USAFacts

Federal finances

Overview: Federal finances

President Trump signed the One Big Beautiful Bill Act into law in July 2025. The legislation extended major tax provisions scheduled to expire, created new deductions for overtime and tipped income, and made changes to Medicaid, the Supplemental Nutrition Assistance Program, and student loan programs.

The administration also imposed a range of new tariffs in 2025. As a result, customs duties, a relatively small revenue source for decades, more than doubled to $194.9 billion in fiscal year (FY) 2025. However, a substantial portion of this revenue may be refunded as a result of the Supreme Court striking down any tariffs imposed under the International Emergency Economic Powers Act as illegal.

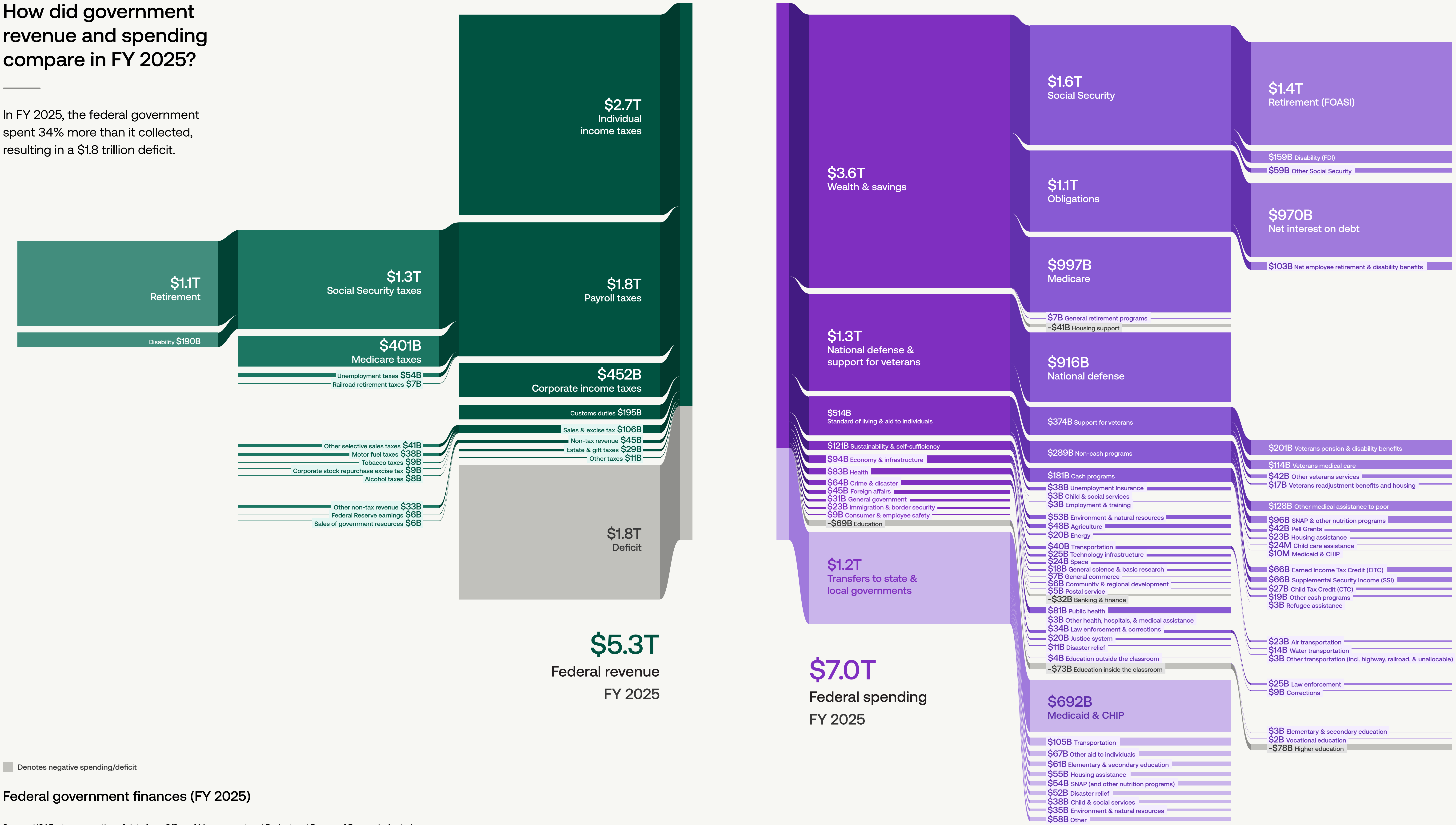
This chapter provides data on revenue sources, mandatory and discretionary spending, the deficit, and the national debt to illuminate how these events and policies may have impacted, or may impact, the federal budget.

