

Federal Budget Estimates, Fiscal Year 1996

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THE FISCAL 1996 budget transmitted by the President to Congress shows a \$4.1 billion increase in the Federal deficit, from \$192.5 billion in 1995 to \$196.6 billion in 1996.¹ The budget proposes a tax cut for middle-class taxpayers that reduces revenues by \$3.8 billion; this reduction is partly offset by other proposals to increase taxes and to trim spending.

The tax cut has three elements:

- Phased-in tax credit of up to \$500 for dependent children under 13 years of age (\$3.5 billion in 1996).
- Phased-in deduction of up to \$10,000 for post-secondary education and training expenses (\$0.7 billion 1996).
- Expanded eligibility for deductible "front-loaded" individual retirement accounts. (This provision is expected to raise \$0.4 billion in 1996 but to reduce receipts in later years.)

To offset the loss of revenue due to the tax cut, the budget proposes an acceleration of efforts to reinvent the Federal Government (\$1.4 billion), including the following: A consolidation of 271 existing programs into 27 new programs, the termination of approximately 90 programs, the privatization of certain government functions, and the transfer of other programs to State and local governments. The budget also proposes cuts in discretionary spending, the largest of which is in national defense spending (\$7.6 billion).

The budget also includes \$1.1 billion in tax increases to help offset the tax cuts. The three largest provisions are as follows:

- Tighten rules for taxing foreign trusts (\$0.3 billion).
- Expand fees collected under the securities laws to better match and fund services provided by the Securities and Exchange Commission (\$0.3 billion).
- Extend the environmental taxes on corporate taxable income (\$0.3 billion).

This article summarizes the administration's budget estimates and the economic assumptions underlying them, and it provides a translation of the estimates into the national income and product accounts (NIPA) framework.²

Economic assumptions

In all four quarters of 1994, economic activity was strong; growth in real gross domestic product (GDP) ranged between 3.3 percent and 4.5 percent

2. A package of tables—"National Income and Product Accounts Translation of the Federal Budget"—is available from BEA shortly after the release of the budget; this year's package is \$12.00. For further information, write to Government Division (BE-57), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9775.

Table 1.—Economic Assumptions Underlying the Budget

	Calendar year		
	1994	1995	1996
	Billions of dollars		
Gross domestic product:			
Current dollars	6,735	7,117	7,507
1987 dollars	5,337	5,488	5,622
Incomes:			
Personal income	5,691	6,026	6,366
Wages and salaries	3,273	3,429	3,610
Corporate profits before taxes	522	544	572
	Percent change from preceding year		
Gross domestic product in current dollars:			
Annual average	6.2	5.7	5.5
Fourth quarter	6.3	5.4	5.5
Gross domestic product in 1987 dollars:			
Annual average	3.9	2.8	2.5
Fourth quarter	3.6	2.4	2.5
Consumer Price Index: ¹			
Annual average	2.6	3.1	3.2
Fourth quarter	2.8	3.2	3.2
	Percent		
Unemployment rate (pre-1994 basis): ²			
Annual average	6.1	5.8	5.9
Fourth quarter	5.8	6.0	5.8
Interest rate (annual average): ³			
91-day Treasury bills	4.2	5.9	5.5
10-year Treasury notes	7.1	7.9	7.2

Source: *The Budget of the United States Government, Fiscal Year 1996*.

1. Consumer Price Index for all urban consumers.

2. Percent of labor force, including armed forces residing in the United States.

3. Average rate on new issues within a year.

1. Office of Management and Budget, *The Budget of the United States Government, Fiscal Year 1996* (Washington, DC: U.S. Government Printing Office, February 1995).

(seasonally adjusted annual rates).³ Inflation remained low throughout the year; the Consumer Price Index rose only 2.7 percent. However, to head off potential inflationary pressures, the Federal Reserve Board tightened monetary policy by raising its target for the Federal funds rate six times in 1994, for a cumulative increase of 2.5 percentage points.

The administration forecasts that real GDP will increase 2.4 percent during 1995 and 2.5 percent during 1996, compared with a 3.6-percent increase during 1994 (table 1). (These changes are from fourth quarter to fourth quarter.) Inflation as measured by the increase in the Consumer Price Index is forecast to be 3.2 percent during both 1995 and 1996, compared with 2.8 percent during 1994. The unemployment rate is forecast

to be 5.8 percent in 1995 and 5.9 percent in 1996, close to the 1994 level of 6.1 percent.

Current-services estimates

Current-services estimates show what receipts and outlays would be without policy change. In concept, these estimates are neither recommended amounts nor forecasts; they form a base with which administration or congressional proposals can be compared. The estimates are based on the same economic assumptions as those underlying the budget.

Budget receipts in fiscal year 1996 are \$3.0 billion lower than the current-services estimate of receipts, primarily reflecting the proposed middle-class tax cut (table 2). Budget outlays in 1996 are \$7.0 billion lower than the current-services estimate of outlays. The proposed reduction in spending mainly reflects decreases in defense programs and savings from Government reinvention. These savings are partly offset by proposed increases in other functional areas, such as a \$2.7 billion increase in community and regional development and a \$1.1 billion increase in administration of justice.

3. The economic assumptions are based on incomplete 1994 information that may differ from the currently published information.

