



Government Receipts and Expenditures Second Quarter of 2021

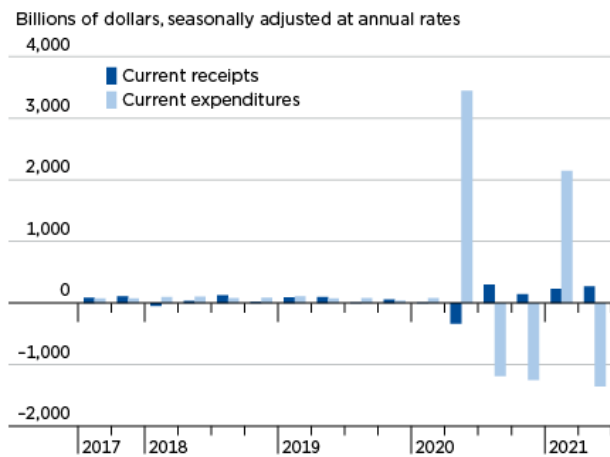
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$2,478.2$ billion in the second quarter of 2021, increasing $\$1,622.4$ billion from $-\$4,100.6$ billion in the first quarter of 2021 (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.

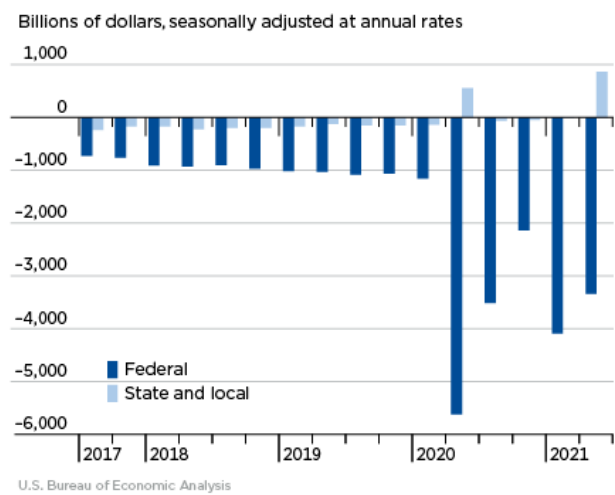
Net borrowing was $\$2,636.2$ billion in the second quarter, decreasing $\$1,826.2$ billion from $\$4,462.4$ billion in the first quarter (charts 3 and 4 and table 1).

**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**

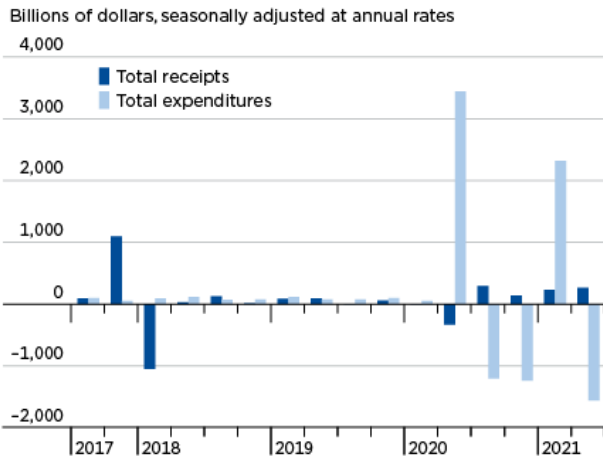


Chart 4. Net Lending or Net Borrowing

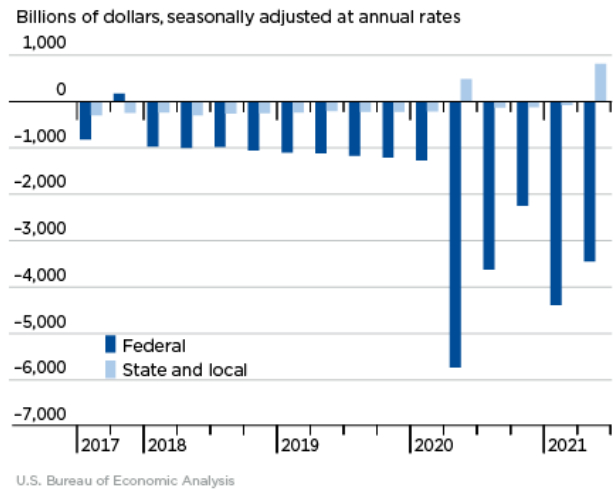


Table 1. Net Government Saving and Net Lending or Net Borrowing
[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2021	2020	2020	2021	2021
		II	III	IV	I	II
1	Current receipts	6,569.6	299.4	141.1	229.5	267.8
2	Current expenditures	9,047.8	-1,190.0	-1,253.2	2,141.9	-1,354.7
3	Net government saving	-2,478.2	1,489.4	1,394.3	-1,912.3	1,622.4
4	Federal	-3,341.4	2,109.3	1,376.2	-1,948.8	747.5
5	State and local	863.2	-619.9	18.1	36.4	875.0
6	Net lending or net borrowing (-)	-2,636.2	1,500.1	1,375.3	-2,088.2	1,826.2
7	Federal	-3,447.2	2,115.7	1,368.5	-2,134.0	936.5
8	State and local	811.0	-615.7	6.8	45.8	889.7

