

NIPA Translation of the Fiscal Year 2012 Federal Budget

By Mark S. Ludwick and Andrea L. Cook

ON FEBRUARY 14, 2011, President Obama submitted the *Budget of the United States Government, Fiscal Year 2012* to Congress. The *Analytical Perspectives* volume of this budget includes a presentation of federal government transactions in the national income and product accounts (NIPAs) for fiscal years 2001 through 2012. These fiscal year estimates prepared by the Bureau of Economic Analysis (BEA) are consistent with the projected and proposed receipts and outlays defined in the budget for the current fiscal year of 2011 and for the budget year of 2012, as translated into the framework of the NIPAs. They are included in the federal budget to assist readers in gauging the impact of the budget on aggregate economic activity. BEA also provides the Office of Management and Budget with fiscal year gross domestic product (GDP) statistics, which are shown in the *Historical Tables* volume of the budget.

This article presents NIPA estimates for fiscal years

2010, 2011, and 2012 that are more detailed than the comparable estimates shown in the budget, and it includes a presentation of projected quarterly estimates. These projections are used by BEA in the development of quarterly NIPA estimates of federal government transactions, including estimates of the federal government component of GDP. The estimates prepared for the budget year also allow data users to make more detailed analyses of the macroeconomic effects of the budget and provide economic forecasters with source data for their models.

The results of the budget translation can be summarized by comparing the budget surplus or deficit to the NIPA measure of net federal government saving (chart 1, table 1). For fiscal years 2011 and 2012, net federal government saving is negative but smaller in absolute value than the budget deficit. Net federal government saving for fiscal year 2012 is $-\$1,046.6$ billion, $\$474.1$ billion more than the fiscal year 2011 value of $-\$1,520.7$. The budget deficit for fiscal year 2012 is $-\$1,101.2$ billion, $\$543.9$ billion more than the fiscal year 2011 value of $-\$1,645.1$.

Chart 1. Federal Government Fiscal Position

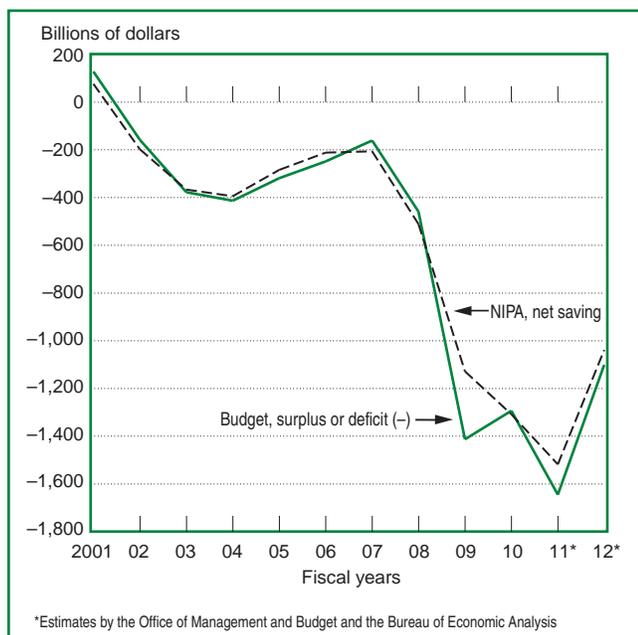


Table 1. Budget Receipts and Outlays and NIPA Federal Government Current Receipts and Expenditures

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2011	2012
	2010	2011	2012		
Budget:					
Receipts	2,162.7	2,173.7	2,627.4	11.0	453.7
Outlays	3,456.2	3,818.8	3,728.7	362.6	-90.1
Surplus or deficit (-)	-1,293.5	-1,645.1	-1,101.2	-351.6	543.9
NIPAs:					
Current receipts	2,355.5	2,400.8	2,846.1	45.3	445.3
Current expenditures	3,660.7	3,921.6	3,892.8	260.9	-28.8
Net federal government saving	-1,305.1	-1,520.7	-1,046.6	-215.6	474.1
	Differences				
Budget receipts less NIPA current receipts	-192.8	-227.1	-218.7	-34.3	8.4
Budget outlays less NIPA current expenditures	-204.5	-102.8	-164.1	101.7	-61.3
Budget deficit less NIPA net federal government saving	11.6	-124.4	-54.6	-136.0	69.8

Sources: *Budget of the United States, Fiscal Year 2012* and the Bureau of Economic Analysis. NIPAs National income and product accounts

The remainder of this article consists of four sections. The first section compares budget receipts and outlays to NIPA receipts and expenditures, showing the various adjustments made to translate budget estimates into NIPA estimates. The second section summarizes the budget and reviews the effects of major legislative proposals and program changes. The third section presents detailed annual and quarterly NIPA estimates for fiscal years 2011 and 2012. The fourth section explains the methodology that was used in translating the budget projections into a NIPA framework.

Comparison of Budget and NIPA Estimates

Current receipts as defined in the NIPAs are greater than budget receipts for every fiscal year from 2001 through 2012. Current expenditures in the NIPAs are greater than budget outlays for each of these fiscal years except 2009. The coverage, netting and grossing, and timing adjustments that BEA makes to the budget estimates of receipts and outlays are detailed in table 2, and those to the budget estimates of outlays are detailed in table 3. Adjustments for national defense spending are shown in table 4. For more information about the types of adjustments that contribute to the differences between NIPA and budget measures, see the box "NIPA Estimates of the Federal Sector and the Federal Budget Estimates."

