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

Monthly Budget Review: August 2024

September 10, 2024

The federal budget deficit was $1.9 trillion in the first 11 months of fiscal year 2024, the Congressional Budget Office estimates—$373 billion more than the deficit recorded during the same period last fiscal year. Revenues were $420 billion (or 11 percent) higher and outlays were $793 billion (or 14 percent) higher from October through August 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 11 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. September 1, 2024, also fell on a Sunday, so outlays in the first 11 months of 2024 were boosted by the shifting of payments into August 2024. If not for those timing shifts, the deficit so far in fiscal year 2024 would have been $302 billion larger than the shortfall for the same period in fiscal year 2023.

Table 1.

Budget Totals, October–August

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	3,972	4,392	420	420	11
Outlays	5,496	6,289	793	722	13
Deficit (−)	−1,525	−1,898	−373	−302	19

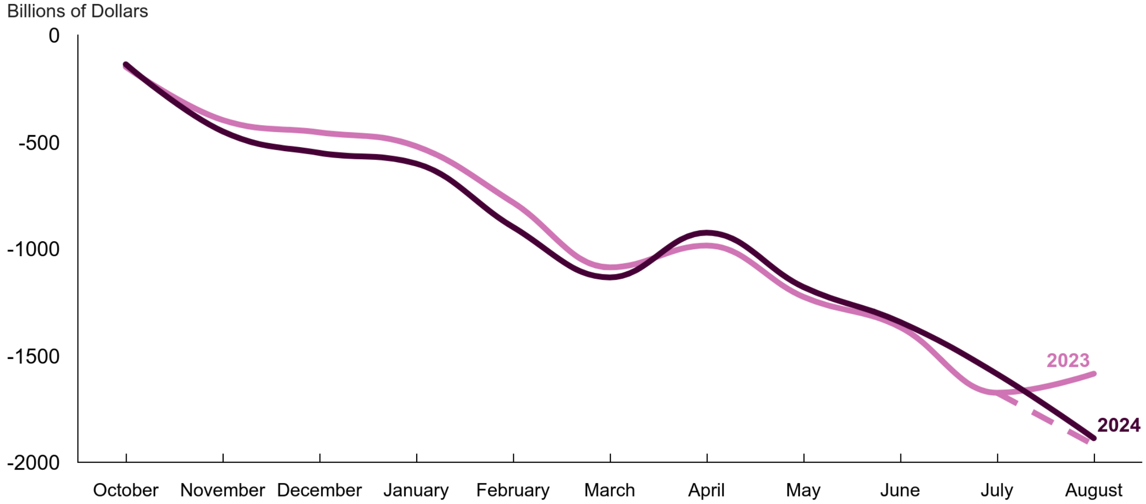
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for July 2024 and the *Daily Treasury Statements* for August 2024.

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 $1,890 billion from October 2023 through August 2024, CBO estimates, compared with $1,588 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 August 2024 is CBO's estimate.
Values for all months have been adjusted to exclude the effects of timing shifts.
The dashed line excludes the effects of the Supreme Court's decision to overturn the Administration’s plan to cancel certain student loans.

In its most recent budget projections, which were published in June, CBO projected a federal budget deficit of $1.9 trillion for fiscal year 2024.[1] It appears that the deficit will be close to that amount. If adjusted to exclude the effects of shifts in the timing of certain payments, the projected 2024 deficit would come to about $2.0 trillion.

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, and the effects of timing shifts, were excluded for 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 will be about the same in 2024 as it was in 2023.

Total Receipts: Up by 11 Percent in Fiscal Year 2024

Receipts totaled $4.4 trillion during the first 11 months of fiscal year 2024, CBO estimates—$420 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.

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 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–August

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,955	2,178	223	11
Payroll Taxes	1,484	1,566	82	6
Corporate Income Taxes	324	420	96	29
Other Receipts	208	227	19	9
Total	**3,972**	**4,392**	**420**	**11**
Memorandum: Combined Individual Income and Payroll Taxes				
Withheld taxes	2,942	3,069	126	4
Other, net of refunds	497	676	179	36
Total	**3,440**	**3,745**	**305**	**9**

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

FY = fiscal year.

