

# Government Receipts and Expenditures

## Third Quarter of 2022

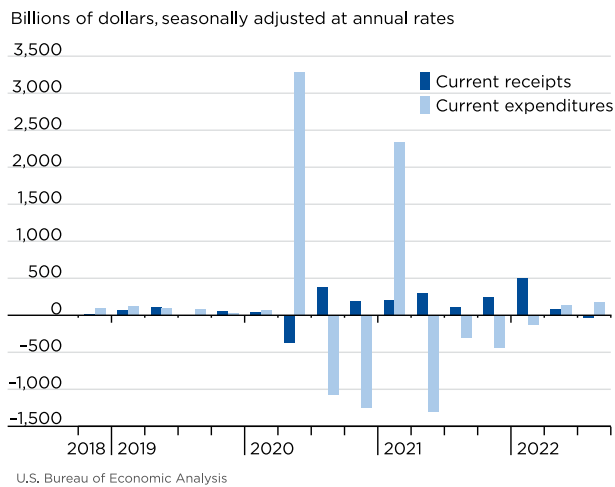
By Kelly Ramey | January 9, 2023

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was  $-\$1,117.8$  billion in the third quarter of 2022, decreasing  $\$200.0$  billion from  $-\$917.8$  billion in the second quarter of 2022 (charts 1 and 2 and table 1).

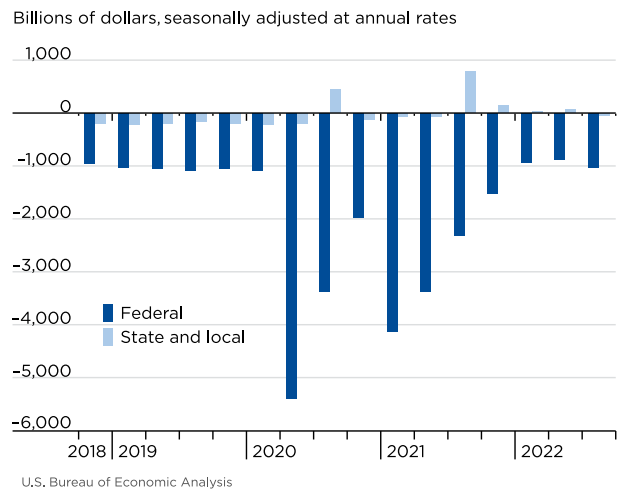
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was  $\$1,212.5$  billion in the third quarter, increasing  $\$284.0$  billion from  $\$928.5$  billion in the second quarter (charts 3 and 4 and table 1).

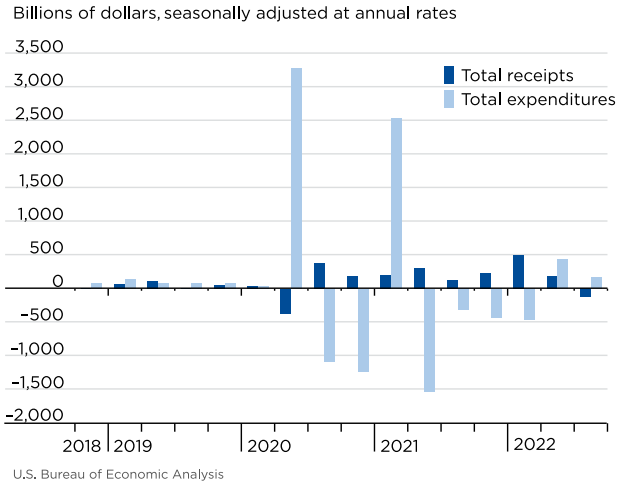
**Chart 1. Current Receipts and Expenditures: Change from Preceding Quarter**



