



NIPA Translation of the Fiscal Year 2024 Federal Budget

By Mark S. Ludwick and Brendan I. Brankin | May 16, 2023

On March 9, 2023, President Biden submitted his proposed *Budget of the United States Government, Fiscal Year 2024* to Congress. This article presents estimates of federal government receipts and expenditures for fiscal years 2022, 2023, and 2024 that are consistent with the actual and projected receipts and outlays defined in that budget but measured on a National Income and Product Accounts (NIPA) basis. These estimates are presented to assist readers in interpreting what the effects of budgeted receipts and outlays would be on aggregate economic activity. They are also used by the U.S. Bureau of Economic Analysis (BEA) to inform estimates of federal government transactions including the federal government components of gross domestic product (GDP).¹

Comparison of Budget and NIPA Estimates

For fiscal years 2023 and 2024, projected estimates of federal government current receipts measured on a NIPA basis are greater than budget estimates of receipts, and projected estimates of federal government current expenditures measured on a NIPA basis are greater than budget estimates of outlays. Net federal government saving, defined as the difference between estimates of federal government current receipts and current expenditures measured on a NIPA basis, is projected to be negative but smaller than the estimated budget deficit in both years (chart 1 and table 1). The adjustments made to “translate” budget estimates into NIPA estimates are summarized in tables 2 and 3. Differences between NIPA estimates and budget estimates of spending on national defense are shown in table 4. For more information about the conceptual differences between NIPA measures and budget measures of government transactions, see “[NIPA Estimates of the Federal Sector and the Federal Budget Estimates](#).”²

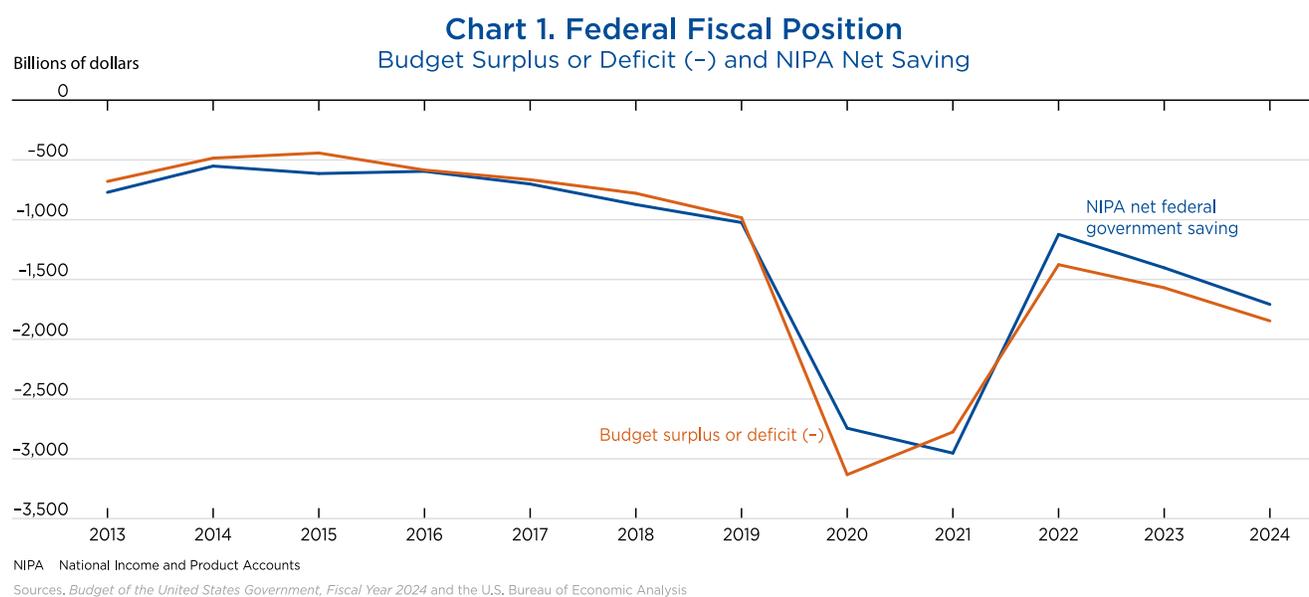


Table 1. Budget Receipts and Outlays and NIPA Federal Government Current Receipts and Expenditures
[Billions of dollars]

Series	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2023	2024
	2022	2023	2024		
Budget:					
Receipts	4,897.4	4,802.5	5,036.4	-94.9	233.9
Outlays	6,273.3	6,371.8	6,882.7	98.5	510.9
Surplus or deficit (-)	-1,375.9	-1,569.3	-1,846.3	-193.4	-277.0
NIPAs:					
Current receipts	4,871.8	4,992.5	5,274.0	120.7	281.5
Current expenditures	6,062.6	6,394.8	6,982.1	332.2	587.3
Net federal government saving	-1,190.8	-1,402.3	-1,708.1	-211.5	-305.8

