698</b>	<b>57,830</b>	<b>59,577</b>

Note.—Excludes Government-sponsored enterprises.

The figures shown above differ somewhat from those on an authorization basis shown in table 10. The reconciliation is as follows:

	As of June 30			
	1962	1963	1964	1965
Balances available on an authorization basis (table 10).....	64,136	66,341	69,774	71,827
Unappropriated receipts:				
Available as needed on an indefinite basis.....	51	76	25	25
Available for appropriation by Congress:				
District of Columbia.....	-114	-114	-96	-89
U.S. Soldiers' Home.....	98	102	105	108
Highway trust fund.....	106	148	382	242
Unfinanced contract authorization.....	-8,929	-9,167	-10,290	-10,453
Undrawn authorizations to borrow.....	-882	-1,687	-2,071	-2,083
<b>Balances available on a cash basis.....</b>	<b>54,467</b>	<b>55,698</b>	<b>57,830</b>	<b>59,577</b>

#### GOVERNMENT-SPONSORED ENTERPRISES AND ANNEXED BUDGETS

This budget continues the practice adopted a year ago of including with the trust fund expenditures certain transactions of five Government-sponsored enterprises, stated on a net basis. The transactions thus reported relate to investments in U.S. securities and debt issuance for which the Treasury acts as fiscal agent; amounts equal to the net debt issuance or net disinvestments of such enterprises are used as an estimate of net expenditures.

The budget appendix includes for the first time this year detailed budget statements with respect to seven self-supporting activities, including three of the Government-sponsored enterprises just mentioned, and four other activities. (In the case of one of the latter, the Exchange stabilization fund, estimates for the years 1964 and 1965 are incomplete.)

Table B-7 summarizes the expenditures and receipts of the annexed budgets.

Table B-7. EXPENDITURES AND APPLICABLE RECEIPTS OF ACTIVITIES COVERED BY ANNEXED BUDGETS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Milk Marketing Administration.....	12	13	13	12	13	13
Comptroller of the Currency.....	14	16	18	15	17	18
Exchange Stabilization Fund.....	4	( <sup>1</sup> )	( <sup>1</sup> )	8	( <sup>1</sup> )	( <sup>1</sup> )
Board of Governors of Federal Reserve System.....	7	8	8	7	8	8
Banks for Cooperatives.....	1,070	1,132	1,129	1,067	1,075	1,105
Federal Intermediate Credit Banks.....	4,595	4,881	5,201	4,327	4,645	4,970
Federal Deposit Insurance Corporation.....	6	20	19	165	199	222
Total.....	5,708	6,070	6,388	5,602	5,957	6,336

<sup>1</sup> Not available.

## OTHER EXCLUSIONS FROM ADMINISTRATIVE BUDGET RECEIPTS

The law permits certain collections to be credited as reimbursements to general fund appropriations. Such collections from outside the administrative budget accounts are identified in the detailed schedules of the budget appendix as reimbursements from "non-Federal sources," distinguishing them from reimbursements within the administrative budget sector. The intragovernmental revolving and management funds also have some receipts from outside the Government. Table B-8 reflects the estimated amount of such collections which are credited to appropriations or to intragovernmental funds.

Table B-8. REIMBURSEMENTS FROM NON-FEDERAL SOURCES TO APPROPRIATIONS AND INTRAGOVERNMENTAL FUNDS (in millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
Funds appropriated to the President.....	*	*	*
Department of Agriculture.....	13	14	14
Department of Commerce.....	4	5	4
Department of Defense:			
Military.....	1,989	1,949	1,887
Civil.....	2	2	2
Department of Health, Education, and Welfare.....	32	33	34
Department of the Interior.....	38	64	78
Department of Justice.....	3	3	3
Department of Labor.....	*	*	*
Department of State.....	7	2	1
Treasury Department.....	12	13	14
Atomic Energy Commission.....	57	52	75
Federal Aviation Agency.....	2	2	3
National Aeronautics and Space Administration.....		*	*
Veterans Administration.....	1	1	1
Other independent agencies.....	*	*	*
Total.....	2,162	2,142	2,118
From trust funds.....	(694)	(880)	(1,244)
From the public.....	(1,468)	(1,262)	(874)

\*Less than one-half million dollars.

## GROSS EXPENDITURES OF THE GOVERNMENT

Table B-9 gives gross expenditures, on a checks-issued basis for all Government-administered funds, except deposit funds; the latter are excluded since they are for the most part suspense accounts.

**Table B-9. GROSS EXPENDITURES OF GOVERNMENT-ADMINISTERED FUNDS (in millions of dollars)**

Function	1963 actual	1964 estimate	1965 estimate
National defense.....	54,902	57,209	56,000
International affairs and finance.....	3,564	3,888	4,070
Space research and technology.....	2,552	4,401	4,992
Agriculture and agricultural resources.....	18,268	18,064	16,590
Natural resources.....	2,716	2,912	3,035
Commerce and transportation.....	9,432	10,935	11,027
Housing and community development.....	3,105	3,333	4,040
Health, labor, and welfare.....	25,355	26,908	28,328
Education.....	1,276	1,429	1,781
Veterans benefits and services.....	6,715	6,601	6,364
Interest.....	8,308	8,892	9,199
General government.....	2,010	2,268	2,264
Undistributed—special allowances.....		250	1,094
<b>Total.....</b>	<b>138,205</b>	<b>147,090</b>	<b>148,785</b>
The total is derived as follows:			
Administrative budget expenditures (table 14).....	92,642	98,405	97,900
Trust fund expenditures (table 14 and B-4):			
Total of such transactions.....	26,545	29,315	29,372
Elimination of deposit funds included in total.....	-146	116	17
Intragovernmental transactions (table A-2):			
Total of such transactions.....	-4,281	-4,147	-4,075
Employees' contributions included in total.....	917	941	954
Other adjustments included in total.....	340		
Receipts from the public netted in conventional totals:			
Receipts of public enterprise funds (table B-1).....	14,209	15,737	16,468
Receipts of trust revolving funds (table B-5).....	1,489	857	998
Reimbursements to administrative budget funds (table B-8).....	1,468	1,262	874
Substitution of annexed budgets:			
Gross expenditures of annexed budgets (table B-7).....	5,708	6,070	6,388
Elimination of net expenditures of Government-sponsored enterprises (included in table B-4).....	-685	-1,467	-111
<b>Total.....</b>	<b>138,205</b>	<b>147,090</b>	<b>148,785</b>

## BORROWING OTHER THAN FROM THE GENERAL FUND

The Tennessee Valley Authority has authority to borrow \$750 million from the public. The Federal Housing Administration has an indefinite authorization to issue short-term debentures in connection with its settlements. The Federal National Mortgage Association trust revolving fund has authority to issue its own debt instruments in an amount equal to 10 times the aggregate of its capital and retained earnings. The District of Columbia Armory Board was authorized to issue bonds for the financing of the stadium completed in 1961. A few funds in liquidation are retiring earlier debt is-



suances. Government-sponsored enterprises also have their own borrowing authority. Some Government enterprise debt is guaranteed by the Treasury; some is not formally guaranteed. Borrowing and repayments pursuant to these authorities are shown in table B-10.

A small portion of such borrowing is from other funds; the larger part is from the public and in effect reduces the Treasury borrowing from the public (see table 11 of part 2).

**Table B-10. DEBT ISSUANCES BY GOVERNMENT ENTERPRISES (OTHER THAN BORROWING FROM THE GENERAL FUND) (in millions of dollars)**

Description	1963 actual	1964 estimate	1965 estimate	End 1965, estimate out- standing
<b>Borrowing from the public:</b>				
By public enterprise funds:				
Federal Housing Administration.....	164	189	-87	522
Federal National Mortgage Association.....	*			
Federal Farm Mortgage Corporation.....	*	*	*	*
Home Owners Loan Corporation.....	*	*	*	*
Tennessee Valley Authority.....		75	75	295
By trust funds:				
D.C. Armory Board.....				20
Federal National Mortgage Association.....	-597	-183	135	1,913
By Government-sponsored enterprises:				
Banks for cooperatives.....	29	40	40	537
Federal intermediate credit banks.....	243	261	235	2,594
Federal land banks.....	176	180	140	3,043
Federal home loan banks.....	946	1,225		3,967
Total, borrowing from the public.....	961	1,787	538	12,892
<b>Borrowing from other funds:</b>				
By public enterprise funds:				
Federal Housing Administration.....	-1	-46	44	163
By Government-sponsored enterprise funds:				
Banks for cooperatives.....	1			2
Federal intermediate credit banks.....	35	-34		1
Federal land banks.....	-1			*
Federal home loan banks.....	29	-25		4
Total, borrowing from other funds.....	61	-106	44	170
Total, debt issuances by Government enterprises.....	1,022	1,681	581	13,063

Note.—Negative figures represent net retirement of debt.

\*Less than one-half million dollars.

#### INVESTMENTS IN U.S. SECURITIES

A few public enterprise funds, a substantial number of trust funds, and the Government-sponsored enterprises may purchase Treasury bonds or notes for investments. In addition, the Federal National Mortgage Association acquires some of the debentures issued by the Federal Housing Administration, and the Federal Housing Administration acquires some of its own debentures as investments. These investment transactions in securities issued by the Government or its agencies are shown in table B-11.

The public debt bought by the various funds enters into the computation of the debt as shown in table 11 of part 2.

Table B-11. INVESTMENTS IN U.S. SECURITIES BY GOVERNMENT-ADMINISTERED FUNDS (in millions of dollars)

Description	Transactions			End 1965. estimate out- stand- ing
	1963 actual	1964 estimate	1965 estimate	
<b>Investments in Treasury issuances (public debt):</b>				
By public enterprise funds:				
Federal Housing Administration.....	-5	57	75	852
Federal Savings and Loan Insurance Corporation.....	269	250	349	1,460
Tennessee Valley Authority.....	-10			
Veterans' Administration.....	13	16	25	142
Maritime Administration.....	7	-3	4	8
By trust funds:				
Federal old-age and survivors insurance trust fund.....	-821	487	125	18,225
Federal disability insurance trust fund.....	-129	-147	-204	1,927
Unemployment trust fund.....	456	629	475	7,349
Railroad retirement account.....	1	85	136	3,918
Federal employees' funds.....	1,144	1,095	940	15,569
Federal National Mortgage Association.....	92	-92		
Highway trust fund.....	242	-68	-140	470
Veterans life insurance funds.....	-114	83	226	7,025
District of Columbia municipal government funds.....	5	-26	-9	24
All other.....	8	4	-12	19
By Government-sponsored enterprises:				
Federal Deposit Insurance Corporation.....	161	180	202	3,136
Banks for cooperatives.....	*			43
Federal intermediate credit banks.....	1		2	113
Federal land banks.....	-2			102
Federal home loan banks.....	612		100	2,044
By Exchange stabilization fund.....	81			<sup>1</sup> 153
<b>Total, investments in Treasury issuances.....</b>	<b>2,007</b>	<b>2,552</b>	<b>2,294</b>	<b>62,580</b>
<b>Investments in issuances of other funds:</b>				
By public enterprise funds:				
Federal Housing Administration.....	41	26	52	126
Federal National Mortgage Association.....	-27	-59	-8	27
By trust funds:				
Federal National Mortgage Association.....	44	-73		10
District of Columbia municipal government funds.....	3			8
<b>Total, investments in issuances of other funds.....</b>	<b>61</b>	<b>-106</b>	<b>44</b>	<b>170</b>
<b>Total, investments in U.S. securities.....</b>	<b>2,069</b>	<b>2,446</b>	<b>2,338</b>	<b>62,751</b>

Note.—Negative figures represent net reduction of investments.

\*Less than one-half million dollars.

<sup>1</sup> As of end of fiscal year 1963; estimates for 1964 and 1965 are not available.

## SPECIAL ANALYSIS C

### CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

This analysis summarizes actual and estimated employment in the executive branch for fiscal years 1963, 1964, and 1965.

#### EMPLOYMENT TOTALS

The 1965 budget projects a decrease of 1,200 in civilian employment in the executive branch—it is the first budget to call for a reduction in total civilian employment since the practice of making total employment estimates for the budget proposals began 9 years ago. Regular employees will total 2,511,200 at the end of fiscal 1965, as compared with 2,512,400 at the same time in 1964.

Table C-1 SUMMARY OF CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

	As of June			
	1963 actual	1964 estimate	1965	
			Estimate	Percent
Department of Defense—Military and military assistance <sup>1</sup> .....	1,017,117	1,007,000	989,920	39.4
Post Office Department.....	587,161	593,100	597,900	23.8
Veterans Administration.....	172,864	173,021	173,754	6.9
Department of Agriculture.....	112,488	116,800	115,376	4.6
Department of Health, Education, and Welfare..	81,062	86,000	90,730	3.6
Treasury Department.....	86,579	88,433	90,427	3.6
All others.....	433,017	448,046	453,093	18.0
Total.....	<sup>2</sup> 2,490,288	2,512,400	2,511,200	100.0

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

<sup>2</sup> Excludes 7,411 project employees for the public works acceleration program.

About 70% of all Federal civilian employees work in three agencies, the Department of Defense, Post Office, and the Veterans Administration. The Departments of Agriculture, Health, Education, and Welfare, and Treasury account for another 12%. All the remaining 50-odd agencies of the Government account for only 18% of the employment. The totals for the major agencies are shown on table 12 in part 2.

#### TYPES OF POSITIONS

Employees appointed to four major types of positions make up the Federal work force. They are designated "permanent," "temporary," "part-time," and "intermittent," respectively.

Most employees occupy positions called "permanent," though these positions can usually be abolished by the head of the employing agency if he decides to discontinue a function or to reorganize staffing arrangements so as to improve efficiency, or if funds are not available to

support the agency's full authorized strength. Most of these employees are not office workers, but are to be found on postal routes, in hospitals, shipyards and research laboratories, in national forests and parks, as teachers in Indian schools, airway control experts, highway construction engineers, border patrol inspectors, and in many other places and jobs.

Most short-term fluctuations in total Federal employment reflect changes in the number of "temporary," "part-time," and "intermittent" employees in service. "Temporary" positions are predominantly of a seasonal character and usually vary in number by at least 30,000 between peak employment during the summer months and the midwinter nadir. "Part-time" employees are found principally in the Post Office and the Veterans Administration, and are used to meet workloads that regularly require less than a full week's work. "Inter-

Table C-2. EMPLOYMENT BY TYPE OF POSITION OCCUPIED  
(As of June 1963)

Description	Full-time permanent	Full-time temporary	Part-time	Intermittent	Total
Executive Office of the President.....	1,324	184	14	138	1,660
Department of Agriculture.....	78,898	16,762	3,182	13,646	112,488
Department of Commerce.....	28,466	2,250	442	1,180	32,338
Department of Defense:					
Military and military assistance <sup>1</sup> .....	998,585	14,648	1,626	2,258	1,017,117
Civil <sup>2</sup> .....	30,019	2,322	15	292	32,648
Department of Health, Education, and Welfare.....	77,155	2,299	500	1,108	81,062
Department of the Interior.....	54,696	9,514	503	4,845	69,558
Department of Justice.....	31,421	323	37	300	32,081
Department of Labor.....	9,193	-----	51	323	9,567
Post Office Department.....	449,666	78	72,540	64,877	587,161
Department of State.....	23,880	377	205	57	24,519
Agency for International Development.....	16,491	221	19	51	16,782
Peace Corps.....	872	183	16	39	1,110
Treasury Department.....	82,576	3,382	541	80	86,579
Atomic Energy Commission.....	6,977	55	15	73	7,120
Federal Aviation Agency.....	45,213	176	121	803	46,313
General Services Administration.....	31,656	616	273	105	32,650
Housing and Home Finance Agency.....	13,927	51	40	142	14,160
National Aeronautics and Space Administration.....	27,904	1,905	10	115	29,934
Veterans Administration.....	150,871	3,120	5,428	13,445	172,864
Other:					
Civil Service Commission.....	3,985	25	20	55	4,085
Selective Service System.....	5,130	-----	1,276	510	6,916
Small Business Administration.....	3,328	59	-----	-----	3,387
Tennessee Valley Authority.....	11,382	6,298	216	21	17,917
The Panama Canal.....	13,990	315	341	320	14,966
United States Information Agency.....	11,485	29	276	3	11,793
Miscellaneous independent agencies and other.....	22,429	545	90	449	23,513
Total <sup>3</sup> .....	2,231,519	65,737	87,797	105,235	2,490,288

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

<sup>2</sup> Employment of the Panama Canal and the United States Soldiers Home is included under "Other" below.

<sup>3</sup> Excludes 7,411 project employees for the public works acceleration program.

mittent employees" include leave replacements for rural mail carriers, consultants, members of advisory committees, and others who may work for the Government for as little as 1 day a month, and in some months not at all.

As the fiscal year ends on June 30, the end-of-year employment figure includes most of the seasonal employees likely to be on board at any one time of the year and is, therefore, higher than the average number of employees for the year. Table C-2 shows the composition of Federal employment by type of position and major agency at the end of fiscal 1963.

#### EMPLOYMENT CHANGES IN PARTICULAR AGENCIES

The President has directed each agency to institute programs to improve management and employee productivity, and to continuously reassess its employment needs in the light of advances made through these efforts. Many agencies have achieved outstanding results, of which the following are a few recent examples:

- The Department of Defense, the Government's largest employer, has identified economies which will allow a drop of 10,000 in employment in 1964, and a further reduction of 17,000 in 1965.
- The Post Office Department, despite an uncontrollable workload and the necessity to extend service to rapidly growing suburban areas, has held staff increases to 1.8% between 1963 and 1965, as compared with an increase of 6.4% in mail volume.
- The Agency for International Development has made management improvements in Washington and in its foreign posts which, together with program adjustments, will result in a decrease in overall employment of about 800 in 1965.
- The Department of Agriculture will employ about 1,400 fewer people at the end of 1965 than at the same time in 1964, due principally to improvements in management and organization, as well as elimination of lower priority projects.

Savings achieved through economies of management and operations contribute to the Government's ability to meet new and growing needs. Employment growth in such agencies as the Department of Health, Education, and Welfare corresponds to the initiation of new programs, usually requiring new legislation, to accomplish objectives urgent to the national interest such as the eradication of poverty. Increases in such agencies as the Treasury Department and the General Services Administration reflect the necessity of coping with expanding workloads which require more people with even the most efficient procedures. In 1965, savings accomplished through improved management will more than offset both of these kinds of increases, however.

## EMPLOYMENT COMPARED WITH OTHER FACTORS

Federal employment has grown more slowly than population or other types of employment.

Between 1955 and 1965, the U.S. population will have risen at an average annual rate of 1.7%. The average yearly growth of Federal employment over the same period has been 0.6%. Though not every agency's workload is directly affected by population increases, most of them are, and have been further increased by changes in the nature and composition of the population, (e.g., increases in the numbers of very old and very young persons). Despite this, however, Federal employment has grown more slowly than the population—in 1955, each Federal employee in the executive branch served 70 Americans; it is expected that in 1965 each employee will be serving 77 Americans (see table C-3). There are now approximately 13 U.S. workers serving each 1,000 of the population, of which 5 are employed by Defense, 3 by the Post Office, 1 by the Veterans Administration, and 4 by all the rest of the Government.

Federal employment has also grown less than non-Federal, nonagricultural employment over the same period of time, as indicated in table C-3. In 1955, there were 20 non-Federal, nonagricultural employees for each Federal employee; but in 1965, there are expected to be 24.

Table C-3. EXECUTIVE BRANCH EMPLOYMENT, POPULATION, AND OTHER EMPLOYMENT

	Executive branch employment as of June (thousands)	U.S. population		Non-Federal nonagricultural employment		State and local government employment	
		Number (thousands)	Number per executive branch employee	Number (thousands)	Number per executive branch employee	Number (thousands)	Number per executive branch employee
1942.....	2,272	135,361	60	37,912	17	3,310	1.5
1945.....	3,787	140,468	37	37,586	10	3,104	.8
1948.....	2,044	147,208	72	43,028	21	3,776	1.8
1950.....	<sup>1</sup> 1,934	152,271	79	43,294	22	4,078	2.1
1951.....	2,456	154,878	63	45,547	19	4,031	1.6
1952.....	2,574	157,553	61	46,405	18	4,134	1.6
1953.....	2,532	160,184	63	47,927	19	4,282	1.7
1954.....	2,382	163,026	68	46,834	20	4,552	1.9
1955.....	2,371	165,931	70	48,488	20	4,728	2.0
1956.....	2,372	168,903	71	50,199	21	5,064	2.1
1957.....	2,391	171,984	72	50,687	21	5,387	2.3
1958.....	2,355	174,882	74	49,232	21	5,681	2.4
1959.....	2,355	177,830	76	51,171	22	5,907	2.5
1960.....	<sup>1</sup> 2,371	180,676	76	52,100	22	6,233	2.6
1961.....	2,407	183,742	76	51,945	22	6,520	2.7
1962.....	2,485	186,591	75	53,501	22	6,823	2.7
1963.....	<sup>2</sup> 2,490	189,278	76	54,807	22	7,141	2.9
1964 (estimated).....	2,512	( <sup>3</sup> )	76	( <sup>3</sup> )	23	( <sup>3</sup> )	3.0
1965 (estimated).....	2,511	( <sup>3</sup> )	77	( <sup>3</sup> )	24	( <sup>3</sup> )	3.1

<sup>1</sup> Includes piece-rate census workers employed for the decennial census.

<sup>2</sup> Excludes 7,411 project employees for the public works acceleration program.

<sup>3</sup> Not available.

State and local government employment will have increased by 64% since 1955 while Federal civilian employment will rise less than 6%.

It is also important to note that personnel compensation is a relatively small portion of the Federal budget. In the administrative budget for 1965 these costs amount to only 12.5%, and they are only slightly more than 10% of consolidated cash expenditures. The adequacy of pay rates have significant monetary effects throughout the budget, however, as they affect the quality of personnel charged with maximizing efficiency and economy.

SPECIAL ANALYSIS D  
INVESTMENT, OPERATING, AND OTHER EXPENDITURES

This analysis is designed to contribute to a greater understanding of Government activities by dividing Federal administrative budget and trust fund expenditures into several categories: (1) additions to Federal assets; (2) additions to State, local, and private assets; (3) developmental expenditures; (4) current expenses for aids and special services; (5) retirement and social insurance benefits (trust funds only); (6) other services and current operating expenses; and (7) unclassified (trust fund expenditures which do not properly belong in any of the other categories). In each category where applicable, national defense expenditures are reported separately from those for all other (civil) programs.

Basically, this analysis distinguishes between two types of expenditures: Those yielding benefits primarily in the future and those providing benefits largely in the year in which they are made. The former are essentially outlays of an investment nature while the latter are principally current expenses for aids, special services, and social insurance benefits. 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 categories.

Expenditures from administrative budget funds are shown separately from trust funds in tables D-1 and D-2. The sum of the budget and trust fund totals is greater than the total of cash payments to the public primarily because there are intragovernmental transactions.

1. *Additions to Federal assets.*—This category includes administrative budget expenditures for direct loans, such as loans to finance private housing construction and encourage home ownership, to help small businesses, to finance college dormitory construction, to aid farm ownership and operation, to finance rural electric and telephone systems, and to promote economic development abroad. (Most of these programs are included in the budget total on a net basis; that is, gross disbursements less receipts.) It also includes financial investments in certain international organizations and mixed-ownership enterprises, and expenditures for public works, for changes in major commodity inventories, for major equipment (including military equipment), and for the acquisition and improvement of real property and other physical assets.

Trust fund expenditures in this category consist primarily of mortgage purchases (net of sales) by the Federal National Mortgage Association in support of its secondary mortgage market operations, and net loans by two Government-sponsored enterprises—banks for cooperatives and the Federal intermediate credit banks.

2. *Additions to State, local, and private assets.*—Federal outlays under this heading add to State, local, and private assets. Grant-



Table D-1. SUMMARY OF INVESTMENT, OPERATING, AND OTHER EXPENDITURES (in millions of dollars)

Description	Administrative budget funds			Trust funds		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Additions to Federal assets:						
Civil.....	5,060	3,555	3,090	-250	362	576
National defense.....	17,947	18,734	17,239			
Additions to State, local, and private assets:						
Civil.....	1,312	1,686	1,683	3,481	4,833	3,582
National defense.....	28	28	22	*	2	1
Developmental expenditures:						
Civil.....	4,772	6,840	7,837	54	68	74
National defense.....	7,886	8,597	8,252			
Subtotal, investment and developmental type expenditures:						
Civil.....	11,144	12,082	12,610	3,285	5,263	4,232
National defense.....	25,861	27,359	25,513	*	2	1
Current expenses for aids and special services:						
Civil.....	16,109	17,311	16,354	661	816	792
National defense.....	1,751	1,617	1,265	674	860	1,225
Retirement and social insurance benefits—civil.....				20,814	21,409	22,330
Other services and current operating expenses:						
Civil:						
Interest.....	9,980	10,701	11,101			
Other.....	3,167	3,449	3,360	151	153	104
National defense.....	25,142	26,323	27,201	5	5	5
District of Columbia, deposit funds, and other unclassified items.....				1,461	1,294	1,160
Allowances and contingencies.....		250	1,094			
Interfund transactions.....	-513	-685	-600	-505	-488	-477
Grand total.....	92,642	98,405	97,900	26,545	29,315	29,372

\*Less than one-half million dollars.

in-aid expenditures which augment the physical assets of State and local governments are primarily for the construction of highways (mainly through the Highway trust fund), hospitals, airports, waste-treatment works, watershed protection projects, schools in federally affected areas, and public facilities under the area redevelopment program and the temporary accelerated public works program. Federal expenditures which increase the value of privately owned assets are largely for the conservation and improvement of private farm land and water, for grants to States for the building of private hospitals and other health facilities, and for construction subsidies to the merchant fleet. Trust fund expenditures in this category, in addition to the highway program, include the net loans made by the Federal land banks and the Federal home loan banks (Government-sponsored enterprises in which the Federal Government no longer holds any capital stock); these loans strengthen lending institutions which promote farming and individual home ownership.

3. *Developmental expenditures.*—Federal expenditures of this type include outlays principally for research and development, education and health, and other programs which increase the Nation's fund of knowledge and technical skills and improve the physical vigor of the population. The total of Federal spending shown in this category does not fully reflect the Government's contribution to the productivity of the economy, since it excludes additions to physical assets, as well as certain other programs which further this end. The latter are classified in accordance with their principal purpose; thus, veterans educational benefits are listed as veterans aids rather than as developmental outlays. Similarly, the training of military personnel or other Government personnel is treated as an operating expense and not as part of the Government's education and training programs.

4. *Current expenses for aids and special services.*—Expenditures classified under this heading provide aids or special services to certain groups—mainly in the year in which the outlays are made. In addition to such items as realized losses of the Commodity Credit Corporation on its farm programs, maritime operating subsidies, veterans pensions, and grants to foreign nations for economic and military assistance, this category includes (a) administrative and other operating expenses attributable to investment-type programs which benefit specific groups, and (b) the costs of maintaining the physical assets related to those programs.

Only part of the Federal Government's aid to special groups is reflected in this classification, which is limited by definition to current expenses. For example, subsidies for the construction of private merchant ships are classified as additions 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. Many indirect Government aids are excluded from this classification either because they are not reflected in expenditures or cannot be readily measured. Examples of such indirect benefits include low interest rates on some loans and certain preferential tax treatments.

Although expenditures in this category essentially provide a direct aid or special service yielding immediate benefits, some of the outlays included contribute indirectly to the Nation's future development. Among these are grants for slum clearance and urban renewal.

5. *Retirement and social insurance benefits.*—This category applies only to trust funds. It covers benefit programs which (a) are financed from special taxes or contributions and (b) provide insurance against the loss of income due to unemployment, retirement, disability, or death. It does not include Government employees' health and life insurance expenditures, which are in the form of subscription and premium payments to approved private companies. It also excludes such noncontributory programs as public assistance grants, military retired pay, and veterans disability and death compensation and pensions which are financed through the administrative budget.

6. *Other services and current operating expenses.*—The outlays reported under this heading support a wide range of activities. They

consist mainly of current expenditures for: Pay and subsistence of military personnel; repair, maintenance, and operation of physical assets of the national military establishment and general purpose public buildings; conduct of foreign affairs; tax collection; payment of interest on the national debt; and operation and administration of other direct Federal programs not elsewhere classified.

7. *Unclassified*.—Certain trust fund expenditures represent financial transfers to other trust or budget accounts and cannot be properly classified into any of the categories described above. Advances and repayments between the Railroad retirement account and the Unemployment trust fund (for railroad unemployment benefits) are examples of such transactions. This grouping also includes the expenditures of the District of Columbia which are for the most part locally financed, but are accounted for as a Federal trust fund. Deposit fund transactions (net) are also included here.

*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, the construction of powerplants, and outlays for range and forest improvements on public domain and national forest lands are offset in whole or in part by receipts to the Treasury through repayments and sales, specific charges, or recoveries. Where such activities are carried on through revolving funds, as in most loan programs, receipts are credited directly against the expenditures and only the difference is included in the expenditure total in the budget and in this analysis. In other cases, the returns are included as miscellaneous receipts to the Treasury rather than as offsets to expenditures.

Whether recovered by specific revenues or not, investment and developmental expenditures in both 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, this analysis does not attempt to measure the degree of 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.

*Comparison with capital accounting, budgeting, and funding*.—The purpose of this analysis is to provide a broad framework for understanding Federal expenditures, recognizing not only outlays to increase physical capital and financial assets, but also developmental expenditures which represent an investment in human capital. It does not distinguish precisely between capital and current items, although it does provide useful general magnitudes. Moreover, it does not make any allowance for depreciation and obsolescence on existing physical assets, anticipated losses on loan programs, or profit or loss on sales of assets at figures different from their book value. Agencies record such allowances only for transactions where the data will serve program and management needs, as in the case of the public enterprise funds. As a result, it is not possible to determine directly from this analysis the *net* addition to the value of federally owned assets.