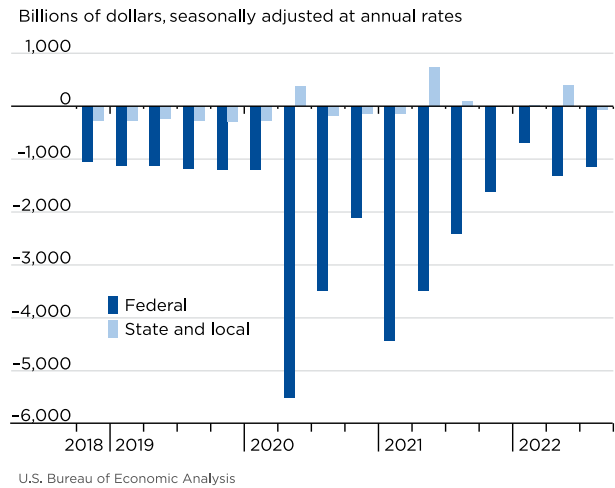
**Chart 2. Net Saving**



**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			
		2022	2021	2022		
		Q3	Q4	Q1	Q2	Q3
1	Current receipts	7,589.5	242.0	497.0	77.1	-28.6
2	Current expenditures	8,707.3	-438.5	-130.5	133.2	171.5
<b>3</b>	<b>Net government saving</b>	<b>-1,117.8</b>	<b>680.6</b>	<b>627.5</b>	<b>-56.2</b>	<b>-200.0</b>
4	Federal	-1,037.7	790.4	595.0	49.1	-157.8
5	State and local	-80.0	-109.8	32.5	-105.3	-42.1
<b>6</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,212.5</b>	<b>667.5</b>	<b>967.0</b>	<b>-257.0</b>	<b>-284.0</b>
7	Federal	-1,149.0	785.3	926.6	-626.9	172.2
8	State and local	-63.5	-117.8	40.4	369.9	-456.2

## Federal Government

Net federal government saving was  $-\$1,037.7$  billion in the third quarter, decreasing  $\$157.8$  billion from  $-\$879.9$  billion in the second quarter (table 2). In the third quarter, current receipts turned down and current expenditures accelerated relative to the second quarter.

Federal government net borrowing was  $\$1,149.0$  billion in the third quarter, decreasing  $\$172.2$  billion from  $\$1,321.2$  billion in the second quarter.

- Personal current taxes (line 3) accelerated in the third quarter, increasing  $\$35.8$  billion after increasing  $\$34.5$  billion in the second quarter, reflecting an acceleration in withheld taxes. The acceleration in withheld taxes reflects the pattern of wages. The acceleration was partially offset by a deceleration in nonwithheld taxes.
- Taxes on production and imports (line 4) turned down in the third quarter. Customs duties turned down in the third quarter, decreasing  $\$6.9$  billion after increasing  $\$4.7$  billion in the second quarter, primarily reflecting a deceleration in the volume of imports. Excise taxes decelerated, increasing  $\$0.3$  billion after increasing  $\$2.3$  billion in the second quarter, reflecting a larger decrease in gasoline taxes and a deceleration in air transport taxes.
- Taxes on corporate income (line 5) turned down in the third quarter, reflecting a downturn in corporate profits.
- Contributions for government social insurance (line 7) accelerated in the third quarter, increasing  $\$26.0$  billion after increasing  $\$19.7$  billion in the second quarter, reflecting the pattern of wages.
- Income receipts on assets (line 8) decreased more in the third quarter, reflecting a larger decrease in dividends from Federal Reserve banks. The larger decrease was slightly offset by an upturn in interest receipts, reflecting an upturn in interest received from the rest of the world.
- Current transfer receipts (line 9) turned down in the third quarter, reflecting downturns in current transfer receipts from business and current transfer receipts from the rest of the world. The downturn in current transfer receipts from business reflects a decrease in settlements; second-quarter receipts were boosted by a  $\$2.3$  billion ( $\$9.2$  billion at an annual rate) settlement with Allianz Global Investors for committing securities fraud. The downturn in current transfer receipts from the rest of the world reflects a decrease in fines paid by foreign businesses.
- Consumption expenditures (line 12) accelerated, increasing  $\$29.9$  billion in the third quarter after increasing  $\$4.8$  billion in the second quarter, reflecting an upturn in nondefense consumption expenditures that was partially offset by a deceleration in national defense consumption expenditures. The upturn in nondefense consumption expenditures reflects a downturn in sales to other sectors, specifically a decrease in Strategic Petroleum Reserve sales. The deceleration in national defense consumption expenditures reflects a deceleration in spending for defense services.
- Government social benefits to persons (line 17) decreased less in the third quarter, decreasing  $\$6.4$  billion after decreasing  $\$16.5$  billion in the second quarter. The smaller decrease in the third quarter reflects smaller decreases in Supplemental Nutrition Assistance Program benefits and unemployment benefits. Medicare benefits accelerated in the third quarter, increasing  $\$8.5$  billion after increasing  $\$3.8$  billion.
- Grants-in-aid to state and local governments (line 20) turned down in the third quarter, reflecting downturns in education grants and welfare and social services grants. The downturn in education grants reflects decreased funding for the Education Stabilization Fund. The downturns were partially offset by an upturn in Medicaid grants.

