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

# Monthly Budget Review: November 2023

December 8, 2023

The federal budget deficit totaled $383 billion in October and November 2023, the first two months of fiscal year 2024, the Congressional Budget Office estimates. That amount is $47 billion more than the deficit recorded during the same period last fiscal year: Although revenues this year were $108 billion (or 19 percent) higher, outlays rose more—by $155 billion (or 17 percent).

Outlays in October of 2022 and 2023 were reduced by shifts in the timing of certain federal payments that otherwise would have been due on October 1, which fell on a weekend in both years. (Those payments were made in September 2022 and September 2023, respectively.) If not for those shifts, outlays would have been $164 billion higher this fiscal year than in the same period last year, and the deficit thus far in fiscal year 2024 would have been $456 billion, $56 billion more than the shortfall at this time last year.

**Table 1.**

**Budget Totals, October–November**

Billions of Dollars

| | Actual, FY 2023 | Preliminary, FY 2024 | Estimated Change | Estimated Change With Adjustments for Timing Shifts in Outlays[a] | |
|---|---|---|---|---|---|
| | | | | Billions of Dollars | Percent |
| Receipts | 571 | 678 | 108 | 108 | 19 |
| Outlays | 907 | 1,062 | 155 | 164 | 17 |
| Deficit (−) | −336 | −383 | −47 | −56 | −14 |

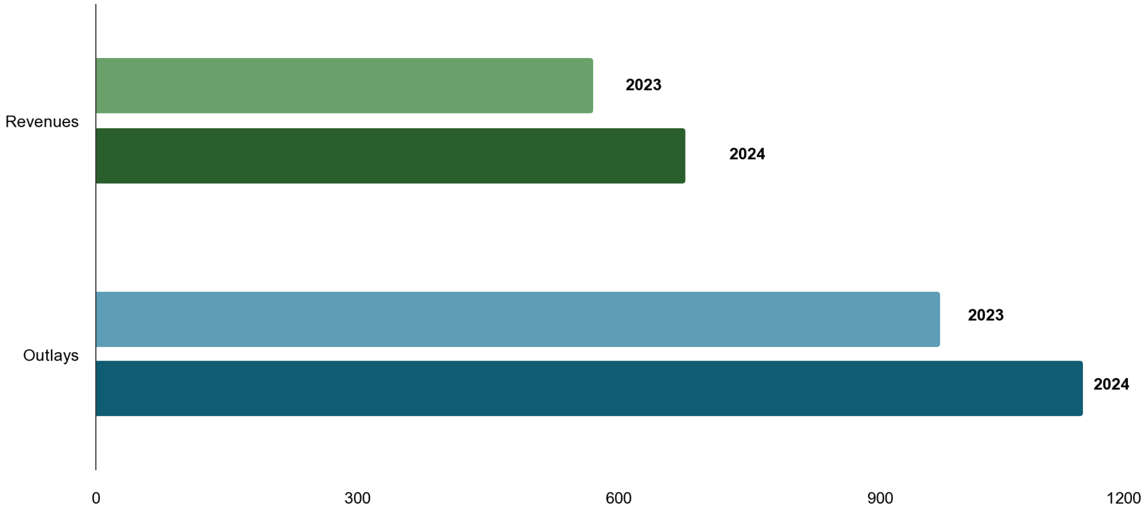
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for October 2023 and the *Daily Treasury Statements* for November 2023.

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 $456 billion from October 2023 through November 2023, CBO estimates, compared with $400 billion during the same period last year.

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.**
**October–November Revenues and Outlays**
**Fiscal Years 2023 and 2024**
Billions of Dollars




Data sources: Congressional Budget Office; Department of the Treasury.
Amounts included for November 2024 are CBO's estimates.
All months have been adjusted to exclude the effects of timing shifts.

## Total Receipts: Up by 19 Percent in Fiscal Year 2024

Receipts totaled $678 billion during the first two months of fiscal year 2024, CBO estimates—$108 billion more than during the same period a year ago. A significant portion of that increase resulted from the postponement of various 2023 tax deadlines for certain taxpayers in federally declared disaster areas until fiscal year 2024.

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

- Individual income and payroll (social insurance) taxes together rose by $70 billion (or 14 percent).
  - Nonwithheld payments of income and payroll taxes rose by $42 billion (or 65 percent), relative to payments in the same period in fiscal year 2023. That increase reflects payments from taxpayers in areas affected by natural disasters for whom the Internal Revenue Service (IRS) postponed some filing deadlines in 2023. Most of those payments are now due in fiscal year 2024.
  - Amounts withheld from workers' paychecks rose by $33 billion (or 7 percent), a reflection of rising wages and salaries.
  - Individual income tax refunds were $4 billion (or 12 percent) higher than in 2023, reducing net receipts.