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

- Individual **income and payroll (social insurance) taxes** together rose by $305 billion (or 9 percent).
  - Amounts withheld from workers' paychecks rose by $126 billion (or 4 percent), reflecting increases in wages and salaries.
  - Nonwithheld payments of income and payroll taxes rose by $108 billion (or 13 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.
  - Individual income tax refunds declined by $72 billion (or 20 percent), in part because of a moratorium placed on new claims for the Employee Retention Tax Credit, which increased individual income tax refunds in 2023. The IRS announced the moratorium in September 2023. In August 2024, the IRS announced that it would begin processing claims received through January, with enhanced compliance measures.
  - Unemployment insurance receipts (one type of payroll tax) declined by $1 billion (or 3 percent).

- Receipts from **corporate income taxes** increased, on net, by $96 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 $19 billion (or 9 percent).
  - Excise taxes increased by $21 billion (or 30 percent), compared with last year. That increase stems largely from a July 2024 reclassification of $8.5 billion in fuel tax refunds and credits that were recorded in fiscal year 2023. In 2023 the IRS reported payments of fuel tax refunds and credits that were not actually paid, which incorrectly reduced reported excise taxes and increased reported individual income taxes in that year. The subsequent reclassification made in July 2024 increased excise taxes and reduced income taxes reported in 2024.
  - Remittances from the Federal Reserve increased by $2 billion, from less than $1 billion last year.
  - Customs duties declined by $3 billion (or 4 percent).
  - Estate and gift taxes declined by $2 billion (or 8 percent), in part because an unusually large amount had been collected in February 2023.

Total Outlays: Up by 14 Percent in Fiscal Year 2024

Outlays in the first 11 months of fiscal year 2024 were $6.3 trillion, CBO estimates—$793 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 $722 billion (or 13 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.

If the 2023 savings related to the unwinding of the proposed cancellation of student loans (discussed below) and the effects of timing shifts are excluded, CBO estimates that outlays in the first 11 months of 2024 would have been $392 billion (or 7 percent), rather than $722 billion (or 13 percent), greater than during the same period last fiscal year.

Outlays by the **Department of Education** increased by $315 billion, largely because the Administration recorded a decrease of $330 billion in August 2023 to reflect the June 2023 Supreme Court decision prohibiting the cancellation of outstanding loans for many borrowers. Excluding the reversal of that proposed debt cancellation, net spending by the department decreased by $15 billion, primarily because increases in the estimated costs of outstanding loans recorded in the first 11 months of 2023 were larger than the increases recorded for those costs for the same period in 2024. Partly offsetting that decrease, the costs recorded for loans originated in 2024 were higher than the costs of loans originated in 2023. The totals do not include the costs of the debt cancellation policy described in a proposed rule published in April 2024; that proposed rule is currently paused by litigation.

Table 3.

Outlays, October–August

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	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Percent
Social Security Benefits	1,226	1,324	98	98	8
Medicare[b]	727	847	120	76	10
Medicaid	567	561	−6	−6	−1
Subtotal, Largest Mandatory Spending Programs	**2,521**	**2,732**	**212**	**168**	**7**
Department of Education	−64	251	315	315	n.m.
Department of Veterans Affairs	258	309	51	40	15
Refundable Tax Credits[c]	160	187	26	26	16
U.S. Coronavirus Refundable Credits	51	1	−51	−51	−98
PBGC	42	13	−29	−29	−69
Food and Nutrition Service	160	136	−24	−24	−15
DoD—Military[d]	695	753	57	52	7
Net Interest on the Public Debt	643	870	227	227	35
Other	1,029	1,037	8	−2	0
Total	**5,496**	**6,289**	**793**	**722**	**13**

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

DoD = Department of Defense; FY = fiscal year; PBGC = Pension Benefit Guaranty Corporation; n.m. = not meaningful.

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 $5,559 billion in fiscal year 2023 and $6,282 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.

The next-largest increase in outlays was for **net interest on the public debt.** Those outlays rose substantially—increasing by $227 billion (or 35 percent)—primarily because interest rates have been higher than they were in the first 11 months of fiscal year 2023.

