



Government Receipts and Expenditures Second Quarter of 2020

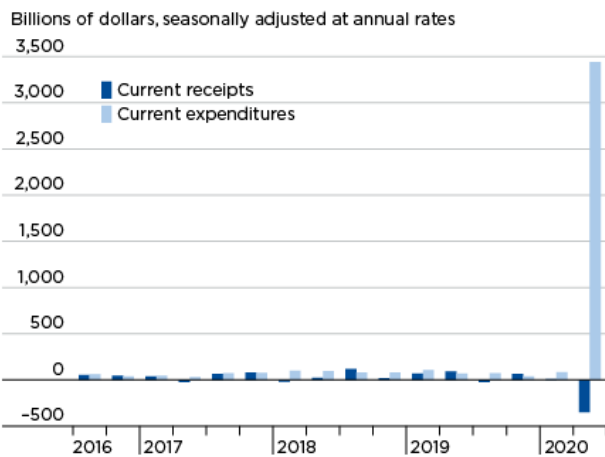
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$5,142.6$ billion in the second quarter of 2020, decreasing $\$3,789.1$ billion from $-\$1,353.5$ billion in the first quarter of 2020 (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.

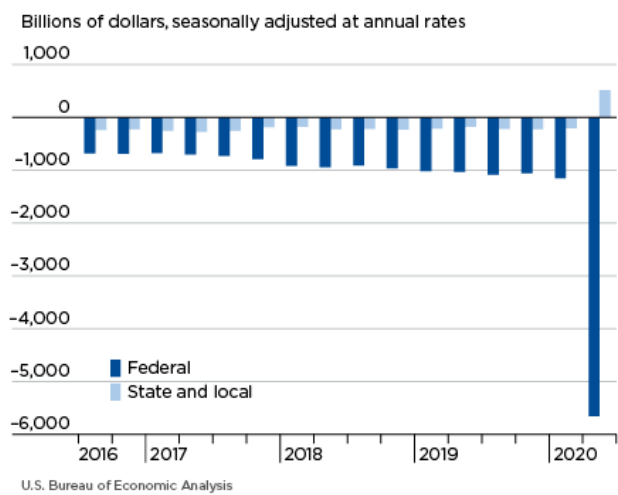
Net borrowing was $\$5,337.8$ billion in the second quarter, increasing $\$3,781.0$ billion from $\$1,556.8$ billion in the second quarter (charts 3 and 4 and table 1).

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



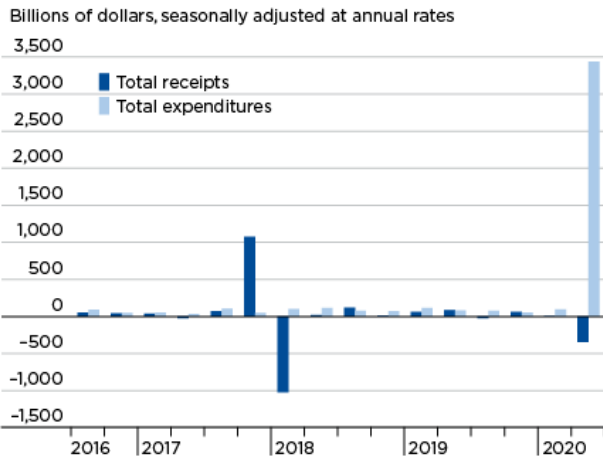
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Chart 2. Net Saving



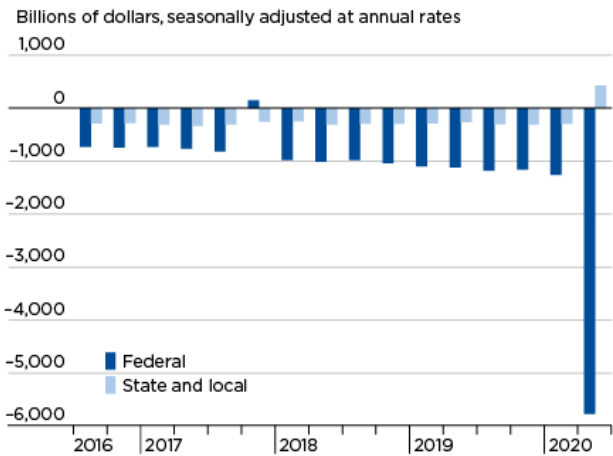
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**Chart 3. Total Receipts and Expenditures:
Change from Preceding Quarter**



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Chart 4. Net Lending or Net Borrowing



