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

Monthly Budget Review: May 2024

June 10, 2024

The federal budget deficit was $1.2 trillion in the first eight months of fiscal year 2024, the Congressional Budget Office estimates—$38 billion more than the deficit recorded during the same period last fiscal year. Revenues were $294 billion (or 10 percent) higher and outlays were $332 billion (or 8 percent) higher from October through May than during the same period in fiscal year 2023.

Shifts in the timing of certain payments affect that comparison. Outlays in the first eight months of each fiscal year were reduced by shifts of some payments to September that otherwise would have been due on October 1, which fell on a weekend in both years. In addition, because June 1, 2024, fell on a weekend, outlays in the first eight months of 2024 were boosted by the shifting of payments into May 2024. Those amounts were larger than the amounts shifted from October to September 2023, increasing outlays, on net, in fiscal year 2024. If not for those timing shifts, the deficit so far in fiscal year 2024 would have been $46 billion *less* than the shortfall for the same period in fiscal year 2023.

Table 1.

Budget Totals, October–May

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Billions of Dollars	Percent
Receipts	2,994	3,288	294	294	10
Outlays	4,159	4,492	332	248	6
Deficit (−)	−1,165	−1,203	−38	46	−4

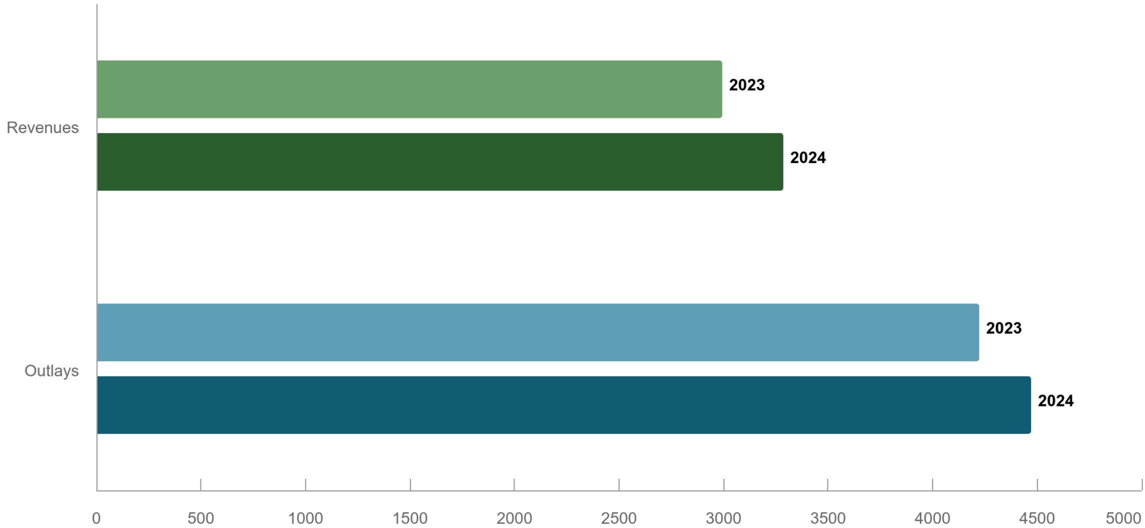
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for April 2024 and the *Daily Treasury Statements* for May 2024.

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 $1,182 billion from October 2023 through May 2024, CBO estimates, compared with $1,228 billion during the same period in fiscal year 2023.

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.

October–May Revenues and Outlays
Fiscal Years 2023 and 2024
Billions of Dollars



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

Several factors will cause the deficit for 2024 to be larger than last year's—and larger than CBO estimated in February. In particular, spending this year is now anticipated to be greater than previously projected. Contributing to that outcome are additional costs—that have not yet been recorded—stemming from administrative actions associated with student loans and from legislation providing international assistance. Next week, CBO will publish a revised estimate of the 2024 budget deficit in an update to *The Budget and Economic Outlook.*

Total Receipts: Up by 10 Percent in Fiscal Year 2024

Receipts totaled $3.3 trillion during the first eight months of fiscal year 2024, CBO estimates—$294 billion more than during the same period a year before. A portion of that increase is the result of the postponement until fiscal year 2024 of various 2023 tax deadlines for some taxpayers in federally declared disaster areas.

