

# Federal Budget Estimates, Fiscal Year 1999

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**T**HE FEDERAL *Budget of the United States Government* for fiscal year 1999 that was released by the President shows a \$9.5 billion surplus, a turnaround from a \$10.0 billion deficit in fiscal year 1998.<sup>1</sup> The fiscal year 1999 surplus reflects the administration's proposed legislation and program changes, the economic assumptions used in making the budget projections, and the laws that have already been enacted.<sup>2</sup>

This article summarizes the proposed legislation and program changes in the administration's budget and the budget estimates. It then presents the budget receipts and outlays in the framework of the national income and product accounts, which are designed to show the composition of production and the distribution of the incomes earned in production. This framework, which differs in concept and timing from the budget, provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity.

## Proposed legislation and program changes

The fiscal year 1999 budget presents proposed legislation that increases receipts by \$12.9 billion (table 1). The largest proposal is a tobacco industry settlement that would add \$9.8 billion to receipts. Proposals to increase receipts both from insurance companies and from corporate-owned life insurance policy holders who borrow against their policies would total \$2.3 billion: A proposed modification of the existing tax rules for life insurance annuity contracts would amount to \$1.8 billion, and a proposal to repeal certain tax deductions of interest on corporate-owned life insurance policy loans would amount to \$0.4

billion. A proposed extension of corporate environmental and excise taxes for the Hazardous Substance Superfund Trust Fund would add \$1.8 billion.

**Table 1.—Relation of Current-Services Estimates to the Budget**

[Billions of dollars]

	Fiscal year	
	1998	1999
<b>Receipts</b>		
Current-services estimates .....	1,657.9	1,729.8
<i>Plus:</i> Proposed legislation .....	-1	12.9
Research and experimentation tax credit .....	-4	-8
International trade provisions .....	0	-6
Energy efficiency and the environment .....	0	-4
Education incentives .....	0	-4
Child care .....	0	-3
Other .....	2	-7
Subtotal: Tax relief (including offsets) .....	-5	-3.2
Tobacco settlement legislation .....	0	9.8
Reserve rules for life insurance annuity contracts .....	0	1.8
Reinstate environmental tax imposed on corporate income .....	0	1.1
Reinstate Superfund excise taxes .....	.1	.7
Replace sales-source rules with activity-based rules ..	0	.6
Preclude premature claiming of losses from receivables .....	0	.4
Corporate-owned life insurance rules .....	.3	.4
Repeal lower-of-cost-or-market inventory accounting method .....	0	.4
Other .....	.1	.9
Subtotal: Other provisions that affect receipts .....	.4	16.2
<i>Equals:</i> The budget .....	1,657.9	1,742.7
<b>Outlays</b>		
Current-services estimates .....	1,667.8	1,732.4
<i>Plus:</i> Program changes .....	0	.8
National defense .....	0	-4.4
Income security .....	.1	1.3
Net interest .....	0	-3
Medicare .....	0	-2
Education, training, employment, and social services ..	-2	-2
Veterans benefits and services .....	0	-1.0
Transportation .....	0	-3
Administration of justice .....	0	.8
Natural resources and environment .....	0	-5
General government .....	0	3.6
Agriculture .....	0	-4
Commerce and housing credit .....	0	-4
Allowances <sup>1</sup> .....	0	3.3
Other .....	.1	-5
<i>Equals:</i> The budget .....	1,667.8	1,733.2
Current-services surplus or deficit (-) .....	-9.9	-2.6
Proposed changes, receipts less outlays .....	-1	12.1
Administration budget surplus or deficit (-) .....	-10.0	9.5

1. Estimates of the *Budget of the United States Government* are presented on a fiscal year basis. See Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1999* (Washington, DC: U.S. Government Printing Office, 1998).

2. Estimates of the administration's proposed legislation and program changes are derived by BEA as the difference between the "current-services" estimates included in the budget and the total budget. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that are already enacted. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline with which administration or congressional proposals can be analyzed.

1. Allowances include funding for emergencies, such as natural disasters, for unforeseen defense and nondefense costs, and for unanticipated nonemergency expenses of the year 2000 conversion.

Source: *The Budget of the United States Government, Fiscal Year 1999*.

Proposed legislation that would reduce receipts consists of various tax credits and other tax changes. A proposal to extend a tax credit for certain research and experimentation expenditures through June 30, 1999, would reduce receipts by \$0.8 billion. A proposal to modify international trade provisions would reduce receipts by an additional \$0.6 billion. More than 90 percent of this reduction would come from extending to September 30, 2001, the provisions in the General System of Preferences (GSP) that eliminate duty on certain goods from eligible developing countries. In addition, the following proposals, none of which total more than \$0.4 billion, would reduce receipts: Tax credits to businesses for purchasing energy-efficient equipment, tax credits for certain education initiatives, and increased tax credits for child care.

The budget proposes program changes that would increase total outlays by a net \$0.8 billion in fiscal year 1999. Among the program changes that would increase outlays, the largest is for general government, which would be augmented by \$3.6 billion.<sup>3</sup> Much of this increase would fund Internal Revenue Service improvements in customer service, electronic data collection, and communication.

A proposed \$3.3 billion increase in allowances would be used for emergencies—such as natural disasters—for unexpected defense expenditures, and for any unanticipated nonemergency expenses caused by the year 2000 conversion. Income security would increase by \$1.3 billion, the largest portion of which is a \$0.5 billion proposal to restore food stamps to legal immigrants.

The budget proposes an \$0.8 billion increase for the administration of justice. Programs to reduce violent crime and to control and prevent juvenile crime would each receive \$0.3 billion in additional funding. Proposals to increase the number of border patrol agents and to improve wireless communication would increase funding for each by \$0.1 billion.

The largest proposed decreases in outlays are \$4.4 billion for national defense and \$1.0 billion for veterans benefits and services. The reduction in national defense spending would result primarily from the increased privatization and outsourcing of support functions, which would reduce the number of personnel associated with support activities and infrastructure. Most of the decrease in veterans benefits and services would

result from a proposal to reinstate restrictions on tobacco-related disability-compensation benefits. These benefits would be reduced by \$0.7 billion as a result of reinstating a policy that restricts benefits for veterans for tobacco-related disabilities that originated from tobacco use during military service. The remainder of the decrease in outlays is accounted for by other proposals, none of which amount to more than \$0.5 billion.

