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 2023 with the current services estimates shown in the 2023 Budget, published in March 2022.[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 2023 previously published by the Department of the Treasury (Treasury).

Receipts

Actual receipts for 2023 were $4,441 billion, $68 billion less than the $4,509 billion current services estimate in the 2023 Budget. 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.

Policy differences. Legislated tax changes enacted after the March 2022 estimates were finalized increased 2023 receipts by a net $12 billion relative to the 2023 Budget current services estimate.

The Ending Importation of Russian Oil Act (Public Law 117-109) prohibited the importation of energy products from Russia that are classified under chapter 27 of the Harmonized Tariff Schedule. This Act was signed into law on April 8, 2022, and decreased 2023 receipts by $2 million.

The Suspending Normal Trade Relations with Russia and Belarus Act (Public Law 117-110) authorized the President to proclaim increases in the rates of duty applicable to products of Russia or Belarus; this authority terminated on January 1, 2024. This Act was signed into law on April 8, 2022, and increased 2023 receipts by an estimated $150 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 2023 receipts by an estimated $2 billion.

Public Law 117-169, commonly referred to as the Inflation Reduction Act of 2022, imposed a 15 percent minimum alternative tax beginning tax years 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. Finally, it included various green energy tax

[1] The current services concept is discussed in the "Current Services Estimates" chapter of this volume. For mandatory programs and receipts, the March 2022 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 levels provided by the continuing resolution for 2022 (Public Law 117-43, division A, as amended by Public Law 117-70, division A; Public Law 117-86, division A; and Public Law 117-95), adjusted for inflation and for transportation obligation limitations at the levels of contract authority enacted in Public Law 117-58. The current services estimate for discretionary programs also included several additional laws which provided appropriations to certain accounts in 2022 (Public Law 117-43, division B; Public Law 117-43, division C; Public Law 117-58, division J, except for provisions designated as emergency funding; Public Law 117-70, division B), adjusted for inflation. 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 2023 estimate, see the "Current Services Estimates" chapter of the 2023 *Analytical Perspectives* volume of the President's Budget.

Table 24–1. COMPARISON OF ACTUAL 2023 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (March 2022)	Changes			Total Changes	Actual
		Legislative	Economic	Technical		
Individual income taxes	2,305	–8	23	–144	–129	2,176
Corporation income taxes	412	19	15	–26	8	420
Social insurance and retirement receipts	1,511	....	–24	127	104	1,614
Excise taxes	90	*	–4	–11	–15	76
Estate and gift taxes	25	....	3	6	9	34
Customs duties	54	*	3	24	26	80
Miscellaneous receipts	112	....	–94	23	–71	41
Total receipts	4,509	12	–78	–2	–68	4,441

* $500 million or less

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; 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 increased 2023 receipts by an estimated $14 billion.

The Consolidated Appropriations Act, 2023 (Public Law 117-328) included the SECURE 2.0 Act of 2022, which made numerous changes to retirement law. It required that employee-sponsored retirement plans automatically enroll all eligible employees with a contribution rate in the first year of at least three percent up to a maximum of 10 percent, with certain exceptions for new and small businesses. It improved access to retirement accounts for part-time workers who have completed 500 hours of service for two consecutive years. It increased the three-year small business startup credit from 50 to 100 percent for employers with up to 50 employees. It replaced the nonrefundable credit for qualified individuals making contributions to individual retirement accounts with a "Saver's Match" Federal contribution of up to $2,000 per year for individuals with incomes up to $71,000. It increased the age to begin mandatory distributions from retirement plans, and increased the catch-up limits beginning in 2025 for individuals ages 60 to 63. It provided for a pension-linked emergency savings account of up to $2,500, in addition to permitting employees to withdraw up to $1,000 per year for personal or family emergencies without penalty, as well as withdraw funds penalty free for those that are terminally ill, are victims of domestic abuse, or are affected by a Stafford Act disaster. The Act also treated student loan payments as elective deferrals for purposes of retirement plan matching. Finally, it limited the deduction for charitable conservation easements, subject to a three-year holding period test. The Act was signed into law on December 29, 2022, and decreased 2023 receipts by $399 million.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance decreased 2023 receipts by a net $78 billion relative to the March 2022 current services estimate. Higher interest rates than initially projected reduced deposits of earnings by the Federal Reserve System by $94 billion below the March 2022 estimate. Social insurance and retirement receipts decreased by $24 billion relative to the March 2022 estimate due to revisions in wage and salary projections. The economic recovery after the COVID-19 crisis meant that wage, salary, and sole proprietor income was higher in 2023 than initially projected, which along with other economic changes drove an increase in individual income tax of $23 billion above the March 2022 estimate. Different economic factors than those assumed in March 2022 had a smaller effect on other sources of receipts, increasing collections by a net $17 billion.

