24. 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 2021 with the current services estimates shown in the 2021 Budget, published in February 2020.[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 2021 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2021 were $4,047 billion, $187 billion more than the $3,860 billion current services estimate in the 2021 Budget, which was published in February 2020. As shown in Table 24-1, 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.

[1] The current services concept is discussed in Chapter 22, "Current Services Estimates." For mandatory programs and receipts, the February 2020 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 (Public Law 112-25, "BCA"). Spending for Overseas Contingency Operations was estimated based on annualizing the amounts provided in the Consolidated Appropriations Act, 2020 (Public Law 116-93) and Further Consolidated Appropriations Act, 2020 (Public Law 116-94) 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 2020 estimate, see "Current Services Estimates," Chapter 21 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2021*.

Policy differences. Legislated tax changes enacted after the February 2020 estimates were finalized reduced 2021 receipts by a net $297 billion relative to the 2021 Budget current services estimate.

The United States-Mexico-Canada Agreement Implementation Act (Public Law 116-113) authorizes the President to proclaim the reduction or elimination of tariffs consistent with U.S. commitments under the Agreement, and sets forth procedures to certify and verify the general rules-of-origin for goods from Mexico and Canada which apply for the purposes of granting preferential customs duty treatment; the Act was signed into law on January 29, 2020 and increased 2021 receipts by an estimated $2 million.

The Families First Coronavirus Response Act (Public Law 116-127) provided fully refundable credits against payroll taxes to compensate employers (including self-employed individuals) for paid sick leave and family and medical leave mandated in the Act; it was signed into law on March 18, 2020, and decreased 2021 receipts by an estimated $1 billion.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), allowed employers and self-employed individuals to defer payment of the employer's share of Social Security taxes incurred from March 27 through December 31, 2020; provided a refundable Employee Retention Credit against payroll taxes for employers who kept employees on payroll during mandated shut-downs; permitted business to offset 100 percent of taxable income for net operating losses incurred over the three-year period from 2018 to 2020, and allowed corporations to carry back recently incurred losses for refunds of tax liabilities for the prior five years; allowed taxpayers to use their business losses to offset non-business income for tax years 2018 through 2020, or for farm losses for tax years 2018 through 2025; waived penalties for certain early withdrawals from retirement accounts in 2020; cre-

Table 24–1. COMPARISON OF ACTUAL 2021 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (February 2020)	Changes: Policy	Changes: Economic	Changes: Technical	Total Changes	Actual
Individual income taxes	1,929	–245	–17	378	116	2,044
Corporation income taxes	284	–49	–13	149	87	372
Social insurance and retirement receipts	1,374	....	–45	–15	–60	1,314
Excise taxes	87	–3	–0	–8	–12	75
Estate and gift taxes	22	....	–5	10	5	27
Customs duties	54	0	0	26	26	80
Miscellaneous receipts	111	....	34	–10	24	134
Total receipts	3,860	–297	–47	531	187	4,047

* $500 million or less

ated a partial above-the-line deduction for taxpayers who do not itemize deductions in 2020 but make charitable contributions of up to $300 in cash; and excluded from taxation certain employer payments for employees' student loans; among other provisions. This Act was signed into law on March 27, 2020, and reduced 2021 receipts by an estimated $123 billion.

Consolidated Appropriations Act, 2021 (Public Law 116-260) included the Taxpayer Certainty and Disaster Tax Relief Act of 2020 in division EE, which made permanent the reduction in the medical expense deduction floor, the energy efficient commercial buildings deduction, and the exclusion from income for certain benefits provided to first responders; extended through 2025 the look-through rule for related controlled foreign corporations, the new markets tax credit, empowerment zone tax incentives, the employer credit for paid family and medical leave, the exclusion for certain employer payments of student loans, and the carbon oxide sequestration credit; extended through 2021 the credit for electricity produced from certain renewable resources and the credit for certain health insurance costs of eligible individuals; established a minimum rate for the low-income housing tax credit; and provided disaster-related tax relief including establishing special rules for the use of retirement funds and an employee retention credit for employers affected by qualified disasters. The Act was signed into law on December 27, 2020, and reduced 2021 receipts by an estimated $93 billion.

