

23. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

The Budget is required by statute to compare budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for that year. This chapter meets that requirement by comparing the actual receipts, outlays, and deficit for 2018 with the current services estimates shown in the 2019 Budget, published in February 2018.¹ It also presents a more detailed comparison for mandatory and related programs, and reconciles the actual receipts, outlays, and deficit totals shown here with the figures for 2019 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2019 were \$3,464 billion, \$40 billion more than the \$3,424 billion current services estimate in the 2019 Budget, which was published in February 2018. As shown in Table 23–1, this increase was the net effect of legislative changes, economic conditions that differed from what had been expected, and technical factors that resulted in different tax liabilities and collection patterns than had been assumed.

Policy differences. Legislated tax changes enacted after February 2018 reduced 2019 receipts by a net \$16 billion relative to the 2019 Budget current services estimate. An Act making further continuing appropriations

¹ The current services concept is discussed in Chapter 25, “Current Services Estimates.” For mandatory programs and receipts, the February 2018 current services estimate was based on laws then in place, adjusted for certain expiring provisions. For discretionary programs, the current services estimate was based on the discretionary spending limits enacted in the Budget Control Act of 2011 (BCA). Spending for Overseas Contingency Operations, was estimated based on annualizing the amounts provided in the 2018 appropriations and increasing for inflation. The current services estimates also reflected the effects of discretionary and mandatory sequestration as required by the BCA following failure of the Joint Select Committee on Deficit Reduction to meet its deficit reduction target. For a detailed explanation of the 2018 estimate, see “Current Services Estimates,” Chapter 23 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2019*.

for the fiscal year ending September 30, 2018, and for other purposes (P.L. 115-120), extended for two years, through 2019, the moratorium on the 2.3% excise tax on the sale of medical devices, and suspended the annual fee on health insurance providers for one year. It was signed into law by the President on January 22, 2018, and accounted for almost all of the net reduction in receipts, reducing 2019 receipts by an estimated \$13 billion. The Bipartisan Budget Act of 2018 (P.L. 115-123), provided tax relief to certain individuals and businesses in the areas affected by the California wildfires and areas affected by Hurricanes Harvey, Irma, and Maria; extended expiring provisions providing tax relief for families and individuals; incentives for growth, jobs, investment, and innovation; and incentives for energy production and conservation; and extended funding for the Children’s Health Insurance Program and extended several Medicare provisions, among other health provisions. This Act was signed into law on February 9, 2018, and reduced 2018 receipts by an estimated \$2 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance increased 2019 receipts by a net \$13 billion above the February 2018 current services estimate. Wage and salary income was higher in 2019 than initially projected, which increased individual income tax and social insurance receipts by \$18 billion and \$11 billion above the February 2018 estimate, respectively, and accounted for most of the net increase in receipts attributable to economic differences. Different economic factors than those assumed in February 2018 had a smaller effect on other sources of receipts, decreasing collections by a net \$15 billion.

Technical factors. Technical factors increase receipts by a net \$42 billion relative to the February 2018 current services estimate. These factors had the greatest effect on customs duties, increasing collections by \$29 billion. Increases in individual income taxes, corporation

Table 23–1. COMPARISON OF ACTUAL 2019 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (February 2018)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	1,687	2	18	11	31	1,718
Corporation income taxes	225	–*	–6	11	5	230
Social insurance and retirement receipts	1,238	.....	11	–5	6	1,243
Excise taxes	108	–17	–2	11	–8	99
Estate and gift taxes	17	.....	1	–1	–*	17
Customs duties	44	–*	–2	29	27	71
Miscellaneous receipts	105	–*	–6	–14	–20	86
Total receipts	3,424	–16	13	42	40	3,464

* \$500 million or less

income taxes, and excise tax receipts of \$11 billion each accounted for most of the remaining changes in 2019 receipts attributable to technical factors, partially offset by a decrease in miscellaneous receipts of \$14 billion. The models used to prepare the February 2018 estimates of individual and corporation income taxes were based on historical economic data and then-current tax and collections data that were all subsequently revised and account for the net increase in these two sources of receipts attributable to technical factors. New tariffs imposed on imports accounted for the increase in customs duties.

