

Federal Budget Estimates, Fiscal Year 2003

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THE *Federal Budget of the United States Government, Fiscal Year 2003* calls for priority spending on the war on terrorism overseas and at home and a bipartisan economic security plan to promote growth and assist unemployed workers. The fiscal year 2003 budget shows a \$80.2 billion deficit, a \$26.0 billion decrease from the projected \$106.2 billion deficit in fiscal year 2002.¹ Fiscal year 2001 ended with a surplus of \$127.1 billion. These Federal budget estimates are derived from all Federal transactions, that is, from all unified budget receipts and all unified budget outlays.²

Each year, the Bureau of Economic Analysis prepares an adjusted presentation of the budget's receipts and outlays that puts them on a basis consistent with the framework of the national income and product accounts (NIPAs). The NIPA framework, which differs in concept and timing from the budget, is designed to show the composition of production and the distribution of the incomes earned in production (see the box "Relation Between Budget and NIPA Estimates" on page 17). The NIPA framework provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity, such as gross domestic product (GDP), that are part of the NIPAs. On the NIPA basis, the current deficit in fiscal year 2003 is \$78.1 billion, a \$34.3 billion decrease from the projected \$112.4 billion deficit in fiscal year 2002.

The administration's fiscal year 2003 budget estimates of receipts and outlays reflect the economic assumptions used in making the budget projections, the projected impact of proposed legislation and program

changes, and the laws already enacted.³ This article summarizes those economic assumptions and proposed legislation and program changes, and it presents the budget estimates for receipts and outlays.⁴ It then presents the budget receipts and outlays in the framework of NIPA current receipts and expenditures.

Economic assumptions

In the budget, the administration presents the economic assumptions on a calendar year basis that were used in making the budget projections. The following are the principal assumptions:⁵

- After growing 1.0 percent in 2001 (as projected before end-of-year data were available), the economy will grow 0.7 percent in 2002 and 3.8 percent in 2003.
- The unemployment rate will rise from a projected 4.8 percent in 2001 to 5.9 percent in 2002 and then decline to 5.5 percent in 2003.
- Inflation, as measured by the chain-weighted GDP price index, will slow slightly from a projected 2.3 percent in 2001 to 2.0 percent in 2002 and to 1.8 percent in 2003.
- Long-term interest rates will remain steady, while short-term interest rates will dip in 2002 and turn back up in 2003.

Proposed legislation and program changes

Receipts. The fiscal year 2003 budget presents proposed legislation that would decrease receipts by \$64.5 billion in 2002 and \$73.0 billion in 2003 (table 1).

Most of the decrease in receipts is accounted for by

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2003* (Washington, DC: U.S. Government Printing Office, 2002); <www.whitehouse.gov/omb/budget/index.html>.

2. Other presentations of the Federal budget distinguish between off-budget and on-budget transactions or between the trust funds surplus and the Federal funds deficit. Off-budget receipts and outlays, which consist of the social security trust funds and the Postal Service fund, show surpluses of \$155.5 billion in 2002 and \$178.6 billion in 2003; on-budget receipts and expenditures, which include all transactions except the social security trust funds and the Postal Service Fund, show deficits of \$261.7 billion in 2002 and \$258.8 billion in 2003. In the trust funds/Federal funds breakdown, the proposed surplus generated from all trust funds—such as social security, Medicare, and unemployment compensation—would amount to \$212.6 billion in 2002 and \$257.3 billion in 2003; Federal funds, which includes all transactions not classified in trust funds, would show deficits of \$318.8 billion in 2002 and \$337.5 billion in 2003. There are no equivalent measures of these presentations in the NIPAs.

3. The estimates of the administration's proposed legislation and program changes are the differences between the "current-services" estimates, which are included in the budget, and the actual budget. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted; an exception is that excise taxes dedicated to trust funds are assumed to be extended for all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline from which administration or congressional proposals can be analyzed.

4. The article on the Federal budget estimates is published after the release of the Federal budget. It provides updated fourth-quarter 2001 estimates that incorporate information that became available since the release of the budget as well as more detailed estimates of receipts and expenditures than are shown in the NIPA estimates published in *Analytical Perspectives: Budget of the United States Government, Fiscal Year 2003*: 367–71.

5. See "Economic Assumptions," *Analytical Perspectives*, 19–30.

the proposed economic security plan, which would decrease receipts by \$62.0 billion in 2002 and \$65.0 billion in 2003. The budget endorses an economic security plan that would include an economic stimulus package and a worker assistance package for those who have lost jobs during the recent economic downturn, but it does not provide details on its exact composition.⁶

The fiscal year 2003 budget proposes tax incentives that would reduce receipts by \$1.3 billion in 2002 and \$4.9 billion in 2003. Incentives for charitable giving would decrease receipts by \$0.8 billion in 2002 and \$2.0 billion in 2003; the largest measure, which would allow tax deductions for charitable contributions to nonitemizers, would lower receipts by \$0.6 billion in

2002 and \$1.4 billion in 2003. A proposal to reform the administrative financing of unemployment insurance and transfer funding control to the States in 2005 would lower receipts by \$1.0 billion in 2003. Measures that would provide a refundable tax credit for the purchase of health insurance, a deduction for long-term care insurance premiums in the calculation of adjusted gross income, and an additional personal exemption to home caretakers of family members would decrease receipts by \$0.9 billion in 2003. Proposals to increase energy production and promote energy conservation would lower receipts by \$0.3 billion in 2002 and \$0.7 billion in 2003. These proposals would extend and modify the tax credit for producing energy from certain sources, provide new tax credits for other sources of energy production and conservation, and repeal the limit on deductible contributions to nuclear decommissioning funds.

The fiscal year 2003 budget proposes to extend for 2 years several provisions that expired in 2001; these proposals would lower receipts by \$1.4 billion in 2002 and \$2.5 billion in 2003. The budget also proposes to permanently extend the repeal of the estate and generation-skipping transfer taxes (currently due to expire in 2010) and to modify the gift tax. Taking into account taxpayers' expected behavioral response, this proposal is estimated to increase receipts by \$0.2 billion in 2002, when the capital gains effect is expected to predominate, and to decrease receipts by \$0.6 billion in 2003, when the gift-tax effect is expected to predominate.

Outlays. The fiscal year 2003 budget includes proposed program changes that would increase total outlays by \$32.4 billion in 2002 and \$48.3 billion in 2003. The economic security plan would increase outlays by \$27.0 billion in 2002 and \$8.0 billion in 2003. Again, the budget does not provide details (see footnote 6).

The largest increase in program changes in fiscal year 2003 is \$25.1 billion for national defense. Most of the increase is accounted for by increased outlays for military personnel, operating forces, and emergency response—including protection of military personnel and facilities, enhanced intelligence capabilities, and daily combat air patrols over the United States.

