



Government Receipts and Expenditures

First Quarter of 2021

By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was $-\$4,269.4$ billion in the first quarter of 2021, decreasing $\$2,028.0$ billion from $-\$2,241.4$ billion in the fourth 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 $\$4,653.8$ billion in the first quarter, increasing $\$2,206.7$ billion from $\$2,447.1$ billion in the fourth quarter (charts 3 and 4 and table 1).

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

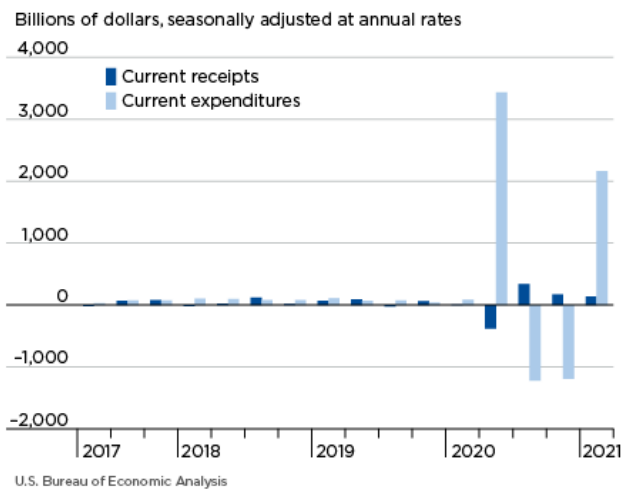
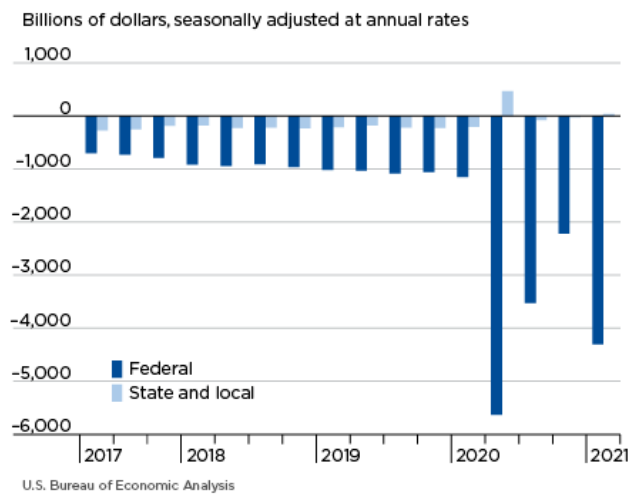


