

Government Receipts and Expenditures

First Quarter of 2018

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Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,044.3$ billion in the first quarter of 2018, decreasing $\$142.7$ billion from $-\$901.6$ billion in the fourth 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 borrowing was $\$1,129.0$ billion in the first quarter, increasing $\$1,146.2$ billion from $-\$17.2$ billion in the fourth quarter (charts 3 and 4 and table 1).

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

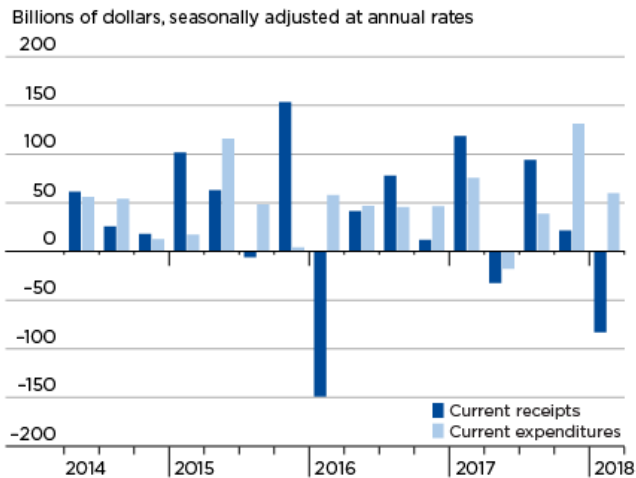
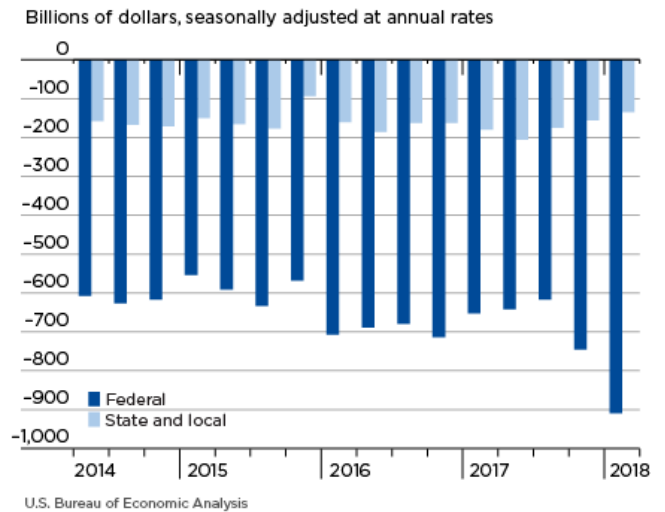


Chart 2. Net Saving



**Chart 3. Total Receipts and Expenditures:
Change From Preceding Quarter**

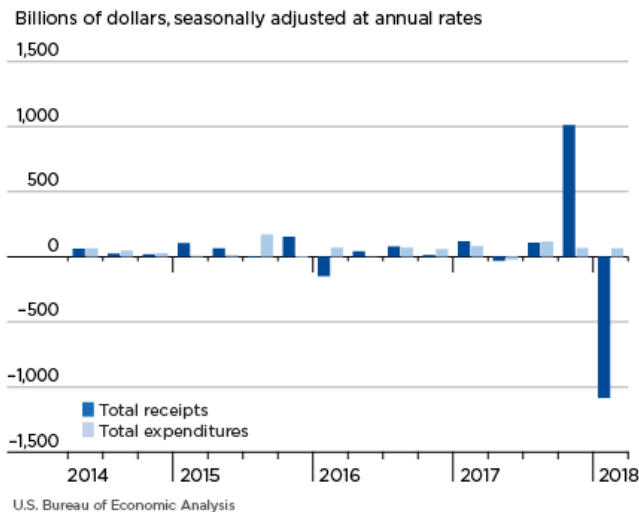
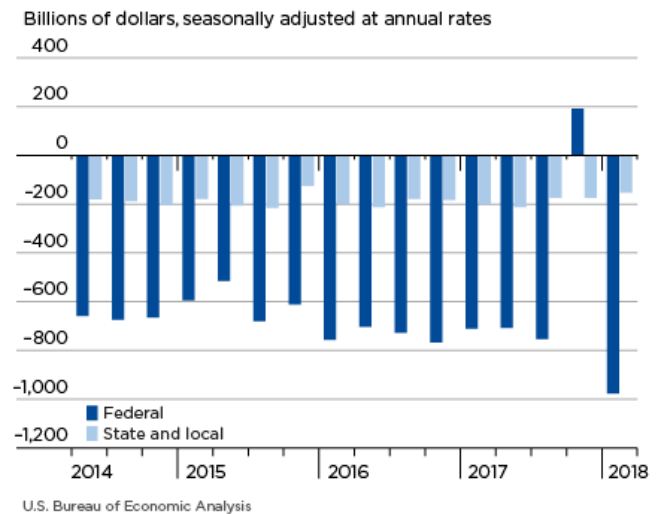


