

May 30, 1975

Office of the White House Press Secretary
(Brussels, Belgium)

NOTICE TO THE PRESS

Attached are first four pages of the Mid-Session review of the 1976 Budget, which totals 31 pages. Material is for release at 11:30 a.m. EDT, 4:30 PM Central European Time, Friday, May 30, 1975.

The entire report is available in Washington.

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This review of the 1976 budget transmits to the Congress the budget information required by section 221(b) of the Legislative Reorganization Act of 1970 (P.L. 91-510). It also provides additional information that will further aid the Congress and the public in assessing the budget outlook.

Part 1 contains revised budget summaries for fiscal years 1975 and 1976. It also includes data for the transition quarter, extending from July through September of 1976, that results from the change in the fiscal year under the Congressional Budget Act of 1974.

The estimates reflect changes that have occurred since the 1976 budget was sent to the Congress in February. In view of Congressional inaction thus far on the President's energy program, the starting date assumed has been changed to September 1. The budget as submitted in February included proposals to limit automatic cost-of-living increases in benefit programs to 5% through June 30 of next year. That limit was also proposed for civil service and military pay increases. The revised estimates assume that these "caps" will be enacted by the Congress except for increases effective on or before July 1. Thus, the full effect of the 8% social security benefit increase effective on June 1 is included in the estimates.

Part 2 presents 5-year projections of: Outlays and budget authority by agency and by function; receipts by major source; outlays for open-ended programs and fixed costs; and outlays from balances of budget authority for non-mandatory programs available at the end of fiscal year 1976.

Because Congressional action has not been completed on any of the 1976 appropriations bills and on much substantive legislation, the estimates shown in this review are necessarily tentative.

Part 1. The Budget Outlook for 1975, 1976, and the Transition Quarter

Budget Totals

The 1975 deficit is now expected to be \$42.6 billion, \$7.9 billion above the February estimate. Outlays are now estimated to be \$373.6 billion, \$10.2 billion more than in February, and receipts are estimated to be \$281.0 billion, \$2.2 billion above the February estimate.

The estimated deficit for 1976 has increased by \$8.0 billion since February, to \$59.9 billion. Outlays are up by \$9.5 billion from the February estimate to \$358.9 billion, and receipts have been revised upward by \$1.5 billion, to \$299.0 billion.

These figures reflect Congressional turndowns of \$9.3 billion in deferrals and \$2 billion in rescissions, adding outlays of \$0.7 billion in 1975 and \$1.3 billion in 1976. Unless early action is taken by the Congress on other budget reductions proposed by the President, this estimate of the deficit for 1976 will rise still further. Should the Congress fail to take action on any of these reduction proposals, over \$8-1/2 billion will be added to outlays.

The following table compares the current estimates of budget totals with the estimates shown in the February budget.

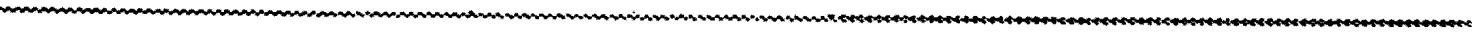


Table 1

BUDGET TOTALS
(fiscal years; in billions of dollars)

Description	1974 Actual	1975		1976		Tr. Qtr.	
		February estimate	Current estimate	February estimate	Current estimate	February estimate	Current estimate
Budget receipts.....	264.9	278.6	281.0	297.5	299.0	84.4	85.3
Budget outlays.....	268.4	313.4	323.6	349.4	358.9	94.3	95.8
Deficit (-).....	<u>-3.5</u>	<u>-34.7</u>	<u>-42.6</u>	<u>-51.9</u>	<u>-59.9</u>	<u>-9.6</u>	<u>-9.0</u>
Full-employment receipts.....	282.2	323.1	323.0	351.8	357.0	98.4	100.0
Full-employment outlays.....	267.3	306.5	316.7	340.2	349.8	91.9	93.2
Full-employment surplus or deficit (-).....	<u>14.9</u>	<u>16.6</u>	<u>6.3</u>	<u>11.6</u>	<u>7.2</u>	<u>6.5</u>	<u>5.8</u>
Budget authority.....	<u>313.9</u>	<u>395.1</u>	<u>403.9</u>	<u>383.8</u>	<u>383.6</u>	<u>88.2</u>	<u>88.3</u>
Outstanding debt, end of year:							
Gross Federal debt.....	486.2	538.5	544.5	605.9	617.5	616.8	627.6
Debt held by the public.....	346.1	389.6	396.9	453.1	470.9	465.6	482.8
Debt subject to limit.....	476.0	528.9	534.0	596.4	607.1	607.3	617.2

Economic Assumptions:

The economic assumptions through calendar year 1976 reflect a changed economic forecast, based on experience since the budget assumptions were developed. They are subject to considerable uncertainty, since economic forecasting is imprecise. In this context, it should be noted that the changes from the February budget in the growth of real GNP are minor relative to the uncertainties involved.

Table 2

ECONOMIC ASSUMPTIONS
(calendar years; dollar amounts in billions)

Item	Actual		Forecast	
	1973	1974	1975	1976
Gross national product:				
Current dollars:				
Amount.....	\$1,295	\$1,397	\$1,474	\$1,680
Percent change.....	11.8	7.9	5.5	14.0
Constant (1958) dollars:				
Amount.....	\$839	\$821	\$792	\$842
Percent change.....	5.9	-2.1	-3.6	6.3
Incomes (current dollars):				
Personal income.....	\$1,055	\$1,150	\$1,231	\$1,351
Wages and salaries.....	\$692	\$751	\$787	\$871
Corporate profits.....	\$123	\$141	\$106	\$148
Prices (percent change) ¹ :				
GDP deflator:				
Year over year.....	5.6	10.3	9.5	7.1
Fourth quarter over fourth quarter.....	7.4	12.0	7.8	6.5
CPI:				
Year over year.....	6.2	11.0	9.1	7.1
December over December.....	8.8	12.2	8.2	5.4
Unemployment rates (percent):				
Total.....	4.9	5.6	8.7	7.9
Insured ²	2.8	3.8	7.7	6.4
Federal pay raise, October (percent).....	4.77	5.52	5.00	12.25
Interest rate, 91-day Treasury bills (percent) ³	7.0	7.9	5.1	5.1

¹ The 1975 and 1976 figures reflect the impact on prices of the President's energy program.

² Insured unemployment as a percentage of covered employment; includes unemployed workers receiving extended benefits.

³ Average rate of new issues within period; the rate shown for 1975-1976 was the current market rate at the time the estimates were made.