Budget Estimates

According to the budget, federal receipts are projected to increase \$11.0 billion in fiscal year 2011 and \$453.7 billion in fiscal year 2012 (table 5). The acceleration in federal re-

ceipts is the result of a projected increase in economic activity and the scheduled expiration, at the end of calendar year 2011, of tax provisions that reduce individual income tax receipts, corporate tax receipts, and social security contributions. Several of the most significant of these expiring tax provisions, which would reduce receipts by approximately \$300 billion in tax year 2011, were introduced or temporarily extended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act passed on December 16, 2010. These include a reduction in the 2011 social security contribution rates for employees and the self-employed of 2.0 percentage points, an adjustment to the 2011 Alternative Minimum Tax exemption amount for individual income taxes, an extension of investment incentives for individuals and businesses, and an extension of corporate tax credits for research and experimentation.¹

1. This list does not include tax provisions that were extended by the act beyond the end of tax year 2011 such as the extension of existing income tax rates and dividend and capital gains tax rates through the end of tax year 2012.

Table 3. Relation of NIPA Federal Government Current Expenditures to Budget Outlays
[Billions of dollars]

	Fiscal year		
	2010	2011	2012
Budget outlays	3,456.2	3,818.8	3,728.7
Less: Coverage differences.....	23.2	63.9	61.9
Federal employee retirement plan transactions ¹	-51.2	-54.1	-58.5
Interest received.....	-54.2	-53.8	-59.3
Contributions received (employer).....	-130.0	-137.4	-140.6
Benefits paid.....	132.7	136.8	141.1
Administrative expenses.....	0.3	0.2	0.2
Financing disbursements from credit programs ²	-157.4	-195.2	-108.6
Other differences in funds covered ³	8.2	7.1	7.5
Net investment ⁴	39.5	56.3	53.4
Capital transfers paid ⁵	141.7	152.7	116.0
Financial transactions.....	41.7	96.1	54.9
Loan disbursements less loan repayments and sales.....	147.3	126.0	81.3
Deposit insurance.....	29.2	6.6	3.0
Net purchases of foreign currency.....	0.0	0.0	0.0
Other.....	-134.8	-36.5	-29.4
Net purchases of nonproduced assets.....	0.0	0.1	-3.7
Outer Continental Shelf.....	0.0	0.0	0.0
Land and other ⁶	0.0	0.1	-3.7
Other ⁷	0.7	0.8	0.8
Netting and grossing differences.....	-223.5	-173.9	-201.9
Supplementary medical insurance premiums.....	-60.5	-62.5	-68.3
Interest receipts.....	-39.5	-40.7	-51.4
Current surplus of government enterprises.....	5.7	6.9	-0.3
Other ⁸	-129.2	-77.6	-81.8
Plus: Timing differences.....	4.2	-7.3	24.1
Purchases (increase in payables net of advances).....	-3.8	-8.2	3.9
Interest.....	0.1	0.1	0.1
Current transfer payments.....	9.6	0.4	17.3
Other timing ⁹	-1.8	0.4	2.8
Equals: NIPA federal government current expenditures	3,660.7	3,921.6	3,892.8

1. These transactions are included in the NIPA personal sector and include the Uniformed Services Retiree Health Care Fund.

2. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; therefore, related entries are included in "Loan disbursements less loan repayments and sales."

3. 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, and the Universal Service Fund. Includes repayments of certain collections from the U.S. territories and the Commonwealths of Puerto Rico and Northern Mariana Islands.

4. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.

5. Consists of investment grants to state and local governments and maritime construction subsidies. Excludes the forgiveness of debts owed by foreign governments to the U.S. government or payments to the Uniformed Services Retiree Health Care Fund to amortize unfunded liability; both are classified as capital transfers paid by the United States and are excluded from both budget outlays and NIPA current expenditures.

6. Consists of net sales of land other than the Outer Continental Shelf and includes the auction of the radio spectrum.

7. Consists largely of net expenditures of foreign currencies.

8. 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 data but that are added to both receipts and expenditures in the NIPAs.

9. Primarily includes timing on subsidies and government enterprises.

Sources: *Budget of the United States Government, Fiscal Year 2012* and the Bureau of Economic Analysis. NIPAs National income and product accounts

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

	Fiscal year		
	2010	2011	2012
Budget receipts	2,162.7	2,173.7	2,627.4
Less: Coverage differences.....	30.7	24.0	25.3
Contributions received by federal employee retirement plans ¹	4.1	4.3	4.0
Capital transfers received ²	18.7	12.0	13.4
Financial transactions.....	0.0	0.0	0.0
Other ³	7.9	7.7	7.8
Netting and grossing differences.....	-223.5	-173.9	-201.9
Supplementary medical insurance premiums.....	-60.5	-62.5	-68.3
Income receipts on assets.....	-39.5	-40.7	-51.4
Current surplus of government enterprises.....	5.7	6.9	-0.3
Other ⁴	-129.2	-77.6	-81.8
Plus: Timing differences.....	0.1	77.3	42.1
Taxes on corporate income.....	16.4	45.9	29.5
Federal and state unemployment insurance taxes.....	0.6	0.5	-0.3
Withheld personal current tax and social security contributions.....	14.6	15.8	-2.1
Excise taxes.....	2.8	0.3	0.2
Other.....	-34.3	14.7	14.7
Equals: NIPA federal government current receipts	2,355.5	2,400.8	2,846.1

1. Included in the NIPA personal sector.

2. Consists of estate and gift taxes.

3. Beginning with 1996, consists largely of Universal Service Fund receipts. Includes certain revenues collected from and repaid to U.S. territories and the Commonwealths of Puerto Rico and Northern Mariana Islands.

4. 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 receipts and expenditures in the NIPAs.

Sources: *Budget of the United States Government, Fiscal Year 2012* 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 sector estimates are designed to facilitate macroeconomic analyses of the effects of federal government activity on economic activity.¹

In translating budget estimates into the framework of the NIPAs, three primary types of adjustments are made. These adjustments result in NIPA estimates of current receipts and expenditures that differ from corresponding estimates of receipts and outlays in the budget.