Data summary

- In FY 2025, the federal government collected $5.3 trillion in revenue. Fifty percent came from individual income taxes, 34% from payroll taxes, and 9% from corporate income taxes.
- Total federal spending was $7.0 trillion. Social Security, transfers to state and local governments, and defense and support for veterans made up more than half of all spending.
- Mandatory spending was $4.2 trillion, or 60% of the budget. Social Security was the largest mandatory spending program, followed by Medicare and Medicaid/CHIP. Discretionary spending totaled $1.9 trillion, with national defense accounting for 48%.
- The total federal debt reached $38.5 trillion by the end of 2025. Eighty percent of that was held by the public, including individuals, businesses, banks, the Federal Reserve, and foreign investors. Debt held by the public was 98.2% of GDP.

How did government revenue and spending compare in FY 2025?

In FY 2025, the federal government spent 34% more than it collected, resulting in a $1.8 trillion deficit.



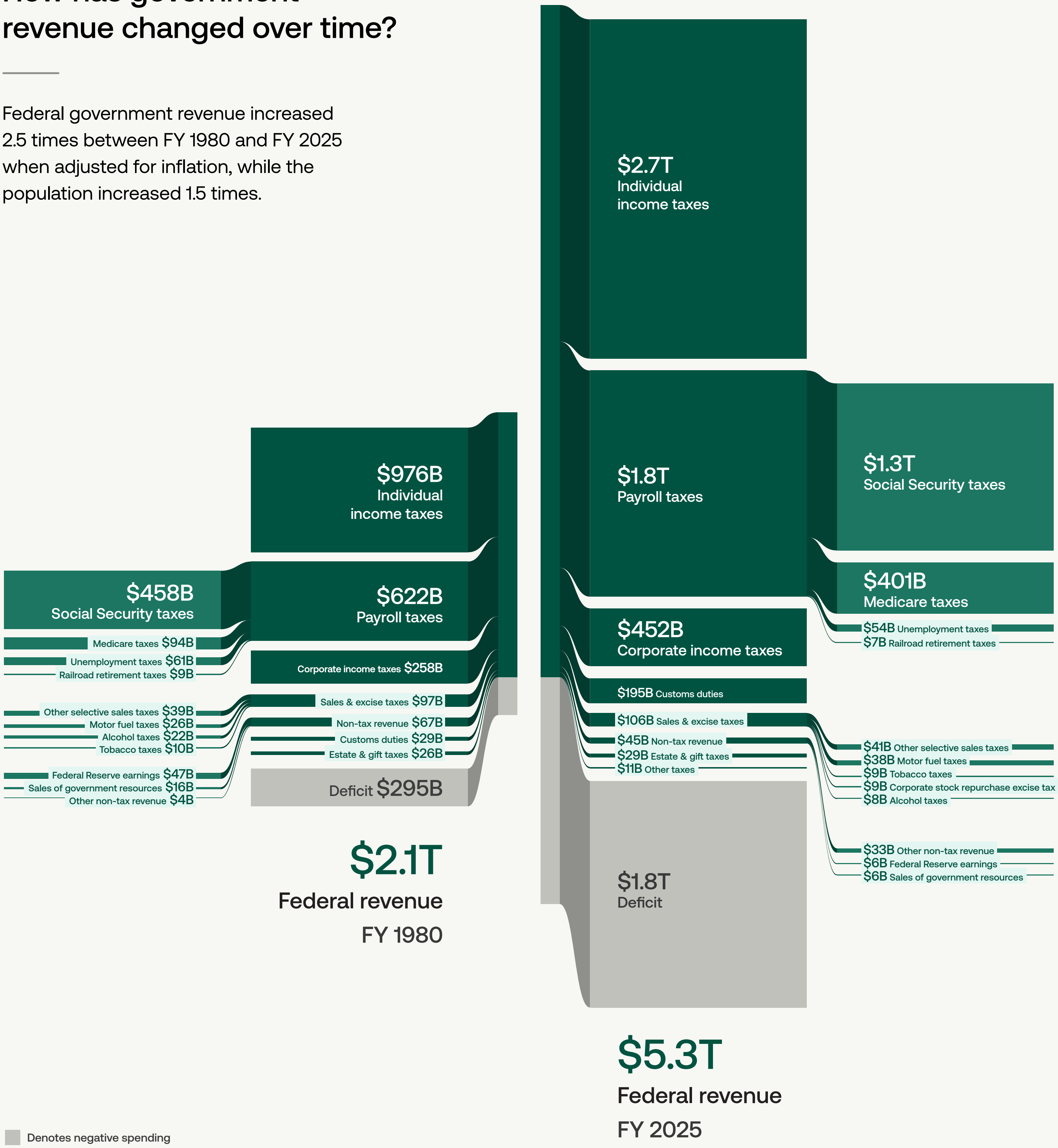
Denotes negative spending/deficit

