CBO and Treasury August Reports Reveal Soaring Government Spending

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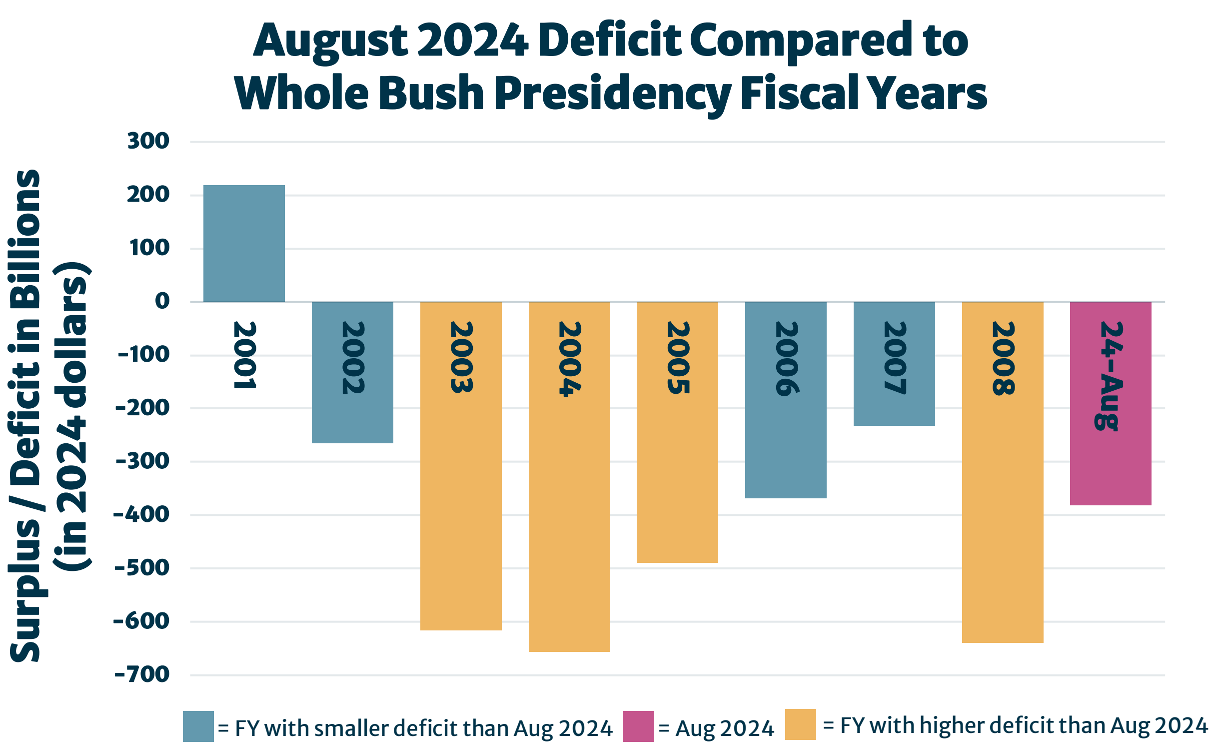
The U.S. Department of the Treasury and the Congressional Budget Office (CBO) published their reports on August government spending and the numbers remind us once again of our country's deteriorating spending habits.

$380 Billion Added to Federal Debt in the Single Month of August

According to the Treasury report, the government spent $687 billion in August. Total receipts were less than half of outlays, producing an enormous monthly deficit of $380 billion.

The Biden-Harris Administration Makes the George W. Bush Administration Look Like Weak Spenders

This means that when adjusting for inflation, the Biden-Harris Administration produced a larger deficit in a single month than the George W. Bush Administration – known for its historically high spending rates – did in four of its fiscal years.



Source: OMB

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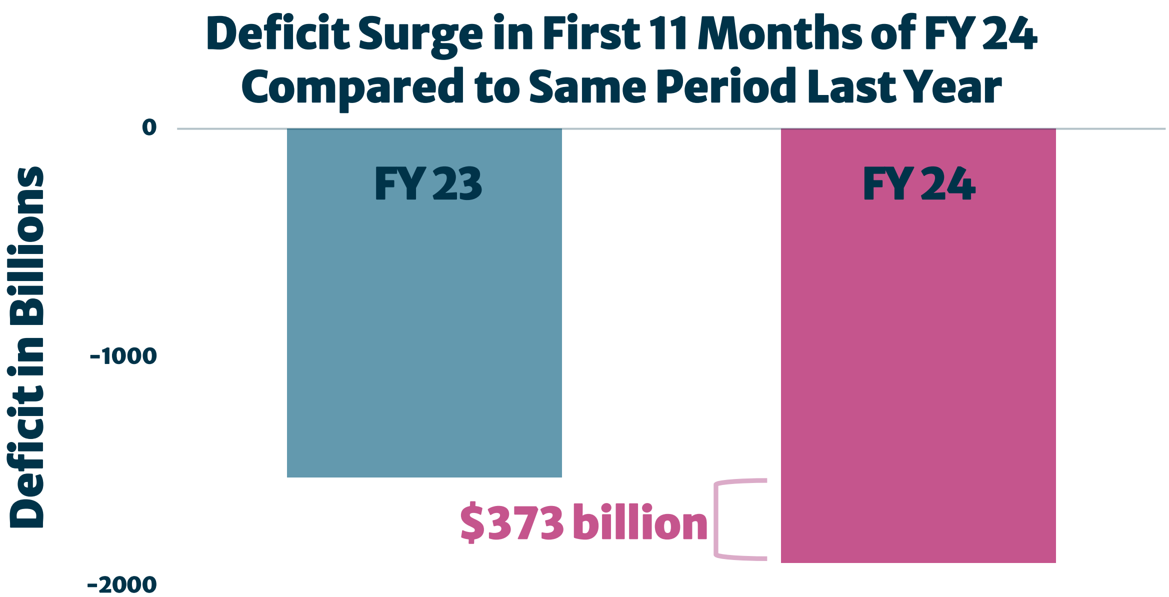
Spending up by 14% in Fiscal Year 2024

The federal government spent $793 billion more in the first 11 months of this fiscal year (October 2023 – August 2024) than it did in the same period last year.

Without the revenues to offset this increase, the yearly deficit reached to about $1.9 billion at the end of August. This is a $373 billion deficit increase compared to the same 11-month period in Fiscal Year 2023, according to the CBO report.



Source: CBO

Drivers of Higher Spending

When explaining for this change from last year, CBO points to a 35% increase in outlays for net interest on the public debt due to higher interest rates. Another key contributor was the net increase in outlays by 8% for the largest "autopilot" (or mandatory) programs – Social Security, Medicare, and Medicaid.

A Grim Projection

Neither CBO nor Treasury expects the Biden-Harris Administration to change its spending habits. Up $300 billion from last year, CBO projects the Biden-Harris Administration will finish out the year with a massive $2 trillion deficit.

Congressional Fortitude Needed

Congress would be wise to heed these latest CBO and Treasury reports as warning bells and take steps to reduce federal spending, including controlling rising autopilot costs.