WASHINGTON — U.S. Secretary of the Treasury Janet L. Yellen and White House Office of Management and Budget (OMB) Director Shalanda D. Young today released the final budget results for fiscal year (FY) 2022. During FY 2022, the deficit fell by $1.4 trillion—the largest one-year decrease in the Federal deficit in American history. The 2022 deficit of $1.375 trillion was half of the FY 2021 deficit, $40 billion less than forecasted in the President’s 2023 Budget and $1.8 trillion lower than the deficit the President inherited. As a percentage of GDP, the FY 2022 deficit was 6.8 percentage points lower than in the previous year.[1]

From Day One, the Biden-Harris Administration has been working to build an economy that works for everyone. Under the President’s leadership—and thanks in part to the American Rescue Plan (ARP) and a historic vaccination effort—America has more than recovered all of the jobs lost during the pandemic. Our economy has added more than 10 million jobs since the President took office, and the unemployment rate has returned to its pre-pandemic, 50-year low of 3.5 percent. The President’s economic plan has helped usher in a new era of American manufacturing, with nearly 700,000 new manufacturing jobs added since January 2021. And, the historic Inflation Reduction Act will bring down energy, health care, and prescription drug costs, tackle the climate crisis, further reduce the deficit, and make our tax system fairer.

“Today’s joint budget statement provides further evidence of our historic economic recovery, driven by our vaccination effort and the American Rescue Plan. It also demonstrates President Biden’s commitment to strengthening our nation’s fiscal health,” Secretary of the Treasury Janet L. Yellen said. “President Biden’s recently enacted economic plan will build on the economic gains of the past two years. The Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act will help put the country on a path to sustained economic growth, create new and good-paying jobs across the country, and strengthen American economic resilience for years to come.”
“The President’s economic plan is focused on growing our economy from the bottom up and the middle out,” said Shalanda Young, Director of the Office of Management and Budget. “Under his leadership, more Americans are working today than at any point in our country’s history, our economy has added more than 10 million jobs, manufacturing is booming, and we cut last year’s deficit in half. With the historic Inflation Reduction Act, the Biden-Harris Administration is going to continue building on this progress and delivering for the American people—cutting everyday costs for families, tackling the climate crisis, and ensuring the biggest corporations pay their fair share.”

**SUMMARY OF FISCAL YEAR 2022 BUDGET RESULTS**

Year-end data from the September 2022 Monthly Treasury Statement of Receipts and Outlays of the United States Government show that the deficit for FY 2022 was $1.375 trillion—$1.400 trillion less than the prior year’s deficit. As a percentage of GDP, the deficit was 5.5 percent, a decrease of 6.8 percentage points (55 percent) from 12.3 percent in FY 2021.

The FY 2022 deficit was $40 billion less than the estimate of $1.415 trillion in the 2023 Budget published in May, and $344 billion higher than the estimate of $1.032 trillion in the Mid-Session Review (MSR), a supplemental update to the Budget published in August.

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<th>Table 1. Total Receipts, Outlays, and Deficit (in trillions of dollars)</th>
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<td>FY 2021 Actual</td>
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Governmental receipts totaled $4.896 trillion in FY 2022 and exceeded Budget projections but were less than MSR projections. As a share of GDP, receipts were 19.6 percent. Relative to FY 2021, receipts increased by $850 billion, an increase of 21 percent. The increase in receipts for FY 2022 is primarily attributable to higher individual and corporation income tax collections and social insurance and retirement receipts, along with increases in most other sources of receipts.

Outlays were $6.272 trillion in FY 2022, $420 billion higher than projected in the Budget and $299 billion higher than projected in the MSR. Compared with FY 2021, outlays decreased $550 billion, or 8.1 percent. This decrease in part reflects reductions in COVID-related spending, including unemployment insurance and Small Business Administration programs. Outlays for some other categories of spending increased, including student loans, Medicare, and net interest.

