



## Monthly Budget Review for November 2015

The federal budget deficit was \$200 billion for the first two months of fiscal year 2016, the Congressional Budget Office estimates. That deficit was \$22 billion larger than the one recorded during the same period last year. Revenues and outlays were both higher than last year's amounts, by 3 percent and 6 percent, respectively.

Budget Totals, October–November (Billions of dollars)			
	Actual, FY 2015	Preliminary, FY 2016	Estimated Change
Receipts	404	416	12
Outlays	583	616	34
Deficit	-179	-200	-22

Sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for October 2015 and the *Daily Treasury Statements* for November 2015.

Note: FY = fiscal year.

### Total Receipts: Up by 3 Percent in the First Two Months of Fiscal Year 2016

Receipts through November totaled \$416 billion, CBO estimates—\$12 billion more than the amount for the same period last year. The largest year-over-year changes were the following:

- **Individual income taxes and payroll (social insurance) taxes** together rose by \$19 billion (or 6 percent).
  - Increases in amounts withheld from workers' paychecks—\$16 billion (or 5 percent)—accounted for the bulk of that gain. Total wage and salary income and withheld taxes have both grown at about that same rate in recent quarters.
  - Nonwithheld receipts, mainly from filings of tax returns for 2014 by people who had received filing extensions, rose by \$4 billion (or 13 percent). Those increases were slightly offset by income tax refunds that were up by \$1 billion (or 9 percent).
  
- **Corporate income taxes** decreased by about \$5 billion (from \$13 billion in the first two months of fiscal year 2015 to \$7 billion so far this year). Corporate income tax receipts in October and November generally represent a small percentage of the year's total, so the results for those two months are not a significant indicator of the receipts for the fiscal year as a whole. The first quarterly estimated payment of those taxes in the current fiscal year, for most corporations, is not due until December 15.

Receipts, October–November (Billions of dollars)				
Major Program or Category	Actual, FY 2015	Preliminary, FY 2016	Estimated Change	
			Billions of Dollars	Percent
Individual Income Taxes	193	204	12	6.1
Payroll Taxes	153	161	8	5.0
Corporate Income Taxes	13	7	-5	-42.1
Other Receipts	<u>45</u>	<u>43</u>	<u>-2</u>	-4.5
<b>Total</b>	<b>404</b>	<b>416</b>	<b>12</b>	<b>2.9</b>
Memorandum: Combined Individual Income and Payroll Taxes				
Withheld taxes	327	344	16	5.0
Other, net of refunds	<u>19</u>	<u>21</u>	<u>3</u>	15.0
<b>Total</b>	<b>346</b>	<b>365</b>	<b>19</b>	<b>5.6</b>
Sources: Congressional Budget Office; Department of the Treasury.				
Note: FY = fiscal year.				

### Total Outlays: Up by 6 Percent in the First Two Months of Fiscal Year 2016

Outlays for the first two months of fiscal year 2016 were \$616 billion, or \$34 billion higher than they were during the same period last year, CBO estimates. Outlays in several major categories increased:

- Outlays for the three largest mandatory programs increased by 7 percent:
  - **Social Security benefits** rose by \$7 billion (or 5 percent), reflecting typical recent growth in the number of beneficiaries and their average benefits.
  - **Medicare** spending increased by \$8 billion (or 9 percent), some of which reflects the fact that the payment made to prescription drug plans each fall to account for unanticipated spending increases in the preceding calendar year was larger in 2015 than in 2014.
  - Outlays for **Medicaid** rose by \$6 billion (or 12 percent), largely because of new enrollees added through the optional expansion of coverage authorized by the Affordable Care Act.
- Outlays recorded for the **Department of Justice** (included in “Other” in the table) increased by \$8 billion because in October 2014, that department received proceeds of roughly that amount from a legal settlement with the Bank of America, which had the effect of lowering outlays in fiscal year 2015.
- Spending for the **Commodity Credit Corporation** in the Department of Agriculture (USDA, included in “Other”) rose by \$3 billion (or 46 percent). Because the 2014 farm bill terminated certain commodity programs, and payments under most new programs authorized by that legislation begin in fiscal year 2016, spending was unusually low in fiscal year 2015.
- Spending for military activities of the **Department of Defense** grew by \$2 billion (or 2 percent).

