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

Monthly Budget Review: September 2024

October 8, 2024

The federal budget deficit was $1.8 trillion in fiscal year 2024, the Congressional Budget Office estimates. The estimated deficit for 2024 was $139 billion more than the shortfall recorded during fiscal year 2023. Revenues increased by an estimated $479 billion (or 11 percent). Revenues in all major categories, but notably individual income taxes, were greater than they were in fiscal year 2023. Outlays rose by an estimated $617 billion (or 10 percent). The largest increase in outlays was for education ($308 billion). Net outlays for interest on the public debt rose by $240 billion to total $950 billion.

The deficit that CBO now estimates for 2024 is $81 billion (or 4 percent) smaller than the shortfall estimated in its most recent baseline projections, which were published in June.[1] Revenues and outlays alike were within 1 percent of those projections. Revenues were slightly higher and outlays slightly lower, which contributed to a smaller deficit than CBO had projected.

Table 1.

Budget Totals, October–September

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	4,439	4,918	479	479	11
Outlays	6,135	6,752	617	699	11
Deficit (−)	−1,695	−1,834	−139	−220	13

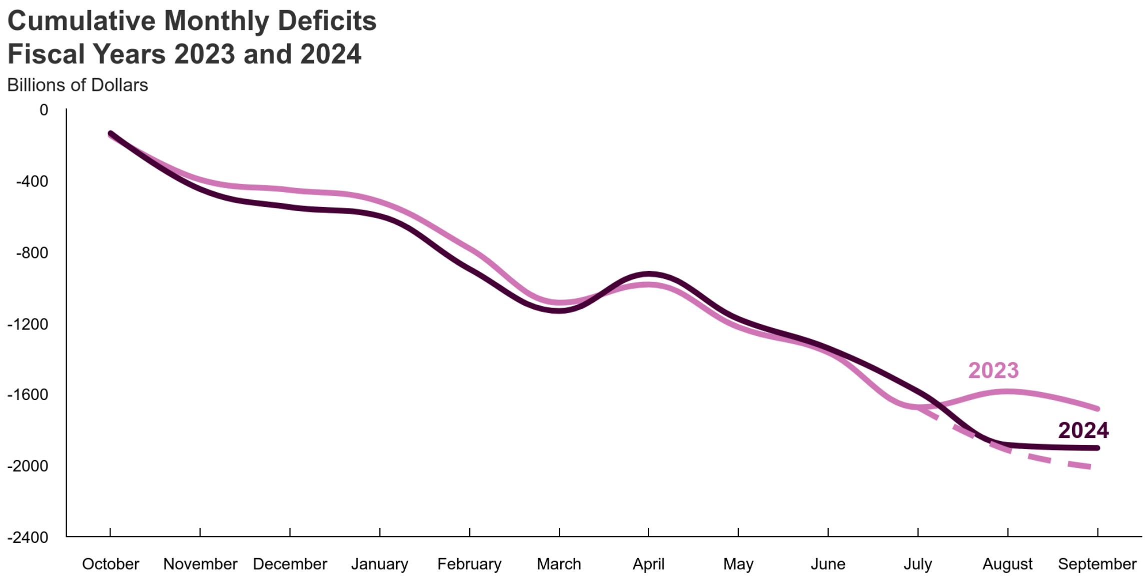
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for August 2024 and the *Daily Treasury Statements* for September 2024.

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 $1,686 billion for fiscal year 2023 and a deficit of $1,906 billion for fiscal year 2024, CBO estimates.

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.



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for September 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.

Outlays in fiscal years 2023 and 2024 were affected because October 1 (the first day of fiscal years 2023 and 2024, respectively) fell on a weekend. As a result, certain payments were shifted into the prior fiscal year—$63 billion from 2023 into 2022 and $72 billion from 2024 into 2023. If not for those shifts, the deficit in 2024 would have been 13 percent larger—instead of 8 percent larger—than it was in 2023.

Last year's deficit of $1.7 trillion would have been larger if not for the recording of 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 would have been lower by $110 billion in 2024 than it was in 2023.

