Government Receipts and Expenditures

Second Quarter of 2017

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was –$837.3 billion in the second quarter of 2017, decreasing $4.7 billion from –$832.6 billion in the first quarter of 2017.

Net federal government saving was –$632.5 billion in the second quarter, increasing $20.3 billion from –$652.8 billion in the first quarter (see page 2). In the second quarter, both current receipts and current expenditures turned down.

Net state and local government saving was –$204.8 billion in the second quarter, decreasing $25.0 billion from –$179.8 billion in the first quarter (see page 3). In the second quarter, current receipts turned down and current expenditures decelerated.

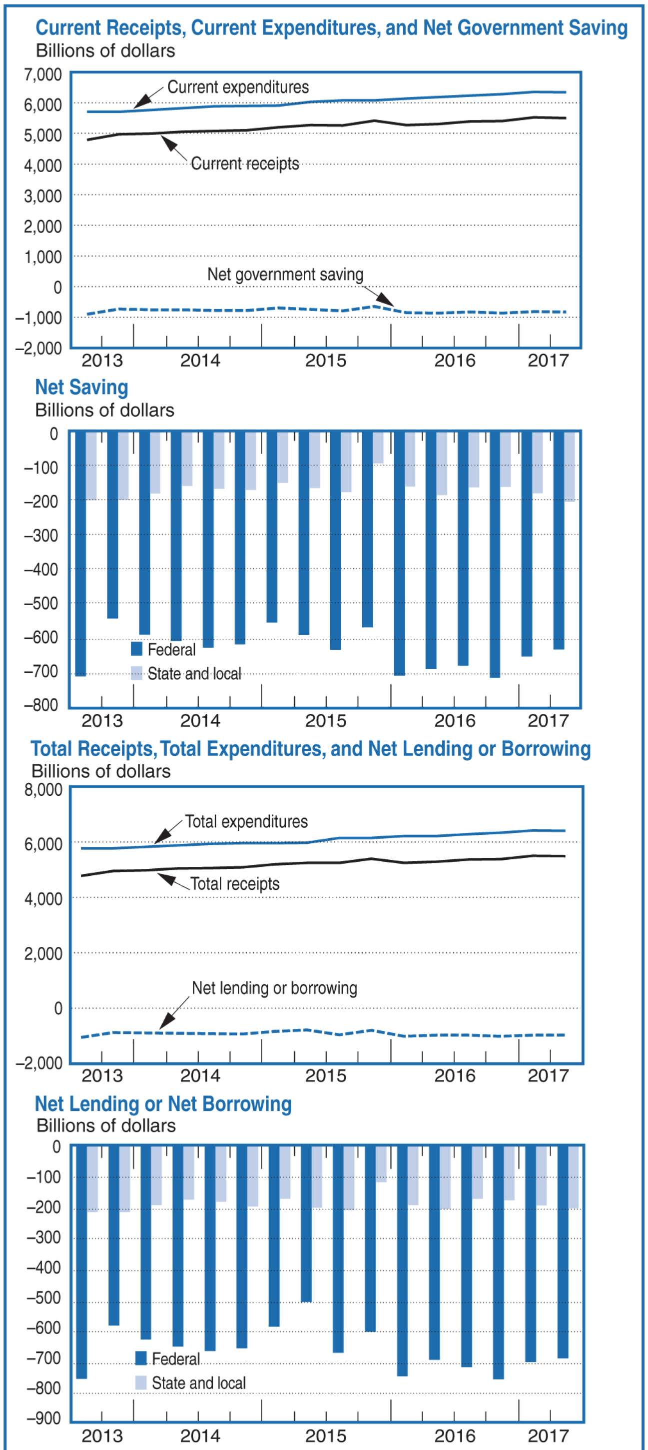
"Net lending or net borrowing (–)" is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was $907.1 billion in the second quarter, decreasing $3.1 billion from $910.2 billion in the first quarter. Federal government net borrowing was $698.0 billion in the second quarter, decreasing $12.0 billion from $710.0 billion in the first quarter. State and local government net borrowing was $209.1 billion, increasing $9.0 billion from $200.1 billion in the first 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			
	2017	2016		2017	
	II	III	IV	I	II
Current receipts	5,469.9	78.1	12.0	118.9	–20.3
Current expenditures	6,307.2	45.9	46.7	75.7	–15.7
Net government saving	–837.3	32.1	–34.6	43.3	–4.7
Federal	–632.5	9.4	–34.9	61.2	20.3
State and local	–204.8	22.7	0.3	–17.9	–25.0
Net lending or net borrowing (–)	–907.1	9.4	–44.3	39.7	3.1
Federal	–698.0	–24.2	–39.7	56.5	12.0
State and local	–209.1	33.6	–4.6	–16.7	–9.0

