Joint Statement by Secretary of the Treasury Janet L. Yellen and Acting Director of the Office of Management and Budget Shalanda D. Young on Budget Results for Fiscal Year 2021

October 22, 2021

WASHINGTON — U.S. Secretary of the Treasury Janet L. Yellen and White House Office of Management and Budget (OMB) Acting Director Shalanda D. Young today released the final budget results for fiscal year (FY) 2021. The deficit in FY 2021 was $360 billion less than in the prior fiscal year, reflecting an improved economy due in part to the American Rescue Plan Act of 2021 (ARP) and COVID-19 vaccination rollout. The 2021 deficit was $897 billion less than forecast in the President's 2022 Budget and $342 billion less than estimated in the 2022 Mid-Session Review. [1] As a percentage of gross domestic product (GDP), the deficit was 2.6 percentage points lower than in the previous year. [2] The FY 2021 deficit was $2.8 trillion.

Under President Biden's leadership, the U.S. economy is getting back on track and Americans are getting back to work. This is a result of the President taking swift action to mount a historic vaccination effort and secure the enactment of the ARP, which helped put a floor under the crisis, got shots into arms, and delivered checks into pockets. Since the President took office, the unemployment rate has fallen to 4.8 percent. The economy has added an average of 600,000 jobs each month and has already made up the GDP losses from the first half of 2020, surpassing the pre-pandemic GDP peak. During the first two quarters of 2021, the economy grew faster than the comparable period in any year over the past four decades. This faster, broader growth also produced a smaller budget deficit than originally projected. To carry this momentum forward, the President has put forward an agenda to invest in the middle class and ensure that all Americans can share in the benefits of a growing economy.

"Today's joint budget statement is further evidence that America's economy is in the midst of a recovery. The nation's economic progress is the direct result of the Biden-Harris Administration's efforts to enact the American Rescue Plan and address the pandemic," Treasury Secretary Janet L. Yellen said. "While the nation's economic recovery is stronger than those of other wealthy nations, it is still fragile. In order to build upon the progress that has been made and to ensure the success of our businesses, productivity of our workers, and inclusiveness of our system, Congress should pass President Biden's Build Back Better plan. Passing President Biden's economic agenda will grow the economy, help workers and families, and strengthen our nation's long-term fiscal outlook."

"These budget results are further proof that President Biden's economic plan is working," said OMB Acting Director Shalanda Young. "Instead of settling for an economy that serves the wealthiest Americans and biggest corporations, the President's agenda builds on the progress we've made and grows our economy from the bottom up and the middle out—creating jobs, cutting taxes for the middle class, lowering costs for working families, and improving our country's long-run fiscal and economic health."

SUMMARY OF FISCAL YEAR 2021 BUDGET RESULTS

Year-end data from the September 2021 Monthly Treasury Statement of Receipts and Outlays of the United States Government show that the deficit for FY 2021 was $2.8 trillion, $360 billion less than the prior year's deficit. As a percentage of GDP, the deficit was 12.4 percent, a decrease from 15.0 percent in FY 2020.

The FY 2021 deficit was $897 billion less than the estimate of $3.7 trillion in the 2022 Budget published in May and $342 billion less than the estimate of $3.1 trillion in the Mid-Session Review (MSR), a supplemental update to the Budget published in August. Updates included in this year's MSR were limited to tax receipts, outlay for tax credits, and programs where economic changes were expected to have the most significant effects across the budget window: Social Security, Medicare, Medicaid, Supplemental Nutrition Assistance Program, and unemployment compensation.

Table 1. Total Receipts, Outlays, and Deficit (in trillions of dollars)

	Receipts	Outlays	Deficit
FY 2020 Actual	3.420	6.552	-3.132
Percentage of GDP	16.3%	31.3%	15.0%
FY 2021 Estimates:			
2022 Budget	3.581	7.249	-3.669
2022 Mid-Session	4.037	7.151	-3.114

Review			
FY 2021 Actual	4.046	6.818	-2.772
Percentage of GDP	18.1%	30.5%	12.4%
Note: Detail may not add to totals due to rounding.			