Total Federal borrowing from the public increased by $2.0 trillion during FY 2022 to $24.3 trillion. The increase in borrowing included $1.4 trillion in borrowing to finance the deficit as well as $0.6 trillion in net borrowing related to other transactions such as changes in cash balances and net disbursements for Federal credit programs. As a percentage of GDP, borrowing from the public fell from 98.4 percent of GDP at the end of FY 2021 to 97.0 percent of GDP at the end of FY 2022.

To coincide with the release of the Federal Government's year-end financial data, Treasury’s Bureau of the Fiscal Service (Fiscal Service) is releasing a new version of Your Guide to America’s Finances (Your Guide). The Fiscal Service created Your Guide in 2019 to make Federal financial
information transparent and accessible to all Americans. The latest version offers easy-to-understand explainer pages and makes content more accessible on mobile devices. The data in Your Guide are automatically updated throughout the year as new data become available, ensuring that the public has access to the latest financial information as quickly as possible.

Below are explanations of the differences between FY 2022 estimates and the year-end actual amounts for receipts by source and outlays by agency.

**FISCAL YEAR 2022 RECEIPTS**

Total receipts for FY 2022 were $4,896.1 billion, $44.6 billion lower than the MSR estimate of $4,940.7 billion. This net decrease in receipts was the net effect of lower-than-estimated collections of individual income taxes, deposits of earnings by the Federal Reserve, other miscellaneous receipts, and customs duties, partially offset by higher-than-estimated collections of corporation income taxes, social insurance and retirement receipts, estate and gift taxes, and excise taxes. Table 2 displays actual receipts and estimates from the MSR by source.

- **Individual income taxes** were $2,632.1 billion, $69.3 billion lower than the MSR estimate. This difference was the net effect of lower withheld payments of individual income tax liability of $33.6 billion, lower nonwithheld payments of $7.8 billion, and higher-than-estimated refunds of $20.9 billion. Additionally, the MSR estimates included $7.0 billion in receipts from a legislative proposal to strengthen taxation of high-income taxpayers that remains unenacted as of the publication of this document.

- **Corporation income taxes** were $424.9 billion, $20.7 billion above the MSR estimate. This difference was the net effect of higher-than-expected payments of corporation income tax liability of $17.0 billion and lower-than-estimated refunds of $3.7 billion.

- **Social insurance and retirement receipts** were $1,483.5 billion, $17.2 billion higher than the MSR estimate.

- **Excise taxes** were $87.7 billion, $1.9 billion above the MSR estimate.

- **Estate and gift taxes** were $32.6 billion, $2.2 billion above the MSR estimate.

- **Customs duties** were $99.9 billion, $1.1 billion below the MSR estimate.

- **Miscellaneous receipts** were $135.4 billion, $16.1 billion below the MSR estimate. This was the net effect of deposits of earnings by the Federal Reserve system that were $8.7 billion lower-than-expected, largely due to higher short-term interest rates and lower
earnings as they have adjusted their asset holdings; along with lower-than-expected collections of various fees, penalties, forfeitures, and fines of $7.4 billion.

FISCAL YEAR 2022 OUTLAYS

Total outlays were $6,271.5 billion for FY 2022, $299.3 billion higher than 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 $245.2 billion, $14.0 billion lower than the MSR estimate.

Supplemental Nutrition Assistance Program (SNAP) outlays in FY 2022 were approximately $16.9 billion below MSR estimates. This is due to a combination of unexpected delays in the issuance of Pandemic EBT benefits in some states; a faster-than-anticipated decline in the use of Emergency Allotment payments provided during the COVID-19 pandemic; and lower-than-anticipated program participation.

Outlays in the Child Nutrition Programs were about $5.3 billion higher than MSR estimates. About half of this difference was due to outlays from a transfer of funds for Local Food Procurement and Management and funding provided in the Keep Kids Fed Act. In addition, the cost of the waivers allowing for universal free school meals in school year 2022-2023 was greater than anticipated.

