

Government Receipts and Expenditures

Estimates for the First Quarter of 2006

NET government saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was $-\$216.4$ billion in the first quarter of 2006, increasing $\$96.4$ billion from $-\$312.8$ billion in the fourth quarter of 2005.

Net Federal Government saving was $-\$236.0$ billion in the first quarter, increasing $\$66.7$ billion from $-\$302.7$ billion in the fourth quarter (see page 12). Current receipts and current expenditures decelerated.

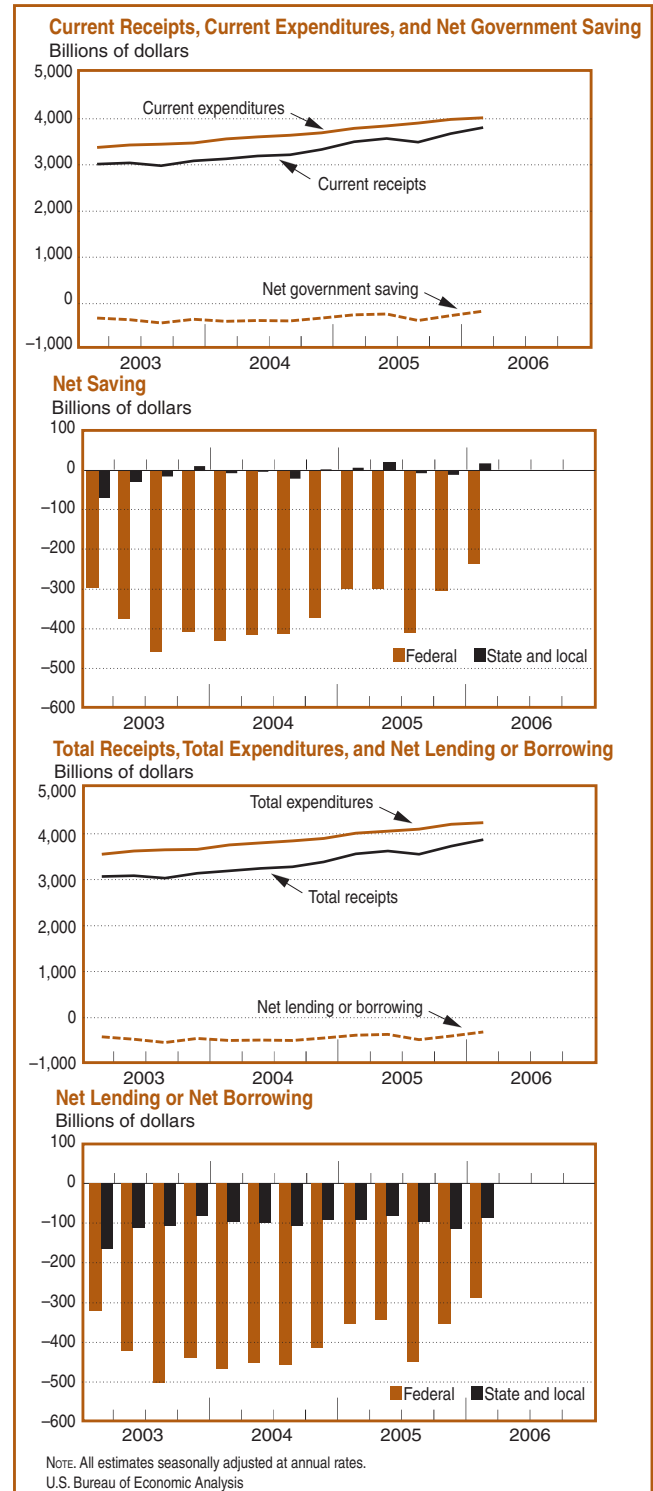
Net state and local government saving was $\$19.6$ billion in the first quarter of 2006, increasing $\$29.8$ billion from $-\$10.2$ billion in the fourth quarter (see page 13). Current receipts decelerated, and current expenditures turned down.