**The budget estimates**

In the budget, receipts in fiscal year 1999 are projected to increase \$84.9 billion, or 5.1 percent, to \$1,742.7 billion (table 2). Receipts in 1998 are projected to be \$1,657.9 billion, up 5.0 percent from 1997. The projected increase in 1999 is mostly accounted for by increases in social insurance taxes and contributions, individual income taxes, and excise taxes. Projected increases in receipts from social insurance taxes and contributions and from individual income taxes are based on administration assumptions that incomes will increase as a result of real economic growth and inflation. A projected increase in excise tax receipts is based on administration assumptions of increased economic activity in 1999 after a slowdown in 1998 and on higher aviation taxes as a result of the Tax Reform Act of 1997. Miscellaneous receipts are projected to increase \$13.2 billion, \$9.8 billion of which is accounted for by the proposed tobacco industry settlement.

Total budget outlays in fiscal year 1999 are projected to increase \$65.4 billion, or 3.9 percent, to \$1,733.2 billion (table 3). Outlays in 1998 are projected to be \$1,667.8 billion, up 4.2 percent from 1997. The projected increase in 1999 is mostly accounted for by increases in four areas:

- Social security—An increase of \$14.7 billion is accounted for by a \$14.7 billion increase from current-services outlays that mainly reflects the cost-of-living adjustments

**Table 2.—Budget Receipts by Source**  
(Billions of dollars)

	Level for fiscal year				Change from preceding fiscal year		
	1996	1997	1998	1999	1997	1998	1999
<b>Budget receipts</b> .....	<b>1,453.0</b>	<b>1,579.3</b>	<b>1,657.9</b>	<b>1,742.7</b>	<b>126.3</b>	<b>78.6</b>	<b>84.9</b>
Individual income taxes .....	656.4	737.5	767.8	791.5	81.1	30.3	23.7
Corporation income taxes .....	171.8	182.3	190.8	198.0	10.5	8.5	7.1
Social insurance taxes and contributions .....	509.4	539.4	571.4	595.9	30.0	32.0	24.5
Excise taxes .....	54.0	56.9	55.5	72.0	2.9	-1.4	16.5
Estate and gift taxes .....	17.2	19.8	20.4	20.5	2.6	.6	.1
Customs duties .....	18.7	17.9	18.4	18.2	-8	.4	-2
Miscellaneous receipts .....	25.5	25.5	33.5	46.7	0	8.1	13.2

Source: The Budget of the United States Government, Fiscal Year 1999.

3. General government includes such activities as tax collection; administration of the public debt; and personnel, general property, and administrative management.

and assumptions about inflation and about the number of beneficiaries in these programs. Most of the increase in social security is accounted for by old-age and survivors insurance benefits (\$12.1 billion).

- **Income security**—An increase of \$13.5 billion is accounted for by an increase of \$12.3 billion in current-services outlays and of \$1.3 billion in program changes. The increase is distributed over a variety of programs, including unemployment compensation, Federal employee retirement and disability, child care entitlement to States, and food stamps.
- **Health**—An increase of \$9.7 billion is accounted for by a \$9.8 billion increase in current-services outlays. Most of the increase is accounted for by an increase of \$6.9 billion for medicaid, reflecting assumptions about inflation and the number of beneficiaries in this program. The remaining increases are primarily accounted for by an increase in the Children's Health Insurance Program (\$1.5 billion) to provide insurance for currently uninsured children and by an increase for the National Institutes of Health (\$1.0 billion) for biomedical research.
- **Medicare**—An increase of \$9.1 billion is more than accounted for by a \$9.4 billion increase in current-services outlays. The increase is based on the assumptions about inflation and the about number of beneficiaries in this program.

**Table 3.—Budget Outlays by Function**

[Billions of dollars]

	Level for fiscal year				Change from preceding fiscal year		
	1996	1997	1998	1999	1997	1998	1999
	<b>Budget outlays</b> .....	<b>1,560.5</b>	<b>1,601.2</b>	<b>1,667.8</b>	<b>1,733.2</b>	<b>40.7</b>	<b>66.6</b>
Social security .....	349.7	365.3	381.5	396.2	15.6	16.2	14.7
National defense .....	265.7	270.5	264.1	265.5	4.7	-6.4	1.4
Income security .....	226.0	230.9	239.3	252.8	4.9	8.5	13.5
Net interest .....	241.1	244.0	242.7	241.8	2.9	-1.3	-9.9
Medicare .....	174.2	190.0	198.1	207.3	15.8	8.1	9.1
Health .....	119.4	123.8	131.8	141.5	4.5	7.9	9.7
Education, training, employment, and social services .....	52.0	53.0	55.1	59.5	1.0	2.1	4.4
Veterans benefits and services .....	37.0	39.3	43.1	43.3	2.3	3.8	.2
Transportation .....	39.6	40.8	41.5	42.3	1.2	.8	.7
Administration of justice .....	17.5	20.2	22.3	25.5	2.6	2.1	3.3
Natural resources and environment .....	21.6	21.4	23.8	23.2	-2	2.5	-6
General science, space, and technology .....	16.7	17.2	17.1	17.6	.5	-1	.5
General government .....	11.9	12.8	12.9	17.2	.9	.1	4.3
International affairs .....	13.5	15.2	14.5	14.5	1.7	-7	0
Agriculture .....	9.2	9.0	10.6	11.0	-1	1.5	.4
Community and regional development .....	10.7	11.0	11.8	10.9	.3	.8	-9
Commerce and housing credit .....	-10.6	-14.6	3.5	3.5	-4.0	18.1	0
Allowances .....				3.3			3.3
Energy .....	2.8	1.5	.4	-1.0	-1.4	-1.1	-1.4
Undistributed offsetting receipts .....	-37.6	-50.0	-46.4	-42.5	-12.4	3.6	3.9

Source: *The Budget of the United States Government, Fiscal Year 1999*.

### *Relation between budget and NIPA estimates*

BEA prepares estimates of the Federal sector in the framework of the national income and product accounts (NIPA's), which may be used for such purposes as macroeconomic analyses of the impact of changes in Federal receipts and expenditures on gross domestic product and its components. BEA makes adjustments to the budget estimates to bring them into line with NIPA concepts and definitions.<sup>4</sup> One major conceptual difference is the treatment of government investment; in the NIPA's, the treatment of government investment in fixed assets and the cost of using these assets is symmetrical with the treatment of fixed investment in the private sector. Transfers of nonproduced assets, such as the sale of land, are excluded from the NIPA's because they do not affect current production. The NIPA's also exclude transactions with Puerto Rico

4. For a detailed discussion of the reconciliation, see *Government Transactions*, Methodology Paper No. 5 (November 1988). (This paper is available from the National Technical Information Service, accession no. PB 90-118480, and at BEA's Web site, <<http://www.bea.doc.gov>>.)

