



## Monthly Budget Review for November 2013

The federal government ran a budget deficit of \$231 billion for the first two months of fiscal year 2014, \$61 billion less than the shortfall recorded in October and November of last year, CBO estimates.

Budget Totals, October–November (Billions of dollars)			
	Actual, FY 2013	Preliminary, FY 2014	Estimated Change
Receipts	346	380	34
Outlays	638	612	-27
Deficit (-)	-292	-231	61

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

### Total Receipts: Up by 10 Percent in the First Two Months of Fiscal Year 2014

Receipts for the first two months of fiscal year 2014 totaled \$380 billion, CBO estimates—\$34 billion more than receipts during the same period last year.

Receipts, October–November (Billions of dollars)				
Major Program or Category	Actual, FY 2013	Preliminary, FY 2014	Estimated Change	
			Billions of Dollars	Percent
Individual Income Taxes	177	182	5	2.9
Social Insurance Taxes	124	149	24	19.6
Corporate Income Taxes	5	8	3	58.4
Other Receipts	<u>40</u>	<u>42</u>	<u>2</u>	5.1
<b>Total</b>	<b>346</b>	<b>380</b>	34	<b>9.9</b>
Memorandum:				
Combined Individual Income and Social Insurance Taxes				
Withheld Taxes	291	314	24	8.1
Other, Net of Refunds	<u>11</u>	<u>17</u>	<u>6</u>	55.5
<b>Total</b>	<b>301</b>	<b>331</b>	<b>30</b>	<b>9.8</b>

Sources: Congressional Budget Office; Department of the Treasury.

Note: The amounts shown in this report include the surplus or deficit in the Social Security trust funds and the net cash flow of the Postal Service, which are off-budget. Numbers may not add up to totals because of rounding.

- **Individual income taxes and social insurance (payroll) taxes** together rose by \$30 billion, or 10 percent. Increases in amounts withheld from workers' paychecks (\$24 billion, or 8 percent) accounted for most of that gain, mainly because of the expiration of the 2-percentage-point payroll tax cut in January 2013, higher wages and salaries, and increases (beginning in January) in tax rates for income above certain thresholds. Nonwithheld receipts, mainly from filings of 2012 tax returns by people who had received filing extensions, increased by \$4 billion.
- **Receipts from corporate income taxes**, which are generally quite small at this point in the year, rose by \$3 billion (from \$5 billion in the first two months of fiscal year 2013 to \$8 billion so far this year). The first quarterly estimated payment of those taxes in the current fiscal year is due December 16.

### Outlays in October and November: Down by 5 Percent (Adjusted for Timing Shifts) Compared With Spending During the Same Months in Fiscal Year 2013

Outlays for the first two months of fiscal year 2014 were \$27 billion less than they were during the same period last year, CBO estimates. That decrease would have been slightly larger if not for shifts in the timing of certain payments from December to November (because December 1 fell on a weekend in both years). Without those timing shifts, CBO estimates, spending would have declined by \$29 billion (or 5 percent).

Outlays, October–November (Billions of dollars)					
Major Program or Category	Actual, FY 2013	Preliminary, FY 2014	Estimated Change	Estimated Change With Adjustments for Timing Shifts <sup>a</sup>	
				Billions of Dollars	Percent
DoD—Military	116	106	-10	-10	-9.3
Social Security Benefits	130	136	7	7	5.1
Medicare <sup>b</sup>	101	96	-5	-7	-8.0
Medicaid	44	46	1	1	3.1
Unemployment Insurance	13	9	-3	-3	-26.4
Other Activities	187	175	-12	-13	-7.3
<b>Subtotal</b>	<b>590</b>	<b>567</b>	<b>-23</b>	<b>-25</b>	<b>-4.5</b>
Net Interest on the Public Debt	48	44	-3	-3	-7.0
<b>Total</b>	<b>638</b>	<b>612</b>	<b>-27</b>	<b>-29</b>	<b>-4.7</b>

Sources: Congressional Budget Office; Department of the Treasury.  
Note: DoD = Department of Defense.

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 several major programs or categories of spending were less than what was spent during the first two months of last year, CBO estimates:

- Total spending for military activities of the **Department of Defense** fell by \$10 billion (or 9 percent).
- Spending for **Medicare** declined by \$7 billion (or 8 percent), mostly because a one-time intragovernmental transfer of \$4 billion was made in October 2013 instead of September 2013. Without that shift in the timing of payments and the shifts that occurred because December 1 fell on a weekend in both 2012 and 2013, spending for Medicare would have declined by \$3 billion (or 3 percent).

- Outlays for **unemployment benefits** and **net interest on the public debt** each declined by \$3 billion (or by 26 percent and 7 percent, respectively).
- Spending by the **Department of Agriculture** decreased by \$4 billion (or 12 percent).
- Outlays for the **Federal Emergency Management Agency** were \$2 billion lower.
- Spending declined by smaller amounts for several **other programs and activities**.

Increases in spending for some other major programs during the first two months of fiscal year 2014 partially offset those declines. In particular, spending increased for two of the government's largest entitlement programs:

- Spending for **Social Security** rose by \$7 billion (or 5 percent); and
- Spending for **Medicaid** rose by \$1 billion (or 3 percent).

### Estimated Deficit in November 2013: \$140 Billion

The federal government incurred a deficit of \$140 billion in November 2013, CBO estimates, \$33 billion smaller than the \$172 billion deficit incurred in the same month last year. Because December 1 fell on a weekend in both years, certain payments that ordinarily would have been made in December were instead made in November. Without that shift in the timing of payments (in both 2012 and 2013), the November 2013 deficit would have been \$35 billion less than that in November 2012.

Budget Totals for November (Billions of dollars)					
	Actual, FY 2013	Preliminary, FY 2014	Estimated Change	Estimated Change With Adjustments for Timing Shifts <sup>a</sup>	
				Billions of Dollars	Percent
Receipts	162	182	20	20	12.3
Outlays	334	321	-13	-15	-4.9
Deficit(-)	-172	-140	33	35	-25.2

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 November totaled \$182 billion—\$20 billion (or 12 percent) more than those in the same month last year. **Individual income taxes and social insurance (payroll) taxes** together rose by \$20 billion (or 15 percent); a \$19 billion increase in withheld taxes explains nearly all of the change. That increase reflects the expiration of the payroll tax cut in January 2013 as well as increases in other taxes and higher wages and salaries.

Total spending in November 2013 was \$321 billion, CBO estimates—\$13 billion less than outlays in the same month in 2012. If not for the effects of timing shifts, that difference would have been slightly larger—\$15 billion. (The month-over-month changes discussed below reflect adjustments to account for those shifts.) Among the larger changes in outlays compared with last year were the following:

- Spending for military activities of the **Department of Defense** decreased by \$5 billion. That decline was spread across operations and maintenance, procurement, and revolving funds.
- Outlays for **unemployment benefits** and the **Federal Emergency Management Agency** were down by \$2 billion each.
- **Social Security** payments rose by \$3 billion.
- Outlays for **other programs and activities** differed by smaller amounts in both directions.

**Actual Deficit in October 2013: \$92 Billion**

The Treasury Department reported a deficit of \$92 billion for October—\$28 billion less than in the same month last year.

This document was prepared by Barbara Edwards, Dawn Sauter Regan, Joshua Shakin, and Adam Wilson. It is available at [www.cbo.gov/publication/44938](http://www.cbo.gov/publication/44938).