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

- Individual **income and payroll (social insurance) taxes** together rose by $221 billion (or 8 percent).
    - Nonwithheld payments of income and payroll taxes rose by $77 billion (or 11 percent). That increase reflects payments from taxpayers in areas affected by natural disasters for whom the Internal Revenue Service (IRS) postponed some 2023 filing deadlines. Most of those payments were due by November 2023.
    - Amounts withheld from workers' paychecks rose by $108 billion (or 5 percent), reflecting increases in wages and salaries.
    - Individual income tax refunds declined by $37 billion (or 12 percent). The decline in part reflects the effects of the Employee Retention Tax Credit, which increased individual income tax refunds in 2023. In September 2023, the IRS announced a moratorium on payments for that credit. It is uncertain how long that moratorium will continue or when that agency will begin processing the more than 1 million outstanding claims for the credit.

Table 2.

Receipts, October–May

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,545	1,703	158	10
Payroll Taxes	1,063	1,126	63	6
Corporate Income Taxes	234	311	76	33
Other Receipts	152	149	−3	−2
Total	**2,994**	**3,288**	**294**	**10**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,195	2,303	108	5
Other, net of refunds	413	526	114	28
Total	**2,608**	**2,829**	**221**	**8**

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

FY = fiscal year.

- Receipts from **corporate income taxes** increased, on net, by $76 billion (or 33 percent). 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.
- Reported receipts from **other sources** declined by $3 billion (or 2 percent).
  - Estate and gift taxes declined by $4 billion (or 13 percent), in part because of an unusually large amount collected in February 2023.
  - Customs duties declined by $4 billion (or 8 percent).
  - Collections of miscellaneous fees and fines decreased by $2 billion (or 12 percent).
  - Excise taxes increased by $6 billion (or 11 percent).

Total Outlays: Up by 8 Percent in Fiscal Year 2024

Outlays in the first eight months of fiscal year 2024 were $4.5 trillion, CBO estimates—$332 billion more than during the same period last year. If not for the timing shifts discussed above, outlays so far in fiscal year 2024 would have been $248 billion (or 6 percent) greater than those during the same period in fiscal year 2023. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Net outlays for **interest on the public debt** rose substantially—increasing by $185 billion (or 42 percent)—primarily because interest rates have been higher than they were in the first eight months of fiscal year 2023.

Table 3.

Outlays, October–May

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	881	955	74	74	8
Medicare[b]	496	605	108	51	10
Medicaid	417	409	−8	−8	−2
Subtotal, Largest Mandatory Spending Programs	**1,795**	**1,969**	**174**	**117**	**6**
DoD—Military[c]	502	545	44	39	8
Department of Veterans Affairs	183	221	39	27	14
Refundable Tax Credits[d]	132	150	18	18	13
U.S. Coronavirus Refundable Credits	39	*	−39	−39	−99
PBGC	39	1	−38	−38	−98
Department of Education	146	116	−30	−30	−20
Food and Nutrition Service	124	100	−24	−24	−20
Net Interest on the Public Debt	437	622	185	185	42
Other	764	767	4	−7	−1
Total	**4,159**	**4,492**	**332**	**248**	**6**

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

DoD = Department of Defense; FY = fiscal year; PBGC = Pension Benefit Guaranty Corporation; * = between zero and $500 million.

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 $4,223 billion in fiscal year 2023 and $4,471 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.

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

Outlays for the largest mandatory spending programs increased, on net, by $117 billion (or 6 percent):

- Spending for **Social Security** benefits rose by $74 billion (or 8 percent) because of increases in the average benefit payment (stemming mostly from cost-of-living adjustments) and in the number of beneficiaries.
- **Medicare** outlays increased, on net, by $51 billion (or 10 percent), largely because of increased benefit payments to Medicare Advantage plans.
- **Medicaid** outlays decreased by $8 billion (or 2 percent) as states continue to reassess the eligibility of enrollees who remained in the program for the duration of the coronavirus public health emergency. (The continuous-enrollment requirement ended on March 31, 2023.) Reports indicate that 23 million people have been disenrolled from the program since redeterminations began. CBO expects that the net loss in coverage for the year will be smaller because some people already have reenrolled, some will reenroll, and some will newly enroll in the program.

Outlays increased in several other areas:

- Spending by the **Department of Defense** (DoD) was $39 billion (or 8 percent) greater than in the same period last fiscal year; the largest increase was for military personnel.
- Spending by the **Department of Veterans Affairs** increased by $27 billion (or 14 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Outlays for certain **refundable tax credits** increased by $18 billion (or 13 percent), totaling $150 billion in the first eight months of fiscal year 2024.[1] Subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act rose because of higher enrollments.
- Net outlays of the **Department of Energy** (included in "Other" in Table 3) increased by $11 billion (or 52 percent), primarily because last year the Administration sold a substantial amount of oil from the Strategic Petroleum Reserve. No such receipts have been recorded in the first eight months of 2024. (The Administration has begun purchasing oil to replenish the reserve; CBO expects those outlays to be recorded over the next few years.)

