

Government Receipts and Expenditures

Third Quarter of 2007

NET government saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was $-\$236.8$ billion in the third quarter of 2007, decreasing $\$43.4$ billion from $-\$193.4$ billion in the second quarter, according to the “preliminary” estimates.¹

Net Federal Government saving was $-\$229.2$ billion in the third quarter, decreasing $\$22.4$ billion from $-\$206.8$ billion in the second quarter (see page 12). Current receipts decelerated, and current expenditures accelerated.

Net state and local government saving was $-\$7.7$ billion in the third quarter, decreasing $\$21.1$ billion from $\$13.4$ billion in the second quarter (see page 13). Current receipts decelerated, and current expenditures accelerated.

Net borrowing was $\$431.8$ billion in the third quarter, increasing $\$58.2$ billion from $\$373.6$ billion in the second quarter. Federal Government net borrowing was $\$302.6$ billion in the third quarter, increasing $\$37.5$ billion from $\$265.1$ billion in the second quarter. State and local government net borrowing was $\$129.2$ billion in the third quarter, increasing $\$20.7$ billion from $\$108.5$ billion in the second quarter.

1. Revised estimates will be released with the final estimates of gross domestic product for the third quarter on December 20.

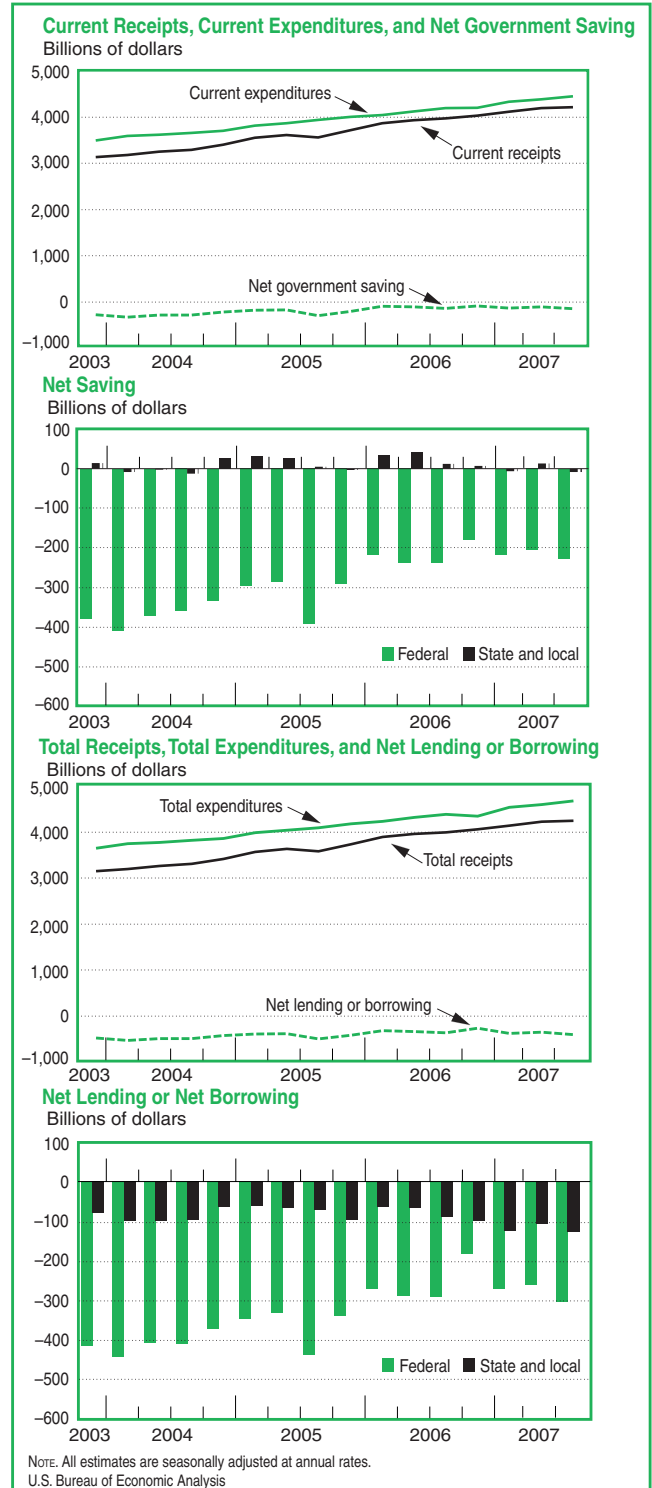
Table 1. Net Government Saving and Net Lending or Net Borrowing

