WASHINGTON, D.C. – U.S. Treasury Secretary Jacob J. Lew and Office of Management and Budget (OMB) Director Shaun Donovan today released details of the fiscal year (FY) 2015 final budget results, which show significant and continued progress in reducing the deficit. The deficit in FY 2015 fell to $439 billion, $44 billion less than the FY 2014 deficit and $144 billion less than forecast in President Obama’s FY 2016 Budget. As a percentage of Gross Domestic Product (GDP), the deficit fell to 2.5 percent, the lowest since 2007 and less than the average of the last 40 years. In dollar terms, the FY 2015 deficit was the lowest since 2007 as well.

The President’s 2016 Budget was designed to bring middle class economics into the 21st Century by making the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure, while also putting the Nation on a more sustainable fiscal path. This year’s Budget supports the President’s ambitious vision for supporting growth and opportunity, and does so while meeting a key test of fiscal stability: holding deficits to below 3 percent of GDP and stabilizing debt as a share of the economy. It achieves these goals by replacing mindless austerity with smart reforms, paying for all new investments, and obtaining $1.8 trillion in deficit reduction primarily from health, tax, and immigration reforms. Looking forward, the Administration remains committed to working with Congress on a long-term budget that reverses harmful spending cuts known as sequestration to allow for critical investments in our military readiness, infrastructure, schools, public health, and R&D that keep our companies on the cutting edge.

“President Obama’s agenda continues to put Federal finances on a sustainable footing while laying the foundation for durable economic growth and broadly shared prosperity,” said Treasury Secretary Lew. “Under the President’s leadership, the deficit has been cut by roughly three-quarters as a share of the economy since 2009 – the fastest sustained deficit reduction since just after World War II.”

“Today’s report reaffirms that we can invest in growth and opportunity and put our Nation’s finances on a strong and sustainable path,” said OMB Director Shaun Donovan. “We need to stay focused on strengthening our economy, which means passing a long-term budget that fully funds the government and reverses the harmful cuts known as sequestration to allow for critical investments in both our economic and national security.”

Summary of Fiscal Year 2015 Budget Results

Year-end data from the September 2015 Monthly Treasury Statement of Receipts and Outlays of the United States Government show that the deficit for FY 2015 was $439 billion, the lowest deficit in dollar terms since 2007. It represents a decrease of $44 billion, or 9 percent, from the prior year. As a percentage of GDP, the deficit fell to 2.5 percent, down from 2.8 percent in FY 2014, and also the lowest since 2007.

The FY 2015 deficit of $439 billion was $144 billion, or 25 percent, less than the estimate in the FY 2016 Budget, and $16 billion, or 3 percent, less than estimated in the FY 2016 Mid-Session Review (MSR), a supplemental update to the Budget published in July.

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<th>Table 1. Total Receipts, Outlays, and Deficit (in billions of dollars)</th>
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Government receipts totaled $3,249 billion in FY 2015. This was $228 billion higher than in FY 2014, an increase of 8 percent. As a percentage of GDP, receipts equaled 18.3 percent, 0.7 percentage points higher than in FY 2014. The increase in receipts from FY 2014 can be attributed to a stronger economy. Growth in wages and salaries made collections of individual and payroll taxes strong throughout the year. Corporation income tax collections also increased in FY 2015 due to growth in taxable profits. Other miscellaneous receipts also increased, primarily due to fees and payments enacted under the Affordable Care Act that were collected beginning in FY 2015.

Outlays for FY 2015 were $3,688 billion, $184 billion above those in FY 2014, a 5 percent increase. As a percentage of GDP, outlays were 20.7 percent, 0.4 percentage points higher than in the prior year. Contributing to the dollar increase over FY 2014 was higher spending for Social Security, Medicare, and Medicaid. Outlays also rose because receipts from the government-sponsored enterprises Fannie Mae and Freddie Mac, which are recorded as offsets to spending, were lower in FY 2015 than in FY 2014. In addition to these increases, outlays were higher than in the previous year in a number of agencies, including the Department of Education, the Department of Veterans Affairs, Other Defense Civil programs, the Office of Personnel Management, and the Railroad Retirement Board. These increases were partly offset by lower spending in FY 2015 in the Departments of Agriculture, Defense, Housing and Urban Development, and Labor, among other agencies. Lower interest outlays on debt held by the public and increased receipts from the sale of spectrum licenses also offset the overall spending increase.