Governmental receipts totaled $4.0 trillion in FY 2021, exceeding Budget and MSR projections. As a share of GDP, receipts were 18.1 percent, 1.7 percentage points higher than in FY 2020. Relative to FY 2020, receipts increased by $626 billion, an increase of 18.3 percent. The increase in receipts for FY 2021 can be attributed to higher net individual and corporation income taxes from the improved economy.

Outlays were $6.8 trillion in FY 2021, less than projected in the Budget and MSR. Compared with FY 2020, outlays increased by $266 billion, or 4.1 percent. The increase reflects continued spending from laws enacted during the previous administration, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Consolidated Appropriations Act, 2021, and programs created or enhanced by the ARP to provide relief to Americans and support the economy. Contributing to the dollar increase over FY 2020 were higher outlays for COVID relief programs such as Economic Impact Payments, State and Local Fiscal Recovery Funds, and the Emergency Rental Assistance Program. As a percentage of GDP, outlays decreased slightly from 31.3 percent in FY 2020 to 30.5 percent in FY 2021.

Total federal borrowing from the public increased by $1.3 trillion during FY 2021 to $22.3 trillion. The increase in borrowing included $2.8 trillion in borrowing to finance the deficit, partly offset by $1.5 trillion in other transactions that affect borrowing, particularly the decrease in the cash balance. As a percentage of GDP, borrowing from the public fell from 100.3 percent of GDP at the end of FY 2020 to 99.5 percent of GDP at the end of FY 2021.

To coincide with the release of the Federal Government's year-end financial data, the Treasury's Bureau of the Fiscal Service has updated Your Guide to America's Finances (Your Guide) with this new data. Your Guide was launched in 2019 to make federal financial information transparent and accessible to all Americans. It presents a snapshot of the trillions of dollars collected and spent by the Federal Government each year and provides useful context for those numbers. Your Guide also clarifies common questions such as the difference between the deficit and the debt through user-friendly explanations, charts, and visualizations.

Below are explanations of the differences between FY 2021 estimates and the year-end actual amounts for receipts by source and outlays by agency. Because updates included in MSR were limited, the explanations compare actual year-end data to estimates from the 2022 Budget.

FISCAL YEAR 2021 RECEIPTS

Total receipts for FY 2021 were $4.0 trillion, $465.2 billion higher than the Budget estimate of $3.6 trillion. This net increase in receipts was the net effect of higher-than-estimated collections of individual income taxes, corporation income taxes, social insurance and retirement receipts, estate and gift taxes, deposits of earnings by the Federal Reserve, and excise taxes, partially offset by lower-than-estimated collections of customs duties and other miscellaneous receipts. The increase in 2021 receipts can be largely attributed to higher personal and business income. Table 2 displays actual receipts and estimates from the Budget by source.

- **Individual income taxes** were $2.0 trillion, $339.5 billion higher than the Budget estimate. This difference was the net effect of higher withheld payments of individual income tax liability of $154.1 billion, higher nonwithheld payments of $170.4 billion, and lower-than-estimated refunds of $15.0 billion.
- **Corporation income taxes** were $371.8 billion, $103.3 billion above the Budget estimate. This difference was the effect of higher-than-expected payments of corporation income tax liability of $86.7 billion and lower-than-estimated refunds of $16.6 billion.
- **Social insurance and retirement receipts** were $1.3 trillion, $17.9 billion higher than the Budget estimate.
- **Excise taxes** were $75.3 billion, $1.2 billion above the Budget estimate.
- **Estate and gift taxes** were $27.1 billion, $9.5 billion above the Budget estimate.
- **Customs duties** were $80.0 billion, $4.8 billion below the Budget estimate.
- **Miscellaneous receipts** were $133.3 billion, $1.4 billion below the Budget estimate. This was the net effect of lower-than-expected collections of various fees, penalties, forfeitures, and fines of $4.2 billion; partially offset by higher-than-expected remittances by the Federal Reserve System of $2.8 billion, largely due to lower short-term interest rates and higher earnings as they have increased their asset holdings in response to COVID-19.

