

# Federal Budget Estimates, Fiscal Year 2001

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**T**HE FEDERAL *Budget of the United States Government, Fiscal Year 2001* that was released by the President shows a \$184.0 billion surplus, a \$17.3 billion increase over the projected \$166.7 billion surplus in fiscal year 2000.<sup>1</sup> The surplus in fiscal year 1999 was \$124.4 billion. After adjustments that put these estimates on a consistent basis with the national income and product accounts (NIPAs), the current surplus would increase \$16.5 billion, to \$171.1 billion, in fiscal year 2001.

These Federal budget surplus estimates are derived from all Federal transactions—that is, all unified budget receipts and all unified budget outlays.<sup>2</sup> The fiscal year 2001 surplus reflects the administration's proposed legislation and program changes, the economic assumptions used in making the budget projections, and the laws that have already been enacted.<sup>3</sup>

This article summarizes the proposed legislation and program changes in the administration's budget and the budget estimates.<sup>4</sup> It then presents

the budget receipts and outlays in the framework of the NIPAs, which are designed to show the composition of production and the distribution of the incomes earned in production. This framework, which differs in concept and timing from the budget, provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity, such as gross domestic product, that are part of the NIPAs.

## *Proposed legislation and program changes*

**Receipts.**—The fiscal year 2001 budget presents proposed legislation that would increase receipts by a net \$9.1 billion (table 1). The largest proposals are an increase in the per pack tax on cigarettes that would add \$4.1 billion to receipts and a transfer from the Federal Reserve to the U.S. Treasury that would add \$3.8 billion.

Proposals to limit the benefits of corporate tax shelter transactions by increasing the disclosure of certain transactions, codifying the judicially created economic substance doctrine, increasing and strengthening the understatement penalty on corporate tax shelter items, and penalizing all parties involved with tax shelter transactions would add \$2.3 billion to receipts.

Proposals to reinstate excise taxes for the Hazardous Substance Superfund Trust Fund, to convert Airport and Airway Trust Fund excise taxes to a cost-based user fee, and to reinstate corporate environmental taxes would each increase receipts by \$0.7 billion. The excise taxes for the Hazardous Substance Superfund Trust Fund are levied on petroleum, chemicals, and imported substances. Under the Airport and Airway Trust Fund proposal, excise taxes that are levied on domestic air passengers and cargo and on international arrivals and departures would gradually be reduced and a cost-based user fee for air traffic services would be phased in beginning in fiscal year 2001.

Corporate income tax proposals to repeal the lower-of-cost-or-market inventory accounting method for valuing ending inventories and to modify the rules for how life insurance companies

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2001* (Washington, DC: U.S. Government Printing Office, 2000).

2. Other presentations of the Federal budget distinguish between off-budget and on-budget transactions or between the trust funds surplus and the Federal funds deficit. The off-budget surplus, which consists of the social security trust funds and the Postal Service fund, is \$147.8 billion in 2000 and \$159.6 billion in 2001. In 2000, the on-budget surplus of \$18.9 billion is the difference between the total surplus and the off-budget surplus; in 2001, the on-budget surplus of \$9.0 billion is the difference between the total surplus and the off-budget surplus and the reserve for a proposed plan to ensure medicare solvency (\$15.4 billion) that is in the administration's budget. In the trust funds/Federal funds breakdown, the proposed surplus generated from all trust funds—such as social security, medicare, and unemployment compensation—would amount to \$224.3 billion in 2000 and \$241.3 billion in 2001. The Federal funds measure, which consists of all transactions that are not classified in trust funds, would show deficits of \$57.6 billion in 2000 and \$57.3 billion in 2001. There are no equivalent measures of these presentations in the NIPAs.

3. Estimates of the administration's proposed legislation and program changes are the difference between the "current-services" estimates, which are included in the budget, and the actual budget. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted, with the exception that excise taxes dedicated to trust funds are assumed to be extended for all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline with which administration or congressional proposals can be analyzed.

4. The article on the Federal budget estimates is usually published after the release of the Federal budget; see "Federal Budget Estimates, Fiscal Year 2000" in the March 1999 SURVEY OF CURRENT BUSINESS. This article provides updated fourth-quarter 1999 estimates that incorporate information that became available since the release of the budget, as well as more detailed estimates of receipts and expenditures than are shown in the NIPA estimates published in *Analytical Perspectives: Budget of the United States Government, Fiscal Year 2001*.

can capitalize policy acquisition costs would each add \$0.5 billion to receipts.

In addition, over 70 smaller proposals would increase receipts by a total of \$2.6 billion.

Partly offsetting the proposed \$16.0 billion increase in receipts are proposed tax credits and other tax law changes that would decrease receipts \$6.9 billion. There are several proposals that would reduce personal income taxes. A proposal to remove nontaxable forms of income when determining

eligibility for the earned income tax and to increase the credit rate for families would reduce receipts by \$2.3 billion. A proposal to simplify several provisions of tax law and modify the alternative minimum tax would reduce receipts by \$0.9 billion. An increase in the tax credit for post-secondary education and the exclusion of graduate education assistance from gross income would reduce receipts by \$0.7 billion. A proposal to allow a partial deduction of charitable contributions by taxpayers who do not itemize would reduce receipts by \$0.5 billion.

A proposal to reduce customs duties by modifying international trade provisions would reduce receipts by \$0.5 billion. This proposal involves extending the provisions in the Generalized System of Preferences that eliminate duties on certain goods from eligible developing countries.

A proposal to replace the Harbor Maintenance Tax with a cost-based user fee would reduce customs duties by \$0.5 billion. The user fee would raise less revenue than would have been raised by the Harbor Maintenance Tax, which was ruled unconstitutional.

Numerous smaller proposals would reduce receipts by a total of \$1.4 billion. Of these, proposals to increase the standard deduction for married couples with two incomes to twice the amount of the deduction for single filers and to modify the child care tax credit would reduce receipts by \$0.4 billion. A proposal to lower Federal employee retirement contributions would reduce receipts by \$0.4 billion. Proposals to promote energy efficiency would reduce receipts by \$0.2 billion.

**Outlays.**—The fiscal year 2001 budget proposes program changes that would decrease total outlays by a net \$3.7 billion. The largest reduction is \$3.3 billion for commerce and housing credit, resulting from lower budget outlays for the 2000 decennial census. A proposal to repeal the law that delays the last payday in September 2000 would reduce national defense outlays by \$3.1 billion.<sup>5</sup> Similar proposals to repeal pay and benefit delays largely account for a \$1.5 billion decrease in veterans benefits and services, a \$1.0 billion decrease in allowances, and a \$0.8 billion decrease in income security. Proposed legislation to reduce lender subsidies and to improve management and collection of defaulted loans would reduce outlays for education, training, employment, and social

Table 1.—Relation of Current-Services Estimates to the Budget

[Billions of dollars]