In addition, as part of the comprehensive NIPA revision released in January 1996, several changes were made to the definitions and classifications used to measure the Federal sector. For a discussion of these changes, see "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation," *SURVEY OF CURRENT BUSINESS* 75 (September 1995): 33-41; and "Improved Estimates of the National Income and Product Accounts for 1959-95: Results of the Comprehensive Revision," *SURVEY* 76 (January/February 1996): 1-31.

**Table 4.—Relation of Federal Government Receipts in the NIPA's to the Budget**

[Billions of dollars]

	Fiscal year		
	1997	1998	1999
<b>Budget receipts</b> .....	<b>1,579.3</b>	<b>1,657.9</b>	<b>1,742.7</b>
Less: Coverage differences <sup>1</sup> .....	2.6	2.7	2.8
Plus: Netting and grossing differences:			
Contributions to government employee retirement funds .....	71.4	72.2	73.8
Taxes received from the rest of the world <sup>2</sup> .....	-2.7	-2.7	-2.8
Other <sup>3</sup> .....	36.5	32.5	33.1
Timing differences:			
Corporate income tax .....	9.1	6.7	4.2
Federal and State unemployment insurance taxes .....	-4	0	-3
Withheld personal income tax and social security contributions .....	6.9	-1.8	-1.4
Excise taxes .....	.5	6.1	-8.5
Other .....	0	0	0
Miscellaneous <sup>4</sup> .....	-2.6	-2.3	-4.2
<b>Equals: Federal Government receipts, NIPA's</b> .....	<b>1,695.5</b>	<b>1,765.9</b>	<b>1,833.9</b>

1. Consists largely of the Federal Communication Commission Universal Service Fund receipts and contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

3. Consists largely of proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

Sources: *The Budget of the United States Government, Fiscal Year 1999* and the Bureau of Economic Analysis.

NIPA National income and product accounts

and the U.S. Territories, whose residents by NIPA definition are not U.S. residents, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a nonprofit institution that is regulated by the Federal Communication Commission.

NIPA receipts differ from budget receipts because of differences in coverage, in netting and grossing (which provide additional information on items that are recorded on a net basis in the budget), and in timing (table 4). For most years, the difference between NIPA receipts and budget receipts primarily reflects contributions to government employee retirement funds and proprietary receipts. In the budget, the contributions are included in outlays both as expenditures and as offsetting receipts and thus net to zero; in the NIPA's, they are recorded as receipts in

order to provide separate detail on government retirement funds. In the budget, some proprietary receipts are netted against outlays, but in the NIPA's, they are treated as receipts. For 1999, NIPA receipts would exceed budget receipts by \$91.2 billion; contributions to government employee retirement funds would be \$73.8 billion, and proprietary receipts would be \$33.1 billion.

NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. They also differ because of the NIPA treatment of government investment in fixed assets and because of the exclusion of financial transactions, such as loans, and the exclusion of sales of nonproduced assets (table 5).<sup>5</sup> For most years, the difference between the NIPA and budget estimates primarily reflects the netting and grossing differences and the treatment of government investment. NIPA current expenditures includes the consumption of fixed capital, which is not recognized in

**Table 5.—Relation of Federal Government Current Expenditures in the NIPA's to the Budget**

[Billions of dollars]

	Fiscal year		
	1997	1998	1999
<b>Budget outlays</b> .....	<b>1,601.2</b>	<b>1,667.8</b>	<b>1,733.2</b>
<i>Less: Coverage differences:</i>			
Geographic <sup>1</sup> .....	9.5	9.9	10.3
Financing disbursements from credit programs .....	-13.4	-18.3	-15.5
Other <sup>2</sup> .....	1.5	3.3	7.0
<i>Financial transactions:</i>			
Net lending .....	5.6	20.9	14.8
Deposit insurance .....	-10.4	-3.8	-3.4
Other .....	-5	-2.9	-1.3
<i>Net purchases of nonproduced assets:</i>			
Outer continental shelf .....	-4	-6	-3
Other .....	-9.9	-3.8	-2.3
<i>Plus: Netting and grossing differences:</i>			
Contributions to government employee retirement funds .....	71.4	72.2	73.8
Taxes received from the rest of the world <sup>3</sup> .....	-2.7	-2.7	-2.8
Other <sup>4</sup> .....	36.5	32.5	33.1
Consumption of fixed capital .....	71.4	71.8	72.3
<i>Timing differences:</i>			
National defense consumption expenditures .....	-3	-5	1.1
Other .....	1.8	.6	.7
Miscellaneous <sup>5</sup> .....	.1	.1	.1
<b>Equals: Federal Government current expenditures and gross investment, NIPA's</b> .....	<b>1,797.4</b>	<b>1,836.8</b>	<b>1,902.3</b>
<i>Less: Gross investment</i> <sup>6</sup> .....	61.2	58.3	58.5
<b>Equals: Federal Government current expenditures, NIPA's</b> .....	<b>1,736.2</b>	<b>1,778.5</b>	<b>1,843.8</b>

5. Most of the proceeds of the sale of the naval petroleum reserve in Elk Hills, California, was classified as the sale of a nonproduced asset and was excluded from the NIPA's. For more information on this sale, see the "Business Situation" in this issue.

**Table 6.—Relation of National Defense Consumption Expenditures and Gross Investment in the NIPA's to National Defense Outlays in the Budget**

[Billions of dollars]

	Fiscal year		
	1997	1998	1999
<b>National defense outlays in the budget</b> .....	<b>270.5</b>	<b>264.1</b>	<b>265.5</b>
Department of Defense, military .....	258.3	251.4	252.7
Military personnel .....	69.7	69.7	70.5
Operation and maintenance .....	88.8	92.7	91.8
Procurement .....	47.7	43.7	45.5
Aircraft .....	14.7	13.6	14.4
Missiles .....	3.7	3.3	3.2
Ships .....	7.1	6.6	7.0
Weapons .....	3.5	3.0	2.8
Ammunition .....	1.2	1.1	1.2
Other .....	17.6	16.2	17.0
Research, development, test and evaluation .....	37.0	35.8	35.9
Other .....	15.1	9.5	8.9
Atomic energy and other defense-related activities .....	12.2	12.7	12.8
<i>Plus: Military assistance purchases</i> .....	2	2	2
Additional payments to military and civilian retirement funds .....	21.6	21.4	22.1
Consumption of general government fixed capital .....	57.1	56.7	56.3
<i>Less: Grants-in-aid to State and local governments and net interest paid</i> .....	2.7	2.8	3.0
Timing difference .....	-3	-5	1.1
Other differences .....	-5	-9	-1.0
<b>Equals: National defense consumption expenditures and gross investment, NIPA's</b> .....	<b>347.4</b>	<b>341.1</b>	<b>341.1</b>
<i>Less: National defense gross investment</i> <sup>1</sup> .....	39.9	36.3	35.4
<b>Equals: National defense consumption expenditures, NIPA's</b> .....	<b>307.5</b>	<b>304.7</b>	<b>305.7</b>

1. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *The Budget of the United States Government, Fiscal Year 1999* and the Bureau of Economic Analysis.

