The largest differences between the human resources and social welfare estimates for 1965 are described in the following paragraphs. In order to make the presentation more generally useful than a mere identification of differences between compilations, attention is directed to a variety of conceptual, classification, and measurement problems that must be dealt with in any definitive assessment of human resources programs of the Government. Comparable problems occur in the analysis of Government programs that present no major quantitative differences between the two compilations, but these are left for discussion elsewhere. The cases noted here should illustrate the need for further examination of definitions, classifications, and quantitative indicators.

(i) Department of Defense programs: In replying to the inquiry about human resources programs, the Department of Defense identified nearly $5.3 billion of its expenditures in fiscal 1965 as pertinent to the Joint Economic Committee study. The social welfare series includes approximately $3.0 billion of Defense Department expenditures for the same fiscal year, showing them in three categories—health, education, and social insurance. The difference of $2.3 billion is substantially accounted for by in-service and technical training programs and outlays for family housing not included in the social welfare series.

(ii) Department of Labor: A major difference, amounting to $2.3 billion, results simply from a difference in treatment of State unemployment insurance benefits. In part III of this report, the Labor Department reply on economic classification of unemployment insurance expenditures designates as non-Federal expenditures the $2,303 million withdrawn by States in fiscal 1965 from their accounts in the unemployment trust fund in the U.S. Treasury and used to pay benefits to individuals. A note explains, however, that in national income accounts these payments are classified as Federal Government transfer payments to individuals. In Federal Budget accounts, these withdrawals and payments are included in Federal cash payments to the public, and the unemployment tax collections are included in Federal cash receipts from the public.

This study follows the classification in the national income accounts and the Federal budget. It therefore includes the $2.3 billion of withdrawals in Federal expenditures. However, the tax collections deposited in State accounts in the unemployment trust fund are collected initially by States, and unemployment insurance benefits financed by the withdrawals are paid by States, in accordance with State legislation. The social welfare series—with considerable justification—counts these payments as State rather than Federal expenditures. The variation in classification does not alter the reported U.S. total of social welfare expenditures under all public programs, but it does affect the division of expenditures between the Federal Government and the State and local governments.

(iii) Department of Agriculture: Expenditures for Department of Agriculture programs reported in part III were approximately $1.5 billion in the fiscal year 1965. This is almost twice the sum included in the social welfare series for the school milk and surplus food distribution activities of the Department. Most of the difference is in rural electrification and telephone programs, rural housing, the rural water and waste disposal program, extension work, and selected agricultural research activities.