	Fiscal year	
	2000	2001
<b>Receipts</b>		
Current-services estimates .....	1,955.7	2,009.9
<i>Plus:</i> Proposed legislation .....	.6	9.1
Tobacco tax .....	.4	4.1
Maintain Federal Reserve surplus transfer to the U.S. Treasury .....		3.8
Limit benefits of corporate tax shelter transactions .....	0	2.3
Reinstate Hazardous Substance Superfund excise taxes .....	.2	.7
Convert airport trust fund taxes to user fee system .....		.7
Reinstate environmental tax imposed on corporate income .....		.7
Repeal lower-of-cost-or-market inventory accounting method .....		.5
Modify rules for life insurance policy acquisition costs .....		.5
Other .....	.2	2.6
Subtotal: Provisions that increase receipts .....	.8	16.0
Simplify the earned income tax credit .....		-2.3
Simplify tax law and modify alternative minimum tax .....	-2	-9
Education incentives .....	-1	-7
International trade provisions .....	0	-5
Charitable contributions by taxpayers who do not itemize .....		-5
Replace Harbor Maintenance Tax with user fee .....		-5
Other .....	0	-1.4
Subtotal: Provisions that decrease receipts .....	-2	-6.9
<i>Equals:</i> The budget .....	1,956.3	2,019.0
<b>Outlays</b>		
Current-services estimates .....	1,776.2	1,838.8
<i>Plus:</i> Program changes .....	13.4	-3.7
Commerce and housing credit .....	0	-3.3
National defense .....	6.3	-3.1
Education, training, employment, and social services .....	.1	-1.9
Veterans benefits and services .....	1.8	-1.5
Allowances <sup>1</sup> .....	.8	-1.0
Medicare .....	0	-9
Income security .....	2.2	-8
Net interest .....	-3	.3
General science, space, and technology .....	0	.3
Administration of justice .....	0	.5
Health .....	.3	.7
General government .....	.1	.8
International affairs .....	.5	1.0
Transportation .....	0	1.3
Agriculture .....	.7	3.5
Other .....	.3	.4
<i>Equals:</i> The budget .....	1,789.6	1,835.0
Current-services surplus or deficit (-) .....	179.5	171.2
Proposed changes, receipts less outlays .....	-12.8	12.8
Administration budget surplus or deficit (-) .....	166.7	184.0

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

Source: *The Budget of the United States Government, Fiscal Year 2001.*

5. As a result of the law, the last payday in September would actually fall in October 2000, thereby making it part of the budget for fiscal year 2001. The proposed repeal returns that payday to the budget for fiscal year 2000.

Compensation in the NIPAs is recorded on an accrual basis. Therefore, these laws do not impact the NIPA estimates.

services by \$1.9 billion. The program changes to medicare brought about by savings proposals such as cost sharing for laboratory services and by proposals to insure program integrity would decrease total outlays by \$0.9 billion.

The largest increase in outlays would be a \$3.5 billion increase in agriculture, primarily from proposed legislation that would provide financial assistance to farmers if prices fall. Outlays for transportation would increase \$1.3 billion, based on changes to airports and airways, highways, and mass transit programs. Outlays for international affairs would increase \$1.0 billion, from program changes affecting international development and humanitarian assistance, international security assistance, and conduct of foreign affairs. Outlays for general government would increase \$0.8 billion, from program changes affecting central fiscal

operations and legislative branch discretionary programs. Outlays for health would increase \$0.7 billion, primarily from proposed legislation to extend medicaid eligibility to parents whose children are covered under medicaid or the State Children's Health Insurance Fund.

### The budget estimates

In the budget, receipts in fiscal year 2001 are projected to increase \$62.8 billion, to \$2,019.0 billion (table 2). Receipts in 2000 are projected to be \$1,956.3 billion, up \$128.8 billion from 1999. Most of the increase in 2001 is accounted for by projected increases in social insurance taxes and contributions and in individual income taxes. The projected increases in 2000 and 2001 are based on administration economic assumptions.<sup>6</sup> The administration assumes the economy will grow 2.9 percent in 2000 and 2.6 percent in 2001. In addition, unemployment is projected to remain unchanged in 2000 and to increase slightly in 2001. Inflation and interest rates are projected to remain relatively low.

Excise taxes would increase \$8.3 billion after decreasing \$2.0 billion in 2000. The decrease in 2000 is accounted for by a projected decrease in excise taxes on motor fuels; provisions of the Taxpayer Relief Act of 1997 delayed deposits of excise taxes on alternative motor fuels from fiscal year 1998 to fiscal year 1999. The increase in 2001 largely reflects the proposed increase in the tobacco tax, the reinstatement of the hazardous substance excise tax, and the phasing-in of the cost-based user fee for air traffic services.

Miscellaneous receipts would decrease \$2.6 billion after increasing \$7.6 billion. These changes are primarily based on projected deposits of earnings by the Federal Reserve System.

Under the budget proposals, total budget outlays in fiscal year 2001 are projected to increase \$45.5 billion, to \$1,835.0 billion (table 3). Outlays in 2000 are projected to be \$1,789.6 billion, up \$86.5 billion from 1999. The projected increase in 2001 is mostly accounted for by increases in four areas:

- **Social security.** An increase of \$19.1 billion is accounted for by an increase in current-services outlays for old-age and survivors insurance benefits. This increase reflects cost-of-living adjustments and assumptions about inflation and about the number of beneficiaries in these programs.
- **Medicare.** An increase of \$18.0 billion is accounted for by an increase of \$18.9 billion

Table 2.—Budget Receipts by Source

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	1998	1999	2000	2001	1999	2000	2001
<b>Budget receipts</b> .....	<b>1,721.8</b>	<b>1,827.5</b>	<b>1,956.3</b>	<b>2,019.0</b>	<b>105.7</b>	<b>128.8</b>	<b>62.8</b>
Individual income taxes .....	828.6	879.5	951.6	972.4	50.9	72.1	20.8
Social insurance taxes and contributions .....	571.8	611.8	650.0	682.1	40.0	38.2	32.1
Corporation income taxes .....	188.7	184.7	192.4	194.8	-4.0	7.7	2.4
Excise taxes .....	57.7	70.4	68.4	76.7	12.7	-2.0	8.3
Miscellaneous receipts .....	32.7	34.9	42.5	39.9	2.3	7.6	-2.6
Estate and gift taxes .....	24.1	27.8	30.5	32.3	3.7	2.7	1.8
Customs duties .....	18.3	18.3	20.9	20.9	0	2.5	0

Source: *The Budget of the United States Government, Fiscal Year 2001.*

Table 3.—Budget Outlays by Function

[Billions of dollars]

	Level for fiscal year				Change from preceding fiscal year		
	1998	1999	2000	2001	1999	2000	2001
<b>Budget outlays</b> .....	<b>1,652.6</b>	<b>1,703.0</b>	<b>1,789.6</b>	<b>1,835.0</b>	<b>50.4</b>	<b>86.5</b>	<b>45.5</b>
Social security .....	379.2	390.0	406.6	425.7	10.8	16.6	19.1
National defense .....	268.5	274.9	290.6	291.2	6.4	15.8	.6
Income security .....	233.2	237.7	252.3	259.7	4.5	13.6	8.4
Medicare .....	192.9	190.4	201.5	220.5	-2.5	12.1	18.0
Net interest .....	243.4	229.7	220.3	208.3	-13.6	-9.4	-12.0
Health .....	131.4	141.1	154.2	166.7	9.6	13.1	12.5
Education, training, employment, and social services .....	54.9	56.4	63.4	67.5	1.5	7.0	4.1
Transportation .....	40.3	42.5	46.7	49.5	2.2	4.2	2.8
Veterans benefits and services .....	41.8	43.2	46.8	46.4	1.4	3.6	-3
Administration of justice .....	22.8	25.9	26.8	31.4	3.1	.8	4.6
Natural resources and environment .....	22.4	24.0	24.5	25.0	1.6	.5	.5
Agriculture .....	12.2	23.0	32.0	22.4	10.8	9.0	-9.6
General science, space, and technology .....	18.2	18.1	18.9	19.6	-1	.7	.8
International affairs .....	13.1	15.2	17.1	19.6	2.1	1.8	2.5
General government .....	13.4	15.8	15.0	15.4	2.3	-7	.4
Community and regional development .....	9.7	11.9	11.1	10.2	2.1	-8	-9
Commerce and housing credit .....	1.0	2.6	5.6	2.9	1.6	3.0	-2.7
Allowances <sup>1</sup> .....			.8	-1.0	0	.8	-1.8
Energy .....	1.3	.9	-1.6	-7	-4	-2.6	1.0
Undistributed offsetting receipts <sup>2</sup> .....	-47.2	-40.4	-43.1	-45.6	6.7	-2.6	-2.6

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

2. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *The Budget of the United States Government, Fiscal Year 2001.*

6. See "Economic Assumptions," *Analytical Perspectives*: 3-15.

in current-services outlays, based on expected increases in health services.

