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 2022 with the current services estimates shown in the 2022 Budget, published in May 2021.[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 2022 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2022 were $4,897 billion, $909 billion more than the $3,988 billion current services estimate in the 2022 Budget, which was published in May 2021. 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 the May 2021 estimates were finalized reduced 2022 receipts by a net $4 billion relative to the 2022 Budget current services estimate.

[1] The current services concept is discussed in Chapter 21, "Current Services Estimates." For mandatory programs and receipts, the May 2021 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 appropriations enacted for 2021 adjusted for inflation, except that funding that was provided and designated as emergency funding for 2021 in division M of Public Law 116-260 to address the public health and economic effects of the COVID-19 public health emergency was removed from the baseline beginning in 2022. The current services estimates also reflected the effects of mandatory sequestration as required by the Balanced Budget and Deficit Control Act (BBEDCA) section 251A. For a detailed explanation of the 2022 estimate, see "Current Services Estimates," Chapter 17 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2022*.

The Infrastructure Investment and Jobs Act (P.L. 117-58) reauthorized transportation programs, including the excise tax on motor fuels through 2028, and the tax on heavy use vehicles through 2029; reauthorized the Sport Fish Restoration and Boating Trust Fund; and extended and modified certain excise taxes dedicated to the Hazardous Substance Superfund. It also provided a tax exemption for private activity bonds for qualified broadband projects and carbon dioxide capture facilities; modified the tax treatment of contributions to the capital of a corporation; provided the extension of tax rules for stabilizing interest rates on contributions amounts to defined benefit plans, modified information reporting requirements and definitions for brokers and digital assets for returns and information statements required after 2023; terminated the employee retention tax credit after 2021, except for start-up businesses which terminated on December 31, 2021; and extended customs user fees. The Act was signed into law on November 15, 2021 and increased 2022 receipts by an estimated $1 billion.

The Suspending Normal Trade Relations with Russia and Belarus Act (P.L. 117-110) authorized the President to proclaim increases in the rates of duty applicable to products of Russia or Belarus; this authority terminates on January 1, 2024. This Act was signed into law on April 8, 2022, and increased 2022 receipts by an estimated $24 million.

The Formula Act (P.L. 117-160) provided, through December 31, 2022, duty-free treatment to infant formula. This Act was signed into law on July 21, 2022, and decreased 2022 receipts by $2 million.

Public Law 117-167, commonly referred to as the CHIPS and Science Act of 2022, established a 25 percent investment tax credit for investments in semiconductor manufacturing. The Act was signed into law on August 9, 2022, and reduced 2022 receipts by an estimated $1 billion.

The Inflation Reduction Act (P.L. 117-169) imposed a 15 percent minimum alternative tax beginning tax years

Table 23–1. COMPARISON OF ACTUAL 2022 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (May 2021)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	2,005	–*	172	454	627	2,632
Corporation income taxes	266	–4	18	145	159	425
Social insurance and retirement receipts	1,417	....	26	41	67	1,484
Excise taxes	82	*	–2	7	6	88
Estate and gift taxes	21	....	3	9	12	33
Customs duties	57	*	4	38	43	100
Miscellaneous receipts	140	....	–28	24	–4	137
Total receipts	3,988	–4	194	719	909	4,897

* $500 million or less

after 2022 on corporations with a three-year average income of more than $1 billion, determined on the basis of the corporation's adjusted financial statement income (i.e., book income). It imposed a one percent excise tax of the fair market value of any repurchased stock during the taxable year by a publicly traded U.S. corporation. It also appropriated funding for Internal Revenue Service enforcement activities, operations support, business systems modernization, and taxpayer services, available through 2031, which is expected to reduce the tax gap by improving taxpayer compliance. The law imposed an excise tax on the sale by the manufacturer, producer, or importer of any selected drug who fails to enter into a drug pricing agreement. Further, it included various green energy tax credits and incentives for businesses and individuals, including: a production tax credit for electricity generated from renewable energy sources; a new tax credit for qualifying zero-emission nuclear power produced by facilities placed in service prior to enactment; the extension of the residential clean energy efficient credit for qualified energy efficiency improvements; an advanced manufacturing production credit for projects beginning in 2023; and new clean electricity production and investment credits; and tax credits related to electric vehicles, including credits for the purchase of clean and plug-in vehicles. The Act was signed into law on August 16, 2022, and decreased 2022 receipts by an estimated $3 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance increased 2022 receipts by a net $194 billion above the May 2021 current services estimate. The economic recovery after the COVID-19 crisis meant that wage and salary income was higher in 2022 than initially projected, which was the primary driver of increased individual income tax and social insurance receipts by $172 billion and $26 billion above the May 2021 estimate, respectively, and accounted for most of the net increase in receipts attributable to economic differences. Higher interest rates than initially projected reduced deposits of earnings by the Federal Reserve System by $28 billion below the May 2021 estimate. Different economic factors than those assumed in May 2021 had a smaller effect on other sources of receipts, increasing collections by a net $23 billion.

