

Government Receipts and Expenditures

Third Quarter of 2017

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$799.2$ billion in the third quarter of 2017, increasing $\$47.9$ billion from $-\$847.1$ billion in the second quarter of 2017.

Net federal government saving was $-\$629.4$ billion in the third quarter, increasing $\$12.5$ billion from $-\$641.9$ billion in the second quarter (see page 2). In the third quarter, both current receipts and current expenditures turned up.

Net state and local government saving was $-\$169.8$ billion in the third quarter, increasing $\$35.4$ billion from $-\$205.2$ billion in the second quarter (see page 3). In the third quarter, current receipts turned up and current expenditures accelerated.

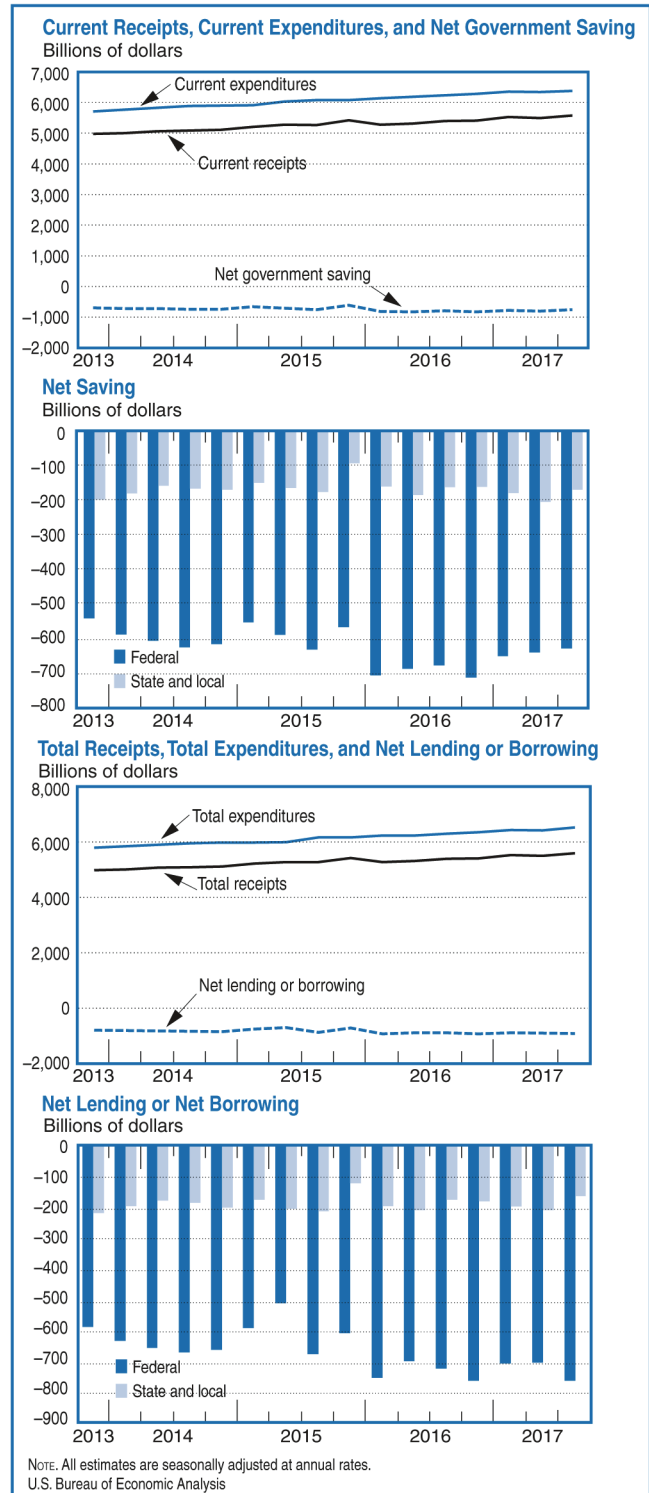
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was $\$932.8$ billion in the third quarter, increasing $\$13.9$ billion from $\$918.9$ billion in the second quarter. Federal government net borrowing was $\$766.1$ billion in the second quarter, increasing $\$58.7$ billion from $\$707.4$ billion in the second quarter. State and local government net borrowing was $\$166.7$ billion, decreasing $\$44.8$ billion from $\$211.5$ billion in the second 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		
	2017	2016	2017		
	III	IV	I	II	III
Current receipts	5,545.7	12.0	118.9	-31.8	87.3
Current expenditures	6,345.0	46.7	75.7	-17.5	39.6
Net government saving	-799.2	-34.6	43.3	-14.5	47.9
Federal	-629.4	-34.9	61.2	10.9	12.5
State and local	-169.8	0.3	-17.9	-25.4	35.4
Net lending or net borrowing (-)	-932.8	-44.3	39.7	-8.7	-13.9
Federal	-766.1	-39.7	56.5	2.6	-58.7
State and local	-166.7	-4.6	-16.7	-11.4	44.8

