

Government Receipts and Expenditures

Second Quarter of 2018

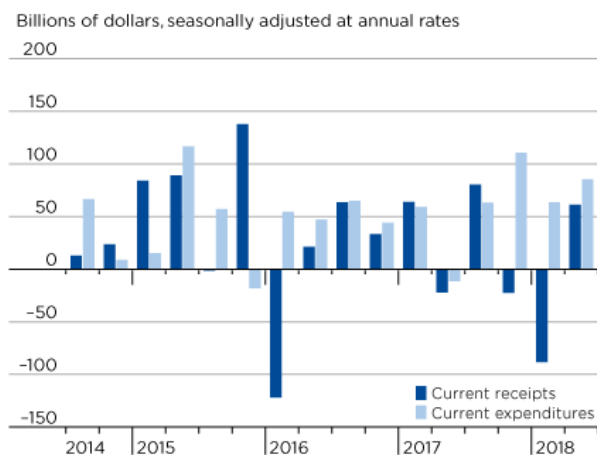
Prepared by Kenneth Beatty

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,224.3$ billion in the second quarter of 2018, decreasing $\$24.1$ billion from $-\$1,200.2$ billion in the first quarter of 2018 (charts 1 and 2 and table 1).

“Net lending or net borrowing (-)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector; it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment and net purchases of nonproduced assets.

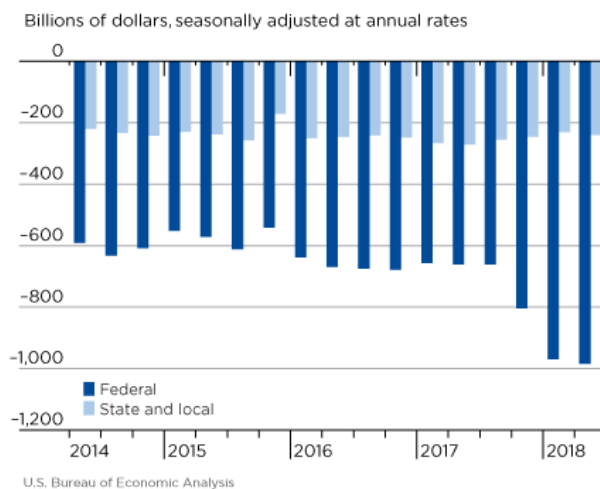
Net borrowing was $\$1,333.0$ billion in the second quarter, increasing $\$33.3$ billion from $\$1,299.7$ billion in the first quarter (charts 3 and 4 and table 1).

