

# Federal finances

# Federal finances facts

Questions about how the federal government raises and spends money are front and center in 2025. With debates intensifying over the future of major programs like Social Security, Medicare, Medicaid, and interest payments consuming a growing share of the budget, this chapter offers a factual baseline to understand how the federal government raises and allocates money. It highlights recent trends in taxes, spending, deficits, and debt and provides essential context for evaluating fiscal policy choices.

## Revenue

- In FY 2024, the federal government collected \$4.9 trillion in revenue. Nearly half (49%) came from individual income taxes, 35% from payroll taxes, and 11% from corporate income taxes.
- Federal revenue increased 2.4 times since FY 1980, after adjusting for inflation, while the population grew 1.5 times.

## Spending

- Total federal spending in FY 2024 was \$6.8 trillion, including transfers to state and local governments. Social Security, transfers to state and local governments, and defense and support for veterans made up more than half of all spending.
- Federal spending rose by 7% in FY 2024 after two years of decline and remained 24% above FY 2019 levels.
- Spending has increased 2.9 times since FY 1980 when adjusted for inflation, outpacing population growth.

## Spending by category

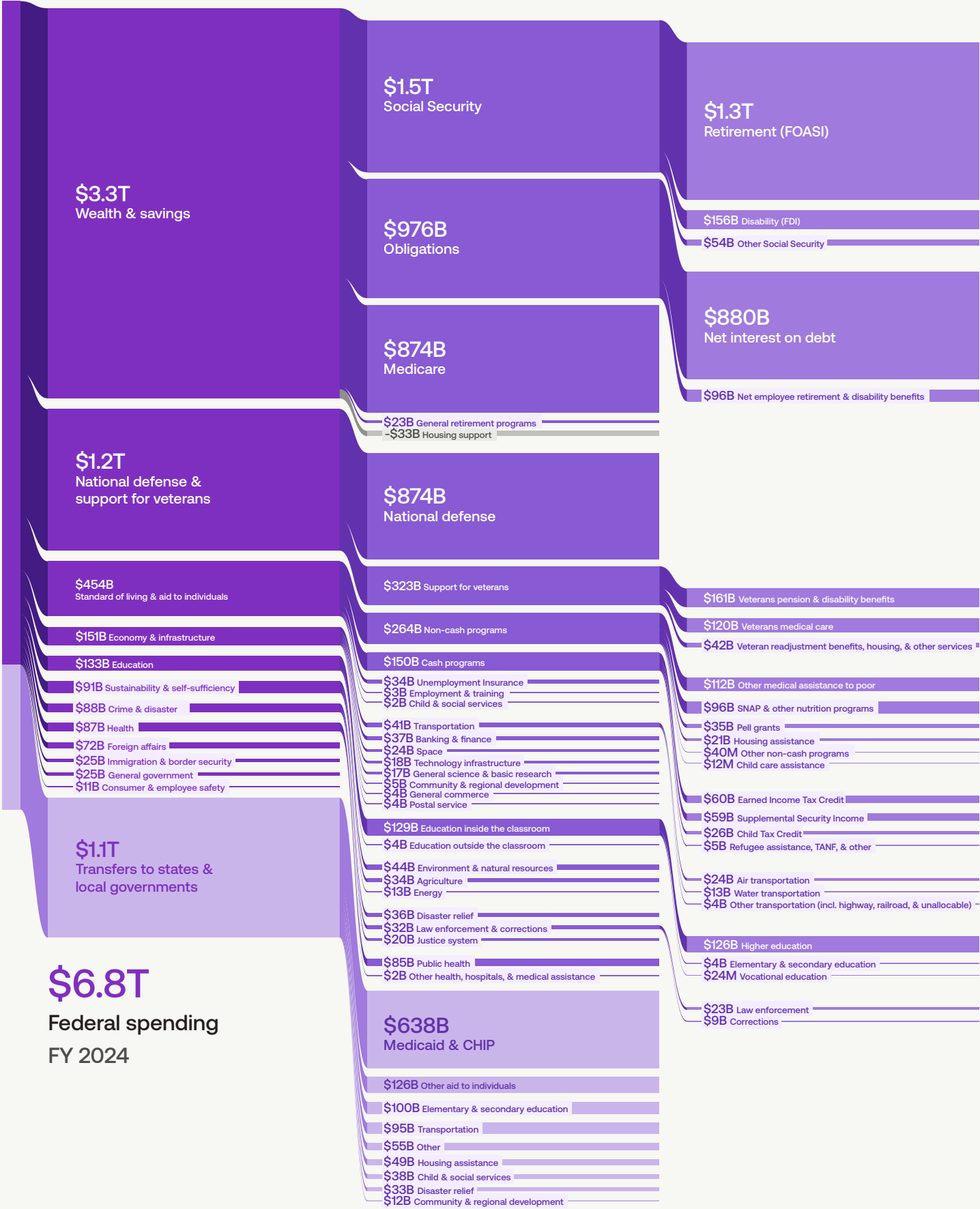
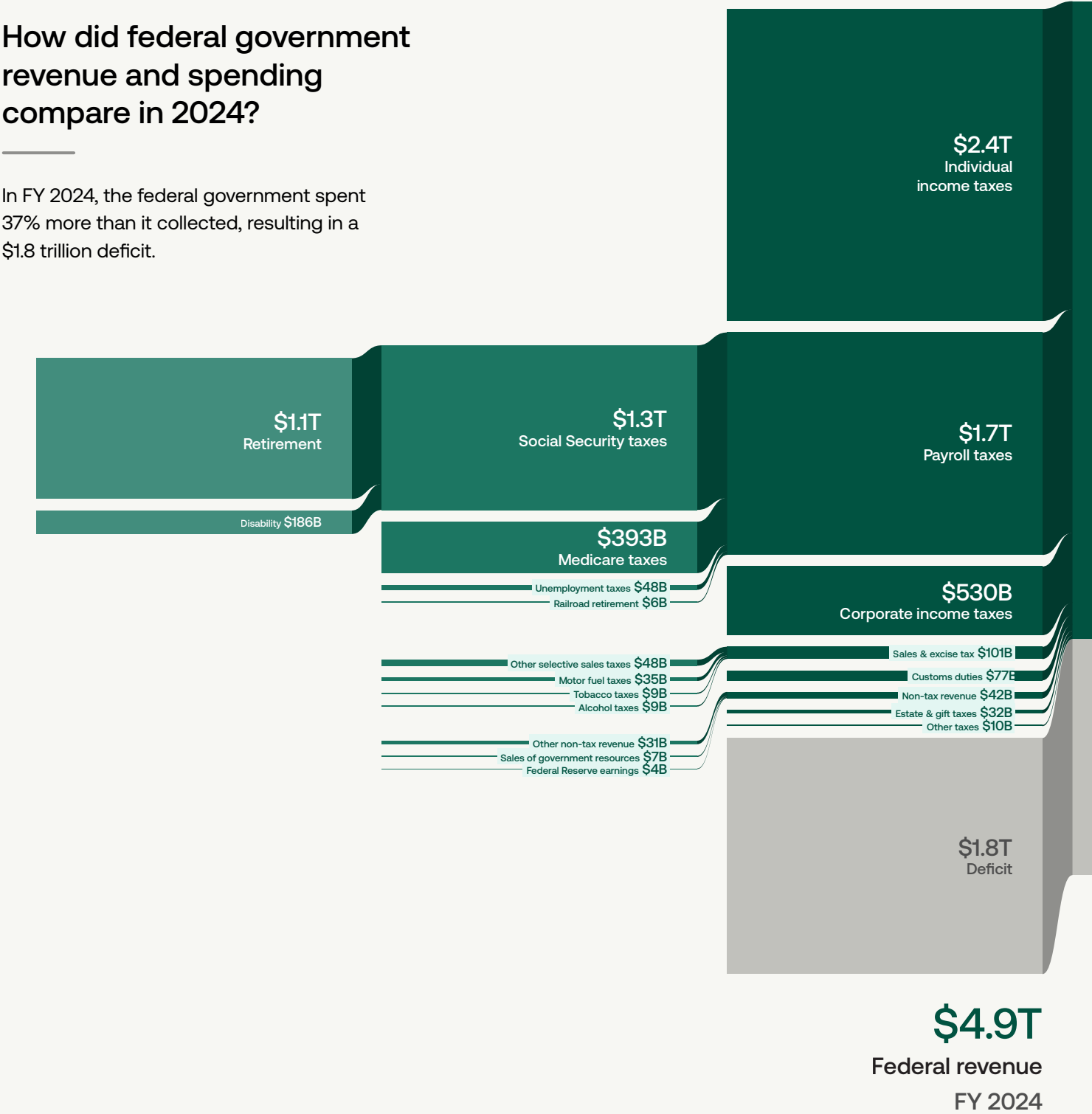
- Mandatory spending accounted for 60% of the budget in FY 2024, up from 45% in FY 1980.
- Of the \$4.1 trillion in mandatory spending, Social Security was the largest program at \$1.5 trillion (35%), followed by Medicare (21%) and Medicaid/CHIP (16%).
- Discretionary spending was \$1.8 trillion, with national defense making up 47%, followed by aid to individuals (9%) and support for veterans (7%).
- Social Security, Medicare, and Medicaid made up 44% of all federal spending in FY 2024. While Social Security and Medicare costs rose, spending on Medicaid and CHIP declined compared to the previous fiscal year.
- Debt interest payments totaled \$879.9 billion — 13% of all federal spending and the highest share since FY 1999.

