

# US deficit projected to reach \$1.9 trillion this year

BY [ARIS FOLLEY](#)

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The federal budget deficit is projected to reach \$1.9 trillion this fiscal year, the Congressional Budget Office (CBO) said Tuesday, as government spending continues to rise.

The estimate of the gulf between annual revenue and spending is up about \$400 billion from the office's projections released in February. It was included in the nonpartisan budget scorekeeper's latest update to its 2024-2034 budget and economic outlook.

The office attributed the 27-percent jump largely to several key drivers, including foreign military aid, the Biden administration's student loan actions, the Federal Deposit Insurance Corporation's slower-than-expected recovery of payments made in response to bank failures over the past two years, higher outlays for Medicaid and increases in discretionary spending.

The cumulative deficit from 2025 to 2034 is projected to reach \$22.1 trillion, which is 10 percent higher than the office previously projected in February, marking a \$2.1 trillion increase.

“The largest contributor to the cumulative increase was the incorporation of recently enacted legislation into CBO's baseline, which added \$1.6 trillion to projected deficits,” the CBO said Monday. “That legislation included emergency supplemental appropriations that provided \$95 billion for aid to Ukraine, Israel, and countries in the Indo-Pacific region.”

“By law, that funding continues in future years in CBO's projections (with adjustments for inflation), boosting discretionary outlays by \$0.9 trillion through 2034.”

Stacked against the past five decades, the budget analysts said deficits over the next 10 years “are about 70 percent larger than their historical average” when measured “in relation to economic output.”

As interest costs and spending on programs like Medicare and Social Security continue to rise, the CBO projects federal outlays will reach 24.2 percent of gross domestic product (GDP) in 2024 and 24.9 percent of GDP in 2034.

The CBO projected revenues to total 17.2 percent of GDP in 2024, then rise 0.8 percent by 2027 as parts of former President Trump's signature 2017 tax law are set to expire.

Debt held by the public is also expected to rise from 99 percent of GDP in 2024 to 122 percent in 2034, which the office notes is "higher than at any point in history."

*The recent update has already prompted a chorus of reactions from lawmakers and budget hawks, particularly as Republicans and Democrats have already started to trade jabs over the nation's debt, which stands at more than \$34 trillion.*

"This 4-month, \$400 billion increase in projected deficits marks the third highest yearly deficit increase in American history, equal to 6.7 percent of our GDP," House Budget Committee Chair Jodey Arrington (R-Texas) said in statement Tuesday, before going on to take aim at "the Biden Administration's use of executive actions."

White House Press Secretary Karine Jean-Pierre called the report "further evidence of the need for Congress" to pass President Biden's budget blueprint, which includes proposals aimed at increasing taxes on the wealthy, instead of what she described as "blowing up the debt with \$5 trillion of more Trump tax cuts."

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