

17. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 2000

The following three parts of this chapter compare the actual total receipts, outlays, and surplus for 2000 with the current services estimates¹ shown in the 2000 Budget published in February 1999. The fourth part of this chapter shows additional details for a comparison of mandatory and related programs, and the final part reconciles actual receipts, outlays, and surplus totals for 2000 previously published by the Department of the Treasury with those in this budget.

Receipts

Receipts in 2000 were \$2,025.2 billion, which is \$153.4 billion greater than the current services estimate of \$1,871.8 billion in the 2000 Budget. As shown in Table 17-1, this increase was the net effect of legislative and administrative changes; economic conditions that differed from what had been expected; and technical factors that resulted in different collection patterns and effective tax rates than had been assumed.

Policy differences.—The Consolidated Appropriations Act for FY 2000 and the repeal of the Social Security earnings test increased 2000 receipts by \$3.8 billion and \$1.3 billion, respectively. Other legislative and administrative changes enacted after February 1999 partially offset the increases provided in these two Acts, resulting in a net increase in 2000 receipts relative to the February 1999 current services estimate of \$4.5 billion.

Economic differences.—Differences between the economic assumptions upon which the current services estimates were made and actual economic performance accounted for a net increase in 2000 receipts of \$87.6

billion. Higher-than-anticipated wages and salaries and other sources of personal income were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of \$39.0 billion and \$16.2 billion, respectively. Increased corporation income taxes, attributable to higher-than-expected corporate profits, increased 2000 receipts by an additional \$24.7 billion relative to the February 1999 estimate. Excise taxes were also higher than the budget estimate, in large part due to higher-than-estimated levels of gross domestic product (GDP). Higher-than-expected imports, which affect customs duties, and higher-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), increased receipts above the budget estimates by an additional \$1.8 billion and \$3.9 billion, respectively.

Technical reestimates.—Technical factors increased 2000 receipts a net \$61.2 billion above the February 1999 current services estimate. This net increase was in large part attributable to higher-than-anticipated collections of individual income taxes and estate and gift taxes, which were partially offset by lower-than-anticipated collections of corporation income taxes. Higher effective tax rates on personal income than estimated in February 1999, and the continued strength of the stock market and its effect on capital gains, were in large part responsible for the increase in individual income taxes of \$61.2 billion. Greater-than-anticipated numbers and values of taxable estates, attributable in large part to the continued strength of the stock market, increased estate and gift taxes \$2.4 billion above the budget estimate. Different collection patterns and effective tax rates than assumed in February 1999 were primarily responsible for the lower-than-anticipated collections of corporation income taxes of \$3.1 billion.

Table 17-1. COMPARISON OF ACTUAL 2000 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Feb. 1999 estimate	Enacted legislation/administrative actions	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	902.1	2.2	39.0	61.2	102.4	1,004.5
Corporation income taxes	186.5	-0.8	24.7	-3.1	20.8	207.3
Social insurance and retirement receipts	636.2	.....	16.2	0.4	16.6	652.9
Excise taxes	65.2	*	2.2	1.4	3.6	68.9
Estate and gift taxes	26.7	.....	-0.1	2.4	2.3	29.0
Customs duties	19.6	-0.6	1.8	-0.9	0.3	19.9
Miscellaneous receipts	35.4	3.8	3.9	-0.2	7.4	42.8
Total	1,871.8	4.5	87.6	61.2	153.4	2,025.2

* Indicates \$50 million or less.

Outlays

Outlays for 2000 were \$1,788.8 billion. This was \$14.7 billion more than the \$1,774.1 billion current services estimate in the 2000 Budget (February 1999).

Table 17-2 distributes the \$14.7 billion net increase in outlays among discretionary and mandatory programs and net interest. Discretionary programs, those whose spending is controlled by annual appropriations acts, are \$18.8 billion above the February 1999 estimate. Mandatory programs are those controlled by authorizing legislation. Outlays for mandatory programs depend on eligibility criteria, benefit levels, and other factors established in law. Major examples of these programs include Social Security and Medicare benefits for the elderly, agricultural price support payments to farmers, and deposit insurance for banks and thrift institutions. On net, mandatory outlays are \$11.8 billion below the February 1999 estimate.

