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

Monthly Budget Review: March 2024

April 8, 2024

The federal budget deficit totaled $1.1 trillion in the first half of fiscal year 2024, the Congressional Budget Office estimates—$37 billion less than the deficit recorded during the same period last fiscal year. Revenues this year were $140 billion (or 7 percent) higher and outlays were $103 billion (or 3 percent) higher from October through March than during the same period in fiscal year 2023.

Shifts in the timing of certain payments affect that comparison. Outlays in the first six months of each fiscal year were reduced by shifts of some 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). In addition, because April 1, 2023, fell on a weekend, outlays in the first half of fiscal year 2023 were boosted by the shifting of payments into March 2023; those amounts were larger than the amounts shifted from October to September 2022, increasing outlays, on net, in fiscal year 2023. If not for the various shifts, the deficit so far in fiscal year 2024 would have been $1,136 billion, $46 billion *more* than the shortfall for the same period in fiscal year 2023.

Table 1.

Budget Totals, October–March

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	2,048	2,188	140	140	7
Outlays	3,149	3,252	103	186	6
Deficit (−)	−1,101	−1,064	37	−46	−4

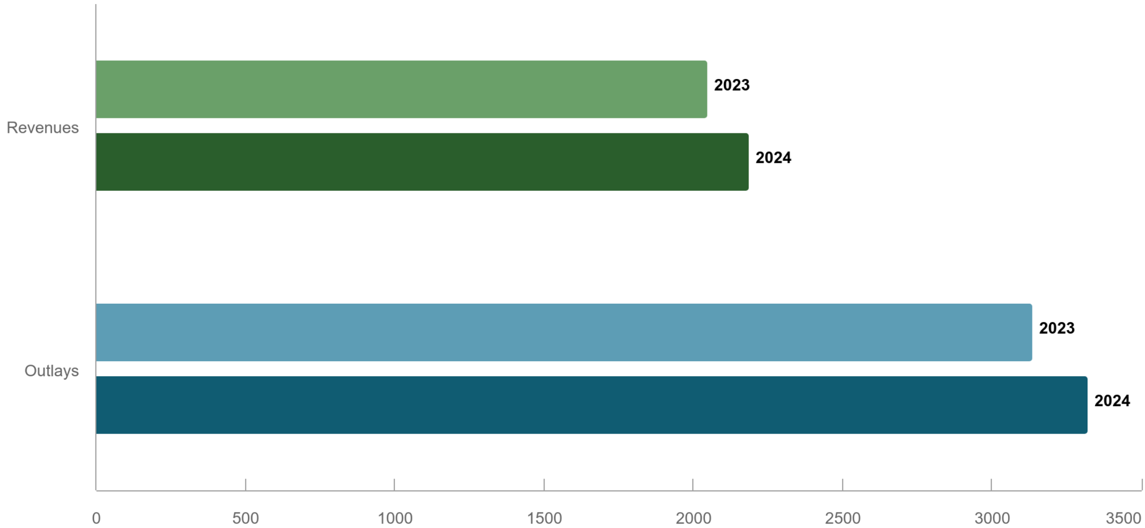
Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for February 2024 and the *Daily Treasury Statements* for March 2024.

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 $1,136 billion from October 2023 through March 2024, CBO estimates, compared with $1,090 billion during the same period last 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.

October–March Revenues and Outlays
Fiscal Years 2023 and 2024
Billions of Dollars



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

CBO 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 some outlays, the decline in the deficit would be about $100 billion. In June, CBO will update its estimate of the 2024 deficit.

Total Receipts: Up by 7 Percent in Fiscal Year 2024

Receipts totaled $2.2 trillion during the first half of fiscal year 2024, CBO estimates—$140 billion more than during the same period a year before. A 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 $102 billion (or 6 percent).
    - Amounts withheld from workers' paychecks rose by $44 billion (or 3 percent). That increase would have been larger if not for the effects of pandemic-related legislation, which 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. In December 2023 (which is in fiscal year 2024), the total amounts withheld were $36 billion (or 11 percent) smaller than they were in December 2022.

