



MONTHLY BUDGET REVIEW

Fiscal Year 1997

A Congressional Budget Office Analysis

Based on the July Treasury Statement

September 5, 1997

The July results and estimates for August are consistent with CBO's projection of a \$34 billion deficit for fiscal year 1997.

JULY RESULTS

(In billions of dollars)

	July 1996	July 1997	Change
Receipts	103.9	109.2	5.3
Outlays	130.7	134.8	4.1
Deficit	26.9	25.6	-1.2

Source: Department of the Treasury

- July receipts of \$109.2 billion were up \$5.3 billion from a year ago, an increase of 5.1 percent.
- July outlays of \$134.8 billion were up \$4.1 billion from last year, an increase of 3.1 percent.
- The July deficit of \$25.6 billion was down \$1.2 billion from a year ago.

FISCAL YEAR TO DATE

(In billions of dollars)

	October-July		
	FY 1996	FY 1997	Change
Receipts	1,195.1	1,300.7	105.6
Outlays	1,296.0	1,337.4	41.5
Deficit	100.9	36.7	-64.2

Source: Department of the Treasury

- Receipts through July were up \$105.6 billion--8.8 percent--from last year's comparable level.
- Outlays through July were up \$41.5 billion--3.2 percent--from last year's comparable level.
- The cumulative deficit through July was \$36.7 billion, roughly one third of the \$100.9 billion deficit last year for the same period.

FY 1997 PROJECTIONS

(In billions of dollars)

	Budget Resolution	OMB Estimate	CBO Estimate
Receipts	1,469	1,578	1,578
Outlays	1,622	1,615	1,612
Deficit	153	37	34

Source: Congressional Budget Office

- The July and August budget data are consistent with CBO's projection of a \$34 billion deficit for 1997. As a percentage of GDP, the deficit would be 0.4 percent.
- OMB's mid-session review of the budget released today has very similar estimates for 1997.

RECEIPTS THROUGH JULY

(In billions of dollars)

Major Source	FY 1996	FY 1997	Percent Change
Individual income	541.6	613.6	13.3%
Corporate income	133.6	142.7	6.8%
Social insurance	425.1	445.6	4.8%
Other	94.7	98.9	4.4%
Total	1,195.1	1,300.7	8.8%

Source: Department of the Treasury

- The primary source of higher receipts in 1997 is the individual income and payroll tax collections, reflecting the surprisingly strong economy.
- Corporate income tax collections through July were up 6.8 percent from last year's level.

OUTLAYS THROUGH JULY

(In billions of dollars)

Major Category	FY 1996	FY 1997	Percent Change
Defense-Military	209.5	214.8	2.6%
Social Security benefits	285.3	297.8	4.4%
Medicare and Medicaid	240.0	254.2	5.9%
Net interest on the public debt	204.1	208.5	2.1%
Other	357.0	362.1	1.4%
Total	1,296.0	1,337.4	3.2%

Source: Department of the Treasury

- The relatively slow growth in outlays of 3.2 percent through July is partly attributable to the \$10.3 billion of offsetting receipts credited for spectrum auction proceeds. Absent these offsetting receipts, outlay growth through July was 4.0 percent.
- The growth in Medicare outlays this year is also lower than last year. Through July, Medicare outlays were up 6.9 percent, compared to 11.2 percent last year for the same period.

BORROWING FROM THE PUBLIC

(In billions of dollars)

	October-July 1996	1997	Change
Deficit	100.9	36.7	-64.2
Other borrowing needs:			
Loan financing	10.7	16.2	5.5
Operating cash balance	-1.2	-16.7	-15.5
Other Items	9.1	-10.0	-19.1
Borrowing from the public	119.4	26.1	-93.3

Source: Department of the Treasury

- The budget deficit is financed largely by borrowing from the public. The amount of borrowing from the public is also affected by other factors, such as loan financing and changes in operating cash balances.

- Through July, borrowing from the public was only \$26 billion, down \$93 billion from last year's comparable level, and \$10.6 billion lower than the cumulative deficit of \$36.7 billion. A decrease in operating cash and other factors account for borrowing being less than the deficit through July.

CBO ESTIMATES FOR AUGUST 1997

(In billions of dollars)

	August 1996	August 1997	Estimated Change
Receipts	100.0	103.0	3.0
Outlays	141.8	143.0	1.2
Deficit	41.8	40.0	-1.8

Source: Congressional Budget Office

- Daily Treasury statements for August indicate that receipts for the month were about \$103.0 billion, \$3.0 billion above last year's level. There was one fewer working day this August than a year ago, which held down the increase in collections.
- Outlays are estimated to be \$143.0 billion in August, slightly above last year's level of \$141.8 billion. August outlays for both years were boosted by roughly \$8 billion because September 1 was a holiday this year and on a weekend last year.
- The estimated deficit of \$40.0 billion in August will be \$1.8 billion lower than the monthly deficit a year ago.
- A surplus of about \$43 billion is expected to be posted for September. Receipts are expected to be over \$170 billion, boosted by quarterly estimated individual and corporate income tax payments. Outlays are expected to be around \$130 billion.