



CBO's Projections of Federal Receipts and Expenditures as Measured by the National Income and Product Accounts: 2022 to 2032

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The federal government's fiscal transactions are recorded in two major sets of accounts: *The Budget of the United States Government* (often called the federal budget), which is prepared by the Office of Management and Budget, and the national income and product accounts (NIPAs), which are produced by the Department of Commerce's Bureau of Economic Analysis (BEA).¹ The federal budget is the framework generally used by executive branch agencies and the Congress; it is also the presentation of budgetary activity that is most often discussed in the press. The NIPAs, by contrast, are not intended to help the government plan or manage its activities. Instead, those accounts provide a general framework for describing the entire U.S. economy and show how the federal government fits into that framework.²

Each year, the Congressional Budget Office publishes projections of federal revenues and outlays for the current fiscal year and the next 10 years. Those baseline budget projections reflect the standard structure for budgetary accounting. This report presents CBO's revenue and outlay projections for 2022 to 2032 translated to the receipts and expenditures used in the NIPA framework (see Table 1).³

Because of conceptual differences between the two sets of accounts, for the 2022–2032 period cumulative current receipts in the NIPAs exceed projected revenues in CBO's baseline by about 5 percent, and current expenditures in the NIPAs exceed projected outlays in the baseline by about 4 percent. Negative net federal government saving (that is, current receipts minus current expenditures) is projected to shrink from \$1.2 trillion in 2022 to \$1.1 trillion in 2024 but then increase steadily, reaching \$2.2 trillion in 2032. The deficits in CBO's baseline budget projections are similar: They hover around \$1.0 trillion in 2022 and 2023, before increasing to \$2.3 trillion by 2032. Over the 2022–2032 period, negative net federal government saving, which totals \$16.9 trillion, is projected to slightly exceed deficits, which total \$16.8 trillion.

The Federal Budget

The budget of the federal government is best understood as an information and management tool that policymakers use to allocate the government's resources.⁴ Its main objectives are to assist in policy deliberations, facilitate the management and control of federal activities, and help the Treasury manage cash balances and determine borrowing needs. In most cases, cash accounting is used to report items in the federal budget—that is, outlays and revenues are recorded when payments are made and

that current laws governing revenues and spending will generally remain unchanged. Those projections thus provide a benchmark against which potential policy changes can be measured.

1. See Mark S. Ludwick and Brendan I. Brankin, "NIPA Translation of the Fiscal Year 2023 Federal Budget," *Survey of Current Business*, vol. 100, no. 3 (Bureau of Economic Analysis, April 2022), <https://go.usa.gov/xSwbC>; and Bruce E. Baker and Pamela A. Kelly, "BEA Briefing: A Primer on BEA's Government Accounts," *Survey of Current Business*, vol. 88, no. 3 (Bureau of Economic Analysis, March 2008), <https://go.usa.gov/xMG5a>.
2. For a thorough discussion of the different purposes served by the federal budget and the NIPAs, see Congressional Budget Office, *CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (May 2013), www.cbo.gov/publication/44140.
3. For CBO's most recent baseline projections, see Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (May 2022), www.cbo.gov/publication/57950. As required by law, CBO constructs its baseline projections under the assumption

4. An alternative approach to assessing the government's fiscal performance is used in the annual *Financial Report of the United States Government*, which measures assets, liabilities, revenues, and expenses on an accrual basis. See Department of the Treasury, *Financial Report of the United States Government* (February 2022), www.fms.treas.gov/fr; and Congressional Budget Office, *Comparing Budget and Accounting Measures of the Federal Government's Fiscal Condition* (December 2006), www.cbo.gov/publication/18262.

Table 1.

Receipts and Expenditures in CBO's Baseline as Measured by the National Income and Product Accounts

