

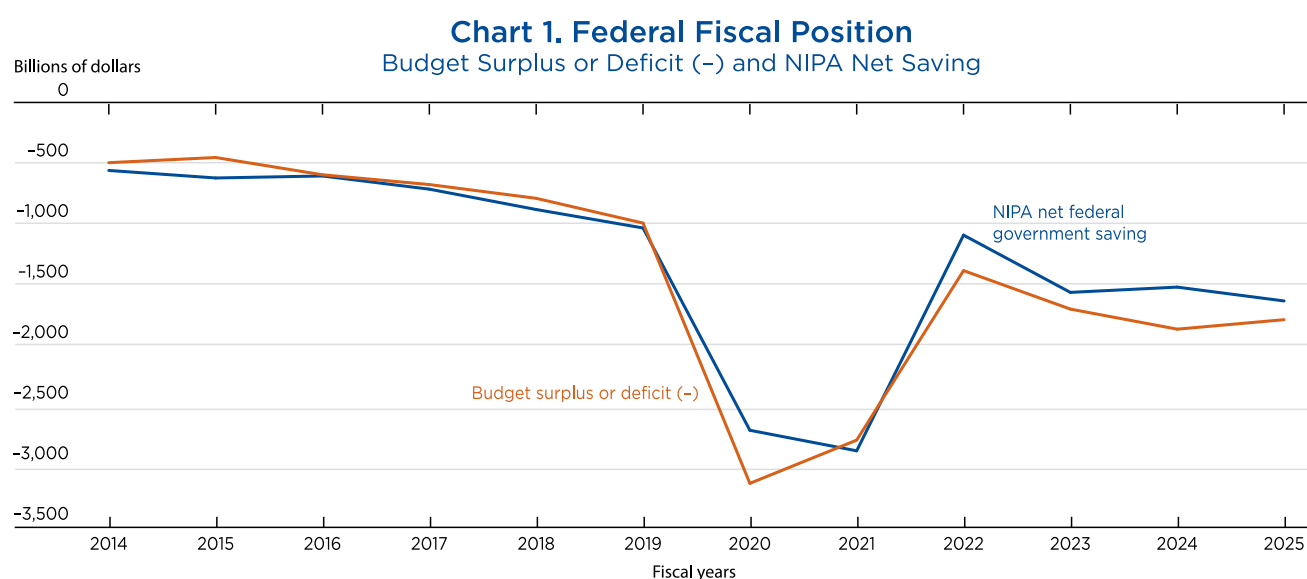
NIPA Translation of the Fiscal Year 2025 Federal Budget

By Mark S. Ludwick and Brendan I. Brankin | April 16, 2024

On March 11, 2024, President Biden submitted his proposed *Budget of the United States Government, Fiscal Year 2025* to Congress. This article presents estimates of federal government receipts and expenditures for fiscal years 2023, 2024, and 2025 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 will also be used by the U.S. Bureau of Economic Analysis (BEA) to inform estimates of federal government activity, including the federal government's contributions to gross domestic product (GDP).^{1,2}

Comparison of Budget and NIPA Estimates

Projected estimates of federal government current receipts measured on a NIPA basis are greater than budget estimates of receipts for both 2024 and 2025. Projected estimates of federal government current expenditures measured on a NIPA basis are smaller than budget estimates of outlays for 2024 and greater than budget estimates of outlays for 2025. Net federal government saving, defined as the difference between 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](#).”³ Some of the adjustments made to budget outlays for 2023 and 2024 are notably larger than usual because of differences in the treatment of student loan forgiveness in budget and NIPA estimates (table 3, lines 6, 7, and 19).



