



Government Receipts and Expenditures

Third 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 $-\$3,644.5$ billion in the third quarter of 2020, increasing $\$1,523.5$ billion from $-\$5,168.0$ billion in the second 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 $\$3,828.1$ billion in the third quarter, decreasing $\$1,531.7$ billion from $\$5,359.8$ billion in the second quarter (charts 3 and 4 and table 1).

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

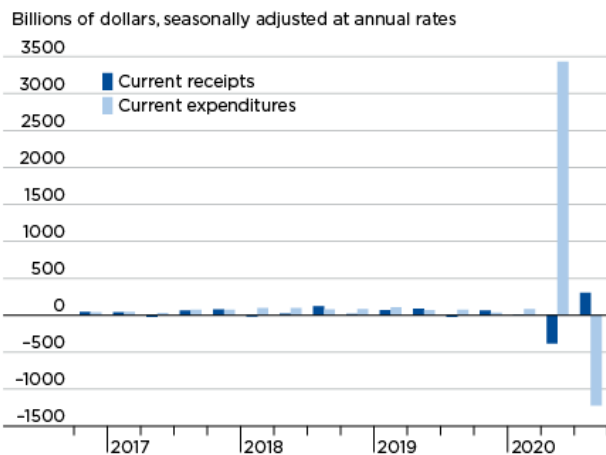
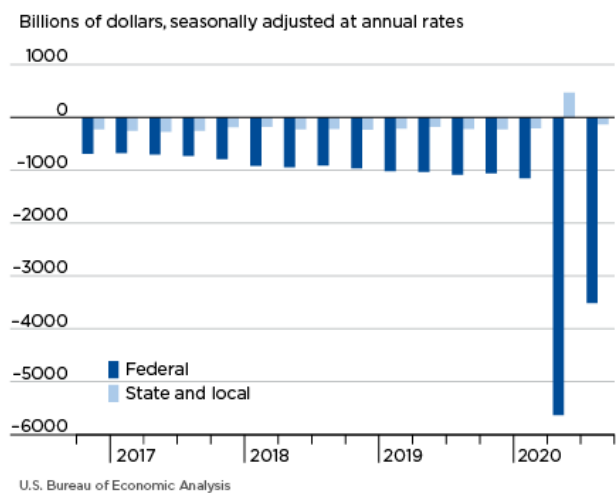


