

# Reading the Fiscal TEA LEAVES

CBO Feb 2024 Baseline

## Deficits Running Higher than CBO Last Projected

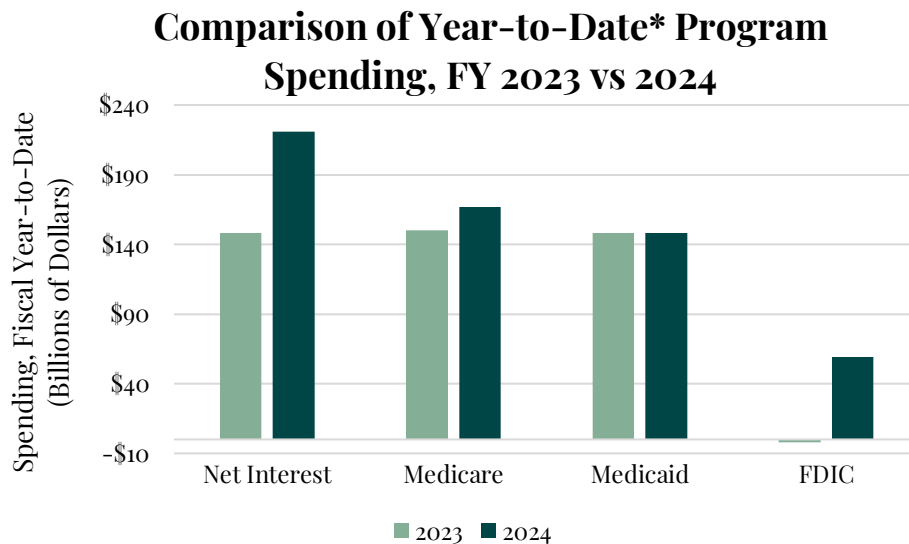
- The baseline details the Congressional Budget Office’s (CBO) projections for spending, revenue, deficits, debt, the economy, and specific federal programs and policies for the ensuing 10-year budgetary window.
- To that end, on February 7, 2024, CBO will publish its newest projections, “The Budget and Economic Outlook: 2024 to 2034.”
- CBO published its last update to the federal budget outlook nine months ago in May 2023. The report projected 10-year deficits of \$20 trillion.
- In the intervening nine months, CBO has published monthly budget reviews, which generally show the deficit for fiscal years 2023 and 2024 to be *higher than previously projected*.

## FY 2023 Deficit: 32 Percent Higher Than Projected

- In May 2023, CBO projected the **FY 2023** deficit to be \$1.5 trillion. The *actual* FY 2023 deficit was \$2 trillion (after accounting for the Administration’s student loan cancellations), a difference of **\$489 billion** or **32 percent**.
- *Spending increases of note:*
  - **Medicare** spending was \$844 billion, \$18 billion or 2.2 percent *higher* than projected.
  - **Medicaid** spending was \$616 billion, \$22 billion or 3.7 percent *higher* than projected.
  - **Federal Deposit Insurance Corporation (FDIC)** spending was \$92 billion, \$70 billion or 318.2 percent *higher* than projected.

## FY 2024 Deficit: Running 21 Percent *Higher* than Last Year

- In May 2023, CBO projected the **FY 2024** deficit to be \$1.6 trillion.
- However, in CBO's monthly budget reports, the deficit so far in FY 2024 is up by **\$94 billion** or **21 percent** compared to last year.
- Spending increases of note:
  - **Net interest payments** were projected to increase by 12.4 percent from 2023 to 2024. Compared to this point last year, they are 49 percent *higher*.
  - **Medicare** spending was projected to increase by 0.2 percent from 2023 to 2024. Compared to this point last year, it is 13 percent *higher*.
  - **Medicaid** spending was projected to decline by 9.4 percent from 2023 to 2024. Compared to this point last year, it is 0.2 percent *higher*.
  - **FDIC** spending was projected to be negative this year. So far FDIC spending is *\$59 billion*.



*\*Year-to-date represents the first three months of program spending in 2023 versus the first three months of program spending in 2024*