Federal government finances (FY 2025)

Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Charts are shown to scale for comparison. Numbers may not add due to rounding.

How has government revenue changed over time?

Federal government revenue increased 2.5 times between FY 1980 and FY 2025 when adjusted for inflation, while the population increased 1.5 times.



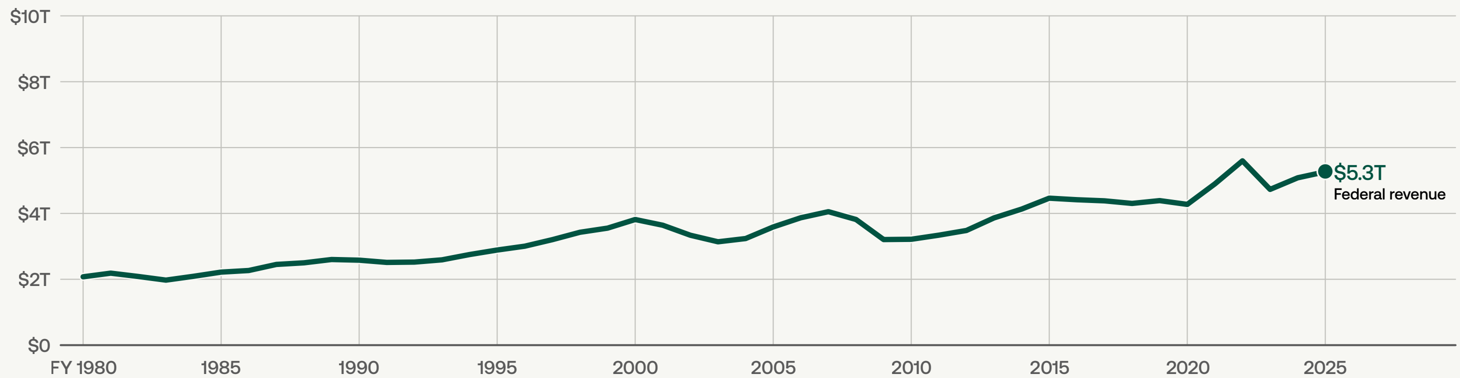
Federal government revenue (FY 1980 vs. FY 2025)

Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Adjusted for inflation (FY 2025 dollars). Charts are shown to scale for comparison. Numbers may not add due to rounding.

What are the government's primary revenue sources?

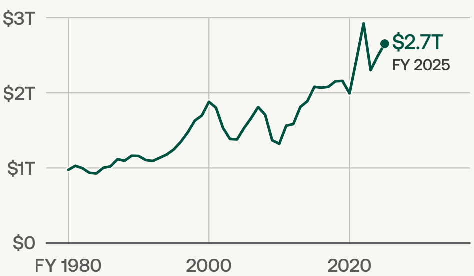
In FY 2025, the federal government collected $5.3 trillion in revenue. Fifty percent came from individual income taxes, while 34% came from payroll taxes that fund Social Security and Medicare. Other revenue sources included corporate income taxes, customs duties, sales and excise taxes, and non-tax revenue, like Federal Reserve earnings and the sale of government resources.