- **Health.** An increase of \$12.5 billion is mainly accounted for by a \$12.0 billion increase in current-services outlays, based on projected increases in drug prices, in home- and community-based services, and other health services.
- **Income security.** An increase of \$8.4 billion is more than accounted for by an \$11.4 billion increase in current-services outlays. Most of the increase is accounted for by increases in unemployment insurance programs, civilian employee and military retirement, and other income support programs.

These increases are partly offset by decreases in two areas:

- **Net interest.** A decrease of \$12.0 billion is mostly accounted for by the decrease in the Federal debt and the lower interest rate on the remaining debt.
- **Agriculture.** A decrease of \$9.6 billion is more than accounted for by a decrease of \$12.4 billion in current-services outlays. The decrease primarily reflects emergency funding for farm income stabilization in fiscal year 2000 that is not anticipated for fiscal year 2001.

### *Relation between budget and NIPA estimates*

The Bureau of Economic Analysis (BEA) prepares estimates of the Federal sector in the framework of the national income and product accounts (NIPAs). Unlike the budget, which is a financial plan of the government on a cash basis, the NIPAs facilitate macroeconomic analyses of the impact of changes in Federal current receipts, current expenditures, and gross investment on gross domestic product and its components. BEA makes adjustments to the budget estimates in order to provide estimates of Federal current receipts and current expenditures that are consistent over time with NIPA components. As part of the comprehensive revision released in October 1999, two major changes were made to the definitions and classifications used to measure the Federal sector that affect the relationship between the budget and the NIPA estimates.<sup>7</sup>

7. These adjustments are shown in NIPA table 3.18; this table, reflecting the comprehensive revision, is scheduled to be published in the April SURVEY. For a detailed discussion of these adjustments, see Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 79 (August 1999):11-14. For estimates of the effects of these adjustments, see Eugene P. Seskin, "Improved Estimates of the National Income

- Government employee retirement plans, which were previously classified as social insurance funds within the government sector, are now treated similarly to private pension plans. This reclassification leads to several differences between the budget and the NIPAs.<sup>8</sup> For example, employer contributions to the plans are classified as personal income (other labor income); previously, they had been classified as government current receipts (contributions to social insurance). Benefits paid by the plans are treated as transactions within the personal sector; previously, they had been classified as government current expenditures (transfer payments to persons).
- Certain transactions, which mainly represent transfers of existing assets, are removed from government current receipts and expenditures and reclassified as capital transfers. These transactions include certain investment grants-in-aid to State and local governments, investment subsidies to businesses, and estate and gift taxes.

One major conceptual difference between the budget and the NIPAs is in the treatment of government investment in fixed assets; in the NIPAs, government consumption expenditures excludes investment in fixed assets but includes a depreciation charge on past investment as consumption of fixed capital. Transfers of nonproduced assets, such as the sale of land, are excluded from the NIPAs because they do not affect current production. The NIPAs also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are by definition not included in the NIPAs, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a non-profit institution that is regulated by the Federal Communication Commission.

NIPA current receipts differ from budget receipts because of differences in coverage, in netting

and Product Accounts for 1959-98: Results of the Comprehensive Revision," SURVEY 79 (December 1999): 29-30.

For a detailed discussion of other adjustments, see *Government Transactions*, Methodology Paper No. 5 (November 1988), which is available from the National Technical Information Service, accession no. PB 90-118480, and at BEA's Web site, at <www.bea.doc.gov>.

For changes since the publication of this paper, see Robert P. Parker, "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 71 (September 1991): 24-25; "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology For Calculating Depreciation," SURVEY 75 (September 1995): 33-41; and "Improved Estimates of the National Income and Product Accounts for 1959-95: Results of the Comprehensive Revision," SURVEY 76 (January/February 1996): 1-31.

8. Additional differences between the treatment of these plans in the budget and in the NIPAs existed prior to the comprehensive revision.

and grossing (which provide additional information on items that are recorded on a net basis in the budget), and in timing. For most years, the differences between NIPA current receipts and budget receipts primarily reflect capital transfers received, personal and business nontaxes, and supplementary medical insurance premiums.<sup>9</sup> For 2001, NIPA current receipts would be below budget receipts by \$2.4 billion; capital transfers received would remove \$32.2 billion, other netting and grossing differences would add \$24.6 billion, and supplementary medical insurance premiums would add \$23.2 billion (table 4).

Similarly, NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. Coverage differences include the exclusion of capital transfers paid and Federal employee retirement plan transactions; the NIPA treatment of government investment in fixed assets; the exclusion of financial transactions, such as loans; and the exclusion of sales of nonproduced assets, such as the radio spec-

9. Personal and business nontaxes, which are included in "other" netting and grossing differences in table 4, are classified as receipts in the NIPAs and netted against outlays in the budget.

**Table 4.—Relation of Federal Government Current Receipts in the NIPA's to the Budget**

[Billions of dollars]

	Fiscal year		
	1999	2000	2001
<b>Budget receipts</b> .....	<b>1,827.5</b>	<b>1,956.3</b>	<b>2,019.0</b>
<i>Less:</i> Coverage differences .....	39.2	42.7	44.6
Geographic <sup>1</sup> .....	3.4	3.6	3.7
Contributions received by Federal employee retirement plans <sup>2</sup> .....	4.5	4.3	3.9
Capital transfers received <sup>3</sup> .....	27.7	30.3	32.2
Financial transactions .....	0	0	0
Other <sup>4</sup> .....	3.7	4.5	4.8
Netting and grossing differences .....	-37.0	-39.5	-41.4
Supplementary medical insurance premiums .....	-21.6	-21.7	-23.2
Taxes received from the rest of the world <sup>5</sup> .....	6.2	6.4	6.4
Other <sup>6</sup> .....	-21.6	-24.2	-24.6
<i>Plus:</i> Timing differences .....	16.3	0	.8
Corporate profits taxes .....	5.5	3.2	5.5
Federal and State unemployment insurance taxes .....	.2	0	-1
Withheld personal income tax and social security contributions .....	16.1	-2.8	-4.3
Excise taxes .....	-5.2	.2	.7
Other .....	-3	-5	-1.0
<b>Equals: Federal Government current receipts, NIPA's</b> .....	<b>1,841.6</b>	<b>1,953.1</b>	<b>2,016.6</b>

1. Consists largely of contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of estate and gift taxes.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

5. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPAs.

6. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPAs.

Sources: *The Budget of the United States Government, Fiscal Year 2001* and the Bureau of Economic Analysis.

trum. For 2001, NIPA current expenditures would exceed budget outlays by \$10.5 billion; capital transfers paid would remove \$37.3 billion, Federal employee retirement plan transactions would add \$31.3 billion, and loan disbursements less loan repayments and sales would remove \$27.0 billion (table 5).

