



# MONTHLY BUDGET REVIEW

## Fiscal Year 1998

### A Congressional Budget Office Analysis

Based on the Monthly Treasury Statement for July and the Daily Treasury Statements for August

September 10, 1998

Total outlays in August are estimated to exceed total receipts by \$13 billion, about \$22 billion lower than the deficit reported for the same month a year ago, largely because of calendar quirks. That improvement over last year is not expected to continue in September. The total budget surplus expected for September will be lower than a year ago, also because of calendar quirks and a scheduled deferral in excise tax collections until October.

#### JULY RESULTS<sup>a</sup> (In billions of dollars)

	July Estimate	July Actual	Difference
Receipts	118.7	119.7	1.0
Outlays	143.5	143.8	0.3
Deficit (-)	-24.8	-24.1	0.7

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

The July deficit of \$24.1 billion was \$0.7 billion below CBO's estimate for the month, within the typical \$2 billion error range for monthly estimates.

#### CBO ESTIMATES FOR AUGUST<sup>a</sup> (In billions of dollars)

	August 1997	August 1998	Estimated Change
Receipts	103.5	111.6	8.1
Outlays	138.7	125.0	-13.7
Deficit (-)	-35.2	-13.4	21.8

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

August receipts are estimated to be about \$8 billion higher than a year ago, with the increase almost entirely in withheld income and employment taxes. Outlays are expected to be about \$14 billion lower than were reported for August 1997. Calendar quirks pushed up August outlays a year ago and lowered August outlays this year. They also contributed to higher receipts in August this year.

#### COMPARISON WITH LAST YEAR<sup>a</sup> (By fiscal year, in billions of dollars)

	October-August		Estimated Change
	1997	1998	
Receipts	1,404.2	1,540.3	136.2
Outlays	1,476.1	1,510.8	34.7
Deficit (-) or Surplus	-71.9	29.6	101.5

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Compared with a year ago, total budget transactions for October through August have improved by an estimated \$101 billion. That cumulative net improvement (from the 1997 deficit of \$22 billion) is expected to decline to about \$85 billion when September results are added because the total surplus for September will be lower this year than last year.

#### RECEIPTS THROUGH AUGUST<sup>a</sup> (By fiscal year, in billions of dollars)

Major Source	October-August		Percentage Change
	1997	1998	
Individual Income	659.3	737.6	11.9
Corporate Income	145.0	152.6	5.3
Social Insurance	491.8	528.8	7.5
Other	108.2	121.4	12.2
Total	1,404.2	1,540.3	9.7

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Withheld income and employment tax receipts in August this year were boosted because collections of those taxes are high on Mondays. This year, there were five Mondays in the month, compared with four Mondays a year ago.

**OUTLAYS THROUGH AUGUST<sup>a</sup>**  
(By fiscal year, in billions of dollars)

Major Category	October-August		Percentage Change
	1997	1998	
Defense-Military	238.2	234.4	-1.6
Social Security Benefits	328.1	340.5	3.8
Medicare and Medicaid	281.6	287.6	2.1
Net Interest on the			
Public Debt	230.3	229.7	-0.3
Other	<u>398.0</u>	<u>418.6</u>	5.2
Total	1,476.1	1,510.8	2.3

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget

Outlays in August this year were lowered by about \$10 billion because August 1 fell on a weekend, and payments for military pay and various benefits due that day were made at the end of July. Last year, just the opposite occurred: August outlays were boosted by about \$9 billion because September 1 fell on a weekend. Other outlays in August that were unaffected by the calendar were up about \$5 billion over last year.

**CBO ESTIMATES FOR SEPTEMBER<sup>a</sup>**  
(In billions of dollars)

	Sept. 1997	Sept. 1998	Estimated Change
Receipts	175	177	2
Outlays	125	144	19
Surplus	50	33	-17

SOURCE: Department of the Treasury and Congressional Budget Office.

a. Includes Social Security trust funds and the Postal Service fund, which are off-budget.

Total receipts in September are expected to be about \$177 billion, only \$2 billion higher than last year. Excise tax receipts for the month will be about \$3 billion lower than a year ago because of a scheduled deferral in collections for the Highway and Airport and Airway Trust Funds until October. Also, there is one fewer Monday in September this year.

Total outlays in September are expected to be about \$144 billion, the same level as in July but about \$19 billion higher than a year ago in September. The higher outlays this September than last year partly result from last year's \$9 billion shift in payments to August because September 1 fell on a weekend. In addition, about \$4 billion in outlays will be recorded this September to adjust for previously reported spectrum auction receipts that are no longer expected to materialize. Outlays for highway construction grants are also expected to accelerate in September.

Total receipts in September are expected to exceed outlays by \$33 billion, a smaller surplus than was reported a year ago for the same month. That would bring the fiscal year to a close with a total budget surplus of \$63 billion. Excluding the estimated \$104 billion surplus for off-budget items (Social Security and the Postal Service), CBO projects an on-budget deficit of \$41 billion for fiscal year 1998.