Program changes for agriculture would raise outlays by \$4.0 billion in 2002 and \$6.5 billion in 2003 because

Table 1. Relation of Current-Services Estimates to the Budget
[Billions of dollars]

	Fiscal year	
	2002	2003
Receipts		
Current-services estimates ¹	2,010.6	2,121.1
Plus: Proposed legislation	-64.5	-73.0
Economic security plan	-62.0	-65.0
Tax incentives	-1.3	-4.9
Provide incentives for charitable giving	-0.8	-2.0
Reform unemployment insurance	0.0	-1.0
Invest in health care	0.0	-0.9
Increase energy production and promote energy conservation	-0.3	-0.7
Other incentives	-0.1	-0.3
Expiring provisions	-1.3	-3.1
Extend provisions that expired in 2001 for 2 years	-1.4	-2.5
Extend permanently the repeal of estate and generation-skipping taxes and modification of gift taxes	0.2	-0.6
Equals: The budget	1,946.1	2,048.1
Outlays		
Current-services estimates ¹	2,019.9	2,079.9
Plus: Program changes	32.4	48.3
National defense	0.0	25.1
Allowances ²	27.0	6.5
Of which: Economic security plan	27.0	8.0
Agriculture	4.0	6.5
Net interest	1.2	5.5
Undistributed offsetting receipts ³	0.0	4.0
Medicare	0.0	1.5
Health	0.0	1.1
Veterans benefits and services	0.0	0.8
General government	0.0	-0.4
Commerce and housing credit	0.0	-0.5
Natural resources and environment	0.2	-0.5
Transportation	0.0	-0.8
Other	0.0	-0.5
Equals: The budget	2,052.3	2,128.2
Current-services surplus or deficit (-)	-9.3	41.2
Proposed changes, receipts less outlays	-97.0	-121.4
Administration budget surplus or deficit (-)	-106.2	-80.2

1. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted, with the exception that excise taxes dedicated to trust funds are assumed to be extended in all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline from which administration or congressional proposals can be analyzed.

2. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

3. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2003.*

6. In order to translate the budget into specific NIPA current receipt and expenditure categories, BEA used details of the Economic Security and Worker Assistance Act (ESWAA), as passed by the U.S. House of Representatives in December 2001. While the budget did not specifically endorse the ESWAA, the overall magnitude of the economic security plan's impact on receipts and on outlays, as presented in the budget, is consistent with the impact of the ESWAA. See "Estimated Budget Effects of the Revenue Provisions of the Economic Security and Worker Assistance Act of 2001" (U.S. Congress, Joint Committee on Taxation, December 19, 2001), doc. no. JCX-92-02 at <www.house.gov/jct/pubs01.html>.

of increased outlays for agricultural subsidies through the Commodity Credit Corporation. Outlays for net interest would increase \$1.2 billion in 2002 and \$5.5 billion in 2003; the increase reflects a higher level of public debt. "Undistributed offsetting receipts" would decrease by \$4.0 billion in 2003 because of a proposal to postpone the reallocation and auction of certain parts of the radio spectrum until 2004. An increase of \$1.5 billion in Medicare in 2003 is accounted for by the extension of prescription drug coverage to low-income Medicare recipients in a program to be administered by States through Medicaid.

The largest decrease in outlays from program changes is a \$0.8 decrease in transportation. A large increase for air transport security is more than offset by a large decrease in outlays for highways.

Homeland Security. The fiscal year 2003 budget calls for increased funding for homeland security to secure the United States from future terrorist attacks, but it does not separately identify outlays for homeland security. Therefore, an analysis of the impact of homeland security on budget functions is not included here. The spending would be spread over a number of budget functions, including national defense, health, transportation, and administration of justice. In some instances, homeland security spending is included in the current-services estimates because of the supplemental fiscal year 2001 and fiscal year 2002 spending authorized after the attacks of September 11th, 2001. In other instances, homeland security spending represents program changes.

The budget estimates

In the administration budget, receipts in fiscal year 2003 are projected to increase \$101.9 billion, to \$2,048.1 billion (table 2). Receipts in 2002 are estimated at \$1,946.1 billion, down \$44.9 billion from 2001. More than half of the upturn in 2003 is accounted for by an upturn in individual income taxes, which would increase \$57.1 billion after decreasing \$45.1 billion in 2002, due to higher incomes resulting from the assumed acceleration in economic growth. The upturn in receipts also reflects the impact of the economic security plan, which would reduce receipts by \$62.0 billion in 2002 but only by an additional \$3.0 billion in 2003.

Among other sources of receipts, social insurance taxes and contributions would accelerate in 2003, increasing \$41.2 billion after increasing \$14.1 billion in 2002; these estimates are based on the administration's economic assumptions. Corporation income taxes would increase \$4.0 billion in 2003; they increased \$50.4 billion in 2002 following a drop in 2001, reflecting mainly a shift in the timing of collections. Miscella-

neous receipts would increase \$3.8 billion in 2003 after decreasing \$1.4 billion in 2002; these changes are based on projected deposits of earnings by the Federal Reserve System.

Total budget outlays in fiscal year 2003 are projected to increase \$75.9 billion, to \$2,128.2 billion (table 3). Outlays in 2002 are estimated at \$2,052.3 billion, up \$188.4 billion from 2001. The projected increase in 2003 is more than accounted for by increases in five areas:

- **Health.** An increase of \$36.7 billion is almost entirely accounted for by a \$35.6 billion increase in current-services outlays—mainly reflecting projected increases in Medicaid and projected accrual costs of retired employees' health benefits. In addition, outlays will increase because of increased

Table 2. Budget Receipts by Source

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2000	2001	2002	2003	2001	2002	2003
Budget receipts	2,025.2	1,991.0	1,946.1	2,048.1	-34.2	-44.9	101.9
Individual income taxes.....	1,004.5	994.3	949.2	1,006.4	-10.1	-45.1	57.1
Social insurance taxes and contributions.....	652.9	694.0	708.0	749.2	41.1	14.1	41.2
Corporation income taxes.....	207.3	151.1	201.4	205.5	-56.2	50.4	4.0
Excise taxes.....	68.9	66.1	66.9	69.0	-2.8	0.8	2.2
Miscellaneous receipts.....	42.8	37.8	36.4	40.2	-5.0	-1.4	3.8
Estate and gift taxes.....	29.0	28.4	27.5	23.0	-0.6	-0.9	-4.5
Customs duties.....	19.9	19.4	18.7	19.8	-0.5	-0.7	1.1
Economic security plan.....	.....	.....	-62.0	-65.0	.....	-62.0	-3.0

Source: *Budget of the United States Government, Fiscal Year 2003.*

Table 3. Budget Outlays by Function

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2000	2001	2002	2003	2001	2002	2003
Budget outlays	1,788.8	1,863.9	2,052.3	2,128.2	75.1	188.4	75.9
Social security.....	409.4	433.1	459.7	475.9	23.7	26.5	16.3
National defense.....	294.5	308.5	348.0	379.0	14.0	39.5	31.0
Income security.....	253.5	269.8	310.7	319.7	16.2	41.0	8.9
Medicare.....	197.1	217.5	226.4	234.4	20.4	8.9	8.0
Health.....	154.5	172.6	195.2	231.9	18.1	22.6	36.7
Net interest.....	223.0	206.2	178.4	180.7	-16.8	-27.8	2.3
Education, training, employment, and social services.....	53.8	57.3	71.7	79.0	3.5	14.4	7.3
Transportation.....	46.9	55.2	62.1	59.4	8.4	6.9	-2.7
Veterans benefits and services.....	47.1	45.8	51.5	56.6	-1.3	5.7	5.1
Administration of justice.....	28.0	30.4	34.4	40.6	2.4	4.0	6.2
Natural resources and environment.....	25.0	26.3	30.2	30.6	1.3	3.9	0.4
Agriculture.....	36.6	26.6	28.8	24.2	-10.1	2.3	-4.6
International affairs.....	17.2	16.6	23.5	22.5	-0.6	6.9	-1.1
General science, space, and technology.....	18.6	19.9	21.8	22.2	1.3	1.9	0.4
General government.....	13.3	15.2	18.3	17.6	1.9	3.1	-0.6
Community and regional development.....	10.6	12.0	15.4	17.4	1.3	3.4	2.0
Allowances ¹.....	.....	.....	27.0	6.4	.....	27.0	-20.6
Of which: Economic security plan.....	.....	.....	27.0	8.0	.....	27.0	-19.0
Commerce and housing credit.....	3.2	6.0	3.8	3.7	2.8	-2.3	-0.1
Energy.....	-1.1	0.1	0.6	0.6	1.1	0.5	0.0
Undistributed offsetting receipts ²	-42.6	-55.2	-55.2	-74.1	-12.6	0.1	-18.9

