



# CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts: 2023 to 2033

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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).<sup>1</sup> 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 media. 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.

Each year, CBO 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 projections of revenues and outlays for the 2023–2033 period translated into the framework of the NIPAs and their categories of current receipts and expenditures (see Table 1).<sup>2</sup>

The projected budget totals under the two sets of accounts are similar but not identical. Because of conceptual differences, for the 2023–2033 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 3 percent.

In the NIPAs, net federal government saving is calculated by subtracting current expenditures from current receipts. When current expenditures exceed current receipts—as they do throughout the projection period—the amount of net federal government saving is negative and akin to a budget deficit.

The projected amount of negative federal saving for 2023 is \$1.4 trillion. After 2023, negative federal saving hovers between \$1.6 trillion and \$1.7 trillion through 2027 and then grows steadily to \$2.6 trillion in 2033. The deficits in CBO's baseline budget projections are slightly larger in most years: The deficit in 2023 was estimated to be \$1.5 trillion.<sup>3</sup> After 2023, deficits fluctuate between \$1.6 trillion and \$1.8 trillion and then grow to \$2.9 trillion in 2033. Over the 2023–2033 period, the amount of negative federal saving, which totals \$21.3 trillion, is projected to be slightly less than cumulative deficits, which total \$21.9 trillion.

1. See Mark S. Ludwick and Brendan I. Brankin, "NIPA Translation of the Fiscal Year 2024 Federal Budget," *Survey of Current Business* (Bureau of Economic Analysis, May 2023), <https://tinyurl.com/4ydeuem3>; 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://tinyurl.com/y338pyxk> (PDF).
2. For CBO's most recent baseline projections, see Congressional Budget Office, *An Update to the Budget Outlook: 2023 to 2033* (May 2023), [www.cbo.gov/publication/59096](http://www.cbo.gov/publication/59096). As required by law, CBO constructs its baseline projections under the assumption 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.

3. On the basis of its estimate of the deficit through July and preliminary estimates of revenues and outlays in August and September, CBO now expects that the total deficit for 2023 will be \$1.7 trillion, or about \$200 billion larger than the estimate it published in May. See Congressional Budget Office, *Monthly Budget Review: July 2023* (August 2023), [www.cbo.gov/publication/59377](http://www.cbo.gov/publication/59377).

Table 1.