The table also makes rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy changes are the result of actions by the Congress or the Administration that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 2000, policy changes increased outlays an estimated \$27.2 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$7.6 billion, because outlays from final appropriations were above the current services estimates. Defense discretionary outlays increased by \$4.2 billion and nondefense discretionary outlays increased by \$3.4 billion. Policy changes increased mandatory outlays by \$18.9 billion above current law. The largest changes were increases of \$14.0 billion for emergency and non-emergency spending for agricultural programs and a \$4.5 billion increase in Social Security benefit payments from repealing the Social Security earnings test.

Economic conditions that differed from those forecasted in February 1999 resulted in a net decrease

in outlays of \$0.1 billion. Outlays for mandatory programs decreased an estimated \$7.8 billion, largely due to lower-than-expected unemployment rates, which in turn reduced outlays for unemployment compensation and food stamps. Most of this reduction was offset by an increase of \$7.7 billion in net interest due to a combination of higher-than-projected interest rates, partially offset by decreased borrowing requirements that resulted from the effect of economic factors on receipts and outlays.

Technical estimating differences and other changes resulted in a net decrease in outlays of \$12.4 billion. Outlays for discretionary programs increased an estimated \$11.2 billion, largely due to higher-than-estimated outlays for defense programs. Technical changes for mandatory programs 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. Outlays for mandatory programs decreased an estimated \$23.0 billion, largely due to lower-than-anticipated outlays for Medicare. Medicare spending decreased by over \$20 billion due to overestimation of benefit expenditures, in particular those in the areas of inpatient hospital care and home health.

Surplus

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 2000. This section combines these effects to show the net impact of these differences on the surplus.

As shown in Table 17-3, the 2000 current services surplus was initially estimated to be \$97.7 billion. The actual surplus was \$236.4 billion, which was a \$138.7 billion increase from the initial estimate. Receipts were \$153.4 billion more than the initial estimate, and outlays were \$14.7 billion more. The table shows the distribution of the changes according to the categories in the preceding two sections.

Table 17-2. COMPARISON OF ACTUAL 2000 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Current Services (Feb. 1999)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Discretionary:						
Defense	279.0	4.2	.....	11.8	16.0	295.0
Nondefense	317.1	3.4	.....	-0.6	2.8	319.9
Subtotal, discretionary	596.1	7.6	.....	11.2	18.8	614.8
Mandatory:						
Social Security	405.2	4.5	-0.1	-3.6	0.8	406.0
Other programs	557.4	14.4	-7.7	-19.4	-12.7	544.7
Subtotal, mandatory	962.6	18.9	-7.8	-23.0	-11.8	950.8
Net interest	215.5	0.7	7.7	-0.6	7.8	223.2
Total outlays	1,774.1	27.2	-0.1	-12.4	14.7	1,788.8

Table 17-3. COMPARISON OF THE ACTUAL 2000 SURPLUS WITH THE INITIAL CURRENT SERVICES SURPLUS ESTIMATE

(In billions of dollars)

	Current Services (Feb. 1999)	Changes				Actual
		Policy	Economic	Technical	Total changes	
Receipts	1,871.8	4.5	87.6	61.2	153.4	2,025.2
Outlays	1,774.1	27.2	-0.1	-12.4	14.7	1,788.8
Surplus	97.7	-22.7	87.7	73.6	138.7	236.4

Note: Surplus changes are receipts minus outlays.

The net effect of policy changes for receipts and outlays reduced the surplus by \$22.7 billion. Economic conditions that differed from the initial assumptions in February 1999 accounted for an estimated \$87.7 billion increase in the surplus, almost entirely due to higher receipts. Technical factors increased the surplus by an estimated \$73.6 billion. This was due to an increase in receipts of \$61.2 billion and a decrease in outlays of \$12.4 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2000

This section compares the original 2000 outlay estimates for mandatory and related programs under current law in the 2000 Budget (February 1999) with the actual outlays. This section includes net interest outlays and undistributed offsetting receipts. Net interest outlays consist of interest paid on Treasury debt securities, interest received by on and off-budget trust funds, and other interest earnings and payments. Undistributed offsetting receipts include Federal employer contributions to retirement trust funds, rents and royalties on the Outer Continental Shelf, and spectrum auction receipts.

