

CRS Report for Congress

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Federal Monthly Budget Totals

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Summary

The annual budget totals for the federal government obscure the variations in receipts, outlays, and the deficit or surplus that occur monthly. The annual deficits of the last four years (FY2001 through FY2005) were punctuated by monthly surpluses. The growth in outlays over those same years were not steady when viewed monthly. Receipts varied both annually and monthly. The monthly variations in receipts followed a pattern based on the timing of federal tax collections. The often substantial monthly changes in receipts produced almost all of the corresponding changes in monthly surpluses or deficits.

This report contains historical data and will not be updated.

Monthly budget data have followed a fairly regular pattern year after year. Outlays vary by relatively small amounts monthly. Between January 2001 and December 2005, average monthly outlays remained between \$150 billion and \$200 billion.¹ Over the same period, actual monthly outlays ranged from a low of \$125 billion in July 2001 to \$220 billion in March 2005. In the somewhat extended period (October 2000 through May 2006) shown in **Figure 1**, a new monthly high for outlays occurred in March 2006 at \$250 billion, double the spending in July 2001. Over this extended period, spending has trended upward.

Receipts show a more volatile pattern reflecting the intermittent pattern of federal revenue collections. Receipts tend to be higher in January, April, June, September, and December than in other months, generally reflecting payment timing requirements for taxpayers. Five-year average monthly receipts varied from a low of slightly less than \$100 billion in February to a high of almost \$260 billion in April. From October 2000 through May 2006, receipts ranged from a low of \$85 billion in February 2004 to a high of \$332 billion in April 2001. Over this period, receipts (in dollars) have slowly trended higher.

¹ The average monthly budget data were created by summing each month's data over four years and dividing it by four to produce an average monthly amount. This was done for outlays, receipts, and the deficit or surplus amounts for each month.

The monthly variability of receipts drives a reflected monthly variability in deficits and surpluses. The federal government tends to run surpluses in the same months that receipts tend to be large, January, April, June, September, and December. The average monthly budget balance over the course of a year ranged from a deficit of \$86 billion in February to a surplus of \$77 billion in April over the five calendar years 2001 through 2005. The actual monthly budget balances ranged from a deficit of \$119 billion in February 2006 to a surplus of \$190 billion in April 2001.

Figure 1 contains receipts, outlays, and the deficit or surplus by month from October 2000 (the first month of fiscal year 2001) through the most recent data from the Treasury, May 2006. In addition, the one fiscal year surplus and four fiscal year deficits are shown in the figure. The variability of all three components of the budget totals is fairly obvious in the figure. Although outlays vary within a relatively small range, they still bounce around quite a bit month to month. The growth in outlays over time also reveals itself in the figure (as one would expect), as the outlays in the more recent months are obviously larger (in current dollars) than they were at the beginning of the period shown.² The higher monthly volatility of receipts makes eyeballing a directional trend more difficult, but it has been upward (see footnote 2). As with receipts, the monthly up and down nature of the surplus and deficit makes spotting an overall trend difficult. Over the period shown, the trend has been toward smaller and less frequent monthly surpluses and larger and more frequent monthly deficits.

Figure 2 shows the five-year (2001 through 2005, calendar years) averages for receipts, outlays, and the deficit or surplus by month. January is shown at the beginning and end of the graph (to more clearly indicate the changes from December to January). As an example, the chart shows that for June, five-year average receipts were \$206 billion, outlays averaged \$181 billion for the five years, and, for that month, the surplus averaged \$25 billion. For February, the month that averages the smallest receipts, the chart reveals that receipts averaged \$97 billion, outlays averaged \$183 billion, and the deficit averaged \$86 billion.

This figure displays the monthly patterns of federal receipts and spending (and the deficit or surplus) that were difficult to discern in **Figure 1**. As mentioned earlier, outlays vary by month, but by relatively small amounts. Receipts vary by fairly large amounts month to month, in a repetitive pattern that occurs from year to year (over the five years covered in this report), reflecting the timing requirements of federal tax law. The monthly variation in surplus or deficit totals generally follows the variation in monthly receipts, since outlays are relatively steady throughout the year.

