

# NIPA Translation of the Fiscal Year 2009 Federal Budget

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ON FEBRUARY 4, 2008, the President submitted the *Budget of the United States Government, Fiscal Year 2009* to Congress.<sup>1</sup> The Analytical Perspectives volume of the budget contains a chapter that presents the budget estimates on a national income and product account (NIPA) basis. These fiscal year NIPA estimates, which are prepared by the Bureau of Economic Analysis (BEA), are included in the budget to provide a way to gauge the impact of the federal budget on aggregate economic activity. BEA also provides historical NIPA statistics to the Office of Management and Budget (OMB) and the fiscal year gross domestic product (GDP) statistics shown in the *Historical Tables* volume of the budget.

BEA translates the information in the budget into a NIPA framework for fiscal year 2007, the current fiscal year 2008, and the budget year 2009. This article presents NIPA estimates that are more detailed than the comparable estimates in the budget, including quarterly estimates.

The NIPA estimates for 2009 allow for more detailed analysis of the macroeconomic effects of the budget; forecasters use these data in their models. In addition, the translated estimates for all 3 years are used by BEA to derive quarterly NIPA estimates, including GDP.

The overall translation results are summarized by comparing the budget surplus or deficit to the NIPA measure of net federal saving (chart 1, table 1). For fiscal year 2009, the NIPA estimate of net federal government savings of -\$393.3 billion shows a smaller deficit than the budget estimate of -\$407.4 billion. For more information about NIPA adjustments, see the box “NIPA Estimates of the Federal Sector and the Federal Budget Estimates.”

This article is divided into four sections. First, budget receipts and outlays are compared with NIPA receipts and expenditures, showing the various adjustments made to translate the budget estimates into NIPA estimates. Second, the budget estimates

are summarized, and the effects of the major legislative proposals and program changes on the budget are reviewed. Third, detailed annual and quarterly

Chart 1. Federal Fiscal Position

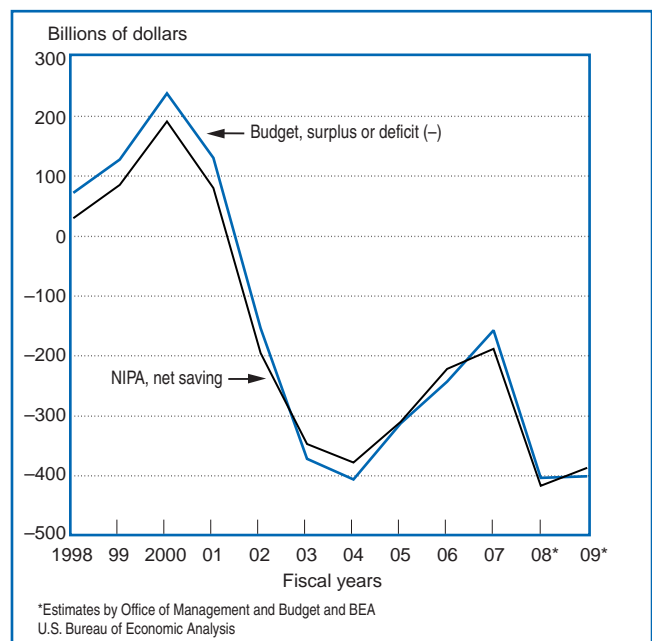


Table 1. Budget Receipts and Outlays and NIPA Federal Government Current Receipts and Expenditures  
[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2008	2009
	2007	2008	2009		
<b>Budget:</b>					
Receipts.....	2568.2	2521.2	2699.9	-47.1	178.8
Outlays.....	2730.2	2931.2	3107.4	201.0	176.1
Surplus or deficit (-) .....	-162.0	-410.0	-407.4	-248.0	2.6
<b>NIPAs:</b>					
Current receipts .....	2641.0	2599.2	2805.0	-41.7	205.7
Current expenditures .....	2834.0	3022.0	3198.3	188.0	176.3
Net federal government saving .....	-193.0	-422.7	-393.3	-229.7	29.4
	Differences				
Budget receipts less NIPA current receipts...	-72.8	-78	-105.1	-5.2	-27.1
Budget outlays less NIPA current expenditures .....	-103.8	-90.8	-90.9	13.0	-0.1
Budget deficit less NIPA net federal government saving .....	31.0	12.7	-14.1	-18.3	-26.8

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2009* (Washington, DC: U.S. Government Printing Office, 2008); <[www.whitehouse.gov/omb/budget/fy2009/budget.html](http://www.whitehouse.gov/omb/budget/fy2009/budget.html)>.

Sources: *Budget of the United States, Fiscal Year 2009* and the Bureau of Economic Analysis. NIPAs National income and product accounts

### NIPA Estimates of the Federal Sector and the Federal Budget Estimates

The Bureau of Economic Analysis (BEA) prepares estimates of the federal sector in the framework of the national income and product accounts (NIPAs). Unlike the federal budget, which is a financial plan of the Government, the NIPA federal estimates are designed to facilitate macroeconomic analyses of the effects of federal government activity on economic activity.<sup>1</sup>

The NIPA estimates differ from the budget for three primary reasons:

- **Coverage.** These adjustments are necessary because certain transactions that are excluded from the NIPAs are included in the budget (and vice versa).
- **Netting and grossing.** These adjustments are necessary because certain transactions are recorded as offsets to outlays in the budget but are recorded as receipts in the NIPAs.
- **Timing.** These adjustments are necessary because in the budget, most receipts and outlays are recorded on a cash basis, while in the NIPAs, some transactions are recorded on an accrual basis.

Unlike the federal budget estimates, the NIPAs distinguish current transactions from capital transactions. Current transactions for production, for income, and for consumption are presented in the summary NIPA accounts 1–5, and capital transactions for the acquisition and disposal of nonfinancial assets are presented in summary NIPA accounts 6 and 7.<sup>2</sup> Because of this organization, the following types of transactions are not included in NIPA federal government current receipts and current expenditures but are shown in account 6 and as addenda items in NIPA table 3.2:

- **Government investment in fixed assets.** In the NIPAs, government consumption expenditures exclude investment in fixed assets and include consumption of fixed capital, a depreciation charge on fixed assets that are used in production.
- **Transfers involving the acquisition or disposal of assets.** In the NIPAs, these transactions are classified as capital transfer receipts and payments and are presented in the domestic capital account.<sup>3</sup> Capital transfers include certain investment grants-in-aid to state and local governments, investment

subsidies to businesses, lump-sum payments to amortize the unfunded liability of the Department of Defense Medicare-Eligible Retiree Health Care Fund, and estate and gift taxes.

- **Transactions involving nonproduced assets.** In the NIPAs, purchases and sales of nonproduced assets, such as land and the radio spectrum, are reflected in “capital account transactions (net)” in the domestic capital account.

The NIPA estimates also differ from the budget estimates because of the scope and coverage of the federal government sector. Examples include the following:

- **Retirement plans.** Government employee contributions to retirement plans are included in budget receipts, but they are excluded from NIPA current receipts because they are included in personal income as part of the income of employees. Similarly, federal employee retirement benefits are included in budget outlays, but they are excluded from NIPA current expenditures because the benefits are paid from assets that represent equity belonging to the personal sector.
- **Other differences.** The NIPA federal government sector excludes certain transactions with the residents of Puerto Rico and the U.S. Territories and with the Federal Communication Commission Universal Service Fund.

#### Receipts

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 are classified as receipts in the NIPAs, but some are netted against outlays in the budget.)

#### Expenditures

For most years, the differences between the two measures primarily reflect capital transfers paid, federal employee retirement plan transactions, personal and business current transfer receipts, and net investment.

In the NIPAs, 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 several reasons:

- The NIPA measure includes general government consumption of fixed capital.
- The NIPAs include cash payments to amortize the unfunded liability for military and civilian retirement benefits as defense consumption expenditures; the budget records these payments as intergovernmental transactions.
- NIPA expenditures are recorded on a delivery (accrual) basis, and budget outlays are recorded on a cash basis; thus, in the NIPAs, all work in progress except ships and structures are included as part of change in private inventories.

