

27. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

In successive budgets, the Administration publishes estimates of the surplus or deficit for a particular fiscal year. Initially, the year appears as an outyear projection at the end of the budget horizon. In each subsequent budget, the year advances in the estimating horizon until it becomes the “budget year.” One year later, the year becomes the “current year” then in progress, and the following year, it becomes the just-completed “actual year.”

The Budget is legally required to compare budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for that year. This chapter meets that requirement by comparing the actual receipts, outlays, and deficit for 2015 with the current services estimates shown in the 2015 Budget, published in March 2014.¹ It also presents a more detailed comparison for mandatory and related programs, and reconciles the actual receipts, outlays, and deficit totals shown here with the figures for 2015 previously published by the Department of the Treasury.

¹ The current services concept is discussed in Chapter 25, “Current Services Estimates.” For mandatory programs and receipts, the March 2014 current services estimate was based on laws then in place, with specified adjustments for current policy - for example relief from scheduled reductions under the Medicare Sustainable Growth Rate mechanism and extension of certain expiring tax provisions. For discretionary programs the current services estimate was based on the discretionary spending limits enacted in the Budget Control Act of 2011 (BCA). Spending for Overseas Contingency Operations, was estimated based on annualizing the amounts provided in the 2014 appropriations and increasing for inflation. The current services estimates also reflected the effects of discretionary and mandatory sequestration as required by the BCA following failure of the Joint Select Committee on Deficit Reduction to meet its deficit reduction target. The current services estimates published in the 2015 Budget re-classified a large number of surface transportation programs as mandatory. The published estimates for nondefense discretionary outlays and mandatory outlays were \$543 billion and \$2,405 billion, respectively. This proposal was not subsequently enacted, so the applicable costs are shown as discretionary in this chapter for comparability. For a detailed explanation of the 2015 estimate, see “Current Services Estimates,” Chapter 25 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015*.

Receipts

Actual receipts for 2015 were \$3,250 billion, only \$1 billion less than the \$3,251 billion current services estimate in the 2015 Budget, which was published in March 2014. As shown in Table 27–1, this decrease was the net effect of legislated tax changes and economic conditions that differed from what had been expected, which were almost completely offset by technical factors that resulted in different tax liabilities and collection patterns than had been assumed.

Policy differences. Legislated tax changes enacted after March 2014 reduced 2015 receipts by a net \$83 billion relative to the 2015 Budget current services estimate. Legislation that extended certain expiring tax provisions and made other modifications to the Internal Revenue Code, which was signed into law by President Obama on December 19, 2014, accounted for almost all of this net reduction in receipts, reducing 2015 receipts by an estimated \$82 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance reduced 2015 receipts by a net \$40 billion below the March 2014 current services estimate. Corporations were less profitable than initially projected, which reduced receipts \$30 billion below the March 2014 estimate and accounted for 75 percent of the net reduction in receipts attributable to economic differences. Different economic factors than those assumed in March 2014 had a much smaller effect on other sources of receipts, reducing collections by a net \$10 billion.

Technical factors. Technical factors increased receipts by a net \$122 billion relative to the March 2014 current services estimate. These factors had the greatest effect on individual income taxes, increasing collections by \$73 billion. Increases in corporation income taxes of \$12 billion, social insurance and retirement receipts of \$16 billion, and miscellaneous receipts of \$18 billion accounted for most of the remaining net increase in 2015

Table 27–1. COMPARISON OF ACTUAL 2015 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (March 2014)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	1,498	-30	-1	73	42	1,541
Corporation income taxes	412	-50	-30	12	-68	344
Social insurance and retirement receipts	1,055	.....	-6	16	10	1,065
Excise taxes	99	-3	-1	3	-1	98
Estate and gift taxes	18	.....	*	2	2	19
Customs duties	38	-1	*	-2	-3	35
Miscellaneous receipts	131	*	-2	18	16	147
Total receipts	3,251	-83	-40	122	-1	3,250

* \$500 million or less

receipts attributable to technical factors. The models used to prepare the March 2014 estimates of individual and corporation income taxes were based on historical economic data and then-current tax and collections data that were all subsequently revised and account for the net increase in these two sources of receipts attributable to technical factors. These revisions in the individual and corporation income tax models indicated that: (1) sources of income that are not part of the economic forecast, but subject to tax, such as capital gains and pensions, differed from what was expected at the time the March 2014 estimates were prepared; (2) for most sources of income subject to individual and corporation income taxes, both the percentage that was subject to tax and the effective tax rate on the portion subject to tax differed from what was anticipated; and (3) the timing of the payment of tax liability was different from what had been assumed. The \$16 billion increase in social insurance and retirement receipts attributable to technical factors reflected a \$24 billion increase in Social Security and Medicare payroll taxes that was partially offset by an \$8 billion reduction in unemployment insurance receipts. The \$24 billion increase in Social Security and Medicare payroll taxes was attributable in large part to models based on historical economic data and then-current data from employer returns that underestimated the percentage of wages and salaries and self-employment earnings subject to payroll taxes. The \$8 billion reduction in unemployment insurance receipts reflected lower-than-anticipated deposits by States to the unemployment insurance trust fund. Changes in the size and composition of the investments of the Federal Reserve System accounted for \$11 billion of the \$18 billion increase in miscellaneous receipts attributable to technical factors. Penalties and forfeitures related to large settlement agreements that were not reflected in the March 2014 estimates of 2015 receipts accounted for most of the remaining increase in miscellaneous receipts.

