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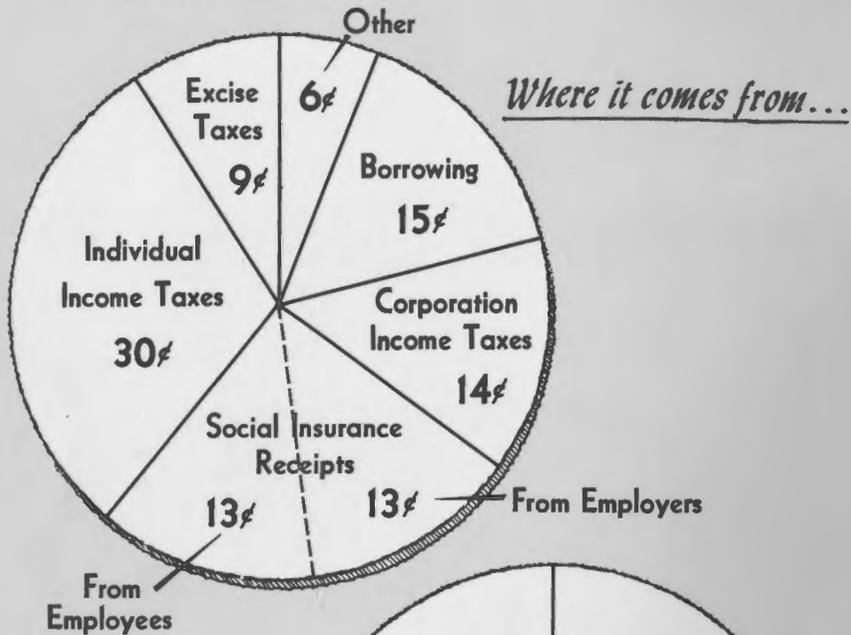
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RON NESSEN,
Press Secretary to the President.

THE
UNITED STATES
BUDGET
IN BRIEF
FISCAL YEAR 1976

THE BUDGET DOLLAR

Fiscal Year 1976 Estimate



Where it goes...

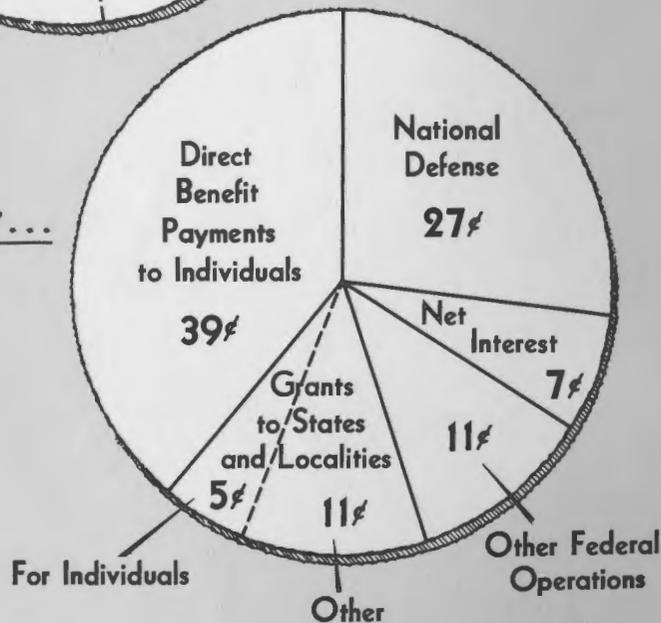


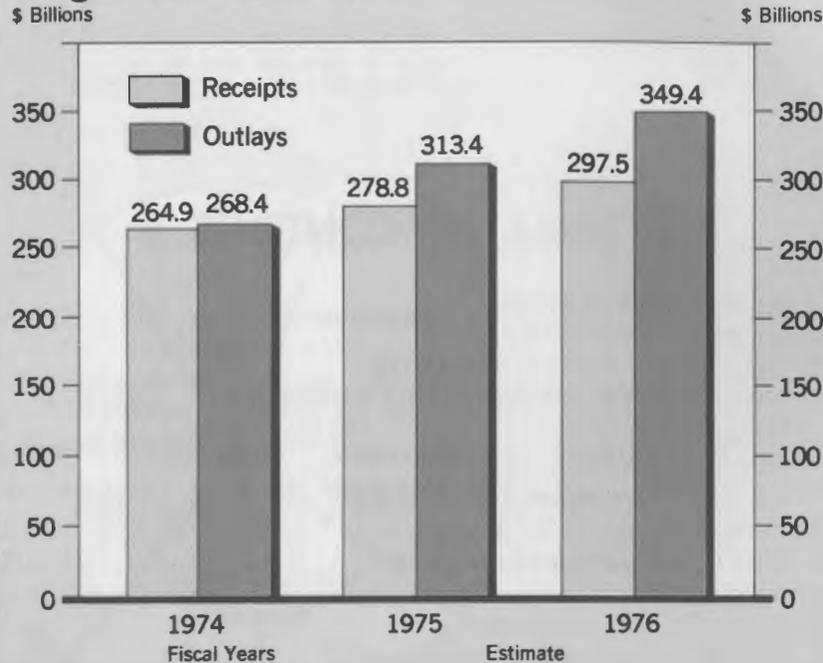
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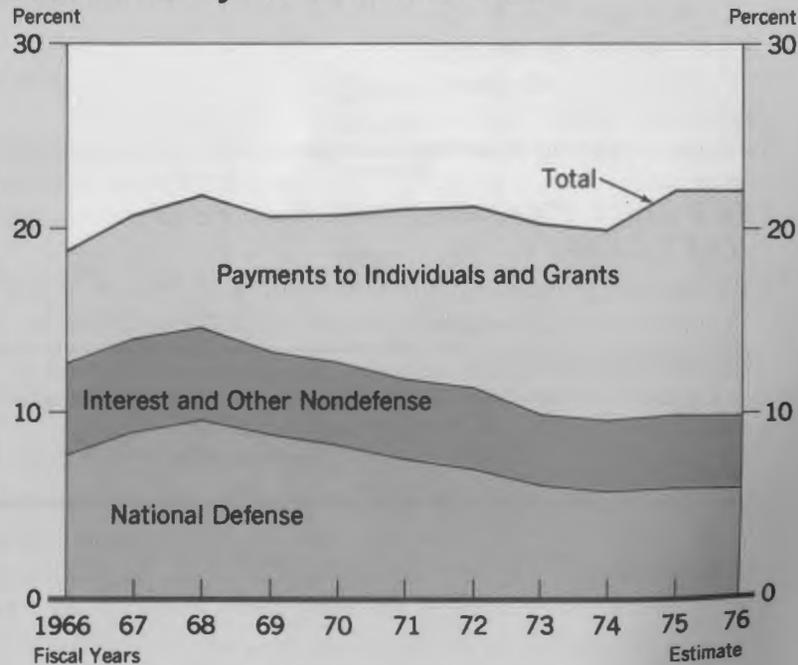
Note.—All years referred to are fiscal years, unless otherwise noted. Details in the tables, text, and charts of this booklet may not add to totals because of rounding.

Back-up data for charts in this book can be obtained from the Office of Management and Budget, Washington, D.C. 20503.

Budget Totals Since 1974



Federal Outlays as a Percent of GNP



PART I

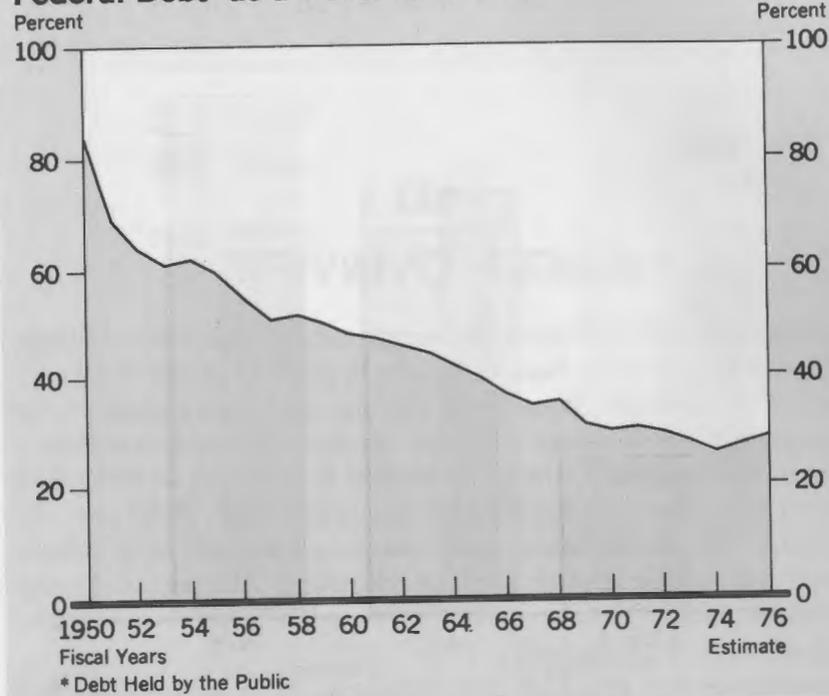
BUDGET OVERVIEW

The year 1976 will mark the bicentennial of the United States. Therefore, this is the budget for the beginning of the third century of the Nation. Because of the size and momentum of the budget, today's decisions will have far-reaching and long-lasting effects. Consequently, the 1976 budget is designed to meet both longer-term national needs, and the immediate, short-run objectives. The major budget recommendations will help restore healthy economic growth without rekindling inflation, and carry out the President's recommendation to reduce our dependence on imported oil. They include:

- income tax relief of \$16 billion in 1975 and 1976—\$12 billion for individuals and \$4 billion for businesses;
- greatly increased aid to the unemployed, totaling \$17.5 billion in unemployment insurance benefits and \$1.3 billion for public service employment;
- an import fee on oil and taxes on domestically produced petroleum and natural gas and on their producers;
- a rebate to compensate users for the resulting higher energy costs, with special provisions for ensuring that low-income Americans and State and local governments are compensated equitably;
- an increase in outlays for defense of \$8.8 billion in order to maintain preparedness and preserve force levels in the face of rising costs;
- a 1 year moratorium on new Federal spending programs other than energy programs; and
- a temporary 5% ceiling on increases in pay for Federal employees, and on those Federal benefit payments to individuals that are tied to the cost of living, resulting in savings of \$6.1 billion.

Budget totals.—The budget recommendations result in total outlays of \$349 billion in 1976, an increase of \$36 billion over

Federal Debt* as a Percent of GNP



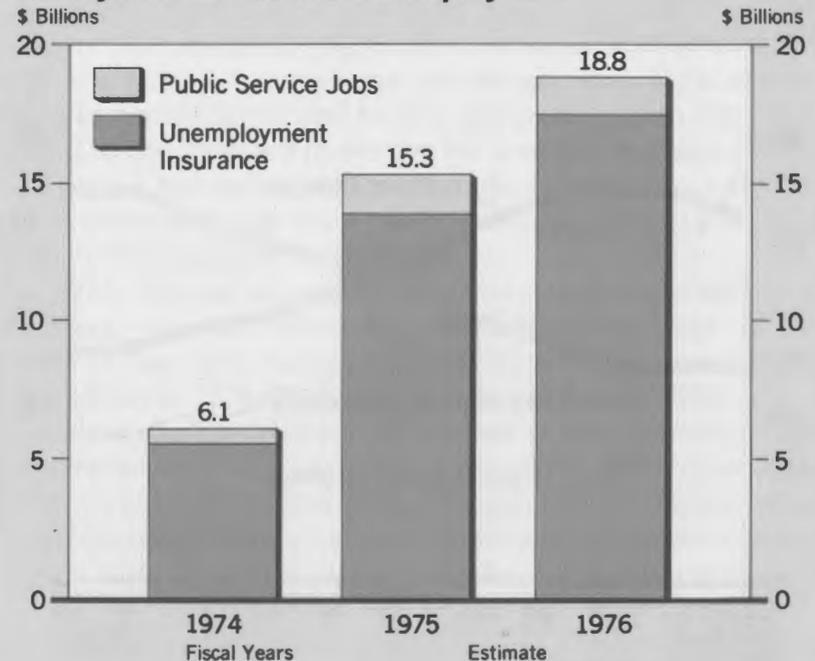
1975, and anticipate receipts of \$298 billion, an increase of \$19 billion over 1975. This results in a budget deficit of \$52 billion in 1976.

The deficit expected for 1976, as well as other factors, will increase the Federal debt held by the public from \$389.6 billion at the end of 1975 to \$453.1 billion at the end of 1976. Between 1950 and 1976, the Federal debt held by the public declined from 83% of GNP to 28%.

Aside from the effects of the proposed tax reduction, the deficits anticipated for 1975 and 1976 are largely the inevitable result of those aspects of the budget and the tax system that respond automatically to changes in the economy, such as budget receipts and unemployment benefit payments. Unemployment benefit payments will rise sharply.

These stabilizing influences can be quite substantial. If the economy were to be as fully employed in 1976 as it was in 1974, we would have \$40 billion in additional tax receipts, assuming no change in tax rates, and \$12.7 billion less in aid to the unemployed. These two factors alone exceed the budget deficit for 1976.

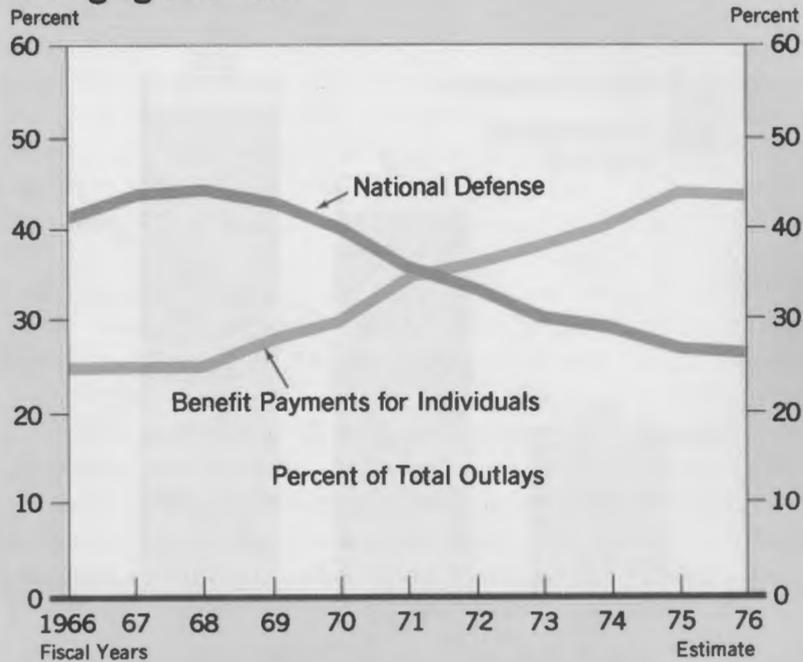
Outlays for Aid to the Unemployed



While recommending temporary measures to help the economy and to provide greater assistance to the unemployed, the budget also seeks to eliminate nonessential spending and avoid commitment to excessive growth of Federal spending in the long run. For this reason there are no new spending initiatives in this budget other than those for energy. In addition, the budget recommends that the allowable increase in Federal pay and in those benefit payments to individuals that currently are linked to the cost of living be limited to 5% through June 30 of next year. This policy will save \$6 billion in 1976 and permit the Administration to concentrate maximum resources on direct assistance to the unemployed. Other measures—some of which have previously been proposed are repeated in the budget—would reduce outlays by an additional \$11 billion in 1976.

Budget trends.—In recent years, there has been a significant shift in the composition of the Federal budget. The proportion of the budget devoted to defense has declined substantially since 1964, with a corresponding increase in the nondefense proportion of the budget. This shift has been particularly rapid since the end of American combat involvement in Vietnam. Defense outlays re-

Changing Priorities



mained virtually level in current dollar terms from 1969 to 1974, absorbing substantial cost increases. Defense programs have been substantially reduced in real terms—over 40% since 1969 in manpower and material. Consequently, defense outlays have been a decreasing share of our gross national product, falling from 8.9% in 1969 to 5.9% in 1976.

It is no longer possible to offset increases in the costs of defense programs by further reducing military programs and strength. Therefore, this budget proposes an increase in defense outlays in current dollars that will maintain defense preparedness and preserve manpower levels in the face of rising costs. These proposals are the minimum prudent levels of defense spending consistent with providing armed forces which, in conjunction with those of our allies, will be adequate to maintain the military balance. Keeping that balance is essential to our national security and to the maintenance of peace.

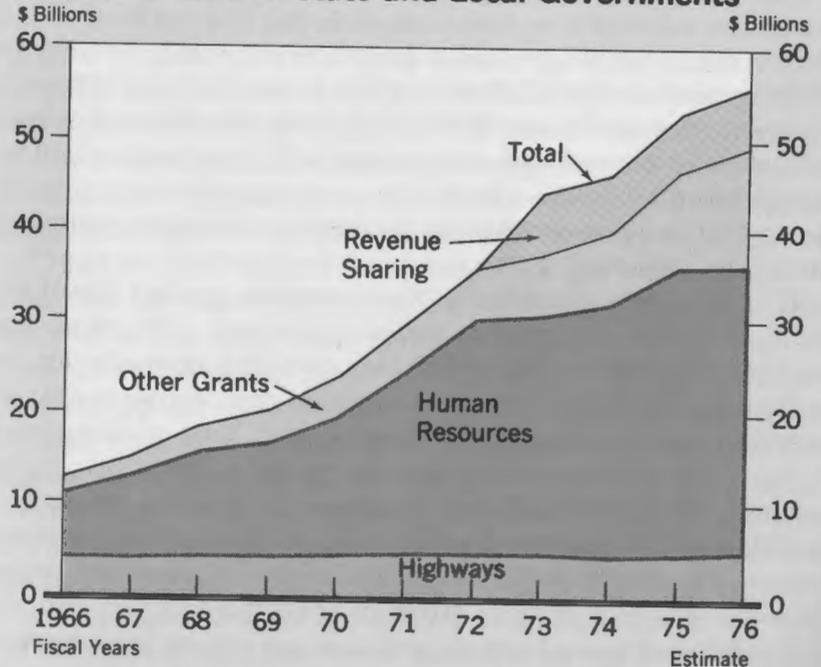
At the same time, Federal nondefense spending has increased substantially in both current and constant dollar terms, growing from 11.6% of gross national product in 1969 to an estimated

16.0% in this budget. In the process, the form that Federal spending takes has shifted dramatically away from support for direct Federal operations and toward direct benefits to individuals and grants to State and local governments. About a third of the grant funds also finance payments to individuals. Both legislated increases in benefit levels and built-in program growth have contributed to the doubling of outlays for domestic assistance in the past 5 years. Outlays for assistance to individuals and to State and local governments will rise from \$140 billion in 1974 to \$173 billion in 1975, and \$190 billion in 1976.