Table 2.—Relation of Current-Services Estimates to the Budget
[Billions of dollars]

	Fiscal year	
	1995	1996
Receipts		
Current services estimates	1,346.4	1,418.5
<i>Plus:</i> Proposed legislation:		
Tax credit for dependent children		-3.5
Tax deduction for education/training		-7
Expand individual retirement accounts .....		.4
<i>Subtotal:</i> Middle-class tax cut		-3.8
Deter expatriation tax avoidance .....		.1
Tighten rules for taxing foreign trusts .....		.3
Increase empowerment zones	-1	-1
Reduce excise taxes on vaccines		-1
Expand fees collected under securities laws .....	.1	.3
Assess fees for examination of Federal Deposit Insurance Corporation-insured banks .....		.1
Modify federal pay raise		-1
Extend environmental taxes on corporate taxable income .....		.3
<i>Equals:</i> The budget	1,346.4	1,415.5
Outlays		
Current services estimates	1,535.5	1,619.1
<i>Plus:</i> Proposed program changes:		
National defense	1.8	-7.6
Social security .....		.6
Income security	-1	-5
Health .....		.2
Education, training, employment, and social services .....		.2
Commerce and housing credit		-2
Natural resources and environment		-3
Agriculture		-2
General science, space, and technology		-1
International affairs .....	.9	-4
Energy		-3
Transportation		-1.0
Administration of justice		1.1
Community and regional development .....	.7	2.7
Undistributed offsetting receipts		-1.0
Other .....	.1	
<i>Equals:</i> The budget	1,538.9	1,612.1

Source: The Budget of the United States Government, Fiscal Year 1996.

The budget estimates

Under the administration's budget, receipts in fiscal year 1996 increase \$69.1 billion, or 5.1 percent, to \$1,415.5 billion. Receipts in 1995 are \$1,346.4 billion, up 7.1 percent from 1994. These increases are largely due to assumed increases in income resulting from both real economic growth and inflation. The increase in 1996 is smaller than that in 1995 because of the administration's proposed middle-class tax cut.

Budget outlays in fiscal year 1996 increase \$73.2 billion, or 4.8 percent, to \$1,612.1 billion (table 3). Outlays in 1995 are \$1,538.9 billion, up 5.3 percent from 1994. The 1996 increase is the net result of increases of \$99.8 billion and decreases of \$21.8 billion. As in recent years, the majority of the increase—84 percent—represents increases in mandatory spending, such as net interest, and in entitlement programs such as social security and medicare. The largest increase in both 1995 and 1996 is in net interest. The largest decrease in both years is in national defense.

The 1996 budget deficit is \$196.6 billion, up \$3.1 billion from 1995 (table 4). The increase reflects an \$11.4 billion increase in the current-services budget deficit that is largely offset by proposed administration cuts, primarily program cuts for national defense. The budget deficit is smaller

than the current-services deficit because of decreases in most Federal spending functions that more than offset revenue losses from the middle-class tax cut. In fiscal year 1995, the budget deficit is larger than the current-services deficit because of proposed increases in several Federal spending functions.

NIPA estimates for the Federal sector

The Bureau of Economic Analysis prepares estimates of the Federal sector on the NIPA basis that are consistent with the budget estimates. Estimates of the Federal sector, which are integrated conceptually and statistically with the rest of the NIPA's, differ in several respects from the budget estimates; unlike the budget estimates, these estimates exclude financial transactions, such as loans, and they record categories of receipts and expenditures on a timing basis different from that of the budget.⁴ Table 4 summarizes the differences between the current services estimates, the administration's budget, and the budget estimates on the NIPA basis. Table 5 shows the relation between budget receipts and NIPA receipts, and table 6 shows the relation between budget outlays and NIPA expenditures.⁵

Federal receipts on the NIPA basis increase \$68.3 billion in fiscal year 1996, to \$1,504.0 billion, reflecting a \$71.3 billion increase from higher tax bases and a \$0.8 billion increase from other tax changes (table 7). These increases are partly offset by the proposed middle-class tax cut (\$3.8 billion). The increase in total receipts slowed for the second consecutive year in 1996, reflecting slower growth in personal tax and nontax receipts and in contributions for social insurance. The growth in corporate profits tax accruals levels out in 1996 after decelerating in 1995. Chart 1 shows the components of receipts on the NIPA basis for 1986-96.

Federal expenditures on the NIPA basis increase \$82.5 billion in fiscal year 1996 to \$1,691.9 billion (table 8). Federal expenditure growth decelerates slightly in 1996 because of slower growth in net interest paid, nondefense purchases, and grants-in-aid to State and local governments (chart 2);

the growth in transfer payments remains robust. Transfer payments increase \$47.1 billion—\$20.4 billion for medicare and \$17.3 billion for social

Table 3.—Budget Outlays by Function

[Billions of dollars]

	Fiscal year						
	1993	1994	1995	1996	Change from preceding year		
					1994	1995	1996
Budget outlays	1,408.2	1,460.9	1,538.9	1,612.1	52.7	78.0	73.2
National defense	291.1	281.6	271.6	261.4	-9.5	-10.0	-10.2
Social security	304.6	319.6	336.1	354.5	15.0	16.6	18.4
Net interest	198.8	203.0	234.2	257.0	4.2	31.3	22.8
Income security	207.3	214.0	223.0	223.2	6.7	9.0	10.1
Medicare	130.6	144.7	157.3	177.8	14.1	12.5	20.5
Health	99.4	107.1	115.1	124.0	7.7	8.0	8.9
Education, training, employment, and social services	50.0	46.3	56.1	57.2	-3.7	9.8	1.1
Veterans benefits and services	35.7	37.6	38.4	38.1	1.9	.8	-0.3
Commerce and housing credit	-22.7	-5.1	-12.0	-7.6	17.6	-6.8	4.4
Natural resources and environment	20.2	21.1	21.9	21.8	.9	.8	-1.1
Agriculture	20.4	15.1	14.4	13.6	-5.3	-7.7	-8.8
General science, space, and technology	17.0	16.2	17.0	16.9	-8.8	.8	-1.1
International affairs	16.8	17.1	18.7	16.7	.3	1.6	-2.0
Energy	4.3	5.2	4.6	4.4	.9	-6.2	-2.2
Transportation	35.0	38.1	39.2	38.6	3.1	1.0	-5.5
Administration of justice	15.0	15.3	17.6	19.7	.3	2.4	2.1
General government	13.0	11.3	14.5	14.6	-1.7	3.2	.1
Community and regional development	9.1	10.5	12.6	12.8	1.4	2.1	.2
Undistributed offsetting receipts and allowances	-37.4	-37.8	-41.4	-42.6	-4.4	-3.6	-1.3
Addenda:							
Social security, net interest, health and medicare	634.0	667.3	727.7	789.4	33.3	60.4	61.7
All other functions	774.2	793.6	811.2	822.7	19.4	17.6	11.5

