



## Monthly Budget Review for November 2019

The federal budget deficit was \$342 billion for the first two months of fiscal year 2020, the Congressional Budget Office estimates, \$36 billion more than the deficit recorded during the same period last year. Revenues and outlays were higher—by 3 percent and 6 percent, respectively—than in October and November 2018.

Because December 1 fell on a weekend in 2019 and in 2018, outlays through November in each fiscal year were boosted by the shift of certain payments from December to November. If not for those timing shifts, outlays so far this year would have been \$44 billion greater than those in the same period last year, and the deficit would have risen less—by \$32 billion.

<b>Budget Totals, October–November</b>			
Billions of Dollars			
	Actual, FY 2019	Preliminary, FY 2020	Estimated Change
Receipts	459	471	12
Outlays	<u>764</u>	<u>813</u>	<u>49</u>
Deficit (–)	–305	–342	–36

Sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for October 2019 and the *Daily Treasury Statements* for November 2019.  
FY = fiscal year.

### Total Receipts: Up by 3 Percent in the First Two Months of Fiscal Year 2020

Receipts totaled \$471 billion during the first two months of fiscal year 2020, CBO estimates—\$12 billion more than during the same period last year. The changes from last year to this year were as follows:

- Receipts from **individual income and payroll (social insurance) taxes** together rose by \$17 billion (or 4 percent).
  - Amounts withheld from workers' paychecks rose by \$16 billion (or 4 percent). That change reflects increases in wages and salaries.
  - Nonwithheld payments of income and payroll taxes fell slightly—by less than \$1 billion (or less than 1 percent); individual income tax refunds fell by \$1 billion (or 7 percent), increasing net receipts. Receipts from those two sources generally are small at this point in the fiscal year.
- Receipts from **corporate income taxes** rose, on net, by \$1 billion (or 14 percent). Because corporate income tax receipts in October and November generally represent a small percentage of the year's total, the results for those two months are not a significant indicator of receipts for the

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 sum to totals because of rounding.

whole fiscal year. For most corporations, the first quarterly estimated payment of those taxes in the current fiscal year is not due until December 16.

- Receipts from **other sources**, on net, declined by \$5 billion (or 11 percent).
  - Excise taxes fell by \$9 billion (or 40 percent), partly because of payments received in October 2018 for the tax on health insurance providers; in 2019, that tax is subject to a one-year moratorium. The next payment is due on September 30, 2020.
  - Customs duties increased by \$4 billion (or 32 percent), in part because of additional tariffs imposed by the Administration, primarily on imports from China.

<b>Receipts, October–November</b>				
Billions of Dollars				
Major Program or Category	Actual, FY 2019	Preliminary, FY 2020	Estimated Change	
			Billions of Dollars	Percent
Individual Income Taxes	222	233	10	4.6
Payroll Taxes	179	186	7	3.6
Corporate Income Taxes	6	7	1	13.8
Other Receipts	<u>51</u>	<u>45</u>	<u>−5</u>	<u>−10.5</u>
<b>Total</b>	<b>459</b>	<b>471</b>	<b>12</b>	<b>2.7</b>
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	379	395	16	4.1
Other, net of refunds	<u>23</u>	<u>24</u>	<u>1</u>	<u>5.0</u>
<b>Total</b>	<b>402</b>	<b>419</b>	<b>17</b>	<b>4.2</b>
Sources: Congressional Budget Office; Department of the Treasury.				
FY = fiscal year.				

### Total Outlays: Up by 6 Percent in the First Two Months of Fiscal Year 2020

Outlays for the first two months of fiscal year 2020 were \$813 billion, \$49 billion higher than they were during the same period last year, CBO estimates. The shift of certain payments from December to November in 2018 and 2019 increased outlays in November of each year; removing the effects of the shifts would reduce the year-to-year increase by \$5 billion. The discussion below reflects adjustments to exclude the effects of those timing shifts.

The largest increases in outlays were in the following categories:

- Outlays for the largest mandatory spending programs increased by 7 percent:
  - **Social Security** benefits rose by \$10 billion (or 6 percent), because of increases both in the number of beneficiaries and in the average benefit payment.
  - **Medicare** outlays grew by \$6 billion (or 6 percent), some of which reflects the payment made to prescription drug plans each autumn to account for unanticipated increases in spending in the preceding calendar year
  - **Medicaid** outlays increased by \$6 billion (or 9 percent), because of increases in health care costs per capita.
- Spending for military programs of the **Department of Defense** rose by \$8 billion (or 7 percent), mostly in the areas of operation and maintenance and military personnel.

