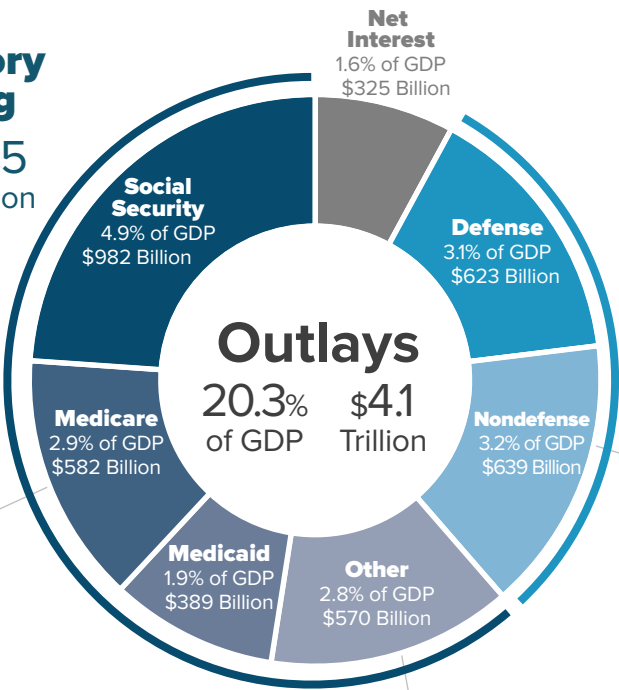


THE FEDERAL BUDGET IN 2018

Mandatory Spending
12.5% of GDP
\$2.5 Trillion



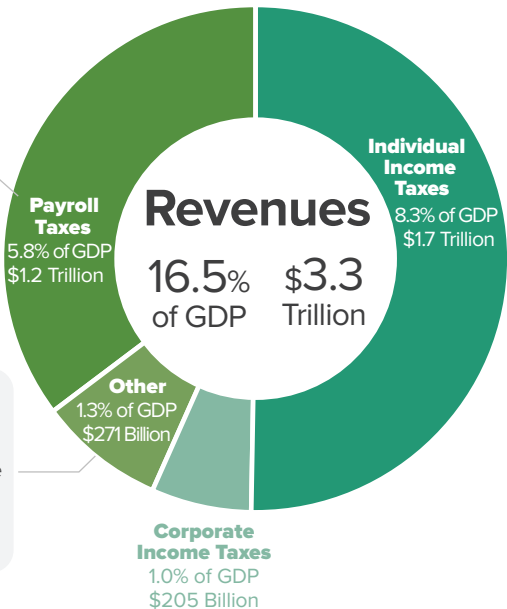
Outlays for Medicare minus income from premiums and other offsetting receipts

Outlays for 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

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

Discretionary Spending
6.2% of GDP
\$1.3 Trillion

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



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

CATEGORIES OF THE BUDGET

Mandatory Spending

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

Discretionary Spending

Spending that lawmakers control through annual appropriation acts

Net Interest

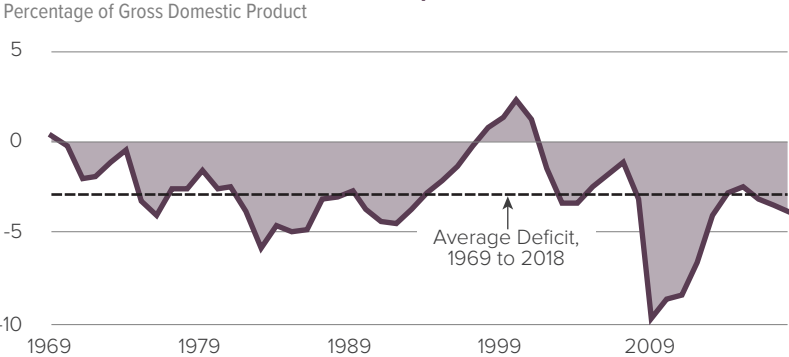
The government's interest payments on debt held by the public, offset by interest income the government receives

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, 1969 to 2018



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

3.9%

Deficit as a percentage of GDP in 2018

\$0.8 Trillion

Deficit in 2018

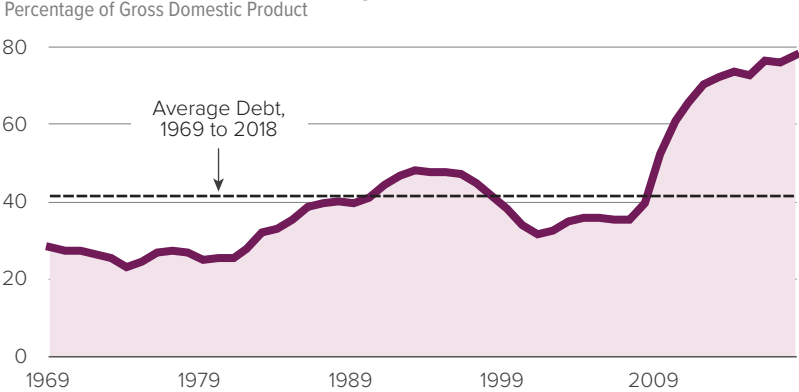
42%

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

78%

Debt held by the public as a percentage of GDP at the end of 2018

Federal Debt Held by the Public, 1969 to 2018



Debt

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