

# NIPA Translation of the Fiscal Year 2014 Federal Budget

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ON APRIL 10, 2013, President Obama submitted the *Budget of the United States Government, Fiscal Year 2014* to Congress. The *Analytical Perspectives* volume of this budget includes a presentation of federal government transactions on a national income and product account (NIPA) basis for fiscal years 2003 through 2014. These estimates are prepared by the Bureau of Economic Analysis (BEA) and are consistent with the projected and proposed receipts and outlays defined in the budget for the current fiscal year of 2013 and for the budget year of 2014. They are included in the federal budget to assist readers in gauging the impact of the budget on aggregate economic activity.

This article presents fiscal year and quarterly NIPA estimates for 2012, 2013, and 2014 that are more detailed than the estimates shown in the budget. Differences between the fiscal year NIPA estimates presented in this article and those presented in the budget are the result of further analysis and the incorporation of data that have become available since the publication of the budget. Projected quarterly NIPA estimates will be used by BEA in the development of estimates of federal government transactions, including the federal government component of gross domestic product (GDP). These projections also provide users with source data for making more detailed analyses and forecasts of the macroeconomic effects of the budget.

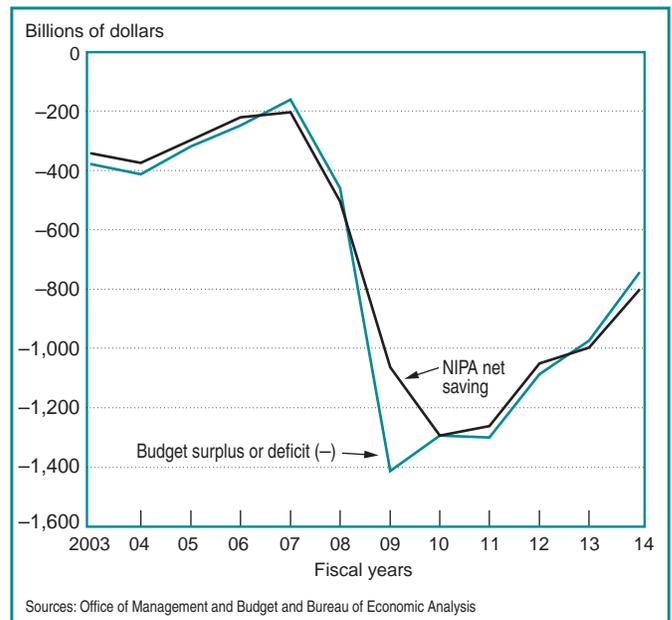
The remainder of this article consists of four sections. The first section compares budget receipts and outlays to NIPA receipts and expenditures, showing

the various adjustments made to “translate” budget estimates into NIPA estimates. The second section summarizes the budget and reviews the effects of major legislative proposals and program changes. The third section presents detailed annual and quarterly NIPA estimates for fiscal years 2013 and 2014. The fourth section explains the methodology that was used in translating the budget projections into a NIPA framework.

## Comparison of Budget and NIPA Estimates

The results of the budget translation can be summarized by comparing the budget surplus or deficit with the NIPA measure of net federal government saving (chart 1, table 1). For 2013 and 2014, net federal government saving is negative and larger in absolute value than the budget deficit. Net federal government saving for 2014 is  $-\$803.7$  billion, up  $\$192.7$  billion from  $-\$996.4$  billion in 2013. The budget deficit for 2014 is

**Chart 1. Federal Fiscal Position, Budget Surplus or Deficit (–) and NIPA Net Saving**



### Note on Quarterly Projections

The estimates in table 10 are consistent with actual federal spending through the first quarter of 2013, including reductions in spending to enforce the deficit reduction targets defined by the Joint Committee on Deficit Reduction. The estimates for the second quarter of 2013 forward reflect quarterly patterns that are consistent with budget proposals to replace the enforcement of these deficit reduction targets with alternate deficit reduction policies.

–\$744.2 billion, down \$228.7 billion from –\$972.9 billion in 2013.

NIPA current receipts are projected to be greater than budget receipts for 2013 and 2014, as they have been for all but two fiscal years since 1947. NIPA current expenditures are projected to be greater than budget outlays for 2013 and 2014, as they have been for

**Table 1. Budget Receipts and Outlays and NIPA Federal Government Current Receipts and Expenditures**

[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates			
	2012	2013	2014	2013	2014
<b>Budget:</b>					
Receipts.....	2,450.2	2,712.0	3,033.6	261.9	321.6
Outlays.....	3,537.1	3,684.9	3,777.8	147.8	92.9
Surplus or deficit (-).....	-1,087.0	-972.9	-744.2	114.1	228.7
<b>NIPAs:</b>					
Current receipts.....	2,654.6	2,850.0	3,203.5	195.4	353.6
Current expenditures.....	3,705.0	3,846.3	4,007.2	141.3	160.8
Net federal government saving.....	-1,050.5	-996.4	-803.7	54.1	192.7
	Differences				
Budget receipts less NIPA current receipts.....	-204.4	-138.0	-169.9	66.4	-31.9
Budget outlays less NIPA current expenditures.....	-167.9	-161.4	-229.4	6.5	-68.0
Budget deficit less NIPA net federal government saving.....	-36.5	23.5	59.5	60.0	36.0

Sources: *Budget of the United States, Fiscal Year 2014* and the Bureau of Economic Analysis. NIPAs National income and product accounts

**Table 2. Relation of NIPA Federal Government Current Receipts to Budget Receipts**

[Billions of dollars]

	Fiscal year		
	2012	2013	2014
<b>Budget receipts</b> .....	<b>2,450.2</b>	<b>2,712.0</b>	<b>3,033.6</b>
<i>Less:</i> Coverage differences.....	27.2	26.1	26.6
Contributions received by federal employee retirement plans <sup>1</sup> .....	3.7	3.7	4.5
Capital transfers received <sup>2</sup> .....	13.8	12.7	12.8
Financial transactions.....	0.0	0.0	0.0
Other <sup>3</sup> .....	9.6	9.6	9.3
<i>Less:</i> Netting and grossing differences.....	-157.0	-152.3	-213.2
Supplementary medical insurance premiums.....	-64.5	-69.4	-72.3
Income receipts on assets.....	-37.6	-33.2	-51.3
Current surplus of government enterprises.....	12.0	37.0	17.7
Other <sup>4</sup> .....	-67.0	-86.7	-107.3
<i>Plus:</i> Timing differences.....	74.6	11.8	-16.7
Taxes on corporate income.....	37.3	8.2	-0.8
Federal and state unemployment insurance taxes.....	-3.5	1.0	-0.7
Withheld personal current tax and social security contributions.....	22.5	4.1	-12.1
Excise taxes.....	4.5	-1.5	-1.2
Other.....	13.8	0.0	-1.9
<b>Equals: NIPA federal government current receipts</b> .....	<b>2,654.6</b>	<b>2,850.0</b>	<b>3,203.5</b>

1. Included in the NIPA personal sector.  
2. Consists of estate and gift taxes.  
3. Beginning with 1996, consists largely of Universal Service Fund receipts. Includes certain revenues collected from and repaid to U.S. territories and the Commonwealths of Puerto Rico and Northern Mariana Islands.  
4. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget but that are added to both receipts and expenditures in the NIPAs.

Sources: *Budget of the United States Government, Fiscal Year 2014* and the Bureau of Economic Analysis.

NIPAs National income and product accounts

every fiscal year since 1992 except 2009. The coverage, netting and grossing, and timing adjustments that BEA makes to translate the budget estimates into NIPA estimates are detailed in table 2 and table 3. Differences between NIPA and budget estimates of spending on national defense are shown in table 4.

For more information about the types of adjustments that contribute to the differences between NIPA measures and budget measures, see the box “NIPA Estimates of the Federal Sector and the Federal Budget Estimates” on page 24.