In 1974, Federal aid supplied 21% of total State and local government receipts, more than twice the percentage of two decades earlier. This budget recommends Federal grants-in-aid of \$56 billion in 1976 compared with \$13 billion in 1966.

Conclusion.—The tremendous growth of our domestic assistance programs in recent years has, on the whole, been commendable. Much of the burden of aiding the elderly and the needy has been shifted from private individuals and institutions to society as a whole, as the Federal Government's income transfer programs

Federal Grants to State and Local Governments



have expanded their coverage. These programs cannot, however, continue to expand at the rates they have experienced over the past two decades. Spending by all levels of government now makes up a third of our national output. Were the growth of domestic assistance programs to continue for the next two decades at the same rates as in the past 20 years, total Government spending would grow to more than half our national product.

The growth of these domestic assistance programs has taken place in a largely unplanned, piecemeal fashion. This has resulted in too many overlapping programs, lack of coordination, and inequities. Some of the less needy now receive a disproportionate share of Federal benefits, while some who are more needy receive less. Congress and the Administration must redouble the efforts of the past 5 years to rationalize and streamline these programs. This means working toward a stable and integrated system of programs that reflect the conscience of a compassionate society but avoid a growing preponderance of the role of the public sector over the private. It also means decentralizing Government operations and developing a closer partnership between the Federal Government, State and local governments, and individual private citizens.

The Congressional Budget and Impoundment Control Act, passed last summer, requires changes in the Federal budget and basic reforms in congressional procedures for dealing with it. Under procedures established by the act, the Congress will have a larger and more clearly defined role in developing budget and fiscal policies. Congressional organization and procedures will be changed to focus greater attention on the budget totals early in the legislative process. The act establishes a budget committee in each chamber and a Congressional Budget Office to aid Congress in its consideration of budget recommendations and shifts the fiscal year to an October-to-September basis, giving the Congress more time to complete action on the budget before the fiscal year begins. Therefore, Congress will approach this budget with both new legislative machinery and procedures. A more detailed discussion of the effects of the act is in the Budget Process section.

As the Nation approaches its bicentennial it faces difficult challenges. The recommendations in this budget address the Nation's problems in a direct, constructive, and responsible fashion. They are designed to move the Nation toward economic health and stability. They meet human needs and they provide for the strong defense essential to our national security and to our continuing efforts to maintain world peace.

PART II

BUDGET RECEIPTS

This section describes the major sources of budget receipts and discusses the legislative proposals affecting them. The economic assumptions underlying these estimates are presented in Part III.

Total budget receipts in 1976 are estimated at \$297.5 billion, an increase of \$18.8 billion from the \$278.8 billion estimated for 1975. These estimates reflect the proposed legislation in the budget which is described below.

Economic Stimulus and Energy Tax Proposals

On January 13, 1975, the President announced programs to stimulate the economy and to reduce energy consumption. A temporary \$16 billion tax cut will provide needed economic stimulus, while the energy program will permanently increase the cost of oil and natural gas. The increased energy tax receipts resulting from the energy program will be offset by increased Federal spending, including payments to nontaxpayers.

Economic stimulus.—Income tax cuts to stimulate the economy will reduce receipts by \$6.1 billion in 1975 and \$10.2 billion in 1976. Individual income tax rebates, equal to 12% of calendar year 1974 tax liabilities up to a maximum rebate of \$1,000, make up three-quarters of this \$16 billion reduction. The rebate will be paid in two separate checks during calendar year 1975.

Business taxes will be reduced by raising the investment tax credit from 4% to 12% for utilities and from 7% to 12% for other businesses. This proposal will reduce receipts by \$1.2 billion in 1975 and \$2.9 billion in 1976.

Increased energy taxes.—The higher energy taxes fall into three major categories. First, the President has increased import fees on petroleum products.

Second, a \$2 per barrel excise tax on domestic crude oil, and an excise tax of 37¢ per thousand cubic feet on natural gas is proposed, increasing receipts by \$3.7 billion in 1975 and \$19.0 billion in 1976.

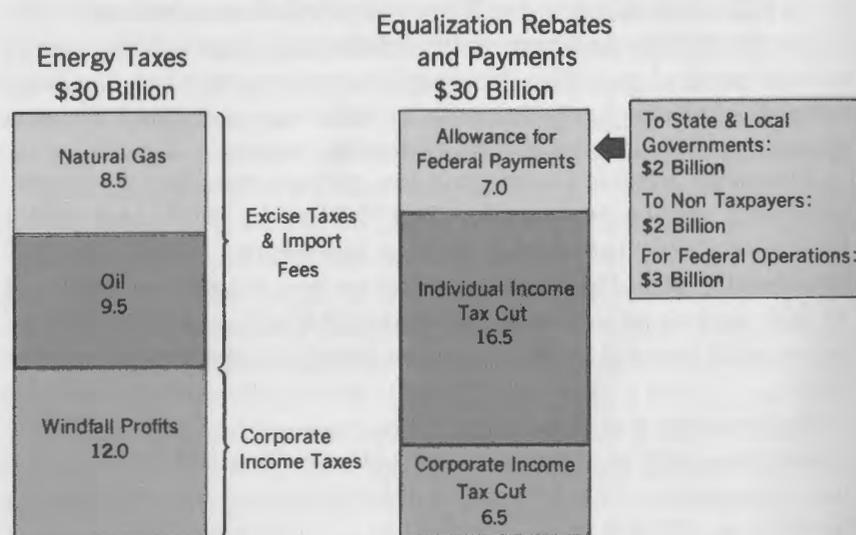
Third, a windfall profits tax is proposed in the form of a graduated tax on the sale of domestic crude oil. This tax will not affect 1975 receipts, but will increase 1976 receipts by \$16.3 billion. The windfall profits tax collections will result primarily from the decontrol of crude oil prices.

Energy tax offsets.—Increased energy taxes will be fully returned to the economy, partially through reductions in individual and corporation income taxes, and partially through increased Federal spending directed toward those individuals and those sectors of the economy affected by increased energy costs but not compensated by income tax reductions.

Individual income taxes will be reduced through three changes. First, the minimum standard deduction will be increased from the present \$1,300 for individuals and families to \$2,000 for individuals and \$2,600 for families. Second, reduc-

Energy Proposals — Full Year Impact

(In Billions of Dollars)



tions in the rate structure are proposed. Finally, an income tax credit of 15% of expenditures on energy-saving home improvements such as storm windows and insulation, limited to \$150 over 3 years, is proposed. These proposals together would reduce 1975 receipts by \$1.4 billion and 1976 receipts by \$24.9 billion.

Corporation income taxes will be reduced by lowering the rate from 48% to 42% retroactive to January 1, 1975. This will reduce receipts by \$1.8 billion in 1975 and by \$6.6 billion in 1976.

In addition to offsets through the tax structure, \$7 billion of offsets are included in the budget as outlays to compensate nontaxpayers, State and local governments, and Federal agencies for higher energy costs. The rebate to nontaxpayers—estimated at \$2 billion—will take the form of an \$80 annual payment for each nontaxpaying adult.

Receipts by Source

The table below shows the growth in budget receipts by source since 1974.

BUDGET RECEIPTS BY SOURCE

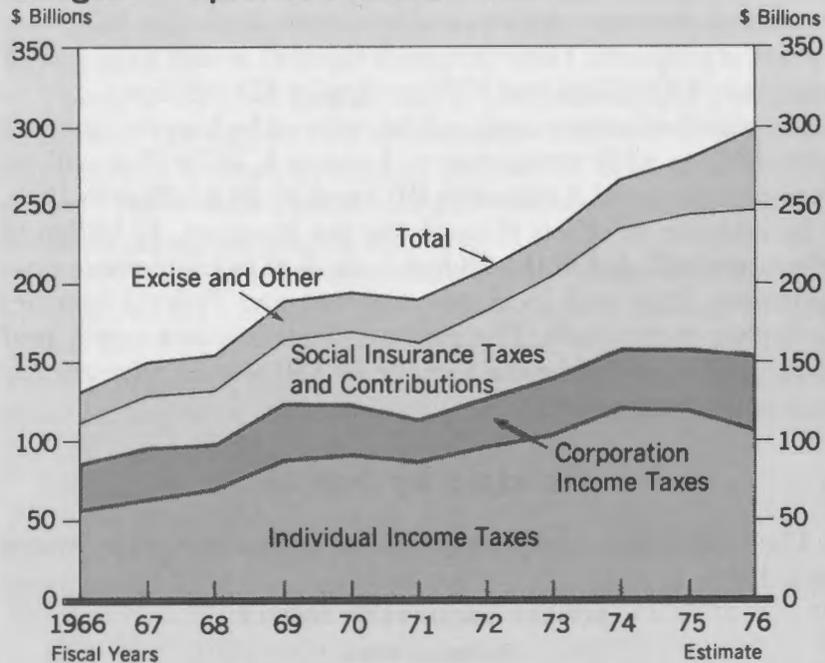
(In billions of dollars)

Source	1974 actual	1975 estimate	1976 estimate
Individual income taxes	119.0	117.7	106.3
Corporation income taxes	38.6	38.5	47.7
Social insurance taxes and contributions (trust funds)	76.8	86.2	91.6
Excise taxes	16.8	19.9	32.1
Other receipts	13.7	16.4	19.8
Total	264.9	278.8	297.5

Individual income tax receipts are estimated at \$117.7 billion in 1975 and \$106.3 billion in 1976. The proposed tax law changes outlined in the previous section reduce receipts from this source by \$6.5 billion in 1975 and \$32.8 billion in 1976. In the absence of these tax law changes, individual income taxes would increase by \$14.9 billion in 1976 rather than decline by \$11.4 billion as is projected here.

Corporation income tax receipts are estimated at \$38.5 billion in 1975 and \$47.7 billion in 1976. Proposed tax law changes reduce these receipts by \$2.8 billion in 1975 and increase them by \$7.4 billion in 1976. In the absence of these tax law changes, profits taxes would increase by \$2.7 billion in 1975 and would decrease by \$1.0 billion in 1976.

Budget Receipts: 1966-1976



Receipts from social insurance taxes and contributions are expected to total \$91.6 billion in 1976, up by \$5.3 billion from 1975. Included in the total are social security and other payroll taxes, unemployment insurance taxes and deposits, Federal employee retirement contributions and premium payments for supplementary medical insurance.

Excise taxes receipts in 1976 are estimated at \$32.1 billion, which is \$12.2 billion more than in 1975. The proposed legislation for energy taxes increases these receipts by \$3.0 billion in 1975 and \$15.2 billion in 1976, thus producing the sharp increase in excise tax receipts in 1976.

Estate and gift taxes, customs, and miscellaneous receipts are estimated to total \$19.8 billion in 1976, an increase of \$3.4 billion from 1975. These figures reflect the imposition of increased fees on oil imports that increases miscellaneous receipts by \$1.3 billion in 1975 and \$3.8 billion in 1976.

PART III

THE LONG RANGE OUTLOOK

Economic conditions strongly affect the budget just as the budget, in turn, significantly influences economic conditions.

To an increasing degree, outlays for Federal programs are directly linked to developments in the economy. For example, most retirement and other social insurance benefit payments are tied by law to the consumer prices. Medicare and medicaid outlays are affected directly by the price of medical services. Interest on the debt is linked to interest rates and the size of the budget surplus or deficit, which in turn is influenced by economic conditions. Outlays for unemployment insurance vary directly with the unemployment rate. Similarly, budget receipts vary in accordance with individual and corporation incomes, which respond to the course of the economy.

Because of the effect the economy has on the budget, the economic assumptions used strongly influence the long range budget outlook.

The Economic Assumptions

The short-term economic assumptions used in the Budget have been developed in a quite different way from the longer run assumptions:

- The assumptions for calendar years 1975 and 1976 are forecasts of probable economic conditions during these years.
- The longer range assumptions for the period 1977 to 1980 are not forecasts of probable economic conditions, but rather projections consistent with moving gradually toward relatively stable prices, and higher rates of employment and economic growth.

The following table shows assumptions for economic factors related to the budget: Gross national product in current and constant dollars, the GNP deflator, the Consumer Price Index, and

the unemployment rate. For 1976, the application of these economic assumptions to program estimates has been modified by the proposed 5% ceiling on increases in benefit payments to individuals, and on Federal employees' pay.

ECONOMIC ASSUMPTIONS

[Calendar years, dollar amounts in billions]

Item	1973 actual	1974 actual	Assumed for purposes of budget estimates			
			1975	1976	1977	1980
Gross national product:						
Current dollars.....	\$1,295	\$1,397	\$1,498	\$1,686	\$1,896	\$2,606
Constant (1958) dollars:						
Amount.....	\$839	\$821	\$794	\$832	\$879	\$1,061
Percent change.....	5.9	-2.2	-3.3	4.8	5.6	6.5
Prices (percent change):						
GNP deflator.....	5.6	10.2	10.8	7.5	6.5	4.0
Consumer Price Index.....	6.2	11.0	11.3	7.8	6.6	4.0
Unemployment rate (percent)...	4.9	5.6	8.1	7.9	7.5	5.5

The Long Range Budget Projections

The effects of current budget decisions extend beyond the fiscal year. They establish program trends that help to shape the size and composition of budgets for years into the future. Just as the composition and level of the 1976 budget have been largely determined by past decisions, so too the decisions and proposals it embodies will strongly affect subsequent budgets.

The receipts projections presented below are consistent with the foregoing economic assumptions, assuming continuation of current tax law as modified by the proposals contained in this budget. The outlay and budget authority estimates presented here indicate the degree to which resources would be committed by the continuation of existing and currently-proposed programs at the program levels recommended for 1976. Thus, these projections are not intended as *forecasts*, or as *recommendations*, since the continuation of Federal programs and taxes is a matter properly subject to continuous review in light of changing conditions.

In general, the projections for outlays assume program levels remain fixed in constant dollar terms except where there is an explicit budget recommendation to increase or decrease program levels over time. One example is the anticipated increase in energy research and development programs between 1976 and 1977. Similarly, while defense manpower requirements are

assumed to remain constant, other defense purchases are assumed to rise by 4% a year in real terms. The projections allow for changes in beneficiary populations of programs such as social security. Allowances are also made for future cost-of-living adjustments to benefit levels, Federal pay raises, and other cost increases. These allowances are consistent with the economic assumptions outlined above, and with the effects of the proposed 5% ceiling on increases between 1975 and 1976.

Under the assumptions used here, receipts are projected to increase by an average of 13.1% a year between 1976 and 1980, rising from \$298 billion to \$502 billion. Over the same period, outlays for current programs and those proposed in this budget are projected to rise by an average of 7.6% a year, from \$349 billion to \$477 billion.

THE FISCAL OUTLOOK, 1974-80

[In billions of dollars]

	1974	1975	1976	Transition quarter	1977	1978	1979	1980
Outlays:								
Payments for individuals.....	110.3	137.3	152.7	39.7	169.7	185.2	200.1	214.8
Defense.....	78.6	85.3	94.0	25.8	105.5	120.4	131.5	141.4
Other.....	79.5	90.8	102.6	28.9	118.0	119.8	120.3	120.4
Total projected outlays.....	268.4	313.4	349.4	94.3	393.1	425.4	451.9	476.7
Receipts under current law.....	264.9	283.8	303.6	85.5	364.0	416.0	465.5	517.1
Effects of proposed tax changes.....	.....	-5.0	-6.1	-1.1	-1.5	-10.2	-13.2	-15.4
Total projected receipts.....	264.9	278.8	297.5	84.4	362.5	405.8	452.3	501.7
Budget margin or deficit (-).....	-3.5	-34.7	-51.9	-9.8	-30.6	-19.6	.4	25.0

The projected 69% growth in receipts between 1976 and 1980 reflects growth in tax bases, the proposed temporary tax reduction in 1976, and an increase in the average effective tax rate on personal income as inflation and rising real incomes move people into higher tax brackets. This increase in effective tax rates, which is implicit in a progressive income tax system, accounts for about \$25 billion of the total increase in individual income tax receipts between 1976 and 1980. Over the past two decades legislated tax cuts have offset implicit increases of this nature. Without these reductions, total Federal receipts would have risen to a much larger percentage of gross national product than they now claim.

PROJECTED RECEIPTS BY SOURCE

[In billions of dollars]

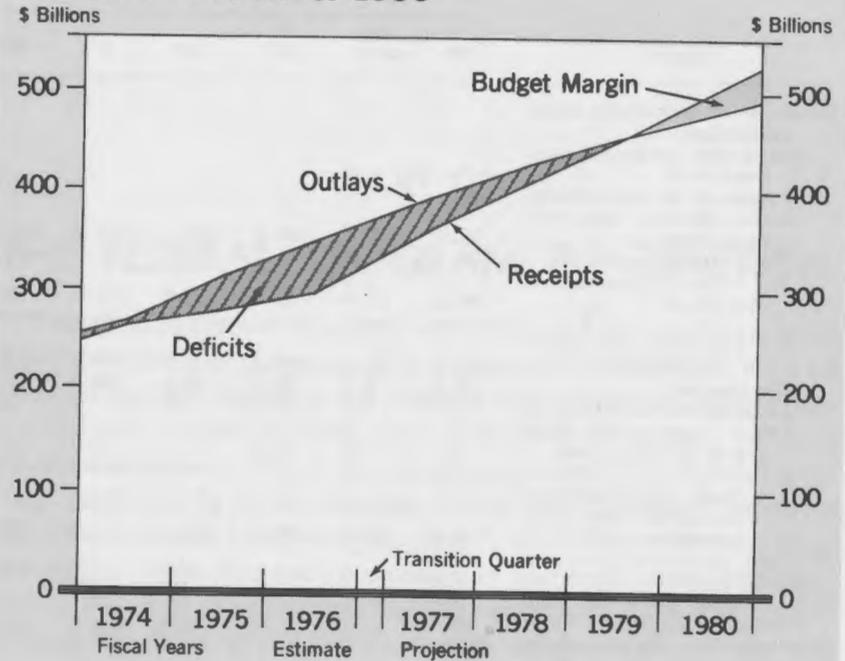
Source	1976	Transition quarter	1977	1978	1979	1980
Individual income taxes.....	106.3	37.9	149.9	173.5	196.9	222.0
Corporation income taxes.....	47.7	9.5	49.2	51.0	55.3	61.9
Social insurance taxes and contributions.....	91.6	25.6	108.3	124.5	139.9	153.1
Excise taxes.....	32.1	6.2	33.4	32.9	34.1	36.0
Estate and gift taxes.....	4.6	1.3	5.5	6.6	7.4	8.5
Customs duties.....	4.3	1.1	4.8	5.4	6.0	6.7
Miscellaneous receipts.....	10.9	2.8	11.4	11.9	12.7	13.5
Total budget receipts....	297.5	84.4	362.5	405.8	452.3	501.7

On the other hand, a significant portion of total income taxes—personal and corporation—will be replaced, under current proposals, by energy taxes on petroleum and natural gas. Energy tax collections will be somewhat greater than the proposed offsetting income tax reductions in 1976, with the difference made up by outlays to compensate nontaxpayers, State and local governments, and Federal agencies for increased energy costs. By 1980, however, total receipts will be reduced by \$15 billion as a result of these proposals. This occurs because the effect of income tax reductions will grow over time due to growth in the tax base, while receipts from the proposed energy excises and import fees will grow much more slowly, since they are based on increases in energy consumption—which they are designed to discourage. Also, the proposed windfall profits tax will phase out over time. This \$15 billion net reduction in 1980 receipts serves to offset much of the \$25 billion implicit increase in income taxes, preventing total receipts from rising significantly as a percentage of gross national product between 1977 and 1980.