## Debt and deficit

- The federal government ran a deficit of \$1.8 trillion in FY 2024, spending more than it collected.
- The deficit rose in FY 2024 compared to FY 2023, though it remained below the \$3 trillion highs of FY 2020 and 2021.
- The total federal debt reached \$36.2 trillion by the end of 2024 with 80% held by the public, including individuals, businesses, banks, and foreign investors. Debt held by the public was 97% of GDP.

# How did federal government revenue and spending compare in 2024?

In FY 2024, the federal government spent 37% more than it collected, resulting in a \$1.8 trillion deficit.

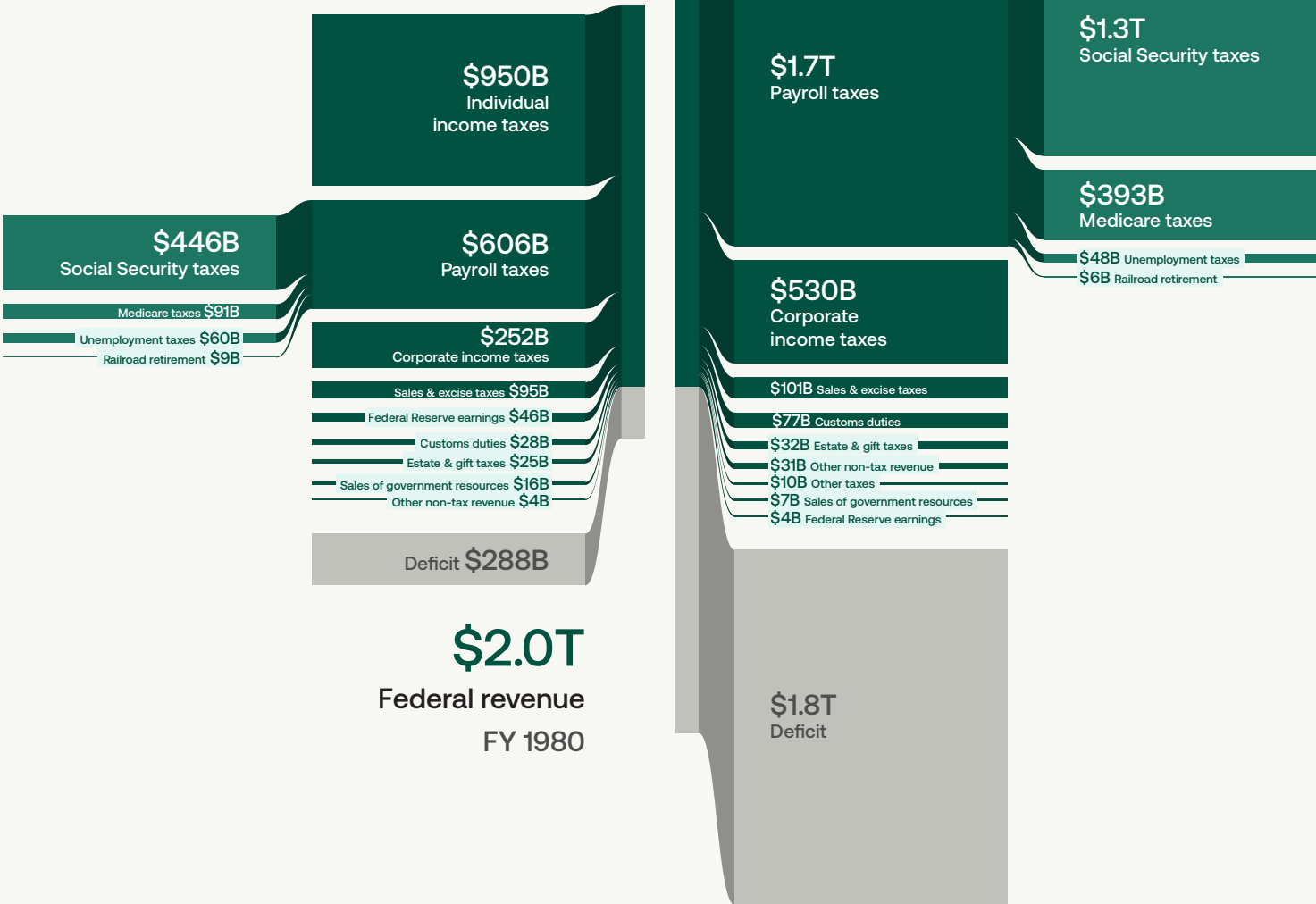


## Federal government finances (FY 2024)

Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024 dollars). Charts are shown to scale for comparison. Numbers may not add due to rounding.

# How has federal government revenue changed over time?

Federal government revenue increased 2.4 times between FY 1980 and FY 2024, while the population increased 1.5 times.



