

# **THE NATIONAL BUDGET SYSTEM**

## THE INSTITUTE FOR GOVERNMENT RESEARCH

Washington, D. C.

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**THE INSTITUTE FOR GOVERNMENT RESEARCH**  
**STUDIES IN ADMINISTRATION**

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**THE NATIONAL BUDGET  
SYSTEM**

**WITH SUGGESTIONS FOR ITS  
IMPROVEMENT**

**BY**  
**W. F. WILLOUGHBY**  
**DIRECTOR, INSTITUTE FOR GOVERNMENT RESEARCH**

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to general needs, to one where they are subject to that measure of central direction, supervision, and control that is essential in order to ensure a subordination of special to general interests, a coördination of efforts, and a uniformity in procedure that is imperative if efficiency and economy in operation are to be secured.

This new system has now been in operation over five years, a sufficient length of time to permit of an evaluation of the manner in which it has operated. Such an evaluation is attempted in the present work. That the system has more than met the expectations of its proponents, can scarcely be questioned. Public officials such as the President, the Secretary of the Treasury, and the Chairmen of the Committees on Appropriations of the House and the Senate have united in commending it. In many respects it presents advantages superior to those to be found in the budget system of any other country. While this is true as will, it is believed, be made manifest in the body of the present work, it is desirable to recognize that there are many features in respect to which the system as it exists to-day is susceptible of improvement. These features, though they relate to matters of detail, are none the less important. After completing an account of the present system the writer has, therefore, sought, to indicate these features and to suggest the action that in his opinion should be taken to perfect a work that has been so well begun.

The writer is unwilling to close this preface without giving, as a matter of historical record, his testimony as to the persons to whom belong the credit for the accomplishment of this most important reform. To James W. Good, Member of Congress from the Fifth District of Iowa, more than to any other person, belongs

the credit of the adoption of the budget system. If any one is to be called the father of that system, he is entitled to that designation. As author of the bill that became the Budget and Accounting Act and of the resolution providing for the amendment of the Rules of the House so as to vest all power over appropriations in a single Committee on Appropriations, as Chairman of the Committee on Appropriations and of the Select Committee on the Budget that made a detailed study of the whole problem, and as leader on the floor in charge of the bill, Mr. Good was in control throughout; and to his energy and skill in piloting the measure through Congress its final enactment was due. In the Senate chief credit is due to the late Medill McCormick, Senator from Illinois, for securing action by that body; this notwithstanding the fact that the particular measure advocated by him differed in important respects from the one finally adopted.

The enactment of a law such as that providing for the budget system is little more than an order to go ahead with a certain project. This project can be a success or a failure according to the manner in which it is administered. That it has become a success is due, first, to the wholehearted support that it has received from the two Presidents, Harding and Coolidge, who have held office since its adoption; second, to the exceptional abilities of the two men, Charles G. Dawes, and Herbert M. Lord, who have successively held the position of Director of the Bureau of the Budget; and, third, to the support that has been given to the system by the Chairman of the House Committee on Appropriations since the entering into force of the budget system, Martin B. Madden, Representative from the First District of Illinois, and in scarcely less degree the Chairman of the Committee on Appropria-



tions of the Senate, Francis E. Warren, Senator from Wyoming. Mr. Dawes, by his determined and successful assertion of the powers conferred upon the Bureau of the Budget as the agency of the President and the development of the general powers of the President as head of the administration, established the dominant position of the President and the Bureau of the Budget as a central agency of financial control. General Lord, by his continuance of this policy, by his rare skill in meeting the technical problems involved in administering the system, and by the reputation that he has established for fairmindedness and disinterestedness, has made it possible to secure that coöperation between the spending services, the Bureau, and Committees on Appropriations, without which the system would not work effectively. Mr. Madden, by his decision to give great weight to the recommendations of the President as contained in the Budget and, as far as it was within the power of the Committee on Appropriations, to keep appropriations within the Budget estimates, has given to the Budget an influence in Congress that is responsible in no small degree for the efficiency with which the new system has worked.

Finally, credit should be given to the Institute for Government Research for the work done by it in the way of arousing public opinion in favor of the reform; investigating and making known, through its publications, the financial systems of those countries having the best developed budget systems; analyzing the problem as it confronted the national government; and assisting the select committees of the two Houses of Congress in the organization and conduct of their hearings on the subject and the formulation of the bill that finally became law.

## PREFACE

xi

The foregoing has been written, not merely to give credit where credit is due, but also to emphasize the fact that the successful working of a budget system requires coöperation on the part of a large number of officers and agencies, and that without such coöperation the budget system as it exists to-day would be a far different institution from what it is.

W. F. WILLOUGHBY

8639

# CONTENTS

## PART I. HISTORY

CHAPTER	PAGE
I. INTRODUCTION . . . . .	I
II. FINANCIAL PROCEDURE PRIOR TO 1921 . . . . .	4
Formulation of the Estimates . . . . .	4
Action Upon Estimates by Congress . . . . .	12
III. MOVEMENT FOR THE ADOPTION OF A BUDGET SYSTEM . . . . .	19
Work of the President's Commission on Economy and Efficiency . . . . .	20
Work of the Institute for Government Research . . . . .	23
Legislative Action . . . . .	25
IV. REFORM OF THE RULES OF CONGRESS IN REFERENCE TO APPRO- PRIATION BILLS . . . . .	34
Reform of the House Rules . . . . .	35
Reform of the Rules of the Senate . . . . .	37
V. ORGANIZATION OF THE BUREAU OF THE BUDGET . . . . .	39
General Function of the Bureau . . . . .	39
Status of the Bureau . . . . .	40
General Administration . . . . .	41
Office of Chief Clerk . . . . .	42
Office of Counsel . . . . .	42
Assistants to the Director . . . . .	42
Division of Estimates . . . . .	42
Board of Estimates . . . . .	43
Investigators . . . . .	43
Federal Business Associations . . . . .	44
Business Organization of the Government . . . . .	45
Coördination Agencies . . . . .	46
Budget Officers of the Departments . . . . .	46

## PART II. FORMULATION OF THE BUDGET

VI. RESPONSIBILITY OF THE PRESIDENT FOR THE PREPARATION AND SUBMISSION OF THE BUDGET . . . . .	49
President Alone Authorized to Request Appropriations . . . . .	49
Question of Restriction of Estimates to Those Needed for the Execution of Existing Law . . . . .	60
Obligation of Submission of Estimates Needed for the Execution of Existing Law . . . . .	63
Control of Recommendations by Administrative Officers for New Legislation Necessitating New Appropriations . . . . .	64

CHAPTER	PAGE
VII. FORM AND CONTENTS OF THE BUDGET . . . . .	67
Scope of the Budget Document . . . . .	67
Division of the Budget into Two Parts . . . . .	71
Character of Part I: General Statements . . . . .	72
Character of Part II: Detail Estimates . . . . .	79
VIII. METHOD OF PREPARATION OF THE BUDGET . . . . .	84
Formulation by the President of His Financial Policy . . . . .	85
Formulation of Estimates of Income and Expenditures by the Director of the Bureau of the Budget . . . . .	87
Submission by the Spending Services of Preliminary Esti- mates . . . . .	94
Consideration of the Preliminary Estimates by the Bureau of the Budget . . . . .	96
Submission by the Spending Services of Revised Estimates . . . . .	99
Consideration of the Revised Estimates by Bureau of the Budget . . . . .	101
Hearings on the Revised Estimates by the Board of Esti- mates . . . . .	101
Preparation of the Budget Document . . . . .	102
IX. DEFICIENCY AND SUPPLEMENTAL ESTIMATES . . . . .	104
Conditions Prior to Budget and Accounting Act, 1921 . . . . .	105
Attempted Control Through Legislation . . . . .	107
Control Through Bureau of the Budget . . . . .	110
Apportionment System . . . . .	113
General Reserve System . . . . .	115
Results of Work of the Bureau of the Budget . . . . .	117
 PART III. ACTION UPON THE BUDGET BY CONGRESS  	
X. FINANCIAL PROCEDURE: GENERAL . . . . .	119
House of Representatives . . . . .	119
Senate . . . . .	124
Non-Partisan Character of Congressional Action . . . . .	129
XI. DISTINCTION BETWEEN THE AUTHORIZATION AND THE GRANT OF APPROPRIATIONS . . . . .	131
XII. EXTENT TO WHICH BUDGET ESTIMATES ARE MODIFIED BY CONGRESS . . . . .	140
Comparison of American and English Systems in Respect to Power of Legislature to Modify Estimates . . . . .	140
Extent to Which Estimates have been Modified in Practice . . . . .	142
Comparison with English System . . . . .	152
XIII. PERMANENT APPROPRIATIONS . . . . .	156
XIV. APPROPRIATIONS FOR SALARIES . . . . .	158
XV. APPROPRIATIONS FOR PUBLIC WORKS . . . . .	162

# CONTENTS

xv

## PART IV. EXECUTION OF THE BUDGET

CHAPTER		PAGE
XVI.	CONTROL OF EXPENDITURES . . . . .	175
	Control by Congress: General . . . . .	176
	The General Accounting Office as an Organ of Control . . . . .	177
	The Bureau of the Budget as an Organ of Control . . . . .	182
	Control Through Requirement of a General Reserve . . . . .	184
	Control Over Engaging in New Activities . . . . .	185
	Mandatory Character of Appropriations . . . . .	186
XVII.	CONTROL OVER ADMINISTRATIVE ORGANIZATION AND PROCEDURE	188
	Provisions of Budget and Accounting Act . . . . .	188
	Coördination Agencies . . . . .	189
	Area Coördinators . . . . .	191
	Office of Chief Coördinator . . . . .	192
	Printing and Binding . . . . .	195
	Liquidation and Purchase of Supplies . . . . .	199
	Purchase, Lease, or Sale of Real Estate . . . . .	204
	Motor Transportation . . . . .	206
	Freight and Passenger Traffic . . . . .	207
	Specifications for Materials and Services . . . . .	210
	Hospitalization Activities . . . . .	211
	Contracts and Adjustments . . . . .	213
	Office Procedure . . . . .	215
	Federal Business Associations . . . . .	217
	Miscellaneous . . . . .	218

## PART V. SUGGESTIONS FOR IMPROVEMENT

XVIII.	LEGAL STATUS OF THE BUREAU OF THE BUDGET . . . . .	221
XIX.	THE BUREAU OF THE BUDGET AS A BUREAU OF GENERAL ADMINISTRATION . . . . .	224
	Abolition of the Bureau of Efficiency and the Transfer of Its Duties to the Bureau of the Budget . . . . .	226
	Transfer of the General Supply Committee from the Treas- ury Department to the Bureau of the Budget . . . . .	231
	Abolition of the Public Buildings Commission and the Transfer of Its Duties to the Bureau of the Budget . . . . .	233
	Transfer of Certain Executive Powers of the Joint Com- mission on Printing to the Bureau of the Budget . . . . .	235
	Relief of Director of the Bureau of the Budget of Partici- pation in the Work of the Personnel Classification Board	239
XX.	THE USE OF SUPPLEMENTARY BUDGETS . . . . .	241
XXI.	ELIMINATION OF THE DISTRICT OF COLUMBIA FROM THE BUDGET	246
XXII.	IMPROVEMENT OF THE APPROPRIATION SYSTEM . . . . .	249
	Abolition of Permanent Appropriations . . . . .	250
	Curtailment of Special Revenue and Expenditure Funds . . . . .	253
	Change in Treatment of Unexpended Balances of Appro- priations . . . . .	254

## CONTENTS

CHAPTER	PAGE
Financing of Supply Services . . . . .	257
Restriction of Appropriations Generally Available for Departments . . . . .	260
Revision of Appropriation Heads . . . . .	262
Elimination of Permanent Legislation from Appropriation Acts . . . . .	267
Authorization of Transfers between Appropriation Heads . . . . .	271
Limitation of General Debate on Appropriation Bills to Subject Matter of the Bills . . . . .	273
<b>XXIII. IMPROVEMENT OF ACCOUNTING AND REPORTING SYSTEM . . . . .</b>	<b>275</b>
<b>XXIV. IMPROVEMENT OF THE ORGANIZATION OF THE ADMINISTRATIVE BRANCH . . . . .</b>	<b>283</b>
<b>XXV. CONCLUSION . . . . .</b>	<b>286</b>
 <b>APPENDIX</b>	
1. Budget and Accounting Act, 1921 . . . . .	291
2. Executive Orders and Budget Circulars . . . . .	301
3. Rules of the House of Representatives Regarding Procedure on Appropriation Bills . . . . .	322
4. Rules of the Senate Regarding Procedure on Appropriation Bills . . . . .	324
5. Outline of Organization of the Bureau of the Budget . . . . .	327
5. Bibliography . . . . .	328
Index . . . . .	337

## APPENDIX I

### BUDGET AND ACCOUNTING ACT, 1921

An Act To provide a national budget system and an independent audit of Government accounts, and for other purposes.<sup>1</sup>

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### TITLE I.—DEFINITIONS

SECTION 1. This Act may be cited as the "Budget and Accounting Act, 1921."

