



## CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts: 2019 to 2029

The federal government's fiscal transactions are recorded in two major sets of accounts: *The Budget of the United States Government*, which is prepared by the Office of Management and Budget, and the national income and product accounts (NIPAs), which are produced by the Department of Commerce's Bureau of Economic Analysis (BEA).<sup>1</sup> The federal budget is the framework generally used by executive branch agencies and the Congress; it is the presentation of budgetary activity that is most often discussed in the press. The NIPAs, by contrast, are not intended to help the government plan or manage its activities. Instead, those accounts provide a general framework for describing the U.S. economy and show how the federal government fits into that framework. The different purposes served by the federal budget and the NIPAs are examined briefly below.<sup>2</sup>

Each year, the Congressional Budget Office reports projections of federal revenues and outlays developed using the standard structure for budgetary accounting.<sup>3</sup> This report presents those revenue and outlay projections using the NIPA framework (see Table 1), and it compares CBO's baseline budget projections with those projections on a NIPA basis (see Table 2 on page 4).

The conceptual differences between the budget accounts and the NIPAs over the 2019–2029 period (CBO's most recent baseline projection period) cause cumulative receipts in the NIPAs to exceed projected revenues in CBO's baseline by about 5 percent and expenditures in the NIPAs to exceed outlays in the baseline by about 7 percent. In the NIPAs, projected expenditures exceed projected receipts by a total of \$13.8 trillion; the deficits in CBO's baseline budget projections total \$12.3 trillion over the same period.

1. See Mark S. Ludwick and Brendan I. Brankin, "NIPA Translation of the Fiscal Year 2020 Federal Budget," *Survey of Current Business*, vol. 99, no. 5 (Bureau of Economic Analysis, May 2019), <https://go.usa.gov/xynP7>; and Bruce E. Baker and Pamela A. Kelly, "BEA Briefing: A Primer on BEA's Government Accounts," *Survey of Current Business*, vol. 88, no. 3 (Bureau of Economic Analysis, March 2008), <https://go.usa.gov/xU2v8>.
2. For a more thorough treatment, see Congressional Budget Office, *CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (May 2013), [www.cbo.gov/publication/44140](http://www.cbo.gov/publication/44140).

3. For the most recent edition of CBO's projections, see Congressional Budget Office, *Updated Budget Projections: 2019 to 2029* (May 2019), [www.cbo.gov/publication/55151](http://www.cbo.gov/publication/55151). As specified in law, and to provide a benchmark against which potential policy changes can be measured, CBO constructs its baseline under the assumption that current laws generally remain unchanged.

Note: Unless otherwise indicated, all years referred to are federal fiscal years, which run from October 1 to September 30 and are designated by the calendar year in which they end. Numbers in the text and tables may not sum to totals because of rounding.

Table 1.

