Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress

Monthly Budget Review: November 2021

December 8, 2021

The federal budget deficit totaled $358 billion in October and November 2021, the first two months of fiscal year 2022, the Congressional Budget Office estimates. That amount is $71 billion less than the deficit recorded during the same period last year. Revenues were 24 percent higher than during the same period in fiscal year 2021; outlays increased by 4 percent.

Table 1.

Budget Totals, October–November

Billions of Dollars

	Actual, FY 2021	Preliminary, FY 2022	Estimated Change
Receipts	457	565	107
Outlays	887	923	37
Deficit (−)	−429	−358	71

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for October 2021 and the *Daily Treasury Statements* for November 2021.

FY = fiscal year.

Total Receipts: Up by 24 Percent in Fiscal Year 2022

Receipts totaled $565 billion during the first two months of fiscal year 2022, CBO estimates—$107 billion more than during the same period a year ago. The changes from last year to this year are as follows:

- **Individual income** and **payroll (social insurance) taxes** together rose by $96 billion (or 24 percent).
    - Amounts withheld from workers' paychecks rose by $82 billion (or 22 percent). That increase most likely reflects higher total wages and salaries, particularly among the relatively high-income workers who are subject to higher tax rates on earnings. Legislation enacted in response to the coronavirus pandemic caused timing shifts in the collection of payroll taxes. Most significantly, employers could choose to defer payment of their portion of certain payroll taxes on wages paid from March 27, 2020 (the date of enactment of the Coronavirus Aid, Relief, and Economic Security Act), through December 31, 2020. That provision caused some payroll taxes that had accrued last year to be paid this year.

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.

- Unemployment insurance receipts (one type of payroll tax) were $8 billion (or 135 percent) higher because states were replenishing the balances in their unemployment insurance trust funds, at least in part by collecting more in unemployment taxes from employers. (The trust funds had been depleted by unusually high unemployment beginning in March 2020.) Those collections count as federal revenues, reflecting the nature of the unemployment insurance system, which is a federal program administered by the states.
- Nonwithheld payments of income and payroll taxes rose by $6 billion (or 13 percent) and individual income tax refunds declined by $1 billion (or 6 percent), increasing net receipts, which typically are small at this point in the year.

Table 2.

Receipts, October–November

Billions of Dollars

			Estimated Change	
Major Program or Category	**Actual, FY 2021**	**Preliminary, FY 2022**	**Billions of Dollars**	**Percent**
Individual Income Taxes	203	283	80	39.7
Payroll Taxes	202	218	16	8.0
Corporate Income Taxes	6	12	6	105.2
Other Receipts	47	52	5	10.2
Total	**457**	**565**	**107**	**23.5**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	374	456	82	21.8
Other, net of refunds	30	44	15	49.3
Total	**404**	**501**	**96**	**23.9**

Data sources: Congressional Budget Office; Department of the Treasury.

FY = fiscal year.

- Collections of **corporate income taxes** increased, on net, by $6 billion (roughly doubling). Because tax receipts in October and November generally represent a small percentage of the annual total, the amounts for those two months are not a significant indicator for the whole fiscal year. For most corporations, the first quarterly estimated payment for fiscal year 2022 is due on December 15.
- Receipts from **other sources,** on net, increased by $5 billion (or 10 percent).
  - Customs duties rose by $3 billion (or 27 percent), reflecting an increase in imports.
  - Excise taxes rose by $3 billion (or 29 percent), reflecting a general increase in economic activity.

Total Outlays: Up by 4 Percent in Fiscal Year 2022

Outlays in the first two months of fiscal year 2022 were $923 billion, $37 billion more than during the same period last year, CBO estimates, the net result of several increases and decreases.

