



Monthly Budget Review: March 2026

April 8, 2026

The federal budget deficit totaled \$1.2 trillion in the first half of fiscal year 2026, the Congressional Budget Office estimates. That amount is \$139 billion less than the deficit recorded during the same period last fiscal year. Revenues rose by \$223 billion (or 10 percent), and outlays were \$84 billion (or 2 percent) higher.

Table 1.
Budget Totals, October–March

Billions of Dollars			
	Actual, FY 2025	Preliminary, FY 2026	Estimated Change
Receipts	2,260	2,484	223
Outlays	<u>3,567</u>	<u>3,652</u>	<u>84</u>
Deficit (-)	-1,307	-1,168	139

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for February 2026 and the *Daily Treasury Statements* for March 2026.

FY = fiscal year.

Total Receipts: Up by 10 Percent in Fiscal Year 2026

Receipts totaled \$2.5 trillion during the first half of fiscal year 2026, CBO estimates—\$223 billion more than during the same period a year ago. Changes in tariff rates implemented in 2025 led to larger collections of customs duties. In addition, collections of individual income and payroll taxes were higher than they were a year ago. Such increases in receipts were partially offset by a decline in corporate income tax collections.

Table 2.
Receipts, October–March

Billions of Dollars

Major Program or Category	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	
			Billions of Dollars	Percent
Individual Income Taxes	1,144	1,245	101	9
Payroll Taxes	834	876	42	5
Corporate Income Taxes	162	117	–45	–28
Customs Duties (Including tariffs)	44	167	123	283
Other Receipts	<u>78</u>	<u>80</u>	<u>2</u>	3
Total	2,260	2,484	223	10
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,848	1,926	79	4
Other, net of refunds	<u>130</u>	<u>194</u>	<u>64</u>	49
Total	1,978	2,120	143	7

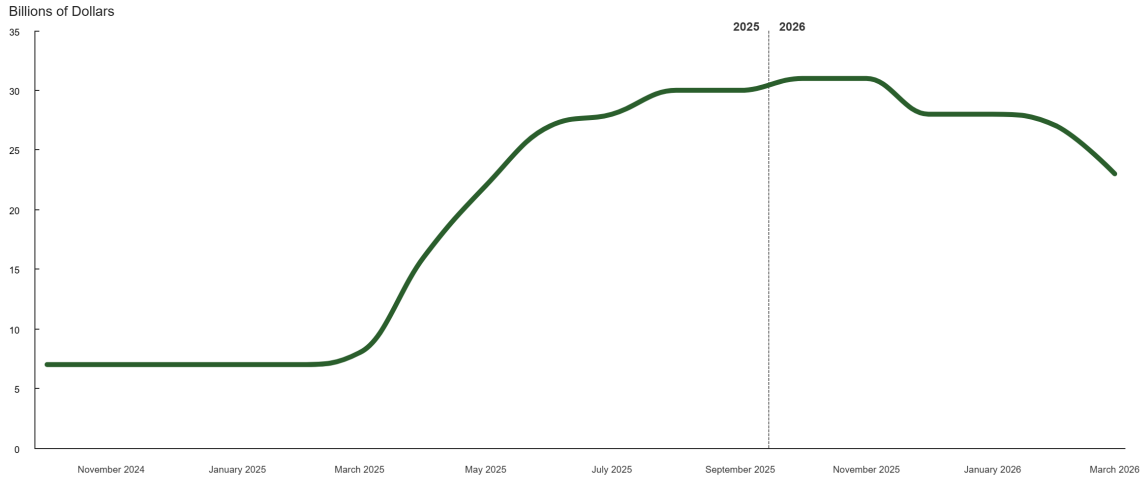
Data sources: Congressional Budget Office; Department of the Treasury.

FY = fiscal year.

The changes in receipts from last year to this year were as follows:

- Individual **income and payroll (social insurance) taxes** together increased by \$143 billion (or 7 percent).
 - Nonwithheld payments of income and payroll taxes increased by \$80 billion (or 28 percent) relative to payments in the same period in fiscal year 2025. Amounts collected so far this year include final payments of taxes for 2024 made after the typical filing season as well as estimated and final payments of taxes for 2025. Most final payments for 2025 taxes will be received in April.
 - Amounts withheld from workers' paychecks rose by \$79 billion (or 4 percent), a reflection of rising wages and salaries.
 - Individual income tax refunds increased by \$17 billion (or 10 percent), reducing net receipts. (A portion of the refunds attributable to refundable tax credits are classified as outlays and do not affect net receipts.) Refunds typically are paid during the period from February through May. The total amount refunded this year is expected to exceed last year's total because of provisions in the 2025 reconciliation act.

