

Federal Budget Estimates, Fiscal Year 2000

By Kurt S. Bersani and Laura M. Bilenki

THE FEDERAL Budget of the United States Government for fiscal year 2000 that was released by the President shows a \$117.3 billion surplus, a \$38.0 billion increase over the projected \$79.3 billion surplus in fiscal year 1999.¹ The surplus in fiscal year 1998 was \$69.2 billion. The fiscal year 2000 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.²

This article summarizes the proposed legislation and program changes in the administration's budget and the budget estimates.³ It then presents the budget receipts and outlays in the framework of the national income and product accounts (NIPA's), 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 NIPA's.

Proposed legislation and program changes

The fiscal year 2000 budget presents proposed legislation that would increase receipts by a net \$11.2 billion (table 1). The largest proposal is an

increase in the per pack tax on cigarettes that would add \$8.0 billion to receipts.

A proposal to convert Airport and Airway Trust Fund excise taxes to a cost-based user fee would increase receipts \$1.1 billion. Under this proposal, excise taxes that are levied on domestic air passengers and cargo and on international arrivals and departures would gradually be reduced, while a cost-based user fee for air traffic services would be phased in beginning in fiscal year 2000. The current excise taxes are not necessarily related to the cost of air traffic services.

A proposal to reinstate corporate environmental taxes would add \$0.8 billion to receipts, and a proposal to reinstate excise taxes for the Hazardous Substance Superfund Trust Fund would add \$0.7 billion. These proposed excise taxes would be paid by corporations on petroleum, chemicals and imported substances.

A proposal to repeal installment-method tax payments for business owners who pay taxes on an accrual basis would elevate receipts \$0.7 billion. Accrual-basis accounting requires that expected income be reported for tax purposes even before the income is received; the installment method allows deferment of tax payment until the income is received.

A proposal to repeal the lower-of-cost-or-market inventory accounting method for determining the cost of inventories would raise receipts \$0.4 billion.

A proposal to modify the rules for how life insurance companies can capitalize policy acquisition costs would also add \$0.4 billion.

In addition, over 70 smaller proposals would increase receipts by a total of \$3.2 billion. The two largest of these proposals—to prevent certain kinds of capital gains avoidance and to reinstate the Oil Spill Liability Trust Fund tax—would add \$0.3 billion each to receipts. The other proposals would augment receipts less than \$0.1 billion each.

The proposed legislation that would reduce receipts consists of various tax credits and other tax law changes. The administration's proposal

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2000* (Washington, DC: U.S. Government Printing Office, 1999).

2. Estimates of the administration's proposed legislation and program changes are the difference between the "current-services" estimates included in the budget and the total 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.

3. The article on the Federal budget estimates is usually published annually after the release of the Federal budget; see "Federal Budget Estimates, Fiscal Year 1999" in the March 1998 SURVEY OF CURRENT BUSINESS. This article provides updated fourth-quarter 1998 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 2000*.

to extend a tax credit for certain expenditures on research and experimentation through June 30, 2000, would reduce receipts by \$0.9 billion. A proposal to extend personal tax credits against the alternative minimum tax would reduce receipts by \$0.7 billion. A proposal to modify international trade provisions, primarily by extending the provisions in the General System of Preferences that eliminate duty on certain goods from eligible developing countries, would reduce receipts by \$0.5 billion. Proposed tax credits

for a variety of education initiatives, including extending employer-provided educational assistance and providing incentives for public school construction, would reduce receipts \$0.5 billion. Tax credits to businesses for purchasing energy-efficient equipment and increased tax credits for child care would each reduce receipts \$0.4 billion. All the other tax relief proposals would total less than \$0.2 billion each.

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

[Billions of dollars]

	Fiscal year	
	1999	2000
Receipts		
Current-services estimates	1,806.6	1,871.8
Plus: Proposed legislation	-3	11.2
Tobacco tax	-1	8.0
Convert airport trust fund taxes to user fee system		1.1
Reinstate environmental tax imposed on corporate income .....		.8
Reinstate Hazardous Substance Superfund excise taxes .....	.1	.7
Repeal installment method for accrual-basis taxpayers .....		.7
Repeal lower-of-cost-or-market inventory accounting method	0	.4
Modify rules for life insurance policy acquisition costs .....		.4
Other .....	.3	3.2
Subtotal: Provisions that increase receipts .....	.4	15.3
Extend research and experimentation tax credit	-3	-9
Extend personal tax credits against alternative minimum tax	-1	-7
International trade provisions	-1	-5
Education incentives	-1	-5
Energy efficiency and the environment	0	-4
Child care		-4
Other .....	.2	-8
Subtotal: Provisions that decrease receipts	-7	-4.1
Equals: The budget	1,806.3	1,883.0
Outlays		
Current-services estimates	1,723.2	1,774.1
Plus: Program changes	3.9	-8.4
National defense .....	.1	-4.1
Undistributed offsetting receipts ¹	0	-3.4
Medicare	0	-1.4
Education, training, employment, and social services	0	-1.3
Natural resources and environment	0	-7
Veterans benefits and services	0	-7
International affairs .....	.6	-4
Health	0	-4
Net interest .....	.1	-3
Income security	0	.5
Commerce and housing credit	0	1.1
Allowances ²	3.1	2.6
Other	0	.1
Equals: The budget	1,727.1	1,765.7
Current-services surplus or deficit (-)	83.4	97.7
Proposed changes, receipts less outlays	-4.2	19.6
Administration budget surplus or deficit (-)	79.3	117.3

The fiscal year 2000 budget proposes program changes that would decrease total outlays by a net \$8.4 billion. The largest reduction is \$4.1 billion for national defense. This reduction would result from cuts in administrative costs and support functions, including the following: Outsourcing certain Department of Defense functions, particularly acquisitions, which would decrease the number of full-time civilian employees; eliminating excess property; and reducing supply inventories.

The proposed program changes to undistributed offsetting receipts would decrease total outlays by \$3.4 billion.⁴ This decrease would be due to increased undistributed offsetting receipts as a result of an administration proposal to change certain military retirement benefits. These proposed changes would require higher payments from the Department of Defense to the military retirement fund, and these payments would be recorded as offsets in undistributed offsetting receipts.

Proposed program changes to medicare would reduce outlays by \$1.4 billion. The most important of these proposals would be additional legislation to eliminate fraud and abuse.