**Table 5.—Relation of Federal Government Current Expenditures in the NIPA's to the Budget**

[Billions of dollars]

	Fiscal year		
	1999	2000	2001
<b>Budget outlays</b> .....	<b>1,703.0</b>	<b>1,789.6</b>	<b>1,835.0</b>
<i>Less:</i> Coverage differences .....	12.7	27.9	40.0
Geographic <sup>1</sup> .....	10.6	11.1	11.8
Federal employee retirement plan transactions <sup>2</sup> .....	-32.0	-32.1	-31.3
Interest received .....	-46.9	-48.7	-49.6
Contributions received (employer) .....	-62.6	-63.7	-65.1
Benefits paid .....	77.3	80.2	83.3
Administrative expenses .....	.1	.1	.1
Financing disbursements from credit programs <sup>3</sup> .....	-13.3	-28.9	-17.5
Other differences in funds covered <sup>4</sup> .....	2.3	5.4	2.8
Net investment <sup>5</sup> .....	2.4	9.6	15.9
Capital transfers paid <sup>6</sup> .....	31.3	35.0	37.3
Financial transactions .....	12.5	29.5	24.4
Loan disbursements less loan repayments and sales .....	21.3	32.5	27.0
Deposit insurance .....	-3.2	-1.0	-3
Net purchases of foreign currency .....	0	0	0
Other .....	-5.6	-2.0	-2.3
Net purchases of nonproduced assets .....	-1.0	-1.6	-3.3
Outer Continental Shelf .....	0	0	-2
Land and other <sup>7</sup> .....	-1.0	-1.6	-3.0
Other <sup>8</sup> .....	-1	-1	-1
Netting and grossing differences .....	-37.0	-39.5	-41.4
Supplementary medical insurance premiums .....	-21.6	-21.7	-23.2
Taxes received from the rest of the world <sup>9</sup> .....	6.2	6.4	6.4
Other <sup>10</sup> .....	-21.6	-24.2	-24.6
<i>Plus:</i> Timing differences .....	2.5	-2.7	9.0
Purchases (increase in payables net of advances) .....	.7	-4	3.4
Interest .....	0	0	0
Transfer payments .....	1.3	-2.6	5.4
Subsidies less current surplus of government enterprises .....	.5	.2	.3
<b>Equals: Federal Government current expenditures, NIPA's</b> .....	<b>1,729.9</b>	<b>1,798.4</b>	<b>1,845.5</b>

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; consequently, related entries are included in "Loan disbursements less loan repayments and sales."

4. Consists largely of agencies or accounts such as the Postal Service and the Federal Financing Bank that, in some time periods, were not included in the budget.

5. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.

6. Consists of investment grants to State and local governments and maritime construction subsidies. Does not include the forgiveness of debts owed by foreign governments to the U.S. Government; this forgiveness is classified as a capital transfer paid by the United States and is excluded from both budget outlays and NIPA current expenditures.

7. Consists of net sales of land other than the Outer Continental Shelf and, beginning with 1995, the auction of the radio spectrum.

8. Consists largely of net expenditures of foreign currencies.

9. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPAs.

10. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPAs.

Sources: *The Budget of the United States Government, Fiscal Year 2001* and the Bureau of Economic Analysis.

In the NIPA framework, budget outlays for national defense and nondefense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for four principal reasons. First, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPAs.<sup>10</sup> Second, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis; thus, in the NIPAs, all work-in-progress except shipbuilding and structures are included in the change-in-private-inventories component of gross domestic product. Third, in defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPAs, a payment is added to amortize the unfunded liability for military retirement ben-

efits earned by military personnel for service before 1985, and a payment is also added to amortize the unfunded liability for defense civilian retirement benefits; these payments are recorded in the budget as intergovernmental transactions. Fourth, the NIPA measure includes general government consumption of fixed capital; this item accounts for most of the difference between the budget outlays and the NIPA estimates for national defense (table 6).

The differences between the budget and NIPA estimates of receipts, of outlays, and of the current surplus or deficit that result from the adjustments detailed above are summarized in table 7. For 2001, the budget surplus exceeds the NIPA surplus by \$12.9 billion, primarily because timing adjustments raise NIPA expenditures more than NIPA receipts.

10. The production of military equipment is initially recorded in the change in private inventories, and when the equipment is delivered, a decrease in private inventories is recorded. For sales of equipment to foreign governments, the decrease is offset by an increase in exports; for sales to the U.S. Government, the decrease is offset by an increase in government consumption expenditures and gross investment.

**Fiscal year 2001 NIPA estimates**

In the NIPA framework, the current surplus would increase \$16.5 billion, to \$171.1 billion, in fiscal year 2001, after increasing \$42.9 billion in fiscal year 2000 (chart 1). The slowdown is due to a sharp deceleration in current receipts, mostly in personal tax and nontax receipts and in corporate profit tax accruals. Current expenditures also slowed, as a sharp deceleration in consumption expenditures and a downturn in subsidies less current

**Table 6.—Relation of National Defense Consumption Expenditures and Gross Investment in the NIPAs to National Defense Outlays in the Budget**

(Billions of dollars)

	Fiscal year		
	1999	2000	2001
<b>National defense outlays in the budget</b> .....	<b>274.9</b>	<b>290.6</b>	<b>291.2</b>
Department of Defense, military .....	261.4	277.5	277.5
Military personnel .....	69.5	73.5	75.1
Operation and maintenance .....	96.4	103.8	109.3
Procurement .....	48.8	48.0	51.0
Aircraft .....	16.5	15.7	17.1
Missiles .....	3.1	3.2	3.4
Ships .....	6.7	5.8	6.4
Weapons .....	2.9	2.7	2.9
Ammunition .....	1.2	1.2	1.1
Other .....	18.5	19.3	20.1
Research, development, test, and evaluation .....	37.4	37.4	37.7
Other .....	9.3	14.8	4.5
Atomic energy and other defense-related activities .....	13.5	13.2	13.7
<b>Plus: Consumption of general government fixed capital</b> .....	<b>62.2</b>	<b>63.0</b>	<b>63.5</b>
Additional payments to military and civilian retirement funds .....	21.7	21.7	22.4
Timing difference .....	.2	-.6	3.1
Military assistance programs .....	.2	.2	.2
<b>Less: Grants-in-aid to State and local governments and net interest paid</b> .....	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>
Other differences .....	-.5	-1.0	-1.2
<b>Equals: National defense consumption expenditures and gross investment, NIPAs</b> .....	<b>356.6</b>	<b>372.7</b>	<b>378.1</b>
<b>Less: National defense gross investment</b> <sup>1</sup> .....	<b>51.9</b>	<b>56.9</b>	<b>60.9</b>
<b>Equals: National defense consumption expenditures, NIPAs</b> .....	<b>304.7</b>	<b>315.8</b>	<b>317.2</b>

1. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.  
Sources: *The Budget of the United States Government, Fiscal Year 2001* and the Bureau of Economic Analysis.

**Table 7.—Relation of Administration Budget and NIPA Estimates of Federal Government Current Receipts and Expenditures**

(Billions of dollars)

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2000	2001
		1999	2000		
<b>Administration budget:</b>					
Receipts .....	1,827.5	1,956.3	2,019.0	128.8	62.8
Outlays .....	1,703.0	1,789.6	1,835.0	86.5	45.5
Surplus or deficit (-) .....	124.4	166.7	184.0	42.3	17.3
<b>NIPAs:</b>					
Receipts .....	1,841.6	1,953.1	2,016.6	111.4	63.5
Outlays .....	1,729.9	1,798.4	1,845.5	68.5	47.0
Surplus or deficit (-) <sup>1</sup> .....	111.7	154.7	171.1	42.9	16.5
	Differences				
<b>Administration budget less NIPAs:</b>					
Receipts .....	-14.1	3.2	2.4	17.3	-8
Outlays .....	-26.9	-8.8	-10.5	18.1	-1.7
Surplus or deficit (-) .....	12.7	12.0	12.9	-7	.9

1. The NIPA current surplus or deficit reflects the treatment of government investment that was introduced in January 1996. Current expenditures include (1) consumption of fixed capital for general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government and by government enterprises is not classified as a current expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.  
Sources: *The Budget of the United States Government, Fiscal Year 2001* and the Bureau of Economic Analysis.  
NIPA National income and product accounts