SEC. 2. When used in this Act—

The terms "department and establishment" and "department or establishment" mean any executive department, independent commission, board, bureau, office, agency, or other establishment of the Government, including the municipal government of the District of Columbia, but do not include the Legislative Branch of the Government or the Supreme Court of the United States;

The term "the Budget" means the Budget required by section 201 to be transmitted to Congress;

The term "Bureau" means the Bureau of the Budget;

The term "Director" means the Director of the Bureau of the Budget; and

The term "Assistant Director" means the Assistant Director of the Bureau of the Budget.

#### TITLE II.—THE BUDGET

SEC. 201. The President shall transmit to Congress on the first day of each regular session, the Budget, which shall set forth in summary and in detail:

(a) Estimates of the expenditures and appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year; except that the estimates for such year for the Legislative Branch of the Government and the Supreme Court of the United State shall be transmitted to the President on or before October 15th of each year, and shall be included by him in the Budget without revision;

<sup>1</sup> 42 Stat. L., 20.

(b) His estimates of the receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (2) under the revenue proposals, if any, contained in the Budget;

(c) The expenditures and receipts of the Government during the last completed fiscal year;

(d) Estimates of the expenditures and receipts of the Government during the fiscal year in progress;

(e) The amount of annual, permanent, or other appropriations, including balances of appropriations for prior fiscal years, available for expenditure during the fiscal year in progress, as of November 1 of such year;

(f) Balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;

(g) All essential facts regarding the bonded and other indebtedness of the Government; and

(h) Such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

SEC. 202. (a) If the estimated receipts for the ensuing fiscal year contained in the Budget, on the basis of laws existing at the time the Budget is transmitted, plus the estimated amounts in the Treasury at the close of the fiscal year in progress, available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year contained in the Budget, the President in the Budget shall make recommendations to Congress for new taxes, loans, or other appropriate action to meet the estimated deficiency.

(b) If the aggregate of such estimated receipts and such estimated amounts in the Treasury is greater than such estimated expenditures for the ensuing fiscal year, he shall make such recommendations as in his opinion the public interests require.

SEC. 203. (a) The President from time to time may transmit to Congress supplemental or deficiency estimates for such appropriations or expenditures as in his judgment (1) are necessary on account of laws enacted after the transmission of the Budget, or (2) are otherwise in the public interest. He shall accompany such estimates with a statement of the reasons therefor, including the reasons for their omission from the Budget.

(b) Whenever such supplemental or deficiency estimates reach an aggregate which, if they had been contained in the Budget,



would have required the President to make a recommendation under subdivision (a) of section 202, he shall thereupon make such recommendation.

SEC. 204. (a) Except as otherwise provided in this Act, the contents, order, and arrangement of the estimates of appropriations and the statements of expenditures and estimated expenditures contained in the Budget or transmitted under section 203, and the notes and other data submitted therewith, shall conform to the requirements of existing law.

(b) Estimates for lump-sum appropriations contained in the Budget or transmitted under section 203 shall be accompanied by statements showing, in such detail and form as may be necessary to inform Congress, the manner of expenditure of such appropriations and of the corresponding appropriations for the fiscal year in progress and the last completed fiscal year. Such statements shall be in lieu of statements of like character now required by law.

SEC. 205. The President, in addition to the Budget, shall transmit to Congress on the first Monday in December, 1921, for the service of the fiscal year ending June 30, 1923, only, an alternative budget, which shall be prepared in such form and amounts and according to such system of classification and itemization as is, in his opinion, most appropriate, with such explanatory notes and tables as may be necessary to show where the various items embraced in the Budget are contained in such alternative budget.

SEC. 206. No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request, and no recommendation as to how the revenue needs of the Government should be met, shall be submitted to Congress on any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress.

SEC. 207. There is hereby created in the Treasury Department a Bureau to be known as the Bureau of the Budget. There shall be in the Bureau a Director and an Assistant Director, who shall be appointed by the President and receive salaries of \$10,000 and \$7500 a year, respectively. The Assistant Director shall perform such duties as the Director may designate, and during the absence or incapacity of the Director or during a vacancy in the office of Director he shall act as Director. The Bureau, under such rules and regulations as the President may prescribe, shall prepare for him the Budget, the alternative Budget, and any supplemental or deficiency estimates, and to this end shall have authority to assemble, correlate, revise, reduce, or increase the estimates of the several departments or establishments.

SEC. 208. (a) The Director, under such rules and regulations as the President may prescribe, shall appoint and fix the compensation of attorneys and other employees and make expenditures for rent

in the District of Columbia, printing, binding, telegrams, telephone service, law books, books of reference, periodicals, stationery, furniture, office equipment, other supplies, and necessary expenses of the office, within the appropriations made therefor.

(b) No person appointed by the Director shall be paid a salary at a rate in excess of \$6000 a year, and not more than four persons so appointed shall be paid a salary at a rate in excess of \$5000 a year.

(c) All employees in the Bureau whose compensation is at a rate of \$5000 a year or less shall be appointed in accordance with the civil-service laws and regulations.

(d) The provisions of law prohibiting the transfer of employees of executive departments and independent establishments until after service of three years shall not apply during the fiscal years ending June 30, 1921, and June 30, 1922, to the transfer of employees to the Bureau.

(e) The Bureau shall not be construed to be a bureau or office created since January 1, 1916, so as to deprive employees therein of the additional compensation allowed civilian employees under the provisions of section 6 of the Legislative, Executive, and Judicial Appropriation Act for the fiscal years ending June 30, 1921, and June 30, 1922, if otherwise entitled thereto.

SEC. 209. The Bureau, when directed by the President, shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matters covered thereby.

SEC. 210. The Bureau shall prepare for the President a codification of all laws or parts of laws relating to the preparation and transmission to Congress of statements of receipts and expenditures of the Government and of estimates of appropriations. The President shall transmit the same to Congress on or before the first Monday in December, 1921, with a recommendation as to the changes which, in his opinion, should be made in such laws or parts of laws.

SEC. 211. The powers and duties relating to the compiling of estimates now conferred and imposed upon the Division of Book-keeping and Warrants of the office of the Secretary of the Treasury and transferred to the Bureau.

SEC. 212. The Bureau shall, at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations, furnish the committee such aid and information as it may request.

SEC. 213. Under such regulations as the President may prescribe, (1) every department and establishment shall furnish to the Bureau such information as the Bureau may from time to time require, and (2) the Director and the Assistant Director, or any employee of the Bureau when duly authorized, shall, for the purpose of securing such information, have access to, and the right to examine, any books, documents, papers, or records of any such department or establishment.

SEC. 214. (a) The head of each department and establishment shall designate an official thereof as budget officer therefor, who, in each year under his direction and on or before a date fixed by him, shall prepare the departmental estimates.

(b) Such budget officer shall also prepare, under the direction of the head of the department or establishment, such supplemental and deficiency estimates as may be required for its work.

SEC. 215. The head of each department and establishment shall revise the departmental estimates and submit them to the Bureau on or before September 15 of each year. In case of his failure so to do, the President shall cause to be prepared such estimates and data as are necessary to enable him to include in the Budget estimates and statements in respect to the work of such department or establishment.

SEC. 216. The departmental estimates and any supplemental or deficiency estimates submitted to the Bureau by the head of any department or establishment shall be prepared and submitted in such form, manner, and detail as the President may prescribe.

SEC. 217. For expenses of the establishment and maintenance of the Bureau there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$225,000, to continue available during the fiscal year ending June 30, 1922.

### TITLE III.—GENERAL ACCOUNTING OFFICE

SEC. 301. There is created an establishment of the Government to be known as the General Accounting Office, which shall be independent of the executive departments and under the control and direction of the Comptroller General of the United States. The offices of Comptroller of the Treasury and Assistant Comptroller of the Treasury are abolished, to take effect July 1, 1921. All other officers and employees of the office of the Comptroller of the Treasury shall become officers and employees in the General Accounting Office at their grades and salaries on July 1, 1921, and

all books, records, documents, papers, furniture, office equipment and other property of the office of the Comptroller of the Treasury shall become the property of the General Accounting Office. The Comptroller General is authorized to adopt a seal for the General Accounting Office.

SEC. 302. There shall be in the General Accounting Office a Comptroller General of the United States and an Assistant Comptroller General of the United States, who shall be appointed by the President with the advice and consent of the Senate, and shall receive salaries of \$10,000 and \$7500 a year, respectively. The Assistant Comptroller General shall perform such duties as may be assigned to him by the Comptroller General, and during the absence or incapacity of the Comptroller General, or during a vacancy in that office, shall act as Comptroller General.

SEC. 303. Except as hereinafter provided in this section, the Comptroller General and the Assistant Comptroller General shall hold office for fifteen years. The Comptroller General shall not be eligible for reappointment. The Comptroller General or the Assistant Comptroller General may be removed at any time by joint resolution of Congress after notice and hearing, when, in the judgment of Congress, the Comptroller General or Assistant Comptroller General has become permanently incapacitated or has been inefficient, or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. Any Comptroller General or Assistant Comptroller General removed in the manner herein provided shall be ineligible for reappointment to that office. When a Comptroller General or Assistant Comptroller General attains the age of seventy years, he shall be retired from his office.

SEC. 304. All powers and duties now conferred or imposed by law upon the Comptroller of the Treasury or the six auditors of the Treasury Department, and the duties of the Division of Book-keeping and Warrants of the Office of the Secretary of the Treasury relating to keeping the personal ledger accounts of disbursing and collecting officers, shall, so far as not inconsistent with this Act, be vested in and imposed upon the General Accounting Office and be exercised without direction from any other officer. The balances certified by the Comptroller General shall be final and conclusive upon the executive branch of the Government. The revision by the Comptroller General of settlements made by the six auditors shall be discontinued, except as to settlements made before July 1, 1921.

The administrative examination of the accounts and vouchers of the Postal Service now imposed by law upon the Auditor for the Post Office Department shall be performed on and after July 1,

1921, by a bureau in the Post Office Department to be known as the Bureau of Accounts, which is hereby established for that purpose. The Bureau of Accounts shall be under the direction of a Comptroller, who shall be appointed by the President with the advice and consent of the Senate, and shall receive a salary of \$5000 a year. The Comptroller shall perform the administrative duties now performed by the Auditor for the Post Office Department and such other duties in relation thereto as the Postmaster General may direct. The appropriation of \$5000 for the salary of the Auditor for the Post Office Department for the fiscal year 1922 is transferred and made available for the salary of the Comptroller, Bureau of Accounts, Post Office Department. The officers and employees of the Office of the Auditor for the Post Office Department engaged in the administrative examination of accounts shall become officers and employees of the Bureau of Accounts at their grades and salaries on July 1, 1921. The appropriations for salaries and for contingent and miscellaneous expenses and tabulating equipment for such office for the fiscal year 1922, and all books, records, documents, papers, furniture, office equipment, and other property shall be apportioned between, transferred to, and made available for the Bureau of Accounts and the General Accounting Office, respectively, on the basis of duties transferred.

SEC. 305. Section 236 of the Revised Statutes is amended to read as follows:

"SEC. 236. All claims and demands whatever by the Government of the United States or against it, and all accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office."