Federal government revenue

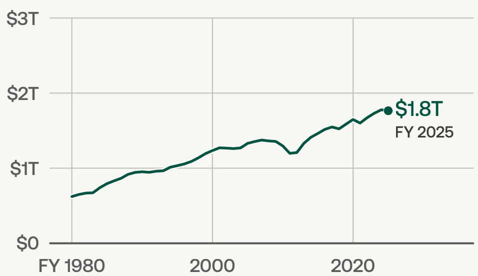


Most federal government revenue in FY 2025 came from six categories

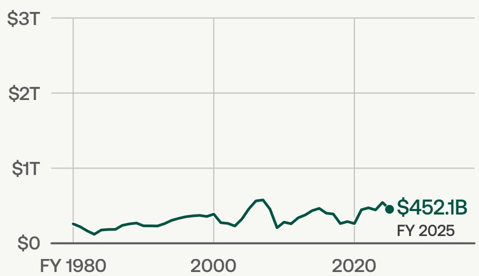
50% Individual income taxes



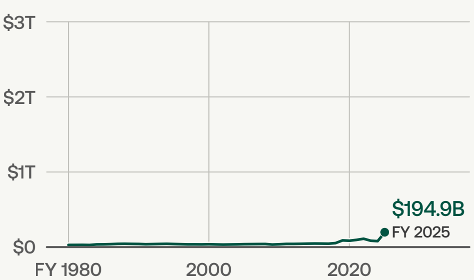
34% Payroll taxes



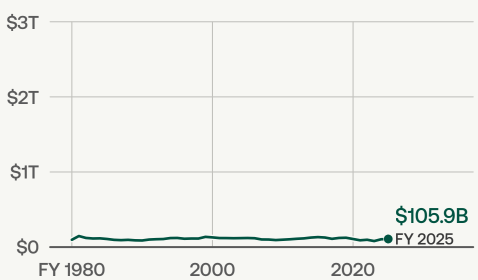
9% Corporate income taxes



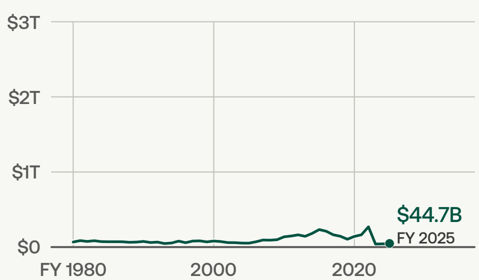
4% Customs duties



2% Sales & excise taxes



1% Non-tax revenue



Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Adjusted for inflation (FY 2025 dollars). Numbers may not add due to rounding.

How has federal spending changed over time?

Federal spending increased 3.0 times between FY 1980 and FY 2025 when adjusted for inflation, while the population increased 1.5 times.

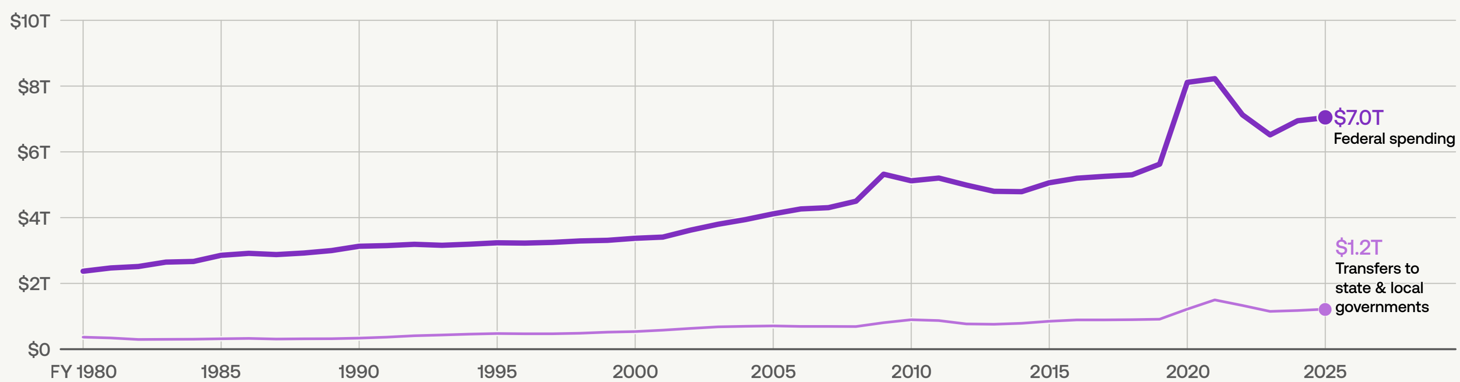
Federal government spending (FY 1980 vs. FY 2025)

Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Adjusted for inflation (FY 2025 dollars). Charts are shown to scale for comparison. Numbers may not add due to rounding.

