

Government Receipts and Expenditures

Third Quarter of 2018

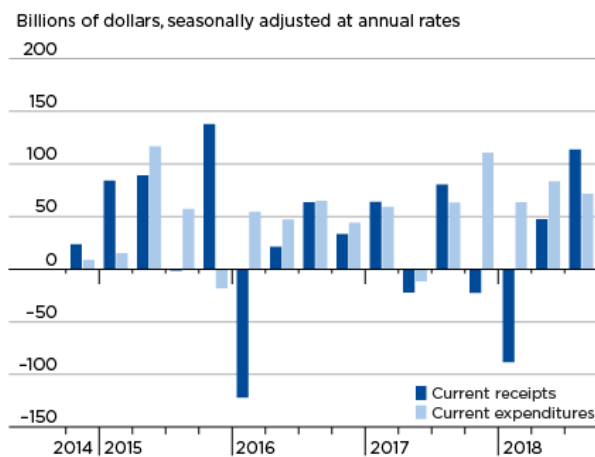
Prepared by Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,194.1$ billion in the third quarter of 2018, increasing $\$42.0$ billion from $-\$1,236.1$ billion in the second 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, and 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.

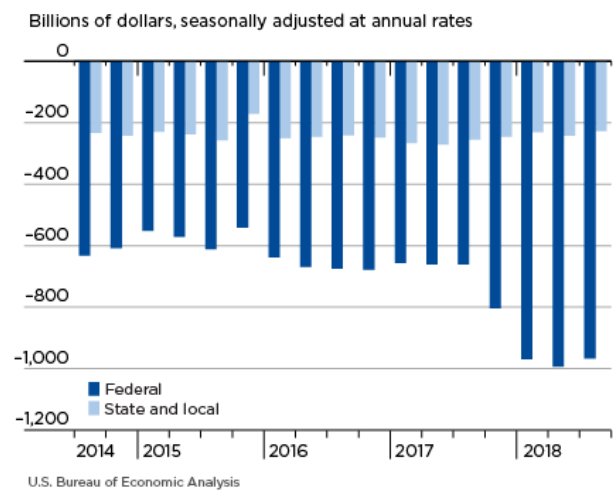
Net borrowing was $\$1,327.3$ billion in the third quarter, decreasing $\$18.6$ billion from $\$1,345.9$ billion in the second quarter (charts 3 and 4 and table 1).

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**

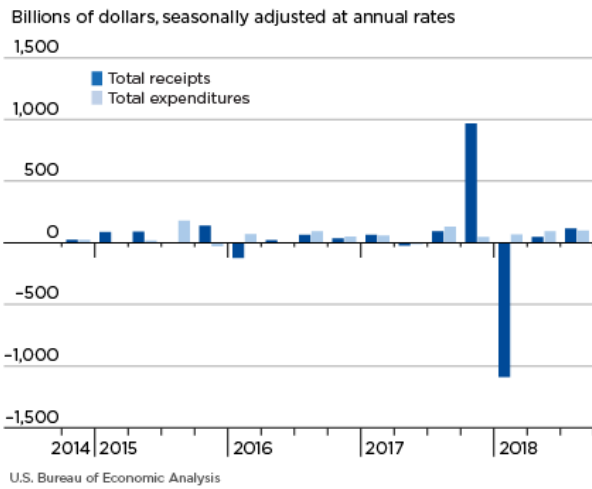


Chart 4. Net Lending or Net Borrowing

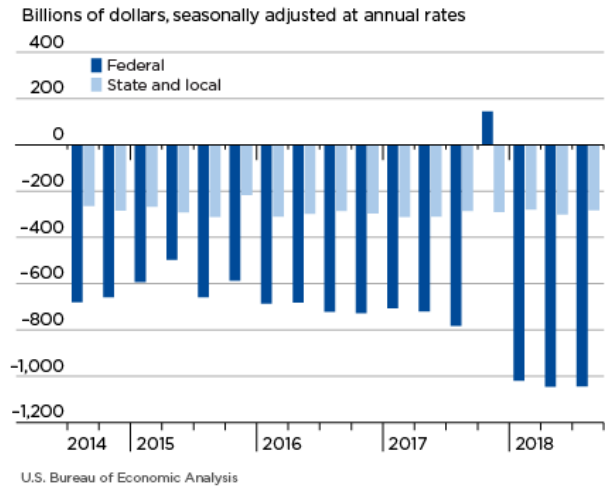


Table 1. Net Government Saving and Net Lending or Net Borrowing
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2017	2018	2018	2018
		III	IV	I	II	III
1	Current receipts	5,574.1	-22.6	-88.3	47.4	113.6
2	Current expenditures	6,768.2	110.6	63.5	83.2	71.6
3	Net government saving	-1,194.1	-133.2	-151.7	-35.9	42.0
4	Federal	-967.3	-143.1	-166.3	-23.8	26.4
5	State and local	-226.8	9.8	14.5	-12.0	15.6
6	Net lending or net borrowing (-)	-1,327.3	920.6	-1,153.4	-46.2	18.6
7	Federal	-1,044.2	925.8	-1,164.0	-25.7	1.3
8	State and local	-283.1	-5.2	10.6	-20.5	17.3

