level. Full-time permanent employment in the civilian departments and larger agencies was around 550 less on July 31 than the level permitted by the law, while the Department of Defense exceeded the statutory target by about 9,500. A few of the individual civilian agencies also exceeded their targets although the total was below target. I believe that the overruns largely reflect transitional difficulties, such as personnel commitments made prior to July 1 and problems of communications to field offices, and that with additional time they will be ironed out. Also, a few questions of interpretation of the act have yet to be resolved. I have written to the head of each agency which exceeded its employment target in July to take whatever steps are necessary to control employment actions so that his agency complies with the law.

Reduction in outlays. Turning now to budget outlays, the Revenue and Expenditure Control Act sets a limitation for fiscal year 1969 outlays, with exemptions for Vietnam operations, interest, veterans' benefits and services, and the Social Security Act trust funds. Another law subsequently exempted the operations of the Tennessee Valley Authority which are financed from power proceeds and borrowing. In effect, the law requires a $6 billion reduction from the January estimates to be made in all the other programs of the Government—both defense and civilian. The portion of budget outlays which is covered by the act was estimated at $101.9 billion in the January budget—about 55 percent of the total.

Mr. Chairman, I think I will depart from my prepared statement here and just run through this table for you on this matter, because it is a little complex.

(The table referred to follows:)

ESTIMATED 1969 OUTLAYS

[In billions of dollars]

	Total outlays	Exempt from Public Law 90-364	Affected by Public Law 90-364
January budget estimate	186.1	84.1	101.9
Amendments and reestimates	+5.0	+4.1	+.9
Total	191.1	88.2	102.8
Estimate of congressional action on total budget	−3.1	+.2	−3.3
Further reductions required by Public Law 90-364	−3.5		−3.5
Current estimate	184.4	88.5	95.9
Current estimate compared with January estimate	−1.7	+4.4	−6.0

Note: Details in the table may not add to totals due to rounding.

We start out with the January estimate of $186.1 billion, which most people think of when they think of the January number. Congress exempted the programs I mentioned: $36 billion of social security trust funds; special costs of Vietnam, which were $26.3 billion; interest, which was $14.4 billion in the budget; veterans' benefits, which came to $7.3 billion; and the power operations of TVA, amounting to $0.1 billion. The total of the exemptions, if I did my arithmetic correctly, is $84.1 billion, so that in effect the tax bill applied to $101.9 billion. It said that this amount has to be reduced by $6 billion, down to $95.9 billion. That is essentially the requirement of the tax bill.