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

Monthly Budget Review: November 2022

December 8, 2022

The federal budget deficit totaled $335 billion in October and November 2022, the first two months of fiscal year 2023, the Congressional Budget Office estimates. That amount is $21 billion less than the deficit recorded during the same period last fiscal year: Revenues this year were $5 billion (1 percent) higher and outlays were $16 billion (2 percent) lower.

Outlays in the new fiscal year were reduced by the shift of certain payments—totaling $63 billion—from October 1, 2022 (the first day of fiscal year 2023), into fiscal year 2022 because October 1 fell on a weekend. If not for that, the deficit so far in 2023 would have been $399 billion, $42 billion greater than the shortfall in the first two months of fiscal year 2022.

Table 1.

Budget Totals, October–November

Billions of Dollars

	Actual, FY 2022	Preliminary, FY 2023	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	565	570	5	5	1
Outlays	922	906	−16	47	5
Deficit (−)	−356	−335	21	−42	12

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for October 2022 and the *Daily Treasury Statements* for November 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 $399 billion rather than $335 billion from October 2022 through November 2022, CBO estimates.

Total Receipts: Up by 1 Percent in Fiscal Year 2023

Receipts totaled $570 billion during the first two months of fiscal year 2023, CBO estimates—$5 billion more than during the same period a year ago. The changes from last year to this year were as follows:

- **Individual income** and **payroll (social insurance) taxes** together rose by $17 billion (or 3 percent).
  - Amounts withheld from workers' paychecks rose by $20 billion (or 4 percent), most likely reflecting higher total wages and salaries.

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.

Table 2.

Receipts, October–November

Billions of Dollars

Major Program or Category	Actual, FY 2022	Preliminary, FY 2023	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	282	292	10	4
Payroll Taxes	216	223	7	3
Corporate Income Taxes	15	14	−1	−6
Other Receipts	51	41	−11	−21
Total	**565**	**570**	**5**	**1**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	460	479	20	4
Other, net of refunds	39	36	−3	−8
Total	**498**	**515**	**17**	**3**

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

FY = fiscal year.

- Unemployment insurance receipts (one type of payroll tax) were $7 billion (or 52 percent) lower this year. Last year, those receipts were larger 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.
- Nonwithheld payments of income and payroll taxes rose by $16 billion (or 32 percent). That increase is explained by payments made in October primarily for 2021 tax liabilities.
- Individual income tax refunds increased by $12 billion (or 49 percent), reducing net receipts. Most refunds are typically paid during the period from February through April.

■ Collections of **corporate income taxes** decreased, on net, by $1 billion (or 6 percent). Because tax receipts in October and November generally represent a small percentage of the annual total, the amounts for those two months are not a significant indicator for the entire fiscal year. For most corporations, the first quarterly estimated payment in fiscal year 2023 will be due on December 15.

■ Receipts from **other sources,** on net, decreased by $11 billion (or 21 percent).

- Remittances from the Federal Reserve decreased from $15 billion to less than $1 billion. Higher short-term interest rates have raised the central bank's interest expenses above its income, causing the decline.
- Miscellaneous fees and fines increased by $2 billion (or 65 percent).

Total Outlays: Down by 2 Percent in Fiscal Year 2023

Outlays in the first two months of fiscal year 2023 were $906 billion, $16 billion less than during the same period last year, CBO estimates, the net result of increases and decreases in various programs. Fiscal year 2023 outlays were affected by shifts in the timing of certain federal payments that otherwise would have been due on October 1, 2022, which fell on a weekend (those payments were made in September 2022). If not for those shifts, outlays so far in fiscal year 2023 would have been $47 billion (or 5 percent) *greater* than outlays during the same two months in fiscal year 2022. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Outlays for the largest mandatory spending programs increased by $36 billion (or 9 percent):

- Spending for **Social Security** benefits rose by $17 billion (or 9 percent) because of increases both in the number of beneficiaries and in the average benefit payment.
- **Medicare** outlays increased by $12 billion (or 11 percent) because of changes in payment rates and in patterns of use by beneficiaries.
- **Medicaid** outlays increased by $7 billion (or 7 percent) as a result of enrollment increases mainly attributable to the Families First Coronavirus Response Act, which requires states to maintain the eligibility of all enrollees until the end of the public health emergency.

