The Commission endorses the general approach which has been followed for many years in the President's budget of explaining the broad allocation of government resources in terms of a functional and subfunctional classification of budget expenditures cutting across agency lines.

The Commission has no specific suggestions to make about the particular functional classification now in use, although it recognizes that as the nature and character of government programs evolve in response to emerging public needs, changes in the functional classification become appropriate from time to time. Such changes should be made at the discretion of the President, after appropriate study, and should not require advance statutory action; statutory prescriptions make it difficult to keep the classification current in response to changed needs.

Within any one program, the application of resources among alternative means of production should be efficient, so that the greatest possible benefits will be obtained at least cost. This raises such questions as whether it would be better in a specific case to mechanize, at a large initial capital cost to achieve a lower labor and materials cost in later years, or to spend more now on maintenance of a building, or highway, in order to postpone the day when the building or highway will have to be replaced. It is often necessary to calculate whether it is more efficient to occupy a privately owned building under a lease than to occupy a Government-owned building. The answers to such questions of efficiency will differ from project to project.

The budget presentation should provide all of the information needed to provide the basis for sound program decisions. It should be understood, however, that the Commission does not have in mind that all the alternatives or the information needed to choose among them should be set out in the budget document. Rather, emphasis should be given to the decisions reached by the President and his subsequent recommendations to the Congress. In doing this, the budget document should provide the setting for a full presentation of the alternatives considered and their evaluation as the agencies appear before the appropriations and legislative committees in their hearings on appropriation requests and proposed legislation.

The Commission wishes to endorse the trend which is very noticeable over the last decade or so towards more understandable and analytical business-type financial statements in the budget *Appendix,* especially in the case of Government corporations and various credit programs.

The making of individual appropriations is, and will continue to be, the actual point of basic choice in allocating resources among government programs. The Commission believes it cannot overemphasize the importance of having the budget (including its *Appendix* and *Special Analyses,* and the justifications and testimony of the Government agencies) lay before the Committees on Appropriations a related body of information which will assist the Committees and the Congress in making the best possible alloca-