On the basis of the economic assumptions presented in the preceding section and tax law changes proposed in the budget, individual income taxes are projected to reach \$222 billion by 1980, an increase of \$116 billion, or 109% over 1976. More than a fifth of this increase is due to the rise in the average tax rate on taxable personal income. Over the same period corporation income taxes are projected to increase by 30%, from \$48 billion to \$62 billion.

Increases in the taxable earnings base and rate under social security, and increases in other social insurance taxes and contributions, will occur under current law to finance benefit increases.

The Fiscal Outlook to 1980



These increases, together with the growth in payrolls over the next 5 years, are projected to raise social insurance taxes and contributions from \$92 billion in 1976 to \$153 billion in 1980, a 67% increase. Estate and gift taxes, customs, excise taxes, and miscellaneous receipts are projected at \$65 billion in 1980, an increase of \$13 billion from 1976.

Comparison of these outlay and receipts projections shows that current proposals leave a potential surplus, or budget margin, in 1980. Whether this margin is used to finance tax decreases, new programs, or debt reduction will depend on decisions made between now and 1980.

Most Federal domestic assistance programs—and some Federal programs for other purposes—create a legal entitlement to benefits for all eligible recipients. Thus, statutory changes reducing eligibility or the rate of increase in benefits, are the only way to control the growth of outlays for such programs. In 1967, such “open-ended programs and fixed costs” made up 36% of total outlays. By 1976, however, they will make up 59.2% of total out-

CONTROLLABILITY OF BUDGET OUTLAYS

[In billions of dollars]

Category	1976	Transition quarter	1977	1978	1979	1980
Relatively uncontrollable under present law:						
Open-ended programs and fixed costs:						
Payments for individuals:						
Social security and railroad retirement.....	76.6	21.4	89.9	100.1	109.9	119.4
Medicare and medicaid...	24.1	6.4	28.7	32.9	37.6	42.6
All other payments for individuals.....	64.3	15.4	66.1	69.0	71.4	73.6
Subtotal, payments for individuals.....	165.1	43.2	184.8	202.0	218.8	235.5
Net interest.....	26.1	8.6	29.3	28.8	28.5	27.9
General revenue sharing...	6.3	1.7	3.3	.1	.....	.....
Other open-ended programs and fixed costs.	9.2	2.7	11.2	11.2	11.4	11.6
Total, open-ended programs and fixed costs, current law.....	206.8	56.2	228.6	242.1	258.8	275.0
Proposed open-ended programs and fixed costs ¹	-7.5	-2.2	-6.0	-3.2	-4.0	-4.8
Outlays from prior-year contracts and obligations.....	54.0					
Relatively controllable outlays. Undistributed employer share, employee retirement.....	100.0	41.2	174.6	190.9	201.7	211.4
	-3.9	-1.0	-4.1	-4.4	-4.7	-4.9
Total budget outlays....	394.4	94.3	393.1	425.4	451.9	476.7

¹ Includes general revenue sharing extension, less effect of proposed 5% ceiling on increases in benefit payments to individuals between 1975 and 1976.

lays. As the table above indicates, this percentage is projected to decline slightly to 57.7% by 1980.

The momentum of Federal spending extends beyond "open-ended programs and fixed costs." Each year a substantial portion of outlays under many other programs is legally required as payments come due under contracts or other obligations made in earlier periods.

In the past the necessary fiscal policy adjustments have been increasingly concentrated on a small and diminishing portion of total outlays—that part which was most readily "controllable." New procedures being established under the Congressional Budget and Impoundment Control Act of 1974 which is discussed in Part V, however, may make it more feasible in the future to adjust all parts of the budget to meet current priorities, including the programs that were once considered uncontrollable.

PART IV

THE FEDERAL PROGRAM BY FUNCTION

This section discusses budget authority and outlays in terms of major functions or purposes. The functional—in contrast with an agency—budget classification permits comparison of budget outlays for each major purpose, regardless of which agency is carrying out the activity. While the use of functional classifications extends back nearly three decades, it has been necessary to revise the classifications from time to time. The 1976 budget contains the results of the first major revision of the functional classification in 14 years. The criteria for the functional classification are discussed in detail in the Federal budget document.

National Defense

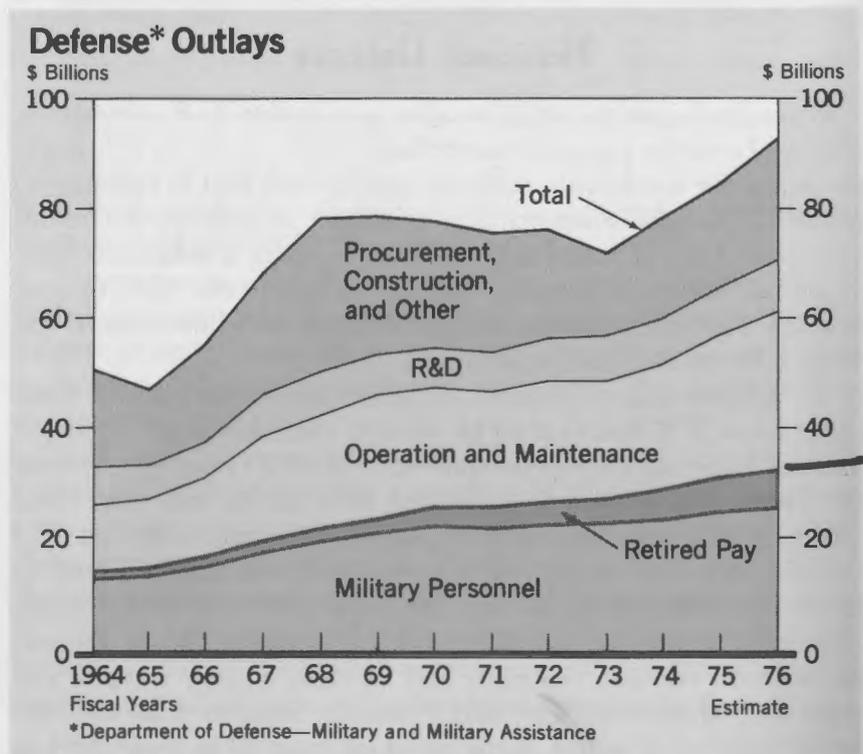
Peace and international stability are major U.S. objectives. National security programs contribute to these goals by helping to maintain the worldwide military equilibrium that is essential to peace. This equilibrium requires a balance in strategic forces between the United States and the Soviet Union, a balance in conventional forces in Central Europe between the NATO and Warsaw Pact nations and a balance in naval strength between the United States and the Soviet Union.

To achieve and maintain a military balance in each of these three areas, U.S. forces must be strengthened. Improved strategic nuclear forces and the development of possible strategic systems for future deployment are planned in order to maintain clear strategic deterrents against the spectrum of potential threats. The fighting power of the general purpose forces will also be strengthened, but with little or no increase in present personnel ceilings. This will be accomplished by shifting personnel from support activities to combat functions and by modernizing weapon systems and equipment. The major change planned is an increase in the number of active Army divisions from 13 in June 1974 to

16 by late 1976. The reserve and guard forces, which augment the active forces, will receive better training, improved equipment, and an increased share of combat responsibilities. The tactical air forces will be modernized by the replacement of older aircraft with newer and more capable aircraft. A vigorous ship-building program is planned to improve and expand the fleet.

Outlays for national defense programs are estimated to increase from \$85.3 billion in 1975 to \$94.0 billion in 1976. This increase is necessary to offset higher costs, and to maintain defense preparedness.

The Vladivostok negotiations with the Soviet Union are a significant achievement. For the first time in our negotiations with the Soviet Union, we have reached an understanding on specific and equal limitations on the total number of strategic delivery vehicles and missiles with multiple independently targetable warheads (MIRVs). By establishing overall quantitative limits, a substantial expansion of strategic forces can be avoided. Within the limits of the agreement, the United States will continue to deploy an effective combination of strategic bombers, land-based missiles and submarine-launched missiles, and will



develop options for the deployment of improved systems in the future.

Most land, air, and naval forces are designed to perform the general purpose mission of deterring or repelling attacks not deterred by the threat of strategic nuclear retaliation. These threats range from isolated incidents to major assaults by a combination of opponents.

Between 1968 and 1975, the general purpose forces were sharply reduced following the U.S. disengagement from the conflict in Vietnam. Military personnel were reduced by 1.4 million, from 3.5 million in 1968 to 2.1 million in 1975. This is the lowest level since the Korean war and 556,000 less than in 1964 prior to the Vietnam conflict. The number of active divisions, tactical air wings and warships has also been reduced below pre-Vietnam war levels.

The United States has initiated negotiations between the NATO Alliance and the Warsaw Pact on mutual and balanced force reductions. If these negotiations are successful, some United States forces stationed in Europe could be withdrawn. For the time being, however, the United States and its allies must maintain present manpower levels and strengthen conventional combat capabilities. This will be accomplished by shifting manpower from support activities to combat functions, and by modernizing weapon systems and equipment. Increased standardization of equipment will also be emphasized.

With little or no increase in present manpower ceilings, combat capabilities can be strengthened by an increase in the number of active Army divisions and an offsetting reduction of headquarters and general support activities.

More extensive use of reserve combat components can further augment the active forces. This will result in greater combat power in the early days of conflict.

The retirement of many aging ships built during World War II, together with the rapid growth in the Soviet Navy, requires that the United States maintain a vigorous program of new ship construction and modernization.

The superiority of the tactical air forces will be maintained by replacing older aircraft with newer and more capable aircraft. Increased purchases of air-to-air and air-to-ground missiles are proposed for all tactical air forces.

Research and development programs will increase to keep U.S. forces modern and maintain technological superiority.

In addition to continuing development of the B-1 bomber and the Trident submarine and missile, major strategic increases provide options for future ballistic missile warhead and accuracy improvement. A major increase is also planned for development of an advanced air combat fighter, a new battle tank and an attack helicopter system.

Military assistance and credit sales programs provide the support necessary to strengthen the efforts of other countries to provide for their own defense. These programs are discussed in the section on international affairs.

The development and underground testing of nuclear weapons will increase primarily to complete weapons programs approved before the effective date of the Threshold Test Ban Treaty.

The Selective Service System will begin major program adjustments in 1976 while a new standby system is tested.

Stockpile receipts in 1976 should decline from \$1.2 billion in 1975 to \$620 million, reflecting lower demand and the exhaustion of existing disposal authority for certain key commodities

International Affairs

Our domestic well-being depends upon our responsible involvement in the search for world peace and economic progress. The United States will pursue this goal through arms control negotiations, international economic cooperation, and foreign assistance. Outlays for international affairs are estimated to be \$6.3 billion in 1976.

Foreign assistance includes both economic and military assistance. Economic assistance is given to poorer nations through multilateral and bilateral programs. Multilateral development programs are estimated to require outlays of \$990 million in 1976 for U.S. participation in international development banks and organizations.

Bilateral development assistance, administered principally by the Agency for International Development (AID), focuses on increasing food production in response to current world needs. Budget authority for food and nutrition programs will be \$629 million in 1976. Food for Peace serves U.S. foreign policy objectives and complements AID's concentration on food production by providing food aid to alleviate hunger and malnutrition.

Other bilateral foreign aid programs include Indochina post-war reconstruction assistance, which helps that region maintain

economic stability, and supporting assistance largely for the Middle East, which helps that area maintain the progress toward a negotiated peace.

In addition, the State Department provides assistance to foreign countries and international organizations for international narcotics control and for refugee assistance.

Military assistance supports the defense efforts of friendly countries through grants, credits, and sales. Military assistance outlays, which are in the defense function, are estimated to be \$3.0 billion in 1976, \$2.8 billion of foreign aid and \$.2 billion of sales.

The dramatic increases in the price of oil have upset the patterns of international trade and finance. The U.S. has proposed a special financing facility to provide support for industrialized countries with major balance of payment difficulties, resulting from these trade and financial dislocations. In 1976 budget authority of \$7.0 billion is estimated for this facility.

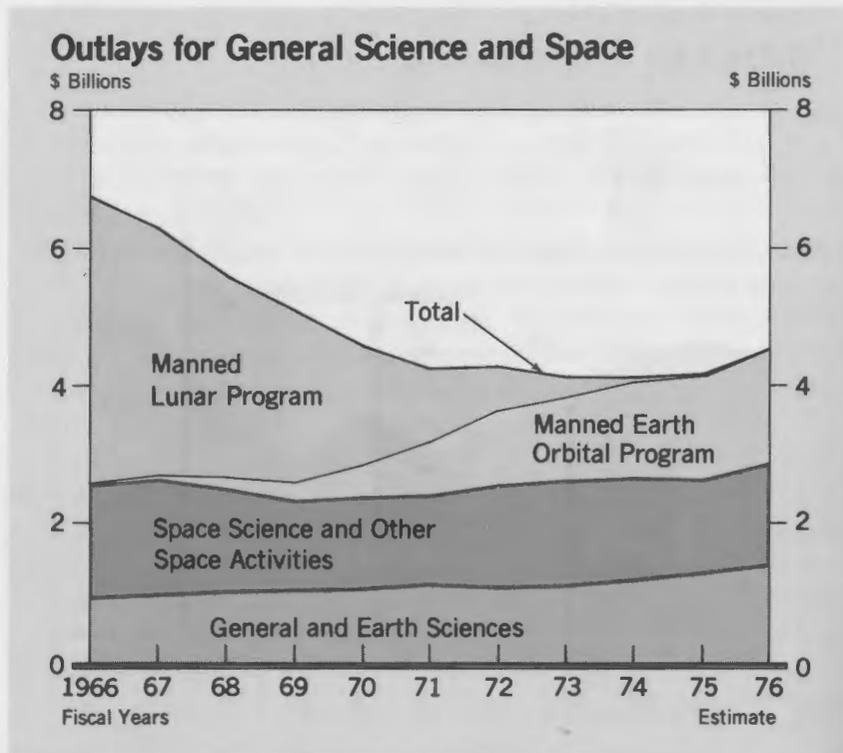
In 1976, an estimated \$83 million in outlays will support 6,000 Peace Corps volunteers, \$784 million in outlays will be spent for the conduct of foreign affairs, and \$412 million in outlays will be spent for foreign information and exchange programs.



General Science, Space, and Technology

Outlays for general science, space and technology programs are estimated to be \$4.6 billion in 1976. The 1976 budget provides \$3.2 billion for a space program that includes manned and unmanned space flight, space science development, and the application of space technology for such purposes as improved weather prediction. The increase of \$278 million in outlays above the 1975 level is required to continue an orderly buildup in the space shuttle program designed to provide more economical manned access to space beginning in the 1980's. In July 1975, the United States and the U.S.S.R. will conduct a joint rendezvous and docking mission.

The 1976 budget also provides funds to assure balanced Federal support of research, particularly in basic science, and to develop knowledge important to the long-term solution of national problems such as energy. Outlays for the National Science Foundation and for physical research in the Energy Research and Development Administration will increase by an estimated \$91 million to \$1.1 billion in 1976.



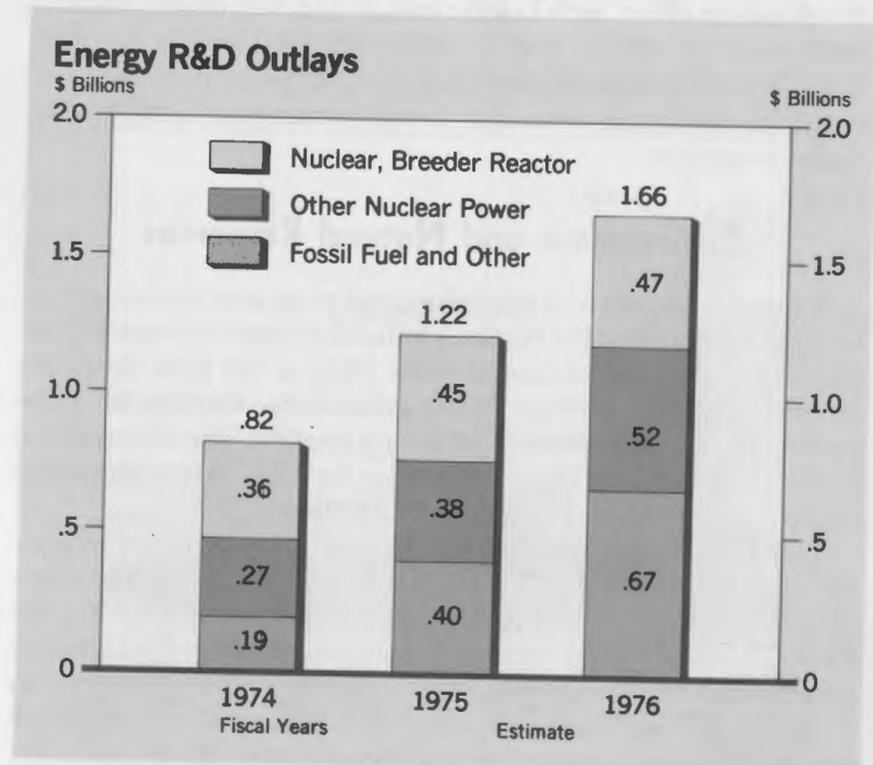
Energy

Federal energy programs are divided into three broad categories: General operating programs, regulatory programs, and research and development programs. Outlays for all of these energy programs are estimated to be \$2.2 billion in 1976.

Included in general operating programs are the analysis and development of energy policy, the leasing of federally owned oil, natural gas, and coal resources, and uranium enrichment. Net outlays for operating programs will total \$498 million in 1976.

In order to increase domestic energy production over the next 10 years, a program to prepare for leasing oil and gas lands in all new areas on the Outer Continental Shelf is being pursued, and a tentative schedule of sales has been drawn up. A decision to lease an area will be made only after a determination that unacceptable adverse environmental impacts will not occur.

Uranium enrichment operations, which provide services for a fee to civilian nuclear powerplants, must increase significantly in order to meet future demands. Gross outlays for uranium enrichment activities will be \$738 million in 1976.



Federal energy regulation affects the development and sale of petroleum, natural gas, electric power and the use of nuclear materials and facilities. Outlays for energy regulation in 1976 will total \$164 million.

