

# Government Receipts and Expenditures

## Second Quarter of 2023

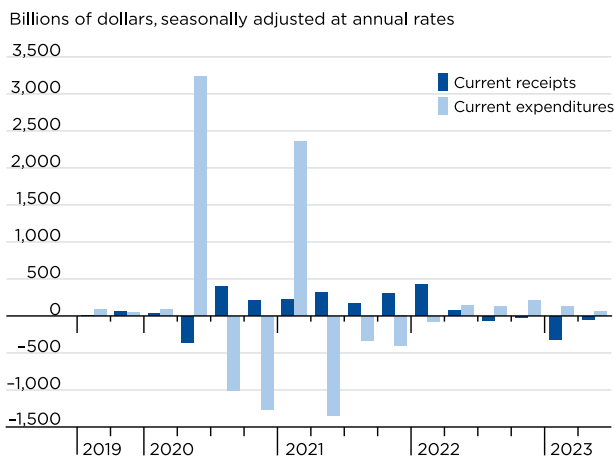
By Andrea Cook | October 17, 2023

Net government saving, the difference between current receipts and current expenditures in the federal government and state and local governments, was  $-\$1,845.4$  billion in the second quarter of 2023, decreasing  $\$108.3$  billion from  $-\$1,737.1$  billion in the first quarter of 2023 (charts 1 and 2 and table 1).

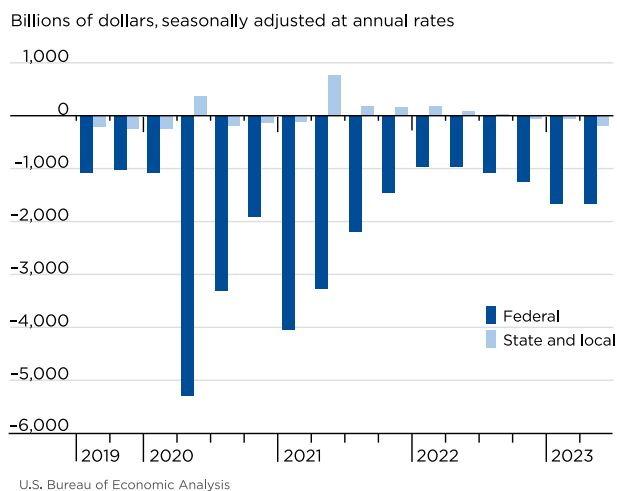
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was  $\$2,086.6$  billion in the second quarter, increasing  $\$145.8$  billion from  $\$1,940.8$  billion in the first quarter (charts 3 and 4 and table 1).

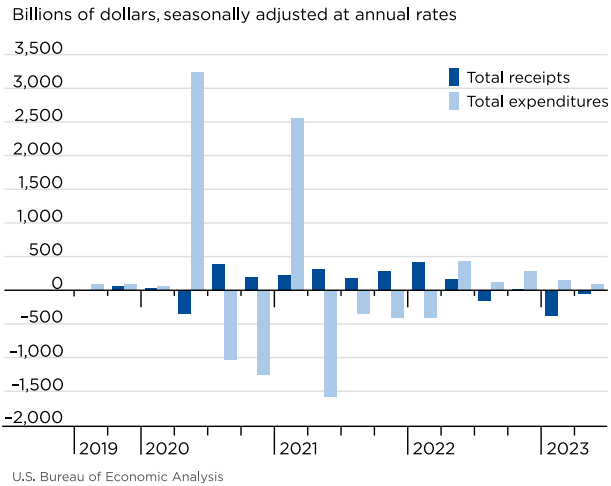
**Chart 1. Current Receipts and Expenditures:  
Change From Preceding Quarter**