Chart 2. Net Saving



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

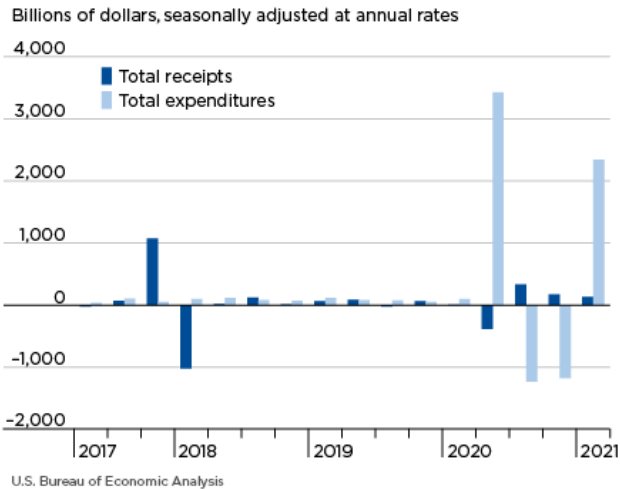


Chart 4. Net Lending or Net Borrowing

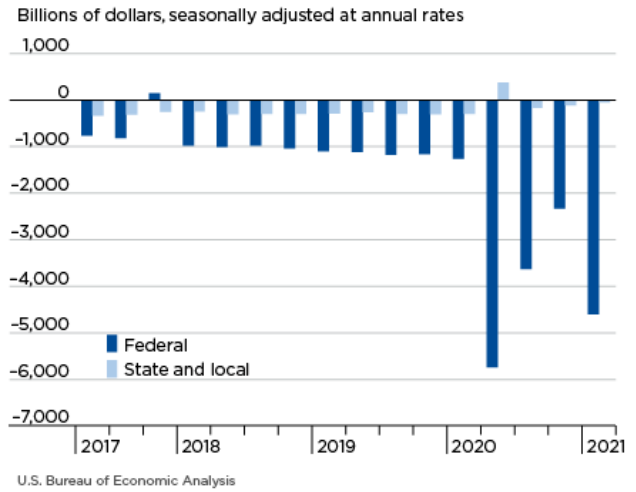


Table 1. Net Government Saving and Net Lending or Net Borrowing
(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2021	2020	2020	2020	2021
		Q1	Q2	Q3	Q4	Q1
1	Current receipts	6,169.7	-383.6	337.8	171.7	133.6
2	Current expenditures	10,439.1	3,430.9	-1,224.9	-1,192.2	2,161.6
3	Net government saving	-4,269.4	-3,814.5	1,562.7	1,363.9	-2,028.0
4	Federal	-4,305.4	-4,487.5	2,109.7	1,307.4	-2,084.2
5	State and local	36.0	673.0	-547.0	56.6	56.1
6	Net lending or net borrowing (-)	-4,653.8	-3,803.0	1,566.7	1,346.0	-2,206.7
7	Federal	-4,601.9	-4,479.1	2,111.3	1,297.0	-2,271.1
8	State and local	-51.9	676.2	-544.5	48.9	64.4

Federal Government

Net federal government saving was -\$4,305.4 billion in the first quarter, decreasing \$2,084.2 billion from -\$2,221.2 billion in the fourth quarter (table 2). In the first quarter, current receipts decelerated and current expenditures turned up.

Federal government net borrowing was \$4,601.9 billion in the first quarter, increasing \$2,271.1 billion from \$2,330.8 billion in the fourth quarter.

Coronavirus (COVID-19) Impact on the First-Quarter 2021 Federal Government Receipts and Expenditures Estimate

The first-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, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan 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 estimates, 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 first quarter, reflecting a deceleration in withheld taxes and a larger decrease in nonwithheld taxes. The deceleration in withheld taxes reflects the pattern of wages. The larger decrease in nonwithheld taxes reflects an increase in refunds of personal income taxes. Annual changes in the amount of income taxes collected through final settlements each year and the amount returned to taxpayers as refunds each year are reflected in the first quarter.
- Taxes on production and imports (line 4) accelerated in the first quarter, reflecting an acceleration in customs duties. Customs duties increased \$9.2 billion after increasing \$5.1 billion in the fourth quarter, primarily reflecting an acceleration in the volume of imports. The acceleration was slightly offset by a downturn in excise taxes. Within excise taxes, health insurance taxes turned down, reflecting a repeal on the annual fees on health insurance companies beginning in 2021 as part of the Consolidated Appropriations Act. The downturn in health insurance taxes was partially offset by an acceleration in air transport excise taxes, reflecting the end of the aviation tax holiday that was initiated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act from the second quarter through the fourth quarter of 2020.
- Taxes on corporate income (line 5) decelerated in the first quarter, reflecting a smaller decrease in corporate profits.
- Contributions for government social insurance (line 7) decelerated in the first quarter, reflecting the pattern of wages. Contributions for FICA (Federal Insurance Contributions Act) by employers, employees, and the self-employed decelerated. Partially offsetting the deceleration, contributions for Medicare were boosted \$8.8 billion as a result of premium increases.
- Income receipts on assets (line 8) decreased less in the first quarter, reflecting a smaller decrease in dividends from the Federal Reserve banks.

