

THE BUDGET
OF THE
UNITED STATES GOVERNMENT
FOR THE FISCAL YEAR ENDING JUNE 30
1966



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A NOTE ON THE FORMAT OF THE BUDGET

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

Additional information used by the Appropriations Committees of the Congress, and reference materials useful to those concerned with details, will be found in a further volume, entitled *The Budget of the United States Government—Appendix*. The *Appendix* contains the text of appropriation language, schedules, and narrative statements of program and performance for the individual appropriations and funds. It also contains those supplementary schedules required by law with respect to details of personnel compensation.

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

Budget documents for the fiscal year 1966, available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. (Paper covers only.)

1. The Budget of the United States Government, 1966 (\$1.75).
2. The Budget of the United States Government, 1966—Appendix (\$6.25).
3. The Budget of the United States Government, 1966—The District of Columbia (40 cents).
4. The Budget in Brief, 1966 (30 cents).

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GENERAL NOTES

1. The estimates in the budget cover requirements under existing legislation and under legislation which is proposed for enactment by the Congress.
2. Unless otherwise indicated, all references to years in this volume are to fiscal years ending June 30.
3. Details in the tables and charts may not add to the totals because of rounding.
4. Pursuant to Public Law 88-638, approved October 8, 1964, the Food for Peace program authorized by Public Law 83-480 is treated in this budget as part of the International Affairs and Finance function. In prior budgets, sales of agricultural commodities under titles I and IV of Public Law 83-480 were included in the function Agriculture and Agricultural Resources.

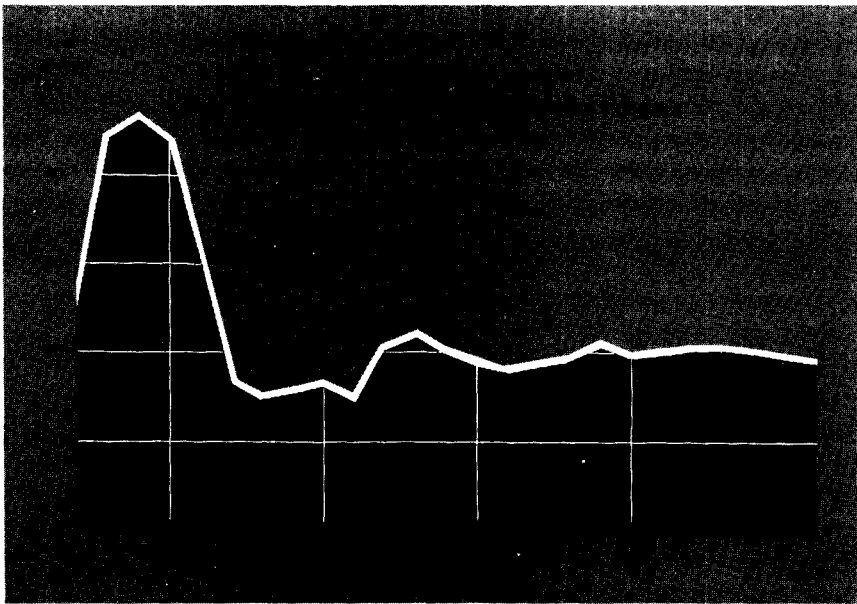
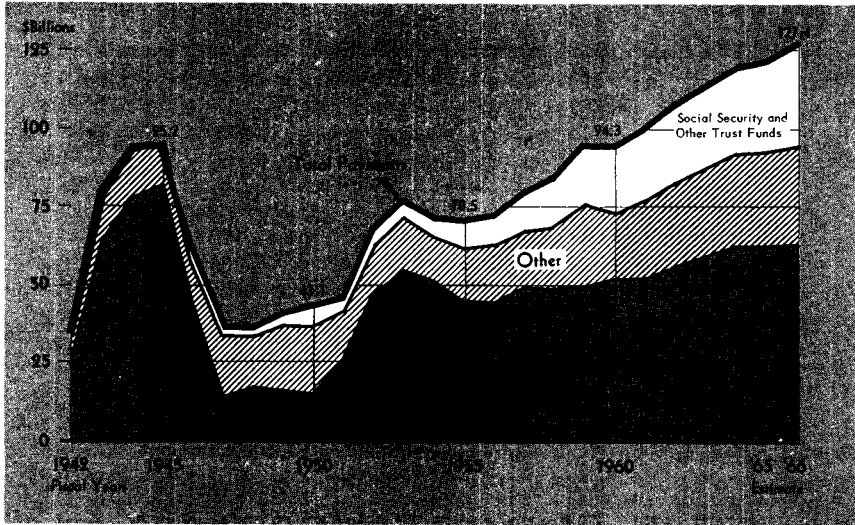
PART 1

THE BUDGET MESSAGE

OF THE

PRESIDENT

Composition of Federal Payments



BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

I am presenting to you today the budget of the United States for the fiscal year 1966.

A budget is a plan of action. It defines our goals, charts our courses, and outlines our expectations. It reflects hard decisions and difficult choices. This budget is no exception.

It is a budget of priorities. It provides for what we must do, but not for all we would like to do.

It is a budget of both opportunity and sacrifice. It begins to grasp the opportunities of the Great Society. It is restrained by the sacrifices we must continue to make in order to keep our defenses strong and flexible.

This budget provides reasonably for our needs. It is not extravagant. Neither is it miserly.

It stands on five basic principles:

- Government fiscal policies must promote national strength, economic progress, and individual opportunity.
- Our tax system must continue to be made less burdensome, more equitable, and more conducive to continued economic expansion.
- The Great Society must be a *bold* society. It must not fear to meet new challenges. It must not fail to seize new opportunities.
- The Great Society must be a *compassionate* society. It must always be responsive to human needs.
- The Great Society must be an *efficient* society. Less urgent programs must give way to make room for higher priority needs. And each program, old and new, must be conducted with maximum efficiency, economy, and productivity.

The major features of the 1966 budget translate these principles into action.

First, excise taxes are substantially reduced. Social security benefits, including hospital insurance, are increased. These are combined with other expenditure increases to yield an overall fiscal policy designed to maintain our steady economic expansion.

Second, the budget supports a massive defense establishment of steadily growing power, within reduced outlays.

Third, our international and space programs are being advanced at a satisfactory rate, but with smaller increases than in earlier years.

Fourth, expanded programs and higher expenditures are proposed to:

- Provide better and more education for our children.
- Extend the war against poverty.
- Promote advances in the Nation's health.
- Improve conditions in the urban areas where most of us live.
- Help the Appalachian region lift itself out of its present depressed condition.
- Strengthen our social security protection.
- Increase economic opportunities in rural communities.
- Encourage sound use of our natural resources.
- Conserve natural beauty in our land.

Fifth, a large part of the funds for needed program expansion has come from savings, reductions, and economies in other parts of the budget.

FISCAL POLICY

This budget recognizes that a growing economy is needed to promote national strength and progress. It is also needed to move us toward a balanced budget. When the economy slows down, Federal revenues fall and spending tends to increase. The result is larger, not smaller, budget deficits.

Nearly 4 years ago, this Nation began its fourth postwar economic expansion. With the help of last year's income tax reduction—the largest and most comprehensive ever enacted—this expansion has already outlasted each of the previous three postwar recoveries.

During the past 4 years, the Nation's real output of goods and services—the gross national product—has grown at an average rate of about 5% per year.

New highs have been achieved in employment, income, and profits. Unemployment has been reduced. Price stability has been maintained.

This is a creditable record of achievement. And we look forward to continued growth in the year ahead. The Nation's output in calendar year 1965 is expected to reach \$660 billion, plus or minus \$5 billion.

Nevertheless, we must keep in mind that our economy is still producing at a level well below its potential. Nearly 4 million people are out of work. The unemployment rate is still nearly 5%. Plants and machines are standing idle while human wants and needs go unmet. An estimated 35 million people continue to live in poverty.

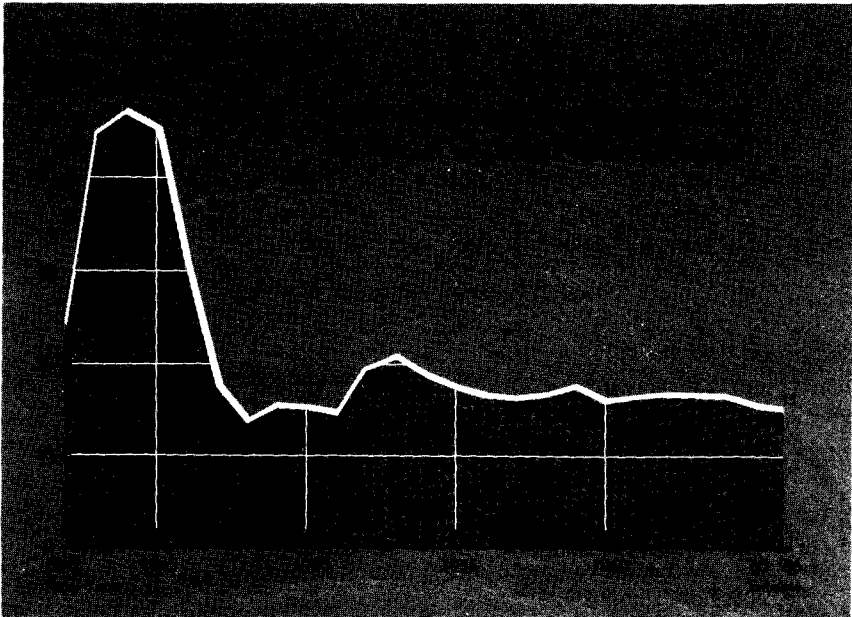
We cannot substitute last year's achievements for next year's goals; nor can we meet next year's challenge with last year's budget.

The revenue and expenditure proposals presented in the 1966 budget are carefully designed to promote continued economic expansion and improved economic opportunities.

This budget takes into account the need to reduce the Nation's balance of payments deficit. During the last calendar year, the deficit showed a significant decline. To help insure continued improvement, I will intensify efforts to carry out Federal activities with the least possible burden on our balance of payments.

BUDGET SUMMARY

Administrative budget.—In preparing this budget, I have applied exacting tests of efficiency and necessity to all proposed expenditures. As a result, total administrative budget expenditures are being held to \$99.7 billion in 1966. Although expenditures will rise by a relatively small amount, they will decline as a percent of the gross national product—to less than 15%, the lowest ratio achieved in 15 years.



Administrative budget receipts are expected to increase in 1966 to \$94.4 billion. This is \$3.2 billion over the estimated level for 1965. This increase reflects the economic growth anticipated in calendar year 1965. It also takes into account the revenue losses from proposed excise tax changes and from the second stage of income tax cuts enacted last year.

The resulting 1966 administrative budget deficit of \$5.3 billion is \$1 billion lower than the 1965 deficit, marking continued progress toward a balanced budget.

As our population increases, as science and technology change our methods of doing things, as our wants multiply with the growth in our incomes, and as urbanization creates new problems, there is growing need for more public and private services. It is evident that unless defense needs should decline substantially, Government expenditures will continue to rise over the long run.

At the same time, we have good reason to expect that Government expenditures in the years ahead will grow more slowly than the gross national product, so that the ratio of Federal spending to our total output will continue to decline.

The expenditures proposed in this budget reflect a careful balancing of national goals against budgetary costs. The budget I now present will, in my judgment, carry out the responsibilities of the Federal Government efficiently and wisely. It was constructed on that basis alone.

My budgets for both 1965 and 1966 have provided for major increases in areas of high national priority—particularly education, health, aid to the needy, housing, and the war on poverty. Also, for these 2 consecutive years, careful pruning of less urgent programs and vigorous cost reduction efforts have, on balance, resulted in lower expenditures in other major sectors of the budget. The application of these strict policies of priority and frugality is evident in the modest growth in administrative budget expenditures.

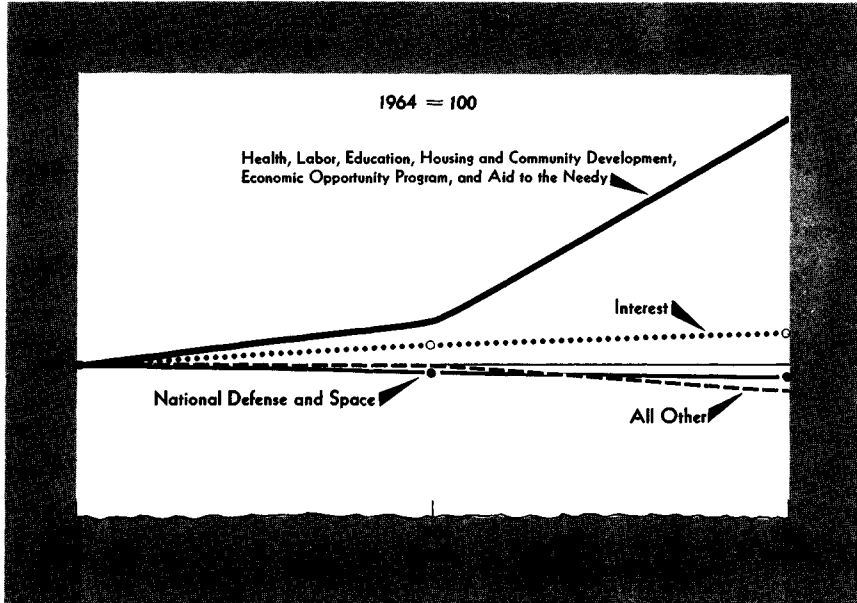
THE CHANGING FEDERAL BUDGET

[Fiscal years. In billions]

Description	Administrative budget expenditures				
	1964 actual	Change, 1964 to 1965	1965 estimate	Change, 1965 to 1966	1966 estimate
National defense and space.....	\$58.4	-\$1.3	\$57.1	-\$0.4	\$56.7
Interest.....	10.8	+5	11.3	+3	11.6
Health, labor, education, housing and community development, economic opportunity program, and aid to the needy.....	6.7	+7	7.4	+3.6	11.0
All other.....	21.8	-.1	21.7	-1.3	20.4
Total, administrative budget.....	97.7	-.2	97.5	+2.2	99.7

Consolidated cash statement.—The administrative budget is based on a definition of Federal spending which excludes such important Federal activities as social security and highway construction that are financed through trust funds. A more comprehensive measure of the Government's finances is the consolidated cash budget which covers all of the Government's programs.

Expenditure Changes 1964-1966



On the consolidated cash basis, total payments to the public are estimated at \$127.4 billion in 1966. Total receipts from the public are estimated at \$123.5 billion, resulting in a net excess of payments of \$3.9 billion. The estimated increase of \$6.0 billion in cash payments in 1966 over 1965 is mostly in trust funds which are financed by special taxes.

About \$9.5 billion of the nondefense payments recommended in this budget—almost $2\frac{1}{2}$ times the size of the entire cash deficit—represent an investment in physical and financial assets which will provide benefits to the Nation for many years to come. These payments are made for Federal civil public works, equipment, and loans as well as for highways, hospitals, and other State, local, and private assets.

Federal sector, national income accounts.—Another measure of Federal finance which includes trust funds emphasizes the direct impact of Government fiscal activities on the economy. This measure is based on the national income accounts. Under this concept, Federal fiscal data are estimated on an accrual rather than a cash basis. Purely financial transactions—such as loans—which do not *directly* affect production or income are excluded. On this basis, the deficit for 1966 is estimated at \$6.0 billion.

SUMMARY OF FEDERAL RECEIPTS AND PAYMENTS

[Fiscal years. In billions]

Description	1964 actual	1965 estimate	1966 estimate
FEDERAL RECEIPTS			
Administrative budget receipts.....	\$89.5	\$91.2	\$94.4
Trust fund receipts.....	30.3	30.5	33.6
Deduct: Intragovernmental transactions.....	4.3	4.3	4.5
Total cash receipts from the public.....	115.5	117.4	123.5
Add: Adjustment from cash to accrual basis.....	-.7	-.9	-1.8
Deduct: Receipts from loans, property sales, and other adjustments.....	.2	.5	.7
National income account receipts—Federal sector.....	114.7	116.0	121.0
FEDERAL PAYMENTS			
Administrative budget expenditures.....	97.7	97.5	99.7
Trust fund expenditures (including Government-sponsored enterprises).....	28.9	29.0	32.9
Deduct: Intragovernmental transactions and other adjustments.....	6.2	5.1	5.2
Total cash payments to the public.....	120.3	121.4	127.4
Add: Adjustment from cash to accrual basis.....	1.8	1.7	1.1
Deduct: Disbursements for loans, land purchases, and other adjustments.....	3.6	2.1	1.5
National income account expenditures—Federal sector.....	118.5	121.0	127.0
EXCESS OF RECEIPTS (+) OR PAYMENTS (-)			
Administrative budget.....	-8.2	-6.3	-5.3
Receipts from and payments to the public.....	-4.8	-4.0	-3.9
National income accounts—Federal sector.....	-3.9	-5.0	-6.0

Federal expenditures as measured by the national income accounts are estimated to rise by \$6.0 billion in 1966. This increase—covering both purchases of goods and services and other types of payments—will provide a strong stimulus for continued economic growth.

FEDERAL REVENUES

The Revenue Act of 1964 has played a major role in widening and strengthening our prosperity. At the beginning of this month, the second stage of the rate reductions provided under the Act became effective. In total, last year's tax law will decrease consumer and

RECEIPTS FROM THE PUBLIC

[Fiscal years. In billions]

Source	1964 actual	1965 estimate	1966 estimate
Administrative budget receipts:			
Individual income taxes.....	\$48.7	\$47.0	\$48.2
Corporation income taxes.....	23.5	25.6	27.6
Excise taxes.....	10.2	10.7	9.8
Other.....	7.1	7.9	8.8
Total administrative budget receipts.....	89.5	91.2	94.4
Trust fund receipts:			
Employment taxes.....	16.8	16.7	18.7
Deposits by States, unemployment insurance.....	3.0	3.0	2.9
Excise taxes.....	3.5	3.6	4.0
Federal employee and agency payments for retirement.....	2.0	2.2	2.2
Interest on trust fund investments.....	1.6	1.7	1.9
Veterans life insurance premiums.....	.5	.5	.5
Other.....	2.8	2.8	3.5
Total trust fund receipts.....	30.3	30.5	33.6
Intragovernmental transactions (deduct).....	4.3	4.3	4.5
Total receipts from the public.....	115.5	117.4	123.5

business tax liabilities by about \$14 billion in the current calendar year.

With this substantial change in income taxes completed, it is now appropriate to revise and adjust *excise taxes* as well. Some of the present excises are costly and inefficient to administer. Some impose onerous recordkeeping burdens on small business. Some distort consumer choices as among different kinds of goods.

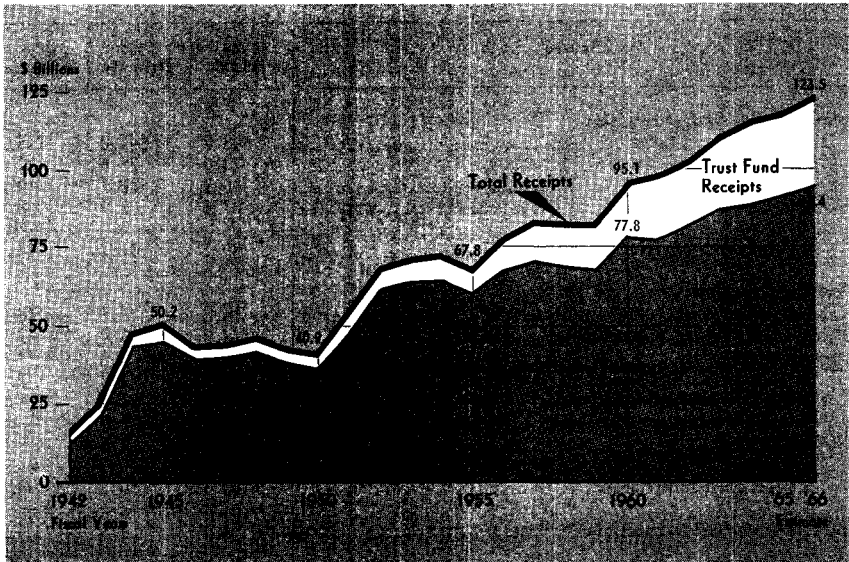
Within the revenue requirements for continued progress toward a balanced budget, I believe it is vital that we correct the most pressing of these deficiencies this year. I plan to transmit to the Congress recommendations to repeal some excise taxes and reduce others. In addition to improving the tax system, the recommended changes will increase purchasing power and stimulate further growth in the economy.

These changes should become effective July 1, 1965. They will reduce tax liabilities on a full-year basis by \$1.75 billion. Revenues collected by the Treasury in 1966 will be reduced by \$1.5 billion.

My *other major revenue proposals* this year involve important activities financed through trust funds.

I am recommending prompt enactment of a hospital insurance program for elderly persons, who are finding hospital and medical costs far greater than their ability to pay. This program should be

Federal Receipts



self-financing, with a combined employer-employee payroll contribution of 0.6% on the first \$5,600 of income to start in calendar year 1966.

I am also recommending an increase from \$4,800 to \$5,600 in the wage base on which social security taxes are paid. This would take effect on January 1, 1966, and would be coupled with a smaller increase in the payroll tax than is scheduled at that date under existing law. These changes will provide the funds for the needed increases being proposed in old-age, survivors, and disability insurance benefits.

While I am recommending reductions in certain excise taxes, I am also proposing increases in certain other excise taxes which are in the nature of *user charges*. The excise taxes for which I am recommending reduction or repeal are not associated with the provision of particular Government services. However, certain existing excises on transportation are in effect a charge for the use of facilities and services provided by the Government. In these cases, I am proposing changes in *user charges for transportation* so that different modes of transportation can compete on more equitable and efficient terms and users of special Government services will pay a greater share of the costs.

The estimated cost of completing the Interstate Highway System—which is financed by highway user taxes—has recently been increased by \$5.8 billion. To avoid serious delay in completing the system, while remaining on a pay-as-you-go basis, I will include in my excise tax proposals specific recommendations for increasing certain highway user charges.

In contrast to the users of the highways, the users of the airways and inland waterways bear considerably less than the full cost of the Government investments and services provided them. Accordingly, I am recommending increased or new taxes on aviation gasoline and jet fuels and a new tax on air freight for commercial aviation. Receipts from the existing 2-cent tax on aviation gasoline should be kept in the general fund rather than transferred to the highway trust fund, and the 5% ticket tax on air passengers should be made permanent. A fuel tax for inland waterway users is also being proposed.

I will continue to press for *other user charges* in Government programs where benefits are provided to specific, identifiable individuals and businesses. Fairness to all taxpayers demands that those who enjoy special benefits should bear a greater share of the costs. Legislation is needed for some of the charges, such as patent and meat inspection fees. In other instances, equitable user charges will be instituted through administrative action.

I will also present recommendations to correct certain abuses in the tax-exempt privileges enjoyed by private foundations.

NEW OBLIGATIONAL AUTHORITY

This budget includes new obligational authority for 1966 of \$106.4 billion in the administrative budget.

- \$93.5 billion of this requires congressional action this year.
- \$12.9 billion represents permanent authorizations that do not require further congressional action, mainly the appropriation for interest on the public debt.

Most of the \$34.5 billion in new obligational authority recommended for 1966 for trust funds represents revenues from special taxes which are automatically appropriated.

NEW OBLIGATIONAL AUTHORITY

[Fiscal years. In billions]

Description	1964 actual	1965 estimate	1966 estimate
Total authorizations requiring current action by Congress:			
Administrative budget funds.....	\$87.9	\$94.5	\$93.5
Trust funds.....	.4	1.4	.5
Total authorizations not requiring current action by Congress:			
Administrative budget funds.....	13.2	12.8	12.9
Trust funds.....	31.2	30.3	34.0
Total new obligational authority:			
Administrative budget funds.....	101.1	107.3	106.4
Trust funds.....	31.5	31.8	34.5

The 1965 estimate in the administrative budget includes \$6.0 billion of recommended supplemental authorizations. These authorizations will provide funds for several programs for which I am requesting immediate consideration and enactment—for example, housing activities and aid to Appalachia. The new obligational authority and related expenditures under these supplemental proposals are reflected fully in the estimates presented in this budget.

FEDERAL PROGRAMS AND EXPENDITURES

The soundness of a budget can only be judged by the merits of the programs it proposes and the levels of expenditure it recommends. For both old and new programs, merit turns on a weighing of benefits against costs. In constructing this budget, I have tried to apply this approach to the entire range of Government operations.

PAYMENTS TO THE PUBLIC

[Fiscal years. In billions]

Function	1964 actual	1965 estimate	1966 estimate
Administrative budget expenditures:			
National defense.....	\$54.2	\$52.2	\$51.6
International affairs and finance ¹	3.7	4.0	4.0
Of which Food for Peace.....	(1.7)	(1.7)	(1.7)
Space research and technology.....	4.2	4.9	5.1
Agriculture and agricultural resources (not including Food for Peace) ¹	5.6	4.5	3.9
Natural resources.....	2.5	2.7	2.7
Commerce and transportation.....	3.0	3.4	2.8
Housing and community development.....	-.1	-.3	*
Health, labor, and welfare.....	5.5	6.2	8.3
Education.....	1.3	1.5	2.7
Veterans benefits and services.....	5.5	5.4	4.6
Interest.....	10.8	11.3	11.6
General government.....	2.3	2.4	2.5
Allowance for Appalachia.....		*	.1
Allowance for contingencies.....		.1	.4
Interfund transactions (deduct).....	.7	.8	.6
Total administrative budget expenditures.....	97.7	97.5	99.7
Trust fund expenditures:			
Health, labor, and welfare.....	22.7	23.4	26.5
Commerce and transportation.....	3.5	3.9	3.7
National defense.....	.5	.8	1.0
Housing and community development.....	1.9	.2	.8
Veterans benefits and services.....	.7	.6	.5
All other.....	.1	.6	1.0
Interfund transactions (deduct).....	.5	.6	.6
Total trust fund expenditures.....	28.9	29.0	32.9
Intragovernmental transactions and other adjustments (deduct).....	6.2	5.1	5.2
Total payments to the public.....	120.3	121.4	127.4

*Less than \$50 million.

¹ See General Notes, page 4, item 4.

As the year unfolds, developments may occur which call for prompt action by the Government. This is particularly true in international affairs, in the civil supersonic aircraft program, and in moving ahead with the recommendations resulting from various studies and analyses I am requesting, such as that related to military and civilian pay.

Specific legislation and appropriations to meet such contingencies will be proposed as needed, but the amounts which may be required cannot now be estimated with any confidence. The budget therefore includes an allowance for contingencies of \$650 million in new obligational authority and \$400 million in expenditures. These amounts are larger than is customary. Their inclusion makes it clear that the budget totals are intended to provide adequately for meeting new needs that may arise or seizing new opportunities that may be presented.

Here are the highlights of my expenditure recommendations:

National defense.—We cannot afford second-best defense forces. Neither can we afford to be wasteful.

Our defense forces have reached new levels of strength. With the rapid strides made in the past 4 years and the future gains already scheduled, our powerful modern forces will be adequate to their tasks for years to come. In cooperation with our allies, we have now provided for:

- Forces able to deter nuclear attack.
- Forces able to counter conventional aggression and prevent the piecemeal erosion of the free world.
- Forces, in short, able to promote peace.

We still have improvements to make. We must maintain a strong research and development program to insure that our forces are always the most modern in the world.

The 1966 budget fully provides for these needs.

However, we are able to reduce our defense expenditures in 1966 because:

- The buildup of our forces which started in 1961 is nearly complete.
- The vigorous cost reduction program of the Department of Defense is producing large savings.
- Less effective and less economical forces are being retired or reduced as promptly as possible.

International affairs and finance.—We cannot achieve lasting world peace with armaments alone. Nor can greater worldwide prosperity be bought with money alone. These goals will be achieved only through the hard work, patience, understanding, and strength of men of good will everywhere.

Yet it is essential that we continue to put our best energies and some of our vast economic resources to work in solving the problems the world faces today. Prudent and careful expenditures for our international programs can help to keep men free, to promote understanding, and to substitute cooperation and negotiation for force in world affairs.

The 1966 budget calls for only a very modest increase in foreign economic assistance expenditures. With these funds, we will continue to concentrate our aid efforts in those less developed countries that are demonstrating the will and determination required to achieve political stability and economic growth.

We shall maintain our firm commitment to the Alliance for Progress—the focus of our efforts to achieve unity and understanding in this hemisphere. As an important part of this commitment, I recommend prompt action to permit our participation in the expansion of the Inter-American Development Bank.

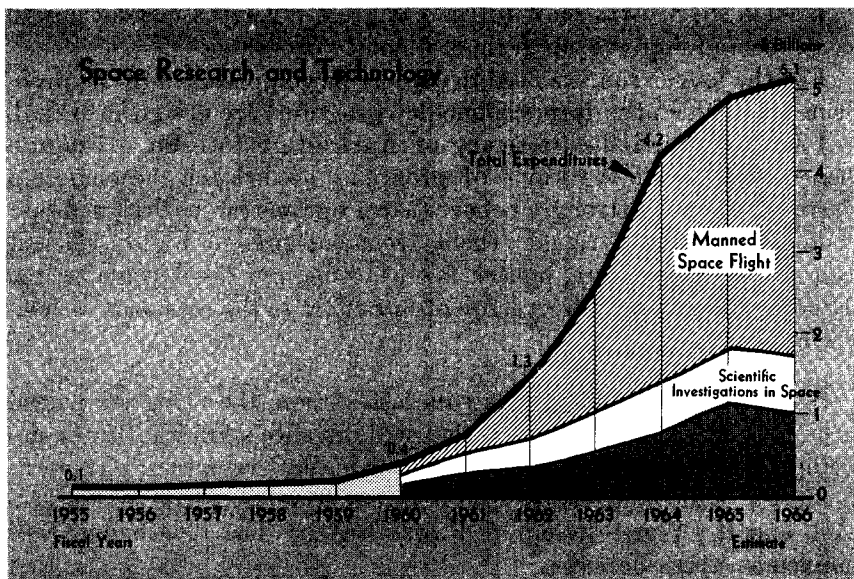
This budget also enables us to :

- Continue our participation in and support for the United Nations.
- Maintain an adequate and alert network of diplomatic posts around the world.
- Improve our overseas information activities, so that others may know us not just as a rich nation, but as a free and responsible nation as well.
- Expand the Peace Corps, by now a proven experiment in international cooperation.

In an important step to strengthen the free world's financial system, the members of the International Monetary Fund are considering an increase in quotas. Upon completion of these discussions, expected shortly, I shall recommend that the Congress authorize promptly the funds needed to provide the U.S. share of this increase.

Space research and technology.—This Nation has embarked on a bold program of space exploration and research which holds promise of rich rewards in many fields of American life. Our boldness is clearly indicated by the broad scope of our program and by our intent to send men to the moon within this decade.

The costs are high—as we knew they would be when we launched this effort. We have seen a rise in annual expenditures for the space program from less than one-half billion dollars in 1960 to over \$4 billion in 1964.



Expenditures are continuing to increase. However, we have built up momentum and are concentrating on our highest priority goals. Therefore, we will no longer need to increase space outlays by huge sums each year in order to meet our present objectives.

This budget proposes that expenditures increase by \$200 million in 1966 over 1965. This is the smallest annual increase since 1959. The new obligational authority requested is about the same as enacted for 1965.

Agriculture and agricultural resources.—The increased productive efficiency of our farms has contributed greatly to growth of the national economy. This efficiency, in turn, has contributed, along with our high per capita income, to making us the best-fed nation in the world, while men are leaving farms and entering other occupations.

However, because of lack of adequate employment opportunities, the rapidly declining need for people to operate our farms has also meant low incomes for all too many of our rural families. We must therefore find ways to help provide a greater share of our national prosperity for those rural families that do not farm or who can no longer look to farming as a sole source of income.

Progress toward this goal will be made both through broader programs to fight poverty and through programs specially aimed at increasing economic opportunities and improving living conditions for rural people. The latter include a proposal for an insured loan program which will help provide more and better housing in rural areas.

I shall shortly transmit to the Congress my recommendations to continue and improve our farm commodity programs.

For the longer run, we need to explore new approaches to the problems with which the farm commodity programs are designed to deal.

I have directed the Secretary of Agriculture to make a comprehensive review of the kinds of programs needed for the changing farm economy. I strongly believe that programs can be designed that will continue the national benefit from our present highly efficient commercial agriculture, bolster farm income, put less burden on the Federal budget, and direct more of our effort to the problems of low-income farmers.

Natural resources.—During its last session, the Congress passed a number of far-reaching laws that will advance significantly the development, conservation, and use of our natural resources. They include the Land and Water Conservation Fund Act, the Wilderness Act, and the Water Resources Research Act. The 1966 budget will implement these measures.

The budget also recommends the start of 37 new projects by the Corps of Engineers, 9 new projects by the Bureau of Reclamation, and 5 new projects by the Tennessee Valley Authority.

About two-thirds of the total expenditures for natural resources will be used to continue construction and operation of projects to provide water, control floods, improve navigation, and generate power.

Increased attention has been focused in recent years on the importance of the wise use and conservation of our water resources. Federal investment in water and related resources development has grown sharply—and is expected to grow further in the period ahead.

Urban, industrial, and recreational requirements for water have increased greatly in recent years and will continue to increase as our economy grows. The relative priorities of many historic water uses, including cropland, are changing. The implications of the changing needs for water resources programs and the most effective means of achieving our objectives are under intensified review to meet changing priorities.

The budget provides for a major expansion in research to develop improved technology for desalting water, including the use of nuclear energy. This program holds important promise in a world where water is a key to economic development and well-being.

I am also again recommending legislation to authorize river basin planning commissions and grants to States for planning the best use of water resources.

Nuclear energy will become increasingly important in meeting the rapidly growing demand for electric power. Power reactors must be improved, however, to make better use of nuclear fuel resources than

they do today, as well as to provide economical electricity. In 1966, the Atomic Energy Commission plans to join with non-Federal groups in the construction of two different advanced power reactors which incorporate substantial improvements over those now in use.

The Commission is also working toward the long-range objective of high-gain breeder reactors which produce significantly more fuel than they consume. These breeders would insure a tremendous energy source for centuries to come.

Commerce and transportation.—The vitality of the millions of privately owned businesses is essential to our continued economic development. The Federal Government will continue to provide extensive encouragement toward this end.

In the depressed areas of our Nation, we must create a constructive partnership between industry and government which will improve opportunities for new investment and new jobs.

I urge prompt congressional action to:

- Extend the program begun by the Area Redevelopment Act of 1961, now scheduled to expire on June 30, 1965.
- Amend the act so that Federal aids can be concentrated in areas of greatest need and can emphasize the most effective types of assistance.

If the Nation is to have a truly efficient system of transportation, we must revise the traditional Government programs of regulation and operating subsidies to place greater reliance upon the forces of free competition. My proposals for charging users of Government transportation services a greater share of the costs incurred on their behalf are consistent with this objective. In addition, my proposals for transportation will provide for greater emphasis on the recreational and scenic aspects of our road system.

To encourage long-overdue improvements in surface transportation in our densely populated regions, I will propose legislation to authorize a comprehensive program of technical research and development on high-speed, intercity surface transport. As a first step, we will begin demonstrations of possible improvements in existing rail passenger services in the Northeast Corridor of the Nation.

By increasing efficiency and productivity, the Post Office Department has been able to avoid a general increase in postal rates since calendar year 1962. Despite these efforts, however, significant postal deficits are now estimated in the current and future years. At my request, a panel of distinguished citizens will consider whether certain postal rates should be increased to bring them into line with postal costs.

Housing and community development.—The Federal Government's role in the Nation's huge annual investment in housing and community development is largely indirect. The Government insures savings and loan accounts and mortgages, encouraging private investment and making large direct Federal investments unnecessary. Today these insurance programs are involved in about half of the homes purchased or being built.

Yet, some direct Federal aid is, and will remain, necessary. This type of aid gives incentives to forward-looking communities, lenders and builders, and private citizens, who share the national concern over the unsatisfactory state of American cities.

In a message on housing and urban development, I will present my proposals for further extension of the Federal-local-private partnership in meeting city problems. Revitalized Federal leadership through a new Department of Housing and Urban Development will be coupled with increased emphasis on comprehensive local planning.

Federal financial assistance will be offered to:

- Support the neighborhood facilities needed to serve the city's people.
- Increase the supply of low and moderate income housing.
- Continue the attack on urban blight.
- Encourage better standards of development and more adequate public facilities at the growing urban fringe.

No recent step in improving the prospects for future urban development has been more significant than the enactment of the Urban Mass Transportation Act of 1964. To extend similar opportunities to the local communities of the National Capital region, I urge authorization of the special Federal assistance required to provide the nucleus of an adequate system of high-speed urban transportation for this area.

Health, labor, and welfare.—The Economic Opportunity Act of 1964 rededicated the Nation to a vigorous attack on the causes of the poverty which grips one-fifth of our population—including 15 million children. Our objective is to mobilize local, State, and Federal resources in a coordinated effort to assist the poor—especially children and youth—to achieve a better life.

The 1966 budget provides for almost doubling the new obligational authority and quadrupling the expenditures for this effort. These funds will:

- Support 300 urban and rural community action programs.

- Provide work opportunities, remedial education, and vocational training for 330,000 youths in the Job Corps and the Neighborhood Youth Corps.
- Provide work-study opportunities for 100,000 needy college students and work experience for 110,000 unemployed adults.
- Support the Volunteers in Service to America (VISTA); finance literacy training for adults; and assist migrant workers, farmers, and other low-income rural families.

To improve health care and facilities for the American people, the 1966 budget includes new proposals for:

- Hospital insurance for the aged under social security.
- Multipurpose regional medical centers to provide the most advanced diagnosis and treatment for heart disease, cancer, stroke, and other major diseases.
- Grants for operating expenses of medical and dental schools.
- Initial staffing of community mental health centers.
- Improved medical diagnostic and treatment services for preschool and school age children and youth.
- Grants for projects to reduce water pollution caused by combined storm and sanitary sewers.
- Increased aid to State and local air and water pollution control agencies for research and for more vigorous enforcement.

Our social security system provides needed day-in and day-out support to the millions who have contributed to it during their working years. This system needs strengthening.

In addition to hospital insurance for the aged, I am proposing legislation to provide an average 7% increase in social security benefits, retroactive to January 1, 1965. The increase in benefit payments will amount to about \$2 billion in 1966.

I am proposing legislation to authorize long overdue improvements in the unemployment insurance system.

Improvements are also needed in our public assistance and manpower training programs.

Legislation will be recommended to increase the Federal share of public assistance payments, establish a program of medical care for children in families unable to afford such care, and authorize payments for needy aged persons in mental and tuberculosis hospitals.

Recommendations will also be made to broaden the Manpower Development and Training Act and increase the Federal share of project costs to 90% from the 66% which would go into effect under present law in 1966.

Education.—Among the unfinished tasks of our Nation, the improvement of education deserves first priority.

It is our primary weapon in the war on poverty and the principal tool for building a Great Society.

This budget recognizes the increasing Federal responsibility to expand educational opportunity for all people and at all levels. It provides an increase in 1966 of over 60% in new obligational authority and over 75% in outlays. The programs of the Office of Education alone are more than doubled in 1966.

EDUCATION PROGRAMS IN THE 1966 BUDGET

[Fiscal years. In millions]

Agency or program	New obligational authority			Expenditures		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Office of Education:						
Elementary/secondary.....	\$407	\$488	\$1,765	\$404	\$408	\$971
Higher.....	164	668	1,167	150	182	496
Vocational and other.....	130	345	449	106	186	326
Subtotal, Office of Education.....	702	1,500	3,381	660	776	1,792
National Science Foundation.....	353	420	530	310	325	405
Other education programs.....	475	599	192	369	408	466
Total, education.....	1,530	2,519	4,103	1,339	1,509	2,663
Present programs.....	(1,530)	(2,519)	(2,588)	(1,339)	(1,509)	(2,063)
Proposed legislation.....			(1,515)			(600)

The 88th Congress enacted more education legislation than any previous Congress. About 30% of the estimated increase in expenditures for education in 1966 is to carry out the Higher Education Facilities Act of 1963, the Vocational Education Act of 1963, the Library Services and Construction Act of 1964, and the National Defense Education Act Amendments of 1964.

But much remains to be done. Federal aid to meet critical needs in elementary and secondary education has not been enacted. Such aid is vital if we are to end the situation in which children are handicapped for life because they happen to live in communities which cannot support good schools.

The program I am proposing emphasizes assistance to improve elementary and secondary education, particularly for children who live in poverty. It will step up research in education and help schools and communities to provide wider educational opportunities for all. It will also strengthen higher education by expanding assistance to

colleges and to college students. My proposals were presented more fully in a special message on education.

I also propose to expand present programs of support for academic research and science education. In 1966, expenditures by the National Science Foundation will increase by 25%, primarily to help provide an adequate rate of growth in Federal support for basic research in universities. Consistent with these objectives, I recommend that the Congress remove its restrictions on payments to universities for indirect costs of research grants.

Veterans benefits and services.—Veterans benefits and services under the basic, continuing compensation, pension, and medical care programs will be at record levels in 1966.

- Nearly 4½ million veterans or their survivors will receive compensation and pension payments.
- 690,000 veterans will be admitted to hospitals, domiciliary homes, or nursing homes.

Legislation enacted in 1964 by the 88th Congress to increase pension rates and to establish new nursing home programs will entail expenditures in 1966 of more than \$100 million.

In line with the trend of recent years, an increasing part of the expenditures for veterans will be for non-service-connected benefits and services. As we continue to improve our social security and health protection programs, we should place greater reliance on these programs for meeting veterans needs not connected with their military service. Our major emphasis in veterans programs should be concentrated on meeting fully our obligation to those who were disabled in the defense of the country and to their dependents and survivors.

The Appalachian region.—The Appalachian region of the United States has not shared fully in the great growth and prosperity enjoyed by the Nation as a whole. The 16 million people of this 165,000-square-mile area deserve a better opportunity to improve their region.

Many of the education, health, housing, and economic opportunity programs already outlined in the budget will help to overcome the problems brought on by chronic poverty. We need to make the most effective use of these programs. But a special effort is required to help this region. This means that Federal, State, local, and private institutions must combine to:

- Improve access to the region.
- Develop its natural resources.
- Promote better employment opportunities for its people.

I urge the enactment of legislation to make this possible.

Employee pay.—In preparing this budget, I have given close attention to the matter of Government pay.

Federal pay raises in the past 3 years have moved us much nearer to realizing the principle that civilian pay rates should be comparable to those in private enterprise for the same levels of work and that changes in pay and allowances of members of the uniformed forces should keep pace with advances in the general economy. These policies have been firmly established after careful congressional review. Taken together, they assure that civilian and military pay are effectively interrelated and maintained at rates which are fair to taxpayers and to Federal employees.

I believe, however, that it is equally essential to assure that any proposals for further pay adjustments during this calendar year accurately reflect pay developments in the private economy and be compatible with our national wage and price objectives.

For these reasons, I am appointing a special panel to make a prompt review of the present situation. This panel will be composed equally of distinguished public members and officers of the executive branch. It will report to me on April 1, 1965, after which I will make a recommendation to the Congress. Provision has been made in the allowance for contingencies for a possible military and civilian pay increase.

PUBLIC DEBT

Changes in the amount of public debt from year to year reflect primarily the amount of the budget surplus or deficit. Based on the estimates presented in this budget, the debt on June 30, 1965, will be \$316.9 billion and on June 30, 1966, \$322.5 billion.

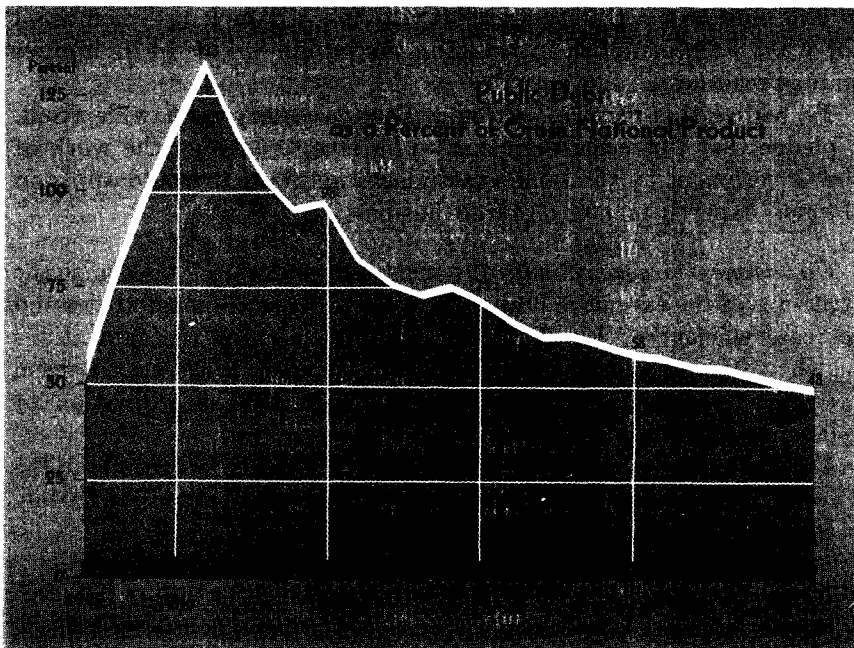
PUBLIC DEBT AT END OF YEAR

[Fiscal years. In billions]

Description	1963 actual	1964 actual	1965 estimate	1966 estimate
Owned by Federal agencies and trust funds	\$57.9	\$60.7	\$62.5	\$64.4
Owned privately and by Federal Reserve banks	248.6	251.8	254.4	258.1
Total	306.5	312.5	316.9	322.5

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

Under present law, the temporary debt limit of \$324 billion will continue in effect through June 30, 1965. Then—if no action is taken—the permanent legislative ceiling of \$285 billion will again become



effective. It will be necessary, therefore, to raise the legal debt ceiling before that date.

The size of the debt limit needed is strongly affected by the seasonal pattern of Federal receipts and expenditures. Since receipts are always larger in the last half of the fiscal year, the public debt during 1966 will, from time to time, exceed the level presently estimated for June 30, 1966.

These seasonal fluctuations will require a higher debt limit than would be necessary if we had only to consider the amount of debt at the end of the fiscal year.

The need for flexibility in managing the debt must also be considered in fixing the debt limit. The Treasury generally borrows relatively large amounts of cash at periodic intervals during the year. These sizable financing operations are—and should be—carefully timed to take full advantage of favorable market conditions when they exist.

REDUCING GOVERNMENT COSTS

As we focus attention on improving the quality of American life, we must also see to the quality of American Government.

The tasks we face are formidable. They require new dedication, new vision, and new skills. We have neither the resources nor the right to saddle our people with unproductive and inefficient Government organization, services, or practices.

This must be a year of renewal—a year that will be long remembered for what we accomplish in bringing the public service to its highest state of readiness.

To realize this renewal, action will be necessary on a wide front. I pledge that this administration will strive to conduct the work of the Government by the same exacting standards that would apply in the most expertly managed private business.

Government organization.—We must reorganize and modernize the structure of the executive branch in order to focus responsibilities and increase efficiency. I will shortly propose certain reorganizations which will constitute the initial and most urgent steps that I deem necessary to consolidate functions and strengthen coordination of related activities.

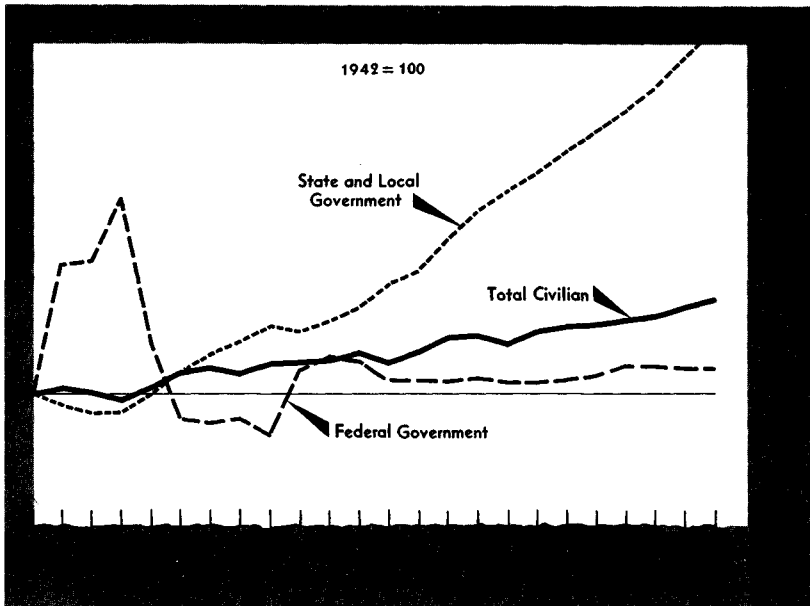
I will ask that permanent reorganization authority be granted to the President to initiate improvements in Government organization, subject to the disapproval of the Congress.

Controlling employment.—In this budget, as in the budget for 1965, I have insisted upon stringent criteria to control the growth of Federal civilian employment. It is important that we have enough people to carry on the Government's business efficiently, but we must also see that we have no more employees than we need.

Realistic guidelines and goals have been established to aid administrators in the effective management of the Government's large and diverse work force. Controls on employment have been established for each agency. To remove the guesswork from determination of employment needs, agencies are installing improved work measurement systems, and the Bureau of the Budget is providing advice and assistance in introducing measures of productivity into agency management systems. The result of such efforts has been and will continue to be a reduction in the size of the Federal work force relative to the work being accomplished. The effectiveness of these controls may be seen in the fact that had Federal civilian employment kept its 1955 relationship to total population, Federal employees would have totaled 2,747,000 on June 30, 1964, more than 275,000 above the actual number as of that date.

Modest and highly selective increases in employment are proposed in the budget for 1966, mainly to carry out new and expanded programs recommended in this budget and to reduce excessive overtime in the Post Office Department. At the same time, we will take full advantage of every opportunity to keep the work force at minimum levels by eliminating functions, consolidating operations, closing unnecessary offices and installations, and abolishing vacancies. Total

Civilian Employment Total, Federal Government, State and Local Government



Civilian employment proposed for 1966 is about 1% above the totals for current year, and I am confident that we will be able to keep actual employment somewhat below these estimates.

management improvement and cost reduction.—The past year has been a successful one from the standpoint of improved management and cost reduction. Next year will be still better.

Impressed by the outstanding performance of the Department of Defense, other Government agencies last year undertook cost reductions that saved over \$3.5 billion. These economies were not easy to come by. They were the result of the concentrated work of Government officials and employees in all agencies, large and small. They reflect a wide variety of actions ranging from the abolition of reports and other publications to the introduction of computers, the application of modern business equipment, the adoption of new purchasing methods, and decisions to lease major installations.

I am counting heavily on the continuation and acceleration of cost reduction and management improvement efforts. Every dollar saved his way can be put to better use in carrying on more urgent business. And today every dollar is important. Among other things, we must:

Continue our war on excessive paperwork.

Increase our capacity to find and correct management weaknesses throughout the Government.

- Reexamine our career services, making certain that they are all they should be with respect to selection, training, placement, promotion, rotation, retirement, and removal.
- Seek legislation that will remove legal barriers to efficient operation.

I have instructed the Director of the Bureau of the Budget to give direction to a comprehensive, Government-wide cost reduction program to be put into effect in every department and agency. In general, this program will require the head of each agency to:

- Take personal charge of cost reduction efforts.
- Set specific goals for reductions in cost.
- Reassess priorities for all programs and operations.
- Identify and remove roadblocks to economy.
- Verify reported savings.

I believe the Congress and the American people approve my goals of economy and efficiency. I believe they are as opposed to waste as I am. We can and will eliminate it.

CONCLUSION

Since I sent you my first budget a year ago:

- 4 million Americans have been born.
- 3.2 million young people have reached college age.
- 1.7 million new families have been formed.
- 1.3 million persons have entered the labor force.
- 1.5 million persons have reached retirement age.

Thus, our Nation faces growing responsibilities. But we also possess growing resources to meet them.

One result of our expanding economy is a larger revenue potential. This means a potential for:

- Necessary increases in Federal expenditures.
- Reductions in taxes.
- Reductions in the public debt.

No one of these goals is paramount at all times. Each must be balanced against the others to assure our continued progress toward a Great Society.

This progress does not rest on economic growth alone. It is aimed at improving the quality of our way of life. And it is aimed at insuring that all Americans share in this way of life.

The Federal Government must do its part.

This does not mean simply spending more.

It does mean spending more on some new and vital activities. But it also means cutting back or eliminating activities which are less urgent or no longer necessary.

Where there is waste, to end it; where there are needs, to meet them; where there are just hopes, to move toward their fulfillment—that is the object of the budget which I now submit to your consideration.

LYNDON B. JOHNSON.

January 25, 1965.

PART 2

SUMMARY TABLES

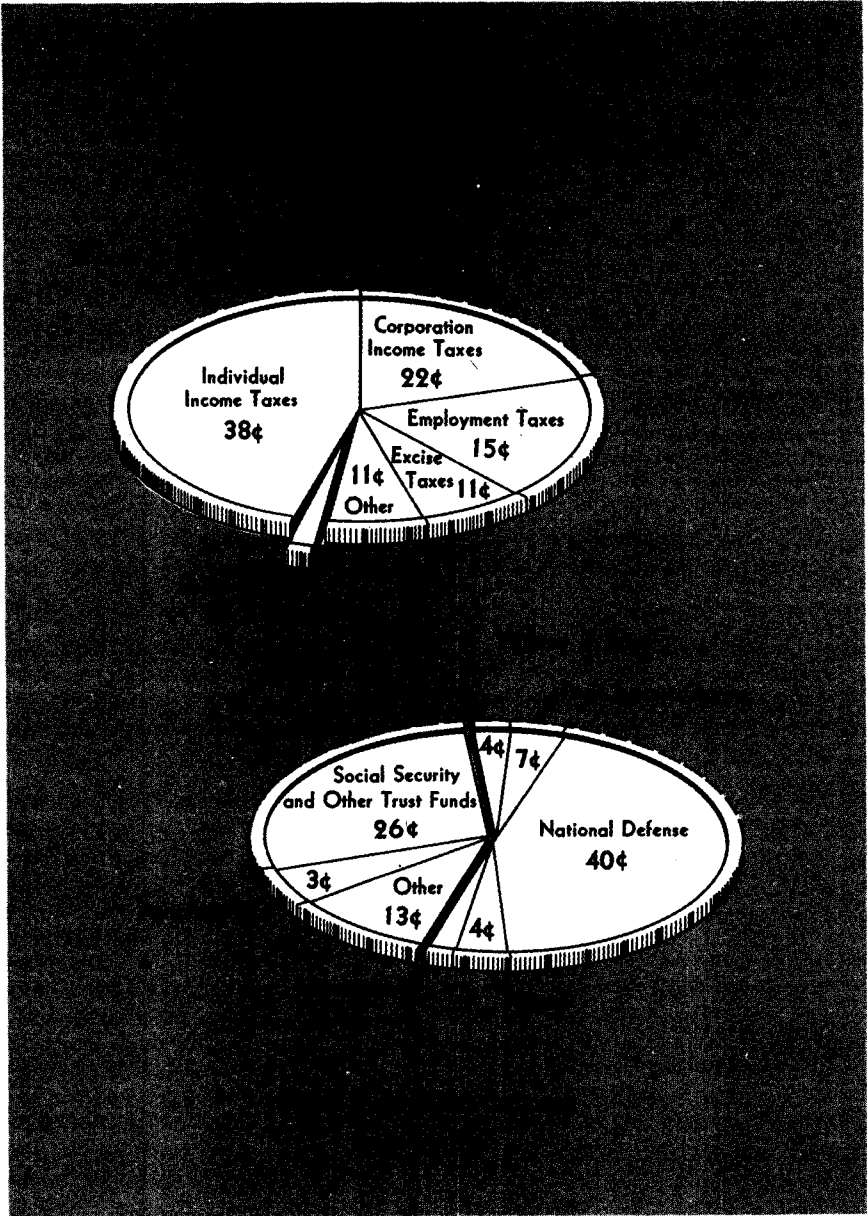


Table 1. BUDGET RÉSUMÉ (in billions of dollars)

ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS AND EXPENDITURES

Description	ADMINISTRATIVE BUDGET FUNDS			TRUST FUNDS		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
RECEIPTS						
Individual income taxes.....	48.7	47.0	48.2			
Corporation income taxes.....	23.5	25.6	27.6			
Employment taxes.....				16.8	16.7	18.7
Excise taxes.....	10.2	10.7	9.8	3.5	3.6	4.0
Unemployment tax deposits by States.....				3.0	3.0	2.9
Other receipts.....	7.7	8.7	9.4	7.5	7.8	8.6
Interfund transactions.....	-7	-8	-6	-5	-6	-6
Total receipts.....	89.5	91.2	94.4	30.3	30.5	33.6
EXPENDITURES						
National defense.....	54.2	52.2	51.6	.5	.8	1.0
International affairs and finance ¹	3.7	4.0	4.0	.1	-.1	.3
Of which Food for Peace.....	(1.7)	(1.7)	(1.7)			
Space research and technology.....	4.2	4.9	5.1	*	*	*
Agriculture and agricultural resources (not including Food for Peace) ¹	5.6	4.5	3.9	.5	.6	.5
Natural resources.....	2.5	2.7	2.7	.1	.1	.2
Commerce and transportation.....	3.0	3.4	2.8	3.5	3.9	3.7
Housing and community development.....	-.1	-.3	*	1.9	.2	.8
Health, labor, and welfare.....	5.5	6.2	8.3	22.7	23.4	26.5
Education.....	1.3	1.5	2.7	*	*	*
Veterans benefits and services.....	5.5	5.4	4.6	.7	.6	.5
Interest.....	10.8	11.3	11.6			
General government.....	2.3	2.4	2.5	*	*	*
Deposit funds (net).....				-.6	*	*
Allowance for Appalachia.....		*	.1			
Allowance for contingencies.....		.1	.4			
Interfund transactions.....	-7	-8	-6	-5	-6	-6
Total expenditures.....	97.7	97.5	99.7	28.9	29.0	32.9
Excess of receipts (+) or expenditures (-).....	-8.2	-6.3	-5.3	+1.4	+1.5	+7

CONSOLIDATED SUMMARY

Description	1964 actual	1965 estimate	1966 estimate
Cash receipts:			
Administrative budget receipts.....	89.5	91.2	94.4
Trust fund receipts.....	30.3	30.5	33.6
Intragovernmental transactions.....	-4.3	-4.3	-4.5
Total receipts from the public.....	115.5	117.4	123.5
Cash expenditures:			
Administrative budget expenditures.....	97.7	97.5	99.7
Trust expenditures.....	28.9	29.0	32.9
Intragovernmental and other noncash transactions.....	-6.2	-5.1	-5.2
Total payments to the public.....	120.3	121.4	127.4
Excess of receipts from (+) or payments to (-) the public.....	-4.8	-4.0	-3.9

Note.—For explanation of administrative budget funds and trust funds, see page 154. For details on receipts, see table 13 on pages 56 to 61. For details on expenditures, see table 14 on pages 136 to 151; for further detail, by agency and account, see pages 158 to 353.

*Less than \$50 million.

¹ See general notes, page 4, paragraph 4.

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

Description	1964 actual	1965 estimate	1966 estimate
RECEIPTS FROM THE PUBLIC			
Individual income taxes.....	48.7	47.0	48.2
Corporation income taxes.....	23.5	25.6	27.6
Employment taxes.....	16.8	16.7	18.7
Excise taxes.....	13.7	14.4	13.7
Unemployment tax deposits by States.....	3.0	3.0	2.9
Estate and gift taxes.....	2.4	2.8	3.2
Customs.....	1.3	1.4	1.5
Veterans life insurance premiums.....	.5	.5	.5
Other receipts.....	5.6	6.1	7.1
Total receipts from the public.....	115.5	117.4	123.5
PAYMENTS TO THE PUBLIC			
National defense.....	54.5	52.8	52.5
International affairs and finance ¹	3.5	3.6	4.2
Of which Food for Peace.....	(1.7)	(1.7)	(1.7)
Space research and technology.....	4.2	4.9	5.1
Agriculture and agricultural resources (not including Food for Peace) ¹	5.8	4.6	4.1
Natural resources.....	2.6	2.8	2.9
Commerce and transportation.....	6.5	7.4	6.5
Housing and community development.....	1.7	-.2	.7
Health, labor, and welfare.....	27.3	28.9	34.1
Education.....	1.3	1.5	2.6
Veterans benefits and services.....	6.1	6.0	5.1
Interest.....	8.0	8.5	8.8
General government.....	2.2	2.4	2.4
Deposit funds, net.....	-.6	*	*
Allowance for Appalachia.....		*	.1
Allowance for contingencies.....		.1	.4
Other undistributed adjustments:			
Agency payments for employee retirement.....	-1.0	-1.0	-1.0
Deduction from employees' salaries for retirement.....	-1.0	-1.0	-1.0
Increase (-) or decrease in outstanding checks, etc.....	-.9	.2	*
Total payments to the public.....	120.3	121.4	127.4
Excess of receipts from (+) or payments to (-) the public.....	-4.8	-4.0	-3.9

Note.—This table shows the flow of money between the Government and the public on a cash (collections and checks paid) basis. For fuller explanation, see special analysis A (pages 356 to 365).

*Less than \$50 million.

¹ See general notes, page 4, paragraph 4.

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

Description	ADMINISTRATIVE BUDGET FUNDS			TRUST FUNDS		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TYPE						
Authorizations requiring current action by Congress:						
Appropriations ²	87.1	91.7	93.4	0.4	0.4	0.5
Reappropriations.....	*	*				
Authorizations to spend debt receipts.....	.5	.9	*			
Contract authorizations.....	.2	1.9	.1		1.0	
Total authorizations requiring current action by Congress.....	87.9	94.5	93.5	.4	1.4	.5
Authorizations not requiring current action by Congress (permanent):						
Appropriations ²	11.6	12.0	12.3	29.9	29.2	32.7
Authorizations to spend debt receipts.....	.7	.5	.1	.1	.1	.2
Contract authorizations.....	1.0	.3	.5	1.1	1.0	1.1
Total authorizations not requiring current action by Congress (permanent).....	13.2	12.8	12.9	31.2	30.3	34.0
Total new obligational authority.....	101.1	107.3	106.4	31.5	31.8	34.5
FUNCTION						
National defense.....	53.8	52.4	51.1	1.2	1.1	1.1
International affairs and finance ¹	4.5	6.8	5.1	.1	*	.1
Of which Food for Peace.....	(1.7)	(2.4)	(1.7)			
Space research and technology.....	5.1	5.2	5.3	*	*	*
Agriculture and agricultural resources (not including Food for Peace) ¹	5.7	5.0	4.2	*	*	*
Natural resources.....	2.5	2.8	2.9	.2	.2	.2
Commerce and transportation.....	3.0	3.0	3.4	3.7	3.8	4.0
Housing and community development.....	.7	2.1	.8	.4	.5	.6
Health, labor, and welfare.....	5.7	7.4	9.0	25.2	25.4	27.7
Education.....	1.5	2.5	4.1	*	*	*
Veterans benefits and services.....	5.6	5.8	5.7	.7	.7	.7
Interest.....	10.8	11.3	11.6			
General government.....	2.3	2.5	2.5	*	*	*
Allowance for Appalachia.....		.4				
Allowance for contingencies.....		.1	.6			
Total new obligational authority.....	101.1	107.3	106.4	31.5	31.8	34.5

Note.—New obligational authority is the amount becoming available by act of Congress for the incurring of obligations which will result in expenditures. The various types of new obligational authority are explained on pages 154 and 155. For detailed information on new obligational authority by agency and account see pages 158 to 353.

*Less than \$50 million.

¹ See general notes, page 4, paragraph 4.

² Excludes appropriations to liquidate contract authorizations:

Administrative budget funds, 1964, \$0.8 billion; 1965, \$1.2 billion; 1966, \$1.1 billion.

Trust funds, 1964, \$4.0 billion; 1965, \$4.6 billion; 1966, \$4.9 billion.

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

Description	1964 enacted	1965 estimate			1966 estimate		
		Enacted	Supplemental needed	Total	Transmitted herein	Later transmittal	Total
ADMINISTRATIVE BUDGET FUNDS							
Legislative Branch.....	156	160	12	172	225		225
The Judiciary.....	67	70	7	76	90		90
Executive Office of the President.....	25	25	1	26	29		29
Funds appropriated to the President.....	3,329	4,432	1,287	5,719	5,343	250	5,593
Department of Agriculture.....	8,052	6,262	1,793	8,055	6,936	-313	6,622
Department of Commerce.....	779	736	13	750	679	420	1,099
Department of Defense—Military.....	49,922	48,433	230	48,663	47,395		47,395
Department of Defense—Civil.....	1,150	1,285	6	1,291	1,350	30	1,380
Department of Health, Education, and Welfare.....	5,697	6,685	414	7,098	7,790	1,990	9,780
Department of the Interior.....	1,190	1,267	37	1,304	1,415	-91	1,324
Department of Justice.....	344	365	17	382	374		374
Department of Labor.....	417	566	125	692	589	140	729
Post Office Department.....	719	552	204	756	765	92	858
Department of State.....	354	389	7	396	407		407
Treasury Department.....	11,957	12,596	25	12,621	12,957		12,957
Atomic Energy Commission.....	2,743	2,625		2,625	2,481		2,481
Federal Aviation Agency.....	813	717	13	730	729		729
General Services Administration.....	631	598	14	611	627		627
Housing and Home Finance Agency.....	858	1,430	966	2,396	562	150	712
National Aeronautics and Space Administration.....	5,100	5,250		5,250	5,260		5,260
Veterans Administration.....	5,576	5,585	164	5,750	5,683		5,683
Other independent agencies.....	1,131	1,180	125	1,305	1,443	-127	1,316
District of Columbia.....	93	76	2	78	83	15	99
Allowance for Appalachia.....			365	365			
Allowance for contingencies.....			150	150		650	650
Total administrative budget.....	101,103	101,284	5,978	107,262	103,211	3,205	106,417
TRUST FUNDS							
Department of Commerce.....	3,734	3,865		3,865	3,976		3,976
Department of Health, Education, and Welfare.....	17,256	17,412		17,412	19,086	522	19,608
Department of Labor.....	4,292	4,010		4,010	3,982		3,982
Veterans Administration.....	713	714		714	714		714
Civil Service Commission.....	2,456	2,660		2,660	2,737		2,737
Railroad Retirement Board.....	1,208	1,291		1,291	1,384	4	1,387
Other agencies.....	1,874	1,805		1,805	2,094	13	2,107
Total trust funds.....	31,533	31,757		31,757	33,973	539	34,512

Note.—For explanation of the columnar headings for 1965 and 1966, see pages 156 and 157. For detailed information on new obligational authority by agency and account, see pages 158 to 353.

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

Description	1964 actual	1965 estimate			1966 estimate		
		Enacted	Supple- mental needed	Total	Trans- mitted herein	Later trans- mittal	Total
ADMINISTRATIVE BUDGET FUNDS							
Legislative branch.....	152	167	12	179	193	*	193
The Judiciary.....	66	70	6	76	88	*	89
Executive Office of the President.....	23	25	1	26	29	*	29
Funds appropriated to the Pres- ident.....	4, 119	4, 174	258	4, 432	4, 839	30	4, 869
Department of Agriculture.....	7, 897	6, 975	-117	6, 858	6, 570	-212	6, 357
Department of Commerce.....	686	757	6	764	753	57	810
Department of Defense—Mili- tary.....	49, 760	47, 875	225	48, 100	47, 894	6	47, 900
Department of Defense—Civil.....	1, 153	1, 265	4	1, 269	1, 313	24	1, 337
Department of Health, Educa- tion, and Welfare.....	5, 498	5, 356	414	5, 770	6, 800	976	7, 776
Department of the Interior.....	1, 124	1, 198	27	1, 225	1, 288	-114	1, 174
Department of Justice.....	328	352	16	367	376	1	377
Department of Labor.....	370	463	32	495	473	91	565
Post Office Department.....	578	521	197	718	690	24	714
Department of State.....	347	382	6	388	414	1	416
Treasury Department.....	11, 947	12, 527	24	12, 551	12, 861	1	12, 862
Atomic Energy Commission.....	2, 765	2, 700	-----	2, 700	2, 530	-----	2, 530
Federal Aviation Agency.....	751	769	12	781	749	1	750
General Services Administration.....	592	607	9	616	609	4	612
Housing and Home Finance Agency.....	328	133	43	176	425	29	454
National Aeronautics and Space Administration.....	4, 171	4, 900	-----	4, 900	5, 100	-----	5, 100
Veterans Administration.....	5, 478	5, 214	162	5, 376	4, 798	-149	4, 649
Other independent agencies.....	159	350	18	368	467	-354	113
District of Columbia.....	57	74	2	76	94	9	103
Allowance for Appalachia.....	-----	-----	3	3	-----	107	107
Allowance for contingencies.....	-----	-----	100	100	-----	400	400
Subtotal.....	98, 348	96, 854	1, 460	98, 314	99, 354	933	100, 287
Interfund transactions.....	-664	-----	-----	-833	-----	-----	-600
Total administrative budget.....	97, 684	-----	-----	97, 481	-----	-----	99, 687
TRUST FUNDS							
Department of Commerce.....	3, 670	3, 887	250	4, 137	3, 913	-----	3, 913
Department of Health, Educa- tion, and Welfare.....	16, 626	17, 485	-----	17, 485	18, 365	2, 033	20, 398
Department of Labor.....	3, 707	3, 336	-----	3, 336	3, 345	-----	3, 345
Veterans Administration.....	659	634	-----	634	507	-----	507
Civil Service Commission.....	1, 254	1, 372	-----	1, 372	1, 548	-----	1, 548
Railroad Retirement Board.....	1, 139	1, 185	-----	1, 185	1, 206	42	1, 248
Other agencies.....	2, 351	1, 476	-----	1, 476	2, 531	7	2, 538
Subtotal.....	29, 406	29, 374	250	29, 624	31, 415	2, 082	33, 497
Interfund transactions.....	-521	-----	-----	-579	-----	-----	-599
Total trust funds.....	28, 885	-----	-----	29, 045	-----	-----	32, 898

Note.—For explanation of the columnar headings for 1965 and 1966, see pages 156 and 157. For detailed information on expenditures by agency and account, see pages 158 to 353.

*Less than one-half million dollars.

Table 6. INVESTMENT, OPERATING, AND OTHER EXPENDITURES
(In millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS			
Additions to Federal assets:			
Civil:			
Loans.....	2,047	386	318
Investments.....	94	347	98
Public works—sites and direct construction.....	2,626	2,888	2,887
Other.....	-46	83	-180
National defense.....	17,617	15,621	15,172
Total, additions to Federal assets.....	22,339	19,325	18,296
Additions to State, local, and private assets:			
Civil.....	1,550	1,554	1,713
National defense.....	22	22	18
Total, additions to State, local, and private assets.....	1,572	1,576	1,730
Expenditures for other developmental purposes:			
Civil:			
Research and development.....	5,083	5,844	6,389
Other.....	1,715	2,279	4,005
National defense:			
Research and development.....	8,665	8,378	8,073
Other.....	16	16	18
Total, other developmental expenditures.....	15,479	16,518	18,484
Current aids, special services, and operations:			
Civil.....	31,098	32,669	32,971
National defense.....	27,861	28,123	28,298
Total, current aids, special services, and operations.....	58,959	60,792	61,269
Allowance for Appalachia.....		3	107
Allowance for contingencies.....		100	400
Interfund transactions.....	-664	-833	-600
Total administrative budget.....	97,684	97,481	99,687
TRUST FUNDS			
Additions to Federal assets:			
Loans.....	148	332	502
Public works.....	65	59	58
Other.....	*	1	*
Total, additions to Federal assets.....	213	391	560
Additions to State, local, and private assets.....			
Expenditures for other developmental purposes.....	5,390	4,057	4,107
Retirement and social insurance benefits:			
Insurance and unemployment benefits.....	18,665	19,374	22,199
Other.....	2,296	2,443	2,684
Total, retirement and social insurance benefits.....	20,961	21,816	24,883
Current aids, special services, and operations.....			
District of Columbia, deposit funds, and other unclassified items.....	780	1,075	1,204
Interfund transactions.....	-521	-579	-599
Total trust funds.....	28,885	29,045	32,898

Note.—For more information on this classification see special analysis D (pages 384 to 403).

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
RECEIPTS, NATIONAL INCOME BASIS			
Personal tax and nontax receipts.....	51.4	50.3	52.2
Corporate profits tax accruals.....	23.5	23.9	24.7
Indirect business tax and nontax accruals.....	16.0	16.8	16.1
Contributions for social insurance.....	23.8	25.0	28.0
Total receipts national income basis.....	114.7	116.0	121.0
EXPENDITURES, NATIONAL INCOME BASIS			
Purchases of goods and services.....	66.1	65.9	66.7
Transfer payments.....	30.4	31.8	35.2
Grants-in-aid to State and local governments.....	9.8	10.7	13.0
Net interest paid.....	8.1	8.5	8.6
Subsidies less current surplus of Government enterprises.....	4.1	4.1	3.5
Total expenditures, national income basis.....	118.5	121.0	127.0
Surplus (+) or deficit (-), national income basis.....	-3.9	-5.0	-6.0

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

RECEIPTS			
Total receipts, national income accounts.....	114.7	116.0	121.0
Receipts not included in Federal receipts in the national income accounts:			
Realization on loans and other assets.....	.6	.4	.5
District of Columbia government receipts.....	.3	.3	.3
Interest and other earnings.....	1.4	1.9	2.1
Receipt adjustments to consolidated cash basis:			
Employer and employee contributions to Federal retirement funds.....	-2.0	-2.1	-2.2
Accrual to cash and other adjustments.....	.7	.9	1.8
Total Federal receipts from the public.....	115.5	117.4	123.5
EXPENDITURES			
Total expenditures, national income accounts.....	118.5	121.0	127.0
Expenditures not included in Federal activities in the national income accounts:			
Loans, purchase of land, deposit funds, etc.....	3.9	1.9	1.2
District of Columbia government expenditures.....	.3	.4	.4
Portion of interest and other expenditures offset by receipt in the national income accounts.....	1.4	1.9	2.1
Expenditure adjustments to consolidated cash basis:			
Employer and employee contributions to Federal retirement funds.....	-2.0	-2.1	-2.2
Accrual to cash adjustments.....	-1.8	-1.7	-1.1
Total Federal payments to the public.....	120.3	121.4	127.4

Note.—This table shows Federal receipts and expenditures on the basis used in the national income and gross national product statistics of the Department of Commerce. For a fuller explanation, see special analysis A (pp. 356 to 365).

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

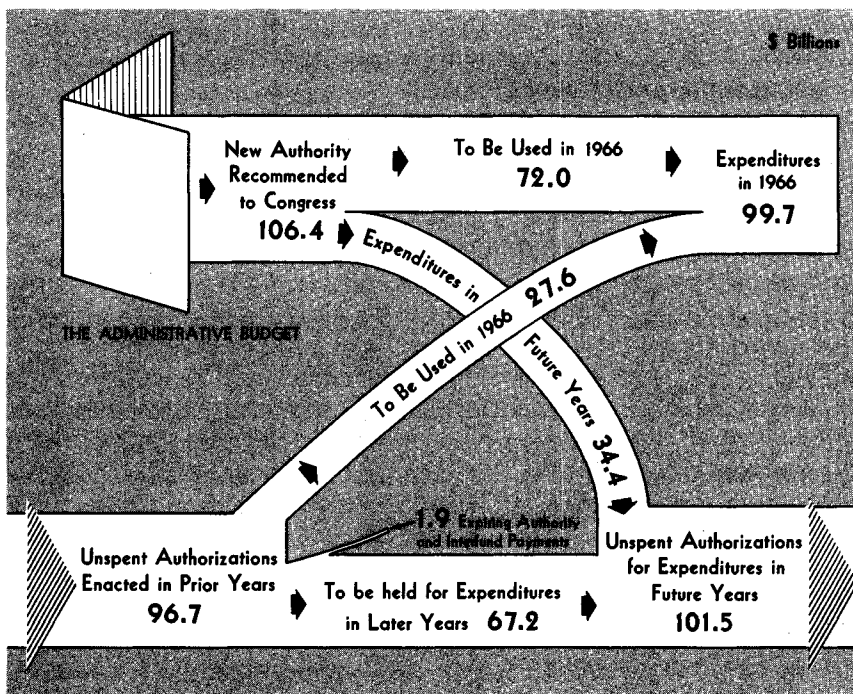
Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS			
New obligational authority (tables 3 and 4):¹			
Current authorizations.....	87,878	94,494	93,508
Permanent authorizations.....	13,225	12,768	12,909
Total new obligational authority.....	101,103	107,262	106,417
Unobligated balances brought forward, start of year (table 10).....	45,295	46,723	44,175
Appropriations available in prior year.....	-647	-775	-866
Appropriations available from subsequent year.....	775	866	871
Balances no longer available:			
Unobligated balances rescinded.....	-79	-43	-48
Unobligated balances lapsing.....	-805	-1,439	-1,035
Capital transfers from revolving funds to general fund.....	-220	-176	-196
Unobligated balances carried forward, end of year (table 10).....	-46,723	-44,175	-41,093
Obligations incurred, net (table 9).....	98,698	108,244	108,225
Obligated balances brought forward, start of year (table 10).....	42,531	42,621	52,532
Adjustments of obligated balances in expired accounts.....	-260	-20	47
Obligated balances carried forward, end of year (table 10).....	-42,621	-52,532	-60,451
Deficiency in expired accounts, start of year ²	-67	-67	-67
Deficiency in expired accounts, end of year ²	67	67	-----
Interfund transactions (see note to table 14).....	-664	-833	-600
Total administrative budget expenditures (tables 1 and 5).....	97,684	97,481	99,687
From new obligational authority.....			72,047
From balances of prior obligational authority.....			27,640

Note.—This table (administrative budget and trust funds) summarizes and brings into relationship totals from the various other tabulations. The types of new obligational authority and the considerations involved in the various means of financing agency activities are explained on pages 154 to 157.

¹ Excludes appropriations to liquidate contract authorizations: 1964, \$841 million; 1965, \$1,227 million; 1966, \$1,109 million.

² Authority is recommended in 1966 to remove the deficiencies, which occurred between 1956 and 1961.

Table 8. RELATION OF AUTHORIZATIONS TO EXPENDITURES—Con.



(In millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS			
New obligational authority (tables 3 and 4):³			
Current authorizations.....	374	1,414	471
Permanent authorizations.....	31,159	30,343	34,041
Total new obligational authority.....	31,533	31,757	34,512
Unobligated balances brought forward, start of year (table 10).....	57,408	60,317	62,785
Balances no longer available: Unobligated balances lapsing.....	-19	*	-20
Unobligated balances carried forward, end of year (table 10).....	-60,317	-62,785	-64,177
Obligations incurred, net (table 9).....	28,605	29,290	33,100
Obligated balances brought forward, start of year (table 10).....	8,933	10,060	9,912
Obligated balances carried forward, end of year (table 10).....	-10,060	-9,912	-9,912
Adjustments for stock purchase, FNMA.....	71	42	-----
Subtotal.....	27,549	29,480	33,099
Government-sponsored enterprise expenditures.....	1,857	145	398
Interfund transactions (see note to table 14).....	-521	-579	-599
Total trust fund expenditures (tables 1 and 5).....	28,885	29,045	32,898
From new obligational authority.....			23,976
From balances of prior obligational authority.....			8,922

³ Excludes appropriations to liquidate contract authorizations: 1964, \$3,975 million; 1965, \$4,591 million; 1966, \$4,877 million.

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS			
Legislative branch.....	143	178	219
The Judiciary.....	65	75	88
Executive Office of the President.....	24	27	29
Funds appropriated to the President.....	3,764	5,644	5,468
Department of Agriculture.....	8,026	7,874	6,774
Department of Commerce.....	727	844	1,119
Department of Defense—Military.....	48,733	49,578	48,846
Department of Defense—Civil.....	1,059	1,390	1,402
Department of Health, Education, and Welfare.....	5,724	7,285	9,790
Department of the Interior.....	1,171	1,387	1,300
Department of Justice.....	331	387	371
Department of Labor.....	420	692	725
Post Office Department.....	689	762	858
Department of State.....	361	408	430
Treasury Department.....	11,942	12,640	12,949
Atomic Energy Commission.....	2,752	2,869	2,564
Federal Aviation Agency.....	764	853	788
General Services Administration.....	575	776	696
Housing and Home Finance Agency.....	479	938	1,667
National Aeronautics and Space Administration.....	4,856	5,804	5,351
Veterans Administration.....	5,476	5,434	4,783
Other independent agencies.....	560	1,808	1,251
District of Columbia.....	57	76	108
Allowance for Appalachia.....		365	
Allowance for contingencies.....		150	650
Total administrative budget.....	98,698	108,244	108,225
TRUST FUNDS			
Department of Commerce.....	4,187	3,776	3,739
Department of Health, Education, and Welfare.....	16,618	17,487	20,405
Department of Labor.....	3,710	3,370	3,366
Veterans Administration.....	655	618	516
Civil Service Commission.....	1,268	1,388	1,561
Railroad Retirement Board.....	1,142	1,186	1,249
Other agencies.....	1,025	1,466	2,265
Total trust funds.....	28,605	29,290	33,100

Note.—This table reflects the net obligations incurred, as explained on pages 154 and 155. For administrative budget funds, obligations are determined by deducting from the gross obligations the applicable receipts of public enterprise funds and intragovernmental funds, and the reimbursements to general fund and special fund appropriations. For trust funds, net obligations are determined by deducting from the gross obligations the applicable receipts of trust revolving funds and the reimbursements to trust fund appropriations.

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

Description	Start 1964		Start 1965— End 1964		Start 1966— End 1965		Start 1967— End 1966	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
ADMINISTRATIVE BUDGET FUNDS								
Legislative branch.....	38	44	26	48	21	35	41	34
The Judiciary.....	5		4		5		6	
Executive Office of the President.....	3	*	3	1	4		4	
Funds appropriated to the President.....	6,461	9,534	6,095	9,018	7,307	9,085	7,906	9,183
Department of Agriculture.....	3,850	986	3,982	846	4,997	914	5,413	687
Department of Commerce.....	620	531	652	537	732	139	1,042	99
Department of Defense—Military.....	18,655	11,661	17,471	12,725	18,949	11,768	19,895	10,296
Department of Defense—Civil.....	250	66	156	156	277	33	343	11
Department of Health, Education, and Welfare.....	1,720	363	1,893	368	3,395	270	5,395	264
Department of the Interior.....	323	213	369	224	531	139	656	127
Department of Justice.....	17	15	20	23	40	14	34	14
Department of Labor.....	14	307	42	304	238	304	398	308
Post Office Department.....	407	13	528	13	572	7	716	7
Department of State.....	85	54	96	46	116	33	131	10
Treasury Department.....	158	267	151	274	240	4	327	12
Atomic Energy Commission.....	1,245	336	1,232	327	1,401	83	1,435	
Federal Aviation Agency.....	357	246	369	282	441	159	479	100
General Services Administration.....	278	397	261	431	419	258	501	187
Housing and Home Finance Agency.....	3,630	9,328	3,781	9,535	4,543	10,390	5,756	8,648
National Aeronautics and Space Administration.....	1,730	548	2,414	789	3,318	235	3,569	144
Veterans Administration.....	335	851	330	766	388	947	522	1,660
Other independent agencies.....	2,348	9,438	2,745	9,904	4,184	9,272	5,322	9,230
District of Columbia.....		97		107		84		6
Allowance for Appalachia.....					362		255	
Allowance for contingencies.....					50		300	
Total administrative budget.....	42,531	45,295	42,621	46,723	52,532	44,175	60,451	41,093
TRUST FUNDS								
Department of Commerce.....	6,139	2,718	6,655	2,259	6,293	2,349	6,120	2,566
Department of Health, Education, and Welfare.....	22	21,312	14	21,950	16	21,875	23	21,078
Department of Labor.....	8	6,269	11	6,850	45	7,491	65	8,107
Veterans Administration.....	350	6,383	345	6,441	329	6,537	338	6,735
Civil Service Commission.....	92	13,511	105	14,699	122	15,971	134	17,148
Railroad Retirement Board.....	92	3,696	96	3,762	97	3,867	97	4,006
Other agencies ¹	2,231	3,520	2,834	4,356	3,011	4,694	3,135	4,536
Total trust funds.....	8,933	57,408	10,060	60,317	9,912	62,785	9,912	64,177

Note.—For explanation of balances carried forward see page 156.

*Less than one-half million dollars.

¹ Obligated balances include deposit funds.

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

Description	1964 actual	1965 estimate	1966 estimate
PUBLIC DEBT HELD BY THE PUBLIC			
debt held by the public, start of year	248,125	251,160	254,038
Change in public debt held by the public during the year:			
solidated cash excess of receipts (—) or payments (tables and 2)	4,802	4,009	3,908
receipts from exercise of monetary authority (—)	—69	—97	—112
increase or decrease (—) in debt issued in lieu of checks (table A-3)	1,099	1,119	724
increase or decrease (—) in cash on hand	—874	—2,197
Net borrowing from or repayments (—) to the public	4,958	2,833	4,520
Net borrowing of Government enterprises from the public (included on preceding line) (table B-10)	1,923	—45	754
Net increase in public debt held by the public	3,035	2,878	3,766
debt held by the public, end of year	251,160	254,038	257,804
PUBLIC DEBT HELD BY GOVERNMENT-ADMINISTERED FUNDS			
debt held by Government-administered funds, start of year	57,735	60,553	62,366
Change in public debt held by Government-administered funds during the year (table B-11)	2,818	1,813	1,926
debt held by Government-administered funds, end of year	60,553	62,366	64,292
COMPARISON OF PUBLIC DEBT WITH STATUTORY LIMITATION AT END OF YEAR			
Total debt:			
held by the public	251,160	254,038	257,804
held by Government-administered funds	60,553	62,366	64,292
Total public debt	311,713	316,404	322,096
Change in Government enterprise debt subject to the public debt limitation:			
held by the public	654	360	268
held by Government-administered funds	159	136	136
Total public and guaranteed Government enterprise debt	312,526	316,900	322,500
Change in public debt not subject to limitation	—362	—355	—349
Debt subject to limitation, end of year	312,164	316,545	322,151
Statutory limitation on public debt, end of year:			
under existing legislation	324,000	324,000	285,000
under proposed legislation	(1)

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

(1) to be proposed later after timing of estimated transactions can be examined on a more detailed

Table 12. CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Description	As of June		
	1964 actual	1965 estimate	1966 estimate
Executive Office of the President.....	1,542	1,580	1,660
Department of Agriculture.....	108,476	110,500	113,380
Department of Commerce.....	33,261	33,350	34,150
Department of Defense:			
Military and Military assistance ¹	997,863	980,000	961,000
Civil ²	31,893	31,990	32,500
Department of Health, Education, and Welfare.....	83,293	85,500	91,500
Department of the Interior.....	³ 69,867	68,700	70,400
Department of Justice.....	32,483	33,260	33,490
Department of Labor.....	9,292	9,130	9,120
Post Office Department.....	585,313	589,500	610,000
Department of State.....	24,668	24,300	24,800
Agency for International Development.....	15,642	15,550	15,550
Peace Corps.....	1,082	1,110	1,240
Treasury Department.....	86,748	88,000	91,700
Atomic Energy Commission.....	7,268	7,300	7,320
Federal Aviation Agency.....	45,377	45,100	44,430
General Services Administration.....	34,897	36,800	38,550
Housing and Home Finance Agency.....	13,840	14,020	14,700
National Aeronautics and Space Administration.....	32,499	33,650	33,950
Veterans Administration.....	172,171	170,800	171,280
Other independent agencies:			
Civil Service Commission.....	3,887	3,970	3,960
Selective Service System.....	7,108	7,520	7,540
Small Business Administration.....	3,378	3,650	4,000
Tennessee Valley Authority.....	17,353	16,150	17,400
The Panama Canal.....	14,773	15,250	15,260
United States Information Agency.....	11,971	11,930	11,840
Miscellaneous independent agencies.....	23,290	24,570	25,600
Other employment: ⁴			
Economic opportunity programs.....		4,600	5,400
Appalachia program.....		300	1,100
Allowance for contingencies.....		920	2,860
Total.....	2,469,235	2,469,000	2,495,680

Note.—The figures for 1965 and 1966 include tentative estimates for employment under appropriations proposed for later transmittal. In accordance with definitions of the Civil Service Commission, the figures cover both those employees who are working on June 30, and part-time and intermittent employees who work at any time during the month of June. More detailed information on employment is contained in special analysis C on pages 376 to 383.

¹ Consists of civilian employment for military functions and military assistance.

² Employment of the Panama Canal and the United States Soldiers' Home is included under "Other independent agencies" below.

³ Excludes 406 project employees for the public works acceleration program for fiscal year 1964.

⁴ Subject to later distribution.

PART 3
RECEIPTS

ANALYSIS OF RECEIPTS BY SOURCE

This section of the budget presents detailed information about the revenue estimates and the changes recommended in tax laws.

Economic base of estimates.—Continued economic expansion is expected to raise gross national product to \$660 billion in calendar year 1965, an increase of nearly \$38 billion over calendar year 1964. This projection should be considered as the midpoint of a \$10 billion range, from \$655 billion to \$665 billion. Personal income and corporate profits will rise along with the growth in output. The Revenue Act of 1964, now in full effect with reduced tax rates that became effective on January 1, 1965, will continue to add to the economy's growth. Proposed legislation also will affect receipts in fiscal year 1966 and will produce, on balance, an additional stimulus to the economy. The proposed excise tax cuts will provide a significant economic thrust and the budget's expenditure proposals are also expansionary. Trust fund receipts will rise, chiefly through increased payroll taxes, effective January 1, 1966, for the old-age and survivors insurance and new hospital insurance trust funds; the economic effect of the increase in trust receipts will be more than offset in fiscal 1966 by new and expanded trust fund expenditures.

Specifically, the revenue estimates in the budget for 1966 are based on the following economic assumptions:

ECONOMIC ASSUMPTIONS

[Calendar years. In billions]

	1963 actual	1964 preliminary	1965 estimate
Gross national product.....	\$583.9	\$622.3	\$660
Personal income.....	464.1	491.4	520
Corporate profits before taxes.....	51.3	57.2	61

The level of aggregate economic performance is the primary determinant of tax revenues, but estimates of tax revenues cannot be derived directly and simply from the assumed levels of economic performance. Several important factors intervene, including the timing of tax payments, differences between the definitions of statutory and economic incomes, and the distribution of the various forms of income among taxpayers.

Estimated changes in revenues.—Total receipts from the public are estimated at \$123 billion in fiscal year 1966, an increase of \$6 billion over the level estimated for fiscal year 1965. These estimates assume enactment of the revenue legislation discussed below.

RECEIPTS FROM THE PUBLIC

[Fiscal years. In millions]

Source	1964 actual	1965 estimate	1966 estimate
Administrative budget receipts:			
Individual income taxes.....	\$48,697	\$47,000	\$48,200
Corporation income taxes.....	23,493	25,600	27,600
Excise taxes.....	10,211	10,733	9,770
Estate and gift taxes.....	2,394	2,800	3,200
Customs.....	1,252	1,415	1,500
Miscellaneous budget receipts.....	3,412	3,652	4,130
Subtotal, administrative budget receipts.....	89,459	91,200	94,400
Trust fund receipts:			
Employment taxes.....	16,832	16,685	18,731
Deposits by States, unemployment insurance.....	3,042	2,950	2,900
Excise taxes.....	3,519	3,639	3,959
Federal employee and agency payments for retirement.....	2,029	2,159	2,162
Interest on trust funds.....	1,613	1,747	1,867
Veterans life insurance premiums, etc.....	494	494	491
Other trust fund receipts.....	2,801	2,840	3,506
Subtotal, trust fund receipts.....	30,331	30,515	33,616
Intragovernmental transactions.....	-4,259	-4,331	-4,526
Total, receipts from the public.....	115,530	117,384	123,490

Individual income tax receipts are estimated at \$48.2 billion in fiscal 1966, compared with \$47 billion in 1965. Higher personal incomes will produce a substantial increase in the individual income tax base. Part of the rise in receipts will be offset by the second-stage reduction of income tax rates that was enacted in the Revenue Act of 1964 and went into effect on January 1, 1965. The total effect on 1966 revenues of the individual income tax reduction is estimated at \$11.5 billion at the presently assumed higher level of personal income, but this higher level would not have been possible without the stimulus of the tax reduction.

Corporation income tax receipts in fiscal year 1966 will reach an estimated level of \$27.6 billion, a rise above fiscal 1965 receipts of \$2 billion. The tax rate on corporation incomes above \$25,000 de-

creased by 2 percentage points for corporate tax years beginning after December 31, 1964. The resulting decline in tax collections will be more than offset by increased corporate profits and the third of seven steps in the acceleration of corporate payments on estimated income tax liabilities.

Excise tax receipts in the administrative budget will decline to \$9.8 billion in fiscal year 1966. Proposed legislation to repeal certain excise taxes will reduce collections by \$1.5 billion. This will be offset in part by several new and increased taxes on users of the Federal airways and inland waterways systems. All receipts from these sources will be deposited in the general fund. Collections will also increase from excise taxes that remain unchanged, reflecting increased sales of the products and services involved.

Miscellaneous receipts will rise by \$478 million to \$4.1 billion. The major sources for increased receipts are higher payments of earnings by the Federal Reserve System and of rents on Outer Continental Shelf lands and proposed legislation to accelerate sales from the strategic and critical materials stockpile.

Employment taxes are estimated at \$18.7 billion. The increase of \$2 billion reflects mainly the effect of proposed legislation discussed below.

Deposits by States for unemployment insurance will fall to \$2.9 billion in 1966, a change of \$50 million from 1965. High and rising employment levels are expected to qualify many firms for reduced tax rates under State experience rating provisions.

Proposed legislation.—The major revenue proposals recommended for enactment this year are summarized in this section.

Excise taxes.—Legislation is being recommended to repeal or reduce selected excise taxes on July 1, 1965. Excise tax liabilities will be reduced by \$1.75 billion, of which \$1.5 billion will be reflected in lower collections in fiscal year 1966. The proposed legislation also will make permanent all the taxes that are continued. It will replace temporary tax legislation under which excise taxes on alcoholic beverages, cigarettes, passenger automobiles, automobile parts and accessories, and general telephone service automatically would be reduced or would expire after June 30, 1965.

Employment taxes.—It is recommended that the taxable income base for the old-age, survivors, and disability insurance programs be raised from \$4,800 to \$5,600, effective on January 1, 1966. It is also

proposed to increase the payroll tax from the current 7.25% to 8.5% on January 1, 1966, instead of 8.25% as required by existing law. Of the increase, 0.6% will be devoted to meeting the requirements of the new hospital insurance program. The changes will also provide funds for increased benefit payments under the old-age, survivors, and disability insurance programs. Increases will also be requested for the Railroad Retirement Board trust fund.

Federal unemployment tax.—Legislation will be proposed to increase the payroll tax under the Federal-State Employment Security system, effective on calendar year 1966 wages. The increased tax rate is designed to strengthen the administration and to finance proposed improvements in the system, including a longer period of eligibility for unemployment benefits for workers permanently attached to the labor force. Federal trust fund receipts under this program are not expected to show the effects of the new tax rate until fiscal year 1967 because receipts are not deposited with the Treasury until after the calendar year ends.

User charges.—Legislation authorizing additional user charges and extending others is recommended, in keeping with the policy that a greater share of the costs of certain programs which provide special benefits or privileges should be borne by identifiable primary beneficiaries.

Commercial and general aviation users of the Federal airways system would be expected to contribute directly to defraying a larger portion of its costs. For general aviation, a tax of 4 cents per gallon on gasoline and jet fuels is recommended in place of the current 2 cents per gallon tax on gasoline alone. Jet fuels purchased by commercial aviation would be taxed at 2 cents per gallon, and the same rate of taxation would be continued for gasoline used in commercial aviation. The recommendations also include a 2% tax on air freight and continuation of the 5% tax on air passenger travel on a permanent basis. These taxes would be deposited in the general fund, including the gasoline tax paid by airways users that now goes into the highway trust fund.

Institution of a 2 cents per gallon fuel tax is proposed for vessels using the inland waterways system.

The self-financed Federal-aid interstate highway program is facing rising construction costs. To provide increased receipts for the highway trust fund, legislation will be proposed to increase taxes on highway users. These tax rate increases together with an extension of all highway trust fund taxes beyond the present October 1, 1972, expiration date will permit the interstate program to continue at a reasonable rate of progress.

Congress is requested to authorize new or revised user charge schedules to cover the costs of several specific services available from the Federal Government. A revised fee schedule for the Patent Office, for example, would bring it closer to a self-sustaining pattern of operations.

For several programs, the proposed user charges will be employed directly to offset the expenditures needed for their operation. Activities included within this group are: (1) inspection of meat and poultry, grading of wheat, cotton and tobacco, and inspection of warehouses; (2) border inspection of private vessels and aircraft that require overtime work; and (3) certain technical assistance provided by the Soil Conservation Service.

Revolving funds.—Legislation is requested to create revolving funds for the Rural Electrification Administration and three power administrations—Bonneville, Southeastern, and Southwestern. With authority to operate as revolving funds, the agencies would be able to finance their current operations and necessary capital outlays with collections on outstanding loans and revenues from power sales subject to control through the regular appropriations process. Enactment of this legislation will reduce, equally, miscellaneous receipts of the Treasury and expenditures by the agencies; it will not affect the budgetary surplus or deficit.

ESTIMATED EFFECT OF PROPOSED LEGISLATION ON RECEIPTS FROM THE PUBLIC

[In millions]

Proposal	Fiscal year 1966	Full year effect
Administrative budget receipts:		
Extension of current excise tax rates: ¹		
Alcoholic beverages.....	\$461	\$301
Cigarettes.....	265	245
Passenger automobiles.....	480	525
Parts and accessories for automobiles.....	75	89
General telephone service.....	475	630
Subtotal, extension of current excise tax rates.....	1,756	1,790
Total of proposed excise tax reductions and repeals, not reflected in detailed estimates.....	-1,500	-1,750

¹ These estimates reflect extension of current tax rates beyond June 30, 1965. Details do not show possible effect of proposed excise tax reductions and repeals which are presented only in total

ESTIMATED EFFECT OF PROPOSED LEGISLATION ON RECEIPTS FROM THE
PUBLIC—Continued

[In millions]

Proposal	Fiscal year 1966	Full year effect
Administrative budget receipts—Continued		
Transportation user charge proposals:		
Make permanent 5% tax on air passenger transportation.....	116	140
Tax transportation of air freight at 2%.....	4	5
Tax fuels used in general aviation at 4 cents per gallon.....	11	13
Tax fuels used in commercial aviation at 2 cents per gallon.....	82	82
Tax fuel used on inland waterways at 2 cents per gallon.....	7	8
Subtotal, transportation user charge proposals.....	220	248
Other user charges affecting budget receipts:		
Increase Patent Office fees.....	15	15
All other.....	5	5
Subtotal, other user charge proposals.....	20	20
Rural Electrification Administration revolving fund.....	-177	-177
Power Administration revolving funds.....	-124	-124
Other revolving funds.....	-20	-20
Subtotal, revolving funds.....	-321	-321
Total, administrative budget proposals.....	175	-13
Trust fund receipts:		
Highway trust fund:		
Increase certain taxes paid by highway users.....	219	247
Transfer aviation gasoline receipts to general fund.....	-19	-14
Subtotal, highway trust fund proposals.....	200	233
Social insurance trust funds:		
Increase taxable wage base and payroll tax:		
Old-age, survivors, and disability insurance and hospital insurance for the elderly programs.....	522	2,350
Railroad retirement program.....	4	7
Subtotal, social insurance trust fund proposals.....	526	2,357
Total, trust fund proposals.....	726	2,590
Total, proposed legislation.....	901	2,577

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS			
Individual income taxes:			
Withheld.....	39,259	36,200	38,400
Other.....	15,331	15,300	14,900
Gross individual income taxes.....	54,590	51,500	53,300
Refunds.....	-5,893	-4,500	-5,100
Net individual income taxes.....	48,697	47,000	48,200
Corporation income taxes.....			
Refunds.....	24,301	26,400	28,400
	-808	-800	-800
Net corporation income taxes.....	23,493	25,600	27,600
Excise taxes:			
Alcohol taxes:			
Distilled spirits (domestic and imported).....	2,536	2,650	2,750
Beer.....	887	915	940
Rectification tax.....	25	26	28
Wines (domestic and imported).....	108	134	140
Special taxes in connection with liquor occupations.....	21	23	24
Total, alcohol taxes.....	3,577	3,748	3,882
Tobacco taxes:			
Cigarettes (small).....	1,977	2,050	2,075
Manufactured tobacco (chewing, smoking, and snuff).....	17	18	18
Cigars (large).....	56	60	63
Cigarette papers and tubes.....	1	1	1
All other.....	2	2	2
Total, tobacco taxes.....	2,053	2,131	2,159
Taxes on documents, other instruments, and playing cards:			
Issues of securities, stock and bond transfers, purchases of foreign securities, and deeds of conveyance.....	163	175	190
Playing cards.....	9	10	11
Total taxes on documents, other instruments, and playing cards.....	172	185	201
Manufacturers' excise taxes:			
Gasoline.....		4	51
Lubricating oils.....	76	77	78
Passenger automobiles.....	1,746	1,775	1,825
Parts and accessories for automobiles.....	229	237	242
Electric, gas, and oil appliances.....	78	81	85

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued			
Excise taxes—Continued			
Manufacturers' excise taxes—Continued			
Electric light bulbs.....	42	44	47
Radio and television receiving sets, phonographs, phonograph records, and musical instruments.....	244	266	287
Mechanical refrigerators, quick-freeze units, and self-contained air-conditioning units.....	63	68	72
Business and store machines.....	72	74	77
Photographic equipment.....	30	35	38
Matches.....	4	4	4
Sporting goods, including fishing rods, creels, etc.....	28	31	33
Firearms, shells, and cartridges.....	17	19	21
Pistols and revolvers.....	2	2	2
Fountain and ballpoint pens, mechanical pencils.....	9	10	11
Total, manufacturers' excise taxes.....	2,640	2,727	2,873
Retailers' excise taxes:			
Jewelry.....	189	205	215
Furs.....	30	31	32
Toilet preparations.....	177	197	215
Luggage, handbags, wallets, etc.....	79	82	87
Total, retailers' excise taxes.....	475	515	549
Miscellaneous excise taxes:			
Toll telephone service, telegraph and teletypewriter service, wire mileage service, etc.....	380	440	475
General telephone service.....	531	600	630
Transportation of persons.....	106	122	140
Transportation of freight by air.....			4
Fuel used on inland waterways.....			7
Jet fuel.....			72
Admissions, exclusive of cabarets, roofgardens, etc.....	47	52	57
Cabarets, roofgardens, etc.....	41	43	45
Wagering taxes, including occupational taxes.....	6	7	7
Club dues and initiation fees.....	75	80	85
Leases of safe deposit boxes.....	7	8	9
Sugar tax.....	95	95	95
Coin-operated amusement and gaming devices.....	23	23	24
Bowling alleys and billiard and pool tables.....	6	6	7
All other miscellaneous excise taxes.....	2	2	2
Total, miscellaneous excise taxes.....	1,318	1,478	1,659
Undistributed depositary receipts and unapplied collections.....	70	48	54
Gross excise taxes before rate reductions and repeals..	10,304	10,832	11,377

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued			
Excise taxes—Continued			
Refunds.....	—93	—99	—107
Net excise taxes before rate reduction or repeal.....	10,211	10,733	11,270
Effect of rate reduction or repeal.....			—1,500
Net excise taxes after rate reduction or repeal.....	10,211	10,733	9,770
Estate and gift taxes			
Refunds.....	—23	—25	—25
Net estate and gift taxes.....	2,394	2,800	3,200
Customs			
Refunds.....	—32	—32	—32
Net customs.....	1,252	1,415	1,500
Miscellaneous receipts:			
Miscellaneous taxes.....	6	6	6
Seigniorage and bullion charges.....	70	98	113
Gifts and contributions.....	1	1	*
Fees for permits and licenses:			
Admission fees and permits.....	6	17	41
Business concessions.....	7	8	8
Immigration, passport, and consular fees.....	23	24	26
Patent and copyright fees.....	9	10	26
Registration and filing fees.....	7	12	17
Landing fees, airports.....	3	3	3
Miscellaneous fees for permits and licenses.....	14	16	17
Total, fees for permits and licenses.....	70	90	137
Fines, penalties, and forfeitures:			
Fines, penalties, and forfeitures—agriculture laws.....	1	1	1
Fines, penalties, and forfeitures—customs, commerce, and antitrust laws.....	5	5	5
Forfeitures of unclaimed money and property.....	37	1	1
Proceeds from old series currency, act of June 30, 1961.....		73	
Other fines, penalties, and forfeitures.....	5	6	6
Total, fines, penalties, and forfeitures.....	48	85	12

*Less than one-half million dollars.

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued			
Miscellaneous receipts—Continued			
Interest:			
Interest on loans to Government-owned enterprises.....	648	815	581
Interest on domestic loans to individuals and private organizations.....	101	102	111
Interest on foreign loans and deferred payments.....	184	116	194
Miscellaneous interest collections.....	22	32	34
Total, interest.....	955	1,065	921
Dividends and other earnings:			
Deposits of earnings, Federal Reserve System.....	947	1,368	1,554
Payment equivalent to income taxes.....	27	13	13
Miscellaneous dividends and earnings.....	10	10	10
Total, dividends and other earnings.....	984	1,390	1,577
Rents:			
Rent of land.....	16	17	18
Rent on Outer Continental Shelf lands.....	6	95	270
Rent of real property, not otherwise classified.....	21	26	29
Rent of equipment and other personal property.....	31	31	32
Total, rents.....	74	168	349
Royalties:			
Royalties on Outer Continental Shelf lands.....	11	13	16
Miscellaneous royalties on natural resources.....	120	131	140
Total, royalties.....	131	144	156
Sale of products:			
Sale of timber and other natural land products.....	187	205	229
Sale of minerals and mineral products.....	11	11	11
Sale of power and other utilities.....	200	218	111
Sale of publications and reproductions.....	6	7	7
Sale of miscellaneous products and byproducts.....	4	5	5
Total, sale of products.....	409	446	363
Fees and other charges for services and special benefits:			
Fees and other charges for administrative, professional, and judicial services.....	18	18	24
Fees and other charges for communication and transportation services.....	11	12	14

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued			
Miscellaneous receipts—Continued			
Fees and other charges for services and special benefits— Continued			
Charges for subsistence, laundry, and health services.....	5	6	6
Fees and other charges for services provided to the District of Columbia.....	5	5	5
Fees for general governmental services.....	15	17	18
Other fees and charges.....	64	71	87
Total, fees and other charges for services and special benefits.....	118	129	154
Sale of Government property:			
Sale of real property.....	67	73	75
Sale of equipment and other personal property.....	225	291	372
Sale of scrap and salvage material.....	39	50	50
Total, sale of Government property.....	331	415	497
Realization upon loans and investments:			
Repayments from States and other public bodies.....	394	192	107
Repayments on domestic loans to individuals and private organizations.....	187	38	45
Repayment of foreign loans.....	149	73	140
Repayment of miscellaneous recoverable costs.....	8	8	9
Miscellaneous repayments on loans and investments.....	15	8	9
Total, realization upon loans and investments.....	752	319	310
Recoveries and refunds:			
Recoveries under military occupation.....	21	34	35
Recoveries of excess profits and costs.....	16	15	16
Recoveries under foreign aid programs.....	49	44	41
Refunds of erroneous payments.....	5	4	4
Miscellaneous recoveries and refunds.....	40	34	38
Total, recoveries and refunds.....	130	132	135
Gross miscellaneous receipts.....	4,077	4,489	4,731
Refunds.....	-1	-4	-1
Net miscellaneous receipts.....	4,076	4,485	4,730
Interfund transactions.....	-664	-833	-600
Total, administrative budget receipts.....	89,459	91,200	94,400

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

[Note.—Estimates include effects of proposed legislation, except for proposed excise rate reductions which are shown in total only.]

Description	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS			
Employment taxes:			
Federal old-age and survivors insurance trust fund.....	14,488	14,556	15,748
Federal disability insurance trust fund.....	1,070	1,081	1,313
Railroad retirement account.....	594	639	711
Unemployment trust fund.....	851	613	571
Hospital insurance.....			600
Refunds.....	-170	-204	-211
Net employment taxes.....	16,832	16,685	18,731
Unemployment tax deposits by States:			
Unemployment trust fund.....	3,042	2,950	2,900
Excise taxes:			
Highway trust fund:			
Gasoline tax.....	2,641	2,716	2,790
Automobile truck, bus, and trailer taxes.....	357	376	389
Tire, inner tube, and tread rubber taxes.....	413	425	445
Tax on diesel fuel used on highways.....	128	140	150
Use tax on certain vehicles.....	106	103	105
Proposed increase.....			200
Refunds.....	-127	-121	-120
Net excise taxes.....	3,519	3,639	3,959
Federal employees and agency payments for retirement:			
Federal employees retirement funds.....	2,029	2,159	2,162
Interest on trust funds:			
Federal old-age and survivors insurance trust fund.....	539	566	597
Federal disability insurance trust fund.....	68	64	57
Unemployment trust fund.....	213	244	265
Railroad retirement account.....	130	142	147
Federal employees retirement funds.....	421	496	571
Highway trust fund.....	20	10	1
Veterans life insurance funds.....	211	213	214
Indian tribal funds.....	7	8	9
Other trust funds.....	4	4	4
Interest on trust funds.....	1,613	1,747	1,867
Veterans life insurance premiums, etc.:			
Veterans life insurance funds.....	494	494	491
Miscellaneous trust fund receipts:			
Payments by States to:			
Federal old-age and survivors insurance trust fund.....	1,167	1,223	1,341
Federal disability insurance trust fund.....	86	91	95
Foreign assistance deposits.....	720	690	977
Indian tribal funds.....	87	80	72
District of Columbia.....	356	400	460
Other trust fund receipts.....	907	935	1,159
Net miscellaneous trust fund receipts.....	3,322	3,419	4,105
Subtotal, trust fund receipts.....	30,852	31,094	34,215
Interfund transactions.....	-521	-579	-599
Total, trust fund receipts.....	30,331	30,515	33,616
Intragovernmental transactions.....	-4,259	-4,331	-4,526
Total, receipts from the public.....	115,530	117,384	123,490

PART 4

THE FEDERAL PROGRAM
BY FUNCTION

ANALYSIS OF FEDERAL ACTIVITIES BY FUNCTION

This part of the budget describes the program recommended for the Government for fiscal year 1966 according to the 12 major functions served. It covers both existing programs and new proposals.

The 1966 program has three major objectives: (1) to strengthen further the Nation's defenses and provide for its international obligations; (2) to advance our economy and the well being of our people; and (3) to minimize the taxpayer's burden by reducing costs, weeding out obsolete activities, and operating essential activities efficiently.

SUMMARY

In fiscal year 1966, total Federal payments to the public are estimated at \$127.4 billion. This amount includes not only the \$99.7 billion of expenditures in the administrative budget but also the outlays of Government trust funds, which finance such programs as social security and Federal-aid highway construction.

For the first time since 1950, payments in 1966 for national defense, international, and space objectives will account for less than half of the total. Outlays for these functions combined are estimated at \$61.8 billion in 1966. Interest payments and veterans benefits—which represent mainly continuing costs arising from past wars—are estimated to be \$13.9 billion, another 11% of the total.

The remaining Federal payments are expected to be \$51.7 billion, or almost 41% of the total. About two-thirds of this amount is for health, labor, and welfare programs—mainly social security, unemployment compensation, and other trust fund payments.

Apart from the expenditures estimated in the 12 functional categories, the budget includes for fiscal year 1966 special allowances of \$107 million for a comprehensive program to promote the economic development of the Appalachian region and \$400 million to cover contingencies that may arise during the fiscal year. The amount included for contingencies is high to assure that adequate provision has been made in the 1966 budget for unanticipated developments or for recommendations which may result from various studies and analyses that have been initiated.

The program for Appalachia is proposed as a concerted effort to build up the economic base for this particularly depressed region and complements the nationwide area redevelopment and economic opportunity programs.

SPECIAL ASPECTS OF THE GOVERNMENT PROGRAM

The following summary highlights certain significant aspects of the Government's 1966 budget program.

Federal expenditures and national output.—Federal expenditures in the national income accounts are estimated to be \$127.0 billion in 1966, an increase of \$6.0 billion over 1965. This increase in purchases of goods and services and other income payments will provide a strong stimulus to the Nation's economy during the coming months.

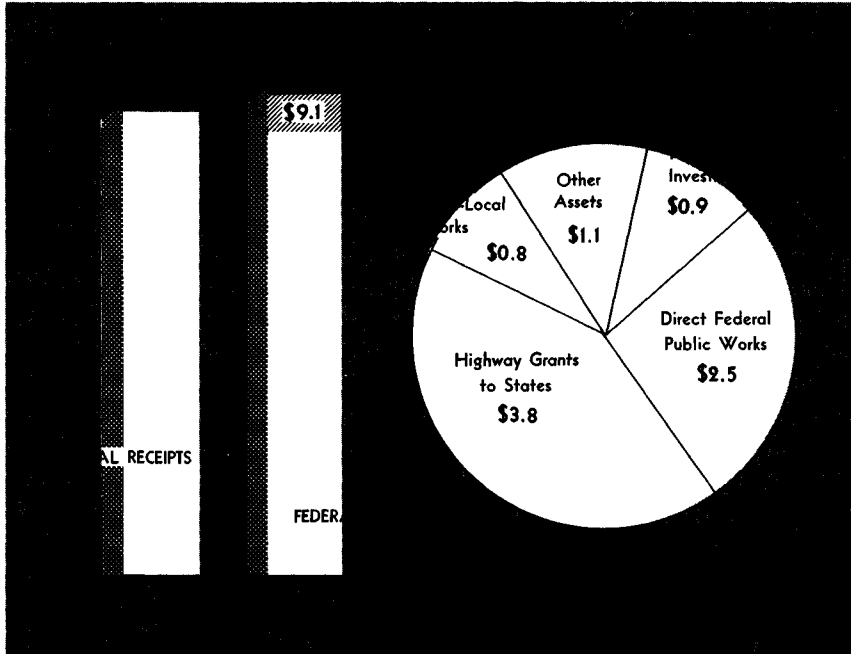
Different types of Federal expenditures have different economic effects. Direct Federal purchases of goods and services represent the use of currently produced resources by the Federal Government. These purchases are estimated to be \$66.7 billion in 1966 and will amount to about 10% of the gross national product. More than four-fifths of Federal purchases are for defense and space activities.

