

## 25. 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 2017 with the current services estimates shown in the 2017 Budget, published in February 2016.<sup>1</sup> 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 2017 previously published by the Department of the Treasury.

### Receipts

Actual receipts for 2017 were \$3,316 billion, \$161 billion less than the \$3,477 billion current services estimate in the 2017 Budget, which was published in February 2016. As shown in Table 25–1, this decrease was the net effect of 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.

*Economic differences.* Differences between the economic assumptions upon which the current services estimates

were based and actual economic performance reduced 2017 receipts by a net \$5 billion below the February 2016 current services estimate. Corporations reported less profits in 2017 than initially projected, which reduced receipts \$17 billion below the February 2016 estimate and accounted for most of the net reduction in receipts attributable to economic differences. This was offset by higher deposits of earnings by the Federal Reserve, which increased 2017 receipts by \$18 billion above the February 2016 estimate. Different economic factors than those assumed in February 2016 had a smaller effect on other sources of receipts, decreasing collections by a net \$5 billion.

*Technical factors.* Technical factors decreased receipts by a net \$156 billion relative to the February 2016 current services estimate. These factors had the greatest effect on individual income taxes, decreasing collections by \$141 billion. Decreases in corporation income taxes of \$28 billion and increases in social insurance and retirement receipts of \$32 billion accounted for most of the remaining changes in 2017 receipts attributable to technical factors. The models used to prepare the February 2016 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 decrease in these two sources of receipts attributable to technical factors. The majority of the difference in the original estimate of individual income taxes relative to actuals relates to lower-than-projected tax year 2016 liability, which was due in part to lower-than-expected taxable income from pass-through businesses and capital gains realizations. In addition, both individual income and corporation income taxes may have decreased due to taxpayers shifting income into the future in anticipation of comprehensive tax reform.

<sup>1</sup> The current services concept is discussed in Chapter 23, “Current Services Estimates.” For mandatory programs and receipts, the February 2016 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 2016 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 2017 estimate, see “Current Services Estimates,” Chapter 25 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2017*.

**Table 25–1. COMPARISON OF ACTUAL 2017 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

	Estimate (February 2016)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes .....	1,724	–*	4	–141	–137	1,587
Corporation income taxes .....	343	*	–17	–28	–46	297
Social insurance and retirement receipts .....	1,139	–*	–9	32	23	1,162
Excise taxes .....	86	.....	–*	–2	–3	84
Estate and gift taxes .....	22	.....	2	–2	*	23
Customs duties .....	40	–*	–3	–2	–5	35
Miscellaneous receipts .....	123	.....	18	–11	6	129
Total receipts .....	3,477	–*	–5	–156	–161	3,316

\* \$500 million or less

## Outlays

Outlays for 2017 were \$3,982 billion, \$107 billion less than the \$4,089 billion current services estimate in the 2016 Budget. Table 25–2 distributes the \$107 billion net decrease in outlays among discretionary and mandatory programs and net interest.<sup>2</sup> 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 2017, policy changes increased outlays by \$35 billion relative to the initial current services estimates, which included the impacts of sequestration and discretionary cap reductions as part of the Joint Committee enforcement provisions of the Budget Control Act of 2011 (Public Law 112-25). The combined policy changes from final 2016 and 2017 appropriations, including Overseas Contingency Operations, increased discretionary outlays by \$33 billion. Policy changes increased mandatory outlays by a net \$1 billion above current law. 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 \$142 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. The final enacted 2017 appropriations allowed for lower discretionary outlays than the rates included in the February 2016 estimate. Increases in discretionary outlays due to legislation, as discussed above, were offset by a \$52 billion decrease in net outlays resulting from technical changes. Outlays for mandatory programs decreased \$43 billion due to economic and technical factors. There was a net decrease in outlays of \$58 billion as a result of differences between actual economic conditions versus those forecast in February 2016. Outlays for Social Security were \$28 billion lower than anticipated in the 2017 Budget largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Income security program outlays were a combined \$16 billion lower, while the remaining changes were in veterans benefits and services, deposit insurance, and other programs. Outlays for net interest were approximately \$41 billion lower due to economic and technical factors, primarily lower 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 2017. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 25–3, the 2017 current services deficit was initially estimated to be \$612 billion. The actual deficit was \$665 billion, which was a \$53 billion increase from the initial estimate. Receipts were \$161 billion lower and outlays were \$107 billion less 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 \$35 billion. Economic conditions that differed from the initial assumptions in February

**Table 25–2. COMPARISON OF ACTUAL 2017 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

	Estimate (February 2015)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense .....	601	14	.....	–25	–11	590
Nondefense .....	618	19	.....	–26	–8	610
Subtotal, discretionary .....	1,219	33	.....	–52	–19	1,200
Mandatory:						
Social Security .....	967	.....	–3	–24	–28	939
Other programs .....	1,594	1	–7	–8	–14	1,580
Subtotal, mandatory .....	2,561	1	–11	–33	–42	2,519
Allowance for disaster costs <sup>1</sup> .....	6	.....	.....	–6	–6	.....
Net interest .....	304	*	–47	6	–41	263
Total outlays .....	4,089	35	–58	–84	–107	3,982

\* \$500 million or less

<sup>1</sup> These amounts were included in the 2017 Budget to represent the statistical probability of a major disaster requiring federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary, or mandatory outlays or tax relief. These amounts were included as outlays for convenience.