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

2. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2003.*

Relation Between Budget and NIPA Estimates

The Bureau of Economic Analysis (BEA) prepares estimates of the Federal sector in the framework of the national income and product accounts (NIPAs). Unlike the budget, which is a financial plan of the government on a cash basis, the NIPAs facilitate macroeconomic analyses of the impact of changes in Federal current receipts, current expenditures, and gross investment on gross domestic product and its components.¹

One major conceptual difference between the budget and the NIPAs is in the treatment of government investment in fixed assets; in the NIPAs, government consumption expenditures excludes investment in fixed assets but includes a depreciation charge on past investment as consumption of fixed capital. Certain transactions that mainly represent transfers of existing assets are included in the budget but are classified in the NIPAs as capital transfers and are excluded from government current receipts and expenditures. These transactions include certain investment grants-in-aid to State and local governments, investment subsidies to businesses, and estate and gift taxes. In the NIPAs, government employee retirement plans are treated similarly to private pension plans and thus are classified in the NIPA personal sector. For example, employee contributions to these plans are included in budget receipts but are not included in NIPA current receipts. Likewise, Federal employee retirement benefits are included in budget outlays but are not included in NIPA current expenditures. Net purchases of nonproduced assets, such as land and the radio spectrum, are excluded from the NIPAs because they do not affect current production. Similarly, certain financial transactions are excluded from the NIPAs. The NIPAs also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are by definition not included in the NIPAs, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a nonprofit

institution regulated by the Federal Communication Commission. Differences between the budget and the NIPAs are detailed in tables 5 and 6.

NIPA current receipts differ from budget receipts because of differences in coverage, in netting and grossing (which provide additional information on items recorded on a net basis in the budget), and in timing. For most years, the differences between NIPA current receipts and budget receipts primarily reflect capital transfers received, supplementary medical insurance premiums, and personal and business nontaxes. (Personal and business nontaxes, which are included in "other" netting and grossing differences in table 5, are classified as receipts in the NIPAs and netted against outlays in the budget.)

Similarly, NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, Federal employee retirement plan transactions, and personal and business nontaxes.

In the NIPA framework, budget outlays for national defense and nondefense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for four principal reasons. First, the NIPA measure includes general government consumption of fixed capital. Second, in defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPAs, payments are added to amortize the unfunded liability for military and civilian retirement benefits; these payments are recorded in the budget as intergovernmental transactions. Payments to amortize unfunded liabilities arise, in part, from new or liberalized retirement benefits, from increases in pay, and in the case of the military, from the initial unfunded liability prior to the establishment of the military retirement fund in fiscal year 1985. Third, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis. Thus, in the NIPAs, all work-in-progress except ships and structures are included in the change-in-private-inventories component of gross domestic product. Fourth, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPAs. The production of military equipment is initially recorded in change in private inventories, and when the equipment is delivered, a decrease in private inventories is recorded. For sales of equipment to foreign governments, the decrease is offset by an increase in exports; for sales to the U.S. Government, the decrease is offset by an increase in government consumption expenditures and gross investment.

1. These adjustments are shown in NIPA table 3.18B, "Relation of Federal Government Current Receipts and Expenditures in the NIPAs to the Budget," *SURVEY OF CURRENT BUSINESS* 81 (October 2001): 13. A summary of these adjustments is also published in "National Income and Product Accounts, Budget of the United States Government, Analytical Perspectives, Fiscal Year 2003": 367-371.

For a detailed discussion of NIPA adjustments, see Government Transactions, Methodology Paper No. 5 (November 1988), which is available on BEA's Web site, <www.bea.gov>, under "Methodologies." For changes since the publication of this paper, see Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," *SURVEY* 79 (August 1999): 11-14; Robert P. Parker, "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology For Calculating Depreciation," *SURVEY* 75 (September 1995): 33-41; and Robert P. Parker, "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," *SURVEY* 71 (September 1991): 24-25.

spending on health research and the refundable health insurance tax credit for the unemployed.

- **National defense.** An increase of \$31.0 billion is accounted for by a \$5.9 billion increase in current-services outlays—based on projected increases in operations and maintenance, research and development, and military personnel—and by a \$25.1 billion increase in program changes.
- **Social security.** An increase of \$16.3 billion is mainly accounted for by an increase in current-services outlays for old-age and survivors insurance benefits. This increase reflects cost-of-living adjustments and assumptions about inflation and the number of beneficiaries in these programs.
- **Income security.** An increase of \$8.9 billion is accounted for by an increase in current-services outlays, mainly by increases in Federal civilian and military retirement programs and food stamps.
- **Medicare.** An increase of \$8.0 billion is accounted for by an increase in current-services outlays, based on expected increases in health services.

These increases are partly offset by decreases of \$20.6 billion in allowances and \$18.9 billion in “undistributed offsetting receipts.” The decrease in allowances is mainly accounted for by the economic security plan. The increase in “undistributed offsetting receipts” mainly reflects a current-services accounting change; starting in 2003, agencies are required to pay the full Government share of the accruing cost of retirement, including retirement health benefits, of all current employees.

Comparison of the budget and NIPA estimates

BEA makes adjustments to the budget estimates in order to provide estimates of Federal current receipts and expenditures that are consistent over time with NIPA concepts and methodology. The budget includes a proposed economic security plan that would result in re-

Table 4. Estimated Impact of the Economic Security Plan on the NIPA's
[Billions of dollars]

	Fiscal year	
	2002	2003
Current receipts	-62.0	-65.0
Personal tax and nontax receipts	-14.0	-21.9
Corporate profits tax accruals	-48.1	-43.2
Contributions for social insurance	0.1	0.1
Current expenditures	27.0	8.0
Transfer payments to persons	23.0	4.0
Earned income and other tax credits	1.4	1.3
Unemployment benefits	7.8	2.8
Other	13.7	0.0
Grants-in-aid to State and local governments	3.9	4.0
General public service	1.3	2.0
Welfare and social services	2.6	2.1

Sources: “Estimated Budget Effects of the Revenue Provisions of the Economic Security and Worker Assistance Act of 2001” (U.S. Congress, Joint Committee on Taxation, December 19, 2001), doc. no. JCX-92-02 at <www.house.gov/jct/pubs01.html> and Bureau of Economic Analysis.

duced receipts and higher outlays, but additional details are not provided. BEA's estimates of the impact of the economic security plan on the NIPA's are based on the ESWAA (see footnote 6) and are summarized in table 4.

For fiscal year 2003, NIPA current receipts would exceed budget receipts by \$32.0 billion: “Other” netting and grossing differences would add \$35.7 billion; supplementary medical insurance premiums would add \$27.3 billion; and capital transfers received, which include estate and gift taxes, would subtract \$22.8 billion (table 5).

For fiscal year 2003, NIPA current expenditures would exceed budget outlays by \$30.0 billion: “Other” netting and grossing differences would add \$35.7 billion, Federal employee retirement plan transactions would add \$41.7 billion, and capital transfers paid would subtract \$41.7 billion (table 6). Largely because of the treatment of military and civilian retirement funds, the NIPA estimate of national defense consumption expenditures would exceed the budget estimate of national defense outlays by \$28.4 billion (table 7).

