



# MONTHLY BUDGET REVIEW

## Fiscal Year 1998

### A Congressional Budget Office Analysis

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

December 5, 1997

Receipts in October and November were up 10.5 percent over last year, reflecting the strong economy and other factors. Outlays in the two months were slightly below last year's comparable level, largely as a result of calendar effects.

#### OCTOBER 1997 RESULTS AND CBO ESTIMATES FOR NOVEMBER

(In billions of dollars)

	October Actual	November Estimate	Total
Receipts	114.9	103.3	218.2
Outlays	150.5	123.3	273.8
Deficit	35.6	20.0	55.6

Source: Department of the Treasury  
Congressional Budget Office

- Daily Treasury statements for November indicate that receipts for the month were about \$103 billion, down \$12 billion from the October level. The lower level in November reflects fewer collection days.
- Outlays in November are estimated to be about \$123 billion, \$27 billion less than was reported for October. About \$8 billion in November payments for military active duty pay, veterans' benefits, supplemental security income benefits, and Medicare payments to health maintenance organizations were made on October 31 because November 1 was on a weekend. Also, there were only 18 working days in November compared to 22 working days in October.

#### COMPARISON WITH PAST YEAR

(In billions of dollars)

	Oct+Nov 1996	Oct+Nov 1997	Estimated Change
Receipts	197.5	218.2	20.7
Outlays	275.2	273.8	-1.4
Deficit	77.7	55.6	-22.1

Source: Department of the Treasury  
Congressional Budget Office

- Receipts for the first two months are estimated to be about \$21 billion, or 10.5 percent, above the amount collected a year ago, reflecting the strong economy and other influences.
- Outlays for the two-month period are estimated to be very close to last year's level. In part, this is the result of calendar effects, since last year's level was boosted by about \$8 billion in accelerated benefits and other payments in November.
- The combined deficit for October-November is estimated to be about \$22 billion lower than a year ago. This improvement over last year will diminish in December, however, as a result of more calendar effects.

#### RECEIPTS FOR OCTOBER-NOVEMBER

(In billions of dollars)

Major Source	Oct+Nov 1996	Oct+Nov 1997	Percent Change
Individual income	99.9	107.5	7.6%
Corporate income	3.2	6.4	98.5%
Social insurance	76.1	81.4	7.0%
Other	18.4	23.0	25.0%
<b>Total</b>	<b>197.5</b>	<b>218.2</b>	<b>10.5%</b>

Source: Department of the Treasury  
Congressional Budget Office

- Most of the higher receipts for October and November are individual income and payroll tax collections, which represent the largest sources of federal revenues.

- The higher corporate income tax collections for October and November are not significant because these are not major collection months. These months provide only 2 percent to 3 percent of collections for the year.
- The unusually high two-month growth in other receipts reflects special factors, including the delayed collection of airport trust fund excise taxes and a low level of Federal Reserve payments last year.

#### OUTLAYS FOR OCTOBER-NOVEMBER

(In billions of dollars)

Major Category	Oct+Nov 1996	Oct+Nov 1997	Percent Change
Defense-Military	44.9	44.6	-0.8
Social Security benefits	58.2	60.7	4.2
Medicare and Medicaid	51.2	51.5	0.7
Net interest on the public debt	42.1	42.4	0.8
Other	78.8	74.6	-5.3
<b>Total</b>	<b>275.2</b>	<b>273.8</b>	<b>-0.5</b>

Source: Department of the Treasury  
Congressional Budget Office

- Little or no growth is estimated in the October-November period for the major spending categories except for Social Security benefits. As noted earlier, October-November outlays last year were boosted by accelerated benefit and other payments. Adjusting for this calendar effect, total outlays for October-November this year are estimated to be up about 2.5 percent over last year, and Defense-Military and Medicare-Medicaid outlays are estimated to be up about 5 percent.

#### FY 1998 PROJECTIONS

(In billions of dollars)

	Budget Resolution	OMB Sept	CBO Sept
Receipts	1,602	1,632	1,635
Outlays	1,692	1,690	1,691
Deficit	90	58	57

Source: Congressional Budget Office

- The deficit for 1998 is expected to be moderately higher than the 1997 deficit of \$22.3 billion but still well below 1 percent of GDP. In September, both CBO and OMB projected deficit levels for 1998 that were near \$60 billion. New estimates to be made early next year are expected to show lower deficits for 1998 as the result of continuing economic strength and higher receipts.

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