SEC. 306. All laws relating generally to the administration of the departments and establishments shall, so far as applicable, govern the General Accounting Office. Copies of any books, records, papers, or documents, and transcripts from the books and proceedings of the General Accounting Office, when certified by the Comptroller General or the Assistant Comptroller General under its seal, shall be admitted as evidence with the same effect as the copies and transcripts referred to in sections 882 and 886 of the Revised Statutes.

SEC. 307. The Comptroller General may provide for the payment of accounts or claims adjusted and settled in the General Accounting Office, through disbursing officers of the several departments and establishments, instead of by warrant.

SEC. 308. The duties now appertaining to the Division of Public Moneys of the Office of the Secretary of the Treasury, so far as they relate to the covering of revenues and repayments into the Treasury, the issue of duplicate checks and warrants, and the

certification of outstanding liabilities for payment, shall be performed by the Division of Bookkeeping and Warrants of the Office of the Secretary of the Treasury.

SEC. 309. The Comptroller General shall prescribe the forms, systems, and procedure for administrative appropriation and fund accounting in the several departments and establishments, and for the administrative examination of fiscal officers' accounts and claims against the United States.

SEC. 310. The offices of the six auditors shall be abolished, to take effect July 1, 1921. All other officers and employees of these offices except as otherwise provided herein shall become officers and employees of the General Accounting Office at their grades and salaries on July 1, 1921. All books, records, documents, papers, furniture, office equipment, and other property of these offices, and of the Division of Bookkeeping and Warrants, so far as they relate to the work of such division transferred by section 304, shall become the property of the General Accounting Office. The General Accounting Office shall occupy temporarily the rooms now occupied by the office of the Comptroller of the Treasury and the six auditors.

SEC. 311. (a) The Comptroller General shall appoint, remove, and fix the compensation of such attorneys and other employees in the General Accounting Office as may from time to time be provided for by law.

(b) All such appointments, except to positions carrying a salary at a rate of more than \$5000 a year, shall be made in accordance with the civil-service laws and regulations.

(c) No person appointed by the Comptroller General shall be paid a salary at a rate of more than \$6000 a year, and not more than four persons shall be paid a salary at a rate of more than \$5000 a year.

(d) All officers and employees of the General Accounting Office, whether transferred thereto or appointed by the Comptroller General, shall perform such duties as may be assigned to them by him.

(e) All official acts performed by such officers or employees specially designated therefor by the Comptroller General shall have the same force and effect as though performed by the Comptroller General in person.

(f) The Comptroller General shall make such rules and regulations as may be necessary for carrying on the work of the General Accounting Office, including rules and regulations concerning the admission of attorneys to practice before such office.

SEC. 312. (a) The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to

the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures.

(b) He shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures. The Comptroller General shall also, at the request of any such committee, direct assistants from his office to furnish the committee such aid and information as it may request.

(c) The Comptroller General shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

(d) He shall submit to Congress reports upon the adequacy and effectiveness of the administrative examination of accounts and claims in the respective departments and establishments and upon the adequacy and effectiveness of departmental inspection of the offices and accounts of fiscal officers.

(e) He shall furnish such information relating to expenditures and accounting to the Bureau of the Budget as it may request from time to time.

SEC. 313. All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. The authority contained in this section shall not be applicable to expenditures made under the provisions of section 291 of the Revised Statutes.

SEC. 314. The Civil Service Commission shall establish an eligible register for accountants for the General Accounting Office, and the examinations of applicants for entrance upon such register shall be based upon questions approved by the Comptroller General.

SEC. 315. (a) All appropriations for the fiscal year ending June 30, 1922, for the offices of the Comptroller of the Treasury and the six auditors, are transferred to and made available for the General Accounting Office, except as otherwise provided herein.

(b) During such fiscal year the Comptroller General, within the limit of the total appropriations available for the General Accounting Office, may make such changes in the number and compensation of officers and employees appointed by him or transferred to the General Accounting Office under this Act as may be necessary.

(c) There shall also be transferred to the General Accounting Office such portions of the appropriations for rent and contingent and miscellaneous expenses, including allotments for printing and binding, made for the Treasury Department for the fiscal year ending June 30, 1922, as are equal to the amounts expended from similar appropriations during the fiscal year ending June 30, 1921, by the Treasury Department for the offices of the Comptroller of the Treasury and the six auditors.

(d) During the fiscal year ending June 30, 1922, the appropriations and portions of appropriations referred to in this section shall be available for salaries and expenses of the General Accounting Office, including payment for rent in the District of Columbia, traveling expenses, the purchase and exchange of law books, books of reference, and for all necessary miscellaneous and contingent expenses.

SEC. 316. The General Accounting Office and the Bureau of Accounts shall not be construed to be a bureau or office created since January 1, 1916, so as to deprive employees therein of the additional compensation allowed civilian employees under the provisions of section 6 of the Legislative, Executive, and Judicial Appropriation Act for the fiscal year ending June 30, 1922, if otherwise entitled thereto.

SEC. 317. The provisions of law prohibiting the transfer of employees of executive departments and independent establishments until after service of three years shall not apply during the fiscal year ending June 30, 1922, to the transfer of employees to the General Accounting Office.

SEC. 318. This Act shall take effect upon its approval by the President: *Provided*, That sections 301 to 317, inclusive, relating to the General Accounting Office and the Bureau of Accounts, shall take effect July 1, 1921.

Approved, June 10, 1921.



## APPENDIX 2

### EXECUTIVE ORDERS AND BUDGET CIRCULARS

Because the budget circulars are not printed and are not easily available to the public in the mimeographed form in which they are distributed, the more important ones creating the coördinating agencies are printed below. They bear the words "by direction of the President" and apparently are the equivalent of executive orders: The executive orders of September 21 and November 8, 1921, are also included because of their obvious importance.

#### (A) EXECUTIVE ORDERS

##### [No. 3550] The Budget

By virtue of the authority vested in me by the Budget and Accounting Act, 1921, approved June 10, 1921, I hereby prescribe the following rules and regulations with regard to the preparation and submission of the Budget and the conduct of the Bureau of the Budget:

*Revision of the Estimates.* Pursuant to the provisions of section 207 of the Budget and Accounting Act, the Bureau of the Budget, under the supervision of the Director and subject to review and determination by the President, shall assemble, revise, reduce or increase the estimates of the departments or establishments as submitted to the Bureau. The Director of the Budget shall determine the plan as to the contents, order and arrangement of the estimates. In increasing or decreasing the estimates of the appropriations necessary for any department or establishment he shall take into consideration any proper reduction in working forces, reduction in compensation, and the elimination of unnecessary activities. Estimates, however, in respect to the principal or interest of the public debt shall be subject to revision only with the concurrence of the Secretary of the Treasury. For the purpose of assisting the President with information in the formation of business policy for the Government the estimates of appropriations and of expenditures and receipts, when assembled and revised by the Bureau, shall be transmitted by the Director to the President as soon as possible after their receipt from the departments and establishments by the Bureau, in the form of a consolidated statement of estimated revenue and expenditure, with supporting schedules.

*September 21, 1921.*

[No. 3578]

I hereby prescribe the following rules and regulations with regard to the preparation and submission of the Budget and the conduct of the Bureau of the Budget.

*Revision of the Estimates.* Pursuant to the provisions of section 207 of the Budget and Accounting Act, the Bureau of the Budget, under the supervision of the Director and subject to review and determination by the President, shall assemble, revise, reduce or increase the estimates of the departments or establishments as submitted to the Bureau. The Director of the Budget shall determine the plan as to the contents, order and arrangement of the estimates. In increasing or decreasing the estimates of the appropriations necessary for any department or establishment he shall take into consideration any proper reduction in working forces, reduction in compensation, and the elimination of unnecessary activities. Estimates, however, in respect to the principal or interest of the public debt shall be subject to revision only with the concurrence of the Secretary of the Treasury. For the purpose of assisting the President with information in the formation of business policy for the Government the estimates of appropriations and of expenditures and receipts, when assembled and revised by the Bureau, shall be transmitted by the Director to the President as soon as possible after their receipt from the departments and establishments by the Bureau, in the form of a consolidated statement of estimated revenue and expenditure, with supporting schedules.

2. Concurrently with the transmission of the estimates by the Director of the Bureau of the Budget to the President, the Secretary of the Treasury shall transmit a statement, for the information of the President, showing, from the point of view of the Treasury, the relation between the estimated appropriations and expenditures and the estimated receipts of the Government. This statement shall contain all necessary memoranda and tables together with such other comments as may be pertinent to the subject matter of the Budget, including suggestions and recommendations as to how the revenue needs of the Government may be met. The Secretary of the Treasury shall, at the same time, prepare and transmit to the President, for incorporation in the budget, the figures for the actual expenditures of the Government for the last completed fiscal year, the figures for the actual and estimated receipts for the last, the current and the ensuing fiscal years, required by sub-divisions (b), (c), and (d) of section 201 of the Budget and Accounting Act, and also the financial statements required by the provisions of sub-divisions (f), (g), and (h) of the same section. The Secretary of the Treasury shall, if the estimated receipts for the ensuing fiscal year, on the basis of laws existing at the time the budget is

transmitted, plus the estimated amounts in the Treasury at the close of the fiscal year in progress available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year, make recommendations to the President for new taxes, loans, or other appropriate action to meet the estimated deficiency. If, on the other hand, the aggregate of such estimated receipts and such estimated amounts in the Treasury is greater than such estimated expenditures for the ensuing fiscal year, the Secretary, for the information of the President, shall make such recommendations and suggest such financial measures as in his opinion the public interest may require. The Director of the Budget shall make available to the Secretary of the Treasury at his request any information in the possession of the Bureau or any of its employees in respect to the receipts and expenditures of the Government and any other matters that may be pertinent to the business of the Treasury. The Secretary of the Treasury shall make available to the Director of the Budget at his request any information in the possession of the Treasury or any of its employees in respect to the receipts and expenditures of the Government and any other matters that may be pertinent to the business of the Budget.

3. The Director of the Budget, in gathering information for the use of the President, acts for the President, and his calls upon the Chiefs of Bureaus and other Administrative Officers for purposes of consultation or information take precedence over the Cabinet Head of a Department, or any head of an independent organization.

4. The Budget Officer in each department, being appointed by the Cabinet head, will present to the Director of the Budget the views of the Cabinet head upon the wisdom of conclusions drawn by the Director of the Budget, for the use of the Chief Executive and Congress; but, as in the case of Bureau Chiefs and other officers, the call of the Director of the Budget for their presence and advice takes precedence over the Cabinet head.

5. The coördinating agencies established by the Executive are for the purpose of enabling the President, in matters of routine business, to so coördinate the activities of the different departments and establishments as will insure the most economical and efficient expenditure of monies appropriated by Congress. They provide the machinery through which, with the minimum of obstruction and delay the Executive may impose a unified plan of governmental routine business. The Director of the Bureau of the Budget shall have general supervision over the work of the coördinating agencies heretofore created by Executive Order, subject to such instructions as may hereafter be issued by the President.

6. The Chief Coördinator, General Supply, appointed under the provisions of Executive Order of July 27, 1921, shall exercise general supervision, subject to the Director of the Budget, over the

coördination of the routine business activities of the governmental organization, with particular attention to methods of purchasing, liquidation of supplies, specification of materials, advertising, warehousing, employment, manufacturing, disbursing and other ordinary business activities of the Government.

7. The decision of the Chief Coördinator, in all matters of coördination, shall be transmitted to the heads of departments or independent establishments concerned and shall be final, except that such heads may appeal to the Director of the Budget within four days after the receipt of notice of the coördinating order, and if not sustained by the Director of the Budget may appeal to the President of the United States within six days after the decision of the Director of the Budget. If such appeal is not taken or is not sustained the decision in question shall stand, and shall be published to those affected by the heads of the departments concerned.

8. The heads of departments and subordinate officials will retain all present responsibility with respect to individual business transactions, subject to such policies as may be imposed in the manner indicated above.

9. All persons heretofore or hereafter appointed to duty under the Chief Coördinator, either in Washington or in the Corps Areas of the country, shall be regarded as so appointed or detailed by the President of the United States, and they shall not be subject to reassignment by department heads except as authorized by Executive Order. Such persons shall not be required to submit any report to any department except such as may be required as to their location or assignment or for purposes of pay, the intention being to prevent any interference with their direct responsibility to the President of the United States and his agents, the Director of the Budget and the Chief Coördinator. The above does not apply to departmental representatives on the various coördinating boards, and, in case of those detailed to coördinating duty in addition to other duties, it applies only with respect to such coördinating duty.

