

*Pensions.* Retirement benefits to military personnel appear as an expenditure in the Administrative Budget each year. Retirement benefits to civilian employees of the government are partially financed by deductions from their pay and partly by government contributions through the Administrative Budget into a trust fund. Retirement benefits to railroad employees are provided from taxes on employer and employee that are wholly put into and paid out of a trust fund.

The methods of funding may vary. No fund of any kind has been accumulated for retirement benefits to the military. A fund of \$17 billion has been built up for retirement benefits to civilian employees, but this equals only about one-third of the accrued liability. The Railroad Retirement Trust Fund has been carefully built up to be actuarially adequate.

*Loan collections.* If the government gets a repayment on a loan made to a Rural Electrification Administration co-operative or on a loan for college facilities, the amount goes into revenues; but, if it gets a collection on a loan made to a small business or a small business investment company or to a farmer to improve his farm, it is shown as a reduction in expenditures.

*Business-type activities.* The money the Treasury collects from sales by Bonneville Power and other power administrations appears as revenue and the expenses of these agencies appear as expenditures; in contrast, the power sales of the Tennessee Valley Authority are used to reduce its operating expenses and only the net amount of its outgo appears in the budget. Revenues of the Washington airport go directly into government revenues, and the cost of the services appears in appropriated expenditures; but the Post Office spends \$6 billion a year to deliver the mails and only its net loss of \$800 million appears in the budget totals for expenditures.

*Admissions and fees.* Fees received by the Patent Office and the Passport Office are turned over to the Treasury as receipts; but amounts proposed to be charged to packers for meat inspection are applied to reduce costs of the Department of Agriculture; and fees of Agriculture for certain other inspection and grading services are treated as a trust fund and appear only in the Cash Budget.

*Sales of assets.* Sales of government civilian property go into government receipts, but sales of military equipment are credited against Department of Defense expenditures. Sales from the strategic stockpile go into revenues, but sales of metals and supplies bought under the Defense Production Act appear as a deduction from other budget expenditures; and sales of fertilizer by TVA are credited against costs of running that agency. Sales of government domain land go into a conservation fund and are respt from it.

*Appropriations.* If General Services Administration, the government's house-keeper, wants to build a new office building or Federal Courthouse, the full cost is funded at one time in the budget; but if the Corps of Engineers builds a dam or straightens a river it can start with \$1 million in the budget and come back year after year for more money.

*Excluded agencies.* The Federal Reserve banking system and several agencies in the Treasury Department are excluded entirely from the budget figures. Earnings from the Federal Reserve System, which in fiscal 1967 will amount to \$1.8 billion, are taken into budget receipts without detail or explanation.

*Housing loans.* If Federal National Mortgage Association lends money to a home owner, through its special assistance programs, the transaction appears in the Administrative Budget; if it buys similar mortgages in the secondary market the expenditures appear only in the Cash Budget.

*Public debt.* If the Treasury borrows money to finance government spending, the obligation appears as part of the public debt; if a government agency like Tennessee Valley Authority or Federal National Mortgage Association borrows money, it does not.

*Subsidies.* Some subsidies of the government, like those to farmers, to public housing, or to shipowners, are clearly identified, costed and separately appropriated; other large subsidies, such as low interest rates on rural electrification loans and on other government lending programs, are not identified or priced in the budget.

This hodgepodge of irrelevancies and inconsistencies exists because of the lack of guiding accounting principles as to what is revenue, what is a government enterprise, what is a trust fund, what is a subsidy, when should revolving funds be used, and similar determinations. The form dictated by a maze of inconsistent statutes has taken precedence over substance, and the result is confusion.