Total Receipts: Up by 11 Percent in Fiscal Year 2024

Receipts totaled $4.9 trillion during fiscal year 2024, CBO estimates—$479 billion more than during fiscal year 2023. 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. Receipts collected through fiscal year 2024, net of refunds, were about $30 billion (or less than 1 percent) more than CBO projected in June.

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–September

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	2,176	2,425	249	11
Payroll Taxes	1,614	1,709	95	6
Corporate Income Taxes	420	529	109	26
Other Receipts	229	255	26	12
Total	**4,439**	**4,918**	**479**	**11**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	3,182	3,338	156	5
Other, net of refunds	609	796	187	31
Total	**3,791**	**4,134**	**343**	**9**

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

FY = fiscal year.

The changes in revenues from fiscal year 2023 to fiscal year 2024 were as follows:

- Individual **income and payroll (social insurance) taxes** together rose by $343 billion (or 9 percent).
  - Amounts withheld from workers' paychecks rose by $156 billion (or 5 percent), reflecting increases in wages and salaries.
  - Nonwithheld payments of income and payroll taxes rose by $111 billion (or 12 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 $77 billion (or 21 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 2 percent).
- Receipts from **corporate income taxes** increased, on net, by $109 billion (or 26 percent). Part of that change was caused by the IRS's postponement until November 2023 of the deadline for payments that ordinarily would have been due in fiscal year 2023 for many corporations in areas affected by natural disasters, particularly in California.

- Reported receipts from **other sources** increased, on net, by $26 billion (or 12 percent).
  - Excise taxes increased by $25 billion (or 34 percent), compared with last year. That increase stems partly 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.
  - Miscellaneous fees and fines increased by $3 billion (or 7 percent).
  - Remittances from the Federal Reserve increased by $3 billion, from less than $1 billion last year.
  - Customs duties declined by $3 billion (or 3 percent).

Total Outlays: Up by 10 Percent in Fiscal Year 2024

Outlays in fiscal year 2024 were $6.8 trillion, CBO estimates—$617 billion (or 10 percent) more than in fiscal year 2023. Total outlays through fiscal year 2024, were about $50 billion (or less than 1 percent) less than CBO projected in June. If not for the timing shifts discussed above, outlays in fiscal year 2024 would have been $699 billion (or 11 percent) greater than in 2023. The discussion below reflects adjustments to exclude the effects of those timing shifts.

If the 2024 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 2024 would have been $369 billion (or 6 percent), greater than during the same period last fiscal year.

Outlays by the **Department of Education** increased by $308 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 $22 billion, primarily because increases in the estimated costs of outstanding loans recorded in fiscal year 2023 were larger than the increases recorded for those costs 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 rule is currently paused by litigation.

The next-largest increase in outlays was for **net interest on the public debt.** Those outlays rose substantially—increasing by $240 billion (or 34 percent)—primarily because interest rates were significantly higher than they were in fiscal year 2023.

Outlays for the largest mandatory spending programs increased by $188 billion (or 7 percent):

- Spending for **Social Security** benefits rose by $107 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 $78 billion (or 9 percent) because of increased enrollment and higher payment rates for services.

Table 3.

Outlays, October–September

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	1,342	1,448	107	107	8
Medicare[b]	844	869	25	78	9
Medicaid	616	619	4	4	1
Subtotal, Largest Mandatory Spending Programs	**2,802**	**2,937**	**135**	**188**	**7**
Department of Education	−41	267	308	308	n.m.
Department of Veterans Affairs	301	325	24	37	12
Refundable Tax Credits[c]	171	199	28	28	16
FDIC	92	37	−55	−55	−60
U.S. Coronavirus Refundable Credits	52	1	−51	−51	−98
PBGC	40	12	−28	−28	−70
Food and Nutrition Service	171	147	−24	−24	−14
DoD—Military[d]	776	826	50	55	7
Net Interest on the Public Debt	710	950	240	240	34
Other	1,061	1,050	−11	1	*
Total	**6,135**	**6,752**	**617**	**699**	**11**

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

DoD = Department of Defense; FDIC = Federal Deposit Insurance Corporation; FY = fiscal year; PBGC = Pension Benefit Guaranty Corporation; n.m. = not meaningful; * = between zero and 0.5 percent.

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 $6,125 billion in fiscal year 2023 and $6,824 billion in 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.