1. For a comparison, see tables 4 and 5 and NIPA table 3.18B. See also “National Income and Product Accounts” in *Analytical Perspectives: Budget of the U.S. Government*, 207–211.

2. Current transactions are presented in the “Domestic Income and Product Account,” “Private Enterprise Income Account,” “Personal Income and Outlay Account,” “Government Receipts and Expenditures Account,” and “Foreign Transactions Current Account.” Capital transactions are presented in the “Domestic Capital Account” and the “Foreign Transactions Capital Account.” See “Summary National Income and Product Accounts,” *SURVEY OF CURRENT BUSINESS* 87 (August 2007): 36–37. The federal government components of the domestic capital account are often shown as addenda in tables presenting federal government current receipts and expenditures.

3. The flow of funds accounts of the Federal Reserve Board present detailed information on the acquisition and disposal of financial assets and liabilities by U.S. economic sectors, including the federal government.

NIPA estimates for fiscal years 2008 and 2009 are presented. Fourth, the methodology used to translate the budget projections into the NIPA framework is explained.

### Comparison of Budget and NIPA Estimates

On a NIPA basis, net federal government saving would increase \$29.4 billion in fiscal year 2009 after decreasing \$229.7 in fiscal year 2008 (table 1 and chart 1). The upturn results from an upturn in federal government current receipts and a deceleration in federal government current expenditures.

Both NIPA receipts and expenditures exceed budget receipts and outlays. The coverage, netting and grossing, and timing adjustments that BEA makes to budget receipts and outlays are detailed in table 2 (receipts) and table 3 (outlays). The adjustments for national defense spending are shown in table 4.

**Table 2. Relation of NIPA Federal Government Current Receipts to Budget Receipts**  
[Billions of dollars]

	Fiscal year		
	2007	2008	2009
<b>Budget receipts</b> .....	<b>2,568.2</b>	<b>2,521.2</b>	<b>2,699.9</b>
Less: Coverage differences .....	42.4	44.5	45.2
Geographic <sup>1</sup> .....	4.8	5.1	5.3
Contributions received by Federal employee retirement plans <sup>2</sup> .....	4.3	4.7	4.8
Capital transfers received <sup>3</sup> .....	25.8	26.5	26.1
Financial transactions .....	0.0	0.0	0.0
Other <sup>4</sup> .....	7.4	8.1	9.0
Netting and grossing differences .....	-117.5	-127.9	-140.0
Supplementary medical insurance premiums .....	-50.2	-54.3	-57.0
Income receipts on assets .....	-11.4	-10.7	-10.6
Current surplus of government enterprises .....	1.9	0.4	0.2
Other <sup>5</sup> .....	-57.8	-63.4	-72.7
Plus: Timing differences .....	-2.4	-5.4	10.1
Taxes on corporate income .....	-17.0	-7.0	-4.4
Federal and state unemployment insurance taxes.....	0.2	-0.2	-0.1
Withheld personal current tax and social security contributions.....	7.4	0.0	12.4
Excise taxes .....	6.8	1.6	1.7
Other .....	0.1	0.2	0.5
<b>Equals: NIPA federal government current receipts</b> .....	<b>2,641.0</b>	<b>2,599.2</b>	<b>2,805.0</b>

1. Primarily consists 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. Primarily consists of Treasury receipts from sales of foreign currencies to Government agencies.  
5. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget but that are added to both NIPA receipts and expenditures.  
Sources: *Budget of the United States Government, Fiscal Year 2009* and the Bureau of Economic Analysis. NIPAs National income and product accounts

### Budget estimates

Federal budget receipts are projected to decrease \$47.1 billion in fiscal year 2008 and increase \$178.8 billion in fiscal year 2009, according to the budget (table 5). This upturn in receipts can be attributed in large part to the economic growth package included in the budget that would decrease receipts by \$125.0 billion in fiscal year 2008 and \$20.0 billion in fiscal year 2009 (see the box "Economic Growth Package").

**Table 3. Relation of NIPA Federal Government Current Expenditures to Budget Outlays**

[Billions of dollars]

	Fiscal year		
	2007	2008	2009
<b>Budget outlays</b> .....	<b>2,730.2</b>	<b>2,931.2</b>	<b>3,107.4</b>
Less: Coverage differences .....	27.5	33.9	44.6
Geographic <sup>1</sup> .....	16.1	16.8	17.3
Federal employee retirement plan transactions <sup>2</sup> .....	-41.1	-51.2	-55.7
Interest received .....	-52.8	-63.7	-69.0
Contributions received (employer) .....	-103.3	-108.4	-113.4
Benefits paid .....	114.7	120.6	126.4
Administrative expenses .....	0.3	0.3	0.3
Financing disbursements from credit programs <sup>3</sup> .....	-16.8	-12.3	-18.7
Other differences in funds covered <sup>4</sup> .....	7.0	8.0	8.6
Net investment <sup>5</sup> .....	11.8	18.4	13.5
Capital transfers paid <sup>6</sup> .....	52.8	56.8	60.4
Financial transactions .....	11.3	12.8	21.6
Loan disbursements less loan repayments and sales	18.4	16.0	22.1
Deposit insurance .....	0.8	2.4	4.0
Net purchases of foreign currency .....	0.0	0.0	0.0
Other .....	-7.9	-5.7	-4.5
Net purchases of nonproduced assets .....	-13.6	-15.5	-2.5
Outer Continental Shelf .....	0.0	-3.4	-0.1
Land and other <sup>7</sup> .....	-13.6	-12.1	-2.4
Other <sup>8</sup> .....	0.0	0.0	0.0
Netting and grossing differences .....	-117.5	-127.9	-140.0
Supplementary medical insurance premiums .....	-50.2	-54.3	-57.0
Interest receipts .....	-11.4	-10.7	-10.6
Current surplus of government enterprises .....	1.9	0.4	0.2
Other <sup>9</sup> .....	-57.8	-63.4	-72.7
Plus: Timing differences .....	13.7	-3.3	-4.6
Purchases (increase in payables net of advances) .....	5.5	-4.4	-5.5
Interest .....	0.8	0.8	0.8
Current transfer payments .....	5.5	-1.6	-1.8
Other timing .....	1.9	1.9	1.9
<b>Equals: NIPA federal government current expenditures</b>	<b>2,834.0</b>	<b>3,022.0</b>	<b>3,198.3</b>

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 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 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 United States, which are excluded from both budget outlays and NIPA current expenditures.

7. Consists of net sales of land other than the Outer Continental Shelf and, beginning in 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 that are classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but that are added to both receipts and expenditures in the NIPAs.

Sources: *Budget of the United States Government, Fiscal Year 2009* and the Bureau of Economic Analysis. NIPAs National income and product accounts

Federal budget outlays are projected to increase \$201.0 billion in fiscal year 2008 and \$176.1 billion in 2009 (table 6), according to the budget. The deceleration in outlays can be attributed to downturns in the following functions: commerce and housing credit; education, training, employment, and social services; and agriculture. In addition, outlays for veterans benefits and services and for income security both decelerated.

### Proposed legislative and program changes

The budget proposes changes to legislation and programs that would increase the federal deficit \$171.5 billion in fiscal year 2008 and \$229.4 billion in fiscal year 2009 (table 7 on page 23).<sup>2</sup>

2. The estimates of the proposed changes are the differences between the current-services estimates and the actual budget. The current-services estimates in the 2009 budget reflect certain proposed adjustments to the requirements for estimating the current-services baseline under the Budget Enforcement Act.

### Economic Growth Package

The Budget of the United States Government, Fiscal Year 2009 includes an economic growth package that would reduce budget receipts by \$125.0 billion in fiscal year 2008 and \$20.0 billion in 2009. The proposed package is treated as an offset to the estimates of personal and corporate taxes in the national income and product accounts (NIPAs) included in this article.

