

Government Receipts and Expenditures

First Quarter of 2019

By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,316.4$ billion in the first quarter of 2019, decreasing $\$33.8$ billion from $-\$1,282.6$ billion in the fourth 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 $\$1,444.1$ billion in the first quarter, increasing $\$51.7$ billion from $\$1,392.4$ billion in the fourth quarter (charts 3 and 4 and table 1).

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

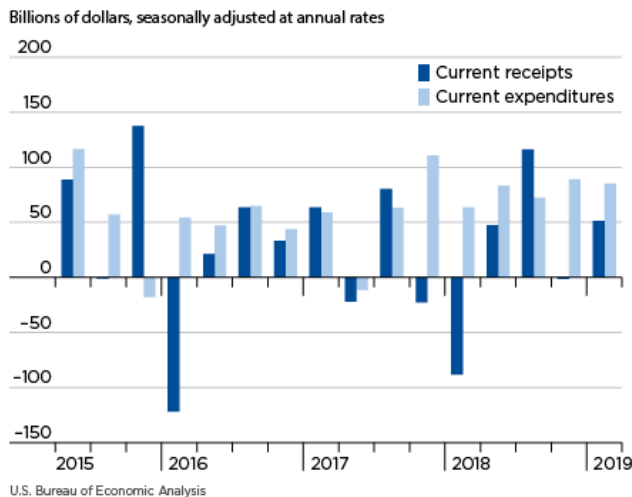
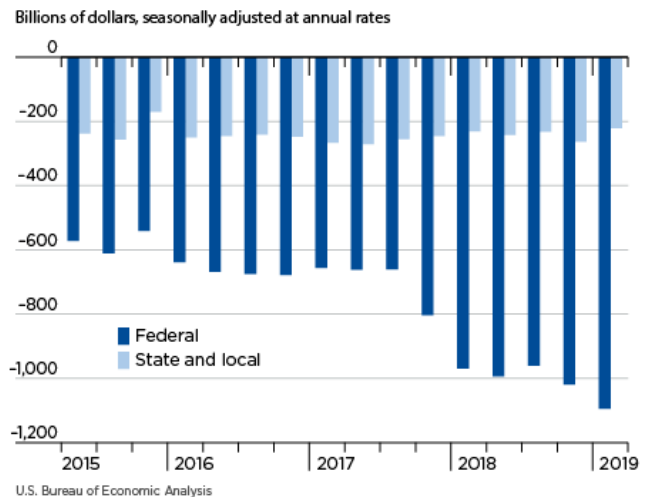


Chart 2. Net Saving



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

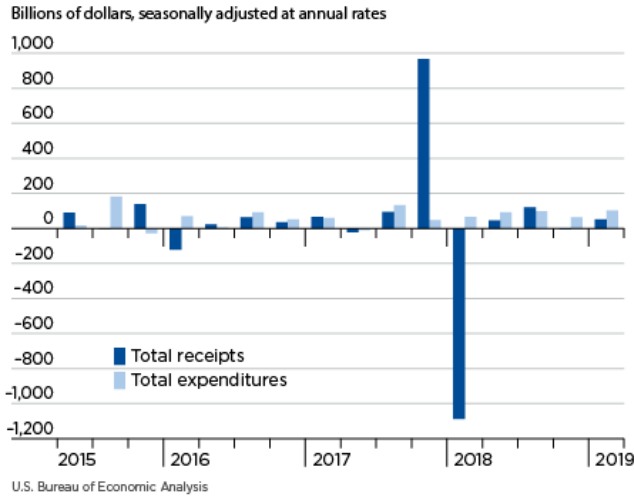


Chart 4. Net Lending or Net Borrowing

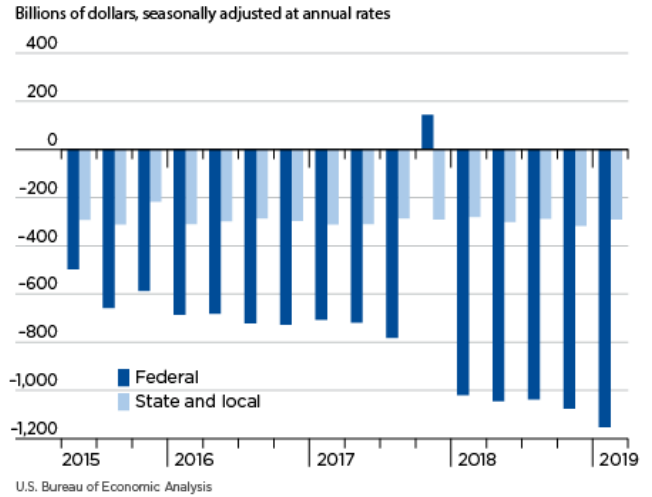


Table 1. Net Government Saving and Net Lending or Net Borrowing
[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2019	2018	2018	2018	2019
		I	II	III	IV	I
1	Current receipts	5,626.5	47.4	116.3	-1.6	51.3
2	Current expenditures	6,942.9	83.2	72.2	89.0	85.1
3	Net government saving	-1,316.4	-35.9	44.0	-90.5	-33.8
4	Federal	-1,095.2	-23.8	33.1	-58.9	-75.7
5	State and local	-221.2	-12.0	10.9	-31.6	41.9
6	Net lending or net borrowing (-)	-1,444.1	-46.2	20.9	-67.4	-51.7
7	Federal	-1,153.3	-25.7	8.0	-38.6	-77.2
8	State and local	-290.8	-20.5	13.0	-28.9	25.5