Technical factors. Technical factors decreased receipts by a net $2 billion relative to the March 2022 current services estimate. These factors had the greatest effect on individual income tax receipts, decreasing collections by $144 billion, largely offset by an increase in social insurance and retirement receipts of $127 billion. The models used to prepare the March 2022 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 decrease in this source of receipts attributable to technical factors. The increase in social insurance and retirement receipts was largely due to wage certification data that reallocated receipts to social insurance receipts from individual income tax receipts to adjust the initial estimated transfers to the social insurance trust funds.

Outlays

Outlays for 2023 were $6,135 billion, $450 billion more than the $5,685 billion current services estimate in the 2023 Budget. Table 24–2 distributes the $450 billion net increase in outlays among discretionary and mandatory

Table 24–2. COMPARISON OF ACTUAL 2023 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (March 2022)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	766	78	....	–38	40	806
Nondefense	873	71	....	–33	38	912
Subtotal, discretionary	1,639	149	....	–70	79	1,718
Mandatory:						
Social Security	1,313	....	40	–5	35	1,348
Other programs	2,337	–34	98	10	73	2,410
Subtotal, mandatory	3,650	–34	138	4	108	3,758
Net interest	396	2	244	17	263	658
Total outlays	5,685	116	382	–48	450	6,135

Table 24–3. COMPARISON OF THE ACTUAL 2023 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE
(In billions of dollars)

	Estimate (March 2022)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	4,509	12	-78	-2	-68	4,441
Outlays	5,685	116	382	-48	450	6,135
Deficit	1,176	105	460	-46	518	1,694

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

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 2023, policy changes increased outlays by $116 billion relative to the initial current services estimates. Policy changes increased discretionary outlays by $149 billion, largely due to the Consolidated Appropriations Act, 2023 and several emergency supplemental appropriations. Policy changes decreased mandatory outlays by a net $34 billion. Debt service costs associated with all policy changes increased outlays by $2 billion.

Economic and technical factors. Economic and technical estimating factors resulted in a net increase in outlays of $333 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 $70 billion in decreased spending. Outlays for mandatory programs increased $143 billion due to economic and technical factors, mostly driven by a net increase in outlays of $138 billion as a result of differences between actual economic conditions versus those forecast in March 2022.

Outlays for Social Security were $35 billion higher than anticipated in the 2023 Budget mainly due to a higher than projected cost-of-living adjustment, which was partially offset by a lower than estimated number of beneficiaries. Overall, mandatory human resources programs including health programs and higher education programs were $3 billion higher than anticipated. The remaining changes were spread throughout government programs and raised outlays by $111 billion, largely driven by a $96 billion increase for deposit insurance resulting from actions by the Federal Deposit Insurance Corporation to respond to bank failures in 2023. Outlays for net interest were approximately $261 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 2023. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 24–3, the 2023 current services deficit was initially estimated to be $1,176 billion. The actual deficit was $1,694 billion, which was a $518 billion increase from the initial estimate. Receipts were $68 billion lower and outlays were $450 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 $105 billion. Economic conditions that differed from the initial assumptions in March 2022 increased the deficit by $460 billion. Technical factors decreased the deficit by an estimated $46 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2023

This section compares the original 2023 outlay estimates for mandatory and related programs in the current services estimates of the 2023 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 2023 and the current services estimates included in the 2023 Budget. Actual outlays for mandatory spending and net interest in 2023 were $4,417 billion, which was $371 billion more than the current services estimate of $4,046 billion in May 2022.