On February 13, 2008, the Economic Stimulus Act of 2008, which differed from the economic growth package proposed in the budget, was signed into law by the President. According to a Congressional Budget Office (CBO) cost estimate, the law will increase the budget deficit by \$152.0 billion in fiscal year 2008 and \$16.0 billion in fiscal year 2009.<sup>1</sup> Future NIPA estimates of transactions related to this law will differ from the way the proposed economic growth package is treated in this article. Rebates given to individuals with positive income-tax liabilities will be treated as an offset to personal current taxes. Tax reductions for businesses will be treated as an offset to taxes on corporate income. Rebates given to individuals who pay no income taxes or to individuals for whom the rebate would exceed the amount of the income taxes they do pay will be treated as a social benefit payment to persons.

1. Congressional Budget Office, *Cost Estimate: H.R. 5141 Economic Stimulus Act of 2008*, (Washington, DC, Feb. 11, 2008.)

**Table 4. Relation of National Defense Consumption Expenditures and Gross Investment to National Defense Outlays**

[Billions of dollars]

	Fiscal year		
	2007	2008	2009
<b>Budget outlays for national defense</b>	<b>552.6</b>	<b>607.3</b>	<b>675.1</b>
Department of Defense, military	529.9	583.1	651.2
Military personnel	128.8	137.4	129.1
Operation and maintenance	216.6	225.1	241.5
Procurement	99.6	130.5	142.8
Aircraft	23.4	28.6	35.6
Missiles	5.5	5.9	7.1
Ships	10.5	10.5	12.2
Weapons	6.9	8.9	12.1
Ammunition	2.3	2.5	2.7
Other <sup>1</sup>	51.1	74.0	73.3
Research, development, test, and evaluation	73.1	74.7	78.6
Other	11.6	15.4	59.2
Atomic energy and other defense-related activities	22.7	24.2	23.9
Plus: Consumption of general government fixed capital	74.9	78.1	81.3
Additional payments to military and civilian retirement funds	34.8	39.1	41.1
Timing difference	-5.4	3.8	5.4
Less: Grants-in-aid to state and local governments and net interest paid	3.5	3.6	3.8
Other differences	14.5	18.3	13.7
<b>Equals: NIPA national defense consumption expenditures and gross investment</b>	<b>649.8</b>	<b>698.7</b>	<b>774.5</b>
Less: National defense gross investment <sup>2</sup>	81.9	94.0	95.5
<b>Equals: NIPA national defense consumption expenditures</b>	<b>568.0</b>	<b>604.7</b>	<b>679.0</b>

1. Other military outlays include outlays for military construction, family housing, and anticipated funding for the wars in Iraq and Afghanistan.

2. Gross investment consists of general government expenditures for fixed assets; inventory investment is included in federal government consumption expenditures.

Sources: Budget of the United States Government, Fiscal Year 2009 and the Bureau of Economic Analysis. NIPAs National income and product accounts

**Receipts.** If proposed legislation is enacted, receipts would decrease \$140.5 billion in fiscal year 2008 and \$115.1 billion in fiscal year 2009, relative to the current-services baseline.

- A proposal to increase and extend the amount of the alternative minimum tax (AMT) exemption and the use of nonrefundable personal tax credits to offset both the regular tax and the AMT would reduce receipts \$11.7 billion in 2008 and \$60.9 billion in 2009.
- A proposal to provide a new standard deduction for health insurance (SDHI) of \$15,000 for all families who purchase health insurance and \$7,500 for individuals would reduce receipts \$23.0 billion in 2009.<sup>3</sup>

3. This new deduction would apply whether the health insurance was purchased directly or through an employer. This flat deduction would replace the existing exclusion for employer-provided health insurance, self-employed premium deduction, and the medical itemized deduction.

**Table 5. Budget Receipts by Source**

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2006	2007	2008	2009	2007	2008	2009
<b>Budget receipts</b>	<b>2,407.3</b>	<b>2,568.2</b>	<b>2,521.2</b>	<b>2,699.9</b>	<b>161.0</b>	<b>-47.1</b>	<b>178.8</b>
Individual income taxes	1,043.9	1,163.5	1,219.7	1,259.0	119.6	56.2	39.4
Corporation income taxes	353.9	370.2	345.3	339.2	16.3	-24.9	-6.1
Social insurance taxes and contributions	837.8	869.6	910.1	949.4	31.8	40.5	39.3
Excise taxes	74.0	65.1	68.8	68.9	-8.9	3.8	0.1
Estate and gift taxes	27.9	26.0	26.8	26.3	-1.8	0.7	-0.4
Customs duties	24.8	26.0	29.2	29.1	1.2	3.2	-0.1
Miscellaneous receipts	45.0	47.8	46.3	47.9	2.8	-1.5	1.7
Economic growth package			-125.0	-20.0		-125.0	105.0

Source: Budget of the United States Government, Fiscal Year 2009.

**Table 6. Budget Outlays by Function**

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2006	2007	2008	2009	2007	2008	2009
<b>Budget outlays</b>	<b>2,655.4</b>	<b>2,730.2</b>	<b>2,931.2</b>	<b>3,107.4</b>	<b>74.8</b>	<b>201.0</b>	<b>176.1</b>
National defense	521.8	552.6	607.3	675.1	30.7	54.7	67.8
International affairs	29.5	28.5	34.8	38.0	-1.0	6.3	3.2
General science, space, and technology	23.6	25.6	27.6	29.2	2.0	2.1	1.5
Energy	0.8	-0.9	3.0	3.1	-1.6	3.9	0.1
Natural resources and environment	33.1	31.8	35.5	35.5	-1.3	3.8	0.0
Agriculture	26.0	17.7	21.0	19.1	-8.3	3.3	-1.9
Commerce and housing credit	6.2	0.5	7.4	4.2	-5.7	6.9	-3.2
Transportation	70.2	72.9	80.3	83.9	2.7	7.4	3.6
Community and regional development	54.5	29.6	27.6	23.3	-25.0	-2.0	-4.3
Education, training, employment, and social services	118.6	91.7	93.4	88.3	-26.9	1.7	-5.1
Health	252.8	266.4	284.5	299.4	13.7	18.1	14.9
Medicare	329.9	375.4	396.3	413.3	45.5	20.9	17.0
Income security	352.5	366.0	388.4	401.7	13.5	22.5	13.3
Social security	548.5	586.2	615.3	649.3	37.6	29.1	34.1
Veterans benefits and services	69.8	72.8	86.6	91.9	3.0	13.8	5.3
Administration of justice	41.0	41.2	46.2	51.1	0.2	5.0	4.9
General government	18.2	17.5	19.8	21.5	-0.8	2.4	1.7
Net interest	226.6	237.1	243.9	260.2	10.5	6.8	16.3
Allowances <sup>1</sup>				-0.5			-0.5
Undistributed offsetting receipts <sup>2</sup>	-68.3	-82.2	-87.7	-80.4	-14.0	-5.5	7.3

1. 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.

2. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: Budget of the United States Government, Fiscal Year 2009.



- A proposal to provide an economic growth package would reduce receipts \$125.0 billion in 2008 and \$20.0 billion in 2009 (see the box “Economic Growth Package”).
- A proposal to permanently extend the 20 percent tax credit for qualified research and experimentation expenses that are above specified amounts would reduce receipts \$3.2 billion in 2008 and \$7.1 billion in 2009.

Receipts proposals that are included in the current-services baseline would reduce receipts \$0.4 billion in fiscal year 2008 and \$2.1 billion in fiscal year 2009 (table 7).

- A proposal to permanently extend the repeal of estate taxes and generation-skipping transfer taxes would reduce receipts \$0.4 billion in 2008 and \$2.5 billion in 2009.

