

Federal Budget Estimates for Fiscal Year 2005

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ON February 2, 2004, the President of the United States of America submitted the *Budget of the United States Government, Fiscal Year 2005* to Congress. The budget calls for the continued war on terrorism, the strengthening of homeland security, and fiscal restraint in nondefense and non-homeland-security. The budget also proposes to extend temporary tax cuts, some permanently and some for several years. The fiscal year 2005 budget shows a \$363.6 billion deficit, a \$157.1 billion decrease from the projected \$520.7 billion deficit in fiscal year 2004.¹ Fiscal year 2003 ended with a \$375.3 billion deficit. The Federal Government budget is presented on a total, or unified, budget basis.²

Most fiscal year 2004 appropriations were not enacted until after the fiscal year 2005 budget was proposed; therefore, the Office of Management and Budget prepared the current-services estimates for fiscal year 2005, using enacted appropriations for the Departments of Defense and Homeland Security for fiscal year 2004, and a conference report on the Consolidated Appropriations Act of Fiscal Year 2004 for the remaining agencies.³ The conference report was subse-

quently adopted, so the budget estimates reflected in this article are consistent with the actual appropriations for fiscal year 2004. To estimate the current services for fiscal year 2005, the 2004 levels were increased by a projected rate of inflation.⁴

Each year, the Bureau of Economic Analysis prepares an adjusted presentation of the Federal budget receipts and outlays that places them on a basis that is consistent with the framework of the national income and product accounts (NIPAs). The NIPA framework, which differs in concept and timing from the Federal budget, is designed to show the composition of production and the distribution of the incomes earned in production (see the box “Relation Between Budget Estimates and NIPA Estimates”). The NIPA framework provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity, such as gross domestic product (GDP). The NIPA estimates presented in this article use the same economic assumptions as the Federal budget for rates of unemployment, of inflation, and of long-term interest.⁵

The new NIPA framework now reflects the results of the 2003 comprehensive revision. As a result of the revision, several components that were previously included as negative entries on the expenditures side have been reclassified as current receipts. Some of the terms used have also changed; for example, the term “current surplus or deficit” has been replaced by “net saving.” The terms, concepts, and tables 4–10 used in this article now reflect the new NIPA framework.⁶ The following are the highlights of the article:

- On the NIPA basis, net Federal Government saving (formerly, “current surplus or deficit (-), national income and product accounts”) stood at -\$519.5 billion in fiscal year 2004 and -\$338.0 billion in fiscal year 2005.
- The 2003 comprehensive revision of NIPAs reclassified components from current expenditures to current receipts, but the reclassification did not affect net Federal Government saving.

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2005* (Washington, DC: U.S. Government Printing Office, 2004); <www.whitehouse.gov/omb/budget/fy2005/budget.html>.

2. Other presentations of the Federal budget distinguish between off-budget and on-budget transactions or between trust fund and Federal transactions. In the off-budget and on-budget breakdown, off-budget receipts and outlays, which consist of the social security trust funds and the Postal Service fund, show surpluses of \$154.0 billion in 2004 and \$179.4 billion in 2005; on-budget receipts and expenditures, which include all other transactions, show deficits of \$674.8 billion in 2004 and \$542.9 billion in 2005. In the trust funds and Federal funds breakdown, trust fund receipts and outlays—which consist of all trust funds, including social security, medicare, and unemployment compensation—show surpluses of \$187.9 billion in 2004 and \$243.3 billion in 2005. Federal funds receipts and outlays, which consist of all transactions not classified as trust funds, show deficits of \$708.6 billion in 2004 and \$606.9 billion in 2005. There are no equivalent measures of these breakdowns in the national income and product accounts.

3. Conceptually, the current-services estimates are designed to show Federal receipts and outlays that exclude any changes to existing laws, so these estimates are neither recommended amounts nor forecasts; they form a baseline from which administration or congressional proposals can be analyzed. The Budget Enforcement Act provided rules for formulating baselines. However, economic and programmatic assumptions continue to be necessary to develop these estimates. In addition, the act itself allowed for exceptions, such as the extension of certain provisions even after their authority expired. The administration’s budget proposes several changes to a section of the Budget Enforcement Act that establishes the requirements for baselines.

4. *Analytical Perspectives: Budget of the United States Government*, 358.

5. See “Economic Assumptions” in *Analytical Perspectives*, 169–179.

6. See the box for a list of the articles on the 2003 comprehensive NIPA revision that were published in the *SURVEY OF CURRENT BUSINESS*.

Relation Between Budget Estimates and NIPA Estimates

The Bureau of Economic Analysis (BEA) prepares estimates of the Federal sector in a framework of national income and product accounts (NIPAs). Unlike the budget, which is a financial plan of the Government on a cash basis, the NIPAs facilitate macroeconomic analyses of the effects of changes in Federal current receipts, current expenditures, and gross investment on gross domestic product and its components, which are mainly on an accrual basis.¹

One major conceptual difference between the budget and the NIPAs is in the treatment of government investment in fixed assets; in the NIPAs, government consumption expenditures excludes investment in fixed assets, but it includes consumption of fixed capital, a depreciation charge on past investment. Certain transactions that are associated with the acquisition or disposal of assets are included in the budget; in the NIPAs these transactions are classified as capital transfers, and they include certain investment grants-in-aid to state and local governments, investment subsidies to businesses, and estate and gift taxes. In the NIPAs, government employee retirement plans are treated similarly to private pension plans, and their assets are treated as if they belong in the NIPA household sector; for example, employee contributions to these plans are included in budget receipts, but they are not included in NIPA current receipts. Similarly, Federal employee retirement benefits are included in budget outlays, but they are not included in NIPA current expenditures. In addition, the NIPAs exclude net purchases of nonproduced assets, such as land and the radio spectrum, because they do not affect current production; the NIPAs also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are excluded by definition, and the transactions of the Federal Communication Commission (FCC) Universal Service Fund, which pass through a nonprofit institution regulated by the FCC. (Investment in fixed assets, capital transfers, and net lending and borrowing, which includes purchases of nonproduced assets, are

now shown in the gross saving and investment account rather than in the government current receipts and expenditures account. The differences are detailed in tables 4 and 5.

NIPA current receipts differ from budget receipts because of differences in coverage, netting and grossing, and timing.² 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. (Personal and business current transfer receipts, which are included in "other" netting and grossing differences in table 4, are classified as receipts in the NIPAs and are netted against outlays in the budget.)

Similarly, NIPA current expenditures differ from budget outlays because of differences in coverage, netting and grossing, and timing. For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, Federal employee retirement plan transactions, and personal and business current transfer receipts.

In the NIPA framework, budget outlays for national defense and nondefense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for major principal reasons. First, the NIPA measure includes general government consumption of fixed capital. Second, for defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPAs, payments are added to amortize the unfunded liability for military and civilian retirement benefits; these payments are recorded in the budget as intergovernmental transactions. Third, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis; thus, in the NIPAs, all work in progress except ships and structures are included in the change-in-private-inventories component of gross domestic product. Fourth, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPAs. Initially, the production of military equipment is recorded as an increase in private inventories; when the equipment is delivered, a decrease in private inventories is recorded. For sales of equipment to foreign governments, the decrease in inventories is offset by an increase in exports; for sales of equipment to the U.S. Government, the decrease in inventories is offset by an increase in government consumption expenditures and gross investment.

