

# Government Receipts and Expenditures

## Fourth Quarter of 2021

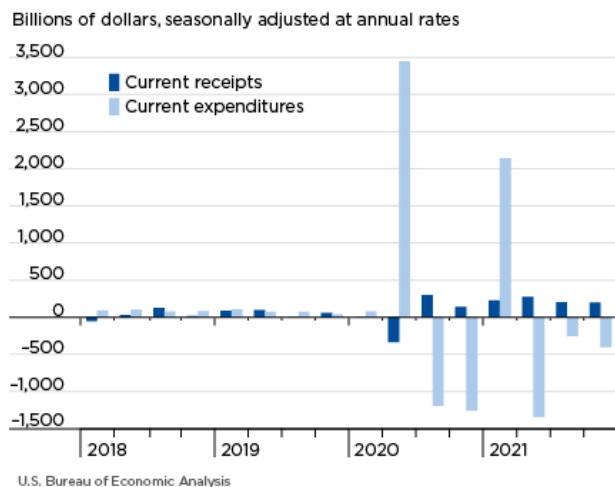
By Kelly Ramey

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was  $-\$1,431.2$  billion in the fourth quarter of 2021, increasing  $\$598.8$  billion from  $-\$2,030.0$  billion in the third quarter of 2021 (charts 1 and 2 and table 1).

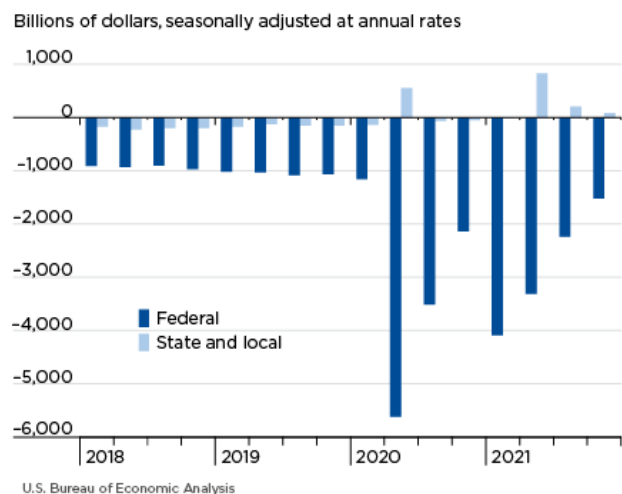
“Net lending or net borrowing (-)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was  $\$1,584.4$  billion in the fourth quarter, decreasing  $\$587.6$  billion from  $\$2,172.0$  billion in the third quarter (charts 3 and 4 and table 1).

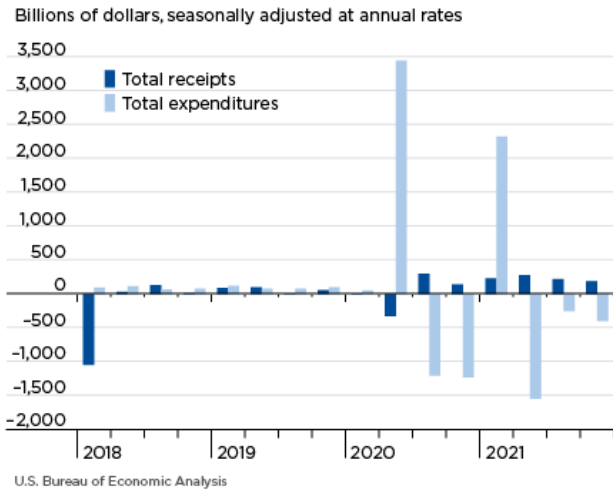
**Chart 1. Current Receipts and Expenditures: Change from Preceding Quarter**



