

and expenditures. Since the Commission specifically recommends that the changes be made retroactively in the budget totals of past years as well as for current and future years, there will be no confusion involved in such a one-time reduction in budget totals. In fact, year-to-year comparisons of budget totals on the revised basis would have a consistency and a significance they do not now have.

Finally, the Commission's recommendations do not in any way affect the manner in which transactions of the industrial, revolving, and stock funds are handled. The budget totals would continue to include the net transactions of these funds with the public, while intragovernmental transactions would be eliminated.

Employee retirement contributions

There is one significant category of receipts that is now excluded from both receipts and expenditures which the Commission recommends treating on a gross basis. This category represents deductions from the salaries of Government employees for contributions to employee retirement trust funds.

While no cash actually changes hands, this type of transaction involves constructive receipts and payments and should be so treated in the budget. This proposed treatment is comparable to the present cash budget treatment of a number of similar transactions, such as veterans' life insurance premiums for Federal employees who are veterans, income tax withholding from Federal employees, and the social security withholding from certain classes of Federal employees.

EFFECT OF THE COMMISSION'S RECOMMENDATIONS

As pointed out previously, the issue of netting and grossing is not one which affects the budget surplus or deficit but only the level of both receipts and expenditures. The recommendations made above would reduce both receipts and expenditures by approximately \$3 billion per year compared with the present consolidated cash budget, as indicated in Table 4. Approximately \$4 billion would be deducted from receipts by netting stockpile sales and sales of other Government property, loan repayments, and other earnings which have a business-type enterprise or market orientation. These reductions would be partially offset by the proposed change in treating employee retirement contributions on a gross basis, which would add over \$1 billion to estimated receipts and expenditures in each year shown.