Changes in outlays for other programs mostly offset, on net.

Outlays, October–November (Billions of dollars)				
Major Program or Category	Actual, FY 2015	Preliminary, FY 2016	Estimated Change	
			Billions of Dollars	Percent
Social Security Benefits	142	149	7	4.6
Medicare <sup>a</sup>	91	98	8	8.7
Medicaid	<u>53</u>	<u>59</u>	<u>6</u>	12.0
<b>Subtotal, Largest Mandatory Programs</b>	<b>286</b>	<b>306</b>	<b>21</b>	<b>7.3</b>
DoD—Military <sup>b</sup>	97	98	2	1.7
Net Interest on the Public Debt	41	41	0	-0.4
Exchange Subsidies <sup>c</sup>	4	5	1	22.9
Other	<u>156</u>	<u>166</u>	<u>11</u>	6.8
<b>Total</b>	<b>583</b>	<b>616</b>	<b>34</b>	<b>5.8</b>

Sources: Congressional Budget Office; Department of the Treasury.  
Note: DoD = Department of Defense; FY = fiscal year.  
a. Medicare outlays are net of offsetting receipts.  
b. Excludes spending by DoD on civil programs.  
c. Subsidies for health insurance purchased through exchanges established under the Affordable Care Act.

### Estimated Deficit in November 2015: \$64 Billion

The federal government incurred a deficit of \$64 billion in November 2015, CBO estimates—\$7 billion more than the deficit in November 2014. If not for the shifts in payments from November to October in both 2014 and 2015 (because the regular payment dates fell on weekends), the deficit for this November would have been \$3 billion more than last November's.

CBO estimates that receipts in November 2015 totaled \$205 billion—\$13 billion (or 7 percent) more than those in the same month last year. Individual income taxes and payroll taxes together rose by \$14 billion (or 8 percent); an increase in withheld taxes for those sources explains nearly all of that change and in part reflects an extra business day in the month compared with November of last year.

Budget Totals for November (Billions of dollars)					
	Actual, FY 2015	Preliminary, FY 2016	Estimated Change	Estimated Change With Adjustments for Timing Shifts <sup>a</sup>	
				Billions of Dollars	Percent
Receipts	191	205	13	13	7.0
Outlays	248	269	21	16	5.6
Deficit	-57	-64	-7	-3	2.9

Sources: Congressional Budget Office; Department of the Treasury.  
Note: FY = fiscal year.  
a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. Without those timing shifts, the budget would have shown a \$100 billion deficit in November 2014 and a \$103 billion deficit in November 2015.

Total spending in November 2015 was \$269 billion, CBO estimates—\$21 billion more than the sum in November 2014. Adjusted for timing shifts, outlays in November were \$16 billion (or 6 percent) more than

they were in the same month last year. (The changes discussed below reflect adjustments to account for those shifts.) Among the larger changes in outlays were these:

- Spending rose for two of the government's three largest entitlement programs: **Social Security** spending rose by \$3 billion (or 5 percent), and **Medicaid** outlays rose by \$2 billion (or 8 percent).
- Spending for military activities of the **Department of Defense** grew by \$5 billion (or 12 percent).
- Outlays increased by \$2 billion each for several agencies, including the **Department of Transportation**, the USDA's **Commodity Credit Corporation**, and the **Department of Veterans Affairs**.
- **Medicare** spending fell by \$3 billion (or 7 percent).
- Outlays for **net interest on the public debt** decreased by \$2 billion (or 7 percent).

#### **Actual Deficit in October 2015: \$137 Billion**

The Treasury Department reported a deficit of \$137 billion for October—the same as CBO estimated last month, on the basis of the *Daily Treasury Statements*, in the [Monthly Budget Review: Summary for Fiscal Year 2015](#).

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