For fiscal year 2003, the budget deficit would exceed the NIPA current deficit by \$2.1 billion (table 8). The difference reflects the combined effects of the coverage and timing adjustments. The coverage adjustments lower both NIPA current receipts and NIPA current

Table 5. Relation of Federal Government Current Receipts in the NIPA's to the Budget

[Billions of dollars]

	Fiscal year		
	2001	2002	2003
Budget receipts	1,991.0	1,946.1	2,048.1
<i>Less:</i> Coverage differences	42.1	41.6	38.0
Geographic ¹	3.8	4.0	4.3
Contributions received by Federal employee retirement plans ²	4.7	4.6	4.6
Capital transfers received ³	28.2	27.3	22.8
Financial transactions	0.0	0.0	0.0
Other ⁴	5.3	5.6	6.3
Netting and grossing differences	-53.3	-53.4	-56.3
Supplementary medical insurance premiums	-23.7	-25.6	-27.3
Taxes received from the rest of the world ⁵	6.7	6.7	6.7
Other ⁶	-36.3	-34.4	-35.7
<i>Plus:</i> Timing differences	26.9	3.3	13.8
Corporate profits taxes	17.4	-10.8	4.7
Federal and State unemployment insurance taxes	-0.0	1.4	0.4
Withheld personal income tax and social security contributions	9.1	9.9	8.8
Excise taxes	0.7	0.1	-0.2
Other	-0.3	2.6	0.1
Equals: Federal Government current receipts, NIPA's	2,029.1	1,961.2	2,080.1

1. Consists largely of contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of estate and gift taxes.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

5. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPA's.

6. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPA's.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

expenditures, and the timing adjustments raise NIPA current receipts and lower NIPA current expenditures.⁷

Fiscal year 2003 NIPA estimates

In the NIPA framework, the current deficit would decrease \$34.3 billion in fiscal year 2003, following a shift in fiscal position in fiscal year 2002 (chart 1, page 20). The smaller deficit in fiscal year 2003 results from an upturn in current receipts that is accounted for by upturns in personal tax and nontax receipts and in corporate profits tax accruals. Current expenditures decelerate in fiscal year 2003, as decelerations in trans-

7. Netting and grossing differences have equal effect on current receipts and expenditures, so they have no impact on the deficit.

Table 6. Relation of Federal Government Current Expenditures in the NIPA's to the Budget
[Billions of dollars]

	Fiscal year		
	2001	2002	2003
Budget outlays	1,863.9	2,052.3	2,128.2
Less: Coverage differences.....	-2.8	27.0	24.7
Geographic ¹	12.3	13.2	13.8
Federal employee retirement plan transactions ²	-32.0	-32.1	-41.7
Interest received.....	-49.1	-49.9	-52.0
Contributions received (employer).....	-66.2	-69.5	-80.5
Benefits paid.....	83.2	87.1	90.7
Administrative expenses.....	0.1	0.1	0.1
Financing disbursements from credit programs ³	-23.3	-16.7	-12.3
Other differences in funds covered ⁴	4.7	5.1	6.0
Net investment ⁵	-1.3	0.1	2.5
Capital transfers paid ⁶	39.9	41.9	41.7
Financial transactions.....	-2.4	15.8	14.9
Loan disbursements less loan repayments and sales.....	9.5	26.5	15.6
Deposit insurance.....	-0.8	1.1	3.4
Net purchases of foreign currency.....	0.0	0.0	0.0
Other.....	-11.1	-11.8	-4.1
Net purchases of nonproduced assets.....	-0.8	-0.3	-0.2
Outer Continental Shelf.....	0.0	0.0	0.0
Land and other ⁷	-0.8	-0.3	-0.2
Other ⁸	-0.0	-0.0	-0.0
Netting and grossing differences.....	-53.3	-53.4	-56.3
Supplementary medical insurance premiums.....	-23.7	-25.6	-27.3
Taxes received from the rest of the world ⁹	6.7	6.7	6.7
Other ¹⁰	-36.3	-34.4	-35.7
Plus: Timing differences.....	3.8	-5.2	-1.6
Purchases (increase in payables net of advances).....	-3.3	-3.7	-2.0
Interest.....	-0.0	0.0	0.0
Transfer payments.....	4.0	0.9	0.3
Subsidies less current surplus of government enterprises.....	3.1	-2.4	0.1
Equals: Federal Government current expenditures, NIPA's	1,923.8	2,073.5	2,158.2

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; consequently, related entries are included in "Loan disbursements less loan repayments and sales."

4. Consists largely of agencies or accounts, such as the Postal Service and the Federal Financing Bank, that in some time periods were not included in the budget.

5. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.

6. Consists of investment grants to State and local governments and maritime construction subsidies. Does not include the forgiveness of debts owed by foreign governments to the U.S. Government; this forgiveness is classified as a capital transfer paid by the United States and is excluded from both budget outlays and NIPA current expenditures.

7. Consists of net sales of land other than the Outer Continental Shelf and, beginning with 1995, the auction of the radio spectrum.

8. Consists largely of net expenditures of foreign currencies.

9. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPA's.

10. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPA's.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

fer payments and nondefense consumption expenditures more than offset an acceleration in defense consumption expenditures.

In the NIPA framework, Federal current receipts would increase \$119.0 billion in fiscal year 2003 after decreasing an estimated \$67.9 billion in fiscal year

Table 7. Relation of National Defense Consumption Expenditures and Gross Investment in the NIPA's to National Defense Outlays in the Budget
[Billions of dollars]

	Fiscal year		
	2001	2002	2003
National defense outlays in the budget	308.5	348.0	379.0
Department of Defense, military.....	294.0	330.6	361.0
Military personnel.....	74.0	81.2	92.8
Operation and maintenance.....	114.0	133.6	143.5
Procurement.....	55.1	59.6	62.3
Aircraft.....	18.0	19.5	20.0
Missiles.....	4.2	3.8	4.2
Ships.....	7.1	7.7	8.3
Weapons.....	3.1	3.5	3.8
Ammunition.....	1.2	1.2	1.1
Other.....	21.5	23.9	24.8
Research, development, test, and evaluation.....	40.5	45.1	50.8
Other.....	10.5	11.2	11.6
Atomic energy and other defense-related activities.....	14.5	17.4	18.0
Plus: Consumption of general government fixed capital.....	63.9	64.7	66.0
Additional payments to military and civilian retirement funds.....	22.5	22.9	26.8
Timing difference.....	3.3	3.7	2.0
Military assistance programs.....	0.3	0.2	0.2
Less: Grants-in-aid to State and local governments and net interest paid.....	-2.9	-2.9	-3.1
Other differences.....	3.0	8.7	2.7
Equals: National defense consumption expenditures and gross investment, NIPA's	392.7	427.9	468.1
Less: National defense gross investment ¹	56.2	57.6	60.7
Equals: National defense consumption expenditures, NIPA's	336.5	370.2	407.4

1. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

Table 8. Relation of Administration Budget and NIPA Estimates of Federal Government Current Receipts and Expenditures
[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2002	2003
		2001	2002			2003
Administration budget:					
Receipts.....	1,991.0	1,946.1	2,048.1	-44.9	101.9
Outlays.....	1,863.9	2,052.3	2,128.2	188.4	75.9
Surplus or deficit (-).....	127.1	-106.2	-80.2	-233.3	26.0
NIPA's:					
Current Receipts.....	2,029.1	1,961.2	2,080.1	-67.9	119.0
Current Expenditures.....	1,923.8	2,073.5	2,158.2	149.7	84.7
Surplus or deficit (-) ¹	105.3	-112.4	-78.1	-217.6	34.3
	Differences				
Administration budget less NIPA's:					
Receipts / Current Receipts.....	-38.1	-15.1	-32.0	23.0	-16.9
Outlays / Current Expenditures.....	-59.9	-21.2	-30.0	38.7	-8.8
Surplus or deficit (-).....	21.8	6.2	-2.1	-15.6	-8.3

