

# Government Receipts and Expenditures

## Third 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  $-\$645.0$  billion in the third quarter of 2008, increasing  $\$71.4$  billion from  $-\$716.4$  billion in the second quarter of 2008.

Net federal government saving was  $-\$543.2$  billion in the third quarter, increasing  $\$106.4$  billion from  $-\$649.6$  billion in the second quarter (see page 12). Current receipts turned up, and current expenditures decelerated.

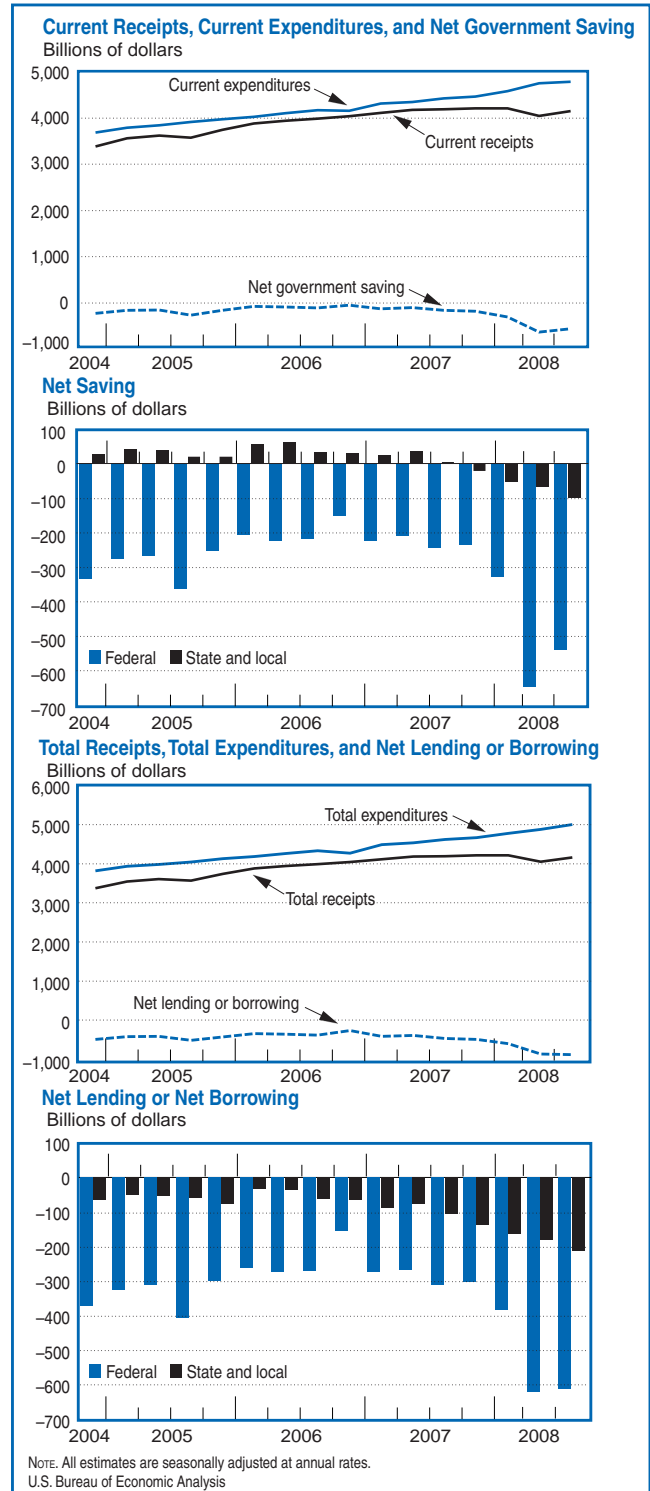
Net state and local government saving was  $-\$101.8$  billion in the third quarter, decreasing  $\$34.9$  billion from  $-\$66.9$  billion in the second quarter (see page 13). Current receipts turned down, and current expenditures decelerated.

