

# Government Receipts and Expenditures

## Second Quarter of 2012

**N**ET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was  $-\$1,207.1$  billion in the second quarter of 2012, decreasing  $\$20.7$  billion from  $-\$1,186.4$  billion in the first quarter of 2012.

Net federal government saving was  $-\$1,094.5$  billion in the second quarter, decreasing  $\$35.8$  billion from  $-\$1,058.7$  billion in the first quarter (see page 12). Current receipts decelerated and current expenditures accelerated in the second quarter.

Net state and local government saving was  $-\$112.7$  billion in the second quarter, increasing  $\$14.9$  billion from  $-\$127.6$  billion in the first quarter (see page 13). Current receipts accelerated and current expenditures decelerated in the second quarter.

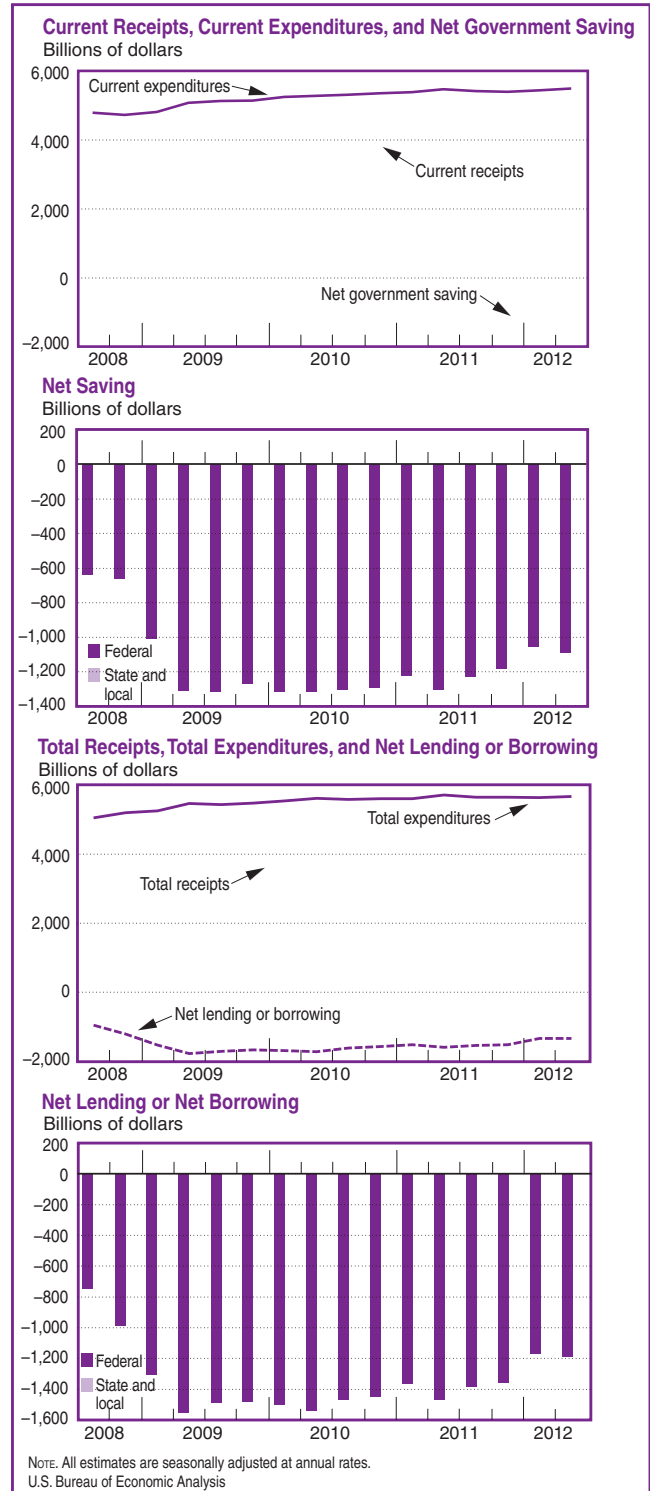
Net borrowing was  $\$1,338.8$  billion in the second quarter, decreasing  $\$0.3$  billion from  $\$1,339.1$  billion in the first quarter. Federal government net borrowing was  $\$1,191.3$  billion in the second quarter, increasing  $\$18.8$  billion from  $\$1,172.5$  billion in the first quarter. State and local government net borrowing was  $\$147.6$  billion, decreasing  $\$19.0$  billion from  $\$166.6$  billion in the first quarter

“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment and net purchases of nonproduced assets.