- A proposal to permanently extend the reduced tax rate on dividends would increase receipts \$0.4 billion in 2009.<sup>4</sup>

**Outlays.** The budget would increase total outlays \$31.0 billion in fiscal year 2008 and \$114.2 billion in 2009, relative to the current-services baseline.<sup>5</sup> The increase in outlays in 2009 is accounted for by the following items:

- Outlays for national defense would increase \$110.4 billion as a result of increased outlays to fund the wars in Iraq and Afghanistan
- Outlays for net interest would increase \$11.5 billion as a result of borrowing.
- Outlays for international affairs would increase \$4.9 billion as a result of an increase in outlays for AIDS relief and for reconstruction and economic support in Iraq and Afghanistan.
- Outlays for veterans benefits and services would increase \$3.3 billion as a result of increasing health care costs associated with the wars in Iraq and Afghanistan and the aging veterans population.

The increase in outlays is partly offset by proposed decreases in Medicare, in transportation, in education, training, employment, and social services, and in several other functions.

The adjustments to the baseline requirements of the Budget Enforcement Act would reduce current-services baseline outlays \$55.4 billion in fiscal year 2009 (table 7).

- Outlays for national defense, international aid, and disaster assistance would decrease \$52.2 billion in order to exclude emergency funding from the baseline for years after the year of enactment.
- Outlays would decrease \$2.0 billion in order to correct the overstatement of the cost related to federal pay raises in the baseline.<sup>6</sup>

## NIPA Estimates

### Fiscal year estimates

**Receipts.** Total NIPA federal government current receipts would decrease \$41.7 billion and increase \$205.7 billion in 2009 (table 8 and chart 2). The upturn results from the impact of proposed legislation that would cause receipts to rebound, and the acceleration in the tax base. (The estimates of the tax base are based

4. The rate would be 15 percent for taxpayers in individual tax brackets that are above 15 percent and 5 percent for lower income taxpayers through 2007; the rate for lower income taxpayers would fall to zero in 2008.

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

6. As required by the Budget Enforcement Act, the baseline uses October as the effective date for federal pay raises; the current-services estimates are based on the assumption that federal pay raises are effective in January.

**Table 7. Proposed Legislative and Program Changes in the Budget**

[Billions of dollars]

	Fiscal year	
	2008	2009
<b>Receipts</b>		
Current-services estimates <sup>1</sup> .....	2,661.6	2,815.1
Plus: Proposed legislation excluding proposals assumed in the baseline <sup>2</sup> .....	-140.5	-115.1
Alternative minimum tax relief for individuals .....	-11.7	-60.9
New standard deduction for health insurance .....	0.0	-23.0
Economic growth package .....	-125.0	-20.0
Research and experimentation (R&E) tax credit .....	-3.2	-7.1
Promote trade .....	-0.1	-1.7
Extend certain tax exceptions .....	0.0	-1.9
Increase expensing for small business .....	0.0	-1.1
Extend unemployment insurance surtax .....	0.0	1.1
Expand tax free savings opportunities .....	0.0	1.5
Other .....	-0.5	-2.1
Equals: The budget .....	2,521.2	2,699.9
<b>Outlays</b>		
Current-services estimates <sup>1</sup> .....	2,900.2	2,993.1
Plus: Program changes excluding proposals assumed in the baseline <sup>2</sup> .....	31.0	114.2
National defense .....	26.6	110.4
Net interest .....	3.3	11.5
International affairs .....	1.2	4.9
Veterans benefits and services .....	0.0	3.3
Administration of justice .....	0.0	2.0
General science, space and technology .....	0.0	0.7
Allowances <sup>3</sup> .....	0.0	-0.5
Agriculture .....	0.1	-0.6
Energy .....	0.0	-0.7
Health .....	0.0	-0.7
Natural resources and environment .....	0.0	-1.0
Education, training, employment and social services .....	0.0	-1.3
Transportation .....	0.0	-1.6
Medicare .....	0.1	-11.8
Other .....	-0.3	-0.4
Equals: The budget .....	2,931.2	3,107.4
Current-services surplus or deficit (-) .....	-238.6	-178.1
Proposed changes, receipts less outlays .....	-171.5	-229.4
Administration budget surplus or deficit (-) .....	-410.0	-407.4
<b>Addenda:</b>		
Net effect of adjustments to the Budget Enforcement Act current-services baseline .....	-0.4	53.3
Effect on receipts of proposals assumed in the baseline .....	-0.4	-2.1
Make permanent certain provisions of the tax cuts enacted in 2001 and 2003:		
Repeal of estate and generation-skipping transfer taxes .....	-0.4	-2.5
Extend dividends tax rate structure .....	0.0	0.4
Adjustments to the baseline for outlays .....	0.0	-55.4
Adjustment for redefinition of emergencies .....		-52.2
Adjustment for cost of pay raises .....		-2.0
Other adjustments .....	0.0	-1.2

1. These current-services estimates reflect adjustments to the Budget Enforcement Act current-services baseline. For information on these adjustments, see “Budget Reform Proposals” in Analytical Perspectives.

2. Consistent with the budget, the proposed legislation excludes budget reform proposals that are included in the baseline.

3. 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.

Source: Budget of the United States Government, Fiscal Year 2009.

on the administration's economic assumptions and do not include the effects of proposed legislation.)

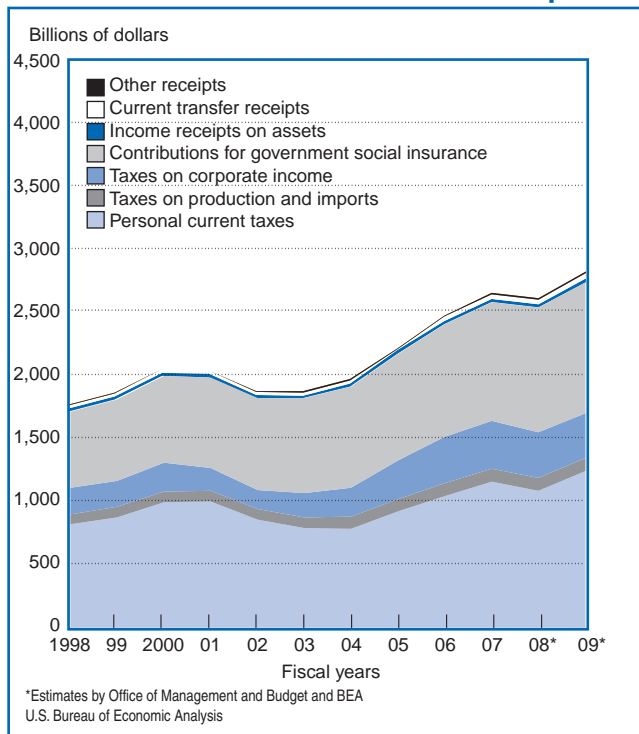
Proposed legislation for the economic growth package would reduce personal current tax receipts and taxes on corporate income in 2008. Personal current taxes would rebound in 2009, following the initial impact of the economic growth package.

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

	Change from preceding fiscal year		
	2007	2008	2009
<b>Total current receipts</b> .....	<b>167.4</b>	<b>-41.7</b>	<b>205.7</b>
Due to tax bases .....	161.2	89.4	156.3
Due to proposed legislation .....	0.0	-133.5	42.2
Current tax receipts .....	116.8	-89.0	146.7
Personal current taxes .....	120.7	-70.0	155.1
Due to tax bases .....	120.7	63.3	110.4
Due to proposed legislation .....	0.0	-133.3	44.7
Taxes on production and imports .....	-5.5	1.7	0.8
Due to tax bases .....	-5.5	1.9	3.3
Due to proposed legislation .....	0.0	-0.2	-2.5
Taxes on corporate income .....	-1.1	-19.6	-9.2
Due to tax bases .....	-1.1	-12.3	1.5
Due to proposed legislation .....	0.0	-7.3	-10.7
Taxes from the rest of the world .....	2.7	-1.1	0.0
Contributions for government social insurance .....	47.1	43.8	51.8
Due to tax bases .....	47.1	43.8	51.8
Due to proposed legislation .....	0.0	0.0	0.0
Income receipts on assets .....	1.1	0.1	2.3
Current transfer receipts .....	0.6	2.0	4.7
Current surplus of government enterprises .....	1.7	1.5	0.2

Sources: Budget of the United States Government, Fiscal Year 2009 and the Bureau of Economic Analysis. NIPAs National income and product accounts

**Chart 2. Federal Government Current Receipts**



**Expenditures.** Total NIPA federal government current expenditures would increase \$188.0 billion in fiscal year 2008 and increase \$176.3 billion in fiscal year 2009 (table 9 and chart 3). The deceleration primarily would reflect a downturn in subsidies, primarily in agriculture, and a deceleration in grants-in-aid to state and local governments, particularly in housing and community services, welfare and social services, and education. In contrast, defense expenditures would accelerate.