Chart 1. Current Receipts and Expenditures: Change From Preceding Quarter



U.S. Bureau of Economic Analysis

Chart 2. Net Saving



U.S. Bureau of Economic Analysis

**Chart 3. Total Receipts and Expenditures:
Change From Preceding Quarter**

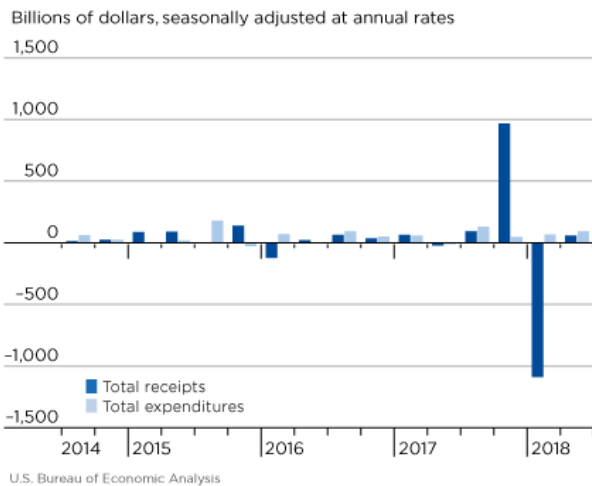


Chart 4. Net Lending or Net Borrowing

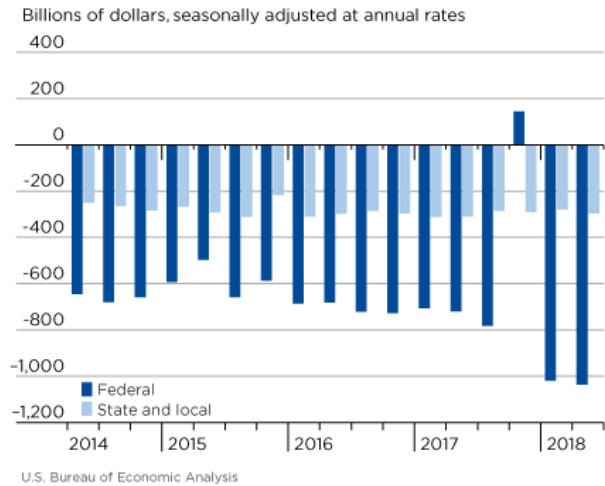


Table 1. Net Government Saving and Net Lending or Net Borrowing
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2017	2017	2018	2018
		II	III	IV	I	II
1	Current receipts	5,474.4	80.2	-22.6	-88.3	61.3
2	Current expenditures	6,698.7	63.1	110.6	63.5	85.3
3	Net government saving	-1,224.3	17.1	-133.2	-151.7	-24.1
4	Federal	-984.5	1.0	-143.1	-166.3	-14.6
5	State and local	-239.8	16.2	9.8	14.5	-9.4
6	Net lending or net borrowing (-)	-1,333.0	-38.4	920.6	-1,153.4	-33.3
7	Federal	-1,036.5	-62.4	925.8	-1,164.0	-16.7
8	State and local	-296.5	24.0	-5.2	10.6	-16.6

Federal Government

Net federal government saving was -\$984.5 billion in the second quarter, decreasing \$14.6 billion from -\$969.9 billion in the first quarter (table 2). In the second quarter, current receipts turned up, and current expenditures decelerated.

Federal government net borrowing was \$1,036.5 billion in the second quarter, increasing \$16.7 billion from \$1,019.8 billion in the first quarter. The volatile pattern of net borrowing in recent quarters reflects the impacts of various provisions of the 2017 Tax Cut and Jobs Act (TCJA). For

more information, see [“How does the 2017 Tax Cuts and Jobs Act affect BEA’s business income statistics?”](#) and [“How does the 2017 Tax Cuts and Jobs Act affect BEA’s estimates of personal taxes?”](#)

- Personal current taxes (line 3) turned up in the second quarter, reflecting an upturn in withheld income taxes. In the first quarter, withheld income taxes were reduced by provisions of the TCJA.
- Taxes on production and imports (line 4) decelerated in the second quarter. In the first quarter, excise taxes on health insurance providers accelerated, reflecting the reintroduction of annual fees on health insurance companies.
- Taxes on corporate income (line 5) turned up in the second quarter. In the first quarter, the TCJA reduced the federal domestic corporate income tax rate from 35 percent to 21 percent.
- Income receipts on assets (line 8) turned down in the second quarter, following the pattern of remittances paid by the regional Federal Reserve Banks.
- Current transfer receipts (line 9) decelerated in the second quarter. In the first quarter, a legal settlement boosted receipts \$2.0 billion (\$8.0 billion at an annual rate).
- Government social benefits to persons (line 17) decelerated in the second quarter. The first-quarter level was boosted by the 2.0 percent cost-of-living adjustment for social security, veterans pensions, and supplemental security income benefits as well an increase in Affordable Care Act health insurance premium subsidies.
- Grants-in-aid to state and local governments (line 20) turned down, reflecting a downturn in Medicaid grants.
- Other current transfer payments to the rest of the world (line 21) turned up in the second quarter, reflecting economic support payments to Egypt and Israel.