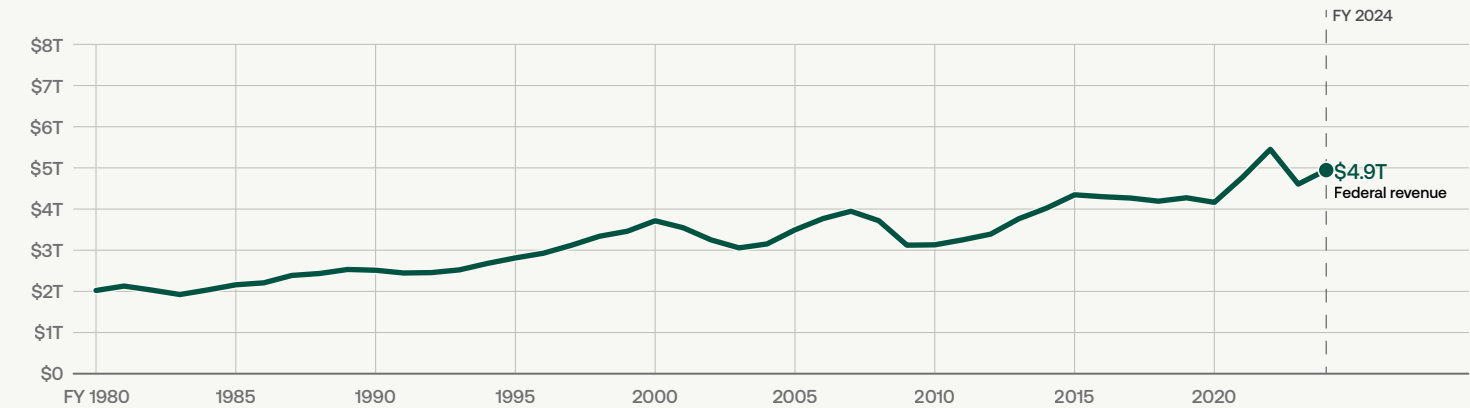
Federal government revenue (FY 1980 vs. FY 2024)

Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024 dollars). Charts are shown to scale for comparison. Numbers may not add due to rounding.

# What are the federal government’s primary revenue sources?

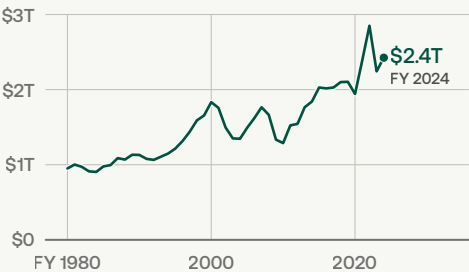
In FY 2024, the federal government collected \$4.9 trillion in revenue. Nearly half (49%) came from individual income taxes, while 35% came from payroll taxes that fund Social Security and Medicare. Other revenue sources include corporate income taxes, sales and excise taxes, customs duties, and estate and gift taxes.

