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

Monthly Budget Review: February 2024

March 8, 2024

The federal budget deficit totaled $830 billion in the first five months of fiscal year 2024, the Congressional Budget Office estimates. That amount is $108 billion more than the deficit recorded during the same period last fiscal year: Although revenues this year were $121 billion (or 7 percent) higher, outlays rose more—by $228 billion (or 9 percent).

Outlays in the first five 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 $903 billion, $117 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–February

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	1,735	1,856	121	121	7
Outlays	2,458	2,686	228	238	9
Deficit (−)	−723	−830	−108	−117	−15

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

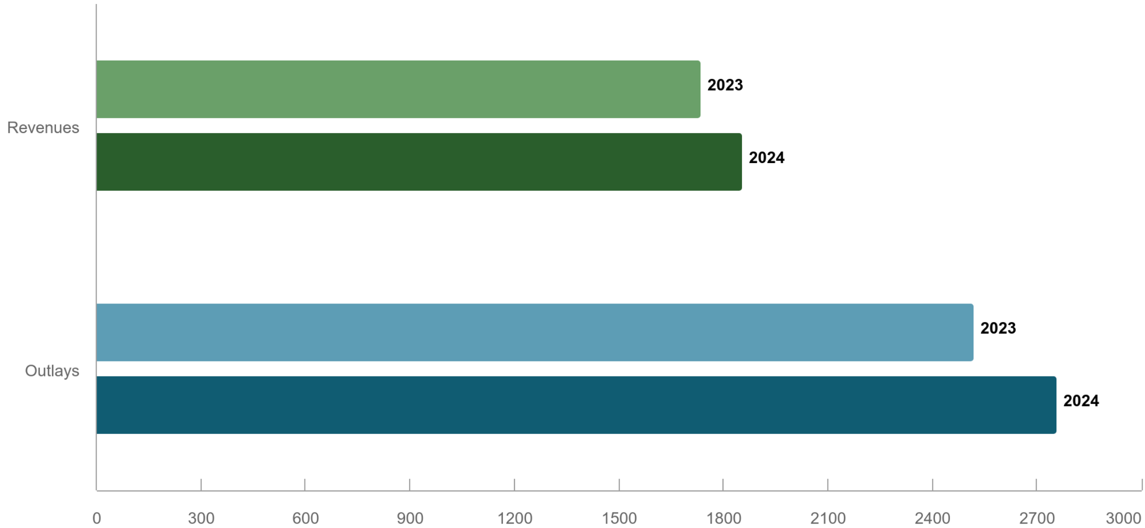
FY = fiscal year.

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 $903 billion from October 2023 through February 2024, CBO estimates, compared with $786 billion during the same period last year.

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



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

Total Receipts: Up by 7 Percent in Fiscal Year 2024

Receipts totaled $1.9 trillion during the first five months of fiscal year 2024, CBO estimates—$121 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 $88 billion (or 6 percent).
  - Amounts withheld from workers' paychecks rose by $38 billion (or 3 percent). That increase would have been larger if not for the effects of legislation enacted in response to the pandemic that boosted receipts in the first quarter of fiscal year 2023. That legislation 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; it required the second half of the payroll taxes deferred in calendar year 2020 to be paid by December 31, 2022.
  - Nonwithheld payments of income and payroll taxes rose by $37 billion (or 15 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. For December through February, nonwithheld payments declined by $5 billion (or 3 percent) relative to the same period last fiscal year.
  - Unemployment insurance receipts (one type of payroll tax) declined by $3 billion (or 18 percent).

Table 2.
Receipts, October–February

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	879	930	51	6
Payroll Taxes	627	663	36	6
Corporate Income Taxes	129	172	43	34
Other Receipts	101	90	−10	−10
Total	**1,735**	**1,856**	**121**	**7**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	1,360	1,399	38	3
Other, net of refunds	146	195	49	34
Total	**1,506**	**1,594**	**88**	**6**

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

FY = fiscal year.

- Individual income tax refunds declined by $16 billion (or 13 percent). The 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. In addition, the IRS has reported that the number of refunds issued through the fourth week of February 2024 was 18 percent lower than in the same period in 2023. The precise timing of refund payments varies from year to year, but most will be paid in the period from February through April.
- Receipts from **corporate income taxes** increased by $43 billion (or 34 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 $10 billion (or 10 percent).
  - Estate and gift taxes declined by $6 billion (or 29 percent), in part because of an unusually large amount collected in February 2023.
  - Customs duties declined by $4 billion (or 11 percent).
  - Collections of miscellaneous fees and fines decreased by $4 billion (or 32 percent).
  - Excise taxes increased by $3 billion (or 10 percent).

Total Outlays: Up by 9 Percent in Fiscal Year 2024

Outlays during the first five months of fiscal year 2024 were $2.7 trillion, CBO estimates, $228 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 $238 billion (or 9 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.

Table 3.

