

Government Receipts and Expenditures

Fourth Quarter of 2017

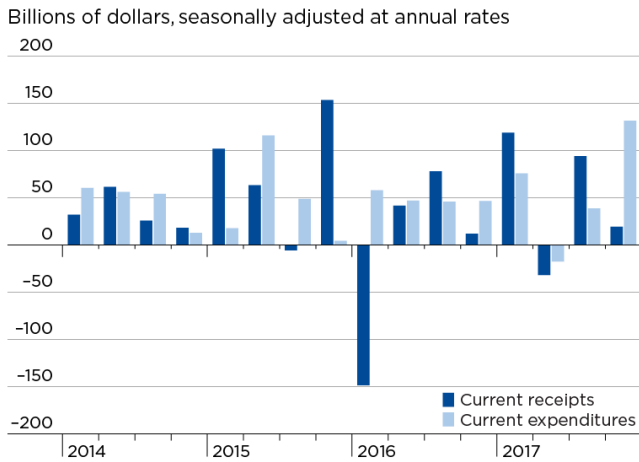
Prepared by Kenneth Beatty

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was -\$904.1 billion in the fourth quarter of 2017, decreasing \$112.3 billion from -\$791.8 billion in the third quarter of 2017 (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.

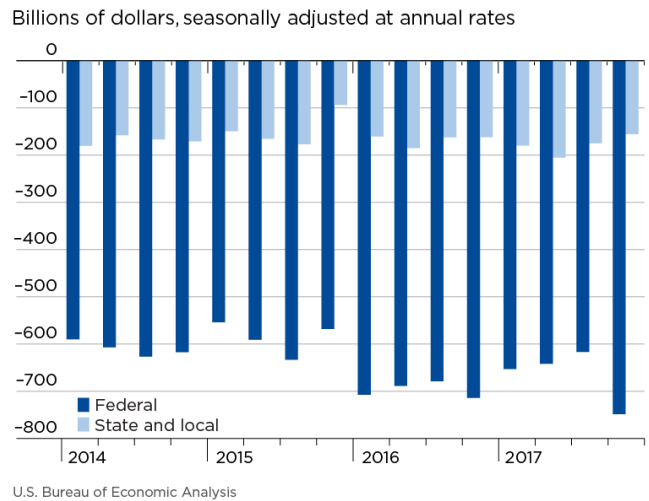
Net lending was \$14.7 billion in the fourth quarter, increasing \$942.5 billion from -\$927.8 billion in the third quarter (charts 3 and 4 and table 1).

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**

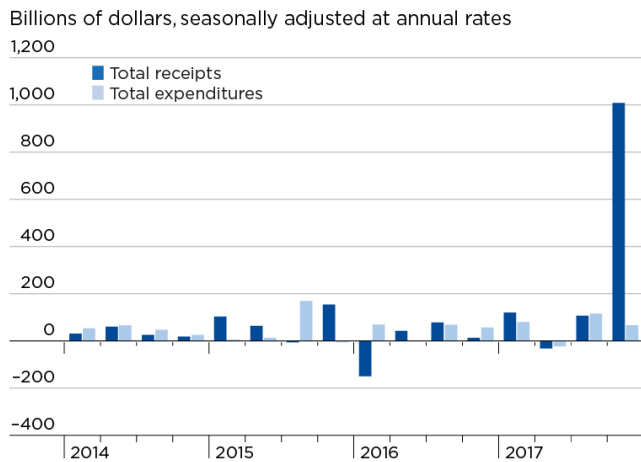
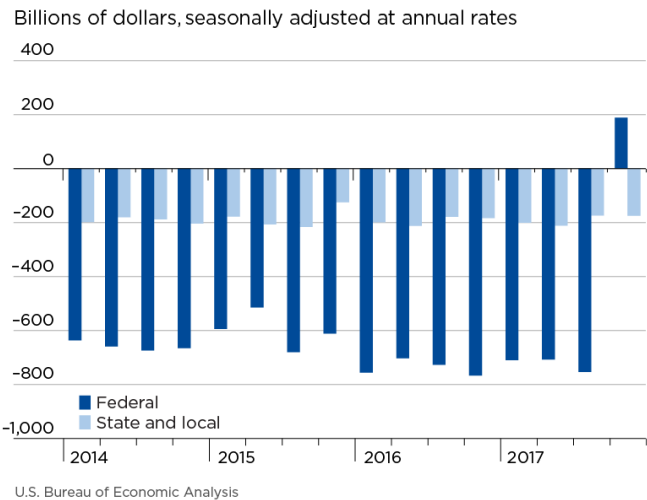


Chart 4. Net Lending or Net Borrowing



**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			
		2017	2017			
		IV	I	II	III	IV
1	Current receipts	5,571.7	118.9	-31.8	94.0	19.3
2	Current expenditures	6,475.8	75.7	-17.5	38.9	131.5
3	Net government saving	-904.1	43.3	-14.5	55.3	-112.3
4	Federal	-748.5	61.2	10.9	24.9	-131.5
5	State and local	-155.6	-17.9	-25.4	30.4	19.2
6	Net lending or net borrowing (-)	14.7	39.7	-8.7	-8.9	942.5
7	Federal	189.1	56.5	2.6	-46.3	942.8
8	State and local	-174.4	-16.7	-11.4	37.4	-0.3

Federal Government

Net federal government saving was -\$748.5 billion in the fourth quarter, decreasing \$131.5 billion from -\$617.0 billion in the third quarter. In the fourth quarter, current receipts turned down, and current expenditures accelerated (table 2).