Monthly Revenues From Customs Duties Fiscal Years 2025 to 2026



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for March 2026 is CBO's estimate.

- Collections of **customs duties**, including those from tariffs, were nearly four times the amount recorded in the first half of last year—an increase of \$123 billion. After a ruling by the Supreme Court on February 20, 2026, the Administration ended collections of certain tariffs that had been put in place in 2025.¹ Subsequently, the Administration imposed new tariffs on numerous goods from many countries.²
- Receipts from **corporate income taxes** decreased by \$45 billion (or 28 percent). The 2025 reconciliation act allowed corporations to take larger deductions for certain investments, thereby reducing some payments and offsetting the growth in receipts that would otherwise have been expected given the rise in corporate income.
- Receipts from **other sources** increased by \$2 billion (or 3 percent) relative to collections during the same period last year—the net of an increase in collections of estate and gift taxes and a decrease in collections of excise taxes and other miscellaneous revenues.

Total Outlays: Up by 2 Percent in Fiscal Year 2026

Outlays in the first half of fiscal year 2026 were \$3.7 trillion, CBO estimates, \$84 billion more than during the same period last year.

Outlays for the three largest mandatory spending programs rose by \$109 billion (or 7 percent):

- Spending for **Social Security** benefits rose by \$42 billion (or 5 percent) because of increases in average benefits and in the number of beneficiaries. That increase would have been greater but for a significant set of onetime retroactive payments in March 2025 stemming from the Social Security Fairness Act of 2023, which was enacted in January 2025.
- **Medicare** outlays increased by \$34 billion (or 7 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by \$33 billion (or 10 percent) largely because of rising costs per enrollee.

1. *Learning Res., Inc. v. Trump*, Nos. 24-1287, 25-250, slip op. (S. Ct. Feb. 20, 2026).

2. For more discussion, see Congressional Budget Office, “An Update About CBO’s Projections of the Budgetary Effects of Tariffs,” *CBO Blog* (March 5, 2026), www.cbo.gov/publication/62210.

Table 3.
Outlays, October–March

Billions of Dollars

Major Program or Category	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	
			Billions of Dollars	Percent
Social Security Benefits	772	814	42	5
Medicare ^a	466	500	34	7
Medicaid	<u>320</u>	<u>353</u>	<u>33</u>	10
Subtotal, Largest Mandatory Programs	1,558	1,667	109	7
Environmental Protection Agency	28	9	-20	-69
Department of Veterans Affairs	185	201	16	8
Department of Homeland Security	59	45	-14	-23
Department of Education	79	70	-9	-12
Department of Commerce	15	7	-9	-56
DoD—Military ^b	443	461	18	4
Net Interest on the Public Debt	497	529	33	7
Other	<u>703</u>	<u>663</u>	<u>-40</u>	-6
Total	3,567	3,652	84	2

Data sources: Congressional Budget Office; Department of the Treasury.

DoD = Department of Defense; FY = fiscal year.

a. Medicare outlays are net of offsetting receipts.

b. Excludes a small amount of spending by DoD on civil programs.

Other areas with large increases were the following:

- Outlays for **net interest on the public debt** rose by \$33 billion (or 7 percent) because the debt was larger than it was in the first half of fiscal year 2025 and because of higher long-term interest rates. Declines in short-term interest rates partially mitigated the overall rise in interest payments.
- Spending by the **Department of Defense** was \$18 billion (or 4 percent) greater than in the same period in fiscal year 2025; the largest increases were for military personnel and for research and development.
- Spending by the **Department of Veterans Affairs** increased by \$16 billion (or 8 percent), because more people used veterans' benefits and because of increased spending per person.

The largest decreases were the following:

- Outlays recorded by the **Environmental Protection Agency** decreased by \$20 billion (or 69 percent), primarily because in November and December 2024 that agency spent \$20 billion under a clean energy grant program established by the 2022 reconciliation act (\$27 billion was provided in that law for the program). No such outlays have been recorded this fiscal year.

