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

Monthly Budget Review: July 2024

August 8, 2024

The federal budget deficit was $1.5 trillion in the first 10 months of fiscal year 2024, the Congressional Budget Office estimates—$103 billion less than the deficit recorded during the same period last fiscal year. Revenues were $397 billion (or 11 percent) higher and outlays were $293 billion (or 6 percent) higher from October through July than they were during the same period in fiscal year 2023.

Shifts in the timing of certain payments affect that comparison. Outlays in the first 10 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. If not for those timing shifts, the deficit so far in fiscal year 2024 would have been $94 billion smaller than the shortfall for the same period in fiscal year 2023.

CBO projects a federal budget deficit of $1.9 trillion in fiscal year 2024.[1] When adjusted to exclude the effects of shifts in the timing of certain payments, the projected 2024 deficit comes to $2.0 trillion.

Table 1.

Budget Totals, October–July

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	3,689	4,085	397	397	11
Outlays	5,302	5,596	293	302	6
Deficit (−)	−1,614	−1,510	103	94	−6

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

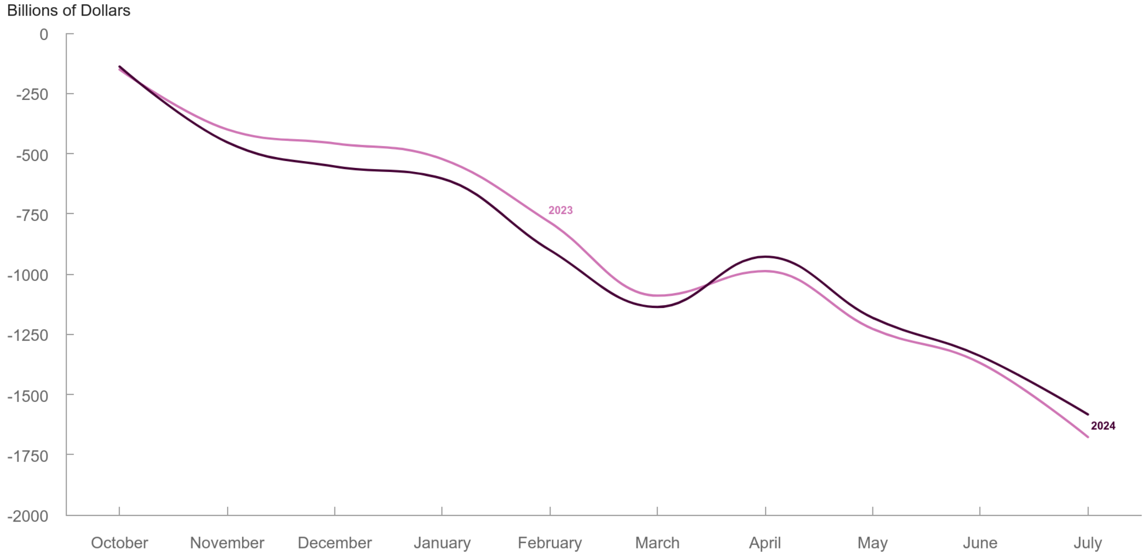
FY = fiscal year.

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 $1,583 billion from October 2023 through July 2024, CBO estimates, compared with $1,677 billion during the same period in fiscal year 2023, if the effects of shifting payments were excluded.

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

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 July 2024 is CBO's estimate.
Values for all months have been adjusted to exclude the effects of timing shifts.

Last year's deficit of $1.7 trillion would have been larger if not for the recording of certain budgetary effects related to the Supreme Court's decision to overturn a plan the Administration announced in 2022 to cancel many borrowers' outstanding student loans.[2] If those effects were excluded from fiscal year 2023, the deficit for that year would have been $2.0 trillion instead of $1.7 trillion. Thus, without the savings related to the unwinding of the proposed debt cancellation (and excluding the effects of timing shifts), CBO estimates that the federal deficit would be about the same in 2023 and 2024.

Total Receipts: Up by 11 Percent in Fiscal Year 2024

Receipts totaled $4.1 trillion during the first 10 months of fiscal year 2024, CBO estimates—$397 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 $296 billion (or 9 percent).
    - Nonwithheld payments of income and payroll taxes rose by $118 billion (or 15 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.
    - Amounts withheld from workers' paychecks rose by $114 billion (or 4 percent), reflecting increases in wages and salaries.

2. For more on this topic, see Congressional Budget Office, *Monthly Budget Review: September 2023* (October 2023), p. 2, www.cbo.gov/publication/59544.

Table 2.

Receipts, October–July

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,825	2,048	223	12
Payroll Taxes	1,363	1,436	74	5
Corporate Income Taxes	320	413	93	29
Other Receipts	181	188	7	4
Total	**3,689**	**4,085**	**397**	**11**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,696	2,810	114	4
Other, net of refunds	492	674	182	37
Total	**3,188**	**3,484**	**296**	**9**

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

FY = fiscal year.

- Individual income tax refunds declined by $66 billion (or 19 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, initially announced in September 2023, on processing claims for that credit. The IRS has begun processing the backlog of claims, though it is uncertain how long that process will take and when the moratorium on new claims may be lifted.
- Unemployment insurance receipts (one type of payroll tax) declined by $1 billion (or 3 percent).

■ Receipts from **corporate income taxes** increased, on net, by $93 billion (or 29 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** increased, on net, by $7 billion (or 4 percent).

- Excise taxes increased by $13 billion (or 21 percent).
- Remittances from the Federal Reserve increased by $2 billion, from less than $1 billion last year.
- Customs duties declined by $5 billion (or 7 percent).
- Estate and gift taxes declined by $3 billion (or 10 percent), in part because of an unusually large amount collected in February 2023.

