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SUMMARY

OF THE

PRESIDENT'S 1956 BUDGET

(PRESENTED JANUARY 17, 1955)

PREPARED BY

THE STAFF OF THE JOINT COMMITTEE ON
INTERNAL REVENUE TAXATION



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

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PART I—SUMMARY

TABLE 1.—*Résumé of the budget*

[Fiscal years. In billions]

	1953 actual	1954 actual	1955 estimate	1956 estimate
Budget receipts:				
Under existing legislation---	\$64. 8	\$64. 7	\$58. 8	\$57. 7
Under proposed legislation---	-----	-----	. 2	2. 3
Total budget receipts-----	64. 8	64. 7	59. 0	60. 0
Net budget expenditures:				
Under existing legislation---	74. 3	67. 8	63. 5	60. 5
Under proposed legislation---	-----	-----	-----	1. 9
Net budget expenditures--	74. 3	67. 8	63. 5	62. 4
Budget deficit-----	9. 4	3. 1	4. 5	2. 4
Public debt at end of year-----	266. 1	271. 3	274. 3	276. 0
New obligational authority:				
Under existing legislation---	80. 3	62. 8	57. 2	53. 1
Under proposed legislation---	-----	-----	. 1	5. 5
Total new obligational authority-----	80. 3	62. 8	57. 3	58. 6
Balances of appropriations carried forward at end of year-----	78. 4	68. 0	53. 9	49. 6

NOTE.—In the tables of this pamphlet detail may not add to totals because of rounding.

In the President's budget for the fiscal year ending June 30, 1956, net expenditures in that fiscal year are estimated as \$62.4 billion, about \$1 billion less than the revised estimate of \$63.5 billion for fiscal 1955. Receipts for fiscal 1956 are estimated as \$60.0 billion, yielding a deficit of \$2.4 billion. These estimates include the effect of proposed legislation, the deficit under existing legislation being estimated as \$2.8 billion.

"Total new obligational authority" which includes appropriations, contract authorizations, and other authorizations, represents the total new authority to make commitments. The recommended authorization for 1956 of \$58.6 billion is \$1.3 billion higher than the amount for 1955, "primarily because of new requirements for our military services." The message points to the fact that recommended new obligational authority is below the estimates of receipts and expenditures and stresses this as indicating progress toward a balanced budget.

The proposed legislation affecting receipts would continue the existing rates of corporation income tax and excises for a year. Under existing law the normal tax rate for corporations will be reduced from

30 percent to 25 percent on April 1, 1955, and excise tax rates on liquor, tobacco, automobiles, gasoline, and diesel fuel will also be reduced on that date. It is estimated that extension of these rates will increase revenues by \$2.3 billion in fiscal 1956. In the discussion of tax policy it is stated that—

Last year we made great progress in reducing tax burdens and improving the tax structure. Total tax reduction of \$7.4 billion became effective * * *. In view of the prospective deficit, we cannot afford to have any further loss of revenue this year through reduction in taxes.

The effect of the proposed legislation on expenditures is an estimated increase of \$1.9 billion in 1956 as shown in table 2. This includes \$1 billion for military functions of the Department of Defense (chiefly military public works and additional personnel costs); \$0.3 billion for the mutual security military program, \$0.1 billion for atomic-energy plant and equipment, \$0.3 billion mutual security nonmilitary program, and \$0.2 billion for the resumption of payments to the civil-service retirement fund by the Government. Recommendations for increasing postal rates and postal pay result in a reduction of expenditures of almost \$0.3 billion, but this is offset by a number of other proposals, each having an effect of increasing expenditures by less than \$0.1 billion.

The President's budget message contains a request that the debt limit be increased. The statutory debt limit of \$275 billion was temporarily increased to \$281 billion until June 30, 1955. The message states:

At the start of the new fiscal year in July 1955 the debt will already be pressing against the legal limit. With the present seasonal pattern of tax collections, expenditures will exceed receipts in the first 6 months of the fiscal year 1956 by about \$8 billion. Thus, it will not be possible to pay the Government's bills in that period without exceeding the \$275 billion limit.

TABLE 2.—*Effect of proposed legislation on estimated budget expenditures in fiscal 1956—estimated increase in expenditures*

<i>Item</i>	<i>Millions</i>
1. Major national security:	
Department of Defense—military functions.....	\$1,000
Mutual security (military):	
Military assistance.....	200
Direct forces support.....	100
Atomic energy, plant and equipment.....	90
Total, major national security.....	<u>1,390</u>
2. International affairs and finance:	
Mutual security, nonmilitary.....	300
Treasury, International Finance Corporation: United States share of Corporation's capital.....	35
Total, international affairs and finance.....	<u>335</u>
3. Welfare, health, and education:	
Public health.....	17
Public assistance.....	20
Total, welfare, health, and education.....	<u>37</u>
4. Natural resources:	
Interior:	
Drainage of anthracite mines.....	3
New construction programs, Bureau of Reclamation.....	5
Partnership projects, Bureau of Reclamation.....	10
Corps of Engineers:	
Passamaquoddy Bay survey.....	1
Partnership projects.....	10
Total, natural resources.....	<u>29</u>
5. Commerce and manpower:	
Post Office Department:	
Postal rate increase.....	-400
Postal-pay increase and reclassification.....	130
Veterans' Administration: Direct housing loans.....	90
Funds appropriated to the President: Promotion of defense production.....	12
Small Business Administration: Business loans and guaranties.....	28
Department of Labor:	
Mexican farm labor program.....	
Strengthening of State industrial programs.....	
Minimum-wage provisions, Fair Labor Standards Act.....	4
Total, commerce and manpower.....	<u>-136</u>
6. General government:	
Civil Service Commission: Retirement for Federal civilian employees.....	216
Foreign Claims Settlement Commission: International claims.....	(1)
Total, general government.....	<u>216</u>
Total, all functions.....	<u>1,871</u>

¹ Less than ½ million dollars.

TABLE 3.—Summary of budget receipts, by source, based on existing and proposed legislation

[Fiscal years. In millions]

Description	1954 actual			1955 estimated			1956 estimated		
	Under existing laws	Under proposed legislation	Total	Under existing laws	Under proposed legislation	Total	Under existing laws	Under proposed legislation	Total
Individual income taxes-----	\$32,383		\$30,700			\$30,700	\$32,500		\$32,500
Corporation income taxes-----	21,523		18,466			18,466	15,984	\$1,050	17,034
Excise taxes:									
Alcohol taxes-----	2,798		2,669	\$64		2,733	2,622	210	2,832
Tobacco taxes-----	1,581		1,541	49		1,590	1,443	179	1,622
Stamp taxes-----	90		97			97	97		97
Manufacturers' excise taxes-----	2,692		2,765	76		2,841	2,300	627	2,927
Retailers' excise taxes-----	438		307			307	319		319
Miscellaneous excise taxes-----	2,416		1,504	1		1,505	1,547	6	1,553
Employment taxes:									
Federal Insurance Contributions Act-----	4,537		5,190			5,190	6,175		6,175
Federal Unemployment Tax Act-----	285		290			290	295		295
Railroad Retirement Tax Act-----	603		600			600	625		625
Estate and gift taxes-----	945		930			930	970		970
Customs-----	562		570			570	570		570
Miscellaneous receipts-----	12,320		2,302			2,302	2,486		2,486
Total receipts-----	73,173		67,931	190		68,121	67,933	2,072	70,005
Deduct--									
Transfer to Federal old-age and survivors insurance trust fund-----	4,537		5,190			5,190	6,175		6,175
Transfer to railroad retirement trust fund-----	603		600			600	625		625
Refunds of receipts-----	3,377		3,331			3,331	3,396	—191	3,205
Budget receipts-----	64,655		58,810	190		59,000	57,737	2,263	60,000

1 Includes internal revenue not elsewhere classified in amount of \$9 million.

PART II—RECEIPTS AND EXPENDITURES

RECEIPTS

Table 3, Summary of Budget Receipts, shows actual receipts for fiscal year 1954 and estimated receipts under existing laws and under proposed legislation for fiscal years 1955 and 1956. The estimates are, of course, based on assumptions regarding levels of economic activity and the explanation of the estimates explicitly states that a rise from present levels of business activity, personal income and corporate profits is assumed.¹

Under existing law the receipts in fiscal 1955 are estimated as \$58.8 billion, or \$5.8 billion below the receipts in fiscal 1954; and in fiscal 1956 receipts under existing law are \$57.7 billion, a further decline of \$1.1 billion. The decline in receipts in fiscal 1955 reflects the reduction in individual income-tax rates effective January 1, 1954, the termination of the excess-profits tax, the reduction in various excise-tax rates effective April 1, 1954, the general revision of the Internal Revenue Code in 1954 and the decline in corporate profits in 1954. The scheduled rate reductions in the corporate income tax and certain excises, and the completion of the acceleration of corporate tax payments cause further reductions in the estimated receipts for 1956 under existing legislation. Some of the other receipt items are expected to show an increase in fiscal 1956 but the total effect is a reduction in receipts under existing legislation.

The proposal to extend the existing corporate tax rates (normal tax of 30 percent and surtax of 22 percent) will not affect receipts in fiscal 1955, but the effect in fiscal 1956 is estimated as \$1,050 million. Extension of the present excise tax rates on distilled spirits, beer, wines, cigarettes, passenger cars, trucks, auto parts, gasoline, and diesel fuel is expected to increase collections in fiscal 1955 by \$190 million and in 1956 by \$1,022 million. Under present law there would be payments in 1956 of floor-stock refunds as a result of the excise reductions, so the extension of present rates would reduce the refunds estimate for 1956. The total effect of the tax recommendations is an increase of \$2,263 million in fiscal 1956.

¹ In a press conference held by the Secretary of the Treasury there was a discussion of the economic assumptions underlying the estimates of receipts, and it was stated that the levels of personal income and corporate profits before tax shown below were used.