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

The arrangement of federal transactions in the federal sector NIPA statistics differs from that in the budget estimates because of different treatments of capital transactions. Unlike the federal budget estimates, the NIPAs distinguish current transactions from capital transactions, which include expenditures to acquire, improve, or dispose of nonfinancial assets such as property or equipment. In the NIPAs, current transactions for production, income, and consumption are presented in summary NIPA accounts one through five, while capital transactions are presented in summary NIPA accounts six and seven.² 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 six and as 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.³ 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 the Postal Service Retiree Health Benefits Fund, payments to retroactively reimburse veterans for the costs of some past medical treatments, the implied subsidy costs of financial stabilization equity purchases, the payments of insurance benefits related to catastrophes, and estate and gift taxes.

- **Transactions involving nonproduced assets.** In the NIPAs, purchases and sales of nonproduced assets, such as land and radio spectrum licenses, are reflected in “capital account transactions (net)” in the domestic capital account. The NIPA estimates also differ from the budget estimates because of different definitions of the scope and coverage of the federal government sector. Examples include the following:
 - **Retirement plans.** NIPA federal government receipts exclude government employee contributions to retirement plans, which are included in budget receipts, because these contributions are included in NIPA personal income as part of the income of employees. Similarly, NIPA current expenditures exclude federal employee retirement benefits, which are included in budget outlays, because these benefits are paid from assets that represent equity belonging to the personal sector.
 - **Other differences.** The NIPA federal government sector also excludes other transactions, such as contributions by telecommunications providers into the Federal Communication Commission Universal Service Fund and outlays from this Fund. In the NIPAs, this fund is treated as a nonprofit institution serving business, and these transactions are included in the NIPA business sector.

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 NIPA current expenditures and budget outlays 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*, 459–464.

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 90 (August 2010): 34–35. 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.

According to the budget, federal outlays are projected to increase \$362.6 billion in fiscal year 2011 and to decrease \$90.1 billion in fiscal year 2012 (table 6). This downturn can be largely attributed to downturns in outlays for income security and for national defense. For income security, the downturn in outlays reflects a projected downturn in outlays for housing assistance and a projected larger decrease in unemployment compensation. For national defense, the downturn in outlays reflects projected downturns in outlays for military procurement and for military operations and maintenance. Outlays for commerce and housing credit are projected to decelerate; the deceleration in outlays primarily reflects the pattern of financial payments by the federal government.²

Proposed legislative and program changes

Budget projections include the amounts of receipts and outlays in the current-services baseline as well as in proposed legislation. If enacted, proposed legislation would increase the federal deficit \$48.2 billion in fiscal year 2011 and \$10.8 billion in fiscal year 2012 (table 7).

2. For details about federal outlays by budget function, see “Table 3.1, Outlays by Superfunction and Function” in the *Historical Tables*.

Financial payments include payments related to financial stabilization programs and payments through the Federal Housing Administration mortgage credit and rural housing programs. For details about the treatment of these programs in the budget, see “Financial Stabilization Efforts and Their Budgetary Effects,” in *Analytical Perspectives: Budget of the U.S. Government Fiscal Year 2012* (Washington, DC: U.S. Government Printing Office, 2011): 27–48. For details about the different treatment of these programs in the NIPAs, see the box “Treatment of Financial Stabilization Programs” in “NIPA Translation of the Fiscal Year 2010 Federal Budget,” SURVEY OF CURRENT BUSINESS 89 (June 2009): 22.

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

	[Billions of dollars]		
	Fiscal year		
	2010	2011	2012
Budget outlays for national defense	693.6	768.2	737.5
Department of Defense, military	666.7	739.7	707.5
Military personnel	155.7	157.0	159.3
Operation and maintenance	276.0	311.9	301.7
Procurement	133.6	151.9	134.4
Aircraft	33.7	42.5	40.7
Missiles	6.4	7.3	7.2
Ships	11.9	13.9	13.3
Weapons	9.3	8.6	7.4
Ammunition	2.3	5.0	3.0
Other ¹	69.9	74.6	62.7
Research, development, test, and evaluation	77.0	80.7	78.2
Other	24.4	38.1	33.9
Atomic energy and other defense-related activities	26.9	28.6	30.1
Plus: Consumption of general government fixed capital	89.2	94.0	97.8
Additional payments to military and civilian retirement funds.....	48.7	50.7	52.2
Less: Grants-in-aid to state and local governments and net interest paid	3.8	4.0	4.1
Timing differences.....	1.3	6.7	-5.0
Other differences.....	19.0	24.3	23.4
Equals: NIPA national defense consumption expenditures and gross investment.....	807.4	877.8	865.0
Less: National defense gross investment ²	115.4	134.6	136.1
Equals: NIPA national defense consumption expenditures.....	692.0	743.3	728.9

1. Includes outlays for military construction, family housing, and anticipated funding for war operations.
 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 2012* and the Bureau of Economic Analysis. NIPAs National income and product accounts

Proposed legislation would decrease federal receipts \$0.6 billion in fiscal year 2011 and would increase federal receipts \$18.9 billion in fiscal year 2012 relative to the current-services baseline. Outlays would increase \$47.6 billion in fiscal year 2011 and \$29.7 billion in fiscal year 2012.

Receipts. The following legislative proposals would noticeably affect receipts.

The following proposals would increase receipts:

- A proposed reauthorization of funding for surface transportation programs includes new taxes and tax offsets that would increase federal receipts by a net \$20 billion in fiscal year 2012. The reauthorization establishes a new Transportation Trust Fund that would include an account for funding high speed rail projects. Surface transportation outlays have been funded through a series of short-term extensions since September 30, 2009.