Outlays decreased in several other areas:

- Outlays related to **U.S. Coronavirus Refundable Credits,** 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 $39 billion. That result is attributable in part to the IRS's moratorium on processing claims for the Employee Retention Tax Credit.
- Net spending by the **Pension Benefit Guaranty Corporation** decreased by $38 billion. In the first eight months of 2023, that agency recorded $39 billion in net outlays, mostly related to onetime payments to certain multiemployer pension plans under the Special Financial Assistance Program. Such payments amounted to less than $1 billion in the first eight months of the current fiscal year.
- Outlays by the **Department of Education** decreased by $30 billion (or 20 percent), primarily because in the first eight months of fiscal year 2023, the department recorded some of the costs of final rules that modified repayment terms for outstanding student loans. 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 modifications have been recorded in the first eight months of fiscal year 2024. The Administration announced that, before the end of the fiscal year, it will record an increase of $74 billion in the estimated costs of outstanding student loans, mostly related to the costs of previously announced loan discharge policies. The totals shown here do not include that amount. The totals also do not include the costs the Administration might record in 2024 for the debt cancellation policy described in a proposed rule the Department of Education published in April.[2]
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $24 billion (or 20 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.

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1. 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.

2. See Department of Education, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," Proposed Rule, 89 *Fed. Reg.* 27564 (April 17, 2024), https://tinyurl.com/3db2cpxe.

- Outlays for **international security assistance programs** (also in "Other") decreased by $12 billion, primarily because emergency support provided to Ukraine in the first eight months of fiscal year 2024 amounted to around $1 billion, compared with $10 billion during the same period in fiscal year 2023. The rate of spending is expected to increase in coming months as a result of the recently enacted funding for assistance to Ukraine, Israel, and countries in the Indo-Pacific region.
- Outlays from the **Public Health and Social Services Emergency Fund** (in "Other") decreased by $11 billion (or 50 percent), as expenditures slowed for several pandemic-related activities, including reimbursements to hospitals and other health care providers, coronavirus testing and contact tracing, and development and purchase of vaccines and therapies.

Estimated Deficit in May 2024: $348 Billion

The deficit in May 2024 was $348 billion, CBO estimates—$108 billion more than the amount recorded in May 2023. Revenues and outlays alike were higher than they were a year ago. Outlays in May 2024 were higher than they otherwise would have been because certain federal payments due on June 1, 2024, a Saturday, were made in May. If not for that shift, the deficit in May 2024 would have been $14 billion more than in the same month last year.

Table 4.

Budget Totals for May

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Billions of Dollars	Percent
Receipts	307	324	17	17	5
Outlays	548	672	124	31	6
Deficit (−)	−240	−348	−108	−14	6

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 timing shifts, the budget would have shown a deficit of $255 billion in May 2024, CBO estimates.

CBO estimates that receipts in May 2024 totaled $324 billion—$17 billion (or 5 percent) more than the amounts recorded in May 2023. That increase was driven almost entirely by corporate income taxes, which increased by $16 billion (more than double). Additionally, collections of miscellaneous fees and fines increased by $1 billion (or 4 percent).

Total spending in May 2024 was $672 billion, CBO estimates—$124 billion (or 23 percent) more than in May 2023. If not for the timing shift discussed above, outlays in May 2024 would have been $31 billion (or 6 percent) more than in the same month last year. That overall change is the result of increases and decreases in several areas.

The largest increases were as follows:

- Outlays by the Small Business Administration increased by $31 billion, largely because in May 2024 the agency recorded an increase of $33 billion in the estimated costs of its disaster loans.
- Net outlays for interest on the public debt increased by $29 billion (or 46 percent), primarily because interest rates were higher in May 2024 than they were in May 2023.

- Spending by DoD increased by $8 billion (or 12 percent).
- Outlays for Social Security increased by $7 billion (or 6 percent).
- Outlays for Medicare increased by $6 billion (or 8 percent).

The largest decreases were as follows:

- Spending by the Federal Deposit Insurance Corporation declined by $12 billion, primarily because in May 2023, that agency continued to resolve two major bank failures that occurred in March 2023.
- Outlays for the Department of Housing and Urban Development's mortgage loan programs declined by $10 billion because of a downward revision to the estimated costs of outstanding housing loan guarantees.
- Outlays related to U.S. Coronavirus Refundable Credits decreased by $8 billion (or 100 percent).
- Outlays for Medicaid decreased by $5 billion (or 9 percent).

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

Actual Surplus in April 2024: $210 Billion

The Treasury Department reported a surplus of $210 billion for April—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: April 2024*.

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. Justin Latus, Jennifer Shand, and Carolyn Ugolino 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/60280.

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