19. 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 2020 with the current services estimates shown in the 2020 Budget, published in March 2019.[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 2020 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2020 were $3,421 billion, $221 billion less than the $3,643 billion current services estimate in the 2020 Budget, which was published in March 2019. As shown in Table 19-1, this decrease was the net effect of legislative changes, economic conditions that differed from what had been expected, and technical factors that resulted in different tax liabilities and collection patterns than had been assumed.

Policy differences. Legislated tax changes enacted after March 2019 reduced 2020 receipts by a net $173 billion relative to the 2020 Budget current services estimate. The Taxpayer First Act (P.L. 116-25) changed management and oversight of the Internal Revenue Service to improve customer service, expanded the use of electronic information systems in part by relaxing restrictions to mandate electronic filing based on the number of returns to be filed by a taxpayer, and increased the penalty for late returns, among other provisions; it was signed into law on July 1, 2019, and increased 2020 receipts by an estimated $5 million. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94), repealed the medical device excise tax, the annual fee on health insurance providers, and the excise tax on high cost employer-sponsored health coverage; modified required distribution rules for designated beneficiaries of defined contribution retirement plans; reduced the medical expense deduction floor from 10 percent to 7.5 percent of a taxpayer's adjusted gross income; and included tax incentives for economic growth and community development, energy production and efficiency, and green economy jobs. It also extended a number of provisions set to expire at the end of 2019, including the New Markets Tax Credit; Work Opportunity Credit; and excise tax rates on beer, wine, and distilled spirits; among others. Finally, it provided tax relief for taxpayers affected by federally-declared disasters that occurred in 2018 or 2019. This Act was signed into law on December 20, 2019, and reduced 2020 receipts by an estimated $26 billion. The United States-Mexico-Canada Agreement Implementation Act (P.L. 116-113) revised certain tariffs and addressed trade barriers; it was signed into law on January 29, 2020, and increased 2020 receipts by an estimate $1 million. The Families First Coronavirus Response Act (P.L. 116-127) provided fully refundable credits against payroll taxes to compensate employers (including self-employed individuals) for paid sick leave and family and medical leave mandated in the Act; it was signed into law on March 18, 2020, and decreased 2020 receipts by an estimated $1 billion. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), allowed employers and self-employed individuals to defer payment of the employer's share of Social Security taxes incurred from March 27 through December 31, 2020; provided a refundable

[1] The current services concept is discussed in Chapter 17, "Current Services Estimates." For mandatory programs and receipts, the March 2019 current services estimate was based on laws then in place, adjusted for certain expiring 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 2019 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 2019 estimate, see "Current Services Estimates," Chapter 26 in Analytical Perspectives, Budget of the United States Government, Fiscal Year 2020.

Table 19–1. COMPARISON OF ACTUAL 2020 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

	Estimate (March 2019)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	1,822	–139	–102	28	–213	1,609
Corporation income taxes	256	–19	–24	–1	–44	212
Social insurance and retirement receipts	1,296	....	–38	53	14	1,310
Excise taxes	108	–15	–1	–5	–22	87
Estate and gift taxes	19	....	–0	–1	–2	18
Customs duties	48	0	–4	24	20	69
Miscellaneous receipts	94	0	37	–12	24	118
Total receipts	3,643	–173	–133	84	–221	3,421

* $500 million or less

Employee Retention Credit against payroll taxes for employers who kept employees on payroll during mandated shut-downs; permitted business to offset 100 percent of taxable income for net operating losses incurred over the three-year period from 2018 to 2020, and allowed corporations to carry back recently incurred losses for refunds of tax liabilities for the prior five years; allowed taxpayers to use their business losses to offset non-business income for tax years 2018 through 2020, or for farm losses for tax years 2018 through 2025; waived penalties for certain early withdrawals from retirement accounts in 2020; created a partial above-the-line deduction for taxpayers who do not itemize deductions in 2020 but make charitable contributions of up to $300 in cash; and excluded from taxation certain employer payments for employees' student loans; among other provisions. This Act was signed into law on March 27, 2020, and reduced 2020 receipts by an estimated $147 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance decreased 2020 receipts by a net $133 billion below the March 2019 current services estimate. Wage and salary income was lower in 2020 than initially projected, which decreased individual income tax and social insurance receipts by $102 billion and $24 billion below the March 2019 estimate, respectively, and accounted for most of the net decrease in receipts attributable to economic differences. Different economic factors than those assumed in March 2019 had a smaller effect on other sources of receipts, increasing collections by a net $8 billion.

