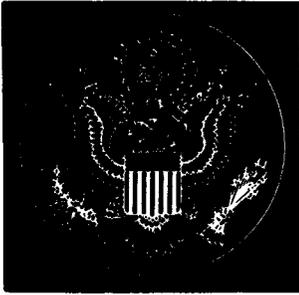


SPECIAL ANALYSES

BUDGET OF THE UNITED STATES

FISCAL YEAR 1970



SPECIAL ANALYSES

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FOREWORD

This volume of *Special Analyses* contains facts and figures on various features of the President's budgetary recommendations transmitted in *The Budget of the United States Government, 1970*. The purpose of this volume is to present special analytical information about significant aspects of Government activities. This complements the detailed financial and program information which is contained in the *Budget Appendix*.

Part 1 supplements the usual budget data with analyses and tabulations pertaining to Government finances and operations as a whole, or relating to specific ways in which Government finances affect the economy.

Part 2 provides special information on Government outlays in five social program areas—education, manpower, health, income security, and crime reduction.

Part 3 discusses and presents data on other special aspects of the Government's activities—aid to State and local governments, public works, and research and development.

Part 4 provides a new look at the budgets of a number of the larger agencies, classified by the program categories used for analyses and decisions in the planning-programing-budgeting system of each agency.

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in the tables, text, and charts of this volume may not add to the totals because of rounding.

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PART 1

ECONOMIC AND FINANCIAL
ANALYSES

INTRODUCTION

Part 1 supplements the usual budget data with analyses and tabulations pertaining to Government finances and operations as a whole, or relating to specific ways in which Government finances affect the economy. These special analyses encompass those designated A through I.

Special Analysis A presents the Federal budget estimates in terms of the national income accounts. It is designed to explain the relationships of the unified budget totals of the Federal Government to the national income accounts, which constitute the most widely used measure of aggregate economic activity in the United States.

Special Analysis B classifies budget information by the groups of funds (Federal and Trust) which comprise the budget. It also presents aggregate data on the *gross* receipts and outlays of all funds.

Special Analysis C presents information: (a) on the debt of Government agencies, other than agency borrowing from the Treasury for Government capital; and (b) on the investments of Government agencies in U.S. securities. Its tables thus provide detail in support of lines on Table 9 of the Budget relating to agency debt and investments.

Special Analysis D analyzes budget outlays in terms of the duration and nature of the benefits derived, distinguishing those of an investment or developmental type from those which primarily yield current benefits. Apart from this analysis and the distribution between the loan account and the expenditure account, the U.S. budget, unlike that of some other governments, includes outlays which are for "capital" or investment type activities in the same accounts in which "current" activities and costs are shown.

Special Analysis E covers Federal credit aids—direct loans and insurance or guarantee of private loans. It includes all transactions in the loan account, and also the credit transactions which are in the expenditure account.

Special Analysis F reflects the year-to-year level of activity under the principal programs of the Federal Government for collecting current statistics, and current spending for periodic statistics obtained in census-type surveys usually conducted every 5 or 10 years.

Special Analysis G responds to section 204 of the Revenue and Expenditure Control Act of 1968, which calls for a special study and report to be made concerning possible rescission of balances of budget authority which will remain available for obligation or commitment after June 30, 1969.

Special Analysis H presents information on foreign currencies acquired by the U.S. Government without spending dollars—particularly from the sale of surplus agricultural commodities—and the use of these currencies.

Special Analysis I deals with the levels of civilian employment in the Executive Branch. It also contains figures on total Federal personnel (including military personnel).

SPECIAL ANALYSIS A

FEDERAL TRANSACTIONS IN THE NATIONAL INCOME ACCOUNTS

The budget is designed to serve many purposes:

- It represents a proposed *allocation of resources* to serve national objectives, between the private and public sectors, and within the public sector;
- It is an *economic document* which embodies the taxing and spending policies of the Government for promoting growth of the national economy, high employment, price stability, and strengthening of the Nation's balance of payments position;
- It sets forth the *President's requests to Congress* for appropriation action on existing or new programs, and changes in tax legislation;
- It is a *report to the Congress and the people* on how the Government has spent the funds entrusted to it in past years.

No single budget concept can completely satisfy all purposes. The concept used in the budget document and related Treasury reports is designed to provide complete, detailed information on the finances of the Federal Government. For those concerned with aggregate economic activity in the country, however, the national income accounts (NIA) of the United States are the most widely used measures—and interest is focused heavily on the Federal sector of these accounts.

This analysis is designed to explain the relationships of the budget to the Federal sector of the national income accounts, and to present the budget estimates in national income terms. It is divided into three major sections: (1) the size and trends of major components in the Federal sector; (2) the relationship between the Federal sector and the budget; and (3) definitions of the major categories of the Federal sector.

TRENDS IN FEDERAL SECTOR RECEIPTS AND EXPENDITURES

Total expenditures in the Federal sector of the NIA are estimated to rise by \$12.3 billion between fiscal years 1969 and 1970, and receipts by \$12.3 billion. As a consequence, the Federal sector surplus will remain unchanged.

Trends in Federal sector receipts.—Rising levels of economic activity expand the Nation's tax base and provide increased Federal revenues. Over the past 15 years, Federal sector receipts have risen 140% while the gross national product (GNP) rose 129%. Receipts in the national income accounts are expected to rise 26% from 1968 to 1970, reaching a total of \$202.3 billion. The pace of this increase has been affected by tax rate changes over these years and most recently by the temporary income tax surcharge enacted in 1968 and the increase in social security taxes effective January 1969. On balance, however, the growth rate in revenues has been roughly equal to the growth rate in the economy.

The level of economic activity.—Personal tax and nontax receipts consist mainly of income taxes and tend to increase as personal income rises. Since income tax rates are progressive, there is a larger than proportional increase in these receipts as more people enter the higher income brackets. Corporate profits taxes, which are closely related to corporate profits, are also influenced by the level of economic activity. Since indirect business taxes consist mainly of excise taxes on certain goods and services, such as tobacco, alcohol, automobiles, and telephones, they normally change with changes in the level of purchases of these items. Social insurance contributions expand with the growth in employment and earnings.

Changes in tax rates.—The estimates of Federal sector receipts for fiscal year 1969 reflect the tax rate changes contained in the Revenue and Expenditure Control Act of 1968. That act provided for a surcharge of 7½% on individual income tax liabilities for calendar year 1968 and 5% for calendar year 1969 and for a surcharge of 10% on corporate tax liabilities in calendar year 1968 and 5% in calendar year 1969. In addition, the act delayed and rescheduled the reduction in the excise taxes on automobiles and telephone services which had been scheduled by law to decline on April 1, 1968.

Contributions to social insurance in fiscal year 1969 reflect the impact of the 1967 Amendments to the Social Security Act. The ceiling on wages subject to old-age, survivors, disability, and hospital insurance taxes was raised from \$6,600 to \$7,800 beginning January 1, 1968, and the combined employee-employer tax rate was raised from 8.8% to 9.6% effective January 1, 1969.

The estimated Federal sector receipts in fiscal year 1970 reflect \$9 billion from the proposed extension of the income tax surcharges, which would result in the following rates on calendar year liabilities.

SURCHARGE RATES

Calendar year	Individual income tax liabilities	Corporate profits tax liabilities
1968 Actual.....	7½%	10%
1969 Proposed.....	10	10
1970 Proposed.....	5	5

The estimates of Federal sector receipts also reflect proposals to (1) extend the present excise tax rates on automobiles and telephone services, with an estimated yield of \$0.5 billion in 1970, and (2) increase social security taxes, effective January 1, 1970, by increasing the taxable wage ceiling from \$7,800 to \$9,000 and the combined employer-employee tax rate from 9.6% to 10.4%. This should result in an additional \$1.7 billion in Federal sector receipts in fiscal year 1970. An additional \$0.4 billion of revenue is expected from proposed transportation user charges.

Trends in Federal sector expenditures.—The estimated \$12.3 billion rise in Federal sector expenditures in 1970 compares with increases of \$14.9 billion in 1969 and \$18.0 billion in 1968. The upsurge of defense purchases, starting with the large-scale commit-

ments of American troops in Vietnam, is expected to level off. Total Federal sector expenditures were equal to 21.1% of total GNP 15 years ago, while last year they were almost the same proportion—21.0%. However, the composition has shifted significantly. Federal defense purchases have declined from 13.6% of GNP in 1953 to 11.6% last year and are expected to comprise 8.6% in 1970. In contrast, domestic transfer payments and grants-in-aid—the increases in which go largely to raise standards of living of retired or poor people and assist in solving urgent social problems such as inadequate health and education and urban decay—have nearly doubled as a percent of GNP, rising from 3.4% in 1953 to 7.2% last year and are expected to total 7.9% in 1970.

Federal Sector Expenditures Major Categories as a Percent of Total



As shown in the accompanying chart, there was a large-scale expansion of spending on space research starting around 1960 and reaching a peak in 1966; the program continues to be funded at a high level (\$3.9 billion in 1970) but has dropped relative to the total, as substantial increases have occurred for special Vietnam support and social insurance and other social programs. Other nondefense purchases have been quite steady as a percent of the total. This includes the general cost of operating the Government, the cost of direct delivery of services—such as much of our health research programs, the FBI, air and sea safety programs, flood control and navigation projects, and veterans hospitals—and the cost of administering grants and transfer payments.

Table A-1 shows grants and domestic transfer payments—broken into several major groupings—over the period 1960 to 1970. Grants-in-aid reflect Federal efforts to assist State and local governments in meeting pressing domestic needs. Most of the items included in the grants-in-aid category in the Federal sector accounts are also included in the discussion of Federal aids in Special Analysis O of this budget.

Table A-1. GRANTS-IN-AID AND DOMESTIC TRANSFER PAYMENTS
(in billions of dollars)

Fiscal year	Grants-in-aid			Domestic transfer payments				
	Public assistance (including Medicaid)	Highways	All other	Retirement and disability	Unemployment benefits	Hospital and supplementary medical insurance	Veterans Insurance and benefits	All other
1960-----	2.1	2.9	1.9	13.1	2.7	-----	4.4	0.3
1961-----	2.2	2.6	2.1	14.4	4.2	-----	4.6	.4
1962-----	2.4	2.8	2.4	16.4	3.6	-----	4.6	.5
1963-----	2.7	3.0	2.6	18.0	3.1	-----	4.7	.5
1964-----	2.9	3.6	3.3	19.1	2.9	-----	4.6	.6
1965-----	3.3	4.0	3.6	20.2	2.5	-----	4.7	.8
1966-----	3.5	3.9	5.3	23.9	2.1	-----	4.7	1.1
1967-----	4.2	4.0	6.6	25.3	2.1	3.2	5.3	1.3
1968-----	5.6	4.1	7.7	27.9	2.2	5.1	5.6	1.6
1969 est....	6.6	4.1	8.9	31.8	2.4	5.9	6.0	1.9
1970 est....	7.8	4.7	10.5	35.1	2.5	6.5	6.2	2.5

Domestic transfer payments (which are mainly pensions, unemployment benefits, hospital and medical benefits, and veterans benefits) account for the second largest share of total Federal sector expenditures—an estimated 26.5% in 1970. The expansion of social security benefits plus the enactment of hospital and supplementary medical insurance are major factors in expanding transfer payments in recent years. The 1970 estimate includes proposed legislation for a major expansion in social security benefit payments, while the upswing in veterans benefits reflects the recent enactment of compensation and educational benefits for veterans since the Korean war. Unemployment insurance benefit payments continue at a relatively low rate—even with rising benefit payments per unemployed recipient—because of the low rate of unemployment in recent years. A considerable part of the

war on poverty and other efforts to aid poor people and resolve domestic social problems appears in the "all other" categories of both grants and transfers.

Table A-2 shows Federal sector expenditures as a percent of total GNP for selected years since 1940 and every year since 1960. It clearly shows fluctuations resulting from the reaction of the Federal Government to various major international crisis situations; it also shows the expanding commitment of the Federal Government to cope with domestic social problems, mainly through grants and domestic transfer payments.

Table A-2. FEDERAL SECTOR EXPENDITURES AS A PERCENT OF GNP

Fiscal year	Total expenditures	Purchases			Domestic transfer payments	Grants-in-aid	All other
		Defense	Nondefense				
			NASA	Other			
1940.....	9.6	1.5	(1)	4.1	1.4	0.9	1.8
1943.....	43.3	39.6	(1)	1.2	.7	.5	1.3
1946.....	27.5	19.4	(1)	.5	3.5	.4	3.7
1949.....	15.2	4.8	(1)	2.7	3.1	.8	3.9
1952.....	19.6	12.4	(1)	1.4	2.5	.7	2.5
1955.....	17.8	10.2	(1)	1.4	3.2	.8	2.2
1958.....	18.9	10.2	(1)	1.3	4.0	1.1	2.2
1960.....	18.4	9.1	0.1	1.5	4.2	1.4	2.2
1961.....	19.3	9.2	.1	1.6	4.7	1.4	2.4
1962.....	19.6	9.3	.2	1.7	4.6	1.4	2.4
1963.....	19.4	8.8	.6	1.6	4.6	1.5	2.3
1964.....	19.1	8.3	.7	1.7	4.5	1.6	2.3
1965.....	18.1	7.5	.8	1.6	4.3	1.7	2.3
1966.....	18.4	7.6	.8	1.6	4.4	1.8	2.2
1967.....	20.1	8.8	.7	1.5	4.9	1.9	2.3
1968.....	21.0	9.2	.7	1.7	5.2	2.1	2.1
1969 estimate.....	21.0	8.9	.5	1.9	5.4	2.2	2.0

¹ Less than 0.05%.

RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS

The national income accounts depict the Nation's current production, income, and spending in major categories which are designed to aid understanding of the operations of the economy and to facilitate useful economic analysis. These accounts attempt to include all current income and production activities and do not measure transactions—such as loans—which represent an exchange of assets rather than income or production. Loan transactions have a significant economic impact, affecting both income and output, but they are best analyzed as part of monetary rather than fiscal policy. Special Analysis E (Federal Credit Programs) and the means of financing statement (p. 494 of the budget document) are both designed to facilitate a study of the monetary policy implications of the budget.

Budget outlays are divided into two major segments—the expenditure account and the loan account. All transactions included in the

loan account are excluded from the Federal sector, so this discussion will focus exclusively on how the Federal budget expenditure account relates to the Federal sector account.

Table A-3 shows the major differences between the budget and the Federal sector estimates. These differences are explained in the following paragraphs.

Table A-3. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIA
(in billions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
RECEIPTS			
Total budget receipts	153.7	186.1	198.7
Employer share, employee retirement (grossing).....	1.9	2.1	2.2
Other netting and grossing.....	1.1	1.4	1.3
Adjustment to accruals.....	4.6	.5	.2
Other.....	-.2	-.1	-.1
Federal sector, NIA receipts	161.1	190.0	202.3
EXPENDITURES			
Total budget outlays	178.9	183.7	195.3
Loan account.....	-6.0	-1.4	-.9
Employer share, employee retirement (grossing).....	1.9	2.1	2.2
Other netting and grossing.....	1.1	1.4	1.3
Defense timing adjustment.....	-2.1	1.8	1.8
Lending in the expenditure account.....	-1.6	-1.1	-1.0
Dollar expenditures to finance agricultural exports.....	-.7	-.4	-.3
Other.....	.9	1.1	1.2
Federal sector, NIA expenditures	172.4	187.3	199.6

Employee retirement.—The Civil Service and Foreign Service retirement programs are financed by employer and employee contributions. Retirement benefits under these programs are recorded as expenditures in the budget and as transfer payments in the Federal sector accounts. The contributions of Government agencies, as employers, to these retirement trust funds are deducted from total budget expenditures since these contributions represent intragovernmental transactions. However, the NIA accounts consider Government payments for employee retirement to be part of the compensation paid to Government employees who, in turn, make their trust fund contributions. Therefore, the Federal sector accounts include the Government's contributions to employee retirement funds in both receipts and expenditures. Likewise, contributions by the Government on behalf of its employees who are covered by the old-age, survivors, disability, and health insurance programs are included in Federal sector receipts and expenditures. These adjustments affect total receipts and expenditures equally and thus do not alter either the budget or Federal sector surplus or deficit.

Other netting and grossing.—The budget normally counts as receipts only income from taxation or revenues due to the exercise of governmental power to compel payment. Money received in the course of business-type transactions, therefore, are normally shown as offsets against expenditures. For instance, receipts from two major insurance programs operated by the Veterans Administration (National Service Life Insurance and United States Government Life Insurance) are netted against expenditures in the budget since these programs are voluntary, business-type activities. However, in the NIA the receipts are treated in the same way as receipts from compulsory Government insurance programs. This adjustment also has no impact on either surplus or deficit.

Timing adjustments.—The budget records receipts at the time the cash is collected regardless of when the income was earned; expenditures (except interest) are generally recorded at the time the checks are issued. The NIA attempts to record most receipts in the time period in which the income is earned rather than when taxes are actually paid. For instance, corporate profits taxes in the NIA are recorded as taxes when the profits are earned (accrued) regardless of when the cash is received by the Treasury.

The principal timing adjustment on the expenditures side is for defense purchases. Procurement items (such as ships or airplanes) are recorded in the Federal sector as defense purchases at the time of delivery to the Federal Government rather than when they are fabricated or when they are paid for; work in process is counted as part of private business inventories until the articles are completed and delivered to the Government. Both the budget and the Federal sector record public debt interest when it accrues.

Lending.—The loan account in the budget includes only those domestic credit transactions where there are definite requirements for full repayment of the loans, plus all foreign loans made on commercial terms. Credit programs which do not meet these requirements are included in the expenditure account. The Federal sector, however, excludes not only all lending transactions included in the loan account, but also some credit programs included as expenditures in the budget—such as foreign loans of the Agency for International Development, and tobacco and foreign loans in the Commodity Credit Corporation (CCC). Certain credit transactions in the expenditure account—like most CCC nonrecourse commodity loans—are treated as purchases of goods under the national income accounts concept.

Dollar expenditures to finance agricultural exports.—The Commodity Credit Corporation facilitates the export of agricultural products by acquiring the foreign currencies used to pay for such commodities. This expenditure of dollars is included in the budget but excluded from the Federal sector on the ground that it is an exchange of financial assets: dollars for foreign currencies. When the foreign currencies thus acquired are spent, they are then counted as Federal sector expenditures.

Other.—This category includes some miscellaneous adjustments largely for certain specialized aspects of the national income accounts such as purchase and sale of land, which are included in the budget but not in the national income accounts. Certain nondefense timing adjustments are included here because of the difficulty in separating them from other adjustment categories. It also includes adjustments for the expenditure of foreign currency acquired as described in the preceding paragraph.

MAJOR CATEGORIES OF THE FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS

Federal sector receipts.—Federal receipts on a national income basis largely reflect the tax payments or liabilities of individuals and of corporations and other businesses arising out of incomes earned. They also include other tax and nontax receipts. Receipts 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.

1. *Personal tax and nontax receipts* consist mostly of individual incomes taxes, estate and gift taxes, fines, fees, and donations.

2. *Corporate profits tax accruals* comprise the Federal tax liability incurred and accrued on corporate earnings during the specified year or period. While the budget treats Federal Reserve payments of earnings to the Treasury as miscellaneous receipts, these are included in the corporate profit tax category in the Federal sector.

3. *Indirect business tax and nontax accruals* consist primarily of excise taxes, customs duties, and Federal receipts from rents and royalties.

4. *Contributions for social insurance* are composed chiefly of payroll taxes for retirement, disability, hospital, and unemployment insurance, plus employer and employee contributions to retirement funds of Federal Government employees and premiums for federally operated veterans and medical insurance programs.

Table A-4 shows the adjusted receipts and expenditures after reclassification into the national income accounts categories.

Table A-4. FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS (in billions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
RECEIPTS			
Personal tax and nontax receipts.....	71.6	88.6	94.0
Corporate profits tax accruals.....	34.5	39.3	40.2
Indirect business tax and nontax accruals.....	17.1	18.1	19.2
Contributions for social insurance.....	37.9	44.0	48.9
Total receipts.....	161.1	190.0	202.3
EXPENDITURES			
Purchases of goods and services.....	95.6	101.5	105.6
Defense.....	(75.8)	(79.9)	(82.2)
Nondefense.....	(19.8)	(21.6)	(23.4)
Transfer payments.....	44.5	50.1	54.9
Domestic ("to persons").....	(42.4)	(48.0)	(52.8)
Foreign.....	(2.1)	(2.1)	(2.1)
Grants-in-aid to State and local governments.....	17.4	19.6	23.0
Net interest paid.....	10.8	12.0	12.2
Subsidies less current surplus of Government enterprises.....	4.1	4.1	3.9
Total expenditures.....	172.4	187.3	199.6
Surplus (+) or deficit (-).....	-11.3	+2.7	+2.7

Federal sector expenditures.—Federal expenditures on a national income basis represent either purchases of goods and services or outlays which directly affect current levels of income. These expenditures are classified in the following five 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.

1. *Purchases of goods and services* measure the value of the Nation's output (i.e., gross national product) bought directly by the Federal Government. Thus, Federal expenditures for goods and services represent the value of output taken by the Federal Government itself.

These purchases include the pay of active military and civilian employees of the Federal Government; employer contributions for retirement, insurance, and other benefits for Federal employees; deliveries of equipment and supplies for defense and other programs; construction put in place for the Government; payments on research and development contracts with corporations and on similar agreements with private nonprofit institutions; expenditures for the purchase of commodities to be donated to schools or similar institutions; and, generally, the administrative expenses of Government programs.

Federal purchases, in turn, are classified in two major subcategories—defense and nondefense. The defense category includes purchases for those activities classified under the national defense function in the budget. Purchases for all other types of activities are classified as nondefense.

2. *Transfer payments* consist of expenditures by the Federal Government for which no *current* services have been rendered. Examples of transfer payments are: veterans compensation, pensions, and benefits; retired pay to Federal civilian or military personnel; unemployment benefits; old-age, survivors, disability, health, and supplemental medical insurance; and nonrepayable outlays for scholarships and fellowships.

Although transfer payments do not directly enter gross national product as a Federal Government component, they are a part of personal income and are counted as part of national output when respent by the recipients.

3. *Grants-in-aid to State and local governments*, for purposes of the national income accounts, are Federal payments (other than for interest on the public debt) to State and local governments, including State and local educational institutions. Like transfer payments and net interest paid, Federal grants-in-aid are counted in the GNP when spent by recipients—in this case, as purchases by State and local governments or as consumption expenditures of individuals receiving State or local transfer payments.

4. *Net interest paid* consists of the interest outlays to residents (including State and local governments) minus the interest received from them. Neither the budget *total* nor the NIA include interest payments from one budgetary fund or account to another. However, the interest *function* in the budget does include such payments; they are deducted in a lump sum in arriving at the budget total. Therefore, the NIA interest figures are considerably lower than the interest function of the budget.

5. *Subsidies less current surplus of Government enterprises* consists of two elements which are consolidated for statistical reasons: (a) Subsidy payments to resident businesses; and (b) the "current surplus" or "deficit" of Government enterprises.

(a) A subsidy is a monetary grant to a private business. 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, 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) for which operating costs are to a great extent covered by the sale of goods and services to the public, as distinguished from those financed by tax receipts. Government enterprises conduct operations which are of a business-type nature. The difference between their sales and current operating expenses constitutes the surplus or deficit of Government enterprises. The Post Office and the Tennessee Valley Authority are two of the largest enterprises.

The following tables (A-5 and A-6) show additional historical data to provide the reader with a better perspective of transactions in the Federal sector.

Table A-5. FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS, 1940-1969 (in billions of dollars)

Fiscal year	Gross national product	Federal sector of the national income and product accounts					
		Receipts	Expenditures		Excess of receipts(+) or expenditures (-)	As a percent of GNP	
			Total	of which, purchases of goods and services		Total Federal expenditures	Federal purchases of goods and services
1940.....	95.0	7.6	9.1	5.3	-1.5	9.6	5.5
1941.....	109.4	12.1	13.4	9.6	-1.3	12.3	8.8
1942.....	139.2	19.6	33.6	29.9	-14.0	24.2	21.5
1943.....	177.5	28.9	76.8	72.3	-47.9	43.3	40.8
1944.....	201.9	43.1	91.3	85.6	-48.1	45.2	42.4
1945.....	216.8	43.0	98.2	89.7	-55.2	45.3	41.4
1946.....	201.6	38.4	55.5	40.1	-17.1	27.5	19.9
1947.....	219.8	42.7	29.5	13.0	+13.2	13.4	5.9
1948.....	243.5	43.6	30.9	13.2	+12.7	12.7	5.4
1949.....	260.0	40.0	39.6	19.3	+4	15.2	7.4
1950.....	263.3	42.0	42.4	19.0	-5	16.1	7.2
1951.....	310.5	60.8	44.6	25.1	+16.2	14.4	8.1
1952.....	337.2	65.1	66.1	46.6	-1.0	19.6	13.8
1953.....	358.9	69.3	75.8	56.1	-6.5	21.1	15.6
1954.....	362.1	65.8	74.2	53.2	-8.5	20.5	14.7
1955.....	378.6	67.2	67.3	43.9	-1	17.8	11.6
1956.....	409.4	75.8	69.8	45.2	+6.0	17.0	11.0
1957.....	431.3	80.7	76.0	47.7	+4.7	17.6	11.1
1958.....	440.3	77.9	83.1	50.7	-5.1	18.9	11.5
1959.....	469.1	85.4	90.9	54.7	-5.5	19.4	11.7
1960.....	495.2	94.8	91.3	52.7	+3.5	18.4	10.6
1961.....	506.5	95.3	98.0	55.5	-2.7	19.3	11.0
1962.....	542.1	104.2	106.4	60.9	-2.1	19.6	11.2
1963.....	573.4	110.2	111.4	63.4	-1.2	19.4	11.1
1964.....	612.2	115.5	116.9	65.7	-1.3	19.1	10.7
1965.....	654.2	120.5	118.5	64.4	+2.0	18.1	9.8
1966.....	720.7	133.0	131.9	71.7	+1.0	18.3	9.9
1967.....	766.5	147.7	154.4	84.9	-6.9	20.1	11.1
1968.....	822.6	161.1	172.4	95.6	-11.3	21.0	11.6
1969 estimate.....	893.0	190.0	187.3	101.5	+2.7	21.0	11.4

Table A-6. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME ACCOUNTS, 1959-70 (fiscal years, in billions of dollars)¹

Description	Actual										Estimate	
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
RECEIPTS, NATIONAL INCOME BASIS												
Personal tax and nontax.....	38.2	42.5	43.6	47.3	49.6	50.7	51.3	57.6	64.5	71.6	88.6	94.0
Corporate profits tax accruals.....	21.5	22.3	20.3	22.9	23.5	25.7	27.7	31.2	31.4	34.5	39.3	40.2
Indirect business tax and nontax accruals.....	11.9	13.2	13.3	14.2	15.0	15.6	16.9	15.7	16.0	17.1	18.1	19.2
Contributions for social insurance.....	13.8	16.7	18.1	19.9	22.1	23.5	24.6	28.5	35.8	37.9	44.0	48.9
Total receipts, national income basis.....	85.4	94.8	95.3	104.2	110.2	115.5	120.5	133.0	147.7	161.1	190.0	202.3
EXPENDITURES, NATIONAL INCOME BASIS												
Purchases of goods and services.....	54.7	52.7	55.5	60.9	63.4	65.7	64.4	71.7	84.9	95.6	101.5	105.6
Defense.....	(46.4)	(45.0)	(46.7)	(50.5)	(50.4)	(50.9)	(48.9)	(54.4)	(67.7)	(75.8)	(79.9)	(82.2)
Nondefense.....	(8.3)	(7.8)	(8.9)	(10.4)	(13.0)	(14.7)	(15.5)	(17.3)	(17.2)	(19.8)	(21.6)	(23.4)
Transfer payments.....	21.6	22.4	25.6	27.2	28.5	29.5	30.5	34.2	39.4	44.5	50.1	54.9
Grants-in-aid to State and local governments.....	6.2	6.8	6.9	7.6	8.4	9.8	10.9	12.7	14.8	17.4	19.6	23.0
Net interest paid.....	5.9	7.0	6.8	6.8	7.5	8.1	8.5	9.0	9.9	10.8	12.0	12.2
Subsidies less current surplus of Government enterprises.....	2.4	2.3	3.2	3.8	3.6	3.8	4.1	4.5	5.3	4.1	4.1	3.9
Total expenditures, national income basis.....	90.9	91.3	98.0	106.4	111.4	116.9	118.5	131.9	154.4	172.4	187.3	199.6
Excess of receipts (+) or expenditures (-), national income basis.....	-5.5	+3.5	-2.7	-2.1	-1.2	-1.4	+2.0	+1.0	-6.7	-11.3	+2.7	+2.7

¹ A reproduction of table 18 of the Budget.

Source.—Actual data for 1959-68 are based on the estimates prepared by the Department of Commerce. Data for 1969 and 1970 are based on estimates by the Bureau of the Budget in cooperation with the Department of Commerce.

SPECIAL ANALYSIS B

FUNDS IN THE BUDGET

This analysis classifies budget information by the groups of funds which comprise the budget. It also presents information on the gross receipts and expenditures of all funds in the aggregate.

BREAKDOWN OF TOTALS, BY FUND GROUPS

Table B-1 shows the breakdown of total budget receipts and outlays between the Federal funds and the trust funds. The two groups together, after deducting for transactions that flow between them, make up the budget totals.

Table B-1. BUDGET RECEIPTS AND OUTLAYS, BY FUND GROUP
(in millions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
RECEIPTS			
Federal funds:			
Total in fund accounts.....	118,119	144,570	151,526
Interfund transactions.....	-651	-725	-713
Proprietary receipts from the public.....	-2,745	-2,647	-2,939
Receipts, Federal funds.....	114,723	141,198	147,874
Trust funds:			
Total in fund accounts.....	46,836	54,571	60,820
Interfund transactions.....	-459	-497	-519
Proprietary receipts from the public.....	-1,653	-1,684	-1,608
Receipts, trust funds.....	44,724	52,390	58,693
Intragovernmental transactions.....	-5,771	-7,496	-7,881
Total budget receipts.....	153,676	186,092	198,686
OUTLAYS			
Federal funds:			
Total in fund accounts.....	146,501	151,532	158,375
Interfund transactions.....	-651	-725	-713
Proprietary receipts from the public.....	-2,745	-2,647	-2,939
Outlays, Federal funds.....	143,105	148,160	154,722
Trust funds:			
Total in fund accounts.....	43,640	45,218	50,558
Interfund transactions.....	-459	-497	-519
Proprietary receipts from the public.....	-1,653	-1,684	-1,608
Outlays, trust funds.....	41,529	43,037	48,431
Intragovernmental transactions.....	-5,771	-7,496	-7,881
Total budget outlays.....	178,862	183,701	195,272
Budget surplus or deficit (-).....	-25,187	2,391	3,414

FEDERAL FUNDS

The Federal funds are those which the Government administers as owner (as distinguished from those administered in a trustee or fiduciary capacity). There are four subgroups of Federal funds—the general fund, special funds, public enterprise funds, and intragovernmental revolving and management funds.

Receipts and outlays.—The receipts of the general and special funds in 1970 are estimated at \$148 billion, as presented in table B-2. Outlays of all the Federal funds, are estimated at \$155 billion, distributed as shown. The proprietary receipts of the general fund and special funds, the interfund receipts, and the receipts of the public enterprise funds and the intragovernmental funds, have all been offset in arriving at the outlays for each agency.

Table B-2. FEDERAL FUND RECEIPTS AND OUTLAYS
(in millions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
RECEIPTS BY SOURCE			
Individual income taxes.....	68,726	84,400	90,400
Corporation income taxes.....	28,665	38,100	37,900
Excise taxes.....	9,700	10,325	10,737
Estate and gift taxes.....	3,051	3,200	3,400
Customs duties.....	2,038	2,300	2,300
Miscellaneous receipts.....	2,543	2,873	3,137
Total receipts Federal funds.....	114,723	141,198	147,874
OUTLAYS BY AGENCY			
Legislative Branch.....	255	297	302
The Judiciary.....	90	102	114
Executive Office of the President.....	28	33	34
Funds appropriated to the President:			
Economic assistance.....	1,844	1,925	1,861
Economic opportunity.....	1,887	1,914	1,989
Other.....	1,128	1,252	1,263
Agriculture.....	7,310	7,654	7,025
Commerce.....	810	873	1,135
Defense—Military.....	77,380	77,795	78,477
Defense—Civil.....	1,294	1,231	1,247
Health, Education, and Welfare.....	13,049	15,447	17,421
Housing and Urban Development.....	2,255	2,092	2,726
Interior.....	237	478	501
Justice.....	430	516	714
Labor.....	642	729	805
Post Office.....	1,080	929	552
State.....	412	420	419
Transportation.....	1,575	2,058	2,122
Treasury.....	14,703	16,320	17,009
Atomic Energy Commission.....	2,466	2,451	2,571
General Services Administration.....	412	453	401
National Aeronautics and Space Administration.....	4,722	4,247	3,947
Veterans Administration.....	6,897	7,500	7,434
Other independent agencies.....	2,199	1,341	1,502
Allowances for:			
Civilian and military pay increase.....			2,800
Contingencies.....		100	350
Total outlays Federal funds.....	143,105	148,160	154,722
Excess of outlays (—).....	—28,382	—6,962	—6,848

Note.—Excludes special receipts resulting from the conversion of mixed-ownership enterprises to private corporations in 1969, \$294 million. Also excludes, from outlays, transfers to trust funds as follows: 1968, \$78 million; 1969, \$74 million.

Obligations.—The obligations (net) for Federal funds are estimated at \$161 billion for 1970, as set forth in table B-3. These transactions largely flow from the budget authority of \$158 billion for the year, although in part the obligations were authorized by prior years' budget authority.

Table B-3. OBLIGATIONS INCURRED, NET, IN FEDERAL FUNDS
(in millions of dollars)

	1968 actual	1969 estimate	1970 estimate
BY AGENCY			
Legislative Branch.....	261	291	314
The Judiciary.....	92	103	114
Executive Office of the President.....	29	32	34
Funds appropriated to the President.....	4,769	5,063	5,732
Agriculture.....	7,441	8,540	7,425
Commerce.....	934	1,026	1,147
Defense—Military.....	76,141	79,722	80,712
Defense—Civil.....	1,336	1,323	1,303
Health, Education, and Welfare.....	14,630	16,326	17,715
Housing and Urban Development.....	3,441	1,593	3,715
Interior.....	341	681	529
Justice.....	436	544	818
Labor.....	662	709	982
Post Office.....	1,131	1,057	750
State.....	395	417	416
Transportation.....	1,533	2,145	2,037
Treasury.....	14,683	16,303	17,016
Atomic Energy Commission.....	2,443	2,899	2,495
General Services Administration.....	364	401	369
National Aeronautics and Space Administration.....	4,518	4,255	3,875
Veterans Administration.....	6,934	7,596	7,500
Other independent agencies.....	3,005	2,064	2,363
Allowances for:			
Civilian and military pay increase.....			2,800
Contingencies.....		150	500
Total.....	145,521	153,242	160,662

Balances of prior authority.—Table B-4 shows the balances of budget authority carried forward at the end of each fiscal year. To the extent that valid Government obligations have been incurred and remain unpaid, amounts sufficient to pay them may be carried over into the next year. Unobligated balances may be carried forward in accordance with specific provisions of law, usually in order to permit completion of projects as completed at the time the appropriations were first made, but also to provide funding for activities of a continuing nature (such as business-type enterprises) or for standby emergency purposes (such as backup for insurance of the Federal Deposit Insurance Corporation).

Table B-4. FEDERAL FUND BALANCES OF BUDGET AUTHORITY
(in millions of dollars)

Description	Start 1968		End 1968		End 1969		End 1970	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BY AGENCY								
Funds appropriated to the President:								
International Financial Institutions.....	1,004	6,447	1,226	6,427	1,591	6,633	1,880	6,633
Military Assistance.....	1,714	26	1,371	5	1,459	5	1,468	5
Economic Assistance.....	3,789	860	3,684	689	3,247	390	3,364	621
Office of Economic Opportunity.....	1,140	6	982	8	1,018	5	1,207	6
Other.....	345	112	645	111	563	-88	578	-180
Agriculture.....	5,438	2,684	5,556	2,611	6,458	2,038	6,864	2,102
Commerce.....	974	220	1,087	251	1,240	203	1,252	117
Defense—Military.....	32,069	15,097	30,875	14,805	32,809	11,564	35,045	10,935
Defense—Civil.....	290	236	331	233	423	155	479	48
Health, Education & Welfare.....	6,358	906	7,766	960	8,606	506	8,819	376
Housing & Urban Development.....	6,360	10,508	7,568	12,562	7,050	13,495	8,076	12,139
Interior.....	837	437	924	461	1,127	262	1,155	207
Labor.....	463	310	466	331	446	341	623	345
Transportation.....	732	668	686	796	1,090	547	1,005	156
Treasury.....	100	11	101	7	84	7	91	2
Atomic Energy Commission.....	1,138	319	1,115	385	1,563	56	1,486	-----
National Aeronautics and Space Administration.....	1,820	312	1,614	380	1,622	117	1,550	-----
Veterans Administration.....	680	1,662	699	1,984	797	1,506	861	1,538
Civil Service Commission.....	4	4	3	4	3	4	3	4
Export-Import Bank of the United States.....	2,367	3,749	2,996	2,687	3,638	2,387	4,585	1,026
Federal Deposit Insurance Corporation.....		3,000	-----	3,000	-----	3,000	-----	3,000
Federal Home Loan Bank Board.....	30	3,468	61	3,697	33	4,033	17	4,447
Railroad Retirement Board.....								
Other.....	2,188	3,053	2,289	2,592	2,493	1,923	2,693	1,459
Allowance for contingencies.....					50	-----	200	-----
Total.....	69,839	54,095	72,043	54,988	77,410	49,090	83,301	44,986

PUBLIC ENTERPRISE FUNDS

The *public enterprise funds* are a subgroup of Federal funds, and data thereon are included on a net basis in tables B-2 through B-4. The public enterprise funds carry on a cycle of business-type operations, primarily with the public, on behalf of the Government. Some are incorporated enterprises; others are unincorporated. The general fund usually supplies them with capital, although in a few cases they may borrow from the public.

Receipts and outlays.—Receipts of public enterprise funds are estimated at \$23,988 million in 1970, and gross outlays are planned to total \$30,145 million (table B-5), resulting in net outlays of \$6,157 million. The Commodity Credit Corporation and the postal fund are the largest enterprises, together accounting for slightly over half of the business of this subgroup of funds.

Table B-5. PUBLIC ENTERPRISE FUND TRANSACTIONS
(in millions of dollars)

Description	Applicable receipts			Gross outlays		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Funds appropriated to the President:						
Economic assistance.....	104	114	138	1,000	1,090	1,003
Other.....	191	247	299	243	430	396
Agriculture:						
Commodity Credit Corporation ¹	4,395	4,370	5,011	7,705	8,349	8,077
Farmers Home Administration.....	1,730	2,247	3,355	1,838	2,063	3,085
Federal Crop Insurance Corporation.....	40	48	49	55	49	50
Commerce.....	238	217	218	199	191	189
Defense:						
Military.....	16	13	14	10	43	34
Civil (Panama Canal Company).....	162	166	172	148	163	176
Health, Education, and Welfare.....	24	24	29	98	124	123
Housing and Urban Development:						
College housing loan fund.....	122	118	145	411	405	371
Urban renewal fund.....	339	403	646	777	1,133	1,551
Low-rent public housing fund.....	175	215	252	465	541	702
Government National Mortgage Association.....	231	255	558	580	358	169
Federal Housing Administration.....	930	948	996	816	903	922
Other.....	362	1,162	379	1,131	1,454	958
Interior.....	51	55	58	117	117	110
Labor.....	268	316	345	265	312	341
Post Office.....	5,714	6,460	7,178	6,794	7,389	7,730
Transportation.....	22	24	24	25	182	201
Treasury.....	1	2	2	1	2	2
General Services Administration.....	*	1	2	*	1	1
Veterans Administration.....	659	717	1,117	822	963	969
Other independent offices:						
Export-Import Bank.....	963	1,730	1,694	1,753	1,895	1,834
Farm Credit Administration.....	13	97	4	6	4	4
Federal Home Loan Bank Board:						
Federal Savings and Loan Insurance Corporation.....	405	363	408	139	55	8
Other.....	18	21	21	24	21	21
Small Business Administration.....	296	381	395	570	437	411
Tennessee Valley Authority.....	414	431	479	551	607	709
United States Information Agency.....	1	*	-----	1	*	-----
Total.....	17,884	21,145	23,988	26,545	29,280	30,145
Receipts from the public.....	(14,209)	(18,182)	(20,949)			
Receipts from other accounts.....	(3,675)	(2,963)	(3,039)			

* Less than \$500 thousand.

¹ Includes advances from foreign assistance and special export programs of \$1,198 million in 1968, \$830 million in 1969, and \$1,017 million in 1970.

TRUST FUNDS

The trust funds are administered in a fiduciary capacity by the Government. They include one subgroup, *trust revolving funds*, which, like the public enterprise funds, carry on a businesslike cycle of operations and are normally stated on a net basis (outlays less receipts).

Receipts and outlays.—Trust fund receipts are estimated at \$59 billion in 1970, with outlays planned at \$48 billion, as shown in table B-6. The transactions of the Federal old age and survivors' insurance fund are far larger than any other trust fund.

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

Description	Outlays			Receipts		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Funds to which receipts are appropriated:						
Federal old-age and survivors insurance trust fund.....	21,510	24,641	27,138	23,641	27,842	32,385
Federal disability insurance trust fund.....	2,163	2,605	2,902	2,800	3,759	4,358
Health insurance trust funds.....	5,332	6,222	6,851	5,256	7,278	7,331
Unemployment trust fund.....	2,632	2,959	3,097	3,788	3,772	4,092
Railroad employees retirement funds.....	1,338	1,492	1,587	1,476	1,567	1,637
Federal employees retirement funds.....	2,631	1,767	2,590	3,449	3,791	4,006
Highway trust fund.....	4,171	3,958	4,815	4,427	4,530	5,036
Advances, foreign military sales.....	1,015	1,040	930	961	978	952
Veterans life insurance funds.....	457	705	747	741	748	759
Other trust funds (nonrevolving).....	306	357	327	298	306	263
Trust revolving funds (table B-7).....	2,085	-528	-426			
Subtotal.....	43,640	45,218	50,558	46,836	54,571	60,820
Interfund transactions.....	-459	-497	-519	-459	-497	-519
Proprietary receipts from the public.....	-1,653	-1,684	-1,608	-1,653	-1,684	-1,608
Total.....	41,529	43,037	48,431	44,724	52,390	58,693

Note.—Excludes special trust fund receipts resulting from the conversion of mixed-ownership enterprises to private corporations in 1969, \$10,509 million. Also excludes transfers received by the Federal National Mortgage Association from Federal fund accounts, net, as follows: 1968, \$78 million; 1969, \$74 million.

The activities of the trust revolving fund subgroup are shown in table B-7. Several of these, representing mixed-ownership corporations, were eliminated from the scope of this fund group, when the enterprises became privately owned during the current fiscal year.

Table B-7. TRUST REVOLVING FUND TRANSACTIONS (in millions of dollars)

Description	Applicable receipts			Gross outlays		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Federal intermediate credit banks.....	7,334	3,389		7,707	3,119	
Banks for cooperatives.....	1,787	772		1,935	979	
Federal National Mortgage Association.....	639	322		2,536	306	
Civil Service Commission (employees' life insurance and health benefits).....	939	1,217	1,373	878	1,082	1,229
Federal Deposit Insurance Corporation.....	295	339	358	36	36	35
All other trust revolving funds.....	83	88	91	70	78	132
Total trust revolving funds.....	11,077	6,127	1,822	13,162	5,599	1,396
Receipts from the public.....	(10,557)	(5,565)	(1,235)			
Receipts from other accounts.....	(520)	(562)	(586)			

Balances of trust funds.—The balances of the trust funds are disclosed in table B-8. The amounts include both open book balances with Treasury and investments in U.S. securities. Part of the balances is obligated, part is unobligated. The balances on an authorization basis exceed the cash balances because for a few accounts budget authority is not the same as receipts; these differences are listed in the note appended to the table.

Table B-8. TRUST FUND BALANCES (in millions of dollars)

Description	As of June 30			
	1967 actual	1968 actual	1969 estimate	1970 estimate
Federal old-age and survivors insurance trust fund.....	23,417	25,548	28,749	32,697
Federal disability insurance trust fund.....	1,950	2,587	3,741	4,797
Health insurance trust funds.....	1,814	4,209	5,834	5,991
Unemployment trust fund.....	10,512	11,618	12,400	13,126
Railroad retirement accounts.....	4,363	4,551	4,655	4,706
Federal employees retirement funds.....	17,808	18,625	20,648	22,065
Highway trust fund.....	725	982	1,553	1,725
Advances, foreign military sales.....	762	709	647	669
Veterans life insurance funds.....	6,827	7,111	7,155	7,167
Other trust funds.....	4,809	2,698	2,290	4,991
Subtotal.....	72,987	78,638	87,672	97,934
Agency debt issuances of trust funds held by other trust funds (—).....	—647	—561	-----	-----
Total.....	72,340	78,077	87,672	97,934

Note.—The balances shown here cover the amounts on deposit with Treasury, and the U.S. securities held. In addition, certain funds have authority to obligate in advance of receiving moneys, and to borrow from the public. The reconciliation is as follows:

	1967	1968	1969	1970
Balance available on an authorization basis.....	89,497	96,447	99,582	110,908
Unfinanced contract authorizations:				
Highway trust fund.....	—9,267	—9,945	—11,265	—12,632
Right-of-way revolving fund.....	-----	-----	—100	—150
Advances, foreign military sales.....	—2,376	—2,187	—2,019	—1,817
Other.....	—11	—22	—5	-----
Undrawn authorizations to borrow:				
Federal National Mortgage Association.....	—4,252	—2,862	-----	-----
Banks for Cooperatives.....	—1,076	—973	-----	-----
Federal Intermediate Credit Banks.....	—380	—2,970	-----	-----
Unappropriated receipts:				
Available as needed, on an indefinite basis.....	24	64	17	17
Available for appropriation by Congress:				
Soldiers' Home permanent fund.....	107	108	109	110
Highway trust fund.....	721	978	1,353	1,498
Agency debt issuances of trust funds held by other trust funds.....	—647	—561	-----	-----
Balance available on a cash basis.....	72,340	78,077	87,672	97,934

FLOW OF GOVERNMENT-ADMINISTERED FUNDS

Although the main budget figures offset certain receipts in arriving at the outlays, it is possible to reconstruct the data to reflect the gross receipts and outlays, without offsets. Table B-9 presents such a statement. It differs from the unified, comprehensive budget only with respect to grossing and netting, and the distribution here of the nonfunctional adjustments to outlays shown in other tables. Its deficits are the same as the unified, comprehensive budget deficits.

The items which are grossed here, but treated as offsets elsewhere, are as follows (in millions of dollars):

	1968 actual	1969 est- mate	1970 est- mate
Receipts regularly offset in individual accounts:			
Receipts of public enterprise funds (table B-5).....	14,209	18,182	20,949
Receipts of trust revolving funds (table B-7).....	10,557	5,565	1,235
Reimbursements to other appropriations and funds:			
Department of Defense.....	2,118	2,257	2,308
Other agencies.....	1,304	1,351	702
Receipts offset for the budget by agency and function (table I2).....	4,674	4,590	4,810
Total.....	32,860	31,944	30,008

Table B-9. GROSS FLOW OF GOVERNMENT-ADMINISTERED FUNDS
(in millions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
RECEIPTS BY SOURCE			
Individual income taxes.....	68,726	84,500	90,400
Corporation income taxes.....	28,665	38,100	37,900
Social insurance taxes and contributions:			
Employment taxes and contributions.....	29,224	34,842	39,863
Unemployment insurance.....	3,346	3,300	3,575
Contributions for other insurance and retirement.....	2,051	2,366	2,431
Excise taxes.....	14,079	14,800	15,700
Estate and gift taxes.....	3,051	3,200	3,400
Customs duties.....	2,038	2,300	2,300
Other receipts from the public:			
General and special funds.....	5,470	5,531	6,259
Public enterprise funds.....	14,209	18,182	20,949
Trust funds (excluding trust revolving funds).....	1,703	1,743	1,668
Trust revolving funds.....	10,557	5,565	1,235
Reimbursements to appropriations and other funds.....	3,422	3,608	3,010
Total receipts from the public.....	186,535	218,036	228,694
PAYMENTS BY FUNCTION			
National defense.....	84,160	84,896	85,634
International affairs and finance.....	8,416	8,835	9,064
Space research and technology.....	4,726	4,264	3,961
Agriculture and agricultural resources.....	17,207	12,533	9,191
Natural resources.....	3,872	4,055	4,211
Commerce and transportation.....	14,244	15,036	16,713
Community development and housing.....	6,418	5,650	5,765
Education and manpower.....	7,308	7,367	8,088
Health and welfare.....	44,665	50,371	56,014
Veterans benefits and services.....	8,294	8,951	9,375
Interest.....	9,487	10,316	10,509
General government.....	2,928	3,273	3,607
Allowances for:			
Civilian and military pay increase.....			2,800
Contingencies.....		100	350
Total payments to the public.....	211,722	215,645	225,280
Excess of receipts or payments (-).....	-25,187	2,391	3,414

Note.—Excludes special receipts in 1969 resulting from the conversion of mixed-ownership enterprises to private corporations.

SPECIAL ANALYSIS C

AGENCY BORROWING AND INVESTMENTS

This analysis presents information on the debt of Government agencies, other than to the Treasury for Government capital, and on the investments of Government agencies in U.S. securities.

AGENCY BORROWING

Some Government agencies have been authorized by various laws to issue their own debt instruments, to the public or to other agencies and funds. Such agency borrowing, along with borrowing by the Treasury, constitutes the *Federal debt* as the term is used in the summary tables of the budget. Since the disbursement of such borrowed money is a part of budget outlays, the authorizations to borrow constitute *budget authority*. The repayment of agency borrowing, like the Treasury's repayment of the public debt, is not counted as a budget outlay.

The net borrowing through agency debt issuances (other than to the Treasury) is set forth in table C-1. The issuances shown there include debentures, revenue bonds, participation certificates, and housing mortgages issued or assumed—all of which are debt instruments. Some agency debt is formally guaranteed by the Treasury; some is not.

The 1969 column reflects the special reductions in agency debt outstanding that resulted from the conversion of three types of mixed-ownership enterprises to wholly-private ownership. In September 1968, responsibility for \$6,036 million of borrowing by the Federal National Mortgage Association, heretofore included in the "Federal debt," was assumed by the private owners of the Association, and therefore is included in this table as a reduction of Federal debt (i.e., conversion to private debt). In December 1968, decreases of \$3,581 million of borrowing by the Federal Intermediate Credit Banks and \$1,444 million of borrowing by the Banks for Cooperatives were similarly accomplished, so far as the "Federal debt" is concerned, through conversion of the banks to private ownership.

For 1970, agency debt repayments will exceed their borrowing. The principal scheduled borrowing will be the issuance of \$250 million of debt by the Tennessee Valley Authority.

INVESTMENTS IN U.S. SECURITIES

Trust funds, and some public enterprise funds, accumulate cash in excess of current requirements, but the sums are needed for possible future claims and demands. Such temporary excesses of cash are usually invested in public debt or agency debt securities, and such investments are "cashed" as the money is later needed for disbursement. Table C-2 shows the amounts thus invested and disinvested.

Table C-1. AGENCY DEBT (in millions of dollars)

Description	Increase or decrease (-)			Out- standing end 1970 estimate
	1968 actual	1969 estimate	1970 estimate	
Borrowing from the public:				
By public enterprise funds:				
Agriculture: Farmers Home Administration ¹	332	-58	-217	485
Defense: Homeowners Assistance Fund.....	*	16	6	23
Health, Education, and Welfare:				
Office of Education ¹	53	-5	5	117
Public Health Service ¹	9	-1	1	8
Housing and Urban Development:				
Federal Housing Administration ²	58	66	56	594
Public facility loans ¹	51	-13	5	105
College housing loans ¹	635	444	30	1,540
Housing for the elderly ¹	38	35	2	75
Government National Mortgage Association ¹	225	-72	-111	1,271
Treasury: Federal Farm Mortgage Corporation ²	*	*	*	*
Veterans Administration ¹	337	107	-84	1,428
Export-Import Bank ³	407	558	-224	2,904
Federal Home Loan Bank Board:				
Home Owners Loan Corporation ²	*	*	*	*
Board revolving fund.....	5	*	*	6
Small Business Administration ¹	325	-216	-229	528
Tennessee Valley Authority.....	110	210	250	985
By trust funds:				
Federal National Mortgage Association ⁴	1,729	-5,308	-----	-----
Banks for cooperatives ⁴	105	-1,175	-----	-----
Federal intermediate credit banks ⁴	605	-3,723	-----	-----
By general fund appropriation:				
Defense: Family housing.....	-71	-82	-79	1,520
Transportation: Coast Guard housing.....	*	*	*	3
Total borrowing from the public.....	4,955	-9,218	-590	11,592
Borrowing from other funds:				
By public enterprise funds:				
Agriculture: Farmers Home Administration ¹	193	89	-51	403
Health, Education, and Welfare:				
Office of Education ¹	32	17	-10	76
Public Health Service ¹	6	1	-1	7
Housing and Urban Development:				
Federal Housing Administration ²	-2	-3	-4	69
Public facility loans ¹	29	11	-7	51
College housing loans ¹	365	130	-75	589
Housing for the elderly ¹	22	5	-3	24
Government National Mortgage Association ¹	190	107	-61	482
Veterans Administration ¹	193	73	-42	331
Small Business Administration ¹	35	46	-26	207
Tennessee Valley Authority.....	-2	-----	-----	-----
By trust funds:				
Federal National Mortgage Association.....	79	-579	-----	-----
Banks for cooperatives.....	53	-54	-----	-----
Federal intermediate credit banks.....	-189	-55	-----	-----
By general fund appropriation:				
Defense: Family housing.....	-14	-14	-14	243
Total borrowing from other funds.....	991	-226	-293	2,483
Total agency debt issuances.....	5,945	-9,445	-883	14,073

¹Less than \$500 thousand.

²Certificates of participation in loans.

³Guaranteed by the Treasury except for a small part of the HOLC debt.

⁴Includes certificates of participation in loans as follows: 1968, \$19 million; 1969, -\$337 million; 1970, -\$474 million; outstanding at end of 1970, \$1,372 million.

⁵Transactions for 1969 include transfer of debt from mixed-ownership enterprise to privately owned corporation.

Table C-2. AGENCY INVESTMENTS IN U.S. SECURITIES (in millions of dollars)

Description	Increase or decrease (-) in investments			Holdings end 1970 estimate
	1968 actual	1969 estimate	1970 estimate	
Investment in public debt (issued by Treasury):				
By public enterprise funds:				
Commerce: Maritime Administration.....	4	3	7	18
Housing and Urban Development:				
Federal Housing Administration.....	137	156	169	1,012
Public Housing Administration.....	-10	-3		
Government National Mortgage Association.....	422	346	-98	757
Federal Insurance Administration.....		50	3	53
Metropolitan Development.....		*	3	3
Export-Import Bank.....	-82			
Federal Savings and Loan Insurance Corporation.....	172	311	400	2,611
Veterans Administration.....	59	62	58	422
By trust funds:				
Federal old-age and survivors insurance trust fund.....	1,381	3,346	5,367	31,457
Federal disability insurance trust fund.....	516	1,209	1,193	4,608
Federal supplementary medical insurance trust fund.....	-197	159	57	498
Federal hospital insurance trust fund.....	67	939	423	2,621
Unemployment trust fund.....	1,023	801	823	12,686
Railroad retirement accounts.....	-35	224	122	4,442
Federal employees' funds.....	669	2,181	1,505	22,227
Highway trust fund.....	257	575	171	1,725
Veterans life insurance funds.....	174	-63	87	6,756
Federal Deposit Insurance Corporation.....	258	305	323	4,469
Banks for cooperatives ¹	11	-57		
Federal intermediate credit banks ¹	28	-137		
All other.....	19	1	2	49
By the Exchange Stabilization Fund.....	-542	-747		
Total investments in public debt.....	4,329	9,661	10,615	96,413
Investment in agency debt:				
By public enterprise funds:				
Agriculture: Commodity Credit Corporation.....	-6	-6	-6	70
Federal Housing Administration.....	-2	-3	-4	76
Government National Mortgage Association.....	41	-107	-8	166
Federal Savings and Loan Insurance Corporation.....	93	-4		89
By trust funds:				
Veterans Administration.....	113	108	-75	405
Federal hospital insurance trust fund.....	20	-42		70
Federal old-age and survivors insurance trust fund.....	203	134		640
Federal disability insurance trust fund.....	75	-30	-50	65
Unemployment trust fund.....	123	-172	-100	230
Civil service retirement and disability fund.....	203	4		510
Railroad retirement accounts.....	170	-72	-50	160
Bureau of Indian Affairs.....		1		1
Comptroller of the Currency.....	2			2
Banks for cooperatives.....	-3			
Federal intermediate credit banks.....	9	-11		
By the Exchange Stabilization Fund.....	-50	-25		
Total investments in agency debt.....	991	-226	-293	2,483
Total agency investments in U.S. securities.....	5,320	9,436	10,323	98,896

^{*}Less than \$500 thousand.

¹ Transactions for 1969 include transfer of investments from mixed-ownership enterprise to privately owned corporation.

The conversion of mixed-ownership enterprises in 1969, mentioned above, also reduced by relatively small amounts the investments of Government agencies in Federal debt, since the investments in securities of such enterprises become loans to private enterprises at the moment of conversion. These amounts were \$105 million in the case of the Federal Intermediate Credit Banks, and \$46 million in the case of the Banks for Cooperatives.

For 1970, as in many recent years, the largest net investments are expected to be those of the trust funds established by the Social Security Act as amended.

SPECIAL ANALYSIS D

INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS

Apart from the distinction between loan account and expenditure account outlays, the United States budget includes outlays for "capital" or investment-type activities on the same basis as "current" activities and costs. Nevertheless, for a complete understanding of budget programs and levels, it is useful to differentiate between those outlays which yield benefits over a period of years and those which provide benefits largely in the year in which they are made. Special Analysis D presents the budget data in a manner that makes this distinction.

In dividing budget outlays according to their character, two basic breakdowns are used:

First.—Investment-type outlays are considered to be: (1) those which add to the financial or physical assets of the Federal Government or add to State, local, and private assets; and (2) those which are for "intangible" investments or developmental purposes, such as education, training, health, and research and development. All other outlays are considered as mainly for current operations; they are divided among current expenses for aids and special services, retirement and social insurance benefits, and other services and current operating expenses. (In addition, some outlays which cannot be properly categorized are left "unclassified.")

Second.—In each category, outlays for national defense purposes are reported separately from those for civil programs; this separation highlights the basic difference in nature between most military and civil programs.

Federal funds and trust funds are combined in tables D-1 and D-2, in accordance with the budget concepts adopted in the 1969 budget and continued in the 1970 budget. This approach inflates certain of the figures because payments between Government funds and accounts do not affect the flow of funds to the public; therefore, deductions are made in the appropriate categories to remove interfund and intra-governmental transactions in order to derive total outlays. A deduction is also required, under the unified budget concept, for receipts from the public which are business-type or market-oriented in character, and which are applied against outlays. This deduction is made as a lump-sum adjustment.

Summary.—Excluding outlays for national defense, \$30.0 billion of estimated outlays in 1970 are for investment-type activities. These programs which directly or indirectly promote future gains in productivity and economic growth account for more than 25% of all non-defense budget outlays.

Additions to Federal civil assets are estimated at \$5.1 billion in 1970, including \$1.8 billion in loans and financial investments for housing, rural electrification, and foreign economic assistance and \$3.3 billion for physical assets of which \$2.6 billion is for civil public works.

CIVIL INVESTMENT AND DEVELOPMENTAL OUTLAYS (in billions of dollars)

Description	1964 actual	1968 actual	1969 estimate	1970 estimate
Additions to Federal assets:				
Loans and other financial investments	1.5	8.5	2.9	1.8
Physical assets:				
Public works	2.7	2.5	2.4	2.6
Major commodity inventories	-0.4	-0.9	0.4	0.2
Major equipment and other physical assets	0.3	0.4	0.5	0.5
Additions to State, local, and private assets	5.1	6.4	6.7	7.8
Developmental outlays:				
Education, training, and health	1.6	8.1	9.1	10.4
Research and development	5.1	6.7	6.4	6.4
Other developmental outlays	0.1	0.2	0.2	0.2
Total	16.2	31.9	28.6	30.0

Another \$7.8 billion of budget outlays in 1970 will help finance additions to State, local, and private assets such as highways, hospitals, schools, conservation projects, and a variety of public facilities.

Developmental outlays for civil purposes are estimated at \$17.1 billion in 1970, more than double the level of \$6.8 billion in 1964. Thus, the 1970 budget continues a trend begun several years ago toward emphasizing investment in human resources and scientific research and development. No less important than investment in physical assets, this type of investment helps promote the long-run growth of the Nation by expanding knowledge, enhancing occupational skills, increasing productivity, and encouraging technological development. Outlays for civil programs for education, training, and health will be \$10.4 billion in 1970. Another \$6.4 billion will be for scientific research and development, representing a major source of funds for all such activities undertaken in the United States.

OUTLAYS OF AN INVESTMENT NATURE

Outlays of an investment nature are divided into three categories: (1) additions to Federal assets; (2) additions to State, local, and private assets; and (3) developmental outlays.

Additions to Federal assets.—This category comprises additions to both financial and physical assets of the Federal Government.

The financial assets consist mainly of direct loans—for example, loans to finance private housing construction and encourage home-ownership, to help small businesses, to finance college dormitory construction, to finance rural electric and telephone systems, and to promote economic development abroad. Federal financial assets include both loans and other financial investments which are classified in the expenditure account as well as loans in the loan account. (The specific distinction between the two types of loans is presented and discussed in Special Analysis E.) Other financial investments include the capital provided for certain international organizations and for supersonic aircraft development.

Additions to physical assets include outlays for public works, such as dam construction, flood control projects, and Federal power

systems. They also include changes in major commodity inventories and outlays for major equipment (including military equipment) and for the acquisition and improvement of real property and other physical assets.

Table D-1. SUMMARY OF INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS (in millions of dollars)

	Outlays		
	1968 actual	1969 estimate	1970 estimate
INVESTMENT-TYPE OUTLAYS			
Additions to Federal assets:			
Civil:			
Loans and other financial investments	8,493	2,854	1,804
Physical assets:			
Public works	2,460	2,408	2,555
Major commodity inventories	-915	405	239
Major equipment and other physical assets	380	548	543
National defense	25,628	27,045	26,083
Additions to State, local, and private assets:			
Civil	6,439	6,683	7,768
National defense	11	14	15
Developmental outlays:			
Civil	15,004	15,664	17,070
National defense	9,457	9,366	9,592
Subtotal, investment-type outlays:			
Civil	31,861	28,561	29,979
National defense	35,096	36,425	35,689
CURRENT OUTLAYS			
Current expenses for aids and special services:			
Civil	22,082	23,732	26,226
National defense	1,641	1,599	1,431
Retirement and social insurance benefits—civil	33,433	38,074	41,753
Other services and current operating expenses:			
Civil:			
Interest	14,703	16,137	16,948
Interest on Government capital in enterprises (-)	-646	-716	-694
Interest received by trust funds (-)	-2,674	-3,000	-3,558
Other	4,453	4,791	5,096
National defense	45,015	44,222	45,719
Subtotal, current outlays:			
Civil	71,351	79,018	85,771
National defense	46,656	45,822	47,150
UNCLASSIFIED ITEMS			
Payments to other funds	30	30	29
Allowances:			
Civilian and military pay increases			2,800
Contingencies		100	350
Government contributions for employee retirement (-)	-1,896	-2,105	-2,187
Proprietary receipts from the public (-) ¹	-4,234	-4,150	-4,310
Total budget outlays			
	178,862	183,701	195,272

¹ Excludes loan repayments deposited in miscellaneous receipts and offset in the loan and expenditure accounts as follows:

	1968	1969	1970
Loan repayments offset in the loan account	-275	-259	-262
Repayments offset in the expenditure account	-162	-181	-237

Additions to State, local, and private assets.—Federal outlays under this heading add to State, local, and private assets. Grants-in-aid 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 regional economic development programs for depressed regions.

Outlays which increase the value of privately owned assets are largely for the conservation and improvement of private farmland and water, for grants for construction of private nonprofit hospitals and other health facilities, and for construction subsidies to the merchant fleet.

Developmental outlays.—Federal outlays of this type are 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 outlays shown in this category does not fully reflect the Government's contribution to the productivity of the economy. Certain other programs which further this end 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.

OUTLAYS OF A CURRENT NATURE

Outlays of a current nature are divided into the following categories: (1) current expenses for aids and special services; (2) retirement and social insurance benefits; and (3) other services and current operating expenses.

Current expenses for aids and special services.—Outlays 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: (1) administrative and other operating expenses attributable to investment-type programs which benefit specific groups; and (2) 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 outlays or cannot be readily measured.

Examples of such indirect benefits include low interest rates on some loans and certain preferential tax treatments.

Although outlays in this category essentially provide a direct aid or special service yielding immediate benefits, some of the items included contribute indirectly to the Nation's future development. Among these are grants for slum clearance and urban renewal.

Retirement and social insurance benefits.—This category applies only to trust funds. It covers benefit programs which: (1) are financed from special taxes or contributions; and (2) provide insurance against the loss of income due to unemployment, retirement, disability, or death. It does not include outlays for Government employees' health and life insurance expenditures which are in the form of premium payments to approved companies.

Other services and current operating outlays.—The outlays reported under this heading support a wide range of activities. They consist mainly of: 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.

UNCLASSIFIED

Certain transactions cannot be properly classified into any of the categories described above. The major examples of such transactions include special allowances for: (1) the third stage of the pay increase enacted in 1967 for Government personnel and (2) unforeseen contingencies.

Interfund and intragovernmental receipts arise as a result of transactions between Government agencies or funds. These transactions occur entirely within Government accounts and are deducted from outlays to avoid double counting. In order to provide a measure of outlays by character, most interfund and intragovernmental receipts have been deducted from the appropriate character categories. Thus, for example, interest received by the social security and other trust funds is deducted from the *Interest* category in order to derive a measure of interest outlays affecting the public.

Government agency contributions for employee retirement, which help to finance retirement benefits are deducted as a lump sum unclassified amount. In addition, proprietary receipts from the public, arising from market-oriented or business-type activities of the Government, are unclassified and offset against total outlays to highlight the *net* impact of the budget.

RELATIONSHIP TO CAPITAL BUDGET

The U.S. Government does not produce a capital budget in the sense of a long-range program for the acquisition of assets, with separate financing of capital outlays. 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.

While not a precise measure of the difference between capital and current items, this analysis does provide useful general magnitudes. However, 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 for transactions only 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.

Recoverability of outlays.—In general, Government outlays 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 activities are carried on through revolving funds, such as in the case of most loan programs, receipts are credited directly against disbursements and only the difference is included in the total of outlays in the budget and in this analysis. All other receipts from the public arising from market-oriented or business-type activities of the Government are offset against total outlays.

