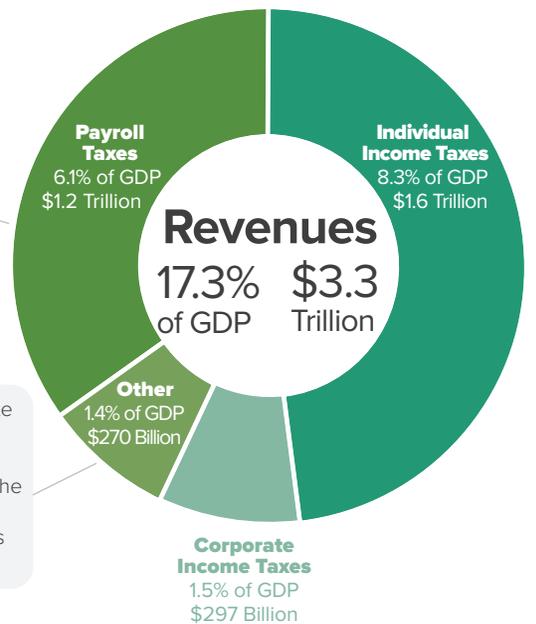


# THE FEDERAL BUDGET IN 2017

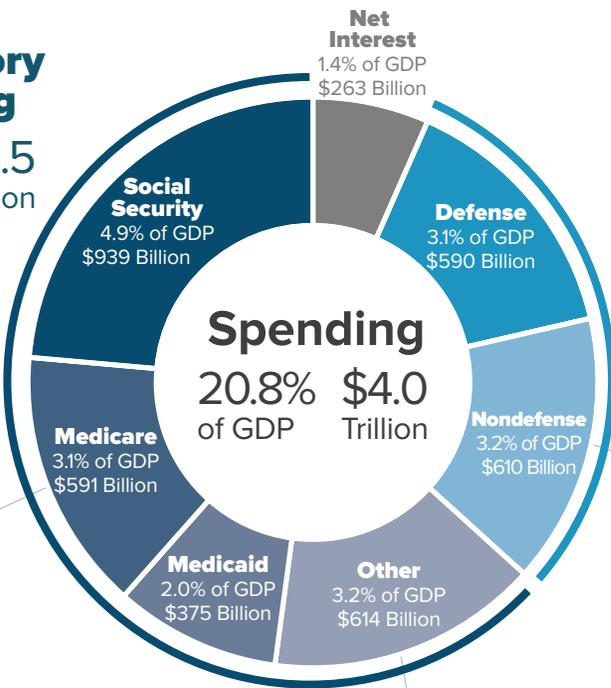
Payroll taxes that fund social insurance programs, primarily Social Security and Medicare's Hospital Insurance program



Excise taxes, estate and gift taxes, customs duties, remittances from the Federal Reserve, and miscellaneous fees and fines

## Mandatory Spending

13.1% of GDP  
\$2.5 Trillion



Medicare spending minus income from premiums and other offsetting receipts

## Discretionary Spending

6.3% of GDP  
\$1.2 Trillion

Spending on many programs related to transportation, education, veterans' benefits, health, housing assistance, and other activities

Spending on unemployment compensation, federal civilian and military retirement, some veterans' benefits, the earned income tax credit, the Supplemental Nutrition Assistance Program, and other mandatory programs, minus income from offsetting receipts

## CATEGORIES OF THE BUDGET

### Mandatory Spending

Primarily benefit programs for which laws set eligibility rules and benefit formulas

### Discretionary Spending

Spending that lawmakers control through annual appropriation acts

### Net Interest

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

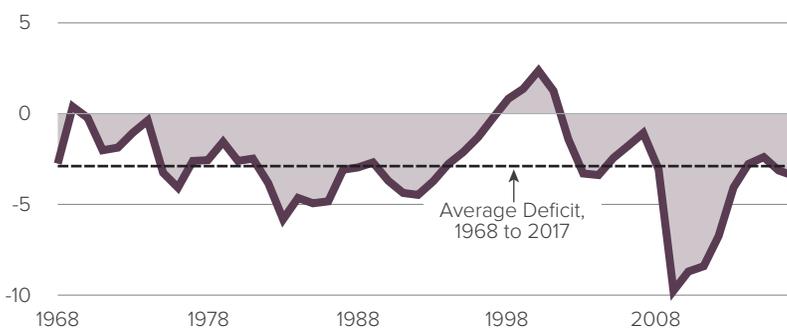
### Revenues

Funds collected from the public that arise from the government's exercise of its sovereign powers

## DEFICITS AND THE DEBT

### Federal Deficits or Surpluses, 1968 to 2017

Percentage of Gross Domestic Product



Annual Deficit or Surplus = Revenues – Outlays

To fund government spending in years of deficits, the government borrows from individuals, businesses, or other countries by selling them Treasury securities.

2.9%

Deficit as a percentage of GDP, on average, over the past 50 years

3.5%

Deficit as a percentage of GDP in 2017

\$0.7 Trillion

Deficit in 2017

41%

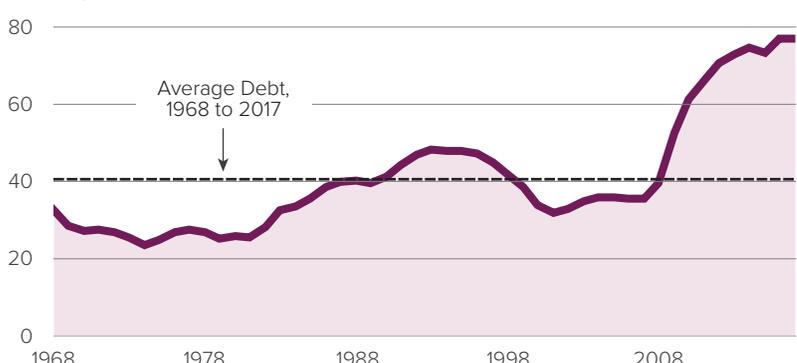
Debt held by the public as a percentage of GDP, on average, over the past 50 years

76%

Debt held by the public as a percentage of GDP at the end of 2017

### Federal Debt Held by the Public, 1968 to 2017

Percentage of Gross Domestic Product



### Debt

Debt held by the public is roughly equal to the sum of annual deficits and surpluses.