This analysis is not a capital budget in the sense of a long-range program for the acquisition of assets, or 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 exclude most or all such expenditures from their computation of budget totals, except for annual charges to amortize these capital outlays over a number of years. The U.S. budget, on the other hand, treats outlays for investment items and for other purposes alike in computing the budget surplus or deficit.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds</b>			
<b>ADDITIONS TO FEDERAL ASSETS</b>			
<b>Loans:</b>			
<b>Civil:</b>			
To domestic private borrowers:			
Department of Agriculture:			
Commodity Credit Corporation: Price support and grain storage loans.....	433	-25	-420
Rural Electrification Administration.....	332	218	218
Farmers Home Administration.....	289	263	106
Department of Commerce:			
Area redevelopment fund and other.....	20	62	85
Department of Health, Education, and Welfare: Defense educational activities and other.....	93	131	152
Housing and Home Finance Agency:			
Federal National Mortgage Association.....	-440	-459	-591
College housing loans.....	173	154	145
Housing for the elderly.....	18	33	51
Federal Housing Administration.....	-98	-100	-191
Other.....	*	-2	-1
Veterans Administration:			
Housing loans:			
Veterans direct loans.....	-65	-58	-157
Loan guarantee revolving fund.....	-106	13	-136
Other.....	2	2	1
Federal Home Loan Bank Board.....	2	44	-7
Small Business Administration.....	127	124	123
Other agencies.....	1	8	*
<b>Total, to domestic private borrowers, civil.....</b>	<b>781</b>	<b>405</b>	<b>-623</b>
To State and local governments:			
Housing and Home Finance Agency:			
College housing loans.....	115	74	68
Public facility loans.....	30	34	31
Low rent public housing.....	-3	-56	*
Other.....	-9	21	22
District of Columbia.....	32	26	30
Other agencies.....	19	43	51
<b>Total, to State and local governments, civil.....</b>	<b>184</b>	<b>141</b>	<b>203</b>

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Loans—Continued</b>			
Civil—Continued			
To foreign borrowers:			
Funds appropriated to the President: Foreign assistance—economic.....	1,020	1,057	1,133
Department of State: Loan to the United Nations.....	72	4	---
Export-Import Bank of Washington.....	-272	-522	-732
Total, to foreign borrowers, civil.....	820	539	401
Total, loans, civil.....	1,785	1,085	-19
National defense:			
To domestic private borrowers:			
Funds appropriated to the President: Expansion of defense production.....	-68	-4	-4
Other agencies.....	4	5	2
Total, to domestic private borrowers, national defense....	-64	1	-2
To foreign borrowers: Department of Defense—Military assistance.....	-46	-75	-78
Total, loans, national defense.....	-110	-75	-80
Total, loans.....	1,675	1,010	-98
<b>Other financial investments:</b>			
Civil:			
Investments in quasi-public institutions, trust funds and international institutions:			
Funds appropriated to the President:			
Foreign assistance—economic.....	49	100	120
Inter-American Development Bank.....	60	50	---
International Development Association.....	62	62	62
Department of Labor: Advances to unemployment trust fund.....	-85	-8	-4
Housing and Home Finance Agency: Federal National Mortgage Association.....	---	-101	---
Other agencies.....	1	-5	-2
Total, investment in quasi-public institutions, trust funds and international financial institutions.....	87	98	176
<b>Public works—sites and direct construction:</b>			
Civil:			
Legislative branch.....	24	23	33
Funds appropriated to the President: Public works acceleration.....	47	104	2
Department of Agriculture:			
Forest Service.....	62	92	89
Other.....	6	5	5
Department of Commerce:			
National Bureau of Standards.....	14	27	22
Other.....	3	13	4
Department of Defense—Civil:			
Corps of Engineers.....	853	852	902
The Panama Canal.....	16	15	10
Other.....	1	1	1

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Public works—sites and direct construction—Continued</b>			
Civil—Continued			
Department of Health, Education, and Welfare:			
Public health service.....	9	24	29
Other.....	15	14	16
Department of the Interior:			
Bureau of Reclamation.....	270	255	239
Bureau of Indian Affairs.....	65	57	65
National Park Service.....	59	59	61
Bonneville Power Administration.....	15	25	33
Other.....	25	28	27
Post Office Department.....	34	33	46
Department of State.....	13	18	35
Treasury Department.....	5	17	31
Federal Aviation Agency.....	129	107	99
General Services Administration: Public buildings.....	156	185	217
National Aeronautics and Space Administration.....	225	475	520
Veterans Administration: Hospitals and other.....	66	75	86
Tennessee Valley Authority.....	135	172	172
Other agencies.....	40	45	72
Total, public works, civil.....	2,289	2,720	2,815
National defense:			
Department of Defense—Military:			
Military construction (excluding infrastructure).....	1,124	1,092	1,046
Family housing.....	8	185	190
Other.....			8
Atomic Energy Commission.....	249	243	260
Other agencies.....	1	1	1
Total, public works, national defense.....	1,383	1,522	1,504
Total, public works, sites and direct construction.....	3,672	4,242	4,319
<b>Major commodity inventories:</b>			
Civil:			
Department of Agriculture: Commodity Credit Corporation:			
Agricultural commodities.....	251	—918	—328
Other agencies.....	4	36	42
Total, major commodity inventories, civil.....	256	—882	—286
National defense:			
Funds appropriated to the President: Expansion of defense production.....	12	—21	—30
Department of Defense—Military: Civil defense.....	6	30	10
Department of Health, Education, and Welfare: Emergency health activities.....	20	13	15
Total, major commodity inventories, national defense.....	37	22	—5
Total, major commodity inventories.....	293	—861	—291

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>ADDITIONS TO FEDERAL ASSETS—Continued</b>			
<b>Major equipment:</b>			
Civil:			
Department of Commerce.....	33	45	48
Post Office Department.....	39	52	52
Treasury Department: Coast Guard.....	30	21	29
Other agencies.....	20	32	15
Total, major equipment, civil.....	122	150	145
National defense:			
Department of Defense—Military.....	15,147	15,895	14,538
Atomic Energy Commission.....	157	192	175
Total, major equipment, national defense.....	15,303	16,087	14,713
Total, major equipment.....	15,426	16,236	14,858
<b>Other physical assets—acquisition and improvement:</b>			
Civil:			
Department of Agriculture.....	22	24	28
Department of the Interior.....	30	44	44
Housing and Home Finance Agency—Federal Housing Administration and other.....	399	345	222
Veterans Administration.....	56	-37	-50
Other agencies.....	13	9	15
Total, other physical assets, civil.....	521	385	259
National defense:			
Department of Defense—Military.....	157	160	165
Atomic Energy Commission.....	1,177	1,017	942
Total, other physical assets, national defense.....	1,334	1,177	1,107
Total, other physical assets—acquisition and improvement.....	1,855	1,562	1,366
Total, additions to Federal assets.....	23,007	22,288	20,330
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS</b>			
<b>State and local assets:</b>			
Civil:			
Funds appropriated to the President: Public works acceleration.....	14	227	214
Department of Agriculture: Flood prevention and watershed protection.....	57	57	60
Department of Commerce:			
Area Redevelopment Administration.....	3	10	11
Bureau of Public Roads—Forest highways and other.....	39	42	40
Department of Health, Education, and Welfare:			
School construction in federally affected areas.....	53	49	52
Hospital construction activities.....	69	76	79
Waste treatment works construction.....	52	75	75
Other.....	3	5	30
Federal Aviation Agency: Grants-in-aid for airports.....	51	75	76
Housing and Home Finance Agency.....	*	9	24

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS—Continued</b>			
<b>State and local assets—Continued</b>			
Civil—Continued			
District of Columbia.....	5	12	30
Other agencies.....	29	24	26
Total, State and local assets, civil.....	376	662	715
National defense: Department of Defense—Military.....	28	28	22
Total, State and local assets.....	404	690	737
<b>Private assets—civil:</b>			
Funds appropriated to the President:			
Public works acceleration.....	1	34	30
Department of Agriculture:			
Agricultural stabilization and conservation.....	523	573	477
Soil conservation.....	112	117	119
Other.....	9	1	1
Department of Commerce: Merchant ships.....	103	94	88
Department of Health, Education, and Welfare:			
Private hospital construction.....	113	114	119
Health research facilities.....	34	38	42
Other.....	4	10	37
National Science Foundation.....	36	40	53
Other agencies.....	1	2	2
Total, private assets.....	936	1,024	968
Total, additions to State, local, and private assets.....	1,340	1,714	1,706
<b>DEVELOPMENTAL EXPENDITURES</b>			
<b>Education, training, and health:</b>			
Civil:			
Department of Agriculture: Extension Service.....	75	80	78
Department of Health, Education, and Welfare:			
Office of Education:			
Payments to school districts.....	277	290	335
Defense educational activities.....	102	119	135
Vocational education.....	34	51	104
Proposed education legislation.....		3	106
Other.....	42	49	69
Vocational rehabilitation administration.....	85	106	106
Public Health Service:			
Indian health activities.....	55	57	59
National Institutes of Health.....	175	216	209
Community health.....	69	111	113
Environmental health.....	32	33	38
Other.....	11	16	16
Welfare Administration:			
Grants, maternal and child welfare.....	76	99	122
Other.....	13	15	15
Other.....	11	12	13
Department of the Interior: Bureau of Indian Affairs:			
Education and welfare.....	69	75	82



Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>DEVELOPMENTAL EXPENDITURES—Continued</b>			
<b>Education, training, and health—Continued</b>			
Civil—Continued			
Department of Labor:			
Youth employment opportunities.....		10	65
Other.....	5	5	5
National Science Foundation.....	64	85	98
Other agencies.....	19	22	24
Total, education, training, and health, civil.....	1,214	1,453	1,790
National defense: Atomic Energy Commission.....	15	16	19
Total, education, training, and health.....	1,229	1,469	1,809
<b>Research and development:</b>			
Civil:			
Department of Agriculture:			
Agricultural Research Service.....	86	97	102
Cooperative State Experiment Station Service.....	38	42	42
Forest Service.....	22	37	26
Other.....	18	20	19
Department of Commerce:			
National Bureau of Standards.....	23	25	29
Other.....	23	25	32
Department of Health, Education, and Welfare:			
Public Health Service:			
National Institutes of Health.....	511	563	586
Other.....	40	87	88
Office of Education and other.....	29	42	51
Department of the Interior:			
Geological Survey.....	27	30	33
Bureau of Mines.....	29	30	31
Fish and Wildlife Service.....	27	29	33
Other.....	10	18	19
Federal Aviation Agency.....	63	69	109
National Aeronautics and Space Administration.....	2,327	3,925	4,470
Veterans Administration.....	30	34	36
National Science Foundation.....	100	127	143
Other agencies.....	37	53	57
Total, research and development, civil.....	3,439	5,253	5,906
National defense:			
Department of Defense—Military:			
Military personnel: Research and development.....	239	248	259
Procurement: Test and evaluation support.....	90	85	90
Research, development, test, and evaluation.....	6,376	6,943	6,580
Operation and maintenance.....	72	48	42
Other.....	15	20	20
Atomic Energy Commission.....	1,078	1,237	1,242
Other agencies.....	3	*	
Total, research and development, national defense.....	7,871	8,581	8,233
Total, research and development.....	11,310	13,834	14,140

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>DEVELOPMENTAL EXPENDITURES—Continued</b>			
<b>Engineering and natural resource surveys—civil:</b>			
Department of the Interior:			
Geological survey.....	30	31	34
Other.....	25	30	30
Other agencies.....	64	72	78
Total, engineering and natural resource surveys.....	119	134	141
Total, developmental expenditures.....	12,658	15,436	16,090
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES</b>			
<b>Agriculture—civil:</b>			
Department of Agriculture:			
Agricultural Marketing Service:			
Removal of surplus agricultural commodities.....	112	271	174
Other.....	7	5	7
Agricultural Stabilization and Conservation Service:			
Expenses.....	88	116	114
Sugar Act.....	77	93	88
Other.....	11		
Commodity Credit Corporation and special export programs:			
Sales for foreign currencies.....	1,483	1,609	1,081
International Wheat Agreement.....	74	101	*
Transfer to supplemental stockpile.....	100	86	81
National Wool Act.....	63	79	55
Price support, supply, and related programs.....	2,433	2,757	2,357
Losses on long-term sales contracts.....	79	223	295
Agricultural Research Service.....	59	59	94
Other.....	82	80	92
Other agencies.....	7	8	21
Total, agriculture.....	4,675	5,488	4,458
<b>Business:</b>			
<b>Civil:</b>			
Department of Commerce:			
Patent Office.....	26	28	30
Maritime Administration: Ship operating subsidies and other.....	226	226	214
Other.....	51	58	69
Department of Defense—Civil:			
Corps of Engineers: Operation and maintenance.....	114	127	126
Other.....	—7	—9	—11
Post Office Department.....	691	452	368
Treasury Department: Coast Guard: Navigation aids.....	210	257	267
Federal Aviation Agency.....	431	472	494
Civil Aeronautics Board: Payments to air carriers.....	82	85	83
Other agencies.....	22	28	28
Total, business, civil.....	1,845	1,722	1,668
National defense: Funds appropriated to the President: Expansion of Defense production.....	—3	151	—3
Total, business.....	1,842	1,874	1,664

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued</b>			
<b>Labor—civil:</b>			
Department of Labor:			
Manpower development and training activities.....	50	133	322
Other.....	19	19	20
Other agencies.....	6	6	7
Total, labor.....	75	158	347
<b>Homeowners and tenants—civil:</b>			
Housing and Home Finance Agency:			
Urban renewal.....	186	234	312
Federal Housing Administration.....	-167	-189	-204
Public Housing.....	182	205	223
Other.....	11	-6	18
Federal Home Loan Bank Board.....	-266	-294	-342
Other agencies.....	*	*	1
Total, homeowners and tenants.....	-53	-50	7
<b>Veterans—civil:</b>			
Department of Health, Education, and Welfare: Military service credits.....			60
Veterans Administration:			
Hospitals and medical care.....	1,047	1,129	1,123
Compensation and pensions.....	3,871	3,929	3,960
Readjustment benefits.....	96	65	44
Direct housing loans: Operating expenses.....	-23	-11	-15
Loan guarantee revolving fund: Operating expenses.....	29	35	24
General operating expenses and other.....	169	173	150
Other agencies.....	10	11	26
Total, veterans.....	5,200	5,331	5,373
<b>International aids:</b>			
Civil:			
Funds appropriated to the President:			
Foreign assistance—economic.....	967	934	885
Peace Corps.....	42	73	90
Department of Agriculture: Commodity Credit Corporation and special export programs: Emergency famine relief to friendly peoples.....	216	246	244
Export-Import Bank of Washington.....	-120	-127	-124
Other agencies.....	21	28	30
Total, international aids, civil.....	1,126	1,154	1,123
National defense: Department of Defense—Military assistance.....	1,754	1,466	1,268
Total, international aids.....	2,880	2,620	2,391
<b>Other aids and special services—civil:</b>			
Funds appropriated to the President: Disaster relief.....	31	35	23
Department of Agriculture:			
School lunch program.....	170	182	193
Special milk program.....	94	98	100
Food stamp plan.....	20	45	51

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued</b>			
<b>Other aids and special services—civil—Continued</b>			
Department of Health, Education, and Welfare:			
Hospitals and medical care.....	50	50	51
Public assistance.....	2,730	2,948	2,816
Assistance for Cuban refugees.....	42	39	33
Other.....	30	38	35
Department of the Interior: Bureau of Indian Affairs.....	51	51	51
Other agencies.....	24	24	25
Total, other aids and special services.....	3,241	3,508	3,378
Total, current expenses for aids and special services.....	17,861	18,929	17,618
<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.....	133	135	125
Department of Defense—Civil: Corps of Engineers.....	48	49	54
Department of the Interior:			
Bureau of Land Management.....	25	25	26
National Park Service.....	44	46	49
Bureau of Reclamation.....	44	47	53
Other.....	14	16	16
General Services Administration: Real property activities.....	226	243	254
Tennessee Valley Authority.....	-100	-137	-128
Other agencies.....	41	45	53
Total, repair, maintenance, and operation, civil.....	477	469	502
National defense:			
Department of Defense—Military:			
Operation and maintenance.....	11,802	11,822	12,236
Family housing.....	95	175	145
Atomic Energy Commission.....	82	95	97
Other agencies.....	-1	-1	-1
Total, repair, maintenance, and operation, national defense.....	11,978	12,091	12,477
Total, repair, maintenance, and operation of physical assets.....	12,455	12,560	12,979
<b>Regulation and control:</b>			
The Judiciary.....	63	67	71
Department of Agriculture:			
Agricultural Research Service.....	26	27	-29
Agricultural Marketing Service.....	29	31	17
Agricultural Stabilization and Conservation Service.....	1	1	1
Department of Health, Education, and Welfare.....	25	34	38

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued</b>			
<b>Regulation and control—Continued</b>			
Department of Justice:			
Legal activities and general administration.....	58	60	64
Federal Bureau of Investigation.....	136	143	149
Immigration and Naturalization Service.....	66	67	70
Federal prison system.....	48	48	50
Department of Labor.....	24	28	29
Treasury Department:			
Bureau of Customs.....	67	74	76
Other.....	31	35	37
Federal Aviation Agency.....	33	36	36
Interstate Commerce Commission.....	24	24	25
National Labor Relations Board.....	21	22	25
Other agencies.....	77	85	90
<b>Total, regulation and control.....</b>	<b>730</b>	<b>781</b>	<b>750</b>
<b>Other operation and administration:</b>			
Civil:			
International activities:			
Department of State:			
Foreign affairs administration.....	164	166	178
International organizations and conferences.....	99	105	94
Educational exchange.....	38	68	50
Other.....	2	2	2
United States Information Agency.....	140	145	156
Other agencies.....	3	27	23
<b>Total, international activities.....</b>	<b>445</b>	<b>512</b>	<b>503</b>
<b>Federal financial activities:</b>			
Treasury Department:			
Bureau of Accounts.....	32	34	33
Bureau of the Public Debt.....	49	49	49
Internal Revenue Service.....	497	564	592
Other.....	26	29	26
General Accounting Office.....	42	46	47
Other agencies.....	4	4	5
<b>Total, Federal financial activities.....</b>	<b>651</b>	<b>726</b>	<b>751</b>
<b>Other direct Federal programs:</b>			
Legislative branch.....	110	127	127
Department of Commerce:			
Weather Bureau.....	61	63	67
Other.....	—1	2	2
Department of Defense—Civil.....	37	41	44
Treasury Department: Claims, judgments, and private relief acts.....	26	13	5
General Services Administration.....	52	104	77
Other agencies.....	60	67	65
<b>Total, other direct Federal programs.....</b>	<b>345</b>	<b>417</b>	<b>387</b>

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued</b>			
<b>Other operation and administration—Continued</b>			
Civil—Continued			
Retirement, unemployment, and accident compensation for Federal employees:			
Department of Labor:			
Unemployment compensation for Federal employees.....	153	140	116
Employees' compensation claims and expenses.....	65	59	53
Treasury Department: Coast Guard retired pay and Secret Service annuities.....	32	35	38
Civil Service Commission: Special payments and an- nuities.....	52	88	27
Other agencies.....	5	5	6
<b>Total, retirement, unemployment, and accident com- pensation for Federal employees.....</b>	<b>307</b>	<b>327</b>	<b>240</b>
Shared revenues and grants-in-aid:			
Department of Agriculture: Forest Service.....	28	31	32
Department of the Interior:			
Bureau of Land Management.....	64	64	68
Other.....	36	34	37
Treasury Department.....	45	45	47
District of Columbia: Federal payment.....	25	25	25
Other agencies.....	17	18	16
<b>Total, shared revenues and grants-in-aid.....</b>	<b>214</b>	<b>216</b>	<b>226</b>
<b>Total, other operation and administration, civil.....</b>	<b>1,960</b>	<b>2,199</b>	<b>2,108</b>
<b>National defense:</b>			
Department of Defense—Military:			
Military personnel (excluding research and development).....	12,761	13,932	14,401
Family housing.....	166	160	160
Civil defense.....	187	97	110
Other.....	-10	-15	-14
Selective Service System.....	34	37	42
Other agencies.....	26	20	25
<b>Total, other operation and administration, national defense.....</b>	<b>13,164</b>	<b>14,232</b>	<b>14,724</b>
<b>Total, other operation and administration.....</b>	<b>15,124</b>	<b>16,430</b>	<b>16,832</b>
<b>Interest:</b>			
On the public debt.....	9,895	10,600	11,000
<b>Other interest:</b>			
On refunds: Treasury Department.....	74	90	90
On uninvested funds: Treasury Department.....	11	11	12
<b>Total, other interest.....</b>	<b>85</b>	<b>101</b>	<b>101</b>
<b>Total, interest.....</b>	<b>9,980</b>	<b>10,701</b>	<b>11,101</b>
<b>Total, other services and current operating expenses.....</b>	<b>38,289</b>	<b>40,473</b>	<b>41,663</b>

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Administrative Budget Funds—Continued</b>			
Allowance for attack on poverty.....			250
Allowance for civilian pay comparability.....			544
Allowance for contingencies.....		250	300
Subtotal.....	93,155	99,089	98,500
Interfund transactions.....	-513	-685	-600
Total, administrative budget funds.....	92,642	98,405	97,900
<b>Trust Funds</b>			
(Includes deposit funds and Government-sponsored enterprises)			
<b>ADDITIONS TO FEDERAL ASSETS</b>			
<b>Loans—civil:</b>			
To domestic private borrowers:			
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations.....	-702	-73	156
Veterans Administration: Life insurance funds.....	113	123	120
Farm Credit Administration:			
Banks for cooperatives.....	29	40	40
Federal intermediate credit banks.....	277	227	233
Other agencies.....	-1	1	1
Total, loans to domestic private borrowers, civil.....	-283	317	550
<b>Public works—sites and direct construction—civil:</b>			
Department of Defense—Civil: Corps of Engineers and other.....	23	35	20
Other agencies.....	9	9	5
Total, public works, sites and direct construction.....	32	43	25
Major equipment—civil.....		*	2
Other physical assets—acquisition and improvement—civil.....	*	1	
Total, additions to Federal assets.....	-250	362	576
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS</b>			
<b>State and local assets—civil:</b>			
Department of Commerce: Highway trust fund and other.....	2,941	3,453	3,541
<b>Private assets:</b>			
Civil:			
Farm Credit Administration: Federal land banks.....	176	180	140
Federal home loan banks.....	363	1,200	-100
Total, private assets, civil.....	540	1,380	40

\*Less than one-half million dollars.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Trust Funds—Continued</b>			
<b>ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS—Continued</b>			
<b>Private assets—Continued</b>			
National Defense: Atomic Energy Commission.....	*	2	1
Total, private assets.....	540	1,382	41
Total, additions to State, local, and private assets.....	3,481	4,835	3,583
<b>DEVELOPMENTAL EXPENDITURES</b>			
<b>Research and development—civil:</b>			
Department of Commerce: Bureau of Public Roads and other.....	48	62	68
Other agencies.....	5	6	6
Total, research and development.....	53	68	74
Total, developmental expenditures.....	54	68	74
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES</b>			
<b>Business—civil:</b>			
Department of Commerce:			
Bureau of Public Roads.....	29	39	42
Other.....	19	20	16
Federal Deposit Insurance Corporation.....	-161	-180	-202
Total, business.....	-112	-121	-144
<b>Labor—civil:</b>			
Department of Labor: Unemployment trust fund: Grants for administration and other.....	375	450	483
<b>Homeowners and tenants—civil:</b>			
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations.....	-29	2	-18
National Capital Housing Authority.....	-2	1	1
Total, homeowners and tenants.....	-31	4	-17
<b>Veterans—civil.....</b>	14	16	14
<b>International aids:</b>			
Civil.....	6	11	9
National defense: Department of Defense—Military assistance advances.....	674	860	1,225
Total, international aids.....	680	871	1,234

\*Less than one-half million dollars.



Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Trust Funds—Continued</b>			
<b>CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued</b>			
<b>Other aids and special services—civil:</b>			
Department of Health, Education, and Welfare:			
Federal old-age and survivors insurance: Operating expenses.....	261	304	295
Federal disability insurance: Operating expenses.....	69	70	85
Department of the Interior:			
Indian tribal funds.....	67	69	54
Other.....	3	3	3
Other agencies.....	10	11	11
Total, other aids and special services.....	410	457	447
Total, current expenses for aids and special services.....	1,335	1,676	2,017
<b>RETIREMENT AND SOCIAL INSURANCE BENEFITS</b>			
<b>Social security benefits—civil:</b>			
Department of Health, Education, and Welfare:			
Federal old-age and survivors insurance.....	13,845	14,629	15,376
Federal disability insurance.....	1,171	1,255	1,324
Total, social security benefits.....	15,015	15,884	16,700
Unemployment benefits—civil: Department of Labor: Unemployment trust fund.....	2,965	2,702	2,770
<b>Other retirement and social insurance benefits—civil:</b>			
Veterans Administration:			
National service life insurance.....	642	447	314
U.S. Government life insurance.....	66	56	47
Civil Service Commission: Civil Service retirement and disability.....	1,055	1,212	1,365
Railroad Retirement Board: Railroad retirement account.....	1,064	1,100	1,125
Other agencies.....	8	8	9
Total, other retirement and social insurance benefits.....	2,834	2,822	2,860
Total, retirement and social insurance benefits.....	20,814	21,409	22,330
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES</b>			
Repair, maintenance, and operation of physical assets—civil.....	20	22	22
<b>Regulation and control:</b>			
Department of Agriculture: Inspection, grading, and other.....	24	26	27
Other agencies.....	3	4	4
Total, regulation and control.....	27	29	31

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES  
(in millions of dollars)—Continued

Description	1963 actual	1964 estimate	1965 estimate
<b>Trust Funds—Continued</b>			
<b>OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued</b>			
<b>Other operation and administration:</b>			
Civil:			
International activities:			
Department of Justice:			
Alien property fund, World War II.....	5	1	-103
Other.....	1	1	
Foreign Claims Settlement Commission: War claims fund.....	*	22	66
Other agencies.....	6	1	1
Total, international activities.....	13	25	-35
Federal financial activities.....	*	1	*
Other direct Federal programs:			
Civil Service Commission:			
Civil Service retirement and disability fund: Refunds.....	121	125	125
Health benefits and life insurance.....	-45	-65	-55
Other agencies.....	2	2	2
Total, other direct Federal programs.....	78	62	72
Shared revenues and grant-in-aid.....	13	14	14
Total, other operation and administration, civil.....	104	102	51
National defense: Department of Defense—Military.....	5	5	5
Total, other operation and administration.....	109	107	56
Total, other services and current operating expenses.....	156	158	109
<b>UNCLASSIFIED</b>			
<b>Payments to other trust funds:</b>			
Federal old-age and survivors insurance.....	423	423	418
Federal disability insurance.....	20	20	18
Alien property fund.....	26	50	125
Railroad retirement account.....	38	18	8
Payments to general fund: Unemployment trust fund.....	476	403	190
District of Columbia.....	334	396	417
Federal National Mortgage Association—secondary market operations.....		101	
Deposit funds.....	146	-116	-17
Total, unclassified.....	1,461	1,294	1,160
Subtotal.....	27,050	29,803	29,849
<b>Interfund transactions</b> .....	-505	-488	-477
Total, trust funds.....	26,545	29,315	29,372

\*Less than one-half million dollars.

## SPECIAL ANALYSIS E

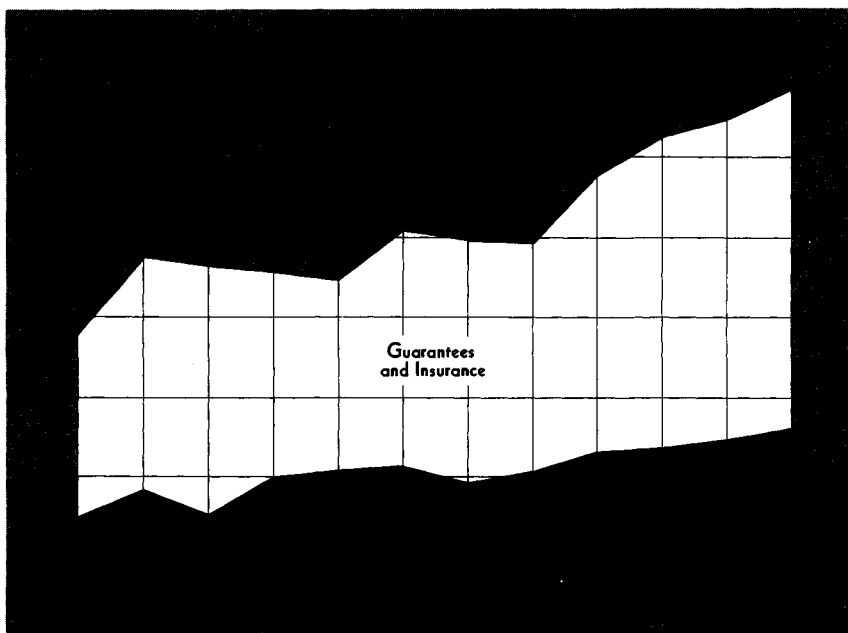
### FEDERAL CREDIT PROGRAMS

#### INTRODUCTION

Federal credit aids help achieve basic objectives of Government programs in six major areas. Most important are the loan, loan insurance, and loan guarantee programs for: (a) improvement of private housing and encouragement of home ownership; (b) development of agricultural and other natural resources; and (c) promotion of economic development abroad. In addition, Federal credit programs provide significant assistance for: (d) domestic business, e.g., small business generally, transportation, and commercial fisheries; (e) community development and public housing; and (f) higher education.

#### 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, the terms on which the assistance is provided often are more liberal, with longer maturities, smaller downpayments,

or lower interest rates than are generally available otherwise. In several programs the loans are part of a package of Federal assistance, which may include, for example, research grants to help identify promising new industries for depressed areas, or technical aids to help underdeveloped countries 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. Thus, these programs are mainly methods of helping borrowers to help themselves.

#### REPORT OF COMMITTEE ON FEDERAL CREDIT PROGRAMS

In February 1963, President Kennedy released the report of the Committee on Federal Credit Programs.<sup>1</sup> The Committee, chaired by the Secretary of the Treasury, reviewed legislation and administrative policies governing present Federal credit programs and their effectiveness in helping to meet national goals. It recommended a set of guidelines to serve as "a framework for the further evolution of these programs to meet the changing requirements of an expanding American economy."

In transmitting the report to the departments and other agencies administering the various credit programs, the President suggested that they be "guided by the principles outlined in the report in administering their present programs and especially in proposing any new or expanded credit authority." Specific assignments were also made to the Director of the Bureau of the Budget, the Chairman of the Council of Economic Advisers and the Secretary of the Treasury to take the lead in assuring effective and equitable application of these guidelines, in reviewing special economic problems and in assuring that borrowing arrangements are consistent with overall monetary and debt management policy.

#### COVERAGE OF SPECIAL ANALYSIS

The number of types of assistance and the overall level of activity in Federal credit programs have been gradually rising—as new programs are authorized by the Congress and existing programs broadened. At the same time, important changes in emphasis are occurring, and programs established for temporary reasons in earlier years are liquidating their operations as outstanding loans are repaid or privately refinanced.

The analysis this year presents separate information on major credit programs administered by seven cabinet departments and five other agencies. Separate information is presented for the first time on the military assistance credits of the Department of Defense. In addition, the 1965 estimates reflect: (a) enactment of legislation broadening credit aids for education by the Department of Health, Educa-

<sup>1</sup> *Report of the Committee on Federal Credit Programs to the President of the United States* (Washington: 1963).

tion, and Welfare and authorizing two new types of credit extension by the Department of the Interior; (b) proposed legislation to authorize Federal insurance or guarantees of private credit to aid rural housing, urban mass transportation, college students, and hospital modernization; and (c) proposed legislation to authorize sales of participations in pools of housing loans by the Housing and Home Finance Agency and the Veterans Administration.

The analysis includes (in tables E-2 and E-3) the total amounts, but no detailed information, on outstanding loans and guarantees and on net expenditures for numerous smaller or relatively inactive credit programs administered by seven departments and five other agencies; these account for about 0.4% of outstanding direct and guaranteed loans. 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 borrowing from the Treasury by other Federal agencies, whether for loans or other programs.<sup>2</sup>

#### NEW COMMITMENTS

New commitments are 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 analysis, commitments are defined as approvals by Federal agencies of direct loans or of insurance or guarantees of private loans. They are shown on a gross basis, including administrative reservations or other commitments which do not later result in actual credit extensions, as well as the unguaranteed portions of loans partially covered by Federal guarantees.

*Direct loans.*—New commitments of \$7.9 billion estimated for direct loans in 1965 are \$1.1 billion higher than the actual commitments made in 1963. The largest increases expected are for loans to foreign borrowers by the Export-Import Bank and for mortgage purchases by the Federal National Mortgage Association. The newly enacted legislation for college academic facility loans and other increased educational loans by the Department of Health, Education, and Welfare will cause commitments for these programs to more than triple the actual 1963 level. The two most active international lending programs, the Export-Import Bank and the Agency for International Development, together will account for almost 40% of new direct loan commitments in 1965.

*Guarantees and insurance.*—New commitments for guarantees and insurance of private loans will continue to rise to an estimated \$21.4 billion in 1965. About two-thirds of the total new commitments and of the rise during the 2-year period will be in housing loans insured by the Federal Housing Administration. The largest other increases are expected in guarantees of loans to foreign borrowers by

<sup>2</sup> Supplementary material containing brief summaries of each of the major programs (including the major quasi-public credit programs) with emphasis on current developments is available on request from the Bureau of the Budget.

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	1963 actual		1964 estimate		1965 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
Department of Agriculture:						
Commodity Credit Corporation.....	572	2,497	524	2,285	436	1,908
Rural Electrification Administration.....	427		390		385	
Farmers Home Administration.....	592	200	562	208	456	516
Department of Commerce:						
Area Redevelopment Administration.....	225		243		282	
Maritime Administration.....	12	43	7	99		95
Department of Defense:						
Defense production guarantees.....		37		19		22
Military assistance credits.....	56		105		138	
Department of Health, Education, and Welfare: Office of Education.....	87		133		306	25
Department of the Interior.....	12		12		13	
Department of State:						
Loans to United Nations.....	100					
Agency for International Development.....	1,780	1	1,740	110	1,889	225
Treasury Department: Loans to District of Columbia.....	36		20		14	
Housing and Home Finance Agency:						
Office of the Administrator.....						75
Community Facilities Administration.....	702		668		742	
Urban Renewal Administration.....	124	280	170	565	200	678
Federal National Mortgage Association.....	177		400		710	
Federal Housing Administration.....	292	11,930	247	12,511	222	13,206
Public Housing Administration.....	131	648	110	804	120	852
Veterans Administration.....	417	2,879	427	2,666	371	2,450
Export-Import Bank of Washington.....	680	850	1,119	1,010	1,228	1,324
Interstate Commerce Commission.....		53		18		
Small Business Administration.....	325	57	324	46	368	56
Total by type of assistance.....	6,747	19,475	7,201	20,341	7,880	21,432
Grand total.....	26,222		27,542		29,312	

the Export-Import Bank and of loans to finance the expanding urban renewal program, and in insured loans by the Farmers Home Administration, largely because of the proposed new program to help finance rural housing.

*Overlapping commitments.*—The total estimated commitments of \$29.3 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. For example, all of the \$0.7 billion of commitments for mortgage purchases by the Federal National Mortgage Association are for mortgages covered by insurance or guarantees made by other Federal agencies. Commitments by the Public Housing Administration are likewise made at more than one stage of the financing of local low-rent public housing.

## 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 1965, these will total \$121.7 billion for major programs, and with numerous smaller programs, \$122.1 billion.

Table E-2. OUTSTANDING DIRECT LOANS, AND GUARANTEED AND INSURED LOANS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1963 actual		1964 estimate		1965 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
Department of Agriculture:						
Commodity Credit Corporation.....	1,768	834	1,730	905	1,309	1,062
Rural Electrification Administration.....	3,694		3,911		4,129	
Farmers Home Administration.....	1,551	474	1,775	653	1,833	1,114
Department of Commerce:						
Area Redevelopment Administration.....	25		100		201	
Maritime Administration.....	126	419	108	484	90	558
Department of Defense:						
Defense production guarantees.....	12	139	16	128	18	107
Military assistance credits.....	185		214		272	
Department of Health, Education, and Welfare: Office of Education.....	296		419		563	25
Department of the Interior: Reclamation loans.....	67		81		96	
Department of State:						
Loans to United Nations.....	113		112		107	
Agency for International Development.....	6,121	56	7,469	166	8,944	381
Treasury Department:						
Loans to District of Columbia.....	105		130		159	
Foreign loans.....	3,873		3,784		3,694	
Housing and Home Finance Agency:						
Community Facilities Administration.....	1,680		1,974		2,270	
Urban Renewal Administration.....	129	1,038	147	1,287	165	1,632
Federal National Mortgage Association.....	2,883		2,421		1,829	
Federal Housing Administration.....	633	42,447	634	45,754	540	49,624
Public Housing Administration.....	94	4,387	37	4,828	38	5,299
Veterans Administration.....	1,630	30,055	1,583	28,000	1,288	27,600
Export-Import Bank of Washington.....	3,296	1,336	2,773	2,245	2,042	3,339
Interstate Commerce Commission.....	15	161	15	169	15	170
Small Business Administration.....	817	89	941	106	1,064	130
Total by type of assistance:						
Major agencies or programs.....	29,113	81,435	30,374	84,725	30,666	91,041
Other agencies or programs.....	346	26	400	28	407	42
All agencies.....	29,459	81,461	30,774	84,753	31,073	91,083

Outstanding direct loans will rise by more than \$1.3 billion during 1964 and another \$0.3 billion during 1965. Loans to foreign borrowers held by the Agency for International Development, the Treasury Department and the Export-Import Bank, estimated at

\$14.7 billion on June 30, 1965, will account for 45% of all direct loans of Federal agencies at that time. While the Treasury Department and the Bank will reduce their portfolios during the 2-year period by \$1.4 billion, AID expects to have a \$2.8 billion increase.