**CBO's Projections of Federal Receipts and Expenditures in the NIPAs**

Billions of dollars

	Actual, 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total, 2023– 2033
<b>Receipts</b>													
Current tax receipts													
Personal current taxes	2,510	2,397	2,441	2,479	2,726	2,975	3,077	3,200	3,330	3,465	3,602	3,755	33,447
Taxes on corporate income	328	417	416	430	468	490	499	507	513	520	520	534	5,315
Taxes on production and imports	201	195	205	206	209	212	215	217	219	221	217	219	2,336
Taxes from the rest of the world	34	31	32	35	38	39	40	40	40	41	42	43	420
Subtotal, current tax receipts	3,072	3,041	3,093	3,150	3,442	3,717	3,830	3,964	4,103	4,247	4,381	4,550	41,518
Contributions for government social insurance <sup>a</sup>	1,627	1,745	1,826	1,911	1,993	2,085	2,174	2,264	2,358	2,459	2,563	2,669	24,048
Income receipts on assets	141	57	62	65	68	72	141	153	167	179	210	234	1,407
Current transfer receipts	67	72	79	83	89	93	96	101	101	104	100	102	1,020
Current surpluses of government enterprises	-3	-3	-2	*	2	2	3	-4	-3	-5	-6	-6	-22
<b>Total current receipts</b>	<b>4,905</b>	<b>4,912</b>	<b>5,058</b>	<b>5,209</b>	<b>5,593</b>	<b>5,968</b>	<b>6,245</b>	<b>6,479</b>	<b>6,725</b>	<b>6,984</b>	<b>7,248</b>	<b>7,550</b>	<b>67,971</b>
<b>Expenditures</b>													
Consumption expenditures													
Defense													
Compensation and purchased goods and services	536	566	614	642	665	684	703	722	739	757	775	793	7,662
Consumption of fixed capital	186	196	202	208	213	219	226	232	239	246	253	260	2,494
Subtotal, defense	722	762	816	850	879	904	929	954	978	1,002	1,028	1,053	10,156
Nondefense													
Compensation and purchased goods and services	387	374	445	471	488	505	518	533	549	564	570	588	5,605
Consumption of fixed capital	145	155	163	170	177	183	189	196	202	208	213	219	2,075
Subtotal, nondefense	531	530	608	641	665	688	708	729	750	771	783	806	7,680
Total consumption expenditures	1,253	1,292	1,425	1,491	1,544	1,592	1,637	1,683	1,729	1,774	1,811	1,859	17,836
Current transfer payments													
Government social benefits													
To persons	2,872	2,973	3,199	3,386	3,530	3,708	3,913	4,125	4,354	4,596	4,857	5,141	43,783
To the rest of the world	28	33	35	38	40	42	45	47	50	53	56	60	499
Subtotal, government social benefits	2,900	3,006	3,235	3,423	3,570	3,751	3,958	4,172	4,404	4,649	4,913	5,201	44,282
Other current transfer payments													
Grants-in-aid to state and local governments	945	940	856	838	860	898	938	983	1,030	1,078	1,132	1,185	10,739
To the rest of the world	80	87	84	85	87	88	89	91	93	94	96	98	993
Subtotal, other current transfer payments	1,024	1,028	941	924	947	986	1,028	1,074	1,122	1,172	1,228	1,283	11,731
Total current transfer payments	3,924	4,034	4,175	4,347	4,517	4,736	4,986	5,246	5,526	5,821	6,141	6,483	56,013
Interest payments	647	897	993	1,020	1,095	1,182	1,283	1,368	1,457	1,551	1,655	1,743	14,243
Subsidies	167	127	108	99	101	105	106	108	108	108	109	111	1,189
<b>Total current expenditures</b>	<b>5,993</b>	<b>6,349</b>	<b>6,701</b>	<b>6,957</b>	<b>7,256</b>	<b>7,615</b>	<b>8,011</b>	<b>8,405</b>	<b>8,820</b>	<b>9,254</b>	<b>9,717</b>	<b>10,196</b>	<b>89,281</b>
<b>Net federal government saving<sup>b</sup></b>	<b>-1,087</b>	<b>-1,437</b>	<b>-1,643</b>	<b>-1,748</b>	<b>-1,663</b>	<b>-1,647</b>	<b>-1,766</b>	<b>-1,926</b>	<b>-2,095</b>	<b>-2,271</b>	<b>-2,468</b>	<b>-2,646</b>	<b>-21,310</b>

Data sources: Congressional Budget Office; Bureau of Economic Analysis. See [www.cbo.gov/publication/59457#data](http://www.cbo.gov/publication/59457#data).

All amounts are for fiscal years.

NIPAs = national income and product accounts; \* = 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.

## 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.<sup>4</sup> 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 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 life of direct loans and loan guarantees as increases or decreases in outlays when the loans are originated.<sup>5</sup> Such estimates can be revised 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 general framework that describes the entire U.S. economy,

including 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. The NIPAs' measures of the federal government's economic activities are recorded over calendar years and calendar quarters in a sector of the NIPAs called the federal sector. 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.<sup>6</sup> 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 Federal Budget Over the 2023–2033 Period

When federal transactions are converted 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 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.

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: Fiscal Year 2022* (February 2023), <https://tinyurl.com/yba722yk>; and Congressional Budget Office, *Comparing Budget and Accounting Measures of the Federal Government's Fiscal Condition* (December 2006), [www.cbo.gov/publication/18262](http://www.cbo.gov/publication/18262).

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.

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

Table 2.