NIPA National Income and Product Accounts

Sources: *Budget of the United States, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

Table 2. Relation of NIPA Federal Government Current Receipts to Budget Receipts
[Billions of dollars]

Series	Fiscal year		
	2022	2023	2024
Budget receipts	4,897.4	4,802.5	5,036.4
<i>Less: Coverage differences</i>	47.6	36.7	42.2
Contributions received by federal employee pension and insurance funds ¹	6.3	6.9	7.6
Capital transfers received ²	32.5	20.9	25.3
Other ³	8.8	8.8	9.3
<i>Less: Netting and grossing differences</i>	-265.0	-244.0	-310.2
Supplementary medical insurance premiums	-137.1	-145.0	-154.0
Interest receipts	-16.6	-10.7	-31.2
Current surplus of government enterprises	-6.7	-5.6	-5.8
Other ⁴	-104.6	-82.7	-119.1
<i>Plus: Timing differences</i>	-242.9	-17.3	-30.3
Taxes on corporate income	-42.0	-18.9	-19.1
Federal and state unemployment insurance taxes	-12.2	1.5	-0.1
Withheld personal income tax and social security contributions	-187.9	-12.6	-7.9
Excise taxes	-2.5	6.1	-2.6
Other	1.6	6.5	-0.5
Equals: NIPA federal government current receipts	4,871.8	4,992.5	5,274.0

NIPA National Income and Product Accounts

Table Footnotes

1. In the NIPAs, pension plans are treated as "pass-through" institutions that hold financial assets on behalf of households, which are the effective owners. Pension plans are classified as financial corporations that receive contributions and property income on behalf of plan participants but do not have saving or net worth of their own. [NIPA table 7.23](#) shows transactions of the federal government defined-benefit pension subsectors.
2. Consists of estate and gift taxes.
3. Beginning with 1996, other consists largely of Universal Service Fund receipts. Includes certain revenues collected from and repaid to U.S. territories and the Commonwealths of Puerto Rico and the Northern Mariana Islands.
4. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget but that are added to both receipts and expenditures in the NIPAs.

Sources. *Budget of the United States Government, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

Table 3. Relation of NIPA Federal Government Current Expenditures to Budget Outlays
[Billions of dollars]

Series	Fiscal year		
	2022	2023	2024
Budget outlays	6,273.3	6,371.8	6,882.7
<i>Less: Coverage differences</i>	531.2	172.0	164.7
Federal employee pension and insurance fund transactions ¹	-86.4	-70.7	-65.4
Financing disbursements from credit programs ²	-322.5	-29.7	-41.8
Net investment ³	28.6	41.7	78.2
Capital transfers paid ⁴	194.8	113.9	140.9
Financial transactions	821.8	116.5	72.6
Net purchases of nonproduced assets	-108.0	-0.8	-21.1
Other ⁵	2.8	1.0	1.3
<i>Less: Netting and grossing differences</i>	-265.0	-244.0	-310.2
Supplementary medical insurance premiums	-137.1	-145.0	-154.0
Interest receipts	-16.6	-10.7	-31.2
Current surplus of government enterprises	-6.7	-5.6	-5.8
Other ⁶	-104.6	-82.7	-119.1
<i>Plus: Timing differences</i>	55.5	-49.0	-46.2
Purchases (increase in payables net of advances)	9.8	-14.2	-1.2
Interest payments	0.0	0.0	0.0
Current transfer payments	-0.4	-31.2	-41.5
Other ⁷	46.1	-3.6	-3.5
Equals: NIPA federal government current expenditures	6,062.6	6,394.8	6,982.1

NIPA National Income and Product Accounts

Table Footnotes

1. In the NIPAs, pension plans are treated as “pass-through” institutions that hold financial assets on behalf of households, which are the effective owners. Pension plans are classified as financial corporations that receive contributions and property income on behalf of plan participants but do not have saving or net worth of their own. [NIPA table 7.23](#) shows transactions of the federal government defined-benefit pension subsectors. Contributions for publicly administered insurance funds are transactions with the household sector and include the Medicare-eligible Retiree Health Care Fund.
2. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; therefore, related entries are included in loan disbursements less loan repayments and sales.
3. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.
4. Consists of investment grants to state and local governments and maritime construction subsidies. Excludes the forgiveness of debts owed by foreign governments to the U.S. government or payments to the Uniformed Services Retiree Health Care Fund to amortize unfunded liability; both are classified as capital transfers paid by the United States and are excluded from both budget outlays and NIPA current expenditures.
5. Consists largely of agencies or accounts, such as the Postal Service and the Federal Financing Bank, that were not included in the budget in some periods and the Universal Service Fund. Also includes net expenditures of foreign currencies as well as repayments of certain collections from the U.S. territories and the Commonwealths of Puerto Rico and the Northern Mariana Islands.
6. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget data but that are added to both receipts and expenditures in the NIPAs.
7. Primarily includes timing on subsidies and government enterprises.