Calendar year	Personal income	Corporate profits before tax
1954.....	\$286.6 billion.....	\$36 billion.
1955.....	298.5 billion.....	38.5 billion.

TABLE 4.—*Special classification of net budget expenditures*
 [Fiscal years. In millions]

	Actual				Estimated, 1955	Estimated, 1956	
	1951	1952	1953	1954		Amount	Percent of total
Current expenses for civil operations and administration.....							
Interest.....	\$1,911	\$2,174	\$2,299	\$1,872	\$1,916	\$2,251	4
Civil benefits.....	5,714	5,934	6,583	6,469	6,558	6,378	10
Protection.....	11,509	12,153	13,413	11,570	13,259	11,984	19
Undistributed (reserves and adjustments).....	25,626	46,002	51,979	47,863	41,673	41,475	67
	-705	-855	-----	-----	100	325	-----
Total.....	44,058	65,410	74,274	67,772	63,504	62,408	100

EXPENDITURES

Purpose classification

In this budget, expenditures are analyzed from 2 different points of view: first they are classified according to 4 broad purposes, and second they are classified in terms of controllability. (The functional and agency classifications used in previous budgets are also presented.)

Table 4 shows actual expenditures in fiscal years 1951 through 1954 and estimated expenditures in 1955 and 1956 for (1) the cost of civil operations and administration, (2) interest, (3) civil aids and benefits, and (4) protection. The last column, "Percent of total," indicates the relative magnitude of expenditures for these four purposes, and shows that two-thirds of the budget expenditures are for the purpose of protection, about one-fifth for civil benefits, one-tenth for interest payments, and less than one-twentieth for civil operations and administration. Items which cannot be allocated to any of these categories, namely reserves and adjustments, are shown as "Undistributed."

The expenditures shown under the heading "Current expenses for civil operations and administration" are described as "predominantly the traditional expenses for civil operations and administration of the Federal Government. Here are found the bulk of the expenditures for the legislative branch, the judiciary, the President's office, the various regulatory activities of the Government, and the administrative expenses of many Cabinet departments and independent agencies * * * all construction of civil public works (including construction of Government office buildings) is excluded from this category, although expenses for repair, maintenance, and operation of civil public works are included." It is estimated that expenditures for this purpose in fiscal 1956 will be \$2,251 million, an increase over the 1955 estimate of \$335 million. About two-thirds of the increase is due to the recommendation for resumption of contributions by the Federal Government to the civil service retirement fund. In fiscal 1954 and 1955 appropriations were deferred because a special commission was making a study of all Federal retirement systems.

In the second category, interest on the public debt is, of course, the important item, estimated as \$6,300 million for fiscal 1956. The other interest payments consist of interest on refunds of receipts and interest on uninvested trust deposits.

Under "Civil benefits" are classified "a large number of programs designed to yield benefits to the Nation generally or to various groups and geographic areas." Included here are expenditures for (a) additions to Federal assets, such as civil public works, commodity inventories, equipment, and loans; (b) long-range development, covering grants-in-aid for roads, schools, hospitals, and airports, soil-conservation programs, and research and development; (c) current expenses for aids and services such as veterans benefits, public assistance grants to States, price-support programs and disposal of surplus commodities, operation of the postal service, ship subsidies and navigation aids, etc. The largest single program under "Civil benefits" is aid to veterans, the expenditure being estimated as \$4,536 million in fiscal 1956, or 38 percent of the total expenditures for civil benefits.

The expenditures for "Protection" can be grouped under the headings listed under civil benefits. The acquisition of assets for protection include airbases, aircraft, bombs, etc.; long-range development includes research and development work of the Department of Defense and the Atomic Energy Commission; current expenses cover both the cost of military pay and operations and military, technical, and economic assistance abroad. Of the total estimated expenditures for "Protection" of about \$41½ billion in fiscal 1956, about \$23½ billion are current expenses for military pay, operation, maintenance, administration, and military aid abroad.

Controllability of expenditures

Table 5, Summary of Net Budget Expenditures Indicating Controllability, groups expenditures into three classes, (a) major national security programs, (b) major programs not readily subject to administrative discretion through the budget process, and (c) all other.

The expenditures classified as major national security programs in table 5 include all those grouped under "Protection" in table 4 except current expenses of economic assistance abroad. In table 5 foreign economic assistance is included under "All other."

The estimate of \$40,458 million for major national security programs in fiscal 1956 reflects anticipated savings of \$1,750 million by the Department of Defense.

The relatively uncontrollable expenditures are almost one-fourth of total budget expenditures. Interest is the largest item in this group and the size of the public debt is the controlling factor here. The levels of expenditures for the various other items in this group depend upon legislative provisions for the various programs, economic conditions, price levels, State participation in certain programs, and in the case of agricultural price supports upon weather conditions.

The expenditures more readily subject to control through the budgetary process, referred to as "All other" constitute about 11 percent of the estimated total expenditures for 1956. This class includes the expenditures for most of the regular operations of the Government and the expenditures for international affairs and finance.

TABLE 5.—*Summary of net budget expenditures indicating controllability*

[Fiscal years. In millions]

Description	1954 actual	1955 estimated	1956 estimated
Major national security programs -----	\$46, 522	\$40, 644	\$40, 458
Major programs not readily subject to administrative discretion through the budget process:			
Veterans' compensation, pensions, and selected benefit programs-----	3, 297	3, 512	3, 680
Veterans' unemployment compensation-----	82	131	150
Grants to States for public assistance-----	1, 438	1, 445	1, 420
Payment to railroad retirement fund for military service credits-----	35		
Agricultural price support (Commodity Credit Corporation)-----	1, 526	2, 159	1, 142
Removal of surplus agricultural commodities-----	178	113	180
Conservation of agricultural land resources-----	171	190	212
Federal-aid highway grants-----	531	600	680
Grants to States for unemployment compensation and employment service administration-----	203	195	245
Payment to the unemployment trust fund-----		64	87
Claims and relief acts-----	213	163	250
Payments to Federal employees' retirement funds-----	31	30	217
Unemployment compensation for Federal employees-----		33	40
Legislative and the Judiciary-----	87	102	116
Interest-----	6, 470	6, 558	6, 378
Total -----	14, 262	15, 295	14, 797
All other -----	6, 988	7, 565	7, 153
Total budget expenditures -----	67, 772	63, 504	62, 408

TABLE 6.—*Summary of budget expenditures, by function and agency, based on existing and proposed legislation*

[Fiscal years. In millions]

Description	1954 actual	1955 estimated Total	1956 estimated Total
BY FUNCTION			
Major national security.....	\$46, 523	\$40, 644	\$40, 458
International affairs and finance.....	2, 166	1, 800	1, 841
Veterans' services and benefits.....	4, 289	4, 468	4, 684
Welfare, health, and education.....	2, 248	2, 316	2, 312
Agriculture and agricultural resources.....	7, 497	8, 934	7, 647
Natural resources.....	1, 391	1, 358	1, 209
Commerce and manpower.....	7, 355	7, 800	6, 908
General government.....	1, 212	1, 225	1, 569
Interest.....	6, 470	6, 558	6, 378
Reserves for proposed legislation and contingencies:			
Net cost of classified pay increase.....			125
Other.....		100	200
Total budget expenditures (gross).....	79, 151	75, 203	73, 332
Deduct applicable receipts ¹	11, 379	11, 699	10, 923
Net budget expenditures.....	67, 772	63, 504	62, 408
BY AGENCY			
Legislative branch.....	59	71	83
The judiciary.....	28	31	33
Executive Office of the President.....	9	9	9
Funds appropriated to the President.....	5, 477	5, 070	5, 356
Independent offices:			
Atomic Energy Commission.....	1, 895	2, 050	2, 000
Veterans' Administration.....	4, 316	4, 497	4, 705
Other.....	3, 739	3, 101	3, 242
General Services Administration.....	808	1, 174	969
Housing and Home Finance Agency.....	1, 440	1, 667	1, 264
Department of Agriculture.....	5, 963	7, 365	6, 013
Department of Commerce.....	1, 083	1, 180	1, 223
Department of Defense:			
Military functions.....	40, 336	34, 375	34, 000
Civil functions.....	708	624	632
Department of Health, Education, and Welfare.....	1, 983	2, 042	2, 055
Department of the Interior.....	571	594	591
Department of Justice.....	183	185	202
Department of Labor.....	357	433	515
Post Office Department.....	2, 686	2, 741	2, 541
Department of State.....	156	138	150
Treasury Department.....	7, 339	7, 732	7, 391
District of Columbia (general fund).....	13	25	34
Reserves for proposed legislation and contingencies.....		100	325
Total budget expenditures (gross).....	79, 151	75, 203	73, 332
Deduct applicable receipts ¹	11, 379	11, 699	10, 923
Net budget expenditures.....	67, 772	63, 504	62, 408

¹ Receipts of public enterprise funds (Government-owned corporations, the postal service, and other revolving funds, the receipts of which come primarily from outside the Government).

Expenditures by function and by agency

Table 6 shows actual budget expenditures for fiscal year 1954 and estimated expenditures under existing and proposed legislation for 1955 and 1956; in the upper half of the table the expenditures are classified by function and in the lower half by agency. In both portions of the table gross expenditures are shown for each classification and applicable receipts are deducted from the total of gross expenditures to obtain net budget expenditures. The applicable receipts are those of certain Government corporations, the postal service, and other revolving funds, all of which are referred to as public-enterprise funds since the receipts come primarily from outside the Government.

Table 7 for 1956 shows gross budget expenditures, applicable receipts, and net budget expenditures for each function and agency. In the functional classification the receipts from public-enterprise funds under agriculture, commerce and manpower are more than two-thirds of the gross expenditures for these functions, and the agency classification shows large receipts from public-enterprise funds under the Post Office Department, Agriculture, and Independent Offices (chiefly Farm Credit Administration and Export-Import Bank of Washington).