Whether recovered by specific revenues or not, investment and developmental outlays for 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 developmental outlays, the potential gain in public revenues which will be forthcoming from them, nor the duration of future benefits and their discounted present value.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays			
ADDITIONS TO FEDERAL ASSETS			
Loans:			
Loan account—civil:			
To domestic and private borrowers:			
Department of Agriculture:			
Commodity Credit Corporation:			
Storage facilities loans.....	44	58	8
Export credit sales.....	36	67	3
Rural Electrification Administration.....	291	338	366
Farmers Home Administration:			
Direct loans.....	-32	-69	-287
Rural housing insurance.....	63	-94	-1
Emergency credit revolving fund.....	15	-28	-12
Agricultural credit insurance.....	15	-109	-30
Other ¹	-2	-3	1

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Loans—Continued			
Loan account—civil—Continued			
To domestic and private borrowers—Continued			
Department of Commerce:			
Economic development assistance: Industrial develop- ment loans and guarantees	26	28	35
Maritime Administration	-12	-9	-8
Department of Health, Education, and Welfare:			
Office of Education:			
Higher education facilities loans and other	86	63	55
Social Security Administration:			
Federal old-age and survivors insurance trust fund	-114	-----	-----
Federal disability insurance trust fund	-74	-----	-----
Federal hospital insurance trust fund	-15	-----	-----
Other	3	4	4
Department of Housing and Urban Development:			
Renewal and housing assistance:			
Rehabilitation loans	15	25	71
Housing for the elderly or handicapped	81	69	44
College housing	132	101	81
Mortgage credit:			
Community disposal operations fund	*	*	-6
Federal housing administration fund	59	73	77
Government National Mortgage Association:			
Special assistance functions	572	496	431
Management and liquidating functions	364	103	-397
Participation sales	114	-293	-----
Secondary market operations trust fund	1,938	177	-----
Department of Labor: Unemployment trust fund	-114	-----	-----
Veterans Administration:			
Loan guarantee revolving fund	205	225	-166
Veterans direct loans	53	75	78
National service life insurance fund	-29	46	51
United States Government life insurance fund	-86	-2	-3
Other	5	5	6
Civil Service Commission: Retirement and disability trust fund	481	-595	-----
Farm Credit Administration (trust fund):			
Banks for cooperatives	161	210	-----
Federal intermediate credit banks	406	-250	-----
Railroad Retirement Board (trust fund)	-64	-50	-----
Small Business Administration:			
Business loan and investment fund	112	-17	-45
Disaster loan fund	64	1	-1
Other agencies	14	30	*
Total to domestic and private borrowers	4,812	676	355
To State and local governments:			
Department of Agriculture: Farmers Home Administra- tion and other	83	76	23
Department of Commerce: Industrial development loans and guarantees	26	22	52
Department of Health, Education, and Welfare: Office of Education:			
Higher education facilities loans and other	18	32	33

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Loans—Continued			
Loan account—civil—Continued			
To State and local governments—Continued			
Department of Housing and Urban Development:			
Renewal and housing assistance:			
Urban renewal fund.....	-39	82	-31
Low-rent public housing.....	10	10	5
College housing.....	143	110	87
Metropolitan development: Public facility loans and other.....	45	47	28
Department of Transportation:			
Federal Highway Administration: Right-of-way trust fund.....			50
Urban Mass Transportation Administration.....		3	4
District of Columbia: Capital outlay loans.....	21	32	56
Other agencies.....	16	8	7
Total to State and local governments.....	323	423	315
To foreign borrowers: Export-Import Bank.....	907	291	247
Total, loan account—civil.....	6,042	1,390	917
Loan account—national defense: To domestic and private borrowers: Other agencies.....			
	-10	-3	-1
Total loan account.....	6,032	1,386	916
Expenditure account—civil:			
To domestic and private borrowers:			
Department of Agriculture:			
Commodity Credit Corporation: Price support loans.....	863	-106	-807
Farmers Home Administration.....	-	-	1
Department of Health, Education, and Welfare:			
National Institutes of Health:			
Health manpower.....	29	22	27
Other.....	18	19	4
Office of Education: Higher education facilities loans.....	119	142	121
Other agencies.....	*	4	13
Total to domestic and private borrowers.....	1,028	81	-641
To State and local governments: Other agencies.....	9	19	8
To foreign borrowers:			
Funds appropriated to the President: Economic assistance.....	1,005	1,087	993
Department of Agriculture: Commodity Credit Corporation: Public Law 480 credit sales.....	280	452	420
Total to foreign borrowers.....	1,285	1,540	1,413
Total loan repayments deposited in miscellaneous receipt accounts.....	-162	-181	-197
Total expenditure account—civil.....	2,160	1,459	582

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Loans—Continued			
Expenditure account—national defense:			
To domestic and private borrowers: Other agencies.....	-1	-1	—*
To foreign borrowers: Funds appropriated to the President:			
Military assistance.....	-24	-10	91
Total loan repayments deposited in miscellaneous receipt accounts.....			-40
Total expenditure account—national defense.....	-26	-11	50
Total expenditure account.....	2,135	1,448	633
Total loans.....	8,167	2,834	1,549
Other financial investments—civil:			
Investments in quasi-public institutions, trust funds, and international institutions:			
Funds appropriated to the President:			
Inter-American Development Bank.....	61	80	110
International Development Association.....	130	50	90
Asian Development Bank.....	10	10	16
Department of Housing and Urban Development: Secondary market operations (trust fund).....		-164	—
Department of Labor.....	-3	-4	-4
Department of Transportation: Civil supersonic aircraft development.....	100	126	93
Farm Credit Administration:			
Short-term credit investment fund.....	*	-65	—
Banks for cooperatives investment fund.....	-7	-28	—
Total investments in quasi-public institutions, trust funds and international institutions.....	291	5	305
Public works—sites and direct construction:			
Civil:			
Department of Agriculture:			
Forest Service:			
Recreation and research facilities.....	25	21	18
Roads and trails.....	93	99	100
Other ¹	19	18	13
Department of Defense—Civil:			
Corps of Engineers:			
Construction, general.....	904	756	795
Flood control, Mississippi River and tributaries.....	51	44	46
Construction, local funds (trust fund).....	23	21	18
Other ¹	16	23	22
Department of Health, Education, and Welfare:			
Indian health facilities.....	12	25	23
Other ¹	28	37	58

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Public works—sites and direct construction—Continued			
Civil—Continued			
Department of the Interior:			
Bureau of Indian Affairs:			
Construction: Schools and other.....	31	33	40
Road construction.....	15	22	20
National Park Service:			
Parkway and road construction.....	25	29	26
Other ¹	14	13	17
Bureau of Reclamation:			
Construction and rehabilitation.....	170	166	176
Upper Colorado River storage project.....	37	35	27
Other ¹	4	9	9
Bonneville Power Administration ¹	144	107	103
Other.....	30	31	40
Post Office Department.....	47	55	85
Department of Transportation:			
Coast Guard: Acquisition, construction, and improvements.....	26	60	58
Federal Aviation Administration.....	60	135	144
Other.....	*	2	*
General Services Administration: Public buildings.....	179	172	180
National Aeronautics and Space Administration.....	126	70	60
Veterans Administration: Hospitals and other.....	49	56	85
Tennessee Valley Authority.....	232	279	322
Other agencies.....	96	89	69
Total public works, civil.....	2,460	2,408	2,555
National defense:			
Department of Defense—Military:			
Military construction.....	1,280	1,501	1,361
Family housing.....	61	155	135
Other.....	4	3	1
Atomic Energy Commission.....	167	206	294
Total public works, national defense.....	1,513	1,866	1,792
Total public works, sites and direct construction.....	3,972	4,274	4,347
Major commodity inventories:			
Civil:			
Department of Agriculture: Commodity Credit Corporation.....	-945	379	217
Department of the Interior: Helium fund.....	30	26	23
Total major commodity inventories, civil.....	-915	405	239
National defense:			
Funds appropriated to the President: Expansion of defense production.....	53	184	70
Other agencies.....	28	28	27
Total major commodity inventories, national defense.....	81	212	97
Total major commodity inventories.....	-834	618	336

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Major equipment:			
Civil:			
Department of Commerce:			
Environmental science services administration: Satellite operations and other.....	29	25	31
Other.....	6	5	3
Post Office Department.....	118	146	156
Department of Transportation: Coast Guard.....	89	65	50
Other agencies.....	15	18	16
Total major equipment, civil.....	257	259	256
National defense:			
Department of Defense—Military: Procurement.....	23,274	24,311	23,435
Atomic Energy Commission.....	161	170	188
Total major equipment, national defense.....	23,435	24,481	23,624
Total major equipment.....	23,693	24,740	23,879
Other physical assets—acquisition and improvement:			
Civil:			
Department of Agriculture: Reforestation and range improvements and other.....	50	54	52
Department of Housing and Urban Development: Mortgage credit and other.....	14	114	115
Department of the Interior:			
Land and water conservation.....	46	107	115
Management of lands and resources.....	23	24	25
Other ¹	13	17	10
General Services Administration:			
Sale of fixed assets—surplus property credit sales.....	-23	-25	-25
Real property activities.....	2	2	2
Other agencies ¹	-3	-3	-7
Total other physical assets, civil.....	123	289	287
National defense:			
Department of Defense—Military: Family housing.....	*	31	21
Atomic Energy Commission.....	634	470	500
Total other physical assets, national defense.....	634	501	521
Total other physical assets—acquisition and improvement.....	757	790	808
Total additions to Federal assets.....	36,046	33,260	31,224

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS			
State and local assets:			
Civil:			
Funds appropriated to the President:			
Appalachian regional development.....	91	195	237
Public works acceleration.....	5	7	-----
Department of Agriculture:			
Watershed improvement and flood protection.....	54	72	61
Rural water and waste disposal grants.....	29	34	38
Other.....	3	3	1
Department of Commerce: Economic development facilities and other.....	102	138	155
Department of Defense—Civil: Corps of Engineers.....	15	25	13
Department of Health, Education, and Welfare:			
Health Services and Mental Health Administration:			
Mental health.....	20	33	49
Hospital construction.....	112	100	126
Other.....	-----	*	1
National Institutes of Health: Construction of health educational, research, and library facilities.....	68	85	111
Office of Education:			
School assistance in federally affected areas.....	29	25	39
Higher education facilities grants.....	241	178	219
Other.....	27	32	29
Social and Rehabilitation Service.....	-----	*	21
Department of Housing and Urban Development:			
Renewal and housing assistance: Grants for neighborhood facilities.....			
-----	5	32	36
Metropolitan development:			
Open space land programs.....	33	55	60
Grants for basic water and sewer facilities.....	44	100	130
Urban transportation.....	59	-----	-----
Other.....	-----	-----	3
Department of the Interior:			
Construction grants for waste treatment works.....	118	147	152
Land and water conservation.....	51	71	107
Administration of territories and other.....	10	35	31
Department of Transportation:			
Federal Aviation Administration: Airways and airports.....			
-----	75	87	240
Federal Highway Administration:			
Highway trust fund.....	4,100	3,870	4,485
Forest highways ¹	30	29	29
State and community highway safety programs ¹	4	55	95
Other ¹	7	15	16
Urban Mass Transportation Administration.....	-----	127	128
Intergovernmental agencies: Federal contribution, Washington Metropolitan Area Transit.....			
-----	2	16	59
Other agencies.....	14	6	4
Total State and local assets, civil.....	5,348	5,572	6,676
National defense: Department of Defense—Military.....	11	13	14
Total State and local assets.....	5,359	5,584	6,691

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(In millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS—Continued			
Private assets:			
Civil:			
Funds appropriated to the President: Appalachian regional development programs.....	14	19	32
Department of Agriculture:			
Soil conservation.....	159	165	171
Agricultural stabilization and conservation.....	433	403	326
Other.....	-9	4	14
Department of Commerce: Ship construction.....	103	87	87
Department of Defense—Civil: Corps of Engineers: Columbia River flood control.....	12	52	-----
Department of Health, Education, and Welfare:			
Health Services and Mental Health Administration:			
Hospital construction.....	136	122	147
Mental health and other.....	16	27	40
National Institutes of Health.....	39	47	64
Office of Education: Higher education facilities grants and other.....	115	105	126
Other.....	4	10	19
National Science Foundation.....	57	53	48
Other agencies.....	12	16	18
Total private assets, civil.....	1,091	1,111	1,092
National defense:			
Atomic Energy Commission (trust fund).....	*	1	*
Total private assets.....	1,092	1,112	1,092
Total additions to State, local, and private assets.....	6,451	6,696	7,783
OTHER DEVELOPMENTAL EXPENDITURES			
Education, training, and health:			
Civil:			
Funds appropriated to the President:			
Appalachian regional development programs.....	*	10	9
Economic opportunity program.....	1,400	1,438	1,514
Department of Agriculture: Extension service.....	90	97	101
Department of Health, Education, and Welfare:			
Consumer protection and environmental health services:			
Air pollution and environmental control.....	19	27	35
Other.....	13	12	9
Health Services and Mental Health Administration:			
Mental health.....	82	102	114
Health services research and development.....	42	37	13
Comprehensive health planning and services.....	63	146	182
Regional medical programs.....	24	51	93
Communicable diseases.....	41	38	23
Indian health services.....	82	89	96
Chronic diseases.....	44	31	5
Other ¹	25	17	14
National Institutes of Health:			
National Heart Institute.....	24	26	25
National Institute of Neurological Diseases and Stroke.....	119	106	111
National Institute of General Medical Sciences.....	64	47	65
Health manpower.....	31	71	116
Other.....	86	97	113

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
OTHER DEVELOPMENTAL EXPENDITURES—Continued			
Education, training, and health—Continued			
Civil—Continued			
Department of Health, Education, and Welfare—Continued			
Office of Education:			
Elementary and secondary education.....	1,417	1,362	1,446
School assistance in federally affected areas.....	471	371	401
Education professions development.....		35	162
Higher education student aid and other.....	338	486	485
Vocational education.....	249	236	255
Libraries and community services.....	111	99	136
Education for the handicapped.....	33	51	60
Salaries and expenses.....	38	41	42
Defense educational activities.....	197	43	53
Other.....	35	68	89
Social and Rehabilitation Service:			
Medical and public assistance.....	1,826	2,385	2,971
Social services and administration.....		31	35
Grants for rehabilitation services and facilities.....	280	367	487
Rehabilitation research and training.....	29	31	32
Other.....	33	42	56
Other ¹	36	47	69
Department of Housing and Urban Development:			
College housing fund: Interest subsidies and other.....	13	76	58
Other.....	—*	3	6
Department of the Interior:			
Bureau of Indian Affairs: Education and welfare.....	109	117	146
Federal Water Pollution Control Administration.....	13	12	13
Department of Labor: Manpower Administration:			
Manpower development and training.....	357	432	510
Other.....	37	41	41
National Science Foundation.....	134	144	152
Other agencies ¹	62	77	85
Total education, training, and health, civil.....	8,067	9,038	10,425
National Defense: Atomic Energy Commission and other.....	17	19	19
Total education, training, and health.....	8,084	9,056	10,444
Research and development:			
Civil:			
Funds appropriated to the President:			
Economic opportunity program.....	40	42	40
Other.....	11	12	15
Department of Agriculture:			
Agricultural Research Service ¹	151	147	153
Cooperative State Research Service.....	56	59	62
Forest Service.....	35	41	43
Other ¹	24	19	18
Department of Commerce:			
Environmental Science Services Administration.....	24	24	28
National Bureau of Standards.....	23	26	29
Other.....	21	21	22

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
OTHER DEVELOPMENTAL EXPENDITURES—Continued			
Research and development—Continued			
Civil—Continued			
Department of Health, Education, and Welfare:			
Consumer Protection and Environmental Health Services:			
Air pollution control.....	20	33	41
Environmental control.....	15	19	27
Other.....	26	25	20
Health Services and Mental Health Administration:			
Mental health.....	89	89	94
Health services research and development.....	8	17	42
Other.....	41	44	43
National Institutes of Health.....	784	705	788
Office of Education: Research and training and other....	82	72	93
Social and Rehabilitation Service:			
Rehabilitation research and training.....	25	28	29
Other.....	14	17	18
Social Security Administration.....	5	8	8
Department of the Interior:			
Geological Survey.....	35	36	40
Bureau of Mines: Development of mineral resources and other ¹	33	35	34
Bureau of Commercial Fisheries.....	28	31	33
Office of Saline Water: Saline water conversion.....	25	23	29
Federal Water Pollution Control Administration.....	17	30	33
Other ¹	38	43	42
Post Office Department.....	14	16	26
Department of Transportation:			
Coast Guard.....	13	19	27
Federal Aviation Administration.....	48	50	51
Federal Highway Administration.....	31	43	55
Federal Railroad Administration.....	12	26	24
Urban Mass Transportation Administration.....		19	42
Other.....	3	8	20
National Aeronautics and Space Administration.....	4,590	4,176	3,890
Veterans Administration.....	45	48	59
National Science Foundation ¹	248	271	293
Other agencies ¹	57	69	94
Total research and development, civil.....	6,732	6,389	6,403
National defense:			
Department of Defense—Military:			
Military personnel.....	295	332	332
Procurement.....	9	26	
Research, development, test, and evaluation.....	7,747	7,545	7,805
Other.....	20	8	8
Atomic Energy Commission.....	1,369	1,436	1,429
Total research and development, national defense.....	9,440	9,347	9,573
Total research and development.....	16,171	15,736	15,977

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Investment-Type Outlays—Continued			
OTHER DEVELOPMENTAL EXPENDITURES—Continued			
Engineering and natural resources surveys—civil:			
Department of Agriculture.....	25	28	27
Department of Defense—Civil: Corps of Engineers.....	28	24	33
Department of Housing and Urban Development: Metropolitan development.....	28	40	46
Department of the Interior:			
Geological Survey.....	48	50	50
Federal Water Pollution Control Administration.....	21	22	22
Other ¹	34	44	38
Other agencies ¹	23	30	27
Interfund and intragovernmental transactions (-).....	-1	-1	-1
Total engineering and natural resources surveys.....	205	237	241
Total developmental outlays.....	24,460	25,030	26,662
Total investment-type outlays.....	66,957	64,986	65,668
Current Outlays			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES			
Agriculture—civil:			
Department of Agriculture:			
Consumer and Marketing Service:			
Removal of surplus agricultural commodities.....	175	292	383
Other ¹	52	54	55
Foreign Agricultural Service.....	25	27	31
Agricultural Stabilization and Conservation Service:			
Sugar Act.....	84	96	96
Other ¹	140	145	149
Commodity Credit Corporation:			
Price support and related programs.....	3,201	3,304	3,679
National Wool Act.....	72	65	59
Bartered materials for supplemental stockpile.....	26	2	-
Other.....	*	1	*
Federal Crop Insurance Corporation.....	26	12	12
Farmers Home Administration ¹	29	105	128
Other ¹	54	59	61
Farm Credit Administration ¹	-45	-23	-
Other agencies.....	11	10	12
Interfund and intragovernmental transactions (-).....	-5	-6	-
Total agriculture.....	3,845	4,142	4,666
Business:			
Civil:			
Department of Commerce:			
Bureau of the Census.....	20	25	21
Patent Office.....	38	43	46
Maritime Administration:			
Ship operating subsidies.....	200	196	234
Other.....	8	6	8
Other ¹	57	59	71
Department of Defense—Civil:			
Corps of Engineers—Civil: Operation and maintenance....	126	154	164
The Panama Canal.....	-28	-24	-19

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Business—Continued			
Civil—Continued			
Post Office Department.....	310	79	-378
Department of Transportation:			
Coast Guard: Navigation aids and other ¹	354	360	376
Federal Aviation Administration: Operations and other.....	564	643	702
Other ¹	20	8	9
Civil Aeronautics Board: Payments to air carriers.....	55	48	41
Small Business Administration:			
Business loan and investment fund.....	78	56	51
Other.....	28	24	23
Other agencies.....	7	17	27
Interfund and intragovernmental transactions (-).....	-13	-15	-19
Total business, civil.....	1,825	1,677	1,357
National defense: Funds appropriated to the President.....	1	1	*
Total business.....	1,826	1,678	1,357
Labor—civil:			
Department of Health, Education, and Welfare: Work incentive activities.....		67	95
Department of Labor:			
Manpower Administration:			
Unemployment trust fund.....	596	632	695
Other.....	3	4	1
Other.....	22	25	25
Other agencies.....	14	18	26
Total labor.....	635	747	842
Homeowners and tenants—civil:			
Funds appropriated to the President.....	*	*	*
Department of Housing and Urban Development:			
Renewal and housing assistance:			
Low-rent public housing.....	280	325	451
Other.....	11	16	14
Mortgage credit:			
Rent supplement program.....	1	11	28
Homeownership and rental housing assistance.....		3	62
Federal Housing Administration fund.....	-189	-238	-268
Secondary market operations (trust fund).....	-41	-29	
Other.....	-47	9	24
Federal Insurance Administration.....		-49	-1
Other.....	*	5	21
Federal Home Loan Bank Board.....	-269	-323	-384
Interfund and intragovernmental transactions (-).....	-12	-59	
Total homeowners and tenants.....	-266	-328	-52

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Veterans—civil:			
Department of Defense—Civil.....	23	24	25
Department of Health, Education, and Welfare: Payment for military service credits.....	105	210	105
Veterans Administration:			
Compensation and pensions.....	4,605	4,823	4,917
Readjustment benefits.....	462	630	739
Medical care.....	1,361	1,458	1,525
General operating expenses.....	188	207	223
Veterans reopened insurance fund.....	-35	-35	-35
Veterans special term insurance fund.....	-30	-33	-35
National service life insurance trust fund.....	500	581	616
United States Government life insurance trust fund.....	72	81	83
Other ¹	4	45	47
Other agencies.....	13	11	15
Interfund and intragovernmental transactions (-).....	-128	-234	-130
Total veterans.....	7,140	7,767	8,094
International aids:			
Civil:			
Funds appropriated to the President:			
Economic assistance ¹	921	995	967
Peace Corps ¹	111	106	110
Department of Agriculture: Commodity Credit Corporation:			
Public Law 480 donations of agricultural commodities and other.....	924	584	508
Export-Import Bank: Net interest, fees, and other expenses.....			
Other agencies ¹	33	42	44
Total international aids, civil.....	1,871	1,602	1,522
National defense: Funds appropriated to the President: Military assistance ¹.....			
1,640	1,599	1,430	
Total international aids.....	3,511	3,201	2,952
Welfare aids—civil:			
Funds appropriated to the President: Disaster relief.....			
32	30	30	
Department of Agriculture:			
Special milk program.....	104	104	15
Child nutrition programs.....	217	246	367
Food stamp program.....	185	273	338
Department of Health, Education, and Welfare: Social and Rehabilitation Service:			
Maintenance payments and public assistance.....	3,492	3,319	3,638
Assistance to refugees in the United States.....	32	42	56
Social services and administration.....	1	560	694
Maternal and child health and welfare.....	202	226	239
Development of programs for the aging.....	12	19	28
Other.....	20	29	35

See footnotes at end of table

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Welfare aids—civil—Continued			
Department of the Interior: Bureau of Indian Affairs: Education and welfare services.....	25	27	41
Total welfare aids.....	4,320	4,873	5,481
Other aids and special services—civil:			
Funds appropriated to the President:			
Appalachian regional development programs.....	4	4	5
Economic Opportunity program ¹	426	430	425
Department of Commerce:			
Bureau of the Census: 19th decennial census and other ¹	11	20	143
Economic development assistance.....	28	41	42
Department of Health, Education, and Welfare:			
Health Services and Mental Health Administration:			
Mental health.....	26	35	35
Patient care and special health services.....	63	68	68
Other ¹	22	26	24
Social and Rehabilitation Service: Work incentive activities.....			
Social Security Administration:			
Payment to trust funds for health insurance for the aged.....	907	1,733	1,545
Payment for special benefits for the aged.....		226	364
Federal old-age and survivors insurance trust fund.....	446	458	494
Federal disability insurance trust fund.....	110	131	142
Federal hospital insurance trust fund.....	78	101	101
Federal supplementary medical insurance trust fund.....	141	180	205
Other.....	*		*
Other ¹	36	40	51
Department of Housing and Urban Development:			
Renewal and housing assistance: Urban renewal fund and other.....			
Model Cities programs.....	492	665	954
Other.....	6	76	541
Other.....	20	30	37
Department of the Interior:			
Bureau of Indian Affairs:			
Resources management.....	47	52	56
Indian tribal funds (trust funds).....	116	130	104
Other ¹	12	20	15
Other.....	1	2	2
Post Office Department.....	591	633	664
Department of Transportation:			
Federal Highway Administration:			
Landscaping, scenic enhancement, and beautification ¹	40	49	43
Highway trust fund.....	42	60	73
Other ¹	13	15	17
Other.....	7	11	21
Other agencies ¹	64	68	71
Interfund and intragovernmental transactions (—).....	-1,040	-2,077	-1,997
Total other aids and special services—civil.....	^a 2,711	3,251	4,315
Total current expenses for aids and special services.....	23,723	25,331	27,657

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
RETIREMENT AND SOCIAL INSURANCE BENEFITS			
Insurance benefits—civil:			
Department of Health, Education, and Welfare:			
Federal old-age and survivors insurance trust fund.....	20,737	23,711	26,136
Federal disability insurance trust fund.....	2,088	2,434	2,724
Federal hospital insurance trust fund.....	3,736	4,367	4,940
Federal supplementary medical insurance trust fund.....	1,390	1,567	1,598
Department of Labor: Unemployment trust fund.....	76	96	93
Railroad Retirement Board (trust fund).....	1,387	1,527	1,572
Total insurance benefits.....	29,414	33,702	37,063
Unemployment benefits—civil: Department of Labor: Unemployment trust fund.....	2,054	2,210	2,290
Other retirement and social insurance benefits—civil:			
Civil Service Commission: Civil service retirement and disability fund.....	1,954	2,158	2,385
Other trust funds.....	12	15	16
Interfund and intragovernmental transactions (—).....	—1	—11	—1
Total other retirement and social insurance benefits.....	1,966	2,162	2,400
Total retirement and social insurance benefits.....	33,433	38,074	41,753
OTHER SERVICES AND CURRENT OPERATING EXPENSES			
Repair, maintenance, and operation of physical assets (excluding special services):			
Civil:			
Department of Agriculture: Forest Service ¹	218	209	193
Department of Defense—Civil: Corps of Engineers and other.....	92	95	110
Department of the Interior:			
Bureau of Land Management ¹	34	37	29
National Park Service ¹	71	77	81
Bureau of Reclamation.....	49	66	71
Other.....	40	42	45
General Services Administration: Public buildings.....	309	322	339
Tennessee Valley Authority.....	—128	—137	—132
Other agencies ¹	33	59	58
Total repair, maintenance, and operation of physical assets, civil.....	717	768	794
National defense:			
Department of Defense—Military:			
Operation and maintenance.....	20,535	22,062	21,800
Family housing.....	154	160	179
Atomic Energy Commission.....	115	148	134
General Services Administration.....	*	*	*
Total repair, maintenance, and operation of physical assets, national defense.....	20,803	22,370	22,113
Total repair, maintenance, and operation of physical assets.....	21,520	23,138	22,907

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Regulation and control—civil:			
The Judiciary.....	93	104	116
Department of Agriculture:			
Agricultural Research Service ¹	83	85	84
Consumer and Marketing Service ¹	72	99	121
Other.....	4	5	6
Department of Health, Education, and Welfare:			
Food and drug control.....	44	43	50
Air pollution control.....	12	23	28
Other.....	3	2	2
Department of Justice:			
Legal activities and general administration.....	81	88	94
Federal Bureau of Investigation.....	191	216	218
Immigration and Naturalization Service.....	82	90	93
Bureau of Prisons ¹	50	52	62
Law Enforcement Assistance Administration.....		19	165
Bureau of Narcotics and Dangerous Drugs.....	3	17	21
Department of Labor.....	30	32	34
Department of Transportation:			
Federal Aviation Administration.....	41	47	51
Other ¹	20	23	25
Treasury Department:			
Secret Service.....	18	22	27
Other ¹	15	12	14
Federal Deposit Insurance Corporation.....	-260	-303	-322
Interstate Commerce Commission.....	24	25	25
National Labor Relations Board.....	32	35	37
Other agencies ¹	111	123	132
Total regulation and control.....	751	862	1,084
Other operation and administration:			
Civil:			
International activities:			
Department of State:			
Administration of foreign affairs ¹	207	213	214
International organizations and conferences ¹	115	124	137
Educational exchange ¹	45	40	34
Other.....	2	2	2
United States Information Agency ¹	173	178	181
Other agencies.....	22	14	8
Total international activities.....	564	571	576
Federal financial activities:			
Legislative branch: General Accounting Office.....	53	60	63
Treasury Department:			
Bureau of Accounts ¹	38	46	45
Bureau of Customs ¹	85	90	98
Bureau of the Public Debt.....	58	57	61
Internal Revenue Service.....	696	759	806
Other.....	34	33	38
Other agencies.....	5	6	6
Total Federal financial activities.....	967	1,051	1,118

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Other operation and administration—Continued			
Civil—Continued			
Other direct Federal programs:			
Legislative branch ¹	188	218	219
Executive Office of the President.....	24	28	29
Department of Commerce:			
Environmental Science Services Administration ¹	96	100	107
National Bureau of Standards.....	10	9	13
Department of Defense—Civil.....	66	60	64
Department of the Interior.....	39	43	45
Treasury Department: Bureau of Accounts and other ¹	59	61	7
General Services Administration ¹	99	142	131
Civil Service Commission:			
Salaries and expenses and other ¹	36	40	42
Civil service retirement and disability trust fund: Re-			
funds and death benefits.....	185	190	189
Employees' health benefits trust fund.....	-26	-10	-10
Employees' life insurance trust fund.....	-33	-127	-135
Other agencies ¹	9	11	13
Interfund and intragovernmental transaction (-).....	*	*	*
Total other direct Federal programs.....	752	766	713
Retirement, unemployment, and accident compensation for Federal employees:			
Department of Labor:			
Unemployment compensation for Federal employees and ex-servicemen.....	107	111	116
Employees compensation claims and expenses.....	62	58	55
Department of Transportation: Coast Guard: Retired pay.....	48	52	56
Civil Service Commission: Special payments and annuities.....	113	114	115
Other agencies.....	7	8	11
Total retirement, unemployment, and accident compensation for Federal employees.....	337	344	353
Shared revenues and grants-in-aid:			
Department of Agriculture: Forest Service.....	45	53	55
Department of the Interior:			
Bureau of Land Management.....	71	77	80
Office of Territories.....	36	42	44
Bureau of Sport Fisheries and Wildlife and other.....	29	31	30
Treasury Department:			
Bureau of Customs ¹	32	35	39
Internal Revenue Service.....	66	73	75
District of Columbia: Federal payment.....	64	96	112
Other agencies.....	21	22	24
Total shared revenues and grants-in-aid.....	364	430	459
Total other operation and administration, civil.....	2,985	3,162	3,219

See footnotes at end of table.

Table D-2. INVESTMENT, OPERATING, AND OTHER BUDGET OUTLAYS
(in millions of dollars)—Continued

Description	1968 actual	1969 estimate	1970 estimate
Current Outlays—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Other operation and administration—Continued			
National defense:			
Department of Defense—Military:			
Military personnel.....	21,659	23,333	23,832
Operation and maintenance.....	32	44	41
Family housing.....	279	284	290
Civil defense.....	84	64	58
Other ¹	2,097	-1,945	-692
Selective Service System.....	57	70	70
Other agencies ¹	9	9	13
Interfund and intragovernmental transactions (-).....	-7	-7	-7
Total operation and administration, national defense.....	24,212	21,852	23,606
Total other operation and administration.....	27,197	25,013	26,825
Interest:			
On the public debt.....	14,573	16,000	16,800
Other interest:			
On refunds: Treasury Department.....	120	126	137
On uninvested funds: Treasury Department.....	10	11	11
Total other interest.....	130	137	148
Subtotal interest.....	14,703	16,137	16,948
Interfund and intragovernmental transactions (-):			
Interest on Government capital in enterprises.....	-646	-716	-694
Interest received by trust funds.....	-2,674	-3,000	-3,558
Total interest.....	11,383	12,421	12,696
Total, other services and current operating expenses.....	60,851	61,434	63,511
Total current outlays.....	118,007	124,840	132,922
UNCLASSIFIED			
Payments to other funds ¹	30	30	29
Allowances for:			
Civilian and military pay increases.....			2,800
Contingencies.....		100	350
Government contributions for employee retirement (-).....	-1,896	-2,105	-2,187
Proprietary receipts from the public (-) ²	-4,234	-4,150	-4,310
Total budget outlays.....	178,862	183,701	195,272

^{*}Less than \$500 thousand.

¹Includes both Federal funds and trust funds.

²Excludes loan repayments deposited in miscellaneous receipts and offset in the loan and expenditure accounts as follows:

	1968	1969	1970
Loan repayments offset in the loan account.....	-275	-259	-262
Repayments offset in the expenditure account.....	-162	-181	-237

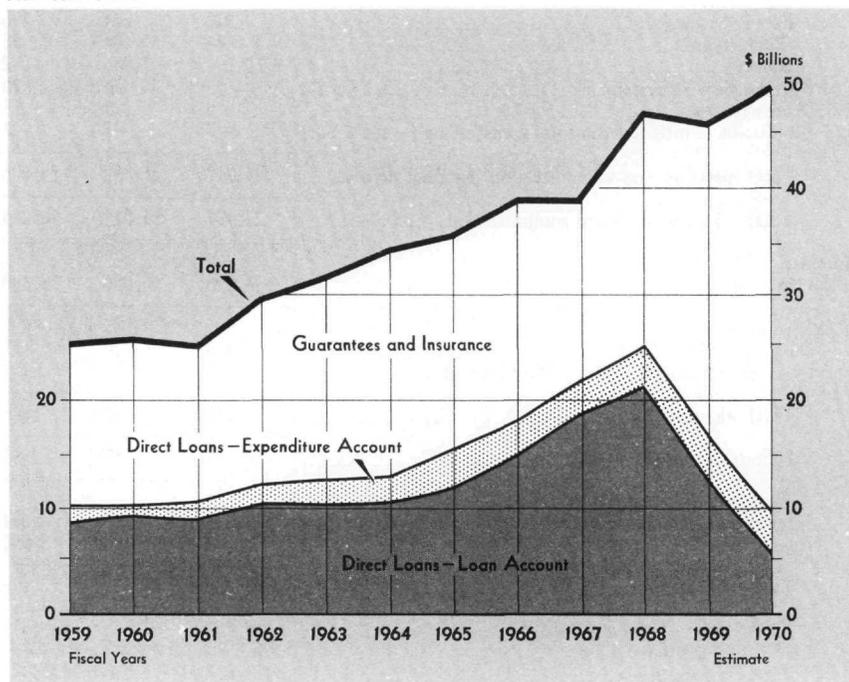
SPECIAL ANALYSIS E

FEDERAL CREDIT PROGRAMS

INTRODUCTION

Federal credit aids—direct loans and insurance or guarantees of private loans—continue to play a major role in Government programs for: (a) improvement of housing and encouragement of homeownership; (b) development of agricultural and other natural resources; (c) assistance to economic development and military preparedness abroad; (d) promotion of business, especially exports, transportation, and small business generally; (e) redevelopment of communities and regions; and (f) aid to higher education.

Federal Credit Programs New Commitments



Federal credit programs help borrowers to help themselves. In several programs, the credit aids are part of a package of Federal assistance. Such a package sometimes also includes, for example, grants to provide necessary public facilities for depressed areas; grants for work-training, education, and other types of community action to help combat poverty; technical aids to help underdeveloped countries plan and construct basic transportation systems; or management advice to help rural residents plan, develop, and operate their farms economically and productively.

From 1961 through 1968 the overall level of Federal credit assistance steadily rose at a rate comparable to the rise in the gross national product. This reflected both broadening of many existing programs and initiation of new programs to meet emerging needs.

Simultaneously, other programs established for temporary reasons in earlier years have been liquidating their operations as outstanding loans are repaid or privately refinanced. Moreover, as certain programs demonstrated their ability to finance needed credit operations on a self-supporting basis, private investors have often refinanced outstanding Federal loans or directly financed the new credit requirements of borrowers.

During the current fiscal year, the Secondary Market Operations Trust Fund of the Federal National Mortgage Association, the Federal intermediate credit banks and the banks for cooperatives have been converted from mixed-ownership to wholly private enterprises. As a result, only part of their operations in 1969 and none in 1970 are included in the budget. Tables E-1, E-2, and E-3 reflect in total and detail the impact of this shift from public to private status.

The increasing emphasis on private financing is also causing major changes in the package of credit assistance made available in recent years. These changes would be extended still further by proposed legislation. Instead of relying primarily on direct loans with their major immediate budgetary impact, Federal agencies are encouraging greater private financing by undertaking to guarantee or insure such private funds against loss, to pay a large enough share of the interest cost to enable eligible borrowers to qualify for the loans or to combine the two approaches. Examples of this approach in existing programs, include: (a) federally insured loans and interest subsidies for college students; (b) insured loans and supplementary interest payments to finance housing for moderate and low income families in both urban and rural areas; and (c) payment of a portion of the interest on privately financed loans for college housing and academic facilities. Other current proposals to apply this approach to Federal aid for other groups are mentioned later in this analysis and in Special Analysis O on "Federal Aid to State and Local Governments".¹

SCOPE OF SPECIAL ANALYSIS

This analysis: (a) summarizes the 1968-70 trends in Federal credit programs; (b) indicates the relationship between the credit programs and the overall budget totals; and (c) discusses certain subsidy aspects of credit programs.

The 1970 analysis includes information on the level and trends of all Federal credit programs. It comprises not only those operated by wholly owned Government agencies, but also those administered by mixed-ownership corporations and trust funds. Both currently active programs and programs in process of liquidation are included.

The principal disbursements and repayments of most, but not all of the direct Federal loans covered by this analysis are included in the loan account. In addition, in line with the recommendations of the President's Commission on Budget Concepts, two specific types of direct loan programs, accounting for about 15% of direct loan commitments in 1968, are reflected in the expenditure account; these programs comprise: (a) foreign loans made largely on noncommercial terms; and (b) other loans where the terms of the loan contract make repayment in certain respects contingent rather than mandatory. Disbursements, repayments and net outlays for each appropriation and fund account which finance these programs are listed in a table in

¹ See pp. 204-205, 214.

the Appendix.¹ In the case of programs in the loan account, net lending is also separately identified, for each applicable account, in Part 4 of the budget.

As in previous years, the analysis includes both direct Federal loans and Federal guarantees and insurance of loans made by private lenders. It excludes all borrowing operations of Federal agencies, whether from the Treasury or the public. Pursuant to the recommendations of the Commission on Budget Concepts, sales of certificates of participation in loans by the Export-Import Bank and by the Federal National Mortgage Association as trustee for several agencies are treated as borrowing.

In addition, contrary to the practice followed last year, the analysis covers both loans made and repayable in dollars and loans made in dollars but repayable either in dollars or foreign currencies. The analysis continues to exclude all loans which are both made and repayable in foreign currency. This exclusion facilitates reconciliation with other budget totals.²

The 1970 analysis covers credit programs administered by 10 departments and 13 other agencies. The estimates for 1969 and 1970 include credit aid authorized by legislation enacted during the past year. Such legislation, summarized in the last section of this analysis,³ authorized an unusually large number of important changes in Federal credit programs. Many of the changes either shift Federal lending institutions to private ownership, as previously mentioned, or substitute federally supported private financing for direct Federal loans.

The analysis also reflects the impact on credit programs of proposed legislation: (a) establishing new insurance programs for farm operating loans and loans to cooperatives by the Farmers Home Administration, as well as insured loans using interest subsidies on taxable bonds for water and sewer facilities; and (b) authorizing Federal guarantees of annual debt service on bonds issued by the Washington Metropolitan Area Transit Authority to finance the Federal share of the cost of mass transit in the national capital area. Credit assistance would also be provided in unspecified amounts under other proposals: (c) to help local communities finance increased airport capacity; (d) to authorize loan guarantees and interest subsidies for the fiscal years 1970-71 to help finance construction of waste treatment works; (e) to authorize loan guarantees and interest subsidies for the fiscal years 1971-75 to help finance modernization and construction of medical facilities; and (f) to establish an urban development bank.

NEW COMMITMENTS

New commitments are the best single measure of the short-run trends in most Federal credit programs. They also often give the best advance indication of trends in the financing impact of these programs, since changes in the level of new commitments frequently 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, commitments which do not later result in actual credit exten-

¹ See Appendix, pp. 1097-1100.

² Data on loans repayable in foreign currency (including both loans made in dollars and loans made in foreign currency) are contained in table H-8 in Special Analysis H.

³ See pp. 67-69.

sions, and the unguaranteed portions of loans partially covered by Federal guarantees.

Table E-1. NEW COMMITMENTS FOR FEDERAL CREDIT PROGRAMS
CLASSIFIED BY TYPE OF ASSISTANCE AND ACCOUNT

(in millions of dollars)

Agency or program	1968 actual		1969 estimate		1970 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
EXPENDITURE ACCOUNT						
Funds appropriated to the President:						
Military assistance.....	74	190	296	-----	250	100
Economic assistance.....	1,084	100	777	216	1,388	200
Department of Agriculture: Commodity Credit Corporation.....	2,410	-----	2,573	511	2,087	510
Department of Health, Education, and Welfare.....	235	-----	228	-----	195	-----
Other programs.....	8	-----	13	-----	28	-----
Total, expenditure account.....	3,811	290	3,887	727	3,948	810
LOAN ACCOUNT						
Funds appropriated to the President:						
Office of Economic Opportunity.....	27	-----	15	-----	19	-----
Department of Agriculture:						
Commodity Credit Corporation.....	195	-----	257	-----	236	-----
Rural Electrification Administration.....	470	-----	470	-----	470	-----
Farmers Home Administration.....	495	803	445	993	140	2,403
Department of Commerce:						
Economic Development Administration.....	64	5	65	9	107	14
Maritime Administration.....	-----	127	-----	120	-----	143
Department of Health, Education, and Welfare.....	153	436	12	641	14	794
Department of Housing and Urban Development:						
Renewal and Housing Assistance.....	766	1,300	708	2,112	809	3,124
Metropolitan Development.....	50	-----	40	50	50	100
Federal Housing Administration.....	637	13,495	421	16,752	218	21,425
Government National Mortgage Association.....	1,701	-----	1,887	500	705	2,500
Federal National Mortgage Association.....	2,662	-----	782	-----	-----	-----
Department of the Interior.....	24	5	15	10	17	14
General Services Administration.....	23	49	25	-----	25	-----
Veterans Administration:						
Housing loans and guarantees.....	433	3,829	523	4,213	197	4,948
Insurance policy loans.....	132	-----	133	-----	136	-----
District of Columbia.....	112	-----	133	-----	132	-----
Export-Import Bank.....	2,526	1,226	2,390	2,511	2,347	2,597
Farm Credit Administration:						
Banks for cooperatives.....	1,818	-----	979	-----	-----	-----
Federal intermediate credit banks.....	7,407	-----	3,119	-----	-----	-----
Federal Home Loan Bank Board.....	17	-----	32	-----	-----	-----
Small Business Administration.....	449	314	286	579	282	798
Other agencies or programs.....	10	12	50	16	68	99
Purchase of obligations of federally sponsored enterprises.....	1,193	-----	-----	-----	-----	-----
Total, loan account.....	21,362	21,600	12,787	28,504	5,973	38,959
Grand total.....	25,173	21,891	16,674	29,232	9,920	39,769

Direct loans.—New commitments for direct loans drop from \$25.2 billion in 1968 to \$16.7 billion in 1969 and \$9.9 billion in 1970. The bulk of the 2-year drop is accounted for by conversion of the three major groups of Federal agencies to private ownership, removing their commitments (\$11.9 billion in 1968).

Other major reductions arise from cessation of purchases of non-Federal securities (\$1.2 billion), and replacement of GNMA mortgage purchase programs with private financing (\$1 billion).

Guarantees and insurance.—In contrast to the trend for direct loans new commitments for guarantees and insurance of private loans are expected to rise rapidly from \$21.9 billion in 1968 to \$29.2 billion in 1969 and \$39.8 billion in 1970. This is primarily attributable to: (a) the initial impact of the 10-year housing program on housing construction, particularly construction financed by Federally-insured or guaranteed loans; (b) relaxation of inflexible statutory ceilings on interest rates; and (c) the government-wide emphasis on shifting from direct loans to private financing.

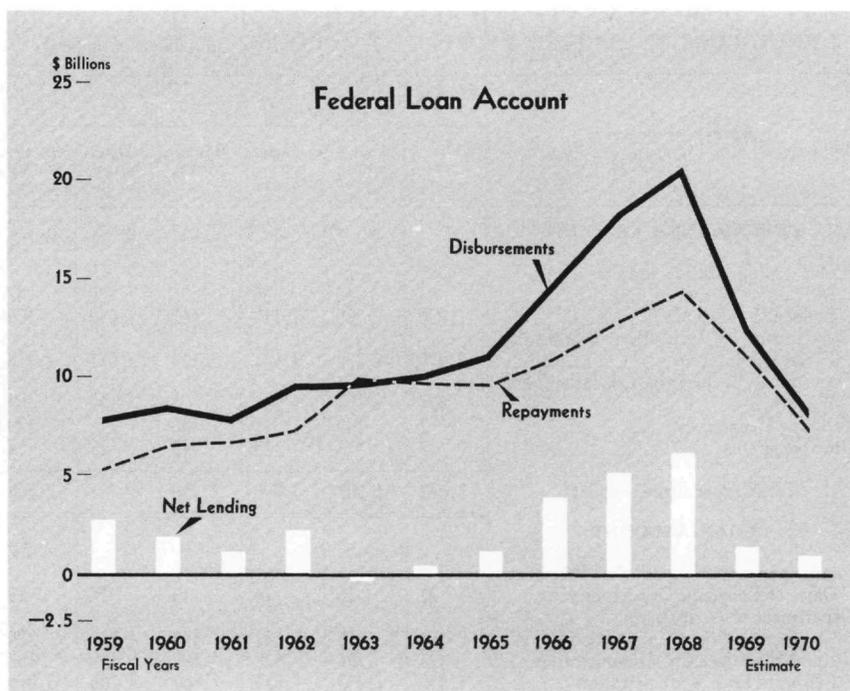
The specific agencies responsible for the bulk of the anticipated increase in guarantee and insurance commitments over the 2-year period are the Federal Housing Administration (\$7.9 billion), the Government National Mortgage Association (\$2.5 billion), Renewal and Housing Assistance programs (\$1.8 billion), the Farmers Home Administration (\$1.6 billion), the Export-Import Bank (\$1.4 billion), and the Veterans Administration (\$1.1 billion).

Overlapping commitments.—Total estimated new commitments of \$49.7 billion in 1970 include several cases where two or more types of Federal assistance are provided for the same borrower or on the same property or project at different stages in the financing process, for example, commitments by the Government National Mortgage Association for purchase of mortgages insured or guaranteed by other Federal agencies. In addition, in several programs the same authority is used both to make direct loans and to guarantee or insure private loans, for example, by the Commodity Credit Corporation, the Farmers Home Administration, and the urban renewal and low-rent public housing programs of the Department of Housing and Urban Development. In the latter cases, the guarantee commitments are usually estimated on the basis of past experience.

DISBURSEMENTS AND REPAYMENTS

Gross disbursements for direct loans have the most immediate impact on the budget. In long-established programs, or in programs involving short-term loans, however, the cash outflow required for such disbursements usually is largely or wholly offset by repayments on the outstanding portfolio of loans. This is true for most of the credit extensions by the Farmers Home Administration and the Commodity Credit Corporation, as well as for the interim financing of public housing and urban renewal projects.

On the other hand, long-term loans, such as those to finance construction of college housing and academic facilities or rural electrification and telephone systems, as well as purchases of mortgages to help finance residential housing, can have a major net impact on the budget, since repayments often fall short of new loans.



Federal guarantees and insurance of private loans ordinarily have only minor and indirect budget consequences. Principal disbursements of Federal funds normally occur only when the borrower defaults, or in a few programs when holders of such insured loans exercise their repurchase options.

In accordance with the recommendations of the Commission on Budget Concepts, both the budget as a whole and this analysis segregate and treat separately net lending—the excess of principal disbursements over collections of all credit programs in the loan account. The gross data on disbursements are also adjusted to reflect writeoffs, losses, and recoveries. As a result, the net lending in any year usually equals the change between the loans outstanding in the loan account at the beginning of the year and the total outstanding at the year-end.

The same principles are followed in deriving the gross and net loan expenditures for credit programs in the expenditure account. As a result, the net loan disbursements for all credit programs in the loan account and the totals for the credit programs in the expenditure account are identical with the outlays shown as “loans” in the “additions to Federal assets” category in Special Analysis D.¹ For those loan programs in the expenditure account not financed through revolving funds, repayments are separately recorded in miscellaneous receipts, rather than netted against expenditures for each program.

¹ See Table D-2 on pp. 36-39.

Table E-2. DISBURSEMENTS AND REPAYMENTS FOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY TYPE OF ACCOUNT (in millions of dollars)

Agency or program	1968 actual		1969 estimate		1970 estimate	
	Disbursements	Repayments	Disbursements	Repayments	Disbursements	Repayments
EXPENDITURE ACCOUNT						
Funds appropriated to the President:						
Military assistance.....	44	68	25	36	138	87
Economic assistance.....	1,036	80	1,119	162	1,030	109
Department of Agriculture: Commodity Credit Corporation.....	2,379	1,236	2,541	2,194	2,051	2,438
Department of Health, Education, and Welfare.....	174	1	204	*	159	*
Treasury Department.....	2	109		46		120
Other programs.....	7	13	10	13	23	14
Total, expenditure account.....	3,642	1,507	3,898	2,450	3,401	2,768
LOAN ACCOUNT						
Funds appropriated to the President:						
Office of Economic Opportunity.....	27	10	14	13	18	13
Department of Agriculture:						
Commodity Credit Corporation.....	195	115	257	132	236	225
Rural Electrification Administration.....	495	204	528	190	555	189
Farmers Home Administration.....	1,570	1,432	1,629	1,860	2,706	3,016
Department of Commerce:						
Economic Development Administration.....	62	9	65	14	107	20
Maritime Administration.....	-3	8		9		8
Department of Health, Education, and Welfare.....	110	4	103	4	98	6
Department of Housing and Urban Development:						
Renewal and Housing Assistance.....	872	530	1,058	662	1,227	970
Metropolitan Development.....	49	4	52	5	34	6
Federal Housing Administration.....	583	524	339	266	157	85
Government National Mortgage Association.....	1,134	199	1,316	717	579	544
Federal National Mortgage Association.....	2,217	279	249	72		
Department of the Interior.....	22	4	18	6	16	6
General Services Administration.....	23	22	25	15	25	17
Veterans Administration:						
Housing loans and guarantees.....	388	130	460	159	137	226
Insurance policy loans.....	132	84	133	85	136	81
District of Columbia.....	60	39	75	43	100	44
Export-Import Bank.....	1,646	739	1,730	1,440	1,638	1,390
Farm Credit Administration:						
Banks for cooperatives.....	1,818	1,659	979	767		
Federal intermediate credit banks.....	7,407	7,011	3,119	3,355		
Federal Home Loan Bank Board.....	5	9	32	17		17
Small Business Administration.....	406	231	277	293	274	320
Other agencies or programs.....	10	17	19	16	71	13
Purchase of obligations of federally sponsored enterprises.....	1,193	1,125		954		
Total, loan account.....	20,422	14,389	12,478	11,092	8,113	7,197
Grand total.....	24,064	15,897	16,376	13,542	11,514	9,965

Over the 1959-68 period, gross disbursements for all Federal programs in the loan account rose from \$7.9 billion to \$20.4 billion. Net lending ranged from a low in 1963—when repayments exceeded new loan disbursements by \$0.1 billion—to peaks of \$5.1 billion in 1967 and \$6 billion in 1968.

In contrast, in 1968-70 sharp reductions in the budgetary impact of these programs will occur. By 1970, gross disbursements will drop to an estimated \$8.1 billion—only 40% of the 1968 level. Almost all of this decline results from the conversion to private ownership of three major groups of lending agencies, which disbursed \$11.4 billion in loans during 1968.

Similarly, net lending is expected to drop to \$1.4 billion in 1969 and \$0.9 billion in 1970. Roughly half (\$2.5 billion) of this \$5.1 billion decrease over the 2-year period stems from the conversions to private ownership. Other sharp cutbacks will occur in the Government National Mortgage Association (\$0.9 billion), Export-Import Bank (\$0.7 billion), Farmers Home Administration (\$0.4 billion), the Veterans Administration (\$0.3 billion), and the Small Business Administration (\$0.2 billion). In all of these cases, major sales of existing assets to private lenders and/or shifts to federally insured private loans are largely or wholly responsible for the reduced budgetary impact.

Net loan outlays in the expenditure account will also fall sharply from \$2.1 billion in 1968 to \$1.4 billion in 1969 and \$0.6 billion in 1970. This is almost entirely the result of a complete reversal in operations of the Commodity Credit Corporation from net outlays of \$1.1 billion in 1968 to an anticipated excess of repayments of \$0.4 billion in 1970. Loan disbursements for the foreign economic assistance programs of the Agency for International Development will remain relatively unchanged at about \$1 billion each year. This is partly because most of such loans permit deferment of principal repayments during several early years.

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 1970, these will amount to \$168.3 billion in the loan account and an additional \$22.2 billion in the expenditure account—or a gross total of \$190.6 billion.

Table E-3. OUTSTANDING DIRECT LOANS, AND GUARANTEED AND INSURED LOANS FOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY TYPE OF ACCOUNT (in millions of dollars)

Agency or program	1968 actual		1969 estimate		1970 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
EXPENDITURE ACCOUNT						
Funds appropriated to the President:						
Military assistance.....	19	251	8	380	59	565
Economic assistance.....	8,919	338	9,798	546	10,630	743
Department of Agriculture: Commodity Credit Corporation.....	2,227	923	2,574	1,435	2,188	1,945
Department of Health, Education, and Welfare.....	1,132		1,336		1,495	
Treasury Department.....	4,580		4,534		4,414	
Other programs.....	173		170		178	
Total, expenditure account.....	17,052	1,512	18,421	2,361	18,965	3,253
LOAN ACCOUNT						
Funds appropriated to the President:						
Office of Economic Opportunity.....	87		88		94	
Department of Agriculture:						
Commodity Credit Corporation.....	374		499		510	
Rural Electrification Administration.....	4,797		5,135		5,501	
Farmers Home Administration.....	2,371	2,339	2,144	3,350	1,837	5,507
Department of Commerce:						
Economic Development Administration.....	244	13	295	19	382	30
Maritime Administration.....	89	649	81	716	73	803
Department of Health, Education, and Welfare.....	266	762	365	1,401	457	2,179
Department of Housing and Urban Development:						
Renewal and housing assistance.....	3,529	8,482	3,925	9,619	4,182	11,520
Metropolitan development.....	329		370	50	398	150
Federal Housing Administration.....	688	58,634	761	64,144	833	72,853
Government National Mortgage Association.....	3,758		4,360	500	4,385	3,000
Federal National Mortgage Association.....	6,624					
Department of the Interior.....	183	16	195	20	205	25
General Services Administration.....	172	49	182	49	189	49
Veterans Administration:						
Housing loans and guarantees.....	2,461	33,369	2,762	34,487	2,673	36,156
Insurance policy loans.....	804		853		907	
District of Columbia.....	202		234		290	
Export-Import Bank.....	5,059	1,600	5,349	3,059	5,596	4,278
Farm Credit Administration:						
Banks for cooperatives.....	1,457					
Federal intermediate credit banks.....	3,940					
Federal Home Loan Bank Board.....	145		160		143	
Small Business Administration.....	1,549	441	1,533	797	1,487	1,267
Other agencies or programs.....	63	206	68	201	122	274
Obligations of federally sponsored enterprises.....	955					
Total, loan account.....	40,143	106,559	29,359	118,413	30,266	138,092
Grand total.....	57,195	108,071	47,779	120,774	49,231	141,344

Outstanding direct loans in the loan account will fall by an estimated \$10.8 billion during the current fiscal year to \$29.4 billion on June 30, 1969. A small net increase of \$0.9 billion is expected during 1970. Loans totaling \$12 billion held by the three major groups of lending agencies which converted to private ownership during 1969 are included in the 1968 totals, but not in those for 1969 and 1970. In addition, investments of several Federal agencies in obligations of the Federal land banks and the Federal home loan banks totaling almost \$1 billion on June 30, 1968, are being liquidated during 1969.

Apart from the removal of these loans from the totals shown, a net increase of \$3.1 billion in loans in the loan account is expected over a 2-year period. Significant increases include the Rural Electrification Administration (\$0.7 billion), the Renewal and Housing Assistance programs—mainly college housing loans—(\$0.7 billion), the Government National Mortgage Association (\$0.6 billion), the Export-Import Bank (\$0.5 billion), and the Veterans Administration (\$0.3 billion). Loans held by the Farmers Home Administration fall by \$0.5 billion.

Outstanding loans in the expenditure account will rise by \$1.4 billion in 1969 and \$0.5 billion in 1970. An increase of \$1.7 billion in the portfolio of foreign economic assistance loans made by the Agency for International Development is the most substantial change projected for the 2-year period.

Outstanding guaranteed and insured loans for both accounts are expected to rise by an estimated \$12.7 billion in 1969 and by a record \$20.6 billion during 1970. The net increase in the portfolio of the Federal Housing Administration (\$14.2 billion) accounts for almost half of the 1968-70 rise. Other major increases are anticipated by the Farmers Home Administration (\$3.2 billion), Renewal and Housing Assistance programs and the Government National Mortgage Association (each \$3 billion) the Veterans Administration (\$2.8 billion), and the Export-Import Bank (\$2.7 billion).

The amounts shown include both the guaranteed and unguaranteed portion of outstanding loans in order to give a more complete picture of the economic impact of these programs and to tie in better with banking statistics. The estimated contingent liability of the Federal Government by the end of 1970 will be \$20.9 billion less than the \$141.3 billion principal amount of the loans guaranteed and insured. Most of this difference is accounted for by the veterans loan guarantee program, where the Government's liability will be \$18.2 billion lower than the amount of guaranteed loans outstanding.

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-4 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 outstanding loans, or on loans covered by commitments made in earlier years.

Table E-4. INTEREST RATES AND MATURITIES FOR MAJOR ACTIVE CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM, DECEMBER 1968

Agency or program	Direct loans		Guaranteed and insured loans	
	Interest rate (percent)	Maturity (years)	Interest rate (percent)	Maturity (years)
EXPENDITURE ACCOUNT				
Funds appropriated to the President:				
Military assistance.....	6-6 $\frac{1}{2}$	5-10	7-8	1-7
Economic assistance.....	2-5 $\frac{3}{4}$	5-40	6-7 $\frac{1}{2}$	5-25
Department of Agriculture: Commodity Credit Corporation.....	¹ 2 $\frac{1}{2}$ -5 $\frac{5}{8}$	1-40	¹ 3 $\frac{1}{2}$ -6	$\frac{1}{2}$ -1
Department of Health, Education, and Welfare.....	0-5 $\frac{1}{4}$	² 20		
LOAN ACCOUNT				
Office of Economic Opportunity.....	4 $\frac{1}{8}$	1-30		
Department of Agriculture:				
Commodity Credit Corporation.....	4-7	$\frac{1}{2}$ -5		
Rural Electrification Administration.....	2	35		
Farmers Home Administration.....	1-6 $\frac{3}{4}$	1-50	4-6 $\frac{3}{4}$	5-40
Department of Commerce:				
Economic Development Administration.....	4 $\frac{3}{4}$ -5 $\frac{1}{4}$	12-40	6 $\frac{1}{2}$ -7 $\frac{1}{2}$	3-10
Maritime Administration.....			6	25
Department of Health, Education, and Welfare.....	2 $\frac{1}{2}$ -6	$\frac{1}{2}$ -40	3-7	$\frac{1}{2}$ -15
Department of Housing and Urban Development:				
Renewal and Housing Assistance.....	3-5 $\frac{5}{8}$	$\frac{1}{4}$ -50	3.6-3.8	$\frac{1}{4}$ -40
Metropolitan Development.....	4 $\frac{3}{4}$ -5	40		
Federal Housing Administration.....	3-6 $\frac{3}{4}$	1-40	³ 3-6 $\frac{3}{4}$	1-40
Government National Mortgage Association.....	3-6 $\frac{3}{4}$	1-40		
Department of the Interior.....	0-6	0-50	5-6	5-15
General Services Administration.....	3-6 $\frac{1}{2}$	8-30		
Veterans Administration:				
Housing loans and guarantees.....	4-7 $\frac{1}{2}$	7-30	4-6 $\frac{3}{4}$	7-30
Insurance policy loans.....	4	(⁴)		
District of Columbia.....	0-5 $\frac{5}{8}$	$\frac{1}{2}$ -40		
Export-Import Bank.....	6	1 $\frac{1}{4}$ -20	6-10	$\frac{1}{2}$ -20
Federal Home Loan Bank Board.....	4-7.2	1-25		
Small Business Administration.....	3-5 $\frac{5}{8}$	1-30	3-8	1-30

¹ When commodity loan is repaid by forfeiting collateral, no interest is charged. On export loans lower interest is charged during initial grace period.

² On student loans, maturities begin when student leaves school and exclude periods of military or Peace Corps service.

³ In addition, property improvement loans are insured for 4 $\frac{1}{2}$ % to 5 $\frac{1}{8}$ % discount per year (or an effective annual rate of 8.8% to 10.6%), and with maturities of 6 months to 7 years.

⁴ Indefinite.

Interest rates charged on direct loans vary both among the numerous Federal credit agencies and sometimes among the types of loans made by a single agency. Some of the differences in rates reflect differences in the cost of providing the loan (including the cost of borrowing the necessary funds), of administering the several 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. Frequently, these 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 borrowers 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. Numerous changes in the statutory provisions governing interest rates have provided greater administrative flexibility to adjust rates to correspond with the changing conditions of the private credit market.

In a few cases, interest rates paid by the borrowers on insured loans are set below the market rate and a secondary market is provided to assure the willingness of the private lender to originate the loans. The Federal Housing Administration for example, was authorized in the Housing Act of 1961 to insure certain types of loans to finance moderate-income housing at rates (currently 3%), well below those prevailing in the private market and the Government National Mortgage Association has been purchasing all of such mortgages.

In other cases, the Federal agency pays part of the interest cost necessary to obtain private financing. For example, loans made by the Commodity Credit Corporation at 3½% interest to farmers are pooled and sold to investors with a CCC guarantee at market rates of interest—6% in December 1968. Similarly, the Farmers Home Administration sells direct loans (on an insured basis) to private investors at discounts sufficient to assure market yields to the purchasers. And, under 1968 legislation, instead of large continuing commitments for GNMA purchases, in 1970 contracts will be made for Federal payments to reduce to as low as 1% the interest costs on private borrowing of homeowners and landlords providing moderate income housing.

Unlike most other programs, Government outlays on credit programs are largely or wholly repayable with interest, so that the ultimate net cost is normally low. Some programs are fully self-supporting; in others, income from interest payments or insurance and guarantee fees covers most of the current expenses, and sometimes provides reserves for future losses. But a substantial number of loan programs contain an element of subsidy; e.g., by lending at more favorable interest rates than the cost of money to the Government and/or at rates inadequate to defray the administrative expenses of the program or to establish an adequate reserve for probable future losses.

The Commission on Budget Concepts recommended:

(a) "That the full amount of the interest subsidy on loans compared to Treasury borrowing costs be reflected and specifically disclosed in

the expenditure account of the budget, and furthermore, that it be measured on a capitalized basis at the time the loans are made"; and

(b) "That effective measures be developed to reflect (in the expenditure rather than the loan account of the budget) the further subsidy involved in the fact that Federal loans have a larger element of risk than Treasury borrowing. This should be done by creation of allowances for losses and making appropriate credits to those allowances and charges to expense as new loans are extended."

The Commission recognized and experience has proved that extensive further study and consultation would be necessary to develop the information and methods necessary to place these recommendations in force. In the interim, as this analysis indicates, many changes have been occurring in the level and type of direct lending activity in the loan account. Three major groups of self-supporting credit agencies have converted to private ownership. Other major direct loan programs are being shifted to insured loans. To help accomplish this shift, several programs under recently enacted legislation have made explicit provision for interest supplements to be separately provided in order to reduce the costs to low or moderate income borrowers while maintaining gross interest rates high enough to be attractive to private lenders. The net effect of several of these programs will be to transfer most or all of the interest subsidies on future loans to the expenditure account without requiring special accounting provisions to transfer between accounts. This approach permits a considerable expansion in insured loans, both under existing and proposed legislation, while at the same time adding to the current costs the necessary amounts of interest subsidies.

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. Lenders can, safely, extend their loan maturities and borrowers can take advantage of lower periodic installments to acquire assets yielding income or tangible benefits over a long period of years.

GOVERNMENT-SPONSORED CREDIT PROGRAMS

Six major groups of Government-sponsored privately owned institutions administer credit programs. The programs of these institutions are neither included in the budget totals nor subject to budgetary control. Detailed schedules and explanatory statements of five of these groups and of the Board of Governors of the Federal Reserve System are printed as annexed budgets in Part III of the Appendix. The operations of the Federal Reserve banks have no direct effect on budget totals, but payments of excess Federal Reserve profits are regularly made to the Treasury and become budget receipts.

Table E-5. OUTSTANDING LOANS FOR MAJOR GOVERNMENT-SPONSORED CREDIT PROGRAMS (in millions of dollars)

Agency	Outstanding at end of—			
	1967 actual	1968 actual	1969 estimate	1970 estimate
Department of Housing and Urban Development: Federal National Mortgage Association.....	1 4, 592	1 6, 624	8, 122	9, 772
Farm Credit Administration:				
Banks for cooperatives.....	1 1, 298	1 1, 457	1, 669	1, 884
Federal intermediate credit banks.....	1 3, 544	1 3, 940	4, 413	4, 942
Federal land banks.....	5, 304	5, 973	6, 519	7, 165
Federal Home Loan Bank Board: Federal home loan banks.....	4, 302	4, 889	5, 800	7, 300
Federal Reserve, Board of Governors: Federal re- serve banks.....	204	439	(²)	(²)
Total.....	19, 244	23, 322	26, 523	31, 063

¹ During mixed-ownership status.

² Estimates are not available.

Three of the six groups of credit agencies have been converted to private ownership pursuant to legislation enacted by the last Congress. All three of them, as well as the Federal land banks and the Federal home loan banks, have been expanding their programs in recent years and anticipate continuing growth through 1970. If the outstanding loans of the newly converted private agencies at the close of 1968 are used as a base, the five groups of agencies (excluding the Federal Reserve banks) anticipate a net increase of \$8.2 billion in their outstanding portfolios during the 2-year period ending June 30, 1970.

SUMMARY OF LEGISLATION AUTHORIZING NEW AND BROADENED FEDERAL CREDIT PROGRAMS

The following summary lists all legislation authorizing new Federal credit programs or revising existing programs in major respects enacted during the last session of Congress. It excludes simple extensions in expiring laws and increases in funds for continuing programs.

I. Agency for International Development, and Export-Import Bank

A. Foreign Assistance Act of 1968—Public Law 90-554

Revises interest rates for development loans and standards for guaranties of investments in financial institutions.

B. Amendments to Export-Import Bank Act of 1945—Public Law 90-267

Prescribes more specific standards for recipients and purposes of Export-Import Bank loans.

C. Additional authority for Export-Import Bank—Public Law 90-390

Broadens lending criteria to provide more flexibility in assisting U.S. balance of payments.

D. Foreign Military Sales Act—Public Law 90-629

(1) Authorizes President to make direct credit sales of defense articles abroad, and to guarantee political and credit risks of private financing on a partial reserve basis; and (2) prohibits Export-Import Bank from financing future sales of such articles to less developed countries.

II. Department of Agriculture

A. Amendments to Consolidated Farmers Home Administration Act of 1961—Public Law 90-488

(1) Broadens lending authority to include loans for enterprises to supplement farm income and for farm conversion to recreation; and (2) establishes a flexible interest formula.

III. Department of Commerce

A. Amendment to Merchant Marine Act of 1936—Public Law 90-341

Provides flexible maximum interest rates on insured ship mortgage loans.

IV. Department of Health, Education, and Welfare

A. District of Columbia Medical Facilities Construction Act of 1968—Public Law 90-457

Authorizes long-term, low-interest loans to help finance construction and modernization of D.C. medical facilities.

B. Health Manpower Act of 1968—Public Law 90-490

Revises maximum amounts and repayment terms on student loans.

C. Amendments to higher education legislation—Public Laws 90-460 and 90-575

(1) Modifies insured student loan programs by: (a) authorizing Federal guarantees to cover 80% of losses on loans insured by non-Federal agencies, (b) revising terms of Federal advances to such agencies, (c) eliminating interest subsidies on insured loans during repayment period, (d) increasing size of individual loans, (e) providing more flexible interest rate and administrative cost allowances, and (f) liberalizing repayment deferments; (2) liberalizes administrative expense reimbursement and teacher cancellation provisions on NDEA student loans; and (3) authorizes annual interest grants to reduce cost of borrowing from non-Federal sources for academic facility construction.

D. Vocational Education Amendments of 1968—Public Law 90-576

Authorizes debt service grants to reduce borrowing costs from non-Federal sources for construction of residential vocational schools and dormitories.

V. Departments of Housing and Urban Development and Agriculture and Veterans Administration

A. Amendments to veterans and housing laws—Public Law 90-301

Provides more flexibility temporarily in maximum interest rates on federally guaranteed or insured housing loans.

B. Housing and Urban Development Act of 1968—Public Law 90-448

(1) Authorizes Federal payments to cover bulk of interest on private loans financing homeownership or rental housing for lower income families; (2) revises existing insurance programs by: (a) relaxing underwriting standards for older, declining urban neighborhoods, and (b) creating a Special Risk Insurance Fund for high risks arising from environmental conditions or the credit background of the mortgagor; (3) provides FHA insurance for loans for: (a) purchase of fee simple title from lessors, (b) supplemental improvements, (c) seasonal housing, and (d) nonprofit hospitals; (4) authorizes interest-free loans to nonprofit sponsors for planning low-income housing; (5) establishes new guarantee program for obligations issued to finance new community land development; (6) provides for conversion to private ownership of Secondary Market Operations of FNMA; (7) authorizes Federal guarantees of mortgage-backed securities issued by private financial institutions, including FNMA; (8) authorizes the Secretary of Agriculture to make housing loans with interest down to 1% to low-income families and to advance funds on liberal terms for housing for rural trainees and for mutual and self-help housing; and (9) authorizes debt service grants to reduce interest costs of colleges using non-Federal financing for housing and related facilities.

VI. Department of the Interior

A. Guam Development Fund Act of 1968—Public Law 90-601

Authorizes federally financed loans and loan guarantees for private economic development in Guam.

VII. Department of Justice

Omnibus Crime Control and Safe Streets Act of 1968—Public Law 90-351

Provides student loans for education related to law enforcement or preparing for employment in law enforcement.

VIII. Department of Transportation

A. Federal-Aid Highway Act of 1968—Public Law 90-495

Authorizes non-interest-bearing advances to States to permit early acquisition of rights-of-way and related relocation costs.

IX. Farm Credit Administration

Amendments to Federal Farm Loan Act and Farm Credit Act—Public Law 90-582

Authorizes conversion to private ownership of Federal intermediate credit banks and banks for cooperatives.

SPECIAL ANALYSIS F

PRINCIPAL FEDERAL STATISTICAL PROGRAMS

Principal statistical programs of the Federal Government in the 1970 budget are summarized in this analysis. The general year-to-year level of statistical activities of the various agencies is reflected in the amounts shown for current statistical programs. Recommendations in 1970 for current statistics total \$146.3 million. Periodic statistics, as distinguished from current, are characteristically derived from census-type surveys taken once or twice a decade, and amounts fluctuate widely from year to year depending upon the nature and periodicity of the activities. Recommendations for the periodic programs for 1970 aggregate \$149.2 million, nearly all of which represents the cost of taking the 19th decennial census.

Objectives of these programs are to provide accurate, comprehensive, and timely information on the functioning of the economy and welfare of the people, both for Government decisions and for private and general public use. The functions of collecting, processing, and analyzing 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 for the current program are summarized in table F-1. Information by agencies for both current and periodic programs is shown in table F-2.

Current statistical programs covered by this analysis represent the entire programs of some agencies but only that portion of the programs of other agencies constituting general-purpose statistical activity.

When adjustments are made because of reorganization of statistical units or activities, or new fields are covered, figures are carried back to both the current and previous years so that all 3 years covered by the special analysis are on a comparable basis. With increased resources devoted to crime statistics, this area is covered for the first time in this analysis as one of the principal Federal statistical programs.

A brief description of the major program changes is shown below by broad subject areas. The agencies which contribute to each subject area are shown in table F-1. Adjustments made for additional amounts required for increased pay costs and for savings resulting from increased productivity are not itemized in descriptive statements but are reflected in the totals.