Table 3.
Outlays, October–November

Billions of Dollars

Major Program or Category	Actual, FY 2021	Preliminary, FY 2022	Estimated Change: Billions of Dollars	Estimated Change: Percent
Social Security Benefits	184	191	7	3.6
Medicare[a]	117	113	−3	−2.8
Medicaid	79	88	8	10.7
Subtotal, Largest Mandatory Spending Programs	**380**	**392**	**12**	**3.1**
Refundable Tax Credits[b]	12	49	38	325.2
Unemployment Compensation	52	9	−43	−82.1
Small Business Administration	3	7	4	136.1
Coronavirus Relief Fund	0	4	4	n.a.
DoD—Military[c]	128	126	−2	−1.5
Net Interest on the Public Debt	61	61	0	−0.5
Other	250	274	23	9.3
Total	**887**	**923**	**37**	**4.1**

Data sources: Congressional Budget Office; Department of the Treasury.

DoD = Department of Defense; FY = fiscal year; n.a. = not applicable.

a. Medicare outlays are net of offsetting receipts.

b. Recovery rebates, earned income tax credit, child tax credit, premium tax credits, and American Opportunity Tax Credit.

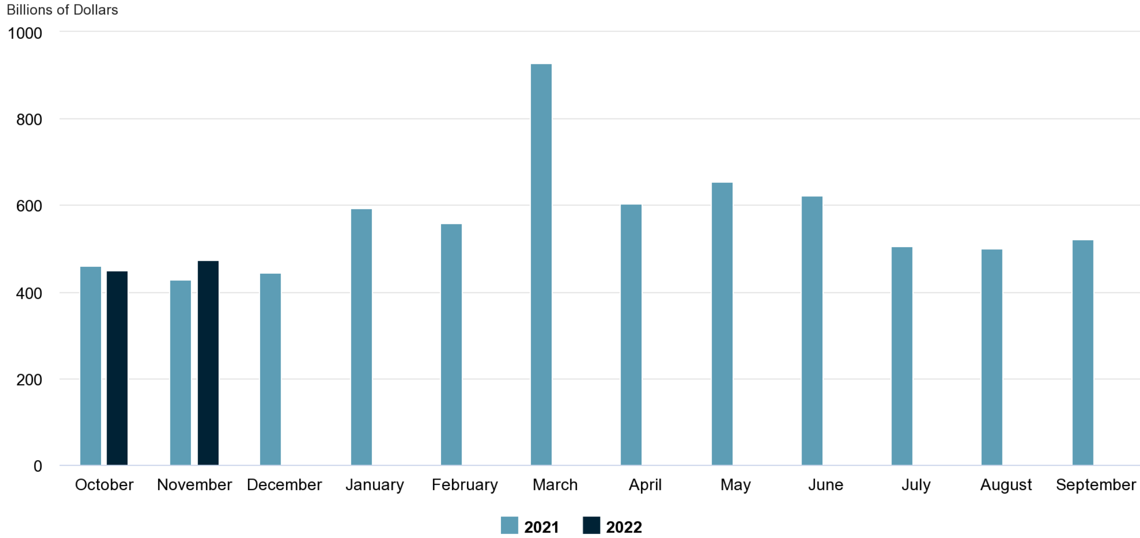
c. Excludes a small amount of spending by DoD on civil programs.

The two largest changes were as follows:

- Outlays for certain **refundable tax credits** rose to $49 billion (more than four times the amount spent in the first two months of fiscal year 2021)—an increase of $38 billion.[1] Advance payments for the American Rescue Plan Act’s child tax credit accounted for about 60 percent of that increase.
- Outlays for **unemployment compensation** decreased by $43 billion, from $52 billion in the first two months of fiscal year 2021 to $9 billion in the first two months of 2022. That spending declined in part because of the expiration of enhanced benefits early in September of this year (several states had chosen to end those programs earlier in the summer). An increase in employment also contributed to that decline.

1. Those tax credits are the recovery rebates, earned income tax credit, child tax credit, premium tax credits, and the American Opportunity Tax Credit.

Figure 1.
Monthly Total Outlays
Fiscal Years 2021 and 2022



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for November 2022 is CBO's estimate.
All months have been adjusted to exclude the effects of timing shifts.