FISCAL YEAR 2021 OUTLAYS

Total outlays were $6.8 trillion for FY 2021, $431 billion below the Budget estimate. Table 3 displays actual outlays by agency and major program as well as estimates from the Budget. The largest changes in outlays from the Budget were in the following areas:

Department of Agriculture — Outlays for the Department of Agriculture were $235.2 billion in FY 2021, $53.5 billion less than the Budget estimate.

Approximately $27 billion of this difference is attributable to outlays in the Supplemental Nutrition Assistance Program (SNAP) due to lower than anticipated participation, delays in Pandemic-EBT issuance, and benefits issued in FY 2021 that will be redeemed in FY 2022.

Outlays in the Child Nutrition Programs were $6.2 billion lower than expected due to fewer meals served and delayed reimbursement claims as a result of the continued impact of the COVID-19 pandemic on school operations.

Within the Office of the Secretary, outlays in FY 2021 totaled $25.4 billion, higher than the President's Budget projected outlays of $18.4 billion due to quicker than anticipated outlay rates for the supplemental funding received in the Consolidated Appropriations Act, 2021. While the President's Budget projected that this supplemental funding would be spent out evenly over a five-year period, $7.6 billion of the $11.2 billion provided was outlayed in FY 2021.

For the Risk Management Agency, the Budget projected outlays of $9.0 billion, while actual outlays totaled $6.7 billion, due to higher than anticipated producer premium collections deferred to FY 2021 from FY 2020.

For the Commodity Credit Corporation, the President's Budget estimate was $16.5 billion higher compared to FY 2021 outlays, resulting from lower-than-expected outlays from FY 2020 balances.

Lastly, actual FY 2021 outlays for Assistance for Socially Disadvantaged Farmers and Ranchers were $1 million, instead of the $5.0 billion projected in the Budget, due to legal challenges that have prevented the assistance from being distributed.

Department of Defense — Outlays for the Department of Defense were $717.6 billion, $5.2 billion higher than the Budget estimate. This difference was mostly due to higher-than-expected outlays for procurement related activities, which were $4.3 billion higher than the Budget estimate, and higher-than-expected outlays for research, development, test, and evaluation, which were $2.8 billion higher than the Budget estimate. One billion dollars higher-than-expected military construction costs and $0.8 billion higher-than-expected outlays for revolving and management funds also contributed to the total difference. These differences were partially offset by $2.2 billion lower-than-expected military personnel costs, $0.4 billion lower-than-expected outlays for operation and maintenance costs, and $0.3 billion lower-than-expected outlays for various military program accounts.

Department of Education — Outlays for the Department of Education were $260.4 billion, $28.4 billion higher than the Budget estimate. Outlays in the Federal Direct Student Loan program and the Family Federal Education Loan Program were $34.9 billion higher than the Budget estimate due primarily to upward modifications for extensions of the pause of student loan payments, interest, and collections first authorized by the CARES Act. In the Pell Grant program, outlays were $1.2 billion lower than the Budget estimates, due to lower-than-projected program participation during the most recent academic year. Outlays in the Special Education account were also $1.9 billion lower than the Budget estimate due to the unprecedented amount of other federal funds made available from the ARP and other supplemental appropriations that can support special education, which slowed expenditure of regular Individuals with Disabilities Education Act (IDEA) funds. Finally, outlays in the Rehabilitation Services account were $1.2 billion lower than the Budget estimate because States and grantees were unable to spend down as much of their funding as expected due to the ongoing pandemic, particularly due to the reduction of in-person service delivery.