Outlays

Outlays for 2015 were \$3,688 billion, \$124 billion less than the \$3,812 billion current services estimate in the 2015 Budget. Table 27–2 distributes the \$124 billion net decrease in outlays among discretionary and mandatory programs and net interest.² The table also shows rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy differences. Policy changes are the result of legislative actions that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation, which may themselves be in response to changed economic conditions. For 2015, policy changes increased outlays by \$14 billion relative to the initial current services estimates, which included the impacts of sequestration and discretionary cap reductions as part of the Joint Committee enforcement provisions of the Budget Control Act of 2011. Final 2014 discretionary appropriations were enacted as the 2015 Budget was being prepared, so the March 2014 estimate of discretionary outlays assumed rates that were lower than the final enacted appropriations allowed. The combined policy changes from final 2014 and 2015 appropriations, including Overseas Contingency Operations, increased discretionary outlays by \$3 billion. Policy changes increased mandatory outlays by a net \$11 billion above current law. Much of this increase was the result of changes in the Medicare program enacted primarily in 2015 that increased 2015 outlays by \$6 billion. Debt service costs associated with all policy changes increased outlays by less than \$1 billion.

² Discretionary programs are controlled by annual appropriations, while mandatory programs are generally controlled by authorizing legislation. Mandatory programs are primarily formula benefit or entitlement programs with permanent spending authority that depends on eligibility criteria, benefit levels, and other factors.

Table 27–2. COMPARISON OF ACTUAL 2015 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (March 2014)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	606	-10	.....	-13	-23	583
Nondefense	602	13	.....	-30	-17	585
Subtotal, discretionary	1,208	3	.....	-42	-40	1,169
Mandatory:						
Social Security	896	.....	2	-17	-15	882
Other programs	1,450	11	-38	-9	-36	1,414
Subtotal, mandatory	2,346	11	-36	-26	-51	2,296
Allowance for disaster costs ¹	6	.....	.....	-6	-6	.....
Net interest	251	*	-34	6	-28	223
Total outlays	3,812	14	-70	-68	-124	3,688

* \$500 million or less

¹ These amounts were included in the 2015 Budget to represent the statistical probability of a major disaster requiring federal assistance for relief and reconstruction. Such assistance might be provided in the form of discretionary, or mandatory outlays or tax relief. These amounts were included as outlays for convenience.

Economic and technical factors. Economic and technical estimating factors resulted in a net decrease in outlays of \$139 billion. Technical changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Increases in discretionary outlays due to legislation, as discussed above, were partially offset by a \$42 billion decrease in net outlays resulting from technical changes. Outlays for mandatory programs decreased \$62 billion due to economic and technical factors. There was a net decrease in outlays of \$36 billion as a result of differences between actual economic conditions versus those forecast in March 2014. Outlays for Social Security were \$15 billion lower than anticipated in the 2015 Budget largely due to lower-than-estimated number of beneficiaries. Unemployment compensation and food and nutrition assistance programs outlays were a combined \$15 billion lower. Remaining changes were in other health and assistance programs. Outlays for net interest were \$28 billion lower due to economic and technical factors, primarily lower interest rates than originally assumed.

Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal government receipts and outlays for 2014. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 27-3, the 2015 current services deficit was initially estimated to be \$561 billion. The actual deficit was \$438 billion, which was a \$123 billion decrease from the initial estimate. Receipts were \$1 billion lower and outlays were \$124 billion less than the initial estimate. The table shows the distribution of the changes according to the categories in the preceding two sections. The net effect of policy changes for receipts and outlays increased the deficit by \$97 billion. Economic conditions that differed from the initial assumptions in March 2014 decreased the deficit by \$30 billion. Technical factors decreased the deficit by an estimated \$190 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2015

This section compares the original 2015 outlay estimates for mandatory and related programs in the current services estimates of the Budget with the actual outlays. Major examples of these programs include Social Security

and Medicare benefits, Medicaid and unemployment compensation payments, and deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

A number of factors may cause differences between the amounts estimated in the Budget and the actual mandatory outlays. For example, legislation may change benefit rates or coverage, the actual number of beneficiaries may differ from the number estimated, or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 27-4 shows the differences between the actual outlays for these programs in 2015 and the current services estimates included in the 2015 Budget.³ Actual outlays for mandatory spending and net interest in 2015 were \$2,296 billion, which was \$51 billion less than the current services estimate of \$2,346 billion in March 2014.

