Monthly Budget Review: June 2024

July 9, 2024

The federal budget deficit was $1.3 trillion in the first nine months of fiscal year 2024, the Congressional Budget Office estimates—$118 billion less than the deficit recorded during the same period last fiscal year. Revenues were $342 billion (or 10 percent) higher and outlays were $225 billion (or 5 percent) higher from October through June than during the same period in fiscal year 2023.

Shifts in the timing of certain payments affect that comparison. Outlays in the first nine 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, July 1, 2023, fell on a Saturday, so outlays in the first nine months of 2023 were boosted by the shifting of payments into June 2023. If not for those timing shifts, the deficit so far in fiscal year 2024 would have been $22 billion smaller than the shortfall for the same period in fiscal year 2023.

Table 1.

Budget Totals, October–June

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	3,413	3,755	342	342	10
Outlays	4,806	5,030	225	320	7
Deficit (−)	−1,393	−1,275	118	22	−2

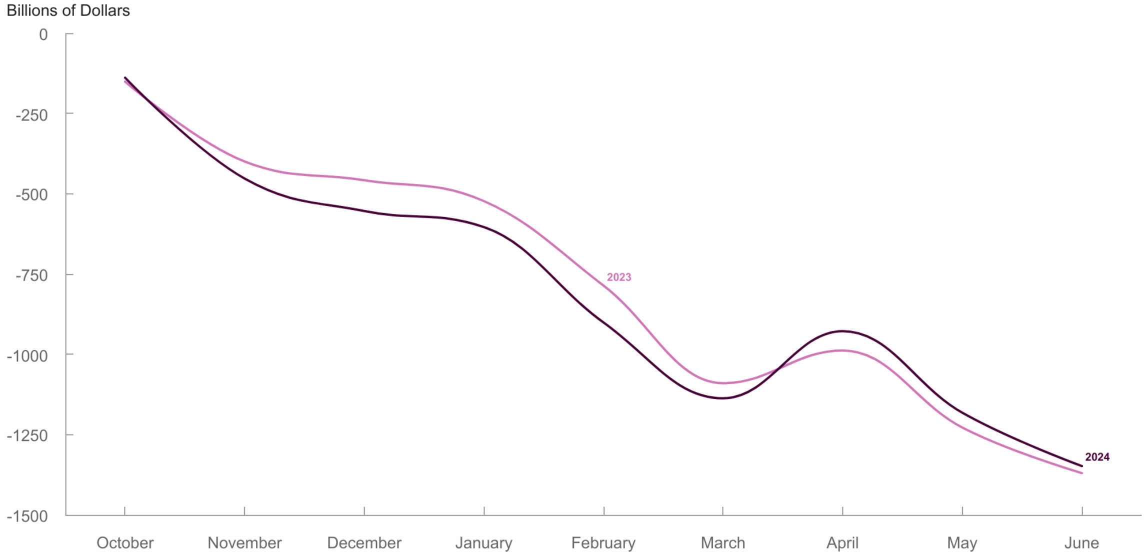
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for May 2024 and the *Daily Treasury Statements* for June 2024.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. The budget would have shown a deficit of $1,348 billion from October 2023 through June 2024, CBO estimates, compared with $1,370 billion during the same period in fiscal year 2023, if the effects of shifting payments were excluded.

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.

Cumulative Monthly Deficits
Fiscal Years 2023 and 2024



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for June 2024 is CBO's estimate.
Values for all months have been adjusted to exclude the effects of timing shifts.

CBO projects a federal budget deficit of $1.9 trillion in fiscal year 2024, which would be larger than the 2023 deficit of $1.7 trillion.[1] When adjusted to exclude the effects of shifts in the timing of certain payments, the projected 2024 deficit comes to $2.0 trillion. Some costs that have not yet been recorded contribute to CBO's larger deficit projection for 2024, including the outlays that the Administration might record for cancellations of student loan debt resulting from a proposed rule published in April and some outlays stemming from legislation providing assistance to Israel, Ukraine, and countries in the Indo-Pacific region.[2]

Total Receipts: Up by 10 Percent in Fiscal Year 2024

Receipts totaled $3.8 trillion during the first nine months of fiscal year 2024, CBO estimates—$342 billion more than during the same period a year before. Some of that increase is the result of the postponement until fiscal year 2024 of various 2023 tax deadlines for 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 $258 billion (or 9 percent).
    - Nonwithheld payments of income and payroll taxes rose by $121 billion (or 16 percent). That increase includes the effects of delayed payments from taxpayers in areas affected by natural disasters for whom, beginning in February 2023, the Internal Revenue Service (IRS) postponed some 2023 filing deadlines. Most of those payments were due by November 2023.