During the same 2 years increases in outstanding loans by the Rural Electrification Administration and the Farmers Home Administration will be partly offset by the anticipated \$459 million reduction in the Commodity Credit Corporation portfolio. For all other credit programs, the net reduction of \$1.5 billion in loans held by the Federal National Mortgage Association, the Veterans Administration and the Federal Housing Administration—primarily resulting from increased sales to private lenders—will roughly balance the continuing expansion in the outstanding loans of the Community Facilities Administration, the Department of Health, Education, and Welfare, the Small Business Administration, the Area Redevelopment Administration, and other credit programs.

Guaranteed and insured loans outstanding are expected to go up by \$9.6 billion over the 2-year period. Mortgage and property improvement loans insured by the Federal Housing Administration will account for more than half of the total in 1965 and for two-thirds of the net increase during the period. Other substantial increases are estimated for the Export-Import Bank, the Agency for International Development, the Public Housing Administration, the Urban Renewal Administration and the Farmers Home Administration. Outstanding guaranteed loans of the Veterans Administration will decline by \$2.5 billion, as more loans mature, or are prepaid, and fewer new loans are made as veterans exhaust their eligibility for this type of credit assistance.

The amounts shown include both the guaranteed and unguaranteed 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. Thus, they do not 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 1965, the Government's liability will be about \$12.5 billion lower than the outstanding amount of such guaranteed loans.

#### 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) are included in the administrative budget totals. In most currently active loan programs, collections are offset directly against expenditures. In the case of the Rural Electrification Administration, collections on loans are deposited to miscellaneous receipts, but



legislation is proposed to put this program on a revolving fund basis beginning in 1964. 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. Also included is sales credit extended to buyers of federally owned assets, even when no budget expenditures are involved.

Table E-3. DISBURSEMENTS AND REPAYMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM

(In millions of dollars)

Agency or program	1963 actual		1964 estimate		1965 estimate	
	Disbursements	Repayments	Disbursements	Repayments	Disbursements	Repayments
Department of Agriculture:						
Commodity Credit Corporation.....	3,137	2,704	2,738	2,764	2,187	2,607
Rural Electrification Administration.....	332	162	377	160	383	165
Farmers Home Administration.....	760	495	762	533	826	761
Department of Commerce:						
Area Redevelopment Administration.....	24	*	76	2	107	6
Maritime Administration.....	12	15	7	25		18
Department of Defense:						
Defense production guarantees.....	15	11	14	9	3	1
Military assistance credits.....	56	52	105	77	138	79
Department of Health, Education, and Welfare: Office of Education.....	91	1	123	1	144	1
Department of the Interior.....	14	*	15	*	15	*
Department of State:						
Loans to United Nations.....	72	2	4	2		2
Agency for International Development..	1,438	482	1,507	159	1,600	125
Treasury Department:						
Loans to District of Columbia.....	36	3	36	12	31	2
Foreign loans.....		84		88		91
Housing and Home Finance Agency:						
Community Facilities Administration....	369	28	387	94	412	114
Urban Renewal Administration.....	143	156	161	143	207	189
Federal National Mortgage Association..	137	576	125	584	305	896
Federal Housing Administration.....	292	187	247	197	222	271
Public Housing Administration.....	379	382	384	441	399	399
Veterans Administration.....	405	576	434	479	377	670
Export-Import Bank of Washington.....	508	780	668	1,191	720	1,452
Small Business Administration.....	293	166	310	186	326	203
Total.....	8,513	6,862	8,480	7,147	8,404	8,052
Net addition to loans:						
Major agencies or programs.....	1,651		1,333		352	
Other agencies or programs.....	-68		60		4	
Adjustment for repayments going directly into miscellaneous receipts.....	623		259		200	
Adjustment for net extensions of sales credit, deduct.....	280		262		264	
Adjustment for net expenditures in foreign currencies, deduct.....	251		380		390	
Total administrative budget expenditures <sup>1</sup> .....	1,675		1,010		-98	

\*Less than one-half million dollars.

<sup>1</sup> See special analysis D, p. 359.

Gross loan disbursements of major credit programs are expected to decline slightly from the 1963 level in both 1964 and 1965. However, repayments will rise sharply in both years from \$6.9 billion in 1963 to an estimated \$8.1 billion in 1965. As a result, the net expenditures of over \$1.6 billion in 1963 will be reduced to less than \$0.4 billion in 1965. After adding in net expenditures for other credit programs and adjusting for repayments going directly to miscellaneous receipts, for loans in foreign currencies and for sales credit extensions involving no budget expenditures, receipts will exceed budget expenditures for loans in 1965 by an estimated \$98 million.

The sharply reduced net impact on the budget anticipated in 1965 arises mainly from the considerable fall now expected in disbursements on Commodity Credit Corporation loans from the unusually high 1963 levels, together with increased substitution of private for public credit, primarily by the Export-Import Bank, the Federal National Mortgage Association and the Farmers Home Administration.

#### PRIVATE PARTICIPATION IN CREDIT PROGRAMS

The relative importance of public and private credit varies greatly, for different types of credit. Direct loans outstanding to domestic private borrowers amounted to 2.2% of the estimated private debt of \$716 billion outstanding on June 30, 1963. Private loans partly or wholly guaranteed by Federal agencies comprised 11.2% of the total private debt on that date. Federal participation was much higher in agricultural and housing credit; on the other hand, direct or guaranteed loans provided only a fraction of 1% of the total credit otherwise used by private businesses.

As a general rule, Federal credit programs endeavor to maximize private participation. Federal guarantees and insurance of private credit account for almost three-quarters of all new commitments of Federal credit programs and for about the same proportion of outstanding Federal credit assistance. Excluding loans to foreign borrowers, the predominance of guaranteed and insured loans is even greater.

Emphasis upon private participation is reflected both in the basic statutes and in the administrative policies of the major credit programs. Often direct loans are prohibited except when the borrower cannot otherwise obtain the funds from other sources on reasonable terms. In two major programs (the Public Housing Administration and the Urban Renewal Administration) the direct loans made are customarily refinanced in whole or in part by private loans guaranteed by the Federal agency. In four other programs (college housing and public facility loans made by the Community Facilities Administration, business loans by the Small Business Administration, and foreign loans by the Export-Import Bank), administrative policies emphasize joint participations between private lenders and the Government lending agencies. In the first two programs, the borrowers are required to advertise all offerings of their obligations publicly and the Community Facilities Administration purchases only those which private lenders are unwilling to buy at predetermined interest rates.

Table E-4. SALES OF LOANS TO NONFEDERAL BUYERS AND OTHER REPAYMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1963 actual		1964 estimate		1965 estimate	
	Sales	Other repayments	Sales	Other repayments	Sales	Other repayments
Housing and Home Finance Agency:						
Community Facilities Administration:						
College housing loans.....		18	50	22	50	26
Public facility loans.....	2	1	10	1	25	2
Other.....		7		10		10
Federal National Mortgage Association:						
Special assistance functions.....	293	129	348	67	348	62
Management and liquidating functions.....	14	141	50	119	167	119
Proposed pool participations.....					200	
Federal Housing Administration.....	32	155		197		271
Public Housing Administration.....		382	53	388		399
Veterans Administration:						
Direct loans.....	181	80	150	70	200	67
Loan guarantee revolving fund.....	279	35	222	37	263	40
Proposed pool participations.....					100	
Export-Import Bank of Washington.....	336	444	703	488	909	543
Small Business Administration.....	5	161	7	179	12	191
All other major credit programs.....		4,167		3,976		4,048
Total.....	1,142	5,720	1,593	5,554	2,274	5,778

In the past year, a Government-wide effort has been made to sell existing loans from the portfolios of Federal agencies to private lenders and to encourage private refinancing. During fiscal 1963 over \$1.1 billion of such sales were consummated, considerably above sales in any previous year. In 1964 and 1965, these sales are estimated to increase to \$1.6 billion and \$2.3 billion respectively. These figures exclude not only regular amortization and prepayments of principal, but also sales made as part of the usual process of guaranteeing or insuring loans and sales from one Government agency to another agency.

The salable portions of the loan portfolios are concentrated mainly in the Export-Import Bank and in the various mortgage and other housing loans. Most of the loans held by other Federal credit programs have interest rates, maturities, or other terms which make them currently unattractive to private lenders except at sacrifice prices. Legislation is being proposed to authorize sales of certificates of participations in pools of loans owned by the Federal National Mortgage Association and the Veterans Administration.

## INTEREST RATES AND MATURITIES

Two of the major ways in which Federal credit programs help achieve program objectives are by providing more favorable interest rates or maturities than many borrowers can obtain from other sources. Table E-5 summarizes the current range of interest rates charged by the various major credit programs on direct loans (or prevailing on insured or guaranteed loans) and the customary maturities for both direct and insured and guaranteed loans. These terms are on newly committed loans by currently active programs, and do not necessarily correspond to those on previously outstanding loans, or on loans covered by commitments made in earlier years.

Table E-5. INTEREST RATES AND MATURITIES FOR MAJOR ACTIVE CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM, DECEMBER 1963

Agency or program	Direct loans		Guaranteed and insured loans	
	Interest rate (percent)	Maturity (years)	Interest rate (percent)	Maturity (years)
Department of Agriculture:				
Commodity Credit Corporation.....	1 3½-4	½-4	1 3½-4	½-4
Rural Electrification Administration.....	2	5-35		
Farmers Home Administration.....	3-5	1-50	3¾-5¾	33-50
Department of Commerce:				
Area Redevelopment Administration.....	3¾-4	10-40		
Maritime Administration.....	6	17-20	4.15-5	17-20
Department of Defense:				
Defense production guarantees.....			6	½-2
Military assistance credits.....	0-4	3-10		
Department of Health, Education, and Welfare: Office of Education.....	3-4¾	<sup>2</sup> 11-50		
Department of the Interior: Bureau of Reclamation.....	0-4	20-50		
Department of State:				
Loans to United Nations.....	2	25		
Agency for International Development.....	¾-12	3-40		
Treasury Department: Loans to District of Columbia.....	4	30		
Housing and Home Finance Agency:				
Community Facilities Administration.....	0-3¾	1-50		
Urban Renewal Administration.....	4	Demand	1½-3¾	½-36
Federal National Mortgage Association.....	3¾-6	10-40		
Federal Housing Administration.....	5¼	30-35	<sup>3</sup> 3¾-6	<sup>3</sup> 5-40
Public Housing Administration.....	4	¼-1	2-3.2	¼-40
Veterans Administration.....	5¼-6	30	5¼	30
Export-Import Bank of Washington.....	5¾-6	1½-20	5½-6	½-5
Interstate Commerce Commission.....			4½-5½	1-15
Small Business Administration.....	3-5½	3-25	5-8	3-25

<sup>1</sup> When commodity loan is repaid by forfeiting collateral, no interest is charged.

<sup>2</sup> On student loans, maturities begin when student leaves school and exclude periods of military or Peace Corps service.

<sup>3</sup> In addition, property improvement loans are insured for \$4 to \$5 discount per year (equivalent to over 8% simple interest), and with maturities of 6 months to 7 years.

Interest rates charged on direct loans vary greatly both among the various Federal credit agencies and sometimes among the various types of loans made by a single agency. Many of the differences in rates reflect mainly differences in the cost of providing the loan, including the cost of borrowing the necessary funds, of administering the varying types of loans and of incurring the varying degrees of risk of probable loss. In many cases, the rate charged is governed by statutory limits or formulas. These sometimes are intended to assure loans at rates below those prevailing in the private market or below the cost to the Government, in order to provide special assistance to particular groups of borrowers as a method of accomplishing Federal program objectives. In some cases, the rates charged reflect mainly Government borrowing costs in earlier periods, rather than current market yields of Government obligations.

Interest rates charged on insured and guaranteed loans tend to correspond more closely to market rates of interest on comparable loans by private lenders—allowing for the reduction or removal of the normal private credit risk. In a few cases, interest rates on insured loans are deliberately set below the market rate and a secondary market provided to assure the willingness of the private lender to make the initial loans; for example, the Federal Housing Administration was authorized in the Housing Act of 1961 to insure certain types of loans to finance moderate-income housing at rates well below those prevailing in the private market and the Federal National Mortgage Association purchases all of such mortgages.

Maturities, both on direct and on insured or guaranteed loans, often are substantially more liberal than on private loans of similar types. Private lenders are often limited by law or supervisory policy to shorter maturities. When a Federal agency insures or guarantees the loans, however, these limitations customarily do not apply. When borrowers are acquiring assets yielding income or tangible benefits over a long period of years, long-term loans reduce periodic installments and make it possible for borrowers to undertake such acquisitions with reasonable assurance of repayment.

#### 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. Table E-6 summarizes the outstanding loans for eight institutions or groups of institutions of this type which have important lending operations.

Outstanding loans of the five groups of mixed-ownership enterprises and trust funds for which estimates of future fiscal years as well as actual data on the past years are available will increase from a total of \$5.7 billion in 1963 to an estimated \$6.4 billion by the end of the fiscal year 1965. Most of the anticipated increase is in the operations of the Federal intermediate credit banks.

Table E-6. OUTSTANDING LOANS FOR MAJOR QUASI-PUBLIC CREDIT PROGRAMS CLASSIFIED BY AGENCY AND PROGRAM (in millions of dollars)

Agency	Outstanding at end of fiscal year			
	1962 actual	1963 actual	1964 esti- mate	1965 esti- mate
<b>Mixed ownership enterprises and trust funds:</b>				
Farm Credit Administration:				
Banks for cooperatives.....	692	701	761	790
Federal intermediate credit banks.....	1,998	2,293	2,300	2,800
Housing and Home Finance Agency: Federal National Mortgage Association (Secondary market operations trust fund).....	2,871	2,138	2,058	2,213
Veterans Administration:				
National service life insurance fund.....	418	463	508	548
U.S. Government life insurance fund.....	102	98	94	91
Subtotal, mixed ownership and trust funds.....	6,081	5,693	5,721	6,442
<b>Other quasi-public credit programs:</b>				
Farm Credit Administration: Federal land banks.....	2,968	3,198	( <sup>1</sup> )	( <sup>1</sup> )
Federal Home Loan Bank Board: Federal home loan banks.....	2,767	3,270	4,500	4,400
Federal Reserve, Board of Governors: Federal Reserve banks.....	136	139	( <sup>1</sup> )	( <sup>1</sup> )
Subtotal, other quasi-public credit programs.....	5,871	6,607	-----	-----
Total.....	11,952	12,300	-----	-----

<sup>1</sup> Estimates are not available for 1964 and 1965.

The three other groups of institutions, which are privately owned, increased their outstanding loans from \$5.9 billion at the end of 1962 to \$6.6 billion on June 30, 1963, primarily because of the \$0.5 billion increase in advances by the Federal home loan banks during 1963. This increase has accelerated during 1964, but is not expected to continue in 1965. No data are available on the expected trends in loans by the Federal land banks or in discounts and advances by the Federal Reserve banks.

## SPECIAL ANALYSIS F

### FEDERAL ACTIVITIES IN PUBLIC WORKS

Many types of public works are needed by the Federal Government to carry out its program responsibilities. In some cases the structures are built by the Federal Government, usually under contract with private enterprise; in other cases, Federal financial assistance in the form of grants or loans is provided to State and local authorities for public facilities needed in the national interest.

Construction undertaken directly by the Federal agencies involves facilities ranging from large water resources developments, space facilities, office buildings, and defense installations to small recreational facilities, warehouses, and border facilities. Federal grants or loans are provided for highways, hospitals, waste treatment works, educational facilities, sewage systems, and many other types of community facilities.

Direct Federal construction currently constitutes about 22% of the total public construction in the United States. State and local public works benefiting from Federal grants represent another 24%, two-thirds of which is financed from Federal funds. Federal cost-sharing, which depends upon program objectives and provisions of law, varies substantially among the grant programs.

In 1965, Federal expenditures for public works are estimated to reach \$8.7 billion, an increase of \$228 million over the 1964 level. This total is more than double the level of 10 years ago. Part of this dollar increase results from increased construction costs, which are now about 15% above 1956. The increase in public works

**Table F-1. FEDERAL EXPENDITURES FOR PUBLIC WORKS,  
FISCAL YEARS 1956-65 (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)	
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.....	6,938	5,310	2,085	3,018	207	1,627
1963.....	7,196	5,790	2,321	3,280	190	1,405
1964 estimate.....	8,507	6,962	2,764	4,066	133	1,545
1965 estimate.....	8,735	7,213	2,840	4,188	186	1,521

Note.—In this and the following tables, nonconstruction costs are excluded; proposed legislation is included for the years 1964 and 1965. Details may not add because of rounding.

expenditures, however, results mainly from the needs of a growing population and the investments required for economic growth. In many cases, these Federal public works will stimulate related private and State and local developments.

**Table F-2. EXPENDITURES AND 1965 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 1965 estimate
	1963 actual	1964 estimate	1965 estimate	
<b>Federal construction:</b>				
Legislative branch.....	24	23	33	47
Public works acceleration.....	47	104	2	-----
Forest Service.....	64	94	91	107
Corps of Engineers—Civil.....	875	886	922	934
Bureau of Reclamation.....	271	256	239	245
Bureau of Indian Affairs.....	65	57	65	69
National Park Service.....	61	61	62	59
Post Office Department.....	34	33	46	10
Federal Aviation Agency.....	129	107	99	74
General Services Administration.....	158	185	217	258
National Aeronautics and Space Administration.....	225	475	520	281
Veterans Administration.....	66	75	86	102
Tennessee Valley Authority.....	135	172	172	35
Other.....	165	233	286	334
<b>Total, Federal construction.....</b>	<b>2,321</b>	<b>2,764</b>	<b>2,840</b>	<b>2,556</b>
<b>Grants to State and local governments:</b>				
Public works acceleration.....	14	227	214	4
Soil Conservation Service.....	20	19	18	69
Area Redevelopment Administration.....	3	10	11	35
Bureau of Public Roads.....	2,980	3,494	3,581	3,725
Office of Education.....	53	50	73	350
Public Health Service.....	124	154	158	279
Federal Aviation Agency.....	51	75	76	75
Housing and Home Finance Agency.....	-----	-----	10	75
District of Columbia.....	5	12	30	30
Other.....	29	24	18	22
<b>Total, grants.....</b>	<b>3,280</b>	<b>4,066</b>	<b>4,188</b>	<b>4,665</b>
<b>Loans to State and local governments, net:</b>				
Area Redevelopment Administration.....	3	11	16	34
Bureau of Reclamation.....	14	15	14	13
Housing and Home Finance Agency.....	146	54	103	147
District of Columbia.....	25	36	31	14
Other.....	2	17	21	117
<b>Total, loans.....</b>	<b>190</b>	<b>133</b>	<b>186</b>	<b>326</b>
<b>Civil public works:</b>				
Budget accounts.....	2,817	3,466	3,647	3,829
Trust funds.....	2,973	3,496	3,566	3,718
<b>Total, civil public works.....</b>	<b>5,790</b>	<b>6,962</b>	<b>7,213</b>	<b>7,547</b>



Approximately four-fifths of the \$8.7 billion to be spent in 1965 will be for civil public works; the remainder will be for military public works and atomic energy facilities.

Direct Federal public works activities, which are scattered throughout the States and territories, are roughly estimated to provide 457,000 man-years of employment, onsite and offsite, in 1965. Construction aided by Federal grants, including the State or local share of the costs, will provide an estimated additional 653,000 man-years of labor.

The Federal Government also provides financial assistance for non-profit and private capital facilities through loans, loan guarantees, tax concessions and lease contracts, and indirectly supports through procurement contracts the provision of some private facilities which produce only materials to meet Government requirements, such as missiles, space components, and helium conservation. These activities, however, are not within the scope of this analysis.

#### CIVIL PUBLIC WORKS

Civil public works expenditures of \$7.2 billion in 1965 are estimated to be \$251 million above the 1964 estimate. Expenditures for direct Federal public works in 1965, estimated at \$2.8 billion, make up 39% of this total. The largest increases in direct Federal construction for 1965 include \$45 million by the National Aeronautics and Space Administration, \$36 million by the Corps of Engineers—Civil, and \$32 million by the General Services Administration. Under the public works acceleration program, initiated in 1963 to relieve unemployment, expenditures for direct Federal work will decrease by \$103 million between 1964 and 1965.

The \$4.2 billion of grants for State and local public works make up 58% of total civil works expenditures. Slightly more than \$3.5 billion of this total consists of grants for the Federal-aid highway programs financed from the Highway trust fund. Federal aid for the primary, secondary, and urban highways is on a 50-50 matching basis; for the National System of Interstate and Defense Highways it is 90%.

Significant amounts of local public construction receive Federal financial assistance through loans. The \$103 million of expenditures for loans by the Housing and Home Finance Agency make up 56% of the total loan expenditures. Since expenditures on the various loan programs are included in the budget totals on a net basis (i.e., expenditures for new loans are generally offset by repayments of loans made in prior years), the totals do not reflect the amount of construction aid provided from loans. New loans by the Housing and Home Finance Agency are estimated at \$322 million in 1965.

*New and continuing work.*—About \$2.6 billion of the \$2.8 billion of expenditures for direct Federal civil public works in 1965 will be to continue or complete construction of projects started prior to 1965. Completion of these projects is estimated to require expenditures of \$9.3 billion after 1965.

New Federal projects to be started with funds recommended in the budget will require an estimated \$191 million of expenditures in 1965, and will commit the Government to additional expenditures after 1965 of an estimated \$1.8 billion. In the water resources field, the

Table F-3. ESTIMATED COST OF 1965 DIRECT FEDERAL CIVIL PUBLIC WORKS BY CONTINUING AND NEW WORK (in millions of dollars)

*From budget accounts and trust funds*

Agency or program	Total estimated Federal cost	Cumulative to June 30, 1964	1965 estimated expenditures	Required to complete
<b>Continuing work:</b>				
Corps of Engineers—Civil.....	13,849	8,884	866	4,099
National Aeronautics and Space Administration.....	2,006	903	493	610
Bureau of Reclamation.....	5,041	2,866	232	1,943
General Services Administration.....	786	248	183	355
Tennessee Valley Authority.....	897	475	154	268
Veterans Administration.....	347	154	78	115
Forest Service.....	606	514	74	18
Federal Aviation Agency.....	372	108	73	191
National Park Service.....	1,155	376	60	719
Bureau of Indian Affairs.....	676	277	60	339
Post Office Department.....	168	10	45	113
Bonneville Power Administration.....	199	30	27	142
Public Health Service.....	99	15	21	63
Public works acceleration.....	153	151	2	-----
Trust funds.....	25	-----	25	-----
Other.....	1,128	631	179	318
<b>Total, continuing work.....</b>	<b>27,507</b>	<b>15,642</b>	<b>2,572</b>	<b>9,293</b>
<b>New projects and features in 1965:</b>				
Federal Aviation Agency.....	75	-----	26	49
Corps of Engineers—Civil.....	378	8	16	354
Government Printing Office.....	47	-----	16	31
Tennessee Valley Authority.....	39	-----	14	25
National Aeronautics and Space Administration.....	266	-----	12	254
General Services Administration.....	589	-----	8	581
Veterans Administration.....	69	*	6	63
Bonneville Power Administration.....	188	-----	5	183
Bureau of Indian Affairs.....	43	-----	5	38
Bureau of Reclamation.....	120	-----	4	116
Other.....	207	3	79	125
<b>Total, new projects and features.....</b>	<b>2,021</b>	<b>11</b>	<b>191</b>	<b>1,819</b>
<b>Advance planning:</b>				
General Services Administration <sup>1</sup> .....	191	79	26	86
Corps of Engineers—Civil.....	63	23	20	20
National Aeronautics and Space Administration.....	27	5	15	7
Tennessee Valley Authority.....	19	1	4	14
Bureau of Reclamation.....	35	27	2	6
National Park Service.....	22	9	1	12
Other.....	21	4	9	8
<b>Total, advance planning.....</b>	<b>378</b>	<b>148</b>	<b>77</b>	<b>153</b>
<b>Total, direct civil public works.....</b>	<b>29,906</b>	<b>15,801</b>	<b>2,840</b>	<b>11,265</b>

\* \$500 thousand or less.

<sup>1</sup> Includes some sites as well as planning costs.

Corps of Engineers will start 34 new projects and the Bureau of Reclamation will start 7 new projects. The 1965 budget includes appropriations of \$266 million to finance new facilities to be constructed

by the National Aeronautical and Space Administration, ranging from research and plant-support facilities to large launch and test facilities. Among the other new starts are public buildings by the General Services Administration, hospitals by the Veterans Administration, a U.S. mint in Philadelphia by the Treasury Department, the National Agricultural Library by the Department of Agriculture, and environmental health facilities by the Public Health Service. Table F-3 shows the total costs of new Federal project starts, as well as the estimated expenditures in 1965 and later years.

In addition to the new direct Federal works to be started, several new programs have been authorized recently or are recommended for which Federal grants, and in some cases Federal loans, will be made to State and local groups to meet the Nation's needs for higher education facilities; vocational, research, and training facilities; classrooms for elementary and secondary schools; libraries; community health centers; and research facilities on mental retardation. Also, the Soil Conservation Service will aid in the construction of 36 new watershed projects, and the Bureau of Reclamation will make loans to local groups for 3 small reclamation projects.

*Public works planning and surveys.*—The 1965 budget includes expenditures of \$77 million for advance planning of new Federal projects, including acquisition of sites by the General Services Administration for public buildings. To encourage preparation and maintenance of a current and adequate reserve of local public works and to promote economy and efficiency in building such works, the Housing and Home Finance Agency will make planning advances of \$14 million in 1965 to States, municipalities, and other public agencies.

Significant amounts will also be spent for preliminary surveys and general investigations to assure economic design and construction of new Federal projects. The 1965 budget recommendations for water resource activities continue on a coordinated basis the comprehensive river basin planning by the major Federal agencies concerned. These studies provide long-range economic, hydrologic, and land-use projections for the various river basins, and serve as a basis for planning individual water resource projects to be undertaken in later years. Expenditures of about \$8 million will be made for this purpose in 1965 by the Departments of the Army, Interior, Agriculture, and Health, Education, and Welfare. Expenditures for these activities are not included in the public works expenditures in this analysis.

*Authorized reserve of direct Federal public works.*—Table F-4 summarizes the \$13 billion reserve of Federal projects which have been authorized by substantive legislation. Such projects require only financing and planning for starting. This reserve provides a basis for a wise selection of projects for advance planning and for starting in accordance with program needs and budgetary policy.

Table F-4. RESERVE OF PRESENTLY AUTHORIZED PROJECTS AND PROGRAMS FOR UNDERTAKING AFTER 1965 (in billions of dollars)

Agency	Cost of authorized reserve						
	Estimated total Federal cost	Status of plans as of June 30, 1964			Status of plans as of June 30, 1965		
		Contract could be let	In process	Not started	Contract could be let	In process	Not started
Corps of Engineers—Civil.....	5.1	1.1	2.4	1.6	1.9	2.0	1.3
Bureau of Reclamation.....	2.7	.6	.7	1.4	.7	.6	1.4
Forest Service.....	1.7	.2	1.4	—	.2	1.4	—
Tennessee Valley Authority.....	1.3	(1)	.7	.6	.2	1.0	.1
Bureau of Land Management.....	.7	(1)	(1)	.6	(1)	(1)	.6
Federal Aviation Agency.....	.6	.1	.2	.3	.1	.3	.1
General Services Administration.....	.4	(1)	.3	.1	.2	.2	(1)
Other agencies.....	.7	(1)	.1	.6	.1	.3	.4
Total.....	13.2	2.2	5.9	5.1	3.5	5.8	3.9

<sup>1</sup> \$50 million or less.

*Civil public works by function.*—Federal programs are classified in the budget by major functional categories. Table F-7 groups the public works activities according to these functions. Some of these functional areas require very large investments in public works; others require few public works.

About 57% of the \$7.2 billion of civil public works expenditures in 1965 will be spent for public works under the commerce and transportation function. Major expenditures include the grants for highways, airports, and public works acceleration, and direct Federal expenditures for air navigation facilities and modernization of post offices.

The public works acceleration program was enacted in September 1962 to accelerate Federal, State, and local public works, both to provide immediate employment opportunities and to meet longstanding needs for such facilities. Only projects located in redevelopment areas or in areas suffering from substantial unemployment which are capable of substantial completion within a year after initiation are eligible for aid. Appropriations for the program are allocated by the President upon recommendation of the Secretary of Commerce. Like the activities of the Area Redevelopment Administration, the program is classified in the commerce and transportation function. However, funds are allocated to various Federal agencies, whose regular activities are classified in other functions. Table F-5 provides information on the agencies participating in the program. As of November 1, 1963, 7,021 projects had been approved. These projects will generate an estimated 1,120,000 man-months of onsite employment.

Table F-5. PUBLIC WORKS ACCELERATION PROGRAM (in millions of dollars)

Agency	Estimated obligations (allocations)	Expenditures		
		1963 actual	1964 estimate	1965 estimate
Housing and Home Finance Agency (grants) .....	481.0	13.0	173.6	156.0
Public Health Service (grants) <sup>1</sup> .....	231.0	1.0	81.0	77.0
Department of Agriculture .....	62.8	23.6	38.2	1.0
Corps of Engineers—Civil .....	10.5	4.4	6.1	-----
Department of the Interior .....	64.2	17.7	42.4	4.0
Department of Commerce .....	19.6	1.6	16.0	2.0
Department of Justice .....	1.8	.2	1.6	-----
Post Office Department .....	2.9	.2	2.7	-----
General Services Administration .....	2.7	.3	2.4	-----
Other agencies .....	1.5	.5	1.0	-----
Unallocated (1965) .....	5.0	-----	-----	5.0
Lapsed appropriations .....	2.0	-----	-----	-----
Total .....	885.0	62.5	365.0	245.0

<sup>1</sup> Includes grants of \$0.9, \$33.8, and \$29.5 million in 1963, 1964, and 1965, respectively, for non-profit private hospitals which are not classified as public works.

The largest share of the direct Federal civil construction expenditures in 1965 will be for development of natural resources. Of the \$1.7 billion of expenditures for the natural resources programs in 1965, \$1.4 billion will be water resources and related power development. In addition, there will be expenditures for the construction of roads, recreational facilities, facilities for fish and wildlife programs, and other facilities including an estimated \$40 million for construction of school facilities for Indian children.

Table F-6 brings together the total budget expenditures for all water resources development, including programs carried on under the agriculture and health, labor, and welfare functions as well as the natural resources function.

To implement the new education programs recently enacted or recommended, the budget includes new obligational authority \$146 million in 1964 and \$402 million in 1965 for assistance to State and local governments in the construction of higher education facilities (including public community colleges and technical institutes), residential schools for vocational education, school classrooms, and public libraries. Also, new programs for health, labor, and welfare will result in construction of additional facilities. Expenditures by the Department of Labor under proposed youth employment legislation are estimated at \$31 million in 1965 for renovating existing facilities and constructing new camps for youth in the conservation corps.

Table F-6. BUDGET EXPENDITURES FOR WATER RESOURCES AND RELATED DEVELOPMENTS (in millions of dollars)

Type	1963 actual	1964 estimate	1965 estimate
Flood control works:			
Corps of Engineers—Civil.....	351.3	370.2	393.0
Grants.....	17.0	8.4	12.4
Bureau of Reclamation.....	1.2	5.1	9.6
Soil Conservation Service (mostly grants).....	54.0	51.5	52.1
International Boundary and Water Commission.....	.7	2.1	1.9
Tennessee Valley Authority.....	2.6	4.1	4.6
Total, flood control works.....	426.8	441.4	473.6
Beach erosion control: Corps of Engineers—Civil.....	1.3	.8	2.1
Irrigation and water conservation works:			
Bureau of Reclamation.....	71.7	61.3	59.7
Loan and grant program.....	14.4	14.9	14.5
Soil Conservation Service (mostly grants).....	3.5	4.5	5.8
Bureau of Indian Affairs.....	4.0	5.8	7.8
Total, irrigation works.....	93.6	86.5	87.8
Navigation facilities:			
Corps of Engineers—Civil.....	227.4	234.6	261.2
Saint Lawrence Seaway Development Corporation.....	1.4	1.0	1.5
Tennessee Valley Authority.....	7.6	9.6	6.4
Total, navigation facilities.....	236.4	245.2	269.1
Multiple-purpose dams and reservoirs with hydroelectric power facilities:			
Bureau of Reclamation.....	150.4	132.8	131.3
Corps of Engineers—Civil.....	272.9	246.8	246.0
International Boundary and Water Commission.....	10.3	10.5	12.8
Tennessee Valley Authority.....	13.0	7.5	9.8
Total, multiple-purpose facilities.....	446.6	397.6	399.9
Steam-electric powerplants: Tennessee Valley Authority.....	74.8	91.9	69.0
Power transmission facilities:			
Tennessee Valley Authority.....	30.2	43.4	65.1
Bureau of Reclamation.....	47.2	56.2	38.2
Bonneville Power Administration.....	15.2	24.7	32.7
Southwestern Power Administration.....	1.2	4.2	5.9
Total, power transmission facilities.....	93.8	128.5	141.9
Waste treatment facilities: Public Health Service, grants.....	51.7	75.0	75.0
Total, water resources and related developments.....	1,425.0	1,466.9	1,518.4

## NATIONAL DEFENSE PUBLIC WORKS

*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 proposed projects are part of the 5-year force structure and financial plan to strengthen and modernize the Armed Forces of the United States. The construction projects include operational and training facilities, maintenance facilities, research and development facilities, logistic

facilities, medical facilities, troop housing and other personnel facilities, utilities and ground improvements, and land acquisitions.