**Table 3. Relation of NIPA Federal Government Current Expenditures to Budget Outlays**

[Billions of dollars]

	Fiscal year		
	2012	2013	2014
<b>Budget outlays</b> .....	<b>3,537.1</b>	<b>3,684.9</b>	<b>3,777.8</b>
<i>Less:</i> Coverage differences.....	96.2	0.5	-1.6
Federal employee retirement plan transactions <sup>1</sup> .....	14.2	-37.1	-32.4
Interest received.....	18.7	-43.0	-42.1
Contributions received (employer).....	-140.0	-142.4	-143.7
Benefits paid.....	135.3	148.0	153.2
Administrative expenses.....	0.2	0.2	0.2
Financing disbursements from credit programs <sup>2</sup> .....	-98.6	-141.1	-150.0
Other differences in funds covered <sup>3</sup> .....	9.1	9.6	9.8
Net investment <sup>4</sup> .....	14.2	0.7	-17.8
Capital transfers paid <sup>5</sup> .....	97.7	88.0	88.4
Financial transactions.....	58.8	79.2	99.3
Loan disbursements less loan repayments and sales.....	58.0	94.5	100.3
Deposit insurance.....	4.1	25.9	15.8
Net purchases of foreign currency.....	0.0	0.0	0.0
Other.....	-3.4	-41.2	-16.8
Net purchases of nonproduced assets.....	0.1	0.1	0.1
Outer Continental Shelf.....	0.0	0.0	0.0
Land and other <sup>6</sup> .....	0.1	0.1	0.1
Other <sup>7</sup> .....	0.8	1.1	0.9
<i>Less:</i> Netting and grossing differences.....	-157.0	-152.3	-213.2
Supplementary medical insurance premiums.....	-64.5	-69.4	-72.3
Interest receipts.....	-37.6	-33.2	-51.3
Current surplus of government enterprises.....	12.0	37.0	17.7
Other <sup>8</sup> .....	-67.0	-86.7	-107.3
<i>Plus:</i> Timing differences.....	107.1	9.7	14.6
Purchases (increase in payables net of advances).....	8.4	1.1	-1.6
Interest.....	75.1	0.2	0.2
Current transfer payments.....	16.3	9.2	16.2
Other timing <sup>9</sup> .....	7.3	-0.7	-0.1
<b>Equals: NIPA federal government current expenditures</b> .....	<b>3,705.0</b>	<b>3,846.3</b>	<b>4,007.2</b>

1. These transactions are included in the NIPA personal sector and include the Uniformed Services Retiree Health Care Fund.

2. 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; therefore, related entries are included in “Loan disbursements less loan repayments and sales.”

3. Consists largely of agencies or accounts, such as the Postal Service and the Federal Financing Bank, that were not included in the budget in some periods, and the Universal Service Fund. Includes repayments of certain collections from the U.S. territories and the Commonwealths of Puerto Rico and Northern Mariana Islands.

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

5. Consists of investment grants to state and local governments and maritime construction subsidies. Excludes the forgiveness of debts owed by foreign governments to the U.S. government or payments to the Uniformed Services Retiree Health Care Fund to amortize unfunded liability; both are classified as capital transfers paid by the United States and are excluded from both budget outlays and NIPA current expenditures.

6. Consists of net sales of land other than the Outer Continental Shelf and includes auctions of licenses for the electromagnetic spectrum.

7. Consists largely of net expenditures of foreign currencies.

8. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget data but that are added to both receipts and expenditures in the NIPAs.

9. Primarily includes timing on subsidies and government enterprises.

Sources: *Budget of the United States Government, Fiscal Year 2014* and the Bureau of Economic Analysis.

NIPAs National income and product accounts

**Table 4. Relation of National Defense Consumption Expenditures and Gross Investment to National Defense Outlays**  
[Billions of dollars]

	Fiscal year		
	2012	2013	2014
Budget outlays for national defense .....	677.9	660.0	626.8
Department of Defense, military .....	650.9	633.3	597.6
Military personnel .....	152.3	161.4	146.0
Operation and maintenance .....	282.3	268.5	271.2
Procurement .....	124.7	116.9	99.5
Aircraft .....	37.1	37.1	30.4
Missiles .....	6.4	6.8	6.8
Ships .....	12.4	13.5	12.9
Weapons .....	7.5	6.0	5.3
Ammunition .....	2.3	2.1	2.1
Other <sup>1</sup> .....	59.1	51.5	42.1
Research, development, test, and evaluation .....	70.4	69.6	66.1
Other .....	21.2	16.8	14.7
Atomic energy and other defense-related activities .....	27.0	26.8	29.2
Plus: Consumption of general government fixed capital .....	97.8	100.3	99.6
Additional payments to military and civilian retirement funds .....	53.4	55.0	56.5
Less: Grants-in-aid to state and local governments and net interest paid .....	3.8	4.1	3.8
Timing differences .....	-9.7	-2.1	0.8
Other differences .....	20.1	22.1	17.8
<b>Equals: NIPA national defense consumption expenditures and gross investment .....</b>	<b>814.9</b>	<b>791.3</b>	<b>760.4</b>
Less: National defense gross investment <sup>2</sup> .....	106.2	102.0	87.3
<b>Equals: NIPA national defense consumption expenditures ...</b>	<b>708.7</b>	<b>689.3</b>	<b>673.1</b>

1. Includes outlays for military construction, family housing, and anticipated funding for war operations.

2. Gross investment consists of general government expenditures for fixed assets; inventory investment is included in federal government consumption expenditures.

Sources: *Budget of the United States Government, Fiscal Year 2014* and the Bureau of Economic Analysis.

NIPAs National income and product accounts

### Timing Adjustment to Interest Paid

Budget outlays for Treasury interest on the public debt decreased by \$75 billion in 2012, reflecting a change from an accrual-based method to a cash-based method of accounting for interest transactions with defense retirement funds. In the accrual-based method, differences between the face value and the purchase price of a security due to discounts or premiums are amortized as positive or negative interest over the life of the security. In the cash-based method, premiums are recorded as negative interest collections by the investing account at the time the security is purchased and discounts are recorded as interest collections at the time the security is redeemed. Because defense retirement funds hold large amounts of Treasury securities that were purchased at a premium, this accounting change resulted in the recording of large negative interest outlays by Treasury in 2012. The amount of these negative outlays reflects the premiums that would have been recorded at the time that these Treasury securities were purchased under cash-based accounting rules. For 2012, a timing adjustment of \$75 billion was made to budget outlays for Treasury interest in order to produce a consistent presentation of federal interest paid over time in the NIPAs.

## Budget Estimates

The budget projects that federal receipts will increase \$261.9 billion in 2013 and \$321.6 billion in 2014 (table 5). Excluding the effects of legislative proposals, which will be discussed in the next section, the acceleration in federal receipts in 2014 can be largely attributed to the introduction of penalties and excise taxes established by the Patient Protection and Affordable Care Act of 2010 and to a projected increase in economic activity, including a projected acceleration in real GDP. Economic growth would result in an increased tax base that would increase individual and corporate income taxes and employment taxes.

Federal outlays are projected to increase \$147.8 billion in 2013 and \$92.9 billion in 2014 (table 6). This

**Table 5. Budget Receipts by Source**  
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2011	2012	2013	2014	2012	2013	2014
<b>Budget receipts .....</b>	<b>2,303.5</b>	<b>2,450.2</b>	<b>2,712.0</b>	<b>3,033.6</b>	<b>146.7</b>	<b>261.9</b>	<b>321.6</b>
Individual income taxes .....	1,091.5	1,132.2	1,234.0	1,383.2	40.7	101.8	149.2
Corporation income taxes .....	181.1	242.3	287.7	332.8	61.2	45.4	45.1
Social insurance taxes and contributions .....	818.8	845.3	951.1	1,030.7	26.5	105.8	79.6
Excise taxes .....	72.4	79.1	85.3	104.9	6.7	6.3	19.6
Estate and gift taxes .....	7.4	14.0	12.9	13.0	6.6	-1.0	0.1
Customs duties .....	29.5	30.3	33.6	38.8	0.8	3.3	5.1
Miscellaneous receipts .....	102.8	107.0	107.3	130.3	4.2	0.3	22.9

Source: *Budget of the United States Government, Fiscal Year 2014*.