Total Federal borrowing from the public increased by $337 billion during FY 2015 to $13,117 billion. The increase in borrowing included $439 billion in borrowing to finance the deficit, partly offset by $102 billion related to other transactions that reduced the Government’s financing requirements, such as changes in deposit fund balances and net disbursements for Federal credit programs. As a percentage of GDP, borrowing from the public declined from 74.4 percent of GDP at the end of FY 2014 to 73.8 percent of GDP at the end of FY 2015. Total borrowing from the public net of financial assets and liabilities increased by $438 billion during FY 2015 to $11,993 billion, or 67.5 percent of GDP. (This measure of net borrowing, as reported in the Monthly Treasury Statement, excludes the Federal Government’s holdings of Fannie Mae and Freddie Mac preferred stock. If those stock holdings were included, net borrowing as a percentage of GDP would be reduced further by roughly 1 percentage point.)

Below are explanations of the differences between estimates in the MSR and the year-end actual amounts for receipts and agency outlays.

**Fiscal Year 2015 Receipts**

Total receipts for FY 2015 were $3,248.7 billion, $0.3 billion higher than the MSR estimate of $3,248.5 billion. This net increase in receipts attributable to higher-than-estimated collections of individual income taxes, excise taxes, and miscellaneous receipts was almost entirely offset by lower-than-estimated collections of all other sources of receipts. Table 2 displays actual receipts and estimates from the Budget and the MSR by source.

- **Individual income taxes** were $1,540.8 billion, $0.5 billion higher than the MSR estimate. Withheld payments of individual income tax liability, which were higher than the MSR estimate by $1.7 billion, were partially offset by higher-than-estimated refunds of $0.7 billion and lower-than-estimated nonwithheld payments of $0.4 billion.

- **Corporation income taxes** were $343.8 billion, $3.1 billion lower than the MSR estimate. This difference reflected lower-than-expected payments of 2015 corporation income tax liability of $5.0 billion that were partially offset by lower-than-estimated refunds.

- **Social insurance and retirement receipts** were $1,065.3 billion, $5.1 billion lower than the MSR estimate. This reduction was primarily attributable to lower-than-estimated deposits by States to the unemployment insurance trust fund of $3.9 billion. Reductions in other sources of social insurance and retirement receipts – primarily Social Security and Medicare payroll taxes – accounted for the remaining reduction in this source of receipts relative to the MSR estimate.

- **Excise taxes** were $98.3 billion, $2.1 billion greater than the MSR estimate.

- **Estate and gift taxes** were $19.2 billion, $0.4 billion below the MSR estimate.

- **Customs duties** were $35.0 billion, $1.3 billion below the MSR estimate.
Fiscal Year 2015 Outlays

Total outlays were $3,687.6 billion for FY 2015, $15.4 billion below the MSR estimate. Table 3 displays actual outlays by agency and major program as well as estimates from the Budget and the MSR. The largest changes in outlays from the MSR were in the following areas:

- **Department of Agriculture** — Outlays for the Department of Agriculture were $139.1 billion, $5.5 billion lower than the MSR estimate.

  Outlays for the Supplemental Nutrition Assistance Program were $2.6 billion lower than the MSR estimate, largely as a result of lower-than-expected participation and average benefit costs. Less spending than anticipated in the mandatory disaster assistance programs and a slight delay in the grant awarding for the Biofuels Infrastructure Program led to lower outlays for the Farm Service Agency (which includes the Commodity Credit Corporation), $1.2 billion less than in the MSR. Finally, a new funding mechanism created by the Farm Bill led to slower-than-anticipated outlays for program contracts under the Regional Conservation Partnership Program and changes to the way projects are funded under the Watershed Rehabilitation Program resulted in slower-than-anticipated Natural Resources Conservation Service outlays for a combined total of $1.2 billion lower than the MSR estimate.

- **Department of Defense** — Outlays for the Department of Defense were $562.5 billion, $3.9 billion lower than the MSR estimate.