## Differences Between Projected Budgetary Revenues and Outlays and Projected Receipts and Expenditures in the NIPAs

Billions of dollars

	Actual, 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total, 2023– 2033
<b>Receipts</b>													
Revenues in CBO's baseline	4,897	4,815	4,848	4,974	5,317	5,658	5,919	6,142	6,368	6,607	6,841	7,102	64,591
Differences													
Coverage													
Estate and gift taxes	-33	-27	-25	-24	-26	-39	-42	-44	-47	-50	-53	-57	-433
Repatriation of deferred income	-20	-30	-44	-57	-25	0	0	0	0	0	0	0	-156
Adjustments related to government employees' retirement	-6	-7	-7	-8	-9	-9	-10	-11	-11	-12	-13	-14	-111
Universal Service Fund receipts	-9	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-109
Other	-152	-106	-12	-9	-1	-3	-6	-8	-10	-12	-14	-15	-195
Subtotal, coverage	-219	-179	-98	-108	-70	-61	-68	-73	-78	-84	-90	-95	-1,004
Netting													
Medicare premiums	138	148	154	178	183	200	218	237	257	279	304	333	2,493
Income receipts on assets not held by the Federal Reserve	22	46	47	48	49	51	52	55	58	59	77	93	635
Government contributions for HI and OASDI for employees	26	27	28	29	30	31	32	34	35	36	37	38	358
Deposit insurance premiums	8	9	12	13	14	14	15	15	16	17	17	16	159
Surpluses of government enterprises	-3	-3	-2	*	2	2	3	-4	-3	-5	-6	-6	-22
Other	36	49	69	74	67	72	73	73	73	74	67	68	760
Subtotal, netting	227	276	309	342	346	371	394	410	436	461	497	543	4,383
Timing	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total difference</b>	<b>8</b>	<b>97</b>	<b>211</b>	<b>234</b>	<b>276</b>	<b>310</b>	<b>325</b>	<b>337</b>	<b>357</b>	<b>377</b>	<b>407</b>	<b>448</b>	<b>3,380</b>
Receipts in the NIPAs	4,905	4,912	5,058	5,209	5,593	5,968	6,245	6,479	6,725	6,984	7,248	7,550	67,971
<b>Expenditures</b>													
Outlays in CBO's baseline	6,273	6,354	6,418	6,735	7,035	7,367	7,854	7,997	8,494	8,898	9,338	9,955	86,445
Differences													
Coverage													
Capital transfer payments	-215	-166	-139	-139	-149	-156	-159	-161	-163	-165	-167	-170	-1,733
Adjustments related to government employees' retirement	97	102	88	77	83	85	89	89	90	90	89	79	960
Treatment of investment and depreciation	-42	-43	-39	-37	-37	-37	-36	-35	-35	-35	-31	-30	-394
Lending and financial adjustments	-317	-146	21	-1	3	14	18	12	19	22	21	17	2
Universal Service Fund payments	-9	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-108
Other	31	*	-22	-10	-16	-20	-25	-11	-11	-6	-20	-39	-181
Subtotal, coverage	-456	-263	-100	-120	-125	-123	-122	-116	-110	-104	-118	-152	-1,454

Continued

For the 2023–2033 period, those conceptual differences cause negative federal saving projected in the NIPAs to be \$0.5 trillion less than the cumulative budget deficit in CBO's baseline projections (see Table 2). The differences between CBO's baseline projections of revenues and outlays 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;

- Netting differences—transactions that are recorded as offsets to outlays in the budget but as receipts in the NIPAs; and
- Timing differences—certain 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.

Table 2.