Chart 4. Net Lending or Net Borrowing



**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			
		2018	2017			2018
		I	II	III	IV	I
1	Current receipts	5,491.6	-31.8	94.0	21.9	-82.7
2	Current expenditures	6,535.9	-17.5	38.9	131.5	60.1
3	Net government saving	-1,044.3	-14.5	55.3	-109.8	-142.7
4	Federal	-910.0	10.9	24.9	-129.0	-164.0
5	State and local	-134.3	-25.4	30.4	19.2	21.3
6	Net lending or net borrowing (-)	-1,129.0	-8.7	-8.9	945.0	-1,146.2
7	Federal	-976.1	2.6	-46.3	945.3	-1,167.7
8	State and local	-152.9	-11.4	37.4	-0.3	21.5

Federal Government

Net federal government saving was -\$910.0 billion in the first quarter, decreasing \$164.0 billion from -\$746.0 billion in the fourth quarter (table 2). In the first quarter, current receipts decreased more than in the fourth quarter, and current expenditures decelerated.

Federal government net borrowing was \$976.1 billion in the first quarter, increasing \$1,167.7 billion from -\$191.6 billion in the fourth quarter. The large fourth-quarter 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) turned down in the first quarter, reflecting a downturn in withheld income taxes as a result of the Tax Cuts and Jobs Act (TCJA).
- Taxes on corporate income (line 5) decreased more in the first quarter than in the fourth quarter as a result of the TCJA reduction in the federal domestic corporate income tax rate from 35 percent to 21 percent.

- Income receipts on assets (line 8) decreased less in the first quarter than in the fourth quarter, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.
- Current transfer receipts (line 9) turned up, reflecting the pattern of bank settlements in recent quarters. Bank settlements boosted receipts \$2.0 billion (\$8.0 billion at an annual rate) in the first quarter of 2018 and \$5.5 billion (\$22.0 billion at an annual rate) in the third quarter.
- Government social benefits to persons accelerated in the first quarter (line 17), reflecting a 2.0 percent cost-of-living adjustment that boosted benefits for social security, veterans pensions, and supplemental security income. Additionally, payments of health insurance premium tax credits related to the Affordable Care Act turned up.
- Grants-in-aid to state and local governments (line 20) turned up, reflecting an upturn in Medicaid grants.
- Current transfer payments to the rest of the world (line 21) turned down in the first quarter. Fourth-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) decelerated in the first quarter, reflecting a downturn in the interest 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			
		2018	2017			2018
		I	II	III	IV	I
1	Current receipts	3,478.3	-32.8	62.0	-30.2	-109.9
2	Current tax receipts	2,032.6	17.3	26.1	1.5	-145.7
3	Personal current taxes	1,595.1	12.5	27.3	27.3	-46.0
4	Taxes on production and imports	150.1	2.8	1.2	3.1	14.2
5	Taxes on corporate income	264.2	1.6	-2.6	-29.8	-113.8
6	Taxes from the rest of the world	23.2	0.4	0.3	0.9	-0.1
7	Contributions for government social insurance	1,340.7	9.7	14.5	15.2	32.1
8	Income receipts on assets	36.7	-16.6	-0.5	-21.1	-1.6
9	Current transfer receipts	77.3	-42.8	22.1	-24.0	8.5
10	Current surplus of government enterprises	-8.9	-0.4	-0.3	-1.7	-3.1
11	Current expenditures	4,388.3	-43.7	37.2	98.6	54.2
12	Consumption expenditures	1,005.3	2.8	10.3	10.4	13.8
13	National defense	606.5	3.1	5.4	8.4	8.0
14	Nondefense	398.8	-0.2	4.9	1.9	5.9
15	Current transfer payments	2,767.0	-15.3	32.7	12.7	36.0
16	Government social benefits	2,137.6	7.7	10.8	10.0	26.4
17	To persons	2,114.6	7.6	10.5	9.3	26.0
18	To the rest of the world	23.0	0.2	0.2	0.7	0.4
19	Other current transfer payments	629.4	-23.0	21.9	2.7	9.6
20	Grants-in-aid to state and local governments	580.0	-20.1	24.5	-7.1	18.5
21	To the rest of the world	49.5	-3.0	-2.5	9.8	-8.8
22	Interest payments	557.7	-30.4	-7.0	74.2	8.2
23	Subsidies	58.3	-0.9	1.2	1.3	-3.8
24	Net federal government saving	-910.0	10.9	24.9	-129.0	-164.0
25	Social insurance funds	-305.4	-1.0	1.3	4.1	2.0
26	Other	-604.6	11.9	23.6	-133.0	-166.1
Addenda:						
27	Total receipts	3,500.9	-32.5	62.2	970.9	-1,110.2
28	Current receipts	3,478.3	-32.8	62.0	-30.2	-109.9
29	Capital transfer receipts	22.6	0.3	0.2	1,001.1	-1,000.3
30	Total expenditures	4,477.0	-35.1	108.5	25.6	57.5
31	Current expenditures	4,388.3	-43.7	37.2	98.6	54.2
32	Gross government investment	292.0	8.6	-2.5	4.9	4.6
33	Capital transfer payments	73.9	0.8	74.0	-76.7	0.4
34	Net purchases of nonproduced assets	-0.5	-0.2	0.3	-0.4	0.2
35	Less: Consumption of fixed capital	276.7	0.8	0.3	1.0	1.8
36	Net lending or net borrowing (-)	-976.1	2.6	-46.3	945.3	-1,167.7