Federal Government

Net federal government saving was $-\$967.3$ billion in the third quarter, increasing $\$26.4$ billion from $-\$993.7$ billion in the second quarter (table 2). In the third quarter, both current receipts and current expenditures accelerated.

Federal government net borrowing was $\$1,044.2$ billion in the third quarter, decreasing $\$1.3$ billion from $\$1,045.5$ billion in the second quarter.

- Personal current taxes (line 3) accelerated in the third quarter, reflecting the pattern of wages.
- Taxes on production and imports (line 4) accelerated in the third quarter, reflecting an acceleration in customs duties. New tariffs were introduced on steel, aluminum, and other products in the first and second quarters.
- Taxes on corporate income (line 5) decelerated in the third quarter, reflecting a deceleration in corporate profits.
- Contributions for government social insurance (line 7) accelerated in the third quarter, reflecting the pattern of wages.
- Income receipts on assets (line 8) turned up in the third quarter, reflecting an acceleration in dividends from Fannie Mae and Freddie Mac and a smaller decrease in remittances paid by the regional Federal Reserve Banks.
- Current transfer receipts (line 9) accelerated in the third quarter, reflecting a $\$2.1$ billion ($\$8.4$ billion at an annual rate) settlement with Wells Fargo and a $\$4.9$ billion ($\$19.6$ billion at an annual rate) settlement with the Royal Bank of Scotland.
- Government social benefits to persons (line 17) accelerated in the third quarter, reflecting an acceleration in Medicare benefits.
- Grants-in-aid to state and local governments (line 20) turned up, reflecting an acceleration in Medicaid grants and an upturn in other health grants.
- Other current transfer payments to the rest of the world (line 21) turned down in the third quarter; second-quarter transfers were boosted by economic support payments to Egypt and Israel.
- Interest payments (line 22) accelerated in the third quarter, reflecting an upturn in the interest on Treasury Inflation Protected Securities.
- Capital transfer payments (line 33) turned up, reflecting the payment of $\$5.0$ billion ($\$20.0$ billion at an annual rate) in disaster-related insurance benefits from the National Flood Insurance Program for Hurricane Florence.

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

Line		Level	Change from preceding quarter			
		2018	2017	2018	2018	2018
		III	IV	I	II	III
1	Current receipts	3,541.8	-56.7	-105.3	27.9	85.6
2	Current tax receipts	1,970.4	-21.7	-149.2	27.8	33.8
3	Personal current taxes	1,622.8	7.4	-49.4	15.3	23.6
4	Taxes on production and imports	159.0	1.7	15.6	2.5	7.0
5	Taxes on corporate income	161.7	-31.6	-115.4	9.1	3.6
6	Taxes from the rest of the world	27.0	0.8	-0.1	1.0	-0.3
7	Contributions for government social insurance	1,348.6	11.0	26.0	8.7	12.4
8	Income receipts on assets	126.7	-20.0	13.3	-9.6	13.9
9	Current transfer receipts	105.2	-23.6	7.5	2.9	25.2
10	Current surplus of government enterprises	-9.1	-2.4	-3.0	-1.8	0.2
11	Current expenditures	4,509.1	86.3	61.0	51.7	59.2
12	Consumption expenditures	1,041.3	13.2	14.8	15.2	13.4
13	National defense	628.6	6.2	8.1	11.8	10.2
14	Nondefense	412.7	7.1	6.5	3.5	3.2
15	Current transfer payments	2,852.9	17.9	45.5	28.7	24.1
16	Government social benefits	2,211.8	14.5	36.8	16.6	23.0
17	To persons	2,188.9	13.7	36.5	16.6	23.0
18	To the rest of the world	23.0	0.9	0.3	0.0	0.1
19	Other current transfer payments	641.0	3.3	8.8	12.1	1.0
20	Grants-in-aid to state and local governments	587.0	-6.1	18.0	-2.6	10.4
21	To the rest of the world	54.0	9.3	-9.2	14.7	-9.4
22	Interest payments	555.6	54.1	4.4	9.0	21.1
23	Subsidies	59.4	1.1	-3.6	-1.3	0.7
24	Net federal government saving	-967.3	-143.1	-166.3	-23.8	26.4
25	Social insurance funds	-365.6	-2.5	-7.6	-10.2	-11.2
26	Other	-601.7	-140.5	-158.6	-13.7	37.6
Addenda:						
27	Total receipts	3,564.7	944.5	-1,105.0	26.1	85.5
28	Current receipts	3,541.8	-56.7	-105.3	27.9	85.6
29	Capital transfer receipts	22.9	1,001.3	-999.7	-1.8	-0.1
30	Total expenditures	4,608.9	18.7	59.0	51.8	84.2
31	Current expenditures	4,509.1	86.3	61.0	51.7	59.2
32	Gross government investment	288.2	3.5	-0.4	2.9	3.1
33	Capital transfer payments	96.5	-76.2	-0.1	-0.6	24.2
34	Net purchases of nonproduced assets	-0.6	6.7	0.1	-0.2	0.1
35	Less: Consumption of fixed capital	284.3	1.5	1.6	2.1	2.3
36	Net lending or net borrowing (-)	-1,044.2	925.8	-1,164.0	-25.7	1.3