The American Rescue Plan Act of 2021 (Public Law 117-2) provided additional relief to address the continued impact of COVID-19 on the economy, public health, State and local governments, individuals, and businesses. Among other provisions, the Act exempted $10,200 in unemployment insurance from income for tax year 2020; provided 2021 economic recovery rebates for individuals; made child tax credit refundable and advanceable; revised the earned income tax credit in 2021 for individuals with no qualifying children; extended and modified credits for paid sick and family leave and employee retention; increased the rate of the premium tax credit in 2021 and 2022 for certain low-income taxpayers; and extended the premium tax credit to individuals receiving unemployment compensation in 2021. The Act was signed into law on March 11, 2021, and decreased 2021 receipts by an estimated $80 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance decreased 2021 receipts by a net $47 billion below the February 2020 current services estimate. The fluctuating economic situation due to COVID-19 meant that wage and salary income was lower in 2021 than initially projected, which decreased individual income tax and social insurance receipts by $17 billion and $45 billion below the February 2020 estimate, respectively, and accounted for most of the net decrease in receipts attributable to economic differences. Different economic factors than those assumed in February 2020 had a smaller effect on other sources of receipts, increasing collections by a net $16 billion.

Technical factors. Technical factors increased receipts by a net $531 billion relative to the February 2020 current services estimate. These factors had the greatest effect on individual and corporation income tax receipts, increasing collections by $378 billion and $149 billion, respectively. The models used to prepare the February 2020 estimates of individual 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 this source of receipts attributable to technical factors. New tariffs imposed on imports accounted for the increase in customs duties.

Outlays

Outlays for 2021 were $6,822 billion, $1,948 billion more than the $4,875 billion current services estimate in the 2021 Budget. Table 24–2 distributes the $1,948 billion net increase in outlays among discretionary and mandatory programs and net interest.[2] The table also shows rough estimates according to three reasons for the chang-

[2] Discretionary programs are controlled by annual appropriations, while mandatory programs are generally controlled by authorizing legislation. Mandatory programs are primarily formula benefit or entitlement programs with permanent spending authority that depends on eligibility criteria, benefit levels, and other factors.

Table 24–2. COMPARISON OF ACTUAL 2021 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (February 2020)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	753	–2	....	–10	–11	742
Nondefense	733	91	....	71	162	895
Subtotal, discretionary	1,486	90	....	61	151	1,636
Mandatory:						
Social Security	1,151	0	–10	–12	–22	1,129
Other programs	1,858	1,145	107	594	1,847	3,705
Subtotal, mandatory	3,010	1,145	97	582	1,824	4,834
Net interest	379	0	–116	89	–27	352
Total outlays	4,875	1,234	–19	732	1,948	6,822

* $500 million or less

Table 24–3. COMPARISON OF THE ACTUAL 2021 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE
(In billions of dollars)

	Estimate (February 2020)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,860	–297	–47	531	187	4,047
Outlays	4,875	1,234	–19	732	1,948	6,822
Deficit	1,015	1,531	28	201	1,761	2,775

* $500 million or less

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

es: 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 2021, policy changes increased outlays by $1,234 billion relative to the initial current services estimates, which included increased spending to counter the impacts of the COVID-19 pandemic through the American Rescue Plan Act of 2021 (Public Law 117-2), Families First Coronavirus Response Act (Public Law 116-127), Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) and the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139). The combined policy changes from final 2020 and 2021 appropriations increased discretionary outlays by $90 billion. Policy changes increased mandatory outlays by a net $1,145 billion above current law, largely due to legislation mentioned above which funded a broad set of programs aimed at combating the COVID-19 pandemic. 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 increase in outlays of $713 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 decreased relative to the current services estimate largely due to slower-than-estimated spending of both new and prior-year authority, while overall non-defense spending increased, predominantly due to spending of the COVID-19 emergency supplemental funding. The 2021 Budget assumptions for both spendout rates and prior-year outlays that were carried forward and used to estimate 2021 enacted appropriations did not take into account any of the policy changes in 2020 and 2021 that would occur as a result of pandemic response. In addition to the increases in discretionary outlays due to legislation, as discussed above, technical factors led to $61 billion in increased spending. Outlays for mandatory programs increased $680 billion due to economic and technical factors. There was a net increase in outlays of $97 billion as a result of differences between actual economic conditions versus those forecast in February 2020.

Outlays for Social Security were $22 billion lower than anticipated in the 2021 Budget, which did not reflect Covid-19 impacts, largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Income security programs and higher education programs were a combined $1,233 billion higher than anticipated; the remaining changes were spread throughout government programs and raised outlays by $614 billion. Outlays for net interest were approximately $27 billion lower due to economic and technical factors, primarily due to 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 2021. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 24–3, the 2021 current services deficit was initially estimated to be $1,015 billion. The actual deficit was $2,775 billion, which was a $1,761 billion increase from the initial estimate. Receipts were $187 billion higher and outlays were $1,948 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 $1,531 billion. Economic conditions that differed from the initial assumptions in February 2020 increased the deficit by $28 billion. Technical factors increased the deficit by an estimated $201 billion.