Federal expenditures other than for purchases of goods and services directly affect income and thereby influence consumer spending, business investment, and State and local government purchases. These Federal outlays are estimated to be \$60.3 billion in 1966. This is about 9% of the gross national product, up slightly from the estimate for the current year. The largest share of this total—\$35.2 billion—represents Federal transfers of purchasing power to individuals through such payments as old-age, survivors, and disability insurance benefits, unemployment compensation, and veterans pensions. Transfer payments have a significant impact on the Nation's economy because they add to the income of millions of individuals and families and quickly find their way into the Nation's spending stream through private (rather than governmental) use of real resources.

Grants-in-aid to State and local governments are a major factor in the cooperative financing of such essential services as public assistance, public health, education, and highways and other forms of transportation. These payments are estimated to be \$13.0 billion in 1966.

Federal expenditures of an investment nature.—Federal expenditures for investment in physical and human resources are essential for achieving a higher rate of future economic growth. These expenditures contribute directly to an expansion of the Nation's capacity to produce goods and services. Of the total Federal cash payments to the public estimated for 1966, about \$14.9 billion or 11.7% are for activities (outside of defense and space) which—directly or indirectly—will increase physical assets and otherwise promote productivity and economic growth. Considering only payments other than those for defense or space programs, 21.3% of payments will represent investments of this nature.

Additions to Federal Assets – Other Than Defense and Space



Of the \$69.8 billion of estimated 1966 outlays for purposes other than defense and space, a sizable amount is for additions to such Federal assets as civil public works and major equipment and other physical assets. The Federal Government also makes large gross disbursements for housing, farm, small business, and other loans. In 1966, these disbursements will be largely offset by loan repayments and sales of mortgages and other financial assets. Another large part of administrative budget and trust outlays for programs other than defense and space represents grants for State, local, and private physical assets—such as highways, schools, hospitals, conservation projects, and other physical facilities.

The remaining part of nondefense and nonspace investment outlays proposed for 1966 is for investment in human resources and natural resource surveys. This includes \$3.8 billion for such activities as education, training, and health and \$1.8 billion for scientific research and development. No less important than physical assets, these outlays represent an investment in the future progress of the Nation by increasing knowledge, developing skills, and strengthening our scientific and technological resources.

During fiscal year 1966, the Federal Government will also spend about \$8.1 billion for defense research and development, including the atomic energy program, and \$4.7 billion for space research and development. In the long run, many of these outlays will contribute to the technological development and economic growth of our country.

Federal expenditures and the balance of payments.—During calendar year 1964, the Nation's balance of payments deficit declined significantly. An important factor in this encouraging result was the continued expansion of our exports, reflecting the price stability of U.S. products and the positive private response to the Government's export expansion program. In addition, the interest equalization tax on foreign securities enacted by the 88th Congress has helped to hold down private capital outflows.

The Federal Government will continue to reduce the adverse effect of its own activities on the balance of payments. Actions being taken include:

(1) Particularly close control and reduction of proposed agency activities which result in overseas payments.

(2) Special arrangements to maximize Federal Government receipts from overseas, including agreements with certain of our European allies for sharing the costs of collective defenses.

(3) Continued efforts to insure that foreign assistance expenditures are used for purchasing goods in the United States to the maximum feasible extent.

(4) Sale of special nonmarketable, medium-term Treasury securities to foreign central banks.

(5) Development of policies and procedures to insure that foreign currencies owned by the United States are used in the most advantageous way possible.

These and other efforts have significantly decreased the net balance of payments outflow associated with Government programs. This outflow is estimated to decrease by almost \$1 billion from 1963 to 1966.

Federal payments overseas dropped by over \$500 million from 1963 to 1964. The 1964 level is expected to be maintained in 1965 and 1966, despite rising prices overseas and continued substantial U.S. responsibilities abroad.

Regular receipts of the Federal Government from foreign countries are expected to increase by more than \$400 million between 1963 and 1966. (These figures exclude special receipts of a nonrecurring nature such as prepayments of loans, sales of nonmarketable medium-term securities, and advances received on military exports.)

NATIONAL DEFENSE

Through determined efforts in the past 4 years, our national defense establishment has been brought to a level of commanding superiority. These efforts have been expensive, but they have also been productive. We have largely completed a buildup of the world's most powerful military establishment, and our balanced forces are clearly superior to those of any potential aggressor. This superiority will be maintained in the future.

NATIONAL DEFENSE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Department of Defense—military functions:				
Military personnel.....	\$14,195	\$14,820	\$14,800	\$14,560
Operation and maintenance.....	11,932	12,220	12,160	12,472
Procurement.....	15,351	13,275	13,220	11,412
Research, development, test, and evaluation.....	7,021	6,700	6,400	6,709
Military construction.....	1,026	1,000	920	1,313
Family housing.....	580	630	660	736
Civil defense.....	107	125	110	194
Revolving and management funds.....	-452	-670	-370	-----
Subtotal, Department of Defense—military functions.....	49,760	48,100	47,900	47,395
Military assistance.....	1,485	1,200	1,100	1,170
Atomic energy.....	2,765	2,700	2,530	2,481
Defense-related activities:				
Stockpiling of strategic and critical materials.....	16	18	17	18
Expansion of defense production.....	91	76	-32	-----
Selective Service System.....	41	48	48	50
Emergency preparedness activities.....	24	19	15	16
Subtotal, administrative budget.....	54,181	52,160	51,578	51,129
Trust Funds:				
Military assistance.....	481	805	976	1,139
Other.....	6	6	6	6
Subtotal, trust funds.....	487	811	982	11,145
Intragovernmental transactions and other adjustments (deduct).....	154	125	14	-----
Total.....	54,514	52,847	52,546	-----

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$53,762 million; 1965, \$52,424 million.
 Trust funds: 1964, \$1,154 million; 1965, \$1,052 million.

Partly because of the investments already made and partly because of substantial economies flowing from cost reduction efforts and improved management procedures, expenditures for national defense programs are estimated to continue to decline in 1966. The estimated \$52.5 billion of outlays in 1966 will be \$0.3 billion less than in 1965, and \$2.0 billion lower than in 1964. In addition to the military functions of the Department of Defense, these estimates include outlays for military assistance to our allies, for the Atomic Energy Commission, and for various other activities which directly support the defense effort.

Barring a significant change in the threats which face us, it should be possible to maintain the necessary forces, make selective improvements, and conduct a vigorous program of research and development without increasing defense outlays each year.

Department of Defense.—Expenditures of the Department of Defense for military functions are estimated at \$47.9 billion in 1966, \$200 million less than the current year. New obligational authority of \$47.4 billion is proposed for the Department, compared with \$48.7 billion for the current year.

The 1966 budget provides for further improvements in military strength and the development of new weapons although expenditures are being reduced. This will be possible because: (1) we have largely completed the buildup which was needed to achieve our present high state of readiness; (2) less effective and less economical forces—such as the early missiles and older manned bombers—are being phased out promptly; and (3) the Department's cost reduction program is producing increasing economies. In fiscal year 1964, savings achieved under this program totaled over \$2.8 billion, compared with the original goal of \$1.5 billion for that year. Further measures this year and in 1966—such as the recently announced consolidation, reduction, or discontinuance of 95 installations—are expected ultimately to raise the rate of annual savings to well over the current goal of \$4.8 billion.

The following table shows, on a selected basis, the force structure to be supported by this budget:

SUMMARY OF ACTIVE FORCES

Description	Actual, June 30, 1961	Actual, June 30, 1964	Estimated	
			June 30, 1965	June 30, 1966
Military personnel (in thousands):				
Army.....	858	972	963	953
Navy.....	627	667	674	685
Marine Corps.....	177	190	190	193
Air Force.....	820	856	829	809
Total, Department of Defense.....	2,482	2,685	2,656	2,640
Selected military forces:				
Strategic retaliatory forces:				
Intercontinental ballistic missiles (squadrons):				
Minuteman.....		12	16	17
Titan.....		12	6	6
Atlas.....	4	13		
Polaris submarines.....	5	21	29	38
Strategic bombers (wings):				
B-52.....	13	14	14	13½
B-58.....	1	2	2	2
B-47.....	20	10	5	
Continental air and missile defense forces:				
Manned fighter interceptor squadrons.....	42	40	39	34
Interceptor missile squadrons (BOMARC).....	7	8	6	6
Army air defense missile battalions ^A	49½	26½	23½	23½
General purpose forces:				
Army divisions (combat ready).....	11	16	16	16
Army surface-to-surface missile battalions.....	42½	38	38	38
Army air defense missile battalions.....	26¾	31¾	32¾	33¾
Army special forces groups.....	3	7	7	7
Warships:				
Attack carriers.....	15	15	15	15
Antisubmarine warfare carriers.....	9	9	9	9
Nuclear attack submarines.....	13	19	23	31
Other.....	328	322	329	323
Amphibious assault ships.....	110	133	135	140
Carrier air groups (attack and ASW).....	28	28	28	28
Marine Corps divisions/aircraft wings.....	3	3	3	3
Air Force tactical forces squadrons.....	93	112	117	119
Airlift and sealift forces:				
Airlift aircraft (squadrons):				
C-130 through C-141.....	16	34	38	41
C-118 through C-124.....	35	27	19	16
Troopships, cargo ships, and tankers.....	99	99	99	99
Active aircraft inventory (all programs):				
Army.....	5,564	6,338	6,899	7,624
Navy.....	8,793	8,391	8,250	8,241
Air Force.....	16,905	15,380	14,411	13,706
Commissioned ships in fleet (all programs).....	819	859	880	899

^A Decrease reflects phaseout of Nike-Ajax and transfer of Nike-Hercules battalions to Army National Guard.

Total obligational availability for the major military programs is summarized in the following table. Total obligational availability includes new obligational authority granted each year by the Congress, plus the obligational authority granted in prior years which is not required to complete prior year programs. The amounts are shown by major program—a concept, introduced into defense planning in 1961, which involves the grouping of all forces, regardless of military service, according to major military mission.

SUMMARY OF THE DEPARTMENT OF DEFENSE BUDGET PROGRAM

[Fiscal years. In billions]

Major military programs	Total obligational availability		
	1964 actual	1965 estimate	1966 estimate
Strategic retaliatory forces.....	\$7.3	\$5.3	\$4.5
Continental air and missile defense forces.....	2.1	1.8	1.8
General purpose forces.....	17.7	18.1	19.0
Airlift and sealift forces.....	1.3	1.5	1.6
Reserve forces.....	2.0	2.1	2.0
Research and development (not included elsewhere).....	5.3	5.1	5.4
General support.....	13.6	14.3	14.6
Retired pay.....	1.2	1.4	1.5
Total obligational availability.....	50.6	49.6	50.5
Of which:			
New obligational authority.....	49.9	48.7	47.4
Prior year funds.....	.7	1.0	3.1

Strategic retaliatory forces.—The basic objective of our strategic retaliatory forces is to deter aggression against the United States and its allies. To achieve this objective, these forces must be sufficient to insure the destruction of any aggressor, even if the United States is forced to absorb an initial surprise attack. In addition, they should be able to limit further damage to this country and its allies by destroying enemy strategic forces remaining after the first strike. The force levels achieved and recommended are designed to fulfill these tasks.

The strategic forces now include:

- Over 850 operational intercontinental ballistic missiles deployed on launchers, mostly in hardened and dispersed silos.
- More than 900 long-range bombers (including over 450 on 15-minute alert), many of which are equipped with air-to-surface missiles and penetration aids to help them reach their targets.
- Twenty-two Polaris submarines, each able to carry 16 nuclear missiles. In addition, 19 more of these submarines are in commission preparing for initial deployment, or are under construction.

The 1966 budget will provide for extensive strengthening of these forces. Additional Polaris A-3 missiles and a number of our latest strategic missile, Minuteman II, will become operational in fiscal year 1966, extending the range, accuracy, and striking power of the strategic forces. Moreover, procurement of these missiles to replace older models will continue. The budget also provides for the development of a new submarine-launched ballistic missile, Poseidon, which will have double the payload of the Polaris A-3.

An extensive program of modifications to improve the capabilities and extend the life of most of the existing B-52 fleet will be continued. Provision is also made for the development of engines and other sub-systems for advanced strategic aircraft and for continued studies on possible future manned bombers. The 1966 budget continues the procurement and deployment of the SR-71—a high-speed, high-altitude intercontinental strategic reconnaissance aircraft which will enter the active forces this year—and provides for development of a completely new short-range, air-to-surface attack missile.

Because of the strength which has been achieved and because of the additional Minuteman and Polaris missiles entering the active forces, it is now possible to reduce older, more costly, and vulnerable elements of our strategic forces. As a result: (1) all the Atlas and the older Titan I missiles will be retired this year; (2) the remainder of the B-47 force will be phased out during 1966, as previously scheduled; and (3) two squadrons of the earliest version of the B-52 bomber will be eliminated by the end of fiscal year 1966. Savings from these actions are reflected in the reduction of \$0.8 billion in 1966 total obligational availability now estimated for the strategic retaliatory program.

Continental air and missile defense forces.—Our strategic defense forces include interceptor aircraft, surface-to-air missiles, and warning and control systems designed to defend against manned bomber or missile attack, and the civil defense program.

The major strategic threat to the United States today is a surprise missile attack. The present air defense forces—including interceptors, missiles, radars, and control centers—are designed only to defend against bombers and therefore are becoming less capable of limiting damage from combined missile and bomber attacks. For this reason, we will continue to reduce these forces in 1966, when a number of older National Guard interceptors will be replaced by newer aircraft transferred from the active forces. Also, studies indicate that certain of the present radars in the force can be eliminated without compromising either military air defense or civilian air traffic control.

Although the manned bomber threat is declining, it is always possible that this decline could be reversed. To be prepared for such a contingency, the 1966 budget provides for continued study and test of the improved mach-3 interceptor aircraft which is already flying, as well as other interceptor concepts and for further improvements of ground control systems for our air defense forces.

Increased funds are being recommended for 1966 for the Nike-X antimissile system, in order to continue development work on a priority basis. In addition, research will continue on even more advanced components of antimissile defense. The budget also provides for the continued development and installation of over-the-horizon radar warning systems able to detect missiles and aircraft in flight beyond the range of conventional radar, as well as for continued operation and improvement of an antisatellite defense system.

The civil defense program is another important element of our total continental defense effort. Its central objective is a nationwide fallout shelter program to reduce significantly the casualties among our population in the event of nuclear attack.

In 1966, emphasis will be given to improvements in ventilation techniques in order to increase the number of persons who can be accommodated in shelters. Management assistance to communities for shelter planning and assignment will be continued. The nationwide fallout shelter survey will also continue, and a program to increase the total inventory of shelters through a survey of smaller structures will be started. Procurement of provisions for shelters, training and education programs for emergency preparedness, developmental work on indoor warning systems, and distribution of radiological monitoring devices will continue.

The 1966 program also provides for seven protected Federal regional centers from which emergency operations can be directed.

Total obligational availability needed in 1966 for continental defense programs is estimated to be \$1.8 billion, about the same as in the current year.

General purpose forces.—The strengthening of our strategic deterrent forces has been accompanied by a major improvement in the forces needed to cope with the various forms of lesser conflict. Critical deficiencies which previously existed in the ground, sea, and air forces designed for limited war have now been largely eliminated. Provision has been made for increased stocks of weapons, equipment, and ammunition. This buildup now makes it possible to emphasize improvements in the quality and mobility of the general purpose forces. Total obligational availability required for this program in 1966 is estimated to be \$19 billion, compared with \$18.1 billion in 1965.

These funds will maintain the 16 active Army divisions and 3 active Marine Corps division-wing teams, plus their supporting elements. Additional modern equipment will be added, including surface-to-surface missiles, combat vehicles, and aircraft. Army testing of experimental air assault concepts will be completed during the current year, and the authorization for the additional 15,000 personnel used in these tests will not be required during 1966.

The 1966 Navy general purpose program provides for initiating the procurement of 641 aircraft and 64 new or converted ships. Emphasis will be placed on long-range patrol aircraft, destroyer escorts, and nuclear submarines for antisubmarine warfare. Twenty antisubmarine ships will be constructed or converted, and procurement of the P-3A long-range patrol aircraft and modern torpedoes and sonars will be continued. Fleet amphibious forces will also be improved in 1966 with construction of 15 assault ships and construction of 4 mine warfare vessels and the conversion of 1 other. Eight fleet supply and support ships, 3 guided missile ship conversions, and 12 patrol craft are also included. Carrier forces will be improved by a major conversion and modernization of an older attack carrier.

To maintain the present superiority of our modern tactical fighter forces, the 1966 budget provides for further procurement of modern and improved F-4 aircraft for the Air Force and Navy. Development of the F-111 tactical fighter aircraft will continue and the first large-scale procurement of this aircraft and of the Navy A-7 attack aircraft will be funded in 1966. When the F-111 is operational in 1967, this versatile, long-range fighter will improve greatly our ability to deploy tactical airpower worldwide. Air Force tactical forces will increase from 112 squadrons at the end of fiscal year 1964 to 119 squadrons in 1966. Protection of these forces will be improved through initiation in 1966 of a program for construction of overseas aircraft shelters.

Airlift and sealift forces.—The 1966 budget provides funds for further improvement of the air and sea forces on which the rapid deployment of the Armed Forces depends. Total obligational availability in 1966 is estimated to be \$0.1 billion more than in the current year.

Provision is made for continued procurement of the C-141 jet transport and for development of the C-5A, an aircraft able to carry large loads very economically and land on relatively short airfields. This plane will have the largest cargo capacity of any aircraft ever built.

The significant increases in airlift capability resulting from these new aircraft will permit a reduction, beginning in fiscal year 1966, of the older and less effective airlift aircraft in the active and reserve forces.

To improve further our ability to make speedy and effective response to limited aggression, the budget also provides for construction of four new fast deployment, logistic ships designed for rapid loading and unloading of large amounts of military equipment. These ships, which are not intended for normal cargo carrying duties, will be deployed in forward areas. In addition, funds are provided for modification of 14 more Victory ships to serve as forward floating depots for storage of military equipment near potential trouble spots.

Exercises involving the rapid movement of large military forces will be continued in 1966 to develop further the operating techniques needed to take full advantage of increases in mobility.

Reserve Forces.—In 1966, total obligational availability required to support the reserve components of the Army, Navy, Marine Corps, and Air Force, is estimated at \$0.1 billion less than in 1965.

The 1966 request anticipates a major realignment of the Army's reserve components in which all organized units will be placed under the National Guard. Under the realignment, the number of units will be reduced, but all remaining units will be adequately manned. In addition, these units will be provided with their full complement of weapons and equipment. These measures will significantly increase the combat power and readiness of the Army reserve components. The realignment schedule visualizes a reduction in paid drill training strength by the end of 1966 to 575,000—80,000 below that presently estimated for the end of 1965. Ultimately, the paid drill strength of the reorganized National Guard will number 550,000. In the future, the Army Reserve will consist entirely of individuals forming replacement pools or holding specific mobilization assignments.

Reduced personnel costs resulting from the realignment will be partially offset by increased procurement of modern weapons and equipment.

Research and development.—Most of the Department's research and development effort is included in this program; amounts for development of systems which have already been approved for procurement are included in appropriate mission-oriented programs. Total obligational availability for research and development in 1966 is estimated at \$5.4 billion, an increase of \$0.3 billion over 1965.

Because of the growing number of weapons systems which have passed the full-scale development stage, greater stress is now being placed on improving these systems and on developing advanced components which can be used in the future in a number of different weapons systems such as strategic and tactical aircraft and ballistic missiles.

Increasing support will be given to:

(1) General programs of research to lay the groundwork for future weapons technology;

(2) Antisubmarine warfare systems, including new sonars and torpedoes; and

(3) A number of tactical weapons, such as the main battle tank being developed jointly with the Federal Republic of Germany, certain counterinsurgency weapons, and a new lightweight anti-tank missile.

Other programs supported by the budget include development of night vision devices, an advanced anti-radar missile, undersea vehicles for rescue operations and underwater research, vertical takeoff and landing aircraft engines, and further work on exploration of potential uses of light amplification (Laser) technology.

To promote our defense capabilities in space, research on reentry and recovery of spacecraft will be accelerated, outlays for the Titan III space booster will continue at a high level, and development of the initial Defense Communications Satellite System will continue. Funds are also included for moving ahead with the manned orbiting laboratory program. This program will take advantage of experience and equipment developed in the National Aeronautics and Space Administration manned space flight program and will be planned and carried out in close coordination with NASA.

General support.—This program includes all elements that are not directly or uniquely related to any of the other programs but which provide essential support to them. Such functions as intelligence, communications, command and control, and support of nuclear weapons programs are included, along with training and education, family housing, medical services, logistic support, and other Department-wide activities. Total obligational availability required for these functions in 1966 is estimated at \$14.6 billion, compared with \$14.3 billion in 1965.

To reduce further the large deficiency in military family housing, the 1966 budget provides for construction of 12,500 housing units, 4,250 more than were approved for 1965.

Emphasis is also placed on improving communications. The Department is establishing two major worldwide automatic communications systems which will become the backbone of the newly established National Communications System. They will not only greatly improve emergency communications capabilities but will also yield significant manpower and operating economies over previous methods.

Military assistance.—The military assistance program is an essential component of our overall national security effort. It is based on the principle of the collective security of the United States and the rest of the free world. Under this principle, our own security

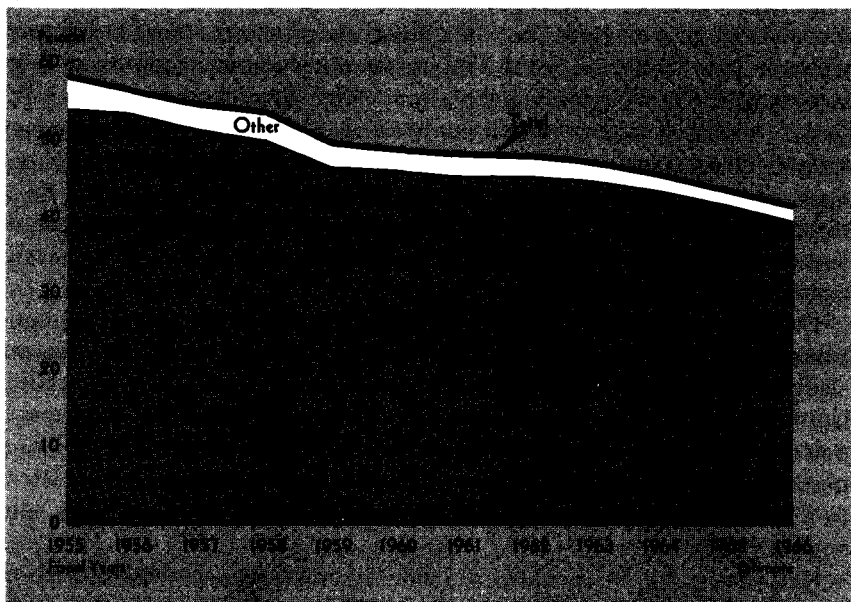
planning and the structure of our forces continue to be influenced by the contribution of our allies to the collective defense.

Nearly three-quarters of the military assistance provided in 1966 will go to 11 countries which form an arc around the southern and eastern flanks of the Sino-Soviet bloc—Greece, Turkey, Iran, Pakistan, India, Thailand, Laos, Vietnam, the Philippines, and the Republics of China and Korea. These nations are not yet able to support fully their own forces, but they maintain 3½ million men under arms. By helping them maintain these forces, we reduce greatly our own manpower requirements and costs which we would otherwise have to bear.

In Africa and Latin America, our military assistance effort is aimed primarily at equipping and training armed forces to maintain internal security and to perform civic action projects, which provide training but also contribute to economic development.

In 1966, military assistance expenditures are estimated to be \$100 million less than in the current year, although new obligational authority required for this program will increase by \$115 million.

National Defense as a Percent of Federal Payments



Atomic energy activities.—Expenditures by the Atomic Energy Commission in 1966 are estimated to be \$2.5 billion, down \$170 million from 1965. The decreases from 1965 will result from such factors as a \$55 million reduction in the procurement of uranium concentrates and a lower production level for enriched uranium and plutonium. In addition, fewer construction projects in support of

research and development programs and less equipment procurement will reduce expenditures by \$75 million. These decreases more than offset increases in some research and development programs for the peaceful uses of nuclear energy.

Nuclear weapons.—Expenditures for the development and production of nuclear weapons in 1966 will decrease by \$19 million from 1965 levels, reflecting the significant quantities of weapons stockpiled in recent years. Achievement in 1965 of the capability to resume atmospheric testing in the event of violation by others of the limited nuclear test ban treaty will make possible a decline of \$29 million in test program expenditures in 1966. In a joint Defense-AEC program, work will continue on development and underground testing of nuclear weapons, on maintenance of readiness for atmospheric testing, and on improved detection and identification capabilities.

Peaceful uses of nuclear energy.—Expenditures in 1966 for the development of civilian nuclear power are estimated at \$214 million, a decrease of \$5 million from 1965. Continued emphasis will be given to the development of reactors which produce significantly more fuel than they consume (“high-gain breeders”) as the long-range objective for civilian power reactors. To meet shorter term needs, reactors which substantially improve the use of nuclear fuels (advanced converters and “low-gain breeders”) are being developed on a selective basis. Construction of two different types of reactors in this category by non-Federal groups will proceed in 1966 with Atomic Energy Commission assistance; research and development will be pursued on a third type. These increases will be more than offset by reductions elsewhere, including work on other advanced converters and on established types of light-water reactors.

Development of nuclear energy uses in space exploration will continue in 1966. The SNAP program to develop compact nuclear electric power units will focus on promising units fueled by radioisotopes and on the technology, fabrication, and testing of reactor-powered units. The Rover program to develop nuclear rockets, being pursued jointly with the National Aeronautics and Space Administration, will continue to be directed toward ground-based research and engineering.

Basic research in the physical and biomedical sciences related to nuclear energy will continue to grow. Highly selective improvements and additions to existing major facilities will be initiated. These additions include construction, at Argonne Laboratory in the Middle West, of the world’s largest bubble chamber. This device will enable scientists to observe and analyze the interactions of subatomic particles and thus explore more intensively the ultimate composition of matter.

Work on the peaceful application of nuclear explosives (Project Plowshare) in 1966 will be directed toward the development of suitable nuclear devices, experiments in excavation technology, and the use of nuclear explosives for the production and study of the very heavy elements.

Defense-related activities.—Expenditures for the various defense-related functions of agencies other than the Department of Defense and the Atomic Energy Commission are estimated to decrease by \$112 million in 1966. This decrease is primarily attributable to a reduction of over \$100 million in interest payments to the Treasury on Defense Production Act loans outstanding. (Miscellaneous receipts of the Treasury will be reduced by a corresponding amount.)

Inductions into the Armed Forces handled by the Selective Service System are estimated to increase from 95,000 in 1965 to 125,000 in 1966. The Armed Forces will examine an estimated 1 million volunteers and Selective Service inductees in 1966. In addition, 645,000 18-year-olds will be referred for medical and mental testing under the special Selective Service program initiated last year. Those who fail to meet the minimum standards for admittance into the Army will be referred to local agencies for employment, health, training, and vocational rehabilitation services.

INTERNATIONAL AFFAIRS AND FINANCE

Through its international activities, the Federal Government remains alert and responsive to developments in a rapidly changing world. In pursuit of the objectives of world peace, stability, and prosperity, the United States participates in international organizations such as the United Nations and the Organization of American States. It increases mutual understanding through worldwide information and exchange activities. It pursues negotiations affecting a wide spectrum of problems—from the reduction of armaments to the liberalization of world trade and commerce. It builds for the future by encouraging economic and social progress in the developing nations, and it helps to avert immediate dangers to peace by providing economic as well as military assistance to threatened countries.

New obligational authority of \$5.1 billion is requested for international affairs and finance activities for 1966, a decrease of about \$1.6 billion from 1965. Administrative budget expenditures for these activities are estimated to be \$4.0 billion in 1966, \$59 million less than in 1965.

Conduct of foreign affairs.—The Department of State has primary responsibility for a wide array of activities required to conduct the Nation's foreign affairs. To fulfill its responsibilities, it must

INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Conduct of foreign affairs:				
Department of State.....	\$279	\$296	\$306	\$318
U.S. Arms Control and Disarmament Agency.....	6	10	10	12
Tariff Commission.....	3	3	3	4
Foreign Claims Settlement Commission.....	9	37	2	2
Economic and financial programs:				
Agency for International Development:				
Development loans.....	768	862	870	780
Technical cooperation.....	226	190	205	210
Alliance for Progress.....	272	365	398	580
Supporting assistance.....	371	370	390	369
Contingencies and other.....	360	263	237	271
Subtotal, Agency for International Development.....	1,997	2,050	2,100	2,210
International financial institutions:				
Present programs.....	112	62	10	310
Proposed legislation.....		258	25	250
Peace Corps.....	60	80	105	125
Export-Import Bank.....	-702	-645	-480	
Other.....	12	15	21	12
Food for Peace ¹	1,704	1,661	1,661	1,658
Foreign information and exchange activities:				
United States Information Agency.....	161	164	161	173
Department of State.....	46	52	59	62
Subtotal, administrative budget.....	3,687	4,043	3,984	25,136
Trust Funds.....	62	-106	258	2115
Intragovernmental transactions and adjustment for net cash issuances or withdrawals by international financial institutions (deduct).....				
	256	301	89	
Total.....	3,492	3,636	4,153	

¹ See General Notes, page 4, item 4.² Compares with new obligational authority for 1964 and 1965, as follows:
Administrative budget funds: 1964, \$4,457 million; 1965, \$6,759 million.
Trust funds: 1964, \$57 million; 1965, \$32 million.

maintain diplomatic and consular posts in 113 countries—31 more than were required 5 years ago. A small number of additional diplomatic and consular posts will be opened in 1966, reflecting the forthcoming independence of new nations and the implementation of a new consular convention with the U.S.S.R.

Workloads will continue to increase in other areas as well. For example, more Americans will be traveling abroad in 1966, resulting in an estimated 1,320,000 applications for passports—a 10% increase over 1965. Travel of foreigners to the United States will also continue to grow. The budget anticipates that 1,365,000 nonimmigrant visas will be issued—14% over 1965. Additional commercial staff will be required to deal with increased workloads, including the promotion of U.S. exports. Improved communications to support the Foreign Service and enhanced security measures at posts abroad are also provided for.

In addition, the budget includes funds for the expenses of U.S. membership in the United Nations and other international organizations. Our participation in and support of these bodies are important to our quest for international peace, security, and cooperation.

All these activities of the Department of State will require expenditures of \$306 million in 1966, \$10 million more than in 1965.

The United States Arms Control and Disarmament Agency will expand its staff and contract research efforts in 1966 to formulate new U.S. approaches toward controlling and reducing arms and lessening the risk of war, and to support U.S. participation in international disarmament meetings.

Agency for International Development.—The Agency for International Development administers and coordinates economic assistance programs in less developed countries where political stability, resistance to aggression, or economic and social progress are important to the foreign policy objectives of the United States. In those countries which are working to achieve economic growth and stability through concentrated self-help and self-discipline, the United States is supplementing local resources with long-term loans and technical and supporting assistance. In 1966, expenditures for all AID activities are estimated to total \$2.1 billion, an increase of \$50 million over 1965.

New obligational authority of \$2.2 billion is being requested for 1966, about the same as the 1965 amount. This request covers only the most urgent requirements. It reflects a continuing effort to increase the effectiveness and efficiency of our assistance programs.

An increasing proportion—now over 80%—of U.S. commitments for economic assistance programs is directly tied to the purchase of goods and services in the United States. In this way, any adverse effect of our assistance program on the U.S. balance of international payments is minimized. In addition, the long-term growth of U.S. exports is stimulated through the development of new trade patterns and opportunities.

Development loans and technical cooperation.—Most expenditures for development assistance are in the form of long-term loans, repayable in dollars. Expenditures for these loans are estimated to total \$870 million in 1966, slightly more than in 1965. This total excludes loans under the Alliance for Progress, which is discussed separately.

This assistance is concentrated in relatively few developing countries to finance the dollar costs of capital projects and/or critical imports upon which economic growth depends. India, Pakistan, and Turkey are the major recipients.

In these and other major countries, U.S. financial help is part of a systematic program of modernization carried out in accordance with a development plan. This help usually represents an agreed-upon U.S. share of the total amount of assistance provided by most of the major industrial countries of the free world. Where comprehensive development plans have not yet been formulated and approved, lending is normally undertaken only for specific projects, each of which is carefully reviewed in terms of its technical soundness and its relative contribution to overall growth.

In most countries, dollar loans—to be effective—must be complemented by technical cooperation. The United States meets this need through grants for part of the costs of furnishing U.S. advisers who can bring American experience and technical skills to bear on the various complex problems of economic development. Expenditures for such grants are expected to amount to \$205 million in 1966, \$15 million more than in 1965.

Alliance for Progress.—Through the Alliance for Progress, the United States is working with the Latin American nations in a special effort to achieve the economic and social reforms required to accelerate economic growth. U.S. participation in these efforts involves primarily development loans and technical assistance.

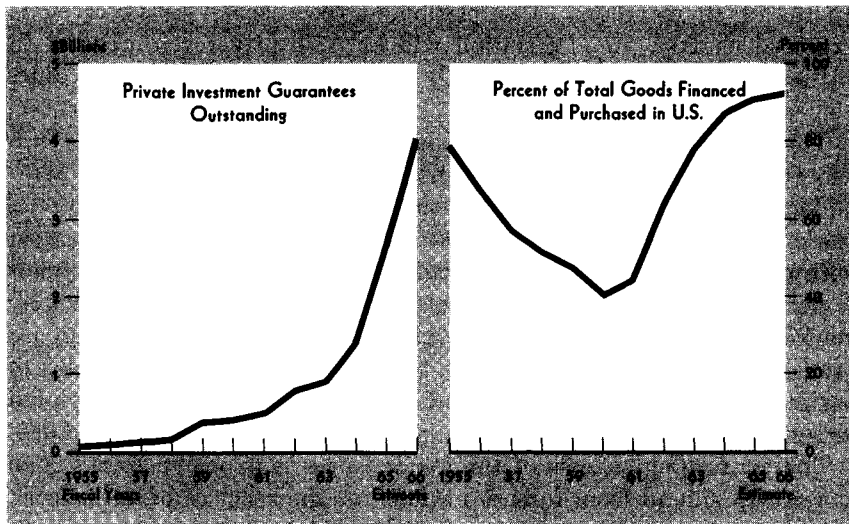
This budget includes new obligational authority of \$580 million for 1966 for the Alliance for Progress activities of the Agency for International Development; expenditures in 1966 are estimated at \$398 million, an increase of \$33 million over 1965. Other important Alliance activities will be carried out through the Inter-American Development Bank, the Export-Import Bank, the Food for Peace Program, and the Peace Corps.

Other AID programs.—In some cases, the United States provides supporting assistance grants and loans to counter immediate threats to political and economic stability which, in turn, pose danger to free world security. The number of countries in which such financing is necessary has declined sharply in recent years, but there continue to be urgent requirements in the Far East—primarily in Vietnam. Ex-

penditures for supporting assistance are estimated to rise to \$390 million in 1966 from \$370 million in 1965.

The United States makes substantial contributions to programs of international organizations which complement our bilateral aid efforts. These programs range from general development assistance operations, such as those of the United Nations Special Fund, to specific activities, such as the Indus Basin Development program administered by the World Bank.

Agency for International Development - Program Trends



AID programs for guaranteeing private investment abroad are encouraging increased participation by the American business community in the developing countries. To accelerate this trend, legislation is recommended to increase substantially the authority to extend these guarantees. The value of guarantees outstanding is expected to rise in 1966 to a total of \$4 billion, about \$1 billion more than in 1965.

Other economic and financial programs.—New obligational authority of \$456 million is requested for 1966 to strengthen the Alliance for Progress through expansion of the resources and activities of the Inter-American Development Bank. This total includes a request for \$206 million in new obligational authority to provide the second and final installment of a \$412 million increase in the U.S. subscription of callable capital held in reserve in the U.S. Treasury against Bank borrowing in private capital markets. No expenditure of these funds is contemplated. Under proposed legislation to expand the Bank's long-term lending financed by member governments, new

obligational authority of \$250 million is being requested in both 1965 and 1966; a similar amount will be requested for 1967.

New obligational authority of \$104 million is requested for 1966 to finance the first installment of the 3-year, \$312 million increase in the U.S. subscription to the International Development Association approved during the last session of Congress. This Association is an affiliate of the World Bank, established to make loans on easier terms than regular Bank loans.

The member nations of the International Monetary Fund are considering strengthening this institution through an increase in the quotas of all members. Completion of the discussions involved is expected shortly, and legislation will be promptly recommended to authorize the U.S. share of this increase. The budget includes new obligational authority of \$1 billion for 1965 for this purpose.

The Export-Import Bank is continuing its efforts to expand U.S. exports. The Bank's successful insurance and guarantee programs—undertaken in cooperation with insurance companies and commercial banks—will protect more than \$1.5 billion of U.S. exports against both political and commercial risks by the end of 1966. Direct loans to foreign borrowers are also expected to increase, thereby developing markets for U.S. products and providing U.S. capital equipment for projects around the world. Sales to private buyers of certificates of participation in the Bank's portfolio will contribute to an estimated net excess of Bank receipts over expenditures of \$480 million in 1966.

The continuing success of the Peace Corps is expected to result in increased demand from foreign nations for the services of volunteers, as well as increased interest from qualified Americans. Peace Corps programs are anticipated in 46 countries in 1966, and the number of volunteers and trainees is expected to rise from 15,000 in 1965 to 17,000 by the end of 1966. This will require an estimated increase of \$25 million in expenditures.

Food for Peace.—The Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) is the foundation of the Food for Peace program, through which U.S. agricultural surpluses are made available to help feed hungry people and contribute to economic development abroad.

About two-thirds of the Food for Peace program consists of sales of commodities to foreign nations for their own currencies. To the extent possible, these currencies are then used in the recipient countries to pay U.S. obligations, to finance loans to U.S. private enterprise, and to support local development projects. Almost all of these currencies are inconvertible, and considerable balances have developed in a number of countries. In an effort to improve our ability to make more effective use of these currencies, a special foreign currency

authorization is proposed permitting the President to use up to 5% of such currencies in each of those countries in which U.S. balances are in excess of regular U.S. needs. These funds will be used for additional worthwhile purposes serving U.S. national interests, and annual reports will be made to the Congress on these uses.

Other aspects of the Food for Peace program provide grants of food abroad and long-term credit sales for dollars.

FOOD FOR PEACE EXPENDITURES¹

[Fiscal years. In millions]

Program	1964 actual	1965 estimate	1966 estimate
Sales for foreign currencies.....	\$1,415	\$1,247	\$1,140
Grants for famine relief and other purposes.....	228	211	306
Long-term credit sales.....	60	204	216
Total, Food for Peace.....	1,704	1,661	1,661

¹ See General Notes, page 4, item 4.

Expenditures for Food for Peace are estimated at \$1,661 million in 1966, the same as in 1965. The total volume of commodities shipped is expected to remain approximately at 1965 levels. The decline in expenditures for the foreign currency sales program reflects in part lower ocean transportation payments. Under legislation passed last year, these payments will cover only additional costs resulting from the use of U.S. vessels.

Disposal of commodities abroad through private welfare agencies, as authorized by section 416 of the Agricultural Act of 1949, as amended, is sometimes treated as a part of the Food for Peace effort. Expenditures for this program, which are classified under agriculture and agricultural resources, are estimated at \$179 million in 1966.

Foreign information and exchange activities.—The Department of State and the United States Information Agency work together to develop improved mutual understanding with other peoples.

Expenditures for educational and cultural exchange activities of the Department of State will increase as a result of measures to improve the quality and effectiveness of these activities. Most of the increase in new obligational authority is requested to substitute for a decline in U.S.-owned foreign currencies available for the program. The increase will also provide for travel of dependents of certain American teachers and professors sent abroad and for special services for non-U.S. Government-sponsored foreign students in this country.

The United States Information Agency will reallocate its resources in order to improve the quality of its information activities while

reducing costs. This will permit reductions in both expenditures and employment in 1966. Under this reallocation, decreases in trade fair exhibitions and the Western European program will permit greater worldwide motion picture and television efforts as well as further buildup in the African program. The 1966 estimate for new obligational authority includes \$13 million to complete an important Voice of America radio transmitting facility in the Far East.

SPACE RESEARCH AND TECHNOLOGY

The principal objectives of the programs of the National Aeronautics and Space Administration are to extend man's knowledge and use of space. The budget provides for a broad-based, balanced program of space activity, utilizing both manned and unmanned flight systems and supported by extensive ground-based research. These activities will not only contribute to the advancement of scientific knowledge and our immediate objectives in space exploration but will also provide the foundation for future progress in space and new technology with civilian and military applications.

The largest and most costly single effort in the space program is directed toward the achievement of a manned lunar landing within this decade. This effort serves as a focus for the development of the vehicles, facilities, and experience that will be required for future

SPACE RESEARCH AND TECHNOLOGY

[Fiscal years. In millions]

Program	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Manned space flight.....	\$2,768	\$3,085	\$3,386	\$3,588
Scientific investigations in space.....	641	693	703	730
Meteorology, communications, and other space applications.....	112	110	107	114
Other research, technology, and supporting operations.....	650	1,012	904	828
Subtotal, administrative budget.....	4,171	4,900	5,100	5,260
Trust Funds	*	*	*	*
Total.....	4,171	4,900	5,100	5,260

*Less than one-half million dollars.

¹ Compares with new obligational authority for 1964 and 1965, as follows:
Administrative budget funds: 1964, \$5,100 million; 1965, \$5,250 million.

space operations. The program also emphasizes scientific experiments and probes by unmanned spacecraft, the advancement of spacecraft technology for meteorology and other applications, and research and development needed to support these space efforts and the Nation's aeronautical activities.

New obligational authority of \$5.3 billion is recommended for the National Aeronautics and Space Administration for 1966, virtually the same amount as enacted for 1965. In recent years, the very rapid development of our space effort has required large annual increases in appropriations. Through prudent management and the termination of premature or non-essential projects, it is now possible to maintain the momentum of our ongoing programs and to start important new projects without a further significant increase in new obligational authority for 1966.

Expenditures for the space program in 1966 are estimated at \$5.1 billion, an increase of \$200 million over the estimate for 1965. This compares with average annual increases of over \$1 billion during the previous 4-year period. The increase in 1966 is mainly for payments for equipment and services contracted for in prior years.

Manned space flight.—Manned space flight activities continue to absorb about two-thirds of the budget of the National Aeronautics and Space Administration. The huge Saturn V launch vehicle, the Apollo spacecraft, and supporting programs required for a manned lunar landing will also provide the broad technological capability for engaging in other space activities in the years ahead.

Manned flights of the two-man Gemini spacecraft will be conducted during fiscal year 1966 to provide essential space flight experience and to continue the training of astronauts.

The Saturn I rocket has successfully flown seven times in seven attempts. This rocket will be used to boost into orbit large spacecraft to measure the concentration of small meteoroid particles in space. The information gained from these experiments will contribute to the design of the Apollo spacecraft. By the end of fiscal year 1966, the more powerful Saturn IB rockets will have completed initial test flights in preparation for launching the manned Apollo spacecraft on earth orbital flights. Ground tests of all stages of the Saturn V will also be well underway.

Funds are provided in 1966 for studies and selected technological developments which will prepare the way for a future decision on possible uses of the Apollo spacecraft and Saturn launch vehicles other than those specifically required for the manned lunar landing.

Scientific investigations in space.—Funds are included in this budget to initiate development of the Voyager, a major new unmanned spacecraft designed to explore the planet Mars. This spacecraft will be 10 to 15 times as large as the Mariner 4 which is currently in transit to Mars. Its ultimate mission will be to place on the Martian surface an instrument package capable of determining and reporting to earth whether there is life on that planet. This program has been selected for initiation in 1966 because it is considered to be one of the most important scientific missions to be undertaken in space and must be timed for the most favorable flight conditions. It is planned to take advantage of the opportunity that will occur in 1971.

Funds are also recommended to continue unmanned investigation of the moon preparatory to manned exploration. These investigations will be conducted by the Surveyor spacecraft, which will land on the moon and relay to earth pictures and measurements of the lunar surface, and the Lunar Orbiter, which will be equipped to transmit clear pictures of the surface from a low orbit around the moon.

Scientific investigations and measurements of the space environment near the earth will continue to be made by large geophysical, astronomical, and solar observatory satellites, as well as the smaller and more specialized Explorer satellites and Pioneer space probes.

Meteorology, communications, and other space applications.—An additional Tiros spacecraft will be launched in 1966 to experiment with new techniques for making meteorological observations from satellites. Development will continue on experiments involving the larger Nimbus and other satellites.

Development of the Applications Technology Satellite will be continued in 1966. This satellite is to be used for experiments related to a variety of space applications—such as communications, meteorology, and space science.

Other research, technology, and supporting operations.—The supporting programs on which space operations and long-term improvements in space capabilities depend will continue in 1966. These programs include advanced research and development in space

technology and aeronautics, operation of the NASA worldwide tracking system, and support of college and university programs in the space sciences, including the training of candidates for advanced degrees.

AGRICULTURE AND AGRICULTURAL RESOURCES

One result of the great strides made in increasing the efficiency of American agriculture has been a progressive reduction in the number of people needed in farming. Today, much more capital, less cropland, and much less labor is required to produce a given output of farm commodities than even a decade ago.

The Nation as a whole has benefited greatly from the shift of the manpower no longer needed in agriculture to non-agricultural employment. But the shift of manpower has not kept up with the growth of farm productivity. The difficulty of making the transition to new occupations is reflected in the large number of low-income families in rural areas today.

With the help of the Federal Government's farm commodity programs, some of the larger and more efficient farmers are now receiving rates of return for their labor, capital, and management nearly comparable with the rates received in other parts of the economy. But in view of the market outlook for farm commodities at home and abroad, farming alone cannot be expected to provide a decent living in the future for more than about one million farm families, even with continued Government assistance. Many low-income farm families will have to find other ways of earning a living, or other sources of income to supplement their modest farm earnings, if they are to share more fully in our national prosperity. Recognition of this situation underlies the increased emphasis in this budget on providing better economic opportunities not only for low-income farm families but for all low-income people who live in rural areas.

Payments to the public for agricultural programs in 1966 are estimated at \$4.1 billion, down \$537 million from 1965. The reduction reflects mainly (1) an expected decline in expenditures for the farm income support programs financed by the Commodity Credit Corporation and (2) proposed legislation which will reduce expenditures for the Farmers Home Administration and the Rural Electrification Administration.

AGRICULTURE AND AGRICULTURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Farm income stabilization:				
Price support, supply, and purchase programs.....	\$3,175	\$2,293	\$1,864	\$2,300
National Wool Act.....	73	32	39	31
International Wheat Agreement.....	126	30	28	28
Transfer of commodities to supplemental stockpile.....	38	80	75	52
Removal of surplus agricultural commodities.....	240	242	312	312
Conservation reserve and cropland conversion.....	297	211	161	160
Sugar Act.....	87	103	95	95
Other.....	108	112	144	147
Subtotal.....	4,144	3,103	2,716	3,125
Financing rural electrification and rural telephones:				
Present programs.....	342	367	377	459
Proposed legislation.....		-168	-177	-345
Financing farming and rural housing:				
Farmers Home Administration:				
Present programs.....	259	248	111	68
Proposed legislation.....			40	100
Farm Credit Administration:				
Present programs.....	-9	-6	-5	
Proposed legislation.....			-8	
Agricultural land and water resources:				
Soil Conservation Service:				
Present programs.....	193	209	218	222
Proposed legislation for user charges.....			-20	-20
Agricultural conservation program payments (including CCC loan).....	213	226	223	120
Other.....	3	6	3	4
Research and other agricultural services:				
Present programs.....	414	493	523	523
Proposed legislation for inspection fees.....			-57	-48
Subtotal, administrative budget.....	5,560	4,477	3,944	¹ 4,207
Trust Funds (mainly federally sponsored farm credit institutions).....	496	615	495	¹ 38
Intragovernmental transactions and other adjustments (deduct).....	210	443	326	
Total (not including Food for Peace) ²	5,846	4,650	4,113	

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$5,677 million; 1965, \$4,966 million.
 Trust funds: 1964, \$28 million; 1965, \$31 million.

² See General Notes, page 4, item 4.

Improving rural economic opportunities.—The new programs being undertaken through the Office of Economic Opportunity will benefit the rural economy and rural areas. As an additional important step in improving rural living conditions, legislation is being proposed to authorize an insured rural housing loan program for 1966 which will provide up to \$350 million in insured loans. This program will promote more and better housing for people in rural areas at a cost within their means.

To increase the effectiveness of Federal programs to combat rural poverty, the budget recommends additional funds in 1966 to permit the Rural Community Development Service (formerly the Office of Rural Areas Development) to establish small offices in 20 additional States. These offices will enable the Department of Agriculture to provide information to other Federal agencies and to serve as a focal point for information and advice to local communities. The budget also provides for additional personnel in the Extension Service to participate in this program. These expanded services will supplement those of other Federal agencies.

Farm income stabilization.—Expenditures in 1966 for farm income stabilization, estimated at \$2.7 billion, are \$387 million less than in the fiscal year 1965. The principal decreases result from (1) a change in the timing of feed grain acreage diversion payments; (2) reduced price support loan levels for feed grains, cotton, and rice; and (3) an expected lower volume of tobacco production. These decreases are offset in part by an estimated larger production of feed grains and soybeans in the 1965 crop year.

The budget reflects a supplemental appropriation of \$1,181 million for the fiscal year 1965 to assure that the Commodity Credit Corporation will have sufficient funds to meet its statutory obligations under the price support programs.

The legislation on which the current wheat, feed grains, and cotton programs are based expires in 1965, and the National Wool Act expires early in 1966. These programs should be continued and improved.

The Secretary of Agriculture will conduct a comprehensive review of farm policies in an effort to design programs that will continue the national benefit from our present highly efficient commercial agriculture, bolster farm income, put less burden on the Federal budget, and direct more of our effort to the problems of low-income farmers.

Financing rural electrification and rural telephones.—New obligational authority is included in the budget to permit the Rural Electrification Administration to make loan commitments of \$300

million in 1966 for the electrification program and \$97 million for the telephone program. In addition, a contingency reserve of \$65 million is proposed to be made available, if needed, for the electrification and telephone loan programs. It is expected that the Rural Electrification Administration will put additional emphasis on the negotiation of reasonable contracts under which REA-financed systems purchase power from other suppliers. Such contracts will reduce the need for generation and transmission loans.

The reduced new obligational authority recommended for the electrification and telephone programs in 1966 assumes early enactment of proposed legislation to authorize use of collections on outstanding electrification and telephone loans to help finance new loans, with continued control through the regular appropriations process. Under this legislation, estimated collections of \$168 million in 1965 and \$177 million in 1966 will be available to help finance the 1966 loan programs, thereby reducing the amount of new obligational authority required.

Financing farming and rural housing.—Through the Farmers Home Administration, both direct Federal loans and insured private loans are provided to meet special credit needs associated with farming, rural housing, rural water facilities, and other related rural problems. The volume of direct and insured loans will be substantially larger in 1966 than in 1965. However, a reduction of \$97 million from the 1965 level of expenditures for these programs is estimated for 1966, reflecting mainly proposed legislation under which insured private credit will replace most of the direct Federal loans for the rural housing and farm ownership programs. Provision is also made in the budget for an expansion of the soil and water loan program to a level of \$80 million in 1966, including direct and insured loans.

In line with efforts to improve economic and other opportunities of low-income families, greater emphasis within the existing loan programs is being placed on providing credit and advisory services for low-income people in rural areas. A grant program to help provide rental housing for domestic farm labor was authorized late in the last session of Congress, and expenditures of \$5 million are estimated in 1966.

Agricultural land and water resources.—New obligational authority recommended for the upstream watershed protection program will permit starting construction on 70 new projects in 1966. Total expenditures for this program, including continuing work on

projects underway, are estimated at \$71 million in 1966 compared with \$65 million in 1965.

Expenditures in 1966 under the agricultural conservation program are based on the \$220 million authorization enacted by the Congress for the 1965 program year. New obligational authority of \$120 million is proposed for the 1966 program year. This amount will be adequate to permit the Government to share with farmers the costs of a substantial number of needed conservation practices that will have minimal stimulating effects on the output of farm commodities.

The Soil Conservation Service provides technical assistance to aid farmers in installing conservation practices on their farms. Legislation is being proposed to finance part of the cost of certain of these services by a user charge, with collections of \$20 million estimated for 1966.

The budget also includes funds for planning and technical assistance in 10 additional resource conservation and development pilot project areas. These projects are designed to conserve the resource base in rural areas and to improve overall resource use.

Research and other agricultural services.—Expenditures in 1966 for research and other agricultural services are estimated at \$466 million, down \$27 million from 1965. In order to maintain the vitality of the cooperative Federal and State system of agricultural research, the budget provides for the construction of new laboratories and supporting help to enable Federal and State scientists to deal with such environmental problems as pesticides, toxic molds, and radioactive fallout. Funds are also provided to get underway the meat animal research center at Clay Center, Nebr., and for construction of the National Agricultural Library building at Beltsville, Md.

To increase the effectiveness of the research program, direct research at 15 locations will be discontinued, and grants for university research will be increased. In addition, certain phases of agricultural research will be discontinued at other locations.

Continued increases in the production of meat and poultry products will result in heavier inspection workloads. The number of establishments in which Federal meat inspection is performed is expected to rise from 1,760 in 1965 to 1,842 in 1966. Since Federal inspection of meat and poultry adds to the market value of these commodities, the cost of the inspection should be treated as an element in the cost of processing them rather than a general charge on taxpayers. Legislation is therefore being proposed to finance directly the full cost of meat and poultry inspection activities and certain other inspection and grading activities through a system of user charges. Collections from these charges are estimated at \$57 million in 1966.

NATURAL RESOURCES

The 1966 budget provides for continued development and use of the Nation's abundant natural resources. Investments made will both strengthen and expand our resources base and thus will contribute directly to economic growth. Federal resource programs are coordinated with and complement developmental efforts by a wide range of State, local, and private interests.

Payments to the public in 1966 for the conservation and development of natural resources are estimated at \$2.9 billion, about the same as estimated for 1965. Increased expenditures for water resources projects and for land acquisition and development of recreational areas are expected to be offset by various reductions, and by proposed legislation to revise the method of financing the activities of the power marketing agencies of the Department of the Interior. Savings in operating and personnel costs will be effected in 1966 by the Department of the Interior through closing of some facilities and consolidation of others and through discontinuing some less urgent activities.

Land and water resources.—About two-thirds of the total payments for natural resources programs in 1966 will be for the construction, maintenance, and operation of water resources projects which provide navigation, flood control, irrigation, water supply, and related power benefits, as well as recreational facilities.

As our water needs change, our water and related land resource programs must be adapted to meet these changes. To this end, our water resource programs will be carefully reviewed to assure that Federal programs make their maximum contribution to the rapid growth in urban, industrial, and recreational water requirements.

The budget includes \$37 million of new obligational authority for the Corps of Engineers to start construction on 37 new projects with an estimated total Federal cost of \$777 million. Additional funds are included to begin advance planning on 19 projects to be constructed in later years and to make economic restudies of 7 other projects. New obligational authority recommended for the Bureau of Reclamation provides for 5 new project starts with an estimated total Federal cost of \$103 million and new loans to irrigation districts for starting 4 small reclamation projects. The Bureau will also begin advance planning on 3 projects to be constructed in later years.

The recommendations for the Corps of Engineers will advance development on 21 river basin projects which are subject to monetary authorization ceilings. If orderly development is to be realized, it will be necessary for the Congress to increase the authorization ceilings for 10 of these projects. The budget assumes prompt action to provide the needed increases.

NATURAL RESOURCES

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Land and water resources:				
Corps of Engineers.....	\$1,093	\$1,200	\$1,245	\$1,281
Department of the Interior:				
Bureau of Reclamation.....	339	335	319	314
Power marketing agencies:				
Present programs.....	56	62	100	126
Proposed legislation.....			-124	-91
Office of Water Resources Research.....		4	6	6
Office of Saline Water.....	9	12	20	29
Bureau of Indian Affairs.....	110	115	119	137
Bureau of Land Management and other.....	57	60	59	63
Tennessee Valley Authority.....	59	57	39	59
Federal Power Commission.....	12	13	14	14
International Boundary and Water Commission and other.....	11	27	40	18
Subtotal.....	1,747	1,885	1,837	1,956
Forest resources:				
Forest Service.....	317	361	340	356
Bureau of Land Management.....	15	22	19	19
Recreational resources:				
Bureau of Outdoor Recreation.....	2	13	59	128
National Park Service and other.....	128	132	127	121
Fish and wildlife resources:				
.....	105	121	114	118
Mineral resources:				
Bureau of Land Management.....	47	52	53	53
Bureau of Mines and other.....	45	57	58	58
General resource surveys and administration:				
.....	73	92	84	86
Subtotal, administrative budget.....	2,478	2,735	2,691	¹ 2,896
Trust Funds:				
Indian tribal funds.....	66	68	104	81
Other.....	71	69	71	76
Subtotal, trust funds.....	137	137	175	¹ 157
Intragovernmental transactions and other adjustments				
(deduct).....	20	26	13	
Total.....	2,595	2,847	2,852	

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$2,546 million; 1965, \$2,839 million.
 Trust funds: 1964, \$168 million; 1965, \$169 million.

The Tennessee Valley Authority will use corporate funds to begin construction in 1966 of a \$150 million steam-power unit with an estimated generating capacity of 1,130,000 kilowatts. First-year expenditures are estimated at \$26 million. Appropriations are recommended for the TVA to start the Tellico multiple-purpose project estimated to cost \$42.5 million, as well as 2 small flood control projects and a navigation project costing \$5 million in total. Expenditures on these 4 projects are estimated at \$8 million in 1966.

The 1966 budget includes \$53 million in new obligational authority to continue construction of the Federal segment of the Pacific Northwest-Southwest Intertie. This Intertie—the largest electrical transmission system ever undertaken in this country—will benefit 11 Western States. The transmission lines will tie together electric systems—public and private—from Vancouver, B.C., and Seattle to Los Angeles and Phoenix. The Intertie is estimated to cost \$700 million, of which the Federal share will be nearly \$296 million. Benefits of \$2.6 billion will be realized over a 50-year period.

Revenues from the sale of power by the Bonneville, Southeastern, and Southwestern Power Administrations are currently deposited in miscellaneous receipts of the Treasury. Legislation is recommended to allow these revenues to be used by these agencies to finance capital outlays and operating costs, under control through the regular appropriations process, on a basis consistent with other business enterprise activities of the Federal Government. The budget reflects this proposed change for 1966.

Through its wholesale electric rate regulation program, the Federal Power Commission will assure that economies anticipated by the National Power Survey will result in reduced rates to wholesale customers.

The demand for water is increasing steadily throughout the country. While the overall national supply of water is abundant, shortages in some sections of the country tend to restrict economic development. To help relieve these shortages, the Department of the Interior, through the Office of Saline Water, is making a major effort to advance the technology of desalting water. The budget, therefore, includes a supplemental appropriation of \$4 million for 1965 and a further appropriation of \$29 million for 1966 to expand work leading to the development of desalting technology applicable to a wide range of water supply problems. The Interior Department's desalting program is being coordinated with the programs of the Atomic Energy Commission to develop advanced nuclear reactors which show promise for combined desalting and electric power applications. The benefits of American desalting technology will be shared with nations throughout the world.

Legislation is being proposed to authorize river basin planning commissions and grants to States for planning the best use of water resources.

Under the Water Resources Research Act of 1964, Federal grants will be made to establish water resources research centers in State colleges or universities; additional grants will be available on a matching basis to support research at these centers. A supplemental appropriation was provided in fiscal year 1965 to enable the Office of Water Resources Research to start these activities; a further supplemental of \$2.8 million is proposed for 1965 and \$6 million is recommended for the program in 1966.

The budget includes funds to enable the Bureau of Land Management to administer and develop the 175 million acres of public domain lands in the Western States and the 289 million acres in Alaska—mostly for grazing, forestry, and mineral leasing—and to administer the mineral leasing program on the submerged lands of the Outer Continental Shelf.

Annual revenues from the public domain lands, estimated at \$139 million in 1966, are shared with the States and counties. Payments to States and counties, estimated at \$73 million, are included as expenditures under forest and mineral resource activities.

Indian affairs.—Bureau of Indian Affairs programs are aimed at raising the economic and social levels of 380,000 American Indians. Primary emphasis continues to be given to education, which accounts for two-thirds of Indian program expenditures. In 1966, there will be 4,500 more Indian children attending Federal schools in areas where local public schools are not available. New school facilities estimated to cost \$57 million are proposed to meet the increase in school-age population and to replace old facilities in hazardous condition.

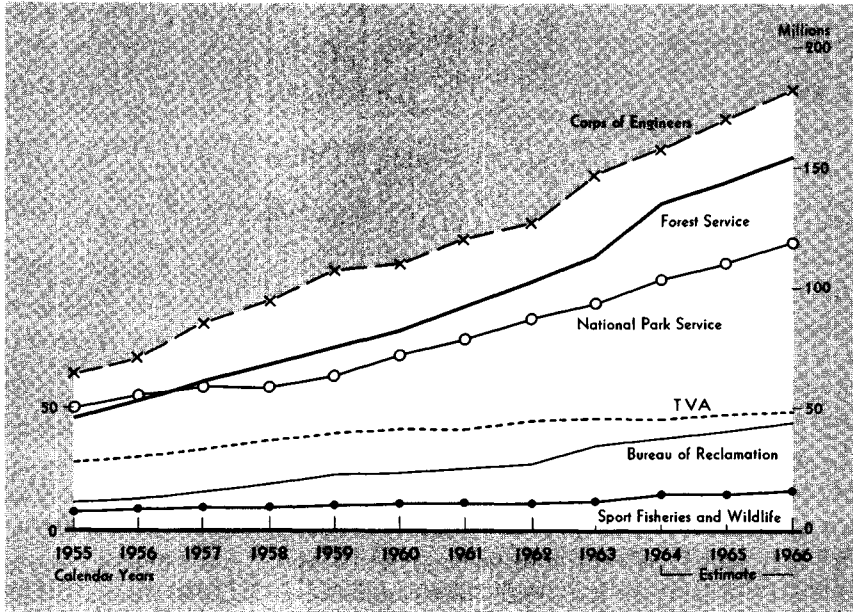
Expanded industrial development and vocational training programs are creating jobs at an increasing rate and helping Indians to learn the skills necessary for employment. Twenty-five plants established in 1964, when fully operating, will employ more than 1,500 Indians. Funds included in the 1966 budget will provide vocational training for 5,400 Indians. To provide the funds necessary to expand industrial and tribal enterprise activities, legislation is being proposed to authorize Federal guarantees of loans to Indians by private lenders and to increase the authorization for the existing direct loan program.

Forest resources.—During 1966, the Forest Service will manage 186 million acres of forest and grasslands. In addition to timber resources, the national forest lands provide recreational, range, and wildlife resources and watershed benefits. In 1966, the Forest Service will construct 1,865 miles of general purpose and recreation roads and timber access roads, as compared with 1,524 miles built in

1964. This will permit an estimated 11.4 billion board feet of lumber to be harvested in 1966.

Two additional research facilities are recommended for 1966, one for work on insect and disease control and the other for forest products and engineering research.

Visitors to Federal Recreation Areas



Recreational resources.—The 1966 budget for the National Park Service is the last to be submitted under Mission 66—the 10-year development program initiated in 1957. During this period, visits to park areas have doubled. Funds are recommended to initiate developments in new park areas recently authorized and to improve the operation of areas already established.

The Bureau of Outdoor Recreation serves as a focal point in the Federal Government for promoting coordination of the many recreational activities at Federal reservoirs, wildlife refuges, national forests, public domain lands, and national park areas and maintains liaison with State and local governments and private interests. Last year, the Congress enacted legislation to establish a Land and Water Conservation Fund which is administered by this Bureau. Expenditures of this fund, financed in part from admission and user fees at Federal recreation areas, are estimated at \$10 million in 1965 and \$56 million in 1966. The Department of the Interior plans to provide not more than 40% of State costs for planning, acquisition, and development of recreational resources. The Fund will also be used for

Federal acquisition of recreation areas. This legislation and the Wilderness Act of 1964, which established the National Wilderness Preservation System, are major steps in meeting outdoor recreation needs and preserving the natural environment.

Fish and wildlife resources.—In 1966, the Bureau of Commercial Fisheries will expand the fishing vessel construction assistance program to modernize U.S. fishing fleets, undertake a new program of Federal grants for support of State commercial fishery research and development projects approved by the Secretary of the Interior, and continue activities supporting the national oceanographic research efforts.

The Bureau of Sport Fisheries and Wildlife will operate 88 Federal fish hatcheries. Wildlife management activities will be carried out at 315 refuges, including 8 new waterfowl areas; \$2 million is provided in 1966 for construction of improvements at 19 refuge areas, and \$12.5 million is provided for acquisition of new waterfowl areas.

Mineral resources.—The Bureau of Mines will continue in 1966 cooperative research work with the Public Health Service to reduce the air and water pollution resulting from mining and mineral processing wastes and the combustion of organic fuels. Research will be started to see whether castoff automobiles, a growing blemish on the Nation's landscape, can economically supplement the metals supply. Efforts to develop economical methods for extraction of oil from oil shale will be expanded, looking toward development of the Nation's vast oil shale reserves.

Future generations of Americans should not be deprived of the use of valuable helium resources because of wasteful practices now. Appropriation language is recommended to permit the Secretary of the Interior, as authorized in the Helium Act Amendments of 1960, to enter into additional long-term contracts to purchase helium, not to exceed \$12.5 million annually. This will raise the annual level of purchases to \$60 million and will ultimately increase the conservation of helium by about one-fifth.

COMMERCE AND TRANSPORTATION

The Federal Government provides a broad range of technical and financial aids to help meet the problems of specific types of businesses, to stimulate the development of particular geographical areas, and to improve major nationwide transportation and communication facilities. The Federal Government also endeavors to promote both the public and private interest by helping to maintain effective competition and by regulating certain key industries.

COMMERCE AND TRANSPORTATION

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Advancement of business:				
Department of Commerce:				
Weather Bureau.....	\$89	\$93	\$102	\$117
National Bureau of Standards.....	49	61	58	39
Other aids to business:				
Present programs.....	129	142	141	128
Proposed legislation for surface transport research.....			10	20
Small Business Administration:				
Present programs.....	133	243	155	157
Proposed legislation for pool participation sales.....			-350	-137
Alaska Railroad.....	2	17	7	3
Area redevelopment:				
Department of Commerce:				
Present programs.....	69	85	75	
Proposed legislation.....			40	400
Public works acceleration program.....	332	300	145	
Aviation:				
Federal Aviation Agency.....	751	781	750	729
Civil Aeronautics Board—subsides.....	84	87	84	84
Water transportation:				
Department of Commerce.....	306	331	326	347
Coast Guard.....	350	371	397	458
Interoceanic Canal Commission and other.....	2	4	6	8
Highways (mainly on national forests and public lands) ..	39	43	42	40
Postal service:				
Present programs.....	578	718	696	766
Proposed legislation.....			18	92
Regulation of business.....	91	96	101	102
Subtotal, administrative budget.....	3,002	3,372	2,804	13,354
Trust Funds:				
Department of Commerce:				
Highway trust fund.....	3,645	4,101	3,875	3,930
Other.....	20	25	27	39
Federal Deposit Insurance Corporation.....	-183	-194	-212	
Subtotal, trust funds.....	3,482	3,932	3,690	13,969
Intragovernmental transactions and other adjustments (deduct).....	-62	-58	-56	
Total.....	6,545	7,362	6,549	

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$2,989 million; 1965, \$2,988 million.
 Trust funds: 1964, \$3,733 million; 1965, \$3,847 million.

In 1966, payments to the public for commerce and transportation programs will total an estimated \$6.5 billion, a decrease of \$813 million from 1965. Well over half of these payments represent trust fund expenditures for Federal-aid highways financed primarily from highway user taxes.

Administrative budget expenditures of \$2.8 billion for these programs will be an estimated \$568 million less in 1966 than in the current fiscal year. This reduction reflects primarily (1) a sharp decline in expenditures for the temporary accelerated public works program initiated in fiscal year 1963 and (2) proposed legislation to increase private financing through sale of participations in a pool of Small Business Administration loans.

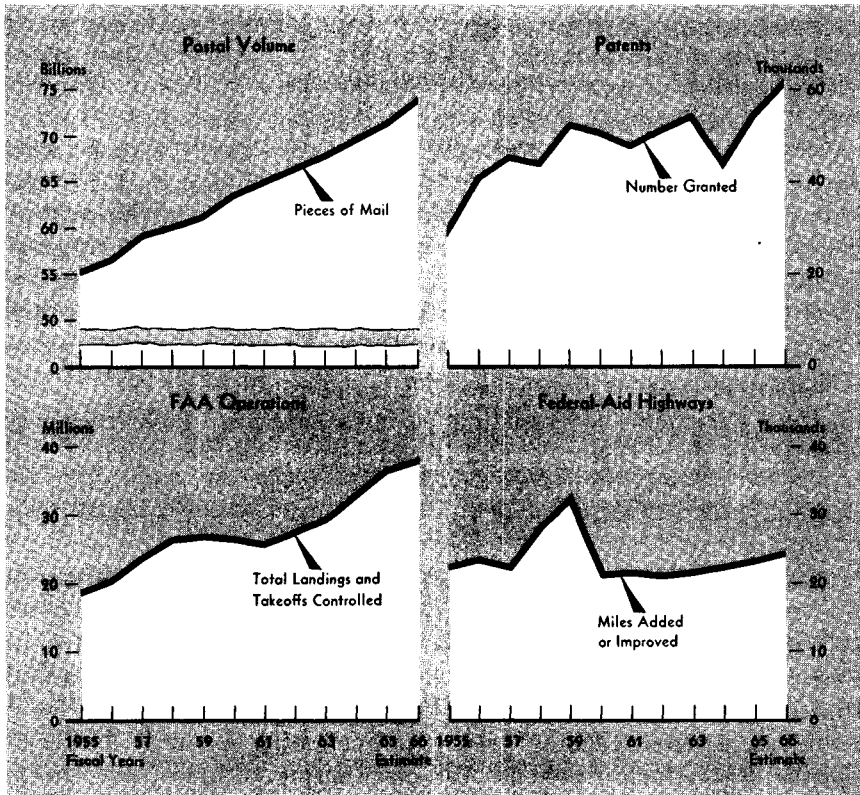
Advancement of business.—The responsibilities of the Department of Commerce for assisting business enterprise include mainly aids to civilian research and technology; weather, census, and economic information; and export promotion. Expenditures for these programs are expected to increase by \$15 million over 1965 levels.

Scientific and technical information developed through the activities of Federal agencies is making major contributions to the progress of American industry. To increase the availability and usefulness of such information, the recommended 1966 budget for the National Bureau of Standards provides additional funds for (1) the National Standard Reference Data System for evaluating scientific data and (2) the Federal clearinghouse for distributing technical documents resulting from Government research and development. A computer standards unit is also being established to bring about greater standardization in the field of automatic data processing. Legislation will be proposed to authorize matching grants to States establishing technical centers for the dissemination of information in order to encourage more effective application of science and technology by businesses locally. In spite of these increases, expenditures for the Bureau of Standards are estimated to decline by \$3 million in 1966 as construction of a large new laboratory complex in Gaithersburg, Md., nears completion.

New obligational authority requested for the Weather Bureau in 1966 is \$29 million greater and estimated expenditures \$9 million more than in 1965, primarily to carry forward meteorological satellite operations. During 1966, it is anticipated that reports of cloud conditions over the entire globe will be obtained twice daily from the Tiros-type spacecraft and used in a variety of weather advisory and forecasting services.

The 1966 budget provides for the Patent Office to begin the installation of a fully automated system for microfilming, storing, and retrieving patents; over 3.1 million are now on file, and new patents

Commerce and Transportation - Program Trends



are issued at the rate of 50,000 per year. This microfilm system will speed the filling of orders from industry and inventors, now running about 25,000 per day, and will permit greater use of this important technical information resource.

Expenditures of the Census Bureau will decline by \$6 million to \$33 million in 1966. Automation programs have made it possible to complete the 1963 economic census without the additional \$2 million appropriation in 1966 previously planned. Other savings in the cost of taking the 1970 decennial census are being sought in the pilot preparations now underway.

Exports of American goods have increased by 20% over the past 2 years. Continued rapid expansion is essential to the further improvement of the international balance of payments position of the United States. The 1966 budget provides for the Department of Commerce to increase its efforts to foster further export expansion and to encourage more overseas travelers to visit this country.

Surface transport.—The Department of Commerce is making progress on a comprehensive analysis of transportation problems in the Northeast Corridor of the United States. Legislation will be proposed to authorize demonstrations of improved intercity rail passenger transport and to advance and evaluate the technology of high-speed surface transport.

Small business.—The Small Business Administration will improve its financial and other assistance to small businesses in fiscal year 1966. At the same time, measures encouraging increased financing from private sources, including federally licensed small business investment companies, will make it possible to meet the needs of small businesses with some reduction in Federal outlays for this purpose. Legislation is proposed to authorize sale of an estimated \$350 million of participations in a pool of federally owned loans. Moreover, most of the estimated \$85 million of disaster loans to assist businesses and homeowners suffering damage from the 1964 Alaskan earthquake will be disbursed in 1965. These factors will result in an estimated excess of receipts over expenditures in 1966 of \$195 million, in sharp contrast to the \$243 million in net expenditures estimated for 1965.

Although total new commitments involving Federal funds are not expected to increase in 1966, certain small business loan programs will be expanded substantially. These include loans to small businesses under the Economic Opportunity Act of 1964, up \$10 million; loans to local development companies, up \$10 million; and loans to small businesses displaced by federally aided construction, up \$5 million.

Area redevelopment.—The Area Redevelopment Act, under which Federal loans, grants, and other aids are provided to help depressed areas build a solid economic base, expires on June 30, 1965. Legislation is being proposed to extend and strengthen the Act.

Under the proposed new authority, Federal resources and efforts would be concentrated more heavily in areas of greatest need, as measured by unemployment and family income. Special incentives would be provided to multi-county development regions which include areas especially suited to serve as centers for broader economic development. More liberal grants and substantial increases in funds would be made available for those public facilities most essential for economic development. In addition, a special fund would help local communities meet part of their share of the cost of projects undertaken under other Federal grant-in-aid programs. Federal guarantees of working capital loans would be authorized for eligible industrial projects.

Aviation.—Over the past several years, major improvements have been made in the safety and efficiency of the Federal airways system. In 1966, the Federal Aviation Agency will begin installing new electronic equipment that will automatically report the altitude and identity of aircraft to air traffic controllers. Funds provided in the 1966 budget will help to assure further improvements.

At the same time, a vigorous program is continuing to eliminate or cut back marginal services and increase employee productivity. Largely as a result of these efforts, the \$729 million appropriation recommended for the Federal Aviation Agency for 1966 is slightly less than the amount provided in 1965, even though more traffic will be handled and a higher quality of service provided. Expenditures are estimated to be reduced from \$781 million in 1965 to \$750 million in 1966.

The program of grants-in-aid for airport construction has been critically re-examined in the light of the general policy to curtail or eliminate programs which no longer meet urgent national needs. From this review, it appears that Federal assistance for airport construction—which has totaled about \$3 billion since 1933—should henceforth be concentrated mainly at airports which serve a significant volume of commercial air traffic. Accordingly, in this budget, appropriations of \$62.5 million are recommended for such grants in 1967, a reduction of \$12.5 million from the amount already appropriated for 1966.

Intensive analyses of the feasibility, costs, and other problems associated with the development and operation of a civil supersonic transport aircraft are nearing completion. As soon as possible, recommendations will be made to the Congress on what our next steps should be.

The policy of paying Federal subsidies to support passenger helicopter operations has been critically evaluated, and it appears undesirable, as a matter of national public interest, to continue this program. Recommended new appropriations in 1966 for the Civil Aeronautics Board contemplate the termination of the subsidy for these operations effective December 31, 1965.

Water transportation.—For 1966, new obligational authority requested for Department of Commerce programs to assist ocean shipping totals \$347 million. This is \$6 million less than the new

obligational authority for 1965, primarily because of lower operating subsidies.

Major steps are being taken to concentrate Federal aids to the maritime industry on those most essential to the national interest. Construction subsidies will be provided for 16 new ships as part of the program to replace obsolete vessels in the subsidized fleet. Equipment will be automated on these vessels and on 26 recently completed ships that are already in operation. Efforts will be made to introduce the NS *Savannah*, the world's first nuclear-powered merchant vessel, into regular commercial operations.

An increase of \$41 million in new obligational authority is requested for 1966 for the Coast Guard, mainly to continue the program for replacement of overage and obsolete vessels and facilities. The estimated increase of \$26 million in expenditures is also largely for the same purpose. This replacement program is vital for efficient performance of the Coast Guard's important missions of promoting commerce and safety on our inland waterways and on the sea.

The budget includes an appropriation of \$7.5 million for the Inter-oceanic Canal Commission. This Commission was authorized by legislation last fall to undertake a 4-year study of the feasibility of a sea level canal between the Atlantic and Pacific Oceans, including the most suitable site and the methods and probable costs of constructing it.

Highways.—Outlays in 1966 for the Federal-aid highway program, financed primarily from the highway trust fund, are expected to be about \$3.9 billion. These outlays are made primarily to meet the Federal share of the cost of the Interstate Highway System. The estimated total cost of this system has recently been revised by the Secretary of Commerce. The cost is now expected to be \$46.8 billion, \$5.8 billion more than the previous estimate. This increase reflects recent additions to the system, increases in right-of-way costs, changes in design standards, and higher construction costs.

In order to continue the pay-as-you-build policy for financing Federal-aid highways with minimum disruption to the construction schedule, adjustments in the financing pattern will be recommended. These include increased highway user taxes and an extension of such taxes beyond October 1, 1972, the present expiration date. These

recommendations will permit orderly completion of the Interstate System with a minimum extension of the construction schedule.

Trust fund expenditures to help finance construction of primary and secondary highways will continue to rise gradually to a level of \$1 billion annually. Legislation will be proposed during 1965 requiring the use of at least one-third of the secondary road funds by the States for improving access to recreational areas, rerouting of Federal-aid highways and roads for scenic purposes, and increasing attention to esthetic considerations in highway design and development. The provision in the existing law which permits up to 3% of all Federal-aid highway funds to be used without matching for the preservation of natural beauty would be amended to provide the Secretary of Commerce with authority to require the use of these funds for this purpose. A mandatory program to control advertising and auto junkyards along new highways will be proposed to replace the voluntary outdoor advertising control law, which expires June 30, 1965. Administrative action will also be taken to increase use of the existing authority to finance roadside and landscape developments from highway funds.

Postal service.—Expenditures of the postal service in 1966 are estimated to exceed postal revenues by \$714 million. This compares with \$578 million in 1964 and an estimated \$718 million in 1965. The increases over 1964 reflect primarily the cost of pay increases totaling \$270 million a year. These are offset in part by substantial operating economies. The 1966 postal deficit, the amount by which postal revenues fail to cover postal costs after making an allowance for public service costs, is estimated at \$234 million. Possible actions to reduce this deficit through increases in certain postal rates will be studied by a panel of distinguished citizens.

Legislation will be proposed to undertake a program for direct Federal construction of major postal facilities. This program will replace the present practice of leasing new postal facilities whenever direct construction would contribute to long-run economy.

Employment in the postal service is estimated to increase in 1966 by 20,500. Of this amount, 15,000 employees are required as a first step in a 2-year program to reduce the excessive amount of overtime work, which rose to the equivalent of over 25,000 man-years in 1964. Increases in workload, greater than can be handled by improvements in efficiency, account for the remainder of the increased employment.

Substantial progress is being made in improving the efficiency of the postal service. The excellent cooperation of the public, particu-

larly large mailers, in adopting the ZIP code program has enabled post offices to initiate a simplified and less costly sorting of mail. The 566 sectional centers—large post offices designated as focal points for the receipt and dispatch of mail—are expected to be in full operation in 1966. These centers, which are part of the pattern for ZIP code sorting of mail, contribute to economy and improved postal service by providing more direct dispatch and fewer handlings of mail. The development of an electronic reading device which will identify ZIP code numbers for a computer-controlled sorting machine is proceeding on schedule, and this device should be ready for use by 1967.

HOUSING AND COMMUNITY DEVELOPMENT

Federal housing and community development programs will continue to be directed toward the goal, set by the Housing Act of 1949, of "a decent home and a suitable living environment for every American family." In 1966, these programs will emphasize strengthened attacks on the decay in the center and the wasteful sprawl at the edges of our growing urban areas. New financial aids will be proposed (1) for helping to improve housing for those of moderate income, (2) for providing neighborhood facilities required to improve services in central cities, and (3) for land development and basic public facilities in the outlying areas consistent with areawide urban planning. To assure adequate leadership for this strengthened attack, legislation will be proposed to create a Department of Housing and Urban Development. Details on these proposals will be transmitted to the Congress in a special message.

As in the past, the Federal Government will continue its efforts to stimulate investment in housing and community development by private individuals, nonprofit groups, and local communities. In doing so, Federal programs will continue to rely primarily on matching grants and insurance of private credit. In addition, mortgages will continue to be purchased where necessary on a temporary basis to demonstrate their suitability for private investment or to supplement private sources of funds for specific types of investments.

The success of this approach in the past is demonstrated by the fact that many of the mortgages and loans acquired in previous years can now be sold to private investors. Receipts from such sales and from fees, premiums, and other sources will continue in 1966 to offset to a large extent the rising disbursements for urban renewal,

HOUSING AND COMMUNITY DEVELOPMENT

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Urban renewal and community facilities:				
Housing and Home Finance Agency:				
Urban renewal.....	\$230	\$310	\$356	-----
Urban mass transportation.....	5	16	48	\$161
Public facility loans.....	44	41	43	-----
Proposed legislation for public facility grants.....			15	150
Other.....	27	39	47	93
Public housing programs.....	149	221	236	248
Aids to private housing:				
Housing and Home Finance Agency:				
Federal Housing Administration.....	-43	-109	-127	-----
Federal National Mortgage Association:				
Special assistance functions.....	-142	-531	-166	-----
Management and liquidating programs.....	-138	-50	-312	-----
Secondary market loans and stock repurchase.....	-66	-42		-----
Housing for the elderly—direct loans.....	29	45	49	-----
Urban renewal rehabilitation loans.....		1	25	42
Other.....	14	14	18	19
Federal Savings and Loan Insurance Corporation.....	-248	-313	-336	-----
Other.....	*	*	6	-----
National Capital Region:				
District of Columbia.....	57	76	103	99
National Capital Transportation Agency and other.....	2	2	5	12
Subtotal, administrative budget.....	-80	-280	10	¹ 822
Trust Funds:				
Federal National Mortgage Association, secondary market operations, net.....	-37	48	178	162
District of Columbia municipal government.....	355	432	455	458
Federal home loan banks, net.....	1,572	-250	150	-----
Other.....	*	3	*	-----
Subtotal, trust funds.....	1,889	233	783	¹ 620
Intragovernmental transactions and other adjustments (deduct):				
District of Columbia.....	103	149	186	-----
Other.....	32	-17	-46	-----
Total.....	1,674	-178	652	

* Less than one-half million dollars.

¹ Compares with new obligational authority for 1964 and 1965, as follows:Administrative budget funds: 1964, \$653 million; 1965, \$2,071 million.
Trust funds: 1964, \$430 million; 1965, \$500 million.

mass transportation, public housing, and other programs which cannot be fully financed without Federal contributions. However, total sales of mortgages are expected to decline from the high level in 1965. As a result, instead of the net receipts of \$280 million now estimated in the administrative budget for housing and community development in 1965, expenditures will slightly exceed receipts in 1966. Including trust fund outlays, net payments to the public for these programs are expected to be \$652 million in 1966.

Urban renewal and community facilities.—Legislation will be proposed for prompt authorization of an additional \$675 million for urban renewal capital grants. Together with the authority provided in the Housing Act of 1964, this will allow reservation of funds for local projects to be made at the \$700 million level recommended last year. In addition, for projects approved in prior years, it will provide the funds required for increased payments to displaced families, elderly individuals, and small businesses, as authorized last year. In order to assure reasonable forward planning in this program, the proposed legislation will request adequate authority for continuing the program through 1969.

Expenditures for urban renewal are estimated to increase by \$46 million over 1965 as more projects approved in prior years move toward completion. The number of projects in which redevelopment is completed is expected to increase from 92 at the end of 1964 to 162 at the end of 1966. About 200 projects will move from the planning stage into execution in 1966, compared with 143 projects in 1964.

The Urban Mass Transportation Act of 1964 authorizes grants to local communities to pay two-thirds of that portion of the capital cost of providing or improving local transit systems which cannot be recovered from revenues. In addition, it authorizes loans where revenues will cover costs but where private financing is not available on reasonable terms. Grant funds can also be used to pay part of the costs of projects designed to develop and demonstrate better methods of providing urban mass transportation.

Appropriations of \$161 million are requested for urban mass transportation for 1966, of which it is expected that \$140 million will be reserved for project grants, \$10 million for loans, and \$10 million for demonstration grants. In order to allow communities ample opportunity for planning their projects, an additional appropriation this year of \$150 million for grants is also recommended, to become available in 1967.

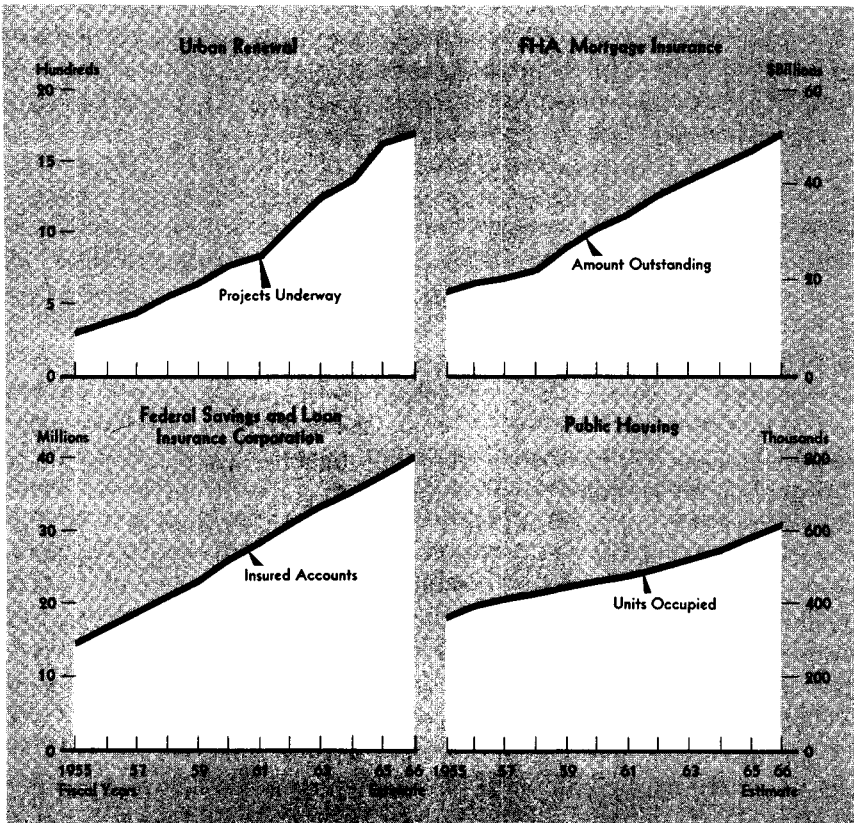
Legislation will be proposed to authorize three new types of Federal grants to help local communities meet the urgent problems of growth and change: (1) matching grants for new basic water and sewer systems

needed in rapidly growing metropolitan areas to carry out areawide development plans adopted by the various local governments; (2) grants to pay interest charges for up to five years to help these growing areas borrow money to acquire land for public facilities in advance of actual need; and (3) matching grants for urban service facilities such as neighborhood centers, to help cities with approved plans to attack their social problems.

Appropriations of \$35 million are recommended for 1966 for the urban planning grant program to meet the backlog of applications and the demands created by the expansion of this program in the Housing Act of 1964. An estimated \$60 million will be committed in grants under the open space land grant program. These grants help to preserve open space in and around cities and thus to prevent the waste of resources associated with continued urban sprawl.

Public housing programs.—Legislation is being proposed which, in combination with the remaining authority from the Housing Act of

Housing and Community Development – Program Trends



1964, will permit contracts in each of the next 4 years for annual contributions to local public agencies for 35,000 additional units of low-rent public housing. In addition, legislation is being recommended to facilitate the use, through purchase and rehabilitation or lease, of 60,000 units of existing housing over the same 4-year period. Expenditures under present programs, primarily for annual contributions, will rise to \$236 million in 1966 as housing units for which contracts were signed in past years are completed and occupied.

Aids to private housing.—The established programs aiding private housing will continue to generate administrative budget receipts in excess of expenditures. In 1966, this excess will amount to an estimated \$843 million.

Federal Housing Administration.—The Federal Housing Administration expects to approve applications for insurance on mortgages financing 570,000 housing units in 1966, up 62,000 over 1965. Although claims on defaulted mortgages previously insured by the Federal Housing Administration are expected to remain high in 1966, the FHA will sell more home properties than it acquires. Receipts from such sales and from fees, premiums, and other sources will exceed claim payments and other expenditures by an estimated \$127 million in 1966, and insurance reserves will continue to increase.

Federal National Mortgage Association.—In 1966, commitments or reservations will be made for purchases of \$688 million of federally insured or guaranteed mortgages under the special assistance functions of the Federal National Mortgage Association. This total includes \$500 million for mortgages, bearing below-market interest rates, on 40,000 units of housing built for families with low or moderate incomes. To help finance these commitments, an additional \$100 million of mortgage purchase authority will be required, and prompt enactment of legislation is being requested to provide it. Another \$50 million in authority will be needed to support a proposed program of mortgage insurance for land development. Sufficient additional purchase authority will be proposed to become available in 1967 and later years to carry the special assistance program through 1969.

Purchases of mortgages, primarily under prior year commitments, are expected to total \$279 million in 1966, compared to \$114 million in 1965. Direct sales of mortgages purchased in past years will decrease from \$363 million in 1965 to \$25 million in 1966. However, the sale of participations in pools of other mortgages, authorized by the Housing Act of 1964 in order to encourage greater private investment in housing, is expected to increase from \$200 million already sold in 1965 to \$350 million planned in 1966. Reflecting these and

other factors, net receipts from the special assistance functions are expected to decline from \$531 million in 1965 to \$166 million in 1966.

By contrast, net receipts under the management and liquidating programs of the Federal National Mortgage Association will increase from \$50 million in 1965 to an estimated \$312 million in 1966. Much of this increase reflects expected sales of \$135 million of participations in pooled mortgages from this program.

Except for Treasury loans and purchase of stock, the secondary market operations of the Federal National Mortgage Association are not reflected in the administrative budget totals. Some increase in purchases of mortgages by the secondary market operations trust fund is expected in 1966, primarily for relatively small mortgages which are less attractive to private lenders. Net expenditures by the trust fund are estimated to be \$178 million in 1966, compared with \$48 million in 1965.

Other aids.—To increase the supply of housing available to families of moderate income, legislation will be proposed to authorize payments to nonprofit sponsors of rental housing designed to maintain rents at levels these families can afford to pay. This program will assist particularly the elderly and families forced to move because of federally assisted programs. It will also eliminate the need for the present program of direct housing loans for elderly persons with moderate incomes. Accordingly, additional funds to continue this program will not be requested. However, because of prior year commitments, expenditures are expected to be \$49 million in 1966.

Under the new program of low-interest-rate loans for rehabilitation of property in urban renewal areas, authorized by the Housing Act of 1964, loans totaling \$48 million are expected to be approved in 1966.

Share accounts in savings and loan associations insured by the Federal Savings and Loan Insurance Corporation are continuing to grow at a rapid rate, with a corresponding increase in receipts from insurance premiums. In consequence, the Corporation's receipts will exceed expenditures by an estimated \$336 million in 1966, compared with \$313 million in 1965.

Federal home loan banks.—Payments by Federal home loan banks, mainly advances to member savings and loan associations to help meet their normal expansion in requirements for mortgage loans, are estimated to exceed repayments by \$150 million in 1966. This contrasts with an excess of \$250 million in repayments in 1965, following

unusually large net advances in 1964. The operations of these banks are not included in the administrative budget, but are recorded as trust fund expenditures and affect cash payments to the public.

National capital region.—The Federal Government is the predominant industry in the District of Columbia. It recognizes, therefore, a special responsibility to bear its proper share of the costs of the government services provided by the District government, as well as to extend long-term loans needed to carry out an orderly program of capital improvements. Legislative authority is being proposed to provide increases in the authorizations for both types of Federal assistance and to base them on appropriate measures of the Federal impact on the community and of the District's ability to repay borrowings. Authority is also requested for additional loans for highway construction so that the District can continue with its approved program.

A decade of comprehensive studies has established the need for a more adequate transportation system to meet the growing requirements of regional development, assure effective performance of Federal functions, and protect the beauty and dignity of the Nation's capital. Legislation to authorize the initial phase of a regional transit development program is being proposed, and the 1966 budget provides \$16 million (including borrowing by the District of Columbia from the Federal Government for its proportionate share) to initiate engineering and design of the proposed system and for land acquisition.

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

HEALTH, LABOR, AND WELFARE

Federal payments to the public for health, labor, and welfare programs in 1966 are estimated at \$34.1 billion, an increase of \$5.2 billion over 1965. Approximately \$30 billion of the 1966 payments will be made through the social insurance and retirement trust funds, financed by special taxes, or through grants-in-aid for public assistance.

Trust fund programs account for \$3.2 billion of the increase between 1965 and 1966, mainly for old-age and survivors insurance. Administrative budget expenditures are estimated to increase by \$2.1 billion, largely for accelerating the attack on poverty begun in 1965 and for selective improvements in health and welfare programs important to the development of human resources.

HEALTH, LABOR, AND WELFARE

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Health services and research:				
National Institutes of Health.....	\$910	\$874	\$988	\$1,146
Community health, except hospital construction.....	119	190	261	314
Hospital construction.....	194	212	232	303
Environmental health and consumer protection.....	180	209	248	273
Maternal and child health.....	93	111	156	168
Other.....	175	196	210	196
Proposed legislation.....			95	191
Labor and manpower:				
Manpower development and training:				
Present programs.....	116	228	183	285
Proposed legislation.....			92	140
Other.....	229	256	290	300
Economic opportunity programs:				
Community action programs.....		85	469	620
Job Corps.....		90	300	280
Work and training programs.....		140	456	479
Other.....		32	121	121
Public assistance:				
Grants to States and other, present programs.....	2,994	3,002	3,285	3,286
Proposed legislation.....			214	214
Other welfare services:				
Vocational rehabilitation:				
Present programs.....	120	141	166	175
Proposed legislation.....			7	10
School lunch and special milk programs.....	278	294	302	302
Food stamp program and other.....	68	148	193	159
Proposed legislation for military service credits.....			60	60
Subtotal, administrative budget.....	5,475	6,208	8,328	¹ 9,022
Trust Funds:				
Old-age, survivors, and disability insurance.....	16,625	17,484	18,364	19,086
Unemployment insurance.....	3,707	3,336	3,345	3,982
Civil service retirement and disability.....	1,318	1,433	1,616	2,737
Railroad retirement.....	1,139	1,185	1,206	1,387
Other.....	-56	-52	-57	7
Proposed legislation.....			2,075	526
Subtotal, trust funds.....	22,733	23,386	26,549	¹ 27,725
Intragovernmental transactions and other adjustments (deduct).....	923	726	786	
Total.....	27,285	28,868	34,091	

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$5,716 million; 1965, \$7,417 million.
 Trust funds: 1964, \$25,221 million; 1965, \$25,383 million.

Health services and research.—In 1966, the Department of Health, Education, and Welfare will spend an estimated \$2.2 billion for health research, training, public health services, and related consumer protection activities.

National Institutes of Health.—Expenditures of the National Institutes of Health are estimated to increase by \$114 million in 1966, of which \$101 million will be for the conduct of research and \$13 million will be for research facilities, new centers for mental retardation research, and community mental health centers. Federal support of health-related research by all agencies—of which three-fifths is by NIH—will continue to represent about two-thirds of the national total in 1966. Special Analysis H summarizes the health research efforts of all Federal agencies.

Community health.—The Health Professions Educational Assistance Act of 1963, through grants for construction and loans to students, is helping to meet the urgent need for increasing the Nation's supply of doctors and dentists. It does not, however, deal with the problem of the heavy and increasing costs of operating medical and dental schools. This problem threatens to delay seriously achievement of the goal of increasing the number of medical school graduates by 50% and doubling the number of dental graduates during the next 10 years. Legislation is, therefore, being proposed to provide operating support grants to these schools and scholarships for needy students.

Funds provided under the Nurse Training Act of 1964 and the Graduate Public Health Training Amendments of 1964 will increase the number of qualified nurses and professional public health personnel and improve the quality of their training.

Legislation extending the Hill-Burton Act in 1964 provided for a shift of emphasis from grants for general hospital construction to grants for construction of nursing home and other long-term care facilities and for modernization of older hospitals. Appropriations of \$303 million are requested for this program for 1966. Of this amount, \$70 million is for nursing homes and \$60 million is for hospital modernization. These requests represent substantial increases over the 1965 appropriations for these purposes.

To promote more widespread application of the latest medical advances, legislation is being proposed to initiate a new system of multipurpose regional medical complexes. These regional centers will provide highly specialized care for heart disease, cancer, stroke, and other major diseases; conduct clinical investigations; and teach specialists. They will be affiliated with university medical schools and will receive diagnostic services and other support from existing community hospitals.

Full benefits cannot be realized from the new concepts of community care for the mentally ill unless there is an adequate number of centers for this care. It is evident that lack of funds for initial staffing is inhibiting communities from developing such centers. Legislation is being proposed to (1) authorize grants for staffing mental health centers for a limited period until private or other public funds are made available and (2) continue aid to States and communities for developing mental retardation programs.

Environmental health and consumer protection.—The attack on health hazards caused by air pollution, water pollution, contaminated soils and foods, and unsafe drugs will be strengthened substantially in 1966. Combined expenditures for these purposes by the Public Health Service and the Food and Drug Administration are estimated to total \$248 million.

The pollution of our environment continues to increase with our growing population, increasing urbanization, and changing technology. The 1966 budget continues support for research on pollution and for training of environmental health specialists. Studies of river basins and the health consequences of pesticides will be stepped up, and enforcement and abatement actions against air and water pollution will be intensified. Recommendations are being made to strengthen enforcement authority. This will be complemented by legislative proposals to (1) broaden grants to State and local air and water pollution control agencies; (2) authorize grants for projects to reduce water pollution caused by combined storm and sanitary sewers; and (3) initiate research and demonstration projects relating to disposal of solid wastes.

The budget provides for strengthening the Food and Drug Administration's scientific and medical research and evaluation activities to improve the agency's capacity to detect harmful substances in foods and drugs.

Maternal and child health.—In 1966, the Children's Bureau will spend \$156 million for existing maternal and child health and welfare programs, an increase of \$45 million over 1965. Support for projects for the health care of indigent mothers and their infants to prevent mental retardation, authorized in 1963, will be doubled.

Legislation is proposed for project grants under the maternal and child health program for school health services and for comprehensive care of crippled children and youth. Combined with the proposal for medical care for children, included under public assistance, this legislation will stimulate expanded State and community action in

making available more adequate health services for children in families unable to afford medical care.

Other health services.—The budget reflects the planned replacement in 1965 of two small Public Health Service general hospitals by outpatient clinics. This is the first step in a multi-year program for consolidating the present system of 12 Public Health Service general hospitals into a new system of 5 large, modern hospitals with expanded programs for training medical and dental personnel. Hospital care will be made more accessible to seamen by providing for their treatment in Veterans Administration and military hospitals at locations where there are no Public Health Service hospitals. Funds are included in the 1966 budget for planning the modernization of the five hospitals, for the initial phase of the expansion of their training programs, and for improving their staffing.

Mental health and mental retardation.—Expenditures for mental health and mental retardation activities are included in the various health categories discussed above. In total, the Department of Health, Education, and Welfare is expected to spend \$197 million for mental health activities and \$258 million for mental retardation programs in 1966.

Labor and manpower.—Administrative budget expenditures in 1966 for labor and manpower programs are expected to be \$81 million higher than in 1965 and \$220 million above outlays in 1964.

Progress made to date under the Manpower Development and Training Act of 1962 has demonstrated its effectiveness and value in equipping unemployed workers with skills which enable them to find productive employment. The budget includes \$411 million in appropriations for this program for 1965, including a supplemental appropriation of \$103 million. For 1966, appropriations of \$425 million are recommended to carry forward training activities under this Act. It is estimated that these funds will provide training for about 260,000 unemployed or underemployed workers and youths. By the end of fiscal year 1966, an estimated 700,000 workers will have benefited from this training.

The 1966 request includes \$140 million under proposed legislation to (1) broaden and improve the act, (2) increase the Federal share of project costs in 1966 to 90% from the 66% which would otherwise go into effect under the present law, and (3) extend as part of the MDTA program the authority now included in the Area Redevelopment Act to provide special training programs in redevelopment areas.

Unemployment trust fund expenditures of \$526 million are estimated for 1966 to administer the Federal-State unemployment and employment service programs. The increase of \$91 million over 1965 is primarily to strengthen and improve regular employment services. However, \$37 million will be for a special program begun in 1965 for expanded and improved employment services for disadvantaged youth, closely linked with community anti-poverty action plans. An appropriation is proposed for an advance from the general fund for this program, with provision for subsequent repayment from the trust fund.

Economic opportunity programs.—The Economic Opportunity Act of 1964 launched an unprecedented national effort to combat poverty in the United States. The objective of this effort is to break the vicious cycle in which one generation's ignorance, disease, and poverty are transmitted to the next. The requested new obligational authority of \$1.5 billion for 1966 will be nearly double the amount for 1965, the initial year of the program. Expenditures in 1966 are estimated at \$1.3 billion, compared with \$347 million in 1965.

Economic opportunity programs aim to improve the educational levels, skills, and health of the poor; to increase their job opportunities; and to help them to achieve a better home life. During 1966, an estimated 600,000 persons will be enrolled in work, education, and training programs financed under the Economic Opportunity Act. In addition, several million persons, especially children and youths, will be directly assisted by community action organizations operating in an estimated 300 cities and rural localities.

The Government's regular programs for education and training, health services, housing, welfare, agricultural services, and job opportunities also deal with the causes or effects of poverty. Administra-

TRENDS IN ECONOMIC OPPORTUNITY ACT PROGRAMS

{Fiscal years}

Description	1965 estimate	1966 estimate
Community action programs:		
Communities with operating grants.....	240	300
Communities with planning grants.....	170	300
Enrollees in Job Corps (end of year).....	25,000	40,000
Enrollees in work and training programs:		
Neighborhood Youth Corps.....	175,000	290,000
College work-study.....	96,700	101,700
Work experience.....	88,000	112,000
Enrollees in adult literacy programs.....	37,500	70,000
Number of loans to low-income rural families.....	7,000	15,500
VISTA volunteers (end-of-year).....	3,500	5,000

tive budget expenditures in 1966 include an estimated \$3 billion in total for services to low-income people under existing programs. In addition, much of the new legislation proposed for 1966—especially for health and for education—is directed toward meeting the needs of low-income families.

Community action programs.—A successful attack on poverty can best be conducted at the local level by persons acquainted with the problems of the poor in their own communities. Therefore, the principal vehicle of the anti-poverty program is the establishment of comprehensive community action programs planned and administered by local organizations representative of the major political, social, and economic forces in the community, including the poor themselves.

Such community action programs and organizations will provide a framework for effectively coordinating the various Federal, State, and local programs currently available to assist the poor. Federal grants will be made available to supplement existing funds and programs so that the full range of services needed by the poor will be available to them.

The budget contains \$620 million in new obligational authority for 1966 for community action programs, including research, training, and special demonstration projects. Included in this total is an estimated \$150 million for preschool programs to prepare culturally deprived children for the regular elementary school curriculum. For children who are to enter school next fall, \$15 million has been allocated in 1965 for a "Head-Start" program to give these youngsters 2 months of intensive preschool preparation.

Job Corps.—The Job Corps—administered by the Office of Economic Opportunity through agreements with Federal agencies, State or local governments, or private organizations—provides work, remedial education, and vocational training for young people 16 through 21 years of age who are out of school and cannot progress properly in their home environment. In 1966, an estimated 40,000 young people will participate, an increase of 15,000 from 1965. Rural centers, offering remedial education and conservation work, will provide opportunity for an estimated 16,000 young men. Urban centers will provide vocational and prevocational training for 24,000 young men and young women.

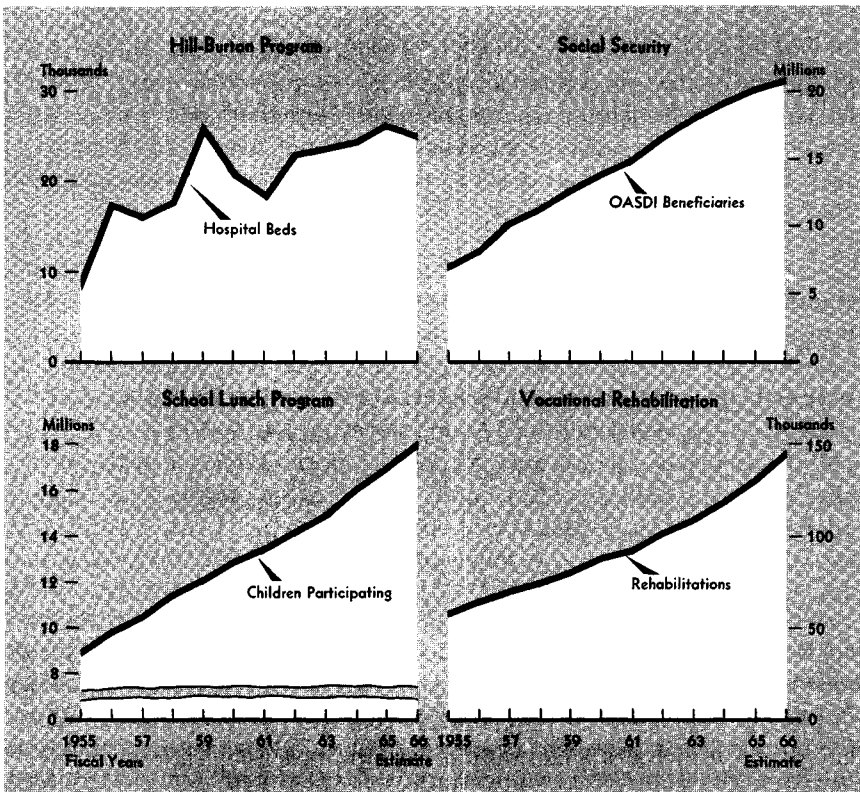
Work and training programs.—The Economic Opportunity Act provides for three work and training programs, each aimed at a different group of people. In 1966, the Neighborhood Youth Corps, administered by the Department of Labor, will provide part-time or full-time employment and training opportunities for about 290,000 youths, both in and out of school. Approximately 112,000 needy, employable

adults will participate in the work experience program aimed at enabling them to achieve economic independence; this program is administered by the Welfare Administration of the Department of Health, Education, and Welfare. The work-study program operated by that Department's Office of Education will provide full-time summer jobs and part-time jobs during the school year for an estimated 101,700 college students who would otherwise not be able to attend school.

Other programs.—The Economic Opportunity Act authorizes several additional programs to aid particular groups of poor people, including grants and loans to help migrant workers, loans to low-income farmers and rural families, loans to persons with poverty-level incomes engaged in small business enterprises, and grants to States to finance literacy training programs for adults.

The act also establishes the Volunteers in Service to America (VISTA), through which, in 1966, it is expected that 5,000 Americans will devote a year of their lives in constructive service to the poor.

Health, Labor, and Welfare - Program Trends



Social insurance and public welfare.—In the last 30 years, the United States has adopted and greatly improved public programs which protect the aged, the disabled, the unemployed, and dependent families who are unable to provide for themselves. For example, in 1966, persons over 65 years of age will receive about \$22 billion in Federal benefits and services.

The basic old-age, survivors, and disability insurance system now covers over 90% of our workers and their families. Nevertheless, gaps still exist in the protection provided through public income maintenance programs, particularly for dependent children and for the unemployed. The provision of medical and other services is inadequate. Benefit payments are too low for those who must depend entirely on public programs. This budget includes proposed legislation to lessen these deficiencies.

Social insurance.—Expenditures of \$26.5 billion are estimated in 1966 from trust funds for old-age, survivors, and disability insurance; for unemployment insurance; for railroad retirement; and for the retirement programs for Federal civilian employees. This represents an increase of \$3.2 billion over 1965, of which \$2.1 billion is under proposed legislation—almost entirely for social security benefit increases.

Lack of protection for the aged against the impact of heavy hospital and nursing home bills is a major shortcoming of our social security system. Early enactment is recommended of legislation to provide such protection effective July 1, 1966, for the 85% of the aged who are entitled to receive social security benefits. The cost of this new program will be financed by payroll contributions to be shared equally by the worker and his employer. For persons currently aged who are not covered by social security, the cost of the new benefits would be financed from general appropriations. The proposed legislation also provides a 7% cash benefit increase, retroactive to January 1, 1965, for beneficiaries of the old-age, survivors, and disability insurance system.

Under existing law, the combined employer-employee payroll tax for the old-age, survivors, and disability insurance program is scheduled to increase from 7.25% to 8.25% effective January 1, 1966. The proposed legislation will increase the taxable wage base from \$4,800 to \$5,600 effective January 1, 1966, and will raise the combined payroll contribution in the initial year to 8.5%. Of this, 0.6% will be earmarked for the new hospital insurance trust fund.

Total receipts of the social insurance and retirement trust funds, which are financed by special payroll taxes or contributions, are expected to rise by \$2.3 billion over 1965 to \$27.7 billion in 1966. This estimate includes \$526 million from proposed legislation, mainly

the increases in the tax rate and wage base for social security and hospital insurance.

Benefit payments of \$2.6 billion are estimated in 1966 under the Federal-State unemployment insurance system. No Federal legislation to improve this insurance system has been enacted in the last 10 years, and, in many States, the coverage and duration of benefits are inadequate. The system as a whole covers only 60% of the labor force and replaces only about 25% of the wages lost by covered unemployed workers.

Proposed legislation will include improvements to (1) extend coverage of the system; (2) establish Federal standards relating to duration and level of benefits; (3) strengthen financing; and (4) establish a new, separate Federal system of extended benefits for workers who have been in the labor force for a long time.

The budget includes \$60 million in 1966 under proposed legislation for the first of a series of payments, to take place over a 50-year period, to liquidate the Federal Government's obligation to the old-age, survivors, and disability insurance system for credits for past military service. Appropriations of \$17 million are recommended for the second of 10 installments to liquidate a similar Federal obligation to the railroad retirement trust fund.

Public assistance.—The Federal-State public assistance program is the largest single protection against want and deprivation for needy families and individuals who have no other resources. Under this program, financial and medical assistance will be provided in 1966 to an average of about 8 million of our Nation's poorest citizens, including an estimated 748,000 aged citizens who will receive special medical assistance. The numbers of aged persons receiving medical assistance and of dependent children receiving cash assistance have been increasing, while caseloads under the regular old-age assistance, aid to the disabled, and aid to the blind programs have remained relatively stable.

Public assistance payments in many States—particularly for dependent children—are inadequate to meet even minimum standards of health and decency. Assistance is not available at all for the more than 24,000 needy aged who are patients in mental or tuberculosis institutions. In addition, medical care for dependent children under the public assistance program is minimal or entirely unavailable in many States. As a first step toward remedying these deficiencies, legislation is being proposed to increase the Federal share of public assistance payments, to extend assistance to needy elderly patients in

tuberculosis or mental institutions, and to expand medical assistance for children in poor families.

Other welfare services.—In 1966, the Federal-State vocational rehabilitation program is expected to restore an estimated 145,000 individuals to employability, an increase of 21% over 1964. Legislation is proposed to expand vocational rehabilitation services, particularly for the mentally retarded and the severely disabled.

A major contribution toward the welfare of American youngsters is made by the school lunch program which will reach almost 18 million schoolchildren in 1966 at an estimated Federal cost of \$202 million. In addition, expenditures of \$100 million are estimated for the special milk program. Further expansion of the food stamp program, as provided in legislation enacted last year, will enable it to serve more than 1 million individuals in 1966.

EDUCATION

Increased Federal support for education is vital because of the crucial role of educated talent in our free society. Each individual must have an opportunity for education to the maximum of his capabilities to fulfill his own potential and to be prepared to work in an increasingly complex economy. Use of resources for broadening educational opportunities is one of the most productive investments our Nation can make.

The bulk of the Nation's support for education is properly provided by State and local governments and by private individuals and institutions. However, there is also an increasing responsibility at the national level for providing leadership and resources to insure that national educational objectives are achieved.

The 1966 budget recognizes this Federal responsibility. It provides \$4.1 billion in new obligational authority for 1966—a 63% increase over 1965—to accelerate progress in education at all levels. Expenditures in 1966 are estimated at \$2.6 billion, representing an increase of more than 75% over 1965.

The two major components of the proposed strengthened Federal support for the Nation's educational system in 1966 are:

(1) Increases of \$342 million in new obligational authority and \$359 million in expenditures for the new or expanded educational measures enacted by the 88th Congress, including higher education facilities, student loans and other defense educational activities, vocational education, and public library grants; and

(2) Provision of \$1.5 billion in new obligational authority and \$600 million in expenditures for new programs proposed for enactment this year.

EDUCATION

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Assistance for elementary and secondary education:				
Assistance to schools in federally impacted areas.....	\$334	\$328	\$368	\$397
National defense education: School equipment, guidance, and testing.....	70	80	103	113
Proposed legislation to strengthen elementary and secondary education.....			500	1,255
Assistance for higher education:				
Academic facilities loans and grants.....		3	165	642
National defense education: Student loans, fellowships, and language and area centers.....	135	164	216	251
College housing loans.....	219	229	265	
Assistance for land-grant colleges, Howard University, and Gallaudet College.....	29	32	36	31
Proposed legislation to aid colleges and college students.....			100	260
Assistance to science education and basic research:				
National Science Foundation:				
Basic research and specialized research facilities.....	155	162	207	277
Grants for institutional science programs.....	38	44	59	95
Science education.....	96	97	113	129
Other science activities.....	21	22	26	29
Other aids to education:				
Vocational education.....	41	72	186	265
Other defense education assistance.....	35	50	41	49
Indian education services.....	89	94	105	107
Library of Congress and Smithsonian Institution.....	43	56	62	55
Grants for public libraries.....	7	18	37	55
Other.....	26	57	75	93
Subtotal, administrative budget.....	1,339	1,509	2,663	14,103
Trust Funds.....	2	2	2	12
Intragovernmental transactions and other adjustments (deduct).....	41	47	54	
Total.....	1,299	1,463	2,611	

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$1,530 million; 1965, \$2,519 million.
 Trust funds: 1964, \$2 million; 1965, \$2 million.

