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

Monthly Budget Review: May 2025

June 9, 2025

The federal budget deficit totaled $1.4 trillion in the first eight months of fiscal year 2025, the Congressional Budget Office estimates. That amount is $160 billion more than the deficit recorded during the same period last fiscal year. Revenues increased by $196 billion (or 6 percent), and outlays rose by $357 billion (or 8 percent).

Table 1.

Budget Totals, October–May

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Billions of Dollars	Percent
Receipts	3,288	3,484	196	196	6
Outlays	4,490	4,847	357	280	6
Deficit (−)	−1,202	−1,363	−160	−84	7

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

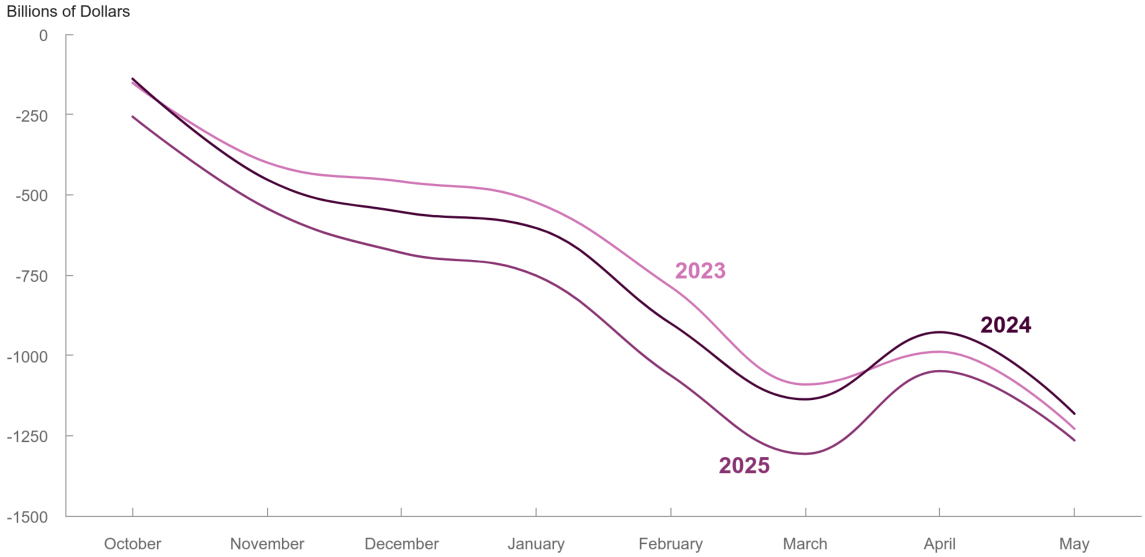
FY = fiscal year.

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. Fiscal year 2024 outlays were reduced because payments that were due on October 1, 2023, a Sunday, were shifted into the prior fiscal year. (Those payments were made in September 2023.) Outlays in both fiscal years *increased* because payments due on June 1, 2024, and June 1, 2025, which also fell on weekends, were paid in May of those years. If not for those shifts, the deficit so far this fiscal year would have been $84 billion (or 7 percent) more than the shortfall at this point 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.

Cumulative Monthly Deficits
Fiscal Years 2023 to 2025



Data Sources: Congressional Budget Office; Department of the Treasury.
The value shown for May 2025 is CBO's estimate.
Values for all months have been adjusted to exclude the effects of timing shifts.

Federal Debt and the Statutory Limit

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 now estimates that if the debt limit remains unchanged, the government’s ability to borrow using extraordinary measures would probably be exhausted between mid-August and the end of September 2025. That estimated range begins about two weeks later than the agency estimated in March 2025.[1] The three additional months of actual revenues and outlays, which were consistent with expectations, reduced the potential for those measures to be exhausted early in August.

Total Receipts: Up by 6 Percent in Fiscal Year 2025

Receipts totaled $3.5 trillion during the first eight months of fiscal year 2025, CBO estimates—$196 billion (or 6 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. The IRS also postponed, until May 2025 or early next fiscal year, certain 2025 deadlines for a smaller group of similarly affected taxpayers.

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

Table 2.

Receipts, October–May

Billions of Dollars

Major Program or Category	Actual, FY 2024	Preliminary, FY 2025	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	1,701	1,829	128	8
Payroll Taxes	1,127	1,163	36	3
Corporate Income Taxes	311	301	−11	−3
Other Receipts	149	192	43	29
Total	**3,288**	**3,484**	**196**	**6**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	2,283	2,407	124	5
Other, net of refunds	545	585	40	7
Total	**2,828**	**2,992**	**164**	**6**

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

FY = fiscal year.

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

- **Individual income** and **payroll (social insurance)** taxes together rose by $164 billion (or 6 percent).
    - Amounts withheld from workers' paychecks rose by $124 billion (or 5 percent), a reflection of rising wages and salaries.
    - Nonwithheld payments of income and payroll taxes increased by $51 billion (or 7 percent) relative to payments in the same period in fiscal year 2024. The estimated increase so far this fiscal year has been smaller than it otherwise would have been; 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. Starting in January, those payments have been 15 percent greater than payments from the same period last year, mostly reflecting an increase in 2024 tax liabilities.
    - Individual income tax refunds increased by $11 billion (or 4 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 $11 billion (or 3 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 $43 billion (or 29 percent) relative to the same period last year.
    - Customs duties increased by $30 billion (or 61 percent). Since February, the Administration has increased tariffs on most imported goods.