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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	2020	2020
		II	III	IV	I	II
1	Current receipts	5,560.8	-23.3	63.2	6.0	-349.4
2	Current expenditures	10,703.4	72.4	36.6	82.2	3,439.7
3	Net government saving	-5,142.6	-95.7	26.6	-76.2	-3,789.1
4	Federal	-5,659.1	-51.1	29.2	-95.9	-4,508.3
5	State and local	516.5	-44.6	-2.6	19.7	719.2
6	Net lending or net borrowing (-)	-5,337.8	-98.7	9.5	-90.7	-3,781.0
7	Federal	-5,764.4	-60.2	15.3	-99.5	-4,504.4
8	State and local	426.7	-38.7	-5.7	8.7	723.6

Federal Government

Net federal government saving was $-\$5,659.1$ billion in the second quarter, decreasing $\$4,508.3$ billion from $-\$1,150.8$ billion in the first quarter (table 2). In the second quarter, current receipts continued to decrease and current expenditures accelerated.

Federal government net borrowing was $\$5,764.4$ billion in the second quarter, increasing $\$4,504.4$ billion from $\$1,260.0$ billion in the first quarter.

Coronavirus (COVID-19) Impact on the Second-Quarter 2020 Federal Government Receipts and Expenditures Estimate

The second-quarter estimate for federal government receipts and expenditures was impacted by the response to the spread of COVID-19. Since the onset of the COVID-19 pandemic, several legislative acts, including the Coronavirus Aid, Relief, and Economic Security Act, were signed into law. The acts established several temporary programs and provided additional funding for existing federal programs to support individuals, communities, and businesses impacted by the pandemic. During the second quarter, several provisions from the acts took effect. Most significantly, provisions from the one-time economic impact payments to individuals and expanded unemployment insurance program benefits boosted government social benefits, while the portion of forgivable loans to businesses and nonprofits through the Paycheck Protection Program raised government subsidies and social benefit payments, respectively. The full economic effects of the COVID-19 pandemic cannot be quantified in the federal government receipts and expenditures estimate for the second quarter of 2020, because the impacts are generally embedded in source data and cannot be separately identified. For more information, see the table [Effects of Selected Federal Pandemic Response Programs on Federal Government Receipts, Expenditures, and Saving](#).

- Personal current taxes (line 3) turned down in the second quarter, reflecting a downturn in withheld taxes and nonwithheld taxes. The downturn in withheld taxes reflects the pattern of wages. The downturn in nonwithheld taxes reflects a downturn in the pattern of nonwage income.
- Taxes on production and imports (line 4) turned down in the second quarter. Excise taxes turned down, reflecting a larger decrease in air transport excise taxes due to the suspension of certain aviation excise taxes by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Health excise taxes also decelerated following the reintroduction of annual fees on health insurance providers in the first quarter of 2020; these fees were temporarily suspended in 2019. Gasoline excise taxes, diesel fuel excise taxes, and tobacco excise taxes also continued to decrease. Additionally, customs duties continued to decrease in the second quarter, decreasing $\$22.4$ billion after decreasing $\$3.0$ billion in the first quarter, primarily reflecting a reduction in the volume of imports.
- Taxes on corporate income (line 5) decreased less in the second quarter, reflecting a smaller decrease in corporate profits.
- Contributions for government social insurance (line 7) turned down in the second quarter, reflecting the pattern of wages.
- Current transfer receipts (line 9) turned up in the second quarter, reflecting an upturn in fines paid by foreign businesses to the federal government. Transfers from persons decreased less in the second quarter. The larger decrease in the first quarter reflected the suspension of Affordable Care Act fines for tax year 2019.