What does the government spend the most money on?

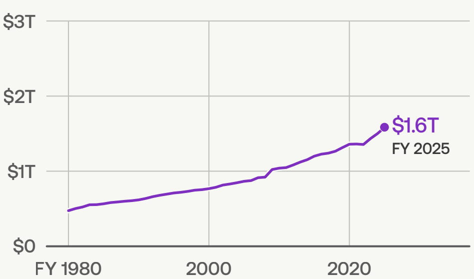
The federal government spent $7.0 trillion in FY 2025, including transfers to states. Social Security (22%), defense and veterans (18%), and transfers to state and local governments (17%) accounted for more than half of spending. Federal spending increased by 1% in FY 2025, marking the second consecutive year of spending growth.

Federal government spending

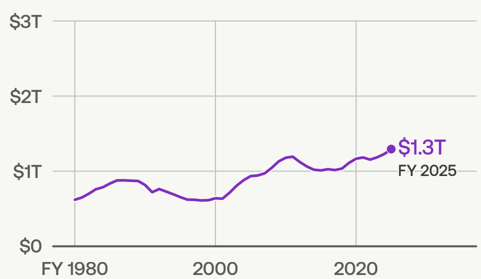


95% of federal government spending in FY 2025 went to six categories

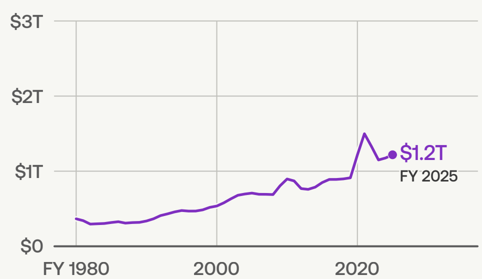
22% Social Security



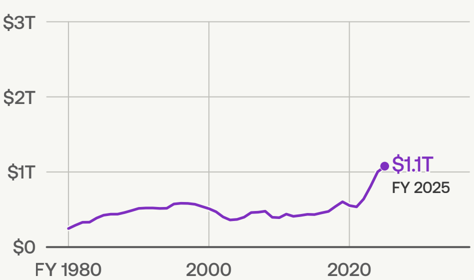
18% National defense & veterans



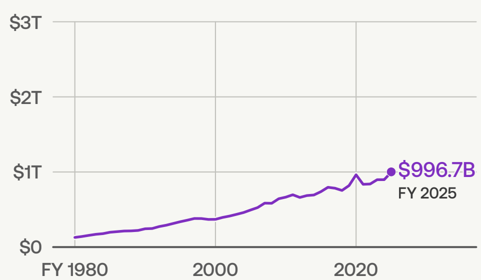
17% Transfers to state & local governments



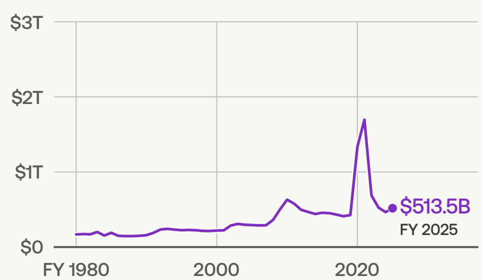
15% Obligations (including debt interest)



14% Medicare



7% Standard of living & aid to individuals



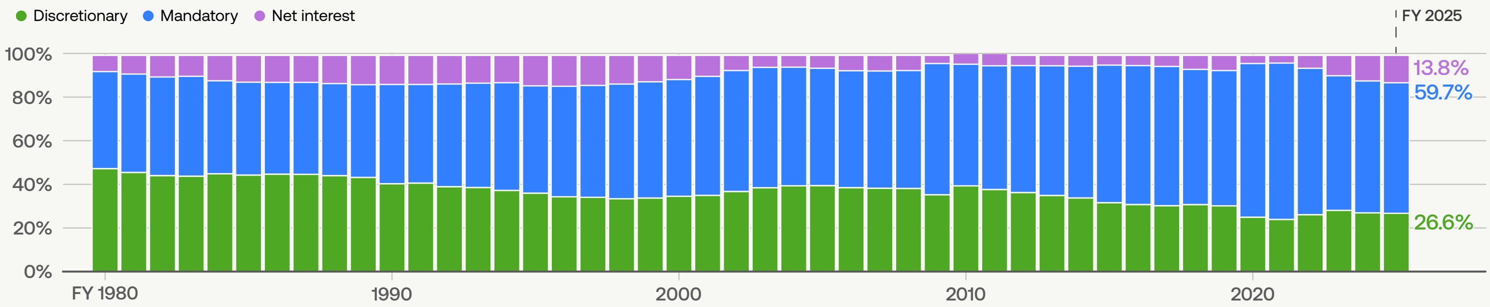
Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Adjusted for inflation (FY 2025 dollars). Numbers may not add due to rounding.