Continued

### Differences Between Projected Budgetary Revenues and Outlays and Projected Receipts and Expenditures in the NIPAs

Billions of dollars

	Actual, 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total, 2023– 2033
<b>Expenditures (continued)</b>													
Netting													
Medicare premiums	138	148	154	178	183	200	218	237	257	279	304	333	2,493
Income receipts on assets	22	46	47	48	49	51	52	55	58	59	77	93	635
Government contributions for HI and OASDI for employees	26	27	28	29	30	31	32	34	35	36	37	38	358
Deposit insurance premiums	8	9	12	13	14	14	15	15	16	17	17	16	159
Surpluses of government enterprises	-3	-3	-2	*	2	2	3	-4	-3	-5	-6	-6	-22
Other	36	49	69	74	67	72	73	73	73	74	67	68	760
Subtotal, netting	227	276	309	342	346	371	394	410	436	461	497	543	4,383
Timing	-14	-18	74	0	0	0	-114	114	0	0	0	-149	-93
<b>Total difference</b>	<b>-242</b>	<b>-5</b>	<b>283</b>	<b>222</b>	<b>221</b>	<b>247</b>	<b>158</b>	<b>408</b>	<b>326</b>	<b>356</b>	<b>379</b>	<b>242</b>	<b>2,836</b>
Expenditures in the NIPAs	6,031	6,349	6,701	6,957	7,256	7,615	8,011	8,405	8,820	9,254	9,717	10,196	89,281
<b>Net federal government saving</b>													
Budget deficit in CBO's baseline	-1,376	-1,539	-1,571	-1,761	-1,718	-1,709	-1,934	-1,855	-2,126	-2,291	-2,496	-2,852	-21,854
Differences													
Coverage													
Capital transfer payments	215	166	139	139	149	156	159	161	163	165	167	170	1,733
Adjustments related to government employees' retirement	-103	-109	-95	-85	-91	-95	-99	-100	-101	-102	-102	-93	-1,071
Estate and gift taxes	-33	-27	-25	-24	-26	-39	-42	-44	-47	-50	-53	-57	-433
Treatment of investment and depreciation	42	43	39	37	37	37	36	35	35	35	31	30	394
Repatriation of deferred income	-20	-30	-44	-57	-25	0	0	0	0	0	0	0	-156
Lending and financial adjustments	317	146	-21	1	-3	-14	-18	-12	-19	-22	-21	-17	-2
Universal Service Fund	*	*	*	*	*	*	*	*	*	*	*	*	*
Other	-180	-105	10	2	15	17	18	3	*	-6	6	24	-15
Subtotal, coverage	240	84	2	12	55	62	54	43	32	21	28	57	450
Timing	14	18	-74	0	0	0	114	-114	0	0	0	149	93
<b>Total difference</b>	<b>254</b>	<b>102</b>	<b>-72</b>	<b>12</b>	<b>55</b>	<b>62</b>	<b>168</b>	<b>-71</b>	<b>32</b>	<b>21</b>	<b>28</b>	<b>206</b>	<b>544</b>
Net federal government saving in the NIPAs <sup>a</sup>	-1,122	-1,437	-1,643	-1,748	-1,663	-1,647	-1,766	-1,926	-2,095	-2,271	-2,468	-2,646	-21,310

Data source: Congressional Budget Office. See [www.cbo.gov/publication/59457#data](http://www.cbo.gov/publication/59457#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. Timing differences arise when certain transactions are recorded on a cash basis in the budget but on an accrual basis in the NIPAs.

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.



## Differences in Coverage

Differences in coverage cause federal deficits and negative federal saving to differ. Some differences cause CBO's projections of negative federal saving to exceed its projections of deficits, whereas others have the opposite effect. On net, those differences result in projected negative federal saving that is smaller than the projected cumulative budget deficit over the 2023–2033 period.

**Treatment of Capital Transfer Payments.** The largest difference in coverage, amounting to \$1.7 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 to build highways. Those transfers are not directly associated with current production, so they do not affect the NIPAs' 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. Over the 2023–2033 period, about half of federal capital transfer payments are for highway transportation programs, and about one-tenth are for grants to states for environmental programs.

**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 in the federal sector of the NIPAs by the funds' receipt of interest payments because

the receipts are recorded in a nonfederal sector. 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 reporting 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 2023–2033 period, adjustments related to federal employees' retirement cause current receipts in the NIPAs to be \$0.1 trillion less than the corresponding revenues reported in the budget and cause the NIPAs' current expenditures related to pension plans to exceed budgetary outlays for those plans by \$1.0 trillion. Together, those differences increase negative federal saving in relation to the cumulative deficit in CBO's baseline projections by \$1.1 trillion.

**Estate and Gift Taxes.** Estate and gift taxes are considered a capital transfer in the NIPAs and are thus excluded from the NIPAs' measure of current receipts. That exclusion results in current receipts for the category that are \$433 billion less than the corresponding budgetary revenues over the 2023–2033 period.