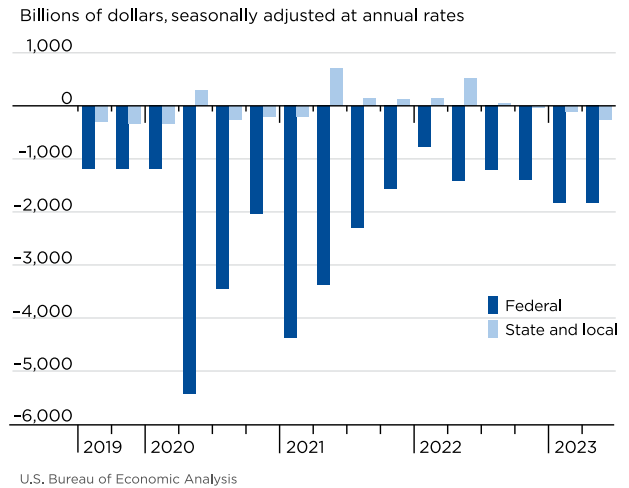
**Chart 2. Net Saving**



**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	Component	Level	Change from preceding quarter			
		2023	2022		2023	
		Q2	Q3	Q4	Q1	Q2
1	Current receipts	7,295.9	-57.6	-26.2	-312.4	-50.9
2	Current expenditures	9,141.3	128.1	213.1	133.1	57.4
3	<b>Net government saving</b>	<b>-1,845.4</b>	<b>-185.8</b>	<b>-239.3</b>	<b>-445.5</b>	<b>-108.3</b>
4	Federal	-1,660.7	-112.2	-168.5	-432.5	13.0
5	State and local	-184.7	-73.5	-70.8	-13.0	-121.3
6	<b>Net lending or net borrowing (-)</b>	<b>-2,086.6</b>	<b>-268.5</b>	<b>-266.9</b>	<b>-518.0</b>	<b>-145.8</b>
7	Federal	-1,832.3	204.6	-175.1	-437.2	-9.8
8	State and local	-254.3	-473.0	-91.9	-80.8	-136.0

## Federal Government

Net federal government saving was –\$1,660.7 billion in the second quarter, increasing \$13.0 billion from –\$1,673.7 billion in the first quarter (table 2). In the second quarter, current receipts turned up and current expenditures decelerated relative to the first quarter.

Federal government net borrowing was \$1,832.3 billion in the second quarter, increasing \$9.8 billion from \$1,822.5 billion in the first quarter.

