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DOGE, Deficits and More Fiscal Takeaways

What changed, and didn't, in the U. S.'s budget picture for the latest year

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Control of the White House changed in fiscal year 2025, but the U.S. budget picture didn't. It remains grim. Despite a historic rise in tariff revenue, the deficit was the same in the year ended Sept. 30, 2025, as the previous year. That is largely because the main drivers of spending kept rising: social programs, including Social Security and Medicare, and interest on the public debt, which topped \$1 trillion by one measure for the first time.

Here are five things we learned about the U.S. government's finances based on the year-end figures released Wednesday by the Congressional Budget Office:

1. Tariffs are bringing in real money.

The U.S. collected \$195 billion in customs duties, more than double the prior year. That doesn't capture the full jump because tariff rates only ramped up in April, halfway through the year.

President Trump seeks to shift the government's reliance on income taxes toward taxes on imported goods. Still, tariffs contribute a relatively small 3.7% of overall federal revenue, compared with 51% for the individual income tax.

3. Spending didn't move much under DOGE.

As the Trump administration started, Elon Musk claimed his Department of Government Efficiency, or DOGE, could achieve \$2 trillion in savings—equal to more than a quarter of total spending in fiscal 2024.

Not even close. DOGE did claw back some grants and fire some probationary employees. And some savings will show up later as federal workers who accepted deferred resignation drop off government payrolls in fiscal 2026.

But that hasn't changed the big picture much so far. Total spending excluding interest rose \$220 billion, or 4%, for the entire fiscal year. The increase would have been larger, but in September, the Trump administration recorded a \$131 billion noncash spending reduction related to future savings from modifications to student-loan programs in Republicans' taxand- spending law. Excluding that, noninterest spending would have risen by \$351 billion for the entire year and total spending would have risen by \$55 billion in September compared with a year earlier.

Other than student loans, the only major categories in which the CBO said spending actually declined were the Federal Deposit Insurance Corporation, because it spent less resolving bank failures, and the Small Business Administration, because disaster- related loan costs in 2024 didn't recur in 2025.

5. Deficits and debt remain historically high.

Typically, the budget deficit increases during recessions and shrinks during economic expansions. This time is different. The deficit came in at \$1.8 trillion for 2025, virtually unchanged from 2024, despite a still-expanding economy.

As a share of gross domestic product, the deficit did shrink slightly to about 6% in fiscal 2025 from 6.4% in 2024. Without the student-loan-program accounting adjustment, it would have been roughly unchanged. Publicly held debt is approaching 100% of GDP and will likely surpass the record of 106%, set in 1946, in coming years.

Trump's policies are a mixed bag for deficits. He signed a law that extended expiring tax cuts and created new ones. And he promised not to touch Social Security and Medicare and wants to increase military spending. Tariffs and the new law's spending cuts push in the opposite direction.

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