The expanded Federal program of energy research and development reflects the Administration's commitment to develop new and improved technologies that will provide the United States with the capability to expand the use of domestic energy resources in an economic and environmentally acceptable manner. The major elements of the program cover nuclear energy (both fission and fusion), fossil energy, conservation through increased efficiency, environmental controls, and solar and geothermal energy. The program will be carried out largely by the newly created Energy Research and Development Administration.

Outlays for energy research and development programs will increase from \$1.2 billion in 1975 to \$1.7 billion in 1976. This increase is distributed among all major program areas and reflects further growth in programs that increased by about 50% from 1974 to 1975.

The nonnuclear portion of the Federal energy research and development effort, such as solar energy and coal development, is estimated to be 40% of the recommended total budget authority in 1976. In the nuclear energy program, major increases are provided for the liquid metal fast breeder reactor and the nuclear fusion programs.

Environment and Natural Resources

Natural resources and environmental programs encourage the wise management of the Nation's natural resources, balancing development and environmental needs while at the same time conserving these resources for future generations. Outlays for these programs, before deducting offsetting receipts, are estimated to be \$9.4 billion, about the same level as for 1975. After deducting offsetting receipts, outlays will be \$7.8 billion.

The Federal Government carries out a broad range of programs to help control pollution, including research, enforcement of standards, and grants to State and local governments for the construction of sewage treatment facilities. Outlays for pollution control and abatement programs in 1976 are estimated to increase by \$59 million to a level of \$3.0 billion, three-fourths of which will be for construction of waste treatment plants.

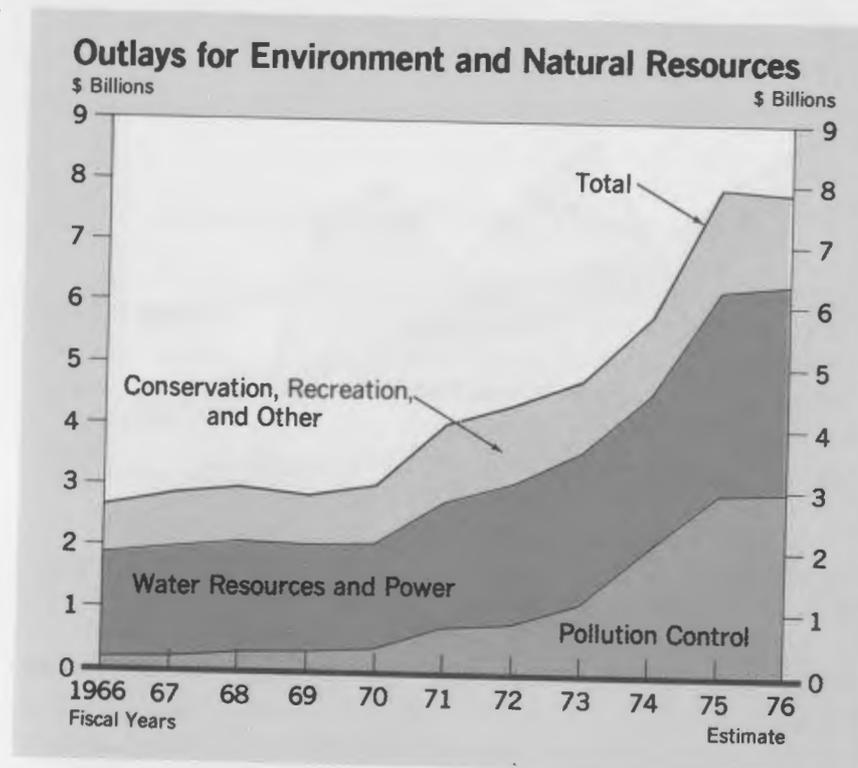
Outlays for water resources and power programs are estimated to be \$3.3 billion in 1976. These programs provide electrical power, water supplies, flood control, irrigation and recreational opportunities.

Conservation and land management outlays in 1976 will be \$0.9 billion, a decrease of \$333 million from last year largely due to the planned termination of the agricultural conservation program.

The Forest Service will continue its multiple purpose management of national forests. It will accumulate a 2-billion board-foot inventory of timber prepared for sale to meet future demand increases and will prepare a long-term plan and an assessment of renewable resources.

Outlays for recreational programs are estimated to increase from \$800 million in 1975 to \$856 million in 1976, of which land acquisition alone totals \$292 million.

Outlays for other natural resources programs will increase from \$546 million in 1975 to \$607 million in 1976. The bulk of this increase will go to programs of the National Oceanic and Atmospheric Administration.



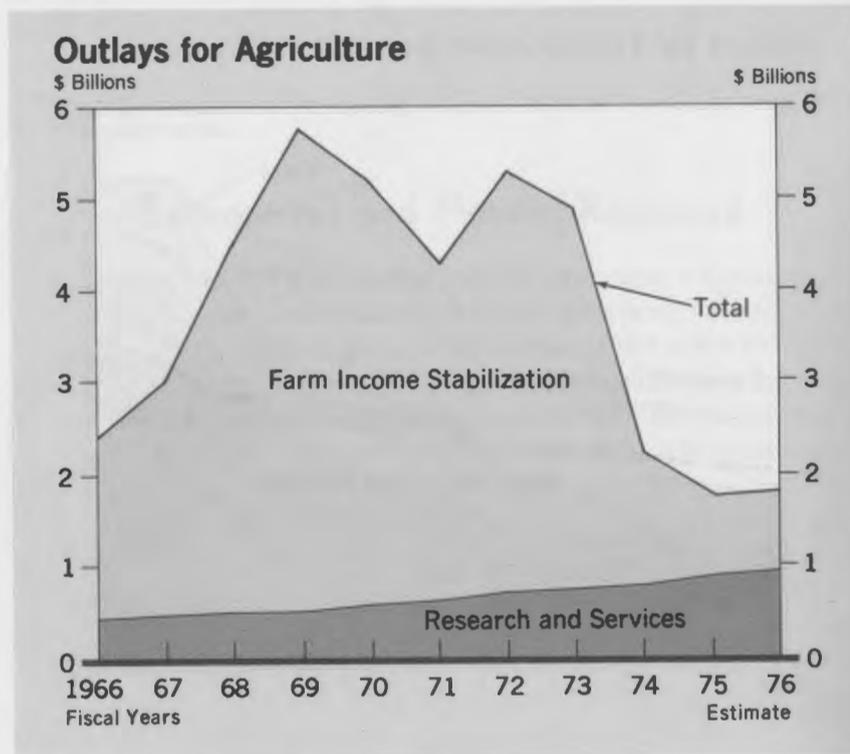
Agriculture

In recent years, farm income support has dropped dramatically as farm income has increased. However, in 1974, net farm income decreased 17% despite higher food prices, which were caused by poor weather and rising marketing costs. Federal outlays for agricultural programs are expected to be \$1.8 billion in 1976, of which 49% will be for farm income stabilization.

Payments to farmers for disaster relief included in income stabilization may reach \$592 million in 1975. The Administration is developing a less costly alternative involving an expansion of all-peril crop insurance.

The Administration's policy is to encourage farmers to respond more freely to the forces of the marketplace. Consequently, the Administration has removed Federal restrictions on planted acreage where legally possible and has proposed the reduction of Federal control over three additional crops.

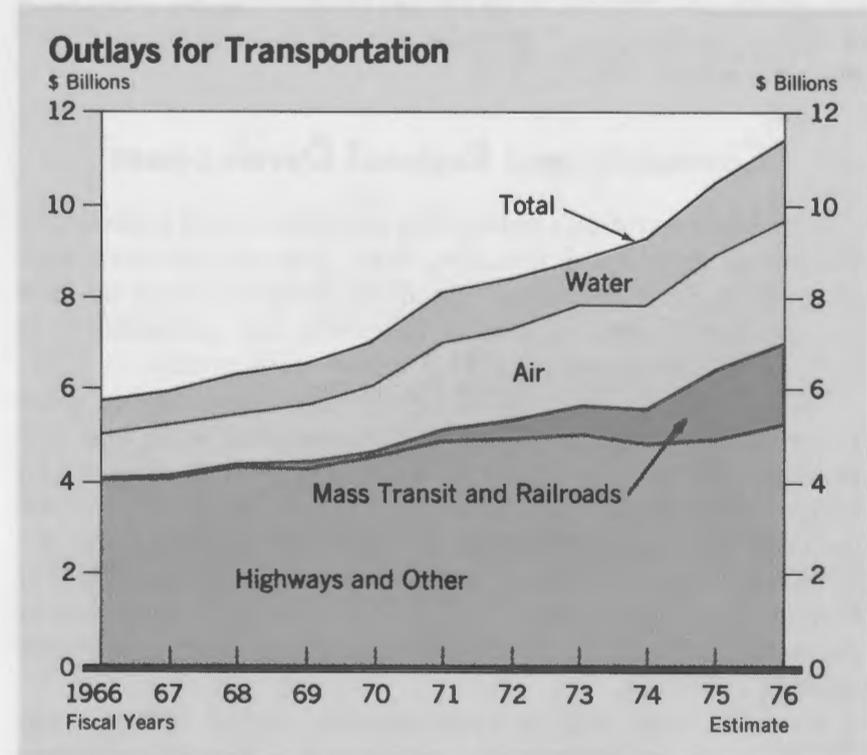
Outlays for agricultural research will increase to \$367 million in 1976, and will help increase production of grain, meat and vegetable protein.



Commerce and Transportation

Outlays for transportation programs are estimated to increase from \$10.4 billion in 1975 to \$11.4 billion in 1976. For 1976, obligations for highway programs will total \$5.4 billion, including \$3.0 billion for interstate highways. Legislation will be proposed to modify the gasoline tax and the highway trust fund structure and to reduce unused highway authorizations. The legislation will give priority to interstate highway construction and to providing more discretion to State governments in the use of noninterstate highway funds. The National Mass Transportation Assistance Act of 1974 provides \$11.8 billion in Federal assistance over the next 6 years. Federal obligations in 1976 for mass transit will exceed \$2.0 billion. Although outlays for Amtrak will increase by \$59 million to \$360 million, much of the increase will be required to offset Amtrak's rapidly rising operating deficit.

Air transportation legislation will broaden the activities financed by aviation trust fund receipts, and allocate fees more equitably among aviation system users. Outlays for air transpor-



tation are estimated to be \$2.7 billion, with an additional \$1.7 billion for water transportation.

The Federal Government helps promote commerce through a variety of programs such as the housing credit market. In response to temporary difficulties in the housing market, Federal support for nearly \$23 billion in mortgage loans has been authorized, including \$6 billion under the Emergency Home Purchase Assistance Act. To assure adequate housing credit in the future, the Administration has urged passage of the Financial Institutions Act, which would enable savings and loan associations to compete more effectively for funds without subsidies. Rural housing programs are being redirected to provide more assistance to lower income families through purchase of existing housing and low-interest rehabilitation loans.

In 1976, the subsidy to the U.S. Postal Service will be reduced \$341 million to \$1.5 billion. This reflects the continuing phase-down of subsidized postage rates as well as elimination of a special one time cost incurred during 1975.

The Small Business Administration will give top priority to assisting established small businesses that are in temporary difficulty with an estimated \$316 million for direct loans. The Office of Minority Business Enterprise expects to assist over 27,000 minority-owned firms in 1976.

Community and Regional Development

The Administration's policies for community and regional development stress local initiative, with Federal assistance supplementing State and local resources. Budget outlays in 1976 for community and regional development are estimated to be \$5.9 billion, an increase of \$1.0 billion over outlays in 1975.

New commitments under the community development grant program, which has replaced seven categorical grant and loan programs, are estimated to be \$2.6 billion in 1976. Outlays of \$1.3 billion under this program, together with outlays of \$1.7 billion under the categorical programs being phased out, will result in a \$900 million increase for community development in 1976. The budget also includes outlays of \$121 million for comprehensive planning grants and research on community development and housing problems.

In 1976, there will be approximately 20,000 full-time and 200,000 part-time volunteers participating in domestic volunteer

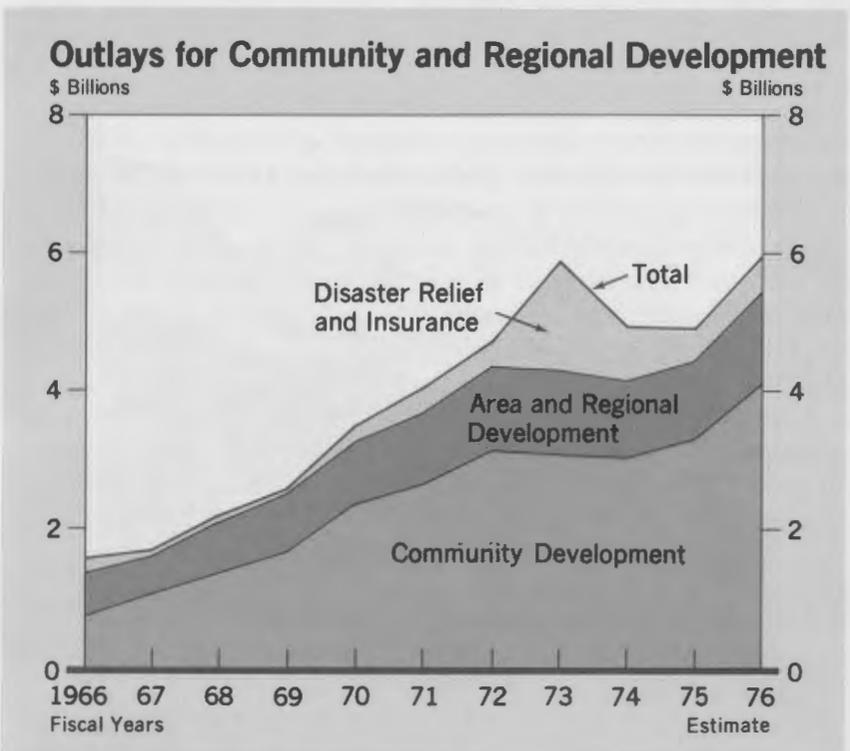
programs under ACTION, which will continue to emphasize local involvement. Legislation was recently enacted that established the Community Services Administration to succeed the Office of Economic Opportunity.

In 1976, loans for rural business and industrial development, as well as loans and grants for rural water, sewer, and other community facilities, will exceed \$1 billion.

Programs to help States and communities respond to the problems of persistent unemployment will be expanded in 1976 to provide \$356 million under new legislation permitting a broader range of aid.

The development of American Indian communities is also a continuing concern. Net outlays for Indian development programs will increase by \$69 million to \$500 million in 1976.

Although private insurance and affected State and local governments are primarily responsible for alleviating problems brought about by natural disasters, Federal aid is available to supplement State and local resources under the Disaster Relief Act. By the end of 1976, subsidized flood insurance will be available in 16,000 communities.



Education

The primary responsibility for support of public education rests with the programs of State and local governments. The goal of Federal assistance to education is to help equalize educational opportunity at all levels and to help local and State education agencies by assisting in the development of improved techniques and programs. Federal outlays for education programs are estimated at \$7.4 billion in 1976.

Federal elementary and secondary education programs include aid to educational agencies based on formula grants and discretionary project grants. These grants are for special assistance to disadvantaged students and the development of programs to meet special needs. The Education Amendments of 1974 provide for a new distribution of funds for disadvantaged children and the establishment of two new consolidated grant programs. The 1976 budget also includes proposed legislation that would consolidate vocational education support and provide greater flexibility for State agencies, move Federal support toward innovation, and increase the State share of these program costs. Outlays

for Head Start, a preschool program for the disadvantaged, are estimated to be \$425 million in 1976, reaching 379,000 children.

Funds for higher education are concentrated on direct financial aid for undergraduate students. Budget authority for basic educational opportunity grants is estimated to be \$1.0 billion in 1976, providing grants of up to a statutory ceiling of \$1,400 for an estimated 1.3 million undergraduates in the 1976-77 school year. In addition, budget authority of \$250 million for work/study programs will help 520,000 students in school year 1976-77 and the guaranteed student loan programs will assist 1.1 million students in 1975-76. Outlays to support improvement of developing institutions, including predominantly black colleges, will continue to rise in 1976.

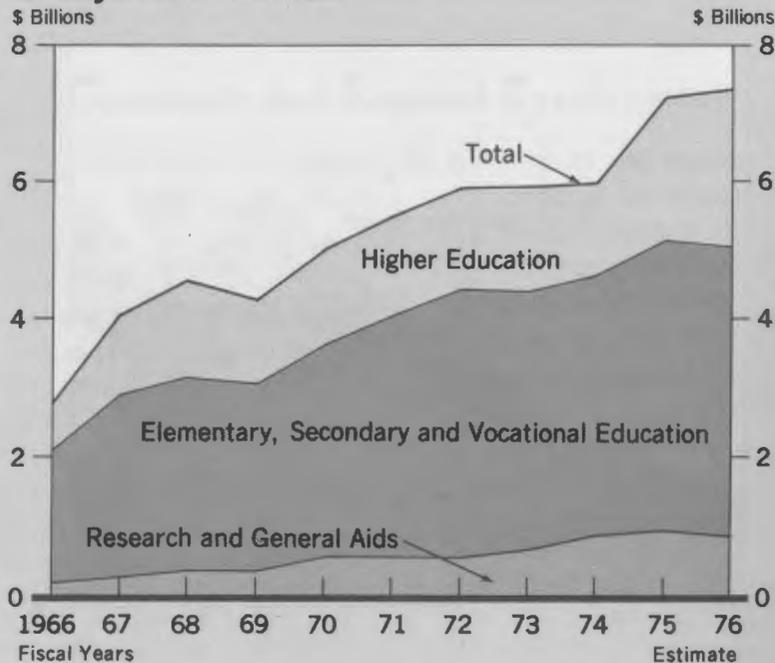
Manpower and Social Services

The Federal Government finances State and local programs that help individuals obtain jobs through training, employment services, or temporary public jobs. It also sets and enforces minimum wage and other standards regulating employment and labor-management relations practices. Outlays for Federal manpower programs are estimated at \$4.5 billion in 1976, an increase of over 3% over 1975.

In response to the President's request, the Congress in December 1974, authorized a temporary unemployment assistance and public employment program to help unemployed workers cope with the currently increased difficulty of obtaining employment. The major part of this program, special unemployment benefit payments, provides aid to all eligible workers who have lost jobs and cannot find new ones. It is discussed in the income security section with other unemployment compensation. The second part, temporary employment assistance, will enable States and localities to create temporary jobs for unemployed workers, primarily those who have been out of a job for a long time or have used up their unemployment compensation. States and localities are encouraged to develop special projects outside their regular work programs in order to employ as many unemployed workers as fast as possible. It is expected that \$650 million will be spent on such jobs in 1976.