- Personal current taxes (line 3) decreased less in the second quarter, decreasing \$3.1 billion after decreasing \$309.1 billion in the first quarter, reflecting a smaller decrease in nonwithheld taxes. The smaller decrease in nonwithheld taxes reflected a smaller decrease in declaration and settlements. Annual changes for final settlements and refunds, which are primarily based on tax liabilities for previous years, are recorded in the first quarter of the year.
- Contributions for government social insurance (line 7) decelerated in the second quarter, increasing \$22.4 billion after increasing \$41.8 billion in the first quarter, reflecting the pattern of wages. Contributions for FICA (Federal Insurance Contributions Act) by employers, employees, and the self-employed as well as contributions for Supplementary Medical Insurance premiums paid by persons decelerated.
- Income receipts on assets (line 8) decreased less in the second quarter, decreasing \$1.1 billion after decreasing \$13.5 billion in the first quarter. The smaller decrease reflects the pattern of dividends from Federal Reserve banks. Federal Reserve dividends have decreased in recent quarters as the regional banks have become less profitable. As interest rates have risen, the interest expenses of the Federal Reserve banks have grown and largely exceed the income they earn on their asset holdings. When the Federal Reserve experiences losses, it creates a deferred asset, which is effectively an “IOU” to itself. The Federal Reserve banks will apply future earnings against these deferred assets and will not resume paying dividends to the U.S. Treasury until the deferred amounts are fully settled.
- Current transfer receipts (line 9) turned up in the second quarter, increasing \$2.7 billion after decreasing \$15.3 billion in the first quarter, reflecting an upturn in current transfer receipts from the rest of the world and a smaller decrease in current transfer receipts from business. The decrease in the first quarter followed several fourth-quarter settlements. Fourth-quarter receipts from the rest of the world included fines paid by Danske Bank, Lafarge SA, and Glencore. Fourth-quarter receipts from business were boosted by a \$1.7 billion (\$6.8 billion at an annual rate) settlement with Wells Fargo for consumer loan abuses and a \$0.3 billion (\$1.3 billion at an annual rate) settlement with U.S. affiliates of Glencore for bribery and market manipulation.
- Consumption expenditures (line 12) decelerated, increasing \$4.2 billion in the second quarter after increasing \$35.1 billion in the first quarter, reflecting a downturn in nondefense consumption expenditures and a deceleration in national defense consumption expenditures. The downturn in nondefense consumption expenditures reflects an upturn in sales to other sectors, specifically an increase 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) turned down in the second quarter, decreasing \$16.1 billion after increasing \$49.1 billion in the first quarter. The downturn in the second quarter reflects a deceleration in social security benefits; first-quarter benefits were boosted by an 8.7 percent cost-of-living adjustment. Payments of health insurance premium tax credits related to the Affordable Care Act (ACA) turned down, reflecting a decrease in the number of people enrolled in ACA plans. SNAP (Supplemental Nutrition Assistance Program) benefits decreased more in the second quarter, reflecting a return to normal benefit payments, which now exclude emergency supplements that were temporarily authorized by Congress to assist during the COVID-19 pandemic. The Consolidated Appropriations Act, 2023 passed by Congress ended these emergency allotments. Partially offsetting these decreases, the child tax credit remained unchanged after decreasing \$69.8 billion in the first quarter.
- Grants-in-aid to state and local governments (line 20) turned down in the second quarter, decreasing \$0.5 billion after increasing \$28.4 billion in the first quarter. A downturn in education grants and a deceleration in Medicaid grants were partially offset by an upturn in income security grants.
- Interest payments (line 22) decelerated in the second quarter, increasing \$35.8 billion after increasing \$44.2 billion in the first quarter. Interest paid on treasury bills and notes decelerated.
- Capital transfer payments (line 33) accelerated in the second quarter, increasing \$17.8 billion after increasing \$3.9 billion in the first quarter. Capital transfers to persons turned up in the second quarter, reflecting the cancellation of student loan debt in a class-action lawsuit by defrauded borrowers and the U.S. Department of Education, ending in a settlement of \$24.0 billion at an annual rate.

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

[Billions of dollars, seasonally adjusted at annual rates]