**Quarterly pattern**

BEA prepares seasonally adjusted quarterly NIPA estimates of federal government current receipts and current expenditures that are consistent with the federal budget (table 10).

The quarterly estimates for 2008 and 2009 presented here are extrapolated from the preliminary estimates for the fourth quarter of 2007, which were released on February 28, 2008. In general, because of the limited information available to estimate quarterly patterns, the estimates should be viewed as approximations that will be superseded by more reliable quarterly estimates

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

	Change from preceding fiscal year		
	2007	2008	2009
<b>Total current expenditures</b> .....	<b>146.5</b>	<b>188.0</b>	<b>176.3</b>
Consumption expenditures .....	38.3	70.5	93.5
National defense .....	35.2	36.7	74.3
Pay raise and locality pay <sup>1</sup> .....	0.0	5.6	6.2
Other .....	35.2	31.1	68.1
Nondefense .....	3.1	33.8	19.2
Pay raise and locality pay <sup>1</sup> .....	0.0	2.8	2.1
Other .....	3.1	31.0	17.1
Current transfer payments .....	100.8	94.1	70.6
Government social benefits to persons .....	89.2	70.5	65.6
Social security .....	31.2	28.2	33.3
Medicare .....	50.7	24.8	19.2
Supplemental security income .....	2.0	1.9	1.9
Earned income and other tax credits .....	2.8	1.7	2.0
Veterans benefits .....	3.0	3.8	2.8
Unemployment benefits .....	0.9	2.2	2.6
Food Stamps .....	0.1	3.3	1.7
Other .....	-1.6	4.6	2.1
Government social benefits to the rest of the world .....	0.3	0.1	0.1
Grants-in-aid to state and local governments .....	9.4	20.1	7.3
Health and hospitals .....	1.0	1.3	0.6
Income support, social security and welfare .....	6.0	15.3	9.9
Medical care .....	6.7	13.2	11.5
Welfare and social services .....	1.5	2.6	-0.6
Other .....	-2.2	-0.5	-1.0
Education .....	-1.6	2.3	-0.8
Housing and community services .....	5.9	0.8	-3.4
Central executive, legislative and judicial activities .....	0.2	0.0	0.4
Labor training and services .....	-1.3	0.1	0.3
Other .....	-0.8	0.3	0.3
Other current transfer payments paid to the rest of the world .....	1.8	3.7	-2.5
Federal interest paid .....	16.1	16.4	18.8
Subsidies .....	-8.8	6.9	-6.6
Agricultural .....	-7.4	5.6	-6.3
Housing .....	0.9	1.1	0.3
Other .....	-2.3	0.2	-0.6

1. Consists of pay raises and locality pay beginning in January 2008 and 2009.  
Source: Bureau of Economic Analysis.  
NIPAs National income and product accounts

that will be published in NIPA table 3.2.<sup>7</sup>

**Receipts.** The NIPA estimates of current receipts reflect the quarterly pattern of estimates that would result from enacted and proposed legislation, based on the administration's projected pattern of wages. The NIPA estimates also reflect BEA's methodology for deriving quarterly estimates of income tax payments and of "final settlements less refunds."<sup>8</sup>

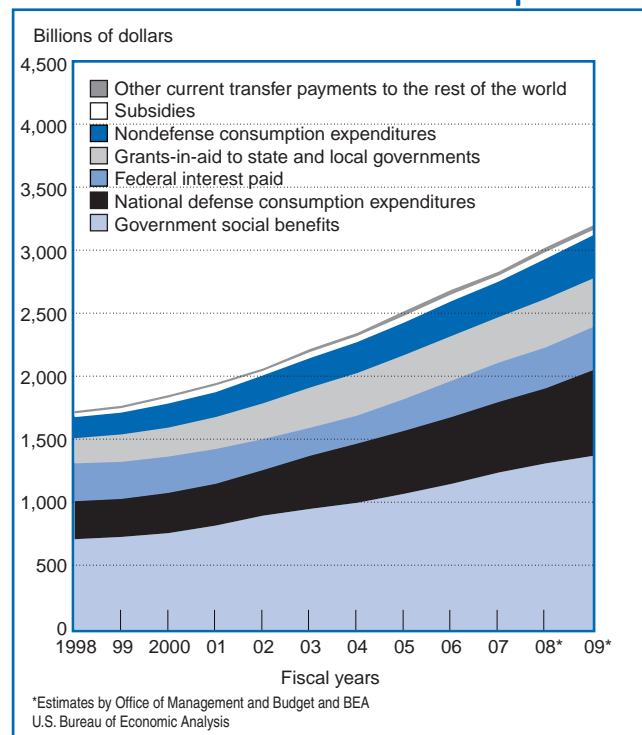
**Expenditures.** The quarterly NIPA estimates of federal government current expenditures reflect the quarterly pattern that would result from enacted and proposed legislation that would adjust pay for federal government employees and that would provide cost-of-living increases for social security and other programs.

**Net saving.** The NIPA estimates of net federal government savings reflect the difference between receipts and expenditures. Over the course of fiscal year 2008 and 2009, savings would decrease as a result of the impact of the proposed economic stimulus package and other proposals.

7. The average of the fiscal year quarters may not equal the fiscal year value.

8. For details about the methodology, see Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," *SURVEY OF CURRENT BUSINESS*, 78 (August 1998): 29–31.

**Chart 3. Federal Government Current Expenditures**



## Translation into a NIPA Framework

BEA uses a detailed analytical process to translate federal budget receipts and outlays into a NIPA framework.

### Receipts

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 and information included in the budget's *Appendix*.<sup>9</sup> These data are analyzed for their effects on the following major components of the NIPA federal government current receipts: 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 the economic assumptions from the federal budget. When monthly and quarterly NIPA estimates are released by BEA, these initial quarterly projections of receipts are reevaluated and revised to incorporate newly available data from the Department of the Treasury.

### Outlays

Fiscal year budget outlays are organized by appropriation in the federal budget's *Appendix*. These data and supplemental data from the OMB are used to allocate federal budget outlays to the following NIPA categories: current transfer payments, interest payments, subsidies, and consumption expenditures and gross investment.<sup>10</sup> The quarterly projections are mainly derived by interpolation from fiscal year projections.

When BEA releases its quarterly NIPA estimates, the fiscal year relationships derived from the 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*.<sup>11</sup> Supplemental data are also used. A detailed reconciliation of defense consumption expenditures and gross investment with 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 from the budget are used to extrapolate portions of nondefense expenditures (for durable goods, "other nondurable goods," services, and equipment) for which there are no quarterly source

9. See *Appendix: Budget of the United States Government, Fiscal Year 2009*.

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

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

data. These extrapolated estimates of expenditures incorporate quarterly data for certain expenditures, such as those for construction from the Census Bureau and for compensation from the Office of Personnel Management and the Bureau of Labor Statistics.

