

*Budget receipts, expenditures, and net lending*

The financial plan secondly lays out the *receipts, expenditures, and direct lending activity* proposed for the coming year. It is divided between a receipt-expenditure account (excluding net lending), and a loan account.

The first of these, the receipt-expenditure account, should include as receipts all tax revenues, fees, trust fund receipts, and other current receipts. It should include as outlays all nonloan expenditures, including payments out of the trust funds, all foreign loans on noncommercial terms, and all nonrecourse domestic loans. The subsidy element in all other loan programs should be included here rather than in the loan budget. The difference between these receipts and expenditures—the expenditure account surplus or deficit—is a measurement of the economic impact of the budget.

The purpose of this innovation which the Commission is recommending is to provide the executive branch, the Congress, and the public with a useful measure of economic impact for fiscal policy purposes; it excludes Federal lending programs because they are essentially exchanges of financial assets rather than direct income payments and therefore flow through the economy in a way different from other expenditures.

The loan account of the budget shows net lending (except for those elements of lending explicitly included as expenditures). In deriving the figures on net lending, this section shows gross loan disbursements during the year as a separate item, deducting loan repayments (and sales of loans) to arrive at “net lending.” Net lending, plus the expenditure account deficit, equals the total budget deficit.

To summarize, the total budget consists of two complementary components, a receipt-expenditure account and a loan account. The total budget surplus or deficit is the sum of the expenditure account surplus or deficit and net lending. Whenever the term “budget surplus or deficit” is used, it refers to the total budget.

*Means of financing*

The financial plan thirdly involves the *means of financing* the total budget deficit (or disposition of the surplus). This shows how much of a budget deficit is to be financed by borrowing, and how much by other means. Treasury and Federal agency borrowing from the public are included as means of financing. The means of financing, of course, does not affect the size of the budget surplus or deficit significantly in the short run. On the contrary, it is the size of the total budget deficit that determines the amount of financing required. Alternatively, a total budget surplus gives rise to a statement, outside these budget totals, of a disposition of budget surplus.

*Outstanding Federal securities and loans*

The fourth and final element in the Government's financial plan presents an important group of data on the *level* of Federal borrowing and lending at the end of each year. It shows anticipated outstanding levels of gross