

# Government Receipts and Expenditures

## Fourth Quarter of 2008

**N**ET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was  $-\$658.9$  billion in the fourth quarter of 2008, decreasing  $\$11.3$  billion from  $-\$647.6$  billion in the third quarter.

Net federal government saving was  $-\$561.5$  billion in the fourth quarter, decreasing  $\$17.5$  billion from  $-\$544.0$  billion in the third quarter (see page 7). Both current receipts and current expenditures turned down.

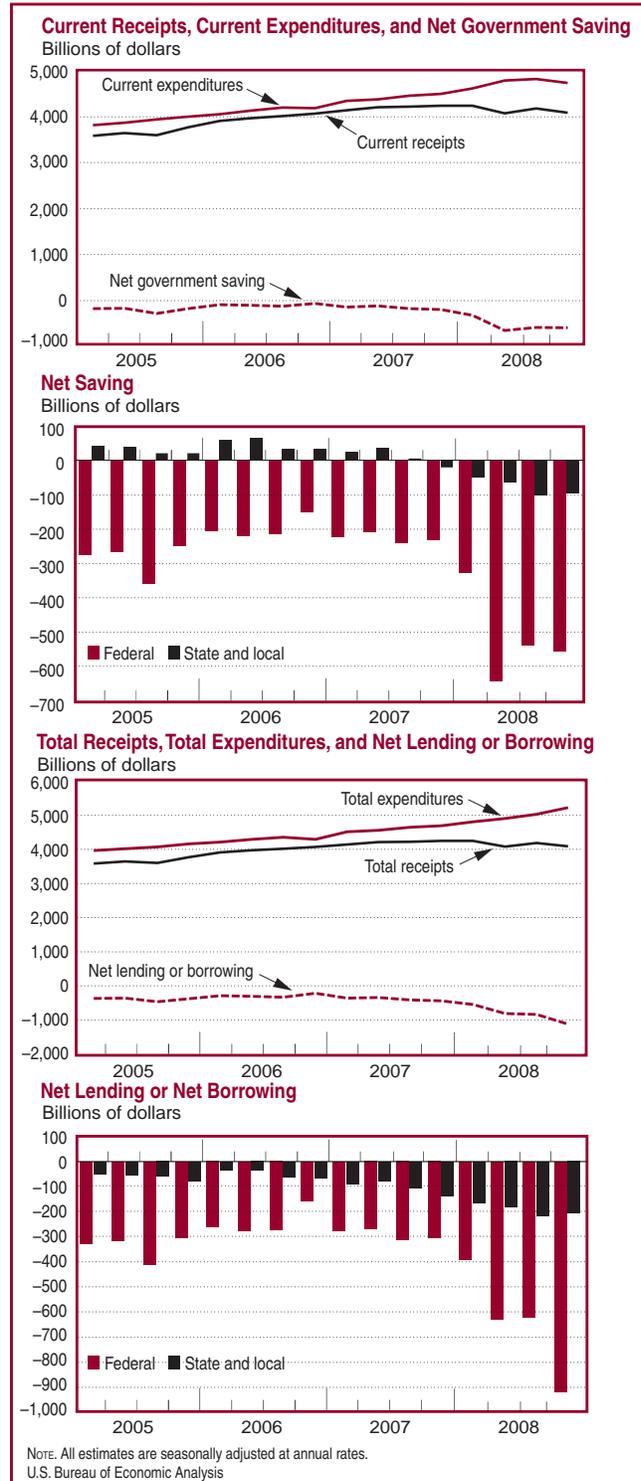
Net state and local government saving was  $-\$97.4$  billion in the fourth quarter, increasing  $\$6.2$  billion from  $-\$103.6$  billion in the third quarter (see page 8). Current receipts decreased more, and current expenditures turned down.

Net borrowing was  $\$1,135.6$  billion in the fourth quarter, increasing  $\$287.9$  billion from  $\$847.7$  billion in the third quarter. Federal government net borrowing was  $\$927.8$  billion in the fourth quarter, increasing  $\$300.4$  billion from  $\$627.4$  billion in the third quarter. State and local government net borrowing was  $\$207.9$  billion in the fourth quarter, decreasing  $\$12.4$  billion from  $\$220.3$  billion in the third quarter.