Technical factors. Technical factors increased receipts by a net $84 billion relative to the March 2019 current services estimate. These factors had the greatest effect on social insurance and retirement receipts, increasing collections by $53 billion. Increases in individual income taxes and customs duties of $28 billion and $24 billion, respectively, accounted for most of the remaining changes in 2020 receipts attributable to technical factors, partially offset by a decrease in miscellaneous receipts of $12 billion. The models used to prepare the March 2019 estimates of individual 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 this source of receipts attributable to technical factors. New tariffs imposed on imports accounted for the increase in customs duties.

Outlays

Outlays for 2020 were $6,550 billion, $1,839 billion more than the $4,711 billion current services estimate in the 2020 Budget. Table 19–2 distributes the $1,839 billion net increase 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 2020, policy changes increased outlays by $1,814 billion relative to the initial current services estimates, which included increased spending to counter the impacts of the COVID-19 pandemic through the Families First Coronavirus Response Act (Public Law 116-127), Coronavirus Aid, Relief and Economic Security Act (Public Law 116-136) and the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139). The combined policy changes from final 2019 and 2020 appropriations increased discretionary outlays by $310 billion. Policy changes increased mandatory outlays by a net $1,490 billion above current law, largely due to legislation mentioned above which funded a broad set of programs aimed at combating the COVID-19 pandemic. Debt service costs associated with all policy changes increased outlays by than $14 billion.

Economic and technical factors. Economic and technical estimating factors resulted in a net increase in outlays of $25 billion. Technical changes result from changes in such factors as the number of beneficiaries for entitlement

[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 19–2. COMPARISON OF ACTUAL 2020 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (March 2019)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	671	62	....	–19	43	714
Nondefense	671	248	....	–6	242	913
Subtotal, discretionary	1,342	310	....	–25	285	1,627
Mandatory:						
Social Security	1,102	....	–3	–9	–12	1,090
Other programs	1,785	1,490	143	70	1,703	3,488
Subtotal, mandatory	2,887	1,490	140	61	1,691	4,578
Net interest	482	14	–98	–52	–137	345
Total outlays	4,711	1,814	42	–16	1,839	6,550

* $500 million or less

Table 19–3. COMPARISON OF THE ACTUAL 2020 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE

(In billions of dollars)

	Estimate (March 2019)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,643	–173	–133	84	–221	3,421
Outlays	4,711	1,814	42	–16	1,839	6,550
Deficit	1,068	1,987	175	–101	2,061	3,129

* $500 million or less

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

programs, crop conditions, or other factors not associated with policy changes or economic conditions. Defense discretionary spending decreased relative to the current services estimate largely due to slower-than-estimated spending of both new and prior-year authority, while overall non-defense spending decreased slightly, likely attributable to several factors, including overstated outlay assumptions in the 2020 budget, a 35-day lapse in appropriations and disruption due to the COVID-19 pandemic. Increases in discretionary outlays due to legislation, as discussed above, were offset by a $25 billion decrease in net outlays resulting from these technical changes. Outlays for mandatory programs increased $201 billion due to economic and technical factors. There was a net increase in outlays of $140 billion as a result of differences between actual economic conditions versus those forecast in March 2019.

Outlays for Social Security were $12 billion lower than anticipated in the 2020 Budget largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Income security programs and higher education programs were a combined $221 billion higher than anticipated; the remaining changes were spread throughout government programs and lowered outlays by $20 billion. Outlays for net interest were approximately $137 billion lower due to economic and technical factors, primarily due to lower interest rates than originally assumed.

Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual Federal Government receipts and outlays for 2020. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 19–3, the 2020 current services deficit was initially estimated to be $1,068 billion. The actual deficit was $3,129 billion, which was a $2,061 billion increase from the initial estimate. Receipts were $221 billion lower and outlays were $1,839 billion higher 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 $1,987 billion. Economic conditions that differed from the initial assumptions in March 2019 increased the deficit by $175 billion. Technical factors decreased the deficit by an estimated $101 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2019

This section compares the original 2020 outlay estimates for mandatory and related programs in the current services estimates of the 2020 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 19–4 shows the differences between the actual outlays for these programs in 2020 and the current services estimates included in the 2020 Budget. Actual outlays for mandatory spending and net interest in 2020 were $4,923 billion, which was $1,554 billion more than the current services estimate of $3,369 billion in March 2019.