Federal government revenue

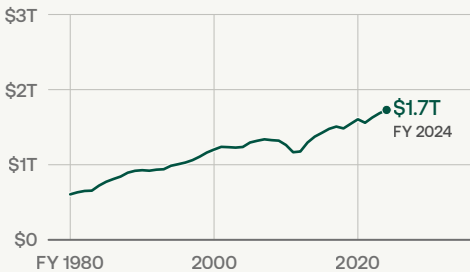


## Most federal government revenue in FY 2024 came from six categories

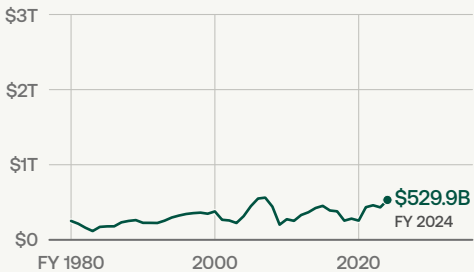
49% Individual income taxes



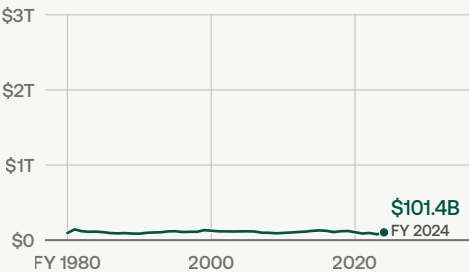
35% Payroll taxes



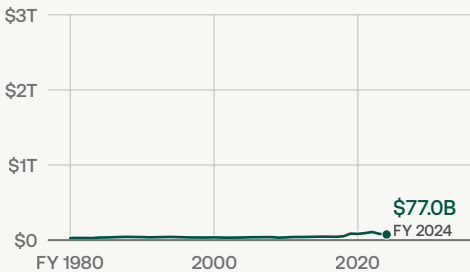
11% Corporate income taxes



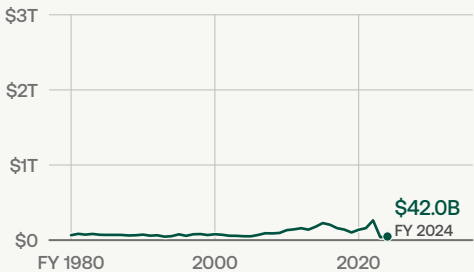
2% Sales & excise taxes



2% Customs duties



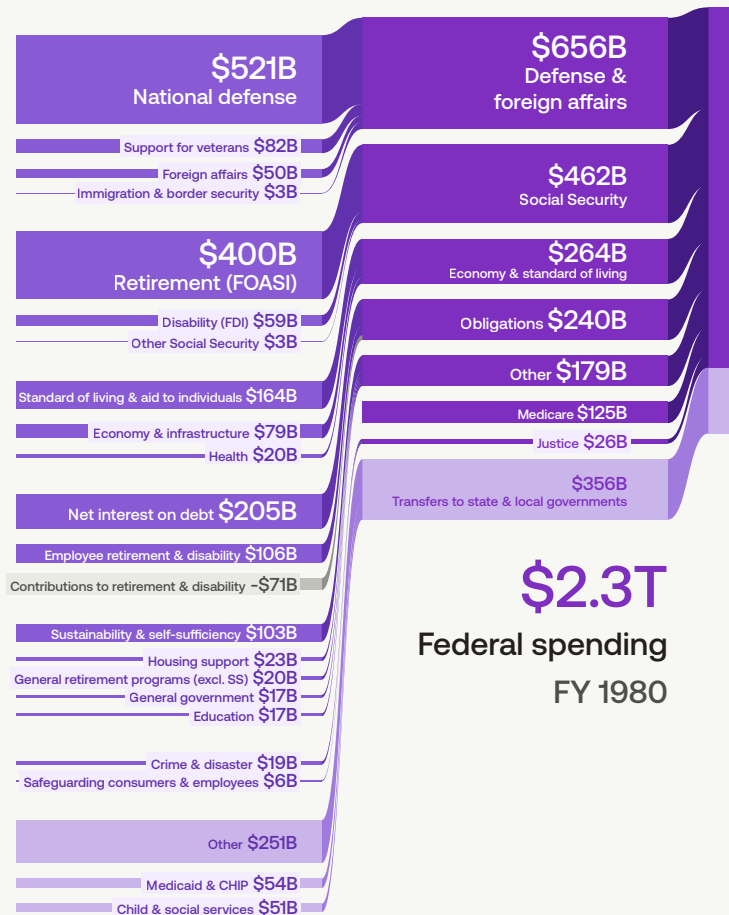
1% Non-tax revenue



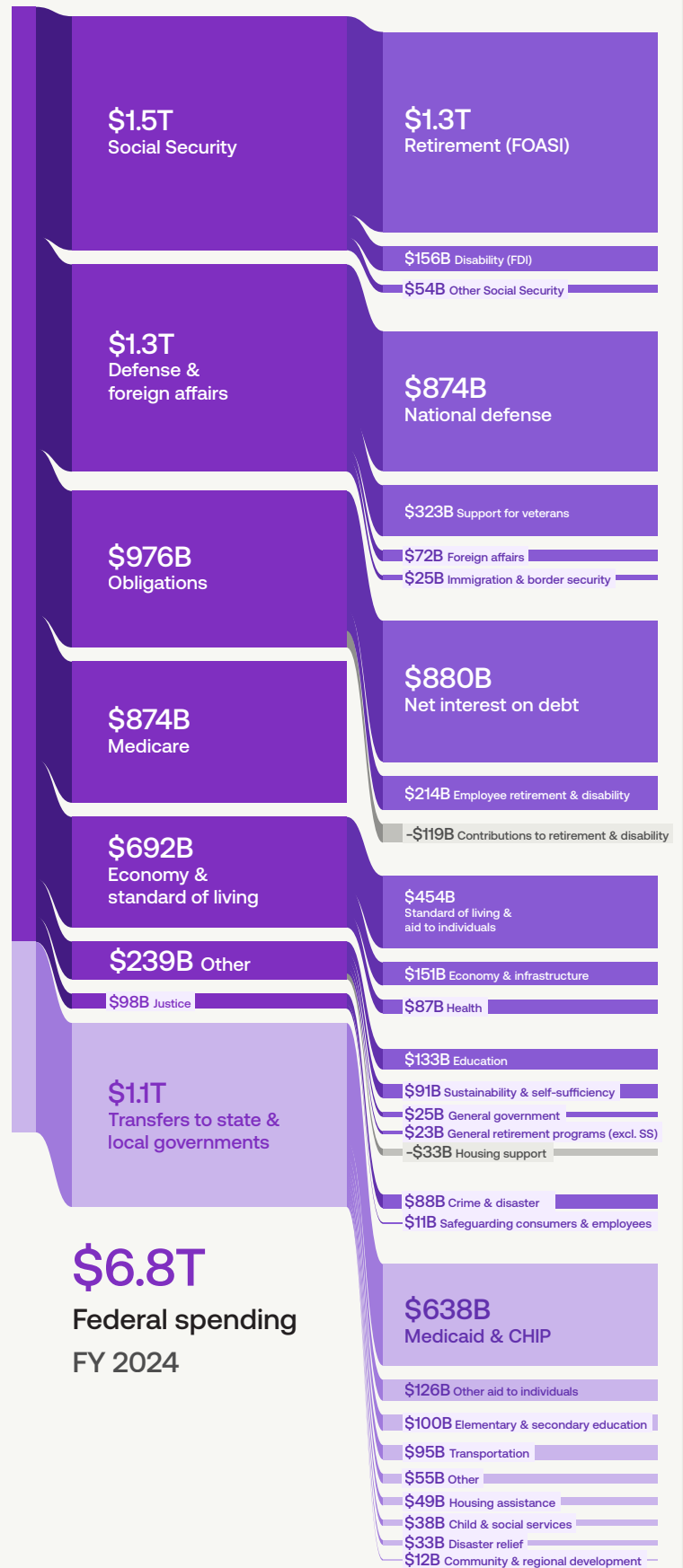
Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024). Numbers may not add due to rounding.

## How has federal spending changed over time?

Federal government spending increased 2.9 times between FY 1980 and FY 2024, when adjusted for inflation, while the population increased 1.5 times.



**\$2.3T**  
Federal spending  
FY 1980



**\$6.8T**  
Federal spending  
FY 2024

■ Denotes negative spending

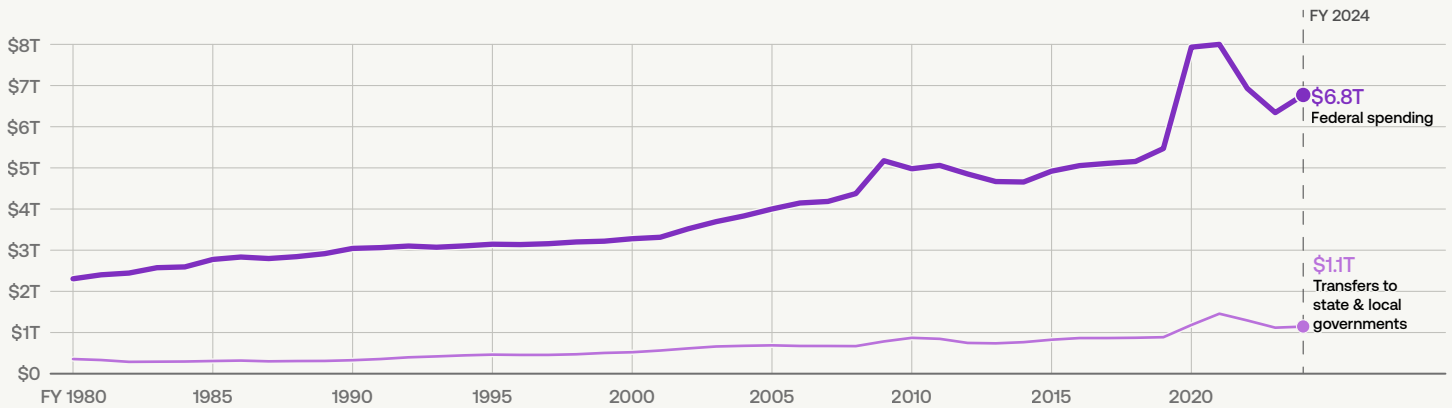
### Federal government spending (FY 1980 vs. FY 2024)

Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024 dollars). Charts are shown to scale for comparison. Numbers may not add due to rounding.

## What does the federal government spend the most money on?

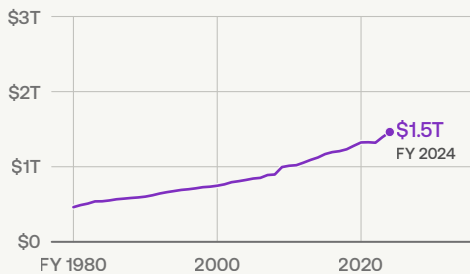
The federal government spent \$6.8 trillion in FY 2024, including transfers to states. Social Security (22%), defense and veterans (18%), and transfers to state and local governments (17%) accounted for more than half of spending. Federal spending increased by 7% in FY 2024, following two years of decreased spending. Federal spending remained 24% above that of FY 2019.