The new programs will place particular stress on innovation in, and support for, elementary and secondary education, especially for children in poor areas. Grants totaling \$1,255 million are included in the budget for these programs. New proposals will also call for authorization of \$260 million to expand higher educational opportunities by helping to strengthen colleges, providing extension education to serve urban areas, and aiding low-income college students through grants, loan guarantees, and increased work-study programs. Further details were provided in a special message on education.

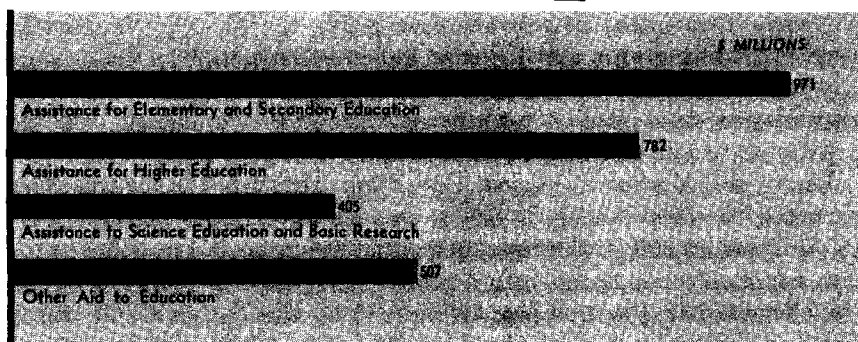
The following sections describe the budget recommendations for existing education programs.

Assistance for elementary and secondary education.—Expenditures of \$472 million are estimated in 1966 for schools in areas affected by Federal activities and for aid to elementary and secondary schools under the National Defense Education Act. Amendments to the latter act in 1964 enlarged the total authorization and extended eligibility for purchase of equipment and library books to five new subject areas—history, civics, geography, English, and remedial reading. The budget provides the full amount authorized for grants to support guidance and testing services, which must be strengthened to assist students in pursuing education programs best suited to their abilities and interests.

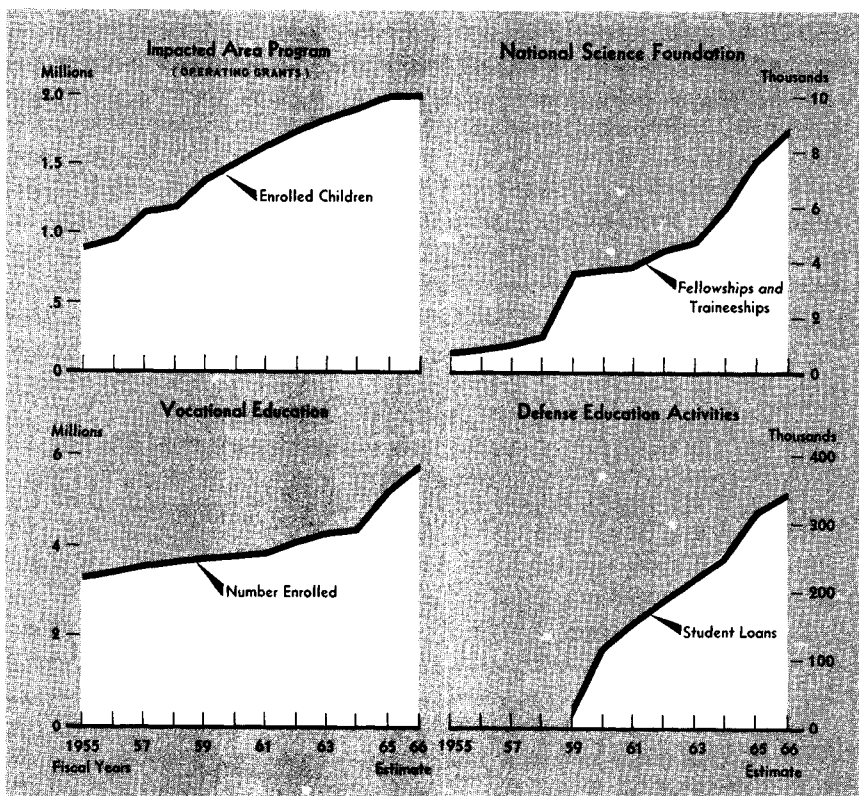
New obligational authority requested for 1966 for grants to federally affected areas is about the same as for 1965, reflecting the closing of military bases and the results of stringent Federal employment policies. Expenditures will increase, however, because of payments coming due under obligations incurred in prior years.

Education Expenditures for 1966

■ Administrative Budget ▨ Trust Funds



Education - Program Trends



Assistance for higher education.—Expenditures for existing higher education programs are estimated to increase by \$254 million in 1966 to a level of \$682 million.

Nearly three-fifths of this increase is for the program started in 1965 providing grants and loans to aid in construction of classrooms and other academic facilities. The budget includes new obligational authority of \$642 million for this new program, which will provide assistance to about 1,000 colleges in 1966.

Under the National Defense Education Act, 340,000 students are expected to receive loans in 1966, an increase of 23,000 over 1965. In addition, 10,500 graduate students will be supported by fellowships under this Act, compared with 5,900 in 1965.

College housing loan approvals in 1966 by the Housing and Home Finance Agency are expected to remain at the \$300 million level attained in 1964 and 1965. Additional new obligational authority needed to continue the college housing program in 1966 is recommended for enactment early in calendar year 1965. To encourage colleges to plan for future housing needs, authority is also being requested

to finance the program through 1969. The \$36 million increase in expenditures estimated between 1965 and 1966 reflects increased construction outlays on projects previously approved.

Assistance to science education and basic research.—The National Science Foundation helps develop the Nation's scientific capability by supporting science education and basic research. For 1966, new obligational authority of \$530 million is recommended, an increase of \$110 million over 1965. Nearly 70% of this increase is needed to provide adequate overall Federal support for research in universities. With the tapering off of growth in research support from other agencies, increased reliance must be placed on the Foundation in 1966 to underwrite the Nation's basic scientific research, particularly at universities.

Increases are also estimated for grants by the National Science Foundation to accelerate the development of an additional number of selected academic institutions into centers of scientific excellence and to support science education. Expanded support for graduate education in the sciences will, in 1966, enable more than 8,800 fellowship recipients to further their scientific training and about 45,000 science teachers to update their knowledge through college and secondary school teacher training institutes.

Reflecting the recommended increases in new obligational authority, expenditures for the Foundation's programs are estimated to rise by \$80 million to a level of \$405 million in 1966.

Other aids to education.—Vocational education, especially beyond the high school level, is essential for the 65% of the Nation's young people who are not now going on to college and for workers whose skills are made obsolete by economic change. As a result of the Vocational Education Act of 1963 which modernized this program, Federal expenditures for vocational education are estimated to rise to \$186 million in 1966, more than double the 1965 level. Emphasis is being placed on training for expanding occupations, such as technical and subprofessional health vocations, rather than on the traditional agricultural and home economics vocations. The new emphasis, combined with the programs under the Manpower Development and Training Act of 1962 and the Economic Opportunity Act of 1964 (both included in the budget under health, labor, and welfare), will advance this increasingly important aspect of American education.

Under the 1964 amendments to the National Defense Education Act, teacher institute programs were broadened to include English, history, and other fields. In total, an estimated 21,000 teachers will participate in institutes under this Act in 1966. The Library Services and Construction Act of 1964 enlarged the Federal role in providing public library books, services, and construction; in 1966, expenditures of \$37

million are estimated to carry out this role, more than double the amount estimated for 1965.

Expenditures are also estimated to increase in 1966 for research and demonstration projects designed to achieve more effective teaching in our schools, for construction of educational television facilities, for expanded training of teachers of the handicapped, and for continued strengthening of the Office of Education.

VETERANS BENEFITS AND SERVICES

The 1966 budget provides for the higher pension benefits and the new nursing home care programs enacted by the 88th Congress. Increased funds are also recommended for hospital and nursing home construction. Obligations for compensation benefits are expected to continue at the record level reached during the current year.

Nevertheless, payments to the public in 1966 for veterans benefits and services are estimated to be \$874 million less than in the current year, principally because of certain anticipated financial transactions, which do not affect the actual benefits or services provided to veterans. These transactions include increased private financing of veterans housing programs through mortgage sales totaling over \$1 billion and proposed legislation to spread the mailing of checks for compensation and pensions more evenly through each month. The cycling of veterans benefit checks represents an improvement in procedures which will save the Government about \$1.7 million annually in administrative expenses and substantial amounts in interest costs. Transition payments will be made to insure that no veteran receives reduced payments in the calendar month during which the change-over is made. The shift to the new system, however, will yield a nonrecurring reduction of \$150 million in Federal expenditures in 1966.

Life insurance trust fund payments are also estimated to be \$130 million lower, largely because dividends scheduled for payment in 1966 are being accelerated into 1965. In addition, organizational and management improvements will provide significant savings in the general and medical operating expenses of the Veterans Administration.

Service-connected compensation.—Compensation payments for death and disability resulting from military service are estimated at nearly \$2.2 billion in 1966, approximately the same as in the current year. A slightly declining caseload will be offset by higher average payments per case as veterans advance in age and disabilities become more serious. Approximately 2,357,000 disabled veterans or their survivors will receive payments in 1966, about 3,000 less than this year. The average annual payment in 1966 is estimated to be \$859 to disabled veterans and \$1,274 to survivors.

VETERANS BENEFITS AND SERVICES

[Fiscal years. In millions]

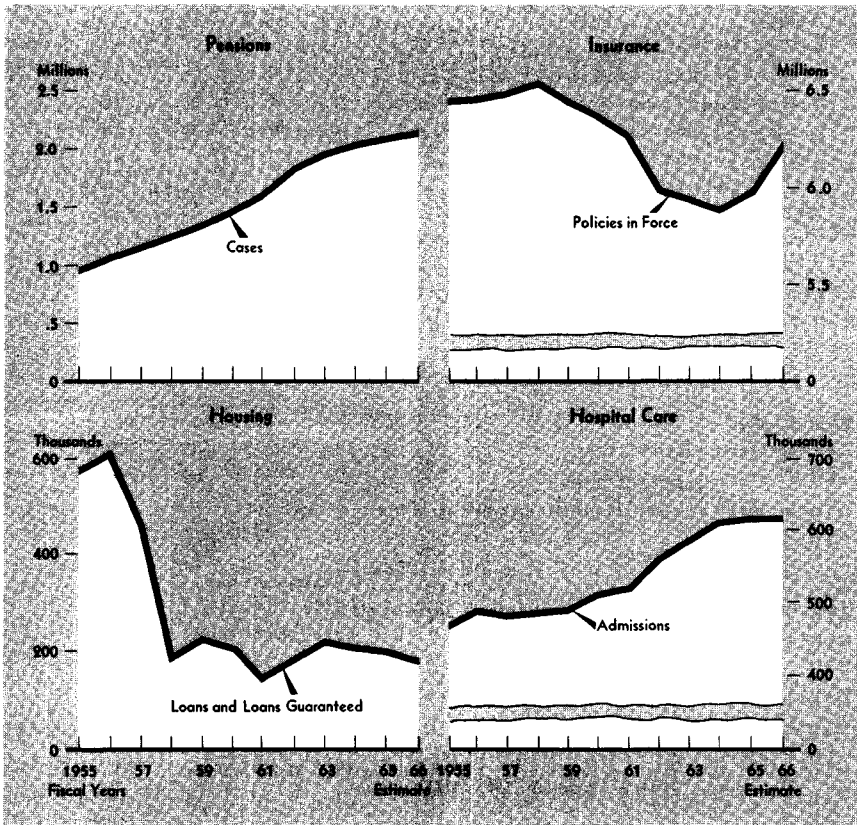
Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Service-connected compensation.....	\$2,158	\$2,173	\$2,174	\$2,174
Non-service-connected pensions.....	1,743	1,834	1,903	1,903
Readjustment benefits:				
Education and training.....	59	37	28	28
Direct housing loans.....	-32	-226	-719	-----
Housing loan guarantees.....	76	40	-144	-----
Other.....	10	10	9	9
Hospitals and medical care:				
Medical care and hospital services.....	1,111	1,145	1,168	1,177
Construction of hospital and nursing home facilities....	70	80	93	102
Medical administration, research, and other.....	47	55	54	55
Other veterans benefits and services:				
Insurance and servicemen's indemnities.....	10	-6	-33	11
Burial and other allowances.....	60	65	65	65
Veterans Administration general operating expenses and other.....	178	176	177	176
Proposed legislation to even out check mailings for compensation and pensions.....	-----	-----	-150	-----
Subtotal, administrative budget.....	5,492	5,383	4,623	15,699
Trust Funds:				
National service life insurance.....	585	563	439	665
U.S. Government life insurance.....	72	69	63	47
Other.....	9	9	12	9
Subtotal, trust funds.....	666	641	514	1,721
Intragovernmental transactions and other adjustments (deduct).....	51	38	27	-----
Total.....	6,107	5,985	5,111	-----

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$5,589 million; 1965, \$5,767 million.
 Trust funds: 1964, \$719 million; 1965, \$721 million.

Non-service-connected pensions.—In 1966, pensions for disability and death not connected with military service are expected to rise by \$69 million over 1965 to a new high of \$1.9 billion. Most of this increase is attributable to amendments to the Veterans Pension Act enacted in the 88th Congress which increased payments and liberalized

income criteria for eligibility. While the 1,173,000 veterans expected to be receiving pensions in 1966 represent a decline of 20,000 from 1965, the average payment per case is estimated to increase from \$1,003 to \$1,039. The number of veterans survivors receiving pensions is estimated to rise by 47,000 to a total of 942,000, and the average payment per case will rise from \$712 to \$729. World War I veterans and their surviving beneficiaries comprise almost 70% of these pensioners. Payments to veterans of World War II and the Korean conflict and their survivors will continue to rise as increasing numbers of veterans reach ages at which rates of disability and mortality mount.

Veterans Benefits and Services—Program Trends



Readjustment benefits.—Expenditures for education and training will decline in 1966 because the program for veterans of the Korean conflict terminates on January 31, 1965. However, education and training benefits previously available to war orphans have been extended to children of veterans who are permanently and totally disabled due to military service. The number of war orphans or depend-

ent children receiving education and training is estimated at 17,100 in 1966.

The Veterans Administration guarantees housing loans for eligible veterans and makes direct housing loans to veterans in rural areas and relatively small communities where private credit is not generally available. Net receipts of \$863 million are estimated in these programs in 1966, made possible in large measure by anticipated increased purchases by private investors of VA-held housing loans.

Net receipts of the direct loan program are expected to be \$493 million higher in 1966 than in 1965, primarily because private financing is expected to be enlarged through greatly expanded sales of certificates of participation in a pool of mortgage loans. In addition, the number of new loans is expected to decline from 14,000 in 1965 to 10,000 in 1966, as fewer veterans remain eligible.

About \$630 million of unobligated funds are estimated to be carried forward into 1966 for the direct loan program, an amount considerably in excess of the new loans expected to be made in that year. Accordingly, the budget includes a proposal to cancel the \$100 million of new obligational authority which would otherwise become available for 1966 under present law.

The loan guarantee program, which is estimated to require \$40 million in net expenditures in 1965, will have estimated net receipts of \$144 million in 1966. As in the direct loan program, the main reason for the shift is the sharp expansion planned in private financing through sales of certificates of participation. Foreclosures of 23,660 mortgages financed with guaranteed loans are expected in 1966, slightly lower than in 1965. In addition, the number of loans guaranteed will decline by 10% as an increasing number of World War II veterans become ineligible for home loan guarantees. Eligibility of veterans of the Korean conflict begins to expire in 1965, depending on the individual's length of service and discharge date.

Hospitals and medical care.—The 1966 budget includes expenditures of \$1,222 million for veterans hospital and medical care services, including administration and medical and prosthetic research. This estimate is \$22 million higher than the amount expected to be spent in 1965. Provision is made for continued improvement in the quality of medical care, expansion of research, and activation of three new hospitals in Washington, D.C., Atlanta, Ga., and Charleston, S.C. The new nursing home care program in Veterans Administration facilities started in 1965 will be expanded in 1966, and nursing home care of veterans through payments to private homes will be initiated. Savings from the closing in 1965 of 11 hospitals and 4 domiciliary homes which are no longer needed will largely offset the costs of these expansions and improvements.

Hospital, domiciliary, and nursing home care will be provided in 1966 for an average of 138,802 beneficiaries per day in Veterans Administration, contract, and State facilities—approximately 1,200 more than in 1965. There will also be an estimated 6.2 million visits by veterans to outpatient clinics operated by the Veterans Administration or to private physicians and dentists at the expense of the Veterans Administration.

Hospital construction.—Expenditures for hospital construction in 1966 are estimated to be \$93 million, an increase of \$13 million over 1965. New obligational authority of \$102 million is proposed for the year, representing the sixth step in carrying out the 15-year, \$1.2 billion hospital construction program initiated in 1961 to modernize the 125,000-bed hospital system. Included in this total is \$5 million to initiate a grant program to assist State soldiers' homes to build nursing home facilities for veterans as authorized by the 88th Congress.

Construction will be started on new hospitals of 760 beds at Chicago, Ill., and of 480 beds at Columbia, Mo., and on a partial replacement of the hospital at Northport, N.Y., providing 480 beds. Planning for three new hospitals will be initiated, and several new modernization projects will be undertaken. New obligational authority of \$6 million is provided for 1966 for the construction and planning of new medical research facilities.

Veterans life insurance trust funds.—The national service and U.S. Government life insurance trust funds finance about 5 million life insurance policies, primarily for veterans of World Wars I and II. Receipts are chiefly from premiums and interest on investments; expenditures are mainly for death and disability claims and dividends. Trust fund expenditures are estimated to decline by \$130 million in fiscal year 1966, mainly because \$101 million of the \$225 million total regular dividend payments due in that year are being disbursed in January 1965.

Other veterans benefits and services.—Insurance and indemnity expenditures made from administrative budget funds are estimated to decline by \$27 million in 1966 because (1) the servicemen's indemnity program is gradually coming to an end as scheduled 10-year payments are completed and (2) premiums in the early years of new insurance programs for disabled veterans enacted by the 88th Congress will exceed insurance payments and administrative costs.

Reductions in workload, continuing improvements in productivity, and continued field office reorganization, including the consolidation of 17 regional offices, will result in decreased costs for general administrative operations of the Veterans Administration.

INTEREST

Interest payments will continue to rise in fiscal year 1966, but at a slower pace than in recent years. The increase in the outstanding public debt will cause most of the rise in these payments. Higher short-term interest rates during the past 18 months, required to limit the flow of short-term funds abroad, will also cause minor upward adjustments in interest payments in 1966, as outstanding obligations mature and are refunded with securities paying higher rates.

INTEREST

[Fiscal years. In millions]

Item	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Interest on public debt.....	\$10,666	\$11,200	\$11,500	\$11,500
Interest on refunds of receipts.....	88	75	82	82
Interest on uninvested funds.....	11	12	12	12
Subtotal, administrative budget.....	10,765	11,286	11,594	11,594
Intragovernmental transactions and other adjustments (deduct):				
Interest paid to trust funds and Government agencies....	1,837	1,992	2,133	
Excess of interest accrued over interest paid.....	917	833	648	
Total.....	8,011	8,461	8,813	

As usual, payments to the public for interest in 1966 will be substantially below estimated administrative budget expenditures for two main reasons: (1) interest payments of over \$2 billion received by Federal trust funds and agencies from their investments in U.S. Government securities are included in administrative budget expenditures but not in cash payments to the public, since they are transactions within the Government, and (2) accruals of interest on savings bonds—included in administrative budget expenditures—are estimated to exceed by \$648 million the actual interest payments made to bondholders during 1966.

GENERAL GOVERNMENT

Payments in 1966 for the legislative and judicial functions of the Federal Government and for the general administrative, fiscal, and law enforcement activities of the executive branch will total an estimated \$2.4 billion, an increase of \$43 million over 1965.

GENERAL GOVERNMENT

[Fiscal years. In millions]

Program or agency	Payments to the public			Recommended new obligational authority for 1966
	1964 actual	1965 estimate	1966 estimate	
Administrative Budget Funds:				
Legislative functions.....	\$126	\$155	\$154	\$148
Judicial functions.....	66	77	89	90
Executive direction and management.....	22	25	26	27
Central fiscal operations:				
Internal Revenue Service.....	560	594	606	638
Other.....	231	247	247	248
General property and records management:				
General Services Administration:				
Public Buildings Service:				
Construction, sites, and planning.....	196	185	192	204
Operation, maintenance, and other.....	276	323	315	314
Other.....	103	90	88	92
Central Intelligence Agency building.....	*	1	1	
Central personnel management:				
Department of Labor.....	63	55	49	54
Civil Service Commission.....	111	116	120	120
Protective services and alien control:				
Department of Justice.....	321	360	370	367
Other.....	14	16	17	18
Other general government:				
Territories and possessions:				
Present programs.....	133	131	145	142
Proposed legislation for Ryukyu Islands claims.....			15	22
Treasury—claims.....	32	41	6	6
Government Printing Office building (Legislative branch).....		2	14	45
Alaska grants and other.....	24	*	7	13
Subtotal, administrative budget.....	2,280	2,417	2,462	2,546
Trust Funds	18	19	20	20
Intragovernmental transactions and other adjustments (deduct).....	78	83	86	
Total	2,221	2,353	2,396	

*Less than one-half million dollars.

¹ Compares with new obligational authority for 1964 and 1965, as follows:
 Administrative budget funds: 1964, \$2,318 million; 1965, \$2,462 million.
 Trust funds: 1964, \$18 million; 1965, \$21 million.

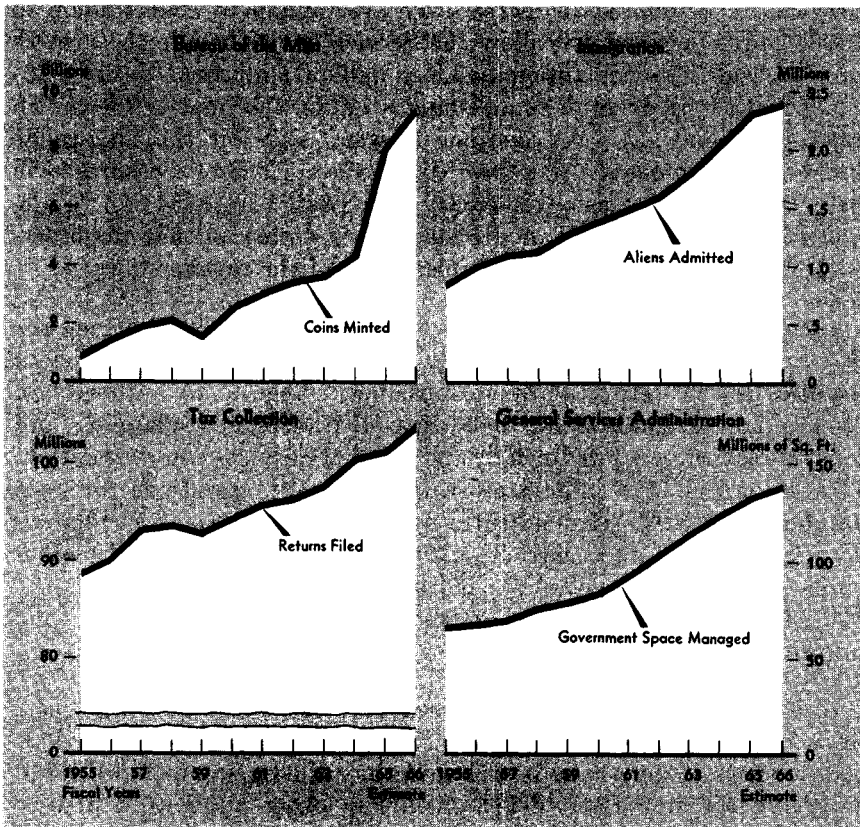
Central fiscal operations.—Expenditures of the Internal Revenue Service are estimated to increase by \$12 million to \$606 million in 1966. This increase will allow the Service to (1) handle the growth in workload from an anticipated 1.9 million additional returns, (2) make further progress in establishing a nationwide master file for all taxpayers, and (3) take another forward step on the long-range program to improve taxpayer compliance. These measures will help to assure increasing efficiency and equity in collection of the revenues necessary to finance Federal operations, so that taxpayers may have confidence in the administration of the revenue laws.

General property and records management.—To continue the Government-wide program of providing more modern and efficient facilities for Government operations, new obligational authority of \$204 million is requested for 1966 for acquisition of sites, planning, and construction of new buildings by the General Services Administration. This amount is \$26 million more than the appropriations for 1965 for these purposes. Expenditures in 1966 will also rise over 1965, as progress is made on construction financed in prior years. In other public buildings activities, expenditures are estimated to decline by \$8 million in 1966, reflecting mainly decreases for repairs and improvements.

Central personnel management.—It has been over 10 years since a thorough study was made of Government retirement programs and policies. There have been numerous adjustments in the Federal programs and important developments in other public and private retirement systems. The costs of Federal retirement programs will exceed \$3 billion in 1966, and will continue to increase.

To establish a realistic and comprehensive framework for considering changes and improvements in existing military and civilian retirement programs, a Cabinet-level Committee, supported by an adequate staff, will make a thorough review of all Government retirement systems and their interrelationships with one another and with the social security system. The Committee will also consider problems relating to the future financing of the retirement funds and benefits provided for the survivors of Federal employees.

General Government - Program Trends



Protective services and alien control.—Expenditures for the law enforcement and related activities of the Department of Justice are estimated to increase by \$10 million in 1966, primarily to complete prison construction for which funds were appropriated in earlier years and to provide additional personnel for the Federal Bureau of Investigation. Expenditures resulting from civil rights activities are estimated to increase in both 1965 and 1966. New obligational authority recommended for the Department of Justice for 1966 is \$8 million less than in 1965 because of lower requirements for new prison construction.

Other general government.—The Government Printing Office, an agency of the legislative branch of the Government, is requesting appropriations of \$45 million to build a modern plant adequate in size to meet its growing requirements. Funds to select a site and to design such a building have previously been provided.

In 1964, as part of the Federal assistance to Alaska following the earthquake last spring, the Congress authorized \$23.5 million in additional transitional grants to help offset the anticipated loss of revenues and extraordinary expenses of the State and its local governments. An appropriation of the \$6.5 million remaining under the authorization is being requested, with the understanding that such amount may be reduced when the latest data on revenue losses and extraordinary expenses are received.

Legislation is being proposed to authorize payment of claims in 1966 to certain inhabitants of the Ryukyu Islands for damages by U.S. Forces before the Japanese Peace Treaty was signed.

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

[Note.—This table shows expenditures by agency for each subfunction. The accounts which make up the total for each agency are identified by the functional code numbers shown in the analysis of new obligational authority and expenditures (pp. 158 to 353)]

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS						
050 NATIONAL DEFENSE						
051 Department of Defense—Military:						
Military personnel.....	13,883	14,666	14,560	14,195	14,820	14,800
Operation and maintenance.....	11,705	12,451	12,472	11,932	12,220	12,160
Procurement.....	15,645	13,386	11,412	15,351	13,275	13,220
Research, development, test, and evaluation.....	6,984	6,485	6,709	7,021	6,700	6,400
Military construction.....	949	940	1,313	1,026	1,000	920
Family housing.....	644	631	736	580	630	660
Civil defense.....	112	105	194	107	125	110
Revolving and management funds.....				-452	-670	-370
Total 051.....	49,922	48,663	47,395	49,760	48,100	47,900
057 Military assistance:						
Funds appropriated to the President.....	1,000	1,055	1,170	1,485	1,200	1,100
058 Atomic energy:						
Atomic Energy Commission.....	2,743	2,625	2,481	2,765	2,700	2,530
059 Defense-related activities:						
Executive Office of the President.....	6	6	5	4	6	7
Funds appropriated to the President.....				91	76	-32
Department of Health, Education, and Welfare.....	28	9	10	20	13	8
Treasury Department.....				*	*	
General Services Administration.....	24	18	18	16	18	17
Other independent agencies: Selective Service System.....	40	48	50	41	48	48
Total 059.....	98	80	83	172	160	48
Total, national defense.....	53,762	52,424	51,129	54,181	52,160	51,578
150 INTERNATIONAL AFFAIRS AND FINANCE						
151 Conduct of foreign affairs:						
Department of State.....	283	294	318	279	296	306
Other independent agencies:						
Foreign Claims Settlement Commission.....	1	2	2	9	37	2
Tariff Commission.....	3	3	4	3	3	3
United States Arms Control and Disarmament Agency.....	8	9	12	6	10	10
Total 151.....	295	308	335	297	346	321

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
152 Economic and financial assistance:						
Funds appropriated to the President.....	2,208	3,848	2,895	2,169	2,449	2,240
Department of Commerce.....	9	2	4	2	4	12
Department of State.....	11	8	8	10	11	9
Other independent agencies: Export-Import Bank.....				-702	-645	-480
Total 152.....	2,227	3,858	2,907	1,479	1,820	1,780
153 Foreign information and exchange activities:						
Department of State.....	48	51	62	46	52	59
Other independent agencies: United States Information Agency.....	166	169	173	161	164	161
Total 153.....	214	219	235	207	216	221
154 Food for Peace:						
Department of Agriculture.....	1,720	2,374	1,658	1,704	1,661	1,661
Total, international affairs and finance ¹	4,457	6,759	5,136	3,687	4,043	3,984
Of which Food for Peace.....	(1,720)	(2,374)	(1,658)	(1,704)	(1,661)	(1,661)
250 SPACE RESEARCH AND TECHNOLOGY						
251 Space research and technology:						
National Aeronautics and Space Administration.....	5,100	5,250	5,260	4,171	4,900	5,100
350 AGRICULTURE AND AGRICULTURAL RESOURCES						
351 Farm income stabilization:						
Department of Agriculture.....	4,206	3,381	3,125	4,144	3,103	2,716
352 Financing farming and rural housing:						
Department of Agriculture.....	114	197	168	259	248	151
Other independent agencies: Farm Credit Administration.....				-9	-6	-13
Total 352.....	114	197	168	251	242	138
353 Financing rural electrification and rural telephones:						
Department of Agriculture.....	506	447	114	342	199	200
354 Agricultural land and water resources:						
Department of Agriculture.....	426	438	326	410	441	424

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
355 Research and other agricultural services:						
Funds appropriated to the President.....				1	*	*
Department of Agriculture.....	425	502	474	413	492	464
Other independent agencies: National Commission on Food Marketing.....		1	2		1	1
Total 355.....	425	502	475	414	493	466
Total, agriculture and agricultural resources (not including Food for Peace) ¹	5,677	4,966	4,207	5,560	4,477	3,944
400 NATURAL RESOURCES						
401 Land and water resources:						
Department of Defense—Civil.....	1,097	1,226	1,281	1,093	1,200	1,245
Department of the Interior.....	618	647	584	572	588	499
Department of State.....	10	42	17	11	26	39
Other independent agencies:						
Federal Power Commission.....	12	13	14	12	13	14
Delaware River Basin Commission.....	*	*	*	*	*	*
Public Land Law Review Commission.....		*	1		*	1
Tennessee Valley Authority.....	47	48	59	59	57	39
U.S. Study Commissions.....				*		
Total 401.....	1,784	1,976	1,956	1,747	1,885	1,837
402 Forest resources:						
Department of Agriculture.....	342	362	356	317	361	340
Department of the Interior.....	15	22	19	15	22	19
Total 402.....	357	384	376	332	383	359
403 Mineral resources:						
Department of the Interior.....	90	107	111	91	109	111
404 Fish and wildlife resources:						
Department of Defense—Civil.....	*	*	*	*	*	*
Department of the Interior.....	110	123	116	103	119	111
Department of State.....	2	2	2	2	2	2
Total 404.....	112	125	118	105	121	114
405 Recreational resources:						
Department of the Interior.....	127	151	249	130	145	186
Other independent agencies: Outdoor Recreation Resources Review Commission.....					*	
Total 405.....	127	151	249	130	145	186

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
409 General resource surveys and administration:						
Department of the Interior.....	76	95	86	73	92	84
Total, natural resources.....	2,546	2,839	2,896	2,478	2,735	2,691
500 COMMERCE AND TRANSPORTATION						
501 Aviation:						
Department of Commerce.....				*	*	*
Federal Aviation Agency.....	813	730	729	751	781	750
Other independent agencies: Civil Aeronautics Board.....	88	87	84	84	87	84
Total 501.....	901	817	813	835	868	834
502 Water transportation:						
Department of Commerce.....	331	352	347	306	331	326
Department of Defense—Civil.....		*	8	2	3	6
Treasury Department.....	365	417	458	350	371	397
Other independent agencies: Saint Lawrence Seaway Development Corporation.....				*	1	1
Total 502.....	695	770	813	658	705	728
503 Highways:						
Department of Commerce.....	42	40	40	39	43	42
505 Postal service:						
Post Office Department.....	719	756	858	578	718	714
506 Advancement of business:						
Department of Commerce.....	248	277	304	267	296	311
Department of the Interior.....	20		3	2	17	7
Other independent agencies: Small Business Administration.....	98	152	20	133	243	-195
Total 506.....	366	430	327	401	556	124
507 Area redevelopment:						
Funds appropriated to the President.....	30	4		332	300	145
Department of Commerce.....	145	73	400	69	85	115
Housing and Home Finance Agency.....			*			*
Other independent agencies:						
Federal Development Planning Committees for Alaska.....			*		*	*
Federal Reconstruction and Development Planning Commission for Alaska.....	*			*	*	
Total 507.....	176	77	401	401	385	261

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
508 Regulation of business:						
Department of Commerce.....	4	5	5	4	5	4
Department of Justice.....	7	7	7	7	7	7
Other independent agencies:						
Civil Aeronautics Board.....	10	11	11	10	11	11
Federal Communications Commission.....	16	17	17	17	17	18
Federal Maritime Commission.....	3	3	3	3	3	3
Federal Trade Commission.....	12	13	14	12	13	13
Interstate Commerce Commission.....	25	27	27	24	26	27
Securities and Exchange Commission.....	14	15	17	14	15	17
Total 508.....	90	98	102	91	96	101
Total, commerce and transportation.	2,989	2,988	3,354	3,002	3,372	2,804
550 HOUSING AND COMMUNITY DEVELOPMENT						
551 Aids to private housing:						
Funds appropriated to the President.....		6				6
Housing and Home Finance Agency.....	322	207	60	-347	-672	-513
Other independent agencies: Federal Home Loan Bank Board.....				-248	-313	-335
Total 551.....	322	213	60	-595	-985	-843
552 Public housing programs:						
Housing and Home Finance Agency.....	212	230	248	149	221	236
553 Urban renewal and community facilities:						
Housing and Home Finance Agency.....	24	1,549	403	306	406	509
555 Aids to National Capital area:						
Other independent agencies:						
Commission of Fine Arts.....	*	*	*	*	*	*
National Capital Housing Authority.....	*	*	*	*	*	*
National Capital Planning Commission.....	1	1	1	1	2	3
National Capital Transportation Agency.....	1		11	1	*	2
Interstate Commission on the Potomac River Basin.....	*	*	*	*	*	*
District of Columbia.....	93	78	99	57	76	103
Total 555.....	95	80	111	59	79	107
Total, housing and community development.	653	2,071	822	-80	-280	10

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
650 HEALTH, LABOR, AND WELFARE						
651 Health services and research:						
Department of Health, Education, and Welfare.....	1,850	2,157	2,591	1,671	1,792	2,190
652 Labor and manpower:						
Department of the Interior.....	9	10	10	9	9	10
Department of Labor.....	354	634	675	306	439	515
Other independent agencies:						
Equal Employment Opportunity Commission.....		2	3		1	3
Federal Coal Mine Safety Board of Review.....	*	*	*	*	*	*
Federal Mediation and Conciliation Service.....	6	6	7	6	6	7
National Commission on Technology, Automation, and Economic Progress.....		1			1	*
National Labor Relations Board.....	22	26	28	22	26	28
National Mediation Board.....	2	2	2	2	2	2
President's Advisory Committee on Labor-Management Policy.....	*	*	*	*	*	*
Total 652.....	393	681	725	345	484	565
653 Public assistance:						
Department of Health, Education, and Welfare.....	2,946	3,238	3,500	2,994	3,002	3,499
655 Economic opportunity programs:						
Funds appropriated to the President.....		785	1,500		347	1,346
659 Other welfare services:						
Funds appropriated to the President.....	70	20	20	21	56	57
Department of Agriculture.....	313	354	402	308	353	402
Department of Health, Education, and Welfare.....	145	168	267	136	160	253
Other independent agencies: Railroad Retirement Board.....		14	17		14	17
Total 659.....	527	556	706	466	583	728
Total, health, labor, and welfare.....	5,716	7,417	9,022	5,475	6,208	8,328
700 EDUCATION						
701 Assistance for elementary and secondary education:						
Department of Health, Education, and Welfare.....	407	488	1,765	404	408	971

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
702 Assistance for higher education:						
Department of Health, Education, and Welfare.....	184	681	1,184	164	199	517
Housing and Home Finance Agency.....	300	410	-----	219	229	265
Total 702.....	484	1,091	1,184	383	428	782
703 Assistance to science education and basic research:						
Other independent agencies: National Science Foundation.....	353	420	530	310	325	405
704 Other aid to education:						
Legislative Branch.....	21	24	27	21	24	26
Executive Office of the President.....		*	*		*	*
Department of Health, Education, and Welfare.....	137	358	462	109	195	338
Department of the Interior.....	90	98	107	89	94	105
Other independent agencies:						
National Capital Planning Commission.....		2	-----		2	-----
Smithsonian Institution.....	38	37	28	22	32	36
Total 704.....	285	519	624	241	347	505
Total, education.....	1,530	2,519	4,103	1,339	1,509	2,663
800 VETERANS BENEFITS AND SERVICES						
801 Veterans service-connected compensation:						
Veterans Administration.....	2,158	2,173	2,174	2,158	2,173	2,100
802 Veterans non-service-connected pensions:						
Veterans Administration.....	1,733	1,833	1,903	1,743	1,834	1,827
803 Veterans readjustment benefits:						
Housing and Home Finance Agency.....			-----		-8	-43
Veterans Administration.....	218	196	37	113	-131	-783
Total 803.....	218	196	37	113	-139	-826
804 Veterans hospitals and medical care:						
Veterans Administration.....	1,217	1,305	1,334	1,229	1,280	1,315

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
805 Other veterans benefits and services:						
Department of Defense—Civil.....	11	15	14	11	12	15
Department of Labor.....	1	1		1	1	*
Veterans Administration.....	250	242	235	235	220	190
Other independent agencies:						
American Battle Monuments Commission.....	2	2	2	2	2	2
Historical and memorial commissions.....		*	*		*	*
Total 805.....	263	260	251	249	235	208
Total, veterans benefits and services.....	5,589	5,767	5,699	5,492	5,383	4,623
850 INTEREST						
851 Interest on the public debt:						
Treasury Department.....	10,666	11,200	11,500	10,666	11,200	11,500
852 Interest on refunds of receipts:						
Treasury Department.....	89	75	82	88	75	82
853 Interest on uninvested funds:						
Treasury Department.....	11	12	12	11	12	12
Total, interest.....	10,765	11,287	11,594	10,765	11,286	11,594
900 GENERAL GOVERNMENT						
901 Legislative functions:						
Legislative Branch.....	127	140	148	126	155	154
902 Judicial functions:						
The Judiciary.....	67	76	90	66	76	89
Other independent agencies: Indian Claims Commission.....	*	*	*	*	*	*
Total 902.....	67	77	90	66	77	89
903 Executive direction and management:						
Executive Office of the President.....	19	21	23	19	20	22
Funds appropriated to the President.....	1	1	1	1	2	1
Treasury Department.....	2	2	2	2	2	2
General Services Administration.....	*	1	*	*	1	*
Other independent agencies: Federal Radiation Council.....			*			*
Total 903.....	23	25	27	22	25	26
904 Central fiscal operations:						
Treasury Department.....	735	814	834	742	790	802
Other independent agencies:						
General Accounting Office.....	46	47	47	45	47	47
Renegotiation Board.....	3	3	2	3	3	2
Tax Court of the United States.....	2	2	2	2	2	2
Total 904.....	785	866	886	791	842	853

See footnotes at end of table, p. 151.

750-000 O-65-10

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued						
905 General property and records management:						
General Services Administration.....	606	593	609	576	597	595
Other independent agencies: Central Intelligence Agency.....				*	1	1
Total 905.....	606	593	609	576	598	596
906 Central personnel management:						
Department of Labor.....	63	57	54	63	55	49
Other independent agencies: Civil Service Commission.....	110	116	120	111	116	120
Total 906.....	173	174	174	174	171	169
908 Protective services and alien control:						
Department of Justice.....	338	375	367	321	360	370
Treasury Department.....	12	14	15	12	13	14
Other independent agencies:						
Administrative Conference of the United States.....		*	*		*	*
Civil Service Commission.....	1	1	1	1	1	1
Commission on Civil Rights.....	1	1	2	1	1	2
Subversive Activities Control Board.....	*	*	*	*	*	*
Total 908.....	352	391	385	335	376	388
910 Other general government:						
Legislative Branch.....	9	8	51	4	1	14
Funds appropriated to the President.....	20		6	19	1	7
Department of Defense—Civil.....	42	49	78	48	54	71
Department of the Interior.....	35	52	39	40	30	42
Treasury Department.....	78	87	53	77	88	53
Other independent agencies:						
Advisory Commission on Intergovernmental Relations.....	*	*	*	*	*	*
Alaska Temporary Claims Commission.....		*			*	
Commission on International Rules of Judicial Procedure.....		*		*	*	*
United States-Puerto Rico Commission on the Status of Puerto Rico.....		*			*	*
Historical and memorial commissions.....	*	*	*	*	*	*
Total, 910.....	185	197	227	189	173	187
Total, general government.....	2,318	2,462	2,546	2,280	2,417	2,462
Allowance for Appalachia.....		365			3	107
Allowance for contingencies.....		150	650		100	400
Interfund transactions ²				-664	-833	-600
Total, administrative budget funds.....	101,103	107,262	106,417	97,684	97,481	99,687

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS						
050 NATIONAL DEFENSE						
051 Department of Defense—Military:						
Department of Defense—Military:						
Army.....	*	*	*	*	*	*
Navy.....	5	5	5	5	5	5
Air Force.....		*		*	*	
Total 051.....	5	5	5	5	5	5
057 Military assistance:						
Funds appropriated to the President....	1,149	1,045	1,139	481	805	976
058 Atomic energy:						
Atomic Energy Commission.....	1	1	*	1	1	*
059 Defense-related activities:						
Treasury Department.....	*			*		
Total, national defense.....	1,154	1,052	1,145	487	811	982
150 INTERNATIONAL AFFAIRS AND FINANCE						
151 Conduct of foreign affairs:						
Department of Justice.....				53	-124	171
Department of State.....	*	*	*	*	*	*
Treasury Department.....	8	2	2	*	1	1
Foreign Claims Settlement Commission....	48	10	104	1	3	72
Total 151.....	56	12	107	54	-120	245
152 Economic and financial assistance:						
Funds appropriated to the President....	1	1	1	2	2	2
Department of Commerce.....	1	19	7	6	11	11
Department of State.....	*	*	*	*	*	*
Total 152.....	2	20	8	8	14	14
153 Foreign information and exchange activities:						
Department of State.....	*	*	*	*	*	*
United States Information Agency.....	*	*	*	*	*	*
Total 153.....	*	*	*	*	*	*
Total, international affairs and finance.....	57	32	115	62	-106	258
250 SPACE RESEARCH AND TECHNOLOGY						
251 Space research and technology:						
National Aeronautics and Space Administration.....	*	*	*	*	*	*

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS—Continued						
350 AGRICULTURE AND AGRICULTURAL RESOURCES						
351 Farm income stabilization:						
Department of Agriculture.....					*	
352 Financing farming and rural housing:						
Department of Agriculture.....				1	-3	-3
Farm Credit Administration.....				468	589	460
Total 352.....				468	585	457
354 Agricultural land and water resources:						
Department of Agriculture.....	1	1	1	1	1	1
355 Research and other agricultural services:						
Department of Agriculture.....	28	30	37	27	30	37
Total, agriculture and agricultural resources (not including Food for Peace) ¹	28	31	38	496	615	495
400 NATURAL RESOURCES						
401 Land and water resources:						
Department of Defense—Civil.....	37	22	23	37	31	23
Department of the Interior.....	2	2	1	2	2	2
Total 401.....	38	23	24	39	33	25
402 Forest resources:						
Department of Agriculture.....	27	28	29	23	23	28
403 Mineral resources:						
Department of the Interior.....	1	1	1	1	1	1
404 Fish and wildlife resources:						
Department of the Interior.....	2	2	2	2	2	2
405 Recreational resources:						
Department of the Interior.....	1	16	16	2	5	11
409 General resource surveys and administration:						
Department of the Interior.....	98	99	86	71	73	109
Total, natural resources	168	169	157	137	137	175
500 COMMERCE AND TRANSPORTATION						
501 Aviation:						
Federal Aviation Agency.....				*		

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS—Continued						
502 Water transportation:						
Department of Commerce.....	23	12	34	14	18	22
Treasury Department.....	*	*	*	*	*	*
Total 502.....	23	12	34	14	18	22
503 Highways:						
Department of Commerce.....	3,706	3,830	3,931	3,647	4,104	3,876
506 Advancement of business:						
Department of Commerce.....	4	4	4	4	4	4
Federal Deposit Insurance Corporation.....				-183	-194	-212
Total 506.....	4	4	4	-179	-190	-208
508 Regulation of business:						
Federal Communications Commission.....				*	*	
Total, commerce and transportation.	3,733	3,847	3,969	3,482	3,932	3,690
550 HOUSING AND COMMUNITY DEVELOPMENT						
551 Aids to private housing:						
Housing and Home Finance Agency.....	62	111	162	-37	48	178
Federal Home Loan Bank Board.....				1,572	-250	150
Total 551.....	62	111	162	1,535	-202	328
555 Aids to National Capital area:						
National Capital Housing Authority.....				*	2	*
National Capital Planning Commission.....	*	*		*	1	
District of Columbia.....	368	389	458	355	432	455
Total 555.....	368	389	458	355	435	455
Total, housing and community development.	430	500	620	1,889	233	783
650 HEALTH, LABOR, AND WELFARE						
651 Health services and research:						
Department of Health, Education, and Welfare.....	1	*	*	1	1	1
652 Labor and manpower:						
Department of Labor.....	850	606	606	426	436	526
653 Public assistance:						
Department of Health, Education, and Welfare.....	*	*	*		*	*

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS—Continued						
654 Retirement and social insurance:						
The Judiciary.....	1	1	1	*	*	*
Department of Health, Education, and Welfare.....	17,255	17,412	19,608	16,625	17,484	20,397
Department of Labor.....	3,442	3,404	3,376	3,281	2,900	2,819
Department of State.....	9	9	10	7	8	9
Civil Service Commission.....	2,456	2,660	2,737	1,254	1,372	1,548
Railroad Retirement Board.....	1,208	1,291	1,387	1,139	1,185	1,248
Total 654.....	24,370	24,777	27,119	22,307	22,950	26,022
659 Other welfare services:						
Department of Health, Education, and Welfare.....				*		
Total, health, labor, and welfare.....	25,221	25,383	27,725	22,733	23,386	26,549
700 EDUCATION						
703 Assistance to science education and basic research:						
National Science Foundation.....	*	*	*	*	*	*
704 Other aid to education:						
Legislative Branch.....	2	2	2	2	2	2
Smithsonian Institution.....	*	*	*	*	*	*
Total 704.....	2	2	2	2	2	2
Total, education.....	2	2	2	2	2	2
800 VETERANS BENEFITS AND SERVICES						
805 Other veterans benefits and services:						
Department of Defense—Civil.....	7	7	7	7	7	7
Veterans Administration.....	713	714	714	659	634	507
American Battle Monuments Commission.....	*	*	*	*	*	*
Total, veterans benefits and services.....	719	721	721	666	641	514
900 GENERAL GOVERNMENT						
904 Central fiscal operations:						
Treasury Department.....	17	18	19	18	19	19
General Accounting Office.....	*	*	*	*	*	*
Tax Court of the United States.....	*	*	*	*	*	*
Total 904.....	17	18	19	18	19	19
905 General property and records management:						
General Services Administration.....	*	2	*	*	*	*

See footnotes at end of table, p. 151.

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

Description	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
TRUST FUNDS—Continued						
906 Central personnel management:						
Department of Labor.....	*	*	*	*	*	*
908 Protective services and alien control:						
Department of Justice.....				*		
910 Other general government:						
Treasury Department.....	*	*	*	*	*	*
United States-Puerto Rico Commission on the Status of Puerto Rico.....	*	*			*	*
Historical and memorial commissions.....	*			*		*
Total, 910.....	*	*	*	*	*	*
Total, general government.....	18	21	20	18	19	20
Deposit funds.....				-567	-47	30
Interfund transactions ²				-521	-579	-599
Total trust funds.....	31,533	31,757	34,512	28,885	29,045	32,898

*Less than one-half million dollars.

¹ See general notes, page 4, paragraph 4.² Interfund transactions shown as deduct lines above are as follows:

Administrative Budget	1964 actual	1965 estimate	1966 estimate
Interest on loans to Government-owned enterprises:			
Commodity Credit Corporation.....	199	431	310
Expansion of defense production.....	154	126	15
Export-Import Bank of Washington.....	34	14	11
Housing and Home Finance Agency.....	152	140	134
Panama Canal Company.....	11	11	12
Small Business Administration.....	27	31	38
Veterans Administration.....	49	37	26
St. Lawrence Seaway Development Corporation.....	3	4	4
Other.....	19	22	31
Fees and other charges:			
Public enterprise funds.....	*	*	*
Panama Canal Company for annuity payment and cost of Canal Zone Government.....	15	17	18
Total, administrative budget.....	664	833	600
Trust Funds			
Payments to employees' retirement fund receipts:			
District of Columbia government.....	7	8	9
District of Columbia employees' pay deductions.....	7	8	9
Payments between funds:			
FOASI fund from Federal disability insurance fund.....	3	3	3
Railroad retirement account from:			
FOASI trust fund.....	403	399	411
Unemployment trust fund.....	47	75	82
Federal disability insurance fund.....	19	20	20
Civil service retirement and disability fund to Foreign Service retirement fund.....	*	*	1
Unemployment trust fund from railroad retirement account.....	35	50	50
National Park Service from District of Columbia.....		15	15
Total, trust funds.....	521	579	599

PART 5

THE FEDERAL PROGRAM
BY AGENCY

EXPLANATION OF MEANS OF FINANCING AGENCY ACTIVITIES

TYPES OF FUNDS

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

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

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

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

NEW OBLIGATIONAL AUTHORITY AND OBLIGATIONS

New obligational authority.—Government agencies are permitted to enter into obligations, requiring either immediate or future payment of money, only when they have been granted authority to do so by law. The amounts thus authorized by Congress are called *new obligational authority* (NOA). Such authority is related to the *obligations* expected to be incurred during the year for most accounts. In some cases, especially construction, research, or procurement, NOA is requested and granted to finance the full cost of each project at the time it is started.

New obligational authority usually takes the form of *appropriations* which permit obligations to be incurred and expenditures to be made.

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

Most new obligational authority of administrative budget funds is granted year by year (*current authorizations*). Under certain laws, some new obligational authority in the administrative budget and most NOA in the trust funds becomes available from time to time without further action by the Congress (*permanent authorizations*).

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

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

EXPENDITURES AND BALANCES

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

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

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

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

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

Balances.—Not all of the obligational authority enacted for a fiscal year is paid out in the same year. In the case of salaries and wages, only 1 to 3 weeks elapse between the time of obligation and the time of expenditure. On the other hand, in the case of major procurement and construction, up to several years may elapse. Amounts which have been obligated are always carried forward to cover the subsequent expenditure in payment of such obligations.

Most appropriations for current operations are made available for obligation only within the year (1-year appropriations). Some are for a specified longer period (multiple-year appropriations). Some, including most of those for construction, some for research, and nearly all trust fund appropriations are made available by Congress until expended (no-year appropriations), and remain available for obligation until the objectives have been completed.

Therefore, a change in the amount of new obligational authority for a given year does not necessarily change either the obligations incurred or the budget expenditures in that same year by an equal amount. A change in new obligational authority in any one year may spread its effect over obligations for 2 or more years and over expenditures for even a longer period.

ESTIMATES FOR 1965 AND 1966

Data for 1965.—Congress has already acted on appropriations and other new obligational authority for fiscal year 1965, but additional supplemental amounts are estimated to be required in certain cases. Where the word "enacted" is used in the budget in reference to 1965, as in tables 4 and 5, the amounts are those already voted by Congress (including the amounts likely to be available in the case of appropriations made in an indefinite amount) or the expenditures thereunder, unless otherwise indicated. Where the word "estimate" is used, the amounts include both those which are enacted and needed supplementals. Certain standard footnotes are used in the following

table to distinguish the status of proposed items for 1965 in this part of the budget. (NOA is identified for each item, as are expenditures for items other than those for civilian and military pay increases. Expenditures from pay increase items are identified in the agency totals, but are merged with expenditures from amounts already enacted in the individual lines.)

Data for 1966.—This budget is complete as to the estimates for 1966. The budget appendix generally includes the proposed appropriation language for the various items which are identified in the budget. However, in some instances—mainly cases of proposed new legislation—estimates are included in the budget, but formal transmittal of the proposed text of the appropriation language (or other proposal) will be made later. In certain tables, these items for later transmittal and expenditures therefrom are identified in separate columns, or by special footnotes, as in the following table. In tables where there is no such specific identification, the estimate for 1966 is comprehensive, whether or not the necessary appropriation language is formally transmitted at this time.

Changes from 1965 to 1966.—The table which follows gives data for 1964, 1965, and 1966, with figures on increases or decreases of 1966 compared with 1965. These changes include certain mandatory cost changes as well as proposals of the President with respect to programs.

Special allowances.—It is likely that some additional needs, not now known, will arise during the remainder of 1965 and 1966, and supplemental proposals will be transmitted to Congress when required to finance them. Congress may also enact legislation which is not specifically provided for in the Budget, either because it is not proposed by the President, or because its cost in either of the 2 years is relatively small. Furthermore, some legislative proposals may involve all or a number of agencies (as for the Appalachia program for 1966). In such cases it is not feasible to show individual items under the agencies concerned. Lump-sum allowances are included in the summary tables of the budget to cover such items not yet enacted into law.

Annexed budgets.—The expenditures and revenues of seven self-supporting Government agencies or programs were omitted from budget documents prior to 1965, except that partial figures on three of them have been included in the trust fund and consolidated cash totals (but with no supporting data in the appendix). Without making any changes in the totals, a memorandum section covers these activities at the end of part 5, and some details on them appear in the appendix. Like the budgets for the legislative branch and the judiciary, the annexed budgets have not been reviewed by the President but are included in the amounts submitted by the agencies (except for one case, which is noted, where Bureau of the Budget estimates are used because no agency estimates were submitted).

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

This tabulation shows, for each appropriation and fund account, among the administrative budget funds, information on new obligational authority (called NOA herein) and expenditures. Explanatory sentences relate primarily to NOA, and usually to increases or decreases for 1966. Functional code numbers are cross references to the lines in table 14 (pp. 138 to 151) where the figures are summarized. The NOA in this tabulation takes account of certain transfers between appropriations which are set forth in the Budget Appendix. Congressional action in the appropriation process occasionally is in the form of a limitation on the use of a trust fund or other fund, or an appropriation to liquidate contract authorizations; such items which do not involve NOA are also included here in parentheses, but are not added into the totals. NOA items in the administrative budget are current authorizations except where otherwise indicated. A separate section of this tabulation shows similar information on the trust funds. Smaller funds are grouped in that section. Accounts appearing there are permanent authorizations unless otherwise noted.

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH					
SENATE					
General and special funds:					(For the Legislative Branch, explanations are shown only for those items for which supporting data submitted to the Bureau of the Budget indicate the reason for a change from the appropriation for the current fiscal year.)
Compensation of the Vice President and Senators.....901	2,471	2,471 B 406	3,286	409	
Exp.	2,449				
Mileage of President of the Senate and of Senators.....901	58	58	58	-----	
Exp.	51				
Expense allowances of the Vice President, and majority and minority leaders.....901	14	14	14	-----	
Exp.	14				
Salaries, officers and employees 901	20,653	20,857 B 2,857	23,794	80	
Exp.	19,448				
Office of the Legislative Counsel of the Senate.....901	247	253 B 41	301	7	
Exp.	244				

Contingent expenses of the Senate:					
Senate policy committees... 901	NOA	351	351	395	1
	Exp.	216	B 43		
Automobiles and maintenance	NOA	38	40	43	
901	Exp.	32	B 3		
Furniture..... 901	NOA	31	31	31	
	Exp.	20			
Inquiries and investigations. 901	NOA	4,026	4,276	4,777	-1
	Exp.	4,041	B 502		
Folding documents..... 901	NOA	47	37	39	
	Exp.	45	B 2		
Mail transportation..... 901	NOA	17	17	17	
	Exp.	20			
Miscellaneous items..... 901	NOA	2,674	2,661	2,779	-5
	Exp.	2,609	B 123		
Postage stamps..... 901	NOA	64	62	62	
	Exp.	63			
Stationery (revolving fund). 901	NOA	256	256	256	
	Exp.	201			
Communications..... 901	NOA	15	15	15	
	Exp.	12			
Payments to estates and widows	NOA	22	22		-22
of deceased Members of the					
Senate..... 901	Exp.	22			

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
SENATE—Continued					
General and special funds—Continued					
Senate restaurant fund..... 901 Exp.	-24				
Recording studio revolving fund 901 Exp.	-159				
Joint items:					
Joint Committee on Reduction of Nonessential Federal Expenditures.....901 NOA	30	30	} 35	-----	
Exp.	30	B 5			
Joint Economic Committee 901 NOA	235	235	} 266	1	
Exp.	209	B 30			
Joint Committee on Atomic Energy.....901 NOA	311	311	} 348	-----	
Exp.	259	B 37			
Joint Committee on Printing 901 NOA	124	131	} 151	-----	
Exp.	111	B 20			
Joint Committee on Inaugural Ceremonies of 1965.....901 NOA	-----	265	-----	-265	
Exp.	-----	-----	-----	-----	
Total, Senate..... NOA	31,683	32,393	} 36,667	205	
Exp.	29,914	B 4,069 34,430			
			34,625	195	

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HOUSE OF REPRESENTATIVES

Compensation of Members...901	NOA	10,622	10,622 B 1,759	14,139	1,758
	Exp.	10,563			
Mileage of Members and expense allowance of the Speaker...901	NOA	200	200	200	-----
	Exp.	195			
Salaries, officers and employees 901	NOA	8,385	8,837 B 1,256	10,137	44
	Exp.	7,988			
Members' clerk hire.....901	NOA	21,300	21,500 B 3,200	30,500	5,800
	Exp.	21,068			
Contingent expenses of the House: Furniture.....901	NOA	270	340	340	-----
	Exp.	196			
Miscellaneous items.....901	NOA	3,725	3,817	4,123	306
	Exp.	2,994			
Reporting hearings.....901	NOA	223	223	223	-----
	Exp.	213			
Special and select committees 901	NOA	3,966	3,966 B 575	4,525	-16
	Exp.	3,340			
Office of the Coordinator of Information.....901	NOA	122	118 B 18	136	-----
	Exp.	115			
Telegraph and telephone...901	NOA	2,185	2,400	2,400	-----
	Exp.	1,669			

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
HOUSE OF REPRESENTATIVES—Con.					
General and special funds—Continued					
Contingent expenses of the House—Con.					
Stationery (revolving fund) 901 NOA	1,308	1,046	1,046	-----	
Exp.	1,043				
Attending physician's office 901 NOA	17	17	19	2	
Exp.	16				
Postage stamps 901 NOA	274	229	229	-----	
Exp.	224				
Folding documents 901 NOA	251	251	270	-6	
Exp.	213	B 25			
Revision of laws 901 NOA	21	21	27	2	
Exp.	20	B 4			
Speaker's automobile 901 NOA	11	11	12	-----	
Exp.	10	B 1			
Majority leader's automobile 901 NOA	10	11	12	-----	
Exp.	9	B 1			
Minority leader's automobile 901 NOA	10	11	12	-----	
Exp.	10	B 1			

New edition of the United States Code.....	NOA Exp.	901 55	150	-150
Payments to widows and heirs of deceased Members of Congress.....	NOA Exp.	158 158	45	-45
New edition of the District of Columbia Code.....	NOA Exp.	901 20	100	-100
House of Representatives restaurant fund.....	Exp.	46		
House recording studio revolving fund.....	Exp.	-32		
Joint items:				
Joint Committee on Internal Revenue Taxation.....	NOA Exp.	344 299	344 B 46	390
Joint Committee on Immigration and Nationality Policy.....	NOA Exp.	20 17	20 B 4	120 96
Joint Committee on Defense Production.....	NOA Exp.	70 60	65 B 5	80 10
Capitol Police:				
General expenses.....	NOA Exp.	901 37 38	37	50 13
Capitol Police Board.....	NOA Exp.	901 166 141	331 B 131	605 143

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
HOUSE OF REPRESENTATIVES—Con.					
General and special funds—Continued					
Education of Pages.....901 NOA	80	80	} 86	-----	
Exp.	84	B 6			
Penalty mail costs.....901 NOA	4,867	4,723	6,037	1,314	
Exp.	4,867				
Statements of appropriations_901 NOA	13	13	13	-----	
Exp.	13				
Advances and reimbursements... Exp.	1				
901					
Total, House of Represent- NOA	58,654	59,528	} 75,731	9,171	
atives.		B 7,032			
Exp.	55,654	62,793	71,892	9,099	
ARCHITECT OF THE CAPITOL					
Office of the Architect of the Capitol:					
Salaries.....901 NOA	442	508	} 600	52	Increase is for additional new positions and changes under the Classification Act.
Exp.	423	B 40 553			
Contingent expenses.....901 NOA	50	50	50	-----	This item is for unforeseen expenses, including emergency snow removal.
Exp.	41	46	50	4	

Capitol buildings and grounds:									
Capitol buildings.....	901	NOA	1,444	1,624 A 130 B 10	1,640	-190	} -190	The 1966 requirement provides for painting the dome and the exterior of the west central section of the Capitol Building, offset by decreases for nonrecurring construction items.	
Reappropriation.....		NOA Exp.	82 1,546	66 1,831 A 65	1,641 A 65				
Extension of the Capitol:									
Contract authorization (indefinite).....	901	NOA	125						
Liquidation of contract authorization.....		Exp.	(700) 509	(125) 642		(-125) 29	-613		
Capitol grounds.....	901	NOA Exp.	480 476	740 756	638 638	-102 -118		The decrease is mainly because 1965 included nonrecurring items of resurfacing the Capitol Plaza and Northeast and Southeast Drives.	
Senate Office Buildings.....	901	NOA	2,560	2,414 A 25 B 25	2,469	-148	} -308	Supplemental required in 1965 is for wage board pay increases. The 1966 requirements are reduced mainly because 1965 included a reappropriation for nonrecurring items of fire protection.	
Reappropriation.....		NOA Exp.		153 2,759 A 22	2,470 A 3				
Old Senate Chamber and Old Supreme Court Chamber in the Capitol:									
Planning for restoration.....	901	NOA Exp.	38 2				-35		
Restoration.....	901	NOA Exp.			700 525	700 525		This increase is to carry out restoration work for which drawings and specifications have been prepared under funds provided by Congress.	
Legislative garage.....	901	NOA Exp.	51 54	52 A 1 52 A 1	54 54	1 1		Supplemental required in 1965 is for wage board pay increases.	

A Proposed for separate transmittal, other than pay increase supplemental.

B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
ARCHITECT OF THE CAPITOL—Con.					
General and special funds—Continued					
House Office Buildings.....901 NOA	1,783	3,230	4,090	860	The increase is mainly to provide for staffing the Rayburn House Office Building on a full-year basis, presently on a part-year basis.
Exp.	1,698	3,256	4,065	809	
Acquisition of property, construction, and equipment, additional House Office Building:					
Contract authorization (permanent, indefinite).....901 NOA	4,800	3,500	-----	-3,500	(Appropriations are to liquidate contract authorizations already granted.)
Liquidation of contract authorization. Exp.	(20,000) 10,987	(8,000) 20,307	(7,300) 9,275	(-700) -11,032	
Capitol Power Plant.....901 NOA	2,223	2,665	2,752	87	Principal increases are to provide for additional electrical energy and additional fuel.
Exp.	2,029	2,667	2,752	85	
Expansion of facilities, Capitol Power Plant.....901 Exp.	632	1,740	1,355	-385	
Extension of additional Senate Office Building site.....901 Exp.	-----	5	-----	-5	
Additional office building for the U.S. Senate.....901 Exp.	113	30	-----	-30	
Changes and improvements Capitol Power Plant.....901 Exp.	179	24	-----	-24	

Furniture and furnishings, additional Senate Office Building 901	Exp.	15	74		-74
Remodeling, Senate Office Building 901	Exp.	1	1		-1
Library buildings and grounds:					
Structural and mechanical care 901	NOA	3,400	2,382	879	-1,916
Reappropriation	NOA		413		
	Exp.	1,889	3,582	2,740	-842
Furniture and furnishings 901	NOA	180	220	274	54
	Exp.	231	229	274	45
Additional library building 901	Exp.		10		-10
Total, Architect of the Capitol	NOA	17,659	18,017	14,146	-4,102
			^A 156		
			^B 75		
	Exp.	23,150	38,599	26,465	-12,154
			^A 88	^A 68	
BOTANIC GARDEN					
Salaries and expenses 901	NOA	456	500	467	-33
	Exp.	515	559	467	-92
Relocation of greenhouses 901	Exp.	1	10		-10
Total, Botanic Garden	NOA	456	500	467	-33
	Exp.	516	569	467	-102

The 1966 requirements are reduced mainly because 1965 included non-recurring items of heating and cooling improvements, bookstack lighting and other nonrecurring improvements; also a reappropriation for fire detection items and other miscellaneous improvements.

Increase is primarily for steel cases, trays and other equipment for Card Division and for office equipment for the Office of the Secretary.

Requirements are less because 1965 included nonrecurring improvements to main conservatory and its mechanical equipment.

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
LEGISLATIVE BRANCH—Continued					
LIBRARY OF CONGRESS					
General and special funds—Continued					
Salaries and expenses-----704 NOA	9,726	10,603	11,955	913	Provides for increased activity in acquisition of materials by purchase, gift, exchange, and other means; in organization of the collections, and in reader and reference services.
Exp.	10,366	^B 416 11,025	11,798	773	
Copyright office: Salaries and expenses-----704 NOA	1,781	1,828	2,021	107	Provides for workload increases in most of the activities of the office.
Exp.	1,772	^B 86 1,904	2,006	102	
Legislative Reference Service: Salaries and expenses-----704 NOA	2,119	2,245	2,524	106	Continues to provide research and analysis, preparation of indexes and digests, and other reader and reference services.
Exp.	2,101	^B 173 2,388	2,507	119	
Distribution of catalog cards: Salaries and expenses-----704 NOA	3,042	3,704	4,103	293	Continued increase in sales activity is expected. Costs are generally recovered from sales income.
Exp.	2,909	^B 106 3,692	3,988	296	
Books for the general collections. 704 NOA	670	670	800	130	Will continue to acquire research materials, foreign newspapers and periodicals, and materials in science and technology, and to preserve deteriorating materials.
Exp.	627	711	800	89	
Books for the law library-----704 NOA	110	110	125	15	Objective will be to continue to improve the Library's coverage of law materials.
Exp.	103	125	125	-----	
Books for the blind: Salaries and expenses-----704 NOA	1,900	2,446	2,675	215	Estimate will allow procurement of braille books, more titles, and copies of talking books and other improvements in service to the blind.
Exp.	2,189	^B 14 2,202	2,613	411	

Organizing and microfilming the papers of the Presidents: Salaries and expenses.....704	NOA Exp.	113 115	113 113	113 113	----- -----	Estimate provides for continuation of program to arrange, index, and microfilm Presidential papers in the Library's collections.
Preservation of American motion pictures.....704	NOA Exp.	50 54	50 77	50 50	----- -27	Estimate will allow continued conversion of paper prints and nitrate films to safety base film.
Collection and distribution of Library materials (special foreign currency program).....704	NOA Exp.	978 933	1,542 ^{B 6} 1,530	2,279 2,270	731 740	Program utilizes surplus foreign currencies to acquire and distribute foreign library materials.
Indexing and microfilming the Russian Orthodox Greek Catholic Church records in Alaska...704	Exp.	2	7	5	-2	
Oliver Wendell Holmes devise fund (permanent, indefinite, special fund).....704	NOA Exp.	15 34	7 26	7 26	----- -----	Principal and interest on the fund will be used primarily to continue preparation of the history of the Supreme Court.
Intragovernmental funds: Advances and reimbursements...704	Exp.	-10			-----	
Total, Library of Congress...	NOA Exp.	20,504 21,197	23,318 ^{B 801} 23,800	26,652 26,301	2,510 2,501	
GOVERNMENT PRINTING OFFICE						
General and special funds: Printing and binding.....901	NOA Exp.	18,200 17,064	18,000 18,061	20,500 20,000	2,500 1,939	Appropriation covers all printing, binding, and distribution for the Congress, or as otherwise authorized by law.
Office of Superintendent of Documents: Salaries and expenses.....910	NOA Exp.	5,242 5,061	5,562 ^{B 128} 5,765	5,829 5,879	139 114	Estimate covers costs of services and sales functions. Receipts usually exceed costs of the sales functions and are deposited in the general fund of the Treasury.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
LEGISLATIVE BRANCH—Continued						
GOVERNMENT PRINTING OFFICE—						
Continued						
General and special funds—Continued						
Selection of site and general plans NOA		2,500		-2,500	The appropriation in 1965 provided initial funds for a modern printing plant.	
and designs of buildings.....910 Exp.		2,300	200	-2,100		
Acquisition of site and construc- NOA			44,787	44,787	The request provides for the acquisition of site and construction of the printing plant.	
tion of buildings.....910 Exp.			14,178	14,178		
Intragovernmental funds:						
Government Printing Office re- NOA	3,550					
volving fund.....910 Exp.	-1,044	-7,272	-6,610	662		
Total, Government Printing NOA	26,992	26,062	71,116	44,926		
Office.		^B 128				
Exp.	21,081	18,854	33,647	14,793		
Total, Legislative Branch.... NOA	155,948	159,818	224,779	52,677		
		^A 156				
		^B 12,105				
Exp.	151,512	167,003	193,334	14,332		
		^A 88				
		^B 12,042	^B 63			

THE JUDICIARY

SUPREME COURT OF THE UNITED STATES						
General and special funds:						
Salaries.....	902 NOA	1,588	1,815 ^{B 79}	1,938	44	Estimate provides for salaries of the Chief Justice and 8 Associate Justices and all other officers and employees.
	Exp.	1,557	1,877	1,931	54	
Printing and binding Supreme Court reports.....	902 NOA	138	138	138	-----	Estimate covers costs of printing and binding advance opinions, preliminary prints and bound reports of the Court.
	Exp.	110	143	138	-5	
Miscellaneous expenses.....	902 NOA	85	120	120	-----	Estimate allows for expenses as approved by the Chief Justice.
	Exp.	77	120	120	-----	
Care of the building and grounds	902 NOA	355	305	314	9	Estimate covers work of the Architect of the Capitol in the care of Court facilities.
	Exp.	322	379	314	-65	
Automobile for the Chief Justice	902 NOA	7	8	8	-----	Expenses are estimated to continue at current level.
	Exp.	7	8	8	-----	
Books for the Supreme Court.	902 NOA	35	35	38	3	Estimate covers books and periodicals. Increase covers the increased cost of continuation material.
	Exp.	35	35	38	3	
Total, Supreme Court of the United States.	NOA	2,208	2,421 ^{B 79}	2,556	56	
	Exp.	2,108	2,562	2,549	-13	
COURT OF CUSTOMS AND PATENT APPEALS						
Salaries and expenses.....	902 NOA	388	398 ^{B 50}	458	10	Estimate includes an additional clerical position for the Clerk's office, and provision for within-grade salary advancements.
	Exp.	389	445	458	13	

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
THE JUDICIARY—Continued					
CUSTOMS COURT					
General and special funds—Continued					
Salaries and expenses.....902 NOA	989	1,028 B 101	1,159	30	Estimate includes three additional bailiff positions, and provision for within-grade salary advancements.
Exp.	917	1,125	1,157	32	
COURT OF CLAIMS					
Salaries and expenses.....902 NOA	1,100	1,140 B 159	1,308	9	Includes a request for authority to retain the sum of \$25 thousand provided in 1965 for updating the publication of the Court's decisions. (Increase covers salaries.)
Exp.	1,104	1,292	1,309	17	
Repairs and improvements...902 NOA	10				(Balance of funds lapsed, building currently unoccupied.)
Exp.	4				
Total, Court of Claims..... NOA	1,110	1,140 B 159	1,308	9	
Exp.	1,107	1,292	1,309	17	
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES					
Salaries of judges.....902 NOA	11,200	11,100 B 3,520	14,620		Estimate provides for salaries of judges, and annuities of widows of Justices of the Supreme Court.
Exp.	11,049	14,300	14,620	320	
Salaries of supporting personnel 902 NOA	30,650	32,445 B 1,105	35,585	2,035	The increase provides funds for additional personnel for the probation system, district courts and courts of appeals.
Exp.	29,844	33,523	35,377	1,854	

Fees and expenses of court-appointed counsel.....902	NOA Exp.	----- -----	----- -----	7,040 6,460	7,040 6,460	Recent legislation calls for court-appointed counsel in certain criminal cases.
Fees of jurors and commissioners 902	NOA Exp.	5,500 5,473	5,500 5,500	6,500 6,445	1,000 945	Increase covers anticipated increase in jury trials.
Travel and miscellaneous expenses 902	NOA Exp.	4,500 4,765	4,710 4,682	5,160 5,120	450 438	Increase covers expenses in support of new personnel and an increase in rent, communications, and utilities.
Administrative Office of the U.S. Courts.....902	NOA Exp.	1,590 1,587	1,620 1,698	2,230 2,208	528 510	Increase includes funds for administration of the Criminal Justice Act of 1964 and more extensive analytical statistical work in the field of sentencing and probation and in the civil field.
Salaries of referees (special fund) 902	NOA Exp.	2,600 2,651	2,670 3,278 3,836	4,514 4,467	566 631	Increase provides for additional referees, and the conversion of part-time referees to a full-time status.
Expenses of referees (special fund).....902	NOA Exp.	5,250 5,237	5,750 5,205 5,862	6,735 6,653	780 791	Increase provides for additional clerical staffs of new referees, expenses of converting referees from part-time to full-time, and additional postage due to rising caseload and other increased costs.
Total, courts of appeals, district courts, and other judicial services.	NOA Exp.	61,290 60,606	63,795 6,190 69,401	82,384 81,350	12,399 11,949	
Subtotal, The Judiciary.....	NOA Exp.	65,985 65,127	68,782 6,579 74,825	87,865 86,823	12,504 11,998	
Add: Court facilities and furnishings items requested under the General Services Administration (contra).....902	NOA Exp.	1,031 691	1,031 1,353	2,100 1,822	1,069 469	
Total, The Judiciary.....	NOA Exp.	67,016 65,819	69,813 6,579 70,048 6,130	89,965 88,196 84,499	13,573 12,467	

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
EXECUTIVE OFFICE OF THE PRESIDENT					
COMPENSATION OF THE PRESIDENT					
General and special funds:					
Compensation of the President NOA	150	150	150	-----	
903 Exp.	150	150	150	-----	
THE WHITE HOUSE OFFICE					
Salaries and expenses.....903 NOA	2,730	2,730	2,855	-----	This office provides the President with staff assistance and administrative services.
Exp.	2,705	^B 2,840	2,845	5	
SPECIAL PROJECTS					
Special projects.....903 NOA	1,500	1,500	1,500	125	The President uses this appropriation for staff assistance on special problems. Transfer of \$125 thousand is proposed for 1965 to meet civilian pay increases of the White House Office.
Exp.	1,212	^B 1,375	1,500	125	
EXECUTIVE MANSION AND GROUNDS					
Executive Mansion and grounds NOA	671	696	694	-2	These funds provide for care, maintenance, and operation of the Executive Mansion and the surrounding grounds.
903 Exp.	662	694	694	-----	
BUREAU OF THE BUDGET					
Salaries and expenses.....903 NOA	6,500	6,853	7,973	666	The Bureau assists the President in the discharge of his budgetary, management, and other executive responsibilities. Increase reflects 28 additional positions and added supporting costs for 1966.
Exp.	6,572	^B 7,251	7,908	657	

Intragovernmental funds:					
Advances and reimbursements.903	Exp.	65	15	-----	-15
Total, Bureau of the Budget.	NOA	6,500	6,853 B 454	} 7,973	666
	Exp.	6,636	7,266		7,908
COUNCIL OF ECONOMIC ADVISERS					
General and special funds:					
Salaries and expenses.....903	NOA	615	645 B 52	} 723	26
	Exp.	611	701		720
Intragovernmental funds:					
Advances and reimbursements.903	Exp.	2	-----	-----	-----
Total, Council of Economic Advisers.	NOA	615	645 B 52	} 723	26
	Exp.	613	701		720
NATIONAL AERONAUTICS AND SPACE COUNCIL					
General and special funds:					
Salaries and expenses.....903	NOA	525	500	525	25
	Exp.	419	480	490	10
NATIONAL COUNCIL ON THE ARTS					
Salaries and expenses.....704	NOA	-----	50	150	100
	Exp.	-----	40	150	110
NATIONAL SECURITY COUNCIL					
Salaries and expenses.....903	NOA	575	564 B 66	} 660	30
	Exp.	515	625		640

The Council advises the President on economic programs and policy. Increase reflects costs of additional staff proposed for 1966.

The Council advises and assists the President on policies, plans, and programs in aeronautical and space sciences.

Estimate provides for first year of Council's program to encourage the development and appreciation of the arts.

The Council advises the President regarding national security policies.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
EXECUTIVE OFFICE OF THE PRESIDENT—Continued					
OFFICE OF EMERGENCY PLANNING					
General and special funds—Continued					
Salaries and expenses.....903 NOA	4,671	4,599	4,989	149	This Office advises and assists the President in determining policy for and in planning, directing, and coordinating the total nonmilitary defense program. Increase reflects contract research on economic recovery and resources management, partly offset by transfer of telecommunications activities to a separate appropriation.
Exp.	4,844	^B 241 4,664		4,500	
Salaries and expenses, telecommunications.....903 NOA			1,531	1,531	The Director of Telecommunications Management advises and assists the President in coordinating telecommunications activities. This activity was previously financed from "Salaries and expenses."
Exp.			1,350	1,350	
State and local preparedness...059 NOA	1,500	1,500		-1,500	Financial assistance for State and local planning will be completed under the 1965 appropriation.
Exp.	81	1,500	1,419	-81	
Civil defense and defense mobilization functions of Federal agencies.....059 NOA	4,190	4,190	5,200	835	This appropriation assists other Federal agencies to prepare national emergency plans and develop preparedness programs under the guidance and review of the Office of Emergency Planning.
Exp.	3,789	^B 175 4,400		5,120	
Emergency supplies and equipment.....059 Exp.	1	3		-3	(This activity was transferred to Department of Defense and Public Health Service by Executive order.)
Research and development...903 Exp.	211	125		-125	(Financing has been transferred to the "Salaries and expenses" account.)
Total, Office of Emergency Planning..... NOA	10,361	10,289	11,720	1,015	
Exp.	8,925	^B 416 10,692	12,389	1,697	

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OFFICE OF SCIENCE AND
TECHNOLOGY

Salaries and expenses.....903	NOA	880	900	}	1,162	185
	Exp.	823	^{B 77} 977			

This Office advises and assists the President in developing policies and evaluating programs to assure that science and technology are used effectively for national security and the general welfare.

SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

Salaries and expenses.....903	NOA	465	525	}	567	11
	Exp.	400	^{B 31} 544			

This Office directs U.S. participation in negotiations under the Trade Expansion Act of 1962, including the major Sixth Round of negotiations under the General Agreement on Tariffs and Trade.

MISCELLANEOUS

Intragovernmental funds:

Advances and reimbursements: Federal Radiation Council...903	Exp.	-1			5	5
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(A direct appropriation is recommended under "Other Independent Agencies.")

President's Advisory Council on the Arts.....903	Exp.	-60				
---	------	-----	--	--	--	--

(The Council did not become operative and was succeeded by the National Council on the Arts.)

President's Committee on Con- sumer Interests.....903	Exp.	-46				
--	------	-----	--	--	--	--

(This Committee is financed by advances from participating agencies.)

President's Committee on Equal Opportunity in Housing...903	Exp.	-23				
--	------	-----	--	--	--	--

(The Committee is financed by advances from participating agencies.)

President's Energy Study Com- mittee.....903	Exp.	-26	25			-25
---	------	-----	----	--	--	-----

(Study will be completed in 1965.)

Total, miscellaneous.....	Exp.	-156	25		5	-20
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Total, Executive Office of the President.	NOA	24,972	25,402	}	28,679	2,181
	Exp.	22,904	^{B 1,096} 25,370 ^{B 1,039}			

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT					
ALASKA PROGRAMS					
General and special funds:					
Alaska mortgage indemnity grants NOA 551 Exp.		^ 5,500		-5,500 5,500	Estimate for 1965 provides funds for matching grants under the Alaska Omnibus Act to retire or adjust mortgages or other liens on homes destroyed or severely damaged in the March 1964 earthquake.
			^ 5,500		
Transitional grants to Alaska...910 NOA Exp.	20,000 19,430		6,500 6,540	6,500 5,990	Estimate for 1966 represents the balance authorized to be appropriated for grants to the State to assist in recovering from the earthquake of Mar. 27, 1964.
		550			
Total, Alaska programs..... NOA Exp.	20,000 19,430	^ 5,500 550	6,500 6,540 ^ 5,500	1,000 11,490	
DISASTER RELIEF					
Disaster relief.....659 NOA Exp.	70,000 21,191	20,000 56,000	20,000 57,000	----- 1,000	Estimate for 1966 will cover possible disaster needs, based on recent experience.
EMERGENCY FUND FOR THE PRESIDENT					
Emergency fund for the Presi- NOA dent.....903 Exp.	1,000 509	1,000 1,298	1,000 1,000	----- -298	This appropriation enables the President to provide for emergencies affecting the national interest, security, or defense.
EXPANSION OF DEFENSE PRODUCTION					
Public enterprise funds:					
Revolving fund, Defense Produc- Exp. tion Act.....059	90,883	76,250	-32,215	-108,465	Reduction in 1966 is due to timing of interest payments to Treasury on outstanding Defense Production Act borrowings.

EXPENSES OF MANAGEMENT IMPROVEMENT					
General and special funds:					
Expenses of management improvement.....903	NOA	100	300	250	-50
	Exp.	181	485	325	-160
INTERNATIONAL FINANCIAL INSTITUTIONS					
Investment in Inter-American Development Bank.....152	NOA	50,000	205,880	205,880	-----
	Exp.	50,000	^A 250,000	^A 250,000	25,000
				^A 25,000	
Subscription to the International Development Association...152	NOA	61,656	61,656	104,000	42,344
	Exp.	61,656	61,656	10,000	-51,656
Increase in quota in the International Monetary Fund.....152	NOA	-----	^A 1,031,250	-----	-1,031,250
	Exp.	-----	^A 257,812	-----	-257,812
Total, international financial institutions.	NOA	111,656	267,536	309,880	-988,906
	Exp.	111,656	^A 1,281,250	^A 250,000	-284,468
			61,656	10,000	
			^A 257,812	^A 25,000	
MUTUAL DEFENSE AND DEVELOPMENT					
Military Assistance					
Military assistance.....057	NOA	1,000,000	1,055,000	^D 1,170,000	115,000
	Exp.	1,485,277	1,200,000	1,100,000	-100,000

This appropriation enables the President to improve management, organization, and operation of the executive branch.

Estimate for 1966 will provide the 2d and final installment of callable capital used as a reserve against Bank borrowing in private capital markets. Supplementals in 1965 and 1966 will provide the first 2 of 3 equal installments for a proposed expansion of the Bank's Fund for Special Operations.

Estimate for 1966 will provide the first of 3 equal installments comprising the U.S. share of an expansion of IDA resources.

Supplemental in 1965 will finance the U.S. share of a general increase in Fund quotas.

The 1966 program shows increased requirements in southeast Asia. Program composition, however, reflects the increased ability of some countries to finance their own military needs.

^A Proposed for separate transmittal, other than pay increase supplemental.
^D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT—Continued					
MUTUAL DEFENSE AND DEVELOPMENT—Continued					
Economic Assistance					
General and special funds—Continued					
Technical cooperation and development grants.....152	NOA 154,902	204,600	D 210,000	7,929	Estimate reflects continued emphasis on technical assistance programs, particularly in Africa.
Exp.	226,305	B -2,529 190,000		205,000	
American schools and hospitals abroad.....152	NOA 14,300	16,800	D 7,000	-9,800	Reduction reflects completed financing of the medical center at the American University of Beirut. Remainder of program continues at the same level.
Exp.	5,255	10,000		10,000	
American schools and hospitals abroad (special foreign currency program).....152	NOA 4,700				(Expenditures cover U.S. contribution to complete U.S.-sponsored children's hospital in Poland and to support the American University at Cairo.)
Exp.	2,428	3,000	2,000	-1,000	
Surveys of investment opportunities.....152	NOA	1,600		-1,600	Carryover from 1965 and anticipated deobligations will fund expanded 1966 program.
Exp.	71	100	100		
International organizations and programs.....152	NOA 116,000	134,272	D 155,455	21,183	The estimate provides for U.S. voluntary contributions to international agencies, including matching contributions to the United Nations Special Fund and Technical Assistance programs. A major part of the increase is to meet scheduled requirements for the Indus Basin development project.
Exp.	178,890	125,000		105,000	
Supporting assistance.....152	NOA 330,000	401,000	D 369,200	-31,800	Assistance to friendly nations continues to decline except for southeast Asia.
Exp.	370,969	370,000		390,000	

Contingencies.....152	NOA	50,000	99,200	^D 50,000	-49,200	Estimate is minimum amount necessary to provide flexibility to the President to meet unforeseen emergencies and urgent opportunities in the national interest.
	Exp.	121,804	75,000	70,000	-5,000	
Alliance for Progress: Technical cooperation and development grants.....152	NOA	84,000	84,700	^D 85,000	300	Estimate continues technical assistance activities required for the success of the Alliance efforts by the countries of Latin America. Loans appear under "Loan and guarantee programs."
	Exp.	94,430	90,080	89,519	-561	
Social progress trust fund.....152	NOA	131,000	80,000	80,000		Beginning in 1965 the Inter-American Development Bank's Fund for Special Operations (see section on Investment in Inter-American Development Bank) will incorporate the type of activity heretofore carried out by the trust fund.
	Exp.	65,000				
Administrative expenses:						
Agency for International Development.....152	NOA	49,982	51,200	^D 55,240	1,640	Estimate reflects pay increases, expanded training programs, and other items for administration of the program.
	Exp.	51,661	^B 2,400 54,000		55,000	
State.....152	NOA	2,700	2,900	3,100	71	Provision is made for mandatory salary increases and some additional nonsalary expenses.
	Exp.	3,417	^B 129 2,900		3,100	
Subtotal, grants and other programs.	NOA	937,584	996,272	934,995	-61,277	
	Exp.	1,120,231	1,000,080	1,009,719	9,639	
Public enterprise funds:						
Loan and guarantee programs:						
Alliance for Progress: Development loans.....152	NOA	375,000	425,000	495,125	70,125	Estimate provides for the U.S. share in accelerating joint Alliance for Progress effort. The United States also supports Latin American development through (a) use of agricultural surplus under the Food for Peace program, (b) Alliance development grants, (c) the facilities of the Export-Import Bank and the Peace Corps, and (d) subscriptions to the Inter-American Development Bank, all shown elsewhere.
	Exp.	112,580	195,000	228,000	33,000	
Development loans—revolving fund.....152	NOA	687,300	773,728	780,250	6,522	Estimate reflects continued requirement for loan assistance, mainly in the Near East and south Asia.
	Exp.	566,728	735,000	745,000	10,000	
Development loan fund (liquidation account).....152	Exp.	201,317	127,000	125,000	-2,000	(The fund ceased existence as a corporate entity in 1962, except for liquidation of loan commitments.)

^B Proposed for separate transmittal, civilian pay increase supplemental.

^D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
FUNDS APPROPRIATED TO THE PRESIDENT—Continued					
MUTUAL DEFENSE AND DEVELOPMENT—Continued					
Economic—Continued					
Public enterprise funds—Continued					
Loan and guarantee programs—Con.					
Foreign investment guarantee fund.....152	Exp. -4,831	-8,000	-9,000	-1,000	(Guarantees of \$1.5 billion are expected to be issued. No new obligational authority or expenditures are anticipated. Increased authority to make guarantees will be sought in 1965 foreign assistance legislation.)
Subtotal, loan and guarantee programs.	NOA Exp. 1,062,300 875,795	1,198,728 1,049,000	1,275,375 1,089,000	76,647 40,000	
Intragovernmental funds:					
Advance acquisition of property—revolving fund.....152	Exp. 744	900	1,266	366	(The fund finances costs related to acquisition, renovation, and resale of Government-owned excess property.)
Office of Inspector General, Foreign Assistance, State.....152	Exp. 24	20	15	-5	(Advances of \$825 thousand from other appropriations will finance the continued review of foreign assistance activities.)
Subtotal, intragovernmental funds.	Exp. 768	920	1,281	361	
Total, economic assistance....	NOA Exp. 1,999,884 1,996,793	2,195,000 2,050,000	2,210,370 2,100,000	15,370 50,000	
Total, mutual defense and development.	NOA Exp. 2,999,884 3,482,071	3,250,000 3,250,000	3,380,370 3,200,000	130,370 -50,000	

OFFICE OF ECONOMIC OPPORTUNITY

General and special funds:

Economic opportunity program	NOA	760,000	^D 1,465,000	705,000	Increase will expand the war on poverty to additional communities and involve over 600,000 disadvantaged persons in the work, education, and training programs financed by this account.
655 Exp.		330,000	1,310,000	980,000	

Public enterprise funds:

Economic opportunity loan fund	NOA	25,200	^D 35,000	9,800	Estimate will provide for an increase from 7,500 to 16,000 loans to aid poor farmers and migrant workers.
655 Exp.		17,325	35,645	18,320	

Total, Office of Economic Opportunity.	NOA	785,200	1,500,000	714,800
	Exp.	347,325	1,345,645	998,320

PEACE CORPS

General and special funds:

Salaries and expenses	152 NOA	92,100	87,093]	^D 125,200	21,107	Corps will expand to 17,000 volunteers and trainees, an increase of 2,000 over 1965, mainly in Africa and Near East-south Asia.
Reappropriation	NOA	3,864	17,000]			
Exp.		60,397	80,000	105,000	25,000	

PUBLIC WORKS ACCELERATION

Public works acceleration	507 NOA	30,000	4,000		-4,000	Authorized program is being completed. Projects were approved prior to July 1, 1964.
Exp.		331,820	300,000	145,000	-155,000	

SPECIAL FOREIGN CURRENCY ACTIVITIES

Translation of publications and scientific cooperation	Exp.	661	391	367	-24	(Continuation of this program is provided under the National Science Foundation and the Department of Agriculture.)
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MISCELLANEOUS

Obligations, defense aid, liquidation lend-lease program	Exp.	13				(Account is used only to pay old obligations.)
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Total, funds appropriated to the President.	NOA	3,328,604	4,432,129	5,343,200	-125,679
	Exp.	4,118,812	^A 1,286,750 4,173,955 ^A 257,812	^A 250,000 4,838,662 ^A 30,500	437,395

^A Proposed for separate transmittal, other than pay increase supplemental.
^D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE					
AGRICULTURAL RESEARCH SERVICE					
General and special funds:					
Salaries and expenses.....355 NOA	183,775	220,560	225,757	-5,071	Supplemental is for screwworm eradication in the Southwest. Net decrease reflects proposed legislation to place meat inspection on a self-supporting basis and savings from reduction or elimination of research at 47 locations and elimination of the fire ant control program. Increases in 1966 are for staffing new and expanded facilities, additional support for senior scientists, research on livestock, toxin-producing molds, and health-related problems of tobacco, expanded plant and animal disease and pest control and eradication, meat inspection and construction of laboratories—primarily of laboratories for which planning was provided in 1965.
		^A 550	^A -27,305		
Permanent..... NOA		^B 6,013	24,600		
Reappropriation..... NOA	1,000	1,000			
Exp. Exp.	185,295	211,167	235,907	-7,591	
		^A 468	^A -31,863		
Salaries and expenses (special foreign currency program).....355 NOA	1,250	2,000	4,000	2,000	Increase expands use of excess foreign currencies for agricultural and forestry research in the economic, biological, and physical sciences.
Exp. Exp.	4,808	6,830	8,310	1,480	
State experiment stations.....355 Exp.	1				(Activities were transferred to Cooperative State Research Service.)
Construction of facilities.....355 Exp.	1,667	897	367	-530	(New construction is funded under Salaries and expenses.)
Diseases of animals and poultry.....355 Exp.		13		-13	(Expenditures from the account are expected to be completed in 1965.)
Animal disease laboratory facilities.....355 Exp.	56	93		-93	(Construction in 1965 completes this installation at Ames, Iowa.)
Research on strategic and critical materials.....355 Exp.		1		-1	(Expenditures from this account are expected to be completed in 1965.)
Establishment of an entomology research laboratory.....355 Exp.	7	3		-3	(Expenditures from this account are expected to be completed in 1965.)

Intragovernmental funds:						
Working capital fund, Agricultural Research Center.....	355	Exp.	-14			
Total, Agricultural Research Service.		NOA	186,025	223,560 A 550	254,357 A -27,305	-3,071
		Exp.	191,819	B 6,013 219,004 A 468	244,584 A -31,863	-6,751
COOPERATIVE STATE RESEARCH SERVICE						
General and special funds:						
Payments and expenses.....	355	NOA	41,631	49,930 B 67	52,367	2,770
Permanent.....		NOA			400	
		Exp.	41,614	49,993	52,454	2,461
EXTENSION SERVICE						
Cooperative extension work, payments and expenses.....	355	NOA	80,180	85,174 B -67	86,335	1,228
		Exp.	79,417	85,340	86,391	1,051
Intragovernmental funds:						
Advances and reimbursements.....	355	Exp.	-15			
Total, Extension Service.....		NOA	80,180	85,174 B -67	86,335	1,228
		Exp.	79,402	85,340	86,391	1,051

A decrease of \$1.2 million in facility grants is more than offset by increase of \$2 million for grants to land-grant colleges; \$1 million for grants for cooperative forestry research and \$900 thousand for grants for basic research and other activities.

Increase is for additional employment of area extension agents by the States and payment of increased mandatory retirement and employees compensation costs.

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
FARMER COOPERATIVE SERVICE					
General and special funds:					
Salaries and expenses.....355 NOA	1,201	1,102	1,241	100	Increase is to improve research and technical assistance for farmer cooperatives.
Exp.	1,141	1,120		1,226	
Intragovernmental funds:					
Advances and reimbursements.355 Exp.	72	35	-----	-35	
Total, Farmer Cooperative Service. NOA	1,201	1,102	1,241	100	
Exp.	1,213	1,155		1,226	71
SOIL CONSERVATION SERVICE					
General and special funds:					
Conservation operations.....354 NOA	97,850	100,183	104,103	-20,130	Decrease is due to nonrecurring capital improvement at plant material centers. Decrease under proposed legislation is to finance through fees and charges up to 50% of cost of technical assistance.
Exp.	95,951	103,572	104,000	-19,572	
Watershed planning.....354 NOA					
Exp.	-----	5,521	5,721	-----	Estimate provides for surveys of proposed small watershed projects and preparation of work plans in cooperation with local sponsors.
Exp.	-----	5,415	5,727	312	
Watershed protection.....354 NOA					
Exp.	63,510	60,285	67,171	6,151	Estimate will start construction of about 70 watershed projects, continue 280, complete 35, provide advance engineering for 298, and increase construction loans and comprehensive river basin surveys.
Exp.	62,776	59,568	64,820	5,252	
Flood prevention.....354 NOA					
Exp.	25,430	26,317	25,417	-900	Decrease due to reduced estimate for emergency measures for which \$900 thousand supplemental appropriation was provided in 1965.
Exp.	22,382	25,300	25,700	400	
Great Plains conservation program.....354 NOA					
Exp.	13,617	14,744	14,864	-----	Estimate provides cost-sharing assistance to farmers for technical conservation services.
Exp.	11,882	13,249	14,364	1,115	

Resource conservation and development.....354	NOA	1,500	1,770 B 43	4,303	2,490	Estimate includes planning of 10 new projects in 1966, beginning development of 5 of these and continuing development of the 10 projects approved during 1965.
	Exp.	263	1,799	3,700	1,901	
Total, Soil Conservation Service.	NOA	201,907	208,820 B 5,148	221,579 A -20,000	-12,389	
	Exp.	193,254	208,903	218,311 A -20,000	-10,592	
ECONOMIC RESEARCH SERVICE						
Salaries and expenses.....355	NOA	9,890	10,562 B 360	11,366	444	Increase provides research on farm financial management, water management, the away-from-home food market, agricultural exports and imports, and export outlook projections.
	Exp.	10,016	10,705	11,306	601	
STATISTICAL REPORTING SERVICE						
Salaries and expenses.....355	NOA	11,244	11,460 B 406	14,366	2,500	Increase (nonrecurring) is for purchase of a large scale computer. Work will be reduced on the cattle-on-feed and turf grass seed programs and eliminated for cut flowers to permit extension of the basic program to improve crop and livestock estimates to the 48 conterminous States.
	Exp.	11,202	11,851	14,316	2,465	
Intragovernmental funds:						
Advances and reimbursements.....355	Exp.	-18	18		-18	
Total, Statistical Reporting Service.	NOA	11,244	11,460 B 406	14,366	2,500	
	Exp.	11,184	11,869	14,316	2,447	
AGRICULTURAL MARKETING SERVICE						
General and special funds:						
Marketing services.....355	NOA	42,400	39,487 B 1,000	41,232 A -20,936	-20,191	The decrease reflects proposed legislation to finance poultry inspection and certain marketing services on a fee basis, partially offset by increases for mandatory poultry inspection, livestock grading, and administration of Packers and Stockyards and U.S. Warehouse Acts.
	Exp.	43,540	39,450	41,395 A -24,646	-22,701	
Payments to States and possessions.....355	NOA	1,500	1,500	1,500		Estimate provides for matching payments to States for programs to improve marketing.
	Exp.	1,500	1,500	1,500		

A Proposed for separate transmittal, other than pay increase supplemental.
 B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF AGRICULTURE—Continued						
AGRICULTURAL MARKETING SERVICE—Continued						
General and special funds—Continued						
Special milk program.....659	NOA	100,000	51,500	} 100,000	-3,000	Increase in the direct appropriation and decrease in the permanent appropriation (transferred from "Removal of surplus agricultural commodities") reflects a shift in financing in 1966.
Permanent.....	NOA	97,484	51,500			
	Exp.	103,000	100,000		-3,000	
School lunch program.....659	NOA	137,000	146,400	} 157,000	} 10,600	Increase provides for school lunches to increased number of children.
Permanent.....	NOA	45,000	45,000			
	Exp.	180,664	190,900			
Food stamp program.....659	NOA		25,000	} 100,000	} 40,000	Increase provides for expansion of program under direct appropriation authorized under the Food Stamp Act of 1964.
Permanent.....	NOA		35,000			
	Exp.		59,600			
Perishable agricultural commodities act fund (permanent, indefinite, special fund).....355	NOA	845	895	953	58	An increase in license fee rates effective Jan. 1, 1965, provides added funds in 1966 for administration of the license system.
	Exp.	835	925	939	14	
Removal of surplus agricultural commodities (permanent, indefinite).....351	NOA	269,021	226,817	311,683	84,866	30% of certain customs receipts is available to finance this and related Federal programs. Increase results from elimination of transfers to the food stamp and special milk programs, and will permit larger volume of surplus commodity purchases for donation to the States.
	Exp.	239,611	241,817	311,683	69,866	
(Food stamp program).....659	NOA	30,881				
	Exp.	30,448				

Intragovernmental funds:					
Advances and reimbursements.....	355 Exp.	-92	106	-----	-106
Total, Agricultural Marketing Service.					
	NOA	626,647	623,099	757,368	} 112,333
	Exp.	593,990	^B 1,000 637,298	^A -20,936 757,117	
				^A -24,646	95,173
FOREIGN AGRICULTURAL SERVICE					
General and special funds:					
Salaries and expenses.....	355 NOA	18,687	20,474	20,574	} -205
			^B 305		
Permanent.....	NOA	3,117	3,117	3,117	} 630
	Exp.	16,869	19,857	20,487	
Salaries and expenses (special foreign currency program).....	355 Exp.	3,066	2,800	2,463	-337
Total, Foreign Agricultural Service.					
	NOA	21,804	23,591	23,691	-205
	Exp.	19,935	^B 305 22,657	22,950	293
COMMODITY EXCHANGE AUTHORITY					
Salaries and expenses.....	355 NOA	1,095	1,119	1,169	} -----
			^B 50		
	Exp.	1,117	1,159	1,159	-----
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE					
Expenses, Agricultural Stabilization and Conservation Service...	NOA	120,143	105,602	138,350	} 29,798
			^B 2,950		
	351 Exp.	116,845	111,560	136,701	25,141

Decrease is primarily result of a shift in funding market development projects in Brazil from this appropriation to the special foreign currency appropriation.

(Appropriation is not requested since there are adequate carryover balances for this account.)

Estimate provides for licensing, auditing, supervisory, and investigative activities.

Increase is primarily for financing work in 1966 under wheat diversion and other programs previously financed from CCC funds.

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE—Continued					
General and special funds—Continued					
Sugar Act program.....351 NOA	78,000	90,000	95,000	-8,000	Decrease results from less payments to be made in 1966 for prior year crops than in 1965.
Exp.	87,071	^A 13,000 90,001	95,004	-7,997	
		^A 13,000			
Agricultural conservation program:					
Contract authorization.....354 NOA	220,000	220,000	120,000	-100,000	Reduction proposed will provide adequate funds to cost-share high priority conservation practices. (Payments which should have been made in 1964 were made in 1965 due to insufficient 1964 funds. This should not recur in 1966.)
Liquidation of contract authorization..... Exp.	(215,000) 213,563	(225,000) 225,586	(220,000) 222,773	(-5,000) -2,813	
Cropland conversion program:					
Contract authorization (permanent).....351 NOA	10,000	10,000	10,000	-----	A fully authorized program is provided in 1966. Decrease in appropriation to liquidate contract authorization in 1966 is due to financing more than 1 year's program in 1965.
Liquidation of contract authorization. Exp.	(11,350) 7,097	(15,000) 14,162	(10,000) 8,430	(-5,000) -5,732	
Conservation reserve program.351 NOA	294,000	194,000	150,000	-44,000	Requirements for annual rental payments will decrease in 1966, with contracts expiring on about 3.2 million acres in 1965.
Exp.	289,933	196,995	152,201	-44,794	
Emergency conservation measures 354 NOA	4,000	4,000	4,000	-----	Payments are for cost-sharing assistance to farmers to rehabilitate lands damaged by natural disasters.
Exp.	3,393	6,384	3,278	-3,106	
Indemnity payments to dairy farmers.....355 NOA	-----	8,800	-----	-8,800	Special appropriation in 1965 was to aid farmers required to remove from commercial markets milk containing chemical residues.
Exp.	-----	8,800	-----	-8,800	

Intragovernmental funds:						
Administrative expenses, sec. 392, Agriculture Adjustment Act of 1938.....	Exp.	-151	12	-----	-12	(This account is merged with "Expenses, Agricultural Stabilization and Conservation Service.")
Local administration, sec. 388, Agriculture Adjustment Act of 1938.....	Exp.	42	12	-----	-12	(This account is merged with "Expenses, Agricultural Stabilization and Conservation Service.")
Total, Agricultural Stabilization and Conservation Service.	NOA	726,143	632,402 A 13,000	} 517,350	-131,002	
	Exp.	717,794	B 2,950 A 13,000		} 618,387	-48,125
COMMODITY CREDIT CORPORATION						
Price Support and Related Programs						
Public enterprise funds:						
Price support and related programs:		351				
Contract authorization (permanent, indefinite).	NOA	469,010		-----		
Appropriation to liquidate contract authorization.	NOA		(290,989)	-----	(-290,989)	
Reimbursement for net realized losses.	NOA	2,699,400	1,283,011 A 1,180,853	} 2,300,000	-163,864	Supplemental NOA in 1965 is to restore unrecovered 1962 and 1963 losses to provide sufficient borrowing authority in 1965. Request in 1966 is for needed capital to reimburse the Corporation for a portion of 1964 realized losses.
Limitation on administrative expenses.	Exp.	(41,650) 3,175,282	(37,351) 2,292,573		} (36,650)	
Special milk program:		659				
Reimbursement for costs for special milk program.	Exp.	-387	-12	-----	12	(Program is now being financed through an appropriation under the Agricultural Marketing Service.)
Total, price support and related programs.	NOA	3,168,410	1,283,011 A 1,180,853	} 2,300,000	-163,864	
	Exp.	3,174,895	2,292,561		} 1,863,710	-428,851

A Proposed for separate transmittal, other than pay increase supplemental.
 B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
COMMODITY CREDIT CORPORATION—Continued					
Special Activities					
Intragovernmental funds:					
Military housing, barter and exchange.....351	Exp. -3,027	-2,389	-2,000	389	The facilities of the Commodity Credit Corporation are available by law for carrying out the various programs listed. Subsequent recovery of costs incurred is made from special revenues, appropriations, or from other agencies. (Receipts are from Department of Defense for housing constructed in France, using foreign currencies acquired by sale of agricultural commodities.)
National Wool Act (permanent, indefinite).....351	NOA 90,179	87,770	31,499	-56,271	1965 NOA fully reimburses the Corporation for all prior year costs. 1966 NOA will meet current year costs.
	Exp. 72,937	31,766	38,511	6,745	(Increased payments to producers due to anticipated lower prices on wool and mohair marketings.)
Migratory waterfowl feed.....351	Exp. 13	-----	-----	-----	(This item is now included in Department of the Interior.)
Research to increase domestic consumption of farm commodities (permanent).....355	NOA 16,000	12,175	-----	-12,175	Funds transferred to Commodity Credit Corporation from section 32 are, in turn, transferred to Agricultural Research Service and Co-operative State Research Service for specified research projects. In 1966 the funds will be by direct transfer to those agencies.
	Exp. 553	8,593	8,470	-123	
Research to reduce surplus commodities.....355	Exp. -----	6,752	5,892	-860	(Corporation funds are transferred to the Agricultural Research Service for specified research projects.)
Loans for conservation purposes.....354	Exp. -640	-----	-----	-----	(Corporation funds may be loaned to the Secretary of Agriculture to carry out the agricultural conservation program. No net borrowings are expected in 1966.)

Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.....	351	Exp.	-11,810	-3,785	-556	3,229
Subtotal.....		NOA	106,179	99,945	31,499	-68,446
		Exp.	58,026	40,937	50,317	9,380
Increase or decrease (-) in amount owed by general fund for foreign assistance programs.		Exp.	-21,635	-782,053	25,623	807,676
Total, special activities financed by Commodity Credit Corporation.....		NOA	106,179	99,945	31,499	-68,446
		Exp.	36,391	-741,116	75,940	817,056
Total, Commodity Credit Corporation price support and related programs and special activities.		NOA	3,274,589	1,382,956	} 2,331,499	-232,310
		Exp.	3,211,286	^A 1,180,853 1,551,445		1,939,650
Foreign Assistance and Special Export Programs						
General and special funds:						
Public Law 480:						
Sale of commodities for foreign currencies.....	154	NOA	1,452,000	1,612,000	} 1,144,000	-741,000
		Exp.	1,415,306	^A 273,000 1,246,664		1,140,000
Grants of commodities for famine relief.....	154	NOA	215,451	220,453	298,500	78,047
		Exp.	228,199	210,538	305,623	95,085

^A Proposed for separate transmittal, other than pay increase supplemental.

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

(Expenditures made through the Commodity Credit Corporation for foreign assistance and special export programs are included on the respective lines of these programs. This adjustment brings the total of these programs to the net expenditures for special activities funded by the Corporation during each year.)

Expenditures for the 5 following items are the expenditures made by the Government (through Commodity Credit Corporation) in each year for the respective program.

Supplemental in 1965 provides for unrecovered 1965 costs. (Decrease in expenditures results primarily from reduction in shipments of non-price-support commodities and lower ocean freight charges as new law requires buyers to pay all except additional cost for use of American vessels.)

Volume of commodities (principally wheat) donated for economic development is estimated to be higher in 1966.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
COMMODITY CREDIT CORPORATION—Continued					
Foreign Assistance and Special Export Programs—Continued					
General and special funds—Continued					
Public Law 480—Continued					
Losses on long-term sales contracts.....154	NOA 52,515	35,000 ^233,400	215,500	-52,900	Decrease is due to supplemental request in 1965 to cover reimbursement to Commodity Credit Corporation for unrecovered costs. NOA in 1966 is to cover only 1966 costs less repayments. (It is estimated that long-term sales for dollars will continue to increase in 1966.)
Exp.	60,456	204,264	215,500	11,236	
International Wheat Agreement.....351	NOA 86,218	31,838 ^54,956	27,544	-59,250	Supplemental in 1965 provides for unrecovered 1964 and 1965 costs. Estimate will provide for 1966 costs only.
Exp.	125,783	29,955	27,544	-2,411	
Bartered materials for supplemental stockpile.....351	NOA 82,860	92,860	52,500	-40,360	Decrease assumes use of \$22.5 million of prior year funds. (Estimate is for value of strategic materials acquired by barter and transferred to supplemental stockpile.)
Exp.	37,665	80,033	75,000	-5,033	
Subtotal.....	NOA 1,889,044	1,992,151 ^561,356	1,738,044	-815,463	Expenditures shown above have been made by the Commodity Credit Corporation in advance of appropriations in some years. This adjustment line brings the total of this group to the amounts paid by the appropriation to the Corporation during each year.
Exp.	1,867,409	1,771,454	1,763,667	-7,787	
Increase (-) or decrease in amount owed by general fund to Commodity Credit Corporation.	Exp. 21,635	782,053	-25,623	-807,676	

Total, foreign assistance and special export programs.	NOA	1,889,044	1,992,151 ^A 561,356	1,738,044	-815,463
	Exp.	1,889,044	2,553,507	1,738,044	-815,463
Total, Commodity Credit Corporation, foreign assistance program, and special export program.	NOA	5,163,633	3,375,107 ^A 1,742,209	4,069,543	-1,047,773
	Exp.	5,100,330	4,104,952	3,677,694	-427,258
FEDERAL CROP INSURANCE CORPORATION					
Administrative and operating expenses.....351	NOA	7,057	7,187 ^B 291	8,478	1,000
	Exp.	7,134	7,499	8,468	969
Public enterprise funds:					
Federal Crop Insurance Corporation Fund:					
Limitation on administrative expenses.....351	NOA	(3,505)	(3,638)	(3,638)	-----
	Exp.	-819	-445	1,159	1,604
Total, Federal Crop Insurance Corporation.	NOA	7,057	7,187 ^B 291	8,478	1,000
	Exp.	6,315	7,054	9,627	2,573
RURAL ELECTRIFICATION ADMINISTRATION					
General and special funds:					
Loans (authorization to spend debt receipts).....353	NOA	495,000	435,000	447,000	-333,000
	Exp.	330,194	355,000 ^A -168,000	^A -345,000 365,000 ^A -177,000	1,000

Increase is for expansion of the crop insurance program—100 new counties will be added in 1966.

(Increase results from heavy indemnity payments made in 1964 which normally would have been made in 1965. The normal indemnity payment pattern is expected in 1966.)

The 1966 authorization, plus balance from previous years, will provide for estimated loan commitments of \$300 million for electrification and \$97 million for telephone and for \$65 million reserve. Proposed legislation permits loan receipts to be used. This will reduce expenditures in 1965, and both NOA and expenditures in 1966.