- Spending by the **Department of Homeland Security** decreased by \$14 billion (or 23 percent) primarily because the Federal Emergency Management Agency spent more in response to disasters during the same period last fiscal year. That decline was partly offset by higher outlays associated with increased immigration enforcement in the first half of fiscal year 2026.
- Outlays of the **Department of Education** decreased by \$9 billion (or 12 percent) largely because spending from the Education Stabilization Fund declined. That decline was partly offset by outlays of about \$4 billion stemming from the recording of the estimated costs of the Administration’s decision in January to delay collections on delinquent student loans.
- Spending by the **Department of Commerce** decreased by \$9 billion (or 56 percent) largely because spending to support semiconductor manufacturing was lower in the first half of fiscal year 2026 than it was in the same period last year.

Spending for other programs and activities increased or decreased by smaller amounts.

Estimated Deficit in March 2026: \$163 Billion

The federal government incurred a deficit of \$163 billion in March 2026, CBO estimates—\$3 billion more than the deficit recorded for the previous March. Revenues were \$18 billion more in March 2026 than they were in March 2025; outlays increased by \$21 billion.

Shifts in the timing of certain federal payments affect that comparison. Because March 1, 2025, and March 1, 2026, fell on weekends, certain federal payments were shifted into February of those years, although the shift in 2026 was larger by \$2 billion. If not for those shifts, the deficit for March 2026 would have been \$5 billion greater than the deficit in March 2025.

Table 4.

Budget Totals for March

Billions of Dollars

	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays ^a	
				Billions of Dollars	Percent
Receipts	368	386	18	18	5
Outlays	<u>528</u>	<u>549</u>	<u>21</u>	<u>24</u>	4
Deficit (-)	-161	-163	-3	-5	2

Data sources: Congressional Budget Office; Department of the Treasury.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend or a holiday. If not for those timing shifts, the budget would have shown a deficit of \$244 billion in March 2025 and \$249 billion in March 2026, CBO estimates.

CBO estimates that receipts in March 2026 totaled \$386 billion—\$18 billion (or 5 percent) more than the amount recorded last March. That increase was driven by collections of customs duties, which increased by \$14 billion (to nearly three times the amount last March), and individual income and payroll taxes, which were \$10 billion (or 3 percent) more than they were in the same month last year. Collections of corporate income taxes declined by \$10 billion (or 59 percent).

Total spending in March 2026 was \$549 billion, CBO estimates—\$21 billion more than in the previous March. If not for the timing shifts discussed above, outlays in March 2026 would have been \$24 billion more than in the same month last year. The list below reflects adjustments to exclude the effects of timing shifts.

The largest changes were as follows:

- Outlays reported by the **Department of Agriculture** were \$15 billion (or 84 percent) more than amounts reported in March 2025. That increase probably stems from the correction of an accounting anomaly that occurred in the first half of the current fiscal year and because payments, arising from the department’s use of its section 5 authority under the Commodity Credit Corporation Charter Act, began to be disbursed for the Farmer Bridge Assistance Program.
- Outlays for **Medicaid** increased by \$11 billion (or 20 percent).
- Outlays for **Social Security** decreased by \$6 billion (or 4 percent) because \$15 billion in retroactive payments related to the Social Security Fairness Act were disbursed in March 2025. No such payments were made this March.
- Spending by the **Department of Defense** increased by \$4 billion (or 6 percent).
- Spending for the Office of the Secretary of the **Department of Health and Human Services** decreased by \$4 billion.
- Spending by the **Department of Veterans Affairs** increased by \$3 billion (or 10 percent).
- Spending by the **Department of Commerce** decreased by \$3 billion (or 72 percent).

Spending for other programs and activities increased or decreased by smaller amounts.

Actual Deficit in February 2026: \$308 Billion

The Treasury Department reported a deficit of \$308 billion for February—the same amount that CBO estimated last month, on the basis of the *Daily Treasury Statements*, in the *Monthly Budget Review: February 2026*.

Each month, CBO issues an analysis of federal spending and revenues for the previous month and the fiscal year to date. This report is the latest in that series, found at <https://tinyurl.com/yazr58zb>. In keeping with CBO’s mandate to provide objective, impartial analysis, this report makes no recommendations. Kathleen Burke and Justin Latus prepared the report with assistance from Dan Ready and with guidance from Christina Hawley Anthony, Barry Blom, Chad Chirico, Jeff Holland, John McClelland, and Sam Papenfuss. The report was reviewed by Mark Hadley, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO’s website, www.cbo.gov/publication/61979.



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