LABOR STATISTICS

Work will continue on two projects initiated in 1969—the development of current estimates of job opportunities in about 30 major areas in conjunction with the collection of labor turnover statistics,

Table F-1. OBLIGATIONS FOR PRINCIPAL CURRENT STATISTICAL PROGRAMS, BY BROAD SUBJECT AREAS (in millions of dollars)

Program	1968 actual	1969 estimate	1970 estimate
Labor statistics (Department of Agriculture, Interior, and Labor; National Science Foundation).....	27.1	28.2	29.0
Demographic and social statistics (Departments of Agriculture, Commerce, Health, Education, and Welfare, and Justice; National Science Foundation; Office of Economic Opportunity).....	39.3	46.4	57.7
Prices and price indexes (Departments of Agriculture, Commerce, and Labor).....	6.6	7.0	7.4
Production and distribution statistics (Departments of Agriculture, Commerce, Defense, Interior, and Transportation; Civil Aeronautics Board; Interstate Commerce Commission).....	31.7	33.2	35.1
Construction and housing statistics (Departments of Commerce and Housing and Urban Development; Federal Home Loan Bank Board).....	3.5	4.3	4.7
National income and business financial accounts (Departments of Agriculture, Commerce, and Treasury; Federal Trade Commission; Securities and Exchange Commission).....	10.1	11.9	12.4
Total, principal current programs.....	118.3	131.0	146.3

and a detailed survey of employment problems in the slum areas of six large cities. For 1970, the BLS is requesting an additional \$200 thousand to develop new measures of persons experiencing employment problems. The funds would be used for additional tabulation and analysis of information already collected on the current population survey, together with the addition of supplementary questions on the CPS to help identify the groups of persons for whom manpower development programs are designed. The proposal should provide administrators with better estimates of the numbers and conditions of persons their programs are designed to assist.

DEMOGRAPHIC AND SOCIAL STATISTICS

Population statistics.—The 1970 budget requests no increase in the current statistical program for this area since the principal emphasis on population statistics during 1970 will be in connection with the 19th decennial census covered below under Periodic Programs. Work will continue on development of intercensal estimates of population and income for small areas based on administrative records. Consultation with and provision of technical assistance by the Bureau of the Census to States in making local population estimates will be expanded out of existing funds.

Health and vital statistics.—An increase of \$1.8 million is proposed for the National Center for Health Statistics. The largest individual item requested (\$505 thousand) is for professional and technical assistance to State and local areas, including support of an institute for training of personnel in health and vital statistics.

Table F-2. OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS, BY AGENCY (in millions of dollars)

Agency	1968 actual	1969 estimate	1970 estimate
CURRENT PROGRAMS			
Department of Agriculture:			
Economic Research Service: Statistical activities.....	3.4	3.5	3.7
Statistical Reporting Service.....	14.2	14.8	15.1
Department of Commerce:			
Bureau of the Census.....	17.1	18.1	18.7
Office of Business Economics.....	2.9	3.1	3.3
Department of Defense: Corps of Engineers: Domestic shipping statistics.....	1.1	1.1	1.1
Department of Health, Education, and Welfare:			
National Center for Educational Statistics.....	2.9	3.4	5.0
National Center for Health Statistics.....	7.9	8.0	9.8
Social Security Administration: Statistical and research activities.....	15.7	18.8	20.4
Social and Rehabilitation Service: Statistical and research activities.....	.7	.9	1.0
Department of Housing and Urban Development: Statistical activities.....	.5	.7	.9
Department of the Interior: Bureau of Mines: Mineral statistics.....	2.6	2.6	2.7
Department of Justice: Crime statistics.....	.7	3.0	7.1
Department of Labor:			
Bureau of Employment Security: Statistical activities.....	3.3	3.6	3.6
Bureau of Labor Statistics.....	21.0	22.0	22.9
Manpower Administration, Office of Manpower Research: Statistical activities.....	4.0	4.0	4.0
Department of Transportation: National transportation statistics.....	.6	1.5	2.9
Treasury Department: Internal Revenue Service: Statistical reporting.....	5.4	6.5	6.5
Civil Aeronautics Board: Statistical and research activities.....	.7	.8	.8
Federal Home Loan Bank Board: Statistical activities.....	.9	1.0	1.0
Federal Trade Commission: Financial statistics.....	.4	.4	.4
Interstate Commerce Commission: Reports and statistics.....	1.1	1.1	1.1
National Science Foundation: Statistics and special analyses.....	4.5	4.8	4.8
Office of Economic Opportunity: Statistical and research activities.....	6.4	6.6	8.6
Securities and Exchange Commission: Operational and business statistics; institutional investors study.....	.3	.7	.9
Total, current programs.....	118.3	131.0	146.3
PERIODIC PROGRAMS			
Department of Commerce: Bureau of Census:			
1964 census of agriculture.....	.4		
1967 economic censuses.....	7.1	7.9	3.5
1967 census of governments.....	.8	.6	
Preparation for 1972 census of governments.....			.2
Preparation for 19th decennial censuses.....	6.6	18.7	144.9
Modernization of computing equipment.....	4.0		
Department of Labor: Bureau of Labor Statistics: Revision of CPI.....			.6
Total, periodic programs.....	18.9	27.2	149.2
Total, principal statistical programs.....	137.2	158.2	295.5

Provision of small area data through coding and processing detailed address information on vital records for approximately 25 of the large metropolitan areas would utilize \$341 thousand of the increase. A total of \$250 thousand is for the development of a statistical system for obtaining information on family planning clinics and services; the proposed funding will be used to establish an interim system for collecting and disseminating information in this area and to develop a fully operational national system to supplant data collection programs currently being utilized by a number of Federal agencies and organizations.

Other projects for which increases are requested include: The development of a standard package health survey that can be conducted locally (\$185 thousand); development and testing of plans and procedures for the new cycle of the Health Examination Survey (\$150 thousand); provision of a comprehensive program for the collection and dissemination of data on health facilities and health manpower (\$280 thousand); an experimental program of developing and testing the possibility of making synthetic State estimates of disability and use of medical care (\$95 thousand).

Educational statistics.—An increase of \$1.6 million is requested for the 1970 budget of the National Center for Educational Statistics in the Office of Education. This expansion is needed to improve the timeliness of educational statistics, to eliminate significant gaps in basic educational information, and to provide data relevant to emerging educational objectives.

A significant portion of the additional funds requested will be used to reduce the timelag between collection and publication of current statistical data that are heavily relied upon throughout the educational community.

New surveys to be undertaken include: Survey of nursery-kindergarten enrollment, expanded to include socioeconomic characteristics of students, and to permit regional and national estimates; a survey of elementary and secondary school facilities and equipment in both public and nonpublic schools, to shed light on the adequacy, suitability, and distribution of school resources; a survey on the characteristics and career objectives of college students to facilitate manpower planning for educational personnel; measurement of the relationship between the kind and amount of vocational education and adult life patterns, including income level, occupation, and community involvement; a survey of the field of educational television with a view to collecting much needed data on the extent of use, facilities now existing or needed, and subject matter offered.

Additional emphasis will be placed on new and revised handbooks and manuals of standard educational terminology, definitions, and recordkeeping practices. These serve as the foundation of a comprehensive system of educational information for use in the management and operation of local school systems.

Social security statistics.—An increase of \$1.6 million is recommended for 1970 for the statistical and research activities of the Social Security Administration. The major part of this increase would cover contractual costs related to evaluation studies of officially approved incentive reimbursement experiments for medical care as authorized under section 402 of the Social Security Amendments of 1967.

The current Medicare survey continues to obtain, from a sample of households, timely information on the use of services and accruing liabilities under the Medicare program. Two recent supplements to the survey will provide information on the demographic and economic characteristics of all persons aged 65 and over. The proposed increase would also cover increased costs in the collection and processing of data.

The survey of disabled adults would be continued as scheduled. This is a three-part survey which collected information from households in 1967 and from persons in institutions in 1968. The third phase will be a followup with a subsample of the study population to examine changes in disability and income support status since early 1966.

Funds are included in the 1970 budget for data processing and preparation of tabulations for the first stage of the retirement history survey. This is a longitudinal survey which will follow persons in the 58 to 62 age group for a period of 10 to 12 years to evaluate the changing needs of those who are retired or about to retire. Fieldwork on the first stage is being undertaken in 1969.

Other analyses and research continue on special subjects such as income-maintenance programs, lifetime earnings, alternative measures of program adequacy, and social security in other countries.

Welfare statistics.—This analysis includes only the activities of the statistical center in the Social and Rehabilitation Service. This area will continue in 1970 at about the same level as in 1969. A small increase of \$100 thousand is requested to permit several new studies, including: A pilot study to determine, by mail questionnaire to AFDC mothers, the conditions and facilities required, such as day care, that would permit them to work; the development of tabulation plans covering backgrounds, treatments received, and payments to clients served by Vocational Rehabilitation.

Economic opportunity.—This area includes basic research and statistics on poverty and evaluation of antipoverty programs. An increase of \$2 million in 1970 is requested for the Office of Economic Opportunity. The major part of the increase (\$1.5 million) is to extend the evaluation of Community Action programs to include a study of what kinds of Federal, State, or local programs have the greatest impact on poverty reduction; this study would concentrate on establishing the relationships among social indicators and inputs from different kinds of government programs on one hand, and economic progress or poverty reduction on the other.

Other projects under consideration by OEO are evaluations of an income maintenance program, a "Federal employer as last resort" program, family allowances, as well as continuing programs such as Vista and Legal Services.

Also included is a request for \$175 thousand by the Economic Research Service of the Department of Agriculture to begin the development of rural economic indicators. The initial emphasis will be on assembling annual series of demographic and social statistics that describe county changes in population, employment, income, output, and other socio-economic factors. Supporting analytical economic framework will be strengthened to provide improved bases for assessing regional variations in the growth potential of present resources and for methodological improvements.

Crime statistics.—This activity is being included in Principal Statistical Programs for the first time in recognition of increased emphasis through the establishment of a National Criminal Statistics Center in the Law Enforcement Assistance Administration of the Department of Justice. Also covered are the statistical activities of the Federal Bureau of Investigation, the Bureau of Prisons, the Bureau of Narcotics and Dangerous Drugs, and that part of the Social and Rehabilitation Service dealing with juvenile crime.

An increase of \$4.1 million is recommended in the 1970 budget for the Criminal Statistics Center, of which \$2.4 million will be used for grants to States to improve their statistics on crime and the judicial and correctional processes. The remainder of the increase will be used by the Center to improve existing data and to fill in some of the existing statistical gaps in this area, and to begin the development of a comprehensive, coordinated, and comparative body of statistics in this field.

PRICES AND PRICE INDEXES

With two exceptions, work in the price area will remain at the same level in 1970 as in 1969.

Funds are requested for the Bureau of Labor Statistics to initiate the decennial comprehensive revision of the Consumer Price Index (see Periodic Programs below). Increased funds in the amount of \$200 thousand are requested for the Bureau of the Census to place its annual price index for single family homes on a quarterly basis, to provide indexes annually for the four geographic areas, and to begin the development of a price index for multifamily dwellings. Many reviews of the Federal statistical program have pointed out the weaknesses of construction price data now being used and the request for 1970 is another step in the development of a comprehensive set of indexes for various types of construction.

PRODUCTION AND DISTRIBUTION

An increase of \$169 thousand is requested for the Bureau of the Census to extend the present monthly series on manufacturers' inventories to include inventories held by manufacturing companies at their nonmanufacturing locations, such as central offices, sales branches, and warehouses.

The budget for the Statistical Reporting Service, Department of Agriculture, includes \$140 thousand for initiation of probability surveys to improve the accuracy of the quarterly farm grain stocks estimates. Funds are also requested for two lines of research in statistical techniques and methodology—\$32 thousand to study and develop the optimum combination of samples of geographic areas and lists of farms in crop and livestock estimating work, and \$40 thousand to explore the potentiality of using remote sensing (observations from satellites or aircraft) as a source of measures of land acreage in different agricultural uses.

CONSTRUCTION AND HOUSING STATISTICS

Increased funds in the amount of \$250 thousand are requested for the Bureau of the Census for improvement of the construction value-in-place series, particularly the private nonresidential construction

segment. These funds would be used to expand the sampling frame where necessary in order to reduce sampling error, to provide separate data for stores and office buildings, and to place hotels, motels, and dormitories on an actual progress-reporting basis. This is another step in a long-term plan to measure current construction activity as accurately as is required for the many purposes for which this series is used.

The budget also includes a net increase of \$175 thousand for the statistical work of the Department of Housing and Urban Development. A large part of the new statistical activity would be financed with funds, if again available, that were used for projects now completed or only require lesser amounts in 1970 than in 1969. A new survey would be undertaken to determine the rates at which new rental housing is absorbed by the market (\$150 thousand). Another survey in a series planned on a periodic basis of once every 2 or 3 years would be conducted to determine the income levels and other characteristics of families obtaining new rental and sales housing (\$250 thousand).

It is expected that the mortgage flow and forward loan commitment series begun in 1969 will be in full operation during 1970. This will require a small addition of \$30 thousand. Work will be continued in 1970 at a reduced level on the development and testing of a survey that can be used by localities to obtain data on housing conditions; the major part of this work will be accomplished in 1969. Other activities will continue at the same rate in 1970 as in 1969.

NATIONAL INCOME AND BUSINESS FINANCIAL ACCOUNTS

Economic accounts.—During 1970 the estimates by the Office of Business Economics, of gross national product by industry, which are presently provided annually, would be put on a quarterly basis, mainly for industries which show large cyclical swings. The budget request for this work is \$76 thousand. In addition, the Office of Business Economics plans to strengthen the plant and equipment survey by: (a) expanding its coverage to include the service-type industries and nonprofit institutions; and (b) to obtain from all industries a separation of their investment activity as between plant and equipment. A total of \$100 thousand is requested for these improvements.

Financial statistics.—The Securities and Exchange Commission in 1970, will step up the pace of work on its special study of the Impact of Institutional Investors on Securities Markets. Initiated in the latter part of 1969, through a supplemental funding of about \$250 thousand, the SEC will perform additional fieldwork and complete the analysis and presentation of results. An increase of \$200 thousand is requested for the 1970 phase of this study.

PERIODIC PROGRAMS

Taking the 19th decennial censuses.—The major cost of the 19th decennial censuses will be incurred during 1970. Increased funds in the amount of \$144 million are requested for this purpose, of which \$136 million is for the Census of Population, Unemployment, and Housing and \$8 million is for the Census of Agriculture, including irrigation and drainage.

The Census of Population, Unemployment, and Housing will provide for complete counts of the population and housing units. Data from a sample of households will provide statistics regarding significant demographic characteristics and housing conditions. The basic enumeration method will be mail-out/mail-back with followup, although the traditional enumerator canvass will be used for about 35 to 40% of the population.

Funds requested for the 19th decennial census also includes \$750 thousand for preparatory work in connection with sample surveys in the poverty areas of major cities to follow the census and to collect information regarding unemployment, underemployment, and nonparticipation in the labor force.

The Census of Agriculture will provide a complete count of the number of farms, the characteristics of farms and farm operations, use of agricultural land, production and sales of farm products, farm credit and debt, and principal cash expenditures. A mail-out/mail-back procedure will be used to collect the data.

The 1970 work includes completion of preparatory work for the censuses, collection of the data, and the beginning of data processing.

Census of governments.—Funds in the amount of \$200 thousand are requested to begin preparatory work in connection with the 1972 Census of Governments.

Revision of Consumer Price Index.—Funds are requested (\$600 thousand) to initiate the decennial comprehensive revision of the Consumer Price Index. The funds requested for 1970 will provide for the developmental work needed in view of major changes contemplated in concepts, coverage, and technical procedures. A consumer expenditure survey will be undertaken in 1972 and 1973 and the 5-year program will culminate with the issuance of revised CPI indexes in January of 1975.

SPECIAL ANALYSIS G

UNOBLIGATED BALANCES OF BUDGET AUTHORITY AVAILABLE IN 1970

This analysis presents the results of a study of unobligated balances expected to be available for obligation or commitment after June 30, 1969. The study was made in response to the provisions of section 204 of the Revenue and Expenditure Control Act of 1968 (Public Law 90-364), which requires that:

- A special study and analysis be made of 1969 unobligated balances that are expected to remain available in 1970;
- A report on this study and analysis be made to the Congress when the 1970 budget is transmitted; and
- The report include specific recommendations for rescission of not less than \$8 billion of such balances.

This analysis constitutes the report called for in Public Law 90-364. Possible rescissions in the required amount are specified at the conclusion of the report; however, they are not reflected in the 1970 budget schedules because the President does not favor such rescissions.

Table G-1 summarizes the data considered in this study. Two major features should be noted:

First, only unobligated balances of Federal funds were considered. Similar balances in trust funds were excluded, since they represent mainly receipts which are firmly committed for a specified use in the future.

Second, small balances, defined as under \$20 million in any account, were excluded. Of the 1,063 presentations of Federal fund appropriations and other accounts in the 1970 Budget Appendix, there are 96 that show unobligated balances of \$20 million or more at the end of 1969, amounting in total to \$48,674 million. The remaining 967 schedules include those with unobligated balances under \$20 million, which amount to a total of \$416 million.

**Table G-1. SUMMARY OF UNOBLIGATED BALANCES ESTIMATED
TO BE AVAILABLE IN 1970 (in millions of dollars)**

	End of 1969 estimate	
Total unobligated balances shown in 1970 budget schedules.....		139,238
Deduct trust fund balances.....		90,148
Total Federal fund balances.....		49,090
Deduct Federal fund balances of less than \$20 million.....		416
Total Federal fund unobligated balances considered in study (accounts of \$20 million or more).....		48,674
Department of Defense—Military.....	11,481	
Civilian agencies.....	37,193	

CHARACTERISTICS OF UNOBLIGATED BALANCES

Balances of budget authority—both obligated and unobligated—are a natural outgrowth of the Federal budget system, in which outlays can only occur subsequent to the enactment of appropriations or other forms of budget authority. In the case of most Government accounts, the timelag between appropriations of budget authority, obligations of funds, and related outlays is relatively short, and appropriations not obligated by the end of the fiscal year expire. However, in other cases, such as major procurement and construction programs, obligations and outlays may occur over a period of years after the budget authority is granted, and balances are carried forward until the authority is obligated and spent. In still others, authority is provided for possible emergencies, and is hoped not to be actually needed; if such authority is not needed nor used, it is carried forward as part of the balances year after year.

To the extent that unobligated balances affect program levels and anticipated outlays for a given fiscal year, they must be considered in executive formulation and congressional action on requests for new budget authority. Nevertheless, it should be noted that they do not represent cash on hand and therefore, if canceled or rescinded, there is no return of cash to the Treasury.

Nature of unobligated balances.—There are several major reasons for the large unobligated balances in the Federal budget. For purposes of this analysis, the Federal fund balances (covering accounts with balances of \$20 million or more), are classified in the categories set forth below (see table G-2). These categories are *not mutually exclusive* since an individual item might justifiably be placed in more than one category, but they do serve to illustrate the basic characteristics of these balances.

Guarantee and insurance programs.—The Federal Government provides guarantees and insurance in certain areas, notably in housing and banking activities. In these kinds of programs, appropriations or other budget authority have been provided as contingency backup against claims. To the extent such authority is not used, the amounts are carried forward as unobligated balances. Of the \$48.7 billion Federal fund balances estimated to remain unobligated at the end of 1969, \$21.6 billion (45%) fall into this category.

A significant portion of this amount is basically *standby authority* which is hoped not to be used in the foreseeable future—for example:

- \$6,633 million is available for investment in the International Bank for Reconstruction and Development and other international financial institutions, if these institutions make a “call” upon member nations for more paid-in capital;
- \$3,000 million is available for investment in the Federal Deposit Insurance Corporation;
- \$2,250 million is available for investment in the Federal National Mortgage Association; and

Table G-2. NATURE OF UNOBLIGATED BALANCES OF FEDERAL FUNDS¹
(in millions of dollars)

Category and agency	End of 1969 estimate	
Guarantee and insurance programs		21,586
International financial institutions.....	6,633	
International Bank for Reconstruction and Development (5,715).		
Inter-American Development Bank (818).		
Asian Development Bank (100).		
Department of Housing and Urban Development.....	6,458	
Government National Mortgage Association:		
Loans to Federal National Mortgage Association (2,250).		
Participation Sales Fund (871).		
Public housing (1,272).		
Federal Housing Administration fund (1,228).		
Flood and riot insurance operations (538).		
Urban renewal loans (299).		
Federal Home Loan Bank Board (1,000 for investment in banks; plus 750 backup authority and 2,275 reserves in Federal savings and loan insurance fund).....	4,025	
Federal Deposit Insurance Corporation.....	3,000	
Other.....	1,470	
Full funding policy		11,366
Department of Defense—Military.....	10,554	
Procurement (8,683).		
Military construction (1,090).		
Research, development, test, and evaluation (781).		
Civilian agencies.....	812	
Loan programs		11,208
Department of Housing and Urban Development.....	5,300	
Government National Mortgage Association: Special assistance and management and liquidating functions (2,318).		
College housing (2,618).		
Public facility loans (292).		
Housing for the elderly (72).		
Export-Import Bank.....	2,387	
Department of Agriculture.....	1,164	
Farmers Home Administration (1,136).		
Rural Electrification Administration (28).		
Veterans Administration.....	686	
Other.....	1,671	
Other		4,514
Department of Housing and Urban Development.....	1,704	
Department of Defense—Military.....	903	
Department of Agriculture.....	300	
Tennessee Valley Authority.....	461	
Department of Health, Education, and Welfare.....	237	
Department of Transportation.....	417	
Other.....	492	
Total		48,674

¹ Covers accounts with balances of \$20 million or more.

• \$1,750 million is available for investment in Federal home loan banks, and as backup for Federal savings and loan insurance. For the domestic financial institutions listed above, Federal investment funds are held available for use if funds are ever needed for the protection of insured deposits or for loans in a financial emergency.

Some *reserves against losses* which are counted as unobligated balances in this category derive from fees, premiums, and other types of collections obtained from the protected groups themselves. Such reserves are essentially akin to funds held in trust. Significant items in this group include \$2,275 million in fees and premiums collected from insured savings and loan institutions, and \$1,228 million for Federal housing insurance.

Most of the remaining balances in this category are in the Department of Housing and Urban Development, which has an estimated \$2,980 million in balances representing *backup* for various kinds of programs. Of this amount, \$1,571 million is backup for guaranteed private loans in the low-rent public housing and urban renewal programs, and \$538 million is available for prompt payment to insurance companies of reinsurance claims in flood indemnity and riot damage cases. The Department also has \$871 million for payment to holders of participation certificates as they mature.

Full funding policy.—Except for a few programs (mainly water resources), the Federal budget system provides for full funding; i.e., appropriating budget authority for the entire cost of a major procurement program or a construction project at the time it is started. Of the \$48.7 billion Federal fund balances estimated to remain unobligated at the end of 1969, \$11.4 billion (23%) is attributable to the full funding policy. This includes most of the balances of the Department of Defense (\$10,554 million), and \$812 million in civilian agencies for construction of ships, buildings and facilities, and roads and trails.

Full funding has the effect of setting a limit on the size of the specific program or project. Since this approach discloses to Congress the estimated full cost involved before the work actually begins, decisions can be made with a greater awareness of the amounts the Government is committing itself to spend. Full funding also provides the executive branch with more flexibility in programing work if economic or other conditions change, and in making more efficient use of resources in the conduct of the work.

On the other hand, full funding places larger unobligated balances in the hands of the executive branch than would otherwise exist. This has the effect of making it unnecessary for the Congress to review program funding in these cases each year. However, the Congress can, if it so desires, examine the progress in each fully funded project annually, and take positive action to reaffirm or revise earlier decisions if the situation has changed since the funding was provided.

Under the full funding concept, it should also be recognized that funds may be *committed* to a given purpose, even though legally unobligated. For example, in the Department of Defense, funds are committed when the contracting organizations are directed to proceed with procurement—that is, before invitations to bid are issued. Thus,

funds are clearly earmarked for specific projects when contractors are asked to bid. This avoids having bidders go to the expense of responding to an invitation to bid only to find that no contract can be awarded due to unavailability of funds. This practice of earmarking funds is an important aspect of the Department of Defense's system for program and financial controls, and provides assurance to the business community that contracts will be awarded when an acceptable bid is developed.

Loan programs.—Another sizable category of unobligated balances relates primarily to the financing of loan programs. Approximately 23% of the unobligated Federal fund balances estimated to be carried over into 1970—\$11.2 billion—is in loan programs.

These programs generally are financed through revolving or business-type funds, which are established to carry on a cycle of operations, mainly with the public. Most of these funds are expected to be self-sustaining over a period of years. Their capital requirements are supplied through budget authority. As they generate receipts from their own operations, they pay interest or return unneeded capital. Balances of the revolving funds usually consist of the assets of the funds, or of undrawn authorizations to borrow from the Treasury or on their own.

Almost half of the unobligated balances in this category (\$5,300 million), is in the Department of Housing and Urban Development, largely for the special assistance and management and liquidating functions of the Government National Mortgage Association (\$2,318 million) and the college housing program (\$2,618 million).

Many of the programs in the Department of Housing and Urban Development require budget authority on a long-leadtime basis in order to provide assurance to the potential borrower or contractor that adequate financing will be available for the total cost involved. The requirements for these programs are complex, and considerable time and money is required on the part of the applicant to develop a project to the stage where the Government can enter into a firm legal obligation. To deal with this problem, a *reservation* system has been worked out under which the Government sets aside sufficient financing at the time it is convinced that the applicant can develop a project that will meet requirements. These reservations are converted into legal obligations when an acceptable application is submitted and approved. The amounts so reserved are counted as unobligated until the final agreement or legally binding contract is actually consummated.

In the absence of this reservation system, most applicants would be unwilling to spend the time and money needed to develop applications, and projects needed to accomplish Federal objectives would not be started. On the other hand, if the Government negotiated with applicants in the absence of fund availability, the Congress and the executive branch could be faced with demands for additional appropriations from applicants who felt the Government had made a moral commitment to finance the projects once it encouraged their

development. The reservation system, therefore, protects applicants against wasted effort and enables the Government to attain its objectives more effectively and to improve its control over the amount of outlays to which it is committed.

The Farmers Home Administration and the Veterans' Administration also carry sizable, although considerably smaller, unobligated balances for housing loan programs, totaling \$1,822 million at the end of 1969. Another loan revolving fund program with a substantial unobligated balance is the Export-Import Bank (\$2,387 million).

Other.—Of the remaining \$4.5 billion (9%) of unobligated balances estimated to be carried forward into 1970, \$903 million is in the Department of Defense industrial fund operations. These balances are characteristic of industrial fund activity—they are attributable mainly to the timelag that occurs between receipt of a work order by the fund, and completion of the work required under the order. The Department of Housing and Urban Development has \$1,704 million in this category, representing primarily urban renewal grant authority which is reserved for obligation when acceptable applications are developed. Another \$1,907 million represents scattered balances which are largely in programs involving both direct construction and construction grants. These include road, highway safety, and aviation programs of the Department of Transportation; public buildings management; and hospital and health facilities construction. Also included are the balances carried under the program for removal of surplus agricultural commodities, and the uncommitted authority of the Tennessee Valley Authority to issue bonds for its power program, estimated at \$461 million at the end of 1969.

Unobligated Federal fund balances, by agency and type.—

Given the general characteristics of unobligated balances, it is predictable that most of the unobligated Federal fund balances of civilian agencies would occur where there are large lending or insurance activities, and would tend to be financed in the form of authorizations to expend from debt receipts or revolving funds, rather than through regular appropriations. Table G-3 summarizes these balances by agency and shows the types of financing involved.

As the table indicates, almost one-fourth of the total unobligated Federal fund balances are in the Department of Defense. The Departments of Defense and Housing and Urban Development together represent over one-half of the total.

Table G-3. SUMMARY OF UNOBLIGATED BALANCES OF FEDERAL FUNDS ESTIMATED TO BE AVAILABLE IN 1970, BY AGENCY AND TYPE ¹

(in millions of dollars)

Agency and type of authority	End of 1969 estimate	Percent of total	Percent of civilian total
Agency			
Department of Defense—Military.....	11,481	23.6	-----
Civilian agencies.....	(37,193)	(76.4)	-----
Department of Housing and Urban Development.....	13,462	27.6	36.2
International financial institutions.....	6,633	13.6	17.8
Federal Home Loan Bank Board.....	4,025	8.3	10.8
Export-Import Bank.....	2,387	4.9	6.4
Federal Deposit Insurance Corporation.....	3,000	6.2	8.1
Veterans Administration.....	1,527	3.1	4.1
Department of Agriculture.....	1,991	4.1	5.4
Other.....	4,168	8.6	11.2
Total.....	48,674	100.0	100.0
Type of authority			
Appropriations.....	(13,687)	(28.1)	-----
Department of Defense—Military.....	10,554	21.7	-----
Civilian agencies.....	3,133	6.4	8.4
Authorizations to expend from debt receipts (all civilian).....	23,425	48.1	63.0
Contract authorizations (all civilian).....	2,232	4.6	6.0
Revolving and management funds.....	(9,330)	(19.2)	-----
Department of Defense—Military.....	927	1.9	-----
Civilian agencies.....	8,403	17.3	22.6
Total.....	48,674	100.0	100.0

¹ Covers accounts with balances of \$20 million or more.

Balances of appropriations comprise 28% of the total unobligated balances, most of them for the Department of Defense. The remaining balances in Defense (2% of the total) are financed through revolving and management funds. For the civilian agencies, about 6% of the total balances are in appropriations, while 70% is financed through authorizations to expend from debt receipts, contract authorizations, or revolving and management funds.

ANALYSIS OF ESTIMATED REQUIREMENTS FOR FEDERAL FUNDS UNOBLIGATED BALANCES IN 1970

Summary.—An analysis has been made of the estimated requirements in 1970 for the Federal fund unobligated balances which will remain available in that year. This analysis reflects an appraisal of the operations and plans of the agencies for obligating some or all of their balances in 1970, consideration of the characteristics of the balances as described above, and the possibilities and effects of rescinding the balances in 1970. The resulting evaluation is briefly summarized in table G-4.

Table G-4. REQUIREMENTS FOR UNOBLIGATED BALANCES OF FEDERAL FUNDS IN 1970¹ (in millions of dollars)

Description	End of 1969 estimate	
Planned for obligation in 1970.....		16,927
Department of Defense—Military.....	9,481	
Civilian agencies.....	7,446	
Not planned for obligation in 1970, but held for others (e.g., reserves against losses in guarantee and insurance programs) ²		4,940
Not planned for obligation in 1970 and available for rescission if statutes are changed (e.g., revising the basis for providing backup in various insurance and guarantee programs) ²		16,420
Not planned for obligation in 1970 and available for rescission if administrative practices are changed (e.g., departing from the full funding policy).....		2,913
Department of Defense.....	2,000	
Civilian agencies.....	913	
Not planned for obligation in 1970 and available for rescission under present statutes and practices ²		7,474
Total		48,674

¹ Covers accounts with balances of \$20 million or more.

² Involves only civilian agencies.

Planned for obligation in 1970.—Based on the budget proposals for 1970, \$16.9 billion (almost 35%) of the \$48.7 billion unobligated Federal fund balances is estimated to be obligated in 1970 for various programs. Assuming no major changes in the budgeted levels, if some or all of these balances were rescinded, a like amount of budget authority would have to be proposed for 1970 to keep the programs on schedule.

For the Department of Defense, an estimated \$9,481 million of the balances will be obligated, largely for procurement. Furthermore, practically all of the remaining \$2,000 million balances will be earmarked or committed to use for specific programs or projects. These balances, as noted earlier, arise almost entirely from the Defense practice of fully funding major weapons systems and construction projects.

For the civilian agencies, \$7,446 million is estimated to be obligated in 1970. Of this total, \$2,750 million is for programs of the Department of Housing and Urban Development. For the most part, these represent amounts reserved but unobligated on June 30, 1969, which are expected to be converted to obligations in 1970.

Other Federal fund balances as of June 30, 1969 which are estimated to be obligated in 1970 are detailed in table G-5, showing the agency involved and the programs for which the funds will be used.

Held for others.—An estimated \$4.9 billion (10%) of the unobligated Federal fund balances are held for others. They consist primarily of reserves against losses in guarantee and insurance programs derived from fees, premiums and other receipts collected from the group served by the program and held for them for possible later use or distribution. These balances closely resemble those of trust funds. The breakdown of this total is reflected in table G-6.

Table G-5. UNOBLIGATED FEDERAL FUND BALANCES PLANNED FOR OBLIGATION IN 1970¹ (in millions of dollars)

Agency and program	End of 1969 estimate
Department of Defense—Military	9,481
Procurement.....	6,833
Military construction.....	940
Research, development, test, and evaluation.....	781
Revolving and management funds.....	927
Department of Housing and Urban Development	2,750
Urban renewal programs.....	1,467
Government National Mortgage Association: Special assistance functions.....	640
College housing loans.....	167
Model cities programs.....	121
Other.....	355
Export-Import Bank: Loan program	1,361
Department of Agriculture	720
Farmers Home loan and credit insurance programs.....	692
Rural Electrification—loan program.....	28
Small Business Administration: Loan program	498
Department of Labor: Advances to State Employment Services pending tax collections	341
Department of Health, Education, and Welfare: Mainly hospital construction	284
Agency for International Development: Economic assistance program	271
Department of Transportation: Largely for highway safety and aviation programs	222
General Services Administration: Public buildings construction and management	148
Veterans Administration: Mainly housing loan programs	146
Department of Defense—Civil: Construction program	124
Tennessee Valley Authority: Power program	122
Commerce: Merchant ship construction	102
Other	357
Total	16,927

¹ Covers accounts with balances of \$20 million or more.

Available for rescission if statutes are changed.—An estimated \$16.4 billion (34%) of unobligated balances in Federal funds is in this category. Most of these could be rescinded by converting from definite to indefinite authority the backup or emergency financing of various guarantee or insurance programs. This would not change the nature of the Government's contingent liability, and would not reduce the actual availability of funds if they were needed for obligation. However, it would eliminate the balances from the unobligated total because the amounts available would no longer be specifically stated and therefore could not be counted. For the most part, these balances represent standby borrowing authority not expected to be obligated in the foreseeable future.

Conversion rather than outright rescission would be necessary to continue the programs, but entails some lessening of control over potential program levels in the unlikely event the authority is needed at some time in the future. Some period of concern in the private markets could occur, mainly because of the uncertainty surrounding changes in traditional procedures. There would probably be particular sensitivity to changes in the standby authority for the international financial institutions, and agreement between the Treasury Department and the institutions would be required.

Table G-6. UNOBLIGATED FEDERAL FUND BALANCES HELD FOR OTHERS¹ (in millions of dollars)

Agency	End of 1969 estimate	
Department of Housing and Urban Development.....		2,063
Government National Mortgage Association (participation sales fund—collections to be used for payment to holders of participation certificates, 871; special assistance and management and liquidating functions, 150).....	1,021	
Federal Housing Administration fund—insurance fees and premiums collected from homeowners.....	1,004	
Federal Insurance Administration—accumulated premiums in insurance fund.....	38	
Federal Home Loan Bank Board (Federal Savings and Loan Insurance Corporation insurance reserves—fees and premiums collected from insured institutions).....		2,275
Veterans Administration (premiums and interest in reopened and special term insurance programs).....		352
Agency for International Development (Foreign investment guarantee fund—fees, sales of assets, etc.).....		108
District of Columbia—loans for capital outlay.....		65
Department of Transportation—amounts required for supersonic aircraft development program.....		55
Department of Agriculture (Federal crop insurance premiums).....		22
Total		4,940

¹ Covers accounts with balances of \$20 million or more.

The Department of Housing and Urban Development has \$4,134 million in this category. Of this total, \$2,250 million is available to make loans to the Federal National Mortgage Association if it should be unable to continue borrowing on the private market. This standby authority represents 30% of the \$7,500 million of such private borrowings expected at the end of 1969. Another \$1,384 million is borrowing authority that backs up loan commitments to localities for urban renewal and public housing. Most of these commitments are never disbursed, because localities are able to obtain private financing as long as the Federal commitment is outstanding. The unobligated balance represents 19% of the expected outstanding loan commitments which are undisbursed and not covered by obligations. The remaining \$500 million is available to pay reinsurance claims in the civil disorder and flood insurance programs, which are just starting in 1969.

In the Federal Deposit Insurance Corporation, the \$3,000 million in unobligated balances, plus retained earnings that will approximate \$3,900 million on June 30, 1969, are held to provide coverage for failures in insured banks which, as of June 30, 1968, have insured deposits of \$272 billion.

The Federal Home Loan Bank Board shows \$1,750 million of unobligated balances in this category, of which \$1,000 million is available as backup for Federal Home Loan Bank borrowings, which are expected to total \$5 billion at the end of 1969. The remaining \$750 million is available to the Federal Savings and Loan Insurance Corporation if the \$2,275 million of reserves accumulated from premiums should be exhausted. These reserves and borrowing authority together represent 2.2% of the total amounts insured.

In the case of the Tennessee Valley Authority, while rescission technically is possible, projects already underway would require borrowings of all but \$100 million of the balances involved. Furthermore, rescinding action would later require legislation for new borrowing authority to meet the growing power needs of the area served.

Table G-7 provides a summation of the amounts in this category.

Table G-7. UNOBLIGATED FEDERAL FUND BALANCES WHERE RESCIS-
SION REQUIRES CHANGE IN STATUTES¹ (in millions of dollars)

Agency	End of 1969 estimate
International financial institutions	6,633
International Bank for Reconstruction and Development (assuming one dollar callable for every dollar of debt, the maximum estimated requirement through 1970 would be \$4.3 billion).....	5,715
Inter-American Development Bank.....	818
Asian Development Bank.....	100
Department of Housing and Urban Development	4,134
Public housing (backup for private guaranteed loans).....	1,202
Urban renewal loans (backup for private guaranteed loans).....	182
Government National Mortgage Association loans to Federal National Mortgage Association (standby authority for emergency capital investments).....	2,250
Flood insurance (assurance of payment of reinsurance claims to insurance companies).....	250
Riot or civil disorder insurance (assurance of payment of reinsurance claims).....	250
Federal Deposit Insurance Corporation (standby authority for insured bank deposits)	3,000
Federal Home Loan Bank Board	1,750
Investment in Federal home loan banks (standby authority for emergency capital investments).....	1,000
Federal Savings and Loan Insurance Corporation (backup for insurance reserves).....	750
Veterans Administration (backup for outstanding loan guarantees)	451
Tennessee Valley Authority (uncommitted authority for power bond issues)	339
Farm Credit Administration	113
Investment in banks for cooperatives (standby authority for emergency capital investments).....	50
Investment in Federal intermediate credit banks (standby authority for emergency capital investments).....	63
Total	16,420

¹ Covers accounts with balances of \$20 million or more.

Available for rescission if administrative practices are changed.—Of the estimated \$2.9 billion (6%) of unobligated Federal fund balances not planned for obligation in 1970 which fall in this category, \$2,096 million arises from the full funding policy of the Department of Defense and the public buildings construction program of the General Services Administration; \$445 million from the reservation system used for programs of the Department of Housing and Urban Development; and \$372 million from other administrative practices that could be changed. (See table G-8.)

A change in full funding practices for the activities in this category would permit rescission of \$2,096 million of these unobligated balances in 1970, but would require later restoration unless the program levels were altered. For example, the rescission of \$2,000 million of unobligated balances in the Department of Defense would mean that items normally contracted for late in the procurement cycle would no longer be funded. Large items of equipment, such as ships, submarines, aircraft, and large missile systems could not be made militarily operational until funds were restored to complete the projects. Budget authority would have to be made available in 1971 to meet the time schedule within which these systems are to have operational capability, or there would be a deferral of program objectives.

Elimination of the reservation system would permit rescission of \$445 million of balances, principally in the Government National Mortgage Association special assistance program, and the urban renewal and college housing programs. However, builders, financial institutions, localities, and others would probably interpret rescission to mean that funds would not be available for planned projects and, therefore, refuse to participate in these programs. In turn, this would make it more difficult to achieve the desired Federal objectives.

Table G-8. UNOBLIGATED FEDERAL FUND BALANCES WHERE RESCISSION REQUIRES CHANGE IN PRACTICES¹ (in millions of dollars)

Type of practice and agency	End of 1969 estimate	
Change in full funding practices		2,096
Department of Defense—Military (mainly procurement and military construction).....	2,000	
General Services Administration (public buildings).....	96	
Elimination of reservation system		445
Department of Housing and Urban Development:		
Government National Mortgage Association: Special assistance functions (reservations to be converted to obligations after 1970).....	175	
Urban renewal grants (outstanding reservations on June 30, 1969 which will not convert to obligations until after 1970).....	152	
College housing (reservations not converted to obligations in 1970).....	102	
Public facility loans (reservations not converted to obligations in 1970).....	14	
Housing for the elderly (reservations not converted to obligations in 1970).....	2	
Other		372
Department of Housing and Urban Development (change accounting definition in FHA fund).....	134	
District of Columbia (change definition and administrative actions in general fund appropriation for capital outlay loans).....	176	
Small Business Administration (maintain nominal balance in disaster fund).....	52	
Other (Department of Justice and Veterans Administration).....	10	
Total		2,913

¹ Covers accounts with balances of \$20 million or more.

Available for rescission under present statutes and practices.—An appraisal of agency program plans, as reflected in the 1970 budget, indicates that the remaining \$7.5 billion (15%) of unobligated

Federal fund balances could be rescinded without requiring changes in basic statutes or current administrative practices, if the Congress wishes to take such action. Table G-9 summarizes these data.

Table G-9. UNOBLIGATED FEDERAL FUND BALANCES AVAILABLE FOR RESCISSION¹ (in millions of dollars)

Agency and account	End of 1969 estimate	
Department of Housing and Urban Development (after allowing for needed obligations or reservations in 1970).....		3,936
College housing loans.....	2,349	
Government National Mortgage Association: Special assistance functions.....	1,353	
Public facility loans.....	234	
Department of Agriculture		1,249
Farmers Home Administration (after providing for adequate funding for 1970).....	639	
Section 32 balances.....	300	
Forest roads and trails.....	310	
Export-Import Bank (after allowing for needed obligations in 1970).....		1,026
Veterans Administration (after allowing for needed obligations in 1970).....		574
Direct loan revolving fund.....	553	
Hospital construction.....	21	
Department of Transportation		237
Highway safety.....	150	
Forest and public lands highways.....	32	
Urban mass transportation.....	55	
Department of Health, Education, and Welfare (Higher education facility loans).....		153
Farm Credit Administration (after estimating needs for standby authority for emergency investment in banks for cooperatives and Federal intermediate credit banks once Federal capital is retired).....		147
Banks for cooperatives.....	98	
Federal intermediate credit banks.....	49	
Department of the Interior (National Park and Indians parkways and roads).....		94
Department of Commerce (Economic Development Administration revolving fund).....		58
Total		7,474

¹ Covers accounts with balances of \$20 million or more.

In the Department of Housing and Urban Development this analysis indicates that \$3,936 million is available for rescission under present statutes and administrative practices. For example, the college housing program has available balances of \$2,618 million; after deducting \$167 million to be obligated in 1970, and \$102 million being used for administrative reservations which will mature into obligations after 1970, the balance (\$2,349 million) could be considered for rescission. A similar analysis of the Government National Mortgage Association balances yields, as a potential candidate for rescission, an amount of \$1,353 million in the special assistance program; and the \$234 million in the public facility loan program is another possibility.

This analysis also indicates that \$1,249 million is available for rescission in the Department of Agriculture without changing existing statutes or practices. This includes \$300 million for the removal of surplus agricultural commodities (section 32) which probably should not be considered for rescission in order to continue the policy of providing reserve funds to meet contingencies. There is also an unobligated balance of \$310 million for forest roads and trails. Rescission in this case, however, would have the effect of removing some administrative flexibility that is helpful in dealing with changes in economic conditions. Balances of \$639 million in the direct loan and the rural housing loan accounts of the Farmers Home Administration are potential candidates for rescission. However, a balance of \$121 million should be retained for the rural housing loan account to leave a small margin to provide for needs in subsequent years. Rescission of the remaining \$518 million, however, may require additional budget authority to continue these programs in future years.

Of the \$2,387 million of unobligated balances in the Export-Import Bank, \$1,361 million is needed to cover the gap between receipts and obligations estimated for 1970. The residual balance of \$1,026 million is not planned for use in 1970 and thus could be considered for rescission. However, this would reduce operational flexibility and will require new budget authority in subsequent years.

In the Veterans Administration, \$574 million of unobligated balances could be rescinded without changing existing statutes or practices. Of that total, \$553 million in the direct housing loan program is not required to support the program level reflected in the 1970 budget, and if considered for rescission, probably would not require equivalent funding before 1971. On the other hand, the remaining \$21 million for hospital construction might best be held to provide flexibility in coping with changes in local project requirements.

Another potential candidate is the \$153 million of the balances held in the higher education facility loan account of the Department of Health, Education, and Welfare. These are unused due to a change in financing for this program; instead of direct loans, new interest subsidy grants will permit use of private financing. Thus, these balances could be rescinded without altering the 1970 program level and, under the budget proposals, would not require equivalent future financing.

This analysis identifies other possibilities with respect to the remaining balances. In the Department of Transportation, for example, rescission of the \$237 million balances would have no 1970 program impact; the slower-than-anticipated pace of the new highway safety program accounts for the largest part of those balances. Similarly, rescission of the \$147 million balances in the Farm Credit Administration also would not affect the 1970 program, but is held primarily to meet emergency requirements. While the parkways and roads item in the Department of the Interior reflects balances that could be rescinded, those balances provide leeway in dealing with changing economic conditions related to construction work. Rescission action on the balance in the Economic Development Administration revolving fund would have no program impact; however, this fund is used to pay interest costs to Treasury.

RECOMMENDED APPROACH TO RESCINDING \$8 BILLION OF
UNOBLIGATED BALANCES

Various overall approaches to an \$8 billion rescission of unobligated balances suggest themselves from the foregoing study. For example, a decision by the Congress to depart completely from full funding in Federal fund accounts would yield rescissions of over \$11 billion, including elimination of most Department of Defense balances. However, full funding has many important advantages, and full departure from that concept is not suggested as a desirable course. If such action were taken, approximately \$9 billion of the budget authority so rescinded would have to be replaced in 1970 to maintain planned program activities. Only \$2 billion of these balances are not expected to be obligated in 1970.

Similarly, a decision to change the laws so as to convert all standby balances in these accounts to indefinite authority would produce rescissions well over the statutory \$8 billion, but involves substituting one form of authority for another and entails problems and disadvantages, as described earlier. Other alternatives are, of course, possible—both general and selective.

This study suggests, first, that consideration of rescissions should not include certain of the balances in Federal fund accounts. These are (a) balances planned for obligation in 1970 which, if rescinded, would require 1970 budget authority instead (unless program plans—particularly for Defense—were greatly altered); and (b) balances not planned for obligation in 1970, but held for others. The effect of excluding these balances from the base for reduction (accounts with balances of \$20 million or more) is as follows:

	<i>\$ millions</i>
Total estimated unobligated balances in Federal funds.....	48,674
Less:	
Federal fund balances planned for obligation in 1970.....	16,927
Federal fund balances not planned for obligation in 1970, but held for others.....	4,940
Revised base.....	26,807

Thus, in effect, the remaining balances must be reduced by approximately 30% if an \$8 billion rescission is to be accomplished.

The study further suggests that if \$8 billion of balances are to be rescinded, they should be selected as follows:

- First, from the \$7.5 billion of Federal fund balances which are not planned for obligation in 1970 and for which rescission would not involve changing laws or traditional administrative practices. Selections from this category should be made to the extent possible without affecting or causing undue difficulty in working toward program objectives.
- Second, from other Federal fund balances where changes in practices are required but the amounts available are not planned for obligation in 1970. Selections from this category should be made (a) to the extent necessary to reach a total of not less than \$8 billion; and (b) so as to provide for a rescission of Department of Defense balances in an amount proportionate to its share (23.6%) of the total unobligated balances of Federal funds as of June 30, 1969.

Based on an evaluation of these categories of balances, a reasonable approach to legislation for an \$8 billion rescission is reflected in table G-10.

Table G-10. A REASONABLE APPROACH TO RESCISSION OF \$8 BILLION OF UNOBLIGATED BALANCES¹ (in millions of dollars)

Agency and account	End of 1969 estimate	
From balances where changes are not required:		
Department of Housing and Urban Development.....		3,936
College housing loans.....	2,349	
Government National Mortgage Association: Special assistance functions.....	1,353	
Public facility loans.....	234	
Export-Import Bank:		
Export-Import Bank fund.....		1,026
Veterans Administration:		
Direct loan revolving fund.....		553
Department of Agriculture:		
Farmers Home Administration.....		518
Direct loan account.....	268	
Rural housing direct loan account.....	250	
Department of Health, Education, and Welfare:		
Higher education facilities loan fund.....		153
From balances where rescission requires change in practices:		
Department of Defense—Military.....		2,000
Procurement (mainly from full funding requirements beyond 1970).....	1,850	
Military construction (mainly from full funding requirements beyond 1970).....	150	
Total.....		8,186

¹ Covers accounts with balances of \$20 million or more.

For the civilian agencies, the Federal fund balances which offer the best prospects for rescission are in loan programs. The amounts involved take account of funding requirements estimated for 1970 and do not affect the reservation system used in the Department of Housing and Urban Development programs or other customary financing procedures. In other civilian agencies, the balances suggested for rescission would not require changes in present statutes and practices, the action would not affect the 1970 program, and the need for equivalent financing later either is not anticipated or can be held for future consideration.

With respect to the Department of Defense balances proposed for consideration, here too there would be no impact on the 1970 program. However, there would be a need for some change in present practices with respect to the full funding concept. In this case, the Department of Defense has a total of \$10.6 billion in unobligated Federal fund balances as a result of the practice of fully funding the military construction, procurement, and research and development activities. Of this total, all but \$2 billion will be obligated by the end of 1970. This \$2 billion is now planned to be used for procuring large weapons systems through contracts that are made at later stages of completion and for military construction projects. Though not needed in 1970 under present Defense plans, equivalent authority would be required in 1971 in order to complete the projects underway and to make the weapons systems operational.

SPECIAL ANALYSIS H

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 of its activities, particularly the sale of surplus agricultural commodities on concessional terms, the Government acquires foreign currencies without spending dollars. This analysis presents summary data on these foreign currency availabilities and uses.

Most currencies accrue to the credit of the United States because of international agreements that deal primarily with (1) sales of agricultural commodities to foreign purchasers for local currencies, or (2) loans of dollars or foreign currencies which may be repaid in the currency of the borrower. With respect to these sources, sales of commodities for foreign currencies will be phased out over the next few years. 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.

The use of a large part of the foreign currencies owned by the United States is committed by the terms of the international agreements under which they are received. Some must be used on a loan or grant basis for purposes beneficial to the foreign country; these are called "country-use" currencies. Currencies available for the purposes of U.S. agencies are called "U.S. use" currencies.

Management of U.S. use currencies.—The Federal Government has established procedures to ensure maximum use of the foreign currencies which are available for U.S. purposes. Efficient use of these currencies is important not only as a matter of sound financial management, but because of the need to improve the balance-of-payments position of the United States.

It is useful for both administrative and analytical purposes to divide U.S. use foreign currencies into two categories:

Excess currencies are the currencies for which the Treasury Department determines (after reviewing the availabilities and prospective uses) that the supply is great enough to more than cover our requirements for the next 2 years. For 1969, the excess currency countries are: Burma, Ceylon, Guinea, India, Israel, Morocco, Pakistan, Poland, Tunisia, United Arab Republic (Egypt), and Yugoslavia. All are expected to remain excess currency countries in 1970.

To make effective use of excess foreign currencies, separate appropriations for "special foreign currency programs" have been provided for several years. These appropriations finance programs which may include projects of lower priority than those financed through regular appropriations. The excess currencies are used to pay the costs of these programs. Thus, reports show an expenditure of appropriated dollars for the using agency and a corresponding receipt for the

Commodity Credit Corporation or other fund which originally acquired the currency. In addition, local payments in excess currency countries from regular appropriations are generally made in foreign currencies, and agencies are encouraged to substitute the use of such currencies for dollars whenever possible.

Nonexcess currencies are those of all countries not designated as "excess." In many of these countries, our supply of currencies is far below our needs, and it is necessary to purchase currencies commercially to meet our requirements. In some of these countries, however, the supply of currencies available for U.S. programs is above our immediate needs, but not by a great enough amount for the country to be declared an excess currency country. Special efforts are made to use these "near-excess" currencies, rather than U.S. dollars, whenever possible. It is not appropriate, however, to seek additional uses for such currencies, and they are not available for use under the special foreign currency appropriations. The "near-excess" countries currently are: Bolivia, Ghana, Indonesia, and Sudan.

Table H-1 shows total availabilities of foreign currencies owned by or in the custody of the United States.

Table H-1. CASH AVAILABILITY OF FOREIGN CURRENCIES

(in millions of dollar equivalents)

Type of availability	1968 actual	1969 estimate	1970 estimate
Currencies owned by the United States:			
For U.S. uses:			
Excess currencies	1,658	1,796	1,945
Nonexcess currencies	418	395	363
Subtotal for U.S. uses	2,076	2,191	2,308
For country uses	1,372	1,151	856
Amounts unfunded in Treasury accounts	-78	-52	-110
Total cash availability	3,370	3,289	3,054
Currencies held in trust	143	147	138

Need for foreign currencies.—As indicated in table H-2, the need for foreign currencies in U.S. operations often does not correspond to their availability on a country-by-country basis. Although in 1970 the United States will have over \$2.3 billion available for U.S. programs, only \$363 million will be in nonexcess currencies. We must, therefore, purchase over \$2 billion of currencies to meet our total requirements. (These figures are based on estimates of future collections and requirements; foreign currency transactions are subject to more fluctuation and are, generally, less predictable than U.S. dollar transactions.) In nonexcess currency countries a strong effort is made in the negotiation of commodity sales agreements to obtain the maximum amount possible for U.S. uses. Despite this, in the normal course of its worldwide operations, the Government must purchase large amounts of many currencies while at the same time it is accumulating large inconvertible balances of others.

Table H-2. FOREIGN CURRENCIES AVAILABLE TO MEET U.S. REQUIREMENTS (in millions of dollar equivalents)

Country	Estimated supply for 1970	1970 estimated requirements (expenditures)		Amounts available for use after 1970	Requirements for commercial purchase in 1970
		Other than special programs	Special programs		
Excess currencies:					
Burma.....	15.7	0.5	0.6	14.6	-----
Ceylon.....	6.5	.4	1.3	4.8	-----
Guinea.....	7.3	.1	.4	6.8	-----
India.....	912.5	11.5	19.8	881.2	-----
Israel.....	27.6	17.5	5.3	4.8	-----
Morocco.....	31.9	8.1	1.6	22.2	-----
Pakistan.....	200.3	3.6	9.0	187.7	-----
Poland.....	453.9	2.2	6.3	445.4	-----
Tunisia.....	25.0	2.8	2.0	20.2	-----
United Arab Republic (Egypt).....	182.5	1.2	2.6	178.7	-----
Yugoslavia.....	82.2	4.4	9.4	68.4	-----
Total excess currencies.....	1,945.4	52.3	58.3	1,834.8	-----
Nonexcess currencies:					
Bolivia ¹	6.5	6.8	-----	-----	0.3
Canada.....	5.9	102.9	-----	-----	97.0
France.....	1.6	40.5	*	-----	38.9
Germany, Federal Republic of.....	6.6	944.5	.1	-----	938.1
Ghana ¹	1.7	.8	-----	.9	-----
Indonesia ¹	4.5	2.5	-----	1.9	-----
Italy.....	1.9	62.7	*	-----	60.8
Japan.....	24.1	246.6	.1	22.0	244.4
Korea.....	13.2	84.1	*	-----	71.0
Philippines.....	6.7	99.0	*	-----	92.3
Spain.....	15.8	38.6	.1	-----	23.0
Sudan ¹.....	.5	1.5	-----	-----	1.0
Thailand.....	7.5	151.3	-----	-----	143.8
Turkey.....	38.9	29.6	*	9.3	-----
United Kingdom.....	4.1	105.6	.1	1.0	102.3
Vietnam.....	35.6	342.7	*	-----	307.1
Other countries.....	187.6	328.6	.6	15.7	157.4
Total nonexcess currencies.....	362.7	2,588.3	1.0	50.8	2,277.4
Total.....	2,308.1	2,640.6	59.3	1,885.4	2,277.4

*Less than \$50 thousand.

¹ Currently designated as "near-excess" currency countries.

U.S. uses of foreign currencies.—Table H-3 summarizes transactions in U.S. use foreign currencies. Disbursing officers are required to use foreign currencies owned by the Government, if they are available, before purchasing such currencies commercially with U.S. dollars.

Table H-3. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS, U.S. USES
(in millions of dollar equivalents)

Nature of transaction	1968 actual	1969 estimate	1970 estimate
Cash balances brought forward:			
Excess currencies	1,387	1,551	1,685
Nonexcess currencies	43	57	46
Subtotal, cash balances brought forward	1,430	1,608	1,731
Collections:			
Public Law 480 sales	170	85	65
Foreign assistance programs (including special letters of credit) ..	82	130	115
Interest on public deposits	24	24	24
Other nonloan collections	41	40	34
Loan repayments (principal and interest):			
Public Law 480 loans	119	158	183
Foreign assistance loans (including Development Loan Fund)	176	146	156
Subtotal, collections	612	583	577
Net transfer from country use	34		
Total availabilities	2,076	2,191	2,308
Expenditures (deduct):			
Foreign currency expenditure authorizations	8	10	11
With dollar credits to—			
Foreign assistance programs (special letters of credit)	77	125	110
Miscellaneous receipts of the general fund	158	144	121
Commodity Credit Corporation, Agriculture	216	206	179
Other	3	5	2
Deposits for replacement currencies	*	*	*
Subtotal, expenditures	461	460	423
Adjustments due to changes in exchange rates	-7		
Cash balances carried forward	1,608	1,731	1,885

*Less than \$500 thousand.

Special foreign currency program appropriations requests for 1970.—Most U.S. uses of foreign currencies are covered by dollar appropriations. Table H-4 lists separate appropriations for special foreign currency programs which are limited to payments in excess foreign currencies.

Table H-4. SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS
(in thousands of dollars)

Appropriation title	1968 enacted	1969 estimate	1970 estimate
Library of Congress: Collection and distribution of library materials.....	1, 626	2, 143	1, 907
Department of Agriculture: Agricultural Research Service: Salaries and expenses.....	8, 500	4, 500	8, 287
Department of Commerce:			
International activities: Salaries and expenses.....	200	200	200
Environmental Science Services Administration: Research and development.....	750	500	-----
National Bureau of Standards: Research and technical services.....	500	500	500
Department of Defense: Special foreign currency program.....	11, 200	-----	-----
Department of Health, Education, and Welfare:			
Office of Education: Research and training.....	-----	1, 000	4, 000
Office of Social and Rehabilitation Service: Research and training.....	5, 000	5, 000	5, 000
National Institutes of Health: Scientific activities overseas.....	15, 000	15, 000	15, 322
Department of the Interior:			
Bureau of Commercial Fisheries: Management and investigation of resources.....	100	15	15
Office of the Secretary: Salaries and expenses.....	-----	-----	25
Department of Labor: Bureau of International Labor Affairs: Special foreign currency program.....	75	-----	-----
Department of State: Administration of Foreign Affairs: Acquisition, operation, and maintenance of buildings abroad.....	5, 025	3, 050	2, 186
National Science Foundation: Scientific activities.....	-----	-----	3, 000
Smithsonian Institution: Museum programs and related research.....	2, 316	2, 316	4, 500
United States Information Agency:			
Salaries and expenses.....	8, 604	9, 250	11, 100
Special international exhibitions.....	387	428	-----
Total budget authority.....	59, 283	43, 902	56, 042

Foreign currency expenditure authorizations.—The 1969 Foreign Assistance and Related Agencies Appropriation Act authorized the expenditure of \$5.1 million in excess currencies for assistance to American schools and hospitals abroad without charge to a dollar appropriation. The 1970 budget recommends \$1.7 million for the American University of Cairo. In addition, excess currencies are made available under permanent authorizations for emergency relief assistance and for the purchase of goods and services in Nepal (using Pakistan and Indian rupees). Some unexpended balances of prior foreign currency expenditure authorizations remain for Defense family housing. Table H-5 summarizes all transactions under foreign currency authorizations for U.S. uses which do not require charges to dollar appropriations.

Table H-5. SUMMARY OF FOREIGN CURRENCY AUTHORIZATIONS FOR U.S. USES, WITHOUT CHARGE TO APPROPRIATIONS

(in thousands of dollar equivalents)

Description	1968 actual	1969 estimate	1970 estimate
New authorizations to spend foreign currency receipts:			
Funds appropriated to the President:			
Emergency relief.....	2,000	600	1,000
Assistance to third countries.....	7,218	7,502	6,269
American schools and hospitals abroad.....	5,986	5,100	1,700
Department of State.....	618		
Total authorizations.....	15,822	13,202	8,969
Expenditures:			
Funds appropriated to the President:			
Emergency relief.....	1,440	1,000	1,000
Assistance to third countries.....	5,185	6,983	7,027
American schools and hospitals abroad.....	467	2,050	3,000
Department of Defense.....	130	110	110
Department of State.....	519		
Total expenditures.....	7,741	10,143	11,137

Country uses.—A far larger amount of foreign currency is used outside of the appropriations process for country uses, as summarized in table H-6. This consists of loans and grants in the host country for common defense and economic development.

Table H-6. SUMMARY OF FOREIGN CURRENCY TRANSACTIONS, COUNTRY USES (in millions of dollar equivalents)

Nature of transaction	1968 actual	1969 estimate	1970 estimate
Balances brought forward.....	779	697	494
Collections:			
Public Law 480 sales.....	621	448	356
Foreign assistance program.....	6	6	6
Subtotal, collections.....	627	454	362
Net transfer to U.S. uses (deduct).....	34		
Total availabilities.....	1,372	1,151	856
Outlays (deduct):			
Public Law 480 country loans and grants.....	682	651	480
Other foreign assistance programs.....	7	6	6
Subtotal, outlays.....	689	657	486
Adjustments due to changes in exchange rates.....	14		
Balances carried forward.....	697	494	370

Trust funds.—As a result of international agreements, the United States receives and spends foreign currencies for the benefit of the other country. These currencies are held in trust funds by the Treasury. Table H-7 summarizes foreign currency trust fund activity.

Table H-7. **SUMMARY OF FOREIGN CURRENCY TRUST FUNDS TRANSACTIONS**
(in millions of dollar equivalents)

Nature of transaction	1968 actual	1969 estimate	1970 estimate
Balance brought forward.....	47	47	51
New authorizations to spend foreign currency—permanent:			
Advances from foreign governments.....	96	100	87
Total availabilities.....	143	147	138
Expenditures (deduct):			
Advances from foreign governments.....	91	96	96
Adjustments due to changes in exchange rates.....	-5		
Balances carried forward.....	47	51	42

Loans.—As a result of various loan programs, the United States has outstanding loans of almost \$6 billion equivalent repayable in foreign currency. Nearly \$4 billion of this is in excess currencies. The loan repayments and interest are available for U.S. uses.

Table H-8. **BALANCES OF OUTSTANDING LOANS REPAYABLE IN FOREIGN CURRENCIES AS OF JUNE 30, 1968** (in millions of dollar equivalents)

Excess currency countries:		Nonexcess currency countries:	
Burma.....	38	China (Taiwan).....	162
Ceylon.....	14	Greece.....	122
Congo (Kinshasha).....	7	Japan.....	101
Guinea.....	1	Morocco.....	214
India.....	2,144	Spain.....	217
Israel.....	255	Turkey.....	393
Pakistan.....	622	Other.....	876
Tunisia.....	81		
United Arab Republic (Egypt).....	355	Total nonexcess currencies.....	2,085
Yugoslavia.....	300		
Total excess currencies.....	3,817	Total.....	5,902

SPECIAL ANALYSIS I

CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Civilian employment in the executive branch is expected to rise in the year ending June 30, 1970, as a result of added workloads reflected in the 1970 budget recommendations. As a matter of policy, the executive agencies were generally instructed to absorb—through greater productivity improvements, continuation of service curtailments, or otherwise—the employment reductions taking place in 1969. These reductions, in the main, are the result of personnel appointment limitations provided in section 201 of the Revenue and Expenditure Control Act of 1968 (Public Law 90-364), discussed below.

Thus, the estimates of June 1970 employment carried in this analysis reflect the changing functions and workloads that are expected to be added in 1970, less the productivity and efficiency improvements which could normally be anticipated for that year. Since the Public Law 90-364 appointment restrictions, even with the statutory exemptions already granted, would prevent the employment of such additional personnel, the 1970 estimates assume the repeal of section 201 of that law.

In addition, a major portion of the reductions in overseas civilian employment, directed by the President in January 1968 as part of his program to correct the balance in our international payments, is reflected in the tables of this analysis.

FULL-TIME PERMANENT CIVILIAN EMPLOYMENT

Nearly one-half of all Federal civilian employees work in the Department of Defense, over one-fifth in the Post Office, and 6% in the Veterans Administration. Thus, these three agencies account for about three-quarters of all permanent full-time employment in the executive branch.

Between June 1968 and June 1969, full-time permanent civilian employment in the executive branch is estimated to decline by 22,000 to a total of 2,650,000. The decrease is primarily due to the statutory restrictions on appointments imposed by section 201 of the Revenue and Expenditure Control Act of 1968 (Public Law 90-364). This provision limits hiring by executive agencies to no more than three positions for every four vacancies occurring after June 30, 1968, until full-time permanent employment for the executive branch as a whole reaches the June 30, 1966, level.

The law, as originally enacted, exempted only employees appointed by the President with the advice and consent of the Senate, intermittent employees, persons serving without compensation, and 70,000 disadvantaged youth employed during the summer. Congress later enacted legislation exempting additional employees from the hiring restrictions of Public Law 90-364. This applied to positions in the affected agencies on November 30, 1968, in the following numbers:

Post Office Department.....	524,141
Veterans Administration.....	147,634
Department of Defense for Southeast Asia.....	70,310
Department of Transportation for FAA air traffic control system.....	31,327
Department of Justice for the FBI.....	16,160
Tennessee Valley Authority for power programs.....	7,615
Total.....	797,187

Table I-1 shows by agency the numbers of civilian permanent full-time employees at the end of 1968, 1969, and 1970. The estimated total of full-time employment for the end of 1970 represents only a 6,000 increase over the employment level for 1969 as estimated in last year's budget. This is due primarily to the fact that employment increases over the 1969 level were limited either to new programs or to increasing workloads occurring in 1970 and do not recapture the decreases resulting from the operation of Public Law 90-364. Of the total anticipated increase of nearly 43,000 from 1969 to 1970, over 11,000 is to permit the Post Office Department a 2% increase in work force to service a 3.1% increase in mail volume.

The remaining increase is needed to provide a larger number of public services to a growing population and expanding economy.

Eight agencies account for the bulk of this increase in employment:

(1) The Department of Agriculture, up 3,400, largely to service an increase of over 100% in the rural housing loan program for low and moderate income families—as part of the 10-year national housing program enacted in 1968—and for increases in the food assistance and meat and poultry inspection programs.

(2) The Department of Health, Education, and Welfare, up 4,100, primarily to handle a projected 6.5% increase in overall workload of the Social Security Administration in such areas as processing claims, maintaining earnings records, and changing beneficiary status. Increases are also expected for health programs such as direct health care and disease prevention and control.

(3) The Department of Housing and Urban Development, up 2,000, primarily in the Federal Housing Administration to process a 33% increase in mortgage insurance applications, reflecting the impact of the new 10-year national housing program. Increases are also planned to administer the 150 community projects under the Model Cities program.

(4) The Department of the Interior, up 1,300, mainly for operation of new power facilities built with funds provided in earlier years, expansion of water pollution control, education of Indians in Federal schools, and the operation of eight new national park areas.

(5) The Department of Justice, up 1,000, primarily for increased Federal law enforcement activities and for assistance to State and local law enforcement efforts under the Crime Control and Safe Streets Act of 1968.

(6) The Department of Transportation, up 5,000, principally in the Federal Aviation Administration to operate new facilities and to service a 10% increase in landings and takeoffs at airports with FAA towers.

(7) The Department of the Treasury, up 4,900, mainly for rising workloads in Internal Revenue Service operations due to a 2.3%

increase in the number of tax returns and a 9.4% increase in the number of tax returns audited.

(8) The Veterans Administration, up 4,700, to handle a 15% increase in outpatients, provide new medical services, increase the number of health personnel trained in Veterans Administration facilities, and activate new hospitals.

Table I-1. SUMMARY OF FULL-TIME PERMANENT EMPLOYMENT IN THE EXECUTIVE BRANCH

Agency	As of June			Change, 1969-70
	1968 actual	1969 estimate	1970 estimate	
Department of Defense, Military and military assistance ¹	1,256,068	1,235,648	1,235,000	-648
Post Office Department.....	549,623	564,501	575,700	11,199
Subtotal ¹	1,805,691	1,800,149	1,810,700	10,551
Department of Agriculture.....	85,397	83,000	86,400	3,400
Department of Commerce.....	26,197	25,350	26,000	650
Department of Defense, Civil.....	32,062	31,310	31,364	54
Department of Health, Education, and Welfare.....	106,834	102,581	106,700	4,119
Department of Housing and Urban Development.....	14,983	14,772	16,800	2,028
Department of the Interior.....	61,186	59,580	60,900	1,320
Department of Justice.....	34,424	35,600	36,600	1,000
Department of Labor.....	9,786	9,564	9,700	136
Department of State.....	25,785	25,068	24,600	-468
Department of Transportation.....	58,027	60,405	65,400	4,995
Treasury Department.....	82,132	80,200	85,100	4,900
Atomic Energy Commission.....	7,169	7,037	7,300	263
General Services Administration.....	37,454	36,850	38,100	1,250
National Aeronautics and Space Administration.....	32,471	31,745	31,500	-245
Veterans Administration.....	151,023	147,634	152,300	4,666
Other agencies:				
Agency for International Development.....	17,569	16,600	15,900	-700
Office of Economic Opportunity.....	3,106	2,891	2,900	9
Selective Service System.....	7,000	6,700	6,950	250
Small Business Administration.....	4,377	4,250	4,200	-50
Tennessee Valley Authority.....	12,009	12,436	12,600	164
The Panama Canal.....	14,940	14,782	15,200	418
United States Information Agency.....	11,283	10,983	11,000	17
Miscellaneous Agencies ²	32,166	31,224	32,794	1,570
Subtotal.....	867,380	850,562	880,308	29,746
Allowance for contingencies.....			2,500	2,500
Total ¹	2,673,071	2,650,711	2,693,508	42,797

¹ Each year includes 42,000 Army and Air Force National Guard civilian technicians who were converted by law to Federal employment status as of Jan. 1, 1969.

