24. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

The Budget is required by statute 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 2016 with the current services estimates shown in the 2016 Budget, published in February 2015.[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 2016 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2016 were $3,268 billion, $162 billion less than the $3,430 billion current services estimate in the 2016 Budget, which was published in February 2015. As shown in Table 24–1, this decrease was the net effect of legislated tax changes and economic conditions that differed from what was expected, along with mostly offsetting technical factors that resulted in different tax liabilities and collection patterns than had been assumed.

Policy differences. Legislated tax changes enacted after February 2015 reduced 2016 receipts by a net $135 billion relative to the 2016 Budget current services estimate. The Fixing America's Surface Transportation (FAST) Act (Public Law 114-94), which extended certain highway-related taxes and modified the Federal Reserve surplus account and dividend payments, was signed into law by President Obama on December 4, 2015, and increased 2016 receipts by an estimated $21 billion. The Protecting Americans from Tax Hikes (PATH) Act (division Q of Public Law 114-113), which extended certain expiring tax provisions and made other modifications to the Internal Revenue Code, was signed into law by President Obama on December 18, 2015, and reduced 2016 receipts by an estimated $157 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance reduced 2016 receipts by a net $25 billion below the February 2015 current services estimate. Corporations were less profitable than initially projected, which reduced receipts $36 billion below the February 2015 estimate and accounted for most of the net reduction in receipts attributable to economic differences. Different economic factors than those assumed in February 2015 had a smaller effect on other sources of receipts, increasing collections by a net $12 billion.

Technical factors. Technical factors decreased receipts by a net $1 billion relative to the February 2015 current services estimate. These factors had the greatest effect on social insurance and retirement receipts, increasing collections by $14 billion. Decreases in individual income taxes of $8 billion, corporation income taxes of $3 billion, and miscellaneous receipts of $3 billion accounted for most of the remaining changes in 2016 receipts attributable to technical factors. The models used to prepare the February 2015 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 decrease in these two sources of receipts attributable to technical factors. The $14 billion increase in social

[1] The current services concept is discussed in Chapter 22, "Current Services Estimates." For mandatory programs and receipts, the February 2015 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 2015 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. For a detailed explanation of the 2016 estimate, see "Current Services Estimates," Chapter 25 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2016*.

Table 24–1. COMPARISON OF ACTUAL 2016 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (February 2015)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	1,610	–58	2	–8	–64	1,546
Corporation income taxes	433	–94	–36	–3	–134	300
Social insurance and retirement receipts	1,106	*	–4	14	9	1,115
Excise taxes	100	–4	–1	-*	–5	95
Estate and gift taxes	21	*	-*	-*	*	21
Customs duties	39	–1	–2	–1	–4	35
Miscellaneous receipts	120	21	17	–3	36	156
Total receipts	3,430	–135	–25	–1	–162	3,268

* $500 million or less

insurance and retirement receipts attributable to technical factors reflected a $20 billion increase in Social Security and Medicare payroll taxes that was partially offset by a $6 billion reduction in unemployment insurance receipts. The $20 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.

Outlays

Outlays for 2016 were $3,853 billion, $112 billion less than the $3,964 billion current services estimate in the 2016 Budget. Table 24–2 distributes the $112 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 2016, policy changes increased outlays by $38 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 (Public Law 112-25). The final enacted 2016 appropriations allowed for lower discretionary outlays than the rates included in the February 2015 estimate. The combined policy changes from final 2015 and 2016 appropriations, including Overseas Contingency Operations, increased discretionary outlays by $31 billion. Policy changes increased mandatory outlays by a net $7 billion above current law. Much of this increase was the result of changes in the Medicare program enacted primarily in 2015 that increased 2016 outlays by $5 billion. Debt service costs associated with all policy changes increased outlays by less than $1 billion.

Economic and technical factors. Economic and technical estimating factors resulted in a net decrease in outlays of $150 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 offset by a $44 billion decrease in net outlays resulting from technical changes. Outlays for mandatory programs decreased $57 billion due to economic and technical factors. There was a net decrease in outlays of $28 billion as a result of differences between actual economic conditions versus those forecast in February 2015. Outlays for Social Security were $28 billion lower than anticipated in the 2016 Budget largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Income security program outlays were a combined $17 billion lower, while the remaining changes were in veterans benefits and services, deposit insurance, and other programs. Outlays for net interest were approximately $43 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 2016. This section combines these effects to show the net deficit impact of these differences.

[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. The current services estimates published in the 2016 Budget re-classified a large number of surface transportation programs as mandatory. The published estimates for nondefense discretionary outlays and mandatory outlays were $541 billion and $2,537 billion, respectively. This proposal was not subsequently enacted, so the applicable costs are shown as discretionary in this chapter for comparability.

Table 24–2. COMPARISON OF ACTUAL 2016 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (February 2015)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	598	1	....	–14	–13	585
Nondefense	600	30	....	–30	*	600
Subtotal, discretionary	1,198	31	....	–44	–13	1,185
Mandatory:						
Social Security	938	....	–9	–19	–28	910
Other programs	1,539	7	–20	–9	–22	1,517
Subtotal, mandatory	2,477	7	–28	–28	–50	2,427
Allowance for disaster costs [1]	6	....	....	–6	–6	....
Net interest	283	*	–49	6	–43	240
Total outlays	3,964	38	–78	–72	–112	3,853

* $500 million or less

[1] These amounts were included in the 2016 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.