- Nondefense consumption expenditures (line 14) accelerated in the second quarter, reflecting an upturn in nondefense services. Spending on services was boosted by fees paid to private lenders for administering Paycheck Protection Program loans that were authorized by the CARES Act.
- Government social benefits to persons (line 17) accelerated in the second quarter, reflecting the coronavirus economic impact payments authorized by the CARES Act. Additionally, unemployment benefits accelerated, reflecting expanded unemployment insurance benefits provided through three programs. The Federal Pandemic Unemployment Compensation program provides a temporary weekly supplemental payment of \$600 to people receiving unemployment benefits. The Pandemic Unemployment Assistance program provides temporary unemployment benefits to people who are not usually eligible for unemployment insurance benefits. The Pandemic Emergency Unemployment Compensation program provides a temporary extension of unemployment benefits for 13 weeks to people who exhausted all available regular and extended unemployment benefits. Transfers to nonprofit institutions also accelerated, reflecting transfers from the Provider Relief Fund and the [Paycheck Protection Program](#), both authorized by the CARES Act. The Provider Relief Fund provides funding to assist nonprofit hospitals in their response to the COVID-19 pandemic, of which the forgivable portion of these loans are treated as transfer payments. The Paycheck Protection Program provides loans to nonprofit institutions. Supplemental Nutrition Assistance Program benefits accelerated in the second quarter, reflecting an increase in emergency benefits as well as an increase in the number of people receiving benefits in response to the COVID-19 pandemic. Medicare also accelerated in the second quarter, reflecting a temporary 2 percent increase in reimbursements paid to Medicare service providers as a provision of the CARES Act.
- Grants-in-aid to state and local governments (line 20) accelerated in the second quarter, reflecting an increase in grants funding COVID-19 response efforts appropriated through the CARES Act. General economic and labor affairs grants accelerated, reflecting payments from the Coronavirus Relief Fund to cover expenditures incurred due to the public health emergency. Health grants accelerated, reflecting an increase in federal Medicaid matching funds to assist states with responding to the COVID-19 pandemic. Education grants also accelerated, reflecting funds provided to handle COVID-19 response activities at public schools and colleges.
- Interest payments (line 22) continued to decrease in the second quarter, reflecting a downturn in interest paid on public issues of debt resulting from lower interest rates in the second quarter.
- Subsidies (line 23) turned up in the second quarter, reflecting funds appropriated through the CARES Act, including Paycheck Protection Program loans to businesses, tax credits to fund paid sick leave, employee retention tax credits, grants to the airline industry, public health and social services emergency funding for private health care providers, and support for public transit agencies.

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	2020	2020
		II	III	IV	I	II
1	Current receipts	3,468.3	-2.1	61.3	-10.6	-284.8
2	Current tax receipts	1,930.8	-5.7	59.4	-27.1	-219.2
3	Personal current taxes	1,599.7	10.1	27.0	16.4	-156.9
4	Taxes on production and imports	131.1	6.7	4.2	4.6	-52.7
5	Taxes on corporate income	173.4	-22.6	28.1	-49.2	-7.1
6	Taxes from the rest of the world	26.7	0.1	0.0	1.2	-2.4
7	Contributions for government social insurance	1,366.2	4.5	14.6	19.5	-70.2
8	Income receipts on assets	113.7	-20.6	9.6	1.6	0.9
9	Current transfer receipts	57.9	19.9	-22.4	-5.7	3.1
10	Current surplus of government enterprises	-0.3	-0.2	0.1	1.0	0.7
11	Current expenditures	9,127.4	48.9	32.2	85.3	4,223.5
12	Consumption expenditures	1,167.6	9.7	9.1	4.3	49.6
13	National defense	688.3	6.8	9.4	1.0	-2.6
14	Nondefense	479.3	2.9	-0.3	3.3	52.2
15	Current transfer payments	6,314.5	18.0	23.4	89.8	3,184.8
16	Government social benefits	4,869.5	16.1	16.4	75.3	2,422.1
17	To persons	4,836.1	15.6	16.3	74.8	2,413.6
18	To the rest of the world	33.4	0.5	0.1	0.5	8.5
19	Other current transfer payments	1,445.0	1.9	6.9	14.6	762.7
20	Grants-in-aid to state and local governments	1,396.9	-2.2	5.1	12.4	769.1
21	To the rest of the world	48.1	4.2	1.8	2.2	-6.4
22	Interest payments	559.1	0.3	0.6	-2.8	-22.6
23	Subsidies	1,086.2	20.9	-0.9	-6.0	1,011.7
24	Net federal government saving	-5,659.1	-51.1	29.2	-95.9	-4,508.3
25	Social insurance funds	-1,624.9	-14.5	-3.5	-29.5	-1,170.1
26	Other	-4,034.1	-36.5	32.6	-66.4	-3,338.1
Addenda:						
27	Total receipts	3,485.6	-2.4	61.5	-9.4	-284.3
28	Current receipts	3,468.3	-2.1	61.3	-10.6	-284.8
29	Capital transfer receipts	17.3	-0.3	0.2	1.2	0.5
30	Total expenditures	9,250.0	57.7	46.1	90.1	4,220.2
31	Current expenditures	9,127.4	48.9	32.2	85.3	4,223.5
32	Gross government investment	341.7	9.0	9.6	0.3	7.1
33	Capital transfer payments	84.6	2.4	6.1	6.3	-7.8
34	Net purchases of nonproduced assets	-0.1	0.1	0.9	0.4	0.4
35	<i>Less: Consumption of fixed capital</i>	303.6	2.7	2.5	2.2	3.1
36	Net lending or net borrowing (-)	-5,764.4	-60.2	15.3	-99.5	-4,504.4

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 \$516.5 billion in the second quarter, increasing \$719.2 billion from -\$202.7 billion in the first quarter. In the second quarter, current receipts accelerated and current expenditures turned down (table 3).