1. BEA's adjustments are shown in tables 4 and 5 of this article. The adjustments to the NIPA estimates that reflect the 2003 comprehensive NIPA revision will be presented in NIPA table 3.18B Relation of Federal Government Current Receipts and Expenditures in the NIPAs to the Budget, Fiscal Years" later this year. For a summary of these adjustments, see "National Income and Product Accounts" in the *Analytical Perspectives* 207-212.

For a detailed discussion of the adjustments, see *Government Transactions* (methodology paper no. 5, Bureau of Economic Analysis November 1988); <www.bea.gov>. For changes to the methodology since 1988, see Nicole Mayerhauser, Shelly Smith, and David Sullivan, "Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: New and Redesignated Tables," *SURVEY* 83 (August 2003): 7-25; see Brent R. Moulton and Eugene P. Seskin, "Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Classifications," *SURVEY* 83 (June 2003): 17-34; Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," *SURVEY* 79 (August 1999): 11-14; Robert P. Parker, "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology For Calculating Depreciation," *SURVEY* 75 (September 1995): 33-41; and Robert P. Parker, "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," *SURVEY* 71 (September 1991): 24-25.

2. The differences in coverage arise because certain transactions that are excluded from the NIPAs are included in the budget and vice versa. The differences in netting and grossing arise because certain transactions are recorded as offsets to outlays in the budget, but they are recorded as receipts in the NIPAs (and vice versa). The differences in timing arise because in the budget, most receipts and outlays are recorded on a cash basis, and in the NIPAs, some transactions are recorded on an accrual basis.

- The budget deficit exceeds NIPA net Federal Government saving by \$25.6 billion in fiscal year 2005. The differences in the two measures of government fiscal position persist from year-to-year, and are due to alternative accounting practices, such as differences in coverage, timing, and netting and grossing.
- The President's proposed legislation and program changes added, on net, \$3.5 billion to the budget deficit in fiscal year 2005.

This article briefly summarizes the budget estimates for receipts and outlays, including major proposed legislation and program changes. It then explains how the budget estimates are transformed into the NIPA framework of current receipts and current expenditures and how the results of this process affect quarterly NIPA estimates for the current year. The article concludes with a presentation of fiscal year and quarterly NIPA projections that are based on the budget receipts and outlays.⁷

The budget estimates

In the administration's budget, receipts in fiscal year 2005 are projected to increase \$238.2 billion, to \$2,036.3 billion (table 1). Receipts in 2004 are estimated at \$1,798.1 billion, up \$15.8 billion from 2003. Most of the acceleration in 2005 is accounted for by an upturn in individual income taxes, which would increase \$108.4 billion in 2005 after decreasing \$28.3 billion in 2004, and by an acceleration in social insurance taxes and contributions, which would increase \$61.5 billion after increasing \$19.4 billion. The upturn in receipts also reflects the effects of the "adjustments for

7. This article is published after the release of the Federal budget. It provides updated fourth-quarter 2003 estimates that incorporate information that became available after the release of the budget, and it provides more detailed estimates of receipts and expenditures than those shown in the NIPA estimates in *Analytical Perspectives*, 207–212.

Table 1. Budget Receipts by Source
[Billions of dollars]

	Level for fiscal year				Change from preceding year ¹		
	2002	2003	2004	2005	2003	2004	2005
Budget receipts	1,853.2	1,782.3	1,798.1	2,036.3	-70.9	15.8	238.2
Individual income taxes	858.3	793.7	765.4	873.8	-64.6	-28.3	108.4
Social insurance taxes and contributions	700.8	713.0	732.4	793.9	12.2	19.4	61.5
Corporation income taxes	148.0	131.8	168.7	230.2	-16.2	36.9	61.5
Excise taxes	67.0	67.5	70.8	73.2	0.5	3.3	2.4
Miscellaneous receipts	33.9	34.5	34.3	36.5	0.6	-0.2	2.2
Estate and gift taxes	26.5	22.0	23.9	21.4	-4.5	1.9	-2.5
Customs duties	18.6	19.9	22.6	22.1	1.3	2.7	-0.5
Adjustments for revenue uncertainty			-20.0	-15.0		-20.0	5.0

1. Values may differ from budget data by \$0.1 billion or less due to rounding.
Source: *Budget of the United States Government, Fiscal Year 2005*.

revenue uncertainty," which are adjustments to receipts that take into account that actual receipts can differ from projected receipts that are based on economic and tax models; these adjustments would reduce the level of receipts \$20.0 billion in 2004 and \$15.0 billion in 2005; thus they would increase the year-to-year change in receipts \$5.0 billion in 2005.

Total budget outlays in fiscal year 2005 are projected to increase \$81.0 billion, to \$2,399.8 billion (table 2). Outlays in 2004 are estimated at \$2,318.8 billion, up \$161.2 billion from 2003. The deceleration in 2005 is accounted for by a downturn in outlays for national defense (which would decrease \$3.1 billion in 2005 after increasing \$48.8 billion in 2004), by a deceleration in outlays for health (which would increase \$9.1 billion after increasing \$23.9 billion), by a downturn in commerce and housing credit (which would decrease \$5.0 billion after increasing \$9.3 billion), and by a deceleration in outlays for international affairs (which would increase \$3.6 billion after increasing \$13.0 billion).

Table 2. Budget Outlays by Function
[Billions of dollars]

	Level for fiscal year				Change from preceding year ¹		
	2002	2003	2004	2005	2003	2004	2005
Budget outlays	2,011.0	2,157.6	2,318.8	2,399.8	146.6	161.2	81.0
Social security	456.0	474.7	496.2	515.0	18.7	21.5	18.8
National defense	348.6	404.9	453.7	450.6	56.3	48.8	-3.1
Income security	312.5	334.4	339.5	348.1	21.9	5.1	8.6
Medicare	230.9	249.4	270.5	294.2	18.5	21.1	23.7
Health	196.5	219.6	243.5	252.6	23.1	23.9	9.1
Net interest	171.0	153.1	156.3	177.9	-17.9	3.2	21.6
Education, training, employment, and social services	70.5	82.6	87.2	89.0	12.1	4.6	1.8
Transportation	61.8	67.1	68.1	69.9	5.3	1.0	1.8
Veterans benefits and services	51.0	57.0	60.5	67.5	6.0	3.5	7.0
Administration of justice	35.2	35.4	41.6	42.8	0.2	6.2	1.2
International affairs	22.4	21.2	34.2	37.8	-1.2	13.0	3.6
Natural resources and environment	29.5	29.7	31.7	30.9	0.2	2.0	-0.8
General science, space, and technology	20.8	20.9	22.3	24.4	0.1	1.4	2.1
Agriculture	22.0	22.6	20.1	22.3	0.6	-2.5	2.2
General government	16.8	23.0	25.4	19.1	6.2	2.4	-6.3
Community and regional development	13.0	18.9	18.8	17.0	5.9	-0.1	-1.8
Commerce and housing credit	-0.4	-1.6	7.7	2.7	-1.2	9.3	-5.0
Energy	0.5	-0.8	1.0	1.8	-1.3	1.8	0.8
Allowances ²				-0.8			-0.8
Undistributed offsetting receipts ³	-47.4	-54.4	-59.3	-63.1	-7.0	-4.9	-3.8

1. Values may differ from budget data by \$0.1 billion or less due to rounding.

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. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

3. Undistributed offsetting receipts are collections that are offset against outlays but not distributed to a particular agency or budget function. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from leases or selling Federal assets; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2005*.