Table 3.

Outlays, October–November

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
Major Program or Category	**Actual, FY 2022**	**Preliminary, FY 2023**	**Estimated Change**	**Billions of Dollars**	**Percent**
Social Security Benefits	191	208	17	17	9
Medicare[b]	113	88	−25	12	11
Medicaid	88	94	7	7	7
Subtotal, Largest Mandatory Spending Programs	**392**	**391**	**−1**	**36**	**9**
Refundable Tax Credits[c]	49	17	−33	−33	−66
Unemployment Compensation	9	4	−5	−5	−56
Small Business Administration	8	*	−7	−7	−96
Coronavirus Relief	2	3	*	*	13
DoD—Military[d]	126	132	5	10	8
Net Interest on the Public Debt	61	93	32	32	53
Other	274	267	−7	13	5
Total	**922**	**906**	**−16**	**47**	**5**

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

DoD = Department of Defense; FY = fiscal year; * = between zero and $500 million.

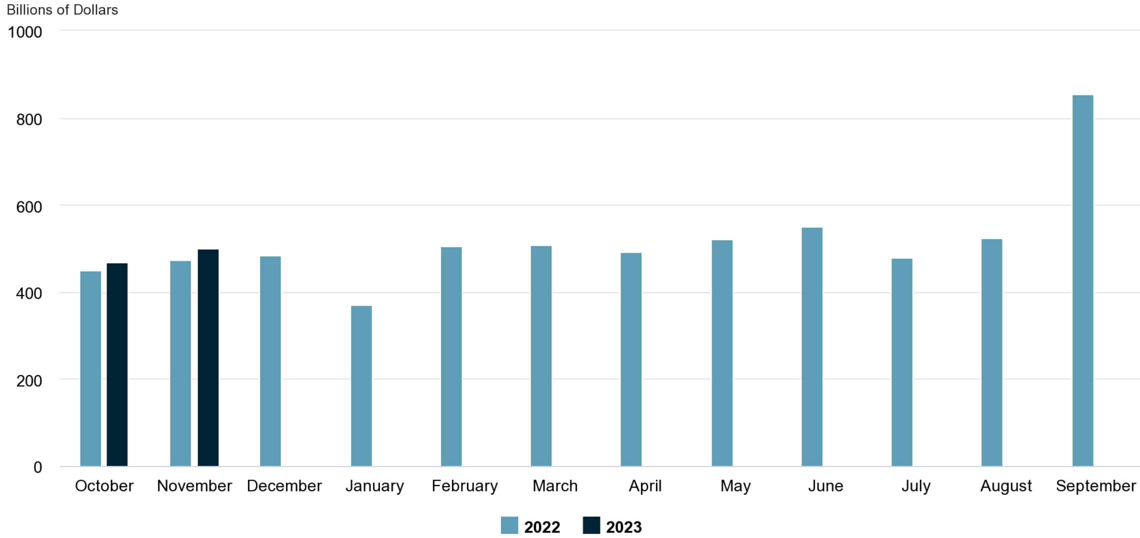
a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend. If not for those timing shifts, outlays would have been $969 billion in fiscal year 2023.

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.

Figure 1.
Monthly Total Outlays
Fiscal Years 2022 and 2023



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for November 2023 is CBO's estimate.
All months have been adjusted to exclude the effects of timing shifts.

