

Government Receipts and Expenditures

First Quarter of 2020

By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,564.5$ billion in the first quarter of 2020, decreasing $\$108.7$ billion from $-\$1,455.8$ billion in the fourth quarter of 2019 (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 $\$1,718.7$ billion in the first quarter, increasing $\$107.2$ billion from $\$1,611.5$ billion in the fourth quarter (charts 3 and 4 and table 1).

**Chart 1. Current Receipts and Expenditures:
 Change from Preceding Quarter**

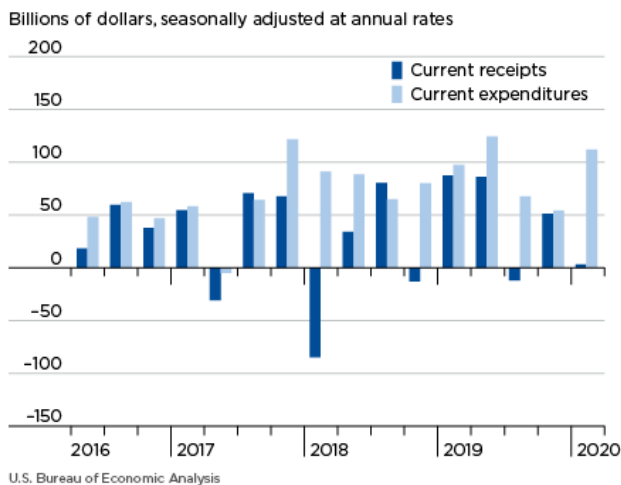
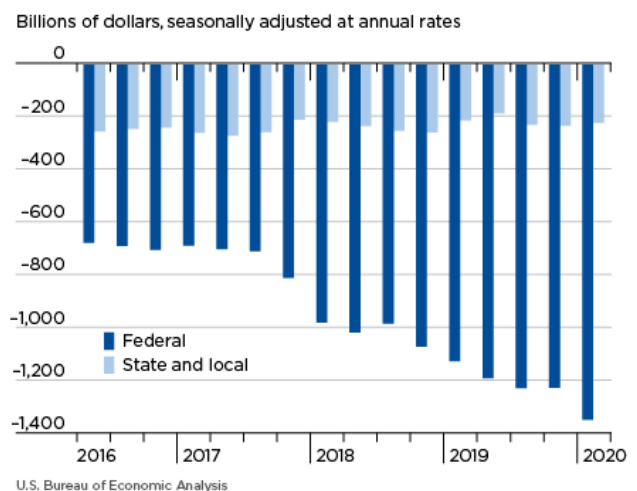


Chart 2. Net Saving



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

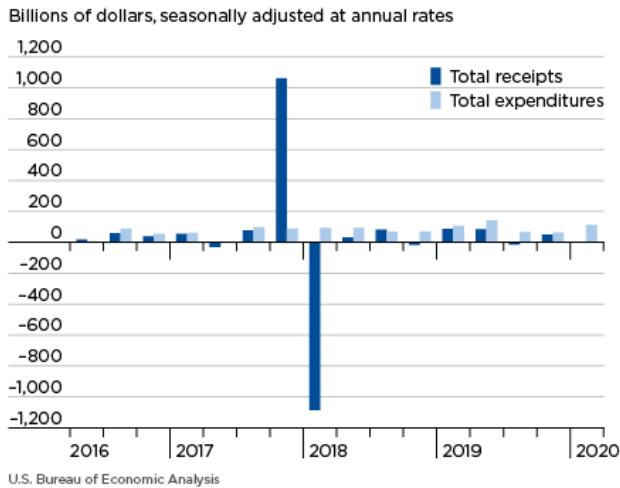


Chart 4. Net Lending or Net Borrowing

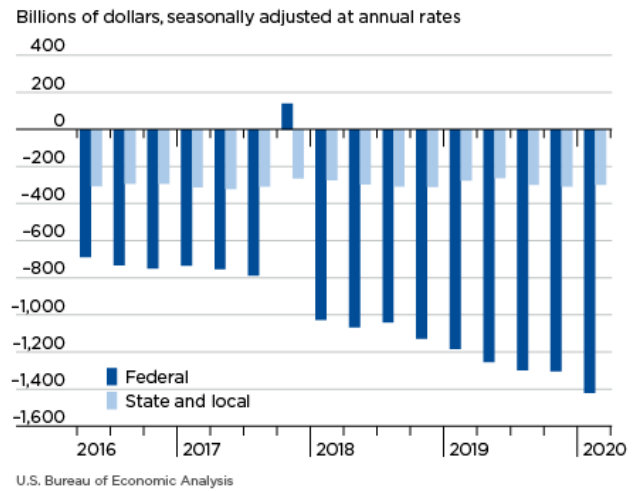


Table 1. Net Government Saving and Net Lending or Net Borrowing
[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2020	2019	2019	2019	2020
		I	II	III	IV	I
1	Current receipts	5,792.3	86.1	-11.8	50.9	3.2
2	Current expenditures	7,356.8	124.5	67.7	54.3	111.8
3	Net government saving	-1,564.5	-38.3	-79.6	-3.2	-108.7
4	Federal	-1,344.2	-65.1	-37.2	1.0	-120.0
5	State and local	-220.2	26.7	-42.4	-4.3	11.5
6	Net lending or net borrowing (-)	-1,718.7	-58.6	-80.3	-13.9	-107.2
7	Federal	-1,420.5	-70.7	-44.5	-5.4	-116.5
8	State and local	-298.2	12.1	-35.8	-8.5	9.3