Facilities are to be constructed for one additional hardened Minuteman squadron, and funds are included for improvements to previously authorized Minuteman and Titan missile sites. Projects for the Polaris missile system will contribute to the operational readiness of the system and the proficiency of its crews. Relocation of a portion of the Nike-Hercules air defense missile system is proposed as well as additional work to provide the system with protection against radiation fallout. About 22% of the direct military construction program is related to the general purpose or tactical forces of the Army, Navy, Marine Corps, and Air Force. Approximately 10% of the program is to provide facilities in support of research and development.

The family housing program for 1965 proposes the construction of an additional 12,500 units as well as numerous improvements to existing units.

*Atomic Energy Commission.*—Public works expenditures during 1965 by the Atomic Energy Commission are primarily for continuation of work on major production plants and on research and development installations previously authorized. New projects proposed for 1965 include modifications and additions to existing production plants, and additional facilities for weapons production and development, reactor development, and research in the physical and biomedical sciences.

Table F-7. **FEDERAL ACTIVITIES IN PUBLIC WORKS** (in millions of dollars)

*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS</b>						
<b>International Affairs and Finance</b>						
Department of State:						
State Department and Foreign Service buildings.....	1.1	6.7	11.7	2.3	4.4	6.0
Cultural and Technical Interchange Center, Hawaii (grant).....	1.5	-----	-----	2.7	1.1	-----
United States Information Agency: Radio facilities.....	14.7	10.6	13.1	13.7	12.6	13.2
Total, international affairs and finance.....	17.3	17.3	24.9	18.7	18.1	19.2
<b>Space Research and Technology</b>						
National Aeronautics and Space Administration:						
Research and space flight facilities....	743.6	673.5	281.0	225.3	475.0	520.0

Table F-7. FEDERAL ACTIVITIES IN PUBLIC WORKS  
(in millions of dollars)—Continued*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Agriculture and Agricultural Resources</b>						
Department of Agriculture:						
Laboratories, research facilities, and library.....	2.8	.4	9.4	5.0	3.9	3.9
Soil Conservation Service: Flood prevention, watershed protection, and other:						
Direct work.....	.8	.8	.8	1.0	1.0	.9
Grants.....	68.5	71.0	69.3	19.9	18.8	17.6
Loans.....	4.0	4.7	6.2	1.9	6.1	7.6
Farmers Home Administration: Rural renewal loans.....		1.0	1.8		1.0	1.8
<b>Total, agriculture and agricultural resources.....</b>	<b>76.1</b>	<b>77.9</b>	<b>87.5</b>	<b>27.9</b>	<b>30.7</b>	<b>31.9</b>
<b>Natural Resources</b>						
Department of Agriculture:						
Forest Service:						
Roads and research, recreational and protective facilities.....	102.7	102.1	105.0	61.8	91.8	88.9
Trust funds.....	2.0	2.0	2.0	2.0	2.0	2.0
Department of Defense—Civil:						
Corps of Engineers—Civil: Flood control, navigation, and multiple-purpose projects with power.....	829.2	873.0	915.4	852.9	852.4	902.2
Trust funds.....	27.6	21.0	18.8	22.2	34.0	20.0
Grants.....	17.0	8.4	12.4	17.0	8.4	12.4
Department of the Interior:						
Office of Saline Water: Demonstration plants.....	.4	.7	.4	3.3	1.7	1.4
Power transmission facilities:						
Bonneville Power Administration <sup>1</sup> .....	29.4	34.2	43.1	15.8	25.2	33.2
Southwestern Power Administration.....	7.2	3.0	2.8	1.2	4.2	5.8
Bureau of Land Management: Roads and other facilities.....	9.4	11.4	9.2	6.9	7.0	7.8
Bureau of Indian Affairs: Irrigation works, roads, and schools.....	69.7	76.2	69.2	64.6	57.5	65.3
Bureau of Reclamation:						
Irrigation and multiple-purpose projects with power <sup>1</sup> .....	275.9	283.5	245.1	271.0	255.8	238.8
Loans, small irrigation projects.....	12.0	12.1	13.4	14.3	14.7	14.5
Grants, small irrigation projects.....	.1	.1	( <sup>2</sup> )	.1	.1	( <sup>2</sup> )
Geological Survey: Laboratories.....	.1	.2	1.0	.1	.2	1.0
Bureau of Mines:						
Laboratories and other structures.....	.4			4.4	2.3	2.4
Anthracite mine drainage, grants.....				( <sup>2</sup> )	.2	.4
Fish and Wildlife Service: Facilities.....	12.7	6.6	6.7	8.0	10.6	7.3
National Park Service: Parkways, roads, buildings, and utilities.....	75.7	68.4	59.4	58.9	58.8	61.4
Trust funds.....				1.8	2.1	.4

See footnotes at end of table.



Table F-7. **FEDERAL ACTIVITIES IN PUBLIC WORKS**  
(in millions of dollars)—Continued*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Natural Resources—Continued</b>						
Department of State: International Boundary and Water Commission: Water resources projects.....	11.0	45.8	14.6	11.0	13.1	28.7
Restoration of salmon runs, Fraser River system.....				(2)	.1	-----
Tennessee Valley Authority: Power, water resources, and chemical facilities.....	24.0	32.2	35.3	135.0	171.8	171.6
Total, natural resources.....	1,506.5	1,580.9	1,553.9	1,552.4	1,614.1	1,665.7
<b>Commerce and Transportation</b>						
Funds appropriated to the President: Public works acceleration program:						
Grants.....	632.0	26.8	4.5	14.2	227.0	214.0
Direct Federal work.....	152.0	1.0		47.3	104.2	1.5
Department of Commerce:						
Maritime Administration: Library and other improvements.....			.8			.1
Bureau of Public Roads:						
Highway and other trust funds:						
Grants.....	3,493.9	3,600.5	3,691.2	2,941.0	3,452.8	3,541.2
Woodrow Wilson Bridge and other work.....				.3	.3	-----
Forest and public lands highways, grants.....	46.0	39.9	33.9	38.6	39.6	39.9
Control of outdoor advertising, grants.....	2.0				2.0	-----
Coast and Geodetic Survey: Observatories and facilities.....			.6	.4	.3	.5
Weather Bureau: Facilities.....	6.6	.5	.6	.5	4.1	2.8
New York World's Fair: Buildings.....				2.0	8.2	.6
National Bureau of Standards: Laboratories.....	28.4	7.6	8.8	13.7	27.5	21.6
Area Redevelopment Administration:						
Grants for public facilities.....	35.0	8.0	35.0	2.9	10.0	11.0
Loans for public facilities.....	29.3	15.0	34.5	2.5	11.2	15.6
Department of Defense—Civil: Panama Canal Company: Canal and harbor improvements and bridge.....				12.6	9.4	5.1
Department of the Interior: Office of Territories: Alaska Railroad.....				.9	1.1	.9
Post Office Department: Improvements and alterations.....	55.7	43.3	10.1	33.7	32.7	46.2
Treasury Department: Coast Guard: Lifeboat stations and other aids.....	14.4	16.0	22.0	24.9	36.9	24.9
Department of Defense transfer.....				-20.0	-20.5	-5.0
Federal Aviation Agency:						
Air traffic control, navigation and research facilities.....	110.0	95.2	72.0	109.3	93.9	93.3
Washington, D.C., and Alaska airports.....	5.2	2.5	2.0	20.1	13.3	5.3
Federal-aid airport program: Grants.....	75.0	75.0	75.0	51.5	75.3	75.7
Saint Lawrence Seaway Development Corporation.....				1.4	1.0	1.5
Total, commerce and transportation.....	4,685.5	3,931.4	3,990.9	3,297.7	4,130.2	4,096.7

See footnotes at end of table.

Table F-7. FEDERAL ACTIVITIES IN PUBLIC WORKS  
(in millions of dollars)—Continued*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Housing and Community Development</b>						
Housing and Home Finance Agency:						
Office of the Administrator:						
Urban transportation grants.....			75.0			9.6
Public facility loans.....	12.5			29.8	33.7	31.1
Advance planning, non-Federal public works: Loans.....	12.0	6.0	12.0	5.9	3.5	5.2
Liquidating programs: Community facilities: Loans.....				-1.3	-1.0	-1.4
Public Housing Administration:						
Low-rent public housing loans.....				-3.4	-56.3	.2
National Capital Transportation Agency:						
Land acquisition and construction.....	.4			(2)		
District of Columbia:						
Loans for highway, sewage and water systems and other structures.....	26.0	19.3	14.4	25.0	35.8	31.0
Grants for sewage works.....	.3			.3		
Federal payment to District: Grant.....	5.0	12.5	29.8	5.0	12.5	29.8
Total, housing and community development.....	56.3	37.8	131.2	61.2	28.3	105.6
<b>Health, Labor, and Welfare</b>						
Department of Health, Education, and Welfare:						
Food and Drug Administration: Buildings.....	.3	4.5	11.0	1.0	1.9	4.2
Public Health Service:						
Federal research facilities and National Library of Medicine.....	33.2	16.3	21.5	2.3	14.2	20.6
Indian health facilities.....	9.6	6.0	8.8	7.4	10.5	8.8
Grants for public hospitals.....	88.0	88.0	116.0	69.7	76.0	79.0
Grants for health research facilities.....	50.0	56.0	58.0	2.2	3.0	3.0
Grants for waste treatment works.....	90.0	90.0	90.0	51.7	75.0	75.0
Grants for mental health centers.....			15.0			1.5
Mental health facilities, Alaska (grant).....				.3	.2	
Saint Elizabeths Hospital: Buildings.....	8.1	.6	2.0	1.9	2.1	4.7
Social Security Administration: Buildings and district offices (trust fund).....			5.8	1.7	2.8	1.7
Department of Labor: Youth camps, proposed legislation.....		10.0	70.0			31.0
Total, health, labor, and welfare.....	279.2	271.4	398.1	138.1	185.6	229.5

See footnotes at end of table.

Table F-7. **FEDERAL ACTIVITIES IN PUBLIC WORKS**  
(in millions of dollars)—Continued*By major function and agency*

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>Education</b>						
Department of Health, Education, and Welfare: Office of Education:						
Schools in federally affected areas:						
At Federal installations.....	10.4	7.5	7.5	12.2	10.0	7.5
Grants.....	52.5	52.0	50.1	53.2	49.2	51.7
Higher education facilities:						
Loans.....		6.0	102.0		.3	6.6
Grants.....		140.0	140.0		.3	13.1
Residential vocational schools (grants).....			25.0			1.2
Proposed education legislation:						
Libraries and classrooms (grants).....			135.0			7.0
Housing and Home Finance Agency: College housing loans.....	135.0	135.0	135.0	115.0	74.0	68.3
National Science Foundation: Research facilities.....	8.1	9.8	7.5	6.3	8.0	7.8
Smithsonian Institution: Museums.....	1.7	7.7	4.6	8.3	11.3	11.6
Total, education.....	207.6	358.1	606.6	195.1	153.1	174.8
<b>Veterans Benefits and Services</b>						
Department of Defense—Civil:						
Army: Cemeteries.....	.7	.4	2.0	1.2	.6	.6
United States Soldiers' Home (trust fund).....				.6	.7	
Veterans Administration:						
Hospital and domiciliary facilities.....	77.0	81.8	102.0	65.8	75.0	85.0
Corregidor-Bataan memorial.....		1.5			.2	.5
American Battle Monuments Commission: Memorials and cemeteries.....				.4	.2	
Total, veterans benefits and services.....	77.7	83.7	104.0	68.0	76.6	86.1
<b>General Government</b>						
Legislative branch:						
Architect of the Capitol: Buildings and library.....	18.0	4.8		23.8	22.8	16.2
Botanic Garden: Greenhouses.....				(2)	(2)	
Government Printing Office: Annex.....	6.4	-6.4	46.7			16.5
Department of Defense—Civil:						
Army: Power and water systems in the Ryukyu Islands: Loans.....					7.9	2.2
Canal Zone Government: Improvements.....	2.6	6.0	4.1	3.9	5.3	4.5
Department of the Interior:						
Office of Territories: Public facilities in Samoa, Guam, and the Pacific Trust Islands:						
Grants.....	14.6	17.8	10.0	9.3	14.3	4.8
Loans.....		5.9	6.5		2.0	2.9
Alaska public works: Grants.....					(2)	
Virgin Islands Corporation: Water and power facilities.....	.5			.4	.5	
Department of Justice:						
Federal Prison System: Prison facilities.....	3.5	9.5	21.2	8.0	10.8	8.4
Immigration and Naturalization Service: Border facilities.....	.2	.3	.5	.2	.2	.6

See footnotes at end of table.

Table F-7. FEDERAL ACTIVITIES IN PUBLIC WORKS  
(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1963 enacted	1964 estimate	1965 estimate	1963 enacted	1964 estimate	1965 estimate
<b>CIVIL PUBLIC WORKS—Continued</b>						
<b>General Government—Continued</b>						
Treasury Department:						
Bureau of Customs: Border facilities.....	.2	.2	.2	.2	.2	.2
Bureau of the Mint: U.S. mint.....	-----	.5	16.0	-----	.5	8.0
Bureau of Engraving and Printing: Air-conditioning.....	.3	-----	5.8	-----	.3	2.5
General Services Administration:						
Construction of public buildings, sites and planning.....	256.7	243.3	258.3	156.4	184.7	217.2
Trust funds.....	-----	-----	-----	2.1	.3	-----
Central Intelligence Agency: Headquarters.....	-----	-----	-----	1.7	.9	-----
Total, general government.....	303.1	281.9	369.4	206.1	250.7	284.0
<b>Total, civil public works.....</b>	<b>7,952.9</b>	<b>7,313.9</b>	<b>7,547.4</b>	<b>5,790.4</b>	<b>6,962.5</b>	<b>7,213.5</b>
Budget accounts.....	4,428.1	3,689.1	3,829.1	2,817.2	3,466.4	3,647.3
Trust funds.....	3,524.9	3,624.8	3,718.3	2,973.2	3,496.1	3,566.2
<b>NATIONAL DEFENSE PUBLIC WORKS</b>						
Department of Defense—Military:						
Interservice activities:						
Construction, defense agencies.....	<sup>1</sup> 49.8	24.0	34.0	<sup>1</sup> 7.5	39.0	<sup>1</sup> 30.0
Loran stations.....	20.0	20.5	5.0	20.0	20.5	5.0
Family housing.....	148.7	138.6	224.0	8.3	185.0	190.0
Civil Defense:						
Grants for shelter.....	7.0	10.0	10.0	3.0	8.0	7.0
Emergency centers and shelters.....	-----	-----	20.0	-----	-----	7.5
Army:						
Construction.....	151.4	200.6	408.0	145.1	175.0	251.0
Construction, Army Reserve.....	8.0	4.5	5.0	14.0	10.5	8.0
Construction, Army National Guard (grants).....	7.0	5.7	6.0	19.2	15.0	10.0
Navy:						
Construction.....	161.4	198.9	278.0	190.2	202.0	225.0
Construction, Naval Reserve.....	7.0	6.0	7.0	5.6	8.0	7.0
Air Force:						
Construction.....	780.1	468.3	406.0	715.4	614.0	500.0
Construction, Air Force Reserve.....	5.0	4.0	5.0	4.6	6.0	5.0
Construction, Air National Guard.....	14.0	16.0	14.0	21.9	17.0	15.0
Total, Department of Defense—Military.....	1,359.3	1,097.1	1,422.0	1,154.9	1,300.0	1,260.5
Atomic Energy Commission: Facilities.....	262.7	245.3	180.2	249.5	243.3	260.0
General Services Administration: N.I.R. facility.....	1.2	1.5	.7	1.1	1.2	.6
<b>Total, national defense public works:</b>						
Budget accounts.....	1,623.3	1,343.9	1,602.9	1,405.5	1,544.5	1,521.1
Trust funds.....	( <sup>2</sup> )	-----	-----	( <sup>2</sup> )	-----	-----
<b>Total, civil and defense public works.....</b>	<b>9,576.3</b>	<b>8,657.8</b>	<b>9,150.4</b>	<b>7,195.9</b>	<b>8,507.0</b>	<b>8,734.6</b>

<sup>1</sup> Includes small amounts from trust funds.

<sup>2</sup> \$50 thousand or less.

SPECIAL ANALYSIS G  
FEDERAL HEALTH PROGRAMS

This is the first comprehensive analysis of Federal health activities to be included in the budget document. It presents information on all the medical and health-related activities of the Federal Government, regardless of where they may otherwise be classified in the budget.

On this broad basis, the Government will spend an estimated \$5.4 billion in 1965 for all health activities—for hospital care and medical treatment in Federal and non-Federal facilities, for construction of health facilities, for health research and training, and for a multitude of preventive and community health and health-related programs. Almost all of these health expenditures will be from administrative budget funds—more than 5% of the administrative budget total. In addition, trust fund expenditures of \$469 million will be made, mainly for health benefits for Federal employees, but this will be nearly entirely offset by receipts from contributions by employees and Federal agencies.

Compared to the total net expenditures of \$5.4 billion from budget accounts, new obligational authority in 1965 will be \$6.0 billion.

*The development of Federal health-related expenditures.*—Health programs are among the oldest activities of the Federal Government. The origins of the Army Medical Service predate the Constitution, and the Public Health Service was established in 1798 to provide hospital care for merchant seamen. Medical and hospital care was provided for veterans residing in the National Homes for Disabled Volunteer Soldiers established after the Civil War. Such care for all service-disabled veterans was provided by an amendment to the War Risk Insurance Act of 1917, and in 1923 and 1924 inpatient benefits were authorized for non-service-connected disability. Experiments in 1900 by Walter Reed, an Army doctor, proving that mosquitoes carry yellow fever, indicate the longstanding Federal interest in health research. In the last 15 or 20 years, many new health programs have been enacted, particularly programs which authorize grants to State-local agencies and to private organizations and individuals for health research, training, facilities, and for support of health activities and services.

Although historical figures on the comprehensive basis used in this analysis are not available, the directly operated hospital and medical activities of the Veterans Administration and the agencies now comprising the Department of Defense were by far the largest Federal health programs in the decade following World War II. In recent years, however, expenditures for care of military personnel have been fairly level while outlays for the care of veterans have increased at a steady pace. In contrast, programs of other agencies, notably of the Department of Health, Education, and Welfare, with its many grants for nonfederally operated health activities, have expanded rapidly. This can be roughly illustrated by a comparison of the pro-

posed appropriations for 1965 with the figures for obligations for 1958 which were published in 1961 on a reasonably comparable basis in Senate Report No. 142, 87th Congress, 1st session, prepared by a subcommittee of the Senate Committee on Government Operations.

Health programs in 1958, according to this report, totaled about \$3 billion compared to the proposed new obligational authorizations of \$6.0 billion for 1965. While the total doubles during this 8-year period, Department of Defense programs rise from less than \$1 billion to over \$1.1 billion and Veterans Administration programs rise from \$0.9 billion to \$1.3 billion, an increase of about two-fifths. The programs of the Department of Health, Education, and Welfare, however, increase almost fourfold, rising from \$0.8 billion to \$3 billion. Funds for all other agencies combined rise from about \$0.3 billion in 1958 to \$0.6 billion in 1965.

*Distribution of Federal health programs by agency.*—Seven Cabinet departments and more than a dozen other agencies conduct or support health programs, in addition to those for Federal employees which are financed by every agency. Many of the health activities of these agencies are not classified in the “health, labor, and welfare” function but are carried on as part of broader programs and are classified in the functional categories according to the basic purpose served, such as “national defense,” “veterans benefits and services,” etc. Because these activities contribute to advancing the Nation’s health, they are included in this analysis. Thus while the regular functional classification shows expenditures of \$1.7 billion in 1965 for “health services and research”—all by the Department of Health, Education, and Welfare—the amounts included in this analysis are more than three times as large and cover many agencies. Table G-1 shows the expenditures for each agency.

Of the \$5.4 billion in budget and trust fund expenditures estimated for health in 1965 on this broad basis, \$4.8 billion, or 89%, will be made by three agencies, including 46% by the Department of Health, Education, and Welfare, 23% by the Veterans Administration, and 20% by the Department of Defense. The bulk of the health expenditures by the Department of Defense and the Veterans Administration are for the provision of direct care and treatment, most of which is provided in their own hospitals and clinics. These two agencies also have sizable expenditures for health facilities, for training, and for support of health research.

The Department of Health, Education, and Welfare, on the other hand, spends only a comparatively small portion of its health funds for direct medical care, principally for merchant seamen and Indians in Public Health Service hospitals. The bulk of the Department’s health care outlays is for medical research and training and for grants to States and localities to cover medical expenses of public assistance recipients and medical care of the aged. The Department also spends substantial amounts through the Public Health Service for grants for construction of health facilities, for support of local and State community health, and for environmental health activities.

The remaining 11%, or \$0.6 billion, of the estimated expenditures in 1965 will be made by more than 15 other departments and agencies. Among these are the Agency for International Development and the Department of State which support health activities in other coun-

Table G-1. **FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS BY AGENCY** (in millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET</b>			
Department of Health, Education, and Welfare:			
Public Health Service:			
National Institutes of Health.....	723.6	825.0	850.0
Other.....	540.2	655.3	708.5
Welfare Administration.....	678.5	765.7	803.0
Other.....	85.7	103.7	107.8
Total, Department of Health, Education, and Welfare.....	2,028.0	2,349.6	2,469.3
Veterans Administration.....	1,144.9	1,239.9	1,245.5
Department of Defense:			
Army.....	440.6	469.3	486.1
Navy.....	190.6	196.6	211.6
Air Force.....	340.6	356.7	380.4
Other.....	15.6	9.6	18.9
Total, Department of Defense.....	987.3	1,032.3	1,097.0
Agency for International Development.....	76.5	98.6	107.5
Atomic Energy Commission.....	77.3	86.4	93.1
Department of Agriculture.....	92.8	97.4	59.7
National Aeronautics and Space Administration.....	15.6	44.4	54.0
National Science Foundation.....	26.5	31.0	35.0
Housing and Home Finance Agency.....	28.6	30.5	29.2
Civil Service Commission.....	20.0	24.3	25.5
Department of State.....	13.3	16.0	17.2
Department of Labor.....	15.6	16.2	16.8
Department of Justice.....	3.4	8.8	12.4
Panama Canal.....	6.9	7.7	6.5
Department of the Interior.....	1.8	2.6	5.4
Peace Corps.....	2.0	4.2	4.8
Small Business Administration.....	2.8	2.8	2.8
General Services Administration.....	.1	1.5	2.0
United States Information Agency.....	.1	.1	.1
Contributions by Federal agencies to Federal employees' health benefits fund not included above.....	120.0	120.3	124.5
Total net budget expenditures for health.....	4,663.5	5,214.7	5,408.3
<b>TRUST FUNDS</b>			
Civil Service Commission.....	-12.5	-14.5	-2.9
United States Soldiers' Home.....	7.0	7.5	6.9
Total trust fund expenditures for health.....	-5.5	-7.0	4.0
Total budget and trust fund expenditures for health.....	4,658.0	5,207.7	5,412.3

tries, the Atomic Energy Commission with its substantial biomedical research activities in the radiological field, the National Aeronautics and Space Administration with its rapidly growing research activities in space medicine, the Housing and Home Finance Agency which makes advances and loans for water and sewer facilities, and the National Science Foundation which underwrites basic research in biosciences.

Federal health programs are developing on many fronts. Of the estimated increase of \$754 million in total expenditures from 1963 to 1965 more than half, \$441 million, is in the Department of Health, Education, and Welfare—a growth of about 22% in 2 years for that agency. The Department of Defense and the Veterans Administration each increase by more than \$100 million, with increases of 11% and 9%, respectively. All other agencies show a net growth of \$103 million or 21%, with the largest increases in the National Aeronautics and Space Administration, and the Agency for International Development. The decrease which occurs in Department of Agriculture expenditures results because legislation is proposed to finance meat and poultry inspections on a self-supporting fee basis. There will be no reduction in the amount of service.

*Distribution of Federal health expenditures by category and by beneficiary group.*—Table G-2 shows the distribution of the total Federal medical and health-related expenditures for the 3 fiscal years, 1963-65, by six categories. The accompanying chart on estimated expenditures for 1965 depicts the distribution of the outlays in each category between the Department of Health, Education, and Welfare and all other agencies.

Table G-2. **FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY CATEGORY** (in millions of dollars)

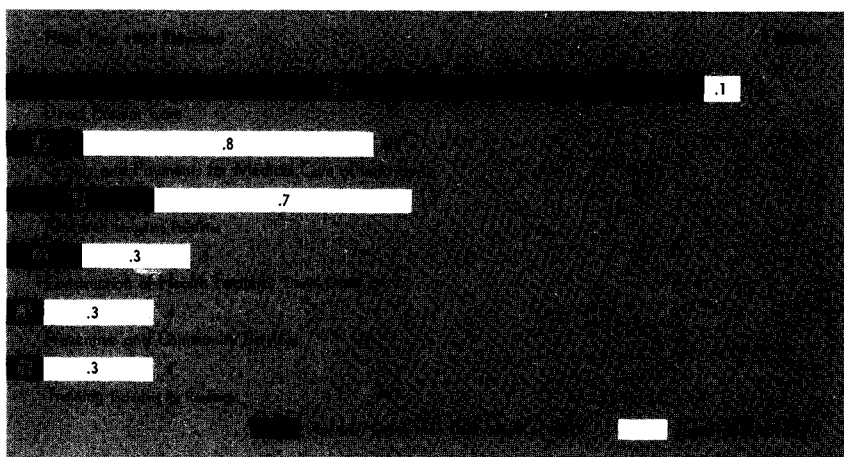
Category	1963 actual	1964 estimate	1965 estimate
1. Hospital and medical care in Federal facilities.....	1,877.3	1,982.3	2,006.5
2. Federal grants and payments for hospital and health care in non-Federal facilities.....	905.7	991.8	1,029.4
3. Medical research, total.....	892.1	1,047.2	1,124.8
(a) Conduct of research.....	(832.8)	(966.6)	(1,031.3)
(b) Research facilities.....	(59.3)	(80.6)	(93.4)
4. Training, including training research.....	256.5	324.4	332.9
5. Preventive and community services.....	346.1	396.0	390.2
6. Construction of hospitals and health facilities.....	380.3	466.1	528.5
Total health expenditures from administrative budget and trust accounts.....	4,658.0	5,207.7	5,412.3

Of the total expenditures of \$5.4 billion in 1965 for medical and health-related purposes, \$3.0 billion or about 56% will be for provision of health care either directly in Federal facilities or financed by Federal grants or payments for services by non-Federal facilities. This is an increase of \$253 million from 1963.

The direct care expenditures amount to just over \$2 billion, or 37%, of total expenditures. Most of this service is provided in hospitals of the Department of Defense, Veterans' Administration, and the Department of Health, Education, and Welfare, which, in all, comprise almost 10% of all hospital beds in the United States.

Table G-3 shows the number of hospital beds and the average daily number of patients during the 3 years 1963-65. The number of individual patients during any year is, of course, many times the daily census because hospital stays average 7 to 75 days for most agencies.



*Federal Expenditures for Medical and Health-Related Activities by Category*

In addition to this large number of inpatients, several million individuals each year receive outpatient care or treatment in the Federal facilities.

Approximately one-sixth of the population in the United States is actually or potentially eligible for direct hospital care or medical treatment in Federal facilities based on estimates available at the end of calendar year 1963. Approximately 22.1 million living war veterans, including some 3 million with service-connected disabilities, comprise the largest single group of eligibles, although for ailments not related to service hospital care is provided only to the extent that Veterans Administration hospital facilities are available. Under the basic policy of limiting its hospital system to 125,000 beds, the Veterans Administration meets approximately half of the hospital care requirements of veterans with non-service-connected ailments. Active duty and retired uniformed service personnel numbering 3.1 million and their 4 million dependents are also covered. Approximately 2.5 million Federal employees are entitled to treatment for in-line-of-duty disabilities, although such injuries are comparatively infrequent. Other eligible groups include 385,000 American Indians and natives of Alaska, 120,000 American seamen, some 73,000 civilians in the Panama Canal Zone, an estimated 60,000 narcotic addicts, 24,000 inmates of Federal prisons, and 1,500 patients with leprosy. With allowance for duplications in the above categories, an estimated 30 million Americans are eligible for all or part of their health care from Federal facilities.

The third largest category of expenditures—\$1 billion or 19% of the total—is for grants and payments for hospital and health care in non-Federal facilities. Grants for public assistance and for medical care for the aged by the Department of Health, Education, and Welfare account for three-fourths of this total. During 1965, nearly 3 million individuals are estimated to receive such aid. The Civil Service Commission provides health benefits to about 81% of the 2.5 million Federal civilian employees and an estimated 4.1 million of their dependents under the Federal Employees' Health Benefits Act.

Table G-3. FEDERAL HOSPITALS, OPERATING BEDS, AND PATIENT LOADS

By agency	1963 actual	1964 estimate	1965 estimate
Number of hospitals:			
Defense.....	235	234	232
Health, Education, and Welfare.....	67	67	67
Veterans Administration.....	169	168	168
Other.....	36	36	36
Total.....	507	505	503
Number of operating beds:			
Defense.....	43,190	43,000	43,400
Health, Education, and Welfare.....	16,857	16,654	16,654
Veterans Administration.....	120,304	120,371	120,249
Other.....	3,245	3,261	3,294
Total.....	183,596	183,286	183,597
Average daily patient load:			
Defense.....	30,624	30,413	30,754
Health, Education, and Welfare.....	14,080	13,954	13,772
Veterans Administration.....	110,194	110,269	110,318
Other.....	2,152	2,191	2,254
Total.....	157,050	156,827	157,098

A similar program provides benefits for 241,000 retired Federal employees and their dependents. These payments are made from trust revolving funds into which are deposited both agency and employee contributions. Since the health benefits funds are revolving funds, with receipts offsetting expenditures, only the net effect of these transactions in the trust funds is included in the expenditures for this category. The Government's contributions amounting to \$151 million in 1963, \$156 million in 1964, and \$161 million in 1965, are included in the administrative budget figures and are mostly classified in this category. The bulk of the remainder represents payments for care of Federal beneficiaries, principally by the Veterans Administration and the Department of Defense in those cases where Federal facilities are not available.

Every citizen is benefited in one way or another by the health research, training, preventive and community services, and hospital construction activities of the Federal Government. Expenditures for these activities will total \$2.4 billion in 1965, an increase of \$501 million from 1963. These categories comprise only 44% of the total health expenditures, but they account for 66% of the increase over 1963 in health outlays. The amount of increase over 1963 is greatest for health research and facilities (\$233 million and 26%), but the highest rates of increase will be for construction of health facilities (\$148 million and 39%) and training (\$76 million and 30%). Preventive and community service activities show the largest dollar and percentage increases (\$44 million and 13%). Legislation passed in 1963 provides for increased Federal efforts for air pollution control, for assistance to schools and to students in medicine and dentistry,

and for programs to combat mental retardation and promote mental health. Other expanding areas include activities relating to water pollution, pesticides, community health, and food and drugs. The next several paragraphs discuss the four categories separately.

About two-thirds of the \$1.1 billion in Federal expenditures for health related research and research facilities are by the Department of Health, Education, and Welfare, particularly the National Institutes of Health, which alone account for \$631 million. The Department of Defense, the Atomic Energy Commission, the National Science Foundation, and the National Aeronautics and Space Administration also make sizable outlays for health research.

Training, including training for research, accounts for \$333 million in 1965 expenditures. Again, the Public Health Service, and especially the National Institutes of Health, are the major sources, although the Department of Defense also spends significant amounts.

Of the \$390 million for preventive and community health services, \$269 million will be spent by the Public Health Service, the Food and Drug Administration, and the Welfare Administration. The Federal Government's programs of assistance to underdeveloped countries are also responsible for about \$75 million of the outlays and the Department of Agriculture programs account for most of the remainder.

The Hill-Burton hospital construction program accounts for \$204 million out of \$528 million to be spent in 1965 for construction of facilities other than for research. The Veterans Administration's expenditures of \$82 million represent the fifth year of that agency's 15-year hospital replacement and modernization program. The Department of Defense will also spend \$58 million for construction.

*Proposed legislation.*—Significant health legislation is proposed in the 1965 budget. New obligational authority of \$270 million is requested to extend the Hill-Burton health facilities construction program, with increased emphasis on modernization of urban hospitals, construction of long-term care facilities for the aged, and improved planning of community health facilities. It is expected that \$5 million of this will be spent in 1965. The 1965 budget includes \$11 million of expenditures for extension and improvement of nurse education activities. Proposed legislation in the Department of Agriculture to place meat and poultry inspection on a self-supporting fee basis will reduce Federal expenditures nearly \$44 million in 1965, although inspections are expected to increase. Because of this latter item, expenditures under proposed legislation for 1965 will show a net reduction of \$28 million. Proposed appropriations of \$295 million under new legislation are offset in part by the \$47 million reduction in appropriation for the Agriculture program.

Other health proposals, which are covered by the general allowance for contingencies because the costs would not be large, would extend and broaden the public health training programs, authorize group practice facility loans and provide grants for sanitation facilities for migrant agricultural laborers. A proposal to provide hospital insurance for persons over 65 through the social security system is also pending in Congress, but this does not affect the 1965 budget since the program will not begin until January 1, 1966.

