

Government Receipts and Expenditures

Estimates for the Second Quarter of 2007

NET government saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was $-\$183.4$ billion in the second quarter of 2007, increasing $\$40.9$ billion from $-\$224.3$ billion in the first quarter.

Net Federal Government saving was $-\$191.4$ billion in the second quarter, increasing $\$27.1$ billion from $-\$218.5$ billion in the first quarter (see page 12). Current receipts accelerated, and current expenditures decelerated.

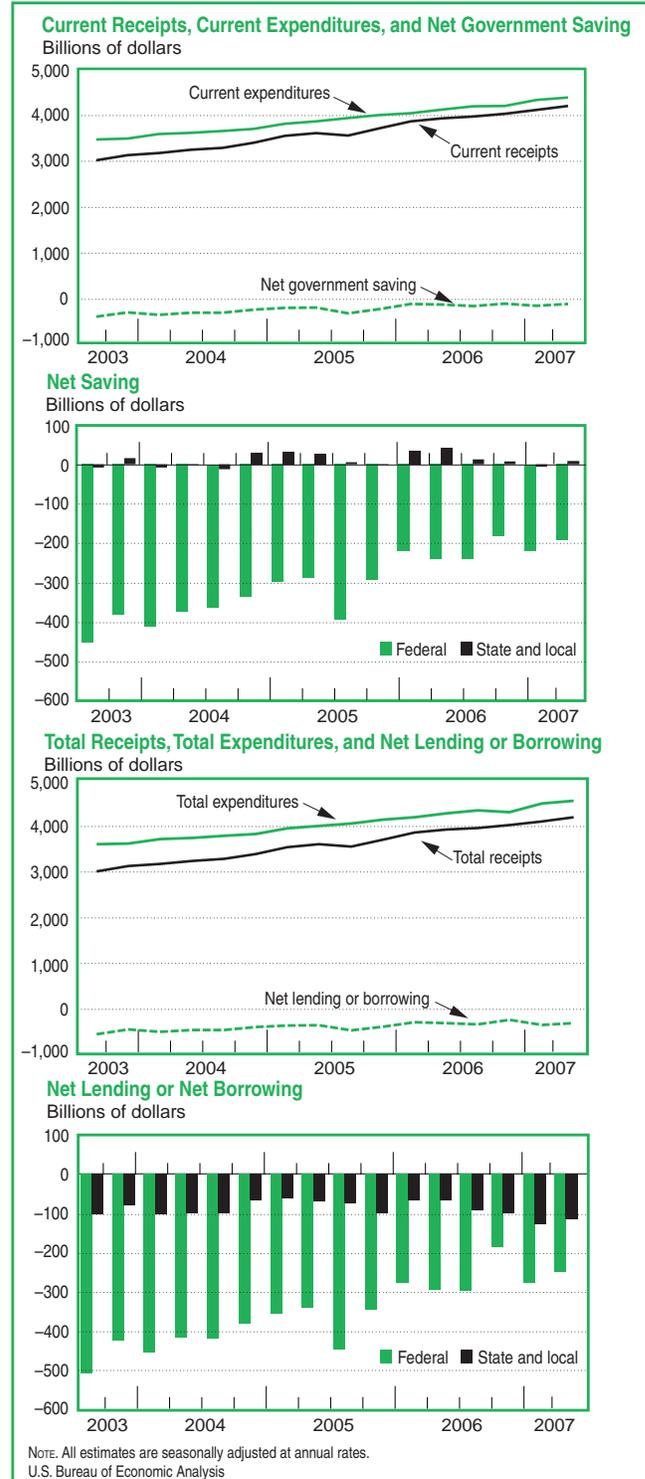
Net state and local government saving was $\$8.0$ billion in the second quarter, increasing $\$13.8$ billion from $-\$5.8$ billion in the first quarter (see page 13). Current receipts and current expenditures decelerated.

Net borrowing was $\$363.1$ billion in the second quarter, decreasing $\$41.4$ billion from $\$404.5$ billion in the first quarter. Federal Government net borrowing was $\$249.2$ billion in the second quarter, decreasing $\$26.4$ billion from $\$275.6$ billion in the first quarter. State and local government net borrowing was $\$113.9$ billion in the second quarter, decreasing $\$15.0$ billion from $\$128.9$ billion in the first quarter.