TABLE 7.—Applicable receipts of public enterprise funds and their effect on budget expenditures in fiscal year 1956, based on existing and proposed legislation

[In millions]

	Gross budget expenditures	Applicable receipts	Net budget expenditures
A. BY FUNCTION			
Major national security-----	\$40, 458	(¹)	\$40, 458
International affairs and finance-----	1, 840	\$509	1, 332
Veterans' services and benefits-----	4, 684	44	4, 640
Welfare, health, and education-----	2, 312	(¹)	2, 312
Agriculture and agricultural resources-----	7, 647	5, 388	2, 259
Natural resources-----	1, 209	257	953
Commerce and manpower-----	6, 908	4, 722	2, 186
General government-----	1, 569	3	1, 566
Interest-----	6, 378	-----	6, 378
Reserves for proposed legislation and contingencies-----	325	-----	325
Total-----	73, 332	10, 923	62, 408
B. BY AGENCY			
Legislative branch-----	83	-----	83
The judiciary-----	33	-----	33
Executive Office of the President-----	9	-----	9
Funds appropriated to the President-----	5, 356	460	4, 895
Independent offices-----	9, 947	2, 743	7, 204
General Services Administration-----	969	3	966
Housing and Home Finance Agency-----	1, 264	1, 390	-126
Department of Agriculture-----	6, 013	3, 517	2, 496
Department of Commerce-----	1, 223	7	1, 216
Department of Defense:			
Military functions-----	34, 000	(¹)	34, 000
Civil functions-----	632	89	543
Department of Health, Education, and Welfare-----	2, 055	2	2, 053
Department of the Interior-----	591	29	561
Department of Justice-----	202	-----	202
Department of Labor-----	515	1	515
Post Office Department-----	2, 541	2, 517	24
Department of State-----	150	-----	150
Treasury Department-----	7, 391	164	7, 227
District of Columbia-----	34	-----	34
Reserves for proposed legislation and contingencies-----	325	-----	325
Total-----	73, 332	10, 923	62, 408

¹ Less than ½ million dollars.

Trust funds and the cash budget

Transactions of the trust funds of the Federal Government are not included in budget receipts and expenditures, but these transactions are reported in the budget document. The largest trust fund is the Federal old-age and survivors trust fund, and the other major funds are those for unemployment compensation, Federal employees retirement, railroad retirement, and veterans' life insurance. There are also a number of smaller trust funds, but the receipts and expenditures of all these minor accounts taken together amount to about one-half billion dollars a year. Table 8 summarizes the accounts of the five major trust funds and more detail is contained in table 20 on page 32.

TABLE 8.—*Summary of receipts, expenditures, and balances of major trust funds*

[Fiscal years. In millions]

	1954 actual	1955 estimated	1956 estimated
Balance in funds at start of year.....	\$43, 057	\$44, 924	\$46, 449
Receipts.....	8, 698	9, 343	10, 882
Expenditures.....	6, 832	7, 819	8, 245
Balance in funds at close of year.....	44, 924	46, 449	49, 087

The term "cash budget" is frequently used to refer to a consolidation of trust accounts and conventional budget accounts to show the impact of the Federal fiscal transactions on the national economy. The title for this consolidated statement is "Receipts From and Payments to the Public, Excluding Borrowing." The following brief table 9 shows total receipts and payments and indicates that there will be a deficit in fiscal year 1955 and a small surplus in fiscal 1956. More detailed material is found in part IV, tables 21 and 22.

TABLE 9.—*Receipts from and payments to the public, excluding borrowing*

[Fiscal years. In millions]

	1954 actual	1955 estimated	1956 estimated
Cash receipts from the public.....	\$71, 636	\$66, 649	\$68, 793
Cash payments to the public.....	71, 868	69, 026	68, 235
Excess of cash receipts.....			558
Excess of cash payments.....	232	2, 377	

TABLE 10.—Major national security

[Fiscal years. In millions]

Item	Budget expenditures (net)					Recommended new obligational authority for 1956
	1950 actual	1953 actual	1954 actual	1955 estimated	1956 estimated	
Direction and coordination of defense.....	\$10	\$15	\$12	\$12	\$12	\$13
Other central defense activities.....	199	394	452	488	588	627
Army defense activities.....	3,983	16,242	12,910	8,900	8,850	7,303
Navy defense activities.....	4,100	11,874	11,293	9,775	9,700	8,907
Air Force defense activities.....	3,600	15,085	15,668	15,200	15,600	14,536
Proposed legislation.....	-----	-----	-----	-----	1,000	2,983
Reduction.....	-----	-----	-----	-----	1-1,750	2-1,500
Subtotal, Department of Defense.....	11,892	43,610	40,336	34,375	34,000	32,899
Development and control of atomic energy, present program.....	550	1,791	1,895	2,050	1,910	1,292
Proposed legislation.....	-----	-----	-----	-----	90	-----
Strategic and critical materials.....	438	919	651	994	783	522
Mutual security (military):						
Military assistance, present program.....	130	3,954	3,629	2,675	2,875	-----
Proposed legislation.....	-----	-----	-----	-----	200	1,400
Direct forces support, present program.....	-----	-----	12	550	500	-----
Proposed legislation.....	-----	-----	-----	-----	100	630
Subtotal, military assistance and support.....	130	3,954	3,641	3,225	3,675	2,030
Total.....	13,010	50,274	46,522	40,644	40,458	33,674 ²

¹ Unallocated reduction in estimates.² Reduction through transfers of prior year appropriations.³ Compares with new obligational authority of \$39,471 million in 1954 and \$24,386 million in 1955.

PART III.—EXPENDITURES BY FUNCTION

MAJOR NATIONAL SECURITY

The expenditures which are classified as major national security programs are those for the military functions of the Department of Defense, for the development of atomic energy, the stockpiling of critical and strategic materials, and for military assistance and direct-forces support to other free nations. Table 10 shows the actual expenditures for fiscal years 1950 and 1953 and 1954, estimated expenditures for fiscal 1955 and 1956, and new obligational authority recommended for 1956. The estimated expenditures for fiscal 1955 and 1956 are about \$6 billion below the fiscal 1954 level.

With respect to the recommendations for major national security the budget message makes the following statement:

* * * we should plan and finance our national security program on a long-term basis that would maintain essential military strength over an indefinite period of time without impairing the basic soundness of the United States economy. This budget continues the concept of no assumed fixed date of maximum danger. * * *

The development and maintenance of nuclear air retaliatory power are emphasized in this budget as a deterrent to military aggression and the accelerated development of continental defense programs has high priority. Because of the possibility of nuclear warfare, development of new weapons and techniques also is emphasized.

The Department of Defense expenditures for military functions are shown in the upper portion of table 10, and these expenditures are regrouped by cost categories in table 11. The following description of the major service units is given in the message:

* * * it appears that the Army of the future will be organized into smaller, but more mobile and self-contained, units with greater fire power. The Navy will operate approximately 1,000 active ships—including 400 warships. The number of carrier air groups is to be increased from the present 16 to 17, and an additional attack carrier equipped with modern aircraft will be added to the fleet. The Navy will continue to maintain 15 antisubmarine warfare squadrons. The Marine Corps will maintain 3 combat-ready divisions and 3 air wings. The current level of approximately 10,000 naval and Marine operating aircraft will be maintained. The Air Force is continuing its buildup toward a goal of 137 wings, and expects to have 130 wings in being by June 30, 1956—119 of which will be combat wings. * * *

In fiscal 1956 about two-thirds of the estimated expenditures of the Department of Defense will be for air power and related programs.

In table 11 as in table 10 there is an item "unallocated reduction in estimates" of \$1,750 million in 1956. This is included because it is believed that various savings and adjustments of this amount can be made, but these anticipated savings cannot be allocated at this time.

TABLE 11.—*Department of Defense costs by major categories*

[Fiscal years. In millions]

Cost category	Budget expenditures				Recommended new obligatory authority for 1956
	1953 actual	1954 actual	1955 estimated	1956 estimated	
Military personnel.....	\$11, 556	\$10, 961	\$10, 245	\$10, 295	\$10, 612
Operation and maintenance.....	10, 379	9, 356	7, 869	8, 576	9, 184
Major procurement and production.....	(17, 123)	(15, 958)	(12, 627)	(12, 718)	(9, 524)
Aircraft.....	7, 416	8, 334	7, 557	7, 550	6, 064
Ships.....	1, 191	1, 090	888	999	1, 317
Other.....	8, 516	6, 534	4, 182	4, 169	2, 143
Military public works.....	1, 913	1, 706	1, 418	1, 749	1, 914
Reserve components.....	522	584	705	927	1, 037
Research and development.....	1, 412	1, 385	1, 307	1, 369	1, 370
Establishmentwide activities.....	759	771	719	793	758
Working capital (revolving) funds.....	-54	-384	-515	-677	-----
Unallocated reduction in estimates.....	-----	-----	-----	-1, 750	-----
Reduction through transfers of prior year appropriations.....	-----	-----	-----	-----	-1, 500
Total.....	43, 610	40, 336	34, 375	34, 000	32, 899

In this budget the atomic energy expenditures (see table 10) estimated for fiscal 1956 on projects to develop peaceful applications of atomic energy are greater than ever before, but the power of the nuclear weapons stockpile will continue to be strengthened until there is assurance that atomic energy will not be used for war. The operating expenditures for this program will increase from \$1.2 billion in fiscal 1955 to \$1.5 billion in 1956 because of expected increases in procurement of raw uranium ores and concentrates and in production at plants of the Atomic Energy Commission. The capital expenditures will decline in fiscal 1956 as new plants approach completion.

With respect to the stockpile program the message states:

A new long-term stockpile level has been established to provide an additional measure of security over and above the minimum goals. Procurement of the additional minerals will generally be limited to instances where purchases at favorable prices will serve both to meet the long-term stockpile objectives and to maintain essential domestic production, as in the case of lead and zinc in the past 6 months.

The military part of the mutual security program includes military assistance and direct forces support. Military assistance expenditures provide for the margin of training and equipment which the countries cannot provide for themselves, while the expenditures for direct forces support are for gasoline, tires, uniforms, medicines, etc., items which military forces consume.

