

Government Receipts and Expenditures

Third Quarter of 2011

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$1,251.0$ billion in the third quarter of 2011, increasing $\$64.6$ billion from $-\$1,315.6$ billion in the second quarter of 2011.

Net federal government saving was $-\$1,172.8$ billion in the third quarter, increasing $\$102.6$ billion from $-\$1,275.4$ billion in the second quarter (see page 12). Current receipts decelerated, while current expenditures turned down in the third quarter.

Net state and local government saving was $-\$78.2$ billion in the third quarter, decreasing $\$38.0$ billion from $-\$40.2$ billion in the second quarter (see page 13). Both current receipts and current expenditures turned down in the third quarter.

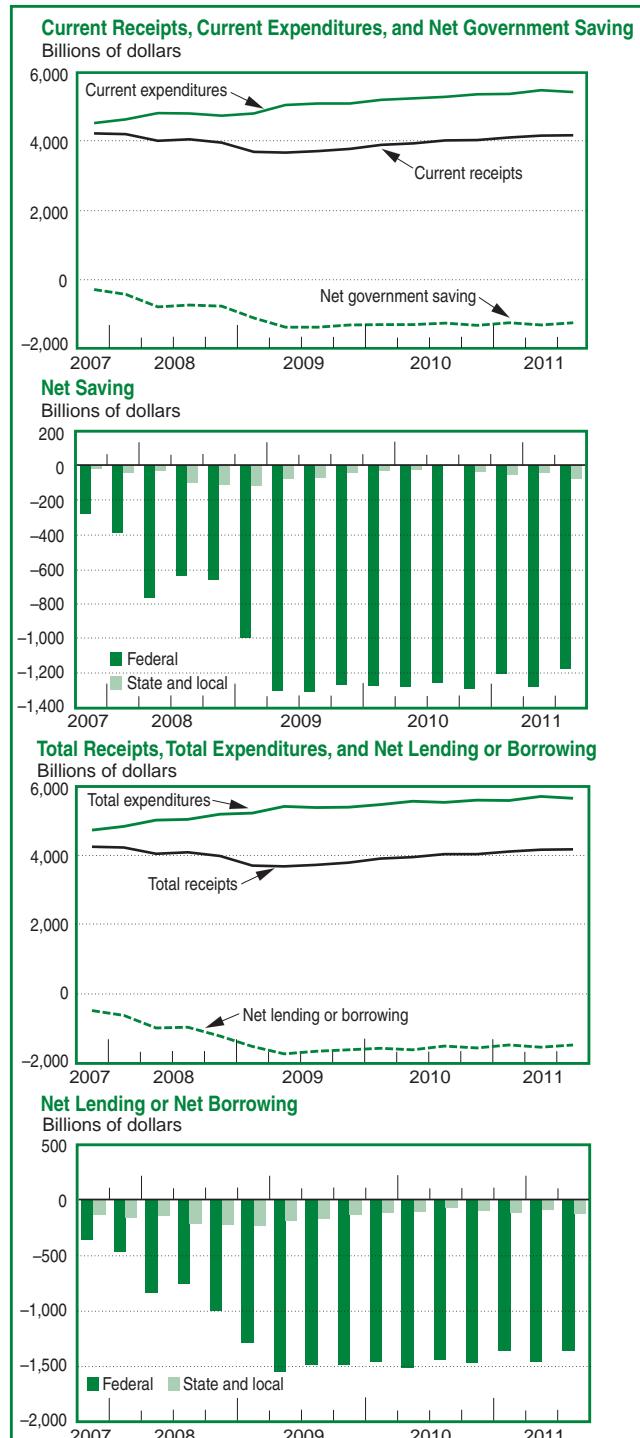
Net borrowing was $\$1,471.7$ billion in the third quarter, decreasing $\$63.7$ billion from $\$1,535.4$ billion in the second quarter. Federal government net borrowing was $\$1,349.7$ billion in the third quarter, decreasing $\$99.7$ billion from $\$1,449.4$ billion in the second quarter. State and local government net borrowing was $\$122.0$ billion in the third quarter, increasing $\$36.0$ billion from $\$86.0$ billion in the second quarter.

“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.