### Federal government spending

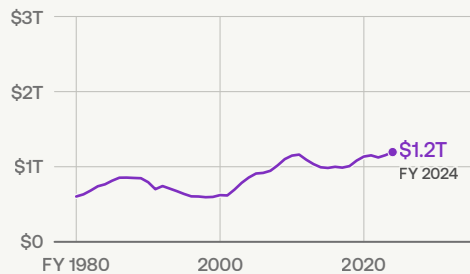


### 90% of federal government spending in FY 2024 went to six categories

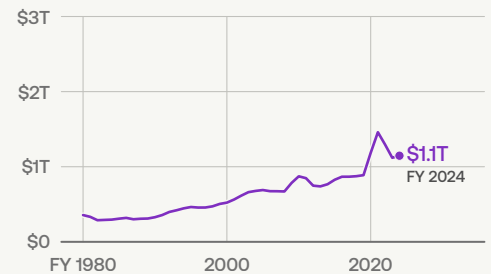
#### 22% Social Security



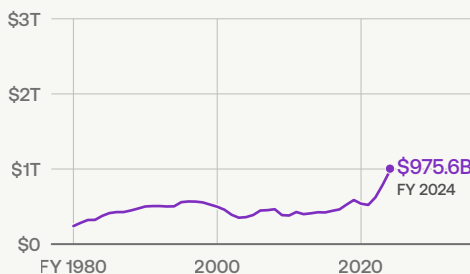
#### 18% National defense & veterans



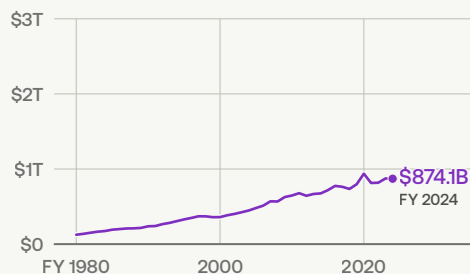
#### 17% Transfers to state & local governments



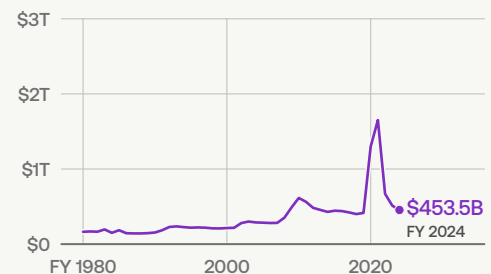
#### 14% Obligations (including debt interest)



#### 13% Medicare



#### 7% Standard of living & aid to individuals



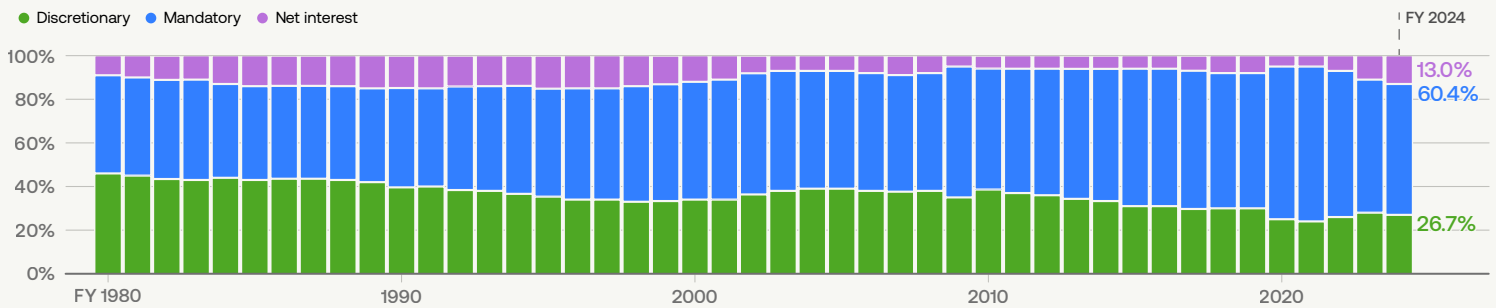
Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024). Numbers may not add due to rounding.

## What are the components of federal 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 themselves. This type of spending made up 60% of the budget in FY 2024, up from 45% in FY 1980. Discretionary spending is determined each year through the appropriations process and can change depending on national priorities. In FY 2024, it 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

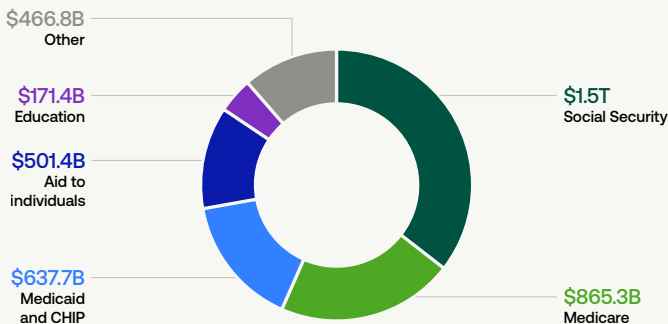


Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis

## What programs make up mandatory and discretionary spending?

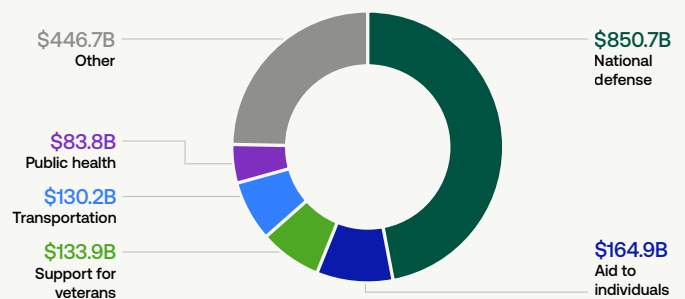
Of the \$4.1 trillion in mandatory spending spent in FY 2024, the largest program was Social Security at \$1.5 trillion, making up 35% of the total. It was followed by Medicare (21%) and Medicaid and CHIP (16%). Of the \$1.8 trillion in discretionary spending in FY 2024, the largest category was national defense at \$850.7 billion, making up 47% of the total.

### Components of mandatory spending (FY 2024)



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

### Components of discretionary spending (FY 2024)



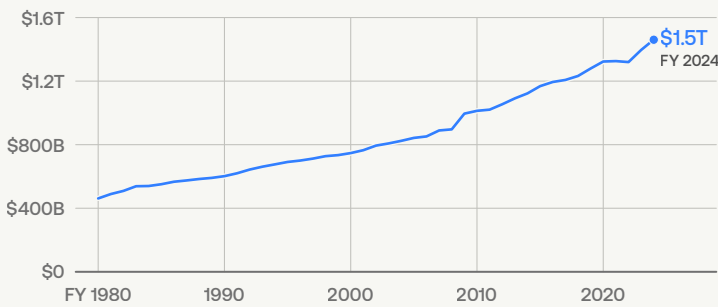
Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis



## How much is spent on Social Security?

Social Security is a federal program that provides income to retired workers, eligible family members of deceased workers (survivors), and people with qualifying disabilities. The law requires the government to pay benefits to all who qualify; most Social Security-related spending is mandatory. In FY 2024, Social Security spending totaled \$1.5 trillion, or 22% of federal spending, making it the largest government program. Spending rose 5% from the previous year, higher than the FY 1980–2023 average growth rate of 3%.