Department of Health and Human Services — Outlays for the Department of Health and Human Services were $1.5 trillion, $80.7 billion lower than the Budget estimate.

Federal contributions to the Supplementary Medical Insurance (SMI) Fund were $44 billion higher than anticipated. Refunds from the Hospital Insurance (HI) Trust Fund were $20.6 billion lower than anticipated in the President's Budget. Refunds from SMI were $10.6 billion lower than projected in the President's Budget. There were more receipts than expected for the fiscal year, largely in part from the repayment of Medicare accelerated and advance payments to providers and suppliers, which totaled over $22 billion for HI and $15 billion for SMI in 2021.

The actual outlays for other health programs were $9.2 billion lower than the Budget projection due to the absence of an appropriation for Cost-Sharing Reductions.

Outlays for the Public Health and Social Services Emergency Fund were $19 billion lower than projected in the Budget. The difference is primarily driven by the changes in timing of procurements and provider payments from unobligated COVID-19 emergency supplemental resources since the President's Budget as HHS continues to adapt its response.

Lastly, outlays for the Child Care and Development Block Grant were $6.2 billion lower than projected due to slower-than-expected state spending of the COVID supplemental funds.

Department of Homeland Security — Outlays for the Department of Homeland Security were $91.1 billion, $31.6 billion lower than the Budget estimate. Approximately $25.3 billion of the difference is driven by the Federal Emergency Management Agency (FEMA), of which $24.4 billion is due to FEMA's Disaster Relief Fund. This is due to slower and lower COVID-19 response spending than originally anticipated of ARP funding as States have slowed down reimbursement requests. The remainder is due to lower-than-projected outlays in other accounts.

Department of Housing and Urban Development — Outlays for the Department of Housing and Urban Development (HUD) were $31.8 billion, $24.1 billion lower than the Budget estimate. The difference is primarily driven by the inadvertent exclusion from the Budget of the downward reestimate for the Federal Housing Administration (FHA) Mutual Mortgage Insurance (MMI) Fund, which should have been credited as $15.7 billion in offsetting receipts to the MMI Capital Reserve Account. In addition, outlays for HUD formula grant programs, including the Community Development Block Grant (CDBG), CDBG-Disaster Recovery and Homeless Assistance Grant programs, were lower than the Budget estimate largely due to ongoing economic impacts of COVID-19 and grantees prioritizing other federal sources of pandemic relief with earlier expenditure deadlines.

Department of Justice — Outlays for the Department of Justice were $39.3 billion, $6.0 billion lower than the Budget estimate. The difference is predominately due to large changes in the Crime Victims Fund (CVF), the State and Local Law Enforcement Assistance (SLLEA) account, the Research, Evaluation, and Statistics (RES) account, and the Asset Forfeiture Program (AFP). Outlays for the CVF were $2.4 billion lower than estimated due to a slower-than-anticipated draw down of funds made available in prior fiscal years, similar to draw-down issues seen in the previous year. Outlays by the SLLEA were $1.1 billion lower and outlays by RES were $0.4 billion lower than anticipated in part due to delays created by technical issues with the migration to a new grants management system. For the AFP, outlays were $0.6 billion lower than estimates due to an unanticipated lag in victim payments, again similar to issues experienced in the previous year.

Department of Labor — Outlays for the Department of Labor were $404.8 billion, $147.8 billion lower than the Budget estimate. The difference was attributable primarily to lower-than-expected outlays in the Unemployment Trust Fund and Federal Additional Unemployment Compensation account. Outlays were lower in the Unemployment Insurance (UI) Program due to approximately half of states terminating the CARES Act pandemic UI programs early, economic conditions improving faster than expected, and ongoing claims backlogs. The Department expects states to continue to process retroactive benefits in the coming fiscal years.

