



Monthly Budget Review: April 2026

May 8, 2026

The federal budget deficit totaled \$955 billion in the first seven months of fiscal year 2026, the Congressional Budget Office estimates. That amount is \$94 billion less than the deficit recorded during the same period last fiscal year. Revenues rose by \$209 billion (or 7 percent), and outlays were \$116 billion (or 3 percent) higher.

Table 1.
Budget Totals, October–April

Billions of Dollars	Actual, FY 2025	Preliminary, FY 2026	Estimated Change
Receipts	3,110	3,320	209
Outlays	<u>4,159</u>	<u>4,275</u>	<u>116</u>
Deficit (-)	-1,049	-955	94

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

FY = fiscal year.

Total Receipts: Up by 7 Percent in Fiscal Year 2026

Receipts totaled \$3.3 trillion during the first seven months of fiscal year 2026, CBO estimates—\$209 billion more than during the same period a year ago. Changes in tariff rates led to larger collections of customs duties. Collections of individual income and payroll taxes were higher than a year ago. Increases in those receipts were partially offset by a decline in corporate tax collections.

Total receipts collected through April 2026 were consistent, on net, with CBO’s February 2026 baseline projections.¹ Those results varied by revenue source, however. Collections of individual income taxes were slightly larger than anticipated; tax refunds and amounts withheld from paychecks were close to projections; nonwithheld payments were somewhat larger than projected; and corporate income tax collections were somewhat smaller than projected. The reasons for those differences will become clearer as additional data become available over the next two years. Collections of customs duties also were smaller than CBO had projected before a Supreme Court ruling in February struck down certain tariffs.²

1. See Congressional Budget Office, *The Budget and Economic Outlook: 2026 to 2036* (February 2026), www.cbo.gov/publication/61882.

2. *Learning Res., Inc. v. Trump*, Nos. 24-1287, 25-250, slip op. (S. Ct. Feb. 20, 2026). 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 2.
Receipts, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	
			Billions of Dollars	Percent
Individual Income Taxes	1,681	1,760	80	5
Payroll Taxes	1,018	1,071	53	5
Corporate Income Taxes	255	197	-58	-23
Customs Duties (Including tariffs)	59	190	130	220
Other Receipts	<u>97</u>	<u>102</u>	<u>4</u>	5
Total	3,110	3,320	209	7
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,154	2,228	74	3
Other, net of refunds	<u>545</u>	<u>603</u>	<u>59</u>	11
Total	2,699	2,831	132	5

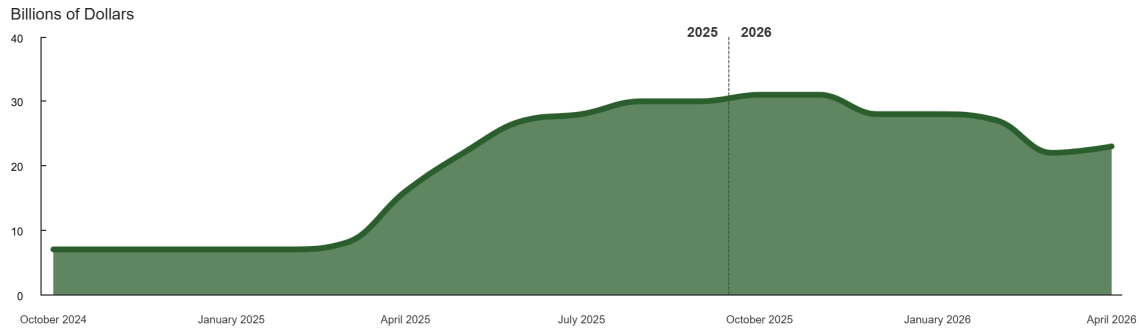
Data sources: Congressional Budget Office; Department of the Treasury.

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 \$132 billion (or 5 percent).
 - Nonwithheld payments of income and payroll taxes increased by \$99 billion (or 13 percent) relative to payments in the same period in fiscal year 2025. Amounts collected so far this year include final payments of 2024 taxes that were made after the typical filing season as well as estimated and final payments of taxes for 2025.
 - Amounts withheld from workers' paychecks rose by \$74 billion (or 3 percent), a reflection of rising wages and salaries.
 - Individual income tax refunds increased by \$40 billion (or 15 percent), reducing net receipts. (Some refundable tax credits are classified as outlays and do not affect net receipts.) Refunds typically are paid from February through May and are larger this year because of provisions in the 2025 reconciliation act.
- Collections of **customs duties** were more than three times the amount recorded in the first seven months of fiscal year 2025—an increase of \$130 billion. Most of the increase was driven by changes in tariff rates as a result of executive action.
- Receipts from **corporate income taxes** decreased by \$58 billion (or 23 percent). The enactment of the 2025 reconciliation act allowed corporations to take larger deductions for certain investments, thereby reducing some payments and offsetting the growth in those receipts that otherwise would have been expected, given the growth in corporate income.