What are the components of government spending?

There are three types of federal government spending: mandatory, discretionary, and interest. Mandatory spending must be funded as the law requires, unless Congress changes the rules or laws regarding the programs. This type of spending made up 60% of the budget in FY 2025, up from 45% in FY 1980. Congress uses the appropriations process to determine annual discretionary spending and can change it depending on national priorities. In FY 2025, this spending made up 27% of the budget. The government also pays interest on the national debt, which is the cost of borrowing from previous years. These payments aren't tied to any specific program and must be paid regardless of what Congress decides each year.

Federal government spending, by type

Share of total spending

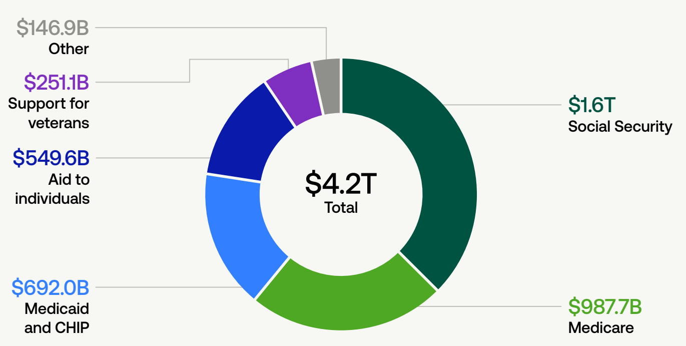


Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis

What programs make up mandatory and discretionary spending?

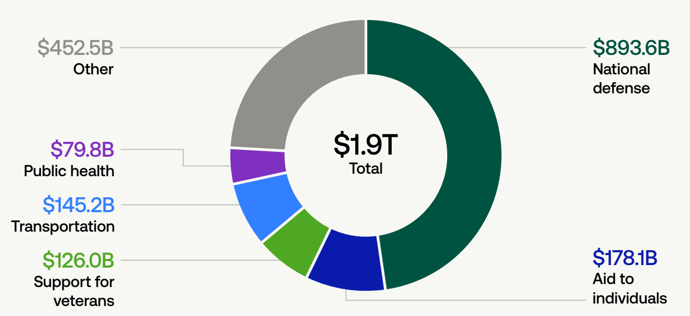
Of the $4.2 trillion in mandatory spending in FY 2025, the largest program was Social Security at $1.6 trillion, comprising 37% of the total. Medicare (24%) and Medicaid and CHIP (16%) followed. Of the $1.9 trillion in discretionary spending, the largest category was national defense at $893.6 billion, comprising 48% of the total.

Components of mandatory spending (FY 2025)



Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis

Components of discretionary spending (FY 2025)

