

Will your budget be helpful in achieving this, either within the administration or enabling Congress to assess the progress that is being made on a program basis?

Mr. KENNEDY. We feel that it would, but mostly in an overall sense. We are recommending that the programs that are submitted to the Congress be pencilled out on that program basis, so that you can see the effect of it as clearly as possible. And we also are recommending that in the loan programs and those areas where they are using the credit of the United States, that the subsidy element be pulled out, and that those subsidies, whether it is through the interest rate or other ways, be shown as a direct expenditure of the Government, rather than part of the loan program.

So we feel it would.

Chairman PROXMIRE. What I am getting at is—to be specific—we had hearings in 1963 in which we had a number of very fine witnesses appear, and a general complaint by the business economists who appeared, and the academic people, was that it is very difficult for anybody to assess the efficiency, or for that matter the quantity of governmental operations—how many dollars we put into education, for example. It was pointed out there were literally scores of education programs scattered throughout the Government, and we recommended at that time that we try to have some kind of an index system or some kind of a classification system that would bring these things together, so we would have some basis, No. 1, for comparison within the Department—HEW, for instance. What education programs does HEW have? Which are the most productive? What educational programs does the Labor Department have? The Department of Agriculture. And then some basis for determining which programs are operating most efficiently, and which are not.

Now is there anything in your budget that would help us along this line?

Mr. KENNEDY. We talk in this report about a functional breakdown, and in that it seems to me that they should take related activities from the various departments, in education, or whatever the program area would be, and classify them by function.

In the report, we support the functional breakdown.

Chairman PROXMIRE. Yes. What I am getting at is something perhaps that is too novel to expect to be done on a comprehensive basis, but I think it would be most helpful to us.

In our program-planning-budgeting hearings we had a lot of emphasis from the witnesses on cost-benefit study. And they showed you could apply these in many areas to determine whether your return is the best. As the chairman of the board of the Continental Illinois Bank, a marvellously successful business institution, you undoubtedly know the productivity, the cost, and benefit results in each of your departments.

In government we do not seem to know this. It seems to me there is no reason we should not know it. We would be in a much better position to assess productivity, and on that basis to make our own decisions on expenditure—whether or not a certain educational program is paying off or not. If it has a low return, we could cut it out. If it has a high return, maybe we could make a better investment in it.

Can you give us any examples of how your budget recommendations, might help us along this line?