Federal Government

Net federal government saving was $-\$3,341.4$ billion in the second quarter, increasing $\$747.5$ billion from $-\$4,088.9$ billion in the first quarter (table 2). In the second quarter, current receipts decelerated and current expenditures turned down.

Federal government net borrowing was $\$3,447.2$ billion in the second quarter, decreasing $\$936.5$ billion from $\$4,383.7$ billion in the first quarter.

Coronavirus (COVID-19) Impact on the Second-Quarter 2021 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, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan 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 estimates, 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) decelerated in the second quarter, reflecting a deceleration in nonwithheld taxes. Nonwithheld taxes were boosted in the first quarter, reflecting an increase in declarations and settlements. Annual changes in the amount of income taxes collected through final settlements each year and in the amount returned to taxpayers as refunds each year are reflected in the first quarter. The deceleration was slightly offset by an acceleration in withheld taxes, reflecting the pattern of wages.
- Taxes on production and imports (line 4) accelerated in the second quarter, reflecting an upturn in excise taxes. Within excise taxes, health insurance taxes turned up. The upturn in health insurance reflects a repeal on the annual fees on health insurance companies beginning in 2021 as part of the Consolidated Appropriations Act. The upturn in health insurance taxes was partially offset by a downturn in air transport excise taxes; in the first quarter, these taxes were boosted by the end of the aviation tax holiday that was initiated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act from the second quarter through the fourth quarter of 2020.
- Contributions for government social insurance (line 7) decelerated in the second quarter, reflecting a deceleration in state unemployment insurance and supplementary medical insurance premiums. First-quarter contributions for Medicare were boosted $\$8.8$ billion as a result of premium increases. Contributions for social security and hospital insurance by employers, employees, and the self-employed accelerated, following the pattern of wages.
- Income receipts on assets (line 8) turned up in the second quarter, reflecting an upturn in dividends from the Federal Reserve banks.

- Current transfer receipts (line 9) continued to decrease in the second quarter, reflecting a downturn in current transfer receipts from the rest of the world and a smaller decrease in current transfer receipts from business. The downturn in current transfer receipts from the rest of the world reflects a decrease in settlements. First-quarter receipts were boosted by a \$0.8 billion (\$3.2 billion at an annual rate) settlement with foreign automaker Daimler for cheating on emissions tests. The smaller decrease in current transfer receipts from business reflects the pattern of settlements from U.S. companies. First-quarter receipts were boosted by a \$0.2 billion (\$0.8 billion at an annual rate) settlement with Boeing related to the 737 MAX crashes in 2018 and 2019. Fourth-quarter receipts were boosted even further by a \$1.8 billion (\$7.2 billion at an annual rate) settlement with Goldman Sachs for violating anti-bribery laws.
- Consumption expenditures (line 14) turned down in the second quarter. Nondefense services turned down, reflecting a decrease in Paycheck Protection Program (PPP) fees paid to private lenders. Nondefense sales to other sectors accelerated, reflecting an increase in strategic petroleum reserve sales. Spending for nondurable goods decelerated, increasing \$1.9 billion, after increasing \$13.7 billion, reflecting a deceleration in spending on COVID-19 vaccines.
- Government social benefits to persons (line 17) turned down in the second quarter, decreasing \$1.7 trillion after decreasing \$2.3 trillion in the first quarter. The downturn in the second quarter reflects a decrease in economic impact payments to individuals initially authorized by the CARES Act, extended by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and continued in the American Rescue Plan Act. Unemployment benefits turned down, reflecting a decrease in claims and the discontinuation of the temporary weekly supplemental payment of \$300 to persons receiving unemployment benefits in some states beginning in June. Affordable Care Act (ACA) refundable tax credits decelerated. First-quarter refundable tax credits were boosted by an increase in enrollments in ACA plans due to the extended enrollment period. Transfers to nonprofits continued to decrease, reflecting a downturn in transfers from the Public Health and Social Services Emergency Fund. Social security decelerated. First-quarter social security benefits were boosted by a cost-of-living adjustment.
- Grants-in-aid to state and local governments (line 20) accelerated in the second quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CRRSA Act and the American Rescue Plan Act. General economic and labor affairs grants accelerated, reflecting payments from the Coronavirus State and Local Fiscal Recovery Fund to help state and local governments bridge budget shortfalls. Education grants accelerated, reflecting increased spending from the Education Stabilization Fund to support COVID-19 response activities in schools. Welfare and social services grants also accelerated in the second quarter, reflecting an increase in payments to states for the Child Care and Development Block Grant.