Table 5. Budget Receipts by Source
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2009	2010	2011	2012	2010	2011	2012
Budget receipts.....	2,105.0	2,162.7	2,173.7	2,627.4	57.7	11.0	453.7
Individual income taxes	915.3	898.5	956.0	1,140.5	-16.8	57.5	184.5
Corporation income taxes	138.2	191.4	198.4	329.3	53.2	7.0	130.9
Social insurance taxes and contributions	890.9	864.8	806.8	925.1	-26.1	-58.0	118.3
Excise taxes.....	62.5	66.9	74.1	103.1	4.4	7.2	29.0
Estate and gift taxes	23.5	18.9	12.2	13.6	-4.6	-6.7	1.4
Customs duties	22.5	25.3	27.7	29.8	2.8	2.4	2.1
Miscellaneous receipts	52.1	96.8	98.4	86.1	44.7	1.6	-12.3

Source: *Budget of the United States Government, Fiscal Year 2012*.

Table 6. Budget Outlays by Function
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2009	2010	2011	2012	2010	2011	2012
Budget outlays.....	3,517.7	3,456.2	3,818.8	3,728.7	-61.5	362.6	-90.1
National defense.....	661.0	693.6	768.2	737.5	32.5	74.6	-30.7
International affairs	37.5	45.2	55.2	63.0	7.7	10.0	7.8
General science, space, and technology..	29.4	31.0	33.4	32.3	1.6	2.3	-1.1
Energy	4.7	11.6	27.9	23.4	6.9	16.3	-4.5
Natural resources and environment.....	35.6	43.7	49.0	42.7	8.1	5.3	-6.3
Agriculture	22.2	21.4	25.1	18.9	-0.9	3.7	-6.2
Commerce and housing credit.....	291.5	-82.3	17.4	23.6	-373.8	99.7	6.2
Transportation	84.3	92.0	94.5	104.9	7.7	2.5	10.3
Community and regional development	27.7	23.8	25.7	25.7	-3.8	1.9	0.0
Education, training, employment, and social services	79.7	127.7	115.1	106.2	48.0	-12.6	-8.9
Health	334.3	369.1	387.6	373.8	34.7	18.6	-13.8
Medicare	430.1	451.6	494.3	492.3	21.5	42.7	-2.0
Income security	533.2	622.2	622.7	554.3	89.0	0.4	-68.3
Social security	683.0	706.7	748.4	767.0	23.8	41.6	18.7
Veterans benefits and services.....	95.4	108.4	141.4	124.7	13.0	33.0	-16.8
Administration of justice.....	51.5	53.4	60.7	58.7	1.9	7.2	-2.0
General government	22.0	23.0	32.1	31.1	1.0	9.0	-0.9
Net interest	186.9	196.2	206.7	241.6	9.3	10.5	34.9
Allowances ¹	0.0	0.0	3.1	6.6	0.0	3.1	3.4
Undistributed offsetting receipts ²	-92.6	-82.1	-89.7	-99.6	10.5	-7.5	-10.0

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 2012*.

- A series of proposed reforms to the U.S. international tax system, described in the budget as “closing loopholes” in the taxation of multinational corporations, would increase federal receipts \$7.7 billion in fiscal year 2012.
- A proposal to limit the maximum rate at which itemized deductions can reduce individual tax liabilities would increase federal receipts \$6.0 billion in fiscal year 2012. The maximum rate would be limited to 28 percent; currently, itemized deductions reduce a taxpayer’s individual tax liability at a rate equal to their marginal tax rate.

Table 7. Proposed Legislative and Program Changes in the Budget
[Billions of dollars]

	Fiscal Year	
	2011	2012
Receipts		
Current-services estimates ¹	2,174.3	2,608.5
Plus: Proposed legislation excluding proposals assumed in the baseline ²	-0.6	18.9
Introduce taxes to fund the reauthorization of surface transportation projects.....		20.0
Reform the U.S. international corporate tax system.....		7.7
Limit the tax rate at which itemized deductions reduce individual tax liability.....		6.0
Eliminate fossil fuel preferences (individual and corporate).....	0.0	3.6
Tax carried interests as ordinary income for individuals.....	0.3	2.3
Modify estate and gift tax rules.....		0.9
Extend existing trade provisions.....	-0.6	-0.9
Provide short-term tax relief to employers and expand the Federal Unemployment Tax Act (FUTA) base.....		-1.7
Extend the excise tax credit for alcohol used as fuel.....		-2.3
Continue expiring business tax relief provisions through 2012.....	-0.2	-3.6
Enhance and make permanent the research and experimentation tax credit.....		-4.6
Tax net capital gains and dividends at 20% for high-income taxpayers.....		-8.4
Other.....	-0.1	-0.1
Equals: The budget.....	2,173.7	2,627.4
Outlays		
Current-services estimates ¹	3,771.2	3,699.0
Plus: Program changes excluding proposals assumed in the baseline ²	47.6	29.7
Medicare.....		18.1
Transportation.....	0.4	6.8
International Affairs.....	2.3	6.8
Commerce and housing credit.....	6.2	5.3
Energy.....	0.7	3.1
Health.....	2.8	2.7
Income security.....	2.2	1.8
Net Interest.....	1.3	1.6
General government.....	1.1	1.1
Veterans benefits and services.....	-0.1	0.7
Social security.....	14.7	0.5
Allowances ³	0.6	0.1
General science, space and technology.....	-0.2	0.0
Community and regional development.....	0.3	-0.2
Agriculture.....	-0.4	-0.8
Natural resources and environment.....	0.0	-1.6
Undistributed offsetting receipts.....	-3.1	-2.3
Administration of Justice.....	2.5	-3.7
Education, training, employment and social services.....	1.6	-4.7
National Defense.....	14.8	-5.5
Equals: The budget.....	3,818.8	3,728.7
Current-services surplus or deficit (-).....	-1,596.9	-1,090.4
Proposed changes, receipts less outlays.....	-48.2	-10.8
Administration budget surplus or deficit (-).....	-1,645.1	-1,101.2
Addenda:		
Budget Enforcement Act current-services baseline surplus or deficit.....	1,593.2	1,036.1
Plus: Adjustments to reflect current tax policies.....	1.3	35.9
Plus: Adjustments to reflect current spending policies.....	2.5	18.5
Equals: Current-services surplus or deficit (-).....	1,596.9	1,090.4