10. All Bureau chiefs and employees of the executive Government are directed to furnish any available information desired for purposes of coördination, or to attend any conference on coördination, at the request of the Chief Coördinator. It shall not be necessary for any duly authorized representative of the Director of the Budget, of the Chief Coördinator or any coördinating authority established by Executive Order, to secure the approval of the head of a department or military or naval authority of a request for information for use in connection with the activities of the coördinating bodies. The duly authorized agents of the Director of the Budget, of the Chief Coördinator, or of the coördinating boards,

shall have access to all books and papers of the various departments and independent establishments which contain any information pertinent to the subject under consideration for coördination.

11. All departments and establishments must so organized for the transaction of matters of routine business as to facilitate their proper coöperation with the general coördinating agencies. Where the existing form of the organization of the routine business of the departments and establishments, or the form of reorganization suggested by the head of the department or establishment does not, in the judgment of the Director of the Bureau of the Budget, properly meet the requirements of the situation, the Director of the Bureau of the Budget shall recommend to the President the form which, in his judgment, such departmental organization should take to that end. In his final determination of the form of organization the President will then consider the recommendations of the department head or head of the independent establishment concurrently with those of the Director of the Budget.

12. All coördinating agencies made subject by Executive Order to the supervision of the Director of the Budget shall make quarterly reports to him of their activities for transmission by him to the President.

*November 8, 1921.*

#### (B) BUDGET CIRCULARS

No. 14—July 22, 1921 [Permanent Conference on Printing]

*To Heads of Departments and Independent Establishments of the Government:*

At the suggestion of the Public Printer and with the approval of the President, there is about to be organized a permanent conference on printing, the purpose of which is to investigate and propose uniform standards, business-like methods, and proper economies in the public printing and binding and the distribution of Government publications.

It is proposed that the conference should be organized on the basis of one representative from each executive department and independent establishment, to be elected by the head of such department or establishment in coöperation with the budget officer thereof. This representative might well be the chief of the printing or publications division if such already exists. The direct representative of the Bureau of the Budget will be Mr. A. R. Barnes, of Chicago, a well known printer of very large experience.

The members of this permanent conference will have authority to represent fully their respective departments and establishments in all matters pertaining to the public printing and binding and the

distribution of Government publications, particularly where those subjects relate also to the Government Printing Office. Their recommendations, with the approval of the Director of the Bureau of the Budget, the Joint Congressional Committee on Printing, and the Public Printer, shall be submitted to all branches of the Government service affected thereby.

Regular meetings will be held in the conference room in the Government Printing Office, or at such other place as the Director of the Bureau of the Budget may provide from time to time. The first meeting for organization and the discussion of preliminary plans will be held on or about August 2, 1921, notice of which will be sent to you in due course.

To the end that effective coöperation may be quickly secured, will you please designate to the Director of the Bureau of the Budget your representative to such permanent conference at as early a date as is practicable.

No. 15—July 27, 1921 [Chief Coördinator; Area Coördinators]

*To Heads of Departments and Independent Establishments of the Government:*

In order to more effectively carry out the provisions of Executive Order of December 3, 1918, and Executive Order of August 27, 1919, dealing with the handling of surplus material, supplies and equipment, the following is ordered:

1. For convenience, the territory of the United States is divided into nine areas, corresponding to the nine Army Corps Areas, and in each area an official shall be selected who shall be known as the Coördinator for General Supplies for the several Executive Departments and independent establishments having activities in that area. Each such officer shall serve under the title Coördinator, General Supply, — Corps Area. In each of the Areas in which the Army, Navy or Shipping Board or other department has activities of sufficient importance to warrant it, a representative of such department may be detailed to aid the Area Coördinator in administering the provisions of this Order.

2. Each official selected as Coördinator will repair to Washington, D. C., reporting upon arrival to the Director of the Bureau of the Budget for instructions.

He will confer with every executive department and independent agency or establishment having, or which may have, activities involving the disposition of surplus supplies and equipment, in the area assigned him. Upon arrival in his area he will, by means of correspondence and personal inspection, promptly locate and inspect surpluses and accumulations of Government stocks, regardless whether or not these stocks have been reported surplus, and

report thereon to any head of a department concerned, as well as to the Chief Coördinator, General Supply, Washington, D. C., referred to hereinafter, having particular reference to the existence of accumulated stocks which appear to be in excess of reasonable reserves or current needs.

He will keep in general touch with all Government projects in his area involving the procurement, transfer, or disposal of Government supplies and equipment. It shall be his duty to see that Government policies are carried out in regard to the departmental purchase of Government supplies. He shall have the power to fix the fair market price of surpluses, which price shall be the determining measure of the transfer of funds upon the books of the department incident to the interdepartmental transfer of material.

He is authorized to act in the name of the Chief Coördinator, General Supply, Washington, D. C., and postpone any sale of Government property in any department whatsoever when his investigation shows that it is not in the financial interests of the general Government to permit the sale to be held or to be continued. He will immediately report his action in these cases to the head of the department concerned and to the Chief Coördinator, General Supply, Washington, D. C.

He will, by correspondence, keep in touch in a general way with the Coördinators for General Supply in areas adjacent to his own with the view of effecting economies by the interchange of materials between Corps Areas when such a transaction would be to the financial interests of the general Government.

He will submit recommendations to the head of the department concerned and to the Chief Coördinator, at any time involving practical suggestions which he believes would result in economies to the general Government in disposing of our surplus stocks or result in better coöperation between various Government agencies.

3. There is hereby created in the Office of the General Supply Committee the Office of Chief Coördinator, General Supply, whose duty it shall be to supervise and coördinate the work of the Coördinators, General Supply, operating in each Corps Area, and to bring any matters to the attention of the department heads which, in his judgment, will be of assistance to them in contributing to economy and efficiency. The Chief Coördinator, General Supply, will instruct the Coördinators of Supply in Corps Areas to select those classes of stocks which represent substantially the bulk of the money value of all stocks, and concentrate upon these until disposed of.

It shall be the duty of the Chief Coördinator to advise as to the methods of expediting the inventories of surplus stocks in the possession of the various departments and independent establishments of the Government, upon which he shall report to the heads of departments concerned.

He shall advise the department heads upon policy governing the sales of commodities held surplus in more than one department of the Government, which policy shall aim to insure uniformity in prices received and tend to protect the state of the market in the Government's interests.

It shall be the duty of the General Supply Committee to maintain the records of the surplus property, equipment and material reported to the Chief Coördinator, receiving and answering inquiries in accordance with the provisions of the Executive Order of August 27, 1919.

4. In addition to coördinating sales of surplus property, prescribed above, the Chief Coördinator, General Supply, shall exercise general supervision over the purchase functions of the several departments and establishments.

The coördinating officer assigned to each territorial subdivision of the United States and its extra-continental possessions shall exercise within his area such like supervisory powers over the purchasing functions of the several departments and establishments as may be required of him by the Chief Coördinator at the seat of Government, in coöperation with the department heads.

In each executive department and independent establishment of the Government there shall be a Director of Purchases and a Director of Sales, who shall coördinate all activities involving purchases and sales within their respective departments and be in direct liaison with the Chief Coördinator, to whom they shall furnish copies of all their surplus property reports. These Directors of Purchases and Sales shall be subject to call by the Chief Coördinator for conference in all matters involving the coördination of sales and purchases in the various departments of the Government service.

The coördinating officers shall report to the Chief Coördinator, General Supply, Washington, D. C., to be presented by him to the department heads concerned, for their information, all cases where, in their judgment, the procurement of basic and raw materials may be made to the best advantage by a single purchase by category under approved specifications.

Acceptance or rejection of deliveries will ordinarily lie with that department or bureau for which deliveries are intended. When scientific tests are an essential part of the inspection of supplies, the Chief Coördinator may call upon the Bureau of Standards for the application of such tests.

Cost to the general Government shall be computed as cost at point of delivery.

5. All correspondence from Coördinators, General Supply, to the Washington Government shall be addressed to the Chief Coördinator, General Supply, Washington, D. C.



No. 25—August 25, 1921 [Federal Purchasing Board]

*To the Heads of Departments and Establishments:*

1. In order to enable the Chief Coördinator, General Supply, to perform the duties of coördinating purchases throughout the several departments and establishments as prescribed in Circular No. 15, Bureau of the Budget, dated July 27, 1921, there shall be organized in the General Supply Committee a directorate of purchase to be known as the Federal Purchasing Board.

2. The Federal Purchasing Board shall be composed of one representative from each department and establishment having authority to purchase supplies. The Chief Coördinator, General Supply, shall be Chairman of the Board.

3. Immediately upon the receipt of this circular the heads of such departments and establishments shall designate one representative to serve as a member of the Federal Purchasing Board, and shall designate such assistants to such members as may be deemed necessary. As soon as practicable after receiving notice that all of the above members of said Board have been designated, the Chief Coördinator, General Supply, shall call the initial meeting of the Board for purposes of organization.

4. The Board will have assigned to it all questions of purchase of the several departments and establishments represented on it. While the power to purchase and to coördinate purchases is thus centralized in the Board, it shall be its policy to decentralize administrative matters and the actual execution of purchase. Such articles as are of a pre-eminently specialized nature will normally be referred back immediately to the Department concerned, which will handle the purchase of the same as heretofore. Such articles as are needed in common by all departments will, as a rule, be allocated for purchase by the Board to the Department best fitted, in its opinion, to perform this particular function for the whole Government Service. The Board will endeavor to standardize requirements whenever possible in order that joint purchasing may be the rule and not the exception. In general, the Department making the purchase will also make the inspection, thus eliminating duplication.

5. It shall be the duty of the Board to formulate policies and plans designed to knit the purchasing activities of the several departments and establishments into a Federal business association, and to bring about business methods calculated effectively to safeguard the interests of the Government, and at the same time to promote the confidence of private business interests and industrial communities doing business with the Government.

6. The Chief Coördinator, General Supply, will be responsible for the efficiency of the Board, and for developing it along practical

lines. After a full discussion of any question by the Board, his decision will be final as to the action to be taken or the policy to be pursued, but any member may appeal therefrom to the head of his department or establishment. The Chief Coördinator, General Supply, may detail an assistant to sit with the Board to represent him in matters of routine.

No. 26—August 25, 1921 [Federal Liquidation Board]

*To the Heads of Departments and Establishments:*

1. In order to enable the Chief Coördinator, General Supply, to perform the duties of coördinating sales throughout the several departments and establishments as prescribed in Circular No. 15, Bureau of the Budget, dated July 27, 1921, there shall be organized in the General Supply Committee a directorate of sales to be known as the Federal Liquidation Board.

2. The Federal Liquidation Board shall be composed of one representative from each department and establishment having sales activities. The Chief Coördinator, General Supply, shall be the Chairman of the Board.

3. Immediately upon the receipt of this circular the heads of such departments and establishments shall designate one representative to serve as a member of the Federal Liquidation Board, and shall designate such assistants to such members as may be deemed necessary. As soon as practicable after receiving notice that all of the above members of said Board have been designated, the Chief Coördinator, General Supply, shall call the initial meeting of the Board for purposes of organization.

4. It shall be the duty of the Federal Liquidation Board to formulate policies and plans designed to knit the sales activities of the several departments and establishments concerned in the liquidation of stocks into a Federal business association, and to bring about business methods calculated effectively to safeguard the interests of the Government, and at the same time to promote the confidence of private business interests and industrial communities doing business with the Government.

5. The Chief Coördinator, General Supply, will be responsible for the efficiency of the Board, and for developing it along practical lines. After a full discussion of any question by the Board, his decision will be final as to the action to be taken or the policy to be pursued, but any member may appeal therefrom to the head of his department or establishment. The Chief Coördinator, General Supply, may detail an assistant to sit with the Board to represent him in matters of routine.