Chart 1. Government Fiscal Position



NOTE. All estimates are seasonally adjusted at annual rates.
U.S. Bureau of Economic Analysis

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Federal Government

Table 2. Federal Government Current Receipts and Expenditures
[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter			
	2017	2016		2017	
	II	III	IV	I	II
Current receipts	3,565.9	44.6	–6.9	109.8	–23.3
Current tax receipts	2,156.4	35.3	–18.6	20.4	23.0
Personal current taxes	1,591.8	20.0	–5.9	22.0	17.8
Taxes on production and imports	131.4	1.2	1.8	–9.7	2.6
Taxes on corporate income	411.2	14.2	–15.3	8.0	2.4
Taxes from the rest of the world	22.0	–0.1	0.9	–0.1	0.3
Contributions for government social insurance	1,282.7	12.9	–8.0	34.1	13.5
Income receipts on assets	59.9	12.5	8.3	20.6	–16.6
Current transfer receipts	70.7	–16.2	11.1	34.6	–42.8
Current surplus of government enterprises	–3.8	0.2	0.3	0.1	–0.4
Current expenditures	4,198.4	35.0	28.0	48.7	–43.6
Consumption expenditures	970.8	5.7	–2.3	2.1	2.8
National defense	584.7	5.4	–6.1	–1.6	3.1
Nondefense	386.1	0.3	3.8	3.6	–0.2
Current transfer payments	2,685.8	29.2	5.9	31.6	–15.1
Government social benefits	2,091.0	7.2	6.9	31.9	8.3
To persons	2,068.8	6.7	7.2	31.4	7.6
To the rest of the world	22.2	0.5	–0.3	0.5	0.7
Other current transfer payments	594.9	22.1	–1.1	–0.3	–23.3
Grants-in-aid to state and local governments	544.1	16.3	0.6	–2.1	–20.1
To the rest of the world	50.7	5.8	–1.7	1.8	–3.3
Interest payments	482.3	–1.0	25.9	15.7	–30.4
Subsidies	59.4	1.0	–1.4	–0.6	–1.1
Net federal government saving	–632.5	9.4	–34.9	61.2	20.3
Social insurance funds	–309.6	1.8	–18.9	18.3	2.2
Other	–322.9	7.7	–16.1	42.9	18.1
Addenda:					
Total receipts	3,587.5	44.2	–6.3	110.7	–23.0
Current receipts	3,565.9	44.6	–6.9	109.8	–23.3
Capital transfer receipts	21.6	–0.2	0.5	0.9	0.3
Total expenditures	4,285.5	68.4	33.3	54.3	–35.0
Current expenditures	4,198.4	35.0	28.0	48.7	–43.6
Gross government investment	285.0	0.5	3.2	6.9	8.6
Capital transfer payments	76.2	1.7	1.1	0.2	0.8
Net purchases of nonproduced assets	–0.6	31.1	1.3	–0.2	–0.2
Less: Consumption of fixed capital	273.6	–0.1	0.3	1.2	0.8
Net lending or net borrowing (–)	–698.0	–24.2	–39.7	56.5	12.0

Personal current taxes decelerated in the second quarter, reflecting a deceleration in withheld income taxes.