Actual outlays for the Office of the Secretary in FY 2022 were $3.1 billion higher than the estimate in MSR. This is primarily due to faster-than-anticipated implementation of the Emergency Relief Program (ERP), which provided indemnity payments to farmers impacted by natural disasters. The agency had only assumed in $1 billion in outlays in MSR for ERP.

**Department of Defense** — Outlays for the Department of Defense were $726.6 billion, $7.1 billion higher than the MSR estimate. This difference is mostly due to higher-than-expected outlays for such as operational and training costs including fuel ($1.7 billion), Air Force and Defense-wide research, development, test, and evaluation activities ($2.8 billion), and Air Force and Army personnel ($2.5 billion).

**Department of Education** — Outlays for the Department of Education were $639.4 billion, $408.0 billion higher than the MSR estimate. Outlays in the Federal Direct Student Loan Program and the Family Federal Education Loan Program were $429.2 billion higher than the MSR estimate due primarily to upward modifications for extensions of the pause of student loan
payments, interest, and collections first authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, waivers related to income-driven repayment forgiveness and Public Service Loan Forgiveness, and broad-based student loan forgiveness authorized by the Higher Education Relief Opportunities for Students (HEROES) Act of 2003. Outlays in the Elementary and Secondary Education account were $20.1 billion lower than the MSR estimate primarily due to challenges in the State and local administration of ARP and other COVID-19 supplemental appropriations, including ongoing staffing shortages in school districts and supply chain constraints that have pushed out dates for completing facility upgrades.

**Department of Health and Human Services** — Outlays for the Department of Health and Human Services were $1.643 trillion, $17.7 billion lower than the MSR estimate. Gross outlays for Medicare’s Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds were $8.0 billion and $3.5 billion higher than projected due to the timing of payments to Medicare Advantage plans. There were more receipts than expected for the fiscal year, largely due to refunds, which totaled $50.0 billion for HI and $26.9 billion for SMI in 2022. The increase in refunds is partially from the repayment of Medicare accelerated and advance payments to providers and suppliers.

The actual outlays for other health programs were $14.3 billion lower than projected in MSR, primarily due to the absence of an appropriation for Cost-Sharing Reductions. Outlays for the Indian Health Services were $3.8 billion lower than MSR due to a slowdown in outlays in the fourth quarter. Outlays for Medicaid were $5.8 billion above the MSR estimate, primarily driven by higher-than-anticipated enrollment.

**Department of Homeland Security** — Outlays for the Department of Homeland Security were $80.9 billion, $10.2 billion lower than the MSR estimate. Approximately $7 billion of the difference is driven by the Federal Emergency Management Agency (FEMA), of which over $5 billion is due to FEMA’s Disaster Relief Fund. This is due to slower-than-anticipated grant drawdowns from states, including for COVID-19 response spending. In general, states have slowed down reimbursement requests and are likely spending down other Federal resources.

**Department of Labor** — Outlays for the Department of Labor were $51.7 billion, $51.6 billion lower than the MSR estimate. The difference is predominately due to lower-than-expected outlays from the Pension Benefit Guaranty Corporation’s (PBGC) Special Financial Assistance Program (SFA). PBGC outlays were $47.3 billion lower than expected as a result of a number of multi-employer pension plans withdrawing or delaying their application for SFA until after the release of the SFA final rule released on July 6, 2022, which is used to calculate the amount...
Special Financial Assistance that would be awarded to pension plans. In addition, outlays for the Employment and Training Administration were $4.6 billion lower than expected as a result of recoveries of overpayments of pandemic Unemployment Insurance (UI) benefits, particularly from the Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Unemployment Assistance (PUA) programs. Recoveries in these programs were higher than initially projected.

**Department of State** — Outlays for the Department of State were $33.2 billion, $3.4 billion lower than the MSR estimate. Outlays were lower than expected for Department of State programs associated with the administration of foreign affairs, mostly due to lower-than-anticipated spending for diplomatic and consular operations, as well as lower outlays than estimated for humanitarian assistance and international narcotics control and law enforcement assistance programs.