Proposed legislation and program changes

The fiscal year 2005 budget presents proposed legislation and program changes that would reduce the current-services deficit \$6.8 billion in 2004 and that would increase the current-services deficit 3.5 billion

in 2005 (table 3).⁸ The administration's estimates of current-services for fiscal year 2005 include additional proposals and adjustments; and these adjustments would decrease the current-services deficit. Excluding these adjustments, the current-services deficit would be larger \$32.8 billion.

Receipts. Proposed legislation would increase receipts \$6.9 billion in 2004 and would decrease receipts \$0.4 billion in 2005. A proposed change in the measurement of employers' pension liabilities would increase receipts in both fiscal years. Proposals that extend certain expiring tax provisions, which are not

included in the baseline, would decrease receipts in fiscal year 2004 and in fiscal year 2005. Some key proposals would have the following effects on receipts:

- A proposal to change the interest rate that is currently used to discount the pension liabilities of employers who provide defined-benefit pension plans to their employees would increase corporate income tax receipts \$8.5 billion in 2004 and \$12.3 billion in 2005. By lowering employer payments to meet pension obligations, which are tax-deductible, the proposed interest rates would increase employers' corporate tax liabilities.
- A proposal to extend the current amounts of exemption for the alternative minimum tax and the use of nonrefundable personal tax credits to offset taxes would decrease receipts \$0.1 billion in fiscal year 2004 and \$9.4 billion in fiscal year 2005. Current law would lower the exemption amounts, beginning in tax year 2005, and beginning in tax year 2004, it would not permit the use of offsetting nonrefundable tax credits.

- A proposal to permanently extend the 20-percent tax credit for qualified research and experimentation expenses that are above specified amounts would lower receipts \$0.7 billion in fiscal year 2004 and \$3.6 billion in fiscal year 2005.

The budget baseline for receipts includes proposed legislation that would affect receipts. These proposals would decrease receipts \$11.8 billion in fiscal year 2005. Some key proposals included in the baseline would have the following effects on receipts:

- A proposal to extend the current standard deduction for married taxpayers filing joint returns would lower receipts \$5.3 billion in 2005. Under the current law, the standard deduction for joint filers would be lowered, beginning in tax year 2005.
- A proposal to extend the current 10-percent individual income tax bracket would lower receipts \$4.0 billion in fiscal year 2005. The current law contracts the bracket in 2005 and expands it in 2008.
- A proposal to extend the current child tax credit of \$1,000 for each qualifying child under the age of 17 would lower receipts \$2.2 billion in fiscal year 2005. The current law reduces the credit to \$700 in tax year 2005, raises it to \$800 in 2009, and then raises it back to \$1,000 in 2010.

Outlays. The fiscal year 2005 budget includes proposed program changes that would increase total outlays \$0.1 billion in 2004 and \$3.1 billion in 2005.⁹ The increase in 2005 is more than accounted for by the ef-

8. In this article, the estimates of the administration's proposed legislation and program changes are the differences between the current-services estimates provided by the budget and the actual budget. The current-services estimates in the fiscal year 2005 budget include certain proposed legislation and adjustments that are linked to the administration's budget reform proposals.

Table 3. Relation of Current-Services Estimates to the Budget
[Billions of dollars]

	Fiscal year ¹	
	2004	2005
Receipts		
Current-services estimates ²	1,791.2	2036.6
Plus: Proposed legislation excluding proposals included in the baseline ³	6.9	-0.4
Extend minimum tax relief for individuals	-0.1	-9.4
Extend research and experimentation tax credit	-0.7	-3.6
Improve the accuracy of pension liability measures	8.5	12.3
Other	-0.8	0.3
Equals: The budget	1,798.1	2,036.3
Outlays		
Current-services estimates ²	2,318.7	2396.7
Plus: Program changes excluding proposals included in the baseline ³	0.1	3.1
National defense	0.0	10.3
Health	0.2	-1.6
Natural resources and environment	0.0	-1.6
International affairs	0.0	1.3
Medicare	0.0	-0.9
Undistributed offsetting receipts ⁴	0.0	-0.9
Veterans benefits and services	-0.1	-0.8
General government	0.1	-0.8
Income security	0.0	-0.7
Community and regional development	0.0	-0.3
Net interest	0.0	-0.1
Other	-0.1	-0.8
Equals: The budget	2,318.8	2399.8
Current-services surplus or deficit (-)	-527.5	-360.1
Proposed changes, receipts less outlays	6.8	-3.5
Administration budget surplus or deficit (-)	-520.7	-363.6
Addenda:		
Net effect of budget reform proposals included in the baseline on current-services deficit		32.8
Effect on receipts of budget reform proposals included in the baseline ⁵		-11.8
Extend certain provisions of the tax cuts enacted in 2001 and 2003:		
Doubling of the individual standard deduction for joint filers		-5.3
10-percent individual income tax rate bracket		-4.0
Child tax credit		-2.2
Repeal of estate and generation-skipping transfer taxes		-1.0
Dividends tax rate structure		0.5
Expensing for small business		0.2
Adjustment to the baseline for outlays, budget reform proposal ⁵		-44.6
Adjustment for redefinition of emergencies, national defense		-42.8
Adjustment for cost of pay increases		-1.8

1. Values may differ from budget data by \$0.1 billion or less due to rounding.
 2. These current-services estimates are from the budget and include certain adjustments to reflect budget reform proposals advanced by the administration. For information on the budget reform proposals, refer to the *Analytical Perspectives* and table S-16 of the main Budget document.
 3. Consistent with the budget, the proposed legislation excludes budget reform proposals that are included in the baseline.
 4. Undistributed offsetting receipts are collections that are offset against outlays but not distributed to a particular agency or budget function. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from leases or selling Federal assets; and shifts from one account to another, such as agency payments to retirement funds.
 5. Only budget reform proposals included in the baseline and that affect receipts and outlays are shown.
 Source: *Budget of the United States Government, Fiscal Year 2005.*

9. Outlays for homeland security are spread throughout certain budget functions, including national defense, health, transportation, and administration of justice.

fects of program changes in national defense and international affairs; the increase is partly offset by decreases in outlays for other functions. Key program changes include the following:

- An increase of \$10.3 billion for national defense, mostly for discretionary spending on operation and maintenance, on research, development, test, and evaluation, and on military personnel, including a 3.5-percent pay raise.
- An increase of \$1.3 billion for international affairs, including funding for assistance to developing nations through the Millennium Challenge Corporation, funding to combat AIDS in Africa and the Caribbean by expanding the Emergency Plan for AIDS Relief, and funding for payments to meet obligations to international organizations.
- A decrease of \$1.6 billion for health reflects the net impact of proposals for increases and decreases in Medicaid and other mandatory and discretionary health activities.
- A \$1.6 billion reduction in functions related to natural resources and the environment largely due to reduced funding for Corps of Engineers water projects, elimination of unrequested and unauthorized water and research projects in Environmental Protection Agency, and deletion of one-time emergency fire suppression funding provided for the Forest Service and Bureau of Land Management in fiscal year 2004.