Sources. *Budget of the United States Government, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

Table 4. Relation of National Defense Consumption Expenditures and Gross Investment to National Defense Outlays

[Billions of dollars]

Series	Fiscal year		
	2022	2023	2024
Budget outlays for national defense	765.8	814.7	909.4
U.S. Department of Defense, military	726.6	771.3	863.0
Military personnel	180.8	184.6	193.5
Operation and maintenance	291.3	310.0	345.7
Procurement ¹	136.2	141.1	156.4
Research, development, test, and evaluation	107.1	122.9	147.6
Other	11.3	12.7	19.8
Atomic energy and other defense-related activities	39.3	43.5	46.4
<i>Plus:</i> Consumption of general government fixed capital	186.0	194.2	198.1
Additional payments to military and civilian retirement funds	129.9	136.2	167.6
<i>Less:</i> Grants-in-aid to state and local governments and net interest paid	0.6	0.6	0.6
Timing differences	15.4	10.1	-7.8
Other differences	152.1	156.8	196.1
<i>Equals:</i> NIPA national defense consumption expenditures and gross investment	913.6	977.6	1,086.1
<i>Less:</i> National defense gross investment ²	192.1	204.4	233.7
<i>Equals:</i> NIPA national defense consumption expenditures	721.4	773.2	852.4

NIPA National Income and Product Accounts

Table Footnotes

1. Includes outlays for procurement of aircraft, ships, and weapons, as well as for military construction, family housing, and anticipated funding for war operations.
2. Gross investment consists of general government expenditures for fixed assets; inventory investment is included in federal government consumption expenditures.

Sources. *Budget of the United States Government, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

Budget Estimates

The *Budget* projects a decrease in federal receipts of \$94.9 billion in 2023 and an increase of \$233.9 billion in 2024 (table 5). These changes reflect underlying budget assumptions about economic activity and growth in incomes and real GDP over these years.³ The projected decrease in individual income taxes in 2023 represents a return to normal after a period of historically high incomes, which included significant capital gains realizations. The projected decrease in federal receipts in 2023 also includes a projected drop in the deposits of earnings by the Federal Reserve System, which are recorded as miscellaneous receipts. Projected increases in individual and corporate tax revenues in 2024 would result from projected increases in both personal incomes and corporate profits and budget proposals to increase tax rates on corporations and wealthy individuals, as described below. The deceleration in social insurance tax receipts in 2024 follows the deferment, by some businesses, of the employer's share of social security and self-employment taxes from 2020 and 2021 until 2022 and 2023.⁴

The *Budget* projects increases in federal outlays of \$98.5 billion in 2023 and \$510.9 billion in 2024 (table 6). The projected increase in 2023 includes an increase in the *net interest* function, reflecting higher interest paid on Treasury debt securities, and a downturn in auction receipts, which are recorded as negative outlays in the *undistributed offsetting receipts* function. The upturn in 2023 represents a return toward more normal levels of spending across several functions of government spending following large annual changes in spending from 2020 to 2022 that reflected the government's response to the COVID-19 pandemic. The acceleration in 2024 includes continued increases in the *net interest* and *social security* functions and an upturn in spending in the *income security* function, which includes spending related to a proposed expansion of the child tax credit, as described below.

Table 5. Budget Receipts by Source
[Billions of dollars]

Series	Level for fiscal year				Change from preceding year		
	2021	2022	2023	2024	2022	2023	2024
Budget receipts	4,047.1	4,897.4	4,802.5	5,036.4	850.3	-94.9	233.9
Individual income taxes	2,044.4	2,632.1	2,327.9	2,390.0	587.8	-304.3	62.2
Corporation income taxes	371.8	424.9	546.0	666.2	53.0	121.1	120.2
Social insurance taxes and contributions	1,314.1	1,483.5	1,675.2	1,742.1	169.4	191.7	66.8
Excise taxes	75.3	87.7	91.5	114.1	12.5	3.7	22.6
Estate and gift taxes	27.1	32.6	20.9	25.3	5.4	-11.7	4.4
Customs duties	80.0	99.9	101.7	60.7	19.9	1.7	-41.0
Miscellaneous receipts	134.4	136.7	39.4	38.0	2.3	-97.3	-1.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source. *Budget of the United States Government, Fiscal Year 2024*

Table 6. Budget Outlays by Function
[Billions of dollars]