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
RURAL ELECTRIFICATION ADMINISTRATION—Continued					
General and special funds—Continued					
Salaries and expenses.....353 NOA	11,243	11,574 B360	11,934	-----	Estimate covers administrative expenses of the rural electrification and telephone programs.
Exp.	11,354	11,820	11,895	75	
Total, Rural Electrification Administration. NOA	506,243	446,574 B360	458,934 A-345,000	-333,000	
Exp.	341,548	366,820 A-168,000	376,895 A-177,000	1,075	
FARMERS HOME ADMINISTRATION					
Rural housing grants and loans.352 NOA	-----	-----	10,000	10,000	Increase is for enlargement and development loans and repair and improvement grants.
Exp.	4,481	2,590	11,850	9,260	
Loan authorizations.....352	-----	-----	-----	-----	Program will be financed through use of carryover balances of prior NOA. Expenditures will decline in 1966 as the proposed rural housing loan insurance program becomes operative.
Authorization to spend debt receipts. NOA	-----	150,000	-----	-150,000	
Appropriations..... NOA	25,000	-----	-----	-----	
Exp.	126,097	143,500	30,000	-113,500	
Rural housing for domestic farm labor.....352 NOA	-----	-----	5,000	5,000	Grant assistance will be provided to nonprofit public or private organizations for low rent housing and related facilities for domestic farm labor.
Exp.	-----	-----	5,000	5,000	
Rural renewal.....352 NOA	1,200	1,200	3,000	1,800	Provides for continuation and implementation of program operations in 5 pilot project areas.
Exp.	143	1,750	2,800	1,050	

Salaries and expenses.....352	NOA	38,847	39,533 B 1,700	44,692	3,459	Increase is for administrative costs of expanded programs and extending more program and related supervisory assistance to low-income applicants.	
	Exp.	39,127	41,000	44,600	3,600		
Public enterprise funds:							
Rural housing for the elderly revolving fund.....352	NOA	3,500	5,000	5,000	-----	NOA will increase capital used for loans to nonprofit institutions to finance modest cost rental housing for the elderly in rural areas.	
	Exp.	100	8,991	4,600	-4,391		
Rural housing insurance fund (proposed legislation).....352	NOA	-----	-----	A:100,000	100,000	Legislation will be proposed to authorize a revolving fund to finance insured rural housing loans.	
	Exp.	-----	-----	A 40,000	40,000		
Direct loan account.....352	Exp.	56,129	47,636	17,717	-29,919	(Receipts and balances will more than cover proposed \$340 million loan program, interest and incidental costs.)	
Emergency credit revolving fund 352	Exp.	-9,138	17,679	5,863	-11,816	(Receipts and balances will finance estimated \$69 million program including administrative expense.)	
Agricultural credit insurance fund (permanent, indefinite authorization to spend debt receipts).....352	NOA	45,156	-----	-----	-----	Sale of loans will increase in 1965. Proposed legislation would increase from \$200 million to \$300 million the real estate loans which may be insured annually under the fund. Current contingent liabilities for insured loans are estimated at \$957 million.	
	Exp.	42,461	-15,329	-11,846	3,483		
Total, Farmers Home Administration.	NOA	113,703	195,733 B 1,700	67,692 A 100,000	-29,741		
	Exp.	259,400	247,817	110,584 A 40,000	-97,233		
RURAL COMMUNITY DEVELOPMENT SERVICE							
General and special funds:							
Salaries and expenses.....355	NOA	119	123 B 9	750	618	The increase provides for strengthening of the coordination and liaison efforts related to the development of rural areas.	
	Exp.	110	131	722	591		
Intragovernmental funds:							
Advances and reimbursements.355	Exp.	77	206	-4	-210		
Total, Rural Community Development Service.	NOA	119	123 B 9	750	618		
	Exp.	187	337	718	381		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
OFFICE OF THE INSPECTOR GENERAL					
General and special funds:					
Salaries and expenses.....355 NOA	-----	9,866 B 250	10,961	845	Increase provides for expanded departmentwide audit and investigation services.
Exp.	-----	9,716	10,906	1,190	
OFFICE OF THE GENERAL COUNSEL					
Salaries and expenses.....355 NOA	3,963	3,853 B 186	4,229	190	Increased legal workload under the expanded food stamp program, Packers and Stockyards Act, and FHA loan programs accounts for the increase.
Exp.	4,032	4,057	4,225	168	
OFFICE OF INFORMATION					
Salaries and expenses.....355 NOA	1,684	1,648 B 41	1,689	-----	Estimate provides for departmentwide information services.
Exp.	1,644	1,679	1,679	-----	
NATIONAL AGRICULTURAL LIBRARY					
Salaries and expenses.....355 NOA	1,426	1,547 B 52	1,865	266	Increase is primarily for expansion and mechanization of the Bibliography of Agriculture as a means of providing improved services to the scientific and technological community.
Exp.	1,404	1,573	1,839	266	

Library facilities.....355	NOA	450		7,000	7,000	Provides for construction of the National Agricultural Library, Beltsville, Md. Planning funds were provided in 1964.
	Exp.	55	355	2,011	1,656	
Total, National Agricultural Library.	NOA	1,876	1,547 B 52	8,865	7,266	
	Exp.	1,460	1,928	3,850	1,922	
OFFICE OF MANAGEMENT SERVICES						
Salaries and expenses.....355	NOA		2,463	2,579	96	Provides central financing of management services for a number of smaller Department agencies.
	Exp.		B 20 2,223	2,628	405	
GENERAL ADMINISTRATION						
Salaries and expenses.....355	NOA	3,750	3,314	3,848	295	Increase provides for program and policy direction and coordination of the civil rights program within the Department of Agriculture under the provisions of title VI of the Civil Rights Act of 1964.
	Exp.	3,902	B 239 3,495	3,853	358	
Intragovernmental funds:						
Working capital fund.....355	Exp.	-330	54	47	-7	
Total, general administration.	NOA	3,750	3,314	3,848	295	
	Exp.	3,572	B 239 3,549	3,900	351	
FOREST SERVICE						
General and special funds:						
Forest protection and utilization.....402	NOA	202,460	200,873	212,445	-6,352	Supplemental is for firefighting. Decrease in 1966 results from lower estimates for firefighting and research construction partially offset by increases for forest land management, research activities, and the development of recreational facilities on national forest lands.
	Exp.	204,004	A 14,000 B 3,924 202,813 A 14,000	202,190	-14,623	
Cooperative range improvements (special fund).....402	NOA	700	700	700		
	Exp.	700	700	700		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF AGRICULTURE—Continued					
FOREST SERVICE—Continued					
General and special funds—Continued					
Forest roads and trails.....402					
Contract authorization:					
Current..... NOA		85,000			Program will construct or reconstruct about 1,865 miles of multipurpose roads mostly to harvest timber. Increase in 1966 will be used primarily for recreational development on National Forest lands.
Permanent..... NOA	85,000	(70,300)	85,000	(7,200)	
Liquidation of contract authorization.					
Exp.	58,913	^B (1,172) 84,908	78,672	-6,236	
Access roads.....402	Exp.	1,604	1,419	-1,419	(Prior balances will acquire interest in roads or rights-of-way; future activity will be financed in Forest roads and trails.)
Acquisition of lands for national forests:					
Superior National Forest...402	Exp.	936	1,001	-1,001	(Prior balances acquired lands in the Superior National Forest.)
Special acts (special fund)...402	NOA	70	70		Certain forest receipts otherwise payable to counties in Utah, Nevada, and California, are used to acquire lands within national forests.
	Exp.	19	70		
Cache National Forest....402	Exp.	65	40	-40	(Prior balances are used to acquire lands on the Cache National Forest.)
Wasatch National Forest...402	NOA	250	150	-150	Completes authorization for purchases of land, authorized by 76 Stat. 545-546.
	Exp.	4	345	-295	
Assistance to States for tree planting.....402	NOA	1,000	1,000		Aid is given, mainly through grants, for reforestation work.
	Exp.	997	1,015	-15	

Expenses, brush disposal (permanent, indefinite, special fund).....402	NOA Exp.	9,531 8,255	9,500 9,000	9,500 9,500	500	Certain receipts from purchasers of timber are applied to disposal of brush on cutover areas.
Roads and trails for States, national forests fund (permanent, indefinite, special fund).....402	NOA Exp.	12,001 12,001	13,141 13,141	13,400 13,400	259 259	Permanent law makes available 10% of national forests receipts for construction and maintenance of roads and trails in national forests within the States from which the receipts were derived.
Other Forest Service permanent appropriations.....402	NOA Exp.	30,754 30,725	33,658 33,684	34,368 34,375	710 691	Provides generally for the use of a portion of the revenues from operations on national forests and national grasslands for payment to States and counties to be used primarily for roads and schools.
Intragovernmental funds:						
Advances and reimbursements.....402	Exp.	-264	-477	400	877	
Working capital fund, Forest Service.....402	Exp.	-918	-922	-335	587	
Total, Forest Service.....	NOA	341,766	344,092 A 14,000	356,483	-5,533	
	Exp.	317,040	B 3,924 346,737 A 14,000		340,022	-20,715
Total, Department of Agriculture.	NOA	8,051,561	6,262,326 A 1,769,759 B 23,343	6,935,640 A -313,241	1,433,029	
	Exp.	7,896,864	6,975,086 A -140,532 B 23,378		6,569,792 A -213,509 B 1,137	-500,512

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF COMMERCE					
GENERAL ADMINISTRATION					
General and special funds:					
Salaries and expenses.....506 NOA	4,000	3,987	4,300	43	The estimate provides for continuation of program at the 1965 level.
Exp.	4,138	4,240		4,310	
Participation in Century 21 Exposition.....506 Exp.	16	75	-----	-75	(Activity completed in 1962. Expenditures are for settlement of outstanding claims.)
Participation in New York World's Fair.....506 Exp.	11,342	1,777	1,530	-247	(Fair will close in October 1965.)
Public enterprise funds:					
Aviation war risk insurance revolving fund.....501 Exp.	-18	5	5	-----	(Contingent liability is estimated at \$8,789 million.)
Intragovernmental funds:					
Working capital fund.....506 Exp.	22	148	-45	-193	
Total, general administration. NOA	4,000	3,987	4,300	43	
Exp.	15,500	6,245		5,800	
ECONOMIC DEVELOPMENT					
Area Redevelopment Administration					
General and special funds:					
Operations.....507 NOA	13,484	13,700	-----	-13,700	(Expenditures are primarily for technical assistance to disadvantaged areas approved in prior years.)
Exp.	11,733	13,500	5,000	-8,500	

Grants for public facilities.....	507	Exp.	11,409	11,500	10,500	-1,000	(Expenditures are for projects approved in 1963.)
Proposed area redevelopment program (proposed legislation).....	507	NOA Exp.	----- -----	-----	^A 400,000 ^A 40,000	400,000 40,000	Legislation will be submitted to extend and strengthen the area redevelopment program. The program is designed to improve the opportunities for the creation of new employment in areas of substantial and persistent unemployment and underemployment. Federal assistance will be provided for: industrial and commercial loans; public facility loans and grants; supplementary grants; technical assistance and planning grants.
Public enterprise funds:							
Area redevelopment fund.....	507	NOA Exp.	132,000 46,069	59,500 60,000	----- 59,500	-59,500 -500	(Expenditures are for industrial and public facility loans previously approved.)
Total, Area Redevelopment Administration.		NOA Exp.	145,484 69,211	73,200 85,000	^A 400,000 75,000 ^A 40,000	326,800 30,000	
Community Relations Service							
General and special funds:							
Salaries and expenses.....	506	NOA Exp.	----- -----	1,100 900	1,300 1,200	200 300	Increase provides full-year costs of conciliation service established by the Civil Rights Act of 1964.
U.S. Travel Service							
Salaries and expenses.....	506	NOA Exp.	2,600 2,561	3,000 2,900	3,500 3,400	500 500	Increase is to intensify sales promotion program. Visitors from overseas have increased 92% since 1961 to 972,000 in 1964.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests			
DEPARTMENT OF COMMERCE—Continued								
ECONOMIC DEVELOPMENT—Con.								
Office of Business Economics								
General and special funds:								
Salaries and expenses.....506	NOA	2,017	2,281	} 2,755	373	Increase provides for further automation of the national income accounts, strengthening balance of payments computations, and additional income analysis.		
Exp.		1,956	2,301				2,660	359
Intragovernmental funds:								
Advances and reimbursements.....506	Exp.	-48	-----	-----	-----			
Total, Office of Business Economics.								
NOA		2,017	2,281	} 2,755	373			
Exp.		1,908	2,301			2,660	359	
Bureau of the Census								
General and special funds:								
Salaries and expenses.....506	NOA	13,639	14,700	} 15,575	366	Increase will provide improved estimates of construction put-in-place and additional local area population estimates.		
Exp.		13,272	14,997				15,675	678
1964 census of agriculture.....506	NOA	1,345	16,000	} 5,575	-10,575		The estimate provides for a major part of the tabulating and publishing of general census of U.S. farms.	
Exp.		1,206	15,473					6,056
Preparation for 19th decennial census.....506	NOA	740	1,100	} 2,400	1,287			The estimate provides for the initiation of a list of residential addresses for use in mail enumeration in 1970.
Exp.		339	1,112					
1967 economic censuses.....506	NOA	-----	-----	} 1,150	1,150	The estimate provides for planning and preparatory work on census of characteristics of U.S. businesses and industrial enterprises.		
Exp.		-----	-----					

1967 census of governments...506	NOA			200	200	The estimate provides for planning and preparatory work on census of State and local governmental units.
	Exp.			165	165	
Compilation of registration and voting statistics...506	NOA		^A 7,500		-7,500	Supplemental is proposed for a survey of registration and voting statistics in selected areas, authorized by the Civil Rights Act.
	Exp.		^A 554	^A 6,488	5,934	
1963 censuses of business, transportation, manufactures, and mineral industries...506	NOA	8,500	7,000		-7,000	Savings from automation permit the completion of census from previous appropriations.
	Exp.	6,829	6,686	1,367	-5,319	
1962 census of governments...506	NOA	350				(Activity completed in prior years.)
	Exp.	631	61		-61	
Modernization of computing equipment...506	NOA	4,500				(Two large-scale computers were installed in 1964.)
	Exp.	7,953	313		-313	
18th decennial census...506	Exp.	356	7		-7	
Intragovernmental funds:						
Advances and reimbursements...506	Exp.	-313				
Total, Bureau of the Census.	NOA	29,074	38,800	24,900	-22,072	
			^A 7,500			
			^B 672			
	Exp.	30,274	38,650	26,800	-5,916	
			^A 554	^A 6,488		
Business and Defense Services Administration						
General and special funds:						
Salaries and expenses...506	NOA	4,583	4,750	5,340	381	Greater emphasis will be devoted to analyzing commodity data.
	Exp.	4,964	^B 209 4,900	5,200	300	
Office of Trade Adjustment						
Trade adjustment assistance...506	NOA	100				(Office transferred to Business and Defense Services Administration.)
	Exp.	108	7		-7	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (—)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
ECONOMIC DEVELOPMENT—Con.					
International Activities					
General and special funds—Continued					
Salaries and expenses.....506 NOA	9,230	9,471	F 12,850	3,132	Additional funds will be used to strengthen the export expansion program by establishing two new trade centers in Europe, seven fairs in underdeveloped countries, and automating American and foreign trade lists.
Exp.	7,917	9,450	12,150	2,700	
Salaries and expenses (special NOA			200	200	Estimate will provide partial financing for two trade fairs.
foreign currency program).....506 Exp.			170	170	
Export control.....508 NOA	4,100	4,575	D 4,675	-70	Reduction will be possible through (1) decreasing the number of items that need to be licensed, and (2) initiating automation of the licensing function.
Exp.	4,085	4,600	4,500	-100	
Total, international activities.. NOA	13,330	14,046	17,725	3,262	
Exp.	12,002	14,050	16,820	2,770	
Office of Field Services					
Salaries and expenses.....506 NOA	3,715	4,000	4,300	169	The estimate provides for increased efforts in stimulating American firms to seek and expand foreign markets for their products.
Exp.	3,637	4,025	4,250	225	
Total, economic development. NOA	200,903	141,177	59,820	309,613	
Exp.	124,665	152,733	135,330	28,531	
		A 7,500	A 400,000		
		B 1,530			
		A 554	A 46,488		

SCIENCE AND TECHNOLOGY

Coast and Geodetic Survey

Salaries and expenses.....506	NOA	26,120	27,022 ^B 155	} 30,200	3,023
	Exp.	24,944	28,064		28,410
Construction of surveying ships	NOA	13,000	9,000	} -----	-9,000
506	Exp.	8,570	10,164		8,700
Construction and equipment..506	NOA	-----	575	} 970	395
	Exp.	-17	417		590
Total, Coast and Geodetic Survey.	NOA	39,120	36,597 ^B 155	} 31,170	-5,582
	Exp.	33,496	38,645		37,700
Patent Office					
Salaries and expenses.....506	NOA	29,198	30,506 ^B 945	} 33,700	2,249
	Exp.	27,301	30,960		32,850
Intragovernmental funds:					
Advances and reimbursements.506	Exp.	-24	40	-----	-40
Total, Patent Office.....	NOA	29,198	30,506 ^B 945	} 33,700	2,249
	Exp.	27,277	31,000		32,850

The increase provides funds to operate two new oceanographic survey ships and new seismic and geomagnetic observatories. Visual flight charts will be improved and a survey of earthquake hazards initiated.

Contracts planned in 1966 will be financed by prior year funds.

Estimate provides improvements at seismic and geomagnetic observatories. Two new observatories will be set up in Alaska to permit rapid warnings of seawaves generated by submarine earthquakes.

Increase is for funds to automate the patent copy supply system and cover costs of printing increased numbers of patent issuances.

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^B Proposed for separate transmittal, civilian pay increase supplemental.

^D To carry out authorizing legislation to be proposed.

^F Includes \$500 thousand to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
SCIENCE AND TECHNOLOGY—Con.					
National Bureau of Standards					
General and special funds:					
Research and technical services NOA	28,700	30,000	36,700	5,857	Increase is to strengthen the new National Standard Reference Data System and to operate and staff the new laboratories and facilities at Gaithersburg, Md.
506 Exp.	25,764	^{B 843} 29,906	34,774	4,868	
Research and technical services NOA	500	500	500	-----	Grants are made in "excess currency" countries to support research, supplementing domestic programs in scientific reference data.
(special foreign currency program)-----506 Exp.	545	817	573	-244	
Plant and facilities-----506 NOA	3,000	3,770	2,000	-1,770	This partially finances new State weights and measures, and fully funds construction of certain additional facilities.
Exp.	4,407	6,500	5,100	-1,400	
Construction of facilities-----506 NOA	7,713	5,800	-----	-5,800	The 1966 program will be financed by funds appropriated in prior years.
Exp.	19,512	24,100	18,000	-6,100	
Civilian industrial technology-506 NOA	1,000	-----	-----	-----	Contract and grant program, chiefly in textile research, is being completed.
Exp.	139	600	261	-339	
Salaries and expenses, Office of NOA	1,020	1,130	-----	-1,167	Federal clearinghouse for acquisition, processing, and sale of unclassified Federal research reports and technical documents; activity transferred to "Research and technical services."
Technical Services-----506 Exp.	697	^{B 37} 977	-----	-977	

Intragovernmental funds:							
Working capital fund.....	506	Exp.	-2,392	-1,840	-310	1,530	(Estimated Government equity in the fund will be \$174 million on June 30, 1966.)
Advances and reimbursements	506	Exp.	1				
Total, National Bureau of Standards.		NOA	41,933	41,200 ^B	39,200	-2,880	
		Exp.	48,674	61,060	58,400	-2,660	
Weather Bureau							
General and special funds:							
Salaries and expenses.....	506	NOA	64,496	65,100	69,980	3,018	Increase provides for maintenance and operation of new equipment, extension of specialized services to foresters and farmers, and improvement of river and flood forecasts.
		Exp.	65,689	64,976 ^B	69,125	4,149	
Research and development...	506	NOA	10,400	10,400	13,510	3,110	Increase provides principally for augmentation of a program in experimental meteorology.
		Exp.	10,187	11,104	13,420	2,316	
Research and development (special foreign currency program)	506	NOA	250	500	500		Excess foreign currencies will be used to improve foreign observations and to study problems of climatic and hydrologic cycles in arid regions.
		Exp.	72	500	477	-23	
Establishment of meteorological facilities.....	506	NOA	4,800	725	3,000	2,275	Estimate continues the modernization program begun in 1956.
		Exp.	3,739	4,131	4,837	706	
Meteorological satellite operations	506	NOA		10,000	30,100	20,100	Estimate includes spacecraft, launches, facilities, and services to obtain observations of worldwide cloud patterns from satellites, increase reflects depletion in 1965 of prior year balances.
		Exp.	9,577	12,270	13,866	1,596	
Intragovernmental funds:							
Advances and reimbursements	506	Exp.	136				
Total, Weather Bureau.....		NOA	79,946	86,725	117,090	28,503	
		Exp.	89,400	92,982 ^B	101,725	8,743	
Total, science and technology.		NOA	190,196	195,028	221,160	22,290	
		Exp.	198,847	223,842 ^B	230,675	6,988	

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF COMMERCE—Continued						
TRANSPORTATION						
Maritime Administration						
General and special funds:						
Ship construction.....502	NOA	112,500	124,900	124,850	-50 19,166	Estimate provides for 16 new ships, acquisition of replaced ships and automation features on 26 recently built ships.
Exp.		86,752	81,934	101,100		
Operating-differential subsidies:						
Permanent, indefinite contract authorization.....502	NOA	186,626	196,000	190,000	-6,000	Estimate provides for subsidy of 1,845 voyages by 314 vessels. Decrease due primarily to withdrawal of the passenger vessel SS <i>America</i> from subsidy and lower operating costs of new vessels.
Liquidation of contract authorization.	Exp.	(216,500) 203,037	(187,500) 212,787	(190,000) 198,000	(2,500) -14,787	
Research and development...502	NOA	7,000	9,500	10,500	1,000	Estimate is for experimental operation of nuclear ship <i>Savannah</i> , and research to improve efficiency of U.S. merchant marine.
Exp.		7,756	10,500	5,500	-5,000	
Salaries and expenses.....502	NOA	15,500	15,300	15,650	39	The estimates provide for continuation of program at substantially the 1965 level.
Exp.		14,147	15,811	15,762	-49	
Maritime training.....502	NOA	3,495	4,484	3,950	-567	The estimate provides for operation of the Federal Maritime Academy. Decrease due to smaller construction program.
Exp.		3,372	3,842	3,843	1	
State marine schools.....502	NOA	250	540	360	-180	Federal aid to State schools will continue at substantially the 1965 level.
Contract authorization (permanent, indefinite).....502	NOA	1,247	1,185	1,240	55	
Liquidation of contract authorization.	Exp.	(1,155) 1,409	(1,185) 1,711	(1,240) 1,600	(55) -111	

Public enterprise funds:					
Federal ship mortgage insurance fund (permanent, indefinite authorization to spend debt receipts).....502	NOA	3,900	-----	-----	
	Exp.	6,907	-4,702	-4,260	442
Vessel operations revolving fund 502	Exp.	-1,572	-571	-93	478
War risk insurance revolving fund 502	Exp.	-185	-114	-252	-138
Intragovernmental funds:					
Advances and reimbursements.502	Exp.	-14,773	9,402	4,400	-5,002
Total, Maritime Administration	NOA	330,518	351,909	346,550	-5,703
	Exp.	306,850	330,600	325,600	-5,000
Bureau of Public Roads					
Trust funds:					
Limitation on general administrative expenses.		(43,800)	(48,350)	(52,600)	(4,250)
Federal-aid highways (liquidation of contract authorization).		(3,249,150)	(3,648,250) A (250,000)	(3,900,000)	(1,750)
Improvement of the Pentagon road network.		(500)	-----	-----	-----
General and special funds:					
Forest highways: 503					
Contract authorization:					
Current.....	NOA		33,000	-----	-----
Permanent.....	NOA	33,000	-----	33,000	-----
Liquidation of contract authorization.	Exp.	(33,000)	(32,000)	(33,000)	(1,000)
		33,277	32,866	33,000	134

NOA occurs when requirements for payments under guarantees arise. None are anticipated in 1966. Guarantees involving a contingent liability of \$580 million are estimated to be outstanding for 1966.

(Fund is substantially self-supporting.)

(Contingent liability in the event of war is estimated at \$13 billion.)

(Increase provides for expanded programs with increased emphasis on right-of-way investigation and safety research.)

(Appropriation is to liquidate contract authorization and meet administrative expenses for interstate, primary, secondary, and urban highways. These costs are payable from the highway trust fund.)

(No additional financing required to complete the program.)

The Federal-Aid Highway Act of 1964 made available \$33 million of NOA for each of the years 1965 and 1966.

A Proposed for separate transmittal, other than pay increase supplemental.

B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF COMMERCE—Continued					
TRANSPORTATION—Continued					
Bureau of Public Roads—Continued					
General and special funds—Continued					
Public lands highways: 503					
Contract authorization:		7,000			The Federal-Aid Highway Act of 1964 made available \$7 million for each of the years 1965 and 1966.
Current..... NOA	9,000		7,000		
Permanent..... NOA	(4,000)	(7,000)	(9,000)	(2,000)	
Liquidation of contract authorization. Exp.	4,710	9,980	9,000	-980	
Inter-American Highway.....152 NOA	9,000	2,000	4,000	2,000	The Federal-Aid Highway Act of 1962 authorized \$32 million to complete the Inter-American highway. The 1966 request will permit the program to proceed on schedule.
Liquidation of contract authorization. Exp.	(6,000)	4,473	(6,000)	(6,000)	
Access roads (act of Sept. 7, 1950) 503 Exp.	4	26		-26	(The purpose of the appropriation has been met.)
Woodrow Wilson Memorial Bridge 503 Exp.	3	6		-6	(The bridge was officially opened to traffic in December 1961.)
Construction, operation, and maintenance of roads, Alaska. 503 Exp.	13				(The purpose of the appropriation has been met.)
Control of outdoor advertising... 503 Exp.	399	177		-177	(Prior-year appropriations are available for incentive payments to States agreeing to control highway advertising.)

Study of highway program for Alaska.....503	Exp.	140	260	-----	-260	(A 1963 appropriation financed a study undertaken in 1964 and 1965.)
Intragovernmental funds: Advances and reimbursements.....503	Exp.	1	12	-----	-12	
Total, Bureau of Public Roads	NOA	51,000	42,000	44,000	2,000	
	Exp.	40,359	47,800	53,800	6,000	
Transportation Research						
General and special funds: Transportation research.....506	NOA	2,000	2,000	3,200 A 20,000	} 21,200	Increase provides for acceleration of Boston to Washington Corridor transportation studies, and legislation will be proposed to fund tests and demonstrations of high-speed rail service.
	Exp.	922	2,000	2,500 A 10,000		
Inland Waterways Corporation						
Public enterprise funds: Inland Waterways Corporation Fund.....502	Exp.	-800		-----		(The Inland Waterways Corporation Act was repealed on July 19, 1963, by Public Law 88-67. The fund balance has been returned to the Treasury.)
Limitation on administrative expenses.		(2)		-----		
Total, transportation.....	NOA	383,518	395,909 B 344	393,750 A 20,000	} 17,497	
	Exp.	347,332	380,400	381,900 A 10,000		
Total, Department of Commerce.	NOA	778,618	736,101 A 7,500	679,030 A 420,000	} 349,443	
	Exp.	686,344	757,346 B 5,986 A 554 B 5,719	753,438 A 56,488 B 267		

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code		1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—MILITARY						
MILITARY PERSONNEL						
(Functional code 051)						
General and special funds:						
Military personnel, Army.....	NOA	4,000,517	4,221,000	4,102,600	-118,400	Decrease reflects larger transfers from revolving funds, and a reduction of 10,179 military personnel, partly offset by the full year effect of the military pay increase, effective Sept. 1, 1964. Estimate for 1966 will support average strength of 961,735.
	Exp.	4,164,735	4,260,000	4,250,000	-10,000	
Military personnel, Navy.....	NOA	2,857,483	3,045,000	3,055,000	-19,000	Supplemental in 1965 is for part-year costs of military pay increase, effective Sept. 1, 1964. Decrease in 1966 reflects larger transfers from revolving funds, partly offset by an increase of 10,733 military personnel and the full year effect of the military pay increase. Estimate for 1966 will support average strength of 679,502.
	Exp.	2,976,887	3,140,000		3,150,000	
Military personnel, Marine Corps..	NOA	725,600	741,000	749,900	-600	Supplemental in 1965 is for part-year costs of military pay increase, effective Sept. 1, 1964. Decrease in 1966 reflects larger transfers from revolving funds, partly offset by an increase of 3,121 military personnel and the full year effect of the pay increase. Estimate for 1966 will support average strength of 191,395.
	Exp.	734,781	750,000		760,000	
Military personnel, Air Force....	NOA	4,367,700	4,383,000	4,393,800	-48,700	Supplemental in 1965 is for part-year costs of military pay increase, effective Sept. 1, 1964. Decrease in 1966 reflects a reduction of 19,417 military personnel and larger transfers from revolving funds, partly offset by the full year effect of the pay increase. Estimate for 1966 will support average strength of 820,270.
	Exp.	4,435,779	4,516,000		4,424,000	
National Guard and Reserve personnel, Army.	NOA	459,600	520,400	459,800	-60,600	It is planned to reduce year-end paid drill strength from 655,000 to 575,000 due to realignment of these forces. The estimate also supports a new ROTC scholarship and summer camp program.
	Exp.	437,721	517,000	450,000	-67,000	

National Guard personnel, Air Force.	NOA Exp.	61,100 58,669	69,300 65,000	71,300 67,000	2,000 2,000	Increase reflects an increase in year-end strength from 75,000 to 77,000.
Reserve personnel, Navy.....	NOA Exp.	95,100 92,734	99,200 100,000	105,100 100,000	5,900 -----	Increase reflects the full year effect of the military pay increase, effective Sept. 1, 1964. The estimate continues a year-end paid drill strength of 126,000.
Reserve personnel, Marine Corps.	NOA Exp.	29,900 28,988	30,900 32,000	33,000 31,000	2,100 -1,000	The estimate continues a year-end paid drill strength of 45,500, but permits average strength to go up from 43,800 to 44,800.
Reserve personnel, Air Force.....	NOA Exp.	57,700 55,391	59,200 60,000	60,500 58,000	1,300 -2,000	Year-end paid drill strength will go down from 48,800 to 45,800, but permits a net increase in strength of flying units. Estimate also supports a new ROTC scholarship and summer camp program.
Retired pay, Defense.....	NOA Exp.	1,228,000 1,209,447	1,399,000 1,380,000	1,529,000 1,510,000	130,000 130,000	Increase is for an average of 515,651 retired personnel in 1966 as compared with 464,592 for 1965.
Total, military personnel.....	NOA	13,882,700	14,568,000 C 98,000	14,560,000	-106,000	
	Exp.	14,195,131	14,820,000	14,800,000	-20,000	
OPERATION AND MAINTENANCE						
(Functional Code 051)						
Operation and maintenance, Army.	NOA	3,353,066	3,433,447 B 43,910	3,379,100	-----	In 1966, reductions which result from completion of troop tests of air assault concepts are more than offset by increased costs of aircraft operations. The overall decrease in 1966 results, however, from the transfer of reserve forces costs out of this account, as shown comparatively in the 1964 and 1965 columns.

^B Proposed for separate transmittal, civilian pay increase supplemental.
^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (—)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—MILITARY—Continued					
OPERATION AND MAINTENANCE—Continued					
(Functional Code 051)—Continued					
General and special funds—Continued					
Operation and maintenance, Army—Continued					
Liquidation of contract authorization.	-----	-----	(54,044)	(54,044)	(The \$54 million for liquidation of contract authority will cover obligations incurred in excess of appropriations during the Berlin crisis in 1962, as authorized by section 612(c), Department of Defense Appropriation Act, 1962.)
Less: Army Reserve and Reserve Officers' Training Corps items requested under "Operation and maintenance, Army National Guard and Reserve" for 1966.	87,007	98,700	-----	-----	
Comparative NOA -----	3,266,059	3,378,657	3,379,100	443	
Exp. Less: Expenditures related to NOA comparative deduction above.	3,455,020 85,850	3,436,000 96,000	3,326,000 6,000	----- -----	
Comparative expenditures.	3,369,170	3,340,000	3,320,000	-20,000	
Operation and maintenance, NOA Navy.	2,908,463	3,142,666 B 34,122	3,332,100	155,312	Increase reflects additional Polaris submarines in the fleet, installation and maintenance of improved communications equipment, greater numbers of missiles on ships and aircraft, and higher costs of operating and maintaining more complex ships and aircraft.
Exp.	2,894,146	3,160,000	3,220,000	60,000	

Operation and maintenance, Marine Corps.	NOA	191,299	187,899 ^B 1,621	192,500	2,980	Estimate continues support of 3 divisions and related support units at a high state of combat readiness.
	Exp.	175,967	190,200	188,500	-1,700	
Operation and maintenance, Air Force.	NOA	4,337,159	4,567,133 ^B 47,716	4,464,100	-150,749	Decrease reflects phase-out of older missile systems and bomber squadrons, and the elimination of military bases no longer required.
	Exp.	4,473,198	4,440,000	4,370,000	-70,000	
Operation and maintenance, De- fense agencies.	NOA	478,822	517,958	533,762	15,804	Increase is for additional functions of the Defense Supply Agency, and certain classified activities.
	Exp.	472,209	520,000	500,000	-20,000	
Operation and maintenance, Army National Guard and Reserve. Add: Army Reserve and Re- serve Officers' Training Corps items appropriated under "Operation and maintenance, Army" for 1964 and 1965.	NOA	180,790	188,000 ^B 3,424	292,000	-----	Increase in 1966 reflects support for an expansion in the National Guard from 385,000 to 575,000, and the cost of the new ROTC scholarship program. These are partially offset by savings from a reduction in strength of the Army Reserve.
		87,007	98,700	-----	-----	
Comparative NOA -----		267,797	290,124	292,000	1,876	
	Exp.	182,007	187,000	282,000	-----	
Add: Expenditures related to comparative NOA addition above.		85,850	96,000	6,000	-----	
Comparative expenditures.		267,857	283,000	288,000	5,000	
Operation and maintenance, Air National Guard.	NOA	220,100	236,000 ^B 1,552	238,000	448	Increase in 1966 reflects higher aircraft operating costs due to mission and equipment changes.
	Exp.	222,635	234,000	230,000	-4,000	
National Board for the Promotion of Rifle Practice, Army.	NOA	528	484	459	-25	Decrease reflects reduced travel to international matches.
	Exp.	498	470	460	-10	

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—MILITARY—Continued					
OPERATION AND MAINTENANCE—Continued					
(Functional Code 051)—Continued					
General and special funds—Continued					
Claims, Defense..... NOA	19,000	23,000	24,000	-5,000	Decrease reflects the large number of claims paid in 1965.
Reappropriation..... NOA		6,000			
Exp.	19,421	28,700	24,000	-4,700	
Contingencies, Defense..... NOA	15,000	15,000	15,000		
Exp.	12,319	10,600	12,000	1,400	
Court of Military Appeals, Defense. NOA	509	530	579		Caseload is expected to continue at the 1965 level.
Exp.	489	^B 49 560			
Miscellaneous expired accounts... Exp.	24,132	12,470	6,480	-5,990	
Total, operation and maintenance. NOA	11,704,737	12,318,117	12,471,600	21,089	
Exp.	11,932,040	^B 132,394 12,220,000	12,160,000	-60,000	
PROCUREMENT					
(Functional code 051)					
Procurement of equipment and missiles, Army. NOA	2,906,294	1,656,396	^E 1,223,100	-433,296	Program continues to improve firepower, mobility, communications, and logistical support necessary for Army tactical forces. Modernization of weapons and equipment is continued. Decrease reflects reduced buying as stocks approach objectives.
Exp.	2,314,565	1,970,000	1,880,000	-90,000	

Procurement of aircraft and missiles, Navy.	NOA Exp.	2,889,145 2,758,833	2,496,358 2,470,000	^D 2,279,800 2,520,000	-216,558 50,000	Decrease results mainly from (a) major reprogramming of prior year funds for 1966 needs, (b) declines in procurement of support aircraft and in the level of aircraft modification, and (c) reduced buying of Polaris missiles as stocks near objectives.
Shipbuilding and conversion, Navy.	NOA Exp.	2,059,589 2,087,603	1,930,076 1,820,000	^D 1,501,100 1,950,000	-428,976 130,000	Fleet modernization and replacement program will continue with primary emphasis on antisubmarine and amphibious warfare. The 1966 program provides for construction or conversion of 73 ships. Decrease reflects prior financing available.
Other procurement, Navy.....	NOA Exp.	1,174,931 888,714	1,040,331 955,000	1,159,100 1,070,000	118,769 115,000	Modernization of fleet equipment and weapons will continue, with emphasis on antisubmarine forces through purchase of improved weapons, detection devices, and other equipment.
Procurement, Marine Corps.....	NOA Exp.	201,960 238,351	162,944 182,000	^E 43,800 175,000	-119,144 -7,000	Decrease reflects general achievement of readiness objectives of weapons and equipment. The 1966 program continues to stress improvements in firepower, mobility, and communications.
Aircraft procurement, Air Force..	NOA Exp.	3,385,575 3,893,859	3,563,737 3,450,000	^D 3,550,200 3,220,000	-13,537 -230,000	Decreases in procurement of trainer, other support aircraft, and airlift aircraft more than offset increased procurement of tactical and special reconnaissance aircraft.
Missile procurement, Air Force....	NOA Exp.	2,105,990 2,100,569	1,715,200 1,590,000	^D 796,100 1,460,000	-919,100 -130,000	Decrease reflects the high levels of missile forces already achieved. Reduced funding is needed to complete procurement and installation of approved forces and to provide for upgrading and modification of operational missiles.
Other procurement, Air Force....	NOA Exp.	878,299 964,821	759,096 752,000	834,500 885,000	75,404 133,000	This program will continue procurement of conventional ordnance and intelligence, warning, communications, and control systems, primarily to support Air Force worldwide strategic and tactical forces. The principal increases are in conventional ordnance and supporting equipment.
Procurement, Defense agencies...	NOA Exp.	43,614 34,822	62,000 46,000	24,000 40,000	-38,000 -6,000	Decrease reflects reduced procurement by the Defense Communications Agency and by other departmentwide activities.

^B Proposed for separate transmittal, civilian pay increase supplemental.

^D To carry out authorizing legislation to be proposed.

^E Partly to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—MILITARY—Continued					
PROCUREMENT—Continued					
(Functional code 051)—Continued					
General and special funds—Continued					
Aircraft and related procurement, Exp. Navy.	68,689	40,000	20,000	-20,000	(Program needs are now provided in other appropriations above.)
Total, procurement..... NOA Exp.	15,645,397 15,350,826	13,386,138 13,275,000	11,411,700 13,220,000	-1,974,438 -55,000	
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION					
(Functional code 051)					
Research, development, test, and evaluation, Army. NOA Exp.	1,401,582 1,338,005	1,368,471 1,400,000	^D 1,438,000 1,375,000	69,529 -25,000	Estimate includes increases in research and on development of the Nike-X system. Emphasis on limited war needs will be continued.
Research, development, test, and evaluation, Navy. NOA Exp.	1,560,975 1,577,846	1,352,315 1,450,000	^D 1,472,600 1,395,000	120,285 -55,000	Increase is mainly due to further expansion of antisubmarine warfare projects and an improved version of the Polaris missile.
Research, development, test, and evaluation, Air Force. NOA Exp.	3,544,384 3,721,620	3,148,900 3,350,000	^D 3,147,800 3,140,000	-1,100 -210,000	Increases for initiation of development programs, such as the C-5A cargo transport and certain space programs, are more than offset by decreases for development of strategic offensive systems.
Research, development, test, and evaluation, Defense agencies. NOA Exp.	475,438 383,977	496,688 475,000	^D 500,400 460,000	3,712 -15,000	Programs will continue in ballistic missile defense, nuclear underground testing, nuclear test detection, and remote area conflict, and tests will be conducted on aircraft penetration problems.

Emergency fund, Defense.....	NOA Exp.	1,779	118,293 25,000	150,000 30,000	31,707 5,000	Funds are transferred to other appropriations for prompt exploitation of research and development opportunities. The 1964 and 1965 amounts are balances remaining after such transfers.
Total, research, development, test, and evaluation.	NOA Exp.	6,984,158 7,021,448	6,484,667 6,700,000	6,708,800 6,400,000	224,133 -300,000	
MILITARY CONSTRUCTION						
(Functional code 051)						
Military construction, Army.....	NOA Exp.	200,646 211,939	300,393 200,000	^E 441,400 260,000	141,007 60,000	Increase is largely for replacement of World War II troop housing, bachelor officer quarters, maintenance and administrative facilities, and classified facilities.
Military construction, Navy.....	NOA Exp.	198,853 183,737	247,867 225,000	^E 338,300 220,000	90,433 -5,000	Increase is for replacement of World War II troop housing, bachelor officer quarters, training and research facilities, and shipyard modernization.
Military construction, Air Force..	NOA Exp.	468,275 535,865	332,101 500,000	^E 422,000 385,000	89,899 -115,000	Increase is for replacement of World War II troop housing, bachelor officer quarters, administrative facilities, a Titan III missile launch complex at Vandenberg Air Force Base, and facilities to accommodate missions transferred due to base closures.
Military construction, Defense agencies.	NOA Exp.	25,014 28,634	12,656 29,000	^E 83,200 18,000	70,544 -11,000	Estimate includes \$50 million for construction of facilities which may be required to meet emergency situations. A new building for the Defense Intelligence Agency is also included.
Military construction, Army Na- tional Guard.	NOA Exp.	5,700 13,840	10,800 11,000	----- 8,000	-10,800 -3,000	An expanded construction program in 1966 will be financed from balances transferred from Military construction, Army Reserve.
Military construction, Air Na- tional Guard.	NOA Exp.	16,000 14,527	14,000 15,000	^E 10,000 10,000	-4,000 -5,000	Estimate reflects a declining level of construction as a result of mission and equipment changes.
Military construction, Army Re- serve.	NOA Exp.	4,500 6,743	5,000 4,000	----- 3,000	-5,000 -1,000	Decrease reflects transfer of Army Reserve facilities to the National Guard.

^D To carry out authorizing legislation to be proposed.

^E Partly to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF DEFENSE—MILITARY—Continued						
MILITARY CONSTRUCTION—Continued						
(Functional code 051)—Continued						
General and special funds—Continued						
Military construction, Naval Reserve.	NOA Exp.	6,000 6,538	7,000 7,000	^E 9,500 7,000	2,500	Increase is for the replacement of an aircraft hangar, in addition to the normal facility replacement program.
Military construction, Air Force Reserve.	NOA Exp.	4,000 3,969	5,000 4,000	^E 4,000 4,000	-1,000	Estimate provides for an increased obligation program of \$2 million made possible by project savings in 1965.
Loran stations, Defense.....	NOA Exp.	20,500 20,500	5,000 5,000	5,000 5,000		Estimate provides facilities for this navigation system.
Total, military construction...	NOA Exp.	949,488 1,026,292	939,817 1,000,000	1,313,400 920,000	373,583 -80,000	
FAMILY HOUSING						
(Functional code 051)						
Family housing, Defense.....	NOA	637,406	631,151	^D 735,600	104,449	Increase reflects proposed construction of 12,500 units, compared with 8,250 in 1965. Additional funds are also required to operate and maintain the increasing number of units.
Reappropriation.....	NOA	6,295				
	Exp.	579,519	630,000	660,000	30,000	
CIVIL DEFENSE						
(Functional code 051)						
Operation and maintenance, civil defense.	NOA Exp.	70,312 51,993	74,985 74,000	79,200 75,000	4,215 1,000	Increase is primarily for additional matching funds to support the expanding civil defense efforts of State and local governments.

Shelter, construction, and research and development, civil defense.	NOA Exp.	41,250 37,338	30,200 42,000	114,700 34,500	84,500 -7,500	Increase is primarily for expansion of national fallout shelter inventory, construction of Federal regional emergency operating centers, and for increased research on survival techniques.
Construction of facilities, civil defense.	Exp.	352	300	500	200	(Remaining funds will be used for site surveys and planning for construction of 7 Federal regional emergency operating centers.)
Civil defense, Department of Defense.	Exp.	17,143	8,700	-----	-8,700	(Obligations incurred in 1962 and prior years are liquidated under this account.)
Total, civil defense.....	NOA Exp.	111,562 106,825	105,185 125,000	193,900 110,000	88,715 -15,000	
REVOLVING AND MANAGEMENT FUNDS						
(Functional code 051)						
Public enterprise funds:						
Defense production guarantees...	Exp.	3,729	1,675	1,759	84	(Purchase cost of defaulted loans will exceed revenues in 1966.)
Laundry service, Naval Academy.	Exp.	42	1	6	5	(Estimate contemplates receipts and expenditures of about \$720 thousand, slightly lower than the 1965 level.)
Intragovernmental funds:						
Army stock fund.....	Exp.	-42,582	-93,800	-133,000	-39,200	(Sales will continue to exceed purchases in 1966 reflecting the sale of stock not requiring replacement.)
Navy stock fund.....	Exp.	-33,633	-20,000	-53,000	-33,000	(Sales will continue to exceed purchases in 1966 reflecting the sale of stock not requiring replacement.)
Marine Corps stock fund.....	Exp.	8,790	-4,400	-12,200	-7,800	(Sales will continue to exceed purchases in 1966 reflecting the sale of stock not requiring replacement.)
Air Force stock fund.....	Exp.	-28,920	6,200	-12,800	-19,000	(Sales will exceed purchases in 1966 due to the sale of fuel inventories no longer required.)
Defense stock fund.....	Exp.	-184,103	-180,000	-155,000	25,000	(Sales will not exceed purchases by as much as in 1965 due to reduced stocks available for sale without replacement.)

^D To carry out authorizing legislation to be proposed.

^E Partly to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF DEFENSE—MILITARY—Continued					
REVOLVING AND MANAGEMENT FUNDS—Continued					
(Functional code 051)—Continued					
Intragovernmental funds—Continued					
Army industrial fund..... Exp.	-45,994	43,485	24,155	-19,330	(Expenditures continue in excess of collections as work is accomplished on prepaid orders.)
Navy industrial fund..... Exp.	-110,065	62,189	6,900	-55,289	(Work performed in 1965 and 1966 will be partly financed from prepaid orders in prior years.)
Air Force industrial fund..... Exp.	29,545	-29,533	-10,000	19,533	(Services performed in prior years will cause collections to exceed expenditures in 1965 and 1966.)
Defense industrial fund..... Exp.	-3,051	-500	-16,140	-15,640	(Net expenditures will decrease because of accelerated billing procedures.)
Army management fund..... Exp.	11,743	-----	-----	-----	(Fund will operate at \$339 million level in 1966.)
Navy management fund..... Exp.	-61,336	-456,000	-11,000	445,000	(Total activity of \$1.1 billion is forecast for 1966.)
Air Force management fund..... Exp.	1,309	300	300	-----	(Liquidation of prior year obligations continues.)
Defense agencies management fund. Exp.	17	9	-----	-9	(Fund is not to be used in 1966.)
Naval working fund..... Exp.	437	-----	-----	-----	(Estimate reflects an activity level of \$18 million in 1966.)

Consolidated working funds, Army.	Exp.	1,590	374	20	-354	(Estimate reflects liquidation of prior year obligations.)
Total, revolving and management funds.	Exp.	-452,483	-670,000	-370,000	300,000	
Total, Department of Defense—Military.	NOA	49,921,742	48,433,074 B 132,394 C 98,000	47,395,000	-1,268,468	
	Exp.	49,759,598	47,875,206 B 129,394 C 95,400	47,894,400 B 3,000 C 2,600	-200,000	

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY						
Cemeterial Expenses						
General and special funds:						
Salaries and expenses.....805	NOA	10,800	13,295 A 1,770 B 99	13,739	-1,425	Supplemental for 1965 is for the Federal cost of the permanent John F. Kennedy gravesite. Costs of increased interments and headstone applications are more than offset by a decrease in construction.
	Exp.	10,891	12,055 A 145	14,410 A 890	3,100	
Corps of Engineers—Civil						
General investigations.....401	NOA	19,115	22,194	23,988	1,794	Provides funds for 216 flood control, navigation, and beach erosion studies, of which 35 will be initiated in 1966. A comprehensive river basin survey for the Columbia-Pacific Northwest region and a special study of Great Lakes water levels will be initiated.
	Exp.	18,218	21,300	24,200	2,900	
Construction, general.....401	NOA	827,146	942,803 A 600	988,215	44,812	A 1965 supplemental will permit an early construction start on Lower Granite lock and dam. Funds in 1966 will continue construction on 223 projects; 43 projects, costing \$684 million, will be completed and 37 projects, costing \$777 million, will be started. Preconstruction planning will continue on 70 projects and be initiated on 19.
	Exp.	822,176	922,376 A 500	948,700 A 100	25,924	

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B Proposed for separate transmittal, civilian pay increase supplemental.

C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF DEFENSE—CIVIL—Continued						
DEPARTMENT OF THE ARMY—Con.						
Corps of Engineers—Civil—Continued						
General and special funds—Continued						
Operation and maintenance, general.....401	NOA 155,700	158,676 A 1,700 B 312	172,862	12,174	The supplemental in 1965 is for increased wage board pay. Workload in 1966 involves maintenance of 469 projects.	
Exp.	158,138	153,700 A 1,600	172,000 A 100	16,800		
Flood control, hurricane, and shore protection emergencies.....401	NOA Exp.	4,150 4,500	4,000	-4,150 -500	Emergency operations to combat flood disaster situations will be carried out with funds appropriated in prior years.	
General expenses.....401	NOA Exp.	15,000 14,793	15,575 B 588 16,400	16,662 499 16,600 200	Increase provides for management and supervision of larger program workload.	
Flood control, Mississippi River and tributaries.....401	NOA Exp.	77,862 76,643	77,862 78,000	77,060 77,600	-802 -400	Construction is continued on 10 major project features, and provision is made for project operation and essential maintenance.
U.S. section, Saint Lawrence River Joint Board of Engineers...401	NOA Exp.	10 3	1	-1	Activities of the Board were terminated in 1965.	
International navigation congresses.....401	Exp.	12			(Final costs were liquidated in 1964.)	
Payments to States, Flood Control Act of 1954 (permanent, indefinite, special fund).....401	NOA Exp.	1,721 1,719	1,828 1,721	1,828 1,828	107	Three-fourths of receipts from lease of Federal lands acquired for flood control, navigation, and allied purposes are paid to States in which the projects are situated.

Hydraulic mining in California, debris fund (permanent, indefinite, special fund) -----401	NOA Exp.	18 18	18 24	18 18	----- -6	Fees paid by mine operators for depositing mine debris in restraining works are used for their maintenance.
Maintenance and operation of dams and other improvements of navigable waters (permanent, indefinite, special fund) ----401	NOA Exp.	154 148	154 159	154 154	----- -5	Half of the receipts from licenses issued by the Federal Power Commission for non-Federal projects on navigable waters are used for maintenance and operation of dams and other navigational structures and for navigation improvements.
Intragovernmental funds:						
Advances and reimbursements, Corps of Engineers—Civil.....401	Exp.	20	37	-----	-37	
Revolving fund, Corps of Engineers—Civil.....410	Exp.	820	-318	-300	18	(The fund provides centralized services and facilities to agency programs.)
Total, Corps of Engineers—Civil.	NOA	1,096,726	1,223,260 ^2,300	1,280,787	54,327	
	Exp.	1,092,708	1,197,900 ^2,100	1,244,800 ^200	45,000	
INTEROCEANIC CANAL COMMISSION						
General and special funds:						
Salaries and expenses.....502	NOA Exp.	-----	400 375	^7,500 25 ^7,500	7,100 7,150	A supplemental will be requested to initiate a sea level canal study after the Commission has made its plans.
UNITED STATES SOLDIERS' HOME						
Trust fund:						
Limitation on operation and maintenance and capital outlay.		(6,662)	(6,888) (^77) (B83)	(7,076)	(28)	(The supplemental for 1965 is for increased wage board pay. Increase provides for an estimated rise from 1,895 to 1,995 domiciliary members and from 420 to 435 hospital patients.)

^ Proposed for separate transmittal, other than pay increase supplemental.

B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF DEFENSE—CIVIL—Continued						
RYUKYU ISLANDS, ARMY						
General and special funds:						
Administration, Ryukyu Islands, Army.....910	NOA 10,000	14,441	14,733	292	Increase is for personnel formerly budgeted under military appropriations. Aid programs continue at authorized \$12 million level.	
	Exp. 10,899	13,500	14,200	700		
Construction of power systems 910	Exp. 5,907	4,313	280	-4,033	(Expenditures are loans from prior year funds, decreasing because of planned completion of construction of the Kin powerplant in 1965.)	
Ryukyuan pretreaty claims (proposed legislation).....910	NOA Exp.		^A 22,000 ^A 15,000	22,000 15,000	Proposal is for payments to certain inhabitants of the Islands for damages by U.S. Forces before signing of the Japanese Peace Treaty.	
Total, Ryukyu Islands, Army	NOA Exp.	10,000 16,806	14,441 17,813	14,733 ^A 22,000 14,480 ^A 15,000	22,292 11,667	
THE PANAMA CANAL						
General and special funds:						
Canal Zone government:						
Operating expenses.....910	NOA Exp.	25,725 26,271	29,088 ^B 924 29,576	31,211 31,070	1,199 1,494	Increase will permit expanded operation of schools and hospitals to accommodate added Zone-based military personnel and dependents.
Capital outlay.....910	NOA Exp.	6,500 4,535	4,821 6,898	9,557 10,077	4,736 3,179	Provides \$7,668 thousand for educational facilities, \$736 thousand for health and sanitation, and \$1,153 thousand for other needs.
Panama Canal Company: Thatcher Ferry Bridge.....502	Exp.	-311	365		-365	(Bridge went into service in 1962, and 2 more approaches were constructed in 1965.)

Public enterprise funds:						
Panama Canal Company: Panama Canal Company fund...502						
Limitation on general and administrative expenses.		(8,924)	(10,639) (^B 208)	(11,169)	(322)	(Increase due mostly to employees' States travel and to expenses of recruitment and repatriation.) (Increase of \$4.2 million in revenues and \$0.3 million in expenditures is contemplated.)
Exp.		2,074	1,935	-2,006	-3,941	
Total, The Panama Canal						
NOA		32,225	33,909 ^B 924	40,768	5,935	
Exp.		32,569	38,774	39,141	367	
MISCELLANEOUS ACCOUNTS						
General and special funds:						
Wildlife conservation, etc., military reservations (permanent, indefinite, special funds)...404						
NOA		136	138	138	-----	Game permit fees are used to carry out a fish and game conservation program.
Exp.		61	139	139	-----	
Total, Department of Defense—Civil.						
NOA		1,149,887	1,285,443 ^A 4,070 ^B 1,923	1,350,165 ^A 29,500	88,229	
Exp.		1,153,035	1,265,215 ^A 2,245 ^B 1,841	1,312,913 ^A 23,590 ^B 82	67,284	

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
FOOD AND DRUG ADMINISTRATION					
General and special funds:					
Salaries and expenses.....651 NOA	35,621	39,198	50,352	9,984	Consumer protection will be strengthened with emphasis on the medical evaluation of new drugs and expanded research into the harmful effects of foods, drugs, cosmetics, and therapeutic devices.
Exp.	37,004	^B 1,170 38,728		48,372	
Buildings and facilities.....651 NOA	4,466	10,875	6,324	-4,551	Provides laboratory equipment, new district facilities, and planning funds for an additional headquarters laboratory.
Exp.	313	2,399	7,339	4,940	
Pharmacological-animal laboratory building.....651 Exp.	1,069	75	-----	-75	(Laboratory was completed in 1964 from prior year's financing.)
Public enterprise funds:					
Revolving fund for certification and other services.....651 Exp.	-111	379	-77	-456	(Industry fees finance the certification of antibiotic drugs, insulin, and color additives and establishment of tolerances for pesticides.)
Total, Food and Drug Administration. NOA	40,087	50,073	56,676	5,433	
Exp.	38,275	^B 1,170 41,581	55,634	14,053	
OFFICE OF EDUCATION					
General and special funds:					
Expansion and improvement of vocational education.....704 NOA	34,756	158,296	257,491	99,195	The increase is for an estimated 5.8 million students to be served in 1966 as compared to 5.2 million in 1965, construction and operation of a residential vocational school in the District of Columbia, and for research activities. The 1963 act emphasizes training in technical and other occupations in high demand.
Exp.	33,959	64,983	178,400	113,417	

Higher education facilities construction.....702	NOA Exp.	----- 3,000	463,150 3,000	641,750 165,000	178,600 162,000	Grant increase will assist in construction of undergraduate classrooms, laboratories, and libraries at colleges and technical institutes.
Further endowment of colleges of agriculture and the mechanic arts.....702	NOA Exp.	11,950 11,950	11,950 11,950	11,950 11,950	----- -----	Grants to land grant colleges will continue at maximum authorized level.
Grants for public libraries....704	NOA Exp.	7,500 7,443	55,000 18,136	55,000 37,000	----- 18,864	Library services will be extended to approximately 2 million people in 1966 and services will be improved for an additional 20 million people. About 300 building projects will be under construction in 1966.
Payments to school districts...701	NOA Exp.	320,670 283,688	332,000 291,000	347,000 321,000	15,000 30,000	Payments will be made in support of 2 million children in 4,300 school districts affected by Federal activities.
Assistance for school construction...701	NOA Exp.	23,740 50,601	58,400 37,000	50,190 47,000	-8,210 10,000	Program in 1966 will assist in providing approximately 2,300 classrooms for 68,000 pupils in school districts affected by Federal activities.
Defense educational activities: (Assistance for elementary and secondary education)....701	NOA Exp.	62,750 69,841	97,100 82,000	112,700 104,000	15,600 22,000	Grants to States for guidance increase to authorized level. Grants for equipment and State supervision increase to fund 1965 amendments that extended eligibility to 5 new subject areas.
(Assistance for higher education).....702	NOA Exp.	149,798 135,193	189,890 164,000	250,858 216,000	60,968 52,000	Finances full authorization for student loan, graduate fellowship and language development programs as expanded by 1965 amendments.
(Other aids to education)...704	NOA Exp.	38,240 34,542	61,613 49,000	49,050 40,000	-12,563 -9,000	Amendments in 1965 extended teacher institutes to 6 new subject areas. Increase provides for an additional 2,581 teachers attending institutes. The increase is more than offset by a \$15 million transfer to "Expansion and improvement of vocational education" appropriation.
Total, defense educational activities.	NOA Exp.	250,788 239,576	348,603 295,000	412,608 360,000	64,005 65,000	
Educational improvement for the handicapped.....704	NOA Exp.	14,185 2,550	16,500 14,000	21,500 15,700	5,000 1,700	Provides grants for teacher training and for research relating to the education of handicapped children. Increase will provide for an increase in number of full academic year fellowships.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued						
OFFICE OF EDUCATION—Continued						
General and special funds—Continued						
Cooperative research.....704	NOA	11,500	15,840	25,000	9,160	Increases are to develop course content material primarily in the arts, humanities and social sciences, and to introduce the results of research in the schools.
Exp.		7,686	8,500	14,000	5,500	
Educational research (special foreign currency program).....704	NOA	500	500	1,000	500	Excess foreign currencies support research and training in foreign countries, supplementing studies to improve education in the United States.
Exp.		138	340	400	60	
Foreign language training and area studies.....704	NOA	1,500	1,500	2,000	500	Grants are awarded for academic year and short-term study abroad to improve the teaching of modern foreign languages and area studies.
Exp.		148	1,500	1,750	250	
Salaries and expenses.....704	NOA	14,761	19,699	23,072	2,945	Increases provide staff to administer new grant programs, improve program planning and evaluation, and to formulate a statistical model of the educational system.
Exp.		14,251	19,500 ^B	22,138	2,638	
Civil rights educational activities.....704	NOA		8,000	8,000		Provides for institutes for school personnel, grants to schools and technical assistance to enable schools to deal more effectively with educational problems occasioned by desegregation.
Exp.			1,500	8,000	6,500	
Proposed legislation:						
Elementary and secondary education.....701	NOA			^A 1,255,000	1,255,000	Will provide funds to school districts enrolling substantial numbers of children from low-income families, widen educational opportunities for all children, especially the disadvantaged, handicapped, and unsuccessful, expand educational research, and stimulate educational improvements through assistance for instructional materials, library resources, and introduction of the results of educational research in the school program.
Exp.				^A 500,000	500,000	

Higher education, including student assistance and other.....702	NOA Exp.	-----	-----	^A 260,000 ^A 100,000	260,000 100,000	Will expand financial support for college students, especially from low-income families, strengthen college libraries and small colleges and stimulate development of urban extension services.
Colleges for agriculture and the mechanic arts (permanent).....702	NOA Exp.	2,550 2,550	2,550 2,550	2,550 2,550	-----	Annual grants of \$50 thousand are made to each State and to Puerto Rico.
Promotion of vocational education, act of Feb. 23, 1917 (permanent, indefinite).....704	NOA Exp.	7,161 7,117	7,161 7,117	7,161 7,117	-----	Grants to States are available to carry out the purposes of the 1963 Vocational Education Act.
Intragovernmental funds:						
Advances and reimbursements.....704	Exp.	-1,768	116	10	-106	
Total, Office of Education....	NOA	701,561	1,499,149	1,866,272	1,881,695	
	Exp.	659,888	^B 428 776,192	^A 1,515,000 1,192,015 ^A 600,000	1,015,823	
VOCATIONAL REHABILITATION ADMINISTRATION						
General and special funds:						
Grants to States.....659	NOA Exp.	88,700 84,287	100,100 96,799	124,000 119,000	23,900 22,201	Permits matching of available State funds to rehabilitate 145,000 handicapped persons—11% increase over 1965.
Research and training.....659	NOA Exp.	34,810 31,561	41,065 38,479	45,845 41,200	4,780 2,721	Supports 466 research and demonstration projects, 8,657 traineeships, 591 teaching grants, and 14 research and training centers.
Research and training (special foreign currency program).....659	NOA Exp.	2,000 1,200	2,000 2,280	2,000 2,420	----- 140	Excess foreign currencies permit use of overseas facilities for rehabilitation research and the interchange of rehabilitation experts.
Salaries and expenses.....659	NOA	2,905	3,140 ^B 92	3,415	183	Provides for strengthening administration of expanding grant programs and for additional specialized services to States and private nonprofit grantees.
	Exp.	2,860	3,209	3,375	166	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
VOCATIONAL REHABILITATION ADMINISTRATION—Continued					
General and special funds—Continued					
Improvements in vocational re- habilitation (proposed legisla- tion).....659	NOA		^A 10,000	10,000	Legislation will be proposed for project grants to expand State services, special matching for services to the severely disabled, and construction grants for work shops and rehabilitation centers.
	Exp.		^A 7,000	7,000	
Total, Vocational Rehabilitation Administration.	NOA	128,415	146,305	175,260	}
	Exp.	119,908	140,767	165,995	
			^B 92	^A 10,000	
			^A 7,000	^A 7,000	
PUBLIC HEALTH SERVICE					
Buildings and facilities.....651	NOA	16,311	22,512	7,781	Provides \$4.5 million for the Bureau of State Services, \$1.5 million for the Bureau of Medical Services, and \$1.5 million for the National Institutes of Health.
	Exp.	6,421	24,798	27,481	
					2,683
Community Health					
Injury control.....651	NOA	4,181	3,823	4,199	Estimate provides for initiation of research training grant and fellowship programs and small increase in research grants.
	Exp.	3,824	4,125	4,091	
			^B 61		
			^C 2		
Chronic diseases and health of the aged.....651	NOA	55,851	53,722	61,203	Provides increases to support additional projects for the detection of cervical cancer, expansion of renal dialysis demonstrations, further improvement in community programs for neurological and sensory diseases, and additional research grants. Formula grant for chronic illness includes specific increase for mental retardation activities in the States.
	Exp.	39,268	55,281	57,083	
			^B 141		
			^C 45		

Communicable disease activities 651	NOA	28,401	29,828 B 105 C 41	39,347	9,373	Increase is for expansion of aedes aegypti eradication program and for expansion of epidemic intelligence service and training assistance to the States. Legislation is proposed to continue the expiring community vaccination grant program.
	Exp.	19,365	32,924	49,378	16,454	
Community health practice and research.....651	NOA	29,641	33,175 B 43 C 12	63,482	30,252	Estimate reflects full authorization of \$24.3 million for loans to students of medicine, dentistry, and nursing as well as increased support for professional public health training.
	Exp.	26,755	32,391	59,001	26,610	
Control of tuberculosis.....651	NOA	6,850	10,914 B 14 C 4	15,666	4,734	Estimate provides increase for 2d year of renewed effort to control tuberculosis.
	Exp.	6,635	10,888	14,998	4,110	
Control of venereal diseases..651	NOA	9,599	10,030 B 70 C 5	10,392	287	Estimate continues the present effort to eradicate venereal disease.
	Exp.	8,873	10,078	10,296	218	
Dental services and resources.651	NOA	6,246	7,171 B 47 C 10	7,903	675	Increase provides for additional research grants, expansion of research in dental techniques, and start of a research training grant program.
	Exp.	4,564	6,968	7,795	827	
Nursing services and resources.651	NOA	11,249	21,631 B 17 C 12	21,075	-585	Increases for research training, fellowship, and graduate nurse training programs are more than offset by decrease resulting from transfer of student nurse loans to "Community health practice and research" appropriation.
	Exp.	9,889	21,356	20,492	-864	
Hospital construction activities 651	NOA	231,286	245,846 B 56 C 5	303,304	57,397	Estimate provides \$100 million for community hospital grants, \$70 million in construction grant support for long-term care facilities, and \$60 million for grants to modernize obsolete medical facilities.
	Exp.	194,482	211,982	232,400	20,418	
Construction of health educational facilities.....651	NOA	-----	110,782	90,599	-20,183	Estimate includes \$90 million for grants to support the construction of medical, dental, nursing, and allied professional teaching facilities. Decrease results from transfer of student loans to another appropriation and lower 1966 authorization for construction grants.
	Exp.	-----	14,700	37,000	22,300	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
PUBLIC HEALTH SERVICE—Continued					
Community Health—Continued					
General and special funds—Continued					
George Washington University NOA	2,500				The Federal contribution was appropriated in 1964. Those funds will be fully expended by the end of 1966. (Construction was completed in 1964.)
Hospital construction.....651 Exp.		1,500	1,000	-500	
Construction of mental health facilities, Alaska.....651 Exp.	93	50		-50	
Surveys and planning for hospital construction.....651 Exp.	-6				
Total, community health.... NOA	385,804	526,922 B 554 C 136	617,170	89,558	
Exp.	313,741	402,243	493,534	91,291	
Environmental Health					
Environmental healthsciences..651 NOA	4,235	9,350 B 25 C 5	15,933	6,553	Initiates a new program of grants to establish university institutes of environmental health sciences. Research will be expanded in 1966 on the health effects of continued use of pesticides.
Exp.	2,479	7,154	14,438	7,284	
Air pollution.....651 NOA	12,987	20,930 B 51 C 14	24,403	3,408	Increases research in the removal of sulfur from fuels and the health effects of sulfur compounds in the air, supports additional development of air pollution control devices, and steps up enforcement and abatement activities.
Exp.	12,748	17,594	23,424	5,830	

Environmental engineering and sanitation.....651	NOA	9,070	9,117 B 23 C 30	9,293	123	Continues research into botulism poisoning and increases support of the interstate shellfish certification program. New projects in housing and community sanitation will be initiated.	
	Exp.	9,618	9,124	9,035	-89		
Occupational health.....651	NOA	5,032	5,163 B 22 C 9	5,584	390	Continues research and technical assistance in the field of health hazards arising from the work environment. Increased effort will be devoted in 1966 to the study of respiratory diseases of coal miners.	
	Exp.	4,976	5,180	5,574	394		
Radiological health.....651	NOA	19,377	19,598 B 58 C 64	20,818	1,098	The limited nuclear test ban treaty permits a general leveling off of this program at the 1965 level, except for the one-time costs of equipping a new field laboratory building.	
	Exp.	17,153	20,634	20,866	232		
Water supply and water pollution control.....651	NOA	29,042	35,009 B 117	40,601	5,475	Expands comprehensive river basin planning for pollution control, steps up enforcement and abatement efforts, and provides for staffing newly constructed field laboratories. Expands to a second site the acid mine drainage research project initiated in 1965.	
	Exp.	27,905	33,750	38,974	5,224		
Grants for waste treatment works construction.....651	NOA	90,000	90,000	100,000	10,000	Steps up grants for pollution control works to the full amount authorized.	
	Exp.	66,432	74,000	80,000	6,000		
Environmental health activities.....651	Exp.	114	30	-	-30	(Activities now appear in other accounts.)	
Total, environmental health.....	NOA	169,743	189,167 B 296 C 122	216,632	27,047		
	Exp.	141,426	167,466	192,311	24,845		
Medical Services							
Hospitals and medical care...651	NOA	51,293	53,338 A 427 B 1,146 C 153	56,846	1,782	Supplemental in 1965 represents wage board pay increases. 1966 estimates reflect savings from the closing in 1965 of 2 Public Health Service hospitals offset by increased costs resulting from greater use of contract care facilities; staffing increases to improve patient care and expand professional training at the 5 large hospitals and to meet greater outpatient workload; and an equipment replacement program.	
	Exp.	52,362	51,894 A 415	54,538 A 12	2,241		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
PUBLIC HEALTH SERVICE—Continued					
Medical Services—Continued					
General and special funds—Continued					
Foreign quarantine activities...651 NOA	6,554	6,851 B 145 C 13	7,311	302	Increase in 1966 permits expansion of oversea visa examination program to 2 new locations. These latter costs are offset by examination fees deposited in general fund of the Treasury.
Exp.	6,596	6,658	6,900	242	
Indian health activities.....651 NOA	59,693	61,620 A 238 B 1,000 C 82	66,093	3,153	Supplemental in 1965 represents wage board pay increases. Increases in 1966 result from staff increases to meet expanding outpatient workloads and to staff new facilities; to fund new medical residency training programs; to improve service in hospital and health programs; and to establish an equipment replacement program.
Exp.	60,239	59,555 A 238	62,800	3,007	
Construction of Indian health facilities.....651 NOA	6,100	8,335	9,088	753	Includes planning and construction of 1 hospital, 35 sanitation projects, and other miscellaneous health projects.
Exp.	5,486	8,800	11,200	2,400	
Total, medical services..... NOA	123,639	130,144 A 665 B 2,291 C 248	139,338	5,990	
Exp.	124,683	126,907 A 653	135,438 A 12	7,890	

National Institutes of Health						
General research and services...651	NOA Exp.	154,206 150,108	164,190 142,094	58,719 93,355	-105,471 -48,739	Decrease reflects separate funding of National Institute of General Medical Sciences. An increase of \$7 million is provided primarily for special grants.
National Institute of General Medical Sciences.....651	NOA Exp.	----- -----	----- -----	122,338 63,649	122,338 63,649	Estimate provides for the following in 1966 compared with 1965: 2,027 research grants compared to 1,849, 2,071 fellowship awards compared to 1,837, and 682 graduate training grants compared to 690. Prior year funds were included in the appropriation for "General research and services."
Biologics standards.....651	NOA Exp.	4,787 3,553	4,969 4,075	6,406 6,405	1,437 2,330	Increase expands research and testing of new vaccines.
National Institute of Child Health and Human Development...651	NOA Exp.	34,000 19,260	42,696 29,340	53,524 42,062	10,828 12,722	Estimate will provide major expansion of intramural research and extramural research and training grants.
National Cancer Institute.....651	NOA	143,179	138,970	149,968	10,855	Increase reflects \$10 million for research on cancer-leukemia shown as a separate appropriation in 1965. Reappropriations are planning funds for cancer research building.
Reappropriation.....	NOA Exp.	264 136,853	143 118,990			
Special cancer research.....651	NOA Exp.	----- -----	10,000 6,000	----- 4,000	-10,000 -2,000	The 1966 request for the National Cancer Institute includes \$10 million to continue this program.
National Institute of Mental Health.....651	NOA Exp.	176,312 159,916	188,273 157,295	208,969 182,028	20,696 24,733	Increase will allow 1,549 research grants in 1966 compared with 1,494 in 1965, and 1,979 training grants, up from 1,777 in 1965.
Construction of community mental health centers.....651	NOA Exp.	----- -----	35,000 3,000	50,000 15,000	15,000 12,000	Estimate funds full authorization for construction of these centers.
National Heart Institute.....651	NOA	124,329	125,171	131,612	5,757	Increase will provide for continuation costs of grants started in prior years. Reappropriations are planning funds for gerontology building in Baltimore, Md.
Reappropriation.....	NOA Exp.	743 129,030	684 109,210			
National Institute of Dental Research.....651	NOA Exp.	19,166 20,337	20,190 17,115	22,177 19,204	1,987 2,089	Increase provides research training for 500 individuals as contrasted to 460 in 1965 and 425 in 1964.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
PUBLIC HEALTH SERVICE—Continued					
National Institutes of Health—Continued					
General and special funds—Continued					
National Institute of Arthritis and Metabolic Diseases.....651	NOA 107,699 105,613	113,344 97,800	119,203 107,910	5,859 10,110	Increase is for 72 additional fellowships, and a slight expansion of research and training grants.
National Institute of Allergy and Infectious Diseases.....651	NOA 67,117 65,637	70,100 61,125	74,987 67,656	4,887 6,531	Increase is for grants and awards and other small increases in all of the Institute's other activities.
National Institute of Neurological Diseases and Blindness.....651	NOA 84,443 80,496	88,089 76,610	92,153 83,208	4,064 6,598	Additional funds will finance increased costs of grants initiated in prior years.
Grants for construction of health research facilities.....651	NOA 56,000 37,828	58,000 47,000	56,000 47,000	-2,000	Decrease is due to lower authorization in 1966 for mental retardation research facilities.
Construction of mental health-neurology research facility..651	Exp. 274	2,600	4,200	1,600	(Expenditures are payments of prior obligations.)
Grants for cancer research facilities.....651	Exp. 695	1,746	1,000	-746	(Expenditures are payments of prior obligations.)
Total, National Institutes of Health.	NOA 972,245 909,601	1,059,819 874,000	1,146,056 988,054	86,237 114,054	
Scientific activities overseas (special foreign currency program).....651	NOA 4,000 3,124	1,000 5,000	6,000 5,300	5,000 300	Supports overseas scientific research through use of excess foreign currencies.
National health statistics.....651	NOA 5,949	6,152 B 149 C 3	7,310	1,006	Increase is for first full year cost of hospital discharge survey and for other programs for the collection and analysis of health and vital statistics.
	Exp. 5,606	6,433	7,300	867	

National Library of Medicine..651	NOA	4,074	3,892 B 66	5,010	1,052	Increase is primarily for improving the organization, management, and dissemination of published information on drugs.
	Exp.	4,112	3,799	4,960	1,161	
Retired pay of commissioned officers (indefinite).....651	NOA Exp.	6,487 6,150	7,155 6,932	7,850 7,300	695 368	Retired officers will increase from 528 to 587. The Public Health Service cost of medical care of dependents of commissioned officers is included in the appropriation.
Salaries and expenses, Office of the Surgeon General.....651	NOA Exp.	6,215 6,412	6,006 B 200 C 8 5,876	6,648 6,600	434 724	Increase augments existing administrative direction of Public Health Service activities.
Emergency health activities...059	NOA Exp.	27,500 20,080	8,875 13,000	10,380 8,000	1,505 -5,000	Provides for inventory management and further increase in medical civil defense stockpile.
Proposed health legislation...651	NOA Exp.	----- -----	----- -----	A 106,000 A 58,000	106,000 58,000	Proposed legislation for increased support of health facilities, services, and medical education.
Proposed pollution control legislation.....651	NOA Exp.	----- -----	----- -----	A 60,000 A 12,000	60,000 12,000	Increased grants to State and local pollution control agencies, additional enforcement authority, and a program aimed at problems caused by combined storm and sanitary sewers.
Public enterprise funds:						
Operation of commissaries, narcotic hospitals.....651	Exp.	-3	3	-1	-4	
Intragovernmental funds:						
Bureau of State Services management fund.....651	Exp.	294	-----	-----	-----	
National Institutes of Health management fund.....651	Exp.	371	-----	-----	-----	
Service and supply fund.....651	Exp.	-91	-69	-8	61	
Working capital fund, narcotic hospitals.....651	Exp.	-22	-1	-11	-10	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
PUBLIC HEALTH SERVICE—Continued					
Intragovernmental funds—Continued					
General research support grants... Exp. 651	4,534	-----	-----	-----	(Advances and payments in 1965 and 1966 are expected to be equal.)
Advances and reimbursements... Exp. 651	-817	800	332	-468	
Total, Public Health Service... NOA	1,721,969	1,961,644 A 665 B 3,556 C 517	2,170,175 A 166,000	369,793	
Exp.	1,545,619	1,637,187 A 653	1,876,590 A 70,012	308,762	
SAINT ELIZABETHS HOSPITAL					
General and special funds:					
Salaries and expenses (indefinite)..... NOA 651	7,852	8,569 A 284 B 684	9,399	-138	Supplemental in 1965 represents wage board increases. Decrease in 1966 is net result of an anticipated reduction in patient load partially offset by an increase in the amount of stipends paid to hospital interns and residents. Also included are funds to replace obsolete and wornout equipment.
Exp.	8,631	8,299 A 284	8,500	-83	

Buildings and facilities.....	651	NOA	627	2,032	1,977	-55	Provides for air conditioning Nichols Building, advance planning for a maximum security building, and miscellaneous improvements.
		Exp.	742	2,000	2,200	200	
Intragovernmental funds:							
Advances and reimbursements.	651	Exp.	-25	26	3	-23	
Total, Saint Elizabeths Hos- pital.		NOA	8,479	10,601	11,376	-193	
		Exp.	9,348	10,325 A 284 B 684 A 284	10,703	94	
SOCIAL SECURITY ADMINISTRATION							
Trust funds:							
Limitation on salaries and ex- penses.			(317,900)	(326,410) (B 5,216)	(358,092)	(26,466)	Estimate provides for 3% increase in overall workload for Social Security Administration, for improved means for determining disability, and for special recomputation project.
		Exp.	(312,382)	(332,273)	(355,966)	(23,693)	
Limitation on construction.....				(5,750)	(11,860)	(6,110)	Provides for construction of additional headquarters space and for 13 district offices.
		Exp.	(2,558)	(2,601)	(7,245)	(4,644)	
General and special funds:							
International Social Security As- sociation meeting.....	659	NOA	92				1964 NOA financed XVth General Assembly of International Social Security Association held in Washington in September 1964.
		Exp.	6	86		-86	
Payments for military service credits (proposed legislation)	659	NOA			A 60,000	60,000	Estimate is for the first of 50 annual installments to liquidate the Federal Government's obligation to the old-age, survivors, and disability system for the costs of past military service.
		Exp.			A 60,000	60,000	
Public enterprise funds:							
Operating fund, Bureau of Federal Credit Unions.....	659	Exp.	117	9	-161	-170	(The chartering, supervision, and periodic examination of Federal credit unions is financed by fees for services performed.)
Intragovernmental funds:							
Advances and reimbursements.	653	Exp.	-2				
Total, Social Security Admin- istration.		NOA	92		A 60,000	60,000	
		Exp.	121	95	-161 A 60,000	59,744	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
WELFARE ADMINISTRATION					
General and special funds:					
Grants to States for public assistance.....653	NOA 2,884,600	2,781,000	3,242,100	53,200	Supplemental in 1965 is needed to complete 1964 requirements and for increased caseload and payments to recipients. Increase in 1966 expands medical assistance for the aged, aid to families with dependent children, and aid to the permanently and totally disabled.
Exp. 2,944,052		^A 407,900 2,544,106 ^A 407,900	3,242,100	290,094	
Assistance for repatriated U.S. nationals.....653	NOA 467	373	332	-41	Provides assistance to mentally ill and other indigent repatriates.
Exp. 396		373	300	-73	
Salaries and expenses, Bureau of Family Services.....653	NOA 4,956	5,359	6,256	742	Increase provides for increased consultative effort to assure improvement in State administration and dependency-reducing efforts.
Exp. 4,620		^B 155 5,320	6,235	915	
Grants for maternal and child welfare.....651	NOA 99,443	127,830	162,000	34,170	Increases are for doubling mental retardation preventive efforts, expansion of the maternal and child health, crippled children and child welfare programs, and for research and training projects.
Exp. 89,356		106,000	151,000	45,000	
Salaries and expenses, Children's Bureau.....651	NOA 3,776	4,295	4,494	96	Provides for strengthening specialized consultative services to the States.
Exp. 3,503		^B 103 4,195	3,994	-201	
Juvenile delinquency and youth offenses.....659	NOA 6,950	11,500	10,000	-1,500	Decrease results because projects initiated in some communities will be funded by the Office of Economic Opportunity under the community action program.
Exp. 7,465		9,500	8,000	-1,500	
Salaries and expenses, Office of Aging.....659	NOA 545	566	703	116	Increase will provide for the President's Council on Aging and necessary staffing of that function. Previously financed jointly with other departments and agencies.
Exp. 509		^B 21 540	663	123	

Cooperative research or demonstration projects.....653	NOA Exp.	1,455 1,193	1,700 1,500	2,000 1,800	300 300	Provides for 46 comprehensive research and demonstration projects aimed at the reduction of dependency.
Research and training (special foreign currency program).....651	NOA Exp.	334	400	1,200 800	1,200 400	Studies in maternal and child health and in social welfare will be undertaken in 8 foreign countries.
Salaries and expenses, Office of the Commissioner.....653	NOA Exp.	1,025 837	1,062 1,080	1,291 1,258	187 178	Increase will strengthen regional direction and coordination of welfare programs.
Assistance to refugees in the United States.....653	NOA	39,717	34,800	34,400	-5,600	Estimate reflects decline in requirement for financial assistance, education, training, and health services for Cuban refugees. Funds not needed in 1965 will be transferred to meet Pay Act costs in "Salaries and expenses, Food and Drug Administration," "Hospitals and medical care, Public Health Service," and part of such costs in "Salaries and expenses, Office of Education."
Reappropriation.....	NOA Exp.	14,083 42,566	7,789 42,100	33,570	-8,530	
Proposed legislation: Improvement of medical care for needy children under public assistance.....653	NOA Exp.			A 100,000 A 100,000	100,000 100,000	Legislation will be proposed to broaden the medical vendor provisions of public assistance to include medical care to children in needy families similar to that available to the medically indigent aged under the Kerr-Mills program.
Improvement and expansion of public assistance.....653	NOA Exp.			A 114,000 A 114,000	114,000 114,000	Legislation will be proposed to increase the Federal share of payments to public assistance recipients and to authorize payments for needy aged patients in tuberculosis and mental institutions.
Grants for maternal and child health services.....651	NOA Exp.			A 25,000 A 25,000	25,000 25,000	Legislation will be proposed to expand the maternal and child health and the crippled children's program to provide project grants for comprehensive school health care, particularly in economically distressed areas.
Intragovernmental funds: Advances and reimbursements.....653	Exp.	14	1		-1	
Total, Welfare Administration.	NOA Exp.	3,057,017 3,094,844	2,976,274 2,715,115	3,464,776 3,449,720	321,870 565,705	
			A 407,900 B -2,115 C -153	A 239,000 A 239,000		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued						
SPECIAL INSTITUTIONS						
American Printing House for the Blind						
General and special funds:						
Education of the blind.....704	NOA	775	865	909	44	Increase reflects larger school enrollment of blind children and increase in cost of producing educational materials for the blind.
	Exp.	775	865	909	44	
Freedmen's Hospital						
Salaries and expenses.....651	NOA	3,880	3,873	4,624	586	Increase provides for employee terminal leave pay when hospital is transferred to Howard University by June 30, 1966, and improvement in training program and quality of patient care; partially offset by increased reimbursements from pay patients.
	Exp.	4,174	3,894 ^B	4,514	620	
Gallaudet College						
Salaries and expenses.....702	NOA	1,722	1,926	2,277	351	Additional faculty and higher operating costs will accompany the estimated 11% increase in enrollment in 1966.
	Exp.	1,770	1,918	2,250	332	
Construction.....702	NOA	2,919	367	308	-59	Provides for completion of facilities now under construction and planning of additions to existing structures to accommodate increasing enrollment.
	Exp.	583	2,170	1,100	-1,070	
Total, Gallaudet College.....	NOA	4,641	2,293	2,585	292	
	Exp.	2,354	4,088	3,350	-738	

Howard University					
Salaries and expenses.....702	NOA	8,819	9,660 A 183	10,982	1,139
	Exp.	8,630	9,300 A 170		
Construction.....702	NOA	6,245	1,810	2,920	1,110
	Exp.	3,458	3,820		
Total, Howard University...	NOA	15,064	11,470 A 183	13,902	2,249
	Exp.	12,088	13,120 A 170		
Total, special institutions....	NOA	24,360	18,501 A 183	22,020	3,171
	Exp.	19,390	21,967 B 165 A 170		
GENERAL ADMINISTRATION AND OTHER					
Salaries and expenses, Office of the Secretary.....659	NOA	2,933	3,070 B 211	3,811	530
	Exp.	(467)	(479)		
Limitation payable from old-age and survivors insurance trust fund.	Exp.	2,723	3,220	3,762	(4)
Salaries and expenses, Office of Audit.....659	NOA	-----	-----	3,180	3,180
	Exp.	-----	-----	(493)	(493)
Limitation payable from old-age and survivors insurance trust fund.	Exp.	-----	-----	3,125	3,125

Supplemental in 1965 will provide non-faculty pay increases similar to those granted Federal employees in recent legislation. Increase provides principally for a 4% larger enrollment in the liberal arts and graduate schools and for keeping faculty salaries comparable with those in similar institutions.

Provides for construction of a woman's physical educational building and planning for additional structures to accommodate increasing enrollment.

Additional staff is provided to strengthen economic planning, science and other program coordination, grants management, and management appraisal functions. It is also planned to reorganize the Secretary's Office to permit dealing with increasingly complex problems in a more effective manner.

A new appropriation to finance a reorganized central department audit staff.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued					
GENERAL ADMINISTRATION AND OTHER—Continued					
General and special funds—Continued					
Office of Field Administration.659 NOA	3,732	3,784 B155	1,886	-2,053	Increase to strengthen regional office management and to meet workload increases are more than offset by transfer of the audit activity to "Salaries and expenses, Office of Audit."
Limitation payable from old-age and survivors insurance trust fund and Bureau of Federal Credit Unions operating fund.	(1,337)	(1,288) (B52)	(1,326)	(-14)	
Exp.	3,792	3,865	1,874	-1,991	
Surplus property utilization...659 NOA	950	970 B31	1,053	52	Staff to meet rising workload in allocation of surplus property will be financed by 1966 increases.
Exp.	973	979	1,045	66	
Salaries and expenses, Office of the General Counsel.....659 NOA	975	1,167 B101	1,435	167	Provides staff for contract negotiation and appeals, food and drug enforcement, and regional and field litigation.
Limitation payable from old-age and survivors insurance trust fund and Food and Drug Administration revolving fund.	(900)	(907)	(879)	(-28)	
Exp.	970	1,225	1,430	205	
Educational television facilities... NOA	6,500	13,000	11,826	-1,174	Provides for maximum authorization for grants to public and non-profit private educational television agencies for construction of transmission apparatus.
704 Exp.	1,962	8,500	12,000	3,500	
Intragovernmental funds:					
Working capital fund.....659 Exp.	-64	-264	-98	166	

Advances and reimbursements.659	Exp.	-17			
Total, general administration and other.	NOA	15,090	21,991 B 498	23,191	702
	Exp.	10,338	17,525	23,138	5,613
Total, Department of Health, Education, and Welfare.	NOA	5,697,070	6,684,538 A 409,032 B 4,478 C 364	7,789,746 A 1,990,000	2,681,334
	Exp.	5,497,732	5,356,084 A 409,007 B 4,306 C 364	6,800,192 A 976,025 B 172	2,006,628

DEPARTMENT OF THE INTERIOR

PUBLIC LAND MANAGEMENT						
Bureau of Land Management						
General and special funds:						
Management of lands and resources.....401	NOA	46,617	46,346 A 3,200 B 750	47,630	-2,666	Supplemental in 1965 is for fire suppression. Estimate in 1966 makes provision for accomplishing more adequately the maintenance of buildings, sanitation and protection facilities, and roads on the public domain. Increases are also provided for works to halt deterioration of public land, and for cooperative resources management projects with States and local agencies.
	Exp.	45,573	43,171 A 2,950	44,362 A 250	-1,509	
Construction.....401	NOA	300	1,100	1,600	500	Provides for continuing construction of facilities to house fire control operations in Alaska; for construction of sanitation and protection facilities on public domain lands in areas of heavy public use; and for several small offices and warehouses to house field operations.
	Exp.	392	800	800		
Oregon and California grant lands (receipt limitation) (indefinite) 401	NOA	9,648	10,125	8,545	-1,580	A sum equal to 25% of revenues from these lands is available for road construction and maintenance, reforestation, protection, and the development and maintenance of recreational facilities
	Exp.	7,598	8,000	8,000		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
PUBLIC LAND MANAGEMENT—Con.					
Bureau of Land Management—Continued					
General and special funds—Continued					
Public lands development roads and trails: 401					
Contract authorization:					
Current..... NOA		2,000			142 miles of road construction is programed for 1966.
Permanent..... NOA	4,000		2,000		
Liquidation of contract authorization. Exp.	(760) 710	(2,000) 2,050	(2,000) 2,000	-50	
Range improvements (receipt limitation) (indefinite).....401	1,248 1,240	1,397 1,250	1,455 1,250	58	
Permanent appropriations:					
General fund.....401 NOA	230	230	227	-3	Revenues from mineral leasing, sale of timber, grazing leases and permits, and other public domain revenue-producing operations are used in resource programs, or are paid to the States and counties in various proportions, as specified by law. Permanent appropriation of receipts from land and water resources are devoted, in general, to improvements of roads, recreational facilities, and grazing lands. Those from forest resources may be used for the costs of timber sales, or for State or county roads, schools, etc. Minerals revenues are largely paid to States for educational and other uses.
Special fund.....401 NOA	1,694	1,963	2,035	72	
Exp. Exp.	1,314	2,193	2,262	69	
Special fund.....402 NOA	15,218	21,963	19,060	-2,903	
Exp. Exp.	15,228	21,963	19,060	-2,903	
General fund.....403 NOA	6	3	10	7	
Special fund.....403 NOA	46,548	52,020	53,168	1,148	
Exp. Exp.	46,544	52,023	53,178	1,155	
Total, Bureau of Land Management. NOA	125,508	137,147 A 3,200 B 750	135,730	-5,367	
Exp.	118,599	131,450 A 2,950	130,912 A 250	-3,238	

Bureau of Indian Affairs						
Education and welfare services:						
Appropriation	704 NOA	88,445	94,878 ^B 1,497	105,795	9,420	The increase is primarily to support an additional 4,515 students in Federal elementary and secondary schools and 920 more persons in the vocational training program.
Contract authorization (per- manent, indefinite)	704 NOA	990	1,100	1,100		
Liquidation of contract author- ization.	Exp.	(772) 89,020	(990) 93,741	(1,100) 104,589	(110) 10,848	
Resources management	401 NOA	38,111	40,390 ^A 500 ^B 724	42,956	1,342	The 1965 supplemental is for firefighting. The increase in 1966 is primarily for maintenance of new schools and for economic development on and near reservations.
	Exp.	37,630	40,034 ^A 400	40,670 ^A 100	336	
Construction	401 NOA	59,224	52,009	68,975	16,966	The program includes construction of new schools, including 3 Navajo boarding schools, additions to existing schools, and construction of utility and irrigation systems.
	Exp.	45,634	47,206	54,721	7,515	
Road construction:	401					The 1966 program includes 381 miles of grading and draining and 549 miles of surfacing.
Contract authorization:						
Current	NOA		18,000			
Permanent	NOA	18,000		18,000		
Liquidation of contract author- ization.	Exp.	(15,000) 14,970	(17,000) 18,305	(16,900) 16,900	(-100) -1,405	
General administrative expenses	409 NOA	4,264	4,331 ^B 189	4,520		Administration is continued at the current level.
	Exp.	4,323	4,500	4,518	18	
Menominee educational grants	704 NOA	132	88	44	-44	The last of 5 decreasing grants for school costs to lessen the impact of the termination of Federal services to the Menominee tribe.
	Exp.	132	88	44	-44	
Payment to Seneca Nation	409 NOA		12,129		-12,129	The payment made in 1965 is for a one-time program of assistance to improve conditions of the members of the Seneca Nation.
	Exp.		12,129		-12,129	

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

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THE BUDGET FOR FISCAL YEAR 1966

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
PUBLIC LAND MANAGEMENT—Con.					
Bureau of Indian Affairs—Continued					
General and special funds—Continued					
Miscellaneous accounts.....409 Exp.	3	142	-----	-142	Payments are made to various tribes as authorized by special laws.
Claims and treaty obligations (per- NOA manent, indefinite).....409 Exp.	173 190	161 171	161 161	----- -10	Payments are authorized to meet treaty obligations with certain Indian tribes.
Other miscellaneous appropria- NOA tions (permanent, indefinite, Exp. special funds).....401	6,712 6,578	6,529 6,450	6,645 6,536	116 86	Revenue from irrigation and electric power projects is used to operate and maintain the projects.
409 NOA Exp.	5	10 114	10 10	----- -104	Revenue from mineral deposits is used for acquisition of lands and for loans to Indians in Oklahoma.
Public enterprise funds:					
Revolving fund for loans.....401 NOA Exp.	2,000 5,094	900 2,109	----- 520	-900 -1,589	Legislation will be recommended to increase the appropriation authoriza- tion.
Liquidation of Hoonah Housing Exp. project revolving funds.....409	-2	107	3	-104	(Balances are being used for liquidation.)
Intragovernmental funds:					
Advances and reimbursements.409 Exp.	642	1,403	-----	-1,403	
Total, Bureau of Indian NOA Affairs.	218,057	230,525 A 500	248,206	14,771	
Exp.	204,216	B 2,410 226,499 A 400	228,672 A 100	1,873	

National Park Service						
General and special funds:						
Management and protection...405	NOA	27,302	29,230 ^{A 265}	} 33,215	3,088	Supplemental in 1965 is for fire suppression. Increase in 1966 is for operation of 11 new park areas and newly constructed facilities to serve the increasing visitation to the 218 areas. U.S. Park Police staff will be strengthened and certain supporting services augmented.
	Exp.	27,232	29,000 ^{B 632} ^{A 250}			
Maintenance and rehabilitation of physical facilities.....405	NOA	21,941	23,100 ^{A 550}	} 24,660	1,010	Supplemental in 1965 is for wage board pay increases. The 1966 increase will cover 10 new areas and permit more adequate maintenance of roads and facilities throughout the Park Service.
	Exp.	21,973	22,500 ^{A 525}			
Construction.....405	NOA	32,697	42,407	} 26,327	-16,080	In 1966, the program is limited to construction of facilities and acquisition of water rights. Land acquisition, funded in this account in 1965 (\$13.2 million), will be financed in 1966 from the account "Land and water conservation," Bureau of Outdoor Recreation.
	Exp.	42,420	42,217			
Contract authorization: 405			34,000	} -----	-----	Work on 7 parkways will continue and road and trail construction will include work on 114 miles of major roads. Road construction in newly authorized areas will be initiated.
Current.....	NOA					
Permanent.....	NOA	41,000	(29,000)	} (34,000)	(5,000)	
Liquidation of contract authorization.	Exp.	(29,000) 33,703	(29,000) 35,021			} (34,000) 34,000
General administrative expenses 405	NOA	2,137	2,325 ^{B 97}	} 2,516	94	
	Exp.	2,116	2,300			} 2,500
Other miscellaneous permanent appropriations (permanent, indefinite, special funds).....405	NOA	150	136	} 122	-14	
	Exp.	244	156			} 122
Intragovernmental funds:						
Advances and reimbursements.405	Exp.	142	31	-----	-31	
Total, National Park Service	NOA	125,227	131,198 ^{A 815}	} 120,840	-11,902	
	Exp.	127,830	131,225 ^{B 729} ^{A 775}			} 126,480 ^{A 40}

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
PUBLIC LAND MANAGEMENT—Con.					
Bureau of Outdoor Recreation					
General and special funds:					
Salaries and expenses.....405	NOA	1,900	2,668	} 3,398	650
	Exp.	1,912	^{B 80} 2,738		
				3,300	562
Land and water conservation (special fund).....405	NOA	-----	^A 16,000	} 125,000	109,000
	Exp.	-----	^A 10,000		
				50,000	46,000
				^A 6,000	
Intragovernmental funds:					
Advances and reimbursements.405	Exp.	-12	12	-----	-12
Total, Bureau of Outdoor Recreation.	NOA	1,900	2,668	} 128,398	109,650
	Exp.	1,900	^A 16,000 ^{B 80} 2,750 ^A 10,000		
				53,300	46,550
				^A 6,000	
Office of Territories					
General and special funds:					
Administration of territories..910	NOA	13,000	25,300	} 14,579	-10,766
	Exp.	12,903	^{B 45} 9,657		
				16,130	6,473

Increase accelerates preparation of nationwide outdoor recreation plan and strengthens effort for coordination of Federal recreation programs.

Initial appropriation of receipts from the Land and water conservation fund to be available for Federal acquisition of recreation lands and for assistance to States for planning, acquisition, and development of such areas.

Decrease in 1966 results primarily from smaller requirements for the Guam rehabilitation program.

Trust Territory of the Pacific Islands.....910	NOA Exp.	15,000 20,300	17,500 12,400	17,344 18,500	-156 6,100	Program will be continued at about the current level with some adjustments between operation and construction.
Claims settlements, inhabitants of Rongelap Atoll, Trust Territory of the Pacific Islands...910	NOA Exp.	----- -----	^A 950 ^A 950	----- -----	-950 -950	The 1965 supplemental is for the settlement of claims by the residents of Rongelap Atoll for radiation exposure, as authorized by recent legislation.
Internal revenue collections for Virgin Islands (permanent, indefinite, special fund).....910	NOA Exp.	7,042 7,042	8,313 8,313	7,200 7,200	-1,113 -1,113	Payments are made to the Virgin Islands from taxes collected on island products sold in the United States.
Public enterprise funds:						
Loans to private trading enterprises, Trust Territory of the Pacific Islands.....910	Exp.	-103	280	-----	-280	(This fund was liquidated in 1965 and the assets contributed to the Trust Territory.)
Total, Office of Territories...	NOA	35,042	51,113 ^A 950	39,123	-12,985	
	Exp.	40,143	^B 45 30,650 ^A 950	41,830	10,230	
The Alaska Railroad						
Alaska Railroad revolving fund 506	NOA Exp.	20,000 1,809	----- 17,000	3,000 7,448	3,000 -9,552	Estimate completes the financing of Alaska earthquake damage restoration work.
Total, public land management.	NOA	525,734	552,652 ^A 21,465	675,297	97,166	
	Exp.	494,497	^B 4,014 539,575 ^A 15,075	588,642 ^A 6,390	40,382	

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code		1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued						
MINERAL RESOURCES						
Geological Survey						
General and special funds:						
Surveys, investigations and re- search.....409	NOA	63,700	67,255 B 2,079	72,826	3,492	Estimate provides increases for mineral evaluation of wilderness areas; acceleration of studies of the earth's crust and upper mantle; development and coordination of national water resources data network; increased water resources research; and major new research effort in earthquake seismology. Engineering design for the expansion of Geological Survey research center at Denver will start in 1966.
	Exp.	60,921	63,957	70,089	6,132	
Lead and zinc stabilization pro- gram.....403	Exp.	652	602	430	-172	(Program provides stabilization payments to small domestic producers of lead and zinc. Funds appropriated in 1963 will be used to finance program in 1966.)
Payments from proceeds, sale of water, Mineral Leasing Act of 1920, sec. 40(d) (permanent, indefinite, special fund)....401	NOA	1	1	1		Receipts are appropriated to maintain and develop water wells on the public domain.
	Exp.		3		-3	
Intragovernmental funds:						
Advances and reimbursements...409	Exp.	-496	1,040		-1,040	
Total, Geological Survey....	NOA	63,701	67,256 B 2,079	72,827	3,492	
	Exp.	61,077	65,602	70,519	4,917	

		Bureau of Mines					
General and special funds:							
Conservation and development of mineral resources.....403	NOA	29,369	30,093 ^B 798	} 31,625	734	Increase is for research to develop economical uses of metal in junk automobiles; mining research; marine mineral mining; explosives research; automation of selected statistical surveys; and evaluation of mineral deposits in wilderness areas.	
	Exp.	28,658	30,614		31,514		900
Health and safety.....652	NOA	8,661	9,299 ^B 237	} 9,507	-29	Provides for research and educational effort to reduce health and safety hazards in mining operations.	
	Exp.	8,558	9,400		9,500		100
Construction.....403	Exp.	338	393	-----	-393	(Construction work for which these funds were originally appropriated has been completed.)	
General administrative expenses 403	NOA	1,460	1,410 ^B 59	} 1,529	60	Increase is to provide for conversion of certain administrative work to automatic data processing.	
	Exp.	1,382	1,450		1,500		50
Drainage of anthracite mines.403	Exp.	68	1,660	1,690	30	(Balance of a 1956 appropriation will be spent in Pennsylvania.)	
Public enterprise fund:							
Helium fund (authorization to spend debt receipts).....403	NOA	6,000	14,000	16,780	2,780	Increase in borrowing from Treasury is for the purchase of helium; it is to be repaid later as helium is sold. Limit on level of annual purchases would be increased from \$47.5 million to \$60 million.	
	Exp.	9,794	16,483	16,657	174		
Intragovernmental funds:							
Advances and reimbursements.403	Exp.	-150	-----	-----	-----		
Total, Bureau of Mines.....	NOA	45,490	54,802 ^B 1,094	} 59,441	3,545		
	Exp.	48,648	60,000		60,861	861	
Office of Coal Research							
General and special funds:							
Salaries and expenses.....403	NOA	5,075	6,836	6,945	109	Increase will provide expansion of research by contract to find new markets and to develop new methods of mining, preparing and utilizing coal.	
	Exp.	2,627	5,100	5,686	586		

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
MINERAL RESOURCES—Continued					
Office of Minerals Exploration					
General and special funds—Continued					
Salaries and expenses.....403 NOA	850	850	-----	-850	Administration of this program is transferred to the Geological Survey.
Exp.	538	448	-----	-448	
Office of Oil and Gas					
Salaries and expenses.....403 NOA	616	660	} 704	-----	Estimate continues program at current level.
Exp.	613	^{B 44} 704		704	
Total, mineral resources..... NOA	115,732	130,404	} 139,917	6,296	
Exp.	113,503	^{B 3,217} 131,854		137,770	5,916
FISH AND WILDLIFE SERVICE					
Office of the Commissioner of Fish and Wildlife					
Salaries and expenses.....404 NOA	386	425	} 444	-----	Estimate continues program at current level.
Exp.	380	^{B 19} 440		440	

Bureau of Commercial Fisheries																																																																																						
Management and investigations of resources.....404	NOA	17,823	20,939 ^B 288	21,218	-9	Increases in 1966 primarily for full-year operating costs of new facilities are more than offset by nonrecurring cost of fishery resource disaster aid in Great Lakes region.																																																																																
	Exp.	16,927	20,000				20,000	Management and investigations of resources (special foreign currency program).....404	NOA	300	300	300	50	Biological and technological research and market development efforts are carried on abroad using excess foreign currencies.	Exp.	137	250	300	Construction.....404	NOA	5,100	4,788 ^A 150	1,405	-3,533	Supplemental in 1965 is for completion of a fish passage facility (Selway Falls, Idaho) damaged by flood waters. Amount for 1966 includes completion of construction of an exploratory vessel for use in Gulf of Mexico and continuation of program providing production and migration aids for salmon in Columbia River Basin.	Exp.	6,649	6,464 ^A 130	4,214 ^A 20	-2,360	Construction of fishing vessels. 404	NOA	750	2,500	5,000	2,500	Subsidies cover the difference in construction costs between U.S. and foreign shipyards on 25 vessels in 1965 and 50 in 1966.	Exp.	104	640	3,500	2,860	Federal aid for commercial fisheries research and development. 404	NOA			2,000	2,000	New program reimburses States up to 75% of cost of approved commercial fishery research and development projects.	Exp.			1,250	1,250	General administrative expenses.....404	NOA	653	667 ^B 37	674	-30	Estimate continues program at current level less nonrecurring cost of accounting equipment purchased in 1965.	Exp.	656	681	667	-14	Administration of Pribilof Islands (special fund).....404	NOA	2,468	2,442 ^B 12	2,454		Part of the proceeds from sales, mostly of fur sealskins, is used in administration of the Pribilof Islands.	Exp.	2,389	2,315	2,308	-7	Promote and develop fishery products and research pertaining to American fisheries (permanent, indefinite).....404	NOA	5,373	5,298	5,200	-98	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, technological development, and general administrative services.	Exp.
Management and investigations of resources (special foreign currency program).....404	NOA	300	300	300	50	Biological and technological research and market development efforts are carried on abroad using excess foreign currencies.																																																																																
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Construction.....404	NOA	5,100	4,788 ^A 150	1,405	-3,533	Supplemental in 1965 is for completion of a fish passage facility (Selway Falls, Idaho) damaged by flood waters. Amount for 1966 includes completion of construction of an exploratory vessel for use in Gulf of Mexico and continuation of program providing production and migration aids for salmon in Columbia River Basin.																																																																																
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	Exp.	104	640	3,500	2,860		Federal aid for commercial fisheries research and development. 404	NOA			2,000	2,000	New program reimburses States up to 75% of cost of approved commercial fishery research and development projects.	Exp.			1,250	1,250	General administrative expenses.....404	NOA	653	667 ^B 37	674	-30	Estimate continues program at current level less nonrecurring cost of accounting equipment purchased in 1965.	Exp.	656	681	667	-14	Administration of Pribilof Islands (special fund).....404	NOA	2,468	2,442 ^B 12	2,454		Part of the proceeds from sales, mostly of fur sealskins, is used in administration of the Pribilof Islands.	Exp.	2,389	2,315	2,308	-7	Promote and develop fishery products and research pertaining to American fisheries (permanent, indefinite).....404	NOA	5,373	5,298	5,200	-98	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, technological development, and general administrative services.	Exp.	5,273	4,992	4,960	-32																																
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	Exp.			1,250	1,250		General administrative expenses.....404	NOA	653	667 ^B 37	674	-30	Estimate continues program at current level less nonrecurring cost of accounting equipment purchased in 1965.	Exp.	656	681	667	-14	Administration of Pribilof Islands (special fund).....404	NOA	2,468	2,442 ^B 12	2,454		Part of the proceeds from sales, mostly of fur sealskins, is used in administration of the Pribilof Islands.	Exp.	2,389	2,315	2,308	-7	Promote and develop fishery products and research pertaining to American fisheries (permanent, indefinite).....404	NOA	5,373	5,298	5,200	-98	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, technological development, and general administrative services.	Exp.	5,273	4,992	4,960	-32																																												
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	Exp.	656	681				667	-14	Administration of Pribilof Islands (special fund).....404	NOA	2,468	2,442 ^B 12	2,454		Part of the proceeds from sales, mostly of fur sealskins, is used in administration of the Pribilof Islands.	Exp.	2,389	2,315	2,308	-7	Promote and develop fishery products and research pertaining to American fisheries (permanent, indefinite).....404	NOA	5,373	5,298	5,200	-98	A sum equal to 30% of customs duties on fishery products is appropriated for biological research, technological development, and general administrative services.	Exp.	5,273	4,992	4,960	-32																																																						
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^A Proposed for separate transmittal, other than pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF THE INTERIOR—Continued						
FISH AND WILDLIFE SERVICE—Con.						
Bureau of Commercial Fisheries—Con.						
General and special funds—Continued						
Payment to Alaska from Pribilof Islands fund (permanent, indefinite, special fund).....404	NOA 589	964	500	-464	Alaska is paid 70% of net proceeds from sales of wildlife products of the Pribilof Islands.	
	Exp. 589	964	500	-464		
Public enterprise funds:						
Federal ship mortgage insurance fund, fishing vessels.....404	Exp.	-30	-45	-50	-5	(Premiums and fees are reserved for possible losses. Contingent liability will be \$9 million in 1966.)
Fisheries loan fund.....404	Exp.	-506	709	D-41	-750	(Program of \$1.8 million is financed by receipts and fund capital.)
Limitation on administrative expenses.		(270)	(302) B (7)	D (309)		
Total, Bureau of Commercial Fisheries.	NOA	33,056	37,898 A 150	38,751	366	
	Exp.	32,188	36,970 B 337 A 130	37,608 A 20	528	

Bureau of Sport Fisheries and Wildlife						
General and special funds:						
Management and investigations of resources.....	NOA	30,481	34,838	} 34,935	-373	Program supplemental in 1965 is for wage board increases. Increases in 1966 for operation of fish hatcheries, management of new refuges, and pesticides registration are more than offset by reduction in predatory animal control program, closure of 9 fish hatcheries, and reducing management costs at marginal refuges.
			^A 176			
	Exp.	29,919	34,294	} 34,000	-470	
			^B 294 ^A 176			
Construction.....	NOA	5,294	8,058	2,992	-5,066	Program includes additional construction at 2 pesticides research facilities and a waterfowl management research center; development at 20 wildlife refuges; repair of storm damage at 5 refuges; and rehabilitation costs at 1 fish hatchery.
	Exp.	6,150	10,050	2,800	-7,250	
General administrative expenses	NOA	1,359	1,384	} 1,458	15	Small increase in estimate initiates automatic data processing effort.
404			^B 59			
	Exp.	1,283	1,459	1,400	-59	
Migratory bird conservation account.....	NOA	10,000	8,000	7,500	-500	Estimate of \$7.5 million to be advanced from general revenues (to be repaid later) is for acquisition of migratory waterfowl lands. Estimated receipts from sale of Federal duck-hunting stamps are used for the acquisition of migratory waterfowl lands.
Receipt limitation (permanent, indefinite).	NOA	4,560	5,000	5,000	-500	
	Exp.	8,414	12,000	11,500	-500	
Federal aid in fish restoration and management (receipt limitation, permanent, indefinite).	NOA	6,358	7,342	6,500	-842	Matching assistance to States is provided by appropriations equal to 10% excise tax on sport fishing equipment.
404	Exp.	5,906	6,000	6,000	-842	
Federal aid in wildlife restoration (permanent, indefinite, special fund).....	NOA	16,238	17,455	16,500	-955	Matching assistance to States is provided by appropriations equal to 11% excise tax on manufacture of firearms and cartridges.
404	Exp.	16,019	16,000	16,000	-955	
Payments to counties, national grasslands (permanent, indefinite, special fund).....	NOA	3	5	5	-	The sum of 25% of revenue from submarginal lands goes to counties in which such lands are located, for schools and roads.
404	Exp.	5	5	5	-	

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.
^D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
FISH AND WILDLIFE SERVICE—Con.					
Bureau of Sport Fisheries and Wildlife—Continued					
General and special funds—Continued					
Permanent appropriations from NOA	2,505	1,665	1,776	111	Of net proceeds from sales of refuge products, 75% is used for refuge management and enforcement of game protection laws, and 25% goes to counties in which such refuges are located for schools and roads.
national wildlife refuge receipts Exp. (indefinite, special funds)---404	2,532	1,476	1,569	93	
Total, Bureau of Sport Fisheries and Wildlife.	76,797	83,747	76,666	-7,610	
		A 176			
		B 353			
Exp.	70,229	81,284	73,274	-8,186	
		A 176			
Total, Fish and Wildlife Service.	110,239	122,070	115,861	-7,244	
		A 326			
		B 709			
Exp.	102,797	118,694	111,322	-7,658	
		A 306	A 20		
WATER AND POWER DEVELOPMENT					
Bureau of Reclamation					
General investigations.....401	10,286	11,398	11,520	122	Program includes engineering and economic investigations and research activities.
Exp.	10,151	11,800	11,520	-280	

Construction and rehabilitation 401	NOA Exp.	185,099 171,392	185,605 187,817	183,450 184,329	-2,155 -3,488	Construction continues on 28 projects, including the Pacific Northwest-Southwest power intertie, and on 15 Missouri River Basin project units estimated to cost \$4.4 billion; construction will start on 4 new projects estimated to cost \$99.7 million. Rehabilitation and betterment will be carried out on 7 projects. Facilities for 74,800 acres of irrigated land and 41,100 acre-feet of municipal and industrial water supply will be completed.
Operation and maintenance...401	NOA Exp.	37,963 34,392	39,842 39,000	40,915 40,500	1,073 1,500	Provides for operation and maintenance of 42 projects and Missouri River Basin units for irrigation, power, water use, and other activities. Increase provides for operation of additional facilities and 1 new project.
General administrative expenses 401	NOA Exp.	9,999 9,847	10,775 10,700	10,938 10,900	163 200	Provides overall administration and the technical direction of Bureau programs.
Loan program.....401	NOA Exp.	12,117 11,946	12,307 13,000	14,995 18,000	2,688 5,000	Finances projects started in prior years and provides for 4 new irrigation project loans costing \$11.4 million; 3 loan projects will be completed.
Emergency fund.....401	NOA Exp.	----- 71	1,000 1,690	----- 1,000	-1,000 -690	This account insures continuing operation of Federal water supply systems and powerplants in emergency situations.
Construction of recreational and fish and wildlife facilities, Upper Colorado River storage project 401	NOA Exp.	3,952 2,742	4,500 5,950	3,500 3,728	-1,000 -2,222	Development of public recreational facilities will be completed at 3 reservoirs. Construction of fish and wildlife facilities will continue at 6 sites.
Other miscellaneous appropri- ations (permanent, special funds) 401	NOA Exp.	4,837 4,614	4,452 4,782	3,712 3,710	-740 -1,072	Includes appropriations of Colorado River Dam fund revenues for payment of interest to Treasury and other specific items.
Public enterprise funds: Continuing fund for emergency expenses, Fort Peck project, Montana.....401	Exp.	-896	-1,739	-1,687	52	(Receipts from power sales are used for operation and maintenance of power generation and transmission facilities and for continued operation in emergency situations. Receipts exceed expenditures.)