- Subsidies (line 23) turned up in the second quarter. Notably, PPP loans to businesses turned up, reflecting [a new round of PPP loans](#) authorized by the CSSRA. Economic injury disaster loans accelerated, reflecting increased loans to small businesses affected by the pandemic. Emergency grants to closed entertainment venues and restaurant revitalization subsidies both began in the second quarter of 2021 to provide emergency assistance to eligible venues and restaurants affected by the pandemic. Agricultural subsidies turned up in the second quarter, reflecting an increase in payments to farmers from the Coronavirus Food Assistance Program as well as PPP loans to farmers. These upturns were partially offset by a deceleration in air carrier subsidies, reflecting a decrease in payroll support payments to airlines.
- Capital transfer payments (line 33) turned down in the second quarter, reflecting a downturn in capital transfer payments to persons and capital transfer payments to the rest of the world. First-quarter capital transfers were boosted by funding for [the Emergency Rental Assistance Program and Homeowner Assistance Fund](#).

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2021	2020	2020	2021	2021
		II	III	IV	I	II
1	Current receipts	4,130.9	209.4	124.6	167.5	148.3
2	Current tax receipts	2,395.3	138.5	95.2	147.0	101.3
3	Personal current taxes	1,927.2	80.7	74.7	115.0	75.3
4	Taxes on production and imports	177.6	13.0	5.3	9.6	11.4
5	Taxes on corporate income	261.2	44.3	13.4	21.3	14.8
6	Taxes from the rest of the world	29.3	0.5	1.7	1.1	-0.1
7	Contributions for government social insurance	1,542.1	52.2	42.2	31.9	24.2
8	Income receipts on assets	138.7	18.3	-16.1	-6.8	29.2
9	Current transfer receipts	56.7	-0.1	4.0	-3.8	-6.1
10	Current surplus of government enterprises	-1.9	0.4	-0.6	-0.8	-0.3
11	Current expenditures	7,472.2	-1,899.9	-1,251.6	2,116.2	-599.2
12	Consumption expenditures	1,208.0	-18.2	-5.3	55.8	-11.9
13	National defense	710.0	11.5	10.5	-6.1	2.6
14	Nondefense	497.9	-29.7	-15.8	62.0	-14.7
15	Current transfer payments	5,076.9	-1,962.8	-634.5	2,284.3	-868.3
16	Government social benefits	3,396.8	-1,307.5	-636.0	2,240.1	-1,710.6
17	To persons	3,367.3	-1,298.4	-629.2	2,231.5	-1,703.3
18	To the rest of the world	29.4	-9.1	-6.8	8.6	-7.4
19	Other current transfer payments	1,680.1	-655.2	1.4	44.4	842.2
20	Grants-in-aid to state and local governments	1,632.2	-661.5	4.5	38.5	850.7
21	To the rest of the world	47.9	6.3	-3.1	5.9	-8.5
22	Interest payments	503.8	-15.8	-9.8	-9.2	1.3
23	Subsidies	683.6	96.9	-601.9	-214.8	279.8
24	Net federal government saving	-3,341.4	2,109.3	1,376.2	-1,948.8	747.5
25	Social insurance funds	-842.8	320.1	518.0	-244.9	106.1
26	Other	-2,498.6	1,789.2	858.2	-1,703.9	641.4
Addenda:						
27	Total receipts	4,151.9	209.7	124.7	168.2	148.9
28	Current receipts	4,130.9	209.4	124.6	167.5	148.3
29	Capital transfer receipts	21.0	0.4	-0.1	0.9	0.5
30	Total expenditures	7,599.0	-1,906.1	-1,243.8	2,302.2	-787.7
31	Current expenditures	7,472.2	-1,899.9	-1,251.6	2,116.2	-599.2
32	Gross government investment	355.3	8.3	2.5	0.5	6.6
33	Capital transfer payments	88.8	0.1	-1.7	207.3	-208.9
34	Net purchases of nonproduced assets	-0.3	-11.0	10.9	-18.1	18.0
35	Less: Consumption of fixed capital	317.0	3.5	4.1	3.5	4.3
36	Net lending or net borrowing (-)	-3,447.2	2,115.7	1,368.5	-2,134.0	936.5

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 \$863.2 billion in the second quarter, increasing \$875.0 billion from -\$11.8 billion in the second quarter. In the second quarter, both current receipts and current expenditures accelerated (table 3).