Outlays for the largest mandatory spending programs increased, on net, by 3 percent:

- Spending for **Social Security** benefits rose by $7 billion (or 4 percent), because of increases both in the number of beneficiaries and in the average benefit payment.
- **Medicare** outlays decreased by $3 billion (or 3 percent) because Part D reconciliation payments, which usually occur in November, had not yet been made. Part D reconciliation payments are made regularly to account for differences between prospective payments to Part D plans and amounts paid in prior years.
- **Medicaid** outlays increased by $8 billion (or 11 percent). Enrollment is projected to be higher because of the requirement established by the Families First Coronavirus Relief Act that states maintain the eligibility of all enrollees until the end of the public health emergency.

Several major changes in outlays, included in "Other" in Table 3, were as follows:

- Spending by the **Food and Nutrition Service** of the Department of Agriculture increased by $13 billion (or 58 percent), primarily because benefits under the Supplemental Nutrition Assistance Program increased and eligibility was expanded for the Pandemic Electronic Benefit Transfer Program, which provides school children with temporary emergency benefits.
- Outlays for the **Public Health Social Services Emergency Fund** increased by $11 billion (or 160 percent) as expenditures accelerated for several pandemic-related activities, including reimbursement to health care providers (such as hospitals), coronavirus testing and contact tracing, and the development and purchase of vaccines and therapies.
- Spending for the **Department of Education** increased by $11 billion (or 77 percent) primarily because of increased spending on emergency grants through the Education Stabilization Fund to support K-12 and postsecondary education.
- Outlays for other programs administered by the **Department of Agriculture** decreased by $9 billion (or 49 percent), in part because of lower spending for the Coronavirus Food Assistance Program, which covered higher marketing costs related to the pandemic.

- Spending by the **Department of Homeland Security** was $7 billion (or 33 percent) lower than in the same period in 2021. Spending from the Disaster Relief Fund was boosted in October and November 2020 by payments for unemployment benefits under the provisions of a Presidential memorandum issued in August 2020.[2]

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

Estimated Deficit in November 2021: $193 Billion

The federal government incurred a deficit of $193 billion in November 2021, CBO estimates—$48 billion more than the deficit in November 2020. Outlays in November 2020 were affected by shifts in the timing of certain federal payments that otherwise would have been due on the first day of that month, which fell on a weekend (those payments were made in October 2020). If not for those shifts, the deficit in November 2021 would have been $15 billion *less* than the deficit in November 2020.

Table 4.

Budget Totals for November

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2021	Preliminary, FY 2022	Estimated Change	Billions of Dollars	Percent
Receipts	220	281	61	61	28
Outlays	365	474	109	46	11
Deficit (−)	−145	−193	−48	15	−7

Data 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 shifts, the budget would have shown a deficit of $208 billion in November 2020, CBO estimates.

CBO estimates that receipts in November 2021 totaled $281 billion—$61 billion (or 28 percent) more than those in the same month last year. That increase was largely driven by income and payroll taxes, which increased by $58 billion (or 29 percent). In addition, excise taxes and customs duties each increased by $2 billion.

Total spending in November 2021 was $474 billion, CBO estimates—$109 billion more than last year. If not for the fact that outlays in November 2020 were reduced by the shift of certain payments to October of that year, outlays in November 2021 would have been $46 billion, or 11 percent, more than in November 2020. The largest changes in outlays were as follows (the amounts reflect adjustments to exclude the effects of the timing shifts):

- Payments of **refundable tax credits** increased by $18 billion.
- Spending from the **Public Health Social Services Emergency Fund** increased by $9 billion.
- Spending for **Medicaid** and for the **Food and Nutrition Service** each rose by $7 billion.

2. See the White House, Presidential Memoranda, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019" (August 8, 2020), https://go.usa.gov/xHAfP.

- Spending for the **Department of Education** increased by $4 billion.
- Spending by the **Small Business Administration** increased by $4 billion.
- Outlays for **unemployment compensation** fell by $21 billion.

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

Actual Deficit in October 2021: $165 Billion

The Treasury Department reported a deficit of $165 billion for October—$2 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: Summary for Fiscal Year 2021*.

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/xfwBH.
In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations. Mark Sanford and Nathaniel Frentz prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Theresa Gullo, Sam Papenfuss, and Joshua Shakin. It was reviewed by Mark Hadley and Robert Sunshine, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO's website, www.cbo.gov/publication/57613.

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