TABLE 12.—*International affairs and finance*

[Fiscal years. In millions]

Program or agency	Expenditures			Recommended new obligational authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Gross expenditures:				
Economic and technical development:				
International investment activities:				
International Finance Corporation (proposed legislation)			\$35	\$35
Export-Import Bank (including Reconstruction Finance Corporation liquidation)	\$534	\$334	335	
Investment guaranties	4	6	7	
Mutual security program (non-military):				
Defense support and development assistance	1, 241	1, 075	725	
Technical cooperation				
Refugee and other aid (contributions to international agencies)				
Proposed legislation			300	1, 500
Civil assistance programs, Department of Defense	87	30	6	3
Emergency commodity assistance, Department of Agriculture	74	124	177	1 79
Other assistance	3	6	9	9
Other refugee activities (Department of State)	1	9	15	16
Foreign information and exchange activities:				
United States Information Agency	71	77	86	88
Department of State	20	18	21	22
Emergency fund for international affairs		4	1	
Conduct of foreign affairs (Department of State and other)	130	116	124	123
Total	2, 166	1, 800	1, 841	² 1, 876
Deduct applicable receipts:				
Export-Import Bank	434	376	425	
Reconstruction Finance Corporation	9			
Investment guaranties	2	4	4	
Commodity Credit Corporation			79	
Net budget expenditures	1, 720	1, 420	1, 332	

¹ Appropriation to reimburse the Commodity Credit Corporation for commodity assistance provided in previous years.

² Compares with new obligational authority of \$1,268 million in 1954 and \$1,585 million in 1955.

INTERNATIONAL AFFAIRS AND FINANCE

The budget recommendations for international affairs and finance embrace programs for conduct of foreign affairs, for expansion of trade and investment, for mutual security economic assistance, and for foreign information. The total budget expenditure for these programs in fiscal 1956 is estimated at \$1.3 billion, slightly below the estimate for the current fiscal year. The new obligational authority recommended for fiscal 1956 is \$1.9 billion, an increase of \$0.3 billion over 1955. Increased emphasis on defense support and development assistance in Asia, and reimbursement of the Commodity Credit Corporation for commodities furnished in past years for emergency assistance largely explain this increase.

Expenditures for nonmilitary mutual assistance are estimated as \$1 billion in 1956, including \$0.3 billion under proposed legislation. The Administration anticipates that direct assistance will be confined generally to two types of situations described in the following paragraph:

In the first place, we will find it necessary for some time to provide defense support to certain countries which have undertaken a military effort beyond the capacity of their own economies to support. This defense support includes consumption goods and capital equipment to support the general economy, as contrasted with direct forces support which provides assistance to the military forces of the country. In the second place, our national interest will require direct assistance to certain less developed countries where a rate of economic progress which would be impossible without such assistance is essential to their becoming and remaining strong and healthy members of the community of free nations capable of resisting Communist penetration and subversion.

Defense support is to be continued for several countries including Korea, Formosa, Vietnam, Laos, and Cambodia, and grant and loan assistance for economic development is planned for the Middle East and Africa.

Gross expenditures for emergency commodity assistance in 1956 are estimated as \$177 million but the reimbursement of \$79 million for past assistance results in net expenditures of \$98 million for emergency assistance to friendly peoples.

The operations of the Export-Import Bank (a Government corporation) are expected to result in net receipts of \$90 million in fiscal 1956, collections on old loans exceeding disbursements against new direct loans.

TABLE 13.—Veterans' services and benefits

[Fiscal years. In millions]

Program or agency	Expenditures			Recom- mended new obliga- tional authority for 1956
	1954 actual	1955 esti- mated	1956 esti- mated	
Gross expenditures:				
Readjustment benefits:				
Education and training-----	\$546	\$602	\$587	\$587
Loan guaranty and other bene- fits (Veterans' Administra- tion)-----	76	38	40	40
Unemployment compensation (Department of Labor)-----	82	131	150	150
Compensation and pensions-----	2,482	2,679	2,800	2,800
Insurance and servicemen's indem- nities-----	104	72	135	127
Hospital and medical care:				
Current expenses-----	724	688	710	716
Hospitalization construction-----	59	48	60	20
Other services and administration (Veterans' Administration and other)-----	217	211	202	173
Total-----	4,289	4,468	4,684	¹ 4,615
Deduct applicable receipts:				
Insurance programs (Veterans' Ad- ministration)-----	4	9	16	-----
Other services and administration (Veterans' Administration, pri- marily canteen services)-----	29	28	29	-----
Net budget expenditures-----	4,256	4,431	4,640	-----

¹ Compares with new obligational authority of \$4,272 million in 1954 and \$4,285 million in 1955.

VETERANS SERVICES AND BENEFITS

Budget expenditures for veterans' services and benefits in fiscal 1956 are estimated as \$4.6 billion, the 3 largest items being compensation and pensions of \$2.8 billion, current hospital and medical care expenses, \$0.7 billion, and education and training, \$0.6 billion.

Expenditures for compensation and pensions include \$1.9 billion in payments to about 2½ million families and veterans for death and disability resulting from service and \$0.9 billion for pensions in cases where death or disability was not service connected.

The estimate of expenditures for hospital care reflects an expected rise in average number of patients. The proportion of service-connected cases is increasing but it is estimated that more than two-thirds of the 1956 expenditures for hospital and medical care will be for treatment of non-service-connected cases. Expenditures for hospital construction in fiscal 1956 exceed the new appropriations recommended because funds were appropriated in earlier years for three hospitals to be built in 1956.

Some veterans of World War II are still obtaining education and training and many veterans of the Korean conflict are enrolled in courses. During fiscal 1956 it is estimated that the number of veterans taking school, job, and farm training courses will average more than 500,000.

The financial transactions of the trust funds for veterans life insurance are shown in table 20, Transactions of Major Trust Funds on page 33.

TABLE 14.—*Welfare, health, and education*

[Fiscal years. In millions]

Program or agency	Budget expenditures (net)			Recommended new obligational authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Promotion of public health:				
Present programs.....	\$288	\$292	\$321	\$335
Proposed legislation.....			17	52
Public assistance:				
Present program.....	1, 439	1, 447	1, 402	1, 402
Proposed legislation.....			20	20
Other welfare aids and services:				
School-lunch program.....	84	84	68	68
Vocational rehabilitation.....	24	29	43	43
Indian health, education, and welfare.....	49	59	76	80
Other.....	106	77	80	83
Promotion of education:				
Assistance for schools in federally affected areas.....	184	224	173	89
Vocational education.....	25	31	31	31
Other educational aids.....	25	30	33	30
General-purpose research:				
National Science Foundation.....	6	10	21	31
Department of Commerce.....	17	35	27	27
Total.....	2, 248	2, 316	2, 312	¹ 2, 289

¹ Compares with new obligational authority of \$2,190 million in 1954 \$2,310 million in 1955.

WELFARE, HEALTH, AND EDUCATION

The estimated expenditures for public assistance of \$1.4 billion in fiscal 1956 constitute more than half of the total expenditures of \$2.3 billion for all programs classified as welfare, health, and education. Expansion of old-age and survivors insurance as enacted by the last Congress will gradually reduced expenditures for public assistance and the President has recommended revisions in the legislation which would reduce the Federal share of the old-age portion of public assistance.

The principal expenditures for public health are for grants to the States for construction of hospitals and other facilities, public health services, maternal and child health, and control of various diseases; for grants to universities and medical schools for research, and for operation of Public Health Service hospitals.

The proposed legislation under this function includes health re-insurance, a program of grants-in-aid for medical care for recipients of public assistance, and measures designed to foster construction of medical facilities, training of nurses, and improvement of key services in the States and local communities. The expenditures in 1956 under the proposal for public assistance medical care are estimated as \$20 million and expenditures for the other legislative recommendations \$17 million.

The largest expenditure item under promotion of education is assistance for schools in federally affected areas. The Federal Government makes grants to aid school construction and operation in districts where the school enrollment has increased substantially because of Federal activities.

Three of the major trust funds, Federal old-age and survivors insurance, railroad retirement, and Federal employees' retirement come under this functional classification. Data on these funds can be found in table 20.

TABLE 15.—Agriculture and agricultural resources

[Fiscal years. In millions]

Program or agency	Gross expenditures		Net expenditures		Recom- mended new obligational authority for 1956
	1954 actual	1955 esti- mated	1955 esti- mated	1956 esti- mated	
Stabilization of farm prices and farm income:					
Price support, supply, and purchase programs (CCC)-----	\$4, 220	\$5, 705	\$4, 176	\$968	\$2
International Wheat Agreement-----	59	106	142	84	57
Removal of surplus agricultural commodities-----	178	113	180	180	165
Sugar Act-----	66	61	61	61	62
Federal crop insurance-----	39	36	34	3	6
Agricultural adjustment programs-----	41	41	39	39	39
Financing farm ownership and operation:					
Farm Credit Administration-----	1, 817	1, 885	1, 988	22	28
Farmers' Home Administration ¹ -----	191	178	172	178	172
Disaster loans and emergency feed-----	255	101	88	16	42
Financing rural electrification and rural telephones ¹ -----	217	217	233	217	238
Agricultural land and water resources:					
Agricultural conservation program-----	201	233	255	173	216
Soil Conservation Service, flood prevention and other-----	61	76	74	74	75
Research and other agricultural services-----	150	180	206	200	186
Total-----	7, 497	8, 934	7, 647	3, 130	2, 288

¹ Net expenditures for the Farmers' Home Administration and for rural electrification and telephone loans do not reflect loan collections, since these collections go directly into miscellaneous receipts of the Treasury. In 1956, these collections are estimated at 182 million dollars and 112 million dollars, respectively.

² Compares with new obligational authority of \$4,040 million in 1954 and \$2,630 million in 1955.