Total Outlays: Up by 6 Percent in Fiscal Year 2024

Outlays in the first 10 months of fiscal year 2024 were $5.6 trillion, CBO estimates—$293 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 $302 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 $216 billion (or 38 percent)—primarily because interest rates have been higher than they were in the first 10 months of fiscal year 2023.

Outlays for the largest mandatory spending programs increased, on net, by $152 billion (or 7 percent):

- Spending for **Social Security** benefits rose by $90 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 $74 billion (or 11 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays decreased by $11 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 25 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** was $46 billion (or 7 percent) greater than in the same period last fiscal year; the largest increases were for research and development and military personnel.
- Spending by the **Department of Veterans Affairs** increased by $33 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 $22 billion (or 15 percent).[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 $13 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 10 months of 2024. From October 2023 through May 2024, the Administration spent $1 billion on oil to replenish the reserve.

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.

Table 3.

Outlays, October–July

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	1,111	1,201	90	90	8
Medicare[b]	654	721	66	74	11
Medicaid	518	507	−11	−11	−2
Subtotal, Largest Mandatory Spending Programs	**2,284**	**2,429**	**145**	**152**	**7**
Department of Veterans Affairs	232	265	32	33	14
Refundable Tax Credits[c]	152	174	22	22	15
U.S. Coronavirus Refundable Credits	51	*	−51	−51	−99
Department of Education	255	211	−44	−44	−17
PBGC	41	7	−34	−34	−84
Food and Nutrition Service	149	125	−24	−24	−16
DoD—Military[d]	629	675	46	46	7
Net Interest on the Public Debt	571	787	216	216	38
Other	938	922	−16	−15	−2
Total	**5,302**	**5,596**	**293**	**302**	**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. Outlays excluding the effects of the timing shifts would have been $5,366 billion in fiscal year 2023 and $5,668 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 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 $51 billion (or 99 percent). That result is attributable in part to the IRS's moratorium on processing claims for the Employee Retention Tax Credit.
- Outlays by the **Department of Education** decreased by $44 billion (or 17 percent), largely because the Administration recorded an increase of $74 billion in July 2023 associated with modifying outstanding loans for the Saving on a Valuable Education repayment plan, the new income-driven repayment plan that was made final in 2023. Increases in the estimated costs of outstanding loans also were recorded in the first 10 months of fiscal year 2024, but the increases recorded during the same period last year were 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 of this year.

- Net spending by the **Pension Benefit Guaranty Corporation** (PBGC) decreased by $34 billion (or 84 percent). In the first 10 months of 2023, the agency recorded $41 billion in net outlays, mostly related to onetime payments to certain multiemployer pension plans under the Special Financial Assistance Program. Such payments amounted to $7 billion in the first 10 months of 2024, and PBGC has approved another $7 billion in payments that CBO expects to be recorded this month.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $24 billion (or 16 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.
- Outlays from the **Public Health and Social Services Emergency Fund** (also in "Other") declined by $12 billion (or 49 percent), as expenditures decreased for pandemic-related activities.

Estimated Deficit in July 2024: $242 Billion

The deficit in July 2024 was $242 billion, CBO estimates—compared with a $221 billion deficit recorded in July 2023. Outlays in July 2023 were lower than they otherwise would have been because payments due on July 1, 2023, a Saturday, were made in June. If not for those timing shifts, the deficit for July 2024 would have been $65 billion smaller relative to the same month last year, rather than $21 billion larger.

Table 4.

Budget Totals for July

Billions of Dollars

	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Billions of Dollars	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Percent
Receipts	276	331	55	55	20
Outlays	497	573	76	−10	−2
Deficit (−)	−221	−242	−21	65	−21

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 $307 billion in July 2023, CBO estimates.

CBO estimates that receipts in July 2024 totaled $331 billion—$55 billion (or 20 percent) more than the amounts recorded in July 2023. That rise was largely driven by collections of individual income and payroll taxes, which increased by $39 billion (or 16 percent). This July had two more business days than July 2023, boosting withholding of income and payroll taxes. Additionally, collections of corporate income taxes rose by $6 billion (or 43 percent) and collections of excise taxes rose by $8 billion (from less than $1 billion last year).

Total spending in July 2024 was $573 billion, CBO estimates—$76 billion (or 15 percent) more than in July 2023. If not for the timing shifts discussed above, outlays in July 2024 would have been $10 billion (or 2 percent) *smaller* than in the same month last year. That overall change is the result of increases and decreases in several areas. The discussion below reflects adjustments to exclude the effects of timing shifts.

The largest increases were as follows:

- Net outlays for **interest on the public debt** increased by $16 billion (or 23 percent), primarily because interest rates were higher in July 2024 than they were in July 2023.
- Outlays for **Medicare** increased by $15 billion (or 18 percent).
- Outlays for **Social Security** increased by $8 billion (or 7 percent).
- Outlays by the **Department of Defense** increased by $9 billion (or 15 percent).
- Outlays by the **Department of Veterans Affairs** increased by $5 billion (or 20 percent).

The largest decrease for the month was in outlays by the **Department of Education,** which fell by $74 billion because of loan modifications recorded by the Administration in July 2023, as discussed above.

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

Actual Deficit in June 2024: $66 Billion

The Treasury Department reported a deficit of $66 billion for June—$7 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: June 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. Amber Marcellino and Nathaniel Frentz prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Barry Blom, Chad Chirico, John McClelland, and Sam Papenfuss. The report was reviewed by Mark Hadley, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO's website, www.cbo.gov/publication/60479.

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