

# Government Receipts and Expenditures

## Second Quarter of 2019

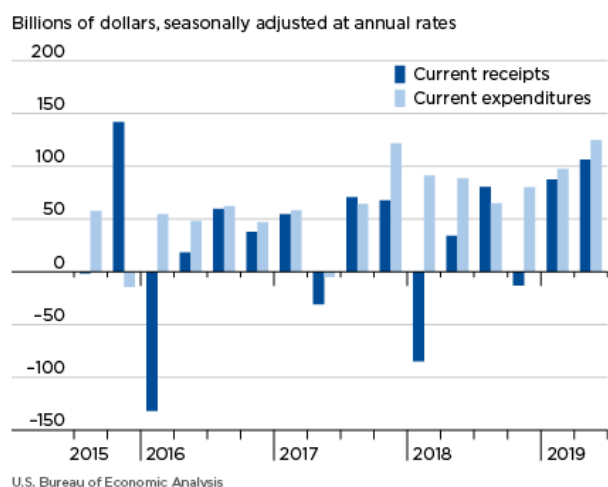
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was  $-\$1,353.1$  billion in the second quarter of 2019, decreasing  $\$18.4$  billion from  $-\$1,334.7$  billion in the first quarter of 2019 (charts 1 and 2 and table 1).

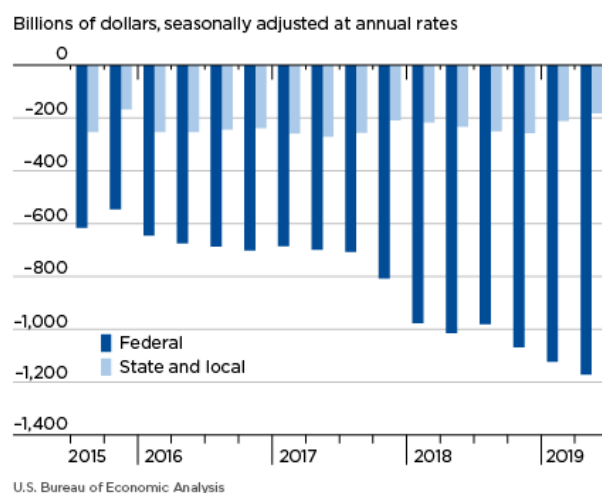
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment and net purchases of nonproduced assets.

Net borrowing was  $\$1,494.5$  billion in the second quarter, increasing  $\$35.8$  billion from  $\$1,458.7$  billion in the first quarter (charts 3 and 4 and table 1).

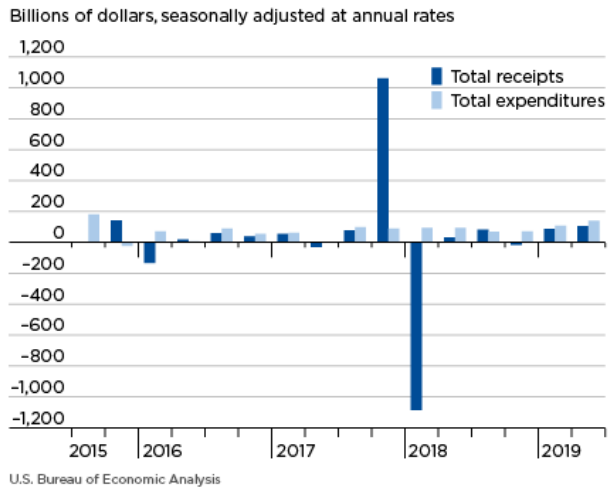
**Chart 1. Current Receipts and Expenditures:  
Change from Preceding Quarter**



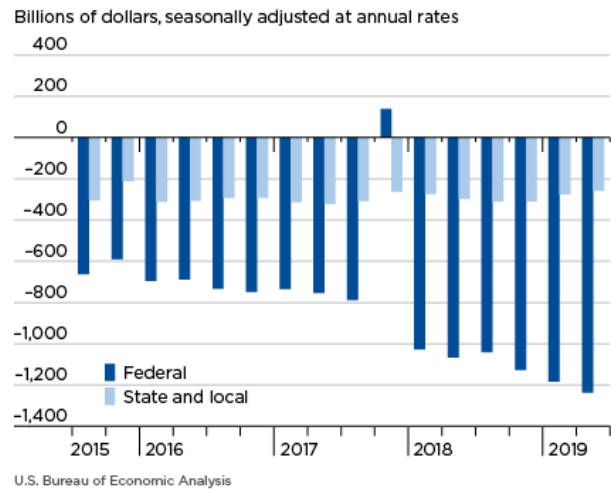
**Chart 2. Net Saving**



**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	2019	2019
		II	III	IV	I	II
1	Current receipts	5,770.1	80.5	-13.1	87.3	106.2
2	Current expenditures	7,123.3	64.8	79.9	97.5	124.8
3	<b>Net government saving</b>	<b>-1,353.1</b>	<b>15.6</b>	<b>-93.0</b>	<b>-10.2</b>	<b>-18.4</b>
4	Federal	-1,170.8	32.5	-86.3	-55.3	-47.9
5	State and local	-182.3	-16.8	-6.7	45.1	29.4
6	<b>Net lending or net borrowing (-)</b>	<b>-1,494.5</b>	<b>14.2</b>	<b>-87.6</b>	<b>-21.1</b>	<b>-35.8</b>
7	Federal	-1,236.7	26.2	-86.4	-55.9	-53.3
8	State and local	-257.8	-12.0	-1.2	34.8	17.5

## Federal Government

Net federal government saving was -\$1,170.8 billion in the second quarter, decreasing \$47.9 billion from -\$1,122.9 billion in the first quarter (table 2). In the second quarter, both current receipts and current expenditures decelerated.

