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

Monthly Budget Review: April 2022

May 9, 2022

The federal budget deficit was $360 billion in the first seven months of fiscal year 2022 (that is, from October 2021 through April 2022), the Congressional Budget Office estimates. That amount is about one-fifth of the $1.9 trillion shortfall recorded during the same period in 2021. Revenues were $843 billion (or 39 percent) higher and outlays were $729 billion (or 18 percent) lower than during the same period a year ago.

Table 1.

Budget Totals, October–April

Billions of Dollars

	Actual, FY 2021	Preliminary, FY 2022	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	2,143	2,986	843	843	39
Outlays	4,075	3,346	−729	−734	−18
Deficit (−)	−1,932	−360	1,572	1,577	−84

Data sources: Congressional Budget Office; Department of the Treasury, based on the *Monthly Treasury Statement* for March 2022 and the *Daily Treasury Statements* for April 2022.

FY = fiscal year.

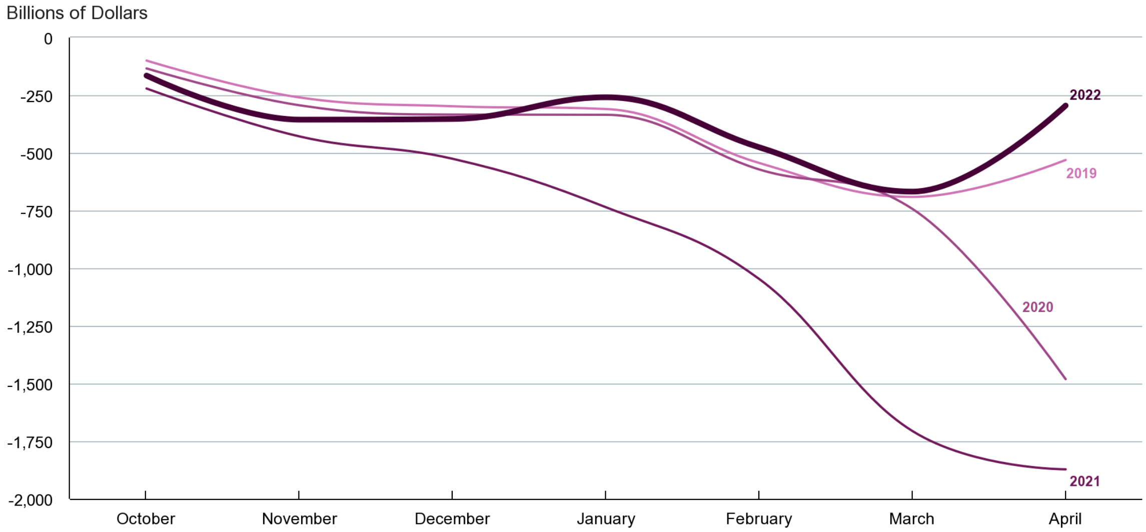
a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those shifts, the budget would have shown a deficit of $295 billion from October 2021 through April 2022 and $1,872 billion in the same period in the previous fiscal year, CBO estimates.

Receipts collected through April 2022 were significantly greater than CBO estimated when it last published baseline projections in July 2021. On the basis of collections so far this year, revenues in 2022 are likely to total between $400 billion and $500 billion more than CBO anticipated last summer. That increase stems mainly from larger-than-anticipated payments of individual income taxes, payroll taxes, and corporate income taxes for calendar year 2021. The reasons for the difference will be better understood as additional information becomes available, but may reflect stronger-than-expected income growth throughout 2021 and so far in 2022.

The trajectory of monthly deficits so far in fiscal year 2022 is similar to that in 2019, and the deficit is smaller. For the first seven months of that year, the cumulative deficit was $530 billion; the government recorded a surplus in April of each year.

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.

Figure 1.
Cumulative Monthly Deficits
Fiscal Years 2019 to 2022



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for April 2022 is CBO's estimate.
Values for all months have been adjusted to exclude the effects of timing shifts.

