

Government Receipts and Expenditures

First Quarter of 2009

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was -904.6 billion in the first quarter of 2009, decreasing $\$231.5$ billion from $-\$673.1$ billion in the fourth quarter of 2008.

Net federal government saving was $-\$830.4$ billion in the first quarter, decreasing $\$254.8$ billion from $-\$575.6$ billion in the fourth quarter (see page 12). Current receipts decreased more than in the fourth quarter, while current expenditures turned up.

Net state and local government saving was $-\$74.2$ billion in the first quarter, increasing $\$23.2$ billion from $-\$97.4$ billion in the fourth quarter (see page 13). Current receipts turned up, and current expenditures decreased less than in the fourth quarter.

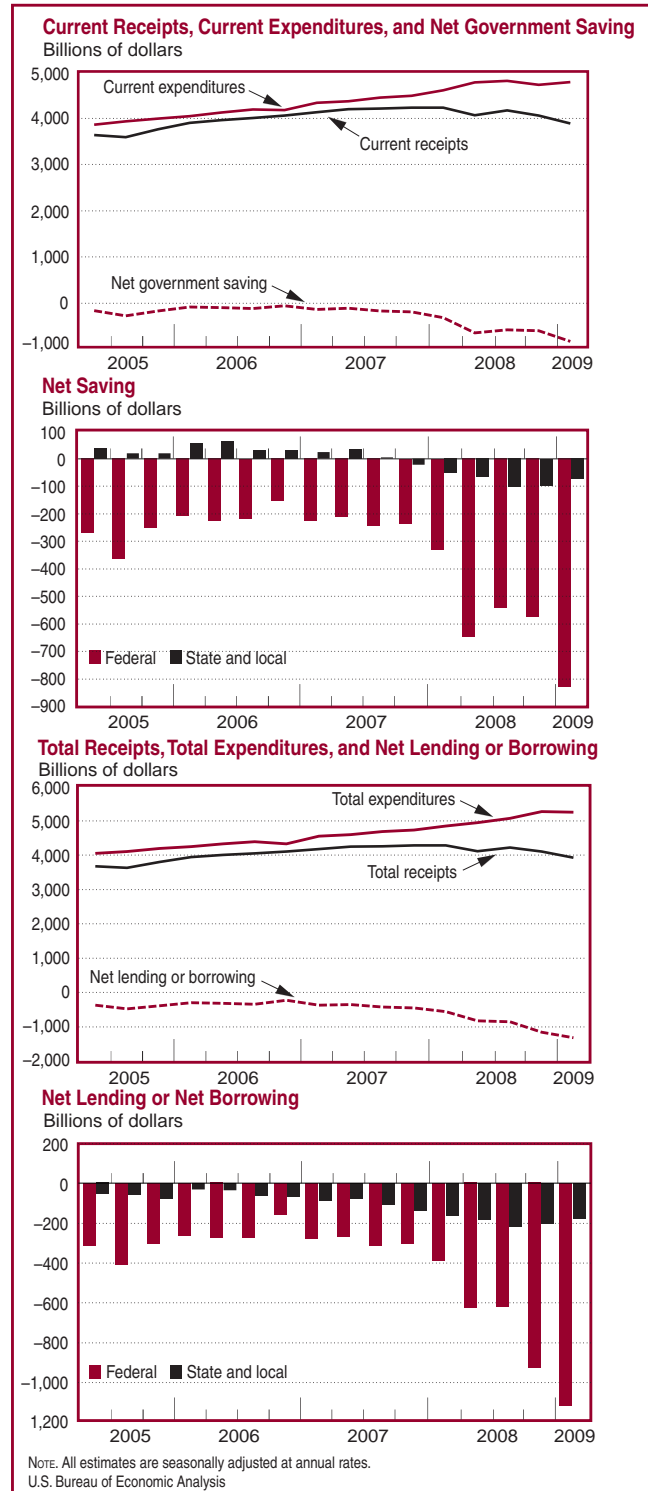
Net borrowing was $\$1,315.0$ billion in the first quarter, increasing $\$165.2$ billion from $\$1,149.8$ billion in the fourth quarter. Federal government net borrowing was $\$1,133.6$ billion in the first quarter, increasing $\$191.7$ billion from $\$941.9$ billion in the fourth quarter. State and local government net borrowing was $\$181.4$ billion in the first quarter, decreasing $\$26.5$ billion from $\$207.9$ billion in the fourth quarter.

Government receipts and expenditures in the first quarter were affected by the American Recovery and Reinvestment Act of 2009 and by the continued capital injections into financial enterprises. (See the box on page 12.)

