

Government Receipts and Expenditures

Fourth Quarter of 2018

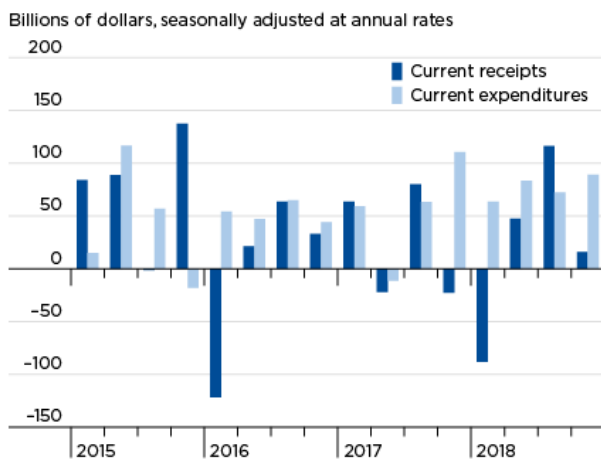
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$1,265.2$ billion in the fourth quarter of 2018, decreasing $\$73.1$ billion from $-\$1,192.1$ billion in the third quarter of 2018 (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.

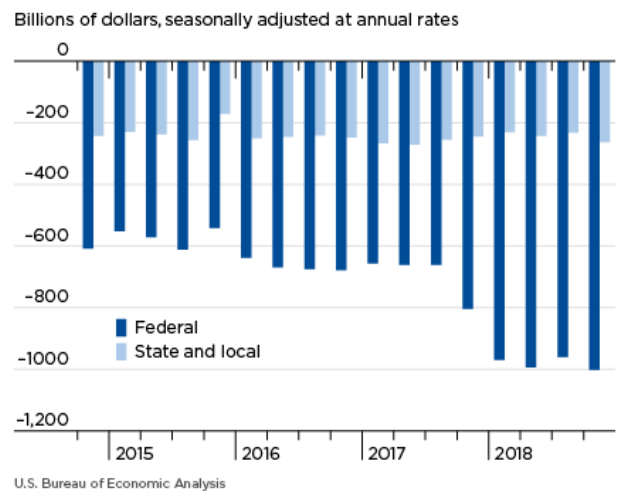
Net borrowing was $\$1,375.1$ billion in the fourth quarter, increasing $\$50.1$ billion from $\$1,325.0$ billion in the third quarter (charts 3 and 4 and table 1).

Chart 1. Current Receipts and Expenditures: Change From Preceding Quarter



U.S. Bureau of Economic Analysis

Chart 2. Net Saving



U.S. Bureau of Economic Analysis

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

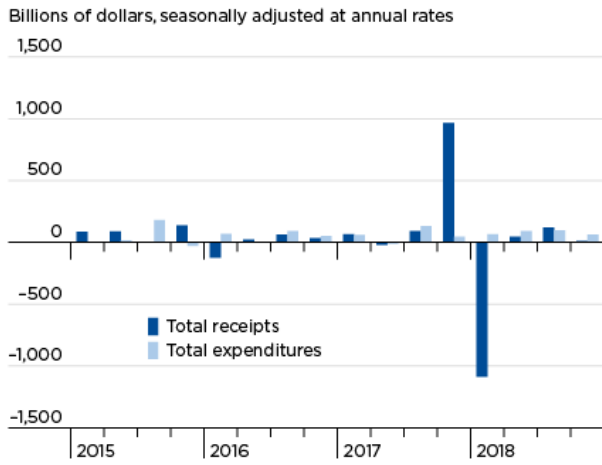


Chart 4. Net Lending or Net Borrowing

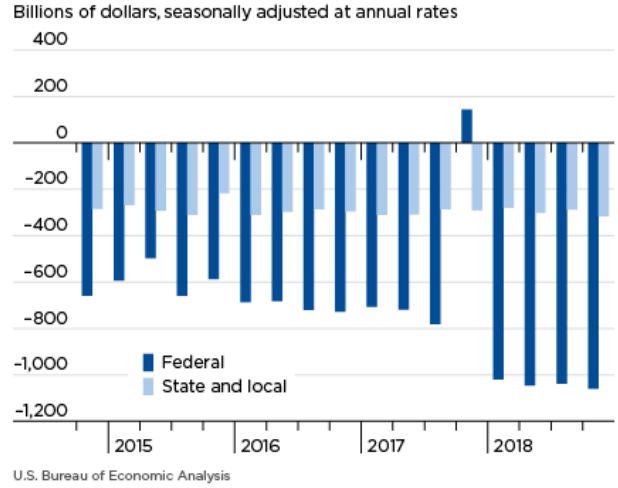


Table 1. Net Government Saving and Net Lending or Net Borrowing
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2018	2018	2018	2018
		IV	I	II	III	IV
1	Current receipts	5,592.6	-88.3	47.4	116.3	15.8
2	Current expenditures	6,857.8	63.5	83.2	72.2	89.0
3	Net government saving	-1,265.2	-151.7	-35.9	44.0	-73.1
4	Federal	-1,002.2	-166.3	-23.8	33.1	-41.6
5	State and local	-263.1	14.5	-12.0	10.9	-31.6
6	Net lending or net borrowing (-)	-1,375.1	-1,153.4	-46.2	20.9	-50.1
7	Federal	-1,058.8	-1,164.0	-25.7	8.0	-21.3
8	State and local	-316.3	10.6	-20.5	13.0	-28.9