Net borrowing was  $\$842.6$  billion in the third quarter, increasing  $\$21.0$  billion from  $\$821.6$  billion in the second quarter. Federal government net borrowing was  $\$626.3$  billion in the third quarter, decreasing  $\$9.5$  billion from  $\$635.8$  billion in the second quarter. State and local government net borrowing was  $\$216.2$  billion in the third quarter, increasing  $\$30.4$  billion from  $\$185.8$  billion in the second 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		
	III	IV	I	II	III
Current receipts .....	4,157.5	23.7	-2.5	-165.7	107.6
Current expenditures .....	4,802.5	42.7	122.0	167.6	36.2
<b>Net government saving .....</b>	<b>-645.0</b>	<b>-19.1</b>	<b>-124.5</b>	<b>-333.3</b>	<b>71.4</b>
Federal .....	-543.2	8.0	-94.4	-318.9	106.4
State and local .....	-101.8	-27.0	-30.1	-14.5	-34.9
<b>Net lending or net borrowing (-) ...</b>	<b>-842.6</b>	<b>-24.8</b>	<b>-110.2</b>	<b>-261.4</b>	<b>-21.0</b>
Federal .....	-626.3	8.4	-84.2	-242.0	9.5
State and local .....	-216.2	-33.1	-26.0	-19.5	-30.4

**Chart 1. Government Fiscal Position**



Karla L. Stanley-Allen prepared this article.

## 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		
	III	IV	I	II	III
<b>Current receipts</b> .....	<b>2,597.0</b>	<b>14.3</b>	<b>-6.7</b>	<b>-193.7</b>	<b>118.2</b>
Current tax receipts .....	1,567.6	5.6	-25.1	-198.9	131.6
Personal current taxes .....	1,141.6	16.6	6.5	-201.4	141.8
Taxes on production and imports .....	95.2	-0.2	-2.2	1.1	-1.7
Taxes on corporate income .....	315.9	-15.6	-27.0	1.9	-8.5
Taxes from the rest of the world .....	14.9	4.9	-2.6	-0.5	0.1
Contributions for government social insurance .....	974.8	9.0	16.6	2.9	3.0
Income receipts on assets .....	32.4	-0.3	0.4	1.8	0.7
Current transfer receipts .....	22.4	0.6	1.2	0.6	-17.6
Current surplus of government enterprises .....	-0.1	-0.6	0.3	-0.1	0.5
<b>Current expenditures</b> .....	<b>3,140.2</b>	<b>6.4</b>	<b>87.6</b>	<b>125.2</b>	<b>11.8</b>
Consumption expenditures .....	954.1	2.5	26.4	20.2	35.9
National defense .....	659.6	2.8	19.1	15.2	30.6
Nondefense .....	294.5	-0.3	7.3	5.0	5.3
Current transfer payments .....	1,795.3	21.1	36.7	130.9	-64.8
Government social benefits .....	1,376.2	6.0	35.2	137.8	-66.9
To persons .....	1,372.5	6.0	35.2	137.7	-66.9
To the rest of the world .....	3.7	0.0	0.1	0.1	-0.1
Other current transfer payments .....	419.1	15.1	1.5	-6.9	2.1
Grants-in-aid to state and local governments .....	386.6	3.7	0.3	4.5	2.2
To the rest of the world .....	32.5	11.3	1.2	-11.4	-0.1
Interest payments .....	342.6	-17.5	23.0	-27.1	40.3
Subsidies .....	48.3	0.3	1.5	1.2	0.5
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0
<b>Net federal government saving</b> .....	<b>-543.2</b>	<b>8.0</b>	<b>-94.4</b>	<b>-318.9</b>	<b>106.4</b>
Social insurance funds .....	-51.8	7.8	-9.6	-16.6	-32.0
Other .....	-491.4	0.2	-84.8	-302.3	138.4
<b>Addenda:</b>					
<b>Total receipts</b> .....	<b>2,624.8</b>	<b>14.9</b>	<b>-4.9</b>	<b>-193.0</b>	<b>116.1</b>
Current receipts .....	2,597.0	14.3	-6.7	-193.7	118.2
Capital transfer receipts .....	27.8	0.5	1.8	0.6	-2.0
<b>Total expenditures</b> .....	<b>3,251.1</b>	<b>6.6</b>	<b>79.2</b>	<b>48.9</b>	<b>106.7</b>
Current expenditures .....	3,140.2	6.4	87.6	125.2	11.8
Gross government investment .....	143.6	1.8	1.8	9.5	5.6
Capital transfer payments .....	93.2	3.6	-3.2	1.1	5.7
Net purchases of nonproduced assets .....	-6.6	-3.9	-6.0	-84.9	86.0
Less: Consumption of fixed capital .....	119.3	1.4	1.1	1.9	2.4
<b>Net lending or net borrowing (-)</b> .....	<b>-626.3</b>	<b>8.4</b>	<b>-84.2</b>	<b>-242.0</b>	<b>9.5</b>

Personal current taxes rebounded as a result of an upturn in nonwithheld income taxes, reflecting lower tax rebates provided by the Economic Stimulus Act of 2008. Tax rebates were lower in the third quarter (\$57.0 billion at an annual rate) than in the second quarter (\$199.4 billion at an annual rate).