The Comprehensive Employment and Training Act (CETA) enters its second full year of operation in 1976. In 1975, States and localities are receiving authority to use \$2.3 billion to finance lo-

Outlays for Education



cally conceived plans to train or employ people in ways that best fit the needs of the local employment situation. Portions of this amount, together with funds made available late in 1974, have provided \$1 billion on an accelerated schedule to finance 170,000 transitional public service jobs for the unemployed. A substantial amount of the 1975 funding will remain available in 1976 to finance similar jobs in that year. In addition, as States and localities organize to carry out their new responsibilities under CETA, significant amounts of 1975 authority will remain available in 1976. These carryovers, plus 1976 budget authority equal to that provided in 1975, will support over 636,000 man-years of training and employment in 1976.

Additional outlays of approximately \$370 million will be spent in 1976 for special national manpower programs. These include programs for migrant workers, Indians, and the Job Corps, as well as research and evaluation projects.

Help in obtaining jobs is provided by the work incentive program (WIN) to those receiving aid to families with dependent children. Every recipient able to work must register. The goal for 1976 is to place 140,000 in jobs lasting 90 days or more. Outlays

for the WIN program are expected to total \$315 million in 1976, about the same as estimated for 1975.

The Federal Government pays 100% of the cost of the State offices providing job matching services to workers and employers. Outlays for the service in 1976 are estimated at \$521 million, \$11 million less than in 1975.

Recently enacted legislation will provide the States with much more flexibility in planning and operating social service programs. Under proposed legislation, the State share of financing those programs will increase from 25% to 35% in 1976, and to 50% in 1977. Therefore, Federal funding for social services and related activities will decline by \$366 million in 1976 to a level of \$2.7 billion. However, the level of services will not decline because of the increased State share. A total of \$806 million will be provided for rehabilitation services and \$279 million for services to the aged and other special groups.

Health

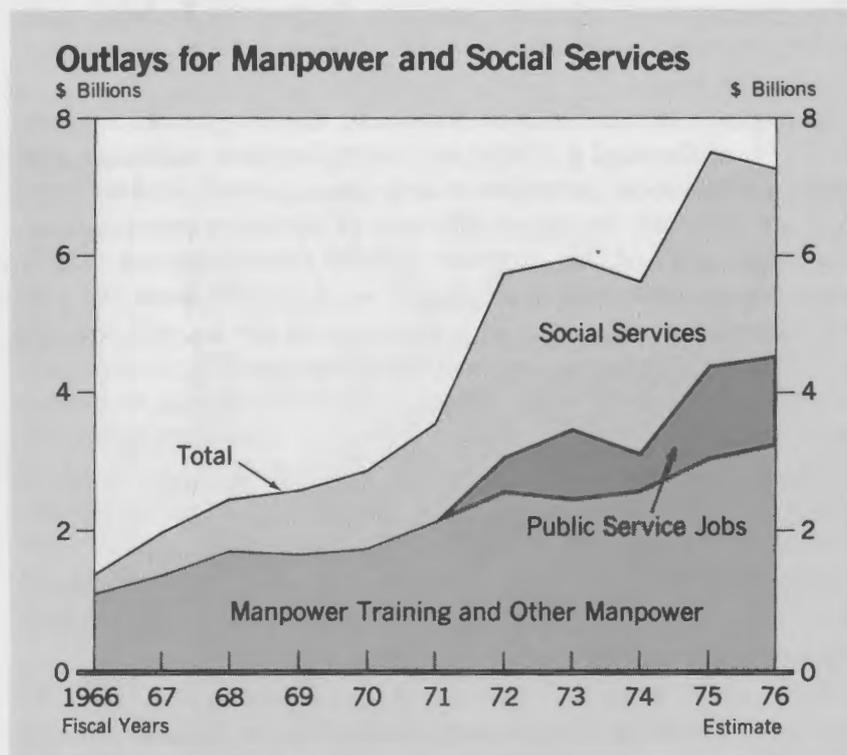
Federal health programs include the financing and provision of health services, research, the prevention of health problems, and the training of health personnel. Outlays for Federal health programs are estimated to be \$28 billion in 1976, an increase of \$1.6 billion over 1975.

Medicare and medicaid are the major Federal programs for financing medical care. In 1976, medicare outlays of \$15 billion will help to meet the medical costs of over 13 million aged and disabled Americans. Medicaid outlays of over \$7 billion will help almost 26 million low-income Americans. The budget includes a proposal to reform medicare cost-sharing provisions and a proposal to reform the Federal-State share of medicaid costs.

Outlays of \$459 million are being requested for the provision of medical services through project grant activities, including the Indian Health Service. Efforts to improve the ways in which health services are made available will be continued in 1976.

Outlays for biomedical research are estimated at over \$1.7 billion in 1976, an increase of over 15% since 1974. Major emphasis will continue to be placed on cancer research, for which outlays are estimated to be \$582 million in 1976.

In 1976, Federal outlays for the training of health personnel are estimated at \$620 million. As in other fields of higher education, Federal assistance in 1976 will emphasize aiding students

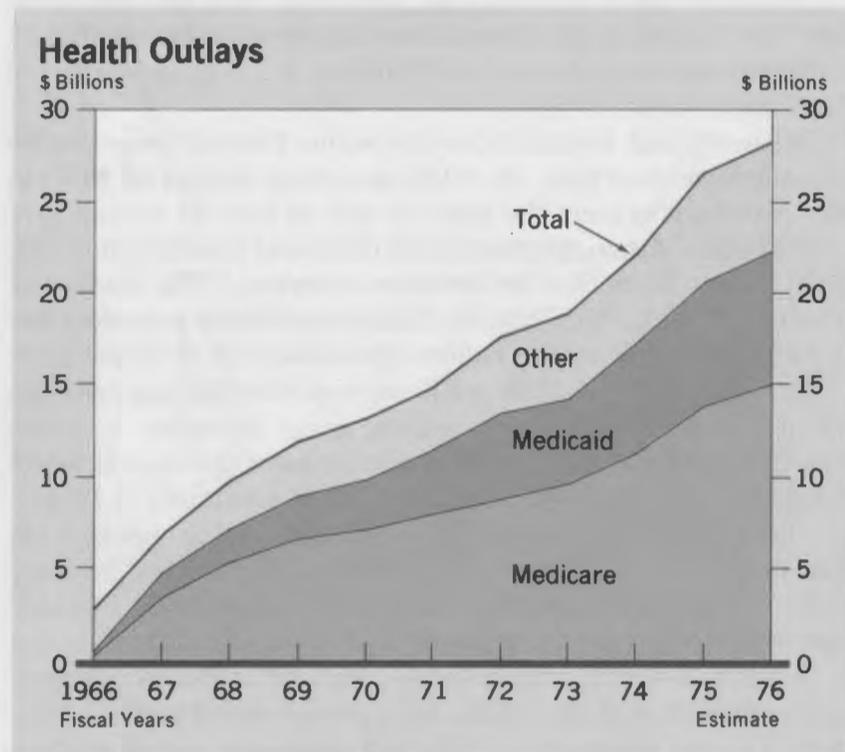


rather than institutions. Students in the health professions who can anticipate high earnings can be expected to finance a greater share of their educational costs. General purpose support to institutions will be phased out as Federal assistance shifts toward more selective funding of training activities responsive to national priorities. In 1976, Federal support will be provided for 1,100 individual post-doctoral research fellowship awards, based on nationwide competition. No new predoctoral support for research training is proposed.

States and localities will be assisted in establishing new consolidated health resources planning agencies to replace the present, duplicative health planning programs.

A revised health facilities construction assistance program will assist in the modernization of existing inpatient facilities and the construction of new outpatient facilities.

Outlays for programs to prevent and control health problems in the areas of consumer safety, communicable disease control, and occupational safety are estimated to be \$920 million in 1976. Outlays of \$461 million are being requested for consumer safety and \$459 million for disease prevention and control.



Income Security

The Federal income security programs help to replace income that is lost through retirement, disability, death or the unemployment of wage earners. They also supplement the income of families in need. These programs are expected to total \$118.7 billion in 1976, 34% of all Federal outlays. The Administration is proposing that all programs that have benefit increases directly linked to cost of living are to be limited to 5% increases through 1976.

The unemployment benefit programs play a large role in mitigating the effects of a downturn in the economy. Approximately 14.4 million workers will receive a total of \$17.5 billion in unemployment benefits in 1976. Temporary legislation provides for up to 13 additional weeks of benefits on top of the regular program of 26 weeks, plus the State extended program of 13 weeks for covered workers. It also provides up to 26 weeks of benefits for workers not covered by State law. Other programs to help the unemployed are discussed in the Manpower and Social Services section.

Social security is the world's largest retirement, survivors, and disability insurance program, providing an average annuity of \$235 a month to 32.2 million recipients in 1976. Outlays for social security in 1976 will be \$70.1 billion, an increase of \$6.6 billion over 1975. Other Federal retirement systems will provide \$11.5 billion in benefits for retired or disabled railroad workers and Federal civilian employees.

Outlays for the Supplemental Security Income program, which replaced the State welfare programs for the aged, blind, and disabled, are estimated to be \$5.5 billion in 1976. To improve the efficiency of the system in the next year, all aspects of the program will be monitored and where needed legislative changes will be recommended.

Outlays for the program of Aid to Families with Dependent Children are expected to be \$4.7 billion in 1976. This budget proposes reforms to improve management and reduce abuses in this program. An indication of the abuses is that of an estimated 3.2 million cases on the rolls in June 1974, 9.3% are ineligible, 20.6% are receiving overpayments, and 8.0% are receiving underpayments.

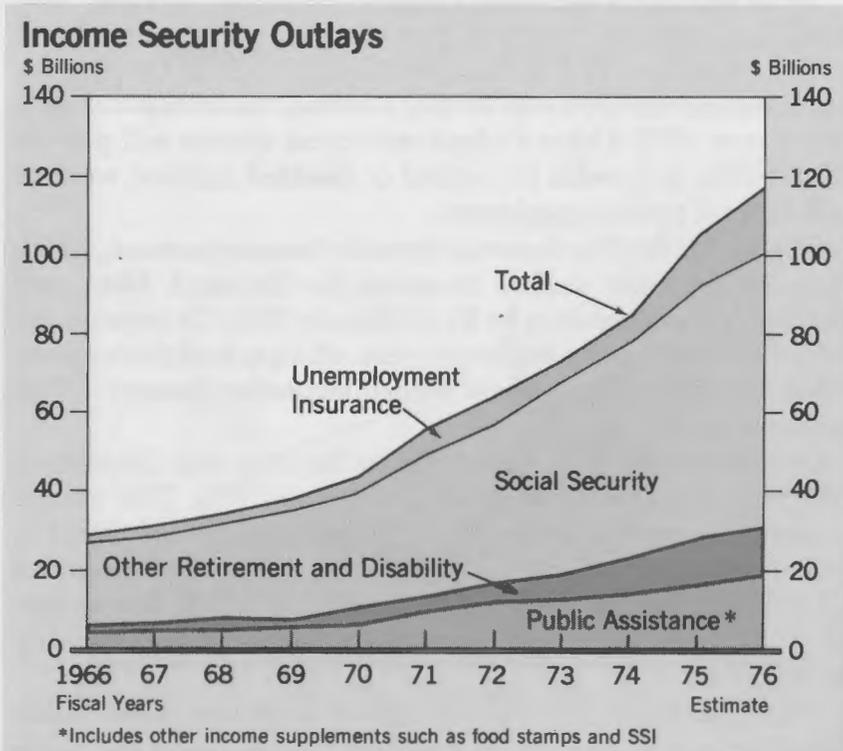
The Food Stamp and Child Nutrition programs provide additional benefits in the form of cash and food to insure the needy

the opportunity for an adequate diet. Outlays for the Food Stamp program are estimated to be \$3.6 billion in 1976, about the same as 1975. The incidence of rising costs and the need for more efficiency in family feeding programs have prompted the administration to propose program improvements.

Outlays for child nutrition programs, including school lunches and other nutrition programs, will reach approximately \$1.7 billion. The Administration proposes to substitute a comprehensive block grant program to help provide meals only for needy children instead of the presently fragmented programs which aid both the needy and non-needy under the Child Nutrition and School Lunch Acts.

This budget proposes approval for 400,000 units in 1976 under the lower income housing assistance program. It also provides for the initiation of a performance funding system to improve the operation of public housing projects, increasing subsidies from \$450 million in 1975 to \$525 million in 1976.

Total housing payments for the subsidized housing program are estimated to reach \$2.6 billion in 1976, an increase of \$478 million over 1975.

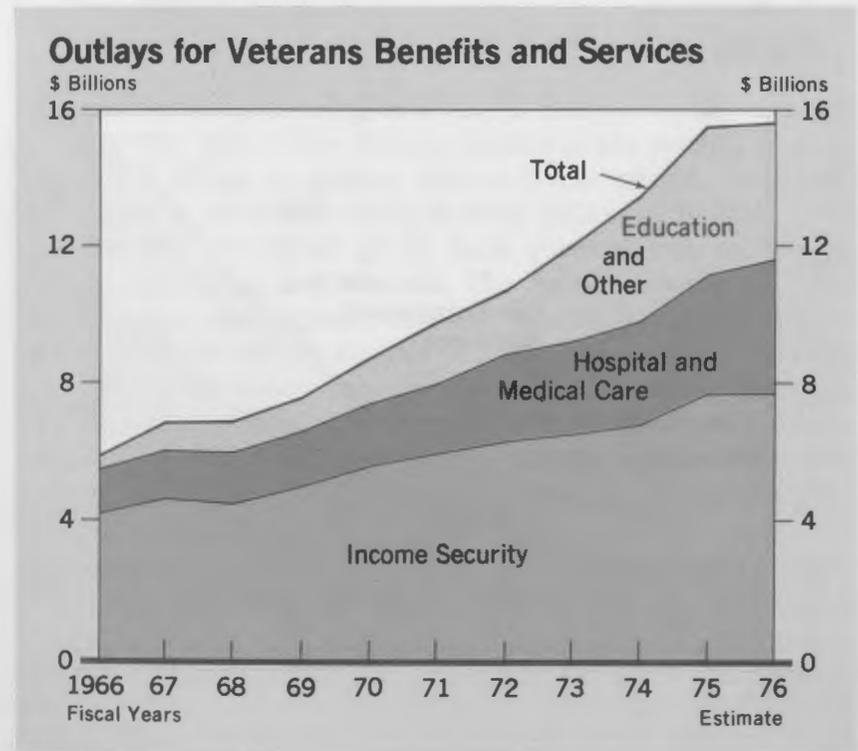


Veterans Benefits and Services

The budget recognizes the Nation's continuing obligation to provide support for veterans. Outlays for benefits and services to veterans and their families are estimated to be \$15.6 billion in 1976. Compensation is paid to those veterans who have a service-related disability that impairs their earning ability. Outlays for compensation payments will reach \$4.6 billion in 1976. In addition, pensions for non-service connected disability and for elderly veterans and survivors will reach \$2.7 billion in outlays in 1976.

Under recently enacted legislation, monthly payments for the educational benefits of the "GI bill" have been increased 22.7%, entitlement has been extended 9 months, in some instances, and direct Veterans education loans have been initiated. Outlays for Veterans educational benefits are estimated to be \$3.6 billion. In 1976, the Veterans Administration will assist 366,000 veterans through its guaranteed home mortgage loan program.

This budget also provides funds for the nationwide civilian medical care system for veterans. Outlays for medical programs will reach \$3.9 billion in 1976.



Law Enforcement and Justice

Federal law enforcement programs include both direct action in areas of Federal jurisdiction and assistance in support of State and local agencies. Outlays of \$3.3 billion will be used to encourage more effective law enforcement, prompt administration of justice, and improved rehabilitative programs.

Outlays for the Law Enforcement Assistance Administration, the principal source of Federal assistance to State and local governments, are estimated to be \$887 million. In addition, the new Legal Services Corporation will provide assistance to indigent defendants. Outlays for direct Federal law enforcement and prosecution will be \$1.7 billion. The Immigration Service will increase its outlays by \$34 million or almost 20% to address the severe illegal alien problem. The Justice Department's Antitrust Division will also expand to help reduce inflationary pressures by increasing competitiveness in the economy.

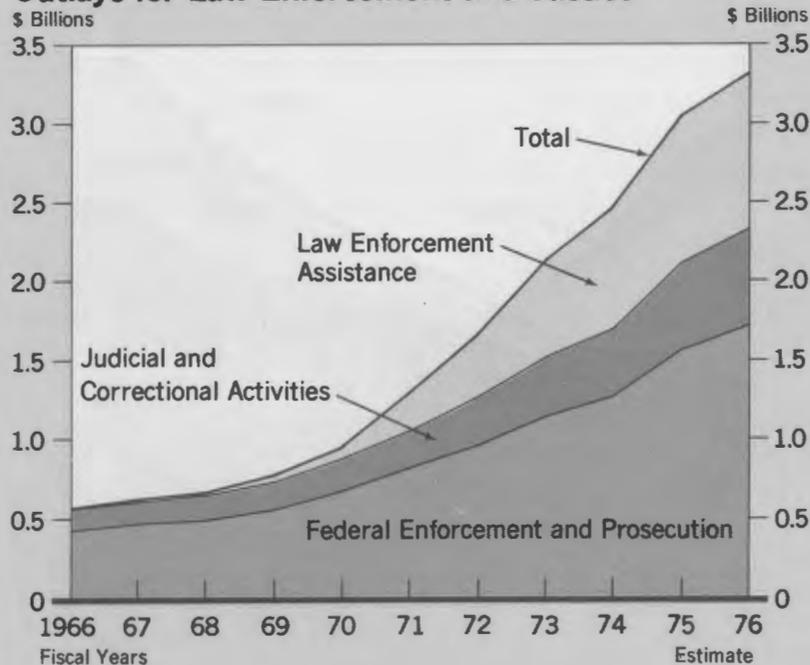
The constitutional guarantees of equality are enforced through civil rights programs, not only in the Justice Department, but in all other Federal agencies.

General Government

General government programs encompass many fundamental Federal activities that cut across agency and functional lines, such as revenue collection. In 1976, these activities include those associated with the celebration of the American Bicentennial, the management of Government personnel and property, and the U.S. territories and possessions. Outlays for general government programs in 1976 are estimated to be \$3.2 billion.

Outlays for the Internal Revenue Service will be increased by \$42 million to \$1.6 billion to strengthen tax administration and to offer more assistance to taxpayers. The budget proposes outlays of \$21 million for the American Revolution Bicentennial Administration, which will coordinate the Federal role in the celebration of the American Bicentennial. Outlays for the Civil Service Commission are estimated to be \$113.2 million, with greater emphasis placed on increasing efficiency of personnel operations. Outlays for the territories and possessions will increase \$25 million in 1976, mostly for programs related to the Trust Territory of the Pacific Islands.

