For fiscal year 1969, our estimates of outlays are, of course, influenced by the restriction placed on us by the limitation on some outlays included in the Revenue and Expenditure Control Act of 1968 (P.L. 90–364). Total outlays in 1969 are now estimated at $183.7 billion, compared with the $184.4 billion we esitmated last September in our Summer Review of the Budget. Actual data available for the year so far indicate that in the first five months—July through November—outlays ran at an annual rate of $181 billion, after correcting for the seasonality of agricultural and construction programs. Therefore, we could have a rate of about $187 billion for the rest of the year, and still hit the budget estimate.

BUDGET TOTALS

[Fiscal years, in billions]

Description	1968 actual	1969 estimate	1970 estimate
Budget receipts	$153.7	$186.1	$198.7
Budget outlays	178.9	183.7	195.3
Budget surplus (+) or deficit (−)	−25.2	+2.4	+3.4

We have a preliminary December figure for defense, including military assistance, which gives us a half-year defense total of about $38.5 billion. The estimate for the entire current fiscal year is $78.4 billion, so, again, defense could run at a higher rate in the last half of the fiscal year—up to $40 billion—and we would still make the estimate in the budget.

There are always unknowns in estimating, but all in all, we believe the 1969 estimates are sound. I might just add that for the programs excepted from P.L. 90–364, outlays are now estimated $6 billion higher than last January's budget. For those covered by P.L. 90–364, we are showing a decline of $8.3 billion from the original estimate, so that we are achieving the reduction required in the law and allowing leeway for unforeseen increases in the months ahead.

Turing to fiscal year 1970, I think the policy which guided us in our program recommendations can best be summed up by quoting a statement from the President's budget message:

"This Nation can and must bear the cost of the defense of freedom and must at the same time move ahead in meeting the pressing needs we face at home. But caution and prudence require that we budget our resources in a way which enables us to preserve our prosperity, strength the U.S. dollar, and stem the increased, price pressures we have experienced in the past few years."

The estimates for 1970 reflect a restrictive expenditure policy generally, and have also had to take into account distortions which have arisen as a result of the ceiling on outlays for 1969, which followed on a statutory percentage formula reduction in agency obligations enacted for 1968. We believed it would be unwise to try to correct these distortions all in fiscal year 1970, and have therefore found if necessary to continue a policy of outlay management in developing our 1970 estimates.

Within these constraints, the budget makes reasonable provision for ongoing programs, including reductions wherever possible, and proposes some selective expansions in urgent domestic activities which the Administration has stressed as a means of improving the lives of all Americans—for example, education, health, manpower training, housing, community development, greater security for the elderly, food assistance, and crime control.

In total, budget outlays are estimated to increase by $11.6 billion between 1969 and 1970. Of this amount, major social programs will be up by $7.9 billion, including $4.5 billion in the social insurance trust funds. A part of the trust fund increase reflects recommended legislation to raise overall social security benefits by 13% effective January 1, 1970, including at least a 10% increase for almost all beneficiaries, an increase in the minimum to $80 a month, an increase in the earnings limit before benefits are lost, and other improvements in the system. Other than through trust funds, outlays for major social programs are estimated to rise by $3.4 billion, including—

A doubling of the JOBS program, from 70,000 slots in 1969 to 140,000 in 1970.

A continuation of efforts under the 10-year housing program, with a goal of starting about 500,000 low and moderate income housing units next year.

An increase of over $450 million for the Model Cities program.