Department of Transportation — Outlays for the Department of Transportation were $104.9 billion, $20.8 billion lower than the Budget estimate. Approximately half of this difference was due to slower-than-expected spending of Federal Transit Administration (FTA) COVID supplemental funding for a variety of reasons, including an inefficient supply chain that slowed progress on grantees’ capital projects. Additionally, supplemental COVID funding appropriated to FTA, as well as to the Federal Highways Administration (FHWA) and Federal Aviation Administration, likely redirected focus towards execution of those funds and slowed outlays in those operating administrations’ base grant programs, which may account for a portion of the difference between estimated and actual outlays.

Department of the Treasury — Net outlays for the Department of the Treasury were $1.6 trillion, $48 billion lower than the Budget estimate.

Non-IRS pandemic response programs enacted in the Consolidated Appropriations Act, 2021 and the ARP accounted for $66 billion in lower-than-projected outlays. This difference was primarily attributable to the ARP State and Local program, which outlayed $31 billion less than forecasted because of statutory requirements delaying second tranche outlays by at least 12 months. Outlays for the Homeowner Assistance Fund (HAF) were $9.0 billion lower than the Budget projected, as grantees did not begin to submit detailed plans, which allow grantees to receive the remainder of their HAF allocations, for Treasury approval until late in the fiscal year (August). The remaining $26.1 billion of the difference was due to slower-than-anticipated outlays for the Capital Projects Fund, the State Small Business Credit Initiative, and the Emergency Capital Investment Fund.

Outlays for individual and corporate refundable credits created in the CARES Act, the Consolidated Appropriations Act, 2021, and the ARP were $94.7 billion lower than the Budget estimate due to lower-than-expected take-up of the employee retention credit, paid sick and family leave credits, and the COBRA premium assistance credit. This was partly offset by $23.9 billion in higher-than-anticipated outlays for Economic Impact Payments and the recovery rebate credit, due to higher take-up.

Outlays for Refundable Premium Tax Credits were $5.4 billion higher than anticipated due to increased enrollment attributable to the special enrollment period created to combat the COVID-19 pandemic.

Interest on the public debt, which is paid to the public and to trust funds and other Government accounts, was $77.7 billion higher than the Budget estimate. The difference was due primarily to higher-than-projected borrowing costs on inflation-protected securities held both by the public and by Government accounts.

Net outlays for intragovernmental interest transactions with non-budgetary credit financing accounts were $9.8 billion higher than projected, including $11.3 billion in lower-than-projected receipts of interest from credit financing accounts, partly offset by $1.5 billion lower-than-anticipated interest paid to credit financing accounts. (Interest received from credit financing accounts is reported in Treasury's aggregate offsetting receipts.)

Other Defense Civil Programs — Outlays for the Other Defense Civil Programs were $58.1 billion, $10.2 billion lower than the Budget estimate. The difference was primarily due to higher interest earnings on inflation-protected securities held by the Department of Defense Medicare-Eligible Retiree Health Care Fund, which were $9.4 billion higher than expected, reducing net outlays. Additional lower-than-expected outlays from other accounts in Other Defense Civil Programs account for the remaining difference.

International Assistance Programs — Outlays for International Assistance Programs were $20.0 billion, $5.5 billion lower than the Budget estimate. This difference is due in part to an unexpected $2 billion in receipts to the Economic Support Fund for the purchase of COVID vaccines by the COVID-19 Vaccines Global Access (COVAX), the cost of which was obligated but not expended prior to the end of the fiscal year. Additionally, Foreign Military Financing grant outlays were $1.4 billion lower than projected, in part to account for the time required to meet congressional pre-obligation requirements. In addition, Foreign Military Sales net outlays were $1.7 billion lower than expected due to higher-than-anticipated receipts received from foreign governments for weapons purchases.