(Billions of dollars, seasonally adjusted at annual rates)

	Level		Change from preceding quarter		
	2007	2006	2007		
	III	IV	I	II	III
Current receipts	4,206.7	61.7	85.0	81.6	22.8
Current expenditures	4,443.6	8.6	135.5	50.6	66.4
Net government saving	-236.8	53.0	-50.4	30.9	-43.4
Federal	-229.2	57.7	-37.0	11.7	-22.4
State and local.....	-7.7	-4.7	-13.4	19.2	-21.1
Net lending or net borrowing (-) ...	-431.8	102.0	-118.0	30.9	-58.2
Federal	-302.6	109.7	-89.2	10.5	-37.5
State and local.....	-129.2	-7.7	-28.8	20.4	-20.7

Debasis Chaudhuri prepared this article.

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			
	2007	2006	2007			
	III	IV	I	II	III	
Current receipts	2,687.9	48.8	57.8	50.4	17.8	Personal current taxes accelerated, reflecting an acceleration in withheld income taxes.
Current tax receipts	1,667.6	30.1	33.6	44.2	4.4	
Personal current taxes	1,170.0	42.4	39.0	12.9	18.3	Taxes on production and imports accelerated, reflecting upturns in tobacco and gasoline excise taxes.
Taxes on production and imports	101.5	-2.1	0.7	0.4	3.2	
Taxes on corporate income	383.6	-16.9	0.1	31.0	-17.7	Taxes on corporate income turned down, reflecting a downturn in corporate profits.
Taxes from the rest of the world	12.6	6.9	-6.3	0.0	0.6	
Contributions for government social insurance	955.5	17.9	25.2	2.3	9.2	Contributions for government social insurance accelerated, reflecting an acceleration in contributions for social security (old-age, survivors, disability, and health insurance trust funds).
Income receipts on assets	25.1	0.6	-0.8	0.5	0.0	
Current transfer receipts	39.4	1.2	1.4	0.4	0.9	National defense consumption expenditures decelerated, reflecting a deceleration in spending for services.
Current surplus of government enterprises	0.2	-1.0	-1.8	3.1	3.2	
Current expenditures	2,917.0	-8.9	94.8	38.7	40.1	Government social benefits to persons decelerated, reflecting decelerations in benefits for social security, Medicare, veterans' benefits and a downturn in food stamps. Benefits for Medicare prescription drugs accelerated.
Consumption expenditures	867.4	13.1	3.4	20.0	17.6	
National defense	589.5	19.5	-5.8	18.1	15.7	Interest payments turned down because of a downturn in interest paid on the public debt.
Nondefense	278.0	-6.4	9.1	2.0	2.0	
Current transfer payments	1,693.9	5.3	66.0	5.3	23.0	Subsidies turned down, reflecting a downturn in Federal Emergency Management Agency disaster payments.
Government social benefits	1,286.4	17.4	34.5	22.9	15.0	
To persons	1,282.7	17.2	34.5	22.8	14.9	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
To the rest of the world	3.7	0.1	0.1	0.1	0.1	
Other current transfer payments	407.5	-12.0	31.4	-17.5	8.0	Interest payments turned down because of a downturn in interest paid on the public debt.
Grants-in-aid to state and local governments	379.1	-7.1	16.9	2.1	3.0	
To the rest of the world	28.4	-5.0	14.5	-19.7	5.1	Subsidies turned down, reflecting a downturn in Federal Emergency Management Agency disaster payments.
Interest payments	309.3	-26.7	26.3	13.1	-0.1	
Subsidies	46.4	-0.5	-0.8	0.3	-0.5	Subsidies turned down, reflecting a downturn in Federal Emergency Management Agency disaster payments.
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving	-229.2	57.7	-37.0	11.7	-22.4	Subsidies turned down, reflecting a downturn in Federal Emergency Management Agency disaster payments.
Social insurance funds	-21.0	2.1	-6.3	-17.8	-4.1	
Other	-208.2	55.6	-30.7	29.5	-18.3	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Addenda:						
Total receipts	2,713.6	49.1	52.3	57.1	14.9	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Current receipts	2,687.9	48.8	57.8	50.4	17.8	
Capital transfer receipts	25.8	0.3	-5.5	6.7	-2.8	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Total expenditures	3,016.3	-60.6	141.5	46.6	52.5	
Current expenditures	2,917.0	-8.9	94.8	38.7	40.1	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Gross government investment	122.6	4.6	-6.5	3.0	2.8	
Capital transfer payments	85.3	-2.2	3.5	7.5	5.7	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Net purchases of nonproduced assets	2.2	-52.9	50.8	-1.0	4.5	
Less: Consumption of fixed capital	110.9	1.2	1.1	1.6	0.7	Capital transfer receipts turned down, reflecting a downturn in estate and gift taxes.
Net lending or borrowing (-)	-302.6	109.7	-89.2	10.5	-37.5	