  The largest contributors to this difference were the working capital (revolving) funds, net outlays for which, taken together, were $4.1 billion lower than expected. Price decreases from suppliers, including for fuel, and purchases that did not occur contributed to the difference from the MSR estimate. Also, outlays for military construction, family housing, military personnel, and trust funds were slightly below MSR estimates. These decreases were partially offset by somewhat higher-than-expected outlays for operation and maintenance, procurement, and research, development, test and evaluation.

- **Department of Education** — Outlays for the Department of Education were $90.0 billion, $2.3 billion lower than the MSR estimate.

  This difference was driven by outlays for higher education programs, almost entirely due to two programs: the Federal Direct Student Loan Program and the Pell Grant Program. Because of changes in the mix of activity in direct student loans, $1.7 billion more in negative subsidy receipts for the FY 2015 loan cohort were recorded in FY 2015 than estimated in the MSR. Partially offsetting this difference, actual outlays in the Pell Grant Program were $0.7 billion above the MSR estimate due to faster-than-expected disbursement patterns.

- **Department of Health and Human Services** — Outlays for the Department of Health and Human Services were $1,027.4 billion, $2.4 billion lower than the MSR estimate.

  Medicaid outlays were $3.3 billion higher than the MSR estimate. The difference was primarily the result of higher-than-anticipated enrollment and benefits spending during the second half of the year. Outlays for the Children’s Health Insurance Program were $1.3 billion lower than the MSR estimate due to lower-than-expected benefits spending. Outlays for Substance Abuse and Mental Health Services Administration (SAMSHA) were $0.5 billion lower than in the MSR due to changes in grants administration funding schedules. SAMHSA is increasingly awarding multi-year grants and awarding grants later in the fiscal year, resulting in slower than historical outlay patterns. Outlays for the Centers for Disease Control and Prevention (CDC) were $0.8 billion lower than the MSR estimate due to grants and contracts awarded later than anticipated and multi-year resources that will be awarded in FY 2016 instead of late in FY 2015, as originally projected. Outlays for Affordable Exchange Grants were $0.8 billion lower than in the MSR due to lower-than-anticipated spending for these grants to States. Outlays for Risk Adjustment Program Payments were $1.7 billion lower than MSR due to less variability in the risk scores of participating health plans, resulting in lower overall transfers between plans.

- **Department of Homeland Security** — Outlays for the Department of Homeland Security were $42.6 billion, $1.4 billion higher than the MSR estimate.

  Outlays in a number of DHS components were above the MSR estimates, including $1.6 billion faster-than-expected spending of obligated balances for Coast Guard and Customs and Border Protection operations. Outlays for the Federal Law Enforcement Training Center were $0.7 billion higher than the MSR estimate, primarily because of faster-than-expected execution of reimbursable funding for the National Bio- and Agro-Defense Facility. Partially offsetting these increases, outlays for the Federal Emergency Management Agency were $0.6 billion below the MSR estimate, primarily due to due to lower-than-average disaster activity and slower-than-expected outlays for continuing Hurricane Sandy recovery efforts.

- **Department of Justice** — Outlays for the Department of Justice were $26.9 billion, $3.7 billion lower than the MSR estimate.

  Most of the difference is attributed to increased collections within receipt accounts resulting from civil enforcement efforts. A small number of cases under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) resulted in large collections in FY 2015, reducing the Department’s net outlays. The remainder of the variance is due to other factors, including a reduction in the average daily population of prisoners in the US. Marshals’ custody and negative outlays from the Working Capital Fund resulting from unanticipated receipts.

- **Department of Labor** — Outlays for the Department of Labor were $45.2 billion, $1.3 billion lower than the MSR estimate.
The difference from the MSR estimate was the result of differences in two parts of the Department. First, outlays for the Employment and Training Administration were $2.6 billion below MSR, primarily due to discrepancies in the Unemployment Insurance (UI) administrative costs and benefits. Specifically, the MSR overstated outlays from States administering the Emergency Unemployment Compensation program and the regular State UI programs by $0.8 billion. In addition, projected State UI benefits were overstated by $1.0 billion due to better-than-projected economic conditions. Second, outlays for the Pension Benefit Guaranty Corporation (PBGC) were $1.3 billion above the MSR estimate because the agency did not receive an expected reimbursement from its trust fund until after the fiscal year had ended. PBGC pays benefits out of its on-budget revolving fund; these outlays are then partially offset by a payment from its non-budgetary trust fund to the revolving fund, which normally happens in September.