Source: The Budget of the United States Government, Fiscal Year 1996.

Table 4.—Current-Services, Budget, and NIPA Estimates of Federal Government Receipts and Expenditures

[Billions of dollars]

	Fiscal year				
	Actual	Estimates		Change	
		1994	1995	1996	1995	1996
Current services estimates					
Receipts	1,257.7	1,346.4	1,418.5	88.7	72.1
Outlays	1,460.9	1,535.5	1,619.1	74.6	83.6
Surplus or deficit (-)	-203.2	-189.1	-200.6	14.0	-11.4
Administration budget					
Receipts	1,257.7	1,346.4	1,415.5	88.7	69.1
Outlays	1,460.9	1,538.9	1,612.1	78.0	73.2
Surplus or deficit (-)	-203.2	-192.5	-196.6	10.7	-4.1
National income and product accounts					
Receipts	1,349.4	1,435.7	1,504.0	86.3	68.3
Outlays	1,521.9	1,609.4	1,691.9	87.5	82.5
Surplus or deficit (-)	-172.5	-173.7	-187.9	-1.2	-14.2
Differences					
Current services estimates less administration budget					
Receipts	0	0	3.0	0	3.0
Outlays	0	-3.4	7.0	-3.4	10.4
Surplus or deficit (-)	0	3.4	-4.0	3.4	-7.4
Administration budget less national income and product accounts					
Receipts	-91.7	-89.3	-88.5	2.4	.8
Outlays	-61.0	-70.5	-79.8	-9.5	-9.3
Surplus or deficit (-)	-30.7	-18.8	-8.7	11.9	10.1

Sources: The Budget of the United States Government, Fiscal Year 1996 and the Bureau of Economic Analysis.

4. For a detailed discussion of the differences, see *Government Transactions, NIPA Methodology Paper Series MP-5* (November 1988). (MP-5 is available from the National Technical Information Service, Accession No. PB 90-118480.) In addition, the comprehensive NIPA revision released in December 1991 made several changes to the definitions and classifications used to measure the Federal sector. All of these changes are discussed in detail in "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," *SURVEY OF CURRENT BUSINESS* 71 (September 1991):23-31.

5. The relation of budget receipts and outlays to NIPA receipts and expenditures is shown in NIPA table 3.18B, last published in the September 1994 SURVEY.

security (of which \$10.2 billion is cost-of-living adjustments). Other large increases include net interest paid (\$21.5 billion), grants-in-aid to State

and local governments for medicaid (\$7.5 billion), and nondefense purchases (\$5.3 billion). National defense purchases decrease \$3.7 billion, reflecting

Table 5.—Relation of Federal Government Receipts in the NIPA's to Receipts in the Budget

[Billions of dollars]

	Fiscal year		
	1994	1995	1996
Budget receipts	1,257.7	1,346.4	1,415.5
Less: Coverage differences ¹	2.0	2.1	2.2
Plus: Netting and grossing differences:			
Contributions to government employees retirement funds	56.9	58.0	60.2
Taxes received from the rest of the world ²	-2.7	-2.7	-2.7
Other ³	30.7	30.6	28.6
Timing differences:			
Corporate income tax	9.0	1.8	1.4
Federal and State unemployment insurance taxes	-1.5	-2	.1
Withheld personal income tax and social security contributions	1.1	4.2	2.9
Excise taxes .....	.1	-.8	.2
Other .....	.1	.3	-.1
Equals: Federal Government receipts, NIPA's ...	1,349.4	1,435.7	1,504.0

Sources: *The Budget of the United States Government, Fiscal Year 1996* and the Bureau of Economic Analysis.

1. Consists largely of contributions of social insurance by residents of U.S. territories and Puerto Rico.

2. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

3. Consists largely of proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's.

Table 6.—Relation of Federal Government Expenditures in the NIPA's to Outlays in the Budget

[Billions of dollars]

	Fiscal year		
	1994	1995	1996
Budget outlays	1,460.9	1,538.9	1,612.1
Less: Coverage differences:			
Geographic ¹	8.8	9.3	9.2
Other ²	-6	-1	-1.2
Financial transactions:			
Net lending	12.6	16.5	9.1
Deposit insurance	-2.0	-8.3	-3.8
Other	-1.7	-2.1	-2.9
Net purchases of land:			
Outer Continental Shelf	-2	-2	-.2
Other .....	.2	.2	.2
Auction of radio spectrum		-4.4	-4.6
Plus: Netting and grossing differences:			
Contributions to government employees retirement funds	56.9	58.0	60.2
Taxes received from rest of the world ³	-2.7	-2.7	-2.7
Other ⁴	30.7	30.6	28.6
Timing differences:			
National defense purchases	-3	.6	4.7
Other	-5.3	-2.8	-3.2
Miscellaneous	-1.1	-2.3	-2.0
Equals: Federal Government expenditures, NIPA's	1,521.9	1,609.4	1,691.9

Sources: *The Budget of the United States Government, Fiscal Year 1996* and the Bureau of Economic Analysis.