Federal Government

Net federal government saving was $-\$1,095.2$ billion in the first quarter, decreasing $\$75.7$ billion from $-\$1,019.5$ billion in the fourth quarter (table 2). In the first quarter, both current receipts and current expenditures accelerated.

Federal government net borrowing was $\$1,153.3$ billion in the first quarter, increasing $\$77.2$ billion from $\$1,076.1$ billion in the fourth quarter.

- Personal current taxes (line 3) accelerated in the first quarter, reflecting the pattern of wages and salaries.
- Taxes on production and imports (line 4) turned down in the first quarter, reflecting a downturn in excise taxes and a deceleration in customs duties. The downturn in excise taxes reflected a temporary moratorium on the collection of annual fees established by the Affordable Care Act from health insurance companies. Fourth-quarter customs duties were boosted by new tariffs that began in late September on certain imported goods from China.
- Contributions for government social insurance (line 7) accelerated in the first quarter. Contributions for social security by employers, employees, and the self-employed were boosted as a result of an increase in the maximum taxable wage base. Contributions for Medicare were boosted $\$6.8$ billion as a result of premium increases.
- Income receipts on assets (line 8) decreased more in the first quarter, reflecting a larger decrease in dividends from the regional Federal Reserve Banks and a downturn in dividends from Fannie Mae and Freddie Mac.
- Current transfer receipts (line 9) turned up in the first quarter, reflecting the pattern of fines and settlements paid to the U.S. government. First-quarter receipts were boosted $\$1.9$ billion ($\$7.6$ billion at an annual rate) from fines paid by foreign businesses.
- Government social benefits to persons (line 17) accelerated in the first quarter, reflecting a cost-of-living adjustment that boosted benefits for social security, veterans' pensions, and supplemental security income. Additionally, payments of health insurance premium tax credits related to the Affordable Care Act turned up.
- Grants-in-aid to state and local governments (line 20) turned up in the first quarter, reflecting an upturn in grants for Medicaid and for other health programs.
- Interest payments (line 22) turned down in the first quarter, reflecting a larger decrease in interest paid on Treasury Inflation-Protected Securities.
- Subsidies (line 23) turned down in the first quarter, reflecting the pattern of agricultural subsidies from the U.S. Department of Agriculture Market Facilitation Program, which provides relief from tariffs on certain farm products.
- Capital transfer payments (line 33) turned up; third-quarter transfers were boosted by 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			
		2019	2018	2018	2018	2019
		I	II	III	IV	I
1	Current receipts	3,563.7	27.9	91.3	4.6	11.6
2	Current tax receipts	2,018.6	27.8	37.3	34.8	9.9
3	Personal current taxes	1,660.8	15.3	26.1	12.8	22.7
4	Taxes on production and imports	167.6	2.5	6.9	21.8	-13.1
5	Taxes on corporate income	162.0	9.1	4.6	-1.8	1.1
6	Taxes from the rest of the world	28.3	1.0	-0.3	2.1	-0.8
7	Contributions for government social insurance	1,377.3	8.7	14.7	6.4	20.0
8	Income receipts on assets	104.8	-9.6	13.8	-0.1	-21.7
9	Current transfer receipts	70.6	2.9	25.2	-36.2	1.6
10	Current surplus of government enterprises	-7.6	-1.8	0.2	-0.3	1.8
11	Current expenditures	4,658.9	51.7	58.2	63.6	87.2
12	Consumption expenditures	1,056.4	15.2	13.4	4.9	10.2
13	National defense	646.3	11.8	10.2	9.0	8.7
14	Nondefense	410.2	3.5	3.2	-4.2	1.7
15	Current transfer payments	2,981.6	28.7	24.3	21.0	107.5
16	Government social benefits	2,342.2	16.6	23.3	30.2	99.9
17	To persons	2,318.8	16.6	23.2	30.3	99.4
18	To the rest of the world	23.4	0.0	0.1	-0.2	0.6
19	Other current transfer payments	639.4	12.1	1.0	-9.2	7.6
20	Grants-in-aid to state and local governments	578.0	-2.6	10.4	-17.4	8.4
21	To the rest of the world	61.4	14.7	-9.4	8.2	-0.8
22	Interest payments	547.0	9.0	19.9	12.3	-19.7
23	Subsidies	73.9	-1.3	0.7	25.3	-10.8
24	Net federal government saving	-1,095.2	-23.8	33.1	-58.9	-75.7
25	Social insurance funds	-426.6	-10.2	-9.5	-24.2	-38.5
26	Other	-668.6	-13.7	42.6	-34.7	-37.2
Addenda:						
27	Total receipts	3,585.1	26.1	91.2	4.5	10.2
28	Current receipts	3,563.7	27.9	91.3	4.6	11.6
29	Capital transfer receipts	21.4	-1.8	-0.1	-0.1	-1.4
30	Total expenditures	4,738.4	51.8	83.3	43.0	87.4
31	Current expenditures	4,658.9	51.7	58.2	63.6	87.2
32	Gross government investment	298.8	2.9	3.1	7.6	3.0
33	Capital transfer payments	75.8	-0.6	24.2	-23.5	2.8
34	Net purchases of nonproduced assets	-6.8	-0.2	0.1	-2.7	-3.5
35	Less: Consumption of fixed capital	288.3	2.1	2.3	1.7	2.3
36	Net lending or net borrowing (-)	-1,153.3	-25.7	8.0	-38.6	-77.2