**Table 25-3. COMPARISON OF THE ACTUAL 2017 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE**

(In billions of dollars)

	Estimate (February 2016)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts .....	3,477	—*	–5	–156	–161	3,316
Outlays .....	4,089	35	–58	–84	–107	3,982
Deficit .....	612	35	–53	72	53	665

\* \$500 million or less

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

2016 decreased the deficit by \$53 billion. Technical factors increased the deficit by an estimated \$72 billion.

### Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2017

This section compares the original 2017 outlay estimates for mandatory and related programs in the current services estimates of the 2017 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 25-4 shows the differences between the actual outlays for these programs in 2017 and the current services estimates included in the 2017 Budget.<sup>3</sup> Actual outlays for mandatory spending and net interest in 2017 were \$2,781 billion, which was \$83 billion less than the current services estimate of \$2,865 billion in February 2016.

As Table 25-4 shows, actual outlays for mandatory human resources programs were \$2,596 billion, \$43 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. Most significantly, outlays for Social Security, income security, and veterans benefits and services decreased by \$50 billion due to economic, legislative and technical factors. Outlays for these programs were offset by a \$40 billion increase in Education, training, employment and social services programs. The outlay changes were primarily driven by upward re-estimates and positive subsidy outlays in some student loan accounts. Mandatory outlays for programs in functions

outside human resources were \$18 billion less than originally estimated.

Outlays for net interest were \$263 billion, or \$41 billion less than the original estimate. As shown on Table 25-4, interest payments on Treasury debt securities decreased by \$55 billion. Interest earnings of trust funds fell by less than \$1 billion, increasing net outlays, while net outlays for other interest increased by \$14 billion.

### Reconciliation of Differences with Amounts Published by the Treasury for 2017

Table 25-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2017 published by the Department of the Treasury in the September 2017 Monthly Treasury Statement (MTS) and those published in this Budget. The Department of the Treasury made adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances, which decreased outlays by \$34 million. Additional adjustments for the 2019 Budget increased receipts by \$1,288 million and increased outlays by \$983 million. Most 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, the Federal Retirement Thrift Investment Board Program Expenses, the Public Company Accounting 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 2016 through August 2017. 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 2017 outlays reported to Treasury after preparation of the Treasury Combined Statement.

<sup>3</sup> See footnote 1 for an explanation of the current services concept.

**Table 25–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW**

(In billions of dollars)

	2017		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher education .....	5	45	41
Other .....	7	7	–1
Total, education, training, employment, and social services .....	12	52	40
Health:			
Medicaid .....	377	368	–8
Other .....	119	105	–15
Total, health .....	496	473	–23
Medicare .....	602	591	–11
Income security:			
Retirement and disability .....	150	146	–3
Unemployment compensation .....	32	30	–2
Food and nutrition assistance .....	101	93	–8
Other .....	173	166	–7
Total, income security .....	456	436	–20
Social security .....	967	939	–28
Veterans benefits and services:			
Income security for veterans .....	86	86	–*
Other .....	20	19	–2
Total, veterans benefits and services .....	106	105	–2
Total, mandatory human resources programs .....	2,639	2,596	–43
Other functions:			
Agriculture .....	21	13	–8
International .....	–0	–5	–5
Mortgage credit .....	–23	–17	7
Deposit insurance .....	–10	–12	–2
Other advancement of commerce .....	18	13	–5
Other functions .....	25	20	–5
Total, other functions .....	30	12	–18
Undistributed offsetting receipts:			
Employer share, employee retirement .....	–88	–85	3
Rents and royalties on the outer continental shelf .....	–4	–3	1
Other undistributed offsetting receipts .....	–15	–2	14
Total, undistributed offsetting receipts .....	–108	–90	19
Total, mandatory .....	2,561	2,519	–42
Net interest:			
Interest on Treasury debt securities (gross) .....	512	457	–55
Interest received by trust funds .....	–147	–147	*
Other interest .....	–61	–47	14
Total, net interest .....	304	263	–41
Total, outlays for mandatory and net interest .....	2,865	2,781	–83

\* \$500 million or less

**Table 25–5. RECONCILIATION OF FINAL AMOUNTS FOR 2017**  
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS) .....	3,314,894	3,980,605	665,712
Miscellaneous Treasury adjustments .....	.....	–34	–34
Totals published by Treasury in Combined Statement .....	3,314,894	3,980,571	665,677
Additional Adjustments to the 2019 Budget			
Affordable Housing Program .....	392	392	.....
Electric Reliability Organization .....	100	100	.....
Federal Financial Institutions Examination Council Appraisal Subcommittee .....	19	19	.....
Federal Retirement Thrift Investment Board Program Expenses .....	.....	–5	–5
Public Company Accounting Oversight Board .....	276	265	–11
Puerto Rico Oversight Board .....	31	31	.....
Securities Investor Protection Corporation .....	364	138	–226
Standard Setting Body .....	28	28	.....
United Mine Workers of America benefit funds .....	81	81	.....
National Railroad Retirement Investment Trust .....	.....	–164	–164
Environmental Protection Agency .....	.....	75	75
Other .....	–3	23	26
Total additional adjustments .....	1,288	983	–305
Totals in the Budget .....	3,316,182	3,981,554	665,372
MEMORANDUM:			
Total change since year-end statement .....	1,288	949	–340





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