² Other measures of outlays, as percentages of GDP or in constant (deflated) dollars also show growth in outlays over this period. Receipts, on the other hand, are currently smaller both as a percentage of GDP and in constant dollars than they were at the beginning of the period shown.

Figure 1. Monthly Budget Totals, October 2000 — May 2006

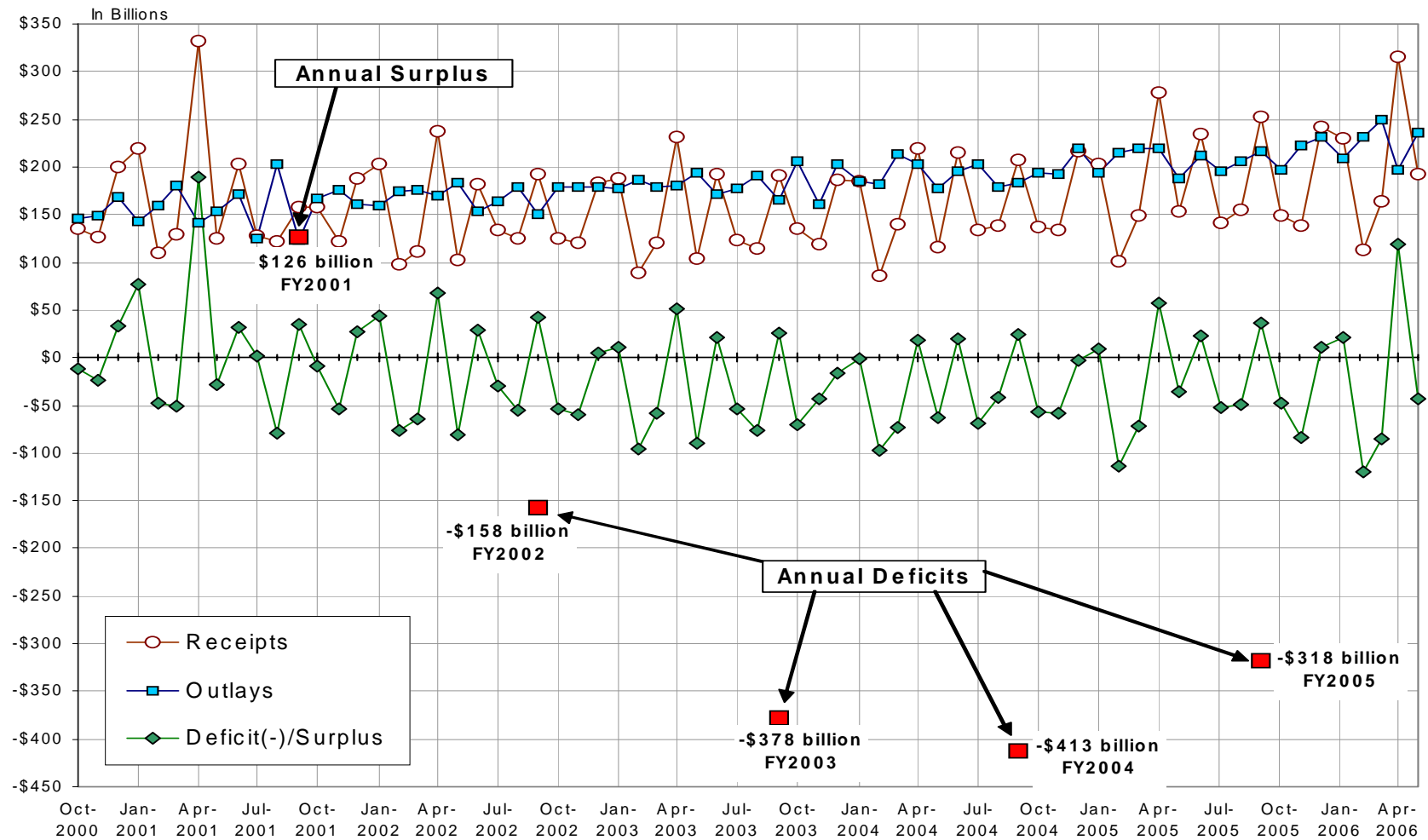


Figure 2. Average Monthly Budget Total Over the Five Calendar Years 2001 Through 2005