### Updated estimates

BEA's initial quarterly projections of federal government receipts and expenditures that are presented in this article will likely differ from later estimates. The initial estimates are prepared from budget data, which

**Table 10. NIPA Federal Government Current**

[Billions of dollars; calendar years and

	Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
				Published <sup>2</sup>	Estimated	Published <sup>2</sup>				Estimated				2009		
	2007	2008	2009			2007	2008	I	II	III	IV	I	II	III	IV	I
	2007	2008	2009	2007	2008	I	II	III	IV	I	II	III	IV	I	II	III
<b>Current receipts</b> .....	<b>2,641.0</b>	<b>2,599.2</b>	<b>2,805.0</b>	<b>2,672.6</b>	<b>2,632.7</b>	<b>2,619.7</b>	<b>2,670.1</b>	<b>2,689.4</b>	<b>2,711.2</b>	<b>2,720.5</b>	<b>2,248.5</b>	<b>2,764.4</b>	<b>2,797.3</b>	<b>2,794.5</b>	<b>2,835.4</b>	<b>2,877.0</b>
Current tax receipts.....	1,644.0	1,555.0	1,701.6	1,657.4	1,563.5	1,619.0	1,663.2	1,667.2	1,680.0	1,668.4	1,184.5	1,689.3	1,711.6	1,689.0	1,718.7	1,749.0
Personal current taxes.....	1,149.3	1,079.3	1,234.4	1,162.2	1,081.9	1,138.8	1,151.7	1,170.7	1,187.5	1,182.8	703.6	1,209.3	1,231.9	1,209.9	1,235.1	1,262.0
Withheld income taxes.....	929.2	981.3	1,052.2	942.4	996.5	927.1	934.1	948.2	960.1	971.9	985.8	1,003.4	1,024.8	1,045.3	1,068.7	1,089.8
Declarations and final settlements less refunds.....	220.1	98.1	182.1	219.9	85.4	211.8	217.7	222.5	227.5	210.9	-282.3	205.9	207.1	164.6	166.4	172.1
Proposed legislation.....		-133.3	-88.6		-133.3					0.0	-500.4	-16.4	-16.4	-88.6	-88.6	
Other.....	220.1	231.4	270.7	219.9	218.7	211.8	217.7	222.5	227.5	210.9	218.1	222.3	223.5	253.1	255.0	260.7
Taxes on production and imports.....	100.5	102.2	103.0	100.0	106.3	97.9	98.3	101.4	102.4	105.5	106.5	107.5	105.6	106.0	106.5	107.0
Proposed legislation.....		-0.2	-2.7	0.0	-0.9	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-2.7	-2.7	-2.7	
Other.....	100.5	102.4	105.7	100.0	107.2	97.9	98.3	101.4	102.4	105.5	106.9	108.0	108.3	108.8	109.2	109.8
Taxes on corporate income <sup>3</sup> .....	380.5	360.9	351.7	382.8	362.3	370.3	401.3	382.5	377.0	367.2	361.5	359.5	361.1	360.1	364.1	367.0
Federal Reserve Banks.....	32.0	31.4	31.7	33.2	32.8	33.1	33.7	33.0	33.0	32.8	32.7	32.7	32.8	32.9	33.2	33.5
Proposed legislation.....		0.0	0.0		0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other.....	32.0	31.4	31.7	33.2	32.8	33.1	33.7	33.0	33.0	32.8	32.7	32.7	32.8	32.9	33.2	33.5
Other corporate profit tax accruals.....	348.4	329.5	320.0	349.6	329.6	337.2	367.6	349.6	344.1	334.3	328.8	326.8	328.3	327.2	330.9	333.5
Proposed legislation.....		-7.3	-18.0		-5.8					-5.8	-5.8	-5.8	-5.8	-10.8	-10.8	
Other.....	348.4	336.8	338.0	349.6	335.4	337.2	367.6	349.6	344.1	340.1	334.6	332.6	334.1	337.9	341.7	344.2
Taxes from the rest of the world.....	13.7	12.6	12.6	12.4	13.0	12.0	12.0	12.6	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Contributions for social insurance.....	937.2	981.0	1,032.8	953.1	1,000.4	944.0	946.3	957.3	964.8	986.2	996.4	1,005.5	1,013.3	1,032.0	1,041.7	1,052.6
Old age, survivors, disability & hospital insurance.....	837.0	874.8	920.8	847.6	889.2	838.5	841.1	851.9	859.1	875.2	885.3	894.3	902.1	917.6	926.6	936.8
Tax on wages and salaries (FICA, gross).....	787.7	823.9	867.0	798.2	838.1	790.1	792.0	802.1	808.6	824.4	834.3	843.1	850.7	864.7	873.3	882.6
Proposed legislation.....		0.0	0.0		0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
Base increases.....		1.3	6.5		5.1					5.1	5.1	5.1	5.1	10.6	10.6	10.6
January 2008.....		1.3	5.1		5.1					5.1	5.1	5.1	5.1	5.1	5.1	5.1
January 2009.....			1.4											5.5	5.5	5.5
Other.....	787.7	822.6	860.5	798.2	833.0	790.1	792.0	802.1	808.6	819.3	829.2	838.0	845.6	854.1	862.7	872.0
FICA Refunds.....	-2.2	-2.5	-2.6	-2.2	-2.5	-2.2	-2.2	-2.2	-2.2	-2.2	-2.5	-2.5	-2.5	-2.6	-2.6	-2.6
Voluntary hospital insurance.....	2.8	2.9	3.2	2.8	3.0	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.1	3.2	3.2
Tax on self-employment earnings (SECA).....	48.8	50.5	53.3	49.0	50.6	47.9	48.6	49.3	50.0	50.4	50.5	50.7	50.8	52.4	52.9	53.7
Base increases.....	0.1	0.5	0.9	0.1	0.5	0.1	0.1	0.1	0.1	0.5	0.5	0.5	0.5	0.9	0.9	0.9
Other.....	48.6	50.0	52.4	48.8	50.2	47.7	48.4	49.1	49.8	50.0	50.1	50.2	50.3	51.5	52.0	52.8
Supplementary medical insurance.....	47.2	51.1	53.8	48.4	52.0	48.2	48.3	48.5	48.7	52.0	52.0	52.0	52.0	54.5	54.6	54.6
Unemployment insurance.....	41.7	43.6	45.3	45.3	47.2	45.6	45.2	45.2	45.2	47.2	47.2	47.2	47.2	46.8	46.8	46.7
Other.....	11.3	11.6	13.0	11.7	11.9	11.7	11.7	11.7	11.7	11.9	11.9	11.9	11.9	13.0	13.7	14.4
Income receipts on assets.....	25.9	26.0	28.3	25.1	25.6	24.6	25.1	25.3	25.4	25.0	25.2	25.1	27.1	27.1	27.7	28.1
Interest receipts.....	19.1	18.4	18.3	17.8	17.4	17.4	17.9	18.0	17.9	17.6	17.4	17.2	17.2	17.3	17.5	17.8
Rents and royalties.....	6.8	7.7	10.1	7.3	8.2	7.1	7.2	7.3	7.5	7.4	7.8	7.8	9.8	9.8	10.2	10.3
Current transfer receipts.....	35.7	37.7	42.4	39.4	44.1	38.1	38.5	39.4	41.4	42.2	43.2	44.7	46.4	47.6	48.2	48.2
From business.....	18.9	21.1	25.4	23.1	27.6	22.2	22.3	22.8	24.9	25.7	26.8	28.1	29.7	30.8	31.2	31.1
From persons.....	16.8	16.5	16.9	16.3	16.5	15.9	16.3	16.6	16.5	16.4	16.4	16.5	16.7	16.8	17.0	17.1
Current surplus of government enterprises.....	-1.9	-0.4	-0.2	-2.3	-0.9	-6.1	-3.0	0.2	-0.4	-1.3	-0.9	-0.2	-1.0	-1.2	-0.9	-0.8
Postal Service.....	-4.6	-2.9	-3.6	-4.2	-2.8	-7.8	-4.8	-1.8	-2.4	-3.2	-2.8	-2.2	-3.1	-3.5	-3.4	-3.4
Federal Housing Administration.....	3.0	3.9	4.9	2.4	3.2	2.2	2.2	2.4	2.7	2.8	3.0	3.3	3.5	3.8	3.9	4.1
Tennessee Valley Authority.....	2.1	2.5	2.9	2.5	3.0	2.4	2.5	2.5	2.6	2.8	2.9	3.0	3.1	3.0	3.2	3.4
Other.....	-2.3	-3.9	-4.4	-3.0	-4.2	-2.8	-3.0	-3.0	-3.3	-3.8	-4.1	-4.3	-4.5	-4.5	-4.6	-4.7
<b>Current expenditures</b> .....	<b>2,834.0</b>	<b>3,022.0</b>	<b>3,198.3</b>	<b>2,891.5</b>	<b>3,057.9</b>	<b>2,838.2</b>	<b>2,876.9</b>	<b>2,919.7</b>	<b>2,931.2</b>	<b>3,021.0</b>	<b>3,055.0</b>	<b>3,058.9</b>	<b>3,096.7</b>	<b>3,192.5</b>	<b>3,219.3</b>	<b>3,235.6</b>
Consumption expenditures.....	841.6	912.1	1,005.6	856.1	935.8	829.8	849.8	867.7	876.9	923.5	931.0	933.1	955.6	1,000.5	1,021.3	1,035.3
National defense.....	568.0	604.7	679.0	578.9	618.6	555.7	573.8	589.6	596.5	609.0	613.6	615.6	636.3	675.4	692.2	702.1
Pay raises and locality pay.....		5.6	11.8		7.5					7.4	7.5	7.5	7.5	13.2	13.3	13.3
January 2008.....		5.6	7.5		7.5					7.4	7.5	7.5	7.5	7.5	7.5	7.5
January 2009.....			4.3											5.7	5.8	5.8
Other.....	568.0	599.1	667.2	578.9	611.1	555.7	573.8	589.6	596.5	601.6	606.1	608.1	628.8	662.2	678.9	688.8
Nondefense.....	273.6	307.4	326.6	277.1	317.2	274.0	276.0	278.1	280.4	314.5	317.4	317.4	319.4	325.1	329.0	333.2
Pay raises and locality pay.....		2.8	4.9		3.0					2.8	3.1	3.1	3.1	5.4	5.6	5.6
January 2008.....		2.8	3.1		3.0					2.8	3.1	3.1	3.1	3.1	3.1	3.1
January 2009.....			1.9											2.3	2.5	2.5
Other.....	273.6	304.6	321.7	277.1	314.2	274.0	276.0	278.1	280.4	311.7	314.3	314.4	316.3	319.7	323.4	327.6
Current transfer payments.....	1,644.1	1,738.2	1,808.8	1,686.4	1,770.1	1,665.6	1,670.9	1,696.4	1,712.5	1,750.5	1,772.4	1,770.7	1,786.6	1,833.8	1,835.0	1,831.4
Government social benefits.....	1,241.0	1,311.5	1,377.3	1,274.2	1,344.4	1,248.5	1,271.4	1,286.3	1,290.7	1,323.2	1,337.8	1,351.2	1,365.4	1,393.8	1,400.9	1,404.8
To persons.....	1,237.4	1,307.9	1,373.5	1,270.6	1,340.7	1,245.0	1,267.8	1,282.6	1,287.0	1,319.5	1,334.2	1,347.5	1,361.7	1,390.1	1,397.1	1,401.0
Social Security.....	567.3	595.5	628.8	575.8	607.7	568.4	575.4	578.5	580.8	599.6	605.0	610.4	615.8	635.3	638.1	639.5

