Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress

Monthly Budget Review: April 2023

May 8, 2023

The federal budget deficit was $928 billion in the first seven months of fiscal year 2023, the Congressional Budget Office estimates—$568 billion more than the shortfall recorded during the same period last year. Revenues were 10 percent lower and outlays were 8 percent higher from October through April than they were during the same period in fiscal year 2022.

Shifts in the timing of certain payments affect that comparison. Outlays this fiscal year were reduced by the shifting of certain payments—totaling $63 billion—from October 1, 2022 (the first day of fiscal year 2023), into fiscal year 2022 because October 1 fell on a weekend. Also, outlays in the first seven months of fiscal year 2022 were $65 billion higher than they otherwise would have been because several federal payments that were due on May 1, 2022, a Sunday, were paid in April 2022. If not for those timing shifts, the deficit in the first seven months of fiscal year 2023 would have been $991 billion, compared with a $295 billion shortfall during the same period in 2022—an increase of $696 billion.

Table 1.

Budget Totals, October–April

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2022	Preliminary, FY 2023	Estimated Change	Billions of Dollars	Percent
Receipts	2,986	2,686	−299	−299	−10
Outlays	3,346	3,614	269	397	12
Deficit (−)	−360	−928	−568	−696	236

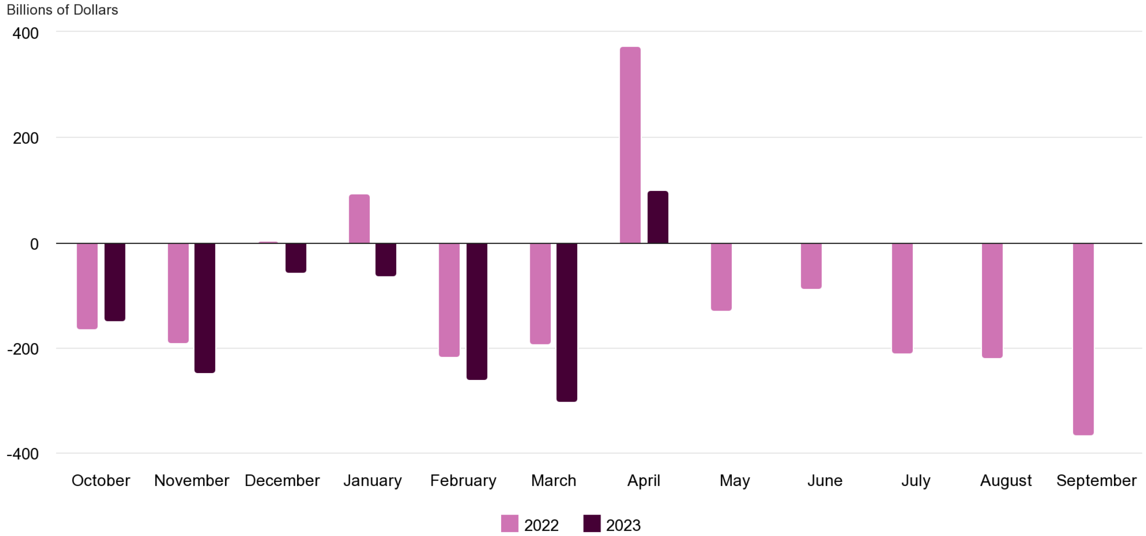
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for March 2023 and the *Daily Treasury Statements* for April 2023.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those shifts, the budget would have shown a deficit of $991 billion rather than $928 billion from October 2022 through April 2023, CBO estimates. The deficit in the first seven months of fiscal year 2022, adjusted for the timing shifts, was $295 billion; the $696 billion change (adjusted for timing shifts) divided by $295 billion yields the 236 percent shown in the table.

The amounts shown in this report include the surplus or deficit in the Social Security trust funds and the net cash flow of the Postal Service, which are off-budget. Numbers may not sum to totals because of rounding.

Figure 1.
Monthly Total Deficits and Surpluses
Fiscal Years 2022 and 2023



Data sources: Congressional Budget Office; Department of the Treasury.
The value shown for April 2023 is CBO's estimate.
All months have been adjusted to exclude the effects of timing shifts.