- Other current transfer payments to the rest of the world (line 21) accelerated, reflecting an acceleration in grants to the rest of the world, specifically U.S. Agency for International Development grants to provide support to Ukraine for global health programs and for migration and refugee assistance.
- Interest payments (line 22) accelerated in the third quarter, reflecting accelerations in interest paid to persons and business and interest paid to the rest of the world. The acceleration in interest paid to persons and business reflects an increase in interest paid on treasury bills and notes in the third quarter.
- Subsidies (line 23) decreased less in the third quarter, decreasing \$9.1 billion after decreasing \$21.6 billion in the second quarter, following the conclusion of funding in the second quarter for pandemic-related emergency grants to closed entertainment venues.
- Capital transfer payments (line 33) turned down in the third quarter, reflecting a decrease in capital grants for the Coronavirus State and Local Fiscal Recovery Funds program authorized by the [American Rescue Plan Act](#) to help state and local governments support their response to and recovery from the COVID-19 pandemic.
- Net purchases of nonproduced assets (line 34) turned down in the third quarter, reflecting receipts from a Federal Communications Commission spectrum auction of rights to broadcast at certain frequencies. Net purchases had increased in the second quarter, reflecting the competitive sale of leases for the right to build offshore wind energy generators.

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

[Billions of dollars, seasonally adjusted at annual rates]

