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

Monthly Budget Review: December 2024

January 10, 2025

The federal budget deficit totaled $710 billion in the first quarter of fiscal year 2025, the Congressional Budget Office estimates. That amount is $200 billion more than the deficit recorded during the same period last fiscal year. Outlays were $175 billion (or 11 percent) higher, and revenues were $25 billion (or 2 percent) lower.

That change in the deficit was influenced by the timing of outlays and revenues, which decreased the deficit during the first three months of fiscal year 2024 but increased it during the same period this fiscal year. Outlays in October 2023 were reduced by shifts in the timing of payments that were due on October 1, 2023, a Sunday. (The payments were made that September.) Outlays in the first quarter of 2025 rose, on net, because payments due on December 1, 2024, a Sunday, were made in November. (Those increases were partially offset by net reductions in December; a smaller set of payments also shifted *into* that month because January 1, 2025, was a holiday.) If not for those shifts, the deficit so far this fiscal year would have been $679 billion, or $125 billion more than the shortfall at this point last year. Outlays would have been $100 billion higher. Part of the deficit increase in 2025 also arises from the postponement of some tax deadlines from 2023 to 2024 (described below), which boosted receipts in 2024.

The statutory debt limit was reinstated on January 2, 2025, and set at $36.1 trillion, matching the amount of total debt outstanding on the prior day. In the coming weeks, the Department of the Treasury is expected to announce a “debt issuance suspension period” and to take “extraordinary measures” to borrow additional funds without breaching the debt limit. CBO will publish information in a few weeks on its estimate of how long those measures will remain in place.

Table 1.

Budget Totals, October–December

Billions of Dollars

	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Billions of Dollars	Percent
Receipts	1,108	1,083	−25	−25	−2
Outlays	1,618	1,792	175	100	6
Deficit (−)	−510	−710	−200	−125	23

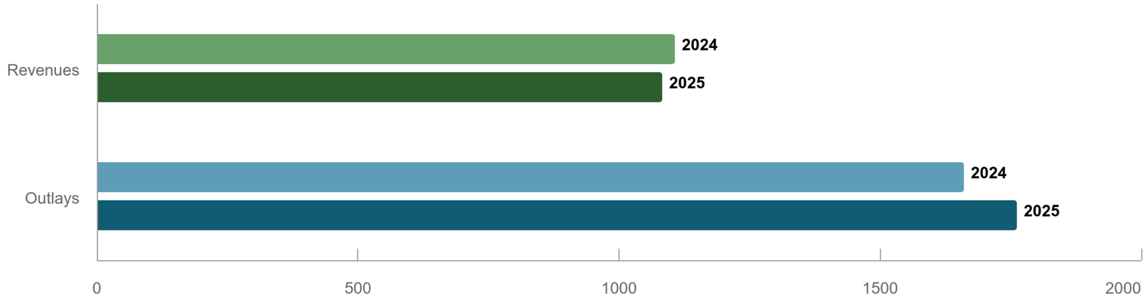
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for November 2024 and the *Daily Treasury Statements* for December 2024.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend or a holiday.

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–December Revenues and Outlays
Fiscal Years 2024 and 2025
Billions of Dollars



Data sources: Congressional Budget Office; Department of the Treasury.
Amounts included for December 2024 (in fiscal year 2025) are CBO's estimates.
All months have been adjusted to exclude the effects of timing shifts.

Total Receipts: Down by 2 Percent in Fiscal Year 2025

Receipts totaled $1.1 trillion during the first quarter of fiscal year 2025, CBO estimates—$25 billion less than during the same period a year ago. That decrease is the result of the Internal Revenue Service's postponement of various 2023 tax deadlines until early in fiscal year 2024 for some taxpayers in federally declared disaster areas. If not for those postponed payments—which boosted receipts by about $70 billion in the first quarter of 2024—revenues in the first quarter of this year would have been greater than they were a year ago.

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

- **Individual income** and **payroll (social insurance) taxes** together rose by $8 billion (or 1 percent).
    - Nonwithheld payments of income and payroll taxes declined by $44 billion (or 34 percent) relative to payments in the same period in fiscal year 2024. CBO estimates that the postponement of deadlines for some taxpayers in 2023 shifted $35 billion in nonwithheld income tax payments into the beginning of fiscal year 2024.
    - Amounts withheld from workers' paychecks rose by $51 billion (or 6 percent), a reflection of rising wages and salaries.
    - Individual income tax refunds were $2 billion (or 3 percent) less than during the same period in 2023.
- Receipts from **corporate income taxes** decreased by $41 billion (or 27 percent) compared with the same period in fiscal year 2024. CBO estimates that the postponement of tax deadlines for 2023 shifted $35 billion in corporate tax payments into the beginning of fiscal year 2024.
- Receipts from **other sources** rose by $8 billion (or 15 percent) compared with the same period last year.
    - Excise taxes increased by $5 billion (or 22 percent).
    - Customs duties increased by $2 billion (or 12 percent).
    - Estate and gift taxes decreased by $2 billion (or 26 percent).

Table 2.
Receipts, October–December

Billions of Dollars

Major Program or Category	Actual, FY 2024	Preliminary, FY 2025	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	525	519	−6	−1
Payroll Taxes	377	391	14	4
Corporate Income Taxes	150	109	−41	−27
Other Receipts	55	64	8	15
Total	**1,108**	**1,083**	**−25**	**−2**
Memorandum: Combined Individual Income and Payroll Taxes				
Withheld taxes	810	861	51	6
Other, net of refunds	92	49	−43	−47
Total	**902**	**910**	**8**	**1**

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

FY = fiscal year.