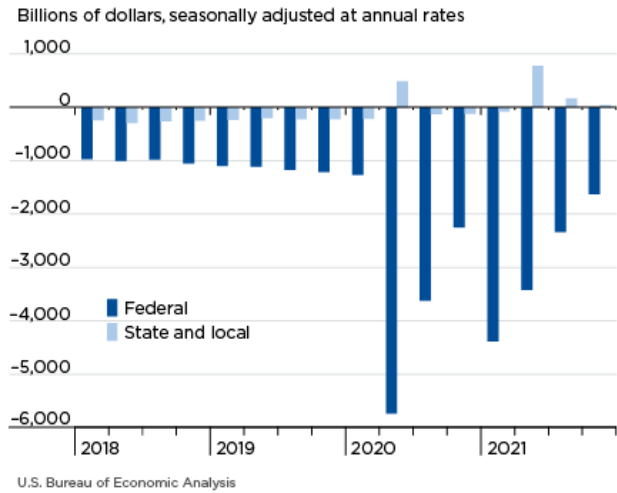
**Chart 2. Net Saving**



**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			
		2021				
		IV	I	II	III	IV
1	Current receipts	6,976.0	229.5	275.2	202.4	196.6
2	Current expenditures	8,407.1	2,141.9	-1,341.6	-251.5	-402.3
<b>3</b>	<b>Net government saving</b>	<b>-1,431.2</b>	<b>-1,912.3</b>	<b>1,616.6</b>	<b>454.0</b>	<b>598.8</b>
4	Federal	-1,517.1	-1,948.8	776.2	1,077.1	718.5
5	State and local	85.9	36.4	840.5	-623.1	-119.7
<b>6</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,584.4</b>	<b>-2,088.2</b>	<b>1,821.0</b>	<b>469.4</b>	<b>587.6</b>
7	Federal	-1,625.2	-2,134.0	964.5	1,081.3	712.7
8	State and local	40.8	45.8	856.6	-612.0	-125.1

## Federal Government

Net federal government saving was  $-\$1,517.1$  billion in the fourth quarter, increasing  $\$718.5$  billion from  $-\$2,235.6$  billion in the third quarter (table 2). In the fourth quarter, current receipts decelerated and current expenditures decreased less relative to the third quarter.

Federal government net borrowing was  $\$1,625.2$  billion in the fourth quarter, decreasing  $\$712.7$  billion from  $\$2,337.9$  billion in the third quarter.

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

The fourth-quarter estimate for federal government receipts and expenditures reflected the continued economic impact of the COVID-19 pandemic. Government assistance payments in the form of forgivable loans to businesses, grants to state and local governments, and social benefits to households all decreased as provisions of several federal programs expired or tapered off. 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 2021, 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 nonwithheld taxes. The deceleration in nonwithheld taxes reflected a deceleration in declarations and final settlements.
- Taxes on production and imports (line 4) turned up in the fourth quarter. Customs duties turned up in the fourth quarter, increasing  $\$5.3$  billion after decreasing  $\$3.9$  billion in the third quarter, primarily reflecting an acceleration in the volume of imports. Excise taxes also turned up, reflecting an upturn in taxes on alcoholic beverages due to lower refunds.
- Taxes on corporate income (line 5) turned down in the fourth quarter, reflecting a deceleration 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) decelerated in the fourth quarter, reflecting a deceleration in dividends from Federal Reserve banks that was partially offset by an upturn in interest receipts.
- Current transfer receipts (line 9) turned up in the fourth quarter, reflecting upturns in current transfer receipts from the rest of the world and current transfer receipts from business. The upturn in current transfer receipts from the rest of the world reflects an increase in fines paid by foreign businesses. The upturn in current transfer receipts from business reflected an upturn in deposit insurance premiums.
- National defense consumption expenditures (line 13) turned down in the fourth quarter, reflecting a larger decrease in defense services.
- Nondefense consumption expenditures (line 14) turned up in the fourth quarter. Spending for nondurable goods turned up, reflecting an acceleration in spending on COVID-19 vaccines. Nondefense services decreased less, reflecting a continued decrease in Paycheck Protection Program (PPP) loan process fees, which were boosted in the second quarter.

- Government social benefits to persons (line 17) decreased less in the fourth quarter, decreasing \$200.0 billion after decreasing \$236.0 billion in the third quarter. The smaller decrease in the fourth quarter reflects a smaller decrease in economic impact payments to individuals as provisions of several federal programs tapered off or expired in December 2021. Unemployment benefits decreased more in the fourth quarter, reflecting the expiration, on September 4, 2021, of the temporary weekly supplemental payment of \$300 to persons receiving unemployment benefits. The child tax credit prepayments that began in July decelerated; these prepayments, which were scheduled through the end of 2021, were enacted by the American Rescue Plan Act. These decreases were partially offset by an acceleration in transfers to nonprofits, reflecting an acceleration in transfers from the Public Health and Social Services Emergency Fund.
- Grants-in-aid to state and local governments (line 20) decreased less in the fourth quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan Act. General economic and labor affairs grants decreased less, reflecting decreased funding from the Coronavirus State and Local Fiscal Recovery Funds to help state and local governments bridge budget shortfalls.
- Other current transfer payments to the rest of the world (line 21) turned down in the fourth quarter. Third-quarter transfer payments were boosted by economic support payments to international organizations to fight COVID-19 and other diseases.
- Interest payments (line 22) accelerated in the fourth quarter, reflecting an acceleration in interest paid on Treasury Inflation-Protected Securities.
- Subsidies (line 23) decreased more in the fourth quarter, reflecting a decrease in spending authorized by pandemic response programs. Notably, PPP loans to businesses continued to decrease after loans were boosted in the second quarter by provisions of the CRRSA Act. Restaurant revitalization subsidies turned down, reflecting a decrease in emergency assistance to eligible restaurants affected by the pandemic. Air carrier subsidies decreased less in the fourth quarter, reflecting the continued decrease in payroll support payments to airlines as this program winds down. Subsidies related to the Public Health and Social Services Emergency Fund accelerated.
- Capital transfer payments (line 33) turned down. Third-quarter capital transfer payments were boosted by disaster-related National Flood Insurance Program payments for insurance settlements related to Hurricane Ida.