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>ADMINISTRATIVE BUDGET FUNDS</b>				
<b>National defense:</b>				
Department of Defense:				
Hospital and medical care of military personnel and their dependents, retired personnel and their families on a space available basis, and civilian employees and their dependents overseas.....	051	832.2	867.1	911.0
Research in preventive medicine, improved methods of caring for and rehabilitating the sick and injured, and studies relating to medical problems of military science.....	051	101.2	115.4	125.1
Professional and technical training of personnel.....	051	44.0	47.7	49.5
Procurement, distribution, and installation of medical supplies in civil defense shelters.....	051	10.0	2.1	3.0
Construction of civil defense shelters in medical facilities.....	051			8.4
Department of Health, Education, and Welfare: Stockpiling of medical supplies.....	059	20.0	13.0	15.0
Atomic Energy Commission: Research on the effects and use of radiation.....	058	77.3	86.4	93.1
Total, national defense.....		1,084.7	1,131.6	1,205.1
<b>International affairs and finance:</b>				
Peace Corps: Assistance to underdeveloped countries particularly for nursing and malaria eradication projects.....	152	2.0	4.2	4.8
United States Information Agency: Medical care of Foreign Service officers who become ill abroad.....	153	.1	.1	.1
Agency for International Development:				
Alliance for Progress: Grants and loans for community health services and construction of health facilities.....	152	20.8	36.1	34.3
Contributions to international organizations.....	152	12.5	12.5	12.5
Grants, loans, and other assistance to underdeveloped countries in meeting their most pressing health problems.....	152	43.2	50.0	60.7
Department of State:				
Contributions to international organizations, conferences, and medical and hospital care of Foreign Service personnel and their dependents.....	151	11.6	14.1	15.7
Assistance to refugees from Communist countries, except Cuba.....	152	.8	.8	.4
Mutual educational and cultural exchange activities.....	153	.9	1.1	1.1
Total, international affairs and finance.....		91.9	119.0	129.6
<b>Space research and technology:</b>				
National Aeronautics and Space Administration: Research on health factors and human capabilities in advanced aerospace systems.....	251	15.6	44.4	54.0
<b>Agriculture and agricultural resources:</b>				
Department of Agriculture:				
Plant and animal research; meat and poultry inspections.....	355	92.8	97.4	103.2
Proposed legislation: Finance meat and poultry inspection on a self-supporting fee basis.....	355			-43.6
Total, agriculture and agricultural resources.....		92.8	97.4	59.7

Table G-4. **FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS** (in millions of dollars)—Continued

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>Natural resources:</b>				
Department of Interior:				
Research on toxicological effects of pesticides on fish and wildlife.....	404	1.2	2.2	5.1
Care of 600 Aleut Indians in Pribilof Islands, Alaska.....	404	.1	.1	.1
Total, natural resources.....		1.3	2.2	5.1
<b>Commerce and transportation:</b>				
Small Business Administration: Loans for construction and operation of nursing homes and other health-related facilities.....	506	2.8	2.8	2.8
<b>Housing and community development:</b>				
Housing and Home Finance Agency: Advances and loans to local communities for construction of sewer, water, and other health-related facilities.....	553	28.6	30.5	29.2
<b>Health, labor, and welfare:</b>				
Department of Health, Education, and Welfare:				
Freedmen's Hospital: Operation of a community teaching hospital serving Howard University Medical School.....	651	3.7	3.8	3.8
Saint Elizabeths Hospital: Hospital care for the mentally ill in the District of Columbia.....	651	7.5	10.9	13.1
Public Health Service:				
Health services for Indians.....	651	62.5	66.9	67.8
Medical care of merchant seamen, narcotic addicts, and other Public Health Service beneficiaries.....	651	50.0	50.1	51.6
Quarantine activities.....	651	6.3	5.7	6.0
Grants and loans for construction of hospital and health facilities.....	651	240.9	275.6	278.9
Proposed legislation: Hill-Burton amendments.....				5.0
Education and training for public health.....	651	11.9	21.4	28.8
Proposed legislation: Nursing education and training.....				11.0
Accident and disease prevention and control.....	651	85.0	133.1	133.0
Scientific activities overseas.....	651	1.6	3.9	4.5
Construction of health facilities (other than research).....	651	2.2	14.0	18.5
Environmental health activities.....	651	59.8	71.5	88.5
National Institutes of Health (research).....	651	723.6	825.0	850.0
Welfare Administration:				
Grants for maternal and child welfare.....	651	50.5	62.5	85.0
Assistance to Cuban refugees and repatriated U.S. nationals.....	653	3.0	3.2	3.0
Public assistance grants for hospital and health care.....	653	625.0	700.0	715.0
Vocational Rehabilitation Administration: Rehabilitation grants and research and training in problems of handicapped individuals.....	655	39.0	47.2	41.0
Food and Drug Administration: Enforcement of the pure food and drug laws.....	651	29.2	35.1	42.8
Department of Labor: Accident prevention and vocational rehabilitation for disabled longshoremen.....	652	2.0	2.2	2.2
Department of Interior: Health research related to mine operations.....	652	.5	.4	.3
Total, health, labor, and welfare.....		2,004.2	2,332.5	2,449.7

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)—Continued

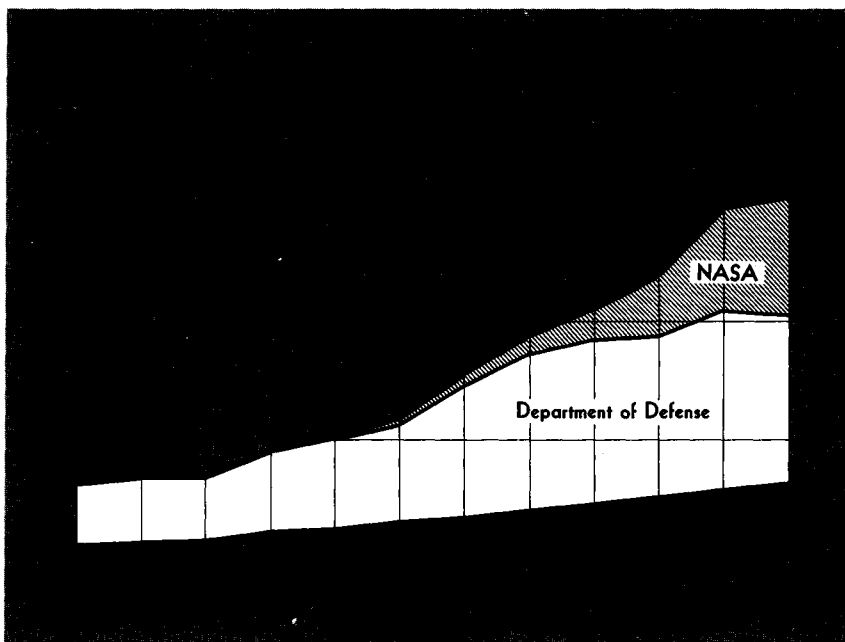
Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>Education:</b>				
Department of Health, Education, and Welfare:				
Practical nurse training.....	704	4.7	4.9	5.0
Defense educational activities.....	702	1.6	1.8	2.1
National Science Foundation: Support of basic research in health-related fields.....	703	26.5	31.0	35.0
Total, education.....		32.8	37.7	42.1
<b>Veterans benefits and services:</b>				
Veterans Administration: Hospital, domiciliary, and out-patient care of veterans including medical research and construction and modernization of facilities.....	804	1,144.9	1,239.9	1,245.5
<b>General government:</b>				
Department of Labor: Hospital and medical care for Federal employees injured in line of duty.....	906	13.6	14.0	14.6
Department of Justice: Medical care of prisoners.....	908	3.4	8.8	12.4
Civil Service Commission:				
Government contribution to Federal employees' health benefit funds for retired employees and annuitants.....	906	20.0	24.3	25.5
General Services Administration: Matching grant for a hospital in Southeast Washington, D.C.....	905	.1	1.5	2.0
Panama Canal: Medical and hospital care for civilian and military personnel, sanitation and quarantine.....	910	6.9	7.7	6.5
Total, general government.....		43.9	56.4	61.1
Contributions by Federal agencies to employees' health benefits fund not included above.....		120.0	120.3	124.5
Total net administrative budget expenditures for health.....		4,663.5	5,214.7	5,408.3
<b>TRUST FUNDS</b>				
Civil Service Commission:				
Expenditures for employee health benefits.....	654	385.1	403.4	461.8
Receipts from employee and Government contributions.....		-397.6	-417.9	-464.7
Net expenditures from trusts revolving funds.....		-12.5	-14.5	-2.9
United States Soldiers Home: Hospital and domiciliary care of retired and disabled enlisted personnel of the Regular Army and Air Force.....	805	7.0	7.5	6.9
Total net trust fund expenditures for health.....		-5.5	-7.0	4.0
Total budget and trust fund expenditures for health.....		4,658.0	5,207.7	5,412.3

## SPECIAL ANALYSIS H

### FEDERAL RESEARCH, DEVELOPMENT, AND RELATED PROGRAMS

This analysis summarizes Federal administrative budget expenditures for research and development.<sup>1</sup> The chart below illustrates how most of the growth in recent years has resulted from the decisions to undertake a vigorous space program and to maintain a strong national defense which utilizes the latest products of science and technology. In other areas of research and development there has been a slower but steady growth since 1954. Total Federal expenditures for research and development will increase from \$14.9 billion in 1964 to \$15.3 billion in 1965, a rise of 3% as compared with 24% between 1963 and 1964. (See table H-1.) The 1965 increase is primarily attributable to the space programs of NASA.

*Estimated Administrative Budget Expenditures for Research and Development*



<sup>1</sup> The term "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.

Table H-1. BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT, 1954-65 (in millions of dollars)

Fiscal year	Department of Defense <sup>1</sup>	NASA <sup>2</sup>	AEC	D/HEW	NSF	Other	Total
1954.....	2,487	90	383	63	4	121	3,148
1955.....	2,630	74	385	70	9	140	3,308
1956.....	2,639	71	474	86	15	161	3,446
1957.....	3,371	76	657	144	31	183	4,462
1958.....	3,664	89	804	180	33	220	4,990
1959.....	4,183	145	877	253	51	293	5,803
1960.....	5,654	401	986	324	58	315	7,738
1961.....	6,618	744	1,111	374	77	356	9,278
1962.....	6,812	1,257	1,283	512	105	409	10,373
1963.....	6,849	2,552	1,335	621	142	483	11,983
1964.....	7,450	4,400	1,543	754	175	561	14,883
1965.....	7,107	4,990	1,557	796	204	633	15,287

Note.—Totals in text tables may not add due to rounding.

<sup>1</sup> Includes civil functions.

<sup>2</sup> National Advisory Committee for Aeronautics prior to 1958.

This year, for the first time, a summary is included showing separately the totals for research and development (table H-2) and for basic research (table H-3). These tables illustrate the relatively small proportion of funds—less than 30%—spent for research compared with the amounts for development, consisting primarily of engineering and fabrication of launch vehicles and spacecraft for space exploration and of military hardware for test and evaluation. Decreases in expenditures for development in the Department of Defense explain the marked slowdown in the growth of Federal funds for research and development.

Since science and technology represent such a large proportion of total Federal expenditures, it is important to understand the wide range of research and development activities conducted in the advancement of agency missions. Explanations of the contents and trends of the programs of the agencies with major research and development activities are provided in the following sections of this analysis.

There are also included at the end of this analysis summary data by agency on total Federal support for several selected scientific and technical activities of the Federal Government—such as oceanography and meteorology—which, because of their broad national importance, are coordinated on a governmentwide basis. These activities illustrate the fact that many agencies need to undertake research in the same general area if they are to utilize science and technology effectively in the achievement of their basic missions. Research on the use and control of water, as an example, is particularly important to the missions of the Departments of Agriculture; Commerce; Health, Education, and Welfare; and Interior. No one agency can be expected to understand or provide for the research required to meet the needs—often the urgent operational demands—of all interested agencies.



Table H-2. EXPENDITURES FOR RESEARCH, DEVELOPMENT, AND FACILITIES (in millions of dollars)

Purpose	1963 actual	1964 estimate	- 1965 estimate
Conduct of research:			
Department of Defense.....	1,491.6	1,621.0	1,635.1
National Aeronautics and Space Administration.....	739.8	1,054.2	1,142.4
Atomic Energy Commission.....	247.9	268.7	302.0
Department of Health, Education, and Welfare.....	577.5	691.5	723.6
National Science Foundation.....	99.6	126.8	143.0
Other.....	322.6	368.6	391.9
Subtotal, conduct of research.....	3,479.0	4,130.9	4,338.0
Conduct of development:			
Department of Defense.....	5,302.0	5,727.0	5,360.7
National Aeronautics and Space Administration.....	1,587.3	2,870.8	3,327.6
Atomic Energy Commission.....	829.8	968.0	940.1
Department of Health, Education, and Welfare.....	3.6	4.1	4.4
Other.....	110.4	122.9	168.5
Subtotal, conduct of development.....	7,833.3	9,692.9	9,801.3
Research and development facilities:			
Department of Defense.....	55.2	101.8	111.3
National Aeronautics and Space Administration.....	225.3	475.0	520.0
Atomic Energy Commission.....	257.6	306.4	314.8
Department of Health, Education, and Welfare.....	40.1	58.0	67.9
National Science Foundation.....	42.5	48.3	61.0
Other.....	50.4	69.7	72.8
Subtotal, research and development facilities.....	671.1	1,059.2	1,147.8
Total.....	11,983.4	14,883.0	15,287.1

Table H-3. EXPENDITURES FOR CONDUCT OF BASIC RESEARCH <sup>1</sup>

(In millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
Department of Defense.....	193.0	204.5	219.9
National Aeronautics and Space Administration.....	525.1	727.0	790.2
Atomic Energy Commission.....	218.9	238.9	268.3
Department of Health, Education, and Welfare.....	195.1	223.1	237.2
National Science Foundation.....	99.6	126.8	143.0
Other.....	118.2	136.5	150.2
Total.....	1,349.9	1,656.8	1,808.8

Note.—Basic research is directed toward increase of knowledge in science where the primary aim is fuller understanding of a subject rather than practical application.

<sup>1</sup> Amounts are included in conduct of research, table H-2.

In these formally coordinated research programs, as well as many other scientific activities of the Federal Government, steps are being taken to improve coordination among the agencies concerned so that the research efforts of the scientific community are mutually reinforcing. The growth of research and development activities in recent years has created a tremendous problem of communicating scientific results among scientists and to the agencies which wish to use the results in some applied form. A major effort is underway to improve such communications and to strengthen the means of handling and disseminating scientific information.

Through its many research and development programs the Federal Government now supports more than two-thirds of the total national expenditures for this purpose. Almost two-thirds of Federal funds for research and development are expended through contracts with private industry. A little over 20 percent are expended for direct research and development by Federal scientists and engineers in agency laboratories. Only about 13 percent of Federal funds are spent through contracts with and grants to universities and other nonprofit institutions.

In connection with that portion of research and development conducted in universities, it is important to recognize the dual impact of research carried out by faculty members assisted by graduate students. The interaction of education and research in the university environment contributes materially not only to the advancement of research but also to the training of the scientific and technical manpower needed for the future.

#### DEPARTMENT OF DEFENSE—MILITARY

The research and development programs of the Department of Defense include basic and applied research; exploratory, advanced, and engineering development of new components and systems with possible military applications; and development of weapons systems approved for introduction into the operational forces. The principal amounts for these purposes and for the operation of research and testing facilities of the Department are carried in the budget in the research, development, test, and evaluation appropriations. As indicated in table H-4, certain supporting amounts are provided in the military personnel, procurement, operations and maintenance, and military construction appropriations. Research and development related to civil defense and military assistance are financed under those headings.

Of the totals shown in table H-4 for 1965, 3% is for basic scientific research with about 23% providing for all research including experiments with extensive equipment requirements. Approximately 77% is for development, test, and evaluation of new military weapons and equipments.

**Table H-4. EXPENDITURES OF THE DEPARTMENT OF DEFENSE—  
MILITARY—RESEARCH AND DEVELOPMENT (in millions of dollars)**

Purpose and budget title	1963 actual	1964 estimate	1965 estimate
Conduct of research and development:			
Research, development, test, and evaluation.....	6,375.6	6,943.0	6,580.0
Military personnel.....	238.8	248.4	259.4
Procurement.....	90.0	85.0	90.0
Operations and maintenance.....	72.0	48.0	42.0
Civil Defense.....	1.4	10.0	10.0
Military assistance.....	13.2	9.6	10.0
Total, expenditures for the conduct of research and development.....	6,791.0	7,344.0	6,991.4
Research and development facilities: Military construction..	55.2	101.8	111.3
Total, expenditures for research and development..	6,846.2	7,445.8	7,102.7

Research and development activities decline slightly in 1965, as development of several major strategic systems nears completion. This reduction is shown in table H-4 above in terms of expenditures. Obligations for research and development activities will also be slightly lower in 1965 than in 1964 as indicated in table H-5 which also shows the composition of the programs of the Department by major fields of effort.

Amounts for basic and applied research increase slightly in 1965. Development of components, subsystems and weapons including weapons for conventional and limited war is also expected to increase as major strategic weapon system development programs like Atlas, Titan, Polaris, and Minuteman decline.

The new tactical fighter aircraft for use by both the Navy and the Air Force as well as smaller aircraft to increase the mobility of the ground forces will continue development in 1965. Missile developments include the Army's project for an improved antiballistic missile known as Nike-X, the Navy's Polaris program, and the Air Force programs for an improved version of Minuteman and a new mobile midrange ballistic missile.

Included in military astronautics are such spacecraft programs as the manned orbiting laboratory (MOL) as well as basic engine and vehicle development efforts, such as the Titan III multipurpose space booster program. Totals for the military space program are given in table H-14. The research and development totals also include substantial and increased effort in the various aspects of anti-submarine warfare research and development and in the development of improved combat vehicles for use by our land forces. Provision is also made for support of Government-owned laboratories and test installations such as the Atlantic and Pacific missile ranges.

**Table H-5. OBLIGATIONS OF THE DEPARTMENT OF DEFENSE—  
MILITARY—RESEARCH AND DEVELOPMENT (in millions of dollars)**

Purpose and budget title	1963 actual	1964 estimate	1965 estimate
Conduct of research and development:			
Research, development, test, and evaluation:			
Military sciences.....	925.7	888.2	971.3
Aircraft and related equipment.....	724.1	967.9	959.8
Missiles and related equipment.....	2,525.4	2,140.0	1,883.3
Military astronautics and related equipment.....	1,234.8	1,263.9	1,037.5
Ships, small craft, and related equipment.....	223.9	265.1	302.4
Ordnance, combat vehicles, and related equipment.....	249.0	329.3	348.4
Other equipment.....	513.7	638.1	606.5
Programwide management and support.....	490.2	536.5	533.8
Emergency fund.....		101.0	150.0
Total, direct obligations, research, development, test, and evaluation.....	6,886.8	7,130.0	6,793.0
Military personnel.....	238.8	248.4	259.4
Procurement.....	72.7	87.3	108.1
Operations and maintenance.....	73.3	44.9	42.7
Civil defense.....	11.0	10.0	15.0
Military assistance.....	.1	1.2	
Total, direct obligations for the conduct of research and development.....	7,282.7	7,521.8	7,218.2
Research and development facilities: Military construction.....	87.2	133.6	118.4
Total, direct obligations for research and develop- ment.....	7,369.9	7,655.4	7,336.6

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

All the activities of the National Aeronautics and Space Administration are classified as research and development for purposes of this special analysis. The National Aeronautics and Space Administration is responsible for the development, test, and operation of spacecraft and vehicles for manned and unmanned exploration of space and other nonmilitary 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 technology in support of both military and civilian interests.

The nature and estimated composition of the research and development programs of NASA are shown on table H-6. The increases in 1965 in almost all categories result primarily from the successive large increases in NASA appropriations provided in 1963 and 1964 to carry out the expanded space program, principally to provide the facilities and initiate the vast new development programs required for the top priority program to achieve a manned lunar landing by the end of the decade. A further substantial increase in total NASA appropriations is not required in 1965, so expenditures are not expected to continue to increase in future years at the high rate shown in 1965 and preceding years.

The programs of scientific research in space include unmanned investigations in space with sounding rockets, satellites, and deep space

Table H-6. EXPENDITURES OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION FOR RESEARCH AND DEVELOPMENT  
(In millions of dollars)

Program and type of activity	1963 actual	1964 estimate	1965 estimate
Conduct of research:			
Basic scientific research in space:			
Development and fabrication of spacecraft and instruments.....	199.7	267.6	257.4
Procurement of launch vehicles and launching costs.....	75.2	90.6	127.9
Conduct of experiments, data reduction, and supporting costs.....	106.6	174.9	202.8
Development of launch vehicles and equipment for research purposes.....	88.0	110.9	109.3
Other basic research in space science and technology.....	55.6	83.0	92.8
Subtotal, basic research.....	525.1	727.0	790.2
Other research:			
Space technology.....	177.7	282.4	302.4
Aircraft technology.....	37.0	44.8	49.8
Total, conduct of research.....	739.8	1,054.2	1,142.4
Conduct of development:			
Manned space flight and supporting development.....	1,383.1	2,608.2	3,052.5
Space applications development.....	87.8	106.0	92.8
Other space technology development.....	116.4	156.6	182.3
Total, conduct of development.....	1,587.3	2,870.8	3,327.6
Research and development facilities:			
Basic scientific research in space.....	33.0	55.9	43.7
Other basic research.....	10.0	15.0	15.0
Other research:			
Space technology.....	12.6	43.7	22.2
Aircraft technology.....		.4	1.1
Development and support:			
Manned space flight and supporting development.....	163.7	343.3	418.9
All other.....	6.0	16.7	19.1
Total, research and development facilities.....	225.3	475.0	520.0
Total, National Aeronautics and Space Administration.....	2,552.3	4,400.0	4,990.0

probes. Major emphasis in 1965 will be on the investigations to be conducted with the large orbiting solar, geophysical, and astronomical observatories and on the investigation of Mars with Mariner spacecraft. NASA also supports basic research in space sciences at universities and both basic and applied research in fields applicable to space and aircraft technology at NASA research centers and through grants and contracts with universities and industry. NASA's activities classified as development are currently devoted primarily to the development of spacecraft and launch vehicles required for the manned lunar landing program. Development is also continuing of satellites and technology for communications, meteorology, and other space applications, and of nuclear propulsion and other engineering developments to advance space technology.

## ATOMIC ENERGY COMMISSION

The Atomic Energy Commission's program in research and development accounts for more than half of AEC's annual expenditures.

Research programs, which in 1965 constitute approximately 25% of the total conduct of research and development, are conducted in the physical and biomedical sciences to secure a better understanding of nuclear structure, nuclear processes, and the effects of nuclear radiation on living organisms and systems. Of the total funds programmed for research, about 90% is considered to be basic or fundamental research. The development programs include efforts to improve the processes used in the production of special nuclear materials, to develop improved types of nuclear weapons, and to improve the means of obtaining useful power from nuclear reactions.

These programs are carried on in AEC's contractor-operated laboratories, in universities, in other private research institutions, and by private industry. In support of its activities for the conduct of research and development, AEC provides laboratory facilities, research equipment, and large research machines, such as nuclear reactors and particle accelerators. In 1965 more than one-third of AEC's expenditures of this sort will be in support of research in contrast to development.

Table H-7. EXPENDITURES OF THE ATOMIC ENERGY COMMISSION FOR RESEARCH AND DEVELOPMENT (in millions of dollars)

Program	Conduct of research and development			Research and development facilities		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
Special nuclear materials and weapons.....	351.7	437.9	420.9	54.6	83.6	70.3
Reactor development.....	462.4	508.3	497.9	107.5	120.5	126.9
Physical research.....	182.8	197.3	222.0	85.5	89.7	106.7
Biology and medicine.....	65.1	71.3	80.0	7.9	9.5	8.6
Other research and development.....	15.7	21.9	21.3	2.1	3.1	2.4
Total, Atomic Energy Commission.....	1,077.8	1,236.7	1,242.1	257.6	306.4	314.8

AEC's reactor development program includes efforts to develop economic nuclear power reactors, to develop nuclear propulsion for rockets (Project Rover), to develop compact nuclear electric power sources for space and other remote applications, to develop military power and propulsion reactors, and to broaden the base of reactor technology. In 1965 particular emphasis will be given to "breeder" power reactors, which would produce more fissionable material than they consume, and to the area of nuclear safety.

The physical research program, which increases in 1965, comprises research in high and low energy physics and in those aspects of chemistry, materials, and mathematics of particular importance to nuclear science and technology. In addition, there is a continuing program to achieve a controlled thermonuclear reaction for possible generation of power. Of special interest in 1965 is AEC's plan to construct in the Midwest the world's finest nuclear research reactor.

In addition, AEC conducts programs for research in the biomedical sciences and for the peaceful uses of isotopes and nuclear explosives.

#### DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The expenditures for research and development by the Department will increase \$42.3 million in 1965 over an estimated \$753.6 million in 1964. This increase is primarily to strengthen the programs of the Public Health Service and reflects the additional emphasis being placed on prevention and treatment of mental illness and mental retardation.

In addition to the \$38 million spent in 1964, \$6 million is included to expand environmental health activities, primarily to study the long-term effects of pollution on human health.

Expenditures for the National Institutes of Health include increases for the new Institutes of Child Health and Human Development and the Institute of General Medical Sciences.

The Office of Education is expanding its support for research to improve course materials, strengthen teacher training programs, improve teaching of the arts, to help smaller universities and colleges develop educational research programs, and to demonstrate research findings to school personnel. Expenditures for these programs will total \$23.8 million in 1965, an increase of \$5.6 million over 1964.

#### NATIONAL SCIENCE FOUNDATION

The total expenditures of the National Science Foundation for research and research facilities are estimated at \$204.0 million in 1965 as compared with \$175.1 million in 1964 and \$142.1 million in 1963.

The 1965 budget will provide increased support for basic research project grants; for the Antarctic research program; and for Project Mohole, a program of research in the geology and geophysics of the deeper layers of the earth. Support will be continued for U.S. participation in the Indian Ocean Expedition and in the International Year of the Quiet Sun. Additional funds are estimated in 1965 for university nuclear research facilities, university computing facilities, and specialized biological facilities. Support of the National Center for Atmospheric Research and of two astronomy observatories will continue, with provision in 1965 for the start of construction of a 150-inch optical telescope at Kitt Peak, Ariz. In addition, the Foundation is planning a substantial increase in its program of matching grants for facilities related to research and science training.

#### DEPARTMENT OF AGRICULTURE

Expenditures of the Department for the conduct of research and development are estimated at \$187.2 million in 1965 as compared with \$181.4 million in 1964 and \$162.4 million in 1963. The net increase of \$5.8 million in expenditures is composed of a number of expanded research activities partly offset by the closing of several low priority research locations. Funds will be available for staffing and operating soil and water, entomology, poultry, and other laboratories recently authorized by Congress. Research will be expanded on biological controls, on nonchemical control methods, on the effects of pesticides on animals, on pesticide residues in soils, on forest tree genetics, and on other measures to avoid or minimize pesticide hazards.

Additional funds will be available to continue the forest survey and research on forest land management, including watershed studies. Wood products research will be expanded and an addition to the Forest Products Laboratory in Madison, Wis., will be started. Steps will be taken to implement the Department's program in food and nutrition research. Construction funds will be available to modernize and rehabilitate portions of the National Agricultural Research Center at Beltsville, Md., and to construct a new facility at Fort Collins, Colo., to replace temporary buildings; \$1.4 million additional will be available for institutional-type grants to the agricultural experiment stations at the land-grant universities.

Funds are being requested for the construction of the National Agricultural Library at Beltsville, Md. Planning money was made available in 1964.

Research projects overseas financed in excess currency countries under Public Law 480 will be expanded to include basic studies of value to agriculture.

#### DEPARTMENT OF THE INTERIOR

Expenditures of the Department of the Interior for research and development are estimated at \$130.8 million, compared with \$116.1 million in 1964 and \$100.4 million in 1963. About 22% of the 1965 amount will be spent on development programs including the construction of research facilities; 47% on applied research; and the remainder on basic research. Programs of the Bureau of Mines, Fish and Wildlife Service, Geological Survey, Office of Coal Research, and the Office of Saline Water make a significant contribution to the research and development activities of the Department.

The 1965 budget provides for continuing research directed primarily at improving the conservation and use of water, parks and monuments, fish and wildlife, minerals, and other natural resources. Increased emphasis will be given to the study of the toxicological effects of pesticides on fish and wildlife; and to the biological aspects of the national oceanographic program. Geophysical and geochemical studies of the upper mantle of the earth's crust that may ultimately improve the technology of locating deep-lying mineral deposits are scheduled for major expansion. Programs to increase the use of and expand the markets for coal and coal products will increase. Basic studies and investigations of groundwater and groundwater characteristics will be expanded; major efforts to discover low cost means of converting saline to fresh water will be continued.

#### DEPARTMENT OF COMMERCE

Total expenditures for research and development are estimated at \$95 million in 1965, an increase of \$9.3 million over 1964 and \$28.5 million over 1963. Expenditures for research facilities decrease by \$1.7 million since construction of the new National Bureau of Standards laboratory complex will be substantially completed by the end of the year. The \$11 million net expenditure increase for the conduct of research will provide modest strengthening of various programs for transportation, business, and industry. Among these programs are



weather prediction and forecasting, experimental nuclear ship operations, textile research, analysis of business conditions, and research into transportation planning problems. Improvements are also forecast in oceanography and geodesy, Federal research report distribution and reference services, patent classification and search, and statistical measurement of economic and social characteristics.

Two new programs will be undertaken by the National Bureau of Standards. Approximately half of the \$4.2 million expenditure increase for these programs will be associated with contractual or collaborative work. The National Standard Reference Data System will constitute a comprehensive system for the identification, collection and verification of data on the properties and behavior of physical materials. A program of engineering measurements and standards, of principal benefit to consumer-oriented industry, will provide a basis for collaboration with standardizing bodies and societies in the development of codes, standards, and methodologies of testing. Expansion is planned particularly for the development of criteria for evaluating the performance of industrial products and processes.

#### FEDERAL AVIATION AGENCY

The Federal Aviation Agency will continue its efforts to develop improved devices for air navigation and air traffic control. In addition funds were appropriated in 1964 to finance a design competition for the construction of a civil supersonic transport aircraft.

#### SELECTED SCIENTIFIC AND TECHNICAL ACTIVITIES OF THE FEDERAL GOVERNMENT

The following section presents six scientific and technical activities of the Federal Government on a Government-wide basis. In these fields, and in many other fields, the Office of Science and Technology in cooperation with the President's Science Advisory Committee and the Federal Council for Science and Technology is active in improving the planning, coordination, and review of Federal research and development programs. Expenditures for these scientific and technical activities are included in the agency expenditures shown elsewhere in this analysis.

#### MEDICAL RESEARCH

Federal expenditures for medical and health-related research activities are estimated at \$1.3 billion in 1965. Nearly two-thirds of this amount is expended by the National Institutes of Health, a component of the Public Health Service, Department of Health, Education, and Welfare. The seven disease-centered institutes were augmented in 1963 by two new institutes more oriented toward basic research and the total human life cycle. The increases in 1965 support growth for these two institutes and provide for training of additional research personnel, particularly in mental health. Over \$30 million of NIH funds will go to industrial firms for testing and evaluation of new chemicals and drugs for the treatment of cancer, cardiovascular diseases and mental illness. Other bureaus of the Department of Health, Education, and Welfare are also expanding

Table H-8. OBLIGATIONS OF FEDERAL AGENCIES FOR MEDICAL AND HEALTH RELATED RESEARCH (in millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
Department of Health, Education, and Welfare:			
Public Health Service.....	686.6	825.6	905.7
(National Institutes of Health).....	(623.9)	(727.8)	(811.5)
Other.....	19.9	29.4	37.4
Total, Department of Health, Education, and Welfare.....	706.5	855.0	943.1
Department of Defense.....	92.5	107.8	108.8
Atomic Energy Commission.....	77.9	82.8	94.9
National Aeronautics and Space Administration.....	34.7	50.3	66.2
Veterans Administration.....	34.0	38.0	47.1
Department of Agriculture.....	25.1	24.6	25.5
National Science Foundation.....	28.8	29.2	32.2
Other.....	6.0	7.6	7.6
Total, medical and health related research.....	1,005.5	1,195.4	1,325.5
Total, conduct of research.....	923.4	1,084.7	1,185.4
Total, research facilities.....	82.1	110.7	140.1

Note.—Figures include obligations for research with other than medical or health objectives but related to health in terms of substance or probable applications as follows in millions of dollars: 1963, \$169.8; 1964, \$198.3; 1965, \$225.9.

their programs. The Food and Drug Administration is strengthening its program of testing and evaluating new drugs, food and color additives, and pesticides.

The National Library of Medicine will expand its Medical Literature Analysis and Retrieval System (MEDLARS), which began operations in 1963. This system will speed production of Index Medicus, the monthly bibliography of medical research papers published throughout the world. It is also intended to make special bibliographic compilations.

The Atomic Energy Commission conducts and supports medical research related to the effects of radiation and its beneficial application. Medical research supported by the Department of Defense is focused on preventive medicine and the medical problems of military operations. Over one-third of the National Science Foundation expenditures in this area, and all of the increases in 1965, are for research facilities.

#### METEOROLOGICAL ACTIVITIES

The atmospheric science and weather service programs of Federal agencies include both operational and research and development activities.

Comprehensive arrangements have been established to coordinate atmospheric science and weather programs. Operational activities and research and development directed toward improvement of operational weather services (other than the development of meteorological satellites and activities involving special military security considerations) are coordinated by the Department of Commerce.

That Department has also recently been made responsible for developing a plan to achieve the maximum integration of both weather services and supporting research, consistent with the effective and economical accomplishment of agency mission requirements. In addition, the Federal Council for Science and Technology, through its Interdepartmental Committee for Atmospheric Sciences, reviews and evaluates all research and development in the field of atmospheric sciences, including research supporting weather systems. Further advice regarding these research and development activities is obtained from a panel on atmospheric sciences of the President's Science Advisory Committee.