**Table 6. Budget Outlays by Function**  
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2011	2012	2013	2014	2012	2013	2014
<b>Budget outlays .....</b>	<b>3,603.1</b>	<b>3,537.1</b>	<b>3,684.9</b>	<b>3,777.8</b>	<b>-65.9</b>	<b>147.8</b>	<b>92.9</b>
Social security .....	730.8	773.3	818.4	865.6	42.5	45.1	47.2
National defense .....	705.6	677.9	660.0	626.8	-27.7	-17.8	-33.3
Income security .....	597.4	541.3	564.0	541.8	-56.0	22.7	-22.2
Medicare .....	485.7	471.8	510.5	530.9	-13.9	38.8	20.3
Health .....	372.5	346.7	371.7	442.7	-25.8	24.9	71.0
Net interest .....	230.0	220.4	222.8	222.9	-9.6	2.3	0.1
Veterans benefits and services .....	127.2	124.6	139.6	148.2	-2.6	15.0	8.7
Education, training, employment, and social services .....	101.2	90.8	84.6	129.0	-10.4	-6.3	44.5
Transportation .....	93.0	93.0	94.5	103.8	0.1	1.5	9.4
Administration of justice .....	56.1	56.3	60.6	58.7	0.2	4.3	-1.8
International affairs .....	45.7	47.2	56.9	55.9	1.5	9.7	-1.0
Natural resources and environment .....	45.5	41.6	37.7	40.2	-3.8	-4.0	2.5
Community and regional development .....	23.9	25.1	38.0	34.7	1.2	12.9	-3.3
General science, space, and technology .....	29.5	29.1	30.7	30.2	-0.4	1.7	-0.6
General government .....	27.5	28.0	30.5	28.9	0.6	2.4	-1.5
Agriculture .....	20.7	17.8	27.0	23.5	-2.9	9.3	-3.6
Energy .....	12.2	14.9	15.1	12.7	2.7	0.2	-2.4
Allowances <sup>1</sup> .....	0.0	0.0	-0.2	4.1	0.0	-0.2	4.3
Commerce and housing credit .....	-12.6	40.8	17.7	-30.1	53.4	-23.1	-47.9
Undistributed offsetting receipts <sup>2</sup> .....	-88.5	-103.5	-95.1	-92.6	-15.1	8.4	2.5

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.

2. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: 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 2014*.

projected pattern of outlays is primarily the result of proposed legislation, including the replacement of broad spending cuts that were mandated by the Budget Control Act of 2011 (BCA) with alternate deficit reduction policies for both 2013 and 2014.

### Proposed legislative and program changes

Budget estimates include projections of receipts and outlays that are based on current law as well as on policy proposals. Policies that are not in the current-law baseline but that the administration believes are needed to better represent the deficit outlook under current policy and to serve as a more appropriate benchmark for measuring policy changes are included in the budget's adjusted baseline. In the FY 2014 budget, the current-law baseline includes reductions in discretionary spending caps for 2013 and mandatory sequestration cuts for 2013 and 2014 that are required to enforce the deficit reduction targets defined by the Joint Committee on Deficit Reduction, as established by the BCA. The adjusted baseline also includes reductions in discretionary spending caps for 2014 through 2021 and mandatory sequestration cuts for 2015 through 2021. The adjusted baseline also includes a postponement of scheduled reductions in Medicare payments for physician services.

Additional policies that are included in the budget but that are not in the adjusted baseline are treated as proposed legislation. If enacted, proposed legislation would, relative to the adjusted baseline, reduce federal receipts \$0.1 billion in 2013 and increase federal receipts \$33.3 billion in 2014. Proposed legislation would increase federal outlays \$53.4 billion in 2013 and \$150.4 billion in 2014. The resulting net effect of proposed legislation would be to increase the federal deficit \$53.5 billion in 2013 and \$117.1 billion in 2014 (table 7).

### Acknowledgments

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**Table 7. Proposed Legislative and Program Changes in the Budget**

[Billions of dollars]

	Fiscal Year	
	2013	2014
<b>Receipts</b>		
Current-services estimates <sup>1</sup> .....	2,712.2	3,000.3
<i>Plus:</i> Proposed legislation excluding proposals assumed in the baseline <sup>2</sup> .....	-0.1	33.3
Effects of December Compromise Deficit Reduction Package.....		31.2
Reduce the value of certain tax expenditures.....		24.6
Implement the Buffett Rule by imposing a new "Fair Share Tax" .....		5.3
Other .....		1.3
Increase tobacco excise taxes .....		7.7
Tax carried interest as ordinary income .....		3.4
Suspend repayment of state unemployment insurance debt .....		-2.5
Introduce a small-business tax credit for new jobs and wage increases .....		-10.2
Other .....	-0.1	3.7
<i>Equals:</i> The budget.....	2,712.0	3,033.6
<b>Outlays</b>		
Current-services estimates <sup>1</sup> .....	3,631.5	3,627.4
<i>Plus:</i> Program changes excluding proposals assumed in the baseline <sup>2</sup> .....	53.4	150.4
<i>By function:</i>		
National defense .....	21.7	45.0
Education, training, employment, and social services .....	12.8	44.5
Allowances <sup>3</sup> .....	-4.8	28.3
Income security.....	8.0	11.8
Commerce and housing credit.....	1.3	9.1
Medicare .....	6.3	5.6
Transportation.....	0.7	5.4
Health .....	3.7	4.1
General government.....	1.1	2.5
Community and regional development .....	0.8	2.3
Net interest .....	0.8	1.1
Agriculture.....	0.5	0.5
Energy .....	0.5	0.5
General science, space, and technology.....	0.7	0.2
Social security.....	0.4	0.0
Veterans benefits and services .....	-1.1	-0.7
International affairs .....	0.9	-1.2
Natural resources and environment.....	-0.5	-1.3
Undistributed offsetting receipts .....	-3.4	-3.2
Administration of justice.....	3.0	-4.1
<i>By proposal:</i>		
Replace Joint Committee enforcement with alternative deficit reduction proposals.....	48.2	87.1
Fund new job creation initiatives.....	1.6	30.8
Reform student loan interest rates.....	8.5	12.0
Invest in infrastructure.....	0.0	5.6
Provide financial relief to the Postal Service.....	1.6	4.7
Consolidate job training and employment service programs .....	0.0	4.0
Align Medicare drug rebate policies with Medicaid.....	0.0	-3.1
Other.....	-6.4	9.4
<i>Equals:</i> The budget.....	3,684.9	3,777.8
Current-services surplus or deficit (-).....	-919.4	-627.1
Proposed changes, receipts less outlays.....	-53.5	-117.1
Administration budget surplus or deficit (-) .....	-972.9	-744.2
<b>Addenda:</b>		
Budget Enforcement Act current-services baseline surplus or deficit (-) .....	-912.2	-687.2
<i>Plus:</i> Adjustments to reflect current tax policies .....		
<i>Plus:</i> Adjustments to reflect current spending policies .....	-7.2	60.1
Reflect Joint Committee enforcement <sup>4</sup> .....		50.3
Set discretionary budget authority at cap levels in Budget Control Act.....	-0.2	19.9
Prevent reduction in Medicare physician payments .....		-15.4
Other .....	-7.0	5.3
<i>Equals:</i> Current-services surplus or deficit (-).....	-919.4	-627.1

1. These current-services estimates reflect proposed adjustments to the Balanced Budget and Emergency Deficit Control Act current-services baseline. For information on these adjustments, see "Budget Process" in *Analytical Perspectives*, 164-166.

2. Consistent with the budget, the proposed legislation excludes those proposals that are included in the baseline.

3. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but that are not reflected in the program details.

4. Includes the effects of discretionary cap reductions for 2014.

Source: *Budget of the United States Government, Fiscal Year 2014*

## Receipts

The following legislative proposals would increase receipts in fiscal year 2014:

- A proposal to limit the tax rate at which taxpayers can itemize deductions to reduce their tax liability to a maximum of 28 percent would increase federal receipts by a projected \$24.6 billion.
- A proposal to implement the “Buffett Rule” by imposing a new “Fair Share Tax” for high-income taxpayers would increase federal receipts by a projected \$5.3 billion.
- A proposal to increase tobacco excise taxes would increase federal receipts by a projected \$7.7 billion.
- A proposal to tax carried interest as ordinary income would increase federal receipts by a projected \$3.4 billion.

The following legislative proposals would reduce receipts in fiscal year 2014:

- A proposal to provide a temporary 10 percent tax credit to small businesses for any increase in wages resulting from new hires or for wage increases for existing employees would reduce federal receipts by \$10.2 billion.
- A proposal to suspend the collection of debts and the accrual of interest on debts owed by state governments to the federal Unemployment Insurance Trust Fund would reduce federal receipts by \$2.5 billion.

