



# MONTHLY BUDGET REVIEW

## Fiscal Year 1999

### A Congressional Budget Office Analysis

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

January 7, 1999

Receipts for October through December (the first quarter of fiscal year 1999) were up 6.6 percent over collections for the same period last year, a much lower growth rate than was posted a year ago. Outlays in December were boosted by more than \$27 billion in early payments of January Social Security benefits because of a quirk in the calendar. Excluding those payments, the first-quarter deficit was about \$12 billion below last year's level.

#### NOVEMBER RESULTS<sup>a</sup> (In billions of dollars)

	November Estimate	November Actual	Difference
Receipts	113.5	114.0	0.5
Outlays	131.0	131.1	0.1
Deficit (-)	-17.5	-17.1	0.4

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 actual November deficit of \$17.1 billion reported by the Treasury Department last month was quite close to CBO's estimate, which was based on daily Treasury statements for the month.

#### CBO ESTIMATES FOR DECEMBER<sup>a</sup> (In billions of dollars)

	December 1997	December 1998	Estimated Change
Receipts	168.0	178.0	10.0
Outlays	154.4	183.5	29.1
Deficit (-) or Surplus	13.6	-5.5	-19.1

SOURCE: Department of the Treasury and Congressional Budget Office.

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

Total receipts in December are estimated to be about \$10 billion higher than a year ago, and outlays are estimated to be about \$29 billion higher, largely because of early payments of January Social Security benefits. CBO's estimates for the monthly total deficit or surplus are usually within \$2 billion of the final results reported later in the month by the Department of the Treasury.

#### COMPARISON WITH LAST YEAR<sup>a</sup> (By fiscal year, in billions of dollars)

	October-December		Estimated Change
	1997	1998	
Receipts	386.4	411.9	25.6
Outlays	426.1	467.0	41.0
Deficit (-)	-39.7	-55.1	-15.4

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 quarter of fiscal year 1999 are estimated to be more than \$25 billion above last year's level for the same period. Outlays are estimated to be up by about \$41 billion, boosted by more than \$27 billion in early payments of January Social Security benefits. Excluding those benefit payments, first-quarter outlays were up by about \$13 billion over last year, and the first-quarter deficit was down by about \$12 billion.

#### RECEIPTS THROUGH DECEMBER<sup>a</sup> (By fiscal year, in billions of dollars)

Major Source	October-December		Percentage Change
	1997	1998	
Individual Income	176.3	189.2	7.3
Corporate Income	51.2	47.6	-7.1
Social Insurance	126.4	133.6	5.7
Other	<u>32.4</u>	<u>41.6</u>	28.2
Total	386.4	411.9	6.6

SOURCE: Department of the Treasury and Congressional Budget Office.

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

Receipts in the first three months of the fiscal year were up 6.6 percent over collections for the same period a year ago. Revenue growth last year was 11.7 percent for the first quarter and 9.0 percent for the full fiscal year.

Collections of individual income and social insurance taxes during the first quarter are estimated to be up by about 6.6 percent, compared with first-quarter growth a year ago of 9.7 percent.

Corporate income tax receipts for the first quarter were about \$3.6 billion lower than last year, reflecting lower corporate profits.

## FISCAL YEAR 1999 PROJECTIONS

CBO is preparing new projections for 1999 that will be released toward the end of the month. On the basis of first-quarter results, the total budget surplus is expected to be higher than the \$63 billion level estimated in November.

### OUTLAYS THROUGH DECEMBER<sup>a</sup>

(By fiscal year, in billions of dollars)

Major Category	Oct-Dec		Percentage Change
	1997	1998	
Defense-Military	67.8	67.8	b
Social Security Benefits	91.2	123.4	35.3
Medicare and Medicaid	81.4	81.8	0.5
Net Interest on the Public Debt	63.0	59.0	-6.2
Other	<u>122.7</u>	<u>135.0</u>	10.0
<b>Total</b>	<b>426.1</b>	<b>467.0</b>	<b>9.6</b>

SOURCE: Department of the Treasury and Congressional Budget Office.

- a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.
- b. Less than 0.05 percent.

Outlays in the first quarter of fiscal year 1999 were boosted by more than \$27 billion in early payments of January Social Security benefits. Excluding the early payments, total outlays in the first quarter were up by about 3.1 percent over last year rather than by the 9.6 percent shown above. A year ago, outlay growth was 5.1 percent for the first quarter and 3.2 percent for the full fiscal year.

The growth in Social Security benefits during the October-December quarter would be about 3.3 percent if the early January benefit payments were excluded.

Outlays for Medicare and Medicaid show little growth for the first quarter. Medicare outlays through December were actually slightly lower than a year ago, whereas Medicaid outlays were up by just over 3 percent.