- Outlays for the **Department of Education** (included in “Other,” below) increased by \$3 billion (or 25 percent), largely because of increased subsidy costs for federal student loans.

For other programs and activities, spending increased or decreased by smaller amounts.

<b>Outlays, October–November</b>					
Billions of Dollars					
Major Program or Category	Actual, FY 2019	Preliminary, FY 2020	Estimated Change	Estimated Change With Adjustments for Timing Shifts <sup>a</sup>	
				Billions of Dollars	Percent
Social Security Benefits	166	176	10	10	6.0
Medicare <sup>b</sup>	129	138	9	6	6.1
Medicaid	<u>62</u>	<u>68</u>	<u>6</u>	<u>6</u>	9.2
<b>Subtotal, Largest Mandatory Spending Programs</b>	<b>358</b>	<b>383</b>	<b>25</b>	<b>22</b>	<b>6.7</b>
DoD—Military <sup>c</sup>	120	129	8	8	6.8
Net Interest on the Public Debt	66	67	1	1	1.9
Other	<u>220</u>	<u>234</u>	<u>14</u>	<u>13</u>	6.4
<b>Total</b>	<b>764</b>	<b>813</b>	<b>49</b>	<b>44</b>	<b>6.2</b>

Sources: Congressional Budget Office; Department of the Treasury.  
DoD = Department of Defense; FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those timing shifts, outlays would have been \$719 billion in fiscal year 2019 and \$763 billion in fiscal year 2020.

b. Medicare outlays are net of offsetting receipts.

c. Excludes a small amount of spending by DoD on civil programs.

### Estimated Deficit in November 2019: \$207 Billion

The federal government incurred a deficit of \$207 billion in November 2019, CBO estimates—\$2 billion more than the deficit in November 2018. Outlays in November of both years were affected by shifts in the timing of certain federal payments that otherwise would have been due on a weekend; those shifts increased outlays by \$50 billion in 2019 and by \$45 billion in 2018. If not for those shifts, the deficit in November 2019 would have been \$158 billion, or \$2 billion less than the deficit in November 2018.

CBO estimates that receipts in November 2019 totaled \$226 billion—\$20 billion (or 10 percent) more than those in the same month last year. A \$15 billion (or 8 percent) increase in withholding of individual income and payroll taxes explains most of that difference. Corporate income taxes increased from a net negative amount of \$2 billion last November to less than \$1 billion positive net receipts this November. Customs duties increased by \$2 billion (or 25 percent).

<b>Budget Totals for November</b>					
Billions of Dollars					
	Actual, FY 2019	Preliminary, FY 2020	Estimated Change	Estimated Change With Adjustments for Timing Shifts <sup>a</sup>	
				Billions of Dollars	Percent
Receipts	206	226	20	20	9.5
Outlays	411	433	22	17	4.8
Deficit	-205	-207	-2	2	-1.3

Sources: Congressional Budget Office; Department of the Treasury.  
FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those timing shifts, the budget would have shown deficits of \$160 billion in November 2018 and \$158 billion in November 2019, CBO estimates.

Total spending in November 2019 was \$433 billion, CBO estimates. Excluding the payments that were shifted into November because December 1 fell on a weekend this year and last year, outlays in November 2019 were \$17 billion more than the sum in November 2018.

The largest changes in outlays were as follows (the amounts reflect adjustments to exclude the effects of the timing shifts):

- **Social Security** benefits rose by \$5 billion (or 6 percent).
- **Medicare** spending increased by \$3 billion (or 6 percent).
- Outlays for **Medicaid** rose by \$3 billion (or 9 percent).

Spending for other programs and activities increased or decreased by smaller amounts.

#### **Actual Deficit in October 2019: \$134 Billion**

The Treasury Department reported a deficit of \$134 billion for October—\$1 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements*, in the *Monthly Budget Review: Summary for Fiscal Year 2019*.

Each month, CBO issues an analysis of federal spending and revenues for the previous month and the fiscal year to date. This report is the latest in that series, found at <https://go.usa.gov/xnpcA>. In keeping with CBO's mandate to provide objective, impartial analysis, it makes no recommendations. Nathaniel Frenz and Amber Marcellino prepared the report with guidance from Christina Hawley Anthony, Theresa Gullo, Sam Papenfuss, and Joshua Shakin. It was reviewed by Robert Sunshine and Mark Hadley, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO's website, [www.cbo.gov/publication/55926](http://www.cbo.gov/publication/55926).