## Outlays

The following legislative proposals would increase budget outlays in fiscal years 2013 and 2014:

- Replacing the enforcement of deficit reduction targets related to the Joint Committee on Deficit Reduction with alternative deficit reduction policies would increase outlays by \$48.2 billion in 2013 and \$87.1 billion in 2014.
- Job creation initiatives would increase outlays by \$1.6 billion in 2013 and \$30.8 billion in 2014.
- Reforming student loan interest rates would increase outlays by \$8.5 billion in 2013 and \$12.0 billion in 2014.
- A proposal to invest in infrastructure projects to improve roads, bridges, transit systems, border crossings, railways, and runways would increase outlays by \$5.6 billion in 2014.
- Proposals to provide financial relief to the U.S. Postal Service, including a plan to restructure the financing of health benefits and changes to operations, would increase outlays by \$1.6 billion in 2013 and \$4.7 billion in 2014.

- A proposal to establish a Universal Displaced Worker program that would consolidate federal job training and employment service programs would increase outlays by \$4.0 billion in 2014.

The following legislative proposal would reduce budget outlays in fiscal year 2014:

- A proposal that would require pharmaceutical companies to provide rebates for prescription drugs to private Medicare insurers would reduce outlays by \$3.1 billion in 2014. These rebates would be equivalent to the rebates currently provided to Medicaid insurers.

## NIPA Estimates

### Fiscal year estimates

**Receipts.** Total NIPA federal government current receipts are projected to increase \$195.4 billion in 2013 and \$353.6 billion in 2014 (table 8 and chart 2). This acceleration is the result of projected increases in the tax base, which are based on economic assumptions defined in the budget, and the impacts of proposed legislation.

Contributions for government social insurance are projected to increase \$125.9 billion in 2013 and \$79.2 billion in 2014. The larger increase in 2013 is the result of the expiration of the “Payroll Tax Holiday,” which

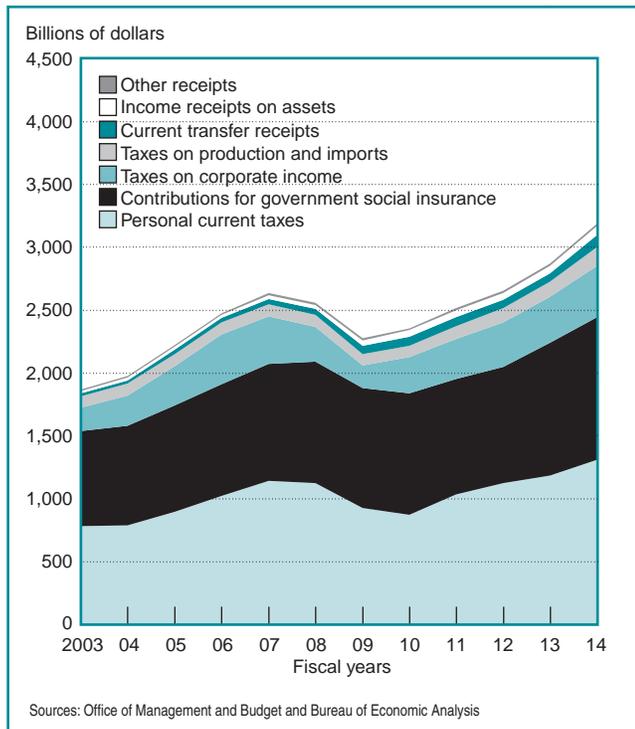
**Table 8. Sources of Change in NIPA  
Federal Government Current Receipts**  
[Billions of dollars]

	Change from preceding fiscal year		
	2012	2013	2014
<b>Total current receipts</b> .....	<b>153.1</b>	<b>195.4</b>	<b>353.6</b>
Current tax receipts .....	159.8	94.5	206.9
Personal current taxes .....	100.9	71.9	136.8
Due to tax bases .....	100.9	72.0	111.7
Due to proposed legislation .....	0.0	-0.1	25.1
Taxes on production and imports .....	14.6	3.7	25.6
Due to tax bases .....	14.6	3.7	14.1
Due to proposed legislation .....	0.0	0.0	11.5
Taxes on corporate income .....	43.3	17.2	45.1
Due to tax bases .....	43.3	17.2	47.4
Due to proposed legislation .....	0.0	0.0	-2.3
Taxes from the rest of the world .....	1.0	1.6	-0.5
Contributions for government social insurance .....	9.3	125.9	79.2
Due to tax bases .....	9.3	125.9	79.2
Due to proposed legislation .....	0.0	0.0	0.0
Income receipts on assets .....	-4.9	-3.9	18.5
Current transfer receipts .....	-10.1	4.0	29.6
Current surplus of government enterprises .....	-1.0	-25.0	19.3
<b>Addenda:</b>			
Total due to tax bases .....	168.1	218.8	252.4
Total due to proposed legislation .....	0.0	-0.1	34.3

Sources: *Budget of the United States Government, Fiscal Year 2014* and the Bureau of Economic Analysis.  
NIPAs National income and product accounts

temporarily reduced social security contribution rates for employees and the self-employed in calendar years 2011 and 2012.

**Chart 2. Federal Government Current Receipts**



**Expenditures.** Total NIPA federal government current expenditures are projected to increase \$141.3 billion in 2013 and \$160.8 billion in fiscal 2014 (table 9 and chart 3). This acceleration reflects an acceleration in grants-in-aid to state and local governments, which is largely the result of increased federal funding for Medicaid benefits provided in the Patient Protection and Affordable Care Act.

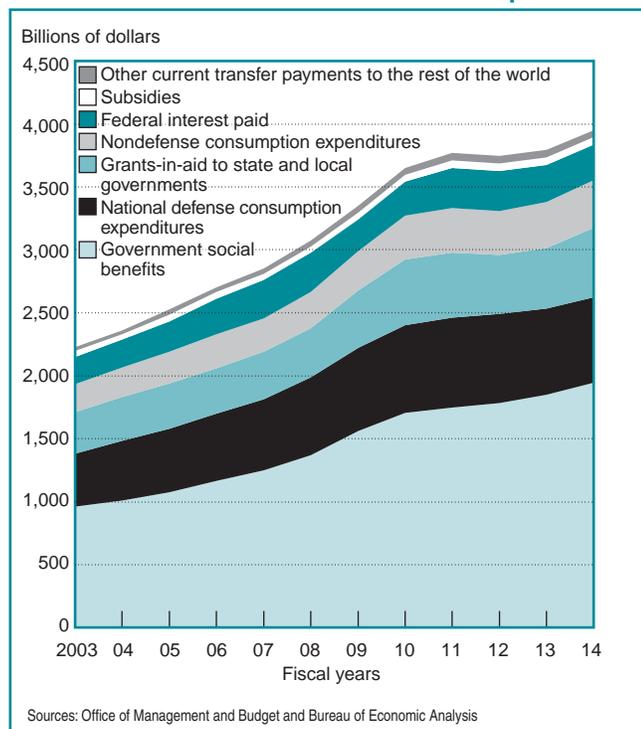
**Quarterly pattern**

BEA prepares seasonally adjusted quarterly NIPA estimates of federal government current receipts and current expenditures for 2013 and 2014 that are consistent