NIPA National Income and Product Accounts

Sources. *Budget of the United States Government, Fiscal Year 2025* and the U.S. Bureau of Economic Analysis

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		2024	2025
	2023	2024	2025		
Budget:					
Receipts	4,440.9	5,081.5	5,484.9	640.6	403.4
Outlays	6,134.7	6,940.9	7,266.0	806.2	325.1
Surplus or deficit (-)	-1,693.7	-1,859.4	-1,781.0	-165.6	78.3
NIPAs:					
Current receipts	4,746.0	5,276.1	5,672.0	530.1	395.9
Current expenditures	6,301.7	6,788.3	7,298.4	486.6	510.1
Net federal government saving	-1,555.7	-1,512.2	-1,626.4	43.5	-114.2

NIPA National Income and Product Accounts

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

Sources. *Budget of the United States Government, Fiscal Year 2025* 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		
	2023	2024	2025
Budget receipts	4,440.9	5,081.5	5,484.9
<i>Less: Coverage differences</i>	50.8	55.8	69.9
Contributions received by federal employee pension and insurance funds ¹	6.9	7.6	8.2
Capital transfers received ²	35.3	38.8	51.7
Other ³	8.6	9.3	10.0
<i>Less: Netting and grossing differences</i>	-273.6	-316.5	-383.3
Supplementary medical insurance premiums	-142.0	-152.6	-165.4
Interest receipts	-21.7	-51.0	-51.3
Current surplus of government enterprises	0.5	-1.7	-0.2
Other ⁴	-110.4	-111.2	-166.3
<i>Plus: Timing differences</i>	82.2	-66.2	-126.3
Taxes on corporate income	-34.1	-23.4	24.2
Federal and state unemployment insurance taxes	-5.5	-1.3	0.0
Withheld personal income tax and social security contributions	114.5	-45.0	-145.0
Excise taxes	16.1	2.5	-0.7
Other	-8.8	1.0	-4.8
Equals: NIPA federal government current receipts	4,746.0	5,276.1	5,672.0

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 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 2025* 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		
	2023	2024	2025
Budget outlays	6,134.7	6,940.9	7,266.0
<i>Less: Coverage differences</i>	189.2	364.8	283.3
Federal employee pension and insurance fund transactions ¹	-70.2	-71.3	-52.7
Financing disbursements from credit programs ²	-27.1	2.3	-52.2
Net investment ³	69.2	88.0	111.9
Capital transfers paid ⁴	263.7	182.7	149.5
Financial transactions	-45.9	162.5	125.1
Net purchases of nonproduced assets	-1.0	-1.5	-1.0
Other ⁵	0.5	2.1	2.8
<i>Less: Netting and grossing differences</i>	-273.6	-316.5	-383.3
Supplementary medical insurance premiums	-142.0	-152.6	-165.4
Interest receipts	-21.7	-51.0	-51.3
Current surplus of government enterprises	0.5	-1.7	-0.2
Other ⁶	-110.4	-111.2	-166.3
<i>Plus: Timing differences</i>	82.6	-104.3	-67.5
Purchases (increase in payables net of advances)	-16.0	-17.9	8.4
Interest payments	0.4	0.5	0.5
Current transfer payments	-45.6	-86.2	-74.7
Other ⁷	143.8	-0.7	-1.6
Equals: NIPA federal government current expenditures	6,301.7	6,788.3	7,298.4

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 (Financial transactions.)
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 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 2025* 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		
	2023	2024	2025
Budget outlays for national defense	820.3	907.7	926.7
U.S. Department of Defense, military	775.9	844.9	871.6
Military personnel	183.9	189.8	202.8
Operation and maintenance	317.6	323.4	330.2
Procurement ¹	141.7	147.9	166.5
Research, development, test, and evaluation	122.0	137.3	138.8
Other	10.7	46.4	33.2
Atomic energy and other defense-related activities	44.4	62.9	55.1
<i>Plus:</i> Consumption of general government fixed capital	198.2	207.0	215.4
Additional payments to military and civilian retirement funds	136.8	168.6	171.0
<i>Less:</i> Grants-in-aid to state and local governments and net interest paid	0.7	0.7	0.7
Timing differences	19.7	15.7	-10.5
Other differences	156.4	208.1	204.9
<i>Equals:</i> NIPA national defense consumption expenditures and gross investment	978.4	1,058.8	1,118.2
<i>Less:</i> National defense gross investment ²	213.9	228.5	242.3
<i>Equals:</i> NIPA national defense consumption expenditures	764.6	830.3	875.8

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.