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. Consists of agencies not in the budget and the Federal Communication Commission Universal Service Fund payments. Also includes net purchases of silver and minor coin metal.

3. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

4. Consists largely of proprietary receipts that are netted against outlays in the budget a classified as receipts in the NIPA's.

5. Consists largely of net expenditures of foreign currencies.

6. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *The Budget of the United States Government, Fiscal 1999* and the Bureau of Economic Analysis.

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the budget, and it excludes government investment in fixed assets, which is included in budget outlays. For 1999, NIPA current expenditures would exceed budget outlays by \$110.6 billion; contributions to government employee retirement funds would be \$73.8 billion, proprietary receipts would be \$33.1 billion, and the consumption of fixed capital would exceed investment by \$14.3 billion.

In the NIPA framework, budget outlays for national defense are included in both consumption expenditures and gross investment. These outlays differ from the NIPA estimates for four principal reasons (table 6). First, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPA's. Second, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis; thus, in the NIPA's, all work-in-progress except shipbuilding is included in the change-in-business-inventories component of gross domestic product. Third, in defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPA's, a payment is added to amortize the unfunded liability for military retirement benefits earned by military personnel for service before 1985, and a payment is also added to amortize the unfunded liability for civilian retirement benefits; these payments are recorded in the budget as intergovernmental

transactions. Fourth, the NIPA measure includes general government consumption of fixed capital.

The differences between the budget and NIPA estimates of receipts, of outlays, and of the current surplus or deficit are summarized in table 7. Unlike the budget, which would record a surplus in 1999, the NIPA's would record a deficit primarily because of the difference in the treatment of government investment in fixed assets; the consumption of fixed capital that is included in the NIPA's is greater than the investment that is excluded.

### Fiscal year 1999 NIPA estimates

In the NIPA framework, the current deficit in fiscal year 1999 would decrease \$2.7 billion, to \$9.9 billion, after decreasing \$28.1 billion in fiscal year 1998 (chart 1). This slowdown is due to an acceleration in current expenditures and a deceleration in receipts. The acceleration in current expenditures is due to accelerations in grants-in-aid to State and local governments, transfer payments, and consumption expenditures. The deceleration in receipts is attributable to a deceleration in corporate profits tax accruals.

In the NIPA framework, Federal current expenditures would increase \$65.3 billion in fiscal year 1999 to \$1,843.8 billion (chart 2). Transfer payments would increase \$36.1 billion—\$14.5 billion for social security and \$10.0 billion for medicare (table 8). Grants-in-aid to State and local governments would increase \$23.4 billion—\$6.7 billion for medicaid, \$5.3 billion for health care, and \$6.9 for other grants programs. Nondefense

Table 7.—Relation of Administration Budget and NIPA Estimates of Federal Government Receipts and Current Expenditures

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		1998 1999	
	1997	1998	1999	1998	1999
<b>Administration budget:</b>					
Receipts .....	1,579.3	1,657.9	1,742.7	78.6	84.8
Outlays .....	1,601.2	1,667.8	1,733.2	66.6	65.4
Surplus or deficit (-) .....	-21.9	-10.0	9.5	11.9	19.5
<b>NIPA's:</b>					
Receipts .....	1,695.5	1,765.9	1,833.9	70.4	68.0
Outlays .....	1,736.2	1,778.5	1,843.8	42.3	65.3
Surplus or deficit (-) <sup>1</sup> .....	-40.7	-12.6	-9.9	28.1	2.7
<b>Administration budget less NIPA's:</b>					
Receipts .....	-116.2	-108.0	-91.2	8.2	16.8
Outlays .....	-135.0	-110.7	-110.6	24.3	.1
Surplus or deficit (-) .....	18.8	2.6	19.4	-16.2	16.8

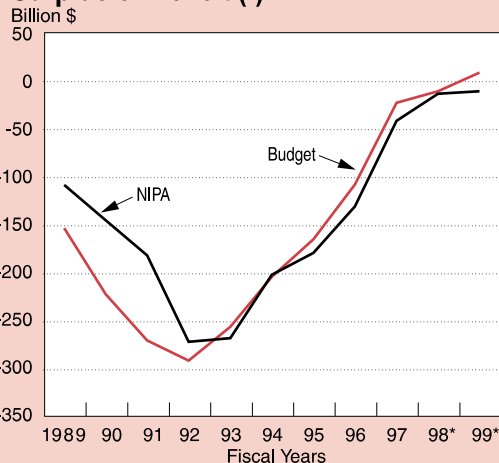
1. The NIPA current surplus or deficit reflects the treatment of government investment which was introduced in January 1996. Current expenditures now include (1) consumption of fixed capital or general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government enterprises is no longer classified as a current-account expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.

Sources: *The Budget of the United States Government, Fiscal Year 1999* and the Bureau of Economic Analysis.

