

Government Receipts and Expenditures

Fourth Quarter of 2014

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$773.7$ billion in the fourth quarter of 2014, increasing $\$54.1$ billion from $-\$827.8$ billion in the third quarter of 2014.

Net federal government saving was $-\$559.5$ billion in the fourth quarter, increasing $\$51.5$ billion from $-\$611.0$ billion in the third quarter (see page 2). Both current receipts and current expenditures turned down in the fourth quarter.

Net state and local government saving was $-\$214.3$ billion in the fourth quarter, increasing $\$2.5$ billion from $-\$216.8$ billion in the third quarter (see page 3). Both current receipts and current expenditures decelerated in the fourth quarter.

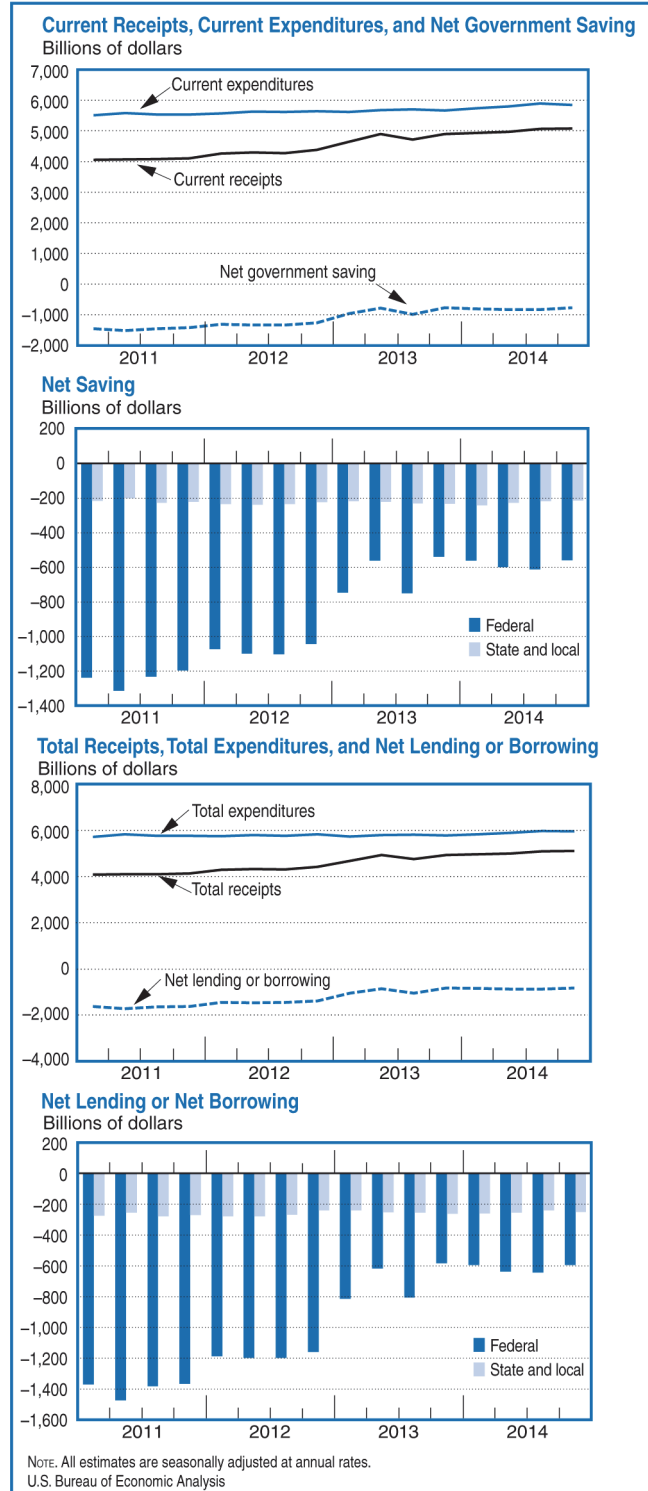
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment and net purchases of nonproduced assets.

