

Government Receipts and Expenditures

Second Quarter of 2011

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$1,313.0$ billion in the second quarter of 2011, decreasing $\$54.7$ billion from $-\$1,258.3$ billion in the first quarter of 2011.

Net federal government saving was $-\$1,264.4$ billion in the second quarter, decreasing $\$63.3$ billion from $-\$1,201.1$ billion in the first quarter (see page 12). Current receipts decelerated, while current expenditures turned up in the second quarter.

Net state and local government saving was $-\$48.6$ billion in the second quarter, increasing $\$8.6$ billion from $-\$57.2$ billion in the first quarter (see page 13). Current receipts turned up, while current expenditures accelerated.

Net borrowing was $\$1,529.3$ billion in the second quarter, increasing $\$62.8$ billion from $\$1,466.5$ billion in the first quarter. Federal government net borrowing was $\$1,435.6$ billion in the second quarter, increasing $\$82.8$ billion from $\$1,352.8$ billion in the first quarter. State and local government net borrowing was $\$93.7$ billion, decreasing $\$20.0$ billion from $\$113.7$ billion in the first quarter.

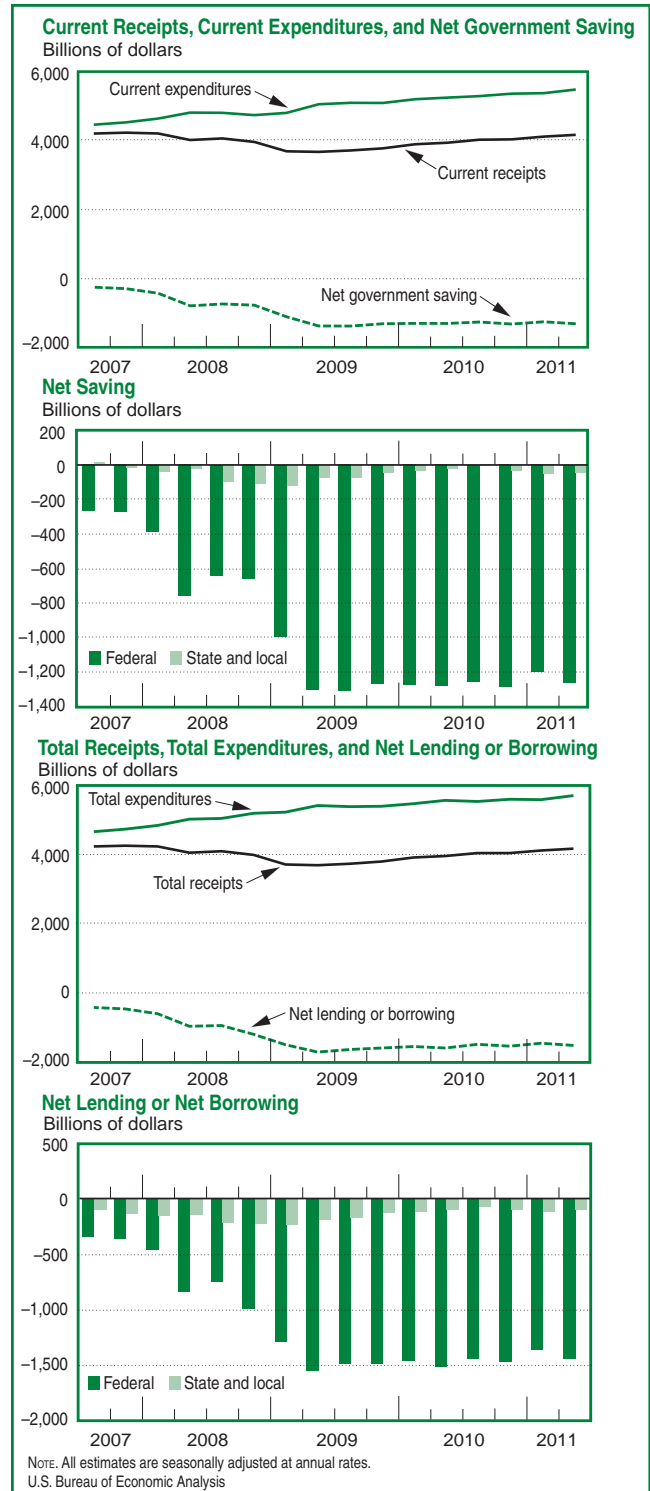
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment 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		
	2011	2010	2011		
	II	III	IV	I	II
Current receipts	4,157.0	88.4	9.6	81.0	51.0
Current expenditures	5,470.0	45.2	69.4	16.5	105.7
Net government saving	-1,313.0	43.3	-59.9	64.5	-54.7
Federal	-1,264.4	20.3	-29.6	86.2	-63.3
State and local	-48.6	23.0	-30.3	-21.7	8.6
Net lending or net borrowing (-) ...	-1,529.3	109.3	-55.1	88.4	-62.8
Federal	-1,435.6	78.4	-28.4	106.4	-82.8
State and local	-93.7	30.9	-26.7	-18.0	20.0