NIPA National income and product accounts

CHART 1

### Federal Fiscal Position, Surplus or Deficit (-)

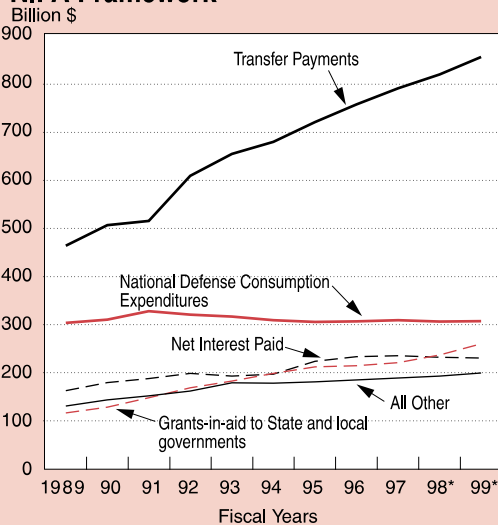


\*Estimates by OMB and BEA

U.S. Department of Commerce, Bureau of Economic Analysis

**CHART 2**

**Federal Government Current Expenditures, NIPA Framework**



\*Estimates by BEA  
U.S. Department of Commerce, Bureau of Economic Analysis

**Table 8.—Sources of Change in Federal Government Current Expenditures, NIPA Framework**  
[Billions of dollars]

	Change from preceding fiscal year		
	1997	1998	1999
<b>Total current expenditures</b> .....	<b>64.0</b>	<b>42.3</b>	<b>65.3</b>
Consumption expenditures .....	15.4	2.1	9.0
National defense .....	9.4	-2.8	1.0
Pay raise and locality pay <sup>1</sup> .....	.....	2.1	3.1
Other .....	9.4	-4.9	-2.1
Nondefense .....	6.0	4.9	8.0
Pay raise and locality pay <sup>1</sup> .....	.....	1.3	2.1
Other .....	6.0	3.6	5.9
Transfer payments .....	35.4	28.8	36.1
Social security .....	14.8	15.5	14.5
Medicare .....	16.4	7.9	10.0
Supplemental security income .....	1.4	.8	.4
Federal employee retirement .....	5.8	2.8	2.9
Earned income and child care credits .....	2.8	.4	2.7
Veterans benefits .....	1.2	.8	1.4
Unemployment benefits .....	-2.8	.4	2.7
Other .....	-4.2	.2	1.5
Grants-in-aid to State and local governments .....	4.7	15.6	23.4
Medicaid .....	3.6	5.4	6.7
Education .....	0	0	3.5
Highways .....	1.0	1.2	.6
Health Care .....	-1.5	1.5	5.3
Food and nutrition .....	.7	1.1	.4
Other .....	1.0	6.4	6.9
Net interest paid .....	8.0	-3.2	-1.7
Subsidies less current surplus of government enterprises .....	.5	-1.0	-1.5
Agriculture subsidies .....	-2.1	1.2	-.8
Housing subsidies .....	.6	0	-.4
Other subsidies .....	3.2	-.3	-.7
Less: Current surplus of government enterprises:			
Postal Service surplus .....	1.0	.7	-.3
Other surplus of government enterprises .....	.2	1.2	-.1

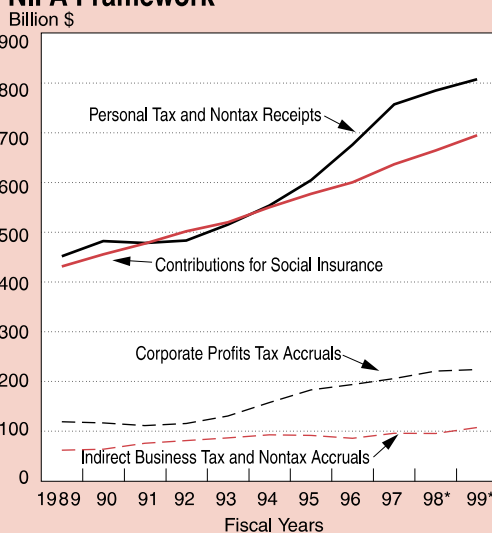
1. Consists of pay raises and locality pay beginning in January 1998.  
Source: Bureau of Economic Analysis.

consumption expenditures would increase \$8.0 billion.

In the NIPA framework, Federal receipts would increase \$68.0 billion in fiscal year 1999 to \$1,883.9 billion (chart 3): \$57.5 billion of the increase is due to a higher tax base, and \$10.5 billion is due to proposed legislation (table 9). The increase in total receipts reflects increases in contributions for social insurance (\$30.3 billion), personal taxes (\$22.7 billion), indirect business taxes (\$22.7 billion), indirect business taxes

**CHART 3**

**Federal Government Receipts, NIPA Framework**



\*Estimates by BEA  
U.S. Department of Commerce, Bureau of Economic Analysis

**Table 9.—Sources of Change in Federal Government Receipts, NIPA Framework**  
[Billions of dollars]

	Change from preceding fiscal year		
	1997	1998	1999
<b>Total receipts</b> .....	<b>143.6</b>	<b>70.4</b>	<b>68.0</b>
Due to tax bases .....	143.6	70.6	57.5
Due to proposed legislation .....	0	-.1	10.5
Personal tax and nontax receipts .....	88.8	27.8	22.7
Due to tax bases .....	88.8	27.9	23.9
Due to proposed legislation .....	0	-.1	-1.2
Corporate profits tax accruals .....	13.6	14.8	3.1
Due to tax bases .....	13.6	14.9	1.4
Due to proposed legislation .....	0	-.1	1.7
Indirect business tax and nontax accruals .....	4.6	-.1	11.9
Due to tax bases .....	4.6	-.2	1.9
Due to proposed legislation .....	0	.1	10.0
Contributions for social insurance .....	36.7	28.0	30.3
Due to tax bases .....	36.7	28.0	30.3
Due to proposed legislation .....	0	0	0

Sources: The Budget of the United States Government, Fiscal Year 1999, and the Bureau of Economic Analysis.

(\$11.9 billion), and corporate profits tax accruals (\$3.1 billion). The increase in contributions for social insurance reflects higher contributions for the old-age, survivors, disability, and hospital insurance programs. The increase in personal taxes reflects higher withheld income taxes, and the increase in indirect business taxes reflects the proposed tobacco settlement.

*Quarterly pattern.*—Seasonally adjusted quarterly estimates of NIPA receipts and current expenditures that are consistent with the budget estimates of receipts and outlays for the fiscal year are shown in [table 10](#). The NIPA estimates of receipts reflect the quarterly pattern that results from the enacted and proposed legislation and from the administration's projected quarterly pattern of wages and profits. The NIPA estimates of current expenditures reflect the quarterly pattern that results from the enacted and proposed legislation that would adjust pay for Federal Government

employees and provide cost-of-living increases in social security.

In the NIPA framework, the current deficit trends downward from the first quarter of 1997 through the fourth quarter of 1997 and then increases in the first quarter of 1998. The first-quarter 1998 increase reflects the following: Decreases in personal taxes, cost-of-living adjustments that increase social security (2.1 percent), and adjustments to Federal employee pay (2.8 percent).

The current deficit decreases from the second quarter of 1998 through the fourth quarter of 1998, increases in the first quarter of 1999, and then decreases slightly throughout the third quarter of 1999. The first-quarter increase reflects the following: Cost-of-living adjustments that increase social security (2.2 percent), adjustments to Federal employee pay (3.1 percent), and higher grants-in-aid to State and local governments.