Net borrowing was $\$844.3$ billion in the fourth quarter, decreasing $\$41.0$ billion from $\$885.3$ billion in the third quarter. Federal government net borrowing was $\$593.4$ billion in the fourth quarter, decreasing $\$50.8$ billion from $\$644.2$ billion in the third quarter. State and local government net borrowing was $\$250.9$ billion, increasing $\$9.8$ billion from $\$241.1$ billion in the third 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				
	2014	2014				
		IV	I	II	III	IV
Current receipts	5,070.2	35.4	36.1	92.2	12.4	
Current expenditures	5,843.9	65.5	60.8	94.3	-41.7	
Net government saving	-773.7	-30.1	-24.7	-2.1	54.1	
Federal	-559.5	-20.7	-38.5	-12.4	51.5	
State and local.....	-214.3	-9.3	13.8	10.3	2.5	
Net lending or net borrowing (–) ...	-844.3	-9.1	-36.8	5.8	41.0	
Federal	-593.4	-10.0	-41.8	-7.8	50.8	
State and local.....	-250.9	1.0	5.0	13.6	-9.8	

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				
	2014	2014				
	IV	I	II	III	IV	
Current receipts	3,341.5	35.5	34.3	65.3	-0.7	
Current tax receipts	2,070.1	97.1	58.1	23.5	25.8	
Personal current taxes	1,416.6	21.0	15.9	27.4	33.0	
Taxes on production and imports	136.0	8.5	1.4	1.6	1.0	
Taxes on corporate income	499.5	66.8	43.5	-7.1	-6.9	
Taxes from the rest of the world	18.0	0.8	-2.6	1.5	-1.3	
Contributions for government social insurance	1,166.6	29.3	7.6	12.1	12.4	
Income receipts on assets	65.8	-85.4	-28.2	-17.5	4.7	
Current transfer receipts	59.8	-5.5	-0.9	49.6	-44.4	
Current surplus of government enterprises	-20.8	0.0	-2.4	-2.4	0.9	
Current expenditures	3,900.9	56.3	72.8	77.7	-52.3	
Consumption expenditures	960.6	6.0	-1.6	32.2	-27.1	
National defense	613.6	5.0	-0.1	30.7	-27.5	
Nondefense	347.0	1.1	-1.6	1.5	0.4	
Current transfer payments	2,463.4	43.8	19.8	73.6	2.7	
Government social benefits	1,904.4	18.9	25.2	13.3	11.6	
To persons	1,885.1	19.0	24.9	12.8	12.0	
To the rest of the world	19.4	-0.1	0.3	0.5	-0.3	
Other current transfer payments	559.0	24.9	-5.3	60.2	-8.9	
Grants-in-aid to state and local governments	510.3	21.2	35.0	13.2	-8.0	
To the rest of the world	48.7	3.8	-40.4	47.0	-0.9	
Interest payments	420.5	7.6	54.8	-28.0	-27.4	
Subsidies	56.5	-1.2	-0.2	-0.1	-0.4	
Net federal government saving	-559.5	-20.7	-38.5	-12.4	51.5	
Social insurance funds	-262.6	18.4	-2.9	3.0	4.9	
Other	-296.9	-39.2	-35.6	-15.4	46.6	
Addenda:						
Total receipts	3,361.6	35.3	33.8	64.8	-1.3	
Current receipts	3,341.5	35.5	34.3	65.3	-0.7	
Capital transfer receipts	20.2	-0.2	-0.5	-0.5	-0.5	
Total expenditures	3,955.0	45.4	75.5	72.6	-52.1	
Current expenditures	3,900.9	56.3	72.8	77.7	-52.3	
Gross government investment	256.1	-14.1	4.0	-1.4	2.5	
Capital transfer payments	76.2	4.8	1.1	2.4	-5.9	
Net purchases of nonproduced assets	-1.6	0.0	-0.6	-4.6	4.9	
Less: Consumption of fixed capital	276.7	1.7	1.6	1.6	1.4	
Net lending or net borrowing (-)	-593.4	-10.0	-41.8	-7.8	50.8	

Personal current taxes accelerated as a result of an acceleration in both withheld and nonwithheld income taxes.

Taxes on production and imports decelerated in the fourth quarter, reflecting downturns in air transport and tobacco excise taxes that were partly offset by an upturn in customs duties.

Taxes on corporate income decreased less than in the third quarter. Deposits of earnings from Federal Reserve banks decreased less; "other" corporate profits taxes turned down, reflecting a downturn in corporate profits.

Income receipts on assets turned up, reflecting an upturn in dividends caused by the pattern of dividend payments by Fannie Mae and Freddie Mac.

Current transfer receipts turned down sharply. The third-quarter receipts included \$12.4 billion (\$49.6 billion at an annual rate) in fines and penalties from Citigroup (\$4.2 billion) and Bank of America (\$8.2 billion) as part of settlement agreements between these corporations and the Department of Justice.