Chart 2. Net Saving



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

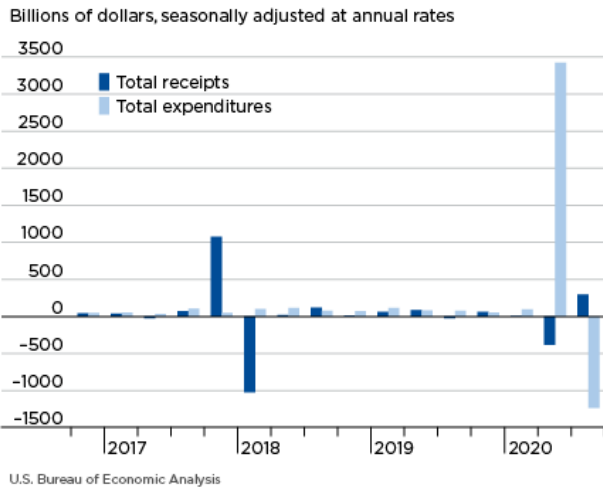


Chart 4. Net Lending or Net Borrowing

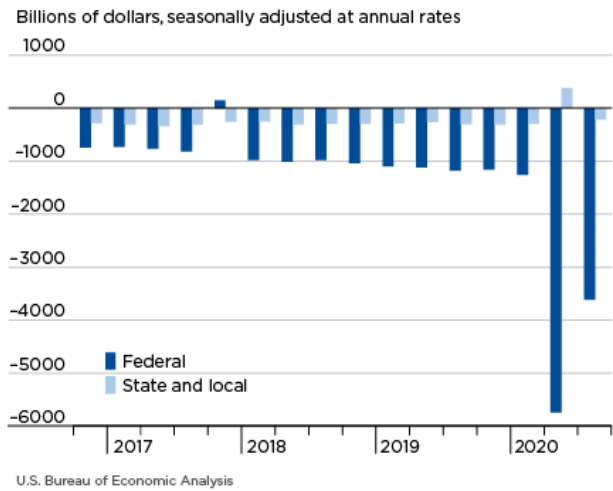


Table 1. Net Government Saving and Net Lending or Net Borrowing
[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2020	2019	2020	2020	2020
		III	IV	I	II	III
1	Current receipts	5,829.9	63.2	6.0	-383.6	303.3
2	Current expenditures	9,474.3	36.6	82.2	3,430.9	-1,220.3
3	Net government saving	-3,644.5	26.6	-76.2	-3,814.5	1,523.5
4	Federal	-3,514.6	29.2	-95.9	-4,487.5	2,123.7
5	State and local	-129.9	-2.6	19.7	673.0	-600.2
6	Net lending or net borrowing (-)	-3,828.1	9.5	-90.7	-3,803.0	1,531.7
7	Federal	-3,610.2	15.3	-99.5	-4,479.1	2,128.9
8	State and local	-217.9	-5.7	8.7	676.2	-597.2

Federal Government

Net federal government saving was $-\$3,514.6$ billion in the third quarter, increasing $\$2,123.7$ billion from $-\$5,638.3$ billion in the second quarter (table 2). In the third quarter, current receipts turned up and current expenditures turned down.

Federal government net borrowing was $\$3,610.2$ billion in the third quarter, decreasing $\$2,128.9$ billion from $\$5,739.1$ billion in the second quarter.

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

The third-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 (CARES) 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. 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 up in the third quarter, reflecting an upturn in withheld taxes and nonwithheld taxes. The upturn in withheld taxes reflects the pattern of wages. The upturn in nonwithheld taxes reflects an upturn in nonwage income.
- Taxes on production and imports (line 4) turned up in the third quarter. Excise taxes turned up, reflecting upturns in taxes on gasoline, tobacco, and diesel fuel. Air transport taxes increased slightly after decreasing $\$15.8$ billion. In the second quarter, the aviation tax holiday, enacted through the CARES Act, suspended the collection of certain aviation excise taxes. Within taxes on production and imports, customs duties also turned up in the third quarter, increasing $\$6.3$ billion after decreasing $\$22.4$ billion in the second quarter, primarily reflecting an increase in the volume of imports.
- Taxes on corporate income (line 5) turned up in the third quarter, reflecting an upturn in corporate profits.
- Contributions for government social insurance (line 7) turned up in the third quarter, reflecting the pattern of wages.
- Income receipts on assets (line 8) turned up in the third quarter, reflecting a smaller decrease in interest receipts and a larger increase in dividends from the Federal Reserve Banks. Also, rents and royalties decreased less.
- Nondefense consumption expenditures (line 14) turned down in the third quarter, reflecting a downturn in intermediate services purchased. In the second quarter, spending on services was boosted by fees paid to private lenders for administering Paycheck Protection Program loans that were authorized by the CARES Act. The downturn in nondefense consumption expenditures was partially offset by an acceleration in compensation of general government employees, reflecting an increase in spending for temporary and intermittent decennial Census workers in the third quarter.

