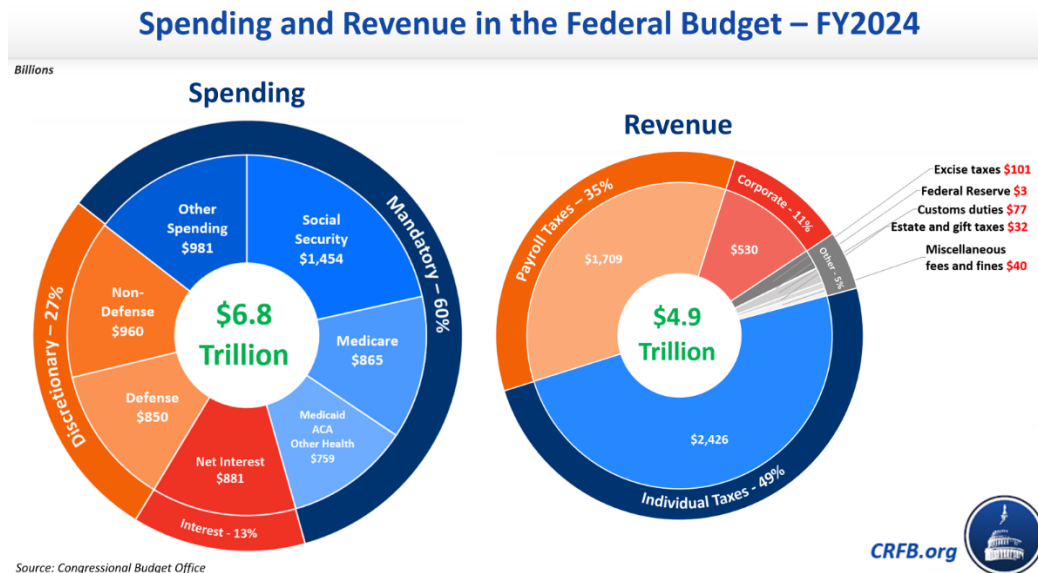




Explaining Federal Spending and Revenue

In Fiscal Year (FY) 2024, federal outlays totaled \$6.8 trillion (23.4 percent of GDP) while federal revenues totaled \$4.9 trillion (17.1 percent of GDP), resulting in a \$1.8 trillion (6.4 percent of GDP) deficit.



Mandatory spending programs like Social Security (\$1.5 trillion), federal health care programs (\$1.7 trillion), and other mandatory programs (\$981 billion) comprised 60 percent of federal spending. Another 27 percent was spent on discretionary spending programs split between defense (\$850 billion) and nondefense (\$960 billion), which are determined each year through the appropriations process. The remaining 13 percent (\$881 billion) was for interest on the debt.

Individual taxes accounted for roughly half of all federal revenue, or \$2.4 trillion. Payroll taxes, which fund Social Security and Medicare, accounted for about one-third and amounted to \$1.7 trillion. Corporate income taxes totaled \$530 billion (11 percent), and other sources, such as excise taxes, customs duties, estate taxes, fines and fees, made up 5 percent or \$253 billion.

Over the next decade, the Congressional Budget Office projects that under current law federal spending will increase from 23.4 percent of GDP in FY 2024 to 24.0 percent by 2035, while revenue will rise from 17.1 percent of GDP in FY 2024 to 18.3 percent by 2035. Over the past 50 years, spending has averaged 21.1 percent of GDP while revenue has averaged 17.3 percent.