Total Receipts: Down by 10 Percent in Fiscal Year 2023

Receipts totaled $2.7 trillion during the first seven months of fiscal year 2023, CBO estimates—$299 billion (or 10 percent) less than during the same period a year before.

Receipts collected through April 2023, net of refunds, were about $250 billion less than CBO anticipated in February, when the most recent baseline projections were released.[1] That decrease stems mainly from smaller-than-anticipated payments of individual and corporate income taxes, mostly for calendar year 2022. The reasons for the difference will be better understood as additional information becomes available, but one reason could be lower-than-expected realizations of capital gains last year.

The changes in revenues from last year to this year were as follows:

- **Individual income** and **payroll (social insurance) taxes** together declined by $235 billion (or 9 percent).
  - Amounts withheld from workers' paychecks increased by $45 billion (or 2 percent). Those taxes are withheld from wages and salaries, including bonus income; the amount withheld depends on a taxpayer's expected tax bracket.
  - Nonwithheld payments of income and payroll taxes declined by $190 billion (or 23 percent) compared with the same period last fiscal year. That decline began in January and continued through tax-filing season, mostly reflecting a decrease in 2022 tax liabilities.

1. Congressional Budget Office, *The Budget and Economic Outlook: 2023 to 2033* (February 2023), www.cbo.gov/publication/58848.

Table 2.
Receipts, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2022	Preliminary, FY 2023	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,718	1,409	−309	−18
Payroll Taxes	847	921	74	9
Corporate Income Taxes	216	223	8	4
Other Receipts	205	133	−71	−35
Total	**2,986**	**2,686**	**−299**	**−10**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,883	1,928	45	2
Other, net of refunds	682	402	−280	−41
Total	**2,565**	**2,330**	**−235**	**−9**

Data sources: Congressional Budget Office; Department of the Treasury.

FY = fiscal year.

- Unemployment insurance receipts (one type of payroll tax) were $10 billion (or 30 percent) smaller this year than in the same period a year ago because states were replenishing their unemployment insurance trust funds in 2022, at least in part by collecting more in unemployment taxes from employers. (The trust funds had been depleted by unusually high unemployment beginning in March 2020.) Those collections count as federal revenues, reflecting the nature of the unemployment insurance system, which is a federal program administered by the states.
- Individual income tax refunds, mostly related to 2022 tax liabilities, rose by $80 billion (or 46 percent), thereby reducing net receipts.

■ Collections of **corporate income taxes** increased, on net, by $8 billion (or 4 percent).

■ Receipts from **other sources,** on net, decreased by $71 billion (or 35 percent).

- Remittances from the Federal Reserve decreased from $71 billion to less than $1 billion. Higher short-term interest rates raised the central bank’s interest expenses above its income, eliminating the profits of most Federal Reserve banks.
- Customs duties declined by $10 billion (or 18 percent), reflecting a reduction in imports.
- Estate and gift taxes increased by $5 billion (or 25 percent), probably because of an increase in estate tax collections, which generally are due nine months after the estate owner’s death.
- Collections of miscellaneous fees and fines increased by $6 billion (or 51 percent).

Total Outlays: Up by 8 Percent in Fiscal Year 2023

Outlays in the first seven months of fiscal year 2023 were $3.6 trillion, $269 billion (or 8 percent) more than during the same period last year, CBO estimates. If not for the shifts in the timing of certain payments, outlays so far in fiscal year 2023 would have been $397 billion (or 12 percent) more than during the same period in fiscal year 2022. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Table 3.

Outlays, October–April

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
Major Program or Category	**Actual, FY 2022**	**Preliminary, FY 2023**	**Estimated Change**	**Billions of Dollars**	**Percent**
Social Security Benefits	693	766	73	73	11
Medicare[b]	442	425	−18	61	15
Medicaid	334	359	25	25	7
Subtotal, Largest Mandatory Spending Programs	**1,470**	**1,550**	**80**	**158**	**11**
Spectrum Auction Receipts	−81	0	81	81	−100
Department of Education	86	134	48	48	56
FDIC	−4	35	39	39	n.m.
PBGC	0	37	37	37	n.m.
Refundable Tax Credits[c]	241	126	−115	−115	−48
PHSSEF	68	18	−50	−50	−74
DoD—Military[d]	417	440	23	33	8
Net Interest on the Public Debt	267	374	107	107	40
Other	883	901	18	58	7
Total	**3,346**	**3,614**	**269**	**397**	**12**

Data sources: Congressional Budget Office; Department of the Treasury.