- Government social benefits to persons (line 17) turned down in the third quarter, reflecting a decrease in the coronavirus economic impact payments authorized by the CARES Act. Additionally, unemployment benefits turned down, reflecting the July 25th expiration of Pandemic Unemployment Compensation payments, which provided a temporary weekly supplemental payment of \$600 to people receiving unemployment. Transfers to nonprofits also turned down, reflecting a decrease in transfers from the Public Health and Social Services Emergency Fund authorized by the CARES Act. Supplemental Nutrition Assistance Program benefits decelerated in the third quarter. Second quarter benefits were boosted by an increase in emergency benefits as well as an increase in the number of people receiving benefits in response to the COVID-19 pandemic. Partially offsetting the decreases in social benefits, the lost wages supplemental payments program, which provides additional unemployment benefits from the Federal Emergency Management Agency disaster relief fund, began in August.
- Grants-in-aid to state and local governments (line 20) turned down in the third quarter, reflecting a decrease in grants funding various COVID-19 response efforts appropriated through the CARES Act. General economic and labor affairs grants turned down, reflecting a decrease in payments from the Coronavirus Relief Fund to cover expenditures incurred due to the public health emergency. Health grants turned down, reflecting a decrease in federal Medicaid matching funds to assist states with responding to the COVID-19 pandemic. Education grants also turned down, reflecting a decrease in funds provided to handle COVID-19 response activities at public schools and colleges.
- Subsidies (line 23) decelerated in the third quarter, reflecting a decrease in funds appropriated through the CARES Act. Paycheck Protection Program loans to businesses decelerated, while grants to the airline industry, public health and social services emergency funding for private health care providers, and support for public transit agencies all turned down. Tax credits to fund paid sick leave and employee retention tax credits remained flat; second-quarter tax credits were boosted by funds appropriated through the Families First Coronavirus Response Act. Agriculture subsidies also decelerated, reflecting a deceleration in payments to farmers.

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2020	2019	2020	2020	2020
		III	IV	I	II	III
1	Current receipts	3,687.7	61.3	-10.6	-284.3	218.9
2	Current tax receipts	2,064.5	59.4	-27.1	-220.3	134.8
3	Personal current taxes	1,687.2	27.0	16.4	-156.5	87.1
4	Taxes on production and imports	144.7	4.2	4.6	-52.4	13.3
5	Taxes on corporate income	205.3	28.1	-49.2	-9.0	33.8
6	Taxes from the rest of the world	27.3	0.0	1.2	-2.5	0.7
7	Contributions for government social insurance	1,434.8	14.6	19.5	-62.2	60.6
8	Income receipts on assets	129.7	9.6	1.6	-5.4	22.3
9	Current transfer receipts	58.5	-22.4	-5.7	3.1	0.6
10	Current surplus of government enterprises	0.3	0.1	1.0	0.6	0.7
11	Current expenditures	7,202.3	32.2	85.3	4,203.2	-1,904.8
12	Consumption expenditures	1,144.6	9.1	4.3	50.1	-23.5
13	National defense	699.9	9.4	1.0	-2.4	11.4
14	Nondefense	444.7	-0.3	3.3	52.6	-35.0
15	Current transfer payments	4,298.5	23.4	89.8	3,164.2	-1,995.4
16	Government social benefits	3,516.2	16.4	75.3	2,402.0	-1,333.2
17	To persons	3,488.1	16.3	74.8	2,392.8	-1,327.2
18	To the rest of the world	28.1	0.1	0.5	9.2	-6.0
19	Other current transfer payments	782.3	6.9	14.6	762.3	-662.3
20	Grants-in-aid to state and local governments	728.2	5.1	12.4	769.1	-668.7
21	To the rest of the world	54.1	1.8	2.2	-6.8	6.4
22	Interest payments	546.5	0.6	-2.8	-22.6	-12.6
23	Subsidies	1,212.7	-0.9	-6.0	1,011.4	126.8
24	Net federal government saving	-3,514.6	29.2	-95.9	-4,487.5	2,123.7
25	Social insurance funds	-1,236.6	-3.5	-29.5	-1,134.8	353.0
26	Other	-2,278.0	32.6	-66.4	-3,352.7	1,770.7
Addenda:						
27	Total receipts	3,705.3	61.5	-9.4	-283.8	219.2
28	Current receipts	3,687.7	61.3	-10.6	-284.3	218.9
29	Capital transfer receipts	17.6	0.2	1.2	0.5	0.3
30	Total expenditures	7,315.5	46.1	90.1	4,195.3	-1,909.6
31	Current expenditures	7,202.3	32.2	85.3	4,203.2	-1,904.8
32	Gross government investment	342.2	9.6	0.3	2.1	5.5
33	Capital transfer payments	87.9	6.1	6.3	-7.3	2.8
34	Net purchases of nonproduced assets	-11.1	0.9	0.4	0.4	-11.0
35	Less: Consumption of fixed capital	305.8	2.5	2.2	3.1	2.2
36	Net lending or net borrowing (-)	-3,610.2	15.3	-99.5	-4,479.1	2,128.9

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 –\$129.9 billion in the third quarter, decreasing \$600.2 billion from \$470.3 billion in the second quarter. In the third quarter, current receipts turned down and current expenditures turned up (table 3).

