

Government Receipts and Expenditures

Fourth Quarter of 2016

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$849.4$ billion in the fourth quarter of 2016, decreasing $\$2.0$ billion from $-\$847.4$ billion in the third quarter of 2016.

Net federal government saving was $-\$654.7$ billion in the fourth quarter, decreasing $\$2.3$ billion from $-\$652.4$ billion in the third quarter (see page 2). In the fourth quarter, both current receipts and current expenditures decelerated.

Net state and local government saving was $-\$194.8$ billion in the fourth quarter, increasing $\$0.2$ billion from $-\$195.0$ billion in the third quarter (see page 3). In the fourth quarter, both current receipts and current expenditures decelerated.

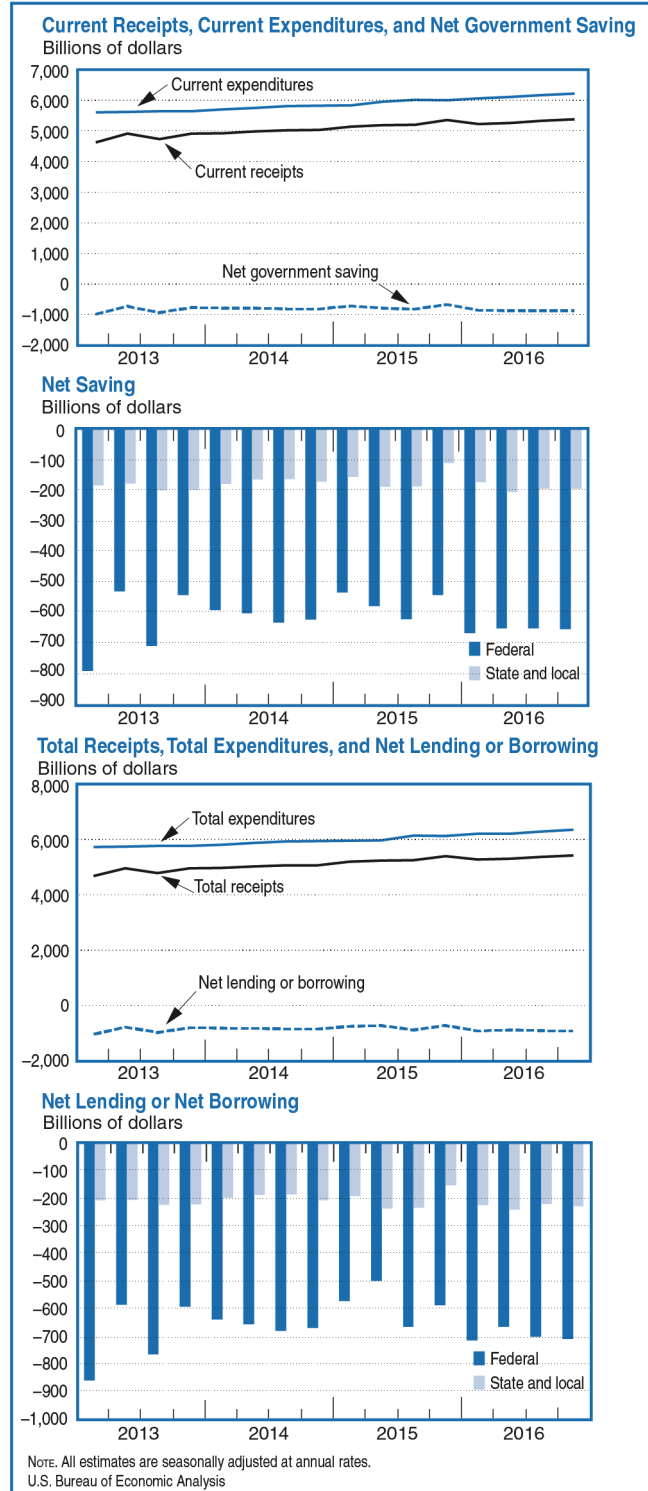
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was $\$935.3$ billion in the fourth quarter, increasing $\$15.6$ billion from $\$919.7$ billion in the third quarter. Federal government net borrowing was $\$708.3$ billion in the fourth quarter, increasing $\$8.1$ billion from $\$700.2$ billion in the third quarter. State and local government net borrowing was $\$227.0$ billion, increasing $\$7.5$ billion from $\$219.5$ billion in the third quarter.