Taxes on production and imports turned down, reflecting downturns in air transportation taxes and customs duties.

Taxes on corporate income turned down because of continued weakness in corporate profits.

Current transfer receipts turned down. The downturn was attributable to insurance settlements paid by the National Flood Insurance Program, which showed a third-quarter payment of \$4.5 billion (\$18.0 billion at an annual rate) for Hurricane Ike.

National defense consumption expenditures accelerated, reflecting an acceleration in spending for services.

Government social benefits to persons turned down as a result of lower economic stimulus payments in the third quarter (\$4.4 billion at an annual rate) than in the second quarter (\$112.3 billion at an annual rate).

Interest payments turned up, reflecting an upturn in interest on the public debt paid to persons and businesses on Treasury Inflation Protected Securities.

Net purchases of nonproduced assets turned up, reflecting decreased receipts from 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/bea/dn/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/bea/dn/nipaweb/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		
	III	IV	I	II	III
<b>Current receipts</b> .....	<b>1,947.0</b>	<b>12.9</b>	<b>4.5</b>	<b>32.5</b>	<b>-8.4</b>
Current tax receipts .....	1,331.6	8.4	3.3	26.3	-11.7
Personal current taxes .....	331.9	2.3	7.9	12.7	-14.5
Taxes on production and imports .....	947.3	8.7	0.2	12.5	4.9
Taxes on corporate income .....	52.3	-2.7	-4.9	1.2	-2.2
Contributions for government social insurance .....	23.9	0.1	0.4	0.3	0.3
Income receipts on assets .....	104.0	0.7	1.1	1.0	0.1
Current transfer receipts .....	495.4	4.3	0.5	5.4	3.6
Federal grants-in-aid .....	386.6	3.7	0.3	4.5	2.2
Other .....	108.9	0.6	0.2	0.9	1.5
Current surplus of government enterprises .....	-7.9	-0.6	-0.7	-0.5	-0.8
<b>Current expenditures</b> .....	<b>2,048.8</b>	<b>40.0</b>	<b>34.6</b>	<b>47.0</b>	<b>26.5</b>
Consumption expenditures .....	1,486.1	29.9	31.1	36.4	23.4
Government social benefits .....	458.4	10.7	5.9	10.3	3.9
Interest payments .....	102.2	0.9	0.9	1.2	0.1
Subsidies .....	2.2	-1.5	-3.3	-1.0	-0.8
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0
<b>Net state and local government saving</b> .....	<b>-101.8</b>	<b>-27.0</b>	<b>-30.1</b>	<b>-14.5</b>	<b>-34.9</b>
Social insurance funds .....	5.6	-0.1	0.1	0.1	0.1
Other .....	-107.4	-27.0	-30.2	-14.6	-35.0
<b>Addenda:</b>					
<b>Total receipts</b> .....	<b>2,010.8</b>	<b>9.0</b>	<b>1.2</b>	<b>33.7</b>	<b>-2.7</b>
Current receipts .....	1,947.0	12.9	4.5	32.5	-8.4
Capital transfer receipts .....	63.8	-4.0	-3.2	1.2	5.7
<b>Total expenditures</b> .....	<b>2,227.0</b>	<b>42.2</b>	<b>27.3</b>	<b>53.1</b>	<b>27.7</b>
Current expenditures .....	2,048.8	40.0	34.6	47.0	26.5
Gross government investment .....	360.2	5.2	-4.1	9.6	5.3
Capital transfer payments .....					
Net purchases of nonproduced assets .....	11.0	0.1	-0.1	-0.1	0.0
Less: Consumption of fixed capital .....	192.9	3.1	3.1	3.3	4.1
<b>Net lending or net borrowing (-)</b> .....	<b>-216.2</b>	<b>-33.1</b>	<b>-26.0</b>	<b>-19.5</b>	<b>-30.4</b>

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

Taxes on production and imports decelerated as a result of a downturn in severance taxes. Taxes were boosted in the second quarter because of the effects of new oil and gas severance tax legislation in Alaska and business license taxes in Texas.

Taxes on corporate income turned down because of continued weakness in corporate profits.

Federal grants-in-aid decelerated, reflecting a deceleration in Medicaid grants that was partly offset by an upturn in education grants and housing and community services grants.

Consumption expenditures decelerated as the result of a deceleration in spending for nondurable goods.

Government social benefits decelerated as a result of a deceleration in Medicaid expenditures.

Capital transfer receipts accelerated, reflecting an upturn in federal highway grants and federal water and sewage grants that was partly offset by a deceleration in federal mass transit grants.

Gross government investment decelerated because of 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 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 2008 SURVEY.

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