

# Government Receipts and Expenditures

## Second Quarter of 2008

**N**ET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was  $-\$712.5$  billion in the second quarter of 2008, decreasing  $\$329.4$  billion from  $-\$383.1$  billion in the first quarter of 2008.

Net federal government saving was  $-\$636.2$  billion in the second quarter, decreasing  $\$305.5$  billion from  $-\$330.7$  billion in the first quarter (see page 12). Current receipts decreased more than in the first quarter, and current expenditures accelerated.

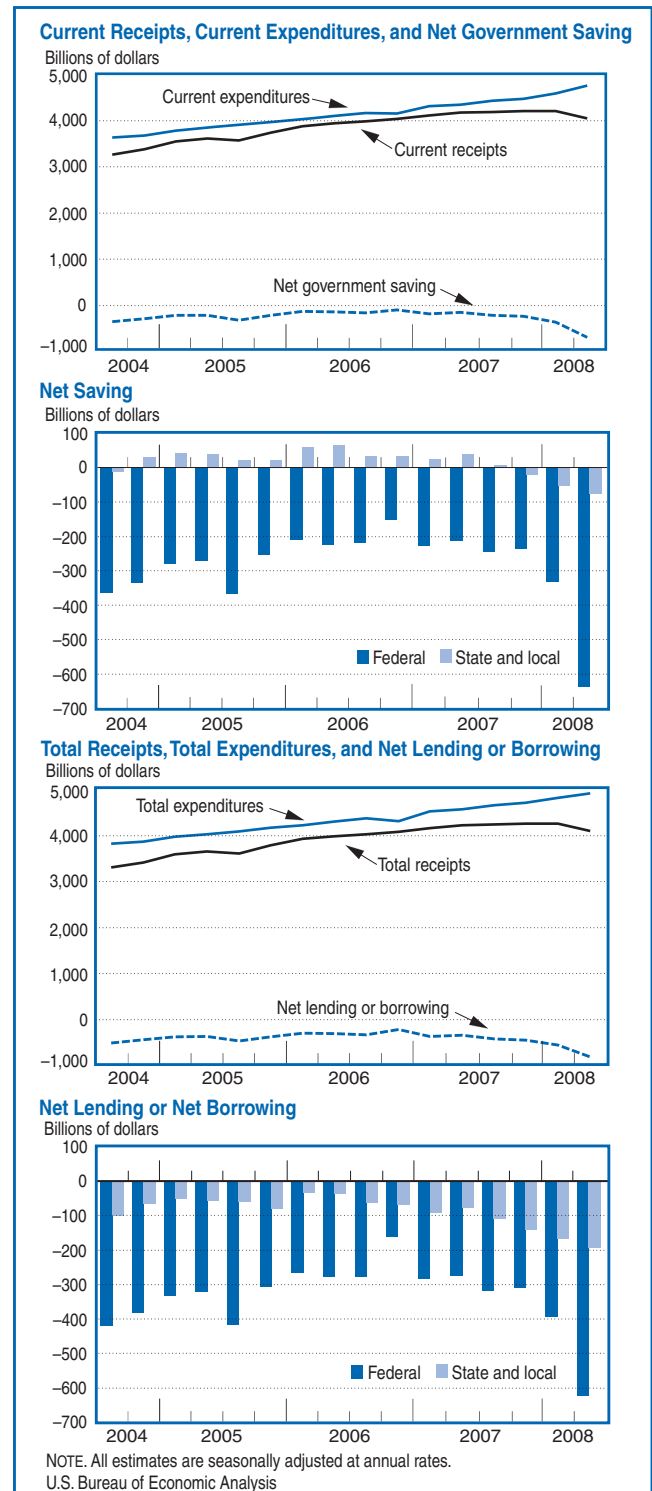
Net state and local government saving was  $-\$76.3$  billion in the second quarter, decreasing  $\$23.9$  billion from  $-\$52.4$  billion in the first quarter (see page 13). Both current receipts and current expenditures accelerated.

Net borrowing was  $\$816.4$  billion in the second quarter, increasing  $\$256.2$  billion from  $\$560.2$  billion in the first quarter. Federal government net borrowing was  $\$622.9$  billion in the second quarter, increasing  $\$229.1$  billion from  $\$393.8$  billion in the first quarter. State and local government net borrowing was  $\$193.4$  billion in the second quarter, increasing  $\$27.1$  billion from  $\$166.3$  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				
	2008		2007		2008		
	II	III	IV	I	II		
Current receipts .....	4,052.5	13.3	23.7	-2.5	-163.1		
Current expenditures .....	4,765.0	77.2	42.7	122.0	166.3		
<b>Net government saving .....</b>	<b>-712.5</b>	<b>-63.8</b>	<b>-19.1</b>	<b>-124.5</b>	<b>-329.4</b>		
Federal .....	-636.2	-32.9	8.0	-94.4	-305.5		
State and local .....	-76.3	-31.1	-27.0	-30.1	-23.9		
<b>Net lending or net borrowing (-) ...</b>	<b>-816.4</b>	<b>-74.4</b>	<b>-24.8</b>	<b>-110.2</b>	<b>-256.2</b>		
Federal .....	-622.9	-45.0	8.4	-84.2	-229.1		
State and local .....	-193.4	-29.4	-33.1	-26.0	-27.1		