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

	Level	Change from preceding quarter				
	2016	2016				
	IV	I	II	III	IV	
Current receipts	5,406.5	-127.2	32.6	73.7	44.8	
Current expenditures	6,255.9	60.6	48.5	63.3	46.8	
Net government saving	-849.4	-187.7	-15.9	10.4	-2.0	
Federal.....	-654.7	-125.2	15.9	0.0	-2.3	
State and local.....	-194.8	-62.5	-31.7	10.3	0.2	
Net lending or net borrowing (–)	-935.3	-200.3	33.6	-15.4	-15.6	
Federal.....	-708.3	-128.4	49.7	-35.3	-8.1	
State and local.....	-227.0	-71.8	-16.1	19.9	-7.5	

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				
	2016	2016				
	IV	I	II	III	IV	
Current receipts	3,560.8	-73.4	42.2	51.9	24.2	Personal current taxes decelerated in the fourth quarter, reflecting a deceleration in both withheld and nonwithheld income taxes.
Current tax receipts	2,185.8	-86.3	41.0	45.4	-7.3	
Personal current taxes	1,580.8	-32.5	23.6	22.6	13.9	Taxes on corporate income turned down in the fourth quarter, reflecting a deceleration in corporate profits.
Taxes on production and imports	139.4	-2.7	-1.3	0.7	1.9	
Taxes on corporate income	441.0	-51.7	19.4	20.6	-24.3	Income receipts on assets decelerated, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.
Taxes from the rest of the world	24.6	0.7	-0.8	1.4	1.3	
Contributions for government social insurance	1,253.9	4.8	15.8	14.2	9.0	Current transfer receipts turned up. The fourth-quarter estimate was boosted \$1.2 billion (\$4.8 billion at an annual rate) from settlements between Volkswagen of America and the Department of Justice. For more information, see "What are the effects of the Volkswagen buyback deal on GDP and the national accounts?"
Income receipts on assets	57.4	8.3	-13.0	11.7	7.4	
Current transfer receipts	74.2	0.1	1.0	-19.8	13.9	Consumption expenditures turned down, reflecting a downturn in defense spending.
Current surplus of government enterprises	-10.6	-0.5	-2.4	0.4	1.1	
Current expenditures	4,215.5	51.9	26.3	51.9	26.5	Grants-in-aid to state and local governments decelerated. The third-quarter estimate reflected a sharp upturn in Medicaid grants.
Consumption expenditures	983.7	1.0	5.6	10.3	-1.2	
National defense	586.3	-3.4	-1.2	5.5	-5.0	Current transfer payments to the rest of the world turned down in the fourth quarter, reflecting decreases in U.S. government grants for Migration and Refugee Assistance, Global Health, and other programs administered by the Agency for International Development.
Nondefense	397.4	4.3	6.8	4.9	3.7	
Current transfer payments	2,679.0	36.3	2.2	36.4	10.6	Interest payments accelerated in the fourth quarter, reflecting an acceleration in inflation expense payments on Treasury Inflation-Protected Securities.
Government social benefits	2,063.7	26.8	15.7	9.4	9.6	
To persons	2,042.6	26.8	15.5	9.2	9.5	Net federal government saving
To the rest of the world	21.1	0.0	0.2	0.2	0.1	
Other current transfer payments	615.3	9.5	-13.5	27.0	1.0	Social insurance funds
Grants-in-aid to state and local governments	563.2	-2.4	-1.6	21.0	2.6	
To the rest of the world	52.1	11.9	-11.9	6.0	-1.6	Other
Interest payments	494.2	13.5	17.5	4.4	18.1	
Subsidies	58.5	0.9	1.1	0.7	-1.0	Addenda:
Net federal government saving	-654.7	-125.2	15.9	0.0	-2.3	
Social insurance funds	-320.9	-10.9	-1.2	1.0	-3.7	Total receipts
Other	-333.8	-114.3	17.1	-1.0	1.4	
Total receipts	3,580.8	-73.4	42.9	51.2	23.3	Current receipts
Current receipts	3,560.8	-73.4	42.2	51.9	24.2	
Capital transfer receipts	20.0	-0.1	0.7	-0.7	-0.9	Total expenditures
Total expenditures	4,289.1	55.0	-6.8	86.5	31.4	
Current expenditures	4,215.5	51.9	26.3	51.9	26.5	Gross government investment
Gross government investment	269.4	-1.2	-0.2	2.3	2.5	
Capital transfer payments	77.0	4.0	0.4	1.8	1.2	Net purchases of nonproduced assets
Net purchases of nonproduced assets	-0.5	0.2	-32.7	31.0	1.6	
Less: Consumption of fixed capital	272.3	-0.1	0.7	0.5	0.4	Net lending or net borrowing (-)
Net lending or net borrowing (-)	-708.3	-128.4	49.7	-35.3	-8.1	

Federal Government 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 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 NIPA table 3.2. Detailed annual estimates of these transactions by component are available in NIPA tables 3.4–3.8,

3.12, and 3.13, and quarterly estimates for selected series are available in NIPA underlying detail tables.