Proposed program changes to education, training, employment, and social services would decrease outlays by \$1.3 billion, mostly as a result of eliminating the Title VI Education Block Grant that provides general resources for education. Proposed legislation to improve student loan debt collection would also contribute to the reduction to outlays. Proposed program changes in natural resources and environment would reduce outlays by \$0.7 billion. This reduction would be more than accounted for by shifting some of the financial responsibility from the Federal Government to State and local governments.

Proposed program changes to veterans benefits and services would reduce outlays \$0.7 billion,

1. 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.

2. 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 2000.*

4. 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 the proceeds from selling Federal assets or leases; and receipts that arise from shifts from one account to another, such as agency payments to retirement funds.

mainly reflecting a proposal to reinstate restrictions on tobacco-related disability-compensation benefits. A number of other small proposals would reduce outlays for international affairs by \$0.4 billion, outlays for health by \$0.4 billion, and outlays for net interest by \$0.3 billion.

The largest increase to outlays would be a \$2.6 billion increase in allowances, mostly as a result of a proposal to waive the Federal Government's claim to recoup its share of medicaid costs from State settlements with the tobacco industry. According to the *Budget*, the Federal Government taxpayers paid a major portion of the medicaid costs that were largely the basis for the State settlements with the tobacco companies. Outlays would increase because payments from the State settlements are offset against outlays.

Proposals for the commerce and housing credit would add \$1.1 billion to outlays. Much of this in-

crease stems from proposals to increase loans and loan guarantees for housing and to improve substandard public housing. Proposals for income security would increase outlays by \$0.5 billion, mostly from a proposed program to improve education and safety of child care for children under 5. Each of the other proposals that would increase outlays are \$0.1 billion or less.

The budget estimates

In the budget, receipts in fiscal year 2000 are projected to increase \$76.7 billion, or 4.2 percent, to \$1883.0 billion (table 2). Receipts in 1999 are projected to be \$1,806.3 billion, up 4.7 percent from 1998. More than 75 percent of the increase in 2000 is accounted for by projected increases in individual income taxes and in social insurance taxes and contributions. These increases are based on administration economic assumptions.⁵ In fiscal year 1999, individual income taxes would decelerate because of stable unemployment rates after a decrease in fiscal year 1998, slower economic growth, and new tax credits for education and child care.

Corporate income taxes would increase \$7.1 billion in fiscal year 2000 after decreasing \$6.5 billion in fiscal year 1999. The fiscal year 2000 increase is based on administration assumptions of increased corporate profits. The fiscal year 1999 decrease results from assumptions about lower tax collections based on decelerated growth and from provisions of the Taxpayer Relief Act of 1997 for corporate income taxes that did not take effect until fiscal year 1999.

Excise taxes would increase \$1.8 billion following a \$10.4 billion increase. The 1999 excise tax increase is mostly accounted for by deposits for alternative motor fuels under provisions of the Taxpayer Relief Act of 1997 that were delayed from fiscal year 1998 to fiscal year 1999. Miscellaneous receipts are projected to increase \$7.4 billion as a result of the proposed tax increase on tobacco.

Total budget outlays in fiscal year 2000 are projected to increase \$38.6 billion, or 2.2 percent, to \$1,765.7 billion (table 3). Outlays in 1999 are projected to be \$1,727.1 billion, up 4.3 percent from 1998. The projected increase in 2000 is mostly accounted for by increases in five areas:

- Social security—An increase of \$16.0 billion is accounted for by an increase in current-services outlays for old-age and survivors insurance benefits. This increase reflects

Table 2.—Budget Receipts by Source

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	1997	1998	1999	2000	1998	1999	2000
Budget receipts	1,579.3	1,721.8	1,806.3	1,883.0	142.5	84.5	76.7
Individual income taxes	737.5	828.6	868.9	899.7	91.1	40.4	30.8
Social insurance taxes and contributions	539.4	571.8	608.8	636.5	32.5	37.0	27.7
Corporation income taxes	182.3	188.7	182.2	189.4	6.4	-6.5	7.1
Excise taxes	56.9	57.7	68.1	69.9	0.7	10.4	1.8
Miscellaneous receipts	25.5	32.7	34.7	42.1	7.2	2.0	7.4
Estate and gift taxes	19.8	24.1	25.9	27.0	4.2	1.9	1.0
Customs duties	17.9	18.3	17.7	18.4	.4	-6	.7

Source: The Budget of the United States Government, Fiscal Year 2000.

Table 3.—Budget Outlays by Function

[Billions of dollars]

	Level for fiscal year				Change from preceding fiscal year		
	1997	1998	1999	2000	1998	1999	2000
Budget outlays	1,601.2	1,652.6	1,727.1	1,765.7	51.4	74.4	38.6
Social security	365.3	379.2	392.6	408.6	14.0	13.4	16.0
National defense	270.5	268.5	276.7	274.1	-2.0	8.3	-2.7
Income security	230.9	233.2	243.1	258.0	2.3	9.9	14.9
Medicare	190.0	192.9	205.0	216.6	2.9	12.1	11.6
Net interest	244.0	243.4	227.2	215.2	-7	-16.1	-12.1
Health	123.8	131.4	143.1	152.3	7.6	11.7	9.2
Education, training, employment, and social services	53.0	54.9	60.1	63.4	1.9	5.1	3.3
Transportation	40.8	40.3	42.6	46.4	-4	2.3	3.8
Veterans benefits and services	39.3	41.8	43.5	44.0	2.5	1.7	.5
Administration of justice	20.2	22.8	24.5	27.5	2.6	1.6	3.1
Natural resources and environment	21.4	22.4	24.3	23.7	1.0	1.9	-5
General science, space, and technology	17.2	18.2	18.5	18.6	1.0	.3	0
Agriculture	9.0	12.2	21.4	15.1	3.2	9.2	-6.3
International affairs	15.2	13.1	15.5	16.1	-2.1	2.4	.6
General government	12.8	13.4	14.9	14.5	.7	1.4	-4
Community and regional development	11.0	9.7	10.4	10.2	-1.3	.7	-2
Commerce and housing credit	-14.6	1.0	.5	6.4	15.6	-6	5.9
Allowances ¹			3.1	2.6	0	3.1	-5
Energy	1.5	1.3	0	-2.0	-2	-1.2	-2.0
Undistributed offsetting receipts ²	-50.0	-47.2	-40.0	-45.7	2.8	7.2	-5.6

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 2000.

5. See "Economic Assumptions," *Analytical Perspectives*, 1-15.

cost-of-living adjustments and assumptions about inflation and about the number of beneficiaries in these programs.