Billions of Dollars

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total, 2022– 2032
Receipts													
Current Tax Receipts													
Personal current taxes	1,893	2,387	2,425	2,508	2,504	2,732	2,927	3,005	3,124	3,253	3,385	3,534	31,785
Taxes on corporate income	258	325	419	428	421	443	452	455	465	474	485	499	4,866
Taxes on production and imports	168	188	195	200	200	201	203	205	207	210	212	208	2,230
Taxes from the rest of the world	29	31	31	32	35	38	39	40	40	40	41	42	409
Subtotal, current tax receipts	<u>2,349</u>	<u>2,931</u>	<u>3,069</u>	<u>3,169</u>	<u>3,160</u>	<u>3,414</u>	<u>3,621</u>	<u>3,705</u>	<u>3,836</u>	<u>3,977</u>	<u>4,124</u>	<u>4,283</u>	<u>39,290</u>
Contributions for Government Social Insurance ^a	1,539	1,673	1,753	1,817	1,879	1,943	2,022	2,106	2,192	2,283	2,380	2,483	22,531
Income Receipts on Assets	129	163	85	76	89	107	117	129	141	155	179	211	1,452
Current Transfer Receipts	60	57	67	76	79	83	87	89	93	93	96	91	910
Current Surpluses of Government Enterprises	-1	-9	-4	-7	-4	-3	-3	-1	-1	-1	*	-5	-40
Total Current Receipts	<u>4,075</u>	<u>4,815</u>	<u>4,970</u>	<u>5,131</u>	<u>5,203</u>	<u>5,544</u>	<u>5,844</u>	<u>6,026</u>	<u>6,262</u>	<u>6,508</u>	<u>6,779</u>	<u>7,063</u>	<u>64,143</u>
Expenditures													
Consumption Expenditures													
Defense													
Compensation and purchased goods and services	536	535	567	588	605	619	640	655	671	687	703	720	6,990
Consumption of fixed capital	174	185	192	196	201	206	211	217	222	228	234	240	2,334
Subtotal, defense	<u>710</u>	<u>721</u>	<u>759</u>	<u>784</u>	<u>806</u>	<u>826</u>	<u>851</u>	<u>872</u>	<u>893</u>	<u>915</u>	<u>938</u>	<u>961</u>	<u>9,325</u>
Nondefense													
Compensation and purchased goods and services	355	341	377	399	412	424	431	441	452	461	472	485	4,696
Consumption of fixed capital	132	141	148	153	158	164	169	174	180	185	189	194	1,856
Subtotal, nondefense	<u>487</u>	<u>482</u>	<u>526</u>	<u>552</u>	<u>571</u>	<u>588</u>	<u>600</u>	<u>615</u>	<u>631</u>	<u>645</u>	<u>661</u>	<u>679</u>	<u>6,552</u>
Total Consumption Expenditures	<u>1,197</u>	<u>1,203</u>	<u>1,285</u>	<u>1,337</u>	<u>1,376</u>	<u>1,413</u>	<u>1,452</u>	<u>1,487</u>	<u>1,524</u>	<u>1,560</u>	<u>1,599</u>	<u>1,640</u>	<u>15,876</u>
Current Transfer Payments													
Government social benefits													
To persons	3,605	2,911	2,958	3,103	3,266	3,463	3,646	3,858	4,070	4,299	4,532	4,803	40,909
To the rest of the world	31	30	32	34	36	38	41	44	45	48	51	54	453
Subtotal, government social benefits	<u>3,635</u>	<u>2,941</u>	<u>2,991</u>	<u>3,137</u>	<u>3,302</u>	<u>3,502</u>	<u>3,687</u>	<u>3,901</u>	<u>4,115</u>	<u>4,348</u>	<u>4,582</u>	<u>4,856</u>	<u>41,363</u>
Other current transfer payments													
Grants-in-aid to state and local governments	1,053	989	959	855	840	852	882	920	958	1,000	1,042	1,089	10,385
To the rest of the world	58	62	63	62	63	64	65	66	68	69	71	72	724
Subtotal, other current transfer payments	<u>1,111</u>	<u>1,051</u>	<u>1,021</u>	<u>916</u>	<u>903</u>	<u>917</u>	<u>947</u>	<u>986</u>	<u>1,025</u>	<u>1,069</u>	<u>1,113</u>	<u>1,161</u>	<u>11,109</u>
Total Current Transfer Payments	<u>4,746</u>	<u>3,993</u>	<u>4,012</u>	<u>4,054</u>	<u>4,205</u>	<u>4,418</u>	<u>4,634</u>	<u>4,887</u>	<u>5,140</u>	<u>5,417</u>	<u>5,695</u>	<u>6,017</u>	<u>52,472</u>
Interest Payments	507	635	688	773	857	943	1,024	1,116	1,203	1,291	1,388	1,490	11,409
Subsidies	568	184	135	112	103	102	102	103	103	105	107	107	1,263
Total Current Expenditures	<u>7,019</u>	<u>6,015</u>	<u>6,119</u>	<u>6,276</u>	<u>6,542</u>	<u>6,876</u>	<u>7,212</u>	<u>7,594</u>	<u>7,970</u>	<u>8,373</u>	<u>8,789</u>	<u>9,253</u>	<u>81,020</u>
Net Federal Government Saving													
Net Federal Government Saving^b	-2,944	-1,200	-1,150	-1,145	-1,340	-1,332	-1,368	-1,567	-1,709	-1,865	-2,010	-2,191	-16,877

Continued

Table 1.