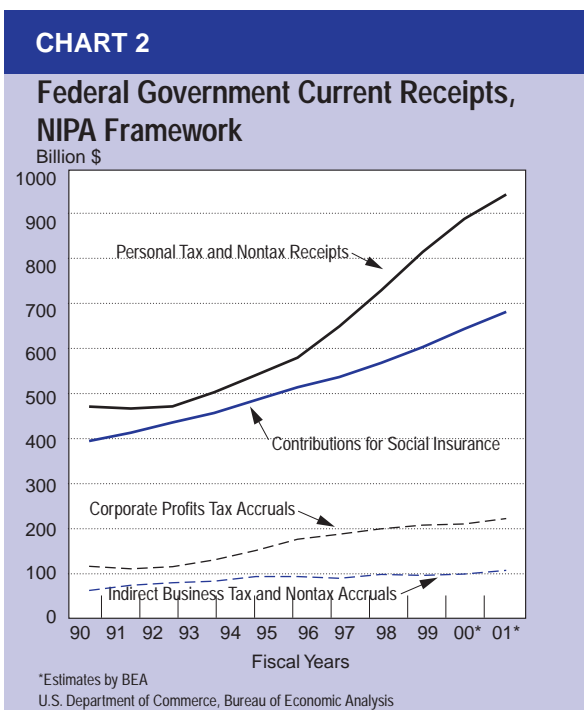
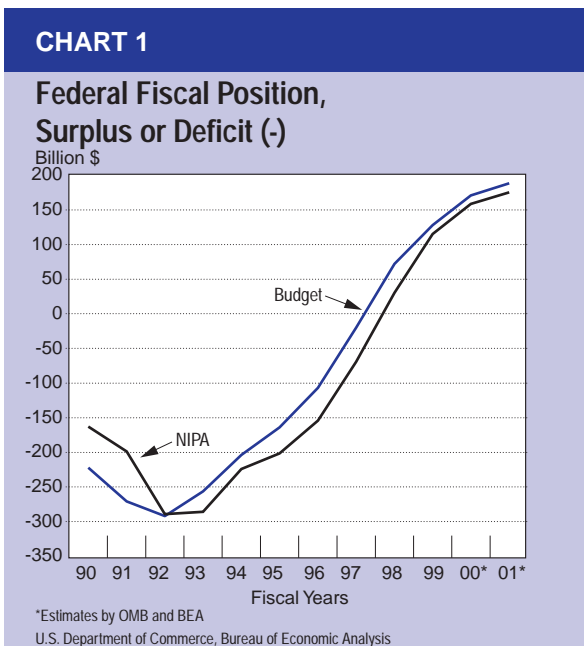
surplus of government enterprises more than offset an acceleration in transfer payments.

In the NIPA framework, Federal current receipts would increase \$63.5 billion, to \$2,016.6 billion, in fiscal year 2001, after increasing \$111.4 billion in fiscal year 2000 (chart 2). The slowdown is more than accounted for by a deceleration in the tax base that would increase current receipts \$54.1 billion after increasing \$110.9 billion (table 8). The tax base is estimated using administration economic assumptions and does not include the impact of any proposed legislation. Within current receipts,

personal tax and nontax receipts would increase \$20.8 billion after increasing \$53.9 billion; the slowdown is mostly due to a deceleration in wages and salaries. Corporate profits tax accruals would increase \$1.5 billion after increasing \$11.7 billion; the deceleration is more than accounted for by a downturn in the tax base, according to administration economic assumptions on the level of corporate profits. These decelerations would be partly offset by a slight acceleration in indirect business taxes; the acceleration is more than accounted for by the proposed increase in the tobacco tax.

In the NIPA framework, Federal current expenditures would increase \$47.0 billion, to \$1,845.5 billion, in fiscal year 2001, after increasing \$68.5 billion (chart 3). The deceleration is attributable to a downturn in subsidies less current surplus of government enterprises and to slowdowns in non-defense consumption expenditures and in national defense consumption expenditures. Subsidies less current surplus of government enterprises would decrease \$10.3 billion after increasing \$2.4 billion; the turnaround is mainly due to a downturn in agriculture subsidies (table 9). Nondefense consumption expenditures would increase \$1.6 billion after increasing \$12.3 billion, and national defense consumption expenditures would increase \$1.4 billion after increasing \$11.1 billion. In contrast, transfer payments would increase \$48.3 billion after increasing \$30.5 billion; the acceleration is attributable to accelerations in social security and medicare.

*Quarterly pattern.*—Seasonally adjusted quarterly estimates of NIPA current receipts and current



**Table 8.—Sources of Change in Federal Government Receipts, NIPA Framework**  
[Billions of dollars]

	Change from preceding fiscal year		
	1999	2000	2001
<b>Total receipts</b> .....	<b>119.8</b>	<b>111.4</b>	<b>63.5</b>
Due to tax bases .....	119.8	110.9	54.1
Due to proposed legislation .....	0	.5	9.4
<b>Personal tax and nontax receipts</b> .....	<b>73.8</b>	<b>53.9</b>	<b>20.8</b>
Due to tax bases .....	73.8	54.2	25.9
Due to proposed legislation .....	0	-4	-5.2
<b>Corporate profits tax accruals</b> .....	<b>2.8</b>	<b>11.7</b>	<b>1.5</b>
Due to tax bases .....	2.8	11.6	-7.4
Due to proposed legislation .....	0	.1	8.9
<b>Indirect business tax and nontax accruals</b> .....	<b>2.9</b>	<b>8.1</b>	<b>8.8</b>
Due to tax bases .....	2.9	7.3	3.2
Due to proposed legislation .....	0	.8	5.6
<b>Contributions for social insurance</b> .....	<b>40.3</b>	<b>37.8</b>	<b>32.4</b>
Due to tax bases .....	40.3	37.8	32.4
Due to proposed legislation .....	0	0	0

Sources: *The Budget of the United States Government, Fiscal Year 2001* and the Bureau of Economic Analysis.

expenditures that are consistent with the budget estimates of receipts and outlays for the fiscal year

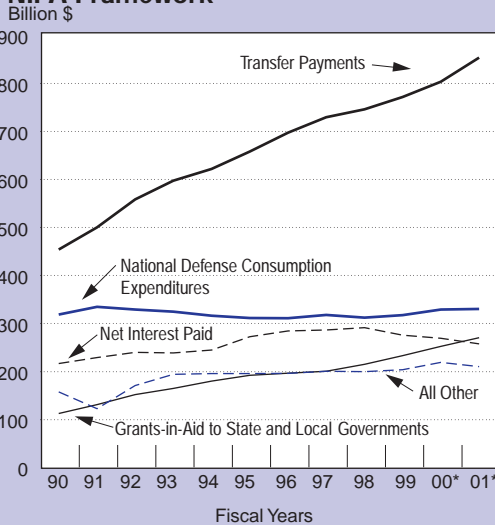
are shown in table 10. The NIPA estimates of current receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from the administration's projected quarterly pattern of wages and profits, and from the use of a methodology to derive quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.<sup>11</sup> The NIPA estimates of current expenditures reflect the quarterly pattern that results from the enacted and proposed legislation that would adjust pay for Federal Government employees and provide cost-of-living increases in social security. The quarterly estimates do not control to the fiscal year estimates, but instead are estimated changes based on the published level of the fourth quarter of 1999. Because of the limited information available to estimate the quarterly patterns, they should be viewed as rough approximations; over the course of the year, BEA will provide more reliable estimates in NIPA table 3.2.

In the NIPA framework, the current surplus increases in the first three quarters of 2000, decreases in the fourth quarter of 2000 and the first quarter of 2001, and then increases through the third quarter of 2001. The increase in the first quarter of 2000 is due to an increase in current receipts, particularly in contributions for social insurance, and a decrease in current expenditures, primarily because of a decrease in subsidies less current surplus of government enterprises. The decrease in the current surplus in the fourth quarter of 2000 is mainly due to an increase in transfer payments, mostly because of an increase in transfer payments to the rest of the world. The increase in the current surplus in the second quarter of 2001 results from increases in personal taxes and contributions; current expenditures increase only slightly.

Table 10 follows. 

