



MONTHLY BUDGET REVIEW

Fiscal Year 1998

A Congressional Budget Office Analysis

Based on the Monthly Treasury Statement for April
and the Daily Treasury Statements for May

June 5, 1998

A \$37 billion deficit is estimated for May, \$11 billion lower than the deficit reported for the same month one year ago largely because of calendar quirks. The results through May are consistent with CBO's estimate last month that the fiscal year will end with a total surplus in the range of \$43 billion to \$63 billion. Excluding the more than \$100 billion surplus estimated for off-budget items (Social Security and the Postal Service), the government's on-budget activities would show a deficit on the order of \$41 billion to \$59 billion.

APRIL RESULTS^a

(In billions of dollars)

	April Estimate	April Actual	Difference
Receipts	260.0	261.0	1.0
Outlays	137.0	136.4	-0.6
Surplus	123.0	124.6	1.6

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

The April surplus of \$124.6 billion was \$1.6 billion above CBO's estimate for the month, within the typical \$2 billion error range for monthly estimates.

CBO ESTIMATES FOR MAY^a

(In billions of dollars)

	May 1997	May 1998	Estimated Change
Receipts	94.5	95.6	1.1
Outlays	143.0	133.0	-10.0
Deficit (-)	-48.5	-37.4	11.1

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

May receipts are estimated to be only \$1 billion higher than a year ago, largely because the month contained one less tax collection day this year. Outlays also are expected to be about \$10 billion lower than were recorded for May 1997, largely because of calendar quirks. Last year, June 1 fell on a weekend, so about \$8 billion in June payments for military pay and various benefits were made at the end of May. As a result, the estimated deficit of \$37 billion for May 1998 is \$11 billion lower than a year ago.

COMPARISON WITH LAST YEAR^a

(By fiscal year, in billions of dollars)

	October-May		Estimated Change
	1997	1998	
Receipts	1,018.2	1,121.5	103.3
Outlays	1,083.9	1,104.1	20.2
Deficit (-)/ Surplus	-65.7	17.3	83.1

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Receipts for the first eight months of the fiscal year are up \$103 billion over the amount collected last year for the same period, while outlays are up by only \$20 billion. The cumulative net result for October through May is expected to be a surplus of \$17 billion, an \$83 billion improvement over the comparable result last year.

RECEIPTS THROUGH MAY^a

(By fiscal year, in billions of dollars)

Major Source	October-May		Percentage Change
	1997	1998	
Individual Income	485.3	543.2	11.9
Corporate Income	99.6	106.0	6.4
Social Insurance	356.4	383.6	7.6
Other	<u>76.8</u>	<u>88.7</u>	15.4
Total	1,018.2	1,121.5	10.1

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Receipts through May are up 10.1 percent over the comparable eight-month period one year ago. This year-over-year growth rate is down from the 11.0 percent rate reported last month for receipts through April because May 1998 receipts are estimated to be little changed from May 1997 receipts.

Withheld income and employment tax collections continued to be strong in May. Though they were up by only 5.9 percent over the same month last year, the increase would have been higher if there had been the same number of collection days this year.

Overall, estimated May receipts are consistent with CBO's expected range of \$1,705 billion to \$1,715 billion for the fiscal year.

OUTLAYS THROUGH MAY^a
(By fiscal year, in billions of dollars)

Major Category	October-May		Percentage Change
	1997	1998	
Defense-Military	173.1	168.3	-2.8
Social Security Benefits	237.5	246.6	3.8
Medicare and Medicaid	204.4	209.3	2.4
Net Interest on the			
Public Debt	167.4	167.7	0.2
Other	<u>301.4</u>	<u>312.2</u>	3.6
Total	1,083.9	1,104.1	1.9

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

The relatively low outlay growth of 1.9 percent through May is partly the result of the calendar. As noted earlier, outlays in May 1997 were boosted by roughly \$8 billion because June 1, 1997, fell on a weekend. Adjusting for that calendar effect, outlays through May 1998 are up 2.6 percent over last year. Outlays for the fiscal year are expected to be on the order of 3.2 percent to 3.8 percent above last year's level.

FISCAL YEAR 1998 PROJECTIONS
(In billions of dollars)

	OMB May	CBO May
Total Receipts	1,704	1,705 to 1,715
Total Outlays	1,665	1,652 to 1,662
Total Surplus	39	43 to 63
On-budget deficit(-)	-63	-41 to -59
Off-budget surplus	102	102 to 104

SOURCE: Office of Management and Budget and Congressional Budget Office.

The OMB Mid-Session Review issued on May 26, 1998, projects a total surplus of \$39 billion for the fiscal year, slightly below CBO's expected range of \$43 billion to \$63 billion. The total budget includes the Social Security trust funds and the Postal Service, which are treated as off-budget items. Excluding the more than \$100 billion surplus in the off-budget items, the remaining on-budget component would show a deficit on the order of \$41 billion to \$59 billion under CBO's May estimates and \$63 billion under OMB's estimates.