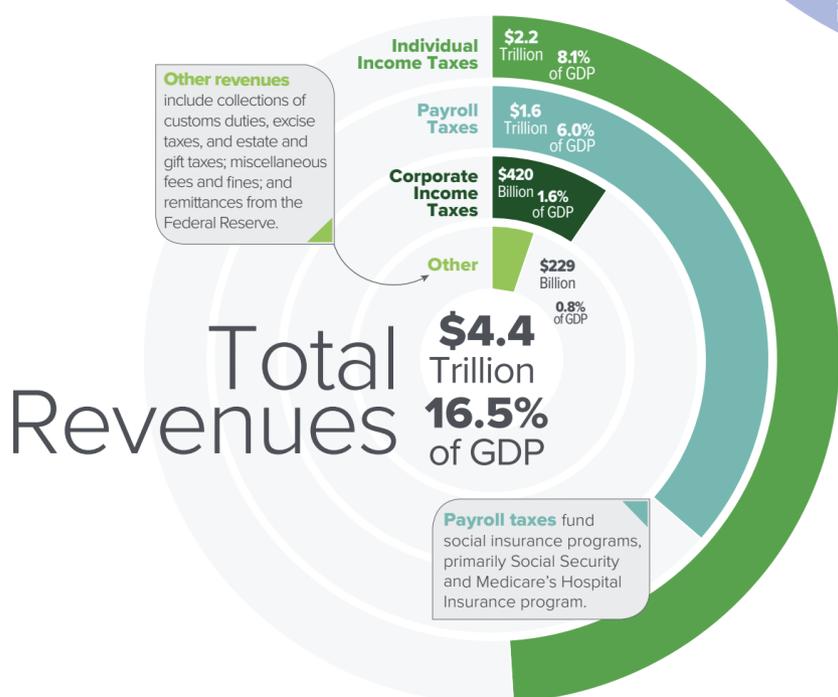
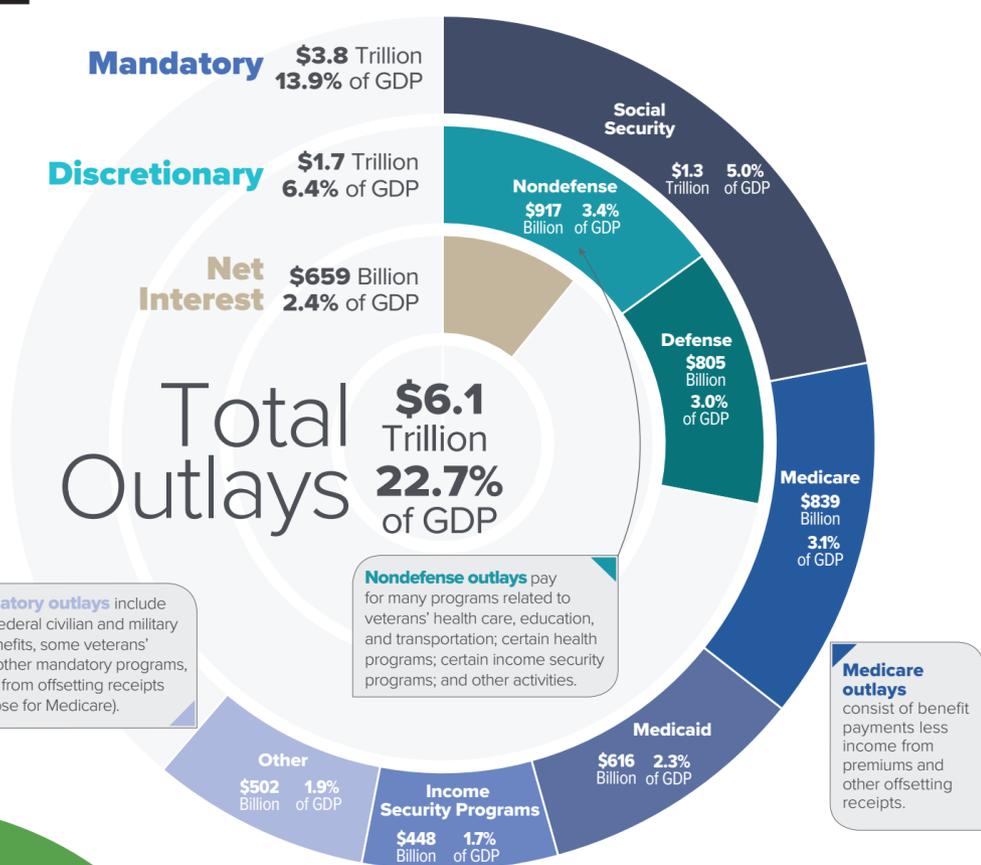