- **Department of State** — Outlays for the Department of State were $26.5 billion, $2.8 billion lower than the MSR estimate.

  The difference from the MSR estimate was primarily driven by a delay in lump sum payments to the Global Fund to Fight AIDS, tuberculosis, and malaria. The delay was necessary due to a shortfall in statutorily required matching payments from other donors. There have also been unexpected delays in implementing the bilateral HIV/AIDS program in many countries.

- **Department of Transportation** — Outlays for the Department of Transportation were $75.5 billion, $1.6 billion lower than the MSR estimate.

  Approximately $0.5 billion of the difference can be attributed to the Federal Aviation Administration (FAA). Within the FAA, outlays were lower due to some annual contracts being obligated later in the fiscal year, which will result in outlays for those contracts occurring in the following fiscal year. Further, grants in the FAA Airport Improvement Program were obligated more slowly than expected to airport sponsors, slowing FY 2015 outlays. Outlays for a number of programs in the Office of the Secretary were lower than MSR estimates by $0.4 billion. The Maritime Administration (MARAD) had lower outlays primarily due to contract awards being slower than anticipated, impacting start dates and payments. In addition, MARAD had lower-than-expected approvals and closings for its loan program and a higher-than-realized estimate for reimbursable agreements for the Ready Reserve Program. The Federal Transit Administration’s lower spending was primarily due to slower-than-expected obligation of grants in the emergency relief program, resulting in lower outlays.

- **Department of the Treasury** — Outlays for the Department of the Treasury were $485.6 billion, $11.9 billion higher than the MSR estimate.

  The increase was mostly due to lower-than-expected receipts of interest from nonbudgetary credit financing accounts, and greater interest payments on Treasury debt securities held by other Government accounts. These effects were partly offset by higher-than-expected dividend receipts from the government-sponsored enterprises (GSEs).

  - Net outlays for intragovernmental interest transactions with non-budgetary credit financing accounts were $10.7 billion higher than projected, including $6.0 billion lower-than-expected interest paid to credit financing accounts and $16.8 billion lower-than-anticipated receipts of interest received from credit financing accounts. (Interest received from credit financing accounts is reported in Treasury’s aggregate offsetting receipts.)
  - Interest on the public debt, which is paid on debt held by Government accounts as well as by the public, was $5.8 billion higher than the MSR estimate. The difference was due largely to higher-than-projected interest paid to trust funds and other Government accounts—particularly the Military Retirement and the Defense Medicare-Eligible Retiree Health Care Fund—as well as higher-than-projected interest paid to the public on inflation-indexed securities.
  - Dividend payments from GSEs on the Senior Preferred Stock Purchase Agreements were $3.2 billion higher than projected, reducing net outlays relative to the MSR, as a result of GSE accounting gains on derivatives due to increasing long-term interest rates and a steepening of the yield curve.

- **Department of Veterans Affairs** — Outlays for the Department of Veterans Affairs (VA) were $159.2 billion, $1.3 billion higher than the MSR estimate.

  The difference was driven by higher medical care costs and construction of major projects, which were partially offset by lower benefit outlays. Outlays for the Veterans Health Administration were $1.9 billion above the MSR estimate due to increased delivery of health care, including non-VA care in the community, to address veterans’ higher demand for medical services and to reduce waiting times. Other VA outlays were $0.6 billion higher than expected, primarily due to $0.5 billion in higher outlays for construction of major projects. These increases were offset by decreases in outlays for compensation and pension benefits (-$0.7 billion) and readjustment benefits (-$0.6 billion) due to retroactive payments, the survivor pension caseload, and the Chapter 33 caseload all being lower than anticipated.

- **International Assistance Programs** — Outlays for International Assistance Programs were $21.0 billion, $1.0 billion higher than the MSR estimate.

  Net outlays for the Department of State Foreign Military Financing account were $0.6 billion higher than the MSR estimate, due to higher-than-projected spending for military assistance programs. In addition, outlays for international monetary programs were $0.9 billion higher than projected, reflecting unrealized net gains and losses on the U.S. reserve position in the International Monetary Fund (IMF). This was largely due to increases in the value of the dollar relative to the Special Drawing Right (SDR), the IMF unit of account, resulting in valuation losses (i.e., higher outlays).