1. See Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2024 to 2034* (June 2024), www.cbo.gov/publication/60039.

2. For information about the cancellation of student loans, 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.

Table 2.

Receipts, October–June

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,694	1,887	194	11
Payroll Taxes	1,244	1,308	64	5
Corporate Income Taxes	306	393	87	28
Other Receipts	169	167	−3	−2
Total	**3,413**	**3,755**	**342**	**10**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,448	2,534	87	4
Other, net of refunds	490	661	171	35
Total	**2,937**	**3,195**	**258**	**9**

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

FY = fiscal year.

- Amounts withheld from workers' paychecks rose by $87 billion (or 4 percent), reflecting increases in wages and salaries.
- Individual income tax refunds declined by $53 billion (or 16 percent). The decline in part includes the effects of the Employee Retention Tax Credit, which increased individual income tax refunds in 2023. In June the IRS extended the moratorium, announced in September 2023, on payments for that credit. It is uncertain how long the moratorium will continue or when the IRS will begin to process the more than 1 million outstanding claims for the credit.
- Unemployment insurance receipts (one type of payroll tax) declined by $2 billion (or 4 percent).

■ Receipts from **corporate income taxes** increased, on net, by $87 billion (or 28 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).

- Customs duties declined by $5 billion (or 8 percent).
- Estate and gift taxes declined by $3 billion (or 11 percent), in part because of an unusually large amount collected in February 2023.
- Collections of miscellaneous fees and fines decreased by $1 billion (or 7 percent).
- Excise taxes increased by $5 billion (or 9 percent).

Total Outlays: Up by 5 Percent in Fiscal Year 2024

Outlays in the first nine months of fiscal year 2024 were $5.0 trillion, CBO estimates—$225 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 $320 billion (or 7 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 $201 billion (or 40 percent)—primarily because interest rates have been higher than they were in the first nine months of fiscal year 2023.

Table 3.

Outlays, October–June

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
Major Program or Category	**Actual, FY 2023**	**Preliminary, FY 2024**	**Estimated Change**	**Billions of Dollars**	**Percent**
Social Security Benefits	996	1,078	82	82	8
Medicare[b]	634	626	−8	59	10
Medicaid	471	460	−12	−12	−2
Subtotal, Largest Mandatory Spending Programs	**2,101**	**2,163**	**62**	**129**	**6**
Department of Education	172	202	29	29	17
Department of Veterans Affairs	220	235	16	28	13
Refundable Tax Credits[c]	143	162	19	19	13
U.S. Coronavirus Refundable Credits	48	*	−47	−47	−99
PBGC	39	*	−38	−38	−99
Food and Nutrition Service	137	112	−25	−25	−18
DoD—Military[d]	576	608	32	37	6
Net Interest on the Public Debt	504	705	201	201	40
Other	866	841	−25	−13	−2
Total	**4,806**	**5,030**	**225**	**320**	**7**

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. Outlays excluding the effects of the timing shifts would have been $4,782 billion in fiscal year 2023 and $5,103 billion in fiscal year 2024.

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.