Table 24–3. COMPARISON OF THE ACTUAL 2016 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE
(In billions of dollars)

	Estimate (February 2015)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,430	–135	–25	–1	–162	3,268
Outlays	3,964	38	–78	–72	–112	3,853
Deficit	535	174	–53	–71	50	585

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

As shown in Table 24–3, the 2016 current services deficit was initially estimated to be $535 billion. The actual deficit was $585 billion, which was a $50 billion increase from the initial estimate. Receipts were $162 billion lower and outlays were $112 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 $174 billion. Economic conditions that differed from the initial assumptions in February 2015 decreased the deficit by $53 billion. Technical factors decreased the deficit by an estimated $71 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2016

This section compares the original 2016 outlay estimates for mandatory and related programs in the current services estimates of the 2016 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 24–4 shows the differences between the actual outlays for these programs in 2016 and the current services estimates included in the 2016 Budget.[3] Actual outlays for mandatory spending and net interest in 2016 were $2,667 billion, which was $93 billion less than the current services estimate of $2,761 billion in February 2015.

As Table 24–4 shows, actual outlays for mandatory human resources programs were $2,526 billion, $29 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 veterans benefits and services decreased by $51 billion due to economic, legislative and technical factors. Mandatory outlays for programs in functions outside human resources were $26 billion less than originally estimated.

Outlays for net interest were $240 billion, or $43 billion less than the original estimate. As shown on Table 24–4, interest payments on Treasury debt securities decreased by $56 billion. Interest earnings of trust funds fell by $1 billion, increasing net outlays, while net outlays for other interest increased by $12 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2016

Table 24-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2016 published by the Department of the Treasury in the September 2016 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 increased receipts by $86 million. Additional adjustments for the 2018 Budget increased receipts by $1,187 million and decreased outlays by $1,488 million. Most of these adjustments were for financial transactions that are not reported to the Department of the Treasury but are included in the Budget, including those for the Affordable Housing Program, the Electric Reliability Organization, the Federal Financial Institutions Examination Council Appraisal Subcommittee, the Federal Retirement Thrift Investment Board Program Expenses, the Public Company Accounting Oversight Board, the Securities Investor Protection Corporation, the payment to the Standard Setting Body, and the United Mine Workers of America benefit funds. There was 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 2015 through August 2016. The Budget has been adjusted to reflect transactions that occurred during the actual fiscal year, which begins October 1. In addition, the Budget also reflects agency adjustments to 2016 outlays reported to Treasury after preparation of the Treasury Combined Statement. Most notably, the U.S. Postal Service adjusted its reporting to reflect higher offsetting collections for November 2015 after the Department of Treasury prepared its Treasury Combined Statement.

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

Table 24–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2016		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	1	11	10
Other	7	7	–*
Total, education, training, employment, and social services	8	18	10
Health:			
Medicaid	344	350	5
Other	102	105	3
Total, health	446	455	9
Medicare	585	588	4
Income security:			
Retirement and disability	152	148	–4
Unemployment compensation	35	32	–3
Food and nutrition assistance	101	96	–6
Other	177	172	–5
Total, income security	465	448	–17
Social security	938	910	–28
Veterans benefits and services:			
Income security for veterans	90	87	–3
Other	22	19	–3
Total, veterans benefits and services	112	106	–6
Total, mandatory human resources programs	2,555	2,526	–29
Other functions:			
Agriculture	17	12	–5
International	–*	–6	–6
Mortgage credit	–24	–24	–*
Deposit insurance	–8	–13	–5
Other advancement of commerce	14	11	–3
Other functions	25	18	–8
Total, other functions	23	–3	–26
Undistributed offsetting receipts:			
Employer share, employee retirement	–84	–84	–*
Rents and royalties on the outer continental shelf	–7	–3	5
Other undistributed offsetting receipts	–9	–8	1
Total, undistributed offsetting receipts	–101	–95	5
Total, mandatory	2,477	2,427	–50
Net interest:			
Interest on Treasury debt securities (gross)	486	430	–56
Interest received by trust funds	–147	–146	1
Other interest	–56	–44	12
Total, net interest	283	240	–43
Total, outlays for mandatory and net interest	2,761	2,667	–93

* $500 million or less

Table 24–5. RECONCILIATION OF FINAL AMOUNTS FOR 2016

(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	3,266,688	3,854,100	587,412
Miscellaneous Treasury adjustments	86	....	–86
Totals published by Treasury in Combined Statement	3,266,774	3,854,100	587,326
Affordable Housing Program	360	360	....
Electric Reliability Organization	100	100	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	19	19	....
Federal Retirement Thrift Investment Board Program Expenses	....	–27	–27
Public Company Accounting Oversight Board	255	254	–1
Securities Investor Protection Corporation	419	113	–306
Standard Setting Body	25	25	....
United Mine Workers of America benefit funds	24	25	1
National Railroad Retirement Investment Trust	....	–679	–679
United States Postal Service	....	–1,680	–1,680
Other	–15	2	17
Total adjustments, net	1,187	–1,488	–2,675
Totals in the Budget	3,267,961	3,852,612	584,651
MEMORANDUM:			
Total change since year-end statement	1,273	–1,488	–2,761

Executive Office of the President