Transformation of budget data into a NIPA framework

Budget receipts and expenditures are transformed into a NIPA framework by a detailed analytical process. Fiscal year budget data for receipts are supplemented by information on the effects of budget proposals from the Department of the Treasury's Office of Tax Analysis. These data are analyzed for their effects on each of the NIPA receipts components: Current tax receipts, contributions for government social insurance, income receipts on assets, current transfer receipts, and current surplus of government enterprises. Quarterly projections are based on interpolations using the economic assumptions from the budget. For the monthly and quarterly NIPA estimates released by BEA during the year, these initial projections are reevaluated and revised as data from the Department of the Treasury become available.

Fiscal year budget outlays are organized by appro-

priation in the budget's appendix.¹⁰ These fiscal year data, along with supplemental information from the Office of Management and Budget, are used to allocate Federal fiscal year spending to the various NIPA categories: Current transfer payments, interest payments, subsidies, and consumption expenditures and gross investment.¹¹ The quarterly projections shown in this article are mainly derived by interpolating the fiscal year projections.

For the historical quarterly NIPA estimates released by BEA during the current year, the fiscal year relationships derived from budget data are used to allocate the spending that is detailed in the *Monthly Treasury Statement of Receipts and Outlays of the United States Government*.¹² Supplemental data are also used. A detailed reconciliation of defense consumption expenditures and gross investment to outlays is prepared using extensive financial, delivery, and other information from the Department of Defense. In order to prepare seasonally adjusted estimates of nondefense consumption expenditures and gross investment, data derived from the budget are used to extrapolate portions of nondefense expenditures (for durable goods, other nondurable goods, other services, and equipment) for which there are no quarterly source data. These extrapolations are combined with actual quarterly data for certain spending categories, such as estimates of construction spending from the Census Bureau and estimates of compensation from the Office of Personnel Management and the Bureau of Labor Statistics.

BEA's users should remember that budget data are based on economic and programmatic assumptions about the budget year, and that actual outcomes may differ. In addition, the budget includes proposals for the budget year that may not become law, and it may exclude proposals that are subsequently enacted. Even with these caveats, the information on hundreds of receipts and expenditures programs contained in the budget forms the foundation of the NIPA Federal Government estimates. These estimates are initially prepared from budget data, and they are updated during the year as new laws are enacted, as actual spending

10. See *Appendix: Budget of the United States Government, Fiscal Year 2005*.

11. Outlays by program are first adjusted for coverage (for example, geographical adjustments) and for netting and grossing (for example, supplemental medical insurance premiums).

12. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement* (Washington, DC: U.S. Government Printing Office); <www.fms.treas.gov/mts>.

occurs, and as economic conditions change. Thus, the monthly and quarterly NIPA estimates released by BEA during the year may diverge from the initial quarterly projections.

Comparison of the budget and NIPA estimates

BEA adjusts the budget estimates in order to produce estimates of Federal current receipts and expenditures that are consistent over time with NIPA concepts and methodologies.

For fiscal year 2005, NIPA current receipts would exceed budget receipts by \$73.2 billion as a result of netting and grossing, coverage, and timing adjustments (table 4). Netting and grossing adjustments would add \$98.4 billion, coverage adjustments would subtract \$36.9 billion, and timing adjustments would add \$11.7 billion. In netting and grossing, "Other"—which includes Federal government payments to the old-age, survivors, and disability trust funds—would add \$49.8 billion, and payments for supplementary medical insurance premiums would add \$36.8 billion. In coverage adjustments, capital transfers received, which consists of estate and gift taxes, would subtract \$21.3 billion.

For fiscal year 2005, NIPA current expenditures would exceed budget outlays by \$47.6 billion (table 5). Netting and grossing adjustments, which affect outlays the same as receipts, would add \$98.4 billion, coverage adjustments would subtract \$46.1 billion,

Table 4. Relation of Federal Government Current Receipts in the NIPAs to the Budget
(Billions of dollars)

	Fiscal year		
	2003	2004	2005
Budget receipts	1,782.3	1,798.1	2,036.3
Less: Coverage differences	36.2	39.3	36.9
Geographic ¹	3.9	4.1	4.3
Contributions received by Federal employee retirement plans ²	4.6	4.7	4.7
Capital transfers received ³	21.8	23.8	21.3
Financial transactions	0.0	0.0	0.0
Other ⁴	5.9	6.7	6.6
Netting and grossing differences	-86.1	-91.6	-98.4
Supplementary medical insurance premiums	-28.4	-32.2	-36.8
Income receipts on assets	-10.8	-12.9	-13.1
Current surplus of government enterprises	-2.9	0.6	1.4
Other ⁵	-44.0	-47.1	-49.8
Plus: Timing differences	-2.1	-2.5	11.7
Taxes on corporate income	0.2	-6.5	1.7
Federal and state unemployment insurance taxes	0.8	1.5	1.1
Withheld personal current tax and social security contributions	-2.9	2.7	8.8
Excise taxes	0.1	0.2	-0.4
Other	-0.3	-0.4	0.5
Equals: Federal Government current receipts, NIPAs	1,830.2	1,847.9	2,109.5

1. Consists largely of contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of estate and gift taxes.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

5. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPAs. Also includes some transactions not reflected in the budget but are added to both receipts and expenditures in the NIPAs.

Sources: *Budget of the United States Government, Fiscal Year 2005* and the Bureau of Economic Analysis.

and timing adjustments would subtract \$4.7 billion. In coverage adjustments, Federal employee retirement plan transactions would add \$31.5 billion, and capital transfers paid, which includes capital grants to state and local government and to businesses, would subtract \$48.0 billion. For national defense, largely because of the treatment of military and defense civilian retirement funds, the NIPA estimate of consumption expenditures would exceed the budget estimate of outlays by \$9.2 billion (table 6).

For fiscal year 2005, in absolute value, the budget deficit would exceed the NIPA estimate of net Federal Government saving by \$25.6 billion (table 7). The difference reflects the combined effects of coverage and timing adjustments. The coverage adjustments lower both NIPA current receipts and NIPA current expenditures; the timing adjustments raise NIPA current

Table 5. Relation of Federal Government Current Expenditures in the NIPAs to the Budget
(Billions of dollars)