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

(Billions of dollars, seasonally adjusted at annual rates)

Line		Level	Change from preceding quarter			
		2021				
		IV	I	II	III	IV
<b>1</b>	<b>Current receipts</b>	<b>4,446.4</b>	<b>167.5</b>	<b>195.2</b>	<b>147.0</b>	<b>121.6</b>
2	Current tax receipts	2,606.7	147.0	134.3	96.7	81.7
3	Personal current taxes	2,115.8	115.0	94.2	89.9	79.8
4	Taxes on production and imports	178.3	9.6	11.6	-4.9	5.4
5	Taxes on corporate income	281.2	21.3	28.6	10.9	-4.7
6	Taxes from the rest of the world	31.4	1.1	-0.1	1.0	1.1
7	Contributions for government social insurance	1,630.1	31.9	37.8	38.7	35.7
8	Income receipts on assets	153.2	-6.8	29.5	11.1	3.1
9	Current transfer receipts	57.5	-3.8	-6.1	-1.1	1.9
10	Current surplus of government enterprises	-1.0	-0.8	-0.3	1.6	-0.7
<b>11</b>	<b>Current expenditures</b>	<b>5,963.5</b>	<b>2,116.2</b>	<b>-580.9</b>	<b>-930.1</b>	<b>-596.9</b>
12	Consumption expenditures	1,195.6	55.8	-11.8	-12.0	-0.5
13	National defense	707.6	-6.1	2.6	0.3	-2.7
14	Nondefense	488.1	62.0	-14.5	-12.3	2.3
15	Current transfer payments	3,921.7	2,284.3	-863.7	-783.3	-376.5
16	Government social benefits	2,964.0	2,240.1	-1,705.7	-237.0	-200.7
17	To persons	2,936.3	2,231.5	-1,698.3	-236.0	-200.0
18	To the rest of the world	27.7	8.6	-7.4	-1.0	-0.7
19	Other current transfer payments	957.7	44.4	842.0	-546.4	-175.8
20	Grants-in-aid to state and local governments	904.2	38.5	850.7	-575.1	-152.9
21	To the rest of the world	53.5	5.9	-8.7	28.7	-22.9
22	Interest payments	541.5	-9.2	1.3	7.8	29.9
23	Subsidies	304.7	-214.8	293.2	-142.5	-249.8
<b>24</b>	<b>Net federal government saving</b>	<b>-1,517.1</b>	<b>-1,948.8</b>	<b>776.2</b>	<b>1,077.1</b>	<b>718.5</b>
25	Social insurance funds	-362.1	-244.9	119.8	228.4	238.6
26	Other	-1,154.9	-1,703.9	656.4	848.7	480.0
<b>Addenda:</b>						
<b>27</b>	<b>Total receipts</b>	<b>4,471.5</b>	<b>168.2</b>	<b>195.8</b>	<b>149.3</b>	<b>123.4</b>
28	Current receipts	4,446.4	167.5	195.2	147.0	121.6
29	Capital transfer receipts	25.0	0.9	0.5	2.3	1.7
<b>30</b>	<b>Total expenditures</b>	<b>6,096.6</b>	<b>2,302.2</b>	<b>-768.6</b>	<b>-932.1</b>	<b>-589.4</b>
31	Current expenditures	5,963.5	2,116.2	-580.9	-930.1	-596.9
32	Gross government investment	370.5	0.5	6.4	10.8	4.6
33	Capital transfer payments	91.4	207.3	-207.8	10.7	-9.2
34	Net purchases of nonproduced assets	0.0	-18.1	18.0	-17.9	18.2
35	Less: Consumption of fixed capital	328.8	3.5	4.4	5.5	6.2
<b>36</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,625.2</b>	<b>-2,134.0</b>	<b>964.5</b>	<b>1,081.3</b>	<b>712.7</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 U.S. 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 \$85.9 billion in the fourth quarter, decreasing \$119.7 billion from \$205.6 billion in the third quarter. In the fourth quarter, current receipts decreased less and current expenditures decelerated relative to the third quarter (table 3).