AGRICULTURE AND AGRICULTURAL RESOURCES

In table 15 both gross and net expenditures are shown for the various programs affecting agriculture. For 1956 the gross expenditures are estimated as \$7.6 billion, and applicable receipts as \$5.4 billion, resulting in net expenditures of \$2.3 billion. The receipts which are deducted come mainly from collections on loans and sales of commodities by the Commodity Credit Corporation.

The net expenditures estimated for stabilization of farm prices and farm income total \$1.3 billion in fiscal 1956, a reduction of almost \$1 billion below the estimate for fiscal 1955. The Commodity Credit Corporation net expenditures for price support are expected to be \$1,934 million in 1955 and \$968 million in 1956. This large reduction is explained in the following paragraph from the message:

The decline in net price-support expenditures anticipated in the budget will be brought about by two major factors. First, continuation of acreage restrictions, particularly on 1955 crop year cotton and wheat, and lower support levels on some commodities are expected to result in a lower volume of price-support loans. Second, receipts from sales of such commodities as cotton, corn, and wool are expected to increase as our efforts to find new and expanded markets for agricultural products begin to show results. These factors will be offset in part by increased Commodity Credit Corporation expenditures to retire certificates of interest in prior-year crop loans sold to banks and private lenders, because a substantially smaller volume of new commodity loans will be available in 1956 than in 1955 to serve as a basis for certificates of interest. Also, funds of the Corporation will be used to provide for increased milk consumption by schoolchildren and members of the Armed Forces during 1955 and 1956 when supplies of dairy products are expected to be plentiful.

The programs described as "Financing farm ownership and operation" include direct loans to farmers and their cooperatives and insurance of loans made by private lenders. In the area of financing rural electrification and rural telephones the budget recommendations provide for an increase in new electrification loans in 1956 because of the larger requirements for improvements of existing systems and for power generation, and for some increase in telephone loans. The recommendations for soil and water conservation activities and research work also involve some increase in net expenditures in fiscal 1956.

TABLE 16.—*Natural resources*

[Fiscal years. In millions]

Program or agency	Gross expenditures			Net expenditures			Recom- mended new obligational authority for 1956
	1954 actual	1955 esti- mated	1956 esti- mated	1954 actual	1955 esti- mated	1956 esti- mated	
Land and water resources:							
Corps of Engineers: Flood-control and multiple- purpose projects:							
Present programs	\$416	\$366	\$363	\$416	\$366	\$363	\$371
Proposed legislation:							
Passamaquoddy Bay survey			1			1	1
Partnership projects			10			10	10
Department of the Interior:							
Bureau of Reclamation:							
Irrigation and multiple-purpose proj- ects:							
Present programs	199	168	177	196	165	174	180
Proposed legislation:							
Federal projects			5			5	7
Partnership projects			10			10	10
Power transmission agencies	53	48	41	53	48	41	25
Indian land resources	33	37	41	32	36	40	24
Bureau of Land Management and other	15	17	18	15	17	18	17
Tennessee Valley Authority	409	431	250	238	214	2	28
Department of State	7	5	4	7	5	4	2
Federal Power Commission	4	4	5	4	4	5	5
Mineral resources:	117	121	115	117	121	115	116
Present programs	41	47	46	37	43	42	40
Proposed legislation: Aid for anthracite-mine drainage			3			3	
Fish and wildlife resources	38	46	43	38	46	43	41
Recreational use of resources	33	39	50	33	39	50	25
General resource surveys and other	27	26	26	27	26	26	26
Total	1,391	1,358	1,209	1,213	1,133	953	1,929

1 Compares with new obligational authority of \$1,196 million in 1954 and \$967 million in 1955.

NATURAL RESOURCES

Net expenditures in fiscal 1956 for conserving and developing natural resources are estimated as slightly less than \$1 billion. The expenditures for flood control, irrigation, power, and multiple-purpose river-basin development will be about two-thirds of the total and the remainder will be spent for management and development of national forest, parks, and public lands, and for fish and wildlife and mineral resources.

The various projects grouped under "Land and water resources" result in net expenditures of \$673 million in 1956. Of this amount \$430 million is for the continuation of work on 152 river-basin development projects under construction. Construction on 37 projects will be virtually completed in 1956. The proposed legislation includes provision for participation on a partnership basis with other governmental units and private groups in water developments, and authorization to undertake construction of two river-basin projects. The budget also provides for starting a number of new projects for water use and control.

With respect to natural resource policy, the budget message states:

This administration believes that achievement of the resource development basic to the economic progress and security of the Nation requires encouragement of local public and private initiative and, where Federal participation is necessary, emphasis on the partnership aspects of essential cooperative arrangements with State and local governments or with private enterprise. To the greatest extent possible, the responsibility for resource development, and its cost, should be borne by those who receive the benefits. * * * The Federal Government must be willing and ready to bear the cost of improvements made for national purposes; but in all cases where the partnership principle logically applies there is automatically acquired a concern for economy and efficiency that is often lacking when no local contribution is required.

TABLE 17.—Commerce and manpower
[Fiscal years. In millions]

Program or agency	Gross expenditures			Net expenditures			Recom- mended new obligational authority for 1956
	1954 actual	1955 esti- mated	1956 esti- mated	1954 actual	1955 esti- mated	1956 esti- mated	
Provision of highways-----	\$586	\$659	\$725	\$586	\$659	\$725	\$919
Merchant marine-----	236	228	198	153	209	192	235
Navigation aids and facilities-----	403	409	441	313	325	353	330
Promotion of aviation-----	275	274	283	275	274	283	284
Postal service:							
Present program-----	2, 686	2, 741	2, 811	312	268	294	295
Proposed pay and rate increases-----			-270			-270	-270
Other transportation and communication programs-----	62	58	60	-28	36	42	37
Urban development and redevelopment:							
Present programs-----	37	86	145	22	56	94	4
Proposed legislation-----							200
Aids to private housing:							
Federal Housing Administration-----	125	143	130	-28	-42	-67	
Federal National Mortgage Association-----	563	813	338	-221	243	-193	
Veterans' Administration:							
Present programs-----	118	170	92	85	118	39	
Proposed legislation-----			90			90	100
Other-----	31	5	5	-16	-29	-29	
Public housing programs-----	658	570	604	-401	-85	34	96
Other housing and community facilities-----	93	83	52	53	54	44	19
Civil defense and disaster relief-----	103	80	76	61	72	70	71
Promotion of defense production:							
Present programs-----	936	1, 061	626	216	76	104	6
Proposed legislation-----			12			12	
Business loans and guaranties:							
Present programs-----	131	50	11	-100	-38	-106	67
Proposed legislation-----			28			28	
Other promotion or regulation of business-----	33	37	37	17	21	36	36

Unemployment compensation and placement:									
Administration-----	211	204	254	209	203	253	257		
Payment to unemployment trust fund-----	-----	64	87	-----	64	87	87		
Other labor and manpower programs:									
Present programs-----	67	65	66	67	65	66	66		
Proposed legislation-----	-----	-----	4	-----	-----	4	5		
Total-----	7,355	7,800	6,908	1,577	2,550	2,186	12,846		

¹ Compares with new obligational authority of \$2,846 million in 1954 and \$3,381 million in 1955.

COMMERCE AND MANPOWER

The estimated net expenditures in fiscal year 1956 for programs in the field of transportation and communication amount to more than \$1.6 billion out of a total of \$2.2 billion of net expenditures for all commerce and manpower programs. The estimate of \$725 million shown in table 17 for provision of highways covers highway grants to States, expenditures for highways in Federal forests, on public lands, and in Alaska. Expenditures for navigation aids and facilities include those for the St. Lawrence seaway, for rivers and harbors programs under the Corps of Engineers, and for the Coast Guard, while promotion of aviation includes subsidy payments to air carriers safety promotion and enforcement activities and research programs.

Net expenditures for housing and community development (including civil defense and disaster loans and relief) are estimated as less than \$100 million, although gross expenditures are more than \$1.5 billion.

Budget expenditures for administering the program of unemployment insurance and employment services, a Federal-State joint program, are shown in table 17 and the receipts, expenditures and balances for the unemployment trust fund are found in table 20.

TABLE 18.—*General government*

[Fiscal years. In millions]

Program or agency	Expenditures			Recommended new obligational authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Legislative functions.....	\$45	\$51	\$63	\$50
Judicial functions.....	29	33	34	33
Executive direction.....	11	13	11	11
Federal financial management:				
Tax collection.....	277	273	285	286
Customs collection, debt management, and other.....	171	164	165	164
Other central services:				
Central property and records management.....	152	156	162	164
Civil Service Commission.....	16	15	17	17
Other.....	16	21	21	24
Retirement for Federal civilian employees:				
Present programs.....	34	32	2	2
Proposed legislation.....			216	216
Unemployment compensation for Federal civilian employees.....		33	40	40
Protective services and alien control:				
Federal Bureau of Investigation.....	75	79	91	88
Immigration and Naturalization Service.....	40	44	45	45
Other.....	31	23	25	24
Territories, possessions, and District of Columbia:				
District of Columbia.....	13	25	34	32
Territories, possessions, and other.....	43	49	48	45
Other general government:				
Payment of claims and relief acts.....	213	163	250	-----
Weather Bureau.....	26	25	29	33
Other.....	20	23	32	30
Total.....	1, 212	1, 225	1, 569	¹ 1, 305
Deduct applicable receipts.....	4	3	3	-----
Net budget expenditures.....	1, 209	1, 222	1, 566	-----

¹ Compares with new obligational authority of \$1,041 million in 1954 and \$1,056 million in 1955.

GENERAL GOVERNMENT

The expenditures classified as general government cover the costs of basic Government services and include the payment of claims and relief acts and the proposed resumption of payments by the Government to the civil service retirement fund. The estimate of expenditures in 1956 is \$344 million above the estimate for fiscal 1955. The proposed resumption of payments by the Government to the civil service retirement fund accounts for almost two-thirds of this increase. Other items which are increased by more than \$10 million are: Payment of claims and relief acts, Tax collection, Federal Bureau of Investigation, and Legislative functions (new Senate Office Building).