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
WATER AND POWER DEVELOPMENT—Continued					
Bureau of Reclamation—Continued					
Public enterprise funds—Continued					
Upper Colorado River Basin fund NOA 401	94,006	57,792	45,365	-12,427	Construction continues on 3 storage units and the transmission facilities and on 7 participating projects. One \$3.7 million project will be started in 1966.
Exp.	95,123	62,000	47,000	-15,000	
Total, Bureau of Reclamation NOA	358,258	327,672	314,395	-13,277	
Exp.	339,383	335,000	319,000	-16,000	
Bonneville Power Administration					
General and special funds:					
Construction.....401 NOA	36,174	87,420	98,450	11,030	Increase is mainly for construction of 500 kv transmission lines as the main backbone of the Pacific Northwest power grid, and for continued construction of the Pacific Northwest-Southwest power intertie.
Exp.	30,840	36,750	71,850	35,100	
Operation and maintenance...401 NOA	14,084	14,980 A 280	16,015	755	Increase will provide for the operation and maintenance of transmission facilities added to the power system.
Exp.	13,918	14,980 A 270	16,015 A 10	775	
Continuing fund for emergency expenses, Bonneville project, Oregon (permanent, indefinite, special fund).....401 NOA	235	-----	-----	-----	This account is used to insure continued operation of the power system in emergencies.
Exp.	234	-----	-----	-----	

Public enterprise funds:						
Bonneville Power revolving fund... 401	NOA			^A -80,030	-80,030	Proposed legislation permits receipts from sale of power to be used, thus reducing need for NOA and decreasing net expenditures.
	Exp.			^A -80,030	-80,030	
Total, Bonneville Power Administration.	NOA	50,493	102,400	114,465	-68,245	
	Exp.	44,991	^A 280 51,730	^A -80,030 87,865	-44,155	
			^A 270	^A -80,020		
Southeastern Power Administration						
General and special funds:						
Operation and maintenance... 401	NOA	1,000	999	1,000	1	Provides for continuation of power marketing program.
	Exp.	758	800	850	50	
Public enterprise funds:						
Southeastern Power revolving fund... 401	NOA			^A -1,000	-1,000	Proposed legislation permits receipts from sale of power to be used, thus reducing need for NOA and decreasing net expenditures.
	Exp.			^A -25,200	-25,200	
Total, Southeastern Power Administration.	NOA	1,000	999	1,000	-999	
	Exp.	758	800	^A -1,000 850	-25,150	
				^A -25,200		
Southwestern Power Administration						
General and special funds:						
Construction..... 401	NOA	3,000	2,610	4,500	1,890	Initial funding for approximately 550 miles of transmission lines, additional substation capacity and related facilities.
	Exp.	4,378	2,828	5,169	2,341	
Operation and maintenance... 401	NOA	1,500	1,680	1,800	120	Increase is required to maintain additional power facilities.
	Exp.	1,502	1,672	1,831	159	
Continuing fund (indefinite, special fund)..... 401	NOA	4,500	4,500	4,000	-500	Provides for energy purchases and rental of transmission lines.
	Exp.	4,423	4,500	4,000	-500	

^A Proposed for separate transmittal, other than pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF THE INTERIOR—Continued						
WATER AND POWER DEVELOPMENT—Continued						
Southwestern Power Administration—Con.						
Public enterprise funds:						
Southwestern Power revolving fund.....401	NOA		^A -10,300	-10,300	Proposed legislation permits receipts from sale of power to be used, thus reducing need for NOA and decreasing net expenditures.	
	Exp.		^A -18,369	-18,369		
Total, Southwestern Power Administration.	NOA	9,000	8,790	10,300		} -8,790
	Exp.	10,303	9,000	^A -10,300 11,000 ^A -18,369		
Office of Saline Water						
General and special funds:						
Salaries and expenses.....401	NOA	10,000	10,000	26,515	Provides for an expanded effort to advance desalting technology applicable to a wide range of water supply problems. The development of more economic distillation processes will receive major emphasis. Supplemental in 1965 permits immediate expansion of research and development activities.	
	Exp.	7,017	^A 3,900 9,381 ^A 1,000	12,879		} 5,398
				^A 2,900		
Operation and maintenance...401	NOA	1,850	2,250	2,485	Provides for operation of 4 demonstration plants and 1 test site facility during 1966.	
	Exp.	1,392	2,250	2,485		

Construction, operation, and maintenance.....401	Exp.	1,085	-181	1,736	1,917	(Replacement of a demonstration plant transferred to Cuba in 1964 will be financed by a Navy reimbursement and balances of prior appropriations.)
Total, Office of Saline Water.	NOA	11,850	12,250 ^A 3,900	29,000	12,850	
	Exp.	9,494	11,450 ^A 1,000	17,100 ^A 2,900	7,550	
Total, water and power development.	NOA	430,601	452,111 ^A 4,180	469,160 ^A -91,330	-78,461	
	Exp.	404,929	407,980 ^A 1,270	435,815 ^A -120,689	-94,124	
SECRETARIAL OFFICES						
Office of the Solicitor						
Salaries and expenses.....409	NOA	3,999	4,223 ^B 170	4,479	86	Increase will provide legal services for new departmental programs.
	Exp.	3,902	4,323	4,450	127	
Office of the Secretary						
Salaries and expenses.....409	NOA	3,855	4,110 ^B 254	4,479	114	Department direction and management services will be strengthened.
	Exp.	3,815	4,270	4,501	231	
Intragovernmental funds:						
Working capital fund.....409	Exp.	28	10	-1	-11	
Advances and reimbursements.409	Exp.	-12	-	-	-	
Total, Office of the Secretary..	NOA	3,855	4,110 ^B 254	4,479	114	
	Exp.	3,831	4,280	4,500	220	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF THE INTERIOR—Continued					
SECRETARIAL OFFICES—Continued					
Office of Water Resources Research					
General and special funds:					
Salaries and expenses.....401 NOA		1,465	5,890	1,600	The 1965 supplemental provides funds sufficient to grant each of 37 States \$75 thousand to establish water research institutes. The 1966 amount provides for grants of \$87.5 thousand for up to 51 institutes, and increased matching grants for water research.
		^A 2,825			
Exp.		1,355	5,620	1,600	
		^A 2,745	^A 80		
Total, secretarial offices..... NOA	7,854	9,798	14,848	1,800	
		^A 2,825			
Exp.	7,732	^B 424	14,570	1,947	
		^A 2,745	^A 80		
VIRGIN ISLANDS CORPORATION					
Public enterprise funds:					
Operating fund.....q10 Exp.	326	-2,091	1	2,092	(Corporation will liquidate its programs in 1966.)
Limitation on administrative expenses.	(186)	(156)	(100)	(-56)	(Administrative expenses are needed only for liquidation purposes.)
Total, Department of the Interior. NOA	1,190,160	1,267,035	1,415,083	19,557	
		^A 28,796	^A -91,330		
Exp.	1,123,784	^B 8,364	1,287,646	-51,445	
		^A 19,396	^A -114,199		
		^B 7,890	^B 474		

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^B Proposed for separate transmittal, civilian pay increase supplemental.

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION						
General and special funds:						
Salaries and expenses, general administration.....908	NOA	4,660	4,850	} 5,525	403	Increase will provide for the establishment of an Office of Criminal Justice under the Deputy Attorney General, and appointment of parole examiners for the Board of Parole.
	Exp.	4,601	^B 272 5,080			
Salaries and expenses, general legal activities.....908	NOA	18,573	20,440	} 21,565	422	Increase is for full-year cost of staff added in 1965 to handle increasing civil rights caseload, and promotion program for tax division attorneys.
	Exp.	18,309	^B 703 20,890			
Trust fund:						
Limitation on general administrative expenses, alien property activities.		(690)	(690)	(369)	(-321)	(Estimate contemplates that most of the work of the Office of Alien Property will be completed, and the Office closed, by June 30, 1966.)
General and special funds:						
Salaries and expenses, Antitrust Division.....508	NOA	6,599	6,854	} 7,130	58	Increase will finance mandatory additional salary costs.
	Exp.	6,506	^B 218 6,980			
Salaries and expenses, U.S. attorneys and marshals.....908	NOA	29,230	30,285	} 32,475	590	Increase provides for additional assistant U.S. attorneys to improve collections of fines, forfeitures, and judgments, and for reclassification of senior deputy marshals.
	Exp.	29,016	^B 1,600 31,720			
Fees and expenses of witnesses...908	NOA	2,600	2,800	2,800	-----	Fees and expenses are paid to witnesses who appear on behalf of the Government.
	Exp.	2,445	2,700	2,800	100	
Intragovernmental funds:						
Advances and reimbursements.908	Exp.	16	-----	-----	-----	
Total, legal activities and general administration.	NOA	61,662	65,229	} 69,495	1,473	
	Exp.	60,893	^B 2,793 67,370			68,325

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^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF JUSTICE—Continued					
FEDERAL BUREAU OF INVESTIGATION					
General and special funds:					
Salaries and expenses.....908 NOA	146,842	150,445 ^A 5,030	165,365	4,285	Supplemental in 1965 is for increased caseload under the Civil Rights Act of 1964, personnel security investigations, and extension of name check procedures. Increase in 1966 provides for additional costs under the Civil Rights Act, expansion of the internal security program, and for continuation of promotion plan for special agents.
Exp.	143,024	^B 5,605 156,980 ^A 4,600			
			163,710 ^A 430	2,560	
IMMIGRATION AND NATURALIZATION SERVICE					
Salaries and expenses.....908 NOA	68,997	71,097 ^B 2,064	73,604	443	Estimate includes funds for construction and renovation at 10 border inspection and patrol stations, repair and maintenance of stations, and continuation of a records improvement program.
Exp.	67,100	72,074			
			73,024	950	
Refund of bond forfeitures by refugees (permanent, indefinite) 908 NOA	1				Refunds are made to certain persons who post departure bonds with the Attorney General.
Exp.	1				
Total, Immigration and Naturalization Service. NOA	68,998	71,097 ^B 2,064	73,604	443	
Exp.	67,101	72,074			
			73,024	950	
FEDERAL PRISON SYSTEM					
Salaries and expenses, Bureau of Prisons.....908 NOA	53,136	54,750 ^A 165	57,210	1,210	Supplemental in 1965 is for wage-board pay increases. Increase in 1966 provides for additional treatment and administrative personnel, and the establishment of two prerelease guidance centers. Average number of inmates is estimated at 22,200 for both 1965 and 1966.
Exp.	54,200	^B 1,073 ^C 12 54,840 ^A 160			
			56,915 ^A 5	1,920	

Buildings and facilities.....	908	NOA	9,525	19,202	3,610	-15,592	Estimate includes funds for planning a replacement for the New York detention headquarters, several major renovation and improvement projects, and a continuing program of repairs and improvements.
		Exp.	3,124	8,520	14,720	6,200	
Support of U.S. prisoners.....	908	NOA	4,300	4,400	4,550	150	Estimate provides for care of an average of 3,315 prisoners in 777 non-Federal institutions (including reimbursement to St. Elizabeths Hospital) at a cost of \$3.72 per man-day, \$0.10 higher than in 1965.
		Exp.	4,270	4,380	4,500	120	
Intragovernmental funds:							
Federal Prison Industries, Inc.:							
Prison industries fund.....	908						(Estimate provides vocational training for 11,650 inmates, employment of 5,400 inmates full time in various industries, and assistance in job placement upon release. A new industry will start operations at the Marion, Ill., penitentiary.)
Limitation on administrative and vocational training expenses.		Exp.	(2,100)	(2,190)	(2,315)	(125)	
			-4,610	-1,596	-4,167	-2,571	
Advances and reimbursements, Federal Prison System.....	908	Exp.	-9	2		-2	
Total, Federal Prison System..		NOA	66,961	78,352	65,370	-14,232	
				A 165			
				B 1,073			
				C 12			
		Exp.	56,976	66,146	71,968	5,667	
				A 160	A 5		
Total, Department of Justice..		NOA	344,463	365,123	373,834	-8,031	
				A 5,195			
				B 11,535			
				C 12			
		Exp.	327,994	351,720	376,330	10,132	
				A 4,760	A 435		
				B 10,839	B 696		
				C 11	C 1		

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 B Proposed for separate transmittal, civilian pay increase supplemental.
 C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR					
MANPOWER ADMINISTRATION					
General and special funds:					
Salaries and expenses, Manpower Administration.....652	NOA		16,780	16,780	New account consolidates financing of all Manpower Administration personnel and operations (formerly financed from 4 accounts) and should contribute to improved personnel management and program operations. Anticipated management improvements and the elimination of lower priority activities results in a reduction of \$1 million. Program increase of about \$1 million over 1965 level will be devoted to managing the expanded youth employment program, improving the collection of job vacancy information, and increasing the promotion of on-the-job training.
Limitation on unemployment trust fund.			(15,328)	(15,328)	
	Exp.		14,000	14,000	
Manpower development and training activities.....652	NOA	129,992	307,906	273,500	Supplemental in 1965 will provide for retraining of additional workers. In 1966, legislation will be proposed to reduce the level of required State matching and provide for other program improvements. In 1966 the Labor Department's personnel and administrative costs for conducting this program will be financed in the account "Salaries and expenses, Manpower Administration."
	Exp.	109,970	^A 103,000 210,000 ^A 10,000	^A 140,500 173,000 ^A 92,000	
Area redevelopment activities.....652	NOA	8,500	8,500		Legislative authority expires at the end of fiscal year 1965. Special training authority for redevelopment areas will be proposed as part of new Manpower Development and Training Act legislation.
	Exp.	6,500	^B 16 8,000	1,844	
Trade adjustment activities, salaries and expenses.....652	NOA	150	344		Financing of program transferred to "Salaries and expenses, Bureau of International Labor Affairs."
	Exp.	145	308	56	
Salaries and expenses, Bureau of Apprenticeship and Training.....652	NOA	5,458	5,541		Program will be financed in the account "Salaries and expenses, Manpower Administration."
	Exp.	5,647	^B 181 5,675	227	

Special study on discrimination in employment because of aging 652	NOA Exp.	----- -----	100 96	----- -----	4	-100 -92	(Study will be completed in 1965.)
Farm labor contractor registration activities 652	NOA Exp.	----- -----	350 340	----- -----	10	-350 -330	Program will be financed in the account "Salaries and expenses, Manpower Administration."
Limitation on salaries and expenses, Unemployment trust fund.		(12,400)	(13,325) A (178) B (450)	-----		(-13,953)	(1965 supplemental, both here and in limitation account below, will provide funds for a stepped-up program for recruitment of domestic farm labor necessitated by expiration of authority on Dec. 31, 1964, for importation of farm labor under Mexican Farm Labor Act (Public Law 82-78). Program will be financed in the account "Salaries and expenses, Manpower Administration.")
Advances for employment services 652	NOA Exp.	----- -----		-----	39,280 39,280	39,280 39,280	General fund advance to the Unemployment trust fund will provide \$37 million to improve and expand youth employment services. Program will be tied in closely to community antipoverty efforts and will support threefold expansion in professional youth employment personnel. Program will be underway in all urban areas with a population over 200,000 by end of 1966. \$2.3 million will enable the Department to carry out a program for collecting job vacancy information.
Limitation on grants to States for unemployment compensation and employment service administration, Unemployment trust fund.		(425,000)	(455,076) A (560)	-----	(492,100)	(36,464)	(Increase is for continued general expansion and improvement of employment service, including services for older workers and minority groups, training programs for State personnel, and increases in State salary and administrative expenses. Partially offsetting are decreased contingency fund requirements and lower anticipated unemployment compensation claims workload.)
Unemployment compensation for Federal employees and servicemen 652	NOA Exp.	152,000 152,514	126,000 A 20,000 126,643 A 20,000	-----	141,000 136,700	-5,000 -9,943	Supplemental in 1965 is to meet the costs of additional claims and higher benefits costs resulting from recent Federal pay increases. Decrease in 1966 results from anticipated decline in number of weeks compensated from 3.9 million to 3.8 million reflecting continuing improved economic conditions.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR—Continued					
MANPOWER ADMINISTRATION—Con.					
General and special funds—Continued					
Compliance activities, Mexican NOA farm labor program.....652	1,300	800	-----	-800	(Legislative authority expired Dec. 31, 1964.)
Limitation payable from Farm labor supply revolving fund.	1,347	834	30	-804	(Legislative authority expired Dec. 31, 1964.)
	(1,168)	(800)	-----	(-800)	
Salaries and expenses, Mexican farm labor program.....652	1,184	812	15	-797	(Legislative authority expired Dec. 31, 1964.)
Miscellaneous expired accounts...652	Exp. -19,076	54	-----	-54	
Public enterprise funds:					
Farm labor supply revolving fund 652	Exp. -1,200	26	-----	-26	(Legislative authority expired Dec. 31, 1964.)
Advances to employment security administration account, Unemployment trust fund.....652	Exp. -7,435	-3,773	-3,800	-27	(Payments are made to the Unemployment trust fund pending later return of receipts. Repayments in excess of current advances are reflected as minus expenditures.)
Intragovernmental funds:					
Advances and reimbursements, Manpower Administration...652	Exp. -207	53	-----	-53	
Total, Manpower Administration.					
NOA	297,400	449,541	470,560	38,322	
		^123,000	^140,500		
		^197			
Exp.	249,389	349,068	361,366	74,298	
		^30,000	^92,000		

LABOR-MANAGEMENT RELATIONS						
General and special funds:						
Salaries and expenses, Labor- Management Services Adminis- tration.....652	NOA	7,499	7,502 B ²⁴¹	8,580	837	Increase reflects merger of appropriation below and expansion of research and other assistance to labor and management and Federal mediation agencies, partly offset by management improvements in the processing of labor-management reports.
	Exp.	6,836	7,552	8,427	875	
Salaries and expenses, Bureau of Veterans' Reemployment Rights.....805	NOA	784	791 B ³⁰	-----	-821	The Bureau of Veterans' Reemployment Rights has been merged into the Labor-Management Services Administration above.
	Exp.	756	818	73	-745	
Salaries and expenses, Bureau of Labor-Management Reports 652	Exp.	403	24	-----	-24	The Bureau of Labor-Management Reports has been merged into the Labor-Management Services Administration above.
Total, labor-management re- lations.	NOA	8,283	8,293 B ²⁷¹	8,580	16	
	Exp.	7,995	8,394	8,500	106	
WAGE AND LABOR STANDARDS						
Salaries and expenses, Bureau of Labor Standards.....652	NOA	3,470	3,556 B ¹¹⁹	3,282	-393	Decrease reflects transfer of youth employment activity to the Manpower Administration and direct financing of the Federal Radiation Council.
	Exp.	3,769	3,657	3,272	-385	
Intragovernmental funds:						
Advances and reimbursements, Bureau of Labor Standards.....652	Exp.	-60	60	-----	-60	(Decrease reflects 1965 expenditures against obligations incurred in 1964.)
General and special funds:						
Salaries and expenses, Women's Bureau.....652	NOA	784	772 B ²⁷	860	61	Increase reflects direct financing of the costs of a Bureau Director.
	Exp.	812	796	855	59	
Intragovernmental funds:						
Advances and reimbursements, Women's Bureau.....652	Exp.	-10	8	2	-6	(Decrease reflects change in obligated balance during 1965.)

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF LABOR—Continued						
WAGE AND LABOR STANDARDS—Con.						
General and special funds:						
Salaries and expenses, Wage and Hour Division.....652	NOA	19,279	20,378	} 21,040	88	Estimate reflects anticipated increase in number of establishments investigated, partly offset by increased productivity.
	Exp.	19,926	20,501			
Salaries and expenses, Bureau of Employees' Compensation...906	NOA	4,275	4,368	} 4,370	-164	Decrease reflects anticipated management improvements and increased productivity resulting from installation of new workload and productivity measurement system.
	Exp.	4,369	4,713			
Employees' compensation claims and expenses.....906	NOA	58,838	52,650	} 49,606	-3,044	Decrease reflects rising reimbursements from agencies employing workers injured on the job, partially offset by increased costs for hospitalizing beneficiaries in community hospitals in lieu of free care provided in Public Health Service hospitals to be closed in 1965.
	Exp.	58,812	50,525			
Wage and labor standards: (Labor and manpower and central personnel management).....652	NOA			A-687	-687	} Actions are now in progress to improve management and eliminate lower priority activities. Specific distribution of the expected savings will be made by budget amendment when the actions are completed. (The current functional distribution is arbitrary and subject to adjustment.)
	Exp.			A-687	-687	
	NOA			A-124	-124	
	Exp.			A-124	-124	
Total, wage and labor standards.....	NOA	86,646	81,724	} 79,158	-4,263	
	Exp.	87,617	80,260			

BUREAU OF LABOR STATISTICS

Salaries and expenses.....652	NOA	16,345	17,925 B 617	} 20,601	2,059	Increase will be primarily devoted to (a) improving manpower data on employment, unemployment, hours of work, and earnings; and (b) expanding survey of employer pay rates and levels to include smaller businesses, more occupations, and more localities; begin work on State and local government salaries; and expand studies of employer provided fringe benefits.	
	Exp.	16,580	17,615				19,165
Revision of the Consumer Price Index.....652	NOA	1,320					(The revision has been completed.)
	Exp.	1,342	127		-127		
Intragovernmental funds:							
Advances and reimbursements.652	Exp.	-51	199	9	-190		
Total, Bureau of Labor Statistics.	NOA	17,665	17,925 B 617	} 20,601	2,059		
	Exp.	17,870	17,941				19,174
BUREAU OF INTERNATIONAL LABOR AFFAIRS							
General and special funds:							
Salaries and expenses.....652	NOA	842	856 B 26	} 1,204	322	Increase reflects transfer of financing for trade negotiation activities from "Trade adjustment activities" account.	
	Exp.	899	827				1,187
Intragovernmental funds:							
Advances and reimbursements.652	Exp.	39					
Total, Bureau of International Labor Affairs.	NOA	842	856 B 26	} 1,204	322		
	Exp.	938	827				1,187

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian increase supplemental.

^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF LABOR—Continued					
OFFICE OF THE SOLICITOR					
General and special funds:					
Salaries and expenses.....652 NOA	4,420	4,857 B190	5,300	253	Increase provides expanded staff to administer the Davis-Bacon Fringe Benefits Act, approved July 2, 1964.
Limitation payable from Unemployment trust fund. Exp.	(127) 4,616	(136) 5,045	(136) 5,240	----- 195	
OFFICE OF THE SECRETARY					
Salaries and expenses.....652 NOA	2,219	3,183 B162	3,545	200	Increase provides for expanded program planning and analysis staff, and the cost of new Wage Appeals Board.
Limitation payable from Unemployment trust fund. Exp.	(138) 1,894	(140) 3,545	(140) 3,571	----- 26	
Intragovernmental funds:					
Working capital fund.....652 Exp.	114			-----	
Advances and reimbursements.652 Exp.	-19			-----	
Total, Office of the Secretary. NOA	2,219	3,183 B162	3,545	200	
Exp.	1,989	3,545	3,571	26	
Total, Department of Labor. NOA	417,474	566,379 A 123,000 B2,345 C4	588,948 A 139,689	36,909	
Exp.	370,415	462,822 A 30,000 B2,254 C4	473,441 A 91,189 B91	69,641	

POST OFFICE DEPARTMENT

Public enterprise funds:						
Contribution to the postal fund (indefinite).....	NOA 505	719,102	552,000	765,468	101,908	Estimated obligations of \$5,554 million, less estimated revenues and reimbursements of \$4,696 million, leave \$858 million to be contributed. This is an increase of \$269 million in obligations (\$115 million for mail volume and \$153 million for improved facilities and equipment) and \$173 million in revenues (primarily mail volume). After deducting costs determined by law to be public services, the deficit in postal revenues is estimated to be \$234 million, compared with \$302 million for 1965 and \$199 million for 1964. Supplemental for 1966 is to carry out a legislative proposal for construction of facilities.
	Exp.	577,699	^B 203,714 718,000	^A 92,154 695,800 ^A 18,000	-4,200	
Authorizations and limitations on use of postal fund:						
Administration and regional operation.		(81,507)	(85,500) ^B (1,941)	(88,100)	(659)	(Increase is mainly for strengthening management.)
Research, development, and engineering.		(11,913)	(12,000)	(13,000)	(1,000)	(Increase is to strengthen research program and develop mail handling equipment, including an automatic reader to process ZIP-coded mail.)
Operations.....		(3,917,000)	(4,027,000) ^B (207,773)	(4,333,900)	(99,127)	(Increase is due to growth in mail volume (3%) and in delivery areas, partly offset by increased productivity and presorting by mailers.)
Transportation.....		(601,000)	(592,024)	(598,000)	(5,976)	(Increase due to growth in mail volume is offset in part from economies in transportation services and reduction in air transportation rates overseas.)
Facilities.....		(196,005)	(199,476)	(226,000)	(26,524)	(Increase is for new and improved postal space and for postal supplies to handle increased mail volume.)
Construction, postal facilities..				^A (92,154)	(92,154)	(Proposed legislation would provide for the Federal construction of facilities exclusively used for postal purposes.)

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.
^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
POST OFFICE DEPARTMENT—Continued					
Public enterprise funds—Continued Authorizations and limitations on use of postal fund—Con. Plant and equipment.....	(118,075)	(86,000) B (-6,000)	(124,000)	(44,000)	(Normal level of repairs and improvements to facilities will be resumed in 1966, and additional mechanical equipment will be purchased.)
Total authorizations out of postal fund.	(4,925,500)	(5,002,000) B (203,714)	(5,383,000) A (92,154)	(269,440)	
Total, Post Office Department	719,102	552,000 B 203,714	765,468 A 92,154	101,908	
Exp.	577,699	520,554 B 197,446	689,532 A 18,000 B 6,268	-4,200	

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS						
General and special funds: Salaries and expenses.....151	NOA	152,953	164,000 A 900 B 6,745	181,675	10,030	Supplemental for 1965 will finance additional security protection. Major increases in 1966 are for security, communications, cost rises, and efforts to expand U.S. exports.
Exp.		148,852	161,500 A 200	173,300 A 700	12,300	
Representation allowances....151	NOA	973	993	1,050	57	Increase is due largely to new posts and rising prices overseas.
Exp.		978	990	1,000	10	

Acquisition, operation, and maintenance of buildings abroad..151	NOA Exp.	18,125 11,999	18,125 15,000	20,000 18,000	1,875 3,000	Increase is chiefly for construction of overseas office buildings.
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program).....151	NOA Exp.	2,750 3,691	5,000 4,000	6,500 5,000	1,500 1,000	Increase reflects greater emphasis on projects in overseas foreign currency countries.
Emergencies in the diplomatic and consular service.....151	NOA	1,900	1,500	1,600	-400	Provides for relief and repatriation loans to U.S. citizens abroad and other emergencies. Supplemental for 1965 is for requirements in excess of earlier estimates.
	Exp.	1,868	1,600 A500 A100	1,500 A400	200	
Extension and remodeling, State Department Building.....151	Exp.	166	200	200		(All funds will be obligated or withdrawn by the end of 1965.)
Replacement of passenger motor vehicles sold abroad (permanent, indefinite, special fund).151	NOA	299	335	350	15	Proceeds available in 1966 will replace 150 vehicles.
	Exp.	260	315	330	15	
Intragovernmental funds:						
Working capital fund.....151	Exp.		-17	-41	-24	(The fund was initiated in 1965 to finance publishing, supply, and other support services.)
Advances and reimbursements.151	Exp.	356				
Total, administration of foreign affairs.	NOA	176,999	189,953 A1,400	211,175	13,077	
	Exp.	168,170	183,588 B6,745 A300	199,289 A1,100	16,501	

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
DEPARTMENT OF STATE—Continued						
INTERNATIONAL ORGANIZATIONS AND CONFERENCES						
General and special funds:						
Contributions to international organizations.....151	NOA 99,679	88,534	97,776	10,228	Increase reflects expansion of the programs of most international organizations, requiring higher U.S. contributions to the assessment budgets.	
Exp.	99,503	B-986 87,500				
Missions to international organizations.....151	NOA 2,500	3,165	3,400	55		Higher costs of providing necessary representation to the various international organizations account for the increase.
Exp.	2,741	B180 3,100				
International conferences and contingencies.....151	NOA 1,943	1,943	2,185	242	Two large periodic U.N. meetings to be held in 1966 and higher costs of other conferences are responsible for the increase.	
Exp.	2,080	2,000				
International tariff negotiations...151	NOA 365	1,000	1,000	150		Increase is to meet longer periods of negotiations expected in 1966.
Exp.	115	B-150 630				
Loan to the United Nations...151	Exp. 4,193	17,384		-17,384	(Estimates reflect the amount of U.N. bonds the United States may purchase to match pledges by other nations.)	
U.S. Citizens Commission on NATO.....151	Exp. -5					
Total, international organizations and conferences.	NOA 104,487	94,642	104,361	10,675		
Exp.	108,627	B-956 110,614			163,900	-6,714

INTERNATIONAL COMMISSIONS

International Boundary and Water Commission, United States and Mexico:

Salaries and expenses.....401	NOA	715	785 B 30	815	-----	Eight project feasibility studies will be continued and one will be initiated.
	Exp.	714	814	816	2	
Operation and maintenance. 401	NOA	2,015	1,963 B 24	2,029	42	Estimate reflects additional project maintenance requirements and installation of advanced water data recording system.
	Exp.	2,051	2,026	2,029	3	
Construction.....401	NOA	6,496	8,298	13,883	5,585	Work on Amistad and Lower Rio Grande projects will continue; claims arising from operation of Falcon Reservoir will be settled.
	Exp.	7,546	13,207	15,800	2,593	
Chamizal settlement.....401	NOA	-----	30,000	-----	-30,000	Work continues at a maximum rate. If additional funds can be effectively utilized in 1966, an appropriation will be requested.
	Exp.	-----	10,000	20,000	10,000	
American sections, international commissions.....401	NOA	430	460 B 12	530	58	Increase is largely for additional water pollution surveys under joint plans with Canada.
	Exp.	404	450	500	50	
International fisheries commissions.....404	NOA	2,000	2,025	2,300	275	Provides U.S. share of 8 international fisheries commissions.
	Exp.	1,840	1,900	2,200	300	
Restoration of salmon runs, Fraser River system, International Pacific Salmon Fisheries Commission.....404	Exp.	-----	51	-----	-51	(Activities under this account will be completed in 1965.)
Total, international commissions.	NOA	11,656	43,531 B 66	19,557	-24,040	
	Exp.	12,556	28,448	41,345	12,897	

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
DEPARTMENT OF STATE—Continued					
EDUCATIONAL EXCHANGE					
General and special funds—Continued					
Mutual educational and cultural NOA exchange activities.....153 Exp.	42,624 34,560	44,998 39,000	55,250 46,400	10,252 7,400	Increase represents shift in financing from the declining balances of the account immediately following, and expansion and improvement of the exchange program.
International educational ex- change activities (special foreign currency program).....153 Exp.	6,349	6,800	7,000	200	(Expenditures will continue until prior appropriations are exhausted.)
Center for Cultural and Technical Interchange Between East and West.....153 NOA Exp.	5,100 4,228	5,300 5,100	6,250 5,500	950 400	Increase will allow greater number of scholarships, and preconstruction planning for new library building.
Preservation of ancient Nubian monuments (special foreign cur- rency program).....153 Exp.	347	525	-----	-525	(These funds are expected to be fully spent in 1965.)
Educational, scientific, and cul- tural activities.....153 Exp.	21	12	-----	-12	(These funds are expected to be fully spent in 1965.)
Educational exchange permanent appropriations (indefinite, spe- cial funds).....153 NOA Exp.	396 450	396 412	396 400	----- -12	Current payments by Finland on World War I debts are used for educa- tional exchanges with Finland.
Total, educational exchange... NOA Exp.	48,119 45,956	50,694 51,849	61,896 59,300	11,202 7,451	

OTHER						
Migration and refugee assistance_	NOA	10,550	8,200	7,575	-625	Decrease reflects less U.S. support for resettlement of migrants and care of European refugees, smaller influx of refugees into Hong Kong, and more participation by other nations in care of Tibetan refugees.
152 Exp.		8,849	9,900	7,800	-2,100	
Presentation of a statue to Mexico.	NOA			150	150	Statue of Lincoln will be presented in commemoration of Mexican independence, as authorized by law.
151 Exp.				75	75	
Rama Road, Nicaragua (liquidation of contract authorization)_	Exp.	(850)				The last construction contract has been awarded. Completion of the road is anticipated in 1967.
152		1,038	1,000	1,000		
Payment to the Republic of Panama (permanent)_	NOA	1,930	1,930	1,930		Annual payment is made under treaty for Panama Canal rights. \$430 thousand of this is recovered from the Panama Canal Company.
151 Exp.		1,930	1,930	1,930		
Total, other_	NOA	12,480	10,130	9,655	-475	
	Exp.	11,817	12,830	10,805	-2,025	
Total, Department of State_	NOA	353,741	388,950	406,644	10,439	
			A 1,400			
			B 5,855			
	Exp.	347,126	381,661	414,452	28,110	
			A 300	A 1,100		
			B 5,668	B 187		

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TREASURY DEPARTMENT					
OFFICE OF THE SECRETARY					
General and special funds:					
Salaries and expenses.....904 NOA	5,224	5,550	5,920	27	Increase in 1966 will strengthen the supervision of bureau operations, and legal and administrative services.
Exp.	5,270	5,725	5,635	-90	
Expenses of administration of settlement of War Claims Act of 1928 (permanent, indefinite, special fund).....904	12	13	15	2	Funds are appropriated from a receipt account for administrative expenses of paying awards under the act.
Exp.	13	15	15	-----	
Federal control of transportation systems.....904	-----	1	1	-----	
Public enterprise funds:					
Liquidation of corporate assets: Reconstruction Finance Corporation liquidation fund.....904	Exp. -2,436	-10	-----	10	(This fund was closed out as of Dec. 31, 1964.)
Civil defense loans: Civil defense program fund.....059	Exp. -59	-29	-----	29	(This fund was closed out as of Dec. 31, 1964.)
Liquidation of Federal Farm Mortgage Corporation.....904	Exp. -410	-142	-168	-26	(Repayments and interest earnings exceed expenses.)
Intragovernmental funds:					
Advances and reimbursements.904	Exp. 1	-----	-----	-----	
Total, Office of the Secretary.	NOA 5,236	5,563	5,935	29	
Exp.	2,379	5,560	5,483	-77	

BUREAU OF ACCOUNTS

General and special funds:						
Salaries and expenses.....	904	NOA	4,054	33,000	33,765	765
		Exp.	3,877	25,310	31,647	6,337
Salaries and expenses, Division of Disbursement.....	904	NOA	30,556	-----	-----	-----
		Exp.	27,976	6,130	-----	-6,130
Claims, judgments, and relief acts:						
Current, definite.....	910	NOA	26,536	33,746	-----	-33,746
		Exp.	25,558	34,599	-----	-34,599
Permanent, definite.....	910	NOA	3	7	7	-----
		Exp.	3	7	7	-----
Permanent, indefinite.....	910	NOA	6,335	6,000	6,000	-----
		Exp.	6,335	6,000	6,000	-----
Interest on uninvested funds (permanent, indefinite).....	853	NOA	10,749	11,958	12,457	499
		Exp.	10,719	11,958	12,457	499
John F. Kennedy Memorial Fund (special fund).....	910	NOA	1	-----	-----	-----
		Exp.	-----	-----	-----	-----
Public enterprise funds:						
Fund for payment of Government losses in shipment.....	904	NOA	550	-----	-----	-----
		Exp.	339	75	75	-----
Total, Bureau of Accounts..		NOA	78,786	84,711	52,229	-32,482
		Exp.	74,808	84,079	50,186	-33,893

Increase results from increased work volume and purchase of additional ADP system, partially offset by a nonrecurring purchase of electronic equipment in 1965 and projected management savings.

This appropriation was merged with "Salaries and expenses, Bureau of Accounts" in 1965.

Appropriations are made in individual private relief acts. For certain claims and for judgments over \$100 thousand, the specific items are presented to Congress.

Awards are paid annually to 3 persons as a result of private relief acts.

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

Interest is paid on open book balances of 8 trust funds.

Gifts to the United States in memory of President Kennedy are used for the purposes specified.

Fund covers losses in shipment of certain Government property and losses in redemption of savings bonds.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
TREASURY DEPARTMENT—Continued						
BUREAU OF CUSTOMS						
General and special funds:						
Salaries and expenses.....904	NOA	72,454	76,517 A 120	82,850	4,069	Supplemental in 1965 is for wage board increases. Increase in 1966 will add manpower to meet greater work volume and strengthen enforcement, and will initiate program for installation of automatic data processing.
	Exp.	74,621	B 2,144 78,256 A 115	78,742 A 5	376	
BUREAU OF ENGRAVING AND PRINTING						
Air conditioning the Bureau of Engraving and Printing buildings 904	NOA		5,750		-5,750	The installation will be completed with balances of prior appropriations.
	Exp.	148	2,925	2,976	51	
Intragovernmental funds:						
Bureau of Engraving and Printing fund.....904	Exp.	253	3,514	-260	-3,774	(Decrease results from major expenditures for equipment in 1965 non-recurring in 1966.)
Total, Bureau of Engraving and Printing.	NOA		5,750		-5,750	
	Exp.	401	6,439	2,716	-3,723	
BUREAU OF THE MINT						
General and special funds:						
Salaries and expenses.....904	NOA	8,100	14,480 B 134	13,350	-1,264	Decrease represents the deletion of silver dollars from the coin production program and nonrecurring equipment purchases.
	Exp.	7,943	13,846	12,674	-1,172	
Construction of mint facilities 904	NOA		16,000	1,000	-15,500	Funds requested in 1966 will permit acquisition of land adjacent to the New York Assay Office.
Reappropriation.....	NOA		500			
	Exp.		2,764	7,549	4,785	

Minor coinage profits, etc. (permanent, indefinite, special fund) 904	NOA	533	738	988	250	Increase in appropriation of seigniorage is for transportation and other costs related to the production of additional minor coins.
	Exp.	464	849	988	139	
Silver profit fund (permanent, indefinite, special fund) 904	NOA	784	1,271	1,386	115	Increase in appropriation of seigniorage is for transportation and other costs related to production of additional subsidiary coins.
	Exp.	758	1,364	1,386	22	
Total, Bureau of the Mint	NOA	9,417	32,989	16,724	-16,399	
	Exp.	9,164	18,823	22,597	3,774	
BUREAU OF NARCOTICS						
Salaries and expenses 908	NOA	5,350	5,550	5,970	313	Increase will permit additional clerical staff to assist in increasing agent productivity.
	Exp.	5,389	5,343	5,697	354	
BUREAU OF THE PUBLIC DEBT						
Administering the public debt 904	NOA	47,992	49,570	50,330	93	Increase will cover redemptions of additional savings bonds, and increased savings bond stock, offset in part by nonrecurring equipment purchases in 1965.
	Exp.	48,545	48,737	48,098	-639	
COAST GUARD						
Operating expenses 502	NOA	259,793	271,097	285,200	11,451	Increase will operate new vessels, aircraft, navigational aids, and shore establishments, improve search and rescue effectiveness, expand efforts in oceanography, extend loran navigational service, and improve military readiness.
	Exp.	254,184	268,112	270,916	2,804	
Acquisition, construction, and improvements 502	NOA	51,000	85,000	109,250	24,250	Estimate provides for construction of 9 replacement and 5 additional vessels and 1 offshore structure to replace a lightship, the acquisition of 8 replacement and 9 additional helicopters and 1 replacement fixed wing aircraft, and other improvements to existing facilities.
	Exp.	44,137	44,362	64,742	20,380	

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^B Proposed for separate transmittal, civilian pay increase supplemental.

^C Proposed for separate transmittal, military pay increase supplemental.

^D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TREASURY DEPARTMENT—Continued					
COAST GUARD—Continued					
General and special funds—Continued					
Retired pay.....502 NOA	34,400	37,500	40,300	2,800	A net average increase of 797 persons on the retired rolls is expected.
Exp.	34,152	37,412	38,499	1,087	
Reserve training.....502 NOA	19,500	20,700	23,750	2,811	Increase will provide 500 reservists in a new program providing 2 years of extended active duty, for operation of 2 additional Reserve training vessels, and furnishing of 15 organized Reserve training units with operational equipment.
Exp.	18,962	20,332 B 14 C 225	22,409	2,077	
Intragovernmental funds:					
Coast Guard supply fund.....502 Exp.	570	-68		68	(Receipts will equal expenditures in 1966 with sales of \$18.5 million.)
Coast Guard yard fund.....502 Exp.	-2,199	747	155	-592	(Expenditures will exceed receipts slightly in a \$15.5 million program.)
Total, Coast Guard..... NOA	364,693	414,297	458,500	41,312	
Exp.	349,806	370,897 B 566 C 2,325	396,721	25,824	
INTERNAL REVENUE SERVICE					
General and special funds:					
Salaries and expenses.....904 NOA	550,307	16,246	18,120	1,279	Increase is primarily to strengthen internal audits and security. Appropriation now provides for management and direction, but in 1964 also covered activities in the two following appropriations.
Exp.	560,196	30,595 B 595	17,222	-13,287	
Revenue accounting and proc- NOA		148,695	166,000	12,713	Expansion of the master file data processing system will be continued in 1966.
essing.....904 Exp.		149,260 B 4,592	157,785	8,525	

Compliance.....	904	NOA		418,033	}	453,500	22,963	Increase will provide the manpower to cover an increase from 101.9 million to 103.8 million returns and to improve the level of taxpayer compliance.	
		Exp.		^B 12,504 414,473			430,925		16,452
Refunding internal revenue collections, interest (permanent, indefinite).....	852	NOA	88,502	74,675	}	81,675	7,000	Interest is paid at 6% per annum on internal revenue collections which must be refunded.	
		Exp.	88,409	74,515			81,515		7,000
Internal revenue collections for Puerto Rico (permanent, indefinite, special fund).....	910	NOA	45,153	47,000	}	47,000		Taxes on articles produced in Puerto Rico are paid to Puerto Rico.	
		Exp.	44,962	47,000			47,000		
Total, Internal Revenue Service.		NOA	683,962	704,649	}	766,295	43,955		
		Exp.	693,567	^B 17,691 715,757			734,447	18,690	
OFFICE OF THE TREASURER									
Salaries and expenses.....	904	NOA	13,956	6,000	}	6,350	115	Increase provides additional funds for equipment and supplies.	
		Exp.	13,657	^B 235 6,330			6,038		-292
Public enterprise funds:									
Check forgery insurance fund.	904	NOA	50		}			The fund covers settlements of checks paid on forged endorsements.	
		Exp.	20	5			2		-3
Total, Office of the Treasurer.		NOA	14,006	6,000	}	6,350	115		
		Exp.	13,677	^B 235 6,335			6,040	-295	

^B Proposed for separate transmittal, civilian pay increase supplemental.

^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
TREASURY DEPARTMENT—Continued						
U.S. SECRET SERVICE						
General and special funds:						
Salaries and expenses.....908	NOA	6,830	7,500 A 595	8,750	440	Supplemental in 1965 and increase in 1966 are to expand the protective capabilities of the Service.
	Exp.	6,595	7,619 B 215 A 505	8,490 A 90	456	
Salaries and expenses, White House Police.....903	NOA	1,700	1,730 B 129	1,866	7	The increase is for mandatory longevity increases.
	Exp.	1,720	1,789	1,785	-4	
Salaries and expenses, guard force.....904	NOA	400	420 B 16	434	-2	The guard force will be maintained at the same level during 1965 and 1966.
	Exp.	392	427	412	-15	
Contribution for annuity benefits (permanent, indefinite)....903	NOA	426	450	470	20	The District of Columbia is reimbursed for benefit payments made for Secret Service employees.
	Exp.	426	450	470	20	
Total, U.S. Secret Service....	NOA	9,356	10,100 A 595 B 360	11,520	465	
	Exp.	9,134	10,285 A 505	11,157 A 90	457	

INTEREST ON THE PUBLIC DEBT

Interest on the public debt (per- manent, indefinite).....851	NOA Exp.	10,665,858 10,665,858	11,200,000 11,200,000	11,500,000 11,500,000	300,000 300,000	The increase reflects a higher average level of outstanding debt, and a higher average rate of interest.
Total, Treasury Department.	NOA	11,957,110	12,595,696 A 715	12,956,703	335,720	
	Exp.	11,947,349	12,526,659 B 22,247 C 2,325 A 620 B 21,527 C 2,325	12,861,164 A 95 B 720	310,848	

ATOMIC ENERGY COMMISSION

General and special funds: Operating expenses.....058	NOA Exp.	2,342,661 2,398,717	2,261,555 2,280,000	G 2,231,000 2,185,000	-30,555 -95,000	Estimate provides increases for reactor development, basic research in the physical and biomedical sciences, and for civilian applications of nuclear explosives and radioisotopes; these are more than offset by decreases in procurement of uranium concentrates, production of special nuclear materials, and the weapons program. Two major cooperative power reactor projects will be initiated.
Plant and capital equipment...058	NOA Exp.	400,000 370,100	363,000 420,000	H 250,000 345,000	-113,000 -75,000	
Intragovernmental funds: Advances and reimbursements.058	Exp.	-4,252				Estimate provides for a lower level of equipment procurement and of new construction projects in support of research, development, and production operating programs.
Total, Atomic Energy Commission.	NOA Exp.	2,742,661 2,764,565	2,624,555 2,700,000	2,481,000 2,530,000	-143,555 -170,000	

A Proposed for separate transmittal, other than pay increase supplemental.
 B Proposed for separate transmittal, civilian pay increase supplemental.
 C Proposed for separate transmittal, military pay increase supplemental.
 G Includes \$2,226,490 thousand to carry out authorizing legislation to be proposed.
 H Includes \$249,300 thousand to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
FEDERAL AVIATION AGENCY					
General and special funds:					
Operations.....501 NOA	527,901	542,600	553,500	-1,600	Costs of operating newly commissioned airways facilities and handling air traffic increases will be more than offset by productivity gains and other economy measures.
Exp.	517,697	^B 12,500 540,000	545,000	5,000	
Facilities and equipment.....501 NOA	100,250	50,000	51,000	1,000	Estimate provides chiefly for purchase and installation of equipment to improve the national air traffic control and navigation system. Major portion of the estimate is for electronic devices to automate certain traffic control functions.
Exp.	95,555	85,000	68,000	-17,000	
Research and development...501 NOA	40,000	40,000	40,000	-----	Work on improved airways equipment will be continued at about the 1965 level with stress on air traffic control systems and devices.
Exp.	51,534	37,000	38,000	1,000	
Operation and maintenance, Washington National Airport 501 NOA	3,582	3,565	3,730	107	Airport services will be provided at approximately the present level Receipts to the general fund recover the costs.
Exp.	3,437	^B 58 3,300	3,700	400	
Operation and maintenance, Dulles International Airport.....501 NOA	3,985	4,319	4,720	341	Estimate provides for an increase in services in line with expected growth in traffic.
Exp.	4,103	^B 60 4,000	4,500	500	
Construction, Washington National Airport.....501 NOA	2,075	1,710	1,100	-610	Estimate is for reconstructing certain apron areas.
Exp.	2,595	3,600	2,000	-1,600	
Construction, Dulles International Airport.....501 NOA	450	180	200	20	Estimate is for various minor improvement and construction projects.
Exp.	31	400	180	-220	
Grants-in-aid for airports.....501 NOA	-----	75,000	-----	-----	Amounts for 1966 were enacted in the 1965 appropriation act. Budget proposes an appropriation of \$62.5 million for 1967.
Permanent.....NOA	75,000	-----	75,000	-----	
Liquidation of contract authorization.....501 Exp.	(20,000)	(7,000)	-----	(-7,000)	
	65,247	57,193	60,120	2,927	

Civil supersonic aircraft development.....501	NOA Exp.	60,000 4,993	48,500	25,700	-22,800	(Expenditures decline with completion of the design competition and research projects. 1966 recommendations will be submitted later.)
Construction and development, additional Washington airport.....501	Exp.	5,356	2,000	2,800	800	(Expenditures are for final payments to contractors for construction of the airport.)
Claims, Federal Airport Act...501	Exp.	-----	4	-----	-4	
Construction of public airports in Alaska.....501	Exp.	-----	3	-----	-3	
Total, Federal Aviation Agency.....	NOA Exp.	813,243 750,550	717,374 B12,618 769,191 B11,809	729,250 749,191 B809	-742 -31,000	

GENERAL SERVICES ADMINISTRATION

REAL PROPERTY ACTIVITIES						
General and special funds:						
Operating expenses, Public Buildings Service.....905	NOA	218,847	222,317 A2,760 B1,295	230,618	4,246	Supplemental in 1965 is for wage board increases. Increase in 1966 is primarily for operation of new Federal buildings scheduled for occupancy in 1965 and 1966, partly offset by rent savings on space released.
	Exp.	214,852	223,500 A2,760	229,500	3,240	
Repair and improvement of public buildings.....905	NOA Exp.	75,000 73,365	90,000 75,000	79,600 69,600	-10,400 -5,400	Decrease is due to deferral of lower priority projects until later years...
Construction, public buildings projects.....905	NOA Exp.	157,601 160,818	153,167 A4,506 160,000	183,751 166,000 A3,000	26,078 9,000	Supplemental in 1965 is for Internal Revenue Service Center, Ogden, Utah. Estimate includes 24 new projects, extension and conversion of 9 projects and the purchase of an office building.

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
GENERAL SERVICES ADMINISTRATION—Continued					
REAL PROPERTY ACTIVITIES—Con.					
General and special funds—Continued					
Sites and expenses, public buildings projects.....905	NOA Exp. 40,000 35,344	20,109 25,000	20,000 23,000	-109 -2,000	Estimate provides for design and site acquisition, where necessary, for public building projects.
Payments, public buildings purchase contracts.....905	NOA Exp. 5,200 5,168	9,885 9,885	3,380 3,380	-6,505 -6,505	Request provides for payment on the remaining 6 lease-purchase contracts.
Expenses, U.S. court facilities.....905	NOA Exp. 1,031 447	1,031 1,145	2,100 1,635	1,069 490	Request provides for space expansion and for furniture and furnishings of U.S. courts.
Additional court facilities.....905	Exp. 2,291	2,200	1,620	-580	(Appropriations in prior years will complete facilities for 73 additional judges.)
Construction, Federal Office Building No. 7, Washington, D.C.....905	Exp. 977	9,000	11,000	2,000	(Construction is financed by a 1962 appropriation.)
Hospital facilities in the District of Columbia.....905	Exp. 915	2,085	510	-1,575	(Expenditures are for a Federal grant for construction of a new hospital in southeast Washington.)
Improvements, national industrial reserve plant No. 485.....905	Exp. 33	753	314	-439	(A prior year appropriation provided improvements essential to national defense.)
Construction, public buildings.....905	Exp. 100	18	-----	-18	(Construction of the last of 5 border stations was completed in October 1963.)
Construction, U.S. Mission Building, New York, N.Y.....905	Exp. 1	131	-----	-131	(Expenditures are payments of prior obligations.)
Sites and planning, public buildings outside the District of Columbia.....905	Exp. -----	14	-----	-14	(Expenditures are payments of prior obligations.)

Intragovernmental funds:						
Buildings management fund..905	Exp.	-14,237	2,500	-500	-3,000	(Operating costs are estimated at \$377.3 million.)
Construction services, public build- ings.....905	Exp.	-6,925	-4,900	-----	4,900	(Operating costs are estimated at \$16.3 million.)
Total, real property activities..	NOA	497,678	496,509 A 7,266 B 1,295	519,449	14,379	
	Exp.	473,149	506,331 A 2,760	506,059 A 3,000	-32	
PERSONAL PROPERTY ACTIVITIES						
General and special funds:						
Operating expenses, Federal Sup- ply Service.....905	NOA	48,280	50,670 A 2,835 B 1,332	56,640	1,803	Supplemental in 1965 is requested to support additional supply sales. The increase in 1966 is for further increases in supply support to Gov- ernment agencies.
	Exp.	46,596	52,200 A 2,550	56,300 A 285	1,835	
Expenses, supply distribution..905	Exp.	14	10	-----	-10	
Intragovernmental funds:						
General supply fund.....905	NOA	30,000	-----	-----	-----	Sales to the military and civil agencies are estimated at \$704 million in 1966. Customer advances will help provide capital.
	Exp.	28,312	1,800	-3,905	-5,705	
Advances and reimbursements..905	Exp.	1	-----	-----	-----	
Total, personal property ac- tivities.	NOA	78,280	50,670 A 2,835 B 1,332	56,640	1,803	
	Exp.	74,923	54,010 A 2,550	52,395 A 285	-3,880	

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
GENERAL SERVICES ADMINISTRATION—Continued					
UTILIZATION AND DISPOSAL ACTIVITIES					
General and special funds:					
Operating expenses, Utilization and Disposal Service.....905	NOA Exp. 9,360 8,592	9,512 9,400	9,800 9,700	288 300	Increase provides for further emphasis on reuse or prompt disposal of excess real and personal property.
Expenses, disposal of surplus real and related personal property (permanent, indefinite, special fund).....905	NOA Exp. 844 994	1,000 1,000	1,000 1,000	----- -----	Proceeds of sales are appropriated for certain expenses of disposals.
Total, utilization and disposal activities.	NOA Exp. 10,203 9,585	10,512 10,400	10,800 10,700	288 300	
RECORDS ACTIVITIES					
Operating expenses, National Archives and Records Service..905	NOA Exp. 14,730 14,546	15,172 15,300	15,956 15,600	242 300	Increase is primarily for records center activities. Records in custody will total 9 million cubic feet in 1966.
National historical publications grants.....905	NOA Exp. ----- -----	350 300	500 400	150 100	Increase is to provide full amount authorized annually for collecting, reproducing and publishing source material significant to U.S. history.
Total, records activities...	NOA Exp. 14,730 14,546	15,522 15,600	16,456 16,000	392 400	

TRANSPORTATION AND COMMUNICATIONS ACTIVITIES						
Operating expenses, Transportation and Communications Service.....905	NOA	4,958	5,484 B 225	} 6,022	313	Increase is for continued development and management of the Federal Telecommunications System and for additional transportation services.
Exp.	4,866	5,624	5,934			
Intragovernmental funds: Federal telecommunications fund 905	Exp.	-635	-158	1,016	1,174	(Telecommunications services are provided to Federal agencies.)
Total, transportation and communications activities..	NOA	4,958	5,484 B 225	} 6,022	313	
Exp.	4,230	5,466	6,950			1,484
DEFENSE MATERIALS ACTIVITIES						
General and special funds: Strategic and critical materials.059	NOA	23,925	17,755 B 119	} 17,525	-349	Estimate provides for inventory management, storage, and disposal of strategic and critical materials, and administration of national industrial equipment reserve.
Exp.	15,957	17,700	17,400			
Public enterprise funds: Abaca fiber program.....059	Exp.		23		-23	(Liquidation of the fund will take place in 1965.)
Intragovernmental funds: Advances and reimbursements.059	Exp.	-114	100		-100	
Total, defense materials activities.	NOA	23,925	17,755 B 119	} 17,525	-349	
Exp.	15,843	17,823	17,400			-423
GENERAL ACTIVITIES						
General and special funds: Salaries and expenses, Office of Administrator.....905	NOA	1,466	1,518 B 110	} 1,650	22	Increase is primarily for additional activity in business service centers.
Exp.	1,436	1,628	1,650			

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
GENERAL SERVICES ADMINISTRATION—Continued					
GENERAL ACTIVITIES—Continued					
General and special funds—Continued					
Allowances and office facilities NOA for former Presidents.....903	300 281	310 310	235 235	-75 -75	Account provides for 2 former Presidents and the widow of a former President.
Expenses Presidential transi- NOA tion.....903 Exp.		400 400		-400 -400	This appropriation provided financing to carry out the purpose of the Presidential Transition Act of 1963.
Office of Mrs. Jacqueline Bouvier NOA Kennedy.....903 Exp.	65 29	25 60		-25 -59	Funds previously appropriated will remain available for payment of obligations.
Refunds under Renegotiation Act Exp. (interest).....905		25	25		(Interest on remaining refunds is covered by balances of prior appropriations.)
Public enterprise funds:					
Reconstruction Finance Corpora- Exp. tion liquidation fund.....905	-582	-163	-121	42	(Volume of receipts declines as liquidation continues.)
Intragovernmental funds:					
Administrative operations fund.905					
Limitation on use of fund.	(19,868)	(20,000) B (722)	(15,736)	(-4,986)	(Decrease is due mainly to establishment of a separate management fund for automatic data processing operations.)
Exp.	-295	-300	-300		
Working capital fund.....905 NOA		100	100		
Exp.	-434	386	25	-361	Request provides capital to support operation of printing and reproduction facilities.

Automatic data processing fund (advances and reimbursements) 905	Exp.					(A new fund is proposed through which funds for data processing activities will be spent and accounted for; 1966 expenditures will be offset by receipts.)
Total, general activities	NOA	1,831	2,353 B 110	1,985	-478	
	Exp.	434	2,346	1,515	-831	
Subtotal	NOA	631,605	598,805 A 10,101 B 3,623	628,877	16,348	
	Exp.	592,711	611,976 A 5,310	611,019 A 3,285	-2,982	
Less: Court facilities and furnishings items transferred to the Judiciary (contra) 905	NOA	1,031	1,031	2,100	1,069	
	Exp.	691	1,353	1,822	469	
Total, General Services Administration.	NOA	630,575	597,774 A 10,101 B 3,623	626,777	15,279	
	Exp.	592,020	607,252 A 5,310 B 3,371	608,945 A 3,285 B 252	-3,451	

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR						
General and special funds:						
Salaries and expenses	551 NOA	15,420	15,725 B 660	17,125	740	Increase provides additional staff in supervision and coordination activities and in the urban renewal programs. The appropriation will be consolidated with \$17 million in administrative funds from other accounts. Nonadministrative expenses (recovered through fees) provide inspection and audit of certain projects and loans.
Limitation on nonadministrative expenses.	Exp.	(3,250) 14,838	(3,375) 15,500	(4,750) 16,000	(1,375) 500	

A Proposed for separate transmittal, other than pay increase supplemental.
 B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (—)	Explanation of NOA requests	
HOUSING AND HOME FINANCE AGENCY—Continued						
OFFICE OF THE ADMINISTRATOR—Continued						
General and special funds—Continued						
Administrative expenses, public works acceleration.....507	NOA Exp.	-----	-----	500 500	500 500	Estimate will provide for inspection and administrative expenses to complete projects financed under the Public Works Acceleration program.
Urban planning grants.....553	NOA Exp.	21,150 15,233	13,675 20,000	135,000 15,000	21,325 -5,000	Increase will provide expansion in comprehensive planning assistance to States, counties, small cities, and metropolitan and regional areas.
Urban studies and housing research 551	NOA Exp.	387 340	387 500	1,500 1,000	1,103 500	Increase will provide for expansion of statistical series on housing markets to cover rental and existing housing, and special analytical surveys and studies on housing and urban problems.
Federal-State training programs 553	NOA Exp.	-----	A 5,050 A 1,650	J 10,145 2,645 A 3,400	5,095 4,395	Supplemental in 1965, covering a recently authorized program, is for matching grants to States for training (and related research) in community development skills. Increase in 1966 is for first full year of operation.
Fellowships for city planning and urban studies.....553	NOA Exp.	-----	A 515 A 15	530 30 A 220	15 235	The 1965 supplemental, for a recently authorized program, and the 1966 request will each provide for 2-year fellowships for graduate training in city planning and related fields.
Open-space land grants.....553	NOA	262	262 B 11	K 31,835	6,562	Previous authorization for grants will be used up in 1966, requiring new appropriations. Estimate will support expansion of program and higher Federal matching percentage.
Contract authorization.....	NOA	-----	25,000	-----	-----	-----
Liquidation of contract authorization.	Exp.	(14,738) 5,130	(14,727) 14,000	(28,665) 18,000	(13,938) 4,000	-----

Low-income housing demonstration programs.....551	NOA	43	45 B 2	75	-4,972	Estimate provides for administrative costs of the low-income housing demonstration program. Existing contract authorization will allow continuation of grants for testing and demonstration of new and improved methods of housing low-income families.
Contract authorization.....	NOA		5,000			
Liquidation of contract authorization.	Exp.	(1,157) 803	(1,228) 1,500	(2,500) 2,500	(1,272) 1,000	
Urban service facilities and basic community facilities grants.....553	NOA			^A 150,000	150,000	Legislation is proposed to provide grants for basic community facilities and supporting facilities for urban service programs.
	Exp.			^A 15,000	15,000	
Public enterprise funds:						
College housing loans (authorization to spend debt receipts): 702						
Permanent.....	NOA	300,000	300,000		-410,000	Additional authority to fund 1966 commitments for loans financing student and faculty housing and related facilities is expected to be enacted in 1965.
Current.....	NOA		^A 110,000			
Limitation on administrative expenses.		(1,903)	(1,900) B (75)	(1,985)	(10)	
	Exp.	219,334	229,299	265,000	35,701	
Public facility loans: Limitation on administrative expenses.....553		(1,220)	(1,220) B (50)	(1,325)	(55)	(Increase in administrative costs results from higher level of loan activity.)
	Exp.	43,716	41,211	42,900	1,689	
Public works planning.....553	NOA	2,000	14,000	^L 15,000	1,000	Increase will fund a higher level of interest-free planning advances, financed in part by repayments and other available funds. In 1966, approvals total \$25 million.
	Exp.	7,077	3,430	7,975	4,545	
Revolving fund (liquidating programs): Limitation on administrative expenses.....551		(135)	(110) B (4)	(115)	(1)	(This fund liquidates assets acquired under expired programs.)
	Exp.	-1,799	-3,564	-1,536	2,028	
Urban renewal fund (contract authorization).....553	NOA		750,000		-1,425,000	New legislative authority in 1965 will provide funds for 1966, including increased relocation payments for previously approved projects. Accelerating progress under existing contracts requires higher payments and increased liquidating appropriation.
Liquidation of contract authorization.		(104,805)	^A 675,000 (200,000) ^A (30,000)	(331,000)	(101,000)	
	Exp.	235,012	279,776 ^A 30,000	356,180	46,404	

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

^I Includes \$16,325 thousand to carry out authorizing legislation to be proposed.

^J Includes \$5,000 thousand to carry out authorizing legislation to be proposed.

^K Includes \$31,335 thousand to carry out authorizing legislation to be proposed.

^L Includes \$5,000 thousand to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
HOUSING AND HOME FINANCE AGENCY—Continued						
OFFICE OF THE ADMINISTRATOR—Continued						
Public enterprise funds—Continued						
Rehabilitation loan fund.....551						
NOA		^A 10,180	41,800	31,620	Supplemental in 1965 is for a recently authorized program of low-interest rate loans to help homeowners and small businessmen rehabilitate properties in urban renewal areas. 1966 estimate is for remainder of authorized appropriations.	
Exp.		^A 976	23,928 ^A 799	23,751		
Community disposal operations.....552	Exp.	35	-25	-1,749	-1,724	(Sales of property and repayments of mortgages will exceed costs connected with selling properties at Los Alamos, N. Mex.)
Urban mass transportation...553	NOA	195	65,288 ^B 12	160,550	95,250	Increase supports first full year of facility grants and loans and demonstration grants to improve city mass transportation systems. Budget also proposes grant appropriation of \$150 million for 1967.
	Exp.	195	16,190	47,940	31,750	
Housing for the elderly or handicapped.....551	NOA	100,000	25,000		-25,000	Legislation providing alternative methods for meeting program objectives is being proposed; accordingly, no authority to support new loan commitments in 1966 is requested.
Limitation on administrative and nonadministrative expenses.	Exp.	(885)	(915) ^B (35)	(1,000)	(50)	
Total, Office of the Administrator.	NOA	439,457	1,214,382 ^A 800,745 ^B 695	314,060 ^A 150,000	-1,551,762	
	Exp.	569,006	663,182 ^A 32,641	845,092 ^A 19,419	168,688	

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FEDERAL NATIONAL MORTGAGE ASSOCIATION

Loans to secondary market operations.....551	Exp.	-66,360	-42,460	-----	42,460
Special assistance functions (authorization to spend debt receipts).....551	NOA Exp.	-141,925	^A 150,000 -515,080	-153,000 ^A 5,000	-150,000 367,080
Management and liquidating functions.....551	Exp.	-138,359	-50,000	-305,000	-255,000
Government mortgage liquidation fund: (Aids to private housing).....551	Exp.		-16,400	-24,485	-8,085
(Veterans readjustment benefits).....803	Exp.		-8,200	-42,970	-34,770
Limitation on administrative expenses.		(8,750)	(8,600)	(8,800)	(200)
Total, Federal National Mortgage Association.	NOA Exp.	-346,644	^A150,000 -632,140	----- -525,455 ^A5,000	-150,000 111,685

(The trust fund is purchasing from Treasury in 1964 and 1965 the holdings of preferred stock not currently needed as the basis for financing new mortgage purchases.)

New authority in 1965 will support in 1966 the program of below-market-interest-rate mortgages on rental housing for moderate-income families and support a new program of Federal Housing Administration mortgage insurance for land development for new communities. New commitments for mortgage purchases will increase by \$229 million to \$673 million. Expenditures increase in 1966 primarily because of nonrecurring 1965 receipts of \$300 million from sale of mortgages.

(No mortgage purchases from Federal Housing Administration estimated in 1966, compared to \$100 million (par) in 1965. In 1966, sales are estimated of \$135 million of certificates of participation in pools of mortgages previously acquired.)

(This trustee account holds collections on Veterans Administration and Federal National Mortgage Association mortgages in participation pools and distributes principal and interest payments to certificate holders.)

^A Proposed for separate transmittal, other than pay increase supplemental.
^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
HOUSING AND HOME FINANCE AGENCY—Continued					
FEDERAL HOUSING ADMINISTRATION					
Public enterprise funds—Continued					
Federal Housing Administration NOA	206,413				
fund (permanent, indefinite authorization to spend debt receipts).....551					
Limitation on administrative expenses.	(9,500)	(9,688) B (397)	(10,450)	(365)	<p>(Receipts from premiums, fees, resales of properties acquired as a result of defaults on insured mortgages, and from transfer of mortgages to Federal National Mortgage Association for consolidated administration and liquidation will continue to exceed insurance claim payments and other expenses. Mortgage insurance outstanding is estimated at \$51.3 billion at close of 1965. Increased application levels, insurance-in-force, and claim activities will require increased administrative support and operating expenses.)</p>
Limitation on nonadministrative expenses.	(76,565)	(78,000) B (1,775)	(80,850)	(1,075)	
Exp.	-43,442	-108,510	-127,276	-18,766	
PUBLIC HOUSING ADMINISTRATION					
Low-rent public housing program:					
Annual contributions.....552 NOA	197,000	200,000 A 14,000	231,000	17,000	Proposed supplemental request in 1965 and increase in 1966 reflect additional new projects eligible for annual contributions and increased contributions for elderly and displaced tenants.
Administrative expenses....552 NOA	15,484	15,784 B 568	17,210	858	Increase results from heavier workload as number of dwellings in the program grows.
Limitation on administrative expenses.	(15,484)	(15,784) B (568)	(17,210)	(858)	
Limitation on nonadministrative expenses.	(1,420)	(1,420) B (20)	(1,582)	(142)	(Increase will cover inspection of increased construction activity.)
Exp.	149,206	211,499 A 9,100	232,768 A 4,900	17,069	

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Total, Public Housing Ad- ministration.	NOA	212,484	215,784 A 14,000 B 568	248,210	17,858	
	Exp.	149,206	211,499 A 9,100	232,768 A 4,900	17,069	
Total, Housing and Home Finance Agency.	NOA	858,354	1,430,166 A 964,745 B 1,263	562,270 A 150,000	-1,683,904	
	Exp.	328,127	132,825 A 41,741 B 1,206	425,072 A 29,319 B 57	278,676	

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

General and special funds:						
Research and development...251	NOA	3,890,269	4,363,594	D 4,575,900	212,306	Increase is for continued development of large manned spacecraft and launch vehicles to meet the goal of achieving a manned lunar landing in this decade, initiation of programs for unmanned exploration of the surface of Mars, detailed observation of the Sun from an Earth orbiting satellite, flight research using prototype B-70 aircraft, a small laboratory model ramjet engine, and increase in supporting research. Partially offsetting decreases include normal downturn in requirements for the Gemini manned space flight program; termination of the M-1 engine, large solid rocket motor, and SNAP-8 space nuclear power system development projects; and reduced rate of buildup in the worldwide tracking network.
	Exp.	3,317,389	3,782,000	4,120,000	338,000	
Construction of facilities.....251	NOA	713,346	262,880	D 74,700	-188,180	Decrease is a result of completion of funding for major new facilities in support of the manned lunar landing program.
	Exp.	437,752	524,000	406,000	-118,000	
Administrative operations....251	NOA	496,099	623,253	D 609,400	-13,853	Decrease results from the one-time requirement for purchase in 1965 of automatic data processing equipment in use on a rental basis, partially offset by increases for heavier workload at NASA field centers.
	Exp.	416,777	593,814	574,000	-19,814	

A Proposed for separate transmittal, other than pay increase supplemental.

B Proposed for separate transmittal, civilian pay increase supplemental.

D To carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

General and special funds—Continued					
Salaries and expenses.....251 Exp.	-921	186	-----	-186	
Total, National Aeronautics and Space Administration.					
NOA Exp.	5,099,714	5,249,727	5,260,000	10,273	
Exp.	4,170,997	4,900,000	5,100,000	200,000	

VETERANS ADMINISTRATION

General and special funds:					
General operating expenses...805					
NOA	159,731	155,125	158,000	-4,870	Supplemental in 1965 is for administering recent legislation extending war orphans' education, providing improvements in insurance programs and pension liberalization. Reduction in 1966 reflects increased productivity, declining workloads, field office reorganization, including the closing of 17 regional offices, and transfer of cost of medical data processing to "medical care" and "supply fund."
Exp.	162,325	159,160	157,799	-4,040	
		A 2,809 B 4,936	A 65		
Medical administration and miscellaneous operating expenses.....804					
NAO	14,800	14,200	13,496	-1,400	Increases in 1966 to strengthen administration of medical program and to develop and supervise new nursing home program are more than offset by transfer of funding Office of Construction to construction appropriation.
Exp.	14,699	14,736	13,501	-1,235	
		B 696			
Medical and prosthetic research.....804					
NAO	33,742	37,000	40,893	3,110	Increase in 1966 provides for program growth consistent with 10-year planned objective.
Exp.	32,349	39,559	39,900	341	
		B 783			
Medical care.....804					
NOA	1,091,627	1,115,935	1,177,417	23,258	Supplemental in 1965 is for wage board costs; increased per diem rates in Federal contract hospitals; and new payments for nursing home care in State homes. The 1966 estimate reflects savings from closing 11 hospitals and 4 domiciliaries and increases to provide activation of 1,000 more nursing home beds; activation of 3 new hospitals; new types of medical services in existing facilities; increased staffing and equipment to improve quality of care; and new programs for care in private and public nursing homes and filling prescriptions for drugs.
Exp.	1,111,451	1,137,237	1,168,000	22,894	
		A 8,295 B 29,929 A 8,082	A 213		

Compensation and pensions: (Veterans service-connected compensation)-----801	NOA	2,157,600	2,122,700 ^A 50,000	2,174,500	1,800	Supplemental is for higher caseload and average payments. Increase reflects continuing increase in average payments as disabilities worsen with increasing age of veterans. (Expenditure reduction reflects proposal to even check mailings throughout the month.)
	Exp.	2,157,600	2,122,700 ^A 50,000	2,174,400 ^A -74,400	-72,700	
(Veterans non-service-connected pensions)-----802	NOA	1,732,900	1,775,400 ^A 58,000	1,902,700	69,300	Supplemental is mainly for increased pension rates. Increase is mainly for full-year cost of new legislation. (Expenditure reduction reflects proposal to even check mailings throughout the month.)
	Exp.	1,743,106	1,775,823 ^A 58,000	1,902,600 ^A -75,600	-6,823	
(Other veterans benefits and services)-----805	NOA	60,500	64,900	64,800	-100	Increased burial benefits, reflecting more deaths of older veterans, is offset by declining vocational rehabilitation caseload.
	Exp.	60,500	64,900	65,000	100	
Readjustment benefits-----803	NOA	68,500	37,100 ^A 8,800	36,500	-9,400	Supplemental is for higher enrollment of Korean veterans in training and for newly enacted extension of War orphans education program to include children of totally disabled veterans. Reduction in 1966 reflects termination of Korean education program
	Exp.	68,998	38,311 ^A 8,800	36,500	-10,611	
Veterans insurance and indemnities-----805 Permanent, indefinite, special fund.	NOA	28,700	13,700	9,900	-3,800	Transfer of \$7 million from the Veterans special term insurance fund offsets increased NOA requirements resulting from exhaustion of 1965 unobligated balances. Permanent NOA is premium receipts on policies issued to certain disabled veterans of World War II. (Expenditures decline as indemnity payments are completed.)
	Exp.	26,819	22,000	17,600	-4,400	
Grants to the Republic of the Philippines-----804	NOA	310	310 ^A 76	386	-----	Supplemental is for payment of increased per diem rates for treatment of Philippine Commonwealth Army veterans. Estimates for 1966 are for care of daily average of 157 veterans.
	Exp.	258	310 ^A 76	386	-----	
Construction of hospital and domiciliary facilities-----804	NOA	76,796	98,103	97,006	-1,097	Proposal for 1966 provides for the sixth increment of a \$1.2 billion program for modernization of medical facilities; for alterations of existing facilities to provide 2,000 nursing home beds; and for planning and construction of research facilities.
	Exp.	70,325	80,000	92,500	12,500	
Construction--Corregidor-Bataan Memorial-----805	NOA	-----	100	1,400	1,300	Increase is for construction of the memorial to be started in 1966.
Exp.	-----	59	900	841		

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
VETERANS ADMINISTRATION—Continued						
General and special funds—Continued						
Grants for construction of State nursing homes.....804			5,000	5,000	Provides for new program of grants to States to construct nursing home facilities for care of war veterans.	
NOA Exp.			500	500		
Public enterprise funds:						
Canteen servicerevolving fund.805	Exp.	-207	-170	-218	-48	(Receipts of \$54 million from canteen sales to hospital patients and staff approximately offset expenses.)
Direct loan revolving fund (authorization to spend debt receipts): 803						
Permanent.....	NOA	150,000	150,000	100,000	-150,000	New loans decline as World War II veterans entitlement runs out. Sale of loans and unobligated balances eliminate need for borrowings from Treasury. Permanent NOA of \$100 million which would otherwise become available for 1966 is proposed for cancellation.
Current.....	NOA			-100,000		
	Exp.	-32,303	-226,169	-685,947	-459,778	(Receipts from planned direct sales of mortgage notes and sale of participations in pooled mortgage loans more than offset expenditures. A larger volume of such sales are anticipated in 1966.)
Loan guaranty revolving fund.803	Exp.	76,498	48,200	-133,883	-182,083	(Foreclosures are expected to decline. Receipts from direct sale of mortgage loans and sale of participations in pooled mortgage loans will more than offset expenditures and will increase over 1965.)
Service-disabled veterans insurance fund.....805	Exp.	-712	-50		50	(Receipts from premiums and the "insurance and indemnities" appropriation cover expenditures of \$10 million, mainly death claims.)
Soldiers' and sailors' civil relief.803	NOA			25	25	NOA for 1966 will provide additional capital for payment of claims.
	Exp.	23	41	26	-15	
Veterans reopened insurance fund 805	Exp.		A -1,226	-24,007	-22,781	(New insurance programs for disabled veterans will be open for a 1-year period starting May 1965. Receipts will exceed payments.)

Veterans special term insurance fund.....805	Exp.	-15,955	-26,755	-26,900	-145	(Net receipts were lower in 1964 than are estimated for 1965 and 1966 due to payment of special dividend authorized by Public Law 87-223.)
Vocational rehabilitation revolving fund.....805	Exp.	30				(Repayment of loans by trainees are expected to cover new loans.)
Intragovernmental funds:						
Supply fund.....805	Exp.	2,294	-668	35	703	(Fund is estimated to net near zero on volume of \$165 million.)
Total, Veterans Administration.	NOA	5,575,858	5,585,233 A 127,980 B 36,344	5,682,708	-66,849	
	Exp.	5,478,101	5,213,912 A 126,476 B 35,312	4,797,660 A-149,722 B 1,032	-726,730	

OTHER INDEPENDENT AGENCIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES						
General and special funds: Salaries and expenses.....908	NOA		A 62	250	188	Provides for establishment of a Conference to improve and develop procedures under various administrative laws.
	Exp.		A 60	248 A 2	190	
ADVISORY COMMISSION ON INTER-GOVERNMENTAL RELATIONS						
Salaries and expenses.....910	NOA	385	395 B 15	410		Activities of bringing together representatives of Federal, State, and local governments for studies of intergovernmental cooperation will be continued.
	Exp.	366	398	405	7	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
ALASKA TEMPORARY CLAIMS COMMISSION					
General and special funds—Continued					
Salaries and expenses.....910 NOA		33		-33	This temporary Commission was set up to settle a dispute between the United States and Alaska concerning conveyance of property.
Exp.		4		-4	
AMERICAN BATTLE MONUMENTS COMMISSION					
Salaries and expenses.....805 NOA	1,800	1,800	2,148	300	Increase covers higher overseas personnel costs, completion of the design program, and heavier maintenance requirements.
		B 14 C 2			
Reappropriation..... NOA		32			
Exp.	1,673	2,006	2,050	44	
Construction of memorials and cemeteries.....805 Exp.	113	69		-69	(Account is available only to pay old obligations.)
Total, American Battle Monuments Commission. NOA	1,800	1,832	2,148	300	
		B 14 C 2			
Exp.	1,786	2,075	2,050	-25	
CENTRAL INTELLIGENCE AGENCY					
Construction.....905 Exp.	285	521	1,287	766	(Major expenditures are for construction of facility designed for classified printing.)

CIVIL AERONAUTICS BOARD						
Salaries and expenses.....508	NOA	10,240	10,608 B 488	11,300	204	Increases are primarily to strengthen the aircraft accident investigation program.
	Exp.	10,023	11,014	11,200	186	
Payments to air carriers:						
Contract authorization (perma- nent, indefinite).....501	NOA	87,656	86,786	83,938	-2,848	Airline subsidy obligations are expected to decline in 1966.
Liquidation of contract author- ization.		(83,000)	(82,500) A (4,400)	(83,500)	(-3,400)	(Supplemental in 1965 is to meet additional authorized contractual pay- ments. Appropriation for 1966 liquidates that part of subsidy con- tract obligations for which payments are due during the year.)
	Exp.	84,122	82,856 A 4,400	83,500	-3,756	
Total, Civil Aeronautics Board.	NOA	97,896	97,394 B 488	95,238	-2,644	
	Exp.	94,145	93,870 A 4,400	94,700	-3,570	
CIVIL SERVICE COMMISSION						
Salaries and expenses.....906	NOA	21,835	21,996 B 700	22,500	-196	Decrease reflects productivity increases and purchase in 1965 of computer and mechanized filing equipment.
	Exp.	22,826	22,688	22,380	-308	
Investigation of U.S. citizens for employment by international organizations.....908	NOA	570	600	627	27	Increase in 1966 results from expanded workload.
	Exp.	518	546	617	71	
Annuities under special acts...906	NOA	1,800	1,650	1,550	-100	Decrease results from smaller number of Panama Canal annuitants.
	Exp.	1,723	1,674	1,570	-104	
Government payment for annui- tants, employees health benefits 906	NOA	-----	-----	29,224	29,224	This appropriation is a consolidation of the 2 following ones. Estimate reflects 478,000 participating annuitants.
	Exp.	-----	-----	29,224	29,224	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
CIVIL SERVICE COMMISSION—Con.					
General and special funds—Continued					
Government payment for annu- NOA	9,500	10,650		-12,210	These appropriations have been consolidated into the preceding one. The 1965 supplemental will provide for the Government's share of the cost of the health benefits liberalization under Public Law 88-284.
tants, employees health benefits		^A 1,560			
fund.....906 Exp.	9,500	10,650		-12,210	
		^A 1,560			
Government contribution, retired NOA	14,800	14,800		-14,800	}
employees health benefits fund Exp.	14,800	14,800		-14,800	
906					
Payment to civil service retirement NOA	62,000	65,000	67,000	2,000	Estimate is to pay increased costs of additional benefits enacted in 1963.
and disability fund.....906 Exp.	62,000	65,000	67,000	2,000	
Trust fund:					
Limitation on administrative ex- (270)	(270)	(274)	(279)	(5)	(Estimate reflects increasing participation in regular insurance program.)
penses, employees life insurance fund.					
Intragovernmental funds:					
Investigations (revolving fund) Exp.	69	-430	-108	322	(This fund finances security investigations performed at the request of other agencies.)
906					
Advances and reimbursements.906 Exp.	-17	16		-16	
Total Civil Service Commis- NOA	110,505	114,696	120,901	3,945	
ion.		^A 1,560			
		^B 700			
Exp.	111,418	114,944	120,683	4,179	
		^A 1,560			

COMMISSION OF FINE ARTS					
General and special funds:					
Salaries and expenses	555 NOA	91	120 B 3	123	} Estimate provides for additional consultant services.
	Exp.	87	123	123	
COMMISSION ON CIVIL RIGHTS					
Salaries and expenses	908 NOA	985	1,280 B 32	1,720	} Increase provides for additional staff to carry out new functions under the Civil Rights Act of 1964.
	Exp.	817	1,250	1,650	
COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE					
Salaries and expenses	910 NOA		A 79	200	} Commission, reestablished by Public Law 88-522, will draft international agreements to be negotiated by the Secretary of State.
	Exp.	7	A 69	190 A 10	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
Salaries and expenses	652 NOA		2,250	3,200	} Increase reflects the costs of a full year's operation and additional duties to be performed beginning in 1966 as provided by the Civil Rights Act.
	Exp.		750	3,000	
EXPORT-IMPORT BANK OF WASHINGTON					
Public enterprise funds:					
Export-Import Bank of Washington fund	152				} (Increased expenditures in 1966 reflect larger disbursements on loans and a decline in sales of assets, partially offset by an increase in net loan repayments.)
Limitation on operating expenses.		(1,314,366)	(1,350,060)	(-1,350,060)	
Limitation on administrative expenses.		(3,500)	(3,781) B (184)	(4,052)	
	Exp.	-701,784	-645,175	-480,229	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (—)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
FARM CREDIT ADMINISTRATION					
Public enterprise funds—Continued					
Revolving fund for administrative expenses.....352	Exp. —161	—111	—4	107	(Activity is financed by assessments collected from the banks in the farm credit system. The increase in 1966 mainly reflects the annualization of salary and related costs of staff added during 1965.)
Short-term credit investment fund 352	Exp. 5,490	7,975	8,175 A —7,500	} —7,300	(Expenditures represent Government investment in Federal intermediate credit banks and production credit associations. The reduction in 1966 reflects proposed legislation changing the Federal intermediate credit banks' debt-to-capital ratio, thereby reducing the need for Government capital.)
Banks for cooperatives investment fund.....352	Exp. —13,926	—13,887	—13,500	387	(Negative expenditure represents a return of capital previously invested in banks for cooperatives.)
Total, Farm Credit Administration.	Exp. —8,597	—6,023	—5,329 A —7,500	} —6,806	
FEDERAL COAL MINE SAFETY BOARD OF REVIEW					
General and special funds:					
Salaries and expenses.....652	NOA 65	68 B3	72	1	Increase is primarily for within-grade salary and related costs.
	Exp. 64	71	70	—1	

FEDERAL COMMUNICATIONS COMMISSION							
Salaries and expenses.....	508	NOA	15,600	16,347	} 17,494	542	Increase provides for the processing of a greater volume of applications for all classes of radio service and for more effective regulation of common carriers.
		Exp.	16,717	^B 605 16,614			
FEDERAL DEVELOPMENT PLANNING COMMITTEES FOR ALASKA							
Federal Development Planning Committees for Alaska.....	507	NOA			200	200	Committees will develop and coordinate plans for the economic development of Alaska.
		Exp.		64	170	106	
FEDERAL HOME LOAN BANK BOARD							
Public enterprise funds:							
Federal Home Loan Bank Board revolving fund.....	551						(Administrative and supervisory expenses, paid from fees, charges, and assessments, will increase because of growth in number of institutions and assets.)
Limitation on administrative and nonadministrative expenses.		Exp.	(15,230)	(16,868) ^B (81)	(17,407)	(458)	
			-324	-239	257	496	
Federal Savings and Loan Insurance Corporation fund.....	551						(Premiums and other receipts are expected to increase and will continue to exceed costs.)
Limitation on administrative expenses.		Exp.	(1,315)	(225) ^B (8)	(259)	(26)	
			-248,097	-313,019	-335,663	-22,644	
Home Owners' Loan Corporation fund.....	551	Exp.	1	2	2		(Expenditures are for interest on matured bonds.)
Total, Federal Home Loan Bank Board.		Exp.	-248,420	-313,256	-335,404	-22,148	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
FEDERAL MARITIME COMMISSION					
General and special funds:					
Salaries and expenses.....508 NOA	2,575	2,763	3,390	444	Increase is to provide for the expanding regulatory caseload.
Exp.	2,611	^B 183 2,919		3,320	
FEDERAL MEDIATION AND CONCILIATION SERVICE					
Salaries and expenses.....652 NOA	5,688	6,100	6,652	318	Increase will permit additional assistance to labor and management, particularly in preventive mediation.
Exp.	5,702	^B 234 6,262		6,615	
FEDERAL POWER COMMISSION					
Salaries and expenses.....401 NOA	11,850	12,440	13,539	564	Increase is mainly for wholesale rate regulation, safety inspections, water resources appraisal studies, and purchase of a computer system.
Exp.	12,226	^B 535 12,937		13,422	
Payments to States under Federal Power Act (permanent, indefinite, special fund).....401	124	123	123	-----	States receive 37.5% of license receipts from hydroelectric projects in national forests and public lands.
Exp.	98	124	123	-1	
Total, Federal Power Commission. NOA	11,974	12,563	13,662	564	
Exp.	12,324	^B 535 13,061		13,545	
FEDERAL RADIATION COUNCIL					
Salaries and expenses.....903 NOA	-----	-----	166	166	A direct appropriation is recommended to fund activities of the Council in lieu of interagency contributions.
Exp.	-----	-----	161	161	

FEDERAL RECONSTRUCTION AND DEVELOPMENT PLANNING COMMISSION FOR ALASKA						
Salaries and expenses.....	507 NOA	150				
	Exp.		53			-53
Intragovernmental funds:						
Advances and reimbursements.....	507 Exp.	-30	26			-26
Total, Federal Reconstruction and Development Planning Commission for Alaska.						
	NOA	150				
	Exp.	-30	79			-79
FEDERAL TRADE COMMISSION						
General and special funds:						
Salaries and expenses.....	508 NOA	12,215	12,859 B 600	13,776		317
	Exp.	12,118	12,700	13,400		700
FOREIGN CLAIMS SETTLEMENT COMMISSION						
Salaries and expenses.....	151 NOA	1,420	1,650 B 64	1,950		236
	Exp.	906	1,575	1,935		360
Payment of Philippine war damage claims.....	Exp. 151	8,018	34,994			-34,994
Total, Foreign Claims Settlement Commission.						
	NOA	1,420	1,650 B 64	1,950		236
	Exp.	8,924	36,569	1,935		-34,634

(Commission has completed its mission. Final report was issued September 1964.)

Increase provides for greater emphasis on industry guidance; enlarged industry analysis capability, which will make possible more effective use of agency resources; increased investigative and litigative activity with respect to mergers; and purchase of a computer.

Increase due to necessity of completing Polish Claims program, last full year of General War Claims program, and start of the Cuban program.

(Completion of program in 1965 and transfer of \$24 million of unobligated balance to the Philippine education program.)

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
GENERAL ACCOUNTING OFFICE					
General and special funds—Continued					
Salaries and expenses.....904 NOA	45,699	46,733	46,900	167	Increase is for extended audit coverage, partially offset by decreases in other employment.
Exp. 45,116	46,574	46,740	166	166	
HISTORICAL AND MEMORIAL COMMISSIONS					
Battle of Lake Erie Sesquicentennial Celebration Commission.....910 NOA		14		-14	(The Commission has completed its work.)
Exp. 45,116	46,574	46,740	166	-14	
Battle of New Orleans Sesquicentennial Celebration Commission.....910 NOA		25		-25	(The Commission will complete its work in 1965.)
Exp. 45,116	46,574	46,740	166	-25	
Civil War Centennial Commission.....910 NOA	100	100	100		The Commission will terminate its activities in 1966.
Exp. 106	100	100	110	10	
Corregidor-Bataan Memorial Commission: Salaries and expenses.....805 NOA		25	35	10	Increase is for research to plan memorial documentary film and locate historical places for marking.
Exp. 805		25	35	10	
Franklin Delano Roosevelt Memorial Commission.....910 Exp.	16	9		-9	(The Commission is completing its work in 1965.)
Lewis and Clark Trail Commission.....910 NOA			25	25	The Commission is concerned with long-term conservation and recreation affecting the Lewis and Clark Trail.
Exp. 910			25	25	

750-000 O-85-21

U.S. Territorial Expansion Memorial Commission.....910	Exp.		4		-4	(The Commission is concerned with the Jefferson National Expansion Memorial.)
Woodrow Wilson Memorial Commission.....910	Exp.		10		-10	(The Commission is expected to complete its work from the 1963 NOA.)
Total, historical and memorial commissions.	NOA Exp.	100 123	164 187	160 170	-4 -17	
INDIAN CLAIMS COMMISSION						
Salaries and expenses.....902	NOA	297	310	} 347	12	Increase is primarily for within-grade salary costs.
	Exp.	294	^B 25 325			
INTERSTATE COMMERCE COMMISSION						
Salaries and expenses.....508	NOA	24,669	25,485	} 27,300	585	Increases are for additional workload arising from growth of the regulated motor carrier industry.
	Exp.	24,378	^B 1,230 26,334			
NATIONAL CAPITAL HOUSING AUTHORITY						
Operation and maintenance of properties.....555	NOA Exp.	43 43	37 37	41 41	4 4	Increase results from start of program of major repairs. Receipts (\$39 thousand in 1966) are deposited in general fund.
NATIONAL CAPITAL PLANNING COMMISSION						
Salaries and expenses.....555	NOA	650	665	} 1,000	304	Estimate provides for staff to deal with increased workload, implementation of the 1985 comprehensive plan for the District of Columbia, the identification and preservation of landmarks, and planning for the redevelopment of Pennsylvania Avenue.
	Exp.	664	^B 31 747			
Land acquisition, National Capital park, parkway, and playground system.....555	NOA Exp.		550		-550	Funds were provided in 1965 for acquisition of land needed to provide a parklike setting for the John F. Kennedy Center for the Performing Arts.
		71	1,054	1,540	486	

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
NATIONAL CAPITAL PLANNING COMMISSION—Continued					
General and special funds—Continued					
Land acquisition, John F. Kennedy Center for the Performing Arts 704		2,175		-2,175	Funds were provided in 1965 for the acquisition of the site for the John F. Kennedy Center for the Performing Arts.
		2,175		-2,175	
Total, National Capital Planning Commission.	NOA	650	3,390	1,000	-2,421
	Exp.	735	3,976	2,540	-1,436
NATIONAL CAPITAL TRANSPORTATION AGENCY					
Salaries and expenses 555	NOA	1,000	490	490	Outlays will be slightly reduced in 1966. 1965 expenses were met from balances of prior year appropriations.
	Exp.	980	495	450	
Land acquisition and construction 555	NOA		^A 10,171	10,171	Under proposed legislation, funds will be requested for construction of a rapid transit system for the National Capital region.
	Exp.	2	^A 1,550	1,550	
Total, National Capital Transportation Agency.	NOA	1,000	490	10,661	
	Exp.	982	495	1,505	

NATIONAL COMMISSION ON FOOD MARKETING						
Salaries and expenses	355	NOA				Commission started operations during 1964. Increase provides primarily for full-year funding of the Commission's activities relating to the study and appraisal of the marketing structure of the food industry.
		Exp.	700	1,500	800	
			630	1,420	790	
NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS						
National Commission on Technology, Automation, and Economic Progress		NOA	825		-825	The Commission will submit its final report to the President and the Congress by January 1966.
		Exp.	550	275	-275	
NATIONAL LABOR RELATIONS BOARD						
Salaries and expenses	652	NOA	22,446	25,000	28,165	Estimate reflects continuing increases in unfair labor practice charges and in representation petitions.
		Exp.	22,049	^B 1,158		
				25,659	28,115	2,456
NATIONAL MEDIATION BOARD						
Salaries and expenses	652	NOA	1,950	1,970	2,050	Increase will permit additional mediation assistance to labor and management in the railroad and airline industries.
		Exp.	1,939	^B 52		
				2,011	2,040	29
NATIONAL SCIENCE FOUNDATION						
Salaries and expenses	703	NOA	353,188	420,400	530,000	Includes increases to provide adequate growth in overall Federal support for research in universities (by 51% increase in research grants) and to strengthen institutional science programs (by 27%) and science education (by 14%).
		Exp.	310,433	325,000		
International Geophysical Year	703	Exp.	-8			80,000

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
NATIONAL SCIENCE FOUNDATION—Continued					
Intragovernmental funds:					
Advances and reimbursements.703 Exp.	-353				
Total, National Science Foundation.	353,188 310,072	420,400 325,000	530,000 405,000	109,600 80,000	
OUTDOOR RECREATION RESOURCES REVIEW COMMISSION					
General and special funds:					
Salaries and expenses.....405 Exp.		7		-7	(The Commission's work has been completed.)
PARTICIPATION IN INTERSTATE-FEDERAL COMMISSIONS					
Delaware River Basin Commission:					
Salaries and expenses.....401 NOA	38	39 B5	44		This appropriation provides for expenses of the U.S. Commissioner, his alternate and assistant.
Exp.	36	44	44		
Contribution.....401 NOA	117	92	96	4	The amount recommended is the Federal share (about 24%) of the distributed net annual expense budget as adopted for 1966 by the Commission.
Exp.	117	92	96	4	
Total, Delaware River Basin Commission.	155	131 B5	140	4	
Exp.	153	136	140	4	

Interstate Commission on the Potomac River Basin: Contribution-----555	NOA Exp.	5 5	5 5	5 5	----- -----	The United States contributes \$5 thousand annually for the Commission's efforts to reduce pollution.
Total, participation in interstate-Federal commissions.	NOA Exp.	160 158	136 141	145 145	4 4	
PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY						
President's Advisory Committee on Labor-Management Policy-----652	NOA Exp.	200 113	150 197	150 150	----- -47	No change in the level of activities is anticipated.
PUBLIC LAND LAW REVIEW COMMISSION						
Salaries and expenses-----401	NOA Exp.	----- -----	350 275	1,000 1,025	650 750	Increase is for additional staff and for study contracts and agreements.
RAILROAD RETIREMENT BOARD						
Payment for military service credits-----659	NOA Exp.	----- -----	13,834 13,834	16,558 16,558	2,724 2,724	Funds are provided for the second of 10 annual installments to pay the retirement account for military service of railroad workers.
Trust fund: Limitation on salaries and expenses.		(11,065)	(10,500) B (200)	(10,650)	(-50)	(Numbers of beneficiaries will increase, but numbers of claims and numbers of workers covered will decrease.)
RENEGOTIATION BOARD						
General and special funds: Salaries and expenses-----904	NOA Exp.	2,550 2,509	2,600 2,555	2,500 2,400	-100 -155	Decrease results from management improvements.

^B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION					
Public enterprise funds:					
Saint Lawrence Seaway Development Corporation fund...502					
Limitation on administrative expenses.	(429)	(450)	(490)	(20)	(Operating costs, interest, and some additional construction will be financed from revenues of \$5.7 million and borrowing of \$0.6 million from the Treasury.)
Exp.	154	^B (20) 1,000	600	-400	
SECURITIES AND EXCHANGE COMMISSION					
General and special funds:					
Salaries and expenses.....508 NOA	13,936	14,830	17,400	1,958	Increase provides funds for staff to handle greater volume of workload resulting from enactment of the Securities Act Amendments of 1964; for relocation of Washington, D.C., offices in commercial space; and for rental of a computer.
Exp.	14,337	^B 612 15,200	17,000	1,800	
SELECTIVE SERVICE SYSTEM					
Salaries and expenses.....059 NOA	40,483	46,484	49,500	1,632	Increase reflects higher workload. Inductions will increase over 30% from 95,000 to 125,000.
Exp.	40,936	^B 1,321 ^C 63 47,507	48,500	993	
SMALL BUSINESS ADMINISTRATION					
Salaries and expenses.....506 NOA	6,972	7,150	7,315	-171	Decrease reflects reduction in employment for procurement and management assistance.
Exp.	8,591	^B 336 7,309	7,344	35	

Trade adjustment loan assistance	NOA	1,500				Balances of 1964 appropriation available as needed for funding program costs.
506 Exp.			50	50		
Grants for research and management counseling	Exp.	55	254		-254	
	506					
Public enterprise funds:						Supplemental in 1965 is for additional capital to fund increased business and disaster loan commitments. Proposed legislation to authorize sale of participations in pools of loans held by SBA will reduce NOA needed to fund 1966 program levels.
Revolving fund	NOA	90,000	45,000	150,000	-132,000	
			^A 100,000	^A -137,000		
506 Exp.		124,316	235,400	148,100	-437,300	
				^A -350,000		
Intragovernmental funds:						
Advances and reimbursements	Exp.	-30	3	-10	-13	
	506					
Total, Small Business Administration.	NOA	98,472	52,150	157,315	-132,171	
			^A 100,000	^A -137,000		
			^B 336			
	Exp.	132,933	243,016	155,484	-437,532	
				^A -350,000		
SMITHSONIAN INSTITUTION						
General and special funds:						
Salaries and expenses	NOA	13,191	15,000	20,865	5,375	Supplemental in 1965 is for wage-board pay increases. Increase in 1966 provides for staffing the west wing of the Natural History Building and other recently completed facilities, preparation of plans for utilizing the former Civil Service Commission Building as an art gallery, and broadened scientific effort.
			^A 90			
	Exp.	12,888	14,790	19,717	4,843	
			^B 400	^A 3		
			^A 87			
Archeological research and excavation (special foreign currency program)	NOA			1,300	1,300	The estimate provides for a program of grants of excess foreign currencies to American institutions for archeological research overseas.
	Exp.			1,171	1,171	
	704					
Remodeling of Civil Service Commission Building	NOA	5,465	1,000		-1,000	The building is being remodeled for use as an art gallery which is scheduled to open in 1967.
	Exp.	116	2,183	3,700	1,517	

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^B Proposed for separate transmittal, civilian pay increase supplemental.
^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
SMITHSONIAN INSTITUTION—Con.					
General and special funds—Continued					
Construction and improvements, NOA	1,275	1,525	1,539	14	Provides for construction of a veterinary hospital, research laboratory, greenhouse, mechanical quarters, property and supply facilities, and for planning of future facilities.
National Zoological Park...704 Exp.	1,026	1,899	1,592	-307	
National Air and Space Mu- NOA	511	1,364	-----	-1,364	(Planning will be completed in 1965 for a National Air and Space Museum Building.)
seum.....704 Exp.	330	1,363	180	-1,183	
Restoration and renovation of NOA	-----	-----	2,248	2,248	The Smithsonian Building will be renovated inside to provide air conditioning and additional office space.
buildings.....704 Exp.	-----	-----	1,349	1,349	
Museum of History and Tech- NOA	2,574	1,783	375	-1,408	(The building was completed in 1964.)
nology.....704 Exp.	-----	-----	-----	-----	
Additions to the Natural History NOA	2,783	6,170	307	-5,863	(Construction of the west wing is to be completed in 1966.)
Building.....704 Exp.	-----	-----	-----	-----	
Salaries and expenses, National NOA	2,176	2,147	2,465	246	The estimate provides for the opening of galleries to house the Chester Dale collection, evening visiting hours from April through August, and workload increases.
Gallery of Art.....704	-----	^A 12	-----	-----	
Exp.	2,076	^B 60 ^A 12	2,466	58	
John F. Kennedy Center for the NOA	-----	15,500	-----	-15,500	It is anticipated that planning will be completed in 1965, and construction started in 1966.
Performing Arts.....704	-----	-----	-----	-----	
Authorization to spend debt NOA	15,400	-----	-----	-----	
receipts. Exp.	-----	1,000	5,000	4,000	

Intragovernmental funds:						
Advances and reimbursements, Smithsonian Institution.....	Exp.	-2	40	-30	-70	
Total, Smithsonian Institution.	NOA	38,018	36,536 A 102	28,417	-8,681	
	Exp.	21,791	31,624 B 460 A 99	35,827 A 3	4,107	
SUBVERSIVE ACTIVITIES CONTROL BOARD						
General and special funds:						
Salaries and expenses.....	NOA	425	440	480	40	Increase will finance printing of an index digest of Board decisions.
	Exp.	348	435	480	45	
TARIFF COMMISSION						
Salaries and expenses.....	NOA	3,145	3,250 B 95	3,505	160	Increase anticipates larger number of public investigations and work on Summaries of Tariff Information.
	Exp.	2,932	3,325	3,480	155	
TAX COURT OF THE UNITED STATES						
Salaries and expenses.....	NOA	1,890	1,960 B 223	2,190	7	Increase will provide primarily for additional costs of stenographic reporting services.
	Exp.	1,928	2,172	2,170	-2	
TENNESSEE VALLEY AUTHORITY						
Public enterprise funds:						
Tennessee Valley Authority fund: Power proceeds and borrowings.....	Exp.	12,291	7,000	-9,000	-16,000	(Power revenues of \$320 million, together with a net of \$50 million from revenue bonds and the U.S. Treasury, will be used to finance power operations and a \$117 million investment in power system facilities, including construction on a 1,130,000-kilowatt power unit. Payment to the general fund will include \$15 million for reduction of investment and a dividend of \$42.2 million. Returns to the general fund and revenue bond proceeds do not affect net expenditures.)

A Proposed for separate transmittal, other than pay increase supplemental.

B Proposed for separate transmittal, civilian pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
TENNESSEE VALLEY AUTHORITY—					
Continued					
Public enterprise funds—Continued					
Appropriations and nonpower proceeds.....401	47,142 47,000	47,915 50,000	58,952 48,000	11,037 -2,000	An appropriation of \$59 million and \$24 million of other receipts will finance all operating costs except power operations and provide \$42.7 million for construction of navigation, chemical, and other nonpower facilities. Increases are principally for added capital outlay, including second year of construction and land acquisition for the Land Between the Lakes recreation demonstration and initiation of the Tellico Dam and Reservoir.
Exp.					
Total, Tennessee Valley Au- thority.	47,142 59,291	47,915 57,000	58,952 39,000	11,037 -18,000	
UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY					
General and special funds:					
Arms control and disarmament activities.....151	7,500 6,195	9,000 9,700	^B 12,272 9,700	3,272 -----	Increase will allow for improved in-house research capability and for additional contract research.
NOA Exp.					
UNITED STATES INFORMATION AGENCY					
Salaries and expenses.....153	133,954	137,800 ^B 2,454	141,111	857	Level program will be maintained, with increases only to cover built-in costs.
NOA Exp.			136,923	3,147	

Salaries and expenses (special foreign currency program).....153	NOA Exp.	11,750 10,042	8,200 10,400	11,112 11,033	2,912 633	Foreign currencies excess to U.S. needs supplement the appropriation immediately above and are used to pay local expenses.
Special international exhibitions 153	NOA Exp.	7,200 7,021	6,000 A 11,700 7,415 A 406	3,975 3,293 A 1,300	-13,725 -3,228	Decreases are due to nonrecurring supplemental in 1965 to finance U.S. participation in 1967 Montreal World's Fair, and to reduction in USIA trade fair program.
Special international exhibitions (special foreign currency program).....153	NOA Exp.	450 371	400 485	154 245	-246 -240	Foreign currencies excess to U.S. needs supplement the appropriation immediately above and are used to pay local expenses.
Acquisition and construction of radio facilities.....153	NOA Exp.	12,070 12,157	2,000 10,314	16,601 8,490	14,601 -1,824	Increases will complete new shortwave transmitting facility in the Far East (\$12.7 million) and repair and modernize one in North Africa.
Public enterprise funds:						
Informational media guarantee fund.....153	NOA Exp.	750 940	----- 1,146	296 142	296 -1,004	Increase is to provide payment of 1965 and 1966 interest accruing to Treasury.
Total, United States Information Agency.	NOA Exp.	166,174 161,109	154,400 A 11,700 B 2,454 163,536 A 406	173,249 160,126 A 1,300	4,695 -2,516	
UNITED STATES-PUERTO RICO COMMISSION ON THE STATUS OF PUERTO RICO						
General and special funds:						
Salaries and expenses.....910	NOA Exp.	----- -----	250 115	----- 135	-250 20	Full appropriation for the Commission was made in 1965. Commission will report January 1966.
U.S. STUDY COMMISSION—SOUTH-EAST RIVER BASINS						
Salaries and expenses.....401	Exp.	165	-----	-----	-----	(The Commission ceased to exist on Dec. 23, 1963.)

^A Proposed for separate transmittal, other than pay increase supplemental.

^B Proposed for separate transmittal, civilian pay increase supplemental.

^E Partly to carry out authorizing legislation to be proposed.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
OTHER INDEPENDENT AGENCIES—Continued					
U.S. STUDY COMMISSION—TEXAS					
General and special funds—Continued					
Salaries and expenses.....401 Exp.	5				(The Commission ceased to exist on Aug. 28, 1962.)
Total, other independent NOA agencies.	1,131,485	1,179,649 ^A 113,503 ^B 11,478 ^C 65	1,443,138 ^A -126,829	11,614	
Exp.	159,177	350,181 ^A 6,594 ^B 10,991 ^C 65	466,714 ^A -354,635 ^B 487	-255,265	
DISTRICT OF COLUMBIA					
General and special funds:					
Federal payment to District of Columbia.....555 NOA	40,368	40,720 ^A 2,217	53,535 ^A 7,000	17,598	Amount of \$50 million is to help defray expenses of the government of the District and \$3.5 million is for water and sewer services to the Federal Government. Supplemental in 1965 will be submitted for additional Federal payment within the \$50 million authorization for 1965. Supplemental in 1966 is for proposed legislation to base the payment on a formula reflecting impact of the Federal Government.
Exp.	40,368	40,720 ^A 2,217	53,535 ^A 7,000	17,598	
Loans to District of Columbia for capital outlay, general fund 555 NOA	11,300	20,000	26,000 ^A 5,700	11,700	Loans are 30-year-interest-bearing, to assist in constructing facilities. Supplemental in 1966 is for proposed legislation to provide for contribution to mass transit system.
Exp.		27,000	25,000	-2,000	

Loans to District of Columbia for capital outlay, highway fund 555	NOA	-----	1,400	3,912	5,212	Loans are 30-year-interest-bearing, to assist highway construction. Supplemental in 1966 is planned under proposed legislation increasing loan authority by \$35 million.
	Exp.	-----	8,000	^A 2,700 5,250 ^A 2,100	-650	
Loans to District of Columbia for capital outlay, water fund...555	Exp.	850	3,000	2,000	-1,000	(Loans are 30-year-interest-bearing, to assist water system construction.)
Loans to District of Columbia for capital outlay, sanitary sewage works fund.....555	NOA	8,000	5,000	-----	-5,000	Loans are 30-year-interest-bearing, to assist construction of separate storm drainage and sanitary sewers.
	Exp.	3,825	10,000	6,000	-4,000	
Federal contribution and loans to the Metropolitan area sanitary sewage works fund.....555	Exp.	4,775	1,500	1,900	400	
Repayable advances to the District of Columbia general fund (permanent, indefinite).....555	NOA	33,000	8,000	-----	-8,000	Temporary advances are made to avoid sale of investments, with later repayments. No advance is contemplated in 1966.
	Exp.	7,000	-17,000	-----	17,000	
Advances to stadium sinking fund, Armory Board (permanent, indefinite, authorization to spend debt receipts).....555	NOA	656	832	-----	-832	Advances are made to meet interest payments on bonds which cannot be met from receipts.
	Exp.	656	832	-----	-832	
Total, District of Columbia..	NOA	93,324	75,952	83,447	20,678	
	Exp.	57,474	^A 2,217 74,052 ^A 2,217	^A 15,400 93,685 ^A 9,100	26,516	

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^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
SPECIAL ALLOWANCES					
Allowance for Appalachia..... NOA Exp.		^A 365,000 ^A 3,000	^A 107,000	-365,000 104,000	Legislation is proposed for early enactment to authorize a coordinated Federal-State-local program to develop the resources of the Appalachian region and to promote better employment opportunities for its people. The allowance for contingencies is to cover unforeseen needs and smaller items of proposed legislation. Specific supplemental estimates will be transmitted as the need arises.
Allowance for contingencies..... NOA Exp.		^A 150,000 ^A 100,000	^A 650,000 ^A 400,000	500,000 300,000	
Total allowances..... NOA Exp.		^A 515,000 ^A 103,000	^A 650,000 ^A 507,000	135,000 404,000	
GRAND TOTALS—ADMINISTRATIVE BUDGET					
Total new obligational authority.....	101,102,682	101,284,257 ^A 5,369,919 ^B 507,290 ^C 100,770	103,211,474 ^A 3,205,343	-845,419	
Expenditures: Subtotal.....	98,347,996	96,854,222 ^A 869,588 ^B 492,162 ^C 98,169	99,353,885 ^A 914,129 ^B 16,300 ^C 2,601	1,972,774	
Interfund transactions.....	-663,622	-832,769	-599,555	233,214	
Total expenditures.....	97,684,375	97,481,372	99,687,360	2,205,988	

TRUST FUNDS

LEGISLATIVE BRANCH						
Library of Congress: Gift and trust fund income accounts.....704	NOA Exp.	2,011 1,644	1,785 1,720	1,780 1,755	-5 35	Income of the gift fund and other gifts and receipts are devoted to advancing the work of the Library.
THE JUDICIARY						
Judicial survivors annuity fund...654	NOA Exp.	721 490	860 484	890 498	30 14	Pays annuities to dependents of deceased judges, refunds to former judges and claims of survivors in certain cases.
FUNDS APPROPRIATED TO THE PRESIDENT						
Mutual Defense and Development						
Military assistance:						
Military assistance advances...057	NOA	1,148,629	1,045,400	1,139,300	93,900	This program covers sales of defense articles and services to eligible foreign countries and international organizations.
Contract authorization.....		(719,701)	(689,787)	(977,353)	(287,566)	
Receipts to liquidate contract authorization.	Exp.	480,751	805,147	976,006	(170,859)	
Economic assistance:						
Agency for International Development trust funds.....150	NOA Exp.	769 2,023	1,000 2,085	1,000 2,000	----- -85	These funds are advances by foreign governments to pay for local costs of development grant and other mutually agreed upon programs.
Total mutual defense and development.	NOA Exp.	1,149,398 482,774	1,046,400 807,232	1,140,300 978,006	93,900 170,774	
Peace Corps gifts and donations...152	NOA Exp.	164 152	250 253	255 255	5 2	Gifts and donations from foreign governments help support the local program.
Total, funds appropriated to the President.	NOA Exp.	1,149,562 482,926	1,046,650 807,485	1,140,555 978,261	93,905 170,776	

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^B Proposed or separate transmittal, civilian pay increase supplemental.
^C Proposed for separate transmittal, military pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
DEPARTMENT OF AGRICULTURE					
Miscellaneous trust funds.....351 Exp.		45		-45	(Receipts, mostly from States and local organizations, are used in work under cooperative agreements with Agricultural Stabilization and Conservation Service.)
354 NOA	681	798	850	52	Receipts, mostly from States and local organizations, are used in work under cooperative agreements with Soil Conservation Service.
Exp.	599	790	840	50	
355 NOA	27,577	29,730	29,727	7,543	Fees are used for inspection and grading services of Agricultural Marketing Service and Agricultural Research Service, relieving general revenues of this expense. Other receipts are used under cooperative agreements. Legislation is proposed to place special benefit services related to cotton classing and inspection of grain and tobacco on a self-supporting basis.
Exp.	27,267	29,544	30,034 ^7,229	7,719	
Farmers Home Administration Exp. (trust revolving fund)352	717	-3,483	-2,748	735	(Funds of 39 States are administered in insured loan programs within those States.)
Forest Service: Cooperative work NOA	27,460	28,000	29,000	1,000	Advances from others are used in cooperative work, such as reforestation, in forests and on land adjacent to forests.
402 Exp.	22,987	23,200	27,500	4,300	
Total, Department of Agriculture. NOA	55,718	58,528	59,577	8,595	
Exp.	51,571	50,096	55,626 ^7,229	12,759	

DEPARTMENT OF COMMERCE

750-000 0-05-22

Bureau of Public Roads highway trust fund: 503					
Contract authorization:					
Current	NOA		1,000,000		100,000
Permanent	NOA	3,705,000	2,830,000	3,930,000	
Current appropriation	NOA	500			
Receipts to liquidate contract authorization and finance current appropriation:					
(Excise taxes):					
(Existing legislation)		(3,519,156)	(3,639,000)	(3,759,000)	(320,000)
(Proposed legislation)				^A (200,000)	
(Interest on general fund advances).				(-6,000)	(-6,000)
(Interest on investments)		(20,361)	(10,000)	(1,000)	(-9,000)
	Exp.	3,645,013	3,851,013	3,875,000	-226,013
			^A 250,000		
Bureau of Public Roads international trust funds: 152					
Contract authorization		NOA	216		-11,774
Current appropriation		NOA	298	18,752	6,978
Receipts to liquidate contract authorization and finance current appropriation.		Exp.	(4,868)	(2,090)	(-2,090)
			5,626	11,335	-155
Miscellaneous trust funds, Bureau of Public Roads: 503					
Contract authorization		NOA	563		400
Current appropriation		NOA	360	500	900
Receipts to liquidate contract authorization and finance current appropriation.		Exp.	(799)	(1,124)	(-1,124)
			1,645	2,555	-1,655

Contract authorization granted by Congress is explained in non-add entry under administrative budget items for Commerce above. Receipts of the fund liquidate portions of the contract authorization. Proposed legislation will increase certain taxes dedicated to the trust fund. Expenditures are mainly in the form of grants to the States, but also include outlays for administration and research (\$52.6 million in 1966).

Advances from other countries are used for cooperative work and technical assistance.

Advances from other Federal agencies, States, local governments, and nongovernmental interests are used for special services requested by those who pay.

^A Proposed for separate transmittal, other than pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
TRUST FUNDS—Continued						
DEPARTMENT OF COMMERCE—Con.						
Other miscellaneous trust funds...506	NOA	4,010	3,911	4,013	102	Gifts, donations, advances from individuals and firms, proceeds from sale of documents, and bond sale receipts held in escrow are used to finance projects and activities to which the receipts are dedicated.
	Exp.	3,588	4,038	4,035	-3	
	502 NOA	22,718	12,179	34,238	22,059	
	Exp.	14,446	18,469	21,566	3,097	
Total, Department of Commerce.	NOA	3,733,664	3,865,341	3,976,129	110,788	
	Exp.	3,670,316	3,887,409 A 250,000	3,912,681	-224,728	
DEPARTMENT OF DEFENSE—MILITARY						
Miscellaneous trust funds.....051	NOA	5,178	5,212	5,129	-83	Receipts include gifts, donations, and bequests used for specified purposes. Funds also include ships' stores profits used for benefit of naval personnel, and the U.S.S. <i>Arizona</i> memorial fund.
	Exp.	5,149	5,077	5,110	33	
DEPARTMENT OF DEFENSE—CIVIL						
Corps of Engineers advances and contributed funds.....401	NOA	36,642	21,940	22,513	573	Advances and contributions from local interests are used in construction and maintenance work. Unused balances are returned.
	Exp.	36,873	31,000	23,000	-8,000	
U.S. Soldiers' Home:						Receipts include fines, forfeitures, and pay stoppages of Army and Air Force enlisted personnel. Receipts unappropriated are (in thousands): 1964, \$2,692; 1965, \$1,125; 1966, \$497. Refunds are permanently authorized.
Current appropriation.....805	NOA	6,662	7,048	7,076	28	
Permanent appropriation.....	NOA	2	2	2		
	Exp.	7,269	7,122	7,082	-40	
U.S. Soldiers' Home, trust revolving fund.....805	Exp.	6				(Fund finances certain supply inventories of the home.)
Total, Department of Defense—Civil.	NOA	43,305	28,990	29,591	601	
	Exp.	44,148	38,122	30,082	-8,040	

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE

Federal old-age and survivors insurance trust fund.....654	NOA	(16,044,374)	(16,189,440)	(17,552,554)	(1,363,114)
Receipts appropriated:					
(Employment taxes):					
(Existing legislation).....		14,336,127	14,397,000	15,887,000	} 1,158,000
(Proposed legislation).....				^A -332,000	
(Deposits by States).....		1,166,599	1,223,000	1,341,000	118,000
(Interest on investments).....		541,552	569,340	600,454	31,114
(Other).....		96	100	100	
(Proposed legislation: Receipts for military service credits.)				^A 56,000	56,000
Expenditures:	Exp.	(15,284,607)	(15,966,180)	(18,628,818)	(2,662,638)
(Benefit payments):					
(Existing legislation).....		14,579,166	15,253,000	16,030,000	} 2,635,000
(Proposed legislation)*.....				^A 1,858,000	
(Administrative expenses and construction.)		302,805	313,780	329,818	16,038
(Payment to Railroad Retirement Board.)		402,636	399,400	411,000	11,600
Disability insurance trust fund...654	NOA	(1,210,821)	(1,222,065)	(1,455,293)	(233,228)
Receipts appropriated:					
(Employment taxes):					
(Existing legislation).....		1,056,856	1,067,000	1,105,000	} 232,000
(Proposed legislation).....				^A 194,000	
(Deposits by States).....		86,305	91,000	95,000	4,000
(Interest on investments).....		67,660	64,065	57,293	-6,772
(Proposed legislation: Receipts for military service credit.)				^A 4,000	4,000
Expenditures.....	Exp	(1,340,545)	(1,517,973)	(1,748,446)	(230,473)
(Benefit payments):					
(Existing legislation).....		1,251,207	1,416,000	1,485,000	} 224,000
(Proposed legislation)*.....				^A 155,000	
(Administrative expenses).....		70,199	82,173	88,346	6,173
(Payment to Railroad Retirement Account.)		19,139	19,800	20,100	300

^A Proposed for separate transmittal, other than pay increase supplemental.