Net borrowing was $\$379.9$ billion in the first quarter of 2006, decreasing $\$95.1$ billion from $\$475.0$ billion in the fourth quarter. Federal Government net borrowing was $\$292.7$ billion in the first quarter, decreasing $\$65.4$ billion from $\$358.1$ billion in the fourth quarter. State and local government net borrowing was $\$87.2$ billion in the fourth quarter, decreasing $\$29.7$ billion from $\$116.9$ billion in the fourth 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				
	2006	2005				2006
		I	II	III	IV	
Current receipts	3,803.0	67.1	-78.3	181.1	135.9	
Current expenditures	4,019.4	52.2	60.1	79.5	39.5	
Net government saving	-216.4	14.8	-138.2	101.5	96.4	
Federal	-236.0	1.0	-110.6	105.2	66.7	
State and local.....	19.6	13.9	-27.7	-3.8	29.8	
Net lending or net borrowing (-) ...	-379.9	18.3	-122.0	79.7	95.1	
Federal	-292.7	8.7	-106.9	97.5	65.4	
State and local.....	-87.2	9.6	-15.1	-17.8	29.7	

Chart 1. Government Fiscal Position



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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			
	2006	2005			2006
	I	II	III	IV	I
Current receipts	2,401.5	31.3	-72.1	151.5	94.2
Current tax receipts	1,464.0	26.7	11.4	57.0	63.8
Personal current taxes	998.7	16.0	20.7	9.4	44.3
Taxes on production and imports	97.4	2.9	-0.8	0.1	-0.2
Taxes on corporate income	357.1	9.1	-10.1	47.3	19.1
Taxes from the rest of the world	10.8	-1.2	1.5	0.2	0.6
Contributions for government social insurance	880.6	4.0	10.3	1.9	23.3
Income receipts on assets	23.8	1.3	-1.5	-0.1	1.1
Current transfer receipts	32.9	-0.2	-91.6	92.7	1.6
Current surplus of government enterprises	0.2	-0.7	-0.7	0.2	4.3
Current expenditures	2,637.5	30.3	38.5	46.3	27.5
Consumption expenditures	806.1	3.2	20.1	-9.8	33.0
National defense	534.4	3.4	16.3	-14.6	20.4
Nondefense	271.7	-0.2	3.8	4.8	12.6
Current transfer payments	1,532.9	1.2	14.5	32.6	25.9
Government social benefits	1,164.8	13.7	16.5	14.2	56.2
To persons	1,161.3	13.6	16.5	14.1	56.1
To the rest of the world	3.4	0.0	0.1	0.1	0.0
Other current transfer payments	368.1	-12.4	-2.1	18.5	-30.4
Grants-in-aid to state and local governments	349.1	2.5	-4.5	7.6	-12.6
To the rest of the world	19.0	-14.8	2.4	10.8	-17.7
Interest payments	245.9	24.2	0.0	17.5	-22.4
Subsidies	52.6	1.5	4.0	5.8	-8.8
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0
Net Federal Government saving	-236.0	1.0	-110.6	105.2	66.7
Social insurance funds	14.7	-7.6	3.3	-7.4	-33.8
Other	-250.6	8.6	-113.9	112.6	100.6
Addenda:					
Total receipts	2,430.3	30.8	-71.4	152.2	97.2
Current receipts	2,401.5	31.3	-72.1	151.5	94.2
Capital transfer receipts	28.8	-0.5	0.7	0.7	3.0
Total expenditures	2,723.0	22.1	35.5	54.6	31.9
Current expenditures	2,637.5	30.3	38.5	46.3	27.5
Gross government investment	118.6	6.3	2.4	6.0	3.2
Capital transfer payments	67.6	-12.9	-2.9	1.1	2.3
Net purchases of nonproduced assets	0.2	-0.9	-1.0	1.6	0.2
Less: Consumption of fixed capital	101.0	0.8	1.5	0.3	1.5
Net lending or borrowing (-)	-292.7	8.7	-106.9	97.5	65.4

The acceleration in personal current taxes was mostly accounted for by an acceleration in nonwithheld income taxes.

The acceleration in contributions for government social insurance was largely accounted for by an acceleration in contributions by employers, employees, and the self-employed for social security, reflecting a 4.7-percent increase in the taxable wage base. Contributions for supplementary medical insurance accelerated because of an increase in the monthly premiums paid by participants of Medicare Part B and the introduction of the Medicare prescription drug plan.

The deceleration in current transfer receipts was accounted for by the pattern of payments for National Flood Insurance; net insurance settlements reduced receipts by \$92.4 billion in the third quarter and by \$0.8 billion in the fourth quarter.

The upturn in consumption expenditures reflected an upturn in spending for defense.

The acceleration in government social benefits was due to the launch of Medicare prescription drug benefits and a 4.1-percent cost-of-living adjustment that boosted benefits for social security, veterans' pensions, supplemental security income, and other programs.

The downturn in grants-in-aid was primarily accounted for by a downturn in grants for Medicaid and a larger decrease in grants for education.