Several large decreases in outlays were related to the evolving federal response to the pandemic:

- Outlays for certain **refundable tax credits** totaled $17 billion—a decrease of $33 billion, or 67 percent.[1] That reduction occurred because advance payments of the child tax credit ended. (They had been made between July and December 2021.)
- Outlays from the **Public Health and Social Services Emergency Fund** (included in "Other" in Table 3) decreased by $8 billion (or 41 percent) as expenditures decelerated for several pandemic-related activities, including reimbursements to hospitals and other health care providers, spending on coronavirus testing and contact tracing, and development and purchase of vaccines and therapies.
- Spending by the **Small Business Administration** decreased by $7 billion. In the first two months of fiscal year 2022, that agency recorded nearly $8 billion in outlays, primarily for disaster loans and for grants to operators of shuttered entertainment venues. Those outlays trailed off toward the end of fiscal year 2022, and there have been few such outlays this fiscal year.
- Outlays for **unemployment compensation** decreased by $5 billion (or 56 percent) because fewer people were receiving unemployment benefits.

Outlays increased substantially in four areas:

- Net outlays for **interest on the public debt** increased by $32 billion (or 53 percent), primarily because interest rates are significantly higher than they were in 2022.

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.

- Spending by the **Department of Education** (also in "Other") increased by $11 billion primarily because the Administration recorded some of the costs associated with final rules, published on November 1, 2022, modifying student loan repayments. Those rules expanded eligibility for the discharge of loans, eliminated the addition of unpaid interest to loan balances in certain circumstances, and increased eligibility for the Public Service Loan Forgiveness program.
- Spending by the **Department of Defense** was $10 billion (or 8 percent) greater than in the same period last fiscal year; the largest increase was in research and development.
- Spending for several programs administered by the **Department of Agriculture** (also in "Other") increased by $5 billion (or 71 percent). That rise is attributable mostly to payments of crop insurance claims and to loan forgiveness for certain farm borrowers.

Estimated Deficit in November 2022: $248 Billion

The federal government incurred a deficit of $248 billion in November 2022, CBO estimates—$56 billion more than the deficit recorded last November. Revenues were lower this November than they were a year ago; outlays were higher.

Table 4.
Budget Totals for November

Billions of Dollars

			Estimated Change	
	Actual, FY 2022	Preliminary, FY 2023	Billions of Dollars	Percent
Receipts	281	251	−30	−11
Outlays	473	499	27	6
Deficit (−)	−191	−248	−56	−29

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

FY = fiscal year.

CBO estimates that receipts in November 2022 totaled $251 billion—$30 billion (or 11 percent) less than those recorded in the same month last year. That decrease was driven largely by income and payroll taxes, which fell by $23 billion (or 9 percent). Also, remittances from the Federal Reserve dropped by $8 billion.

Total spending in November 2022 was $499 billion, CBO estimates—$27 billion (or 6 percent) more than last year. That overall change is the net result of increases and decreases in several areas. The largest increases were as follows:

- Net outlays for **interest on the public debt** increased by $18 billion (or 55 percent), primarily because interest rates are significantly higher than they were in 2022.
- Spending by the **Department of Education** increased by $11 billion (or 92 percent).
- Outlays for **Medicare** increased by $10 billion (or 16 percent).
- Outlays for **Social Security** increased by $9 billion (or 9 percent).
- Outlays for **international assistance** increased by $3 billion (or 80 percent).
- Outlays for **Medicaid** increased by $3 billion (or 7 percent).

The largest decreases were as follows:

- Outlays for certain **refundable tax credits** decreased by $16 billion (or 68 percent).
- Spending by the **Small Business Administration** decreased by $5 billion (or 99 percent).
- Outlays from the **Public Health and Social Services Emergency Fund** decreased by $4 billion (or 32 percent).

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

Actual Deficit in October 2022: $88 Billion

The Treasury Department reported a deficit of $88 billion for October—$5 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: Summary for Fiscal Year 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://tinyurl.com/yazr58zb.
In keeping with CBO's mandate to provide objective, impartial analysis, this report makes no recommendations. Nathaniel Frentz and Mark Sanford 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/58756.

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