

Government Receipts and Expenditures

Estimates for the Fourth Quarter of 2005

NET government saving, the difference between current receipts and expenditures of the Federal Government and state and local governments, was -\$298.8 billion in the fourth quarter of 2005, increasing \$115.5 billion from -\$414.3 billion in the third quarter.¹

Net Federal Government saving was -\$288.6 billion in the fourth quarter, increasing \$119.3 billion from -\$407.9 billion in the third quarter. Current receipts turned up, and current expenditures accelerated.

Net state and local government saving was -\$10.2 billion in the fourth quarter of 2005, decreasing \$3.8 billion from -\$6.4 billion in the third quarter (see page 8). Current receipts turned up, and current expenditures accelerated.

Net borrowing was \$460.9 billion in the fourth quarter, decreasing \$93.8 billion from \$554.7 billion in the third quarter.² Federal Government net borrowing was \$344.0 billion in the fourth quarter, decreasing \$111.6 billion from \$455.6 billion in the third quarter. State and local government net borrowing was \$116.9 billion in the fourth quarter, increasing 17.8 billion from \$99.1 billion in the third quarter.

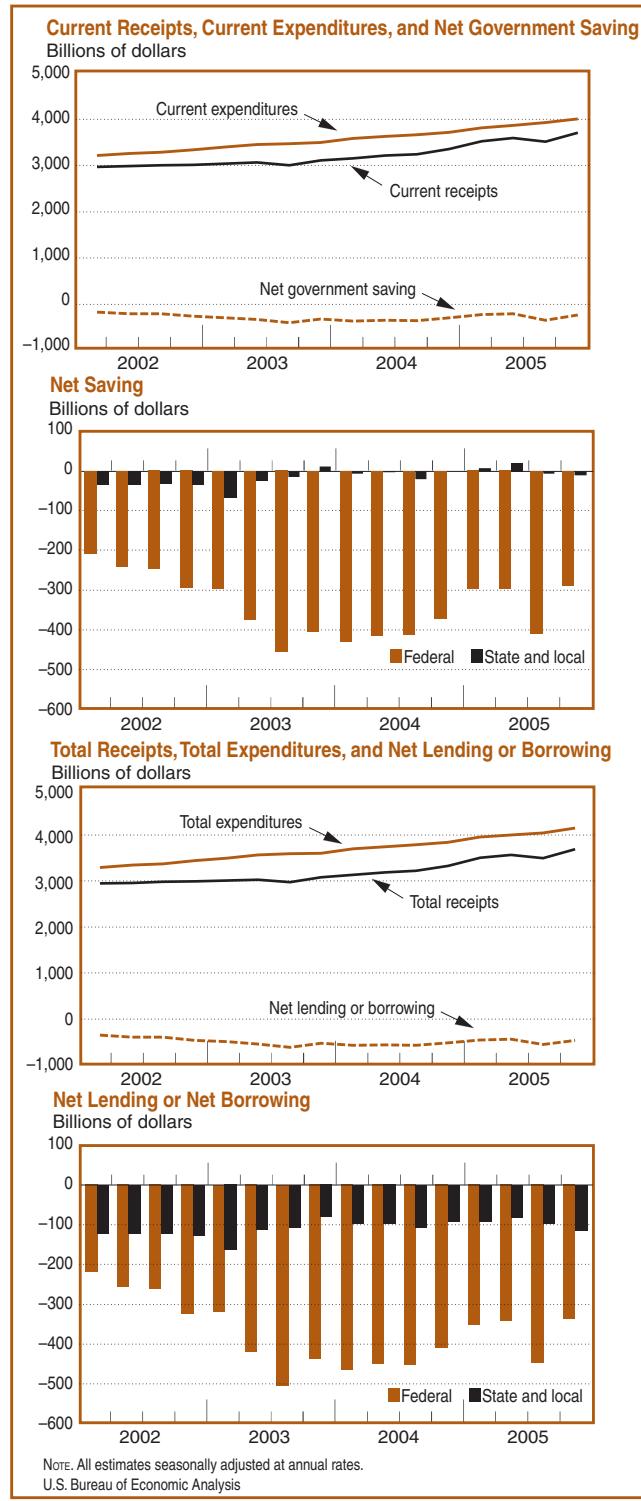
1. Net government saving appears in NIPA tables 3.1–3.3.