Raymen Labella 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			
	2011		2010		2011	
	II	III	IV	I	II	
Current receipts	2,564.8	67.6	-4.9	57.4	36.9	
Current tax receipts	1,538.3	55.8	-5.0	140.5	25.0	Personal current taxes decelerated in the second quarter because of decelerations in both withheld and non-withheld income taxes.
Personal current taxes	1,070.9	23.6	15.5	119.0	24.1	
Taxes on production and imports	112.7	1.6	-1.7	4.8	6.0	Taxes on corporate income turned down as a result of a decrease in domestic corporate profits before tax.
Taxes on corporate income	339.8	30.8	-19.8	16.3	-5.6	
Taxes from the rest of the world	14.9	-0.2	0.9	0.4	0.6	
Contributions for government social insurance	905.9	5.6	2.4	-83.3	11.3	Contributions for government social insurance turned up, reflecting an upturn in contributions for social security. First-quarter contributions were lowered by the reduction in the social security contribution rate.
Income receipts on assets	54.4	3.0	-0.3	-0.4	-0.2	
Current transfer receipts	67.4	3.0	-1.9	-1.6	-0.7	
Current surplus of government enterprises	-1.2	0.1	-0.1	2.2	1.5	
Current expenditures	3,829.1	47.3	24.7	-28.8	100.1	
Consumption expenditures	1,077.1	10.6	-7.0	-0.5	18.0	National defense expenditures turned up in the second quarter, reflecting upturns in durable goods and services.
National defense	723.3	11.5	-10.4	-1.7	22.3	
Nondefense	353.8	-0.8	3.3	1.2	-4.3	
Current transfer payments	2,346.8	42.9	18.8	-38.0	34.1	Government social benefits to persons turned up as a result of an acceleration in social security benefits, and a smaller decrease in unemployment benefits. Refundable tax credits remained unchanged after decreasing.
Government social benefits	1,754.8	20.8	14.7	-6.2	13.3	
To persons	1,738.0	20.3	15.3	-6.2	12.9	
To the rest of the world	16.8	0.4	-0.6	0.0	0.4	
Other current transfer payments	592.0	22.1	4.0	-31.7	20.8	
Grants-in-aid to state and local governments	527.7	17.9	2.8	-30.4	13.2	Grants-in-aid to state and local governments turned up, reflecting a smaller decrease in Medicaid grants, an upturn in welfare and social grants, and an acceleration in education grants.
To the rest of the world	64.3	4.3	1.2	-1.3	7.5	
Interest payments	342.8	-7.1	10.3	8.6	44.8	Interest payments accelerated, reflecting an acceleration in inflation expense payments on Treasury Inflation-Protected Securities.
Subsidies	62.4	0.7	2.8	1.0	3.2	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net federal government saving	-1,264.4	20.3	-29.6	86.2	-63.3	
Social insurance funds	-284.9	-9.6	-10.1	15.4	4.3	
Other	-979.4	29.8	-19.4	70.7	-67.5	
Addenda:						
Total receipts	2,570.4	64.8	-15.3	53.9	41.0	
Current receipts	2,564.8	67.6	-4.9	57.4	36.9	
Capital transfer receipts	5.7	-2.6	-10.5	-3.5	4.2	
Total expenditures	4,006.0	-13.6	13.1	-52.5	123.8	Gross government investment decreased less, reflecting an upturn in defense equipment and software.
Current expenditures	3,829.1	47.3	24.7	-28.8	100.1	
Gross government investment	160.0	2.3	3.9	-13.8	-0.9	
Capital transfer payments	153.8	-64.6	-12.0	-7.7	27.1	
Net purchases of nonproduced assets	-0.2	2.6	-1.7	0.2	-0.5	
Less: Consumption of fixed capital	136.8	1.1	1.8	2.3	2.2	
Net lending or net borrowing (-)	-1,435.6	78.4	-28.4	106.4	-82.8	