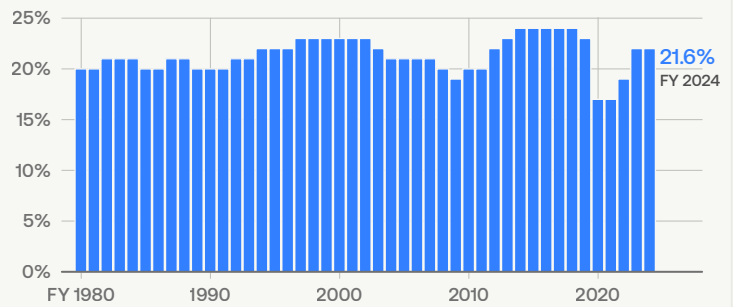
### Social Security spending



Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024)

### Social Security spending

#### Share of federal spending



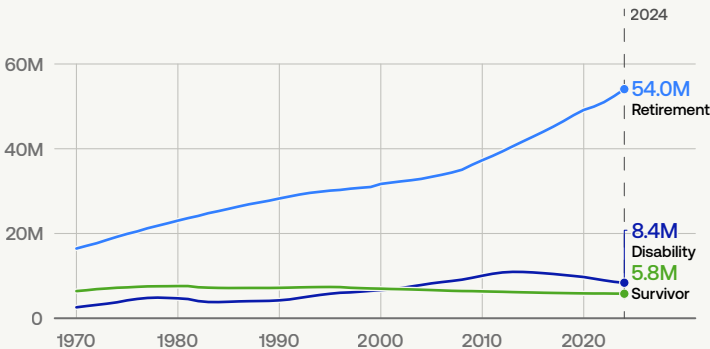
Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis

## How many people collect Social Security benefits? How much do they receive?

In September 2024, there were 68.2 million Social Security recipients. Most of these, 54.0 million, received retirement benefits; 8.4 million received disability benefits and 5.8 million received survivor benefits. The number of retirement recipients increased by 3% from a year prior, while the number of disability and survivor recipients decreased. Retirement recipients received an average monthly benefit of \$1,864, disability recipients received \$1,395, and survivors received \$1,501.

### Social Security recipients

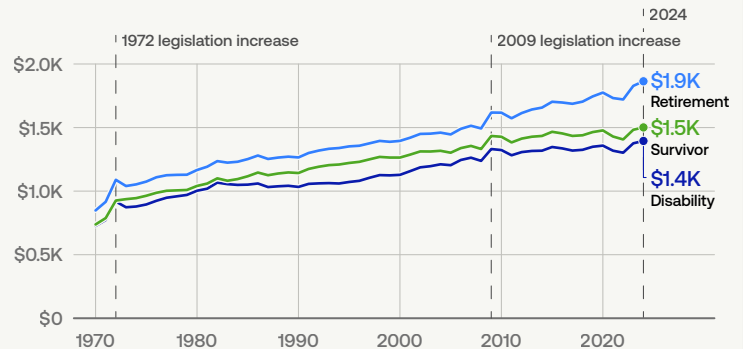
#### By type



Source: Social Security Administration  
Note: Recipients shown here are for September of each year.

### Social Security average monthly benefit

#### By type

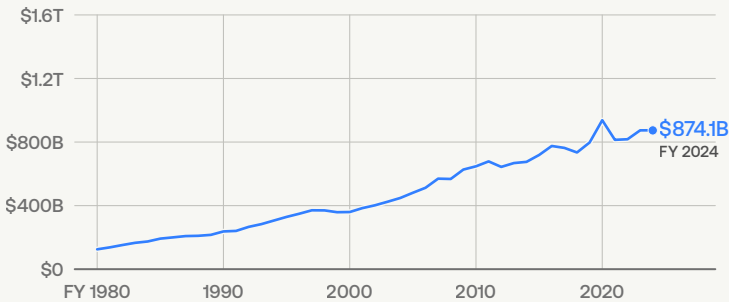


Source: Social Security Administration  
Note: Adjusted for inflation (2024 dollars). Average monthly benefits shown here are for September of each year.

## What is Medicare? How much does the government spend on it?

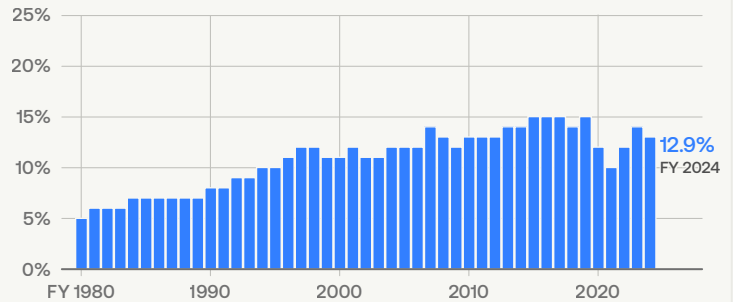
Medicare is a federal program that provides health insurance to people age 65 and older and certain younger individuals with disabilities or serious health conditions. Its funding comes from payroll taxes and premiums, and a majority of its spending is mandatory. In FY 2024, Medicare spending totaled \$874.1 billion, or 13% of federal spending. Spending increased by less than 1% from the previous year, below the FY 1980–2023 average rate of 5% growth. Its share of the total budget declined from FY 2023.

### Medicare spending



### Medicare spending

#### Share of federal spending

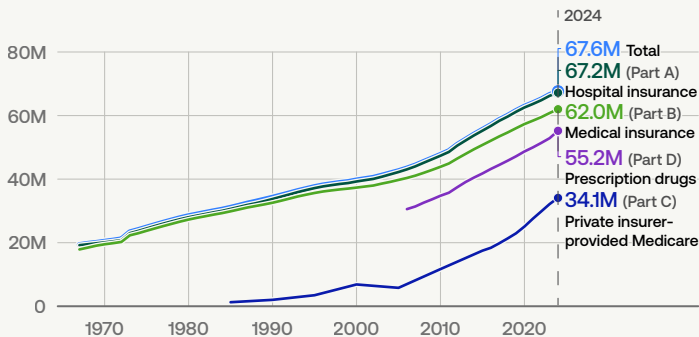


## How many people are enrolled in Medicare? How much does it cost per person?

67.6 million people were enrolled in Medicare in 2024, 1.5% more than in 2023. The average cost of Medicare per beneficiary was \$17,786, a new high (after adjusting for inflation). Nearly half of this cost was for Part B, which supports medical and preventative care.

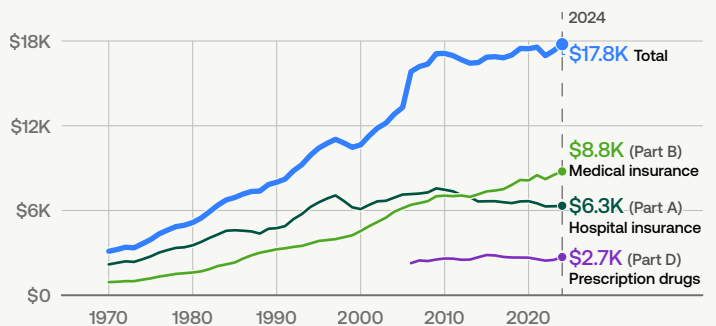
### Medicare enrollment

#### By type



### Average Medicare cost per beneficiary

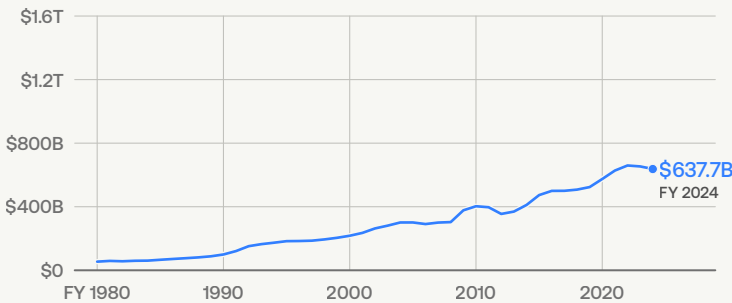
#### By type



## What are Medicaid and CHIP? How much does the federal government contribute to them?

Medicaid and the Children's Health Insurance Program (CHIP) are joint federal and state programs that provide health coverage to low-income individuals and families, including children, pregnant women, people with disabilities, and some older adults. The federal government covers at least 50% of each state's Medicaid costs, making these programs a large part of federal mandatory spending. In FY 2024, federal Medicaid and CHIP spending totaled \$637.7 billion, or 9% of federal spending. Spending decreased 2% from the previous year, below the FY 1980–2023 average rate of 6% growth. Its share of the total budget also declined from FY 2023 by about 1 percentage point.