² Excludes member-employees of the Soldiers' Home.

TOTAL FEDERAL PERSONNEL

Employees in permanent full-time positions account for over 85% of total civilian employment in the executive branch. The remainder consists of temporary, part-time, and intermittent workers, employed largely in projects of a special, temporary, or seasonal nature.

Total Federal Government employment also includes Armed Services personnel in the executive branch and employment in the legislative and judicial branches.

	<i>As of June</i>		
	<i>1968 actual</i>	<i>1969 estimate</i>	<i>1970 estimate</i>
Civilian employment in the executive branch: ¹			
Full-time permanent ²	2,673,071	2,650,711	2,693,508
Other than full-time permanent ³	320,322	334,289	⁴ 338,492
Armed Services personnel:			
Department of Defense.....	3,545,465	3,484,337	3,452,438
Reimbursable details to other agencies.....	1,964	2,663	2,662
Department of Transportation (Coast Guard).....	36,100	37,221	37,788
Total executive branch personnel.....	<u>6,576,922</u>	<u>6,509,221</u>	<u>6,524,888</u>
Legislative and judicial personnel.....	35,236		
Total.....	<u>6,612,158</u>		

¹ Excludes member-employees of the Soldiers' Home.

² Includes in each year 42,000 civilian technicians in the Army and Air Force National Guard.

³ Excludes summer workers under the President's Youth Opportunity Campaign and merchant seamen on vessels under Federal shipping contracts.

⁴ Excludes 134,000 temporary, part-time, and intermittent employees for the 19th decennial census.

PERSONNEL COMPENSATION AND BENEFITS

Estimates of the Federal payroll and related costs are shown in table I-2.

Table I-2. ESTIMATED PERSONNEL COMPENSATION AND BENEFITS
(in millions of dollars)

Description	1968	1969	1970 ¹
Total civilian personnel costs:			
Direct compensation.....	22,700	24,350	25,050
Personnel benefits.....	1,850	1,950	2,050
Total.....	<u>24,550</u>	<u>26,300</u>	<u>27,100</u>
Total armed forces personnel costs:²			
Direct compensation.....	13,550	14,900	15,200
Personnel benefits.....	3,750	3,700	3,800
Total.....	<u>17,300</u>	<u>18,600</u>	<u>19,000</u>

¹ Excludes 1970 budget allowance of \$2,800 million for military and civilian pay increases, to be effective July 1969 under Public Laws 90-206 and 90-207.

² Excludes Reserve components.

Direct compensation includes regular pay, Sunday pay, and special pay for overtime, holiday, and standby time; differentials for nightwork and overseas duty, flight and hazardous duty, etc. Related personnel benefits include the Government's share of Federal retirement and old-age, survivors', and disability insurance costs; employees' life insurance, health insurance and benefits, and similar payments; they also include cost-of-living and quarters allowances, uniform allowances (when paid in cash), and, in the case of the military personnel, they also include allowances for subsistence, reenlistment bonuses, and certain other cash payments.

The obligations to be incurred for civilian personnel compensation and benefits in 1970 are estimated at \$27 billion.

Some of the personnel are paid from trust funds (such as old-age and survivors insurance), and compensation of others is from public enterprise funds (such as the Post Office). The cost of these employees, included in table I-2, amounts to over \$7 billion.

Government pay scales for "blue collar" workers have for many years been subject to administrative adjustment to correspond to local prevailing rates in private industry. As wages in private industry advanced, Federal compensation for such workers also increased.

Pay for most other Federal workers has been set by statute. In December 1967, the Congress enacted pay legislation which authorizes the President, without additional congressional approval, to set salary rates consistent with the standards set forth in the 1962 Salary Reform Act.

This legislation is designed to achieve, in three steps, comparability with private industry salary levels by July 1969.

The first step was effective by law retroactively to October 1967 and provided an increase of 6% for postal employees and an average increase of 4.5% for all others. The second step, which was effective in July 1968, provided a 5% increase for postal employees, and an increase for all others equal to one-half of the amounts by which their rates fell short of salaries for similar work levels in private enterprise, or 3%, whichever was greater. The third and final step will adjust Federal rates, effective July 1969, to full comparability with 1968 private enterprise rates.

The compensation figures in table I-2 reflect the first and second steps in the series. An overall allowance of \$2.8 billion is carried in the budget for 1970 to cover the third step.

The 1967 legislation also established the Commission on Executive, Legislative, and Judicial Salaries, whose findings have been reported to the President. The President's recommendations on such salary levels are included in the 1970 budget. In addition to other objectives, the recommendations will permit comparability increases in the higher career grades where salary movement is now obstructed by the law's requirement that no career salary rates may exceed that of executives in level V, which is \$28,000 per year.

For four successive years, 1965-68, there has been no significant Government-wide change in the average grade of General Schedule employees. The average grade was 7.4 for 1965 and 1968, and 7.3 for 1966 and 1967.

GEOGRAPHICAL DISTRIBUTION OF EMPLOYMENT

Table I-3 presents data on the geographical distribution of Federal employment. Most Federal employees—over 81%—work in the various States. Less than 11% are located in the Washington, D.C., metropolitan area (including nearby Maryland and Virginia). Almost 8% are in foreign countries and in U.S. territories and possessions.

Table I-3. FEDERAL CIVILIAN EMPLOYMENT BY GEOGRAPHICAL LOCATION (as of June 1968)

Location	Total employment ¹	Location	Total employment ¹
Washington, D.C., metropolitan area.....	² 329,879	Oregon.....	24,684
Alabama.....	60,260	Pennsylvania.....	145,134
Alaska.....	12,941	Rhode Island.....	15,497
Arizona.....	27,131	South Carolina.....	30,780
Arkansas.....	16,471	South Dakota.....	9,327
California.....	329,998	Tennessee.....	43,187
Colorado.....	43,474	Texas.....	152,920
Connecticut.....	19,025	Utah.....	42,205
Delaware.....	4,458	Vermont.....	3,415
Florida.....	70,963	Virginia.....	³ 92,609
Georgia.....	80,431	Washington.....	61,758
Hawaii.....	28,492	West Virginia.....	13,200
Idaho.....	7,881	Wisconsin.....	25,056
Illinois.....	119,002	Wyoming.....	5,002
Indiana.....	42,657	Undistributed.....	⁴ 35,244
Iowa.....	17,592	Summer youth.....	-61,827
Kansas.....	22,623		
Kentucky.....	37,689	Total United States.....	2,789,140
Louisiana.....	30,940		
Maine.....	16,886	Outside United States:	
Maryland.....	³ 58,096	Territories and possessions.....	36,542
Massachusetts.....	68,174	Foreign countries.....	202,947
Michigan.....	54,805		
Minnesota.....	29,770	Total outside United States.....	239,489
Mississippi.....	21,224	U.S. citizens.....	(58,714)
Missouri.....	69,729	Foreign nationals.....	⁵ (180,775)
Montana.....	10,612		
Nebraska.....	15,897	Total employment.....	3,028,629
Nevada.....	8,516	Legislative and judicial.....	-35,236
New Hampshire.....	4,551		
New Jersey.....	70,648	Total executive branch.....	2,993,393
New Mexico.....	27,061		
New York.....	188,948	Distributed as follows:	
North Carolina.....	37,743	Full-time permanent.....	(2,673,071)
North Dakota.....	7,358	Temporary, part time, and intermittent.....	(320,322)
Ohio.....	101,241		
Oklahoma.....	57,783		

¹ Distribution by State is partially estimated.

² Includes employees of the executive branch and of the legislative and judicial branches.

³ Excludes employment within the Washington, D.C., metropolitan area, which includes the District of Columbia and the adjacent counties and cities in Maryland and Virginia.

⁴ Includes 42,000 Army and Air Force National Guard civilian technicians for which State distribution is not yet available, less 6756 merchant seamen on vessels under Federal shipping contracts and member-employees of the Soldier's Home.

⁵ Excludes 119,062 foreign nationals working for Department of Defense under contract agreements, or other arrangements with foreign governments which provide for the furnishing of personal services.

TRENDS IN NUMBERS OF EMPLOYEES AND WORKLOAD

An increasing population and a steadily expanding economy, heightened concern for those segments of the populace which have not participated fully in the Nation's prosperity, and an emphasis on seeking solutions to pressing national problems have combined to stimulate a rise in the volume of public services provided by the Government. In 1970, for example:

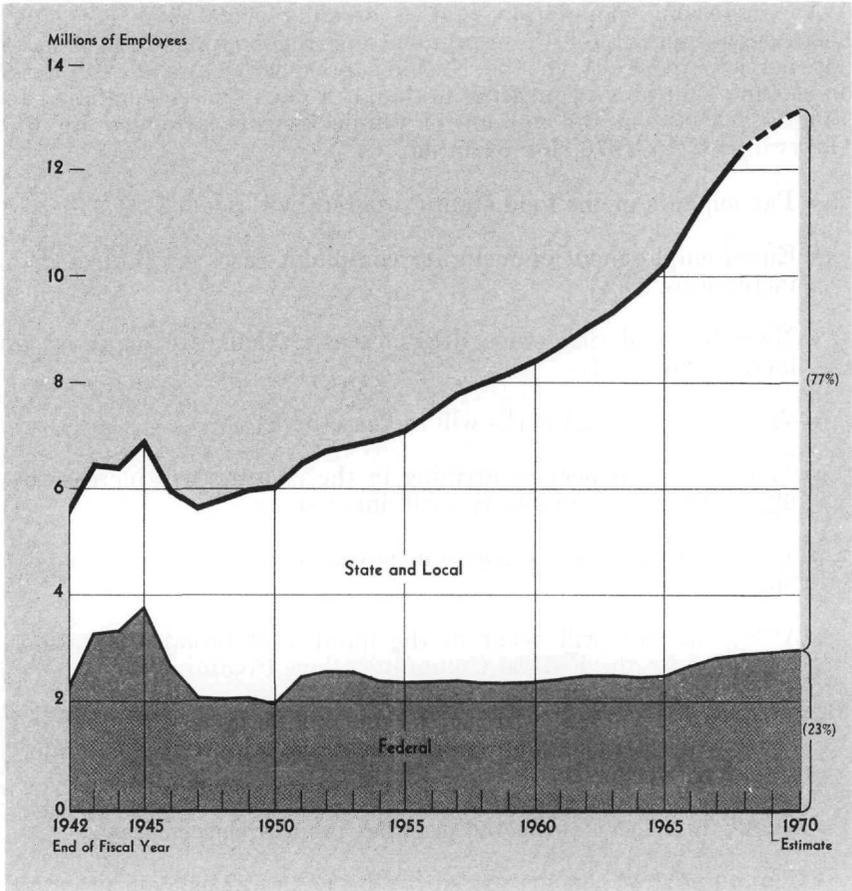
- Participants in the food stamp program will rise 9%.
- Equal employment opportunity complaint cases are projected to increase by 25%.
- Narcotics and dangerous drugs investigations are expected to increase by 10%.
- Visitors to national parks will increase by 8%.
- The number of persons arriving in the country will increase by 6% and formal cargo entries will increase by 7%.
- There will be a 26% increase in power reactors requiring inspections.
- A 4% increase will occur in the number of broadcast stations regulated by the Federal Communications Commission.
- There will be a 29% increase in participants in occupational and basic education training programs for unemployed and underemployed workers.
- An 8% increase is projected in unfair labor practice cases.
- The number of persons served by the Federal Medicaid program will increase by 7%.
- Loans under the housing rehabilitation loan program will increase by over 200%.
- Establishments with Federal meat inspectors will increase by over 2%, while the volume of poultry inspected will rise by 11%.
- The farm operating loan program will increase by 40%.

These are but a few of the many workload increases in Government services for 1970. The related manpower increases are held down by a rise in productivity rates.

POPULATION AND GOVERNMENT EMPLOYMENT COMPARISONS

The following chart on Government Civilian Employment shows the ratio of Federal to State and local civilian employment.

Government Civilian Employment



A historical comparison of total Federal civilian employment in the executive branch (including temporary and part-time employment) with employment by State and local governments and U.S. population for 1942-70 is shown in table I-4.

Table I-4. GOVERNMENT EMPLOYMENT AND POPULATION, 1942-70

Year	Government employment				Population	
	Federal executive branch ¹ (thousands)	State and local governments (thousands)	All governmental units (thousands)	Federal as percent of all governmental units	Total United States (thousands)	Federal employment per 1,000 population
1942	2,272	3,310	5,582	40.7	135,361	16.8
1943	3,274	3,184	6,458	50.7	137,250	23.9
1944	3,304	3,092	6,396	51.7	138,916	23.8
1945	3,787	3,104	6,891	55.0	140,468	27.0
1946	2,666	3,305	5,971	44.6	141,936	18.8
1947	2,082	3,568	5,650	36.8	144,698	14.4
1948	2,044	3,776	5,820	35.1	147,208	13.9
1949	2,075	3,906	5,981	34.7	149,767	13.9
1950	1,934	4,078	6,012	32.2	152,271	12.7
1951	2,456	4,031	6,487	37.9	154,878	15.9
1952	2,574	4,134	6,708	38.4	157,553	16.3
1953	2,532	4,282	6,814	37.2	160,184	15.8
1954	2,382	4,552	6,934	34.4	163,026	14.6
1955	2,371	4,728	7,099	33.4	165,931	14.3
1956	2,372	5,064	7,436	31.9	168,903	14.0
1957	2,391	5,380	7,771	30.8	171,984	13.9
1958	2,355	5,630	7,985	29.5	174,882	13.5
1959	2,355	5,806	8,161	28.9	177,830	13.2
1960	² 2,371	6,073	8,444	28.1	180,684	13.1
1961	2,407	6,295	8,702	27.7	183,756	13.1
1962	2,485	6,533	9,018	27.6	186,656	13.3
1963	³ 2,490	6,834	9,324	26.7	189,417	13.1
1964	³ 2,469	7,236	9,705	25.4	192,120	12.9
1965	2,496	7,700	10,196	24.5	194,592	12.8
1966	2,664	8,320	10,984	24.2	196,920	13.5
1967	2,877	8,898	11,775	24.4	199,118	14.4
1968	2,951	9,437	12,388	23.8	201,166	14.7
1969 (estimated) ⁴	2,943			23.1		14.5
<i>Adjusted for National Guard technicians</i> ⁵						
1970 (estimated) ^{4,6}	2,985			23.3		14.7
<i>Adjusted for National Guard technicians</i> ⁵	2,990			22.8		14.5
	3,032			23.1		14.7

¹ Covers total end-of-year employment in full-time permanent, temporary, part-time, and intermittent positions except for summer workers under the President's Youth Opportunity Campaign; member-employees of the Soldiers' Home; merchant seamen on vessels under Federal shipping contracts; and civilian technicians in the Army and Air Force National Guard.

² Includes piece-rate census workers employed for the decennial census.

³ Excludes 7,411 project employees in 1963 and 406 project employees in 1964 for the public works acceleration program.

⁴ An official projection of population and of State and local government employment for 1969 and 1970 is not available. The percentages shown for these years are consistent with a range of reasonable estimates based on recent trends in population and State and local governments.

⁵ On Jan. 1, 1969, 42,000 civilian technicians of the Army and Air Force National Guard converted by law from State to Federal employment status.

⁶ 1970 estimate excludes 134,000 temporary, part-time, and intermittent employees for the 19th decennial census.

PART 2

FEDERAL SOCIAL PROGRAMS

INTRODUCTION

Part 2 presents special information on Government outlays in five social program areas—education, manpower, health, income security, and crime reduction. It includes the special analyses designated J through N.

The figures used in these analyses differ from the data on the somewhat similarly titled categories of the functional classification used in Part 3 of the Budget and elsewhere. In the functional classification, each activity is categorized according to its major purpose; thus all the military spending of the Department of Defense falls into the functional category, *National defense*. In these special analyses, however, all spending for education, health, etc., is included, even if the activity has a different primary purpose. Thus the tabulations here are more comprehensive with regard to these particular types of social programs.

The Government's commitment of resources to these purposes is evidenced by the totals for 1970 budget outlays in the various analyses (in millions of dollars):

	Civilian agencies	Depart- ment of Defense	All agencies
Special analysis:			
J. Education.....	8,804	998	9,802
K. Manpower.....	2,819	675	3,494
L. Health.....	16,269	2,008	18,277
M. Income security.....	45,842	2,725	48,567
N. Reduction of crime.....	868	-----	868
Deduction for duplications included above.....	-2,162	-----	-2,162
Totals.....	72,440	6,406	78,846

Some activities of the Government serve more than one social purpose; for example, loans and grants for the education of nurses may be considered as a part of both the Federal education programs and the Federal health programs. About \$1,374 million for 1970 is included in both the health and education categories for this and other programs which help train medical personnel. Thus, in adding the five categories to a total, a deduction must be made to avoid double counting.

The Government's resources also go into other social programs that are not explicitly covered by a special analysis in this volume. One of the larger areas not included here is community development and housing, which is presented as a functional category in Part 3 of the Budget.

SPECIAL ANALYSIS J
FEDERAL EDUCATION PROGRAMS¹

PART I—OVERVIEW

Outlays for Federal programs in education are estimated at \$9.8 billion for 1970, an increase of \$759 million over 1969. Education outlays represent 5% of all Federal budget outlays. The 1970 total is an increase of \$7.8 billion over 1960. Table J-1 summarizes the trend in Federal outlays for the decade.

Table J-1. FEDERAL OUTLAYS FOR EDUCATION (1960-70) (in billions of dollars)

Category	Outlays										
	Actual									Estimate	
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Aid to education.....	.9	.9	1.1	1.2	1.3	1.6	2.9	4.4	5.0	4.8	5.3
Other educational activities....	1.2	1.2	1.3	1.6	1.8	2.1	2.8	3.1	3.8	4.2	4.5
Total.....	2.0	2.1	2.4	2.8	3.1	3.6	5.7	7.5	8.8	9.0	9.8

Federal education programs might be described as serving two main purposes. The first, reflected in the "aid to education" line of the table, is to support education per se. This includes activities classified in the 1970 budget as "education," particularly the programs of the Office of Education (OE) and the National Science Foundation, Head Start and Follow Through under OEO, college housing loans, and educa-

¹ *Note on coverage.*—This analysis brings together all Federal programs involving some 400 education and related activities. For the purposes of this analysis, education is defined as an activity involving a student-teacher relationship primarily for the transmission of organized knowledge, as distinguished from the transmission of occupational skills. It includes the provision of services to the community with the goal of expanding individual opportunities for: (1) professional or career advancement; (2) civic involvement; and (3) a more meaningful and satisfying life. Thus, in addition to the traditional levels of formal education (elementary, secondary, and higher), this analysis includes adult and continuing education as well as activities which are closely related to education—for example, the support of research and development at institutions of higher education.

This analysis does not, however, include scientific research conducted outside of academic institutions (other than that in laboratories and other science projects of the National Science Foundation and Smithsonian Institution). Also, it does not include scientific research conducted in university-managed centers under Federal contracts. Finally, it excludes the school lunch and special milk programs, university service contracts—for example, to operate mental health centers—and many inservice training programs for Federal civilian employees.

Previously, this analysis combined manpower training with education. However, for the 1970 budget, Federal outlays for manpower programs are described separately in the Special Analysis K. The only overlap between the two is the Neighborhood Youth Corps "in-school" financial assistance which helps to prevent students near the compulsory school attendance age from dropping out. The overlap is estimated at \$62 million in 1970 compared with \$62 million in 1969 and \$79 million in 1968.

Both this analysis and Special Analysis L, Federal Health Programs, include funds for health-related training and research activities of health agencies conducted at universities. These outlays approximate \$1,374 million in 1970 compared with \$1,222 million in 1969 and \$1,143 million in 1968. In addition, outlays for research in academic institutions reflected in Special Analysis Q, Federal Research, Development, and Related Programs, are included in this analysis. The overlap between these two analyses is estimated at \$1,519 million in 1970, compared with an overlap of \$1,414 million in 1969 and \$1,456 million in 1968.

tion of American Indians. Of the \$6.7 billion increase in Federal education programs since 1964, \$4.0 billion or 60% is for these aids to education.

The second purpose of Federal education programs is to draw upon the resources of educational institutions as a means for advancing knowledge and achieving other national objectives. Accordingly, the 1970 budget classifies these programs, summarized in the "other educational activities" line of table J-1, under other major budget functions—for example, "health," "veterans benefits and services," or "national defense." Included are such diverse educational activities as support of research at universities to extend medical knowledge, GI benefits which help returning servicemen attend school or college, training of manpower to improve delivery of health services, and professional training of military officers. These activities account for 40% of the growth in Federal education programs since 1964.

FEDERAL EDUCATION GOALS

During the period 1964-70 the Federal Government has pursued these two educational goals:

- An opportunity for the best education which the Nation can offer each individual, suited to his abilities and interests and without regard to his family income, race, or place of residence.
- An improvement in the quality of education through experimentation with new materials and methods, new ways of using and training personnel, and new organizations designed to ensure regeneration and renewal of the Nation's schools and colleges.

Activities which are addressed to the first objective include grants to improve education of the poor and the handicapped, to expand college facilities, and to provide financial assistance particularly for college students from low income families. GI benefits and social security payments for certain college students also contribute to the achievement of this goal. Federal activities promoting the second objective have brought about an expansion of experimental, demonstration and faculty training programs. The 1970 outlays for these objectives total \$4.9 billion, one-half of education outlays; they account for 65% of the total increase in Federal outlays for education over the past 6 years. Included are funds for (in billions of dollars):

Education of children from low-income families, Head Start, and Follow Through.....	\$1.5
College student assistance through grants, work study, and loan support.....	.6
College academic and housing facilities.....	.6
Experimental and demonstration projects, faculty training, and exemplary school services...	.5
GI benefits.....	.6
Social Security (student benefits).....	.5
Vocational education.....	.3
Education of American Indians and of handicapped children.....	.3

THE 1970 BUDGET

The 1970 budget provides for a continued strengthening of programs to meet Federal goals in education. The highest priority is given

programs for the disadvantaged. Significant increases in outlays for education in 1970, compared to those in 1969, are (in millions of dollars):

Education of children from low-income families.....	\$86
Head Start and Follow Through.....	33
School and college education of American Indians.....	32
Vocational education.....	13
Teacher training.....	30
College student assistance.....	77
NIH graduate training in medical professions and health research construction.....	72
DOD training of military personnel and education of overseas dependents.....	46
GI benefits.....	73
Social Security (student benefits).....	30
Academic research, all agencies.....	95

The budget proposes reductions in grants for school and college equipment. It recommends a reduction, based on legislation to be proposed, of grants to schools in areas affected by Federal activities (but outlays would not reflect this change due to the proposed reduction until 1971). The budget also proposes greater use of the private sector of the economy for loan capital through use of Federal interest subsidies and loan guarantees. An estimated \$550 million in non-Federal funds will be loaned for college classrooms, dormitories and other facilities. In addition, an estimated \$794 million (an increase of \$153 million over 1969) will be loaned by financial institutions to about 924 thousand college students.

The distribution of Federal education outlays by educational level is summarized in table J-2 for 1964 and for the 1968-70 period. Additional details on the composition of each level are provided in Part II of this analysis.

Table J-2. FEDERAL OUTLAYS FOR EDUCATION BY LEVEL
(in millions of dollars)

Educational level	Outlays					
	1964		1968 actual	1969 estimate	1970	
	Actual	Percent			Estimate	Percent
Elementary and secondary.....	546	17	3,228	3,052	3,358	34
Higher.....	1,742	56	4,363	4,651	5,030	51
Adult and continuing.....	108	3	306	336	357	4
Training of public employees.....	309	10	402	457	494	5
Foreign.....	169	5	242	290	292	3
Other.....	246	8	223	257	271	3
Total.....	3,121	100	8,764	9,043	9,802	100

RELATIONSHIP OF FEDERAL FUNDS FOR EDUCATION TO OFFICE OF
EDUCATION NATIONAL ESTIMATES

The tabulation of Federal funds in this analysis and Office of Education reports of expenditures by U.S. educational institutions differ in two respects:

- This analysis includes Federal assistance which does not flow through educational institutions—for example, expenditures in federally operated schools for training of military personnel, the Smithsonian Institution and national libraries, and the support of performing art groups by the National Endowment for the Arts.
- Office of Education reports include amounts for some programs which are omitted from this analysis—such as funds for school lunch and school milk, and research and development in university-managed, off-campus research centers.

If the estimates in this special analysis are adjusted to correspond with those of the Office of Education, the Federal contribution to the Nation's educational institutions would be about 14% of the total costs of financing those institutions. The following table summarizes these adjustments:

Table J-3. FEDERAL OUTLAYS FOR EDUCATIONAL INSTITUTIONS
(in billions of dollars)

	1968 actual	1969 estimate	1970 estimate
Federal outlays for education and related activities.....	8.8	9.0	9.8
Less estimated amount not paid to institutions.....	2.0	2.4	2.6
Plus estimated Federal payments to institutions not included in this analysis.....	1.2	1.3	1.4
Total Federal outlays in educational institutions.....	8.0	7.9	8.6
Office of Education estimate of expenditures by educational insti- tutions.....	54.6	58.5	62.1
Percent Federal.....	15	14	14

FEDERAL SUPPORT OF EDUCATION BY AGENCY

Table J-4 provides a summary of total Federal outlays for education by administering agency. The Department of Health, Education, and Welfare (HEW) accounts for the largest share, 58%, with the Office of Education alone accounting for 39% in 1970. In 1964, HEW's share was 30% and that of the Office of Education 21%. The largest increases for 1970 as compared with 1969 are in HEW, the Veterans Administration and the Department of Defense.

Table J-4. FEDERAL OUTLAYS FOR EDUCATION BY AGENCY
(in millions of dollars)

Agency	Outlays			
	1968 actual	1969 estimate	1970 estimate	Per- cent
Office of Economic Opportunity.....	574	475	494	5
Agriculture.....	176	188	194	2
Defense.....	808	924	998	10
Health, Education, and Welfare:				
Office of Education.....	3,620	3,471	3,866	39
Health Services and Mental Health Administration and National Institutes of Health.....	986	1,038	1,173	12
Social Security Administration.....	382	461	491	5
Other.....	120	132	155	2
Subtotal, HEW.....	(5,100)	(5,102)	(5,685)	(58)
Interior.....	195	210	237	2
Housing and Urban Development.....	290	292	234	2
National Science Foundation.....	449	480	500	5
Veterans Administration.....	498	644	727	7
Other ¹	666	728	733	7
Total Federal outlays.....	8,764	9,043	9,802	100

¹ Includes Commerce, Justice, State, Transportation, AEC, NASA, National Foundation on the Arts and the Humanities, Small Business Administration, Smithsonian Institution, TVA, USA, GPO and Library of Congress.

PART II—FEDERAL OUTLAYS FOR EDUCATION BY LEVEL PRESCHOOL, ELEMENTARY, AND SECONDARY EDUCATION

The principal effort of the Federal Government in preschool, elementary and secondary education in the last 5 years has been to bring about a greater equalization of opportunities for all children. Federal outlays have risen most sharply for grants to schools where there are concentrations of children from low-income families and for education of the physically and mentally handicapped. The second major area of Federal responsibility is the fostering of innovations essential to improve our educational system. This is accomplished through research and experimental programs and support for teacher education. Vocational education is an area of historic Federal concern where new legislation has expanded and redirected the Federal role as well as that of the States. The Government has special responsibilities, also, for education of American Indians, children of American personnel serving in foreign nations, and public school children whose parents reside or are employed on tax-exempt Federal property.

In 1970, outlays for preschool, elementary and secondary education will amount to \$3,358 million. This represents 8% of the estimated national expenditures on elementary and secondary education in public and nonpublic schools.

Table J-5. FEDERAL SUPPORT OF ELEMENTARY AND SECONDARY EDUCATION BY SUBLEVEL AND TYPE OF SUPPORT (in millions of dollars)

Sublevel and type of support	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Total preschool, elementary and secondary . . .	3,370	3,228	3,052	3,358
Preschool	342	393	300	320
Elementary and secondary	2,746	2,592	2,525	2,779
Vocational education	216	185	172	191
Other	65	58	54	69
Current operations	2,844	2,694	2,509	2,740
Facilities and equipment	50	155	148	156
Student support	180	166	167	176
Teacher training	216	155	171	209
Educational research	79	58	57	77

Table J-5 displays Federal outlays by sublevel and type of support. Table J-10 details the most significant individual Federal activities by administering agency.

Education of the disadvantaged.—One-half of the total preschool, elementary, and secondary outlay is for education of the disadvantaged—the poor and the handicapped.

Education is generally believed to bear a strong relationship with poverty as is illustrated by the fact that only 9% of high school graduates from the lowest income quartile are in the top quartile of achievement. Since 1965 several measures have been initiated to cope with this problem:

- Head Start, operated by the Office of Economic Opportunity, provides preschool education, nutrition, health and related services for children from poverty families designed to raise achievement to normal levels and to increase chances for success in school.
- Title I of the Elementary and Secondary Education Act, administered by the Office of Education, provides grants to about 15,300 school districts for expanding and improving services in schools enrolling large numbers of children from low-income families. Each local public school agency makes changes in the curriculum, and greater use of teacher aides; employs specialists in reading, speech, music, and guidance; expands hot lunch or breakfast programs; or offers other services.
- Follow Through, funded through the Office of Economic Opportunity and administered by the Office of Education, is designed to extend gains made under Head Start and other preschool programs into the early grades. About 308 schools are experimenting with several different models of school curriculum and services. Each project is carefully evaluated in order to determine which models show the greatest promise for a solid basic education for poor children which will enable them to keep abreast of other pupils.

- Grants are made by the Office of Education for prevention of dropouts and for education of children who come from non-English-speaking homes. Such grants, initiated in 1969, will be used to experiment and demonstrate new ways of attacking these difficult education problems.

Several other elementary and secondary programs also give special priority to problems of education of the poor. The Teacher Corps, which provides for inservice training of able college graduates who plan to enter teaching, is oriented entirely to service in schools in urban and rural poverty areas. Approximately one-half of the training and retraining of teachers under the Education Professions Development Act will be for teachers in such schools. Under new amendments, Federal aid for vocational education will provide a heavier portion of funding for children from low-income areas.

Federal attention is addressed, through Office of Education grants, to a second educationally disadvantaged group—those children who suffer mental or physical handicaps which impair learning ability. For these approximately 5 million children costly services are usually necessary, including teachers with special training, a small number of children in each class, extra materials and equipment. About three-fourths of the Federal expenditures are for teacher training and research and experimentation to develop, evaluate, and disseminate better techniques for education of these children. The Federal Government's support for handicapped children is supplemented by earmarks in several programs, such as "Title I" discussed above and vocational education, below, for special services to the handicapped. The total Federal outlay for all assistance to education of the handicapped will approximate \$155 million in 1970.

Table J-6. NUMBER OF CHILDREN ENROLLED IN PROGRAMS FOR THE DISADVANTAGED (in thousands)

Federal program	1968 actual	1969 estimate	1970 estimate
Education of children from low-income families.....	9,000	9,000	9,000
Special classes for the mentally and physically handicapped.....	24	182	182
Head Start:			
Full year.....	218	218	235
Summer.....	477	477	477
Parent and Child Centers.....	4	4	4
Follow Through classes.....	15	31	64
Dropout prevention projects and classes for children from non-English-speaking homes.....		10	35

Developing and transmitting innovations.—Federal support of educational research, experimentation, demonstration projects, and teacher education will continue to expand in 1970 as it has for several years. The Federal Government is a major source of funds for support of this function.

Under the Bureau of Research in the Office of Education all phases of research and development are supported through grants and contracts with institutions of higher education, States, and other agencies. The National Science Foundation makes grants for development of science and mathematics curricula for use in the schools.

Federal assistance is also provided to strengthen teaching resources. The Office of Education, the National Science Foundation and the Office of Economic Opportunity award grants and contracts to colleges, universities and other educational agencies for training and retraining of teachers. Such training helps to disseminate the results of research and to upgrade the quality of teaching and administration. The number trained in these programs is shown in table J-7.

Table J-7. NUMBER OF TEACHERS IN TRAINING OR RETRAINING

Federal program	1968 actual	1969 estimate	1970 estimate
Office of Education:			
Education Professions Development Act:			
Short-term.....	23,010	26,580	30,300
Full-year graduate fellowships.....	3,941	5,145	5,240
Short-term trainees under grants to States.....		9,000	9,000
Teachers of the handicapped:			
Short-term.....	8,938	11,184	11,184
Full-year graduate fellowships.....	4,331	5,306	5,173
Civil Rights Educational assistance:			
Short-term.....	8,468	8,468	12,410
Teacher Corps members in service.....	1,873	1,979	2,389
Subtotal, Office of Education.....	50,561	67,662	75,696
Office of Economic Opportunity: Head Start:			
Short-term training.....	50,000	50,000	50,000
National Science Foundation: Short-term.....	44,915	41,613	41,996
Total, teachers in training.....	145,476	159,275	167,692

In addition to these direct Federal grants and contracts, it is estimated that local schools will use a substantial portion of other Federal grants—such as those for education of children from low-income families and vocational education—to carry out in-service training. Those efforts are estimated to reach as many as 280,000 teachers during 1970.

Vocational education.—The Vocational Education Amendments of 1968 authorize a wide-ranging modification of Federal and State responsibilities in this area which the Federal Government has supported since 1917. The new law erases old categories of training for specific occupational areas in recognition of the need to fit training to the actual job market demand in each geographic region of the Nation. It seeks to bring local business and labor expertise together with the schools in order to plan more effective courses. It provides, also, that 25% of the basic grants to States for vocational education must be set aside for students from low-income families and the handicapped. In addition, the 1968 amendments authorize several new programs including the following which are proposed for funding in the 1970 budget:

- Grants for cooperative school-employer programs in which students will spend part of their time as employees in business or industry and part in school.

- Grants to States, local schools, or other public and private agencies for projects to test and demonstrate the best vocational techniques.
- Development of new curricular materials.

The Department of Labor administers Neighborhood Youth Corps in-school grants, funded through the Office of Economic Opportunity, which enable schools to establish work and study programs. Payments from this program help financially needy youths to remain in school.

Table J-8. NUMBER OF SECONDARY SCHOOL STUDENTS IN VOCATIONAL EDUCATION (in thousands)

Vocational program	1968 actual	1969 estimate	1970 estimate
Occupational education:			
Basic grants to States.....	2,775	3,300	4,150
Cooperative school employer programs.....			98
Exemplary vocational projects.....			45
Subtotal, occupational.....	2,775	3,300	4,293
Homemaking and consumer education.....	2,000	2,000	2,000

Special Federal responsibilities.—The Department of Defense and the Department of State finance schools for the dependents of American military and civilian personnel stationed abroad, primarily in Europe.

The Office of Education makes grants to public schools which enroll children whose parents reside or work on tax-exempt Federal property. These so-called "impacted areas" grants have expanded to a general subsidy for many districts where there is no Federal property. Payments are estimated at \$456 million in 1970 to about 4,600 school districts which enroll 40% of all the students in public schools in the Nation. The budget is based on legislation which will be proposed adjusting the entitlements more closely to the actual financial burden experienced by local districts. This will reduce the level of Federal grants in those cases where the Federal property on which parents work is located outside the school district; it would change very little the payments in those cases where parents both live and work on Federal property.

The Department of the Interior provides Federal schools for the education of American Indian children who do not have access to free public education opportunities, makes payments to States and local public school districts where tax exempt Indian-owned lands are located, and operates schools for children in the Trust Territories, Guam, and Samoa.

Table J-9. NUMBER OF CHILDREN PARTICIPATING IN SPECIAL FEDERAL PROGRAMS (in thousands)

Program	1968 actual	1969 estimate	1970 estimate
Enrolled in overseas dependents schools.....	166	191	197
Federally "connected" children in "impacted area" schools.....	2,564	2,688	2,688
Enrolled in Department of the Interior Indian schools.....	56	58	60
Enrolled in Trust Territory, Guam, and Samoan schools.....	53	56	61

Table J-10. FEDERAL SUPPORT OF ELEMENTARY/SECONDARY EDUCATION BY AGENCY AND PROGRAM (in millions of dollars)

Agency and program	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Office of Economic Opportunity:				
Headstart.....	338	393	299	317
Follow Through.....	60	3	17	32
Neighborhood Youth Corps in school.....	62	79	62	62
Other.....	30	61	59	44
Defense:				
Education of overseas dependents.....	162	83	126	151
Health, Education, and Welfare:				
Office of Education:				
Assistance to children from low-income families.....	1,226	1,049	1,021	1,108
Education of the handicapped.....	86	41	59	71
Dropout prevention and bilingual education.....	34		4	17
Teacher Corps.....	31	16	19	24
Aid to federally impacted areas.....	315	506	406	456
Supplementary services.....	173	161	158	174
Books, equipment, and counseling.....	84	176	169	139
Teacher training fellowships and institutes.....	105	58	71	101
Vocational education grants.....	196	185	173	188
Educational research.....	54	38	38	54
Social Security (student benefits).....	98	76	92	98
Other HEW programs.....	51	68	25	44
Interior:				
Indian education.....	130	112	122	136
Other.....	47	41	44	47
National Science Foundation:				
Science education.....	42	49	50	52
Other Federal agencies.....	46	33	38	42
Total.....	3,370	3,228	3,052	3,358

HIGHER EDUCATION

Federal interest in higher education goes back to the Morrill Act of 1862 which created the land-grant colleges. After World War II, support of academic research became the main thrust of the Federal effort. In the last several years, attention has shifted to programs which attempt both to equalize and expand higher educational opportunities for all individuals primarily through student financial assistance and aid for construction of college academic and housing facilities. Special priority has been given to the problems of students from low-income backgrounds and to expansion of medical education. In addition, funds are provided to meet other needs in higher education, such as teacher training and institutions with limited resources.

Federal outlays for higher education will amount to \$5,030 million in 1970. This is 51% of total Federal outlays for education and an increase of 8% over 1969. These outlays constitute about 23% of the estimated total expenditures for U.S. colleges and universities in 1970.

Table J-11 presents Federal outlays for higher education for 1968, 1969, and 1970 by type of support and academic level. Table J-16

lists the principal individual Federal activities and administering agencies.

Table J-11. FEDERAL SUPPORT OF HIGHER EDUCATION BY SUBLEVEL AND TYPE OF SUPPORT (in millions of dollars)

Sublevel and type of support	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Total, higher education	4,821	4,363	4,651	5,030
2-year institutions	353	493	530	617
Other undergraduate	1,618	1,477	1,545	1,681
Graduate and professional	2,732	2,350	2,460	2,627
Other	118	43	115	105
Student support	1,960	1,455	1,753	1,935
Institutional support:				
Current operations	651	429	468	538
Facilities and equipment	530	954	911	934
Teacher training	93	76	91	92
Educational research	31	16	24	31
Academic research ¹	1,556	1,434	1,404	1,499

¹ Excludes academic research classified under education research in this analysis, estimated at \$20 million in 1970, compared with \$10 million in 1969 and \$22 million in 1968.

Student aid.—In 1970, \$1.9 billion will be spent for aid to students. Tables J-14 and J-15 indicate the number of students in institutions of higher education receiving various types of aid and the Federal agencies providing such assistance. The Department of Health, Education, and Welfare, especially the Office of Education, provides the largest amount of student support, with outlays of \$1,217 million in 1970.

About 46% of all high school graduates enter college within 5 years of graduation, but the distribution of these students differs significantly by socioeconomic status. Approximately 95% of graduates in the highest achievement and socioeconomic levels go on to college while only 50% of graduates with the same achievement level but from the lowest socioeconomic level enter college.

In order to help alleviate this situation and increase the number of capable low-income students entering college, several student aid programs have been initiated:

- *Educational Opportunity Grants* which provide annual assistance up to \$1,000 for students of exceptional financial need.
- *Direct ("NDEA") loans* for needy students, providing that some or all of the repayments may be canceled for those who enter teaching.
- *Work-study grants* for students to earn a portion of their college expenses through employment opportunities.

Under each of these programs, administered by OE, grants or advances are paid to colleges and universities which select individual students on the basis of need. The Insured Student Loan program

provides interest subsidies on loans made to students from private sources, and is available to students from all income levels. Over 2 million grants and loans will be made under all of these Office of Education programs in 1970.

The Veterans Administration continues to support a growing number of students, mainly through benefits provided by the GI bill and 627,000 students will be aided in 1970. Outlays of \$392 million will be provided in 1970 under provisions of the Social Security Act to students who are the children, under age 22, of retired, deceased or disabled beneficiaries.

Table J-12 illustrates the family income distribution of college students receiving aid from Federal and institutional sources. Almost all students from the lowest income quartile were aided in 1966-67 and these students received the largest individual amounts of assistance.

About 264,000 graduate, professional, and postdoctoral students will receive support in 1970. It is estimated that 122,000 returning servicemen will be enrolled in graduate programs with the assistance of Veterans Administration benefits. About 98,000 students in the health and paramedical professions will be assisted through HEW health programs. These programs consist of fellowships and traineeships for graduate students studying for careers in health research and of scholarships and loans to students training for the health service professions.

Table J-12. NUMBER OF UNDERGRADUATE STUDENTS RECEIVING STUDENT AID, AND AVERAGE AMOUNT PER RECIPIENT, BY MAJOR PROGRAM AND STUDENT FAMILY INCOME QUARTILE: 1966-67 (number of students in thousands; average amount of aid in dollars)

Student aid program	Highest family income quartile		Lowest family income quartile		Total, all family income quartiles	
	Number of students	Average amount of aid	Number of students	Average amount of aid	Number of students	Average amount of aid
State and private aid administered by institutions.....	83	\$169	231	\$628	660	\$400
Federally supported student aid:						
Work-study.....	13	462	97	1,052	184	826
Educational opportunity grants.....	4	250	56	589	134	433
Veterans benefits.....	32	990	20	990	157	990
Student loans, NDEA.....	63	635	125	552	376	588
Guaranteed loans.....	159	874	65	800	430	837
All student aid programs—estimated students, unduplicated.....	274	847	285	1,477	1,171	1,035
Total full-time undergraduate students in U.S. institutions.....	1,940	-----	302	-----	4,058	-----
Percent undergraduates receiving aid.....	14	-----	94	-----	29	-----

Source: Adapted from tables 10, A-18 and A-21, *Students and buildings*, Office of Education Planning Document 68-2, May 1968.

Institutional support.—Federal outlays for institutional support will amount to \$1.5 billion in 1970 with \$538 million for current operations and \$934 million for facilities and equipment.

Table J-13. **FEDERAL OUTLAYS FOR COLLEGE AND UNIVERSITY FACILITIES** (in millions of dollars)

Federal program	1968	1969	1970
Undergraduate and graduate academic facility grants (Office of Education).....	355	277	325
Academic facility loans (Office of Education).....	101	94	84
College housing loans (Housing and Urban Development).....	289	286	226
Medical and health education facilities (National Institutes of Health).....	61	89	125
Science research facilities (National Science Foundation).....	58	56	53
Postsecondary technical (OE), and all other programs.....	90	109	121
Total Federal grants and loans.....	954	911	934

Current operations includes cost-of-education allowances paid to institutions of higher education as a part of fellowship and traineeship grants in the natural and health sciences made under the National Science Foundation and HEW. It also includes grants to institutions made by HEW for training of students in the health professions and rehabilitation services. In addition, grants are made by the Office of Education for improvement of colleges which are not in the mainstream of quality academic institutions, for land-grant colleges, and for college libraries. Finally, the Department of Defense supports college ROTC activities.

Grants and loans are provided by OE and HUD for construction of college and university classrooms, laboratories, libraries, and dormitories. Part of the financing is being shifted from direct Federal loans to Federal interest subsidies on loans made to colleges by the private market. In 1970, the Office of Education will support approximately \$250 million in loans for new construction through interest subsidy payments. College housing loans will total \$300 million, the same as 1969.

Grants are also made by NIH for construction of health facilities at medical, dental, nursing, and other health professions schools and by the National Science Foundation for construction of university science facilities and the renovation of graduate laboratory space.

Table J-14. UNDERGRADUATE STUDENT SUPPORT¹

(Outlays in millions of dollars; number of awards in thousands)

Sublevel and agency	Total outlays			Grants			Loans			Work-study		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Total.....	1,059	1,300	1,454	1,062	1,269	1,379	864	1,093	1,221	349	349	344
2-year institutions.....	245	307	360	298	357	375	172	243	293	56	56	56
Other undergraduate.....	814	993	1,094	764	912	1,004	692	850	928	293	293	289
Defense.....	17	18	20	12	14	15						
Health, Education, and Welfare:												
Office of Education.....	390	462	530	243	259	309	² 839	² 1,066	² 1,188	349	349	344
Health Services and Mental Health Administration and NIH.....	19	239	25	8	10	12	25	27	33			
Social Security Administration.....	306	368	392	341	381	413						
Veterans Administration.....	323	425	482	³ 454	³ 601	³ 627						
Other.....	5	5	5	4	3	3						

¹ Involves some duplication because students may be assisted under more than one program.² Includes insured loans: 474 thousand in 1968; 690 thousand in 1969; and 850 thousand in 1970.³ Total number of individual students aided which differs from the average number of veterans in training during the year used in other references in the 1970 Budget

Note.—Number of awards is based on outlays and may not be consistent with data based on budget authority in other parts of the budget.

Table J-15. GRADUATE STUDENT SUPPORT¹ (excludes graduate support for elementary and secondary teachers shown on p. 120)

(Outlays in millions of dollars; number of awards in thousands)

Sublevel and agency	Total outlays			Fellowships, traineeships and other grants			Loans		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Total.....	396	452	481	213	250	264	106	126	133
Graduate and professional.....	315	366	395	203	236	251	106	126	133
Post-doctoral.....	81	86	86	10	14	13	-----	-----	-----
Health, Education, and Welfare:									
Office of Education.....	49	50	54	29	29	30	² 106	² 126	² 133
Health Services and Mental Health Administration and NIH.....	183	198	207	81	88	98	-----	-----	-----
Other.....	8	8	9	3	3	3	-----	-----	-----
Veterans Administration.....	118	154	174	⁴ 85	⁴ 118	⁴ 122	-----	-----	-----
National Science Foundation.....	22	25	25	9	8	8	-----	-----	-----
Other ³	16	15	13	6	5	4	-----	-----	-----

¹ Number of awards may involve some duplication because students may be assisted under more than one program.

² Includes insured loans: 41 thousand in 1968; 60 thousand in 1969; and 74 thousand in 1970.

³ Includes AEC, NASA, DOT, HUD, and DOD.

⁴ Total number of individual students aided which differs from the average number of veterans in training during the year used in other references in the 1970 Budget.

Note.—Number of awards is based on outlays and may not be consistent with data based on budget authority in other parts of the budget.

Teacher training.—In 1970, \$92 million will be spent for the training of college and university personnel. The principal program, graduate fellowships under title IV of the National Defense Education Act, assists persons preparing for careers as college or university teachers. About 3,650 fellowships will be awarded in 1970 to new graduate students and in total 10,900 graduate fellows will be aided.

In addition, fellowships and institutes are provided under the Education Professions Development Act for the preparation of teachers, administrators or educational specialists. This program is designed to help assure well-prepared educational personnel for junior colleges, technical institutes, and liberal arts colleges. Funds will be used to develop training models for new careers in higher education and to devise and experiment with innovative training techniques. About 4,400 individuals will participate in the program in 1970.

Educational research.—Outlays of \$31 million in 1970 will support research and experimental projects. The National Science Foundation supports programs to upgrade science curricula and facilitate the use of computers in colleges. The Office of Education will fund research on future trends in higher education.

Academic research.—Federal support of academic research will amount to \$1.5 billion in 1970. This represents about two-thirds of the total research and development work performed by universities. Such research is funded by agencies to assist them in achieving their mission objectives and includes medical, health and welfare research under HEW (\$0.6 billion), research related to military requirements under the Department of Defense (\$0.3 billion), and research in all fields of science under the National Science Foundation (\$0.3 billion). These outlays are of mutual benefit to institutions—by strengthening their courses of graduate study—and to the people of the Nation—whose health, security and amenities of daily life are dependent on the results of this research. Federal support of academic research is discussed also in Special Analysis Q, Federal Research, Development and Related Programs.

Table J-16. FEDERAL SUPPORT OF HIGHER EDUCATION BY AGENCY AND PROGRAM (in millions of dollars)

Agency and program	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Defense:				
Academic research.....	274	235	252	275
Other.....	87	75	82	85
Total, Department of Defense.....	361	310	334	360
Health, Education, and Welfare:				
Office of Education:				
Student aid:				
Educational opportunity grants.....	176	103	128	134
Work-study.....	154	112	137	148
NDEA loans.....	162	182	186	164
Insured loans.....	64	27	49	119
Facilities—grants and loans.....	161	456	378	420
Graduate fellowships for teaching.....	61	61	75	71
Other OE programs.....	281	209	186	225
Total, Office of Education.....	1,059	1,150	1,139	1,281
Other Health, Education, and Welfare:				
Academic research—health sciences.....	615	571	519	578
Fellowships and traineeships—health professions.....	449	275	347	379
NIH facilities construction.....	149	61	89	125
Social and rehabilitation research and training.....	61	50	54	56
Social Security (student benefits).....	392	305	368	392
Other.....	210	133	148	171
Total, Health, Education, and Welfare.....	2,935	2,545	2,664	2,982
Housing and Urban Development:				
College housing.....	65	289	286	226
Other.....	3	1	2	3
Veterans Administration:				
Readjustment benefits.....	587	387	515	584
Other.....	74	54	64	73
National Science Foundation.....	375	333	361	381
Other programs.....	420	444	425	421
Total, Higher Education.....	4,820	4,363	4,651	5,030

ADULT AND CONTINUING EDUCATION

Education is a lifetime pursuit. For those adults who are not participating in the formal educational process, opportunities must be provided in order that they may expand their horizons, increase employment capabilities and play a fuller role in the community.

Table J-17 summarizes Federal outlays on adult and continuing education by sublevel and type of support. Table J-18 lists the larger Federal programs by administering agency.

Table J-17. FEDERAL SUPPORT OF ADULT AND CONTINUING EDUCATION BY SUBLEVEL AND TYPE OF SUPPORT (in millions of dollars)

Sublevel and type of support	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Total.....	354	306	336	357
Adult basic.....	74	51	63	67
Extension.....	216	184	201	211
Public library services.....	52	64	64	65
Other continuing education.....	12	7	9	14
Current operations.....	271	221	245	261
Facilities and equipment.....	15	33	32	32
Support of individuals.....	68	52	60	64

The Smith-Lever Act of 1914 authorizes the Department of Agriculture to support instruction in agriculture, home economics and related subjects through land-grant college extension activities. Extension education was further authorized by the Agricultural Marketing Act of 1946. Greater efforts are being made to reach low-income people under these cooperative Federal-State-county activities.

The Office of Education, with an outlay of \$44 million in 1970, will support adult basic education classes enrolling over 500,000 men and women, largely from low-income areas. These programs enable the enrollees to overcome English language limitations, and prepare them for occupational training leading to more profitable employment. OE also makes grants for public libraries, State institutional libraries, interlibrary networks, library services for the handicapped and educational broadcasting.

The Veterans Administration has a sizable interest in the area of adult and continuing education as part of its readjustment benefits program. Veterans and the children, widows and wives of deceased or seriously disabled veterans are given direct support to obtain such education. In 1970 about 182,000 individuals will receive benefits.

OEO supports basic education for the poor. The emphasis is on the development of innovative methods of teaching for large scale use by school systems and others.

Other adult education programs are operated by the Departments of Defense, Interior (Bureau of Indian Affairs), Justice (Bureau of Prisons), and Transportation (Coast Guard), the Library of Congress and the Government Printing Office.

Table J-18. **FEDERAL SUPPORT OF ADULT AND CONTINUING EDUCATION BY AGENCY AND PROGRAM** (in millions of dollars)

Agency and program	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Agriculture: Cooperative extension service.....	101	90	97	101
Health, Education, and Welfare—Office of Education:				
Adult basic education.....	50	29	40	44
Library services.....	50	62	62	63
Educational TV.....	11	7	9	13
Office of Economic Opportunity: Adult basic education.....	24	22	23	23
Veterans Administration:				
Readjustment benefits.....	63	52	59	63
Other.....	55	44	46	50
Total.....	354	306	336	357

TRAINING OF PUBLIC EMPLOYEES

The Federal Government supports efforts to assist public employees to increase their professional skills. This analysis includes the significant Federal programs designed to provide graduate and professional education for public employees at educational institutions. Inservice and on-the-job training are excluded since they do not involve educational institutions.

Table J-19 presents data on Federal outlays for professional and technical education of Federal civilian and military employees and Federal support for training State and local employees. In 1970, over 32,000 Federal civilian, 311,000 State and local, and 132,000 military personnel received some type of graduate and professional training at institutions of higher education. The military services account for the major part of this effort (\$432 million or 88% in 1970), for which they utilize institutions of higher education as well as their own educational facilities, such as the military academies and other armed forces colleges. Training of civilian employees of the Federal Government, as well as State and local employees, is supported by the various branches of the armed forces, the Foreign Service Institute in the Department of State, the law enforcement training program of the Department of Justice, and public health and rehabilitation manpower activities of HEW.

Table J-19. FEDERAL SUPPORT OF TECHNICAL AND PROFESSIONAL TRAINING OF PUBLIC EMPLOYEES BY SUBLEVEL AND AGENCY (in millions of dollars)

Sublevel and agency	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
Federal civilian:				
Defense.....	7	6	7	7
State.....	7	6	7	7
Other.....	10	9	9	10
Total, Federal civilian.....	24	21	23	24
State and local:				
Justice.....	22	1	10	22
HEW.....	12	11	10	10
Other.....	9	0	3	6
Total, State and local.....	43	12	23	38
Federal military:				
Defense, total military.....	425	369	411	432
Total.....	493	402	457	494

FOREIGN EDUCATION

The Federal Government supports foreign students attending colleges and universities in the United States and provides assistance to educational institutions in foreign countries. The principal agencies involved are the Agency for International Development (AID), the Peace Corps and the Department of State. The AID educational program provides technical and financial assistance to developing countries to upgrade and expand their systems of education. About 1,200 experts are engaged in about 50 countries through university contracts or working directly with ministries of education. Various grants and loans will assist 164 foreign colleges in 1970. The Peace Corps will provide for the training of U.S. volunteers for service abroad and the support of 4,635 volunteer teachers in developing nations. The Department of State conducts a program of sports, educational and cultural exchange which, in 1970, will involve 1,114 U.S. citizens and almost 5,000 foreign nationals. Other agencies with foreign educational programs are the National Aeronautics and Space Administration and the U.S. Information Agency.

Table J-20. **FEDERAL SUPPORT OF FOREIGN EDUCATION BY AGENCY**
(in millions of dollars)

Agency	Budget authority 1970 estimate	Outlays		
		1968 actual	1969 estimate	1970 estimate
AID.....	262	140	190	200
Peace Corps.....	43	44	40	39
State.....	33	42	37	31
Other.....	22	16	23	22
Total.....	360	242	290	292

OTHER FEDERAL SUPPORT FOR EDUCATION

This category of Federal educational outlays includes a number of Federal activities that do not fall conveniently into any of the other levels of education such as some activities of the Library of Congress and the National Agricultural Library; the educational activities of the Smithsonian Institution and the Small Business Administration; and \$61 million for research supported by the National Science Foundation outside academic institutions.

SPECIAL ANALYSIS K

FEDERAL MANPOWER PROGRAMS

COVERAGE AND SCOPE OF THIS ANALYSIS

Almost all public and private sector activities have some effect on the work force. A limited grouping of programs, described in this new special analysis, influence directly the supply, quality, or demand for manpower, by increasing the skills and employment opportunities of persons who are in the work force, or who desire to be in the work force but are unprepared. Programs serving this objective provide either skill training, direct employment, or job placement assistance.

The programs included in this analysis generally: (1) are delivered outside the normal educational institutions and process; (2) provide services for periods of less than 1 year; (3) provide skill training and job opportunities in nonprofessional jobs; and (4) are targeted to the disadvantaged sector of our population. The analysis includes all programs classified as Manpower training in the functional code. In addition it includes programs from other functional classifications such as Health, National Defense, and Veterans. It excludes programs which are part of the normal educational process, and which are covered by the special analysis on education.

1970 PROGRAM OVERVIEW

The Federal budget provides \$3.5 billion in 1970 for manpower programs, as compared to \$3.0 billion in 1969 and \$735 million in 1964. This almost five-fold rise reflects the increasing emphasis on manpower programs as a method for increasing the employability of the disadvantaged—"poor persons who do not have suitable employment and who are either (1) school dropouts, (2) under 22 years of age, (3) 45 years of age or over, (4) handicapped, or (5) subject to special obstacles to employment."¹

The following table summarizes the programs to which Federal funds have been allocated, 1964 and 1968-70:

¹ Categories of people given preference for participation in manpower programs administered by the Department of Labor.

Table K-1. FEDERAL OUTLAYS AND INDIVIDUALS SERVED BY PROGRAM
(dollars in millions, individuals in thousands)

Program	Outlays				Individuals served ¹			
	1964 actual	1968 actual	1969 est.	1970 est.	1964 actual	1968 actual	1969 est.	1970 est.
Job Opportunities in the Business Sector (JOBS)-----		4	121	239		16	80	160
Concentrated Employment Program (CEP)-----		71	163	193		54	105	115
Work Incentive Program (WIN)-----			90	163			130	175
Vocational Rehabilitation-----	84	281	369	509	179	335	415	505
MDTA Institutional and OJT training-----	98	321	338	330	78	272	290	290
Job Corps-----		318	277	283		65	70	70
Neighborhood Youth Corps (NYC) ² -----		336	321	321		538	490	490
U.S. Employment Service (ES)-----	181	312	341	378	(³)	(³)	(³)	(³)
Other programs-----	40	395	421	448	21	242	220	230
Subtotal-----	403	2,038	2,441	2,864	278	1,522	1,800	2,035
Civilian skill training—Defense-----	332	570	595	630	(³)	(³)	(³)	(³)
Grand total-----	735	2,608	3,036	3,494	278	1,522	1,800	2,035

¹ Individuals served for each program are estimated new participants during a fiscal year and are greater than the number of "slots" or "job opportunities" because several individuals may receive training through a single federally funded position. Persons served by several programs are counted only once. Agency data for individuals served by program are not always comparable, and several of the above entries are derived figures.

² Amounts for summer programs reported in this analysis are on a calendar year basis.

³ Data for this program are not comparable to other programs.

Of the \$458 million increase in 1970 over 1969, 25% is for the Job Opportunities in the Business Sector (JOBS) program, and 53% is for comprehensive programs—the Concentrated Employment Program (CEP), the Work Incentive Program (WIN), and the Vocational Rehabilitation program.

The budget for 1970 provides increases of:

- \$118 million for the JOBS program to fund a total of 140,000 on-the-job training slots, a 100% increase over the 1969 level;
- \$30 million in CEP in order to serve a total of 115,000 individuals;
- \$73 million for WIN. Work and training opportunities will be provided for 175,000 welfare recipients and day care for 146,000 children.
- \$140 million for Vocational Rehabilitation for disabled persons.
- \$37 million for the U.S. Employment Service to provide for State salary increases, to strengthen its services in rural areas, and to initiate an experimental Job Bank program in 25 cities.

Of the 235,000 increase in individuals served in 1970, 80,000 or about one-third is due to JOBS; and WIN and Vocational Rehabilitation, together, account for 135,000 or 57%.

MAJOR PROGRAM APPROACHES

For purposes of this section of the analysis, each program has been classified as part of one of seven major program approaches. Some programs could be classified under only one approach; others, having multiple techniques, are split among several of the approach classifications.

Table K-2. INSTITUTIONAL TRAINING PROGRAM LEVELS
(dollar amounts in millions, individuals in thousands)

Program	Outlays			Budget authority 1970 est.	Individuals served		
	1968 actual	1969 est.	1970 est.		1968 est.	1969 est.	1970 est.
MDTA Institutional Training.....	254	268	260	239	147	160	160
Job Corps.....	318	277	283	280	65	70	70
WIN and CEP.....	30	112	171	199	19	80	90
Other.....	24	24	42	51	27	35	45
Total.....	626	681	756	769	258	345	365

In terms of people served, the largest of these programs is the *Institutional Training Program* conducted under authority of the Manpower Development and Training Act. This program offers full-time classroom training, supportive services, and training allowances. A major recent development in this program has been initiation of MDTA skill centers. Fifty-five skill centers, to better serve the needs of the disadvantaged, offer a wide range of services, in addition to training, such as intensive counseling, testing, and remedial education.

The *Job Corps* was begun in 1965. In 1970, 113 residential centers will provide training and supportive services to help school dropouts become employable. These youths are provided intensive services such as work experience, basic education, and vocational training, and also special supervision and counseling, health care, special placement efforts, and provision of food, clothing, and living quarters. In 1970, the Job Corps has assigned priority for the continued development of five new inner-city centers which offer a combined residential and nonresidential program in conjunction with the local school system and responsive to the local job market.

Other major institutional programs include portions of the CEP and WIN programs, and training programs for Indians and prisoners operated by the Departments of Interior and Justice, respectively.

On-the-job training (OJT).—OJT programs reimburse employers for the cost incurred in hiring and training unskilled workers. This reimbursement may cover job training costs, and also the cost of remedial education, other necessary services, and an allowance for the employee's lower initial productivity.

These programs represent a growing proportion of the total Federal manpower effort. OJT programs have risen from \$44 million in 1966 to \$452 million in 1970, or from 2% to 13% of total manpower outlays.

Table K-3. ON THE JOB TRAINING PROGRAM LEVELS
(dollar amounts in millions, enrollees thousands)

Program	Outlays			Budget authority 1970 est.	Individuals served		
	1968 actual	1969 est.	1970 est.		1968 actual	1969 est.	1970 est.
JOBS.....	4	121	239	420	16	80	160
MDTA Regular OJT.....	67	70	70	66	125	130	130
New Careers ¹	24	35	38	47	12	15	20
Industry Incentive.....	6	12	14	20	3	5	10
Other.....	12	63	91	97	26	55	50
Total.....	113	301	452	650	182	285	370

¹ Includes estimated portion of CEP funding for New Careers.

The largest and the fastest growing OJT program is *Job Opportunities in the Business Sector* (JOBS), a joint Federal-private enterprise effort initiated in fiscal year 1968 to employ and train the hard-core disadvantaged in the 50 largest cities. The National Alliance of Businessmen (NAB) solicits job pledges from private employers. The Department of Labor, through both the Concentrated Employment Program (CEP) and the U.S. Employment Service, recruits disadvantaged workers for job openings. Under authority of both MDTA and the Economic Opportunity Act, the Federal Government underwrites the extra cost of employment and training. In 1970, 140,000 jobs under reimbursement contract are planned at an estimated cost of \$3,000 each, for a total of 252,000 jobs under contract since the program was initiated. In addition, because of NAB encouragement, many employers will hire the disadvantaged at no cost to the Government.

Another OJT program is conducted under authority of the MDTA. This program is less costly since it reimburses employers only for extra training costs, but reaches on the average somewhat less disadvantaged persons than JOBS. Reflecting the emphasis on serving the more disadvantaged, through JOBS, this program will be continued at the 1969 level.

The *New Careers* program provides training opportunities for the poor in sub-professional public sector jobs with "career ladders." The program also seeks to restructure job standards.

A new experimental program to foster industry training of unskilled workers is the *Industry Incentive* (Special Impact) program administered by the Department of Labor. In 1970, this program, with outlays of \$14 million, will provide monetary incentives for the location of plants in ghettos and reimburse employers who hire and train the disadvantaged for employment in such plants.

Disability rehabilitation.—The disability rehabilitation programs seek to restore to a productive life people who become disabled. These programs provide a comprehensive range of training and services, with heavy emphasis on medical care, counseling, and guidance. These are supplementary to income and services received by the disabled from family income, workmen's compensation, and disability and medical insurance. As a result, average costs are low as compared to other manpower programs—about \$1,300 per person in 1970.

Outlays for rehabilitation programs rise from \$304 million in 1968 to \$547 million in 1970, or from 12% to 16% of the total manpower effort.

Table K-4. REHABILITATION PROGRAM LEVELS
(dollar amounts in millions, enrollees in thousands)

Program	Outlays			Budget authority 1970 est.	Individuals served		
	1968 actual	1969 est.	1970 est.		1968 est.	1969 est.	1970 est.
Vocational rehabilitation.....	281	369	509	564	335	415	505
Veterans vocational rehabilitation.....	23	31	38	38	9	15	15
Total.....	304	400	547	602	344	430	520

Rehabilitation services are provided almost entirely through a single program—the *Federal-State Vocational Rehabilitation Program*. In 1970, Federal outlays will total \$509 million. The funds go primarily to State rehabilitation agencies which determine client needs and purchase services on a case-by-case basis. In 1970, enrollment does not increase as rapidly as outlays, because part of the outlay increase covers a rise in the Federal share of Vocational Rehabilitation costs from 75% in 1969 to 80% in 1970, and because average costs will increase, in part reflecting efforts directed to the more difficult cases. It is estimated that as a result of this program 265,000 persons will be restored to productive lives in 1970.

Work support.—Work support programs create temporary jobs, usually in the public sector, for which wage payments are financed by the Federal Government. The jobs terminate when the wage subsidies end. These programs are designed to serve two objectives: (a) to provide the unemployed and underemployed with useful work skills and work habits; and (b) to offer enrollees an opportunity to earn a livelihood through socially useful employment.

The average cost per person served by these programs is \$650. Of this, 73% is in the form of wages paid to participants, resulting directly in useful, productive work by persons who normally would be unemployed and hence nonproductive.

Outlays for work support programs rose from zero in 1964 to \$576 million in 1968, but will decline to \$552 million in 1970. The recent decline is primarily due to decreasing outlays for the *Work Experience Program*, which will be completely phased out in 1970 and replaced by WIN.

Table K-5. WORK SUPPORT PROGRAM LEVELS
(dollar amounts in millions, enrollees in thousands)

Program	Outlays			Budget authority 1970 est.	Individuals served		
	1968 actual	1969 est.	1970 est.		1968 est.	1969 est.	1970 est.
NYC school and summer ¹	193	185	185	188	413	375	375
NYC out of school.....	143	136	136	134	125	115	115
Operation Mainstream.....	31	38	38	42	13	15	15
WIN and CEP.....	25	97	118	134	22	125	170
Other.....	184	121	75	76	165	110	105
Total.....	576	577	552	574	738	740	780

¹ Persons served by both school and summer programs are counted only once.

The major work support programs are the *Neighborhood Youth Corps in-school and summer programs*. In 1970, outlays for these programs will total \$185 million, for 375 thousand enrollees. These and related programs offer part-time work during the school year and full-time work during the summer to needy high school-age students. Unlike other programs which focus on remedial services for those who have left school, these programs are preventative—to keep youth in school to obtain a high school education.

The *Neighborhood Youth Corps out-of-school program* offers work experience and related services primarily to poor unemployed youths. This, the largest manpower program offering full-time employment, will enroll 115 thousand youths and young adults in 1970 at a total cost of \$136 million, providing opportunities to earn a wage and acquire work habits and knowledge.

Operation Mainstream, operated by the Department of Labor under delegation from OEO, focuses on older workers primarily in rural areas where employment opportunities are scarce. The emphasis is on provision of employment, rather than remedial services.

Both *WIN* and *CEP* provide significant amounts of work support as part of their comprehensive array of program services.

Job placement assistance.—There are a number of programs to promote a smoothly operating labor market by overcoming barriers created by workers' lack of knowledge, inability of employers to find qualified workers, and discrimination. The primary tools of these programs are developing and disseminating information concerning employer and employee needs, and counseling and testing of jobseekers. This often requires "outreach" to find unemployed people, as well as job development and job restructuring efforts with employers. Federal outlays for this approach will rise from \$361 million in 1968 to \$465 million in 1970.

Table K-6. JOB PLACEMENT ASSISTANCE PROGRAM LEVELS
(dollar amounts in millions)

Program	Outlays			Budget authority 1970 estimate
	1968 actual	1969 est.	1970 est.	
U.S. Employment Service.....	312	341	378	378
Equal Employment Opportunity Commission.....	6	9	15	16
Project Transition.....	8	16	18	18
Project 100,000.....	15	23	27	27
Other.....	20	20	27	28
Total.....	361	409	465	467

The *United States Employment Service*, operated by the States in cooperation with the Department of Labor, accounts for 81% of 1970 outlays in this category. The USES, with 2,000 local offices and 40,000 employees, provides not only placement services for the general work force, but also special efforts for placing the disadvantaged. Up to 12 million persons are expected to receive ES services in 1970. In 1970, the ES will strengthen its services for rural residents, improve its data systems for internal management, and experiment with job banks and other computerized placement techniques.

In 1970, outlays by the *Equal Employment Opportunity Commission* will increase by \$6 million over 1969 to \$15 million. The Commission attempts to reduce barriers to employment for minority groups and others by investigating and conciliating complaints. Legislation is being recommended to strengthen the Commission's efforts by granting it cease and desist authority.

Project Transition, operated by the Department of Defense, provides counseling, testing, limited skill training, and job placement assistance to servicemen prior to discharge. The Defense Department will spend about \$18 million on this program in 1970 for about 170,000 servicemen. Another Department of Defense program, *Project 100,000*, will reduce military entrance standards for about 92,000 disadvantaged youth in 1970, about the same number as in 1969. After enlistment, these youth will receive necessary remedial health, education, and training services to bring them to military standards at an added cost of about \$27 million.

In 1970, 71 *Veteran's Assistance Centers* will assist about two hundred thousand returning servicemen, especially the educationally disadvantaged, to obtain both their veteran's benefits and manpower training and employment. Also in 1970, the *Bureau of Indian Affairs* will directly assist about 10,000 Indians to move to cities and towns to obtain employment.

Program direction, support, and research.—The effectiveness of individual programs depends on overall administration, research and demonstration, and effective delivery of services at the local level.

Outlays for these purposes were \$58 million in 1968 and are estimated to be \$73 million in 1969 and \$92 million in 1970.

