

somewhat longer to compile than those for cash expenditures. When fully operative, however, the accrual and cash data will both come from the same coordinated agency accounting systems. Therefore, by the time internal tests of the new system are completed and public reporting begins in 1970, the Commission believes that monthly accrual reports should be available on the same schedule as monthly cash reports.

Pending the changeover to the new accrued expenditure basis, the Commission recommends that estimates of changes in accounts payable, and other accrued liabilities against various appropriations and funds, be made available through the Treasury at least quarterly for analytical purposes quite apart from regular financial reporting. These estimates will aid those experts both inside and outside the Government who are trying to measure the economic impact of the budget. Changes in accounts payable and other accrued liabilities should be reported by the Treasury in full for all agencies already having accrual accounting systems. This would be supplemented on a selective basis for those agencies (notably the Department of Defense) which do not yet record liabilities in their central accounts, but who keep records of contractor performance on a contract-by-contract basis. These Treasury estimates should provide an interim method of substantially correcting—for analytical purposes—basic shortcomings in existing reports of budget expenditures.

Relation to the national income accounts

The Commission does not feel that it should make detailed recommendations on methods of recording statistical measures of Federal receipts and expenditures in the national income and product accounts. In general, these are matters best left to the economists and social accountants. Moreover, the Commission recognizes the need for a consistent treatment of the Federal sector and the private sectors of the economy in the national income accounts.

On the other hand, the Commission is aware that the different timing basis for stating expenditures is one of the major differences between the present consolidated cash budget and the Federal sector of the national income accounts. It is also aware that there would continue to be a difference if the Federal budget were on an accrued expenditure basis while the Federal sector of the national income accounts remained on its present timing basis.

In order to tie more closely with the way various private transactions are recorded, different categories of Federal expenditures are treated differently in the national income and product accounts. Transfer payments, grants-in-aid, and subsidies are on a checks-issued basis. Construction is recorded on a put-in-place basis, which is equivalent to accrued expenditures. Federal interest outlays are also recorded basically on an accrual basis. However, hard goods procurement—including very long leadtime items such as shipbuilding—is usually recorded on a physical deliveries basis. The method actually