	Fiscal year		
	2003	2004	2005
Budget outlays	2,157.6	2,318.8	2,399.8
Less: Coverage differences	24.0	47.8	46.1
Geographic ¹	13.6	14.3	14.6
Federal employee retirement plan transactions ²	-29.2	-31.8	-31.5
Interest received	-48.8	-46.2	-48.5
Contributions received (employer)	-68.6	-78.0	-78.9
Benefits paid	88.1	92.3	95.8
Administrative expenses	0.1	0.1	0.1
Financing disbursements from credit programs ³	-6.8	-6.8	-8.3
Other differences in funds covered ⁴	6.0	5.8	5.5
Net investment ⁵	5.2	11.6	14.4
Capital transfers paid ⁶	45.0	47.2	48.0
Financial transactions	-9.8	7.5	3.5
Loan disbursements less loan repayments and sales	1.2	15.8	13.4
Deposit insurance	1.1	1.4	1.1
Net purchases of foreign currency	0.0	0.0	0.0
Other	-12.0	-9.6	-11.1
Net purchases of nonproduced assets	0.0	0.1	0.0
Outer Continental Shelf	-0.2	0.0	0.0
Land and other ⁷	0.2	0.1	0.0
Other ⁸	0.0	0.0	0.0
Netting and grossing differences	-86.1	-91.6	-98.4
Supplementary medical insurance premiums	-28.4	-32.2	-36.8
Interest receipts	-10.8	-12.9	-13.1
Current surplus of government enterprises	-2.9	0.6	1.4
Other ⁹	-44.0	-47.1	-49.8
Plus: Timing differences	-1.8	4.8	-4.7
Purchases (increase in payables net of advances)	-2.3	0.6	-3.3
Interest	0.0	0.0	0.0
Current transfer payments	1.1	4.0	-1.7
Subsidies	-0.6	0.2	0.3
Equals: Federal Government current expenditures, NIPAs	2,218.0	2,367.4	2,447.4

1. Consists largely of government social benefits, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. 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; consequently, related entries are included in "Loan disbursements less loan repayments and sales."

4. 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 time periods.

5. Net investment is gross investment less consumption of fixed capital for general government and government enterprises.

6. Consists of investment grants to state and local governments and maritime construction subsidies. Does not include the forgiveness of debts owed by foreign governments to the U.S. Government; this forgiveness is classified as a capital transfer paid by the United States and is excluded from both budget outlays and NIPA current expenditures.

7. Consists of net sales of land other than the Outer Continental Shelf and, beginning with 1995, the auction of the radio spectrum.

8. Consists largely of net expenditures of foreign currencies.

9. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPAs.

Sources: *Budget of the United States Government, Fiscal Year 2005* and the Bureau of Economic Analysis.

Table 6. Relation of National Defense Consumption Expenditures and Gross Investment in the NIPAs to National Defense Outlays in the Budget
[Billions of dollars]

	Fiscal year		
	2003	2004	2005
National defense outlays in the budget	405.1	453.7	450.6
Department of Defense, military.....	388.9	435.7	429.7
Military personnel.....	106.7	117.4	108.9
Operation and maintenance.....	151.4	165.7	163.9
Procurement.....	67.9	77.7	78.2
Aircraft.....	21.3	22.4	23.2
Missiles.....	4.1	4.7	5.4
Ships.....	9.5	10.6	11.7
Weapons.....	3.9	4.2	3.9
Ammunition.....	1.0	1.7	1.5
Other.....	28.2	34.1	32.4
Research, development, test, and evaluation.....	53.1	60.6	66.2
Other.....	9.7	14.3	12.6
Atomic energy and other defense-related activities.....	16.2	18.0	20.8
Plus: Consumption of general government fixed capital.....	61.0	62.2	63.4
Additional payments to military and civilian retirement funds.....	24.1	26.9	27.8
Timing difference.....	2.3	-0.6	3.3
Less: Grants-in-aid to state and local governments and net interest paid.....	3.4	3.8	3.9
Other differences.....	0.9	4.6	7.7
Equals: National defense consumption expenditures and gross investment, NIPAs	483.5	535.0	526.9
Less: National defense gross investment ¹	58.6	63.8	67.0
Equals: National defense consumption expenditures, NIPAs	424.8	471.2	459.8

1. 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 2005* and the Bureau of Economic Analysis.

receipts and lower NIPA current expenditures. Netting and grossing adjustments have an equal effect on current receipts and expenditures, so they have no effect on saving.

Fiscal year 2005 NIPA estimates

In the NIPA framework, net Federal Government saving would increase \$181.6 billion in fiscal year 2005 after decreasing \$131.7 billion in fiscal year 2004 (table 7 and chart 1). The upturn in saving in fiscal year 2005

Table 7. Relation of Administration Budget and NIPA Estimates of Federal Government Current Receipts and Expenditures
[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates			
	2003	2004	2005	2004	2005
Administration budget:					
Receipts.....	1,782.3	1,798.1	2,036.3	15.8	238.2
Outlays.....	2,157.6	2,318.8	2,399.8	161.2	81.0
Surplus or deficit (-).....	-375.3	-520.7	-363.5	-145.4	157.2
NIPAs:					
Current receipts.....	1,830.2	1,847.9	2,109.5	17.6	261.6
Current expenditures.....	2,218.0	2,367.4	2,447.4	149.4	80.1
Net Federal Government saving.....	-387.8	-519.5	-338.0	-131.7	181.5
	Differences				
Administration budget less NIPAs:					
Receipts / Current receipts.....	-47.9	-49.8	-73.2	-1.9	-23.4
Outlays / Current expenditures.....	-60.4	-48.6	-47.6	11.8	1.0
Deficit / Net Federal Government saving.....	12.5	-1.2	-25.6	-13.7	-24.4

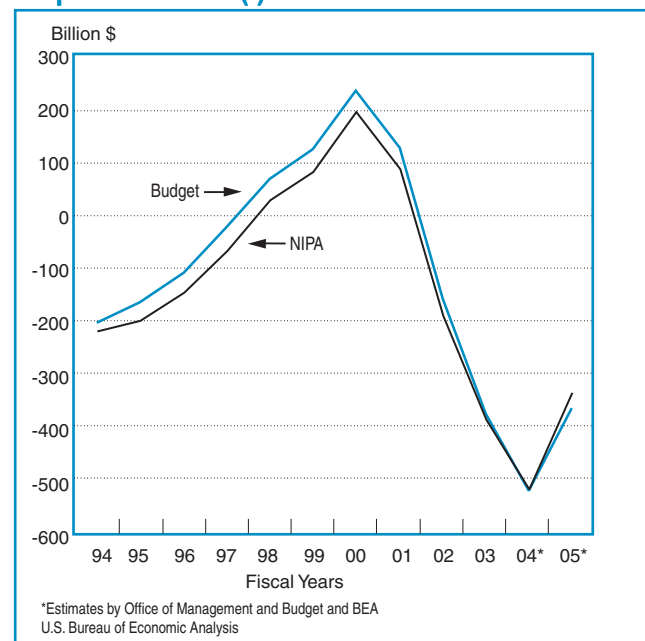
Sources: *Budget of the United States Government, Fiscal Year 2005* and the Bureau of Economic Analysis.

results from an acceleration in current receipts and from a deceleration in current expenditures.

On a NIPA basis, Federal current receipts would increase \$261.6 billion in fiscal year 2005 after increasing \$17.6 billion in fiscal year 2004 (table 8 and chart 2). The acceleration results from an acceleration in the tax base that would increase receipts \$279.7 billion. (The tax base is estimated using the administration's economic assumptions and does not include effects of proposed legislation.) In current receipts, personal current taxes would turn up, increasing \$129.5 billion after decreasing \$60.7 billion; the upturn is more than accounted for by an upturn in the tax base. Taxes on corporate income would increase \$71.9 billion after increasing \$33.1 billion, reflecting an acceleration in the tax base. Contributions for government social insurance would increase \$58.7 billion after increasing \$38.2 billion, reflecting an expected acceleration in taxable wages and salaries. The current surplus of government enterprises would decline less, decreasing \$0.8 billion after decreasing \$3.5 billion, reflecting an upturn in the current surplus of "other" government enterprises and a smaller deterioration in the Postal Service current surplus.