Total Outlays: Up by 11 Percent in Fiscal Year 2025

Outlays in the first quarter of fiscal year 2025 were $1.8 trillion, CBO estimates, $175 billion more than during the same period last year. If not for the timing shifts discussed above, outlays so far in fiscal year 2025 would have been $100 billion (or 6 percent) greater than outlays during the same three months in fiscal year 2024. The discussion below reflects adjustments to exclude the effects of those timing shifts.

The largest change was a $68 billion decrease in outlays of the **Federal Deposit Insurance Corporation** (FDIC). The FDIC’s spending on the resolution of bank failures was significantly greater in the first three months of fiscal year 2024 than during the same period this fiscal year. In the first quarter of fiscal year 2025, the FDIC also continued its liquidation of the failed banks’ assets. Those proceeds are recorded in the budget as offsetting collections (that is, as reductions in outlays).

Outlays for the largest mandatory spending programs increased by $54 billion (or 8 percent):

- Spending for **Social Security** benefits rose by $24 billion (or 7 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 $19 billion (or 9 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by $11 billion (or 8 percent), largely because of rising costs per enrollee.

Table 3.

Outlays, October–December

Billions of Dollars

Major Program or Category	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Billions of Dollars	Percent
Social Security Benefits	349	373	24	24	7
Medicare[b]	167	231	64	19	9
Medicaid	148	159	11	11	8
Subtotal, Largest Mandatory Spending Programs	**664**	**764**	**99**	**54**	**8**
FDIC	59	−9	−68	−68	−115
Environmental Protection Agency	3	24	21	21	c
Department of Veterans Affairs	81	105	24	11	14
Department of Homeland Security	22	31	9	9	41
Refundable Tax Credits[d]	28	37	9	9	33
DoD—Military[e]	227	249	22	17	8
Net Interest on the Public Debt	221	245	24	24	11
Other	312	346	34	23	7
Total	**1,618**	**1,792**	**175**	**100**	**6**

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

DoD = Department of Defense; FDIC = Federal Deposit Insurance Corporation; FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend or a holiday. Outlays excluding the effects of the timing shifts would have been $1,662 billion in fiscal year 2024 and $1,762 billion in 2025.

b. Medicare outlays are net of offsetting receipts.

c. Outlays of the Environmental Protection Agency were seven times more than the amount spent during the same period in fiscal year 2024.

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

e. Excludes a small amount of spending by DoD on civil programs.

Other areas with large increases were the following:

- Outlays for **net interest on the public debt** increased by $24 billion (or 11 percent) primarily because the debt was larger than it was in the first quarter of fiscal year 2024.
- Spending by the **Environmental Protection Agency** (EPA) increased by $21 billion, CBO estimates, primarily because in November and December that agency spent $20 billion for a grant program established by the 2022 reconciliation act ($27 billion was provided in that law for the program). EPA selected 68 entities—including nonprofit organizations, state governments, and Indian tribes—to administer grants to finance clean technologies, provide capital for energy-efficiency projects in disadvantaged communities, and support solar power projects in low-income communities.
- Spending by the **Department of Defense** was $17 billion (or 8 percent) greater than in the same period in fiscal year 2024; the largest increases were for personnel and for operation and maintenance.
- Spending by the **Department of Veterans Affairs** increased by $11 billion (or 14 percent), because more people used veterans' benefits and because of increased spending per person.

- Outlays of the **Department of Homeland Security** increased by $9 billion (or 41 percent), driven mostly by spending in response to Hurricanes Helene and Milton.
- Outlays for certain **refundable tax credits** increased by $9 billion (or 33 percent), primarily because of increased enrollment in health insurance purchased through the marketplaces established under the Affordable Care Act.[1]

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

Estimated Deficit in December 2024: $85 Billion

The federal government incurred a deficit of $85 billion in December 2024, CBO estimates—$44 billion less than the deficit recorded last December. Revenues were greater this December than they were a year ago, and outlays were smaller. However, shifts in the timing of certain federal payments affect that comparison. Outlays in December of both fiscal years were boosted because some payments due on January 1, a holiday, were made in December. Moreover, because December 1, 2024, fell on a Sunday, certain payments due that month were made in November 2024. On net, the shifts increased outlays in December 2023 and reduced outlays in December 2024. If not for those shifts, the deficit this December would have been $35 billion *greater* than in the same month last year.

Table 4.

Budget Totals for December

Billions of Dollars

	Actual, FY 2024	Preliminary, FY 2025	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	429	454	25	25	6
Outlays	559	539	−19	60	11
Deficit (−)	−129	−85	44	−35	35

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 or a holiday. If not for those timing shifts, the budget would have shown a deficit of $101 billion in December 2024 and $136 billion in December 2025, CBO estimates.

CBO estimates that receipts in December 2024 totaled $454 billion—$25 billion (or 6 percent) more than the amounts recorded in December 2023. That increase was driven almost entirely by collections of income and payroll taxes, which rose by $31 billion (or 10 percent). Collections of customs duties were $1 billion (or 26 percent) higher than last year. Partially offsetting those increases, collections of corporate income taxes declined by $7 billion (or 8 percent)

Total spending in December 2024 was $539 billion, CBO estimates—$19 billion less than in December 2023. If not for the timing shifts discussed above, outlays in December 2024 would have been $60 billion *greater* than in the same month last year. The discussion below reflects adjustments to exclude the effects of timing shifts.

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.

The largest increases were as follows:

- Outlays for **Medicare** increased by $13 billion (or 20 percent).
- Net outlays for **interest on the public debt** increased by $13 billion (or 19 percent).
- Outlays for **Social Security** increased by $8 billion (or 7 percent).

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

Actual Deficit in November 2024: $367 Billion

The Treasury Department reported a deficit of $367 billion for November—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: November 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. Jon Sperl and Kathleen Burke 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/61151.

Phillip L. Swagel
Director