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of these estimates, see NIPA table 3.18B.

All the estimates are available in interactive tables on [BEA's Web site](#).

1. See Mark S. Ludwick and Ann W. Miller, "NIPA Translation of the Fiscal Year 2017 Federal Budget," *SURVEY OF CURRENT BUSINESS* 96 (April 2016).

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				
	2016		2016				
	IV	I	II	III	IV		
Current receipts	2,408.9	-56.2	-11.2	42.8	23.2		
Current tax receipts.....	1,601.5	9.4	-8.7	20.6	3.5		
Personal current taxes.....	414.6	1.4	-4.2	7.7	-0.9		
Taxes on production and imports.....	1,128.0	5.2	-1.8	13.4	4.7		
Taxes on corporate income.....	58.9	2.8	-2.7	-0.5	-0.3		
Contributions for government social insurance.....	19.5	0.1	0.1	0.2	0.1		
Income receipts on assets.....	83.3	1.0	0.3	0.7	0.7		
Current transfer receipts.....	716.7	-66.8	-2.5	21.7	19.4		
Federal grants-in-aid.....	563.2	-2.4	-1.6	21.0	2.6		
Other.....	153.5	-64.3	-1.0	0.6	16.9		
Current surplus of government enterprises.....	-12.1	0.1	-0.3	-0.4	-0.5		
Current expenditures	2,603.7	6.3	20.5	32.6	22.9		
Consumption expenditures.....	1,697.9	-4.5	15.2	18.2	10.5		
Government social benefits.....	711.0	8.8	3.7	13.2	11.1		
Interest payments.....	194.3	1.9	1.7	1.1	1.4		
Subsidies.....	0.5	0.0	0.0	0.0	0.0		
Net state and local government saving	-194.8	-62.5	-31.7	10.3	0.2		
Social insurance funds.....	5.0	0.1	0.0	0.1	0.2		
Other.....	-199.7	-62.5	-31.8	10.2	0.1		
Addenda:							
Total receipts	2,481.3	-51.9	-10.9	44.5	20.2		
Current receipts.....	2,408.9	-56.2	-11.2	42.8	23.2		
Capital transfer receipts.....	72.4	4.3	0.3	1.6	-2.9		
Total expenditures	2,708.3	20.0	5.2	24.6	27.7		
Current expenditures.....	2,603.7	6.3	20.5	32.6	22.9		
Gross government investment.....	353.2	13.9	-12.6	-7.2	6.5		
Capital transfer payments.....							
Net purchases of nonproduced assets.....	9.2	0.0	0.0	0.0	0.0		
Less: Consumption of fixed capital.....	257.8	0.3	2.7	0.7	1.8		
Net lending or net borrowing (-)	-227.0	-71.8	-16.1	19.9	-7.5		

Personal current taxes turned down in the fourth quarter because of a downturn in personal income taxes.

Taxes on production and imports decelerated in the fourth quarter, reflecting a deceleration in sales taxes.

Federal grants-in-aid decelerated in the fourth quarter. The third-quarter estimate was boosted by a large upturn in Medicaid grants.

Other current transfer receipts turned up. The fourth quarter estimate was boosted \$3.8 billion (\$15 billion at an annual rate) from settlements with Volkswagen of America to state governments. For more information, see [“What are the effects of the Volkswagen buy-back deal on GDP and the national accounts?”](#)

Consumption expenditures decelerated in the fourth quarter, reflecting a deceleration in compensation of general government employees.

Government social benefits decelerated in the fourth quarter as a result of a deceleration in Medicaid benefits.

Gross government investment turned up in the fourth quarter because of an upturn in structures investment.

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

in NIPA tables 3.4–3.8, 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 Bureau 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).¹

All the estimates are available in interactive tables on [BEA's Web site](#).

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