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 National Income and Product Accounts (NIPA) table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4, 3.5, 3.6, 3.7, 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.

1. See Mark S. Ludwick and Brendan I. Brankin, “[NIPA Translation of the Fiscal Year 2020 Federal Budget](#),” *Survey of Current Business* 99 (May 2019).

State and Local Government

Net state and local government saving was $-\$221.2$ billion in the first quarter, increasing $\$41.9$ billion from $-\$263.1$ billion in the fourth quarter. In the first quarter, current receipts turned up, and current expenditures decelerated (table 3).

State and local government net borrowing was $\$290.8$ billion, decreasing $\$25.5$ billion from $\$316.3$ billion in the fourth quarter.

- Personal current taxes (line 3) turned up in the first quarter, reflecting an upturn in personal income taxes.
- Federal grants-in-aid (line 9) turned up in the first quarter, reflecting an upturn in grants for Medicaid and other health care programs.
- Other current transfer receipts (line 10) turned down in the first quarter. Fourth-quarter receipts were boosted by a settlement from the foreign parent of Société Générale S.A. to the state of New York for concealing transactions that violated sanctions.
- Government social benefits (line 14) turned up in the first quarter, reflecting an upturn in Medicaid benefits.
- Gross government investment (line 25) turned up in the first quarter, reflecting upturns in investment for structures and equipment.

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2019	2018	2018	2018	2019
		I	II	III	IV	I
1	Current receipts	2,640.8	16.8	35.5	-23.6	48.1
2	Current tax receipts	1,813.2	17.0	22.7	-13.2	42.6
3	Personal current taxes	442.1	-10.0	3.5	-16.8	19.3
4	Taxes on production and imports	1,303.9	13.0	14.9	12.0	15.6
5	Taxes on corporate income	67.2	13.9	4.4	-8.5	7.7
6	Contributions for government social insurance	22.3	0.3	0.3	0.2	0.2
7	Income receipts on assets	88.5	0.6	0.3	0.2	0.8
8	Current transfer receipts	721.4	-0.7	12.4	-10.4	4.9
9	Federal grants-in-aid	578.0	-2.6	10.4	-17.4	8.4
10	Other	143.4	2.0	1.9	7.0	-3.5
11	Current surplus of government enterprises	-4.5	-0.3	-0.2	-0.4	-0.3
12	Current expenditures	2,862.0	28.9	24.5	8.0	6.2
13	Consumption expenditures	1,831.9	18.7	19.7	12.0	-2.9
14	Government social benefits	754.9	13.1	6.9	-2.8	11.2
15	Interest payments	274.7	-3.0	-2.1	-1.2	-2.0
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-221.2	-12.0	10.9	-31.6	41.9
18	Social insurance funds	4.7	0.1	0.1	0.1	0.1
19	Other	-225.9	-12.2	10.9	-31.7	41.8
Addenda:						
20	Total receipts	2,715.0	16.6	42.9	-29.1	51.0
21	Current receipts	2,640.8	16.8	35.5	-23.6	48.1
22	Capital transfer receipts	74.2	-0.2	7.5	-5.6	2.9
23	Total expenditures	3,005.8	37.1	29.9	-0.4	25.6
24	Current expenditures	2,862.0	28.9	24.5	8.0	6.2
25	Gross government investment	413.5	12.9	7.7	-5.4	20.7
26	Capital transfer payments					
27	Net purchases of nonproduced assets	15.3	0.3	0.3	0.3	0.4
28	Less: Consumption of fixed capital	285.0	4.8	2.8	3.1	1.8
29	Net lending or net borrowing (-)	-290.8	-20.5	13.0	-28.9	25.5

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, 3.5, 3.6, 3.7, 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

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