Outlays for Law Enforcement and Justice



Revenue Sharing and Other Fiscal Assistance

General revenue sharing, now in its third year, has become an important part of the Federal grants-in-aid system. It provides \$30.2 billion in outlays over a 5-year period, including \$6.3 billion in 1976. One-third of these outlays go to State governments and two-thirds go to local governments, subject to minimal restrictions and controls. The Administration will recommend that the general revenue sharing program, which terminates at the end of calendar year 1976, be extended through fiscal year 1982. Proposed energy taxes will substantially increase costs for State and local governments. A proposed \$2 billion annual payment to compensate them will be distributed using the general revenue sharing formula. This payment will start in the last quarter of 1975.

In addition to general revenue sharing, the Federal Government returns all or part of revenues collected in certain jurisdictions from such activities as Federal mineral leasing and timber sales. The District of Columbia's operating budget is also partly financed by an annual Federal payment, which is estimated to be \$260 million in 1976.

Interest

Budget outlays for the interest function will rise by \$3.3 billion in 1975, and by another \$3.1 billion in 1976, reaching \$34.4 billion.

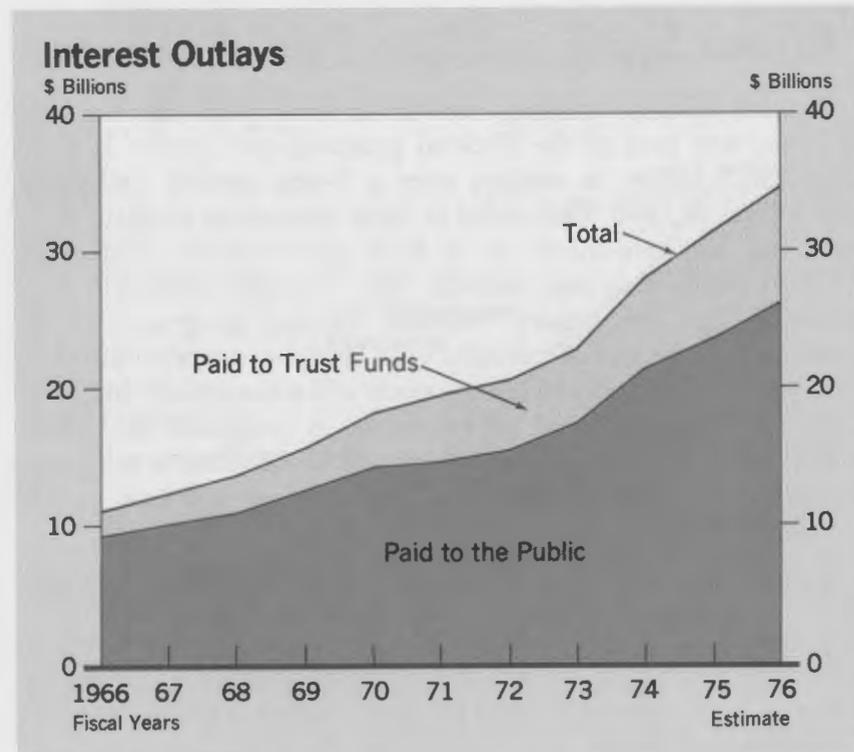
By 1977, these costs are projected to reach \$40.1 billion. These increases result primarily from the financing of budget deficits in each of these years.

A substantial amount of interest outlays is paid to trust funds on Government securities held by the funds. These payments amount to \$8.3 billion in 1976, over 24% of total interest outlays.

The interest that is paid to trust funds is deducted from both outlays and budget authority in arriving at budget totals, since it is an intragovernmental transaction. Therefore, net interest outlays are projected to be \$26.1 billion in 1976.

In addition, \$6.1 billion of the interest paid on securities held by the Federal Reserve banks will be returned to the Treasury as miscellaneous receipts.

Hence, the amount of interest in 1976 that must be financed from receipts or additional borrowing will be \$20.0 billion.



PART V

THE BUDGET PROCESS

The budget sets forth the President's proposed financial plan of operation for the Federal Government and thus serves as an important vehicle for determining national priorities. This year the budget process begins to undergo a major change due to the enactment of the Congressional Budget and Impoundment Control Act of 1974. This Act establishes new congressional budget procedures, a new fiscal year period, and requires new information to be presented in the Federal budget. The 1976 budget covers the fiscal year beginning July 1, 1975, and ending June 30, 1976. However, subsequent fiscal years will start on October 1, and end on September 30. As a result, there will be a 3-month transition quarter between fiscal years 1976 and 1977. The budget process under the new Congressional Budget Act retains the four interrelated phases: (1) executive formulation and transmittal, (2) congressional authorization and appropriation, (3) budget execution and control, and (4) review and audit.

Executive formulation and transmittal.—The President's transmittal of his budget proposals to the Congress each year is the result of many months of planning and analysis throughout the executive branch. Formulation of the 1976 budget began in the spring of 1974. After agency programs are evaluated, policy issues are identified, and budget projections are made, preliminary program plans are presented to the President.

Following a review of the budget projections, the President establishes general budget and fiscal policy guidelines for the fiscal year that now begins about 12 months later. Tentative policy determinations and planning targets are then given to the agencies as guidelines for the preparation of their budgets.

Proposed budgets are formulated by agencies, reviewed in detail by the Office of Management and Budget in the fall and then presented to the President along with overall fiscal policy issues. The budget submitted to Congress in February

1975, thus, reflects the President's recommendations for both individual program levels and total outlays and receipts appropriate to the state of the economy. Supplemental budget requests may be submitted later to cover needs unforeseen at the time the budget was formulated. This timetable will remain the same under the new budget procedures. However, in addition to the regular budget, the President will also transmit to Congress in November a current services budget which will contain preliminary estimates of costs of continuing existing programs, without policy changes for the year ahead.

Congressional authorization and appropriation.—The Congress, which has the power to eliminate or add programs not requested by the President, begins its review when the President sends his budget to the Congress. As a result of the new Congressional Budget Act, a new legislative agency, the Congressional Budget Office, and new Committees on the Budget in each House have been established to assist the Congress in focusing on overall budget totals, as well as the specific programs. In considering specific programs, the Congress first enacts legislation that authorizes an agency to carry out a particular program and, in some cases, sets a limit on the amount that can be subsequently considered for appropriation for the program. Many programs are authorized for a specific number of years, or even indefinitely; other programs, such as nuclear energy, defense procurement, and foreign affairs, require annual authorizing legislation. The granting of budget authority usually is a separate, subsequent action. In most cases, budget authority becomes available each year only as voted by the Congress. However, in some cases, the Congress has voted permanent budget authority, under which funds become available annually without further congressional action.

Congressional consideration of requests for appropriations and for changes in revenue laws follows an established pattern. They are considered first in the House of Representatives, where the Ways and Means Committee reviews proposed revenue measures and the Appropriations Committee, through its subcommittees, study the proposals for appropriations. These committees then recommend the action to be taken by the House of Representatives. As parts of the budgets are approved by the House, the appropriations and tax bills are forwarded to the Senate, where a similar process is followed. In case of disagreement between the two Houses of Congress, a conference committee (consisting of

Members of both bodies) resolves the issues and submits a report to both Houses for approval. Measures are then transmitted to the President, in the form of an enrolled bill, for his approval or veto. When action on appropriations is not completed by the beginning of the fiscal year, the Congress may enact a "continuing resolution" to provide authority for the affected agencies to continue operations until their regular appropriations are approved.

The new Congressional Budget Act has established a firm schedule for the congressional authorization and appropriation process. When fully in effect the new Act will require that by April 1 the House and Senate Budget Committees receive reports on budget estimates from each Appropriations Committee of Congress, as well as a fiscal policy report from the Congressional Budget Office. By May 15, the Budget Committees will adopt a concurrent budget resolution containing budget targets. By September 15, the Congress will complete action on setting budget ceilings; and by September 25, Congress will complete action on any required reconciliation bill or resolution.

Budget execution and control.—Once approved, the budget becomes the financial basis for the operations of agencies during the fiscal year. Most budget authority and other budgetary resources are made available by the Office of Management and Budget under an apportionment system that assures the effective and orderly use of available authority.

The Congressional Budget and Impoundment Control Act of 1974 provides that the executive branch may regulate the rate of spending by deferring the availability or by proposing the rescission of budget authority, subject to the approval of the Congress. Deferrals—temporary withholdings of budget authority that cannot extend beyond the end of the fiscal year—may be overturned by either House of the Congress at any time. On the other hand, rescissions, proposed by the President, permanently cancel existing budget authority if enacted by the full Congress within 45 days of continuous session. Without congressional enactment, the funds withheld must be made available for obligation.

Review and audit.—Individual agencies are responsible for assuring that the obligations they incur and the resulting outlays are in accordance with the laws and regulations. The Office of Management and Budget reviews program and financial reports and the General Accounting Office, a congressional agency, regularly audits, evaluates, and reports on the Government programs.

Relation of Budget Authority to Outlays

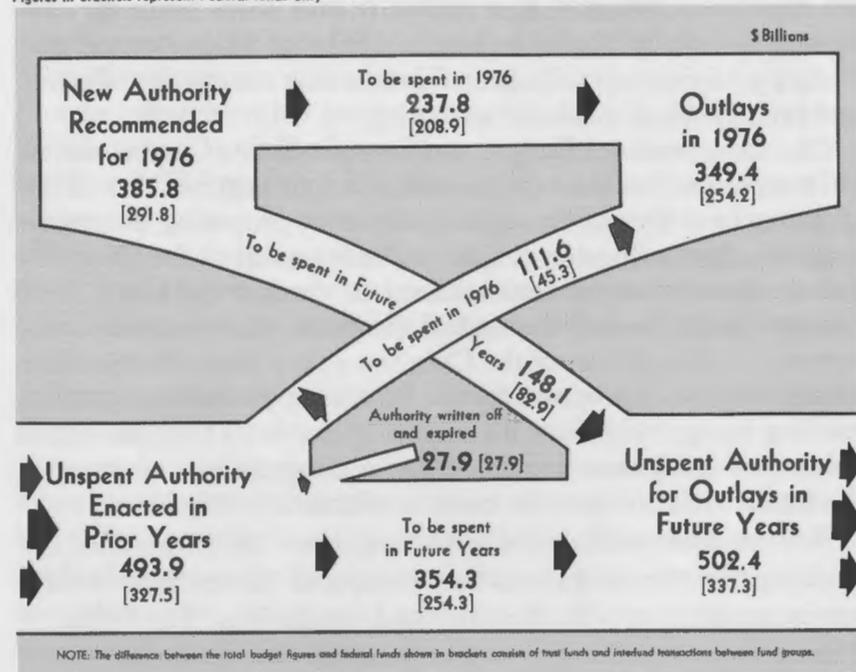
The budget authority appropriated by the Congress for a fiscal year is more than the obligations or outlays within that year because:

- Budget authority for some major procurement and construction covers estimated full cost at the time programs are started, even though outlays take place over a number of years as the programs move toward completion.
- Budget authority for many loan and guarantee or insurance programs also provides financing for a period of years or represents a contingency backup.
- Budget authority for trust funds represents mainly receipts from special taxes, which are used as needed over a period of years for purposes specified in the law.

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

Relation of Budget Authority to Outlays — 1976 Budget

Figures in brackets represent Federal funds only



PART VI BUDGET TABLES

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NOTE

- Backup data for charts in this book can be obtained from the Office of Management and Budget, Washington, D.C. 20503.
- More detailed budget tables are included in Part 7 of the *Budget of the United States Government, 1976*.

Table 1. BUDGET RECEIPTS, OUTLAYS, AND DEBT, 1966-76 (in billions of dollars)

Description	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Receipts and outlays:											
Receipts:											
Federal funds	101.4	111.8	114.7	143.3	143.2	133.8	148.8	161.4	181.2	186.0	199.3
Trust funds	33.0	42.9	44.7	52.0	59.4	66.2	73.0	92.2	104.8	118.7	126.5
Interfund transactions	-3.6	-5.2	-5.8	-7.5	-8.8	-11.6	-13.2	-21.3	-21.1	-25.9	-28.3
Total budget receipts	130.9	149.6	153.7	187.8	193.7	188.4	208.6	232.2	264.9	278.8	297.5
Outlays:											
Federal funds	106.5	126.8	143.1	148.8	156.3	163.7	178.0	186.4	198.7	229.0	254.2
Trust funds	31.7	36.7	41.5	43.3	49.1	59.4	67.1	81.4	90.8	110.3	123.4
Interfund transactions	-3.6	-5.2	-5.8	-7.5	-8.8	-11.6	-13.2	-21.3	-21.1	-25.9	-28.3
Total budget outlays	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	268.4	313.4	349.4
Surplus or deficit (-):											
Federal funds	-5.1	-14.9	-28.4	-5.5	-13.1	-29.9	-29.1	-25.0	-17.5	-43.0	-54.9
Trust funds	1.3	6.2	3.2	8.7	10.3	6.8	5.9	10.7	14.0	8.3	3.1
Total surplus or deficit	-3.8	-8.7	-25.2	3.2	-2.8	-23.0	-23.2	-14.3	-3.5	-34.7	-51.9
Outstanding debt, end of year:											
Gross Federal debt	329.5	341.3	369.8	367.1	382.6	409.5	437.3	468.4	486.2	538.5	605.9
Held by:											
Government agencies	64.8	73.8	79.1	87.7	97.7	105.1	113.6	125.4	140.2	149.0	152.9
The public	264.7	267.5	290.6	279.5	284.9	304.3	323.8	343.0	346.1	389.6	453.1
Federal Reserve System	42.2	46.7	52.2	54.1	57.7	65.5	71.4	75.2	80.6		
Others	222.5	220.8	238.4	225.4	227.2	238.8	252.3	267.9	265.4		

Table 2. BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1966-76 (in billions of dollars)

Description	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
RECEIPTS BY SOURCE											
Individual income taxes	55.4	61.5	68.7	87.2	90.4	86.2	94.7	103.2	119.0	117.7	106.3
Corporation income taxes	30.1	34.0	28.7	36.7	32.8	26.8	32.2	36.2	38.6	38.5	47.7
Social insurance taxes and contributions	25.6	33.3	34.6	39.9	45.3	48.6	53.9	64.5	76.8	86.2	91.6
Excise taxes	13.1	13.7	14.1	15.2	15.7	16.6	15.5	16.3	16.8	19.9	32.1
Estate and gift taxes	3.1	3.0	3.1	3.5	3.6	3.7	5.4	4.9	5.0	4.8	4.6
Customs duties	1.8	1.9	2.0	2.3	2.4	2.6	3.3	3.2	3.3	3.9	4.3
Miscellaneous receipts	1.9	2.1	2.5	2.9	3.4	3.9	3.6	3.9	5.4	7.7	10.9
Total receipts	130.9	149.6	153.7	187.8	193.7	188.4	208.6	232.2	264.9	278.8	297.5
OUTLAYS BY FUNCTION											
National defense ¹	55.9	69.1	79.4	80.2	79.3	76.8	77.4	75.1	78.6	85.3	94.0
International affairs	4.6	4.7	4.6	3.8	3.6	3.1	3.7	3.0	3.6	4.9	6.3
General science, space, and technology	6.8	6.3	5.6	5.1	4.6	4.3	4.3	4.2	4.2	4.2	4.6
Natural resources, environment, and energy	3.1	3.4	3.6	3.5	3.6	4.4	5.0	5.5	6.4	9.4	10.0
Agriculture	2.4	3.0	4.5	5.8	5.2	4.3	5.3	4.9	2.2	1.8	1.8
Commerce and transportation	9.0	9.2	10.6	7.1	9.1	10.4	10.6	9.9	13.1	11.8	13.7
Community and regional development	1.5	1.7	2.2	2.5	3.5	4.0	4.7	5.9	4.9	4.9	5.9
Education, manpower, and social services	4.1	6.0	7.0	6.9	7.9	9.0	11.7	11.9	11.6	14.7	14.6
Health	2.6	6.8	9.7	11.8	13.1	14.7	17.5	18.8	22.1	26.5	28.0
Income security	28.9	30.8	33.7	37.3	43.1	55.4	63.9	73.0	84.4	106.7	118.7
Veterans benefits and services	5.9	6.9	6.9	7.6	8.7	9.8	10.7	12.0	13.4	15.5	15.6
Law enforcement and justice	.6	.6	.6	.8	1.0	1.3	1.6	2.1	2.5	3.0	3.3
General government	1.4	1.6	1.7	1.6	1.9	2.2	2.5	2.7	3.3	2.6	3.2
Revenue sharing and general purpose fiscal assistance	.2	.3	.3	.4	.5	.5	.5	7.2	6.7	7.0	7.2
Interest	11.3	12.5	13.8	15.8	18.3	19.6	20.6	22.8	28.1	31.3	34.4
Allowances ²										.7	8.0
Undistributed offsetting receipts	-3.6	-4.6	-5.5	-5.5	-6.6	-8.4	-8.1	-12.3	-16.7	-16.8	-20.2
Total outlays	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	268.4	313.4	349.4

¹ Includes civilian and military pay raises for Department of Defense.² Includes energy tax equalization payments, civilian agency pay raises, and contingencies.

