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

Monthly Budget Review: April 2025

May 8, 2025

The federal budget deficit totaled $1.1 trillion in the first seven months of fiscal year 2025, the Congressional Budget Office estimates. That amount is $196 billion more than the deficit recorded during the same period last fiscal year. Revenues increased by $146 billion (or 5 percent), and outlays rose by $342 billion (or 9 percent).

Table 1.

Budget Totals, October–April

Billions of Dollars

	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Billions of Dollars	Estimated Change With Adjustments for Timing Shifts in Outlays[a]: Percent
Receipts	2,964	3,111	146	146	5
Outlays	3,819	4,161	342	270	7
Deficit (−)	−855	−1,051	−196	−123	13

Data sources: Congressional Budget Office; Department of the Treasury. Based on the *Monthly Treasury Statement* for March 2025 and the *Daily Treasury Statements* for April 2025.

FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend or a holiday.

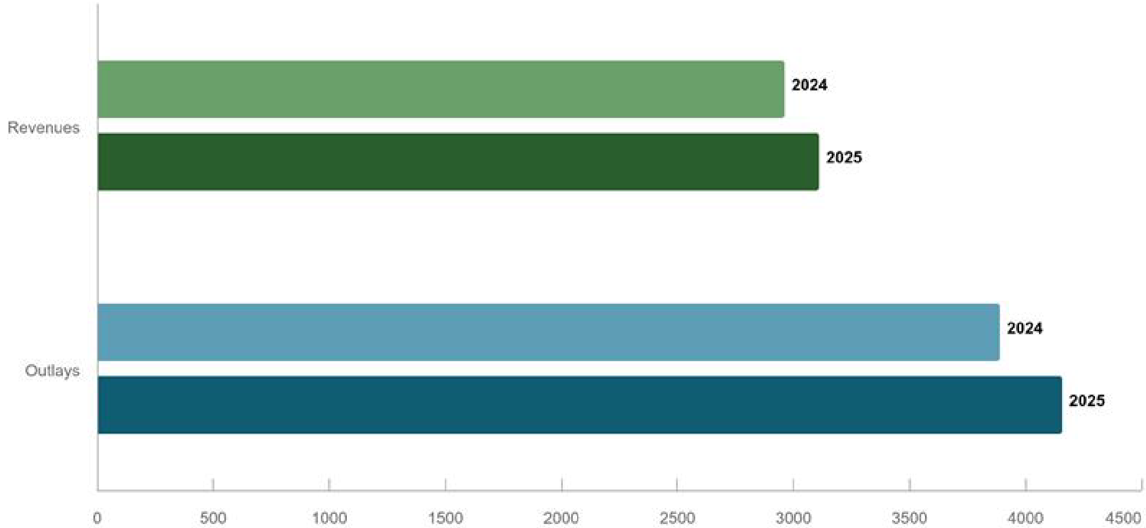
The change in the deficit was influenced by the timing of outlays, which decreased the deficit during the first seven months of fiscal year 2024. Outlays in fiscal year 2024 were reduced by shifts in the timing of payments that were due on October 1, 2023, a Sunday. (The payments were made that September.) If not for those shifts, the deficit so far this fiscal year would have been $123 billion more than the shortfall at this point last year. In addition, part of the deficit increase in 2025 arises from the postponement of some tax deadlines from 2023 to 2024 (described below), which boosted receipts in 2024.

In January 2025, CBO projected a deficit of $1.9 trillion for fiscal year 2025, the same as the actual deficit for fiscal year 2024.[1]

1. See Congressional Budget Office, *The Budget and Economic Outlook: 2025 to 2035* (January 2025), www.cbo.gov/publication/60870.

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–April Revenues and Outlays
Fiscal Years 2024 and 2025
Billions of Dollars



Data sources: Congressional Budget Office; Department of the Treasury.
Amounts included for April 2025 are CBO's estimates.
Outlays have been adjusted to exclude the effects of timing shifts.

The statutory debt limit was reinstated on January 2, 2025, and set at $36.1 trillion, matching the amount of total debt that was outstanding on the prior day. On January 21, 2025, the Department of the Treasury announced a "debt issuance suspension period" and began taking "extraordinary measures" to continue financing government operations without breaching the debt limit. CBO estimates that if the debt limit remains unchanged, the government's ability to borrow using extraordinary measures will probably be exhausted in August or September 2025.[2]

Total Receipts: Up by 5 Percent in Fiscal Year 2025

Receipts totaled $3.1 trillion during the first seven months of fiscal year 2025, CBO estimates—$146 billion (or 5 percent) more than during the same period a year ago. Receipts had been boosted by about $70 billion in the first quarter of fiscal year 2024 because the Internal Revenue Service (IRS) had postponed certain 2023 tax deadlines until early in fiscal year 2024 for some taxpayers in federally declared disaster areas. For a much smaller number of taxpayers affected by disasters, the IRS also has postponed certain 2025 tax deadlines—until May or early in fiscal year 2026—likely reducing receipts in April.