No. 35—September 23, 1921 [Federal Motor Transport Agent]

*To the Heads of Departments and Establishments:*

A general survey of the motor transport situation throughout the United States reveals the fact that the rule of absolute fixed assignments of motor vehicles, to Executive Departments and Independent Establishments of the Federal Government, is handicapping us in the handling of our motor transport problem from the point of view of the general Government. The motor transport of a department may be over-taxed when there are motor vehicles standing idle in another department. Civilian trucks are being hired when a Department is confronted by an emergency, when the same service could, by proper coördination, be performed within the limits of the Government itself.

In order to coördinate the use of motor transportation operated under the Executive Departments and Independent Establishments of the Federal Government, in the interests of efficiency and economy, the following is announced:

1. Where more than one Executive Department or Independent Establishment are operating motor transport vehicles in a city or populous district, the Coördinator, General Supply, whose area includes the city or district, will prepare and submit a plan for coördinating the use of this motor transport so that the interests of the general Government may be met in the most economical and practical way. The plan will be drawn to meet the special needs of the particular city or district, but the following general principles should be embodied, as far as practicable, in each plan submitted:

(a) The proper housing and grouping of the vehicles of each department, for the purpose of economical housing, maintenance and repair.

(b) The absolute limitation to the minimum of assigned vehicles and the operation of all in pools.

(c) The linking up of all pools of vehicles of the city or district, in a single pool, for the purpose of economical operation.

(d) The resting of the responsibility on a separate included Executive Department or Independent Establishment, for the efficient operation of its share of the plan.

(e) The considering of the motor transport problem of the city or district as one problem, each service contributing to its execution in the most practical way.

(f) The appointment, by the Area Coördinator, General Supply, for each city or district, of a Federal Motor Transport Agent, who shall have full authority to carry out the

purposes of the plan for his city or district and whose decision shall be final in all matters of assignment of tasks and dispatching of motor vehicles therefor, and the coördination of housing facilities and operations for maintenance and repair.

Any Executive Department or Independent Establishment having motor vehicles within the particular city or district, may appeal from the decision of the Federal Motor Transport Agent, to the Coördinator, General Supply, for the whole area.

The Federal Motor Transport Agent may be the local representative for motor transportation of one of the Executive Departments or Independent Establishments, but in his capacity as Federal Motor Transport Agent he will carry out thoroughly the approved plan of the Area Coördinator.

2. Plans covering each city or populus district will be forwarded by Area Coördinator, General Supply, to the Chief Coördinator, General Supply, Washington, D. C., who will, in addition to his other duties, carry out the provisions of this circular in coördinating all Federal Motor Transportation.

3. Upon approval of the plan by the Chief Coördinator, General Supply, it will be put into effect by the Area Coördinator, General Supply, who will, from time to time, recommend such modifications as may appear desirable in the interests of economy and efficiency.

4. The head of each Executive Department or Independent Establishment, of the Federal Government, will name a representative for each area in which the Department or Establishment has motor vehicles in operation. This representative will inform the Area Coördinator, General Supply, of the location, kind and number of all motor transportation, in his Department or Establishment, in operation in the particular area and the duties assigned, and he will also furnish such other information as may be called for by the Area Coördinator. This representative will, in conference with the Area Coördinator, assist in formulating the coördinated plan for operating of all Federal Motor Transportation in the particular city or district.

5. The District of Columbia will, for purpose of coördinating motor transportation, from a separate area. A Coördinator for Motor Transportation will be designated for this District, who will report to the Chief Coördinator, General Supply.

No. 41—October 10, 1921 [Federal Traffic Board]

*To the Heads of Departments and Establishments:*

1. For the purpose of effecting economies and better business administration throughout the Government service, in the handling of passenger and freight shipments, as well as shipments by express

and parcel post, to utilize in a more practical way the various carrying facilities available and to institute methods for the prompt settlement of all transportation accounts; there is hereby established, under the general supervision of the Chief Coördinator for General Supply, a Federal Traffic Board.

2. It shall be the duty of the Federal Traffic Board to make a complete study of the traffic problems confronting the various departments and independent establishments of the Government. In coöperation with representatives of the Interstate Commerce Commission, and the carriers, it will establish uniform classifications for all commodities, including raw materials as well as finished products, shipped by the Government so that shipments may be made at the lowest tariff rates. The Board will draw up plans for improving and standardizing methods of making shipments and for the settlement of accounts. These plans will be submitted to the Chief Coördinator, General Supply, who will take the necessary action in each case.

3. The activities of the Board shall be directed by its chairman under the title of Coördinator for Traffic, who shall, under the general direction of the Chief Coördinator for General Supply, select the necessary committees of the Board, direct the time and place of all meetings and the order in which the various elements of the problem shall be considered.

4. Immediately upon receipt of this Circular, the head of each department and independent establishment making shipments from time to time shall designate one representative to serve as a member of the Federal Traffic Board. Heads of departments and independent establishments concerned will report the names of such representatives to the Chief Coördinator for General Supply, who, upon receipt of this information, shall call the initial meeting for purpose of organization.

5. Heads of the various departments of the Government are requested to furnish the Coördinator for Traffic, such information and clerical assistance as he may require in the prosecution of the duties assigned to him. Such clerical force will be requested in proportion to the amount of business handled in the respective departments.

6. The classification of commodities and the instructions governing shipments and methods of settling transportation accounts that are adopted by the Board and approved by the Coördinator for Traffic, after the procedure indicated in Paragraph 2 of this circular, shall, as far as applicable and in conformity with law, be binding upon and govern all departments, bureaus, agencies and offices of the Government in all shipments made by them.

7. All questions pertaining to the classification of materials or terminal, switching, freight rates, etc., which require the application

of remedial measures, will be submitted to the Coördinator for Traffic, either for adjustment with the Classification committees representing the carrier, or for the presentation of a complaint with the Interstate Commerce Commission.

8. In the event of disagreement as to classifications, instructions governing shipments and methods of settling transportation accounts, or on methods of procedure, the case will be submitted to the Chief Coördinator for General Supply, whose decision shall be final as to the action taken, subject only to an appeal to the Head of the Department concerned.

No. 42—October 10, 1921 [Federal Specifications Board]

*To the Heads of Departments and Establishments:*

1. For the purpose of coördination and economy in the procurement of material and services used by the Government under specifications prepared in the various branches thereof, to avoid duplication of effort, and for the better utilization of resources and industries, there is hereby established a Federal Specifications Board.

2. It shall be the duty of the Federal Specifications Board to compile and adopt standard specifications for materials and services, and to bring specifications into harmony with the best commercial practice wherever conditions permit, bearing in mind the desirability of broadening the field of supply.

3. The Director of the Bureau of Standards, Department of Commerce, shall be *ex-officio* Chairman of the Board, and shall, subject to the approval of the Chief Coördinator for General Supply, select necessary committees, direct the time and place of meetings and the order in which subjects shall be considered.

4. Immediately upon receipt of this circular, the head of each department and establishment purchasing materials or services in accordance with specifications prepared in such department shall designate one representative to serve as a member of the Federal Specifications Board, and shall designate such assistants to such members as may be deemed necessary, notifying the Chief Coördinator for General Supply of their selection. The Chief Coördinator for General Supply shall call the initial meeting of the Board for purposes of organization.

5. The specifications that are prepared, adopted by the Board, and approved by the Director of the Bureau of Standards shall, as far as applicable, be binding upon and govern all departments, bureaus, agencies and offices of the government. In the event of disagreement on specifications, or on methods of procedure, the case will be submitted to the Chief Coördinator for General Supply, whose decision shall be final as to the action taken, subject only to appeal to the head of the department concerned.

No. 47—November 22, 1921 [Interdepartmental Board of  
Contracts and Adjustments]

*To the Heads of Departments and Establishments:*

1. Without limiting in any manner the jurisdiction or authority of heads of executive departments and independent establishments over the subject matter of Government contracts, as the same is now defined by law, but for the purpose of standardizing contract forms, securing the adoption of uniform policies as regards construction work and uniform practices of interpretations and negotiations both preceding and following the actual execution of such contracts; there is hereby established in the Office of the Chief Coördinator, General Supply, a board to be known as the Interdepartmental Board of Contracts and Adjustments, the members and functions of which Board shall be as follows:

2. The head of each executive department, including the Department of Justice, shall organize a department board made up of one representative of each bureau having the independent right to enter into contracts on behalf of the United States. Such department board shall recommend policies to control in the standardization of contracts within such department. They shall choose from their number a chairman and any other necessary officers.

3. The chairmen of the several department boards, together with a representative designated by the head of any independent establishment now authorized by law to enter into important contracts, and the Chief Coördinator, General Supply, shall constitute the Interdepartmental Board of Contracts and Adjustments, and shall serve without additional compensation.

4. This Board shall be presided over by a Chairman who shall be the representative of the Secretary of the Treasury. The Chairman shall, upon being advised of the complete membership, call the members of the Board together for purposes of organization. The Board shall adopt such by-laws and appoint such committees and subcommittees as may be deemed advisable and necessary to accomplish the end sought.

5. The functions of this Board shall be:

First, to standardize in general, wherever possible, the forms and methods of contract letting to the end that a uniform policy on the part of the Government may control the making of such contracts, and with a further view to such changes in the form thereof as will tend to enlist the interest of the contractor on behalf of economy and with a further view to such changes in the form thereof as will tend to enlist the interest of the contractor on behalf of economy and promptness of execution, and eliminate those uncertainties of construction and hazards to be assumed by the contractor which have hitherto operated to increase the cost of Government work and supplies.

Second, to recommend general policies in the settlement of outstanding obligations arising out of contracts of the United States, such as methods of determining and enforcing damages, of settling disputes as to questions of fact, and of determining the final compensation of contractors.

Third, in an advisory capacity and when requested by the head of any department or establishment, or his representative upon the Board;

(a) To review and revise important contracts and agreements made or about to be made on behalf of the United States.

(b) To advise officers authorized to contract and operating under contract as to the proper interpretation of contracts in process of execution.

(c) To assist in the negotiation of important contracts and agreements relating to personal services, supplies, or construction work.

6. The Chairman of the Board is charged with the responsibility for the efficient working thereof and for its development along the practical lines above indicated, and in such other ways as may become apparent after full study of the situation by the Board or any committee thereof. After a full discussion of any question by the Board and full opportunity to the members to be heard thereon, the decision of the Chairman will be final as to the action to be taken or the policy to be pursued. But any member may appeal therefrom to the head of his department or establishment, who shall have final authority in the matter. The Chairman of the Board may detail an assistant to sit with the Board to represent him in matters of routine.

No. 69—June 16, 1922 [Federal Real Estate Board]

*To the Heads of Departments and Establishments:*

1. Circulars No. 22, August 18, 1921, and No. 54, February 18, 1922, Bureau of the Budget, are hereby rescinded and the following substituted therefor.

2. Nothing in this circular shall be construed or interpreted to change, modify or interfere with any of the jurisdiction and authority vested by law in the head of any Executive Department or Independent Establishment of the Government.

3. There shall be designated by the Director of the Budget a Surveyor General of Real Estate who shall perform his duties under the general supervision of the Chief Coördinator.

4. The Surveyor General of Real Estate shall be *ex-officio* Chairman of the Federal Real Estate Board, which is hereby



created and which shall consist of one representative from each department or independent establishment of the Government having custody or control of real estate or interests therein; such representative to be designated by the head of each department or independent establishment concerned.

5. All projects for the purchase, lease (except leases involving less than \$500 annual rental), sale or disposal of real estate shall be transmitted to the Federal Real Estate Board for clearance. Where the records show that any individual project does not fall within coordinating authority clearance will be immediately given, and if the records disclose any information which may be of value, such information will be furnished the department or independent establishment interested at the time of such clearance.

Where the records show that any individual project thus submitted falls within coordinating authority the Surveyor General of Real Estate will submit his recommendations to the Chief Coördinator, whose decision shall be final, subject only to appeal in the manner indicated in paragraph 7, Executive Order (No. 3578), dated The White House, November 8, 1921.

6. The Federal Real Estate Board shall be the instrumentality by or through which the Surveyor General of Real Estate shall coördinate all activities connected with real estate or interests therein as regards—

- (a) The procurement thereof whether for permanent or temporary use, by purchase, lease or donation.
- (b) The occupancy thereof by any Executive Department or Independent Establishment of the Government.
- (c) The disposal thereof under authority of Congress by lease, license, permit to use, sale or otherwise.
- (d) The maintenance of uniform records thereof.