1. These current-services estimates reflect proposed adjustments to the Budget Enforcement Act current-services baseline. For information on these adjustments, see “Current Services Estimates” in Chapter 27 of the *Analytical Perspectives* volume.
 2. Consistent with the budget, the proposed legislation excludes proposals that are included in the baseline. The baseline reflects the annualized levels of the 2011 Continuing Resolution. Proposed changes from these levels are included in proposed legislation.
 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 2012*

The following proposals would reduce receipts:

- A proposal to tax dividends at a rate of 20 percent for upper-income taxpayers would reduce federal receipts \$8.4 billion in fiscal year 2012. The tax rate on dividends for upper-income taxpayers is scheduled to increase from 15 percent to the taxpayer’s marginal income tax rate of 36 percent or 39.6 percent on January 1, 2013.
- A proposal to permanently extend the existing tax credits for qualified research and experimentation would reduce tax receipts \$4.6 billion in fiscal year 2012. These tax credits, which are intended to stimulate spending on research and development, have been temporarily extended 14 times since they were enacted in 1981.
- A proposal to extend a series of expiring business tax relief provisions through December 31, 2012, would reduce tax receipts \$3.6 billion in fiscal year 2012.
- A proposal to extend tax credits for alcohol used as fuel and payments for alcohol fuel mixtures through December 31, 2012, would reduce tax receipts \$2.3 billion in fiscal year 2012.

Outlays. The following legislative proposals would noticeably affect outlays.

The following proposals would primarily increase outlays in the budget year:

- Outlays for Medicare would increase \$18.1 billion in fiscal year 2012. This increase is more than accounted for by a 2-year extension of current Medicare reimbursement rates for physicians. Medicare payments for physician services are scheduled to be adjusted down 23.1 percent on January 1, 2012, to meet the target Medicare sustainable growth rate (SGR) calculated by the Centers for Medicare and Medicaid Services. Congress has postponed the enforcement of fee cuts mandated by the SGR formula every year since 2002.

Acknowledgments

Translation of fiscal year 2012 federal budget data into the framework of the national income and product accounts (NIPAs) was conducted under the general direction of Pamela A. Kelly, Chief of the Government Division, and Benjamin A. Mandel, Chief of the Federal Branch of the Government Division. The following economists contributed to the preparation of the NIPA federal government statistics presented in this article: Peter G. Beall, Stan J. Bellotti, Jennifer A. Bennett, Andrew P. Cairns, Andrea L. Cook, Raymen G. Labella, Mark S. Ludwick, Ann W. Miller, Kyle D. Mulgrew, Farah Naz, Michael D. Randall, Michelle D. Robinson, Mary L. Roy, Benyam M. Teshaye, Andrew E. Vargo, Bryan A. Williams, and Keith P. Zipay.

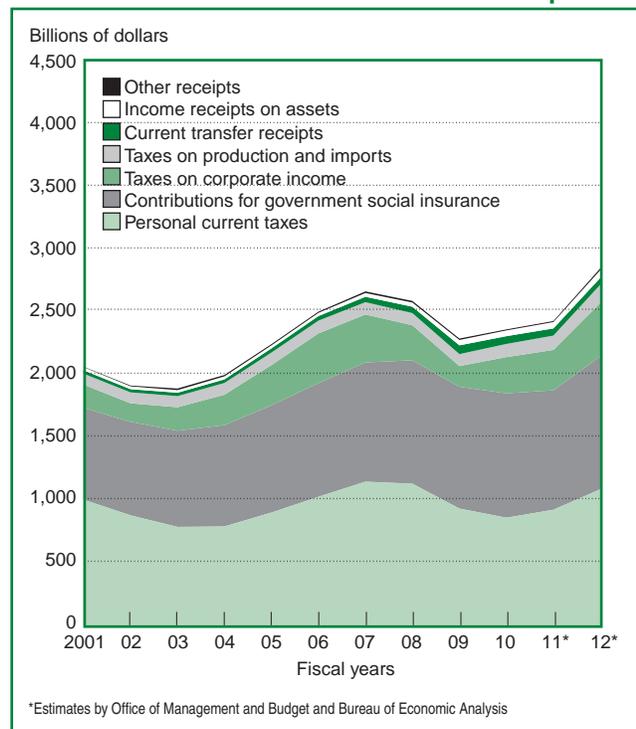
- Outlays for transportation would increase \$6.8 billion in fiscal year 2012. This increase is more than accounted for by proposed federal aid for highways related to the proposed reauthorization of funding for surface transportation outlays.
- Outlays for commerce and housing credit would increase \$5.3 billion in fiscal year 2012, largely as a result of a proposal to expand 4G wireless broadband coverage and to support Universal Service Fund Reform.