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

|  | Level           | Change from preceding quarter |               |              |               |  |
|--|-----------------|-------------------------------|---------------|--------------|---------------|--|
|  | 2008            | 2008                          |               |              |               |  |
|  | IV              | I                             | II            | III          | IV            |  |
| Current receipts.....                      | 4,059.5         | -2.5                          | -165.7        | 104.2        | -94.6         |  |
| Current expenditures.....                  | 4,718.4         | 122.0                         | 167.6         | 35.4         | -83.3         |  |
| <b>Net government saving.....</b>          | <b>-658.9</b>   | <b>-124.5</b>                 | <b>-333.3</b> | <b>68.8</b>  | <b>-11.3</b>  |  |
| Federal.....                               | -561.5          | -94.4                         | -318.9        | 105.6        | -17.5         |  |
| State and local.....                       | -97.4           | -30.1                         | -14.5         | -36.7        | 6.2           |  |
| <b>Net lending or net borrowing (-)...</b> | <b>-1,135.6</b> | <b>-110.2</b>                 | <b>-261.4</b> | <b>-26.1</b> | <b>-287.9</b> |  |
| Federal.....                               | -927.8          | -84.2                         | -242.0        | 8.4          | -300.4        |  |
| State and local.....                       | -207.9          | -26.0                         | -19.5         | -34.5        | 12.4          |  |

**Chart 1. Government Fiscal Position**



## Federal Government

**Table 2. Federal Government Current Receipts and Expenditures**

[Billions of dollars, seasonally adjusted at annual rates]

|   | Level          | Change from preceding quarter |               |              |               |
|---|----------------|-------------------------------|---------------|--------------|---------------|
|   | 2008           | 2008                          |               |              |               |
|   | IV             | I                             | II            | III          | IV            |
| <b>Current receipts</b> .....                       | <b>2,544.4</b> | <b>-6.7</b>                   | <b>-193.7</b> | <b>116.9</b> | <b>-51.3</b>  |
| Current tax receipts .....                          | 1,484.3        | -25.1                         | -198.9        | 129.0        | -80.7         |
| Personal current taxes .....                        | 1,166.1        | 6.5                           | -201.4        | 141.9        | 24.4          |
| Taxes on production and imports .....               | 97.3           | -2.2                          | 1.1           | -2.2         | 2.6           |
| Taxes on corporate income .....                     | 204.3          | -27.0                         | 1.9           | -11.0        | -109.1        |
| Taxes from the rest of the world .....              | 16.5           | -2.6                          | -0.5          | 0.4          | 1.3           |
| Contributions for government social insurance ..... | 972.2          | 16.6                          | 2.9           | 4.2          | -3.8          |
| Income receipts on assets .....                     | 33.1           | 0.4                           | 1.8           | 0.7          | 0.7           |
| Current transfer receipts .....                     | 55.6           | 1.2                           | 0.6           | -17.6        | 33.2          |
| Current surplus of government enterprises .....     | -0.7           | 0.3                           | -0.1          | 0.5          | -0.6          |
| <b>Current expenditures</b> .....                   | <b>3,105.9</b> | <b>87.6</b>                   | <b>125.2</b>  | <b>11.4</b>  | <b>-33.9</b>  |
| Consumption expenditures .....                      | 957.5          | 26.4                          | 20.2          | 36.0         | 3.3           |
| National defense .....                              | 656.6          | 19.1                          | 15.2          | 30.6         | -3.0          |
| Nondefense .....                                    | 300.9          | 7.3                           | 5.0           | 5.3          | 6.4           |
| Current transfer payments .....                     | 1,841.5        | 36.7                          | 130.9         | -65.2        | 46.6          |
| Government social benefits .....                    | 1,404.2        | 35.2                          | 137.8         | -66.6        | 27.7          |
| To persons .....                                    | 1,400.4        | 35.2                          | 137.7         | -66.7        | 27.7          |
| To the rest of the world .....                      | 3.8            | 0.1                           | 0.1           | -0.1         | 0.1           |
| Other current transfer payments .....               | 437.3          | 1.5                           | -6.9          | 1.4          | 18.9          |
| Grants-in-aid to state and local governments .....  | 402.3          | 0.3                           | 4.5           | 2.2          | 15.7          |
| To the rest of the world .....                      | 35.0           | 1.2                           | -11.4         | -0.7         | 3.1           |
| Interest payments .....                             | 258.5          | 23.0                          | -27.1         | 40.3         | -84.1         |
| Subsidies .....                                     | 48.3           | 1.5                           | 1.2           | 0.4          | 0.1           |
| Less: Wage accruals less disbursements .....        | 0.0            | 0.0                           | 0.0           | 0.0          | 0.0           |
| <b>Net federal government saving</b> .....          | <b>-561.5</b>  | <b>-94.4</b>                  | <b>-318.9</b> | <b>105.6</b> | <b>-17.5</b>  |
| Social insurance funds .....                        | -77.0          | -9.6                          | -16.6         | -30.7        | -26.5         |
| Other .....   | -484.5         | -84.8                         | -302.3        | 136.3        | 9.0           |
| <b>Addenda:</b>                                     |                |                               |               |              |               |
| <b>Total receipts</b> .....                         | <b>2,570.3</b> | <b>-4.9</b>                   | <b>-193.0</b> | <b>114.8</b> | <b>-53.2</b>  |
| Current receipts .....                              | 2,544.4        | -6.7                          | -193.7        | 116.9        | -51.3         |
| Capital transfer receipts .....                     | 25.9           | 1.8                           | 0.6           | -2.0         | -1.9          |
| <b>Total expenditures</b> .....                     | <b>3,498.1</b> | <b>79.2</b>                   | <b>48.9</b>   | <b>106.6</b> | <b>247.1</b>  |
| Current expenditures .....                          | 3,105.9        | 87.6                          | 125.2         | 11.4         | -33.9         |
| Gross government investment .....                   | 149.5          | 1.8                           | 9.5           | 5.9          | 5.6           |
| Capital transfer payments .....                     | 364.1          | -3.2                          | 1.1           | 5.7          | 270.9         |
| Net purchases of nonproduced assets .....           | -0.9           | -6.0                          | -84.9         | 86.0         | 5.7           |
| Less: Consumption of fixed capital .....            | 120.5          | 1.1                           | 1.9           | 2.3          | 1.3           |
| <b>Net lending or net borrowing (-)</b> .....       | <b>-927.8</b>  | <b>-84.2</b>                  | <b>-242.0</b> | <b>8.4</b>   | <b>-300.4</b> |