**Table 9. Sources of Change in NIPA Federal Government Current Expenditures**  
[Billions of dollars]

	Change from preceding fiscal year		
	2012	2013	2014
<b>Total current expenditures</b> .....	<b>-61.8</b>	<b>141.3</b>	<b>160.8</b>
Consumption expenditures.....	8.6	4.5	-1.8
National defense.....	-4.2	-19.4	-16.2
Pay raise and locality pay.....	0.0	1.4	3.3
Other.....	-4.2	-20.8	-19.5
Nondefense.....	12.8	23.9	14.4
Pay raise and locality pay.....	0.0	0.0	1.3
Other.....	12.8	23.9	13.2
Current transfer payments.....	-59.4	126.8	158.4
Government social benefits to persons.....	3.6	97.2	90.0
Social Security.....	42.1	44.2	46.3
Medicare.....	-0.9	44.3	23.1
Supplemental security income.....	2.8	2.4	2.4
Refundable tax credits.....	-14.6	1.8	2.5
Veterans benefits.....	-0.8	12.8	11.3
Unemployment benefits.....	-20.4	-11.8	-24.8
Supplemental Nutrition Assistance Program.....	3.0	0.9	-6.6
Other.....	-7.6	2.6	35.8
Government social benefits to the rest of the world.....	1.4	1.1	0.7
Grants-in-aid to state and local governments.....	-56.8	21.5	72.7
General public service.....	0.4	0.0	2.6
National defense.....	-0.2	0.4	-0.4
Public order and safety.....	-0.3	0.1	0.3
Economic affairs.....	-3.2	-1.2	14.0
Transportation.....	0.0	0.0	0.0
Space.....	0.0	0.0	0.0
Other economic affairs.....	-3.2	-1.2	14.0
General economic and labor affairs.....	-1.9	0.7	14.4
Agriculture.....	-0.3	0.3	0.1
Energy.....	-1.5	-2.5	-0.7
Natural resources.....	0.5	0.3	0.3
Housing and community services.....	-3.3	1.3	6.7
Health.....	-24.9	18.0	36.3
Medicaid.....	-24.2	16.0	37.0
Prescription drug plan clawback.....	-1.8	-0.4	-0.3
Other.....	1.1	2.4	-0.4
Recreation and culture.....	-0.1	0.0	0.0
Education.....	-17.8	-1.1	7.6
Income security.....	-7.3	4.1	5.6
Disability.....	-0.1	-0.1	0.1
Welfare and social services.....	-6.1	2.9	2.1
Unemployment.....	-0.2	-0.9	1.6
Other.....	-0.9	2.2	1.9
Other current transfer payments paid to the rest of the world.....	-7.6	6.9	-5.0
Federal interest paid.....	-11.6	-1.1	4.1
Subsidies.....	0.6	11.1	0.1
Agriculture.....	-0.2	0.0	0.0
Housing.....	-0.4	0.5	1.7
Other.....	1.2	10.6	-1.5

**Chart 3. Federal Government Current Expenditures**



Source: Bureau of Economic Analysis.  
NIPAs National income and product accounts

with the federal budget and that reflect the quarterly patterns that would result from enacted and proposed legislation (table 10) (see the “Note on Quarterly Projections”). These estimates are extrapolated from published NIPA estimates for the first quarter of 2013, which were released on April 26, 2013.

In general, because of the limited information avail-

able to estimate quarterly patterns, the estimates in this article should be viewed as approximations that will be superseded by more reliable quarterly estimates that will be published monthly in NIPA table 3.2.

**Receipts.** The quarterly NIPA estimates of current receipts are also based on the administration’s projected pattern of wages and reflect BEA’s methodology

**Table 10. NIPA Federal Government Current Receipts and Expenditures—Continues**

(Billions of dollars; calendar year and quarters at seasonally adjusted annual rates)

	Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
				Published <sup>2</sup>	Estimated	Published <sup>2</sup>				Estimated						
	2012	2013	2014			2012		2013			2014					
				2012	2013	I	II	III	IV	I	II	III	IV	I	II	III
<b>Current receipts</b> .....	<b>2,654.6</b>	<b>2,850.0</b>	<b>3,203.5</b>	<b>2,675.7</b>	<b>2,923.9</b>	<b>2,664.9</b>	<b>2,659.5</b>	<b>2,673.4</b>	<b>2,705.0</b>	<b>2,890.7</b>	<b>2,882.4</b>	<b>2,914.9</b>	<b>3,007.7</b>	<b>3,165.9</b>	<b>3,221.4</b>	<b>3,282.6</b>
Current tax receipts .....	1,625.7	1,720.2	1,927.1	1,645.6	1,712.3	1,629.2	1,631.2	1,650.1	1,671.7	1,686.4	1,689.1	1,707.9	1,765.9	1,882.4	1,918.2	1,963.7
Personal current taxes .....	1,131.9	1,203.8	1,340.6	1,140.0	1,200.0	1,124.9	1,131.0	1,141.4	1,162.8	1,180.2	1,193.0	1,199.8	1,226.9	1,313.6	1,328.3	1,361.4
Withheld income taxes .....	1,035.7	1,063.8	1,074.8	1,037.5	1,061.6	1,027.1	1,030.7	1,037.6	1,054.7	1,061.6	1,061.5	1,061.6	1,061.7	1,058.0	1,073.4	1,104.0
Declarations and final settlements less refunds .....	96.2	140.0	265.8	102.5	138.4	97.7	100.3	103.8	108.1	118.6	131.4	138.3	165.2	255.6	254.9	257.5
Proposed legislation .....		-0.1	25.0		6.2					0.0	0.0	-0.4	25.0	25.0	25.0	25.0
Other .....	96.2	140.1	240.7	102.5	132.2	97.7	100.3	103.8	108.1	118.6	131.4	138.6	140.2	230.6	229.9	232.4
Taxes on production and imports .....	118.6	122.3	147.9	116.0	125.6	113.3	115.2	116.1	119.4	118.3	120.9	124.3	138.9	144.1	148.5	151.8
Proposed legislation .....		0.0	11.5		2.9					0.0	0.0	0.0	11.5	11.5	11.5	11.5
Other .....	118.6	122.3	139.9	116.0	123.6	113.3	115.2	116.1	119.4	118.3	120.9	124.3	130.8	136.1	140.4	143.7
Taxes on corporate income <sup>3</sup> .....	358.4	375.7	420.7	372.3	368.6	375.7	368.1	375.5	369.7	369.7	357.1	365.6	381.9	406.5	423.2	432.2
Federal Reserve Banks .....	82.3	83.4	92.5	78.8	76.6	84.3	83.3	75.9	71.5	71.5	74.3	77.8	82.6	84.7	84.2	81.0
Other corporate profit tax accruals .....	276.1	292.3	328.2	293.5	292.0	291.4	284.8	299.5	298.2	298.2	282.7	287.8	299.4	321.8	339.1	351.2
Proposed legislation .....		0.0	-2.3		-0.6					0.0	0.0	-0.1	-2.3	-2.3	-2.3	-2.3
Other .....	276.1	292.3	330.5	293.5	292.6	291.4	284.8	299.5	298.2	298.2	282.7	287.9	301.7	324.1	341.4	353.5