Table 2. Federal Government Current Receipts and Expenditures
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2017	2017	2018	2018
		II	III	IV	I	II
1	Current receipts	3,469.3	51.5	-56.7	-105.3	41.0
2	Current tax receipts	1,944.9	28.8	-21.7	-149.2	36.1
3	Personal current taxes	1,605.8	19.6	7.4	-49.4	21.9
4	Taxes on production and imports	151.4	1.2	1.7	15.6	1.9
5	Taxes on corporate income	160.5	7.5	-31.6	-115.4	11.5
6	Taxes from the rest of the world	27.2	0.5	0.8	-0.1	0.9
7	Contributions for government social insurance	1,340.8	15.1	11.0	26.0	13.3
8	Income receipts on assets	112.9	-12.6	-20.0	13.3	-9.5
9	Current transfer receipts	80.0	21.6	-23.6	7.5	2.9
10	Current surplus of government enterprises	-9.3	-1.3	-2.4	-3.0	-1.8
11	Current expenditures	4,453.9	50.6	86.3	61.0	55.7
12	Consumption expenditures	1,027.7	0.6	13.2	14.8	15.0
13	National defense	618.3	-2.9	6.2	8.1	11.7
14	Nondefense	409.4	3.5	7.1	6.5	3.4
15	Current transfer payments	2,828.9	34.3	17.9	45.5	28.8
16	Government social benefits	2,188.7	15.6	14.5	36.8	16.5
17	To persons	2,166.0	15.4	13.7	36.5	16.7
18	To the rest of the world	22.8	0.1	0.9	0.3	-0.1
19	Other current transfer payments	640.2	18.7	3.3	8.8	12.3
20	Grants-in-aid to state and local governments	576.6	20.3	-6.1	18.0	-2.6
21	To the rest of the world	63.7	-1.5	9.3	-9.2	15.0
22	Interest payments	537.8	11.0	54.1	4.4	12.3
23	Subsidies	59.4	4.7	1.1	-3.6	-0.6
24	Net federal government saving	-984.5	1.0	-143.1	-166.3	-14.6
25	Social insurance funds	-349.5	-0.5	-2.5	-7.6	-5.3
26	Other	-635.0	1.4	-140.5	-158.6	-9.4
Addenda:						
27	Total receipts	3,492.3	52.0	944.5	-1,105.0	39.2
28	Current receipts	3,469.3	51.5	-56.7	-105.3	41.0
29	Capital transfer receipts	23.0	0.4	1,001.3	-999.7	-1.8
30	Total expenditures	4,528.8	114.4	18.7	59.0	55.9
31	Current expenditures	4,453.9	50.6	86.3	61.0	55.7
32	Gross government investment	285.2	-0.8	3.5	-0.4	3.0
33	Capital transfer payments	72.3	73.1	-76.2	-0.1	-0.6
34	Net purchases of nonproduced assets	-0.7	-6.8	6.7	0.1	-0.2
35	Less: Consumption of fixed capital	281.9	1.8	1.5	1.6	2.0
36	Net lending or net borrowing (-)	-1,036.5	-62.4	925.8	-1,164.0	-16.7

Source Data and Other Information About Federal Government Estimates

Estimates of federal government current receipts, current expenditures, and net federal government saving are based on data from the federal budget, from the *Monthly Treasury Statement* and other reports from the Department of the Treasury, and from other federal government agencies. Total receipts, total expenditures, and net lending or net borrowing, which are alternative measures of the federal fiscal position, are based on these same sources.

Quarterly and annual estimates are available monthly in NIPA table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4–3.8, 3.12, and 3.13, and quarterly estimates for selected series are available in NIPA underlying detail tables.

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of reconciliations of the NIPA estimates with the federal budget, see NIPA table 3.18b.

All the estimates are available in interactive tables on BEA's website.

1. See Mark S. Ludwick and Brendan Brankin, “NIPA Translation of the Fiscal Year 2019 Federal Budget,” *Survey of Current Business* 98 (March 2018).

State and Local Government

Net state and local government saving was $-\$239.8$ billion in the second quarter, decreasing $\$9.4$ billion from $-\$230.4$ billion in the first quarter. In the second quarter, current receipts decelerated and current expenditures accelerated (table 3).

State and local government net borrowing was $\$296.5$ billion, increasing $\$16.6$ billion from $\$279.9$ billion in the first quarter.