State and local government net lending was \$40.8 billion, decreasing \$125.2 billion from \$165.9 billion in the third quarter.

- Personal current taxes (line 3) accelerated in the fourth quarter, reflecting an acceleration in income taxes.
- Taxes on production and imports (line 4) accelerated in the fourth quarter, reflecting accelerations in sales taxes and state severance taxes, which are taxes on the extraction of certain natural resources.
- Federal grants-in-aid (line 9) decreased less in the fourth quarter, reflecting the pattern of spending for various COVID-19 response efforts appropriated through the CRRSA Act and the American Rescue Plan Act. General economic and labor affairs grants decreased less, reflecting decreased funding from the Coronavirus State and Local Fiscal Recovery Funds to help state and local governments bridge budget shortfalls.
- Current surplus of government enterprises (line 11) turned down in the fourth quarter, reflecting a decrease in federal subsidies to mass transit enterprises.
- Consumption expenditures (line 13) decelerated in the fourth quarter, reflecting a deceleration in compensation of general government employees. The deceleration was partially offset by an acceleration in nondurable goods, reflecting an acceleration in purchases of petroleum.
- Government social benefits (line 14) decelerated in the fourth quarter, reflecting a deceleration in Medicaid benefits. Third-quarter government social benefits were boosted by higher enrollment from expanded coverage in several states, as well as the implementation of the special enrollment period for the federal Affordable Care Act Health Insurance Marketplace that ended August 15, 2021.
- Capital transfer receipts (line 22) turned down in the fourth quarter. Third-quarter capital transfer receipts were boosted by disaster-related insurance benefits related to Hurricane Ida.

**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				
		IV	I	II	III	IV
<b>1</b>	<b>Current receipts</b>	<b>3,433.8</b>	<b>100.5</b>	<b>930.7</b>	<b>-519.7</b>	<b>-77.9</b>
2	Current tax receipts	2,259.6	57.5	77.3	45.5	77.3
3	Personal current taxes	629.0	37.4	26.2	18.7	23.9
4	Taxes on production and imports	1,515.2	13.5	44.6	23.3	33.4
5	Taxes on corporate income	115.4	6.7	6.4	3.4	20.1
6	Contributions for government social insurance	22.8	0.7	0.7	0.6	0.3
7	Income receipts on assets	99.6	0.4	0.3	0.7	0.9
8	Current transfer receipts	1,062.0	42.2	848.2	-574.3	-151.8
9	Federal grants-in-aid	904.2	38.5	850.7	-575.1	-152.9
10	Other	157.7	3.7	-2.5	0.8	1.0
11	Current surplus of government enterprises	-10.2	-0.3	4.1	8.0	-4.7
<b>12</b>	<b>Current expenditures</b>	<b>3,347.8</b>	<b>64.1</b>	<b>90.2</b>	<b>103.4</b>	<b>41.7</b>
13	Consumption expenditures	2,119.3	41.8	48.8	65.3	38.7
14	Government social benefits	939.2	18.9	35.5	47.7	6.0
15	Interest payments	288.6	1.5	-0.1	-1.7	-3.0
16	Subsidies	0.6	1.9	6.1	-8.0	0.0
<b>17</b>	<b>Net state and local government saving</b>	<b>85.9</b>	<b>36.4</b>	<b>840.5</b>	<b>-623.1</b>	<b>-119.7</b>
18	Social insurance funds	5.7	0.5	0.6	0.5	0.4
19	Other	80.2	35.9	839.9	-623.6	-120.1
<b>Addenda:</b>						
<b>20</b>	<b>Total receipts</b>	<b>3,515.5</b>	<b>99.0</b>	<b>933.6</b>	<b>-511.5</b>	<b>-88.5</b>
21	Current receipts	3,433.8	100.5	930.7	-519.7	-77.9
22	Capital transfer receipts	81.7	-1.6	2.9	8.1	-10.5
<b>23</b>	<b>Total expenditures</b>	<b>3,474.7</b>	<b>53.2</b>	<b>77.0</b>	<b>100.4</b>	<b>36.7</b>
24	Current expenditures	3,347.8	64.1	90.2	103.4	41.7
25	Gross government investment	447.4	-6.1	-4.9	5.0	5.1
26	Capital transfer payments					
27	Net purchases of nonproduced assets	18.9	0.2	0.3	0.4	0.3
28	Less: Consumption of fixed capital	339.4	5.1	8.7	8.2	10.5
<b>29</b>	<b>Net lending or net borrowing (-)</b>	<b>40.8</b>	<b>45.8</b>	<b>856.6</b>	<b>-612.0</b>	<b>-125.1</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 U.S. 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 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 U.S. 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 the National Income and Product Account (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 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>

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