As Table 24–4 shows, actual outlays for mandatory human resources programs were $3,964 billion, $3 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 24–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW
(In billions of dollars)

	2023		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	23	–181	–205
Other	85	55	–30
Total, education, training, employment, and social services	109	–126	–235
Health:			
Medicaid	536	616	80
Other	135	173	37
Total, health	671	789	117
Medicare	847	839	–8
Income security:			
Retirement and disability	202	229	28
Unemployment compensation	48	30	–18
Food and nutrition assistance	140	165	25
Other	197	250	53
Total, income security	587	674	87
Social security	1,313	1,348	35
Veterans benefits and services:			
Income security for veterans	144	151	7
Other	20	19	–1
Total, veterans benefits and services	164	170	6
Total, mandatory human resources programs	3,691	3,694	3
Other functions:			
Agriculture	20	26	6
International	–1	–14	–13
Mortgage credit	–7	–16	–10
Deposit insurance	–5	91	96
Other advancement of commerce	16	14	–2
Other functions	62	96	35
Total, other functions	85	196	111
Undistributed offsetting receipts:			
Employer share, employee retirement	–120	–125	–5
Rents and royalties on the outer continental shelf	–6	–7	–1
Other undistributed offsetting receipts	–*	....	*
Total, undistributed offsetting receipts	–126	–132	–6
Total, mandatory	3,650	3,758	108
Net interest:			
Interest on Treasury debt securities (gross)	577	879	302
Interest received by trust funds	–132	–169	–38
Other interest	–50	–52	–2
Total, net interest	396	658	263
Total, outlays for mandatory and net interest	4,046	4,417	371

* $500 million or less

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 $205 billion lower than estimates primarily due to the modification resulting from the Supreme Court overturning student debt relief, which was partially offset by modifications resulting from administrative actions on student loans, including the regulation creating the SAVE income-driven repayment plan and the final extension of the student loan payment pause. Health program outlays were $117 billion higher than estimates, driven mainly by a $80 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, and other technical shifts. In addition, income security, veterans benefits and services programs, and other functions accounted for an increase of outlays of $205 billion, including a $96 billion increase for deposit insurance largely driven by actions by the Federal Deposit Insurance Corporation to respond to bank failures in 2023. Outlays for net interest were $658 billion, or $263 billion higher than the original estimate. As shown on Table 24–4, interest payments on Treasury debt securities increased by $302 billion. Interest earnings of trust funds increased by $38 billion, decreasing net outlays, while net outlays for other interest further decreased net outlays by $2 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2022

Table 24-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2023 published by the Treasury in the September 2023 Monthly Treasury Statement (MTS) and those published in the 2025 Budget. The Treasury made adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances that increased outlays by $93 million. Additional adjustments for the 2025 Budget increased receipts by $1,662 million and increased outlays by $147 million. Some of these adjustments were for financial transactions that are not reported to 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 Treasury with a one-month lag so that the fiscal year total provided in the Treasury Combined Statement covers September 2022 through August 2023. The Budget has been adjusted to reflect NRRIT transactions that occurred during the actual fiscal year, which begins October 1.

Table 24–5. RECONCILIATION OF FINAL AMOUNTS FOR 2023
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	4,439,284	6,134,432	1,695,148
Miscellaneous Treasury adjustments	1	93	92
Totals published by Treasury in Combined Statement	4,439,285	6,134,525	1,695,240
Affordable Housing Program	698	698	....
Electric Reliability Organization	101	101	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	17	17	....
Federal Retirement Thrift Investment Board Program Expenses	....	–53	–53
National Oilheat Research Alliance	8	6	–2
National Railroad Retirement Investment Trust	....	–800	–800
Public Company Accounting Oversight Board	332	324	–8
Puerto Rico Oversight Board	60	60	....
Securities Investor Protection Corporation	393	61	–332
Standard Setting Body	44	44	....
United Mine Workers of America benefit funds	11	–310	–321
Other	–2	–1	1
Total adjustments, net	1,662	147	–1,515
Totals in the Budget	4,440,947	6,134,672	1,693,725
MEMORANDUM:			
Total change since year-end statement	1,663	240	–1,423