The introduction of computers, radar, rockets, and satellites have greatly enhanced capabilities for observing the atmosphere. Problems associated with air pollution, fallout of atomic debris, supersonic and space flight, and the possibility of weather control have caused increasing emphasis to be given to the atmospheric sciences. In 1965, funds programed for research and development in this broad field (which includes studies of the upper atmosphere and the atmospheres of other planets as well as more conventional weather phenomena) are estimated to total \$227 million, an increase of \$26 million over 1963. Of this total, \$119 million is for aeronomy—the science of the upper atmosphere. Meteorological programs, which are concerned with the behavior of the lower atmosphere (generally within 100 kilometers of the earth's surface) are described in detail below.

Table H-9. OBLIGATIONS FOR FEDERAL PROGRAMS IN METEOROLOGY

(In millions of dollars)

## Summary Table

Agency	Operations			Research and development			1965 Total
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate	
Department of Agriculture.....				1.2	1.3	1.3	1.3
Atomic Energy Commission.....				4.0	4.3	6.3	6.3
Department of Commerce:							
Bureau of Standards.....				.6	.9	1.1	1.1
Weather Bureau <sup>1</sup> .....	72.2	105.3	106.8	11.5	11.2	14.4	121.2
Department of Defense:							
Army.....	3.4	3.7	3.8	11.2	10.4	11.2	15.0
Navy.....	29.7	29.0	28.1	4.9	5.7	5.8	33.9
Air Force.....	88.9	85.3	84.5	11.3	11.5	12.4	96.9
Federal Aviation Agency.....	16.9	18.2	18.4	4.3	1.4	1.5	19.9
Department of Health, Education, and Welfare.....				1.4	1.6	1.9	1.9
Department of the Interior.....				2.2	2.5	2.9	2.9
National Aeronautics and Space Administration.....				55.5	66.4	39.0	39.0
National Science Foundation.....				9.4	10.2	10.2	10.2
Treasury Department: Coast Guard.....	.3	5.0	5.1				5.1
Total.....	211.4	246.5	246.7	117.5	127.4	108.0	354.7

<sup>1</sup> Includes \$11.6 million in 1963, \$38.4 million in 1964, and \$35.3 million in 1965 for operational satellite program.

The increase in obligations in 1964 over 1963 for both operations and research results chiefly from acceleration of meteorological satellite activities. In 1965 Weather Bureau obligations for satellite operations will decrease \$3.1 million and NASA obligations for development of meteorological satellites by \$27 million as its work on the TIROS and NIMBUS spacecraft approaches completion. Exclusive of these changes, civil programs show modest growth. Funds for military meteorology remain at about \$146 million through 1965.

Table H-10. OBLIGATIONS FOR FEDERAL METEOROLOGICAL OPERATIONS, 1965 (in millions of dollars)

Agency	Measurement	Forecasts and services	Communications	Climatology	Total
Department of Commerce, Weather Bureau.....	73.0	23.6	6.8	3.4	106.8
Department of Defense:					
Army.....	2.7	.2	.3	.6	3.8
Navy.....	14.9	7.2	5.9	(1)	28.1
Air Force.....	29.9	33.4	18.3	2.8	84.5
Federal Aviation Agency.....	.9	.4	17.1	0	18.4
Treasury Department: Coast Guard.....	4.7	.2	.1	0	5.1
Total.....	126.1	65.1	48.5	6.9	246.7

<sup>1</sup> Less than \$50 thousand.

*Weather service operations.*—The Weather Bureau will place principal emphasis in 1965 on increasing its production of centrally prepared computer products to provide field forecast and service units a maximum amount of reliable guidance material on which to base advisory services to specific user groups. Concurrently with the expansion of central data processing facilities there will be a small reduction in the number of local forecast and briefing outlets maintained by the Weather Bureau and the Federal Aviation Agency.

The military weather services utilize products of the national meteorological system in order to provide direct support to field forces throughout the world. The Air Force and the Navy also perform aircraft weather reconnaissance at a cost of approximately \$14 million annually. The amounts reported include the estimated costs of maintaining military personnel performing weather activities and funds for procurement of equipment, estimated to increase slightly in 1965.

The weather service activities of the Coast Guard and Federal Aviation Agency support the national meteorological system. The Coast Guard finances the operation of multipurpose ocean station vessels. About 25% of this cost is ascribed to meteorology. The Federal Aviation Agency provides teletype communications for both Weather Bureau and military use. In 1965, it will achieve a \$0.5 million reduction in these costs by leasing teletype lines through joint procurement contracts with the Department of Defense.

A significant development in the usefulness of satellite observations results from the procurement of equipment capable of receiving cloud cover TV pictures directly from an overflying spacecraft. These

equipments both reduce the need for expensive ground communications and speed up receipt of data. In excess of 20 such equipments are now operating in the United States; an additional 20 sets have been obtained by the military services for use overseas; and 8 more have been purchased or constructed by foreign governments.

Table H-11. OBLIGATIONS FOR FEDERAL METEOROLOGICAL RESEARCH AND DEVELOPMENT PROGRAMS, 1965 (in millions of dollars)

	Physics of the atmos- phere	Motions and weather systems	Weather service systems develop- ment	Clima- tology	Satellite and other equip- ment develop- ment	Facili- ties, net- works and support services	Total
Department of Agriculture.....		1.3					1.3
Atomic Energy Commission.....	2.9	3.4					6.3
Department of Commerce:							
Bureau of Standards.....	1.1						1.1
Weather Bureau.....	1.9	5.3	4.7	.7	.8	1.0	14.4
Department of Defense:							
Army.....	1.2	3.9	1.5	.4	1.4	2.7	11.2
Navy.....	2.9	.9	.5	.1	1.4	.1	5.8
Air Force.....	5.0	2.0	3.9	.5	1.1		12.4
Federal Aviation Agency.....			1.5				1.5
Department of Health, Educa- tion, and Welfare.....	.7	1.1			.1		1.9
Department of the Interior.....	.2	1.4	.7	.2	.5		2.9
National Aeronautics and Space Administration.....					39.0		39.0
National Science Foundation.....	3.9	5.4		.4		.5	10.2
Total.....	19.8	24.7	12.8	2.2	44.3	4.3	108.0

*Research and development.*—Activities reported in the table above are directed to increasing understanding of the physical and chemical properties, composition, behavior and processes of the lower atmosphere and to improving the weather service system. Expenditures for a number of closely related activities concerned with the effects of the atmosphere on plants and animals are excluded, as are engineering projects to apply meteorological science to specific problems such as ballistics and the control of air pollution.<sup>1</sup>

A \$2 million expansion of the atomic energy program is planned in 1965 in order to improve understanding of transport and fallout of radioactive materials. The \$3.2 million increase projected in the Weather Bureau research and development program will be directed principally to operations research designed to improve the efficiency of that Bureau's operations. In addition, the Weather Bureau plans to participate in international efforts to improve the observation and exchange of weather data.

In 1964 financing will be completed for the initial construction planned at the National Center for Atmospheric Research, financed by the National Science Foundation. The Center's program will be

<sup>1</sup> Re-examination of the HEW program in reference to this definition has caused a large proportion of amounts previously reported by this agency to be excluded from its 1965 report of meteorological research and development obligations.

expanded in 1965 to provide more funds for study of basic atmospheric problems and to provide facilities not elsewhere available for use by the scientific community.

#### OCEANOGRAPHY

The National Oceanographic Program of the Federal Government for 1965 will total \$138.1 million. This program is reviewed and coordinated on a Government-wide basis by the Interagency Committee on Oceanography of the Federal Council for Science and Technology. This committee appraises various agency programs to direct effort toward long-range goals, avoid overlapping work, and support new and priority projects.

Table H-12. OBLIGATIONS OF FEDERAL AGENCIES FOR OCEANOGRAPHY  
(In millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
Departments of:			
Commerce.....	23.7	23.7	20.5
Defense.....	55.5	54.6	66.6
Health, Education, and Welfare.....	4.1	2.9	3.3
Interior.....	16.1	16.5	19.7
Treasury.....	.5	1.2	1.8
Atomic Energy Commission.....	3.5	4.2	4.7
National Science Foundation.....	19.7	20.2	20.6
Smithsonian Institution.....	.6	.6	.9
Total.....	123.7	123.9	138.1

The 1965 effort in oceanography is \$14 million larger than the 1964 program with continued growth in research partially offset by a reduced level of ship construction. Research in the ocean environment is particularly important to provide the United States a scientific and technological base for future exploitation of the oceans for fish protein and minerals and to provide needed environmental information for weather prediction, assessment of ocean pollution, and antisubmarine warfare.

Table H-13. OBLIGATIONS FOR OCEANOGRAPHY BY FUNCTIONAL AREA  
(In millions of dollars)

Functional area	1963 actual	1964 estimate	1965 estimate
Ship construction.....	37.3	27.4	21.4
Surveys and data collection in support of research and agency missions.....	18.7	22.9	26.1
Research, instrumentation, and facilities (Navy).....	26.7	31.9	41.2
Research, instrumentation, and facilities (Civil).....	41.0	41.7	49.4
Total.....	123.7	123.9	138.1

As shown in table H-13 the oceanographic program includes research, development of instrumentation and facilities (66%), ocean surveys and data collection (19%) and ship construction (15%). The research program is directed to the description and understanding of the physical and chemical properties of the "world ocean"; the effect of the interrelationship of the ocean and the atmosphere; the distribution of marine organisms; the present structure of the ocean floor and its history; and the modification of the ocean by human activities. The survey program provides basic data to support the research program.

#### SPACE PROGRAMS

As shown on table H-14, expenditures for the total Federal space programs are estimated at \$6.7 billion in 1965, a \$555 million increase over 1964. New obligational authority decreases \$97 million from the high level of \$7 billion reached in 1964. Virtually all of the amounts for the space programs are classified as research and development and are included in the totals in this special analysis.

Table H-14. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES FOR FEDERAL SPACE PROGRAMS (in millions of dollars)

Agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
National Aeronautics and Space Administration <sup>1</sup> .....	3,626.0	5,189.5	5,230.8	2,515.3	4,354.8	4,939.1
Department of Defense.....	1,579.3	1,615.8	1,474.1	1,367.5	1,583.0	1,548.0
Atomic Energy Commission.....	213.9	227.6	212.7	181.0	217.7	220.4
Department of Commerce:						
Weather Bureau.....	43.2	2.7	20.8	12.2	19.0	21.7
National Science Foundation.....	1.5	2.4	2.9	1.1	1.5	1.8
Total.....	5,463.9	7,038.0	6,941.3	4,077.1	6,176.0	6,731.0

<sup>1</sup> Excludes aircraft technology.

The amounts shown for the National Aeronautics and Space Administration cover all activities of that agency except those specifically identified with aircraft technology. The estimates for the Department of Defense include the projects in the Department's astronautics budget activity and certain amounts in other budget programs which contribute to the space effort, such as missile development, range operations, and various other supporting research, development, and operating costs. The decrease in the Defense new obligational authority request in 1965 is largely due to the cancellation of Dynasoar and the lower funding for the development of Titan III, which will be nearing completion at the end of 1965. 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 and amounts for aerospace safety and reactor research. 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 research in astronomy using rockets and satellite-borne observation instruments.

#### WATER RESEARCH

The Federal program for water resources research will total an estimated \$73 million in 1965.

Table H-15. OBLIGATIONS OF FEDERAL AGENCIES FOR WATER RESEARCH AND SURVEYS (in millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
Departments of:			
Agriculture.....	12.1	11.7	12.8
Commerce.....	1.7	2.0	2.6
Defense.....	2.4	3.4	3.4
Health, Education, and Welfare.....	18.2	16.6	<sup>1</sup> 12.1
Interior.....	24.5	31.0	36.0
Atomic Energy Commission.....	3.9	3.3	3.0
National Science Foundation.....	1.9	2.0	2.2
Tennessee Valley Authority.....	.8	.9	1.0
Total.....	65.5	70.9	73.1

<sup>1</sup> Reduction reflects nonrecurring construction costs of research laboratory facilities.

The Committee on Water Resources Research of the Federal Council for Science and Technology coordinates the activities of the eight major Federal agencies whose missions require the conduct of research relating to water. The Committee was organized in September 1963 and provided a broad review of proposed agency programs for 1965 to assure that they were mutually complementary and to avoid unwarranted duplication.

The major portion of the increase in the Department of the Interior is for water quality research related to pesticides and ground water research. The Department of Agriculture is expanding its program of research in water and land management.

The decrease for the Department of Health, Education, and Welfare reflects the completion of construction of new laboratory facilities. Other agency programs include modest increases in the conduct of water resources research to meet growing national needs.



## SCIENCE INFORMATION

Under the impetus of the Committee on Scientific Information of the Federal Council for Science and Technology, individual agencies are improving their scientific and technical information programs. Examples of such activity include the recent reorganization of the Armed Services Technical Information Agency, redesignated the Defense Documentation Center, to cope with the increasing demands for its services; the establishment by the National Library of Medicine of MEDLARS, a computerized system designed to speed the access to medical research literature; the standardization of microforms for Government research and development documents; and the establishment of a standard descriptive cataloging system for the Federal Government. Further, the agencies continue their efforts to obtain more reliable cost data on science information activities to assist them in formulating more comprehensive program objectives and in developing measures for management improvement.

The budgetary data available for 1965 reflect a recognition that the timely flow of scientific and technical information is essential to the prudent management of the Nation's research and development programs. Increased research and development is planned for scientific communication and documentation particularly in the area of advanced mechanization techniques. Increases are also programed for the publication and distribution of documents to coincide with the anticipated growth of published scientific materials and for bibliographic and reference services to reflect agency expansion of these services and the establishment of new specialized information and evaluation centers. Also reflected in the 1965 budget are certain recent Federal policy decisions designed to improve the handling of scientific and technical information. These include the establishment of a National Standard Reference Data System at the National Bureau of Standards to provide scientists and engineers with critically evaluated numerical data in the physical and engineering sciences necessary for the research and development process and the transfer to the National Science Foundation of fiscal and managerial responsibility for the Science Information Exchange. Budgetary increases are also programed for the SIE to permit continuation of its expanded coverage of the physical sciences and for the Office of Technical Services of the Department of Commerce to reflect its growing clearinghouse function for Government research and development documents.

Table H-16. ADMINISTRATIVE BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS (in millions of dollars)

*Based on existing and proposed legislation*

Description	Conduct of research and development			Research and development facilities		
	1963 actual	1964 estimate	1965 estimate	1963 actual	1964 estimate	1965 estimate
<b>Department of Agriculture:</b>						
Agricultural Research Service.....	85.9	97.0	102.2	5.0	3.4	3.5
Cooperative State Research Service.....	38.0	41.6	42.5	-----	-----	-----
Economic Research Service.....	9.7	9.8	9.5	-----	-----	-----
Agricultural Marketing Service.....	4.5	5.7	4.6	-----	-----	-----
Forest Service.....	22.3	24.8	25.9	3.4	.5	2.6
Other.....	1.9	2.5	2.5	-----	.4	.3
<b>Total, Department of Agriculture..</b>	<b>162.4</b>	<b>181.4</b>	<b>187.2</b>	<b>8.4</b>	<b>4.2</b>	<b>6.4</b>
<b>Department of Commerce:</b>						
Civilian industrial technology.....	-----	.1	.8	-----	-----	-----
National Bureau of Standards.....	23.3	25.2	29.5	19.0	35.2	33.5
Weather Bureau.....	9.2	9.5	12.2	1.6	-----	-----
Maritime Administration.....	8.0	8.0	9.0	-----	-----	-----
Transportation research.....	-----	1.0	1.5	-----	-----	-----
Other.....	5.4	6.7	8.5	-----	-----	-----
<b>Total, Department of Commerce..</b>	<b>45.9</b>	<b>50.5</b>	<b>61.5</b>	<b>20.6</b>	<b>35.2</b>	<b>33.5</b>
<b>Department of Defense:</b>						
Military.....	6,791.0	7,344.0	6,991.4	55.2	101.8	111.3
Civil.....	2.7	4.1	4.4	-----	-----	-----
<b>Total, Department of Defense.....</b>	<b>6,793.6</b>	<b>7,348.1</b>	<b>6,995.8</b>	<b>55.2</b>	<b>101.8</b>	<b>111.3</b>
<b>Department of Health, Education, and Welfare:</b>						
Food and Drug Administration.....	3.6	4.4	5.2	.7	1.1	.7
Office of Education.....	11.5	18.2	23.8	-----	-----	.5
Office of Vocational Rehabilitation.....	12.1	16.8	18.5	-----	-----	-----
Public Health Service.....	550.6	649.9	673.4	39.5	56.8	66.8
Welfare Administration.....	3.3	6.2	6.9	-----	-----	-----
<b>Total, Department of Health, Education, and Welfare.....</b>	<b>581.1</b>	<b>695.6</b>	<b>728.0</b>	<b>40.1</b>	<b>58.0</b>	<b>67.9</b>
<b>Department of the Interior:</b>						
Geological Survey.....	26.7	29.8	32.7	.1	.2	1.0
Bureau of Mines.....	28.9	30.4	31.5	.4	.5	.4
Office of Coal Research.....	1.5	4.4	4.8	-----	-----	-----
Fish and Wildlife Service.....	26.8	28.8	32.6	2.5	6.4	9.2
Office of Saline Water.....	5.4	9.3	10.6	3.3	1.7	1.4
Other.....	3.2	4.1	3.9	1.6	.5	2.7
<b>Total, Department of the Interior..</b>	<b>92.5</b>	<b>106.8</b>	<b>116.1</b>	<b>7.9</b>	<b>9.3</b>	<b>14.7</b>
<b>Atomic Energy Commission.....</b>	<b>1,077.8</b>	<b>1,236.7</b>	<b>1,242.1</b>	<b>257.6</b>	<b>306.4</b>	<b>314.8</b>
<b>Federal Aviation Agency.....</b>	<b>63.3</b>	<b>69.1</b>	<b>109.3</b>	<b>9.2</b>	<b>16.3</b>	<b>12.4</b>
<b>National Aeronautics and Space Administration.....</b>	<b>2,327.1</b>	<b>3,925.0</b>	<b>4,470.0</b>	<b>225.3</b>	<b>475.0</b>	<b>520.0</b>
<b>National Science Foundation.....</b>	<b>99.6</b>	<b>126.8</b>	<b>143.0</b>	<b>42.5</b>	<b>48.3</b>	<b>61.0</b>
<b>Veterans Administration.....</b>	<b>29.9</b>	<b>34.3</b>	<b>35.9</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>
<b>Other.....</b>	<b>39.1</b>	<b>49.4</b>	<b>50.4</b>	<b>1.1</b>	<b>1.6</b>	<b>2.8</b>
<b>Total, research and development...</b>	<b>11,312.3</b>	<b>13,823.8</b>	<b>14,139.3</b>	<b>671.1</b>	<b>1,059.2</b>	<b>1,147.8</b>

## SPECIAL ANALYSIS I

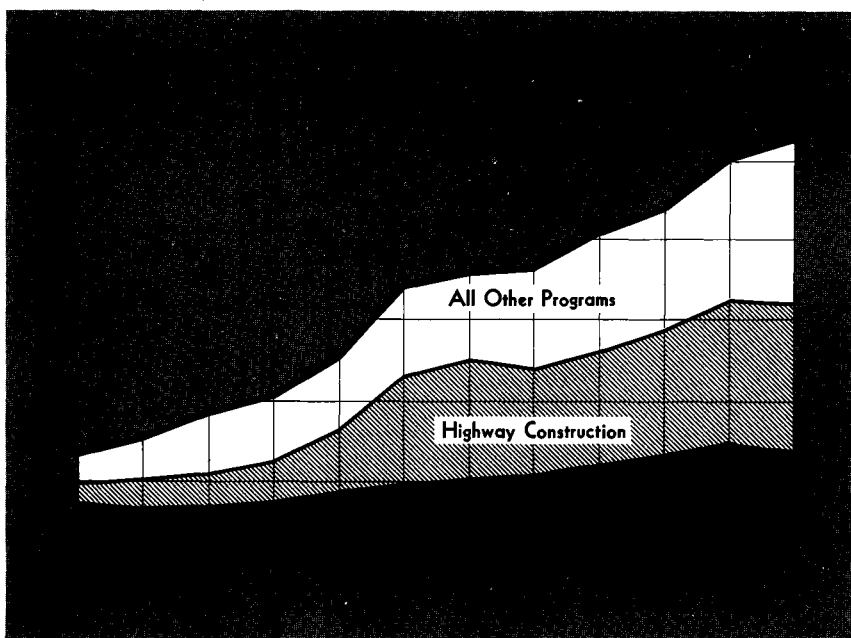
### FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

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 about 100 years to the enactment in 1862 of the Morrill Act, which established 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 1965 Federal financial assistance to State and local governments under existing or proposed programs will total an estimated \$10.6 billion, including net expenditures of \$6.5 billion from regular budget accounts and \$4 billion from the Highway and Unemployment trust funds. The total includes \$188 million under proposed legislation, of which \$70 million is for education, \$55 million is for youth employment programs, and the remaining \$63 million is for community work-training, increased contributions to the District of Columbia, urban transportation assistance, recreation planning and land acquisition, and hospital construction.

#### 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 \$3.1 billion in 1955 to an estimated \$10.6 billion in 1965. 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, more than 60% of total expenditures in 1965 for assistance to State and local governments will be for highway construction and public assistance grants. In the decade ending in 1965, highway construction grants will have increased more than sixfold, rising from \$586 million in 1955 to an estimated \$3.6 billion in 1965, the largest increase in Federal aid for any purpose during this period. Grants for public assistance will have doubled since 1955, increasing from \$1.4 billion to an estimated \$2.8 billion in 1965.

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. Continuing economic change has stimulated programs for safeguarding the economic security of individuals. While the major burden of such public services rests with the approximately 90,000 State and local governmental jurisdictions, the Federal Government plays a vital role, both through direct operation of programs and by providing financial assistance to State and local governments.

The provision of 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, is continuing to make valuable contributions in identifying areas in which interlevel action could improve the efficiency of the several levels of government in our Federal system.

*Major program changes for 1965.*—For 1965, 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 \$391 million more than in 1964 and \$1.8 billion more than the actual total for 1963. This change reflects both significant increases and decreases in several of the grant-in-aid programs. The major increases over the 1964 estimate are expected to be in the educational assistance programs which are estimated to rise by \$213 million to a total of \$798 million reflecting recently enacted higher and vocational education bills and proposed new legislation; in the housing and community development programs which will rise by \$190 million to a total of \$705 million; and in total Federal aid to highway construction which is estimated to increase by \$94 million to \$3.6 billion. Smaller increases will occur in other programs including employment service, school lunch, environmental health, and maternal and child welfare programs.

Significant decreases in 1965 are expected to occur (1) in the distribution of surplus food commodities which will decline by \$75 million (2) in accelerated public works which will decline by \$17 million and (3) in public assistance, where a decline in expenditures of \$132 million will be offset by a drawing down of cash balances held by the States, so that obligations in 1965 will continue to increase. Smaller

decreases occur in national defense, disaster relief, and community health programs, and in special grants to Alaska.

*New legislation proposed for 1965.*—Federal aid to State and local governments will be affected by several of the recommendations for legislative change which are provided for in the 1965 budget. A large part of the \$718 million in total new obligational authority requested for education legislation will be for aid to State and local governments. Because expenditures lag behind authorizations, however, it is expected that there will be only \$70 million in expenditures for grants-in-aid in 1965. Grants under the Youth Employment Act, pending in Congress, are estimated to be \$55 million in 1965.

Among the other recommendations for legislative change for which specific amounts are included in this analysis are: (1) recreation planning and land acquisition, \$9 million; (2) urban transportation assistance grants, \$10 million; (3) increased Federal payments to the District of Columbia, \$5 million; (4) hospital construction activities, \$5 million; and (5) community work-training programs, \$35 million.

*Federal aid programs by function and agency.*—In 1965, Federal aid for health, labor, and welfare activities will amount to \$4.2 billion, 40% of the total. Of this amount \$3.4 billion, including \$2.8 billion for public assistance grants, will be for programs administered by the Department of Health, Education, and Welfare. About 38% of total Federal aid, or \$4 billion, will be spent for commerce and transportation activities of which highway construction under the Department of Commerce will account for \$3.6 billion. Most of the remaining 22% will be distributed among education (8%), housing and community development (7%), and agriculture and agricultural resources (5%). The detailed table at the end of this analysis lists the various programs of Federal aid to State and local governments by function, type of aid, agency, and major program groups.

**Table I-1. FEDERAL-AID BUDGET AND TRUST FUND EXPENDITURES BY AGENCY (in millions of dollars)**

Agency	1963 actual	1964 estimate	1965 estimate
Executive Office of the President.....	-----	.4	1.5
Funds appropriated to the President.....	48.7	298.3	266.0
Department of Agriculture.....	848.3	979.0	916.2
Department of Commerce.....	3,028.3	3,570.4	3,668.1
Department of Defense—Military.....	40.5	42.5	37.0
Department of Defense—Civil.....	18.6	18.0	16.5
Department of Health, Education, and Welfare.....	3,628.9	3,967.0	4,086.7
Department of the Interior.....	138.8	145.8	154.0
Department of Labor.....	330.4	408.5	487.0
Department of State.....	7.3	5.6	5.6
Treasury Department.....	58.1	58.7	61.0
Federal Aviation Agency.....	51.5	75.3	75.7
General Services Administration.....	.1	1.5	2.0
Housing and Home Finance Agency.....	502.6	525.7	688.5
Veterans Administration.....	8.2	8.3	7.9
Other independent offices.....	7.7	8.6	8.9
District of Columbia <sup>1</sup> .....	62.7	63.2	85.2
Total, budget and trust fund expenditures for Federal aid.....	8,780.7	10,177.0	10,567.7

<sup>1</sup> Represents Federal payments, contributions, and loans to the District of Columbia for operations and capital improvements.

In 1965, Federal-aid budget and trust fund expenditures will be incurred primarily under programs administered by the Department of Health, Education, and Welfare (39%) and the Department of Commerce (35%). Federal-aid expenditures by other agencies will make up the remaining 26% of the total, with the largest amounts by the Department of Agriculture, 9%; the Housing and Home Finance Agency, 7%; and the Department of Labor, 5%.

*Federal aid in relation to total Federal and State-local outlays.*—Estimated Federal aid in 1965 to State and local governments from budget accounts alone of \$6.5 billion will represent approximately 7% of total Federal budget expenditures. Total financial aid from budget and trust accounts of \$10.6 billion 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 1963 was about one-seventh of all general revenue available to these jurisdictions.

Table 1-2. **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 administrative budget expenditures	Amount (millions)	As a percent of total cash payments to the public	As a percent of State-local revenue <sup>1</sup>
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	13
1962.....	4,966	6	8,167	8	14
1963.....	5,453	6	8,781	8	14
1964 estimate.....	6,252	6	10,177	8	( <sup>2</sup> )
1965 estimate.....	6,520	7	10,568	9	( <sup>2</sup> )

<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 and localities are the most significant type of Federal aid. In 1965, it is estimated that \$10.2 billion or 96% of total expenditures for all three types of aid will take the form of grants-in-aid. Shared revenue will account for \$183 million, or 1.7%, and net loans and repayable advances, \$203 million, or 1.9% of the grand total. Apart from these types of Federal aid, many other Federal expenditures which are not included in this analysis, such as contractual payments or grants to public institutions for research and training in special fields, affect the finances of State and local governments.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS  
(In millions of dollars)

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>BUDGET ACCOUNTS <sup>1</sup></b>				
<b>Grants-in-aid</b>				
<b>National defense:</b>				
Executive Office of the President:				
Office of Emergency Planning: Federal contributions and State and local planning	059		.4	1.5
Department of Defense—Military: Civil defense shelters and financial assistance	051	21.3	27.5	27.0
Construction of Army National Guard centers	051	19.2	15.0	10.0
Total, national defense		40.4	42.9	38.5
<b>International affairs and finance:</b>				
Department of State: East-West Cultural and Technical Interchange Center	153	7.3	5.6	5.6
<b>Agriculture and agricultural resources:</b>				
Department of Agriculture:				
Commodity Credit Corporation and Agricultural Marketing Service: Removal of surplus agricultural commodities and value of commodities donated	351	353.5	416.2	340.8
Watershed protection, flood prevention, and resource conservation and development	354	57.5	57.4	59.6
Cooperative agricultural extension work	355	72.0	77.4	75.1
Agricultural experiment stations	355	37.0	40.2	41.2
Payments to States, territories, and possessions, Agricultural Marketing Service	355	1.4	1.5	1.4
Total, agriculture and agricultural resources		521.4	592.7	518.2
<b>Natural resources:</b>				
Department of Agriculture: Forest protection and utilization	402	16.0	28.5	17.6
Department of Defense—Civil: Corps of Engineers: Payment to California, flood control	401	17.0	8.4	12.4
Department of the Interior:				
Bureau of Reclamation: Disposal of Boulder City and Coulee Dam communities	401	.1	.2	
Bureau of Indian Affairs: Resources management	401	.7	.8	.8
Drainage of anthracite mines	403	*	.2	.4
Federal aid for fish and wildlife restoration	404	20.0	17.2	20.0
Proposed legislation: Land and water conservation fund: Recreation planning and land acquisition	405			8.8
Total, natural resources		53.9	55.2	60.0
<b>Commerce and transportation:</b>				
Funds appropriated to the President: Public works acceleration	507	15.1	260.8	243.5
Department of Commerce:				
State marine schools	502	.4	.4	.4
Forest and public lands highways	503	38.6	39.6	39.9
Control of outdoor advertising	503		2.0	
Area redevelopment assistance	507	2.9	10.0	11.0
Federal Aviation Agency: Federal-aid airport program	501	51.5	75.3	75.7

See footnotes at end of table, p. 435.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS  
(In millions of dollars)—Continued

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>BUDGET ACCOUNTS 1—Continued</b>				
<b>Grants-in-aid—Continued</b>				
<b>Commerce and transportation—Continued</b>				
Small Business Administration: Research and management counseling.....	506	.2	.3	-----
Total, commerce and transportation.....		108.6	388.4	370.5
<b>Housing and community development:</b>				
Housing and Home Finance Agency:				
Low-income housing demonstration program.....	551	.1	2.0	3.0
Low-rent public housing program.....	552	170.3	191.0	208.2
Urban renewal and planning.....	553	199.3	252.0	331.6
Proposed legislation: Urban transportation assistance.....	553			9.6
Open space program.....	553	*	8.7	14.6
National Capital Planning Commission: Acquisition of lands in Maryland.....	555	.2		-----
District of Columbia:				
Federal payment and contribution.....	555	30.3	37.5	50.0
Proposed legislation: Increased payments.....	555			4.8
Total, housing and community development.....		400.2	491.3	621.9
<b>Health, labor, and welfare:</b>				
Funds appropriated to the President: Disaster relief....	655	30.5	34.5	22.4
Department of Agriculture: School lunch, special milk, and food stamp programs.....	655	281.1	320.1	339.2
Department of Health, Education, and Welfare:				
Hospital construction activities.....	651	182.5	190.1	192.0
Proposed legislation: Hospital construction activities.....	651			5.0
Portion to private, nonprofit institutions <sup>2</sup> .....	651	(113.0)	(114.0)	(119.0)
Construction of waste treatment facilities.....	651	51.7	75.0	75.0
Community health activities.....	651	34.5	50.2	41.4
Environmental health grants.....	651	5.8	6.3	13.0
National Institutes of Health:				
Operating grants.....	651	18.7	10.0	10.0
Mental health facilities.....	651			3.0
Maternal and child welfare.....	651	73.4	94.0	116.0
Mental health facilities, Alaska.....	651	.3	.2	-----
Hospital and medical care, Hawaii.....	651	1.5	1.2	1.2
Indian health facilities.....	651	.3		-----
Public assistance.....	653	2,729.6	2,947.6	2,781.0
Proposed legislation for community work-training.....	653			35.0
Vocational rehabilitation.....	655	73.2	89.5	93.2
Department of Labor: Proposed legislation for youth employment opportunities.....	652		5.0	55.0
Total, health, labor, and welfare.....		3,483.0	3,823.5	3,782.5
<b>Education:</b>				
Department of Health, Education, and Welfare:				
Assistance to schools in federally affected areas.....	701	330.0	339.1	386.6
Defense educational activities:				
Assistance for elementary and secondary education.....	701	48.1	60.6	74.8
Other aid to education.....	704	14.9	16.9	17.0

See footnotes at end of table, p. 435.



Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS  
(In millions of dollars)—Continued

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>BUDGET ACCOUNTS 1—Continued</b>				
<b>Grants-in-aid—Continued</b>				
<b>Education—Continued</b>				
Department of Health, Education, and Welfare—Con.				
Higher education construction.....			2.0	26.1
Assistance to land-grant colleges.....	702	14.5	14.5	14.5
Vocational education.....	704	41.5	57.1	108.4
Grants for library services.....	704	7.3	7.5	7.5
Teaching of the blind.....	704	.7	.7	.8
Training teachers of the handicapped.....	704	.5	.9	3.8
Educational television facilities.....	704		1.9	4.8
Proposed education legislation.....	700		1.5	69.9
Department of the Interior: Bureau of Indian Affairs: Education and welfare services.....	704	7.7	8.6	9.1
Total, education.....		465.2	511.3	723.3
<b>Veterans benefits and services:</b>				
Veterans Administration:				
Aid to State homes.....	804	7.4	7.5	7.5
State supervision of schools and training establishments.....	805	.9	.8	.5
Total, veterans benefits and services.....		8.2	8.3	7.9
<b>General government:</b>				
Funds appropriated to the President: Transitional grants to Alaska.....	910	3.1	3.0	-----
Department of the Interior: Grants to territories and Alaska public works.....	910	22.3	29.3	18.4
General Services Administration: Hospital facilities in the District of Columbia.....	905	.1	1.5	2.0
Total, general government.....		25.5	33.8	20.5
Total, grants-in-aid.....		5,113.8	5,953.0	6,148.9
<b>Shared revenue</b>				
<b>Natural resources:</b>				
Department of Agriculture: National forest and grass- land funds, payments to States and counties.....	402	27.8	30.7	31.8
Department of Defense—Civil: Corps of Engineers: Flood Control Act of 1954 payments.....	401	1.6	1.7	1.8
Department of the Interior:				
Payments to States and counties from grazing receipts, sales of public lands and proceeds, and national grasslands.....	401	.7	1.0	1.1
Boulder Canyon project, payments to Arizona and Nevada.....	401	.6	.6	.6
Oregon and California land-grant fund payments.....	402	15.4	15.0	18.0
Payments to Coos and Douglas Counties, Oregon.....	402	.7	.3	*
Mineral Leasing Act payments.....	403	47.1	47.6	49.3
Payments to counties, Migratory Bird Conservation Act and national grasslands, and payments to Alaska, Alaska Game Law and Pribilof Islands fund.....	404	1.3	1.2	2.2

See footnotes at end of table, p. 435.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS  
(In millions of dollars)—Continued

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>BUDGET ACCOUNTS</b> <sup>1</sup> —Continued				
<b>Shared revenue—Continued</b>				
<b>Natural resources—Continued</b>				
Tennessee Valley Authority: Payments in lieu of taxes..	401	7.3	8.2	8.8
Miscellaneous shared revenue.....	400	.1	.1	.1
Total, natural resources.....		102.7	106.5	113.7
<b>General government:</b>				
Department of the Interior: Internal revenue collections, Virgin Islands.....	910	7.7	7.0	8.0
Treasury Department: Tax collections for Puerto Rico..	910	44.8	45.1	47.0
Total, general government.....		52.5	52.1	55.0
Total, shared revenue.....		155.2	158.6	168.7
<b>Loans and repayable advances (net)</b>				
<b>Agriculture and agricultural resources:</b>				
Department of Agriculture:				
Rural renewal.....	352		1.0	1.8
Watershed protection, flood prevention and resource conservation and development.....	354	1.9	6.1	7.6
Total, agriculture and agricultural resources.....		1.9	7.0	9.4
<b>Natural resources:</b>				
Department of the Interior: Irrigation projects.....	401	14.3	14.7	14.5
<b>Commerce and transportation:</b>				
Department of Commerce: Area redevelopment.....	507	2.5	11.2	15.6
<b>Housing and community development:</b>				
Housing and Home Finance Agency:				
Liquidating programs: Community facilities loans.....	551	-1.3	-1.0	-1.4
Low rent public housing program.....	552	-3.4	-56.3	.2
Public facilities.....	553	29.8	33.7	31.1
Public works planning.....	553	5.9	3.5	5.2
Urban renewal fund.....	553	-13.2	18.0	18.0
District of Columbia: Capital outlays and operations.....	555	32.4	25.7	30.4
Total, housing and community development.....		50.1	23.6	83.5
<b>Education:</b>				
Housing and Home Finance Agency: College housing.....	702	115.0	74.0	68.3
Department of Health, Education, and Welfare:				
Higher education construction.....	700		.3	6.6
Total, education.....		115.0	74.3	74.9

See footnotes at end of table, p. 435.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS  
(In millions of dollars)—Continued

Agency and program	Functional code	1963 actual	1964 estimate	1965 estimate
<b>BUDGET ACCOUNTS</b> <sup>1</sup> —Continued				
<b>Loans and repayable advances (net)</b> —Continued				
<b>General government:</b>				
Department of Defense—Civil: Corps of Engineers: Construction of power systems, Ryukyu Islands .....	910	-----	7.9	2.2
Department of the Interior: Alaska public works .....	910	-----	2.0	2.9
Total, general government .....	-----	-----	9.9	5.1
Total, loans and repayable advances .....	-----	184.0	140.8	202.9
Total, net budget expenditures .....	-----	5,453.0	6,252.4	6,520.5
<b>TRUST FUNDS</b>				
<b>Grants-in-aid</b>				
<b>Commerce and transportation:</b>				
Department of Commerce: Highway trust fund: Federal-aid highway program .....	503	2,984.0	3,507.2	3,601.2
<b>Health, labor and welfare:</b>				
Department of Labor: Unemployment trust fund: Administration of employment security programs .....	652	330.4	403.5	432.0
Total, grants-in-aid .....	-----	3,314.4	3,910.7	4,033.2
<b>Shared revenue</b>				
<b>General government:</b>				
Treasury Department: Bureau of Customs: refunds, transfers, and expenses of operation, Puerto Rico and the Virgin Islands .....	904	13.3	13.6	14.0
Total, shared revenue .....	-----	13.3	13.6	14.0
Total trust fund .....	-----	3,327.7	3,924.3	4,047.2
Total, budget and trust fund expenditures for Federal aid <sup>2</sup> .....	-----	8,780.6	10,176.7	10,567.7

Note.—Detail will not necessarily add to totals because of rounding.

\* Less than \$0.05 million.

<sup>1</sup> Many expenditures listed under budget accounts and trust funds are part of larger appropriation accounts or trust accounts.

<sup>2</sup> In 1965 \$3.0 million of this amount is contained under proposed legislation above.

<sup>3</sup> The amount in 1963 for grants-in-aid and shared revenue from budget and trust accounts in this analysis is identical with the \$8,596.7 million distributed by States in the 1963 *Annual Report of the Secretary of the Treasury*, table 95, part A, "Federal Aid Payments to State and Local Units."

## SPECIAL ANALYSIS J

### PRINCIPAL FEDERAL STATISTICAL PROGRAMS

This analysis summarizes the principal statistical programs of the Federal Government in the 1965 budget which provide general-purpose statistical information for the use of the Government and the public. The programs are presented in two categories: current and periodic. Fiscal 1965 recommendations for current programs, reflecting continuing year-to-year statistical activity in the various agencies, provide for a total of \$94.3 million, an increase of \$9.1 million over the amount available for 1964. Recommendations for periodic programs—the large scale census-type surveys characteristically taken once or twice a decade—amount to \$26.5 million in obligations for 1965.

The continuing objectives of the Federal statistical system are to provide accurate, comprehensive, and timely data needed for the operations of the Government, to furnish the public with information about the functioning of the economy and the welfare of the people, and to insure efficient utilization of Government resources and minimum burden on respondents. The attainment of these objectives requires continuous evaluation of the needs for statistical information. The programs included in this budget reflect the most urgent of the specific needs for data identified by Government agencies and emphasized in appraisals of the adequacy of existing economic and social statistics by the Joint Economic Committee of the Congress, the Subcommittee on Census and Government Statistics of the House Committee on Post Office and Civil Service, the President's Committee To Appraise Employment and Unemployment Statistics and other groups representing business, labor, and research organizations.

The functions of collection, processing, and analysis 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 J-1.

The current statistical programs included in this analysis represent the entire programs of some agencies but only that portion of the programs of other agencies constituting general purpose statistical activity. Some statistical activity is not included.

The periodic statistical programs for which funds are provided in 1965 to the Bureau of the Census include the 1963 economic censuses, the 1964 Census of Agriculture, initial phases of the national housing inventory and preparatory work on the 1970 censuses. In addition, modest provision is made for the Census Bureau's program to develop and modernize automatic data handling equipment.

The agencies and amounts involved in both the current and periodic statistical programs included in this analysis are shown in table J-2.

Table J-1. OBLIGATIONS FOR PRINCIPAL CURRENT STATISTICAL PROGRAMS, BY BROAD SUBJECT AREAS (in millions of dollars)

Program	1963 actual	1964 estimate	1965 estimate
Labor statistics (Departments of Agriculture, Interior, and Labor; National Science Foundation).....	17.8	21.1	23.8
Demographic and social statistics (Departments of Agriculture, Commerce, and HEW; National Science Foundation).....	14.3	16.5	18.3
Prices and price indexes (Departments of Agriculture, Commerce, and Labor).....	4.6	5.1	5.7
Production and distribution statistics (Departments of Agriculture, Commerce, Defense, and Interior; Civil Aeronautics Board; Interstate Commerce Commission).....	29.5	31.6	33.7
Construction and housing statistics (Department of Commerce; Federal Home Loan Bank Board, Housing and Home Finance Agency).....	2.3	2.7	4.0
National income and business financial accounts (Departments of Agriculture, Commerce, and Treasury; Securities and Exchange Commission, Federal Trade Commission).....	7.5	8.2	8.8
Total, principal current programs.....	76.0	85.2	94.3

## CURRENT PROGRAMS

*Labor statistics.*—Expansion of statistical investigation in the field of manpower and employment statistics was started last year in response to the recommendations of the President's Committee To Appraise Employment and Unemployment Statistics. In 1965, provision is made to expand the work on sharpening labor force concepts initiated in 1964 with the establishment of a special sample of households; to study factors affecting labor force participation; to investigate methods of strengthening State and area manpower estimates; and to expand statistics on hours and earnings by industry and area. Funds are also provided for enlarging and improving the sample for the national professional, administrative and technical salary survey.

An increase for the National Science Foundation will allow additional scientific manpower studies to be undertaken, with particular emphasis on estimating the demand for scientists of various types.

*Demographic and social statistics.*—Increases are recommended in this area to enable the Bureau of the Census to expand its program of current population estimates for metropolitan areas started last year and to conduct basic work on the methodology of population estimates. Funds are provided for the National Center for Health Statistics to enable the agency to continue its development of health record surveys and to initiate improvements in the collection of vital statistics. Funds are also recommended to permit a substantial improvement of the basic statistical program of the Office of Education including provision for pilot projects to develop a system for obtaining uniform or compatible basic records from local areas to allow direct computer processing and for strengthening the staff for planning, research, and training.

Table J-2. OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS, BY AGENCY (in millions of dollars)

Agency	1963 actual	1964 estimate	1965 estimate
<b>CURRENT PROGRAMS</b>			
Department of Agriculture:			
Economic Research Service.....	8.8	9.2	9.5
Statistical Reporting Service.....	9.3	10.6	11.4
Department of Commerce:			
Bureau of the Census.....	12.8	13.7	15.3
Office of Business Economics.....	2.0	2.1	2.6
Department of Defense: Corps of Engineers: Commercial statistics.....	.9	1.0	1.0
Department of Health, Education, and Welfare:			
Office of Education: Educational statistics.....	1.3	1.5	2.0
National Center for Health Statistics.....	5.1	5.9	6.2
Social Security Administration: Statistical and research activities.....	4.1	4.5	4.6
Welfare Administration: Statistical and research activities.....	1.0	1.6	1.7
Department of the Interior: Bureau of Mines: Mineral statistics.....	2.2	2.4	2.4
Department of Labor:			
Bureau of Employment Security: Statistical activities.....	1.7	1.7	2.5
Bureau of Labor Statistics.....	14.6	16.4	18.5
Office of Manpower, Automation and Training: Statistical activities.....	2.2	3.8	3.8
Treasury Department: Internal Revenue Service: Statistical reporting.....	4.3	4.5	4.6
Civil Aeronautics Board: Statistical and research activities.....	.4	.5	.5
Federal Home Loan Bank Board: Statistical activities.....	.4	.4	.4
Federal Trade Commission: Financial statistics.....	.3	.3	.3
Housing and Home Finance Agency: Urban studies and housing research.....	.4	.4	1.5
Interstate Commerce Commission: Transport economics and statistics.....	1.3	1.4	1.5
National Science Foundation: Statistics and research.....	2.6	2.9	3.5
Securities and Exchange Commission: Operational and business statistics.....	.3	.4	.5
Total, current programs.....	76.0	85.2	94.3
<b>PERIODIC PROGRAMS</b>			
Department of Commerce: Bureau of the Census:			
Eighteenth Decennial Census.....	2.8		
1962 Census of Governments.....	.8	.8	
1963 economic censuses.....	2.9	8.7	7.0
1964 Census of Agriculture.....	.5	1.6	16.5
Preparation for Nineteenth Decennial Census.....		.7	1.1
Modernization of data processing equipment.....	4.0	4.5	.2
National Housing Inventory.....			1.7
Department of Labor: Bureau of Labor Statistics: Revision of Consumer Price Index.....	1.4	1.4	
Total, periodic programs.....	12.3	17.7	26.5
Total, principal statistical programs.....	88.3	102.9	120.8

*Prices and price indexes.*—Additional funds for this area are requested to provide for collection of data on prices paid by consumers for an improved sample of items and to extend the Consumer Price

Index to the remaining 6 of the 22 Standard Metropolitan Statistical Areas with 1960 population over a million persons. Funds are also provided for the construction of wholesale price indexes for selected industries on a basis comparable with that on which other major economic measures are presented.

*Production and distribution statistics.*—A substantial part of the increase for this activity supports the program to improve the crop and livestock estimates initiated in 1961, and for continuation of the program of expanded cattle-on-feed statistics started in 1964. Increases are provided to the Bureau of the Census to update the sample of stores reporting retail trade statistics, to initiate a series on retail inventories, and to improve export statistics.

*Construction and housing statistics.*—Most of the increase recommended in this area is for the Housing and Home Finance Agency to strengthen and expand its statistical and research programs, primarily in the field of basic housing market data. Additional funds are provided for the Census Bureau to permit direct measurement of construction projects in the western States.

*National income and business financial accounts.*—A major part of the increase in this area is for the Department of Commerce to extend and improve the basic information and estimates of the national economic accounts. Particular emphasis is placed on the need to meet an intensified demand for new information on the U.S. balance of payments. Projects include the strengthening of the data and analysis on international investments and transactions, improved estimates for the trade and service industries, extension of the detail for income size distributions, and improvement in statistical techniques for analysis of economic trends. Funds are also provided to the Internal Revenue Service to permit greater utilization in tax administration and other uses of statistics developed from tax returns and to the Securities and Exchange Commission for improvement of statistics on securities markets operations.

#### PERIODIC PROGRAMS

Major censuses for which funds are included in this budget are the 1963 economic censuses and the 1964 Census of Agriculture. In 1965, work on the economic censuses covering manufacturing and mineral industries, retail, wholesale and service trades, and selected areas of transportation activity will consist primarily of the tabulation and preparation of data for publication. The field enumeration of the Census of Agriculture, which will occur in the fall of 1964 after completion of the 1964 harvest, represents the major portion of the expenditure in the taking of this census. Provision is also made for the initial phases of a National Housing Inventory to be taken in fiscal 1966 and on continuation of preparatory work on procedures for use in taking the 1970 population and housing censuses. In addition, funds are recommended to carry on the Census Bureau's program to develop and modernize automatic data handling equipment.

## SPECIAL ANALYSIS K

### 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.

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 (1) with sales arrangements, wherein commodities (usually surplus agricultural commodities) are sold to foreign purchasers for local currencies, or (2) 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.

**Table K-1. CASH AVAILABILITY OF FOREIGN CURRENCIES**  
(In millions of dollar equivalents)

	1963 actual	1964 estimate	1965 estimate
For U.S. uses:			
Excess currencies .....	1,142	1,315	1,520
Nonexcess currencies:			
Restricted .....	237	<sup>1</sup> 75	38
Unrestricted .....	203	<sup>1</sup> 339	306
Subtotal, for U.S. uses .....	1,582	1,728	1,864
For country uses .....	2,658	2,742	2,758
Total .....	4,240	4,470	4,622

<sup>1</sup> Reflects transfer of \$112 million of currencies previously restricted by administrative action which became available for unrestricted use pursuant to Public Law 88-257.

Foreign currency availabilities are divided in table K-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 1965, a prospective excess condition is anticipated in Burma, India, Israel, Pakistan, Poland, United Arab Republic (Egypt), and Yugoslavia. In addition to these countries, Indonesia and Syria were designated as excess currency countries during 1963, and Indonesia during 1964.

Some nonexcess U.S. use currencies are restricted by conditions which have been placed on their use by international agreement. Although the policy in recent years has been to avoid such restrictions, some restricted currencies under old agreements are still on hand.

Up until December 31, 1963, some U.S. use currencies on hand were also restricted by administrative action, authorized by law, reserving currencies for use by specific programs. Section 508 of Public Law 88-257 authorizes the Treasury to maintain currencies reserved by administrative action in "unfunded accounts." The equivalent of approximately \$112 million of previously reserved currencies was made available for current unrestricted use, to be replaced when needed for the purpose for which they were reserved. Estimates for 1965 assume that this provision will be continued.

*Limits on uses of foreign currencies.*—International agreements, and in many cases the nature of the economy on which they are a claim, still restrict the use of the greater part of currencies accruing to the credit of the United States.

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 K-2, the need for foreign currencies in U.S. operations often does not correspond to their availability on a country-by-country basis. A strong effort is made at the time that commodity sales agreements are negotiated to obtain the maximum amount for U.S. uses to which the other government will agree, in those countries in which we have an insufficient supply of currencies. Despite this, 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 it is accumulating large inconvertible balances of others.

*Procedure for use of foreign currencies.*—Normally, when an agency requires foreign currencies to carry out its activities, the disbursing officer must, by Treasury regulation, use currencies owned by the U.S. Government if they are available. If the particular foreign currencies required are not available, they must be purchased through banking channels. Expenditures of U.S. owned currencies are ordinarily charged to appropriations at the rate at which currencies could be obtained for official U.S. disbursements. Thus foreign currency expenditures are reported on a comparable basis whether they are owned by the United States or obtained from commercial sources.

U.S. use currencies expended for agency programs are generally 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 K-2. FOREIGN CURRENCIES AVAILABLE TO MEET U.S. REQUIREMENTS, 1965 (in millions of dollar equivalents)

Country	Supply	Requirements (expenditures)		Amounts available for use after 1965	Requirements for commercial purchase in 1965
		Other than special programs	Special programs		
<b>Excess currencies:</b>					
Burma.....	14	2	1	11	-----
India.....	532	6	15	511	-----
Israel.....	53	5	5	43	-----
Pakistan.....	175	8	5	162	-----
Poland.....	523	1	5	518	-----
United Arab Republic (Egypt).....	108	*	7	101	-----
Yugoslavia.....	115	5	2	108	-----
<b>Total excess currencies.....</b>	<b>1,520</b>	<b>26</b>	<b>39</b>	<b>1,455</b>	<b>-----</b>
<b>Nonexcess currencies:</b>					
Canada.....	1	110	-----	-----	109
France.....	3	179	1	*	177
Germany, Federal Republic of.....	11	1,068	*	1	1,058
Italy.....	12	47	1	8	44
Japan.....	4	252	*	1	250
Korea.....	14	56	*	*	42
Philippines.....	3	33	*	-----	30
Spain.....	15	65	1	-----	51
United Kingdom.....	10	91	1	4	86
Other countries.....	271	299	3	151	181
<b>Total nonexcess currencies.....</b>	<b>344</b>	<b>2,200</b>	<b>7</b>	<b>165</b>	<b>2,028</b>
<b>Total.....</b>	<b>1,864</b>	<b>2,226</b>	<b>46</b>	<b>1,620</b>	<b>2,028</b>

\*Less than one-half million dollars.

*U.S. uses of foreign currencies.*—Table K-3 summarizes foreign currency transactions of U.S. use currencies as they are reflected in the budget.

**Table K-3. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS, U.S. USES**  
(In millions of dollar equivalents)

	1963 actual	1964 estimate	1965 estimate
<b>Cash balances brought forward:</b>			
Excess currencies.....	871	1,036	1,234
Nonexcess currencies:			
Restricted.....	114	163	25
Nonrestricted.....	79	47	110
Subtotal, cash balances brought forward.....	1,064	1,246	1,369
<b>Collections:</b>			
Public Law 480 sales.....	213	192	163
Foreign assistance programs.....	18	16	8
Other nonloan collections:			
Sale of military supplies and equipment.....	33	13	-----
Contributions for support of U.S. forces abroad.....	10	2	2
Surplus property and lend-lease.....	14	10	9
Informational media guarantees.....	3	3	3
Interest on public deposits.....	25	24	25
Miscellaneous.....	37	27	27
Loan repayments (principal and interest):			
Public Law 480 loans.....	66	70	89
Foreign assistance loans (including Development Loan Fund).....	97	128	169
Subtotal, collections.....	518	485	495
Transfer of U.S. use currencies to country use.....	-----	-3	-----
Total availabilities.....	1,582	1,728	1,864
<b>Expenditures:</b>			
Without dollar control.....	8	10	6
With dollar credits to—			
Miscellaneous receipts of the general fund.....	90	109	82
Commodity Credit Corporation, Agriculture.....	159	226	153
Informational media guarantee fund, USIA.....	3	3	2
Foreign buildings program, State.....	3	-----	-----
Military assistance program, Defense.....	32	12	-----
Subtotal, expenditures.....	295	359	244
Adjustments due to changes in exchange rates.....	-40	-----	-----
Cash balances carried forward.....	1,246	1,369	1,620

*Recommendations for special uses, 1965.*—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, separate appropriations are proposed for special foreign currency programs. These appropriations are summarized in table K-4.

Table K-4. SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS—  
NEW OBLIGATIONAL AUTHORITY (in thousands of dollar equivalents)

	1963 enacted	1964 estimate	1965 estimate
Library of Congress: Collection and distribution of library materials.....	630	898	1,717
Funds appropriated to the President: Agency for International Development: American schools and hospitals abroad.....	2,800	4,700	-----
Department of Agriculture:			
Agricultural Research Service: Salaries and expenses.....	5,265	1,250	5,000
Foreign Agricultural Service: Salaries and expenses.....	4,000	-----	-----
Department of Commerce:			
National Bureau of Standards: Research and technical services.....	500	500	500
Weather Bureau: Research and development.....	-----	250	500
Department of Health, Education, and Welfare:			
Office of Education: Educational research.....	400	500	500
Office of Vocational Rehabilitation: Research and training.....	2,000	2,000	2,000
Public Health Service: Scientific activities overseas.....	2,800	4,000	1,000
Department of Interior: Bureau of Commercial Fisheries: Management and investigations of resources.....	300	300	300
Department of State:			
Acquisition, operation, and maintenance of buildings abroad.....	2,205	2,750	6,143
Preservation of ancient Nubian monuments.....	-----	12,000	-----
United States Information Agency:			
Salaries and expenses.....	8,500	11,750	8,200
Special international exhibitions.....	375	450	450
Total.....	29,775	41,348	26,310

*U.S. uses without dollar controls.*—Unexpended balances remain for Defense family housing and for exports to third countries from allocations given to agencies prior to 1961, when these uses were generally made subject to appropriation requirements. A new authorization, with the appropriation requirement waived, was made in 1963 to the Agency for International Development, to permit the use of Indian rupees in Nepal. These uses are summarized in table K-5.

Table K-5. SUMMARY OF U.S. USES WITHOUT DOLLAR CONTROLS  
(In thousands of dollar equivalents)

	1963 actual	1964 estimate	1965 estimate
New authorizations to expend foreign currency receipts:			
Agency for International Development.....	15,013	-----	-----
Department of State.....	488	-----	-----
Total authorizations.....	15,501	-----	-----
Expenditures:			
Agency for International Development.....	5,760	4,700	3,000
Department of Defense.....	2,184	4,810	3,115
Department of State.....	385	-----	-----
United States Information Agency.....	5	-----	-----
Total expenditures.....	8,334	9,510	6,115

*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 K-6.

Table K-6. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS—  
COUNTRY USES (in millions of dollar equivalents)

	1963 actual	1964 estimate	1965 estimate
Cash balances brought forward.....	1,655	1,652	1,867
Collections:			
Public Law 480 sales.....	989	1,082	887
Foreign assistance program.....	13	5	3
Subtotal, collections.....	1,003	1,087	890
Transfer of currencies from U.S. uses.....		3	-----
Total availabilities.....	2,658	2,742	2,758
Expenditures:			
Public Law 480 country loans and grants.....	779	810	831
Public Law 480 loans to private enterprise.....	20	26	32
Other foreign assistance programs.....	58	38	23
Subtotal, expenditures.....	858	875	886
Adjustments due to changes in exchange rates.....	-148	-----	-----
Cash balances carried forward.....	1,652	1,867	1,872

## SPECIAL ANALYSIS L

### INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

As part of a wide range of efforts to reduce the continuing deficits in the U.S. balance of international payments, the Federal Government has instituted a special program to minimize the adverse effects of its activities on the balance of payments. Starting in August 1962, the Bureau of the Budget established a system to review periodically the international transactions of Federal agencies. Under this system, agencies with substantial receipts or payments abroad prepare statistical estimates of their international transactions twice each year. These estimates are evaluated to determine whether all possible actions are being taken to reduce payments and increase receipts.

Since emphasis is placed on using this system as a management tool, forward estimates do not merely project current trends or programs, but rather reflect all possible efforts, consistent with the national interest, to minimize payments and to maximize receipts from other countries.

This special analysis presents a summary of the international transactions of the Federal Government for 1963-65 based on estimates made in September 1963 revised where necessary for comparability with the 1965 budget.

**Major trends.**—Estimated Federal payments abroad are expected to decline from the 1963 level of about \$5 billion to \$4.4 billion in 1965.

Receipts from abroad from regular transactions are expected to remain at about the 1963 level of \$2.2 billion in 1964, but to increase to \$2.4 billion in 1965. (These receipts figures do not include special transactions—prepayments of loans, certain sales of securities and advances for military sales.)

These payments and receipts produce an estimated decline in the net Federal payments abroad of about \$800 million between 1963 and 1965, excluding special transactions.

**Table L-1. SUMMARY OF INTERNATIONAL TRANSACTIONS OF THE  
FEDERAL GOVERNMENT (in millions of dollars)**

	1963 estimate	1964 estimate	1965 estimate
Payments.....	4,997	4,713	4,428
Receipts.....	2,171	2,109	2,414
Excess of payments.....	-2,826	-2,604	-2,014

**Trends by agency.**—Table L-2 provides a breakdown of total current receipts and payments figures, identifying separately those agencies which account for the bulk of the Federal Government's international transactions.

**Table L-2. INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT—BY MAJOR AGENCY (in millions of dollars)**

Description	1963 estimate	1964 estimate	1965 estimate
<b>Payments:</b>			
Department of Defense.....	2,763	2,708	2,506
Agency for International Development.....	788	595	500
Treasury Department.....	555	595	669
Department of State.....	280	247	225
Atomic Energy Commission.....	245	135	91
Department of Health, Education, and Welfare.....	123	132	148
Veterans Administration.....	69	71	67
Other.....	174	230	222
<b>Total.....</b>	<b>4,997</b>	<b>4,713</b>	<b>4,428</b>
<b>Receipts:</b>			
Department of Defense.....	989	750	950
Treasury Department.....	354	370	287
Export-Import Bank.....	446	541	662
Agency for International Development.....	168	214	277
Department of Agriculture.....	90	95	95
Other.....	124	139	143
<b>Total.....</b>	<b>2,171</b>	<b>2,109</b>	<b>2,414</b>
<b>Receipts from special transactions (not included in receipts above):</b>			
Advances on military exports (Department of Defense).....	345	250	50
Sales of medium-term, nonmarketable securities and participation certificates.....	<sup>1</sup> 806	( <sup>2</sup> )	( <sup>2</sup> )
Nonscheduled receipts on loans.....	672	( <sup>2</sup> )	( <sup>2</sup> )
<b>Total.....</b>	<b>1,823</b>		

<sup>1</sup> These sales are distributed as follows: Treasury Department securities, \$787 million; Export-Import Bank certificates, \$19 million.

<sup>2</sup> Not available. Forward estimates are not made for receipts from nonscheduled loan payments and sales of medium-term, nonmarketable securities.

**Payments.**—The largest reductions in payments over the 2-year period are estimated for the Department of Defense, the Agency for International Development, and the Atomic Energy Commission.

The Department of Defense estimates reflect the Department's efforts to achieve savings—without reductions in our military capabilities overseas—through a broad range of measures including: (1) a voluntary savings program for personnel overseas; (2) a program increasingly to replace procurement overseas with procurement in the United States; (3) reductions in overseas construction programs and contractual services; (4) reduction in employment of foreign nationals at overseas installations; and (5) reduction in the number of supply installations in Western Europe.

The Department of Defense will also continue its intensive worldwide effort to encourage other countries to purchase a portion of their military equipment in the United States to help offset our defense expenditures abroad.

The reduction in payments estimated for the Agency for International Development results from the Agency's efforts to insure that, wherever possible, funds loaned or granted abroad are tied directly to procurement in the United States. Except for limited procurement in developing countries, it is now the Agency's general policy to prohibit the purchase abroad of any goods with foreign economic assistance funds.

The major reason for the estimated decline in Atomic Energy Commission payments is a drop in overseas procurement of uranium concentrates.

A substantial decrease is also estimated for the Department of State, primarily reflecting decreased purchases of U.N. bonds. Veterans Administration payments abroad, mostly for compensation and pensions, are expected to decline slightly.

Both the Treasury Department and the Department of Health, Education, and Welfare are estimated to make increased payments overseas between 1963 and 1965. In both cases, these anticipated increases result from obligations not readily subject to administrative controls. Estimated increases for the Department of Health, Education, and Welfare, for example, result from increased social security benefit payments being made to recipients residing overseas. In the case of the Treasury, the increases are largely accounted for by interest payments on the public debt and encashments of non-interest-bearing notes representing parts of past contributions to international lending organizations. (Contributions to these organizations often consist of non-interest-bearing notes which are not included as international transactions until they are cashed.)

*Receipts.*—The estimated increase in receipts over the 1963–65 period is largely accounted for by transactions of the Export-Import Bank and the Agency for International Development.

Special transactions—which are not included in the totals just discussed—were the source of large additional receipts in 1963. These receipts result from transactions, involving advances or loans, and generally with foreign governments or official monetary authorities, which would not occur as part of the regular operations of U.S. Government agencies. They include: (1) advance payments by foreign governments for military exports; (2) sales of nonmarketable, medium-term securities by the Treasury Department to foreign central banks; (3) sales of certain participation certificates by the Export-Import Bank; and (4) repayments by foreign governments of loans before they are due. Except for advances on military exports, they are not estimated for future years.

***Geographical distribution.***—Table L-3 shows a distribution of receipts and payments by major geographic area. Approximately 17% of the decline estimated in total payments between 1963 and 1965 is accounted for by transactions with Western Europe.

Receipts from Western Europe (excluding special transactions, most of which are with Western Europe) are estimated to remain at approximately the same level from 1963 to 1965.



Table L-3. DISTRIBUTION OF INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT, BY GEOGRAPHIC AREA (in millions of dollars)

	1963 estimate	1964 estimate	1965 estimate
<b>Payments:</b>			
Western Europe (including international organizations located there).....	2,027	2,088	1,932
Other countries.....	2,526	2,225	1,974
Other international organizations and undistributed.....	444	401	522
<b>Total.....</b>	<b>4,997</b>	<b>4,713</b>	<b>4,428</b>
<b>Receipts:</b>			
Western Europe (including international organizations located there).....	1,308	1,148	1,297
Other countries.....	816	920	1,062
Other international organizations and undistributed.....	47	42	55
<b>Total.....</b>	<b>2,171</b>	<b>2,109</b>	<b>2,414</b>

**Payments by type of transaction.**—An analysis of payments by type of transactions indicates that between 1963 and 1965 the reductions in Federal payments abroad are expected to be primarily in grants, loans, and purchases of goods and services. For the most part, the procurement reductions reflect the substitution of purchases in the United States for those overseas.

Table L-4. DISTRIBUTION OF FEDERAL PAYMENTS ABROAD BY TYPE OF TRANSACTION (in millions of dollars)

Description	1963 estimate	1964 estimate	1965 estimate
1. U.S. personnel—Amount estimated to be spent abroad.....	847	872	850
2. Construction.....	105	116	112
3. Goods and services purchased abroad for use abroad <sup>1</sup> .....	2,058	1,991	1,836
4. Other purchases of goods and services.....	292	191	146
5. Grants (amounts for use abroad) <sup>2</sup> .....	598	544	407
6. Pensions and similar transfer payments.....	190	228	235
7. Loans (amounts for use abroad) <sup>2</sup> .....	547	303	443
8. Other.....	409	526	463
<b>Subtotal.....</b>	<b>5,047</b>	<b>4,771</b>	<b>4,493</b>
<b>Less payments in excess foreign currencies <sup>3</sup>.....</b>	<b>50</b>	<b>58</b>	<b>65</b>
<b>Total, payments affecting the balance of payments.....</b>	<b>4,997</b>	<b>4,713</b>	<b>4,428</b>

<sup>1</sup> Includes all Defense procurement, including military assistance.

<sup>2</sup> Excludes funds tied to procurement in the United States or which are otherwise not currently available for use abroad.

<sup>3</sup> Excess foreign currencies are those which the United States owns in quantities excess to its needs (see Special Analysis K). Since use of these currencies does not increase the flow of dollars abroad, they are deducted in calculating the effect of the Federal Government on the balance of payments.

***Relation to the budget.***—Reports on international transactions do not flow directly from the accounting system used for the administrative budget or trust funds. They are estimated separately to show all Government receipts or payments which enter the balance of payments. The major differences between data on international transactions and administrative budget and trust totals are:

1. *Coverage.*—Data on international transactions exclude all budget and trust transactions that are within the United States; they include debt transactions entering the balance of payments which are excluded from budget and trust figures. For example, the budget includes all expenditures for foreign assistance and Department of Defense procurement, while such payments are included as international transactions only to the extent that the procurement is estimated to take place abroad.

2. *Estimated basis of international transactions.*—No separate detailed accounting system has been established for international transactions comparable to that which supports administrative budget and trust fund totals. In many cases it is necessary to estimate the overseas components of transactions, since these components are not shown directly by accounting data. For example, budget accounts provide precise data on the gross amount of salaries paid in a given overseas area, but do not identify the amount actually spent overseas by employees—which is the relevant statistic for balance of payments purposes. Thus, for past years, international transactions are a combination of actual accounting reports and estimates.