Total receipts collected through April 2025 have closely tracked CBO's January 2025 baseline projections.

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

- **Individual income** and **payroll (social insurance)** taxes together rose by $144 billion (or 6 percent).
    - Amounts withheld from workers' paychecks rose by $104 billion (or 5 percent), a reflection of rising wages and salaries.

2. See Congressional Budget Office, *Federal Debt and the Statutory Limit, March 2025* (March 2025), www.cbo.gov/publication/60887.

Table 2.

Receipts, October–April

Billions of Dollars

Major Program or Category	Actual, FY 2024	Preliminary, FY 2025	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,571	1,681	109	7
Payroll Taxes	984	1,018	34	3
Corporate Income Taxes	281	257	−24	−8
Other Receipts	128	155	26	21
Total	**2,964**	**3,111**	**146**	**5**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,033	2,137	104	5
Other, net of refunds	522	561	39	8
Total	**2,555**	**2,699**	**144**	**6**

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

FY = fiscal year.

- Nonwithheld payments of income and payroll taxes increased by $44 billion (or 6 percent) relative to payments in the same period in fiscal year 2024. The increase so far this fiscal year has been restrained because CBO estimates that the postponement of deadlines for some taxpayers in 2023 shifted $35 billion in nonwithheld income tax payments into the beginning of fiscal year 2024. However, since December, nonwithheld payments have exceeded those from the same period last year by 16 percent, mostly reflecting an increase in 2024 tax liabilities.
- Individual income tax refunds increased by $4 billion (or 2 percent). (A portion of refunds stemming from refundable tax credits are classified as outlays and discussed separately below.)

■ Receipts from **corporate income taxes** decreased by $24 billion (or 8 percent) relative to the same period in fiscal year 2024. During fiscal year 2023, for many corporations in areas affected by natural disasters, particularly in California, the IRS postponed the deadline to make payments that ordinarily would have been due by the end of that fiscal year. Most of those payments were made in the first month of fiscal year 2024.

■ Receipts from **other sources** rose by $26 billion (or 21 percent) relative to the same period last year.

- Customs duties increased by $14 billion (or 32 percent). Since February, the Administration has increased tariffs on most imported goods.
- Excise taxes increased by $9 billion (or 18 percent).
- Miscellaneous fees and fines increased by $3 billion (or 24 percent).
- Estate and gift taxes decreased by $2 billion (or 12 percent).

Total Outlays: Up by 9 Percent in Fiscal Year 2025

Outlays in the first seven months of fiscal year 2025 were $4.2 trillion, CBO estimates, $342 billion (or 9 percent) more than during the same period last year. If not for the timing shifts discussed above, outlays so far in fiscal year 2025 would have been $270 billion (or 7 percent) greater than outlays during the same period in fiscal year 2024. The discussion below reflects adjustments to exclude the effects of those timing shifts.

Table 3.

Outlays, October–April

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
Major Program or Category	**Actual, FY 2024**	**Preliminary, FY 2025**	**Estimated Change**	**Billions of Dollars**	**Percent**
Social Security Benefits	833	903	70	70	8
Medicare[b]	463	548	85	40	8
Medicaid	355	378	23	23	6
Subtotal, Largest Mandatory Spending Programs	**1,652**	**1,829**	**178**	**132**	**8**
FDIC	52	−14	−66	−66	−128
Refundable Tax Credits[c]	138	160	23	23	17
Environmental Protection Agency	7	29	22	22	d
Department of Education	106	87	−19	−19	−18
Department of Veterans Affairs	183	213	30	19	10
Department of Homeland Security	52	70	18	18	33
DoD—Military[e]	471	510	39	34	7
Net Interest on the Public Debt	530	588	58	58	11
Other	629	689	60	49	8
Total	**3,819**	**4,161**	**342**	**270**	**7**

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

DoD = Department of Defense; FDIC = Federal Deposit Insurance Corporation; FY = fiscal year.

a. Adjusted amounts exclude the effects of shifting payments that otherwise would have been made on a weekend or a holiday. Outlays excluding the effects of the timing shifts would have been $3,892 billion in fiscal year 2024.

b. Medicare outlays are net of offsetting receipts.

c. Recovery rebates, earned income tax credit, child tax credit, premium tax credits, and American Opportunity Tax Credit.

d. Outlays of the Environmental Protection Agency were about three times the amount spent during the same period in fiscal year 2024. Most of that increase occurred between November and January.