Table 24–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW
(In billions of dollars)

	2021		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	13	146	133
Other	7	16	9
Total, education, training, employment, and social services	20	162	142
Health:			
Medicaid	452	521	69
Other	106	136	30
Total, health	558	656	98
Medicare	746	689	–58
Income security:			
Retirement and disability	163	162	–1
Unemployment compensation	29	391	361
Food and nutrition assistance	91	162	71
Other	183	842	659
Total, income security	466	1556	1090
Social security	1151	1129	–22
Veterans benefits and services:			
Income security for veterans	120	116	–4
Other	15	9	–6
Total, veterans benefits and services	135	125	–10
Total, mandatory human resources programs	3,077	4,318	1241
Other functions:			
Agriculture	21	37	16
International	6	–12	–18
Mortgage credit	–9	–16	–7
Deposit insurance	–3	–9	–6
Other advancement of commerce	18	342	325
Other functions	34	298	264
Total, other functions	67	640	573
Undistributed offsetting receipts:			
Employer share, employee retirement	–110	–111	–0
Rents and royalties on the outer continental shelf	–5	–4	1
Other undistributed offsetting receipts	–19	–9	10
Total, undistributed offsetting receipts	–134	–124	10
Total, mandatory	3,010	4,834	1824
Net interest:			
Interest on Treasury debt securities (gross)	577	562	–14
Interest received by trust funds	–140	–150	–9
Other interest	–57	–60	–4
Total, net interest	379	352	–27
Total, outlays for mandatory and net interest	3,389	5,186	1797

* $500 million or less

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2021

This section compares the original 2021 outlay estimates for mandatory and related programs in the current services estimates of the 2021 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 24–4 shows the differences between the actual outlays for these programs in 2021 and the current services estimates included in the 2021 Budget. Actual outlays for mandatory spending and net interest in 2021 were $5,186 billion, which was $1,797 billion more than the current services estimate of $3,389 billion in March 2021.

As Table 24–4 shows, actual outlays for mandatory human resources programs were $4,318 billion, $1,241 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 the legislative response to the COVID-19 pandemic. Income security, other advancement of commerce programs, and other functions accounted for an increase of outlays of $1,090 billion. In addition, outlays in higher education programs were $142 billion higher than estimate primarily due to loan modification costs largely related to emergency COVID-19 relief and net upward reestimates due largely to reductions in forecasted income of borrowers in income-driven repayment. Outlays for net interest were $352 billion, or $27 billion lower than the original estimate. As shown on Table 24–4, interest payments on Treasury debt securities decreased by $14 billion. Interest earnings of trust funds decreased by $9 billion, decreasing net outlays, while net outlays for other interest further decreased net outlays by $4 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2021

Table 24-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2021 published by the Department of the Treasury in the September 2021 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 that increased outlays by $71 million. Additional adjustments for the 2023 Budget increased receipts by $1,133 million and increased outlays by $4,291 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, the National Oilheat Research Alliance, 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 2020 through August 2021. The Budget has been adjusted to reflect NRRIT transactions that occurred during the actual fiscal year, which begins October 1. In addition, the Budget also reflects agency adjustments to 2021 outlays reported to Treasury after preparation of the Treasury Combined Statement. Most notably, the Department of Housing and Urban Development adjusted its reporting to reflect lower offsetting collections.

Table 24–5. RECONCILIATION OF FINAL AMOUNTS FOR 2021
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	4,045,979	6,818,158	2,772,179
Miscellaneous Treasury adjustments	....	71	71
Totals published by Treasury in Combined Statement	4,045,979	6,818,229	2,772,250
Department of Housing and Urban Development	....	3,303	3,303
Affordable Housing Program	224	224	....
Electric Reliability Organization	83	83	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	15	15	....
Federal Retirement Thrift Investment Board Program Expenses	....	–49	–49
National Oilheat Research Alliance	7	7	....
National Railroad Retirement Investment Trust	....	146	146
Public Company Accounting Oversight Board	264	273	9
Puerto Rico Oversight Board	58	58	....
Securities Investor Protection Corporation	439	79	–360
Standard Setting Body	31	31	....
United Mine Workers of America benefit funds	13	13	....
Other	–1	37	38
Total adjustments, net	1,133	4,220	3,087
Totals in the Budget	4,047,112	6,822,449	2,775,337
MEMORANDUM:			
Total change since year-end statement	1,133	4,291	3,158