**Table 1. Net Government Saving and Net Lending or Net Borrowing**  
[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	2012		2011		2012
	II	III	IV	I	II
Current receipts .....	4,289.2	-16.8	32.8	150.9	29.1
Current expenditures .....	5,496.3	-49.2	-18.1	38.2	49.8
<b>Net government saving .....</b>	<b>-1,207.1</b>	<b>32.3</b>	<b>50.9</b>	<b>112.7</b>	<b>-20.7</b>
Federal .....	-1,094.5	75.7	49.4	123.9	-35.8
State and local .....	-112.7	-43.4	1.5	-11.1	14.9
<b>Net lending or net borrowing (–) ...</b>	<b>-1,338.8</b>	<b>48.6</b>	<b>31.4</b>	<b>174.3</b>	<b>0.3</b>
Federal .....	-1,191.3	88.2	28.9	182.6	-18.8
State and local .....	-147.6	-39.7	2.6	-8.3	19.0

**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		
	2012	2011		2012	
	II	III	IV	I	II
<b>Current receipts</b> .....	<b>2,680.6</b>	<b>-11.6</b>	<b>23.0</b>	<b>130.6</b>	<b>15.7</b>
Current tax receipts .....	1,641.7	-9.9	24.3	110.7	12.5
Personal current taxes .....	1,136.9	13.5	15.7	27.2	12.0
Taxes on production and imports .....	115.1	-0.2	2.8	2.4	1.8
Taxes on corporate income .....	372.7	-25.3	5.4	83.2	-3.0
Taxes from the rest of the world .....	17.0	2.1	0.4	-2.0	1.6
Contributions for government social insurance .....	935.5	1.9	2.2	20.1	6.2
Income receipts on assets .....	53.9	-0.1	-1.0	0.2	-0.8
Current transfer receipts .....	67.6	-0.9	0.2	0.0	-0.7
Current surplus of government enterprises .....	-18.0	-2.4	-3.0	-0.3	-1.3
<b>Current expenditures</b> .....	<b>3,775.1</b>	<b>-87.3</b>	<b>-26.5</b>	<b>6.8</b>	<b>51.5</b>
Consumption expenditures .....	1,055.0	-2.0	-17.0	3.6	-0.6
National defense .....	701.1	13.8	-26.5	-0.5	-2.4
Nondefense .....	353.9	-15.8	9.5	4.1	1.8
Current transfer payments .....	2,310.9	-49.5	-3.7	12.4	9.9
Government social benefits .....	1,785.4	7.3	9.3	20.5	-0.6
To persons .....	1,767.7	7.2	9.2	20.2	-0.7
To the rest of the world .....	17.7	0.1	0.1	0.4	0.0
Other current transfer payments .....	525.5	-56.9	-13.0	-8.0	10.5
Grants-in-aid to state and local governments .....	466.9	-47.5	-14.5	-10.3	11.6
To the rest of the world .....	58.6	-9.3	1.5	2.2	-1.1
Interest payments .....	348.7	-36.3	-6.1	-7.3	42.0
Subsidies .....	60.5	0.6	0.2	-1.8	0.1
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0
<b>Net federal government saving</b> .....	<b>-1,094.5</b>	<b>75.7</b>	<b>49.4</b>	<b>123.9</b>	<b>-35.8</b>
Social insurance funds .....	-280.0	-3.7	-6.5	-2.4	7.7
Other .....	-814.5	79.4	56.0	126.2	-43.5
<b>Addenda:</b>					
<b>Total receipts</b> .....	<b>2,703.2</b>	<b>-10.3</b>	<b>26.0</b>	<b>137.0</b>	<b>19.4</b>
Current receipts .....	2,680.6	-11.6	23.0	130.6	15.7
Capital transfer receipts .....	22.6	1.3	3.0	6.4	3.7
<b>Total expenditures</b> .....	<b>3,894.5</b>	<b>-98.6</b>	<b>-2.8</b>	<b>-45.6</b>	<b>38.2</b>
Current expenditures .....	3,775.1	-87.3	-26.5	6.8	51.5
Gross government investment .....	155.7	-4.8	0.7	-7.1	3.6
Capital transfer payments .....	104.9	-3.8	22.4	-43.6	-15.9
Net purchases of nonproduced assets .....	-0.2	-0.4	0.8	-0.7	0.3
Less: Consumption of fixed capital .....	141.0	2.3	0.2	1.0	1.3
<b>Net lending or net borrowing (-)</b> .....	<b>-1,191.3</b>	<b>88.2</b>	<b>28.9</b>	<b>182.6</b>	<b>-18.8</b>

Personal current taxes decelerated, reflecting a deceleration in withheld income taxes.

Taxes on corporate income turned down. First-quarter corporate profits had been boosted by the expiration at the end of 2011 of the 100 percent bonus depreciation deduction for qualified business investment.

Contributions for government social insurance decelerated because of a deceleration in social security contributions. First-quarter social security contributions had been boosted as a result of an increase in the maximum taxable wage base.

Government social benefits to persons turned down in the second quarter as a result of a deceleration in social security, veterans pensions, and supplemental security income following the first-quarter cost-of-living adjustment. Unemployment benefits decreased more as fewer people qualified for extended benefits and as fewer people claimed emergency benefits.