Outlays for the largest mandatory spending programs increased, on net, by $168 billion (or 7 percent):

- Spending for **Social Security** benefits rose by $98 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 $76 billion (or 10 percent) because of increased enrollment and higher payment rates for services.

- **Medicaid** outlays decreased by $6 billion (or 1 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 rose in several other areas:

- Spending by the **Department of Defense** was $52 billion (or 7 percent) greater than in the same period last fiscal year; the largest increases were for operation and maintenance and for research and development.
- Spending by the **Department of Veterans Affairs** increased by $40 billion (or 15 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Outlays for certain **refundable tax credits** increased by $26 billion (or 16 percent).[3] Those outlays include subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act, which were boosted by higher enrollments.
- Net outlays by the **Department of Energy** (included in "Other" in Table 3) increased by $15 billion (or 51 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 11 months of 2024. From October 2023 through May 2024, the Administration spent $1 billion on oil to replenish the reserve.

Outlays declined in several 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 98 percent). 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 $29 billion (or 69 percent) because of a decline in onetime payments to certain multiemployer pension plans under the Special Financial Assistance Program. Such payments amounted to $15 billion in the first 11 months of 2024, compared with $45 billion during the same period in 2023.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $24 billion (or 15 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 48 percent), as expenditures decreased for pandemic-related activities.

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.

Estimated Deficit in August 2024: $381 Billion

The deficit in August 2024 was $381 billion, CBO estimates—compared with a *surplus* of $89 billion recorded in August 2023. Outlays in August 2024 were higher than they otherwise would have been because payments due on September 1, 2024, a Sunday, were made in August. If not for those timing shifts, the deficit in August 2024 would have been $300 billion.

The year-over-year comparison is complicated by the fact that outlays in August 2023 were reduced by $330 billion because of the adjustment recorded for the student loan program, discussed above. Without that reduction, the government would have realized a *deficit* of $241 billion in August 2023, rather than a surplus. After adjusting for that difference and for timing shifts, CBO estimates that the $300 billion deficit in August 2024 would have been $59 billion larger than the deficit in August 2023.

Table 4.

Budget Totals for August

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	283	307	24	24	8
Outlays	194	688	494	414	213
Surplus or Deficit (−)	89	−381	−470	−390	n.m.

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

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, the budget would have shown a deficit of $300 billion in August 2024, CBO estimates.

CBO estimates that receipts in August 2024 totaled $307 billion—$24 billion (or 8 percent) more than the amounts recorded in August 2023. That rise was largely driven by collections of individual income and payroll taxes, which increased by $17 billion (or 7 percent). Additionally, collections of corporate income taxes rose by $3 billion (or 75 percent). Collections of miscellaneous fees and fines increased by $2 billion (or 17 percent), and collections of customs duties rose by $1 billion (or 23 percent).

Total spending in August 2024 was $688 billion, CBO estimates—$494 billion more than in August 2023. If not for the timing shifts discussed above, outlays in August 2024 would have been $414 billion larger than in the same month last year. Excluding the $330 billion reduction in outlays in August 2023 related to student loans, CBO estimates that outlays in August 2024 would have been $84 billion, rather than $414 billion, greater than in August 2023.

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:

- Outlays by the **Department of Education** increased by $358 billion, largely because the Administration recorded a decrease of $330 billion in August 2023 because of the Supreme Court’s decision to prohibit the cancellation of many borrowers’ outstanding student loans.
- Net outlays for **interest on the public debt** increased by $12 billion (or 17 percent), primarily because interest rates were higher in August 2024 than they were in August 2023.
- Outlays for **Social Security** increased by $8 billion (or 7 percent).
- Outlays by the **Department of Veterans Affairs** increased by $7 billion (or 27 percent).
- Outlays for **Medicaid** increased by $6 billion (or 13 percent).
- Outlays by the **Department of Defense** increased by $6 billion (or 9 percent).

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

Actual Deficit in July 2024: $244 Billion

The Treasury Department reported a deficit of $244 billion for July—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: July 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. Jennifer Shand and Jon Sperl 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 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/60592.

Editor’s Note: For the past 25 years, CBO’s *Monthly Budget Review* has benefited from having Bob Sunshine at the helm; this is his final edition. We will miss his inestimable knowledge, his insightful questions for contributors, and his editorial acumen.

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