Taxes from the rest of the world .....	16.7	18.4	17.9	17.3	18.2	15.4	16.9	17.1	19.9	18.2	18.2	18.2	18.2	18.2	18.2	18.2
Contributions for social insurance .....	931.1	1,057.0	1,136.2	935.5	1,098.8	929.3	931.5	936.0	945.1	1,085.1	1,094.8	1,103.0	1,112.4	1,133.6	1,143.4	1,153.3
Domestic .....	926.1	1,051.2	1,130.1	930.9	1,093.4	924.8	926.9	931.3	940.4	1,079.9	1,089.4	1,097.5	1,106.8	1,128.1	1,137.9	1,147.7
Old age, survivors, disability, and hospital insurance .....	787.5	909.2	987.4	794.3	950.6	787.7	790.4	795.2	804.1	935.1	946.5	955.7	964.9	985.2	994.3	1,003.7
Tax on wages and salaries (FICA, gross) .....	740.6	856.6	927.6	747.9	899.1	741.7	744.0	748.6	757.4	884.8	895.7	903.9	912.0	928.3	936.3	945.0
Proposed legislation .....										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate change .....		89.0	123.0		118.6					118.6	118.6	118.6	118.6	124.4	124.4	124.4
Base increases .....		0.9	4.2		3.7					3.7	3.7	3.7	3.7	5.9	5.9	5.9
January 2013 .....		0.9	3.7		3.7					3.7	3.7	3.7	3.7	3.7	3.7	3.7
January 2014 .....			0.6		0.0									2.2	2.2	2.2
Other .....	740.6	766.7	800.4	747.9	776.8	741.7	744.0	748.6	757.4	762.5	773.4	781.6	789.7	798.0	806.0	814.8
FICA refunds .....	-2.3	-2.5	-2.7	-1.7	-1.9	-1.7	-1.7	-1.7	-1.7	-1.9	-1.9	-1.9	-1.9	-2.1	-2.1	-2.1
Voluntary hospital insurance .....	3.4	3.5	3.5	3.4	3.5	3.3	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Tax on self-employment earnings (SECA) .....	45.8	51.6	59.0	44.7	49.9	44.4	44.7	44.8	44.9	48.7	49.3	50.2	51.3	55.5	56.5	57.3
Base increases .....	0.0	4.3	7.7	0.0	5.7	0.0	0.0	0.0	0.0	5.7	5.7	5.7	5.7	8.4	8.4	8.4
Other .....	45.8	47.4	51.3	44.7	44.2	44.4	44.7	44.8	44.9	43.1	43.6	44.5	45.6	47.1	48.2	48.9
Supplementary medical insurance .....	60.0	63.9	67.5	60.7	65.4	60.4	60.6	60.7	60.9	65.1	65.3	65.4	65.6	68.5	68.5	68.6
Unemployment insurance .....	64.9	62.9	58.8	61.1	61.5	61.9	61.2	60.7	60.6	64.2	61.7	60.2	59.7	57.6	58.0	58.3
Other .....	13.7	15.2	16.4	14.8	16.1	14.7	14.8	14.8	14.9	15.5	15.9	16.2	16.6	16.9	17.0	17.1
Rest of the world .....	5.0	5.8	6.1	4.6	5.4	4.6	4.6	4.6	4.7	5.3	5.4	5.5	5.5	5.5	5.6	5.6
Income receipts on assets .....	50.5	46.6	65.2	53.3	62.7	54.7	53.2	53.0	52.4	72.9	53.7	58.4	65.8	71.4	75.1	77.0
Interest receipts .....	23.2	23.1	28.4	25.7	26.5	27.4	25.6	25.3	24.4	24.5	25.6	27.1	28.9	30.4	31.3	31.8
Dividends .....	20.7	16.8	29.9	20.7	29.4	20.5	20.7	20.7	21.0	41.5	21.3	24.6	30.1	34.2	36.9	38.3
Rents and royalties .....	6.6	6.8	6.8	6.9	6.8	6.7	6.9	7.0	7.0	6.9	6.8	6.7	6.7	6.8	6.8	6.9
Current transfer receipts .....	59.2	63.2	92.8	59.1	74.2	68.3	61.6	53.1	53.2	69.0	70.0	71.6	86.0	95.7	98.5	99.6
From business .....	38.1	43.8	72.9	38.7	54.8	48.3	41.2	32.5	32.9	49.5	50.8	52.4	66.4	75.7	78.4	79.4
From persons .....	21.1	19.5	19.9	20.3	19.4	20.0	20.4	20.6	20.3	19.5	19.2	19.2	19.6	20.0	20.1	20.2
Current surplus of government enterprises .....	-12.0	-37.0	-17.7	-17.7	-24.1	-16.7	-18.0	-18.8	-17.4	-22.6	-25.1	-26.2	-22.4	-17.2	-13.8	-10.9
Postal Service .....	-10.1	-11.0	-8.8	-9.2	-9.1	-8.2	-8.6	-9.8	-10.2	-9.1	-8.5	-9.6	-9.0	-10.2	-10.8	-9.4
Federal Housing Administration .....	-4.2	-25.8	-7.7	-13.2	-17.8	-13.2	-14.4	-13.7	-11.3	-16.9	-19.4	-19.0	-15.7	-9.3	-5.6	-4.6
Tennessee Valley Authority .....	0.6	1.3	1.0	1.0	1.1	1.1	1.1	1.0	0.8	1.0	1.1	1.1	1.0	0.9	0.8	0.7
Other .....	1.6	-1.5	-2.2	3.7	1.6	3.6	3.9	3.8	3.3	2.3	1.7	1.3	1.2	1.4	1.8	2.4
<b>Current expenditures</b> .....	<b>3,705.0</b>	<b>3,846.3</b>	<b>4,007.2</b>	<b>3,757.7</b>	<b>3,819.9</b>	<b>3,723.6</b>	<b>3,774.8</b>	<b>3,760.6</b>	<b>3,771.6</b>	<b>3,730.5</b>	<b>3,799.1</b>	<b>3,863.0</b>	<b>3,886.8</b>	<b>3,960.4</b>	<b>3,965.7</b>	<b>3,990.9</b>
Consumption expenditures .....	1,073.0	1,077.5	1,075.7	1,059.7	1,054.1	1,055.6	1,054.8	1,086.3	1,041.9	1,032.7	1,052.8	1,069.6	1,061.3	1,059.5	1,053.5	1,058.1
National defense .....	708.7	689.3	673.1	703.6	686.6	703.5	701.1	728.1	681.8	672.7	687.4	697.9	688.2	679.9	672.6	676.8
Pay raises and locality pay .....	0.0	1.4	4.7	0.0	1.9	0.0	0.0	0.0	0.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
January 2013 .....	0.0	1.4	1.9	0.0	1.9	0.0	0.0	0.0	0.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
January 2014 .....	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	2.8	2.8
Other .....	708.7	687.9	668.4	703.6	684.6	703.5	701.1	728.1	681.8	670.8	685.5	696.0	686.3	675.2	667.9	672.1
Nondefense .....	364.3	388.2	402.6	356.1	367.6	352.1	353.7	358.2	360.2	360.0	365.4	371.7	373.1	379.6	380.9	381.3
Pay raises and locality pay .....	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.7	1.7
January 2013 .....	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
January 2014 .....	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.7	1.7
Other .....	364.3	388.2	401.4	356.1	367.6	352.1	353.7	358.2	360.2	360.0	365.4	371.7	373.1	378.0	379.2	379.6
Current transfer payments .....	2,263.0	2,389.7	2,548.1	2,319.2	2,422.5	2,301.0	2,310.8	2,326.1	2,338.7	2,357.1	2,403.6	2,449.2	2,480.0	2,555.0	2,566.4	2,587.2
Government social benefits .....	1,750.8	1,849.1	1,939.9	1,792.8	1,876.6	1,786.0	1,785.6	1,796.2	1,803.3	1,832.8	1,870.7	1,892.9	1,910.0	1,945.9	1,960.2	1,967.7
To persons .....	1,732.4	1,829.6	1,919.6	1,775.0	1,857.6	1,768.4	1,767.9	1,778.1	1,785.4	1,814.7	1,851.8	1,873.3	1,900.6	1,926.6	1,940.6	1,947.6
Social Security .....	749.9	794.1	840.4	762.2	813.5	753.2	759.4	765.1	771.0	790.0	812.7	821.6	829.8	854.2		