Consumption expenditures turned down in the fourth quarter. Defense spending turned down as the result of a downturn in purchases of services. Nondefense spending increased less.

Current transfer payments to the rest of the world turned down in the fourth quarter after increasing in the third quarter. The pattern of changes reflects second-quarter receipts of \$11.6 billion (\$46.4 billion at an annual rate) in fines and settlements levied against the foreign banks Credit Suisse and BNP Paribas. (Receipts from the rest of the world are netted against payments.)

Capital transfer payments turned down, reflecting a downturn in both highway grants and transit and railroad grants.

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 on [BEA's Web site](#).

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of these estimates, see NIPA table 3.18B.

1. See Mark S. Ludwick and Bnyam Tseyhay, "NIPA Translation of the Fiscal Year 2016 Federal Budget," *SURVEY OF CURRENT BUSINESS* 95 (March 2015).

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				
	2014	2014				
	IV	I	II	III	IV	
Current receipts	2,239.1	21.1	36.8	40.1	5.2	Personal current taxes accelerated in the fourth quarter because of an acceleration in personal income taxes.
Current tax receipts	1,518.3	2.7	0.6	21.3	16.6	
Personal current taxes	377.7	2.7	-12.4	7.4	11.2	Taxes on production and imports decelerated as a result of a downturn in severance taxes and a deceleration in sales taxes.
Taxes on production and imports	1,081.9	0.3	12.1	12.8	4.5	
Taxes on corporate income	58.7	-0.2	0.9	1.0	0.9	Federal grants-in-aid to state and local governments turned down because of a deceleration in Medicaid grants.
Contributions for government social insurance	17.5	0.0	0.0	-0.1	-0.1	
Income receipts on assets	81.3	0.2	0.4	0.1	0.3	Consumption expenditures decelerated in the fourth quarter, reflecting a downturn in purchases of nondurable goods.
Current transfer receipts	636.8	18.2	36.0	19.2	-11.5	
Federal grants-in-aid	510.3	21.2	35.0	13.2	-8.0	Government social benefits decelerated in the fourth quarter as a result of a deceleration in Medicaid benefits.
Other	126.5	-3.0	1.0	6.1	-3.6	
Current surplus of government enterprises	-14.8	0.0	-0.2	-0.4	-0.1	Gross government investment accelerated in the fourth quarter because of an acceleration in spending for motor vehicles.
Current expenditures	2,453.3	30.4	23.0	29.8	2.6	
Consumption expenditures	1,629.1	12.5	9.2	11.9	0.6	Net state and local government saving
Government social benefits	632.3	19.2	15.3	19.9	4.6	
Interest payments	191.5	-1.3	-1.4	-2.2	-2.4	Social insurance funds
Subsidies	0.5	0.0	0.0	0.0	0.0	
Net state and local government saving ...	-214.3	-9.3	13.8	10.3	2.5	Other
Social insurance funds	4.3	0.1	0.0	0.0	-0.1	
Other	-218.6	-9.4	13.8	10.4	2.5	Addenda:
Total receipts	2,306.4	21.3	38.7	44.7	-4.2	
Current receipts	2,239.1	21.1	36.8	40.1	5.2	Capital transfer receipts
Capital transfer receipts	67.3	0.3	1.9	4.5	-9.4	
Total expenditures	2,557.3	20.3	33.7	31.1	5.6	Gross government investment
Current expenditures	2,453.3	30.4	23.0	29.8	2.6	
Gross government investment	343.6	-8.0	12.5	3.3	4.2	Capital transfer payments
Capital transfer payments						
Net purchases of nonproduced assets	8.0	-0.3	-0.2	-0.2	-0.2	Less: Consumption of fixed capital
Less: Consumption of fixed capital	247.6	1.7	1.6	1.8	1.1	
Net lending or net borrowing (-)	-250.9	1.0	5.0	13.6	-9.8	

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 census of governments that is conducted in years that end in a 2 or a 7 and the Government Finances series of surveys for the other years. In addition, other sources of Census Bureau data are from the *Quarterly Summary of State and Local Government Tax Revenue* and the monthly *Value of Construction Put in Place*. Data sources from the Bureau of Labor Statistics include the Quarterly Census of Employment and Wages and the Employment Cost Index.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and

local government transactions by component are available annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available on [BEA's Web site](#). For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

Annual estimates of receipts and expenditures of state governments and of local governments are available in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures).¹

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