CHART 3

Federal Government Current Expenditures, NIPA Framework



\*Estimates by BEA  
U.S. Department of Commerce, Bureau of Economic Analysis

Table 9.—Sources of Change in Federal Government Current Expenditures, NIPA Framework  
[Billions of dollars]

	Change from preceding fiscal year		
	1999	2000	2001
Total current expenditures .....	35.9	68.5	47.0
Consumption expenditures .....	11.4	23.4	3.0
National defense .....	4.9	11.1	1.4
Pay raise and locality pay <sup>1</sup> .....		3.5	4.8
Other .....	4.9	7.6	-3.4
Nondefense .....	6.5	12.3	1.6
Pay raise and locality pay <sup>1</sup> .....		2.4	2.8
Other .....	6.5	9.9	-1.1
Transfer payments .....	14.1	30.5	48.3
Social security .....	10.8	16.3	18.7
Medicare .....	-1.9	11.5	19.4
Supplemental security income .....	2.0	1.1	1.3
Earned income and child care credits .....	3.2	.1	.1
Veterans benefits .....	.8	.9	1.1
Unemployment benefits .....	1.0	.4	2.8
Other .....	-1.8	.1	4.9
Grants-in-aid to State and local governments .....	17.5	18.4	17.5
Medicaid .....	6.8	8.1	8.7
Education .....	2.7	3.6	.1
Welfare and social services .....	2.5	3.5	3.6
Health and hospitals .....	3.1	1.9	2.2
Civilian safety .....	-3	.9	1.0
Other .....	2.8	.5	1.8
Net interest paid .....	-14.9	-6.3	-11.4
Subsidies less current surplus of government enterprises .....	7.7	2.4	-10.3
Agriculture subsidies .....	10.8	2.1	-8.1
Housing subsidies .....	-1.5	.6	.9
Other subsidies .....	-3	.3	-2
Less: Current surplus of government enterprises:			
Postal Service surplus .....	1.5	.5	2.1
Other surplus of government enterprises .....	-2	.1	.9

1. Consists of pay raises and locality pay beginning in January 2000. Source: Bureau of Economic Analysis.

11. The methodology, which was adopted during the 1998 annual revision of the NIPAs, separates estimated income tax payments and final settlements into estimated taxes, final settlements, back taxes, fiduciary taxes (taxes paid by estates and trusts on income earned), and refunds. For final settlements, back taxes, and refunds—which are primarily based on tax liabilities for previous years—the full amount of the annual changes are recorded in the first quarter (in January) of the year, and the monthly and quarterly estimates are held at that level throughout the rest of the year. See Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 78 (August 1998):29-31.



Table 10.—Federal Government Current Receipts and Expenditures, NIPA Framework

(Billions of dollars; calendar year and quarters at seasonally adjusted annual rates)