Federal Government

Net federal government saving was $-\$1,002.2$ billion in the fourth quarter, decreasing $\$41.6$ billion from $-\$960.6$ billion in the third quarter (table 2). In the fourth quarter, current receipts decelerated, and current expenditures accelerated.

Federal government net borrowing was $\$1,058.8$ billion in the fourth quarter, increasing $\$21.3$ billion from $\$1,037.5$ billion in the third quarter.

- Personal current taxes (line 3) decelerated in the fourth quarter, reflecting the pattern of wages.
- Taxes on production and imports (line 4) accelerated in the fourth quarter, reflecting an acceleration in customs duties. In addition to the tariff increases implemented earlier this year, new tariffs on certain imported goods from China began in late September.
- Taxes on corporate income (line 5) turned down 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 deceleration in dividends from Fannie Mae and Freddie Mac.
- Current transfer receipts (line 9) turned down in the fourth quarter. Third-quarter receipts had been boosted by a $\$2.1$ billion ($\$8.4$ billion at an annual rate) settlement with Wells Fargo and a $\$4.9$ billion ($\$19.6$ billion at an annual rate) settlement with the Royal Bank of Scotland in the third quarter.
- Government social benefits to persons (line 17) accelerated in the fourth quarter, reflecting an acceleration in Social Security and Medicare benefits.
- Grants-in-aid to state and local governments (line 20) turned down in the fourth quarter, reflecting a downturn in Medicaid grants and other health grants.
- Other current transfer payments to the rest of the world (line 21) turned up in the fourth quarter, reflecting economic support payments to Egypt and Israel; there were no support payments in the third quarter.
- Interest payments (line 22) decelerated in the fourth quarter, reflecting a downturn in interest paid on Treasury Inflation Protected Securities.
- Subsidies (line 23) accelerated in the fourth quarter, reflecting an acceleration in agricultural subsidies from the U.S. Department of Agriculture's Market Facilitation Program, which provides relief from tariffs for certain farm products.
- Capital transfer payments (line 33) turned down; third-quarter transfers were boosted by the payment of $\$5.0$ billion ($\$20.0$ billion at an annual rate) in disaster-related insurance benefits from the National Flood Insurance Program for Hurricane Florence.
- Net purchases of nonproduced assets (line 34) turned down in the fourth quarter, reflecting an acceleration in bonuses received for onshore gas and oil leases.

Table 2. Federal Government Current Receipts and Expenditures
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2018	2018	2018	2018	2018
		IV	I	II	III	IV
1	Current receipts	3,569.5	-105.3	27.9	91.3	22.0
2	Current tax receipts	2,018.8	-149.2	27.8	37.3	44.9
3	Personal current taxes	1,648.2	-49.4	15.3	26.1	22.9
4	Taxes on production and imports	180.7	15.6	2.5	6.9	21.8
5	Taxes on corporate income	160.9	-115.4	9.1	4.6	-1.8
6	Taxes from the rest of the world	29.1	-0.1	1.0	-0.3	2.1
7	Contributions for government social insurance	1,364.5	26.0	8.7	14.7	13.6
8	Income receipts on assets	126.5	13.3	-9.6	13.8	-0.1
9	Current transfer receipts	69.0	7.5	2.9	25.2	-36.2
10	Current surplus of government enterprises	-9.4	-3.0	-1.8	0.2	-0.3
11	Current expenditures	4,571.7	61.0	51.7	58.2	63.6
12	Consumption expenditures	1,046.2	14.8	15.2	13.4	4.9
13	National defense	637.6	8.1	11.8	10.2	9.0
14	Nondefense	408.5	6.5	3.5	3.2	-4.2
15	Current transfer payments	2,874.1	45.5	28.7	24.3	21.0
16	Government social benefits	2,242.3	36.8	16.6	23.3	30.2
17	To persons	2,219.4	36.5	16.6	23.2	30.3
18	To the rest of the world	22.8	0.3	0.0	0.1	-0.2
19	Other current transfer payments	631.8	8.8	12.1	1.0	-9.2
20	Grants-in-aid to state and local governments	569.6	18.0	-2.6	10.4	-17.4
21	To the rest of the world	62.2	-9.2	14.7	-9.4	8.2
22	Interest payments	566.7	4.4	9.0	19.9	12.3
23	Subsidies	84.7	-3.6	-1.3	0.7	25.3
24	Net federal government saving	-1,002.2	-166.3	-23.8	33.1	-41.6
25	Social insurance funds	-380.8	-7.6	-10.2	-9.5	-16.9
26	Other	-621.4	-158.6	-13.7	42.6	-24.7
	Addenda:					
27	Total receipts	3,592.3	-1,105.0	26.1	91.2	21.9
28	Current receipts	3,569.5	-105.3	27.9	91.3	22.0
29	Capital transfer receipts	22.8	-999.7	-1.8	-0.1	-0.1
30	Total expenditures	4,651.0	59.0	51.8	83.3	43.0
31	Current expenditures	4,571.7	61.0	51.7	58.2	63.6
32	Gross government investment	295.8	-0.4	2.9	3.1	7.6
33	Capital transfer payments	73.0	-0.1	-0.6	24.2	-23.5
34	Net purchases of nonproduced assets	-3.3	0.1	-0.2	0.1	-2.7
35	<i>Less: Consumption of fixed capital</i>	286.0	1.6	2.1	2.3	1.7
36	Net lending or net borrowing (-)	-1,058.8	-1,164.0	-25.7	8.0	-21.3

