



# MONTHLY BUDGET REVIEW

## Fiscal Year 2000

### A Congressional Budget Office Analysis

Based on the *Monthly Treasury Statement* for November and the *Daily Treasury Statements* for December

January 13, 2000

CBO estimates that the deficit for the first three months of fiscal year 2000 was \$22 billion. After adjusting for various calendar effects, that figure represents a slight improvement over the deficit in the first quarter of last year.

#### NOVEMBER RESULTS

(In billions of dollars)

	Preliminary Estimate	Actual	Difference
Receipts	121.0	121.4	0.4
Outlays	146.0	149.0	3.0
Deficit (-)	-25.0	-27.6	-2.6

SOURCES: Department of the Treasury and Congressional Budget Office.

The Treasury reported a deficit of \$27.6 billion in November, \$2.6 billion more than CBO had projected on the basis of the *Daily Treasury Statements*. Revenues were only slightly higher than the preliminary estimate, but outlays were \$3.0 billion more than CBO had expected. About \$800 million of that amount was for loans to credit unions by the National Credit Union Administration to provide additional liquidity for possible Y2K problems.

#### ESTIMATES FOR DECEMBER

(In billions of dollars)

	Actual FY1999	Preliminary FY2000	Estimated Change
Receipts	178.6	201.5	22.8
Outlays	183.8	169.0	-14.8
Surplus/Deficit (-)	-5.2	32.5	37.6

SOURCES: Department of the Treasury and Congressional Budget Office.

CBO estimates that the government recorded a surplus in December of about \$32 billion, compared with a deficit of \$5 billion last year. But the deficit last December was affected by a shift of Social Security payments from January into December because last year January 3 fell

on a weekend. After adjusting for that shift, the surplus this December was only about \$8 billion higher than it would have been last December.

#### BUDGET TOTALS THROUGH DECEMBER

(In billions of dollars)

	October-December FY1999	Estimated FY2000	Change
Receipts	412.6	443.9	31.3
Outlays	467.1	465.7	-1.4
Deficit (-)	-54.5	-21.8	32.7

SOURCES: Department of the Treasury and Congressional Budget Office.

The estimated deficit for the first three months of fiscal year 2000 was \$22 billion, about \$33 billion less than the deficit for the same period last year. Receipts were about \$31 billion higher than last year, but outlays were slightly lower. After adjusting for last year's shift in Social Security payments, the deficit to date is about \$3 billion less than it was at this time last year.

#### RECEIPTS THROUGH DECEMBER

(In billions of dollars)

Major Source	October-December FY1999	Estimated FY2000	Percentage Change
Individual Income	187.6	216.2	15.2
Corporate Income	47.6	48.1	1.0
Social Insurance	135.8	141.3	4.1
Other	41.7	38.4	-8.0
Total	412.6	443.9	7.6

SOURCES: Department of the Treasury and Congressional Budget Office.

NOTE: Unless otherwise indicated, the figures in this report include the Social Security trust funds and the Postal Service fund, which are off-budget. Numbers may not add up to totals because of rounding.

Revenues in the first quarter of the fiscal year were 7.6 percent higher than in the same period last year. An extra business day in December added about \$7 billion in receipts to the first quarter of fiscal year 2000, boosting the growth rate for individual income taxes. That growth rate was also unusually high because last December about \$4 billion in receipts from individual income taxes were reclassified as FICA taxes to account for previous misestimates. After adjusting for those effects, revenues from individual income taxes are up by about 9 percent for the first three months of this fiscal year. Receipts from other taxes are lower than at this time last year because in the first quarter of last year those receipts included about \$5 billion in payments of excise taxes that had been postponed from the previous fiscal year.

### OUTLAYS THROUGH DECEMBER

(In billions of dollars)

Major Category	October-December		Percentage Change
	FY1999	FY2000	
Defense—Military	66.6	73.4	10.3
Social Security			
Benefits	123.8	96.9	-21.7
Medicare	55.7	56.8	2.0
Medicaid	26.4	29.1	10.3
Net Interest on the			
Public Debt	59.0	57.9	-1.9
Other	<u>135.6</u>	<u>151.6</u>	11.7
Total	467.1	465.7	-0.3

SOURCES: Department of the Treasury and Congressional Budget Office.

CBO estimates that outlays for the first three months of fiscal year 2000 were about the same as they were for the same period last year. That result is misleading, however, because in fiscal year 1999, about \$29 billion in Social Security payments usually made on January 3 were instead paid in December because January 3 fell on a Sunday. After adjusting for that shift, outlays for the first three months of this fiscal year are running about 6 percent above the 1999 level.

Defense spending is up by more than 10 percent in the first three months, fueled in part by unusually large payments to vendors in December. (Some of those payments probably resulted from efforts to avoid possible Y2K problems. It appears that some acceleration of spending at other agencies also occurred for the same reason.) Social Security payments have grown by about 3 percent (after accounting for the shift in the payment date last year). Medicare outlays, which dropped in 1999, have grown by about 2 percent compared with the same period last year. Medicaid spending is also growing faster than it did last year—up 10 percent so far this year. Net interest is down by almost 2 percent as the budget surpluses have made possible a reduction in debt owed to the public.

Spending for a variety of other programs has grown by almost 12 percent. For example, payments to farmers are about \$6 billion higher than they were at this time last year. Outlays are also up for the Departments of Education, Health and Human Services, Housing and Urban Development, Justice, and Transportation, as well as for the Federal Deposit Insurance Corporation.

Prepared by Robert Sunshine and Richard Kasten.

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