

ment expenditures and a source of State and local government receipts. State and local purchases of goods and services, transfer payments to persons, and other State and local government expenditures reported in the consolidated accounts may be financed in part by Federal aid.

For fiscal 1967 and years immediately following, transfer payments may be expected to rise substantially, both as an element in human resources programs and in the total of Federal expenditures, as the medicare insurance system comes into full operation and old-age, survivors, and disability benefits are increased. Grants to State and local governments also may show considerable growth, both in human resource programs and in the Government total, because much recent legislation has authorized either new or enlarged programs in the fields of health, welfare, housing and urban development, education, and training.

Among expenditures for human resources programs, \$1.3 billion were in the form of loans during the fiscal year 1965. Most of these expenditures were reported on a net basis; i.e., with loan repayments deducted from new loans issued during the year. On this basis, the Departments of Agriculture and Housing and Urban Development and the Small Business Administration were the principal lending agencies for human resources programs.

In most instances, the gross amount of loans and the amount of repayments were not specified. The Small Business Administration, for which both gross and net amounts are identified, made gross loans of \$433 million—nearly twice the \$221 million of net loans shown in table 5. The Small Business Administration loans were for business, disaster, and local development company programs.

Department of Agriculture loans in fiscal 1965 were for rural electrification and telephone systems, housing, water and waste disposal, and rural renewal.

Department of Housing and Urban Development loans were principally for college housing, with \$170 million net expenditures against \$262 million gross; housing for the elderly and handicapped, with \$40.4 million net against \$42.6 million gross; urban renewal; public facilities; and public housing.

The Veterans' Administration and Commerce Department also had substantial loan expenditures. Commerce Department outlays in this category comprise most human resources expenditures reported by the Department.

Most loan programs reported in response to the human resources inquiry are classified as Government enterprises in national income accounts.

Expenditures offsets of \$1.1 billion reported for human resources programs in fiscal 1965 were not classified in any of the foregoing standard categories, although it is evident that detailed analysis would result in shifting some of the positive expenditures out of the "Other" column of table 5 into purchases of goods and services. To the extent that these items include administrative expenses, in particular, those expenditures, if they could be identified, should be classified at least in part as purchases of goods and services.

The largest negative amounts are in the Veterans' Administration, Department of Housing and Urban Development, and Tennessee Valley Authority. The Veterans' Administration negative expenditures comprise premiums and receipts other than loan repayments in the veterans' insurance, loan, and loan guarantee programs.