*Table 10 follows.* 

**Table 10.—Federal Government Receipts and Expenditures, NIPA Framework**

(Billions of dollars; calendar year and quarters at seasonally adjusted annual rates)

Line		Fiscal year <sup>1</sup>			Calendar year		Quarter										
		1997	1998	1999	Pub- lished 1997 <sup>2</sup>	Esti- mated 1998	Published 1997 <sup>2</sup>				Estimated 1998				Estimated 1999		
							I	II	III	IV	I	II	III	IV	I	II	III
1	<b>Receipts</b> .....	<b>1,695.5</b>	<b>1,765.9</b>	<b>1,833.9</b>	<b>1,724.6</b>	<b>1,787.3</b>	<b>1,675.3</b>	<b>1,709.3</b>	<b>1,741.8</b>	<b>1,771.8</b>	<b>1,768.0</b>	<b>1,779.6</b>	<b>1,790.4</b>	<b>1,811.0</b>	<b>1,821.9</b>	<b>1,837.4</b>	<b>1,855.3</b>
2	Personal tax and nontax receipts <sup>3</sup> .....	757.3	785.1	807.8	774.4	797.7	746.9	767.9	781.9	800.8	787.0	794.0	801.2	808.5	807.8	815.4	823.0
3	Proposed legislation .....		-1	-1.3		-1					-1	-1	-1	-1	-1.1	-1.2	-1.4
4	Other .....	757.3	785.2	809.1	774.4	797.8	746.9	767.9	781.9	800.8	787.1	794.1	801.3	808.6	808.9	816.6	824.4
5	Corporate profit tax accruals <sup>4</sup> .....	206.0	220.8	223.9	213.0	221.3	204.9	207.7	219.3	220.1	220.6	221.4	221.0	222.1	224.0	224.3	225.1
6	Federal Reserve Banks .....	21.0	23.4	24.1	21.4	24.0	20.9	21.2	21.7	21.8	23.9	24.0	23.9	24.1	24.0	24.1	24.2
7	Proposed legislation .....		0	.2		0					0	0	0	0	.3	.3	.3
8	Other .....	21.0	23.4	23.9	21.4	24.0	20.9	21.2	21.7	21.8	23.9	24.0	23.9	24.1	23.7	23.9	24.0
9	Other corporate profit tax accruals .....	185.0	197.3	199.7	191.6	197.3	184.0	186.5	197.7	198.2	196.7	197.4	197.0	198.1	200.0	200.1	200.8
10	Proposed legislation .....		-1	1.4		-1					-1	-1	-1	-1	1.9	1.9	1.9
11	Other .....	185.0	197.4	198.3	191.6	197.4	184.0	186.5	197.7	198.2	196.8	197.5	197.1	198.2	198.0	198.2	198.9
12	Indirect business tax and nontax accruals <sup>7</sup> .....	95.7	95.6	107.5	91.3	94.9	88.2	92.2	92.4	92.3	92.8	93.1	92.9	100.6	100.1	100.2	101.3
13	Proposed legislation .....		.1	10.1		2.6					0	0	.4	9.8	9.9	10.1	10.5
14	Other .....	95.7	95.5	97.4	91.3	92.3	88.2	92.2	92.4	92.3	92.8	93.1	92.5	90.8	90.3	90.1	90.8
15	Contributions for social insurance <sup>3</sup> .....	636.5	664.5	694.8	645.9	673.5	635.3	641.5	648.2	658.6	667.6	671.2	675.3	679.8	690.0	697.5	705.9
16	Tax on wages and salaries (FICA) .....	483.3	508.5	534.0	490.4	514.8	480.8	486.3	492.3	502.0	510.0	513.0	516.5	519.7	527.7	533.7	540.6
17	Proposed legislation .....		0	.1		0	0	0	0	0	0	0	0	0	0	0	.3
18	Base increases .....		.8	3.7		3.1					3.1	3.1	3.1	3.1	5.5	5.5	5.5
19	January 1998 .....		.8	3.1		3.1					3.1	3.1	3.1	3.1	3.1	3.1	3.1
20	January 1999 .....			.6		0									2.5	2.5	2.5
21	Other .....	483.3	507.7	530.2	490.4	511.8	480.8	486.3	492.3	502.0	507.0	510.0	513.5	516.7	522.2	528.2	534.7
22	Tax on self-employment earnings (SECA) .....	29.4	31.1	32.6	28.8	30.4	28.5	28.6	28.8	29.1	29.9	30.2	30.5	30.9	31.5	31.7	32.0
23	Base increases .....	.1	.4	.7	0	.4	0	0	0	0	.4	.4	.4	.4	.7	.7	.7
24	Other .....	29.4	30.7	31.9	28.8	30.0	28.5	28.6	28.8	29.1	29.5	29.8	30.2	30.5	30.8	31.1	31.4
25	Supplementary medical insurance .....	19.0	19.3	20.0	19.7	20.0	19.5	19.6	19.7	19.8	19.8	19.9	20.0	20.1	20.7	20.8	20.9
26	Unemployment insurance .....	28.1	29.2	30.6	29.7	30.5	29.4	29.5	29.6	30.1	30.1	30.3	30.5	30.9	31.6	32.2	32.8
27	Federal retirement .....	67.4	67.3	68.5	67.9	68.2	67.7	67.9	68.1	67.9	68.1	68.1	68.0	68.5	69.0	69.5	70.0
28	Other .....	9.2	9.2	9.1	9.6	9.6	9.5	9.6	9.6	9.7	9.6	9.6	9.6	9.6	9.6	9.6	9.6