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

	Level		Change from preceding quarter		
	2011	2010	2011		
	III	IV	I	II	III
Current receipts	4,165.6	9.6	81.0	48.4	11.2
Current expenditures	5,416.5	69.4	16.5	105.7	-53.5
Net government saving	-1,251.0	-59.9	64.5	-57.3	64.6
Federal	-1,172.8	-29.6	86.2	-74.3	102.6
State and local.....	-78.2	-30.3	-21.7	17.0	-38.0
Net lending or net borrowing (–) ...	-1,471.7	-55.1	88.4	-68.9	63.7
Federal	-1,349.7	-28.4	106.4	-96.6	99.7
State and local.....	-122.0	-26.7	-18.0	27.7	-36.0

Chart 1. Government Fiscal Position



Stan J. Bellotti prepared this article.

Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter			
	2011		2010		2011
	III	IV	I	II	III
Current receipts	2,572.5	-4.9	57.4	26.2	18.4
Current tax receipts	1,547.3	-5.0	140.5	19.4	14.6
Personal current taxes.....	1,083.3	15.5	119.0	18.6	17.9
Taxes on production and imports	112.3	-1.7	4.8	5.3	0.3
Taxes on corporate income	336.1	-19.8	16.3	-5.4	-3.9
Taxes from the rest of the world	15.5	0.9	0.4	1.0	0.2
Contributions for government social insurance	903.9	2.4	-83.3	5.7	3.6
Income receipts on assets.....	55.5	-0.3	-0.4	0.3	0.6
Current transfer receipts	66.9	-1.9	-1.6	-0.7	-0.5
Current surplus of government enterprises	-1.1	-0.1	2.2	1.5	0.1
Current expenditures.....	3,745.2	24.7	-28.8	100.5	-84.3
Consumption expenditures.....	1,084.8	-7.0	-0.5	18.4	7.3
National defense	732.8	-10.4	-1.7	22.4	9.4
Nondefense	352.0	3.3	1.2	-4.0	-2.1
Current transfer payments.....	2,290.3	18.8	-38.0	34.2	-56.6
Government social benefits.....	1,762.3	14.7	-6.2	12.8	8.0
To persons.....	1,745.3	15.3	-6.2	12.4	7.8
To the rest of the world.....	17.0	-0.6	0.0	0.4	0.2
Other current transfer payments.....	528.0	4.0	-31.7	21.4	-64.6
Grants-in-aid to state and local governments	470.6	2.8	-30.4	13.2	-57.1
To the rest of the world.....	57.4	1.2	-1.3	8.1	-7.5
Interest payments	306.5	10.3	8.6	44.8	-36.3
Subsidies.....	63.7	2.8	1.0	3.0	1.5
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0
Net federal government saving	-1,172.8	-29.6	86.2	-74.3	102.6
Social insurance funds	-289.3	-10.1	15.4	-1.3	1.2
Other.....	-883.5	-19.4	70.7	-73.0	101.4
Addenda:					
Total receipts	2,574.0	-15.3	53.9	30.3	14.3
Current receipts	2,572.5	-4.9	57.4	26.2	18.4
Capital transfer receipts	1.5	-10.5	-3.5	4.2	-4.2
Total expenditures.....	3,923.7	13.1	-52.5	126.9	-85.4
Current expenditures.....	3,745.2	24.7	-28.8	100.5	-84.3
Gross government investment	163.6	3.9	-13.8	-1.3	4.0
Capital transfer payments	154.7	-12.0	-7.7	30.3	-2.3
Net purchases of nonproduced assets	-0.6	-1.7	0.2	-0.5	-0.4
Less: Consumption of fixed capital	139.2	1.8	2.3	2.2	2.4
Net lending or net borrowing (-)	-1,349.7	-28.4	106.4	-96.6	99.7

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 published monthly in NIPA table 3.2. Detailed annual estimates of these transactions by component are published annually in NIPA tables

Taxes on production and imports decelerated as a result of the suspension of airline ticket taxes caused by the Federal Aviation Administration shutdown from July 23 to August 4, 2011.

National defense expenditures decelerated in the second quarter, reflecting a deceleration in spending for services and a downturn in spending for nondurable goods.

Government social benefits to persons decelerated as a result of a deceleration in benefits for social security and for Medicare.