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 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 reconciliations of the NIPA estimates with the federal budget, see NIPA table 3.18b.

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

1. See Mark S. Ludwick and Brendan Brankin, "NIPA Translation of the Fiscal Year 2019 Federal Budget," *Survey of Current Business* 98 (March 2018).

State and Local Government

Net state and local government saving was $-\$263.1$ billion in the fourth quarter, decreasing $\$31.6$ billion from $-\$231.5$ billion in the second quarter. In the fourth quarter, current receipts turned down, and current expenditures decelerated (table 3).

State and local government net borrowing was $\$316.3$ billion, increasing $\$28.9$ billion from $\$287.4$ billion in the third quarter.

- Personal current taxes (line 3) turned down in the fourth quarter, reflecting a downturn in personal income taxes.
- Taxes on corporate income (line 5) turned down in the quarter, reflecting a downturn in corporate profits.
- Federal grants-in-aid (line 9) turned down in the fourth quarter, reflecting a downturn in grants for Medicaid and other health programs.
- Government social benefits (line 14) turned down in the fourth quarter, reflecting a downturn in Medicaid benefits.
- Capital transfer receipts (line 22) turned down in the fourth quarter; third-quarter transfers were boosted by $\$0.8$ billion ($\$3.2$ billion at an annual rate) in disaster-related insurance benefits for Hurricane Florence.
- Gross government investment (line 25) turned down in the fourth quarter, reflecting downturns in investment for structures and equipment.

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

Line		Level	Change from preceding quarter			
		2018	2018	2018	2018	2018
		IV	I	II	III	IV
1	Current receipts	2,592.7	35.0	16.8	35.5	-23.6
2	Current tax receipts	1,770.6	14.3	17.0	22.7	-13.2
3	Personal current taxes	422.8	8.5	-10.0	3.5	-16.8
4	Taxes on production and imports	1,288.3	12.3	13.0	14.9	12.0
5	Taxes on corporate income	59.5	-6.3	13.9	4.4	-8.5
6	Contributions for government social insurance	22.1	0.3	0.3	0.3	0.2
7	Income receipts on assets	87.7	-0.2	0.6	0.3	0.2
8	Current transfer receipts	716.5	20.1	-0.7	12.4	-10.4
9	Federal grants-in-aid	569.6	18.0	-2.6	10.4	-17.4
10	Other	146.9	2.2	2.0	1.9	7.0
11	Current surplus of government enterprises	-4.2	0.3	-0.3	-0.2	-0.4
12	Current expenditures	2,855.8	20.5	28.9	24.5	8.0
13	Consumption expenditures	1,834.8	16.4	18.7	19.7	12.0
14	Government social benefits	743.7	7.8	13.1	6.9	-2.8
15	Interest payments	276.7	-3.7	-3.0	-2.1	-1.2
16	Subsidies	0.6	0.0	0.0	0.0	0.0
17	Net state and local government saving	-263.1	14.5	-12.0	10.9	-31.6
18	Social insurance funds	4.6	0.1	0.1	0.1	0.1
19	Other	-267.7	14.4	-12.2	10.9	-31.7
Addenda:						
20	Total receipts	2,664.0	35.2	16.6	42.9	-29.1
21	Current receipts	2,592.7	35.0	16.8	35.5	-23.6
22	Capital transfer receipts	71.3	0.1	-0.2	7.5	-5.6
23	Total expenditures	2,980.2	24.7	37.1	29.9	-0.4
24	Current expenditures	2,855.8	20.5	28.9	24.5	8.0
25	Gross government investment	392.8	7.1	12.9	7.7	-5.4
26	Capital transfer payments
27	Net purchases of nonproduced assets	14.9	0.2	0.3	0.3	0.3
28	Less: Consumption of fixed capital	283.2	3.3	4.8	2.8	3.1
29	Net lending or net borrowing (-)	-316.3	10.6	-20.5	13.0	-28.9

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 3.4–3.8, 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 website.

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