**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.<sup>7</sup> To approximate the cost of those capital inputs, current 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, the amounts projected for depreciation are \$394 billion less than projected budgetary outlays for investment over the 2023–2033 period.

7. Although investment spending is not counted as a current expenditure, that spending is ultimately included in the federal government's contributions to gross domestic product.

**Repatriation of Deferred Income.** The 2017 tax act (Public Law 115-97) imposed a onetime tax on previously untaxed foreign profits accumulated after 1986 and before 2018. Such a tax is often called a deemed repatriation tax. Domestic owners of foreign corporations that were subject to the tax had the option to remit their payments in eight annual installments, making smaller payments initially and larger payments at the end of the period. In the NIPAs, BEA does not include the proceeds from the deemed repatriation tax in the measurement of current receipts. Instead, it treats those payments as a capital transfer from businesses to the federal government that was recorded in 2017. In the federal budget, taxes paid as a result of deemed repatriation are recorded when they are paid to the Treasury, so they will continue to affect the federal budget through 2026. That difference in treatment causes current receipts in the NIPAs to be \$156 billion less than budgetary revenues over the 2023–2033 period.

**Lending and Financial Adjustments.** Some differences between outlays in the federal budget and the NIPAs' measure of current federal expenditures are related to lending and financial adjustments. Federal credit programs account for most of those differences. In the budget, the estimated total lifetime costs (or savings) of loans disbursed or guaranteed are recorded as outlays in the year the loans are made. In subsequent years, those estimates of loans' total lifetime costs are revised, as necessary, and the difference between the original and updated estimate is recorded as an increase or decrease in outlays. Instead of recording estimates of future costs and savings, the NIPAs record certain cash flows associated with the underlying loans. In total, differences arising from lending and financial adjustments cause current expenditures in the NIPAs to exceed budgetary outlays by \$2 billion over the 2023–2033 period.<sup>8</sup>

8. Coverage differences from lending and financial adjustments in 2022 were abnormally large because of the Administration's student loan forgiveness program. The Administration recorded budgetary outlays of \$379 billion in 2022 to reflect the long-term costs of the loan cancellations, whereas current expenditures in the NIPAs were unaffected. In June 2023, the Supreme Court prohibited the Administration's planned cancellation of student loan debt. Because that decision occurred after CBO published its May 2023 budget projections, which underlie this report, the effect of that decision is not reported in Table 1.

The estimated coverage differences from lending and financial adjustments for 2023 are larger than those for subsequent years, mostly because of revisions to the estimated lifetime costs of student loans that are recorded in the budget. The Administration's proposed income-driven repayment program and pauses on student loan payments, interest accrual, and the collection of such loans account for most of those revisions.

**Universal Service Fund.** The business activity of the Universal Service Fund, which provides resources to promote access to telecommunications, is recorded in the budget but not in the NIPAs' federal sector. The Universal Service Fund receives federally required payments from providers of interstate and international telecommunications services and disburses those funds to local providers that serve high-cost areas, low-income households, libraries, and schools, as well as to rural health care providers. The fund is administered by the Universal Service Administrative Company, an independent nonprofit corporation regulated by the Federal Communications Commission. Although the Universal Service Fund's revenues and outlays appear in the federal budget, they have little net effect on the deficit because they are about the same. In the NIPAs, the fund's receipts and payments are classified as intracorporate transfers (from one business to another within the corporate sector). The different treatments cause negative federal saving to exceed deficits by less than \$0.5 billion over the 2023–2033 period.

### 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 causes expenditures and receipts in the NIPAs to be \$2.5 trillion higher than budgetary outlays and revenues. But 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 the NIPAs' 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 the NIPAs' 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. Those timing differences cause negative federal saving in the NIPAs to be about \$0.1 trillion less than budget deficits over the 2023–2033 period.

This report is an annual publication prepared in response to interest expressed by Members of Congress. In keeping with the Congressional Budget Office'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](mailto:communications@cbo.gov).



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