

they become, in effect, negative expenditures. However, nearly \$500 million of interest receipts and loan repayments from the public are counted as miscellaneous budget receipts rather than negative expenditures, even though some of these receipts are associated with continuing programs. Receipts from sales of surplus metals and materials from the stockpiles of strategic and critical materials are treated as budget receipts because no revolving (enterprise) fund was established for them. Yet sales of the same or similar commodities from Defense Production Act stockpiles are treated as negative expenditures. Receipts from the sale of power generated by government plants are also treated differently, depending on the law governing the agency involved.

The present rule of having activities enter the budget totals on a gross or net basis depending on whether or not there is a law authorizing an enterprise or revolving fund also means that, whenever the fund structure changes, a comparison of the level of expenditures from one year to the next is distorted. Legal funding and accounting requirements may sometimes be at variance with the underlying character of transactions for perfectly sound management and accounting reasons. For example, interest and repayments on loans to some borrowers may properly be taken into the general fund where there is no continuing program of extending new loans of the same kind. On the other hand, revolving funds are sometimes established for otherwise comparable but continuing loan programs for which the Congress has desired to make interest receipts and repayments available for financing new loan extensions. Then again, some Administration recommendations for revolving funds for continuing programs, such as Rural Electrification Administration loans, have not received legislative approval, for reasons quite apart from overall budget concepts. Obviously, these varying funding structures produce inconsistencies vis-a-vis other similar programs which are netted in the budget totals because they are funded through revolving funds.

The Commission believes that transactions of a similar character should be treated similarly in the preparation of budget totals, and consistently over a period of time. Changes in the accounting fund structure should continue to be undertaken solely on their merits as leading to improvements in program management or accountability, with the choice not influenced one way or another by resulting changes in budget totals. A relatively net basis for stating budget totals would have the additional advantage of eliminating further opportunities to net receipts against expenditures under proposed legislation, which, rightly or wrongly, has sometimes been criticized as "gimmickry."

For these reasons, the Commission attaches considerable importance to its recommendation that budget totals follow consistent rules based on the character of the transactions—as distinguished from the technical characteristics of the funding mechanism.