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. Consists of agencies not included in the budget, and includes net purchases of silver and minor coins.

3. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

4. Consists largely of proprietary receipts that are netted against outlays in the budget, and classified as receipts in the NIPA's.

Table 7.—Sources of Change in Federal Government Receipts, NIPA Basis

[Billions of dollars]

	Change from preceding fiscal year		
	1994	1995	1996
Total receipts	108.1	86.3	68.3
Due to tax bases	108.1	86.3	71.3
Due to proposed legislation	0	0	-3.0
Middle-class tax cut	0	0	-3.8
Other	0	0	.8
Personal tax and nontax receipts	40.3	46.5	38.8
Due to tax bases	40.3	46.5	42.6
Due to proposed legislation	0	0	-3.5
Middle-class tax cut	0	0	-3.8
Other	0	0	.3
Corporate profits tax accruals	26.5	9.3	6.3
Due to tax bases	26.5	9.3	5.7
Due to proposed legislation	0	0	.6
Indirect business tax and nontax accruals	10.4	.6	-.3
Due to tax bases	10.4	.6	-2
Due to proposed legislation	0	0	-.1
Contributions for social insurance	30.9	29.9	23.4
Due to tax bases	30.9	29.9	23.4
Due to proposed legislation	0	0	0

Sources: *The Budget of the United States Government, Fiscal Year 1996* and the Bureau of Economic Analysis.

Table 8.—Sources of Change in Federal Government Expenditures, NIPA Basis

[Billions of dollars]

	Change from preceding fiscal year		
	1994	1995	1996
Total expenditures	26.5	87.5	82.5
Purchases	-11.1	3.1	1.6
National defense	-10.8	-7.1	-3.7
Pay raise and locality pay ¹		2.6	4.6
Other	-10.8	-9.7	-8.3
Nondefense	-.5	10.2	5.3
Pay raise and locality pay ¹		1.7	2.9
Other	-.5	8.5	2.4
Transfer payments	22.8	36.8	47.1
Social security	14.8	16.3	17.3
Medicare	16.1	14.8	20.4
Supplemental security income	1.5	1.3	2.6
Federal employee retirement	2.4	2.1	3.0
Earned income and child care credits	1.6	5.8	3.4
Veterans benefits .....	.2	1.1	-.9
Unemployment benefits	-8.7	-5.1	1.8
Other	-5.1	.5	-.5
Grants-in-aid to State and local governments	17.2	15.7	12.9
Medicaid	6.3	6.4	7.5
Education .....	.6	2.0	-.7
Highways	2.3	.5	.2
Health care .....	.4	.8	.2
Food and nutrition .....	.6	1.2	.6
Other	7.0	4.8	5.1
Net interest paid	3.5	30.4	21.5
Subsidies less current surplus of government enterprises	-5.9	1.4	-.5
Agriculture subsidies	-3.7	-3	1.3
Housing subsidies	-.2	1.2	-1.8
Other subsidies .....	.5	.9	-.6
Less: Current surplus of government enterprises:			
Postal Service .....	.3	-.7	.1
Other	2.2	1.1	-.7

