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

Monthly Budget Review: March 2025

April 8, 2025

The federal budget deficit totaled $1.3 trillion in the first half of fiscal year 2025, the Congressional Budget Office estimates. That amount is $245 billion more than the deficit recorded during the same period last fiscal year. Revenues increased by $71 billion (or 3 percent), and outlays rose by $317 billion (or 10 percent).

Table 1.

Budget Totals, October–March

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Billions of Dollars	Percent
Receipts	2,188	2,259	71	71	3
Outlays	3,253	3,569	317	244	7
Deficit (−)	−1,065	−1,310	−245	−173	15

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for February 2025 and the *Daily Treasury Statements* for March 2025.

FY = fiscal year.

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

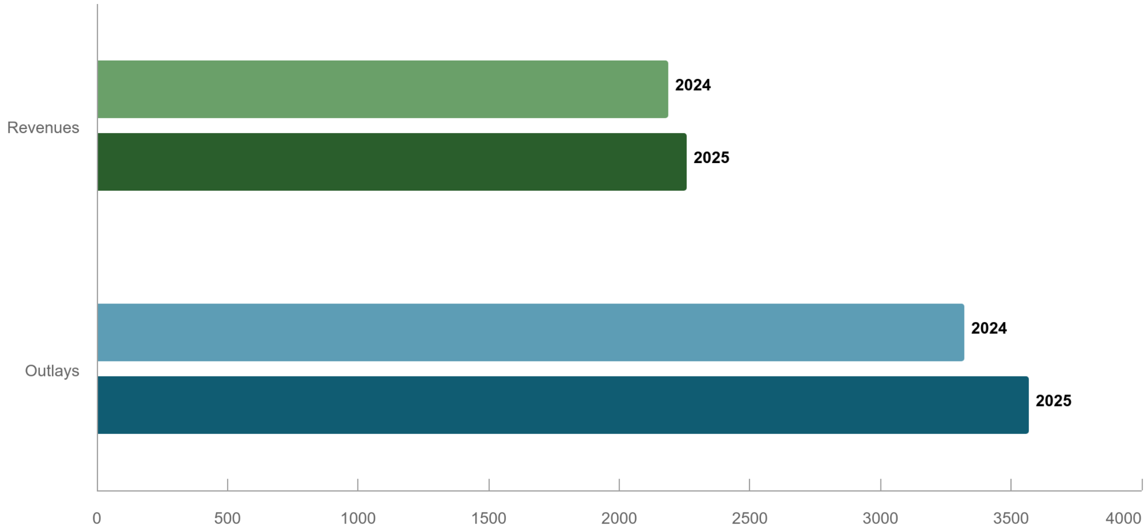
The change in the deficit was influenced by the timing of outlays and revenues, which decreased the deficit during the first six months of fiscal year 2024. Outlays in October 2023 were reduced by shifts in the timing of payments that were due on October 1, 2023, a Sunday. (The payments were made that September.) If not for that shift, the deficit so far this fiscal year would have been $173 billion more than the shortfall at this point last year. 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.

In January 2025, CBO projected a deficit of $1.9 trillion for fiscal year 2025, the same as the actual deficit for fiscal year 2024.[1]

1. See Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035* (January 2025), www.cbo.gov/publication/60870.

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



Data sources: Congressional Budget Office; Department of the Treasury.
Amounts included for March 2025 are CBO's estimates.
Outlays have been adjusted to exclude the effects of timing shifts.