Personal current taxes decelerated. In the third quarter, taxes rebounded, reflecting lower tax rebates from the Economic Stimulus Act of 2008.

Taxes on corporate income decreased more than in the third quarter as a result of a larger decrease in corporate profits.

Contributions for government social insurance turned down, reflecting a downturn in contributions for social security (old-age, survivors, disability, and health insurance trust funds).

Current transfer receipts turned up because of an upturn in current transfer receipts from business. The upturn reflects the impact of insurance disaster payments in the third quarter, fourth-quarter fees from two new guarantee programs (see the box below), and an increase in fees for the regular deposit insurance program.

National defense consumption expenditures turned down, reflecting downturns in spending for services and nondurable goods.

Government social benefits to persons turned up. The upturn followed the third-quarter decrease that resulted from lower rebate payments from the Economic Stimulus Act of 2008.

Interest payments turned down sharply because of a downturn in interest paid to persons and business on Treasury Inflation Protected Securities. Interest on these securities reflects changes in the Consumer Price Index (see the box "TIPS and Federal Government Interest Payments" in the September 2006 SURVEY).

Capital transfer payments accelerated as a result of capital injections in the financial industry through the purchases of preferred stocks and warrants. The federal government provided \$242.2 billion to financial institutions and \$13.8 billion to Freddie Mac in the fourth quarter. Of these amounts, \$61.0 billion (\$244.0 billion at an annual rate) to financial institutions and \$6.9 billion (\$27.6 billion at an annual rate) to Freddie Mac are treated as capital transfers (see the box below).

### Federal Response to the 2008 Financial Crisis

The federal government responded to the 2008 financial crisis with the creation of new guarantee programs, assistance to the government-sponsored enterprises Fannie Mae and Freddie Mac, and the creation of the Troubled Assets Relief Program (TARP).

For more information about BEA's treatment of TARP and other assistance to the financial industry in the national accounts, see the box "The 2008 Financial Crisis and the National Accounts" in the February 2009 SURVEY OF CURRENT BUSINESS.

## State and Local Government

**Table 3. State and Local Government Current Receipts and Expenditures**

[Billions of dollars, seasonally adjusted at annual rates]