Series	Level for fiscal year				Change from preceding year		
	2021	2022	2023	2024	2022	2023	2024
Budget outlays	6822.5	6273.3	6371.8	6882.7	-549.1	98.5	510.9
National defense	753.9	765.8	814.8	909.4	11.9	48.9	94.6
International affairs	46.9	71.7	79.9	73.7	24.8	8.2	-6.1
General science, space, and technology	35.5	37.4	43.1	44.6	1.9	5.6	1.6
Energy	6.0	-9.1	10.7	30.5	-15.1	19.8	19.8
Natural resources and environment	44.2	41.4	69.4	93.2	-2.8	28.0	23.8
Agriculture	47.4	33.1	41.4	33.1	-14.3	8.3	-8.3
Commerce and housing credit	307.8	-19.1	-1.1	21.9	-326.9	17.9	23.0
Transportation	154.3	131.1	136.5	147.1	-23.2	5.4	10.6
Community and regional development	44.7	70.0	100.5	71.5	25.3	30.5	-29.0
Education, training, employment, and social services	298.4	677.3	269.0	218.6	378.9	-408.3	-50.5
Health	796.5	914.1	891.3	852.7	117.6	-22.8	-38.6
Medicare	696.5	755.1	829.9	850.4	58.6	74.8	20.5
Income security	1647.7	866.1	792.1	976.4	-781.6	-74.0	184.3
Social security	1134.6	1218.7	1352.3	1465.8	84.1	133.6	113.6
Veterans benefits and services	234.3	274.4	305.0	321.0	40.1	30.6	16.0
Administration of justice	71.4	71.3	86.3	88.3	-0.1	14.9	2.1
General government	273.9	133.2	42.5	44.4	-140.7	-90.7	1.8
Net interest	352.3	475.9	660.6	788.8	123.5	184.8	128.1
Allowances ¹	0.0	0.0	-17.8	16.4	0.0	-17.8	34.2
Undistributed offsetting receipts ²	-123.9	-235.0	-134.4	-165.0	-111.1	100.6	-30.6

Table Footnotes

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details.
2. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: 1. receipts from performing business-like activities, such as proceeds from selling federal assets or leases, and 2. shifts from one account to another, such as agency payments to retirement funds.

Source. *Budget of the United States Government, Fiscal Year 2024*

Proposed Legislation

The budget projections discussed above include receipts and outlays that would result from the continuation of current policies plus the effects of policies that are proposed in the *Budget* but have not yet been enacted. The *Budget* also includes projected estimates of receipts and outlays that are consistent with the expected deficit outlook in the absence of any policy changes. Compared to these current services baseline estimates, the net effect of legislative proposals in the budget is to decrease the federal deficit by \$156 billion in 2023 and by \$17 billion in 2024 (table 7).⁵ Some of the specific proposals that would have a significant effect on the federal deficit in these years include the following:

- A proposal to expand the child tax credit, make the credit permanently refundable, and allow families to receive monthly advance payments would increase the deficit by \$6 billion in 2023 and by \$259 billion in 2024. In NIPA estimates, these credits are recorded as social benefits (table 8, line 24).
- A proposal to raise the corporate income tax rate to 28 percent would reduce the deficit by \$89 billion in 2023 and by \$137 billion in 2024. In NIPA estimates, receipts associated with this proposal are recorded as taxes on corporate profits (table 8, line 5).
- A proposal to reform corporate taxation, including the introduction of a 15 percent minimum tax and an increase in the tax on repurchases of corporate stock, would reduce the deficit by \$22 billion in 2023 and by \$65 billion in 2024. In NIPA estimates, receipts associated with this proposal are primarily recorded as taxes on corporate profits (table 8, line 5).
- A proposal to reform taxation of high-income individuals, including an increase in the top marginal income tax rate to 39.6 percent and modifications to the taxation of capital gains and qualified dividends, would reduce the deficit by \$20 billion in 2023 and by \$55 billion in 2024. In NIPA estimates, receipts associated with this proposal are primarily recorded as individual income taxes (table 8, line 3).
- Proposals to expand the net investment income tax (NIIT) and to increase the additional Medicare tax rate for high-income taxpayers would reduce the deficit by \$27 billion in 2023 and by \$52 billion in 2024. In NIPA estimates, receipts associated with the NIIT are recorded primarily as personal income taxes, and receipts associated with the additional Medicare tax are recorded primarily as employee contributions for government social insurance (table 8, lines 3 and 7).

Table 7. Proposed Legislative and Program Changes in the Budget

[Billions of dollars]

Series	Fiscal year	
	2023	2024
Current-services baseline surplus or deficit (-)	-1,726	-1,863
<i>Plus:</i> Net effects of proposed legislation, receipts less outlays ¹	156	17
Expand the child tax credit	-6	-259
Raise the corporate income tax rate	89	137
Reform corporate taxation	22	65
Reform taxation of high-income individuals	20	55
Expand the net investment and additional Medicare taxes	27	52
Other	4	-33
<i>Equals:</i> Administration budget surplus or deficit (-)	-1,569	-1,846

Table Footnote

1. Consistent with the budget, proposed legislation excludes budget reform proposals that are included in the baseline.

Note. Detail in this table may not add to the totals due to rounding.