**Department of Transportation** — Outlays for the Department of Transportation were $113.7 billion, $9.2 billion lower than the MSR estimate. More than half of this difference was due to slower-than-expected spending of Federal Transit Administration (FTA) COVID supplemental funding for a variety of reasons, including supply chain disruptions and labor force shortages that impacted local transit agencies’ ability to spend Federal funds. The other major reason for the difference was that the Federal Railroad Administration (FRA) and Amtrak agreed to a new payment method for Infrastructure Investment and Jobs Act supplemental funds, under which FRA will outlay quarterly based on Amtrak’s estimated funding needs for the upcoming period.

**Department of the Treasury** — Outlays for the Department of the Treasury were $1.162 trillion, $24.9 billion higher than the MSR estimate.

Interest on the public debt, which is paid to the public and to trust funds and other Government accounts, was $36.6 billion higher than the MSR estimate. The difference was due primarily to higher-than-projected interest paid on inflation-protected securities held both by the public and by Government accounts.

Net outlays for intragovernmental interest transactions with non-budgetary credit financing accounts were $8.2 billion higher than projected, including $6.1 billion in lower-than-projected receipts of interest from credit financing accounts and $2.0 billion higher-than-anticipated interest paid to credit financing accounts. (Interest received from credit financing accounts is reported in Treasury’s aggregate offsetting receipts.)
Non-IRS pandemic response programs enacted in the Consolidated Appropriations Act, 2021 and the ARP accounted for $6.4 billion in lower-than-projected outlays. This difference was mostly attributable to $3.7 billion less-than-forecasted outlays by the Emergency Rental Assistance program, because of slower-than-expected spending by recipients, which delayed subsequent disbursements. This difference also reflected $1.6 billion in lower-than-estimated outlays by the State Small Business Credit Initiative (SSBCI), $0.7 billion lower outlays by the ARP state and local programs, and $0.4 billion lower outlays by the Homeowner Assistance Fund due to slower-than-expected recipient submissions and ongoing award and compliance reviews.

Outlays for individual and corporate refundable credits created in the CARES Act, the Consolidated Appropriations Act, 2021, and the ARP, along with coronavirus payments (e.g., Economic Impact Payments), were $15.8 billion lower than estimated at MSR due to lower-than-expected take-up and other factors. Other refundable credits were $1.3 billion lower than estimated. This was partly offset by outlays for Refundable Premium Tax Credits, which were $7.3 billion higher than estimated at MSR due to increased enrollment in the individual health insurance market.

Net outlays for other Treasury activities were $4.3 billion lower than MSR estimates, reflecting (among other factors) lower-than-projected net outlays for IRS administrative expenses, Troubled Asset Relief Program (TARP) housing programs and Treasury Forfeiture Fund activities.

Department of Veterans Affairs — Outlays for the Department of Veterans Affairs (VA) were $273.9 billion, $7.6 billion lower than the MSR estimate.

The difference was driven mostly by differences in Benefits programs, which were $4.6 billion lower than the MSR estimate, and Departmental Administration programs, which were $4.0 billion lower than the MSR estimate. Benefits programs were lower than expected in part due to fewer beneficiaries accessing benefits than estimated. Departmental Administration programs were lower than expected in part due to delays in Electronic Health Record Modernization deployment. These differences were partially offset by outlays in the Veterans Health Administration that were higher than estimated at MSR.

Undistributed Offsetting Receipts — Undistributed Offsetting Receipts were -$418.4 billion, $10.3 billion higher net collections than the MSR estimate.

Interest received by trust funds was $9.9 billion lower than the MSR estimate (higher interest collections). The difference was due largely to Military Retirement Fund interest earnings on
inflation-protected securities. Total Military Retirement Fund interest earnings were $9.4 billion higher than the MSR estimate. 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.

**Table 2- Receipts by Source**

**Table 3- Outlays by Agency**

[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 September 2022. GDP for FY 2022 is based on the economic forecast for the 2023 Mid-Session Review, adjusted for the BEA revisions.