For the remainder of the budget—the portion which is covered by the required reduction under Public Law 90–364—total outlays are currently estimated to be $6 billion below the January budget estimate. The overall $6 billion reduction in covered programs will be made approximately half in the Department of Defense and half in the civilian agencies of the Government. In determining the targets needed to accomplish a total reduction of $3 billion for civilian agencies, the policy followed was the one noted in the President's statement when he signed Public Law 90–364: "In carrying out these congressional mandates, I will do my best to fulfill our most urgent priorities and to continue the essential operations of Government." To the extent possible, key social programs were shielded from further reduction below congressional enactment—including, for example, manpower training, low-income housing, antipoverty activities, education of the disadvantaged, and safe streets and crime control.

To arrive at the $3 billion cut in outlays of civilian agencies, allowance had to be made for two significant upward reestimates in uncontrollable programs. The current estimates for Commodity Credit Corporation price support activities and for public assistance are more than $1 billion higher than the January budget estimates. The target figures for the Departments of Agriculture and Health, Education, and Welfare call for them to absorb these increases—in effect, holding these two agencies to their January estimates for programs covered by the Public Law 90–364 limitations. Accordingly, the $3 billion reduction will have to be made in the other civilian agencies' covered programs.

Of this amount, over $1 billion is planned in loan programs, such as those of the Farm Credit Administration, the Export-Import Bank, and the Small Business Administration. Increasing reliance will be placed on the private market for these activities, made possible in part by fiscal policy actions reducing pressures on the money market.

Construction activities will have to be guided by an even more restrictive policy than recommended last January. For example, the targets for water resource projects represent the levels passed by the House of Representatives, rather than the larger amounts enacted by the Congress as a whole. A reduction of $200 million is planned for the Federal-aid highway program.

NASA outlays—outside of those for the manned lunar landing—will be held to a level $100 million below that resulting from congressional action.

As a general rule, both construction and developmental activities can bear short-term deferral of benefits without substantial loss of long-term gains to a much greater extent than can on-going operating programs.

No cutback of the magnitude required by Public Law 90–364 can be accomplished without difficulty. The current estimates represent strong efforts to make the decisions in light of needs and priorities and in the Nation's best interests.

Budget Receipts

The current estimate of budget receipts in fiscal year 1969 is $179.4 billion, up $1.3 billion from the January estimate.