1. The NIPA current surplus or deficit reflects the treatment of government investment that was introduced in January 1996. Current expenditures include (1) consumption of fixed capital for general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government and by government enterprises is not classified as a current expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

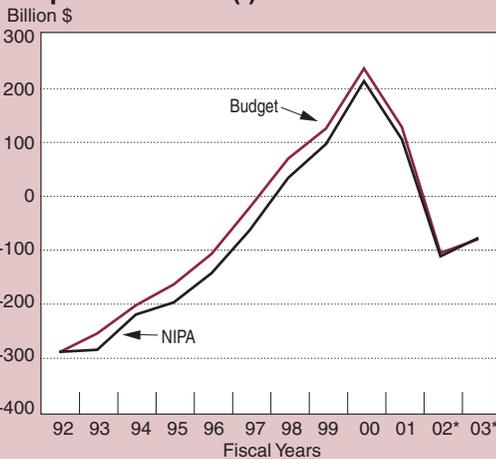
2002 (chart 2). The upturn results from a turnaround in the tax base that would increase receipts \$128.8 billion (table 9). (The tax base is estimated using administration economic assumptions and does not include the impact of any proposed legislation.) Within current receipts, personal tax and nontax receipts would increase \$48.3 billion after decreasing \$65.9 billion; fiscal 2002 receipts would fall as a result of provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001. Corporate profits tax accruals would in-

crease \$26.1 billion after decreasing \$23.1 billion; the drop in fiscal year 2002 reflects BEA's estimated impact of the economic security plan. Contributions for social insurance would increase \$40.4 billion after increasing \$25.3 billion, reflecting an acceleration in wages and salaries. Indirect business tax and nontax accruals would increase \$4.2 billion after decreasing \$4.3 billion; in fiscal year 2002, rents and royalties from the Outer Continental Shelf turned down sharply.

In the NIPA framework, Federal current expenditures would increase \$84.7 billion in fiscal year 2003 after increasing an estimated \$149.7 billion in fiscal year

CHART 1

Federal Fiscal Position, Surplus or Deficit (-)



*Estimates by Office of Management and Budget and BEA, U.S. Bureau of Economic Analysis

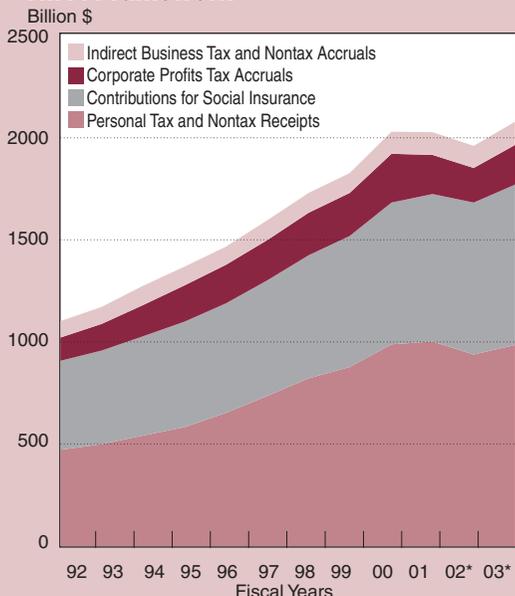
Table 9. Sources of Change in Federal Government Current Receipts, NIPA Framework
[Billions of dollars]

	Change from preceding fiscal year		
	2001	2002	2003
Total receipts	-2.8	-67.9	119.0
Due to tax bases.....	-2.7	-10.4	128.8
Due to proposed legislation.....	0.0	-57.5	-9.8
Personal tax and nontax receipts	15.0	-65.9	48.3
Due to tax bases.....	15.0	-54.4	59.9
Due to proposed legislation.....	0.0	-11.5	-11.7
Corporate profits tax accruals	-45.6	-23.1	26.1
Due to tax bases.....	-45.6	22.9	24.2
Due to proposed legislation.....	0.0	-45.9	1.9
Indirect business tax and nontax accruals	1.9	-4.3	4.2
Due to tax bases.....	1.9	-4.1	4.3
Due to proposed legislation.....	0.0	-0.1	-0.1
Contributions for social insurance	25.9	25.3	40.4
Due to tax bases.....	25.9	25.3	40.4
Due to proposed legislation.....	0.0	0.0	0.0

Sources: Budget of the United States Government, Fiscal Year 2003 and the Bureau of Economic Analysis.

CHART 2

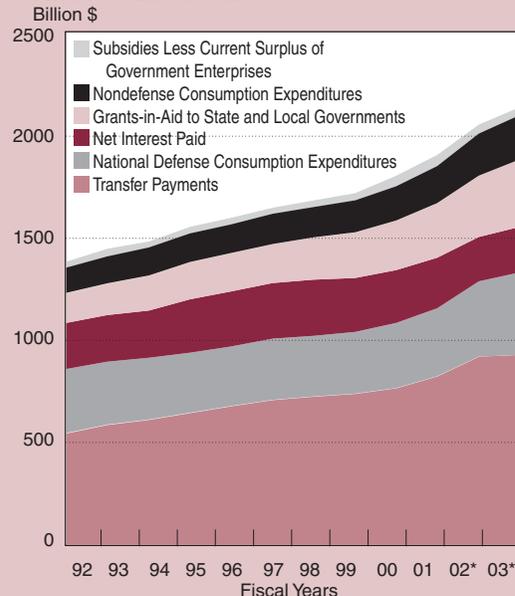
Federal Government Current Receipts, NIPA Framework



*Estimates by BEA, U.S. Bureau of Economic Analysis

CHART 3

Federal Government Current Expenditures, NIPA Framework



*Estimates by BEA, U.S. Bureau of Economic Analysis

2002 (chart 3). The deceleration is attributable to slow-downs in transfer payments and nondefense consumption expenditures. Transfer payments would increase \$7.4 billion after increasing \$98.4 billion; the slow-down is attributable to decelerations in unemployment benefits and "other" transfer payments (table 10). Nondefense consumption expenditures would increase \$10.4 billion after increasing \$23.9 billion. Grants-in-aid to State and local governments would increase \$31.3 billion after increasing \$33.3 billion. In contrast, net interest would turn up, increasing \$4.6 billion after decreasing \$28.8 billion. Defense consumption expenditures would accelerate, increasing \$37.1 billion after increasing \$33.7 billion. Subsidies less current surplus of government enterprises would decrease \$6.1 billion after decreasing \$10.7 billion; agriculture and housing subsidies account for the slower decrease.

Quarterly pattern. Seasonally adjusted quarterly estimates of NIPA current receipts and current expenditures consistent with the budget estimates of receipts and outlays for the fiscal year are shown in table 11. The NIPA estimates of current receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from the administration's pro-

jected quarterly pattern of wages, and from the methodology used by BEA to derive quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.⁸ The NIPA estimates of current expenditures reflect the quarterly pattern that results from the enacted and proposed legislation that would adjust pay for Federal Government employees and provide cost-of-living increases in social security and other programs. The quarterly estimates do not control to the fiscal year estimates but instead are estimated changes based on the published level of the preliminary estimate for the fourth quarter of 2001. Because of the limited information available to estimate the quarterly patterns, they should be viewed as rough approximations. These approximations will be superceded by BEA's current quarterly estimates, which are based on up-to-date source data and are published in NIPA table 3.2.