- **Income security**—An increase of \$14.9 billion is accounted for by an increase of \$14.3 billion in current-services outlays and of \$0.5 billion in program changes. The increase is distributed over a variety of programs, including child care entitlements to States; income assistance for the aged, blind, and disabled; and nutrition programs for low-income women, children, and infants.
- **Medicare**—An increase of \$11.6 billion is more than accounted for by a \$13.1 billion increase in current-services outlays. This increase is based on the assumptions about inflation and about the growing number of beneficiaries in this program, as well as expanded access to preventive health care.
- **Health**—An increase of \$9.2 billion is more than accounted for by a \$9.5 billion increase in current-services outlays. Most of the increase is accounted for by an increase of \$6.3 billion for medicaid, reflecting assumptions about inflation and about the number of beneficiaries in this program. The rest of the increase is primarily accounted for by an increase for the National Institutes of Health (\$1.4 billion) for biomedical research, by an increase in the Children's Health Insurance Program (\$0.5 billion) to continue expanding insurance coverage for currently uninsured children, and by higher payments for health benefits for current and retired Federal employees (\$0.5 billion) primarily reflecting the administration's assumptions about increasing medical costs.
- **Commerce and housing credit**—An increase of \$5.9 billion is accounted for by an increase of \$4.8 billion in current-services outlays and of \$1.1 billion in program changes. The increase in current-services outlays results mainly from funding for the 2000 decennial census, \$1.5 billion in additional new business loans from the Small Business Administration, and additional loans and loan guarantees from the Department of Agriculture's Rural Housing Service for rural residents living in substandard housing. The program changes reflect proposals to increase loans and loan guarantees for housing and to improve substandard public housing.

- **Net interest**—A decrease in net interest of \$12.1 billion is mostly accounted for by a reduction in the U.S. debt and thus in the interest paid on the public debt.
- **Agriculture**—A decrease of \$6.3 billion is accounted for by a decrease of \$6.0 billion in current-services outlays and of \$0.3 billion from program changes. The decrease in current services outlays reflects emergency funding in the 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act; the need for emergency funding is not anticipated in fiscal year 2000.⁶ The decrease in outlays from program changes reflects several small proposals.
- **Undistributed offsetting receipts**—A decrease of \$5.6 billion is accounted for by a decrease of \$2.2 billion in current-services outlays and of \$3.4 billion in program changes. The decrease in current-services outlays results from the continuing auction of radio spectrum licenses, which would increase undistributed offsetting receipts. The decrease in outlays from program changes results from a proposal to require higher payments from the Department of Defense to the military retirement fund, which would increase undistributed offsetting receipts.

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 (NIPA's). Unlike the budget, which is a financial plan of the government on a cash basis, the NIPA's have been developed to facilitate macroeconomic analyses of the impact of changes in Federal receipts and current expenditures on gross domestic product and its components. BEA makes adjustments to the budget estimates in order to provide estimates of Federal receipts and current expenditures that are consistent over time with NIPA components.⁷ One major conceptual difference is in the treatment of government

6. This act provided funding to help farms survive unprecedented crop and livestock price decreases, regional production problems, and diminished exports.

7. For a detailed discussion of these 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>.

Since the publication of this paper, the treatment of government receipts and some of the definitions and classifications used to measure the Federal sector have changed; see "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

The projected decreases in fiscal year 2000 are mostly accounted for by decreases in three areas:

investment; in the NIPA's, the treatment of government investment in fixed assets and the cost of using these assets is symmetrical with the treatment of fixed investment in the private sector. Transfers of nonproduced assets, such as the sale of land, are excluded from the NIPA's because they do not affect current production. The NIPA's also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are by definition not included in the NIPA's, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a nonprofit institution that is regulated by the Federal Communication Commission.

NIPA receipts differ from budget receipts because of differences in coverage, in netting 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 receipts and budget receipts primarily reflect contributions to government employee retirement funds and proprietary receipts (table 4).⁸ In the budget, these contributions are included in outlays both as expenditures

Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision," SURVEY 76 (January/February 1996): 1–31.

8. Proprietary receipts consists of medicare premiums, personal and business nontaxes and other proprietary receipts.

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

	Fiscal year		
	1998	1999	2000
Budget receipts	1,721.8	1,806.3	1,883.0
Less: Coverage differences ¹	5.5	5.6	7.7
Plus: Netting and grossing differences:			
Contributions to government employee retirement funds	72.1	73.2	76.4
Taxes received from the rest of the world ²	-2.7	-2.8	-2.8
Proprietary receipts:			
Medicare premiums	20.7	21.3	22.8
Personal and business nontaxes ³	15.0	13.1	14.5
Other	-1.7	-2.2	-2.4
Timing differences:			
Corporate income tax	2.9	4.4	1.7
Federal and State unemployment insurance taxes	-1.5	-1.9	-1.8
Withheld personal income tax and social security contributions	5.8	6.5	4.3
Excise taxes	3.8	-4.9	1.4
Other	0	0	0
Miscellaneous ⁴	-2.7	-2.5	-2.6
Equals: Federal Government receipts, national income and product accounts	1,828.1	1,904.9	1,987.0

1. Consists largely of the Federal Communication Commission Universal Service Fund receipts and contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

3. Consists of those revenues classified as personal and business nontaxes in the NIPA's that are netted against outlays in the budget.

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

Sources: *The Budget of the United States Government, Fiscal Year 2000* and the Bureau of Economic Analysis.

and as offsetting receipts and thus net to zero; in the NIPA's, they are recorded as receipts in order to provide separate detail on government retirement funds and are offset in consumption expenditures. In the budget, some proprietary receipts are netted against outlays, but in the NIPA's, they are treated as receipts. For 2000, NIPA receipts would exceed budget receipts by \$104.0 billion; contributions to government employee retirement funds would be \$76.4 billion, and proprietary receipts would be \$34.9 billion.

NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. They also differ because of the NIPA treatment of government investment in fixed assets and because of

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

[Billions of dollars]

	Fiscal year		
	1998	1999	2000
Budget outlays	1,652.6	1,727.1	1,765.7
Less: Coverage differences:			
Geographic ¹	9.9	10.4	11.0
Financing disbursements from credit programs	-11.6	-21.6	-16.8
Other ²	2.2	3.6	5.5
Financial transactions:			
Net lending	19.5	34.4	20.6
Deposit insurance	-3.1	-3.6	-9
Other	-2.0	-5.2	-2.1
Net purchases of nonproduced assets			
Outer continental shelf	-5	-2	.2
Other	-4.9	-5	-4.7
Plus: Netting and grossing differences:			
Contributions to government employee retirement funds	72.1	73.2	76.4
Taxes received from the rest of the world ³	-2.7	-2.8	-2.8
Proprietary receipts:			
Medicare premiums	20.7	21.3	22.8
Personal and business nontaxes ⁴	15.0	13.1	14.5
Other	-1.7	-2.2	-2.4
Consumption of fixed capital	69.8	69.5	69.7
Timing differences:			
National defense consumption expenditures .....	.6	.9	2.6
Other	1.2	1.3	-2.9
Miscellaneous ⁵ .....	.1	.1	.1
Equals: Federal Government current expenditures and gross investment, national income and product accounts	1,818.0	1,884.3	1,931.0
Less: Gross investment ⁶	60.4	64.0	63.1
Equals: Federal Government current expenditures, national income and product accounts	1,757.6	1,820.2	1,867.9

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

2. Consists of agencies not in the budget and the Federal Communication Commission Universal Service Fund payments. Also includes net purchases of silver and minor coin metal.

3. Taxes received from the rest of the world are included in the budget and netted against expenditures (transfer payments) in the NIPA's.

4. Consists of those revenues classified as personal and business nontaxes in the NIPA's that are netted against outlays in the budget.

5. Consists largely of net expenditures of foreign currencies.

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 2000* and the Bureau of Economic Analysis.

the exclusion of financial transactions, such as loans, and the exclusion of sales of nonproduced assets, such as the radio spectrum. For most years, the differences between NIPA consumption expenditures and budget outlays primarily reflect the netting and grossing differences and the treatment of government investment (table 5). NIPA current expenditures includes the consumption of fixed capital, which represents the value of the current services of fixed assets of general government; consumption of fixed capital is not included in the budget. NIPA current expenditures excludes government investment in fixed assets, which is included in budget outlays. For 2000, NIPA current expenditures would exceed budget outlays by \$102.2 billion; contributions to government employee retirement funds would be \$76.4 billion, proprietary receipts would be \$34.9 billion, and the consumption of fixed capital would exceed investment by \$6.6 billion.

In the NIPA framework, budget outlays for national defense and nondefense are included in both consumption expenditures and gross investment. Budget outlays for national defense

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 NIPA's.⁹ Second, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis; thus, in the NIPA's, all work-in-progress except shipbuilding and structures are included in the change-in-business-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 NIPA's, a payment is added to amortize the unfunded liability for military retirement benefits 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).

Table 6.—Relation of National Defense Consumption Expenditures and Gross Investment in the NIPA's to National Defense Outlays in the Budget

[Billions of dollars]

	Fiscal year		
	1998	1999	2000
National defense outlays in the budget	268.5	276.7	274.1
Department of Defense, military	256.1	263.6	260.8
Military personnel	69.0	72.0	75.4
Operation and maintenance	93.5	96.8	97.6
Procurement	48.2	48.4	47.0
Aircraft	15.5	15.8	16.2
Missiles	3.5	3.3	3.2
Ships	6.8	7.3	6.0
Weapons	3.2	2.8	2.7
Ammunition	1.3	1.2	1.1
Other	17.9	18.0	18.0
Research, development, test and evaluation	37.4	36.8	34.5
Other	8.0	9.6	6.3
Atomic energy and other defense-related activities	12.3	13.2	13.2
<i>Plus:</i> Military assistance programs .....	.2	.2	.2
Additional payments to military and civilian retirement funds	21.4	21.5	22.1
Consumption of general government fixed capital	55.1	54.2	53.8
<i>Less:</i> Grants-in-aid to State and local governments and net interest paid	2.9	2.9	3.0
Timing difference .....	.6	.9	2.6
Other differences	-.3	-.7	-.9
Equals: National defense consumption expenditures and gross investment, NIPA's	342.0	349.5	345.4
<i>Less:</i> National defense gross investment ¹	39.4	41.6	39.4
Equals: National defense consumption expenditures, NIPA's	302.6	307.9	305.9

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

[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		1999	2000
		1998	1999			2000
Administration budget:					
Receipts	1,721.8	1,806.3	1,883.0	84.5	76.7
Outlays	1,652.6	1,727.1	1,765.7	74.5	38.6
Surplus or deficit (-)	69.2	79.3	117.3	10.0	38.0
NIPA's:					
Receipts	1,828.1	1,904.9	1,987.0	76.9	82.0
Outlays	1,757.6	1,820.2	1,867.9	62.6	47.7
Surplus or deficit (-) ¹	70.4	84.7	119.1	14.3	34.4
	Differences				
Administration budget less NIPA's:					
Receipts	-106.3	-98.6	-104.0	7.7	-5.4
Outlays	-105.1	-93.1	-102.2	11.9	-9.1
Surplus or deficit (-)	-1.2	-5.5	-1.8	-4.3	3.7

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 enterprises is not classified as a current-account 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 2000* and the Bureau of Economic Analysis.

NIPA's National income and product accounts

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 2000* and the Bureau of Economic Analysis.

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 2000, the NIPA surplus exceeds the budget surplus by \$1.8 billion, primarily because of timing adjustments to the NIPA estimates; these adjustments raise NIPA receipts and lower NIPA current expenditures.

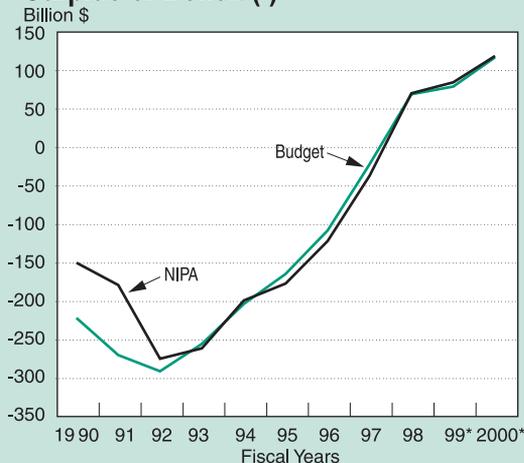
Fiscal year 2000 NIPA estimates

In the NIPA framework, the current surplus would increase \$34.4 billion, to \$119.1 billion, in fiscal year 2000, after increasing \$14.3 billion in fiscal year 1999 (chart 1). The acceleration is due to a slowdown in current expenditures and a step-up in receipts. The slowdown in current expenditures is due to a deceleration in consumption expenditures, a downturn in subsidies less current surplus of government enterprises, and a slight deceleration in transfer payments. The step-up in receipts is attributable to turnarounds in indirect business taxes and in corporate profits tax accruals.