- Personal current taxes (line 3) turned down in the second quarter because of a downturn in personal income taxes.
- Taxes on corporate income (line 5) turned up in the second quarter.
- Federal grants-in-aid (line 9) turned down in the second quarter, reflecting a downturn in Medicaid grants.
- Consumption expenditures (line 13) accelerated in the second quarter, reflecting an acceleration in compensation of general government employees.
- Government social benefits (line 14) accelerated in the second quarter, reflecting an acceleration in Medicaid benefits.
- Gross government investment (line 25) accelerated in the second quarter because of an acceleration in structures investment.

Table 3. State and Local Government Current Receipts and Expenditures

(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2017	2017	2018	2018
		II	III	IV	I	II
1	Current receipts	2,581.6	49.0	28.0	35.0	17.6
2	Current tax receipts	1,761.6	26.9	31.8	14.3	17.5
3	Personal current taxes	436.8	14.7	15.0	8.5	-9.3
4	Taxes on production and imports	1,261.7	13.6	14.6	12.3	13.3
5	Taxes on corporate income	63.1	-1.3	2.1	-6.3	13.4
6	Contributions for government social insurance	21.6	0.2	0.4	0.3	0.3
7	Income receipts on assets	87.5	0.5	0.6	-0.2	0.9
8	Current transfer receipts	714.5	21.8	-4.3	20.1	-0.7
9	Federal grants-in-aid	576.6	20.3	-6.1	18.0	-2.6
10	Other	138.0	1.5	1.7	2.2	2.0
11	Current surplus of government enterprises	-3.6	-0.5	-0.4	0.3	-0.3
12	Current expenditures	2,821.4	32.8	18.2	20.5	27.0
13	Consumption expenditures	1,803.5	13.9	20.5	16.4	19.1
14	Government social benefits	737.3	18.4	-2.6	7.8	10.8
15	Interest payments	280.1	0.5	0.4	-3.7	-2.9
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-239.8	16.2	9.8	14.5	-9.4
18	Social insurance funds	4.4	0.1	0.1	0.1	0.1
19	Other	-244.3	16.1	9.7	14.4	-9.6
Addenda:						
20	Total receipts	2,650.9	57.7	15.5	35.2	17.3
21	Current receipts	2,581.6	49.0	28.0	35.0	17.6
22	Capital transfer receipts	69.3	8.9	-12.5	0.1	-0.3
23	Total expenditures	2,947.4	33.7	20.7	24.7	33.8
24	Current expenditures	2,821.4	32.8	18.2	20.5	27.0
25	Gross government investment	389.0	-1.3	9.4	7.1	11.4
26	Capital transfer payments
27	Net purchases of nonproduced assets	14.3	0.2	0.2	0.2	0.3
28	Less: Consumption of fixed capital	277.4	2.9	2.1	3.3	4.9
29	Net lending or net borrowing (-)	-296.5	24.0	-5.2	10.6	-16.6

Source Data and Other Information About Estimates of State and Local Government Receipts and Expenditures

The estimates of state and local government current receipts and expenditures and total receipts and expenditures are mainly based on compilations of data for state and local government finances. The Census Bureau produces the primary source data: the census of governments that is conducted in years that end in a 2 or a 7 and the Government Finances series of surveys for the other years. In addition, other sources of Census Bureau data are from the *Quarterly Summary of State and Local Government Tax Revenue* and the monthly *Value of Construction Put in Place*. Data sources from the Bureau of Labor Statistics include the Quarterly Census of Employment and Wages and the Employment Cost Index.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and local government transactions by component are available in NIPA tables 3.4–3.8, 3.12, and 3.13, and quarterly estimates for selected series are available in NIPA underlying detail tables. For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

Annual estimates of receipts and expenditures of state governments and of local governments are available in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures).¹

All the estimates are available in interactive tables on BEA's website.

1. Bruce E. Baker, "[Receipts and Expenditures of State Governments and of Local Governments](#)," *Survey of Current Business* 85 (October 2005): 5–10.