In the NIPA framework, the fiscal position of the Federal Government shifts from a current surplus to a current deficit in the first quarter of 2002. The current deficit increases in the second and third quarters and decreases in the fourth quarter. The current deficit continues to decrease in the first and second quarters of 2003; in the third quarter, the fiscal position shifts to a current surplus.

The shift in the Federal Government's fiscal position from a current surplus to a current deficit in the first quarter of 2002 is due to a decrease in current receipts. Personal tax and nontax receipts and corporate profit tax accruals both decrease sharply. The increases in the current deficit in the second and third quarters of 2002 are attributable to current expenditures: In the second quarter, the increase in current expenditures primarily reflects increases in consumption expenditures and in grants-in-aid to State and local governments; in the third quarter, the increase primarily reflects increases in transfer payments and in grants-in-aid to State and local governments. The decrease in the current deficit in the fourth quarter of 2002 is attributable to an increase in current receipts, which partly reflects an increase in corporate profit tax accruals. The decrease in the current deficit in the first quarter of 2003 also reflects an increase in current receipts, as contributions for social insurance and personal tax and nontax receipts both increase. The decrease in the current deficit in the second quarter of 2003 and the shift to a current surplus in the third quarter of 2003 are attributable to increases in current receipts, primarily in personal tax and nontax receipts.

Table 11 follows.

Table 10. Sources of Change in Federal Government Current Expenditures, NIPA Framework

[Billions of dollars]

	Change from preceding fiscal year		
	2001	2002	2003
Total current expenditures	105.2	149.7	84.7
Consumption expenditures	30.1	57.6	47.5
National defense	15.1	33.7	37.1
Pay raise and locality pay ¹	0.0	6.9	6.8
Other	15.1	26.9	30.4
Nondefense	14.9	23.9	10.4
Pay raise and locality pay ¹	0.0	2.4	2.4
Other	14.9	21.4	7.9
Transfer payments	57.6	98.4	7.4
Social security	23.5	25.0	16.2
Medicare	21.6	10.2	8.3
Supplemental security income	0.4	1.8	1.7
Earned income and other tax credits	0.2	10.0	3.0
Veterans benefits	1.3	2.8	0.3
Unemployment benefits	7.2	24.3	-8.8
To the rest of the world (net)	-3.2	3.8	-1.8
Food stamps	0.4	3.4	1.4
Other	6.3	17.2	-12.7
Grants-in-aid to State and local governments	26.0	33.3	31.3
General public service	-0.0	1.0	0.4
Public order and safety	1.9	-0.5	1.3
Housing and community services	1.1	0.9	1.1
Health	15.1	17.6	17.7
Medicaid	11.5	15.3	14.0
Other health	3.7	2.3	3.7
Education	1.0	5.2	5.0
Welfare and social services	5.1	8.4	-0.2
Other	1.8	0.7	6.0
Net interest paid	-12.5	-28.8	4.6
Subsidies less current surplus of government enterprises	4.1	-10.7	-6.1
Agriculture subsidies	-2.4	-10.3	-3.5
Housing subsidies	1.1	-7.6	-3.5
Other subsidies	0.2	1.4	0.5
Less: Current surplus of government enterprises:			
Postal Service surplus	-3.8	0.4	0.1
Other surplus of government enterprises	-1.3	0.0	0.0

1. Consists of pay raises and locality pay beginning in January 2002.
Source: Bureau of Economic Analysis.

8. For details on the methodology, see Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY OF CURRENT BUSINESS 78 (August 1998): 29-31.