Line		Level	Change from preceding quarter			
		2022	2021	2022		
		Q3	Q4	Q1	Q2	Q3
<b>1</b>	<b>Current receipts</b>	<b>5,025.7</b>	<b>161.0</b>	<b>406.8</b>	<b>92.7</b>	<b>-29.6</b>
2	Current tax receipts	3,212.7	114.4	354.6	82.7	16.1
3	Personal current taxes	2,634.4	76.4	328.9	34.5	35.8
4	Taxes on production and imports	202.8	10.8	14.8	7.0	-6.6
5	Taxes on corporate income	340.6	26.4	9.0	39.4	-12.6
6	Taxes from the rest of the world	34.9	0.9	1.9	1.7	-0.4
7	Contributions for government social insurance	1,662.8	41.8	39.0	19.7	26.0
8	Income receipts on assets	93.1	4.6	18.8	-18.7	-57.9
9	Current transfer receipts	62.5	1.0	-2.6	12.1	-13.3
10	Current surplus of government enterprises	-5.3	-0.8	-3.0	-3.1	-0.4
<b>11</b>	<b>Current expenditures</b>	<b>6,063.5</b>	<b>-629.4</b>	<b>-188.2</b>	<b>43.6</b>	<b>128.3</b>
12	Consumption expenditures	1,278.2	13.1	-0.2	4.8	29.9
13	National defense	743.1	-4.0	-1.9	18.1	16.6
14	Nondefense	535.1	17.1	1.8	-13.4	13.3
15	Current transfer payments	3,934.7	-392.8	-47.0	15.3	19.1
16	Government social benefits	2,869.4	-210.6	-73.1	-16.2	-5.6
17	To persons	2,840.1	-208.9	-74.4	-16.5	-6.4
18	To the rest of the world	29.4	-1.6	1.2	0.4	0.8
19	Other current transfer payments	1,065.3	-182.2	26.1	31.4	24.8
20	Grants-in-aid to state and local governments	953.4	-160.3	15.3	20.5	-7.1
21	To the rest of the world	111.9	-21.9	10.7	11.0	31.9
22	Interest payments	736.8	7.5	2.9	45.2	88.3
23	Subsidies	113.8	-257.3	-143.8	-21.6	-9.1
<b>24</b>	<b>Net federal government saving</b>	<b>-1,037.7</b>	<b>790.4</b>	<b>595.0</b>	<b>49.1</b>	<b>-157.8</b>
25	Social insurance funds	-471.6	238.9	-25.7	16.9	11.8
26	Other	-566.1	551.4	620.6	32.4	-169.7
<b>Addenda:</b>						
<b>27</b>	<b>Total receipts</b>	<b>5,058.2</b>	<b>162.5</b>	<b>407.5</b>	<b>92.8</b>	<b>-28.0</b>
28	Current receipts	5,025.7	161.0	406.8	92.7	-29.6
29	Capital transfer receipts	32.4	1.6	0.7	0.1	1.5
<b>30</b>	<b>Total expenditures</b>	<b>6,207.1</b>	<b>-622.7</b>	<b>-519.1</b>	<b>719.7</b>	<b>-200.3</b>
31	Current expenditures	6,063.5	-629.4	-188.2	43.6	128.3
32	Gross government investment	378.9	4.1	0.5	4.8	4.5
33	Capital transfer payments	206.4	-9.3	0.0	371.6	-254.3
34	Net purchases of nonproduced assets	-90.5	18.0	-324.3	307.0	-73.2
35	Less: Consumption of fixed capital	351.1	6.1	7.1	7.3	5.5
<b>36</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,149.0</b>	<b>785.3</b>	<b>926.6</b>	<b>-626.9</b>	<b>172.2</b>

## Source Data and Other Information About Federal 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, the Bureau of Economic Analysis 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.

## State and Local Government

Net state and local government saving was  $-\$80.0$  billion in the third quarter, decreasing  $\$42.1$  billion from  $-\$37.9$  billion in the second quarter. In the third quarter, current receipts turned down and current expenditures decelerated relative to the second quarter (table 3).

In the third quarter, net borrowing was  $\$63.5$  billion, an increase of  $\$456.2$  billion; in the second quarter, net lending was  $\$392.7$  billion.

- Personal current taxes (line 3) decelerated in the third quarter, reflecting a deceleration in personal income taxes.
- Taxes on production and imports (line 4) decelerated in the third quarter, reflecting a deceleration in state severance taxes and a larger decrease in other taxes on products. Excise taxes turned up, reflecting an upturn in state public utility taxes.
- Income receipts on assets (line 7) accelerated in the third quarter, reflecting an acceleration in interest receipts.
- Federal grants-in-aid (line 9) turned down in the third quarter, reflecting downturns in education grants and welfare and social services grants. The downturn in education grants reflects decreased funding for the Education Stabilization Fund. The downturns were partially offset by an upturn in Medicaid grants.
- Other current transfer receipts (line 10) turned down in the third quarter, decreasing  $\$9.3$  billion after increasing  $\$14.9$  billion. Third-quarter receipts reflect a  $\$0.5$  billion ( $\$1.98$  billion at an annual rate) fine paid to the New York state government by U.S. affiliates of Credit Suisse to settle a case related to mortgage-linked investments in the United States. Second-quarter receipts were boosted by a  $\$3.2$  billion ( $\$12.8$  billion at an annual rate) settlement with Allianz Global Investors, which included restitution payments to public pension funds.
- Current surplus of government enterprises (line 11) decreased more in the third quarter, reflecting a downturn in federal subsidies to mass transit enterprises.

