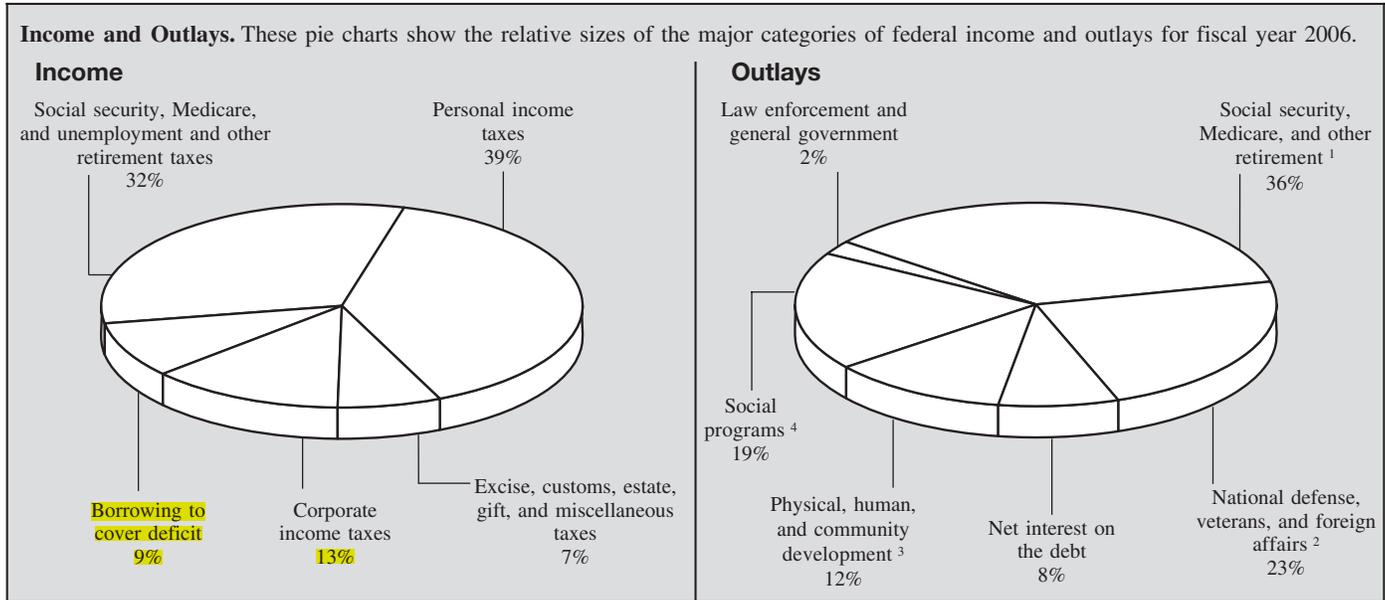


Major Categories of Federal Income and Outlays for Fiscal Year 2006



On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receiving the President's proposal, the Congress reviews it and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and the surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2006 (which began on October 1, 2005, and ended on September 30, 2006), federal income was \$2.407 trillion

and outlays were \$2.655 trillion, leaving a deficit of \$0.248 trillion.

Footnotes for Certain Federal Outlays

1. **Social security, Medicare, and other retirement:** These programs provide income support for the retired and disabled and medical care for the elderly.

2. **National defense, veterans, and foreign affairs:** About 19% of outlays were to equip, modernize, and pay our armed forces and to fund the Global War on Terrorism and other national defense activities; about 3% were for veterans benefits and services; and about 1% were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.

3. **Physical, human, and community development:** These outlays were for agriculture; natural resources; environment; transportation; aid for elementary and secondary education and direct assistance to college students; job training; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.

4. **Social programs:** About 13% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.

Note. The percentages on this page exclude undistributed offsetting receipts, which were \$68 billion in fiscal year 2006. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.