**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			
	2008		2007		2008	
	II	III	IV	I	II	
<b>Current receipts</b> .....	<b>2,491.0</b>	<b>16.8</b>	<b>14.3</b>	<b>-6.7</b>	<b>-181.5</b>	
Current tax receipts .....	1,446.7	6.2	5.6	-25.1	-188.2	
Personal current taxes .....	1,007.7	21.0	16.6	6.5	-193.5	
Taxes on production and imports .....	97.2	1.3	-0.2	-2.2	1.4	
Taxes on corporate income .....	327.1	-16.4	-15.6	-27.0	4.6	
Taxes from the rest of the world .....	14.7	0.2	4.9	-2.6	-0.6	
Contributions for government social insurance .....	973.3	6.9	9.0	16.6	4.4	
Income receipts on assets .....	31.5	0.8	-0.3	0.4	1.6	
Current transfer receipts .....	40.0	0.4	0.6	1.2	0.6	
Current surplus of government enterprises .....	-0.5	2.6	-0.6	0.3	0.0	
<b>Current expenditures</b> .....	<b>3,127.1</b>	<b>49.7</b>	<b>6.4</b>	<b>87.6</b>	<b>123.9</b>	
Consumption expenditures .....	918.0	18.0	2.5	26.4	20.0	
National defense .....	629.2	17.1	2.8	19.1	15.4	
Nondefense .....	288.7	0.8	-0.3	7.3	4.5	
Current transfer payments .....	1,859.1	18.8	21.1	36.7	129.9	
Government social benefits .....	1,443.1	13.7	6.0	35.2	137.8	
To persons .....	1,439.3	13.7	6.0	35.2	137.6	
To the rest of the world .....	3.7	0.0	0.0	0.1	0.0	
Other current transfer payments .....	416.0	5.0	15.1	1.5	-7.9	
Grants-in-aid to state and local governments .....	384.4	-0.9	3.7	0.3	4.5	
To the rest of the world .....	31.6	6.0	11.3	1.2	-12.4	
Interest payments .....	302.3	13.4	-17.5	23.0	-27.1	
Subsidies .....	47.9	-0.4	0.3	1.5	1.3	
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0	
<b>Net federal government saving</b> .....	<b>-636.2</b>	<b>-32.9</b>	<b>8.0</b>	<b>-94.4</b>	<b>-305.5</b>	
Social insurance funds .....	-18.2	-4.3	7.8	-9.6	-15.0	
Other .....	-618.0	-28.6	0.2	-84.8	-290.5	
<b>Addenda:</b>						
<b>Total receipts</b> .....	<b>2,520.8</b>	<b>16.9</b>	<b>14.9</b>	<b>-4.9</b>	<b>-180.9</b>	
Current receipts .....	2,491.0	16.8	14.3	-6.7	-181.5	
Capital transfer receipts .....	29.8	0.2	0.5	1.8	0.6	
<b>Total expenditures</b> .....	<b>3,143.7</b>	<b>62.0</b>	<b>6.6</b>	<b>79.2</b>	<b>48.2</b>	
Current expenditures .....	3,127.1	49.7	6.4	87.6	123.9	
Gross government investment .....	138.6	1.4	1.8	1.8	10.1	
Capital transfer payments .....	87.5	5.9	3.6	-3.2	1.1	
Net purchases of nonproduced assets .....	-92.6	6.5	-3.9	-6.0	-84.9	
Less: Consumption of fixed capital .....	116.9	1.5	1.4	1.1	1.9	
<b>Net lending or net borrowing (-)</b> .....	<b>-622.9</b>	<b>-45.0</b>	<b>8.4</b>	<b>-84.2</b>	<b>-229.1</b>	

Personal current taxes turned down as a result of a downturn in nonwithheld income taxes, reflecting \$199.4 billion (at an annual rate) in tax rebates provided by the Economic Stimulus Act of 2008.

Taxes on corporate income turned up. First-quarter taxes on profits were reduced as a result of provisions of the Economic Stimulus Act of 2008.

Contributions for government social insurance decelerated as a result of a deceleration in contributions for social security and supplementary medical insurance. First-quarter contributions were boosted by the January increase in the maximum taxable wage base and monthly premiums for Medicare Part B.

National defense consumption expenditures decelerated, reflecting a deceleration in spending for services.

Government social benefits to persons accelerated as a result of \$112.3 billion (at an annual rate) in economic stimulus rebate payments.

Other current transfer payments to the rest of the world turned down. First-quarter transfers were boosted by \$12.0 billion (at an annual rate) in economic support payments to Israel and Egypt.

Interest payments turned down, reflecting a downturn in interest paid to persons and businesses on Treasury Inflation Protected Securities.

Net purchases of nonproduced assets decreased more as a result of increased receipts from radio spectrum auctions.

### 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 transactions 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/beanipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/beanipaweb/nipa_underlying/Index.asp).