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

Sources. *Budget of the United States Government, Fiscal Year 2025* and the U.S. Bureau of Economic Analysis

Budget Estimates

The *Budget* projects an increase in federal receipts of \$640.6 billion in 2024 and an increase of \$403.4 billion in 2025 (table 5). These changes reflect underlying budget assumptions about economic activity and growth in incomes and real GDP over these years.⁴ Projected increases in individual and corporate tax revenues in 2024 result from projected increases in both personal incomes and corporate profits and from budget proposals to increase tax rates on corporations and wealthy individuals, as described below.

The *Budget* projects increases in federal outlays of \$806.2 billion in 2024 and \$325.1 billion in 2025 (table 6). The projected increase in 2024 includes an increase in outlays in the *education* function, which includes the costs of student loan forgiveness, and an increase in outlays in the *net interest* function, reflecting higher interest paid on U.S. Treasury debt securities. The deceleration in federal outlays in 2025 includes projected downturns in the *education* function and a deceleration in the *net interest* function that more than offset projected upturns in outlays in the *income security*, *Medicare*, and *health* functions. A large upturn in the *income security* function in 2025 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		
	2022	2023	2024	2025	2023	2024	2025
Budget receipts	4,897.3	4,440.9	5,081.5	5,484.9	-456.4	640.6	403.4
Individual income taxes	2,632.1	2,176.5	2,503.4	2,679.2	-455.7	326.9	175.9
Corporation income taxes	424.9	419.6	612.8	668.1	-5.3	193.2	55.3
Social insurance taxes and contributions	1,483.5	1,614.5	1,720.5	1,896.8	130.9	106.1	176.3
Excise taxes	87.7	75.8	99.7	109.9	-11.9	23.9	10.2
Estate and gift taxes	32.6	33.7	29.0	32.6	1.1	-4.6	3.6
Customs duties	99.9	80.3	81.4	60.7	-19.6	1.0	-20.7
Miscellaneous receipts	136.6	40.6	34.7	37.6	-96.0	-5.9	2.9

Source. *Budget of the United States Government, Fiscal Year 2025*

Table 6. Budget Outlays by Function

[Billions of dollars]

Series	Level for fiscal year				Change from preceding year		
	2022	2023	2024	2025	2023	2024	2025
Budget outlays	6273.3	6134.7	6940.9	7266.0	-138.6	806.2	325.1
National defense	765.6	820.3	907.7	926.8	54.6	87.5	19.0
International affairs	71.9	69.3	69.8	66.5	-2.6	0.5	-3.3
General science, space, and technology	37.4	41.3	43.8	43.8	3.9	2.5	0.0
Energy	-9.1	-0.4	27.1	39.1	8.7	27.5	12.0
Natural resources and environment	41.4	47.4	94.0	73.2	6.0	46.6	-20.8
Agriculture	33.1	33.7	39.5	33.7	0.6	5.8	-5.7
Commerce and housing credit	-19.1	100.8	58.0	13.5	119.8	-42.8	-44.5
Transportation	131.0	126.4	144.7	150.2	-4.6	18.3	5.5
Community and regional development	70.0	86.6	124.8	60.8	16.6	38.3	-64.1
Education, training, employment, and social services ¹	677.3	-2.2	292.2	187.7	-679.5	294.4	-104.5
Health	914.1	888.6	858.0	888.9	-25.5	-30.5	30.9
Medicare	755.1	847.5	847.4	946.0	92.4	-0.1	98.6
Income security	866.1	774.7	760.5	936.8	-91.4	-14.1	176.3
Social security	1218.7	1354.3	1458.0	1549.7	135.7	103.7	91.7
Veterans' benefits and services	274.4	301.6	346.3	370.1	27.2	44.7	23.8
Administration of justice	71.3	80.4	89.9	87.4	9.1	9.5	-2.6
General government	133.2	38.2	42.7	51.0	-95.0	4.5	8.4
Net interest	475.9	658.3	888.6	965.5	182.4	230.3	76.9
Allowances ²	0.0	0.0	-7.3	24.5	0.0	-7.3	31.8
Undistributed offsetting receipts ³	-235.0	-131.9	-144.9	-149.3	103.0	-12.9	-4.5