Chart 1. Government Fiscal Position



Kenneth Beatty 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			
	2017	2016	2017			
	III	IV	I	II	III	
Current receipts	3,604.2	-6.9	109.8	-32.8	47.8	
Current tax receipts	2,165.1	-18.6	20.4	17.3	14.4	
Personal current taxes	1,601.9	-5.9	22.0	12.5	15.4	Personal current taxes accelerated as a result of an acceleration in withheld income taxes.
Taxes on production and imports	132.9	1.8	-9.7	2.8	1.3	
Taxes on corporate income	407.8	-15.3	8.0	1.6	-2.6	Taxes on corporate income turned down in the third quarter, primarily reflecting a larger decrease in deposits of earnings from Federal Reserve banks.
Taxes from the rest of the world	22.4	0.9	-0.1	0.4	0.3	
Contributions for government social insurance	1,290.8	-8.0	34.1	9.7	11.9	
Income receipts on assets	59.4	8.3	20.6	-16.6	-0.5	Income receipts on assets decreased less, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.
Current transfer receipts	92.8	11.1	34.6	-42.8	22.1	
Current surplus of government enterprises	-4.0	0.3	0.1	-0.4	-0.2	
Current expenditures	4,233.6	28.0	48.7	-43.7	35.3	Current transfer receipts turned up in the third quarter. The third-quarter estimate was boosted \$5.5 billion (\$22.0 billion at an annual rate) from bank settlements.
Consumption expenditures	981.1	-2.3	2.1	2.8	10.3	
National defense	590.1	-6.1	-1.6	3.1	5.4	
Nondefense	391.0	3.8	3.6	-0.2	4.9	
Current transfer payments	2,716.2	5.9	31.6	-15.3	30.6	
Government social benefits	2,098.8	6.9	31.9	7.7	8.4	
To persons	2,076.9	7.2	31.4	7.6	8.1	
To the rest of the world	21.9	-0.3	0.5	0.2	0.2	
Other current transfer payments	617.4	-1.1	-0.3	-23.0	22.2	Consumption expenditures accelerated, reflecting an upturn in nondefense spending and an acceleration in defense spending.
Grants-in-aid to state and local governments	568.6	0.6	-2.1	-20.1	24.5	
To the rest of the world	48.8	-1.7	1.8	-3.0	-2.2	Interest payments decreased less in the third quarter, reflecting a smaller decrease in inflation expense payments on Treasury Inflation-Protected Securities.
Interest payments	475.3	25.9	15.7	-30.4	-7.0	
Subsidies	61.1	-1.4	-0.6	-0.9	1.5	Gross government investment turned down, reflecting a deceleration in defense investment, particularly for equipment.
Net federal government saving	-629.4	-34.9	61.2	10.9	12.5	
Social insurance funds	-314.1	-18.9	18.3	-1.0	-1.3	
Other	-315.3	-16.1	42.9	11.9	13.8	Capital transfer payments accelerated, reflecting the payments of \$19.0 billion (\$76.0 billion at an annual rate) in disaster-related insurance benefits from the National Flood Insurance Program for Hurricanes Harvey and Irma.
Addenda:						
Total receipts	3,626.0	-6.3	110.7	-32.5	48.0	
Current receipts	3,604.2	-6.9	109.8	-32.8	47.8	
Capital transfer receipts	21.8	0.5	0.9	0.3	0.2	
Total expenditures	4,392.0	33.3	54.3	-35.1	106.6	
Current expenditures	4,233.6	28.0	48.7	-43.7	35.3	
Gross government investment	282.5	3.2	6.9	8.6	-2.5	
Capital transfer payments	150.2	1.1	0.2	0.8	74.0	
Net purchases of nonproduced assets	-0.3	1.3	-0.2	-0.2	0.3	
Less: Consumption of fixed capital	273.9	0.3	1.2	0.8	0.3	
Net lending or net borrowing (-)	-766.1	-39.7	56.5	2.6	-58.7	