Grants-in-aid to state and local governments turned up, reflecting an upturn in Medicaid grants and a smaller decrease in education grants.

Interest payments turned up because of an upturn in inflation expense payments on Treasury Inflation-Protected Securities.

Capital transfer payments decreased less, reflecting the pattern of capital injected into Fannie Mae and Freddie Mac. The second-quarter capital injections decreased approximately \$18.8 billion at an annual rate; about \$19 million (\$76 million at an annual rate) was provided to Freddie Mac in the second quarter.

### 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/national/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/national/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 was published in the October 2011 SURVEY.

1. See Mark S. Ludwick and Stan J. Bellotti, "NIPA Translation of the Fiscal Year 2013 Federal Budget," SURVEY OF CURRENT BUSINESS 92 (March 2012): 11–21.

## 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			
	2012		2011		2012	
	II	III	IV	I	II	
<b>Current receipts</b> .....	<b>2,075.4</b>	<b>-52.8</b>	<b>-4.7</b>	<b>9.9</b>	<b>25.0</b>	Personal current taxes accelerated in the second quarter because of an acceleration in personal income taxes.
Current tax receipts .....	1,404.4	-5.6	10.7	21.6	13.2	
Personal current taxes .....	337.8	-6.4	-0.3	4.5	11.9	Taxes on production and imports decelerated as a result of decelerations in both sales and severance taxes.
Taxes on production and imports .....	1,020.4	-0.6	8.7	16.4	5.2	
Taxes on corporate income .....	46.3	1.4	2.2	0.8	-3.8	
Contributions for government social insurance .....	17.5	-0.1	-0.2	-0.3	-0.3	Federal grants-in-aid turned up in the second quarter because of upturns in both Medicaid grants and public order and safety grants and a smaller decrease in education grants.
Income receipts on assets .....	86.2	0.2	-0.6	-0.3	0.5	
Current transfer receipts .....	583.4	-46.8	-13.8	-10.5	12.3	
Federal grants-in-aid .....	466.9	-47.5	-14.5	-10.3	11.6	
Other .....	116.5	0.8	0.7	-0.2	0.7	
Current surplus of government enterprises	-16.1	-0.6	-0.6	-0.7	-0.7	Consumption expenditures turned down in the second quarter, reflecting a deceleration in compensation of general government employees and a downturn in expenditures for nondurable goods.
<b>Current expenditures</b> .....	<b>2,188.1</b>	<b>-9.4</b>	<b>-6.2</b>	<b>21.1</b>	<b>10.0</b>	
Consumption expenditures .....	1,526.1	1.7	-3.6	13.0	-5.3	
Government social benefits .....	548.5	-11.5	-3.5	6.5	14.1	Government social benefits accelerated in the second quarter as a result of an acceleration in Medicaid benefits.
Interest payments .....	113.1	0.3	1.0	1.6	1.2	
Subsidies .....	0.5	0.0	0.0	0.1	0.0	
Less: Wage accruals less disbursements ....	0.0	0.0	0.0	0.0	0.0	
<b>Net state and local government saving</b> ....	<b>-112.7</b>	<b>-43.4</b>	<b>1.5</b>	<b>-11.1</b>	<b>14.9</b>	
Social insurance funds .....	2.3	-0.1	-0.1	-0.2	-0.2	
Other .....	-115.0	-43.4	1.7	-10.9	15.1	
<b>Addenda:</b>						
<b>Total receipts</b> .....	<b>2,145.6</b>	<b>-51.6</b>	<b>-3.5</b>	<b>4.4</b>	<b>26.6</b>	Capital transfer receipts turned up, reflecting an upturn in transportation grants driven by an upturn in highway grants.
Current receipts .....	2,075.4	-52.8	-4.7	9.9	25.0	
Capital transfer receipts .....	70.1	1.2	1.2	-5.6	1.6	
<b>Total expenditures</b> .....	<b>2,293.1</b>	<b>-11.9</b>	<b>-6.1</b>	<b>12.7</b>	<b>7.5</b>	Gross government investment turned up in the second quarter because of a smaller decrease in spending for structures.
Current expenditures .....	2,188.1	-9.4	-6.2	21.1	10.0	
Gross government investment .....	315.7	0.6	3.0	-5.8	0.2	
Capital transfer payments .....						
Net purchases of nonproduced assets	11.0	0.0	-0.1	-0.2	-0.2	
Less: Consumption of fixed capital .....	221.7	3.1	2.9	2.4	2.5	
<b>Net lending or net borrowing (-)</b> .....	<b>-147.6</b>	<b>-39.7</b>	<b>2.6</b>	<b>-8.3</b>	<b>19.0</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/national/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/national/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); they were published in the October 2011 SURVEY.

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