**Table 2.**

**Receipts, October–November**

Billions of Dollars

| Major Program or Category | Actual, FY 2023 | Preliminary, FY 2024 | Estimated Change: Billions of Dollars | Estimated Change: Percent |
|---|---|---|---|---|
| Individual Income Taxes | 289 | 347 | 58 | 20 |
| Payroll Taxes | 223 | 236 | 13 | 6 |
| Corporate Income Taxes | 18 | 55 | 38 | 216 |
| Other Receipts | 41 | 40 | −1 | −2 |
| **Total** | **571** | **678** | **108** | **19** |
| | | | | |
| **Memorandum:** | | | | |
| Combined Individual Income and Payroll Taxes | | | | |
| Withheld taxes | 478 | 508 | 31 | 6 |
| Other, net of refunds | 35 | 74 | 39 | 113 |
| **Total** | **512** | **583** | **70** | **14** |

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

FY = fiscal year.

- Receipts from **corporate income taxes** were more than triple the amount for the same period in fiscal year 2023, an increase of $38 billion. For many corporations in areas affected by natural disasters, particularly in California, the IRS postponed until November 2023 the deadline for payments that ordinarily would have been due in fiscal year 2023.
- All told, reported receipts from **other sources** were nearly unchanged from the same period last year.
  - Customs duties declined by $2 billion (or 12 percent), reflecting a reduction in imports, especially those subject to higher tariff rates.
  - Collections of miscellaneous fees and fines decreased by $2 billion (or 29 percent).
  - Estate and gift taxes increased by $2 billion (or 29 percent).
  - Excise taxes increased by $1 billion (or 9 percent).

## Total Outlays: Up by 17 Percent in Fiscal Year 2024

Outlays in the first two months of fiscal year 2024 were $1,062 billion, CBO estimates, $155 billion more than during the same period last year. Outlays in both years were affected by shifts in the timing of certain federal payments that otherwise would have been due on October 1, which fell on a weekend (those payments were made in September). If not for those shifts, outlays so far in fiscal year 2024 would have been $164 billion (or 17 percent) greater than outlays during the same two months in fiscal year 2023. The discussion below reflects adjustments to exclude the effects of those timing shifts.

**Table 3.**

## Outlays, October–November

Billions of Dollars

| Major Program or Category | Actual, FY 2023 | Preliminary, FY 2024 | Estimated Change | Estimated Change With Adjustments for Timing Shifts in Outlays[a] | |
|---|---|---|---|---|---|
| | | | | Billions of Dollars | Percent |
| Social Security Benefits | 208 | 233 | 25 | 25 | 12 |
| Medicare[b] | 88 | 102 | 14 | 22 | 17 |
| Medicaid | 94 | 96 | 1 | 1 | 1 |
| **Subtotal, Largest Mandatory Spending Programs** | **390** | **431** | **41** | **48** | **11** |
| FDIC | −1 | 62 | 63 | 63 | n.m. |
| DoD—Military[c] | 132 | 150 | 18 | 18 | 13 |
| Department of Veterans Affairs | 34 | 41 | 7 | 8 | 18 |
| Military Retirement Contributions | −15 | −25 | −10 | −10 | −64 |
| Food and Nutrition Service | 33 | 25 | −8 | −8 | −24 |
| Department of Education | 37 | 30 | −7 | −7 | −19 |
| Net Interest on the Public Debt | 92 | 153 | 60 | 60 | 65 |
| Other | 204 | 195 | −10 | −9 | −4 |
| **Total** | **907** | **1,062** | **155** | **164** | **17** |

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

DoD = Department of Defense; FDIC = Federal Deposit Insurance Corporation; FY = fiscal year; 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 $970 billion in fiscal year 2023 and $1,134 billion in fiscal year 2024.

b. Medicare outlays are net of offsetting receipts.

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

Spending in two areas increased substantially. The outlays of the **Federal Deposit Insurance Corporation** (FDIC) rose by $63 billion as a result of facilitating the resolution of bank failures that occurred in 2023. The FDIC expects to recover much of that amount by continuing to liquidate the banks' assets and by collecting higher premiums from FDIC-insured institutions over the next several years.

Net outlays for **interest on the public debt** were substantially higher, increasing by $60 billion (or 65 percent), primarily because interest rates are significantly higher than they were in the first two months of fiscal year 2023.

Outlays for the largest mandatory spending programs increased by $48 billion (or 11 percent):

- Spending for **Social Security** benefits rose by $25 billion (or 12 percent) because of increases in the average benefit payment (stemming mostly from cost-of-living adjustments) and because the number of beneficiaries increased.
- **Medicare** outlays increased, on net, by $22 billion (or 17 percent) largely because of increased benefit payments to Medicare Advantage plans compared with the same period a year ago.
- The increase in **Medicaid** outlays of $1 billion (or 1 percent) was substantially smaller than in recent years because states are continuing to reassess the eligibility of enrollees who

remained in the program for the duration of the coronavirus public health emergency. Once the Consolidated Appropriations Act, 2023, ended the continuous-enrollment requirement on March 31, 2023, the states began to review enrollees' eligibility and to disenroll those who no longer qualify. CBO expects Medicaid enrollment to fall below 2023 numbers as states continue that process, probably through fiscal year 2024.