for deriving quarterly estimates of withheld income tax payments and of “final settlements less refunds.”

**Expenditures.** The quarterly NIPA estimates of current expenditures reflect fiscal year changes in program outlays and a cost-of-living increase for social security

and other programs in the first quarter of 2013 and in 2014.

**Net saving.** NIPA estimates of net federal government saving reflect the differences between receipts and expenditures. Net saving is projected to become

**Table 10. NIPA Federal Government Current Receipts and Expenditures—Table Ends**

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

	Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
				Published <sup>2</sup>	Estimated	Published <sup>2</sup>				Estimated						
	2012	2013	2014			2012	2013	2012				2013				2014
				I	II			III	IV	I	II	III	IV	I	II	III
Regular.....	749.9	784.1	813.4	762.2	800.2	753.2	759.4	765.1	771.0	776.7	799.4	808.2	816.5	822.7	826.8	828.9
Benefit increases.....	0.0	10.0	27.0	0.0	13.3	0.0	0.0	0.0	0.0	13.3	13.3	13.3	13.3	31.5	31.5	31.5
January 2013.....	0.0	10.0	13.3	.....	13.3	0.0	0.0	0.0	0.0	13.3	13.3	13.3	13.3	13.3	13.3	13.3
January 2014.....	0.0	0.0	13.6	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	18.2	18.2
Medicare.....	537.4	581.7	604.7	562.0	593.0	555.9	556.9	566.2	569.1	580.4	590.4	597.9	603.2	606.9	609.4	610.7
Unemployment benefits.....	94.1	82.3	57.5	80.9	54.5	94.2	83.8	74.9	70.7	64.3	59.5	52.7	41.6	35.9	35.8	35.8
Veterans benefits.....	61.1	74.0	85.3	72.2	83.6	68.8	71.5	74.0	74.6	78.4	82.0	85.4	88.6	91.0	92.6	93.4
Railroad retirement.....	11.2	11.7	11.8	11.4	11.7	11.4	11.4	11.4	11.5	11.6	11.7	11.8	11.8	11.8	11.8	11.8
Military medical insurance.....	11.6	12.3	12.9	12.2	12.5	12.0	12.2	12.3	12.3	12.2	12.4	12.6	12.8	12.9	13.0	13.1
Supplemental Nutrition Assistance Program benefits	74.5	75.5	68.9	74.9	74.7	74.5	73.8	74.8	76.4	76.9	76.0	74.3	71.6	69.6	68.3	67.7
Black lung benefits.....	0.3	0.3	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Supplemental security income.....	48.4	50.8	53.2	48.2	50.4	47.6	48.0	48.4	48.9	49.2	50.0	50.7	51.5	52.0	52.3	52.5
Refundable tax credits.....	83.9	85.7	88.2	86.1	88.1	86.1	86.1	86.1	86.1	88.1	88.1	88.1	88.1	90.6	90.6	90.6
All other.....	60.0	61.2	96.4	64.4	75.3	64.3	64.4	64.5	64.4	63.3	68.7	77.9	91.3	101.4	108.2	111.3
To rest of the world.....	18.4	19.5	20.2	17.9	19.0	17.7	17.7	18.1	17.9	18.1	18.9	19.5	19.5	19.3	19.5	20.1
Grants-in-aid to state and local governments.....	461.6	483.1	555.8	468.1	491.0	455.3	466.9	470.6	479.4	464.8	479.4	498.8	521.0	543.4	557.4	567.1
General public service.....	2.8	2.8	5.4	3.0	3.2	2.9	3.5	2.8	2.8	2.3	2.7	3.3	4.3	5.1	5.6	5.8
National defense.....	3.9	4.3	3.9	4.0	3.7	4.0	3.9	4.0	3.9	3.7	3.8	3.7	3.5	3.3	3.2	3.2
Public order and safety.....	6.7	6.8	7.1	7.6	7.5	6.4	7.2	8.6	8.1	7.3	7.4	7.5	7.6	7.6	7.7	7.7
Economic affairs.....	16.5	15.3	29.3	16.5	15.7	17.4	18.3	16.1	14.2	11.0	13.0	16.7	22.1	26.2	28.9	30.2
Transportation <sup>4</sup> .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Space.....	0.1	0.1	0.1	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
Other economic affairs.....	16.3	15.1	29.1	16.4	15.7	17.3	18.2	15.9	14.0	10.9	12.9	16.7	22.1	26.1	28.8	30.2
General economic and labor affairs.....	5.5	6.3	20.6	6.6	10.4	6.7	6.2	6.6	6.7	5.4	7.7	11.5	16.9	21.0	23.7	25.0
Agriculture.....	0.9	1.2	1.2	1.1	0.9	0.8	1.6	1.2	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Energy.....	5.1	2.6	1.9	4.3	0.5	5.5	4.9	4.1	2.5	1.0	0.6	0.3	0.2	0.2	0.1	0.1
Natural resources.....	4.8	5.1	5.4	4.5	3.9	4.3	5.5	4.0	4.0	3.7	3.8	3.9	4.0	4.1	4.1	4.1
Housing and community services.....	20.1	21.4	28.1	19.3	21.8	21.1	19.7	17.7	18.8	19.3	20.6	22.4	24.8	26.6	27.7	28.3
Health.....	274.6	292.6	328.9	279.3	297.4	266.6	282.2	282.0	286.2	284.9	292.2	301.5	310.9	323.6	331.2	337.7
Medical.....	250.0	266.0	303.0	254.7	271.3	242.4	257.9	256.1	262.4	258.8	265.9	275.3	285.1	298.2	306.1	312.7
Prescription drug plan clawback.....	-8.3	-8.8	-9.0	-8.5	-9.1	-8.2	-8.3	-8.7	-8.6	-8.9	-9.0	-9.1	-9.2	-9.2	-9.3	-9.3
Other.....	32.9	35.3	34.9	33.0	35.2	32.4	32.6	34.5	32.4	35.0	35.4	35.3	34.9	34.6	34.5	34.4
Recreation and culture.....	0.4	0.4	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Education.....	48.4	47.3	54.9	47.0	42.7	46.5	44.2	48.4	48.7	39.8	41.3	43.4	46.1	48.1	49.5	50.1
Income security.....	88.0	92.2	97.8	91.1	98.0	87.4	90.6	96.2	96.1	98.1	99.8	101.3	102.4	103.2	103.5	103.5
Disability.....	2.6	2.5	2.6	2.6	2.5	2.6	2.6	2.7	2.5	2.5	2.5	2.5	2.6	2.6	2.7	2.7
Welfare and social services.....	76.8	79.7	81.8	79.4	83.4	78.5	76.3	79.6	83.1	82.1	83.2	83.9	84.2	84.5	84.6	84.7
Unemployment.....	3.3	2.3	3.9	2.1	1.8	2.3	2.3	2.3	1.4	1.4	1.5	1.8	2.5	3.0	3.4	3.6
Other.....	5.4	7.6	9.5	7.0	11.1	6.6	6.1	6.0	9.2	10.1	10.9	11.5	11.9	12.3	12.5	12.6
Other current transfer payments paid to the rest of the world.....	50.6	57.5	52.4	58.4	54.9	59.7	58.4	59.3	56.0	59.4	53.5	57.5	49.0	65.8	48.8	52.4
Federal interest paid.....	308.5	307.4	311.6	318.5	281.4	306.7	348.7	288.1	330.6	280.3	280.5	281.5	283.3	284.7	285.6	286.1
Subsidies.....	60.6	71.7	71.8	60.4	61.9	60.4	60.6	60.1	60.4	60.5	62.3	62.7	62.1	61.1	60.3	59.6
Agricultural.....	10.7	10.7	10.7	11.1	11.1	10.7	11.1	11.2	11.2	11.2	11.1	11.1	11.1	11.1	11.2	11.2
Housing.....	33.5	34.0	35.7	33.9	34.6	34.1	33.9	33.8	33.7	34.0	34.3	34.8	35.4	35.8	36.1	36.2
Other.....	16.4	27.0	25.5	15.4	16.2	15.5	15.6	15.2	15.5	15.4	16.9	16.8	15.6	14.2	13.0	12.2
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	0.0
<b>Net federal government saving.....</b>	<b>-1,050.5</b>	<b>-996.4</b>	<b>-803.7</b>	<b>-1,082.0</b>	<b>-895.9</b>	<b>-1,058.7</b>	<b>-1,115.4</b>	<b>-1,087.2</b>	<b>-1,066.7</b>	<b>-839.8</b>	<b>-916.7</b>	<b>-948.1</b>	<b>-879.1</b>	<b>-794.4</b>	<b>-744.3</b>	<b>-708.3</b>
<b>Addenda:</b>																
Gross investment <sup>5</sup> .....	154.5	146.6	128.5	154.6	139.1	152.1	155.9	155.1	155.4	145.7	139.5	138.8	132.3	123.2	122.3	121.4
National defense.....	106.2	102.0	87.3	105.5	91.7	102.9	106.7	106.4	106.1	97.1	91.5	91.5	86.6	78.8	77.9	77.4
Nondefense.....	48.3	44.6	41.2	49.1	47.4	49.2	49.2	48.6	49.3	48.6	48.1	47.3	45.6	44.4	44.4	44.0
Consumption expenditures and gross investment.....	1,227.5	1,224.1	1,204.2	1,214.3	1,193.2	1,207.7	1,210.7	1,241.4	1,197.3	1,178.4	1,192.3	1,208.4	1,193.6	1,182.8	1,175.8	1,179.5
National defense.....	814.9	791.3	760.4	809.2	778.2	806.4	807.8	834.5	787.9	769.7	778.8	789.4	774.8	758.7	750.5	754.2
Nondefense.....	412.6	432.8	443.8	405.1	415.0	401.3	402.9	406.8	409.4	408.6	413.5	419.0	418.8	424.1	425.3	425.3
Total receipts.....	2,668.4	2,862.7	3,216.4	2,696.1	2,941.3	2,683.8	2,682.1	2,695.0	2,723.4	2,908.5	2,899.7	2,932.0	3,025.0	3,183.5	3,239.3	3,300.9
Current receipts.....	2,654.6	2,850.0	3,203.5	2,675.7	2,923.9	2,664.9	2,659.5	2,673.4	2,705.0	2,890.7	2,882.4	2,914.9	3,007.7	3,165.9	3,221.4	3,282.6
Capital transfer receipts.....	13.8	12.8	12.9	20.4	17.4	18.9	22.6	21.5	18.4	17.7	17.3	17.2	17.3	17.6	17.9	18.3
Total expenditures.....	3,846.2	3,962.2	4,101.0	3,889.1	3,915.8	3,856.3	3,894.5	3,882.6	3,923.1	3,832.3	3,894.5	3,960.8	3,975.4	4,043.3	4,050.0	4,075.5
Current expenditures.....	3,705.0	3,846.3	4,007.2	3,757.7	3,819.9	3,723.6	3,774.8	3,760.6	3,771.6	3,730.5	3,799.1	3,863.0	3,886.8	3,960.4	3,965.7	3,990.9
Gross government investment.....	154.5	146.6	128.5	154.6	139.1	152.1	155.9	155.1	155.4	145.7	139.5	138.8	132.3	123.2	122.3	121.4
Capital transfer payments.....	126.9	115.1	111.5	117.7	98.8	120.8	104.9	107.0	137.8	99.4	96.3	99.4	100.2	103.2	105.2	106.2
Net purchases of nonproduced assets.....	0.1	0.1	0.1	0.7	1.7	-0.5	-0.2	1.9	1.6	1.7	1.7	1.7	1.9	2.0	2.0	2.1
Less: Consumption of fixed capital.....	140.4	145.9	146.3	141.5	143.7	139.7	141.0	142.0	143.3	144.9	142.1	142.1	145.7	145.5	145.3	145.2
Net lending or net borrowing (-).....	-1,177.8	-1,099.4	-884.6	-1,193.1	-974.5	-1,172.5	-1,212.4	-1,187.7	-1,199.8	-923.9	-994.8	-1,028.8	-950.4	-859.8	-810.7</	

