

Expenditures to Liquidate Contract Authorizations.—In fiscal 1968 about \$8.6 billion will be required to meet payments due under contractual obligations previously entered into. Such expenditures are largely outside effective annual control through the appropriation process. Expenditures to liquidate contract authorizations are detailed in Table C, page A-7.

Expenditures Under So-called "Open-End" Programs.—Under certain types of Federal programs expenditures are largely governed by formulas established by statute, or in some cases are affected by economic or other conditions. The best example of a program involving expenditures governed by a statutory formula is the \$4.2 billion public assistance grant program. Certain agricultural expenditures, on the other hand, can be affected by economic or weather conditions.

Expenditure requirements for such programs (identified in Table D, beginning on page A-9) often cannot be accurately estimated in advance. Under such statutory commitments, however, Congress has at best only a very limited opportunity to control the annual rate of expenditure. In fiscal 1968 expenditures for these "open-end" programs are expected to total \$6.4 billion.

Expenditures of Government Enterprises.—Certain Federal Government operations—such as housing programs, mortgage purchases and guarantees, other lending programs, certain power operations, etc.—are carried out through government corporation or revolving fund operations. Expenditures under such programs are reflected in the administrative budget on a net basis.

These programs are governed through basic statutes, or in some cases are affected by economic or other conditions in the flow of their disbursements and receipts. In the practical sense, Congressional control over the expenditures of these operations is restricted primarily to general limitations upon certain of the agencies' administrative expenses.

Table E, beginning on page A-11, sets forth the gross disbursements and receipts, and the net expenditures, of these government enterprises. In fiscal 1968 the net expenditures of these activities total only an estimated \$.8 billion, substantially below the amounts reflected in the total budget expenditure in other recent years. Primarily this lower net expenditure results from the increased use of the participation sales device, under which participations in pools of Federally-held loans are sold to the public and the proceeds are counted as an "offset" against other expenditures.

Comparisons With Previous Fiscal Years

The data provided in Tables A through E, appended to this report, include not only the amounts of "relatively uncontrollable" expenditures under the listed programs for fiscal 1968, but also comparable figures for the fiscal years 1966 and 1964. While the basic issue is the extent to which estimated fiscal 1968 expenditures may be susceptible to possible control and reduction, these comparisons are of some interest in order to reveal the increases in areas of expenditures which, under the concept used in this analysis, are considered to be "relatively uncontrollable."

Reducible Areas

As shown in Table 1, this analysis suggests that, after deducting the total of \$79.4 billion of "relatively uncontrollable" expenditures discussed here, the balance of \$55.6 billion—or approximately 40 percent of the estimated expenditures (\$135.0 billion) in fiscal 1968 may be considered relatively "controllable."

There is admittedly some question as to this "controllable" total, primarily because of questions involving defense expenditures. However it is equally clear that the total of "relatively controllable" expenditures includes more than \$30.0 billion of nondefense spending which appears to be susceptible to control and possible reduction.