- Excise taxes increased by $11 billion (or 18 percent).
- Miscellaneous fees and fines increased by $5 billion (or 28 percent).
- Estate and gift taxes decreased by $3 billion (or 12 percent).

Total Outlays: Up by 8 Percent in Fiscal Year 2025

Outlays in the first eight months of fiscal year 2025 were $4.8 trillion, CBO estimates, $357 billion (or 8 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 $280 billion (or 6 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–May

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	955	1,036	80	80	8
Medicare[b]	605	697	92	45	8
Medicaid	408	437	28	28	7
Subtotal, Largest Mandatory Spending Programs	**1,969**	**2,169**	**201**	**154**	**8**
FDIC	51	−15	−66	−66	−129
Small Business Administration	32	2	−31	−31	−95
Department of Veterans Affairs	221	259	37	24	11
Refundable Tax Credits[c]	150	173	23	23	15
Department of Education	116	93	−23	−23	−20
Environmental Protection Agency	8	31	22	22	d
Department of Homeland Security	59	79	20	20	34
DoD—Military[e]	545	581	36	31	6
Net Interest on the Public Debt	621	674	53	53	9
Other	717	801	84	73	10
Total	**4,490**	**4,847**	**357**	**280**	**6**

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 $4,470 billion in fiscal year 2024 and $4,750 billion in fiscal year 2025.

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 four times the amount spent during the same period in fiscal year 2024. Most of that increase occurred in November and December 2024.

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

Outlays for the largest mandatory spending programs increased by $154 billion (or 8 percent):

- Spending for **Social Security** benefits rose by $80 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 additional payments made in March, April, and May 2025 totaling roughly $20 billion, largely for retroactive payments to about 90 percent of all the beneficiaries who are expected to receive such payments.
- **Medicare** outlays increased, on net, by $45 billion (or 8 percent) because of increased enrollment and higher payment rates for services.
- **Medicaid** outlays increased by $28 billion (or 7 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 $53 billion (or 9 percent) mostly because the debt was larger than it was in the first eight months of fiscal year 2024.
- Spending by the **Department of Defense** was $31 billion (or 6 percent) greater than in the same period in fiscal year 2024; the largest increases were for operation and maintenance and procurement.
- Spending by the **Department of Veterans Affairs** increased by $24 billion (or 11 percent) because more people used veterans' benefits and because of increased spending per person.
- Outlays for certain **refundable tax credits** increased by $23 billion (or 15 percent), primarily because of increased enrollment in health insurance purchased through the marketplaces established under the Affordable Care Act.[2]
- 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).
- Outlays of the **Department of Homeland Security** increased by $20 billion (or 34 percent), mostly attributable to 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 eight 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).
- Outlays of the **Small Business Administration** decreased by $31 billion, largely because in May 2024 the agency recorded an increase of $33 billion in the estimated costs of its disaster loans.

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 Education** decreased by $23 billion (or 20 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 Deficit in May 2025: $314 Billion

The deficit in May 2025 was $314 billion, CBO estimates—$33 billion less than the amount recorded in May 2024. Revenues and outlays alike exceeded last year's amounts. In addition, outlays for June 1, 2024, and June 1, 2025,were shifted into May of those years, although the shift in 2025 was slightly larger. If not for those shifts, the deficit in May 2025 would have been $38 billion less than in the same month last year.

Table 4.

Budget Totals for May

Billions of Dollars

				Estimated Change With Adjustments for Timing Shifts in Outlays[a]	
	Actual, FY 2024	Preliminary, FY 2025	Estimated Change	Billions of Dollars	Percent
Receipts	324	374	50	50	16
Outlays	671	688	17	13	2
Deficit (−)	−347	−314	33	38	−15

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, the budget would have shown a deficit of $254 billion in May 2024 and $217 billion in May 2025, CBO estimates.

CBO estimates that receipts in May 2025 totaled $374 billion—$50 billion (or 16 percent) more than the amounts recorded in the same month last year. That increase was driven partly by collections of income and payroll taxes, which rose by $20 billion (or 7 percent). In addition, customs duties rose by $15 billion (or 286 percent), and corporate income taxes rose by $15 billion (or 50 percent), relative to last May.

Total spending in May 2025 was $688 billion, CBO estimates—$17 billion (or 3 percent) more than in May 2024. If not for the timing shifts discussed above, outlays in May 2025 would have been $13 billion (or 2 percent) more than in the same month last year. The discussion below reflects adjustments to exclude the effects of those timing shifts.

The largest changes were as follows:

- Outlays for the **Small Business Administration** decreased by $31 billion, as discussed above.
- Outlays for mortgage loan programs in the **Department of Housing and Urban Development** increased by $15 billion. In May 2024, there was a $16 billion downward revision to the estimated costs of outstanding housing-loan guarantees.
- Outlays for **Social Security** increased by $10 billion (or 8 percent).
- Outlays for **Medicaid** increased by $6 billion (or 11 percent).
- Outlays by the **Department of Veterans Affairs** increased by $6 billion (or 21 percent).

- Outlays for **Medicare** increased by $5 billion (or 6 percent).
- Outlays for **net interest on the public debt** decreased by $4 billion (or 5 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 May 2025, an increase from close to zero last May. 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 for other programs and activities increased or decreased by smaller amounts.

Actual Surplus in April 2025: $258 Billion

The Treasury Department reported a surplus of $258 billion for April—$2 billion more than CBO estimated last month, on the basis of the *Daily Treasury Statements,* in the *Monthly Budget Review: April 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. Justin Latus and Jennifer Shand 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/61302.

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