3. *Timing.*—International transactions are recorded at the time when they are known or estimated to affect the balance of payments. The time at which a given international transaction is counted may, therefore, vary considerably from the time at which it is shown in the budget and trust fund accounts. For example, in some cases the U.S. Government makes contributions to international organizations in the form of non-interest-bearing notes. These notes are shown as budget expenditures when issued, but as international payments only when they are cashed.

***Relationship to balance of payments statistics.***—Data on Federal receipts and payments abroad are also reflected in the balance of payments statistics published by the Department of Commerce. However, as with the administrative budget, the balance of payments statistics are designed for purposes which are different from those for which the Government agency estimates and reports on international transactions have been established. Balance of payments data meet the needs of economic analysis and for the measurement of international flows of real resources and money, while agency reports on international transactions serve as both a means of estimating and a management tool for decreasing the balance of payments costs of Federal Government programs. Reflecting the different uses of these two bodies of data, there are the following differences between balance of payments statistics and the reports on Federal transactions covered in this analysis:

1. *Classification.*—The reports use classifications by agency and by types of expenditures which are quite different from the broad functional classifications used for the balance of payments statistics.

2. *Attribution.*—Transactions conducted by private businesses, in which the Federal Government is involved, are treated as private in

the balance of payments statistics. In order to emphasize management decisions, agency reports permit the attribution of some such transactions to the Federal Government. For example, military goods may be sold to foreign governments directly by private companies, although the sales are encouraged and sponsored by the Department of Defense. In the balance of payments, such sales would be reported as private receipts for exports. However, for the purpose of the Defense Department's estimates on international transactions, some of them are considered Government receipts.

3. *Other*.—Further differences between the two sets of data involve the timing of certain transactions, the reporting of foreign currencies, and minor differences in coverage of transactions which are considered "foreign."

The balance of payments statistics do not include a separate identifiable category on total Federal receipts or payments. However, because of the recent interest in the relationship between U.S. Government grants and loans abroad and the balance of payments, the Department of Commerce has included estimates indicating the amount of Government loans and grants which involve direct payments to foreign accounts, as distinguished from those which involve no direct dollar outflow from the United States. Agencies report similar data for their estimates on international transactions. A reconciliation between the two sets of data, shown in table L-5, illustrates the kinds of differences which exist between the agency reports and estimates on international transactions and the Department of Commerce balance of payments statistics.

**Table L-5. GOVERNMENT GRANTS AND CREDITS—RECONCILIATION BETWEEN BALANCE OF PAYMENTS AND AGENCY ESTIMATES OF INTERNATIONAL TRANSACTIONS**

[In millions of dollars]

Description	1963
<b>Government grants and credits, as shown in agency reports on international transactions (lines 5 and 7, table L-4)</b>	<b>1,145</b>
Difference in definitions of grants and credits:	
Add:	
Agency for International Development administrative expenses	30
Peace Corps expenditures	11
Other	8
Deduct:	
Certain contributions to international organizations	102
Netting of certain receipts	90
Other	23
Differences in coverage and reporting:	
Add:	
Inclusion of Trust Territory payments	10
Foreign currency transactions (net)	3
Payments to foreign flag carriers	17
Payments for expenditures in the United States but entering foreign dollar accounts in U.S. banks	43
Other (net)	10
Deduct other (net)	2
<b>Transactions involving direct dollar payments to foreign accounts as shown in balance of payments statistics</b>	<b>1,061</b>

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PART 7

HISTORICAL TABLES

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Table 15. ADMINISTRATIVE BUDGET TOTALS AND PUBLIC DEBT,  
1789-1965 (in millions of dollars)

Fiscal year	ADMINISTRATIVE BUDGET			Public debt at end of year	Fiscal year	ADMINISTRATIVE BUDGET			Public debt at end of year
	Re-ceipts	Ex-pend-itures	Surplus (+) or deficit (-)			Re-ceipts	Ex-pend-itures	Surplus (+) or deficit (-)	
1789-1849	1,160	1,090	+70	63	1932	1,924	4,659	-2,735	19,487
1850-1899	13,895	14,932	-1,037	1,437	1933	1,997	4,598	-2,602	22,539
					1934	3,015	6,645	-3,630	27,053
1900	567	521	+46	1,263					
1901	588	525	+63	1,222	1935	3,706	6,497	-2,791	28,701
1902	562	485	+77	1,178	1936	3,997	8,422	-4,425	33,779
1903	562	517	+45	1,159	1937	4,956	7,733	-2,777	36,425
1904	541	584	-43	1,136	1938	5,588	6,765	-1,177	37,165
					1939	4,979	8,841	-3,862	40,440
1905	544	567	-23	1,132					
1906	595	570	+25	1,143	1940	5,137	9,055	-3,918	42,968
1907	666	579	+87	1,147	1941	7,096	13,255	-6,159	48,961
1908	602	659	-57	1,178	1942	12,547	34,037	-21,490	72,422
1909	604	694	-89	1,148	1943	21,947	79,368	-57,420	136,696
					1944	43,563	94,986	-51,423	201,003
1910	676	694	-18	1,147					
1911	702	691	+11	1,154	1945	44,362	98,303	-53,941	258,682
1912	693	690	+3	1,194	1946	39,650	60,326	-20,676	269,422
1913	714	715	*	1,193	1947	39,677	38,923	+754	258,286
1914	725	725	*	1,188	1948	41,375	32,955	+8,419	252,292
					1949	37,663	39,474	-1,811	252,770
1915	683	746	-63	1,191					
1916	762	713	+48	1,225	1950	36,422	39,544	-3,122	257,357
1917	1,100	1,954	-853	2,976	1951	47,480	43,970	+3,510	255,222
1918	3,630	12,662	-9,032	12,455	1952	61,287	65,303	-4,017	259,105
1919	5,085	18,448	-13,363	25,485	1953	64,671	74,120	-9,449	266,071
					1954	64,420	67,537	-3,117	271,260
1920	6,649	6,357	+291	24,299					
1921	5,567	5,058	+509	23,977	1955	60,209	64,389	-4,180	274,374
1922	4,021	3,285	+736	22,963	1956	67,850	66,224	+1,626	272,751
1923	3,849	3,137	+713	22,350	1957	70,562	68,966	+1,596	270,527
1924	3,853	2,890	+963	21,251	1958	68,550	71,369	-2,819	276,343
					1959	67,915	80,342	-12,427	284,706
1925	3,598	2,881	+717	20,516					
1926	3,753	2,888	+865	19,643	1960	77,763	76,539	+1,224	286,331
1927	3,992	2,837	+1,155	18,512	1961	77,659	81,515	-3,856	288,971
1928	3,872	2,933	+939	17,604	1962	81,409	87,787	-6,378	298,201
1929	3,861	3,127	+734	16,931	1963	86,376	92,642	-6,266	305,860
					1964 est.	88,400	98,405	-10,005	311,800
1930	4,058	3,320	+738	16,185					
1931	3,116	3,577	-462	16,801	1965 est.	93,000	97,900	-4,900	317,000

\*Less than one-half million dollars.

Note.—A classification of administrative budget receipts and expenditures for the period 1954 to 1965, inclusive, is found in table 17 (page 456) and table 18 (page 457), respectively. The change in the public debt from year to year is not necessarily the same as the administrative budget surplus or deficit. 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 administrative budget receipts and expenditures starting in 1932. For years prior to 1932 the amounts of such transactions are not significant.

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

Table 16. CONSOLIDATED CASH TOTALS AND FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS, 1940-65 (in billions of dollars)

Fiscal year	Consolidated cash statement			Federal sector of the national income accounts		
	Receipts	Payments	Surplus (+) or deficit (-)	Receipts	Expenditures	Surplus (+) or deficit (-)
1940.....	6.9	9.6	-2.7	7.6	9.0	-1.4
1941.....	9.2	14.0	-4.8	11.9	13.5	-1.6
1942.....	15.1	34.5	-19.4	19.5	33.5	-14.0
1943.....	25.1	78.9	-53.8	29.6	76.7	-47.1
1944.....	47.8	94.0	-46.1	43.4	91.3	-47.9
1945.....	50.2	95.2	-45.0	43.9	97.1	-53.2
1946.....	43.5	61.7	-18.2	37.3	56.6	-19.3
1947.....	43.5	36.9	+6.6	42.9	31.7	+11.2
1948.....	45.4	36.5	+8.9	43.7	32.3	+11.4
1949.....	41.6	40.6	+1.0	40.1	40.0	+0.2
1950.....	40.9	43.1	-2.2	42.0	42.2	-0.2
1951.....	53.4	45.8	+7.6	61.7	45.3	+16.3
1952.....	68.0	68.0	*	65.5	66.6	-1.1
1953.....	71.5	76.8	-5.3	69.9	76.2	-6.3
1954.....	71.6	71.9	-0.2	65.9	74.5	-8.6
1955.....	67.8	70.5	-2.7	67.0	68.1	-1.1
1956.....	77.1	72.5	+4.5	76.3	69.5	+6.8
1957.....	82.1	80.0	+2.1	80.9	76.5	+4.4
1958.....	81.9	83.5	-1.6	77.8	82.8	-4.9
1959.....	81.7	94.8	-13.1	85.9	90.3	-4.4
1960.....	95.1	94.3	+0.8	94.5	92.1	+2.4
1961.....	97.2	99.5	-2.3	95.2	97.8	-2.7
1962.....	101.9	107.7	-5.8	103.6	106.4	-2.7
1963.....	109.7	113.8	-4.0	109.3	112.6	-3.3
1964 (estimated).....	114.4	122.7	-8.3	113.6	119.1	-5.5
1965 (estimated).....	119.7	122.7	-2.9	118.8	121.5	-2.8

\*Less than \$50 million.

Note.—For an explanation of the consolidated cash statement and Federal sector of the national income accounts, see special analysis A (pages 328 to 336). Classifications of receipts and expenditures on both the consolidated cash and national income bases, for fiscal years 1954-65, are shown in table 19 (page 462), and table 20 (page 463), respectively.

Table 17. ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS, 1954-65 (in millions of dollars)

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>ADMINISTRATIVE BUDGET FUNDS</b>												
Individual income taxes.....	29,542	28,747	32,188	35,620	34,724	36,719	40,715	41,338	45,571	47,588	47,500	48,500
Corporation income taxes.....	21,101	17,861	20,880	21,167	20,074	17,309	21,494	20,954	20,523	21,579	23,700	25,800
Excise taxes (net).....	9,945	9,131	9,929	9,055	8,612	8,504	9,137	9,063	9,585	9,915	10,221	10,987
Employment taxes.....	283	579	322	328	333	321	339	*				
Estate and gift taxes.....	934	924	1,161	1,365	1,393	1,333	1,606	1,896	2,016	2,167	2,335	2,740
Customs.....	542	585	682	735	782	925	1,105	982	1,142	1,205	1,275	1,460
Miscellaneous receipts.....	2,309	2,562	3,003	2,760	3,200	3,160	4,062	4,080	3,206	4,435	4,053	4,113
Interfund transactions.....	-235	-181	-315	-467	-567	-355	-694	-654	-633	-513	-685	-600
<b>Total administrative budget.....</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>	<b>77,659</b>	<b>81,409</b>	<b>86,376</b>	<b>88,400</b>	<b>93,000</b>
<b>TRUST FUNDS</b>												
Employment taxes.....	5,100	5,587	6,905	7,192	8,233	8,446	10,728	12,404	12,561	14,862	16,777	16,996
Unemployment tax deposits by States.....	1,246	1,146	1,330	1,542	1,501	1,701	2,167	2,398	2,729	3,009	2,900	2,825
Excise taxes.....				1,479	2,026	2,074	2,539	2,798	2,949	3,279	3,478	3,504
Federal employee and agency payments for retirement.....	465	473	813	1,175	1,252	1,507	1,504	1,740	1,756	1,878	1,959	1,923
Interest on trust fund investments.....	1,193	1,178	1,212	1,324	1,350	1,323	1,337	1,414	1,433	1,477	1,589	1,669
Veterans life insurance premiums.....	426	441	441	452	485	478	482	504	501	494	501	499
Miscellaneous trust receipts.....	685	660	918	1,146	1,317	1,375	2,494	2,840	2,889	3,195	3,446	3,934
Interfund transactions.....	-18	-16	-12	-10	-11	-135	-908	-515	-528	-505	-488	-477
<b>Total trust funds.....</b>	<b>9,097</b>	<b>9,470</b>	<b>11,607</b>	<b>14,301</b>	<b>16,153</b>	<b>16,769</b>	<b>20,342</b>	<b>23,582</b>	<b>24,290</b>	<b>27,689</b>	<b>30,163</b>	<b>30,872</b>

\*Less than one-half million dollars.

Note.—Figures shown in this table are net of refunds, but correspond to the net figures used in the same classifications for fiscal years 1963 to 1965 in table 13 (pages 62 to 67).

Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1954-65 (in millions of dollars)

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>ADMINISTRATIVE BUDGET FUNDS</b>												
<b>050 National defense:</b>												
<b>051 Department of Defense—Military:<sup>1</sup></b>												
Military personnel.....	11,643	11,403	11,582	11,409	11,611	11,801	11,738	12,085	13,032	13,000	14,180	14,660
Operation and maintenance.....	9,162	7,931	8,400	9,487	9,761	10,378	10,223	10,611	11,594	11,874	11,870	12,278
Procurement.....	15,957	12,838	12,227	13,488	14,083	14,409	13,334	13,095	14,532	16,632	16,337	14,785
Research, development, test, and evaluation.....	2,187	2,261	2,101	2,406	2,504	2,866	4,710	6,131	6,319	6,376	6,943	6,580
Military construction.....	1,744	1,715	2,079	1,968	1,753	1,948	1,626	1,605	1,347	1,144	1,107	1,056
Family housing.....										427	680	660
Civil defense.....									90	203	150	150
Military assistance.....	3,629	2,292	2,611	2,352	2,187	2,340	1,609	1,449	1,390	1,721	1,400	1,200
Revolving and management funds.....	-367	-617	-598	-323	-643	-179	-416	-300	-99	-1,401	-367	-169
<b>Total, Department of Defense—Military.....</b>	<b>43,955</b>	<b>37,823</b>	<b>38,403</b>	<b>40,788</b>	<b>41,258</b>	<b>43,563</b>	<b>42,824</b>	<b>44,676</b>	<b>48,205</b>	<b>49,973</b>	<b>52,300</b>	<b>51,200</b>
<b>058 Atomic energy.....</b>	<b>1,895</b>	<b>1,857</b>	<b>1,651</b>	<b>1,990</b>	<b>2,268</b>	<b>2,541</b>	<b>2,623</b>	<b>2,713</b>	<b>2,806</b>	<b>2,758</b>	<b>2,800</b>	<b>2,735</b>
<b>059 Defense-related activities.....</b>	<b>1,136</b>	<b>1,015</b>	<b>669</b>	<b>590</b>	<b>709</b>	<b>379</b>	<b>244</b>	<b>104</b>	<b>92</b>	<b>24</b>	<b>197</b>	<b>44</b>
<b>Total, national defense.....</b>	<b>46,986</b>	<b>40,695</b>	<b>40,723</b>	<b>43,368</b>	<b>44,234</b>	<b>46,483</b>	<b>45,691</b>	<b>47,494</b>	<b>51,103</b>	<b>52,755</b>	<b>55,297</b>	<b>53,979</b>
<b>150 International affairs and finance:</b>												
<b>151 Conduct of foreign affairs.....</b>	<b>130</b>	<b>121</b>	<b>129</b>	<b>157</b>	<b>173</b>	<b>237</b>	<b>217</b>	<b>216</b>	<b>249</b>	<b>346</b>	<b>316</b>	<b>315</b>
<b>152 Economic and financial programs.....</b>	<b>1,511</b>	<b>1,960</b>	<b>1,613</b>	<b>1,683</b>	<b>1,910</b>	<b>3,403</b>	<b>1,477</b>	<b>2,126</b>	<b>2,372</b>	<b>2,041</b>	<b>1,897</b>	<b>1,705</b>
<b>153 Foreign information and exchange activities.....</b>	<b>91</b>	<b>100</b>	<b>111</b>	<b>133</b>	<b>149</b>	<b>139</b>	<b>137</b>	<b>158</b>	<b>197</b>	<b>201</b>	<b>234</b>	<b>227</b>
<b>Total, international affairs and finance.....</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>2,500</b>	<b>2,817</b>	<b>2,588</b>	<b>2,447</b>	<b>2,248</b>
<b>250 Space research and technology:</b>												
<b>251 Space research and technology.....</b>	<b>90</b>	<b>74</b>	<b>71</b>	<b>76</b>	<b>89</b>	<b>145</b>	<b>401</b>	<b>744</b>	<b>1,257</b>	<b>2,552</b>	<b>4,400</b>	<b>4,990</b>

See footnotes at end of table, p. 461.



Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1954-65 (in millions of dollars)—Continued

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>ADMINISTRATIVE BUDGET FUNDS—Con.</b>												
<b>350 Agriculture and agricultural resources:</b>												
351 Farm income stabilization and Food for Peace <sup>2 3</sup>	1,689	3,486	3,900	3,430	3,284	5,297	3,602	3,800	4,576	5,517	4,746	3,750
352 Financing farming and rural housing	272	236	232	248	269	311	289	349	234	300	279	130
353 Financing rural electrification and rural telephones	217	204	217	267	297	315	330	301	303	342	219	216
354 Agricultural land and water resources	252	290	305	374	315	376	368	397	426	404	417	423
355 Research and other agricultural services	142	173	215	227	255	291	293	324	341	391	409	388
<b>Total, agriculture and agricultural resources</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>	<b>5,172</b>	<b>5,881</b>	<b>6,954</b>	<b>6,070</b>	<b>4,907</b>
<b>400 Natural resources:</b>												
401 Land and water resources	1,056	935	804	925	1,139	1,184	1,235	1,394	1,564	1,699	1,720	1,808
402 Forest resources	117	119	139	163	174	201	220	331	280	303	354	339
403 Mineral resources	37	37	38	62	59	71	65	61	68	71	107	113
404 Fish and wildlife resources	38	43	45	51	60	68	68	73	81	94	104	110
405 Recreational resources	33	35	44	59	69	85	74	91	94	112	122	138
409 General resource surveys and administration	35	34	36	38	44	61	51	55	60	73	76	80
<b>Total, natural resources</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>2,006</b>	<b>2,147</b>	<b>2,352</b>	<b>2,483</b>	<b>2,588</b>
<b>500 Commerce and transportation:</b>												
501 Aviation	186	179	180	219	315	494	568	716	781	808	875	912
502 Water transportation	370	349	420	365	392	436	508	569	654	672	708	717
503 Highways	586	647	783	40	31	30	38	36	33	41	45	42
505 Postal service	312	356	463	518	674	774	525	914	797	770	546	475
506 Advancement of business	-281	-343	5	119	170	234	265	271	427	366	426	455
507 Area redevelopment <sup>4</sup>					*				7	101	463	375

508 Regulation of business.....	45	38	41	45	49	58	59	67	74	84	89	94
<b>Total, commerce and transportation.....</b>	<b>1,219</b>	<b>1,225</b>	<b>1,892</b>	<b>1,305</b>	<b>1,632</b>	<b>2,025</b>	<b>1,963</b>	<b>2,573</b>	<b>2,774</b>	<b>2,843</b>	<b>3,151</b>	<b>3,069</b>
<b>550 Housing and community development:</b>												
551 Aids to private housing.....	-277	174	-67	-254	-126	732	-172	-44	-149	-537	-723	-1,041
552 Public housing programs.....	-401	-116	31	60	51	97	134	150	163	178	146	222
553 Urban renewal and community facilities.....	37	56	4	49	78	108	130	162	261	222	316	411
555 National Capital region.....	14	22	23	27	26	33	30	51	74	70	69	90
<b>Total, housing and community development.....</b>	<b>-628</b>	<b>136</b>	<b>-10</b>	<b>-118</b>	<b>30</b>	<b>970</b>	<b>122</b>	<b>320</b>	<b>349</b>	<b>-67</b>	<b>-191</b>	<b>-317</b>
<b>650 Health, labor, and welfare:</b>												
651 Health services and research.....	288	271	342	461	540	700	815	938	1,128	1,354	1,638	1,733
652 Labor and manpower.....	247	321	479	397	488	924	510	809	591	224	390	651
653 Public assistance.....	1,439	1,428	1,457	1,558	1,797	1,969	2,061	2,170	2,437	2,788	3,007	2,869
655 Other welfare services <sup>3</sup> .....	148	145	184	216	234	284	304	327	382	423	498	579
<b>Total, health, labor, and welfare.....</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>4,244</b>	<b>4,538</b>	<b>4,789</b>	<b>5,533</b>	<b>5,832</b>
<b>700 Education:</b>												
701 Assistance for elementary and secondary education.....	184	215	181	174	189	259	327	332	337	392	411	471
702 Assistance for higher education.....	44	43	44	110	178	225	261	286	350	428	404	442
703 Assistance to science education and basic research.....	6	11	20	46	50	106	120	143	183	206	260	302
704 Other aids to education.....	91	109	98	108	124	141	156	181	207	219	269	359
Proposed education legislation <sup>5</sup> .....											3	118
<b>Total, education.....</b>	<b>326</b>	<b>377</b>	<b>343</b>	<b>437</b>	<b>541</b>	<b>732</b>	<b>866</b>	<b>943</b>	<b>1,076</b>	<b>1,244</b>	<b>1,348</b>	<b>1,691</b>
<b>800 Veterans benefits and services:</b>												
801 Veterans service-connected compensation.....	1,731	1,829	1,864	1,876	2,024	2,071	2,049	2,034	2,017	2,116	2,126	2,120
802 Veterans non-service-connected pensions.....	700	801	884	950	1,037	1,152	1,265	1,532	1,635	1,698	1,743	1,777
803 Veterans readjustment benefits.....	789	879	943	977	1,025	864	725	559	388	-13	6	-290
804 Veterans hospitals and medical care.....	782	727	788	801	856	921	961	1,030	1,084	1,145	1,240	1,246
805 Other veterans benefits and services.....	339	286	331	266	242	280	266	259	279	240	248	229
<b>Total, veterans benefits and services.....</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>5,414</b>	<b>5,403</b>	<b>5,186</b>	<b>5,362</b>	<b>5,081</b>

See footnotes at end of table, p. 461.

Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1954-65 (in millions of dollars)—Continued

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>ADMINISTRATIVE BUDGET FUNDS—Con.</b>												
<b>850 Interest:</b>												
851 Interest on the public debt.....	6,382	6,370	6,787	7,244	7,607	7,593	9,180	8,957	9,120	9,895	10,600	11,000
852 Interest on refunds of receipts.....	83	62	54	57	74	69	76	83	68	74	90	90
853 Interest on uninvested funds.....	5	5	6	6	8	9	10	10	10	11	11	12
<b>Total, interest.....</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>9,050</b>	<b>9,198</b>	<b>9,980</b>	<b>10,701</b>	<b>11,101</b>
<b>900 General government:</b>												
901 Legislative functions.....	49	60	76	90	89	102	109	118	135	131	141	138
902 Judicial functions.....	29	31	38	40	44	47	49	52	57	63	68	72
903 Executive direction and management.....	11	12	12	12	19	21	20	22	22	21	24	24
904 Central fiscal operations.....	449	431	475	476	502	566	558	607	653	715	800	838
905 General property and records management.....	157	168	173	201	245	295	372	372	419	444	540	561
906 Central personnel management.....	93	96	304	602	84	95	84	140	153	142	175	106
908 Protective services and alien control.....	186	185	220	219	233	255	263	289	300	323	338	351
910 Other general government.....	253	183	278	100	69	86	88	109	136	139	154	148
<b>Total, general government.....</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>1,709</b>	<b>1,875</b>	<b>1,979</b>	<b>2,238</b>	<b>2,238</b>
Allowance for attack on poverty.....												250
Allowance for civilian pay comparability.....												544
Allowance for contingencies.....											250	300
Interfund transactions.....	-235	-181	-315	-467	-567	-355	-694	-654	-633	-513	-685	-600
<b>Total, administrative budget funds.....</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>	<b>81,515</b>	<b>87,787</b>	<b>92,642</b>	<b>98,405</b>	<b>97,900</b>

TRUST FUNDS												
050 National defense.....	146	164	143	93	344	229	256	196	366	679	867	1,231
150 International affairs and finance.....	101	45	-29	13	1	21	48	13	15	44	86	99
250 Space research and technology.....											*	2
350 Agriculture and agricultural resources.....	137	73	288	426	357	645	458	416	398	507	475	442
400 Natural resources.....	45	61	79	85	101	94	116	183	112	122	138	107
500 Commerce and transportation.....	-101	-97	-101	866	1,401	2,493	2,831	2,505	2,662	2,877	3,394	3,466
550 Housing and community development.....	-296	231	461	1,044	-295	1,263	1,439	-273	1,524	-36	1,628	456
650 Health, labor, and welfare.....	6,036	7,423	7,999	9,585	12,775	14,306	16,358	19,236	20,382	21,855	22,669	23,549
700 Education.....	1	1	1	1	1	1	1	1	1	2	2	2
800 Veterans benefits and services.....	779	628	606	608	671	651	673	811	733	835	642	495
900 General government.....	9	6	8	8	10	10	17	16	20	19	18	18
Deposit funds.....	-128	57	169	217	-29	-60	-78	203	-544	146	-116	-17
Interfund transactions.....	-18	-16	-12	-10	-11	-135	-908	-515	-528	-505	-488	-477
<b>Total, trust funds.....</b>	<b>6,711</b>	<b>8,577</b>	<b>9,611</b>	<b>12,938</b>	<b>15,325</b>	<b>19,521</b>	<b>21,212</b>	<b>22,793</b>	<b>25,141</b>	<b>26,545</b>	<b>29,315</b>	<b>29,372</b>

\*Less than one-half million dollars.

<sup>1</sup> Former subfunctions 051, Department of Defense military functions, and 057, Military assistance, have been merged in this subfunction. Amounts shown for years prior to 1964 include estimated comparability adjustments not supportable by accounting records.

<sup>2</sup> This category was previously titled "Farm income support and production adjustment."

<sup>3</sup> The portion of the appropriation for Removal of surplus agricultural commodities, Department of Agriculture, which finances the food stamp program, has been reclassified from 351, Farm income stabilization and Food for Peace, to 655, Other welfare services.

<sup>4</sup> Amounts shown for 1963 through 1965 include the Public works acceleration program which supplements expenditures in various other categories.

<sup>5</sup> The amounts shown for expenditures under proposed legislation will subsequently be charged to subfunctions 701, 702, and 704.

Table 19. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC, 1954-65 (in millions of dollars)

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>RECEIPTS FROM THE PUBLIC</b>												
Individual income taxes.....	29,542	28,747	32,188	35,620	34,724	36,719	40,715	41,338	45,571	47,588	47,500	48,500
Corporation income taxes.....	21,101	17,861	20,880	21,167	20,074	17,309	21,494	20,954	20,523	21,579	23,700	25,800
Excise taxes.....	9,945	9,131	9,929	10,534	10,638	10,578	11,676	11,860	12,534	13,194	13,699	14,491
Employment taxes.....	5,382	6,166	7,228	7,520	8,565	8,767	11,067	12,405	12,561	14,862	16,777	16,996
Estate and gift taxes.....	934	924	1,161	1,365	1,393	1,333	1,606	1,896	2,016	2,167	2,335	2,740
Customs.....	542	585	682	735	782	925	1,105	982	1,142	1,205	1,275	1,460
Deposits by States, unemployment insurance.....	1,246	1,146	1,330	1,542	1,501	1,701	2,167	2,398	2,729	3,009	2,900	2,825
Veterans life insurance premiums.....	426	441	441	452	485	478	482	504	501	494	501	499
Other budget and trust receipts.....	2,508	2,834	3,249	3,171	3,730	3,851	4,766	4,905	4,288	5,641	5,678	6,432
<b>Total, receipts from the public.....</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>97,242</b>	<b>101,865</b>	<b>109,739</b>	<b>114,366</b>	<b>119,742</b>
<b>PAYMENTS TO THE PUBLIC</b>												
National defense.....	47,138	40,852	40,854	43,442	44,552	46,673	45,915	47,685	51,462	53,429	56,011	55,211
International affairs and finance.....	1,696	2,044	1,624	2,637	2,651	2,398	1,574	2,153	2,492	2,242	2,452	2,377
Space research and technology.....	90	74	71	76	89	145	401	744	1,257	2,552	4,400	4,992
Agriculture and agricultural resources.....	2,617	4,399	4,977	4,627	4,347	7,052	4,877	5,183	5,942	7,266	6,340	5,065
Natural resources.....	1,357	1,260	1,179	1,379	1,641	1,754	1,822	2,101	2,223	2,456	2,611	2,688
Commerce and transportation.....	1,137	1,148	1,796	2,200	3,060	4,545	4,819	5,107	5,487	5,777	6,601	6,588
Housing and community development.....	-1,009	305	396	842	-319	2,141	1,440	-103	1,691	-268	1,279	-40
Health, labor, and welfare.....	8,083	9,485	10,254	12,108	15,757	18,017	19,107	22,364	23,975	25,698	27,265	28,595
Education.....	327	378	344	439	542	733	867	945	1,052	1,214	1,302	1,641
Veterans benefits and services.....	5,042	5,114	5,328	5,448	5,828	5,910	5,907	6,187	6,092	5,971	5,950	5,525
Interest.....	4,620	4,664	5,115	5,266	5,884	5,350	7,233	7,257	6,940	7,427	8,120	8,596
General government.....	1,235	1,172	1,583	1,744	1,292	1,475	1,558	1,724	1,882	1,983	2,241	2,239
Deposit funds (net).....	-128	57	169	217	-29	-60	-78	203	-544	-194	-116	-17
Undistributed adjustments.....	-348	-415	-1,145	-420	-1,823	-1,382	-1,114	-2,006	-2,289	-1,801	-1,753	-770
<b>Total, payments to the public.....</b>	<b>71,858</b>	<b>70,537</b>	<b>72,546</b>	<b>80,006</b>	<b>83,472</b>	<b>94,752</b>	<b>94,328</b>	<b>99,542</b>	<b>107,662</b>	<b>113,751</b>	<b>122,704</b>	<b>122,690</b>
<b>Excess of receipts or payments.....</b>	<b>-232</b>	<b>-2,702</b>	<b>4,542</b>	<b>2,099</b>	<b>-1,580</b>	<b>-13,092</b>	<b>750</b>	<b>-2,300</b>	<b>-5,797</b>	<b>-4,012</b>	<b>-8,338</b>	<b>-2,948</b>

Note.—This table shows the flow of money between the Government and the public on a cash (collections and checks paid) basis, which is explained in more detail in special analysis A, pages 328 to 336.

Table 20. FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS, 1954-65

(Fiscal years. In billions of dollars)

Description	Actual										Estimate	
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>RECEIPTS, NATIONAL INCOME BASIS</b>												
Personal tax and nontax.....	30.4	29.9	33.5	36.7	36.3	38.7	42.3	44.0	47.6	50.1	50.1	52.3
Corporate profits tax accruals.....	17.1	18.4	21.0	20.4	17.3	21.1	21.7	19.5	21.3	21.6	23.3	24.9
Indirect business tax and nontax accruals.....	10.7	10.4	11.2	12.1	12.0	12.3	13.9	13.6	14.9	15.6	16.5	17.3
Contributions for social insurance.....	7.7	8.3	10.5	11.7	12.3	13.8	16.7	18.0	19.7	21.9	23.7	24.2
<b>Total receipts, national income basis.....</b>	<b>65.9</b>	<b>67.0</b>	<b>76.3</b>	<b>80.9</b>	<b>77.8</b>	<b>85.9</b>	<b>94.5</b>	<b>95.2</b>	<b>103.6</b>	<b>109.3</b>	<b>113.6</b>	<b>118.8</b>
<b>EXPENDITURES, NATIONAL INCOME BASIS</b>												
Purchases of goods and services.....	53.9	45.0	45.2	48.3	50.5	53.9	53.0	54.9	60.1	64.4	67.8	69.1
Transfer payments.....	11.9	13.8	14.2	16.1	19.4	21.8	22.8	25.9	27.8	29.2	30.5	31.8
Grants-in-aid to State and local governments.....	2.8	2.9	3.1	3.6	4.5	6.0	6.7	6.6	7.3	7.9	9.4	9.7
Net interest paid.....	4.9	4.9	5.0	5.5	5.6	5.8	6.9	7.0	7.0	7.6	8.0	8.5
Subsidies less current surplus of Government enterprises.....	1.0	1.4	1.9	3.1	2.7	2.7	2.7	3.4	4.2	3.5	3.5	2.5
<b>Total expenditures, national income basis...</b>	<b>74.5</b>	<b>68.1</b>	<b>69.5</b>	<b>76.5</b>	<b>82.8</b>	<b>90.3</b>	<b>92.1</b>	<b>97.8</b>	<b>106.4</b>	<b>112.6</b>	<b>119.1</b>	<b>121.5</b>
<b>Surplus (+) or deficit (-), national income basis...</b>	<b>-8.6</b>	<b>-1.1</b>	<b>+6.8</b>	<b>+4.4</b>	<b>-4.9</b>	<b>-4.4</b>	<b>+2.4</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-3.3</b>	<b>-5.5</b>	<b>-2.8</b>

Source.—Actual data for 1954-63 are based on the quarterly estimates published by the Department of Commerce. Data for 1964 and 1965 are based on estimates by the Bureau of the Budget in cooperation with the Department of Commerce.

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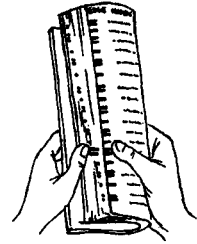
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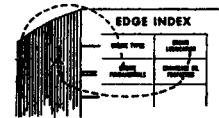


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