public, prepared on a consolidated-cash basis, and (3) Federal purchases of goods and services, computed as a part of the national income and product accounts.

BUDGET EXPENDITURES

The conventional measure of Federal spending, budget expenditures, is the central series in the annual budget document.

Coverage. This total of spending generally includes all expenditures of the Federal departments and agencies plus the net outlays of the enterprises which are wholly owned by the Federal Government. It excludes the transactions of government-sponsored enterprises and trust funds and payments for retiring, purchasing, or redeeming the Government's debt. This treatment is similar to that of many business firms, whose budgets usually exclude the company pension funds and the operations of firms in which they have only a partial interest.

For the government enterprises which are included, usually only the net expenditures—the difference between gross disbursements and gross receipts—are reported in the total of budget expenditures.

A number of exceptions exist to this "net" treatment of government enterprises. Some government agencies which are not financially organized as business-type enterprises, notably Interior Department deposit the proceeds from their operations directly into the Treasury. In such cases, these receipts do not offset budget expenditures but increase the totals of budget receipts. Either treatment has the same effect on the budget surplus or deficit.[55]

Basis of measurement. Budget expenditures are generally recorded at the time checks are issued by governmental disbursing officers. A major exception is interest payments on the public debt, which are reflected on an accrual basis. Other exceptions include cases where direct or guaranteed obligations are issued to discharge certain liabilities. These include the issuance of armed forces leave bonds to veterans and of guaranteed debentures to lenders holding defaulted FHA mortgages.

Budget expenditures include, in addition to disbursements directly from the Treasury of the United States, checks issued by government enterprises, such as the Panama Canal Company, from their checking accounts with commercial banks.[56] The logic of including both types of payments is apparent with the growth of Treasury tax and loans accounts with commercial banks, for in either case government funds are carried by a private bank. In the former case, the account is in the name of a government agency and, in the other, in the name of the Treasurer of the United States. The effect on the recipient of the government disbursement from these accounts is the same.

Changes in concepts. Through the years, the items included in the budget totals have varied considerably. Although this paper is based on the classification current during the time of writing, the more important changes in recent years are mentioned as an indication of the possibilities for future changes and improvements in the concepts and measurement of Federal finance.

A number of items previously included on both the income and outgo sides have been gradually excluded, such as payments to the Treasury

[55] Some departments receive revenues from services rendered to the public, such as performing special research studies. Their expenditure totals are reported net of such reimbursements.
[56] *Treasury Bulletin*, April 1954, p. A-2.