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 website.

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 $-\$134.3$ billion in the first quarter, increasing $\$21.3$ billion from $-\$155.6$ billion in the fourth quarter. In the first quarter, current receipts accelerated and current expenditures decelerated (table 3).

State and local government net borrowing was $\$152.9$ billion, decreasing $\$21.5$ billion from $\$174.4$ billion in the fourth quarter.

- Personal current taxes (line 3) decelerated in the first quarter because of a deceleration in personal income taxes.
- Taxes on production and imports (line 4) decelerated in the first quarter, reflecting a deceleration in both sales taxes and property taxes.
- Federal grants-in-aid (line 9) turned up in the first quarter, reflecting an upturn in Medicaid grants.
- Consumption expenditures (line 13) decelerated in the first quarter, reflecting a deceleration in intermediate goods and services purchased, particularly a deceleration in nondurable goods.
- Government social benefits (line 14) accelerated in the first quarter. The acceleration largely reflects the pattern of payments for disaster assistance, which were boosted in the third quarter in response to Hurricanes Harvey and Irma.
- Gross government investment (line 25) decelerated in the first quarter because of a deceleration 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			
		2018	2017			2018
		I	II	III	IV	I
1	Current receipts	2,593.3	-19.1	56.5	45.0	45.7
2	Current tax receipts	1,772.2	-1.8	29.4	48.9	24.4
3	Personal current taxes	481.4	-23.4	23.0	24.1	12.9
4	Taxes on production and imports	1,237.9	9.3	8.9	23.9	15.4
5	Taxes on corporate income	52.8	12.3	-2.5	0.8	-3.9
6	Contributions for government social insurance	21.0	0.0	0.2	0.2	0.2
7	Income receipts on assets	80.2	0.4	0.5	0.5	0.1
8	Current transfer receipts	725.2	-18.6	26.1	-5.3	20.4
9	Federal grants-in-aid	580.0	-20.1	24.5	-7.1	18.5
10	Other	145.3	1.6	1.6	1.8	2.0
11	Current surplus of government enterprises	-5.4	0.8	0.3	0.7	0.5
12	Current expenditures	2,727.6	6.2	26.1	25.8	24.4
13	Consumption expenditures	1,796.0	10.3	16.1	21.0	15.2
14	Government social benefits	732.5	-3.2	10.2	4.8	8.5
15	Interest payments	198.5	-1.0	-0.2	0.1	0.6
16	Subsidies	0.6	0.0	0.1	0.0	0.0
17	Net state and local government saving	-134.3	-25.4	30.4	19.2	21.3
18	Social insurance funds	5.6	0.0	0.1	0.2	0.0
19	Other	-139.9	-25.3	30.3	19.0	21.3
Addenda:						
20	Total receipts	2,665.0	-17.5	66.3	32.6	46.2
21	Current receipts	2,593.3	-19.1	56.5	45.0	45.7
22	Capital transfer receipts	71.7	1.6	9.8	-12.4	0.5
23	Total expenditures	2,817.9	-6.1	28.9	32.9	24.7
24	Current expenditures	2,727.6	6.2	26.1	25.8	24.4
25	Gross government investment	350.3	-10.0	0.6	13.8	3.4
26	Capital transfer payments
27	Net purchases of nonproduced assets	11.3	0.1	0.1	0.2	0.2
28	Less: Consumption of fixed capital	271.2	2.4	2.9	1.9	3.2
29	Net lending or net borrowing (-)	-152.9	-11.4	37.4	-0.3	21.5

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 website.

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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