7. The Federal Real Estate Board shall collect and compile all necessary information pertaining to owned or leased real estate of whatsoever character or wheresoever situated, and suggest what changes are desirable in the interest of proper and economical use of lands, buildings and portions of buildings for the benefit of the general government, upon which information the Surveyor General may base his recommendations or action. It shall also be the duty of the Board to furnish any Department or Independent Establishment, upon request, expert advice or assistance in the matter of appraisals or negotiations in connection with real estate activities.

8. In accordance with Paragraph 10, Executive Order (No. 3578) dated the White House, November 8, 1921 and upon request from the Federal Real Estate Board, any official or employee in any of the Departments or Establishments shall furnish any available data, information and statistics affecting real estate.

9. The Surveyor General of Real Estate will issue such orders and prescribe such suitable rules and regulations as may be necessary to enable him to perform the duties imposed upon him by this order which shall govern all Executive Departments and Independent Establishments of the Government which now or hereafter hold, occupy or control real estate or any interest therein in behalf of the Government. In the event of disagreement as to such orders, rules and regulations, the case will be submitted to the Chief Coördinator whose decision will be final, subject only to appeal in the manner indicated in Paragraph 7, Executive Order (No. 3578), dated The White House, November 8, 1921.

10. Nothing contained in this circular shall be interpreted to extend to matters relating to the Public Lands, the National Parks, the National Forest Reservations, or the District of Columbia.

No. 137—May 16, 1924 [Interdepartmental Board on  
Simplified Office Procedure]

*To the Heads of Departments and Establishments:*

1. With a view to promoting economy and efficiency in routine office procedure in departments and establishments through simplicity and uniformity of practice as to matters not already allocated elsewhere by law or executive order, there is hereby created the Interdepartmental Board on Simplified Office Procedure.

2. The membership of this Board shall consist of the Chairman of the several Departmental Committees on Simplified Office Procedure hereinafter provided for, and the Chief Coördinator shall be its Chairman. The Chief Coördinator's decision as to questions coming before the Board shall be final, subject to the right of appeal contained in paragraph 7 of Executive Order No. 3578, dated November 8, 1921. The Chief Coördinator may detail a representative to preside in his absence and to act for him in routine matters.

3. Upon receipt of this Order the head of each department and establishment will cause to be organized a permanent Departmental Committee on Simplified Office Procedure, consisting of a Chairman and two or more additional members, which committee shall investigate, within the department or establishment, matters of the same general character as those above outlined for the Interdepartmental Board on Simplified Office Procedure and any other matters pertaining thereto that the head of the department or establishment may prescribe.

4. After the organization of each of the committees herein above described, the head of the department or establishment concerned will transmit the name of the Chairman of his committee to the

Chief Coördinator. The latter will call the Interdepartmental Board on Simplified Office Procedure together for purposes of organization when the names of all chairmen of committees shall have been received. The Board will adopt such rules and appoint such committees and subcommittees as may be deemed advisable to accomplish the results desired.

No. 146—October 24, 1924 [Federal Board of Hospitalization]

*To the Heads of Departments and Establishments:*

Circular No. 44, Bureau of the Budget, November 1, 1921, is hereby rescinded and following substituted therefor:

1. For the purpose of coördinating the separate hospitalization activities of the Medical Department of the Army, the Bureau of Medicine and Surgery of the Navy, the Public Health Service, St. Elizabeths Hospital, the National Home for Disabled Volunteer Soldiers, the Office of the Commissioner of Indian Affairs, and the United States Veterans' Bureau, there is hereby organized a Federal Board of Hospitalization.

2. The Board shall be composed of the Director of the United States Veterans' Bureau, who shall be Chairman of the Board; the Surgeon General of the Army; the Surgeon General of the Navy; the Surgeon General of the Public Health Service; the Superintendent of St. Elizabeths Hospital; the President, Board of Managers, National Home for Disabled Volunteer Soldiers, and the Commissioner of Indian Affairs.

3. It shall be the duty of the Board:

(a) To recommend general plans of operation designed to knit together in proper coördination the hospitalization activities of the several departments and establishments, with a view to increasing the usefulness and efficiency of the several organizations so as to achieve the maximum of service and economy in operation, maintenance and betterments.

(b) To give consideration to, and make recommendation on, questions which may arise concerning the proper coördination of hospital facilities, with particular reference to (a) the use of existing facilities, (b) the construction of additional facilities, and (c) the standardization of utilization of supplies.

4. The Chairman of the Federal Board of Hospitalization shall preside over the Board and be responsible for its efficiency and for developing its activities along practical lines. The Board will meet at such time and place as may be designated by the Chairman.

5. The recommendations of the Board will be transmitted by the Chairman to the Director of the Bureau of the Budget for the consideration of the President.

## No. 160—May 29, 1925 [Coördinator for Purchase]

1. The provisions of Circular No. 25, Bureau of the Budget, dated August 25, 1921, establishing the Federal Purchasing Board, are hereby amplified so as to provide for a Coördinator for Purchase.

2. The Coördinator for Purchase shall be the agent through whom the Federal Purchasing Board, acting for, and in behalf, of the separate purchasing agencies of the Government, may effect such joint procurement arrangements as may be agreed upon. He shall perform such additional duties in connection with the clearance and distribution of procurement of information and operations incident thereto as may be delegated to him by the Chief Coördinator under the provisions of the order establishing the Board.

3. Mr. James A. Egleston, the United States Fleet Corporation, is hereby designated as Coördinator for Purchase.

## No. 181—April 7, 1926 [Apportionments of Appropriations]

*To the Heads of Departments and Establishments:*

Bureau of the Budget Circular No. 161, dated June 13, 1925, is hereby rescinded and the following substituted therefor:

1. You are requested to furnish the Bureau of the Budget, as soon as possible after the passage of your annual appropriation act and prior to June 30 of each year, a statement showing (1) the appropriations made available for your department or establishment for the following fiscal year in annual and other appropriation acts; (2) the apportionments of these appropriations made in accordance with the provisions of the Anti-Deficiency Law (Act of February 27, 1906, 34 Stat., 49, as amended); and (3) the amount of the General Reserve set up under each appropriation. It is desired that no apportionment period longer than three months be used in making apportionments.

2. This statement will be made on Standard Form No. 12 (Budget Circular No. 175). It will include Annual Appropriations, Supplemental Appropriations, Permanent and Indefinite Appropriations, and all increments to appropriations made available from appropriations for prior years, from appropriations for succeeding years, and from transfers from other departments and establishments. It will exclude appropriations or parts of appropriations transferred to the Retirement Fund and to other departments and establishments for expenditures. When any change in the amount of an appropriation is made after the original statement is submitted, a new statement will be furnished on Standard Form No. 12 showing the revised amount of appropriation and of apportionments thereunder.

3. General Reserves should be provided (1) to meet emergencies that cannot be anticipated at the time the apportionment is made, and (2) to effect savings in the appropriation where such savings can be made without detriment to the service in question.

4. Not later than the 15th of each month following the end of a quarter each department and establishment will furnish the Bureau of the Budget with a statement showing for each apportionment—

(a) The amount of obligation authorized under it by the head of the agency charged with the administrative control of the funds of the apportionment.

(b) The amount actually obligated under the corresponding apportionment for the quarter ending three months before.

When the "actual obligation" is available it should be reported under (a) instead of the "authorized obligation," but the report will not be delayed for this purpose.

5. A waiver modifying an apportionment, required by the Anti-Deficiency Law, should be made on Standard Form No. 11 (Budget Circular No. 175), and a copy sent to the Bureau of the Budget at the time of issue.

#### No. 188—June 29, 1926 [Two Per Cent Personnel Club]

##### *To the Heads of Departments and Establishments:*

A sum not less than 2 per cent of the total amount expended for the salaries of the entire Executive Civil Service of the Government, except temporary employees of the field service, from appropriations available for salaries during the fiscal year 1927, will be reserved to be covered into the surplus fund of the Treasury.

The necessary reduction in personnel to accomplish this saving will be made by omitting such new appointments to fill current vacancies as will result in an actual saving equal to 2 per cent of the amount expended for salaries in each department and establishment from appropriations available for such expenditure during the fiscal year 1927. No employee will be discharged, demoted, or reduced in salary for the sole purpose of effecting this saving.

Each department and independent establishment will so arrange its personal services for the fiscal year 1927 as will carry this into effect, with respect to (a) permanent and temporary employees in the District of Columbia, and (b) permanent employees in the field.

Report will be made by the head of each department and establishment at the end of each quarter of the fiscal year showing the progress made in carrying out these instructions with respect to each of the above mentioned groups.

## APPENDIX 3

### RULES OF THE HOUSE OF REPRESENTATIVES REGARDING PROCEDURE ON APPROPRIATION BILLS

1. There shall be elected by the House, at the commencement of each Congress, the following standing committees, viz.:

\* \* \* \*

On appropriations to consist of thirty-five members.

2. All proposed legislation shall be referred to the committees named in the preceding rule, as follows, viz., subjects relating—

\* \* \* \*

To appropriation of the revenue for the support of the Government—to the Committee on Appropriations.

3. No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A question of order on an appropriation in any such bill, joint resolution or amendment thereto may be raised at any time.

4. No amendment of the Senate to a general appropriation bill which would be in violation of the provisions of Clause 2 of Rule XXI (the rule just given) if said amendment had originated in the House, nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

5. No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law, unless in continuation of appropriations for such public works and objects as are already in progress. Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States, by the reduction of the compensation of any person paid out of the Treasury of the United States, or by the reduction of amounts of money covered by the bill: Provided,

That it shall be in order further to amend such bill upon the report of the committee or any joint commission authorized by law or the House members of any such commission having jurisdiction of the subject matter of such amendment which amendment being germane to the subject matter of the bill shall retrench expenditures.

6. The following named committees shall have leave to report at any time on matters herein stated, namely . . . the Committee on Appropriations the general appropriation bills.

7. All motions or propositions involving a tax or charge upon the people; all proceedings touching appropriations of money, or bills making appropriations of money or property, or requiring such appropriation to be made, or authorizing payments out of appropriations already made, or releasing any liability to the United States for money or property, or referring any claim to the Court of Claims, shall be first considered in a Committee of the Whole, and a point of order under this rule shall be good at any time before the consideration of a bill has commenced.

8. At any time after the reading of the journal it shall be in order, by direction of the appropriate committee, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the purpose of considering bills raising revenue or general appropriation bills.

9. In Committee of the Whole House business on their calendars may be taken up in regular order, or in such order as the committee may determine, unless the bill to be considered was determined by the House at the time of going into Committee, but bills for raising revenue, general appropriation bills and bills for the improvement of rivers and harbors shall have precedence.

## APPENDIX 4

### RULES OF THE SENATE REGARDING PROCEDURE ON APPROPRIATION BILLS

1. The following standing committees shall be appointed at the commencement of each Congress with leave to report by bill or otherwise.

\* \* \* \*

Committee on Appropriations of eighteen Senators.

2. All general appropriation bills shall be referred to the Committee on Appropriations and no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or Act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate submitted in accordance with law.