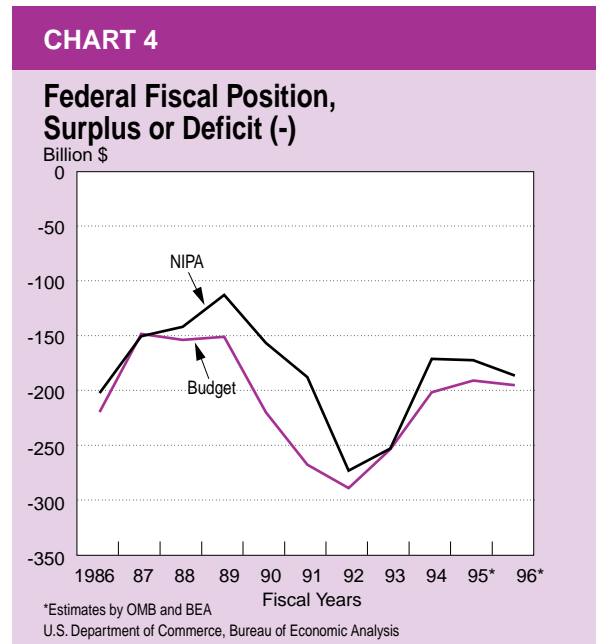
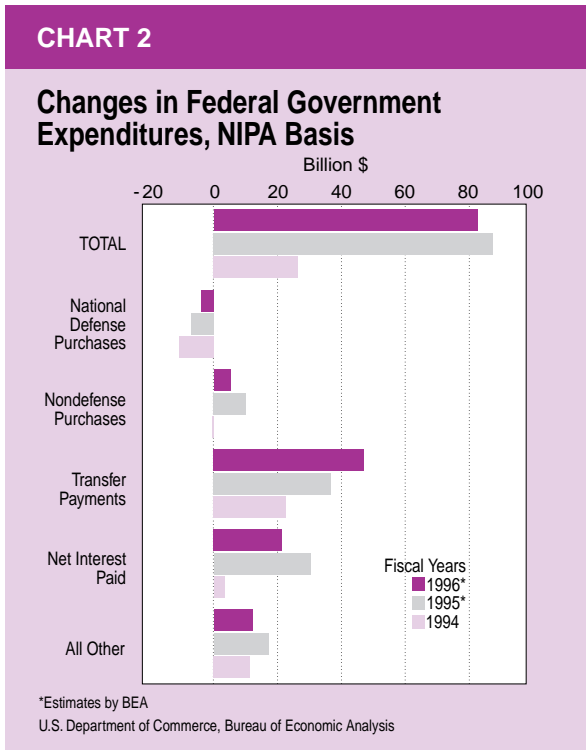
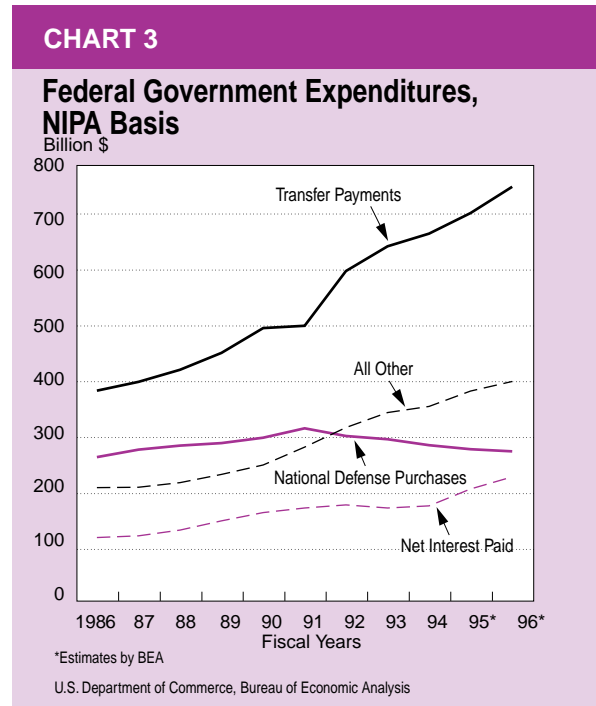
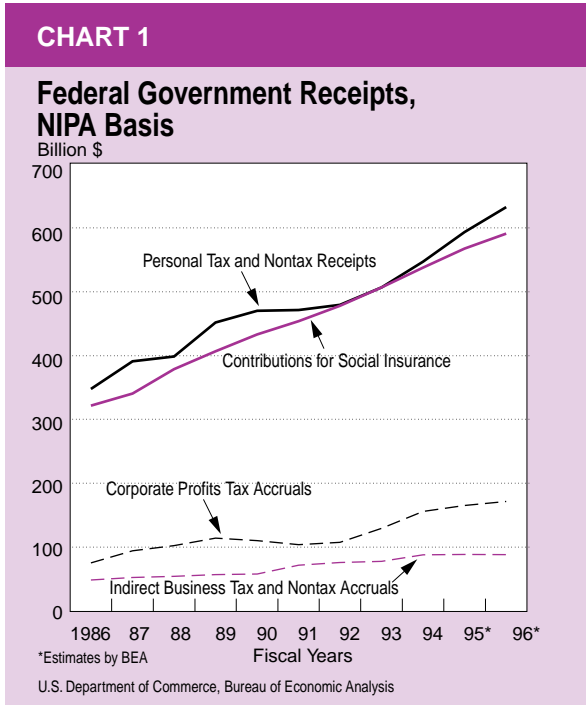
Source: Bureau of Economic Analysis

1. Consists of pay raises and locality pay beginning in January 1994.

the continuing decline in procurement of military equipment. Subsidies less the current surplus of government enterprises decrease \$0.5 billion. **Chart 3** shows the components of expenditures on the NIPA basis for 1986-96.

National defense outlays in the budget differ from national defense purchases in the NIPA's (see **table 9**) for three principal reasons. First, some defense outlays, such as disbursements for for-

eign military sales, are not treated as purchases in the NIPA's. Second, a timing difference exists because the NIPA's are on a delivery basis, while budget outlays are on a cash basis. Third, the two series treat the financing of the military retirement program differently. In defense outlays, this item is measured as a cash payment from the military personnel appropriation account to the military retirement trust fund; in the NIPA's, total military retired pay is used as the measure of the retirement program's cost. At present, the budget measure of the retirement program shows a de-



cline because of a reduction in military payrolls, but the NIPA series shows an increase because of the rising number of retirees and higher benefits.

The deficit for fiscal year 1996 on the NIPA basis increases \$14.2 billion after increasing only \$1.2 billion in 1995. This acceleration is primarily due to slowdowns in the growth of personal tax and nontax receipts and of contributions for social insurance. Since 1988, the NIPA deficit has remained smaller than the budget deficit primarily because lending transactions and payments to residents of U.S. territories and Puerto Rico are

removed from the expenditures on the NIPA basis (chart 4).

Quarterly pattern.—Quarterly estimates of NIPA receipts and expenditures that are consistent with the fiscal year receipts and outlays in the budget are shown in table 10. Receipts reflect the quarterly pattern resulting from enacted and proposed legislation that would decrease personal and excise taxes and increase corporate taxes; they also reflect the administration's projected quarterly pattern of wages and profits. Expenditures reflect the quarterly pattern resulting from enacted and proposed legislation that would reduce defense purchases, adjust Federal pay, and provide for cost-of-living increases in social security and in Federal employee retirement benefits.

The deficit shows an upward trend from the first quarter of 1995 through the third quarter of 1996. It grows in the first quarter of 1995, driven by an increase in net interest paid, the social security cost-of-living adjustments (2.8 percent), the Federal civilian pay increase (2-percent pay raise and 0.6-percent locality differential), and the Federal military pay raise (2.6 percent). The deficit plummets in the second quarters of both 1995 and 1996, reflecting surges in personal tax collections for deferred 1993 tax payments. These personal tax liabilities, which were retroactively imposed in 1993, can be spread without penalty over the 1994, 1995, and 1996 tax years. The deficit returns to trend in the third quarters of 1995 and 1996, reflecting a normalization of personal tax payment levels.