The state and local government fiscal position improved. In the second quarter, net lending was \$811.0 billion, an improvement of \$889.7 billion; in the first quarter, net borrowing was \$78.7 billion.

- Personal current taxes (line 3) accelerated in the second quarter, reflecting an acceleration in income taxes.
- Taxes on production and imports (line 4) accelerated in the second quarter, reflecting an acceleration in sales taxes and an upturn in excise taxes.
- Federal grants-in-aid (line 9) accelerated in the second quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CRRSA Act and the American Rescue Plan Act. General economic and labor affairs grants accelerated, reflecting payments from the Coronavirus State and Local Fiscal Recovery Fund to help state and local governments bridge budget shortfalls. Education grants accelerated, reflecting increased spending from the Education Stabilization Fund to support COVID-19 response activities in schools. Welfare and social services grants also accelerated in the second quarter, reflecting an increase in the payments to states for the Child Care and Development Block Grant.
- Other current transfer receipts (line 10) turned down in the second quarter, reflecting downturns in current transfer receipts from business and current transfer receipts from the rest of the world. These downturns reflect decreases in settlements. First-quarter receipts were boosted by a \$0.6 billion (\$2.4 billion at an annual rate) settlement between McKinsey & Company and 49 states as well as the District of Columbia for their role in encouraging opioid sales. First-quarter receipts were also boosted by a \$0.3 billion (\$1.2 billion at an annual rate) settlement between the foreign auto company Daimler and the state of California for cheating on emissions tests.
- Current surplus of government enterprises (line 11) turned up in the second quarter, reflecting an increase in subsidies to mass transit enterprises.
- Consumption expenditures (line 13) accelerated in the second quarter, reflecting an acceleration in compensation of general government employees.
- Government social benefits (line 14) accelerated in the second quarter, reflecting an acceleration in Medicaid benefits.
- Subsidies (line 16) accelerated in the second quarter, reflecting the Golden State Stimulus grants to small businesses impacted by the pandemic in California.

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2021	2020	2020	2021	2021
		II	III	IV	I	II
1	Current receipts	4,071.0	-571.5	21.0	100.5	970.3
2	Current tax receipts	2,176.4	87.5	12.9	57.5	116.9
3	Personal current taxes	623.3	2.1	3.2	37.4	63.1
4	Taxes on production and imports	1,462.6	70.5	7.7	13.5	48.7
5	Taxes on corporate income	90.6	14.9	2.0	6.7	5.1
6	Contributions for government social insurance	21.9	0.8	0.6	0.7	0.7
7	Income receipts on assets	98.0	-0.2	1.2	0.4	0.3
8	Current transfer receipts	1,788.1	-660.8	6.0	42.2	848.2
9	Federal grants-in-aid	1,632.2	-661.5	4.5	38.5	850.7
10	Other	155.9	0.7	1.5	3.7	-2.5
11	Current surplus of government enterprises	-13.4	1.4	0.2	-0.3	4.2
12	Current expenditures	3,207.8	48.3	2.9	64.1	95.3
13	Consumption expenditures	2,015.3	12.6	14.8	41.8	48.8
14	Government social benefits	890.5	38.4	-11.1	18.9	40.5
15	Interest payments	293.4	-2.6	-0.9	1.5	0.0
16	Subsidies	8.6	0.0	0.0	1.9	6.1
17	Net state and local government saving	863.2	-619.9	18.1	36.4	875.0
18	Social insurance funds	4.8	0.6	0.4	0.5	0.6
19	Other	858.4	-620.5	17.7	35.9	874.4
Addenda:						
20	Total receipts	4,153.9	-571.9	19.1	99.0	972.0
21	Current receipts	4,071.0	-571.5	21.0	100.5	970.3
22	Capital transfer receipts	82.9	-0.5	-1.7	-1.6	1.7
23	Total expenditures	3,342.9	43.7	12.3	53.2	82.3
24	Current expenditures	3,207.8	48.3	2.9	64.1	95.3
25	Gross government investment	437.4	-0.7	11.7	-6.1	-4.8
26	Capital transfer payments					
27	Net purchases of nonproduced assets	18.2	0.2	0.3	0.2	0.3
28	Less: Consumption of fixed capital	320.5	4.2	2.4	5.1	8.5
29	Net lending or net borrowing (-)	811.0	-615.7	6.8	45.8	889.7

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.