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

	Level	Change from preceding quarter			
		2007	2006		
	II	III	IV	I	II
Current receipts	4,194.1	38.7	61.7	85.0	91.8
Current expenditures	4,377.5	68.6	8.6	135.5	50.9
Net government saving	-183.4	-29.9	53.0	-50.4	40.9
Federal	-191.4	0.7	57.7	-37.0	27.1
State and local	8.0	-30.5	-4.7	-13.4	13.8
Net lending or net borrowing (-)	-363.1	-26.6	102.0	-118.0	41.4
Federal	-249.2	-1.2	109.7	-89.2	26.4
State and local	-113.9	-25.4	-7.7	-28.8	15.0

Chart 1. Government Fiscal Position



Pamela A. Kelly prepared this article.

Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter			
	2007		2006		2007	
	II	III	IV	I	II	
Current receipts	2,685.5	41.6	48.8	57.8	65.8	
Current tax receipts	1,672.7	34.2	30.1	33.6	53.7	
Personal current taxes	1,159.7	24.5	42.4	39.0	20.9	
Taxes on production and imports	98.5	0.3	-2.1	0.7	0.6	
Taxes on corporate income	402.4	8.5	-16.9	0.1	32.1	
Taxes from the rest of the world	12.0	0.8	6.9	-6.3	0.0	
Contributions for government social insurance	952.5	6.8	17.9	25.2	8.5	
Income receipts on assets	25.0	0.2	0.6	-0.8	0.4	
Current transfer receipts	38.5	0.9	1.2	1.4	0.4	
Current surplus of government enterprises	-3.1	-0.4	-1.0	-1.8	3.0	
Current expenditures	2,876.9	40.9	-8.9	94.8	38.7	
Consumption expenditures	849.8	6.7	13.1	3.4	20.0	
National defense	573.9	2.0	19.5	-5.8	18.2	
Nondefense	276.0	4.6	-6.4	9.1	2.0	
Current transfer payments	1,671.3	23.2	5.3	66.0	5.7	
Government social benefits	1,271.2	15.3	17.4	34.5	22.7	
To persons	1,267.6	15.3	17.2	34.5	22.6	
To the rest of the world	3.6	-0.1	0.1	0.1	0.1	
Other current transfer payments	400.1	7.8	-12.0	31.4	-16.9	
Grants-in-aid to state and local governments	376.1	5.8	-7.1	16.9	2.1	
To the rest of the world	24.0	2.1	-5.0	14.5	-19.0	
Interest payments	309.4	12.3	-26.7	26.3	13.1	
Subsidies	46.4	-1.4	-0.5	-0.8	-0.2	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving	-191.4	0.7	57.7	-37.0	27.1	
Social insurance funds	-10.5	-8.4	2.1	-6.3	-11.4	
Other	-180.9	9.1	55.6	-30.7	38.5	
Addenda:						
Total receipts	2,714.2	40.9	49.1	52.3	72.6	
Current receipts	2,685.5	41.6	48.8	57.8	65.8	
Capital transfer receipts	28.6	-0.7	0.3	-5.5	6.7	
Total expenditures	2,963.4	42.0	-60.6	141.5	46.2	
Current expenditures	2,876.9	40.9	-8.9	94.8	38.7	
Gross government investment	119.4	-1.5	4.6	-6.5	2.6	
Capital transfer payments	79.5	1.2	-2.2	3.5	7.4	
Net purchases of nonproduced assets	-2.3	3.1	-52.9	50.8	-1.0	
Less: Consumption of fixed capital	110.2	1.6	1.2	1.1	1.6	
Net lending or borrowing (-)	-249.2	-1.2	109.7	-89.2	26.4	

Personal current taxes decelerated, reflecting decelerations in both withheld and nonwithheld income taxes.

Taxes on corporate income accelerated, reflecting an acceleration in corporate profits.

Contributions for government social insurance decelerated. First-quarter contributions were boosted by an increase in the monthly premium paid by participants in Medicare Part B in January and by an increase in the social security maximum taxable wage base.