Source. *Budget of the United States Government, Fiscal Year 2024*

Table 8. NIPA Federal Government Current Receipts and Expenditures

[Billions of dollars]

Line	Series	Fiscal year estimates ¹			Fiscal year changes			Calendar year	
								Published ²	Estimated
		2022	2023	2024	2022	2023	2024	2022	2023
1	Current receipts	4,871.8	4,992.5	5,274.0	717.7	120.7	281.5	5,027.4	5,060.7
2	Current tax receipts	3,033.1	3,113.5	3,295.5	566.0	80.4	182.0	3,185.0	3,199.1
3	Personal current taxes	2,422.3	2,339.6	2,425.8	420.4	-82.7	86.2	2,613.6	2,474.5
4	Taxes on production and imports	196.7	212.9	188.7	30.5	16.2	-24.2	201.8	184.8
5	Taxes on corporate income	380.3	525.4	645.4	111.4	145.1	120.0	335.0	503.7
6	Taxes from the rest of the world	33.9	35.6	35.6	3.7	1.8	0.0	34.6	36.1
7	Contributions for social insurance	1,627.2	1,773.2	1,841.0	136.0	146.0	67.8	1,658.6	1,745.1
8	Domestic	1,619.1	1,764.6	1,832.1	133.1	145.5	67.5	1,652.6	1,738.7
9	Rest of the world	8.1	8.5	8.9	2.8	0.4	0.4	6.0	6.4
10	Income receipts on assets	142.1	28.6	48.1	16.5	-113.5	19.6	116.7	48.4
11	Interest receipts	19.4	12.6	33.1	1.1	-6.9	20.6	21.4	33.6
12	Dividends	107.5	0.8	0.8	7.0	-106.7	0.0	81.7	0.6
13	Rents and royalties	15.2	15.2	14.2	8.5	0.0	-1.0	13.7	14.1
14	Current transfer receipts	62.5	71.4	83.3	-6.2	8.9	11.9	70.2	65.5
15	From business	40.3	46.7	59.2	-2.5	6.5	12.4	40.6	38.3
16	From persons	18.7	19.1	20.0	-4.2	0.4	1.0	24.1	24.9
17	From the rest of the world	3.6	5.6	4.1	0.5	2.0	-1.5	5.4	2.3
18	Current surplus of government enterprises	6.9	5.8	6.0	5.3	-1.0	0.2	-3.1	2.7
19	Current expenditures	6,062.6	6,394.8	6,982.1	-1,044.2	332.2	587.3	6,030.0	6,639.8
20	Consumption expenditures	1,202.4	1,337.9	1,483.9	-31.2	135.5	146.0	1,269.0	1,392.7
21	National defense	721.4	773.2	852.4	6.7	51.8	79.2	732.4	785.4
22	Nondefense	481.0	564.7	631.5	-37.9	83.7	66.9	536.6	607.4
23	Current transfer payments	3,994.3	4,062.4	4,372.0	-795.0	68.1	309.6	3,927.7	4,142.3
24	Government social benefits	2,975.2	2,995.5	3,387.6	-686.6	20.3	392.2	2,886.9	3,108.4
25	To persons	2,944.3	2,961.5	3,350.2	-685.9	17.2	388.6	2,858.1	3,076.2
26	To rest of the world	30.9	33.9	37.5	-0.7	3.1	3.5	28.8	32.2
27	Grants-in-aid to state and local governments	943.2	988.6	914.6	-123.3	45.5	-74.0	951.8	966.0
28	Transfer payments to the rest of the world (net)	76.0	78.3	69.7	14.9	2.3	-8.5	89.0	67.9
29	Federal interest paid	683.8	875.1	997.6	122.2	191.3	122.5	710.3	990.1
30	Subsidies	182.1	119.5	128.6	-340.2	-62.6	9.1	123.0	114.6
31	Net federal government saving	-1,190.8	-1,402.3	-1,708.1	1,761.9	-211.5	-305.7	-1,002.6	-1,579.0
Addenda:									
32	Total receipts	4,904.3	5,013.3	5,299.3	724.8	109.0	286.0	5,058.6	5,090.7
33	Current receipts	4,871.8	4,992.5	5,274.0	717.7	120.7	281.5	5,027.4	5,060.7
34	Capital transfer receipts	32.5	20.9	25.3	7.1	-11.6	4.4	31.2	29.9
35	Total expenditures	6,174.0	6,544.8	7,175.1	-1,116.0	370.8	630.3	6,168.4	6,790.7
36	Current expenditures	6,062.6	6,394.8	6,982.1	-1,044.2	332.2	587.3	6,030.0	6,639.8
37	Gross investment ³	366.9	396.2	441.4	5.9	29.4	45.2	377.7	414.2
38	National defense	192.1	204.4	233.7	1.3	12.3	29.3	192.6	209.3
39	Nondefense	174.7	191.8	207.7	4.6	17.1	15.8	185.1	204.9
40	Capital transfer payments	194.8	113.9	140.9	46.3	-80.9	27.0	216.5	107.2
41	Net purchases of nonproduced assets	-108.0	-0.8	-21.1	-99.0	107.2	-20.3	-108.1	-5.7
42	Less: Consumption of fixed capital	342.3	359.4	368.2	24.9	17.1	8.8	347.6	364.8
43	Net lending or net borrowing (-)	-1,269.7	-1,531.4	-1,875.8	1,840.8	-261.7	-344.4	-1,109.8	-1,700.0