1. The fiscal year estimates are the sum of quarterly estimates that are not seasonally adjusted and that are consistent with the budget proposals.

2. These estimates are published in the NIPA tables 3.2 and 3.9.5 in this issue.

3. The NIPA estimate of corporate profits tax accruals for the fourth quarter of 2007 will not be available until the release

of the final estimate of gross domestic product on March 27, 2008. The value shown is derived from the budget.

4. Most transportation grants-in-aid to state and local governments are classified as capital transfers paid (see addenda), but water and railroad transportation grants are still classified as current-account transactions.



are based on various economic assumptions about the budget year. These estimates are then updated during the year as new laws are enacted, as actual spending

occurs, as economic conditions change, and as more source data become available.

**Receipts and Expenditures**

quarters at seasonally adjusted annual rates]

	Fiscal year estimates <sup>1</sup>			Calendar year		Quarter										
				Published <sup>2</sup>	Estimated	Published <sup>2</sup>				Estimated						
	2007	2008	2009			2007		2008				2009				
				2007	2008	I	II	III	IV	I	II	III	IV	I	II	III
Regular.....	567.3	585.4	603.7	575.8	594.2	568.4	575.4	578.5	580.8	586.1	591.5	596.9	602.3	606.4	609.2	610.6
Benefit increases.....	0.0	10.1	25.0	0.0	13.5	0.0	0.0	0.0	0.0	13.5	13.5	13.5	13.5	28.9	28.9	28.9
January 2008.....	0.0	10.1	13.5	0.0	13.5	0.0	0.0	0.0	0.0	13.5	13.5	13.5	13.5	13.5	13.5	13.5
January 2009.....	0.0	0.0	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.4	15.4	15.4
Medicare.....	423.0	447.8	467.0	446.8	472.1	431.1	444.6	456.1	455.4	463.0	469.7	475.5	480.3	484.3	487.2	488.7
Unemployment benefits.....	32.0	34.2	36.8	32.3	34.5	32.2	32.1	32.1	32.8	33.4	34.1	34.8	35.6	36.2	36.7	36.8
Veterans benefits.....	40.4	44.2	47.0	42.5	44.7	41.1	42.5	43.1	43.2	44.4	44.5	44.8	45.2	46.7	47.3	47.9
Railroad retirement.....	9.8	10.1	10.4	9.8	10.2	9.8	9.8	9.8	9.8	10.1	10.1	10.2	10.2	10.4	10.4	10.4
Military medical insurance.....	6.8	7.3	7.4	6.9	7.1	7.0	6.9	6.9	6.9	7.0	7.1	7.2	7.2	7.2	7.2	7.2
Food stamps.....	30.3	33.6	35.3	30.9	33.1	30.3	30.8	30.6	31.9	32.4	32.8	33.0	34.2	34.2	34.2	34.2
Black lung benefits.....	0.6	0.5	0.5	0.6	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Supplemental security income.....	37.5	39.4	41.3	37.2	38.8	36.6	37.1	37.4	37.7	38.1	38.4	38.7	39.9	40.1	40.2	40.3
Earned income and other tax credits.....	54.5	56.2	58.2	54.3	56.2	54.3	54.3	54.3	54.3	56.2	56.2	56.2	56.2	58.2	58.2	58.2
All other.....	35.1	38.9	40.8	33.5	35.8	33.8	33.5	33.2	33.6	34.8	35.6	36.3	36.6	36.9	37.2	37.3
To rest of the world.....	3.5	3.6	3.7	3.6	3.7	3.5	3.6	3.7	3.6	3.6	3.7	3.7	3.7	3.7	3.8	3.8
Grants-in-aid to state and local governments.....	370.8	390.9	398.2	377.5	392.5	374.0	376.1	379.1	380.7	394.0	398.8	386.4	390.8	401.6	402.6	393.4
Central executive, legislative, and judicial activities.....	2.4	2.4	2.8	2.3	2.5	2.8	1.9	2.1	2.2	2.4	2.4	2.5	2.5	2.6	2.7	2.7
Space.....	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5
National defense.....	3.8	3.9	4.0	3.5	3.7	3.3	3.4	3.7	3.5	3.7	3.7	3.7	3.6	3.8	3.8	3.8
Civilian safety.....	5.5	4.6	5.3	5.6	5.2	5.7	5.7	5.3	5.5	4.7	4.8	4.8	6.4	5.4	5.6	5.5
Education.....	40.3	42.6	41.8	40.8	42.3	39.3	41.1	42.9	39.7	43.0	44.5	42.5	39.0	42.7	43.2	41.2
Health and hospitals.....	28.6	29.9	30.5	27.5	29.3	26.8	27.6	27.8	27.7	28.8	29.3	30.7	28.3	29.4	30.0	31.7
Income support, social security and welfare.....	258.1	273.4	283.3	264.0	275.5	266.7	259.0	262.4	267.8	276.0	278.8	268.7	278.4	286.3	286.8	278.7
Disability.....	1.9	1.9	2.1	1.9	2.0	1.9	1.9	2.0	1.9	2.0	2.0	1.9	2.1	2.2	2.2	2.1
Unemployment insurance.....	3.1	3.0	2.5	3.2	3.0	3.2	3.4	2.9	3.3	3.2	3.1	3.0	2.7	2.7	2.6	2.5
Medical care (Medicaid).....	183.4	196.6	208.1	188.6	199.4	192.2	181.6	188.6	192.0	199.3	201.4	192.9	204.1	211.2	211.3	204.7
Welfare and social services.....	65.1	67.7	67.1	65.9	67.1	65.3	67.0	64.7	66.5	67.5	68.1	66.9	66.0	66.9	67.5	66.3
Other income support.....	4.7	4.2	3.4	4.4	4.0	4.0	5.1	4.2	4.1	4.0	4.2	4.0	3.6	3.3	3.2	3.1