TABLE 19.—*Interest*

[Fiscal years. In millions]

Item	Budget expenditures (net)			Recommended new obligational authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Interest on public debt.....	\$6, 382	\$6, 475	\$6, 300	\$6, 300
Interest on refunds of receipts.....	83	78	73	73
Interest on uninvested trust deposits.....	5	5	5	5
Total.....	6, 470	6, 558	6, 378	¹ 6, 378

¹ Compares with new obligational authority of \$6,470 million in 1954 and \$6,558 million in 1955.

INTEREST

For fiscal 1956 interest payments represent more than 10 percent of the estimated total budget expenditures. The size of the public debt and interest rates are the two factors which determine the general level of interest expenditures. The size of the public debt has increased but in calendar 1954 interest rates on the outstanding debt were reduced. The average interest rate on the debt declined from 2.41 to 2.29 percent in the past year while the average maturity was lengthened.

TABLE 20.—*Transactions of major trust funds*

[Fiscal years. In millions]

Description	Actual 1954	Estimated	
		1955	1956
Federal old-age and survivors insurance trust fund:			
Balance in fund at start of year	\$18, 363	\$20, 040	\$21, 356
Receipts:			
Appropriation from general receipts	4, 537	5, 190	6, 175
Deposits by States	92	120	130
Interest and other	451	464	494
Payments of benefits, construction and administrative expenses and tax refunds	-3, 405	-4, 459	-4, 968
Net accumulation	1, 675	1, 315	1, 831
Balance in fund at close of year	20, 040	21, 356	23, 187
Railroad retirement fund:			
Balance in fund at start of year	3, 183	3, 418	3, 538
Receipts:			
Appropriation from general receipts	638	600	625
Interest on investments	99	102	106
Payments of benefits, salaries, and expenses	-502	-581	-590
Net accumulation	235	121	141
Balance in fund at close of year	3, 418	3, 538	3, 679
Federal employees' retirement funds:			
Balance in funds at start of year	5, 652	5, 932	6, 196
Receipts:			
Employee contributions	430	444	502
Interest	226	234	222
Transfer from budget accounts and other:			
Present law	35	34	5
Proposed legislation			216
Payments of annuities and refunds, and expenses	-411	-447	-489
Net accumulation	280	265	456
Balance in funds at close of year	5, 932	6, 196	6, 652
Unemployment trust fund:			
Balance in fund at start of year	9, 246	8, 993	8, 785
Receipts:			
Deposits by States and railroad unemployment taxes	1, 268	1, 219	1, 421
Interest	224	220	204
Transfer from general fund		64	87
Payments: State and railroad withdrawals for benefits	-1, 745	-1, 712	-1, 594
Net accumulation (+) or withdrawals (-)	-253	-209	+118
Balance in fund at close of year	8, 993	8, 785	8, 903

TABLE 20.—*Transactions of major trust funds*—Continued

[Fiscal years. In millions]

Description	Actual 1954	Estimated	
		1955	1956
Veterans life insurance funds:			
Balance in funds at start of year-----	\$6, 613	\$6, 541	\$6, 574
Receipts:			
Transfers from general and special ac- counts-----	72	31	81
Interest on investments-----	200	208	209
Premiums and other-----	426	414	406
Payments:			
Dividends to policyholders-----	- 267	- 174	- 160
Benefits and other-----	- 503	- 446	- 444
Net accumulation (+) or withdrawals (-)	- 72	+ 33	+ 92
Balance in funds at close of year-----	6, 541	6, 574	6, 665

PART IV

SPECIAL ANALYSES

The last portion of the budget document consists of a group of special analyses, listed below, which supplement the material found in other parts:

Special analysis A. Federal Government receipts from and payments to the public.

Special analysis B. Analysis of the budget by function and agency.

Special analysis C. Budget receipts.

Special analysis D. Investment, operating, and other budget expenditures.

Special analysis E. Federal credit programs.

Special analysis F. Federal activities in public works and other construction.

Special analysis G. Federal aid to State and local governments.

Special analysis H. Research and development.

Special analysis I. Federal economic statistical programs.

Special analysis J. Selected investment and interfund transactions.

Special analysis K. Historical comparison of budget receipts and expenditures.

In the following pages there are brief summaries of analyses A, D, E, F, and G.

Special analysis B can be described as a bridge table since detailed information is shown under each functional classification according to agencies, thus serving as a bridge between the various tables by function and those by agency.

Special analysis C consists of an explanation of the receipts estimates prepared by the Treasury and includes a table on budget receipts which shows detailed breakdowns of the excise-tax collections and miscellaneous receipts as well as data on income, estate and gift, and employment taxes and customs.

Special analysis H shows how much money is being spent for basic and applied research and for construction of research facilities. There are also brief descriptions of the research program of each agency responsible for a major research program.

Special analysis I is a new feature and is included in the budget this year to assist in evaluation of the whole statistical program of the Federal Government. Each of the major current statistical programs is discussed briefly and expansions in some programs are recommended.

Special analysis J is a table showing investments of Government agencies in United States securities, issuance and redemption of debt of Government enterprises to the public, and capital transfers from expenditure to receipt accounts.

Special analysis K is the historical table on receipts and expenditures and surplus or deficit. In table 30 of this pamphlet the receipts portion of the table is reproduced and in table 31 the expenditure portion is summarized.

RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

Special analysis A, Federal Government Receipts From and Payments To the Public, provides an explanation of the consolidated statement referred to as the cash budget on page 13 of this pamphlet. This information on the flow of money between the public and the Federal Government as a whole is useful in evaluating the impact of Federal financial transactions on the economy.

Table 21 shows how these receipts from and payments to the public are derived from other material in the budget document.

TABLE 21.—*Derivation of Federal Government receipts from and payments to the public*

[In millions]

Description	1954 actual	1955 estimate	1956 estimate
FEDERAL RECEIPTS FROM THE PUBLIC			
Budget receipts.....	\$64, 655	\$59, 000	\$60, 000
Trust fund receipts.....	9, 155	9, 804	11, 283
Less:			
Intragovernmental transactions.....	2, 101	2, 111	2, 455
Receipts from exercise of monetary authority....	73	45	35
Equals: Federal receipts from the public.....	71, 636	66, 649	68, 793
FEDERAL PAYMENTS TO THE PUBLIC			
Budget expenditures.....	67, 772	63, 504	62, 408
Trust fund expenditures.....	7, 204	8, 404	8, 845
Change in clearing account for outstanding checks, etc.....	46	64	-67
Less:			
Intragovernmental transactions.....	2, 101	2, 111	2, 455
Noncash debt transactions (net).....	619	740	545
Plus: Net expenditures or receipts (-) of Govern- ment-sponsored enterprises.....	-435	-96	49
Equals: Federal payments to the public.....	71, 868	69, 026	68, 235
Excess of Federal receipts from the public.....			558
Excess of Federal payments to the public.....	232	2, 377	

During fiscal 1954 there was a change in the basis of reporting in the daily statement of the United States Treasury. Prior to February 17, 1954, the daily statement showed budget receipts and expenditures but from February 17 on these were shown on the budget basis only once a month and the daily statement showed cash deposits and withdrawals. In special analysis A there is provided a reconciliation of the Treasury cash deposits and withdrawals with receipts from and payments to the public and also a reconciliation of change in public debt with Federal Government cash borrowing from the public.

Table 22 shows receipts from the public by major source and payments to the public by major program. This consolidated statement results in an estimated deficit of \$2,377 million in fiscal 1955 and an estimated surplus of \$558 million in fiscal 1956 contrasted with the estimates for the administrative budget of a deficit of \$4,504 million in 1955 and a deficit of \$2,408 million in fiscal 1956.

TABLE 22.—Federal Government receipts from and payments to the public, excluding major intragovernmental and noncash transactions

[In millions]

Description	1954 actual	1955 estimate	1956 estimate
FEDERAL RECEIPTS FROM THE PUBLIC			
Individual income taxes-----	\$32,383	\$30,700	\$32,500
Corporation income and excess profits taxes--	21,523	18,466	17,034
Excise taxes-----	10,014	9,073	9,350
Employment taxes-----	5,425	6,080	7,095
Estate and gift taxes-----	945	930	970
Customs-----	562	570	570
Deposits by States, unemployment insurance-----	1,246	1,200	1,400
Veterans' life-insurance premiums-----	426	414	406
Other budget and trust receipts-----	2,530	2,598	2,724
Refunds of receipts (—)-----	—3,418	—3,382	—3,256
Total Federal receipts from the public -----	71,636	66,649	68,793
FEDERAL PAYMENTS TO THE PUBLIC			
Major national security-----	46,681	40,814	40,625
Veterans' services and benefits-----	4,963	5,026	5,170
International affairs and finance-----	1,583	1,201	1,207
Welfare, health, and education-----	6,452	7,706	8,269
Agriculture and agricultural resources-----	2,601	3,149	2,283
Natural resources-----	1,228	1,151	969
Commerce and manpower-----	2,727	4,110	3,709
General government-----	1,445	1,441	1,573
Interest-----	4,688	4,715	4,622
Deposit funds (net) ¹ -----	—115	—16	51
Reserves for proposed legislation and contingencies-----		100	325
Deduction (—) from Federal employees' salaries for retirement funds-----	—430	—436	—502
Change in clearing account for outstanding checks, etc-----	46	64	—67
Total Federal payments to the public -----	71,868	69,026	68,235
Excess of Federal receipts from the public-----			558
Excess of Federal payments to the public-----	232	2,377	

¹ Excludes deposit funds of Government-sponsored enterprises.

