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

Monthly Budget Review: January 2024

February 8, 2024

The federal budget deficit totaled $531 billion in the first four months of fiscal year 2024, the Congressional Budget Office estimates. That amount is $71 billion more than the deficit recorded during the same period last fiscal year: Although revenues this year were $112 billion (or 8 percent) higher, outlays rose more—by $183 billion (or 9 percent).

Outlays in the first four months of each year were reduced by shifts of certain payments that otherwise would have been due on October 1, which fell on a weekend. (Those payments were made in September 2022 and September 2023, respectively.) If not for those shifts, the deficit thus far would have been $604 billion, $80 billion more than the shortfall for the same period in fiscal year 2023.

CBO currently projects a deficit of $1.5 trillion for fiscal year 2024, down from $1.7 trillion in fiscal year 2023.[1] Excluding the effects of shifts in the timing of certain outlays, the decline in the deficit would be about $100 billion.

Table 1.

Budget Totals, October–January

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Billions of Dollars	Percent
Receipts	1,473	1,585	112	112	8
Outlays	1,933	2,116	183	192	10
Deficit (−)	−460	−531	−71	−80	−15

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for December 2023 and the *Daily Treasury Statements* for January 2024.

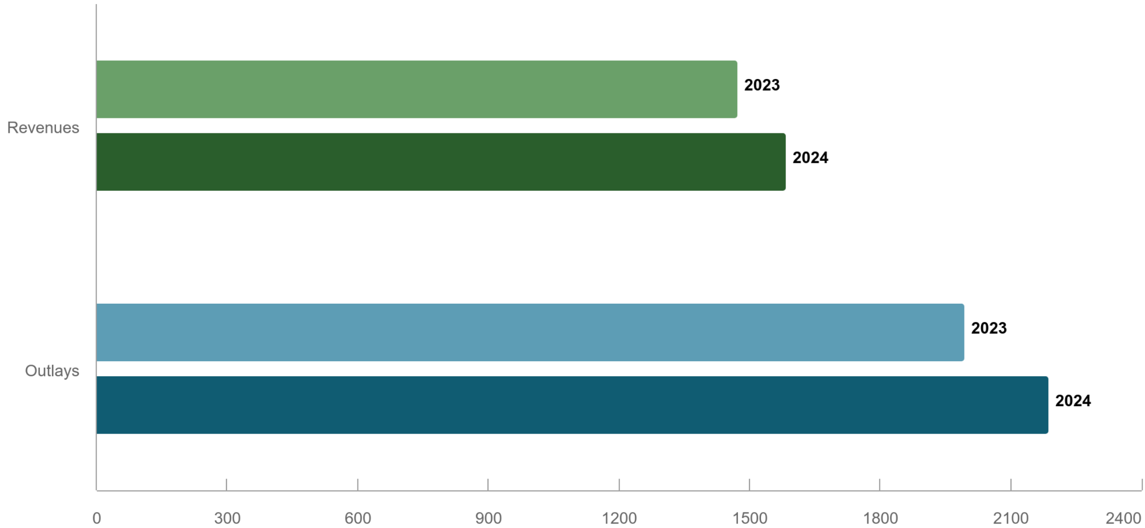
FY = fiscal year.

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 $604 billion from October 2023 through January 2024, CBO estimates, compared with $523 billion during the same period in fiscal year 2023.

1. See Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034* (February 2024), www.cbo.gov/publication/59710.

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–January Revenues and Outlays
Fiscal Years 2023 and 2024
Billions of Dollars



Data sources: Congressional Budget Office; Department of the Treasury.
Amounts included for January 2024 are CBO's estimates.
All months have been adjusted to exclude the effects of timing shifts.

Total Receipts: Up by 8 Percent in Fiscal Year 2024

Receipts totaled $1.6 trillion during the first four months of fiscal year 2024, CBO estimates—$112 billion more than during the same period a year before. A significant 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.

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

- Individual income and payroll (social insurance) taxes together rose by $72 billion (or 6 percent).
  - Nonwithheld payments of income and payroll taxes rose by $38 billion (or 16 percent). That increase reflects payments from taxpayers in areas affected by natural disasters for whom the Internal Revenue Service (IRS) postponed some 2023 filing deadlines. Most of those payments were due by November 2023.
  - Amounts withheld from workers' paychecks rose by $17 billion (or 2 percent). That increase was restrained by the effects of legislation enacted in response to the pandemic, which allowed employers to defer payment of their portion of certain payroll taxes on wages paid from March 27, 2020, through the end of December 2020. That provision required the last half of the payroll taxes deferred in calendar year 2020 to be paid by December 31, 2022, boosting receipts in the first quarter of fiscal year 2023.
  - Individual income tax refunds declined by $19 billion (or 28 percent). That decline in part reflects the effects of the Employee Retention Tax Credit, which increased individual income tax refunds in 2023. In September 2023, the IRS announced a moratorium on payments for that credit.