Outlays

Outlays for 2019 were \$4,448 billion, \$60 billion more than the \$4,388 billion current services estimate in the 2019 Budget. Table 23–2 distributes the \$60 billion net decrease in outlays among discretionary and mandatory programs and net interest.² The table also shows rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy differences. Policy changes are the result of legislative actions that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation, which may themselves be in response to changed economic conditions. For 2019, policy changes increased outlays by \$72 billion relative to the initial current services estimates, which included the impacts of Bipartisan Budget Act of 2018 (Public Law 115-123) and increased spending for disaster response and recovery efforts. P.L. 115-123 enacted an increase to the level of discretionary funding allowable for both defense and non-defense spending in 2018 and 2019. The combined policy changes from final 2018 and 2019 appropriations increased discretionary outlays by \$56 billion. Policy changes increased mandatory outlays by a net \$15 billion above current law, largely due to Public Laws

115-120 and 115-123 which funded the continuation of expiring health programs. Debt service costs associated with all policy changes increased outlays by less than \$1 billion.

Economic and technical factors. Economic and technical estimating factors resulted in a net decrease in outlays of \$12 billion. Technical changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Defense discretionary spending increased relative to the current services estimate largely due to faster-than-estimated spending of new authority, while non-defense spending mainly decreased due to timing of the final enacted 2019 appropriations. Increases in discretionary outlays due to legislation, as discussed above, were offset by a \$12 billion decrease in net outlays resulting from these technical changes. Outlays for mandatory programs decreased \$11 billion due to economic and technical factors. There was a net decrease in outlays of \$19 billion as a result of differences between actual economic conditions versus those forecast in February 2018. Outlays for Social Security were \$8 billion lower than anticipated in the 2019 Budget largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Education, training, employment and social services programs were a combined \$26 billion higher, offset by \$15 billion lower income security programs outlays, the remaining changes were in veterans benefits and services, deposit insurance, and other programs. Outlays for net interest were approximately \$11 billion higher due to economic and technical factors, primarily higher interest rates than originally assumed.

Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual Federal Government receipts and outlays for 2019. This section combines these effects to show the net deficit impact of these differences.

Table 23–2. COMPARISON OF ACTUAL 2019 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (February 2018)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	637	31	.....	8	39	676
Nondefense	656	25	.....	-20	5	661
Subtotal, discretionary	1,293	56	.....	-12	45	1,338
Mandatory:						
Social Security	1,047	.....	4	-13	-8	1,038
Other programs	1,684	15	10	-13	12	1,697
Subtotal, mandatory	2,731	15	14	-25	4	2,735
Net interest	364	1	5	6	11	375
Total outlays	4,388	72	19	-31	60	4,448

* \$500 million or less

Table 23–3. COMPARISON OF THE ACTUAL 2019 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE

(In billions of dollars)

	Estimate (February 2018)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,424	–16	13	42	40	3,464
Outlays	4,388	72	19	–31	60	4,448
Deficit	964	88	6	–74	20	984

* \$500 million or less

Note: Deficit changes are outlays minus receipts. For these changes, a positive number indicates an increase in the deficit.

As shown in Table 23–3, the 2019 current services deficit was initially estimated to be \$964 billion. The actual deficit was \$984 billion, which was a \$20 billion increase from the initial estimate. Receipts were \$40 billion higher and outlays were \$60 billion higher than the initial estimate. The table shows the distribution of the changes according to the categories in the preceding two sections. The net effect of policy changes for receipts and outlays increased the deficit by \$88 billion. Economic conditions that differed from the initial assumptions in February 2018 increased the deficit by \$6 billion. Technical factors decreased the deficit by an estimated \$74 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2019

This section compares the original 2019 outlay estimates for mandatory and related programs in the current services estimates of the 2019 Budget with the actual outlays. Major examples of these programs include Social Security and Medicare benefits, Medicaid and unemployment compensation payments, and deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

A number of factors may cause differences between the amounts estimated in the Budget and the actual mandatory outlays. For example, legislation may change benefit rates or coverage, the actual number of beneficiaries may differ from the number estimated, or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 23–4 shows the differences between the actual outlays for these programs in 2019 and the current services estimates included in the 2019 Budget. Actual outlays for mandatory spending and net interest in 2019 were \$3,111 billion, which was \$15 billion more than the current services estimate of \$3,095 billion in February 2018.

As Table 23–4 shows, actual outlays for mandatory human resources programs were \$2,800 billion, \$7 billion higher than originally estimated. This increase was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences. The overall increase in outlays for these programs was mainly driven by net upward reestimates in higher education programs due primarily to higher default and lower collection rates. This increase was partially offset by lower outlays in income security programs and veterans benefits and services. Mandatory

outlays for programs in functions outside human resources were \$6 billion lower than originally estimated. Amongst these functions, the largest changes from the current services estimates were outlays for agriculture and mortgage credit programs. Agriculture outlays were \$16 billion higher than originally estimated due to the Administration providing trade mitigation assistance to farmers. Downward re-estimates in Federal housing programs were the primary cause of lower than estimated mortgage credit program outlays.