Monthly Revenues From Customs Duties Fiscal Years 2025 to 2026



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

- Receipts from **other sources** increased by \$4 billion (or 5 percent) relative to collections during the same period last year; those increases are the net of a rise in estate and gift tax collections and a drop in collections of excise taxes and other miscellaneous revenues.

Total Outlays: Up by 3 Percent in Fiscal Year 2026

Outlays in the first seven months of fiscal year 2026 were \$4.3 trillion, CBO estimates, \$116 billion (or 3 percent) more than during the same period last year.

Outlays for the three largest mandatory spending programs rose by \$121 billion (or 7 percent):

- Spending for **Social Security** benefits rose by \$50 billion (or 6 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 that began in March 2025 and stemmed from the Social Security Fairness Act of 2023, which was enacted in January 2025.
- **Medicare** outlays increased by \$40 billion (or 7 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by \$31 billion (or 8 percent) largely because of rising costs per enrollee.

Other areas with large increases were the following:

- Outlays for **net interest on the public debt** rose by \$41 billion (or 7 percent) because the debt was larger than it was in the first seven months 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.
- Outlays from the **Department of Veterans Affairs** increased by \$24 billion (or 11 percent), primarily because the department reevaluated the financing costs of home loan programs and because more people used veterans' benefits with increased spending per person.
- Spending by the **Department of Defense** for military activities was \$19 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.

Table 3.
Outlays, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	
			Billions of Dollars	Percent
Social Security Benefits	903	953	50	6
Medicare ^a	548	588	40	7
Medicaid	<u>378</u>	<u>409</u>	<u>31</u>	8
Subtotal, Largest Mandatory Programs	1,830	1,950	121	7
Department of Veterans Affairs	213	238	24	11
Environmental Protection Agency	29	10	-20	-67
Department of Homeland Security	69	53	-16	-23
Department of Education	86	78	-9	-10
Department of Commerce	16	8	-8	-51
DoD—Military ^b	509	529	19	4
Net Interest on the Public Debt	587	628	41	7
Other	<u>818</u>	<u>781</u>	<u>-37</u>	-5
Total	4,159	4,275	116	3

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.

The largest decreases were the following:

- Outlays recorded by the **Environmental Protection Agency** decreased by \$20 billion (or 67 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 \$16 billion (or 23 percent) mainly because the Federal Emergency Management Agency spent more in response to disasters during the same period last fiscal year. Higher outlays this year associated with increased immigration enforcement and border security offset some of the reduction.
- Outlays of the **Department of Education** decreased by \$9 billion (or 10 percent) largely because spending from the Education Stabilization Fund declined. That total decline would have been larger if not for outlays of about \$4 billion stemming from the recording of the estimated costs of the Administration’s decision in January 2026 to delay collections on delinquent student loans.
- Spending by the **Department of Commerce** decreased by \$8 billion (or 51 percent) mostly because spending to support semiconductor manufacturing was lower in the first seven months 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 Surplus in April 2026: \$213 Billion

Because of the inflow of tax payments each April, the federal government usually records a budget surplus in that month. This year, the surplus was \$213 billion, CBO estimates—\$45 billion (or 17 percent) less than the amount recorded last April.

Table 4.
Budget Totals for April

	Actual, FY 2025	Preliminary, FY 2026	Estimated Change	
			Billions of Dollars	Percent
Receipts	850	837	-13	-2
Outlays	<u>592</u>	<u>623</u>	<u>32</u>	5
Surplus	258	213	-45	-17

Data sources: Congressional Budget Office; Department of the Treasury.
FY = fiscal year.

CBO estimates that receipts in April 2026 totaled \$837 billion—\$13 billion (or 2 percent) less than the amount recorded last April. That decrease was driven by collections of corporate income taxes, which declined by \$12 billion (or 13 percent) and by individual income and payroll taxes, which declined by \$10 billion (or 1 percent). Partially offsetting those reductions, customs duties were \$7 billion (or 43 percent) more than they were in April 2025.

Total spending in April 2026 was \$623 billion, CBO estimates—\$32 billion (or 5 percent) more than in the previous April.

The largest changes were as follows:

- Outlays from the **Department of Veterans Affairs** increased by \$9 billion (or 31 percent).
- Outlays for **net interest on the public debt** rose by \$8 billion (or 9 percent).
- Spending for **Social Security** increased by \$7 billion (or 6 percent).
- Outlays for **Medicare** increased by \$6 billion (or 7 percent).
- Spending by the **Department of Defense** for military activities rose by \$4 billion (or 6 percent).
- Spending by the **Department of Homeland Security** decreased by \$4 billion (or 34 percent).

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

Actual Deficit in March 2026: \$164 Billion

The Treasury Department reported a deficit of \$164 billion for March—\$1 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements*, in the *Monthly Budget Review: March 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. Nathaniel Frenz and Aldo Prosperi prepared the report with assistance from Aaron Feinstein 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/61980.



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