The deficit at this point last year and in 2020, $1.9 trillion and $1.5 trillion, respectively, was much larger because of spending in response to the coronavirus pandemic—mostly for the recovery rebates (also known as economic impact payments), unemployment compensation, and pandemic relief through the Small Business Administration (SBA) or the Coronavirus Relief Fund. Outlays for the child tax credit, which was temporarily expanded by the American Rescue Plan Act of 2021 (ARPA), have been sizable this year, but other pandemic-related spending has diminished substantially.

Total Receipts: Up by 39 Percent in Fiscal Year 2022

Receipts totaled $3.0 trillion during the first seven months of fiscal year 2022, CBO estimates—$843 billion more than during the same period a year ago.

- **Individual income** and **payroll (social insurance) taxes** together rose by $760 billion (or 42 percent).
    - Much of that increase occurred because nonwithheld payments of income and payroll taxes rose by $445 billion (or 119 percent). A difference in tax-filing deadlines accounted for a large part of that increase. Last year, the Internal Revenue Service delayed the deadline for final payments for 2020 to May. This year, final payments for 2021 and estimated quarterly payments for 2022 were due on April 18.
    - Amounts withheld from workers' paychecks rose by $314 billion (or 20 percent). That result was attributable in part to higher total wages and salaries, particularly among relatively high-income workers who are subject to higher tax rates on earnings. In addition, legislation enacted in response to the pandemic caused shifts in the timing of payroll tax collections. Most significantly, employers could choose to defer payment of their portion of certain payroll taxes on wages paid from March 27, 2020 (the date of enactment of the Coronavirus Aid, Relief, and Economic Security, or CARES, Act), through December 31, 2020. That provision required half of the payroll taxes deferred in calendar year 2020 to be paid by December 31, 2021.

Table 2.

Receipts, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2021	Preliminary, FY 2022	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,019	1,718	698	68
Payroll Taxes	785	847	62	8
Corporate Income Taxes	177	215	38	21
Other Receipts	161	206	45	28
Total	**2,143**	**2,986**	**843**	**39**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,576	1,890	314	20
Other, net of refunds	229	675	446	195
Total	**1,805**	**2,565**	**760**	**42**

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

FY = fiscal year.

- Unemployment insurance receipts (one type of payroll tax) were $6 billion (or 22 percent) higher than in the same period a year ago because states were replenishing the balances in their unemployment insurance trust funds, at least in part by collecting more in unemployment taxes from employers. (The trust funds had been depleted by unusually high unemployment beginning in March 2020.) Those collections count as federal revenues, reflecting the nature of the unemployment insurance system, which is a federal program administered by the states.
- Individual income tax refunds were $5 billion (or 3 percent) greater than last year, partially offsetting the increase in receipts. (The portion of refundable tax credits that are classified as outlays, which includes the recovery rebates and the expanded child tax credits, are reported separately below.)

■ Collections of **corporate income taxes** increased, on net, by $38 billion (or 21 percent). For most corporations, final payments for 2021 and the first estimated payments for tax year 2022 were due in April.

■ Receipts from **other sources,** on net, increased by $45 billion (or 28 percent).

- Remittances from the Federal Reserve increased by $22 billion (or 46 percent). Additional interest earnings on assets purchased since last year contributed to the rise.
- Customs duties rose by $13 billion (or 31 percent), reflecting an increase in imports.
- Excise taxes rose by $9 billion (or 26 percent), reflecting a general increase in economic activity.

Total Outlays: Down by 18 Percent in Fiscal Year 2022

Outlays in the first seven months of fiscal year 2022 were $3.3 trillion—$729 billion less than during the same period last year, CBO estimates, the net result of large decreases in pandemic-related spending offset by smaller increases in other spending. Outlays in both 2021 and 2022 were affected by shifts in the timing of certain federal payments that ordinarily would have been due on May 1, which fell on a weekend in both years (those payments were made in April). If not for those shifts, outlays in the first seven months of 2022 would have been lower by about $65 billion; outlays in the first seven months of 2021 would have been about $60 billion lower. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Table 3.