**Receipts and Expenditures in CBO's Baseline as Measured by the National Income and Product Accounts**

Billions of Dollars

	Actual, 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total, 2019– 2029
<b>Receipts</b>													
Current Tax Receipts													
Taxes on personal income	1,610	1,686	1,793	1,864	1,941	2,029	2,125	2,227	2,452	2,680	2,786	2,910	24,494
Taxes on corporate income	184	177	243	261	286	317	340	350	376	403	421	428	3,601
Taxes on production and imports	149	179	192	199	205	203	234	228	237	245	231	254	2,407
Taxes from the rest of the world	27	26	26	27	28	29	31	32	36	38	40	41	356
Subtotal, current tax receipts	1,969	2,069	2,253	2,350	2,461	2,578	2,729	2,838	3,101	3,367	3,478	3,633	30,858
Contributions for Government Social Insurance <sup>a</sup>	1,329	1,384	1,429	1,486	1,547	1,619	1,693	1,771	1,842	1,923	2,007	2,094	18,793
Income Receipts on Assets	118	113	112	120	128	136	146	154	163	168	178	184	1,601
Current Transfer Receipts	83	71	86	87	89	92	95	100	103	106	110	113	1,054
Current Surpluses of Government Enterprises	-8	-8	-5	-6	-7	-8	-9	-10	-9	-9	-10	-11	-92
<b>Total Current Receipts</b>	<b>3,491</b>	<b>3,629</b>	<b>3,875</b>	<b>4,037</b>	<b>4,218</b>	<b>4,417</b>	<b>4,655</b>	<b>4,853</b>	<b>5,200</b>	<b>5,555</b>	<b>5,762</b>	<b>6,012</b>	<b>52,214</b>
<b>Expenditures</b>													
Consumption Expenditures													
Defense													
Compensation and purchased goods and services	453	489	474	473	480	488	498	508	519	533	546	559	5,567
Consumption of fixed capital	160	164	168	171	174	177	180	183	186	189	192	195	1,976
Subtotal, defense	613	653	642	644	654	665	678	691	705	721	738	754	7,543
Nondefense													
Compensation and purchased goods and services	294	299	293	291	298	303	311	320	329	338	351	359	3,491
Consumption of fixed capital	113	117	122	126	129	133	136	139	142	145	148	151	1,489
Subtotal, nondefense	407	417	415	417	427	436	447	459	471	483	499	510	4,980
Current Transfer Payments													
Government social benefits													
To persons	2,154	2,259	2,371	2,512	2,663	2,812	2,975	3,146	3,323	3,500	3,711	3,921	33,191
To the rest of the world	23	24	25	27	29	30	31	34	36	38	41	41	355
Subtotal, government social benefits	2,177	2,284	2,396	2,538	2,692	2,842	3,006	3,179	3,359	3,537	3,751	3,962	33,546
Other Transfer Payments													
Grants-in-aid to state and local governments	576	603	609	625	654	685	715	747	783	820	860	903	8,002
To the rest of the world	56	51	52	54	55	57	58	59	61	62	63	65	637
Subtotal, other transfer payments	632	654	661	679	709	741	772	807	843	882	923	967	8,639
Interest Payments	534	601	693	769	845	916	979	1,031	1,095	1,158	1,226	1,288	10,601
Subsidies	60	77	64	62	62	61	62	63	64	65	66	67	713
<b>Total Current Expenditures</b>	<b>4,423</b>	<b>4,685</b>	<b>4,870</b>	<b>5,110</b>	<b>5,389</b>	<b>5,661</b>	<b>5,943</b>	<b>6,229</b>	<b>6,537</b>	<b>6,847</b>	<b>7,203</b>	<b>7,548</b>	<b>66,023</b>
<b>Net Federal Government Saving</b>													
<b>Net Federal Government Saving<sup>b</sup></b>	<b>-932</b>	<b>-1,056</b>	<b>-994</b>	<b>-1,073</b>	<b>-1,171</b>	<b>-1,244</b>	<b>-1,289</b>	<b>-1,376</b>	<b>-1,337</b>	<b>-1,291</b>	<b>-1,441</b>	<b>-1,536</b>	<b>-13,809</b>
<b>Memorandum:</b>													
Total Federal Consumption	1,020	1,069	1,056	1,061	1,081	1,101	1,124	1,150	1,176	1,204	1,237	1,264	12,523

Source: Congressional Budget Office.

All amounts are for fiscal years.

a. Includes Social Security taxes, Medicare taxes and premiums, and unemployment insurance taxes.

b. Negative numbers indicate that federal expenditures exceed federal receipts.

## The Federal Budget

The budget of the federal government is best understood as an information and management tool.<sup>4</sup> Its main objectives are to assist lawmakers in policy deliberations, facilitate the management and control of federal activities, and help the Treasury manage cash balances and determine borrowing needs. In most cases, items in the federal budget are reported on a cash-accounting basis, recording the inflow of revenues and the outflow of spending over a given period. The budget follows a fiscal year that runs from October 1 through September 30.

In some cases, lawmakers have decided that different approaches would provide better measures of costs, so there are exceptions to cash-based accounting. For example, because tracking the annual cash flows of federal direct loans or loan guarantees would give a misleading view of the true costs or savings associated with those transactions, the Federal Credit Reform Act of 1990 requires the estimated net costs or savings over the lifetime of the loan or loan guarantee—the net present value of all expected cash flows—to be recorded in the budget as outlays at the time of origination.<sup>5</sup> Such estimates are subject to revision over time in response to unexpected changes in interest rates or other factors.