In the NIPA framework, Federal current expenditures would increase \$80.1 billion in fiscal year 2005 after increasing \$149.4 billion in fiscal year 2004 (table 9

Chart 1. Federal Fiscal Position, Surplus or Deficit (-)



and chart 3). Consumption expenditures would increase \$6.1 billion after increasing \$65.8 billion; the deceleration is mainly accounted for by a downturn in national defense consumption expenditures. Grants-in-aid to state and local governments would decrease \$4.1 billion after increasing \$27.3 billion; the downturn is mostly attributable to a deceleration in health grants and to downturns in "other" grants and in grants for central executive, legislative, and judicial activities. Government social benefits to persons would increase \$49.9 billion after increasing \$54.4 billion; the slowdown is mainly attributable to a downturn in "other" government social benefits to persons and to decelerations in veterans benefits and in social security. "Other" current transfer payments to the rest of the world would decelerate, increasing \$2.6 billion after increasing \$6.5 billion. In contrast, Federal interest paid would accelerate, increasing \$25.3 billion after increasing \$0.7 billion; the acceleration reflects the expected higher interest rates and a larger public debt. Subsidies would turn up, increasing \$0.2 billion after decreasing \$5.3 billion.

Quarterly pattern. Seasonally adjusted quarterly estimates of NIPA current receipts and current expenditures that are consistent with the budget estimates of receipts and outlays for the fiscal year are shown in table 10. The NIPA estimates of current receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from the administration's pro-

jected quarterly pattern of wages, and from BEA's methodology for deriving quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.¹³ The NIPA estimates of current expenditures reflect the quarterly pattern that results from enacted and proposed legislation that would adjust pay for Federal Government employees and that would provide cost-of-living increases in social security and other programs. The quarterly estimates do not control to the fiscal year estimates, but they reflect estimated changes from published preliminary estimates for the fourth quarter of 2003. Because of the limited information available to estimate quarterly patterns, the estimates should be viewed as rough approximations. These approximations will be superseded by BEA's more reliable quarterly estimates that will be prepared and published in NIPA table 3.2.

In the NIPA framework, net Federal government saving declines from -\$320.4 billion in the first quarter of 2003 to -\$436.6 billion in the fourth quarter. Net saving continues to decline in the first quarter of 2004,

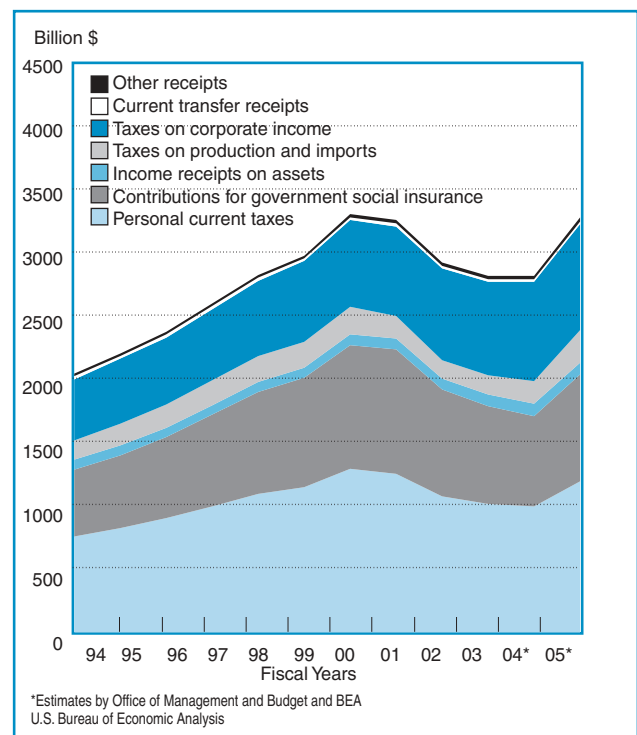
13. For details on the methodology, see Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 78 (August 1998): 29-31.

Table 8. Sources of Change in Federal Government Current Receipts, NIPA Framework
[Billions of dollars]

	Change from preceding fiscal year		
	2003	2004	2005
Total receipts	-48.3	17.6	261.6
Due to tax bases.....	-47.4	9.9	279.7
Due to proposed legislation.....	0.0	7.7	-20.0
Current tax receipts.....	-60.5	-20.6	201.0
Personal current taxes.....	-67.1	-60.7	129.5
Due to tax bases.....	-67.1	-60.4	149.2
Due to proposed legislation.....	0.0	-0.4	-19.7
Taxes on production and imports.....	3.9	7.1	-0.4
Due to tax bases.....	3.9	5.7	1.1
Due to proposed legislation.....	0.0	1.4	-1.5
Taxes on corporate income.....	3.4	33.1	71.9
Due to tax bases.....	3.4	26.4	70.3
Due to proposed legislation.....	0.0	6.7	1.6
Taxes from the rest of the world.....	-0.7	-0.1	0.0
Contributions for government social insurance.....	12.4	38.2	58.7
Due to tax bases.....	12.4	38.2	59.1
Due to proposed legislation.....	0.0	0.0	-0.4
Income receipts on assets.....	0.6	2.2	0.4
Current transfer receipts.....	0.0	1.4	2.3
Current surplus of government enterprises.....	-0.6	-3.5	-0.8

Sources: Budget of the United States Government, Fiscal Year 2005 and the Bureau of Economic Analysis.

Chart 2. Federal Government Current Receipts, NIPA Framework



*Estimates by Office of Management and Budget and BEA U.S. Bureau of Economic Analysis

Table 9. Sources of Change in Federal Government Current Expenditures, NIPA Framework
[Billions of dollars]