The statutory debt limit was reinstated on January 2, 2025, and set at $36.1 trillion, matching the amount of total debt that was outstanding on the prior day. On January 21, 2025, the Department of the Treasury announced a "debt issuance suspension period" and began taking "extraordinary measures" to continue financing government operations without breaching the debt limit. In March 2025, CBO estimated that if the debt limit remains unchanged, the government's ability to borrow using extraordinary measures will probably be exhausted in August or September 2025.[2]

Total Receipts: Up by 3 Percent in Fiscal Year 2025

Receipts totaled $2.3 trillion during the first half of fiscal year 2025, CBO estimates—$71 billion (or 3 percent) more than during the same period a year ago. Receipts had been boosted by about $70 billion in the first quarter of 2024 because the Internal Revenue Service (IRS) had postponed certain 2023 tax deadlines until early in fiscal year 2024 for some taxpayers in federally declared disaster areas. The IRS also has postponed certain 2025 tax deadlines until May or early in fiscal year 2026 for some taxpayers in disaster areas; the number of affected taxpayers is much smaller than in 2023. If those taxpayers choose to delay filing and paying, the shift will mostly reduce receipts in April 2025.

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

- **Individual income** and **payroll (social insurance)** taxes together rose by $87 billion (or 5 percent).
    - Amounts withheld from workers' paychecks rose by $118 billion (or 7 percent), a reflection of rising wages and salaries.

2. See Congressional Budget Office, *Federal Debt and the Statutory Limit, March 2025* (March 2025), www.cbo.gov/publication/60887.

Table 2.

Receipts, October–March

Billions of Dollars

Major Program or Category	Actual, FY 2024	Preliminary, FY 2025	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,089	1,146	56	5
Payroll Taxes	802	833	31	4
Corporate Income Taxes	189	159	−31	−16
Other Receipts	107	122	15	14
Total	**2,188**	**2,259**	**71**	**3**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,729	1,847	118	7
Other, net of refunds	163	132	−31	−19
Total	**1,892**	**1,979**	**87**	**5**

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

FY = fiscal year.

- Nonwithheld payments of income and payroll taxes declined by $26 billion (or 8 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.
- Individual income tax refunds increased by $5 billion (or 3 percent). (A portion of refunds stemming from refundable tax credits are classified as outlays and discussed separately below.)

■ Receipts from **corporate income taxes** decreased by $31 billion (or 16 percent) compared with the same period in fiscal year 2024. During fiscal year 2023, for many corporations in areas affected by natural disasters, particularly in California, the IRS postponed the deadline to make payments that ordinarily would have been due by the end of that fiscal year. Most of those payments were made in the first month of fiscal year 2024.

■ Receipts from **other sources** rose by $15 billion (or 14 percent) compared with the same period last year.

- Customs duties increased by $6 billion (or 17 percent). In February and March, the Administration increased tariffs on all goods imported from China and Hong Kong, on certain goods imported from Canada and Mexico, and on all imported steel and aluminum.
- Excise taxes increased by $5 billion (or 11 percent).
- Miscellaneous fees and fines increased by $4 billion (or 33 percent).
- Estate and gift taxes decreased by $2 billion (or 13 percent).

Total Outlays: Up by 10 Percent in Fiscal Year 2025

Outlays in the first half of fiscal year 2025 were $3.6 trillion, CBO estimates, $317 billion more than during the same period last year. If not for the timing shift discussed above, outlays so far in fiscal year 2025 would have been $244 billion (or 7 percent) greater than outlays during the same period in fiscal year 2024. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Table 3.

Outlays, October–March

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	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Percent
Social Security Benefits	711	772	60	60	8
Medicare[b]	389	466	78	32	7
Medicaid	304	320	16	16	5
Subtotal, Largest Mandatory Spending Programs	**1,405**	**1,558**	**153**	**108**	**7**
FDIC	55	−15	−70	−70	−127
Department of Veterans Affairs	151	186	34	23	14
Refundable Tax Credits[c]	121	143	22	22	18
Environmental Protection Agency	6	28	22	22	d
Department of Homeland Security	44	57	14	14	32
DoD—Military[e]	410	445	35	30	7
Net Interest on the Public Debt	440	497	57	57	13
Other	620	670	49	39	6
Total	**3,253**	**3,569**	**317**	**244**	**7**

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 $3,325 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. Outlays of the Environmental Protection Agency were about five times the amount spent during the same period in fiscal year 2024.