In the NIPA framework, Federal current expenditures would increase \$47.7 billion, to \$1,867.9 billion, in fiscal year 2000, after increasing \$62.6 billion in fiscal year 1999 (chart 2). The deceleration is largely attributable to a downturn in national defense consumption expenditures, which would decrease \$2.0 billion after increasing \$5.3 billion, and to a slowdown in nondefense consumption expenditures, which would increase \$6.2 billion after increasing \$12.6 billion (table 8). In addition,

CHART 1

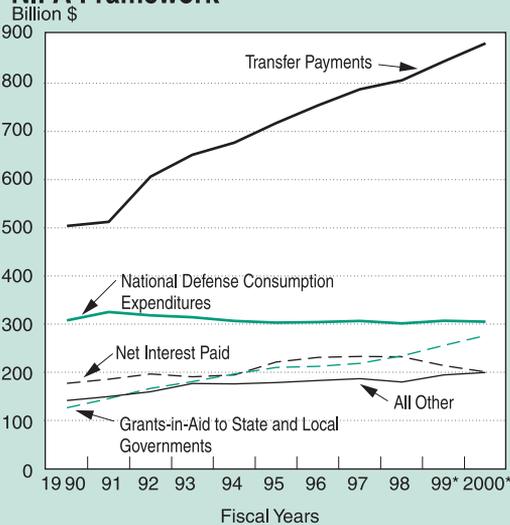
Federal Fiscal Position, Surplus or Deficit (-)



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

CHART 2

Federal Government Current Expenditures, NIPA Framework



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

Table 8.—Sources of Change in Federal Government Current Expenditures, NIPA Framework

[Billions of dollars]

	Change from preceding year		
	1998	1999	2000
Total current expenditures	28.5	62.6	47.7
Consumption expenditures	-2.7	18.0	4.3
National defense	-3.3	5.3	-2.0
Pay raise and locality pay ¹ .....	.....	2.5	3.9
Other	-3.3	2.8	-5.9
Nondefense .....	.6	12.6	6.2
Pay raise and locality pay ¹ .....	.....	1.9	3.0
Other .....	.6	10.8	3.2
Transfer payments	19.8	38.9	37.6
Social security	13.5	13.0	15.9
Medicare	3.0	12.0	13.0
Supplemental security income	2.1	.8	.7
Federal employee retirement	3.4	2.8	2.9
Earned income and child care credits	1.4	3.0	.6
Veterans benefits	2.0	1.4	.3
Unemployment benefits	-1.0	3.0	2.8
Other	-4.5	2.9	1.3
Grants-in-aid to State and local governments	13.9	21.6	20.5
Medicaid	5.7	7.3	6.1
Education	1.5	1.7	2.1
Highways	-4	2.9	2.4
Health Care	1.5	3.0	1.9
Food and nutrition .....	.9	.5	.2
Other	4.8	6.2	7.7
Net interest paid	2.2	-18.1	-13.3
Subsidies less current surplus of government enterprises	-4.8	2.3	-1.4
Agriculture subsidies .....	.7	4.2	-2.9
Housing subsidies	-2.3	-1.0	.5
Other subsidies	-2	.1	.1
Less: Current surplus of government enterprises:			
Postal Service surplus	1.3	1.1	-1.3
Other surplus of government enterprises	1.7	-.1	.3

1. Consists of pay raises and locality pay beginning in January 1999.
Source: Bureau of Economic Analysis.

subsidies less current surplus of government enterprises would decrease \$1.4 billion after increasing \$2.3 billion; the turnaround is mainly due to a downturn in agricultural subsidies. Transfer payments would increase \$37.6 billion after increasing \$38.9 billion; the deceleration is attributable to slowdowns in earned income and child care credits, in veterans benefits, and in other transfers.

In the NIPA framework, Federal receipts would increase \$82.0 billion, to \$1,987.0 billion, in fiscal year 2000, after increasing \$76.9 billion in fiscal year 1999 (chart 3). The acceleration is due to proposed legislation that would increase receipts \$12.8 billion (table 9). Within receipts, indirect business taxes would increase \$17.0 billion after decreasing \$0.6 billion; the upturn is due to the proposed increase in the tobacco tax. Corporate profits tax accruals would increase \$3.1 billion after decreasing \$3.3 billion. These upturns in indirect business taxes and in corporate profits tax accruals would be partly offset by a slowdown in personal tax and nontax receipts; the slowdown is the result of a deceleration in withheld income taxes and a downturn in nonwithheld taxes.

Quarterly pattern.—Seasonally adjusted quarterly estimates of NIPA receipts and current 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 receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from

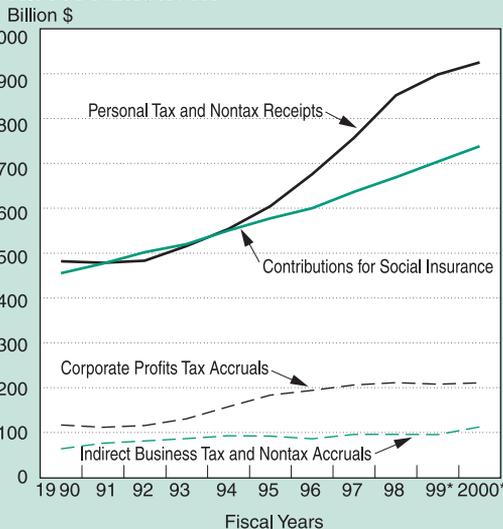
the administration's projected quarterly pattern of wages and profits, and from the use of a new methodology to derive quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.¹⁰ The NIPA estimates of current expenditures reflect the quarterly 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.

In the NIPA framework, the current surplus increases in the first quarter of 1999, remains essentially unchanged in the second and third quarters, and increases in the fourth quarter of 1999 through the third quarter of 2000; the sharpest increases are in the fourth quarter of 1999 and the second quarter of 2000. The increase in the first quarter of 1999 is due to an increase in contributions for social insurance and a decrease in subsidies less current surplus of government enterprises. The fourth-quarter increase in the current surplus is due to an increase in indirect business taxes, as a result of revenues from the proposed increase in the tobacco tax, and to increases in withheld income taxes and decreases in net interest paid, in consumption expenditures, and in grants-in-aid to State and

10. The new methodology, which was adopted during the 1998 annual revision of the NIPA's, 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 now 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.