As Table 19–4 shows, actual outlays for mandatory human resources programs were $3,865 billion, $911 billion higher than originally estimated. This increase 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.

The overall increase in outlays for these programs was mainly driven by the legislative response to the COVID-19 pandemic. Income security, other advancement of commerce programs, and other functions accounted for an increase of outlays of $1,499 billion. In addition, outlays in higher education programs were $108 billion higher than estimate primarily due to loan modification costs largely related to emergency COVID-19 relief and net upward reestimates due largely to reductions in forecasted income of borrowers in income-driven repayment. Outlays for net interest were $345 billion, or $137 billion lower than the original estimate. As shown on Table 19–4, interest payments on Treasury debt securities decreased by $160 billion. Interest earnings of trust funds decreased by $12 billion, increasing net outlays, while net outlays for other interest further increased net outlays by $11 billion.

Table 19–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	2020		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	18	125	108
Other	7	6	–1
Total, education, training, employment, and social services	25	131	107
Health:			
Medicaid	426	458	32
Other	108	110	2
Total, health	534	569	35
Medicare	702	769	67
Income security:			
Retirement and disability	160	156	–4
Unemployment compensation	27	472	444
Food and nutrition assistance	91	109	18
Other	187	448	261
Total, income security	465	1184	719
Social security	1102	1090	–12
Veterans benefits and services:			
Income security for veterans	110	110	–0
Other	16	11	–5
Total, veterans benefits and services	126	121	–5
Total, mandatory human resources programs	2,954	3,865	911
Other functions:			
Agriculture	14	31	17
International	–1	8	9
Mortgage credit	–24	–17	7
Deposit insurance	–4	–7	–3
Other advancement of commerce	21	600	579
Other functions	35	205	171
Total, other functions	39	819	780
Undistributed offsetting receipts:			
Employer share, employee retirement	–102	–100	2
Rents and royalties on the outer continental shelf	–5	–4	2
Other undistributed offsetting receipts	1	–3	–4
Total, undistributed offsetting receipts	–106	–106	–0
Total, mandatory	2,887	4,578	1691
Net interest:			
Interest on Treasury debt securities (gross)	683	523	–160
Interest received by trust funds	–147	–135	12
Other interest	–53	–42	11
Total, net interest	482	345	–137
Total, outlays for mandatory and net interest	3,369	4,923	1554

* $500 million or less

Reconciliation of Differences with Amounts Published by the Treasury for 2020

Table 19-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2019 published by the Department of the Treasury in the September 2020 Monthly Treasury Statement (MTS) and those published in this Budget. The Department of the Treasury made no adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances. Additional adjustments for the 2022 Budget increased receipts by $1,207 million and decreased outlays by $1,476 million. Some 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, Federal Retirement Thrift Investment Board Program Expenses, the National Oilheat Research Alliance, the Public Company Accounting Oversight Board, the Puerto Rico Oversight Board, the Securities Investor Protection Corporation, fees and payments related 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 2019 through August 2020. The Budget has been adjusted to reflect NRRIT transactions that occurred during the actual fiscal year, which begins October 1. In addition, the Budget also reflects agency adjustments to 2020 outlays reported to Treasury after preparation of the Treasury Combined Statement.

Table 19–5. RECONCILIATION OF FINAL AMOUNTS FOR 2020
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	3,419,955	6,551,872	3,131,917
Miscellaneous Treasury adjustments	....	....	....
Totals published by Treasury in Combined Statement	3,419,955	6,551,872	3,131,917
Affordable Housing Program	343	343	....
Electric Reliability Organization	100	100	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	14	14	....
Federal Retirement Thrift Investment Board Program Expenses	....	–21	–21
National Oilheat Research Alliance	7	7	....
National Railroad Retirement Investment Trust	....	822	822
Postal Service	....	–3,205	–3,205
Public Company Accounting Oversight Board	270	266	–4
Puerto Rico Oversight Board	58	58	....
Securities Investor Protection Corporation	373	82	–291
Standard Setting Body	31	31	....
United Mine Workers of America benefit funds	14	13	–1
Other	–3	14	17
Total adjustments, net	1,207	–1,476	–2,683
Totals in the Budget	3,421,162	6,550,396	3,129,234
MEMORANDUM:			
Total change since year-end statement	1,207	–1,476	–2,683