Table Footnotes

1. The pattern of outlays for the *education, training, employment, and social services* function is influenced by the way in which the budget records the estimated accrued subsidy costs of loan programs. For 2022, the outlays included the estimated long-term cost of the plan to cancel certain student loan debt. As a result of the June 2023 Supreme Court decision, that planned loan cancellation was not implemented. This decision lowered the long-term estimated subsidy cost, which was recorded in the budget as a decrease in outlays for 2023.
2. 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.
3. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: receipts from performing business-like activities, such as proceeds from selling federal assets or leases, and shifts from one account to another, such as agency payments to retirement funds.

Source. *Budget of the United States Government, Fiscal Year 2025*

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 baseline 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 \$50 billion in 2024 and by \$84 billion in 2025 (table 7).⁵ Specific proposals that would have a significant effect on the federal deficit in these years include:

- A proposal to expand the Child Tax Credit and make the credit permanently refundable. This proposal would increase the deficit by \$5 billion in 2024 and by \$210 billion in 2025. In NIPA estimates, these credits would be recorded as social benefits (table 8, line 24).
- A proposal to reform corporate taxes, including an increase in the corporate income tax rate to 28 percent and an increase in the tax on corporate stock buybacks. This proposal would reduce the deficit by \$97 billion in 2024 and by \$189 billion in 2025. In NIPA estimates, receipts associated with this proposal are primarily recorded as taxes on corporate profits (table 8, line 5). Increased taxes on stock buybacks would be recorded as capital transfers from businesses (table 8, line 34).
- A proposal to reform taxation of high-income individuals, including returning the top marginal income tax rate to 39.6 percent and modifying the taxation of capital gains. This proposal would reduce the deficit by \$10 billion in 2024 and by \$132 billion in 2025. In NIPA estimates, receipts associated with this proposal are primarily recorded as personal 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. These proposals would reduce the deficit by \$17 billion in 2024 and by \$81 billion in 2025. 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 as employee contributions for government social insurance (table 8, lines 3 and 7).
- A proposal to reduce housing costs, primarily through a new mortgage relief tax credit. This proposal would increase the deficit by \$1 billion in 2024 and by \$31 billion in 2025. In NIPA estimates, the mortgage relief tax would be recorded as an increase in capital transfers paid to homeowners (table 8, line 40).
- A proposal to expand access to child care and preschool. This proposal would increase the deficit by \$15 billion in 2025. In NIPA estimates, this spending would be recorded as subsidies to child care providers and as grants to state and local governments (table 8, lines 27 and 30).
- A proposal to permanently expand the Earned Income Tax Credit for workers without qualifying children. This proposal would increase the deficit by \$15 billion. In NIPA estimates, this spending would be recorded as social benefits (table 8, line 24).

Table 7. Proposed Legislative and Program Changes in the Budget
 [Billions of dollars]

	Fiscal Year	
	2024	2025
Current-services baseline surplus or deficit (-)	-1,909	-1,865
Plus: Net effects of proposed legislation ¹	50	84
Expand the Child Tax Credit with permanent full refundability and advanceability	-5	-210
Reform taxation of corporations	97	189
Reform taxation of the wealthiest Americans	10	132
Expand the net investment and additional Medicare taxes	17	81
Reduce the cost of housing for homeowners and renters	-1	-31
Expand access to child care and preschool	0	-15
Restore the expansion of the Earned Income Tax Credit	0	-15
Other	-68	-48
Equals: Administration budget surplus or deficit (-)	-1,859	-1,781

Table Footnote

1. Consistent with the budget, proposed legislation may exclude some 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 2025*