Line		Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
		1999	2000	2001	Pub- lished	Esti- mated	Published				Estimated						
							1999 <sup>2</sup>				2000				2001		
					1999 <sup>2</sup>	2000	I	II	III	IV	I	II	III	IV	I	II	III
1	<b>Current Receipts</b>	<b>1,841.6</b>	<b>1,953.1</b>	<b>2,016.6</b>	<b>1,870.7</b>	<b>1,967.4</b>	<b>1,826.5</b>	<b>1,853.1</b>	<b>1,883.1</b>	<b>1,919.9</b>	<b>1,929.2</b>	<b>1,954.8</b>	<b>1,982.8</b>	<b>2,002.8</b>	<b>2,008.0</b>	<b>2,024.8</b>	<b>2,041.8</b>
2	Personal tax and nontax receipts <sup>3</sup>	887.8	941.7	962.4	900.0	939.6	877.9	892.1	908.0	922.1	920.2	934.5	947.0	956.6	948.7	957.5	967.1
3	Withheld income taxes	705.1	752.3	787.4	712.7	750.0	689.1	704.5	721.3	735.9	736.0	745.1	754.8	764.1	772.1	781.8	791.6
4	Declarations and final settlements less refunds	173.4	179.6	164.5	178.5	179.7	180.3	178.9	177.6	177.0	174.4	179.6	182.2	182.4	166.1	165.0	164.5
5	Proposed legislation	.....	-4	-5.8	.....	-4	.....	.....	.....	.....	-4	-4	-4	-4	-5.8	-5.8	.....
6	Other	173.4	179.9	170.3	178.5	180.0	180.3	178.9	177.6	177.0	174.7	179.9	182.6	182.8	172.0	170.8	170.4
7	Nontaxes	9.3	9.8	10.5	8.9	9.9	8.5	8.8	9.0	9.3	9.8	9.9	9.9	10.0	10.4	10.7	10.9
8	Corporate profit tax accruals	210.9	222.7	224.2	222.0	235.7	212.6	218.1	222.4	234.9	232.1	234.4	237.8	238.3	236.8	235.6	235.2
9	Federal Reserve Banks	26.0	28.0	29.5	24.1	27.1	23.5	23.7	24.6	24.6	25.9	26.9	27.8	27.9	28.0	27.6	27.3
10	Proposed legislation	.....	0	3.9	.....	1.0	.....	.....	.....	.....	0	0	0	3.9	3.9	3.9	.....
11	Other	26.0	28.0	25.6	24.1	26.2	23.5	23.7	24.6	24.6	25.9	26.9	27.8	24.1	24.1	23.8	23.4
12	Other corporate profit tax accruals	185.0	194.7	194.7	197.9	208.5	189.1	194.4	197.9	210.3	206.2	207.5	210.0	210.3	208.8	207.9	207.9
13	Proposed legislation	.....	1	5.2	.....	1.4	.....	.....	.....	.....	1	1	1	5.2	5.2	5.2	.....
14	Other	185.0	194.6	189.5	197.9	207.2	189.1	194.4	197.9	210.3	206.1	207.4	209.9	205.2	203.6	202.8	202.7
15	Indirect business tax and nontax accruals	99.4	107.5	116.4	101.5	110.4	99.5	100.0	101.5	105.0	106.9	108.0	112.0	114.5	115.5	118.0	119.1
16	Proposed legislation	.....	8	6.4	.....	2.2	.....	.....	.....	.....	0	0	3.2	5.5	7.3	7.5	.....
17	Other	99.4	106.7	110.0	101.5	108.2	99.5	100.0	101.5	105.0	106.9	108.0	108.8	109.0	110.0	110.7	111.6
18	Contributions for social insurance	643.4	681.2	713.6	647.2	681.9	636.5	642.9	651.2	658.0	670.0	677.9	686.1	693.4	707.0	713.8	720.5
19	Old age, survivors, disability, and hospital insurance	587.9	623.6	652.5	589.1	621.3	578.8	584.9	593.0	599.5	610.8	617.7	624.9	631.6	643.0	649.5	655.8
20	Tax on wages and salaries (FICA, gross)	555.4	589.0	616.1	557.3	587.5	547.7	553.4	561.0	567.2	577.8	584.2	591.0	597.1	607.9	614.0	620.1
21	Proposed legislation	.....	0	0	.....	0	.....	.....	.....	.....	0	0	0	0	0	0	.....
22	Base increases	.....	9	4.8	.....	3.8	.....	.....	.....	.....	3.8	3.8	3.8	3.8	7.8	7.8	7.8
23	January 2000	.....	9	3.8	.....	3.8	.....	.....	.....	.....	3.8	3.8	3.8	3.8	3.8	3.8	3.8
24	January 2001	.....	.....	1.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.0	4.0	4.0	.....
25	Other	555.4	588.1	611.4	557.3	583.8	547.7	553.4	561.0	567.2	574.0	580.5	587.2	593.4	600.1	606.2	612.3
26	FICA Refunds	-1.5	-1.8	-1.9	-2.5	-2.8	-2.5	-2.5	-2.5	-2.5	-2.8	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9
27	Voluntary hospital insurance	1.4	1.4	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4
28	Tax on self-employment earnings (SECA)	32.7	35.0	36.8	32.9	35.2	32.3	32.7	33.1	33.4	34.5	35.0	35.4	35.9	36.6	36.9	37.2
29	Base increases	.....	6	9	.....	6	.....	.....	.....	.....	6	6	6	6	9	9	9
30	Other	32.7	34.4	35.9	32.9	34.6	32.3	32.7	33.1	33.4	33.9	34.4	34.9	35.3	35.7	36.0	36.3
31	Supplementary medical insurance	20.1	20.2	21.6	20.2	20.6	20.0	20.1	20.2	20.4	20.5	20.6	20.7	20.7	22.5	22.5	22.5
32	Unemployment insurance	26.8	28.3	30.4	28.7	30.5	28.3	28.5	28.8	29.0	29.5	30.2	30.8	31.3	31.8	32.2	32.6
33	Other	8.7	9.1	9.1	9.2	9.6	9.3	9.3	9.1	9.1	9.2	9.5	9.7	9.9	9.8	9.7	9.6
34	<b>Current Expenditures</b>	<b>1,729.9</b>	<b>1,798.4</b>	<b>1,845.5</b>	<b>1,755.8</b>	<b>1,815.2</b>	<b>1,728.9</b>	<b>1,735.0</b>	<b>1,749.3</b>	<b>1,809.9</b>	<b>1,804.7</b>	<b>1,807.5</b>	<b>1,811.5</b>	<b>1,837.1</b>	<b>1,857.2</b>	<b>1,858.7</b>	<b>1,869.2</b>
35	Consumption expenditures <sup>3</sup>	463.8	487.2	490.3	474.8	486.1	467.0	465.2	475.0	492.0	486.1	488.6	483.7	485.9	497.3	493.6	492.2
36	National defense	304.7	315.8	317.2	310.8	313.0	304.6	300.8	312.1	325.6	314.1	315.3	309.8	312.9	321.7	318.9	317.3
37	Pay raises and locality pay	.....	3.5	8.3	.....	4.8	.....	.....	.....	.....	4.4	4.4	5.2	5.2	9.3	9.3	9.3
38	January 2000	.....	3.5	5.2	.....	4.8	.....	.....	.....	.....	4.4	4.4	5.2	5.2	5.2	5.2	.....
39	January 2001	.....	.....	3.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.1	4.1	4.1	.....
40	Other	304.7	312.3	308.9	310.8	308.2	304.6	300.8	312.1	325.6	309.7	310.9	304.6	307.7	312.4	309.6	308.0
41	Nondefense	159.1	171.4	173.1	164.0	173.1	162.4	164.4	162.9	166.3	172.0	173.3	173.9	173.1	175.6	174.7	174.9
42	Pay raises and locality pay	.....	2.4	5.2	.....	3.2	.....	.....	.....	.....	3.2	3.2	3.2	3.2	5.8	5.8	5.8
43	January 2000	.....	2.4	3.2	.....	3.2	.....	.....	.....	.....	3.2	3.2	3.2	3.2	3.2	3.2	3.2
44	January 2001	.....	.....	2.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	2.6	2.6	2.6	.....
45	Other	159.1	169.0	167.9	164.0	169.9	162.4	164.4	162.9	166.3	168.8	170.1	170.7	169.9	169.8	168.9	169.1
46	Transfer payments (net)	741.2	771.7	819.9	754.4	793.9	743.4	749.7	754.8	769.7	782.1	784.8	792.1	816.5	827.9	834.6	843.9
47	To persons	732.6	762.3	808.3	744.0	783.9	736.6	740.5	746.4	752.3	771.7	779.6	787.5	796.7	817.1	826.2	836.2
48	Social Security	377.1	393.3	412.0	380.6	400.7	377.6	379.2	381.9	383.7	396.7	399.5	402.0	404.4	416.2	417.6	418.9
49	Regular	377.1	386.4	395.2	380.6	391.4	377.6	379.2	381.9	383.7	387.4	390.3	392.7	395.2	396.8	398.3	399.5
50	Benefit increases	.....	7.0	16.9	.....	9.3	.....	.....	.....	.....	9.3	9.3	9.3	9.3	19.4	19.4	19.4
51	January 2000	.....	7.0	9.3	.....	9.3	.....	.....	.....	.....	9.3	9.3	9.3	9.3	9.3	9.3	9.3
52	January 2001	.....	.....	7.6	.....	.....	.....	.....	.....	.....	.....	.....	.....	10.1	10.1	10.1	.....
53	Medicare	207.1	218.7	238.1	215.8	232.4	211.3	213.8	217.2	221.0	225.7	230.2	234.6	239.0	244.1	249.8	256.3
54	Unemployment benefits	20.9	21.3	24.1	20.5	20.6	20.7	20.5	20.4	20.3	19.9	20.2	20.7	21.5	22.4	23.5	24.6
55	Veterans benefits	23.7	24.6	25.7	24.0	25.2	24.0	23.9	24.0	24.2	25.0	25.1	25.3	25.3	26.0	26.2	26.4
56	Railroad retirement	8.5	8.3	8.6	8.2	8.1	8.2	8.2	8.2	8.2	8.2	8.1	8.1	8.2	8.5	8.5	8.5
57	Military medical insurance	2.0	1.8	1.8	2.0	1.9	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9
58	Food stamps	15.7	15.9	17.1	15.6	16.3	15.8	15.7	15.3	15.5	16.0	16.1	16.2	17.0	17.3	17.5	17.7
59	Black lung benefits	1.0	1.0	9	1.0	9	1.0	1.1	1.0	1.0	1.0	9	9	9	9	9	9
60	Supplemental security income	28.1	29.3	30.6	26.8	27.6	26.9	26.9	26.8	26.6	27.4	27.5	27.6	27.8	28.7	28.8	28.9
61	Earned income and child care credits	26.1	26.2	26.3	26.7	26.8	26.7	26.7	26.7	26.7	26.8	26.8	26.8	26.8	27.0	27.0	27.0
62	All other	22.4	21.9	23.1	22.8	23.3	22.3	22.6	22.9	23.2	23.1	23.2	23.3	23.6	24.1	24.6	25.1
63	To rest of the world (net)	8.5	9.4	11.7	10.5	10.0	6.8	9.2	8.5	17.4	10.4	5.2	4.5	19.8	10.8	8.4	7.7

Table 10.—Federal Government Current Receipts and Expenditures, NIPA Framework—Continued

(Billions of dollars; calendar year and quarters at seasonally adjusted annual rates)