Federal government net borrowing was \$1,236.7 billion in the second quarter, increasing \$53.3 billion from \$1,183.4 billion in the first quarter.

- Personal current taxes (line 3) decelerated in the second quarter, reflecting a deceleration in withheld taxes and a downturn in nonwithheld taxes. In the first quarter, nonwithheld taxes were boosted by a decrease in refunds.
- Taxes on production and imports (line 4) decreased less in the second quarter. In the first quarter, excise taxes turned down, reflecting a temporary moratorium on the collection of annual fees established by the Affordable Care Act from health insurance companies. Customs duties turned down in the second quarter, reflecting tariff receipts.
- Taxes on corporate income (line 5) turned up in the second quarter because of an upturn in corporate profits.
- Contributions for government social insurance (line 7) decelerated in the second quarter. First-quarter contributions were boosted as a result of premium increases for Medicare.
- Income receipts on assets (line 8) turned up in the second quarter, reflecting an upturn in dividends from the regional Federal Reserve Banks.
- Government social benefits to persons (line 17) decelerated in the second quarter. First-quarter government social benefits to persons reflected a cost-of-living adjustment that boosted benefits for social security, veterans' pensions, and supplemental security income. Additionally, first-quarter benefits were boosted by an increase in refundable child tax credits and an increase in enrollments and average subsidies for the Affordable Care Act.
- Other current transfer payments to the rest of the world (line 21) decelerated in the second quarter. In the first quarter, other current transfer payments were boosted by an economic support payment to Israel of \$2.1 billion (\$8.4 billion at an annual rate).
- Interest payments (line 22) turned up in the second quarter, reflecting an upturn in interest paid on Treasury Inflation-Protected Securities.
- Subsidies (line 23) decelerated in the second 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.

**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	2019	2019
		II	III	IV	I	II
<b>1</b>	<b>Current receipts</b>	<b>3,622.7</b>	<b>76.1</b>	<b>-16.4</b>	<b>47.7</b>	<b>46.0</b>
2	Current tax receipts	2,037.3	27.9	16.5	30.7	18.7
3	Personal current taxes	1,699.3	14.8	5.6	54.1	11.3
4	Taxes on production and imports	161.7	6.6	20.6	-14.2	-4.4
5	Taxes on corporate income	147.5	7.0	-11.3	-8.3	10.9
6	Taxes from the rest of the world	28.8	-0.5	1.7	-0.9	0.8
7	Contributions for government social insurance	1,405.3	11.2	6.3	39.0	14.9
8	Income receipts on assets	120.3	15.4	0.4	-18.7	14.0
9	Current transfer receipts	68.2	23.5	-37.2	-1.8	-0.3
10	Current surplus of government enterprises	-8.3	-1.9	-2.4	-1.6	-1.1
<b>11</b>	<b>Current expenditures</b>	<b>4,793.5</b>	<b>43.7</b>	<b>69.8</b>	<b>103.0</b>	<b>93.9</b>
12	Consumption expenditures	1,110.4	15.6	5.0	18.5	18.8
13	National defense	677.0	10.0	6.9	14.8	10.4
14	Nondefense	433.4	5.5	-1.9	3.7	8.4
15	Current transfer payments	3,017.8	9.4	30.0	111.4	25.1
16	Government social benefits	2,354.2	15.4	23.7	97.3	23.8
17	To persons	2,330.4	15.2	23.8	96.5	23.4
18	To the rest of the world	23.7	0.2	0.0	0.7	0.3
19	Other current transfer payments	663.6	-6.0	6.3	14.1	1.3
20	Grants-in-aid to state and local governments	614.1	3.2	-1.1	15.9	13.6
21	To the rest of the world	49.5	-9.2	7.4	-1.8	-12.3
22	Interest payments	604.4	18.9	11.9	-18.0	61.0
23	Subsidies	61.0	-0.2	22.9	-8.7	-11.0
<b>24</b>	<b>Net federal government saving</b>	<b>-1,170.8</b>	<b>32.5</b>	<b>-86.3</b>	<b>-55.3</b>	<b>-47.9</b>
25	Social insurance funds	-417.9	-11.7	-21.3	-22.0	-12.0
26	Other	-752.9	44.1	-64.9	-33.3	-35.9
<b>Addenda:</b>						
<b>27</b>	<b>Total receipts</b>	<b>3,642.4</b>	<b>76.0</b>	<b>-16.6</b>	<b>46.8</b>	<b>44.3</b>
28	Current receipts	3,622.7	76.1	-16.4	47.7	46.0
29	Capital transfer receipts	19.7	0.0	-0.2	-0.9	-1.7
<b>30</b>	<b>Total expenditures</b>	<b>4,879.2</b>	<b>49.8</b>	<b>69.8</b>	<b>102.7</b>	<b>97.7</b>
31	Current expenditures	4,793.5	43.7	69.8	103.0	93.9
32	Gross government investment	304.8	2.7	8.1	4.4	1.7
33	Capital transfer payments	76.0	5.8	-4.7	2.6	-1.5
34	Net purchases of nonproduced assets	-2.3	0.1	-2.1	-4.4	4.5
35	Less: Consumption of fixed capital	292.9	2.4	1.4	2.9	1.0
<b>36</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,236.7</b>	<b>26.2</b>	<b>-86.4</b>	<b>-55.9</b>	<b>-53.3</b>