In the third quarter, net borrowing was \$217.9 billion, an increase of \$597.2 billion; in the second quarter, net lending was \$379.3 billion.

- Taxes on production and imports (line 4) turned up in the third quarter, reflecting upturns in sales taxes and excise taxes.
- Taxes on corporate income (line 5) turned up in the third quarter, reflecting an upturn in corporate profits.
- Federal grants-in-aid (line 9) turned down in the third quarter, reflecting a decrease in grants funding COVID-19 response efforts appropriated through the CARES Act. General economic and labor affairs grants turned down, reflecting a decrease in payments from the Coronavirus Relief Fund to cover expenditures incurred due to the public health emergency. Health grants turned down, reflecting a decrease in federal Medicaid matching funds to assist states with responding to the COVID-19 pandemic. Education grants also turned down, reflecting a decrease in funds provided to handle COVID-19 response activities at public schools and colleges.
- Current surplus of government enterprises (line 11) turned up in the third quarter, reflecting an increase in sales revenue by government enterprises, including increases in revenue from toll roads and public transit. Second-quarter sales were reduced as a result of reduced travel in response to the COVID-19 pandemic.
- Consumption expenditures (line 13) decreased less in the third quarter, reflecting upturns in compensation of general government employees and intermediate purchases of goods and services. The upturn in compensation primarily reflects an upturn in education compensation.
- Government social benefits (line 14) decelerated in the third quarter, reflecting a deceleration in Medicaid benefits.

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	2020	2020	2020
		III	IV	I	II	III
1	Current receipts	2,870.4	7.0	29.1	669.7	-584.3
2	Current tax receipts	1,895.8	2.1	22.3	-89.8	80.9
3	Personal current taxes	499.4	-3.0	14.9	0.6	3.0
4	Taxes on production and imports	1,317.3	3.9	15.8	-81.9	53.0
5	Taxes on corporate income	79.1	1.2	-8.3	-8.5	24.9
6	Contributions for government social insurance	20.2	-0.7	-0.7	-1.3	1.1
7	Income receipts on assets	98.2	0.8	0.2	0.1	0.3
8	Current transfer receipts	875.9	4.6	13.2	769.9	-667.8
9	Federal grants-in-aid	728.2	5.1	12.4	769.1	-668.7
10	Other	147.7	-0.4	0.8	0.8	0.9
11	Current surplus of government enterprises	-19.8	0.0	-5.9	-9.1	1.1
12	Current expenditures	3,000.2	9.5	9.4	-3.3	15.8
13	Consumption expenditures	1,881.7	14.2	9.2	-43.0	-3.3
14	Government social benefits	836.0	-2.4	6.1	45.1	23.8
15	Interest payments	281.9	-2.3	-5.9	-5.3	-4.8
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-129.9	-2.6	19.7	673.0	-600.2
18	Social insurance funds	4.3	-0.8	-1.0	-1.5	0.9
19	Other	-134.2	-1.7	20.7	674.5	-601.1
Addenda:						
20	Total receipts	2,949.9	7.8	31.8	673.9	-587.0
21	Current receipts	2,870.4	7.0	29.1	669.7	-584.3
22	Capital transfer receipts	79.6	0.9	2.8	4.1	-2.6
23	Total expenditures	3,167.8	13.6	23.1	-2.3	10.2
24	Current expenditures	3,000.2	9.5	9.4	-3.3	15.8
25	Gross government investment	448.0	5.3	15.1	-4.0	-1.6
26	Capital transfer payments					
27	Net purchases of nonproduced assets	24.5	0.3	1.2	5.8	0.3
28	Less: Consumption of fixed capital	304.9	1.7	2.4	0.9	4.3
29	Net lending or net borrowing (-)	-217.9	-5.7	8.7	676.2	-597.2

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.