Continued

Receipts and Expenditures in CBO's Baseline as Measured by the National Income and Product Accounts

Data sources: Congressional Budget Office; Bureau of Economic Analysis. See www.cbo.gov/publication/58356#data.

In CBO's baseline projections, spending related to the Infrastructure Investment and Jobs Act (IIJA, Public Law 117-58) exceeds amounts specified in that law. As a result, the NIPA expenditures over the 2022–2032 period shown in this table are \$0.4 trillion more than they would be if CBO's baseline reflected only the advance appropriations specified in the IIJA. For more information about the treatment of IIJA spending in CBO's baseline, see Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (May 2022), Chapter 3, www.cbo.gov/publication/57950.

All amounts are for fiscal years.

* = between -\$500 million and zero.

a. Includes Social Security taxes, Medicare taxes and premiums, and unemployment insurance taxes.

b. Negative numbers indicate that federal expenditures exceed federal receipts.

receipts are collected. The budget follows the federal fiscal year, which runs from October 1 to September 30.

In some cases, lawmakers have decided that different accounting approaches would provide better measures of costs than cash-based accounting. For credit programs in particular, cash-based accounting is ill-suited: Tracking only the annual cash flows of federal direct loans or loan guarantees would give a misleading view of the true costs or savings associated with those transactions. To address that problem, the budget records the estimated net costs or savings over the lifetime of loans and loan guarantees as outlays at the time of origination.⁵ Such estimates are subject to revision over time in response to unexpected changes in interest rates or other factors.

The National Income and Product Accounts

The NIPAs are not intended to help the government plan or manage its activities. Instead, they provide a

5. Those lifetime net costs or savings are the net present value of all expected cash flows. A present value is a single number that expresses a flow of current and future income or payments in terms of an equivalent lump sum received or paid at a specific time. The value depends on the rate of interest, known as the discount rate, used to translate future cash flows into current dollars. As required by the Federal Credit Reform Act of 1990, the budget generally records the cost of loans and loan guarantees on the basis of their average expected default rates and associated losses. An alternative approach, called fair value, incorporates a fuller cost of risk than is reflected in the average budgetary effects. Fair value includes market risk, which is the financial risk that remains even with a well-diversified portfolio and that depends solely on the performance of the economy. For further discussion, see Congressional Budget Office, *Measuring the Cost of Government Activities That Involve Financial Risk* (March 2021), www.cbo.gov/publication/56778, and Michael Falkenheim, *Fair-Value Budgeting: Practical Issues*, Working Paper 2021-08 (Congressional Budget Office, July 2021), www.cbo.gov/publication/57264.

general framework that describes the entire U.S. economy and show how the federal government fits within that framework. The NIPAs track current economywide production and the resulting income for specific periods, and they report the major sources of production and the recipients of the income. They measure the federal government's activities over calendar years and calendar quarters, but totals for fiscal years can be derived from the quarterly estimates.

In the context of the NIPAs, the federal government is both a producer and a consumer. Its workforce uses purchased goods and services and government-owned capital (that is, structures, equipment, software, and research and development) to provide services (such as national defense) to the public. Because those services are consumed by the public, they are, by convention, regarded in the NIPAs as federal consumption expenditures.⁶ The federal government also affects the resources available to the private sector through taxes and transfers. All those activities are recorded in a way that is consistent with the NIPAs' treatment of other sectors of the economy.

Projected Differences Between the NIPAs and the Budget Over the 2022–2032 Period

In converting federal transactions from the framework of the federal budget into that of the NIPAs, many types of transactions are reclassified, including government investment, the sale or purchase of existing assets, and the provision of loans or loan guarantees. In some cases, transactions that affect budgetary revenues or outlays do not affect the NIPAs' measures of current receipts or

6. Federal consumption expenditures exclude government sales to other sectors and spending on fixed assets the government produces for its own use (for example, spending on research and development performed by the government).

Table 2.