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

Outlays for the largest mandatory spending programs increased by $108 billion (or 7 percent):

- Spending for **Social Security** benefits rose by $60 billion (or 8 percent). Spending was boosted because of increases in the average benefit payment (stemming mostly from cost-of-living adjustments) and in the number of beneficiaries. In addition, the Social Security Fairness Act of 2023 repealed several benefit offset provisions that applied to benefits payable in January 2024 and later. As a result, the Social Security Administration issued $15 billion in retroactive payments in March to about three-quarters of the beneficiaries who are ultimately expected to receive such payments.

- **Medicare** outlays increased, on net, by $32 billion (or 7 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by $16 billion (or 5 percent), largely because of rising costs per enrollee.

Other areas with large increases were the following:

- Outlays for **net interest on the public debt** increased by $57 billion (or 13 percent) primarily because the debt was larger than it was in the first six months of fiscal year 2024.
- Spending by the **Department of Defense** was $30 billion (or 7 percent) greater than in the same period in fiscal year 2024; the largest increases were for operation and maintenance and military personnel.
- Spending by the **Department of Veterans Affairs** increased by $23 billion (or 14 percent), because more people used veterans' benefits and because of increased spending per person.
- Outlays for certain **refundable tax credits** increased by $22 billion (or 18 percent), primarily because of increased enrollment in health insurance purchased through the marketplaces established under the Affordable Care Act.[3]
- Outlays recorded by the **Environmental Protection Agency** (EPA) increased by $22 billion primarily because in November and December that agency disbursed $20 billion under 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.
- Outlays of the **Department of Homeland Security** increased by $14 billion (or 32 percent), driven mostly by spending in response to Hurricanes Helene and Milton.

The largest decrease was in outlays of the **Federal Deposit Insurance Corporation** (FDIC), which declined by $70 billion. The FDIC's spending on the resolution of bank failures was significantly greater in the first half of fiscal year 2024 than during the same period this fiscal year. The liquidation of failed banks' assets has continued this year; the proceeds are recorded in the budget as offsetting collections (that is, as reductions in outlays).

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

Estimated Deficit in March 2025: $163 Billion

The federal government incurred a deficit of $163 billion in March 2025, CBO estimates—$73 billion less than the deficit recorded last March. Shifts in the timing of certain federal payments affect that comparison. Because March 1 fell on a Saturday this year, certain payments due on that day were instead made in February. If not for that shift, the deficit in March 2025 would have been $10 billion *more* than in the same month last year.

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 March

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	332	367	35	35	10
Outlays	569	530	−38	45	8
Deficit (−)	−237	−163	73	−10	4

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 $247 billion in March 2025, CBO estimates.

CBO estimates that receipts in March 2025 totaled $367 billion—$35 billion (or 10 percent) more than the amounts recorded in the same month last year. That increase was driven mostly by collections of income and payroll taxes, which rose by $32 billion (or 11 percent). Collections of customs duties were $3 billion (or 41 percent) greater than last year.

Total spending in March 2025 was $530 billion, CBO estimates—$38 billion less than in March 2024. If not for the timing shift discussed above, outlays in March 2025 would have been $45 billion *greater* than in the same month last year. The discussion below reflects adjustments to exclude the effects of timing shifts.

The largest changes were as follows:

- Outlays for **Social Security** increased by $22 billion (or 18 percent), of which about two-thirds was for the retroactive payments discussed above.
- Net outlays for **interest on the public debt** increased by $14 billion (or 17 percent).
- Outlays for **Medicare** increased by $12 billion (or 19 percent).
- Spending by the **Department of Defense** increased by $4 billion (or 6 percent).
- Outlays for certain **refundable tax credits** decreased by $4 billion (or 13 percent).
- Spending by the **Department of Commerce** increased by $3 billion (or more than double the amount of spending in March 2024).

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

Actual Deficit in February 2025: $307 Billion

The Treasury Department reported a deficit of $307 billion for February—$1 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: February 2025*.

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. Kathleen Burke 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/61300.

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