- Current transfer receipts (line 9) turned down in the first quarter, reflecting a downturn in current transfer receipts from business. The downturn reflects the pattern of settlements from U.S. companies. In the first quarter, Boeing paid a \$0.2 billion (\$0.8 billion at an annual rate) settlement related to the 737 MAX crashes in 2018 and 2019. Fourth-quarter receipts were boosted by a \$1.8 billion (\$7.2 billion at an annual rate) settlement with Goldman Sachs for violating anti-bribery laws. The downturn in current transfer receipts was partially offset by an acceleration in current transfer receipts from the rest of the world, reflecting a \$0.8 billion (\$3.2 billion at an annual rate) settlement with foreign automaker Daimler for cheating on emissions tests.
- Consumption expenditures (line 14) turned up in the first quarter. Nondefense services turned up, reflecting an increase in Paycheck Protection Program (PPP) fees paid to private lenders. Spending for nondurable goods accelerated, reflecting increased spending on COVID-19 vaccines.
- Government social benefits to persons (line 17) turned up in the first quarter, increasing \$2.2 trillion after decreasing \$576.6 billion in the fourth quarter. The upturn in the first quarter reflects two new rounds of economic impact payments to individuals initially authorized by the CARES Act. The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act authorized \$600 payments to individuals, which were mostly paid in January. The American Rescue Plan Act authorized \$1,400 payments to individuals, which were mostly paid in March. Unemployment benefits turned up, reflecting the introduction of the temporary weekly supplemental payment of \$300 to persons receiving unemployment benefits. The previous pandemic unemployment compensation benefits established by the CARES Act, which provided a temporary weekly supplemental benefit of \$600 to persons receiving unemployment, expired on July 25th. Affordable Care Act (ACA) refundable tax credits turned up, reflecting an increase in enrollments in ACA plans due to the extended enrollment period. Transfers to nonprofits turned up, reflecting an upturn in transfers from the Public Health and Social Services Emergency Fund. Supplemental Nutrition Assistance Program (SNAP) benefits turned up in the first quarter, reflecting a 15 percent increase in the amount of SNAP benefits households can receive beginning in January 2021. Social security accelerated, reflecting a cost-of-living adjustment that boosted benefits.
- Grants-in-aid to state and local governments (line 20) accelerated in the first quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CRRSA Act and the American Rescue Plan Act. Housing and community service grants from the Emergency Rental Assistance Program and the Homeowner Assistance Fund turned up. Income security grants also turned up, reflecting an increase in Federal Emergency Management Agency (FEMA) disaster relief. Education grants accelerated, reflecting increased spending on COVID-19 response activities in schools through the Education Stabilization Fund.
- Subsidies (line 23) decreased less in the first quarter, reflecting a smaller decrease in funds appropriated through the CARES Act. Notably, PPP loans to businesses decreased less. 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. [A new round of PPP loans](#) authorized by the CRRSA Act that started in the first quarter also contributed to the smaller decrease. Tax credits to fund paid sick leave also continued to decrease, reflecting a less generous extension of the tax credits authorized by the CARES Act for 2020. Agricultural subsidies turned down in the first quarter, reflecting a decrease in payments to farmers from the Coronavirus Food Assistance Program. These downturns were partially offset by an upturn in air carrier subsidies, reflecting an increase in payroll support payments to airlines.

- Capital transfer payments (line 33) turned up in the first quarter, reflecting an upturn in capital transfer payments to persons and an acceleration in capital transfer payments to the rest of the world. The upturn in capital transfer payments to persons and the acceleration in capital transfer payments to the rest of the world reflect the payments from [the Emergency Rental Assistance Program and Homeowner Assistance Fund](#). These programs provide funds for the payment of rent, rental arrears, utilities and home energy costs, utilities and home energy costs arrears, and other housing expenses resulting from the pandemic.