Table 1. Net Government Saving and Net Lending or Net Borrowing
 (Billions of dollars, seasonally adjusted at annual rates)

	Level		Change from preceding quarter		
	2009		2008		2009
	I	II	III	IV	I
Current receipts	3,870.8	-165.7	104.2	-108.8	-174.5
Current expenditures	4,775.4	167.6	35.4	-83.3	57.0
Net government saving	-904.6	-333.3	68.8	-25.5	-231.5
Federal	-830.4	-318.9	105.6	-31.6	-254.8
State and local.....	-74.2	-14.5	-36.7	6.2	23.2
Net lending or net borrowing (-) ...	-1,315.0	-261.4	-26.1	-302.1	-165.2
Federal	-1,133.6	-242.0	8.4	-314.5	-191.7
State and local.....	-181.4	-19.5	-34.5	12.4	26.5

Chart 1. Government Fiscal Position



Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter			
	2009	2008				2009
		I	II	III	IV	
Current receipts	2,374.7	-193.7	116.9	-65.4	-155.6	
Current tax receipts	1,313.9	-198.9	129.0	-93.7	-157.4	
Personal current taxes	979.0	-201.4	141.9	11.4	-174.1	
Taxes on production and imports	89.7	1.1	-2.2	2.6	-7.6	
Taxes on corporate income	231.2	1.9	-11.0	-109.1	26.9	
Taxes from the rest of the world	14.0	-0.5	0.4	1.3	-2.5	
Contributions for government social insurance	969.5	2.9	4.2	-5.0	-1.5	
Income receipts on assets	33.5	1.8	0.7	0.7	0.4	
Current transfer receipts	60.3	0.6	-17.6	33.2	4.7	
Current surplus of government enterprises	-2.4	-0.1	0.5	-0.6	-1.7	
Current expenditures	3,205.2	125.2	11.4	-33.9	99.3	
Consumption expenditures	960.1	20.2	36.0	3.3	2.6	
National defense	652.4	15.2	30.6	-3.0	-4.2	
Nondefense	307.7	5.0	5.3	6.4	6.8	
Current transfer payments	1,949.5	130.9	-65.2	46.6	108.0	
Government social benefits	1,486.3	137.8	-66.6	27.7	82.1	
To persons	1,482.6	137.7	-66.7	27.7	82.2	
To the rest of the world	3.7	0.1	-0.1	0.1	-0.1	
Other current transfer payments	463.2	-6.9	1.4	18.9	25.9	
Grants-in-aid to state and local governments	436.3	4.5	2.2	15.7	34.0	
To the rest of the world	26.8	-11.4	-0.7	3.1	-8.2	
Interest payments	247.1	-27.1	40.3	-84.1	-11.4	
Subsidies	48.5	1.2	0.4	0.1	0.2	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net federal government saving	-830.4	-318.9	105.6	-31.6	-254.8	
Social insurance funds	-153.2	-16.6	-30.7	-27.6	-75.1	
Other	-677.2	-302.3	136.3	-4.0	-179.7	
Addenda:						
Total receipts	2,399.1	-193.0	114.8	-67.3	-157.1	
Current receipts	2,374.7	-193.7	116.9	-65.4	-155.6	
Capital transfer receipts	24.4	0.6	-2.0	-1.9	-1.5	
Total expenditures	3,532.8	48.9	106.6	247.1	34.7	
Current expenditures	3,205.2	125.2	11.4	-33.9	99.3	
Gross government investment	142.0	9.5	5.9	5.6	-7.5	
Capital transfer payments	307.9	1.1	5.7	270.9	-56.2	
Net purchases of nonproduced assets	-0.6	-84.9	86.0	5.7	0.3	
Less: Consumption of fixed capital	121.7	1.9	2.3	1.3	1.2	
Net lending or net borrowing (-)	-1,133.6	-242.0	8.4	-314.5	-191.7	

Personal current taxes turned down, reflecting a downturn in nonwithheld income taxes and a larger decrease in withheld income taxes.

Taxes on production and imports turned down because of downturns in excise taxes and customs duties.

Taxes on corporate income turned up as a result of an upturn in corporate profits.

Current transfer receipts decelerated, reflecting a deceleration in current transfer receipts from business. Fourth-quarter receipts had been boosted by the insurance claim payments related to disasters in the third quarter and by fees from new guarantee programs that started in the fourth quarter.

Government social benefits to persons accelerated, reflecting an acceleration in benefits for social security and unemployment. A 5.8 percent cost-of-living adjustment boosted benefits for social security, veterans' pensions, supplemental security income and other programs by \$41.1 billion.

Grants-in-aid to state and local governments accelerated as a result of an acceleration in Medicaid grants due to the American Recovery and Reinvestment Act of 2009.

Other current transfer payments to the rest of the world turned down. Fourth-quarter transfers had been boosted \$1.2 billion (\$4.8 billion at an annual rate) in economic support payments to Israel.