Outlays, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2021	Preliminary, FY 2022	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	651	692	41	41	6
Medicare[b]	435	442	8	3	1
Medicaid	296	334	39	39	13
Subtotal, Largest Mandatory Spending Programs	**1,381**	**1,469**	**88**	**83**	**6**
Refundable Tax Credits[c]	646	240	−406	−406	−63
Unemployment Compensation	248	26	−221	−221	−89
Small Business Administration	241	20	−220	−220	−92
Spectrum Auction Receipts	−4	−81	−77	−77	*
DoD—Military[d]	431	419	−11	−11	−3
Net Interest on the Public Debt	213	267	54	54	25
Other	920	984	66	65	7
Total	**4,075**	**3,346**	**−729**	**−734**	**−18**

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

DoD = Department of Defense; FY = fiscal year; * = the amount of receipts collected in 2022 was about 20 times the amount collected in 2021.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those timing shifts, outlays would have been $3,281 billion in fiscal year 2022 and $4,015 billion in fiscal year 2021.

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 largest changes, all decreases, were as follows:

- Outlays for certain **refundable tax credits** totaled $240 billion—a decrease of $406 billion, or 63 percent.[1] That reduction occurred largely because most of the second and third rounds of recovery rebates were paid in January and March 2021. Partially offsetting that decrease, several changes to the child tax credit boosted outlays this fiscal year: Eligibility was expanded and the amount was increased; advance payments of the credit were made between July and December 2021.
- Outlays for **unemployment compensation** decreased by $221 billion, from $248 billion in the first seven months of fiscal year 2021 to $26 billion in the first seven months of 2022. That spending declined both because the enhanced benefits that were enacted earlier in the pandemic expired in September 2021 and because unemployment declined.
- Spending by the **Small Business Administration** decreased by $220 billion. In the first seven months of fiscal year 2021, the SBA recorded a total of $241 billion in outlays, primarily from loans and loan guarantees made to small businesses under the Paycheck Protection Program.
- Receipts from a 2021 **auction of licenses to use the electromagnetic spectrum** totaled $81 billion and were recorded in January 2022. In comparison, through the first seven months of the previous fiscal year, such auction receipts totaled $4 billion. Auction proceeds are recorded in the budget as offsetting receipts—that is, as reductions in outlays.

Outlays for the largest mandatory spending programs increased, on net, by $83 billion (or 6 percent):

- Spending for **Social Security** benefits rose by $41 billion (or 6 percent) because of increases both in the number of beneficiaries and in the average benefit payment.
- **Medicare** outlays increased by $3 billion (or 1 percent) because of increases in Part B and Part D payments that were partially offset by increased recoveries of payments that had previously been made to providers.
- **Medicaid** outlays increased by $39 billion (or 13 percent). Enrollment has risen because the Families First Coronavirus Relief Act requires states to maintain the eligibility of all enrollees until the end of the public health emergency.

Net outlays for **interest on the public debt** increased by $54 billion (or 25 percent), primarily because higher inflation this year has resulted in large adjustments to the principal of inflation-protected securities.

Several other major changes in outlays, included in “Other” in Table 3, were as follows:

- Spending by the **Food and Nutrition Service** of the Department of Agriculture increased by $34 billion (or 40 percent). Average benefits under the Supplemental Nutrition Assistance Program increased, and eligibility was expanded for the Pandemic Electronic Benefit Transfer Program, which provides school children with temporary emergency benefits.
- Outlays of the **Public Health and Social Services Emergency Fund** increased by $25 billion (or 58 percent) as expenditures accelerated for several pandemic-related activities, including reimbursements to health care providers (such as hospitals), coronavirus testing and contact tracing, and the development and purchase of vaccines and therapies.

