



## Government Receipts and Expenditures

### Fourth Quarter of 2020

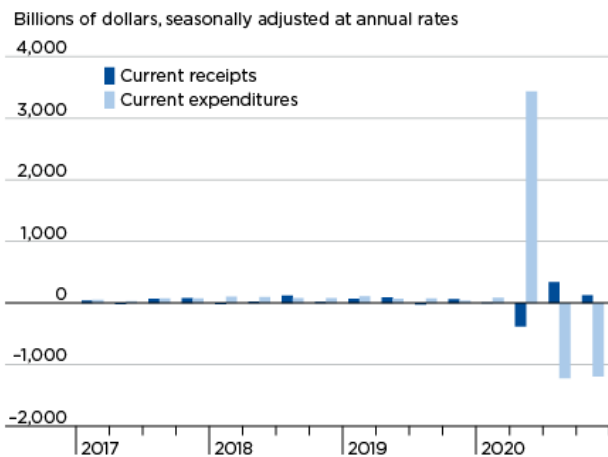
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was  $-\$2,290.0$  billion in the fourth quarter of 2020, increasing  $\$1,315.3$  billion from  $-\$3,605.3$  billion in the third quarter of 2020 (charts 1 and 2 and table 1).

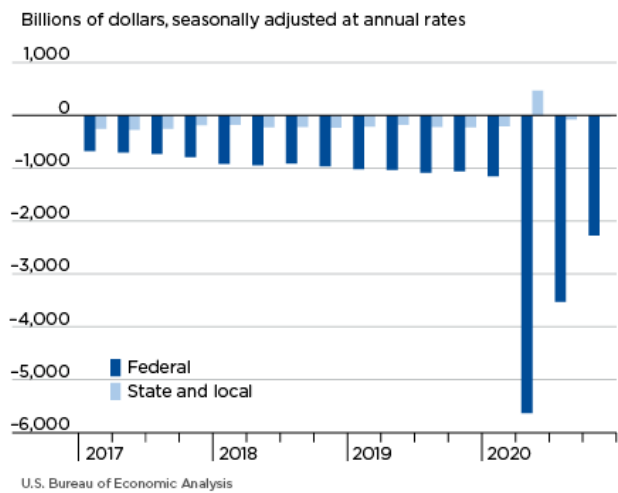
“Net lending or net borrowing (-)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was  $\$2,495.7$  billion in the fourth quarter, decreasing  $\$1,297.4$  billion from  $\$3,793.1$  billion in the third quarter (charts 3 and 4 and table 1).

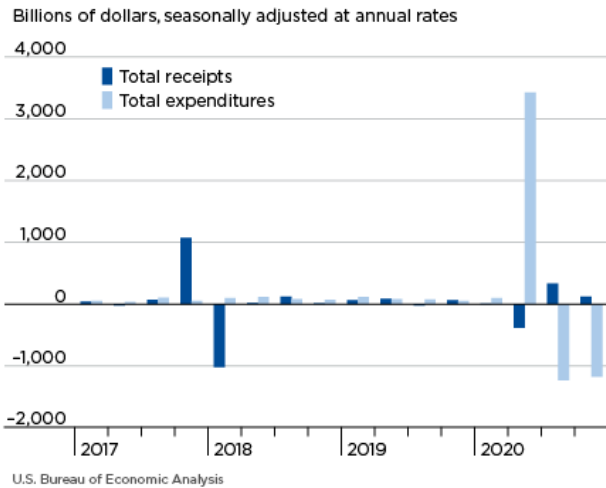
**Chart 1. Current Receipts and Expenditures: Change from Preceding Quarter**



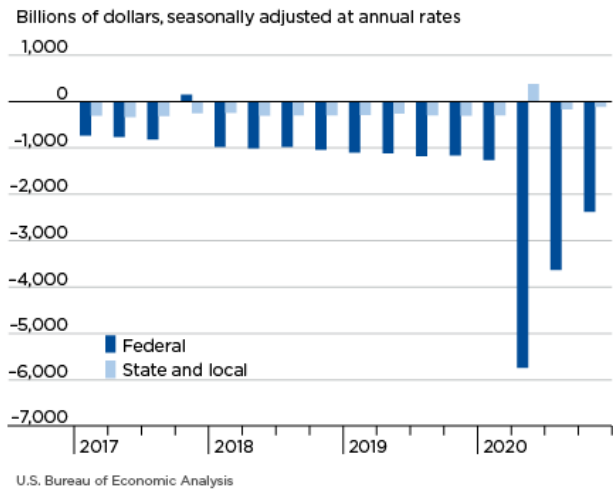
**Chart 2. Net Saving**



**Chart 3. Total Receipts and Expenditures:  
Change from Preceding Quarter**



**Chart 4. Net Lending or Net Borrowing**



**Table 1. Net Government Saving and Net Lending or Net Borrowing  
(Billions of dollars, seasonally adjusted at annual rates)**