Table 9.—Relation of National Defense Purchases in the NIPA's to National Defense Outlays in the Budget

[Billions of dollars]

	Fiscal year		
	1994	1995	1996
National defense outlays in the budget	282.0	271.6	261.4
Department of Defense, military	268.6	260.3	250.0
Military personnel	73.1	70.7	66.2
Operation and maintenance	87.9	90.1	91.5
Procurement	61.4	54.7	48.6
Aircraft	18.8	16.3	14.5
Missiles	5.4	5.4	4.9
Ships	9.1	8.1	7.3
Weapons	5.0	4.4	3.8
Ammunition	1.0	1.3	1.0
Other	21.8	19.2	17.1
Research, development, test and evaluation	34.8	35.1	35.3
Other	11.9	9.6	8.4
Atomic energy and other defense-related activities	13.3	11.3	11.4
<i>Plus:</i> Military assistance purchases .....	.2	.2	.2
<i>Less:</i> Grants-in-aid to State and local governments and net interest paid	2.9	2.7	2.8
Timing difference	0	-.7	-4.6
Military retired pay adjustment	-13.9	-14.9	-17.0
Other differences	-2.4	-3.8	-4.4
Equals: National defense purchases, NIPA's	295.6	288.5	284.8

Sources: *The Budget of the United States Government, Fiscal Year 1996* and the Bureau of Economic Analysis.


Table 10 follows. 