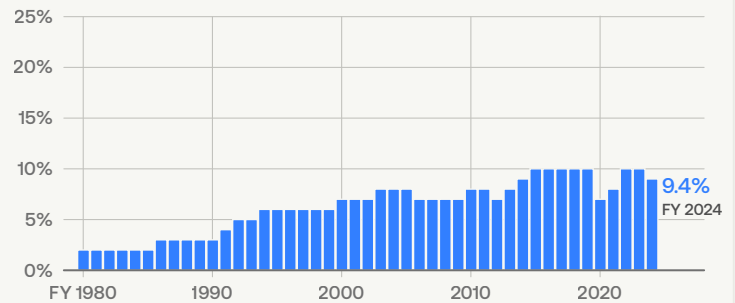
### Federal Medicaid and CHIP spending



Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
Note: Adjusted for inflation (FY 2024).

### Federal Medicaid and CHIP spending

Share of federal spending

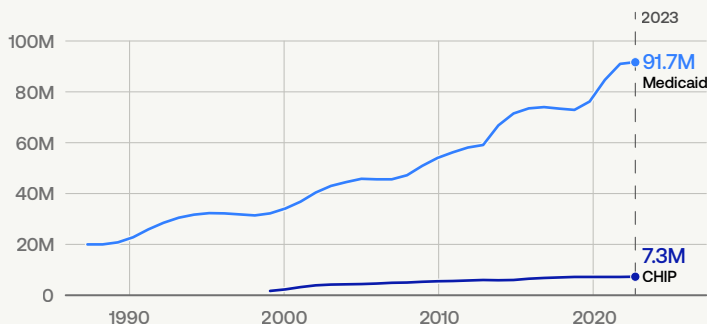


Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis

## How many people are enrolled in Medicaid and CHIP? How much does the program cost per person?

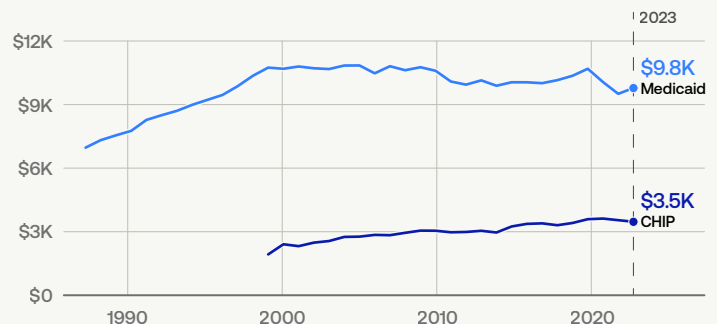
There were 91.7 million Medicaid enrollees in 2023, costing an average of \$9,782 per person. The number of recipients increased nearly 1% and average per-enrollee costs increased by 3% from 2022, after adjusting for inflation. Total CHIP enrollees increased 1% to 7.3 million in 2023, and the average per-enrollee cost was \$3,469, down 2% from the previous year.

### Medicaid and CHIP enrollment



Source: Centers for Medicare and Medicaid Services

### Medicaid and CHIP average spending per enrollee



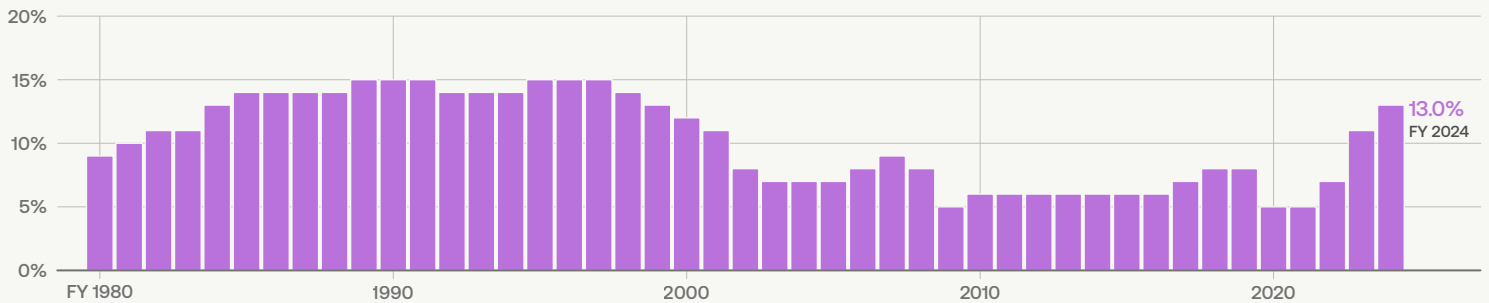
Source: Centers for Medicare and Medicaid Services  
Note: Adjusted for inflation (2024 dollars).

## 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 2024, the US spent \$879.9 billion in debt interest. It was equivalent to 13% of total government spending, the highest share since 1999.

### Net interest payments on the debt

Share of federal spending

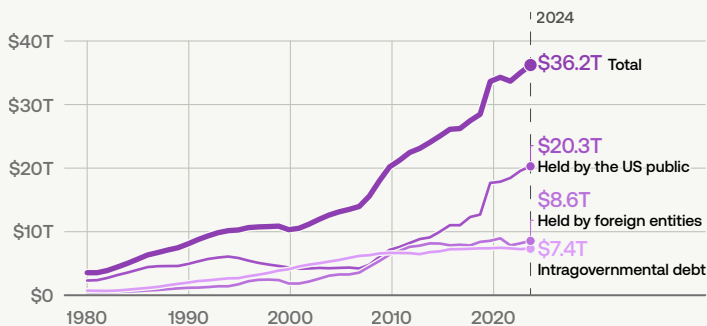


Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis

## How much debt does the federal government have?

The total debt owed by the federal government reached \$36.2 trillion by the end of 2024. About 80% of the debt was owned by the public (individuals, businesses, banks, the Federal Reserve, and foreign entities). Debt held by the public was equivalent to \$84,852 per person in the US, or 97% of GDP. Public debt as a percentage of GDP reached a peak in 2020, when it was 98% of GDP.

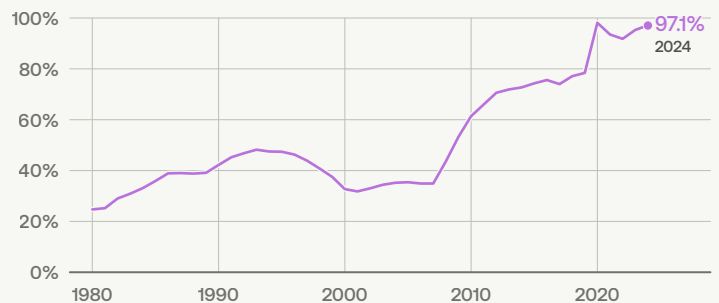
### Federal government debt



Source: Department of the Treasury  
Note: Adjusted for inflation (2024 dollars). Numbers may not add due to rounding.