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

	Change from preceding fiscal year		
	2010	2011	2012
Total current receipts	94.5	45.3	445.3
Current tax receipts.....	77.4	94.1	319.6
Personal current taxes.....	-42.5	46.8	186.9
Due to tax bases.....	-42.5	46.6	191.2
Due to proposed legislation.....	0.0	0.2	-4.3
Taxes on production and imports.....	5.0	7.3	31.9
Due to tax bases.....	5.0	8.1	9.5
Due to proposed legislation.....	0.0	-0.8	22.4
Taxes on corporate income.....	117.5	39.9	100.8
Due to tax bases.....	117.5	37.4	94.6
Due to proposed legislation.....	0.0	2.5	6.2
Taxes from the rest of the world.....	-2.6	0.0	0.0
Contributions for government social insurance.....	8.7	-45.6	105.5
Due to tax bases.....	8.7	-45.6	105.5
Due to proposed legislation.....	0.0	0.0	0.0
Income receipts on assets.....	8.9	1.8	12.6
Current transfer receipts.....	0.7	-3.8	0.4
Current surplus of government enterprises.....	-1.2	-1.2	7.2
Addenda:			
Total due to tax bases.....	88.7	46.5	400.8
Total due to proposed legislation.....	0.0	1.9	24.4

Sources: Budget of the United States Government, Fiscal Year 2012 and the Bureau of Economic Analysis. NIPAs National income and product accounts

Chart 2. Federal Government Current Receipts



- Outlays for health would increase \$2.8 billion in fiscal year 2011 and \$2.7 billion in fiscal year 2012, primarily reflecting a proposal to provide temporary financial relief to the U.S. Postal Service (USPS) by restructuring how it pays for the health benefits of current and future retirees. This proposal would require that the USPS make larger payments into the fund in future years.
- Outlays for energy would increase \$0.7 billion in fiscal year 2011 and \$3.1 billion in fiscal year 2012, primarily reflecting a proposed Home Energy Retrofit Rebate Program. This program would provide rebates to consumers for a variety of energy saving investments in their homes.
- Outlays for net interest would increase \$1.3 billion in fiscal year 2011 and \$1.6 billion in fiscal year 2012, largely as the result of a proposal to temporarily suspend the collection of interest owed by state governments on federal unemployment insurance loans.³ The American Recovery and Reinvestment Act of 2009 had suspended the repayment of interest on these loans through December 31, 2010.

The following proposal would primarily increase outlays in the current fiscal year 2011:

- Outlays for social security and for income security combined would increase \$16.9 billion in fiscal year 2011 and \$2.3 billion in fiscal year 2012, primarily reflecting a proposal to provide \$250 economic recovery payments to eligible beneficiaries of social security, supplemental security income (SSI), veterans affairs, Railroad Retirement Board, and government pensions. These payments would be similar to the Economic Recovery Payments made in 2009. Because there have been no cost-of-living adjustments, the amounts of social security and SSI benefit payments have been unchanged since 2008.

NIPA Estimates

Fiscal year estimates

Receipts. Total NIPA federal government current receipts are projected to increase \$45.3 billion in 2011 and \$445.3 billion in 2012 (table 8 and chart 2). The acceleration in receipts is the result of projected increases in the tax base, which are based on economic assumptions defined in the budget and the impacts of proposed legislation.⁴ The upturn in contributions for government social insurance is primarily caused by the expiration of the rate reduction for social security. The social security contribution rates for employees and

3. The proposal would suspend the scheduled increase in interest receipts, which appears as an increase in federal outlays rather than as a reduction in federal receipts.

4. For details, see "Economic Assumptions" in *Analytical Perspectives*, 9–19.

the self-employed were reduced by 2.0 percentage points in 2011. Beginning in 2011, contributions for government social insurance also includes a new category of contributions for health care insurance, which consists of premium payments from participants in new federally managed health insurance programs.⁵

Expenditures. Total NIPA federal government current expenditures are projected to increase \$260.9 billion in fiscal year 2011 and to decrease \$28.8 billion in fiscal year 2012 (table 9 and chart 3). The downturn primarily reflects a downturn in current transfer payments. Grants to state and local governments, specifically education grants, turn down in fiscal year 2012, partly because of the expiration of the State Fiscal Sta-

bilization Program at the end of fiscal year 2011. Within social benefits, unemployment benefits decrease more in fiscal year 2012 than in fiscal year 2011 and “other” social benefits turn down in fiscal year 2012. The downturn in “other” social benefits is largely the result of the proposed Economic Recovery Payments, which will boost benefits in fiscal year 2011, and the expiration of the “Making Work Pay” tax credit at the end of 2011.⁶ Subsidies turn up sharply in fiscal year 2011 and continue to increase in 2012, reflecting payments to reimburse businesses for health care expenses through the new Temporary Early Retiree Reinsurance Program and proposed funding to expand 4G wireless broadband coverage.

5. In 2011 and 2012, these consist of premium payments from participants in the Community Living Assistance Services and Supports program and the Temporary High Risk Health Insurance Pool Program in states where high-risk insurance pools are managed by the Department of Health and Human Services.

