



# MONTHLY BUDGET REVIEW

## Fiscal Year 2000

### A Congressional Budget Office Analysis

Based on the *Monthly Treasury Statement* for October and the *Daily Treasury Statements* for November

December 10, 1999

CBO estimates that the deficit for the first two months of fiscal year 2000 was \$52 billion, slightly more than the deficit at the same time last year. Nevertheless, CBO anticipates that the total budget surplus for the year will exceed the \$124 billion realized in fiscal year 1999.

#### OCTOBER RESULTS

(In billions of dollars)

	Preliminary Estimate	Actual	Difference
Receipts	121.0	121.0	a
Outlays	147.0	147.7	0.7
Deficit (-)	-26.0	-26.7	-0.7

SOURCES: Department of the Treasury and Congressional Budget Office.

a. Less than \$500 million.

The Treasury reported a deficit of \$26.7 billion in October, slightly more than CBO had projected on the basis of the *Daily Treasury Statements*. Revenues were almost identical to the preliminary estimate, but outlays were \$0.7 billion more than CBO had expected.

#### ESTIMATES FOR NOVEMBER

(In billions of dollars)

	Actual FY1999	Preliminary FY2000	Estimated Change
Receipts	114.0	121.0	7.0
Outlays	130.9	146.0	15.1
Deficit (-)	-16.9	-25.0	-8.1

SOURCES: Department of the Treasury and Congressional Budget Office.

CBO estimates that the deficit in November was about \$25 billion compared with \$17 billion last November. This year, the month included one more business day, which added about \$2 billion in revenues. And last year, November 1 fell on a Sunday, so payments totaling close to \$10 billion were shifted into October. After adjusting for those calendar effects, the November 1999 results look much like those of last November.

#### BUDGET TOTALS THROUGH NOVEMBER

(In billions of dollars)

	October-November		Estimated Change
	FY1999	FY2000	
Receipts	234.0	242.0	8.1
Outlays	283.3	293.7	10.4
Deficit (-)	-49.4	-51.7	-2.3

SOURCES: Department of the Treasury and Congressional Budget Office.

CBO estimates that the deficit for the first two months of fiscal year 2000 was \$52 billion—about \$2 billion more than in the same period last year. Receipts for those two months were about \$8 billion higher than last year, but outlays were up by an estimated \$10 billion.

#### RECEIPTS THROUGH NOVEMBER

(In billions of dollars)

Major Source	October-November		Percentage Change
	FY1999	FY2000	
Individual Income	111.6	120.7	8.2
Corporate Income	5.2	4.0	-23.2
Social Insurance	87.2	92.8	6.4
Other	<u>30.0</u>	<u>24.6</u>	-18.1
Total	234.0	242.0	3.5

SOURCES: Department of the Treasury and Congressional Budget Office.

For the first two months of fiscal year 2000, revenues are up by 3.5 percent compared with the same period last year. Receipts from withheld individual income and social insurance taxes are 8 percent higher. Other revenue sources are lagging behind, but their declines

NOTE: Unless otherwise indicated, the figures in this report include the Social Security trust funds and the Postal Service fund, which are off-budget. Numbers may not add up to totals because of rounding.

say little about the strength of the economy. Receipts from corporate income taxes are down, but few corporations have made payments yet this year. (The first payment of the fiscal year for most corporations will be made on December 15.) Most of the decrease in other tax revenues can be explained by a shift of \$5 billion in excise tax revenues from August and September 1998 into October 1998 (thus increasing the fiscal year 1999 figure), which did not recur this year.

### OUTLAYS THROUGH NOVEMBER

(In billions of dollars)

Major Category	October-November		Percentage Change
	FY1999	FY2000	
Defense—Military	40.8	44.2	8.2
Social Security			
Benefits	62.7	64.8	3.5
Medicare	34.5	35.1	1.8
Medicaid	17.8	18.7	5.1
Net Interest on the			
Public Debt	39.3	38.5	-2.1
Other	<u>88.3</u>	<u>92.4</u>	4.7
 Total	 283.3	 293.7	 3.7

SOURCES: Department of the Treasury and Congressional Budget Office.

CBO estimates that outlays are 3.7 percent higher for the first two months of fiscal year 2000 than for the same period last year. That growth rate is slightly higher than the 3.1 percent rate experienced for the whole of fiscal year 1999.

Defense spending appears to be off to a fast start this year, up by an estimated 8 percent in the first two months. Medicare outlays, which dropped in 1999, have grown by almost 2 percent over last year's spending in the same period. Net interest is down by 2 percent, although rising interest rates have partially offset the decline in debt owed to the public. Spending for a variety of other programs has grown by about 5 percent. Substantial payments to farmers have added to outlays in that category, but large disbursements of foreign aid, which last year were made in November, will not go out until December this year.