29	<b>Current expenditures</b> .....	<b>1,736.2</b>	<b>1,778.5</b>	<b>1,843.8</b>	<b>1,752.2</b>	<b>1,800.5</b>	<b>1,730.8</b>	<b>1,746.0</b>	<b>1,752.6</b>	<b>1,779.4</b>	<b>1,789.9</b>	<b>1,795.7</b>	<b>1,799.7</b>	<b>1,816.6</b>	<b>1,844.4</b>	<b>1,857.5</b>	<b>1,872.4</b>
30	Consumption expenditures .....	457.5	459.7	468.6	463.9	461.3	458.0	464.2	464.7	468.5	469.3	461.4	457.8	456.5	463.4	464.7	469.0
31	National defense .....	307.5	304.7	305.7	311.0	303.0	306.4	311.3	311.6	314.8	313.5	304.1	298.7	295.9	299.4	299.3	302.1
32	Pay raises and locality pay .....		2.1	5.2		2.8					2.7	2.8	2.8	2.8	5.9	6.0	6.0
33	January 1998 .....		2.1	2.8		2.8					2.7	2.8	2.8	2.8	2.8	2.8	2.8
34	January 1999 .....			2.4											3.1	3.2	3.2
35	Other .....	307.5	302.7	300.5	311.0	300.3	306.4	311.3	311.6	314.8	310.8	301.3	295.9	293.1	293.5	293.3	296.1
36	Nondefense .....	150.0	154.9	162.9	152.9	158.2	151.7	152.9	153.1	153.7	155.8	157.3	159.1	160.6	164.1	165.4	166.9
37	Pay raises and locality pay .....		1.3	3.4		1.8					1.7	1.8	1.8	1.8	3.8	3.9	3.9
38	January 1998 .....		1.3	1.8		1.8					1.7	1.8	1.8	1.8	1.8	1.8	1.8
39	January 1999 .....			1.6											2.0	2.1	2.1
40	Other .....	150.0	153.6	159.6	152.9	156.4	151.7	152.9	153.1	153.7	154.1	155.5	157.3	158.8	160.3	161.5	163.0
41	Transfer payments (net) <sup>3</sup> .....	786.3	815.1	851.2	795.5	827.6	785.9	791.4	794.5	810.3	817.4	822.9	828.7	841.3	854.2	859.4	864.5
42	To persons .....	774.1	802.8	839.0	782.3	815.3	775.5	780.5	784.5	788.5	806.7	812.4	818.2	823.7	844.0	849.2	854.4
43	Social Security .....	353.0	368.5	383.0	356.7	372.5	354.2	356.0	357.5	359.0	369.1	371.6	374.1	375.2	384.6	385.7	386.8
44	Regular .....	353.0	362.8	369.1	356.7	364.9	354.2	356.0	357.5	359.0	361.6	364.0	366.4	367.5	368.5	369.6	370.6
45	Benefit increases .....		5.7	14.0		7.7					7.6	7.6	7.7	7.7	16.0	16.1	16.1
46	January 1998 .....		5.7	7.8		7.7					7.6	7.6	7.7	7.7	7.7	7.8	7.8
47	January 1999 .....			6.2											8.3	8.3	8.3
48	Medicare .....	206.1	214.0	224.0	210.0	220.3	204.7	208.3	211.9	215.2	217.2	219.2	221.2	223.7	226.2	228.7	231.2
49	Unemployment benefits .....	20.6	21.0	23.7	22.0	23.1	22.3	22.2	21.8	21.6	22.2	22.8	23.4	24.1	24.8	25.5	26.3
50	Federal employee retirement .....	73.4	76.2	79.1	73.2	76.7	73.0	73.5	73.1	73.2	76.1	76.5	77.0	77.2	79.8	80.1	80.3
51	Civilian .....	43.0	44.5	46.5	42.6	44.2	42.6	42.7	42.6	42.6	43.9	44.1	44.2	44.5	45.8	46.1	46.4
52	Military .....	30.4	31.6	32.6	30.6	32.5	30.4	30.8	30.5	30.7	32.2	32.5	32.7	32.7	34.0	34.0	34.0
53	Veterans benefits .....	21.9	22.7	24.1	22.1	22.9	22.1	22.1	22.2	22.1	22.7	22.8	22.9	23.2	23.7	24.2	24.8
54	Railroad retirement .....	8.5	8.7	8.4	8.2	8.5	8.2	8.2	8.2	8.2	8.4	8.5	8.5	8.4	8.2	8.1	7.7
55	Military medical insurance .....	2.0	1.9	1.8	2.1	1.9	2.1	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.8	1.8	1.8
56	Food stamps .....	19.6	18.5	19.7	18.7	18.7	19.8	19.0	18.2	17.7	18.6	18.5	18.4	19.1	19.5	19.7	20.0
57	Black lung benefits .....	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0
58	Supplemental security income .....	26.7	27.5	27.9	25.6	26.6	25.5	25.5	25.7	25.6	26.7	26.6	26.5	26.5	27.0	26.9	26.8
59	Earned income and child care credits .....	21.9	22.3	25.0	22.6	21.7	22.6	22.6	22.6	22.6	21.7	21.7	21.7	21.7	25.5	25.5	25.5
60	All other .....	19.3	20.4	21.2	20.1	21.4	19.9	20.0	20.2	20.3	21.0	21.3	21.6	21.7	21.9	22.0	22.1
61	To rest of the world (net) .....	12.2	12.3	12.2	13.3	12.3	10.5	10.8	10.0	21.8	10.6	10.4	10.5	17.6	10.2	10.2	10.1



