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JOINT STATEMENT OF
PAUL H. O'NEILL,
SECRETARY OF THE TREASURY,
AND
MITCHELL E. DANIELS, JR.,
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET,
ON
BUDGET RESULTS FOR FISCAL YEAR 2001

SUMMARY

The Administration is today releasing the September 2001 Monthly Treasury Statement of Receipts and Outlays of the United States Government[1]. The statement shows the actual financial totals for the fiscal year that ended September 30, 2001, as follows:

- A surplus of $127 billion. This reflects a $12 billion reduction in anticipated spectrum auction recoveries. Absent this change, the surplus would have been $139 billion;
- total receipts of $1,990 billion;
- total outlays of $1,863 billion; and
- a reduction in publicly held debt of $90 billion.

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[1] The September 2001 Monthly Treasury Statement of Receipts and Outlays of the United States Government containing these results can be found on the Financial Management Service website at: www.fms.treas.gov.

"We paid down publicly held debt again last year, because hardworking Americans created a unified budget surplus in Washington. Reigniting our vibrant economy, while controlling spending, is the essential ingredient to ensuring budget surpluses for years to come."

- Secretary Paul H. O'Neill

"It was an important accomplishment that the federal government recorded the second largest surplus in history and paid down $90 billion in debt last fiscal year. However, circumstances have changed radically. We must make sure that this is not the last surplus, by limiting additional spending to purposes directly related to the Nation's battle against terrorism."

- Director Mitchell E. Daniels, Jr.

Table 1. TOTAL RECEIPTS, OUTLAYS AND SURPLUS
(in billions of dollars)

	Receipts	Outlays	Surplus
2000 Actual	2,025	1,788	237
2001:			
April Budget Estimate	2,137	1,856	281
Mid-Session Review Estimate	2,013	1,855	158
Actual	1,990	1,863	127[2]

NOTE: Detail may not add to totals due to rounding.

SURPLUS

The FY 2001 unified surplus was $127 billion, or 1.3 percent of the Gross Domestic Product (GDP). In nominal terms, the surplus is the second largest ever in U.S. history. Receipts declined to 19.6 percent of GDP, down from the near-record high of 20.8 percent in FY 2000. Receipts decreased by $35 billion or 1.7 percent as compared to the FY 2000 actual. Spending was 18.3 percent of GDP. Outlays grew by $75 billion or 4.2 percent as compared

[2] Reflects a $12 billion reduction in anticipated spectrum auction recoveries. Absent this change, the surplus would have been $139 billion.

to the FY 2000 actual. This increase is less than the 5.0 percent growth rate in outlays between FY 1999 to FY 2000.

DEBT REDUCTION

Debt held by the public fell by $90 billion, the second largest reduction in history.

OUTLAYS

Total outlays for FY 2001 were $1,863 billion, $8 billion higher than the Mid-Session Review (MSR) estimate. The major outlay changes since the MSR are described below. Table 2 displays actual outlays as well as estimates from the April Budget and the MSR by agency and major program.

Department of Agriculture. Actual outlays for the Department of Agriculture were $68.2 billion, $3.9 billion lower than the MSR estimate. Outlays by the Commodity Credit Corporation were $1.5 billion below the MSR estimate because loan deficiency payments for various crops, net lending activity, and crop disaster payments were lower than expected. Outlays in the Food and Nutrition Service were $0.6 billion below the MSR estimate because fewer people applied for Food Stamps and Child Nutrition Programs than had been anticipated. Forest Service outlays were $0.8 billion lower than the MSR due to slower-than-expected spending for fire preparedness and other programs.

Department of Defense - Military. The Department of Defense - Military had actual outlays of $291.0 billion, $2.7 billion higher than the MSR estimate. The difference was primarily due to faster-than-expected implementation of aircraft, ship and missile procurement programs and some expenditures, not anticipated in the MSR, from the anti-terrorism disaster assistance and recovery response.

Department of Health and Human Services. Actual outlays for the Department of Health and Human Services were $426.4 billion, $1.9 billion lower than the MSR estimate. Outlays for Medicaid and the State Children's Health Insurance Program (SCHIP) were $1.4 billion below the estimates in the MSR. This variance was primarily due to lower-than-expected outlays in the month of September, which appeared to have been offset by higher outlays in the beginning of October. Outlays by the Administration for Children and Families were $0.4 billion less than anticipated primarily due to slower-than-expected spending in two programs that received significant funding increases in FY 2001, the Low Income Home Energy Assistance Program and the Child Care and Development Block Grant.