| Line |   | Level           | Change from preceding quarter |                 |                |                |
|------|---|-----------------|-------------------------------|-----------------|----------------|----------------|
|      |   | 2020            | 2020                          | 2020            | 2020           | 2020           |
|      |   | IV              | I                             | II              | III            | IV             |
| 1    | Current receipts                        | 5,987.5         | 6.0                           | -383.6          | 337.8          | 123.1          |
| 2    | Current expenditures                    | 8,277.5         | 82.2                          | 3,430.9         | -1,224.9       | -1,192.2       |
| 3    | <b>Net government saving</b>            | <b>-2,290.0</b> | <b>-76.2</b>                  | <b>-3,814.5</b> | <b>1,562.7</b> | <b>1,315.3</b> |
| 4    | Federal                                 | -2,269.8        | -95.9                         | -4,487.5        | 2,109.7        | 1,258.8        |
| 5    | State and local                         | -20.1           | 19.7                          | 673.0           | -547.0         | 56.6           |
| 6    | <b>Net lending or net borrowing (-)</b> | <b>-2,495.7</b> | <b>-90.7</b>                  | <b>-3,803.0</b> | <b>1,566.7</b> | <b>1,297.4</b> |
| 7    | Federal                                 | -2,379.4        | -99.5                         | -4,479.1        | 2,111.3        | 1,248.4        |
| 8    | State and local                         | -116.3          | 8.7                           | 676.2           | -544.5         | 48.9           |

## Federal Government

Net federal government saving was  $-\$2,269.8$  billion in the fourth quarter, increasing  $\$1,258.8$  billion from  $-\$3,528.6$  billion in the third quarter (table 2). In the fourth quarter, current receipts decelerated and current expenditures decreased less.

Federal government net borrowing was  $\$2,379.4$  billion in the fourth quarter, decreasing  $\$1,248.4$  billion from  $\$3,627.8$  billion in the third quarter.

### Coronavirus (COVID-19) Impact on the Fourth-Quarter 2020 Federal Government Receipts and Expenditures Estimate

The fourth-quarter estimate for federal government receipts and expenditures was impacted by the response to the spread of COVID-19. Since the onset of the COVID-19 pandemic, several legislative acts, including the Coronavirus Aid, Relief, and Economic Security Act, were signed into law. The acts established several temporary programs and provided additional funding for existing federal programs to support individuals, communities, and businesses impacted by the pandemic. The full economic effects of the COVID-19 pandemic cannot be quantified in the federal government receipts and expenditures estimate for the fourth quarter of 2020, because the impacts are generally embedded in source data and cannot be separately identified. For more information, see the table "[Effects of Selected Federal Pandemic Response Programs on Federal Government Receipts, Expenditures, and Saving.](#)"

- Personal current taxes (line 3) decelerated in the fourth quarter, reflecting a deceleration in withheld taxes and a downturn in nonwithheld taxes. The deceleration in withheld taxes reflects the pattern of wages. The downturn in nonwithheld taxes reflects a downturn in nonwage income.
- Taxes on production and imports (line 4) decelerated in the fourth quarter. Excise taxes decelerated, reflecting downturns in taxes on gasoline, tobacco, and diesel fuel. These downturns were partially offset by an upturn in alcohol excise taxes and an acceleration in air transport taxes. Within taxes on production and imports, customs duties also decelerated in the fourth quarter, increasing  $\$5.1$  billion after increasing  $\$6.3$  billion in the third quarter, primarily reflecting a deceleration in the volume of imports.
- Taxes on corporate income (line 5) decelerated in the fourth quarter, reflecting a downturn in corporate profits.
- Contributions for government social insurance (line 7) decelerated in the fourth quarter, reflecting the pattern of wages.
- Income receipts on assets (line 8) turned down in the fourth quarter, reflecting a downturn in dividends from the Federal Reserve banks that was partially offset by an upturn in rents and royalties.
- Current transfer receipts (line 9) accelerated in the fourth quarter, reflecting a  $\$1.8$  billion ( $\$7.2$  billion at an annual rate) settlement with Goldman Sachs for violating anti-bribery laws.
- Nondefense consumption expenditures (line 14) decreased less in the fourth quarter. Nondefense services decreased less, reflecting a decrease in Paycheck Protection Program (PPP) fees paid to private lenders. The smaller decrease was partially offset by a downturn in compensation of general government employees. In the third quarter, compensation of general government employees was boosted by an increase in spending for temporary and intermittent decennial census workers.