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 available monthly in NIPA table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4–3.8,

3.12, and 3.13, and quarterly estimates for selected series are available in NIPA underlying detail tables.

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.

All the estimates are available in interactive tables on [BEA's Web site](#).

1. See Mark S. Ludwick and Brendan Brankin, "NIPA Translation of the Fiscal Year 2018 Federal Budget," *SURVEY OF CURRENT BUSINESS* 97 (October 2017).

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		
	2017	2016	2017		
	III	IV	I	II	III
Current receipts	2,510.1	19.5	7.0	-19.1	64.0
Current tax receipts.....	1,706.4	2.6	24.0	-1.8	36.9
Personal current taxes.....	445.6	-0.7	19.6	-23.4	24.2
Taxes on production and imports.....	1,203.9	5.8	14.8	9.3	14.2
Taxes on corporate income.....	56.9	-2.4	-10.4	12.3	-1.5
Contributions for government social insurance.....	20.6	0.1	0.0	0.0	0.2
Income receipts on assets.....	79.6	0.3	-0.1	0.4	0.5
Current transfer receipts.....	710.1	16.9	-15.8	-18.6	26.1
Federal grants-in-aid.....	568.6	0.6	-2.1	-20.1	24.5
Other.....	141.5	16.3	-13.8	1.6	1.6
Current surplus of government enterprises.....	-6.6	-0.4	-1.0	0.8	0.3
Current expenditures	2,680.0	19.2	25.0	6.2	28.7
Consumption expenditures.....	1,761.1	7.8	21.2	10.3	17.4
Government social benefits.....	720.5	11.0	4.1	-3.2	11.5
Interest payments.....	197.8	0.4	-0.3	-1.0	-0.2
Subsidies.....	0.6	0.0	0.0	0.0	0.1
Net state and local government saving	-169.8	0.3	-17.9	-25.4	35.4
Social insurance funds.....	5.4	0.0	-0.1	0.0	0.1
Other.....	-175.3	0.3	-17.9	-25.3	35.2
Addenda:					
Total receipts	2,593.7	16.7	8.1	-17.5	73.8
Current receipts.....	2,510.1	19.5	7.0	-19.1	64.0
Capital transfer receipts.....	83.5	-2.8	1.1	1.6	9.7
Total expenditures	2,760.3	21.3	24.8	-6.1	28.9
Current expenditures.....	2,680.0	19.2	25.0	6.2	28.7
Gross government investment.....	330.7	3.6	3.3	-10.0	-1.8
Capital transfer payments.....
Net purchases of nonproduced assets.....	10.9	0.1	0.1	0.1	0.1
Less: Consumption of fixed capital.....	266.2	1.6	3.6	2.4	3.0
Net lending or net borrowing (-)	-166.7	-4.6	-16.7	-11.4	44.8

Personal current taxes turned up in the third quarter because of an upturn in personal income taxes.

Taxes on corporate income turned down. The second-quarter estimate was boosted by a filing deadline change for C corporations from March to April that shifted tax revenue from the first quarter to the second quarter.

Federal grants-in-aid turned up in the third quarter, reflecting an upturn in Medicaid grants.

Consumption expenditures accelerated in the third quarter, reflecting an acceleration in purchases of non-durable goods.

Government social benefits turned up in the third quarter as a result of an upturn in Medicaid benefits.

Gross government investment decreased less in the third quarter because of a smaller decrease in structures investment.

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

in NIPA tables 3.4–3.8, 3.12, and 3.13, and quarterly estimates for selected series are available in NIPA underlying detail tables. 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

All the estimates are available in interactive tables on [BEA's Web site](#).

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