Small Business Administration — The Small Business Administration's (SBA's) outlays were $322.7 billion, $49.6 billion lower than the Budget estimate. The difference in outlays is primarily driven by several large COVID relief programs. The largest change was for Economic Injury Disaster Loan Advances for COVID Economic Injury Disaster Loan applicants, which were $29.7 billion lower than projected. In addition, outlays for the Disaster Loan Program, which includes COVID Economic Injury Disaster Loans, were $9.7 billion lower than projected, and outlays for the Shuttered Venues Operator Grants were $6.6 billion lower than projected. SBA did not receive the level of eligible applications initially estimated for these programs. In addition, the Paycheck Protection Program received a significant number of cancellations, resulting in outlays that were $2.4 billion less than projections. SBA's salaries and expenses outlays also were $0.8 billion less than projected.

Social Security Administration — Outlays for the Social Security Administration were $1,192.5 billion, $6.8 billion lower than the Budget estimate, which is relatively minor compared to total program outlays. The difference is primarily attributable to lower-than-expected outlays for the Old-Age and Survivors Insurance Trust Fund, Disability Insurance Trust Fund and Supplemental Security Income programs. Actual benefit payments were down slightly from the estimates in the Budget, mainly due to a lower number of beneficiaries and recipients than previously projected.

Federal Communications Commission — Outlays for the Federal Communications Commission were $11.1 billion, $5.4 billion lower than the Budget estimate of $16.5 billion. The difference in outlays is associated with multiple programs including two new COVID-19 emergency programs created by the Consolidated Appropriations Act, 2021 and the ARP. Projected outlays for the new Emergency Broadband Benefit program, which provides a discount on broadband connectivity and devices for eligible households, were based on an initial demand forecast that assumed higher enrollments and more claims than actually occurred. The Emergency Connectivity Fund, which provides reimbursements for educational broadband connections and devices for eligible schools and libraries for off-campus use by students, school staff, and library patrons, began making obligations later than estimated. Additionally, Universal Service Fund outlays were lower than estimated due to a delay in conducting the reverse auction for the Rural Digital Opportunity Fund that resulted in later obligations and outlays, and due to invoice extensions and waivers granted during COVID-19 for the Schools and Libraries and Rural Health Care programs. Also, the TV Broadcaster Relocation Fund had lower outlays than anticipated because reimbursement requests from Broadcast Stations, which can be requested until July 2023, were lower than estimated.

Postal Service — Net outlays for the United States Postal Service were -$2.7 billion, $7.2 billion lower than the Budget estimate. The difference is almost entirely attributed to the Postal Service not including debt and borrowing in their final outlays reporting to Treasury, primarily the $10 billion in CARES Act borrowing (which is not required to be repaid) or $3 billion in Federal Financing Bank repayment.

Undistributed Offsetting Receipts — Undistributed Offsetting Receipts were -$273.4 billion, $54.4 billion lower net collections than the Budget estimate.

Spectrum auction and relocation receipts were $81.2 billion lower than the Budget estimate because the transfer of $81 billion in receipts from the C-band auction of 280 Megahertz of spectrum did not occur by September 30 as planned. This transfer will now occur in FY 2022.

Interest received by trust funds resulted in $25.4 billion higher net collections than the Budget estimate. The difference was due largely to Military Retirement Fund interest earnings on inflation-protected securities, due to higher-than projected inflation. Total Military Retirement Fund interest earnings were $24.2 billion higher than the Budget estimate. This intragovernmental interest is paid out of the Department of the Treasury account for interest on the public debt and has no net impact on total Federal Government outlays.

Table 2 – Receipts by Source

Table 3 – Outlays by Agency

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[1] Figures may not add up to totals due to rounding.

[2] The estimates of GDP used in the calculations of the deficit and borrowing relative to GDP reflect the revisions to historical data released by the Bureau of Economic Analysis (BEA) in July 2021. GDP for FY 2021 is based on the economic forecast for the 2022 Mid-Session Review, adjusted for the BEA revisions.

The Monthly Treasury Statement can be found on the Bureau of the Fiscal Service website