

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. *Economic effects*

The table below illustrates the economic effects of the program based on estimated activity in fiscal year 1966. It indicates that for every advance of \$1 in program funds, about \$26 worth of economic activity is generated. The table should not be construed as an economic analysis in depth. Its purpose is merely to illustrate the probable range between cost and benefit based on an approximate quantitative analysis.

TABLE 3.—*Advances for public works planning; estimate of costs and benefits, fiscal year 1966*

Item	Cost (—) (thousands)	Benefit (+) (thousands)	Net cost or benefit (thousands)
1. A. Advances disbursed in fiscal year 1966.....	—\$17,000	\$17,000	0
B. Repayments (40 percent over 5 years).....		6,800	+\$6,800
2. A. Cost of Treasury borrowing (\$17,000,000, at 3½ percent over 5 years).....	—3,100		
B. Administration agency expense in fiscal year 1966.....	—675		
C. Administration agency expense relative to repayment of advances (5 years, at \$25,000 per year).....	—125		—3,900
3. Increase in national dollar value of construction projects (40 percent times \$1,000,000,000).....		400,000	+400,000
4. A. Increase in labor employment, 50 percent (40 percent times \$1,000,000,000 project cost times 198 man-hours per \$1,000).....		(¹)	
B. Increase in labor earnings generated: On-site, 16,000,000 man-hours times \$3.68 per hour equals \$59,000,000; off-site, 23,500,000 man-hours times \$2.60 per hour equals \$61,000,000.....		120,000	+120,000
5. A. Federal income taxes resulting from constructed plan- ning projects (\$120,000,000 times 15 percent).....		18,000	
B. State income tax (¼ times Federal tax).....		4,500	
C. State and local sales taxes (2 percent times \$200,000,000).....		4,000	+26,500
6. Estimated population served by water and sewerage facili- ties (\$1,000,000,000 times 3 divided by \$500) ²		(²)	
Total.....	—20,900	+570,300	+549,400

¹ 39,500,000 man-hours.² Assumes \$500 per household user.³ 6,000,000 population.10. *Economic classification of program expenditures.* (See table 4.)

Program: Advances for public works planning.

Department or agency, and office or bureau: Department of Housing and Urban Development; Office of Planning Standards and Coordination [formerly in Community Facilities Administration].

TABLE 4.—*Economic classification of program expenditures for fiscal year 1965*

[In thousands of dollars]

Federal Government:

Purchases of goods and services: ¹

Wages and salaries..... 666

Other..... 76

Loans to State and local governments ²..... 13, 871Total Federal expenditures ¹..... 14, 613¹ \$728,000 of the purchases of goods and services are financed from the appropriation for administrative expenses for the Office of the Secretary.² Gross expenditures for the public works planning fund were \$13,895,000 (including \$24,000 for purchases of goods and services). In fiscal 1965 there were repayments of \$6,043,000, resulting in net expenditures of \$7,852,000.