## The National Income and Product Accounts

The NIPAs are not intended to help the government plan and manage its activities. Instead, those accounts provide a general economic framework that describes the entire U.S. economy, and they show the place of the federal government within that framework. Specifically, the NIPAs detail current production and the resulting income for specific periods, the major sources of production, and the recipients of the income. They are constructed to cover calendar years and calendar quarters, but totals for fiscal years can be derived from the quarterly estimates. (The tables in this report are for fiscal years.)

4. Another approach to assessing the government's fiscal performance is used in the annual *Financial Report of the United States Government* ([www.fms.treas.gov/fr](http://www.fms.treas.gov/fr)), which measures assets, liabilities, revenues, and expenses on an accrual basis. For more discussion, see Congressional Budget Office, *Comparing Budget and Accounting Measures of the Federal Government's Fiscal Condition* (December 2006), [www.cbo.gov/publication/18262](http://www.cbo.gov/publication/18262).

5. A present value is a single number that expresses a flow of current and future income or payments in terms of an equivalent lump sum received or paid at a specific time. The value depends on the rate of interest, known as the discount rate, used to translate future cash flows into current dollars at that time.

In the context of the NIPAs, the federal government is both a producer and a consumer. Its workforce uses purchased goods and services and government-owned capital (structures, equipment, software, and research and development) to provide services to the public. Because those services are consumed by the public, by convention they are regarded in the NIPAs as federal consumption expenditures. In addition, through taxes and transfers, the federal government affects the resources available to the private sector. All of those activities are recorded in a way that is consistent with the NIPAs' treatment of other sectors of the economy.

To convert federal transactions from the framework of the federal budget into that for the NIPAs, it is necessary to judge how best to classify various transactions—government investment, the sale or purchase of existing assets, and the provision of loans or loan guarantees, for example—that resemble business activities. In some cases, transactions that the budget classifies as involving revenues or outlays are not classified that way in the NIPAs because they are not closely related to current economic activity or because the NIPAs do not include them in the federal sector. In other cases, the NIPAs record as receipts transactions that the federal budget reports as offsetting collections (that is, as negative outlays) or they adjust the timing of federal transactions to better match the timing of related production or accrued income.

Table 2 shows the main differences between CBO's baseline budget projections and the corresponding amounts in the NIPAs in three main categories over the 2019–2029 period:

- **Coverage**, for transactions that are included either in the budget or in the NIPAs but not both;
- **Netting**, for transactions that are recorded as offsets to outlays in the budget but as receipts in the NIPAs; and
- **Timing**, for certain receipts and outlays that are recorded on a cash basis in the budget but on an accrual basis in the NIPAs.

All three categories can result in totals for receipts and expenditures in the NIPAs that differ from totals for revenues and outlays in the budget. However, the netting differences have no effect on the NIPAs' measure of the federal deficit because they affect revenues and outlays equally, and the timing differences have little net effect over 11 years.

Table 2.