Veterans benefits and services.....	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.9	0.8	0.7	0.8	0.8	0.8
Housing and community services.....	19.8	20.6	17.2	20.4	20.0	16.2	23.6	20.9	20.8	21.3	20.7	19.3	18.6	17.2	16.5	15.7
Recreational and cultural activities.....	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4
Energy.....	1.3	1.3	1.5	1.8	1.5	1.7	1.7	1.9	1.8	1.5	1.4	1.4	1.8	1.8	1.6	1.9
Agriculture.....	1.1	1.1	1.1	0.9	0.9	0.9	1.0	1.0	0.7	1.0	1.0	1.0	0.7	1.0	0.9	0.9
Natural resources.....	4.4	4.7	4.4	4.0	4.4	3.7	4.4	4.0	4.0	4.3	4.6	4.3	4.2	4.0	3.9	4.0
Transportation.....	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
Economic development, regulation and services.....	0.4	0.8	0.8	0.3	0.8	0.3	0.3	0.4	0.3	0.6	0.8	1.0	0.7	0.7	0.7	0.9
Labor training and services.....	3.5	3.6	3.9	4.8	4.8	5.0	4.6	4.9	4.8	4.8	4.9	4.7	4.9	5.0	5.1	4.8
Other current transfer payments paid to the rest of the world.....	32.2	35.9	33.4	34.6	33.2	43.0	23.3	31.1	41.1	33.3	35.8	33.1	30.4	38.4	31.5	33.2
Federal interest paid.....	302.8	319.2	338.0	302.4	305.4	296.3	309.4	309.3	294.7	298.9	303.2	307.6	312.0	317.0	322.5	328.2
Subsidies.....	45.6	52.5	45.9	46.7	46.6	46.6	46.9	46.2	47.1	48.1	48.4	47.5	42.5	41.1	40.5	40.6
Agricultural.....	13.0	18.6	12.3	12.9	12.5	13.3	12.8	12.5	13.0	14.0	14.0	13.0	8.8	7.3	6.5	6.4
Housing.....	29.2	30.3	30.6	30.4	31.1	29.9	30.2	30.5	30.8	31.0	31.1	31.2	31.1	31.2	31.4	31.6
Other.....	3.4	3.6	3.0	3.5	3.1	3.5	3.8	3.2	3.3	3.2	3.3	3.3	2.6	2.6	2.6	2.6
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
<b>Net federal government saving.....</b>	<b>-193.0</b>	<b>-422.7</b>	<b>-393.3</b>	<b>-219.5</b>	<b>-425.2</b>	<b>-218.5</b>	<b>-206.8</b>	<b>-232.6</b>	<b>-220.0</b>	<b>-300.4</b>	<b>-806.5</b>	<b>-294.5</b>	<b>-299.4</b>	<b>-398.0</b>	<b>-383.9</b>	<b>-358.5</b>
<b>Addenda:</b>																
Gross investment <sup>5</sup> .....	120.2	133.3	134.7	120.2	138.0	116.8	119.8	122.6	121.5	132.0	139.6	140.4	139.8	132.1	133.6	133.3
National defense.....	81.9	94.0	95.5	81.3	99.0	79.1	80.7	83.9	81.5	93.1	100.4	101.1	101.4	93.1	94.2	93.3
Nondefense.....	38.4	39.2	39.2	38.8	38.9	37.7	39.1	38.6	39.9	38.9	39.2	39.2	38.3	39.0	39.5	40.0
Consumption expenditures and gross investment.....	961.8	1,045.3	1,140.2	976.2	1,073.7	946.6	969.5	990.3	998.4	1,055.4	1,070.6	1,073.4	1,095.4	1,132.6	1,154.9	1,168.6
National defense.....	649.8	698.7	774.5	660.2	717.6	634.8	654.5	673.5	678.0	702.1	713.9	716.8	737.7	768.5	786.4	795.4
Nondefense.....	311.9	346.6	365.7	316.0	356.1	311.7	315.0	316.8	320.4	353.3	356.7	356.7	357.7	364.1	368.5	373.2
Total receipts.....	2,666.8	2,625.8	2,831.1	2,698.7	2,658.8	2,641.6	2,698.7	2,715.1	2,739.4	2,747.1	2,274.8	2,790.7	2,822.4	2,820.1	2,861.8	2,904.6
Current receipts.....	2,641.0	2,599.2	2,805.0	2,672.6	2,632.7	2,619.7	2,670.1	2,689.4	2,711.2	2,720.5	2,248.5	2,764.4	2,797.3	2,794.5	2,835.4	2,877.0
Capital transfer receipts.....	25.8	26.5	26.1	26.1	26.1	21.9	28.6	25.8	28.2	26.6	26.3	26.3	25.1	25.6	26.4	27.5
Total expenditures.....	2,909.0	3,116.2	3,304.5	2,976.1	3,156.4	2,917.2	2,963.8	3,018.8	3,004.4	3,110.0	3,154.6	3,155.0	3,206.0	3,293.8	3,319.9	3,337.9
Current expenditures.....	2,834.0	3,022.0	3,198.3	2,891.5	3,057.9	2,838.2	2,876.9	2,919.7	2,931.2	3,021.0	3,055.0	3,058.9	3,096.7	3,192.5	3,219.3	3,235.6
Gross government investment.....	120.2	133.3	134.7	120.2	138.0	116.8	119.8	122.6	121.5	132.0	139.6	140.4	139.8	132.1	133.6	133.3
Capital transfer payments.....	76.7	91.4	95.2	78.6	89.3	72.1	79.6	85.3	77.4	87.5	90.9	88.2	90.6	91.9	91.4	95.0
Net purchases of nonproduced assets.....	-13.6	-15.5	-2.5	-3.8	-12.3	-1.3	-2.3	2.2	-13.6	-15.5	-15.5	-15.5	-2.5	-2.5	-2.5	-2.5
Less: Consumption of fixed capital.....	108.4	114.9	121.1	110.5	116.5	108.6	110.2	110.9	112.1	115.0	115.4	117.0	118.6	120.3	121.9	123.5
Net lending or net borrowing (-).....	-242.2	-490.4	-473.5	-277.9	-497.7	-275.6	-265.1	-306.0	-265.0	-362.9	-879.8	-364.3	-383.7	-473.7	-458.1	-433.3

5. 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 2009 and the Bureau of Economic Analysis.

FICA Federal Insurance Contributions Act  
NIPAs National income and product accounts  
SECA Self-Employment Contributions Act