Table 2.

Receipts, October– January

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	767	809	42	5
Payroll Taxes	504	534	30	6
Corporate Income Taxes	126	170	44	35
Other Receipts	75	72	−3	−5
Total	**1,473**	**1,585**	**112**	**8**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,095	1,111	17	2
Other, net of refunds	177	231	55	31
Total	**1,271**	**1,343**	**72**	**6**

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

FY = fiscal year.

- Receipts from **corporate income taxes** increased by $44 billion (or 35 percent). For many corporations in areas affected by natural disasters, particularly in California, the IRS postponed until November 2023 the deadline for payments that ordinarily would have been due in fiscal year 2023.
- Reported receipts from **other sources** declined by $3 billion (or 5 percent).
  - Customs duties declined by $3 billion (or 10 percent).
  - Collections of miscellaneous fees and fines decreased by $4 billion (or 32 percent).
  - Estate and gift taxes increased by $1 billion (or 16 percent).
  - Excise taxes increased by $1 billion (or 5 percent).

Total Outlays: Up by 9 Percent in Fiscal Year 2024

Outlays during the first four months of fiscal year 2024 were $2.1 trillion, CBO estimates, $183 billion more than during the same period last year. If not for the timing shifts discussed above, outlays so far in fiscal year 2024 would have been $192 billion (or 10 percent) greater than those during the same period in fiscal year 2023. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Spending in two areas increased considerably. Net outlays for **interest on the public debt** were substantially higher, increasing by $93 billion (or 47 percent), primarily because interest rates are higher than they were in the first four months of fiscal year 2023.

The outlays of the **Federal Deposit Insurance Corporation** (FDIC) rose by $62 billion in the first four months of 2024 as a result of spending to facilitate the resolution of bank failures that occurred in 2023; there was no similar spending in the first four months of 2023. The FDIC expects to recover much of that amount over the next several years by continuing to liquidate the banks' assets and by collecting higher premiums from FDIC-insured institutions.

Table 3.

Outlays, October–January

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	424	469	45	45	11
Medicare[b]	221	250	29	36	14
Medicaid	196	195	−1	−1	−1
Subtotal, Largest Mandatory Spending Programs	**841**	**913**	**72**	**80**	**9**
FDIC	−3	59	62	62	n.m.
DoD—Military[c]	251	281	31	31	12
Department of Veterans Affairs	81	95	14	15	17
PBGC	36	−3	−39	−39	n.m.
U.S. Coronavirus Refundable Credits	18	*	−18	−18	−99
Food and Nutrition Service	68	51	−17	−17	−25
Department of Education	71	57	−15	−15	−21
Military Retirement Contributions	−20	−28	−8	−8	−43
Net Interest on the Public Debt	198	291	93	93	47
Other	392	400	8	9	2
Total	**1,933**	**2,116**	**183**	**192**	**10**

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 $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 $1,996 billion in fiscal year 2023 and $2,188 billion in fiscal year 2024.

b. Medicare outlays are net of offsetting receipts.

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

Outlays for the largest mandatory spending programs increased by $80 billion (or 9 percent):

- Spending for **Social Security** benefits rose by $45 billion (or 11 percent) because of increases in the average benefit payment (stemming mostly from cost-of-living adjustments) and because the number of beneficiaries increased.
- **Medicare** outlays increased, on net, by $36 billion (or 14 percent), largely because of increased benefit payments to Medicare Advantage plans.
- **Medicaid** outlays *decreased* by $1 billion (or 1 percent) as states continue to reassess 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.) CBO expects Medicaid enrollment to fall below 2023 numbers as states continue that process, probably through fiscal year 2024.

Outlays increased noticeably in three other areas:

- Spending by the **Department of Defense** (DoD) was $31 billion (or 12 percent) greater than in the same period last fiscal year; the largest increases were for military personnel and for operation and maintenance. About one-third of the increase was the result of DoD's larger payments to the military retirement fund in October 2023. Those payments changed because in 2022 DoD's Board of Actuaries increased the net amount of accrual payments that were due to be paid into that fund. That increase reflects the larger share of military retirees who are receiving veterans' compensation at higher disability ratings and are thus eligible for concurrent receipt of military retirement benefits and veterans' compensation. (The increase in those contributions is fully offset within the federal budget by a corresponding increase in the Treasury's receipts of those payments, discussed below.)
- Spending by the **Department of Veterans Affairs** increased by $15 billion (or 17 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Net outlays of the **Department of Energy** (included in "Other" in Table 3) increased by $8 billion, primarily because last year the Administration sold a substantial amount of oil from the Strategic Petroleum Reserve. The Administration recorded no receipts from such sales in the first four months of fiscal year 2024.