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

Table 2.
Receipts, October–March

Billions of Dollars

Major Program or Category	Actual, FY 2023	Preliminary, FY 2024	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,029	1,089	60	6
Payroll Taxes	760	802	43	6
Corporate Income Taxes	140	189	49	35
Other Receipts	119	108	−11	−10
Total	**2,048**	**2,188**	**140**	**7**
Memorandum: Combined Individual Income and Payroll Taxes				
Withheld taxes	1,684	1,728	44	3
Other, net of refunds	105	164	58	55
Total	**1,789**	**1,891**	**102**	**6**

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

FY = fiscal year.

- Nonwithheld payments of income and payroll taxes rose by $34 billion (or 12 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 March, nonwithheld payments declined by $8 billion (or 4 percent) relative to the same period last fiscal year.
- Individual income tax refunds declined by $27 billion (or 14 percent). The precise timing of refund payments varies from year to year, but most will be paid from February through April. 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. The IRS has announced that the moratorium will continue until late spring, when the agency will begin processing the more than 1 million outstanding claims for the credit.
- Unemployment insurance receipts (one type of payroll tax) declined by $2 billion (or 15 percent).

■ Receipts from **corporate income taxes** increased by $49 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 $11 billion (or 10 percent).

- Estate and gift taxes declined by $6 billion (or 28 percent), in part because of an unusually large amount collected in February 2023.
- Customs duties declined by $4 billion (or 9 percent).
- Collections of miscellaneous fees and fines decreased by $4 billion (or 27 percent).
- Excise taxes increased by $2 billion (or 6 percent).

Total Outlays: Up by 3 Percent in Fiscal Year 2024

Outlays during the first half of fiscal year 2024 were $3.3 trillion, CBO estimates—$103 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 $186 billion (or 6 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–March

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
Major Program or Category	**Actual, FY 2023**	**Preliminary, FY 2024**	**Estimated Change**	**Billions of Dollars**	**Percent**
Social Security Benefits	652	711	59	59	9
Medicare[b]	403	389	−15	39	10
Medicaid	310	304	−5	−5	−2
Subtotal, Largest Mandatory Spending Programs	**1,365**	**1,404**	**39**	**93**	**7**
DoD—Military[c]	386	412	26	31	8
FDIC	25	55	30	30	124
Department of Veterans Affairs	145	151	6	19	13
Department of Education	124	81	-43	-43	-35
PBGC	37	2	−35	−35	−94
U.S. Coronavirus Refundable Credits	26	*	−26	−26	−100
Food and Nutrition Service	98	75	−23	−23	−24
Net Interest on the Public Debt	308	440	133	133	43
Other	636	631	−5	7	1
Total	**3,149**	**3,252**	**103**	**186**	**6**

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; * = 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 $3,139 billion in fiscal year 2023 and $3,324 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.

Net outlays for **interest on the public debt** rose substantially—increasing by $133 billion (or 43 percent)—primarily because interest rates are higher than they were in the first half of fiscal year 2023.

Outlays for the largest mandatory spending programs increased, on net, by $93 billion (or 7 percent):

- Spending for **Social Security** benefits rose by $59 billion (or 9 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 $39 billion (or 10 percent), largely because of increased benefit payments to Medicare Advantage plans.
- **Medicaid** outlays decreased by $5 billion (or 2 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 $31 billion (or 8 percent) greater than in the same period last fiscal year; the largest increases were for military personnel, procurement, and research and development. About one-quarter of the increase was the result of DoD's larger payments to the military retirement fund, driven by a payment in October 2023 that was $9 billion larger than a payment in October 2022. 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.)
- The outlays of the **Federal Deposit Insurance Corporation** (FDIC) rose by $30 billion in the first half of fiscal year 2024 as a result of spending to facilitate the resolution of bank failures that occurred in calendar year 2023. Most of that difference stems from $43 billion in outlays that the FDIC recorded from transactions with the Federal Financing Bank in fiscal year 2024. The FDIC had no similar transactions with that institution in the first half of fiscal year 2023. The FDIC expects to recover much of the amount over the next decade by continuing to liquidate the banks' assets and by collecting higher premiums from FDIC-insured institutions.
- Spending by the **Department of Veterans Affairs** increased by $19 billion (or 13 percent), mostly because of increased spending per person and veterans' increased use of health care facilities.
- Outlays for certain **refundable tax credits** (included in "Other" in Table 3) increased by $10 billion (or 9 percent), totaling $121 billion in the first half of fiscal year 2024.[2] Subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act rose because of higher enrollments.
- Net outlays of the **Department of Energy** (also in "Other") increased by $9 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 half of fiscal year 2024. (The Administration has begun purchasing oil to replenish the reserve; CBO expects those outlays to be recorded over the next few years.)