NIPA National Income and Product Accounts

Table Footnotes

1. Fiscal year estimates are the sum of quarterly estimates that are not seasonally adjusted and that are consistent with budget proposals.
2. These estimates are published in the NIPA [table 3.2](#) and [table 3.9.5](#).
3. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in federal government consumption expenditures.

Sources. *Budget of the United States Government, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

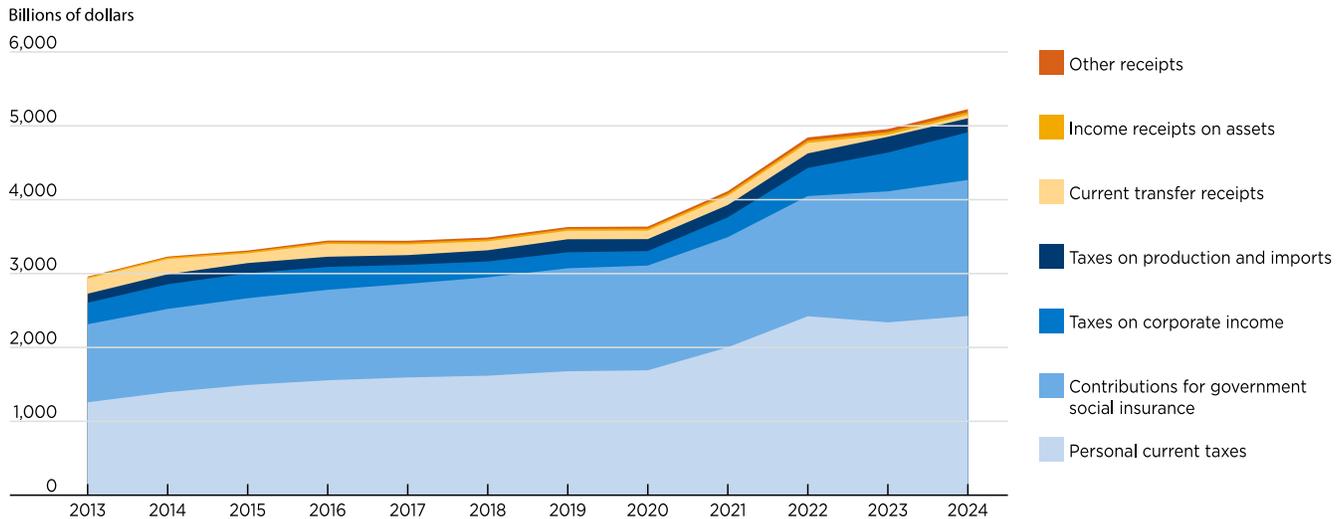
NIPA Estimates

NIPA estimates of federal government receipts and expenditures that are consistent with the actual and projected receipts and outlays defined in the *Budget* for 2022, 2023, and 2024 are displayed in table 8. This table also includes estimates for calendar year 2023 that are derived by extrapolating forward from the NIPA estimates that were already published for the first quarter of 2023, as released on April 27, 2023. More accurate estimates for calendar year 2023 based on more contemporaneous data will be published each month in [NIPA table 3.2](#) and in related underlying tables.

Projected NIPA estimates of federal government current receipts increase \$120.7 billion in 2023 and \$281.5 billion in 2024 (chart 2). Projected NIPA estimates of federal government current expenditures increase \$332.2 billion in 2023 and \$587.3 billion in 2024 (chart 3). The explanations of these annual patterns are largely consistent with the discussion of budget estimates above:

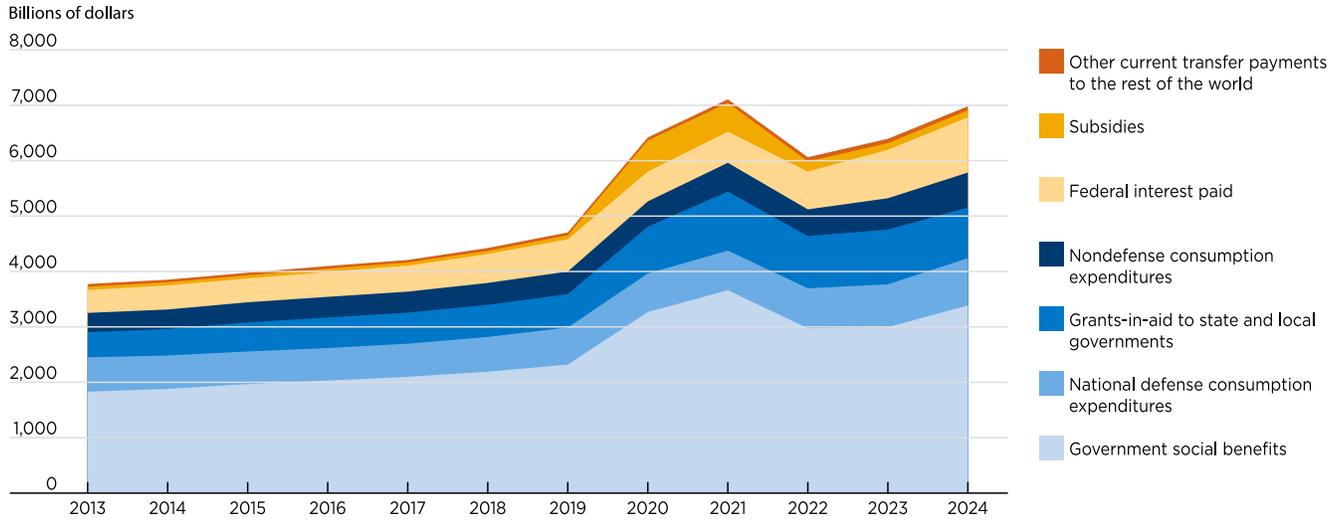
- The increase in receipts in 2023 reflects increases in corporate taxes and contributions for government social insurance that are offset by decreases in personal taxes and dividends received from the Federal Reserve System.
- The increase in expenditures in 2023 includes an increase in interest paid on Treasury debt securities.
- The increases in individual and corporate tax receipts and in social benefit expenditures in 2024 include the effects of budget proposals, as described above.

Chart 2. Federal Government Current Receipts



Sources: *Budget of the United States Government, Fiscal Year 2024* and the U.S. Bureau of Economic Analysis

Chart 3. Federal Government Current Expenditures



Translating Budget Estimates into a NIPA Framework

Budget estimates of government receipts are allocated into five major NIPA receipts categories: (1) current tax receipts, (2) contributions for government social insurance, (3) income receipts on assets, (4) current transfer receipts, and (5) current surplus of government enterprises. These allocations are consistent with national accounting standards and are based on information and assumptions from the *Budget* and on projections of the effects of specific budget proposals from the U.S. Department of the Treasury Office of Tax Analysis.

Budget estimates of government outlays are organized by appropriation in the *Budget Appendix*. These data and supplemental data from the U.S. Office of Management and Budget are used to allocate federal budget outlays into four major NIPA expenditures categories: (1) current transfer payments, (2) interest payments, (3) subsidies, and (4) consumption expenditures and gross investment.

The allocations of budget receipts and outlays into NIPA categories are used, along with supplemental administrative data, to inform how federal government receipts and spending reported by the U.S. Department of the Treasury each month are allocated into NIPA categories to produce monthly and quarterly NIPA estimates.

When quarterly NIPA estimates are published, estimates of defense consumption expenditures and gross investment are reconciled with outlays reported in the *Monthly Treasury Statement* using financial, delivery, and other information from the U.S. Department of Defense. For nondefense consumption expenditures and gross investment, extrapolations of budget data are used in the estimation of some categories of spending including expenditures for durable goods, nondurable goods, services, and equipment for which no quarterly source data are available. Other categories of spending incorporate quarterly source data, such as data for construction from the U.S. Census Bureau and data for compensation from the U.S. Office of Personnel Management and the U.S. Bureau of Labor Statistics.

NIPA Estimates of the Federal Sector and Federal Budget Estimates

BEA prepares estimates of the federal sector in the framework of the NIPAs. Unlike the federal budget, which is a financial plan of the government, the NIPA federal sector estimates are designed to facilitate macroeconomic analyses of the effects of federal government activity on aggregate economic activity.¹

In translating budget estimates into the framework of the NIPAs, three primary types of adjustments are made. The following adjustments result in NIPA estimates of current receipts and expenditures that differ from corresponding estimates of receipts and outlays in the *Budget*:

- **Coverage adjustments** are necessary because certain transactions that are included in the *Budget* are excluded from the NIPAs (and vice versa).
- **Netting and grossing adjustments** are necessary because certain transactions that are recorded as offsets to outlays (receipts) in the *Budget* are recorded as receipts (expenditures) in the NIPAs.
- **Timing adjustments** are necessary because certain receipts and outlays that are recorded on a cash basis in the *Budget* are recorded on an accrual basis in the NIPAs.