- Consumption expenditures (line 13) decelerated in the third quarter, reflecting a decrease in spending for intermediate goods and services, specifically petroleum products.
- Government social benefits (line 14) decelerated in the third quarter, reflecting a downturn in Medicaid benefits. The deceleration was partially offset by an acceleration in other social benefits, reflecting an increase in state stimulus payments to individuals. More information can be found in the FAQ “[How are state refundable tax credits recorded in the National Income and Product Accounts \(NIPAs\)?](#)”.
- Capital transfer receipts (line 22) turned down in the third quarter, reflecting a downturn in capital grants for the Coronavirus State and Local Fiscal Recovery Funds program provided to help state and local governments support their response to and recovery from the COVID-19 pandemic. Second-quarter capital transfers were also boosted by a \$25.9 billion (\$103.6 billion at an annual rate) settlement between major drug distributors, including Johnson & Johnson, and the states to assist states affected by the opioid epidemic.

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

Line		Level	Change from preceding quarter			
		2022	2021	2022		
		Q3	Q4	Q1	Q2	Q3
<b>1</b>	<b>Current receipts</b>	<b>3,517.2</b>	<b>-79.2</b>	<b>105.4</b>	<b>4.9</b>	<b>-6.1</b>
2	Current tax receipts	2,277.8	75.0	87.9	-29.2	12.1
3	Personal current taxes	594.8	36.4	10.5	8.5	5.0
4	Taxes on production and imports	1,582.3	22.5	22.0	18.4	16.2
5	Taxes on corporate income	100.7	16.1	55.4	-56.1	-9.1
6	Contributions for government social insurance	23.9	0.2	0.0	0.2	0.3
7	Income receipts on assets	109.2	0.7	0.5	0.3	0.8
8	Current transfer receipts	1,107.3	-158.5	17.9	35.4	-16.4
9	Federal grants-in-aid	953.4	-160.3	15.3	20.5	-7.1
10	Other	153.9	1.9	2.6	14.9	-9.3
11	Current surplus of government enterprises	-1.1	3.3	-0.8	-1.8	-3.0
<b>12</b>	<b>Current expenditures</b>	<b>3,597.2</b>	<b>30.6</b>	<b>73.0</b>	<b>110.1</b>	<b>36.0</b>
13	Consumption expenditures	2,346.0	37.6	58.4	87.1	20.4
14	Government social benefits	982.9	-2.9	19.5	28.0	20.2
15	Interest payments	267.6	-4.1	-4.9	-5.0	-4.6
16	Subsidies	0.7	0.0	0.0	0.0	0.0
<b>17</b>	<b>Net state and local government saving</b>	<b>-80.0</b>	<b>-109.8</b>	<b>32.5</b>	<b>-105.3</b>	<b>-42.1</b>
18	Social insurance funds	5.6	-0.1	-0.6	-0.2	0.3
19	Other	-85.6	-109.7	33.0	-105.0	-42.4
<b>Addenda:</b>						
<b>20</b>	<b>Total receipts</b>	<b>3,676.0</b>	<b>-88.9</b>	<b>105.2</b>	<b>472.3</b>	<b>-394.4</b>
21	Current receipts	3,517.2	-79.2	105.4	4.9	-6.1
22	Capital transfer receipts	158.9	-9.7	-0.2	467.4	-388.2
<b>23</b>	<b>Total expenditures</b>	<b>3,739.5</b>	<b>28.9</b>	<b>64.8</b>	<b>102.4</b>	<b>61.8</b>
24	Current expenditures	3,597.2	30.6	73.0	110.1	36.0
25	Gross government investment	490.0	8.7	5.9	4.8	25.5
26	Capital transfer payments					
27	Net purchases of nonproduced assets	17.6	0.1	0.2	0.2	0.0
28	Less: Consumption of fixed capital	375.3	10.5	14.4	12.6	9.8
<b>29</b>	<b>Net lending or net borrowing (-)</b>	<b>-63.5</b>	<b>-117.8</b>	<b>40.4</b>	<b>369.9</b>	<b>-456.2</b>

## Source Data and Other Information About State and Local Estimates

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 (Census) 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 National Income and Product Accounts (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>



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