



MONTHLY BUDGET REVIEW

Fiscal Year 1998

A Congressional Budget Office Analysis

Based on the Monthly Treasury Statement for September
and the Daily Treasury Statements for October

November 5, 1998

Fiscal year 1998 ended with a total surplus of \$70 billion, an on-budget deficit of \$29 billion, and an off-budget surplus of \$99 billion for Social Security and the Postal Service. Incorporating legislative actions taken by the Congress since July, the current outlook for fiscal year 1999 is for a total budget surplus of \$63 billion, an on-budget deficit of \$54 billion, and an off-budget surplus of \$117 billion.

SEPTEMBER RESULTS^a

(In billions of dollars)

	Sept. Estimate	Sept. Actual	Difference
Receipts	180.7	180.9	0.2
Outlays	141.8	142.7	0.9
Surplus	38.9	38.2	-0.7

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 September surplus of \$38.2 billion reported by the Treasury Department was \$0.7 billion below CBO's estimate, which was based on daily statements for the month, largely because Defense Department outlays were greater than expected.

FISCAL YEAR 1998 RESULTS

(In billions of dollars)

	1997 Actual	1998 Actual	Change
Total Receipts	1,579	1,721	142
Total Outlays	1,601	1,651	50
Total Deficit (-) or Surplus	-22	70	92
On-budget deficit (-)	-103	-29	74
Off-budget surplus	81	99	18

SOURCE: Department of the Treasury and Congressional Budget Office.

Total budget receipts in fiscal year 1998 exceeded total budget outlays by \$70 billion. That figure includes an off-budget surplus of \$99 billion (for Social Security and the Postal Service) and an on-budget deficit of \$29 billion.

FISCAL YEAR 1998 RECEIPTS^a

(In billions of dollars)

Major Source	1997 Actual	1998 Actual	Percentage Change
Individual Income	737	829	12.4
Corporate Income	182	189	3.5
Social Insurance	539	572	6.0
Other	<u>120</u>	<u>132</u>	10.4
Total	1,579	1,721	9.0

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 budget receipts for fiscal year 1998 were \$1,721 billion, which was \$142 billion, or 9.0 percent, above the level of 1997 receipts. As a share of GDP, total receipts reached 20.5 percent in 1998, compared with 19.8 percent a year ago.

FISCAL YEAR 1998 OUTLAYS^a

(In billions of dollars)

Major Category	1997 Actual	1998 Actual	Percentage Change
Defense—Military	258	256	-0.8
Social Security Benefits	358	372	3.8
Medicare and Medicaid	305	314	2.9
Net Interest on the Public Debt	251	250	-0.3
Other	<u>428</u>	<u>459</u>	7.3
Total	1,601	1,651	3.2

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 budget outlays in fiscal year 1998 were \$1,651 billion, which was \$50 billion, or 3.2 percent, above the level of 1997 outlays. As a percentage of GDP, total outlays were 19.7 percent in 1998, compared with 20.1 percent a year ago.

COMPARISON WITH CBO'S JULY ESTIMATES

(In billions of dollars)

	CBO July Estimate	1998 Actual	Differ- ence
Receipts			
Individual income	821	829	7
Corporate income	190	189	-1
Social insurance	577	572	-5
Other	<u>129</u>	<u>132</u>	<u>3</u>
Total	1,717	1,721	4
Outlays			
Defense—Military	256	256	a
Social Security benefits	372	372	a
Medicare and Medicaid	317	314	-3
Net interest on the public debt	250	250	a
Other	<u>460</u>	<u>459</u>	<u>-1</u>
Total	1,654	1,651	-3
Total Surplus	63	70	7
On-budget deficit (-)	-41	-29	12
Off-budget surplus	104	99	-5

SOURCE: Congressional Budget Office.

a. Less than \$500 million.

Total receipts for 1998 were \$4 billion higher than CBO projected in July. Withheld individual income and employment taxes were \$4.5 billion higher than CBO projected, and excise taxes were \$2.4 billion higher. Nonwithheld income and employment taxes, however, were \$2.5 billion lower than projected, and corporate income taxes were \$1.5 billion lower. The \$5 billion shortfall in social insurance contributions from CBO's July projection results from an unexpected accounting adjustment by the Treasury to correct past allocations of withheld income and employment taxes between individual income taxes and Social Security taxes.

Total outlays for 1998 were \$3 billion lower than CBO projected in July, with the shortfall largely resulting from lower-than-expected spending for Medicare.

CBO ESTIMATES FOR OCTOBER^a

(In billions of dollars)

	October 1997	October 1998	Estimated Change
Receipts	115	120	5
Outlays	151	151	b
Deficit (-)	-36	-31	5

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 \$500 million.

Total outlays in October 1998 are estimated to exceed total receipts by about \$31 billion, resulting in a deficit that is \$5 billion smaller than the one recorded for the same month a year ago. 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.

FISCAL YEAR 1999 OUTLOOK

(In billions of dollars)

	CBO July Estimate	Legislative Actions	Current Estimate
Total Receipts	1,801	a	1,801
Total Outlays	1,721	17	1,738
Total Surplus	80	-17	63
On-budget deficit (-)	-37	-17	-54
Off-budget surplus	117	a	117

SOURCE: Congressional Budget Office.

a. Less than \$500 million.

Legislation enacted since CBO's July projections add an estimated \$17 billion to 1999 outlays, reducing the projected total surplus to \$63 billion and raising the on-budget deficit to \$54 billion. The outlook for the off-budget surplus remains at \$117 billion.

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