### Federal government debt held by the public

As a percent of GDP

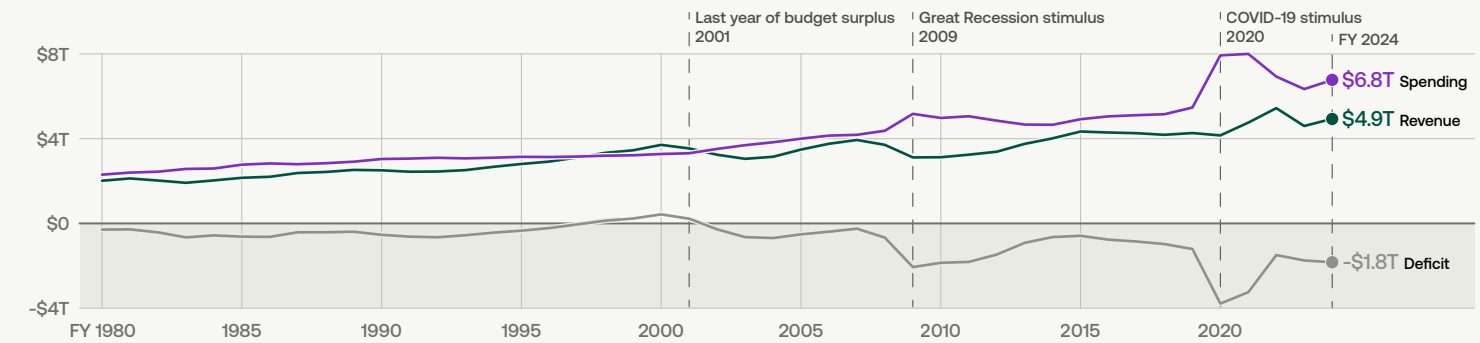


Source: Department of the Treasury

# How has the federal government deficit changed over time?

Spending in FY 2024 increased by \$427.8 billion (adjusted for inflation) compared to FY 2023, while revenue increased by \$342.6 billion. As a result, the budget deficit increased to \$1.8 trillion from \$1.75 trillion in FY 2023. The deficit was lower than FY 2020 and FY 2021 highs (both exceeding \$3.0 trillion).

## Federal government finances



Source: USAFacts aggregation of data from Office of Management and Budget, Census Bureau, and Bureau of Economic Analysis  
 Note: Adjusted for inflation (FY 2024). Numbers may not add due to rounding.

# Chapter sources and data timeliness

Publishing agency	Program	Publication name	Release date	Most recent period in the data
Office of Management and Budget	Public Budget Database	Budget of the United States Government	As of August 2025, the public budget database for FY 2024 has not been published	FY 2023
Centers for Medicare and Medicaid Services	Data & Research	National health expenditure data	Dec. 2024	2023
		2025 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds	June 2025	2024
Social Security Administration	Office of the Chief Actuary	Benefits paid by type of beneficiary	Monthly releases	July 2025
Department of the Treasury	Treasury Bulletin	Distribution of federal securities by class of investors and type of issues	Quarterly releases	June 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/methodology](https://usafacts.org/methodology).

- The data in this section is in fiscal years. The federal fiscal year is from October to September. For example, the 2024 fiscal year covers the period of October 2023 through September 2024.
- The Office of Management and Budget’s annual budget tables are often released months after the start of the fiscal year. This lag can make it difficult to analyze the most recent federal revenue and spending trends. This year, the delay was particularly pronounced with tables released in late June 2025, months later than is typical.
- USAFacts relies upon the Public Budget Database to provide detailed analysis of the US federal budget. This data is typically released early spring each year. As of mid-August 2025, the FY 2024 database is not published.

# Chart 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. For all population-adjusted data where the source does not provide adjustments, we use intercensal/postcensal estimates from the US Census Bureau, unless otherwise noted. Source details can be found in the citations for the “Population” chart below.
3. 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 2024 began on October 1, 2023, and ended on September 30, 2024.
4. USAFacts compiles data for government revenue, spending, and debt, as well as on family and individual income and taxes from various government sources, including the Office of Management and Budget, the Census Bureau, 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/methodology>.

## Federal government finances

**Federal government finances (FY 2024):** USAFacts aggregation of data from Office of Management and Budget (OMB), Census Bureau, and Bureau of Economic Analysis (BEA). For more information on our methodology, see: <https://usafacts.org/methodology/>.

**Federal government revenue (FY 1980 vs. FY 2024):** Ibid.

**Federal government revenue:** Ibid.

**Federal government spending (FY 1980 vs. FY 2024):** Ibid.

**Federal government spending:** Ibid.

**Federal government spending, by type:** Ibid.

**Components of mandatory spending (FY 2024):** Ibid.

**Components of discretionary spending (FY 2024):** Ibid.

**Social Security spending:** Ibid.

**Social Security as a share of federal spending:** Ibid.

**Social Security recipients, by type:** (1) For Social Security: Social Security Administration (SSA) (2025). *Benefits Paid by Type of Beneficiary* (Time series report; Select beneficiary type(s): Retired workers & dependents and Survivors; Frequency: Monthly (September of each year)). <https://www.ssa.gov/oact/ProgData/icp.html>; (2) For disability insurance: SSA (2025). *Benefits Paid by Type of Beneficiary* (Time series report; Select beneficiary type(s): All under Disabled workers & dependents; Frequency: Monthly (September of each year)). <https://www.ssa.gov/oact/ProgData/icp.html>.

**Social Security average monthly benefit, by type:** Ibid.

**Medicare spending:** USAFacts aggregation of data from OMB, Census Bureau, and BEA. For more information on our methodology, see: <https://usafacts.org/methodology/>.

**Medicare as a share of federal spending:** Ibid.

**Medicare enrollment:** Centers for Medicare and Medicaid Services (CMS) (2025). *Medicare Trustees Report* (Table V.B3.—Medicare Enrollment). <https://www.cms.gov/oact/tr/2025>.

**Average Medicare cost per beneficiary:** CMS (2025). *Medicare Trustees Report* (Table V.D1.—HI and SMI Average Incurred per Beneficiary Costs). <https://www.cms.gov/oact/tr/2025>.

**Federal Medicaid and CHIP spending:** USAFacts aggregation of data from OMB, Census Bureau, and BEA. For more information on our methodology, see: <https://usafacts.org/methodology/>.

**Federal Medicaid and CHIP as a share of federal spending:** Ibid.

**Medicaid and CHIP enrollment:** CMS (2024). *Historical National Health Expenditure Data* (NHE Tables, Table 21. Expenditures, Enrollment, and Per Enrollee Estimates of Health Insurance). <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/historical>.

**Medicaid and CHIP average spending per enrollee:** Ibid.

**Net interest payments on the debt as a share of federal spending:** USAFacts aggregation of data from OMB, Census Bureau, and BEA. For more information on our methodology, see: <https://usafacts.org/methodology/>.

**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, Census Bureau, and BEA. For more information on our methodology, see: <https://usafacts.org/methodology/>.