**Relationship of the Budget to the Federal Sector of the National Income and Product Accounts**

Billions of Dollars

	Actual, 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total, 2019– 2029
<b>Receipts</b>													
Revenues in CBO's Baseline	3,330	3,511	3,681	3,834	4,004	4,200	4,439	4,637	4,946	5,244	5,437	5,664	49,597
Differences													
Coverage													
Adjustments related to government employees' retirement	-5	-5	-5	-6	-6	-7	-7	-8	-8	-9	-9	-10	-79
Estate and gift taxes	-23	-17	-18	-19	-20	-21	-22	-23	-24	-36	-39	-42	-282
Universal Service Fund receipts	-9	-9	-10	-10	-10	-10	-11	-11	-11	-11	-11	-11	-116
Repatriation of deferred income	-14	-28	-28	-28	-28	-40	-60	-77	-43	0	0	0	-333
Subtotal, coverage	-51	-59	-61	-63	-65	-78	-100	-119	-86	-56	-60	-63	-810
Netting													
Medicare premiums	100	111	118	125	134	144	156	169	182	197	214	231	1,781
Deposit insurance premiums	11	7	7	7	8	8	8	9	9	9	10	10	93
Government contributions for HI and OASDI for employees	23	23	23	24	25	26	27	28	28	29	30	31	294
Income received from assets not held by the Federal Reserve	39	55	58	61	63	65	69	71	74	78	81	85	760
Surpluses of government enterprises	-8	-8	-5	-6	-7	-8	-9	-10	-9	-9	-10	-11	-92
Other	51	45	52	52	55	56	57	61	57	60	56	57	608
Subtotal, netting	215	232	253	264	278	291	307	328	341	365	381	403	3,443
Timing shift of corporate estimated tax payments	*	0	0	0	0	0	0	0	0	0	0	0	0
Other	-3	-55	2	3	1	5	8	7	-1	2	3	9	-15
<b>Total Differences</b>	<b>162</b>	<b>118</b>	<b>194</b>	<b>204</b>	<b>214</b>	<b>218</b>	<b>216</b>	<b>216</b>	<b>254</b>	<b>311</b>	<b>325</b>	<b>349</b>	<b>2,617</b>
Receipts in the NIPAs	3,491	3,629	3,875	4,037	4,218	4,417	4,655	4,853	5,200	5,555	5,762	6,012	52,214
<b>Expenditures</b>													
Outlays in CBO's Baseline	4,109	4,407	4,573	4,796	5,121	5,321	5,510	5,826	6,125	6,406	6,836	6,973	61,892
Differences													
Coverage													
Treatment of investment and depreciation	-12	-21	-5	*	3	4	4	3	1	-1	-4	-7	-22
Adjustments related to government employees' retirement	76	84	95	99	104	110	116	120	127	134	139	141	1,271
Capital transfers	-74	-74	-76	-78	-80	-82	-84	-85	-87	-89	-90	-92	-918
Lending and financial adjustments	25	33	32	33	28	24	20	37	25	25	27	27	311
Universal Service Fund payments	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-11	-11	-113
Subtotal, coverage	5	12	36	44	45	46	46	63	56	60	61	58	529

Continued

Table 2.

Continued

**Relationship of the Budget to the Federal Sector of the National Income and Product Accounts**

Billions of Dollars

	Actual, 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total, 2019– 2029
<b>Expenditures (Continued)</b>													
Differences (Continued)													
Netting													
Medicare premiums	100	111	118	125	134	144	156	169	182	197	214	231	1,781
Deposit insurance premiums	11	7	7	7	8	8	8	9	9	9	10	10	93
Government contributions for HI and OASDI for employees	23	23	23	24	25	26	27	28	28	29	30	31	294
Income receipts on assets	39	55	58	61	63	65	69	71	74	78	81	85	760
Surpluses of government enterprises	-8	-8	-5	-6	-7	-8	-9	-10	-9	-9	-10	-11	-92
Other	51	45	52	52	55	56	57	61	57	60	56	57	608
Subtotal, netting	215	232	253	264	278	291	307	328	341	365	381	403	3,443
Timing	42	4	2	0	-62	-5	68	0	0	0	-94	93	5
Other	53	30	6	7	8	9	12	12	15	16	18	21	154
<b>Total Differences</b>	<b>314</b>	<b>278</b>	<b>297</b>	<b>315</b>	<b>268</b>	<b>340</b>	<b>434</b>	<b>404</b>	<b>412</b>	<b>440</b>	<b>367</b>	<b>575</b>	<b>4,130</b>
Expenditures in the NIPAs	4,423	4,685	4,870	5,110	5,389	5,661	5,943	6,229	6,537	6,847	7,203	7,548	66,023
<b>Net Federal Government Saving</b>													
Budget Deficit in CBO's Baseline	-779	-896	-892	-962	-1,116	-1,122	-1,071	-1,189	-1,179	-1,162	-1,399	-1,310	-12,296
Differences													
Coverage													
Treatment of investment and depreciation	12	21	5	*	-3	-4	-4	-3	-1	1	4	7	22
Adjustments related to government employees' retirement	-81	-89	-100	-105	-110	-116	-123	-127	-136	-143	-148	-151	-1,350
Estate and gift taxes	-23	-17	-18	-19	-20	-21	-22	-23	-24	-36	-39	-42	-282
Repatriation of deferred income	-14	-28	-28	-28	-28	-40	-60	-77	-43	0	0	0	-333
Capital transfers	74	74	76	78	80	82	84	85	87	89	90	92	918
Lending and financial adjustments	-25	-33	-32	-33	-28	-24	-20	-37	-25	-25	-27	-27	-311
Universal Service Fund	*	1	*	*	*	*	*	*	*	*	*	-1	-3
Subtotal, coverage	-56	-71	-98	-107	-110	-124	-146	-182	-142	-116	-121	-122	-1,339
Timing	-42	-4	-2	0	62	5	-68	0	0	0	94	-93	-5
Other	-55	-85	-4	-4	-7	-4	-4	-6	-16	-14	-15	-11	-169
<b>Total Differences</b>	<b>-153</b>	<b>-160</b>	<b>-103</b>	<b>-111</b>	<b>-54</b>	<b>-123</b>	<b>-218</b>	<b>-188</b>	<b>-158</b>	<b>-130</b>	<b>-42</b>	<b>-226</b>	<b>-1,513</b>
Net Federal Government Saving in the NIPAs <sup>a</sup>	-932	-1,056	-994	-1,073	-1,171	-1,244	-1,289	-1,376	-1,337	-1,291	-1,441	-1,536	-13,809