Outlays, October–February

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	538	590	52	52	10
Medicare[b]	289	323	34	42	13
Medicaid	245	248	3	3	1
Subtotal, Largest Mandatory Spending Programs	**1,072**	**1,160**	**89**	**96**	**9**
FDIC	−3	58	61	61	n.m.
DoD—Military[c]	307	343	37	37	12
Department of Veterans Affairs	105	122	17	18	16
PBGC	36	−3	−39	−39	n.m.
U.S. Coronavirus Refundable Credits	21	*	−21	−21	−99
Food and Nutrition Service	83	62	−20	−20	−24
Department of Education	86	71	−15	−15	−17
Net Interest on the Public Debt	240	360	120	120	50
Other	511	511	*	1	**
Total	**2,458**	**2,686**	**228**	**238**	**9**

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; ** = between zero and 0.5 percent.

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 $2,521 billion in fiscal year 2023 and $2,758 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.

Spending in two areas increased considerably. Net outlays for **interest on the public debt** were substantially higher, increasing by $120 billion (or 50 percent), primarily because interest rates are higher than they were in the first five months of fiscal year 2023.

The outlays of the **Federal Deposit Insurance Corporation** (FDIC) rose by $61 billion in the first five months of fiscal year 2024 as a result of spending to facilitate the resolution of bank failures that occurred in calendar year 2023. (About $40 billion of that total stems from transactions with the Federal Financing Bank.) There was no similar activity in the first five months of fiscal year 2023. The FDIC expects to recover much of that amount over the next decade by continuing to liquidate the banks' assets and by collecting higher premiums from FDIC-insured institutions.

Outlays for the largest mandatory spending programs increased by $96 billion (or 9 percent):

- Spending for **Social Security** benefits rose by $52 billion (or 10 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 $42 billion (or 13 percent), largely because of increased benefit payments to Medicare Advantage plans.
- **Medicaid** outlays increased by $3 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 during fiscal year 2024.

Outlays increased substantially in several other areas:

- Spending by the **Department of Defense** (DoD) was $37 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-quarter 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 $18 billion (or 16 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 five months of fiscal year 2024. (The Administration is in the process of purchasing fuel to replenish the reserve; CBO expects those outlays to be recorded over the course of this year and the next few years.)
- Outlays for certain **refundable tax credits** (also in "Other") totaled $89 billion—an increase of $5 billion, or 6 percent.[2] Subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act rose because of higher enrollments.

Outlays decreased in several other areas:

- Net spending by the **Pension Benefit Guaranty Corporation** decreased by $39 billion. In the first five 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. Such payments amounted to less than $1 billion in the first five months of the current fiscal year.
- 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 $21 billion. That result is attributable in part to the IRS's temporary moratorium on processing claims for the Employee Retention Tax Credit.

2. 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 Agriculture's **Food and Nutrition Service** decreased by $20 billion (or 24 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 17 percent), primarily because in the first five 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 five months of fiscal year 2024.
- Outlays from the **Public Health and Social Services Emergency Fund** (in "Other") decreased by $9 billion (or 61 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.
- The Treasury's receipts of agencies' **contributions for military retirement** (in "Other") increased by $8 billion (or 37 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.

Estimated Deficit in February 2024: $298 Billion

The federal government incurred a deficit of $298 billion in February 2024, CBO estimates—$36 billion more than the deficit recorded last February. Revenues and outlays were higher this February than they were a year ago.

Table 4.

Budget Totals for February

Billions of Dollars

	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Receipts	262	271	9	3
Outlays	525	569	45	9
Deficit (−)	−262	−298	−36	−14

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

FY = fiscal year.

CBO estimates that receipts in February 2024 totaled $271 billion—$9 billion (or 3 percent) more than the amounts recorded in February 2023. That increase was driven largely by collections of withheld income and payroll taxes, which rose by $22 billion (or 8 percent). Estate and gift taxes fell by $8 billion (or 82 percent) and individual income tax refunds increased by $4 billion (or 8 percent), reducing receipts.

Total spending in February 2024 was $569 billion, CBO estimates—$45 billion (or 9 percent) more than in February 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 $28 billion (or 65 percent), primarily because interest rates are higher than they were in February 2023.
- Outlays for Social Security, Medicare, and Medicaid increased by $7 billion (or 6 percent), $5 billion (or 8 percent), and $4 billion (or 8 percent), respectively.
- Spending by the Department of Defense increased by $4 billion (or 8 percent).
- Spending by the Department of Veterans Affairs increased by $3 billion (or 13 percent).

The largest decreases were as follows:

- Outlays for international assistance programs decreased by $4 billion (or 72 percent).
- Spending by the Department of Agriculture's Food and Nutrition Service decreased by $3 billion (or 20 percent).
- Outlays related to U.S. Coronavirus Refundable Credits decreased by $3 billion (or 99 percent).

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

Actual Deficit in January 2024: $22 Billion

The Treasury Department reported a deficit of $22 billion for January—$1 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: January 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. Nathaniel Frentz and Aldo Prosperi 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/59973.

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