CHART 3

Federal Government Receipts, NIPA Framework



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

Table 9.—Sources of Change in Federal Government Receipts, NIPA Framework

[Billions of dollars]

	Change from preceding fiscal year		
	1998	1999	2000
Total receipts	135.9	76.9	82.0
Due to tax bases	135.9	76.7	69.3
Due to proposed legislation	0	.2	12.8
Personal tax and nontax receipts	98.6	46.3	27.2
Due to tax bases	98.6	46.5	28.3
Due to proposed legislation	0	-.1	-1.1
Corporate profits tax accruals	5.7	-3.3	3.1
Due to tax bases	5.7	-3.1	.2
Due to proposed legislation	0	-.1	2.9
Indirect business tax and nontax accruals	-1.7	-6	17.0
Due to tax bases	-1.7	-1.1	6.0
Due to proposed legislation	0	.4	11.0
Contributions for social insurance	33.3	34.5	34.7
Due to tax bases	33.3	34.5	34.7
Due to proposed legislation	0	0	0

Sources: *The Budget of the United States Government, Fiscal Year 2000* and the Bureau of Economic Analysis.

local governments. The increase in the current surplus in the second quarter of 2000 results from increases in withheld income taxes and in contri-

butions for social insurance and from decreases in consumption expenditures and in net interest paid. 