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

	Change from preceding fiscal year		
	2010	2011	2012
Total current expenditures	305.5	260.9	-28.8
Consumption expenditures.....	63.5	89.3	-15.0
National defense	33.1	51.3	-14.4
Pay raise and locality pay ¹	0.0	1.2	1.5
Other	33.1	50.1	-15.8
Nondefense	30.4	38.0	-0.6
Pay raise and locality pay ¹	0.0	0.0	0.0
Other	30.4	38.0	-0.6
Current transfer payments.....	215.4	116.0	-66.0
Government social benefits to persons	157.5	72.0	-26.4
Social security	35.2	26.2	32.4
Medicare	24.6	45.6	3.3
Supplemental security income	2.3	2.2	2.5
Earned income and other tax credits	13.3	-9.5	3.8
Veterans benefits.....	6.5	6.8	1.9
Unemployment benefits	28.9	-16.5	-37.4
Supplemental Nutrition Assistance Program.....	14.6	8.3	0.6
Other	32.1	8.9	-33.5
Government social benefits to the rest of the world	2.6	1.3	-0.1
Grants-in-aid to state & local governments	62.4	26.7	-41.8
General public service	-0.2	0.2	0.0
National defense	0.1	0.2	0.0
Public order and safety.....	1.1	-1.0	0.6
Economic affairs.....	3.1	7.7	-2.0
Transportation	0.0	0.0	0.1
Space	-0.2	0.0	-0.1
Other economic affairs	3.2	7.7	-2.1
General economic and labor affairs	-0.6	1.2	1.0
Agriculture.....	-0.1	0.7	-0.3
Energy.....	3.9	5.0	-2.5
Natural resources.....	0.0	0.7	-0.3
Housing and community services	6.6	5.4	-1.4
Health.....	26.9	4.4	-4.8
Medicaid.....	21.8	3.5	-7.1
Prescription drug plan clawback	3.0	-2.3	-1.5
Other	2.1	3.3	3.8
Recreation and culture	0.0	0.0	0.0
Education	20.4	5.6	-28.1
Income security.....	4.4	4.1	-6.0
Disability.....	0.3	0.2	0.3
Welfare and social services	5.6	2.8	-3.5
Unemployment	0.9	-0.4	-0.7
Other	-2.4	1.5	-2.0
Other current transfer payments paid to the rest of the world	-7.0	16.1	2.3
Federal interest paid.....	29.5	37.8	46.0
Subsidies.....	-2.9	17.7	6.2
Agriculture.....	-0.2	0.3	0.2
Housing	1.5	1.3	0.5
Other	-4.2	16.1	5.6

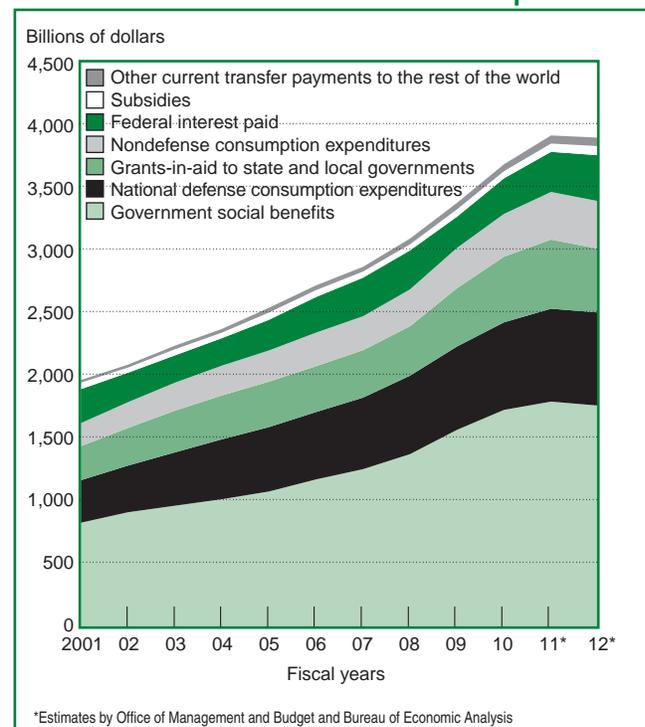
1. Beginning in January 2011.
Source: Bureau of Economic Analysis.
NIPAs National income and product accounts

Quarterly pattern

BEA prepares seasonally adjusted quarterly NIPA estimates of federal government current receipts and current expenditures for 2011 and 2012 that are consistent with the federal budget and that reflect the quarterly patterns that would result from enacted and proposed legislation (table 10). These estimates are extrapolated

6. The amount by which a refundable tax credit, such as the “Making Work Pay” tax credit, reduces a taxpayer’s total tax liability is reflected as a reduction in receipts in the NIPAs. The amount by which these tax credits exceed a taxpayer’s total tax liability is recorded as an outlay in the budget and treated as a social benefit in the NIPAs.

Chart 3. Federal Government Current Expenditures



from published NIPA estimates for the fourth quarter of 2010, which were released on February 28, 2011.⁷

Receipts. The quarterly NIPA estimates of current receipts are also based on the administration's projected pattern of wages and reflect BEA's methodology for deriving quarterly estimates of income tax payments and of "final settlements less refunds."⁸ Contributions for social insurance decrease sharply in the first quarter of 2011 and rebound in the first quarter of 2012 as a result of the reduction in the social security contribution rates for employees and the self-employed for tax year 2011.

Expenditures. The quarterly NIPA estimates of current expenditures reflect the effects of expiring legislation and a cost-of-living increase for social security and other programs in 2012. Outlays related to the proposed \$250 Economic Recovery payments boost social benefits primarily in the second quarter of 2011.

Net saving. NIPA estimates of net federal government saving reflect the differences between receipts and expenditures. Net saving is projected to turn up by the end of fiscal year 2011, reflecting an acceleration in current receipts and a downturn in current expenditures.

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 that will be published in NIPA table 3.2.

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*.⁹ These data are translated into 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, including the *Monthly Treasury Statement*.

Outlays

Fiscal year budget outlays are organized by appropriation in the federal budget's *Appendix*. These data and supplemental data from the Office of Management and Budget are used to allocate federal budget outlays to the following NIPA categories: current transfer payments, interest payments, subsidies, and consumption expenditures and gross investment.¹⁰ 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*¹¹. 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 non-defense 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 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 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.

7. Because quarterly NIPA estimates have been extrapolated from published values, the average of fiscal year quarters may not equal the displayed fiscal year values, which are consistent with budget data.