Outlays for net interest were \$375 billion, or \$11 billion higher than the original estimate. As shown on Table 23–4, interest payments on Treasury debt securities increased by \$14 billion. Interest earnings of trust funds increased by \$6 billion, decreasing net outlays, while net outlays for other interest further increased net outlays by \$4 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2019

Table 23-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2019 published by the Department of the Treasury in the September 2019 Monthly Treasury Statement (MTS) and those published in this Budget. The Department of the Treasury made no adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances. Additional adjustments for the 2021 Budget increased receipts by \$1,965 million and increased outlays by \$1,733 million. Some of these adjustments were for financial transactions that are not reported to the Department of the Treasury but are included in the Budget, including those for the Affordable Housing Program, the Electric Reliability Organization, the Federal Financial Institutions Examination Council Appraisal Subcommittee, Federal Retirement Thrift Investment Board Program Expenses, Medical Center Research Organizations, the Public Company Accounting Oversight Board, the Puerto Rico Oversight Board, the Securities Investor Protection Corporation, fees and payments related to the Standard Setting Body, and the United Mine Workers of America benefit funds. There was also an adjustment for the National Railroad Retirement Investment Trust (NRRIT), which relates to a conceptual difference in reporting. NRRIT reports to the Department of the Treasury with a one-month lag so that the fiscal year total provided in the Treasury Combined Statement covers September 2018 through August 2019. The Budget has been adjusted to reflect transactions that occurred

during the actual fiscal year, which begins October 1. In addition, the Budget also reflects agency adjustments to 2019 outlays reported to Treasury after preparation of the Treasury Combined Statement. Finally, the adjustments

account for differences in receipts or net outlays of the Departments of Homeland Security, Labor, Transportation and Treasury.

Table 23-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2019		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	9	36	27
Other	7	6	-1
Total, education, training, employment, and social services	16	42	26
Health:			
Medicaid	420	409	-11
Other	96	109	13
Total, health	516	519	2
Medicare	640	644	4
Income security:			
Retirement and disability	153	153	-*
Unemployment compensation	29	27	-2
Food and nutrition assistance	95	88	-8
Other	180	175	-5
Total, income security	457	442	-15
Social security	1047	1038	-8
Veterans benefits and services:			
Income security for veterans	99	101	2
Other	17	14	-3
Total, veterans benefits and services	116	115	-2
Total, mandatory human resources programs	2,792	2,800	7
Other functions:			
Agriculture	15	32	16
International	7	*	-7
Mortgage credit	-23	-35	-12
Deposit insurance	-9	-8	1
Other advancement of commerce	15	21	6
Other functions	34	24	-10
Total, other functions	40	34	-6
Undistributed offsetting receipts:			
Employer share, employee retirement	-96	-87	9
Rents and royalties on the outer continental shelf	-4	-6	-2
Other undistributed offsetting receipts	-*	-5	-4
Total, undistributed offsetting receipts	-100	-98	2
Total, mandatory	2,731	2,735	4
Net interest:			
Interest on Treasury debt securities (gross)	559	573	14
Interest received by trust funds	-143	-150	-6
Other interest	-52	-48	4
Total, net interest	364	375	11
Total, outlays for mandatory and net interest	3,095	3,111	15

* \$500 million or less

Table 23-5. RECONCILIATION OF FINAL AMOUNTS FOR 2019
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	3,462,196	4,446,584	984,388
Miscellaneous Treasury adjustments .....	.....	.....	.....
Totals published by Treasury in Combined Statement	3,462,196	4,446,584	984,388
Department of Homeland Security .....	.....	1,360	1,360
Department of Labor	259	.....	-259
Department of Transportation	440	.....	-440
Department of the Treasury	98	.....	-98
Affordable Housing Program	352	352	.....
Electric Reliability Organization	100	100	.....
Federal Financial Institutions Examination Council Appraisal Subcommittee	16	16	.....
Federal Retirement Thrift Investment Board Program Expenses .....	.....	-11	-11
Medical Center Research Organizations .....	.....	-242	-242
National Railroad Retirement Investment Trust .....	.....	-307	-307
Public Company Accounting Oversight Board	263	264	1
Puerto Rico Oversight Board	65	65	.....
Securities Investor Protection Corporation	301	78	-223
Standard Setting Body	29	29	.....
United Mine Workers of America benefit funds	17	17	.....
Other	25	12	-13
Total adjustments, net	1,965	1,733	-232
Totals in the Budget	3,464,161	4,448,317	984,156
MEMORANDUM:			
Total change since year-end statement	1,965	1,733	-232