Technical factors. Technical factors increased receipts by a net $719 billion relative to the May 2021 current services estimate. These factors had the greatest effect on individual and corporation income tax receipts, increasing collections by $454 billion and $145 billion, respectively. The models used to prepare the May 2021 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 2022 were $6,273 billion, $567 billion more than the $5,707 billion current services estimate in the 2022 Budget. Table 23–2 distributes the $567 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 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 2022, policy changes increased outlays by $118 billion relative to the initial current services estimates. Policy changes increased discretionary outlays by $126 billion, largely due to the Infrastructure Investment and Jobs Act (P.L. 117-58); the Consolidated Appropriations Act, 2022 (P.L. 117-103); the Bipartisan Safer Communities Act (P.L. 117-159); and several emergency supplemental appropriations. Policy changes decreased mandatory outlays by a net $9 billion. Debt service costs associated with all policy changes increased outlays by less than $1 billion.

[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 23–2. COMPARISON OF ACTUAL 2022 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (May 2021)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	754	30	....	–32	–2	752
Nondefense	913	96	....	–97	–1	912
Subtotal, discretionary	1,667	126	....	–129	–3	1,664
Mandatory:						
Social Security	1,196	....	31	–14	17	1,212
Other programs	2,539	–9	88	302	381	2,921
Subtotal, mandatory	3,735	–9	119	288	398	4,133
Net interest	305	*	154	17	171	476
Total outlays	5,707	118	273	176	567	6,273

* $500 million or less

Table 23–3. COMPARISON OF THE ACTUAL 2022 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE
(In billions of dollars)

	Estimate (May 2021)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,988	–4	194	719	909	4,897
Outlays	5,707	118	273	176	567	6,273
Deficit	1,719	121	79	–543	–343	1,376

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

Economic and technical factors. Economic and technical estimating factors resulted in a net increase in outlays of $449 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 and non-defense discretionary spending decreased relative to the current services estimate largely due to slower-than-estimated spending of both new and prior-year authority. In addition to the increases in discretionary outlays due to legislation, as discussed above, technical factors led to $129 billion in decreased spending. Outlays for mandatory programs increased $407 billion due to economic and technical factors. There was a net increase in outlays of $119 billion as a result of differences between actual economic conditions versus those forecast in May 2021.

Outlays for Social Security were $17 billion higher than anticipated in the 2022 Budget mainly due to a higher than projected cost-of-living adjustment, which was partially offset by a lower than estimated number of beneficiaries. Mandatory human resources programs including health programs and higher education programs were $513 billion higher than anticipated; the remaining changes were spread throughout government programs and lowered outlays by $115 billion. Outlays for net interest were approximately $171 billion higher due to economic and technical factors, primarily due to 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 2022. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 23–3, the 2022 current services deficit was initially estimated to be $1,719 billion. The actual deficit was $1,376 billion, which was a $343 billion decrease from the initial estimate. Receipts were $909 billion higher and outlays were $567 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 $121 billion. Economic conditions that differed from the initial assumptions in May 2021 increased the deficit by $79 billion. Technical factors decreased the deficit by an estimated $543 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2022

This section compares the original 2022 outlay estimates for mandatory and related programs in the current services estimates of the 2022 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 2022 and the current services estimates included in the 2022 Budget. Actual outlays for mandatory spending and net interest in 2022 were $4,609 billion, which was $569 billion more than the current services estimate of $4,040 billion in May 2021.