Line	Component	Level	Change from preceding quarter			
		2023	2022		2023	
		Q2	Q3	Q4	Q1	Q2
<b>1</b>	<b>Current receipts</b>	<b>4,685.6</b>	<b>-33.3</b>	<b>-57.2</b>	<b>-283.4</b>	<b>34.5</b>
2	Current tax receipts	2,791.6	2.7	-53.2	-296.8	10.5
3	Personal current taxes	2,177.9	19.3	-31.8	-309.1	-3.1
4	Taxes on production and imports	175.4	-10.6	-11.3	-3.9	-1.6
5	Taxes on corporate income	403.3	-5.2	-10.0	15.0	14.7
6	Taxes from the rest of the world	34.9	-0.8	-0.1	1.2	0.4
7	Contributions for government social insurance	1,780.9	41.8	7.1	41.8	22.4
8	Income receipts on assets	41.9	-66.4	-26.4	-13.5	-1.1
9	Current transfer receipts	63.3	-11.2	15.2	-15.3	2.7
10	Current surplus of government enterprises	8.0	-0.2	0.1	0.3	0.2
<b>11</b>	<b>Current expenditures</b>	<b>6,346.3</b>	<b>78.9</b>	<b>111.3</b>	<b>149.1</b>	<b>21.5</b>
12	Consumption expenditures	1,307.2	23.0	35.5	35.1	4.2
13	National defense	764.9	8.6	11.8	16.4	4.9
14	Nondefense	542.3	14.3	23.8	18.7	-0.7
15	Current transfer payments	4,030.4	-2.3	9.1	77.7	-16.9
16	Government social benefits	2,961.5	-27.2	29.1	51.3	-15.5
17	To persons	2,929.7	-27.8	29.3	49.1	-16.1
18	To the rest of the world	31.8	0.6	-0.2	2.2	0.6
19	Other current transfer payments	1,068.8	24.9	-20.0	26.4	-1.5
20	Grants-in-aid to state and local governments	974.1	-11.6	-4.0	28.4	-0.5
21	To the rest of the world	94.8	36.5	-16.0	-2.0	-0.9
22	Interest payments	909.6	70.0	75.8	44.2	35.8
23	Subsidies	99.2	-11.8	-9.1	-7.9	-1.5
<b>24</b>	<b>Net federal government saving</b>	<b>-1,660.7</b>	<b>-112.2</b>	<b>-168.5</b>	<b>-432.5</b>	<b>13.0</b>
25	Social insurance funds	-529.5	34.6	-12.5	-69.7	0.5
26	Other	-1,131.2	-146.9	-156.1	-362.7	12.5
<b>Addenda:</b>						
<b>27</b>	<b>Total receipts</b>	<b>4,716.7</b>	<b>-32.2</b>	<b>-59.2</b>	<b>-285.2</b>	<b>35.4</b>
28	Current receipts	4,685.6	-33.3	-57.2	-283.4	34.5
29	Capital transfer receipts	31.0	1.1	-2.0	-1.8	0.8
<b>30</b>	<b>Total expenditures</b>	<b>6,549.0</b>	<b>-236.8</b>	<b>115.9</b>	<b>152.0</b>	<b>45.2</b>
31	Current expenditures	6,346.3	78.9	111.3	149.1	21.5
32	Gross government investment	437.2	1.2	19.9	3.8	9.5
33	Capital transfer payments	133.3	-237.8	-100.9	3.9	17.8
34	Net purchases of nonproduced assets	0.3	-73.4	90.2	0.6	0.1
35	Less: Consumption of fixed capital	368.0	5.7	4.6	5.3	3.7
<b>36</b>	<b>Net lending or net borrowing (-)</b>	<b>-1,832.3</b>	<b>204.6</b>	<b>-175.1</b>	<b>-437.2</b>	<b>-9.8</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.

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### Footnote

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 –\$184.7 billion in the second quarter, decreasing \$121.3 billion from –\$63.4 billion in the first quarter. In the second quarter, current receipts decreased more and current expenditures accelerated relative to the first quarter (table 3).

In the second quarter, net borrowing was \$254.3 billion, increasing \$136.0 billion from \$118.3 billion in the first quarter.

- Personal current taxes (line 3) decreased more in the second quarter, decreasing \$53.9 billion after decreasing \$22.9 billion, reflecting a larger decrease in personal income taxes.
- Taxes on production and imports (line 4) turned down in the second quarter, decreasing \$7.9 billion after increasing \$14.5 billion, reflecting a downturn in state excise taxes and a deceleration in state sales taxes.
- Taxes on corporate income (line 5) turned down in the second quarter, decreasing \$21.8 billion after increasing \$12.0 billion.
- Federal grants-in-aid (line 9) turned down in the first quarter, decreasing \$0.5 billion after increasing \$28.4 billion. A downturn in education grants and a deceleration in Medicaid grants were partially offset by an upturn in income security grants.
- Other current transfer receipts (line 10) turned up in the second quarter, increasing \$0.6 billion after decreasing \$27.2 billion, reflecting an upturn in current transfer receipts from the rest of the world. The decrease in the first quarter followed several fourth-quarter settlements. Fourth-quarter receipts were boosted \$6.7 billion (\$26.8 billion at an annual rate) from two settlements between multiple state governments and Teva Pharmaceuticals and Allergan to resolve opioid-related claims.