TABLE 23.—Summary of investment, operating, and other budget expenditures

[In millions]

	1954 actual			1955 estimate			1956 estimate		
	Gross ex- penditures	Applicable receipts	Net ex- penditures	Gross ex- penditures	Applicable receipts	Net ex- penditures	Gross ex- penditures	Applicable receipts	Net ex- penditures
Additions to Federal assets:									
Civil.....	\$10,421	\$7,582	\$2,840	\$11,361	\$8,039	\$3,323	\$9,086	\$7,073	\$2,013
Major national security.....	19,914	-----	19,914	16,762	-----	16,762	16,934	-----	16,934
Expenditures for other developmental purposes:									
Civil.....	1,632	24	1,608	1,865	66	1,799	2,071	16	2,055
Major national security.....	1,616	-----	1,616	1,546	-----	1,546	1,649	-----	1,649
Current expenses for aids and special services:									
Civil.....	9,588	1,129	8,459	10,033	868	9,166	9,974	1,042	8,931
Major national security.....	3,673	-----	3,673	3,264	-----	3,264	3,716	-----	3,716
Other services and current operating expenses:									
Interest.....	6,469	-----	6,469	6,558	-----	6,558	6,378	-----	6,378
Other civil.....	4,515	2,644	1,872	4,641	2,726	1,916	5,043	2,792	2,251
Major national security.....	21,321	(¹)	21,321	19,072	-----	19,072	19,910	(¹)	19,910
Reserves for legislation and contingencies.....	-----	-----	-----	100	-----	100	325	-----	325
Deduct: Unallocated reduction in estimates (major national security).....	-----	-----	-----	-----	-----	-----	1,750	-----	1,750
Total.....	79,151	11,379	67,772	75,203	11,699	63,504	73,332	10,923	62,408

¹ Less than ½ million dollars.

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES

Special analysis D, Investment, Operating, and Other Budget Expenditures, provides a discussion of expenditures "according to those which yield benefits beyond the current fiscal year and those expenditures which in the main yield benefits within the year in which the expenditure is made." The investment expenditures are broken down into those for acquisition and improvement of assets, and those for broad developmental purposes. The expenditures for current expenses are also broken down into two groups: those which are for aids and services to special groups and "other services and current operating expenses." Table 23 shows gross expenditures, applicable receipts, and net expenditures according to the classification described above.

A large part of the amounts spent by the Federal Government for investments is later recovered; examples are amounts for loans, investments in commodity inventories, and construction of power-plants. The expenditures for developmental purposes often have an indirect effect of increasing the revenues since they promote the growth of the Nation's economy. Certain amounts collected as licenses and fees for special services are appropriated to finance particular programs; these amounts are included in the budget receipts under "Miscellaneous receipts," and are not included in the "Applicable receipts," since throughout the document this term is restricted to the receipts of the public enterprise funds.

This special analysis also relates this classification of expenditures to the four broad purpose classification presented in the message and expands that discussion.

TABLE 24.—New commitments for major Federal credit programs classified by type of assistance, major agency or program

[In millions]

Agency or program	1954 actual		1955 estimate		1956 estimate	
	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association	\$710		\$136		\$162	\$406
Shun clearance and urban renewal	55		138		283	
College housing	41		41		66	
Federal Housing Administration	11	\$4,637	35	\$6,932	28	8,277
Public Housing Administration	275	495	211	543	301	595
Veterans' Administration	112	3,395	161	5,009	90	4,852
Department of Agriculture:						
Rural Electrification Administration	242		240		265	
Farmers' Home Administration	182	10	153	33	147	70
Commodity Credit Corporation	355	3,001	369	2,031	306	1,763
Disaster loans	93		87		40	
Farm Credit Administration: Federal intermediate credit banks	1,790		1,864		1,966	
Expansion of defense production	17	128		129		121
Small Business Administration	13	15	40	38	36	36
Treasury Department (Reconstruction Finance Corporation liquidation)	4					
Export-Import Bank	139	111	293	167	403	262
Foreign Operations Administration	111		200		(1)	
Total by type of assistance	4,150	11,792	3,968	14,882	4,093	16,382
Grand total	15,942		18,850		20,475	

1 Not available.

FEDERAL CREDIT PROGRAMS

Special analysis E, Federal Credit Programs, covers the programs involving direct loans, loan insurance, and loan guaranties. Although these credit programs have a relatively small effect on the budget their total impact on the general level of economic activity is important. In the field of housing about 40 percent of all outstanding home-mortgage loans are insured or guaranteed by Federal agencies. Other programs include encouragement of efficient family size farm units, help in the restoration of international economic stability and promotion of economic development of underdeveloped areas of the world, the expansion of defense production, and aids to small business.

Table 24 shows the new commitment authority for credit programs by the agency or program and the amounts for direct loans and investments and amounts for guaranties and insurance are shown separately. In table 25 the disbursements and repayments are set out and the net effect on the budget is derived.

Special analysis E also contains a report on the status of credit authority and discussion of each of the major credit programs.

TABLE 25.—Disbursements and repayments for major Federal credit programs classified by agency or programs

[In millions]

Agency or program	1954 actual		1955 estimate		1956 estimate	
	Disbursements	Repayments	Disbursements	Repayments	Disbursements	Repayments
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$481	\$662	\$651	\$462	\$269	\$420
Slum clearance and urban renewal.....	24	14	37	28	81	49
College housing.....	35	—	41	—	28	—
Federal Housing Administration.....	44	11	47	16	46	19
Public Housing Administration.....	526	936	454	539	483	479
Veterans' Administration.....	127	25	179	40	193	37
Department of Agriculture:						
Rural Electrification Administration.....	210	59	210	69	225	79
Farmers' Home Administration.....	182	111	155	124	148	129
Commodity Credit Corporation.....	2,640	3,152	3,707	3,922	2,740	2,741
Disaster loans.....	93	43	87	63	40	78
Farm Credit Administration: Federal intermediate credit banks.....	1,790	1,829	1,864	1,838	1,967	1,926
Expansion of defense production:						
Direct loans and advances.....	115	63	93	26	52	123
Guaranties of defense production loans.....	3	5	4	5	3	3
Small Business Administration.....	3	1	44	7	31	12
Treasury Department:						
Reconstruction Finance Corporation liquidation.....	83	333	11	103	1	98
Loan to United Kingdom.....	—	46	—	47	—	48
Export-Import Bank.....	504	346	303	286	305	336
Foreign Operations Administration.....	14	—	167	—	83	8
Total.....	6,874	7,636	8,054	7,575	6,695	6,585
Net addition to loans and investments:						
Major agencies or programs.....	—762	—	479	—	110	—
Other agencies or programs.....	—40	—	135	—	40	—
Adjustment for repayments going directly into miscellaneous receipts.....	220	—	244	—	269	—
Total budget expenditures.....	—582	—	858	—	419	—

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION

Special analysis F, Federal Activities in Public Works and Other Construction, covers direct Federal construction, which currently constitutes about 9 percent of total construction, and construction by States and local governments aided by the Federal Government, which represents about another 4 percent. The expenditures for these programs are shown in table 26, where the projects are divided into civil public works and those for national security.

TABLE 26.—Total Federal public works expenditures

[In millions]

Type	1954 actual	1955 estimate	1956 estimate
Civil public works:			
Federally owned projects.....	\$1, 273	\$1, 177	\$977
Grants to State and local governments.....	720	822	886
Loans to State and local governments (net).....	¹ 403	¹ 84	26
Total, civil public works.....	1, 591	1, 914	1, 889
National security public works:			
Military public works.....	1, 712	1, 430	1, 782
Atomic energy and other construction.....	1, 092	834	511
Total, national security public works.....	2, 803	2, 263	2, 293
Total, all Federal public works.....	4, 394	4, 177	4, 182

¹ Deduct, excess of repayments over loans.

In this field of Government activity it is important to examine future effects since many projects require several years to complete. In table 27 on the civil public works program for 1956 the total estimated cost is shown and this is then broken down into the amounts to be spent on each program prior to fiscal 1956, estimated expenditures in 1956, and the amounts required to complete the projects.

TABLE 27.—Estimated cost of the 1956 civil public works program, by new and continuing work¹

[In millions]

Program	Total estimated cost	Expenditures		
		Cumulative to June 30, 1955	1956 estimate	Required to complete
Continuing work:				
Direct Federal construction:				
Corps of Engineers.....	\$6,051.6	\$3,296.3	\$367.3	\$2,388.0
Bureau of Reclamation.....	3,603.8	2,380.9	134.3	1,088.6
Tennessee Valley Authority.....	1,133.3	1,048.2	67.2	17.9
Veterans' hospitals.....	958.8	840.9	50.1	67.8
Other.....	3,613.6	1,334.1	276.3	2,003.2
Total, direct Federal construction.....	15,361.1	8,900.4	895.2	5,565.5
Grants:				
Federal-aid highways.....	2,238.3	588.7	667.4	982.2
Grants for hospitals.....	255.7	205.3	33.0	17.4
Grants for schools.....	525.0	403.3	82.6	39.1
Airport and other grants.....	355.3	178.5	44.8	132.0
Total, grants.....	3,374.3	1,375.8	827.8	1,170.7
Total, continuing work.....	18,735.4	10,276.2	1,723.0	6,736.2
New projects, features, and commitments in 1956:				
Direct Federal construction:				
Corps of Engineers.....	314.0	9.2	19.5	285.3
Bureau of Reclamation.....	33.5		3.0	30.5
Upper Colorado River and Frylingpan-Arkansas (proposed).....	1,095.9		5.0	1,090.9
Bonneville Power Administration.....	21.0	.4	1.4	19.2
Veterans hospitals.....	18.4		6.2	12.2
Air navigation facilities.....	23.0		5.0	18.0
Tennessee Valley Authority.....	27.4	.2	12.7	14.5

Other	73.6	1.1	29.0	44.5
Total, direct Federal construction	1,606.8	9.9	81.8	1,515.1
Grants:				
Federal-aid highways	861.7			861.7
Grants for hospitals	88.0		22.0	66.0
Grants for schools	17.3		11.1	6.2
Corps of Engineers: Partnership projects (proposed)	10.0		10.0	
Bureau of Reclamation: Partnership projects (proposed)	10.0		10.0	
Other	15.8		4.8	11.0
Total, grants	1,002.8		57.9	944.9
Total, new projects, features, and commitments in 1956	2,609.6	9.9	139.7	2,460.0
Total, direct Federal construction and grants	21,345.0	10,286.1	1,862.7	9,196.2
Continuing loan programs:				
Low rent housing:				
Gross			482.6	
Repayments			² 479.2	
Other continuing (net)			7.0	
Total, continuing loans			10.4	
New loan commitments:				
Advance planning of State and local public works			3.2	
District of Columbia public works and other			12.6	
Total, new loans			15.8	
Total, civil public works (net)			1,889.0	

¹ Nonconstruction costs excluded.