Table 11. Federal Government Current Receipts and Expenditures, NIPA Framework
 [Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line	Fiscal year estimates ¹			Calendar year ²		Quarter ²										
				Pub- lished	Esti- mated	Published				Estimated						
	2001	2002	2003			2001	2002	I	II	III	IV	I	II	III	IV	I
	2001	2002	2003	2001	2002	I	II	III	IV	I	II	III	IV	I	II	III
1	2,029.1	1,961.2	2,080.1	2,032.5	1,964.8	2,087.4	2,091.5	1,907.1	2,043.8	1,925.4	1,946.7	1,971.1	2,015.8	2,057.1	2,094.8	2,138.4
2	Current receipts.....															
3	1,004.7	938.8	987.1	1,010.1	948.0	1,051.4	1060.0	897.2	1031.7	937.6	942.0	950.3	962.1	981.8	1005.2	1033.2
4	801.7	753.0	785.6	809.2	763.6	811.9	818.1	805.1	801.5	750.5	757.6	767.2	779.2	783.1	804.2	828.5
5	191.7	174.2	189.1	191.3	174.8	229.6	232.2	82.6	220.8	177.7	175.0	173.4	173.0	188.5	190.6	194.0
6		-1.9	-5.8		-2.9					-1.9	-1.9	-1.9	-5.8	-5.8	-5.8	-5.8
7	191.7	176.1	194.8	191.3	177.6	229.6	232.2	82.6	220.8	179.5	176.8	175.3	178.8	194.3	196.4	199.7
8	11.4	11.7	12.5	9.7	9.6	9.9	9.8	9.6	9.4	9.4	9.5	9.7	9.9	10.1	10.4	10.7
9	191.6	168.6	194.7	190.8	160.2	205.0	197.3	177.4	183.3	142.4	152.8	161.2	184.3	182.9	186.4	190.4
10	27.2	26.0	28.1	24.0	21.0	25.7	24.2	23.2	22.8	20.9	20.7	21.0	21.5	22.5	23.8	25.5
11		0.0	0.0		0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	27.2	26.0	28.1	24.0	21.0	25.7	24.2	23.2	22.8	20.9	20.7	21.0	21.5	22.5	23.8	25.5
13	164.4	142.5	166.6	166.8	139.1	179.4	173.1	154.3	160.5	121.5	132.0	140.2	162.8	160.3	162.6	164.9
14		-45.9	-44.1		-56.9					-61.2	-61.2	-61.2	-44.1	-44.1	-44.1	-44.1
15	164.4	188.4	210.7	166.8	196.1	179.4	173.1	154.3	160.5	182.7	193.3	201.5	206.9	204.4	206.6	209.0
16	111.6	107.4	111.5	111.1	110.4	112.2	112.0	110.2	109.8	110.1	110.0	109.6	111.7	112.5	114.0	116.0
17		-0.1	-0.2		-0.1					-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
18	111.6	107.5	111.7	111.1	110.5	112.2	112.0	110.2	109.8	110.2	110.1	109.8	111.9	112.7	114.2	116.1
19	721.1	746.4	786.8	720.6	746.2	718.8	722.2	722.3	719.1	735.3	741.9	750.0	757.6	780.0	789.3	798.9
20	661.8	681.2	715.5	659.8	679.6	658.0	661.6	661.5	658.1	669.1	675.2	682.7	691.4	706.1	714.9	723.9
21	627.9	644.6	676.5	624.9	642.1	623.7	626.9	626.4	622.7	632.0	637.8	645.0	653.4	667.3	675.7	684.3
22		0.0	0.0		0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
23		1.2	6.0		4.8					4.8	4.8	4.8	4.8	9.8	9.8	9.8
24		1.2	4.8		4.8					4.8	4.8	4.8	4.8	4.8	4.8	4.8
25			1.2											5.0	5.0	5.0
26	627.9	643.4	670.4	624.9	637.3	623.7	626.9	626.4	622.7	627.2	633.0	640.2	648.7	657.5	666.0	674.6
27	-3.1	-2.2	-2.1	-2.4	-1.4	-2.4	-2.4	-2.4	-2.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4
28	1.4	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
29	35.6	37.3	39.6	35.8	37.5	35.3	35.6	35.9	36.3	37.0	37.3	37.6	37.9	38.6	39.0	39.4
30	0.1	0.5	0.8	0.1	0.5	0.1	0.1	0.1	0.1	0.5	0.5	0.5	0.5	0.8	0.8	0.8
31	35.4	36.8	38.8	35.6	37.0	35.1	35.4	35.8	36.1	36.6	36.8	37.1	37.4	37.8	38.2	38.6
32	22.2	24.0	25.7	22.1	24.7	22.0	22.1	22.2	22.2	24.3	24.6	24.8	25.1	27.2	27.2	27.2
33	28.0	31.9	36.4	29.3	32.4	29.4	29.4	29.3	29.2	32.4	32.7	33.0	31.7	37.5	37.8	38.2
34	9.1	9.3	9.2	4.4	9.4	2.8	2.6	2.6	9.5	9.4	9.4	9.4	9.4	9.2	9.3	9.5
35	1,923.8	2,073.5	2,158.2	1,909.5	2,062.2	1,882.1	1,904.7	1,920.7	1,930.4	2,019.2	2,049.5	2,085.7	2,094.4	2,106.0	2,109.9	2,112.8
36	Current expenditures.....															
37	520.2	577.7	625.2	514.1	570.5	507.5	510.1	513.7	525.1	553.0	568.9	577.3	582.8	600.9	610.0	616.6
38	336.5	370.2	407.4	342.3	380.4	338.3	339.5	343.1	348.3	367.9	379.1	384.6	390.1	405.2	412.5	416.7
39		6.9	13.6		9.2					8.6	9.4	9.4	9.4	14.8	15.1	15.1
40		6.9	9.4		9.2					8.6	9.4	9.4	9.4	9.4	9.4	9.4
41			4.2											5.4	5.7	5.7
42	336.5	363.4	393.8	342.3	371.2	338.3	339.5	343.1	348.3	359.3	369.7	375.2	380.7	390.4	397.4	401.6
43	183.6	207.5	217.9	171.8	190.1	169.2	170.6	170.6	176.8	185.1	189.8	192.7	192.7	195.8	197.5	199.9
44		2.4	4.9		3.3					2.9	3.4	3.4	3.4	5.2	5.4	5.4
45		2.4	3.4		3.3					2.9	3.4	3.4	3.4	3.4	3.4	3.4
46			1.5											1.8	2.0	2.0
47	183.6	205.1	213.0	171.8	186.8	169.2	170.6	170.6	176.8	182.2	186.4	189.3	189.3	190.6	192.1	194.5
48	827.8	926.3	933.7	831.9	925.2	811.7	823.3	838.6	853.9	909.9	918.4	938.2	934.2	920.5	907.8	893.7
49	817.2	911.9	921.1	823.3	908.0	805.8	816.3	830.9	840.1	885.1	906.7	927.4	912.8	910.2	896.4	883.1
50	419.5	444.5	460.7	425.4	446.2	421.8	423.8	428.2	427.7	442.5	445.4	447.7	449.3	458.9	459.6	460.1
51	419.5	436.0	443.2	425.4	434.9	421.8	423.8	428.2	427.7	431.1	434.0	436.4	438.0	439.4	440.1	440.6
52		8.5	17.5		11.3					11.3	11.3	11.3	11.3	19.5	19.5	19.5
53		8.5	11.3		11.3					11.3	11.3	11.3	11.3	11.3	11.3	11.3
54			6.1											8.2	8.2	8.2
55	235.3	245.4	253.7	239.0	257.0	229.5	236.3	242.7	247.5	251.8	255.9	259.7	260.7	261.4	262.4	263.5
56	27.7	52.1	43.3	23.9	40.3	22.9	23.3	24.1	25.2	32.5	40.3	48.0	40.3	32.0	23.6	15.0
57	26.0	28.7	29.1	26.3	27.7	26.0	25.6	26.3	27.2	27.5	27.6	27.7	27.8	27.6	27.2	26.6
58	8.4	9.0	9.2	8.4	8.9	8.4	8.4	8.4	8.4	8.7	8.8	9.0	8.9	8.9	8.9	8.8
59	2.1	2.2	2.2	2.0	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
60	15.5	18.9	20.3	16.1	20.1	15.2	15.5	16.0	17.6	19.0	19.8	20.6	20.9	20.8	20.7	20.6
61	0.9	0.8	0.8	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7
62	28.2	30.0	31.7	28.6	30.4	28.2	28.5	28.9	28.8	29.9	30.2	30.6	30.8	31.5	32.0	32.0
63	27.1	37.1	40.0	26.7	37.1	26.7	26.7	26.7	26.7	37.1	37.1	37.1	37.1	40.0	40.0	40.0
64	26.6	43.1	30.3	26.1	37.6	24.1	25.3	26.8	28.2	33.3	38.7	44.2	34.2	26.1	19.2	13.6
65	10.6	14.4	12.5	8.6	17.2	5.8	7.1	7.7	13.8	24.8	11.8	10.9	21.4	10.4	11.4	10.6

See footnotes at the end of the table.

Table 11. Federal Government Current Receipts and Expenditures, NIPA Framework—Continued