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

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year ¹			Calendar year		Quarter										
		1998	1999	2000	Pub- lished	Esti- mated	Published				Estimated						
					1998 ²	1999	1998 ²				1999				2000		
							I	II	III	IV	I	II	III	IV	I	II	III
1	Receipts	1,828.1	1,904.9	1,987.0	1,846.3	1,916.3	1,809.1	1,838.3	1,858.8	1,878.9	1,887.6	1,905.0	1,922.0	1,950.7	1,965.7	1,987.8	2,005.7
2	Personal tax and nontax receipts	851.8	898.1	925.3	857.9	889.2	836.5	855.7	863.8	875.5	873.1	884.9	894.0	904.8	904.9	914.1	922.9
3	Income taxes	823.4	867.9	893.9	829.5	860.3	810.0	826.3	836.5	845.3	845.1	855.7	865.5	875.0	874.6	883.6	892.2
4	Withheld income taxes ³	647.9	689.7	724.8	644.9	682.2	625.4	638.0	651.3	665.0	668.1	677.4	686.7	696.4	704.2	713.9	723.1
5	Declarations and final settlements less refunds ⁴	175.5	178.2	169.1	184.6	178.2	184.6	188.3	185.2	180.3	177.1	178.3	178.8	178.6	170.4	169.7	169.1
6	Proposed legislation		-1	-1.5		-1					-1	-1	-1	-1	-1.5	-1.5	-1.5
7	Other	175.5	178.3	170.6	184.6	178.3	184.6	188.3	185.2	180.3	177.2	178.4	178.9	178.7	171.9	171.2	170.6
8	Other	28.3	30.2	31.3	28.4	28.9	26.5	29.4	27.3	30.2	28.0	29.2	28.5	29.8	30.3	30.5	30.7
9	Corporate profit tax accruals	211.1	207.8	210.9	207.1	208.7	204.8	206.2	207.5	210.0	209.0	208.2	207.9	209.6	208.6	212.8	214.1
10	Federal Reserve Banks	24.6	24.5	24.4	21.7	21.1	21.6	21.5	21.8	21.9	21.7	21.2	20.7	20.9	21.3	21.6	21.5
11	Proposed legislation		0	0		0					0	0	0	0	0	0	0
12	Other	24.6	24.5	24.4	21.7	21.1	21.6	21.5	21.8	21.9	21.7	21.2	20.7	20.9	21.3	21.6	21.5
13	Other corporate profit tax accruals	186.4	183.3	186.6	185.4	187.6	183.2	184.7	185.7	188.1	187.3	187.1	187.3	188.7	187.3	191.1	192.7
14	Proposed legislation		-1	2.8		.5					.3	.3	-1.2	2.8	2.8	2.8	2.8
15	Other	186.4	183.4	183.8	185.4	187.0	183.2	184.7	185.7	188.1	187.0	186.7	188.5	185.9	184.5	188.3	189.9
16	Indirect business tax and nontax accruals	95.9	95.3	112.3	95.9	100.4	93.9	95.2	98.3	96.0	95.5	96.0	98.9	111.0	113.2	114.6	115.7
17	Proposed legislation .....		.4	11.4		3.3					0	0	1.8	11.3	11.4	11.5	11.5
18	Other	95.9	94.9	100.9	95.9	97.1	93.9	95.2	98.3	96.0	95.5	96.0	97.1	99.7	101.8	103.2	104.2
19	Contributions for social insurance ⁵	669.3	703.7	738.4	685.4	718.1	673.9	681.2	689.2	697.4	710.0	715.8	721.3	725.4	739.1	746.3	753.0
20	Tax on wages and salaries (FICA)	516.2	547.4	574.7	528.6	556.3	518.3	524.9	532.0	539.3	549.5	554.3	558.8	562.8	572.5	578.1	583.3
21	Proposed legislation		0	0		0					0	0	0	0	0	0	0
22	Base increases		1.1	5.5		4.5					4.5	4.5	4.5	4.5	8.2	8.2	8.2
23	January 1999		1.1	4.5		4.5					4.5	4.5	4.5	4.5	4.5	4.5	4.5
24	January 2000 .....			.9		0									3.7	3.7	3.7
25	Other	516.2	546.3	569.3	528.6	551.8	518.3	524.9	532.0	539.3	545.0	549.8	554.3	558.3	564.3	569.9	575.1
26	Tax on self-employment earnings (SECA)	30.9	32.1	33.6	31.5	32.8	30.9	31.3	31.7	32.2	32.6	32.7	32.8	32.9	33.6	34.0	34.4
27	Base increases .....	.1	.4	.8	0	.4	0	0	0	0	.4	.4	.4	.4	.8	.8	.8
28	Other	30.8	31.7	32.7	31.5	32.4	30.9	31.3	31.7	32.2	32.2	32.3	32.4	32.5	32.8	33.2	33.6
29	Supplemental medical insurance	19.3	19.8	21.5	19.7	20.4	19.5	19.6	19.7	19.8	20.4	20.4	20.4	20.4	22.2	22.3	22.4
30	Unemployment insurance	26.2	27.1	28.8	28.8	30.9	28.6	28.7	28.9	29.1	29.9	30.7	31.4	31.7	31.9	32.0	32.0
31	Federal retirement	67.5	68.1	70.7	67.8	68.8	67.5	67.6	67.9	68.2	68.5	68.8	68.9	68.8	70.1	71.1	72.2
32	Other	9.2	9.2	9.1	9.0	9.0	9.2	9.1	8.9	8.9	9.0	9.0	9.0	8.8	8.8	8.8	8.7
33	Current expenditures	1,757.6	1,820.2	1,867.9	1,771.1	1,824.2	1,750.3	1,763.9	1,766.7	1,803.6	1,801.0	1,818.3	1,835.1	1,842.5	1,853.9	1,857.7	1,868.0
34	Consumption expenditures	455.1	473.1	477.3	461.1	479.7	450.9	464.0	458.7	470.7	471.7	478.6	484.7	483.6	482.9	478.1	471.4
35	National defense	302.6	307.9	305.9	301.5	310.3	293.3	303.0	302.9	306.7	304.6	309.4	314.5	312.8	309.3	304.3	297.3
36	Pay raises and locality pay		2.5	6.4		3.3					3.3	3.3	3.3	3.3	7.4	7.4	7.4
37	January 1999		2.5	3.3		3.3					3.3	3.3	3.3	3.3	3.3	3.3	3.3
38	January 2000			3.1											4.1	4.1	4.1
39	Other	302.6	305.4	299.6	301.5	307.0	293.3	303.0	302.9	306.7	301.3	306.1	311.2	309.5	301.9	296.9	289.9
40	Nondefense	152.5	165.2	171.4	159.6	169.4	157.6	160.9	155.8	164.0	167.1	169.2	170.3	170.8	173.6	173.8	174.1
41	Pay raises and locality pay		1.9	4.8		2.5					2.4	2.5	2.5	2.5	5.6	5.6	5.6
42	January 1999		1.9	2.5		2.5					2.4	2.5	2.5	2.5	2.5	2.5	2.5
43	January 2000			2.3											3.1	3.1	3.1
44	Other	152.5	163.3	166.6	159.6	166.9	157.6	160.9	155.8	164.0	164.7	166.7	167.8	168.3	168.0	168.2	168.5
45	Transfer payments (net) ⁶	805.1	844.0	881.6	816.3	850.1	808.5	811.1	817.0	828.5	838.7	845.7	851.9	864.1	877.6	883.6	890.6
46	To persons	793.6	831.6	869.0	803.5	836.4	798.6	802.1	805.8	807.6	827.8	834.5	840.3	843.1	866.1	872.0	879.0
47	Social Security	366.6	379.7	395.6	369.6	381.0	367.1	368.8	371.1	371.3	379.3	380.5	381.7	382.3	396.3	398.0	399.9
48	Regular	366.6	374.7	379.5	369.6	374.3	367.1	368.8	371.1	371.3	372.7	373.9	375.1	375.7	377.1	378.7	380.7
49	Benefit increases		4.9	16.1		6.6					6.6	6.6	6.6	6.6	19.2	19.2	19.2
50	January 1999		4.9	6.6		6.6					6.6	6.6	6.6	6.6	6.6	6.6	6.6
51	January 2000			9.5											12.7	12.7	12.7
52	Medicare	209.0	221.0	234.0	217.0	227.5	214.6	216.2	217.8	219.3	222.6	225.9	229.3	232.1	235.5	239.1	242.6
53	Unemployment benefits	19.6	22.6	25.4	19.7	21.9	19.8	19.7	19.7	19.7	20.6	21.5	22.3	23.0	23.6	24.1	24.4
54	Federal employee retirement	75.7	78.5	81.4	75.2	77.7	75.0	75.2	75.5	75.1	77.3	77.8	78.0	77.8	80.4	80.6	81.0
55	Civilian	44.4	46.1	48.1	43.8	45.4	43.7	43.8	44.0	43.6	45.0	45.4	45.6	45.6	47.2	47.3	47.5
56	Military	31.4	32.4	33.3	31.4	32.3	31.3	31.4	31.5	31.5	32.3	32.3	32.4	32.2	33.3	33.3	33.5
57	Veterans benefits	22.7	24.1	24.4	23.2	24.1	23.1	23.0	23.1	23.4	24.0	24.2	24.2	23.8	24.4	24.4	24.5
58	Railroad retirement	8.3	8.6	8.3	8.3	8.3	8.3	8.3	8.2	8.2	8.4	8.4	8.3	8.0	8.1	8.1	8.0
59	Military medical insurance	1.9	1.9	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
60	Food stamps	16.9	17.6	18.1	16.5	17.6	17.0	16.6	16.0	16.3	17.2	17.5	17.9	17.7	17.6	17.7	18.2
61	Black lung benefits	1.0	1.0	1.0	1.1	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
62	Supplemental security income	27.5	28.2	28.9	26.5	27.7	26.1	26.7	26.6	26.5	27.5	27.8	27.8	27.5	28.3	28.3	28.4
63	Earned income and child care credits	23.2	26.3	26.9	23.3	26.3	23.3	23.3	23.3	23.3	26.3	26.3	26.3	26.3	26.9	26.9	26.9
64	All other	21.1	22.2	23.2	21.4	21.6	21.2	21.3	21.4	21.5	21.6	21.6	21.6	21.7	21.9	22.1	22.2
65	To rest of the world (net)	11.6	12.3	12.6	12.8	13.8	9.9	9.0	11.2	21.0	11.0	11.3	11.6	21.1			