² Deduct.

At the present time there is a reserve of projects which have been authorized either by specific or general legislation, and it is estimated that this work amounts to \$10.5 billion on the basis of present costs.

Reserve of authorized projects and programs after fiscal year 1956, by agency, and total cost of project

	<i>Billions</i>
Projects authorized by specific legislation:	
Corps of Engineers.....	\$5.9
Bureau of Reclamation.....	2.1
Other agencies.....	.6
Projects or programs considered to be authorized by general legislation:	
Civil Aeronautics Administration.....	.4
Forest Service.....	.3
National Park Service.....	.3
Fish and Wildlife Service.....	.2
Other agencies.....	.7
Total.....	10.5

In this special analysis there is also a description of the various civil public works programs grouped according to the functional classification of budget expenditures and by type of facility. Table 28, which shows expenditures for civil public works by function and type of facility, is included here in order to show the variety of projects and the relative magnitudes of the different programs.

At the end of this special analysis there is a brief discussion of other Federal activities in construction, covering international and semi-public works and aids for private construction.

TABLE 28.—*Federal civil public works expenditures by major function and type of facility*¹

[In millions]

Major function and type of facility	1954 actual	1955 estimate	1956 estimate
Veterans' services and benefits.....	\$57.8	\$44.7	\$62.0
Veterans' hospitals and other facilities.....	54.3	40.0	56.3
Cemeteries and memorials.....	3.5	4.7	5.7
International affairs and finance.....	11.9	6.8	7.4
Radio facilities.....	6.5	4.3	2.4
Foreign service buildings.....	5.4	2.5	5.0
Welfare, health, and education.....	180.5	206.7	176.3
Social security, welfare and health.....	64.9	59.4	73.8
Hospitals and health centers.....	54.1	53.4	67.6
Medical and public health research facilities.....	9.6	4.9	4.8
Federal prison facilities.....	1.2	1.1	1.4
Education and general research.....	115.6	147.3	102.5
Schools.....	113.0	146.7	102.0
Research facilities.....	2.6	.6	.5

See footnote at end of table, p. 47.

TABLE 28.—Federal civil public works expenditures by major function and type of facility¹—Continued

[In millions]

Major function and type of facility	1954 actual	1955 estimate	1956 estimate
Agriculture and agricultural resources.....	\$50. 8	\$45. 4	\$21. 3
Grain storage facilities.....	42. 9	26. 5	1. 5
Research facilities.....	. 5	5. 0	4. 8
Watershed protection facilities.....	7. 4	13. 9	15. 0
Natural resources.....	936. 1	840. 2	670. 9
Water resources and related developments for irrigation, flood control, navigation, and power.....	882. 8	775. 8	593. 7
Forest roads and other structures.....	21. 0	23. 7	24. 7
Roads, buildings, and utilities on Indian lands.....	14. 1	14. 9	19. 6
Mineral and other research facilities.....	3. 0	4. 6	2. 4
Fish hatcheries and wildlife refuges.....	2. 2	4. 0	2. 0
Parkways, roads, and utilities in national parks.....	13. 0	17. 2	28. 5
Commerce and manpower.....	340. 4	735. 3	900. 7
Housing and community development.....	² 365. 5	² 65. 7	16. 0
Community facilities (net).....	14. 7	² 10. 1	2. 3
Low-rent public housing:			
Loans.....	525. 6	454. 2	482. 6
Repayments.....	² 936. 0	² 539. 4	² 479. 2
Defense housing.....	21. 3	7. 1	(³)
Public works in Alaska and Virgin Islands.....	8. 9	22. 5	10. 3
Transportation and communication.....	695. 3	760. 0	872. 6
Water navigation aids and facilities.....	45. 5	62. 4	102. 4
Federal-aid highways.....	519. 7	588. 7	667. 4
Forest highways and other road construction.....	52. 3	54. 8	42. 0
Airports.....	18. 6	14. 9	20. 0
Air-navigation facilities.....	12. 0	11. 0	15. 0
Aeronautical and other research facilities.....	39. 7	21. 5	16. 2
Alaska Railroad.....	7. 5	6. 7	9. 6
Finance, commerce, and industry: Nickel and synthetic rubber facilities.....	10. 6	41. 0	12. 0
General government: Government buildings and facilities.....	13. 2	35. 1	50. 5
Total, civil public works.....	1, 590. 6	1, 914. 2	1, 889. 0

¹ Nonconstruction costs excluded; proposed legislation included.² Deduct.³ Less than \$50,000.

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Special analysis G, Federal aid to State and local governments, provides an analysis of programs of intergovernmental cooperation, in which the Federal Government participates in State and local programs of national interest. The Federal assistance takes the form of grants-in-aid in most cases, but some programs are aided through shared revenues or through loans.

Table 29 shows the expenditures for Federal-aid from 1948 through 1956 and indicates what percent of the Federal budget expenditures are of this type and what percent of State and local revenues this aid represents.

Total Federal aid to State and local governments in 1956 is estimated as \$3.6 billion. Grants-in-aid are estimated as \$3.4 billion and the major items are public assistance grants estimated as \$1.4 billion and highway aid estimated as almost \$0.7 billion.

The Commission on Intergovernmental Relations is now completing its studies of the division of responsibilities between the Federal Government and State and local governments and a report to the President and the Congress in 1955 is scheduled.

Following a discussion of the various programs the analysis concludes with a detailed table showing expenditures for each type of assistance (grants-in-aid, shared revenues, and loans and repayable advances) by function, agency, and program.

TABLE 29.—Federal-aid expenditures in relation to total Federal budget expenditures and total State-local revenues from their own sources

Fiscal year	Federal expenditures for aid to State and local governments (millions)	Federal-aid expenditures as percent of—	
		Total Federal expenditures	State-local revenues
1948.....	\$1, 657	5	8
1949.....	1, 803	5	8
1950.....	2, 269	6	10
1951.....	2, 434	5	9
1952.....	2, 604	4	9
1953.....	2, 857	4	9
1954.....	2, 657	4	8
1955 estimated.....	3, 251	5	(1)
1956 estimated.....	3, 570	6	(1)

¹ Not available.

TABLE 30.—Budget receipts

Actual receipts for fiscal years 1947 through 1954, estimated receipts under existing and proposed legislation for fiscal years 1955 and 1956

[Fiscal year. In millions]

Source	Actual								Estimated	
	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Individual income taxes.....	\$19,629	\$20,997	\$17,929	\$17,408	\$23,365	\$29,880	\$32,768	\$32,383	\$30,700	\$32,500
Corporation income and excess profits taxes.....	9,676	10,174	11,554	10,854	14,388	21,467	21,595	21,523	18,466	17,034
Excise taxes.....	7,270	7,402	7,551	7,597	8,693	8,893	9,934	10,014	9,073	9,350
Employment taxes.....	2,039	2,396	2,487	2,892	3,940	4,573	4,983	5,425	6,080	7,095
Estate and gift taxes.....	779	899	797	706	730	833	891	945	930	970
Customs.....	494	422	384	423	624	550	613	562	570	570
Miscellaneous receipts.....	4,621	3,809	2,072	1,430	1,629	1,803	1,865	2,320	2,302	2,486
Deduct:										
Appropriation to Federal old-age and survivors insurance trust fund.....	1,459	1,616	1,690	2,106	3,120	3,569	4,086	4,537	5,190	6,175
Appropriation to railroad retirement account, excluding military service credits.....	256	723	550	550	575	735	620	603	600	625
Refund of receipts (excluding interest).....	3,006	2,272	2,838	2,160	2,107	2,302	3,118	3,377	3,331	3,205
Total budget receipts.....	39,787	41,488	37,696	36,495	47,568	61,393	64,825	64,655	59,000	60,000

TABLE 31.—Budget expenditures
Actual expenditures for fiscal years 1947 through 1954, estimated expenditures under existing and proposed legislation for fiscal years 1955 and 1956

	[Fiscal years. In millions]									
	Actual					Estimate				
	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Major national security-----	\$14,373	\$11,771	\$12,907	\$13,008	\$22,306	\$43,848	\$50,274	\$46,522	\$40,644	\$40,458
International affairs and finance-----	6,531	4,566	6,053	4,674	3,736	2,826	2,216	1,720	1,420	1,332
Veterans services and benefits-----	7,381	6,654	6,726	6,647	5,342	4,863	4,298	4,256	4,431	4,640
Welfare, health, and education-----	1,071	1,148	1,367	1,714	1,836	1,927	2,186	2,248	2,316	2,312
Agriculture and agricultural resources-----	1,243	575	2,512	2,783	650	1,045	2,936	2,557	3,130	2,259
Natural resources-----	449	631	902	1,058	1,140	1,258	1,358	1,213	1,133	953
Commerce and manpower-----	1,314	1,594	2,252	2,401	2,729	3,127	2,983	1,577	2,550	2,186
General government-----	1,353	1,270	1,070	1,173	1,309	1,437	1,439	1,209	1,222	1,566
Interest-----	5,012	5,248	5,445	5,817	5,714	5,934	6,583	6,470	6,558	6,378
Reserves for proposed legislation and contingencies-----									100	325
Adjustment to daily Treasury statement basis-----	+305	-388	+272	+330	-705	-855				
Total budget expenditures-----	39,033	33,069	39,507	39,606	44,058	65,410	74,274	67,772	63,504	62,408

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