Several programs conduct experimental and demonstration projects to examine manpower problems and solutions. The largest is the *MDTA Experimental and Demonstration Program* at \$19 million in 1970. Among experiments continued in 1970 is a labor mobility program which helps workers to move from areas with job shortages to areas with job vacancies.

Civilian Skill Training—Defense.—Skill training by the Department of Defense for the armed services is included in this analysis because of its importance as a major training vehicle for many men and women who later enter the civilian labor force. It is one of the major post-school sources of training in the United States providing skills applicable to civilian work for such occupations as repairmen, mechanics, and technicians.

In 1970, outlays for this purpose will rise to \$630 million, as compared to \$332 million in 1964. This expansion reflects increased force levels due to Vietnam. About 900,000 servicemen will complete courses in civilian-related subjects in 1970. The skills and work experience gained are a derivative benefit obtained from costs incurred for national security purposes.

COORDINATION AND DELIVERY SYSTEMS

To improve the delivery of the programs discussed above, several recent steps have been taken:

- In 1967 the *Cooperative Area Manpower Planning System* (CAMPS) was initiated to engage Federal, State, and local government agencies, and private enterprise, in the coordination and planning of manpower programs.
- Local program operation and coordination can be improved by training and other technical assistance to the staff of the community agencies operating manpower programs. Starting in 1970, amendments to the MDT Act will provide budget authority of \$14 million for *technical assistance*.
- *Labor market information*, including national occupational trends, local labor market studies, and specific data on local job opportunities, is of great assistance in manpower planning and execution. MDTA budget authority for such data services will rise from \$2 million in 1969 to \$14 million in 1970.
- Beginning in 1969, most Department of Labor administered manpower services will be funded through *single sponsors* as required by the *Comprehensive Work and Training Program* provision of the Economic Opportunity Act. In most cases sponsors will be Community Action Agencies (CAA's), which will coordinate the delivery of all services.

Another method of improving delivery is through *Comprehensive Target Programs* which offer a wide range of coordinated services targeted either to particular groups or to specific areas. The *Vocational Rehabilitation* program has been discussed. Two other delivery systems have been instituted recently—the *Concentrated Employment Program* (CEP) in 1967 and the *Work Incentive Program* (WIN) in 1968. In

total, outlays for these three programs will account for \$865 million in 1970, or 25% of the manpower effort, up from \$352 million and 13% in 1968 (see table K-1).

WIN provides work, training, child-care and related services to public assistance recipients. Employable welfare recipients will be referred directly to jobs. Those who are not job-ready will be offered training, basic education, and work experience, to prepare them for employment. For the most severely disadvantaged, special protected work projects will be provided. In 1970, an estimated 175,000 public assistance recipients will be enrolled. Other manpower programs will enroll an estimated additional 400,000 welfare recipients.

The Concentrated Employment Program coordinates the delivery of individual manpower services such as counseling, training, and remedial education, for maximum impact in limited geographic areas of severe unemployment. In 1970, CEP will provide manpower services in 82 urban and rural neighborhoods. In addition to the 115,000 people enrolled directly by CEP, about 50,000 will be referred to JOBS and other programs.

By 1970, it is expected that the *Model Cities* program, another major effort to achieve maximum impact through targeted and coordinated services, will be operational in 150 cities. This program is expected to make major contributions to manpower objectives by integrating the total delivery of social services in the demonstration areas. No estimates are now available of the amount of manpower services which may be funded by the Model Cities program.

INDICATORS OF THE LEVEL OF EFFORT

Table K-7. INDIVIDUALS AND MAN-YEARS BY MAJOR APPROACH
(in thousands)

Approach	Individuals served		1970 Average duration (months) est.	Man-years	
	1968 est.	1970 est.		1968 est.	1970 est.
On-the-Job Training.....	182	370	6.3	53	205
Institutional training.....	258	365	5.3	114	170
Disability rehabilitation.....	344	520	12.9	389	560
Work Support:					
School.....	531	475	3.4	241	180
Post-school.....	207	305	5.1	127	140
Total.....	1,522	2,035	-----	924	1,255

In 1970, the largest number of individuals served will be in work support programs—780,000 or 38% of new participants. Institutional and OJT training programs will serve the next largest number—735,000 or 36%, and rehabilitation will serve 520,000 or 25% of new participants.

The number of man-years of services provided is a common measure of the level of effort for all programs because average duration of

enrollment in manpower programs varies. It is usually less than one year (with the exception of rehabilitation programs) and thus the number of new participants exceeds man-years of effort. This is especially notable in work support programs, due to the short length of stay in summer programs. Compared to new enrollees the relative effort of the programs in 1970 as measured in man-years is quite different—rehabilitation serving 45%; institutional and OJT training, 30%; and work support, 25%.

TABLE K-8. 1970 PARTICIPANT AND MAN-YEAR UNIT COST¹

Approach	Man-year cost est.	Participant cost est.	Estimated distribution of participant cost by percent		
			Allowances	Education and training	Other
On-the-job training.....	\$2,500	\$1,300	14	10	76
Institutional training.....	4,750	2,100	34	31	35
Disability rehabilitation.....	1,200	1,300		32	68
Work support:					
In-school.....	1,550	450	85	2	13
Post-school.....	2,300	1,000	51	16	33

¹ Includes State and local cost sharing.

Unit costs are greatest for institutional training, both on participant and man-year bases. However, a higher proportion (31%) of these costs are allotted to skill training than in any other approach. The man-year cost is affected by Job Corps and CEP which provide intensive supportive services.

The OJT approach has a low unit cost because employers bear a part of the costs of training and pay the enrollee's wage. These unit costs are growing, however, as the JOBS program shares with employers the relatively higher costs incurred in hiring and training the more disadvantaged.

Man-year costs for disability rehabilitation are low because the large proportion of nonpoor enrollees reduces the need for allowances and because a substantial part of the time individuals are enrolled occurs during periods of evaluation and followup when few supportive services are provided. Moreover, all rehabilitation costs are not reflected in Federal and State outlays since insurance and workmen's compensation cover some of the subsistence and medical costs. Unlike other approaches, rehabilitation participant costs are higher than man-year costs because the average duration exceeds 1 year.

Man-year costs for work support programs are relatively high because the allowances provided are wage payments, and 73% of costs are for enrollee allowances. The costs would be higher still were it not for the fact that the NYC Summer and School programs provide for only part-year and part-time work. Per participant costs, however, are the lowest of all programs because of the participants' short length of stay.

PEOPLE SERVED

According to recent estimates ¹ there were in 1968 about 11 million chronically poor teenagers and adults for whom manpower programs might provide an escape from poverty. Of these,

- Approximately 4.5 million, or about two-fifths of the total, were nonwhite, Mexican-Americans, or Puerto Ricans;
- More than one-half were women;
- About 4 million were youth under 21;
- Some 3 million lived in urban slums; and
- Several million others lived in depressed rural regions.

The actual universe could be much larger since many millions earn little more than the "poverty" standard and are vulnerable to skill obsolescence and unemployment, and since many move into and out of poverty each year.

The role of manpower programs in serving the disadvantaged is illustrated in the table below which compares the estimated characteristics of manpower program participants, the general labor force, and the adult poverty population.

Table K-9. ESTIMATED CHARACTERISTICS OF GENERAL LABOR FORCE, ADULT POVERTY POPULATION, AND MANPOWER PROGRAM PARTICIPANTS—(in percent)

Characteristics	Total U.S. work force 1967 (age 16-64), civilian, non-institutional	Poverty population 1966 (age 16-64), civilian, non-institutional	Manpower programs, individuals served 1968 (age 14 and above) ¹
Aged 21 or less.....	14	22	64
Aged 55 or more.....	14	20	4
Male.....	63	39	57
Less than high school education.....	³ 39	(²)	80
8th grade education or less.....	³ 19	(²)	11
Poor.....	11	100	86
Welfare recipients.....	1	15	23
Nonwhite.....	11	35	44

¹ Agency data are not always comparable and all of the entries are estimates.

² Not available.

³ For work force age 18-64.

About 11% of the general labor force was poor, as compared to 86% of manpower program participants; about 39% of the general labor force did not have a high school diploma, compared to 80% of manpower program participants; and while about 1% of the general labor force was on welfare, 23% of the manpower program enrollees were welfare recipients.

Manpower programs focus heavily on nonwhites (44%) who often have special employment problems; on youth (64%) for whom employment is a more appropriate solution for poverty than income maintenance; on welfare recipients (23%) for whom special employ-

¹ Interagency Manpower Planning Task Force, chaired by the Department of Labor.

ment efforts are deemed appropriate; and on the educationally disadvantaged (80%). In contrast, manpower programs reach older Americans, for whom employment is often less appropriate than income security, much less than their proportion in the poverty universe.

As indicated in table K-10 below, the characteristics of participants vary among major program approaches.

Table K-10. ESTIMATED CHARACTERISTICS OF ENROLLEES BY APPROACH IN 1968—(in percent)

Approach	Poor	Less than high school	Non-white	21 or younger	Male	Welfare recipient
OJT.....	53	50	41	30	68	8
Institutional.....	80	68	63	57	62	19
Rehabilitation.....	68	58	23	22	56	12
Work support:						
In-school.....	98	98	50	100	56	28
Post school.....	99	80	52	55	50	45
Total.....	86	80	44	64	57	23

The work support programs focus on the most disadvantaged groups and provide a source of income for those who have no immediate prospects for regular jobs. On the other hand, rehabilitation clients are the least disadvantaged socially, because the criterion for entry relates primarily to physical and mental handicaps. In 1968, OJT enrollees were similar to rehabilitation clients because the OJT programs reached those most job ready. In 1970, this distribution is expected to change largely because of the growth of the JOBS program and its effort to reach the "hard core" disadvantaged.

FEDERAL FUNDS FOR MANPOWER BY AGENCY

As shown in table K-11 below, six Departments and Agencies administer significant amounts of funds for manpower activities in 1970. Four agencies—Labor, Defense, HEW, and OEO—account for almost 95% of all manpower funds. In recent years, the Department of Labor, through the Manpower Administration, has had primary responsibility for coordinating and administering manpower programs. Although only 29% of the funds for manpower programs are appropriated directly to the Labor Department in 1970, \$740 million will be transferred to Labor under a delegation order from the Office of Economic Opportunity. This delegation permits such programs as New Careers and Mainstream to be administered in conjunction with those of the Labor Department. New programs such as JOBS and CEP have relied on the authority and funding of both agencies. In addition, the new WIN program will transfer \$102 million for training from HEW to Labor. In 1970 Labor administers about 50% of the total effort.

K-II. FEDERAL FUNDS FOR MANPOWER, BY AGENCY
 [In millions of dollars]

Agency	Outlays								Budget authority 1970 estimate
	1961 actual	1964 actual	1965 actual	1966 actual	1967 actual	1968 actual	1969 estimate	1970 estimate	
Office of Economic Opportunity.....			176	571	800	885	971	992	1,046
Defense.....	298	332	314	396	507	593	634	675	675
Health, Education, and Welfare.....	54	84	99	173	219	292	459	681	739
Interior.....	6	9	13	13	17	21	23	41	45
Labor.....	130	296	436	575	603	714	809	935	1,112
Veterans Administration.....	31	13	14	17	19	29	65	79	79
Other ¹	1	1	1	25	53	74	75	91	95
Total.....	520	735	1,053	1,770	2,218	2,608	3,036	3,494	3,791

¹ Includes Departments of Agriculture, HUD and Justice, Equal Employment Opportunity Commission, and all Federal agencies hiring under the Youth Opportunity Campaign and the Stay-in-School Program.

SPECIAL ANALYSIS L

FEDERAL HEALTH PROGRAMS ¹

Federal outlays for health are estimated to rise to \$18.3 billion in 1970 equal to 9% of all Federal outlays. Comparable figures for 1969 and 1968 are \$16.3 billion and 9% and \$14.1 billion and 8%.

Federal health outlays will represent a growing share of national expenditures for health in 1970—continuing a trend which began in 1967—due to the assumption of Federal financial responsibility for a significant portion of the health care needs of the aged and the poor. In 1966 Federal funds accounted for 13% of the \$42 billion total national expenditures for health, State and local funds, 13% and private expenditures, 74%. In 1968, national expenditures for health rose to \$53 billion of which Federal funds financed 24%, State and local remained at 13% and private sources dropped to 63%. It is estimated that in 1970 the Federal share of total national health outlays will approach 30%.

The new Federal health care programs have not merely resulted in a shift of the financial burden from State and local governments and private sources to the Federal Government. Since the initiation of the major health financing programs, a broader spectrum of services are being utilized more often by a larger number of persons.

Table L-1. FEDERAL OUTLAYS FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY CATEGORY (in millions of dollars)

	1968 actual	1969 estimate	1970 estimate
Development of health resources, total.....	2, 803	3, 057	3, 496
Health research.....	1, 547	1, 476	1, 639
Training and education.....	687	841	932
Construction of hospitals and health facilities.....	470	595	728
Improving the organization and delivery of health services.....	100	145	197
Provision of hospital and medical services, total.....	10, 764	12, 518	13, 977
Direct Federal hospital and medical services.....	2, 738	2, 896	2, 996
Hospital and medical services, indirect.....	8, 025	9, 622	10, 981
Prevention and control of health problems, total.....	565	741	804
Disease prevention and control.....	386	506	522
Environmental control.....	54	83	102
Consumer protection.....	125	151	180
Total outlays from Federal and trust funds.....	14, 132	16, 316	18, 277

¹ This analysis summarizes the medical and health related expenditures of the Federal Government. It includes activities classified in the "Health and Welfare" function as well as health programs which are undertaken and classified as part of another function such as "National Defense," "Education and Manpower", or "Veterans Benefits and Services."

The new emphasis of Federal outlays in the health care sector has resulted in a fundamental shift in the distribution of the Federal health dollar. As indicated in the historical table L-17, in 1960, 63% of the Federal health dollar was devoted to medical research and to health care for direct Federal beneficiaries such as veterans and members of the Armed Forces and their dependents. Only 13% was spent on personal health services for the general population. In 1970 outlays which help finance health services will rise to 60% of Federal health outlays. Although health service financing programs have been the fastest growing segment of the Federal health effort, other Federal health programs have kept pace with the growing needs of the Nation. Table L-1 shows the distribution of Federal health outlays by functional category for the years 1968-70.

DEVELOPMENT OF HEALTH RESOURCES

Federal programs aimed at enlarging the *health resources* of the Nation include health research, health manpower training and education, construction of medical and health facilities and efforts directed toward improving the organization and delivery of health services. The combined outlays for these programs will rise to almost \$3.5 billion in 1970.

Health research.—Federal expenditures for health research will rise to \$1,639 million in 1970, an increase of \$163 million over 1969. The Federal Government currently provides approximately 65% of all funds for health research with about 25% coming from industry and the remaining 10% contributed by foundations and voluntary health agencies.

The Nation's medical schools, universities, and other nonprofit institutions will receive approximately three-fifths of total Federal outlays for the conduct of health research in 1970. Federal laboratories and clinics will account for one-quarter of Federal expenditures for health research, with the remainder supporting research conducted by private industry and others.

Some 13 Federal agencies support or conduct health research, with the Department of Health, Education, and Welfare accounting for 71% of the total Federal expenditures for this activity. Other agencies contributing in a major way to health research through activities of particular importance to the agency's mission include the National Aeronautics and Space Administration, the Atomic Energy Commission, the Department of Defense, and the Veterans Administration (see table L-20).

The National Institutes of Health and the National Institute of Mental Health, the principal operating agencies in the area of health research, account for over 62% of the Federal total for such expendi-

tures. Approximately 12,800 project grants will be funded by NIH and NIMH in 1970, amounting to \$728 million. In addition to grant support, the laboratories and clinics of NIH and NIMH represent the largest single complex in the world for the conduct of health research. Major "targeted" research programs have been initiated to construct artificial heart-assist and heart-replacement devices, to build an improved artificial kidney, to develop vaccines against pneumonia and cholera, to find drugs effective against cancers of various types and to find improved means of regulating human fertility.

In the period from 1947 to 1968, NIH and NIMH outlays for health research amounted to approximately \$6.6 billion, with 60% of this amount spent in the period 1964-68.

The result of these expenditures has been to increase knowledge in all fields related to health and to improve the quality of medical education and medical care. One noteworthy advance of recent years directly attributable to Federal support is the development of a vaccine to protect against German measles, or rubella. The importance of this vaccine is illustrated by the statistics of the last rubella epidemic in the United States, 1963-65: 30,000 fetal deaths and the birth of 20,000 deformed children.

Two of the principal older areas of health research activity are cancer and cardiovascular (heart and circulatory system) disease. In 1966, about 300,000 people in the United States died of cancer; 917,000 were treated for the disease at a cost estimated at over \$1.4 billion. More than 1 million people died of cardiovascular diseases in this country in 1966 while 3.4 million people were disabled to some degree with treatment costs estimated at over \$4.2 billion.

To reduce deaths and to develop methods of prevention and improve treatment of these diseases, Federal outlays for selected "targeted" efforts in 1970 will total \$171 million for cancer research and \$153 million for cardiovascular research. Other areas of health research receiving significant Federal support are research programs in mental health, neurological diseases and blindness, and in the effects and control of air pollution and other environmental factors (see table I.-2).

As a result of advances in cancer research, certain types of cancer can now be cured; the lifespan of leukemic children undergoing drug therapy is 12 times longer than it was a generation ago. Progress in studies of the heart and circulatory system in man have already led to better treatment for heart attack victims. Other recent health research advances receiving significant Federal support are exemplified by programs as diverse as the clinical testing of the first drug showing effectiveness against Parkinson's disease and in the systematic unraveling of the cause of dental caries through dental research.

Table L-2. FEDERAL OUTLAYS FOR HEALTH RESEARCH (in millions of dollars)

	1968 actual	1969 estimate	1970 estimate
Basic and targeted research.....	1,482	1,417	1,564
Selected targeted research:			
Cancer research.....	(181)	(155)	(171)
Cardiovascular research.....	(158)	(140)	(153)
Mental health research.....	(46)	(52)	(52)
Neurological diseases and blindness research.....	(113)	(95)	(109)
Air pollution and environmental research ¹	(63)	(76)	(90)
Research facilities construction.....	65	59	75
Research, total.....	1,547	1,476	1,639

¹ HEW only. Estimates for other agencies not available.

Training and education.—With the increase in demand for medical, dental, and other health services, the need for a great many more highly trained health professional and auxiliary personnel has become urgent. The Nation's medical, dental and other health professions schools have a total current enrollment of about 241,000 students. The number graduating each year is far short of current and projected needs for these personnel.

In order to overcome health manpower shortages, the Federal Government has undertaken programs to help construct and support institutions training these personnel; to support students in the health professions through scholarships and loans; and to expand possibilities for such training through the use of its own extensive hospital and research facilities. In 1970, the Federal Government will spend \$932 million for these purposes (see table L-20). Expenditures of \$812 million will provide training for an estimated 305,000 students and trainees in the health professions (see table L-3).

Table L-3. FEDERALLY AIDED HEALTH TRAINING AND EDUCATION

	Outlays (in millions of dollars)			Numbers (in thousands) ¹		
	1968	1969	1970	1968	1969	1970
Degree or certificate training:						
Research training.....	106	120	118	13.7	14.3	13.5
Physician training.....	82	112	133	26.2	31.5	27.1
Completing training.....				4.3	4.8	3.4
Dentist training.....	15	24	33	9.5	10.5	9.6
Completing training.....				2.3	2.4	2.1
Nurse training.....	53	57	56	38.9	45.0	42.6
Completing training.....				16.2	18.6	16.6
Other health professions training.....	58	71	80	14.5	18.8	19.5
Completing training.....				5.3	6.4	6.9
Paramedical training.....	8	9	10	6.7	9.2	9.7
Completing training.....				19.8	25.3	27.6
All other training.....	305	359	381	79.4	117.5	126.1
Total.....	626	752	812	236.8	304.3	304.7

¹ Numbers in any given year may reflect the impact of expenditures in prior years.

Outlays for the development of research manpower through fellowship awards to students and training grant awards to teaching institutions will amount to approximately \$118 million in 1970 and will aid an estimated 13,500 medical and research personnel in their degree training.

Outlays of \$121 million in 1970 will also support the construction of an estimated 768 additional first-year places in the Nation's new and existing health professions schools (an increase of 3% in the total number) and the construction of approximately 570 additional first-year places in nursing schools (see table L-4).

Approximately one-half of the total of Federal expenditures for health education in 1970 is administered by the Bureau of Health Manpower of the National Institutes of Health, principally in the form of grants to institutions, and about one-quarter of the total is expended by the Department of Defense and the Veterans Administration, principally in providing for the training of manpower for the health care needs of service personnel, dependents, and veterans.

Table L-4. **FEDERALLY AIDED HEALTH PROFESSIONS SCHOOL CONSTRUCTION**

	Outlays (in millions of dollars)			First-year spaces added ¹		
	1968	1969	1970	1968	1969	1970
Medical schools.....	43	60	81	450	279	439
Dental schools.....	9	15	19	200	114	180
Other health professions schools.....	1	3	4	164	94	149
Nursing schools.....	8	11	17	1,336	1,235	570
Allied health professionals schools.....	*	*	*	337	400	-----
Total.....	61	89	121	-----	-----	-----

*Less than \$500 thousand.

¹ Numbers reflect the impact of obligations in given years.

Construction of health care facilities.—In 1970, Federal outlays of \$323 million will support the construction and modernization of community hospitals and other health care facilities, an increase of \$60 million over 1969. In addition \$201 million will be spent for the construction of hospitals and health facilities by VA, DOD, and HEW, which operate about 174,000 inpatient beds and national networks of ambulatory care facilities for their own beneficiaries.

Support for construction of community-operated health facilities is provided primarily through the Hill-Burton Hospital Construction program. From the enactment of the Hill-Burton legislation in 1946 through June 30, 1968, 413,797 beds have been approved for construction or modernization at a total cost of over \$10 billion, of which \$3.1 billion represents the Federal share. In 1969 and 1970, it is estimated that an additional 51,000 new or modernized beds will be approved for construction.

Through the efforts of the Hill-Burton program, severe national shortages of hospital beds have been virtually eliminated. The table below summarizes the achievements of the program.

Table L-5. HILL-BURTON PROJECTS APPROVED, COMPLETED, AND IN OPERATION, JULY 1, 1947-JUNE 30, 1968

Type of facility	Total projects approved			Projects completed and in operation		
	Beds or (projects)	Cost (millions)		Beds or (projects)	Cost (millions)	
		Total	Federal share		Total	Federal share
Total	413, 797	\$10, 048	\$3, 108	333, 518	\$7, 486	\$2, 376
General hospitals.....	305, 310	7, 446	2, 246	250, 923	5, 657	1, 759
Long-term care.....	80, 021	1, 178	395	55, 371	759	252
Mental hospitals.....	21, 042	247	78	19, 850	221	74
Tuberculosis hospitals.....	7, 424	75	27	7, 374	74	27
Diagnostic or treatment centers.....	(927)	482	158	(738)	314	108
Rehabilitation facilities.....	(454)	327	107	(360)	231	78
Public health centers.....	(1, 189)	244	85	(1, 084)	190	69
State health labs.....	(38)	49	12	(34)	41	9

In 1967, the President established a National Advisory Commission on Health Facilities to review present and future health facilities requirements and to propose new program directions for meeting them.

The report of the Commission, issued in December 1968, recognized the inherent and integral relationship between the system for providing health services and the types of facilities required and formulated a concept of an interdependent, comprehensive health care system which would assure to "every citizen . . . ready access to quality health care" and "continuity of health care services."¹

Legislative proposals to continue Federal support programs for construction of health facilities upon the termination of the Hill-Burton program at the end of 1970 will be based upon the principles and concepts set forth by the President's Commission. The legislation will propose a system of loan guarantees and interest subsidies which will emphasize efforts to modernize urban hospitals. Revenue to finance repayment of the loans will be generated through patient payments and third-party (Medicare, Medicaid, private insurance, etc.) reimbursements. The legislation will also propose project grants for facilities emphasizing improved and innovative methods of providing health care.

While Hill-Burton is the largest Federal health care facility construction program, other Federal programs also provide funds for this activity:

¹ Report of the National Advisory Commission on Health Facilities, December 1968, p. 7.

(a) Medicare and Medicaid provide an allowance for depreciation of facilities and equipment in their payments to hospitals and other health care institutions.

(b) HUD programs provide mortgage insurance for the construction of hospitals, nursing homes and group practice facilities. HUD also provides loans to smaller communities to construct essential public facilities, including hospitals, and provides grants to construct multipurpose neighborhood facilities which commonly include a health component.

(c) HEW provides grants to construct community mental health centers. This program has assisted in the construction of 251 centers from 1965 to 1968. An estimated 172 additional centers will be authorized in 1969 and 1970.

(d) OEO supports the development, including necessary construction, of neighborhood health centers.

(e) The SBA provides loans to profitmaking health care institutions.

(f) Commerce's Economic Development Administration provides grants to communities to construct public facilities—including health facilities—to enhance opportunities for new permanent employment.

(g) A new program of project grants and low-interest loans for health facilities construction in the District of Columbia will provide \$15 million in 1970 for obligations to assist in modernizing community hospitals and constructing skilled nursing homes or extended care facilities.

Related to efforts to improve the effectiveness of the Nation's medical care delivery system are direct programs of the Federal Government to construct health facilities for its own beneficiaries which are innovative and experimental in design and aim at reducing hospital operating costs, while increasing operating efficiency. For example, the Department of Defense is proceeding with plans to develop a "new generation of hospitals—hospitals so automated that labor costs can be cut drastically and routine services transferred from the overworked doctor and nurse to the sophisticated machine."¹

Similarly, the Veterans Administration has made extensive efforts to design hospitals which can serve the changing requirements of its beneficiaries and are adaptable to changing medical technology.

Over the period 1948 through 1968, Federal expenditures for health facility construction accounted for approximately 15% of total national expenditures for construction of health facilities.

Table L-6 shows health facility construction trends over the period 1968-70.

¹ Address by the Honorable Clark M. Clifford at the National Security Industrial Association, Sept. 26, 1968.

Table L-6. HOSPITAL AND HEALTH FACILITY CONSTRUCTION

	Outlays (in millions of dollars)			Numbers of beds or (projects) ¹		
	1968	1969	1970	1968	1969	1970
Federally supported construction of hospitals and other facilities:						
General hospitals.....	138	168	173	15,906	17,053	15,224
Long-term care facilities.....	75	71	74	8,495	10,000	9,128
Community mental health centers.....	12	25	44	(62)	(86)	(86)
Sewer and sanitation facilities.....	80	140	156			
Other.....	60	25	78			
Federal hospitals and health facilities:						
Hospitals.....	70	105	144	2,607	8,486	3,671
Nursing homes.....	5	2	1	1,709	662	
Other facilities.....	30	59	58			
Total outlays.....	470	595	728			

¹ Numbers in any given year may reflect the impact of expenditures in prior years, and include beds added, modernized, and replaced.

Organization and delivery of health services.—As a parallel measure to expanding health resources, the Government has initiated several programs which would extend the capacity of existing health resources through improved organization and utilization (see table L-7). Outlays to continue this focus in 1970 will amount to \$197 million primarily through the following programs:

The *Partnership for Health* program will spend \$21 million in 1970, an increase of \$7 million over 1969, to assist States, regions, and local communities to plan on a continuing basis for comprehensive health services. By 1970, comprehensive health planning agencies will be established in each of the 50 States and four territories. The program will be further stimulated through the requirement, new in 1970, that each State provide financial support for planning equal to 25% of its formula allocation. In addition, support will be continued for 93 area-wide health planning groups and funds will be available for the initial development of 20 new organizations. Through the efforts of these State and regional planning agencies, attention will be directed toward: (1) measuring the health status of the population in the planning area; (2) describing and assessing available manpower and facility resources and their relationship to each other; (3) determining requirements for health services not now provided; and (4) projecting future trends and assigning priorities to guide health systems development.

These grants also support 22 institutions which provide both long- and short-term training of health planners in such areas as basic concepts of health, planning theories and techniques, and urban sociology.

The planning approach to the health care delivery system, which emphasizes matching health needs with health resources, has as its corollary an approach which emphasizes the prompt delivery of existing and new medical knowledge and technology. Through linkage of medical schools and research centers, community hospitals and

health practitioners, the *Regional Medical Program* will continue planning and operational activities to communicate and make available the latest advances in the diagnosis and treatment of heart, cancer, stroke, and related diseases. By the end of 1969, 45 regional programs will have moved from planning to operational status and another five operational programs will be funded in 1970.

An estimated 50,000 medical professionals will receive advanced education and training in 1970 to keep them abreast of research findings and technical developments. RMP expenditures in 1970 to improve the organization and delivery of health services will be \$85 million, an increase of \$34 million over 1969.

Table L-7. FEDERAL OUTLAYS FOR IMPROVING THE ORGANIZATION AND DELIVERY OF HEALTH SERVICES (in millions of dollars)

	1968 actual	1969- estimate	1970 estimate
Analytic studies.....	32	36	51
Planning.....	35	49	43
Demonstrations.....	33	60	103
Total expenditures.....	100	145	197

The *National Center for Health Services Research and Development* will spend \$37 million in 1970, its second year of operation, an increase of \$12 million over 1969. Through research grants and contracts the Center will focus on selected priority areas. These include (1) defining the essential elements related to costs of health services, (2) study of means to improve health services to the disadvantaged, (3) developing reliable criteria for assessing effectiveness of health programs, (4) improved methodology for community health services planning and organization, and (5) basic factors in functions, design, and operation of community health facilities.

A basic strategy of the Center in 1970 will be to draw upon the multidisciplinary resources of university and hospital-based health services research centers. It is proposed to develop and establish common goals with leading health services/research oriented health care institutions to enable rapid assimilation of proven new techniques and procedures into ongoing health service operations.

Under the authority of the 1967 Social Security amendments, HEW is conducting experiments with new approaches to reimbursing hospitals and physicians under Medicare, Medicaid, and Maternal and Child Health programs to seek ways of encouraging greater efficiency and reducing costs while maintaining the quality of care. Several studies have been initiated including experiments designed: (1) to test the efficiency and reduced cost potential of a prepaid group practice as compared to fee-for-service care; (2) to create improved conditions for greater hospital administrative efficiency through more uniform accounting procedures; and (3) to help stimulate better hospital financial management and planning through joint hospital-third party financial planning. Legislation will be proposed to permit the Secretary of HEW to install new reimbursement methods as experiments with new approaches demonstrate their effectiveness.

PROVISION OF HOSPITAL AND MEDICAL SERVICES

This category includes: (1) payments for hospital and medical care in non-Federal facilities and to private physicians; and (2) the costs in health care facilities operated directly by the Federal Government.

The major Federal programs which provide payments for health care are: health insurance for the aged (Medicare), medical assistance for the needy (Medicaid), maternal and child health programs, Office of Economic Opportunity health programs, and the Federal employees health benefits program. The direct care activities consist primarily of those health programs conducted by the Department of Defense, the Veterans Administration, and the Department of Health, Education, and Welfare. These agencies also expend substantial amounts to provide care for their beneficiaries under contract in non-Federal facilities.

Outlays for these programs, discussed below, are estimated at \$14 billion, 76% of all Federal health outlays in 1970. Because of the rapid expansion of Medicare and Medicaid, this category remains the fastest growing area of Federal health outlays (see table L-8).

Table L-8. PROVISION OF HOSPITAL AND MEDICAL SERVICES

	Outlays (in millions of dollars)			Numbers treated (in thousands)		
	1968	1969	1970	1968	1969	1970
Provision of direct Federal hospital and medical services.....	2,738	2,896	2,996	-----	-----	-----
Inpatients treated.....	1,905	2,031	2,095	2,240	2,297	2,331
Clinic and physician visits.....	833	864	901	65,971	68,969	71,361
Payments for hospital and medical services.....	8,025	9,622	10,981	-----	-----	-----
Inpatients treated.....	5,530	6,598	7,666	6,803	7,345	7,686
Clinic and physician visits.....	2,496	3,024	3,316	(¹)	(¹)	(¹)
Total.....	10,764	12,518	13,977	-----	-----	-----

¹ Not available.

Payments for hospital and medical service.—Medicare.—Total health care outlays on behalf of over 20 million aged persons covered under Medicare's hospital insurance program and over 19 million under its supplementary medical insurance program are expected to rise \$630 million to \$6.9 billion in 1970.

In the hospital insurance portion of the program, rising medical prices, more persons served, and increased utilization of services are responsible for a program expenditure increase to \$5.0 billion, \$473 million more than 1969. Enrollment in the hospital insurance program is expected to rise by an average 300,000 in 1970 over the 1969 level of 19.8 million aged persons while the number of persons actually receiving services will increase from 4.1 million in 1969 to 4.2 million in 1970.

The hospital insurance program also includes care provided in skilled nursing home (extended care) facilities. Approximately one out of every 12 hospital patients also receives care in an extended care facility. In 1970, admissions to extended care facilities will exceed 500,000 and outlays will approximate \$400 million, an increase of about 30,000 admissions and \$39 million over 1969.

The voluntary supplementary medical insurance portion of the Medicare program, which covers physician services and other out-patient costs, will expend \$1.8 billion in 1970 to pay for services to 8.5 million persons, an increase of 300,000 persons over 1969. Enrollees in the program pay a monthly premium, which is matched by Federal contributions. The current monthly charge of \$4 will continue in effect through 1970.

The decision to hold the monthly premium level is one result of continuing and increased administrative efforts to limit the rise in Medicare costs. Each fiscal intermediary in the program is developing physician profiles that will improve ability to assure that payments made to physicians are reasonable. Experiments in developing new methods of reimbursement that will provide incentives to physicians, hospitals and nursing homes to become more efficient are now being developed as another means of attacking the problem. Further administrative controls and legislation will be proposed to strengthen these efforts to limit Medicare costs.

Medicare outlays for the aged represent approximately 79% of total Federal health outlays for the aged and about half of all medical costs incurred by persons 65 and over. While the aged have shown a significant increase in utilization of hospital and physician services since the advent of Medicare, the major impact of the program has been to shift the cost of medical services from the aged and their families to society as a whole. The major items of medical care costs still borne by an average aged person, aside from the monthly premium payments, are out-of-hospital drugs and costs represented by the deductible and coinsurance features of the program.

The disabled, like the aged, have low incomes and high medical costs. Accordingly, legislation will be proposed, effective in 1971, to extend Medicare protection to the 2 million totally disabled persons who will be receiving cash benefits through the Railroad Retirement or Social Security programs.

Medicaid.—On the basis of State estimates, total Federal, State, and local medical assistance payments on behalf of the needy are expected to rise from \$4.6 billion in 1969 to \$5.8 billion in 1970. The Federal share of these payments will increase from \$2.4 billion in 1969 to \$3 billion in 1970. This 25% increase in medical payments over 1969 reflects an anticipated expansion of the Medicaid program to all 54 States and jurisdictions by the end of 1970. Services will be provided to about 10.2 million needy persons compared with 9.5 million in 1969. The continued rise in medical prices, especially for hospital and nursing home care, also contribute to the Medicaid cost increase. Greater utilization of services and an accelerated trend away from negotiated welfare rates of payments to physicians and hospitals in favor of customary fees and full costs account for most of the remaining increase in Medicaid costs.

Included within these estimates is the impact of the 1967 Social Security Amendments which limit Federal payments on behalf of the

medically needy to persons whose effective income is no more than one-third higher than the highest payment made by the State to families in the Aid to Families with Dependent Children program.

In 1965, the last fiscal year prior to Medicaid, total Federal, State, and local medical assistance payments under the older provisions of the Social Security Act were \$1.4 billion. In 1966, total medical payments were \$1.9 billion, of which 62% were made under the new Medicaid program. By 1970, when virtually all payments are expected to be made under Medicaid, total medical assistance payments are expected to rise to \$5.8 billion, an increase of about 300% over 1966. While some of this increase reflects the vigorous rise in medical prices, it mainly represents a basic improvement under Medicaid in the scope, availability, and accessibility of necessary medical services for needy people, especially women and children and the aged. In many States, the poor under Medicaid are now able to go to physicians and hospitals of their own choice and in 1970, free choice must prevail in all States. With many physicians under Medicaid now being reimbursed their customary fees, more are finding it possible to move their offices into or near poverty areas to better meet the health needs of the poor. In some States, Medicaid has enabled prepaid group practice plans to include the poor within their membership. Medicaid reimbursement of other federally supported health programs, especially neighborhood health centers sponsored by OEO and Children's Bureau, has made improved health services available in poverty areas.

Approximately 62% of Federal Medicaid payments go to eight States, reflecting their more liberal income eligibility standards and wider scope of available health services. These States, however, account for only about a third of the Nation's poor, an indication that a substantial unmet need for medical assistance by the poor continues to exist in other areas.

Of the groups covered by Medicaid, the aged poor with their higher than average bills account for about \$1.4 billion, or 46% of all Federal Medicaid payments though they represent only about 32% of the total served under the program. Mothers and children representing about 55% of all persons served under Medicaid account for about \$1.0 billion, or 34% of Federal Medicaid payments. As the States transfer more of the needy aged from skilled nursing homes into less expensive intermediate care facilities under the terms of the 1967 Social Security Amendments, the very high costs associated with nursing home care for this group should be reduced. In addition about \$560 million in Federal Medicaid payments will assist the blind and the disabled who represent about 13% of those receiving Medicaid services in 1970. This amount represents about 19% of all Federal Medicaid payments.

Children's Bureau and OEO.—Where Medicaid's primary emphasis is the elimination of financial barriers to medical care for the poor, Children's Bureau and OEO concentrate on bringing health services into areas where health resources are not available or are insufficient to meet the health needs of the poor.

In 1970, Children's Bureau expenditures will increase by \$23 million, to a total of \$216 million. Of this total, about \$31 million will be for family planning services and research projects, \$13 million more

than in 1969. About 1.3 million needy women are expected to receive family planning services in Children's Bureau projects in 1970. One of the primary aims of these projects—the reduction of infant mortality—is being achieved. During the entire decade 1955–65, infant mortality declined by only 5%. In the period 1964 through 1967, the rate declined from 24.7 per 1,000 to 22.1, a reduction of about 10%. This decline has been pronounced in cities where Children's Bureau maternity and infant care health center projects have been active, as illustrated by the following table.

Table L-9. SELECTED INFANT MORTALITY RATES¹

	Infant mortality rate per 1,000 live births			
	1964	1965	1966	1967
Nationwide.....	24.8	24.7	23.7	22.1
Major cities with maternity and infant care projects:				
Baltimore.....	² 31.0	28.4	28.0	26.8
Chicago.....	² 30.4	33.3	32.5	29.4
District of Columbia.....	34.5	² 34.7	35.3	32.6
Houston.....	28.4	25.0	² 26.4	22.1
New York City.....	² 26.9	25.7	24.9	23.9

¹ Years shown are calendar years.

² Indicates year projects began operation.

The remainder of the 1970 increase will be used to expand early casefinding and treatment for about a half million handicapped children and continuing the present array of 111 neighborhood health center projects.

OEO expenditures for comprehensive neighborhood health centers are expected to increase from about \$52 million in 1969 to \$72 million in 1970. In 1969, OEO funded 48 comprehensive family health centers, of which 34 were operational in 1969, and the remainder are expected to be in full operation by 1970. Some 750,000 people are expected to be served by these centers in 1970, about 250,000 more than in 1969. (A more complete discussion of health centers may be found under "Special Impact Programs" below.)

Federal Employees Health Benefit Program (FEHB): Civilian Federal employees and retired employees and their families are offered a choice of five different types of health insurance plans including group practice plans, with the Federal Government contributing a fixed amount per participant but not more than 50% of the premium. While premiums have increased since 1961, the per capita Federal payment has remained relatively constant so that the proportion of Federal payments to total premiums has declined from 39% in 1961 to 33% in 1969. During the same period, Federal payments increased from \$120 million to \$249 million, and employee contributions rose from \$197 million to \$498 million reflecting in part the growth in participants from 1.8 million in 1961 to 2.6 million in 1969. In 1970, 2.8 million active employees and annuitants are expected to participate in the program, and Federal premium payments will be \$260 million. In addition to the increase in participants, the rise in program costs is attributable to

increasing medical prices and greater utilization of health services by FEHB participants. With respect to utilization, there is some tentative evidence which suggests broad variations in the per-capita utilization under the various plans. Further study of these variations may offer valuable insights to help improve the organization and delivery of health care.

Providing medical care directly to Federal beneficiaries.—

The share of total Federal outlays allocated to the provision of health care directly in Federal facilities has declined from 49% in 1960 to 16% in 1970. The decline results not from a reduction in the absolute dollars expended for care in Federal facilities, but rather from the major expansion of the hospital and medical care programs financed through Federal funds, particularly for the aged and indigent. In spite of the significant shift in the proportions, direct Federal care remains a major program element with outlays totaling \$2,996 million in 1970, an increase of \$100 million over 1969.

The three agencies primarily concerned with direct provision of health care, the Department of Defense, Veterans Administration, and the Department of Health, Education, and Welfare, operate 525 hospitals containing 174,000 beds, and national networks of ambulatory care facilities.

To achieve its medical care mission, the VA will maintain and operate 167 hospitals, 63 nursing home care units, 34 domiciliary/restoration care facilities, and 203 outpatient clinics—constituting one of the largest medical care systems in the world. In 1970 VA will treat 775,000 patients in 105,414 operating beds, or an average of 7.35 patients treated per bed. This represents a 7% increase over the 1968 experience when 762,426 patients were treated in 112,394 beds with an average of 6.79 patients treated per bed. In addition, outpatient medical visits are expected to increase from 5.5 million in 1968 to 6.3 million in 1970. Total outlays over the 3-year period for care of beneficiaries in VA facilities and under contract in community facilities will rise from \$1.3 billion to \$1.4 billion.

The Department of Defense, with 293 hospitals and 55,000 beds, will make medical care available to over 9.5 million servicemen, their dependents, and retired military personnel and their dependents. In 1970, the military services will expend \$1,477 million to provide care for these groups in military facilities.

The military services also contract for use of community medical facilities for dependents and retired military personnel. In 1970 outlays for this portion of the program will be \$210 million. In total, expenditures for care provided in both military medical facilities and community facilities will increase \$73 million in 1970 over 1969.

Groups eligible for care in the 65 hospitals and outpatient clinics operated by HEW include over 400,000 American Indians and natives of Alaska and about 420,000 seamen, Federal employees injured on the job, narcotic addicts, and persons committed or voluntarily presenting themselves for treatment in St. Elizabeths Hospital in Washington, D.C. In 1970 \$120 million will be spent to improve further the health conditions of the Indian population. Safe water and sewerage facilities for approximately 7,100 new or modernized Indian homes will be provided in 1970, double the number provided in 1969.

Table L-10. ESTIMATED HEALTH CARE OUTLAYS BY POPULATION AND INCOME GROUPS (in millions of dollars)

	1967	1968	1969	1970
Total, all recipients	7,831	10,764	12,518	13,977
Aged (65 and over).....	4,379	6,619	7,765	8,677
Other adults (19-64).....	2,535	2,783	3,105	3,392
Children and youth (0-18).....	917	1,362	1,648	1,907
Indigent, total ¹	3,178	4,122	4,998	5,791
Aged (65 and over).....	1,968	2,654	3,153	3,586
Other adults (19-64).....	850	804	979	1,149
Children and youth (0-18).....	360	664	866	1,056
Nonindigent, total	4,653	6,642	7,520	8,186
Aged (65 and over).....	2,411	3,965	4,612	5,091
Other adults (19-64).....	1,685	1,979	2,126	2,243
Children and youth (0-18).....	577	698	782	852

¹ Indigency as defined by OEO poverty guidelines.

Distribution of health care outlays by age groups and economic status.—Table L-10 estimates the Federal outlays only for the “provision of hospital and medical services” category as distributed among three major age groups and between indigent and nonindigent persons. Funds expended for categories relating to the development of health resources and for the prevention and control of health problems are designed to serve the entire Nation and are not normally allocable by population group or income.

The age distribution in table L-10 indicates that the largest health expenditure increase in percentage terms will be for children and youth, rising 15.7% in 1970 from \$1.6 to \$1.9 billion. In absolute terms, however, the largest increase will be for the aged, rising from \$7.8 billion in 1969 to \$8.7 billion in 1970. The distribution of expenditures between indigent and nonindigent indicates that 41% of Federal expenditures for the provision of hospital and medical services will aid the poor. In 1970, \$5.8 billion will be spent to provide or finance health care services for the needy, an increase of \$793 million over 1969 and an 82% increase over 1967.

The aged.—Of the total 1970 expenditures for the provision of health services both directly in Federal facilities and indirectly through Federal payments for care, approximately 62% or \$8.7 billion, will be on behalf of the aged. This is an increase of \$912 million or 12% over 1969.

The amounts expended for the indigent aged will rise by \$433 million to total \$3.6 billion in 1970, due to increases in cost and greater utilization of services.

Most of the aged are covered by Medicare and Medicaid which are discussed above. These two programs account for 95% of all Federal health outlays for the aged.

An additional \$376 million will be spent by the VA and the DOD to provide medical care for aged veterans and retired military per-

sonnel and their spouses, mainly in hospitals and clinics operated by those agencies. This is an increase of \$36 million over 1969 expenditures.

Children.—Health care service expenditures for children are expected to be \$1.9 billion in 1970, an increase of \$259 million over the 1969 level, of which \$201 million is attributable to Medicaid expansion. The DOD dependent medical care program provides almost all of the remaining funds.

Nearly 75% of the 1970 increase will be for services to needy children. Between 1969 and 1970 expenditures for indigent children are estimated to rise by 22%, or \$190 million. The increases for children and youth reflect the very considerable unmet health needs in this category. To help meet these needs, legislation will be proposed, effective in 1971, for a child health program to provide, for families unable to afford it, access to health services from prenatal care of the mother through the child's first year. The legislation will also provide within the next decade protection to all children against the cost of catastrophic illness.

Other adults.—The 1970 expenditures of \$3.4 billion for other adults consist mainly of programs serving persons entitled to care in Federal installations. These programs pay for health care rendered to veterans, servicemen and Federal employees, as well as eligible spouses. A total of \$2.4 billion is expended for these groups, representing 71% of the total spent for nonaged adults. Federal Medicaid payments for needy adults will be \$569 million in 1970, representing 17% of total expenditures for adults. Other Federal programs spending more than \$45 million in 1970 for health care for adults are OEO's neighborhood health centers, the Vocational Rehabilitation program, and the maternal health programs of the Children's Bureau. These programs, plus payments by Medicaid, and approximately \$415 million of the health care funds expended by the Veterans Administration, comprise the \$1 billion which will be spent in 1970 to provide hospital and medical care to needy adults.

PREVENTION AND CONTROL OF HEALTH PROBLEMS

Significant savings in terms of human life and economic productivity, the conservation of our limited health resources, and the avoidance of needless pain and suffering have been achieved in recent years by increased efforts to prevent and control health problems. In the case of red measles alone, the immunization effort from 1963 through 1968 has saved an estimated 973 lives, 55,000 hospital days, and 32 million school days. Over 9.7 million acute cases of measles have been prevented as well as 3,000 accompanying cases of mental retardation.

Total efforts to prevent and control health problems will be continued in 1970 with total outlays of \$804 million. Some of the activ-

ities classified under the two previous categories—Development of Health Resources and Provision of Health Services—could also be included in Prevention and Control of Health Problems (e.g., portions of: health research, manpower training, planning of health services, and family planning). However, because of the difficulty of separating prevention activities from medical treatment activities in such programs, only those programs which in their totality are directed toward prevention and control are included in this category. Within HEW alone, for instance, research directed toward air pollution and environmental control and consumer protection will total more than \$115 million in 1970. These funds are included in the Health Resources category above.

Table L-11. FEDERAL OUTLAYS FOR THE PREVENTION AND CONTROL OF HEALTH PROBLEMS (in millions of dollars)

	1968	1969	1970
Disease prevention and control	386	506	522
Environmental control.....	54	83	102
Consumer protection.....	125	151	180
Total, prevention and control of health problems.....	565	741	804

Disease prevention.—One of the most important new disease prevention initiatives will be an immunization program against German measles, financed by a supplemental appropriation of \$10 million in 1969 and estimated outlays of \$19 million in 1970. The inoculation of 70,000,000 children over the next 5 years will help to eradicate an illness which has caused thousands of birth defects each year.

A large percentage of State and local expenditures for health is directed toward the prevention and control of health problems. Much of the Federal support of these activities is provided through the Partnership for Health program with total outlays of \$156 million in 1970. In addition to the German measles immunization program, a major effort will involve rat control projects which aim both at alleviating urban sanitation problems and providing training and employment for ghetto residents.

Additional outlays of \$17 million will support continuing efforts to prevent chronic illnesses, particularly those related to smoking and malnutrition. Expenditures of \$21 million will also ensure that the national capability to deal with outbreaks of communicable diseases will be maintained. The disease prevention and control programs in other countries supported by the Agency for International Development will be continued in 1970, although at a slightly reduced level.

Table L-12 shows the impact of prevention and control programs for selected diseases over the past decade. Reported cases of these diseases have dropped dramatically between 1960 and 1967 despite a 10% increase in the Nation's population.

Table L-12. REPORTED CASES OF SELECTED DISEASES¹

	1960	1964	1967
Red measles.....	441,703	458,083	62,705
Polio.....	3,190	122	41
Whooping cough.....	14,809	13,005	9,718
Rheumatic fever, acute.....	9,022	7,491	3,985
Typhoid.....	816	501	396

¹ HEW, Morbidity and Mortality, Annual Supplement, Summary, 1967.

Environmental control—Recent years have seen a dramatic increase in efforts to identify and control those conditions in our environment which cause or contribute significantly to ill health. Federal outlays for these activities will rise to \$102 million in 1970—an increase of 89% over 1968, providing for control efforts in air pollution, solid wastes, radiation hazards, occupational health, public water supplies, and environmental sanitation.

The increase in air pollution control outlays in 1970 of \$5 million to \$32 million will provide support and guidance for State standard setting in 70 Air Quality Control Regions throughout the country containing 75% of the urban population. In 1970 an additional \$22 million will be obligated for the abatement of air pollution from Federal facilities in the second year of a 5-year program to bring Federal facilities into compliance with local air quality standards. This abatement plus that resulting from the enforcement of the State standards will result in a very significant reduction in the estimated \$10 billion of damage caused by air pollution each year. This major attack on air pollution in 1970 has been preceded by a 150% increase in State and local expenditures on air pollution control since 1965. Likewise, 45 States now have air pollution statutes compared with only 17 States prior to 1963.

Federal research will seek to provide the scientific basis for air quality standards and to develop more effective equipment to control air pollution. A number of processes for controlling sulfur oxides will be evaluated in prototype in 1970 prior to their being recommended for widespread use.

Emphasis will continue to be given to research and control activities related to pollutants from automobiles which account for approximately 60% of all air pollution. With the increasing number of automobiles on the road, hydrocarbon and carbon monoxide emissions would be expected to increase 50% by 1980 if left uncontrolled. As table L-13 illustrates, controls required by Federal regulations on 1968 model cars and new controls required on 1970 and 1971 model cars will prevent an increasing amount of these pollutants from ever being emitted to the air. By 1970 the total amount of these pollutants emitted will take a downward turn, and as older cars without controls are replaced, the improvement in the air quality will be much greater.

Table L-13. AUTOMOBILE EMISSION CONTROL¹ (in millions of tons per year)

	1966	1967	1968	1969	1970	1971
Auto emissions removed by control devices:						
Hydrocarbons.....	1	2	3	4	5	7
Carbon monoxide.....	(2)	1	6	11	18	25
Auto emissions released to the atmosphere:						
Hydrocarbons.....	10	11	11	11	10	10
Carbon monoxide.....	62	65	66	67	66	59

¹ Unpublished data furnished by the National Center for Air Pollution Control, HEW.

² Less than 500 thousand tons.

However, these controls alone will not be sufficient to achieve the low level of auto emissions believed necessary for health protection in our urban areas. Consequently, HEW will accelerate its research in 1970 to develop even more effective control techniques to reduce emissions from motor vehicles.

The control of hazardous radiation from electronic products such as television sets and microwave ovens will be undertaken for the first full year in 1970 under the Radiation Control for Health and Safety Act of 1968. In addition, research and State planning grants for solid wastes will be continued in an effort to improve the quality of the environment by developing and encouraging the use of more advanced techniques of solid waste management.

In the area of occupational health, increased efforts will be made to quantify more accurately the relationship between lung cancer and exposure to radiation in uranium mining. Research will also continue on the control of pneumoconiosis or "black lung" among coal miners.

Consumer protection.—Programs to protect the consumer from illness and injury resulting from hazardous drugs, foods, pesticides, and household products will expend \$180 million in 1970. Special emphasis will be placed on the safety of oral contraceptives and therapeutic equivalency of chemically similar drugs, as well as on better surveillance of manufacturing practices and a better review of the efficacy of drugs already on the market. In addition, pesticide hazards, dangerous cosmetics, the safety and efficacy of new drugs, and the inspection of meat and poultry as well as other foods will also receive close attention.

Accidents from all causes now fill more than half of the Nation's hospital beds. Efforts will be continued to discover and control the behavioral and environmental factors contributing to these accidents.

SPECIAL IMPACT PROGRAMS

Family planning.—Funds available for family planning, to meet our domestic needs and to assist other nations in their efforts, are expected to increase from \$116 million in 1969 to \$143 million in 1970. Family planning funds available for expenditure in this country

will increase by \$24 million to \$89 million in 1970. Of this total, \$22 million is for *research and training* activities. *Services* will increase from \$47 million in 1969 to \$67 million in 1970. About 3.5 million women are expected to receive family planning services in 1970, compared to 1.7 million in 1969 and 1.0 million in 1968.

Table L-14. ESTIMATED OBLIGATIONS FOR FAMILY PLANNING SERVICES, RESEARCH, AND TRAINING (in millions of dollars)

	1968	1969	1970
Health, Education, and Welfare:			
Childrens Bureau.....	6.5	18.5	31.5
Medicaid and public assistance.....	9.5	13.0	17.0
National Institutes of Health.....	8.5	10.1	13.6
Health Services and Mental Health Administration.....	1.2	1.7	2.4
Food and Drug Administration.....	.7	.8	1.1
Office of Education.....	2.8	3.2	3.5
Total, Health, Education, and Welfare.....	29.2	47.3	69.1
Office of Economic Opportunity.....	9.6	13.0	15.0
Department of Defense.....	4.0	4.7	4.8
Total, domestic.....	42.7	65.0	88.9
Agency for International Development.....	34.6	49.7	50.0
Department of State.....	.7	1.3	4.1
Total international.....	35.1	51.0	54.1
Total estimated family planning obligations.....	78.0	116.0	143.0

Domestically the bulk of family planning funds will be spent by HEW, with obligations rising from \$47 million in 1969 to about \$69 million in 1970. Of this \$22 million increase, Medicaid and public assistance will account for about \$4 million, Children's Bureau about \$13 million, and NIH about \$3.5 million. State Department, and AID are expected to make available about \$54 million in 1970 compared to \$51 million in 1969 for international family planning activities, both through contributions to international organizations and in direct aid to 25 foreign governments.

Special target groups.—Included within the Federal programs treated in this analysis are funds for certain groups suffering from illnesses that require specialized or expensive treatment (the mentally retarded, alcoholics, and drug addicts), and special groups for which the Federal Government provides most or all the funds for health care. The table below indicates amounts available for health care for these groups including research, training, and construction costs directly associated with the provision of health services.

Table L-15. ESTIMATED FEDERAL OBLIGATIONS FOR SPECIAL TARGET GROUPS (in millions of dollars)

	1968	1969	1970
Mentally retarded.....	83.2	106.4	109.0
Alcoholics.....	10.8	14.9	23.5
Drug addicts.....	17.5	19.0	28.5
Migrants.....	8.1	8.1	12.9
Indians.....	104.1	121.8	120.9
Cuban refugees.....	4.2	5.5	7.3

Federally supported health centers.—Since 1963, when legislation provided the Children's Bureau and NIMH with authority to make grants to establish maternity and infant care and community mental health centers, there has been a steady increase in the number of federally supported health centers. Most centers now in existence provide care only to specific groups such as mothers and their infants, children and youth, and the mentally ill or retarded. Only centers sponsored by OEO and the Partnership for Health program centers provide comprehensive care to all persons living in the poverty neighborhoods they serve.

While each agency supporting health centers (OEO, Children's Bureau, NIMH, and Partnership for Health) must meet certain specific objectives contained in their authorizing legislation, all are concerned with bringing into low income areas health resources—clinics, physicians, and health workers—that either are nonexistent, are in short supply or are not readily accessible. In addition to making the benefits of modern health technology available, the health centers seek a systematic, comprehensive, continuous, and personal approach to the delivery of medical care. They are also concerned with making more effective and efficient use of scarce health resources. Many are interested in the training and employment of community workers and the participation of the poor in the planning and operation of the centers.

In 1970, 754 health centers will be funded wholly or in part with \$245 million in Federal grants, an increase of 132 centers and \$52 million over 1969. About 2.4 million persons will be served at these centers. The majority of centers are for the treatment of mental illness and will receive grants from the National Institute of Mental Health amounting to \$75 million in 1970, an increase of \$30 million over 1969, to support 556 centers serving some 860,000 persons. About 40% of the mental health centers are located in poverty areas. Children's Bureau will fund 113 centers in 1970 providing care to some 250,000 needy mothers and their infants and to 400,000 needy children and youths at a cost of nearly \$86 million in Federal funds. The existing 48 OEO neighborhood health centers and the 20 Partnership for Health projects provide comprehensive care to almost 600,000 people in poverty areas. In 1970, OEO expects to spend about \$72

million on its existing centers and on new experimental centers in rural and Model City areas, while Partnership centers will increase to 25 at a total cost of \$12.8 million. Together the OEO and Partnership centers will serve about 900,000 needy persons in 1970.

Some of the reimbursements from Medicaid for services rendered by health centers to Medicaid-eligible individuals will be used for new projects in areas where additional health services are needed.

Table L-16. **FEDERALLY FUNDED HEALTH CENTERS**

	1968	1969	1970
Total Federal outlays (millions)	\$119.7	\$191.5	\$245.1
Number of centers funded	502	622	754
Number of centers in poverty areas	300	352	415
Number of persons served in year (thousands)	1,125	1,742	2,400

HISTORICAL RÉSUMÉ

Table L-1 classifies Federal health outlays for the years 1968 through 1970. The following table L-17 distributes Federal health outlays by function for the period 1960 through 1967. The data for 1960 is not strictly comparable, representing "funds provided" rather than outlays.

Table L-17. **FEDERAL OUTLAYS FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY CATEGORY** (in millions of dollars)

	1960 ¹	1963	1964	1965	1966	1967
Development of health resources, total	1,016.9	1,528.9	1,806.1	1,806.9	1,955.7	2,430.2
Health research	509.5	892.1	1,069.2	1,040.1	1,167.3	1,363.7
Training and education	217.4	256.5	298.4	316.9	410.4	593.6
Construction of hospitals and health facilities	290.0	380.3	438.5	449.9	378.0	391.0
Improving the organization and delivery of health services ²						81.9
Provision of hospital and medical services, total	2,164.8	2,783.0	2,904.4	2,935.8	3,520.8	7,831.0
Direct Federal hospital and medical services	1,701.3	1,877.3	1,971.4	2,022.0	2,199.0	2,551.7
Hospital and medical services, indirect	463.5	905.7	933.0	913.8	1,321.8	5,279.3
Prevention and control of health problems, total	325.6	346.1	392.8	417.6	451.0	539.8
Total outlays from Federal and trust funds	3,507.3	4,658.0	5,103.3	5,160.3	5,927.5	10,801.0

¹ Report of the Committee on Government Operations, U.S. Senate; "Coordination of Federal Agencies' programs in biomedical research and in other scientific areas," report No. 142, Mar. 30, 1961.

² Not tabulated in 1960-66 as a separate subcategory.

RELATION OF HEALTH ANALYSIS TO HEW TABULATIONS

The Department of Health, Education, and Welfare publishes *Social Welfare Expenditures* including historical tables on Public and Private Expenditures for health and medical care. The most recent tabulation appeared in the December 1968 issue of the Social Security Bulletin. It is this tabulation which is used to provide the data on total national health expenditures. However, in the HEW tabulation Federal health outlays are currently almost \$1 billion lower than the outlays tallied in this special Health Analysis. Essentially the difference reflects the exclusion in the HEW tabulation of outlays for: medical training and education; Federal agency contributions to employee health benefit funds; Federal expenditures primarily by AID for health programs in foreign countries; and expenditures by the Department of Agriculture for meat and poultry inspection. Were these outlays included in the HEW tabulation, they would both increase the Federal and the total national outlays as well as the share that Federal outlays are of the total.

EXPENDITURES FOR HEALTH ACTIVITIES BY AGENCY

The following tables distribute the health-related expenditures of Federal agencies by the categories used in this analysis. Based on their major purposes, these agencies, excluding HEW, are assigned in Part 3 of the budget document to functions other than Health. The tables, therefore, also indicate the budget document functional code. Breaking out the health activities of these agencies, functionally assigned elsewhere in the budget document, accounts for the \$18.3 billion reported in this analysis for "health" compared to the \$13 billion reported in Part 3 of the budget document. Furthermore, this analysis incorporates a more detailed breakdown within "health" than is used in the budget document. Expenditures for health within each appropriation account are assigned to the various functional components used in this analysis. Other Special Analyses, such as those on Research and Development, Education, and Manpower Development, also seek to assemble all Federal outlays in their area. They therefore will include, where pertinent, the same outlays which are tabulated in this Health Analysis.

Table L-18. FEDERAL OUTLAYS FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY AGENCY, 1968
(in millions of dollars)

	Functional code	Health research	Training and education	Construction	Organization and delivery	Direct Federal hospital and medical services	Indirect Federal hospital and medical services	Prevention and control of health problems	Total
Department of Health, Education, and Welfare.....		1,142.7	464.1	280.1	86.6	119.5	7,398.2	323.1	9,814.3
Health Services and Mental Health Administration.....	651	96.6	113.4	272.8	79.1	119.2	30.9	245.4	957.4
National Institutes of Health.....	651	956.6	316.9	6.1	.9			4.4	1,284.9
Consumer Protection and Environmental Health Service.....	651	68.0	9.6	.5				73.0	151.1
Social Security Administration.....	651						5,332.3		5,332.3
Social and Rehabilitation Service.....	651-3	21.6	22.9	.5	6.6	.3	2,028.6		2,080.5
Other.....							7.8		7.8
Department of Defense.....	051	86.4	108.2	26.8		1,348.2	171.9	20.0	1,761.5
Veterans Administration.....	804	46.3	63.0	48.3	2.4	1,225.0	54.6		1,439.6
Department of Housing and Urban Development.....	550			80.4	2.6				83.0
Department of Agriculture.....	350	37.0						112.1	149.1
Agency for International Development.....	152	2.3	10.4	8.0	5.0	19.9		71.1	116.7
Office of Economic Opportunity.....	551						103.5		103.5
National Aeronautics and Space Administration.....	251	103.3							103.3
Atomic Energy Commission.....	058	99.7	.7						100.4
Civil Service Commission.....	906						40.7		40.7
Department of Labor.....	604	.3	29.3			1.0	14.0	2.1	46.6
Department of State.....	151		4.9	.4	3.1	.1	.3	17.3	26.1
National Science Foundation.....	605	21.9	3.5						25.4
Department of Commerce.....	507	.6		3.2					3.9
Other agencies.....		6.2	2.5	22.5		24.5	3.8	19.3	78.8
Agency contributions to employee health benefit funds.....							238.4		238.4
Total outlays for health, 1968.....		1,546.5	686.6	469.8	99.8	2,738.2	8,025.4	565.0	14,131.5

Table L-19. FEDERAL OUTLAYS FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY AGENCY, 1969

(in millions of dollars)

	Functional code	Health research	Training and education	Construction	Organization and delivery	Direct Federal hospital and medical services	Indirect Federal hospital and medical services	Prevention and control of health problems	Total
Department of Health, Education, and Welfare.....		1,040.8	572.9	292.5	127.1	127.2	8,925.4	413.5	11,499.3
Health Services and Mental Health Administration.....	651	105.4	129.4	279.3	115.7	126.9	34.8	317.3	1,108.8
National Institutes of Health.....	651	823.9	404.8	11.3	1.9			5.0	1,246.9
Consumer Protection and Environmental Health Service.....	651	88.8	11.0	.4				85.4	185.6
Social Security Administration.....	651						6,221.9		6,221.9
Social and Rehabilitation Service.....	651-3	22.6	26.5	1.4	9.5	.3	2,661.3	5.4	2,727.0
Other.....							8.6		8.6
Department of Defense.....	051	95.9	130.9	59.2		1,430.0	183.9	21.1	1,921.2
Veterans Administration.....	804	52.8	78.8	54.7	2.7	1,291.7	69.1		1,549.8
Department of Housing and Urban Development.....	550			139.5	2.0				141.6
Department of Agriculture.....	350	40.5						141.2	181.7
Agency for International Development.....	152	4.6	8.6	12.4	9.6	20.0		123.4	178.7
Office of Economic Opportunity.....	551						134.5		134.5
National Aeronautics and Space Administration.....	251	111.4							111.4
Atomic Energy Commission.....	058	99.8	.7						100.5
Civil Service Commission.....	906						40.7		40.7
Department of Labor.....	604	.3	33.1			1.0	15.0	2.3	51.7
Department of State.....	151		4.6	.3	3.4	.1	.3	18.4	27.2
National Science Foundation.....	605	22.4	4.2						26.6
Department of Commerce.....	507	.7		7.0					7.7
Other agencies.....		7.4	6.9	29.2		25.5	4.3	21.0	94.4
Agency contributions to employee health benefit funds.....							248.8		248.8
Total outlays for health, 1969.....		1,476.4	840.9	594.9	144.9	2,895.6	9,622.1	740.9	16,315.8

Table L-20. FEDERAL OUTLAYS FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY AGENCY, 1970
(in millions of dollars)

	Functional code	Health research	Training and education	Construction	Organization and delivery	Direct Federal hospital and medical services	Indirect Federal hospital and medical services	Prevention and control of health problems	Total
Department of Health, Education, and Welfare.....		1,169.2	648.3	372.5	179.3	131.6	10,225.7	464.6	13,191.2
Health Services and Mental Health Administration.....	651	95.9	125.4	353.9	166.5	131.3	39.3	338.1	1,250.4
National Institutes of Health.....	651	949.6	480.7	9.5	2.8			6.2	1,448.8
Consumer Protection and Environmental Health Service.....	651	100.6	10.9	5.2				103.0	219.7
Social Security Administration.....	651						6,850.9		6,850.9
Social and Rehabilitation Service.....	651-3	23.1	29.8	3.8	10.1	.3	3,327.9	16.9	3,411.9
Other.....							9.2		9.2
Department of Defense.....	051	104.3	132.3	63.0		1,476.8	209.8	21.5	2,007.7
Veterans Administration.....	804	65.5	95.4	81.8	3.0	1,340.7	71.2		1,657.6
Department of Housing and Urban Development.....	550			155.8	.4				156.2
Department of Agriculture.....	350	42.9						163.7	206.6
Agency for International Development.....	152	6.6	7.7	12.9	6.6	18.5		108.5	160.8
Office of Economic Opportunity.....	551				3.5		152.9		156.4
National Aeronautics and Space Administration.....	251	110.7							110.7
Atomic Energy Commission.....	058	104.0	.6						104.6
Civil Service Commission.....	906						41.2		41.2
Department of Labor.....	604	.4	35.4			1.0	15.8	2.7	55.3
Department of State.....	151		5.0	.1	3.8	.1	.3	21.1	30.5
National Science Foundation.....	605	24.8	5.0						29.8
Department of Commerce.....	507	.7	.1	9.1					9.9
Other agencies.....		10.4	2.2	32.3		27.5	4.9	21.4	98.6
Agency contributions to employee health benefit funds.....							259.6		259.6
Total outlays for health, 1970.....		1,639.5	932.0	727.6	196.7	2,996.2	10,981.3	803.6	18,276.8

SPECIAL ANALYSIS M

FEDERAL INCOME SECURITY PROGRAMS

Overview.—This analysis covers those Federal programs designed to give individuals and families greater financial security through the *replacement of lost incomes* or by *supplementing inadequate incomes*. Income replacement programs help restore income to workers and their families if their wages are interrupted because of disability, death, unemployment, or retirement. Income support programs help those who are unable to earn the income needed for minimum living requirements.

Payments under income security programs are determined according to prior earnings, contributions, need, or other entitlement, as distinct from payment for current services performed, and may be provided in cash or in the form of goods and services. This analysis deals primarily with Federal outlays for cash benefits but includes some information on benefits in kind and tax expenditures.

Outlays for cash benefit programs totaled \$40 billion in 1968 (an amount equivalent to about 5% of the Gross National Product) and

Table M-1. FEDERAL OUTLAYS FOR INCOME SECURITY PROGRAMS PROVIDING CASH BENEFITS, BY PROGRAM CATEGORY

	1961 actual	1964 actual	1968 actual	1969 estimate	1970 estimate
Federal outlays, cash benefit programs (millions): ¹					
Income replacement programs:					
Social security and railroad retirement.....	\$13,110	\$17,293	\$24,786	\$28,284	\$29,469
Federal employee retirement systems.....	1,679	2,460	4,129	4,684	5,201
Unemployment insurance programs.....	4,439	3,197	2,524	2,709	2,818
Veterans compensation.....	2,069	2,195	2,516	2,660	2,796
Other programs.....	602	612	639	662	684
Proposed legislation.....					1,519
Subtotal, income replacement.....	21,899	25,757	34,594	38,999	42,487
Income support programs:					
Public assistance.....	2,088	2,753	3,144	3,434	3,863
Veterans pensions.....	1,558	1,773	2,087	2,174	2,242
Other programs.....	7	37	37	48	62
Proposed legislation.....					-87
Subtotal, income support.....	3,653	4,563	5,268	5,656	6,080
Total outlays, cash benefit programs (millions) ¹	25,552	30,320	39,862	44,655	48,567
Proportion of total Federal budget outlays (percent).....	26	26	22	24	25

¹ Includes benefit payments and administrative expenses.

are expected to increase to almost \$49 billion in 1970 (see table M-1). The bulk of cash benefits (about 86%) is paid for income replacement (social security and railroad retirement alone account for 62%). Total outlays for cash benefit programs have comprised about one-fourth of Federal outlays for all purposes since 1961, the proportion ranging from 22% to 26%. Proposed social security legislation will increase social security benefits by \$1.6 billion and railroad retirement benefits by \$19 million in 1970. A \$100 million reduction in outlays will result from proposed legislation for veterans compensation.