Differences Between CBO's Baseline and Receipts and Expenditures as Measured by the NIPAs

Billions of Dollars

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total, 2022– 2032
Receipts													
Revenues in CBO's Baseline	4,047	4,836	4,890	4,924	4,982	5,280	5,548	5,716	5,934	6,161	6,402	6,662	61,334
Differences													
Coverage													
Estate and gift taxes	-27	-29	-29	-28	-28	-29	-43	-46	-49	-52	-56	-60	-447
Repatriation of deferred income	-20	-20	-30	-44	-57	-25	0	0	0	0	0	0	-176
Universal Service Fund receipts	-9	-10	-10	-10	-10	-10	-11	-11	-11	-11	-11	-11	-116
Adjustments related to government employees' retirement	-6	-6	-6	-7	-7	-8	-8	-9	-10	-10	-11	-11	-95
Other	-151	-212	-133	-5	-2	-2	-4	-6	-5	-6	-7	-10	-392
Subtotal, coverage	-213	-277	-209	-94	-104	-75	-66	-71	-74	-79	-84	-92	-1,225
Netting													
Medicare premiums	123	141	144	153	168	183	199	216	232	250	271	295	2,251
Income receipts on assets not held by the Federal Reserve	18	30	47	48	49	50	51	53	55	57	69	87	594
Government contributions for HI and OASDI for employees	25	27	28	29	30	31	32	34	35	36	38	39	359
Deposit insurance premiums	8	8	9	9	10	10	10	11	11	12	12	12	114
Surpluses of government enterprises	-1	-9	-4	-7	-4	-3	-3	-1	-1	-1	*	-5	-40
Other	69	59	66	69	74	68	72	71	71	71	72	64	757
Subtotal, netting	241	256	289	301	326	339	361	382	402	425	461	492	4,034
Timing	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Difference	28	-21	80	207	221	264	295	311	328	347	377	401	2,809
Current Receipts in the NIPAs	4,075	4,815	4,970	5,131	5,203	5,544	5,844	6,026	6,262	6,508	6,779	7,063	64,143
Expenditures													
Outlays in CBO's Baseline	6,822	5,872	5,874	5,980	6,300	6,643	6,958	7,441	7,585	8,074	8,469	8,915	78,110
Differences													
Coverage													
Capital transfer payments	-112	-258	-128	-150	-139	-158	-172	-181	-187	-193	-198	-201	-1,965
Adjustments related to government employees' retirement	99	118	92	86	85	89	97	98	96	96	94	94	1,045
Treatment of investment and depreciation	-49	-47	-44	-45	-44	-44	-44	-44	-43	-43	-43	-43	-484
Lending and financial adjustments	38	99	42	25	27	25	26	27	26	33	34	29	394
Universal Service Fund payments	-10	-10	-10	-10	-10	-10	-11	-11	-11	-11	-11	-11	-116
Other	-11	3	10	8	-2	-8	-3	-6	-11	-8	-18	-22	-57
Subtotal, coverage	-45	-94	-38	-85	-83	-106	-107	-116	-129	-126	-141	-155	-1,182

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expenditures because they are not closely related to current economic activity or because they are not included in the federal sector in the NIPAs. In other cases, transactions that are reported in the federal budget as offsetting collections (that is, as negative outlays) are recorded in the NIPAs as receipts. And in still other cases, the timing of federal budgetary transactions is adjusted in the NIPAs to better match the timing of related production or accrued income.

Despite those conceptual differences, negative net federal government saving projected in the NIPAs for the 2022–2032 period exceeds the cumulative budget deficit in CBO's baseline projections by \$0.1 trillion (see Table 2). The differences between CBO's baseline budget projections and the corresponding amounts in the NIPAs can be grouped into three categories:

- Coverage differences—transactions that are included in either the budget or the NIPAs but not both;

Table 2.