Outlays for the largest mandatory spending programs increased, on net, by $129 billion (or 6 percent):

- Spending for **Social Security** benefits rose by $82 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 $59 billion (or 10 percent), because of increased enrollment, increased payment rates for services, and the timing of Medicare Advantage payments.
- **Medicaid** outlays decreased by $12 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 24 million people have been disenrolled from the program since redeterminations began. CBO expects that the net loss in coverage 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 $37 billion (or 6 percent) greater than in the same period last fiscal year; the largest increases were for military personnel and research and development.
- Outlays by the **Department of Education** increased by $29 billion (or 17 percent), primarily because the Administration recorded an increase of $74 billion in June 2024 in the estimated costs of outstanding student loans, mostly related to the costs of previously announced loan discharge policies. Increases in the estimated costs of outstanding loans also were recorded in the first nine months of fiscal year 2023, but the increases recorded so far this year have been larger. The totals do not include the costs that the Administration might record in 2024 for the debt cancellation policy described in a proposed rule published in April.
- Spending by the **Department of Veterans Affairs** increased by $28 billion (or 13 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Outlays for certain **refundable tax credits** increased by $19 billion (or 13 percent), totaling $162 billion in the first nine months of fiscal year 2024.[3] 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 $12 billion (or 49 percent), primarily because in fiscal year 2023 the Administration sold a substantial amount of oil from the Strategic Petroleum Reserve. No such receipts were recorded in the first nine months of 2024. From October 2023 through May 2024, the Administration spent $1 billion on oil to replenish the reserve.

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 $47 billion. That result is attributable in part to the IRS's moratorium on processing claims for the Employee Retention Tax Credit.

3. 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.

- Net spending by the **Pension Benefit Guaranty Corporation** (PBGC) decreased by $38 billion. In the first nine 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. Although such payments amounted to less than $1 billion in the first nine months of the current fiscal year, spending over the rest of the year will increase. For example, PBGC has already approved $6 billion in payments that CBO expects to be recorded in July, and additional payments are anticipated in the following months.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $25 billion (or 18 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.
- Outlays for **international security assistance programs** (also in "Other") decreased by $12 billion (or 48 percent), primarily because emergency support provided to Ukraine has declined. Spending on international security assistance programs is expected to increase in coming months as a result of enacted funding for assistance to Israel, Ukraine, and countries in the Indo-Pacific region.
- Outlays from the **Public Health and Social Services Emergency Fund** (in "Other") declined by $12 billion (or 50 percent), as expenditures decreased for pandemic-related activities.

Estimated Deficit in June 2024: $73 Billion

The deficit in June 2024 was $73 billion, CBO estimates—compared with a $228 billion deficit recorded in June 2023. Outlays in June 2024 were lower than they otherwise would have been because payments due on June 1, 2024, a Saturday, were shifted to May. Moreover, outlays in June 2023 were *higher* than they otherwise would have been because payments due on July 1, 2023, a Saturday, were made in June. (In summary, for certain programs, no payments were made in June 2024 and two payments were made in June 2023.) If not for those timing shifts, June 2024 would have shown a deficit of $166 billion, $25 billion more than the deficit in the same month last year.

Table 4.

Budget Totals for June

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	418	467	48	48	12
Outlays	646	540	−106	73	13
Deficit (−)	−228	−73	155	−25	18

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 $166 billion in June 2024 and a deficit of $141 billion in June 2023, CBO estimates.

CBO estimates that receipts in June 2024 totaled $467 billion—$48 billion (or 12 percent) more than the amounts recorded in June 2023. That rise was largely driven by collections of individual income and payroll taxes, which increased by $37 billion (or 11 percent). Additionally, collections of corporate income taxes rose by $10 billion (or 14 percent).

Total spending in June 2024 was $540 billion, CBO estimates—$106 billion (or 16 percent) less than in June 2023. If not for the timing shifts discussed above, outlays in June 2024 would have been $73 billion (or 13 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 **Department of Education** increased by $59 billion, mostly because the Administration recorded an increase in the estimated costs of outstanding loans in June 2024 that was larger than the amount recorded in June 2023.
- Net outlays for **interest on the public debt** increased by $17 billion (or 25 percent), primarily because interest rates were higher in June 2024 than they were in June 2023.
- Outlays for **Medicare** increased by $7 billion (or 10 percent).
- Outlays for **Social Security** increased by $7 billion (or 6 percent).

The largest decrease was as follows:

- Outlays related to **U.S. Coronavirus Refundable Credits** decreased by $9 billion (or 100 percent).

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

Actual Deficit in May 2024: $347 Billion

The Treasury Department reported a deficit of $347 billion for May—$1 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: May 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 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. The report 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/60361.

Phillip L. Swagel
Director