Income replacement programs.—The income replacement programs administered by the Federal Government provide protection against loss of earnings due to retirement, disability, death of the breadwinner, and unemployment. Of the total 1970 outlays of \$42.5 billion expected for these programs, \$36.5 billion will be from accounts funded in part by employer and/or employee contributions. The remaining \$6.0 billion are primarily for the retirement systems of the uniformed services and veterans disability compensation and are paid entirely from general revenues (see table M-2).

As the data in tables M-3 through M-6 indicate, the largest share (about 56%) of income replacement expenditures benefit about 18 million retirees, assuring them a degree of financial independence at retirement age. The 1970 expenditures represent an increase of 69% over 1964. The next largest portion of these outlays (35%) goes to survivors and to the disabled. Unemployment benefits aid 5.3 million persons, but total outlays are only 6% of all income replacement expenditures since the unemployed, in comparison with other groups, are recipients for shorter periods of time.

Retirement benefits.—Social security is the largest federally administered income replacement program. Its outlays, which will total \$27.9 billion in 1970, include \$18.1 billion for retirement benefits. About 90% of the Nation's labor force is in employment covered by this program. Social security pays benefits to 74% of all aged persons, excluding about 1 million under other mutually exclusive retirement systems, about 1.2 million who are eligible for OASI but are earning money in excess of the earnings limitation, and about 1 million who are not otherwise covered.

Social security retirement outlays in 1970 reflect an increase of about 70% since 1964. This increase is explained by: (1) an increase of 3.3 million beneficiaries since 1964, resulting primarily from normal program growth; (2) an addition to the rolls of about 700,000 people over age 72 and not previously insured; (3) higher average benefit levels for recent retirees; and (4) benefit increases authorized in 1965 and 1967, amounting to 7% and 13%.

The regular social security retirement benefit is based on the average of a lifetime of covered earnings, with a monthly minimum of \$55 and a maximum of \$218. The proposed legislation would increase all benefits other than the minimum by 10% and raise the minimum to \$80.

Retirement benefits for railroad retirees will increase from \$762 million in 1964 to \$1,082 million in 1970, an increase of 42%. This

Table M-2. INCOME REPLACEMENT PROGRAMS: BENEFIT OUTLAYS AND BENEFICIARIES, BY PROGRAM

Program	Benefit outlays (millions)			Number of beneficiaries (thousands)		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Income replacement programs:						
Social Security:						
OASI.....	\$20,737	\$23,711	\$24,636	21,863	22,597	23,254
DI.....	2,088	2,434	2,624	2,258	2,441	2,600
Railroad Retirement.....	1,388	1,527	1,553	1,039	1,045	1,050
Federal employee retirement systems:						
Military.....	2,095	2,441	2,720	624	695	760
Civil Service.....	1,957	2,158	2,384	866	904	943
Coast Guard.....	48	52	56	13	14	14
Foreign Service.....	11	13	15	2	2	2
PHS officers.....	6	7	10	1	1	1
Judiciary.....	4	4	4	1	1	1
ESSA officers.....	1	1	1	†	†	†
Special annuities (CSC).....	1	1	1	1	1	1
Unemployment insurance (including compensation for Federal employees and ex-service-men).....						
	2,181	2,321	2,406	4,555	5,220	5,220
Railroad unemployment.....	76	97	93	296	174	170
Employees compensation.....	82	85	87	27	28	28
Veterans programs:						
Disability and dependents indemnity compensation.....	2,471	2,610	2,741	2,369	2,385	2,393
Life insurance (Federal funds).....	29	33	36	28	32	35
Life insurance (trust funds).....	427	443	457	410	427	440
Other benefits.....	82	81	84	252	266	278
Proposed legislation.....			1,519			
Total, income replacement programs.....	33,684	38,019	41,427	134,605	136,233	137,190

† Less than 500.

† Totals include duplication due to program overlap. Estimated unique totals are 31 million, 32 million, and 33 million.

program is closely tied in with the social security system, providing a higher benefit but taxing the railroad worker at a higher rate. In addition, there is a supplementary pension, provided on a noncontributory basis, related only to length of service in excess of 25 years.

Railroad retirement benefits are computed on a basis which combines length of service and average lifetime earnings and, in any case, provide a minimum of 110% of the corresponding social security benefit. About 60,000 beneficiaries were paid under a minimum guarantee in 1968. The average railroad retirement benefit in 1968 for retired workers was \$170 a month, compared to \$98.60 for social security retirees. In 1970 the maximum monthly benefit for a retiree living alone will be \$296 for 33 years of service (excluding supplemental pension). This compares with a maximum of \$218 under social security regardless of length of service.

Table M-3. RETIREMENT BENEFITS: BENEFIT OUTLAYS, BENEFICIARIES, AND AVERAGE PAYMENTS, BY PROGRAM

Program	Benefit outlays (millions)			Number of benefici- aries (thousands)			Average monthly payments ¹		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Retirement benefits:									
Social Security (OASI).....	\$15,208	\$17,247	\$18,064	16,047	16,464	16,849	\$79	\$87	\$89
Railroad Retirement.....	969	1,065	1,082	669	666	664	121	133	136
Federal employee re- tirement sys- tems:									
Military.....	1,707	2,005	2,244	499	559	613	285	300	306
Civil Service.....	1,285	1,418	1,566	432	451	470	248	262	278
Coast Guard.....	41	45	48	10	10	11	338	356	358
Foreign Service.....	10	11	13	1	1	2	609	679	677
PHS officers.....	6	7	10	1	1	1	592	607	739
Judiciary.....	3	3	3	†	†	†	(²)	(²)	(²)
ESSA officers.....	1	1	1	†	†	†	730	787	817
Special annuities (CSC).....	1	1	1	1	1	1	71	73	74
VA retired officers pay.....	2	2	2	†	†	†	220	226	227
Total, retire- ment benefits.	19,233	21,805	23,034	³ 17,660	³ 18,153	³ 18,611	-----	-----	-----

† Less than 500.

¹ Payments per beneficiary, may differ from payments per retiree.² Not available.³ Totals include duplication due to program overlap. Estimated unique totals are 17 million, 17 million, and 18 million.

Out of total benefit outlays of \$2.4 billion, the civil service retirement system will pay \$1.6 billion in 1970 in retirement benefits to 470,000 retirees. The military retirement system, with total 1970 outlays of \$2.7 billion, will pay \$2.2 billion to 613,000 retirees. The outlays from these two programs have increased in the last 6 years, growing by 100% and 125%, respectively. The factors behind these recent increases are: (1) the number of retired beneficiaries is greater than before; (2) these recent retirees enter the beneficiary rolls with higher average benefits, reflecting higher earnings in recent years; and (3) legislation which authorized automatic cost-of-living increases for civil service and military beneficiaries.

Benefits for retirees are computed differently under these two retirement systems for public employees. The civil service system combines length of service with average salary for the 5 highest consecutive years, but with a limitation on the maximum benefit equal to 80% of the highest-five average salary. The military system normally combines length of service with the basic pay at time of retirement to produce a benefit having a maximum of 75% of terminal basic pay.

The average social security retiree receives about 25% of his covered wages at the time of retirement. This ratio is much lower than that for the civil service or military retiree. However, for social security beneficiaries drawing the minimum benefit, the corresponding ratio

is relatively high. The minimum benefit is essentially an income support payment designed to help meet a need of persons who are presumed to be poor at the time of retirement.

The retirement systems for the other uniformed services (those for the Coast Guard and for the officers corps of the Public Health Service and the Environmental Science Services Administration) are similar to the military system. They will benefit about 12,000 retirees in 1970 with \$59 million in outlays. Two other retirement systems (serving the Foreign Service and the Judiciary) and the special annuities for Canal Zone construction workers will pay \$17 million in 1970 to about 3,000 recipients.

Disability benefits.—Social security disability benefits will be paid to 2.6 million beneficiaries in 1970, an increase of almost 75% over the 1.5 million beneficiaries in 1964. Outlays will have increased from \$1.2 billion to \$2.6 billion, an increase of over 100%. Established in 1957 with 150,000 beneficiaries in that year, about 750,000 beneficiaries are added each year while terminations are less than 600,000, due mainly to mortality and to the transfer of disability retirees to the regular retirement rolls upon reaching age 65. The disability insurance program has been continually liberalized by reducing the prognosis in disability determination to 1 year of total disability (adding about 30,000 cases), and by liberalizing the insurance status for young disabled workers (adding about 22,000). Legislation is proposed to reduce the waiting period to 3 months and to eliminate the prognosis of permanent disability entirely.

The disability benefit formula is computed on the same basis as the regular social security retirement benefit. The average disability benefit (\$112, compared to an average of \$99 for the regular retired worker) is higher because the disabled worker's earnings history does not extend as far back as the retiree's and reflects to a greater extent the current level of wages.

The average monthly disability benefit for railroad retirement was \$148 for total disability. This average is lower than the regular retirement annuity because this system factors years of service into the benefit formula. An occupational disability benefit is provided for persons under age 65 if they have had 20 years or more of service. Since the retirement annuity formula is based in part on length of service, disability annuity beneficiaries are not transferred to the regular age annuity after reaching 65.

The railroad retirement system also provides a temporary disability insurance system for railroad employees unable to work because of sickness or injury. Financed entirely by employer contributions, the benefits average about \$10 a day. The average weekly benefit had not risen significantly since 1959 because of the statutory ceiling on daily benefits. On July 1, 1968, the ceiling was raised from \$10.20 to \$12.70 a day.

Veterans disability compensation, paid to those with disabilities related to military service, is graduated according to the degree of disability, based upon a concept of the average earnings loss a worker would experience for a given disability. Between 1968 and 1970, average monthly payments will climb by 12% from \$81 to \$91, largely reflecting legislation liberalizing basic rates. For totally

Table M-4. **DISABILITY BENEFITS: BENEFIT OUTLAYS, BENEFICIARIES AND AVERAGE PAYMENTS, BY PROGRAM**

Program	Benefit outlays (millions)			Number of beneficiaries (thousands)			Average monthly payments ¹		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Disability benefits:									
Social Security (DI)	\$2,088	\$2,434	\$2,624	2,258	2,441	2,600	\$77	\$83	\$84
Railroad Retirement (permanent disability)	73	77	78	42	40	39	144	160	167
Railroad unemploy- ment (temporary disability)	34	44	43	88	92	90	² 51	² 63	(³)
Federal employee re- tirement systems:									
Military	380	426	466	119	129	139	266	275	280
Civil Service	380	419	463	174	182	190	182	192	203
Coast Guard	7	8	8	3	3	3	208	216	212
Foreign Service	1	1	1	†	†	†	750	750	750
Employees compen- sation	52	54	56	13	14	14	332	321	332
Veterans programs:									
Disability compen- sation	1,954	2,084	2,209	2,004	2,015	2,020	81	86	91
Life insurance (Federal funds)	3	3	3	5	5	5	-----	-----	-----
Life insurance (trust funds)	20	21	22	38	39	40	-----	-----	-----
Other benefits	8	8	8	2	1	1	-----	-----	-----
Total disability benefits	5,000	5,579	5,981	4,746	4,961	4,514	-----	-----	-----

† Less than 500.

¹ Payments per beneficiary, may differ from payments per disability case.² Average weekly payments.³ Not available.⁴ Totals include duplication due to program overlap. Estimated unique totals are about 3 million for each year.

disabled veterans, there has been a 33% increase from \$300 to \$400 a month in the basic rate of compensation.

Other programs providing disability benefits include compensation for certain Federal and military employees under the Federal Employees Compensation Act and the disability provisions of the Federal employee retirement systems. Total outlays for these other disability benefits in 1970 will be \$994 million.

Survivors benefits.—Survivors of deceased workers receiving social security benefits are estimated to number 6.4 million in 1970 (see table M-5), of which about 60% will be widows and widowers and 40% children. (Parents comprised less than 0.1 million.) In 1964, survivor beneficiaries totaled 4.45 million.

Liberalizations increased the rolls in 1965 by reducing the minimum age of entitlement for widows without children from 62 to 60, adding 130,000 cases to the rolls, and by raising the maximum age for children attending school from 18 to 21, adding about 300,000 cases to the rolls. In 1967, disabled widows and widowers became entitled to reduced benefits at age 50, adding another 60,000 cases.

Table M-5. SURVIVORS BENEFITS: BENEFIT OUTLAYS, BENEFICIARIES, AND AVERAGE PAYMENTS, BY PROGRAM

Program	Benefit outlays (millions)			Number of beneficiaries (thousands)			Average monthly payments ¹		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Survivors benefits:									
Social Security (OASI).....	\$5,529	\$6,464	\$6,572	5,816	6,133	6,405	\$79	\$88	\$85
Railroad Retirement.....	347	385	394	340	352	358	85	91	92
Federal employee retirement systems:									
Military.....	8	10	10	6	7	8	107	108	109
Civil Service.....	291	321	355	260	271	283	93	99	104
Coast Guard.....	*	*	*	†	†	†	71	77	83
Foreign Service.....	1	1	1	†	†	†	250	278	278
PHS officers.....	*	*	*	†	†	†	157	151	153
Judiciary.....	1	1	1	†	†	†	327	(²)	(²)
ESSA officers.....	*	*	*	†	†	†	(²)	(²)	(²)
Special annuities (CSC).....	*	1	1	†	†	†	91	108	112
Employees compensation.....	31	31	32	14	14	14	183	186	188
Veterans programs:									
Dependents indemnity compensation.....	517	526	532	365	369	373	118	119	119
Life insurance (Federal funds).....	26	30	33	23	27	30	-----	-----	-----
Life insurance (trust funds).....	407	422	435	372	388	400	-----	-----	-----
Other benefits.....	72	71	74	250	265	277	-----	-----	-----
Total, survivors benefits.....	7,230	8,263	8,440	57,446	57,826	58,148	-----	-----	-----

* Less than \$0.5 million.

† Less than 500.

¹ Payments per beneficiary, may differ from payments per surviving family.² Not available.³ Totals include duplication due to program overlap. Estimated unique totals are 6 million, 7 million, and 7 million.

Survivor benefits under social security are usually more liberal than they are in other public retirement systems. Widows' benefits are equal to 82½% of the amount that the deceased worker or retiree would receive in retirement benefits. Children receive 75% of the retirement annuity for each child within the family maximum, a ceiling determined by the worker's primary benefit amount.

By comparison, a civil service employee's widow receives 55% of the annuity the employee had earned at the time of his death, and children receive 40%; a retired civil servant having such benefits for his family are contingent upon his having opted for a reduced retirement annuity. It is only when the retirement annuity is sufficiently higher than social security that civil service survivor annuities exceed social security survivor benefits. No survivor benefits are paid under civil service unless the employee has had 5 years of service. By comparison, survivor benefits may be paid under social security

with as little as 1½ years of covered service, or even less in the case of servicemen killed in action. In 1970, the Civil Service Commission will pay \$355 million to 283,000 survivors, including about 60,000 children.

Railroad retirement survivor benefits are awarded on the same basis as social security, and persons may be insured under both programs. In 1970, 358,000 survivors will be paid \$394 million in benefits.

Survivors of servicemen, and veterans who died as a direct result of injuries received in military service, are eligible for monthly dependency and indemnity compensation and the earlier program of "death compensation" payments from the Veterans Administration. In 1970, 373,000 survivors will receive \$532 million in VA payments, at an average monthly payment of \$119. Another \$74 million will be paid to veterans' survivors in 1970 for veterans burial benefits.

A total of 5.6 million families have \$37.4 billion in life insurance protection under six major programs administered by the Veterans Administration. In 1970, the Veterans Administration will be paying a total of \$468 million in claim benefits and dividends to 430,000 survivor beneficiaries.

Unemployment benefits.—The primary source of benefits for the unemployed is the Federal-State unemployment insurance trust fund administered by the Department of Labor. About 75% of all employment is now covered by this program. In 1970 benefits are expected to total \$2.3 billion, and another \$116 million will be paid to Federal employees and ex-servicemen from general revenues. The average number of unemployed beneficiaries in any given week is estimated to be 1.2 million. The average weekly benefit is expected to be \$43.70, or about 33% of the average weekly wage.

Unemployment benefits of \$50 million in 1970 are estimated for railroad employees.

Table M-6. UNEMPLOYMENT BENEFITS: BENEFIT OUTLAYS, BENEFICIARIES, AND AVERAGE PAYMENTS, BY PROGRAM

Program	Benefit outlays (millions)			Number of beneficiaries (thousands) ¹			Average weekly payments		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Unemployment benefits:									
Workers insured under State laws.....	\$2,074	\$2,210	\$2,290	4,336	5,000	5,000	\$40	\$42	\$44
Federal employees and ex-servicemen.....	107	111	116	219	220	220	44	45	46
Railroad unemployment.....	42	52	50	233	92	90	50	62	(²)
Total, unemployment benefits.....	2,223	2,373	2,456	4,788	5,312	5,310	-----	-----	-----

¹ Number of "first claims" paid.

² Not available.

Income support programs.—The two major programs which base benefits on current need are public assistance and veterans pensions.

Table M-7. INCOME SUPPORT PROGRAMS: BENEFIT OUTLAYS, RECIPIENTS, AND AVERAGE PAYMENTS, BY PROGRAM AND RECIPIENT GROUP

Program and recipient group	Benefit outlays (millions)			Recipients (thousands)			Average monthly payments ¹		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Income support programs:									
Public assistance (Federal share):									
Old age assistance.....	\$1,137	\$1,204	\$1,308	2,055	2,099	2,084	\$69	\$71	\$76
Aid to the blind.....	52	54	59	82	83	84	90	91	96
Aid to the permanently and totally disabled.....	367	434	499	646	715	785	80	83	87
Aid to families with dependent children.....	1,395	1,731	1,847	5,349	6,146	6,965	40	44	48
Total, public assistance (Federal share)².....	3,052	3,320	3,719	8,132	9,058	9,955			
Total (State and local share).....	(1,996)	(2,467)	(3,286)						
VA pensions:									
Veterans.....	1,272	1,286	1,293	1,170	1,146	1,143	91	94	94
Survivors.....	779	850	905	1,049	1,106	1,170	62	64	64
Total, VA pensions.....	2,051	2,135	2,198	2,219	2,252	2,313			
Assistance to refugees.....	25	37	49	36	47	62			
General assistance to Indians.....	9	7	9	21	22	22			
Proposed legislation.....			-87						
Total, income support programs.....	5,137	5,499	5,888	10,408	11,379	12,352			

¹ Total payments, including State and local contributions where applicable.

² Categorical financial data are obligations and do not add to total because of collections and adjustments.

³ Includes recipients of emergency assistance not itemized above.

Public assistance, administered by the States and financed in part by Federal matching grants, aids the needy who are aged, blind, disabled, or have dependent children, with payments based on individual needs as determined by State eligibility and needs standards. The average monthly number of total recipients in 1970 is expected to be about 10 million, or almost one-half of the Nation's estimated 22 million poor people. Partial coverage of the poor population reflects the categorical nature of the program and, in some States, low needs standards.

Federally aided public assistance is not available to a family, regardless of income, if headed by a male who is neither aged nor disabled unless he is unemployed (according to State definition). However, in only 22 States is assistance available to families with unemployed fathers, and in no State is Federal aid available for such families with no dependent children.

The payment levels vary considerably among categories and from State to State (see table M-8).

Table M-8. AVERAGE MONTHLY PAYMENT LEVELS FOR PUBLIC ASSISTANCE, BY CATEGORY

Public assistance category	July 1968 payment levels (per recipient)		
	National average	Average in lowest State	Average in highest State
Old age assistance.....	\$68.40	\$36.00	\$107.00
Aid to the blind.....	91.45	45.35	138.85
Aid to the permanently and totally disabled.....	81.80	44.45	128.85
Aid to families with dependent children.....	42.15	8.50	71.00

Except for a few high-payment States, average levels are considerably below the poverty line.¹ The aged, the blind, and the disabled generally fare somewhat better than do families with dependent children, in part due to the special needs required by their age and/or disabilities. Low-public assistance payment levels are a result of: (1) inadequate State needs standards; and (2) the inability of some States to pay benefits that meet their own standards. There is a growing concern that welfare reform is needed, as evidenced by the President's appointment of a Commission on Income Maintenance Programs and by an increasing activity in income maintenance research and demonstration projects. The Commission expects to report early in 1970. However, income maintenance reform is complex, and particularly so in the case of public assistance because changes at the Federal level must take into account the budgetary and administrative problems that result in each State.

The other large income support program provides pensions to veterans and to veterans' survivors. Eligibility requires the establishment of need as determined by a declaration of income (after certain exceptions) and an appraisal of net worth. A veteran must also be disabled to be eligible.

In 1970, outlays for VA pensions will total \$2.2 billion and will benefit 1.1 million veterans and a like number of survivors. The average monthly payment will be \$94, up from \$91 in 1968 (see table M-7). The increase reflects legislation increasing and restructuring pension rates to more closely match each recipient's income needs.

Other income support programs provide cash assistance and other services to Cuban refugees and to needy American Indians. Benefits will amount to \$58 million in 1970.

¹ The SSA/OEO poverty line is a level of income necessary to meet certain basic living requirements. The level varies with family size and with urban versus rural location. For example, in 1967 the poverty index for a rural couple (headed by a male over age 65) was \$115 monthly, while that for an urban family of four was \$280 per month.

A number of Federal programs, such as Medicaid, food stamps, and public housing, provide benefits in kind based on current need. These programs are discussed later in a section on "Benefits in Kind."

Program interrelationships.—The programs discussed above were developed at different times in the Nation's history in order to fill gaps in coverage and serve various groups of people. Although there have been attempts to forge a single national policy or program (for example, the Social Security Act of 1935, which provided, in a single package, aid for the poor and protection against income loss due to retirement, disability, death or unemployment) the extent to which programs interact by design varies considerably. An idea of this range is offered by the retirement tests applied to the earnings of retirees under different systems:

- Civil service retirement has no limitation on the amount that may be earned in non-civil-service employment while receiving civil service retirement benefits;
- Social security permits earnings of up to \$1,680 a year without a reduction in benefits. For the amount of earnings between \$1,680 and \$2,880 in *any* employment, the social security benefit is reduced by 50% of those earnings; for the amount of earnings over \$2,880, social security benefits are reduced by 100%. Legislation is recommended to increase the maximum reduction-free earnings to \$1,800;
- Railroad retirees may earn postretirement income in any employment other than that covered under the railroad retirement act or that in which the retiree was last engaged. Of those now receiving railroad retirement, more than 33% are also social security beneficiaries;
- Military retirement pay for a regular officer is reduced when he is employed by the Federal Government;
- Neither civil service nor military retirement benefits are coordinated with OASDI. Consequently, 40% of all civil service retirees receive social security benefits also, and 35% of this group receive the minimum.

Some programs serve as supplements to each other. Many social security beneficiaries with low incomes, for example, have their benefits supplemented by old age assistance and veterans pensions.

- In 1966, 48.6% of the 2.1 million old age assistance recipients were also receiving social security. This amounted to 7.1% of all social security beneficiaries; likewise
- 892,000 veterans, or 78% of all veterans receiving non-service-connected pensions, were receiving social security benefits.

Another example of designed program supplementation is offered by the social security disability insurance policy of permitting concurrent benefits with workmen's compensation if the combined benefits do not exceed 80% of average monthly earnings.

There are, of course, some gaps in income security program coverage and, on the other hand, some unnecessary duplication of benefits. It is expected that the President's Commission on Income Maintenance Programs will address itself to these problems.

Benefits in kind.—The Federal programs discussed so far provide cash benefits which the recipient is free to use as he chooses. However, there are other programs which provide “benefits in kind”; that is, goods or services are provided for the recipients in lieu of cash assistance, either directly by the Government or indirectly by transactions with third parties. This analysis does not examine all of the programs that might fall within this section. However, some important examples are discussed (see table M-9).

An example of a program for health care which is, to a large extent, a direct alternative to cash assistance is the State administered Medicaid program (Grants to States for Medical Assistance). State medical assistance payments are matched by Federal payments for certain eligible individuals, including recipients of public assistance and others who are determined by the States to be financially unable to pay all or a part of their medical bills. In 1970 Federal outlays of \$3.0 billion will be needed to match total State payments of \$5.8 billion on behalf of 10.2 million needy patients.

The Department of Agriculture administers several programs which provide food to individuals or enhance their ability to purchase it. The distribution of surplus commodities to families, schools, and institutions will cost \$725 million in 1970 and will improve the diets of 29 million people. The child nutrition programs, formerly known as the school lunch program, make it possible for schoolchildren to have better diets at lower costs. Outlays will total \$367 million in 1970. The food stamp program, which enables poor families to buy more food by increasing their food purchasing power, has grown considerably in recent years, from \$30 million in 1964 outlays to \$338 million in 1970. Almost 4 million people will benefit from this program by the end of 1970.

Table M-9. **BENEFITS IN KIND: OUTLAYS AND RECIPIENTS FOR SELECTED PROGRAMS**

Type of benefit and program	Outlays (millions) ¹			Recipients (thousands) ²		
	1968 actual	1969 est.	1970 est.	1968 actual	1969 est.	1970 est.
Health care:						
Medicaid (Federal outlays).....	\$1,806	\$2,364	\$2,971	} 8,600	9,500	10,200
Medicaid (Total Federal, State, and local payments).....	3,686	4,612	5,797			
Food and nutrition:						
Food stamps.....	187	273	338	2,488	3,630	3,950
Child nutrition.....	217	246	367	18,800	19,400	22,300
Special milk.....	104	104	15	17,000	17,500	.....
Removal of surplus commodities.....	385	598	725	25,500	26,000	29,000
Housing:						
Public housing.....	³ 290	³ 335	³ 456	2,600	2,800	3,200
Rent supplements.....	2	14	30	⁴ 3	⁴ 19	⁴ 45

¹ Includes benefits and administrative expenses.

² Total number of individuals benefited.

³ Benefits only.

⁴ Number of households (number of individuals not available).

Other examples of Federal benefits in kind are available in the area of housing. Federal funds (\$456 million in 1970) are provided to local public agencies to enable them to acquire and operate public housing units for low-income families, and the rent supplement program will subsidize the rents of 45,000 poor families with \$28 million.

This discussion is intended to be illustrative and does not cover all of the relevant programs. However, the significance of such benefits is shown by the fact that the illustrative programs by themselves involve 1970 Federal outlays totaling \$4.9 billion, or about 10% of the total outlays for cash assistance.

Tax expenditures.—Another way to improve an individual's level of living is to reduce the income taxes, through credits and exemptions, that he would otherwise have to pay. No attempt is made in this analysis to thoroughly examine the Federal income tax structure, but some examples are provided of revenues foregone, or tax expenditures, which are clearly related to an income security objective.

Additional personal exemptions, retirement income credits, and the exclusion of social security benefits from taxable income constitute an important group of benefits for the elderly. It is estimated that such benefits will cost \$3.0 billion in 1970. Other examples of tax expenditures serving an income security purpose are offered by the exclusion of unemployment insurance benefits, workmen's compensation benefits, and sick pay from taxable income. These exclusions will cost \$630 million in 1970 in revenues foregone.

Tax expenditures benefit large numbers of people. In 1966, 8.3 million additional age exemptions were claimed; 4.5 million were on taxable returns. The retirement income credit was claimed on 1.7 million taxable returns in that year.

Income security benefits—State, local, and private.—State and local governments, in addition to their participation in Federal programs, also fund and operate a number of programs by themselves. The most important of these are:

- State and local government retirement systems, which made payments of \$2.4 billion in 1968.
- General assistance, an adjunct to the public assistance program, which paid \$340 million in 1968 to 760,000 needy recipients.
- Workmen's compensation programs, which helped disabled workers with \$2.3 billion in cash and health benefits in 1968.

A large volume of income security payments are also made by private organizations. Most of this activity involves privately operated insurance and pension funds. A much smaller amount of cash and in kind benefits is provided by private charitable institutions.

Federal cash benefit programs by agency.—The Department of Health, Education, and Welfare administers cash benefit programs with 1970 outlays of 33.3 billion. Most of the remaining \$15.3 billion of total 1970 outlays for these programs is located in the budgets of five agencies: the Veterans Administration, the Departments of Labor and Defense, the Civil Service Commission, and the Railroad Retirement Board. Six other Federal agencies administer programs with 1970 outlays of less than \$100 million.

A listing of cash benefit programs by Department and Agency is provided in table M-10.

Table M-10. FEDERAL OUTLAYS FOR INCOME SECURITY PROGRAMS PROVIDING CASH BENEFITS, BY DEPARTMENT AND PROGRAM

Department, agency and program	Functional code	Outlays (in millions of dollars) ¹			
		1964 actual	1968 actual	1969 estimate	1970 estimate
Department of Health, Education, and Welfare:					
Social security:					
OASI.....	652	14,868	21,184	24,172	25,132
DI.....	652	1,321	2,200	2,570	2,769
Public assistance.....	652	2,753	3,144	3,434	3,863
Assistance to refugees.....	652	30	26	39	51
PHS officers retirement.....	651	3	6	7	10
Proposed legislation.....	652				² 1,519
Total, Health, Education, and Welfare.....		18,975	26,560	30,222	33,344
Veterans Administration:					
Veterans disability and dependents indemnity compensation.....					
	801-5	2,195	2,516	2,660	2,796
Veterans pensions.....	802-5	1,773	2,087	2,174	2,242
Life insurance (Federal funds).....	805	36	31	35	38
Life insurance (trust funds).....	805	451	436	453	467
Other benefits.....	803 } 805 }	60	84	83	86
Proposed legislation.....	801-2-5				-106
Total, Veterans Administration.....		4,515	5,154	5,405	5,523
Department of Labor:					
Unemployment insurance (including compensation for Federal employees and ex-servicemen).....					
	609 } 652 }	3,054	2,442	2,606	2,718
Railroad unemployment.....	652	143	82	103	100
Employees compensation.....	609 } 906 }	65	88	91	93
Total, Labor.....		3,262	2,612	2,800	2,911
Department of Defense: Military retirement.....	051	1,212	2,098	2,444	2,725
Civil Service Commission:					
Civil Service retirement.....					
	652	1,198	1,960	2,162	2,389
Special annuities.....	652	2	1	1	1
Total, Civil Service Commission.....		1,200	1,961	2,163	2,390
Railroad Retirement Board:					
Railroad retirement.....					
	652	1,104	1,402	1,542	1,568
Proposed legislation.....	652				19
Total, Railroad Retirement Board.....		1,104	1,402	1,542	1,587
Judiciary: Judges retirement and judicial survivors trust fund.....					
	652 } 902 }	3	4	4	4
Department of Commerce: ESSA officers retirement.....	506	1	1	1	1
Department of the Interior: General assistance to Indians.....	609	7	11	9	11
Department of State: Foreign Service retirement.....	652	7	11	13	15
Department of Transportation: Coast Guard retirement.....	502	34	48	52	56
Total, Federal outlays.....		30,320	39,862	44,655	48,567

¹ Includes benefit payments and administrative expenses.² This total includes: OASI, \$1,500 million; DI, \$100 million; public assistance, -\$81 million.

SPECIAL ANALYSIS N

FEDERAL PROGRAMS FOR THE REDUCTION OF CRIME

Two basic responsibilities of government are to maintain public order and administer justice. Increasing crime threatens the maintenance of order and challenges our system of justice. The Federal program against crime is designed to identify the underlying causes of criminal behavior, gain a better understanding of the magnitude and nature of the crime problem, and prevent and reduce crime through effective law enforcement, public education, and rehabilitation of criminals and juvenile delinquents. The objective of the program is to reverse the trend of rising crime so that the economic loss and loss of human resources associated with crime are substantially reduced, and the fear of criminal abuse or exploitation in our communities is alleviated. In order to move toward this objective the Federal Government will continue to improve the Federal criminal justice system. Also, recognizing that State and local governments have the heaviest burdens and widest responsibilities for law enforcement and the administration of justice, the Federal Government will provide greatly increased direct assistance to States and localities to help stimulate a total national response to the problem of crime.

ACCOMPLISHMENTS OF THE PAST 4 YEARS

The past 4 years have been a period of extraordinary progress in laying a foundation for more effective law enforcement and administration of justice. Among the major milestones and accomplishments have been:

- Establishment of the President's Commission on Law Enforcement and the Administration of Justice on July 23, 1965. The Commission undertook a thorough examination of the adequacy of the Nation's law enforcement and criminal justice system and issued a report in February 1967 with major findings and recommendations which have influenced and are continuing to influence the direction of programs to combat crime.
- The successful implementation and completion of a demonstration law enforcement assistance program, for which Congress appropriated a total of \$22 million. This 3-year program (1966-68) provided police, State courts, and correctional agencies with training assistance and encouraged experimentation with new methods and techniques applicable to law enforcement.
- A new law enforcement assistance program established under the Crime Control and Safe Streets Act of 1968, with appropriations of \$63 million provided in 1969 and \$300 million budgeted in 1970, which will support comprehensive law enforcement planning by States and localities and provide grants to States for improvements in all areas of law enforcement and criminal justice activities.
- Enactment of the Juvenile Delinquency Prevention and Control Act of 1968 which authorizes an expanded Federal effort to assist

States and local communities in developing effective approaches to the prevention and control of juvenile delinquency.

- The Narcotic Addict Rehabilitation Act of 1966, and the Alcoholic and Narcotic Addict Rehabilitation Amendments of 1968, which will increase community based preventive services and treatment of conditions which may lead to crime.
- Establishment of the National Commission on Reform of Federal Criminal Laws which will propose a major revision of the Federal criminal code.
- Strengthening of enforcement programs through the reorganization and consolidation of Federal narcotics and drug abuse enforcement activities, the implementation of new techniques for combating organized crime, and the development of a National Crime Information Center which makes available to State and local enforcement authorities a computerized index of information on criminals and stolen property.
- Establishment of a Federal Judicial Center which will support the Federal Judiciary through programs of training, research, and analysis of administrative operations.
- Enactment of other laws representing major advances in law enforcement and criminal justice including (1) extensive new gun controls; (2) stiff criminal penalties for loan sharking, obstructing criminal investigations, inciting riots, and for sale or possession of LSD and other dangerous drugs; (3) authorization for the Bureau of Prisons to assist States and local governments in the improvement of their correctional systems; (4) authorization for Federal prisoners to work at paid employment in communities; (5) major reforms in the administration of military justice; and (6) establishment of a professional corps of Federal magistrates to handle initial criminal proceedings and try a wide range of minor criminal cases.

Table N-1. FEDERAL OUTLAYS FOR THE REDUCTION OF CRIME BY AGENCY¹ (in thousands of dollars)

Agency	Outlays		
	1968 actual	1969 estimate	1970 estimate
The Judiciary ²	38,000	43,000	48,000
Funds appropriated to the President: Office of Economic Opportunity.....	6,759	6,102	1,474
Department of Agriculture.....	3,314	3,336	3,494
Department of Health, Education, and Welfare.....	28,750	38,898	50,258
Department of Housing and Urban Development.....	2,621	450	600
Department of the Interior.....	19,050	20,921	24,015
Department of Justice.....	312,603	377,747	567,683
Department of Labor.....	2,745	4,419	3,900
Post Office Department.....	23,457	26,034	29,632
Department of Transportation.....	7,412	9,787	12,703
Treasury Department.....	82,499	96,724	108,454
Veterans Administration.....	1,444	9,510	10,190
Other agencies.....	1,989	1,957	7,795
Total Federal outlays.....	530,643	638,885	868,198

¹ Does not include Department of Defense or nondomestic outlays for crime reduction.

² Outlays estimated by the Bureau of the Budget.

1970 BUDGET HIGHLIGHTS

The 1970 budget will include outlays of \$868 million for crime reduction programs, an increase of 36% over 1969 and 64% over 1968. Substantial increases will occur in all program activities as a result of major new program authorizations provided during the past year, and the high priority accorded the need to increase law enforcement assistance to States and localities, and improve essential Federal crime prevention and enforcement functions.

Law enforcement assistance.—The Omnibus Crime Control and Safe Streets Act of 1968, Title I, established the Law Enforcement Assistance Administration and the National Institute of Law Enforcement and Criminal Justice within the Department of Justice. The programs of these new institutions will encourage State and local governments to evaluate their law enforcement problems, prepare and keep updated comprehensive law enforcement plans, improve present law enforcement, and develop new methods of preventing, detecting, and reducing crime. Law enforcement and criminal justice agencies in the States and localities will benefit through planning and action grants, programs of academic assistance, and the research and statistical programs of the Institute. Appropriations of \$296.6 million are being requested in 1970 for these programs and outlays will exceed \$196 million, an increase of \$172 million over 1969.

Organized crime.—Almost \$36 million of outlays in 1970 will support the Federal effort against organized crime. Special "strike forces" consisting of teams of attorneys and investigators from key Federal agencies will move against organized crime in metropolitan areas. Strike forces will be operating in nine American cities in 1969 and in an additional four cities in 1970.

Law enforcement training.—To insure the highest quality of Federal law enforcement personnel, \$1.2 million will be budgeted in 1970 for the planning and design of a consolidated Federal law enforcement training center at Beltsville, Md. The Center will provide 13 participating Federal investigative and police agencies with modern facilities for both basic and advanced law enforcement training. The planned facility will consist of classrooms, firing ranges, specialized training areas and equipment, and dormitories capable of accommodating 750 resident students. Also, building construction will start in 1969 on a new FBI National Academy that will greatly expand the FBI's capacity for training State and local law enforcement personnel.

Crime prevention.—Increased emphasis will be placed on reaching at an early stage, individuals who may be helped to a way of life less subject to pressures toward criminality. Federal efforts in this direction will include the implementation of the Juvenile Delinquency Prevention and Control Act of 1968, further development of community services under the Alcoholic and Narcotic Addict Rehabilitation Amendments of 1968, expanded treatment programs under the Narcotic Addict Rehabilitation Act of 1966, improved education for neglected and delinquent children in institutions under the 1966 amendments to the Elementary and Secondary Education Act, as well as several other related Federal programs. Outlays for crime prevention programs will be \$47 million in 1970, an increase of 57% over 1968.

Table N-2. FEDERAL OUTLAYS FOR THE REDUCTION OF CRIME BY MAJOR PROGRAM AND SELECTED ACTIVITY¹ (in thousands of dollars)

Major program and selected activity	Outlays		
	1968 actual	1969 estimate	1970 estimate
Assessment of crime:			
Statistics on criminal justice.....	784	2,981	6,729
Research and information.....	2,429	4,377	8,153
Total.....	3,213	7,358	14,882
Reform of criminal laws.....	286	964	2,634
Services for prevention of crime:			
Development of community resources for crime prevention.....	12,388	14,605	21,766
Alcoholic and addict rehabilitation.....	15,346	21,964	20,866
Public education.....	2,091	3,075	4,297
Total.....	29,825	39,644	46,929
Federal criminal law enforcement:			
General Federal enforcement.....	117,610	139,297	152,583
Enforcement in support of Federal systems (e.g., tax, postal, customs, and immigration enforcement).....	156,963	165,668	172,706
Federal police activities.....	11,918	13,182	15,203
Special enforcement against organized crime.....	22,691	31,682	35,858
Total.....	309,182	349,829	376,350
Law enforcement assistance:			
Support of State and local law enforcement.....	33,926	52,441	153,107
Support of Federal law enforcement.....	11,782	15,421	21,432
Total.....	45,708	67,862	174,539
Administration of criminal justice:			
Conduct of criminal prosecutions.....	20,808	24,679	30,390
Operation of Federal court systems ²	20,102	21,747	23,409
Other supporting programs.....	14,701	15,158	30,967
Total.....	55,611	61,584	84,766
Rehabilitation of offenders:			
Operation of correctional institutions.....	61,865	67,637	72,080
Probation, parole, and community treatment.....	8,968	10,478	15,395
Inmate education and training.....	12,736	16,243	17,811
Other rehabilitation programs.....	2,732	3,374	39,275
Total.....	86,301	97,732	144,561
Planning and coordination of crime reduction programs.....	517	13,912	23,537
Total Federal outlays.....	530,643	638,885	868,198

¹ Does not include Department of Defense or nondomestic outlays for crime reduction.

² Includes judicial and executive branch courts; outlays estimated by the Bureau of the Budget.

CRIME REDUCTION PROGRAM BY ACTIVITIES

The budget outlays reported under this special analysis cover all domestic Federal programs directly related to or closely associated with crime reduction, except outlays associated with programs of the

Defense Department.¹ The analysis includes certain programs of the judiciary even though the basic function of the judiciary is to assure the administration of justice rather than to reduce crime. It excludes general social programs (even though such programs may indirectly reduce crime) unless they are clearly within the context of crime reduction or prevention (e.g., vocational training of prisoners; treatment of juvenile delinquents). Also, the analysis does not include background investigations for employment, administrative inspections, guarding functions, or investigations primarily of a regulatory nature which may in rare cases result in the application of criminal sanctions. Where activities involve both civil and criminal proceedings (e.g., operation of courts) an allocation of outlays to the criminal function has been estimated by the Bureau of the Budget.

Assessment of crime.—Assessment of crime includes the various government activities designed to produce meaningful current information on crime, criminals, and the criminal justice system. Specific projects include scientific research, data collection, statistical analyses, and dissemination of project results. To date, most assessment activities have been conducted directly by Federal agencies. However, Federal resources will be increasingly utilized to support State and local assessment programs.

- The Department of Justice (FBI) maintains a nationwide system of reported crime data, and publishes this information periodically. The recently established Law Enforcement Assistance Administration will begin operation of a National Center for Criminal Justice Statistics in 1969, encourage State statistical activities, and have aggregate crime assessment outlays of about \$10 million in 1970.
- Significant basic and developmental research is conducted by the Center for Studies of Crime and Delinquency in the Department of Health, Education, and Welfare.
- Other selected assessment activities include studies of drug addiction and alcoholism, crime impact on small business, urban transportation crime, correctional methods, and the special studies of the Joint Commission on Correctional Manpower and Training.

Reform of criminal laws.—Criminal law reform includes government efforts to improve the effectiveness of the Nation's criminal laws and assure that they accurately reflect the values and standards of our society.

- Drafting and presenting many of the Federal Government's criminal legislative proposals is a principal Department of Justice activity. The Department is undertaking a major revision of our narcotic and drug laws this year.
- The National Commission on Reform of Federal Criminal Laws will continue to develop a proposed revision of the entire Federal criminal code.
- Approximately \$2 million of 1970 outlays are expected to aid State and local planning and research activities connected with law reform.
- The Military Justice Act of 1968, effective August 1, 1969, provides for increased participation of military judges and counsel in courts-martial, for deferral of sentence pending appellate re-

¹ Although outlays of the Defense Department are not reported, descriptions of certain Defense Department programs are included.

view, and for improved appellate procedures. Also, the *Manual for Courts-Martial* has been revised to reflect significant court decisions and incorporate many of the improvements in the administration of military justice developed over the last 18 years.

Services for prevention of crime.—Crime prevention includes government efforts to preclude, limit or render less probable the commission of criminal acts. Included are certain programs of public education, community treatment, clinical rehabilitation, as well as programs to improve police-community relations.

- The Department of Health, Education, and Welfare will support 52 projects in 1970 for community-based delinquency prevention services and 17 projects demonstrating improved techniques for preventing and controlling delinquency. Also, the Department will provide intensified education of delinquent children in institutions.
- In 1970, the Veterans Administration will treat over 10,000 patients in its alcoholic rehabilitation program, and HEW will be active in improving treatment methods and facilities for narcotic and drug addicts, with increased emphasis on care in the community. Total outlays for narcotic addict rehabilitation will decrease in 1970 due to the completion in 1969 of a demonstration narcotic addict rehabilitation project in the Office of Economic Opportunity. Several agencies will conduct or support courses for the training of professional prevention personnel.
- National public education campaigns are conducted which may involve school curriculum development and law observance projects. Areas of recent national interest include conservation, addiction, and auto theft.
- The Department of Justice, HEW, and the Office of Economic Opportunity will conduct projects to improve police-community relations.

Federal criminal law enforcement.—Law enforcement involves direct Federal Government efforts to effectively detect, identify, and apprehend violators of criminal laws. Specific projects include criminal investigations, policing of certain Federal areas, and managing special concerted activities against organized crime. The conduct of enforcement activities typically requires substantial interagency, inter-governmental, and international coordination and cooperation.

- Major activities relate to enforcement in support of internal revenue, postal, customs, immigration, and selective service laws, and to investigations of interstate thefts. Outlays for all Federal enforcement activities are expected to approximate \$376 million in 1970. Increased enforcement attention will be given to consumer protection, firearms, and pollution control violations.
- Special concerted activities are directed toward disrupting and eliminating organized crime operations. 1970 outlays for fighting organized crime will approximate \$36 million, an increase of 13% over 1969 and 58% over 1968.
- Federal police activities are conducted in certain areas in the National Park system, Indian reservations and other Federal areas. Agencies with principal responsibilities are the Interior, Defense, and Treasury Departments.

- In response to the problem of civil disorders, a Directorate for Civil Disturbance Planning and Operations has been established in the Department of the Army. The Directorate is the Defense Department's principal agency for coordination and planning with respect to control of civil disorders. The Department of Justice has governmentwide responsibilities for coordinating Federal activities related to the control of civil disorders.

Law enforcement assistance.—Assistance includes Federal efforts to support and improve Federal, State and local law enforcement. Specific projects include development of detection techniques, in-service training programs and facilities, and supporting laboratory and information services.

- The new Law Enforcement Assistance Administration will provide grant-in-aid assistance to upgrade all components of State and local law enforcement. The greater professionalization of law enforcement personnel will be a high priority.
- Several Federal agencies now sponsor or support law enforcement training activities. The Bureau of Narcotics and Dangerous Drugs scheduled training for 11,000 officials during 1969, and 110 persons are currently enrolled in OEO Job Corps police training. The FBI trains 200 State and local officials annually at the FBI National Academy and will increase its capability to provide police training in the field for State and local law enforcement agencies which request it. Also, in 1969 an estimated 15,000 qualified veterans are scheduled to receive on-the-job police training under a new Veterans Administration program.
- The Law Enforcement Assistance Administration through its National Institute of Law Enforcement and Criminal Justice will develop and demonstrate new techniques, devices, and systems for the improvement of law enforcement.
- An academic assistance program of the Law Enforcement Assistance Administration will help law enforcement and criminal justice personnel earn college degrees, and Office of Education programs will prepare persons to function as paraprofessional or supportive personnel in the law enforcement field.
- The Army's Provost Marshal General provides planning teams upon request of civilian police departments to assist in preparing comprehensive civil disturbance plans including provisions for coordination of National Guard and Federal Armed Forces support. Agencies of the Defense Department operate training programs in civil disturbance and riot control techniques. The Defense Department participates actively in programs to assist localities in recruitment of police officers, and nationwide recruitment under these programs thus far exceeds 1,000. The Army's "Project Transition" provides Army personnel with educational opportunities leading to careers in civil law enforcement.

Administration of criminal justice.—This category includes the preparation and prosecution of criminal cases, operation of court systems, trial of cases, provision of adequate defense, and related and supporting activities. Principal outlays involve salaries and administrative expenses.

- During 1968 there were 30,714 criminal cases commenced in the U.S. District Courts compared with 30,534 in 1967. The District Courts terminated 29,492 criminal cases in 1968 and more than 25,000 offenders were convicted and sentenced. Appeals in criminal cases increased 26%, from 1,665 in 1967 to 2,098 in 1968. Increases in criminal case filings are anticipated in 1969 and 1970.
- Legal representation will continue to be provided Federal criminal defendants who cannot otherwise afford to retain counsel. Outlays for this purpose will exceed \$3 million in 1970.
- A newly established Federal Judicial Center is expected to focus attention on improvement of Federal courts in 1969 and beyond.
- Action grants by the Law Enforcement Assistance Administration will be used to improve State and local court administration programs.

Rehabilitation of offenders.—These programs include government custody and rehabilitation of criminal offenders. Specific projects include the supervision and operation of correctional institutions, inmate and offender treatment and training programs, research involving these activities, and supportive functions. Outlays in this area primarily support direct Federal activities. However, Federal technical assistance for State and local institutions, personnel and systems is also planned.

- Increased attention in 1970 will be given to the administration of parole, probation and pardon proceedings, inmate education and vocational training, construction and expansion of specialized correctional facilities, and related research and support activities. Special program attention also will be given to youthful offenders. Various community treatment efforts will be conducted, including a demonstration utilizing Teacher Corps and VISTA workers.
- Vocational training activities for inmates will involve outlays of \$12 million in 1970. The 1968 amendments to the Vocational Rehabilitation Act will expand vocational training opportunities for persons with prison or delinquency records.
- The Labor Department will conduct an employment fidelity bonding project for ex-offenders, and the Office of Education will provide library services to 175,000 inmates in approximately 300 penal and correctional institutions across the Nation.
- Legislation has recently been enacted which provides a uniform statutory basis for the administration of military correctional facilities. This includes authority for the Secretary of the Navy to establish a parole system, a power previously held only by the Secretaries of the Army and Air Force. The Army will operate a major new type of correctional facility at Fort Riley, Kans., for retraining military offenders. Surveys of offenders processed through the retraining correctional institutions of the Air Force have indicated very high rates of rehabilitation.
- Other rehabilitation programs in the Department of Justice will provide greatly increased technical and financial assistance for the correctional systems of the States and localities.

Planning and coordination of crime reduction programs.—Included in this program are Federal support of State and local planning and coordination of crime reduction activities, and Federal coordination of Federal enforcement activities internally and with respect to international enforcement bodies.

- Law Enforcement Assistance Administration outlays of over \$20 million in 1970 will support comprehensive law enforcement planning by States and localities.
- Approximately 35 grants to plan coordinated juvenile delinquency prevention and control programs will be made by the Department of Health, Education, and Welfare in 1969, with the total reaching about 47 in 1970.
- The Model Cities program of the Department of Housing and Urban Development will include planning for the reduction of crime and delinquency although there is presently no designation of the amount of funds to be used for crime reduction planning. Crime reduction planning under Model Cities will be closely coordinated with planning under the law enforcement assistance and juvenile delinquency prevention programs.

Table N-3. FEDERAL OUTLAYS FOR THE REDUCTION OF CRIME BY MAJOR PROGRAM AND AGENCY¹ (in thousands of dollars)

Major program and agency	Outlays		
	1968 actual	1969 estimate	1970 estimate
Assessment of crime:			
Department of Health, Education, and Welfare.....	1,780	1,920	1,926
Department of Justice.....	1,133	5,042	12,756
Other agencies.....	300	396	200
Total.....	3,213	7,358	14,882
Reform of criminal laws:			
Department of Justice.....	120	729	2,344
National Commission on Reform of Federal Criminal Laws.....	166	235	290
Total.....	286	964	2,634
Services for prevention of crime:			
Office of Economic Opportunity.....	5,338	4,715	650
Department of Health, Education, and Welfare.....	17,545	25,096	30,502
Department of Housing and Urban Development.....	2,150	50	300
Department of the Interior.....	1,861	1,942	2,194
Department of Justice.....	174	3,873	9,208
Department of Labor.....	1,100	1,276	700
Veterans Administration.....	1,444	2,394	3,074
Other agencies.....	213	298	301
Total.....	29,825	39,644	46,929
Federal criminal law enforcement:			
Department of Agriculture.....	3,314	3,336	3,494
Department of the Interior.....	14,796	15,899	17,907
Department of Justice.....	179,300	200,929	209,201
Post Office Department.....	22,688	25,076	28,558
Department of Transportation.....	7,375	9,536	12,618
Treasury Department.....	81,226	94,691	104,404
Other agencies.....	483	362	168
Total.....	309,182	349,829	376,350

¹ Does not include Department of Defense or nondomestic outlays for crime reduction.

Table N-3. FEDERAL OUTLAYS FOR THE REDUCTION OF CRIME BY MAJOR PROGRAM AND AGENCY ¹ (in thousands of dollars)—Continued

Major program and agency	Outlays		
	1968 actual	1969 estimate	1970 estimate
Law enforcement assistance:			
Office of Economic Opportunity.....	189	581	640
Department of Health, Education, and Welfare.....	2,073	2,656	2,606
Department of the Interior.....	1,252	1,452	1,724
Department of Justice.....	38,988	51,992	150,476
Post Office Department.....	713	901	1,016
Treasury Department.....	888	1,656	3,596
Atomic Energy Commission.....	252	262	270
General Services Administration.....	1,213	1,150	7,020
Veterans Administration.....		7,116	7,116
Other agencies.....	140	96	75
Total.....	45,708	67,862	174,539
Administration of Criminal Justice:			
The Judiciary ²	31,385	35,725	40,000
Department of the Interior.....	545	714	879
Department of Justice.....	22,846	24,844	43,586
Other agencies.....	835	301	301
Total.....	55,611	61,584	84,766
Rehabilitation of Offenders:			
The Judiciary ²	6,615	7,275	8,000
Office of Economic Opportunity.....	324	606	184
Department of Health, Education, and Welfare.....	7,352	8,644	13,549
Department of the Interior.....	393	712	1,096
Department of Justice.....	69,972	77,352	118,532
Department of Labor.....	1,645	3,143	3,200
Total.....	86,301	97,732	144,561
Planning and coordination of crime reduction programs:			
Department of Health, Education, and Welfare.....		582	1,675
Department of Justice.....	70	12,986	21,580
Treasury Department.....	243	208	211
Other agencies.....	204	136	71
Total.....	517	13,912	23,537
Total Federal outlays.....	530,643	638,885	868,198

¹ Does not include Department of Defense or nondomestic outlays for crime reduction.² Outlays estimated by the Bureau of the Budget.

ANALYSIS OF BUDGET AUTHORITY AND OUTLAYS BY AGENCY (in thousands of dollars)—Continued

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THE BUDGET FOR FISCAL YEAR 1970

Account and functional code	1968 enacted	1969 estimate	1970 estimate	Increase or decrease (-)	Explanation
EXECUTIVE OFFICE OF THE PRESIDENT					
COMPENSATION OF THE PRESIDENT					
<i>Federal Funds</i>					
General and special funds:					
Compensation of the President.....903					
NOA	150	150	150	-----	The President receives a salary of \$100 thousand and an expense allowance of \$50 thousand annually.
Exp.	150	150	150	-----	
THE WHITE HOUSE OFFICE					
<i>Federal Funds</i>					
General and special funds:					
Salaries and expenses.....903					
NOA	3,009	3,229	3,630		This office provides the President with staff assistance and administrative services.
Exp.	2,821	3,126	3,625	401 499	
SPECIAL PROJECTS					
<i>Federal Funds</i>					
General and special funds:					
Special projects.....903					
NOA	1,500	1,500	1,500		The President uses this appropriation for staff assistance on special problems.
Exp.	801	1,350	1,500	150	
EXECUTIVE MANSION					
<i>Federal Funds</i>					
General and special funds:					
Operating expenses.....903					
NOA	708	823	918		These funds provide for care, maintenance, and operation of the Executive Mansion.
Exp.	605	820	900	95 80	

PART 3

SPECIAL ASPECTS OF FEDERAL
PROGRAMS

INTRODUCTION

Part 3 discusses and presents data on special aspects of the Government's activities. It groups three special analyses, those designated O through Q.

Special Analysis O summarizes Federal grants to State and local governments as well as loans and indirect assistance. It traces the development of Federal aids over time and relates them to the finances of both the Federal Government and State and local governments. This analysis also provides a profile of Federal grants by region, and that portion benefiting metropolitan areas.

Special Analysis P brings together information on Federal construction and federally aided State and local public works. It also includes information on major Federal programs affecting construction by private cooperatives and nonprofit groups.

Special Analysis Q identifies Federal programs for the conduct of research and development, and for facilities related to such activities. In addition, it provides information on Government-wide activities in the marine and space sciences.

SPECIAL ANALYSIS O

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Most of the Nation's domestic public services are provided through a cooperative intergovernmental system, which weaves together the efforts of the National Government, the 50 States, and more than 80,000 units of local government. The Federal Government's chief role in this system is to provide the critical margin of resources and leadership in matters of nationwide concern.

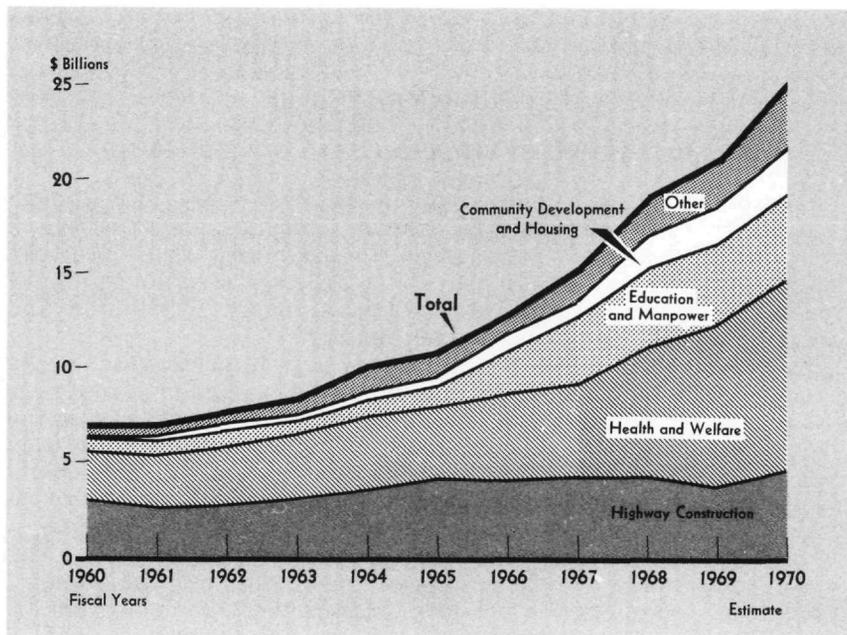
Federal financial aid to State and local governments, reaching an estimated \$25 billion in 1970, has undergone a period of unprecedented growth in the course of a decade. Nevertheless, States and their constituent local units of government traditionally raise from their own resources 4-5 times the amount of Federal aid, thus maintaining their independence and adding to the total of public services available to their citizens.

By tradition and preference, most domestic public services are actually *performed* at the level of government closest to the intended beneficiary, regardless of which level *finances* them. Including grants, States in 1967 administered 25% of civilian domestic services—mainly highways, higher education, and welfare; local governments provided 43%—predominantly elementary and secondary education; and the Federal Government provided 32%—primarily postal services, agriculture, and natural resource programs.

Federal aid supports this decentralized system by:

- Helping to provide the resources required by a growing, urbanized Nation of more than 200 million people;
- Relying on a revenue system which grows faster than the economy and raises revenue according to ability to pay—thus reducing pressures on State and local tax sources; and
- Providing stimulus and encouragement for innovation, improvement, and meeting national standards in essential programs.

Federal Aid to State and Local Governments



HIGHLIGHTS OF THE 1970 AID PROGRAM

The decade ending in 1970 will have witnessed a period of inter-governmental action unparalleled in the history of this country. From 1960 to 1970, Federal aid will have reached a cumulative total of more than \$135 billion, roughly half again as much as the cumulative amount provided from 1900 to 1960. In 1970:

- *Total Federal aid* to State and local governments is estimated to be \$25 billion, \$4.2 billion more than in 1969, and more than triple the amount in 1960. This is 73% faster than the rise in total Federal outlays for domestic purposes over the same decade.
- The *fastest growing* programs are those to provide decent medical care for the needy, to improve public facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families. Combined, they are estimated to increase by approximately \$7 billion between 1960 and 1970.
- *Total aids for metropolitan or urban areas* have risen from \$5.6 billion in 1964 to an estimated \$16.7 billion in 1970. Thus, Federal aids benefiting urban areas have grown by about \$11.1 billion, nearly tripling in only 6 years. (Included in these amounts are grants to States which subsequently benefit urban areas. This topic is discussed in greater detail on pp. 211-212.)

- *Federal credit programs* will place increasing reliance on private financing, while providing net Government assistance of more than \$320 million after deduction of repayments and other receipts; and
- *New approaches* will include: (1) a proposed new Urban Development Bank, to help meet the rapidly growing capital needs of the Nation's urban areas; (2) new or recently approved financing methods for water and sewer lines in rural areas, construction of waste treatment facilities, and college housing and academic facilities; and (3) a number of other new departures discussed on page 214.

SIGNIFICANT FEATURES OF THE 1970 AID PROGRAM

While the preceding section is designed as a broad overview, this portion of the analysis provides more detailed insights into the aid program for 1970.

Direct assistance.—The principal forms of direct financial assistance to States and localities are *grants*, *shared revenues*, and *loans*.

In 1970, Federal grants are estimated to reach \$24.7 billion, and shared revenues will account for an additional \$0.3 billion. Thus, grants will account for 99% of the total Federal aid in 1970. In addition, loans will provide some \$323 million in net assistance in 1970, not including the lending activity which is being encouraged in the private sector with Federal subsidies.

In total, Federal aid amounts to approximately 18% of State and local revenues—relieving them, in part, of the need for larger and more frequent tax increases, or increased borrowing requirements. In terms of direct cash flow, about seven-eighths of the total goes to the States, with the balance going to local jurisdictions. However, the State channels much of this Federal grant money into metropolitan areas, as discussed later in this analysis.

Indirect assistance.—Apart from direct Federal aid, many other Federal activities which are not included in this analysis affect the finances of State and local governments. For example, there are a number of assistance programs for which expenditure information cannot be obtained readily, such as State and local participation in Federal employee training programs, technical assistance and advice provided by a host of Federal agencies, and a number of related services. Similarly, States and localities have first call on obtaining (at relatively nominal costs), land and equipment of the Federal Government which is declared surplus to Federal needs.

State and local governments also receive special benefits through the tax system. For example, the interest cost savings to these units of government which result from exempting interest on State and local bonds from Federal income taxes have been estimated at \$1.8 billion in 1968. The Federal credit for payment of State inheritance and estate taxes has definitely encouraged States to make more effective use of this resource at a Federal revenue cost of \$300 million. Similarly, since taxpayers may deduct local property taxes from Federal taxable income, a portion of State and local taxes is offset

by a reduction in the taxpayers' Federal liability. In 1968, the value of this deduction in terms of tax savings to individuals was approximately \$1.8 billion. Finally, other State and local taxes can be deducted from Federal tax liability. These deductions amount to an additional \$2.8 billion—with nearly half accounted for by personal income taxes.

Major program changes for 1970.—In 1970, total outlays under existing and proposed programs for direct Federal aid to State and local governments are estimated to be \$4.2 billion more than for 1969 and \$6.4 billion more than the actual total for 1968.

The major *increases* in Federal expenditures for grants cover a number of important programs.

- Health and welfare grants will rise an estimated \$1.6 billion, as the Medicaid program is used more often, serves more people, and as additional States join in the program.
- Community development and housing outlays will exceed those in 1969 by almost \$900 million, as the concentrated community development activities of Model Cities and Community Action Agencies build up momentum, and urban renewal and public housing are increased to meet the needs of the cities.
- Education programs continue to rise, but at a slower rate than in earlier years, in part due to greater reliance on private credit markets.
- Commerce and transportation programs will increase by an estimated \$896 million over 1969, as the highway program takes on more of an urban emphasis.

Decreases are expected in 1970 for such grants as school aid for federally impacted areas (down \$206 million in budget authority), formula grants to States for school equipment and the like, and higher education construction—as more of the latter activity will be undertaken privately with the encouragement of Federal incentive payments.

Federal-aid programs by agency.—In 1970 the Department of Health, Education, and Welfare will spend approximately \$12.3 billion through its aid programs—about 49% of total Federal aid. Another 20%, or \$5.1 billion, will be accounted for by the Department of Transportation. The Office of Economic Opportunity and the Departments of Agriculture and Housing and Urban Development will finance an additional 21% of Federal-aid programs. 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 group.

Revised financing techniques.—In 1969 and 1970, a new financing approach will be used or proposed for a number of Federally-aided loan programs—mainly for construction. Instead of making a direct Federal loan or grant, even greater reliance than in the past will be placed on private markets for the initial capital. The Federal Govern-

Table O-1. FEDERAL-AID EXPENDITURES BY AGENCY (in millions of dollars)

Agency	1968 actual	1969 estimate	1970 estimate
Executive Office of the President.....	.2	.2	*
Funds appropriated to the President:			
Economic opportunity programs.....	1,422.9	1,360.1	1,327.2
Other (primarily Appalachia).....	134.1	260.5	303.7
Department of Agriculture.....	1,223.2	1,592.5	1,839.6
Department of Commerce.....	118.0	162.3	179.0
Department of Defense:			
Military.....	27.3	29.6	32.4
Civil.....	17.5	27.5	15.2
Department of Health, Education, and Welfare.....	9,261.5	10,421.4	12,262.6
Department of Housing and Urban Development.....	932.8	1,283.2	2,214.0
Department of the Interior.....	350.5	452.3	504.3
Department of Justice.....	5.9	26.3	179.9
Department of Labor.....	611.2	649.1	711.0
Department of State.....	5.9	5.5	5.6
Department of Transportation.....	4,272.2	4,266.5	5,102.6
Treasury Department.....	98.3	108.4	114.1
Veterans Administration.....	12.9	21.3	21.0
National Capital region ¹	77.0	113.2	171.7
Other.....	27.9	33.0	45.4
Total outlays for Federal aid.....	18,599.3	20,812.8	25,029.2

*Less than \$500 thousand.

¹ Includes Federal payments to the District of Columbia in the following amounts: 1968, \$64 million; 1969, \$96 million; 1970, \$112 million.

ment will encourage the private sector to make such loans by subsidizing the interest cost to bring it down to a level which provides greater benefits to the loan recipient; and/or guaranteeing either the entire obligation, or that portion of the principal and interest for which the interest is subject to Federal income taxation. This type of credit mechanism considerably reduces the impact on the Federal budget because: (a) the full value of the loan is financed privately, in most instances; (b) the Federal share of amortization costs comes due over a period of years rather than all at once; and (c) in many cases, the interest received by the investor is subject to Federal income taxation—which reduces the net cost for the Federal budget (after adjustment for revenues) as compared to financing in the tax-exempt market.

This debt service approach is similar to one used in the public housing program for a number of years. Legislation enacted in 1968 provided authority for this purpose for both the college housing and academic facility programs. Proposed legislation in 1970 would extend the use of this device to include (a) water and sewer lines in rural areas; (b) construction of waste treatment works; (c) hospital construction; and (d) construction of mass transportation facilities in the National Capital area.

In some instances the regular grant or loan program will continue in existence and the interest subsidy approach will be used as a supplement.

GROWTH AND DEVELOPMENT OF FEDERAL AIDS

The birth of Federal aid to State and local governments actually predates the Constitution. Under the Articles of Confederation in 1785, Congress provided grants of Federal land to support education in the Northwest Territory. This policy was reaffirmed in 1787—the same year that the historic convention adopted the Constitution of the United States.

The early years of the 20th century saw aid extended for agriculture, highways, and limited social welfare programs. However, it was not until the economic crisis of the Thirties that Federal aid reached any significant scale—exceeding \$1 billion for the first time. At that time a broad array of welfare, housing, and economic security programs was inaugurated.

The post-World War II period witnessed a further expansion of health and housing programs and a greatly augmented highway construction effort.

Recently, landmark programs have been undertaken on behalf of the poor and their blighted urban environments.

Legacy of the sixties.—Beginning in the early years of the 1960's, the Nation undertook a concerted response to the needs of the poor and to the challenges of human investment which technology and urbanization thrust upon governmental—particularly urban—institutions. These challenges are mirrored in the substance of social legislation enacted in the last 6 years:

- The Elementary and Secondary Education Act of 1965, to provide a better education for children of low-income families.
- The establishment of the Department of Housing and Urban Development to coordinate the Federal effort in our urban centers, and a significant surge in funds for community development.
- The passage of the Economic Opportunity Act—to purge poverty and to engage the energies and ideas of the local community in solving their own problems through the launching of 1,000 Community Action Agencies.
- The enactment of the Model Cities program, in which 150 cities are concentrating Federal, State, local and private resources in the solution of social and physical problems of large neighborhoods.
- The enactment of Medicaid and the expansion of public assistance to provide health care, services, and cash assistance to those Americans who have been left far behind in the country's general economic advance.
- The mounting of a national manpower program, through the Manpower Development and Training Act and several Economic Opportunity programs—combining the efforts of the business community and the public sector to provide training and job opportunities.

- The enactment in the Federal Aid Highway Act of 1968 providing significant improvements in urban highway transportation and an expanded relocation assistance program for people and businesses displaced by highways.

The basic thrust of these programs reflects the growing priority being given to human resource development. Moreover, each of these endeavors is a grant—involving Federal aid and State and local administration. For example, dramatic increases in Federal aids are estimated to occur between 1964 and 1970 in the following important areas of domestic concern:

- *Health and welfare* grants will rise some \$6.3 billion—or 168%, mainly for public assistance benefits and Medicaid;
- *Education and manpower* will increase by an estimated 364%, or nearly \$3.5 billion; and
- *Community development and housing* outlays are expected to grow by some \$2.3 billion, or 546%.

Federal-aid programs by function.—The foregoing factors, coupled with the changing nature of State and local program needs, have altered substantially the focus of Federal aids at several junctures in the past two decades. These changes can be traced in the accompanying table.

Table O-2. PERCENTAGE DISTRIBUTION OF FEDERAL AIDS TO STATE AND LOCAL GOVERNMENTS BY FUNCTION

Function	1950 actual	1955 actual	1960 actual	1965 actual	1970 estimate
Agriculture and agricultural resources.....	5	8	4	5	4
Natural resources.....	2	3	2	2	3
Commerce and transportation.....	21	19	43	40	22
Community development and housing.....	(¹)	3	3	5	11
Education and manpower.....	11	14	10	10	18
Health and welfare.....	60	51	37	36	40
Other.....	1	2	1	2	2
Total.....	100	100	100	100	100

¹ Less than 0.5%.

The Federal-Aid Highway Act of 1956 significantly modified the pattern of aid to State and local governments which had prevailed in the preceding decade—moving commerce and transportation programs to a dominant position in Federal assistance activities by 1960.

The cumulative effect of the tremendous increases in human investment grants in the 1960–70 period will be to place the principal emphasis of Federal aid once again on health and welfare activities—as well as to give added impetus to education and manpower, and community development and housing efforts. In 1970, these programs will account for 69% of total estimated aid payments.

