

TABLE II.—*Changes in Federal spending and obligational authority*

[In billions of dollars]

	Fiscal 1965 to fiscal 1966	Fiscal 1966 to fiscal 1967
Cash payments to the public:		
Defense, international, and space.....	+6.6	+4.0
Domestic.....	+6.0	+6.0
Health, education, welfare, and community development.....	+7.7	+4.9
Interest on public debt.....	+7	+9
Other.....	-2.4	+2
Total.....	+12.6	+10.0
New obligational authority:		
Defense, international, and space.....	+11.4	-4.1
Domestic.....	+8.0	
Health, education, welfare, and community development.....	+4.6	+1.0
Interest on public debt.....	+7	+8
Other.....	+2.7	-1.8
Total.....	+19.4	-4.1

Source: *The Budget of the United States Government for the Fiscal Year Ending June 30, 1967*, pp. 41, 439.

Projections for fiscal 1967 are for a decrease in obligational authority to \$121.9 billion, reflecting a decline of \$4.1 billion for defense, international, and space.⁴ Obligational authority for all domestic civilian programs is expected to be unchanged from fiscal 1966 to 1967.

EXPENDITURES

The pattern of Federal cash payments in fiscal 1966 and 1967 is quite different from that of obligational authority. Payments are estimated at \$135 billion in fiscal 1966 and \$145 billion in fiscal 1967 compared with \$122.4 billion in fiscal 1965.

Expenditures are projected to increase in fiscal 1967 but by a smaller amount than in fiscal 1966. Defense, international, and space spending is expected to increase \$4 billion, while domestic civilian spending is scheduled to rise by \$6 billion.

Reflected in the expenditure totals for fiscal 1966 and 1967 is a proposed substitution of private for public credit. The proposal involves asset sales of \$3.3 billion in fiscal 1966 and \$4.7 billion in fiscal 1967 compared with \$1.6 billion in fiscal 1965.⁵ These asset sales are to include mainly pooled loans of several Federal agencies (Export-Import Bank, Federal National Mortgage Association, and the Veterans' Administration). Because such sales are netted against expenditures in the Government's accounting system, actual outlays stated in the budget are understated by the amount of asset sales.

The discrepancy between changes in new obligational authority and cash payments to the public from fiscal 1966 to fiscal 1967 implies that the pool of authorized but unspent funds will be built up in fiscal 1966, then drawn down in fiscal 1967. This conclusion rests on the assumption that there will be no supplemental appropriations required for Vietnam.

⁴ Note that there is a decline because obligational authority is extraordinarily high in fiscal 1966, reflecting large supplemental appropriations for financing the war in Vietnam.

⁵ There is some indication that asset sales will fall short of budgeted totals in fiscal 1966. A sale of Export-Import Bank participation certificates in February totaled \$360 million out of \$700 million offered.