*Includes administrative expenses.

The social security program provides insurance against income loss due to death, retirement, or disability. Increased tax receipts to the old-age and survivors trust fund under existing law are due to a scheduled increase in tax rates effective in January 1966, and an anticipated increase in average earnings. The latter increase affects receipts to the disability insurance trust fund.

Proposed changes in existing law will increase the annual covered wage base from \$4,800 to \$5,600, but provide for a somewhat smaller increase in the tax rate allocated for the OASI portion, thus decreasing receipts to the old-age and survivors trust fund during fiscal year 1966. The tax rate for the disability trust fund will be increased slightly. Proposed expenditure increases relate to a proposed 7% increase in cash benefits paid by both funds retroactive to Jan. 1, 1965.

In addition, receipts of the old-age and survivors and disability insurance trust funds are increased to reflect proposed legislation providing reimbursements for increased expenses due to military service credits.

The number receiving monthly benefits under existing law at the end of each fiscal year are estimated as follows (in thousands):

	1964 actual	1965 estimate	1966 estimate
Retired individuals ¹	13,077	13,698	14,198
Disabled dependents.....	168	184	200
Survivors ²	4,709	4,955	5,174
Disabled workers and their dependents.....	1,516	1,641	1,729

¹ Includes wives under retirement age who have children in their care.

² Includes children of retired workers.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Con.					
Hospital insurance trust fund (proposed).....654					
Receipts appropriated..... NOA			^A 600,000	600,000	A separate hospital insurance trust fund is proposed to be financed from a new payroll tax to begin on Jan. 1, 1966. Expenditures relate to program tooling up costs as benefit payments do not begin until July 1, 1966. The total combined employer and employee payroll tax, recommended under all proposed legislation for this and the 2 preceding accounts, is 8.5% on the first \$5,600 of annual wages, effective Jan. 1, 1966.
Expenditures..... Exp.			^A 20,000	20,000	
Miscellaneous trust funds.....651 NOA	864	302	447	145	Gifts and contributions are expended for specified purposes, or are used to further the work of the Public Health Service.
Exp.	824	603	414	-189	
653 NOA	3	3	3		Gifts received for refugee assistance are used for that purpose.
Exp.		3	3		
659 Exp.	9				
Total, Department of Health, Education, and Welfare. NOA	17,256,062	17,411,810	19,086,297	} 2,196,487	
Exp.	16,625,985	17,484,759	18,364,681 ^A 2,033,000		} 2,912,922

DEPARTMENT OF THE INTERIOR							
Indian tribal funds.....	409	NOA	93,349	94,208	81,087	-13,121	Certain funds of Indian tribes are maintained in trust and administered by the Secretary for their benefit.
		Exp.	66,093	68,040	104,008	35,968	
Miscellaneous trust funds.....	401	NOA	1,830	1,517	1,195	-322	Non-Federal advances are deposited for shared land management activities and for construction of power and reclamation facilities.
		Exp.	1,683	2,125	1,589	-536	
	403	NOA	1,130	1,300	1,350	50	States, counties, municipalities, and private sources contribute funds for minerals and mining research.
		Exp.	1,436	1,300	1,340	40	
	404	NOA	1,596	1,581	1,647	66	Contributions and receipts are used for fishery products inspection, sea lamprey control, and other work of the Fish and Wildlife Service.
		Exp.	1,554	1,610	1,651	41	
	405	NOA	1,329	15,778	15,778	-----	Donations are mainly used for specified purposes of the National Park Service.
		Exp.	1,706	4,800	10,777	5,977	
	409	NOA	4,949	4,760	4,760	-----	Certain revenues from Indian reservations, agencies, and schools are used for support of schools and agency functions.
		Exp.	4,502	4,909	4,827	-82	
Total, Department of the Interior.		NOA	104,183	119,144	105,817	-13,327	
		Exp.	76,975	82,784	124,192	41,408	
DEPARTMENT OF JUSTICE							
Alien property fund, trust revolving funds.....	151	Exp.	52,784	-124,233	171,363	295,596	(Seized property of enemy nations of World War II or their nationals is being liquidated and used for payment of claims and settlements.)
Federal prisons system trust revolving fund.....	908	Exp.	11	-----	-----	-----	(Profits from sales of sundries in prison commissaries are used for the benefit of prison inmates.)
Total, Department of Justice..		Exp.	52,795	-124,233	171,363	295,596	

^A Proposed for separate transmittal, other than pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests	
TRUST FUNDS—Continued						
DEPARTMENT OF LABOR						
Unemployment trust fund..... 654	NOA	(4,291,775)	(4,010,264)	(3,981,687)	(-28,577)	The fund combines financial activities of the Federal-State and railroad unemployment systems. Payroll taxes of employers are the principal source of receipts. States and the Railroad Retirement Board draw upon the funds to pay weekly benefits to unemployed eligibles, in addition to sickness benefits paid by the Railroad Retirement Board through this fund. Receipts include repayments of advances to States for temporary programs which extend the duration of unemployment benefits. The amounts shown for these repayments include estimated and actual repayments through the trust fund and exclude direct payments by States to the U.S. Treasury. The increases are more than offset by decreases in deposits by States and scheduled repayments of Advances for temporary extended unemployment compensation.
Receipts appropriated:						
(Deposits by States)..... 654		3,042,408	2,950,000	2,900,000	-50,000	
(Federal unemployment taxes):		793,400	503,164	518,150	14,986	
652						
654		8,242	200	200		
(Receipts from the Treasury for youth services)..... 652				39,280	39,280	
(Railroad unemployment insurance taxes)..... 654		144,087	150,000	150,000		
(Railroad unemployment insurance other)..... 654		47,157	60,000	60,000		
(Advance from revolving fund)..... 652		-4,500				
(Interest on investments)..... 652		212,608	244,200	266,057	21,857	
(Advances for temporary unemployment compensation)..... 654		48,372	102,700	48,000	-54,700	
(Advances for temporary extended unemployment compensation)..... 654		1				
Expenditures:	Exp.	(3,706,564)	(3,335,921)	(3,345,251)	(9,330)	
(Withdrawals by States)..... 654		2,703,275	2,577,000	2,550,000	-27,000	
(Railroad unemployment benefits)..... 654		133,912	128,000	121,000	-7,000	
(Administrative expenses)..... 654		425,536	435,579	526,442	90,863	
654		9,070	8,200	7,703	-500	
(Temporary extended unemployment compensation benefits)..... 654		-2,305	-463		463	
						The increase in administrative costs reflects higher wages paid to State personnel, expanded general employment services, and intensified counseling and other services provided youths by the employment service. These costs are partially offset by lower workloads in the unemployment insurance service.

(Repayment of advances for temporary extended benefits) 654		325,402	14	-----	-14
(Repayment of advances for temporary unemployment compensation) 654		48,372	102,700	48,000	-54,700
(Other) 654		63,302	84,891	92,109	7,218
Bureau of Employees' Compensation trust funds 906	NOA	34	31	29	-2
	Exp.	102	115	104	-11
Miscellaneous trust funds 652	NOA	67	54	35	-19
	Exp.	35	56	35	-21
Total, Department of Labor	NOA	4,291,877	4,010,349	3,981,751	-28,598
	Exp.	3,706,701	3,336,092	3,345,390	9,298
DEPARTMENT OF STATE					
Foreign Service retirement and disability fund 654	NOA	(8,641)	(9,343)	(9,763)	(420)
Receipts appropriated:					
(Employees' contribution) -----		3,826	4,197	4,431	234
(Employer's contribution) -----		3,308	3,646	3,782	136
(Interest on investments) -----		1,507	1,500	1,550	50
Expenditures -----	Exp.	7,486	8,380	9,375	995
Miscellaneous trust funds 151	NOA	48	121	12	-109
	Exp.	15	159	14	-145
	152	NOA	238	229	229
	Exp.	267	252	254	2
	153	NOA	51	21	21
	Exp.	18	21	21	-----
Total, Department of State	NOA	8,979	9,714	10,025	311
	Exp.	7,786	8,812	9,664	852

Receipts are from employers on the deaths of employees without eligible survivors, and from fines and penalties. Payments include certain permanent disability cases and rehabilitation maintenance benefits.

Includes advances from others for labor statistics studies.

A retirement and disability system for Foreign Service officers and most Foreign Service staff officers and employees is maintained. Employing agencies match employee payments of 6½% of basic salaries. Approximately 1,412 annuitants will be receiving benefits at the end of 1966. Fund balances are invested in interest-bearing U.S. securities.

A nonrecurring claim increases 1965 NOA and expenditures above normal levels.

Advances from foreign governments for training and other services will continue at about the same level.

These funds, from gifts, are for educational exchange.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
TREASURY DEPARTMENT					
National defense conditional gift fund.....059	NOA 5				
	Exp.				
Foreign claims fund.....151	NOA 8,015	2,000	2,000		NOA and expenditures in 1965 and 1966 are principally for the Polish claims fund.
	Exp.	1,200	1,200		
Coast Guard general gift fund...502	NOA 36	25	20	-5	Decrease reflects completion of the restoration of the chapel at Groton, Conn.
	Exp.	25	20	-5	
Miscellaneous trust fund.....904	NOA 17,809	18,382	19,476	1,094	Increase is principally estimated work volume and increased salary costs for Customs activities in Puerto Rico and Virgin Islands.
	Exp.	17,993	18,703	759	
Total, Treasury Department..	NOA 25,864	20,407	21,496	1,089	
	Exp.	18,492	19,928	754	
ATOMIC ENERGY COMMISSION					
Advances for non-Federal projects...058	NOA 629	1,103	492	-611	Advances from the Washington Public Power Supply System are for work related to construction of electric facilities at Richland, Wash.
	Exp.	1,242	492	-750	
FEDERAL AVIATION AGENCY					
Miscellaneous trust funds.....	Exp.	36			(State, local, and private advances for air navigation facilities, in prior years, are used as intended.)

GENERAL SERVICES ADMINISTRATION

Advances for construction services (receipts to liquidate contract authorization).....905	Exp.	(258) 292	(82) 82	----- -----	(-82) -82
National Archives gift fund.....905	NOA Exp.	25 71	2,035 300	40 300	-1,995 -----
Advances and reimbursements...905	Exp.	20	53	-----	-53
National Archives (trust revolving fund).....905	Exp.	-19	-9	-58	-49
Total, General Services Ad- ministration.....	NOA Exp.	25 364	2,035 426	40 242	-1,995 -184

(Receipts from FDIC are for liquidating expenses incident to construction of a building in Washington.)

Grants from foundations are used for historical research.

(Expenditures incident to construction of Potomac Interceptor Sewer.)

(Microfilm and reproduction service and admission fees to Presidential libraries are used for operations.)

**HOUSING AND HOME FINANCE
AGENCY**

Federal National Mortgage Associ- ation, secondary market opera- tions, trust revolving fund (au- thorization to expend corporate debt receipts).....551	NOA Exp.	62,037 -37,392	111,194 48,000	162,000 178,200	50,806 130,200
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Mortgage purchases of \$580 million will include \$80 million acquired from the Federal Housing Administration in exchange for U.S. securities; receipts will include sales of \$195 million (par) of mortgages. Private equity of \$135 million will exceed Government equity of \$100 million at year-end, primarily because of trust fund purchase of Treasury preferred stock in 1964 and 1965.

**NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION**

Miscellaneous trust funds.....251	NOA Exp.	201 98	1 90	1 17	----- -73
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Gifts and donations as well as advances from foreign governments are used for purchase of materials and services.

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

Account and functional code		1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued						
VETERANS ADMINISTRATION						
Life insurance funds.....	805 NOA	(710,867)	(712,563)	(711,798)	(-765)	The national service (World War II) and U.S. Government (World War I) life insurance funds will cover 5 million policies, \$32.4 billion of insurance in force at end of 1966. Premium receipts and interest earned thereon are available for the payment of liabilities. The decrease in expenditures results from the acceleration of dividends into 1964 and 1965. Fund balances are in U.S. securities; assets exceeded actuarial liabilities by \$94.6 million on June 30, 1964.
Receipts appropriated:						
(Premiums and other operating receipts.)	NOA	494,105	493,908	491,358	-2,550	
(Payments from general and special funds.)	NOA	5,827	6,080	6,078	-2	
(Interest on investments).....	NOA	210,935	212,575	214,362	1,787	
Expenditures.....	Exp.	657,471	631,998	502,227	-129,772	
Miscellaneous trust funds.....	805 NOA	1,870	1,870	1,873	3	Increase in expenditures in 1966 is due to the proposed payment to "Compensation and pensions" of the balance of the adjusted service certificate fund. NOA is mainly receipts of the general post trust fund, used for the welfare of veterans at homes and hospitals.
	Exp.	1,655	1,840	4,446	2,606	
Total, Veterans Administration.	NOA Exp.	712,737 659,126	714,433 633,838	713,671 506,673	-762 -127,165	
OTHER INDEPENDENT AGENCIES						
American Battle Monuments Commission contributed fund.....	NOA 805 Exp.	5 8	3 3	3 3		Contributions for flowers and for repair of non-Federal war memorials are used as intended.

Civil Service Commission: Civil service retirement and disability fund.....654	NOA	(2,456,257)	(2,660,190)	(2,737,438)	(77,248)	Most civilian workers are covered by this fund. Employees and employing agencies each pay 6½% of basic salaries. About 779,000 persons are expected to be on annuity rolls by June 1966. Fund balances are invested in U.S. securities. Receipts include \$62 million in 1964, \$65 million in 1965, and \$67 million in 1966 from general funds under Public Law 87-793.	
Receipts appropriated: (Employing agency contributions).	NOA	979,941	1,043,250	1,043,250	-----		
(Deductions from salaries).....	NOA	979,886	1,043,250	1,043,250	-----		
(Voluntary contributions, etc.)..	NOA	76,592	79,592	81,592	2,000		
(Interest on investments).....	NOA	419,838	494,098	569,346	75,248		
Expenditures.....	Exp.	1,318,296	1,433,456	1,615,593	182,137		
Employees health benefits fund (trust revolving fund).....654	Exp.	-14,562	-13,870	-18,109	-4,239		(Employees health benefits fund will have 2,250,000 participants by June 1966; employees life insurance fund, 2,600,000; and retired employees health benefits fund, 223,000.)
Employees life insurance fund (trust revolving fund).....654	Exp.	-49,383	-47,591	-49,701	-2,110		
Retired employees health benefits fund (trust revolving fund).....654	Exp.	-115	-256	471	727		
Federal Communications Commission trust revolving fund.....508	Exp.	43	-45	-----	45		(Fund is used as clearinghouse for settlements with foreign governments on radiotelephone and radiotelegraph messages.)
Foreign Claims Settlement Commission, war claims fund.....151	NOA Exp.	47,500 515	9,500 3,000	104,500 72,000	95,000 69,000	Alien property fund receipts are appropriated for claims under the General War Claims Act.	
General Accounting Office trust fund.....904	NOA Exp.	6 8	6 6	6 6	-----	Estates are held in trust for legal claimants.	
Historical and Memorial Commissions: Civil War Centennial Commission, donations.....910	Exp.	-----	-----	1	1	(Donations are used under the terms received.)	
Battle of Lake Erie Sesquicentennial Celebration Commission, donations.....910	NOA Exp.	1 1	-----	-----	-----	Donations are used under the terms received.	
National Capital Housing Authority trust revolving fund.....555	Exp.	-436	2,090	-300	-2,390	(Activity of \$33.8 million involves 11,000 housing units.)	

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
OTHER INDEPENDENT AGENCIES—Continued					
National Capital Planning Commission contributed fund.....555	NOA Exp. 500 71	102 733	----- -----	-102 -733	One-half the cost of land for the George Washington Memorial Parkway is contributed by Maryland and Virginia.
National Science Foundation donations.....703	NOA Exp. 1 1	1 1	1 1	----- -----	Donations received are used in furtherance of general purposes of the Foundation.
Railroad Retirement Board: Railroad retirement account.....654	NOA (1,207,834)	(1,290,533)	(1,387,358)	(96,825)	The Railroad retirement system serves as a combined social insurance and staff retirement system for workers in the railroad industry. Increased tax receipts result from a scheduled increase in retirement tax rates effective in January 1966, and anticipated higher taxable salaries. Proposed changes in existing law will require additional taxes to cover hospital insurance and certain selected increased benefits to certain railroad beneficiaries. Expenditures are primarily for cash increases since hospital benefits begin July 1, 1966. Trust fund balances are invested in interest-bearing U.S. securities. The number receiving monthly benefits at the end of each year is as follows (in thousands):
Receipts appropriated:					
(Employment taxes).....	NOA 608,970	640,674	707,200	} 70,126	
(Interest on investments).....	NOA 130,128	142,000	147,000		
(Payment from OASI trust fund.)	NOA 402,636	399,400	411,000	11,600	
(Payment from Federal disability insurance trust fund.)	NOA 19,139	19,800	20,100	300	
(Payment for military service credits.)	NOA -----	13,834	16,558	2,724	
(Repayment of advances to Railroad Unemployment insurance account.)	NOA 37,454	62,525	69,800	7,275	
(Other).....	NOA 9,507	12,300	12,100	-200	
Expenditures:	Exp. (1,138,659)	(1,184,800)	(1,248,350)	(63,550)	
(Benefit payments).....	Exp. 1,092,451	1,124,400	1,145,700	} 63,300	
(Administrative expenses).....	Exp. 11,021	10,400	10,650		250
(Advances for unemployment insurance.)	Exp. 35,187	50,000	50,000	-----	

	1964 actual	1965 estimate	1966 estimate
Retired individuals.....	495	503	509
Disabled and their dependents.....	101	102	102
Survivors.....	284	292	299

Smithsonian Institution trust fund 704	NOA Exp.	15 12	15 15	15 16	----- 1	Donations, subscriptions, and fees are used for part of cost of the Canal Zone Biological Area.
Tax Court of the United States trust fund.....904	NOA Exp.	29 4	27 19	27 19	----- -----	Judges pay 3% (currently \$7 thousand) and the Government pays the remainder (\$20 thousand) to finance survivors annuity system.
United States Information Agency trust funds.....153	NOA Exp.	35 33	17 45	8 9	-9 -36	Decrease due to decline in contributions towards exhibits by business concerns.
United States-Puerto Rico Commis- sion on the Status of Puerto Rico: Contributions.....910	NOA Exp.	5	245 121	----- 129	-245 8	Contribution is Puerto Rico's share of expenses.
Total, other independent agencies.	NOA Exp.	3,712,188 2,393,154	3,960,639 2,562,527	4,225,756 ^ 3,600 2,826,488 ^ 42,000	} 268,717 } 305,961	
DISTRICT OF COLUMBIA						
District of Columbia receipts appro- priated:						
Current appropriations.....555	NOA	366,345	387,575	450,407 ^ 5,700	} 68,532	Funds of the municipal government are accounted for through U.S. Treasury as trust funds. Congressional appropriations of municipal funds are required currently for most municipal activities. Supplemental in 1966 is for proposed legislation for contribution to mass transit system.
Permanent appropriations.....555	NOA Exp.	1,404 355,247	1,598 432,369	1,607 454,995	9 22,626	

^A Proposed for separate transmittal, other than pay increase supplemental.

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
TRUST FUNDS—Continued					
DEPOSIT FUNDS					
Legislative Branch..... Exp.	-356	468	-359	-827	(These funds account for collections that are either (a) held in suspense temporarily and later refunded, or paid into some other fund of the Government; or (b) held by the Government as banker or agent for others. These amounts are the net change in balances of all deposit funds in each agency. A negative figure indicates an excess of receipts over disbursements.)
The Judiciary..... Exp.	-63	16	100	84	
Executive Office of the President... Exp.	-39	-----	24	24	
Funds appropriated to the President... Exp.	9,930	6,181	-1,381	-7,562	
Department of Agriculture..... Exp.	-7,092	-273	-2,470	-2,197	
Department of Commerce..... Exp.	-701	83	-91	-174	
Department of Defense—Military... Exp.	-27,330	38,632	6,280	-32,352	
Department of Defense—Civil..... Exp.	3,281	3,400	3,400	-----	
Department of Health, Education, and Welfare. Exp.	-70,128	-30,933	-----	30,933	
Department of the Interior..... Exp.	-144,288	-75,694	56,000	131,694	
Department of Justice..... Exp.	467	-59	-100	-41	
Department of Labor..... Exp.	-248	-250	-250	-----	
Post Office Department..... Exp.	4,702	-----	-----	-----	
Department of State..... Exp.	91	-----	-----	-----	
Treasury Department..... Exp.	-294,407	-25,000	-25,000	-----	
Atomic Energy Commission..... Exp.	-36	-----	-----	-----	
Federal Aviation Agency..... Exp.	-9,838	700	-----	-700	
General Services Administration... Exp.	15,160	335	-45	-380	
Housing and Home Finance Agency... Exp.	-223	-----	-----	-----	
National Aeronautics and Space Administration. Exp.	-276	5,000	200	-4,800	
Veterans Administration..... Exp.	1,556	1,556	1,556	-----	
Independent Offices:					
Farm Credit Administration..... Exp.	-2,961	-2,900	-2,900	-----	
Federal Deposit Insurance Corporation. Exp.	-2,780	477	-370	-847	
Federal Home Loan Bank Board. Exp.	-41,273	29,000	-5,000	-34,000	

Smithsonian Institution.....	Exp.	2,520	611	600	-11	
Other.....	Exp.	-2,426	1,049	-144	-1,193	
District of Columbia.....	Exp.	-218	302		-302	
Total, deposit funds.....	Exp.	-566,978	-47,299	30,050	77,349	
GOVERNMENT-SPONSORED ENTERPRISES						
Farm Credit Administration:						
Banks for Cooperatives.....352	Exp.	37,092	78,959	51,000	-27,959	(Bank operations are financed by \$67.0 million of Government capital and \$92.4 million of private capital as of June 1964.)
Federal Intermediate Credit Banks 352	Exp.	182,203	207,578	228,050	20,472	(Bank operations are financed by \$120.6 million of Government capital and \$59.9 million of private capital as of June 1964.)
Federal Land Banks.....352	Exp.	248,401	302,000	181,000	-121,000	(Banks are wholly privately owned enterprise.)
Federal Home Loan Bank Board:						
Home loan banks.....551	Exp.	1,571,914	-249,897	150,000	399,897	(Banks are wholly privately owned enterprise.)
Federal Deposit Insurance Corpora- tion.....506	Exp.	-182,866	-194,000	-212,000	-18,000	(Premium receipts and interest on Investments in U.S. securities exceed current claims and expenses; corporation has no capital stock.)
Total, Government-sponsored enterprises.	Exp.	1,856,744	144,640	398,050	253,410	

GRAND TOTALS—TRUST FUNDS

Total new obligational authority.....	31,532,693	31,757,368	33,973,011 A 538,846	2,754,489
Expenditures:				
Subtotal.....	29,406,005	29,374,369 A 250,000	31,415,192 A 2,082,229	3,873,052
Interfund transactions.....	-521,379	-578,901	-598,942	-20,041
Total expenditures.....	28,884,626	29,045,468	32,898,479	3,853,011

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

Account and functional code	1964 enacted	1965 estimate	1966 estimate	Increase or decrease (-)	Explanation of NOA requests
MEMORANDUM—ANNEXED BUDGETS					
Department of Agriculture:					
Milk Marketing Administration:					
Not included above..... Exp.	-621	11	-----	-11	(Operations are financed by assessments on regulated milk handlers.)
Treasury Department:					
Comptroller of the Currency:					
Included under "Deposit funds" above.* Exp.	-705	-660	-600	60	(Operations are financed primarily by assessments from national banks. Estimated expenditures were prepared by the Bureau of the Budget.)
Exchange Stabilization Fund:					
Included under "Deposit funds" above. Exp.	86,786	-----	-----	-----	(The fund is financed by \$200 million of Government capital and by earnings.)
Operating expenditures..... Exp.	(3,462)	(4,050)	(4,100)	(50)	
Other Independent Agencies:					
Board of Governors of Federal Reserve System:					
Not included above*..... Exp.	-210	194	85	-109	(Operations are financed by levies upon the Federal Reserve Banks, in proportion to their capital and surplus.)
Farm Credit Administration:					
Banks for Cooperatives:					
Included under "Government-sponsored enterprises" above. Exp.	37,092	78,959	51,000	-27,959	(Loan program is estimated at \$1.2 billion in 1966, slightly higher than 1965. Repayments of loans and other income will be supplemented by borrowing from the public of \$82.2 million in 1965 and \$57 million in 1966. Government capital is being retired by \$13.5 million in 1965 and \$14 million in 1966. See further explanation under Government-sponsored enterprises, above.)
Included under "Deposit funds" above. Exp.	-276	426	-----	-426	
Not included above..... Exp.	16,901	2,674	5,000	2,326	
Total..... Exp.	53,717	82,059	56,000	-26,059	

Federal intermediate credit banks:					
Included under "Government-sponsored enterprises" above.	Exp.	182,203	207,578	228,050	20,472
Included under "Deposit funds" above.	Exp.	-1,605	-510	1,125	1,635
Not included above.....	Exp.	14,380	4,300	3,000	-1,300
Total.....		194,978	211,368	232,175	20,807
Federal Deposit Insurance Corporation:					
Included under "Government-sponsored enterprises" above.	Exp.	-182,866	-194,000	-212,000	-18,000
Included under "Deposit funds" above.	Exp.	-2,780	477	-370	-847
Total.....		-185,646	-193,523	-212,370	-18,847
Total:					
Included under "Government-sponsored enterprises" above.	Exp.	36,429	92,537	67,050	-25,487
Included under "Deposit funds" above.	Exp.	81,420	-267	155	422
Not included above.....	Exp.	30,450	7,179	8,085	906
Total, annexed budgets.....		148,299	99,449	75,290	-24,159

(Loan program is estimated at \$5.5 billion for 1966, which is approximately \$400 million more than the estimated loans for 1965. Repayments of loans and other income will be supplemented by borrowing from the public of \$211 million in 1965 and \$231 million in 1966. Government ownership of capital stock is being increased by \$7 million in 1965. See further explanation under Government-sponsored enterprises, above.)

(Insured deposits continue to grow with expansion of the population and the economy. The cumulative net income, which is being retained as a reserve, is estimated to be approximately \$2.9 billion by June 1965 and \$3.1 billion by June 1966. The principal revenues are from insurance assessments (approximately \$96 million for 1965 and \$102 million for 1966) and interest on investments (\$105 million and \$110 million for the same 2 years). See further explanation under Government-sponsored enterprises, above.)

*Amounts reported are on a calendar year basis.

PART 6

SPECIAL ANALYSES

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SPECIAL ANALYSIS A

THREE MEASURES OF FEDERAL FINANCIAL TRANSACTIONS

Data on Government financial transactions are used for many purposes. No single set of accounts can serve all purposes equally well. As a result, various budget concepts and forms have been developed to meet different needs. The three measures of Federal receipts and expenditures most commonly used are: (1) the administrative budget, (2) the consolidated cash statement of Federal transactions, and (3) the Federal sector of the national income accounts. A reconciliation of these three measures is presented in table A-1.

ADMINISTRATIVE BUDGET

The administrative budget covers receipts and expenditures of funds owned by the Federal Government—the general fund, special funds, public enterprise funds, and intragovernmental revolving and management funds. Interfund transactions between these Federal accounts are excluded from the total while business-type activities (such as the Post Office) are normally recorded as “net expenditures.”

Although budget documents placed before the Congress have regularly included both federally owned funds and funds held in trust by the Government, only the former have been traditionally used to calculate budget totals. For many years, the administrative budget served as the principal financial plan for conducting the affairs of Government. It represented a focal point for management and decisionmaking with respect to Government activities. As long as almost all Federal financial transactions were carried out with federally owned funds, the administrative budget provided adequate coverage.

In recent years, however, trust fund operations have grown rapidly. Several major parts of the Government's program are now carried out through trust funds, particularly those for labor, welfare, and highway activities. This means that the flow of financial transactions between the Federal Government and the public is considerably larger than is suggested by the administrative budget.

CONSOLIDATED CASH STATEMENT

The consolidated cash statement of Federal receipts and payments is designed to show more fully the flow of cash transactions (excluding borrowing) between the Federal Government and the public. It is more comprehensive and complete than the administrative budget in that it includes the receipts and expenditures of trust funds as well as funds wholly owned by the Federal Government. Since the consolidated cash statement measures the flow of cash between the public and the Government, intragovernmental transactions (transactions between budget and trust fund accounts) are excluded.

Government payments are recorded on a checks-paid (i.e., cash flow) basis while administrative budget outlays are on a checks-issued basis.

Table A-1. RELATION OF FEDERAL RECEIPTS AND EXPENDITURES IN THE ADMINISTRATIVE BUDGET, CONSOLIDATED CASH STATEMENT, AND NATIONAL INCOME ACCOUNTS, 1964-66

[In billions of dollars]

	1964 actual	1965 estimate	1966 estimate
RECEIPTS			
Administrative budget receipts	89.5	91.2	94.4
Plus: Trust fund receipts.....	30.3	30.5	33.6
Less: Intragovernmental transactions.....	4.2	4.2	4.4
Receipts from exercise of monetary authority.....	.1	.1	.1
Equals: Federal receipts from the public	115.5	117.4	123.5
Adjustments for agency coverage:			
Less: District of Columbia revenues.....	.3	.3	.3
Adjustments for netting and consolidation:			
Plus: Contributions to Federal employees' retirement funds, etc.....	2.0	2.1	2.2
Less: Interest, dividends, and other earnings.....	1.4	1.9	2.1
Adjustments for timing:			
Plus: Excess of corporate tax accruals over collections, personal taxes, social insurance contributions, etc.....	-.7	-.9	-1.8
Adjustments for capital transactions:			
Less: Realization upon loans and investments, sale of Government property, etc.....	.6	.4	.5
Equals: Receipts—national-income accounts	114.7	116.0	121.0
EXPENDITURES			
Administrative budget expenditures	97.7	97.5	99.7
Plus: Trust fund expenditures (including Government-sponsored enterprise expenditures, net).....	28.9	29.0	32.9
Less: Intragovernmental transactions.....	4.2	4.2	4.4
Debt issuance in lieu of checks and other adjustments.....	2.0	.9	.8
Equals: Federal payments to the public	120.3	121.4	127.4
Adjustments for agency coverage:			
Less: District of Columbia expenditures.....	.3	.4	.4
Adjustments for netting and consolidation:			
Plus: Contributions to Federal employees' retirement funds, etc.....	2.0	2.1	2.2
Less: Interest received and proceeds of Government sales.....	1.4	1.9	2.1
Adjustments for timing:			
Plus: Excess of interest accruals over interest payments.....	.9	.8	.6
Excess of deliveries over expenditures and other items.....	1.5	1.7	1.2
Less: Commodity Credit Corporation foreign currency exchanges.....	.6	.8	.7
Adjustments for capital transactions:			
Less: Loans—Including Federal National Mortgage Association, foreign economic assistance, redemption of International Monetary Fund notes, etc.....	3.4	1.4	.7
Purchase of land and existing assets and other items.....	.5	.5	.5
Equals: Expenditures—national-income accounts	118.5	121.0	127.0

FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS

The Federal sector of the national income and product accounts is designed to provide a measure of the direct impact of Federal fiscal activity on the Nation's current flow of income and output.

Like the consolidated cash statement, the Federal sector account includes most administrative budget and trust fund transactions. However, in contrast both to the consolidated cash statement and the administrative budget, only those receipts and expenditures which directly affect the current flow of income and output are recorded. Therefore, the Federal sector of the income and product accounts excludes transactions involving purely financial claims (such as loans) and exchanges of secondhand or existing assets. Such transactions represent neither the production of current output nor incomes, even though they have indirect effects on the level or composition of economic activity.

Both the administrative budget and consolidated cash statement count business tax receipts, like other receipts, as they are collected. In contrast, the Federal sector account records some tax receipts, particularly corporate income taxes, as they accrue, on the ground that the main economic impact of these taxes is more closely associated with the accrual of liabilities than with actual cash collections. Also, the Federal sector records most purchases of goods and services when delivery is made, while the administrative budget records most expenditures at the time checks are issued and the consolidated cash statement when funds are withdrawn from Treasury accounts (cash or checks-paid).

USES AND LIMITATIONS

Each of the three measures—the administrative budget, consolidated cash statement, and the Federal sector of the national income and product accounts—is useful for specific kinds of analysis, and the selection of which to use should be determined by the problem at hand.

The administrative budget provides a useful measure of the Government's operations which are financed by the Government's own funds.

The Federal sector account is especially suited for an analysis of fiscal policy. It was specifically designed to complement the data on private expenditures and incomes contained in the national income accounts.

The national income accounts, however, exclude a substantial volume of financial transactions through which the Federal Government significantly affects the capital and credit markets. Moreover, in financial markets, the flow of cash payments to the Government may be more significant than the accrual of tax liabilities. As a result, the consolidated cash statement is generally more useful than the national income accounts for determining Government financing and net borrowing requirements and for analyzing the Federal impact on money and credit.

For certain types of problems, no overall measure of receipts and expenditures will serve adequately. Since the various receipt and expenditure transactions have different economic effects, a given

aggregate will have an economic impact which depends importantly on the composition of the total.

In addition, many Government transactions besides receipts and expenditures affect the economy. For example, a rapid expansion in new appropriations and in Government orders could stimulate a rise in business activity well before either the delivery of goods, the performance of services, or the payment for them. The management of public debt is a further factor which has a significant impact in the money and credit markets of the economy. Consequently, in evaluating the economic impact of Federal Government activities, there is no substitute for complete and detailed analysis of the Government program in all its aspects.

RELATIONSHIP OF CONSOLIDATED CASH STATEMENT TO THE ADMINISTRATIVE BUDGET

Certain adjustments are needed to derive the consolidated cash statement from administrative budget totals, as summarized in table A-1.

1. *Trust funds.*—The consolidated cash statement covers the financial transactions of Federal trust funds (including Government-sponsored enterprises) in addition to administrative budget receipts and expenditures. Accordingly, excise taxes that support the highway trust fund, employment taxes, deposits by States for unemployment insurance, veterans life insurance premiums, and other trust fund receipts are included along with the corresponding trust fund disbursements.

2. *Intragovernmental transactions.*—Administrative budget receipts include amounts paid into the Treasury by trust funds. (These amounts are also reported as trust fund expenditures.) Similarly, there are trust fund receipts, such as interest on trust fund holdings of U.S. securities, which are also reported as administrative budget expenditures. In consolidating the transactions of budget and trust funds, these intragovernmental transactions are eliminated from the combined receipts and expenditures since no exchange of cash with the public is involved in these operations.

Table A-2. INTRAGOVERNMENTAL TRANSACTIONS EXCLUDED FROM THE CONSOLIDATED CASH STATEMENT

[In millions of dollars]

Description	1964 actual	1965 estimate	1966 estimate
Administrative budget receipts which are trust fund expenditures:			
Franchise taxes from Government-sponsored enterprises.....	5	5	5
Dividends, interest, etc., from Federal National Mortgage Association.....	31	16	16
Reimbursements for expenses and services.....	64	67	60
Repayment of advances from unemployment trust fund and other.....	362	103	48
Total, administrative budget receipt items.....	461	191	129
Trust fund receipts which are administrative budget expenditures:			
Interest on trust funds.....	1,613	1,747	1,867
Contributions for military service credits.....		14	77
Payments to District of Columbia (including Federal grants-in-aid).....	83	111	149
Employing agencies' payments to employees' retirement funds.....	1,038	1,104	1,105
Awards to Indian tribal funds.....	16	20	3
Advances to unemployment trust fund.....	-4		39
Contributions to veterans life insurance funds.....	6	6	6
Other.....	1	1	1
Total, trust fund receipt items.....	2,753	3,003	3,247
Deductions from employees' salaries for retirement.....	976	1,039	1,038
Total, intragovernmental transactions.....	4,190	4,234	4,414

3. *Exercise of monetary authority.*—These receipts now come mostly from seigniorage; that is, they represent the difference between the cost of the metal and minting of coins, on the one hand, and the actual value of the coins as money on the other. Seigniorage is included in administrative budget receipts, but is not a cash receipt from the public.

4. *Debt issuance in lieu of checks.*—In a few cases, Government expenditures are made by issuing bonds or notes, or increasing the value of bonds outstanding in lieu of issuing checks. Such transactions are recorded in the administrative budget as expenditures when the debt is thus increased, even though no cash outflow takes place until the debt instrument is redeemed.

For example, the administrative budget records interest on savings bonds when it accrues (and is added to the redemption value currently payable) rather than when it is actually paid. In computing cash payments to the public, interest payments are included only when the bonds are cashed. Therefore, an adjustment is made for the difference between the amount of interest accrued and the amount paid.

Table A-3. DEBT ISSUANCE IN LIEU OF CHECKS, NET (in millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate	End 1966 outstand- ing
Accrued interest added to value of debt (savings bonds, etc.).....	879	833	648	12,876
Treasury notes issued for:				
International Monetary Fund.....	117	250	300	3,839
International Development Association.....	13	-5	-126	11
Inter-American Development Bank.....	25		-60	90
United Nations funds securities.....	66	42	-37	71
Armed Forces leave bonds issued ¹	-1	-1	-1	5
Adjusted-service bonds issued.....	*	*	*	1
Excess profits tax refund bonds issued ²	*	*	*	*
Total, debt issuance in lieu of checks, net.....	1,099	1,119	724	16,893

*Less than one-half million.

¹ Negative figures represent net redemption.

² Reported as refunds of receipts.

A second example involves transactions in special notes used to pay certain U.S. Government obligations. The Government has paid a portion of its subscriptions to the International Monetary Fund, the International Development Association, and the Inter-American Development Bank in non-interest-bearing notes. The notes are considered administrative budget expenditures and become part of the public debt when they are issued. However, they are not counted as a payment to the public until they are redeemed for cash, at which time they cease to be part of the public debt. Conversely, when the institutions return cash to the Treasury in exchange for notes, payments to the public are reduced by the amount of the cash receipts and a corresponding increase in the public debt takes place.

5. *Changes in outstanding checks.*—Administrative budget and trust fund expenditures are recorded at the time checks are issued. To reflect more accurately the point in time at which cash payments actually affect Treasury cash balances, an adjustment is made to place expenditures on a checks-paid basis.

FEDERAL SECTOR ACCOUNTS—DEFINITIONS AND RELATIONSHIP TO OTHER MEASURES

The national income accounts, as developed and prepared by the Department of Commerce's Office of Business Economics, is a dual-entry accounting system for making estimates of the current productive activity of U.S. residents.¹

The output side of the national income accounts depicts the total market value of currently produced goods and services, classified by type of expenditures: consumer expenditures; gross private domestic investment in new construction, equipment, and inventories; Federal, State, and local government purchases of goods and services;

¹ The accounts are discussed in detail in the Department of Commerce's *National Income, 1954* edition, pp. 143-149, and *U.S. Income and Output, 1958* edition, pp. 53-57, and 99-101. Each is a "Supplement to the Survey of Current Business." Current estimates on a quarterly and an annual basis are provided in the *Survey of Current Business* and in the *Economic Indicators*.

and net exports. The total, obtained by summing these items, is called the gross national product (GNP).

The total value of the gross national product is balanced by an equal amount of gross income earned in producing the output.² The income side of the accounts portrays this total, classified by type of income; for example, wages and salaries, proprietors' income, corporate profits, rent, and net interest and certain costs of production, such as depreciation and indirect business taxes. The income accounts also provide additional data showing various transfers of income from one sector to another, such as business gifts to nonprofit institutions and social security benefits from the Government to individuals.

The term "residents" is defined to include the Federal Government as well as State and local governments, corporations incorporated under U.S. laws (but not their foreign branches or subsidiaries), individuals employed in the United States proper, and U.S. citizens employed by the Federal Government abroad (civilian as well as military). "Nonresidents" include governments, individuals (other than employees of the Federal Government), and businesses in foreign countries, as well as in Puerto Rico, the Virgin Islands, and other U.S. possessions.

It should be pointed out that national income data, although based on accounting statements of economic units, are statistical aggregates rather than accounting totals in the ordinary sense.

Federal receipts.—Federal receipts on a national income basis are classified into the following four categories: (1) personal tax and nontax receipts, (2) corporate profits tax accruals, (3) indirect business tax and nontax accruals, and (4) receipts from contributions for social insurance. Personal tax and nontax receipts consist mostly of individual income taxes, estate and gift taxes, fines, penalties, and charges for Government services. Corporate profits tax accruals represent the Federal tax liability incurred and accrued by resident corporations on their corporate earnings during the specified year or period. Federal corporation income tax collections do not necessarily coincide with—and usually lag—accruals. Indirect business tax and nontax accruals consist primarily of excise taxes, customs duties, Federal receipts from rent and royalties, and other charges to business. Receipts from contributions for social insurance are composed chiefly of employment taxes, contributions to the retirement funds for Government employees, and deposits by the States to the unemployment trust fund.

Federal expenditures.—Federal expenditures on a national income basis are classified in the following 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. The definitions of the categories have been developed by the Department of Commerce consistent with the framework of accounts covering the Nation's total economic activity.

1. *Purchase of goods and services.*—These purchases represent the value of the Nation's currently produced output bought directly by

² "Gross income" includes capital consumption allowances and certain charges against production.

the Federal Government. They are reported in the national income accounts net of Government sales.

Purchases include the pay of active military and civilian employees of the Federal Government, employer contributions to retirement, insurance and other benefits for Federal employees, outlays on new equipment and supplies for defense and other programs, new construction, research and development contracts with corporations organized for profit, expenditures for the purchase of commodities (even if the commodities are then donated or transferred, domestically or abroad), and generally, the administrative expenses of Government programs.

2. *Transfer payments.*—Transfer payments consist of expenditures by the Federal Government for which no current output or services have been rendered; in other words, they are payments to certain recipients for which no contribution to national production is made during the time period under consideration. There are two important criteria which must be met by an expenditure classified as a transfer payment: (a) the recipient must be an individual, a nonprofit institution, or a nonresident (for example, a foreign government) and (b) the expenditure must also be in monetary form and not in the form of goods or commodities.

Examples of transfer payments are: veterans compensation, pensions, and benefits; retired pay to Federal civilian or military personnel; unemployment benefits; old-age, survivors, and disability insurance; cash gifts and contributions to nonresidents; nonrepayable outlays for scholarships and fellowships; and research and development expenditures to private nonprofit institutions. Although such transfer payments do not directly enter GNP calculations, they do enter into the income stream and have an impact on national output when respent by the recipients.

For national income purposes, net interest paid to nonresidents is considered a transfer payment. All other transactions involving interest expenditures and receipts (that is, to and from residents) are reported in the net interest paid category.

3. *Grants-in-aid to State and local governments.*—Grants, for purposes of the national income accounts, are Federal payments to State and local governments (other than for interest on the public debt), including State and local educational institutions. Most of the grants-in-aid and the shared revenues in Special Analysis I of the budget are included in grants. Excluded, however, are items such as (a) outlays to nonprofit and privately owned hospitals, (b) outlays-in-kind such as farm commodities distributed to State and local government units, and (c) payments to Puerto Rico, the Virgin Islands, and other possessions. Payments to public educational institutions for research and development contracts are recorded as grants. Like transfer payments and net interest paid, Federal grants-in-aid are counted in the GNP when respent by recipients—in this case, as purchases by State and local governments.

4. *Net interest paid.*—Net interest paid consists of the interest outlays to residents minus the interest received from them.

5. *Subsidies less current surplus of Government enterprises.*—This category consists of two elements which are consolidated for analytical and statistical reasons: (a) subsidy payments to resident businesses,

and (b) the "current surplus" or "deficit," as the case may be, of Government enterprises.

(a) In principle, a Government expenditure becomes a subsidy when it enables a producer to sell goods and services below the cost-price relationship determined by market forces or when it is a payment made to curtail production. By definition, therefore, subsidies are made only to businesses organized for profitmaking purposes (including farms). Examples of subsidies are Government payments to farmers for land retirement, certain outlays for the export of surplus agricultural commodities by business, payments to air carriers, and the operating differential subsidy of the Maritime Administration.

(b) Government enterprise is the term applied to those functions of the Government (usually appearing in the budget as public enterprise revolving funds) whose operating costs are to a great extent covered by the sale of goods and services to the public, as opposed to being financed by tax receipts. In short, Government enterprises conduct operations which are of a commercial nature. In the national income accounts, part of their operations are reported in the business sector and part in the Federal sector. The Federal sector accounts cover their interest expenses, outlays for capital formation and the difference between sales and operating costs.

Relationship to the consolidated cash statement.—There are a number of important differences between the Federal sector account and the consolidated cash statement. These are shown in table A-1.

1. *Coverage.*—With respect to coverage, the Federal Government part of the income and product accounts excludes the revenues and expenditures of the District of Columbia, which are classified by the Department of Commerce in the State and local government sector.

2. *Netting and consolidation.*—The Federal sector account records both interest paid by the Government and Government purchases on a net basis. Accordingly, interest received by the Government is excluded from cash receipts and is netted against Federal interest payments. Similarly, receipts from sales of Government products are netted against Government purchases. Neither adjustment influences the surplus or deficit, for in effect, both receipts and expenditures are decreased by the same amount.

Adjustments for consolidation are needed to maintain consistency with income and product account concepts. For example, a few transactions such as employer and employee contributions to Federal employees' retirement funds are excluded from the consolidated cash statement as intragovernmental transactions. In the national income accounts, however, these contributions are considered to be part of the total compensation of Government employees. Again, the deficit or surplus is unaffected by the adjustment, since total receipts and expenditures are both increased by the same amount.

3. *Timing.*—Business taxes are recorded in the national income accounts as they are accrued by the private sector, rather than when they are collected by the Government. The principal timing adjustments for expenditures are: (a) The Federal sector account records Federal purchases in terms of the delivery of goods and services to the Government, whereas cash payments for these deliveries may precede

or follow; (b) Commodity Credit Corporation certificates of interest which represent shares in Commodity Credit Corporation commodity loans are recorded as commodity purchases when the certificates are issued, rather than when the collateral is surrendered; (c) interest on savings bonds and Treasury bills is treated as an expenditure in the Federal sector account when the interest is accrued, rather than when it is actually paid out in cash; and (d) certain foreign currency activities of the Commodity Credit Corporation also require an adjustment—the Corporation facilitates exports of surplus agricultural commodities by paying dollars to exporters, in exchange for foreign currencies received for the exports. Expenditures in the Federal sector account are recorded only at the time these foreign currencies are subsequently used for Government programs. The consolidated cash statement, on the other hand, includes the dollar payments to exporters but excludes both the receipt and the subsequent expenditure of a large part of these foreign currencies.

4. *Capital transactions.*—In the consolidated cash statement, many capital or financial transactions are included in receipts and expenditures. The Federal sector account excludes these transactions since they do not affect current production or income. Accordingly, an adjustment is made to exclude items such as loans, mortgages, and other financial claims. Also excluded are purchases and sales of existing assets, such as land and secondhand property.

SPECIAL ANALYSIS B

PUBLIC ENTERPRISES, TRUST FUNDS, AND GROSS EXPENDITURES OF THE GOVERNMENT

This analysis presents selected information on the public enterprise funds and the trust funds with special reference to financing. It also covers certain receipts and reimbursements from outside the Treasury to general fund appropriations and other accounts which are netted in the administrative budget expenditures, and it indicates the magnitude of total expenditures if such netting did not occur. Additional tables in this special analysis relating to borrowing and investments in U.S. securities are an integral part of the computation of the changes in public debt in table 11 of part 2 of the budget.

PUBLIC ENTERPRISE FUNDS

The public enterprise funds are federally owned funds which carry on a cycle of operations, primarily with the public, organized usually on a business-type basis. Some of them are incorporated enterprises; others are unincorporated. Their expenditures have been included, on a net basis, in the administrative budget for many years. The general fund usually supplies them with capital; the provision of such capital, its return, and any dividends given to the general fund are not counted in the budget totals as expenditures or receipts.

Expenditures and receipts.—Gross expenditures of public enterprise funds are estimated to be \$22.3 billion in 1966, and their receipts will be \$19.7 billion (table B-1), resulting in net expenditures of \$2.6 billion which are included in the administrative budget totals. The Commodity Credit Corporation and the postal fund together account for somewhat more than half of the transactions. The figures for both 1965 and 1966 take account of both existing and proposed legislation.

The expenditures in table B-1 include certain interfund payments to the general fund, principally for interest (see note at end of table 14). The receipts shown in table B-1 are generally from the public; but they include some transactions from within the Government—notably, the sales of Commodity Credit Corporation inventories and services to appropriations for special activities, accounting for \$1.9 billion of the Commodity Credit Corporation receipts shown for 1966. The sales of Tennessee Valley Authority power to Government agencies, payments by all agencies to the Post Office for postal services, and interest paid to certain funds on their investments are other examples of such intragovernmental receipts included in table B-1.

Table B-1. GROSS EXPENDITURES AND APPLICABLE RECEIPTS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Funds appropriated to the President:						
Mutual defense and development.....	913	1,096	1,141	37	47	52
Other.....	162	146	56	71	52	52
Department of Agriculture:						
Commodity Credit Corporation.....	9,131	8,739	7,841	15,920	17,188	15,901
Rural Electrification Administration (proposed legislation).....		355	365		168	177
Other.....	663	772	1,068	574	713	1,011
Department of Commerce.....	66	72	70	15	17	16
Department of Defense:						
Military.....	19	15	8	15	13	6
Civil (Panama Canal Company).....	118	124	125	115	122	127
Department of Health, Education, and Welfare.....	7	8	8	7	8	8
Department of the Interior.....	164	152	230	53	58	184
Department of Labor.....	242	285	285	250	289	289
Post Office Department.....	4,971	5,237	5,410	4,394	4,519	4,696
Treasury Department.....	1	1	1	4	1	1
General Services Administration.....	*	*	*	1	*	*
Housing and Home Finance Agency:						
College housing loans fund.....	330	326	367	111	96	102
Urban renewal fund.....	370	494	584	135	185	227
Federal National Mortgage Association.....	314	968	1,052	661	1,600	1,573
Federal Housing Administration.....	761	787	762	804	896	890
Public Housing Administration.....	657	613	635	508	392	398
Other.....	107	133	205	29	30	36
Veterans Administration.....	667	626	595	640	833	1,466
Other independent offices:						
Export-Import Bank of Washington....	434	537	616	1,136	1,182	1,097
Federal Savings and Loan Insurance Corporation.....	70	20	-2	318	333	334
Small Business Administration.....	346	497	442	222	262	644
Tennessee Valley Authority.....	371	376	384	312	319	345
Other.....	32	38	31	39	42	43
Total.....	20,915	22,416	22,280	16,371	19,363	19,673
Receipts from the public.....				(13,444)	(15,223)	(16,213)
Receipts from other accounts.....				(2,927)	(4,140)	(3,460)

*Less than one-half million dollars.

¹ Includes advances from foreign assistance and special export programs of \$1,889 million in 1964, \$2,554 million in 1965, and \$1,738 million in 1966.

Capital and borrowing.—Capital requirements of the public enterprise funds are usually supplied through new obligational authority (either appropriations or some other form of NOA) from the general fund. While most public enterprise funds are operated to be self-sustaining over a period of years, the largest—the Commodity Credit Corporation—has incurred substantial losses in most years. Appropriations have been made regularly to make up for the loss in this fund, the postal deficit, and other losses in a few smaller funds. Contract authorizations have also been provided for the Commodity Credit Corporation and for the Urban Renewal Fund of the Housing and Home Finance Agency. Table B-2 reflects all such new obligational authority.

Writeoffs shown here are primarily the return of capital or transfer of dividends to the general fund of the Treasury; they include a few cases of transfers to appropriations or lapses of obligational authority.

Table B-2. NEW OBLIGATIONAL AUTHORITY AND WRITEOFFS OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	New obligational authority			Writeoffs (including capital transfers)		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Funds appropriated to the President:						
Mutual defense and development.....	1,062	1,199	1,275	48	31	28
Other.....		25	35			
Department of Agriculture:						
Commodity Credit Corporation.....	3,275	2,564	2,331	*	*	
Rural Electrification Administration (proposed legislation).....		1 435	102		90	65
Other.....	49	5	105		18	11
Department of Commerce.....	134	60		42	304	20
Department of the Interior:						
Existing legislation.....	122	73	65	1	2	2
Proposed legislation.....			1 34			32
Department of Labor.....				2 1	2 1	
Post Office Department.....	719	756	858	30		
Treasury Department.....	1			*	250	*
General Services Administration.....				*	1	*
Housing and Home Finance Agency:						
College housing loans.....	300	410				
Urban renewal fund.....		1,425			(³)	
Federal National Mortgage Association.....		150		163	282	692
Federal Housing Administration.....	206				317	92
Public Housing Administration.....	212	230	248	6	*	*
Other.....	102	114	217	3	3 4	3
Veterans Administration.....	150	1 150	100	183	135	4 287
Other independent offices:						
Export-Import Bank of Washington.....				50	50	50
Small Business Administration.....	90	145	13			
Tennessee Valley Authority.....	47	48	59	50	53	57
Other.....	1		*	*	*	*
Total.....	6,470	7,788	5,444	578	1,539	1,340

*Less than one-half million dollars.

¹ Excludes transfers received upon initiation of new funds: For Rural Electrification Administration, Department of Agriculture, \$1,077 million in 1965; for Department of the Interior, Southwestern Power Administration, \$305 thousand in 1966, Southwestern Power Administration, \$6 million in 1966, and Bonneville Power Administration, \$87 million in 1966; and for "Veterans reopened insurance fund," Veterans Administration, \$2 million in 1965.

² Unobligated balance transferred to "Salaries and expenses, Mexican farm labor program."

³ Excludes transfer of \$18 million from "Urban renewal fund" to "Urban mass transportation fund."

⁴ Excludes transfer of \$7 million to appropriation "Veterans insurance and indemnities."

Balances available.—The balances of public enterprise funds are shown in table B-3. They are there divided between the balances which are accounted for as assets of the funds (cash in banks, fund balances with the Treasury, and U.S. securities), and the undrawn authorizations to obtain capital from the Treasury, to borrow, or (in two cases) to contract in excess of their cash availability.

Table B-3. BALANCES OF PUBLIC ENTERPRISE FUNDS (in millions of dollars)

Description	Cash balances in Treasury and U.S. securities as of June 30			Undrawn authorizations as of June 30		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Funds appropriated to the President:						
Mutual defense and development.....	2,868	2,986	3,144	199	199	199
Other.....	25	10	42	81	27	27
Department of Agriculture:						
Commodity Credit Corporation.....	12	15	19	2,381	2,377	2,372
Rural Electrification Administration (proposed legislation).....		6	7		1,229	1,077
Other.....	242	172	208	3	1	2
Department of Commerce.....	142	143	68	300		
Department of Defense—Military.....	17	15	13			
Department of Defense—Civil (Panama Canal Company).....	9	7	9	10	10	10
Department of Health, Education, and Welfare.....	3	2	3			
Department of the Interior.....	67	44	157	20	18	19
Department of Labor.....	302	304	308			
Post Office Department.....	541	579	723			
Treasury Department.....	1	*	*	250		
General Services Administration.....	1	*	*			
Housing and Home Finance Agency:						
College housing loans.....	63	63	62	829	1,010	746
Urban renewal fund.....	339	293	287	2,351	2,645	2,294
Federal National Mortgage Association.....	35	36	103	4,556	5,055	4,816
Federal Housing Administration.....	1,092	883	918			
Public Housing Administration.....	96	105	116	1,500	1,500	1,500
Other.....	235	299	389	989	950	905
Veterans Administration.....	580	785	1,649	249	266	79
Other independent offices:						
Export-Import Bank of Washington.....	11	3	206	5,170	5,773	6,000
Loans to Federal Deposit Insurance Corporation.....				3,000	3,000	3,000
Loans to Federal home loan banks.....				1,000	1,000	1,000
Federal Savings and Loan Insurance Corporation.....	1,116	1,429	1,765	750	750	750
Small Business Administration.....	358	268	483			
Tennessee Valley Authority.....	31	20	33	485	435	385
Other.....	126	132	144	24	22	21
Total.....	8,301	8,601	10,857	25,297	29,266	28,604

*Less than one-half million dollars.

¹ Includes adjustments for unexpended balances of funds transferred from the appropriation "Removal of surplus agricultural commodities (sec. 32)," as follows: for 1964, -\$16 million; 1965, -\$4 million; and 1966, \$8 million.

² Includes unexpended balance of contract authority of \$1,871 million in 1964, \$1,580 million in 1965, and \$1,580 million in 1966.

³ Includes unexpended balance of contract authority of \$2,911 million in 1964, \$4,106 million in 1965, and \$3,774 million in 1966.

⁴ Represents unused corporate debt authority.

In most cases, a large part of the balances are obligated or reserved—to pay loan commitments, purchase and construction contracts, or other obligations entered into but on which the other party has not yet required or earned the money. The balances include inactive "standby" authority for loans to the Federal Deposit Insurance Corporation, the home loan banks, and the Federal Savings and Loan Insurance Corporation. Also included is an unused balance for the never-activated Federal Flood Indemnity Administration (HHFA).

TRUST FUNDS

The trust funds are administered in a fiduciary capacity by the Government. They are not included in the administrative budget totals, and transactions between the general fund and the trust funds are conducted "at arm's length"—that is, payments between them are reported as expenditures and receipts of the funds involved.

Expenditures and receipts.—Trust fund expenditures are estimated to be \$32.9 billion in 1966, with receipts of \$33.6 billion, as shown in table B-4. The transactions of the Federal old-age and survivors insurance fund are slightly more than half of the totals.

Table B-4. EXPENDITURES AND RECEIPTS OF TRUST FUNDS
(in millions of dollars)

Description	Expenditures			Receipts		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 esti- mate
Federal old-age and survivors insurance trust fund.....	15,285	15,966	18,629	16,043	16,162	17,553
Federal disability insurance trust fund.....	1,341	1,518	1,748	1,211	1,222	1,455
Hospital insurance trust fund.....			20			600
Unemployment trust fund.....	3,707	3,336	3,345	4,288	4,013	3,982
Railroad retirement account.....	1,139	1,185	1,248	1,192	1,289	1,387
Federal employees' funds.....	1,262	1,380	1,558	2,465	2,670	2,747
Highway trust fund.....	3,645	4,101	3,875	3,540	3,649	3,954
Veterans life insurance funds.....	657	632	502	711	713	712
Federal National Mortgage Association trust funds.....	-37	48	178			
Other trust funds.....	1,119	1,361	1,965	1,402	1,376	1,825
Deposit funds.....	-567	-47	30			
Interfund transactions (table 14, note).....	-521	-579	-599	-521	-579	-599
Subtotal.....	27,028	28,901	32,500	30,331	30,515	33,616
Government-sponsored enterprises.....	1,857	145	398			
Total.....	28,885	29,045	32,898	30,331	30,515	33,616

The trust funds include a small group of trust revolving funds (see table B-5) which, like the public enterprise funds, are stated on a net expenditure basis in figures used elsewhere in the budget.

Table B-5. TRANSACTIONS OF TRUST REVOLVING FUNDS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Civil Service Commission (employees' life insurance and health benefits).....	539	615	669	603	676	737
Federal National Mortgage Association.....	379	439	678	416	391	499
All other trust revolving funds.....	116	60	218	63	187	50
Total trust revolving funds.....	1,034	1,114	1,565	1,082	1,254	1,286
Receipts from the public.....				(793)	(960)	(987)
Receipts from other accounts.....				(289)	(294)	(299)

treasury financing.—The principal financing provided by the Federal fund to the trust funds is interest paid on public debt investments of the trust funds. The Government also contributes, as employer, to the employee retirement funds. On occasion the general advances money to trusts, e.g., the unemployment trust fund, to be repaid at a later date. Payments from the administrative trust fund into the trust funds are shown in Table A-2 in the special analysis, "Three Measures of Federal Financial Transactions."

Advances available.—Trust fund balances with the Treasury and securities are shown in table B-6. These balances are reserved to carry out the purposes of the trust.

Table B-6. TRUST FUND BALANCES (in millions of dollars)

Description	As of June 30			
	1963 actual	1964 actual	1965 estimate	1966 estimate
Old-age and survivors insurance trust fund.....	18,967	19,726	19,922	18,846
Disability insurance trust fund.....	2,394	2,264	1,968	1,675
Unemployment insurance trust fund.....				580
Unemployment trust fund.....	6,277	6,859	7,535	8,172
Individual retirement account.....	3,805	3,859	3,963	4,103
Employees' funds.....	13,641	14,844	16,134	17,323
Pay trust fund.....	747	641	189	268
Life insurance funds.....	6,726	6,779	6,860	7,070
National Mortgage Association trust fund.....	237	13	13	13
Other trust funds.....	1,136	1,420	1,436	1,296
Trust funds.....	1,767	2,334	2,382	2,352
Total.....	55,698	58,739	60,400	61,695

—Excludes Government-sponsored enterprises. Figures shown above differ somewhat from those on an authorization basis shown in table 10. The reconciliation is as follows:

	As of June 30			
	1963	1964	1965	1966
Balances available on an authorization basis (table 10).....	66,341	70,377	72,696	74,089
Unappropriated receipts:				
Available as needed on an indefinite basis.....	76	56	25	25
Available for appropriation by Congress:				
District of Columbia.....	-114	-118	-107	-104
United States Soldiers' Home.....	102	105	106	106
Highway trust fund.....	148	438	189	243
Unfinanced contract authorization.....	-9,167	-10,041	-10,325	-10,497
Undrawn authorizations to borrow.....	-1,687	-2,077	-2,183	-2,167
Balances available on a cash basis.....	55,698	58,739	60,400	61,695

GOVERNMENT-SPONSORED ENTERPRISES AND ANNEXED BUDGETS

This budget includes with the trust fund expenditures certain transactions of five Government-sponsored enterprises, stated on a cash basis. The transactions thus reported relate to investments in securities and debt issuance for which the Treasury acts as fiscal agent; amounts equal to the net debt issuance or net disinvestments of enterprises are used as an estimate of net expenditures.

The budget appendix includes detailed budget statements with respect to seven self-supporting activities, including three of the Government-sponsored enterprises just mentioned, and four other activities. (In the case of one of the latter, the Exchange stabilization fund, estimates for the years 1965 and 1966 are incomplete.) Table B-7 summarizes the expenditures and receipts of these annexed budgets.

Table B-7. EXPENDITURES AND APPLICABLE RECEIPTS OF ACTIVITIES COVERED BY ANNEXED BUDGETS (in millions of dollars)

Description	Gross expenditures			Applicable receipts		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Milk Marketing Administration.....	13	13	13	13	13	13
Comptroller of the Currency.....	16	16	18	17	17	19
Exchange Stabilization Fund.....	97	(1)	(1)	11	(1)	(1)
Board of Governors of Federal Reserve System.....	7	9	9	7	9	9
Banks for Cooperatives.....	1,179	1,170	1,237	1,126	1,088	1,181
Federal Intermediate Credit Banks.....	5,049	5,161	5,586	4,854	4,950	5,354
Federal Deposit Insurance Corporation....	17	9	2	203	203	215
Total.....	6,378	6,378	6,865	6,231	6,280	6,791

¹ Not available.

OTHER EXCLUSIONS FROM ADMINISTRATIVE BUDGET RECEIPTS

The law permits certain collections to be credited as reimbursements to general fund appropriations. Such collections from outside the administrative budget accounts are identified in the detailed schedules of the budget appendix as reimbursements from "non-Federal sources," distinguishing them from reimbursements within the administrative budget sector. The intragovernmental revolving and management funds also have some receipts from outside the Government. Table B-8 reflects the estimated amount of such collections which are credited to appropriations or to intragovernmental funds.

Table B-8. REIMBURSEMENTS FROM NON-FEDERAL SOURCES TO APPROPRIATIONS AND INTRAGOVERNMENTAL FUNDS (in millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate
Funds appropriated to the President.....	79	27	26
Department of Agriculture.....	27	20	99
Department of Commerce.....	4	3	3
Department of Defense:			
Military.....	1,537	1,516	1,548
Civil.....	11	11	11
Department of Health, Education, and Welfare.....	31	32	33
Department of the Interior.....	53	60	68
Department of Justice.....	1	1	1
Department of State.....	1	2	2
Treasury Department.....	25	32	30
Atomic Energy Commission.....	46	89	75
Federal Aviation Agency.....	3	4	4
General Services Administration.....	3	6	7
National Aeronautics and Space Administration.....	*	15	11
Veterans Administration.....	2	2	2
Other independent agencies.....	*	*	*
Trust funds.....	184	189	190
Total.....	2,007	2,008	2,111

*Less than one-half million dollars.

GROSS EXPENDITURES OF THE GOVERNMENT

Table B-9 gives gross expenditures, on a checks-issued basis for all Government-administered funds, except deposit funds; the latter are excluded since they are for the most part suspense accounts.

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

Function	1964 actual	1965 estimate	1966 estimate
National defense.....	56,176	54,504	54,213
International affairs and finance.....	5,070	5,326	5,415
Space research and technology.....	4,171	4,915	5,111
Agriculture and agricultural resources.....	16,260	15,933	15,788
Natural resources.....	2,883	3,172	3,168
Commerce and transportation.....	11,364	12,363	12,296
Housing and community development.....	2,489	2,554	3,481
Health, labor, and welfare.....	26,745	28,676	33,605
Education.....	1,410	1,560	2,713
Veterans benefits and services.....	6,927	7,001	6,760
Interest.....	8,928	9,294	9,461
General government.....	2,262	2,402	2,439
Undistributed—special allowances.....		103	507
Total.....	144,686	147,804	154,958
The total is derived as follows:			
Administrative budget expenditures (table 14).....	97,684	97,481	99,687
Trust fund expenditures (tables 14 and B-4):			
Total of such transactions.....	28,885	29,045	32,898
Elimination of deposit funds included in total.....	567	47	-30
Intragovernmental transactions (table A-2):			
Total of such transactions.....	-4,190	-4,234	-4,414
Employees' contributions included in total.....	976	1,039	1,038
Receipts from the public netted in conventional totals:			
Receipts of public enterprise funds (table B-1).....	13,444	15,223	16,213
Receipts of trust revolving funds (table B-5).....	793	960	987
Reimbursements to appropriations and intragovernmental funds (table B-8).....	2,007	2,008	2,111
Substitution of annexed budgets:			
Gross expenditures of annexed budgets (table B-7).....	6,378	6,378	6,865
Elimination of net expenditures of Government-sponsored enterprises (included in table B-4).....	-1,857	-145	-398
Total.....	144,686	147,804	154,958

BORROWING OTHER THAN FROM THE GENERAL FUND

The Tennessee Valley Authority has authority to borrow \$750 million from the public. The Federal Housing Administration has an indefinite authorization to issue short-term debentures in connection with its settlements. The Federal National Mortgage Association trust revolving fund has authority to issue its own debt instruments in an amount equal to 10 times the aggregate of its capital and retained earnings. The District of Columbia Armory Board was authorized to issue bonds for the financing of the stadium completed in 1961. A few funds in liquidation are retiring earlier debt is-

suances. Government-sponsored enterprises also have their own borrowing authority. Some Government enterprise debt is guaranteed by the Treasury; some is not formally guaranteed. Borrowing and repayments pursuant to these authorities are shown in table B-10.

A small portion of such borrowing is from other funds; the larger part is from the public and in effect reduces the Treasury borrowing from the public (see table 11 of part 2).

Table B-10. DEBT ISSUANCES BY GOVERNMENT ENTERPRISES (OTHER THAN BORROWING FROM THE GENERAL FUND) (in millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate	End 1966, estimate outstand- ing
Borrowing from the public:				
By public enterprise funds:				
Federal Housing Administration ¹	212	-293	-92	247
Federal Farm Mortgage Corporation ¹	*	*	*	*
Home Owners Loan Corporation ¹	*	*	*	*
Tennessee Valley Authority.....	35	40	75	295
By trust funds:				
District of Columbia Armory Board ¹				20
Federal National Mortgage Association.....	-263	49	178	1,925
By Government-sponsored enterprises:				
Banks for cooperatives.....	40	79	52	629
Federal intermediate credit banks.....	218	195	200	2,710
Federal land banks.....	219	302	181	3,426
Federal home loan banks.....	1,461	-417	160	3,947
Total, borrowing from the public.....	1,923	-45	754	13,199
Borrowing from other funds:				
By public enterprise funds:				
Federal Housing Administration.....	-6	-23		136
Federal National Mortgage Association.....	1	-1		*
By Government-sponsored enterprise funds:				
Banks for cooperatives.....	-2	*		*
Federal intermediate credit banks.....	-35	12	28	40
Federal land banks.....	29	-2		27
Federal home loan banks.....	-30	13	40	53
Total, borrowing from other funds.....	-43	-1	68	257
Total, debt issuances by Government enter- prises.....	1,880	-46	822	13,456

Note.—Negative figures represent net retirement of debt.

*Less than one-half million dollars.

¹ Guaranteed by the Treasury (except for a small part of the HOLC obligations).

INVESTMENTS IN U.S. SECURITIES

A few public enterprise funds, a substantial number of trust funds and the Government-sponsored enterprises may purchase Treasury bonds or notes for investments. In addition, several funds acquire some of the debt issued by Government enterprises, and the Federal Housing Administration acquires some of its own debentures as investments. These investment transactions in securities issued by the Government or its agencies are shown in table B-11.

he public debt bought by the various funds enters into the computation of the debt as shown in table 11 of part 2.

Table B-11. PURCHASES OF U.S. SECURITIES BY GOVERNMENT-ADMINISTERED FUNDS (in millions of dollars)

Description	Transactions			End 1966, estimate outstanding
	1964 actual	1965 estimate	1966 estimate	
Investments in Treasury issuances (public debt):				
public enterprise funds:				
federal Housing Administration.....	62	-193	9	599
public Housing Administration.....	24	2		27
federal Savings and Loan Insurance Corporation.....	244	305	335	1,745
veterans Administration.....	23	25	45	193
Maritime Administration.....	-3	*	*	4
trust funds:				
federal old-age and survivors insurance trust fund.....	692	267	-1,096	17,475
federal disability insurance trust fund.....	-139	-296	-338	1,505
hospital insurance trust fund.....			500	500
unemployment trust fund.....	573	670	617	8,105
railroad retirement account.....	69	101	142	4,009
federal employees' funds.....	1,190	1,272	1,178	17,174
federal National Mortgage Association.....	-92			
highway trust fund.....	-69	-455	46	200
veterans life insurance funds.....	22	86	209	7,034
District of Columbia municipal government funds.....	4	-5	4	62
all other.....	9	-6	13	43
Government-sponsored enterprises:				
federal Deposit Insurance Corporation.....	183	194	212	3,343
banks for cooperatives.....	1	1	1	46
federal intermediate credit banks.....	*	-1		111
federal land banks.....	*	-2		100
federal home loan banks.....	-141	-153	50	1,700
Exchange stabilization fund.....	164			1,317
Total, investments in Treasury issuances.....	2,818	1,813	1,926	64,292
Investments in issuances of other funds:				
public enterprise funds:				
federal Housing Administration.....	76			124
federal National Mortgage Association.....	-64	1	68	99
trust funds:				
federal National Mortgage Association.....	-78	*		5
veterans Administration.....	25			25
District of Columbia municipal government funds.....	-2	-1		4
Total, investments in issuances of other funds.....	-43	-1	68	257
Total, investments in U.S. securities.....	2,775	1,812	1,994	64,549

te.—Negative figures represent net reduction of investments.

ss than one-half million dollars.

s of end of fiscal year 1964; estimates for 1965 and 1966 are not available.

SPECIAL ANALYSIS C

CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

EMPLOYMENT TOTALS

Between June 1963 and June 1964, Federal civilian employment in the executive branch was reduced by 21,000 to a total of 2,469,000. It is expected to be at approximately the same level in June 1965—a level 43,000 fewer than had been anticipated for that date a year ago. Decreasing the employment levels while providing ever-increasing levels of service required vigorous action by agency managers to improve manpower management and raise the level of employee productivity.

The 1966 budget estimates that by June 1966 civilian employment will reach 2,496,000, up about 1% over the present estimate for June 1965 but still 15,000 below the number estimated last January as needed for June 1965. This estimate includes the substantial numbers of new employees needed for such recently enacted programs as the attack on poverty, and for the new programs being proposed by the President, such as hospital insurance, Appalachia, and elementary and secondary education. It also provides for manpower to meet increased workloads for the postal service, internal revenue service, public health, and many other programs.

Table C-1. SUMMARY OF CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Agency	As of June			Increase or decrease (-) 1966 over 1965	Percent of total 1966
	1964	1965	1966		
Department of Defense—Military and military assistance ¹	997,863	980,000	961,000	-19,000	38.5
Post Office Department.....	585,313	589,500	610,000	20,500	24.4
Veterans Administration.....	172,171	170,800	171,280	480	6.9
Department of Agriculture.....	108,476	110,500	113,380	2,880	4.6
Treasury Department.....	86,748	88,000	91,700	3,700	3.7
Department of Health, Education, and Welfare.....	83,293	85,500	91,500	6,000	3.7
Department of the Interior.....	² 69,867	68,700	70,400	1,700	2.8
Other:					
General Services Administration.....	34,897	36,800	38,550	1,750	15.1
Tennessee Valley Authority.....	17,353	16,150	17,400	1,250	
All other agencies.....	313,254	317,230	321,110	3,880	
Other employment ³		5,820	9,360	3,540	.3
Total.....	2,469,235	2,469,000	2,495,680	26,680	100.0

¹ Consists of civilian employment for military functions and military assistance.

² Excludes 406 project employees for the public works acceleration program.

³ Consists of Economic opportunity program, Appalachia program, and allowance for contingencies, all subject to later distribution.

Approximately 70% of all Federal civilian employment is in three agencies: the Departments of Defense, Post Office, and the Veterans Administration. Another 15% is found in the Departments of Agri-

culture; Treasury; Health, Education, and Welfare; and Interior. The remaining 15% is accounted for by more than 50 smaller agencies of the Government. The totals for all of the larger agencies are shown in table 12 in part 2 of this budget.

The most significant changes in 1966 employment over 1965 are shown in table C-1. Of the total increase of 26,680, approximately 80%, or 20,500, is for the Post Office. The bulk of the added Post Office employment, approximately 15,000 in number, is required to reduce the inordinate amount of overtime which many postal employees have been regularly scheduled to work—in some cases amounting to a regular workweek in excess of 70 hours. An estimated 3% increase in mail volume, offset by continued advance in productivity, accounts for the remaining increase in postal employment. In addition—

- The Department of Defense anticipates a decline of 19,000 workers by June 1966 as a result of improvements in management, including the closing of unneeded facilities.
- The increase for the Department of Health, Education, and Welfare employment is needed to service a greater volume of old-age, survivors', and dependents' insurance claims; to accelerate efforts to reduce air and water pollution; to provide more comprehensive drug regulation; and to implement the new proposals for hospital insurance for the aged.
- Rising workloads in internal revenue operations and another step in the program to improve taxpayer compliance largely account for the increase in the Treasury Department.
- The increase in the Department of Agriculture is principally to provide for uncontrollable workload in meat inspections, Farmers Home loan and guarantee activities, visitors to the National Forests, and to continue work on going watershed projects; it also provides strengthening of high priority research and forest land management and for necessary expansion of comprehensive river basin surveys.
- The growth in the Department of the Interior is principally to take care of an increasing number of visitors to the National Parks, to provide for higher enrollment in Indian schools, and to expand power transmission lines in the Northwest to meet treaty commitments with Canada on the use of Columbia River water.
- Other increases are in the General Services Administration to meet greater workloads in the operation of additional public buildings, and supply support activities; in the Tennessee Valley Authority to provide for the operation of power units being completed and for construction for new water resource facilities; and in other agencies to meet requirements for expanded services.

Of the 26,680 increase estimated for 1966 in civilian employment in the executive branch, 15,000 are in permanent full-time positions and the remainder are in temporary, part-time, and intermittent jobs. Temporary positions (on a full-time basis) include those established for a limited period of less than a year and "career substitutes" of the Post Office (the number above the basic complement of permanent postal jobs). Part-time employees are those on a less-than-regular workweek. Intermittent employees are those who work on an irregular or unscheduled basis.

Over nine-tenths of executive branch civilian employment consists of permanent full-time employees. The part-time and intermittent workers are included in the count of Federal employees each month, along with the permanent full-time workers, even though a number of them work as little as one day during the month.

Table C-2. CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH BY TYPE OF POSITION OCCUPIED

	As of June			
	1963 actual	1964 actual	1965 estimated	1966 estimated
Permanent full-time, employment.....	2,231,519	2,228,296	2,226,120	2,241,131
Other employment, ¹ total.....	(258,769)	(240,939)	(242,880)	(254,549)
Post Office Department.....	137,495	130,507	143,130	151,866
Veterans Administration.....	21,993	23,279	21,941	21,949
Department of Agriculture.....	33,590	31,271	30,570	31,166
Department of the Interior.....	14,862	13,900	11,700	12,400
Other agencies.....	50,829	41,982	35,539	37,168
Total employment.....	2,490,288	2,469,235	2,469,000	2,495,680

¹ Consists of temporary, part-time, and intermittent employment.

In total, Federal Government personnel includes both civilian employment and military personnel. Adding the latter to the civilian employment figures shows a grand personnel total for the executive branch of approximately 5,188,000 for June 1964, 5,159,000 for June 1965, and 5,170,000 for June 1966. In addition, the employment of the legislative and judicial branches in June 1964 was about 31,000.

	As of June		
	1964 actual	1965 estimate	1966 estimate
Civilian employment in the executive branch.....	2,469,235	2,469,000	2,495,680
Military personnel:			
Department of Defense.....	2,685,161	2,656,008	2,640,266
Reimbursable details to other agencies.....	1,111	1,331	1,364
Treasury Department (Coast Guard).....	32,248	32,275	32,778
Total executive branch personnel.....	5,187,755	5,158,614	5,170,088
Legislative and judicial personnel.....	30,851		
Total.....	5,218,606		

EMPLOYMENT TRENDS AND COMPARISONS

With the continued growth in population, in national income, and in economic activity generally, there has been a concomitant growth in the volume of public services which the Government is called upon to render. In the fiscal year 1966, for example, the number of passports applied for will rise 10%; coins minted will increase 16%; subsidized school lunches served will be up 6%; takeoffs and landings at airports served by Federal towers will increase 6%; establishments with Federal meat inspectors will rise 6%; tax returns

filed will grow by 2%; the number of pieces of mail deposited in the Post Office will be up 3%; and customs inspections of packages will rise 4%.

These and other increased demands for services can be accommodated only by increased productivity or additional workers, or a combination of both.

Under the leadership of the President, a concerted effort has been underway to utilize Federal employees more effectively, to improve work methods and organization, and through the resulting improvements in productivity to hold Federal employment to the lowest possible levels.

Over the past decade, in fact, Federal civilian employment has not risen in step with related factors. For example:

- In 1954 there were 14.6 Federal civilian employees for every 1,000 people in the Nation; in 1964 this number was reduced to 12.9 and it is expected to decline still further to 12.6 in 1966.
- In 1954, one out of every three public civilian employees worked for the Federal Government, and the other two for State or local government units. In 1964, this ratio was one out of four, and it will continue to drop.

Table C-3. GOVERNMENT EMPLOYMENT AND POPULATION, 1942-66

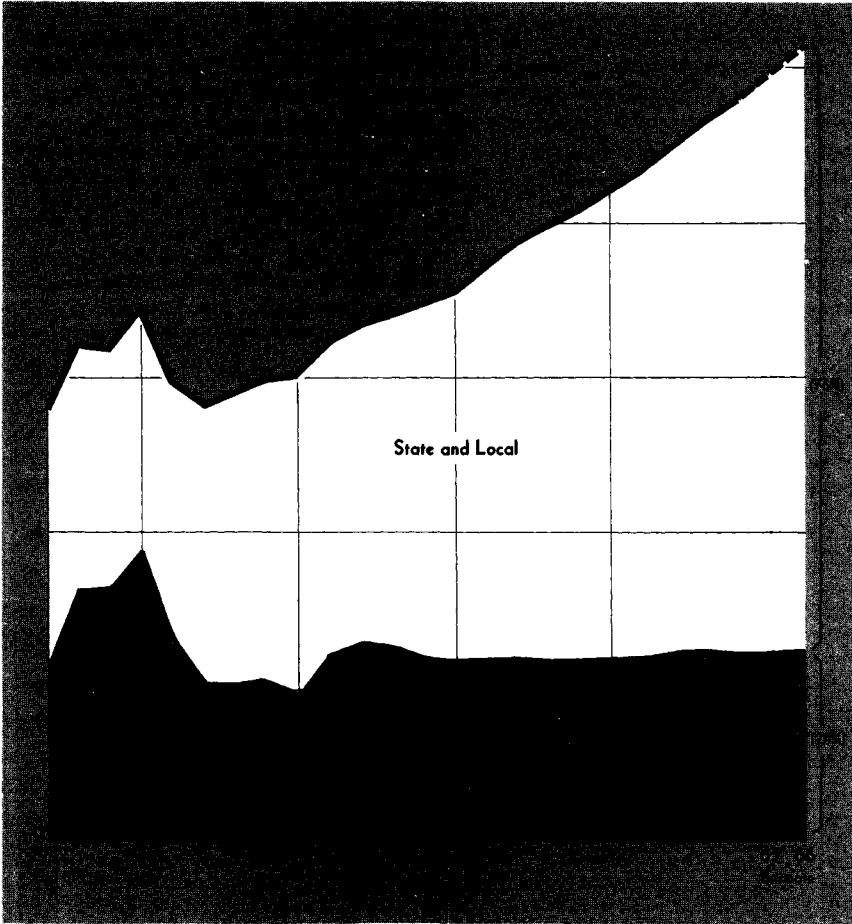
Year	Government employment				Population	
	Federal executive branch (thousands)	State and local governments (thousands)	All governmental units (thousands)	Federal as percent of all governmental units	Total United States (thousands)	Federal employment per 1,000 population
1942.....	2,272	3,310	5,582	40.7	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.....	¹ 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.....	² 2,490	6,813	9,303	26.8	189,375	13.1
1964.....	² 2,469	7,140	9,609	25.7	192,072	12.9
1965 (estimated) ³	2,469	-----	-----	24.9	-----	12.7
1966 (estimated) ³	2,496	-----	-----	24.3	-----	12.6

¹ Includes piece-rate census workers employed for the decennial census.

² Excludes 7,411 project employees in 1963 and 406 project employees in 1964 for the public works acceleration program.

³ An official projection of population and of State and local government employment for 1965 and 1966 is not available. The percentages and ratios shown for these years are consistent with a range of reasonable estimates based on recent trends in population and State and local employment.

Government Civilian Employment



GEOGRAPHICAL DISTRIBUTION OF EMPLOYMENT

Table C-4 presents data on the geographical distribution of Federal employment. Most Federal employees—almost 84%—work in the various States. A little over 10% are located in the Washington, D.C., metropolitan area (including nearby Maryland and Virginia). An additional 6% are in foreign countries and in U.S. territories and possessions. Federal employment in foreign countries has decreased by 3,100 since 1960. This has benefited our balance of payments position, as well as reducing costs.

Table C-4. FEDERAL CIVILIAN EMPLOYMENT BY GEOGRAPHICAL LOCATION (as of June 1964)

Location	Total ¹	Location	Total ¹
Washington, D.C., metropolitan area.....	² 269,986	New Mexico.....	25,183
Alabama.....	61,879	New York.....	181,947
Alaska.....	14,449	North Carolina.....	30,569
Arizona.....	22,606	North Dakota.....	6,854
Arkansas.....	15,476	Ohio.....	92,712
California.....	247,876	Oklahoma.....	44,775
Colorado.....	36,310	Oregon.....	21,963
Connecticut.....	15,398	Pennsylvania.....	131,869
Delaware.....	3,616	Rhode Island.....	12,603
Florida.....	52,862	South Carolina.....	23,596
Georgia.....	60,466	South Dakota.....	9,309
Hawaii.....	22,517	Tennessee.....	36,961
Idaho.....	7,070	Texas.....	119,897
Illinois.....	101,847	Utah.....	28,788
Indiana.....	33,445	Vermont.....	3,080
Iowa.....	16,180	Virginia ³	70,152
Kansas.....	19,918	Washington.....	46,718
Kentucky.....	28,144	West Virginia.....	11,740
Louisiana.....	24,637	Wisconsin.....	21,651
Maine.....	15,878	Wyoming.....	5,318
Maryland ⁴	50,764	Total United States.....	2,343,873
Massachusetts.....	62,940	Outside United States:	
Michigan.....	44,605	Territories and possessions.....	33,571
Minnesota.....	26,302	Foreign countries.....	4 122,642
Mississippi.....	17,552	Total.....	2,500,086
Missouri.....	53,619	Legislative and judicial.....	-30,851
Montana.....	10,078	Total employment, execu-	
Nebraska.....	15,428	tive branch.....	2,469,235
Nevada.....	7,057		
New Hampshire.....	4,297		
New Jersey.....	54,986		

¹ Distribution by State is partially estimated.

² Includes 246,109 employees of the executive branch, and 23,877 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 92,175 foreign nationals classified as Federal employees; excludes 140,299 foreign nationals working for Department of Defense under contracts, agreements, or other arrangements with foreign governments which provide for the furnishing of personal services.

PERSONNEL COMPENSATION AND BENEFITS

Estimates of the Federal payroll and related costs are shown in table C-5. Direct compensation includes regular 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 to personnel.

Table C-5. ESTIMATED PERSONNEL COMPENSATION AND BENEFITS

[Fiscal years. In millions of dollars]

Description	1964	1965	1966
Total civilian personnel costs:			
Direct compensation.....	16,450	17,600	17,800
Personnel benefits.....	1,400	1,500	1,500
Total.....	17,850	19,100	19,300
Civilian personnel costs of trust funds: ¹			
Direct compensation.....	550	600	600
Personnel benefits.....	50	50	50
Total.....	600	650	650
Civilian personnel costs of public enterprise funds (with their own receipts):			
Direct compensation.....	3,900	4,200	4,300
Personnel benefits.....	300	350	350
Total.....	4,200	4,550	4,650
Remaining personnel costs (i.e., excluding trust and public enterprise funds):			
Direct compensation.....	12,000	12,800	12,900
Personnel benefits.....	1,050	1,100	1,100
Total.....	13,050	13,900	14,000
MEMORANDUM			
Total military personnel costs:			
Direct compensation.....	8,330	8,830	8,830
Personnel benefits.....	2,760	2,740	2,760
Total.....	11,090	11,570	11,590

¹ Includes annexed budget agencies.

The obligations to be incurred for civilian personnel compensation and benefits in 1966 are estimated at \$19.3 billion.

Some of the personnel are employed by trust funds (such as old-age and survivors insurance) and some are employed by public enterprise funds (such as the Post Office). After deducting for the costs of such employees, the remaining personnel costs are \$14.0 billion.

Government pay scales for "blue-collar" workers have for many years been subject to administrative adjustment to correspond to pay for comparable work 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 1962, the Congress adopted the principle of comparability for such positions, and in pay scale changes effective in October 1962, January 1964, and July 1964, significant progress has been made toward the achievement of comparability. The compensation figures reflect such changes, as well as changes in the number of employees.

There have also been changes in the position structure which have affected the average salary and the total compensation. Chiefly, these are the result of changes in the character of the Government's

workload and in the level of employee skills required to deal with it. For example, as a result of increasing specialization and greater emphasis on research and development, the number of engineers in the Federal service grew 116%, and the number of physical scientists 66%, in the period from 1954 through 1964. During this period, the Government's need for professional medical personnel rose 62% and for biological scientists, 34%. At the same time, the expanded efforts to reduce employment and to increase productivity—in many cases by shifting from manual to semiautomatic or automatic processing methods—have decreased the need for unskilled employees. For example, employees in the lowest three grades of the Classification Act went down in number from 203,000 to 164,000 between June 1960, and June 1964. These are all valid reasons for the increasing average salary of Government employees.

Of course, vigilance is required to assure that Federal agencies do not adopt top-heavy organization and position structures, producing unwarranted increases in average salaries. Resistance to this tendency should be made easier as application of the comparability principle decreases the pressure to upgrade Federal jobs in order to make them competitive in the labor market. In the preparation of the 1966 budget, special attention has been given to salary trends and the number of positions in the higher grades. Special efforts have been made to avoid unjustified increases, and in some cases actual reductions have been planned.

SPECIAL ANALYSIS D

INVESTMENT, OPERATING, AND OTHER EXPENDITURES

This analysis is designed to contribute to a greater understanding of Government activities by dividing Federal administrative budget and trust fund expenditures into several categories: (1) additions to Federal assets; (2) additions to State, local, and private assets; (3) developmental expenditures; (4) current expenses for aids and special services; (5) retirement and social insurance benefits (trust funds only); (6) other services and current operating expenses; and (7) unclassified (trust fund expenditures which do not properly belong in any of the other categories). In each category where applicable, national defense expenditures are reported separately from those for all other (civil) programs.

Basically, this analysis distinguishes between two types of expenditures: Those yielding benefits primarily in the future and those providing benefits largely in the year in which they are made. The former are essentially outlays of an investment nature while the latter are principally current expenses for aids, special services, and social insurance benefits. Expenditures yielding benefits over a period of years are shown in the first three classes, while outlays providing mainly current benefits are grouped in the remaining categories.

Expenditures from administrative budget funds are shown separately from trust funds in tables D-1 and D-2. The sum of the budget and trust fund totals is greater than the total of cash payments to the public primarily because there are intragovernmental transactions.

1. *Additions to Federal assets.*—This category includes administrative budget expenditures for direct loans, such as loans to finance private housing construction and encourage home ownership, to help small businesses, to finance college dormitory construction, to aid farm ownership and operation, to finance rural electric and telephone systems, and to promote economic development abroad. (Most of these programs are included in the budget total on a net basis; that is, gross disbursements less receipts.) It also includes financial investments in certain international organizations and mixed-ownership enterprises, and expenditures for public works, for changes in major commodity inventories, for major equipment (including military equipment), and for the acquisition and improvement of real property and other physical assets.

Trust fund expenditures in this category consist primarily of mortgage purchases (net of sales) by the Federal National Mortgage Association in support of its secondary mortgage market operations, and net loans by two Government-sponsored enterprises—banks for cooperatives and the Federal intermediate credit banks.

2. *Additions to State, local, and private assets.*—Federal outlays under this heading add to State, local, and private assets. Grant-

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

Description	Administrative budget funds			Trust funds		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Additions to Federal assets:						
Civil.....	4,722	3,704	3,123	213	391	560
National defense.....	17,617	15,621	15,172			
Additions to State, local, and private assets:						
Civil.....	1,550	1,554	1,713	5,389	4,056	4,107
National defense.....	22	22	18	1	1	*
Developmental expenditures:						
Civil.....	6,798	8,123	10,394	50	63	61
National defense.....	8,681	8,394	8,091			
Subtotal, investment and developmental type expenditures:						
Civil.....	13,070	13,381	15,231	5,652	4,510	4,728
National defense.....	26,320	24,038	23,280	1	1	*
Current expenses for aids and special services:						
Civil.....	16,811	17,645	17,792	1,415	1,427	1,445
National defense.....	1,595	1,282	1,068	481	805	976
Retirement and social insurance benefits—civil.....				20,961	21,816	24,883
Other services and current operating expenses:						
Civil:						
Interest.....	10,765	11,286	11,594			
Other.....	3,522	3,738	3,586	111	-16	256
National defense.....	26,266	26,841	27,230	5	5	5
District of Columbia, deposit funds, and other unclassified items.....				780	1,075	1,204
Allowances and contingencies.....		103	507			
Interfund transactions.....	-664	-833	-600	-521	-579	-599
Grand total.....	97,684	97,481	99,687	28,885	29,045	32,898

* Less than one-half million dollars.

in-aid expenditures which augment the physical assets of State and local governments are primarily for the construction of highways (mainly through the Highway trust fund), hospitals, airports, waste-treatment works, watershed protection projects, schools in federally affected areas, and public facilities under the area redevelopment program and the temporary accelerated public works program. Federal expenditures which increase the value of privately owned assets are largely for the conservation and improvement of private farm land and water, for grants to States for the building of private hospitals and other health facilities, and for construction subsidies to the merchant fleet. Trust fund expenditures in this category, in addition to the highway program, include the net loans made by the Federal land banks and the Federal home loan banks (Government-sponsored enterprises in which the Federal Government no longer holds any capital stock); these loans strengthen lending institutions which promote farming and individual home ownership.

3. *Developmental expenditures.*—Federal expenditures of this type include outlays principally for research and development, education and health, and other programs which increase the Nation's fund of knowledge and technical skills and improve the physical vigor of the population. The total of Federal spending shown in this category does not fully reflect the Government's contribution to the productivity of the economy, since it excludes additions to physical assets, as well as certain other programs which further this end. The latter are classified in accordance with their principal purpose; thus, veterans educational benefits are listed as veterans aids rather than as developmental outlays. Similarly, the training of military personnel or other Government personnel is treated as an operating expense and not as part of the Government's education and training programs.

4. *Current expenses for aids and special services.*—Expenditures classified under this heading provide aids or special services to certain groups—mainly in the year in which the outlays are made. In addition to such items as realized losses of the Commodity Credit Corporation on its farm programs, maritime operating subsidies, veterans pensions, and grants to foreign nations for economic and military assistance, this category includes (a) administrative and other operating expenses attributable to investment-type programs which benefit specific groups, and (b) the costs of maintaining the physical assets related to those programs.

Only part of the Federal Government's aid to special groups is reflected in this classification, which is limited by definition to current expenses. For example, subsidies for the construction of private merchant ships are classified as additions to private assets. Similarly, outlays for which the Federal Government receives assets or collateral (as the acquisition of farm commodities by the Commodity Credit Corporation) are treated as additions to Federal assets. Many indirect Government aids are excluded from this classification either because they are not reflected in expenditures or cannot be readily measured. Examples of such indirect benefits include low interest rates on some loans and certain preferential tax treatments.

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

5. *Retirement and social insurance benefits.*—This category applies only to trust funds. It covers benefit programs which (a) are financed from special taxes or contributions and (b) provide insurance against the loss of income due to unemployment, retirement, disability, or death. It does not include Government employees' health and life insurance expenditures, which are in the form of subscription and premium payments to approved private companies. It also excludes such noncontributory programs as public assistance grants, military retired pay, and veterans disability and death compensation and pensions which are financed through the administrative budget.

6. *Other services and current operating expenses.*—The outlays reported under this heading support a wide range of activities. They consist mainly of current expenditures for: Pay and subsistence of

military personnel; repair, maintenance, and operation of physical assets of the national military establishment and general purpose public buildings; conduct of foreign affairs; tax collection; payment of interest on the national debt; and operation and administration of other direct Federal programs not elsewhere classified.

7. *Unclassified.*—Certain trust fund expenditures represent financial transfers to other trust or budget accounts and cannot be properly classified into any of the categories described above. Advances and repayments between the Railroad retirement account and the Unemployment trust fund (for railroad unemployment benefits) are examples of such transactions. This grouping also includes the expenditures of the District of Columbia which are for the most part locally financed, but are accounted for as a Federal trust fund. Deposit fund transactions (net) are also included here.

Recoverability of expenditures.—In general, Government expenditures for assets are not expected to be recovered by specific revenues. However, most loans, investment in commodity inventories, the construction of powerplants, and outlays for range and forest improvements on public domain and national forest lands are offset in whole or in part by receipts to the Treasury through repayments and sales, specific charges, or recoveries. Where such activities are carried on through revolving funds, as in most loan programs, receipts are credited directly against the expenditures and only the difference is included in the expenditure total in the budget and in this analysis. In other cases, the returns are included as miscellaneous receipts to the Treasury rather than as offsets to expenditures.

Whether recovered by specific revenues or not, investment and developmental expenditures in both physical and human capital add to the wealth and income of the Nation and, by helping to expand the tax base, augment the Government's potential future revenues. However, this analysis does not attempt to measure the degree of recoverability of these outlays, the potential gain in public revenues which will be forthcoming from them, nor the duration of future benefits and their discounted present value.

Comparison with capital accounting, budgeting, and funding.—The purpose of this analysis is to provide a broad framework for understanding Federal expenditures, recognizing not only outlays to increase physical capital and financial assets, but also developmental expenditures which represent an investment in human capital. It does not distinguish precisely between capital and current items, although it does provide useful general magnitudes. Moreover, it does not make any allowance for depreciation and obsolescence on existing physical assets, anticipated losses on loan programs, or profit or loss on sales of assets at figures different from their book value. Agencies record such allowances only for transactions where the data will serve program and management needs, as in the case of the public enterprise funds. As a result, it is not possible to determine directly from this analysis the *net* addition to the value of federally owned assets.

This analysis is not a capital budget in the sense of a long-range program for the acquisition of assets, or a plan for separate financing of capital expenditures. Some foreign governments and some State and local governments fund a portion of their capital expenditures by separate borrowing and exclude most or all such expenditures from their computation of budget totals, except for annual charges to amortize these capital outlays over a number of years. The U.S. budget, on the other hand, treats outlays for investment items and for other purposes alike in computing the budget surplus or deficit.

Table D-2. INVESTMENT, OPERATING, AND OTHER EXPENDITURES
(In millions of dollars)

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds			
ADDITIONS TO FEDERAL ASSETS			
Loans:			
Civil:			
To domestic private borrowers:			
Funds appropriated to the President: Economic opportunity program.....		17	35
Department of Agriculture:			
Commodity Credit Corporation: Price support, supply, and related programs.....	705	-766	-117
Rural Electrification Administration.....	330	201	203
Farmers Home Administration:			
Rural housing grants and loans.....	126	144	31
Direct loans.....	84	77	47
Rural housing insurance.....			40
Agricultural credit insurance.....	48	-13	-9
Other.....	-11	24	8
Department of Commerce: Area redevelopment fund and other.....	32	42	57
Department of Health, Education, and Welfare: Defense educational activities and other.....	112	154	248
Housing and Home Finance Agency:			
College housing loans.....	133	127	143
Housing for the elderly.....	29	47	52
Federal National Mortgage Association:			
Government mortgage liquidation.....		-23	-59
Other.....	-265	-556	-442
Federal Housing Administration.....	-42	-37	20
Other.....	*	-2	24
Veterans Administration:			
Housing loans:			
Veterans direct loans.....	-23	-204	-713
Loan guarantee revolving fund.....	87	25	-154
Other.....	2	1	1
Federal Home Loan Bank Board.....	41	12	-9
Small Business Administration.....	113	219	-220
Other agencies.....	2	3	1
Total, to domestic private borrowers, civil.....	1,503	-505	-813

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Loans—Continued			
Civil—Continued			
To State and local governments:			
Housing and Home Finance Agency:			
College housing loans.....	91	109	131
Public facility loans.....	44	42	44
Urban renewal fund.....	24	32	27
Low-rent public housing.....	-45	-3	2
Other.....	6	5	15
District of Columbia.....	17	33	42
Other agencies.....	36	45	52
Total, to State and local governments, civil.....	173	264	312
To foreign borrowers:			
Funds appropriated to the President: Economic assistance.....	957	1,130	1,180
Department of State: Loan to the United Nations.....	4	17	-----
Export-Import Bank of Washington.....	-589	-520	-360
Total, to foreign borrowers, civil.....	371	628	820
Total, loans, civil.....	2,047	386	318
National defense:			
To domestic private borrowers:			
Funds appropriated to the President: Expansion of defense production.....	-36	-1	-1
Other agencies.....	5	2	2
Total, to domestic private borrowers, national defense.....	-31	1	1
To foreign borrowers: Funds appropriated to the President:			
Military assistance.....	35	35	47
Total, loans, national defense.....	4	36	49
Total, loans.....	2,051	423	367
Other financial investments:			
Civil:			
Investments in quasi-public institutions, trust funds, and international institutions:			
Funds appropriated to the President:			
Economic assistance.....	65	80	80
Inter-American Development Bank.....	50	-----	25
International Development Association.....	62	62	10
International Monetary Fund.....	-----	258	-----
Housing and Home Finance Agency: Federal National Mortgage Association.....			
-----	-66	-42	-----
Other agencies.....	-16	-10	-17
Total, investment in quasi-public institutions, trust funds, and international financial institutions.....	94	347	98

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Public works—sites and direct construction:			
Civil:			
Legislative branch.....	12	25	26
Funds appropriated to the President:			
Economic opportunity program.....		25	75
Public works acceleration.....	75	30	
Department of Agriculture:			
Forest Service.....	81	108	95
Other.....	2	10	16
Department of Commerce.....	26	21	22
Department of Defense—Civil:			
Corps of Engineers.....	867	961	979
Other.....	12	15	20
Department of Health, Education, and Welfare:			
Public Health Service.....	6	25	27
Other.....	19	25	34
Department of the Interior:			
Bureau of Indian Affairs.....	61	66	72
National Park Service.....	62	59	65
Bureau of Reclamation.....	262	250	230
Bonneville Power Administration.....	30	35	71
Other.....	28	42	32
Post Office Department.....	43	50	39
Department of State.....	11	28	44
Treasury Department:			
Coast Guard.....	19	16	27
Other.....	*	6	11
Federal Aviation Agency.....	97	82	72
General Services Administration: Public buildings.....	221	220	229
National Aeronautics and Space Administration.....	438	524	406
Veterans Administration: Hospitals and other.....	72	82	93
Tennessee Valley Authority.....	149	141	157
Other agencies.....	34	44	45
Total, public works, civil.....	2,626	2,888	2,887
National defense:			
Department of Defense—Military:			
Military construction.....	1,012	989	912
Family housing.....	113	150	175
Other.....	*	*	2
Atomic Energy Commission.....	202	224	170
Total, public works, national defense.....	1,327	1,363	1,258
Total, public works, sites and direct construction.....	3,953	4,251	4,146
Major commodity inventories:			
Civil:			
Department of Agriculture: Commodity Credit Corporation:			
Agricultural commodities.....	-388	-326	-514
Department of the Interior.....	10	16	17
Total, major commodity inventories, civil.....	-378	-309	-497

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
ADDITIONS TO FEDERAL ASSETS—Continued			
Major commodity inventories—Continued			
National defense:			
Funds appropriated to the President: Expansion of defense production.....	-27	-48	-46
Department of Defense—Military: Civil defense.....	24	20	7
Other agencies.....	21	14	9
Total, major commodity inventories, national defense.....	17	-14	-30
Total, major commodity inventories.....	-361	-323	-528
Major equipment:			
Civil:			
Department of Commerce.....	40	34	27
Post Office Department.....	39	69	90
Treasury Department: Coast Guard.....	25	28	38
Other agencies.....	18	24	9
Total, major equipment, civil.....	122	156	164
National defense:			
Funds appropriated to the President: Expansion of defense production.....		*	*
Department of Defense—Military.....	14,861	12,989	12,789
Atomic Energy Commission.....	168	196	175
Total, major equipment, national defense.....	15,029	13,185	12,964
Total, major equipment.....	15,151	13,340	13,128
Other physical assets—acquisition and improvement:			
Civil:			
Department of Agriculture.....	25	26	25
Department of the Interior.....	48	58	60
Housing and Home Finance Agency: Federal Housing Administration and other.....	160	128	74
Veterans Administration.....	-34	6	-14
Other agencies.....	10	18	8
Total, other physical assets, civil.....	210	236	153
National defense:			
Department of Defense—Military.....	167	160	160
Atomic Energy Commission.....	1,073	890	771
Total, other physical assets, national defense.....	1,241	1,050	931
Total, other physical assets—acquisition and improvement.....	1,450	1,287	1,085
Total, additions to Federal assets.....	22,339	19,325	18,296

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS			
State and local assets:			
Civil:			
Funds appropriated to the President: Public works acceleration	234	241	123
Department of Agriculture:			
Watershed protection	43	43	45
Other	14	16	20
Department of Commerce:			
Area Redevelopment Administration	11	12	30
Bureau of Public Roads: Forest highways and other	37	41	40
National Bureau of Standards			*
Department of Health, Education, and Welfare:			
Vocational education		3	36
Higher education facilities			64
School construction in federally affected areas	39	27	37
Hospital construction activities	62	66	68
Waste treatment works construction	66	74	80
Other	2	11	36
Department of the Interior:			
Land and water conservation		6	33
Other	16	9	13
Federal Aviation Agency: Grants-in-aid for airports	65	57	60
Housing and Home Finance Agency	5	19	63
Other agencies	8	13	42
Total, State and local assets, civil	603	638	791
National defense: Department of Defense—Military	22	22	18
Total, State and local assets	625	660	808
Private assets—civil:			
Funds appropriated to the President: Public works acceleration	23	28	22
Department of Agriculture:			
Soil conservation	96	104	84
Agricultural stabilization and conservation	513	443	387
Other	20	22	28
Department of Commerce: Merchant ships	86	80	98
Department of Health, Education, and Welfare:			
Higher education facilities			43
Private hospital construction	125	137	145
Health research facilities	36	46	46
Other	6	12	15
National Science Foundation	40	41	51
Other agencies	1	3	4
Total, private assets	946	916	922
Total, additions to State, local, and private assets	1,572	1,576	1,730

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
DEVELOPMENTAL EXPENDITURES			
Education, training, and health:			
Civil:			
Funds appropriated to the President: Economic opportunity program.....		224	838
Department of Agriculture: Extension Service.....	79	85	86
Department of Health, Education, Welfare:			
Office of Education:			
Vocational education.....	34	61	139
Payments to school districts.....	284	291	321
Defense educational activities.....	126	152	182
Proposed education legislation.....			595
Other.....	43	74	95
Vocational rehabilitation administration.....	104	121	151
Public Health Service:			
Chronic diseases and health of the aged.....	35	51	52
Community health.....	66	107	230
National Institutes of Health.....	250	242	253
Environmental health.....	37	47	67
Indian health activities.....	60	60	63
Other.....	1	2	1
Welfare administration:			
Grants, maternal and child welfare.....	89	106	176
Other.....	25	33	28
Other.....	12	13	15
Department of the Interior:			
Bureau of Indian Affairs: Education and welfare.....	76	80	89
Commercial fisheries.....	*	*	*
Department of Labor:			
Manpower development and training.....	108	218	265
Other.....	6	6	12
National Science Foundation.....	113	118	139
Other agencies.....	21	25	31
Total, education, training and health, civil.....	1,571	2,115	3,829
National Defense: Atomic Energy Commission.....	16	16	18
Total, education, training, and health.....	1,587	2,131	3,847
Research and development:			
Civil:			
Funds appropriated to the President:			
Economic opportunity program.....		10	37
Other.....	5	6	9
Department of Agriculture:			
Agricultural Research Service.....	97	117	134
Cooperative State Research Service.....	42	50	52
Forest Service.....	24	30	31
Other.....	15	25	22
Department of Commerce:			
National Bureau of Standards.....	23	28	30
Other.....	24	30	38

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
DEVELOPMENTAL EXPENDITURES—Continued			
Research and development—Continued			
Civil—Continued			
Department of Health, Education, and Welfare:			
Public Health Service:			
National Institutes of Health.....	637	595	686
Other.....	66	70	86
Office of Education and other.....	37	50	67
Department of the Interior:			
Bureau of Mines.....	23	25	25
Other.....	66	81	89
Federal Aviation Agency.....	63	95	74
National Aeronautics and Space Administration.....	3,733	4,376	4,694
Veterans Administration.....	32	40	40
National Science Foundation.....	147	159	207
Other.....	49	58	66
Total, research and development, civil.....	5,083	5,844	6,389
National Defense:			
Department of Defense—Military:			
Military personnel: Research and development.....	263	278	265
Procurement: Test and evaluation support.....	80	70	70
Research, development, test, and evaluation.....	7,021	6,700	6,400
Operation and maintenance.....	43	40	36
Other.....	12	13	10
Atomic Energy Commission.....	1,236	1,270	1,292
Military assistance.....	9	8	-----
Total, research and development, national defense.....	8,665	8,378	8,073
Total, research and development.....	13,748	14,222	14,461
Engineering and natural resource surveys—civil:			
Department of Commerce.....	23	26	26
Department of Defense—Civil.....	15	19	28
Department of the Interior:			
Geological survey.....	38	43	47
Other.....	30	32	31
Other agencies.....	38	45	44
Total, engineering and natural resource surveys.....	144	164	176
Total, developmental expenditures.....	15,479	16,518	18,484
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES			
Agriculture—civil:			
Department of Agriculture:			
Agricultural Marketing Service:			
Removal of surplus agricultural commodities.....	240	242	312
Other.....	26	19	17
Agricultural Stabilization and Conservation Service:			
Expenses.....	117	112	137
Sugar Act.....	87	103	95
Other.....	*	9	-----

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Agriculture—civil—Continued			
Department of Agriculture—Continued			
Commodity Credit Corporation and special export programs:			
Sales for foreign currencies.....	1,415	1,247	1,140
International Wheat Agreement.....	126	30	28
Transfer to supplemental stockpile.....	38	80	75
National Wool Act.....	73	32	39
Price support, supply, and related programs.....	2,858	3,385	2,495
Losses on long-term sales contracts.....	60	204	216
Other.....	-15	-6	-3
Agricultural Research Service:			
Salaries and expenses.....	65	68	69
Other.....	*	*	
Farmers Home Administration:			
Direct loans.....	-28	-30	-30
Salaries and expenses.....	39	41	45
Other.....	2	3	10
Other.....	74	77	84
Other agencies.....	5	21	11
Total, agriculture.....	5,181	5,635	4,738
Business:			
Civil:			
Department of Commerce:			
Patent Office.....	27	30	32
Maritime Administration: Ship operating subsidies and other.....	197	230	209
Other.....	58	63	63
Department of Defense—Civil:			
Corps of Engineers: Operation and maintenance.....	109	117	121
Other.....	-10	-11	-13
Post Office Department.....	36	108	78
Treasury Department: Coast Guard: Navigation aids.....	249	266	269
Federal Aviation Agency.....	469	487	492
Civil Aeronautics Board: Payments to air carriers.....	84	87	84
Other agencies.....	33	39	41
Total, business, civil.....	1,251	1,418	1,375
National defense: Funds appropriated to the President: Expansion of defense production.....	154	125	15
Total, business.....	1,405	1,543	1,390
Labor—civil:			
Department of Labor:			
Advances for employment services.....			39
Other.....	-2	21	15
Other agencies.....	7	8	10
Total, labor.....	4	29	64

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Homeowners and tenants—civil:			
Housing and Home Finance Agency:			
Urban renewal.....	211	278	329
Federal Housing Administration.....	-162	-201	-225
Public housing.....	195	223	236
Other.....	-5	7	-3
Federal Home Loan Bank Board.....	-289	-326	-326
Other agencies.....	*	*	6
Total, homeowners and tenants.....	-51	-18	15
Veterans—civil:			
Department of Health, Education, and Welfare: Military service credits.....			60
Veterans Administration:			
Hospitals and medical care.....	1,127	1,157	1,182
Compensation and pensions.....	3,961	4,071	3,992
Readjustment benefits.....	69	47	36
Direct housing loans: Operating expenses.....	-9	-23	27
Loan guarantee revolving fund: Operating expenses.....	24	17	34
Veterans insurance programs.....	8	-7	-35
General operating expenses.....	162	162	158
Other agencies.....	11	26	31
Total, veterans.....	5,352	5,451	5,486
International aids:			
Civil:			
Funds appropriated to the President:			
Foreign economic assistance.....	970	834	832
Peace Corps.....	60	80	105
Department of Agriculture: Commodity Credit Corporation and special export programs: Emergency famine relief to friendly peoples.....	228	211	306
Export-Import Bank of Washington.....	-112	-125	-120
Other agencies.....	24	30	35
Total, international aids, civil.....	1,170	1,030	1,158
National defense: Funds appropriated to the President—Military assistance.....	1,441	1,157	1,053
Total, international aids.....	2,612	2,187	2,210
Other aids and special services—civil:			
Funds appropriated to the President:			
Disaster relief.....	21	56	57
Economic opportunity program.....		70	358
Department of Agriculture:			
School lunch program.....	181	191	202
Special milk program.....	97	103	100
Food stamp plan.....	30	60	100

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Other aids and special services—civil—Continued			
Department of Health, Education, and Welfare:			
Hospitals and medical care.....	52	52	54
Public assistance.....	2,944	2,952	3,242
Public assistance proposed legislation.....			214
Assistance for Cuban refugees.....	31	26	21
Other.....	31	31	34
Department of the Interior: Bureau of Indian Affairs.....	51	69	57
Post Office Department.....	453	481	496
Other agencies.....	11	12	21
Total, other aids and special services.....	3,902	4,102	4,956
Total, current expenses for aids and special services.....	18,406	18,927	18,860
OTHER SERVICES AND CURRENT OPERATING EXPENSES			
Repair, maintenance, and operation of physical assets (excluding special services):			
Civil:			
Department of Agriculture: Forest Service.....	138	146	137
Department of Defense—Civil: Corps of Engineers.....	68	64	76
Department of the Interior:			
Bureau of Land Management.....	26	28	26
National Park Service.....	49	52	57
Bureau of Reclamation.....	47	54	54
Other.....	39	40	—81
General Services Administration: Real property activities.....	245	276	274
Tennessee Valley Authority.....	—111	—110	—143
Other agencies.....	32	38	40
Total, repair, maintenance, and operation, civil.....	533	588	440
National defense:			
Department of Defense—Military:			
Operation and maintenance.....	11,889	12,180	12,124
Family housing.....	123	130	130
Atomic Energy Commission.....	69	104	104
Other agencies.....	*	*	-----
Total, repair, maintenance, and operation, national defense.....	12,081	12,414	12,358
Total, repair, maintenance, and operation of physical assets.....	12,613	13,002	12,797
Regulation and control:			
The Judiciary.....	65	76	88
Department of Agriculture:			
Agricultural Research Service.....	28	31	4
Other.....	20	22	2
Department of Health, Education, and Welfare:			
Food and Drug Administration.....	31	32	39
Other.....	4	4	6

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Regulation and control—Continued			
Department of Justice:			
Legal activities and general administration.....	61	67	68
Federal Bureau of Investigation.....	143	162	164
Immigration and Naturalization Service.....	67	72	73
Federal prison system.....	52	53	55
Department of Labor.....	28	29	30
Treasury Department:			
Bureau of Customs.....	74	78	78
Other.....	36	37	39
Federal Aviation Agency.....	38	42	42
Interstate Commerce Commission.....	24	26	27
National Labor Relations Board.....	22	26	28
Other agencies.....	86	91	97
Total, regulation and control.....	780	848	841
Other operation and administration:			
Civil:			
International activities:			
Department of State:			
Foreign affairs administration.....	161	177	189
International organizations and conferences.....	104	93	104
Educational exchange.....	42	47	54
Other.....	2	2	2
U.S. Information Agency.....	149	154	154
Foreign Claims Settlement Commission.....		35	
Other agencies.....	13	5	6
Total, international activities.....	470	513	509
Federal financial activities:			
Treasury Department:			
Bureau of Accounts.....	32	32	32
Bureau of the Public Debt.....	49	49	48
Internal Revenue Service.....	560	594	606
Other.....	28	31	26
General Accounting Office.....	45	47	47
Other agencies.....	4	5	5
Total, Federal financial activities.....	718	757	763
Other direct Federal programs:			
Legislative branch.....	124	134	148
Department of Commerce:			
Weather Bureau.....	71	70	74
Other.....	*	2	5
Department of Defense—Civil.....	41	46	63
Treasury Department: Claims, judgments, and private relief acts.....	32	41	6
General Services Administration.....	104	91	88
Other agencies.....	65	71	73
Total, other direct Federal programs.....	438	453	456

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Other operation and administration—Continued			
Civil—Continued			
Retirement, unemployment, and accident compensation for Federal employees:			
Department of Labor:			
Unemployment compensation for Federal employees.....	153	147	137
Employees' compensation claims and expenses.....	59	51	45
Treasury Department: Coast Guard retired pay and Secret Service annuities.....	35	38	39
Civil Service Commission: Special payments and annuities.....	88	94	98
Other agencies.....	3	4	4
Total, retirement, unemployment, and accident compensation for Federal employees.....	337	332	323
Shared revenues and grants-in-aid:			
Department of Agriculture: Forest Service.....	31	34	34
Department of the Interior:			
Bureau of Land Management.....	63	75	73
Other.....	38	35	37
Treasury Department.....	45	47	47
District of Columbia: Federal payment.....	38	39	39
Other agencies.....	34	17	24
Total, shared revenues and grants-in-aid.....	247	246	254
Total, other operation and administration, civil.....	2,210	2,301	2,305
National defense:			
Department of Defense—Military:			
Military personnel (excluding research and development).....	13,932	14,542	14,535
Family housing.....	177	190	195
Civil defense.....	63	80	82
Other.....	-47	-456	-11
Selective Service System.....	41	48	48
Other agencies.....	19	23	23
Total, other operation and administration, national defense.....	14,185	14,427	14,873
Total, other operation and administration.....	16,395	16,728	17,178
Interest:			
On the public debt.....	10,666	11,200	11,500
Other interest:			
On refunds:			
Treasury Department.....	88	75	82
General Services Administration.....		*	*
On uninvested funds: Treasury Department.....	11	12	12
Total, other interest.....	99	86	94
Total, interest.....	10,765	11,286	11,594
Total, other services and current operating expenses.....	40,553	41,865	42,410

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Administrative Budget Funds—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Allowance for Appalachia.....		3	107
Allowance for contingencies.....		100	400
Subtotal.....	98,348	98,314	100,287
Interfund transactions.....	-664	-833	-600
Total, administrative budget funds.....	97,684	97,481	99,687
Trust Funds			
(Includes deposit funds and Government-sponsored enterprises)			
ADDITIONS TO FEDERAL ASSETS			
Loans—civil:			
To domestic private borrowers:			
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations.....	-110	20	195
Veterans Administration: Life insurance funds.....	38	28	29
Farm Credit Administration:			
Banks for cooperatives.....	37	79	51
Federal intermediate credit banks.....	182	208	228
Other agencies.....	1	-3	-2
Total, loans to domestic private borrowers.....	148	332	502
Public works—sites and direct construction—civil:			
Department of Agriculture: Forest Service.....	22	23	27
Department of Defense—Civil: Corps of Engineers and other.....	37	31	23
Other agencies.....	5	5	8
Total, public works, sites and direct construction.....	65	59	58
Major equipment—civil.....	*	*	*
Other physical assets—acquisition and improvement—civil.....	*	1	-----
Total, additions to Federal assets.....	213	391	560
ADDITIONS TO STATE, LOCAL, AND PRIVATE ASSETS			
State and local assets—civil:			
Department of Commerce: Highway trust fund and other.....	3,569	4,004	3,776
Private assets:			
Civil:			
Farm Credit Administration: Federal land banks.....	248	302	181
Federal home loan banks.....	1,572	-250	150
Total, private assets, civil.....	1,820	52	331
National defense: Atomic Energy Commission.....	1	1	*
Total, private assets.....	1,821	53	331
Total, additions to State, local, and private assets.....	5,390	4,057	4,107

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Trust Funds—Continued			
DEVELOPMENTAL EXPENDITURES			
Education, training, and health—civil.....	*	*	*
Research and development—civil:			
Department of Commerce: Bureau of Public Roads and other.....	44	57	56
Other agencies.....	5	5	5
Total, research and development.....	49	62	61
Engineering and natural resource surveys—civil.....	*	*	*
Total, developmental expenditures.....	50	63	61
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES			
Agriculture—civil.....	1	1	1
Business—civil:			
Department of Commerce:			
Bureau of Public Roads.....	34	43	44
Other.....	18	22	25
Federal Deposit Insurance Corporation.....	-183	-194	-212
Total, business.....	-131	-129	-142
Labor—civil:			
Department of Labor: Unemployment trust fund: Grants for administration and other.....	453	466	556
Homeowners and tenants—civil.....	6	-12	-17
Veterans—civil:			
Veterans Administration: Life insurance funds and other.....	621	606	477
Department of Defense—civil.....	7	7	7
Total, veterans—civil.....	628	613	484
International aids:			
Civil: Other agencies.....	8	14	14
National defense: Funds appropriated to the President— Military assistance advances.....	481	805	976
Total, international aids.....	489	819	990
Other aids and special services—civil:			
Department of Health, Education, and Welfare:			
Federal old-age and survivors insurance: Operating expenses.....	300	311	323
Federal disability insurance: Operating expenses.....	70	82	88
Other.....	*	*	20
Department of the Interior:			
Indian tribal funds.....	66	68	104
Other.....	2	3	3
Other agencies.....	11	11	11
Total, other aids and special services.....	450	475	549
Total, current expenses for aids and special services.....	1,896	2,232	2,420

*Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Trust Funds—Continued			
INVESTMENT AND SOCIAL INSURANCE BENEFITS			
Insurance benefits—civil:			
Department of Health, Education, and Welfare:			
Federal old-age and survivors insurance.....	14,579	15,253	17,888
Federal disability insurance.....	1,251	1,416	1,640
Total, insurance benefits.....	15,830	16,669	19,528
Unemployment benefits—civil:			
Department of Labor: Unemployment trust fund.....			
	2,835	2,705	2,671
Retirement and social insurance benefits—civil:			
Civil Service Commission: Civil Service retirement and disability.....			
	1,196	1,310	1,487
Railroad Retirement Board: Railroad retirement account.....	1,092	1,124	1,188
Other agencies.....	8	9	10
Total, other retirement and social insurance benefits.....	2,296	2,443	2,684
Total, retirement and social insurance benefits.....	20,961	21,816	24,883
OTHER SERVICES AND CURRENT OPERATING EXPENSES			
Acquisition, maintenance, and operation of physical assets (excluding financial services)—civil:			
	2	2	2
Regulation and control—civil:			
Department of Agriculture: Inspection, grading, and other.....			
Other agencies.....	26	28	35
	4	4	4
Total, regulation and control.....	30	32	40
Operation and administration:			
International activities:			
Department of Justice:			
Alien property fund, World War II.....	3	-134	61
Other.....	*	*	1
Foreign Claims Settlement Commission: War claims fund.....	1	3	72
Other agencies.....	*	1	1
Total, international activities.....	4	-130	135
Federal financial activities.....	1	*	*
Other direct Federal programs:			
Civil Service Commission:			
Civil Service retirement and disability fund: Refunds.....	123	124	129
Health benefits and life insurance.....	-64	-62	-67
Other agencies.....	2	3	2
Total, other direct Federal programs.....	61	65	64
Shared revenues and grants-in-aid.....	14	15	16
Total, other operation and administration, civil.....	79	-50	214

* Less than one-half million dollars.