- **Other Defense Civil Programs** — Outlays for the Other Defense Civil Programs were $63.0 billion, $1.8 billion lower than the MSR estimate.

  Most of the difference was due to higher earnings on investments held by the Defense Medicare-Eligible Retiree Health Care Fund, which reduced net outlays. Lower-than-expected outlays for this program were partly offset by higher-than-expected spending for military retirement benefits.

- **Office of Personnel Management** — Outlays for the Office of Personnel Management were $91.7 billion, $4.8 billion lower than the MSR estimate.
This difference is primarily attributable to Congressional inaction on the proposal for reform of the United States Postal Service (USPS). The MSR proposal included a $0.8 billion payment in FY 2015 from the Civil Service Retirement and Disability Fund (CSRDF) to USPS to refund excess Federal Employees Retirement System contributions to USPS. The proposal also contained a provision requiring the Postal Service Retiree Health Benefit Fund (PSRHBF) to outlay the Government’s $3.1 billion share of annuitant health insurance premiums to former Postal Service employees. In addition, annuity payments made from the CSRDF were $0.9 billion lower than estimated in the MSR.

- **Social Security Administration** — Outlays for the Social Security Administration were $944.1 billion, $2.3 billion lower than the MSR estimate.
  
  The difference is primarily attributable to lower-than-expected outlays for the Old Age and Survivors and Disability Insurance programs.

- **Federal Deposit Insurance Corporation** — Net outlays for the Federal Deposit Insurance Corporation were -$11.3 billion, $4.9 billion lower than the MSR estimate.
  
  The difference was primarily attributable to lower-than-expected payments related to the corporation’s resolution of failed insured depository institutions through the Deposit Insurance Fund, which was partially a result of better-than-expected capital positions among banking institutions.

- **United States Postal Service** — Outlays for the United States Postal Service were -$1.6 billion, $1.2 billion higher than the MSR estimate.
  
  Outlays were higher than the MSR estimate due largely to Congressional inaction on the Budget proposal for Postal reform. The Budget proposed to provide USPS with short-term cash relief, beginning in FY 2015, and to make longer-term structural reforms to address USPS’s financial imbalance.

- **Railroad Retirement Board** — Outlays for the Railroad Retirement Board were $8.3 billion, $1.8 billion higher than the MSR estimate, due largely to the National Railroad Retirement Investment Trust’s unrealized gains and losses on investments. Actual returns to the Trust were much lower than projected in the MSR due to unfavorable market conditions in the last few months of FY 2015.

- **Undistributed Offsetting Receipts** — Undistributed Offsetting Receipts were -$257.6 billion, $9.7 billion higher than the MSR estimate.
  
  Interest received by trust funds was $4.0 billion greater than the MSR estimate, reducing net outlays. The difference was due largely to the interest earnings of the Military Retirement Fund, which were $3.5 billion greater than the MSR estimate, primarily because of higher-than-expected interest on inflation-indexed securities held by the fund. This intragovernmental interest is paid out of the Department of the Treasury account for interest on the public debt and has no net impact on total Federal government outlays.

  Receipts from spectrum auctions deposited into the Public Safety Trust Fund were $18.6 billion, $11.0 billion lower than the MSR estimate. The difference was due to delays in issuance of certain spectrum licenses associated with the Advanced Wireless Services 3 (AWS-3) spectrum auction, which concluded in January 2015. The Federal Communications Commission must issue those licenses before depositing associated auction receipts into the Public Safety Trust Fund, and anticipates completing that process early in FY 2016.

  Receipts for Federal employer share, employee retirement were $2.8 billion less than the MSR estimate, increasing net outlays. The difference was largely the result of Congressional inaction on the 2016 Budget’s proposal for Postal reform, which includes employer share payments from Postal to the Postal Retiree Health Benefits Fund.

[1] The estimates of GDP used in the calculations of the deficit and borrowing relative to GDP reflect the revisions to historical data released by the Bureau of Economic Analysis (BEA) in July 2015. GDP for FY 2015 is based on the economic forecast for the 2016 Mid-Session Review, adjusted for the BEA revisions.