The current surplus of government enterprises turned up, reflecting a postal rate increase that went into effect in May.

National defense consumption expenditures turned up, reflecting an upturn in spending for services.

Nondefense consumption expenditures decelerated, reflecting decelerations in compensation of employees and spending for services. First-quarter compensation was boosted by the January pay raise.

Government social benefits to persons decelerated. First-quarter benefits were boosted by cost-of-living adjustments for social security, veterans pensions, supplemental security income, and other programs.

Grants-in-aid to state and local governments decelerated, reflecting a downturn in Medicaid grants.

Current transfer payments to the rest of the world turned down. First-quarter payments were boosted by economic support payments to Israel and Egypt.

Interest payments decelerated, reflecting a deceleration in interest paid on the public debt.

Capital transfer receipts turned up, reflecting an upturn in estate and gift tax receipts.

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 Mary L. Roy and Andrew P. Cairns, "Federal Budget Estimates for Fiscal Year 2008," *SURVEY OF CURRENT BUSINESS* 87 (March 2007): 10–21.

State and Local Government

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	2007		2006		2007
	II	III	IV	I	II
Current receipts	1,884.7	3.0	5.7	44.2	28.1
Current tax receipts	1,294.2	-5.3	10.9	25.3	23.6
Personal current taxes	323.3	-12.0	3.6	14.6	7.4
Taxes on production and imports	903.3	5.1	9.6	11.4	10.3
Taxes on corporate income	67.6	1.6	-2.4	-0.6	5.8
Contributions for government social insurance	25.9	0.0	-0.1	-0.1	0.1
Income receipts on assets	88.7	0.9	0.5	0.0	0.4
Current transfer receipts	487.9	8.0	-4.9	18.9	4.3
Federal grants-in-aid	376.1	5.8	-7.1	16.9	2.1
Other	111.8	2.2	2.2	1.9	2.3
Current surplus of government enterprises	-12.0	-0.6	-0.6	-0.1	-0.2
Current expenditures	1,876.7	33.5	10.4	57.6	14.3
Consumption expenditures	1,357.0	17.7	13.1	25.9	30.3
Government social benefits	421.6	14.6	-2.4	30.6	-16.5
Interest payments	97.8	1.2	-0.3	1.2	0.5
Subsidies	0.4	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	8.0	-30.5	-4.7	-13.4	13.8
Social insurance funds	6.2	-0.4	-0.3	-0.3	-0.1
Other	1.8	-30.2	-4.4	-13.2	14.0
Addenda:					
Total receipts	1,942.8	6.1	3.5	37.9	35.5
Current receipts	1,884.7	3.0	5.7	44.2	28.1
Capital transfer receipts	58.1	3.0	-2.2	-6.3	7.5
Total expenditures	2,056.7	31.4	11.3	66.6	20.6
Current expenditures	1,876.7	33.5	10.4	57.6	14.3
Gross government investment	344.4	0.7	4.5	14.1	9.4
Capital transfer payments					
Net purchases of nonproduced assets	11.4	0.1	0.1	0.0	0.0
Less: Consumption of fixed capital	175.9	2.9	3.8	5.1	3.2
Net lending or borrowing (-)	-113.9	-25.4	-7.7	-28.8	15.0

Personal current taxes decelerated, reflecting a deceleration in state income taxes.

Taxes on corporate income turned up, reflecting an acceleration in corporate profits.

Federal grants-in-aid decelerated, reflecting a downturn in Medicaid grants.

Consumption expenditures accelerated, reflecting an acceleration in spending for nondurable goods.

Government social benefit payments turned down, reflecting a downturn in benefit payments for Medicaid.

Capital transfer receipts turned up, reflecting an upturn in Federal highway and mass transit grants.

Gross government investment decelerated, reflecting a deceleration in investment for structures.

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 the Employment Cost Index.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and local government transactions by component are available

annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at <www.bea.gov/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 surveys, see NIPA table 3.19.

BEA now prepares annual estimates of receipts and expenditures of state governments and of local governments.¹ These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); see “Newly Available NIPA Tables” in the October 2006 SURVEY.

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