Outlays decreased in several other areas:

- Net spending by the **Pension Benefit Guaranty Corporation** decreased by $39 billion. In the first four months of fiscal year 2023, the agency recorded $36 billion in net outlays, mostly related to onetime payments to certain multiemployer pension plans under the Special Financial Assistance Program. Less than $1 billion in such payments were made in the first four months of fiscal year 2024.
- 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 $18 billion. That resulted in part from the IRS's temporary moratorium on processing claims for the Employee Retention Tax Credit.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $17 billion (or 25 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.
- Outlays by the **Department of Education** decreased by $15 billion (or 21 percent), primarily because in the first four months of fiscal year 2023, the Administration recorded some of the costs of final rules that modified repayment terms for some outstanding student loans. Those rules expanded eligibility for the discharge of some loans, eliminated the addition of unpaid interest to loan balances in certain circumstances, and increased eligibility for the Public Service Loan Forgiveness program. No similar modification was recorded in the first four months of fiscal year 2024.
- The Treasury's receipts of agencies' **contributions for military retirement** increased by $8 billion (or 43 percent). Those contributions are recorded as *decreases* in federal outlays, which are offset by equal increases in spending in other federal accounts, mostly those of DoD. The accrual payment for concurrent receipt (described above) is paid in a lump sum each October and was $9 billion larger in October 2023 than in October 2022.

- Outlays from the **Public Health and Social Services Emergency Fund** (also in "Other") decreased by $8 billion (or 63 percent), as expenditures slowed for several pandemic-related activities, including reimbursements to hospitals and other health care providers, coronavirus testing and contact tracing, and development and purchase of vaccines and therapies.

Estimated Deficit in January 2024: $21 Billion

The federal government incurred a deficit of $21 billion in January 2024, CBO estimates—$18 billion less than the deficit recorded in January 2023. Revenues were $30 billion more this January than they were last January. Outlays increased by $12 billion. If not for shifts in the timing of certain payments, the increase in outlays would have been slightly larger, and the decrease in the deficit would have been $15 billion, rather than $18 billion.

Table 4.

Budget Totals for January

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2023	Preliminary, FY 2024	Estimated Change	Billions of Dollars	Percent
Receipts	447	477	30	30	7
Outlays	486	498	12	14	3
Deficit (−)	−39	−21	18	15	−24

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

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments into each December that otherwise would have been made on January 1, a holiday. If not for those shifts, the budget would have shown a deficit of $65 billion in January 2023 and $50 billion in January 2024, CBO estimates.

CBO estimates that receipts in January 2024 totaled $477 billion—$30 billion (or 7 percent) more than the amounts recorded in January 2023. That increase was driven largely by collections of withheld income and payroll taxes, which rose by $20 billion (or 7 percent). Also, individual income tax refunds fell by $14 billion, further boosting receipts for the month. Collections of nonwithheld taxes were $3 billion (or 2 percent) smaller.

Total spending in January 2024 was $498 billion, CBO estimates—$12 billion (or 3 percent) more than in January 2023. If not for the shift of outlays from January to December both this year and last, outlays would have been $527 billion in January 2024 and $512 billion in January 2023.

That overall change is the result of increases and decreases in several areas. The largest increases were as follows:

- Net outlays for interest on the public debt increased by $20 billion (or 41 percent), primarily because interest rates are higher than they were in January 2023.
- Outlays for Medicare increased by $11 billion (or 16 percent).
- Spending by the Department of Defense increased by $8 billion (or 16 percent).
- Outlays for Social Security increased by $7 billion (or 6 percent).
- Spending by the Department of Veterans Affairs increased by $4 billion (or 20 percent).

The largest decreases were as follows:

- Net spending by the Pension Benefit Guaranty Corporation decreased by $37 billion, primarily because payments to certain multiemployer pension plans were made in January 2023 but not in January 2024.
- Spending by the Department of Agriculture's Food and Nutrition Service decreased by $5 billion (or 26 percent).

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

Actual Deficit in December 2023: $129 Billion

The Treasury Department reported a deficit of $129 billion for December—$1 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: December 2023*.

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. Jennifer Shand and Carolyn Ugolino prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Barry Blom, Chad Chirico, 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/59822.

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