The downturn in other transfer payments to the rest of the world followed a payment of \$3.7 billion (\$14.8 billion at an annual rate) to Israel and Egypt in the fourth quarter.

The downturn in subsidies was attributable to a downturn in disaster relief payments to homeowners for Hurricanes Katrina and Rita.

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 published monthly in NIPA table 3.2. Detailed annual estimates of these transac-

tions by component are published 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/bea/dn/nipaweb/nipa_underlying/Index.asp>.

Each year, BEA prepares an article that compares NIPA estimates and the Federal budget.¹ For a historical time series of this comparison, see NIPA table 3.18B.

1. See Benjamin A. Mandel and Mary L. Roy, "Federal Budget Estimates for Fiscal Year 2007," *SURVEY OF CURRENT BUSINESS* 86 (March 2006): 12–22.

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			
	2006	2005				2006
		I	II	III	IV	
Current receipts	1,750.6	38.2	-10.6	37.2	29.1	
Current tax receipts.....	1,199.6	33.5	1.5	21.9	34.8	
Personal current taxes.....	293.4	18.7	-6.4	3.3	14.7	
Taxes on production and imports.....	837.6	13.4	10.2	9.5	16.1	
Taxes on corporate income.....	68.6	1.3	-2.2	9.1	4.0	
Contributions for government social insurance.....	20.4	-0.1	0.1	0.2	0.3	
Income receipts on assets.....	80.7	0.6	0.6	0.7	0.6	
Current transfer receipts.....	455.6	4.5	2.2	0.9	-5.9	
Federal grants-in-aid.....	349.1	2.5	-4.5	7.6	-12.6	
Other.....	106.4	2.0	6.8	-6.8	6.6	
Current surplus of government enterprises	-5.6	-0.3	-15.0	13.5	-0.6	
Current expenditures	1,731.0	24.3	17.1	40.9	-0.7	
Consumption expenditures.....	1,245.1	16.7	30.0	26.0	13.4	
Government social benefits.....	391.8	7.1	-13.6	14.2	-14.5	
Interest payments.....	93.6	0.6	0.6	0.8	0.4	
Subsidies.....	0.5	0.0	0.0	0.0	0.0	
Less: Wage accruals less disbursements....	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving	19.6	13.9	-27.7	-3.8	29.8	
Social insurance funds.....	0.3	-0.4	-0.2	-0.1	0.2	
Other.....	19.3	14.3	-27.4	-3.7	29.6	
Addenda:						
Total receipts	1,807.2	41.5	-13.5	38.4	30.8	
Current receipts.....	1,750.6	38.2	-10.6	37.2	29.1	
Capital transfer receipts.....	56.6	3.3	-2.9	1.2	1.7	
Total expenditures	1,894.4	31.9	1.6	56.2	1.1	
Current expenditures.....	1,731.0	24.3	17.1	40.9	-0.7	
Gross government investment.....	304.1	9.3	2.7	4.7	4.7	
Capital transfer payments.....						
Net purchases of nonproduced assets	13.0	0.2	0.2	0.2	0.2	
Less: Consumption of fixed capital.....	153.7	2.0	18.4	-10.4	3.1	
Net lending or borrowing (-)	-87.2	9.6	-15.1	-17.8	29.7	

The acceleration in personal current taxes was primarily due to an acceleration in state income taxes.

The downturn in current transfer receipts reflected a downturn in Federal grants-in-aid and was partly offset by an upturn in "other" current transfer receipts.

Federal grants-in-aid turned down, reflecting decreased grants for Medicaid; the Federal Medicare prescription drug plan assumed some of Medicaid's expenditures on prescription drugs.

"Other" current transfer receipts turned up, reflecting an upturn in current transfer receipts from businesses (net). Current transfer receipts from businesses includes net insurance settlements, which returned to a more normal level after Hurricanes Katrina and Rita caused a large decrease in the fourth quarter and a large increase in the third quarter.

Current surplus of government enterprises turned down after returning to a more normal level in the fourth quarter; hurricanes caused a large decline in the third quarter. The first-quarter downturn resulted from an upturn in consumption of fixed capital, an expense in the calculation of the current surplus.

Government social benefit payments turned down because of decreased expenditures for Medicaid.

Consumption of fixed capital turned up. In the fourth quarter, it returned to a more normal level after Hurricanes Katrina and Rita caused a spike of \$14.2 billion in the third quarter.

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 quinquennial census of governments 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 employer cost for employee compensation.

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/bea/dn/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 occasionally prepares an article that presents receipts and expenditures of state governments and of local governments.¹

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