Table 2. Federal Government Current Receipts and Expenditures

(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2021	2020	2020	2020	2021
		Q1	Q2	Q3	Q4	Q1
1	Current receipts	3,865.9	-284.3	208.3	127.6	61.2
2	Current tax receipts	2,198.9	-220.3	134.3	98.3	36.6
3	Personal current taxes	1,757.8	-156.5	84.9	60.6	12.2
4	Taxes on production and imports	159.8	-52.4	13.3	6.1	9.0
5	Taxes on corporate income	250.9	-9.0	35.5	29.9	14.0
6	Taxes from the rest of the world	30.4	-2.5	0.7	1.7	1.4
7	Contributions for government social insurance	1,504.1	-62.2	52.4	40.0	37.5
8	Income receipts on assets	103.7	-5.4	20.3	-17.3	-6.7
9	Current transfer receipts	60.1	3.1	0.6	7.0	-5.4
10	Current surplus of government enterprises	-1.0	0.6	0.7	-0.3	-1.0
11	Current expenditures	8,171.3	4,203.2	-1,901.5	-1,179.7	2,145.4
12	Consumption expenditures	1,206.3	50.1	-27.1	1.9	63.4
13	National defense	712.8	-2.4	11.6	11.9	0.8
14	Nondefense	493.5	52.6	-38.8	-10.0	62.6
15	Current transfer payments	6,032.5	3,164.2	-1,988.6	-570.5	2,297.7
16	Government social benefits	5,191.2	2,402.0	-1,326.4	-576.7	2,244.9
17	To persons	5,163.2	2,392.8	-1,320.4	-576.7	2,245.0
18	To the rest of the world	28.0	9.2	-6.0	0.0	-0.1
19	Other current transfer payments	841.3	762.3	-662.3	6.2	52.8
20	Grants-in-aid to state and local governments	785.6	769.1	-668.7	9.9	47.5
21	To the rest of the world	55.7	-6.8	6.4	-3.8	5.4
22	Interest payments	529.7	-22.6	-12.6	-8.0	-8.8
23	Subsidies	402.7	1,011.4	127.0	-603.1	-207.1
24	Net federal government saving	-4,305.4	-4,487.5	2,109.7	1,307.4	-2,084.2
25	Social insurance funds	-1,008.6	-1,134.8	338.3	491.0	-248.3
26	Other	-3,296.8	-3,352.7	1,771.4	816.4	-1,835.9
Addenda:						
27	Total receipts	3,883.6	-283.8	208.6	127.7	61.2
28	Current receipts	3,865.9	-284.3	208.3	127.6	61.2
29	Capital transfer receipts	17.7	0.5	0.3	0.1	0.0
30	Total expenditures	8,485.5	4,195.3	-1,902.5	-1,169.4	2,332.3
31	Current expenditures	8,171.3	4,203.2	-1,901.5	-1,179.7	2,145.4
32	Gross government investment	350.8	2.1	9.4	4.4	0.3
33	Capital transfer payments	295.1	-7.3	2.8	-0.9	208.1
34	Net purchases of nonproduced assets	-18.3	0.4	-11.0	10.9	-18.1
35	Less: Consumption of fixed capital	313.5	3.1	2.3	4.1	3.5
36	Net lending or net borrowing (-)	-4,601.9	-4,479.1	2,111.3	1,297.0	-2,271.1

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.¹ For a historical time series of reconciliations of the NIPA estimates with the federal budget, see NIPA table 3.18b.

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 \$36.0 billion in the first quarter, increasing \$56.1 billion from -\$20.1 billion in the fourth quarter. In the first quarter, current receipts accelerated and current expenditures turned up (table 3).

State and local government net borrowing was \$51.9 billion, decreasing \$64.4 billion from \$116.3 billion in the fourth quarter.