Department of Housing and Urban Development (HUD). The Department of Housing and Urban Development had actual outlays of $33.9 billion, $2.0 billion lower than the MSR estimate. Net outlays for loans made prior to 1992 were $1.4 billion below the MSR because of lower-than-expected claims for both multi-family and single family housing guaranteed loans. Outlays for public and Indian housing programs and other HUD programs were also lower than anticipated.

Department of Transportation (DOT). Actual outlays for the Department of Transportation were $54.1 billion, $3.6 billion higher than the MSR estimate. Part of this increase was due to the recently enacted payments to help airlines offset losses incurred as a result of the September 11th terrorist attacks. In September, DOT distributed $2.3 billion of the $5.0 billion in direct assistance provided in the Air Transportation Safety and System Stabilization Act. Outlays for the Federal Transit Administration (FTA) programs were higher than anticipated because funds transferred from the Federal Highway Administration were outlayed more quickly than anticipated. Similarly, reimbursements for the Transit New Starts projects occurred faster because transit agencies began alternative methods to fund projects, usually in advance of FTA awards.

Department of Treasury. The Department of Treasury had actual outlays of $389.8 billion, $2.8 billion higher than the MSR estimate. Interest on the public debt, which includes interest paid to government accounts as well as interest paid to the public, was $359.5 billion, $2.8 billion above the MSR estimate. This difference was primarily due to higher interest received by trust funds ($1.5 billion above the MSR) and other government accounts ($1.0 billion above the MSR). These interest payments to government accounts had no impact on the surplus, because they were offset by changes in undistributed offsetting receipts and various agency totals. Interest paid to the public was $0.2 billion above the MSR estimate.

Federal Emergency Management Agency (FEMA). Actual outlays for FEMA were $4.4 billion, $1.1 billion higher than the MSR estimate. About $0.6 billion of this increase was due to the acceleration of disaster relief spending following Tropical Storm Allison, which occurred on June 9, 2001, and affected five states. The remaining difference was mainly due to additional spending following the September 11th attacks. FEMA spent $0.3 billion responding to these attacks before the end of the fiscal year.

Federal Communications Commission (FCC). Actual outlays for the FCC were $4.0 billion, $11.1 billion higher than the MSR estimate. Most of this difference was due to an $11.6 billion reduction in anticipated savings from spectrum auctions. This upward re-estimate in net credit subsidies was based upon conservative assumptions that significantly reduced expected recoveries. This increase was partly offset by Universal Service Fund outlays, which were $0.5 billion below the MSR estimate, as a result of a slower rate of spending than had been assumed.

Postal Service. Net outlays by the Postal Service were $2.4 billion, $1.1 billion above the MSR estimate. Almost all of the difference was due to lower-than-projected mail revenue as a result of the economic slowdown and the September 11th attacks.

RECEIPTS

Total receipts for FY 2001 were $1,990 billion, $23 billion lower than the MSR estimate. The shortfall was largely related to lower-than-expected collections of individual income taxes and corporation income taxes due to the slowing economy. Collections of social insurance and retirement receipts, excise taxes, and estate and gift taxes were also lower than the MSR estimate. Table 3 displays actual receipts and estimates from the April Budget and MSR by source.

Individual income taxes were $994.3 billion, $14.4 billion lower than the MSR estimate. Most of the shortfall in individual income taxes was due to lower-than-estimated payments of withheld taxes. In addition, payments of non-withheld taxes were below forecast. The shortfalls in withheld and non-withheld taxes were partially offset by lower-than-estimated refunds.

Corporation income taxes were $151.1 billion, $4.3 billion lower than the MSR estimate. Lower-than-estimated corporate tax payments (in part related to filing and payment relief granted by IRS to taxpayers affected by the September 11th terrorist attacks) were partially offset by lower-than-estimated refunds.

Social insurance and retirement receipts were $694.0 billion, $1.1 billion lower than the MSR estimate. Lower-than-expected collections of unemployment insurance taxes largely accounted for the reduction in this source of receipts.

Excise taxes were $66.2 billion, $1.4 billion lower than the MSR estimate. Lower-than-estimated payments of airline ticket excise taxes accounted for a significant portion of the shortfall in this receipts source.

Estate and gift taxes were $28.4 billion, $1.6 billion lower than the MSR estimate.