Table 10.—Federal Government Receipts and Expenditures, NIPA Framework—Continued

(Billions of dollars; calendar year and quarters at seasonally adjusted annual rates)

Line		Fiscal year <sup>1</sup>			Calendar year		Quarter										
		1997	1998	1999	Pub- lished 1997 <sup>2</sup>	Esti- mated 1998	Published 1997 <sup>2</sup>				Estimated 1998				Estimated 1999		
							I	II	III	IV	I	II	III	IV	I	II	III
62	Grants-in-aid to State and local governments .....	220.0	235.6	259.0	224.2	242.8	219.6	222.5	224.2	230.6	232.8	241.4	245.9	251.2	259.9	266.8	272.8
63	Public assistance .....	112.7	120.4	127.5	112.8	119.8	111.2	111.8	110.2	117.8	115.7	119.4	120.5	123.4	126.8	128.7	130.5
64	Medicaid .....	95.4	100.8	107.5	97.4	101.3	94.7	96.4	96.1	102.2	98.7	100.7	101.4	104.2	107.1	108.5	109.9
65	Cash benefits (AFDC + TANF) .....	14.7	17.1	18.0	12.9	16.0	14.0	12.6	11.8	13.2	14.6	16.0	16.6	16.9	17.4	18.0	18.5
66	Social benefits .....	2.6	2.4	2.0	2.5	2.5	2.5	2.8	2.4	2.4	2.4	2.6	2.5	2.3	2.3	2.2	2.1
67	Highways .....	20.2	21.4	22.0	20.3	22.1	19.4	20.6	20.8	20.3	21.3	22.4	22.6	21.9	22.2	22.6	22.8
68	Education .....	17.1	17.1	20.6	17.0	18.0	15.7	16.6	18.1	17.5	16.5	17.7	18.5	19.4	20.9	21.4	22.4
69	Food and nutrition .....	14.7	15.8	16.2	15.3	16.6	14.9	15.1	15.4	15.7	16.3	16.6	16.8	16.6	16.5	16.8	16.7
70	Community development .....	6.3	7.5	7.8	6.5	7.9	6.4	6.5	6.4	6.5	8.0	8.1	7.9	7.4	7.8	8.1	8.2
71	Mass transit .....	2.3	2.0	1.9	4.0	2.6	4.1	3.5	4.2	4.0	3.2	2.9	2.1	2.1	2.1	2.1	2.0
72	Environmental protection .....	2.7	2.5	2.7	2.6	2.7	2.9	2.7	2.6	2.3	2.9	2.6	2.5	2.9	2.6	2.8	2.7
73	Health care .....	6.3	7.8	13.1	7.7	9.1	6.9	8.4	7.2	8.2	8.4	8.2	8.4	11.2	13.3	14.3	15.3
74	All other .....	37.8	41.1	47.1	38.3	44.2	38.1	37.4	39.4	38.3	40.6	43.6	46.3	46.2	47.5	49.8	52.1
75	Net interest paid .....	234.2	231.0	229.3	230.2	229.6	228.9	229.8	231.2	231.0	230.6	229.7	229.0	228.9	228.6	228.4	228.3
76	Subsidies less current surplus of government enterprises .....	38.2	37.2	35.7	38.4	39.3	38.4	38.1	37.9	39.0	39.9	40.3	38.4	38.8	38.3	38.1	37.8
77	Subsidies .....	35.5	36.4	34.5	34.2	34.3	33.8	34.3	34.3	34.5	34.8	34.7	34.1	33.4	33.1	32.8	32.6
78	Agricultural .....	7.3	8.5	7.7	7.6	8.1	7.4	7.5	7.5	8.0	8.3	8.4	8.1	7.7	7.5	7.3	7.2
79	Housing .....	24.9	24.9	24.5	25.6	25.5	25.2	25.7	25.9	25.7	25.6	25.5	25.4	25.3	25.2	25.2	25.1
80	Other .....	3.3	3.0	2.3	1.0	.6	1.1	1.1	1.0	.9	.8	.7	.6	.4	.4	.3	.3
81	Less: Current surplus of government enterprises .....	-2.7	-8	-1.1	-4.2	-5.1	-4.7	-3.9	-3.6	-4.5	-5.1	-5.6	-4.2	-5.4	-5.3	-5.3	-5.1
82	Postal Service .....	-7.8	-7.1	-7.4	-8.6	-9.5	-8.9	-8.2	-8.0	-9.2	-9.7	-10.0	-8.6	-9.8	-9.6	-9.6	-9.5
83	Federal Housing Administration .....	2.9	3.4	3.8	3.3	3.7	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.0
84	Tennessee Valley Authority .....	2.0	2.7	2.8	1.7	1.7	1.7	1.6	1.5	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.8
85	Other .....	.3	.3	-.3	-.5	-1.0	-.6	-.5	-.4	-.5	-.7	-.9	-1.1	-1.2	-1.3	-1.4	-1.4
86	Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
87	<b>Current surplus or deficit (-)<sup>5</sup></b> .....	<b>-40.7</b>	<b>-12.6</b>	<b>-9.9</b>	<b>-27.7</b>	<b>-13.2</b>	<b>-55.5</b>	<b>-36.8</b>	<b>-10.8</b>	<b>-7.6</b>	<b>-21.9</b>	<b>-16.1</b>	<b>-9.3</b>	<b>-5.6</b>	<b>-22.5</b>	<b>-20.1</b>	<b>-17.2</b>
88	<b>Addenda:</b>																
88	Gross investment <sup>6</sup> .....	61.2	58.3	58.5	59.9	56.7	58.1	61.8	61.0	58.9	57.4	56.4	55.8	57.1	58.7	59.3	58.8
89	National defense .....	39.9	36.3	35.4	39.4	34.5	37.0	39.3	40.5	40.8	35.6	34.4	33.5	34.5	35.8	35.9	35.5
90	Nondefense .....	21.3	22.0	23.1	20.6	22.2	21.1	22.6	20.5	18.1	21.9	22.0	22.3	22.6	22.9	23.3	23.4
91	Consumption expenditures and gross investment .....	518.7	518.0	527.1	523.8	517.9	516.1	526.1	525.7	527.4	526.7	517.9	513.6	513.6	522.1	524.0	527.8
92	National defense .....	347.4	341.1	341.1	350.4	337.5	343.3	350.6	352.1	355.6	349.1	338.5	332.2	330.4	335.2	335.3	337.5
93	Nondefense .....	171.3	176.9	186.0	173.4	180.4	172.8	175.5	173.6	171.8	177.6	179.4	181.3	183.2	187.0	188.7	190.3

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in the NIPA tables 3.2 and 3.7B elsewhere in this issue.

3. Estimates of personal tax and nontax receipts, contributions for social insurance, transfer payments (net), and grants-in-aid to State and local governments for the first quarter of 1998 through the third quarter of 1999 have been revised to incorporate information that has become available since the release of the budget. For each quarter, personal taxes have been revised up \$8.1 billion, and grants-in-aid have been revised up \$4.6 billion. To reflect data on wage and salary disbursements that were not available at the time of the translation, contributions have been revised as follows: 1998:I, \$3.6 billion; 1998:II, \$1.0 billion; 1998:III, -\$1.0 billion; 1998:IV, -\$3.4 billion; 1999:I, -\$2.9 billion; 1999:II, -\$1.4 billion; and 1999:III, \$1.0 billion. The revisions to transfer payments (net) in 1998 and 1999 result from a corrected quarterly pattern for medicare payments.

4. BEA's estimate of corporate profits tax accruals for the fourth quarter of 1997 will not be available until the release of the final estimates of gross domestic product on March 26, 1998. The value shown is derived from the budget.

5. See footnote 1 in table 7.

6. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

7. *The Budget of the United States Government, Analytical Perspectives, Fiscal Year 1999*, "National Income and Product Accounts," page 340 contains incorrect fiscal year estimates of indirect business tax and nontax accruals (IBT); the IBT estimates also carried through to the budget estimates for total receipts and the deficit. The

differences between the fiscal year estimates of IBT shown in the Budget and those shown in table 10 (above) are shown below:

	Billions of dollars		
	Fiscal year		
	1997	1998	1999
Indirect business tax and nontax accruals:			
Budget .....	92.1	92.1	105.7
Amount of correction .....	3.6	3.5	1.8

Sources: *The Budget of the United States Government, Fiscal Year 1998* and the Bureau of Economic Analysis.

AFDC Aid to families with dependent children  
 FICA Federal insurance contributions act  
 NIPA National income and product accounts  
 SECA Self-employment contributions act  
 TANF Temporary assistance for needy families