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

Description	1964 actual	1965 estimate	1966 estimate
Trust funds—Continued			
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Other operation and administration—Continued			
National defense: Department of Defense—Military.....	5	5	5
Total, other operation and administration.....	84	-45	220
Total, other services and current operating expenses.....	117	-11	261
UNCLASSIFIED			
Payments to other trust funds:			
Federal old-age and survivors insurance.....	403	399	411
Federal disability insurance.....	19	20	20
Alien property fund.....	50	10	110
Railroad retirement account.....	35	50	50
Payments to general fund: Unemployment trust fund.....			
District of Columbia.....	418	165	118
Federal National Mortgage Association—secondary market operations.....	355	432	455
Advances from District of Columbia.....	66	42	10
Deposit funds.....	-567	-47	30
Total, unclassified.....	780	1,075	1,204
Subtotal.....	29,406	29,624	33,497
Interfund transactions.....	-521	-579	-599
Total, trust funds.....	28,885	29,045	32,898

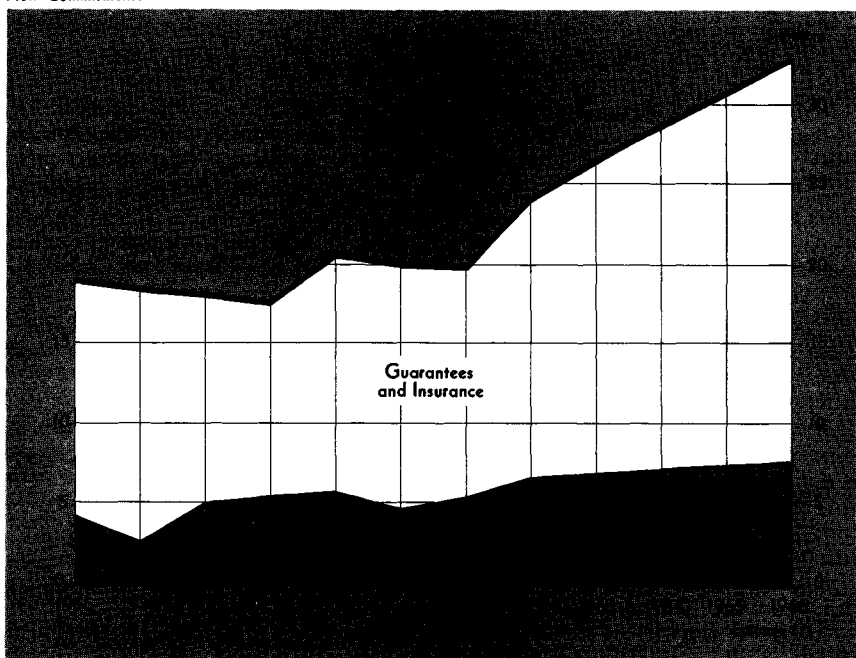
SPECIAL ANALYSIS E
FEDERAL CREDIT PROGRAMS

INTRODUCTION

Federal credit aids help achieve basic objectives of Government programs in six major areas. Most important are the loan, loan insurance, and loan guarantee programs for: (a) improvement of private housing and encouragement of home ownership; (b) development of agricultural and other natural resources; and (c) promotion of economic development abroad. In addition, Federal credit programs provide significant assistance for: (d) domestic business, e.g., small business generally, transportation, and commercial fisheries; (e) community development and public housing; and (f) higher education.

Federal Credit Programs

New Commitments



These programs are intended to supplement, rather than to substitute for, private credit. In some cases, they fill gaps by providing or stimulating a type of credit not otherwise generally available to important groups of borrowers. Often they assume or share in risks which private lenders, at least initially, cannot reasonably be expected to undertake. Similarly, the terms on which the assistance is provided often are more liberal, with longer maturities, smaller downpayments, or lower interest rates than are generally available otherwise. In several programs, the loans are part of a package of Federal assistance.

Such a package might also include, 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; or technical aids to help underdeveloped countries plan and construct basic transportation systems.

Unlike almost all other Government programs, the initial expenditures involved for credit programs are largely or wholly repayable, so that the ultimate net cost is normally low. Some programs are fully self-supporting; in most others, the income from interest payments or insurance and guarantee fees covers most of the current expenses (including Treasury borrowing costs) and/or provides reserves for future losses. Customarily, administrative expenses are paid from income, but occasionally separate appropriations are made to finance them. Thus, these programs are mainly methods of helping borrowers to help themselves.

COVERAGE OF SPECIAL ANALYSIS

The number of types of assistance and the overall level of activity in Federal credit programs have been gradually rising—as new programs are authorized by the Congress and existing programs broadened. At the same time, important changes in emphasis are occurring, and programs established for temporary reasons in earlier years are liquidating their operations as outstanding loans are repaid or privately refinanced.

The analysis this year presents separate information on major credit programs administered by seven cabinet departments and six other agencies. Separate information is presented for the first time on (a) the loans provided under the newly enacted nationwide anti-poverty program, and (b) the various credit aids provided by the Public Health Service in the Department of Health, Education, and Welfare.

In addition, the 1966 estimates reflect recent enactment of legislation (a) broadening credit aids for education by the Department of Health, Education, and Welfare, (b) authorizing urban renewal rehabilitation loans by the Housing and Home Finance Agency, (c) providing for issuance and guarantees of participations in pools of mortgage loans by the Housing and Home Finance Agency and the Veterans Administration, and (d) broadening the existing credit assistance available from the Housing and Home Finance Agency, the Small Business Administration, and the Agency for International Development.¹ Finally, the totals include preliminary estimates of the probable effect of proposed legislation to authorize: (a) Federal insurance or guarantees of private credit to aid rural housing, land development, college students, businesses in depressed areas, group medical practice, and Indians and Indian enterprises; and (b) sales of participations in pools of small business loans by the Small Business Administration.²

The analysis includes (in tables E-2 and E-3) the total amounts, but no detailed information, on outstanding loans and guarantees and on net expenditures for numerous smaller or relatively inactive

¹ See appendix A for further details.

² Supplementary material containing brief summaries of each of the major programs (including the major quasi-public credit programs) with emphasis on current developments is available on request from the Bureau of the Budget.

credit programs administered by seven departments and five other agencies; these account for about 0.3% of outstanding direct and guaranteed loans. Loan programs of important quasi-public agencies are excluded from tables E-1 to E-5, but their outstanding loans are shown in table E-6. The analysis excludes borrowing from the Treasury by other Federal agencies, whether for loans or other programs.

NEW COMMITMENTS

New commitments are the best single measure of the short run trends in most Federal credit programs. They also give the best

Table E-1. NEW COMMITMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY TYPE OF ASSISTANCE, MAJOR AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1964 actual		1965 estimate		1966 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
Office of Economic Opportunity.....			21		38	
Department of Agriculture:						
Commodity Credit Corporation.....	781	2,452	14	1,924	14	2,283
Rural Electrification Administration.....	351		397		397	
Farmers Home Administration.....	540	202	576	211	478	610
Department of Commerce:						
Area Redevelopment Administration.....	155		149		199	20
Maritime Administration.....	9	53	7	60		90
Department of Defense:						
Defense production guarantees.....	5	28	2	16	2	16
Military assistance credits.....	100		47	142	28	218
Department of Health, Education, and Welfare:						
Office of Education.....	110		317		302	1 100
Public Health Service.....			26		29	20
Department of the Interior.....	12		12		15	
Department of State:						
Loans to United Nations.....	4		17			
Agency for International Development.....	1,930	21	1,844	217	1,984	301
Treasury Department: Loans to District of Columbia.....	53		35		38	
Housing and Home Finance Agency:						
Community Facilities Administration.....	567		627		626	
Urban Renewal Administration.....	128	401	168	689	232	752
Federal National Mortgage Association.....	166		444	300	688	1,285
Federal Housing Administration.....	228	12,973	207	13,800	194	14,179
Public Housing Administration.....	97	859	110	761	110	862
Veterans Administration.....	516	3,157	470	3,177	441	2,900
Export-Import Bank of Washington.....	778	1,326	1,153	1,911	1,083	1,801
Interstate Commerce Commission.....		21		3		
Small Business Administration.....	358	23	495	39	392	66
Total by type of assistance.....	6,888	21,516	7,138	23,250	7,290	25,503
Grand total.....		28,404		30,388		32,793

¹ Preliminary estimate, depending on availability of guarantees from non-Federal sources.

advance indication of trends in the economic impact of these programs, since changes in the level of new commitments usually precede corresponding changes in the volume of loans disbursed by either public agencies or private lenders and in the purchase of goods and services by the ultimate borrowers.

In this analysis, commitments are defined as approvals by Federal agencies of direct loans or of insurance or guarantees of private loans. They are shown on a gross basis, including administrative reservations or other commitments which do not later result in actual credit extensions, as well as the unguaranteed portions of loans partially covered by Federal guarantees.

Direct loans.—New commitments of \$7.3 billion estimated for direct loans in 1966 are \$0.4 billion higher than the actual commitments made in 1964. The largest increases expected are for mortgage purchases by the Federal National Mortgage Association and for loans to foreign borrowers by the Export-Import Bank. The Bank and the Agency for International Development will make over 40% of new direct loan commitments in 1966; this assistance will be an essential part of our economic development effort abroad. The Commodity Credit Corporation expects to curtail sharply its direct lending and to rely more heavily in both 1965 and 1966 on guaranteed bank loans to finance its price-support operations.

Guarantees and insurance.—New commitments for guarantees and insurance of private loans will continue to rise to an estimated \$25.5 billion in 1966, almost 75% more than the actual commitments made 5 years previous (in 1961). Over half of the total new commitments will be for housing loans insured by the Federal Housing Administration. Of the total guarantee commitments, \$1.7 billion in 1965 and \$3.5 billion in 1966 represent guarantees by the Federal National Mortgage Association and the Export-Import Bank of certificates of participation in pools of loans. Other major increases in guarantee commitments reflect mainly new or proposed programs by the Farmers Home Administration, the Agency for International Development, and military assistance credit by the Department of Defense.

Overlapping commitments.—The total estimated commitments in 1966 of \$32.8 billion 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. Guarantees of certificates of participation in pools of loans represent the most important type of such overlapping. Other major examples include: (a) commitments by the Federal National Mortgage Association for purchase of mortgages insured or guaranteed by other Federal agencies, and (b) commitments by the Public Housing Administration at successive stages in the financing of local low-rent public housing.

OUTSTANDING DIRECT AND GUARANTEED LOANS

The best index of the level of Federal credit programs over a period of years is provided by the total outstanding direct and guar-

anteed loans. By the close of 1966, these will total \$131.4 billion for major programs, and with numerous smaller programs, \$131.9 billion.

Table E-2. OUTSTANDING DIRECT LOANS, AND GUARANTEED AND INSURED LOANS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1964 actual		1965 estimate		1966 estimate	
	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans	Direct loans	Guaranteed and insured loans
Office of Economic Opportunity.....			17		52	
Department of Agriculture:						
Commodity Credit Corporation.....	2,437	377	1,658	835	1,524	835
Rural Electrification Administration.....	3,869		4,068		4,270	
Farmers Home Administration.....	1,759	578	1,949	788	2,019	1,343
Department of Commerce:						
Area Redevelopment Administration.....	71		131		202	5
Maritime Administration.....	113	446	101	593	86	560
Department of Defense:						
Defense production guarantees.....	17	68	19	70	21	55
Military assistance credits.....	53		85	32	132	126
Department of Health, Education, and Welfare:						
Office of Education.....	406		543		772	1 100
Public Health Service.....	4		18		43	10
Department of the Interior: Reclamation loans.....	78		91		108	
Department of State:						
Loans to United Nations.....	112		124		119	
Agency for International Development.....	7,410	77	8,996	288	10,650	565
Treasury Department:						
Loans to District of Columbia.....	121		152		192	
Foreign loans.....	3,784		3,751		3,658	
Housing and Home Finance Agency:						
Community Facilities Administration.....	1,981		2,296		2,673	
Urban Renewal Administration.....	151	1,180	182	1,488	231	1,856
Federal National Mortgage Association.....	2,623		2,039	300	1,574	1,555
Federal Housing Administration.....	596	45,474	550	48,685	555	52,762
Public Housing Administration.....	48	4,718	46	5,109	47	5,641
Veterans Administration.....	1,694	30,484	1,516	30,350	649	29,700
Export-Import Bank of Washington.....	2,706	1,936	2,187	2,906	1,826	3,642
Interstate Commerce Commission.....	15	204	15	207	15	208
Small Business Administration.....	924	81	1,143	90	923	122
Total by type of assistance:						
Major agencies or programs.....	30,972	85,623	31,676	91,741	32,338	99,093
Other agencies or programs.....	354	22	384	22	405	30
All agencies.....	31 326	85,645	32,060	91,763	32,743	99,123

¹ Preliminary estimate, depending on availability of guarantees from non-Federal sources.

Outstanding direct loans will rise by \$0.7 billion during 1965 and by about the same amount in 1966. This relatively gradual rise over the 2 years is the net result of major increases and decreases by several large programs. Loans by the Agency for International Development will rise by an estimated \$3.2 billion to a total of \$10.6 billion in 1966, almost a third of all direct loans outstanding. Other major

increases occur in the college housing loan program administered by the Community Facilities Administration and in the loan programs of the Rural Electrification Administration and the Farmers Home Administration.

On the other hand, the present emphasis on stimulating private investment in these programs, either by direct sales or by sales of participations in pools of loans, is expected to produce net reductions of \$3 billion over the 2-year period in outstanding loans of the Federal National Mortgage Association, the Veterans Administration, and the Export-Import Bank. For the same reason the Small Business Administration, which normally increases its loan portfolio, will have a sharp reduction in 1966. The Commodity Credit Corporation will have a sizable decline in 1965 and a smaller one in 1966.

Guaranteed and insured loans outstanding are expected to rise by \$13.5 billion over the 2-year period, the most rapid increase in any comparable period. The mortgage and property improvement loans insured by the Federal Housing Administration will continue to account for more than half of the estimated \$99.1 billion total outstanding in 1966. Outstanding guaranteed loans of the Veterans Administration will decline only modestly despite the gradual exhaustion of eligibility by veterans. About \$5 billion of the outstanding guarantees by the end of 1966 by all Government agencies will be guarantees of certificates of participations in pools of loans, or guarantees of individual loans sold with recourse. These represent merely a shift in the nature of the credit assistance provided rather than a net increase in the total Federal risk.

The amounts shown include both the guaranteed and unguaranteed portion of outstanding loans in order to give a clearer picture of the economic impact of these programs and to tie in better with banking statistics. Thus, they do not indicate the estimated contingent liability of the Federal Government. The major program for which the contingent liability differs materially from the principal amount of the loans is the veterans loan guarantee program; by the end of 1966, the Government's liability will be about \$13.4 billion lower than the amount of guaranteed loans outstanding under that program.

DISBURSEMENTS AND REPAYMENTS

Direct loans can have a major budgetary impact, since the difference between disbursements and repayments represents net expenditures or receipts. On the other hand, except to the extent that Federal guarantees and insurance of private loans help to minimize direct loans or to increase sales of such loans, they ordinarily have only a minor effect on Federal expenditures. Net expenditures for Federal credit assistance, in total, are relatively small, compared to the economic impact of these programs.

Expenditures of all Government lending programs (with the major exception of loans from trust funds or by quasi-public agencies) are included in the administrative budget totals. In most currently active loan programs, collections are offset directly against expenditures. In the case of the Rural Electrification Administration, collections on loans are deposited to miscellaneous receipts, but legislation is proposed to put this program on a revolving fund basis beginning in 1965. In the case of foreign loans, disbursements and

Table E-3. DISBURSEMENTS AND REPAYMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM

(In millions of dollars)

Agency or program	1964 actual		1965 estimate		1966 estimate	
	Disbursements	Repayments	Disbursements	Repayments	Disbursements	Repayments
Office of Economic Opportunity			17		37	2
Department of Agriculture:						
Commodity Credit Corporation	3,235	2,530	1,938	2,705	2,297	2,415
Rural Electrification Administration	330	155	355	154	365	162
Farmers Home Administration	739	524	858	661	1,036	960
Department of Commerce:						
Area Redevelopment Administration	47	1	62	2	73	3
Maritime Administration	9	21	7	19		15
Department of Defense:						
Defense production guarantees	18	13	14	12	7	5
Military assistance credits	84	50	97	65	94	47
Department of Health, Education, and Welfare:						
Office of Education	110	1	139	1	221	1
Public Health Service			13		25	
Department of the Interior	12		13		18	
Department of State:						
Loans to United Nations	4	3	17	3		3
Agency for International Development	1,547	168	1,725	139	1,816	162
Treasury Department:						
Loans to District of Columbia	43	27	58	27	42	2
Foreign loans		89		33		93
Housing and Home Finance Agency:						
Community Facilities Administration	387	83	386	61	434	57
Urban Renewal Administration	150	127	208	176	266	215
Federal National Mortgage Association	136	402	242	821	283	784
Federal Housing Administration	211	253	201	238	194	174
Public Housing Administration	457	502	384	387	394	392
Veterans Administration	546	482	497	675	466	1,333
Export-Import Bank of Washington	398	988	523	1,043	601	961
Small Business Administration	292	178	434	215	366	586
Total	8,755	6,597	8,190	7,435	9,035	8,373
Net addition to loans:						
Major agencies or programs	2,158		755		662	
Other agencies or programs	23		31		25	
Adjustment for repayments going directly into miscellaneous receipts	426		228		305	
Adjustment for net expenditures in foreign currencies, deduct	538		562		598	
Adjustment for net extensions of sales credit and other, deduct	18		29		27	
Total administrative budget expenditures¹	2,051		423		367	

¹ See special analysis D, p. 389.

repayments in foreign currencies are included in the analysis, though they are not included in budget expenditures and receipts. Also included is sales credit extended to buyers of federally owned assets, even when no budget expenditures are involved.

Gross loan disbursements of major credit programs are expected to decline in 1965, and then to rise in 1966 to \$9 billion, about \$0.3 billion above actual outlays in 1964. Repayments, however, will rise continuously. The \$8.4 billion total estimated for 1966 represents an increase of \$1.8 billion over 1964. As a result, net expenditures will decline from \$2.2 billion in 1964 to \$0.7 billion in 1966. After adding in net expenditures for other credit programs and adjusting for repayments directly to miscellaneous receipts, for loans in foreign currencies, and for sales-credit extensions involving no budget expenditures, net budget expenditures for loans in 1966 will amount to only \$367 million.

The steep reduction in the net budgetary impact expected in 1965 and 1966 results mainly from the increased substitution of private for public credit primarily by the Federal National Mortgage Association, the Veterans Administration, the Farmers Home Administration, and the Small Business Administration.

PRIVATE PARTICIPATION IN CREDIT PROGRAMS

The relative importance of public and private credit varies greatly, for different types of credit. Direct loans outstanding to domestic private borrowers amounted to 2.0% of the estimated private debt of \$778 billion outstanding on June 30, 1964. Private loans partly or wholly guaranteed by Federal agencies comprised 9.9% of the total private debt on that date. Federal participation was much higher in agricultural and housing credit; on the other hand, direct or guaranteed loans provided only a fraction of 1% of the total credit otherwise used by most types of private businesses.

Table E-4. SALES OF LOANS TO NONFEDERAL BUYERS AND OTHER REPAYMENTS FOR MAJOR FEDERAL CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM (in millions of dollars)

Agency or program	1964 actual		1965 estimate		1966 estimate	
	Sales	Other repayments	Sales	Other repayments	Sales	Other repayments
Department of Agriculture: Farmers Home Administration.....	46	478	135	526	165	795
Housing and Home Finance Agency:						
Community Facilities Administration:						
College housing loans.....	44	20	20	22	15	23
Public facility loans.....	10	1	5	2	5	2
Other.....		9		12		12
Federal National Mortgage Association:						
Special assistance functions.....	85	117	550	70	375	44
Management and liquidating functions.....	59	140	39	140	174	132
Federal Housing Administration.....		253	5	233	20	154
Public Housing Administration.....	50	452	3	384		392
Veterans Administration:						
Direct loans.....	134	95	280	87	778	57
Loan guarantee revolving fund.....	208	45	257	51	450	49
Export-Import Bank of Washington.....	436	552	905	138	761	200
Small Business Administration.....	5	173	25	190	365	221
All other major credit programs.....		3,185	3	3,353		3,184
Total.....	1,077	5,520	2,227	5,208	3,108	5,265

Federal credit programs attempt to obtain private participation to the maximum extent feasible. Guarantees and insurance of private credit account for three-quarters of all new commitments and for about the same proportion of outstanding Federal credit assistance. These proportions are expected to increase slightly in 1965 and 1966.

Emphasis upon private participation is reflected both in the basic statutes and in the administrative policies of the major credit programs. Often direct loans are prohibited except when the borrower cannot otherwise obtain the funds from other sources on reasonable terms. In two major programs (the Public Housing Administration and the Urban Renewal Administration) the direct loans made are customarily refinanced in whole or in part by private loans guaranteed by the Federal agency. In four other programs (college housing and public facility loans made by the Community Facilities Administration, business loans by the Small Business Administration, and foreign loans by the Export-Import Bank), administrative policies emphasize joint participations between private lenders and the Government lending agencies. In the first two of these four programs, the borrowers are required to advertise all offerings of their obligations publicly and the Community Facilities Administration purchases only those which private lenders are unwilling to buy at predetermined interest rates.

In the past 2 years, a Government-wide effort has been made to sell existing loans from the portfolios of Federal agencies to private lenders and to encourage private refinancing. During fiscal year 1964 about \$1.1 billion of such sales were consummated. In 1965 and 1966, these sales are estimated to increase to \$2.2 billion and \$3.1 billion, respectively. These figures exclude not only regular amortization and prepayments of principal, but also sales made as part of the usual process of guaranteeing or insuring loans and sales from one Government agency to another agency.

The salable portions of the loan portfolios are concentrated mainly, but not exclusively, in the Export-Import Bank and in the various mortgage and other housing loans. Most of the loans held by other Federal credit programs have interest rates, maturities, or other terms which make them currently unattractive to private lenders. Legislation was enacted in September 1964 to authorize sales of certificates of participation in pools of loans owned by the Federal National Mortgage Association and the Veterans Administration, and the first successful sale has already been completed. Similar legislation is being proposed for the Small Business Administration.

INTEREST RATES AND MATURITIES

Two of the major ways in which Federal credit programs help achieve program objectives are by providing more favorable interest rates or maturities than many borrowers can obtain from other sources. Table E-5 summarizes the current range of interest rates charged by the various major credit programs on direct loans (or prevailing on insured or guaranteed loans) and the customary maturities for both direct and insured and guaranteed loans. These terms are on newly committed loans by currently active programs, and do not necessarily correspond to those on previously outstanding loans, or on loans covered by commitments made in earlier years.

Table E-5. INTEREST RATES AND MATURITIES FOR MAJOR ACTIVE CREDIT PROGRAMS CLASSIFIED BY AGENCY OR PROGRAM, DECEMBER 1964

Agency or program	Direct loans		Guaranteed and insured loans	
	Interest rate (percent)	Maturity (years)	Interest rate (percent)	Maturity (years)
Office of Economic Opportunity.....	(1)	15-30		
Department of Agriculture:				
Commodity Credit Corporation.....	² 3 1/2-4	1/2-4	2 4.1	1/2-4
Rural Electrification Administration.....	2	5-35		
Farmers Home Administration.....	3-5 3/4	1-50	3 1/4-5 3/4	33-50
Department of Commerce:				
Area Redevelopment Administration.....	3 3/4-4	25-40		
Maritime Administration.....	3 1/2-6	17-20	3 7/8-5	17-20
Department of Defense:				
Defense production guarantees.....			4 1/2-6	1/2-2
Military assistance credits.....	0-5	3-10	5	10
Department of Health, Education, and Welfare:				
Office of Education.....	3-4 3/8	³ 11-50		
Public Health Service.....	4 1/4	12-19		
Department of the Interior: Bureau of Reclamation.....	0-4 1/8	30-50		
Department of State:				
Loan to United Nations.....	2	25		
Agency for International Development.....	3/4-8	3-40	5-6	7-20
Treasury Department: Loans to District of Columbia.....	4 1/8	30-40		
Housing and Home Finance Agency:				
Community Facilities Administration.....	0-5	1-50		
Urban Renewal Administration.....	3-4 1/8	1/2-40	2-2 1/4	1/2-40
Federal National Mortgage Association.....	3 7/8-6	10-40	4 1/8-4 3/8	1-10
Federal Housing Administration.....	4-6	1/2-50	⁴ 3 7/8-6	1/2-50
Public Housing Administration.....	4 1/8	1/4-1/2	2.1-3 1/2	1/4-40
Veterans Administration.....	4-6 1/2	30	5 1/4	30
Export-Import Bank of Washington.....	5 1/2	1 1/4-18	4 1/2-8	0-5
Interstate Commerce Commission.....			4 1/2-5 1/2	1-15
Small Business Administration.....	3-5 1/2	1-30	5-8	1-30

¹ Program not yet operative.

² When commodity loan is repaid by forfeiting collateral, no interest is charged.

³ On student loans, maturities begin when student leaves school and exclude periods of military or Peace Corps service.

⁴ In addition, property improvement loans are insured for \$4 to \$5 discount per year (equivalent to cover 8% simple interest), and with maturities of 6 months to 7 years.

Interest rates charged on direct loans vary greatly both among the various Federal credit agencies and sometimes among the various types of loans made by a single agency. Many of the differences in rates reflect mainly differences in the cost of providing the loan (including the cost of borrowing the necessary funds), of administering the varying types of loans and of incurring the varying degrees of risk of probable loss. In many cases, the rate charged is governed by statutory limits or formulas. These sometimes are intended to assure loans at rates below those prevailing in the private market or below the cost to the Government, in order to provide special assistance to particular groups of borrowers as a method of accomplishing Federal program objectives. In some cases, the rates charged reflect mainly Government borrowing costs in earlier periods, rather than current market yields of Government obligations.

Interest rates charged on insured and guaranteed loans tend to correspond more closely to market rates of interest on comparable loans by private lenders—allowing for the reduction or removal of the normal private credit risk. In a few cases, interest rates on insured loans are deliberately set below the market rate and a secondary market provided to assure the willingness of the private lender to make the initial loans; for example, the Federal Housing Administration was authorized in the Housing Act of 1961 to insure certain types of loans to finance moderate-income housing at rates well below those prevailing in the private market, and the Federal National Mortgage Association purchases all of such mortgages.

Maturities, both on direct and on insured or guaranteed loans, often are substantially more liberal than on private loans of similar types. Private lenders are often limited by law or supervisory policy to shorter maturities. When a Federal agency insures or guarantees the loans, however, these limitations customarily do not apply. When borrowers are acquiring assets yielding income or tangible benefits over a long period of years, long-term loans reduce periodic installments and make it possible for borrowers to undertake such acquisitions with reasonable assurance of repayment.

QUASI-PUBLIC CREDIT PROGRAMS

The Federal Government also has certain responsibilities for the credit programs of mixed-ownership corporations and other public agencies operating in whole or in part with private funds. Table E-6

Table E-6. OUTSTANDING LOANS FOR MAJOR QUASI-PUBLIC CREDIT PROGRAMS CLASSIFIED BY AGENCY AND PROGRAM (in millions of dollars)

Agency	Outstanding at end of fiscal year			
	1963 actual	1964 actual	1965 estimate	1966 estimate
Mixed ownership enterprises and trust funds:				
Farm Credit Administration:				
Banks for cooperatives.....	701	758	832	887
Federal intermediate credit banks.....	2,293	2,504	2,741	2,990
Housing and Home Finance Agency: Federal National Mortgage Association (Secondary market operations trust fund).....	2,138	2,021	2,038	2,233
Veterans Administration:				
National service life insurance fund.....	463	506	539	573
U.S. Government life insurance fund.....	98	93	88	84
Subtotal, mixed ownership and trust funds.....	5,693	5,882	6,238	6,767
Other major quasi-public credit programs:				
Farm Credit Administration: Federal land banks.....				
Federal Home Loan Bank Board: Federal home loan banks.....	3,198	3,516	3,938	4,371
Federal Reserve, Board of Governors: Federal Reserve banks.....	3,270	4,769	4,400	4,600
	139	301	(¹)	(¹)
Subtotal, other quasi-public credit programs.....	6,607	8,586	-----	-----
Total.....	12,300	14,468	-----	-----

¹ Estimates are not available for 1965 and 1966.

summarizes the outstanding loans for eight institutions or groups of institutions of this type which have important lending operations.

Outstanding loans of the five groups of mixed-ownership enterprises and trust funds for which estimates of future fiscal years as well as actual data on the past years are available will increase from a total of \$5.9 billion in 1964 to an estimated \$6.8 billion by the end of the fiscal year 1966. Most of the anticipated increase is in the operations of the Federal intermediate credit banks.

The three other groups of institutions, which are privately owned, increased their outstanding loans from \$6.6 billion at the end of 1963 to \$8.6 billion on June 30, 1964, primarily because of the \$1.5 billion increase in advances by the Federal home loan banks during 1964. While no further net increases in these advances are anticipated during 1965-66, the outstanding loans of the Federal land banks are expected to rise by over \$0.8 billion. No data are available on the probable trends in discounts and advances by the Federal Reserve banks.

APPENDIX A

NEW AND BROADENED FEDERAL CREDIT PROGRAMS IN 88TH CONGRESS, SECOND SESSION

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. Office of Economic Opportunity (and other agencies)

A. Economic Opportunity Act of 1964—Public Law 88-452

Authorizes (1) loans up to \$2,500 to low-income rural families to help effect permanent increases in income; (2) loans to cooperative associations predominantly serving such families; and (3) loans, participations, and guarantees by the Small Business Administration up to \$25 thousand to small businesses meeting specific requirements of the act.

II. Department of Health, Education, and Welfare

A. Hospital and Medical Facilities Amendments of 1964—Public Law 88-443

Broadens authority for grants and direct Federal loans to modernize (as well as construct) public and other nonprofit health and medical facilities.

B. Nurse Training Act of 1964—Public Law 88-581

Authorizes (1) repayable contributions to public and private nurse training institutions to finance 90% of student loan funds; (2) maximum annual loans of \$1 thousand per student; and (3) partial forgiveness for those pursuing a professional nursing career.

C. Amendment to title VII of the Public Health Service Act—Public Law 88-654

Extends the student loan provisions to students of optometry.

D. National Defense Education Act Amendments, 1964—Public Law 88-665

(1) Increases the annual authorization for student loan funds and the amount of loans for individual students, and (2) broadens the deferment and forgiveness features.

III. Department of State

A. Foreign Assistance Act of 1964—Public Law 88-633

(1) Increases minimum interest rate on development loans, and (2) authorizes guarantees of commercial credit for purchase of defense-related goods and services by friendly nations.

B. Amendments to Agricultural Trade Development and Assistance Act—Public Law 88-638

(1) Sets statutory interest rate floor for all loans under the act, and (2) removes limitation on funds available for loans to business firms for expansion of agricultural exports.

IV. Housing and Home Finance Agency (and other agencies)

A. 1964 Amendments to Alaska Omnibus Act—Public Law 88-451

Authorizes (1) purchase of Alaska State bonds, (2) grants to help adjust debt on property damaged by earthquake, (3) extension of maturities on disaster housing loans by the Small Business Administration, and (4) broader authority to compromise outstanding debts.

B. Housing Act of 1964—Public Law 88-560

(1) Authorizes numerous detailed revisions in existing mortgage and property loan insurance programs, (2) broadens direct loans for housing for the elderly to include housing for handicapped persons, (3) creates new direct loan program to finance rehabilitation of property in urban renewal areas, and (4) authorizes the Federal National Mortgage Association, as trustee, to pool mortgages owned by any Federal agency and sell and guarantee participations in such pools, and authorizes the Veterans Administration to agree to supply mortgages and installment sales contracts for such pools.

V. Veterans Administration

A. Amendments to direct loan authority—Public Law 88-402

Authorizes VA to sell, with its guarantee, any direct loan at a price not less than 98% of the unpaid principal balance and accrued interest.

VI. Small Business Administration

A. Amendments to Small Business Act—Public Law 88-264

Extends disaster loan authority to businesses sustaining economic injury from contamination of products.

B. Small Business Investment Act Amendments of 1963—Public Law 88-273

(1) Increases maximum financial assistance to individual small business investment companies, (2) authorizes participation of banks and other lending institutions, and (3) liberalizes limitation upon loans made by the companies to individual business concerns.

SPECIAL ANALYSIS F

FEDERAL ACTIVITIES IN PUBLIC WORKS

This analysis brings together from other parts of the budget the new obligational authority and expenditures for direct Federal construction, and for Federal grants and loans to State and local governments for construction of various types of public works in which there is a national interest. Because of variations in law and procedures Federal budget expenditures may precede or lag the actual work put in place. Expenditures nevertheless approximate the volume of direct Federal construction and the Federal share of the work accomplished on State and local projects.

Federal activities also affect construction in the private sector; these activities, however, are not within the scope of this analysis. Such Federal assistance to the private sector generally takes the form of loans, loan guarantees, and tax concessions. In addition, Federal long-term leases serve as a basis for private construction of some facilities, such as post offices. Federal procurement, particularly of missiles, equipment for space programs, and helium, results in private construction of industrial facilities whose cost becomes a component in the price of the supplies sold to the Government over the years.

Federal facilities currently account for 21% of the total public construction in the United States. These public works vary considerably in size and type. The principal Federal types are water resource developments, related power generating and transmission facilities, space facilities, research complexes, defense installations, and office buildings and museums.

Table F-1. FEDERAL EXPENDITURES FOR PUBLIC WORKS, FISCAL YEARS 1957-66 (in millions of dollars)

From budget accounts and trust funds

Year	Total, civil and defense public works	Civil public works				National defense public works
		Total	Federal construction	Grants	Loans (net)	
1957.....	4,492	2,243	1,076	1,103	65	2,249
1958.....	5,070	3,106	1,254	1,735	117	1,964
1959.....	6,684	4,535	1,521	2,871	143	2,150
1960.....	6,846	5,011	1,643	3,211	156	1,835
1961.....	6,823	4,925	1,878	2,897	149	1,898
1962.....	6,938	5,310	2,085	3,018	207	1,627
1963.....	7,196	5,790	2,321	3,280	190	1,405
1964.....	8,346	6,999	2,691	4,167	142	1,347
1965 estimate.....	9,191	7,812	2,947	4,620	246	1,379
1966 estimate.....	8,991	7,720	2,946	4,497	277	1,271

Note.—In this and the following tables, nonconstruction costs are excluded; proposed legislation is included for the years 1965 and 1966. Details may not add because of rounding.

Federal grants assist State and local governments in financing the construction of highways, schools, hospitals and health centers, waste treatment works, and other structures. Such grants for public

Table F-2. EXPENDITURES AND 1966 NEW AUTHORIZATIONS FOR CIVIL PUBLIC WORKS, BY AGENCY (in millions of dollars)

From budget accounts and trust funds

Type of program and agency	Expenditures			New authorizations 1966 estimate
	1964 actual	1965 estimate	1966 estimate	
Federal construction:				
Legislative branch.....	12	25	26	45
Public works acceleration.....	75	30		
Office of Economic Opportunity.....		25	75	25
Forest Service.....	103	130	122	133
Corps of Engineers—Civil.....	904	992	1,002	1,040
Public Health Service.....	13	37	43	17
Bureau of Reclamation.....	263	250	230	232
Bonneville Power Administration.....	30	35	71	98
Bureau of Indian Affairs.....	61	66	72	87
National Park Service.....	62	60	65	60
Post Office Department.....	43	50	39	134
International Boundary and Water Commission.....	8	23	36	14
Federal Aviation Agency.....	97	82	72	50
General Services Administration.....	222	220	230	234
National Aeronautics and Space Administration.....	438	524	406	75
Veterans Administration.....	72	82	93	98
Tennessee Valley Authority.....	149	141	157	42
Other.....	140	174	207	151
Total, Federal construction.....	2,691	2,947	2,946	2,536
Grants to State and local governments:				
Public works acceleration.....	234	241	123	
Soil Conservation Service.....	57	58	61	63
Area Redevelopment Administration.....	11	12	30	
Bureau of Public Roads.....	3,606	4,045	3,816	3,869
Office of Education.....	39	31	151	482
Public Health Service.....	131	146	166	245
Federal Aviation Agency.....	65	57	60	75
Housing and Home Finance Agency.....			25	200
District of Columbia.....		1	18	18
Other.....	24	28	46	54
Total, grants.....	4,167	4,620	4,497	5,005
Loans to State and local governments, net:				
Area Redevelopment Administration.....	13	17	12	25
Bureau of Reclamation.....	12	13	18	15
Housing and Home Finance Agency.....	96	151	183	15
District of Columbia.....	9	50	42	38
Department of Agriculture.....	5	8	10	11
Other.....	6	8	11	6
Total, loans.....	142	246	277	110
Civil public works:				
Budget accounts.....	3,366	3,750	3,885	3,768
Trust funds.....	3,633	4,063	3,834	3,883
Total, civil public works.....	6,999	7,812	7,720	7,651

works currently constitute about one-fifth of the expenditures for all State and local public construction. The Federal share of the cost of the works aided depends upon program objectives and provisions of law, and varies substantially among the grant programs.

Public works are usually built by private contractors under contracts with the Federal Government or State and local governments.

Federal expenditures for public works in 1966 are estimated at \$9 billion, \$200 million below the 1965 level. About 86% of 1966 expenditures will be for civil public works. The remainder will be for military public works and atomic energy facilities. Over the past 10 years, both cost changes and program shifts have occurred in the public works programs. A part of the increase in expenditures may be attributed to increased construction costs, which are now about 15% higher than in 1957.

National defense construction, estimated at \$1.3 billion in 1966, shows a decline of about 43% from the 1957 level; for direct Federal civil works, however, the 1966 level is nearly triple that in 1957; for grants and loans to State and local governments, it is more than four times as large as the 1957 level. In large measure these changes reflect the growth in population, rising standards of living, increase in mobility and leisure of individuals, and technological developments.

CIVIL PUBLIC WORKS

Civil public works expenditures of \$7.7 billion in 1966, are \$92 million below the 1965 level. The expenditures are divided about equally between administrative budget funds and trust funds. The largest increases in expenditures over 1965 are in the education and health, labor, and welfare programs. The major decreases in expenditures are in the commerce and transportation programs and the space program. New obligational authority of \$7.7 billion recommended for 1966 is \$269 million above the amount for 1965.

Grants to State and local public works, estimated at \$4.5 billion in 1966, make up more than half of total civil works expenditures (58%). The \$3.8 billion of grants for the Federal-aid highway programs are financed from the Highway Trust Fund. Federal aid for the primary, secondary and urban highways is on a 50-50 matching basis; the Federal share of the National System of Interstate and Defense Highways is 90%. The Federal share of the cost is increased in States with large areas of public domain. Other major grant programs are those for schools, hospitals and waste treatment works.

Direct Federal public works expenditures of \$2.9 billion in 1966 amount to 38% of total civil works expenditures. The natural resources programs account for \$1.8 billion of this total. Construction for the space program is estimated at \$0.4 billion.

The \$277 million of expenditures for loans in 1966 are on a net basis; i.e., expenditures for new loans are generally offset by repayments of loans made in prior years. These net totals therefore do not reflect the amount of construction aid provided by the loan programs. Major loan expenditures in 1966 are those of the Housing and Home Finance Agency for college housing and public facilities.

New and continuing work.—Table F-3 gives information on direct Federal construction in 1966 according to whether the expenditures are for projects started in a prior year, new projects to be started in

Table F-3. ESTIMATED COST OF 1966 DIRECT FEDERAL CIVIL PUBLIC WORKS BY CONTINUING AND NEW WORK (in millions of dollars)

From budget accounts and trust funds

Agency or program	Total estimated Federal cost	Cumulative to June 30, 1965	1966 estimated expenditures	Required to complete
Continuing work:				
Corps of Engineers.....	14,562	9,763	946	3,854
National Aeronautics and Space Administration.....	2,272	1,369	390	514
Bureau of Reclamation.....	5,119	3,250	222	1,647
General Services Administration.....	786	327	198	261
Forest Service.....	645	495	108	43
Tennessee Valley Authority.....	537	332	103	102
Veterans Administration.....	366	172	83	112
Bureau of Indian Affairs.....	697	316	70	311
National Park Service.....	699	55	64	580
Bonneville Power Administration.....	338	22	64	252
Office of Economic Opportunity.....	75	25	50	-----
Federal Aviation Agency.....	324	77	46	201
Public Health Service.....	157	64	37	56
International Boundary and Water Commission.....	128	48	36	44
Post Office Department.....	84	3	20	60
Other.....	1,213	741	179	291
Total, continuing work.....	28,002	17,058	2,616	8,328
New projects and features in 1966:				
Tennessee Valley Authority.....	255	6	49	199
Corps of Engineers—Civil.....	777	16	37	724
Federal Aviation Agency.....	49	-----	26	23
Office of Economic Opportunity.....	25	-----	25	-----
Forest Service.....	18	-----	15	3
Coast Guard.....	20	-----	12	8
General Services Administration.....	587	-----	10	576
Post Office Department:				
Existing programs.....	42	-----	1	41
Proposed legislation.....	80	-----	8	72
Veterans Administration.....	94	2	9	84
National Aeronautics and Space Administration.....	67	-----	7	60
Bonneville Power Administration.....	71	-----	7	64
Bureau of Reclamation.....	103	-----	6	97
Bureau of Indian Affairs.....	59	-----	1	58
Other.....	127	2	43	83
Total, new projects and features.....	2,374	26	256	2,092
Advance planning:				
General Services Administration ¹	193	102	21	69
Corps of Engineers—Civil.....	55	22	19	15
Post Office Department (proposed legislation) ¹	12	-----	10	2
National Aeronautics and Space Administration.....	18	2	9	6
Tennessee Valley Authority.....	10	1	4	5
Bureau of Reclamation.....	11	7	2	2
National Park Service.....	12	1	1	10
Other.....	23	4	8	12
Total, advance planning.....	334	139	74	121
Total, direct civil public works.....	30,710	17,223	2,946	10,541

¹ Includes some site costs.

1966, or advance planning on projects to be started after the budget year. Although \$2.6 billion will be spent in 1966 on projects started in earlier years, an additional \$8.3 billion will be required after 1966 for their completion.

The new projects to be started in 1966 are estimated to cost \$2.4 billion, of which \$256 million will be spent in 1966. The Corps of Engineers will start 37 new projects and the Bureau of Reclamation 5 new projects. The Tennessee Valley Authority will start a steam electric unit of 1,130,000 kilowatt capacity and four smaller water resources projects. Planning will be initiated by the General Services Administration on a number of public buildings, and construction will be started on 33 Federal buildings, including 9 extensions and conversions and the acquisition of 1 building now under lease. Legislation is recommended to authorize the Post Office Department to construct facilities to be used exclusively for postal purposes; the 1966 budget includes \$92 million for this purpose. New facilities are recommended for the research, launch, and test centers of the National Aeronautics and Space Administration. Additional rural and urban Job Corps centers will be built under the auspices of the Office of Economic Opportunity.

Several grant programs authorized by the past Congress and additional new programs recommended in the 1966 budget will provide grants for construction of State and local facilities. Among these are grants by the Veterans Administration for construction of State nursing homes; grants by the Housing and Home Finance Agency for basic community facilities and supporting facilities for urban social service programs; and grants by the Office of Education for higher education facilities, vocational schools, and libraries. The Soil Conservation Service will aid local units in the construction of 70 new watershed projects, and the Bureau of Reclamation will make new loans to local groups for 4 small reclamation projects.

Public works planning and surveys.—Construction of some types of public works is preceded by preliminary surveys and general investigations which help to assure economic design of facilities. Comprehensive river basin planning requires coordinated long-range economic, hydrologic, and land-use projections, which serve as a basis for planning individual water resource projects to be started in later years. Expenditures for such studies are not included in the summary tables of this analysis.

Expenditures of \$74 million in 1966 for advance planning on specific projects, prior to start of construction (shown in table F-3), include outlays for acquisition of some sites for buildings. In addition, the Housing and Home Finance Agency will advance \$18 million in 1966 to States and local government agencies for advance planning of local public works. Such planning serves to promote economy and efficiency.

Table F-4. RESERVE OF PRESENTLY AUTHORIZED PROJECTS AND PROGRAMS FOR UNDERTAKING AFTER 1966 (in billions of dollars)

Agency	Cost of authorized reserve						
	Estimated total Federal cost	Status of plans as of June 30, 1965			Status of plans as of June 30, 1966		
		Contract could be let	In process	Not started	Contract could be let	In process	Not started
Corps of Engineers—Civil.....	4.0	0.2	2.4	1.4	1.3	1.6	1.1
Forest Service.....	1.6	.2	1.3	-----	.2	1.3	-----
Tennessee Valley Authority.....	1.0	.1	.5	.4	.4	.5	.2
Bureau of Land Management.....	.7	(1)	(1)	.6	(1)	(1)	.6
Federal Aviation Agency.....	.5	(1)	.1	.4	.1	.1	.3
Bureau of Reclamation.....	.4	.3	(1)	.1	.3	(1)	.1
General Services Administration.....	.4	-----	.2	.2	.2	.1	.1
Bonneville Power Administration.....	.4	-----	-----	.4	-----	.1	.4
Other agencies.....	.4	(1)	(1)	.4	(1)	.1	.3
Total.....	9.4	.8	4.5	3.9	2.5	3.7	3.1

¹ \$50 million or less.

Authorized reserve of direct Federal public works.—Agencies whose programs regularly include public works generally have a reserve of projects previously authorized. Such projects require only financing and planning for starting. The reserve provides a basis for selection of projects which most adequately fulfill program needs and budgetary policy. Table F-4 indicates the size and status of planning on the authorized reserve.

Civil public works by function.—Federal programs are classified in the budget by major functional categories. In table F-8 the public works activities are grouped according to these functions.

The commerce and transportation function—with its large grants for highways, airports and the public works acceleration program,

Table F-5. PUBLIC WORKS ACCELERATION PROGRAM (in millions of dollars)

Agency	Estimated obligations (allocations)	Expenditures			
		1963 actual	1964 actual	1965 estimate	1966 estimate
Housing and Home Finance Agency (grants).....	467	13	176	185	80
Public Health Service (grants) ¹	229	1	68	85	65
Department of Agriculture.....	63	23	30	10	-----
Department of the Interior.....	63	17	30	14	-----
Department of Commerce.....	20	2	15	4	-----
Other.....	19	6	12	1	-----
Lapsed and unallocated funds.....	23	-----	-----	-----	-----
Total.....	884	62	332	300	145

¹ Includes grants of \$1, \$23, \$28, and \$22 million in 1963-66, respectively, for nonprofit private hospitals which are not classified as public works.

Table F-6. BUDGET EXPENDITURES FOR WATER RESOURCES AND RELATED DEVELOPMENTS (in millions of dollars)

Type	1964 actual	1965 estimate	1966 estimate
Flood control works:			
Corps of Engineers—Civil.....	367.9	415.7	378.6
Grants.....	7.7	12.1	20.9
Bureau of Reclamation.....	2.8	9.0	14.0
Soil Conservation Service (mostly grants).....	53.9	55.5	58.5
International Boundary and Water Commission.....	.4	.8	1.0
Tennessee Valley Authority.....	4.9	4.0	2.6
Total, flood control works.....	437.6	497.1	475.6
Beach erosion control: Corps of Engineers—Civil.....	.7	2.0	2.1
Irrigation and water conservation works:			
Bureau of Reclamation.....	99.2	67.7	29.5
Loan and grant program.....	11.8	12.9	17.9
Soil Conservation Service (mostly grants).....	8.4	9.2	11.0
Bureau of Indian Affairs.....	5.3	9.0	10.5
Total, irrigation works.....	124.7	98.8	68.9
Navigation facilities:			
Corps of Engineers—Civil.....	227.9	295.1	296.2
Saint Lawrence Seaway Development Corporation.....	.2	1.0	.6
Tennessee Valley Authority.....	8.5	6.5	1.5
Total, navigation facilities.....	236.6	302.6	298.3
Multiple-purpose dams and reservoirs with hydroelectric power facilities:			
Bureau of Reclamation.....	105.8	119.4	132.2
Corps of Engineers—Civil.....	270.8	248.1	301.6
International Boundary and Water Commission.....	7.0	11.8	14.8
Tennessee Valley Authority.....	5.9	10.3	34.3
Total, multiple-purpose facilities.....	389.5	389.6	482.9
Steam-electric powerplants: Tennessee Valley Authority.....	77.7	53.7	38.9
Power transmission facilities:			
Tennessee Valley Authority.....	39.5	54.0	61.0
Bureau of Reclamation.....	55.0	54.1	54.0
Bonneville Power Administration.....	30.3	35.5	71.4
Southwestern Power Administration.....	4.4	2.8	5.2
Total, power transmission facilities.....	129.2	146.4	191.6
Waste treatment facilities: Public Health Service, grants.....	66.4	74.0	80.0
Total, water resources and related developments.....	1,462.4	1,564.2	1,638.3

as well as direct Federal programs for air navigation and postal facilities—accounts for \$4.2 billion of expenditures, more than half of the total to be spent for civil public works in 1966. The public works acceleration program is shown in table F-5.

The natural resources programs account for \$1.8 billion, or 24% of the 1966 total civil works expenditures, of which \$1.5 billion is for water resources and related power developments. This includes work on the Federal segment of the Pacific Northwest-Southwest power intertie, the largest electrical transmission system undertaken in this country.

The transmission lines will tie together electric systems—public and private—from Vancouver, B.C., and Seattle to Los Angeles and Phoenix. Other natural resources expenditures will be for construction of roads and trails, highways and parkways, and recreational facilities in the national forests and parks and on Indian and public domain lands; school facilities for Indian children; fish and wildlife facilities; and research centers, including test site facilities for desalting water. In addition to continuing work on the Amistad Dam and Lower Rio Grande projects, the International Boundary and Water Commission, United States and Mexico, will expedite the necessary relocation of the channel of the Rio Grande in the vicinity of El Paso, Tex., and Juarez, Chihuahua, and other facilities related to the boundary settlement.

The agriculture function includes grants for watershed projects and State research centers, and construction of Federal laboratories and research facilities.

In addition to rural and urban Job Corps centers for the Office of Economic Opportunity, other facilities needed to carry out the health, labor, and welfare programs include research facilities; Indian health facilities; grants for hospitals, health research facilities, waste treatment works, and mental health centers; and district offices for the Social Security Administration and Food and Drug Administration.

Expenditures on facilities for the advancement of education are estimated at \$321 million in 1966, an increase of over 80% from 1965. Major increases will be for grants for higher education facilities and vocational schools and loans for college housing. Construction will go forward on the John F. Kennedy Center for the Performing Arts by the Smithsonian Institution.

Major programs in 1966 classified under other functions include \$92 million of expenditures for construction of hospitals and domiciliary facilities by the Veterans Administration and the \$230 million of expenditures by the General Services Administration for Government buildings.

NATIONAL DEFENSE PUBLIC WORKS

Department of Defense—Military.—The budget includes provision for implementing a 5-year force structure and financial plan to strengthen and modernize the Armed Forces of the United States, both overseas and domestic. The construction supports activities of the various services, including facilities used for operations, training, maintenance, research and development, logistics, administration, and troop housing.

The previously authorized Minuteman facilities are to be upgraded, and the Titan II missile facilities are to be improved. Further work is proposed to provide additional protection against radiation fallout for the Nike-Hercules air defense missile system. Funds are included to accelerate the replacement of World War II troop housing, bachelor officer quarters, and training, maintenance, and administrative facilities. Modernization of some naval shipyards is also a part of the program for 1966. Construction of facilities is also recommended to

accommodate missions transferred as a result of base closures. About \$130 million of the \$1.6 billion of new obligational authority is recommended in 1966 for facilities in support of research and development.

The 1966 estimate of new authority for military construction includes \$50 million to be used for the construction of facilities which may be required by the military services to meet emergency situations. When these requirements arise, funds in the needed amounts as determined by the Secretary of Defense will be transferred to the construction accounts of the Departments of the Army, Navy, and Air Force.

For 1966, all facilities required to support the realigned forces of the Army Guard and Reserve will be financed by the use of prior year funds.

Expenditures for the Minuteman program show a decline in 1966 as major facilities started in earlier years approach completion. This decrease is a major factor in the overall decrease in military construction expenditures.

The family housing program for 1966 includes provision for the construction of an additional 12,500 units as well as numerous improvements to existing units.

Atomic Energy Commission.—Expenditures in 1966 are primarily for continuation of work underway on major production and research and development facilities. New projects, modifications, and additions to the production plants and research and development facilities, estimated to cost \$134 million, are scheduled to be started in 1966 with first-year expenditures of \$20 million.

Table F-7. FEDERAL EXPENDITURES FOR CONSTRUCTION BY COOPERATIVE AND NONPROFIT GROUPS (not included in civil public works)

(In millions of dollars)

Program	1964 actual	1965 estimate	1966 estimate
Federal construction:			
Howard University.....	3	4	7
Gallaudet College.....	1	2	1
Grants:			
Hospital construction.....	125	137	145
Hospital facilities, D.C.....	1	4	2
Health professions educational facilities.....		4	37
Health research facilities.....	36	46	46
University laboratories.....	40	41	51
Higher educational facilities.....			43
Educational television facilities.....	2	4	6
Urban mass transportation facilities.....		5	20
Public works acceleration program.....	23	28	22
Loans:			
Rural electrification and telephones.....	330	*201	*203
College housing (net).....	133	127	143
Total.....	694	603	726

*Net basis.

AID TO COOPERATIVES AND NONPROFIT GROUPS

Some types of private institutions perform functions quasi-governmental in character, such as provision of educational opportunities, promotion of health, and conduct of research. Federal grant and loan programs that aid State and local construction sometimes include provisions for such institutions. Such expenditures, not included in the public works tables of this analysis, are shown in table F-7 for major types of construction in this group, and for Howard University and Gallaudet College, institutions which bear a special relationship to the Federal Government.

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS (in millions of dollars)

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS						
International Affairs and Finance						
Department of State:						
State Department and Foreign Service buildings.....	7.1	8.5	10.9	3.3	4.7	7.9
Cultural and Technical Interchange Center, Hawaii (grant).....			.2			.6
United States Information Agency: Radio facilities.....	10.6	.6	15.4	11.0	8.4	7.3
Total, international affairs and finance.....	17.7	9.1	26.5	14.3	13.2	15.8
Space Research and Technology						
National Aeronautics and Space Administration: Research and space flight facilities.....	713.3	262.9	74.7	437.8	524.0	406.0
Agriculture and Agricultural Resources						
Department of Agriculture:						
Laboratories, research facilities, and library.....	11.5	5.7	20.6	2.1	9.3	15.8
Grants for research facilities.....		3.2	2.0		3.2	2.0
Soil Conservation Service: Flood prevention, watershed protection, and other:						
Direct work.....	.3	.4	.4	.3	.3	.4
Grants.....	59.8	61.6	62.6	56.7	58.4	61.2
Loans.....	4.5	4.7	8.7	5.3	6.0	8.0
Farmers Home Administration:						
Rural renewal loans.....	1.0	1.0	2.5		1.5	2.5
Grants for rural housing.....			2.5			2.5
Total, agriculture and agricultural resources.....	77.1	76.5	99.2	64.5	78.8	92.4

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS
(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS—Continued						
Natural Resources						
Department of Agriculture:						
Forest Service:						
Roads and research, recreational and protective facilities.....	102.1	106.4	104.5	80.6	107.7	95.4
Trust funds.....	27.0	27.5	28.5	22.5	22.7	27.0
Department of Defense—Civil:						
Corps of Engineers—Civil:						
Flood control, navigation, and multiple-purpose projects with power....	873.5	981.4	1,017.4	867.3	961.0	978.6
Trust funds.....	36.6	21.9	22.5	36.9	31.0	23.0
Grants.....	7.7	12.1	20.9	7.7	12.1	20.9
Department of the Interior:						
Office of Saline Water: Demonstration plants and research facilities.....	.2	1.4	7.8	1.2	1.2	6.8
Power transmission facilities:						
Bonneville Power Administration ¹	35.9	85.8	97.9	30.3	35.5	71.4
Southwestern Power Administration....	3.0	2.6	4.5	4.4	2.8	5.2
Bureau of Land Management: Roads and other facilities.....	12.1	10.7	9.7	7.0	9.0	8.4
Bureau of Indian Affairs: Irrigation works, roads, and schools.....	77.2	70.0	87.0	60.6	65.5	71.6
Bureau of Reclamation:						
Irrigation and multiple-purpose projects with power ¹	283.5	248.0	232.4	262.8	250.2	229.7
Loans, small irrigation projects.....	12.0	11.9	14.7	11.8	12.6	17.7
Grants, small irrigation projects.....	(²)	.2	.1	(²)	.2	.1
Geological Survey: Laboratories.....	.2	1.0	.2	.1	.6	.5
Bureau of Mines:						
Laboratories and other structures.....				.3	.4	
Anthracite mine drainage, grants.....				.1	1.7	1.7
Fish and Wildlife Service: Facilities.....	9.4	11.3	3.7	12.3	13.7	5.5
National Park Service: Parkways, roads, buildings, and utilities ¹	68.4	63.2	60.3	62.3	60.0	64.9
Department of State:						
International Boundary and Water Commission: Water resources projects.....	6.5	38.3	13.9	7.5	23.2	35.8
Restoration of salmon runs, Fraser River system.....					.1	
Tennessee Valley Authority: Power, water resources, and chemical facilities.....	32.6	31.5	41.6	149.5	141.1	156.7
Total, natural resources.....	1,588.0	1,725.3	1,767.7	1,625.2	1,752.3	1,821.0
Commerce and Transportation						
Funds appropriated to the President:						
Public works acceleration program:						
Grants.....	27.6	3.8		234.4	241.3	123.2
Direct Federal work.....				74.7	30.4	

See footnotes at end of table.

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS
(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS—Continued						
Commerce and Transportation—Con.						
Department of Commerce:						
Maritime Administration: Library and other improvements.....		0.8			(2)	0.6
Bureau of Public Roads:						
Highway and other trust funds:						
Grants.....	3,622.4	3,730.5	3,830.9	3,568.5	4,003.6	3,775.9
Woodrow Wilson Bridge and other work.....				(2)	(2)	
Forest and public lands highways, grants.....	40.8	38.4	38.4	36.6	41.3	40.4
Control of outdoor advertising, grants.....				.4	.2	
Coast and Geodetic Survey: Observatories and facilities.....	.5	1.1	1.0	.5	.9	.6
Weather Bureau: Facilities.....	.4	2.4	1.4	.6	.6	2.3
New York World's Fair: Buildings.....				8.2	.6	
National Bureau of Standards: Laboratories.....	7.7	5.7	1.0	16.2	18.6	18.7
Area Redevelopment Administration:						
Grants for public facilities.....				11.4	11.5	30.5
Loans for public facilities.....	7.7	9.5	25.0	12.8	17.0	12.5
Department of Defense—Civil: Panama Canal Company: Canal and harbor improvements and bridge.....				6.6	7.1	7.0
Department of the Interior: Alaska Railroad.....	20.0		3.0	1.7	13.7	5.6
Post Office Department: Improvements, alterations, and new postal facilities.....	58.8	11.6	133.8	42.6	50.1	39.3
Treasury Department: Coast Guard:						
Stations and aids.....	25.0	25.0	26.2	39.1	21.0	32.1
Department of Defense transfer.....				-20.5	-5.0	-5.0
Federal Aviation Agency:						
Air traffic control, navigation and research facilities.....	93.5	49.3	49.1	88.8	76.1	67.0
Washington, D.C., and Alaska airports.....	2.5	1.9	1.3	8.0	6.0	5.0
Federal-aid airport program: Grants ¹	75.0	75.0	75.0	65.3	57.2	60.1
Federal Communications Commission:						
Construction.....	.1	.1	.1	.1	.1	.1
St. Lawrence Seaway Development Corporation.....				.2	1.0	.6
Total, commerce and transportation.....	3,982.0	3,955.0	4,186.2	4,196.1	4,593.3	4,216.5
Housing and Community Development						
Housing and Home Finance Agency:						
Office of the Administrator:						
Urban transportation grants.....		20.0	50.0			10.0
Public facility loans.....				44.0	41.5	43.5
Urban service facilities and basic community facilities grants (proposed).....			150.0			15.0

See footnotes at end of table.

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS
(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS—Continued						
Housing and Community Development—Continued						
Housing and Home Finance Agency—Con. Office of the Administrator—Continued						
Advance planning, non-Federal public works: Loans.....	2.0	14.0	15.0	7.1	3.3	7.9
Liquidating programs: Loans.....				-1.0	-.1	-.7
Public Housing Administration: Low-rent public housing loans.....				-45.3	-2.6	1.6
National Capital Transportation Agency:						
Land acquisition and construction.....				(²)		
Federal grants.....			10.2			1.6
District of Columbia:						
Loans for highway, sewage, and water systems and other structures.....	19.3	26.4	38.3	9.4	49.5	42.2
Federal payment to District: Grant.....		.7	18.0		.7	18.0
Total, housing and community development.....	21.3	61.1	281.5	14.2	92.3	139.2
Health, Labor, and Welfare						
Office of Economic Opportunity: Job Corps centers and related facilities.....						
		75.0	25.0		25.0	75.0
Department of Health, Education, and Welfare:						
Food and Drug Administration: Buildings.....						
	4.5	10.9	6.3	1.4	2.5	7.3
Public Health Service:						
Federal research facilities and National Library of Medicine.....						
	16.3	22.5	7.8	6.7	27.4	31.7
Indian health facilities:						
Direct work ¹						
	6.7	8.5	9.4	5.9	9.2	11.5
Grants.....						
	79.0	82.5	93.5	62.4	67.7	69.0
Grants for public hospitals.....						
	1.5	1.5	1.5	1.4	1.5	1.5
Grants for health research facilities.....						
	90.0	90.0	100.0	66.4	74.0	80.0
Grants for waste treatment works.....						
		35.0	50.0		3.0	15.0
Grants for mental health centers.....						
Mental health facilities, Alaska (grant).....						
	.6	2.0	2.0	.7	(²) 2.0	2.2
Saint Elizabeths Hospital: Buildings.....						
				2.6	2.6	7.2
Social Security Administration: Buildings and district offices (trust fund).....						
Total, health, labor, and welfare.....	198.6	327.9	295.5	147.8	215.0	300.5
Education						
Department of Health, Education, and Welfare:						
Educational television facilities: Grants.....						
	3.1	6.8	5.9		4.1	5.8
Office of Education:						
Schools in federally affected areas:						
At Federal installations.....						
	10.0	10.0	10.0	10.9	9.2	9.4
Grants.....						
	13.1	47.6	39.4	39.0	27.0	36.8

See footnotes at end of table.

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS

(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS—Continued						
Education—Continued						
Department of Health, Education, and Welfare—Continued						
Office of Education—Continued						
Higher education facilities:						
Loans.....					0.2	5.3
Grants.....		181.0	322.4			64.4
Vocational schools (grants).....		64.0	90.0		3.2	36.5
Libraries (grants).....		30.0	30.0		.9	13.0
Housing and Home Finance Agency:						
College housing loans.....	150.0	205.0		91.5	108.8	130.6
National Science Foundation: Research facilities.....	10.2	7.2	7.1	10.8	7.9	6.8
Smithsonian Institution:						
John F. Kennedy Center for Performing Arts.....	15.4	15.5			1.0	5.0
Museums.....	7.8	4.1	4.0	7.3	13.8	7.8
Total, education.....	209.5	571.3	508.8	159.5	176.2	321.4
Veterans Benefits and Services						
Department of Defense—Civil:						
Army: Cemeteries.....	.4	3.7	1.0	.5	.8	2.7
United States Soldiers' Home (trust fund).....				.6	.1	
Veterans Administration:						
Hospital and domiciliary facilities.....	78.6	100.1	97.0	72.1	82.0	92.5
Grants for construction of State nursing homes.....			5.0			.5
Corregidor-Bataan Memorial.....		.1	1.4		.1	.9
American Battle Monuments Commission: Memorials and cemeteries.....				.1	.1	
Total, veterans benefits and services.....	79.0	103.9	104.4	73.4	83.0	96.6
General Government						
Legislative branch:						
Architect of the Capitol: Buildings and Library.....	5.0	3.5	.7	12.4	22.8	11.2
Botanic Garden: Greenhouses.....				(2)	(2)	
Government Printing Office: Annex.....		2.5	44.8		2.3	14.4
Department of Defense—Civil						
Army: Power and water systems in the Ryukyu Islands: Loans.....				5.9	4.3	.3
Canal Zone Government: Improvements.....	6.5	4.8	9.6	4.5	7.0	10.1
Department of the Interior:						
Office of Territories: Public facilities in Samoa, Guam, and the Trust Territory of the Pacific Islands:						
Grants.....	10.8	12.1	6.8	16.4	6.7	10.7
Loans.....		10.9	5.9		3.5	5.5
Virgin Islands Corporation: Water and power facilities.....				.6	.4	

See footnotes at end of table.

Table F-8. FEDERAL ACTIVITIES IN PUBLIC WORKS
(in millions of dollars)—Continued

By major function and agency

Function, organization unit, and program	NEW AUTHORIZATIONS			EXPENDITURES		
	1964 enacted	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
CIVIL PUBLIC WORKS—Continued						
General Government—Continued						
Department of Justice:						
Federal Prison System: Prison facilities	9.5	19.2	3.6	4.0	10.5	15.7
Immigration and Naturalization Service:						
Border facilities	.3	.3	.4	.2	.3	.5
Treasury Department:						
Bureau of Customs: Border facilities	.2	.2	.2	.2	.2	.3
Bureau of the Mint: U.S. mint		16.5	1.0		2.8	7.5
Bureau of Engraving and Printing: Air conditioning		5.8		.1	2.9	3.0
General Services Administration:						
Construction of public buildings, sites and planning ¹	227.4	213.5	233.7	221.8	220.2	229.8
Central Intelligence Agency: Headquarters				.3	.5	1.3
Total, general government	259.8	289.3	306.6	266.5	284.4	310.3
Total, civil public works	7,146.3	7,382.3	7,651.1	6,999.2	7,812.4	7,719.6
Budget accounts	3,458.4	3,601.4	3,768.3	3,365.8	3,749.8	3,885.5
Trust funds	3,687.9	3,780.9	3,882.8	3,633.4	4,062.7	3,834.2
NATIONAL DEFENSE PUBLIC WORKS						
Department of Defense—Military:						
Interservice activities:						
Construction, defense agencies	25.0	12.7	83.2	28.6	29.0	18.0
Loran stations	20.5	5.0	5.0	20.5	5.0	5.0
Family housing	158.8	156.3	244.9	112.5	150.0	175.0
Civil Defense:						
Grants for shelter	4.6	5.4	6.0	5.4	5.1	4.8
Emergency centers and shelters			7.8	.4	.3	1.5
Army:						
Construction	200.6	300.4	441.4	211.9	200.0	260.0
Construction, Army Reserve	4.5	5.0		6.7	4.0	3.0
Construction, Army National Guard (grants)	5.7	10.8		13.8	11.0	8.0
Navy:						
Construction	198.9	247.9	338.3	183.7	225.0	220.0
Construction, Naval Reserve	6.0	7.0	9.5	6.5	7.0	7.0
Air Force:						
Construction	468.3	332.1	422.0	535.9	500.0	385.0
Construction, Air Force Reserve	4.0	5.0	4.0	4.0	4.0	4.0
Construction, Air National Guard	16.0	14.0	10.0	14.5	15.0	10.0
Total, Department of Defense—Military	1,112.9	1,101.5	1,572.1	1,144.6	1,155.4	1,101.3
Atomic Energy Commission: Facilities	245.3	180.2	90.9	202.0	223.6	169.9
Total, national defense public works:						
Budget accounts	1,358.2	1,281.7	1,663.0	1,346.6	1,379.0	1,271.2
Total, civil and defense public works	8,504.5	8,664.0	9,314.1	8,345.8	9,191.5	8,990.8

¹ Includes small amounts from trust funds.

² \$50 thousand or less.

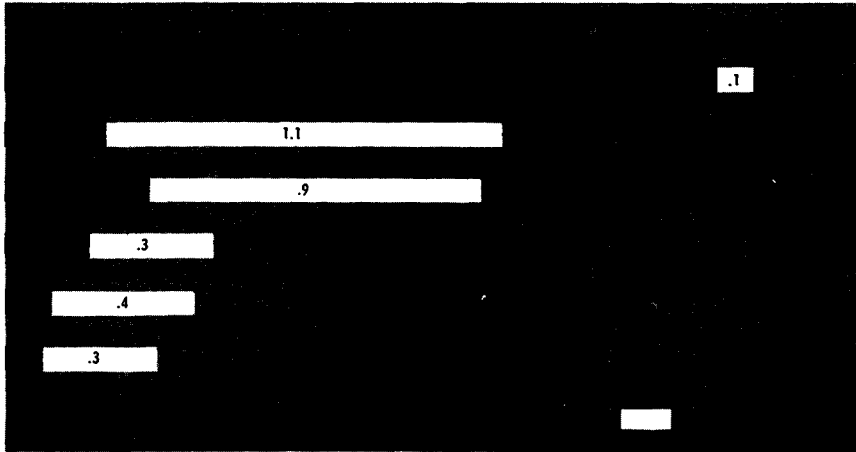
SPECIAL ANALYSIS G
FEDERAL HEALTH PROGRAMS

This analysis presents information on all the medical and health-related activities of the Federal Government, regardless of whether they may be classified in "health" or in other functional groupings in the budget.

On this broad basis, the Government will spend an estimated \$6.2 billion in 1966 for all health activities—for hospital care and medical treatment in Federal and non-Federal facilities, for construction of health facilities, for health research and training, and for a multitude of preventive and community health and health-related programs. The bulk of these health expenditures will be from administrative budget funds—about 6% of the administrative budget total. However, trust fund expenditures of \$557 million will be made, mainly for health benefits for Federal employees, but they will be nearly offset by receipts from contributions by employees and Federal agencies.

Compared to the total net expenditures of \$6.2 billion from budget accounts, new obligational authority in 1966 will be \$6.6 billion.

Federal Expenditures, Medical and Health-Related Activities by Category



The development of Federal health-related expenditures.—Health programs are among the oldest activities of the Federal Government. The origins of the Army Medical Service predate the Constitution, and the Public Health Service was established in 1798 to provide hospital care for merchant seamen. Medical and hospital care was provided for veterans residing in the National Homes for Disabled Volunteer Soldiers established after the Civil War. Such care for all

service-disabled veterans was provided by an amendment to the War Risk Insurance Act of 1917, and in 1923 and 1924 inpatient benefits were authorized for non-service-connected disability. Experiments in 1900 by Walter Reed, an Army doctor, proving that mosquitoes carry yellow fever, indicate the longstanding Federal interest in health research. Federal consumer protection activities are evidenced in the Meat Inspection Acts of 1890 and 1906 and the Pure Food and Drug Act of 1906.

In the decade following World War II, the directly operated hospital and medical activities of the Veterans Administration and the agencies now comprising the Department of Defense were by far the largest Federal health programs. In recent years, however, expenditures for care of military personnel have been fairly level and outlays for the care of veterans have increased at a moderately steady pace. By contrast, the programs of other agencies, notably of the Department of Health, Education, and Welfare, have been expanding rapidly. In the past 15 or 20 years many new health programs have been enacted, particularly programs which authorize grants to State-local agencies and to private organizations and individuals for health research, training, facilities, and for support of health activities and services.

This analysis was only started in the 1965 budget, so precisely comparable figures are not available before fiscal 1963. (In 1963 expenditures were \$4,658 million.) However, the proposed new obligational authority for fiscal 1966 can be compared with the figures for obligations for 1958 which were published in 1961 on a reasonably comparable basis in Senate Report No. 142, 87th Congress, 1st session, prepared by a subcommittee of the Senate Committee on Government Operations.

Health programs in 1958, according to this report, totaled about \$3 billion compared to the proposed new obligational authorizations of \$6.6 billion for 1966. While the total more than doubles during this 8-year period, Department of Defense programs rise from less than \$1 billion to over \$1.1 billion and Veterans Administration programs rise from \$0.9 billion to \$1.3 billion, a combined increase of about 25%. The programs of the Department of Health, Education, and Welfare, however, increase fourfold, rising from \$0.8 billion to \$3.2 billion. Funds for all other agencies combined rise from about \$0.3 billion in 1958 to \$0.6 billion in 1965.

Distribution of Federal health programs by agency.—Seven Cabinet departments and more than a dozen other agencies conduct or support health programs, in addition to those for Federal employees which are financed by every agency. Many of the health activities of these agencies are not classified in the "health, labor, and welfare" function but are carried on as part of programs for other purposes and are classified in the functional categories according to the basic purpose served, such as "national defense," "veterans benefits and services," etc. However, because these activities contribute to advancing the Nation's health, they are included in this analysis. Thus while the regular functional classification shows expenditures of \$2.2 billion in 1966 for "health services and research"—all by the Department of Health, Education, and Welfare—the amounts included in this analysis are almost three times as large and cover many agencies. Table G-1 shows the expenditures for each agency.

Table G-1. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS BY AGENCY (in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET			
Department of Health, Education, and Welfare:			
Public Health Service:			
National Institutes of Health.....	914.5	874.0	988.1
Other.....	631.1	763.7	957.7
Welfare Administration.....	654.1	790.4	1,017.5
Other.....	93.3	105.0	130.7
Total, Department of Health, Education and Welfare.....	2,293.0	2,533.1	3,094.0
Veterans Administration.....	1,229.1	1,280.0	1,315.0
Department of Defense:			
Army.....	460.1	458.8	468.3
Navy.....	193.2	206.1	221.0
Air Force.....	363.7	374.0	378.6
Other.....	3.6	7.6	4.2
Total, Department of Defense.....	1,020.6	1,046.5	1,072.1
Agency for International Development.....	91.2	89.7	95.8
Atomic Energy Commission.....	82.7	90.7	97.7
Department of Agriculture.....	99.8	112.8	91.8
National Aeronautics and Space Administration.....	28.3	61.8	65.1
Housing and Home Finance Agency.....	42.0	37.5	54.0
National Science Foundation.....	28.5	25.9	35.1
Civil Service Commission.....	24.3	27.0	29.2
Office of Economic Opportunity.....		3.0	20.0
Department of State.....	15.4	18.2	18.8
Department of Labor.....	16.7	17.5	18.6
Department of Justice.....	3.6	3.9	7.9
Peace Corps.....	3.9	5.8	7.8
Panama Canal.....	6.0	7.2	7.5
Small Business Administration.....	2.1	4.0	2.4
Department of the Interior.....	1.3	1.7	1.8
General Services Administration.....	.9	2.1	.5
United States Information Agency.....	.3	.3	.3
Contributions by Federal agencies to Federal employees' health benefits fund not included above.....	121.0	127.5	131.0
Total net budget expenditures for health.....	5,110.7	5,496.2	6,166.4
TRUST FUNDS			
Department of Health, Education, and Welfare: Social Security Administration.....			
Civil Service Commission, net.....	-14.7	-14.1	-17.6
United States Soldiers' Home.....	7.3	7.0	7.1
Total trust fund expenditures for health.....	-7.4	-7.1	9.5
Total budget and trust fund expenditures for health.....	5,103.3	5,489.1	6,175.9

Of the \$6.2 billion in budget and trust fund expenditures estimated for health in 1966, \$5.5 billion, or 89%, will be made by three agencies, including 50% by the Department of Health, Education, and Welfare, 21% by the Veterans Administration, and 18% by the Department of Defense. The bulk of the health expenditures by the Department of Defense and the Veterans Administration are for the provision of direct care and treatment, most of which is provided in their own hospitals and clinics. These two agencies also have sizable expenditures for health facilities, for training, and for support of health research.

The Department of Health, Education, and Welfare, on the other hand, spends only a comparatively small portion of its health funds for direct medical care, principally for merchant seamen and Indians in Public Health Service hospitals. The bulk of the Department's health care outlays is for medical research and training and for grants to States and localities to cover medical expenses of public assistance recipients and assistance for medical care of the aged. The Department also spends substantial amounts through the Public Health Service for grants for construction of health facilities, for support of local and State community health, and for environmental health activities.

The remaining 11%, or \$0.7 billion, of the estimated expenditures in 1965 will be made by more than 15 other departments and agencies. Among these are the Agency for International Development and the Department of State which support health activities in other countries, the Atomic Energy Commission with its substantial biomedical research activities in the radiological field, the National Aeronautics and Space Administration with its rapidly growing research activities in space medicine, the Housing and Home Finance Agency which makes advances and loans for water and sewer facilities, and the National Science Foundation which underwrites basic research in biosciences.

Federal health programs are developing on many fronts. Of the estimated increase of \$1.1 billion in total expenditures in the 2 years from 1964 to 1966, 75%, \$801 million, is in the Department of Health, Education, and Welfare, a growth of about 35% in 2 years for that agency. The combined increase of the Department of Defense and the Veterans Administration is \$137 million, an overall increase of 6%. All other agencies show a net growth of \$135 million or 24%, with the largest increases in the National Aeronautics and Space Administration and the Office of Economic Opportunity. The decrease which occurs in Department of Agriculture expenditures results because legislation is proposed to finance meat and poultry inspections on a self-supporting fee basis. There will be no reduction in the amount of service.

Distribution of Federal health expenditures by category and by beneficiary group.—Table G-2 shows the distribution of the total Federal medical and health-related expenditures for the 3 fiscal years, 1964-66, by six categories. The preceding chart on estimated expenditures for 1966 depicts the distribution of the outlays in each category between the Department of Health, Education, and Welfare and all other agencies.

Table G-2. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED ACTIVITIES BY CATEGORY (in millions of dollars)

Category	1964 actual	1965 estimate	1966 estimate
1. Hospital and medical care in Federal facilities.....	1,971.4	2,015.8	2,034.3
2. Federal grants and payments for hospital and health care in non-Federal facilities.....	933.0	1,083.5	1,351.5
3. Medical research total.....	1,069.2	1,132.5	1,292.1
(a) Conduct of research.....	(1,003.0)	(1,036.3)	(1,179.9)
(b) Research facilities.....	(66.2)	(96.2)	(112.2)
4. Training, including training research.....	298.4	342.3	415.9
5. Prevention and community services.....	392.8	432.4	517.4
6. Construction of hospitals and health facilities.....	438.5	482.6	564.7
Total expenditures from administrative budget and trust accounts.....	5,103.3	5,489.1	6,175.9

Of the total expenditures of \$6.2 billion in 1966 for medical and health-related purposes, \$3.4 billion or about 55% will be for provision of health care either directly in Federal facilities or financed by Federal grants or payments for services by non-Federal facilities. This is an increase of \$481 million from 1964.

The direct care expenditures amount to just over \$2 billion, or 33%, of total expenditures. Most of this service is provided in hospitals of the Department of Defense, Veterans Administration, and the Department of Health, Education, and Welfare, which, in all, comprise almost 10% of all hospital beds in the United States.

Table G-3 shows the number of hospital beds and the average daily number of patients during the 3 years 1964-66. The number of individual patients during any year is, of course, many times the daily census because hospital stays average 7 to 75 days for most agencies. In addition to this large number of inpatients, several million individuals each year receive outpatient care or treatment in the Federal facilities.

Approximately one-sixth of the population in the United States is actually or potentially eligible for direct hospital care or medical treatment in Federal facilities based on estimates available at the end of calendar year 1964. Approximately 22 million living war veterans, including some 3 million with service-connected disabilities, comprise the largest single group of eligibles, although for ailments not related to service hospital care is provided only to the extent that Veterans Administration hospital facilities are available. Under the basic policy of limiting its hospital system to 125,000 beds, the Veterans Administration meets approximately half of the hospital care requirements of veterans with non-service-connected ailments. Active duty and retired uniformed service personnel numbering 3.1 million and their 4 million dependents are also covered. Approximately 2.5 million Federal employees are entitled to treatment for in-line-of-duty disabilities, although such injuries are comparatively infrequent. Other eligible groups include 380,000 American Indians and natives of Alaska, 125,000 American seamen, some 75,000 civilians

Table G-3. FEDERAL HOSPITALS, OPERATING BEDS, AND PATIENT LOADS

By agency	1964 actual	1965 estimate	1966 estimate
Number of hospitals:			
Defense.....	232	226	226
Health, Education, and Welfare.....	67	64	64
Veterans Administration.....	168	157	158
Other.....	36	36	36
Total.....	503	483	484
Number of operating beds:			
Defense.....	40,706	40,189	40,131
Health, Education, and Welfare.....	16,440	15,975	15,530
Veterans Administration.....	119,902	119,908	118,611
(Nursing home beds included in total)	(0)	(406)	(1,645)
Other.....	3,244	3,240	3,260
Total.....	180,292	179,312	177,532
Average daily patient load:			
Defense.....	30,113	30,213	30,377
Health, Education, and Welfare.....	13,707	13,408	12,971
Veterans Administration.....	110,159	110,268	110,076
(Nursing home beds included in total)	(0)	(350)	(1,510)
Other.....	2,137	2,165	2,179
Total.....	156,116	156,054	155,603

in the Panama Canal Zone, an estimated 60,000 narcotic addicts, 23,000 inmates of Federal prisons, and 1,500 patients with leprosy. With allowance for duplications in the above categories, an estimated 30 million Americans are eligible for all or part of their health care from Federal facilities.

The second largest category of expenditures—\$1.4 billion or 22% of the total—is for grants and payments for hospital and health care in non-Federal facilities. Grants by the Department of Health, Education, and Welfare for medical care through public assistance account for about four-fifths of the total. During 1966 an estimated 4 million persons will receive such aid, including under proposed legislation to establish a program for the children in medically indigent families similar to that which now exists for the aged.

The Civil Service Commission provides health benefits to almost 2 million Federal civilian employees (90% of those eligible), and to 4.5 million of their dependents under the Federal Employees' Health Benefits Act. A similar program provides benefits for 235,000 retired Federal employees and their dependents. These payments are made from trust revolving funds into which are deposited both agency and employee contributions. Since the health benefits funds are revolving funds, with receipts offsetting expenditures, only the net effect of these transactions in the trust funds is included in the expenditures for this category. The Government's contributions amounting to \$157 million in 1964, \$167 million in 1965, and \$172 million in 1966, are included in the administrative budget figures and are mostly classified in this category. The bulk of the remainder represents payments

for care of Federal beneficiaries, principally by the Veterans Administration and the Department of Defense in those cases where Federal facilities are not available.

Every citizen is benefited in one way or another by the health research, training, preventive and community services, and health construction activities of the Federal Government, which are discussed separately in following paragraphs. Expenditures for these activities will total \$2.8 billion in 1966, an increase of \$591 million from 1964. These categories account for 55% of the increase over 1964 in health outlays. The amount of increases over 1964 is greatest for health research and facilities (\$223 million), but the other categories will have higher rates of increase: training (39%), preventive and community service activities (32%), and construction of health facilities (29%). Much of the increase in these programs reflects legislation enacted by the 88th Congress for assistance to schools and to students in medicine and dentistry, for programs to combat mental retardation and promote mental health, for emphasis in the hospital construction program on nursing homes and on modernization of existing facilities, and for increased Federal efforts for air pollution control. Other expanding areas include activities relating to water pollution, pesticides, community health, and food and drugs.

About two-thirds of the \$1.3 billion in Federal expenditures for health related research and research facilities are by the Department of Health, Education, and Welfare, particularly the National Institutes of Health, which alone account for \$742 million. The Department of Defense, the Atomic Energy Commission, the National Science Foundation, and the National Aeronautics and Space Administration also make sizable outlays for health research.

Training, including training for research, accounts for \$416 million in 1966 expenditures. Again, the Public Health Service, and especially the National Institutes of Health, are the major sources, although the Department of Defense also spends significant amounts.

Of the \$517 million for preventive and community health services, \$269 million will be spent by the Public Health Service, the Food and Drug Administration, and the Children's Bureau, all of the Department of Health, Education, and Welfare. The Federal Government's programs of assistance to underdeveloped countries are also responsible for about \$75 million of the outlays and the Department of Agriculture programs account for most of the remainder.

The Hill-Burton hospital construction program accounts for \$223 million out of \$565 million to be spent in 1966 for construction of facilities other than for research. The Veterans Administration's expenditures of \$87 million represent the sixth year of that agency's 15-year hospital replacement and modernization program. The Department of Defense will also spend \$51 million for construction.

Proposed legislation.—A wide range of important health legislation has been proposed by the President. The 1966 budget includes new obligatory authority of \$293 million and expenditures of \$197 million for the following items: (1) \$58 million in estimated expenditures for regional multipurpose medical centers, initial staffing of community mental health centers, operating support of medical and dental schools, including scholarships, direct loans and loan guarantees for

group practice facilities, and mental retardation program development grants; (2) \$12 million in environmental health grants to attack water pollution caused by combined storm and sanitary sewers, strengthen enforcement and control of air and water pollution, and demonstrations in the disposal of solid wastes; (3) \$25 million for increased maternal and child welfare grants to provide diagnostic and health services to preschool and school-age children, and an additional \$100 million in public assistance grants to finance vendor payments for treatment services for children from families which cannot afford to pay; and (4) \$2 million in grants for vocational rehabilitation services to mentally retarded and severely disabled persons, for expansion of services through special projects, and for construction and modernization of workshops.

Other significant health proposals, which are covered by the general allowance for contingencies because the first-year costs would not be large, include special health research and other facilities, vaccination assistance, and health services for migrant families.

A major proposal to provide hospital insurance for persons over 65 through the social security system will entail trust fund expenditures of only \$20 million in fiscal year 1966 and a small amount of expenditures by the reserve for contingencies. However, the proposed payroll tax allocation to finance the program effective January 1, 1966, would produce estimated revenues of \$600 million for the new trust fund in fiscal year 1966.

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS				
National defense:				
Department of Defense:				
Hospital and medical care of military personnel and their dependents, retired personnel and their families on a space available basis, and civilian employees and their dependents overseas.....	051	837.9	853.6	858.2
Research in preventive medicine, improved methods of caring for and rehabilitating the sick and injured, and studies relating to medical problems of military science.....	051	103.5	105.2	108.2
Professional and technical training of personnel.....	051	47.8	50.2	51.5
Construction of hospitals and medical facilities.....	051	28.7	31.0	51.3
Construction of civil defense shelters in medical facilities.....	051	2.6	6.6	3.2
Department of Health, Education, and Welfare: Stockpiling of medical supplies.....	059	19.4	12.2	7.2
Atomic Energy Commission: Research on the effects and use of radiation.....	058	81.8	89.6	96.6
Total, national defense.....		1,121.7	1,148.4	1,176.0
International affairs and finance:				
Peace Corps: Assistance to underdeveloped countries particularly for nursing and malaria eradication projects.....	152	3.9	5.8	7.8

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued				
International affairs and finance—Continued				
United States Information Agency: Medical care of Foreign Service officers who become ill abroad.....	153	0.3	0.3	0.3
Agency for International Development:				
Alliance for Progress: Grants and loans for community health services and construction of health facilities.....	152	23.0	21.0	24.0
Contributions to international organizations.....	152	13.9	14.3	14.1
Grants, loans, and other assistance to underdeveloped countries in meeting their most pressing health problems.....	152	54.3	54.4	57.7
Department of State:				
Contributions to international organizations, conferences, and medical and hospital care of Foreign Service personnel and their dependents.....	151	14.1	15.8	17.5
Assistance to refugees from Communist countries, except Cuba.....	152	.4	1.5	.3
Mutual educational and cultural exchange activities.....	153	1.0	1.0	1.0
Total, international affairs and finance.....		110.9	114.1	122.7
Space research and technology:				
National Aeronautics and Space Administration: Research on health factors and human capabilities in advanced aerospace systems.....	251	28.3	61.8	65.1
Agriculture and agricultural resources:				
Department of Agriculture:				
Plant and animal research; meat and poultry inspections.....	355	99.8	112.8	125.8
Proposed legislation: Finance meat and poultry inspection on a self-supporting fee basis.....	355			-34.0
Total, agriculture and agricultural resources.....		99.8	112.8	91.8
Natural resources:				
Department of Interior:				
Research on toxicological effects of pesticides on fish and wildlife.....	404	1.0	1.4	1.4
Care of 600 Aleut Indians in Pribilof Islands, Alaska.....	404	.1	.1	.1
Total, natural resources.....		1.1	1.5	1.5
Commerce and transportation:				
Small Business Administration: Loans for construction and operation of nursing homes and other health-related facilities.....	506	2.1	4.0	2.4
Housing and community development:				
Housing and Home Finance Agency:				
Advances and loans to local communities for construction of sewer, water, and other health-related facilities.....	553	41.9	37.5	42.0
Proposed legislation: Grants for urban services and community facilities.....	553			12.0
Total, housing and community development.....		41.9	37.5	54.0

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued				
Health, labor, and welfare:				
Department of Health, Education, and Welfare:				
Freedmen's Hospital: Operation of a community teaching hospital serving Howard University Medical School.....	651	4.2	3.9	4.5
Saint Elizabeths Hospital; Hospital care for the mentally ill in the District of Columbia.....	651	9.3	10.6	10.7
Public Health Service:				
Health services for Indians.....	651	65.7	68.6	74.0
Medical care of merchant seamen, narcotic addicts, and other Public Health Service beneficiaries.....	651	55.4	55.5	57.5
Quarantine activities.....	651	6.6	6.7	6.9
Grants and loans for construction of hospital and health facilities.....	651	192.2	212.8	237.7
Support of medical, dental, and nursing education and training.....	651	19.2	47.3	96.2
Accident and disease prevention and control.....	651	124.0	166.0	201.2
Proposed legislation: Support for regional, multipurpose medical centers, initial staffing of community mental health centers, and operating support for medical and dental schools, including scholarships.....	651			58.0
Scientific activities overseas.....	651	3.1	5.0	5.3
Construction of health facilities (other than research).....	651	6.4	24.8	27.5
Environmental health activities.....	651	141.4	167.5	192.3
Proposed legislation: Grants for separating combined storm and sanitary sewers, strengthen enforcement and control of air and water pollution, and demonstrations in control of solid wastes.....	651			12.0
National Institutes of Health (research).....	651	914.5	874.0	973.1
Welfare Administration:				
Grants for maternal and child welfare.....	651	58.6	73.0	105.5
Proposed legislation: Grants for health services for preschool and school age children.....	651			25.0
Assistance to Cuban refugees and repatriated U.S. nationals.....	653	2.5	2.4	2.1
Public assistance grants for hospital and health care.....	653	593.0	715.0	785.0
Proposed legislation: Grants for health care of children from medically indigent families.....	653			100.0
Vocational Rehabilitation Administration: Rehabilitation grants and research and training in problems of handicapped individuals.....				
	659	32.9	39.2	46.6
Proposed legislation: Grants for services to the severely disabled for expansion of services, and for construction of workshops.....	659			2.0
Food and Drug Administration: Enforcement of the pure food and drug laws.....	651	38.3	41.3	55.7
Department of Labor: Accident prevention and administration of Federal employees workmen's compensation program.....	652	6.6	7.0	6.7
Department of Interior: Health research related to mine operations.....	652	.4	.3	.3
Office of Economic Opportunity.....	655		3.0	20.0
Total, health, labor, and welfare.....		2,274.3	2,523.9	3,105.8

Table G-4. FEDERAL EXPENDITURES FOR MEDICAL AND HEALTH-RELATED PROGRAMS (in millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
ADMINISTRATIVE BUDGET FUNDS—Continued				
Education:				
Department of Health, Education, and Welfare:				
Practical nurse training.....	704	4.9	4.9	5.0
Defense educational activities.....	702	3.0	3.2	4.0
National Science Foundation: Support of basic research in health-related fields.....	703	28.5	25.9	35.1
Total, education.....		36.4	34.0	44.1
Veterans benefits and services:				
Veterans Administration: Hospital, domiciliary, and outpatient care of veterans including medical research and construction and modernization of facilities.....	804	1,229.1	1,280.0	1,315.0
General government:				
Department of Labor: Hospital and medical care for Federal employees injured in line of duty.....	906	10.1	10.5	11.9
Department of Justice: Medical care of prisoners.....	908	3.6	3.9	7.9
Civil Service Commission:				
Government contribution to Federal employees' health benefit funds for retired employees and annuitants.....	906	24.3	27.0	29.2
General Services Administration: Matching grant for a hospital in Southeast Washington, D.C.....	905	.1	2.1	.5
Panama Canal: Medical and hospital care for civilian and military personnel, sanitation and quarantine.....	910	6.0	7.2	7.5
Total, general government.....		44.1	50.7	57.0
Contributions by Federal agencies to employees' health benefits fund not included above.....		121.0	127.5	131.0
Total net administrative budget expenditures for health.....		5,110.7	5,496.2	6,166.4
TRUST FUNDS				
Civil Service Commission (revolving funds):				
Expenditures for employee health benefits.....	654	411.2	476.2	529.8
Receipts from employee and Government contributions.....		-425.9	-490.3	-547.4
Net expenditures from trusts revolving funds.....		-14.7	-14.1	-17.6
Department of Health, Education, and Welfare: Social Security Administration: Expenditures for hospital insurance for the aged.....	654			20.0
United States Soldiers Home: Hospital and domiciliary care of retired and disabled enlisted personnel of the Regular Army and Air Force.....	805	7.3	7.0	7.1
Total net trust fund expenditures for health.....		-7.4	-7.1	9.5
Total budget and trust fund expenditures for health.....		5,103.3	5,489.1	6,175.9

SPECIAL ANALYSIS H

FEDERAL RESEARCH, DEVELOPMENT, AND RELATED PROGRAMS

In 1966 the Federal Government will continue to be a major source of funds for research and for development.¹ Total *obligations* for the conduct of research and development are estimated to increase modestly over 1965, chiefly for scientific research. *Expenditures* for the conduct of research in 1966 will also increase while expenditures for development will decline.

Because the support of *research* and the financing of *development* constitute separate but related categories of effort, this special analysis deals with them individually and with the support of facilities required for both these activities. In addition, it presents information on certain special fields of science which are of broad national interest and involve programs of several Federal agencies.

The Federal Government finances development to design, fabricate, test, and evaluate prototypes of materials, devices, systems or processes needed 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 air defense and aircraft traffic control.

Research on the other hand is supported not only to accomplish agency missions—usually as a forerunner to development—but also to increase the broad body of scientific and technical knowledge which underlies the future advancement of the Nation's welfare, economic growth, and security. This is particularly true of basic research conducted primarily in academic institutions but also in Government, industrial, and other laboratories focusing on fundamental problems in science.

Development.—Federal obligations for development will increase only slightly from 1965 to 1966. The continued buildup in the manned space flight program of the National Aeronautics and Space Administration will be offset in part by decreases in other NASA development programs and in the development programs of the Department of Defense and the Atomic Energy Commission. Major Defense development programs are continuing in 1966 and new programs are being initiated such as the C-5A large cargo transport aircraft and an air-to-surface attack missile system. But the successful development, testing, and evaluation of the large current strategic weapons systems will permit a small reduction in Defense obligations for development and a larger reduction in expenditures. The decrease in the development programs of the Atomic Energy Commission is primarily related to reduced development in connection with special

¹ Generally excluded from this analysis are funds for routine testing, experimental production, information activities, and training programs. This analysis also omits funds for research performed independently by contractors within overhead arrangements on some procurement contracts funded in Department of Defense procurement accounts and for the collection of general-purpose statistics by the Census Bureau and other agencies.

Note.—Totals in text tables may not add due to rounding.

nuclear materials production and the achievement in 1965 of a capability to resume atmospheric testing of weapons should the limited nuclear test ban treaty be violated by others.

Administrative Budget Obligations for Development

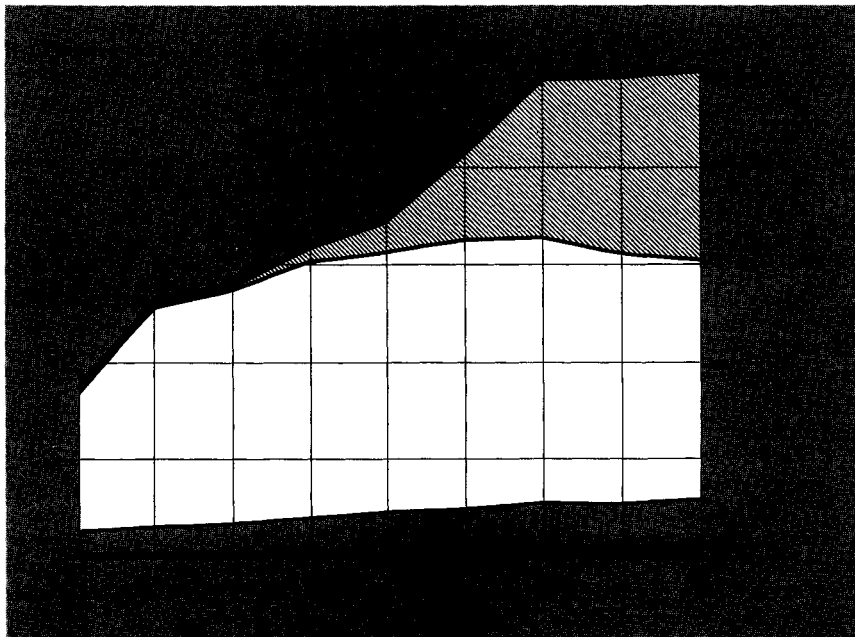


Table H-1. OBLIGATIONS AND EXPENDITURES FOR THE CONDUCT OF DEVELOPMENT¹ (in millions of dollars)

Agency	Obligations			Expenditures		
	1964	1965	1966	1964	1965	1966
Department of Defense.....	5,489	5,136	4,972	5,779	5,355	4,921
National Aeronautics and Space Administration...	3,210	3,768	3,878	2,730	3,154	3,442
Atomic Energy Commission.....	933	939	929	933	939	929
Other.....	147	137	217	111	168	184
Total.....	9,779	9,980	9,996	9,553	9,617	9,476

¹ In this table and tables H-2 through H-4 for agencies other than the Department of Defense and NASA the "obligations" are generally "new obligational authority," which approximates "obligations" for analysis purposes. In this table and tables H-2 and H-3, "obligations" and "expenditures" for the AEC are accrued costs, which approximate obligations and expenditures for analysis purposes.

Nearly four-fifths of the Federal funds for development are estimated to be spent through contracts with industry and the balance chiefly in federally operated centers, particularly those of the Department of Defense, the National Aeronautics and Space Administration, and the Atomic Energy Commission.

Research.—To sustain a vigorous national research effort in an age of expanding technology, the Federal investment in research will continue to increase from obligations of \$5 billion in 1965 to \$5.5 billion in 1966. This increase is particularly reflected in the programs of basic and applied research to accomplish the long-range mission objectives of the Department of Defense; in the medical, environmental health, and educational research programs of the Department of Health, Education, and Welfare; and in the general support of basic research through the National Science Foundation.

Administrative Budget Obligations for Research

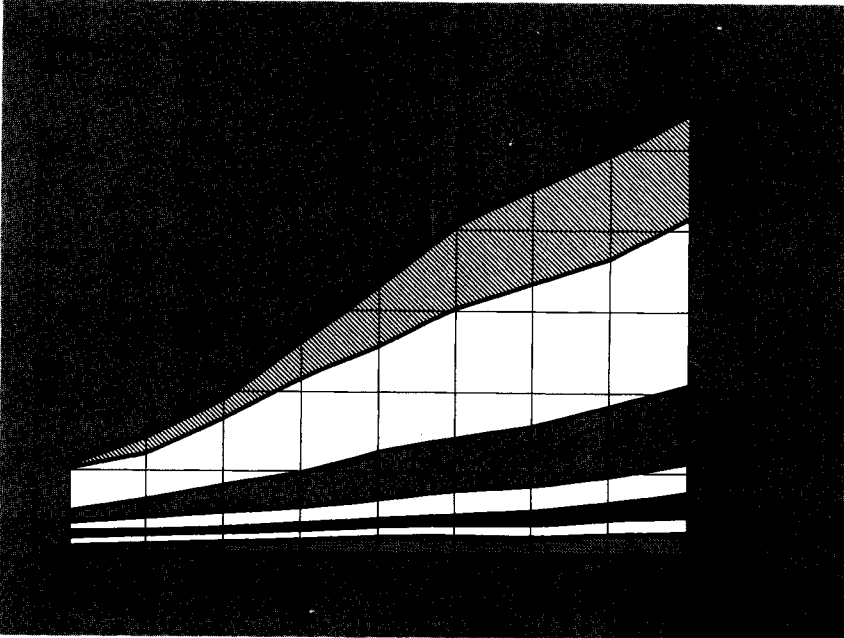


Table H-2. OBLIGATIONS AND EXPENDITURES FOR THE CONDUCT OF RESEARCH¹ (in millions of dollars)

Agency	Obligations			Expenditures		
	1964	1965	1966	1964	1965	1966
Department of Defense	1,769	1,860	2,114	1,654	1,757	1,864
National Aeronautics and Space Administration ..	1,109	1,333	1,301	1,003	1,222	1,251
Atomic Energy Commission	303	330	363	303	330	363
Department of Health, Education, and Welfare ..	759	858	961	741	726	847
National Science Foundation	170	212	290	145	158	207
Agriculture	171	213	221	169	208	226
Other	182	217	247	171	206	232
Total	4,463	5,023	5,497	4,187	4,608	4,991

¹ Includes funds for basic and applied research.

Federally supported research is carried out in Government and industrial laboratories, universities, and other nonprofit research institutions. Industrial laboratories and university laboratories, including those administered under contract with the Federal Government, each performed about one-third of the research supported by the Federal Government in 1963.

The proportion of research funds from all sources, both Federal and non-Federal, spent in universities has risen from less than 20% in 1958 to about 25% in 1963 and should continue to rise through 1966, reflecting the increasing significance of academic science activities, particularly basic research, in the long-range national interest. Universities have traditionally been the main source of new ideas in science through research carried out by faculty members assisted by graduate students. The interaction of research and education in academic institutions thus contributes both to the advancement of research and to the training of scientific and technical manpower.

Special attention has been given in the preparation of the 1966 budget to insuring an adequate rate of growth in Federal support of basic research in academic institutions. Basic research, which is that portion of scientific research concerned with increasing knowledge about man, his world, and the universe, lays the groundwork for later applied research and development and has been a major factor in maintaining our country's leadership in the sciences and technology in recent decades. As the following table indicates, the 1966 budget provides for continued growth in this important sector of the Nation's scientific activities.

Table H-3. OBLIGATIONS AND EXPENDITURES FOR THE CONDUCT OF BASIC RESEARCH¹ (in millions of dollars)

Agency	Obligations			Expenditures		
	1964	1965	1966	1964	1965	1966
Department of Defense.....	260	293	324	236	268	293
National Aeronautics and Space Administration.....	756	910	888	690	817	847
Atomic Energy Commission.....	238	260	286	238	260	286
Department of Health, Education, and Welfare.....	265	298	330	261	252	294
National Science Foundation.....	170	212	290	145	158	207
Agriculture.....	62	82	85	62	82	90
Other.....	57	63	69	52	58	61
Total.....	1,808	2,118	2,272	1,683	1,896	2,077

¹ Amounts are included in conduct of research, table H-2.

Research and development facilities.—The decrease in 1966, particularly in obligations for research and development facilities, primarily reflects reductions in the National Aeronautics and Space Administration program due to the completion of major funding for test facilities and launch complexes required for the manned lunar landing program. Amounts for the Atomic Energy Commission also decline as previously authorized facilities are completed and fewer new construction projects are initiated.

Table H-4. OBLIGATIONS AND EXPENDITURES FOR RESEARCH AND DEVELOPMENT FACILITIES (in millions of dollars)

Agency	Obligations			Expenditures		
	1964	1965	1966	1964	1965	1966
Department of Defense.....	91	77	110	84	110	95
National Aeronautics and Space Administration.....	547	660	172	438	524	406
Atomic Energy Commission.....	230	420	226	267	300	264
Department of Health, Education, and Welfare.....	70	100	89	46	75	86
National Science Foundation.....	60	62	67	50	48	58
Agriculture.....	14	15	24	5	16	18
Other.....	36	37	20	45	58	50
Total.....	1,048	1,371	708	935	1,131	977

Descriptions of the content and trends of the major Federal research and development programs are provided by agency in the following sections of this analysis.

There are also included in this analysis summary data by agency on total Federal support for several selected research and development activities of the Federal Government—such as oceanography and atmospheric sciences—which, because of their broad national importance, are coordinated on a Government-wide basis.

PROGRAMS OF AGENCIES WITH MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

DEPARTMENT OF DEFENSE—MILITARY

The programs of the Department of Defense include basic and applied research; exploratory, advanced, and engineering development of new components and systems with possible military applications; and development of weapons systems approved for introduction into the operational forces. The principal amounts for these purposes and for the operation of research and testing facilities of the Department are carried in the budget in the research, development, test, and evaluation appropriations. As indicated in table H-5, certain supporting amounts are provided in the military personnel, procurement, operations and maintenance, and military construction appropriations. Research and development related to civil defense is financed under that heading.

Total research and development activities are essentially stable between 1965 and 1966. Expenditures decline in 1965 and 1966, as shown in table H-5 because of the decrease in obligations from 1964 to 1965. However, total obligations for research and development activities will be slightly higher in 1966 than in 1965 as indicated in table H-5.

Of the totals shown in table H-5 for 1966, 4% is for basic scientific research with about 27% providing for all research including experi-

ments with extensive equipment requirements. Approximately 73% is for development, test, and evaluation of new military weapons and equipments.

The total amounts for basic and applied research will increase in 1966 as shown in tables H-2 and H-3. Development of components and subsystems for future strategic weapons, as well as weapons for conventional and limited war is also expected to increase. However, as major strategic weapon system development programs such as Minuteman decline, there will be an overall reduction in development of funding as indicated in table H-1.

The composition of the programs of the Department by major fields of effort is shown in table H-5. Development of the new tactical fighter aircraft for use by both the Navy and the Air Force as well as smaller aircraft to provide air support and mobility for the ground forces will continue in 1966. Development of the new large C-5A cargo transport aircraft will be initiated. Missile developments include the Army's project for an improved antiballistic missile known as Nike-X, the Navy's Polaris program, and the Air Force programs for an improved version of Minuteman and a new air-to-surface attack missile system.