Federal government net lending was \$189.1 billion in the fourth quarter, increasing \$942.8 billion from -\$753.7 billion in the third quarter. The large increase in federal net lending reflected provisions in the 2017 Tax Cut and Jobs Act. Under the law, a one-time deemed repatriation tax is imposed on foreign earnings accumulated after 1986 through the end of a company's most recent fiscal year. The tax is classified as a capital transfer from business to government, and it was recorded on an accrual basis in the fourth quarter of 2017. BEA's estimate of the one-time repatriation tax is \$250 billion at a quarterly rate (\$1 trillion at an annual rate). For more information, see "[How does the 2017 Tax Cuts and Jobs Act affect BEA's business income statistics?](#)"

- Personal current taxes (line 3) decelerated in the fourth quarter, reflecting a deceleration in withheld income taxes.
- Taxes on corporate income (line 5) decreased more in the fourth quarter than in the third quarter, reflecting a downturn in corporate profits.
- Income receipts on assets (line 8) decreased more than in the third quarter, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.
- Current transfer receipts (line 9) turned down. The third-quarter receipts included \$5.5 billion (\$22.0 billion at an annual rate) from bank settlements.

- Grants-in-aid to state and local governments (line 20) turned down, reflecting a downturn in Medicaid grants.
- Current transfer payments to the rest of the world (line 21) turned up in the fourth quarter. Third-quarter transfers were boosted by economic support payments to Egypt and Israel and by hurricane relief grants to Puerto Rico and the U.S. Virgin Islands.
- Interest payments (line 22) turned up in the fourth quarter, reflecting an upturn in inflation expense payments on Treasury Inflation-Protected Securities.

Table 2. Federal Government Current Receipts and Expenditures
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter				
		2017	2017				
		IV	I	II	III	IV	
1	Current receipts	3,585.6	109.8	-32.8	62.0	-32.8	
2	Current tax receipts	2,176.8	20.4	17.3	26.1	0.0	
3	Personal current taxes	1,639.7	22.0	12.5	27.3	25.9	
4	Taxes on production and imports	135.9	-9.7	2.8	1.2	3.1	
5	Taxes on corporate income	378.0	8.0	1.6	-2.6	-29.8	
6	Taxes from the rest of the world	23.3	-0.1	0.4	0.3	0.9	
7	Contributions for government social insurance	1,307.6	34.1	9.7	14.5	14.2	
8	Income receipts on assets	38.3	20.6	-16.6	-0.5	-21.1	
9	Current transfer receipts	68.8	34.6	-42.8	22.1	-24.0	
10	Current surplus of government enterprises	-5.8	0.1	-0.4	-0.2	-1.8	
11	Current expenditures	4,334.1	48.7	-43.7	37.2	98.6	
12	Consumption expenditures	991.5	2.1	2.8	10.3	10.4	
13	National defense	598.5	-1.6	3.1	5.4	8.4	
14	Nondefense	392.9	3.6	-0.2	4.9	1.9	
15	Current transfer payments	2,731.0	31.6	-15.3	32.7	12.7	
16	Government social benefits	2,111.2	31.9	7.7	10.8	10.0	
17	To persons	2,088.6	31.4	7.6	10.5	9.3	
18	To the rest of the world	22.6	0.5	0.2	0.2	0.7	
19	Other current transfer payments	619.8	-0.3	-23.0	21.9	2.7	
20	Grants-in-aid to state and local governments	561.5	-2.1	-20.1	24.5	-7.1	
21	To the rest of the world	58.3	1.8	-3.0	-2.5	9.8	
22	Interest payments	549.5	15.7	-30.4	-7.0	74.2	
23	Subsidies	62.1	-0.6	-0.9	1.2	1.3	
24	Net federal government saving	-748.5	61.2	10.9	24.9	-131.5	
25	Social insurance funds	-308.5	18.3	-1.0	1.3	3.0	
26	Other	-440.0	42.9	11.9	23.6	-134.5	
Addenda:							
27	Total receipts	4,608.6	110.7	-32.5	62.2	968.4	
28	Current receipts	3,585.6	109.8	-32.8	62.0	-32.8	
29	Capital transfer receipts	1,022.9	0.9	0.3	0.2	1,001.1	
30	Total expenditures	4,419.5	54.3	-35.1	108.5	25.6	
31	Current expenditures	4,334.1	48.7	-43.7	37.2	98.6	
32	Gross government investment	287.4	6.9	8.6	-2.5	4.9	
33	Capital transfer payments	73.5	0.2	0.8	74.0	-76.7	
34	Net purchases of nonproduced assets	-0.7	-0.2	-0.2	0.3	-0.4	
35	Less: Consumption of fixed capital	274.9	1.2	0.8	0.3	1.0	
36	Net lending or net borrowing (-)	189.1	56.5	2.6	-46.3	942.8	