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
		2023	2024	2025	2023	2024	2025	2023	2024
1	Current receipts	4,746.0	5,276.1	5,672.0	-184.2	530.1	395.9	4,725.6	5,121.0
2	Current tax receipts	2,867.8	3,251.1	3,532.2	-177.7	383.4	281.0	2,807.3	3,084.5
3	Personal current taxes	2,266.9	2,440.6	2,637.3	-206.6	173.6	196.8	2,189.3	2,315.6
4	Taxes on production and imports	182.6	187.1	168.4	-14.3	4.4	-18.7	173.4	163.8
5	Taxes on corporate income	383.9	587.7	690.6	42.4	203.8	103.0	409.9	569.9
6	Taxes from the rest of the world	34.3	35.9	35.9	0.8	1.6	0.0	34.8	35.2
7	Contributions for social insurance	1,761.6	1,868.9	1,957.3	88.9	107.3	88.4	1,789.3	1,855.6
8	Domestic	1,753.1	1,860.0	1,947.9	86.2	106.9	87.9	1,783.2	1,849.1
9	Rest of the world	8.5	8.9	9.4	2.8	0.4	0.5	6.1	6.5
10	Income receipts on assets	42.4	71.5	71.1	-99.2	29.1	-0.4	48.9	70.7
11	Interest receipts	25.5	55.0	55.3	4.5	29.5	0.3	31.8	52.9
12	Dividends	1.4	0.9	0.9	-103.5	-0.5	0.0	1.3	2.8
13	Rents and royalties	15.4	15.5	14.8	-0.2	0.2	-0.7	15.8	14.9
14	Current transfer receipts	74.7	82.9	111.2	12.1	8.2	28.3	72.3	106.0
15	From business	47.8	56.0	82.9	7.0	8.1	27.0	46.2	67.0
16	From persons	21.9	22.9	23.5	4.0	0.9	0.7	19.1	19.9
17	From the rest of the world	5.0	4.1	4.7	1.1	-0.8	0.6	7.0	19.1
18	Current surplus of government enterprises	-0.5	1.7	0.2	-8.3	2.2	-1.5	7.8	4.1
19	Current expenditures	6,301.7	6,788.3	7,298.4	288.7	486.6	510.1	6,384.3	6,775.5
20	Consumption expenditures	1,261.3	1,407.1	1,484.0	47.5	145.8	76.9	1,329.1	1,452.6
21	National defense	764.6	830.3	875.8	47.4	65.7	45.5	777.1	839.8
22	Nondefense	496.7	576.8	608.2	0.1	80.1	31.3	552.1	612.8
23	Current transfer payments	4,058.2	4,162.2	4,521.1	103.3	104.0	358.8	4,007.1	4,107.0
24	Government social benefits	3,019.4	3,122.0	3,556.9	88.0	102.6	434.9	2,966.8	3,130.0
25	To persons	2,986.3	3,085.9	3,518.1	83.1	99.5	432.2	2,934.9	3,095.8
26	To rest of the world	33.1	36.2	38.8	4.8	3.1	2.6	31.9	34.3
27	Grants-in-aid to state and local governments	957.5	954.4	889.8	12.7	-3.1	-64.6	952.2	908.9
28	Transfer payments to the rest of the world (net)	81.4	85.8	74.3	2.7	4.4	-11.5	88.2	68.1
29	Federal interest paid	873.8	1,114.6	1,182.2	202.5	240.8	67.7	947.6	1,113.6
30	Subsidies	108.4	104.4	111.1	-64.6	-4.0	6.7	100.4	102.3
31	Net federal government saving	-1,555.7	-1,512.2	-1,626.4	-472.9	43.5	-114.2	-1,658.6	-1,654.5
Addenda:									
32	Total receipts	4,779.6	5,303.9	5,703.7	-183.1	524.4	399.8	4,755.6	5,150.8
33	Current receipts	4,746.0	5,276.1	5,672.0	-184.2	530.1	395.9	4,725.6	5,121.0
34	Capital transfer receipts	33.6	27.8	31.7	1.1	-5.7	3.9	30.0	29.8
35	Total expenditures	6,637.0	7,055.8	7,557.0	467.8	418.8	501.2	6,699.5	7,039.4
36	Current expenditures	6,301.7	6,788.3	7,298.4	288.7	486.6	510.1	6,384.3	6,775.5
37	Gross investment ³	433.6	468.2	501.8	36.0	34.6	33.6	442.6	483.1
38	National defense	213.9	228.5	242.3	15.9	14.7	13.8	217.6	239.5
39	Nondefense	219.7	239.7	259.4	20.1	20.0	19.8	225.0	243.6
40	Capital transfer payments	268.7	182.7	149.5	57.5	-86.0	-33.2	243.8	165.1
41	Net purchases of nonproduced assets	-1.0	-1.5	-1.0	107.0	-0.6	0.5	-0.7	0.2
42	Less: Consumption of fixed capital	366.1	381.9	391.6	21.5	15.8	9.7	370.5	384.5
43	Net lending or net borrowing (-)	-1,857.4	-1,751.8	-1,853.3	-650.9	105.6	-101.4	-1,943.9	-1,888.6