|   | Level          | Change from preceding quarter |              |              |              |  |
|---|----------------|-------------------------------|--------------|--------------|--------------|--|
|   | 2008           | 2008                          |              |              |              |  |
|   | IV             | I                             | II           | III          | IV           |  |
| <b>Current receipts</b> .....                       | <b>1,917.3</b> | <b>4.5</b>                    | <b>32.5</b>  | <b>-10.5</b> | <b>-27.6</b> |  |
| Current tax receipts .....                          | 1,283.7        | 3.3                           | 26.3         | -13.1        | -46.5        |  |
| Personal current taxes .....                        | 324.3          | 7.9                           | 12.7         | -17.4        | -4.7         |  |
| Taxes on production and imports .....               | 928.7          | 0.2                           | 12.5         | 7.0          | -20.7        |  |
| Taxes on corporate income .....                     | 30.7           | -4.9                          | 1.2          | -2.6         | -21.2        |  |
| Contributions for government social insurance ..... | 24.2           | 0.4                           | 0.3          | 0.3          | 0.3          |  |
| Income receipts on assets .....                     | 105.0          | 1.1                           | 1.0          | -0.7         | 1.8          |  |
| Current transfer receipts .....                     | 513.3          | 0.5                           | 5.4          | 3.6          | 17.9         |  |
| Federal grants-in-aid .....                         | 402.3          | 0.3                           | 4.5          | 2.2          | 15.7         |  |
| Other .....   | 111.0          | 0.2                           | 0.9          | 1.5          | 2.1          |  |
| Current surplus of government enterprises .....     | -8.9           | -0.7                          | -0.5         | -0.8         | -1.0         |  |
| <b>Current expenditures</b> .....                   | <b>2,014.8</b> | <b>34.6</b>                   | <b>47.0</b>  | <b>26.2</b>  | <b>-33.7</b> |  |
| Consumption expenditures .....                      | 1,443.0        | 31.1                          | 36.4         | 23.0         | -42.7        |  |
| Government social benefits .....                    | 466.1          | 5.9                           | 10.3         | 3.9          | 7.7          |  |
| Interest payments .....                             | 102.8          | 0.9                           | 1.2          | 0.1          | 0.6          |  |
| Subsidies .....                                     | 2.8            | -3.3                          | -1.0         | -0.8         | 0.6          |  |
| Less: Wage accruals less disbursements .....        | 0.0            | 0.0                           | 0.0          | 0.0          | 0.0          |  |
| <b>Net state and local government saving</b> .....  | <b>-97.4</b>   | <b>-30.1</b>                  | <b>-14.5</b> | <b>-36.7</b> | <b>6.2</b>   |  |
| Social insurance funds .....                        | 5.7            | 0.1                           | 0.1          | 0.1          | 0.1          |  |
| Other .....   | -103.1         | -30.2                         | -14.6        | -36.8        | 6.1          |  |
| <b>Addenda:</b>                                     |                |                               |              |              |              |  |
| <b>Total receipts</b> .....                         | <b>1,981.4</b> | <b>1.2</b>                    | <b>33.7</b>  | <b>-4.8</b>  | <b>-27.3</b> |  |
| Current receipts .....                              | 1,917.3        | 4.5                           | 32.5         | -10.5        | -27.6        |  |
| Capital transfer receipts .....                     | 64.0           | -3.2                          | 1.2          | 5.7          | 0.2          |  |
| <b>Total expenditures</b> .....                     | <b>2,189.2</b> | <b>27.3</b>                   | <b>53.1</b>  | <b>29.7</b>  | <b>-39.8</b> |  |
| Current expenditures .....                          | 2,014.8        | 34.6                          | 47.0         | 26.2         | -33.7        |  |
| Gross government investment .....                   | 361.4          | -4.1                          | 9.6          | 7.5          | -1.0         |  |
| Capital transfer payments .....                     |                |                               |              |              |              |  |
| Net purchases of nonproduced assets .....           | 11.0           | -0.1                          | -0.1         | 0.0          | 0.0          |  |
| Less: Consumption of fixed capital .....            | 197.9          | 3.1                           | 3.3          | 4.1          | 5.0          |  |
| <b>Net lending or net borrowing (-)</b> .....       | <b>-207.9</b>  | <b>-26.0</b>                  | <b>-19.5</b> | <b>-34.5</b> | <b>12.4</b>  |  |

Personal current taxes decreased less, reflecting a smaller decrease in state personal income taxes.

Taxes on production and imports turned down because of downturns in sales and severance taxes.

Taxes on corporate income decreased more than in the third quarter as a result of a larger decrease in corporate profits.

Federal grants-in-aid accelerated, reflecting an upturn in welfare and social services and an acceleration in Medicaid spending.

Consumption expenditures turned down, reflecting a downturn in spending for nondurable goods.

### 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

annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at [www.bea.gov/national/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/national/nipaweb/nipa_underlying/Index.asp). For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

BEA also prepares annual estimates of receipts and expenditures of state governments and of local governments.<sup>1</sup> These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); see “[Newly Available NIPA Tables](#)” in the October 2008 SURVEY.

1. Bruce E. Baker, “Receipts and Expenditures of State Governments and of Local Governments,” SURVEY 85 (October 2005): 5–10.