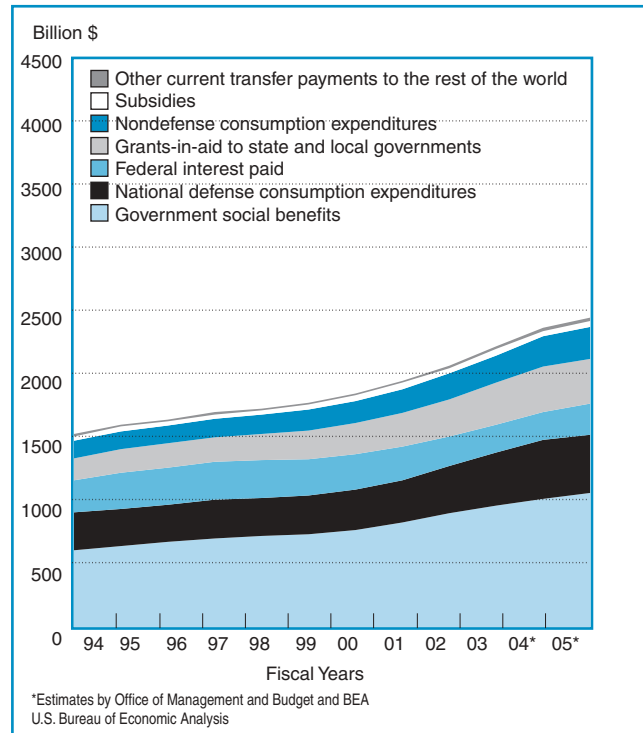
	Change from preceding fiscal year		
	2003	2004	2005
Total current expenditures	154.7	149.4	80.1
Consumption expenditures.....	64.2	65.8	6.1
National defense	54.9	46.4	-11.4
Pay raise and locality pay ¹	0.0	3.4	3.3
Other.....	54.9	43.0	-14.7
Nondefense	9.3	19.4	17.5
Pay raise and locality pay ¹	0.0	3.0	2.4
Other.....	9.3	16.5	15.1
Current transfer payments.....	95.4	88.3	48.4
Government social benefits to person.....	55.9	54.4	49.9
Social security.....	17.9	21.0	18.1
Medicare.....	15.5	23.8	28.0
Supplemental security income.....	1.7	3.1	1.1
Earned income and other tax credits.....	5.5	2.7	4.3
Veterans benefits.....	0.9	5.2	2.0
Unemployment benefits.....	2.9	-9.2	-5.0
Food stamps.....	3.3	2.9	2.0
Other.....	8.0	4.8	-0.5
Government social benefits to the rest of the world.....	0.1	0.1	0.1
Grants-in-aid to state and local governments.....	36.3	27.3	-4.1
Health.....	15.5	18.7	6.3
Medicaid.....	13.2	16.6	4.8
Other health.....	2.4	2.2	1.5
Education.....	6.7	6.0	-0.3
Welfare and social services.....	3.1	0.1	-0.1
Housing and community services.....	1.0	1.0	0.2
Central executive, legislative and judicial activities.....	4.0	0.2	-4.8
Labor training and services.....	1.6	-0.7	-1.8
Other.....	4.3	2.0	-3.6
Other current transfer payments to the rest of the world.....	3.1	6.5	2.6
Federal interest paid.....	-16.3	0.7	25.3
Subsidies.....	11.4	-5.3	0.1
Agriculture subsidies.....	5.9	-4.1	1.5
Housing subsidies.....	2.1	1.3	-0.1
Other subsidies.....	3.4	-2.6	-1.2

1. Consists of pay raises and locality pay beginning in January 2004.
Source: Bureau of Economic Analysis.

reflecting an increase in current expenditures and a decrease in current receipts. The increase in current expenditures is caused by sharp increases in planned defense consumption expenditures and in government social benefits to persons due to cost-of-living adjustments. Net saving increases through the rest of 2004. The second-quarter increase in net saving results from an increase in receipts that offsets an increase in current expenditures; the increase in receipts reflects increases in current personal taxes, in contributions for government social insurance, and in taxes on corporate income. The third-quarter increase in net saving results from a larger increase in current receipts—mainly in personal current taxes—than in current expenditures. The fourth-quarter increase in net saving is attributable to an increase in current receipts, reflecting increases in personal current taxes, in taxes on corporate income, and in contributions for government social insurance; expenditures fall.

Net saving is projected to increase substantially in the first quarter of 2005 as a result of an increase in current receipts that more than offsets an increase in current expenditures. The increase in current receipts primarily reflects increases in personal current taxes, in

Chart 3. Federal Government Current Expenditures, NIPA Framework



taxes on corporate income, and in contributions for government social insurance. The increase in current expenditures reflects increases in government social benefits to persons, reflecting cost-of-living adjustments, in grants to the rest of the world, and in interest payments. Net saving continues to increase in the second and third quarters of 2005, but by smaller amounts. The second-quarter increase is accounted for by a larger increase in current receipts than in current expenditures; the increase in current receipts reflects increases in personal current taxes, in taxes on corporate income, in contributions for government social insurance, and in taxes on production and imports. The third-quarter increase is primarily attributable to an increase in current receipts, mainly in personal current taxes, in taxes on corporate income, and in contributions for government social insurance; the increase in current receipts more than offsets the increase in current expenditures.

Table 10. Federal Government Current Receipts and Expenditures, NIPA Framework—Continued

