



Monthly Budget Review for May 2013

The federal government ran a budget deficit of \$627 billion from October 2012 through May 2013 (the first eight months of fiscal year 2013), according to CBO’s estimates. That amount is almost \$220 billion less than the shortfall recorded during the same period last year, primarily because federal revenues have risen by 15 percent, while the government’s spending has risen by less than 1 percent. For fiscal year 2013 as a whole, according to CBO’s [updated estimates](#) based on current law (which were released last month), the deficit will total \$642 billion.

Budget Totals, October–May (Billions of dollars)			
	Actual, FY 2012	Preliminary, FY 2013	Estimated Change
Receipts	1,564	1,800	236
Outlays	2,408	2,427	18
Deficit (-)	-844	-627	218

Sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for April 2013 and the *Daily Treasury Statements* for May 2013.

Receipts Through May: Up by 15 Percent Compared with Collections During the Same Period in Fiscal Year 2012

Receipts for the first eight months of fiscal year 2013 totaled \$1,800 billion—\$236 billion more than the amount taken in over the same period last year, CBO estimates.

Receipts, October–May (Billions of dollars)				
Major Program or Category	Actual, FY 2012	Preliminary, FY 2013	Estimated Change	
			Billions of Dollars	Percent
Individual Income	731	875	143	19.6
Social Insurance	568	630	61	10.8
Corporate Income	119	143	24	20.1
Other	145	153	7	5.1
Total	1,564	1,800	236	15.1
Memorandum: Combined Individual Income and Social Insurance Taxes				
Withheld	1,199	1,317	118	9.9
Other, Net of Refunds	101	187	86	85.5
Total	1,300	1,504	205	15.8

Sources: Congressional Budget Office; Department of the Treasury.

- **Individual income and social insurance (payroll) taxes** together increased by \$205 billion (or 16 percent).

Taxes withheld from workers' paychecks rose by \$118 billion (or 10 percent), mainly because of higher wages and salaries, the expiration of the payroll tax cut in January 2013, and increases (beginning in January) in tax rates on income above certain thresholds.

Nonwithheld receipts rose by \$81 billion (or 29 percent), primarily because of higher payments made during the tax-filing season (February through April). Those payments—largely representing final payments for the 2012 tax year—increased by \$66 billion (or 36 percent). Income tax refunds declined by \$9 billion (or 4 percent), further boosting receipts. The large percentage increase—86 percent—in other receipts of individual income and social insurance taxes (which are net of refunds) occurred because last year's refunds offset much more of the payments than this year's have.

- **Net corporate income taxes** were \$24 billion (or 20 percent) higher, probably reflecting growth in taxable profits in both calendar years 2012 and 2013.

Outlays Through May: Down by 2 Percent (Adjusted for Timing Shifts) Compared with Spending During the Same Period in Fiscal Year 2012

Outlays for the first eight months of fiscal year 2013 were slightly greater than what the federal government spent during the same period last year. That increase stemmed in part from shifts in the timing of certain payments, mostly because scheduled payment dates fell on a weekend. (Some spending for defense, Medicare, and veterans' programs was affected.) Without those timing shifts, CBO estimates, total spending would have declined by \$46 billion (or 2 percent).

Outlays, October–May (Billions of dollars)					
Major Program or Category	Actual, FY 2012	Preliminary, FY 2013	Estimated Change	Estimated Change with Adjustments for Timing Shifts ^a	
				Billions of Dollars	Percent
Defense—Military	434	414	-20	-28	-6.4
Social Security Benefits	503	531	28	28	5.6
Medicare ^b	302	346	44	13	4.2
Medicaid	165	177	12	12	7.0
Unemployment Insurance	68	51	-17	-17	-24.5
Other Activities	759	732	-27	-51	-6.7
Subtotal	2,231	2,251	21	-43	-1.9
Net Interest on the Public Debt	178	175	-3	-3	-1.4
Total	2,408	2,427	18	-45	-1.9

Sources: Congressional Budget Office; Department of the Treasury.

a. Excludes the effects of payments shifted because of weekends or holidays and the effects of prepayments of deposit insurance premiums.

b. Medicare outlays are net of offsetting receipts.