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

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year ¹			Calendar year		Quarter										
		1998	1999	2000	Pub-	Esti-	Published				Estimated						
					lished	mated	1998 ²				1999				2000		
					1998 ²	1999	I	II	III	IV	I	II	III	IV	I	II	III
66	Grants-in-aid to State and local governments ⁶	235.4	257.0	277.5	231.1	253.9	228.7	226.9	231.4	237.4	243.0	251.7	260.6	260.4	262.7	267.2	278.3
67	Public assistance	118.9	126.2	133.9	117.9	127.0	117.7	118.1	116.2	119.7	121.4	127.3	129.7	129.4	131.8	135.1	138.3
68	Medicaid	101.1	108.4	114.5	101.9	109.9	98.2	102.8	101.1	105.3	104.9	109.4	112.9	112.3	113.9	115.3	116.4
69	Cash benefits (AFDC + TANF)	15.4	15.7	17.0	13.8	15.0	16.9	12.7	13.1	12.7	14.5	15.8	14.6	15.0	15.6	17.3	19.2
70	Social benefits	2.4	2.0	2.4	2.3	2.1	2.6	2.6	2.1	1.7	2.0	2.1	2.2	2.1	2.3	2.5	2.7
71	Highways	19.7	22.7	25.0	20.2	23.3	18.8	18.2	21.2	22.4	21.5	22.6	24.0	25.2	23.8	25.1	26.2
72	Education	18.2	19.9	22.0	17.6	19.5	18.1	15.8	18.3	18.0	19.6	18.5	19.5	20.4	21.5	20.4	21.7
73	Food and nutrition	15.5	16.1	16.3	15.6	16.1	15.6	15.3	15.6	15.9	16.0	15.9	16.4	16.1	16.5	16.1	16.5
74	Community development	10.4	10.9	11.6	6.5	7.3	6.7	6.4	6.1	6.8	7.2	7.3	7.4	7.1	7.5	7.6	7.7
75	Mass transit	3.9	3.8	3.9	3.9	3.8	4.1	3.7	3.8	4.0	4.0	3.4	3.6	4.1	3.7	3.9	4.1
76	Environmental protection	2.6	2.8	3.1	2.6	2.9	2.3	2.9	2.8	2.4	2.8	2.9	3.0	3.0	3.1	3.0	3.2
77	Health care	7.8	10.7	12.7	6.5	10.9	6.9	6.8	6.2	6.0	8.3	10.4	12.7	12.3	11.6	11.4	10.7
78	All other	38.4	44.1	49.1	40.5	43.3	38.6	39.8	41.2	42.2	42.3	43.5	44.5	42.8	43.2	44.6	49.9
79	Net interest paid	233.4	215.3	202.1	226.1	210.1	228.8	228.3	225.7	221.6	216.6	211.9	207.7	204.1	201.6	200.0	199.2
80	Subsidies less current surplus of government enterprises ⁶	28.6	30.8	29.4	36.6	30.4	33.4	33.5	34.0	45.4	30.9	30.4	30.1	30.3	29.2	28.9	28.6
81	Subsidies	31.3	34.5	32.2	33.9	31.3	31.5	31.0	30.6	42.4	31.1	31.1	31.3	31.5	31.7	31.7	31.8
82	Agricultural	8.7	12.8	9.9	10.6	7.9	7.8	7.7	7.6	19.4	7.9	7.9	7.8	7.8	7.8	7.7	7.7
83	Housing	21.6	20.6	21.1	22.5	22.9	22.8	22.5	22.3	22.5	22.7	22.8	23.0	23.2	23.4	23.5	23.6
84	Other	1.0	1.1	1.2	.7	.5	.9	.7	.6	.5	.5	.4	.4	.5	.5	.5	.5
85	Less: Current surplus of government enterprises	2.7	3.7	2.8	-2.7	.8	-1.9	-2.5	-3.4	-3.0	.1	.7	1.2	1.2	2.5	2.9	3.2
86	Postal Service	-3.1	-2.0	-3.3	-9.3	-5.8	-8.3	-9.4	-10.0	-9.5	-6.4	-5.8	-5.4	-5.5	-4.3	-4.0	-3.7
87	Federal Housing Administration	2.6	3.4	3.7	3.9	4.8	3.5	3.7	4.0	4.4	4.6	4.8	4.9	4.9	4.9	4.9	4.9
88	Tennessee Valley Authority	2.5	2.5	2.7	2.8	2.7	2.8	2.9	2.8	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.8
89	Other .....	.7	-3	-4	0	-9	.2	.3	-1	-5	-7	-9	-1.0	-9	-9	-9	-9
90	Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91	Current surplus or deficit (-) ⁷	70.4	84.7	119.1	75.1	92.1	58.8	74.4	92.0	75.3	86.6	86.7	87.0	108.2	111.8	130.1	137.7
	Addenda:																
92	Gross investment ⁸	60.4	64.0	63.1	59.6	63.4	60.7	56.8	60.7	60.1	64.0	63.6	63.8	62.2	62.3	60.8	64.1
93	National defense	39.4	41.6	39.4	38.9	41.7	38.3	36.8	40.9	39.7	43.0	42.1	41.7	39.8	39.6	37.7	40.6
94	Nondefense	21.0	22.4	23.7	20.7	21.8	22.4	20.0	19.9	20.4	21.0	21.5	22.1	22.4	22.6	23.1	23.5
95	Consumption expenditures and gross investment	515.5	537.1	540.4	520.6	543.1	511.6	520.7	519.4	530.8	535.7	542.2	548.6	545.8	545.1	538.9	535.6
96	National defense	342.0	349.5	345.4	340.4	352.0	331.6	339.8	343.7	346.4	347.6	351.5	356.2	352.6	348.9	342.1	337.9
97	Nondefense	173.5	187.6	195.1	180.3	191.1	180.0	180.9	175.7	184.4	188.1	190.7	192.3	193.2	196.2	196.9	197.6

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 the NIPA tables 3.2 and 3.7B elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the fourth quarter of 1998 will not be available until the release of the final estimate of gross domestic product on March 31, 1999. The value shown is derived from the budget.

3. Estimates for withheld income taxes for the first quarter of 1999 through the third quarter of 2000 have been revised down \$1.0 billion to incorporate information that has become available since the release of the budget.

4. A correction to BEA's derivation of quarterly declarations and final settlements less refunds resulted in the following upward revisions: 1999:I, \$6.4 billion; 1999:II, \$5.7 billion; 1999:III, \$6.5 billion; 1999:IV, \$8.6 billion; 2000:I, \$0.4 billion; 2000:II, \$4.6 billion; 2000:III, \$9.3 billion.

5. To reflect data on wage and salary disbursements that became available since the release of the budget; contributions have been revised up by the following amounts: 1999:I, \$2.1 billion; 1999:II, \$1.7 billion; 1999:III, \$1.5

billion; 1999:IV, \$0.2 billion; 2000:I, \$0.1 billion; 2000:II, \$0.7 billion; 2000:III, \$0.8 billion.

6. Estimates for grants-in-aid to State and local governments, transfer payments (net), and subsidies less current surplus of government enterprises have been revised for the first quarter of 1999 through the third quarter of 2000 to incorporate information that has become available since the release of the budget.

7. See footnote 1 in table 7.

8. 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 2000* and the Bureau of Economic Analysis.

FICA Federal insurance contributions act
 AFDC Aid to families with dependent children
 NIPA National income and product accounts
 SECA Self-employment contributions act
 TANF Temporary assistance to needy families