Federal Government

Net federal government saving was $-\$1,344.2$ billion in the first quarter, decreasing $\$120.0$ billion from $-\$1,224.2$ billion in the fourth quarter (table 2). In the first quarter, current receipts turned down and current expenditures accelerated.

Federal government net borrowing was $\$1,420.5$ billion in the first quarter, increasing $\$116.5$ billion from $\$1,304.0$ billion in the fourth quarter.

- Personal current taxes (line 3) remained unchanged in the first quarter after increasing $\$25.0$ billion in the fourth quarter. Withheld taxes turned down, reflecting the pattern of wages. Nonwithheld taxes decelerated, increasing $\$2.2$ billion after increasing $\$5.3$ billion.
- Taxes on production and imports (line 4) decelerated in the first quarter. Customs duties turned down in the first quarter, reflecting a slowdown in the volume of imports. The downturn was partially offset by an acceleration in excise taxes, reflecting the restoration of annual fees established by the Affordable Care Act from health insurance companies.
- Taxes on corporate income (line 5) turned down in the first quarter, reflecting a downturn in corporate profits.
- Contributions for government social insurance (line 7) decelerated in the first quarter, reflecting the pattern of wages.
- Income receipts on assets (line 8) turned down in the first quarter, reflecting a temporary moratorium on the collection of interest on direct student loans authorized by the Coronavirus Aid, Relief, and Economic Security Act.
- Current transfer receipts (line 9) decreased less in the first quarter, decreasing $\$4.4$ billion after decreasing $\$22.8$ billion in the fourth quarter. The smaller decline in current transfer receipts reflects the absence of any large fines paid to the federal government by businesses. Additionally, fines from persons related to the Affordable Care Act, which are typically paid in the subsequent year's tax filing period, were suspended beginning in tax year 2019.
- 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. Payments of health insurance premium tax credits related to the Affordable Care Act turned up, reflecting an increase in the number of people enrolled in Affordable Care Act plans. Additionally, regular unemployment benefits accelerated, reflecting an increase in the number of people receiving unemployment benefits as a result of "stay-at-home" orders in response to the COVID-19 pandemic.
- Grants-in-aid to state and local governments (line 20) accelerated in the first quarter, reflecting an upturn in Medicaid grants.
- Interest payments (line 22) turned up in the first quarter, reflecting an upturn in interest paid on Treasury Inflation-Protected Securities.
- Subsidies (line 23) continued to decrease in the first quarter, reflecting a decrease in agricultural subsidies from the U.S. Department of Agriculture Market Facilitation Program, which provides payments to farmers affected by foreign tariffs on certain farm products.

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2020	2019	2019	2019	2020
		I	II	III	IV	I
1	Current receipts	3,636.6	29.6	2.0	41.3	-13.0
2	Current tax receipts	2,052.8	9.0	0.8	41.6	-17.2
3	Personal current taxes	1,723.4	3.3	7.1	25.0	0.0
4	Taxes on production and imports	181.5	-4.4	9.8	5.6	4.4
5	Taxes on corporate income	118.1	9.4	-15.9	10.6	-22.6
6	Taxes from the rest of the world	29.7	0.6	-0.1	0.2	1.0
7	Contributions for government social insurance	1,431.5	8.8	4.8	14.7	12.8
8	Income receipts on assets	98.8	13.4	-22.0	6.9	-5.8
9	Current transfer receipts	59.2	-0.3	18.1	-22.8	-4.3
10	Current surplus of government enterprises	-5.7	-1.1	0.2	0.9	1.5
11	Current expenditures	4,980.8	94.6	39.3	40.3	107.0
12	Consumption expenditures	1,146.5	18.9	10.6	11.7	13.7
13	National defense	695.9	10.3	3.3	7.4	8.3
14	Nondefense	450.6	8.6	7.3	4.2	5.5
15	Current transfer payments	3,171.8	24.7	28.3	34.0	92.1
16	Government social benefits	2,476.7	23.5	23.4	24.6	74.8
17	To persons	2,452.0	23.1	23.0	24.5	74.4
18	To the rest of the world	24.8	0.3	0.5	0.0	0.6
19	Other current transfer payments	695.0	1.2	4.8	9.5	17.2
20	Grants-in-aid to state and local governments	628.2	13.6	0.2	2.3	11.6
21	To the rest of the world	66.8	-12.4	4.7	7.1	5.6
22	Interest payments	587.2	61.7	-20.3	-4.8	7.2
23	Subsidies	75.3	-10.7	20.7	-0.6	-6.1
24	Net federal government saving	-1,344.2	-65.1	-37.2	1.0	-120.0
25	Social insurance funds	-486.7	-17.6	-19.4	-7.9	-35.9
26	Other	-857.5	-47.4	-17.9	8.9	-84.1
	Addenda:					
27	Total receipts	3,655.2	27.8	0.7	40.5	-11.9
28	Current receipts	3,636.6	29.6	2.0	41.3	-13.0
29	Capital transfer receipts	18.7	-1.7	-1.4	-0.9	1.3
30	Total expenditures	5,075.8	98.6	45.1	45.9	104.7
31	Current expenditures	4,980.8	94.6	39.3	40.3	107.0
32	Gross government investment	313.5	1.6	6.5	5.9	-3.6
33	Capital transfer payments	81.8	-1.5	1.7	0.7	3.4
34	Net purchases of nonproduced assets	-0.8	4.5	0.1	1.3	0.1
35	Less: Consumption of fixed capital	299.5	0.7	2.5	2.2	2.2
36	Net lending or net borrowing (-)	-1,420.5	-70.7	-44.5	-5.4	-116.5