Each year, BEA translates the information in the federal budget into a NIPA framework.<sup>1</sup> For a historical time series of these estimates, see NIPA table 3.18B, which is published annually in October.

1. See Benjamin A. Mandel and Andrew E. Vargo, "NIPA Translation of the Fiscal Year 2009 Federal Budget," *SURVEY OF CURRENT BUSINESS* 88 (March 2008): 19–27.

## 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			
	2008	2007	2008			
	II	III	IV	I	II	
<b>Current receipts</b> .....	<b>1,945.9</b>	<b>-4.3</b>	<b>12.9</b>	<b>4.5</b>	<b>23.0</b>	
Current tax receipts .....	1,334.1	-6.2	8.4	3.3	17.1	
Personal current taxes .....	344.2	-8.8	2.3	7.9	10.5	Personal current taxes accelerated, reflecting an acceleration in state personal income taxes.
Taxes on production and imports .....	934.9	5.6	8.7	0.2	5.0	Taxes on production and imports accelerated as a result of an upturn in state general sales taxes.
Taxes on corporate income .....	55.0	-2.8	-2.7	-4.9	1.7	Taxes on corporate income turned up. First-quarter taxes on profits were reduced as a result of provisions of the Economic Stimulus Act of 2008.
Contributions for government social insurance .....	23.6	0.1	0.1	0.4	0.3	
Income receipts on assets .....	103.7	1.3	0.7	1.1	0.8	
Current transfer receipts .....	491.8	0.1	4.3	0.5	5.4	
Federal grants-in-aid .....	384.4	-0.9	3.7	0.3	4.5	Federal grants-in-aid accelerated. An upturn in Medicaid grants was partly offset by a downturn in education grants.
Other .....	107.4	1.0	0.6	0.2	0.9	
Current surplus of government enterprises .....	-7.1	0.4	-0.6	-0.7	-0.5	
<b>Current expenditures</b> .....	<b>2,022.2</b>	<b>26.7</b>	<b>40.0</b>	<b>34.6</b>	<b>46.9</b>	
Consumption expenditures .....	1,462.9	20.9	29.9	31.1	36.6	Consumption expenditures picked up. Spending for nondurable goods and services accelerated.
Government social benefits .....	454.5	6.9	10.7	5.9	10.3	Government social benefit payments accelerated as a result of an acceleration in Medicaid expenditures.
Interest payments .....	101.8	0.9	0.9	0.9	0.9	
Subsidies .....	3.0	-1.9	-1.5	-3.3	-1.0	
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0	
<b>Net state and local government saving</b> .....	<b>-76.3</b>	<b>-31.1</b>	<b>-27.0</b>	<b>-30.1</b>	<b>-23.9</b>	
Social insurance funds .....	5.5	-0.1	-0.1	0.1	0.1	
Other .....	-81.8	-30.8	-27.0	-30.2	-24.0	
<b>Addenda:</b>						
<b>Total receipts</b> .....	<b>2,004.0</b>	<b>1.6</b>	<b>9.0</b>	<b>1.2</b>	<b>24.2</b>	Capital transfer receipts turned up, reflecting an upturn in federal mass transit grants.
Current receipts .....	1,945.9	-4.3	12.9	4.5	23.0	
Capital transfer receipts .....	58.0	5.9	-4.0	-3.2	1.1	
<b>Total expenditures</b> .....	<b>2,197.4</b>	<b>30.9</b>	<b>42.2</b>	<b>27.3</b>	<b>51.2</b>	Gross government investment turned up as a result of an upturn in investment for structures.
Current expenditures .....	2,022.2	26.7	40.0	34.6	46.9	
Gross government investment .....	353.1	7.3	5.2	-4.1	7.8	
Capital transfer payments .....	.....	.....	.....	.....	.....	
Net purchases of nonproduced assets .....	11.0	0.2	0.1	-0.1	-0.1	
Less: Consumption of fixed capital .....	188.8	3.3	3.1	3.1	3.3	
<b>Net lending or net borrowing (-)</b> .....	<b>-193.4</b>	<b>-29.4</b>	<b>-33.1</b>	<b>-26.0</b>	<b>-27.1</b>	

### Estimates of State and Local Government Receipts and Expenditures

The estimates of state and local government current receipts and expenditures and total receipts and expenditures are mainly based on compilations of data for state and local government finances. The Census Bureau produces the primary source data: the census of governments that is conducted in years that end in a 2 or a 7 and the Government Finances series of surveys for the other years. In addition, other sources of Census Bureau data are from the *Quarterly Summary of State and Local Government Tax Revenue* and the monthly *Value of Construction Put in Place*. Data sources from the Bureau of Labor Statistics include the *Quarterly Census of Employment and Wages* and the *Employment Cost Index*.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and local government transactions by component are available

annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at <[www.bea.gov/bea/dn/nipaweb/nipa\\_underlying/Index.asp](http://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 also prepares annual estimates of receipts and expenditures of state governments and of local governments.<sup>1</sup> These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); see “[Newly Available NIPA Tables](#)” in the October 2007 SURVEY.

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