Capital transfer payments turned down as a result of smaller capital injections in the financial industry. The federal government provided \$46.0 billion to Fannie Mae and Freddie Mac and \$41.2 billion to other financial institutions in the first quarter. Of these amounts, \$41.4 billion (\$165.6 billion at an annual rate) to Fannie Mae and Freddie Mac and \$14.4 billion (\$57.6 billion at an annual rate) to other financial institutions are treated as capital transfers.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. Many ARRA-funded transactions are not directly included in gross domestic product (GDP); GDP only includes government spending on goods and services.

In the first quarter, federal grants-in-aid to state and local governments were boosted \$9.3 billion (\$37.3 billion at an annual rate), primarily by Medicaid grants.

Although another provision of ARRA—the “Making

Work Pay” tax credit—was not required to be fully implemented until April 1, BEA estimated that March federal withheld income taxes were reduced by \$0.9 billion (\$3.7 billion at an annual rate). The total impact of this provision is estimated to be \$38.3 billion for 2009.

For more information on the American Recovery and Reinvestment Act, see the box in the article “NIPA Translation of the Fiscal Year 2010 Federal Budget” in this issue of the SURVEY OF CURRENT BUSINESS.

State and Local Government

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	2009	2008		2009	
	I	II	III	IV	I
Current receipts	1,932.4	32.5	-10.5	-27.6	15.1
Current tax receipts	1,260.6	26.3	-13.1	-46.5	-23.1
Personal current taxes	297.8	12.7	-17.4	-4.7	-26.5
Taxes on production and imports	925.1	12.5	7.0	-20.7	-3.6
Taxes on corporate income	37.7	1.2	-2.6	-21.2	7.0
Contributions for government social insurance	24.4	0.3	0.3	0.3	0.2
Income receipts on assets	106.4	1.0	-0.7	1.8	1.4
Current transfer receipts	550.2	5.4	3.6	17.9	36.9
Federal grants-in-aid	436.3	4.5	2.2	15.7	34.0
Other	113.9	0.9	1.5	2.1	2.9
Current surplus of government enterprises	-9.2	-0.5	-0.8	-1.0	-0.3
Current expenditures	2,006.6	47.0	26.2	-33.7	-8.2
Consumption expenditures	1,427.8	36.4	23.0	-42.7	-15.2
Government social benefits	472.8	10.3	3.9	7.7	6.7
Interest payments	103.9	1.2	0.1	0.6	1.1
Subsidies	2.0	-1.0	-0.8	0.6	-0.8
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0
Net state and local government saving	-74.2	-14.5	-36.7	6.2	23.2
Social insurance funds	5.7	0.1	0.1	0.1	0.0
Other	-79.9	-14.6	-36.8	6.1	23.2
Addenda:					
Total receipts	1,988.5	33.7	-4.8	-27.3	7.1
Current receipts	1,932.4	32.5	-10.5	-27.6	15.1
Capital transfer receipts	56.1	1.2	5.7	0.2	-7.9
Total expenditures	2,169.9	53.1	29.7	-39.8	-19.3
Current expenditures	2,006.6	47.0	26.2	-33.7	-8.2
Gross government investment	353.4	9.6	7.5	-1.0	-8.0
Capital transfer payments					
Net purchases of nonproduced assets	11.1	-0.1	0.0	0.0	0.1
Less: Consumption of fixed capital	201.1	3.3	4.1	5.0	3.2
Net lending or net borrowing (-)	-181.4	-19.5	-34.5	12.4	26.5

Personal current taxes decreased more in the first quarter of 2009 as a result of a larger decrease in personal income taxes.

Taxes on production and imports decreased less than in the fourth quarter, reflecting a smaller decrease in sales taxes and an upturn in severance taxes.

Taxes on corporate income turned up as a result of an upturn in corporate profits.

Federal grants-in-aid accelerated, reflecting an acceleration in Medicaid grants due to the American Recovery and Reinvestment Act of 2009.

Consumption expenditures decreased less than in the fourth quarter because of a smaller decrease in spending for nondurable goods.

Capital transfer receipts turned down, reflecting a downturn in federal investment grants to state and local governments.

Gross government investment decreased more as a result of a larger decrease in investment for structures.

Estimates of State and Local Government Receipts and Expenditures

The estimates of state and local government current receipts and expenditures and total receipts and expenditures are mainly based on compilations of data for state and local government finances. The Census Bureau produces the primary source data: the census of governments that is conducted in years that end in a 2 or a 7 and the Government Finances series of surveys for the other years. In addition, other sources of Census Bureau 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 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 NIPA table 3.3. Detailed annual estimates of state and local government transactions by component are available

annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at www.bea.gov/national/nipaweb/nipa_underlying/Index.asp. For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

BEA also prepares annual estimates of receipts and expenditures of state governments and of local governments.¹ These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); see “[Newly Available NIPA Tables](#)” in the October 2008 SURVEY.

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