Line		Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
		1999	2000	2001	Pub- lished	Esti- mated	Published				Estimated						
							1999 <sup>2</sup>				2000				2001		
					1999 <sup>2</sup>	2000	I	II	III	IV	I	II	III	IV	I	II	III
64	Grants-in-aid to State and local governments .....	223.8	242.1	259.6	225.5	246.4	219.9	215.7	230.6	235.6	240.4	243.6	249.4	252.2	257.9	260.7	267.2
65	General public service .....	4.1	2.6	4.1	2.4	2.9	2.4	2.7	2.6	2.1	2.7	2.9	2.8	3.3	4.1	4.5	4.5
66	National defense .....	2.9	3.1	3.3	3.3	3.2	3.1	3.2	3.3	3.5	3.0	3.0	3.0	3.7	3.2	3.2	3.2
67	Public order and safety .....	1.4	2.3	3.3	1.6	2.6	1.5	1.6	1.5	1.8	2.3	2.3	2.3	3.3	3.2	3.2	3.3
68	Economic affairs .....	8.8	10.2	10.5	9.1	10.3	8.5	8.9	10.1	8.9	10.3	10.4	11.2	9.3	10.6	10.7	11.4
69	General economic and labor .....	4.3	5.4	5.8	4.4	5.5	4.4	4.4	4.3	4.5	5.5	5.7	5.6	5.1	5.9	6.1	6.0
70	Agriculture .....	.8	1.0	.9	1.0	1.0	.9	1.0	.9	1.0	1.1	1.0	1.0	.7	1.0	1.0	1.0
71	Energy .....	1.1	1.1	1.2	1.1	1.1	1.2	1.0	1.1	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2
72	Natural resources .....	1.7	1.9	1.7	1.8	1.9	1.3	1.5	2.7	1.7	1.8	1.6	2.6	1.5	1.6	1.5	2.3
73	Transportation <sup>4</sup> .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74	Space .....	.9	.8	.9	.9	.8	.7	1.0	1.0	.7	.8	.9	.9	.7	.8	.9	.9
75	Housing and community services .....	10.6	11.6	12.0	10.6	11.7	10.2	10.6	10.7	10.9	11.7	12.0	11.5	11.6	12.1	12.3	12.1
76	Health .....	119.3	129.4	140.3	121.3	132.1	117.1	115.9	124.9	127.4	126.9	129.2	133.3	138.8	137.7	140.2	144.6
77	Medicaid .....	107.9	115.9	124.6	110.6	118.1	107.3	106.1	113.6	115.5	113.3	115.7	119.2	124.2	121.8	124.4	128.2
78	Other .....	11.5	13.4	15.7	10.7	14.0	9.7	9.8	11.3	11.9	13.6	13.5	14.1	14.6	15.9	15.8	16.5
79	Recreation and culture .....	.3	.3	.3	.2	.3	.1	.2	.3	.3	.3	.3	.3	.3	.3	.3	.3
80	Education .....	19.4	22.9	23.1	19.2	23.0	19.9	17.4	19.2	20.2	24.0	23.5	23.9	20.4	24.1	23.7	24.0
81	Income security .....	56.9	59.7	62.8	56.5	60.5	57.0	55.2	58.0	55.6	59.2	60.0	61.0	61.6	62.6	62.7	63.8
82	Welfare and social services .....	48.6	52.1	55.7	49.8	53.0	49.5	47.8	50.4	51.5	51.5	52.6	53.2	54.6	55.5	55.8	56.5
83	Other .....	8.3	7.6	7.1	7.2	7.5	7.5	7.4	7.6	6.2	7.7	7.4	7.8	6.9	7.2	6.9	7.3
84	Net interest paid .....	264.8	258.5	247.1	262.8	253.9	266.0	264.8	259.9	260.7	258.3	255.2	252.1	249.8	246.8	243.7	240.6
85	Subsidies less current surplus of government enterprises .....	36.4	38.8	28.5	38.3	35.0	32.6	39.5	29.0	51.9	37.8	35.4	34.2	32.6	27.3	26.0	25.3
86	Subsidies .....	40.5	43.6	36.2	43.3	40.3	37.5	44.4	34.1	57.0	42.9	40.7	39.6	38.1	36.2	34.9	34.2
87	Agriculture .....	19.1	21.1	13.0	21.7	18.0	15.6	22.9	12.8	35.3	20.9	18.4	17.1	15.4	13.4	12.0	11.2
88	Housing .....	20.6	21.3	22.2	20.7	21.2	21.0	20.7	20.5	20.6	20.8	21.1	21.3	21.6	21.8	21.9	22.0
89	Other .....	.8	1.2	1.0	.9	1.2	.8	.8	.8	1.1	1.2	1.2	1.2	1.1	1.0	1.0	1.0
90	Less: Current surplus of government enterprises .....	4.2	4.8	7.7	5.0	5.3	4.8	4.9	5.1	5.2	5.1	5.2	5.4	5.5	8.9	8.9	8.9
91	Postal Service .....	-1.6	-1.1	1.0	-1.2	-1.3	-1.2	-1.2	-1.1	-1.2	-1.2	-1.3	-1.3	-1.3	1.8	1.7	1.6
92	Federal Housing Administration .....	3.2	3.5	4.5	3.6	4.0	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.3	4.6	4.8	5.0
93	Tennessee Valley Authority .....	3.0	3.1	3.2	2.9	2.9	2.8	2.8	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.1	3.1
94	Other .....	-4	-7	-1.0	-2	-4	-1	-2	-2	-3	-3	-4	-4	-5	-6	-7	-8
95	Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96	<b>Current surplus or deficit (-) <sup>5</sup></b> .....	<b>111.7</b>	<b>154.7</b>	<b>171.1</b>	<b>114.9</b>	<b>152.2</b>	<b>97.6</b>	<b>118.1</b>	<b>133.8</b>	<b>110.0</b>	<b>124.5</b>	<b>147.3</b>	<b>171.3</b>	<b>165.7</b>	<b>150.7</b>	<b>166.2</b>	<b>172.6</b>
97	<b>Addenda:</b>																
98	Gross investment <sup>6</sup> .....	92.2	102.9	112.5	95.7	105.1	90.4	96.4	94.9	101.3	102.6	101.5	107.7	108.6	109.8	112.2	115.4
98	National defense .....	51.9	56.9	60.9	53.7	57.3	51.2	53.5	53.4	56.7	56.6	54.2	59.3	59.1	59.6	61.2	63.8
99	Nondefense .....	40.3	46.1	51.6	42.0	47.8	39.2	42.9	41.5	44.6	45.9	47.3	48.4	49.4	50.2	51.0	51.7
100	Consumption expenditures and gross investment .....	556.0	590.2	602.8	570.5	591.2	557.4	561.6	569.8	593.2	588.7	590.1	591.4	594.5	607.1	605.8	607.7
101	National defense .....	356.6	372.7	378.1	364.5	370.4	355.8	354.3	365.4	382.3	370.8	369.5	369.1	372.0	381.3	380.1	381.1
102	Nondefense .....	199.4	217.5	224.6	206.1	220.9	201.6	207.3	204.4	210.9	217.9	220.6	222.4	222.5	225.8	225.7	226.6
103	Capital transfers received (net) .....	-3.6	-4.7	-5.1	-5.0	-5.7	-2.7	-4.8	-9.7	-2.9	-4.2	-5.3	-6.3	-7.0	-6.3	-5.8	-5.9
104	Capital transfers received .....	27.7	30.3	32.2	28.7	29.9	27.1	29.7	26.2	31.8	30.5	29.7	29.4	29.9	30.7	31.5	32.2
105	Estate and gift taxes .....	27.7	30.3	32.2	28.7	29.9	27.1	29.7	26.2	31.8	30.5	29.7	29.4	29.9	30.7	31.5	32.2
106	Less: Capital transfers paid .....	31.3	35.0	37.3	33.8	35.6	29.9	34.5	36.0	34.7	34.7	35.0	35.7	36.9	37.0	37.3	38.1
107	Grants-in-aid to State and local governments .....	31.3	35.0	37.3	33.8	35.6	29.9	34.5	36.0	34.7	34.7	35.0	35.7	36.9	37.0	37.3	38.1
108	Transportation .....	28.6	32.0	34.0	30.7	32.5	26.9	31.0	33.2	31.8	31.8	32.0	32.4	33.7	33.7	34.0	34.5
109	Highway .....	23.0	25.8	27.7	23.3	26.2	20.7	23.4	24.9	24.1	26.0	26.2	26.8	25.9	27.9	28.2	28.8
110	Other transportation .....	5.6	6.2	6.3	7.4	6.3	6.2	7.6	8.2	7.7	5.8	5.8	5.7	7.8	5.8	5.8	5.7
111	Housing and community services .....	2.7	3.0	3.4	2.8	3.1	2.6	3.0	2.8	2.9	3.0	3.0	3.2	3.2	3.3	3.3	3.6

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in NIPA tables 3.2 and 3.7B elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the fourth quarter of 1999 will not be available until the release of the final estimate of gross domestic product on March 30, 2000. The value shown is derived from the budget.

3. *The Budget of the United States Government, Analytical Perspectives, Fiscal Year 2001*, "National Income and Product Accounts," page 363 contains incorrect fiscal year estimates of personal tax and nontax receipts and consumption expenditures; these estimates carried through to the budget estimates for current receipts, expenditures, and the surplus. These changes were made because of additional data received after the budget was released

and because of corrections.

4. Most transportation grants-in-aid to State and local governments are classified as capital transfers paid (see addenda); however, water and railroad transportation grants are still classified as current-account transactions.

5. See footnote 1 in table 7.

6. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *The Budget of the United States Government, Fiscal year 2001* and the Bureau of Economic Analysis.

FICA Federal insurance contributions act

NIPA National income and product accounts

SECA Self-employment contributions act