The arrangement of federal transactions in NIPA statistics also differs from that in budget estimates. One difference is in the treatment of capital transactions. Unlike budget estimates, the NIPAs distinguish between current transactions for production, income, and consumption and capital transactions, which include expenditures to acquire, improve, or dispose of nonfinancial assets, such as property, equipment, or certain intangible assets.² The following types of transactions are not included in NIPA federal government current receipts and current expenditures but are shown in the NIPA domestic capital account:

- **Government investment in fixed assets.** In the NIPAs, government consumption expenditures exclude investment in fixed assets but include consumption of fixed capital, a depreciation charge on fixed assets that are used in production.
- **Transfers involving the acquisition or disposal of assets.** In the NIPAs, these transactions are classified as capital transfers and are presented in the domestic capital account.³

- **Transactions involving nonproduced assets.** In the NIPAs, purchases and sales of nonproduced assets, such as land and radio spectrum licenses, are included in capital account transactions (net) in the domestic capital account.

NIPA estimates also differ from budget estimates because of different definitions of the scope and coverage of the federal government sector:

- **Federal employee pension and insurance funds.** In NIPA estimates, pension plans are treated as "pass-through" institutions that hold financial assets on behalf of households.⁴ Contributions to government employee pension and insurance funds, which are included in budget receipts, are excluded from NIPA federal government receipts because these contributions are included in NIPA personal income as part of employee income. Similarly, federal employee retirement benefit payments, which are included in budget outlays, are excluded from NIPA current expenditures because these benefits are paid from assets that are held in the pension subsector of the corporate financial sector.
- **Other differences.** NIPA estimates also exclude contributions by telecommunications providers into the Federal Communications Commission Universal Service Fund and outlays from this fund. In the NIPAs, this fund is treated as a nonprofit institution serving business, and these transactions are included in the NIPA business sector.

Receipts

For most years, the differences between NIPA current receipts and budget receipts primarily reflect capital transfers received, supplementary medical insurance premiums, and personal and business current transfer receipts that are classified as receipts in the NIPAs but are netted against outlays in the *Budget*.

Expenditures

For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, federal employee retirement plan transactions, personal and business current transfer receipts, and net investment.

Budget outlays for national defense and nondefense are included in NIPA estimates of both consumption expenditures and gross investment. For national defense, budget outlays differ from the NIPA estimates for the following reasons:

- The NIPA measure includes general government consumption of fixed capital.
- The budget records contributions into military and civilian retirement funds and the receipts of these contributions by the retirement funds as intragovernmental transactions. The NIPAs include an accrual measure of contributions for military and civilian retirement benefits in defense consumption expenditures, but contributions into these funds are excluded from government receipts.
- Budget outlays are recorded on a cash basis, but NIPA expenditures are recorded on a delivery (accrual) basis. In the NIPAs, work in progress, except for work on ships and structures, is recorded as a change in private inventories.

Box footnotes

1. For a comparison of budget estimates and NIPA estimates, see [table 2](#) and [table 3](#) in this article and in [NIPA table 3.18B](#).
2. For details about the NIPA presentation of current and capital transactions, see "[Results of the 2018 Comprehensive NIPA Update](#)," *Survey of Current Business* 98 (September 2018).
3. The flow of funds accounts of the Federal Reserve Board present detailed information on the acquisition and disposal of financial assets and liabilities by U.S. economic sectors including the federal government. Capital transfers include transactions such as investment grants-in-aid to state and local governments, investment subsidies to businesses, lump-sum payments to amortize the unfunded liabilities of the U.S. Department of Defense Medicare-Eligible Retiree Health Care Fund and the U.S. Postal Service Retiree Health Benefits Fund, payments to retroactively reimburse veterans for the costs of some past medical treatments, the implied subsidy costs of financial stabilization equity purchases, the payments of insurance benefits related to catastrophes, and estate and gift taxes.
4. For more information about the treatment of pension plans in the NIPAs, see "[Preview of the 2013 Comprehensive Revision of the National Income and Product Accounts](#)," *Survey* 93 (March 2013): 21–25.

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Footnotes

1. The projected receipts and outlays that are published in the *Budget* and the assumptions that underlie those projections will be updated over time, notably in the Mid-Session Review of the *Budget*. The estimates discussed in this article are consistent with values as they were initially published in April 2023.
2. For a historical perspective of the relationship between budget receipts and outlays and NIPA receipts and expenditures, see [NIPA table 3.18B](#).
3. A more detailed accounting of the economic assumptions that underlie budget estimates is described in the “[Economic Assumptions](#)” chapter of the *Analytical Perspectives* volume of the *Budget*.
4. The option to defer the payment of these taxes was initially provided by the Coronavirus, Aid, Relief, and Economic Security Act.
5. See “Table S–2. Effect of Budget Proposals on Projected Deficits” and “Table S–6. Mandatory and Receipt Proposals” in the *Budget of the United States Government* volume of the *Budget*.



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