DoD = Department of Defense; FDIC = Federal Deposit Insurance Corporation; FY = fiscal year; PBGC = Pension Benefit Guaranty Corporation; PHSSEF = Public Health and Social Services Emergency Fund; n.m. = not meaningful.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those timing shifts, outlays would have been $3,677 billion in fiscal year 2023 and $3,281 billion in fiscal year 2022.

b. Medicare outlays are net of offsetting receipts.

c. Recovery rebates, earned income tax credit, child tax credit, premium tax credits, and American Opportunity Tax Credit.

d. Excludes a small amount of spending by DoD on civil programs.

The largest single increase was in net outlays for **interest on the public debt**, which rose by $107 billion (or 40 percent), mainly because interest rates are significantly higher than they were in the first seven months of fiscal year 2022.

Outlays for the largest mandatory spending programs increased by a total of $158 billion (or 11 percent):

- Spending for **Social Security** benefits rose by $73 billion (or 11 percent) because of increases both in the number of beneficiaries and in the average benefit payment, which rose primarily because of cost-of-living adjustments.

- **Medicare** outlays increased by $61 billion (or 15 percent) because of changes in payment rates and in the types and quantity of care beneficiaries received.
- **Medicaid** outlays increased by $25 billion (or 7 percent) as a result of enrollment increases that were mainly attributable to provisions in the Families First Coronavirus Response Act requiring states to maintain the eligibility of all enrollees until the end of the coronavirus public health emergency. Because the Consolidated Appropriations Act, 2023, ended the continuous-enrollment requirement on March 31, 2023, April 2023 was the first month in which states could resume assessing the eligibility of enrollees and disenrolling those who no longer qualify. CBO expects enrollment to remain above last year's number for several months while states begin that process, which is likely to continue through fiscal year 2024.

Outlays increased substantially in several other areas:

- Proceeds from the **auction of licenses to use the electromagnetic spectrum** are recorded in the budget as offsetting receipts—that is, as reductions in outlays. In the first seven months of fiscal year 2022, receipts totaled $81 billion—all recorded in January. No such receipts were collected during the first seven months of 2023, resulting in a net increase in outlays.
- Outlays of the **Department of Education** increased by $48 billion (or 56 percent), primarily because earlier in this fiscal year, the Administration recorded the costs associated with the final rule issued by the department on October 31, 2022, concerning student loans. That rule expanded eligibility for loan discharges, eliminated the addition of unpaid interest to loan balances in certain circumstances, and expanded eligibility for the Public Service Loan Forgiveness program.
- Outlays of the **Federal Deposit Insurance Corporation** (FDIC) rose by $39 billion as a result of facilitating the resolution of bank failures in the spring of 2023. The FDIC expects to recover much of that amount by continuing to liquidate the banks' assets and collecting higher premiums from FDIC-insured institutions over the next several years.
- Net spending by the **Pension Benefit Guaranty Corporation** increased by $37 billion, driven by onetime payments to certain multiemployer pension plans under the Special Financial Assistance Program.
- Spending by the **Department of Defense** was $33 billion (or 8 percent) more than in the same period last fiscal year; the largest increases were for operations and maintenance and research and development.
- Spending by the **Department of Veterans Affairs** (included in "Other" in Table 3) increased by $16 billion (or 10 percent), mostly because of increased use of health care services and per capita increases in veterans' benefits.
- Outlays related to **U.S. Coronavirus Refundable Credits** (also in "Other"), a group of temporary tax credits to help employers cover the costs of sick and family leave, employee retention, and continuation of health insurance for certain workers, were $31 billion—nearly double last year's amount.
- Outlays for **international assistance programs** (in "Other") increased by $10 billion (or 67 percent), primarily because of emergency support for Ukraine.