Table 3. PERCENTAGE DISTRIBUTION OF BUDGET RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION, 1966-76

Description	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
RECEIPTS BY SOURCE											
Individual income taxes.....	42.4	41.1	44.7	46.5	46.7	45.8	45.4	44.5	44.9	42.2	35.7
Corporation income taxes.....	23.0	22.7	18.7	19.5	16.9	14.2	15.4	15.6	14.6	13.8	16.0
Social insurance taxes and contributions.....	19.5	22.3	22.5	21.3	23.4	25.8	25.8	27.8	29.0	30.9	30.8
Excise taxes.....	10.0	9.2	9.2	8.1	8.1	8.8	7.4	7.0	6.4	7.2	10.8
Estate and gift taxes.....	2.3	2.0	2.0	1.9	1.9	2.0	2.6	2.1	1.9	1.7	1.5
Customs duties.....	1.4	1.3	1.3	1.2	1.3	1.4	1.6	1.4	1.3	1.4	1.4
Miscellaneous receipts.....	1.4	1.4	1.6	1.5	1.8	2.0	1.7	1.7	2.0	2.8	3.7
Total receipts.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
OUTLAYS BY FUNCTION											
National defense ¹	41.5	43.7	44.4	43.5	40.3	36.3	33.4	30.5	29.3	27.2	26.9
International affairs.....	3.4	3.0	2.6	2.1	1.8	1.5	1.6	1.2	1.3	1.5	1.8
General science, space, and technology.....	5.0	4.0	3.1	2.8	2.3	2.0	1.9	1.7	1.5	1.3	1.3
Natural resources, environment, and energy.....	2.3	2.1	2.0	1.9	1.8	2.1	2.2	2.2	2.4	3.0	2.9
Agriculture.....	1.8	1.9	2.5	3.1	2.6	2.0	2.3	2.0	.8	.6	.5
Commerce and transportation.....	6.7	5.8	5.9	3.8	4.6	4.9	4.6	4.0	4.9	3.8	3.9
Community and regional development.....	1.1	1.0	1.2	1.4	1.8	1.9	2.0	2.4	1.8	1.6	1.7
Education, manpower, and social services.....	3.0	3.8	3.9	3.7	4.0	4.3	5.0	4.8	4.3	4.7	4.2
Health.....	2.0	4.3	5.4	6.4	6.6	7.0	7.5	7.6	8.2	8.4	8.0
Income security.....	21.5	19.5	18.8	20.2	21.9	26.2	27.6	29.6	31.5	34.0	34.0
Veterans benefits and services.....	4.4	4.4	3.8	4.1	4.4	4.6	4.6	4.9	5.0	4.9	4.5
Law enforcement and justice.....	.4	.4	.4	.4	.5	.6	.7	.9	.9	1.0	.9
General government.....	1.1	1.0	.9	.9	1.0	1.0	1.1	1.1	1.2	.8	.9
Revenue sharing and general purpose fiscal assistance.....	.2	.2	.2	.2	.2	.2	.2	2.9	2.5	2.2	2.1
Interest.....	8.4	7.9	7.7	8.6	9.3	9.3	8.9	9.3	10.5	10.0	9.9
Allowances ².....										.2	2.3
Undistributed offsetting receipts.....	-2.7	-2.9	-3.1	-3.0	-3.3	-4.0	-3.5	-5.0	-6.2	-5.4	-5.8
Total outlays.....	100.0										

¹ Includes civilian and military pay raises for Department of Defense.² Includes energy tax equalization payments, civilian agency pay raises, and contingencies.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION: 1966-76 (in billions of dollars)

Function and Subfunction	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
National defense:											
Department of Defense—Military:											
Military personnel.....	15.2	18.0	19.9	21.4	23.0	22.6	23.0	23.2	23.7	25.0	25.0
Retired military personnel.....	1.6	1.8	2.1	2.4	2.8	3.4	3.9	4.4	5.1	6.3	6.9
Operation and maintenance.....	14.7	19.0	20.6	22.2	21.6	20.9	21.7	21.1	22.5	25.7	28.2
Procurement.....	14.3	19.0	23.3	24.0	21.6	18.9	17.1	15.7	15.2	14.8	16.6
Research and development.....	6.3	7.2	7.7	7.5	7.2	7.3	7.9	8.2	8.6	8.6	9.6
Military construction and other.....	2.3	2.6	4.0	.5	1.1	1.6	1.7	.9	2.6	2.8	2.7
Allowances ¹											1.3
Deductions for offsetting receipts.....	-2	-1	-2	-1	-1	-1	-1	-1	-2	-3	-6
Subtotal, Department of Defense—Military.....	54.2	67.5	77.4	77.9	77.2	74.5	75.2	73.3	77.6	83.0	89.8
Military assistance.....	1.0	.9	.7	.8	.7	1.0	.8	.5	.8	1.8	3.0
Atomic energy defense activities.....	1.5	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.5	1.6	1.8
Defense-related activities.....	-8	-5	.1	.2	*	-1	*	-2	-1.3	-1.1	-5
Deductions for offsetting receipts.....			*	*	*	*	*	*	*	*	*
Total national defense.....	55.9	69.1	79.4	80.2	79.3	76.8	77.4	75.1	78.6	85.3	94.0
International affairs:											
Foreign economic and financial assistance.....	4.1	4.5	4.2	3.4	3.2	2.7	3.3	2.8	2.8	4.1	5.5
Conduct of foreign affairs.....	.4	.4	.4	.4	.4	.4	.5	.5	.6	.7	.8
Foreign information and exchange activities.....	.2	.2	.3	.2	.2	.2	.3	.3	.3	.4	.4
Deductions for offsetting receipts.....	-1	-4	-2	-2	-2	-3	-3	-6	-2	-2	-4
Total international affairs.....	4.6	4.7	4.6	3.8	3.6	3.1	3.7	3.0	3.6	4.9	6.3

See footnotes at end of table.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION: 1966-76 (in billions of dollars)—Continued

Function and Subfunction	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
General science, space, and technology:											
General science and basic research.....	.9	.9	.9	.9	.9	1.0	1.0	1.0	1.0	1.0	1.1
Earth sciences.....	.1	.1	.1	.1	.1	.1	.1	.1	.2	.2	.3
Manned space flight.....	4.2	3.6	3.1	2.8	2.2	1.9	1.7	1.5	1.5	1.5	1.7
Space science, applications, and technology.....	1.2	1.2	1.1	.9	1.0	.9	1.1	1.2	1.2	1.0	1.1
Supporting space activities.....	.4	.5	.4	.4	.4	.4	.3	.3	.3	.3	.4
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total general science, space, and technology.....	6.8	6.3	5.6	5.1	4.6	4.3	4.3	4.2	4.2	4.2	4.6
Natural resources, environment, and energy:											
Water resources and power.....	1.7	1.8	1.8	1.7	1.7	2.1	2.3	2.5	2.5	3.3	3.3
Conservation and land management.....	.6	.7	.7	.6	.7	.9	.8	.7	.8	1.3	.9
Recreational resources.....	.2	.3	.3	.4	.4	.5	.5	.6	.7	.8	.9
Pollution control and abatement.....	.2	.2	.2	.3	.4	.7	.8	1.1	2.0	2.9	3.0
Energy.....	.5	.5	.7	.6	.6	.4	.6	.7	.6	1.5	2.2
Other natural resources.....	.2	.3	.3	.3	.3	.4	.4	.4	.5	.5	.6
Deductions for offsetting receipts.....	—4	—4	—4	—4	—5	—5	—5	—5	—7	—9	—9
Total natural resources, environment and energy.....	3.1	3.4	3.6	3.5	3.6	4.4	5.0	5.5	6.4	9.4	10.0
Agriculture:											
Farm income stabilization.....	2.0	2.5	4.0	5.3	4.6	3.7	4.6	4.1	1.5	.9	.9
Agricultural research and services.....	.4	.5	.5	.5	.6	.6	.7	.8	.8	.9	.9
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total agriculture.....	2.4	3.0	4.5	5.8	5.2	4.3	5.3	4.9	2.2	1.8	1.8
Commerce and transportation:											
Mortgage credit and thrift insurance.....	2.0	1.8	2.8	—6	.1	—3	—*	—1.2	1.5	—1.0	.2
Payment to the Postal Service.....	.9	1.1	1.1	.9	1.5	2.2	1.8	1.6	1.7	1.8	1.5
Other advancement and regulation.....	.3	.4	.5	.2	.5	.5	.5	.6	.7	.7	.7
Ground transportation.....	4.1	4.1	4.4	4.4	4.7	5.2	5.4	5.6	5.6	6.4	6.9
Air transportation.....	1.0	1.0	1.1	1.2	1.4	1.8	1.9	2.2	2.2	2.5	2.7
Water transportation.....	.7	.8	.9	.9	.9	1.1	1.1	1.2	1.4	1.5	1.7
Other transportation.....	.....	*	*	*	*	*	*	.1	.1	.1	.1
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—1	*	—1	—1	—1	—1
Total commerce and transportation.....	9.0	9.2	10.6	7.1	9.1	10.4	10.6	9.9	13.1	11.8	13.7
Community and regional development:											
Community development.....	.7	1.0	1.3	1.6	2.3	2.6	3.1	3.1	3.0	3.3	4.1
Area and regional development.....	.8	.7	1.0	1.1	1.1	1.2	1.4	1.4	1.1	1.1	1.4
Disaster relief and insurance.....	.2	.1	.1	*	.2	.3	.4	1.6	.8	.5	.5
Deductions for offsetting receipts.....	—2	—2	—2	—2	—2	—2	—2	—2	—*	—*	—*
Total community and regional development.....	1.5	1.7	2.2	2.5	3.5	4.0	4.7	5.9	4.9	4.9	5.9
Education, manpower, and social services:											
Elementary, secondary, and vocational education.....	1.9	2.6	2.8	2.7	3.1	3.5	4.0	3.7	3.8	4.2	4.2
Higher education.....	.7	1.2	1.4	1.2	1.4	1.4	1.4	1.5	1.3	2.1	2.3
Research and general education aids.....	.1	.3	.3	.3	.5	.5	.5	.7	.9	.9	.8
Manpower training.....	1.0	1.2	1.6	1.6	1.6	2.0	2.9	3.3	2.9	4.1	4.2
Other manpower services.....	.1	.1	.1	.1	.1	.2	.2	.2	.2	.3	.3
Social services.....	.3	.6	.8	.9	1.1	1.4	2.7	2.5	2.5	3.1	2.7
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total education, manpower, and social services.....	4.1	6.0	7.0	6.9	7.9	9.0	11.7	11.9	11.6	14.7	14.6
Health:											
Health care services.....	1.2	4.9	7.6	9.5	10.6	12.1	14.5	15.5	18.5	22.3	24.1
Health research and education.....	.9	1.2	1.4	1.5	1.6	1.7	2.0	2.3	2.3	2.7	2.5
Prevention and control of health problems.....	.3	.3	.3	.3	.4	.5	.5	.6	.8	.9	.9
Health planning and construction.....	.3	.3	.4	.4	.5	.5	.4	.4	.5	.6	.6
Deductions for offsetting receipts.....	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total health.....	2.6	6.8	9.7	11.8	13.1	14.7	17.5	18.8	22.1	26.5	28.0

See footnotes at end of table.

Table 4. BUDGET OUTLAYS BY FUNCTION AND SUBFUNCTION: 1966-76 (in billions of dollars)—Continued

Function and Subfunction	Actual									Estimate	
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Income security:											
General retirement and disability insurance	21.4	22.8	24.6	28.3	31.3	37.5	42.0	51.7	58.6	67.5	74.4
Federal employee retirement and disability	1.7	2.1	2.7	1.7	2.7	3.2	3.8	4.5	5.6	7.1	7.9
Unemployment insurance	2.3	2.5	2.4	2.6	3.4	6.2	7.1	5.4	6.1	14.7	18.2
Public assistance and other income supplements	3.4	3.5	4.1	4.7	5.7	8.6	11.1	11.4	14.1	17.4	18.4
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total income security	28.9	30.8	33.7	37.3	43.1	55.4	63.9	73.0	84.4	106.7	118.7
Veterans benefits and services:											
Income security for veterans	4.2	4.7	4.5	5.0	5.6	6.0	6.3	6.5	6.8	7.7	7.7
Veterans education, training, and rehabilitation	.1	.3	.5	.7	1.0	1.7	2.0	2.8	3.2	4.0	3.6
Hospital and medical care for veterans	1.3	1.4	1.5	1.6	1.8	2.0	2.4	2.7	3.0	3.6	3.9
Veterans housing	.2	.3	.2	.1	.1	—	—	—	—	—	—
Other veterans benefits and services	.2	.2	.2	.2	.3	.3	.3	.4	.4	.5	.5
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total veterans benefits and services	5.9	6.9	6.9	7.6	8.7	9.8	10.7	12.0	13.4	15.5	15.6
Law enforcement and justice:											
Federal law enforcement and prosecution	.4	.5	.5	.5	.7	.8	1.0	1.2	1.3	1.6	1.7
Federal judicial activities	.1	.1	.1	.1	.1	.2	.2	.2	.2	.3	.4
Federal correctional and rehabilitative activities	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.3
Law enforcement assistance	* ¹	* ¹	* ¹	* ¹	.1	.2	.4	.6	.8	.9	1.0
Deductions for offsetting receipts	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*	—*
Total law enforcement and justice	.6	.6	.6	.8	1.0	1.3	1.6	2.1	2.5	3.0	3.3
General government:											
Legislative functions	.2	.2	.2	.3	.3	.3	.4	.4	.5	.6	.7
Executive direction and management	* ¹	*^{1}	*^{1}	*^{1}	*^{1}	*^{1}	.4	.4	.5	.6	.7
Central fiscal operations	.7	.7	.8	.8	.9	1.0	1.2	1.2	1.3	1.7	1.8
Central property and records management	.6	.7	.6	.6	.6	.6	.7	.9	1.0	.2	.2
Central personnel management	* ¹	.1	.1	.1	.1	*^{1}	.1	.1	.1	.1	.1
Other general government	* ¹	.2	.2	.1	.2	.2	.2	.2	.4	.5	.5
Deductions for offsetting receipts	—	—	—	—	—	—	—	—	—	—	—
Total general government	1.4	1.6	1.7	1.6	1.9	2.2	2.5	2.7	3.3	2.6	3.2
Revenue sharing and general purpose fiscal assistance:											
General revenue sharing											
Other general purpose fiscal assistance	.2	.3	.3	.4	.5	.5	.5	6.6	6.1	6.2	6.3
Total revenue sharing and general purpose fiscal assistance	.2	.3	.3	.4	.5	.5	.5	7.2	6.7	7.0	7.2
Interest:											
Interest on the public debt	12.0	13.4	14.6	16.6	19.3	21.0	21.8	24.2	29.3	32.9	36.0
Other interest	—	—	—	—	—	—	—	—	—	—	—
Total interest	11.3	12.5	13.8	15.8	18.3	19.6	20.6	22.8	28.1	31.3	34.4
Allowances²:											
Undistributed offsetting receipts:											
Employer share, employee retirement	—1.4	—1.7	—1.8	—2.0	—2.4	—2.6	—2.8	—2.9	—3.3	—4.1	—3.9
Interest received by trust funds	—1.9	—2.3	—2.7	—3.1	—3.9	—4.8	—5.1	—5.4	—6.6	—7.8	—8.3
Rents and royalties on the Outer Continental Shelf	—	—	—	—	—	—	—	—	—	—	—
Total undistributed offsetting receipts	—3.6	—4.6	—5.5	—5.5	—6.6	—8.4	—8.1	—12.3	—16.7	—16.8	—20.2
Total outlays	134.7	158.3	178.8	184.5	196.6	211.4	231.9	246.5	268.4	313.4	349.4

* Less than \$500,000.

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for energy tax equalization payments, civilian agency pay raises, and contingencies.

Table 5. BUDGET AUTHORITY AND OUTLAYS BY AGENCY, 1974-76 (in millions of dollars)

Department or other unit	Budget authority			Outlays		
	1974 actual	1975 estimate	1976 estimate	1974 actual	1975 estimate	1976 estimate
Legislative branch.....	657	736	831	625	744	882
The judiciary.....	213	306	347	205	308	342
Executive Office of the President.....	97	76	68	66	109	76
Funds appropriated to the President.....	12,430	7,440	13,815	3,329	4,607	6,610
Agriculture.....	13,144	13,782	11,864	9,767	8,756	9,662
Commerce.....	1,501	1,658	1,783	1,455	1,644	1,789
Defense—Military ¹	81,073	86,795	103,042	77,625	83,493	90,775
Defense—Civil.....	1,779	1,759	1,956	1,682	1,928	2,005
Health, Education, and Welfare.....	100,857	113,951	123,361	93,735	109,932	118,377
Housing and Urban Development.....	8,110	50,961	30,302	4,786	5,517	7,055
Interior.....	1,961	3,915	2,518	1,779	2,236	2,503
Justice.....	1,921	2,099	2,111	1,797	2,061	2,221
Labor.....	10,640	19,910	11,340	8,966	18,966	21,617
State.....	814	891	977	735	871	950
Transportation.....	17,627	19,147	4,377	8,104	9,142	9,991
Treasury.....	36,033	39,696	43,565	35,993	39,665	43,453
Energy Research and Development Administration ²	2,475	3,579	4,219	2,308	3,090	3,815
Environmental Protection Agency.....	5,952	4,246	743	2,030	2,937	3,080
General Services Administration.....	-471	-918	-331	-276	-1,008	-476
National Aeronautics and Space Administration.....	3,037	3,229	3,537	3,252	3,207	3,498
Veterans Administration.....	13,939	15,966	16,137	13,337	15,445	15,576
Other independent agencies.....	16,724	21,948	24,154	13,742	15,935	16,712
Allowances ³		750	8,325		700	8,050
Undistributed offsetting receipts:						
Employer share, employee retirement.....	-3,319	-4,070	-3,888	-3,319	-4,070	-3,888
Interest received by trust funds.....	-6,583	-7,769	-8,305	-6,583	-7,769	-8,305
Rents and royalties on the Outer Continental Shelf.....	-6,748	-5,000	-8,000	-6,748	-5,000	-8,000
Total budget authority and outlays.....	313,861	395,082	385,848	268,392	313,446	349,372
Memorandum:						
Portion available through current action by Congress ⁴	201,994	264,295	253,297	117,831	140,560	159,546
Portion available without current action by Congress.....	150,185	174,511	181,936	76,484	91,128	106,076
Outlays from obligated balances.....				60,820	68,548	77,253
Outlays from unobligated balances.....				51,573	56,933	55,882
Deductions for offsetting receipts:						
Intragovernmental transactions.....	-24,085	-29,709	-31,841	-24,085	-29,709	-31,841
Proprietary receipts from the public.....	-14,232	-14,015	-17,544	-14,232	-14,015	-17,544
Total budget authority and outlays.....	313,861	395,082	385,848	268,392	313,446	349,372

¹ Includes allowances for civilian and military pay raises for Department of Defense.² This agency, established by Public Law 93-433, assumed on Jan. 19, 1975, the energy research and development activities previously performed by the Atomic Energy Commission and several other agencies.³ Includes allowances for energy tax equalization, payments, civilian agency pay raises, and contingencies.⁴ Budget authority excludes appropriations to liquidate contract authorizations. Outlays from such appropriations are included as outlays from balances below.