Table 10.—Federal Government Receipts and Expenditures, NIPA Basis

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

	Fiscal year estimates ¹			Calendar year		Published				Estimates						
	1994	1995	1996	Pub- lished 1994	Esti- mate 1995	1994				1995				1996		
						I	II	III	IV	I	II	III	IV	I	II	III
Receipts	1349.4	1435.7	1504.0	1377.8	1448.9	1337.5	1380.8	1388.8	1404.2	1425.0	1458.6	1450.0	1461.9	1480.1	1520.4	1522.5
Personal tax and nontax receipts	552.1	598.6	637.4	565.6	605.9	550.2	571.1	566.9	574.3	587.0	617.3	605.7	613.4	626.2	654.2	642.7
Proposed legislation			-3.5	0	0									-4.1	-4.3	-4.6
Other	552.1	598.6	640.9	565.6	605.9	550.2	571.1	566.9	574.3	587.0	617.3	605.7	613.4	630.3	658.5	647.3
Corporate profits tax accruals ²	161.2	170.5	176.8	166.0	171.3	151.8	166.3	172.4	173.3	168.5	169.5	172.2	174.9	174.8	177.2	180.4
Federal Reserve banks	18.6	24.0	24.6	18.3	24.7	16.0	16.9	18.0	22.3	23.8	24.7	25.1	25.3	24.5	24.3	24.3
Proposed legislation			6	0	0					0	0	0	.1	.7	.7	.7
Other	142.6	146.5	151.6	147.7	146.5	135.8	149.4	154.4	151.0	144.7	144.8	147.1	149.5	149.6	152.2	155.4
Indirect business tax and nontax accruals	93.3	93.9	93.6	91.2	94.1	90.4	90.4	91.9	91.9	94.0	94.1	94.1	94.1	93.6	93.4	93.2
Proposed legislation			-1	0	0									-1	-1	-1
Other	93.3	93.9	93.7	91.2	94.1	90.4	90.4	91.9	91.9	94.0	94.1	94.1	94.1	93.7	93.5	93.3
Contributions for social insurance	542.8	572.7	596.1	555.1	577.7	545.1	553.0	557.6	564.7	575.5	577.7	578.0	579.5	585.5	595.6	606.2
Social security	434.6	459.3	480.7	421.0	463.2	411.7	418.4	423.6	430.1	462.0	462.8	463.0	464.8	471.2	479.9	490.0
Tax on wages and salaries	408.6	431.0	451.8	396.1	434.9	387.0	393.6	398.7	405.2	434.0	434.6	434.6	436.2	442.4	451.0	461.0
Base increases:																
January 1995 .....		.1	.5		.5					.5	.5	.5	.5	.5	.5	.5
January 1996 .....			.4		0									1.6	1.6	1.6
Other	408.6	430.9	450.9	396.1	434.4	387.0	393.6	398.7	405.2	433.5	434.1	434.1	435.7	440.3	448.9	458.9
Tax on self-employment earnings	26.0	28.3	28.9	24.8	28.3	24.7	24.8	24.9	24.9	28.0	28.2	28.4	28.6	28.8	28.9	29.0
Base increases .....	.3	1.5	1.7	.3	1.5	.3	.3	.3	.3	1.5	1.5	1.5	1.5	1.7	1.7	1.7
Other	25.7	26.8	27.2	24.5	26.7	24.4	24.5	24.6	24.6	26.4	26.6	26.8	27.0	27.0	27.1	27.2
Supplemental medical insurance	16.8	19.1	19.1	17.4	19.6	17.3	17.4	17.4	17.5	19.6	19.6	19.6	19.6	18.9	18.9	18.9
Unemployment insurance	27.2	28.6	29.0	28.4	28.6	28.1	28.2	28.4	29.0	28.1	28.5	28.8	28.8	28.8	28.9	29.0
Other	64.2	65.7	67.3	88.3	66.4	88.0	89.0	88.2	88.1	65.8	66.8	66.6	66.3	66.6	67.9	68.3
Expenditures	1521.9	1609.4	1691.9	1537.8	1627.4	1513.7	1525.9	1542.8	1568.8	1598.1	1620.3	1635.1	1656.2	1677.2	1686.6	1729.8
Purchases	435.1	438.2	439.8	437.3	436.5	437.8	435.1	444.3	431.8	437.0	437.8	437.0	434.2	441.6	440.6	442.7
National defense	295.6	288.5	284.8	292.2	289.1	291.7	291.7	300.5	284.7	288.8	291.2	290.3	285.9	287.8	283.6	282.0
Pay raises and locality pay		2.6	7.1		2.0					3.3	3.5	3.5	3.5	8.2	8.5	8.5
January 1995		2.6	3.5		2.0					3.3	3.5	3.5	3.5	3.5	3.5	3.5
January 1996		0	3.6											4.7	5.0	5.0
Other	295.6	285.9	277.6	292.2	285.6	291.7	291.7	300.5	284.7	285.5	287.7	286.8	282.4	279.6	275.1	273.5
Nondefense	139.5	149.7	155.0	145.1	147.5	146.1	143.5	143.8	147.1	148.2	146.6	146.7	148.3	153.8	157.0	160.7
Pay raises and locality pay		1.7	4.7		2.3					2.1	2.3	2.3	2.3	5.9	6.2	6.2
January 1995		1.7	1.8		2.3					2.1	2.3	2.3	2.3	2.3	2.3	2.3
January 1996		0	2.9											3.6	3.9	3.9
Other	139.5	148.0	150.4	145.1	145.2	146.1	143.5	143.8	147.1	146.1	144.3	144.4	146.0	147.9	150.8	154.5
Transfer payments (net)	674.4	711.2	758.3	682.2	718.9	671.5	676.2	683.0	698.3	705.8	713.7	719.8	736.4	751.7	764.6	776.6
To persons	660.6	698.6	747.0	666.6	707.9	659.9	663.5	668.5	674.4	696.8	704.8	711.0	719.1	743.4	755.6	766.3
Social security	308.5	324.8	342.1	312.1	329.1	308.8	311.9	312.9	314.9	325.9	328.1	330.3	332.1	344.1	345.5	346.8
Regular	308.5	318.1	325.2	312.1	320.2	308.8	311.9	312.9	314.9	317.0	319.2	321.3	323.1	324.7	326.0	327.2
Benefit increases		6.7	16.9		9.0					8.9	8.9	9.0	9.0	19.4	19.5	19.6
January 1995		6.7	9.1		9.0					8.9	8.9	9.0	9.0	9.1	9.1	9.2
January 1996			7.8											10.3	10.4	10.4
Medicare	158.5	173.3	193.7	161.4	176.8	155.0	158.9	163.6	168.1	171.9	174.9	177.6	182.6	189.1	197.2	205.7
Unemployment benefits	26.7	21.6	23.4	23.7	22.3	28.4	23.8	21.7	20.8	20.5	21.6	23.5	23.6	23.5	23.2	23.0
State programs	21.8	20.9	22.6	21.2	21.6	22.3	21.5	20.9	20.0	19.8	20.9	22.7	22.8	22.7	22.5	22.4
Emergency compensation	4.2	0	0	1.7	0	5.2	1.5	0	0	0	0	0	0	0	0	0
Federal and railroad employees .....	.8	.8	.8	.8	.8	.9	.8	.8	.8	.7	.7	.8	.8	.8	.7	.6
Federal employee retirement	63.7	65.8	68.8	64.5	66.1	62.7	64.6	65.2	65.4	65.0	66.6	66.2	66.5	67.3	70.3	71.3
Civilian	36.7	38.2	40.2	37.2	38.4	36.1	37.1	37.7	37.9	37.7	38.6	38.6	38.8	39.4	41.0	41.5
Military	27.0	27.6	28.7	27.3	27.6	26.6	27.5	27.5	27.5	27.3	27.9	27.5	27.7	28.0	29.3	29.8
Veterans benefits	19.4	20.5	19.6	19.7	20.6	19.6	19.4	19.9	19.7	20.6	20.7	20.8	20.4	20.3	19.4	18.2
Life insurance	1.8	2.0	2.0	1.9	2.0	1.9	1.9	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.0	1.9
Pensions and disability	16.7	17.2	16.3	17.1	17.1	17.0	16.8	17.3	17.1	17.5	17.2	16.9	16.6	16.7	16.2	15.7
Readjustment .....	.9	1.3	1.2	.7	1.6	.7	.7	.7	.7	1.2	1.5	1.8	1.7	1.5	1.1	.6
Railroad retirement	8.0	8.1	8.0	8.0	8.1	8.0	8.0	7.9	7.9	8.0	8.1	8.2	8.0	8.3	8.1	7.7
Military medical insurance	2.4	2.7	2.6	3.0	2.7	3.3	3.3	2.9	2.6	2.7	2.7	2.7	2.7	2.7	2.6	2.5
Food stamps	22.7	23.4	24.3	22.8	23.3	22.8	22.4	22.9	23.1	23.5	23.2	22.9	23.6	23.9	24.4	25.1
Black lung benefits	1.7	1.7	1.6	1.3	1.9	1.3	1.3	1.3	1.3	1.7	1.9	1.9	2.0	1.9	1.6	1.1
Supplemental security income	21.8	23.1	25.7	22.2	23.4	21.7	22.1	22.4	22.7	23.3	23.3	23.3	23.6	25.1	26.2	27.7
Earned income and child care credits	11.0	16.8	20.2	10.4	16.8	10.4	10.4	10.4	10.4	16.8	16.8	16.8	16.8	20.2	20.2	20.2
All other	16.3	16.8	17.1	17.6	17.0	17.9	17.4	17.4	17.6	16.9	17.0	16.9	17.2	17.1	17.1	17.0
To rest of the world (net)	13.8	12.6	11.2	15.7	11.0	11.6	12.7	14.4	23.9	9.0	8.9	8.8	17.3	8.3	9.0	10.3