2. "Net lending or net borrowing" is an alternative measure of the government fiscal position. It measures the financing requirement of the government sector. It is derived as net government saving plus the consumption of fixed capital and "capital transfers received (net)" 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			
	2005	2005			
	IV	I	II	III	IV
Current receipts.....	3,681.2	175.6	67.1	-78.3	195.2
Current expenditures.....	3,979.9	98.9	52.2	60.1	79.5
Net government saving.....	-298.8	76.8	14.8	-138.2	115.5
Federal	-288.6	73.3	1.0	-110.6	119.3
State and local	-10.2	3.4	13.9	-27.7	-3.8
Net lending or net borrowing (-)....	-460.9	61.9	18.4	-122.0	93.8
Federal	-344.0	60.8	8.7	-106.9	111.6
State and local	-116.9	1.2	9.6	-15.1	-17.8

Chart 1. Government Fiscal Position



Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
		2005				
	IV	I	II	III	IV	
Current receipts.....	2,321.4	142.0	31.3	-72.1	165.6	The acceleration in current tax receipts reflected an upturn in corporate profits taxes.
Current tax receipts.....	1,408.1	123.8	26.7	11.4	64.9	Taxes on corporate income turned up as a result of the rebound in corporate profits after Hurricanes Katrina and Rita in the third quarter.
Personal current taxes.....	962.3	68.6	16.0	20.7	17.3	
Taxes on production and imports.....	97.6	0.3	2.9	-0.8	0.1	
Taxes on corporate income.....	338.0	56.4	9.1	-10.1	47.3	
Taxes from the rest of the world.....	10.2	-1.5	-1.2	1.5	0.2	
Contributions for government social insurance.....	863.5	17.7	4.0	10.3	8.1	
Income receipts on assets.....	22.7	0.8	1.3	-1.5	-0.1	
Current transfer receipts.....	31.3	0.4	-0.2	-91.6	92.7	The upturn in current transfer receipts was attributable to insurance settlements paid by the National Flood Insurance Program, which showed a smaller payment in the fourth quarter (\$0.8 billion for damages by Hurricane Wilma) than in the third quarter (\$92.4 billion for damages by Hurricanes Katrina and Rita).
Current surplus of government enterprises.....	-4.1	-0.6	-0.7	-0.7	0.2	
Current expenditures.....	2,610.0	68.7	30.3	38.5	46.3	
Consumption expenditures.....	773.1	24.5	3.2	20.1	-9.8	The downturn in consumption expenditures was attributable to lower defense spending for intermediate goods and services.
National defense.....	514.0	18.8	3.4	16.3	-14.6	
Nondefense.....	259.1	5.6	-0.2	3.8	4.8	
Current transfer payments.....	1,507.0	39.7	1.2	14.5	32.6	
Government social benefits.....	1,108.6	29.3	13.7	16.5	14.2	Grants-in-aid turned up, reflecting increased grants for Medicaid, for Hurricane Katrina-related welfare and social services, and for labor training and services.
To persons.....	1,105.2	29.3	13.6	16.5	14.1	
To the rest of the world.....	3.4	0.0	0.0	0.1	0.1	
Other current transfer payments.....	398.5	10.4	-12.4	-2.1	18.5	
Grants-in-aid to state and local governments.....	361.7	-2.6	2.5	-4.5	7.6	
To the rest of the world.....	36.7	13.0	-14.8	2.4	10.8	
Interest payments.....	268.3	0.5	24.2	0.0	17.5	The acceleration in current transfers to the rest of the world was attributable to a payment of \$3.7 billion (\$14.8 billion at an annual rate) to Israel and Egypt for economic support.
Subsidies.....	61.4	4.0	1.5	4.0	5.8	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving	-288.6	73.3	1.0	-110.6	119.3	
Social insurance funds.....	54.7	-1.3	-7.6	3.3	-1.2	The acceleration in interest payments was due to an upturn in Federal interest paid to persons and business.
Other.....	-343.3	74.7	8.6	-113.9	120.5	
Addenda:						
Total receipts.....	2,347.1	143.0	30.8	-71.4	166.2	
Current receipts.....	2,321.4	142.0	31.3	-72.1	165.6	
Capital transfer receipts.....	25.8	1.0	-0.5	0.7	0.7	
Total expenditures	2,691.1	82.1	22.1	35.5	54.6	
Current expenditures.....	2,610.0	68.7	30.3	38.5	46.3	
Gross government investment.....	115.4	-5.0	6.3	2.4	6.0	
Capital transfer payments.....	65.3	18.2	-12.9	-2.9	1.1	
Net purchases of nonproduced assets	0.0	1.3	-0.9	-1.0	1.6	
Less: Consumption of fixed capital.....	99.5	1.0	0.8	1.5	0.3	
Net lending or borrowing (-)	-344.0	60.8	8.7	-106.9	111.6	The acceleration in subsidies was attributable to an acceleration in "other subsidies," reflecting higher disaster relief payments to homeowners for Hurricanes Katrina and Rita.

