THE FEDERAL **BUDGET IN** \$3.8 Trillion **Mandatory** 13.9% of GDP Social FISCALYEAR **\$1.7** Trillion **Discretionary \$1.3 5.0%** Trillion of GDP **6.4%** of GDP Nondefense **\$917 3.4%** Billion of GDP 2023 \$659 Billion Interest 2.4% of GDP **Defense \$805** Billion Total \$6.1 Trillion **3.0**% of GDP Outlays 22.7% of GDP Nondefense outlays pay for many programs related to Other mandatory outlays include veterans' health care, education, spending for federal civilian and military and transportation; certain health retirement benefits, some veterans' programs; certain income security benefits, and other mandatory programs, programs; and other activities minus income from offsetting receipts (other than those for Medicare). Medicaid Other

Categories of the Budget

Mandatory Spending

Primarily payments for benefit programs whose eligibility rules and benefit formulas are set by law

Discretionary Spending

Spending that lawmakers control annually through appropriation acts

Net Interest

\$502 1.9% Billion of GDP

Income

Security Programs

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

Revenues

Medicare \$839 Billion

3.1% of GDF

Medicare

income from

premiums and

other offsetting

consist of benefit payments less

outlays

receipts.

Taxes and other funds collected from the public that arise from the government's exercise of its sovereign powers

Deficits and Debt

Individual

Payroll

Corporate

Income

Taxes

Other

Taxes

Income Taxes

Other revenues include collections of

customs duties, excise

taxes, and estate and gift taxes; miscellaneous

fees and fines; and

remittances from the

Total \$4.4
Trillion
Revenues 16.5%
of GDP

Federal Reserve.

8.1% of GDP

Billion **1.6%** of GDP

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

\$229

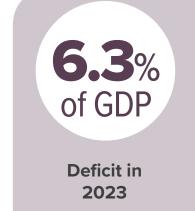


Average
Deficit (+),
1974 to 2023
3.7%
5

1999

Annual Deficit: Amount by Which Outlays Exceed Revenues

To fund government spending in years of deficits, the Treasury borrows from individuals, businesses, the Federal Reserve, and other countries.



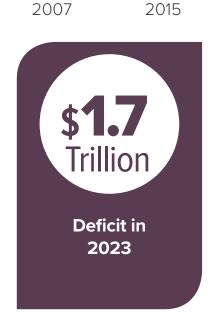
1975

1983

3.7% of GDP

Average deficit over the past 50 years

1991



97% of GDP

public at the end

of 2023

87% increase

Change in net interest costs from 2021 to 2023

Federal Debt Held by the Public, 1974 to 2023

2023

Debt Debt held by the public is issued to finance annual deficits, the Treasury's cash balances, and federal loans. Surpluses can be used to pay down debt.

