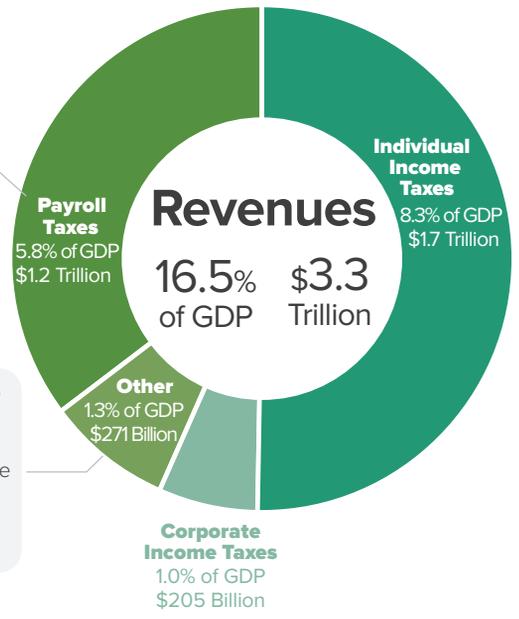


THE FEDERAL BUDGET IN 2018

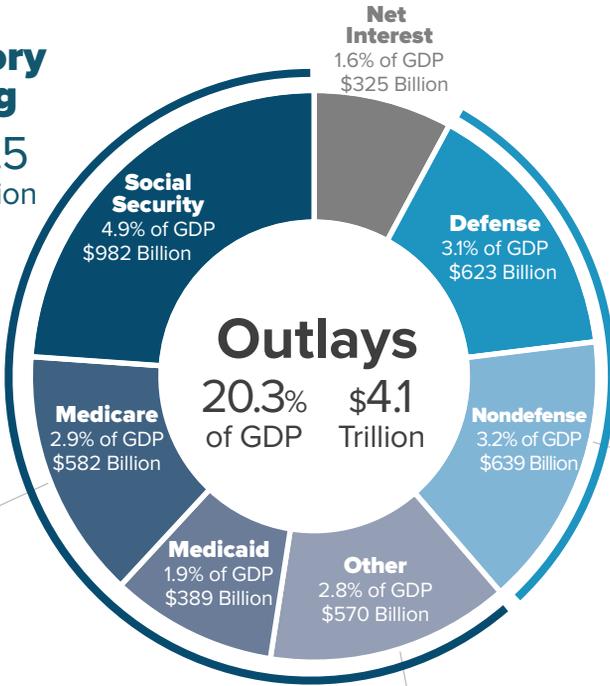
Taxes that fund social insurance programs, primarily Social Security and Medicare's Hospital Insurance program



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

Mandatory Spending

12.5% of GDP
\$2.5 Trillion



Discretionary Spending

6.2% of GDP
\$1.3 Trillion

Outlays for Medicare minus income from premiums and other offsetting receipts

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

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

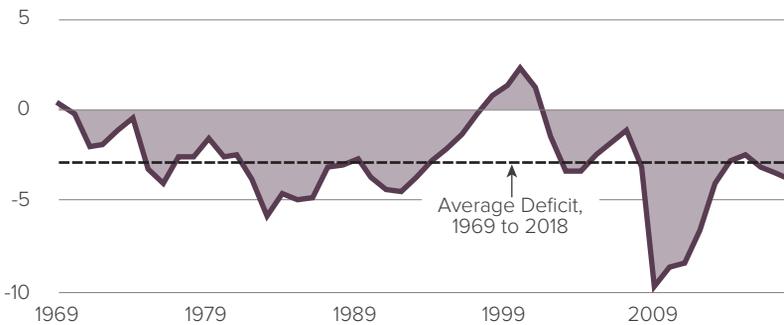
CATEGORIES OF THE BUDGET

Mandatory Spending	Discretionary Spending	Net Interest	Revenues
Primarily payments for benefit programs for which laws set eligibility rules and benefit formulas	Spending that lawmakers control through annual appropriation acts	The government's interest payments on debt held by the public, offset by interest income the government receives	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

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

3.9%

Deficit as a percentage of GDP in 2018

\$0.8 Trillion

Deficit in 2018

42%

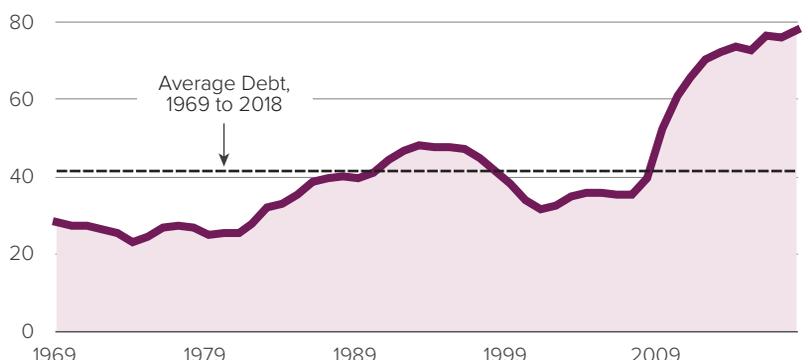
Debt held by the public as a percentage of GDP, on average, over the past 50 years

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

Percentage of Gross Domestic Product



Debt

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