\$54.1 billion less negative in 2013 and \$206.4 billion less negative in 2014, reflecting a larger acceleration in current receipts than in current expenditures.

### Translation into a NIPA Framework

BEA uses a detailed analytical process to translate federal budget receipts and outlays into a NIPA framework.

#### Receipts

Fiscal year budget data for receipts are supplemented by information on the effects of budget proposals from the Department of the Treasury's Office of Tax Analysis and information included in the budget's *Appendix*. These data are translated into the following major components of the NIPA federal government current receipts: current tax receipts, contributions for government social insurance, income receipts on assets, current transfer receipts, and current surplus of government enterprises.

Quarterly projections are based on the economic assumptions from the federal budget. When monthly and quarterly NIPA estimates are released by BEA, these initial quarterly projections of receipts are reevaluated and revised to incorporate newly available data from the Department of the Treasury, including from the *Monthly Treasury Statement*.

#### Outlays

Fiscal year budget outlays are organized by appropriation in the federal budget's *Appendix*. These data and supplemental data from the Office of Management and Budget are used to allocate federal budget outlays to the following NIPA categories: current transfer pay-

ments, interest payments, subsidies, and consumption expenditures and gross investment. The quarterly projections are mainly derived by interpolation from fiscal year projections.

When BEA releases its quarterly NIPA estimates, the fiscal year relationships derived from the budget data are used to allocate the spending that is detailed in the *Monthly Treasury Statement*. Supplemental data are also used. A detailed reconciliation of defense consumption expenditures and gross investment with outlays is prepared, using extensive financial, delivery, and other information from the Department of Defense. In order to prepare seasonally adjusted estimates of non-defense consumption expenditures and gross investment, data from the budget are used to extrapolate portions of nondefense expenditures (for durable goods, "other nondurable goods," services, and equipment) for which no quarterly source data are available. These extrapolated estimates of expenditures incorporate quarterly data for certain expenditures, such as those for construction from the Census Bureau and for compensation from the Office of Personnel Management and the Bureau of Labor Statistics.

#### Updated estimates

BEA's initial quarterly projections of federal government receipts and expenditures that are presented in this article will likely differ from later estimates. The initial estimates are prepared from budget data, which are based on various economic assumptions about the budget year. These estimates are then updated during the year as new laws are enacted, as actual spending occurs, as economic conditions change, and as more source data become available.

### NIPA Estimates of the Federal Sector and the Federal Budget 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 federal budget, which is a financial plan of the government, the NIPA federal sector estimates are designed to facilitate macroeconomic analyses of the effects of federal government activity on economic activity.<sup>1</sup>

In translating budget estimates into the framework of the NIPAs, three primary types of adjustments are made. These adjustments result in NIPA estimates of current receipts and expenditures that differ from corresponding estimates of receipts and outlays in the budget.

- **Coverage adjustments** are necessary because certain transactions that are included in the budget are excluded from the NIPAs (and vice versa).
- **Netting and grossing adjustments** are necessary because certain transactions that are recorded as offsets to outlays in the budget are recorded as receipts in the NIPAs.
- **Timing adjustments** are necessary because certain receipts and outlays that are recorded on a cash basis in the budget are recorded on an accrual basis in the NIPAs.

The arrangement of federal transactions in the federal sector NIPA statistics differs from that in the budget estimates because of different treatments of capital transactions. Unlike the federal budget estimates, the NIPAs distinguish current transactions from capital transactions, which include expenditures to acquire, improve, or dispose of nonfinancial assets such as property or equipment. In the NIPAs, current transactions for production, income, and consumption are presented in summary NIPA accounts one through five, while capital transactions are presented in summary NIPA accounts six and seven.<sup>2</sup> Because of this organization, the following types of transactions are not included in NIPA federal government current receipts and current expenditures but are shown in account six and as items in NIPA table 3.2:

- **Government investment in fixed assets.** In the NIPAs, government consumption expenditures exclude investment in fixed assets and include consumption of fixed capital, a depreciation charge on fixed assets that are used in production.
- **Transfers involving the acquisition or disposal of assets.** In the NIPAs, these transactions are classified as capital transfer receipts and payments and are presented in the domestic capital account.<sup>3</sup> Capital transfers include certain investment grants-in-aid to state and local governments, investment subsidies to businesses, lump-sum payments to amortize the

1. For a comparison, see tables 4 and 5 and NIPA table 3.18B. See also "National Income and Product Accounts" in *Analytical Perspectives: Budget of the U.S. Government*, 469-474.

2. Current transactions are presented in the "Domestic Income and Product Account," "Private Enterprise Income Account," "Personal Income and Outlay Account," "Government Receipts and Expenditures Account," and "Foreign Transactions Current Account." Capital transactions are presented in the "Domestic Capital Account" and the "Foreign Transactions Capital Account." See "Summary National Income and Product Accounts," SURVEY OF CURRENT BUSINESS 91 (August 2011): 38-39. The federal government components of the domestic capital account are often shown as addenda in tables presenting federal government current receipts and expenditures.

3. The flow of funds accounts of the Federal Reserve Board present detailed information on the acquisition and disposal of financial assets and liabilities by U.S. economic sectors, including the federal government.

unfunded liability of the Department of Defense Medicare-Eligible Retiree Health Care Fund and the Postal Service Retiree Health Benefits Fund, payments to retroactively reimburse veterans for the costs of some past medical treatments, the implied subsidy costs of financial stabilization equity purchases, the payment of insurance benefits related to catastrophes, and estate and gift taxes.

- **Transactions involving nonproduced assets.** In the NIPAs, purchases and sales of nonproduced assets, such as land and radio spectrum licenses, are reflected in "capital account transactions (net)" in the domestic capital account.

The NIPA estimates also differ from the budget estimates because of different definitions of the scope and coverage of the federal government sector. Examples include the following:

- **Retirement plans.** NIPA federal government receipts exclude government employee contributions to retirement plans, which are included in budget receipts, because these contributions are included in NIPA personal income as part of the income of employees. Similarly, NIPA current expenditures exclude federal employee retirement benefits, which are included in budget outlays, because these benefits are paid from assets that represent equity belonging to the personal sector.
- **Other differences.** The NIPA federal government sector also excludes other transactions, such as contributions by telecommunications providers into the Federal Communication Commission Universal Service Fund and outlays from this Fund. In the NIPAs, this fund is treated as a nonprofit institution serving business, and these transactions are included in the NIPA business sector.

#### Receipts

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 current transfer receipts. (Personal and business current transfer receipts are classified as receipts in the NIPAs, but some are netted against outlays in the budget.)

#### Expenditures

For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, federal employee retirement plan transactions, personal and business current transfer receipts, and net investment.

In the NIPAs, 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 several reasons:

- The NIPA measure includes general government consumption of fixed capital.
- The NIPAs include cash payments to amortize the unfunded liability for military and civilian retirement benefits as defense consumption expenditures; the budget records these payments as intergovernmental transactions.
- NIPA expenditures are recorded on a delivery (accrual) basis, and budget outlays are recorded on a cash basis; thus, in the NIPAs, all work in progress except ships and structures are included as part of change in private inventories.