Continued

Differences Between CBO's Baseline and Receipts and Expenditures as Measured by the NIPAs

Billions of Dollars

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total, 2022– 2032
Expenditures (Continued)													
Netting													
Medicare premiums	123	141	144	153	168	183	199	216	232	250	271	295	2,251
Income receipts on assets not held by the Federal Reserve	18	30	47	48	49	50	51	53	55	57	69	87	594
Government contributions for HI and OASDI for employees	25	27	28	29	30	31	32	34	35	36	38	39	359
Deposit insurance premiums	8	8	9	9	10	10	10	11	11	12	12	12	114
Surpluses of government enterprises	-1	-9	-4	-7	-4	-3	-3	-1	-1	-1	*	-5	-40
Other	69	59	66	69	74	68	72	71	71	71	72	64	757
Subtotal, netting	241	256	289	301	326	339	361	382	402	425	461	492	4,034
Timing	1	-18	-5	80	0	0	0	-113	113	0	0	1	58
Total Difference	197	143	246	296	243	233	254	153	386	299	319	338	2,910
Current Expenditures in the NIPAs	7,019	6,015	6,119	6,276	6,542	6,876	7,212	7,594	7,970	8,373	8,789	9,253	81,020
Net Federal Government Saving													
Budget Deficit in CBO's Baseline	-2,775	-1,036	-984	-1,056	-1,318	-1,364	-1,409	-1,725	-1,651	-1,912	-2,067	-2,253	-16,776
Coverage													
Capital transfer payments	112	258	128	150	139	158	172	181	187	193	198	201	1,965
Adjustments related to government employees' retirement	-105	-124	-99	-93	-93	-97	-105	-107	-106	-106	-105	-105	-1,140
Treatment of investment and depreciation	49	47	44	45	44	44	44	44	43	43	43	43	484
Estate and gift taxes	-27	-29	-29	-28	-28	-29	-43	-46	-49	-52	-56	-60	-447
Lending and financial adjustments	-38	-99	-42	-25	-27	-25	-26	-27	-26	-33	-34	-29	-394
Repatriation of deferred income	-20	-20	-30	-44	-57	-25	0	0	0	0	0	0	-176
Universal Service Fund	1	0	0	0	0	0	0	0	0	0	0	0	0
Other	-141	-215	-143	-12	*	5	-1	*	5	2	12	13	-334
Subtotal, coverage	-168	-183	-171	-9	-21	32	42	45	55	47	57	63	-43
Timing	-1	18	5	-80	0	0	0	113	-113	0	0	-1	-58
Total Difference	-169	-164	-166	-89	-21	32	42	158	-58	47	57	62	-101
Net Federal Government Saving in the NIPAs ^a	-2,944	-1,200	-1,150	-1,145	-1,340	-1,332	-1,368	-1,567	-1,709	-1,865	-2,010	-2,191	-16,877

Data source: Congressional Budget Office. See www.cbo.gov/publication/58356#data.

All amounts are for fiscal years.

Coverage differences arise when a transaction is reported in either the budget or the NIPAs but not both, netting differences occur when an item appears as an offset to outlays in the budget but as a receipt in the NIPAs, and timing differences arise when receipts or outlays are shifted between fiscal years.

HI = Medicare's Hospital Insurance; NIPAs = national income and product accounts; OASDI = Social Security's Old-Age, Survivors, and Disability Insurance;

* = between -\$500 million and \$500 million.

a. Negative numbers indicate that federal expenditures exceed federal receipts.

- Netting differences—transactions that are recorded as offsets to outlays in the budget but as receipts in the NIPAs; and
- Timing differences—transactions that are recorded on a cash basis in the budget but on an accrual basis in the NIPAs.

All three categories can cause totals for receipts and expenditures in the NIPAs to differ from totals for revenues and outlays in the budget.

Differences in Coverage

Differences in coverage cause federal deficits and negative net federal government saving to differ. Many of them offset each other, resulting in projected negative net federal

government saving that is slightly larger than the projected cumulative budget deficit over the 2022–2032 period.⁷

Treatment of Capital Transfer Payments. The largest difference in coverage, amounting to \$2.0 trillion over the period, is from expenditures for capital transfers. Capital transfers are transfers of an asset—or cash to purchase an asset—from one economic entity to another, such as grants from the federal government to state and local governments for the construction of highways. Those transfers are not directly associated with current production, so they do not affect the NIPA measure of current expenditures. As a result, outlays in CBO's baseline related to the purchase of assets increase deficits in the federal budget but do not affect net federal government saving in the NIPAs.

Around 40 percent of expenditures related to capital transfers in CBO's translation of its baseline budget projections to the NIPA framework stems from the Infrastructure Investment and Jobs Act (IIJA, Public Law 117-58), which was enacted in November 2021. In addition to authorizing and reauthorizing several new and existing programs, that law provided discretionary funding to implement some of those programs. A significant portion of that discretionary funding is for highway transportation programs and for broadband deployment that are undertaken by state and local governments. In the NIPAs, spending on those programs and activities is generally classified as capital transfers.