The state and local government fiscal position improved. In the second quarter, net lending was \$426.7 billion, an improvement of \$723.6 billion; in the first quarter, net borrowing was \$296.9 billion.

- Personal current taxes (line 3) turned down in the second quarter, reflecting a downturn in personal income taxes. The downturn in personal income taxes reflects the pattern of wages.
- Taxes on production and imports (line 4) turned down in the second quarter, reflecting downturns in sales taxes and in severance taxes.
- Federal grants-in-aid (line 9) accelerated in the second quarter, reflecting an increase in grants funding COVID-19 response efforts appropriated through the CARES Act. General economic and labor affairs grants accelerated, reflecting payments from the Coronavirus Relief Fund to cover expenditures incurred due to the public health emergency. Health grants accelerated, reflecting an increase in federal Medicaid matching funds to assist states with responding to the COVID-19 pandemic. Education grants also accelerated, reflecting funds provided to handle COVID-19 response activities at public schools and colleges.
- Current surplus of government enterprises (line 11) continued to decrease, reflecting a drop in sales revenue by government enterprises, including drops in revenue from toll roads and public transit as a result of reduced travel in response to the COVID-19 pandemic.
- Consumption expenditures (line 13) turned down in the second quarter, reflecting a downturn in compensation of general government and a larger decrease in intermediate purchases of goods and services.
- Government social benefits (line 14) accelerated in the second quarter, reflecting an acceleration in Medicaid benefits.
- Gross government investment (line 25) turned down in the second quarter, reflecting a downturn in investment in structures, specifically for highways and streets.

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	2020	2020
		II	III	IV	I	II
1	Current receipts	3,489.4	-23.4	7.0	29.1	704.4
2	Current tax receipts	1,851.5	-20.2	2.1	22.3	-53.2
3	Personal current taxes	495.7	-35.5	-3.0	14.9	-0.1
4	Taxes on production and imports	1,301.4	14.1	3.9	15.8	-44.8
5	Taxes on corporate income	54.4	1.1	1.2	-8.3	-8.3
6	Contributions for government social insurance	19.1	-0.3	-0.7	-0.7	-1.3
7	Income receipts on assets	97.7	0.4	0.8	0.2	-0.1
8	Current transfer receipts	1,543.7	-3.1	4.6	13.2	769.9
9	Federal grants-in-aid	1,396.9	-2.2	5.1	12.4	769.1
10	Other	146.8	-0.9	-0.4	0.8	0.8
11	Current surplus of government enterprises	-22.5	-0.2	0.0	-5.9	-10.7
12	Current expenditures	2,973.0	21.3	9.5	9.4	-14.7
13	Consumption expenditures	1,884.6	11.8	14.2	9.2	-43.4
14	Government social benefits	801.1	8.2	-2.4	6.1	34.0
15	Interest payments	286.7	1.3	-2.3	-5.9	-5.3
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	516.5	-44.6	-2.6	19.7	719.2
18	Social insurance funds	3.4	-0.5	-0.8	-1.0	-1.5
19	Other	513.1	-44.3	-1.7	20.7	720.7
Addenda:						
20	Total receipts	3,571.8	-21.1	7.8	31.8	708.8
21	Current receipts	3,489.4	-23.4	7.0	29.1	704.4
22	Capital transfer receipts	82.4	2.3	0.9	2.8	4.3
23	Total expenditures	3,145.1	17.5	13.6	23.1	-14.8
24	Current expenditures	2,973.0	21.3	9.5	9.4	-14.7
25	Gross government investment	448.6	-1.0	5.3	15.1	-5.0
26	Capital transfer payments					
27	Net purchases of nonproduced assets	24.2	0.2	0.3	1.2	5.8
28	Less: Consumption of fixed capital	300.6	2.9	1.7	2.4	0.9
29	Net lending or net borrowing (-)	426.7	-38.7	-5.7	8.7	723.6

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, 3.5, 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.