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 transac-

tions by component are published 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/bea/dn/nipaweb/nipa_underlying/Index.asp>.

Each year, BEA prepares an article that compares NIPA estimates and the Federal budget.¹ For a historical time series of this comparison, see NIPA table 3.18B.

1. See Benjamin A. Mandel and Mary L. Roy, "Federal Budget Estimates for Fiscal Year 2007," SURVEY OF CURRENT BUSINESS 86 (March 2006): 12–22.

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				
		2005				
	IV	I	II	III	IV	
Current receipts	1721.5	31.0	38.2	-10.6	37.2	The upturn in state and local government current receipts was attributable to an upturn in current surplus of government enterprises and an acceleration in current tax receipts.
Current tax receipts	1,164.8	32.7	33.5	1.5	21.9	
Personal current taxes.....	278.7	8.5	18.7	-6.4	3.3	
Taxes on production and imports	821.5	12.6	13.4	10.2	9.5	
Taxes on corporate income.	64.6	11.6	1.3	-2.2	9.1	
Contributions for government social insurance.....	20.1	-0.2	-0.1	-0.1	0.2	
Income receipts on assets.....	80.1	-0.6	0.6	0.6	0.7	
Current transfer receipts.....	461.5	-0.6	4.5	2.2	0.9	
Federal grants-in-aid	361.7	-2.6	2.5	-4.5	7.6	
Other	99.8	2.0	2.0	6.8	-6.8	
Current surplus of government enterprises	-5.0	-0.3	-0.3	-15.0	13.5	
Current expenditures.....	1,731.7	27.7	24.3	17.1	40.9	
Consumption expenditures.....	1,231.7	15.9	16.7	30.0	26.0	
Government social benefits	406.3	10.9	7.1	-13.6	14.2	
Interest payments	93.2	0.8	0.6	0.6	0.8	
Subsidies	0.5	0.0	0.0	0.0	0.0	
Less: Wage accruals less disbursements.....	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving	-10.2	3.4	13.9	-27.7	-3.8	
Social insurance funds	0.1	-0.8	-0.4	-0.2	-0.1	
Other.....	-10.3	4.2	14.3	-27.4	-3.7	
Addenda:						
Total receipts	1,776.4	33.6	41.5	-13.5	38.4	
Current receipts	1,721.5	31.0	38.2	-10.6	37.2	
Capital transfer receipts	54.9	2.6	3.3	-2.9	1.2	
Total expenditures.....	1,893.3	32.4	31.9	1.6	56.2	
Current expenditures.....	1,731.7	27.7	24.3	17.1	40.9	
Gross government investment	299.4	6.6	9.3	2.7	4.7	
Capital transfer payments						
Net purchases of nonproduced assets	12.8	0.2	0.2	0.2	0.2	
Less: Consumption of fixed capital	150.6	2.0	2.0	18.4	-10.4	
Net lending or borrowing (-)	-116.9	1.2	9.6	-15.1	-17.8	

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 quinquennial census of governments 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 employer cost for employee compensation.

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/bea/dn/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 occasionally prepares an article that presents receipts and expenditures of state governments and of local governments.¹

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