Source: Congressional Budget Office.

All amounts are for fiscal years.

Differences in coverage arise when a transaction is reported either in the budget or in the NIPAs but not both; in netting, when an item appears as an offset to outlays in the budget but as a receipt in the NIPAs; and in timing, when receipts or outlays are shifted between fiscal years.

HI = Medicare's Hospital Insurance; NIPAs = national income and product accounts; OASDI = Social Security's Old-Age, Survivors, and Disability Insurance; \* = between -\$500 million and \$500 million.

a. Negative numbers indicate that federal expenditures exceed federal receipts.

Differences in coverage account for most of the divergence between the NIPAs' measure and the budgetary measure of the federal deficit, in large part because of BEA's treatment of federal pension plans:

- BEA imputes additional interest costs for periods in which the government's pension plans are underfunded (that is, when the plans' financial assets are insufficient to cover promised future benefits) because, in BEA's view, the government has effectively borrowed from those plans. That imputed-interest payment does not appear in the federal budget, and it is the largest discrepancy created by BEA's treatment of federal pensions.
- The measure in the NIPAs of current federal expenditures includes interest paid by the Treasury to the federal pension trust funds. Those payments are not offset by the funds' receipt of interest payments because the receipts are recorded in the pension sector—a nonfederal sector of the NIPAs. The federal budget, by contrast, records both the payment and the receipt of that interest (the latter as an offset to outlays), leaving federal outlays unaffected.
- Rather than recording the cash payments of benefits each year as a federal expenditure (as they are shown in the budget), the NIPAs record the value of the benefits that employees accrue during a given year as an expenditure in the federal sector.

The annual differences between BEA's approach and the federal budget's presentation of transactions for federal pensions under CBO's baseline projections are shown in Table 2 in "Adjustments related to government employees' retirement." Those differences increase the NIPA measure of the deficit by \$1.3 trillion over the 2019–2029 period. All other differences further increase that measure of the deficit by about \$0.2 trillion.<sup>6</sup> All told, the federal government's projected negative savings over the period as reported in the NIPAs exceed budget deficits in CBO's baseline projections by \$1.5 trillion.

6. For an explanation of most of those differences, see Congressional Budget Office, *CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (May 2013), [www.cbo.gov/publication/44140](http://www.cbo.gov/publication/44140). For an explanation of the difference arising from repatriation of deferred income, see Congressional Budget Office, *CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (July 2018), [www.cbo.gov/publication/54194](http://www.cbo.gov/publication/54194).

This report is an annual publication of the Congressional Budget Office, prepared in response to interest expressed by the Congress. Previous editions are available on CBO's website (<https://go.usa.gov/xyp2M>). In keeping with CBO's mandate to provide objective, impartial analysis, the report contains no recommendations.

Daniel Ready wrote the report with assistance from Bayard Meiser; with guidance from Christina Hawley Anthony, Theresa Gullo, John McClelland, and Joshua Shakin; and with contributions from the staff of the Joint Committee on Taxation. Wendy Edelberg and Robert Sunshine reviewed the report, Kate Kelly edited it, and Casey Labrack prepared it for publication. An electronic version is available on the agency's website ([www.cbo.gov/publication/55466](http://www.cbo.gov/publication/55466)).

CBO seeks feedback to make its work as useful as possible. Please send comments to [communications@cbo.gov](mailto:communications@cbo.gov).



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