Budget an apportionment request. This determines the rate at which obligational authority can be used. An agency usually incurs obligations, i.e., commits itself to pay out money, after apportionment by the Bureau of the Budget.

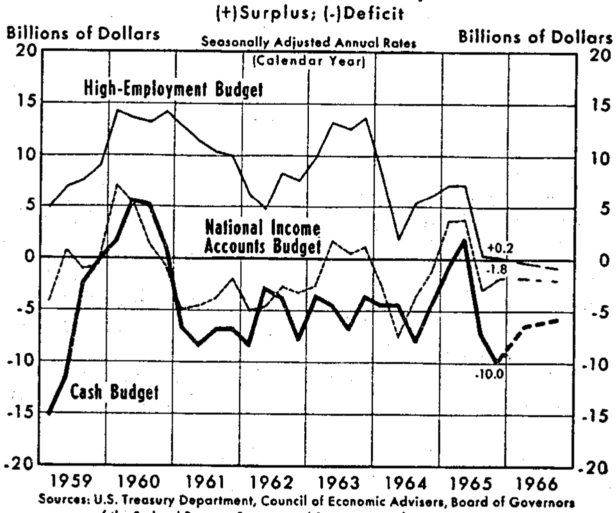
Incurring obligations does not necessarily mean immediate cash expenditures. When the Government buys goods and services produced by the private sector, the lag of expenditures behind obligations may be substantial. In the case of items not usually kept in inventory, like military hardware, it usually takes time for private producers to draw plans, negotiate subcontracts, produce and deliver the product.

BUDGET POLICY IN FISCAL 1966–67: FACTS AND FIGURES

Budget plans for future months indicate marked increases in both expenditures and receipts. This obtains for any one of the four major budget measures discussed above. Generally, according to the budget plan, deficits will become larger in fiscal 1966 compared with fiscal 1965, then turn toward surplus in fiscal 1967 (table I).

U.S. Government Fiscal Operations

(+)Surplus; (-)Deficit



Sources: U.S. Treasury Department, Council of Economic Advisers, Board of Governors of the Federal Reserve System, and Department of Commerce
Latest data plotted: 4th quarter 1965 preliminary
1st and 2nd half 1966 estimated by Federal Reserve Bank of St. Louis

OBLIGATIONAL AUTHORITY

New obligational authority (table II) jumps to an estimated $126 billion in fiscal 1966 from $106.6 billion in fiscal 1965. Included in this $19.4 billion increase is $11.4 billion for defense, international, and space and $4.6 billion for health, education, welfare, and related programs.