- Consumption expenditures (line 13) turned down in the second quarter, decreasing \$10.8 billion after increasing \$12.6 billion, reflecting a deceleration in spending for both education compensation and general government services.
- Government social benefits (line 14) turned up in the second quarter, increasing \$31.8 billion after decreasing \$22.5 billion in the first quarter. The first-quarter decrease followed state stimulus payments to individuals that boosted fourth-quarter benefits. More information can be found in the FAQ [“How are state refundable tax credits recorded in the National Income and Product Accounts \(NIPAs\)?”](#). The upturn was partially offset by a deceleration in Medicaid benefits.
- Capital transfer receipts (line 22) turned up in the second quarter, increasing \$6.7 billion after decreasing \$54.2 billion in the first quarter. The decrease in the first quarter followed fourth-quarter settlements totaling \$13.4 billion (\$53.6 billion at an annual rate) between CVS, Walmart, and Walgreens and the states to assist states affected by the opioid epidemic. More information can be found in the FAQ [“How do the 2022 national opioid settlements impact the NIPAs?”](#).

**Table 3. State and Local Government Current Receipts and Expenditures**

[Billions of dollars, seasonally adjusted at annual rates]

Line	Component	Level	Change from preceding quarter			
		2023	2022		2023	
		Q2	Q3	Q4	Q1	Q2
<b>1</b>	<b>Current receipts</b>	<b>3,584.3</b>	<b>-35.9</b>	<b>27.0</b>	<b>-0.6</b>	<b>-86.0</b>
2	Current tax receipts	2,325.6	-15.1	12.6	3.6	-83.7
3	Personal current taxes	528.8	-39.9	-9.6	-22.9	-53.9
4	Taxes on production and imports	1,646.2	22.2	7.8	14.5	-7.9
5	Taxes on corporate income	150.7	2.7	14.3	12.0	-21.8
6	Contributions for government social insurance	21.4	-0.2	-0.4	-0.5	-0.1
7	Income receipts on assets	100.6	1.2	1.5	0.3	0.8
8	Current transfer receipts	1,154.8	-18.8	20.3	1.1	0.1
9	Federal grants-in-aid	974.1	-11.6	-4.0	28.4	-0.5
10	Other	180.7	-7.3	24.2	-27.2	0.6
11	Current surplus of government enterprises	-18.0	-2.9	-7.0	-5.0	-3.1
<b>12</b>	<b>Current expenditures</b>	<b>3,769.0</b>	<b>37.7</b>	<b>97.8</b>	<b>12.4</b>	<b>35.3</b>
13	Consumption expenditures	2,388.3	15.5	23.3	12.6	-10.8
14	Government social benefits	1,087.5	20.2	62.7	-22.5	31.8
15	Interest payments	292.5	2.0	11.7	22.3	14.3
16	Subsidies	0.7	0.0	0.0	0.0	0.0
<b>17</b>	<b>Net state and local government saving</b>	<b>-184.7</b>	<b>-73.5</b>	<b>-70.8</b>	<b>-13.0</b>	<b>-121.3</b>
18	Social insurance funds	3.0	-0.4	-0.4	-0.6	-0.2
19	Other	-187.7	-73.2	-70.3	-12.5	-121.1
<b>Addenda:</b>						
<b>20</b>	<b>Total receipts</b>	<b>3,680.0</b>	<b>-411.1</b>	<b>6.1</b>	<b>-54.7</b>	<b>-79.4</b>
21	Current receipts	3,584.3	-35.9	27.0	-0.6	-86.0
22	Capital transfer receipts	95.7	-375.3	-20.9	-54.2	6.7
<b>23</b>	<b>Total expenditures</b>	<b>3,934.2</b>	<b>61.8</b>	<b>98.0</b>	<b>26.0</b>	<b>56.6</b>
24	Current expenditures	3,769.0	37.7	97.8	12.4	35.3
25	Gross government investment	537.2	22.7	15.7	20.1	23.0
26	Capital transfer payments	...	...	...	...	...
27	Net purchases of nonproduced assets	19.7	0.2	0.1	0.2	0.2
28	Less: Consumption of fixed capital	391.7	8.7	5.7	6.6	2.0
<b>29</b>	<b>Net lending or net borrowing (-)</b>	<b>-254.3</b>	<b>-473.0</b>	<b>-91.9</b>	<b>-80.8</b>	<b>-136.0</b>

... Data not available

## 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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### Footnote

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



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