As Table 23–4 shows, actual outlays for mandatory human resources programs were $4,210 billion, $513 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.

Outlays in higher education programs were $474 billion higher than estimates primarily due to loan modification costs largely related to emergency COVID-19 relief. Health program outlays were $94 billion higher than estimates, driven mainly by a $74 billion increase in Medicaid outlays. The increase in Medicaid outlays were a result of ongoing costs associated with the legislative response to the COVID-19 pandemic, as well as differences in assumed economic conditions and number of beneficiaries. In addition, income security, veterans benefits and services programs, and other functions accounted for a decrease of outlays of $60 billion. Outlays for net interest were $476 billion, or $171 billion higher than the original estimate. As shown on Table 23–4, interest payments on Treasury debt securities increased by $237 billion. Interest earnings of trust funds increased by $59 billion, decreasing net outlays, while net outlays for other interest further decreased net outlays by $7 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2022

Table 23-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2022 published by the Department of the Treasury in the September 2022 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 $50 million. Additional adjustments for the 2024 Budget increased receipts by $1,281 million and increased outlays by $1,766 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 2021 through August 2022. 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 2022 outlays reported to Treasury after preparation of the Treasury Combined Statement. Notably, the Department of Transportation reported Governmental receipts of $60 million as offsetting receipts due to an inadvertent misclassification by the Department of the Treasury. The Budget reconciles this account as Governmental receipts, as shown in Table 23-5.

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

(In billions of dollars)

	2022		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	17	491	474
Other	68	53	–15
Total, education, training, employment, and social services	84	543	459
Health:			
Medicaid	518	592	74
Other	161	181	19
Total, health	679	773	94
Medicare	767	747	–20
Income security:			
Retirement and disability	218	180	–38
Unemployment compensation	50	33	–17
Food and nutrition assistance	157	187	31
Other	370	372	2
Total, income security	795	773	–21
Social security	1,196	1,212	17
Veterans benefits and services:			
Income security for veterans	148	140	–9
Other	28	22	–7
Total, veterans benefits and services	177	161	–15
Total, mandatory human resources programs	3,697	4,210	513
Other functions:			
Agriculture	20	17	–3
International	–2	1	3
Mortgage credit	–5	–33	–28
Deposit insurance	–5	–12	–6
Other advancement of commerce	25	26	1
Other functions	149	159	10
Total, other functions	182	158	–23
Undistributed offsetting receipts:			
Employer share, employee retirement	–118	–120	–2
Rents and royalties on the outer continental shelf	–5	–12	–7
Other undistributed offsetting receipts	–21	–104	–82
Total, undistributed offsetting receipts	–144	–235	–91
Total, mandatory	3,735	4,133	398
Net interest:			
Interest on Treasury debt securities (gross)	480	718	237
Interest received by trust funds	–125	–184	–59
Other interest	–51	–58	–7
Total, net interest	305	476	171
Total, outlays for mandatory and net interest	4,040	4,609	569

Table 23–5. RECONCILIATION OF FINAL AMOUNTS FOR 2022
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	4,896,119	6,271,508	1,375,389
Miscellaneous Treasury adjustments	....	50	50
Totals published by Treasury in Combined Statement	4,896,119	6,271,558	1,375,439
Department of Transportation	60	60	....
Affordable Housing Program	277	277	....
Electric Reliability Organization	89	89	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	16	16	....
Federal Retirement Thrift Investment Board Program Expenses	....	–45	–45
National Oilheat Research Alliance	8	6	–2
National Railroad Retirement Investment Trust	....	836	836
Public Company Accounting Oversight Board	299	295	–4
Puerto Rico Oversight Board	60	60	....
Securities Investor Protection Corporation	416	70	–346
Standard Setting Body	41	41	....
United Mine Workers of America benefit funds	11	12	1
Other	4	49	45
Total adjustments, net	1,281	1,766	485
Totals in the Budget	4,897,400	6,273,324	1,375,924
MEMORANDUM:			
Total change since year-end statement	1,281	1,816	535