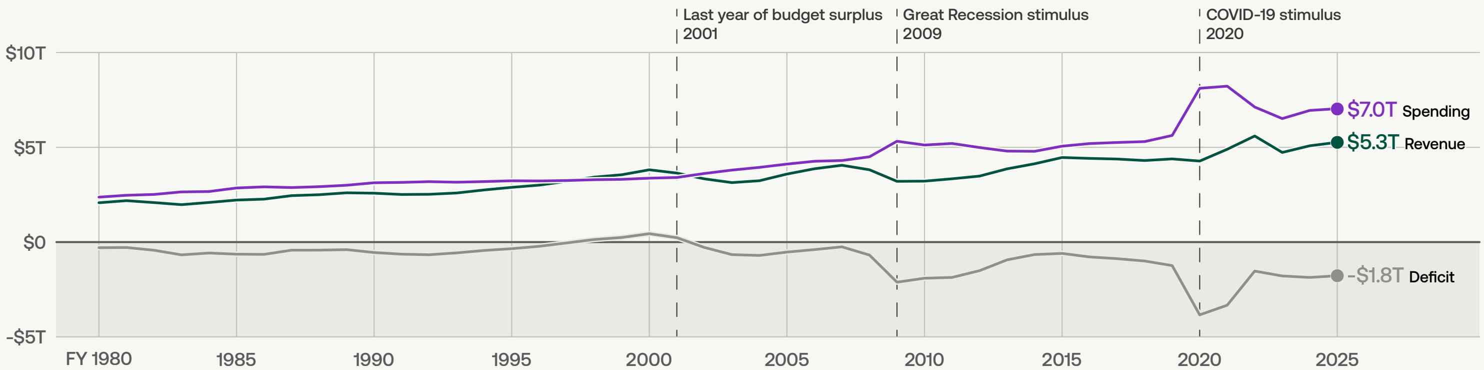


Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis

How has the federal government deficit changed over time?

FY 2025 spending increased by $92.7 billion (adjusted for inflation) compared to FY 2024, while revenue increased by $182.4 billion. As a result, the budget deficit decreased to $1.8 trillion from the FY 2024 total of $1.9 trillion.

Federal government finances



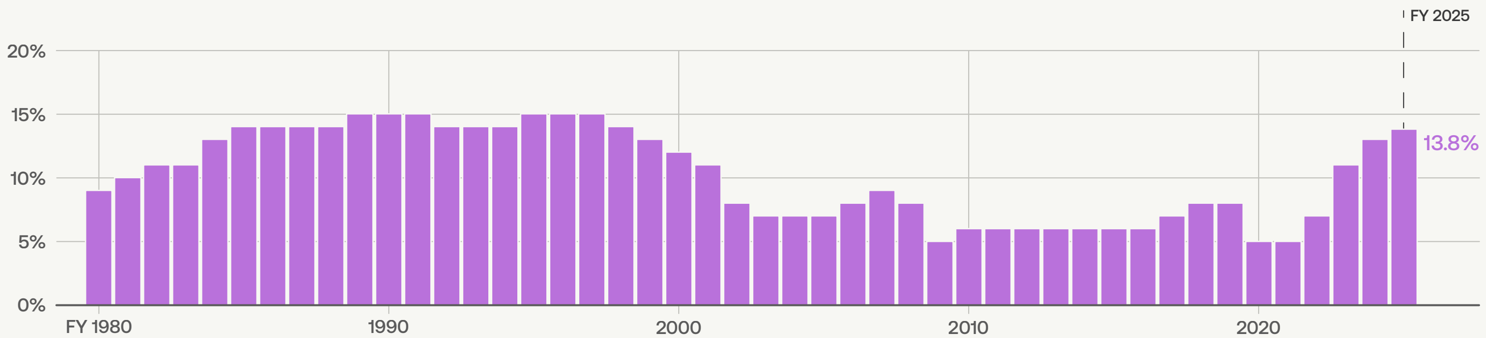
Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis
Note: Adjusted for inflation (FY 2025 dollars).

How much does the US pay in interest on its debt?

The government pays interest on its debts the same way individuals pay interest on credit card bills, mortgages, and car payments. Interest payments aren't fixed and change based on the size of the debt and interest rates. In FY 2025, the US spent $970.1 billion in debt interest. It was equivalent to about 14% of total government spending, the highest share since 1998.

Net interest payments on the debt

Share of total spending

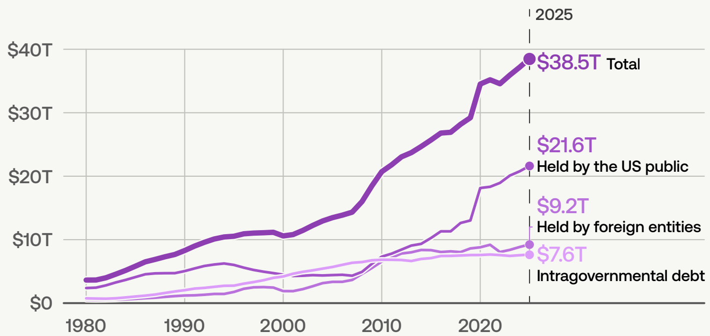


Source: USAFacts aggregation of data from Office of Management and Budget and Bureau of Economic Analysis

How much debt does the government have?