Table 10.—Federal Government Receipts and Expenditures, NIPA Basis—Continued

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

	Fiscal year estimates ¹			Calendar year		Published				Estimates						
	1994	1995	1996	Pub- lished 1994	Esti- mate 1995	1994				1995				1996		
						I	II	III	IV	I	II	III	IV	I	II	III
Grants-in-aid to State and local governments	197.9	213.6	226.5	197.2	217.1	190.0	194.4	200.3	204.1	213.2	215.6	218.8	220.8	224.4	228.4	232.4
Highways	18.0	18.5	18.7	18.1	18.2	18.3	18.1	18.5	17.5	18.1	18.1	18.1	18.5	18.5	18.7	19.0
Public assistance	101.0	108.5	117.1	101.4	110.3	97.0	100.9	101.2	106.5	108.0	108.8	110.9	113.6	116.0	118.4	120.5
Medicaid	81.9	88.3	95.8	82.3	90.0	78.0	83.6	81.9	85.9	87.9	89.0	90.4	92.8	94.9	96.9	98.7
Aid to families with dependent children	16.4	17.2	18.0	16.2	17.4	16.7	14.5	16.4	17.4	17.2	17.2	17.4	17.6	17.8	18.1	18.4
Social services	2.7	3.0	3.3	2.8	3.0	2.3	2.8	2.9	3.2	2.9	2.6	3.1	3.2	3.3	3.4	3.4
Education	16.1	18.1	17.4	16.1	18.1	15.0	16.1	17.3	16.2	18.2	18.2	18.4	17.4	17.3	17.4	17.6
Community development	4.3	5.4	5.7	3.8	5.9	3.6	3.7	4.0	4.0	5.8	5.8	6.3	5.5	5.6	5.7	5.8
Mass transit	2.5	2.8	2.5	2.4	2.7	2.2	2.2	2.2	3.0	2.8	2.8	2.7	2.6	2.5	2.5	2.5
Environmental protection	1.9	2.1	2.1	1.9	2.1	2.0	2.0	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Food and nutrition	11.3	12.5	13.1	11.7	12.8	11.2	11.5	12.4	11.7	12.6	12.7	13.0	12.7	13.0	13.2	13.4
Health care	6.9	7.7	7.9	7.0	7.8	8.5	5.3	7.1	6.9	7.6	7.9	7.9	7.7	7.8	7.9	8.1
All other	35.9	38.2	42.1	34.8	39.3	32.3	34.7	35.8	36.4	38.0	39.2	39.4	40.7	41.6	42.5	43.4
Net interest paid	187.0	217.4	238.9	191.6	226.5	179.3	188.8	194.4	203.9	213.7	224.8	231.3	236.0	230.7	224.8	249.9
Subsidies less current surplus of government enterprises	27.6	29.0	28.5	29.5	28.5	35.1	31.3	20.9	30.7	28.4	28.4	28.2	28.8	28.8	28.2	28.2
Agriculture subsidies	9.0	8.7	10.0	7.6	8.9	12.3	8.9	.5	8.8	8.4	8.4	9.2	9.6	10.0	10.0	10.4
Housing subsidies	21.1	22.3	20.5	23.1	21.7	22.5	23.1	23.2	23.6	22.0	22.0	21.6	21.2	20.4	20.4	20.0
Other subsidies	2.3	3.2	2.6	2.5	3.4	3.0	2.6	2.2	2.3	3.8	3.6	3.2	2.8	2.8	2.4	2.4
Less: Current surplus of government enterprises: ²																
Postal Service .....	.6	-.1	0	-.7	.3	-.6	-.6	-.3	-1.5	.6	.3	.2	0	0	0	0
Other	4.2	5.3	4.6	4.5	5.2	3.2	3.9	5.3	5.5	5.2	5.3	5.6	4.8	4.4	4.6	4.6
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus or deficit (-)	-172.5	-173.7	-187.9	-160.0	-178.5	-176.2	-145.1	-154.0	-164.6	-173.1	-161.7	-185.1	-194.3	-197.1	-166.2	-207.3

Sources: *The Budget of the United States Government, Fiscal Year 1996* and the Bureau of Economic Analysis (BEA).

1. Fiscal year estimates are the sum of quarterly totals not seasonally adjusted.

2. BEA's estimate of corporate profits tax accruals for the fourth quarter of 1994 is not available until the release of the final estimates of Gross domestic product on March 31, 1995. The value shown is taken from *The Budget*.3. *The Budget of the United States Government, Analytical Perspectives, Fiscal Year 1996*, "National Income and Product Accounts", page 267 contains incorrect estimates of subsidies less current surplus of government enterprises (SCS); the SCS estimates also carried through to the budget estimates for total expenditures and the deficit. The differences between the estimates of SCS shown in *The Budget* and those shown in table 10 (above) are shown below:

	Fiscal year			Calendar year								
	1994	1995	1996	1995				1996				
				I	II	III	IV	I	II	III		
Subsidies less current surplus of government enterprises, <i>Budget</i>	27.6	29.0	31.9	28.4	27.6	28.8	31.2	31.6	32.4	32.4		
Amount of correction	0	0	-3.4	0	.8	-.6	-2.4	-2.8	-4.2	-4.2		