The Committee on Appropriations shall not report an appropriation bill containing amendments proposing new or general legislation, and if an appropriation bill is reported to the Senate containing amendments proposing new or general legislation, a point of order may be made against the bill, and if the point is sustained, the bill shall be recommitted to the Committee on Appropriations: Provided, however,

That three members of the Committee on Agriculture and Forestry, to be selected by said committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the bill making appropriations for the Department of Agriculture is being considered by the Committee on Appropriations, and at least one member of the Committee on Agriculture and Forestry shall be a member of the conference committee appointed to confer with the House upon said agricultural appropriation bill;

That three members of the Committee on Post Offices and Post Roads, to be selected by said Committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the bill making appropriations for the Post Office Department is being considered by the Committee on Appropriations,



and at least one member of the Committee on Post Offices and Post Roads shall be a member of any conference Committee appointed to confer with the House upon said Post Office appropriation bill ;

That three members of the Committee on Military Affairs, to be selected by said committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the bill making appropriations for the Department of War is being considered by the Committee on Appropriations, and at least one member of the Committee on Military Affairs shall be a member of any conference committee, appointed to confer with the House upon said bill making appropriations for the Department of War ;

That three members of the Committee on Naval Affairs, to be selected by said committee shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the bill making appropriations for the Department of the Navy is being considered by the Committee on Appropriations, and at least one member of the Committee on Naval Affairs shall be a member of any conference committee appointed to confer with the House upon said bill making appropriations for the Department of the Navy ;

That three members of the Committee on the District of Columbia, to be selected by said committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the bill making appropriations for the District of Columbia is being considered by the Committee on Appropriations, and at least one member of the Committee on the District of Columbia shall be a member of the conference committee appointed to confer with the House upon said District of Columbia appropriation bill ;

That three members of the Committee on Commerce, to be selected by said committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the items pertaining to rivers and harbors are being considered by the Committee on Appropriations in the bill making appropriations for the Department of War, and at least one member of the Committee on Commerce shall be a member of any conference committee appointed to confer with the House upon items pertaining to rivers and harbors contained in the bill making appropriations for the Department of War ;

And that three members of the Committee on Foreign Relations, to be selected by said committee, shall be *ex officio* members of the Committee on Appropriations, to serve on said committee when the items pertaining to the Diplomatic and Consular Service are being considered by the Committee on Appropriations in the bill making appropriations for the Departments of State and Justice, and at least one member of the Committee on Foreign

Relations shall be a member of any conference committee appointed to confer with the House when the items pertaining to the Diplomatic and Consular Service are being considered in the bill making appropriations for the Departments of State and Justice.

All amendments to general appropriation bills moved by direction of a standing or select committee of the Senate, proposing to increase an appropriation already contained in the bill, or to add new items of appropriations shall, at least one day before they are considered, be referred to the Committee on Appropriations, and when actually proposed to the bill, no amendment proposing to increase the amount stated in such amendment shall be received; in like manner, amendments proposing new items of appropriation to river and harbor bills shall, before being considered, be referred to the Committee on Commerce; also amendments to bills establishing post-roads, or proposing new post-roads shall, before being considered, be referred to the Committee on Post Offices and Post Roads.

No amendment which proposes general legislation shall be received to any general appropriation bill, nor shall any amendment not germane or relevant to the subject matter contained in the bill be received; nor shall any amendment to any item or clause of such bill be received which does not directly relate thereto; and all questions of relevancy of amendments under this rule, when raised, shall be submitted to the Senate and be decided without debate; and any amendment to a general appropriation bill may be laid on the table without prejudice to the bill.

No amendment, the object of which is to provide for a private claim shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation which shall be cited on the face of the amendment.

3. Immediately after the consideration of cases not objected to upon the calendar is completed, is not later than two o'clock, if there shall be no special orders for that time, the Calendar of General Orders shall be taken up and proceeded with in its order, beginning with the first subject on the Calendar next after the last subject disposed of in proceeding with the Calendar; and in such case the following motions shall be in order at any time as privileged motions, save as against a motion to adjourn, or to proceed to the consideration of executive business, or questions of privilege, to wit:

First. A motion to proceed to the consideration of an appropriation or revenue bill.

\* \* \* \*

Each of the foregoing motions shall be decided without debate and shall have precedence in the order above named, and may be submitted as in the nature and with the rights of questions of order.

## APPENDIX 5

### OUTLINE OF ORGANIZATION OF THE BUREAU OF THE BUDGET, JANUARY 1, 1927

<i>Organisation Units:</i>		<i>Annual Salary Rate</i>
<i>Classes of Employees</i>	<i>Number</i>	
1. General Administration		
Director	1	\$10,000
Assistant Director	1	7,500
Executive Assistant	1	5,400
Secretary to the Director and Assistant		
Director	1	2,300
Assistant to the Director	1	6,000
Counsel	1	5,400
Clerk Stenographer	1	1,740
Assistant Director	4	5,400
Investigator	1	5,200
Investigator	3	4,200
Investigator	6	4,000
Investigator	1	3,800
Senior Investigator	1	3,400
Senior Investigator	1	3,300
2. Office of the Chief Clerk		
1. Chief Clerk	1	3,000
Assistant Chief Clerk	1	1,980
Senior Stenographer	1	1,500
Messenger	3	1,260
2. Files Section		
Clerk Stenographer	1	1,680
3. Division of Estimates		
Chief of Division	1	5,400
Assistant Chief	1	3,400
Principal Clerk	1	2,400
Clerk	1	2,300
Clerk	1	1,680
Clerk Stenographer	1	1,680

## APPENDIX 6

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## INDEX

- Accounting, defects in existing system, 264-67, 275-82. See also *Audit of Expenditures; Comptroller General; General Accounting Office.*
- Accounts, appropriation, need for proper system of, 264-67.
- Administrative law, scattered condition of, 271.
- "Alternative" budget (1922-23), 70-71.
- Amendments to appropriation bills, abuse of, by Senate under old rules, 17-18; limited debate on, in House, 124; proposal of, by individual Senators limited, 127-28.
- "Anti-deficiency" act of 1905, 107-9, 113-14.
- Apportionment of appropriations, 113-14.
- Appropriations, classification of, in Budget, 73-83.
- Appropriations, deficiency and supplemental, necessity for, 92, 104-5; under old system, 105-10; limitation of, by Budget Bureau, 111-12.
- Appropriations, House Committee on, limited jurisdiction of, under old system, 12-16; increased authority of, under new system, 34-37; authority of, to introduce new or larger items, 64; action of on the Budget, 119-24; rules governing, 322-23.
- Appropriations, permanent or continuing, inclusion of, in Budget, 68, 77-78; exclusion of, from general appropriation acts, 156-58; abolition of, recommended, 250-53.
- Appropriations, Senate Committee on, limited jurisdiction of under old system, 16-18; increased authority of, under new system, 37-38; action of on the Budget, 124-29; rules governing, 324-26.
- Appropriations, specific, desirability of, 260-62.
- Area Coördinators, 191-92; work of in relation to supplies, 199-200, — — — to motor transportation, 206-7, — — — to hotels, 218-19.
- Army engineers, investigation of river and harbor projects by, 164-69.
- Assistant Director, Budget Bureau, appointment of, 32.
- Assistants to the Director, Budget Bureau, 42.
- Associations, Federal Business, organization and work of, 44-45, 217-18.
- Audit of expenditures, 177-82. See also *Accounting; Comptroller General; General Accounting Office.*
- Auditors of the Treasury, abolition of, 30; limited powers of, 178-79. See also *Accounting; Comptroller General; General Accounting Office.*
- Authorization, distinguished from grant of appropriation, 60-63, 131-39, 162-65.
- Balance sheet, lacking under old system, 9; consolidated current, in Budget, 78.
- Balances of appropriations, unexpended, change in treatment of, proposed, 254-57.
- Bills, appropriation, congressional action upon, under old system, 15-18, under new system, 122-30; limitation of, debate on, 124, 273-74; House rules on, 322-23; Senate rules on, 324-26.
- Bills, revenue, action upon, under old system, 4-5, 16-18; new rules of Congress on, 35, 37; tendency of President in budget message to avoid recommendations on, 87.
- Border patrol, coördination of, planned, 219-20.

- Buchanan, Representative James B., statement of congressional changes in Budget, 144-45.
- Budget, definition of, 2, 67-68.
- "Budget," form and content of, 67-83; preparation of, 84-103; congressional action upon, 119-30, 140-55.
- Budget and Accounting Act, legislative history of, 26-33; provisions of, 68-70, 188-9; effect of, 2, 287-90; text of, 291-300.
- Budget Bureau, general duties of, 39-40; organization of, 40-44, 327; as an agency of control, 182-87; removal of, from Treasury Department recommended, 40, 222-23, 233; increase of administrative control by, recommended, 224-39; relief of, from personnel classification work, recommended, 239-40; relief of, from responsibility for District of Columbia estimates, recommended, 246-48.
- Budget officers, departmental, duties of, 46-47.
- Buildings. See *Public buildings*.
- Business Organization of the Government, its place in the budget system, 45-46, 85-86.
- Byrns, Representative J. W., on abolition of Bureau of Efficiency, 229-30.
- Chamber of Commerce of the United States, referendum of, on budget system, 23.
- Chance, M. O., member, Presidents' Commission on Economy and Efficiency, 20.
- "Character or object," as basis of classification of expenditure, 73-79, 81-82.
- Chase, H. S., member, President's Commission on Economy and Efficiency, 20.
- Chief Coördinator, duties of, 190-95, 199-220.
- Chief of Engineers, duties of, concerning river and harbor improvements, 168-69.
- Civil Service Commission, transfer of personnel classification work to, recommended, 240; efficiency ratings of, 226-27.
- Claims and judgments, statement of, included in Budget, 77.
- Classification of estimates, appropriations, receipts, and expenditures, 73-83.
- Classification of personnel, provisions of act of 1923, 159-61.
- Classification Division, Federal Traffic Board, duties of, 208.
- Cleveland, F. A., Chairman, President's Commission on Economy and Efficiency, 20.
- Committee of the Whole House on the State of the Union, appropriation bills submitted to, 122-24.
- Committees, congressional, action of, on appropriation bills under old system, 13-18; under new system, 119-30; increases in Budgets by, 144-49.
- Communications, coördination of, 219.
- Comptroller General, not removable by President, 31, 33; potential aid to Appropriations Committee 122n; powers and duties of, 179-82, 244-45; on need for revision of appropriation heads, 264-5.
- Comptroller of the Treasury, office of, abolished, 30; limited power of, 178-79.
- Conference on appropriation bills, under old system, 18; under new system, 128.
- Congress, action of, under old system, 12-18; opposition of, to new system, 21-22; action of, under new system, 119-30; changes of estimates by, 142-52; control of expenditures by, 176-77.
- Contracts and Adjustments, Interdepartmental Board of, organization and work of, 190-91, 204, 213-15.
- Coolidge, President, support of budget system by, ix, 287; retrenchment policy of, 86.
- Coördination agencies, creation of, 46, 189-91; work of, 191-220.

- Coördinator, Chief. See *Chief Coördinator*.
- Coördinator for Motor Transport, 195, 206-7.
- Coördinator for Purchase, 195, 202-4.
- Coördinator for Traffic, 195, 208-9.
- Coördinators, Area. See *Area Coördinators*.
- Corps of Engineers. See *Chief of Engineers; Engineers for Rivers and Harbors, Board of*.
- Counsel, Budget Bureau, duties of, 42.
- Dawes, C. G., first Director, Budget Bureau, ix, x; on defects of accounting system, 280-1.
- Debate, on appropriation bills, 123-24, 273-74.
- Debt, public, a factor in budget reform, 25; statements of, in Budget, 78-79; reduction of, obscured in accounts, 278-79.
- Debt service, statements of in Budget, 73, 75, 76, 77, 79.
- Deficiency. See *Appropriations; Deficit; Estimates*.
- Deficit, statutory limitation on incurring of, 107-9. See also *Postal deficit*.
- Director, Budget Bureau, appointment of, 32; powers and duties of, 40-42, 88-89.
- Directors of sales, departmental, 200-1.
- District of Columbia, elimination of, from jurisdiction of Budget Bureau recommended, 246-48.
- Efficiency, Bureau of, abolition of, recommended, 226-31; history of, 226-27.
- Engineers for Rivers and Harbors, Board of, organization and work of, 106-69.
- Estimates, Board of, Budget Bureau, organization and work of, 43, 96-97; hearings, 101-2.
- Estimates, classification of, in Budget, 73-83.
- Estimates, Division of, Budget Bureau, organization and work of, 42-43, 101.
- Estimates of appropriations, formulation of, under old system, 4-12; congressional action upon, under old system, 12-18; formulation of, under new system, 40-59, 84-87, 94-103; limitation of, to requirements of existing law, 60-64; statements of in Budget, 67-69, 72-83; revision of, by services, 84, 99-101.
- Estimates of appropriations, deficiency and supplemental, necessity for, 92, 104-5; under old system, 105-10; control of, by Budget Bureau, 111-18.
- Estimates of receipts, statements of, in Budget, 68-69, 72-75, 78; formulation of, 88-94; compared with actual, 91-92.
- Execution of the Budget, definition of, 175n.
- Executive Assistant to Director, Budget Bureau, 42.
- Executive orders affecting Budget, text of, 301-5.
- Expenditures, statements of, in Budget, 67-68, 72-83; classification of, 73-83; estimates of, compared with actual, 91-92; audit of 177-82; control of, 184-87, 253-57.
- Fitzgerald, Representative J. J., on supplemental estimates, 106.
- Ford, H. J., on President's veto power, 129n.
- Foreign and Domestic Commerce, Bureau of, appropriations for, in excess of Budget, 53-54, 58-59.
- "Function," as basis of classification of estimates, appropriations, and expenditures, 75-79.
- Fund, general, statement of, in Budget, 73, 78.
- Fund, revolving or imprest, use of, recommended for operative and supply services, 257-60.
- Fund, special revenue, curtailment of recommended, 253-54.