Measures to coordinate Federal aid programs.—While easing State and local financial problems, the rapid growth of aid programs has heightened the need for improved coordination to insure effective and efficient public services at the local level.

This realization stimulated the following generic approaches to improving the administration of aid programs:

- *Broader, multifunctional approaches*—to meld programs together at the local level as in Model Cities, Community Action Agencies, Neighborhood Centers, and Concentrated Employment Programs.
- *Consolidation of existing grant categories*—as in the Partnership for Health programs and the recently enacted vocational education program.
- *Improvements in funding arrangements*—as in “advance” funding for education (to allow more time for planning), and the proposed Joint-Funding Simplification Act.
- *Utilization of Regional Councils* of Federal agencies in the field to coordinate Federal programs at the point of impact.
- *Passage of new legislation* (such as the Intergovernmental Cooperation Act—which improves the flow of information between elected officials at the Federal and State levels, simplifies accounting requirements for Federal grants, relaxes impediments of grant legislation to reorganization at the State level, and provides a number of other improvements; and a new educational grant program to increase the supply of trained public servants at all levels of government).

IMPACT OF FEDERAL AID

The striking ascent in Federal aid in the decade covering 1960–70 has affected the budgets of both the Federal Government and State and local governments in a profound manner. Nevertheless, the performance of civilian domestic public services is now, more than ever before in recent history, the responsibility of State and local governments. The impact of Federal aid varies from region to region, and has shown a growing trend toward compensating for the meager resources in lower income areas—a phenomenon known as “equalization.”¹

Federal aid in relation to Federal and State-local outlays.—The rapid increase in Federal aid to State and local governments has become an increasingly important factor in the finances of all levels of government. Federal aid as a proportion of Federal outlays has nearly doubled in the past decade—rising from 8% of the total in 1960 to an estimated 13% in 1970. In terms of civilian domestic programs, 24% of Federal expenditures will take the form of aids to State and local governments in 1970. Because of strenuous efforts on their own behalf, the relative increase in the impact of Federal aid has not been quite as marked for the recipient State and local govern-

ments as it has been for the Federal Government. Nevertheless, Federal aid has risen as a proportion of State and local revenues, moving from 15% in 1959 to an estimated 18% in 1969.

Table O-3. FEDERAL-AID OUTLAYS IN RELATION TO TOTAL FEDERAL OUTLAYS AND TO STATE-LOCAL REVENUE

	Federal aid			
	Amount (millions)	As a percent of—		
		Total Federal outlays	Domestic Federal outlays ¹	State-local revenue ²
1958.....	\$4,935	6.1	14.6	12.0
1959.....	6,669	7.4	16.6	14.6
1960.....	7,040	7.8	17.2	13.8
1961.....	7,112	7.4	15.7	13.2
1962.....	7,893	7.5	16.4	13.5
1963.....	8,634	7.7	16.4	13.7
1964.....	10,141	8.6	18.2	14.8
1965.....	10,904	9.3	18.8	14.8
1966.....	12,960	9.9	20.3	15.7
1967.....	15,240	9.9	20.7	16.7
1968.....	18,599	10.4	20.9	³ 17.8
1969 estimate.....	20,813	11.3	22.0	³ 17.9
1970 estimate.....	25,029	12.8	23.6	(⁴)

¹ Excluding expenditures for defense, space, and international programs. Excludes trust funds and Government-operated enterprises.

² 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.

³ Estimate.

⁴ Not available.

Matching requirements.—The pattern of State and local spending is influenced to some extent by Federal grants. This influence is exercised mainly through requiring the recipient to match Federal-aid funds with its own resources. The matching, or cost-sharing requirements are of two kinds: *variable* matching, which takes account of the differing abilities of recipients to support aided functions, and *fixed ratio* matching under which each is required to share in the same proportion of program cost.

In 1966, State and local governments had to provide a minimum of \$5 billion to \$5½ billion of their own funds to receive the \$13 billion of Federal grants spent in that year. This means that, on the average, the recipients must raise \$1 for every \$2 forthcoming from the Federal Government. However, State and local government matching funds account for only about 10% to 14% of general expenditure out of their own revenue sources. The largest grant programs, public assistance and highways, similarly account for the largest share of total required matching funds.

In 1970, required matching funds will rise to an estimated range of \$10 billion to \$13 billion, nearly \$5 to \$8 billion more than in 1966.

Division of administrative responsibility among governments.—For the past decade or so, a remarkable stability has existed in the proportionate share of public services provided by Federal, State, and local units of government. Federal grants, and grants from States to local governments, have contributed to this stability by matching resources with program need. The resurgence of State and local spending for education and highways following World War II, significantly aided by intergovernmental grants, helped to restore States and localities to a position of predominance. Counting grants as spending by the recipients, more than two-thirds of total civilian expenditures by all governmental units are made by State and local governments—with the latter alone accounting for about 43%.

Table O-4. DIRECT SPENDING FOR GENERAL DOMESTIC PROGRAMS—PERCENTAGE DISTRIBUTION ¹

Fiscal year	Federal	State	Local	Total
1967.....	32	25	43	100
1965.....	34	23	43	100
1960.....	36	22	42	100
1955.....	38	21	41	100
1950.....	46	19	35	100
1944.....	60	12	28	100
1936.....	49	15	36	100
1902.....	28	9	62	100

Note.—Expenditures in the form of intergovernmental transfers are shown by the level of government that spends the funds, rather than by the level that provides grants for public services. This is done in order to indicate *direct* spending by the three levels of government and to avoid "double counting."

¹ Direct general expenditures, excluding those for defense, space, and international programs. Excludes trust funds and Government-operated enterprises.

Source: Tabulations of the Governments Division, Bureau of the Census.

Regional distribution of Federal aids.—The distribution of Federal aids on a regional basis ranges from a high of more than \$3.6 billion in the Southeast to a low of \$535 million in the Rocky Mountain area. However, when account is taken of population differences, the Rocky Mountain area ranks highest with grant payments per capita reaching nearly \$112.33 while the Great Lakes and Mideast regions are lowest with \$53.61 and \$63.40 per capita, respectively. Population density and per capita income are the two major factors which account for this wide variation.

Population density is inversely related to the level of per capita aids. The population density of the Rocky Mountain area is the lowest of the regions, while per capita aids are highest. At the other end of the scale, per capita aids are lowest in the Great Lakes and Mideast where population density is the greatest. This inverse relationship stems primarily from aids for highway construction and other grants where program needs are not a direct function of population density.

Table O-5.—REGIONAL DISTRIBUTION OF FEDERAL AID, 1967

Region	Total (in millions of dollars)	Per capita	Percent of State and local govern- ment general revenue
New England.....	822.5	72.63	15.7
Mideast.....	2,641.1	63.40	12.5
Great Lakes.....	2,101.3	53.61	12.7
Plains.....	1,207.1	75.50	16.3
Southeast.....	3,629.6	83.74	22.2
Southwest.....	1,379.9	86.16	20.9
Rocky Mountain.....	534.8	112.33	21.5
Far West.....	2,426.2	94.90	16.1
United States.....	115,239.5	77.02	16.7

¹ Includes \$497 million for Puerto Rico, the Virgin Islands, and other adjustments.

Sources: "Annual Report of the Secretary of the Treasury," and "Governmental Finances in 1966-67," Bureau of the Census. These reports provide additional information concerning State distribution of Federal grants.

Per capita aid is also inversely related to per capita income. There are two reasons for this relationship. First, some grant programs, such as grants for hospital construction, require lower matching by the relatively poorer States. Second, certain grant programs, such as those for public assistance and elementary and secondary education, are designed as aids to the disadvantaged and, hence, tend to flow to States having proportionately more individuals with lower incomes.

It is the latter tendency which reflects the growing impact of fiscal equalization provisions common to several recent grant programs. These provisions are designed to help States with relatively meager resources to participate more effectively in many jointly financed programs. Federal aids are mildly equalizing,¹ being inversely related to per capita income. This equalizing tendency increased slightly between 1966 and 1967—the latest year for which data are available for State and local governments.

FEDERAL AID AND THE CITIES

Federal aid has shifted to meet the geographical requirements of the Nation's people as well as to cope with their program needs.

Aids to urban areas.—While Federal Government assistance has been responsive to changing program needs, it has also been sensitive to the shifts in the geographical location of the American people. The country today is more than simply an "urban" society; it is a metropolitan complex—growing in relatively dense clusters of people and problems. Today, about two-thirds of the population lives in

¹ Excluding Alaska and Hawaii, which are special cases of low population and high Federal impact, the correlation between per capita grants and per capita income in 1966 was -0.301 . This equalizing effect increased slightly in 1967 with the correlation coefficient still negative and slightly larger (-0.338).

Without highways, the extent of equalization is increased—with the negative correlation moving from -0.467 in 1966 to -0.489 in 1967. One of the most effective grants in terms of allocating funds inversely to income is title I of the Elementary and Secondary Education Act, with more than half of the variation in these grants among the States explained by variations in per capita income. (The simple correlation coefficients were -0.702 in 1966 and -0.744 in 1967.)

over 230 metropolitan areas. More than 80% of the population growth between 1960 and 1966 occurred in the metropolitan complexes. To cope with the present urban challenges—described by many as approaching crisis proportions, increasing amounts of Federal aids are being channeled into these metropolitan centers. In 1964 an estimated \$5.6 billion—or 55% of total Federal grants was spent in such areas. By 1970, about \$16.7 billion is expected to be provided for aid in metropolitan areas:

- \$11.1 billion, or 198%, more than in 1964;
- \$12.8 billion more than, or four times, the amount provided in 1961.

Standard metropolitan statistical areas (SMSA's) were chosen as the definition of "urban" for the figures in this section, since SMSA's are generally combinations of entire counties, which in turn, are the smallest geographical units for which information on Federal aids is generally available. These areas cover the bulk of the urban population and display the urban phenomena which place heavy pressure on public service requirements: high population density and rapid population growth. Nevertheless, the amounts shown still only represent approximations based on the best information readily available.

The table on the facing page shows the major sources of urban aid, by function and program, for selected years.

The major increases in Federal grants for urban areas occur in community development and housing, education, and programs to improve the welfare of our disadvantaged citizens.

The emphasis in this analysis is on those programs which provide financial assistance to urban communities to help them meet their public service needs. It includes grants made to States which subsequently benefit metropolitan areas.

There are a number of other Federal programs which have an important bearing on urban development including direct Federal construction and various loan (and loan insurance) activities. No attempt has been made to add up all the various forms of funds to reach an overall total. However, the Department of Housing and Urban Development estimates that the total Federal financial commitment for urban social and community development aids is about \$38 billion in 1970—compared to \$21 billion in 1964. The Department's figures indicate the magnitude of Federal financial involvement in communities of 2,500 population or over, as measured by obligations or commitments—including loans insured or guaranteed.

While the tabulations are not fully comparable, the estimates of the Department of Housing and Urban Development do serve to put in perspective the possible dimensions of urban-area expenditures not covered by this analysis.

OUTLOOK

While helping to meet the vastly expanded needs of the country, the rapid increase in numbers and scale of Federal aid programs has made their management complicated and their effective coordination very complex. A number of steps have been taken, and others recommended, to remedy these problems.

Table O-6. FEDERAL-AID OUTLAYS IN URBAN AREAS (in millions of dollars)

Function and program	1961 actual	1964 actual	1968 actual	1970 estimate
National defense.....	10	28	25	31
Agriculture and agricultural resources:				
Donation of surplus commodities.....	128	231	211	379
Other.....	27	40	97	135
Natural resources.....	54	18	170	242
Commerce and transportation:				
Economic development.....		158	78	146
Highways.....	1,398	1,948	2,245	2,504
Airports.....	36	36	60	72
Urban mass transportation.....			59	159
Other.....	1	5	6	123
Community development and housing:				
Community action program.....			421	379
Urban renewal.....	106	159	356	701
Public housing.....	105	136	212	341
Water and sewer facilities.....		36	29	84
Model Cities.....			1	480
Other.....	2	17	55	125
Education and manpower:				
Head Start and Follow Through.....			304	279
Elementary and secondary.....	222	274	1,314	1,290
Higher education.....	5	14	225	213
Vocational education.....	28	29	179	183
Employment security administration.....	303	344	543	599
Manpower activities.....		64	443	572
Other.....	3	7	109	146
Health and welfare:				
Child nutrition, special milk and food stamp.....	131	168	269	383
Hospital construction.....	48	66	89	97
Regional medical program.....			15	58
Mental health.....	4	8	153	220
Comprehensive health planning and services.....	29	48	42	120
Health educational facilities.....			86	132
Health manpower.....			27	103
Public assistance.....	1,170	1,590	3,989	5,564
Maternal, child health and welfare.....	18	34	83	99
Vocational rehabilitation.....	37	61	112	204
Other.....	3	20	102	112
General government:				
Law enforcement.....			4	126
National Capital region.....	25	38	77	172
Other.....		9	6	32
Other functions.....		2	38	51
Total, aids to urban areas.....	3,893	5,588	12,234	16,656

Administrative improvements.—The many attempts to improve the grant mechanism have already been summarized in an earlier section. The recently enacted *Intergovernmental Cooperation Act*, in addition to improving the operation of the federal system, is important for its symbolic value—pointing in law to the essential place that cooperation plays in the effective functioning of the entire system. The Public Service Education Act passed last year as part of the Higher Education Amendments of 1968 also sets the stage for an increased supply of manpower for improving the quality of public services at all levels of government. Finally, an attempt will be made this year administratively to *simplify the funding* in such programs as juvenile delin-

quency and efforts to combat poverty—all involving the need for the effective integration of multiple fund sources at the local level. This approach could be usefully expanded to cover many more grant activities. The Joint Funding Simplification Act proposed last year was intended to accomplish this aim. However, it failed of passage at the end of the congressional session and should be enacted this year.

New programs in 1970.—A series of new programs is being proposed or will go into effect for the first time this year.

The proposed *Urban Development Bank* represents a major step forward in implementing modern concepts of creative federalism. It will create an institution which brings together the resources and expertise of all levels of government and of private enterprise to meet the needs of our growing urban areas. Funds raised primarily by issuing federally guaranteed bonds to the public will provide low-interest, long-term financing for public facilities. The difference between the interest received from borrowers and the cost of money to the Urban Development Bank will be met by special payments by the Federal Government. The cost of this support to the Federal Government will be minor relative to the large increase in funds made available to the cities. In addition to financial aid, the Bank will provide technical assistance in financial and other borrowing matters.

Other important new ventures this year include:

- New grants to local public housing authorities to help them assure that tenants receive essential services—including child care, counseling, and job training;
- Increased encouragement of local efforts to plan urban development so that housing, jobs, transportation, and other public services are reasonably related to each other, through areawide and new community development grants;
- Federal guarantees to encourage development of New Communities, under legislation passed in 1968;
- A substantial revamping of the vocational education program, to better serve the needs of the disadvantaged and to match training with needed job skills;
- A proposed new program of comprehensive health care for expectant mothers from low-income families and their children through the first year of life;
- The proposed Intergovernmental Manpower Act will provide greater training opportunities and experience for personnel at the State and local level; and
- The shift in financing to greater reliance on private financing in a number of credit programs, as discussed on pages 204–205.

Table O-7. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS¹
(expenditures in millions of dollars)

Agency and program	Functional code	1968 actual	1969 estimate	1970 estimate
National defense:				
Executive Office of the President: Office of Emergency Preparedness—Federal contributions to State and local planning.....	059	.2	.2	*
Department of Defense—Military:				
Civil defense shelters and financial assistance.....	051	26.3	22.9	23.1
Construction of Army National Guard centers.....	051	1.0	6.7	9.3
Atomic Energy Commission.....	058	5.3	5.7	9.6
Total, national defense.....		32.8	35.5	42.0
International affairs and finance:				
Department of State:				
East-West Cultural and Technical Interchange Center.....	151	5.6	5.2	5.3
International Center, Washington, D.C.....	151			.2
Total, international affairs and finance.....		5.6	5.2	5.6
Agriculture and agricultural resources:				
Department of Agriculture:				
Commodity Credit Corporation and Consumer and Marketing Service: Removal of surplus agricultural commodities and value of commodities donated.....	351	405.1	601.5	728.5
Rural water and waste disposal facilities.....	352	29.4	34.5	38.2
Mutual and self-help housing.....	352			4.0
Rural housing for domestic farm labor.....	352	1.1	4.2	5.7
Resource conservation and development.....	354	2.1	1.8	4.1
Consumer protective programs.....	355	1.1	14.1	33.9
Agricultural Research Service: Grants for basic scientific research.....	355	9.4	8.3	8.8
Agricultural experiment stations.....	355	57.1	59.8	60.9
Cooperative agricultural extension service.....	355	74.3	80.7	83.1
Payments to States, territories, and possessions, Consumer and Marketing Service.....	355	1.7	1.6	1.6
Total, agriculture and agricultural resources.....		581.3	806.5	968.8
Natural resources:				
Department of Agriculture:				
Watershed protection and flood prevention.....	401	88.7	110.1	101.0
Grants for forest protection, utilization, and basic scientific research.....	402	18.8	19.0	18.7
National forest and grassland funds; payments to States and counties (shared revenue).....	402	44.6	53.0	55.3
Department of Defense—Civil: Corps of Engineers:				
Payment to California, flood control.....	401	15.0	24.8	12.6
Payments to States, Food Control Act of 1954 (shared revenue).....	401	2.5	2.7	2.6
Department of the Interior:				
Water pollution control.....	401	132.5	178.3	188.5
Payments to States and counties from grazing receipts, grasslands, and sales of public lands (shared revenue).....	401	2.2	2.3	2.6
Bureau of Reclamation:				
Grants.....	401	.1	*	
Payments to Arizona, Nevada, and Klamath reclamation area (shared revenue).....	401	.7	.7	.7

*Less than \$500 thousand.

¹ Grants-in-aid unless otherwise specified. Excludes loans which are shown separately in table O-8 on page 219.

Table O-7. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS¹
(expenditures in millions of dollars)—Continued

Agency and program	Functional code	1968 actual	1969 estimate	1970 estimate
Natural resources—Continued				
Department of the Interior—Continued				
Office of Saline Water.....	401	-----	.2	.5
Payments from grant lands: Oregon, California, and Coos and Douglas Counties (shared revenue).....	402	22.0	26.1	24.8
Mineral Leasing Act payments (shared revenue).....	403	45.8	45.8	50.2
Mine drainage and solid waste disposal.....	403	*	*	-----
Aid for commercial fisheries.....	404	5.3	6.4	7.0
Payment to Alaska from Pribilof Island fund (shared revenue).....	404	.3	.3	.1
Fish and wildlife restoration and management.....	404	31.7	35.0	34.5
Wildlife refuge fund and grasslands payments (shared revenue).....	404	1.4	3.3	2.0
Outdoor recreational areas (Land and Water Conservation Fund).....	405	51.0	70.9	107.2
Preservation of historic properties.....	405	.2	.1	.8
Department of State: Pacific Halibut Commission.....	404	.2	.2	-----
Federal Power Commission: Payments to States (shared revenue).....	401	.1	.1	.1
Tennessee Valley Authority: Payments in lieu of taxes (shared revenue).....	401	13.1	14.5	16.6
Water Resources Council.....	401	2.0	2.6	2.6
Total, natural resources.....	-----	478.2	596.4	628.4
Commerce and transportation:				
Funds appropriated to the President:				
Public works acceleration.....	507	5.0	7.0	-----
Appalachian development.....	507	98.3	224.7	274.8
Department of Commerce:				
State marine schools.....	502	.4	.4	.4
Office of State Technical Services.....	506	3.6	4.9	5.1
National Bureau of Standards: Research on fire prevention through improvement of housing construction.....	506	.4	.5	.3
Economic development assistance.....	507	113.6	156.4	173.2
Department of Housing and Urban Development:				
Mass transportation (research and planning).....	503	65.5	3.0	5.0
Department of the Interior: Resources management.....	507	1.0	1.1	1.3
Department of Transportation:				
Chamizal Memorial Highway.....	503	-----	3.0	4.0
Forest and public lands highways.....	503	36.0	40.9	40.6
Highway beautification.....	503	38.9	47.8	41.8
Highway safety.....	503	4.1	54.8	97.0
Federal-aid highways (trust fund).....	503	4,117.5	3,886.6	4,507.3
Urban mass transportation facilities.....	503	-----	146.2	171.5
Federal-aid airport program.....	501	74.7	86.6	90.0
Airports planning and development ²	501	-----	-----	150.0
Other.....	503	1.0	.6	.5
Total, commerce and transportation.....	-----	4,560.0	4,664.5	5,562.8
Community development and housing:				
Funds appropriated to the President:				
Office of Economic Opportunity: Community Action programs.....	551	526.4	501.9	474.3
Department of Housing and Urban Development:				
Model city grants.....	551	1.6	68.9	533.9
Urban renewal.....	552	474.8	650.0	935.0
Open space land and urban beautification.....	552	33.3	55.0	60.0

*Less than \$500 thousand.

¹ Grants-in-aid unless otherwise specified. Excludes loans which are shown separately in table O-8 on page 219.

² Funds for the new program will be requested upon enactment of proposed legislation which also provides for user charges.

Table O-7. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS¹
(expenditures in millions of dollars)—Continued

Agency and program	Functional code	1968 actual	1969 estimate	1970 estimate
Community development and housing—Continued				
Department of Housing and Urban Development—Con.				
Metropolitan development incentive grants	553			3.0
Grants for basic water and sewer facilities	553	44.4	100.0	130.0
Grants for neighborhood facilities	553	4.6	32.0	36.0
Advance acquisition of land	553	*	.5	1.0
Urban planning grants	554	25.2	39.5	45.0
Urban information and technical assistance	554		1.7	2.5
Community development training programs	554		3.5	5.0
Low-rent public housing program	555	282.9	329.0	454.0
Low-income housing demonstration	555	.4	.2	.1
Alaska housing	555			1.0
Total, community development and housing		1,393.7	1,782.2	2,680.8
Education and manpower:				
Funds appropriated to the President: Office of Economic Opportunity:				
Work and training programs	604	516.6	542.0	503.8
Head Start and Follow Through	601	379.9	316.2	349.1
Department of Housing and Urban Development: College housing				
	602			2.5
Department of Health, Education, and Welfare:				
Elementary and secondary education	601	1,454.5	1,361.1	1,452.3
(Portion for educationally deprived children)	601	(1,049.0)	(1,023.0)	(1,108.0)
Assistance to schools in federally affected areas	601	472.3	366.5	405.8
Education of the handicapped	601	7.9	24.4	26.5
Teachers Corps	601	16.0	19.0	24.2
Civil rights education	601	6.1	9.1	9.4
Higher education activities	602	387.4	305.5	354.5
(Portion to private institutions)	602	(114.2)	(98.8)	(113.9)
Vocational education	603	255.2	242.5	261.1
Arts and humanities educational activities	607	.9	.4	.2
Libraries and community services	609	93.1	101.9	107.9
Special institutions for the blind and deaf	609	1.2	1.3	2.0
Educational television facilities	609	6.7	7.2	5.2
Education professions development	609		34.0	61.9
Work incentive activities	604		85.3	155.3
Department of Labor:				
Manpower development and training activities	604	39.4	45.0	80.1
Grants to States for administration of employment security programs (trust fund)	609	571.8	604.1	630.8
Equal Employment Opportunity Commission	609	5.6	8.4	14.6
Smithsonian Institution	609	*	*	*
Department of Interior: Bureau of Indian Affairs:				
Education and welfare services	609	12.2	14.6	20.3
National Foundation on the Arts and Humanities	609	1.8	1.7	2.0
Total, education and manpower		4,228.9	4,090.3	4,469.5
Health and welfare:				
Funds appropriated to the President: Disaster relief				
	653	30.8	28.8	28.9
Department of Agriculture:				
Child nutrition programs and special milk	653	318.0	347.2	379.1
Food stamp	653	171.7	256.6	316.6
Department of Health, Education, and Welfare:				
Hospital construction	651	253.1	227.7	276.0
(Portion to private, nonprofit institutions)	651	(136.0)	(121.7)	(147.4)

*Less than \$500 thousand.

¹ Grants-in-aid unless otherwise specified. Excludes loans which are shown separately in table O-8 on page 219.

Table O-7. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS¹
(expenditures in millions of dollars)—Continued

Agency and program	Functional code	1968 actual	1969 estimate	1970 estimate
Health and welfare—Continued				
Department of Health Education, and Welfare—Con.				
Health manpower.....	651	33.3	77.8	128.4
Comprehensive health planning and services.....	651	86.7	160.4	173.6
Regional medical programs.....	651	21.0	46.6	83.5
Construction of health educational facilities.....	651	107.1	127.5	165.6
Mental health.....	651	191.8	231.0	275.2
Health services.....	651	36.4	44.4	36.8
Consumers protection and environmental health.....	651	16.2	28.7	30.0
Dental health care.....	651	.....	.8	4.4
Indian health services and facilities.....	651	.1	1.4	1.1
Patient care and health services.....	651	1.2	1.2	1.2
Hospital facilities in the District of Columbia.....	651	.....	.....	.7
Maternal and child health.....	651	152.4	178.7	203.8
Public assistance:				
Medical assistance.....	651	1,805.8	2,384.3	2,971.0
Income maintenance payments.....	652	3,051.7	3,319.6	3,719.0
Social services for welfare recipients.....	652	461.1	590.9	729.0
Child welfare.....	653	54.5	53.8	43.0
Juvenile delinquency.....	653	.....	1.1	6.4
Vocational rehabilitation.....	653	280.7	369.4	509.3
Mental retardation.....	653	.....	6.2	22.4
Administration on Aging.....	653	6.7	11.9	15.9
Total, health and welfare.....		7,080.5	8,495.8	10,120.9
Veterans benefits and services:				
Veterans Administration:				
Aid to State homes.....	804	9.1	13.7	14.3
Grants for construction of State nursing homes.....	804	1.9	4.0	3.2
Administrative expenses.....	804	1.9	3.5	3.6
Total, veterans benefits and services.....		12.9	21.3	21.0
General government:				
Department of the Interior:				
Grants to territories.....	910	31.8	54.7	50.5
Internal revenue collections, Virgin Islands (shared revenue).....	910	12.4	12.6	13.2
Department of Justice: Law enforcement assistance:				
Education and training.....	908	2.2	3.9	15.4
Crime prevention and control.....	908	3.7	22.4	164.5
Treasury Department:				
Tax collections for Puerto Rico (shared revenue).....	910	66.2	73.0	75.0
Bureau of Customs: Refunds, transfers and expenses of operation, Puerto Rico and the Virgin Islands (trust fund share revenue).....	904	32.1	35.4	39.1
National Capital region:				
Federal payment to District of Columbia.....	909	64.0	96.0	112.4
Washington metropolitan area transit program.....	909	1.6	16.0	59.3
Dulles sewer project.....	909	11.4	1.1	.....
Total, general government.....		225.3	315.2	529.4
Total, grants and shared revenues.....		18,599.3	20,812.8	25,029.2

*Less than \$500 thousand.

¹ Grants-in-aid unless otherwise specified. Excludes loans which are shown separately in table O-8 on page 219.

Table O-8. FEDERAL LOANS TO STATE AND LOCAL GOVERNMENTS

Agency and program	Disbursements			Net outlays		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Agriculture and agricultural resources:						
Department of Agriculture:						
Soil Conservation Service.....	.5	.5	.8	.5	.5	.7
Farmers Home Administration.....	114.4	125.1	317.1	79.5	73.1	19.1
Total, agriculture and agricultural resources.....	114.9	125.6	317.9	79.9	73.6	19.8
Natural resources:						
Department of Agriculture: Soil conservation.....	2.8	2.6	3.0	2.8	2.6	3.0
Department of the Interior: Reclamation loans.....	14.7	6.3	5.4	13.4	5.2	4.1
Total, natural resources.....	17.5	8.9	8.4	16.3	7.8	7.1
Commerce and transportation:						
Department of Commerce: Economic development assistance.....	27.3	23.7	53.2	26.3	22.5	51.7
Department of Housing and Urban Development: Metropolitan development.....				-.2		
Department of Transportation: Mass transportation facilities.....		3.5	4.7		3.3	4.4
Highway construction.....			50.0			50.0
Total, commerce and transportation.....	27.3	27.2	107.9	26.1	25.8	106.1
Community development and housing:						
Department of Housing and Urban Development:						
Renewal and housing assistance.....	463.7	683.5	839.5	-29.1	92.7	-24.8
Metropolitan development.....	57.2	56.9	37.1	45.7	44.2	23.4
Total, community development and housing.....	520.9	740.4	876.6	16.6	136.9	-1.4
Education and manpower:						
Department of Health, Education, and Welfare:						
Higher education activities.....	25.5	48.6	41.3	24.4	48.3	39.8
Vocational education.....	1.6	4.0		1.6	4.0	
Department of Housing and Urban Development: College housing.....	161.4	130.0	109.2	143.1	109.7	87.4
Total, education and manpower.....	188.5	182.6	150.5	169.1	162.0	127.2
Health and welfare:						
Department of Health, Education, and Welfare: Medical facilities in District of Columbia.....			.8			.8
Total, health and welfare.....			.8			.8
General government:						
Department of Defense—Civil: Ryukyu Islands.....	.4			.4		-.2
Department of the Interior: Administration of Territories.....	3.9	5.5	4.8	3.9	4.5	3.8
Department of Justice: Law enforcement facilities.....		.3	3.6		.3	3.6
General Services Administration: General activities.....				-1.5	-1.3	-1.2
District of Columbia: Construction.....	60.2	75.3	100.1	21.4	32.3	56.3
National Capital Planning Commission.....		.1	.9	-.2	*	.9
Total, general government.....	64.6	81.3	109.4	24.0	35.8	63.2
Total.....	933.7	1,165.9	1,571.3	332.1	441.9	322.7

*Less than \$500 thousand.

SPECIAL ANALYSIS P

FEDERAL PUBLIC WORKS ACTIVITIES

Public works are fixed structural or physical improvements built and owned by Federal, State, or local governments. Most public works are constructed to help in carrying out essential defense and civil governmental functions and related services for the public. To aid in understanding the nature and magnitude of Federal activities affecting public works, this analysis brings together information on budget authority and outlays for Federal and federally aided public works. The analysis also includes a separate tabulation of outlays for major Federal programs to aid construction by private cooperatives and nonprofit groups. Other Federal activities which affect the level of private construction, such as Federal procurement, leases, loans, loan guarantees, and tax concessions, are not included in this analysis.

Total private and public construction represents a large segment of the Nation's economic activity. In recent years, construction, including maintenance and repairs, has accounted for about 14% of the gross national product. Public construction (Federal, State, and local) has become an increasingly larger share of the total, rising from one-sixth in 1947 to about one-third in 1967. According to Department of Commerce projections, total new construction valued at \$91 billion is expected to be put in place in the calendar year 1969, compared with \$85 billion in 1968 and \$77 billion in 1967. Public construction is expected to be about \$29 billion in 1969, compared with \$28 billion in 1968 and \$26 billion in 1967.

Federal outlays for public works in this analysis include direct Federal civil and defense construction and grants and net lending to

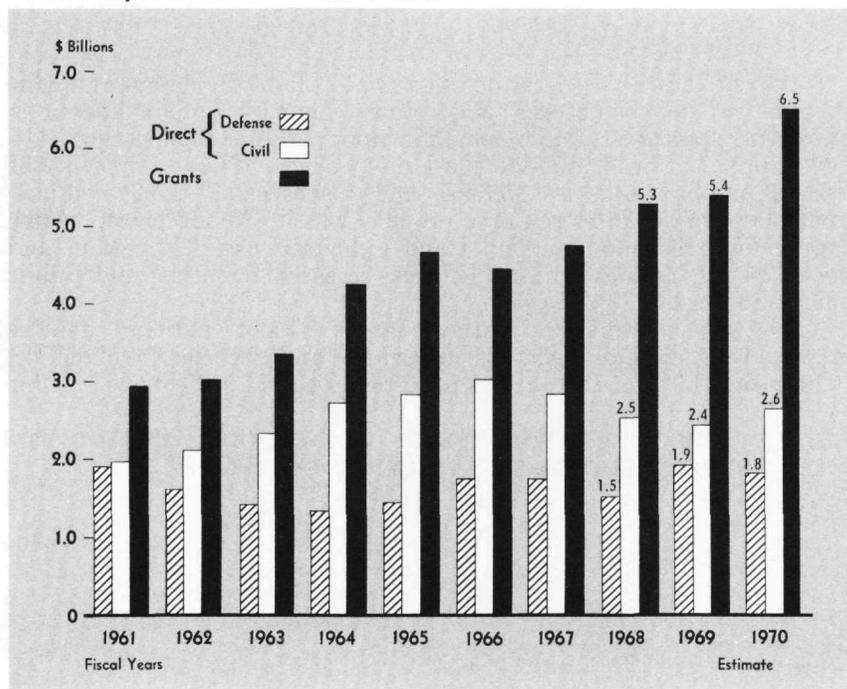
Table P-1. FEDERAL OUTLAYS FOR PUBLIC WORKS, 1961-70

(In millions of dollars)

Fiscal year	Total Federal outlays	Direct Federal construction			Grants	Net lending
		Total	Civil	Defense		
1961.....	6,823	3,758	1,878	1,880	2,915	149
1962.....	6,938	3,693	2,085	1,608	3,037	207
1963.....	7,196	3,704	2,321	1,383	3,302	190
1964.....	8,346	4,019	2,691	1,328	4,186	142
1965.....	8,886	4,152	2,800	1,352	4,567	167
1966.....	9,428	4,693	3,014	1,679	4,446	289
1967.....	9,572	4,483	2,752	1,731	4,730	359
1968.....	9,520	3,972	2,460	1,513	5,264	284
1969 estimate.....	9,970	4,274	2,408	1,866	5,432	264
1970 estimate.....	11,126	4,347	2,555	1,792	6,457	322

Note.—In this and the following tables, nonconstruction costs are excluded; proposed legislation is included for the years 1969 and 1970. Details may not add because of rounding. Net lending in years prior to 1967 does not reflect those repayments deposited to miscellaneous receipts, which for 1967 and later years are netted against disbursements.

Federal Expenditures for Public Works



State and local governments to assist in construction of highways, schools, water and sewer projects, and other public facilities. In recent years, Federal outlays have comprised about one-third of all public works expenditures. Table P-1 compares total Federal outlays for public works, including net lending, over a 10-year period. The trends in outlays for grants and direct Federal civil and defense construction are shown graphically in the accompanying chart.

Federal outlays for public works are estimated at \$11.1 billion in 1970, an increase of \$1.2 billion over 1969, and 63% higher than in 1961. Over the 10-year period, larger outlays for civil public works reflect mainly: (1) increased grants to States to meet the steadily growing need for highways, schools, hospitals and related health facilities, water supply systems, and waste disposal facilities; and (2) the higher level of outlays for Federal water resource projects, power facilities, roads, and research and air navigation facilities. The level of outlays for defense construction has varied over the years, and is estimated at \$1.8 billion in 1970, 4% below the 1969 level.

Since 1966, the growth in Federal outlays has been held to a minimum by generally restrictive budget policies and efforts to limit Federal construction in order to restrain the rapid rise in construction costs. In keeping with these policies and the cutback actions required under the Revenue and Expenditure Control Act of 1968, outlays for direct Federal civil public works are estimated to decline from \$3

billion in 1966 to \$2.4 billion in 1969, but will increase to \$2.6 billion in 1970.

DIRECT FEDERAL PUBLIC WORKS

Outlays for direct Federal public works include the design and construction of new structures, major improvements and modifications of existing structures, major rehabilitation, and in some instances site acquisition, within or outside the United States. The major types of Federal public works are defense and space installations; complex multiple-purpose water resource projects which provide power, water supply for irrigation, municipal and industrial use, navigation, and flood control; air navigation facilities; research facilities; and public office buildings.

Table P-2 summarizes outlays for civil and national defense projects by the major Federal departments and agencies involved. In 1970, nearly 60% of the outlays for direct Federal projects will be for

Table P-2. DIRECT FEDERAL PUBLIC WORKS: OUTLAYS AND 1970 BUDGET AUTHORITY BY AGENCY (in millions of dollars)

Program and agency	Outlays			Budget authority, 1970 estimate
	1968 actual	1969 estimate	1970 estimate	
Civil public works:				
Department of Agriculture: Forest Service.....	118	120	118	187
Department of the Army: Corps of Engineers—Civil.....	979	820	860	818
Department of Health, Education, and Welfare: Health Services and Mental Health.....	13	29	32	22
Department of the Interior:				
Bureau of Indian Affairs.....	46	55	60	53
National Park Service.....	40	42	43	52
Bureau of Reclamation.....	211	210	212	198
Bonneville Power Administration.....	144	107	103	108
Post Office Department.....	47	55	85	204
Department of Transportation:				
Coast Guard.....	26	60	58	47
Federal Aviation Administration.....	60	135	144	137
General Services Administration.....	179	172	180	77
National Aeronautics and Space Administration.....	126	70	60	58
Veterans Administration.....	49	56	85	97
Tennessee Valley Authority.....	232	279	322	29
Other.....	190	198	193	93
Subtotal civil public works.....	2,460	2,408	2,555	2,180
National defense public works:				
Department of the Army.....	674	543	537	1,048
Department of the Navy.....	93	455	431	408
Department of the Air Force.....	492	489	340	404
Interservice activities.....	80	170	189	205
Civil defense centers and shelters.....	4	3	1	-----
Atomic Energy Commission.....	167	206	294	224
Subtotal national defense public works.....	1,513	1,866	1,792	2,293
Total direct Federal public works.....	3,972	4,274	4,347	4,473

civil purposes. Water resource developments and related power generation and transmission facilities are a major component of the civil programs. The principal programs are those of the Corps of Engineers, Bureau of Reclamation, Bonneville Power Administration, and Tennessee Valley Authority. Other large outlays are for construction of public buildings by the General Services Administration; roads and trails required for forest protection, timber supply, and recreational use; recreational facilities in the national parks; Indian schools; air navigation facilities; and ground facilities required by the National Aeronautics and Space Administration.

GRANTS AND NET LENDING FOR PUBLIC WORKS

Table P-3 provides information on Federal outlays by major agencies for grants and loans to aid construction of State and local projects. The Federal grants are generally advances or reimbursements paid to State and local governments for the Federal share of the cost of specific projects. The Federal contribution varies by program, and may be a fixed percentage of the total cost, or it may vary according to such factors as population or relative financial ability of the States.

The largest Federal outlays for construction grants are for the several highway programs financed from trust funds administered by the Federal Highway Administration in the Department of Transportation. The Federal share of the cost of the \$51 billion Interstate Highway System is 90%. Although 26,500 miles of the 41,000 mile system are now open to traffic, large outlays will be required in the next few years to complete the system. For most of the other highway programs, the Federal share is 50%. The Department of Transportation also administers grants of up to two-thirds of "net project costs" for mass transportation projects and 50% grants for certain airport facilities.

Many grant programs are on a matching basis. For example, the Office of Education administers grants for higher education facilities, vocational schools, and libraries on a matching basis. However, the agency also provides grants for elementary and secondary schools in federally affected areas on the basis of the increased number of children of Federal employees.

The Department of Housing and Urban Development provides grants of not more than 50% of project development costs for basic water and sewer facilities. The Farmers Home Administration administers a program of grants up to 50% of project development costs for rural water and waste disposal developments. The Federal Water Pollution Control Administration also provides grants up to 55% of the cost of waste treatment facilities.

In the Department of Commerce, the Economic Development Administration provides construction grants for projects which will assist in providing long-term employment opportunities in eligible redevelopment areas. These grants finance up to 80% of project costs, and may supplement other Federal grants.

In addition, Federal grants to aid local construction are provided for such facilities as roads and health demonstration projects in the Appalachian region, watershed protection and flood prevention projects, hospitals and related facilities, including community mental health centers, teaching facilities for health professions, and health research and other research facilities.

Federal loans on favorable terms are available to aid State and local governments in the construction of certain types of public works, such as water and sewer developments, public housing, and urban rehabilitation. Most loans are for income-producing facilities

Table P-3. GRANTS AND NET LENDING FOR PUBLIC WORKS: OUTLAYS AND 1970 BUDGET AUTHORITY, BY AGENCY (in millions of dollars)

Program and agency	Outlays			Budget authority, 1970 estimate
	1968 actual	1969 estimate	1970 estimate	
Grants to State and local governments:				
Funds appropriated to the President: Appalachian regional development programs.....	91	195	237	235
Department of Agriculture:				
Soil Conservation Service.....	54	72	61	57
Farmers Home Administration.....	29	34	38	52
Department of Commerce: Economic development assistance.....	101	138	155	176
Department of the Army: Corps of Engineers—Civil.....	15	25	13	13
Department of Health, Education, and Welfare:				
Health Services and Mental Health.....	132	133	176	174
National Institutes of Health.....	68	85	111	91
Office of Education.....	290	228	282	115
Department of Housing and Urban Development..	82	132	169	202
Department of the Interior:				
Bureau of Outdoor Recreation.....	32	39	53	27
Office of Territories.....	8	25	20	20
Federal Water Pollution Control Administration..	118	155	162	220
Department of Transportation:				
Federal Aviation Administration.....	75	87	240	305
Federal Highway Administration.....	4,137	3,915	4,530	5,473
Urban Mass Transportation Administration.....	(1)	127	128	139
Other civil.....	25	33	70	64
Subtotal civil grants.....	5,257	5,423	6,444	7,363
Department of Defense.....	7	10	13	13
Total grants.....	5,264	5,432	6,457	7,376
Lending to State and local governments:				
Department of Agriculture.....	5	4	6	2
Department of Commerce: Economic development assistance.....	27	24	53	24
Department of Health, Education and Welfare:				
Office of Education.....	19	33	34	-----
Department of Housing and Urban Development..	403	413	401	-----
Department of the Interior: Bureau of Reclamation.....	15	6	5	5
Department of Transportation: Federal Highway Administration.....	-----	-----	50	50
District of Columbia.....	20	35	60	92
Other.....	4	6	8	12
Repayments and other.....	-210	-256	-295	-6
Total net lending.....	284	264	322	179

¹ \$33 million included in Department of Housing and Urban Development.

which might otherwise be unable to furnish low-cost public services. The Department of Housing and Urban Development provides loans for the construction of public facilities for up to 40 years at an interest rate $\frac{1}{4}\%$ to $\frac{1}{2}\%$ above the average rate on all interest-bearing obligations forming part of the Federal debt. A revolving fund is being established in the Department of Transportation to provide Federal loans to State and local governments to acquire road rights-of-way.

CIVIL PUBLIC WORKS

Additional information on planning and programming direct Federal works is provided in the following sections on new and continuing work, planning and surveys, and on the authorized reserve of direct Federal projects.

New and continuing work.—Although most projects can be completed within a few years, the more complex water control developments may require 10 years or more to complete. For projects underway in 1970, table P-4 indicates the total cost, the progress through the budget year, and the estimated outlays to complete the projects. The rate of completion during and after 1970 is contingent not only on the budget authority recommended for 1970, but also, in the case of water resource developments, on appropriations in future years. Over the years, the estimates may need to be modified because of changes in construction costs.

Table P-4. ESTIMATED COST OF 1970 DIRECT FEDERAL CIVIL PUBLIC WORKS, BY CONTINUING AND NEW WORK (in millions of dollars)

Program and agency	Total estimated Federal cost	Outlays		
		Prior to 1970	1970 estimate	Required to complete
Continuing work:				
Department of Agriculture: Forest Service.....	163	120	43	-----
Department of the Army: Corps of Engineers—Civil.....	12,962	7,038	833	5,091
Department of Health, Education, and Welfare: Health Services and Mental Health.....	61	33	24	3
Department of the Interior:				
Bureau of Indian Affairs.....	657	380	58	218
National Park Service.....	1,137	39	37	1,061
Bureau of Reclamation.....	7,503	4,145	208	3,150
Bonneville Power Administration.....	572	216	97	259
Post Office Department.....	205	69	53	83
Department of Transportation:				
Coast Guard.....	89	50	35	4
Federal Aviation Administration.....	321	135	133	54
General Services Administration.....	539	287	160	91
National Aeronautics and Space Administration.....	1,371	1,250	55	66
Veterans Administration.....	349	192	67	91
Tennessee Valley Authority.....	1,486	451	317	718
Other.....	1,509	940	169	401
Total continuing work.....	28,924	15,345	2,289	11,290

Table P-4. ESTIMATED COST OF 1970 DIRECT FEDERAL CIVIL PUBLIC WORKS, BY CONTINUING AND NEW WORK (in millions of dollars)—Continued

Program and agency	Total estimated Federal cost	Outlays		
		Prior to 1970	1970 estimate	Required to complete
New projects and features in 1970:				
Department of Agriculture: Forest Service.....	121		75	45
Department of the Army: Corps of Engineers—Civil.....	420	10	8	401
Department of Health, Education, and Welfare:				
Health Services and Mental Health.....	22		7	14
National Institutes of Health.....	13		*	13
Office of Education.....	11		1	10
Department of the Interior:				
Bureau of Indians Affairs.....	18		2	16
Bureau of Reclamation.....	13		1	12
Bonneville Power Administration.....	51		6	45
Southwestern Power Administration.....	13		1	12
Post Office Department.....	163		22	141
Department of Transportation:				
Coast Guard.....	45		20	24
Federal Aviation Administration.....	137		12	125
General Services Administration.....	13		*	13
National Aeronautics and Space Administration.....	55		5	50
Veterans Administration.....	90	1	16	73
Tennessee Valley Authority.....	114	1	4	109
Other.....	37	1	13	23
Total new projects and features.....	1,336	13	193	1,126
Advance planning and site acquisition prior to start of construction:				
Department of the Army: Corps of Engineers—Civil.....	70	26	18	25
Department of Health, Education, and Welfare: Health Services and Mental Health.....	7	2	1	4
Department of the Interior:				
Bureau of Land Management.....	5	3	2	-----
National Park Service.....	30	4	6	20
Bureau of Reclamation.....	14	5	3	6
Post Office Department.....	41		9	32
Department of Transportation: Coast Guard.....	3		2	1
General Services Administration.....	148	94	20	34
National Aeronautics and Space Administration.....	7	3	1	4
Veterans Administration.....	7	*	2	5
Other.....	29	11	8	11
Total advance planning.....	361	148	72	142
Total direct civil public works.....	30,621	15,506	2,555	12,558

*Less than \$500 thousand.

Those projects which were started in years prior to 1970 are summarized under the heading "continuing work" in table P-4, to distinguish them from new projects which are recommended to be started in 1970, and from advance planning of projects to be started after 1970. Outlays for continuing work are estimated at \$2.3 billion in 1970, about nine-tenths of the total for direct civil public works construction. An additional \$11.3 billion of outlays is estimated to be required after 1970 to complete these projects.

Because of the restrictive budget policy for 1970, new construction starts have been limited to a few projects of high priority. In the water resources development category, the Corps of Engineers will initiate construction on 12 projects estimated to cost \$420 million. The Bureau of Reclamation will begin construction on the Manson unit of the Chief Joseph Dam project in Washington and will provide a loan to begin the West San Bernardino project in California. The Tennessee Valley Authority will begin a multiple-purpose project on the Upper French Broad River in North Carolina.

In addition, the Veterans Administration will begin construction of hospitals in San Antonio, Tex.; Phoenix, Ariz.; and Indianapolis, Ind.; as well as a nursing home in Miami, Fla. The total cost of other new projects recommended to be started in 1970 includes \$163 million for the Post Office Department, \$137 million for the Federal Aviation

Table P-5. RESERVE OF PRESENTLY AUTHORIZED PROJECTS AND PROGRAMS FOR UNDERTAKING AFTER 1970 (in billions of dollars)

Agency	Cost of authorized reserve						
	Estimated total Federal cost	Status of plans as of June 30, 1969			Status of plans as of June 30, 1970		
		Contract could be let	In process	Not started	Contract could be let	In process	Not started
Agriculture: Forest Service.....	1.1	0.2	0.9	-----	0.2	0.9	-----
Army: Corps of Engineers—							
Civil.....	9.4	1.4	3.6	4.4	2.3	4.1	2.9
Health, Education, and Welfare:							
Health Services.....	.1	(1)	.1	.1	(1)	.1	(1)
Interior:							
Bureau of Land Management.....	.4	(1)	(1)	.4	(1)	(1)	.4
Bureau of Sport Fisheries and Wildlife.....	.2	(1)	.1	.1	(1)	.1	.1
Bureau of Reclamation.....	1.8	1.1	.3	.4	1.3	.1	.4
Bonneville Power Administration.....	.6	-----	-----	.6	-----	.1	.5
Justice: Bureau of Prisons.....	.1	-----	-----	.1	-----	.1	(1)
Post Office.....	.7	.1	.7	-----	.7	(1)	-----
Transportation: Federal Aviation Administration.....	.9	.1	.2	.6	.2	.3	.4
General Services Administration.....	.8	.1	.4	.2	.3	.2	.2
Veterans Administration.....	.1	(1)	(1)	.1	(1)	.1	(1)
Tennessee Valley Authority.....	.3	.1	-----	.2	.1	.1	(1)
Other agencies.....	.2	(1)	.1	.1	.1	.1	.1
Total.....	16.8	3.2	6.2	7.3	5.3	6.2	5.2

1 Less than \$50 million.

Administration, and \$121 million for the Forest Service. For all agencies, the new civil works projects recommended in the 1970 budget are estimated to cost \$1.3 billion, of which \$193 million or 14% will be spent in 1970.

Public works planning and surveys.—Outlays for preliminary planning, surveys, and general investigations are not included in the summary tables in this analysis. Coordinated long-range economic, hydrologic, and land-use projections provide needed information for comprehensive river basin planning which precedes the undertaking of individual water resource projects. Such studies help to assure economic design of facilities.

As needs are indicated by general studies, advance planning of specific project designs begins and, in some instances, sites must be acquired. Outlays for advance planning and site acquisition of projects to be undertaken after 1970 are shown in table P-4. In addition, the Department of Housing and Urban Development will advance \$8 million in 1970 to facilitate advance planning by State and local government agencies.

Authorized reserve of civil public works.—Those agencies whose programs regularly involve construction of public works generally maintain a reserve of authorized projects which require only detailed planning and appropriations for starting. The reserve provides a basis for the selection of projects to fulfill program needs and budgetary policy. Table P-5 indicates the size and status of planning of the authorized reserve.

Civil public works by function.—Public works activities are grouped in table P-8 according to the major functional categories used in the budget, with specific programs shown by agency under each functional heading.

Federal-aid highway grants account for nearly half of total outlays for civil public works in 1970, and for four-fifths of the total for the commerce and transportation function. Another 20% of civil public works outlays are classified under the natural resources function, which includes most of the water resources and related developments. Outlays by major types of water resource facilities are shown in table P-6 and in the accompanying chart.

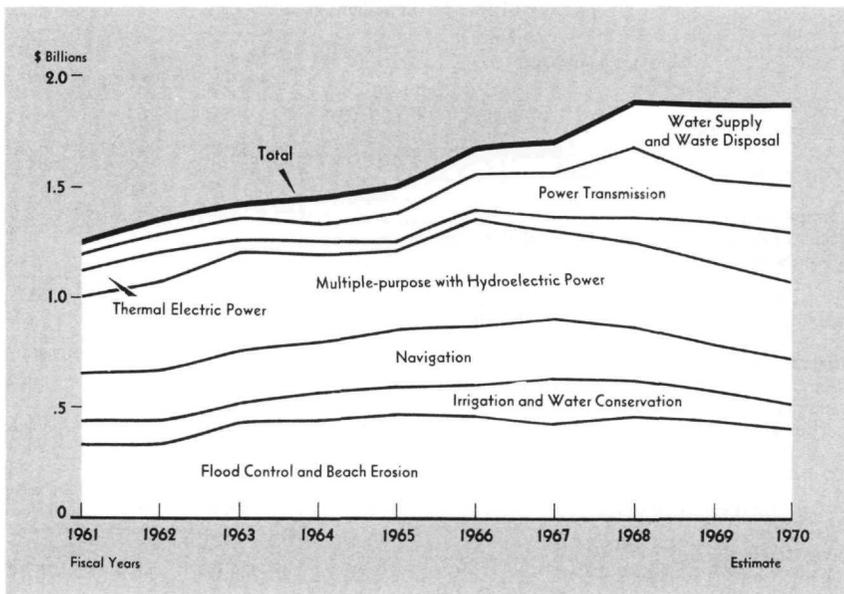
Public works outlays in the commerce and transportation and natural resources functions total \$6.7 billion in 1969 and \$7.7 billion in 1970, an increase of 15%. The largest increase will be for the Federal-aid highway programs. Most of the remaining functional areas include some public works activities. Some functions—such as international, veterans, space, and general government—include mainly direct Federal public works programs. These functions taken together show an increase in outlays from \$432 million in 1969 to \$515 million in 1970, an increase of 19%. Other functions include principally grants and loans to assist State and local governments in the construction of needed facilities. Community development and housing, health and welfare, and education and manpower functions are predominantly Federal-aid programs which show an increase in public works outlays from \$903 million in 1969 to \$1,031 million in 1970, an increase of 14%.

Table P-6. OUTLAYS FOR WATER RESOURCES AND RELATED DEVELOPMENTS (in millions of dollars)

Program and agency	1968 actual	1969 estimate	1970 estimate
Flood control works:			
Agriculture: Soil Conservation Service (mostly grants)	48.8	64.9	55.2
Army: Corps of Engineers—Civil	371.5	343.3	325.8
Grants	15.0	24.8	12.6
Interior: Bureau of Reclamation	13.5	5.6	2.0
State: International Boundary and Water Commission	2.2	2.3	5.2
Tennessee Valley Authority	10.2	8.7	11.5
Total flood control works	461.2	449.6	412.3
Beach erosion control: Army: Corps of Engineers—Civil	1.7	2.6	4.0
Irrigation and water conservation works:			
Agriculture: Soil Conservation Service (mostly grants)	9.3	11.6	10.9
Interior:			
Bureau of Indian Affairs	9.1	7.3	4.6
Bureau of Reclamation	127.0	114.8	94.9
Loan and grant program	13.6	5.3	4.3
Total irrigation works	159.0	139.0	114.7
Navigation facilities:			
Army: Corps of Engineers—Civil	246.0	205.0	205.9
Transportation: Saint Lawrence Seaway Development Corporation .....	.1	.9	.1
Tennessee Valley Authority .....	.1	.2	(¹)
Total navigation facilities	246.2	206.1	206.0
Multiple-purpose dams and reservoirs with hydroelectric power facilities:			
Army: Corps of Engineers—Civil	320.6	295.9	281.0
Interior: Bureau of Reclamation	36.3	47.9	59.7
State: International Boundary and Water Commission	10.3	6.0	.5
Tennessee Valley Authority	23.2	13.7	10.8
Total multiple-purpose facilities	390.4	363.5	352.0
Thermal-electric powerplants: Tennessee Valley Authority	103.9	189.3	223.2
Power transmission facilities:			
Interior:			
Bureau of Reclamation	31.5	28.3	34.0
Bonneville Power Administration	144.0	107.1	103.2
Southwestern Power Administration	3.5	4.7	4.7
Tennessee Valley Authority	76.4	57.3	67.0
Total power transmission facilities	255.4	197.4	208.9
Water supply and waste disposal facilities:			
Agriculture: Farmers Home Administration (grants)	29.4	34.5	38.2
Housing and Urban Development:			
Grants	44.4	100.0	130.0
Loan disbursements	25.0	25.0	18.0
Interior:			
Bureau of Reclamation	3.1	12.9	21.2
Federal Water Pollution Control Administration (grants)	116.8	147.0	152.0
State: International Boundary and Water Commission	(¹)	.5	.5
Total water supply and waste disposal	218.7	319.9	359.9
Total water resources and related developments	1,836.5	1,867.4	1,881.0

¹ Less than \$50 thousand.

Outlays for Water Resources and Related Developments



NATIONAL DEFENSE PUBLIC WORKS

Department of Defense—Military.—Budget authority of \$2.1 billion is recommended for 1970 to strengthen and modernize facilities of the Armed Services, an increase of 70% over the 1969 level. Outlays in 1970 are expected to decline slightly from those in 1969. The budget provides for construction of facilities needed for the Sentinel antiballistic missile system, for supporting the C-5A transport aircraft, for shipyards, for aircraft repair, and for the U.S. share of the NATO joint defense effort. Budget authority is also recommended to provide 4,800 new permanent family housing units.

Atomic Energy Commission.—Outlays for construction of atomic energy facilities will increase in 1970, although budget authority will decline, as projects started in recent years attain higher construction rates. Work will continue on the 200 billion electron volt (Bev) proton accelerator and another large accelerator for basic research in physics, on research facilities for the fast breeder civilian power reactor development program, and on the project to improve weapons production capabilities.

AID TO COOPERATIVES AND NONPROFIT GROUPS

Federal-aid programs sometimes provide support both to State and local governments and to the private nonprofit institutions providing similar services. Federal outlays in support of construction undertaken by these private institutions are shown in table P-7, but are not included in the total public works figures reported in this analysis.

Table P-7. FEDERAL OUTLAYS FOR CONSTRUCTION BY COOPERATIVES AND NONPROFIT GROUPS (not included in public works) (in millions of dollars)

Program and agency	1968 actual	1969 estimate	1970 estimate
Expenditures:			
Grants for private construction:			
Department of Health, Education, and Welfare:			
Health Services and Mental Health Administration:			
Hospital construction.....	136	122	147
National Institutes of Health: Health educational, re- search and library facilities.....	39	43	54
Office of Education: Higher education facilities.....	114	99	114
National Technical Institute for the Deaf.....			1
Model Secondary School for the Deaf.....		*	1
Gallaudet College.....	*	2	1
Howard University.....	2	6	10
Total expenditures.....	291	272	328
Lending:			
Department of Agriculture: Rural Electrification Adminis- tration: Electrification and telephone facilities.....	495	528	555
Department of Health, Education, and Welfare: Office of Education: Higher education facilities.....	47	46	46
Department of Housing and Urban Development: College housing.....	149	120	101
Repayments.....	-224	-209	-211
Total net lending.....	467	485	491
Total Federal outlays.....	758	757	819

*Less than \$500 thousand.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS						
International Affairs and Finance						
Department of State:						
Foreign Service buildings.....	4.1			3.2	5.2	4.3
Cultural and Technical Interchange Center, Hawaii (grant).....				.3	.5	.4
International Center, Washington, D.C. (grant).....			1.0			.2
United States Information Agency: Radio facilities and special international exhibi- tions.....	21.8			13.7	12.5	13.9
Total international affairs and finance.....	25.9		1.0	17.2	18.2	18.9
Space Research and Technology						
National Aeronautics and Space Admin- istration: Research and space flight fa- cilities.....	37.8	35.7	58.2	126.1	70.0	60.0
Agriculture and Agricultural Resources						
Department of Agriculture:						
Laboratories, research facilities, and Library ¹	5.3	.9	4.8	18.4	17.1	12.1
Cooperative State Research Service: Grants for research facilities.....	2.0		2.0	2.8	2.8	1.3
Soil Conservation Service: Resource con- servation and development:						
Loans.....				.5	.5	.7
Grants.....	.6	.1	.4	.1	.2	.5
Farmers Home Administration:						
Grants for rural water and sewer sys- tems.....	28.0	28.0	52.0	29.4	34.5	38.2
Rural renewal loans.....	1.3	1.3	2.1	2.0	1.1	2.1
Total agriculture and agricultural resources.....	37.2	30.3	61.3	53.0	56.2	55.0
Natural Resources						
Department of Agriculture:						
Soil Conservation Service: Flood pre- vention and watershed protection:						
Direct work.....	1.2	.8	.9	1.1	1.1	.9
Grants.....	51.8	50.6	56.7	53.7	72.0	61.0
Loans.....				2.8	2.6	3.0
Forest Service: Roads, research, rec- reational and protective facilities ¹	181.8	186.2	186.9	117.9	120.2	117.9

¹ Includes small amounts from trust funds.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)—Con.

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS—Continued						
Natural Resources—Continued						
Department of Defense—Civil: Corps of Engineers—Civil:						
Flood control, navigation and multiple-purpose projects with power	999.1	828.9	802.3	955.6	799.7	841.6
Trust funds	27.5	15.7	15.8	23.3	20.7	18.1
Grants	14.9	24.8	12.6	14.9	24.8	12.6
Department of the Interior:						
Bureau of Land Management: Roads and other facilities	14.9	13.5	15.5	11.8	12.5	16.0
Bureau of Outdoor Recreation: Grants for recreation facilities	38.8	22.5	27.0	32.2	39.4	53.0
Geological Survey: Laboratory				(2)		
Bureau of Mines: Laboratories and demonstration plants	1.2			1.4	.1	
Office of Coal Research: Demonstration plants	5.0	7.0	6.5	4.0	5.8	7.7
Bureau of Commercial Fisheries:						
Facilities	1.7		1.6	1.0	1.1	1.5
Grants	1.4	1.2	.9	1.2	.8	.8
Bureau of Sport Fisheries and Wildlife: Facilities	4.5	1.5	2.1	7.7	5.0	7.8
National Park Service: Parkways, roads, buildings and utilities ¹	52.7	6.2	51.6	39.8	42.5	42.9
Bureau of Reclamation:						
Irrigation and multiple-purpose projects with power ¹	221.5	197.3	198.0	211.4	209.5	211.8
Loans, small irrigation projects	14.9	2.9	5.4	14.7	6.3	5.4
Repayments	-1.3	-1.1	-1.3	-1.3	-1.1	-1.3
Grants, small irrigation projects	.1	(2)		.1	(2)	
Power transmission facilities:						
Bonneville Power Administration ¹	111.0	102.1	108.4	144.0	107.1	103.2
Southwestern Power Administration	5.0	4.0	3.4	3.5	4.7	4.7
Federal Water Pollution Control Administration:						
Buildings and facilities				.9	1.6	2.1
Grants for waste treatment works and research facilities	212.5	220.7	220.1	118.3	155.4	162.1
Department of State:						
International Boundary and Water Commission: Water resources projects and Chamizal settlement	11.7	5.8	4.0	19.5	10.6	4.3
Facilities for International Pacific Halibut Commission (grant)				.2	.2	
Tennessee Valley Authority: Power, water resources, and chemical facilities	39.9	27.5	29.3	232.4	279.3	322.0
Total natural resources	2,011.7	1,718.0	1,747.6	2,012.3	1,922.2	1,999.0

¹ Includes small amounts from trust funds.² Less than \$50 thousand.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)—Con.

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS—Continued						
Commerce and Transportation						
Funds appropriated to the President:						
Appalachian regional development programs: Grants for highways, education, and health facilities.....	108.8	142.2	235.4	90.9	194.7	237.1
Public works acceleration: Grants.....				5.0	7.0	
Department of Commerce:						
Economic development assistance:						
Development facilities grants.....	155.1	153.0	175.8	101.4	137.6	154.9
Development facilities loans.....	19.9	27.0	23.5	27.3	23.7	53.2
Repayments.....				-1.0	-1.2	-1.5
Participation in U.S. expositions: 1967						
Alaska Centennial, building.....				(²)		
Environmental Science Services Administration: Structures.....						
Bureau of Standards: Buildings.....	1.1	.1	.7	.4	.3	1.2
Maritime Administration: Library and other improvements.....	.1	.9	.9	5.0	2.4	3.4
Department of Defense—Civil: Panama Canal Company: Canal and harbor improvements and bridges.....						
				9.4	14.6	15.3
Department of the Interior: Bureau of Indian Affairs: Roads.....						
	23.0	30.0	30.0	15.3	22.3	20.0
Post Office Department: Post offices, improvements and alterations.....						
	76.1	87.8	203.5	46.6	55.0	84.6
Department of Transportation:						
Coast Guard: Shore facilities and navigation aids.....						
	51.7	42.3	47.3	26.5	60.1	57.8
Federal Aviation Administration:						
Air traffic control, navigation, and research facilities.....						
	54.0	120.0	134.0	59.5	133.0	142.7
Dulles and National Airports.....	.2	.7	3.2	.7	1.6	1.7
Federal-aid airport program: Grants.....	66.0	70.0	305.0	74.7	86.6	240.0
Federal Highway Administration:						
Federal-aid highways and other trust funds:						
Grants.....	4,771.3	5,441.5	5,587.7	4,101.1	3,870.9	4,526.5
Loans.....		31.0	50.0			50.0
Forest and public land highway grants ³						
	47.3	46.9	-118.7	36.0	40.9	
Chamizal Memorial Highway: Grant.....	4.0		4.0		3.0	4.0
Alaskan highway assistance grant.....	5.0					
Federal Railroad Administration: Alaska railroad improvements.....						
		.6			.6	
Urban Mass Transportation Administration: ⁴ Transportation facilities:						
Grants.....	44.8	142.4	139.0	32.6	127.0	128.5
Loans.....						2.0
Repayments.....				-2	-2	-3

² Less than \$50 thousand.³ Legislation proposed to include forest and public lands highways in trust funds in 1970, and 1970 amounts are included with trust funds.⁴ Included in the Department of Housing and Urban Development in 1968 and in the Department of Transportation in 1969 and 1970.

Table P-8. **FEDERAL PUBLIC WORKS ACTIVITIES** (in millions of dollars)—**Con.**
By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS—Continued						
Commerce and Transportation—Con.						
Department of Transportation—Con.						
St. Lawrence Seaway Development Corporation: Alterations.....				.1	.9	.1
Federal Communications Commission: Facilities.....	(²)	(²)	.3	(²)	(²)	.2
Total commerce and transportation.....	5,428.3	6,336.4	6,821.6	4,631.8	4,781.0	5,721.3
Community Development and Housing						
Department of Housing and Urban Development:						
Grants for neighborhood facilities.....	30.0	35.0	52.5	4.6	32.0	36.0
Low-rent public housing:						
Loans.....				181.2	220.0	250.0
Repayments.....				-170.9	-210.0	-245.0
Areawide and new community development grants.....			15.0			3.0
Grants for water and sewer facilities.....	165.0	165.0	135.0	44.4	100.0	130.0
Advance planning, non-Federal public works:						
Loans.....				11.3	10.5	8.0
Repayments and other.....				-10.6	-13.1	-12.4
Public facility loans.....	78.2	-1.4	-7	49.3	52.0	34.0
Repayments.....				-3.9	-4.8	-5.8
Liquidating programs: Repayments.....				-4	-4	-4
Federal Home Loan Bank Board: Headquarters.....				5.4	.6	.5
Total community development and housing.....	273.2	198.6	201.8	110.5	186.8	197.8
Education and Manpower						
Department of Health, Education, and Welfare:						
Office of Education:						
Schools in federally affected areas:						
At Federal installations.....	10.0	10.0	11.1	6.2	8.9	16.2
Grants.....	12.3	4.1	3.0	28.8	25.3	38.8
Higher education facilities:						
Grants.....	305.0	73.0	102.8	241.0	177.8	219.1
Loans.....	27.1	41.3		18.5	32.7	33.6
Repayments.....				-1.0	-.8	-1.6
Libraries (grants).....	27.2	9.2	9.2	20.6	24.5	23.7
Department of Housing and Urban Development:						
College housing loans.....	143.1	109.7		161.4	130.0	109.2
Repayments.....				-18.3	-20.3	-21.8
Department of the Interior: Bureau of Indian Affairs: Schools and other facilities.....	40.6	25.3	23.4	30.8	33.0	40.4
National Science Foundation: Research facilities.....	12.4	5.2	4.0	10.1	12.5	7.2

² Less than \$50 thousand.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)—Con.

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS—Continued						
Education and Manpower—Continued						
Smithsonian Institution:						
John F. Kennedy Center for Performing Arts				9.8	15.4	.9
Museums	2.3	14.9	1.6	2.6	6.0	11.7
Total education and manpower	580.0	292.8	155.1	510.4	445.1	477.4
Health and Welfare						
Department of Health, Education, and Welfare:						
Consumer Protection and Environmental Health Services: Buildings	1.2		.4	.7	3.1	9.3
Health Services and Mental Health Administration:						
Grants for mental health centers	55.1	43.9	51.6	19.7	32.7	48.6
Grants for public hospitals	126.3	114.7	114.7	111.8	100.0	125.5
District of Columbia medical facilities:						
Grants			7.5			.7
Loans			7.5			.8
Other facilities, including St. Elizabeths Hospital	1.2		2.1	.7	3.5	9.1
Indian health facilities ¹	16.7	17.5	20.1	12.3	25.3	23.1
Grants for Indian health facilities	.2	.9			.4	.7
National Institutes of Health:						
Grants for health, educational research, and library facilities	164.7	65.6	90.8	68.3	84.5	111.2
Buildings and facilities	11.2	.6	7.9	18.7	13.8	17.0
Social and Rehabilitation Service:						
Grants for mental retardation facilities		13.1	5.4		.3	3.7
Social Security Administration: Buildings and district offices (trust funds)	1.3	7.7	6.1	1.3	7.7	6.1
Total health and welfare	377.9	264.0	314.1	233.5	271.4	355.9
Veterans Benefits and Services						
Department of Defense—Civil:						
Army: Cemeteries	6.0	1.0	1.0	1.7	2.2	1.0
Soldiers' Home (trust fund)	.3	.7	.2	1.9	2.3	.6
Veterans Administration:						
Research facilities	.5	.6	.8	.5	.6	.8
Hospital and domiciliary facilities	52.6	7.9	96.4	47.6	54.5	84.5
Construction of State nursing homes grants	4.0	4.0	5.0	1.9	4.0	3.2
Corregidor-Bataan Memorial				.5	.9	
Total veterans benefits and services	63.4	14.3	103.3	54.2	64.6	90.0

¹ Includes small amounts from trust funds.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)—Con.