Outlays increased substantially in three more areas:

- Spending by the **Department of Defense** (DoD) was $18 billion (or 13 percent) greater than in the same period last fiscal year; the largest increases were for military personnel and for operation and maintenance. A little more than half of the increase was the result of DoD's larger payments to the military retirement fund in October 2023. Those payments changed because in 2022 DoD's Board of Actuaries met and increased the net amount of accrual payments that were due to be paid into that fund in October 2023. The increase reflects the larger share of military retirees who are receiving veterans' compensation at higher disability ratings and are thus eligible for concurrent receipt of military retirement and veterans' compensation. (The increase in those contributions is fully offset within the federal budget by a corresponding increase in the Treasury's receipts of those payments, discussed below.)
- Spending by the **Department of Veterans Affairs** increased by $8 billion (or 18 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Spending by the **Department of Energy** (included in "Other" in Table 3) increased by $5 billion, primarily because last year the Administration sold a substantial amount of oil from the Strategic Petroleum Reserve. The Administration recorded no receipts from such sales in the first two months of fiscal year 2024.

Outlays decreased in several other areas:

- The Treasury's receipts of agencies' **contributions for military retirement** increased by $10 billion (or 64 percent). Those contributions are recorded as *decreases* in federal outlays, which are offset by equal increases in spending in other federal accounts, mostly those of DoD. The accrual payment for concurrent receipt is paid in a lump sum each October and was $9 billion higher in October 2023 than in October 2022.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $8 billion (or 24 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.
- Outlays by the **Department of Education** decreased by $7 billion (or 19 percent), primarily because in the first two months of fiscal year 2023, the Administration recorded some of the costs for outstanding student loans associated with final rules modifying repayment terms. Those rules expanded eligibility for the discharge of some loans, eliminated the addition of unpaid interest to loan balances in certain circumstances, and increased eligibility for the Public Service Loan Forgiveness program. No similar modification was recorded in the first two months of fiscal year 2024.
- Outlays from the **Public Health and Social Services Emergency Fund** (included in "Other" in Table 3) decreased by $6 billion (or 66 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.
- 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, decreased by $4 billion as

a result of the IRS's temporary moratorium on processing claims for the Employee Retention Tax Credit.

- Outlays for **international assistance programs** (in "Other") decreased by $3 billion (or 37 percent). Emergency support for Ukraine had been provided early in fiscal year 2023 but no such support has been provided in this fiscal year.

## Estimated Deficit in November 2023: $317 Billion

The federal government incurred a deficit of $317 billion in November 2023, CBO estimates—$68 billion more than the deficit recorded last November. Revenues and outlays were higher this November than they were a year ago.

**Table 4.**
**Budget Totals for November**

Billions of Dollars

| | Actual, FY 2023 | Preliminary, FY 2024 | Estimated Change: Billions of Dollars | Estimated Change: Percent |
|---|---|---|---|---|
| Receipts | 252 | 275 | 23 | 9 |
| Outlays | 501 | 592 | 91 | 18 |
| Deficit (−) | −249 | −317 | −68 | −28 |

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

FY = fiscal year.

CBO estimates that receipts in November 2023 totaled $275 billion—$23 billion (or 9 percent) more than the amounts recorded in the same month last year. That increase was largely driven by collections of income and payroll taxes, which rose by $20 billion (or 9 percent). Collections of corporate income taxes more than doubled, rising by $4 billion.

Total spending in November 2023 was $592 billion, CBO estimates—$91 billion (or 18 percent) more than in November 2022. That overall change is the result of increases and decreases in several areas. The largest increases were as follows:

- Outlays of the FDIC increased by $48 billion.
- Net outlays for interest on the public debt increased by $25 billion (or 51 percent), primarily because interest rates are significantly higher than they were in 2023.
- Outlays for Social Security increased by $12 billion (or 12 percent).
- Outlays for Medicare increased by $10 billion (or 14 percent).
- Spending by DoD increased by $8 billion (or 13 percent).
- Spending by the Department of Veterans Affairs increased by $5 billion (or 20 percent).
- Outlays for Medicaid increased by $2 billion (or 5 percent).

The largest decreases were as follows:

- Outlays by the Department of Education decreased by $11 billion (or 50 percent).
- Outlays from the Public Health and Social Services Emergency Fund decreased by $5 billion (or 78 percent).

- Spending by the Department of Agriculture's Food and Nutrition Service decreased by $4 billion (or 25 percent).
- Outlays for international assistance programs decreased by $3 billion (or 48 percent).

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

## Actual Deficit in October 2023: $67 Billion

The Treasury Department reported a deficit of $67 billion for October—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: Summary for Fiscal Year 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. Aldo Prosperi and Jennifer Shand prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Barry Blom, Chad Chirico, 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/59726.

Phillip L. Swagel
Director