Grants-in-aid to state and local governments turned down, reflecting a larger decrease in Medicaid grants as the Enhanced Medicaid Federal Medical Assistance Percentage (FMAP) rate was phased out. Education grants also turned down.

Other current transfer payments to the rest of the world turned down following second-quarter economic support payments to Egypt and Israel.

Interest payments turned down as a result of lower inflation expense payments on Treasury Inflation-Protected Securities.

Capital transfer payments turned down because of a downturn in capital injected into Fannie Mae and Freddie Mac. About \$6.6 billion (\$26.3 billion at an annual rate) was provided to Fannie Mae and Freddie Mac, a decrease of \$7.7 billion at an annual rate.

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.

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of these estimates, see [NIPA table 3.18B](#), which was published in the October 2011 SURVEY.

1. See Mark S. Ludwick and Andrea L. Cook, "NIPA Translation of the Fiscal Year 2012 Federal Budget," SURVEY OF CURRENT BUSINESS 91 (March 2011): 12–21.

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				
		2011		2011		
		III	IV	I	II	III
Current receipts.....	2,063.7	17.2	-6.8	35.5	-64.3	
Current tax receipts.....	1,365.3	14.0	23.6	22.8	-8.9	Personal current taxes turned down, reflecting a downturn in income taxes.
Personal current taxes.....	326.7	12.6	5.9	11.8	-4.1	Taxes on production and imports turned down as a result of a downturn in sales taxes.
Taxes on production and imports.....	986.9	8.2	17.1	8.4	-2.2	Taxes on corporate income turned down, reflecting a deceleration in corporate profits.
Taxes on corporate income.....	51.7	-6.8	0.6	2.7	-2.7	Federal Grants-in-aid turned down, reflecting a larger decrease in Medicaid grants and a downturn in education grants that was driven by downturns in education grants funded by the American Recovery and Reinvestment Act and by the Education Jobs Fund.
Contributions for government social insurance.....	21.7	0.2	0.2	0.3	0.1	
Income receipts on assets.....	89.3	-0.2	0.3	-1.5	0.2	
Current transfer receipts.....	600.8	3.7	-29.7	14.3	-55.6	
Federal grants-in-aid.....	470.6	2.8	-30.4	13.2	-57.1	
Other.....	130.2	0.9	0.7	1.1	1.5	
Current surplus of government enterprises.....	-13.4	-0.5	-1.3	-0.4	-0.1	
Current expenditures.....	2,141.8	47.4	14.9	18.5	-26.4	
Consumption expenditures.....	1,475.3	11.2	21.6	11.2	-7.6	Consumption expenditures turned down as a result of downturns in both spending for compensation for general government employees and spending for nondurable goods, particularly petroleum.
Government social benefits.....	548.9	35.1	-7.0	6.8	-21.5	
Interest payments.....	117.2	1.8	0.5	0.8	2.7	
Subsidies.....	0.4	-0.6	-0.1	-0.5	0.0	
Less: Wage accruals less disbursements....	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving....	-78.2	-30.3	-21.7	17.0	-38.0	Government social benefits turned down as a result of a downturn in Medicaid benefits.
Social insurance funds.....	2.4	0.1	0.1	0.2	0.0	
Other.....	-80.6	-30.4	-21.9	17.0	-38.1	
Addenda:						
Total receipts.....	2,142.9	12.9	-18.2	38.9	-60.8	Gross government investment turned up, reflecting an upturn in structures.
Current receipts.....	2,063.7	17.2	-6.8	35.5	-64.3	
Capital transfer receipts.....	79.3	-4.3	-11.4	3.4	3.6	
Total expenditures.....	2,265.0	39.5	-0.2	11.2	-24.7	
Current expenditures.....	2,141.8	47.4	14.9	18.5	-26.4	
Gross government investment.....	323.5	-6.4	-13.1	-4.2	4.9	
Capital transfer payments.....	
Net purchases of nonproduced assets.....	15.7	0.2	0.4	0.3	0.2	
Less: Consumption of fixed capital.....	216.0	1.8	2.4	3.4	3.4	
Net lending or net borrowing (-).....	-122.0	-26.7	-18.0	27.7	-36.0	

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. 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.¹ 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); they were published in the October 2011 SURVEY.

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