- **Medicaid** outlays increased by $4 billion (or 1 percent) because states have largely completed reassessing 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.) Despite millions of disenrollments during the period in which states reassessed eligibility, Medicaid outlays rose in 2024 because per-person costs for enrollees remaining on Medicaid are greater than they were last year.

Outlays rose in several other areas:

- Spending by the **Department of Defense** was $55 billion (or 7 percent) greater than in fiscal year 2023; the largest increases were for operation and maintenance and for research and development.
- Spending by the **Department of Veterans Affairs** increased by $37 billion (or 12 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.

- Outlays for certain **refundable tax credits** increased by $28 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 44 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 2024. From October 2023 through May 2024, the Administration spent $1 billion to purchase oil to replenish the reserve.

Outlays declined in several areas:

- Outlays of the **Federal Deposit Insurance Corporation** (FDIC) decreased by $55 billion (or 60 percent). Outlays in fiscal year 2023 were $92 billion as the FDIC began to resolve two major bank failures that occurred in March 2023. The FDIC’s outlays totaled $37 billion during this fiscal year while that agency continued to resolve those failures along with four more that occurred after March 2023. Starting in June 2024, the FDIC began charging special assessments to recover the losses that resulted from covering uninsured depositors at two of the failed institutions. Over the next decade, the FDIC expects to continue to recover much of the amounts spent by liquidating the failed banks’ assets and by collecting higher premiums from FDIC-insured institutions.
- 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 $28 billion (or 70 percent) primarily 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 fiscal year 2024, compared with $46 billion during 2023.
- Spending by the Department of Agriculture’s **Food and Nutrition Service** decreased by $24 billion (or 14 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 $14 billion (or 50 percent), as expenditures decreased for pandemic-related activities.

Estimated Surplus in September 2024: $63 Billion

The government realized a surplus of $63 billion in September 2024, CBO estimates; a deficit of $171 billion was recorded in September 2023. Revenues were $59 billion more this September than they were last September. Outlays decreased by $175 billion. Outlays in September 2023 were higher than they otherwise would have been because payments due on October 1, 2023, a Sunday, were made in September. Outlays in September 2024 were lower than they otherwise would have been because payments due on September 1, 2024, a Sunday, were made in August. If not for the shifting of those payments, the government would have incurred a *deficit* of $17 billion in September 2024, compared with a deficit of $98 billion in September 2023.

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 4.

Budget Totals for September

Billions of Dollars

	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
				Billions of Dollars	Percent
Receipts	467	527	59	59	13
Outlays	638	464	−175	−22	−4
Surplus or Deficit (−)	−171	63	234	81	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 $98 billion in September 2023 and a deficit of $17 billion in September 2024, CBO estimates.

CBO estimates that receipts in September 2024 totaled $527 billion—$59 billion (or 13 percent) more than the amounts recorded in September 2023. That rise was driven largely by collections of individual income and payroll taxes, which increased by $40 billion (or 11 percent). Additionally, collections of corporate income taxes rose by $12 billion (or 13 percent). Collections of excise taxes increased by $5 billion (or 68 percent) and of customs duties by $1 billion (or 18 percent).

Total spending in September 2024 was $464 billion, CBO estimates—$175 billion less than in September 2023. If not for the timing shifts discussed above, outlays in September 2024 would have been $22 billion lower 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 decreases were as follows:

- Outlays for the **FDIC** declined by $52 billion. In September 2023, the FDIC recorded outlays of $49 billion for transactions with the Federal Financing Bank as part of the ongoing resolution of the First Republic Bank after it failed in May 2023.
- Outlays for the **Department of Education** decreased by $7 billion (or 30 percent).

The largest increases were as follows:

- Net outlays for **interest on the public debt** increased by $14 billion (or 20 percent), primarily because interest rates were higher in September 2024 than they were in September 2023.
- Outlays for **Medicaid** increased by $10 billion (or 21 percent).
- Outlays for **Social Security** increased by $9 billion (or 8 percent).

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

Actual Deficit in August 2024: $380 Billion

The Treasury Department reported a deficit of $380 billion for August—$1 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: August 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. Nathaniel Frentz and Aldo Prosperi 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/60730.

Phillip L. Swagel
Director