1. Those credits are the recovery rebates, earned income tax credit, child tax credit, premium tax credits, and the American Opportunity Tax Credit.

- Outlays of the **Department of Education** increased by $23 billion (or 37 percent), primarily because of increased spending on emergency grants through the Education Stabilization Fund.
- Spending by the **Department of Veterans Affairs** increased by $14 billion (or 10 percent) mostly because of increased use of health care services and per capita increases in veterans' benefits.
- Spending by the Department of the Treasury for **payroll support for the aviation industry** fell by $23 billion. Initial funding was provided by the CARES Act, and additional funding provided by the Consolidated Appropriations Act, 2021 (2021 CAA), and ARPA was mostly exhausted last year.
- Outlays for other programs administered by the **Department of Agriculture** decreased by $20 billion (or 46 percent), in part because of lower spending for the Coronavirus Food Assistance Program, which covered higher marketing costs related to the pandemic.
- Outlays for the **Emergency Rental Assistance Program** of the Department of the Treasury decreased by $19 billion (or 74 percent). State and local governments received grants under the 2021 CAA and ARPA to assist low-income households with paying rent during the pandemic. The decrease in spending relative to the same period last year is a result of a provision of ARPA requiring grantees to meet spending targets before accessing a portion of the funds.

For other programs and activities, spending increased or decreased by smaller amounts.

Estimated Surplus in April 2022: $308 Billion

The federal government realized a surplus of $308 billion in April 2022, CBO estimates—a change from the $226 billion deficit recorded last year. Outlays in April of both years were affected by shifts in the timing of certain federal payments that otherwise would have been due on May 1, which fell on a weekend each year (those payments were made in April). If not for those shifts, the surplus in April 2022 would have been $373 billion—compared with a $166 billion deficit in the same month last year.

Table 4.

Budget Totals for April

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2021	Preliminary, FY 2022	Estimated Change	Billions of Dollars	Percent
Receipts	439	864	425	425	97
Outlays	665	556	−109	−114	−19
Deficit (−)	−226	308	534	539	n.a.

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

FY = fiscal year ; n.a. = not applicable.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those shifts, the budget would have shown a surplus of $373 billion In April 2022 and a deficit of $166 billion in April 2021, CBO estimates.

CBO estimates that receipts in April totaled $864 billion—nearly double the amount that the government collected in the same month last year. That increase was largely driven by nonwithheld individual income taxes, which increased by $394 billion, in part because of differing tax-filing deadlines. Final payments for individual income taxes, normally due in April, were delayed until May last year. Withheld individual income and payroll taxes also increased—by $24 billion (or 10 percent)—partially offset by a $10 billion (or 21 percent) increase in individual refunds. Corporate income taxes also increased—by $15 billion (or 20 percent).

Total spending in April 2022 was $556 billion, CBO estimates—$109 billion (or 16 percent) less than last year. If not for timing shifts that increased spending in April of each year, outlays in April 2022 would have been $114 billion less than outlays recorded for April 2021. The largest contributors to that reduction were as follows:

- Outlays by the **Small Business Administration** fell by $55 billion.
- Payments of **refundable tax credits** decreased by $38 billion compared with the same month last year. That reduction occurred largely because some of the third round of recovery rebates were still being paid in April 2021.
- Outlays for **unemployment compensation** decreased by $36 billion.
- Spending by the Department of the Treasury for **aviation payroll support** fell by $9 billion.

Partially offsetting those reductions, outlays for some activities increased:

- Net outlays for **interest on the public debt** increased by $10 billion.
- Outlays for **Social Security** increased by $8 billion.

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

Actual Deficit in March 2022: $193 Billion

The Treasury Department reported a deficit of $193 billion for March—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: March 2022*.

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://go.usa.gov/xfwBH.
In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations. Stephen Rabent and Jennifer Shand prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Theresa Gullo, Sam Papenfuss, and Joshua Shakin. It 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/57974.

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