Included in military astronautics are such space programs as the manned orbiting laboratory program, reentry and recovery technology

Table H-5. OBLIGATIONS AND EXPENDITURES OF THE DEPARTMENT OF DEFENSE—MILITARY—RESEARCH AND DEVELOPMENT

(In millions of dollars)

Purpose and budget title	1964 actual	1965 estimate	1966 estimate
Obligations for the conduct of research and development:			
Research, development, test, and evaluation:			
Military sciences.....	939.4	997.2	1,022.2
Aircraft and related equipment.....	993.1	1,148.0	991.9
Missile and related equipment.....	2,141.2	1,791.5	1,758.0
Military astronautics and related equipment.....	1,275.2	910.4	1,033.9
Ships, small craft, and related equipment.....	250.3	273.5	321.6
Ordnance, combat vehicles, and related equipment....	312.3	328.6	372.3
Other equipment.....	518.5	586.7	606.8
Programwide management and support.....	442.9	445.8	443.3
Emergency fund.....		118.3	150.0
Total, direct obligations, research, development, test, and evaluation.....	6,872.9	6,600.0	6,700.0
Military personnel.....	263.0	277.5	265.1
Procurement.....	70.0	65.0	70.0
Operations and maintenance.....	40.1	41.1	35.2
Civil defense.....	11.8	12.4	15.0
Total, direct obligations, for the conduct of re- search and development.....	7,257.8	6,996.0	7,085.3
Obligations for research and development facilities: Military construction.....	90.6	76.6	110.2
Total, direct obligations for research and develop- ment.....	7,348.4	7,072.6	7,195.5
Total expenditures for research and development....	7,512.9	7,217.7	6,875.3

programs and basic engine and vehicle development efforts, such as the Titan III multipurpose space booster program. Totals for the military space program are given in table H-13. The research and development totals also include substantial and increased effort in the various aspects of antisubmarine warfare research and development and in the development of improved combat vehicles for use by our land forces. Provision is also made for support of Government-owned laboratories and test installations such as the Atlantic and Pacific missile ranges.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

All the activities of the National Aeronautics and Space Administration are classified as research and development for purposes of this special analysis. The National Aeronautics and Space Administration is responsible for the development, test, and operation of spacecraft and vehicles for manned and unmanned exploration of space and other nonmilitary applications, and for conducting the broad programs of supporting research and development required for these purposes. In addition, NASA is responsible for conducting research to advance aircraft technology in support of both military and civilian interests. The nature and estimated composition of the research and development programs of NASA are shown on table H-6.

Total expenditures for NASA in 1966 are estimated at \$5.1 billion, an increase of only \$200 million over the estimate for 1965 compared to average annual increases of over \$1 billion per year in the previous 4 years. The reduced rate of increase reflects the leveling off in total new obligational authority—the 1966 recommendation is \$5.26 billion compared to \$5.25 billion in 1965—after a series of large annual increases in 1964 and prior years. The momentum of ongoing programs can now be maintained and important new projects started without further significant increases in the total, as increased requirements in some areas are offset by reductions as other projects pass their funding peaks or are completed or terminated.

Expenditures in the research program increase only slightly from 1965 to 1966. The greatest increase in 1966 expenditures is in the manned space flight development program, largely for services and equipment contracted for in prior years, while reductions in the other development programs reflect the termination and phasing out of some advanced development projects. Expenditures for facilities are estimated to reach a peak in 1965 and begin to decline in 1966 as work on major portions of the manned lunar landing construction program is completed.

The programs of basic scientific research include unmanned investigations of the space environment with deep space probes, earth satellites, and sounding rockets. A major new project for the unmanned exploration of Mars will be initiated in 1966. An unmanned spacecraft, 10 to 15 times the size of the current Mariner probe, will be developed. This spacecraft, called Voyager, is to carry a landing capsule capable of providing accurate information on the existence of life on the red planet. Emphasis in 1966 will also continue to be placed on the investigations conducted with large orbiting solar, geophysical, and astronomical observatories. NASA also supports basic research in space sciences at universities, and both basic and

applied research in fields applicable to space and aircraft technology at NASA research centers and through grants and contracts with universities and industry.

NASA activities classified as development continue to be devoted primarily to the manned lunar landing program. This consists primarily of the development and testing of the three-man Apollo spacecraft and the Saturn launch vehicles, and the two-man Gemini program which is moving into its manned flight operations phase. Other development effort is continuing on meteorological and applications technology satellites, the NERVA nuclear propulsion engine system, and numerous small-scale engineering developments to advance space technology.

Table H-6. EXPENDITURES OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION FOR RESEARCH AND DEVELOPMENT
(in millions of dollars)

Program and type of activity	1964 actual	1965 estimate	1966 estimate
Conduct of research:			
Basic scientific research in space:			
Spacecraft, instrumentation, conduct of experiments, and supporting costs	408.4	478.0	527.0
Procurement and development of launch vehicles for research purposes	207.0	238.0	219.0
Other basic research in space science and technology ..	74.3	101.1	100.6
Subtotal, basic research	689.7	817.1	846.6
Other research	313.5	405.3	404.9
Total, conduct of research	1,003.2	1,222.4	1,251.5
Conduct of development:			
Manned space flight and supporting development	2,474.9	2,855.8	3,226.2
Other development	255.1	297.8	216.3
Total, conduct of development	2,730.0	3,153.6	3,442.5
Research and development facilities:			
Manned space flight and supporting facilities	346.0	418.2	327.7
Other research and development facilities	91.8	105.8	78.3
Total, research and development facilities	437.8	524.0	406.0
Total, National Aeronautics and Space Adminis- tration	4,171.0	4,900.0	5,100.0

ATOMIC ENERGY COMMISSION

The Atomic Energy Commission's research and development programs account in 1966 for more than 60% of AEC's annual expenditures.

Research programs, which in 1966 constitute approximately 28% of the total conduct of research and development, are conducted in the physical and biomedical sciences to secure a better understanding of nuclear structure, nuclear processes, and the effects of nuclear radiation on living organisms and systems. Of the total funds programmed for research, about 80% is considered to be basic or fundamental research. The development programs include efforts to

improve the processes used in the production of special nuclear materials, to develop improved types of nuclear weapons, and to improve the means of obtaining harnessed energy from nuclear reactions.

The major elements of the AEC research programs are in the physical and biomedical sciences. The physical research program, which increases by 12% in 1966, comprises research in high, medium, and low energy physics and in those aspects of chemistry, metallurgy, and mathematics of particular importance to nuclear science and technology. In addition, there is a continuing program to achieve a controlled thermonuclear reaction for possible generation of power. Of special interest in 1966 are AEC's plans to construct in the Midwest the world's largest bubble chamber for detection and analysis of elementary particle interactions and to initiate design for an eight-fold increase in the intensity of the world's highest energy proton accelerator at Brookhaven National Laboratory.

There will be a slight decline in 1966 in expenditures for AEC development programs due to reduced development in connection with the production of special nuclear materials and achievement in 1965 of a readiness capability to resume atmospheric testing of weapons in the event of violation by others of the limited nuclear test ban treaty.

AEC's reactor development program includes efforts to develop economic nuclear power reactors, nuclear rockets (Project Rover), compact nuclear electric power sources for space and other remote applications (Project SNAP), military power and propulsion reactors, and to broaden the base of reactor technology. In 1966, particular emphasis will be placed on advanced reactors, which make improved use of nuclear fuel, for power and combined power and water desalting applications. Two major cooperative power reactor projects will be initiated to this end. Work will also continue on the development of "high-gain breeder" reactors which would produce significantly more fuel than they consume. In addition, AEC will place emphasis on development programs for the peaceful uses of isotopes and nuclear explosives.

The AEC research and development programs are carried on in contractor-operated laboratories, in universities, in other private research institutions, and by private industry. In support of the con-

Table H-7. EXPENDITURES OF THE ATOMIC ENERGY COMMISSION FOR RESEARCH AND DEVELOPMENT (in millions of dollars)

Program	Conduct of research and development			Research and development facilities		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Special nuclear materials and weapons.....	446.2	462.8	436.7	63.9	82.1	62.0
Reactor development.....	502.3	494.1	500.5	104.8	117.4	99.3
Physical research.....	195.8	214.0	239.0	89.1	89.4	92.2
Biology and medicine.....	71.0	78.1	85.0	7.2	8.2	8.3
Other research and development.....	20.7	20.6	31.0	1.7	2.5	2.6
Total, Atomic Energy Commission.	1,236.0	1,269.6	1,292.2	266.8	299.6	264.3

duct of research and development, AEC provides laboratory facilities, research equipment and large research machines, such as nuclear reactors and particle accelerators. In 1966 more than one-third of such capital expenditures will be in support of research in contrast to development.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The expenditures for research and development by the Department will increase from \$805 million in 1965 to \$942 million in 1966. This increase is primarily in the National Institutes of Health and other elements of the Public Health Service and reflects continued growth of programs on prevention and treatment of mental illness and mental retardation.

In addition to the \$42 million spent in 1965, \$6 million is included to expand environmental health activities; primarily to study the long-term effects of pollution on human health and to initiate a new program of university institutes for research and research training in environmental health sciences.

The increase in expenditures for the Food and Drug Administration reflect additional research on the harmful effects of foods, drugs, cosmetics, and therapeutic devices.

The Office of Education will increase its expenditures for invention and testing of new ways of learning, including design of curricular materials. Under legislation included in the President's education recommendations this effort will be substantially expanded through centers available to all regions of the Nation. Teachers, other educators, historians, writers, artists, and other practitioners will contribute to this effort to be focused on all subjects and levels of education. Authorizations for Office of Education programs will total \$98 million in 1966, an increase of \$61 million over 1965 primarily for the development of regional educational laboratories.

NATIONAL SCIENCE FOUNDATION

Expenditures of the National Science Foundation for the support of basic research and research facilities are estimated at \$266 million, compared with \$208 million in 1965 and \$197 million in 1964.

The major emphasis in 1966 is on providing an adequate rate of growth in Federal support for research in colleges and universities. Increases are also included for the Antarctic research program; for the weather modification program; and for specialized research facilities. An ocean sediment coring program will be initiated in 1966. Support will be continued for the Indian Ocean Expedition; Project Mohole, a program of research in the geology and geophysics of the deeper layers of the earth; the United States-Japan cooperative science program; the International Year of the Quiet Sun; and matching grants for facilities related to research and science training. Research programs and facilities will be strengthened at the National Center for Atmospheric Research and at the three astronomical observatories supported by the Foundation.

DEPARTMENT OF AGRICULTURE

Expenditures of the Department of Agriculture for research and development are estimated at \$256 million in 1966 as compared with \$236 million in 1965 and \$182 million in 1964. The net increase of \$20 million is composed of a number of expanded research activities, partly offset by the reductions of low priority work. Additional funds will be available for staffing and operating new farm and utilization research laboratories and for additional support for the senior scientific staff. Research will be expanded on health-related problems of tobacco, toxin-producing molds, and on meat animal and other livestock. Additional funds will strengthen research on forest fire protection, for expanding markets for timber products, for improving income opportunities of owners of small woodlots, and for timber utilization. There will also be an increase in the Department's grant program to the States for the conduct of State research and development and in its economic research activities. Research projects overseas, financed from foreign currencies accruing under Public Law 480, will also be expanded.

Funds are being requested for the construction of new pesticides and forestry laboratories and facilities for livestock, poultry, and cotton research. Construction funds will also be available to modernize and rehabilitate portions of the National Agricultural Research Center and to construct a new National Agricultural Library at Beltsville, Md. Planning funds for most of these facilities were made available in 1964 and 1965.

Reductions will be made in farm, utilization, and forestry research as a result of closing out low priority work at 54 separate locations. A reduction will also be made in the Department's program of facility grants to the State experiment stations.

DEPARTMENT OF THE INTERIOR

Expenditures of the Department of the Interior for research and development are estimated at \$129 million, compared with \$116 million in 1965 and \$98 million in 1964. About 22% of the 1966 amount will be spent on development programs including the construction of research facilities, 53% on applied research, and the remainder on basic research. Programs of the Bureau of Mines, Fish and Wildlife Service, Geological Survey, Office of Coal Research, and the Office of Saline Water, make a significant contribution to the research and development activities of the Department.

The 1966 budget provides for continuing research directed primarily at improving the conservation and use of water, parks and monuments, fish and wildlife, minerals, and other natural resources. Studies of the effects of pesticides on fish and wildlife, and the biological aspects of the national oceanographic program will be continued. A major increase is provided to accelerate development of economical desalting processes applicable to a wide range of water supply problems, both here and abroad. The 1966 budget also provides for full year operation of the Office of Water Resources Research, created to administer the Water Resources Research Act of 1964. Under this act, States will receive Federal grants to establish water resources research centers in State colleges or universities. Grants will also be available on a

matching basis to support research in these centers. Geophysical and geochemical studies of the upper mantle of the earth's crust that may ultimately improve the technology of locating deep-lying mineral deposits are scheduled for further expansion. Ongoing research in earthquake seismology will be sharply accelerated in 1966. Programs to increase the use of and expand the markets for coal and coal products will increase.

DEPARTMENT OF COMMERCE

New obligational authority increases by \$21 million chiefly for a new, major research program to improve intercity ground transportation. In 1966 this program will spend about \$20 million for demonstrations of high speed rail transit and investigation of other technological improvements. National Bureau of Standards new obligational authority for the conduct of research increases by \$4 million, chiefly for expansion of the National Standard Reference Data System and further improvements in Federal science information handling and dissemination. Also, \$3 million is included for additional work in experimental and applied meteorology by the Weather Bureau. Bureau of the Census research on methods of taking the Nineteenth Decennial Census through mail enumeration and automated procedures decreases by \$0.8 million as this program moves into the test and evaluation stages. These increases are partially offset by a decrease in construction.

SELECTED GOVERNMENT-WIDE SCIENTIFIC ACTIVITIES OF THE FEDERAL GOVERNMENT

The following section presents a number of scientific activities of the Federal Government on a Government-wide basis. In these fields, and in many other fields, the Office of Science and Technology, in cooperation with the President's Science Advisory Committee and the Federal Council for Science and Technology, is active in improving the planning, coordination, and review of Federal research and development programs. Expenditures for these scientific and technical activities are included in the agency expenditures shown elsewhere in this analysis.

MEDICAL RESEARCH

Federal expenditures for medical and health-related research activities are estimated at \$1.3 billion in 1966. Nearly 60% of the amount is expended by the National Institutes of Health, a component of the Public Health Service, Department of Health, Education, and Welfare. The increases in 1965 reflect the rapid growth of the new Institute of Child Health and Human Development and expanded grant programs for specialized research centers. The programs for mental health research and service increase by about \$10 million. Over \$40 million of NIH funds will go to industrial firms for testing and evaluation of new chemicals and drugs for the treatment of cancer, cardiovascular diseases, and mental illness. Other organizations in the Department of Health, Education, and Welfare are also expanding their programs. The Food and Drug Administration is strengthening its research programs and research in the area of

environmental pollution will be expanded by the Public Health Service. The medical research programs of all other agencies are increased moderately.

Table H-8. EXPENDITURES OF FEDERAL AGENCIES FOR MEDICAL AND HEALTH RELATED RESEARCH (in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
Department of Health, Education, and Welfare:			
Public Health Service.....	747.8	750.4	866.4
(National Institutes of Health).....	(675.0)	(650.1)	(742.3)
Other.....	14.6	20.5	30.1
Total, Department of Health, Education, and Welfare.....	762.4	770.9	896.5
Department of Defense.....	103.5	105.2	108.0
Atomic Energy Commission.....	81.8	89.6	96.6
National Aeronautics and Space Administration.....	28.3	61.8	65.1
Veterans Administration.....	34.1	41.3	45.9
Department of Agriculture.....	28.4	34.4	41.3
National Science Foundation.....	28.4	25.8	35.0
Other.....	2.3	3.5	3.7
Total, medical and health related research.....	1,069.2	1,132.5	1,292.1
Total, conduct of research.....	1,003.0	1,036.3	1,179.9
Total, research facilities.....	66.2	96.2	112.2

ATMOSPHERIC SCIENCES

The atmospheric sciences are concerned with the physical and chemical properties, composition, behavior, and processes of the earth's atmosphere and the atmospheres of other planets. In the following table research and development activities only are reported. Weather services programs will be reported separately in a detailed plan prepared by the Federal Coordinator for Meteorological Services and Supporting Research, Department of Commerce.

Table H-9. OBLIGATIONS OF FEDERAL AGENCIES FOR ATMOSPHERIC SCIENCES (in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
Departments of:			
Agriculture.....	0.5	0.5	0.7
Commerce.....	15.1	13.9	17.1
Defense.....	70.5	72.2	79.9
Health, Education, and Welfare.....	1.6	2.0	2.2
Interior.....	1.0	1.9	1.7
Atomic Energy Commission.....	6.2	7.0	7.9
Federal Aviation Agency.....	.9	2.2	2.4
National Aeronautics and Space Administration.....	106.5	74.5	81.4
National Science Foundation.....	22.7	20.2	26.2
Total.....	225.0	194.4	219.5

Overall funding for atmospheric research is significantly influenced by fluctuations in the costs of satellite development and flight activities. These costs totaled \$105 million in 1964 and \$67 million and \$68 million in 1965 and 1966 respectively (data excludes cost of launch and launch vehicles). Exclusive of satellite programs, funding for atmospheric sciences increased an average of 14% per year from 1962 through 1965. A 17% increase is proposed in 1966.

Increased funds for the National Science Foundation will permit expansion of basic research activities in the universities and at the National Center for Atmospheric Research, where the lease of a significantly larger computer will enable scientists to attack more complex research problems. New facilities and equipment to increase the reliability of high altitude balloon launches will also be financed by the Foundation. The largest new Department of Defense project involves development of equipment to launch meteorological sounding rockets from airplanes for use over the oceans. The Weather Bureau, Department of Commerce, will augment its work in experimental meteorology. The Federal Aviation Agency will increase its activities related to the acquisition and processing of data having specialized aviation applications.

Within the atmospheric sciences there are three principal fields of interest: (1) meteorology, primarily concerned with phenomena occurring within 50 kilometers of the earth's surface; (2) aeronomy or upper atmosphere research, concerned with phenomena at greater altitudes; and (3) studies of planetary atmospheres. The distribution of Federal support is as follows:

Table H-10. OBLIGATIONS FOR ATMOSPHERIC SCIENCES BY FUNCTIONAL AREA (in millions of dollars)

	1964 actual	1965 estimate	1966 estimate
Meteorological research and service system development.....	122.8	93.7	116.3
Upper atmosphere research.....	98.9	96.8	97.9
Studies of planetary atmospheres.....	3.3	3.9	5.3
Total.....	225.0	194.4	219.5

Included in the amounts shown above for meteorological research are \$42 million in 1965 and \$52 million in 1966 for applied research and development whose principal purpose is to improve operational weather services. Slightly more than half of these amounts is for development of components for use in an operational meteorological satellite system. Projects to improve operational weather services are also reported in the detailed plan prepared by the Federal coordinator.

OCEANOGRAPHY

The national oceanographic program represents the coordinated research and survey efforts of nine agencies to improve our understanding of the oceans in the pursuit of such national interests as defense, the exploitation of food and mineral resources, the improvement of weather forecasting, and the prevention of pollution. To

achieve these goals the properties of the ocean must first be understood, and thus the largest effort and the major program increase is directed to ocean research. The research program is directed to describing and understanding the physical and chemical properties of the "world ocean," the effect of the interrelationship of the ocean and the atmosphere, the distribution of marine organisms, the structure of the ocean floor and its history, and the modifications of the ocean by human activities. The survey program provides basic data necessary for research, exploration, and use of the oceans.

Table H-11. OBLIGATIONS FOR OCEANOGRAPHY BY FUNCTIONAL AREA
(in millions of dollars)

Functional area	1964 actual	1965 estimate	1966 estimate
Research.....	62.0	72.5	85.0
Surveys.....	24.1	27.1	30.6
Subtotal, operating programs.....	86.1	99.0	115.6
Ship construction.....	25.5	20.7	13.4
Facilities construction.....	5.1	6.0	4.4
Instrument and equipment procurement.....	6.4	8.8	8.2
Subtotal, capital program.....	37.0	35.5	26.0
Total.....	123.1	135.1	141.6

As shown in table H-11 above the funds devoted to oceanographic research and survey programs will continue to increase significantly in 1965 and 1966. However, with the construction and conversion of 42 ships completed or authorized from 1960 through 1965, expenditures for capital programs will decline in 1966. This largely accounts for the decrease in obligations of the Departments of Commerce and Interior shown in table H-12 below.

Table H-12. OBLIGATIONS OF FEDERAL AGENCIES FOR OCEANOGRAPHY
(in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
Departments of:			
Commerce.....	23.3	19.9	13.3
Defense.....	54.6	65.1	68.0
Health, Education, and Welfare.....	2.9	3.5	4.4
Interior.....	16.5	20.0	16.9
State.....	.6	.6	.6
Treasury.....	1.2	1.8	2.1
Atomic Energy Commission.....	3.8	4.0	4.6
National Science Foundation.....	19.6	19.3	30.0
Smithsonian Institution.....	.6	.9	1.7
Total.....	123.1	135.1	141.6

The programs of the several agencies which comprise the national oceanographic program have been developed to meet their mission

needs in consultation with the membership of the Interagency Committee on Oceanography of the Federal Council for Science and Technology. The Committee has attempted through its work to identify and advise agencies on new opportunities in ocean research, exploration, and equipment development; and to assemble a balanced program that avoids duplicate efforts and insures maximum exchange of information.

SPACE PROGRAMS

As shown on table H-13, expenditures for the total Federal space programs are estimated at \$6.9 billion in 1966, a \$230 million increase over 1965. New obligational authority increases \$130 million during the same time period. Virtually all of the amounts for the space programs are classified as research and development and are included in the totals in this special analysis.

Table H-13. NEW OBLIGATIONAL AUTHORITY AND EXPENDITURES FOR FEDERAL SPACE PROGRAMS (in millions of dollars)

Agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
National Aeronautics and Space Administration ¹	5,046.6	5,179.8	5,181.6	4,131.3	4,837.3	5,031.5
Department of Defense.....	1,604.1	1,546.7	1,670.2	1,563.5	1,570.0	1,610.0
Atomic Energy Commission.....	210.0	236.0	225.2	220.1	231.2	227.9
Department of Commerce:						
Weather Bureau.....	2.8	15.4	33.1	12.3	15.0	16.6
National Science Foundation.....	3.0	3.1	3.8	2.6	3.0	3.6
Total.....	6,866.5	6,981.0	7,113.9	5,929.8	6,656.5	6,889.6

¹ Excludes aircraft technology.

The amounts shown for the National Aeronautics and Space Administration cover all activities of that agency except those specifically identified with aircraft technology. In 1966, more than two-thirds of the NASA funds will be devoted to the Apollo program to achieve a manned lunar landing before the end of the decade. In addition to continuing current programs of scientific investigations and supporting research, the 1966 budget provides for new projects for the unmanned exploration of Mars and unmanned satellite observation of the Sun.

The estimates for the Department of Defense include the projects in the Department's aeronautics budget activity and certain amounts in other budget activities which contribute to the space effort, such as missile development, range operations, and various supporting research, development, and operating costs. The defense funds for 1966 include increases for the manned orbiting laboratory program and research on reentry and recovery of spacecraft, and amounts for continuing development of the Titan III space booster and the initial communications satellite system.

For the Atomic Energy Commission, the table includes amounts for development of nuclear rocket propulsion and nuclear power sources

for space applications, including production of isotopic fuels, and amounts for aerospace safety. The Weather Bureau amounts are primarily those related to the establishment of an operational meteorological satellite system, which therefore, are not included in the totals for research and development in this special analysis. The amounts for the National Science Foundation are for research in astronomy using rockets and satellite-borne observation instruments.

WATER RESEARCH

The Federal program for water resources research will total an estimated \$102 million in 1966.

Table H-14. **OBLIGATIONS OF FEDERAL AGENCIES FOR WATER RESEARCH AND SURVEYS** (in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
Departments of:			
Agriculture.....	11.0	13.0	14.5
Commerce.....	1.2	1.2	1.5
Defense.....	3.4	3.5	4.0
Health, Education, and Welfare.....	13.2	13.1	17.7
Interior.....	30.1	39.3	58.0
Atomic Energy Commission.....	3.1	2.3	2.5
National Science Foundation.....	1.7	1.8	2.1
Tennessee Valley Authority.....	.9	1.1	1.2
Total.....	64.7	75.3	101.5

The Committee on Water Resources Research of the Federal Council for Science and Technology reviews and facilitates coordination of the activities of the eight major Federal agencies whose missions require the conduct of research relating to water. The Committee's first year of operation was devoted primarily to problems of improving coordination and identifying program areas requiring immediate attention. In 1965, the Committee will turn its attention to the development of a balanced long-range plan for water resources research. In a closely related area, the Department of the Interior is responsible for coordinating the activities of the Federal agencies in the collection of water data.

The program in 1966 is \$26.2 million larger than 1965 with a major expansion of the effort to advance desalting technology, aimed at providing economic conversion processes applicable to a wide range of water supply problems. Other increases will provide additional funds for studies in water yield improvement; erosion, sediment and pollution control; and for research facilities.

SCIENCE INFORMATION

The Committee on Scientific and Technical Information of the Federal Council for Science and Technology is stimulating the various agencies to strengthen their programs for handling scientific and technical information. The Committee has identified a number of problem areas in scientific and technical information handling and has ap-

pointed task forces to work on these problems with the objective of obtaining more effective management of existing programs and improving agency coordination. Problems under study include language compatibility in mechanized storage and retrieval, development of a single Government depository library system, technical vocabulary compatibility, development of descriptive cataloging standards, and research and development in information science.

In 1966 the largest expenditures will continue to be for publication and distribution of documents and bibliographic and reference activities with small increases provided over the previous year to reflect the continuing growth of published scientific and technical materials and the expansion of agency informational services. Of vital significance to the improvement of scientific and technical information systems is the investment in research and development. The present level of expenditure in research and development in information sciences, documentation, information systems, techniques and devices is approximately \$50 million. A modest increase in such research and development is planned for 1966 to advance this effort and to initiate new projects.

The budget for 1966 also reflects recent Federal policy decisions, including the creation of the Federal Clearinghouse for Scientific and Technical Information within the Department of Commerce and strengthening of the National Standard Reference Data System at the National Bureau of Standards which was created a year ago. Funds have also been included for a drug and chemical information system in the Department of Health, Education, and Welfare.

SUMMARY DATA

Table H-15 below gives historical data on total research and development expenditures by major agency. Table H-16 following provides information on expenditures for the conduct of research and development and for research and development facilities by agency and major subdivisions for the fiscal years 1964, 1965, and 1966.

Table H-15. BUDGET EXPENDITURES FOR RESEARCH AND DEVELOPMENT, 1954-66 (in millions of dollars)

Fiscal year	Department of Defense ¹	NASA ²	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	1,251	1,284	512	105	409	10,373
1963	6,849	2,540	1,335	632	142	490	11,988
1964	7,516	4,171	1,503	791	197	496	14,674
1965	7,222	4,900	1,569	801	208	655	15,355
1966	6,880	5,100	1,557	936	266	706	15,445

¹ Includes civil functions.

² National Advisory Committee for Aeronautics prior to 1958.

Table H-16. ADMINISTRATIVE BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS (in millions of dollars)

Description	Conduct of research and development			Research and development facilities		
	1964 actual	1965 estimate	1966 estimate	1964 actual	1965 estimate	1966 estimate
Department of Agriculture:						
Agricultural Research Service.....	97.0	116.8	134.2	2.1	4.1	5.4
Cooperative State Research Service.....	41.6	46.8	50.5	-----	3.2	2.0
Economic Research Service.....	10.0	10.7	11.3	-----	-----	-----
Agricultural Marketing Service.....	2.0	2.1	2.1	-----	-----	-----
Forest Service.....	24.2	30.4	30.9	2.9	3.8	1.0
Other.....	2.6	12.5	8.7	-----	5.1	9.5
Total, Department of Agriculture.....	177.4	219.3	237.7	5.0	16.2	17.9
Department of Commerce:						
National Bureau of Standards.....	23.4	27.7	30.4	24.1	30.6	23.0
Weather Bureau.....	10.2	11.6	13.9	-----	-----	-----
Maritime Administration.....	7.8	10.5	5.5	-----	-----	-----
Transportation research.....	.9	2.0	12.5	-----	-----	-----
Other.....	4.9	6.3	5.8	-----	-----	-----
Total, Department of Commerce.....	47.2	58.1	68.1	24.1	30.6	23.0
Department of Defense:						
Military.....	7,428.9	7,108.1	6,780.4	84.0	109.6	95.0
Civil.....	3.4	3.9	4.5	-----	-----	-----
Total, Department of Defense.....	7,432.3	7,112.0	6,784.9	84.0	109.6	95.0
Department of Health, Education, and Welfare:						
Food and Drug Administration.....	5.9	7.0	9.4	1.1	.4	1.8
Office of Education.....	12.7	18.9	31.3	-----	-----	6.0
Office of Vocational Rehabilitation.....	15.5	20.3	21.8	-----	-----	-----
Public Health Service.....	706.8	675.0	782.6	44.9	74.3	78.3
Welfare Administration.....	4.3	9.0	11.2	-----	-----	-----
Total, Department of Health, Education, and Welfare.....	745.2	730.2	856.3	46.0	74.7	86.1
Department of the Interior:						
Geological Survey.....	21.9	21.8	22.4	.1	.6	.5
Bureau of Mines.....	22.6	24.5	25.4	.3	.4	-----
Office of Coal Research.....	2.6	5.1	5.7	-----	-----	-----
Fish and Wildlife Service.....	30.1	33.6	37.3	6.5	8.0	4.1
Office of Saline Water.....	8.3	11.3	13.2	1.2	1.2	6.9
Other.....	3.4	9.1	11.0	.8	.8	2.5
Total, Department of the Interior.....	88.9	105.5	114.9	9.0	10.9	14.0
Atomic Energy Commission.....	1,236.0	1,269.6	1,292.2	266.8	299.6	264.3
Federal Aviation Agency.....	63.4	95.4	74.4	6.4	9.7	6.7
National Aeronautics and Space Administration.....	3,733.2	4,376.0	4,694.0	437.8	524.0	406.0
National Science Foundation.....	146.5	159.0	207.7	50.4	48.5	58.2
Veterans Administration.....	32.3	39.6	39.9	3.5	3.7	6.0
Other.....	37.1	59.8	97.1	1.5	3.2	.2
Total, research and development.....	13,739.5	14,224.4	14,467.2	934.5	1,130.7	977.4

SPECIAL ANALYSIS I

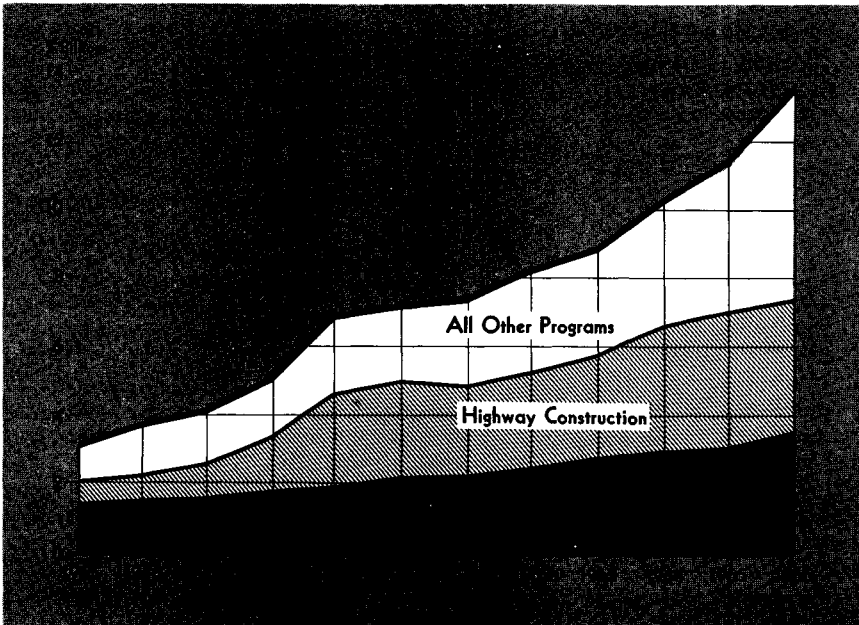
FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Federal aid to State and local governments in recent decades has become a major factor in the cooperative financing of essential government functions. The rudiments of the present system date back about 100 years to the enactment in 1862 of the Morrill Act, which established land-grant colleges and instituted certain federally required minimum standards characteristic of the present grant-in-aid system. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet economic security and other social welfare needs.

In 1966 Federal financial assistance to State and local governments under existing and proposed programs will total an estimated \$13.6 billion, including net expenditures of \$9.3 billion from regular budget accounts and \$4.3 billion from the highway and unemployment trust funds. This total includes \$859 million in expenditures from the administrative budget under proposed legislation, largely for education, and health, labor, and welfare programs.

Federal Aid to State and Local Governments

Budget and Trust Fund Expenditures



The growth of Federal aid programs.—In 10 years, total Federal aid to State and local governments will have more than tripled, rising from \$3.8 billion in 1956 to an estimated \$13.6 billion in 1966. In relation to total Federal cash payments Federal aid will have more than doubled. In the same period, expenditures by State and local governments from their own funds also will have more than doubled.

Although the number and variety of Federal aid programs have increased markedly in the last several decades, about 54% of total expenditures in 1966 for assistance to State and local governments will be for highway construction and public assistance grants. In the decade ending in 1966, highway construction grants will have increased more than fivefold, rising from \$729 million in 1956 to an estimated \$3.9 billion in 1966, the largest increase in Federal aid for any purpose during this period. Grants for public assistance will have more than doubled since 1956, increasing from \$1.5 billion to an estimated \$3.5 billion in 1966.

Increasing population and rapid urbanization have led to greater responsibility, particularly at the State and local level, for providing essential public services in education, health, housing, urban renewal, highways and public transportation. Continuing economic change has stimulated programs for safeguarding the economic security of individuals. While the major burden of such public services rests with the approximately 90,000 State and local governmental jurisdictions, the Federal Government plays a vital role, both through direct operation of programs and by providing financial assistance to State and local governments.

The effective working of our Federal system is a matter of importance to all levels of government in the United States. In fiscal 1960 the Advisory Commission on Intergovernmental Relations was established as an agency for cooperative studies in intergovernmental problems. The organization, activities, and financing of the Commission should now be reappraised in the light of experience and emerging needs, and such a review is planned for fiscal year 1966.

Major program changes for 1966.—In 1966, the total of budget and trust fund expenditures under existing and proposed programs for financial assistance to other levels of government will increase substantially. The total is estimated to be \$2.2 billion more than for 1965 and \$3.3 billion more than the actual total for 1964. The change is almost entirely in budget accounts.

The major increases in grants for 1966 over the 1965 estimates are as follows:

- Economic opportunity programs will increase by \$654 million to an estimated \$854 million in the second year of operation of the war on poverty.
- Educational assistance programs, which are estimated to rise by \$818 million to a total of \$1.5 billion, reflecting largely proposed new legislation and legislation enacted by the 88th Congress for higher education, vocational education, defense education, and libraries.

Table I-1. FEDERAL AID BUDGET AND TRUST FUND EXPENDITURES BY AGENCY (in millions of dollars)

Agency	1964 actual	1965 estimate	1966 estimate
Executive Office of the President.....	0.1	1.5	1.4
Funds appropriated to the President:			
Economic opportunity programs.....		200.0	853.5
Other.....	297.3	325.6	213.5
Department of Agriculture.....	1,012.4	999.7	1,058.6
Department of Commerce.....	3,669.3	4,123.5	3,906.5
Department of Defense—Military.....	34.8	37.3	35.5
Department of Defense—Civil.....	15.3	18.1	23.0
Department of Health, Education, and Welfare.....	3,920.0	4,067.7	5,514.7
Department of the Interior.....	145.2	161.2	205.4
Department of Labor.....	484.4	573.0	694.3
Department of State.....	4.2	5.1	5.5
Treasury Department.....	58.9	61.6	62.7
Federal Aviation Agency.....	65.2	57.2	60.1
General Services Administration.....	.9	2.1	.5
Housing and Home Finance Agency.....	534.8	723.2	861.6
Veterans Administration.....	7.6	7.7	9.3
Other independent offices.....	8.4	9.4	12.8
District of Columbia ¹	54.6	73.0	99.2
Total, budget and trust fund expenditures for Federal aid.....	10,313.6	11,447.1	13,618.2

¹ Represents Federal payments, contributions, and loans to the District of Columbia for operations and capital improvements.

- Public assistance programs, which are estimated to rise by \$504 million to a total of \$3.5 billion, reflecting proposed new legislation and larger caseloads.
- Labor and manpower programs, which will increase by \$122 million to \$695 million due to rising expenditures under the Manpower Development and Training Act (which is classified as a grant for the first time in this analysis), and to improvement in the employment service, especially for youth counseling, financed in part by a general fund advance to the trust fund.
- Health services and research programs of the Department of Health, Education, and Welfare, which will increase by \$115 million to a level of \$603 million.
- Housing and community development programs, which will rise by \$153 million to a total of \$840 million.

Smaller increases will occur in natural resources programs, \$43 million; in the food stamp program, \$40 million; and in grants for vocational rehabilitation, \$30 million.

Significant decreases in expenditures in 1966 from 1965 are expected to occur in (1) accelerated public works, which will decline by \$125 million, as most projects are now completed, and (2) Federal aid to highway construction, which is estimated to decrease by \$231 million to a level of \$3.9 billion. The decrease in 1966 highway trust fund expenditures results from an unusually high 1965 expenditure level, attributable to acceleration of construction in States where programs had been lagging.

New legislation proposed for 1966.—Federal aid to State and local governments will be affected by several of the recommendations for legislative change which are provided in the 1966 budget. Of the \$859 million in grants-in-aid expenditures under proposed legislation, 58% will be for proposed legislation for elementary and secondary education. Grant expenditures from this legislation in 1966 are estimated to total \$495 million. Expenditures in 1966 under proposed legislation for higher education are estimated at \$5 million.

Other recommendations for legislative change for which specific amounts are included in this analysis are: increase in public assistance payments (\$114 million); grants through public assistance for health care of children from medically indigent families (\$100 million); expanded manpower development and training activities (\$67 million); project grants through Children's Bureau programs for health diagnostic and treatment services for preschool- and school-age children (\$25 million); expanded area redevelopment assistance (\$20 million); grants for public facilities in urban areas (\$15 million); grants for improved vocational rehabilitation services (\$7 million); grants for initial staffing of mental health centers which is a part of the health legislation (\$2 million).

Federal aid programs by function and agency.—In 1966, Federal aid for health, labor, and welfare activities will amount to \$6.2 billion, 45% of the total. Of this amount \$4.2 billion, including \$3.6 billion for public assistance grants, will be for programs administered by the Department of Health, Education, and Welfare. About 30% of total Federal aid, or \$4.1 billion, will be spent for commerce and transportation activities of which highway construction under the Department of Commerce will account for \$3.9 billion. Most of the remaining 25% will be distributed among education (11%), housing and community development (6%), and agriculture and agricultural resources (4%). The detailed table at the end of this analysis lists the various programs of Federal aid to State and local governments by function, type of aid, agency, and major program groups.

In 1966, Federal aid budget and trust fund expenditures will be primarily for programs administered by the Department of Health, Education, and Welfare (40%) and the Department of Commerce (29%). Federal aid expenditures by other agencies will make up the remaining 31% of the total, with the largest amounts by the Department of Agriculture (8%); the Housing and Home Finance Agency (6%); funds appropriated to the Office of Economic Opportunity for economic opportunity programs (6%); and the Department of Labor (5%).

Table I-2. FEDERAL AID EXPENDITURES IN RELATION TO TOTAL FEDERAL EXPENDITURES AND TO STATE-LOCAL REVENUE

	Net budget expenditures for aid to State and local governments		Total expenditures for aid to State and local governments, budget and trust accounts		
	Amount (millions)	As a percent of total Federal administrative budget expenditures	Amount (millions)	As a percent of total cash payments to the public	As a percent of State-local revenue ¹
1955.....	\$3,124	5	\$3,124	4	11
1956.....	3,753	6	3,753	5	12
1957.....	3,159	5	4,111	5	11
1958.....	3,576	5	5,072	6	12
1959.....	4,012	5	6,813	7	15
1960.....	4,259	6	7,174	8	14
1961.....	4,326	5	7,283	7	13
1962.....	4,966	6	8,167	8	14
1963.....	5,491	6	8,818	8	14
1964.....	6,288	6	10,314	9	15
1965 estimate.....	6,966	7	11,447	9	(3)
1966 estimate.....	9,278	9	13,618	11	(2)

¹ 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.

² Not available.

Federal aid in relation to total Federal and State-local outlays.—Estimated Federal aid in 1966 to State and local governments from budget accounts alone of \$9.3 billion will represent approximately 9% of total Federal budget expenditures, an increase of roughly 2 points over 1965. Total financial aid from budget and trust accounts of \$13.6 billion will represent about 11% of estimated total Federal cash payments to the public, also an increase of about 2 points over 1965. As a source of State and local revenue, Federal aid payments from both trust fund and budget accounts in 1964 were about 15% of all general revenue available to these jurisdictions.

Types of Federal aid.—Federal financial assistance to State and local governments takes the form of direct grants-in-aid, shared revenue, and net loans and repayable advances. Grants to States and localities are the most significant type of Federal aid. In 1966, it is estimated that \$13.1 billion or 96% of total expenditures for all three types of aid will take the form of grants-in-aid. Shared revenue will account for \$191 million, or 1.4%, and net loans and repayable advances, \$312 million, or 2.3% of the grand total. Apart from these types of Federal aid, many other Federal expenditures which are not included in this analysis, such as contractual payments or grants to public institutions for research and training in special fields, affect the finances of State and local governments.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
(in millions of dollars)

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
BUDGET ACCOUNTS¹				
Grants-in-aid				
National defense:				
Executive Office of the President:				
Office of Emergency Planning: Federal contributions and State and local planning.....	059	0.1	1.5	1.4
Department of Defense—Military: Civil defense shelters and financial assistance.....	051	20.5	26.3	27.5
Construction of Army National Guard centers.....	051	14.2	11.0	8.0
Total, national defense.....		34.9	38.8	36.9
International affairs and finance:				
Department of State: East-West Cultural and Technical Interchange Center.....	153	4.2	5.1	5.5
Agriculture and agricultural resources:				
Department of Agriculture:				
Commodity Credit Corporation and Agricultural Marketing Service:				
Removal of surplus agricultural commodities and value of commodities donated.....	351	481.3	402.4	400.4
Rural housing for domestic farm labor.....	352			2.5
Watershed protection, flood prevention, and resource conservation and development.....	354	56.7	58.6	61.9
Cooperative agricultural extension work.....	355	76.6	82.4	83.4
Agricultural experiment stations.....	355	39.9	48.5	50.9
Payments to States, territories, and possessions, Agricultural Marketing Service.....	355	1.5	1.5	1.5
Total, agriculture and agricultural resources.....		656.0	593.4	600.7
Natural resources:				
Department of Agriculture: Forest protection and utilization.....	402	15.8	15.7	15.6
Department of Defense—Civil: Corps of Engineers: Payment to California, flood control.....	401	7.7	12.1	20.9
Department of the Interior:				
Bureau of Reclamation: Disposal of Boulder City and Coulee Dam communities.....	401	*	.2	.1
Bureau of Indian Affairs: Resources management.....	401	.8	.8	.8
Water resources research.....	401		3.9	5.3
Drainage of anthracite mines.....	403	.1	1.7	1.7
Federal aid for fish and wildlife restoration.....	404	20.5	20.6	21.6
Recreation planning and land acquisition.....	405		6.0	33.0
Total, natural resources.....		44.9	60.9	98.9
Commerce and transportation:				
Funds appropriated to the President: Public works acceleration.....	507	257.2	269.6	145.0
Department of Commerce:				
State marine schools.....	502	.6	.4	.4
Forest and public lands highways.....	503	36.6	41.3	40.4
Control of outdoor advertising.....	503	.4	.2	
Provision of new, accurate standards of weights and measures.....	506			.2
Civilian industrial technology.....	506		.5	.2

See footnotes at end of table.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
(in millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
BUDGET ACCOUNTS 1—Continued				
Grants-in-aid—Continued				
Commerce and transportation—Continued				
Department of Commerce—Continued				
Area redevelopment assistance:				
Existing program.....	507	11.4	11.5	10.5
Proposed legislation.....	507			20.0
Federal Aviation Agency: Federal-aid airport program.....	501	65.2	57.2	60.1
Small Business Administration: Research and management counseling.....	506	.1	.3	
Total, commerce and transportation.....		371.5	380.9	276.7
Housing and community development:				
Funds appropriated to the President: Alaska mortgage indemnity grants.....				
	551			5.5
Housing and Home Finance Agency:				
Low-income housing demonstration program.....	551	.8	1.5	2.4
Low-rent public housing program.....	552	181.9	209.1	221.4
Urban planning grants.....	553	15.2	20.0	15.0
Urban renewal.....	553	211.9	278.5	329.5
Urban transportation assistance.....	553		13.7	40.3
Open space program.....	553	4.9	13.7	17.5
Federal-State training programs.....	553		1.6	5.9
Proposed legislation for public facility grants.....	553			15.0
District of Columbia:				
Federal payment and contribution.....	555	37.5	39.7	50.0
Proposed legislation: Increased payments.....	555			7.0
National Capital Transportation Agency: Land acquisition and construction (proposed legislation).....	555			1.6
Total, housing and community development.....		452.1	577.8	711.1
Health, labor, and welfare:				
Funds appropriated to the President:				
Economic opportunity programs.....	655		200.0	853.5
Disaster relief.....	659	20.7	55.5	56.5
Department of Agriculture:				
School lunch and special milk.....	659	276.1	291.8	299.9
Food stamp.....	659	29.4	57.7	97.3
Department of Health, Education, and Welfare:				
Hospital construction activities.....	651	187.1	205.5	218.0
Portion to private, nonprofit institutions.....	651	(125.4)	(137.7)	(146.1)
Community health activities:				
Existing program.....	651	59.9	84.7	96.7
Proposed legislation.....	651			2.2
Construction of waste treatment facilities.....	651	66.4	74.0	80.0
Environmental health grants.....	651	7.1	12.0	14.4
National Institutes of Health:				
Operating grants.....	651	11.1	11.5	11.5
Mental health facilities.....	651		3.0	15.0
Maternal and child welfare:				
Existing program.....	651	84.0	96.2	138.8
Proposed legislation.....	651			25.0
Mental health facilities, Alaska.....	651	.1	.1	
Hospital and medical care, Hawaii.....	651	1.2	1.2	1.2
Indian health facilities.....	651	.2		

See footnotes at end of table.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
(In millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
BUDGET ACCOUNTS 1—Continued				
Grants-in-aid—Continued				
Health, labor, and welfare—Continued				
Department of Health, Education, and Welfare—Con.				
Public assistance.....	653	2,944.1	2,952.0	3,242.1
Proposed public assistance legislation:				
Improvement of medical care for needy children.....	653			100.0
Other improvement and expansion.....	653			114.0
Vocational rehabilitation:				
Existing program.....	659	87.6	100.8	123.3
Proposed legislation.....	659			7.0
Department of Labor:				
Manpower Development and Training activities:				
Existing program.....	652	279.7	159.5	125.0
Proposed legislation.....	652			67.0
Equal Opportunity Commission.....	652			.9
Total, health, labor, and welfare.....		3,854.5	4,305.4	5,689.4
Education:				
Department of Health, Education, and Welfare:				
Assistance to schools in federally affected areas.....	701	322.6	317.8	357.6
Proposed legislation for elementary and secondary education.....	701			495.0
Defense educational activities:				
Assistance for elementary and secondary education.....	701	69.2	79.7	101.7
Other aid to education.....	704	15.0	15.6	2.0
Higher education construction.....	702		1.0	109.2
Assistance to land-grant colleges.....	702	14.5	14.5	14.5
Proposed legislation for higher education.....	702			5.0
Vocational education.....	704	41.1	71.1	181.5
Grants for library services.....	704	7.4	18.1	37.0
Teaching of the blind.....	704	.7	.8	.8
Training teachers of the handicapped.....	704	.5	3.2	3.6
Educational television facilities.....	704		4.1	5.8
Civil rights educational activities.....	704		.6	3.3
Department of the Interior: Bureau of Indian Affairs:				
Education and welfare services.....	704	8.3	9.1	10.0
Total, education.....		479.4	535.7	1,327.2
Veterans benefits and services:				
Veterans Administration:				
Aid to State homes.....	804	7.6	7.7	8.8
Grants for construction of State nursing homes.....	804			.5
Total, veterans benefits and services.....		7.6	7.7	9.3
General government:				
Funds appropriated to the President: Transitional grants to Alaska.....	910	19.4	.6	6.5
Department of the Interior: Grants to territories and Alaska public works.....	910	32.1	17.6	27.7
General Services Administration: Hospital facilities in the District of Columbia.....	905	.9	2.1	.5
Total, general government.....		52.5	20.2	34.8
Total, grants-in-aid.....		5,957.6	6,525.9	8,790.5

See footnotes at end of table.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
(In millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
BUDGET ACCOUNTS 1—Continued				
Shared revenue				
Natural resources:				
Department of Agriculture: National forest and grassland funds, payments to States and counties.....	402	30.7	33.5	34.2
Department of Defense—Civil: Corps of Engineers: Flood Control Act of 1954 payments.....	401	1.7	1.7	1.8
Department of the Interior:				
Payments to States and counties from grazing receipts, sales of public lands and proceeds, and national grasslands.....	401	.9	1.0	1.1
Boulder Canyon project, payments to Arizona and Nevada.....	401	.6	.6	.6
Oregon and California land-grant fund payments.....	402	15.0	21.1	18.2
Payments to Coos and Douglas Counties, Oreg.....	402	.2	.8	.9
Mineral Leasing Act payments.....	403	46.5	52.0	53.2
Payments to counties, Migratory Bird Conservation Act, national grasslands, and payments to Alaska, Alaska game law, and Pribilof Islands fund.....	404	1.2	1.3	.9
Tennessee Valley Authority: Payments in lieu of taxes.....	401	8.2	9.0	10.2
Miscellaneous shared revenue.....	400	.1	.2	.2
Total, natural resources.....		105.2	121.4	121.3
General government:				
Department of the Interior: Internal revenue collections, Virgin Islands.....	910	7.0	8.3	7.2
Treasury Department: Tax collections for Puerto Rico.....	910	45.0	47.0	47.0
Total, general government.....		52.0	55.3	54.2
Total, shared revenue.....		157.2	176.7	175.5
Loans and repayable advances (net)				
Agriculture and agricultural resources:				
Department of Agriculture:				
Rural renewal.....	352		1.5	2.5
Watershed protection, flood prevention, and resource conservation and development.....	354	5.3	6.0	8.0
Total, agriculture and agricultural resources.....		5.3	7.5	10.5
Natural resources:				
Department of the Interior: Irrigation projects.....	401	11.8	12.6	17.7
Commerce and transportation:				
Department of Commerce: Area redevelopment.....	507	12.8	17.0	12.5
Housing and community development:				
Housing and Home Finance Agency:				
Liquidating programs: Community facilities loans.....	551	-1.0	-.1	-.7
Low rent public housing program.....	552	-45.3	-2.6	1.6
Public facilities.....	553	44.0	41.5	43.5
Public works planning.....	553	7.1	3.3	7.9
Urban renewal fund.....	553	23.9	32.0	27.5
Urban transit fund.....	553		2.3	7.4
District of Columbia: Capital outlays and operations.....	555	17.1	33.3	42.2
Total, housing and community development.....		45.8	109.7	129.4

See footnotes at end of table.

Table I-3. FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
(In millions of dollars)—Continued

Agency and program	Functional code	1964 actual	1965 estimate	1966 estimate
BUDGET ACCOUNTS ¹ —Continued				
Loans and repayable advances (net)—Continued				
Education:				
Department of Health, Education, and Welfare:				
Higher education construction.....	702	0.2	5.3	5.3
Housing and Home Finance Agency: College housing.....	702	91.5	108.8	130.6
Total, education.....		91.5	109.1	135.9
General government:				
Department of Defense—Civil: Corps of Engineers: Construction of power systems, Ryukyu Islands.....				
Department of the Interior: Alaska public works.....	910	5.9	4.3	0.3
	910		3.5	5.5
Total, general government.....		5.9	7.8	5.8
Total, loans and repayable advances.....		173.1	263.7	311.9
Total, net budget expenditures.....		6,288.0	6,966.3	9,277.9
TRUST FUNDS				
Grants-in-aid				
Commerce and transportation:				
Department of Commerce: Highway trust fund: Federal-aid highway program.....	503	3,607.1	4,052.7	3,822.4
Health, labor, and welfare:				
Department of Labor: Unemployment trust fund: Administration of employment security programs.....	652	404.6	413.5	502.3
Total, grants-in-aid.....		4,011.8	4,466.2	4,324.7
Shared revenue				
General government:				
Treasury Department: Bureau of Customs: Refunds, transfers, and expenses of operation, Puerto Rico and the Virgin Islands.....	904	14.0	14.6	15.7
Total, shared revenue.....		14.0	14.6	15.7
Total trust fund.....		4,025.8	4,480.8	4,340.3
Total, budget and trust fund expenditures for Federal aid ³		10,313.6	11,447.1	13,618.2

Note.—Detail will not necessarily add to totals because of rounding.

*Less than \$0.05 million.

¹ Many expenditures listed under budget accounts and trust funds are part of larger appropriation accounts or trust accounts.

² Not included in pt. A, "Federal-aid payments to States and local units," in the 1964 Annual Report of the Secretary of the Treasury, table 85, due to reclassification of this program after the Treasury table was completed.

³ The amount in 1964 for grants-in-aid and shared revenue from budget and trust accounts in this analysis is identical with the \$10,060.8 million distributed by States in the 1964 Annual Report of the Secretary of the Treasury, table 85, part A, "Federal Aid Payments to State and Local Units," except for inclusion in this analysis of \$79.7 million for manpower development and training activities in the Department of Labor.

SPECIAL ANALYSIS J

PRINCIPAL FEDERAL STATISTICAL PROGRAMS

Objectives of the Federal statistical programs are to provide accurate, comprehensive, and timely data that are required for operations and policy decisions of the Government, and that furnish the public with information about the functioning of the economy and the welfare of people. This program is under constant review to assure that it reflects only the more pressing needs for data and that it is accomplished with a minimum burden on respondents.

This analysis summarizes the 1966 budget recommendations for the principal statistical programs of the Federal Government. These programs are classified as current or periodic. Current programs typically provide data on a single-time, monthly, quarterly, or annual basis while the periodic programs furnish benchmark data derived from large-scale census-type surveys characteristically taken only once or twice a decade. Recommendations for the current program in 1966 total \$106.5 million, an increase of \$10.9 million over 1965. The periodic program for 1966 is at a level of \$19.8 million, a reduction of \$5.7 million from 1965; this program fluctuates widely from year to year depending on the timing of the periodic censuses during the decade.

Formulation of the Government's statistical program begins with the identification of problem areas and consideration of the data needed for measurement and for policy guidance. Many of the statistical series, such as the national economic accounts and the consumer price index, are now standard continuing requirements. Others become outmoded and are updated or discarded. New statistical data have to be developed in response to problems as they arise and to new programs of the Government. For example, the current emphasis on balance of payments led to establishment of a Review Committee for Balance of Payment Statistics; the 1966 budget provides for funds to effectuate some of the recommendations of this committee. Similarly, the budget for 1966 extends the statistical program proposed by the President's Committee to Appraise Employment and Unemployment Statistics. A new program, required by the Civil Rights Act of 1964, involves the compilation of registration and voting statistics.

The principal current statistical programs are classified by six major subject areas for the purpose of this analysis. This is done for two reasons: first, as an aid in evaluating the Government's overall statistical program in terms of relative emphasis by subject; and second, to indicate the interrelationships of the statistical activities of the various agencies. The subject areas, the agencies and the amounts involved are summarized in table J-1.

Current statistical programs included in this analysis represent in some cases the entire programs of those agencies, or parts of agencies, whose operations are principally statistical. In other cases, only that portion of the agency's activities allocated to the production of

general purpose statistics is included. While this analysis contains the principal programs it does not cover all statistical activities.

A more detailed description of the recommendations for 1966 is available on request from Bureau of the Budget.

Table J-2 shows by agencies the amounts involved in both the current and periodic statistical programs included in this analysis.

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

Program	1964 actual	1965 estimate	1966 estimate
Labor statistics (Departments of Agriculture, Interior, and Labor; National Science Foundation).....	21.4	23.9	29.1
Demographic and social statistics (Departments of Agriculture, Commerce, and Health, Education, and Welfare; National Science Foundation).....	15.9	18.2	20.9
Prices and price indexes (Departments of Agriculture, Commerce, and Labor).....	5.0	5.6	5.9
Production and distribution statistics (Departments of Agriculture, Commerce, Defense, and Interior; Civil Aeronautics Board; Interstate Commerce Commission).....	31.5	36.0	36.7
Construction and housing statistics (Department of Commerce; Federal Home Loan Bank Board; Housing and Home Finance Agency).....	3.1	3.2	4.6
National income and business financial accounts (Departments of Agriculture, Commerce, and Treasury; Securities and Exchange Commission; Federal Trade Commission).....	8.2	8.7	9.3
Total, principal current programs.....	85.1	95.6	106.5

CURRENT PROGRAMS

Labor statistics.—Funds are recommended for the Department of Labor primarily to expand research on labor force problems and concepts; to improve area unemployment estimates; to develop employment, hours, and earnings data for additional areas; and, depending upon the outcome of developmental work in 1965, to produce job vacancy statistics for selected areas. In the field of wages and industrial relations it is proposed to expand the survey of professional, administrative, technical, and clerical salaries to include smaller establishments, more localities, and a larger number of occupations and to begin work in the field of State and local government salaries. It is also proposed to expand the studies of employer expenditures for fringe benefits.

Demographic and social statistics.—Almost two-thirds of the recommended increase is for improvement of statistics on health and education. Funds requested for the National Center for Health Statistics would permit full year operation of the health records survey, initiated in 1965, which is designed to study results obtained with varying treatment and hospital utilization and costs; in addition the Center plans to initiate in 1966 a program of basic statistics relating to smoking and health, as important tools in the continuing appraisal of this relationship and in identifying areas for the concentration of intensive medical research. Provision is made for the Office of Education to

initiate a major overhauling of its educational statistics program through the development of a model designed to describe the flows through the education system and to test its effectiveness.

In the general welfare field, the budget request includes increased funds for the Social Security Administration to undertake studies of specialized groups—the retired and the disabled. Additional funds requested for the Census Bureau are for the purpose of extending the program of State and local population estimates and current information on population trends; this is part of a planned program to provide current local data between censuses.

Prices and price indexes.—Additional funds are requested for the Department of Labor to expand its program of price indexes for manufacturing industries and to develop techniques for making international price comparisons of metals and machinery products and for preparing indexes of prices of goods purchased by the Federal Government. Recommendations also include funds to begin work on updating standard budgets for city workers' families and elderly couples.

Production and distribution statistics.—The largest part of the increase in this activity is for the Department of Agriculture to undertake studies of financial management of family farms, economic analyses of water management and use on farms, and compilation of agricultural export and import statistics. Reduction in expenditures for other activities will permit the extension of the long-range program of improved crop and livestock estimates to the remaining 9 of the 48 contiguous States. An increase for the Bureau of Mines is recommended for automating selected statistical surveys and for increased support of cooperative work with State agencies.

Construction and housing statistics.—Recommendations in the 1966 budget would permit the Housing and Home Finance Agency to strengthen and expand its statistical and research programs, primarily in the field of basic housing market data. Funds for a major improvement of construction value in place data are recommended for the Census Bureau; these funds provide for the direct measurement of construction in the Western States.

National income and business financial accounts.—The largest single item in this area is for the Department of Commerce to develop statistics required for the improved computation of balance of payments. Other recommendations for the Department of Commerce involve strengthening the basic estimates in the national accounts. A recommended increase for the Securities Exchange Commission is for the assembly of additional information on operations of the securities markets. Additional funds for the Internal Revenue Service cover increased use of statistics from tax returns.

PERIODIC PROGRAMS

Major items for 1966 are completion of tabulations of the 1964 Census of Agriculture and the compilation of registration and voting statistics under the provisions of title VIII, the Civil Rights Act of 1964. Funds are recommended for the Census Bureau to continue its preparation for the 1970 population and housing censuses; preparatory work on the 1967 Economic Censuses and the 1967 Census of Governments would also be undertaken by the Census Bureau. Purchase of a computer by the Department of Agriculture is proposed.

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

Agency	1964 actual	1965 estimate	1966 estimate
CURRENT PROGRAMS			
Department of Agriculture:			
Economic Research Service.....	9.2	10.9	11.4
Statistical Reporting Service.....	10.5	11.9	11.9
Department of Commerce:			
Bureau of the Census.....	13.6	15.2	15.6
Office of Business Economics.....	2.1	2.4	2.8
Department of Defense: Corps of Engineers: Domestic shipping statistics.....	1.0	1.1	1.1
Department of Health, Education, and Welfare:			
Office of Education: Educational statistics.....	1.5	1.9	2.6
National Center for Health Statistics.....	5.8	6.3	7.3
Social Security Administration: Statistical and research activ- ities.....	4.3	4.8	5.3
Welfare Administration: Statistical and research activities.....	1.2	1.7	1.7
Department of the Interior: Bureau of Mines: Statistical activ- ities.....	2.4	2.4	2.7
Department of Labor:			
Bureau of Employment Security: Statistical activities.....	1.7	2.5	5.6
Bureau of Labor Statistics.....	16.3	18.5	20.6
Office of Manpower, Automation and Training: Statistical activities.....	4.2	3.8	3.8
Treasury Department: Internal Revenue Service: Statistical reporting.....	4.6	4.8	5.0
Civil Aeronautics Board: Statistical and research activities.....	.4	.5	.5
Federal Home Loan Bank Board: Statistical activities.....	.9	.8	.9
Federal Trade Commission: Financial statistics.....	.3	.4	.4
Housing and Home Finance Agency: Urban studies and housing research.....	.4	.4	1.5
Interstate Commerce Commission: Transport economics and statistics.....	1.4	1.5	1.5
National Science Foundation: Statistics and research.....	3.0	3.6	4.0
Securities and Exchange Commission: Operational and business statistics.....	.3	.4	.4
Total, current programs.....	85.1	95.6	106.5
PERIODIC PROGRAMS			
Department of Commerce: Bureau of the Census:			
1962 Census of Governments.....	.6		
Modernization of computing equipment.....	4.5		
1963 economic censuses.....	7.1	7.1	1.5
1964 Census of Agriculture.....	1.5	16.2	5.6
1967 economic censuses.....			1.2
1967 Census of Governments.....			.2
Preparatory work for 19th Decennial Census.....	.5	1.3	2.4
Compilation of registration and voting statistics.....		.8	6.5
Department of Agriculture: Statistical Reporting Service: Com- puter.....			2.5
Department of Labor: Bureau of Labor Statistics: Revision of Consumer Price Index.....	1.4		
Total, periodic programs.....	15.6	25.5	19.8
Total, principal statistical programs.....	100.7	121.1	126.3

SPECIAL ANALYSIS K

FOREIGN CURRENCY AVAILABILITIES AND USES

Many agencies of the Government are engaged in activities throughout the world which involve payments in foreign currencies. From some governmental activities, particularly the sale on concessional terms of surplus agricultural commodities, foreign currencies accrue to the Government without purchase with dollars. This analysis presents summary data on foreign currency availabilities and uses.

Most currencies accrue to the credit of the United States because of past or current international agreements authorized under several laws. In most cases, these international agreements deal (1) with sales arrangements, wherein commodities (usually surplus agricultural commodities) are sold to foreign purchasers for local currencies, or (2) with loans, wherein dollars or foreign currencies themselves are lent to foreign borrowers and may be repaid in the currency of the borrower. Currencies also become available in much smaller amounts under other kinds of international agreements and from the normal operations of the U.S. Government abroad.

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 to be used on a loan or grant basis for mutually beneficial purposes in the country—these are called “country-use” currencies. The currencies which are available for the purposes of U.S. agencies are called “U.S. use” currencies.

The Federal Government has established a number of procedures to insure the 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. In many instances, payments in foreign currencies have been substituted for payments in U.S. dollars, thus decreasing the balance of payments deficit.

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

Excess currencies are the currencies of countries 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 or 3 years. For 1965, the excess currency countries are: Burma, India, Israel, Pakistan, Poland, United Arab Republic (Egypt), and Yugoslavia. Brazil is expected to be added to the list for 1966. In addition, Indonesia was designated as an excess currency country during 1964, but has been removed from the list for 1965 and 1966.

Separate appropriations for “special foreign currency programs” have been provided for several years. These appropriations finance

programs which can make good use of excess currencies, and may include projects of lower priority than those financed through regular appropriations.

In addition, because of the increasing balances of these currencies, and the advantages to the United States of accelerating their use for worthwhile national purposes, the budget proposes that the President be authorized to spend, for additional special activities of authorized programs, up to 5% of excess foreign currencies available for U.S. uses. This is an experimental proposal to promote increased uses of these currencies, in addition to the programs which are financed from special foreign currency program appropriations.

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. Agencies have been instructed to make special efforts to use these "near-excess" currencies, rather than U.S. dollars, wherever possible, but these currencies are not available for use under the special foreign currency program appropriations. The "near-excess" countries currently are: Brazil (expected to be declared excess for 1966), China (Taiwan), Colombia, Finland, Guinea, Greece, Indonesia, Tunisia, Uruguay, and Syria. No designation of anticipated "near-excess" countries for fiscal year 1966 has been made, and the list is likely to change.

Total availabilities of foreign currencies owned by the United States (excluding small amounts held in trust) in 1964, and estimated for 1965 and 1966, are as follows:

Table K-1. CASH AVAILABILITY OF FOREIGN CURRENCIES
(in millions of dollar equivalents)

	1964 actual	1965 estimate	1966 estimate
For U.S. uses:			
Excess currencies	1,251	1,402	1,638
Nonexcess currencies:			
Restricted	108	51	41
Unrestricted	295	322	303
Subtotal, for U.S. uses	1,655	1,775	1,982
For country uses	2,646	2,561	2,490
Total	4,301	4,337	4,473

Need for foreign currencies.—As indicated in table K-2, the need for foreign currencies in U.S. operations often does not correspond to their availability on a country-by-country basis. Although we will have almost \$2 billion available for U.S. programs, only \$300 million will be in the currencies we need, and we must purchase almost \$1.9 billion of currencies to meet our total requirements. (These figures are based on projections of future collections and requirements;

foreign currency transactions are subject to more fluctuation and are, in many cases, less predictable than U.S. dollar transactions.) A strong effort is made at the time that commodity sales agreements are negotiated to obtain the maximum amount for U.S. uses to which the other government will agree, in those countries in which we have an insufficient supply of currencies. Despite this, in the normal course of its worldwide operations the Government must purchase large amounts of the currencies of many countries while at the same time it is accumulating large inconvertible balances of others.

Table K-2. FOREIGN CURRENCY AVAILABLE TO MEET U.S. REQUIREMENTS, 1966 (in millions of dollar equivalents)

Country	Supply	Requirements (expenditures)		Amounts available for use after 1966	Requirements for commercial purchase in 1966
		Other than special programs	Special programs		
Excess currencies:					
Brazil.....	24	6	3	15	
Burma.....	13	1	2	10	
India.....	662	5	36	623	
Israel.....	62	5	8	49	
Pakistan.....	165	7	11	147	
Poland.....	494	1	19	474	
United Arab Republic (Egypt).....	131	4	9	118	
Yugoslavia.....	87	6	5	76	
Total, excess currencies.....	1,638	35	92	1,512	
Nonexcess currencies:					
Canada.....	3	104			101
China (Taiwan) ¹	37	15	*	22	
Colombia ¹	9	3	*	6	
Finland ¹	2	1	1	1	
France.....	8	173	*		165
Germany, Federal Republic of.....	8	1,006	*		998
Greece ¹	24	10	*	15	
Guinea ¹	7			7	
Indonesia ¹	11	1	*	10	
Italy.....	7	50	1		44
Japan.....	32	218	*	25	211
Korea.....	18	47	*		29
Philippines.....	4	33	*		29
Spain.....	7	67	1		61
Syria ¹	1	2	*		2
Tunisia ¹	7	1		6	
Turkey ¹	53	32	1	20	
United Kingdom.....	13	81	*	5	73
Uruguay ¹	2	1	*	1	
Other countries.....	89	224	2	41	179
Total, nonexcess currencies.....	345	2,069	7	160	1,892
Total.....	1,982	2,104	99	1,673	1,892

*Less than one-half million dollars.

¹Currently designated as "near-excess" currency countries, but this designation may not be effective in fiscal year 1966.

U.S. uses of foreign currencies.—Table K-3 summarizes foreign currency transactions of U.S. use currencies as they are reflected in the budget. Disbursing officers are required to use currencies owned by the Government, if they are available, before purchasing currencies commercially.

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

	1964 actual	1965 estimate	1966 estimate
Cash balances brought forward:			
Excess currencies.....	1,036	1,161	1,344
Nonexcess currencies:			
Restricted.....	56	47	37
Nonrestricted.....	154	93	96
Subtotal, cash balances brought forward.....	1,246	1,301	1,478
Collections:			
Public Law 480 sales.....	175	170	139
Foreign assistance programs.....	13	8	4
Other nonloan collections:			
Sale of military supplies and equipment.....	19		
Contributions for support of U.S. forces abroad.....	11	3	4
Surplus property and lend-lease.....	7	10	10
Informational media guarantees.....	2	3	3
Interest on public deposits.....	28	26	25
Miscellaneous.....	12	40	37
Loan repayments (principal and interest):			
Public Law 480 loans.....	73	95	119
Foreign assistance loans (including Development Loan Fund).....	119	144	174
Subtotal, collections.....	459	501	516
Transfer of excess currencies to country use.....	-51	-27	-11
Total availabilities.....	1,655	1,775	1,982
Expenditures:			
Foreign currency expenditure authorizations:			
Proposed Presidential authorization.....			49
Other.....	12	10	6
With dollar credits to—			
Miscellaneous receipts of the general fund.....	96	64	80
Commodity Credit Corporation, Agriculture.....	205	178	134
Informational media guarantee fund, USIA.....	3	3	3
Foreign buildings program, State.....	1	5	1
Military assistance program, Defense.....	17	2	
Other.....		35	35
Subtotal, expenditures.....	333	298	309
Adjustments due to changes in exchange rates.....	-23		
Cash balances carried forward.....	1,301	1,478	1,673

Recommendations for special foreign currency program appropriations, 1966.—Most U.S. uses of foreign currencies are covered by unrestricted dollar appropriations. Table K-4 shows the separate appropriations for special foreign currency programs, which are limited to the use of excess foreign currencies. These programs are in addition to the proposed new Presidential authorization.

Table K-4. SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS—
NEW OBLIGATIONAL AUTHORITY (in thousands of dollar equivalents)

	1964 enacted	1965 estimate	1966 estimate
Library of Congress: Collection and distribution of library materials.....	898	1,417	2,102
Funds appropriated to the President: Agency for International Development: American schools and hospitals abroad.....	4,700		
Department of Agriculture: Agricultural Research Service: Salaries and expenses.....	1,250	2,000	4,000
Department of Commerce: International activities: Salaries and expenses.....			200
National Bureau of Standards: Research and technical services.....	500	500	500
Weather Bureau: Research and development.....	250	500	500
Department of Health, Education, and Welfare: Office of Education: Educational research.....	500	500	1,000
Office of Vocational Rehabilitation: Research and training.....	2,000	2,000	2,000
Public Health Service: Scientific activities overseas.....	4,000	1,000	6,000
Welfare Administration: Research and training.....			1,200
Department of Interior: Bureau of Commercial Fisheries: Management and investigations of resources.....	300	300	300
Department of State: Acquisition, operation, and maintenance of buildings abroad.....	2,750	5,000	6,500
Smithsonian Institution: Archeological research and excavation.....			1,300
United States Information Agency: Salaries and expenses.....	11,750	8,200	11,112
Special international exhibitions.....	450	400	154
Total.....	29,348	21,817	36,868

Foreign currency expenditure authorizations.—In addition to the proposed new authorization to the President, unexpended balances of prior foreign currency expenditure authorizations remain for (1) Defense family housing, and (2) authorizations to the Agency for International Development to permit the use of Indian rupees in Nepal. These uses are summarized in table K-5.

Table K-5. SUMMARY OF FOREIGN CURRENCY AUTHORIZATIONS FOR U.S. USES (in thousands of dollar equivalents)

	1964 actual	1965 estimate	1966 estimate
New authorizations to spend foreign currency receipts:			
Funds appropriated to the President:			
Proposed new Presidential authorization.....			82,000
Economic assistance.....	8,803		
Department of State.....	23		
Total authorizations.....	8,826		82,000
Expenditures:			
Funds appropriated to the President:			
Proposed new Presidential authorization.....			49,200
Economic assistance.....	10,787	6,200	3,300
Department of Defense.....	767	3,577	3,000
Department of State.....	181		
Total expenditures.....	11,734	9,777	55,500

Country uses.—A far larger amount of foreign currencies are used outside of the appropriations process for loans and grants in the host country. These purposes include the common defense, economic development, and loans to American and certain foreign private enterprise. These uses are summarized in table K-6.

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

	1964 actual	1965 estimate	1966 estimate
Cash balances brought forward.....	1,652	1,488	1,553
Collections:			
Public Law 480 sales.....	944	1,039	926
Foreign assistance program.....	1	7	
Subtotal, collections.....	944	1,046	926
Transfer of excess currencies from U.S. uses.....	51	27	11
Total availabilities.....	2,646	2,561	2,490
Expenditures:			
Public Law 480 country loans and grants.....	997	941	906
Public Law 480 loans to private enterprise.....	35	41	47
Other foreign assistance programs.....	43	26	20
Subtotal, expenditures.....	1,075	1,008	973
Adjustments due to changes in exchange rates.....	-83		
Cash balances carried forward.....	1,488	1,553	1,517

SPECIAL ANALYSIS L

INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

As part of a wide range of efforts to reduce the continuing deficits in the U.S. balance of international payments, the Federal Government carries on a special program to minimize the adverse effects of its activities on the balance of payments. Under this program, agencies with substantial receipts or payments abroad keep their international transactions under close scrutiny. They are required to prepare statistical estimates of their transactions twice each year for review by the Bureau of the Budget. These estimates are evaluated to determine whether all possible actions are being taken to reduce payments and increase receipts.

Since emphasis is placed on using this system as a management tool, forward estimates do not merely project current trends or programs, but rather reflect all possible efforts, consistent with the national interest, to minimize payments and to maximize receipts from other countries.

This special analysis presents a summary of the international transactions of the Federal Government for fiscal years 1964-66 based on estimates made in September 1964 revised, where necessary, for comparability with the 1966 budget.

Major trends.—Current estimates for Federal payments and receipts overseas produce an estimated decline in net Federal payments abroad of about \$0.5 billion between 1964 and 1966, excluding special transactions.

Receipts from abroad from regular transactions are expected to increase steadily from the 1964 level of \$2.1 billion to \$2.6 billion in 1966. (These receipts figures exclude special transactions—prepayments of loans, certain sales of securities, and advances for military sales.)

Estimated Federal payments abroad are expected to decrease slightly from the 1964 level of \$4.5 billion during 1965 and 1966, despite the effect of rising prices and wages on the costs of Federal programs overseas. This represents a significant decline from the 1963 level of \$5 billion.

**Table L-1. SUMMARY OF INTERNATIONAL TRANSACTIONS OF THE
FEDERAL GOVERNMENT (in millions of dollars)**

	1964 estimate	1965 estimate	1966 estimate
Payments.....	4,500	4,422	4,464
Receipts ¹	2,138	2,204	2,625
Excess of payments.....	2,362	2,218	1,839

¹ Not including special transactions (see table L-2).

Trends by agency.—Table L-2 provides a breakdown of total current receipts and payments figures, identifying separately those agencies which account for the bulk of the Federal Government's international transactions.

Table L-2. INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT—BY MAJOR AGENCY (in millions of dollars)

Description	1964 estimate	1965 estimate	1966 estimate
Payments:			
Department of Defense.....	2,760	2,628	2,546
Agency for International Development.....	513	478	484
Treasury Department.....	538	548	633
Department of State.....	234	238	247
Atomic Energy Commission.....	133	90	53
Department of Health, Education, and Welfare.....	133	144	155
Veterans Administration.....	70	68	68
Department of Justice.....	2	6	62
Other.....	117	222	216
Total.....	4,500	4,422	4,464
Receipts:			
Department of Defense.....	868	995	1,130
Treasury Department.....	304	291	289
Export-Import Bank.....	544	394	636
Agency for International Development.....	194	227	266
Department of Agriculture.....	125	182	206
Other.....	103	116	99
Total.....	2,138	2,204	2,625
Receipts from special transactions (not included in receipts above):			
Advances on military exports (Department of Defense).....	406	175	125
Sales of medium-term, nonmarketable securities and participation certificates.....	163	(1)	(1)
Nonscheduled receipts on loans.....	352	(1)	(1)
Total.....	921		

¹ Not available. Forward estimates are not made for receipts from nonscheduled loan payments and sales of medium-term, nonmarketable securities.

Payments.—The largest reductions in payments over the 2-year period are estimated for the Department of Defense, the Agency for International Development, and the Atomic Energy Commission.

The Department of Defense estimates reflect the Department's efforts to achieve savings—without reductions in our military capabilities—through a broad range of measures including: (1) a program to replace procurement overseas with procurement in the United States, (2) reductions in payments abroad for contractual services, (3) reduction in employment of foreign nationals at overseas installations, (4) reduction in military assistance offshore procurement, (5) reduction in personnel in overseas headquarters, and (6) reductions and consolidations in overseas bases and installations.

The Department of Defense is also continuing its intensive worldwide effort to encourage other countries to purchase a portion of their

military equipment in the United States to help offset our defense expenditures abroad.

The reduction in payments estimated for the Agency for International Development results from the Agency's efforts to insure that, wherever possible, funds loaned or granted abroad are tied directly to procurement in the United States. Except for limited procurement in developing countries, it is now the Agency's general policy to prohibit the purchase abroad of any goods with foreign economic assistance funds. As a result of this policy, the percentage of commodities purchased overseas is expected to decline from 13% in 1964 to 8% in 1966.

The major reason for the estimated decline in Atomic Energy Commission payments is the previously scheduled drop in deliveries of uranium concentrates from foreign countries.

Veterans Administration payments abroad, mostly for compensation and pensions, are expected to remain level.

The Department of Health, Education, and Welfare is expected to make increased payments overseas between 1964 and 1966 for social security benefits to recipients residing abroad. These obligations are not readily subject to administrative controls. The Treasury Department also makes substantial payments not easily subject to administrative controls; they include interest on the public debt and encashments of non-interest-bearing notes representing parts of past contributions to international lending organizations. (Contributions to these organizations often consist of non-interest-bearing notes which are not included as international transactions until they are cashed.)

The significant increase in the 1966 payments by the Justice Department reflects the anticipated settlement of claims involving the sale of the General Aniline and Film Corp. No similar payments are anticipated for future years.

Receipts.—The substantial estimated increase in receipts over the 1964-66 period is accounted for by transactions of the Department of Defense (mostly from the sales of military equipment to friendly governments), and loan repayments to the Export-Import Bank and the Agency for International Development.

Special transactions—which are not included in the totals just discussed—were the source of large additional receipts in 1964. These receipts result from transactions involving advances or loans and are generally negotiated with foreign governments or official monetary authorities. Such transactions would not, therefore, occur as part of the regular operations of U.S. Government agencies. They include: (1) advance payments by foreign governments for military exports, (2) sales of nonmarketable, medium-term securities by the Treasury Department to foreign central banks, (3) sales of certain participation certificates by the Export-Import Bank, and (4) repayments by foreign borrowers of loans before they are due. Except for advances on military exports, they are not estimated for future years.

Geographical distribution.—Table L-3 shows a distribution of receipts and payments by major geographic area.

Receipts from Western Europe (excluding special transactions, most of which are with Western Europe) are estimated to increase 47% from 1964 to 1966.

Table L-3. DISTRIBUTION OF INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT, BY GEOGRAPHIC AREA (in millions of dollars)

	1964 estimate	1965 estimate	1966 estimate
Payments:			
Western Europe (including international organizations located there).....	2,023	1,993	1,982
Other countries.....	2,192	2,116	2,034
Other international organizations and undistributed.....	286	313	447
Total.....	4,500	4,422	4,464
Receipts:			
Western Europe (including international organizations located there).....	1,037	942	1,522
Other countries.....	1,020	1,254	1,098
Other international organizations and undistributed.....	81	8	6
Total.....	2,138	2,204	2,625

Payments by type of transaction.—An analysis of payments by type of transaction indicates that between 1964 and 1966 the reductions in Federal payments abroad are expected to be primarily in payroll and purchases of goods and services. For the most part, the procurement reductions reflect the substitution of purchases in the United States for those overseas.

Table L-4. DISTRIBUTION OF FEDERAL PAYMENTS ABROAD BY TYPE OF TRANSACTION (in millions of dollars)

Description	1964 estimate	1965 estimate	1966 estimate
1. U.S. payroll—Amount estimated to be spent abroad.....	919	904	899
2. Goods and services purchased abroad for use abroad ¹	2,112	2,005	1,943
3. Other purchases of goods and services.....	197	165	127
4. Grants (amounts for use abroad) ²	469	399	429
5. Pensions and similar transfer payments.....	248	290	280
6. Loans (amounts for use abroad) ²	255	256	347
7. Other.....	353	470	511
Subtotal.....	4,553	4,489	4,536
Less payments in excess foreign currencies ³	54	66	72
Total, payments affecting the balance of payments.....	4,500	4,422	4,464

¹ Includes all Defense procurement, including military assistance.

² Excludes funds tied to procurement in the United States or which are otherwise not currently available for use abroad.

³ Excess foreign currencies are those which the United States owns in quantities excess to its needs (see Special Analysis K). Since use of these currencies does not increase the flow of dollars abroad, they are deducted in calculating the effect of the Federal Government on the balance of payments. These figures are estimated on a slightly different basis in Special Analysis K, reflecting certain payments not covered in agency estimates of international transactions.

Relation to the budget.—Reports on international transactions do not, in all cases, flow directly from the accounting system used for the administrative budget or trust funds. In some instances they are estimated separately to show all Government receipts or payments which enter the balance of payments. The major differences between

data on international transactions and administrative budget and trust fund totals are:

1. *Coverage.*—Data on international transactions *exclude* all budget and trust transactions that are within the United States. For example, the administrative budget includes all expenditures for foreign assistance and Department of Defense procurement, while such payments are included as international transactions only to the extent that the procurement is estimated to take place abroad. On the other hand, budget and trust figures *exclude* debt transactions which are entered as international transactions. For example, sales of Treasury securities overseas are included as international transactions receipts, but are not considered budgetary receipts.

2. *Estimated basis of international transactions.*—No separate detailed accounting system has been established for international transactions comparable to that which supports administrative budget and trust fund totals. In many cases it is necessary to estimate the overseas components of transactions, since these components are not shown directly by accounting data. For example, budget accounts provide precise data on the gross amount of salaries paid in a given overseas area, but do not identify the amount actually spent overseas by employees—which is the relevant statistic for balance-of-payments purposes. Thus, for past years, international transactions are a combination of actual accounting reports and estimates.

3. *Timing.*—International transactions are recorded at the time when they are known or estimated to affect the balance of payments. The time at which a given international transaction is counted may, therefore, vary considerably from the time at which it is shown in the budget and trust fund accounts. For example, in some cases the U.S. Government makes contributions to international organizations in the form of non-interest-bearing notes. These notes are shown as administrative budget expenditures when issued, but as international payments only when they are cashed.

Relationship to balance-of-payments statistics.—Data on Federal receipts and payments abroad are also reflected in the balance-of-payments statistics published by the Department of Commerce. However, as with the administrative budget, the balance-of-payments statistics are designed for purposes which are different from those for which the Government agency estimates and reports on international transactions have been established. Balance-of-payments data meet the needs of economic analysis and for the measurement of international flows of real resources and money, while agency reports on international transactions serve as both a means of estimating and a management tool for decreasing the balance-of-payments costs of Federal Government programs. Reflecting the different uses of these two bodies of data, there are the following differences between balance-of-payments statistics and the reports on Federal transactions covered in this analysis:

1. *Classification.*—The reports use classifications by agency and by types of expenditures which are quite different from the broad functional classifications used for the balance-of-payments statistics.

2. *Attribution.*—Transactions conducted by private businesses, in which the Federal Government is involved, are treated as private in the balance-of-payments statistics. In order to emphasize manage-

ment decisions, agency reports permit the attribution of some such transactions to the Federal Government. For example, military goods may be sold to foreign governments directly by private companies, although the sales are encouraged and sponsored by the Department of Defense. In the balance of payments, such sales would be reported as private receipts from exports. However, for the purpose of the Defense Department's estimates on international transactions, some of them are considered Government receipts.

3. *Other.*—Further differences between the two sets of data involve the timing of certain transactions, the reporting of foreign currencies, and minor differences in coverage of transactions which are considered "foreign."

The balance-of-payments statistics do not include a separate identifiable category on total Federal receipts or payments. However, because of the recent interest in the relationship between U.S. Government grants and loans abroad and the balance of payments, the Department of Commerce has included estimates indicating the amount of Government loans and grants which involve direct payments to foreign accounts, as distinguished from those which involve no direct dollar outflow from the United States. Agencies report similar data for their estimates on international transactions. A reconciliation between the two sets of data, shown in table L-5, illustrates the kinds of differences which exist between the agency reports and estimates on international transactions and the Department of Commerce balance-of-payments statistics.

Table L-5. GOVERNMENT GRANTS AND LOANS—RECONCILIATION BETWEEN BALANCE OF PAYMENTS AND AGENCY ESTIMATES OF INTERNATIONAL TRANSACTIONS (in millions of dollars)

Description	1964
Government grants and loans, as shown in agency reports on international transactions (lines 4 and 6, table L-4)	724
Difference in definitions of grants and loans:	
Add:	
Agency for International Development administrative expenses.....	33
Peace Corps expenditures.....	11
Payments of the Foreign Claims Settlement Commission.....	8
Other.....	10
Deduct:	
Certain contributions to international organizations.....	105
Netting of certain receipts.....	50
Other.....	16
Differences in coverage and reporting:	
Add:	
Inclusion of Trust Territory payments.....	20
Payments to foreign-flag carriers.....	16
Payments for expenditures in the United States but entering foreign dollar accounts in U.S. banks.....	17
Agency for International Development payments.....	45
Other (net).....	14
Deduct foreign currency transactions (net).....	7
Transactions involving direct dollar payments to foreign accounts as shown in balance-of-payments statistics	720

PART 7

HISTORICAL TABLES

Table 15. ADMINISTRATIVE BUDGET TOTALS AND PUBLIC DEBT, 1789-1966 (in millions of dollars)

Fiscal year	ADMINISTRATIVE BUDGET			Public debt at end of year ¹	Fiscal year	ADMINISTRATIVE BUDGET			Public debt at end of year ¹
	Re-ceipts	Ex-pen-ditures	Surplus (+) or deficit (-)			Re-ceipts	Ex-pen-ditures	Surplus (+) or deficit (-)	
1789-1849	1,160	1,090	+70	63	1933	1,997	4,598	-2,602	22,539
1850-1899	13,895	14,932	-1,037	1,437	1934	3,015	6,645	-3,630	27,734
1900	567	521	+46	1,263	1935	3,706	6,497	-2,791	32,824
1901	588	525	+63	1,222	1936	3,997	8,422	-4,425	38,497
1902	562	485	+77	1,178	1937	4,956	7,733	-2,777	41,089
1903	562	517	+45	1,159	1938	5,588	6,765	-1,177	42,018
1904	541	584	-43	1,136	1939	4,979	8,841	-3,862	45,890
1905	544	567	-23	1,132	1940	5,137	9,055	-3,918	48,497
1906	595	570	+25	1,143	1941	7,096	13,255	-6,159	55,332
1907	666	579	+87	1,147	1942	12,547	34,037	-21,490	76,991
1908	602	659	-57	1,178	1943	21,947	79,368	-57,420	140,796
1909	604	694	-89	1,148	1944	43,563	94,986	-51,423	202,626
1910	676	694	-18	1,147	1945	44,362	98,303	-53,941	259,115
1911	702	691	+11	1,154	1946	39,650	60,326	-20,676	269,898
1912	693	690	+3	1,194	1947	39,677	38,923	+754	258,376
1913	714	715	(*)	1,193	1948	41,375	32,955	+8,419	252,366
1914	725	725	(*)	1,188	1949	37,663	39,474	-1,811	252,798
1915	683	746	-63	1,191	1950	36,422	39,544	-3,122	257,377
1916	762	713	+48	1,225	1951	47,480	43,970	+3,510	255,251
1917	1,100	1,954	-853	2,976	1952	61,287	65,303	-4,017	259,151
1918	3,630	12,662	-9,032	12,455	1953	64,671	74,120	-9,449	266,123
1919	5,085	18,448	-13,363	25,485	1954	64,420	67,537	-3,117	271,341
1920	6,649	6,357	+291	24,299	1955	60,209	64,389	-4,180	274,418
1921	5,567	5,058	+509	23,977	1956	67,850	66,224	+1,626	272,825
1922	4,021	3,285	+736	22,963	1957	70,562	68,966	+1,596	270,634
1923	3,849	3,137	+713	22,350	1958	68,550	71,369	-2,819	276,444
1924	3,853	2,890	+963	21,251	1959	67,915	80,342	-12,427	284,817
1925	3,598	2,881	+717	20,516	1960	77,763	76,539	+1,224	286,471
1926	3,753	2,888	+865	19,643	1961	77,659	81,515	-3,856	289,211
1927	3,992	2,837	+1,155	18,512	1962	81,409	87,787	-6,378	298,645
1928	3,872	2,933	+939	17,604	1963	86,376	92,642	-6,266	306,466
1929	3,861	3,127	+734	16,931	1964	89,459	97,684	-8,226	312,526
1930	4,058	3,320	+738	16,185	1965 est.	91,200	97,481	-6,281	316,900
1931	3,116	3,577	-462	16,801	1966 est.	94,400	99,687	-5,287	322,500
1932	1,924	4,659	-2,735	19,487					

Note.—A classification of administrative budget receipts and expenditures for the period 1955 to 1966, inclusive, is found in table 17 (p. 492) and table 18 (p. 493), respectively. The change in the public debt from year to year is not necessarily the same as the administrative budget surplus or deficit. It reflects also changes in the Government's cash on hand, and the use of corporate debt and investment transactions by certain Government enterprises.

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

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

*Less than one-half million dollars.

¹ Includes Government enterprise debt guaranteed by the U.S. Treasury.

Table 16. CONSOLIDATED CASH TOTALS AND FEDERAL SECTOR OF THE NATIONAL INCOME ACCOUNTS, 1940-66 (in billions of dollars)

Fiscal year	Consolidated cash statement			Federal sector of the national income accounts		
	Receipts	Payments	Surplus (+) or deficit (-)	Receipts	Expenditures	Surplus (+) or deficit (-)
1940.....	6.9	9.6	-2.7	7.6	9.0	-1.4
1941.....	9.2	14.0	-4.8	11.9	13.5	-1.6
1942.....	15.1	34.5	-19.4	19.5	33.5	-14.0
1943.....	25.1	78.9	-53.8	29.6	76.7	-47.1
1944.....	47.8	94.0	-46.1	43.4	91.3	-47.9
1945.....	50.2	95.2	-45.0	43.9	97.1	-53.2
1946.....	43.5	61.7	-18.2	37.3	56.6	-19.3
1947.....	43.5	36.9	+6.6	42.9	31.7	+11.2
1948.....	45.4	36.5	+8.9	43.7	32.3	+11.4
1949.....	41.6	40.6	+1.0	40.1	40.0	+2
1950.....	40.9	43.1	-2.2	42.0	42.2	-.2
1951.....	53.4	45.8	+7.6	61.7	45.3	+16.3
1952.....	68.0	68.0	*	65.5	66.6	-1.1
1953.....	71.5	76.8	-5.3	69.9	76.2	-6.3
1954.....	71.6	71.9	-.2	65.9	74.5	-8.6
1955.....	67.8	70.5	-2.7	67.0	68.1	-1.1
1956.....	77.1	72.5	+4.5	76.3	69.5	+6.8
1957.....	82.1	80.0	+2.1	80.9	76.5	+4.4
1958.....	81.9	83.5	-1.6	77.8	82.8	-4.9
1959.....	81.7	94.8	-13.1	85.9	90.3	-4.4
1960.....	95.1	94.3	+.8	94.5	92.1	+2.4
1961.....	97.2	99.5	-2.3	95.4	97.8	-2.4
1962.....	101.9	107.7	-5.8	104.3	106.2	-1.9
1963.....	109.7	113.8	-4.0	109.6	112.3	-2.8
1964.....	115.5	120.3	-4.8	114.7	118.5	-3.9
1965 (estimate).....	117.4	121.4	-4.0	116.0	121.0	-5.0
1966 (estimate).....	123.5	127.4	-3.9	121.0	127.0	-6.0

Note.—For an explanation of the consolidated cash statement and Federal sector of the national income accounts, see special analysis A (pages 356 to 365). Classifications of receipts and expenditures on both the consolidated cash and national income bases, for fiscal years 1955-66, are shown in table 19 (page 498), and table 20 (page 499), respectively.

*Less than \$50 million.

Table 17. ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS, 1955-66 (in millions of dollars)

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
ADMINISTRATIVE BUDGET FUNDS												
Individual income taxes.....	28,747	32,188	35,620	34,724	36,719	40,715	41,338	45,571	47,588	48,697	47,000	48,200
Corporation income taxes.....	17,861	20,880	21,167	20,074	17,309	21,494	20,954	20,523	21,579	23,493	25,600	27,600
Excise taxes (net).....	9,131	9,929	9,055	8,612	8,504	9,137	9,063	9,585	9,915	10,211	10,733	9,750
Employment taxes.....	579	322	328	333	321	339	*					
Estate and gift taxes.....	924	1,161	1,365	1,393	1,333	1,606	1,896	2,016	2,167	2,394	2,800	3,200
Customs.....	585	682	735	782	925	1,105	982	1,142	1,205	1,252	1,415	1,520
Miscellaneous receipts.....	2,562	3,003	2,760	3,200	3,160	4,062	4,080	3,206	4,435	4,076	4,485	4,730
Interfund transactions.....	-181	-315	-467	-567	-355	-694	-654	-633	-513	-664	-833	-600
Total administrative budget.....	60,209	67,850	70,562	68,550	67,915	77,763	77,659	81,409	86,376	89,459	91,200	94,400
TRUST FUNDS												
Employment taxes.....	5,587	6,905	7,192	8,233	8,446	10,728	12,404	12,561	14,862	16,832	16,685	18,731
Unemployment tax deposits by States.....	1,146	1,330	1,542	1,501	1,701	2,167	2,398	2,729	3,009	3,042	2,950	2,900
Excise taxes.....			1,479	2,026	2,074	2,539	2,798	2,949	3,279	3,519	3,639	3,959
Federal employee and agency payments for retirement.....	473	813	1,175	1,252	1,507	1,504	1,740	1,756	1,878	2,029	2,159	2,162
Interest on trust funds.....	1,178	1,212	1,324	1,350	1,323	1,337	1,414	1,433	1,477	1,613	1,747	1,867
Veterans life insurance premiums.....	441	441	452	485	478	482	504	501	494	494	494	491
Miscellaneous trust receipts.....	660	918	1,146	1,317	1,375	2,494	2,840	2,889	3,195	3,322	3,419	4,105
Interfund transactions.....	-16	-12	-10	-11	-135	-908	-515	-528	-505	-521	-579	-599
Total trust funds.....	9,470	11,607	14,301	16,153	16,769	20,342	23,582	24,290	27,689	30,331	30,515	33,616

Note.—Figures shown in this table are net of refunds, but correspond to the net figures used in the same classifications for fiscal years 1964 to 1966 in table 13 (pages 56 to 61).

*Less than one-half million dollars.

Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1955-66 (in millions of dollars)

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
ADMINISTRATIVE BUDGET FUNDS												
050 National defense:												
051 Department of Defense—Military:												
Military personnel.....	11,403	11,582	11,409	11,611	11,801	11,738	12,085	13,032	13,000	14,195	14,820	14,800
Operation and maintenance.....	7,931	8,400	9,487	9,761	10,378	10,223	10,611	11,594	11,874	11,932	12,220	12,160
Procurement.....	12,838	12,227	13,488	14,083	14,409	13,334	13,095	14,532	16,632	15,351	13,275	13,220
Research, development, test, and evaluation.....	2,261	2,101	2,406	2,504	2,866	4,710	6,131	6,319	6,376	7,021	6,700	6,400
Military construction.....	1,715	2,079	1,968	1,753	1,948	1,626	1,605	1,347	1,144	1,026	1,000	920
Family housing.....									427	580	630	660
Civil defense.....								90	203	107	125	110
Revolving and management funds.....	-617	-598	-323	-643	-179	-416	-300	-99	-1,401	-452	-670	-370
Total, Department of Defense—Military.....	35,531	35,792	38,436	39,071	41,223	41,215	43,227	46,815	48,252	49,760	48,100	47,900
057 Military assistance ²	2,292	2,611	2,352	2,187	2,340	1,609	1,449	1,390	1,721	1,485	1,200	1,100
058 Atomic energy.....	1,857	1,651	1,990	2,268	2,541	2,623	2,713	2,806	2,758	2,765	2,700	2,530
059 Defense-related activities.....	1,015	669	590	709	379	244	104	92	24	172	160	48
Total, national defense.....	40,695	40,723	43,368	44,234	46,483	45,691	47,494	51,103	52,755	54,181	52,160	51,578
150 International affairs and finance:												
151 Conduct of foreign affairs.....	121	129	157	173	237	217	216	249	346	297	346	321
152 Economic and financial programs ¹	1,869	1,519	1,559	1,788	3,305	1,381	1,927	2,130	1,826	1,479	1,820	1,780
153 Foreign information and exchange activities.....	100	111	133	149	139	137	158	197	201	207	216	221
154 Food for Peace ¹	220	708	1,463	1,195	1,120	1,327	1,653	1,726	1,779	1,704	1,661	1,661
Total, international affairs and finance.....	2,310	2,467	3,311	3,305	4,802	3,064	3,954	4,301	4,151	3,687	4,043	3,984
Of which Food for Peace ¹	(220)	(708)	(1,463)	(1,195)	(1,120)	(1,327)	(1,653)	(1,726)	(1,779)	(1,704)	(1,661)	(1,661)

See footnotes at end of table, p. 497.

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Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1955-66 (in millions of dollars)—Continued

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
ADMINISTRATIVE BUDGET FUNDS—Con.												
250 Space research and technology:												
251 Space research and technology:												
Manned space flight.....					11	113	279	565	1,516	2,768	3,085	3,386
Scientific investigations in space.....					25	125	232	359	483	641	693	703
Meteorology, communications, and other space applications.....					1	8	17	61	92	112	110	107
Other research, technology, and supporting operations.....					109	154	217	272	460	650	1,012	904
Total, space research and technology..	74	71	76	89	145	401	744	1,257	2,552	4,171	4,900	5,100
350 Agriculture and agricultural resources:												
351 Farm income stabilization ¹	3,356	3,286	2,092	2,211	4,275	2,370	2,345	3,093	3,954	4,144	3,103	2,716
352 Financing farming and rural housing.....	236	232	248	269	311	289	349	234	300	251	242	138
353 Financing rural electrification and rural telephones.....	204	217	267	297	315	330	301	303	342	342	199	200
354 Agricultural land and water resources.....	290	305	374	315	376	368	397	426	404	410	441	424
355 Research and other agricultural services.....	173	215	227	255	291	293	324	341	391	414	493	466
Total, agriculture and agricultural resources (not including Food for Peace) ¹ ..	4,259	4,254	3,208	3,346	5,568	3,650	3,717	4,397	5,390	5,560	4,477	3,944
400 Natural resources:												
401 Land and water resources.....	935	804	925	1,139	1,184	1,235	1,394	1,564	1,699	1,747	1,885	1,837
402 Forest resources.....	119	139	163	174	201	220	331	280	303	332	383	359
403 Mineral resources.....	37	38	62	59	71	65	61	68	71	91	109	111
404 Fish and wildlife resources.....	43	45	51	60	68	68	73	81	94	105	121	114
405 Recreational resources.....	35	44	59	69	85	74	91	94	112	130	145	186
409 General resource surveys and administration.....	34	36	38	44	61	51	55	60	73	73	92	84
Total, natural resources.....	1,203	1,105	1,298	1,544	1,670	1,714	2,006	2,147	2,352	2,478	2,735	2,691

500 Commerce and transportation:												
501 Aviation.....	179	180	219	315	494	568	716	781	808	835	868	834
502 Water transportation.....	349	420	365	392	436	508	569	654	672	658	705	728
503 Highways.....	647	783	40	31	30	38	36	33	41	39	43	42
505 Postal service.....	356	463	518	674	774	525	914	797	770	578	718	714
506 Advancement of business.....	-343	5	119	170	234	265	271	427	366	401	556	124
507 Area redevelopment ³				*				7	101	401	385	261
508 Regulation of business.....	38	41	45	49	58	59	67	74	84	91	96	101
Total, commerce and transportation.....	1,225	1,892	1,305	1,632	2,025	1,963	2,573	2,774	2,843	3,002	3,372	2,804
550 Housing and community development:												
551 Aids to private housing.....	174	-67	-254	-126	732	-172	-44	-149	-537	-595	-985	-843
552 Public housing programs.....	-116	31	60	51	97	134	150	163	178	149	221	236
553 Urban renewal and community facilities.....	56	4	49	78	108	130	162	261	222	306	406	509
555 National Capital region.....	22	23	27	26	33	30	51	74	70	59	79	107
Total, housing and community develop- ment.....	136	-10	-118	30	970	122	320	349	-67	-80	-280	10
650 Health, labor, and welfare:												
651 Health services and research.....	271	342	461	540	700	815	938	1,128	1,354	1,671	1,792	2,190
652 Labor and manpower.....	321	479	397	488	924	510	809	591	224	345	484	565
653 Public assistance.....	1,428	1,457	1,558	1,797	1,969	2,061	2,170	2,437	2,788	2,994	3,002	3,499
655 Economic opportunity program ⁴											347	1,346
659 Other welfare services ⁵	145	184	216	234	284	304	327	382	423	466	583	728
Total, health, labor, and welfare.....	2,165	2,462	2,632	3,059	3,877	3,690	4,244	4,538	4,789	5,475	6,208	8,328
700 Education:												
701 Assistance for elementary and secondary education.....	215	181	174	189	259	327	332	337	392	404	408	971
702 Assistance for higher education.....	43	44	110	178	225	261	286	350	428	383	428	782
703 Assistance to science education and basic research.....	11	20	46	50	106	120	143	183	206	310	325	405
704 Other aids to education.....	109	98	108	124	141	156	181	207	219	241	347	505
Total, education.....	377	343	437	541	732	866	943	1,076	1,244	1,339	1,509	2,663

See footnotes at end of table, p. 497.

Table 18. ADMINISTRATIVE BUDGET AND TRUST EXPENDITURES BY FUNCTION, 1955-66 (in millions of dollars)—Continued

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
ADMINISTRATIVE BUDGET FUNDS—Con.												
800 Veterans benefits and services:												
801 Veterans service-connected compensation.....	1,829	1,864	1,876	2,024	2,071	2,049	2,034	2,017	2,116	2,158	2,173	2,100
802 Veterans non-service-connected pensions.....	801	884	950	1,037	1,152	1,265	1,532	1,635	1,698	1,743	1,834	1,827
803 Veterans readjustment benefits.....	879	943	977	1,025	864	725	559	388	-13	113	-139	-826
804 Veterans hospitals and medical care.....	727	788	801	856	921	961	1,030	1,084	1,145	1,229	1,280	1,315
805 Other veterans benefits and services.....	286	331	266	242	280	266	259	279	240	249	235	208
Total, veterans benefits and services.....	4,522	4,810	4,870	5,184	5,287	5,266	5,414	5,403	5,186	5,492	5,383	4,623
850 Interest:												
851 Interest on the public debt.....	6,370	6,787	7,244	7,607	7,593	9,180	8,957	9,120	9,895	10,666	11,200	11,500
852 Interest on refunds of receipts.....	62	54	57	74	69	76	83	68	74	88	75	82
853 Interest on uninvested funds.....	5	6	6	8	9	10	10	10	11	11	12	12
Total, interest.....	6,438	6,846	7,307	7,689	7,671	9,266	9,050	9,198	9,980	10,765	11,286	11,594
900 General government:												
901 Legislative functions.....	60	76	90	89	102	109	118	135	131	126	155	154
902 Judicial functions.....	31	38	40	44	47	49	52	57	63	66	77	89
903 Executive direction and management.....	12	12	12	19	21	20	22	22	21	22	25	26
904 Central fiscal operations.....	431	475	476	502	566	558	607	653	715	791	842	853
905 General property and records management.....	168	173	201	245	295	372	372	419	444	576	598	596
906 Central personnel management.....	96	304	602	84	95	84	140	153	142	174	171	169
908 Protective services and alien control.....	185	220	219	233	255	263	289	300	323	335	376	388
910 Other general government.....	183	278	100	69	86	88	109	136	139	189	173	187
Total, general government.....	1,166	1,576	1,738	1,284	1,466	1,542	1,709	1,875	1,979	2,280	2,417	2,462
Allowance for Appalachia.....											3	107
Allowance for contingencies.....											100	400
Interfund transactions.....	-181	-315	-467	-567	-355	-694	-654	-633	-513	-664	-833	-600
Total, administrative budget funds.....	64,389	66,224	68,966	71,369	80,342	76,539	81,515	87,787	92,642	97,684	97,481	99,687

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TRUST FUNDS

050	National defense.....	164	143	93	344	229	256	196	366	679	487	811	982
150	International affairs and finance.....	45	-29	13	1	21	48	13	15	44	62	-106	258
250	Space research and technology.....										*	*	*
350	Agriculture and agricultural resources (not including Food for Peace) ¹												
		73	288	426	357	645	458	416	398	507	496	615	495
400	Natural resources.....	61	79	85	101	94	116	183	112	122	137	137	175
500	Commerce and transportation.....	-97	-101	866	1,401	2,493	2,831	2,505	2,662	2,877	3,482	3,932	3,690
550	Housing and community development.....	231	461	1,044	-295	1,263	1,439	-273	1,524	-36	1,889	233	783
650	Health, labor, and welfare.....	7,423	7,999	9,585	12,775	14,306	16,358	19,236	20,382	21,855	22,733	23,386	26,549
700	Education.....	1	1	1	1	1	1	1	1	2	2	2	2
800	Veterans benefits and services.....	628	606	608	671	651	673	811	733	835	666	641	514
900	General government.....	6	8	8	10	10	17	16	20	19	18	19	20
	Deposit funds.....	57	169	217	-29	-60	-78	203	-544	146	-567	-47	30
	Interfund transactions.....	-16	-12	-10	-11	-135	-908	-515	-528	-505	-521	-579	-599
	Total, trust funds.....	8,577	9,611	12,938	15,325	19,521	21,212	22,793	25,141	26,545	28,885	29,045	32,898

*Less than one-half million dollars.

¹New subfunction 154, Food for Peace, includes transactions under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 83-480), in accordance with Public Law 88-638, approved Oct. 8, 1964. Titles I and IV were previously included in subfunction 351, Farm income stabilization and Food for Peace (now titled Farm income stabilization); title II was previously included in subfunction 152, Economic and financial programs.

² Subfunction 057 was combined with subfunction 051 in the 1965 budget.

³ Amounts shown include expenditures under the temporary public works acceleration program, which supplements expenditures in the other functions, as follows:

	1963	1964	1965	1966
Housing and community development (553).....	13	176	185	80
Community health facilities and waste treatment (651).....	1	69	85	65
Land, water, mineral, forest, and wildlife resources (400; more than 1 subfunction).....	44	64	25	---
Commerce, highways, and other transportation (500; more than 1 subfunction).....	2	15	4	---
Federal facilities, post offices, and prisons (900; more than 1 subfunction).....	1	6	1	---
Agriculture and agricultural resources (300; more than 1 subfunction).....	1	1	---	---
All other functions.....	---	1	---	---
Total.....	62	332	300	145

⁴ New subfunction 655, Economic opportunity programs, contains only appropriations and funds of the Office of Economic Opportunity; related programs of other agencies are continued in their previous classifications.

⁵ Subfunction 659, Other welfare services, was previously numbered 655.

HISTORICAL TABLES

Table 19. RECEIPTS FROM AND PAYMENTS TO THE PUBLIC, 1955-66 (in millions of dollars)

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
RECEIPTS FROM THE PUBLIC												
Individual income taxes.....	28,747	32,188	35,620	34,724	36,719	40,715	41,338	45,571	47,588	48,697	47,000	48,200
Corporation income taxes.....	17,861	20,880	21,167	20,074	17,309	21,494	20,954	20,523	21,579	23,493	25,600	27,600
Excise taxes.....	9,131	9,929	10,534	10,638	10,578	11,676	11,860	12,534	13,194	13,731	14,372	13,709
Employment taxes.....	6,166	7,228	7,520	8,565	8,767	11,067	12,405	12,561	14,862	16,832	16,685	18,731
Estate and gift taxes.....	924	1,161	1,365	1,393	1,333	1,606	1,896	2,016	2,167	2,394	2,800	3,200
Customs.....	585	682	735	782	925	1,105	982	1,142	1,205	1,252	1,415	1,520
Deposits by States, unemployment insurance.....	1,146	1,330	1,542	1,501	1,701	2,167	2,398	2,729	3,009	3,042	2,950	2,900
Veterans life insurance premiums.....	441	441	452	485	478	482	504	501	494	494	494	491
Other budget and trust receipts.....	2,834	3,249	3,171	3,730	3,851	4,766	4,905	4,288	5,641	5,596	6,068	7,139
Total receipts from the public.....	67,836	77,087	82,105	81,892	81,660	95,078	97,242	101,865	109,739	115,530	117,384	123,490
PAYMENTS TO THE PUBLIC												
National defense.....	40,852	40,854	43,442	44,552	46,673	45,915	47,685	51,462	53,429	54,514	52,847	52,546
International affairs and finance ¹	2,174	2,239	3,975	3,724	3,420	2,806	3,608	3,976	3,805	3,492	3,636	4,153
Of which Food for Peace.....	(220)	(708)	(1,463)	(1,195)	(1,120)	(1,327)	(1,653)	(1,726)	(1,779)	(1,704)	(1,661)	(1,661)
Space research and technology.....	74	71	76	89	145	401	744	1,257	2,552	4,171	4,900	5,100
Agriculture and agricultural resources (not including Food for Peace) ¹	4,269	4,362	3,289	3,274	6,030	3,645	3,728	4,458	5,703	5,846	4,650	4,113
Natural resources.....	1,260	1,179	1,379	1,641	1,754	1,822	2,101	2,223	2,456	2,595	2,847	2,852
Commerce and transportation.....	1,148	1,796	2,200	3,060	4,545	4,819	5,107	5,487	5,777	6,545	7,362	6,549
Housing and community development.....	305	396	842	-319	2,141	1,440	-103	1,691	-268	1,674	-178	652
Health, labor, and welfare.....	9,485	10,254	12,108	15,757	18,017	19,107	22,364	23,975	25,698	27,285	28,868	34,091
Education.....	378	344	439	542	733	867	945	1,052	1,214	1,299	1,463	2,611
Veterans benefits and services.....	5,114	5,328	5,448	5,828	5,910	5,907	6,187	6,092	5,971	6,107	5,985	5,111
Interest.....	4,664	5,115	5,266	5,884	5,350	7,233	7,257	6,940	7,427	8,011	8,461	8,813
General government.....	1,172	1,583	1,744	1,292	1,475	1,558	1,678	1,837	1,953	2,221	2,353	2,396
Deposit funds (net).....	57	169	217	-29	-60	-78	203	-544	-194	-567	-47	30
Undistributed adjustments.....	-415	-1,145	-420	-1,823	-1,382	-1,114	-1,960	-2,244	-1,771	-2,862	-1,756	-1,620
Total, payments to the public.....	70,537	72,546	80,006	83,472	94,752	94,328	99,542	107,662	113,751	120,332	121,393	127,398
Excess of receipts (+) or payments (-).....	-2,702	+4,542	+2,099	-1,580	-13,092	+750	-2,300	-5,797	-4,012	-4,802	-4,009	-3,908

Note.—This table shows the flow of money between the Government and the public on a cash (collections and checks paid) basis, which is explained in more

detail in special analysis A, pages 356 to 365.

¹ See general notes, page 4, paragraph 4.

Table 20. FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS, 1955-66

(Fiscal years. In billions of dollars)

Description	Actual										Estimate	
	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
RECEIPTS, NATIONAL INCOME BASIS												
Personal tax and nontax.....	29.9	33.5	36.7	36.3	38.7	42.3	44.2	47.7	50.1	51.4	50.3	52.2
Corporate profits tax accruals.....	18.4	21.0	20.4	17.3	21.1	21.7	19.7	21.9	22.1	23.5	23.9	24.7
Indirect business tax and nontax accruals.....	10.4	11.2	12.1	12.0	12.3	13.9	13.6	14.9	15.2	16.0	16.8	16.1
Contributions for social insurance.....	8.3	10.5	11.7	12.3	13.8	16.7	18.0	19.7	22.1	23.8	25.0	28.0
Total receipts, national income basis.....	67.0	76.3	80.9	77.8	85.9	94.5	95.4	104.3	109.6	114.7	116.0	121.0
EXPENDITURES, NATIONAL INCOME BASIS												
Purchases of goods and services.....	45.0	45.2	48.3	50.5	53.9	53.0	54.9	60.0	63.6	66.1	65.9	66.7
Transfer payments.....	13.8	14.3	16.1	19.4	21.8	22.8	25.9	27.8	29.2	30.4	31.8	35.2
Grants-in-aid to State and local governments.....	2.9	3.1	3.6	4.5	6.0	6.7	6.8	7.6	8.3	9.8	10.7	13.0
Net interest paid.....	4.9	5.0	5.5	5.6	5.8	6.9	6.9	6.8	7.4	8.1	8.5	8.6
Subsidies less current surplus of Government enterprises.....	1.4	1.9	3.1	2.7	2.7	2.7	3.3	4.0	3.8	4.1	4.1	3.5
Total expenditures, national income basis.....	68.1	69.5	76.5	82.8	90.3	92.1	97.8	106.2	112.3	118.5	121.0	127.0
Surplus (+) or deficit (-) national, income basis..	-1.1	+6.8	+4.4	-4.9	-4.4	+2.4	-2.4	-1.9	-2.8	-3.9	-5.0	-6.0

Source.—Actual data for 1955-64 are based on the quarterly estimates published by the Department of Commerce. Data for 1965 and 1966 are based on estimates by the Bureau of the Budget in cooperation with the Department of Commerce.

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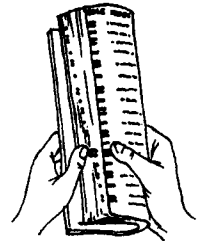
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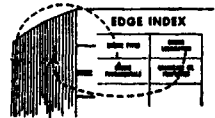


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