A number of factors may cause differences between the amounts estimated in the budget and the actual 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 17-4 shows the differences between the actual outlays for these programs in 2000 and the amounts originally estimated in the 2000 Budget, based on laws in effect at that time. Actual outlays for mandatory

spending and net interest in 2000 were \$1,174.0 billion, which was \$4.1 billion less than the estimate based on existing law in February 1999.

Actual outlays for mandatory human resources programs were \$967.8 billion, \$30.0 billion less than originally estimated. This decrease 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.

Outlays for other functions were \$18.4 billion more than originally estimated, largely because of increases of \$21.0 billion for agriculture programs. Undistributed offsetting receipts were \$0.3 billion more than expected.

Outlays for net interest were \$223.2 billion or \$7.8 billion more than the original estimate. This increase was the net impact of changes in interest rates from those initially assumed, lower borrowing requirements due to surpluses in 1999 and 2000, and technical factors.

Reconciliation of Differences with Amounts Published by Treasury for 2000

Table 17-5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 30, 2000, Monthly Treasury Statement and those published in this budget. The Department of the Treasury made technical adjustments to the estimates for the U.S. Government Annual Report, which increased outlays by \$95 million. Additional adjustments made for this budget increased receipts by \$181 million and increased outlays by \$686 million. The major changes were for Federal family education loans, student loan reserve funds, and transactions of the United Mine Workers of America benefit funds.

Table 17-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2000		
	Feb. 1999 estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services	14.9	10.3	-4.56
Health:			
Medicaid	114.8	117.9	3.1
Other	7.9	6.6	-1.3
Total, health	122.8	124.5	1.8
Medicare	214.9	194.1	-20.8
Income security:			
Retirement and disability	83.8	81.6	-2.2
Unemployment compensation	25.6	20.7	-4.9
Food and nutrition assistance	31.6	28.0	-3.6
Other	73.9	76.1	2.2
Total, income security	215.0	206.5	-8.5
Social security	405.2	406.0	0.8
Veterans benefits and services:			
Income security for veterans	23.3	24.9	1.6
Other	1.6	1.5	-0.2
Total, veterans benefits and services	24.9	26.3	1.4
Total, mandatory human resources programs	997.7	967.8	-30.0
Other functions:			
Agriculture	10.9	32.0	21.0
Deposit insurance	-2.2	-3.1	-0.8
Other functions	-1.5	-3.3	-1.8
Total, other functions	7.2	25.6	18.4
Undistributed offsetting receipts:			
Employer share, employee retirement	-37.0	-37.9	-0.9
Rents and royalties on the outer continental shelf	-2.8	-4.6	-1.8
Other undistributed offsetting receipts	-2.5	-0.2	2.4
Total, undistributed offsetting receipts	-42.3	-42.6	-0.3
Total, mandatory	962.6	950.8	-11.8
Net interest:			
Interest on Treasury debt securities (gross)	346.6	362.0	15.4
Interest received by trust funds	-125.0	-128.9	-3.9
Other interest	-6.2	-9.9	-3.7
Total, net interest	215.5	223.2	7.8
Total, outlays for mandatory and net interest	1,178.1	1,174.0	-4.1

Table 17-5. RECONCILIATION OF FINAL AMOUNTS FOR 2000

(In millions of dollars)

	Receipts	Outlays	Surplus
Totals published by Treasury (September 30, 2000, Monthly Treasury Statement) ..	2,025,038	1,788,045	236,993
Miscellaneous Treasury adjustments.	-*	95	-95
Adjustments: Totals published by Treasury in U.S. Government Annual Report	2,025,037	1,788,140	236,897
Federal family education loans		731	-731
Student loan reserve funds		-139	139
United Mine Workers of America benefit funds	155	155	
Other	26	-61	87
Total adjustments, net	181	686	-505
Totals in the budget	2,025,218	1,788,826	236,392
MEMORANDUM:			
Total change since September 30, 2000, Monthly Treasury Statement	180	781	-601