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 NIPA table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4–3.8, 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.

All the estimates are available in interactive tables on BEA's Web site.

1. See Mark S. Ludwick and Brendan Brankin, "[NIPA Translation of the Fiscal Year 2019 Federal Budget](#)," *Survey of Current Business* 98 (March 2018).

State and Local Government

Net state and local government saving was $-\$155.6$ billion in the fourth quarter, increasing $\$19.2$ billion from $-\$174.8$ billion in the third quarter. In the fourth quarter, both current receipts and current expenditures decelerated (table 3).

State and local government net borrowing was $\$174.4$ billion, increasing $\$0.3$ billion from $\$174.1$ billion in the third quarter.

- Personal current taxes (line 3) accelerated in the fourth quarter because of an acceleration in personal income taxes
- Taxes on production and imports (line 4) accelerated in the fourth quarter, reflecting an acceleration in both sales taxes and property taxes and an upturn in severance taxes (severance taxes are taxes imposed upon the removal of natural resources such as oil and natural gas).
- Federal grants-in-aid (line 9) turned down in the fourth quarter, reflecting a downturn in Medicaid grants.
- Consumption expenditures (line 13) in the fourth quarter, reflecting an acceleration in intermediate goods and services purchased, particularly an acceleration in nondurable goods.
- Government social benefits (line 14) decelerated in the fourth quarter. The third-quarter estimate was boosted by disaster assistance payments due to Hurricanes Harvey and Irma.
- Gross government investment (line 25) accelerated in the fourth quarter because of an acceleration in structures investment

Table 3. State and Local Government Current Receipts and Expenditures
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter				
		2017	2017				
		IV	I	II	III	IV	
1	Current receipts	2,547.6	7.0	-19.1	56.5	45.0	
2	Current tax receipts	1,747.8	24.0	-1.8	29.4	48.9	
3	Personal current taxes	468.5	19.6	-23.4	23.0	24.1	
4	Taxes on production and imports	1,222.5	14.8	9.3	8.9	23.9	
5	Taxes on corporate income	56.7	-10.4	12.3	-2.5	0.8	
6	Contributions for government social insurance	20.8	0.0	0.0	0.2	0.2	
7	Income receipts on assets	80.1	-0.1	0.4	0.5	0.5	
8	Current transfer receipts	704.8	-15.8	-18.6	26.1	-5.3	
9	Federal grants-in-aid	561.5	-2.1	-20.1	24.5	-7.1	
10	Other	143.3	-13.8	1.6	1.6	1.8	
11	Current surplus of government enterprises	-5.9	-1.0	0.8	0.3	0.7	
12	Current expenditures	2,703.2	25.0	6.2	26.1	25.8	
13	Consumption expenditures	1,780.8	21.2	10.3	16.1	21.0	
14	Government social benefits	724.0	4.1	-3.2	10.2	4.8	
15	Interest payments	197.9	-0.3	-1.0	-0.2	0.1	
16	Subsidies	0.6	0.0	0.0	0.1	0.0	
17	Net state and local government saving	-155.6	-17.9	-25.4	30.4	19.2	
18	Social insurance funds	5.6	-0.1	0.0	0.1	0.2	
19	Other	-161.2	-17.9	-25.3	30.3	19.0	
Addenda:							
20	Total receipts	2,618.8	8.1	-17.5	66.3	32.6	
21	Current receipts	2,547.6	7.0	-19.1	56.5	45.0	
22	Capital transfer receipts	71.2	1.1	1.6	9.8	-12.4	
23	Total expenditures	2,793.2	24.8	-6.1	28.9	32.9	
24	Current expenditures	2,703.2	25.0	6.2	26.1	25.8	
25	Gross government investment	346.9	3.3	-10.0	0.6	13.8	
26	Capital transfer payments	
27	Net purchases of nonproduced assets	11.1	0.1	0.1	0.1	0.2	
28	Less: Consumption of fixed capital	268.0	3.6	2.4	2.9	1.9	
29	Net lending or net borrowing (-)	-174.4	-16.7	-11.4	37.4	-0.3	

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 3.4–3.8, 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

All the estimates are available in interactive tables on BEA's Web site.

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



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