- Gallatin, Albert, attempt of, to develop budget system, 5.
- General Accounting Office, creation of, 30-31; duties of, 182; responsibility of, to Congress, 179, 180, 181; standard purchase form of, 204. See also *Accounts; Audit; Comptroller General*.
- General Supply Committee, organization of, 190-91; work of, 199-201, 204; transfer of, to Budget Bureau recommended, 231-33; revolving fund for, recommended, 260.
- Good, Representative J. W., work of, in favor of Budget and Accounting Act, ix, 26-28; on House rules, 36; on Bureau of Efficiency, 231.
- "Good bill," 27-29, 31-32.
- Goodnow, F. J., member, President's Commission on Economy and Efficiency, 20.
- Government Fuel Yard, revolving fund for, 259.
- Government Printing Office, reforms instituted in, 195-99; revolving fund for, 259-60; administrative restrictions put on, by appropriation act, 267-70.
- Grants in aid, President Coolidge's opposition to, 86.
- Great Britain, budget system of, 5, 17, 24, 29, 83, 140-42, 152-55, 183.
- Hamilton, Alexander, attempt of, to develop budget system, 5-6.
- Harding, President, support of budget system by, ix, 286; support of Budget Bureau by, 50-51, 85.
- Hearings, by Budget Bureau, 101-2; by congressional committees, 121-22, 126-27.
- "Holman rule," in House of Representatives, 133n.
- Hospitalization, Federal Board of, organization and duties of, 190-91, 211-12.
- Hotels, for traveling government employees, 218-19.
- House of Representatives, action of, on appropriation bills under old system, 12-17; reform of rules of, 35-37, 131-33; procedure of, on budget bills, 119-24, 144-48; increases in Budgets by, 144-48; text of rules of, 322-23. See also *Committees; Senate*.
- Institute for Government Research, work of, in furthering adoption of Budget and Accounting Act, x, 23-25.
- Interstate Commerce Commission, coöperation of Federal Traffic Board with, 208.
- Interest. See *Debt service*.
- Investigators, Budget Bureau, duties of, 43-44, 96.
- Itemization of general supply appropriations proposed, 257-62; need for revision of appropriation heads, 262-67.
- Legislation, permanent, elimination of, from appropriation acts proposed, 267-71.
- Liquidation Board, Federal, organization and work of, 189-91, 200-3.
- Lord, H. M., Director, Budget Bureau, ix, x.
- McCormick, Senator Medill, work of, in furtherance of budget system, ix, 28-29.
- "McCormick bill," 29-32.
- Madden, Representative M. B., work of in support of budget system, ix, x; on Budget and Accounting Act, 3; on congressional action on Budget, 129-30; on public buildings legislation, 173-74; on audits, 178-79; on revision of appropriation heads, 263, 266; on the working of budget system, 287-89.
- Message. See *President*.
- Mondell, F. W., on budget system, 289.
- Motor Transport Agent, Federal, duties of, 206-7.
- National Guard, propaganda for increased appropriation for, 57-58.
- Navy Department, propaganda for increased appropriation for, 55-56.

- Northern Ireland, Select Committee on Public Accounts of, on American budget system, 83n.
- Norton, C. D., service of, in interest of economy and efficiency, 20.
- "Object of expenditure." See "*Character or object.*"
- Organization, administrative, investigation of, provided for by Budget and Accounting Act, 285.
- Organization, Budget Bureau, 39-47, 327.
- Organization units. See *Units of organisation.*
- Patents Board, Interdepartmental, organization of, 190-91.
- Periodicals, authority of Budget Bureau over, 198-99.
- Personnel, statement of, in Budget, 79, 82; classification of, 158-61.
- Personnel Classification Act, 41, 159-61.
- Personnel Classification Board, relief of Director, Budget Bureau, from service on, recommended 239-40; transfer of work of, to Civil Service Commission recommended, 240.
- Planning Committee of, Federal Traffic Board, duties of, 208.
- "Pork-barrel" legislation, former abuses by, 162-64; present safeguards against, 164-74.
- Postal deficit, statement of, in Budget, 73-74.
- Postal receipts and expenditures, statement of, in Budget, 75.
- Postmaster General, statement of, regarding building needs, 172-174.
- President, lack of budgetary authority of, under old system, 7-9; authority of, over estimates under new system, 21-23, 29, 32-33, 48-66, 68-71; authority of, over Budget Bureau, 39-41, 221-23; addresses of at Business Organization meetings, 45-46; defense of budgets by, 55-58; discretion of, in the matter of new proposals, 60-63; discretion of, in the matter of requirements of existing law, 63-64; control by, of new legislative proposals of administrative officers, 64-67; Budget message, of, 71-72, 119; formulation of financial policy by, 84-87; tendency of, to under emphasize revenue program in Budget, 86-87; deficiency estimates of, 110-12; lack of power of, to veto items, 129; Budget program as modified by Congress, 142-52; control over expenditures by, 183-87; control of, over administrative organization and procedure, 188-220, 224-26.
- President's Commission on Economy and Efficiency, work of, in furtherance of budget reform, 20-23.
- Printing, Joint Committee on, standardization of paper and envelopes by, 197-98; limitation of periodicals by, 198; transfer of certain powers of, to Budget Bureau recommended, 235-39. See also *Government Printing Office.*
- Printing, Permanent Conference on, organization and work of, 189-91, 195-99.
- Propaganda, for larger appropriations, under old system, 16, 18; under new system for Navy Department, 55-56; for War Department, 56-57; for national guard, 57-58; for Bureau of Foreign and Domestic Commerce, 58-59; President's opposition to, 56, 57, 58.
- Property, government. See *Real Estate Board; Real estate; Surveyor General of Real Estate.*
- Public buildings, urged by President in budget message, 63; appropriations for under old system, 162-4; unnecessary provided by House Committee on, 163; Act of 1926, 171-3; remarks of Madden on, 173-4.
- Public Buildings Commission, work of, 233-234; transfer of powers of, to Budget Bureau recommended, 235.
- Public Contract Act, provisions of, 260.



- Public debt. See *Debt, public*.
- Public works, defects of former method of appropriating for, 162-64; reforms to prevent abuse in, 164-74; investigation of proposed, 166-69; discretion on, left to administrative officers, 169-73.
- Publicity campaigns. See *Propaganda*.
- Purchase, Coördinator for. See *Coördinator for Purchase*.
- Purchasing Board, Federal, organization and duties of, 189-91, 201-4.
- Radio, Army and Navy facilities used by other departments, 219.
- Rail Routing Committee of Federal Traffic Board, duties of, 208.
- Rate, Classification and Tariff Division of Federal Traffic Board, duties of, 208.
- Real Estate, Surveyor General of. See *Surveyor General of Real Estate*.
- Real Estate Board, Federal, organization and duties of, 189-91, 205-6.
- Receipts, estimates of, required by Budget and Accounting Act, 68; classification of, in Budget, 73-75; responsibility for estimates of, 89; accusations of underestimation of, 91, 93-94; comparison of actual with, 91-92.
- Reports, administrative, in support of estimates, 9.
- Reserves, general, for control of expenditures, 114-17, 184-85.
- Revenue producing enterprises, desirability of special financial treatment for, 241-45.
- Revolving fund, use of, recommended for supply and operating services, 257-60.
- River and harbor improvements, former abuse of, 162-64; present safeguards against abuse of, rules in Congress, 164-65; investigation of, by engineers, 166-69; lump sum appropriations for, 169-71; threat of President to defend Budget recommendation for, 187n.
- Rules, House, reform of, 35-37; on appropriations, 132-33; on procedure on appropriation bills, 322-23; Senate, reform of, 37-38; on appropriations, 133-34; on procedure on appropriation bills, 324-26.
- Salaries, statement of, in Budget, 79; proper budgetary procedure on, 159-61.
- Sales, coördination of, 200-203.
- Samuel, Herbert, M. P., on English budget system 154.
- Sawyer, E., appointment of, as Chief Coördinator of Federal Board of Hospitalization, 212.
- Secretary of the Treasury, position of, in former appropriation system, 4-6, 9; relation of, to Budget Bureau, 29-30, 32; part in the preparation of estimates of receipts, 87-91; power of, over the construction of public buildings, 172-74.
- Securities owned by government, statement of, in Budget, 78.
- Senate, action of, on appropriation bills under old system, 17-18; reform of rules of, 37-38, 133-34; procedure of, on budget bills, 124-29; increases in Budgets by, 145, 148-49; text of rules of, 324-26. See also *Committees; House of Representatives*.
- Simplified Office Practice, Interdepartmental Board on, organization and work of, 190-91, 197-98, 215-17.
- Sinking fund, statement of operations of, in Budget, 78.
- Smoot, Senator Reed, on defects of old system of appropriating, 10n. "Source," as basis of classification of receipts, 73-78.
- Special funds, statement of operations of, in Budget, 75.
- Special revenue funds, curtailment of, recommended, 253-54.
- Specification Board, Federal, organization and duties of, 189-91, 204, 210-11.
- Standardization, of specifications, 210; of appropriation heads recommended, 262-67.

- States, grants to, opposed by President, 86.
- Statistical Division of, Federal Traffic Board, duties of, 208.
- Statistics, preparation of, by Division of Estimates, 43.
- Supplementary budgets, necessity for, 241-45.
- Supplies, duties of Chief Coördinator concerning, 192; sale of surplus, 199-201, 202-03.
- Supply services, methods of financing, 257-60.
- Surveyor General of Real Estate, duties of, 204-05.
- Taft, President, work of, for efficiency and economy, 20.
- Tariff Division, Federal Traffic Board, 208.
- Tawney, Representative J. A., on "Anti-deficiency" act, 109; on supplemental estimates, 106-07.
- Taxes, proposed changes in, included in Budget, 69; tendency of President to omit from Budget, 87.
- Taylor, General Harry, on lump sum appropriations, 170-71.
- Telephone, coördination of departmental use of, 219; survey of expenditures for, 220.
- Traffic, Coördinator for. See *Coördinator for Traffic*.
- Traffic Board, Federal, organization and work of, 189, 204, 207-9.
- Transfer Division, Interdepartmental, work of, 202-3.
- Transfers, authorization of, between appropriation heads, 271-73.
- Treasury, condition of, as presented in the Budget, 72.
- Treasury Department, budgetary duties of, under old system, 4-6; relation of, to Budget Bureau, 29-32, 231-22; estimates of receipts by, 89-90. See also *Secretary of the Treasury*.
- Trust funds, operation of, 279.
- Unexpended balances, change in treatment of, recommended, 254-57.
- "Unit of organization" as basis of classification of estimates, appropriations, receipts, and expenditures, 74, 77, 78, 79-81.
- Veto, President Wilson's disapproval of budget bill, expressed by, 30-31; limited on appropriation bills.
- "Virement," explanation of, 272.
- War Department, propaganda for increased appropriations for, 56-57.
- Warren, Senator F. E., support of budget bill by, x; opinion of, on budget system, 289.
- Warwick, W. W., member, President's commission on economy and efficiency, 20.
- Willoughby, W. F., member of President's commission on economy and efficiency, 20.
- Wilson, A. J., on English system of treating unexpended balances, 255-56.
- Wilson, President, budget system recommended by, 28; budget bill vetoed by, 30-31; bill increasing authority of Joint Committee on Printing vetoed by, 238-39.
- Winston, G. B., on public debt, 27&.
- Wood, Representative W. R., on Bureau of Efficiency, 230.
- Work program, bureau chiefs testify on, 121.