NIPA National Income and Product Accounts

Table Footnotes

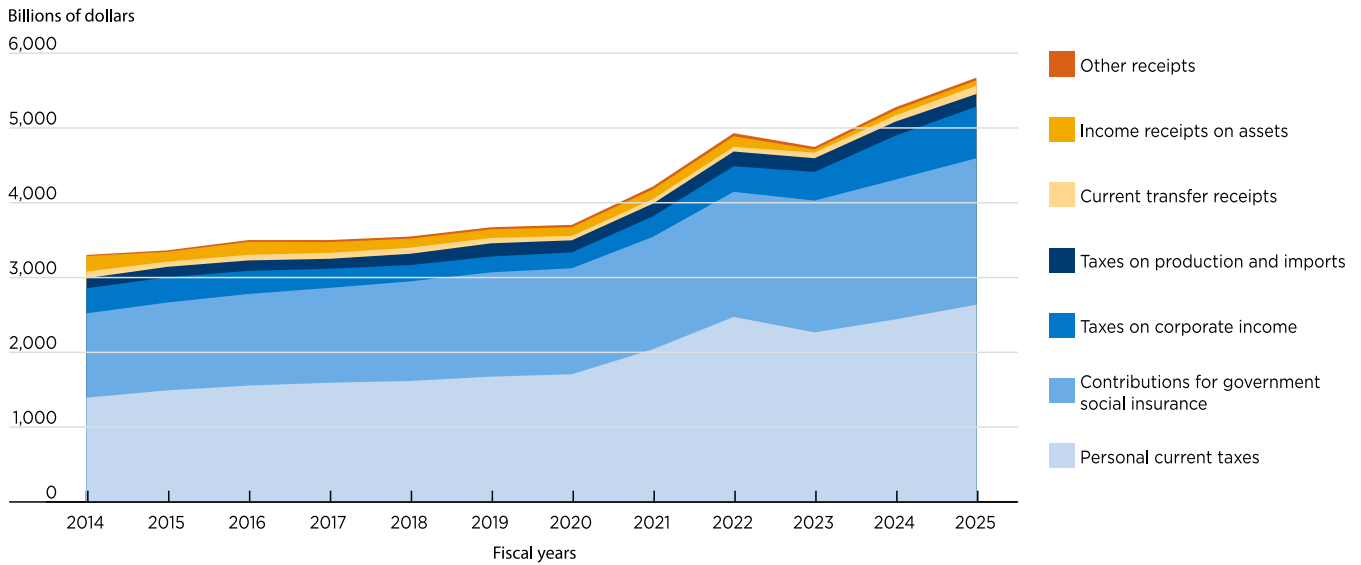
1. Fiscal year estimates are the sum of quarterly estimates that are not seasonally adjusted and that are consistent with budget proposals.
2. These estimates are published in the NIPA [table 3.2](#) and [table 3.9.5](#).
3. Gross investment consists of general government and government enterprise expenditures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

Sources. *Budget of the United States Government, Fiscal Year 2025* and the U.S. Bureau of Economic Analysis