# THE FEDERAL BUDGET IN FISCAL YEAR 2023



## Categories of the Budget

**Mandatory Spending**

Primarily payments for benefit programs whose eligibility rules and benefit formulas are set by law

**Discretionary Spending**

Spending that lawmakers control annually through appropriation acts

**Net Interest**

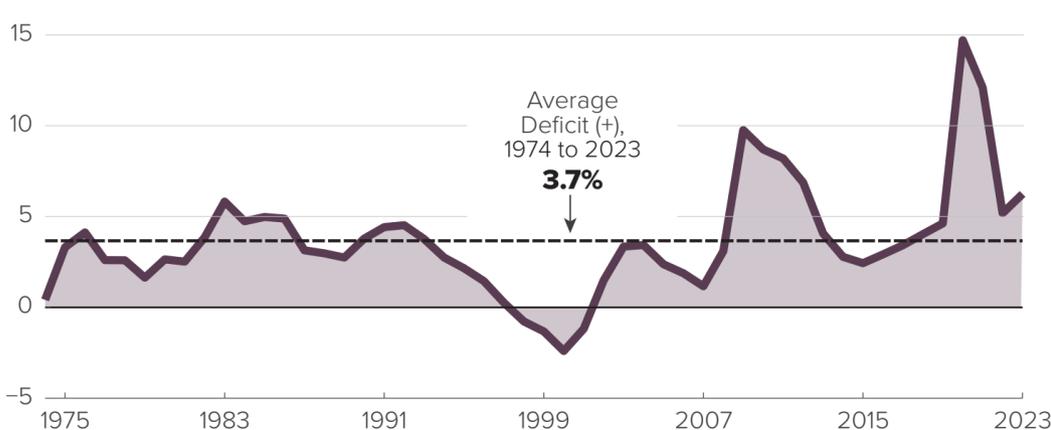
The government's interest payments on debt held by the public, offset by the interest income that the government receives

**Revenues**

Taxes and other funds collected from the public that arise from the government's exercise of its sovereign powers

## Deficits and Debt

Federal Deficits or Surpluses  
Percentage of GDP



**Annual Deficit: Amount by Which Outlays Exceed Revenues**

To fund government spending in years of deficits, the Treasury borrows from individuals, businesses, the Federal Reserve, and other countries.

**6.3%**  
of GDP

Deficit in 2023

**3.7%**  
of GDP

Average deficit over the past 50 years

**\$1.7 Trillion**

Deficit in 2023

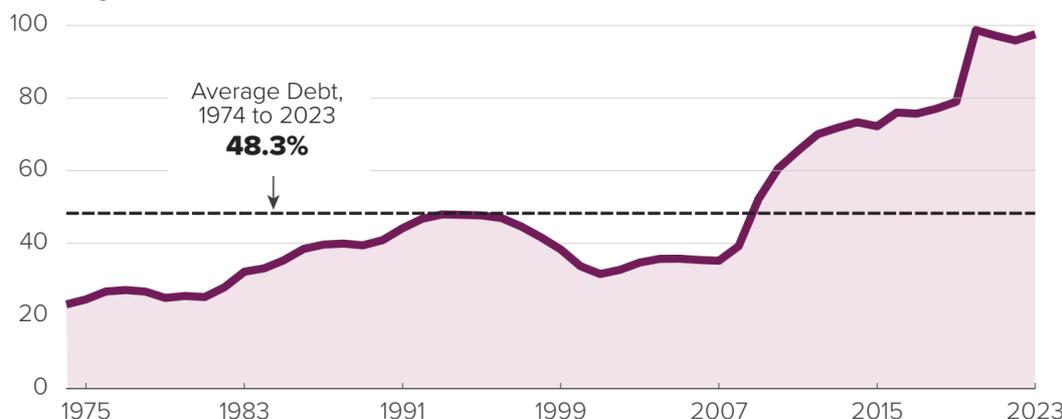
**97%**  
of GDP

Debt held by the public at the end of 2023

**87%**  
increase

Change in net interest costs from 2021 to 2023

Federal Debt Held by the Public, 1974 to 2023  
Percentage of GDP



**Debt**

Debt held by the public is issued to finance annual deficits, the Treasury's cash balances, and federal loans. Surpluses can be used to pay down debt.