- Government social benefits to persons (line 17) decreased less in the fourth quarter, decreasing \$576.6 billion after decreasing \$1.3 trillion in the third quarter. The smaller decrease in the fourth quarter reflects the pattern of economic impact payments to individuals authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which were mostly distributed in the second quarter. Transfers to nonprofits decreased less, reflecting a smaller decrease in transfers from the Public Health and Social Services Emergency Fund authorized by the CARES Act. The lost wages supplemental payments program, which provides additional unemployment benefits from the Federal Emergency Management Agency Disaster Relief Fund, turned down in the fourth quarter. Additionally, unemployment benefits continued to decrease, reflecting the July 25, 2020, expiration of pandemic unemployment compensation payments, which provided a temporary weekly supplemental benefit of \$600 to people receiving unemployment. Supplemental Nutrition Assistance Program benefits turned down in the fourth quarter.
- Grants-in-aid to state and local governments (line 20) turned up in the fourth quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CARES Act. Most of these funds were disbursed in the second quarter through the Coronavirus Relief Fund. Grants for health from the Provider Relief Fund and grants for education from the Education Stabilization Fund decreased less in the fourth quarter.
- Subsidies (line 23) turned down in the fourth quarter, reflecting a decrease in funds appropriated through the CARES Act. Notably, PPP loans to businesses turned down. In the initial round of PPP loans, most loans were approved in April and May of 2020 and were intended to cover expenses for 24 weeks.

**Table 2. Federal Government Current Receipts and Expenditures**

(Billions of dollars, seasonally adjusted at annual rates)

| Line            |   | Level           | Change from preceding quarter |                 |                 |                 |
|-----------------|---|-----------------|-------------------------------|-----------------|-----------------|-----------------|
|                 |   | 2020            | 2020                          | 2020            | 2020            | 2020            |
|                 |   | IV              | I                             | II              | III             | IV              |
| <b>1</b>        | <b>Current receipts</b>                       | <b>3,756.1</b>  | <b>-10.6</b>                  | <b>-284.3</b>   | <b>208.3</b>    | <b>79.0</b>     |
| 2               | Current tax receipts                          | 2,134.4         | -27.1                         | -220.3          | 134.3           | 70.4            |
| 3               | Personal current taxes                        | 1,717.7         | 16.4                          | -156.5          | 84.9            | 32.7            |
| 4               | Taxes on production and imports               | 150.8           | 4.6                           | -52.4           | 13.3            | 6.1             |
| 5               | Taxes on corporate income                     | 236.9           | -49.2                         | -9.0            | 35.5            | 29.9            |
| 6               | Taxes from the rest of the world              | 29.0            | 1.2                           | -2.5            | 0.7             | 1.7             |
| 7               | Contributions for government social insurance | 1,445.8         | 19.5                          | -62.2           | 52.4            | 19.2            |
| 8               | Income receipts on assets                     | 110.4           | 1.6                           | -5.4            | 20.3            | -17.3           |
| 9               | Current transfer receipts                     | 65.5            | -5.7                          | 3.1             | 0.6             | 7.0             |
| 10              | Current surplus of government enterprises     | 0.0             | 1.0                           | 0.6             | 0.7             | -0.3            |
| <b>11</b>       | <b>Current expenditures</b>                   | <b>6,025.9</b>  | <b>85.3</b>                   | <b>4,203.2</b>  | <b>-1,901.5</b> | <b>-1,179.7</b> |
| 12              | Consumption expenditures                      | 1,142.9         | 4.3                           | 50.1            | -27.1           | 1.9             |
| 13              | National defense                              | 712.0           | 1.0                           | -2.4            | 11.6            | 11.9            |
| 14              | Nondefense                                    | 430.9           | 3.3                           | 52.6            | -38.8           | -10.0           |
| 15              | Current transfer payments                     | 3,734.8         | 89.8                          | 3,164.2         | -1,988.6        | -570.5          |
| 16              | Government social benefits                    | 2,946.3         | 75.3                          | 2,402.0         | -1,326.4        | -576.7          |
| 17              | To persons                                    | 2,918.2         | 74.8                          | 2,392.8         | -1,320.4        | -576.7          |
| 18              | To the rest of the world                      | 28.1            | 0.5                           | 9.2             | -6.0            | 0.0             |
| 19              | Other current transfer payments               | 788.5           | 14.6                          | 762.3           | -662.3          | 6.2             |
| 20              | Grants-in-aid to state and local governments  | 738.1           | 12.4                          | 769.1           | -668.7          | 9.9             |
| 21              | To the rest of the world                      | 50.3            | 2.2                           | -6.8            | 6.4             | -3.8            |
| 22              | Interest payments                             | 538.5           | -2.8                          | -22.6           | -12.6           | -8.0            |
| 23              | Subsidies                                     | 609.8           | -6.0                          | 1,011.4         | 127.0           | -603.1          |
| <b>24</b>       | <b>Net federal government saving</b>          | <b>-2,269.8</b> | <b>-95.9</b>                  | <b>-4,487.5</b> | <b>2,109.7</b>  | <b>1,258.8</b>  |
| 25              | Social insurance funds                        | -781.1          | -29.5                         | -1,134.8        | 338.3           | 470.2           |
| 26              | Other   | -1,488.8        | -66.4                         | -3,352.7        | 1,771.4         | 788.5           |
| <b>Addenda:</b> |   |                 |                               |                 |                 |                 |
| <b>27</b>       | <b>Total receipts</b>                         | <b>3,773.8</b>  | <b>-9.4</b>                   | <b>-283.8</b>   | <b>208.6</b>    | <b>79.1</b>     |
| 28              | Current receipts                              | 3,756.1         | -10.6                         | -284.3          | 208.3           | 79.0            |
| 29              | Capital transfer receipts                     | 17.7            | 1.2                           | 0.5             | 0.3             | 0.1             |
| <b>30</b>       | <b>Total expenditures</b>                     | <b>6,153.2</b>  | <b>90.1</b>                   | <b>4,195.3</b>  | <b>-1,902.5</b> | <b>-1,169.4</b> |
| 31              | Current expenditures                          | 6,025.9         | 85.3                          | 4,203.2         | -1,901.5        | -1,179.7        |
| 32              | Gross government investment                   | 350.5           | 0.3                           | 2.1             | 9.4             | 4.4             |
| 33              | Capital transfer payments                     | 87.0            | 6.3                           | -7.3            | 2.8             | -0.9            |
| 34              | Net purchases of nonproduced assets           | -0.2            | 0.4                           | 0.4             | -11.0           | 10.9            |
| 35              | Less: Consumption of fixed capital            | 310.0           | 2.2                           | 3.1             | 2.3             | 4.1             |
| <b>36</b>       | <b>Net lending or net borrowing (-)</b>       | <b>-2,379.4</b> | <b>-99.5</b>                  | <b>-4,479.1</b> | <b>2,111.3</b>  | <b>1,248.4</b>  |