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 Mary L. Roy and Andrew P. Cairns, "Federal Budget Estimates for Fiscal Year 2008," *SURVEY OF CURRENT BUSINESS* 87 (March 2007): 10–21.

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		
	2007	2006	2007		
	III	IV	I	II	III
Current receipts	1,898.0	5.7	44.2	33.3	8.1
Current tax receipts	1,301.5	10.9	25.3	28.5	2.4
Personal current taxes	320.4	3.6	14.6	10.0	-5.5
Taxes on production and imports	916.9	9.6	11.4	12.8	11.1
Taxes on corporate income	64.3	-2.4	-0.6	5.6	-3.1
Contributions for government social insurance	25.9	-0.1	-0.1	0.1	0.0
Income receipts on assets	89.7	0.5	0.0	0.6	0.8
Current transfer receipts	493.1	-4.9	18.9	4.3	5.2
Federal grants-in-aid	379.1	-7.1	16.9	2.1	3.0
Other	114.1	2.2	1.9	2.3	2.3
Current surplus of government enterprises	-12.4	-0.6	-0.1	-0.2	-0.4
Current expenditures	1,905.6	10.4	57.6	14.1	29.1
Consumption expenditures	1,374.1	13.1	25.9	29.2	18.2
Government social benefits	431.8	-2.4	30.6	-16.6	10.3
Interest payments	99.4	-0.3	1.2	1.3	0.8
Subsidies	0.4	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	-7.7	-4.7	-13.4	19.2	-21.1
Social insurance funds	6.0	-0.3	-0.3	-0.1	-0.2
Other	-13.7	-4.4	-13.2	19.4	-20.9
Addenda:					
Total receipts	1,961.0	3.5	37.9	40.7	13.0
Current receipts	1,898.0	5.7	44.2	33.3	8.1
Capital transfer receipts	63.0	-2.2	-6.3	7.5	4.9
Total expenditures	2,090.2	11.3	66.6	20.4	33.7
Current expenditures	1,905.6	10.4	57.6	14.1	29.1
Gross government investment	352.2	4.5	14.1	9.5	7.7
Capital transfer payments					
Net purchases of nonproduced assets	11.4	0.1	0.0	0.0	0.0
Less: Consumption of fixed capital	179.0	3.8	5.1	3.2	3.1
Net lending or borrowing (-)	-129.2	-7.7	-28.8	20.4	-20.7

Personal current taxes turned down, primarily reflecting a downturn in state personal income taxes.

Taxes on corporate income turned down, reflecting a downturn in corporate profits.

Consumption expenditures decelerated, reflecting a slowdown in spending for nondurable goods.

Government social benefits turned up, reflecting an upturn in benefit payments for Medicaid.

Gross government investment decelerated, reflecting a deceleration in investment for structures.

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 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>. 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.¹ 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 2006 SURVEY.

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