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 $-\$220.2$ billion in the first quarter, increasing $\$11.5$ billion from $-\$231.7$ billion in the fourth quarter. In the first quarter, both current receipts and current expenditures accelerated (table 3).

State and local government net borrowing was $\$298.2$ billion in the first quarter, decreasing $\$9.3$ billion from $\$307.5$ billion in the fourth quarter.

- Personal current taxes (line 3) turned up in the first quarter, reflecting an upturn in personal income taxes.
- Taxes on production and imports (line 4) accelerated in the first quarter, reflecting an acceleration in state sales taxes and in state payroll taxes. The state of Massachusetts implemented a statewide payroll tax as part of the Massachusetts Paid Family and Medical Leave law.
- Taxes on corporate income (line 5) turned down in the first quarter, reflecting a downturn in corporate profits.
- Federal grants-in-aid (line 9) accelerated in the first quarter, reflecting an upturn in Medicaid grants.
- Current surplus of government enterprises (line 11) turned down, reflecting lower revenue from casinos, tolls, and public transit as a result of stay-at-home orders in response to the COVID-19 pandemic.
- Government social benefits (line 14) turned up in the first quarter, reflecting an upturn in Medicaid benefits.
- Gross government investment (line 25) accelerated in the first quarter, reflecting an acceleration in investment for structures.

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2020	2019	2019	2019	2020
		I	II	III	IV	I
1	Current receipts	2,784.0	70.1	-13.7	12.0	27.9
2	Current tax receipts	1,911.2	53.5	-13.3	9.6	21.9
3	Personal current taxes	490.7	39.9	-31.8	-0.1	13.8
4	Taxes on production and imports	1,355.3	11.4	18.5	6.8	12.4
5	Taxes on corporate income	65.2	2.3	0.0	2.9	-4.3
6	Contributions for government social insurance	23.4	0.1	0.2	0.3	0.3
7	Income receipts on assets	96.2	0.3	0.4	0.5	1.5
8	Current transfer receipts	766.1	16.6	-1.0	1.7	12.4
9	Federal grants-in-aid	628.2	13.6	0.2	2.3	11.6
10	Other	137.9	2.9	-1.2	-0.6	0.8
11	Current surplus of government enterprises	-12.9	-0.3	0.0	0.1	-8.4
12	Current expenditures	3,004.2	43.5	28.6	16.3	16.4
13	Consumption expenditures	1,948.9	21.5	15.3	17.2	18.5
14	Government social benefits	790.7	22.3	14.0	-0.3	3.0
15	Interest payments	264.0	-0.4	-0.6	-0.7	-5.0
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-220.2	26.7	-42.4	-4.3	11.5
18	Social insurance funds	5.9	-0.1	0.1	0.2	0.2
19	Other	-226.2	26.8	-42.4	-4.5	11.1
Addenda:						
20	Total receipts	2,863.5	68.4	-12.0	12.1	31.2
21	Current receipts	2,784.0	70.1	-13.7	12.0	27.9
22	Capital transfer receipts	79.5	-1.7	1.7	0.0	3.4
23	Total expenditures	3,161.7	56.4	23.8	20.5	22.0
24	Current expenditures	3,004.2	43.5	28.6	16.3	16.4
25	Gross government investment	441.8	17.2	-1.8	6.0	8.4
26	Capital transfer payments					
27	Net purchases of nonproduced assets	13.9	0.1	-0.2	-0.5	-0.8
28	Less: Consumption of fixed capital	298.2	4.3	2.7	1.4	2.1
29	Net lending or net borrowing (-)	-298.2	12.1	-35.8	-8.5	9.3

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