## Source Data and Other Information About 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 National Income and Product Accounts (NIPA) table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4, 3.5, 3.6, 3.7, 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.<sup>1</sup> For a historical time series of reconciliations of the NIPA estimates with the federal budget, see NIPA table 3.18b.

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1. See Mark S. Ludwick and Brendan I. Brankin, “NIPA Translation of the Fiscal Year 2020 Federal Budget,” *Survey of Current Business* 99 (May 2019).

## State and Local Government

Net state and local government saving was  $-\$20.1$  billion in the fourth quarter, increasing  $\$56.6$  billion from  $-\$76.7$  billion in the third quarter. In the fourth quarter, current receipts turned up and current expenditures turned down (table 3).

State and local government net borrowing was  $\$116.3$  billion, decreasing  $\$48.9$  billion from  $\$165.2$  billion in the third quarter.

- Taxes on production and imports (line 4) decelerated in the fourth quarter, reflecting a deceleration in sales taxes and a downturn in excise taxes.
- Taxes on corporate income (line 5) decelerated in the fourth quarter, reflecting a downturn in corporate profits.
- Federal grants-in-aid (line 9) turned up in the fourth quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CARES Act. Most of these funds were disbursed in the second quarter through the Coronavirus Relief Fund. Grants for health from the Provider Relief Fund and grants for education from the Education Stabilization Fund decreased less in the fourth quarter.
- Current surplus of government enterprises (line 11) decelerated in the fourth quarter, reflecting a deceleration in sales revenue by government enterprises, including decelerations in revenue from toll roads and public transit.
- Consumption expenditures (line 13) turned up in the fourth quarter, reflecting a deceleration in sales to other sectors, specifically health and hospital charges.
- Government social benefits (line 14) turned down in the fourth quarter, reflecting a downturn in Medicaid benefits.