- Personal current taxes (line 3) accelerated in the first quarter, reflecting an acceleration in income taxes.
- Taxes on production and imports (line 4) accelerated in the first quarter, reflecting an upturn in excise taxes and an acceleration in other taxes, which was partially offset by a deceleration in sales taxes. The upturn in excise taxes reflects an upturn in state insurance receipts. The acceleration in other taxes on production reflects an upturn in state corporate license taxes.
- Taxes on corporate income (line 5) decelerated in the first quarter, reflecting a smaller decrease in corporate profits.
- Federal grants-in-aid (line 9) accelerated in the first quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CRRSA Act and the American Rescue Plan Act. Housing and community service grants from the Emergency Rental Assistance Program and the Homeowner Assistance Fund turned up. Income security grants also turned up, reflecting an increase in FEMA disaster relief.
- Other current transfer receipts (line 10) accelerated in the first quarter, reflecting a \$0.6 billion (\$2.4 billion at an annual rate) settlement between McKinsey & Company and 49 states as well as the District of Columbia for their role in encouraging opioid sales. The acceleration also reflects a \$0.3 billion (\$1.2 billion at an annual rate) settlement between the foreign auto company Daimler and the state of California relating to cheating on emissions tests.
- Current surplus of government enterprises (line 11) accelerated in the first quarter, reflecting an increase in subsidies to mass transit enterprises.
- Consumption expenditures (line 13) accelerated in the first quarter, reflecting an upturn in compensation of general government employees and an acceleration in nondurable goods, specifically petroleum.

- Government social benefits (line 14) turned up in the first quarter, reflecting an upturn in Medicaid benefits.
- Subsidies (line 16) accelerated in the first quarter, reflecting the Golden State Stimulus grants to small businesses impacted by the pandemic in California.

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

Line		Level	Change from preceding quarter			
		2021	2020	2020	2020	2021
		Q1	Q2	Q3	Q4	Q1
1	Current receipts	3,089.5	669.7	-539.2	54.1	119.9
2	Current tax receipts	2,037.7	-89.8	126.4	39.9	56.5
3	Personal current taxes	555.0	0.6	10.1	18.0	30.5
4	Taxes on production and imports	1,386.2	-81.9	80.2	16.3	25.4
5	Taxes on corporate income	96.6	-8.5	36.0	5.7	0.7
6	Contributions for government social insurance	23.9	-1.3	1.1	1.6	2.1
7	Income receipts on assets	99.3	0.1	0.1	0.7	0.6
8	Current transfer receipts	938.9	769.9	-667.9	11.6	51.5
9	Federal grants-in-aid	785.6	769.1	-668.7	9.9	47.5
10	Other	153.3	0.8	0.8	1.7	4.0
11	Current surplus of government enterprises	-10.4	-9.1	1.1	0.1	9.3
12	Current expenditures	3,053.4	-3.3	7.9	-2.6	63.7
13	Consumption expenditures	1,935.7	-43.0	-3.8	2.4	52.1
14	Government social benefits	840.3	45.1	16.3	-0.9	12.7
15	Interest payments	274.9	-5.3	-4.7	-4.1	-3.0
16	Subsidies	2.5	0.0	0.0	0.0	1.9
17	Net state and local government saving	36.0	673.0	-547.0	56.6	56.1
18	Social insurance funds	7.0	-1.5	0.9	1.4	1.3
19	Other	29.0	674.5	-547.9	55.2	54.8
Addenda:						
20	Total receipts	3,167.4	673.9	-541.8	53.9	118.4
21	Current receipts	3,089.5	669.7	-539.2	54.1	119.9
22	Capital transfer receipts	78.0	4.1	-2.6	-0.1	-1.5
23	Total expenditures	3,219.3	-2.3	2.7	5.1	53.9
24	Current expenditures	3,053.4	-3.3	7.9	-2.6	63.7
25	Gross government investment	453.7	-4.0	-1.2	9.7	-4.4
26	Capital transfer payments					
27	Net purchases of nonproduced assets	25.3	5.8	0.3	0.4	0.4
28	Less: Consumption of fixed capital	313.1	0.9	4.3	2.5	5.7
29	Net lending or net borrowing (-)	-51.9	676.2	-544.5	48.9	64.4

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).¹

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