

# How a \$9.4 Billion Deficit Increased to \$43.6 Billion

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WASHINGTON, Jan. 21 — President Ford's budget today contained a detailed explanation of "what went wrong" in the budget year that ended last June 30 to convert an originally estimated deficit of \$9.4 billion to an actual deficit of \$43.6 billion.

The problem of budget estimating has become a major one, only partly because of unpredictable actions and inactions by Congress. The total figures for outlays, receipts and the deficit in the document submitted at the beginning of each year for the fiscal year to follow have become increasingly meaningless.

As it turned out, in the fiscal year 1975, the last completed fiscal year, spending totaled \$324.6 billion, \$20 billion more than originally estimated. Receipts were \$281 billion compared with an original estimate of \$295 billion, with the difference in part accounted for by an antirecession tax rebate enacted toward the end of the fiscal year.

The analysis in the budget document sent to Congress today did not explain the entire \$20 billion increase in outlays over the original estimate. But as required by the 1974 Congressional budget reform law,

it did explain the big departure from the estimates in benefit payments to individuals and other "uncontrollable" programs that are fixed by law, including interest on the national debt.

Spending in these programs turned out to be \$13.7 billion, or about 8 percent higher than originally estimated. The budget today said that "most" of the discrepancy "can be explained by differences between actual and assumed economic conditions and the effects of new legislation." The rest was mainly errors in estimation.

The biggest single error, at \$6.5 billion, was in unemployment compensation, which rose steeply as a result of the recession, unforeseen in early 1974. Apart from higher payments under the existing unemployment insurance program, Congress enacted extended benefits and coverage, which accounted for \$1.5 billion of the higher payments.

The recession also accounted for part of the increase in welfare and some veterans' programs above the estimates, which totaled \$4.4 billion for the two categories together. Part of the veterans' increase was attributable to a big increase in the benefit formula enacted by Congress.

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