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year estimates ¹					Calendar year ²		Quarter ²								
		2001	2002	2003	2001	2002	Published				Estimated						
							Pub- lished	Esti- mated									
									2001				2002				2003
						I	II	III	IV	I	II	III	IV	I	II	III	
64	Grants-in-aid to State and local governments.....	268.8	302.1	333.4	274.2	313.2	264.0	281.2	266.4	285.0	295.1	307.2	321.2	329.1	331.4	334.0	339.1
65	General public service.....	3.9	4.9	5.3	2.8	5.5	2.8	3.1	2.3	3.1	4.7	5.5	6.2	5.7	5.7	5.1	4.8
66	National defense.....	2.9	3.3	5.0	3.2	3.8	3.3	3.3	3.2	3.1	3.6	3.4	3.2	4.8	5.2	5.1	4.8
67	Public order and safety.....	3.7	3.2	4.5	3.1	3.2	2.9	2.8	2.8	3.7	3.1	2.9	3.0	3.9	4.1	4.7	5.5
68	Economic affairs.....	9.9	11.7	11.4	9.6	11.9	8.9	9.3	9.5	10.8	11.0	12.0	12.9	11.8	11.2	11.2	11.6
69	General economic and labor.....	4.6	5.7	5.4	4.8	5.7	4.2	4.7	4.5	5.8	5.3	5.7	6.0	5.8	5.2	5.3	5.6
70	Agriculture.....	0.9	1.1	1.1	0.9	1.2	0.9	0.9	0.8	0.8	1.0	1.3	1.4	1.2	1.1	1.0	0.9
71	Energy.....	1.0	1.2	1.3	0.9	1.2	0.9	0.9	0.9	1.0	1.1	1.2	1.2	1.2	1.3	1.3	1.4
72	Natural resources.....	2.4	2.7	2.6	2.3	2.8	2.2	2.0	2.5	2.3	2.7	2.8	3.1	2.7	2.6	2.5	2.4
73	Transportation ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
74	Space.....	0.8	1.0	1.0	0.9	1.0	0.8	0.8	0.9	0.9	0.9	1.0	1.2	0.9	1.0	1.1	1.2
75	Housing and community services.....	12.9	13.8	14.8	12.6	14.0	11.9	12.3	12.2	13.9	13.3	13.7	14.1	14.7	14.6	14.9	15.0
76	Health.....	146.4	164.0	181.6	153.4	166.5	145.2	156.6	148.7	163.0	162.3	163.3	167.2	173.3	178.3	183.6	191.3
77	Medicaid.....	129.1	144.5	158.5	134.7	146.1	128.9	134.8	131.1	143.8	142.8	144.0	147.2	150.2	155.8	160.6	167.3
78	Other.....	17.2	19.5	23.1	18.7	20.5	16.3	21.8	17.6	19.2	19.5	19.3	19.9	23.1	22.5	23.0	24.0
79	Recreation and culture.....	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.4	0.5	0.5	0.3	0.4	0.5	0.5
80	Education.....	23.3	28.4	33.5	22.5	31.7	22.7	25.8	20.0	21.5	25.7	31.2	35.5	34.2	33.5	33.1	32.9
81	Income security.....	65.6	72.4	76.8	66.7	76.1	66.0	67.7	67.3	65.6	70.8	74.6	78.6	80.3	78.4	75.7	72.7
82	Welfare and social services.....	57.2	62.6	65.4	57.3	65.8	56.9	58.3	57.4	56.4	60.7	64.6	68.7	69.0	67.2	64.4	60.9
83	Other.....	8.4	9.8	11.4	9.4	10.3	9.1	9.4	9.8	9.2	10.1	10.0	9.9	11.3	11.3	11.3	11.8
84	Net interest paid.....	250.5	221.7	226.3	236.9	210.5	253.5	242.5	232.5	219.1	213.0	209.5	208.7	210.7	214.6	217.7	220.8
85	Subsidies less current surplus of government enterprises.....	56.5	45.7	39.6	52.5	42.9	45.4	47.6	69.5	47.4	48.3	45.6	40.2	37.6	38.6	40.4	42.4
86	Subsidies.....	48.4	38.1	34.7	44.7	35.6	39.9	40.0	60.7	38.1	39.5	36.5	33.9	32.3	33.0	34.7	36.5
87	Agricultural.....	21.2	13.5	10.0	17.5	11.9	18.4	18.1	18.5	15.1	16.1	12.8	10.1	8.5	9.4	11.2	13.2
88	Housing.....	21.1	22.5	23.0	20.9	21.9	20.4	20.7	21.1	21.3	21.6	21.8	22.0	22.2	22.3	22.2	22.1
89	Other.....	6.2	2.1	1.6	6.2	1.8	1.0	1.1	21.1	1.7	1.9	1.9	1.8	1.5	1.4	1.2	1.1
90	Less: Current surplus of government enterprises.....	-8.1	-7.6	-4.9	-7.9	-7.4	-5.6	-7.7	-8.8	-9.3	-8.7	-9.1	-6.4	-5.3	-5.6	-5.8	-6.0
91	Postal Service.....	-10.7	-10.7	-8.1	-12.0	-11.8	-9.9	-11.9	-12.8	-13.3	-13.0	-13.5	-10.8	-9.9	-10.0	-10.3	-10.5
92	Federal Housing Administration.....	2.8	2.8	3.5	3.2	3.4	3.1	3.1	3.2	3.2	3.3	3.4	3.5	3.7	3.8	3.9	
93	Tennessee Valley Authority.....	2.0	1.8	1.4	2.8	2.6	2.7	2.8	2.8	2.7	2.6	2.5	2.4	2.3	2.2	2.2	
94	Other.....	-2.2	-1.6	-1.7	-1.8	-1.4	-1.4	-1.7	-2.0	-2.0	-1.6	-1.4	-1.4	-1.3	-1.5	-1.5	
95	Less: Wage accruals less disbursements.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
96	Current surplus or deficit (-) ⁴.....	105.3	-112.4	-78.1	123.0	-97.5	205.3	186.7	-13.6	113.4	-93.9	-102.8	-114.6	-78.6	-49.0	-15.1	25.7
97	Addenda:																
98	Gross investment ⁵	100.8	106.0	113.4	101.6	107.0	97.8	99.9	102.0	106.8	103.9	105.7	108.1	110.2	113.2	113.8	117.1
99	National defense.....	56.2	57.6	60.7	56.8	57.6	54.6	56.7	56.5	59.6	55.9	56.9	58.2	59.2	60.8	60.2	62.7
99	Nondefense.....	44.6	48.3	52.7	44.8	49.4	43.2	43.2	45.5	47.2	48.0	48.8	49.9	51.0	52.4	53.7	54.4
100	Consumption expenditures and gross investment.....	621.0	683.7	738.7	615.7	677.5	605.3	609.9	615.7	631.9	656.9	674.6	685.4	693.0	714.1	723.8	733.7
101	National defense.....	392.7	427.9	468.1	399.1	438.0	392.9	396.1	399.6	407.8	423.8	436.0	442.8	449.3	465.9	472.7	479.5
102	Nondefense.....	228.2	255.8	270.6	216.6	239.5	212.4	213.8	216.1	224.1	233.1	238.5	242.6	243.7	248.2	251.1	254.3
103	Capital transfers received (net).....	-11.7	-14.6	-18.9	-12.8	-17.7	-8.9	-12.7	-14.8	-14.9	-16.3	-16.6	-18.2	-19.5	-21.0	-20.5	-20.3
104	Capital transfers received.....	28.2	27.3	22.8	28.0	24.2	30.1	28.7	26.5	26.5	26.0	25.1	23.9	21.8	21.1	21.1	21.7
105	Estate and gift taxes.....	28.2	27.3	22.8	28.0	24.2	30.1	28.7	26.5	26.5	26.0	25.1	23.9	21.8	21.1	21.1	21.7
106	Less: Capital transfers paid.....	39.9	41.9	41.7	40.7	41.8	38.9	41.3	41.3	41.4	42.3	41.7	42.1	41.3	42.1	41.6	42.1
107	Grants-in-aid to State and local governments.....	39.9	41.9	41.7	40.7	41.8	38.9	41.3	41.3	41.4	42.3	41.7	42.1	41.3	42.1	41.6	42.1
108	Transportation.....	36.3	38.4	38.0	37.4	38.3	35.5	38.0	37.5	38.4	39.0	38.1	38.3	38.0	38.5	37.7	38.0
109	Highway.....	27.5	29.3	28.4	28.2	29.1	27.6	28.4	28.1	28.8	29.6	29.5	27.9	28.6	28.5	28.5	
110	Other transportation.....	8.8	9.1	9.7	9.1	9.2	7.9	9.6	9.3	9.5	9.4	8.6	8.8	10.1	9.9	9.1	
111	Housing and community services.....	3.5	3.4	3.7	3.4	3.5	3.4	3.3	3.9	3.1	3.3	3.6	3.8	3.3	3.6	3.9	

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in the NIPA tables 3.2 and 3.7 elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the fourth quarter of 2001 will not be available until the release of the final estimate of gross domestic product on March 28, 2002. The value shown is derived from the budget.

Published estimates for the fourth quarter of 2001, as well as estimates for subsequent quarters, differ from the quarterly estimates in *Budget of the United States Government, Analytical Perspectives, Fiscal Year 2003* because of additional data received after the budget was released.

3. Most transportation grants-in-aid to State and local governments are classified as capital transfers paid

(see addenda); however, water and railroad transportation grants are still classified as current-account transactions.

4. See footnote 1 in table 8.

5. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

FICA Federal insurance contributions act
NIPA National income and product accounts
SECA Self-employment contributions act