Outlays for some major programs or categories of spending were less than what was spent in the first eight months of last year:

- Outlays recorded for **the TARP** (which are included in the category "Other Activities" in the above table) declined by \$33 billion, mainly because adjustments to the estimated cost of the program increased outlays by \$21 billion in 2012 and reduced them by \$13 billion in 2013.

- Net payments to **Fannie Mae and Freddie Mac** (also included in “Other Activities”) were \$25 billion less than those made at the same time last year. In 2012, the Treasury made more payments to the entities in 2012 than it received from them, whereas this year, the opposite has occurred.
- **Defense** spending fell by \$28 billion (or 6 percent).
- Outlays for **unemployment benefits** declined by \$17 billion (or 25 percent), mostly because fewer people have been receiving benefits in recent months.
- Spending by **the Federal Housing Administration** decreased by \$6 billion, primarily because the agency increased the premiums (which are recorded as negative outlays) it charges for mortgage insurance in 2013.
- Spending decreased by \$6 billion (or 26 percent) for **energy programs** and by \$3 billion (or 20 percent) for **international assistance**.

In contrast, for some major programs and activities, spending increased over the amounts for the first eight months of last year:

- For all three of the government’s largest entitlement programs, spending increased— for **Social Security**, by \$28 billion (or 6 percent), for **Medicare**, by \$13 billion (or 4 percent), and for **Medicaid**, by \$12 billion (or 7 percent).
- Spending by **the Department of Agriculture** increased by \$15 billion, primarily because drought led to an increase in crop insurance payments.
- Outlays for **the Federal Emergency Management Agency** were \$9 billion higher, mostly because of Hurricane Sandy.

Estimated Deficit in May 2013: \$139 Billion

The federal government incurred a deficit of \$139 billion in May 2013, CBO estimates—\$15 billion more than the shortfall reported for that month in 2012. But that comparison is distorted by a quirk of the calendar: Because June 1, 2013, fell on a Saturday, certain payments that ordinarily would have been made in June were instead made earlier, increasing outlays in May by about \$34 billion. Without that shift in the timing of payments, the deficit for May 2013 would have been \$19 billion less than the deficit for May 2012.

Budget Totals for May (Billions of dollars)					
	Actual, FY 2012	Preliminary, FY 2013	Estimated Change	Estimated Change With Adjustments for Timing Shifts ^a	
				Billions of Dollars	Percent
Receipts	181	197	16	16	8.8
Outlays	305	336	30	-3	-1.1
Deficit	-125	-139	-15	19	-15.3

Sources: Congressional Budget Office; Department of the Treasury.

a. Excludes the effects of payments shifted because of weekends or holidays and the effects of prepayments of deposit insurance premiums.

CBO estimates that receipts in May totaled \$197 billion—\$16 billion (or 9 percent) more than those in the same month last year:

- **Individual income and social insurance (payroll) taxes** together increased by \$20 billion (or 14 percent). Accounting for most of that increase, withheld taxes rose by \$19 billion (or 13 percent), reflecting the expiration of the payroll tax cut in January 2013, along with other tax increases and higher wages and salaries.

- **Receipts from the Federal Reserve** were down by \$3 billion; however, receipts in May 2012 were unusually high compared with those in the months immediately preceding and following it.

Total spending in May 2013 was \$336 billion, CBO estimates—\$30 billion more than outlays in the same month of 2012. However, outlays would have been \$4 billion less than they were during May 2012 if not for the effects of timing shifts. That decrease in spending reflects these changes from the amounts spent in the same month last year:

- Spending for **defense** (adjusted for timing shifts) decreased by \$6 billion. That decline was spread across operations and maintenance, procurement, and research and development.
- **Net interest on the public debt** decreased by \$5 billion.
- Outlays for **Social Security** increased by \$4 billion. Expenditures for Medicare and Medicaid combined were roughly unchanged.
- Spending for **veterans' programs** increased by \$2 billion.
- Outlays for **other programs and activities** differed by smaller amounts, in both directions, from outlays last May.

Actual Surplus in April 2013: \$113 Billion

The Treasury Department reported a surplus of \$113 billion for April, about \$1 billion more than CBO estimated on the basis of the *Daily Treasury Statements*.

This document was prepared by Elizabeth Cove Delisle, Barbara Edwards, Dan Hoople, and Joshua Shakin. It is available at www.cbo.gov.