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.

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of these estimates, see NIPA table 3.18B, which is scheduled to be published in the October 2011 SURVEY.

1. See Mark S. Ludwick and Andrea L. Cook, "NIPA Translation of the Fiscal Year 2012 Federal Budget," SURVEY OF CURRENT BUSINESS 91 (March 2011): 12–21.

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			
	2011		2010		2011	
	II	III	IV	I	II	
Current receipts	2,119.9	38.8	17.2	-6.8	27.4	
Current tax receipts	1,366.1	20.4	14.0	23.6	14.7	
Personal current taxes	323.6	13.9	12.6	5.9	4.6	Personal current taxes decelerated as a result of a deceleration in income taxes.
Taxes on production and imports	989.2	6.8	8.2	17.1	8.5	Taxes on production and imports decelerated as a result of decelerations in business license taxes and severance taxes.
Taxes on corporate income	53.4	-0.3	-6.8	0.6	1.7	
Contributions for government social insurance	21.6	0.2	0.2	0.2	0.3	
Income receipts on assets	89.1	-1.0	-0.2	0.3	-1.5	
Current transfer receipts	656.4	19.8	3.7	-29.7	14.3	
Federal grants-in-aid	527.7	17.9	2.8	-30.4	13.2	Federal grants-in-aid to state and local governments turned up, reflecting a smaller decrease in Medicaid grants, an upturn in welfare and social grants, and an acceleration in education grants.
Other	128.7	1.9	0.9	0.7	1.1	
Current surplus of government enterprises	-13.3	-0.5	-0.5	-1.3	-0.4	
Current expenditures	2,168.6	15.8	47.4	14.9	18.9	
Consumption expenditures	1,483.1	-2.9	11.2	21.6	11.4	Consumption expenditures decelerated because of a deceleration in expenditures for nondurable goods.
Government social benefits	570.6	17.0	35.1	-7.0	7.0	Government social benefits turned up as a result of an upturn in Medicaid benefits.
Interest payments	114.5	2.2	1.8	0.5	0.8	
Subsidies	0.4	-0.5	-0.6	-0.1	-0.5	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving	-48.6	23.0	-30.3	-21.7	8.6	
Social insurance funds	2.4	0.1	0.1	0.1	0.2	
Other	-51.0	22.9	-30.4	-21.9	8.5	Capital transfer receipts turned up as a result of upturns in grants for highways and for transit and railroads.
Addenda:						
Total receipts	2,195.9	48.8	12.9	-18.2	31.1	
Current receipts	2,119.9	38.8	17.2	-6.8	27.4	
Capital transfer receipts	75.9	10.0	-4.3	-11.4	3.6	
Total expenditures	2,289.6	18.0	39.5	-0.2	11.1	
Current expenditures	2,168.6	15.8	47.4	14.9	18.9	
Gross government investment	318.1	4.0	-6.4	-13.1	-4.7	
Capital transfer payments						
Net purchases of nonproduced assets	15.5	0.2	0.2	0.4	0.3	
Less: Consumption of fixed capital	212.6	1.9	1.8	2.4	3.4	
Net lending or net borrowing (-)	-93.7	30.9	-26.7	-18.0	20.0	

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. 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 2010 SURVEY.

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