NIPA Estimates

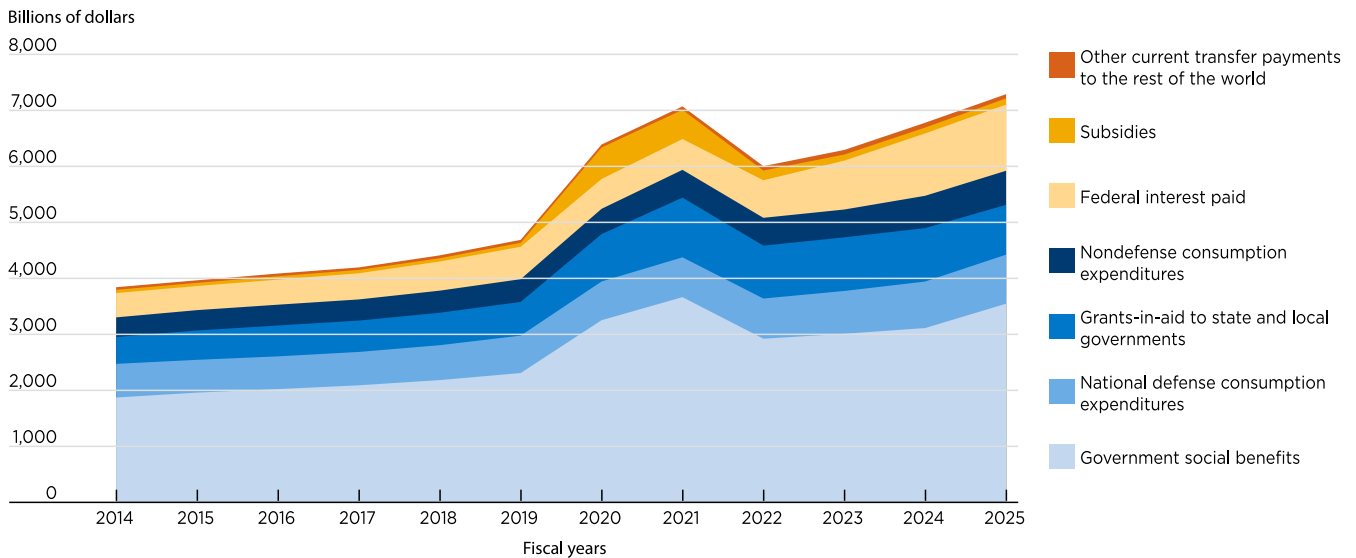
NIPA estimates of federal government receipts and expenditures that are consistent with the actual and projected receipts and outlays defined in the *Budget* for 2023, 2024, and 2025 are displayed in table 8 and in charts 2 and 3. Projected NIPA estimates of federal government current receipts increase \$530.1 billion in 2024 and \$395.9 billion in 2025. Projected NIPA estimates of federal government current expenditures increase \$486.6 billion in 2024 and \$510.1 billion in 2025. Table 8 also includes estimates for calendar year 2024 that were derived by extrapolating forward from the NIPA estimates for the fourth quarter of 2023 that were released on March 28, 2024. Estimates for the quarters of calendar year 2024 based on more contemporaneous data will be published each month in [NIPA table 3.2](#) and in related underlying tables.

Chart 2. Federal Government Current Receipts



Sources: *Budget of the United States Government, Fiscal Year 2025* and the U.S. Bureau of Economic Analysis

Chart 3. Federal Government Current Expenditures



Sources: *Budget of the United States Government, Fiscal Year 2025* and the U.S. Bureau of Economic Analysis

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 each month by the U.S. Department of the Treasury 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.

1. For a comparison of budget estimates and NIPA estimates, see [table 2](#) and [table 3](#) in this article and [NIPA table 3.18B](#).
2. For details about the NIPA presentation of current and capital transactions, see “[Results of the 2018 Comprehensive NIPA Update Appendix Tables](#),” *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 March 2024.
2. Unless otherwise noted, all years in this article refer to fiscal years rather than calendar years.
3. For a historical perspective of the relationship between budget receipts and outlays and NIPA receipts and expenditures, see [NIPA table 3.18B](#).
4. 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*.
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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