Treatment of Federal Pension Plans. The second largest difference in coverage stems from the treatment of federal pension plans in the NIPAs (shown in Table 2 as “Adjustments related to government employees’ retirement”). That treatment differs from the budget’s treatment in several ways:

- BEA imputes additional interest costs for periods in which the government’s pension plans are underfunded (that is, when the plans’ financial assets

are insufficient to cover promised future benefits) because, in the NIPA framework, the government has effectively borrowed from those plans. That imputed-interest payment does not appear in the federal budget, and it is one of the largest differences created by the NIPAs’ treatment of federal pensions.

- Current federal expenditures in the NIPAs include interest paid by the Treasury to the trust funds that finance federal employees’ pensions. Those payments are not offset by the funds’ receipt of interest payments because the receipts are recorded in a nonfederal sector of the NIPAs. By contrast, both the payment and the receipt of that interest are recorded in the federal budget (the latter as an offset to outlays), leaving federal outlays unaffected.
- Rather than report the cash payments of benefits in the government’s defined benefit pension plans each year as a federal expenditure, as they are shown in the budget, the NIPAs record the value of the benefits that federal employees accrue during a given year as a current expenditure for compensation in the federal sector.
- Over the 2022–2032 period, adjustments related to federal employees’ retirement cause NIPA receipts to be \$0.1 trillion less than the corresponding revenues reported in the budget and cause NIPA expenditures related to pension plans to exceed budgetary outlays for those plans by \$1.0 trillion. Together, those differences increase negative net federal government saving relative to the cumulative deficit in CBO’s baseline projections by \$1.1 trillion.

Investment and Depreciation. Investment spending in the federal budget (that is, the purchase of new capital) is not counted as a current expenditure in the NIPAs because new purchases of federal capital do not measure the current capital inputs used to produce government services. To approximate the cost of those capital inputs, the federal expenditures in the NIPAs include an estimate of the depreciation (or consumption) of the government’s stock of fixed capital—an amount not reflected in the federal budget. On net, those differences cause current expenditures for investment and depreciation to be \$484 billion less than budgetary outlays for those purposes over the 2022–2032 period.

Estate and Gift Taxes. Estate and gift taxes are considered a capital transfer in the NIPAs and are thus excluded from the NIPA measure of current receipts. That exclusion results

7. For a more detailed explanation of most coverage differences, see Congressional Budget Office, *CBO’s Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (May 2013), www.cbo.gov/publication/44140. For an explanation of the difference arising from repatriation of deferred income (that is, revenues arising from a provision of the 2017 tax act that imposed a onetime tax on previously untaxed foreign profits accumulated after 1986 and before 2018), see Congressional Budget Office, *CBO’s Projections of Federal Receipts and Expenditures in the National Income and Product Accounts* (July 2018), www.cbo.gov/publication/54194.

in current receipts for the category that are \$447 billion less than the corresponding budgetary revenues.

Differences in Netting and Timing

Netting differences do not contribute to any difference between surpluses or deficits in the budget and net federal government saving in the NIPAs because they affect revenues and outlays equally. For example, the budget records premiums paid by Medicare enrollees as offsets to outlays, and the NIPAs record those payments as receipts. That difference pushes both expenditures and receipts in the NIPAs \$2.3 trillion higher than budgetary outlays and revenues. Because those increases exactly offset each other, the difference does not cause net federal government saving to diverge from budget deficits.

Similarly, timing differences may cause budgetary measures of federal activities to differ from NIPA measures in individual years, but over time they have little net

effect on the divergence between the two measures. CBO approximates many of the timing differences between budgetary outlays and NIPA expenditures by accounting for shifts in outlays between fiscal years for certain programs that make payments on October 1, the first day of the fiscal year. When that date falls on a weekend, those payments are instead made at the end of September and thus are shifted into the previous fiscal year. In particular, some Medicare payments, veterans' compensation, and pay for military personnel are scheduled to be paid on October 1 and so may be shifted into the previous year. CBO also includes estimated timing differences for certain programs related to the coronavirus pandemic. For example, although loans under the Paycheck Protection Program were recorded in the budget as outlays when they were made (in fiscal years 2020 and 2021), BEA recorded expenditures from the program over the period in which forgivable expenses were incurred by the recipients of those loans (which extends into 2022).

This report is an annual publication prepared in response to interest expressed by Members of Congress. In keeping with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations.

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CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



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