As Table 27-4 shows, actual outlays for mandatory human resources programs were \$2,416 billion, \$17 billion less than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences. Most significantly, outlays for Social Security, income security, and other health programs decreased by \$69 billion due to economic, legislative and technical factors. Mandatory outlays for programs in functions outside human resources were \$12 billion less than originally estimated.

Outlays for net interest were \$223 billion, or \$28 billion less than the original estimate. As shown on Table 27-4, interest payments on Treasury debt securities decreased by \$25 billion. Interest earnings of trust funds increased by \$5 billion, further reducing net outlays, while net outlays for other interest rose by \$2 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2015

Table 27-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2015 published by the Department of the Treasury in the September 2015 Monthly Treasury Statement (MTS) and those published in this Budget. The Department of the Treasury made adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances, which decreased receipts by \$22 million and decreased outlays by \$26 million. Additional adjustments for the 2017 Budget increased receipts by \$1,184 million and increased outlays

³ See footnote 1 for an explanation of the current services concept.

Table 27-3. COMPARISON OF THE ACTUAL 2015 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE

(In billions of dollars)

	Estimate (March 2014)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,251	-83	-40	122	-1	3,250
Outlays	3,812	14	-70	-68	-124	3,688
Deficit	561	97	-30	-190	-123	438

Note: Deficit changes are outlays minus receipts. For these changes, a positive number indicates an increase in the deficit.

by \$690 million. Most of these adjustments are for financial transactions that are not reported to the Department of the Treasury but are included in the Budget, including those for the Public Company Accounting Oversight Board, the Affordable Housing Program, the Securities Investor Protection Corporation, the Electric Reliability Organization, the United Mine Workers of America benefit funds, the payment to the Standard Setting Body, and the Federal Retirement Thrift Investment Board program expenses. There is also an adjustment for the National

Railroad Retirement Investment Trust (NRRIT) which relates to a conceptual difference in reporting. NRRIT reports to the Department of the Treasury with a one-month lag so that the fiscal year total provided in the Treasury Combined Statement covers September 2014 through August 2015. The Budget has been adjusted to reflect transactions that occurred during the actual fiscal year, which begins October 1. The Budget also reflects agency adjustments to 2015 outlays reported to Treasury after preparation of the Treasury Combined Statement.

Table 27-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2015		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	1	26	25
Other	8	7	-1
Total, education, training, employment, and social services	9	33	24
Health:			
Medicaid	331	350	18
Other	116	77	-39
Total, health	447	426	-21
Medicare	529	540	11
Income security:			
Retirement and disability	147	146	-1
Unemployment compensation	41	32	-9
Food and nutrition assistance	100	98	-2
Other	171	168	-3
Total, income security	458	443	-15
Social security	896	882	-15
Veterans benefits and services:			
Income security for veterans	79	76	-3
Other	14	16	1
Total, veterans benefits and services	94	92	-1
Total, mandatory human resources programs	2,433	2,416	-17
Other functions:			
Agriculture	12	12	1
International	-3	-3	-*
Mortgage credit	-23	-21	2
Deposit insurance	-9	-13	-4
Other advancement of commerce (includes the Troubled Asset Relief Program)	14	8	-6
Other functions	17	12	-5
Total, other functions	7	-5	-12
Undistributed offsetting receipts:			
Employer share, employee retirement	-84	-79	4
Rents and royalties on the outer continental shelf	-8	-5	4
Other undistributed offsetting receipts	-2	-32	-30
Total, undistributed offsetting receipts	-94	-116	-22
Total, mandatory	2,346	2,296	-51
Net interest:			
Interest on Treasury debt securities (gross)	455	430	-25
Interest received by trust funds	-153	-158	-5
Other interest	-51	-48	2
Total, net interest	251	223	-28
Total, outlays for mandatory and net interest	2,598	2,519	-79

Table 27-5. RECONCILIATION OF FINAL AMOUNTS FOR 2015
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	3,248,723	3,687,622	438,899
Miscellaneous Treasury adjustments	-22	-26	-4
Totals published by Treasury in Combined Statement	3,248,701	3,687,596	438,895
National Railroad Retirement Investment Trust .....	.....	-126	-126
Public Company Accounting Oversight Board	228	245	17
Affordable Housing Program	319	319	.....
Securities Investor Protection Corporation	425	163	-262
Electric Reliability Organization	100	100	.....
United Mine Workers of America benefit funds	25	25	.....
Federal Retirement Thrift Investment Board Program Expenses .....	.....	-30	-30
Standard Setting Body	26	26	.....
Risk Adjustment program	61	61	.....
Intelligence Community Management Account .....	.....	-95	-95
Other	1	8	7
Total adjustments, net	1,185	696	-489
Totals in the Budget	3,249,886	3,688,292	438,406
MEMORANDUM:			
Total change since year-end statement	1,163	670	-493

ISBN 978-0-16-093133-8



9 0 0 0 0

9 7 8 0 1 6 0 9 3 1 3 3 8



EXECUTIVE OFFICE OF THE PRESIDENT
BUDGET.GOV