Table 6. OUTLAYS AND RECEIPTS OF TRUST FUNDS, 1974-76 (in millions of dollars)

Description	Outlays			Receipts		
	1974 actual	1975 estimate	1976 estimate	1974 actual	1975 estimate	1976 estimate
Federal old-age and survivors and disability insurance trust funds..	55,867	64,491	71,108	57,703	66,093	70,188
Health insurance trust funds.....	11,348	13,903	14,990	15,419	16,777	18,573
State and local government fiscal assistance trust fund.....	6,106	6,176	6,301	6,055	6,205	6,355
Unemployment trust fund.....	6,149	13,000	15,900	7,483	9,782	9,760
Railroad employees retirement funds.....	2,675	3,026	3,267	2,619	2,810	3,232
Federal employees retirement funds.....	5,709	7,260	8,039	9,032	11,143	11,908
Airport and airway trust funds.....	521	626	1,126	868	1,034	1,134
Highway trust funds.....	4,599	4,670	5,002	6,675	6,416	6,664
Foreign military sales trust fund.....	2,675	3,613	4,869	3,167	3,892	4,669
Veterans life insurance funds.....	701	761	772	847	870	912
Other trust funds (nonrevolving).....	531	472	497	526	478	470
Trust revolving funds.....	-499	-842	-1,091			
Subtotal.....	96,382	117,155	130,781	110,395	125,499	133,866
Intrafund transactions.....	-952	-999	-1,052	-952	-999	-1,052
Proprietary receipts from the public.....	-3,954	-4,708	-5,525	-3,954	-4,708	-5,525
Receipts from off-budget Federal agencies.....	-642	-1,110	-779	-642	-1,110	-779
Total.....	90,833	110,338	123,425	104,846	118,681	126,510

Table 7. COMPOSITION OF BUDGET OUTLAYS IN CONSTANT (FISCAL YEAR 1969) PRICES: 1955-76
[in billions of dollars]

Fiscal year	Total outlays	National defense	Nondefense				Addendum: Composition of payments for individuals			
			Total nondefense	Payments for individuals	Net interest	All other	Total	Direct		Indirect (through State and local governments)
								National defense	Non-defense	
1955.....	109.1	60.7	48.4	17.2	14.3	16.9	17.7	.6	14.9	2.2
1956.....	107.5	57.9	49.6	18.2	13.7	17.7	18.9	.6	15.9	2.3
1957.....	110.2	58.1	52.1	20.0	13.0	19.1	20.7	.7	17.6	2.4
1958.....	114.0	58.0	56.0	24.1	13.0	18.9	24.8	.7	21.3	2.7
1959.....	122.9	58.4	64.5	26.4	13.2	25.0	27.1	.8	23.4	2.9
1960.....	120.3	56.9	63.4	27.5	13.1	22.8	28.3	.8	24.5	3.0
1961.....	124.8	57.2	67.6	30.7	13.0	23.9	31.6	.9	27.5	3.2
1962.....	135.8	62.0	73.8	31.8	13.4	28.5	32.9	1.1	28.2	3.6
1963.....	138.7	62.7	76.0	33.8	13.6	28.6	35.0	1.2	30.0	3.8
1964.....	143.4	62.1	81.4	34.4	13.5	33.4	35.8	1.4	30.3	4.1
1965.....	139.2	55.3	84.0	34.7	13.5	35.8	36.3	1.6	30.5	4.2
1966.....	152.8	61.7	91.2	38.0	13.4	39.7	39.8	1.8	33.3	4.8
1967.....	173.4	74.5	98.9	43.3	13.1	42.4	45.3	2.0	38.2	5.2
1968.....	189.6	83.1	106.5	47.7	13.8	45.0	49.9	2.2	41.4	6.3
1969.....	184.5	80.2	104.3	52.5	12.7	39.2	54.9	2.4	45.4	7.1
1970.....	180.8	72.3	108.5	56.1	12.3	40.1	58.8	2.7	48.1	8.0
1971.....	181.6	63.8	117.7	66.4	12.5	38.9	69.4	3.0	55.9	10.5
1972.....	191.2	61.2	130.0	73.3	12.8	43.9	76.6	3.4	60.7	12.6
1973.....	191.7	54.9	136.9	79.3	13.0	44.5	83.0	3.7	67.2	12.1
1974.....	189.7	52.7	137.0	84.3	12.1	40.7	88.2	3.9	72.1	12.2
1975 estimate.....	199.1	50.9	148.2	93.8	12.2	42.1	98.1	4.3	82.0	11.9
1976 estimate.....	202.7	51.0	151.7	95.3	13.0	43.4	99.6	4.3	84.0	11.3

Table 8. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1954-76 (dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts				Budget outlays		Federal debt, end of year			
		Amount	Percent of GNP	Amount	Percent of GNP	Total		Held by the public			
						Amount	Percent of GNP	Amount	Percent of GNP		
1954.....	362.1	69.7	19.3	70.9	19.6	270.8	74.8	224.5	62.0		
1955.....	378.6	65.5	17.3	68.5	18.1	274.4	72.5	226.6	59.9		
1956.....	409.4	74.5	18.2	70.5	17.2	272.8	66.6	222.2	54.3		
1957.....	431.3	80.0	18.5	76.7	17.8	272.4	63.1	219.4	50.9		
1958.....	440.3	79.6	18.1	82.6	18.8	279.7	63.5	226.4	51.4		
1959.....	469.1	79.2	16.9	92.1	19.6	287.8	61.3	235.0	50.1		
1960.....	495.2	92.5	18.7	92.2	18.6	290.9	58.7	237.2	47.9		
1961.....	506.5	94.4	18.6	97.8	19.3	292.9	57.8	238.6	47.1		
1962.....	542.1	99.7	18.4	106.8	19.7	303.3	55.9	248.4	45.8		
1963.....	573.4	106.6	18.6	111.3	19.4	310.8	54.2	254.5	44.4		
1964.....	612.2	112.7	18.4	118.6	19.4	316.8	51.7	257.6	42.1		
1965.....	654.2	116.8	17.9	118.4	18.1	323.2	49.4	261.6	40.0		
1966.....	721.2	130.9	18.1	134.7	18.7	329.5	45.7	264.7	36.7		
1967.....	769.8	149.6	19.4	158.3	20.6	341.3	44.3	267.5	34.8		
1968.....	826.0	153.7	18.6	178.8	21.6	369.8	44.8	290.6	35.2		
1969.....	898.3	187.8	20.9	184.5	20.5	367.1	40.9	279.5	31.1		
1970.....	954.6	193.7	20.3	196.6	20.6	382.6	40.1	284.9	29.8		
1971.....	1,012.1	188.4	18.6	211.4	20.9	409.5	40.5	304.3	30.1		
1972.....	1,101.6	208.6	18.9	231.9	21.0	437.3	39.7	323.8	29.4		
1973.....	1,224.1	232.2	19.0	246.5	20.1	468.4	38.3	343.0	28.0		
1974.....	1,348.9	264.9	19.6	268.4	19.9	486.2	36.0	346.1	25.7		
1975 estimate.....	1,434.0	278.8	19.4	313.4	21.9	538.5	37.6	389.6	27.2		
1976 estimate.....	1,596.0	297.5	18.6	349.4	21.9	605.9	38.0	453.1	28.4		

Table 9. SUMMARY OF FULL-TIME PERMANENT CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Agency	As of June 30 ¹				Change 1975-76
	1974 actual	1975 estimate		1976 estimate	
		In 1975 budget	Current		
Agriculture.....	79,621	80,200	80,200	81,100	900
Commerce.....	28,549	29,100	28,700	28,600	-100
Defense—military functions.....	973,778	995,900	960,800	953,300	-7,500
Defense—civil functions	29,072	29,100	29,300	28,800	-500
Health, Education, and Welfare.....	126,692	126,200	127,300	128,300	1,000
Housing and Urban Development.....	15,021	14,200	15,200	15,200	.....
Interior ²	56,558	56,100	57,900	58,800	900
Justice.....	48,188	51,000	49,900	50,800	900
Labor.....	12,788	13,000	13,600	13,700	100
State.....	22,644	23,400	23,200	23,300	100
Transportation.....	69,524	71,300	69,900	72,000	2,100
Treasury.....	104,391	111,400	109,000	112,500	3,500
Energy Research and Development Administration ²	6,736	6,900	7,400	7,600	200
Environmental Protection Agency.....	9,144	9,200	9,200	9,300	100
General Services Administration.....	36,733	38,000	36,400	36,700	300
National Aeronautics and Space Administration.....	24,854	24,600	24,300	24,300	.....
Veterans Administration.....	174,515	181,800	186,200	195,700	9,500
Other:					
Agency for International Development.....	8,961	9,500	8,700	8,500	-200
Civil Service Commission.....	6,190	6,300	6,400	6,700	300
Federal Energy Administration ²	2,002	3,300	3,100	1,700	-1,400
Nuclear Regulatory Commission ²	1,538	1,900	2,100	2,300	200
Panama Canal.....	13,841	14,100	13,800	13,800	.....
Selective Service System.....	2,333	2,200	2,200	1,700	-500
Small Business Administration.....	3,957	4,300	4,200	4,200	.....
Tennessee Valley Authority.....	14,001	14,400	14,100	15,100	1,000
United States Information Agency... ³	8,829	9,100	9,000	9,000	.....
Miscellaneous.....	35,844	36,600	38,600	39,600	1,000
Subtotal.....	1,916,304	1,963,100	1,930,700	1,942,600	11,900
Contingencies ³.....	.....	5,000	.....	5,000	5,000
Subtotal.....	1,916,304	1,968,100	1,930,700	1,947,600	16,900
Postal Service.....	563,475	534,700	556,800	541,200	-15,600
Total.....	2,479,779	2,502,800	2,487,500	2,488,800	1,300

¹ Excludes developmental positions under the worker-trainee opportunity program and certain disadvantaged youth programs.

² Adjusted for comparability purposes to reflect the change from the Atomic Energy Commission to the Energy Research and Development Administration and the Nuclear Regulatory Commission, both of which were activated January 19, 1975. Positions were transferred from the Atomic Energy Commission and the Department of the Interior to staff these new agencies.

³ Subject to later distribution.

Table 10. BUDGET OUTLAYS AND AUTHORITY FOR THE TRANSITION QUARTER BY FUNCTION AND BY AGENCY (in millions of dollars)

	Outlays	Budget authority
Function:		
National defense ¹	25,753	25,245
International affairs.....	1,590	1,297
General science, space, and technology.....	1,233	1,239
Natural resources, environment, and energy.....	3,148	2,189
Agriculture.....	445	299
Commerce and transportation.....	3,535	1,947
Community and regional development.....	1,558	498
Education, manpower, and social services.....	3,021	4,821
Health.....	7,183	7,738
Income security.....	31,170	27,602
Veterans benefits and services.....	3,906	3,942
Law enforcement and justice.....	932	809
General government.....	830	834
Revenue sharing and general purpose fiscal assistance.....	1,952	1,957
Interest.....	9,307	9,307
Allowances ²	2,100	1,880
Undistributed offsetting receipts:		
Employer share, employee retirement.....	-974	-974
Interest received by trust funds.....	-679	-679
Rents and royalties on the Outer Continental Shelf.....	-1,750	-1,750
Total outlays.....	94,261	88,200
Agency:		
Legislative branch.....	226	205
The Judiciary.....	90	84
Executive Office of the President.....	17	16
Funds appropriated to the President.....	1,481	1,553
Agriculture.....	2,649	2,392
Commerce.....	451	422
Defense—Military ¹	25,035	23,986
Defense—Civil.....	619	584
Health, Education, and Welfare.....	31,543	32,529
Housing and Urban Development.....	1,905	341
Interior.....	826	807
Justice.....	644	541
Labor.....	4,405	3,754
State.....	371	420
Transportation.....	2,642	995
Treasury.....	11,654	11,675
Energy Research and Development Administration.....	1,138	1,207
Environmental Protection Agency.....	968	172
General Services Administration.....	-128	-106
National Aeronautics and Space Administration.....	906	958
Veterans Administration.....	3,896	3,936
Other independent agencies.....	4,226	3,253
Allowances ²	2,100	1,880
Undistributed offsetting receipts:		
Employer share, employee retirement.....	-974	-974
Interest received by trust funds.....	-679	-679
Rents and royalties on the Outer Continental Shelf.....	-1,750	-1,750
Total budget authority and outlays.....	94,261	88,200

¹ Includes allowances for civilian and military pay raises for Department of Defense.
² Includes allowances for energy tax equalization payments, civilian agency pay raises, and (for outlays) contingencies.

Table 11. BUDGET RECEIPTS AND OUTLAYS, 1789-1976 (in millions of dollars)

Fiscal year	Receipts	Outlays	Surplus or deficit (-)	Fiscal year	Receipts	Outlays	Surplus or deficit (-)
1789-1849.	1, 160	1, 090	+70	1938.....	5, 588	6, 765	-1, 177
1850-1900.	14, 462	15, 453	-991	1939.....	4, 979	8, 841	-3, 862
1901.....	588	525	+63	1940.....	6, 361	9, 456	-3, 095
1902.....	562	485	+77	1941.....	8, 621	13, 634	-5, 013
1903.....	562	517	+45	1942.....	14, 350	35, 114	-20, 764
1904.....	541	584	-43	1943.....	23, 649	78, 533	-54, 884
1905.....	544	567	-23	1944.....	44, 276	91, 280	-47, 004
1906.....	595	570	+25	1945.....	45, 216	92, 690	-47, 474
1907.....	666	579	+87	1946.....	39, 327	55, 183	-15, 856
1908.....	602	659	-57	1947.....	38, 394	34, 532	+3, 862
1909.....	604	694	-89	1948.....	41, 774	29, 773	+12, 001
1910.....	676	694	-18	1949.....	39, 437	38, 834	+603
1911.....	702	691	+11	1950.....	39, 485	42, 597	-3, 112
1912.....	693	690	+3	1951.....	51, 646	45, 546	+6, 100
1913.....	714	715	-*	1952.....	66, 204	67, 721	-1, 517
1914.....	725	726	-*	1953.....	69, 574	76, 107	-6, 533
1915.....	683	746	-63	1954.....	69, 719	70, 890	-1, 170
1916.....	761	713	+48	1955.....	65, 469	68, 509	-3, 041
1917.....	1, 101	1, 954	-853	1956.....	74, 547	70, 460	+4, 087
1918.....	3, 645	12, 677	-9, 032	1957.....	79, 990	76, 741	+3, 249
1919.....	5, 130	18, 493	-13, 363	1958.....	79, 636	82, 575	-2, 939
1920.....	6, 649	6, 358	+291	1959.....	79, 249	92, 104	-12, 855
1921.....	5, 571	5, 062	+509	1960.....	92, 492	92, 223	+269
1922.....	4, 026	3, 289	+736	1961.....	94, 389	97, 795	-3, 406
1923.....	3, 853	3, 140	+713	1962.....	99, 676	106, 813	-7, 137
1924.....	3, 871	2, 908	+963	1963.....	106, 560	111, 311	-4, 751
1925.....	3, 641	2, 924	+717	1964.....	112, 662	118, 584	-5, 922
1926.....	3, 795	2, 930	+865	1965.....	116, 833	118, 430	-1, 596
1927.....	4, 013	2, 857	+1, 155	1966.....	130, 856	134, 652	-3, 796
1928.....	3, 900	2, 961	+939	1967.....	149, 552	158, 254	-8, 702
1929.....	3, 862	3, 127	+734	1968.....	153, 671	178, 833	-25, 161
1930.....	4, 058	3, 320	+738	1969.....	187, 784	184, 548	+3, 236
1931.....	3, 116	3, 577	-462	1970.....	193, 743	196, 588	-2, 845
1932.....	1, 924	4, 659	-2, 735	1971.....	188, 392	211, 425	-23, 033
1933.....	1, 997	4, 598	-2, 602	1972.....	208, 649	231, 876	-23, 227
1934.....	3, 015	6, 645	-3, 630	1973.....	232, 225	246, 526	-14, 301
1935.....	3, 706	6, 497	-2, 791	1974.....	264, 932	268, 392	-3, 460
1936.....	3, 997	8, 422	-4, 425	1975.....	278, 750	313, 446	-34, 696
1937.....	4, 956	7, 733	-2, 777	1976 est..	297, 520	349, 372	-51, 852

*Less than \$500 thousand.

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

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

Data for 1789-1939 are for the administrative budget; 1940-1976 are for the unified budget.

GLOSSARY

AUTHORIZATION—Basic substantive legislation (as opposed to appropriations) enacted by Congress which sets up a Federal program or agency either indefinitely or for a given period of time. Such legislation sometimes sets limits on the amount that can subsequently be appropriated, but does not usually provide budget authority.

BUDGET AUTHORITY (BA)—Authority provided by the Congress, mainly in the form of *appropriations*, that allows Federal agencies to incur obligations to spend or lend money. Most budget authority is enacted each year. Some budget authority becomes available automatically under permanent laws, such as the authority to pay interest on the public debt.

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

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

DEFERRAL—Any executive branch action or inaction which delays the availability of budget authority for obligation. Deferrals may not extend beyond the end of the fiscal year and may be overturned at any time by either House of Congress.

FEDERAL FUNDS—Funds collected and used by the Federal Government for the general purposes of the Government. The major federally owned fund is the general fund, which is derived from general taxes and borrowing and is used for the general purposes of the Government. Federal funds also include certain earmarked receipts, such as those generated by and used for the operations of Government-owned enterprises.

FISCAL YEAR—Year running from July 1 to June 30 for fiscal year 1976. All subsequent fiscal years will begin October 1 and end September 30. The fiscal year is designated by the calendar year in which it ends.

IMPOUNDMENT—A general term that refers to the withholding of budget authority from obligation, that is, rescissions or deferrals.

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

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

OFFSETTING RECEIPTS—Composed of (1) proprietary receipts from the public derived from Government activities of a business-type or market-oriented nature that are offset against related budget authority and outlays; and (2) intragovernmental transactions. Intragovernmental transactions are payments from governmental accounts to budgetary receipt accounts. Since these payments are from the Government to itself, they are offset against outlays rather than being counted as budget receipts.

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

RESCISSION—Enacted legislation canceling budget authority previously granted by Congress. Rescissions proposed by the President must be approved by the Congress within 45 days in order to become effective.

RESERVES—Portions of appropriations, fund or contract authority set aside under authority of law for (a) contingencies or (b) savings.

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

TRUST FUNDS—Established to account for receipt and expenditure monies by the Government for use in carrying out specific purposes and programs in accordance with the terms of a trust agreement or statute. These monies receipts held in trust are not available for the general purposes of the Government. Trust fund receipts which are not anticipated to be used in the immediate future are generally invested in Government securities and earn interest.

UNDISTRIBUTED OFFSETTING RECEIPTS—Composed of (1) payments to trust funds by Government agencies, as employer, for their employees' retirement; (2) interest paid to trust funds on their investments in Government securities; and (3) proprietary receipts from rents and royalties on the Outer Continental Shelf bonds.

THE BUDGET DOCUMENTS

Data and analyses relating to the budget for 1976 are published in four documents.

(1) *The Budget of the United States Government, 1976* contains the information that most users of the budget would normally need, including the Budget Message of the President. The *Budget* presents an overview of the President's budget proposals which includes explanations of spending programs, estimated receipts, and the relationship of the budget to the economy. This document also contains a description of the budget system, various summary tables on the budget as a whole, and information on the transition quarter.

(2) *The Budget of the United States Government, 1976—Appendix* contains detailed information on the various appropriations and funds which comprise the budget.

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

(3) *Special Analyses, Budget of the United States Government, 1976* contains 17 special analyses which highlight specified program areas or provide other significant presentations of Federal data.

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

(4) *The United States Budget in Brief, 1976* provides a more concise, less technical overview of the 1976 budget than the above volumes, and includes a variety of charts. Summary and historical tables on the Federal budget and debt are also provided.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET



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There Should Be No Release of This Document
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RON NESSEN,
Press Secretary to the President.

Herold R. Ford

THE
BUDGET
OF THE
UNITED STATES
GOVERNMENT
FISCAL YEAR 1976

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