Taxes on production and imports turned up in the second quarter. In the first-quarter, excise taxes on health insurance providers turned down, reflecting a moratorium on the Affordable Care Act's Health Insurance Providers Fee for 2017.

Taxes on corporate income turned down in the second quarter, reflecting a downturn in deposits of earnings from Federal Reserve banks.

Contributions for government social insurance decelerated in the second quarter. In the first quarter, contributions for social security by employers, employees, and the self-employed were boosted $10.7 billion as a result of an increase in the maximum taxable wage base to $127,200 in 2017 from $118,500 in 2016. First-quarter contributions for Medicare were also boosted $4.9 billion as a result of premium increases.

Income receipts on assets turned down, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.

Current transfer receipts turned down. The first-quarter estimate was boosted $11.1 billion ($44.3 billion at an annual rate) from settlements with Volkswagen, and several other companies.

Consumption expenditures accelerated, reflecting an upturn in defense spending.

Interest payments turned down in the second quarter, reflecting a downturn in inflation expense payments on Treasury Inflation-Protected Securities.

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			
	2017	2016		2017	
	II	III	IV	I	II
Current receipts	2,448.1	49.8	19.5	7.0	–17.1
Current tax receipts	1,671.3	32.7	2.6	24.0	0.0
Personal current taxes	423.5	13.1	–0.7	19.6	–21.3
Taxes on production and imports	1,189.7	18.8	5.8	14.8	9.3
Taxes on corporate income	58.1	0.6	–2.4	–10.4	12.0
Contributions for government social insurance	20.4	0.1	0.1	0.0	0.0
Income receipts on assets	79.2	0.5	0.3	–0.1	0.5
Current transfer receipts	684.0	16.5	16.9	–15.8	–18.6
Federal grants-in-aid	544.1	16.3	0.6	–2.1	–20.1
Other	139.9	0.2	16.3	–13.8	1.6
Current surplus of government enterprises	–6.9	0.1	–0.4	–1.0	0.8
Current expenditures	2,652.9	27.1	19.2	25.0	7.8
Consumption expenditures	1,744.7	15.0	7.8	21.2	11.3
Government social benefits	709.8	10.0	11.0	4.1	–2.4
Interest payments	197.9	2.1	0.4	–0.3	–1.1
Subsidies	0.5	0.0	0.0	0.0	0.0
Net state and local government saving	–204.8	22.7	0.3	–17.9	–25.0
Social insurance funds	5.3	0.0	0.0	–0.1	0.0
Other	–210.2	22.7	0.3	–17.9	–25.0
Addenda:					
Total receipts	2,522.0	51.5	16.7	8.1	–15.4
Current receipts	2,448.1	49.8	19.5	7.0	–17.1
Capital transfer receipts	73.9	1.7	–2.8	1.1	1.7
Total expenditures	2,731.1	17.9	21.3	24.8	–6.4
Current expenditures	2,652.9	27.1	19.2	25.0	7.8
Gross government investment	330.4	–8.3	3.6	3.3	–12.1
Capital transfer payments	....	....	....	....	....
Net purchases of nonproduced assets	10.8	0.0	0.1	0.1	0.1
Less: Consumption of fixed capital	263.1	0.9	1.6	3.6	2.3
Net lending or net borrowing (–)	–209.1	33.6	–4.6	–16.7	–9.0

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

Taxes on production and imports decelerated, reflecting a deceleration in general sales taxes, property taxes, and severance taxes.

Federal grants-in-aid decreased more than in the first quarter, reflecting a larger decrease in Medicaid grants.

Other current transfer receipts turned up in the second quarter. The fourth-quarter estimate was boosted $3.8 billion ($15.0 billion at an annual rate) from settlements with Volkswagen of America to state govern-ments. For more information, see "What are the effects of the Volkswagen settlements on GDP and the national accounts?"

Consumption expenditures decelerated in the second quarter, reflecting a deceleration in purchases of nondurable goods.

Government social benefits turned down in the second quarter as a result of a downturn in Medicaid benefits.

Gross government investment turned down in the second quarter because of a downturn 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.