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

Outlays for the largest mandatory spending programs increased by $132 billion (or 8 percent):

- Spending for **Social Security** benefits rose by $70 billion (or 8 percent). Spending was boosted by increases in the average benefit payment (stemming mostly from cost-of-living adjustments) and in the number of beneficiaries. In addition, the Social Security Fairness Act of 2023 eliminated certain reductions to benefits payable in January 2024 and later. That resulted in more than $15 billion in additional payments in March and April, largely for retroactive payments to about 80 percent of the beneficiaries who are ultimately expected to receive such payments.

- **Medicare** outlays increased, on net, by $40 billion (or 8 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by $23 billion (or 6 percent), largely because of rising costs per enrollee.

Other areas with large increases were the following:

- Outlays for **net interest on the public debt** increased by $58 billion (or 11 percent) mostly because the debt was larger and interest rates were higher than in the first seven months of fiscal year 2024.
- Spending by the **Department of Defense** was $34 billion (or 7 percent) greater than in the same period in fiscal year 2024; the largest increases were for operation and maintenance and procurement.
- Outlays for certain **refundable tax credits** increased by $23 billion (or 17 percent), primarily because of increased enrollment in health insurance purchased through the marketplaces established under the Affordable Care Act.[3]
- Outlays recorded by the **Environmental Protection Agency** increased by $22 billion primarily because in November and December 2024 that agency disbursed $20 billion under a grant program established by the 2022 reconciliation act ($27 billion was provided in that law for the program).
- Spending by the **Department of Veterans Affairs** increased by $19 billion (or 10 percent) because more people used veterans' benefits and because of increased spending per person.
- Outlays of the **Department of Homeland Security** increased by $18 billion (or 33 percent), mostly from spending by the Federal Emergency Management Agency in response to Hurricanes Helene and Milton.

The largest decreases were the following:

- Outlays of the **Federal Deposit Insurance Corporation** (FDIC) declined by $66 billion. The FDIC's spending on the resolution of bank failures was significantly greater in the first seven months of fiscal year 2024 than during the same period this fiscal year. The liquidation of failed banks' assets has continued this year; the proceeds are recorded in the budget as offsetting collections (that is, as reductions in outlays).
- Spending by the **Department of Education** decreased by $19 billion (or 18 percent), largely because of a difference in the timing of the agency's recording of the costs for originations of new student loans in each year.

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

Estimated Surplus in April 2025: $256 Billion

Because of the large inflow of tax payments, the federal government usually records a budget surplus in April. This year, that surplus was $256 billion, CBO estimates—$47 billion (or 22 percent) more than the amount recorded last April.

3. 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.

CBO estimates that receipts in April 2025 totaled $850 billion—$74 billion (or 10 percent) more than the amounts recorded in the same month last year. That increase was driven mostly by collections of income and payroll taxes, which rose by $58 billion (or 9 percent). In addition, customs duties rose by $8 billion (or 130 percent), excise taxes rose by $4 billion (or 55 percent), and corporate income taxes rose by $4 billion (or 4 percent), relative to last April.

Table 4.

Budget Totals for April

Billions of Dollars

	Actual, FY 2024	Preliminary, FY 2025	Estimated Change: Billions of Dollars	Estimated Change: Percent
Receipts	776	850	74	10
Outlays	567	594	27	5
Surplus	210	256	47	22

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

FY = fiscal year.

Total spending in April 2025 was $594 billion, CBO estimates—$27 billion (or 5 percent) more than in April 2024.

The largest changes were as follows:

- Spending by the **Department of Education** decreased by $17 billion (or 69 percent), as discussed above.
- Outlays for **Social Security** increased by $9 billion (or 8 percent).
- Outlays for **Medicare** increased by $8 billion (or 10 percent).
- Outlays for **Medicaid** increased by $7 billion (or 14 percent).
- Spending by the **Department of Agriculture** rose by $7 billion (or 44 percent).
- Spending by the **Department of Defense** increased by $6 billion (or 10 percent).
- Outlays of the **Department of Veterans Affairs** decreased by $4 billion (or 11 percent).
- 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, totaled $3 billion in April 2025, an increase from $121 *million* last April. For much of fiscal year 2024, the IRS had a moratorium in place on processing claims for the employee retention tax credit. That moratorium has been lifted, allowing payments to resume.
- Spending by the **Department of Housing and Urban Development** for housing assistance programs increased by $3 billion (or 114 percent).
- Outlays of the **FDIC** increased by $3 billion (or 94 percent) because smaller amounts were recovered from resolutions of bank failures in April 2025 than were recovered in April 2024.

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

Actual Deficit in March 2025: $161 Billion

The Treasury Department reported a deficit of $161 billion for March—$2 billion less than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: March 2025*.

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 Amber Marcellino prepared the report with assistance from Aaron Feinstein and with guidance from Christina Hawley Anthony, Barry Blom, Chad Chirico, John McClelland, and Sam Papenfuss. The report was reviewed by Mark Hadley, edited by Kate Kelly, and prepared for publication by Janice Johnson. An electronic version is available on CBO's website, www.cbo.gov/publication/61301.

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