**Table 3. State and Local Government Current Receipts and Expenditures**  
(Billions of dollars, seasonally adjusted at annual rates)

| Line            |   | Level          | Change from preceding quarter |              |               |             |
|-----------------|---|----------------|-------------------------------|--------------|---------------|-------------|
|                 |   | 2020           | 2020                          | 2020         | 2020          | 2020        |
|                 |   | IV             | I                             | II           | III           | IV          |
| <b>1</b>        | <b>Current receipts</b>                       | <b>2,969.6</b> | <b>29.1</b>                   | <b>669.7</b> | <b>-539.2</b> | <b>54.1</b> |
| 2               | Current tax receipts                          | 1,981.2        | 22.3                          | -89.8        | 126.4         | 39.9        |
| 3               | Personal current taxes                        | 524.5          | 14.9                          | 0.6          | 10.1          | 18.0        |
| 4               | Taxes on production and imports               | 1,360.8        | 15.8                          | -81.9        | 80.2          | 16.3        |
| 5               | Taxes on corporate income                     | 95.9           | -8.3                          | -8.5         | 36.0          | 5.7         |
| 6               | Contributions for government social insurance | 21.8           | -0.7                          | -1.3         | 1.1           | 1.6         |
| 7               | Income receipts on assets                     | 98.7           | 0.2                           | 0.1          | 0.1           | 0.7         |
| 8               | Current transfer receipts                     | 887.4          | 13.2                          | 769.9        | -667.9        | 11.6        |
| 9               | Federal grants-in-aid                         | 738.1          | 12.4                          | 769.1        | -668.7        | 9.9         |
| 10              | Other   | 149.3          | 0.8                           | 0.8          | 0.8           | 1.7         |
| 11              | Current surplus of government enterprises     | -19.7          | -5.9                          | -9.1         | 1.1           | 0.1         |
| <b>12</b>       | <b>Current expenditures</b>                   | <b>2,989.7</b> | <b>9.4</b>                    | <b>-3.3</b>  | <b>7.9</b>    | <b>-2.6</b> |
| 13              | Consumption expenditures                      | 1,883.6        | 9.2                           | -43.0        | -3.8          | 2.4         |
| 14              | Government social benefits                    | 827.6          | 6.1                           | 45.1         | 16.3          | -0.9        |
| 15              | Interest payments                             | 277.9          | -5.9                          | -5.3         | -4.7          | -4.1        |
| 16              | Subsidies                                     | 0.6            | 0.0                           | 0.0          | 0.0           | 0.0         |
| <b>17</b>       | <b>Net state and local government saving</b>  | <b>-20.1</b>   | <b>19.7</b>                   | <b>673.0</b> | <b>-547.0</b> | <b>56.6</b> |
| 18              | Social insurance funds                        | 5.7            | -1.0                          | -1.5         | 0.9           | 1.4         |
| 19              | Other   | -25.8          | 20.7                          | 674.5        | -547.9        | 55.2        |
| <b>Addenda:</b> |   |                |                               |              |               |             |
| <b>20</b>       | <b>Total receipts</b>                         | <b>3,049.0</b> | <b>31.8</b>                   | <b>673.9</b> | <b>-541.8</b> | <b>53.9</b> |
| 21              | Current receipts                              | 2,969.6        | 29.1                          | 669.7        | -539.2        | 54.1        |
| 22              | Capital transfer receipts                     | 79.5           | 2.8                           | 4.1          | -2.6          | -0.1        |
| <b>23</b>       | <b>Total expenditures</b>                     | <b>3,165.4</b> | <b>23.1</b>                   | <b>-2.3</b>  | <b>2.7</b>    | <b>5.1</b>  |
| 24              | Current expenditures                          | 2,989.7        | 9.4                           | -3.3         | 7.9           | -2.6        |
| 25              | Gross government investment                   | 458.1          | 15.1                          | -4.0         | -1.2          | 9.7         |
| 26              | Capital transfer payments                     |                |                               |              |               |             |
| 27              | Net purchases of nonproduced assets           | 24.9           | 1.2                           | 5.8          | 0.3           | 0.4         |
| 28              | Less: Consumption of fixed capital            | 307.4          | 2.4                           | 0.9          | 4.3           | 2.5         |
| <b>29</b>       | <b>Net lending or net borrowing (-)</b>       | <b>-116.3</b>  | <b>8.7</b>                    | <b>676.2</b> | <b>-544.5</b> | <b>48.9</b> |

## Source Data and Other Information About 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, 3.5, 3.6, 3.7, 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).<sup>1</sup>

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1. See Bruce E. Baker, “[Receipts and Expenditures of State Governments and of Local Governments](#),” *Survey of Current Business* 85 (October 2005): 5–10.