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.

Outlays decreased in several other areas:

- Outlays by the **Department of Education** decreased by $43 billion (or 35 percent), primarily because in the first half of fiscal year 2023, the Administration recorded some of the costs of final rules that modified repayment terms for 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 half of fiscal year 2024.
- Net spending by the **Pension Benefit Guaranty Corporation** decreased by $35 billion. In the first half of fiscal year 2023, that agency recorded $37 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 half 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 $26 billion. That result is attributable in part to the IRS's moratorium on processing claims for the Employee Retention Tax Credit.
- Spending by the Department of Agriculture's **Food and Nutrition Service** decreased by $23 billion (or 24 percent), in part because emergency allotments for the Supplemental Nutrition Assistance Program ended in March 2023.
- Outlays from the **Public Health and Social Services Emergency Fund** (in "Other") decreased by $8 billion (or 46 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 32 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 March 2024: $236 Billion

The federal government incurred a deficit of $236 billion in March 2024, CBO estimates—$143 billion less than the deficit recorded last March. Revenues were higher this March than they were a year ago, and outlays were lower. Outlays in March 2023 were affected by shifts in the timing of certain federal payments that would have been due on April 1, 2023, which fell on a weekend (those payments were made in March). If not for those shifts, the deficit in March 2023, and the estimated decrease in the deficit in March 2024, would have been $73 billion smaller.

Table 4.

Budget Totals for March

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	313	332	19	19	6
Outlays	692	568	−124	−50	−8
Deficit (−)	−378	−236	143	69	−23

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, outlays would have been $618 billion in March 2023.

CBO estimates that receipts in March 2024 totaled $332 billion—$19 billion (or 6 percent) more than the amounts recorded in March 2023. That increase was driven partly by refunds of individual income taxes, which decreased by $12 billion (or 17 percent), boosting net receipts. Additionally, collections of withheld income and payroll taxes rose by $7 billion (or 2 percent).

Total spending in March 2024 was $568 billion, CBO estimates—$124 billion (or 18 percent) less than in March 2023. If not for timing shifts that increased spending in March 2023, outlays in March 2024 would have been $50 billion (or 8 percent) less than in the same month last year. That overall change is the result of increases and decreases in several areas. The largest decreases were as follows:

- Spending by the FDIC declined by $31 billion. In March 2023, the FDIC spent $27 billion, mostly to cover deposits at two failed banks; in March of this year, that agency recorded net receipts of $3 billion, reflecting quarterly collections of premiums.
- Spending by the Department of Education decreased by $28 billion (or 74 percent), primarily because in March 2023, the department recorded costs associated with extending the pause on student loan repayments that was instituted during the pandemic.
- Outlays for Medicaid decreased by $8 billion (or 12 percent).
- Spending by DoD decreased by $6 billion (or 8 percent).
- Outlays related to U.S. Coronavirus Refundable Credits decreased by $5 billion (or 96 percent).
- Outlays for international assistance programs decreased by $3 billion (or 70 percent).
- Spending by the Department of Agriculture's Food and Nutrition Service decreased by $3 billion (or 20 percent).

The largest increases were as follows:

- Net outlays for interest on the public debt increased by $13 billion (or 20 percent), primarily because interest rates are higher than they were in March 2023.
- Outlays for Social Security increased by $7 billion (or 6 percent).
- Outlays for certain refundable tax credits increased by $6 billion (or 23 percent).

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

Actual Deficit in February 2024: $296 Billion

The Treasury Department reported a deficit of $296 billion for February—$2 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: February 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. Jennifer Shand and Jon Sperl 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/60115.

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