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year estimates ¹			Calendar year ²		Quarter ²										
					Pub- lished	Esti- mated	Published				Estimated						
		2003	2004	2003			2004	2003		2004			2005				
					I	II		III	IV	I	II	III	IV	I	II	III	
69	Veterans benefits	30.0	35.2	37.2	32.0	38.5	31.4	32.1	32.5	32.0	37.5	38.5	39.4	38.7	38.8	38.9	38.9
70	Railroad retirement	8.7	8.6	9.0	8.9	8.6	8.8	8.9	8.9	8.9	8.3	8.6	8.6	8.9	9.0	9.0	9.1
71	Military medical insurance	4.3	4.9	5.5	4.3	5.1	4.1	4.2	4.3	4.6	4.7	5.0	5.3	5.4	5.4	5.5	5.7
72	Food stamps	21.4	24.3	26.3	21.8	24.5	20.3	21.4	22.4	23.2	24.0	24.2	24.4	25.4	25.8	26.1	26.3
73	Black lung benefits	0.8	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7
74	Supplemental security income	31.3	34.4	35.6	31.0	34.8	30.4	31.2	31.2	31.1	34.0	34.8	35.4	35.0	35.1	35.0	34.7
75	Earned income and other tax credits	38.4	41.1	45.4	36.5	41.1	36.5	36.5	36.5	36.5	41.1	41.1	41.1	41.1	45.4	45.4	45.4
76	All other	32.7	37.1	35.6	34.4	37.4	31.7	33.3	35.7	36.8	35.3	37.3	39.0	38.2	36.5	34.6	32.9
77	To rest of the world	2.8	2.9	3.0	2.8	2.9	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.1
78	Grants-in-aid to state and local governments	333.3	360.6	356.5	339.0	353.1	310.8	345.5	346.3	353.3	343.8	352.7	360.5	355.4	353.2	352.4	347.2
79	Central executive, legislative, and judicial activities	7.0	7.3	2.5	11.2	2.5	1.3	15.8	6.3	21.4	2.5	2.5	2.6	2.4	2.3	2.2	2.3
80	Space	1.1	1.1	1.2	1.1	1.1	1.0	1.1	1.2	0.9	1.1	1.1	1.0	1.2	1.2	1.3	1.2
81	National defense	3.5	3.9	3.9	3.6	3.9	3.2	3.6	3.6	3.9	3.9	3.8	3.8	3.9	3.9	4.0	4.0
82	Civilian safety	3.0	2.8	1.9	3.1	2.4	3.2	3.1	3.3	2.6	2.6	2.5	2.5	2.1	1.8	1.6	1.5
83	Education	33.3	39.3	39.0	34.3	41.8	33.1	35.6	36.6	31.8	35.9	42.2	46.0	43.0	39.7	37.6	35.0
84	Health and hospitals	20.9	23.0	24.5	21.3	22.9	19.8	21.2	22.0	22.3	22.9	22.1	23.2	23.3	24.3	25.1	24.6
85	Income support, social security, and welfare	237.0	252.2	256.2	238.4	249.1	224.7	238.4	248.4	242.2	246.0	248.7	249.6	252.3	253.4	254.2	252.0
86	Disability	1.8	1.9	2.0	1.8	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0
87	Unemployment insurance	3.6	3.2	2.5	3.5	3.1	3.6	3.8	3.6	3.1	3.2	3.2	3.2	2.9	2.6	2.3	2.0
88	Medical care (Medicaid)	160.4	176.9	181.7	164.2	177.2	152.8	162.2	172.6	169.5	173.1	176.5	178.6	180.5	181.5	182.3	183.1
89	Welfare and social services	63.2	63.3	63.1	62.1	62.4	61.6	64.2	59.3	63.1	63.2	62.5	61.3	62.6	63.6	64.0	61.4
90	Other income support	8.0	7.0	6.9	6.8	4.5	4.9	6.4	11.0	4.7	4.6	4.6	4.5	4.3	3.6	3.6	3.4
91	Veterans benefits and services	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
92	Housing and community services	14.4	15.4	15.6	14.2	15.3	13.4	14.4	13.9	15.2	15.4	14.9	15.8	15.4	15.5	15.4	15.9
93	Recreational and cultural activities	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.5	0.4	0.5	0.5	0.4	0.4	0.5	0.5	0.4
94	Energy	1.3	1.3	1.4	1.2	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.3
95	Agriculture	1.0	1.2	1.0	1.0	1.3	0.8	0.9	0.8	1.3	1.2	1.2	1.2	1.5	1.0	1.0	0.9
96	Natural resources	3.0	3.6	3.5	3.2	3.6	2.4	3.8	2.9	3.6	3.5	3.7	3.7	3.5	3.5	3.6	3.7
97	Transportation ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
98	Economic development, regulation, and services	0.5	2.7	0.7	0.5	2.5	0.5	0.4	0.5	0.5	1.8	3.1	4.6	0.7	0.6	0.6	0.6
99	Labor training and services	6.4	5.7	4.0	5.1	4.3	5.3	5.0	4.5	5.4	4.6	4.4	4.2	3.9	3.5	3.4	3.3
100	Other current transfer payments to the rest of the world	21.5	28.1	30.6	23.3	31.5	25.1	24.3	22.9	20.9	38.8	28.7	29.0	29.5	39.2	29.3	29.7
101	Federal interest paid	217.8	218.5	243.8	218.8	228.8	217.7	222.5	215.6	219.6	221.4	225.0	230.3	238.4	245.6	253.0	260.5
102	Subsidies	49.3	44.0	44.2	47.9	39.4	44.5	56.3	47.0	43.9	42.0	40.1	37.4	38.1	40.1	42.3	43.9
103	Agricultural	18.4	14.3	15.8	18.6	11.1	17.7	19.3	20.3	17.1	14.1	11.2	8.5	10.5	13.2	15.8	17.4
104	Housing	25.6	26.9	26.7	24.8	26.6	24.8	24.9	24.8	24.5	25.8	27.0	27.3	26.5	26.0	25.8	25.8
105	Other	5.4	2.8	1.6	4.5	1.7	1.9	12.1	1.9	2.2	2.2	2.0	1.7	1.1	0.9	0.8	0.7
106	Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
107	Net Federal Government saving	-387.8	-519.5	-338.0	-420.3	-520.0	-320.4	-424.7	-499.4	-436.6	-542.5	-540.8	-523.7	-473.1	-382.6	-337.7	-302.7
108	Addenda:																
108	Gross investment ⁴	95.6	104.6	110.3	95.0	98.8	87.1	95.8	97.3	99.9	98.2	98.5	96.5	102.0	103.5	103.2	107.2
109	National defense	58.6	63.8	67.0	60.5	64.4	54.7	59.8	63.5	64.0	64.5	64.5	62.1	66.6	67.2	65.9	68.5
110	Nondefense	37.0	40.8	43.3	34.5	34.4	32.4	36.0	33.8	35.9	33.7	34.0	34.5	35.4	36.3	37.4	38.7
111	Consumption expenditures and gross investment	735.9	810.7	822.6	757.6	826.8	723.0	764.7	769.6	773.1	805.1	833.1	838.9	830.1	828.0	824.4	826.8
112	National defense	483.5	535.0	526.9	497.7	539.7	463.3	507.3	507.2	512.9	531.3	544.4	545.5	537.6	530.0	523.2	522.8
113	Nondefense	252.4	275.8	295.7	259.9	287.1	259.7	257.4	262.4	260.2	273.7	288.7	293.4	292.5	298.0	301.3	304.0
114	Total receipts	1,852.0	1,871.6	2,130.8	1,865.6	1,914.4	1,887.1	1,882.6	1,806.0	1,886.6	1,846.4	1,888.9	1,936.3	1,985.8	2,106.0	2,153.2	2,198.0
115	Current receipts	1,830.2	1,847.9	2,109.5	1,843.4	1,890.2	1,863.5	1,863.9	1,784.3	1,861.9	1,821.8	1,864.5	1,912.5	1,962.0	2,084.6	2,132.1	2,176.6
116	Capital transfer receipts	21.8	23.8	21.3	22.1	24.2	23.5	18.7	21.7	24.6	24.6	24.5	23.8	23.8	21.5	21.1	21.3
117	Total expenditures	2,267.9	2,426.7	2,510.3	2,312.0	2,463.4	2,215.7	2,340.0	2,341.2	2,351.3	2,417.8	2,459.4	2,486.6	2,489.7	2,522.7	2,524.6	2,538.0
118	Current expenditures	2,218.0	2,367.4	2,447.4	2,263.7	2,410.2	2,184.0	2,288.5	2,283.7	2,298.6	2,364.3	2,405.3	2,436.1	2,435.1	2,467.1	2,469.8	2,479.4
119	Gross government investment	95.6	104.6	110.3	95.0	98.8	87.1	95.8	97.3	99.9	98.2	98.5	96.5	102.0	103.5	103.2	107.2
120	Capital transfer payments	44.2	47.1	48.0	44.9	47.5	37.3	47.1	51.3	44.1	47.3	48.3	47.4	47.0	47.2	47.3	47.9
121	Net purchases of nonproduced assets	0.0	0.1	0.0	0.0	0.1	-2.7	-1.0	3.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
122	Less: Consumption of fixed capital	90.0	92.5	95.4	90.8	93.2	90.0	90.5	91.5	91.3	92.1	92.8	93.6	94.3	95.0	95.7	96.4
123	Net lending or net borrowing (-)	-415.8	-555.1	-379.5	-447.3	-549.0	-328.6	-457.3	-538.3	-464.8	-571.4	-570.5	-550.3	-504.0	-416.7	-371.4	-340.0

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in the NIPA tables 3.2 and 3.7 elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the fourth quarter of 2003 will not be available until the release of the final estimate of gross domestic product on March 25, 2004. The value shown is derived from the budget.

3. Most transportation grants-in-aid to state and local governments are classified as capital transfers paid (see

addenda); however, water and railroad transportation grants are still classified as current account transactions.

4. 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 2005* and the Bureau of Economic Analysis.

FICA Federal insurance contributions act

NIPAs National income and product accounts

SECA Self-employment contributions act