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 $-\$226.8$ billion in the third quarter, increasing $\$15.6$ billion from $-\$242.4$ billion in the second quarter. In the third quarter, current receipts accelerated, and current expenditures decelerated (table 3).

State and local government net borrowing was $\$283.1$ billion, decreasing $\$17.3$ billion from $\$300.4$ billion in the second quarter.

- Personal current taxes (line 3) turned up in the third quarter, reflecting an upturn in personal income taxes.
- Taxes on corporate income (line 5) decelerated in the third quarter, reflecting a deceleration in corporate profits.
- Federal grants-in-aid (line 9) turned up in the third quarter, reflecting an acceleration in Medicaid grants and an upturn in other health grants.
- Government social benefits (line 14) decelerated in the third quarter, reflecting a deceleration in Medicaid benefits.
- Capital transfer receipts (line 22) turned up in the third quarter, reflecting $\$0.8$ billion ($\$3.2$ billion at an annual rate) in disaster-related insurance benefits for Hurricane Florence.
- Gross government investment (line 25) decelerated in the third quarter, reflecting a deceleration 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	2018	2018	2018
		III	IV	I	II	III
1	Current receipts	2,619.3	28.0	35.0	16.8	38.5
2	Current tax receipts	1,786.6	31.8	14.3	17.0	25.5
3	Personal current taxes	439.7	15.0	8.5	-10.0	3.6
4	Taxes on production and imports	1,276.6	14.6	12.3	13.0	15.2
5	Taxes on corporate income	70.3	2.1	-6.3	13.9	6.7
6	Contributions for government social insurance	21.9	0.4	0.3	0.3	0.3
7	Income receipts on assets	87.7	0.6	-0.2	0.6	0.5
8	Current transfer receipts	726.9	-4.3	20.1	-0.7	12.4
9	Federal grants-in-aid	587.0	-6.1	18.0	-2.6	10.4
10	Other	139.9	1.7	2.2	2.0	1.9
11	Current surplus of government enterprises	-3.9	-0.4	0.3	-0.3	-0.3
12	Current expenditures	2,846.1	18.2	20.5	28.9	22.8
13	Consumption expenditures	1,822.6	20.5	16.4	18.7	19.5
14	Government social benefits	744.9	-2.6	7.8	13.1	5.3
15	Interest payments	278.0	0.4	-3.7	-3.0	-2.0
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-226.8	9.8	14.5	-12.0	15.6
18	Social insurance funds	4.5	0.1	0.1	0.1	0.1
19	Other	-231.3	9.7	14.4	-12.2	15.6
Addenda:						
20	Total receipts	2,696.1	15.5	35.2	16.6	45.9
21	Current receipts	2,619.3	28.0	35.0	16.8	38.5
22	Capital transfer receipts	76.8	-12.5	0.1	-0.2	7.4
23	Total expenditures	2,979.2	20.7	24.7	37.1	28.5
24	Current expenditures	2,846.1	18.2	20.5	28.9	22.8
25	Gross government investment	398.6	9.4	7.1	12.9	8.1
26	Capital transfer payments
27	Net purchases of nonproduced assets	14.6	0.2	0.2	0.3	0.3
28	Less: Consumption of fixed capital	280.1	2.1	3.3	4.8	2.8
29	Net lending or net borrowing (-)	-283.1	-5.2	10.6	-20.5	17.3

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.

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