

both in defense and civilian agencies—for specific cost reduction efforts, improving productivity, and the like, which are simply buried in all the figures as we have gone through the last 3 years.

There are a number of examples. In terms of moving toward competitive as opposed to negotiated contracts, both in NASA and DOD, hundreds of millions of dollars of savings are involved in that. To give another example, the Social Security Administration, states that use of an automated system for computing adjustments in benefits under social security has reduced expenditure requirements by some \$20 million. Savings like these are scattered all the way through the budget, but they are not identified separately since they are built into the budget.

The CHAIRMAN. You have gotten over into the trust funds there; have you not?

Mr. SCHULTZE. That is correct; yes, sir.

The CHAIRMAN. There have been a number of increases, of course, in the payments from the trust funds.

Mr. SCHULTZE. Would you like those, Mr. Chairman?

The CHAIRMAN. I want to talk about those, but we do have a quorum call. Could you gentlemen be back here at 2 o'clock?

Secretary FOWLER. Yes, sir; Mr. Chairman.

The CHAIRMAN. Without objection then we will recess until 2 o'clock.

(Whereupon, at 12:52 p.m., the committee recessed to reconvene at 2 p.m., the same day.)

AFTER RECESS

The committee reconvened at 2 p.m., Hon. Wilbur D. Mills (chairman of the committee) presiding.

The CHAIRMAN. The committee will please be in order. Mr. Schultze, while Mr. Ackley is getting to the table, pick up where you were before and tell us about the increases in the trust funds as well, which also are supported by taxation.

Mr. SCHULTZE. Yes, sir. Let me start with two global numbers, and then break them down. From fiscal 1965 through fiscal 1968, on the basis of current estimates, trust fund receipts have increased by \$17.5 billion and trust fund expenditures by \$16.3 billion.

Let me give, then, the major components of the \$16.3 billion. First OASI—old-age and survivors insurance—has an increase of \$6.5 billion. Let me explain the basis for that. For purposes of making the estimate, this includes the administration's social security bill, but with a January 1, 1968, effective date, rather than the July 1, 1967, date originally projected.

For disability insurance, the increase is \$900 million. The hospital insurance trust fund which did not exist in 1965, has estimated expenditures of \$3.7 billion in 1968. Expenditures for supplementary medical insurance trust fund, which of course, also did not exist in 1965, are estimated at \$1.6 billion in 1968.

The unemployment trust fund shows a decline of \$500 million, since unemployment is, of course, lower than it was in fiscal 1965.

Railroad retirement is up \$255 million, and I think rather than read all the rest of them, I will give just the remaining major items.

The CHAIRMAN. All right.

Mr. SCHULTZE. Federal Employees Retirement Fund, \$650 million; secondary market operations of the FNMA Trust Fund, \$744 million;