## 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.<sup>1</sup> For a historical time series of reconciliations of the NIPA estimates with the federal budget, see NIPA table 3.18b.

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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 –\$182.3 billion in the second quarter, increasing \$29.4 billion from –\$211.7 billion in the first quarter. In the second quarter, both current receipts and current expenditures accelerated (table 3).

State and local government net borrowing was \$257.8 billion in the second quarter, decreasing \$17.5 billion from \$275.3 billion in the first quarter.

- Personal current taxes (line 3) accelerated in the second quarter, reflecting an acceleration in personal income taxes.
- Other current transfer receipts (line 10) turned up in the second quarter, reflecting a \$0.7 billion (\$2.9 billion at an annual rate) settlement from UniCredit Group Banks in foreign countries to the state of New York for concealing transactions that violated sanctions.
- Consumption expenditures (line 13) accelerated in the second quarter, reflecting an upturn in spending on nondurable goods, specifically petroleum.
- Government social benefits (line 14) accelerated in the second quarter, reflecting an acceleration 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			
		2019	2018	2018	2019	2019
		II	III	IV	I	II
<b>1</b>	<b>Current receipts</b>	<b>2,761.5</b>	<b>7.5</b>	<b>2.3</b>	<b>55.5</b>	<b>73.8</b>
2	Current tax receipts	1,896.6	2.1	-3.5	42.1	57.1
3	Personal current taxes	511.1	-0.1	-14.6	25.3	42.2
4	Taxes on production and imports	1,318.4	1.8	12.2	11.4	12.2
5	Taxes on corporate income	67.1	0.3	-1.1	5.3	2.8
6	Contributions for government social insurance	22.6	0.3	0.1	0.0	0.1
7	Income receipts on assets	93.9	0.6	0.9	1.0	0.4
8	Current transfer receipts	753.0	4.6	5.1	12.3	16.6
9	Federal grants-in-aid	614.1	3.2	-1.1	15.9	13.6
10	Other	138.9	1.5	6.2	-3.5	2.9
11	Current surplus of government enterprises	-4.6	-0.1	-0.3	0.0	-0.3
<b>12</b>	<b>Current expenditures</b>	<b>2,943.8</b>	<b>24.3</b>	<b>9.0</b>	<b>10.3</b>	<b>44.4</b>
13	Consumption expenditures	1,898.0	22.7	15.7	0.1	21.6
14	Government social benefits	774.8	4.2	-4.2	13.2	23.1
15	Interest payments	270.4	-2.6	-2.5	-3.0	-0.3
16	Subsidies	0.6	0.0	0.0	0.0	0.0
<b>17</b>	<b>Net state and local government saving</b>	<b>-182.3</b>	<b>-16.8</b>	<b>-6.7</b>	<b>45.1</b>	<b>29.4</b>
18	Social insurance funds	5.4	0.0	0.0	-0.1	-0.1
19	Other	-187.7	-16.8	-6.6	45.2	29.5
<b>Addenda:</b>						
<b>20</b>	<b>Total receipts</b>	<b>2,836.0</b>	<b>13.9</b>	<b>-1.9</b>	<b>58.2</b>	<b>72.2</b>
21	Current receipts	2,761.5	7.5	2.3	55.5	73.8
22	Capital transfer receipts	74.6	6.5	-4.3	2.8	-1.5
<b>23</b>	<b>Total expenditures</b>	<b>3,093.8</b>	<b>26.1</b>	<b>-0.8</b>	<b>23.3</b>	<b>54.8</b>
24	Current expenditures	2,943.8	24.3	9.0	10.3	44.4
25	Gross government investment	426.7	4.5	-6.6	15.3	14.7
26	Capital transfer payments					
27	Net purchases of nonproduced assets	15.4	0.3	0.3	0.4	0.1
28	Less: Consumption of fixed capital	292.0	3.0	3.4	2.8	4.3
<b>29</b>	<b>Net lending or net borrowing (-)</b>	<b>-257.8</b>	<b>-12.0</b>	<b>-1.2</b>	<b>34.8</b>	<b>17.5</b>

## 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).<sup>1</sup>

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