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
CIVIL PUBLIC WORKS—Continued						
General Government						
Legislative Branch:						
Architect of the Capitol: Buildings and James Madison Library	.9	1.2	4.0	5.3	3.3	4.2
Government Printing Office: Building site and plans			2.5			2.3
Department of Defense—Civil:						
Army: Power and water systems, Ryukyuu Islands:						
Loans				.4		
Repayments						-.2
Canal Zone Government: Improvements	3.4	(²)	1.9	2.9	4.3	5.1
Department of the Interior:						
Office of Territories: Public facilities in Samoa, Guam, and the Trust Territory of the Pacific Islands:						
Grants	15.6	12.7	20.3	8.2	25.3	19.6
Loans	4.4	4.1	4.9	3.9	5.5	4.8
Repayments	(- ²)	-1.0	-1.0	(- ²)	-1.0	-1.0
Department of Justice:						
Immigration and Naturalization Service: Border facilities	(²)		.3		(²)	.2
Federal Prison System: Prison facilities			6.4	7.6	10.2	9.1
Treasury Department:						
Federal Law Enforcement Training Center: Advance planning			1.2			1.2
Bureau of Customs: Border facilities	.1			.1	(²)	
Bureau of Engraving and Printing:						
Air conditioning		.4		.8	.7	
Bureau of the Mint: Philadelphia Mint			1.8	10.4	8.3	4.2
Secret Service: Training facilities		.8	.7		.7	.6
General Services Administration: Construction of public buildings, sites and planning	136.6	60.8	77.0	179.1	172.1	180.4
Central Intelligence Agency: Headquarters				(²)	.2	
District of Columbia:						
Grants	11.4	1.1		11.4	1.1	
Loans	71.5	92.0	91.8	19.8	34.8	59.6
Repayments	-2.0	-2.6	-3.3	-2.0	-2.6	-3.3
Grant to Washington Metropolitan Area Transit Authority		43.8	49.4	1.6	16.0	59.3
National Capital Transportation Agency: Land acquisition and construction				1.8	.2	
Total general government	241.8	213.4	258.0	251.4	279.1	346.1
Total civil public works	9,077.2	9,103.3	9,722.0	8,000.5	8,094.6	9,321.4

² Less than \$50 thousand.

Table P-8. FEDERAL PUBLIC WORKS ACTIVITIES (in millions of dollars)—Con.

By major function and agency

Function, agency, and program	BUDGET AUTHORITY			OUTLAYS		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
NATIONAL DEFENSE PUBLIC WORKS						
Department of Defense—Military:						
Interservice activities:						
Construction, Defense agencies.....	37.5	83.4	74.5	13.3	15.0	54.0
Loran stations.....	3.6			5.0	(²)	
Family housing.....	154.4	48.7	130.7	61.4	155.0	135.0
Civil defense:						
Grants for shelters.....	5.6	2.3	2.5	5.9	3.1	3.5
Emergency centers and shelters.....				3.9	3.0	1.2
Army:						
Construction.....	474.6	548.1	1,037.5	674.0	538.0	530.0
Construction, Army Reserve.....	3.0	3.0	10.0	.2	5.0	6.8
Construction, Army National Guard (includes grants).....	3.0	2.7	15.0	3.7	6.0	8.5
Navy:						
Construction.....	514.3	291.5	398.4	86.1	448.0	425.5
Construction, Naval Reserve.....	5.0	5.0	9.6	6.9	7.0	5.8
Air Force:						
Construction.....	488.5	222.1	385.3	476.7	475.0	325.0
Construction, Air Force Reserve.....	3.9	4.3	5.3	4.3	4.0	5.4
Construction, Air National Guard.....	9.5	8.3	13.2	11.0	10.0	9.5
Total Department of Defense— Military.....	1,702.8	1,219.5	2,082.0	1,352.6	1,669.2	1,510.2
Atomic Energy Commission: Facilities.....	213.1	294.4	223.7	167.2	206.4	294.5
Total national defense public works.....	1,915.9	1,514.0	2,305.7	1,519.7	1,875.6	1,804.7
Total civil and defense public works.....	10,993.1	10,617.3	12,027.7	9,520.2	9,970.1	11,126.1

² Less than \$50 thousand.

SPECIAL ANALYSIS Q

FEDERAL RESEARCH, DEVELOPMENT, AND RELATED PROGRAMS

This analysis identifies Federal obligations and expenditures for the conduct of research and development and for facilities related to both activities. It also notes significant program changes in major agencies and describes Government-wide activities in the marine and space sciences.

Total Federal obligations for research and development, including facilities, will increase from \$16.8 billion in 1969 to \$17.1 billion in 1970. Increases of \$0.5 billion for Defense, and \$0.1 billion for all other agencies are partially offset by a decrease of \$0.3 billion for the National Aeronautics and Space Administration, reflecting a decline in requirements for the manned lunar landing program. Total expenditures will increase from \$16.4 billion to \$16.7 billion.

Research.—The Federal Government finances research not only to advance specific agency missions but also to support generally the progress of the Nation's social and economic welfare. Of particular importance to the latter objective is the support of research in colleges and universities which have traditionally been a major source of new discoveries in basic science.

Total Federal obligations for the conduct of research—both basic and applied—will increase from an estimated \$5.3 billion in 1969 to \$5.5 billion in 1970. Expenditures will increase from \$5.1 billion in 1969 to \$5.4 billion in 1970.

Obligations for Research

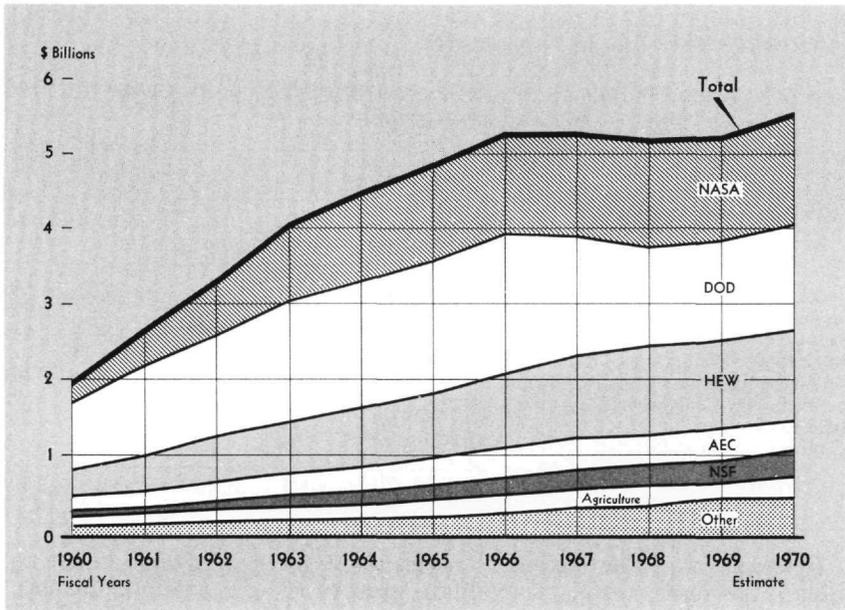


Table Q-1. CONDUCT OF RESEARCH¹ (in millions of dollars)

Department or agency	Obligations			Expenditures		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Defense—Military functions.....	1,339	1,300	1,376	1,337	1,331	1,336
National Aeronautics and Space Administration.....	1,368	1,408	1,491	1,422	1,355	1,487
Health, Education, and Welfare.....	1,160	1,196	1,201	1,094	1,022	1,138
Atomic Energy Commission.....	402	421	437	402	421	437
National Science Foundation.....	267	255	307	248	270	293
Agriculture.....	244	254	264	248	251	259
Interior.....	145	153	158	138	151	154
Transportation.....	49	69	82	42	68	85
Commerce.....	57	63	62	54	59	63
Veterans Administration.....	45	50	59	44	48	59
Smithsonian Institution.....	16	17	20	15	17	19
Office of Economic Opportunity.....	13	14	17	11	13	14
Housing and Urban Development.....	5	6	11	3	4	7
Justice.....	1	3	7	1	3	6
All other.....	39	45	52	40	44	49
Total.....	5,150	5,254	5,543	5,099	5,057	5,406

¹ In this table and tables Q-2 and Q-3 "obligations" and "expenditures" for AEC are both accrued costs which approximate obligations and expenditures for analysis purposes. Detail in all tables may not add to totals due to rounding. For ease of comparison, tables Q-3 and Q-4 are listed in the same agency sequence.

Academic research.—In 1970, total Federal obligations for research grants and contracts in colleges and universities will increase \$63 million over 1969. This investment by the Federal Government provides about two-thirds of all research funds spent by academic institutions throughout the country.

Table Q-2. SUPPORT OF RESEARCH IN COLLEGES AND UNIVERSITIES (in millions of dollars)

Department or agency	Obligations			Expenditures		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Health, Education, and Welfare.....	700	713	705	653	592	666
Defense.....	219	247	274	235	252	275
National Science Foundation.....	221	210	255	207	224	243
National Aeronautics and Space Administration.....	130	119	101	151	130	109
Atomic Energy Commission.....	93	94	96	93	94	96
Agriculture.....	62	62	64	61	62	64
All other.....	60	63	76	56	60	66
Total.....	1,485	1,508	1,571	1,456	1,414	1,519

Development.—The Federal Government finances development to design, fabricate, test, and evaluate prototypes of materials, devices, systems, or processes to accomplish specific agency missions. These include prototypes of complex devices such as military weapons, space

vehicles, and nuclear reactors and of "systems" for such purposes as missile defense and communications.

Total obligations for the conduct of development are estimated to increase from \$10.7 billion in 1969 to \$10.8 billion in 1970. Expenditures will decrease from \$10.6 billion to \$10.5 billion.

Obligations for Development

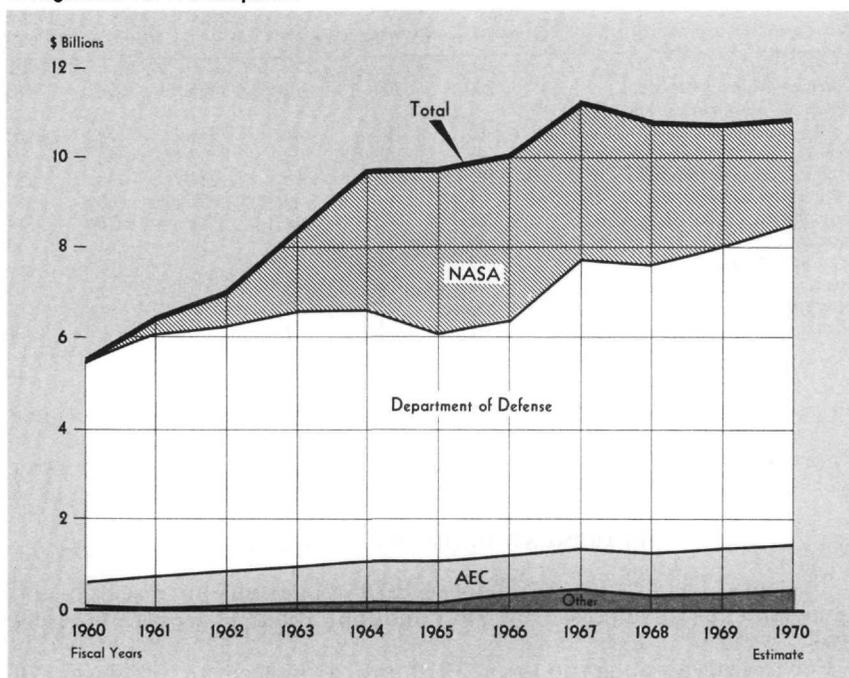


Table Q-3. CONDUCT OF DEVELOPMENT (in millions of dollars)

Department or agency	Obligations			Expenditures		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Defense—Military functions.....	6,342	6,610	7,053	6,628	6,466	6,723
National Aeronautics and Space Administration.....	3,087	2,700	2,329	3,168	2,820	2,400
Health, Education, and Welfare.....	114	125	125	98	103	111
Atomic Energy Commission.....	967	1,015	992	967	1,015	992
Agriculture.....	15	15	16	15	15	16
Interior.....	42	52	48	36	49	58
Transportation.....	68	87	152	63	85	135
Commerce.....	18	19	23	22	19	23
Office of Economic Opportunity.....	30	31	34	29	29	27
Housing and Urban Development..	10	12	20	3	10	12
Justice.....	*	2	15	*	2	14
All other.....	23	32	43	22	25	34
Total.....	10,716	10,700	10,850	11,051	10,638	10,545

*Less than \$500 thousand.

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Research and development facilities.—Total obligations and expenditures for research and development facilities are as follows:

Table Q-4. RESEARCH AND DEVELOPMENT FACILITIES (in millions of dollars)

Department or agency	Obligations			Expenditures		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
Defense—Military functions.....	200	205	207	175	228	183
National Aeronautics and Space Administration.....	65	105	58	134	75	63
Health, Education, and Welfare.....	44	53	12	57	56	72
Atomic Energy Commission.....	163	406	305	224	232	293
National Science Foundation.....	71	31	45	67	65	55
Agriculture.....	18	12	11	24	22	14
Interior.....	30	47	32	19	32	38
Transportation.....	7	22	12	7	11	19
Commerce.....	4	6	3	6	3	5
Veterans Administration.....	3	5	5	1	4	6
All other.....	1	1	2	1	1	1
Total.....	606	891	692	715	729	748

PROGRAMS OF AGENCIES WITH MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

DEPARTMENT OF DEFENSE—MILITARY

The total Department of Defense 1970 obligations for research and development will increase by \$521 million, about 6% over the 1969 level.

For research, obligations in 1970 are estimated to increase \$76 million over 1969. An increase reflected under the category of "military sciences" includes programs of particular Defense interest such as the effects of boundary layer turbulence on aircraft, propulsion and explosive chemistry, superconductivity, electro-optics, information processing, acoustics, and oceanography. More research will also be pursued in marine technology, missile guidance and propulsion, and electronics. A portion of the increase is due to financial adjustments, which include greater forward funding of Defense university projects, and to funding for new Project Themis contracts to help develop the research capabilities of academic institutions in fields of research contributing to national security.

Obligations for development programs and operation of test and evaluation facilities will reach a level of \$7,053 million in 1970, an increase of \$443 million over the 1969 amount. Major items under development contributing to these increases are the advanced manned strategic aircraft, two new tactical fighter aircraft, the VSX antisubmarine warfare aircraft, several new air-to-surface missiles, the Aircraft Warning and Control System, and a variety of smaller programs leading to improvements in the capabilities of both the Nation's strategic and general purpose forces. A more detailed explanation of development trends is given in the Budget Appendix on pages 292-294.

Table Q-5. DEPARTMENT OF DEFENSE—MILITARY RESEARCH AND DEVELOPMENT (in millions of dollars)

Purpose and budget title	1968 actual	1969 estimate	1970 estimate
Conduct of research and development:			
Research, development, test, and evaluation:			
Military sciences.....	528	561	617
Aircraft and related equipment.....	1,209	997	1,339
Missiles and related equipment.....	2,507	2,465	2,485
Military astronautics and related equipment.....	1,074	1,179	1,152
Ships, small craft, and related equipment.....	258	342	346
Ordnance, combat vehicles, and related equipment.....	322	324	303
Other equipment.....	1,129	1,232	1,332
Programwide management and support.....	317	391	425
Emergency fund.....		49	50
Other appropriations.....	337	370	380
Total, conduct of research and development, obligations.....	7,681	7,910	8,429
Total, conduct of research, included above.....	(1,339)	(1,300)	(1,376)
Total, conduct of development, included above.....	(6,342)	(6,610)	(7,053)
Research and development facilities, obligations.....	200	205	207
Total obligations.....	7,881	8,115	8,636

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

All activities of the National Aeronautics and Space Administration are considered as research and development for purposes of this analysis.

With a decline in the cost of the Apollo program, a larger proportion of NASA funds will be devoted to research than to development in 1970. The increase in research for manned space flight will provide for instrumentation, including a solar telescope, to be used in the manned Apollo Applications program. Additional funds will be invested in space sciences for the design of unmanned experiments and instrumentation for the 1971 and 1973 Mars Mariner flights, and for two new planetary projects—the 1973 Venus/Mercury and the Planetary Explorer series. In the area of space applications, increases will be devoted to the sixth and seventh Applications Technology Satellites to advance further the Nation's capabilities in communications, navigation, meteorology, and geodesy; and to the new Earth Resources Technology Satellites to conduct experiments on remote sensing and the use of space acquired information in the management of natural resources.

The decrease in the Apollo manned space flight program, leading to a drop in the conduct of development, will be partially offset by added developmental activities related to the manned Apollo Applications program and to expansion of the NERVA nuclear rocket program.

Table Q-6. NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—
RESEARCH AND DEVELOPMENT (in millions of dollars)

Program and type of activity	1968 actual	1969 estimate	1970 estimate
Conduct of research:			
Manned space flight.....	211	108	227
Space sciences.....	374	289	351
Space applications.....	90	93	127
Space technology.....	223	198	179
Aircraft technology.....	67	75	79
Supporting activities.....	148	150	162
Research and program management.....	332	345	366
Total, conduct of research, budget plan.....	1,445	1,258	1,491
Total, conduct of research, obligations.....	(1,368)	(1,408)	(1,491)
Conduct of development:			
Manned space flight.....	2,598	2,069	1,781
Space sciences.....	80	51	72
Space applications.....	9	6	9
Space technology.....	25	12	32
Supporting activities.....	142	143	150
Research and program management.....	307	303	285
Total, conduct of research, budget plan.....	3,161	2,584	2,329
Total, conduct of research, obligations.....	(3,087)	(2,700)	(2,329)
Research and development facilities, budget plan.....	34	36	58
Research and development facilities, obligations.....	(65)	(105)	(58)
Total budget plan.....	4,640	3,878	3,878
Total obligations.....	4,520	4,213	3,878

HEALTH, EDUCATION, AND WELFARE

Obligations by the Department of Health, Education, and Welfare for research and development, including facilities, will decrease by \$36 million to a level of \$1,339 million in 1970. The decrease reflects a decline in obligations for new research and development facilities.

Major biomedical research and development efforts will continue to be concentrated on mental illness and on cardiovascular disease and cancer. Other biomedical research and development that will receive particular emphasis include research into blinding eye diseases and visual disorders by the newly created National Eye Institute, research in the area of family planning and fertility control, and the development of vaccines against diseases such as rubella (German measles). In addition, emphasis in 1970 will be placed on clinical trials of a new drug to aid victims of Parkinson's disease, on identification and control of the processes causing dental caries and periodontal disease, and on research related to the effects and control of air pollution.

Research on education will emphasize educational problems of minority groups. In addition, there will be increases for basic research in reading processes, learning, and motivation. Major development efforts will include work on secondary school curricula and on the use of television for early childhood education.

ATOMIC ENERGY COMMISSION

The research and development programs of the Atomic Energy Commission will account for about 67% of the total outlays of the Commission in 1970. Operating costs for the conduct of research and development will total \$1,429 million and, in addition, \$293 million will be spent for research and development related construction and equipment.

The Atomic Energy Commission's research programs will increase by \$16 million, about 4%, in 1970. More than \$11 million of this increase is for research in the physical sciences, including nuclear and elementary particle physics; controlled thermonuclear research; and research in those aspects of chemistry, metallurgy, and mathematics of particular importance to nuclear science and technology. The remainder of the increase in 1970 will be for research in the biomedical sciences and weapons and safeguards activities.

The Atomic Energy Commission's development programs comprise such activities as the design and testing of nuclear weapons, the development of improved reactors, and the development of peaceful uses of radioisotopes and nuclear explosives. For the most part, these activities will continue in 1970 at essentially the 1969 level. The major exception is in the weapons program, where expenditures will decrease \$32 million in 1970. This reflects the phasing down of work at the supplemental test sites in accordance with previous plans.

Within the reactor development program, emphasis will continue on development of a liquid metal fast breeder reactor which is expected to produce more fissionable fuel than it consumes in the process of producing power. The reactor development program includes other efforts to develop improved types of nuclear power reactors, compact nuclear electric power sources for space and terrestrial applications, and reactors for naval and space propulsion.

The Atomic Energy Commission's 1970 budget for research and development facilities provides for expenditures of \$20 million and obligations of \$102 million for construction of the 200 Bev accelerator. This facility, which will perform basic research on the frontiers of elementary particle (high energy) physics, will have a total design and construction cost of \$250 million excluding supporting research equipment.

Also included in the construction program of the Atomic Energy Commission for 1970 are expenditures for continuation of several other major projects initiated in previous years: The Los Alamos Meson Physics Facility, a high-intensity proton accelerator for basic research in medium energy physics; the Fast Flux Test Facility, a test reactor for the fast breeder reactor program; a nuclear safety engineering test facility; and various support facilities for the liquid metal fast breeder reactor program.

Table Q-7. ATOMIC ENERGY COMMISSION—RESEARCH AND DEVELOPMENT (in millions of dollars)

Program	1968 actual	1969 estimate	1970 estimate
Conduct of research:			
Weapons.....	48	55	57
Physical research.....	265	275	286
Biology and medicine.....	86	87	89
Other programs.....	3	4	5
Total, conduct of research, expenditures.....	402	421	437
Conduct of development:			
Production of special nuclear materials.....	24	26	27
Weapons.....	425	511	479
Reactor development.....	491	455	462
Plowshare.....	18	14	14
Other programs.....	9	9	10
Total, conduct of development, expenditures.....	967	1,015	992
Research and development facilities, expenditures.....	224	232	293
Total expenditures.....	1,593	1,668	1,722

NATIONAL SCIENCE FOUNDATION

Total obligations of the National Science Foundation for research and research facilities will increase from \$286 million in 1969 to \$352 million in 1970. Increases in project grants will permit the Foundation to expand its support of fundamental environmental studies through the Global Atmospheric and International Biological Programs and to finance applied, multidisciplinary research in these and other areas of national concern. An increase is also included for modifications to the 1,000-foot radio astronomy instrument at the Arecibo (Puerto Rico) Ionospheric Observatory which will substantially enhance the usefulness of that instrument to the scientific community.

DEPARTMENT OF AGRICULTURE

Obligations of the Department of Agriculture for research and development, including facilities, will increase from \$281 million in 1969 to \$290 million in 1970. Particular emphasis will be given in 1970 to research on diets and nutrition, on means for increasing timber production, and on airborne remote sensing devices for the collection of information on crop and harvest conditions. In addition, there are increases for research on reducing pollution from animal wastes, plant nutrients, and pesticides.

DEPARTMENT OF THE INTERIOR

Obligations of the Department of the Interior for research and development, including facilities, will decrease from the 1969 level of \$252 million to \$237 million in 1970, reflecting reduced funding for

new facilities. Program emphasis in 1970 will include research to increase the safety of coal mining by control of highly explosive methane liberated during the mining process.

The Department of the Interior will support in 1970 a new cooperative program of research on underground electric power transmission in collaboration with private and public organizations and with other Federal agencies. Research and development will be continued on the water quality aspect of cleaning up spills of oil and other hazardous cargoes.

The Department will also conduct experiments using data to be collected by the NASA Earth Resources Technology Satellites to test the usefulness of satellite data in the management of natural resources.

DEPARTMENT OF TRANSPORTATION

Obligations of the Department of Transportation for research and development, including facilities, will increase from \$177 million in 1969 to \$246 million in 1970.

In the Office of the Secretary, obligations will increase from \$10 million in 1969 to \$25 million in 1970 for programs of broad applicability to the Nation's transportation problems, and for special programs such as hazardous materials and pipeline safety.

Within the Department's operating programs, the largest increase—from \$19 million in 1969 to \$45 million in 1970—is in the Urban Mass Transportation Administration. Its activity will be directed to developing, testing, and demonstrating new ideas, methods, and technology for improving mass transportation systems and services.

The Federal Highway Administration research and development program will increase from \$40 million in 1969 to \$57 million in 1970. The increase reflects further emphasis on automotive and highway safety and improved traffic systems.

The Coast Guard will obligate \$28 million for the support of research and development in 1970, \$9 million over its 1969 level. The increase is mainly for the national ocean data buoy system development project.

Research and development in the Federal Aviation Administration will increase from obligations of \$49 million in 1969 to \$59 million in 1970. Principal increases are for research on air traffic control and on noise abatement. The civil supersonic aircraft program is not included in this analysis.

The Federal Railroad Administration will obligate \$18 million in 1970 for research and development activities, a decrease of \$7 million below 1969 largely due to completion of the funding of two demonstrations projects (Washington to New York and Boston to New York). The FRA will expand its 1970 program to include a test facility for new high-speed ground vehicles and components.

COMMERCE

The Department of Commerce will obligate \$85 million for the conduct of research and development in 1970, an increase of \$3 million over 1969.

The Environmental Science Services Administration will strengthen its research in support of the World Weather Program, which will lead to more reliable and longer range weather forecasts. Additional effort will also be devoted to improvements in the detection and tracking of violent storms and automation of aeronautical charting production.

The National Bureau of Standards will expand efforts in materials measurements and standards, development of automatic data processing standards, building technology, and the dissemination of reference data. Major emphasis will be given to implementation of the Fire Research and Safety Act of 1968 and to the conduct of a study of the consequences of U.S. conversion to the metric system.

GOVERNMENT-WIDE MARINE SCIENCE AND SPACE PROGRAMS

MARINE SCIENCE

Obligations for marine science, technology, and related activities in 1970 in 11 agencies are expected to increase by 12% over 1969. Increases in 1970 are primarily in the Navy where obligations are expected to increase by \$36 million or 14% and are principally for the deep submergence program, operating costs of new oceanographic vessels, and increased capabilities for the mapping, charting, and geodesy programs. Civilian activities are expected to increase by 9%, principally for oceanographic research sponsored by NSF and research and development on advanced ships and systems in the Department of Commerce. In addition, \$9.8 million is planned in 1970 for the Coast Guard ocean data buoy development project which is designed to serve the needs of all agencies.

Table Q-8. FEDERAL MARINE SCIENCE, TECHNOLOGY AND RELATED ACTIVITIES¹ (in millions of dollars)

Department or agency	1968 actual	1969 estimate	1970 estimate
Defense.....	241	262	298
Interior.....	71	76	78
National Science Foundation.....	38	35	45
Commerce.....	34	33	41
Transportation.....	15	34	32
Atomic Energy Commission.....	14	10	11
State.....	7	7	7
Health, Education, and Welfare.....	6	7	7
Agency for International Development.....	3	3	5
Smithsonian Institution.....	2	2	2
National Aeronautics and Space Administration.....	2	2	2
Total obligations.....	432	472	528

¹ The definition of marine science and technology used in this table is considerably broader than research and development. Included are such diverse activities as mapping and charting, marine environmental observation and prediction, planning for and development of coastal areas for conservation and recreation, loans for promoting the expansion of fishing industries in developing countries, and contributions to international organizations engaged in ocean related activities. The figures in this table are not comparable to those shown for marine science and technology last year because of changes in definition and accounting.

SPACE

Budget authority and expenditures for total Federal space programs will decline in 1970, primarily because of the drop in annual costs of the Apollo manned lunar landing program.

The operational meteorological, communications, and navigation satellite systems of the Departments of Commerce and Defense are included in the space program totals although they are not included in the totals for research and development.

NASA programs are described on page 243 and table Q-6.

The estimates for the Department of Defense include satellite development and certain other amounts which contribute to the space effort, such as portions of missile development, range operations, and various supporting research, development, and operating costs. The table includes funds for the Manned Orbiting Laboratory; the communications, navigation, and nuclear detection satellite programs; the Titan III space booster; and supporting research and development.

For the Atomic Energy Commission, the table includes amounts for nuclear rocket propulsion technology and nuclear power sources for space applications, including production of isotopic fuels, and amounts for aerospace safety. The amounts shown for Commerce are primarily those related to the operation of the meteorological satellite system. The Interior and Agriculture funds support research on remote sensing of earth resources including participation in the multiagency Earth Resources Technology Satellite project. The amounts for the National Science Foundation are for research in astronomy using rockets and satellite-borne observation instruments.

Table Q-9. FEDERAL SPACE PROGRAMS (in millions of dollars)

Department or agency	Budget authority			Expenditures		
	1968 actual	1969 estimate	1970 estimate	1968 actual	1969 estimate	1970 estimate
National Aeronautics and Space Administration ¹	4,452	3,845	² 3,599	4,595	4,097	3,791
Defense.....	1,922	2,083	2,219	1,890	2,095	2,175
Atomic Energy Commission.....	145	117	105	146	117	108
Commerce.....	28	20	10	29	27	32
Interior.....	2	2	6	2	2	3
National Science Foundation.....	3	3	4	3	3	4
Agriculture.....	*	1	4	*	1	4
Total.....	6,553	6,071	5,946	6,667	6,343	6,116

*Less than \$500 thousand.

¹ Excludes amounts for aircraft technology.

² Excludes \$117 million in unobligated funds from prior years to be applied to the 1970 program.

HISTORICAL SUMMARY

The table below gives historical data on total research and development expenditures by major agency.

Table Q-10. EXPENDITURES FOR RESEARCH AND DEVELOPMENT,¹ 1954-70
(in millions of dollars)

Fiscal year	Department of Defense ²	NASA ³	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	1,284	512	105	403	10,373
1963.....	6,849	2,552	1,335	632	142	478	11,988
1964.....	7,517	4,171	1,505	793	190	519	14,694
1965.....	6,728	5,093	1,520	738	192	604	14,875
1966.....	6,735	5,933	1,462	879	225	768	16,002
1967.....	7,680	5,426	1,467	1,075	277	917	16,842
1968.....	8,148	4,724	1,593	1,250	315	835	16,865
1969 estimate.....	8,036	4,250	1,668	1,181	336	954	16,425
1970 estimate.....	8,254	3,950	1,721	1,321	348	1,106	16,700

¹ Including research and development facilities.

² Includes civil functions.

³ National Advisory Committee for Aeronautics prior to 1958.

PART 4

ANALYTIC PROGRAM
STRUCTURE

INTRODUCTION

Part 4, Special Analysis R provides a new look at the budgets of a number of the larger agencies, classified in terms of the program structures used for study and decisions in the agency Planning-Programing-Budgeting systems.

The program categories and subcategories contained in these program structures have been tailored to reflect the purposes and activities of each agency, and to suit its own presentation and decision-making needs; they are not, therefore, designed to make interagency comparisons. The use of similar wording or titles in the program structure of more than one agency is not necessarily indicative of comparable content across agency lines.

The program structures do not always conform to the organizational structure or appropriation pattern of an agency. This presentation, therefore, provides a different perspective from the view presented in Part 4 of the Budget, and cannot be directly interrelated with those data.

SPECIAL ANALYSIS R

SELECTED AGENCY BUDGETS BY PROGRAM CATEGORIES

The tabulations shown in this analysis reflect for 3 years—1968, 1969, and 1970—the programs of selected agencies as classified in the categories and subcategories used in the agency Planning-Programing-Budgeting (PPB) systems.

While program structures have hitherto been published for most of the major agencies, this is the first time that data on budget authority have been presented in these terms. Since all agencies have not reached an equal stage of PPB development, some executive agencies in the Federal Government are not covered in this analysis.

THE PPB SYSTEM IN THE FEDERAL GOVERNMENT

Installation of the Planning-Programing-Budgeting system on a Government-wide basis was initiated by the President in August 1965. PPB is an effort to promote more systematic use of modern management tools that have been demonstrated to be of value in Government. The PPB approach was employed to enable the Government agencies and the President to:

- Identify national goals with greater precision and determine which goals are the most urgent;
- Develop and analyze alternative means of reaching goals most efficiently;
- Provide information on the total long term systems cost of programs on a basis that can be related to the benefits derived from each program;
- Set out specific proposed plans for several years ahead to achieve stated objectives; and
- Permit better control over programs and budgets by strengthening measurement and analysis of program performance in relation to costs.

PROGRESS UNDER THE PLANNING-PROGRAMING-BUDGETING SYSTEM

While the impact of PPB is still of modest proportions in the civilian agencies, its effects are becoming evident.

- Most major agencies have created a PPB System to carry out the President's directive. Many of these agencies have dedicated staff resources specifically to the PPB process.
- These agencies, with only a few exceptions, have established end purpose-oriented PPB program structures, as illustrated in the tables, enabling them to classify their funds by major program categories and subcategories. These program structures were used, in varying degrees, in the decisionmaking process leading to the budgets for 1968, 1969, and 1970.
- Major program issues are being identified in advance of the time when budget decisions have to be made and subjected to systematic analysis.
- The introduction of PPB has provided an impetus toward increased use of formal analysis in the decisionmaking process. The development and consideration of alternatives has been

stepped up, both in the programming stage and at the budget decision stage. The emphasis on cost effectiveness analysis as part of the analytical effort has drawn attention to ways of achieving given objectives at least cost, or attaining maximum results from given outlays. Benefit/cost analysis, which had been previously practiced chiefly in the military agencies and the water resources field, is now underway on various programs in most major agencies of Government.

- As experience has been gained, the various elements of the PPB approach and the annual budget process gradually are being more effectively interrelated, so that the analytical results of PPB are playing a greater role in decisionmaking for the annual budget.

PROGRAM DISTRIBUTION OF BUDGET AUTHORITY

The following tables for each agency distribute budget authority by PPB program category and, in many cases, by subcategory. In preparing the 1970 budget, a substantial portion of the budget review process was carried out in these program structure terms. However, the budget is presented to and acted upon by Congress in terms of the appropriation structure as presented in the Budget Appendix. The amounts shown by program category and subcategory in this analysis are derived by distribution of the appropriation totals. This distribution is only as precise as the underlying agency accounting system permits. Statistical allocations have been used where necessary to distribute the appropriation amounts to the program structure.

Not all budgetary items are covered by the program structure. For example, adjustments to agency budget authority totals for proprietary receipts from the public are usually not related to the program structure. Each table, however, reconciles the total amounts shown in program structure terms to total budget authority for the agency—identifying items excluded from the program structure and any necessary adjustments.

Seventeen agencies are covered by this special analysis; they account for \$200.2 billion, or 95 percent of the total proposed budget authority of \$210.1 billion for 1970 for the entire Federal Government. The budget authority not covered in this analysis is largely accounted for by numerous smaller agencies, most of which have not been required to install a PPB system. Many of the agencies not included, however, are employing PPB techniques in varying degrees.

DEPARTMENT OF AGRICULTURE

The programs of the Department of Agriculture seek to provide an adequate supply of food, fiber, and timber; maintain farm income; improve the nutritional level and protect the health of the entire population; and promote the continuing development of rural areas. To achieve these goals the Department performs research, education, conservation, marketing, regulatory, domestic and foreign food aid, agricultural adjustment, credit, insurance, national forest management and rural development activities.

The program structure shown below consists of a set of subcategories representing the major missions of the Department. The subcategories are grouped under four major categories representing the broad unifying goals that provide a focus for the Department's program planning efforts, and one general support category.

Table R-1. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Income and abundance:			
Farm income.....	3,359.1	5,358.5	4,023.2
Agricultural production capacity.....	606.1	586.6	496.4
Agricultural marketing and distribution system.....	108.4	114.6	113.4
Category total.....	4,073.7	6,059.7	4,632.9
Growing nations—new markets:			
Food for Freedom.....	1,606.6	301.1	1,017.7
Export market development.....	79.9	88.8	28.1
Agricultural development.....	6.2	3.5	11.5
International agricultural services.....	7.2	7.4	7.5
Category total.....	1,699.9	400.9	1,064.8
Dimensions for living:			
Diets and nutrition.....	912.0	1,041.8	1,102.7
Health and safety.....	84.4	110.8	134.1
Education and training.....	21.7	22.5	23.5
Services for living.....	44.5	44.9	45.7
Category total.....	1,062.6	1,220.0	1,305.9
Communities of tomorrow:			
Community development services.....	29.1	31.0	40.0
Housing.....	253.0	29.7	62.6
Public facility and business expansion.....	430.2	354.6	371.6
Resource protection and environmental improvement.....	245.7	215.6	204.3
Recreation, wildlife, and natural beauty.....	60.7	63.6	67.9
Timber.....	326.6	333.4	337.3
Category total.....	1,345.3	1,027.8	1,083.8
General support:			
General administration.....	4.6	4.8	5.1
Program support.....	38.8	39.9	45.4
Category total.....	43.4	44.7	50.4
Total distributed to programs above.....	8,224.8	8,753.2	8,137.8
Deductions for offsetting receipts.....	-395.4	-415.1	-435.0
Total budget authority, Department of Agriculture.....	7,829.4	8,338.1	7,702.8

DEPARTMENT OF COMMERCE

The statutory functions of the Department of Commerce are to foster, promote, and develop the foreign and domestic commerce and the manufacturing and shipping industries of the United States. Related functions include the promotion of area and regional economic development and performance of Government scientific and technical activities. These programs are conducted in appropriate relation to the overall requirements of business and industry as well as to the broad social and economic objectives of the Nation.

The Department's functions are grouped into eight program categories as shown in the following table:

Table R-2. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Business development:			
International business development.....	16.4	20.0	28.5
Promotion of travel to the United States.....	3.0	4.5	6.0
Business assistance.....	7.8	8.3	8.7
Export control.....	5.4	5.5	5.5
Foreign direct investment control.....		3.7	4.7
Category total.....	32.5	41.9	53.4
Area and regional development:			
Areas.....	156.1	117.0	94.5
Districts.....	26.0	53.5	84.1
Urban areas.....	20.3	16.7	25.0
Special problem areas.....	17.9	18.4	18.7
Indian areas.....	18.4	30.0	31.5
Regional development.....	21.1	26.2	35.7
General administration.....	19.8	20.4	22.0
Category total.....	279.6	282.2	311.5
General purpose data production, analysis, and statistical services:			
Data production.....	34.1	42.8	167.4
National income and product accounts.....	2.9	3.1	3.3
Statistical assistance and services.....	2.6	3.0	3.0
Data processing equipment and systems development.....	4.2	.2	.2
Category total.....	43.9	49.1	174.0
Physical environment:			
Weather and marine forecasts and warning services.....	77.7	83.8	90.5
River and flood prediction and warning services.....	3.9	4.1	4.6
Earth description, mapping, and charting services.....	12.5	13.0	13.9
Marine description, mapping, and charting services.....	18.0	19.3	20.9
Telecommunications and space services.....	3.6	4.2	3.9
Environmental satellite services.....	30.6	22.5	12.3
Environmental data services.....	4.8	5.6	5.5
Research.....	13.6	13.3	13.8
Retired pay, commissioned officers.....	1.0	1.2	1.2
Category total.....	165.7	166.9	166.6
Physical measurements and standards program:			
Basic measurements and standards.....	11.0	13.1	14.2
Materials measurements and standards.....	15.8	17.5	18.7
Technological measurements and standards.....	5.0	5.8	7.2
Category total.....	31.7	36.4	40.0
Marine transportation:			
Active foreign trade capability.....	364.7	345.8	247.6
Research and development.....	9.4	6.9	11.3
Reserve capability for emergency needs.....	5.4	5.5	5.4
General support.....	14.8	14.2	15.8
Category total.....	394.3	372.4	280.0

Table R-2. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY—Con.
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Technology:			
Intellectual-industrial property protection.....	38.8	42.5	46.1
State technical services.....	6.5	5.3	5.8
Information dissemination.....	3.0	4.3	4.6
Innovation policy and encouragement.....	.2	.2	.2
Category total.....	48.6	52.4	56.8
General administration.....	4.7	5.2	5.8
Total distributed to programs above.....	1,000.9	1,006.4	1,088.1
Deductions for offsetting receipts.....	-26.3	-21.3	-21.8
Intragovernmental transactions.....	-4.7	-6.8	-5.7
Total budget authority, Department of Commerce.....	969.9	978.3	1,060.5

DEPARTMENT OF DEFENSE—MILITARY

The military programs of the Department of Defense provide for the security of the United States. Forces are grouped—regardless of the branch of military service—according to the national security missions or programs to be accomplished as shown below:

Table R-3. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category	1968 actual	1969 estimate	1970 estimate
Strategic forces.....	7,364.5	8,309.6	9,087.4
General purpose forces.....	31,124.3	29,606.0	29,856.3
Intelligence and communications.....	5,492.4	5,697.2	5,832.4
Airlift and sealift.....	1,813.0	1,402.0	1,889.2
Guard and Reserve forces.....	3,166.0	2,565.5	2,848.6
Research and development.....	4,395.4	4,598.0	5,500.3
Central supply and maintenance.....	8,175.4	8,662.8	8,848.8
Training, medical, and other general personnel activities.....	9,358.3	9,481.7	9,967.8
Administration and associated activities.....	1,292.1	1,404.3	1,407.3
Support to other nations.....	1,736.8	2,450.7	2,408.8
Retired pay.....	2,095.0	2,450.0	2,735.0
Total distributed to programs above.....	76,013.0	76,627.8	80,381.8
Undistributed nonprogram financing adjustments.....	415.5	-132.9	-144.3
Total budget authority, Department of Defense.....	76,428.5	76,494.9	80,237.5

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Department has responsibility for the administration of a broad range of Federal health, education, and welfare programs.

Its programs have been grouped into four program categories and an overall management category as shown in the table below. Each program category is further divided into subcategories according to major purpose.

Table R-4. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Education:			
Development of basic skills.....	2,389.0	2,289.3	2,179.0
Development of vocational and occupational skills.....	269.3	268.3	304.1
Development of academic and professional skills.....	1,330.9	966.2	1,020.7
Library and community development.....	87.9	86.8	96.0
General research (nonallocable research).....	25.7	25.6	31.1
General support.....	35.5	41.3	45.3
Category total.....	4,138.3	3,677.5	3,676.2
Health:			
Development of health resources.....	2,315.0	2,185.7	2,395.6
Prevention and control of health problems.....	457.1	480.8	480.5
Provision of health services.....	7,345.7	9,980.3	10,739.0
General support.....	48.5	54.9	64.4
Category total.....	10,166.5	12,701.8	13,679.4
Social and rehabilitation services:			
Improving individual capability for self-support.....	408.9	596.4	853.6
Improving the social functioning of individuals and families.....	225.7	321.5	399.2
General development of social and rehabilitation resources.....	114.6	127.9	132.6
General support.....	32.0	37.7	43.1
Category total.....	781.3	1,083.5	1,428.5
Income maintenance:			
Aged assistance.....	18,476.8	21,339.4	24,787.0
Disability assistance.....	3,207.0	4,196.6	4,842.6
Other individual and family support.....	7,755.5	9,500.6	10,769.6
General support and increasing knowledge.....	236.4	277.0	327.3
Category total.....	29,675.7	35,313.6	40,726.5
Executive direction and management (Office of the Secretary).....	24.0	25.0	35.2
Total distributed to programs above.....	44,785.8	52,801.5	59,545.8
Net deductions for interfund transactions and receipts from the public not distributed above.....	-97.5	-964.4	-522.3
Total budget authority, Department of Health, Education, and Welfare ¹	44,688.2	51,837.1	59,023.5

¹ While the budget authority for the Department of Health, Education, and Welfare agrees with that shown in the budget document, there may be minor differences in the distribution among categories and subcategories. These result from some differences in classification of budget authority. For example, emergency health in Part 3 is classified as National Defense and is therefore excluded from the health tally in Part 3. It has however been included in the budget authority shown above.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department has the responsibility for administering the principal Federal programs which provide assistance for housing and for the development of the Nation's communities; assisting the President in coordination of Federal activities which affect urban community, suburban, or metropolitan development; encouraging local and private solution of housing and urban development problems; promotion of interstate, regional, and metropolitan cooperation; and increasing the efficiency of the private homebuilding and mortgage lending industries. These activities are grouped below in five major program categories plus supporting services.

Table R-5. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Assuring decent housing for all Americans:			
Assuring an adequate supply of low- and moderate-income housing	3,148.3	1,300.8	746.2
Promoting the efficient functioning of private housing markets	1,062.9	296.5	2.5
Category total	4,211.2	1,597.3	748.7
Assuring adequate and efficient local public and private facilities and services	402.3	202.8	195.7
Improving the physical environment of urban communities	850.0	1,062.5	1,112.2
Improving the social environment of urban communities:			
Creating model neighborhoods in demonstration cities	212.0	312.5	750.0
Assuring equal opportunity in access to housing and other facilities		4.0	14.5
Category total	212.0	316.5	764.5
Improving management of community development activities:			
Improving governmental planning and executive management of community development	45.0	43.8	65.0
Improving urban information and technical assistance support to State and local governments	2.2		5.0
Additional education and training for efficient urban development and management	3.5	3.5	9.0
Category total	50.7	47.3	79.0
Improving management of departmental programs and resources:			
Research and demonstrations in urban technology	10.0	18.3	32.7
Provide executive direction and general support	50.1	57.0	74.1
Category total	60.1	75.3	106.8
Total distributed to programs above	5,786.3	3,301.7	3,006.9
Intragovernmental transactions and other adjustments, net	-.5	-58.5	
Total budget authority, Department of Housing and Urban Development	5,785.9	3,243.2	3,006.9

DEPARTMENT OF THE INTERIOR

The Department of the Interior is concerned with the management, conservation, and development of the Nation's water, energy, minerals, fish, wildlife, forest, and outdoor recreation resources. It also has major responsibilities for Indian and territorial affairs. The Department's functions are grouped into the following nine major program categories:

Table R-6. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category	1968 actual	1969 estimate	1970 estimate
Water supply and control.....	671.7	652.8	667.6
Energy production, distribution, and supply.....	218.3	209.5	223.6
Minerals exploration, production, and supply.....	42.0	40.2	41.6
Land-forage-timber.....	118.7	121.2	118.3
Aquatic living commercial resources.....	50.0	49.5	51.4
Recreation use and preservation.....	366.5	429.0	422.3
Indians.....	361.4	351.0	359.4
Territories.....	58.2	55.8	69.2
Other programs.....	85.6	93.8	97.5
Total distributed to programs above.....	1,972.4	2,002.9	2,050.8
Deductions for offsetting receipts.....	-1,518.1	-1,477.2	-1,568.2
Intragovernmental transactions.....	-38.9	-32.0	-----
Total budget authority, Department of the Interior.....	415.3	493.7	482.6

DEPARTMENT OF JUSTICE

The chief purposes of the Department of Justice are to provide means for the enforcement of the Federal laws, including those pertaining to immigration and naturalization; to furnish legal counsel in Federal cases; to construe the laws under which other departments act; and to provide assistance to States and localities in law enforcement. It conducts all suits in the Supreme Court in which the United States is concerned, supervises the Federal penal institutions, and investigates and detects violations against Federal laws. It represents the Government in legal matters generally, rendering legal advice and opinions, upon request, to the President and to the heads of the executive departments. The Attorney General supervises and directs the activities of the U.S. attorneys and marshals in the various judicial districts, and coordinates much of the Federal activity which seeks to assure civil rights. The Department's programs are grouped into 11 major categories as shown below.

Table R-7. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Reduction of crime:			
Organized crime.....	15.1	18.4	20.1
Interstate crime.....	45.4	50.9	52.5
Federal crime.....	62.8	67.5	69.2
Crime prevention.....	1.3	1.7	1.8
Category total.....	124.6	138.6	143.7
Law enforcement assistance:			
Improvement of State and local law enforcement planning.....	1.7	19.0	20.0
Improvement of State and local law enforcement operations.....	3.3	29.0	230.0
Research and development of devices, systems, and procedures.....	.3	3.0	22.8
Support to law enforcement personnel for education and training.....	25.0	36.4	49.8
General support.....	.5	2.2	3.8
Category total.....	30.7	89.6	326.3
Correction of offenders:			
Custody and physical security of offenders.....	12.3	12.1	14.2
Inmate care and maintenance and operation of institutions.....	38.3	37.5	49.1
Rehabilitation of offenders.....	14.1	13.7	17.1
Assistance to non-Federal correctional systems.....		.1	2.6
Research.....	.2	.4	1.1
General support.....	.9	.8	.9
Category total.....	65.8	64.6	84.9
Control of narcotics and dangerous drug abuse:			
Identification of dangerous drugs.....		.3	.4
Control of traffic in narcotics and dangerous drugs.....	6.0	16.5	20.7
Treatment of narcotics and dangerous drug offenders.....	.2	.9	3.3
Law enforcement assistance.....		.2	.4
Public education.....		.1	.4
Research.....	.4	.9	1.3
General support.....	.3	1.8	2.8
Category total.....	7.0	20.7	29.3
Internal security and governmental integrity:			
Integrity of Government personnel.....	19.6	21.6	22.3
Security of Government, Government programs, and Government property.....	1.2	1.3	1.3
Security of Government international affairs.....	.5	.6	.6
Identification, exposure, and control of subversive movements.....	26.2	28.2	28.9
General support.....	.1	.1	.1
Category total.....	47.6	51.7	53.2
Civil rights and community relations:			
Equal employment opportunity.....	1.7	2.0	2.1
Housing.....	.4	.9	1.2
Public education.....	1.2	1.4	1.6
Interference with civil rights.....	11.7	13.3	13.8
Voting.....	1.4	1.7	1.7
Federally assisted programs.....	.4	.4	.5
Public accommodations and facilities.....	.6	.2	.2
Community relations assistance.....	2.0	2.3	3.7
Category total.....	19.4	22.0	24.8

Table R-7. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY—Con.
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Competition in the American economy:			
Anticompetitive conduct.....	4.0	4.3	4.6
Anticompetitive market structures.....	3.2	3.5	3.7
Governmental intervention and influence.....	.9	1.0	1.1
Category total.....	8.2	8.8	9.4
Legal representation and advice to Federal officers and agencies:			
Integrity of the revenue system.....	7.1	7.6	8.1
Defense of monetary claims.....	5.6	6.2	6.6
Recovery of money owed the United States.....	5.1	5.9	6.4
Integrity of administrative action.....	4.1	4.6	5.0
Land acquisition.....	2.8	3.0	3.3
Protection and development of natural resources.....	1.2	1.4	1.6
Category total.....	25.8	28.7	30.9
Support of the Federal judicial system:			
Recommendations of judicial appointments.....	.1	.1	.1
Facilitation of litigation.....	17.0	18.4	19.8
Protection of the integrity of the judicial system.....	1.2	1.4	1.6
General support.....	1.1	1.2	1.3
Category total.....	19.5	21.0	22.8
Immigration and naturalization:			
Control of persons entering the United States.....	45.3	48.0	50.3
Control of aliens in the United States.....	25.4	26.0	27.1
Naturalization.....	4.5	4.9	5.0
Central information record.....	7.1	7.4	8.0
General support.....	4.6	4.9	5.0
Category total.....	87.0	91.3	95.4
General support:			
Executive direction.....	2.4	2.5	3.3
Personnel.....	.4	.5	.5
Information.....	.5	.7	.7
Administrative services.....	2.9	3.2	4.2
Category total.....	6.2	6.8	8.7
Total distributed to programs above.....	441.9	543.7	829.4
Deductions for offsetting receipts.....	-4.4	-4.6	-4.6
Total budget authority, Department of Justice.....	437.5	539.1	824.8

DEPARTMENT OF LABOR

The basic goals of the Department of Labor are to increase the employment and productive potential of the civilian labor force, particularly the disadvantaged; to minimize the effects of unemployment by providing income support; and to promote and protect the rights and interests of all Americans who are actual or potential members of the work force.

Programs to achieve these overall goals are carried out by the Department's constituent bureaus and other organizations under a variety of subgoals and objectives. At present, the Department's programs are grouped into six major program categories plus a general support category as follows:

Table R-8. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Manpower development assistance:			
Training.....	396.4	412.2	666.3
Special manpower programs.....	20.3	15.8	18.0
Work programs.....	13.0		
Research.....	5.0	5.0	5.2
Policy planning and evaluation.....	2.0	2.4	2.6
Comprehensive manpower program planning.....			34.0
Information.....	.1	.2	.8
Manpower management data systems.....	.8	.8	3.5
Administration.....	2.3	2.6	3.0
Category total.....	439.9	439.0	733.4
Employment assistance:			
Employment market information.....	18.0	20.3	21.1
Job development and placement services.....	145.6	143.9	149.2
Employability assistance.....	69.3	91.0	94.5
Civil rights compliance.....	1.1	.9	.9
Administration.....	80.8	86.3	90.3
Category total.....	314.9	342.4	356.0
Income maintenance:			
Unemployment insurance.....	93.0	154.5	116.9
Workmens compensation.....	61.4	69.5	60.9
Unemployment trust fund (excluding amounts distributed to other subcategories).....	3,461.8	3,407.9	3,716.2
Administration.....	13.6	20.7	21.2
Category total.....	3,629.9	3,652.6	3,915.2
Wage and labor standards:			
Wages and working conditions.....	23.3	25.3	25.3
Occupational fatalities and injuries.....	2.6	2.9	3.4
Utilization of women workers.....	.7	.7	.8
Research in the area of wage and labor standards.....	2.2	2.2	2.3
Administration.....	1.6	2.2	2.2
Category total.....	30.4	33.3	34.0
Labor-management relations:			
Administration of reporting and disclosure laws.....	6.6	6.8	6.9
Veterans reemployment rights.....	.8	1.0	1.2
Labor-management relations assistance.....	.3	.4	.4
Research and policy development.....	.3	.3	.3
Administration.....	.6	.6	.6
Category total.....	8.6	9.0	9.4

Table R-8. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY—Con.
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Data collection, analysis, and dissemination:			
Manpower and employment statistics.....	7.7	8.2	8.7
Prices and living conditions.....	3.5	3.6	3.7
Wages and industrial relations.....	3.5	3.6	3.7
Productivity, technology, and growth.....	1.2	1.4	1.4
Foreign labor and trade.....	.5	.5	.5
Field services.....	1.2	1.3	1.3
Administration.....	3.5	3.5	3.6
Revision of the Consumer Price Index.....			.6
Category total.....	21.0	22.0	23.5
General support:			
Executive direction and management.....	4.4	4.9	5.1
Legal services.....	4.8	5.2	5.1
International labor activities.....	1.3	1.4	1.4
Category total.....	10.6	11.4	11.6
Total distributed to programs above.....	4,455.3	4,509.7	5,083.1
Deductions for offsetting receipts.....	-3.2	-.6	-4.1
Pay supplemental and other separate transmittal.....		1.8	
Total budget authority, Department of Labor.....	4,452.1	4,510.9	5,079.0

POST OFFICE DEPARTMENT

The program structure of the Post Office Department is descriptive of the major functions involved in providing postal services from the acceptance of mail through delivery and the supporting activities required to maintain an effective service. Currently, the Department's functions are grouped into eight program categories as shown below.

Table R-9. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category	1968 actual	1969 estimate	1970 estimate
Direct services to mailers.....	1,273.8	1,400.2	1,438.7
Processing of mail.....	1,453.1	1,585.8	1,622.8
Delivery services.....	2,053.6	2,244.4	2,295.5
Transportation.....	602.9	630.0	645.0
Enforcing postal laws and regulations.....	24.9	28.2	32.0
Research, development, and engineering.....	22.1	34.0	50.0
Administrative postal support.....	441.2	522.7	576.2
Logistical postal support.....	764.2	899.1	1,095.9
Total distributed to programs above.....	6,635.8	7,344.4	7,756.2
Financing adjustments.....	61.9	-20.9	
Postal revenues.....	-5,505.3	-6,287.6	-7,006.4
Total budget authority, Post Office Department.....	1,192.4	1,036.0	749.8

DEPARTMENT OF TRANSPORTATION

The broad objectives of the Department of Transportation are to:

- Increase economic efficiency through improved transportation;
- Increase safety in transportation;
- Increase the benefits derived from the preservation and enhancement of environmental social values, when impacted by transportation; and
- Support other national objectives, such as national defense and scientific research.

The objectives of the specific programs of the Department are identical with, or in support of, these broad departmental objectives. The Department's programs are grouped into four major program categories plus a general support category as follows:

Table R-10. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Urban transportation:			
Highways.....	1,868.0	2,153.2	2,171.3
Urban mass transit.....		168.5	202.0
Category total.....	1,868.0	2,321.7	2,373.3
Interurban transportation:			
Highways.....	2,804.0	3,238.4	3,281.2
Rail.....	16.0	18.6	23.3
Air.....	679.7	829.3	1,156.8
Water.....	181.6	184.5	194.5
Intermodal.....	2.5	2.4	2.4
Category total.....	3,683.9	4,273.2	4,658.1
International transportation:			
Highways.....	5.0	2.0	
Air.....	143.9	1.4	1.4
Water.....	59.6	58.4	49.3
Category total.....	208.4	61.8	50.8
Other national interests:			
National security, boundaries, and treaties.....	93.7	90.7	89.1
Support of science.....	9.4	25.8	21.5
General transportation safety.....	153.5	141.1	177.7
Other highway programs.....	129.4	104.0	106.5
Category total.....	386.1	361.7	394.8
General support:			
Research and development.....	33.1	37.1	59.5
General highway planning.....	54.8	61.9	62.2
Administration.....	251.2	288.6	318.6
Coast Guard retired pay.....	48.2	52.4	55.7
Category total.....	387.3	440.1	496.1
Total distributed to programs above.....	6,533.7	7,458.5	7,973.0
Deductions for offsetting receipts.....	-19.7	-27.8	-20.4
Intragovernmental transactions.....	-15.1		
Total budget authority, Department of Transportation.....	6,498.9	7,430.7	7,952.6

DEPARTMENT OF THE TREASURY

The Treasury Department is responsible for the central fiscal operations of the Federal Government. The Treasury PPB system deals with the operating elements of the Department, which are funded mainly through annual appropriations but also receive a substantial amount of reimbursements and other miscellaneous funds.

The Department's functions are grouped into program categories as shown in the table. Not included in the PPB structure is interest on the public debt, which accounts for most of the budget authority for the Department, and several permanent appropriations which are aggregated in the adjusting entry in the table.

Table R-11. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Administration of Government finances:			
Public debt.....	55.9	58.5	61.0
Issuance, payment, and servicing of Government checks.....	37.9	43.9	44.9
General activities.....	4.8	4.6	4.5
Category total.....	98.6	107.0	110.4
Collection of revenue:			
Revenue accounting and processing.....	143.6	151.2	158.1
Taxpayer assistance and services.....	62.3	68.7	69.8
Delinquent accounts operation.....	78.4	85.6	89.4
Delinquent returns operation.....	22.4	23.2	28.8
Audit of tax returns.....	237.6	262.4	281.7
Tax fraud investigations—taxpayers in general.....	27.1	27.3	25.9
Taxpayer appeals.....	33.2	35.6	37.4
Alcohol and tobacco revenue and regulatory controls.....	16.0	18.0	19.8
Collection of customs duties.....	78.2	87.4	93.3
General activities.....	48.9	56.4	63.3
Category total.....	747.8	815.8	867.5
Manufacture and distribution of coins, currency, and other financial instruments.....	14.2	15.2	19.4
Special law enforcement:			
Tax fraud investigations—racketeer segment.....	9.5	14.9	17.2
Alcohol and firearms investigations.....	19.8	22.3	25.9
Other investigations.....	26.2	24.7	28.4
Security responsibilities.....	7.9	10.3	12.9
General activities.....	.1	.1	.1
Construction of facilities.....		.8	1.9
Category total.....	63.5	73.1	86.4
Policy determination and related activities.....	7.0	7.8	8.5
Total distributed to programs above.....	931.1	1,018.9	1,092.2
Items not included in the program structure:			
Interest on the public debt.....	14,573.0	16,000.0	16,800.0
Other appropriations not included in the program structure.....	312.7	303.0	278.4
Deductions for offsetting receipts.....	-1,077.2	-978.4	-1,115.2
Intragovernmental transactions.....	-82.0	-86.3	-81.4
Total budget authority, Treasury Department.....	14,657.6	16,257.2	16,974.0

ATOMIC ENERGY COMMISSION

The Atomic Energy Commission conducts a variety of production, research and development, and supporting activities to discharge its responsibilities for national defense and the peaceful applications of atomic energy. The agency's functions are grouped into eight major program categories, as follows:

Table R-12. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Procurement and production of source and special nuclear materials:			
Procurement of uranium concentrates	125.5	104.3	66.3
Production of special nuclear materials	360.4	371.1	361.5
Category total	485.8	475.4	427.8
Military applications:			
Nuclear weapons	886.8	1,139.4	950.4
Naval propulsion reactors	115.0	128.5	139.8
Category total	1,001.7	1,267.9	1,090.2
Development of space applications:			
Space propulsion	72.8	59.1	55.5
Space electric power	56.1	51.7	38.8
Category total	128.9	110.8	94.4
Development of central station nuclear power:			
Converter reactors	24.2	26.0	19.5
Advanced converter and low-gain breeder reactors	52.0	31.8	32.8
High-gain breeder reactors	84.5	163.2	116.6
Desalting applications	2.8	7.9	5.0
General research and development	3.4	3.0	2.8
Category total	166.9	231.9	176.7
Development of other civilian applications:			
Merchant ship propulsion reactors .....	.1	1.4	-----
Terrestrial electric power development	6.9	4.1	4.7
Isotopes development	8.3	8.5	8.1
Civilian applications of nuclear explosives	17.9	15.2	14.5
Category total	33.2	29.2	27.3

Table R-12. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY—Con.
(in millions of dollars)

	1967 actual	1968 estimate	1969 estimate
Basic research:			
High energy physics research.....	152.8	186.9	242.9
Other physical research.....	175.4	214.1	184.3
Biomedical research.....	93.2	101.9	97.9
Category total.....	421.4	502.9	525.1
Nuclear science and technology support:			
Supporting reactor development activities.....	114.2	154.2	130.2
Training, education, and information.....	18.0	17.9	17.4
Category total.....	132.2	172.1	147.6
General support:			
Program direction and administration.....	95.3	108.6	114.7
Community support.....	6.4	6.8	10.1
Security investigations.....	6.8	7.7	7.9
Cost of work for others.....	14.3	31.3	13.1
Construction planning and design.....	1.4	3.9	-----
Category total.....	124.2	158.3	145.8
Total distributed to programs above.....	2,494.3	2,948.5	2,634.9
Adjustments to budget authority, net.....	13.9	-377.7	-196.7
Total budget authority, Atomic Energy Commission.....	2,508.2	2,570.8	2,438.1

GENERAL SERVICES ADMINISTRATION

GSA provides, on a centralized basis where it is efficient to do so, a variety of goods and services for the agencies of Government. Among the things provided are: office and other building space, supplies, automatic data processing equipment, property and stockpile management, communications, motor transport, records management services, and other common services. It also operates the National Archives and presidential libraries.

GSA's PPB system groups these diversified activities into five basic program categories to facilitate analyses of costs and effectiveness. A sixth program category covers agency direction and a variety of support services.

Table R-13. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Facilities:			
Acquisition.....	163.6	94.3	114.7
Management.....	274.4	288.3	301.7
Service direction.....	1.5	1.5	1.6
Category total.....	439.5	384.1	418.0
Supply services:			
Provision of supplies.....	58.8	65.2	65.2
Supply management.....	1.1	1.2	1.2
Automated data management services.....	11.6	2.4	2.4
Service direction.....	1.9	2.0	2.0
Category total.....	73.5	70.9	70.8
Other property management and disposal services:			
Property management.....	13.5	13.3	14.4
Real property disposal.....	4.3	4.5	4.4
Personal property disposal.....	7.4	8.0	8.3
Program support.....	1.0	1.0	1.0
Service direction.....	.6	.6	.6
Category total.....	26.8	27.5	28.8
Transportation and communications services:			
Transportation (other than motor equipment).....	2.4	2.4	2.4
Motor equipment.....	.4	.4	.4
Communications.....	1.8	1.9	1.9
Public utilities.....	.1	.1	.1
Service direction.....	.7	.7	.7
Category total.....	5.4	5.5	5.5
Records services:			
Management.....	11.7	13.1	13.5
Archival services.....	4.8	5.9	7.0
Federal Register.....	.6	.6	.7
Service direction.....	.6	.7	.7
Category total.....	17.8	20.4	21.9
Agency direction and support services:			
Executive direction.....	1.8	1.9	1.9
Administrative operations.....	12.8	13.7	13.8
Allowances and services to former Presidents.....	.3	.3	.4
Presidential transition.....		.9	
Category total.....	14.9	16.8	16.2
Total distributed to programs above.....	577.8	525.2	561.3
Deductions for offsetting receipts.....	-196.8	-205.9	-273.9
Total budget authority, General Services Administration.....	381.0	319.3	287.4

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The principal statutory functions of NASA include conducting research for the solution of problems of flight within and outside the earth's atmosphere, conducting activities required for the exploration of space with manned and unmanned vehicles, and arranging for the most effective utilization of the scientific and engineering resources of the United States with other nations that are engaged in aeronautical and space activities for peaceful purposes.

These functions are reflected in the program structure shown below. The table shows the NASA budget authority distributed to the category level except for the general support category which is shown at the subcategory level.

Table R-14. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Extension of manned space flight capability	2,829.7	2,180.8	2,011.0
Lunar exploration.....	46.5	13.6	22.5
Planetary exploration.....	109.1	106.8	174.6
Astronomy.....	92.9	90.1	76.4
Space physics.....	73.9	64.4	62.0
Space biology.....	37.5	30.0	28.0
Space applications.....	110.3	105.0	148.6
Space technology.....	237.7	193.7	198.5
Aircraft technology.....	84.6	94.9	105.4
Supporting activities:			
Tracking and data acquisition.....	275.9	279.7	298.0
Other supporting activities.....	102.4	70.2	102.1
Research and program management.....	639.3	648.6	650.9
Total support activities.....	1,017.6	998.5	1,051.0
Total distributed to programs above.....	4,639.8	3,877.8	3,878.0
Financing adjustments.....	-51.0	117.2	-117.5
Deductions for offsetting receipts.....	-1.5	-2.9	-3.0
Total budget authority, National Aeronautics and Space Administration.....	4,587.3	3,992.1	3,757.5

VETERANS ADMINISTRATION

The Veterans Administration administers laws authorizing benefits for former members of the Armed Forces, and for their dependents and survivors. The agency's functions are grouped into six major program categories, as follows:

Table R-15. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Compensation for service-connected disabilities and death:			
Compensation for veterans disabilities	1,950.4	2,080.0	2,162.6
Compensation to survivors	515.6	525.2	532.4
Miscellaneous	16.3	10.2	10.3
Administrative support	37.7	40.7	44.6
Category total	2,520.1	2,656.1	2,749.9
Alleviation of financial needs of veterans and survivors not connected with military service:			
Veterans pensions	1,270.3	1,283.5	1,286.6
Survivors pensions	778.2	848.6	904.7
Burial allowances and related benefits	66.9	71.0	20.2
Administrative support	44.7	47.9	52.4
Category total	2,160.1	2,251.1	2,263.8
Educational and training assistance:			
Readjustment educational assistance to veterans	378.5	570.5	668.6
Rehabilitative training of disabled veterans	22.8	31.0	37.9
Educational assistance to children of deceased and disabled veterans	33.2	37.2	37.6
Administrative support	38.5	45.8	46.6
Educational assistance to wives and widows		1.4	17.4
Category total	473.0	685.8	808.1
Housing and other credit assistance:			
Credit assistance for homes, farms, and businesses	149.0		
Servicing and management of loans and properties	701.6	9.5	5.7
Administrative support	38.7	40.6	43.3
Category total	889.3	50.1	49.1
Insurance:			
Veterans life insurance trust funds	744.7	754.3	760.4
Veterans life insurance revolving funds	1.6	4.3	6.0
Administrative support	18.2	19.3	21.2
Category total	764.6	777.9	787.5
Health services:			
Direct medical care	1,280.3	1,369.1	1,427.5
Medical and prosthetic research	45.9	48.1	59.7
Research and development in health services	4.9	5.0	4.8
Education and training	64.1	79.1	96.1
Medical support and miscellaneous services	41.1	44.7	49.2
Construction of facilities	56.6	11.9	101.4
Category total	1,492.9	1,557.9	1,738.7
Total distributed to programs above	8,300.0	7,978.9	8,397.1
Deductions for offsetting receipts	-494.0	-483.9	-480.1
Intragovernmental transactions	-5.4	-6.0	-5.6
Total budget authority, Veterans Administration	7,800.7	7,489.1	7,911.4

NATIONAL SCIENCE FOUNDATION

The fundamental purpose of the National Science Foundation is to strengthen basic research and education in the sciences. The Foundation's activities are reflected in the program structure shown below.

Table R-16. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Support of scientific research:			
Scientific research project support.....	170.6	177.3	197.0
Specialized research facilities and equipment.....	18.9	7.0	15.0
National research programs.....	15.5	13.0	23.2
National research centers.....	31.5	25.7	25.7
Category total.....	236.5	223.0	260.9
National sea grant program.....	5.0	6.0	10.0
Computing activities in education and research.....	22.0	17.0	22.0
Institutional support for science.....	83.2	41.0	74.0
Science education support:			
Precollege education in science.....	54.7	49.0	48.8
Undergraduate education in science.....	21.5	20.0	20.5
Graduate education in science.....	48.7	47.1	48.2
Category total.....	124.8	116.1	117.5
Science information activities.....	14.4	11.0	14.0
International cooperative science activities.....	1.4	1.8	2.0
Planning and policy studies.....	2.4	2.5	2.9
Program development and management.....	15.4	16.6	17.0
Total distributed to programs above.....	505.2	435.0	520.3
Adjustments to budget authority, net.....	-10.2	-35.0	-20.3
Deductions for offsetting receipts.....	-3.5	-1.1	-1.1
Total budget authority, National Science Foundation.....	491.5	398.9	499.0

OFFICE OF ECONOMIC OPPORTUNITY

The Office of Economic Opportunity contributes to the national goal of eliminating poverty by aiding in the development of Federal antipoverty policies and programs and by administering or coordinating various antipoverty program efforts. Achievement of this goal involves the provision of opportunity for people and communities to help themselves through work, education, and training in a decent and dignified environment. Effort to reach these subgoals is carried out through activities under several major program categories, as shown in the table.

Table R-17. PROGRAM DISTRIBUTION OF BUDGET AUTHORITY
(in millions of dollars)

Program category and subcategory	1968 actual	1969 estimate	1970 estimate
Employment:			
Job training and work experience assistance.....	625.6	752.7	825.1
Other employment assistance.....	16.2	16.5	17.0
Category total.....	641.8	769.2	842.1
Individual and family improvement:			
Compensatory and other educational assistance.....	568.4	577.0	614.7
Health assistance.....	60.7	95.5	127.8
Other individual and family assistance.....	8.3	8.8	10.8
Category total.....	637.4	681.4	753.3
Community betterment:			
Resource mobilization assistance.....	293.5	294.8	312.2
Volunteer assistance.....	29.2	32.0	37.0
Housing assistance.....	11.9	14.1	24.4
Legal assistance.....	35.9	42.0	50.0
Loan assistance.....	17.0	6.0	12.0
Economic development assistance.....	21.6	23.9	48.0
Other community betterment assistance.....	62.1	66.1	72.0
Category total.....	471.2	478.9	555.6
Poverty research and evaluation.....	3.6	3.6	13.0
General support:			
Executive direction and administration.....	11.9	12.5	12.6
Coordination and other.....	1.5	2.5	3.4
Category total.....	13.4	15.0	16.0
Total distributed to programs above.....	1,767.4	1,948.0	2,180.0
Deductions for offsetting receipts.....	-.5	-.5	-.5
Total budget authority, Office of Economic Opportunity...	1,766.8	1,947.5	2,179.5

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