



MONTHLY BUDGET REVIEW

Fiscal Year 1999

A Congressional Budget Office Analysis

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

December 7, 1998

Receipts in October and November were up 6.9 percent over collections for the same two months last year, and outlays were up 4.3 percent. The total deficit for the two months is estimated at \$50 billion, about \$3 billion below last year's deficit for that period.

OCTOBER RESULTS^a

(In billions of dollars)

	October Estimate	October Actual	Difference
Receipts	120.0	120.0	b
Outlays	151.0	152.4	1.4
Deficit (-)	-31.0	-32.5	-1.5

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 \$50 million.

The actual October deficit of \$32.5 billion reported by the Treasury Department was \$1.5 billion above CBO's estimate, which was based on daily Treasury statements for the month, because outlays were greater than expected.

CBO ESTIMATES FOR NOVEMBER^a

(In billions of dollars)

	November 1997	November 1998	Estimated Change
Receipts	103.5	113.5	10.0
Outlays	120.8	131.0	10.2
Deficit (-)	-17.3	-17.5	-0.2

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 receipts in November are estimated to be about \$10 billion higher than a year ago, boosted in part by one more collection day this year. Outlays are also estimated to be about \$10 billion higher than in November 1997, so the deficit for the month is expected to be about the same as last year.

COMPARISON WITH LAST YEAR^a

(By fiscal year, in billions of dollars)

	October-November		Estimated Change
	1997	1998	
Receipts	218.4	233.5	15.1
Outlays	271.7	283.4	11.7
Deficit (-)	-53.3	-50.0	3.4

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Receipts for October and November, the first two months of the fiscal year, are estimated to be about \$15 billion above last year's level for the same period. Outlays are estimated to be up by about \$12 billion. The cumulative deficit for the two-month period is estimated to be \$50 billion, about \$3 billion below last year's amount.

RECEIPTS THROUGH NOVEMBER^a

(By fiscal year, in billions of dollars)

Major Source	October-November		Percentage Change
	1997	1998	
Individual Income	107.3	111.4	3.8
Corporate Income	7.2	5.5	-23.8
Social Insurance	81.3	86.9	7.0
Other	<u>22.7</u>	<u>29.7</u>	31.2
Total	218.4	233.5	6.9

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Receipts in October and November were up 6.9 percent over collections for the same two-month period last year, a lower rate of growth than the 9.0 percent increase posted for fiscal year 1998.

Individual income and social insurance tax collections during the two months were up an average of roughly 5 percent, about half the growth recorded for fiscal year 1998.

The lower corporate income tax collections are not significant because October and November are not major collection months. They typically 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 excise taxes and a high level of Federal Reserve payments this year.

OUTLAYS THROUGH NOVEMBER^a
(By fiscal year, in billions of dollars)

Major Category	Oct.-Nov.		Percentage Change
	1997	1998	
Defense-Military	42.0	42.6	1.3
Social Security Benefits	60.6	62.8	3.6
Medicare and Medicaid	51.5	52.3	1.5
Net Interest on the			
Public Debt	42.2	39.5	-6.4
Other	<u>75.4</u>	<u>86.3</u>	14.5
Total	271.7	283.4	4.3

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Outlays in the first two months of fiscal year 1999 are estimated to be up 4.3 percent over the same period last year. That compares with a 3.2 percent rate of growth for all of fiscal year 1998.

Defense spending shows positive growth for October-November in contrast to negative growth last fiscal year. Special timing factors pushed up the growth rate for other federal programs in October-November this year as major payments were made for foreign aid and to farmers.

Medicaid outlays are up an estimated 5.6 percent in the first two months of the fiscal year, slightly below the 5.9 percent growth rate posted for the last fiscal year. Medicare outlays, however, showed no growth in October-November above the same period last year.

FISCAL YEAR 1999 PROJECTIONS
(In billions of dollars)

	OMB May	CBO November
Total Receipts	1,784	1,801
Total Outlays	1,730	1,738
Total Surplus	54	63
On-budget deficit (-)	-59	-54
Off-budget surplus	113	117

SOURCE: Office of Management and Budget and Congressional Budget Office.

Total receipts are projected to exceed total outlays in fiscal year 1999 by \$63 billion under CBO's estimate of last month. A new estimate will be made next month when economic and other estimating assumptions are updated.