Several large decreases in outlays this year were related to federal actions taken during the pandemic, which increased outlays last year:

- Outlays for certain **refundable tax credits** totaled $126 billion—a decrease of $115 billion, or 48 percent.[2] That reduction occurred because the expanded child tax credit has expired. (In tax year 2021, eligibility for the child tax credit was expanded and the size of the credit was increased; advance payments were made between July and December 2021.)
- Outlays from the **Public Health and Social Services Emergency Fund** decreased by $50 billion (or 74 percent), as expenditures decelerated for several pandemic-related activities, including reimbursements to hospitals and other health care providers, spending on coronavirus testing and contact tracing, and development and purchase of vaccines and therapies.

Estimated Surplus in April 2023: $173 Billion

Because of the large inflow of tax payments, the federal government usually records a budget surplus in April. This year, the surplus in April was $173 billion, CBO estimates—$135 billion less than the amount recorded in April 2022. Revenues were $225 billion lower this April than they were in 2022; outlays were lower by $90 billion.

Table 4.

Budget Totals for April

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2022	Preliminary, FY 2023	Estimated Change	Billions of Dollars	Percent
Receipts	864	638	−225	−225	−26
Outlays	555	465	−90	49	10
Surplus	308	173	−135	−274	−73

Data sources: Congressional Budget Office; Department of the Treasury.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those shifts, the budget would have shown a surplus of $99 billion In April 2023 and a surplus of $373 billion in April 2022, CBO estimates.

Outlays in April 2023 were lower than they otherwise would have been because certain federal payments due on April 1, a Saturday, were made in March. By contrast, outlays in April 2022 were *higher* because certain federal payments due on May 1, 2022, a Sunday, were made in April. If not for those shifts, the surplus would have been $373 billion in April 2022 and $99 billion in April 2023—a decline of $274 billion.

CBO estimates that receipts in April 2023 totaled $638 billion—$225 billion (or 26 percent) less than the amount recorded in the same month last year. That change was driven by a decline of $214 billion (or 36 percent) in individual income taxes, net of refunds. Remittances from the Federal Reserve fell by $10 billion, and revenues from other sources declined by $1 billion, on net.

2. Those credits are the recovery rebates, earned income tax credit, child tax credit, premium tax credits (which subsidize the purchase of health insurance under the Affordable Care Act), and American Opportunity Tax Credit.

Total spending in April 2023 was $465 billion, CBO estimates—$90 billion (or 16 percent) less than a year ago. If not for timing shifts that decreased spending this April and increased spending last April, outlays would have been $49 billion (or 10 percent) *more* than in April 2022. That overall change is the net result of increases and decreases in several areas. The largest increases were as follows:

- Outlays of the **Small Business Administration** rose by $21 billion (totaling more than eight times the spending in April 2022), largely because the agency recorded an increase of $28 billion in the estimated costs of its disaster loans.
- Net outlays for **interest on the public debt** increased by $18 billion (or 38 percent).
- Outlays for **Social Security** rose by $12 billion (or 12 percent).
- Outlays for **Medicare** increased by $12 billion (or 21 percent).
- Spending by the **Federal Deposit Insurance Corporation** increased by $10 billion, as the FDIC facilitated the resolution of recently failed banks.
- Spending by the **Department of Defense** rose by $5 billion (or 10 percent).

The largest decreases in April 2023 were as follows:

- Outlays for certain **refundable tax credits** fell by $23 billion (or 60 percent).
- Outlays from the **Public Health and Social Services Emergency Fund** decreased by $8 billion (or 84 percent).
- Outlays of the **Department of Education** decreased by $6 billion (or 36 percent).

Spending for other programs and activities increased or decreased by smaller amounts.

Actual Deficit in March 2023: $378 Billion

The Treasury Department reported a deficit of $378 billion for March—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: March 2023*.

Each month, CBO issues an analysis of federal spending and revenues for the previous month and the fiscal year to date. This report is the latest in that series, found at https://tinyurl.com/yazr58zb.
In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations. Nathaniel Frentz and Justin Latus prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Theresa Gullo, Sam Papenfuss, and Joshua Shakin. It was reviewed by Mark Hadley and Robert Sunshine, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO's website, www.cbo.gov/publication/59053.

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