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APPENDIX A: THE FEDERAL BUDGET\*

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The President's Budget Document predicts Federal deficits on all three bases in fiscal 1967 and 1968. All of the deficits would be even larger if the proposed \$5 billion tax increase is not enacted. The NIA budget, stressed by the Document because of its greater usefulness for economic analysis, shows the smallest deficit of the three types; the cash deficit is larger because it includes a sizeable amount of net lending (which is a cash expenditure but not a NIA expenditure), and the administrative deficit is even larger because it excludes the surplus-prone trust funds.

The first table gives the three budgets for fiscal 1966, 1967, and 1968. Both receipts and expenditures are expected to grow rapidly in all budgets, with expenditures generally growing somewhat more rapidly to create the increasing deficits.

TABLE I

FEDERAL BUDGETS BY FISCAL YEARS  
(In billions of dollars)

	1966 actual	1967 projected	1968 projected
<hr/> NIA Budget:			
Receipts	132.6	149.8	167.1
Expenditures	<u>132.3</u>	<u>153.6</u>	<u>169.2</u>
Surplus or deficit	.3	- 3.8	- 2.1
 Cash Budget:			
Receipts	134.5	154.7	168.1
Expenditures	<u>137.8</u>	<u>160.9</u>	<u>172.4</u>
Surplus or deficit	- 3.3	- 6.2	- 4.3
 Administrative Budget:			
Receipts	104.7	117.0	126.9
Expenditures	<u>107.0</u>	<u>126.7</u>	<u>135.0</u>
Surplus or deficit	- 2.3	- 9.7	- 8.1

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\* Prepared by Government Finance Section