The total debt owed by the federal government reached $38.5 trillion by the end of the 2025 calendar year. About 80% of the debt was held by the public (individuals, businesses, banks, the Federal Reserve, and foreign entities). Debt held by the public was equivalent to $90,322 per person in the US. Public debt as a percentage of GDP reached 98.2%, an all-time high.

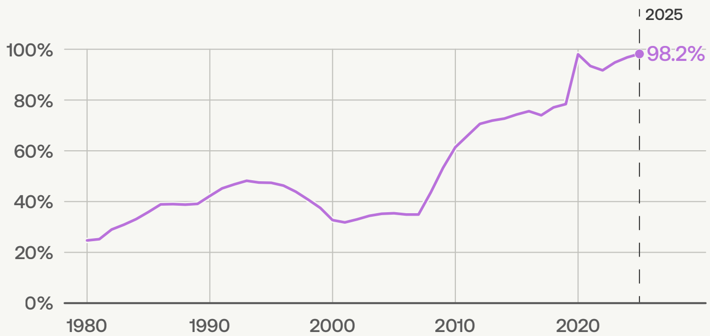
Federal government debt



Source: Department of the Treasury
Note: Adjusted for inflation (2025 dollars). Numbers may not add due to rounding.

Federal government debt held by the public

As a percentage of GDP



Source: Department of the Treasury and Bureau of Economic Analysis

Chapter sources and data timeliness

Publishing agency	Program	Publication	Release date	Most recent period in the data
Board of Governors of the Federal Reserve		Financial Accounts of the United States	Updates quarterly based on the most recently completed quarter	
		Federal Reserve earnings	January 2026	2025
Bureau of Economic Analysis	National Income and Product Accounts	NIPA Tables	September 2025	2025
Department of the Treasury	Treasury Bulletin	Distribution of Federal Securities by Class of Investors and Type of Issues	Updates quarterly based on the most recently completed quarter	
Office of Management and Budget	Budget of the United States Government	Public Budget Database	April 2026	FY 2025

See sources and notes section at the end of this report for detailed citation information.

- USAFacts adjusts government finance data for inflation so comparisons can be made over time. To learn more about the financial analysis methodology, visit usafacts.org/our-data/.
- The data in this section is in fiscal years. The federal fiscal year is from October to September. For example, the 2025 fiscal year covers the period of October 2024 through September 2025.

Chapter sources and notes

For each **chapter**, all chart names are listed, and additional information is provided for each.

1. Chart sources and notes are structured as follows:
   Chart title: Source(s)
   Note(s):

2. Fiscal years (FY) are equivalent to the federal fiscal year, unless otherwise noted. The federal fiscal year begins on October 1 of the previous year and ends on September 30 of the following year. For example, FY 2025 began on October 1, 2024, and ended on September 30, 2025.

3. USAFacts compiles data for government revenue, spending, and debt from various government sources, including the Office of Management and Budget, the Bureau of Economic Analysis, and the Federal Reserve. The full citations are not included below; to see detailed descriptions and notes about our methodology for compiling this data, please visit: https://usafacts.org/our-data/.

Federal government finances

Federal government finances (FY 2025): USAFacts aggregation of data from Office of Management and Budget (OMB) and Bureau of Economic Analysis (BEA). For more information on our methodology, see: https://usafacts.org/our-data/.

Federal government revenue (FY 1980 vs. FY 2025): Ibid.

Federal government revenue: Ibid.

Federal government spending (FY 1980 vs. FY 2025): Ibid.

Federal government spending: Ibid.

Federal government spending, by type: Ibid.

Components of mandatory spending (FY 2025): Ibid.

Components of discretionary spending (FY 2025): Ibid.

Net interest payments on the debt as a share of federal spending: Ibid.

Federal government debt: US Department of the Treasury (Multiple issues). Treasury Bulletin (Ownership of Federal Securities; TABLE OFS-1—Distribution of Federal Securities by Class of Investors and Type of Issues, TABLE OFS-2—Estimated Ownership of U.S. Treasury Securities). https://fiscal.treasury.gov/reports-statements/treasury-bulletin/current.html.

Federal government debt held by the public as a percent of GDP: Ibid.

Federal government finances: USAFacts aggregation of data from OMB and BEA. For more information on our methodology, see: https://usafacts.org/our-data/.