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

9. See *Appendix: Budget of the United States Government, Fiscal Year 2012*.

10. Outlays by program are first adjusted for coverage (for example, for the treatment of federal employee retirement plan transactions) 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.

Table 10. NIPA Federal Government Current

[Billions of dollars; calendar year and

	Fiscal year estimates ¹			Calendar year		Quarter										
				Published ²	Estimated	Published ²				Estimated						
	2010		2011				2012									
	2010	2011	2012	2010	2011	I	II	III	IV	I	II	III	IV	I	II	III
Current receipts	2,355.5	2,400.8	2,846.1	2,386.1	2,419.5	2,322.8	2,364.7	2,417.3	2,439.6	2,353.8	2,384.8	2,418.5	2,520.7	2,829.1	2,917.0	2,985.2
Current tax receipts	1,275.9	1,369.9	1,689.6	1,298.2	1,396.3	1,253.6	1,281.1	1,321.2	1,336.9	1,348.1	1,368.6	1,389.1	1,479.4	1,646.3	1,718.2	1,769.8
Personal current taxes	884.2	931.0	1,117.9	875.2	932.1	843.2	868.5	886.4	902.6	920.1	923.9	926.6	957.6	1,082.4	1,122.1	1,151.4
Withheld income taxes	879.0	937.9	1,035.5	871.1	940.9	837.9	864.2	882.7	899.4	922.6	927.0	942.9	970.9	1,012.6	1,045.0	1,069.2
Declarations and final settlements less refunds	5.1	-6.9	82.4	4.1	-8.8	5.3	4.3	3.7	3.2	-2.5	-3.0	-16.4	-13.2	69.8	77.2	82.1
Proposed legislation .....	.....	0.2	.....	.....	0.2	.....	.....	.....	.....	0.0	0.3	0.3	0.3	-4.1	-4.1	-4.1
Other	5.1	-7.1	86.5	4.1	-9.0	5.3	4.3	3.7	3.2	-2.5	-3.3	-16.6	-13.5	73.9	81.3	86.2
Taxes on production and imports	98.5	105.8	137.8	106.6	118.8	100.6	106.6	108.9	110.2	109.9	111.8	114.1	139.4	142.4	144.8	147.1
Proposed legislation .....	.....	-0.8	21.6	.....	4.7	.....	.....	.....	.....	-1.0	-1.0	-1.0	21.6	21.6	21.6	21.6
Other	98.5	106.6	116.1	106.6	114.2	100.6	106.6	108.9	110.2	110.9	112.9	115.1	117.8	120.8	123.1	125.4
Taxes on corporate income ³	280.6	320.5	421.3	303.9	332.9	297.1	293.2	313.7	311.4	305.5	320.3	335.9	369.7	408.9	438.7	458.8
Federal Reserve Banks	75.9	79.7	66.2	80.6	74.1	88.9	69.6	82.4	81.3	79.3	76.4	72.7	68.0	64.5	62.2	61.1
Proposed legislation .....	.....	0.0	.....	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	75.9	79.7	66.2	80.5	74.1	88.9	69.6	82.4	81.3	79.3	76.4	72.7	68.0	64.5	62.2	61.1
Other corporate profit tax accruals	204.7	240.8	355.1	223.3	258.8	208.3	223.6	231.3	230.1	226.2	243.9	263.2	301.8	344.4	376.4	397.8
Proposed legislation .....	.....	2.5	8.7	.....	4.7	.....	.....	.....	.....	0.0	5.0	5.0	8.7	8.7	8.7	8.7
Other	204.7	238.4	346.4	223.3	254.1	208.3	223.6	231.3	230.1	226.2	238.9	258.3	293.0	335.7	367.7	389.0
Taxes from the rest of the world	12.6	12.6	12.6	12.6	12.6	12.6	12.8	12.1	12.7	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Contributions for social insurance	964.8	919.3	1,024.7	987.1	919.7	970.6	984.7	992.9	1,000.3	906.6	914.7	924.8	932.8	1,068.0	1,080.4	1,093.9
Domestic	959.7	914.3	1,019.2	982.0	914.9	965.5	979.5	987.7	995.1	901.7	909.9	920.0	928.0	1,062.4	1,074.9	1,088.3
Old age, survivors, disability, & hospital insurance	843.5	787.9	877.1	865.6	791.6	850.0	863.4	871.1	878.1	778.8	786.9	796.5	804.3	921.0	932.9	945.8
Tax on wages and salaries (FICA, gross)	794.8	739.4	829.7	813.3	740.1	797.7	811.1	818.8	825.8	728.0	735.4	744.7	752.3	871.2	882.9	895.6
Proposed legislation .....	.....	0.0	0.0	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate Change	0.0	-77.6	-25.9	0.0	-103.5	0.0	0.0	0.0	0.0	-103.5	-103.5	-103.5	-103.5	0.0	0.0	0.0
Base increases .....	.....	0.0	0.0	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	3.4	3.4	3.4
January 2011 .....	.....	0.0	0.0	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2012 .....	.....	.....	0.9	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3.4	3.4	3.4
Other	794.8	817.1	854.7	813.3	843.6	797.7	811.1	818.8	825.8	831.5	838.9	848.2	855.9	867.8	879.4	892.1
FICA Refunds	-1.7	-2.1	-2.2	-1.8	-2.1	-1.8	-1.8	-1.8	-1.8	-2.1	-2.1	-2.1	-2.1	-2.3	-2.3	-2.3
Voluntary hospital insurance	3.3	3.4	3.4	3.3	3.2	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.3	3.4	3.5
Tax on self-employment earnings (SECA)	47.1	47.2	46.2	50.8	50.4	50.9	50.8	50.8	50.8	49.6	50.3	50.8	50.9	48.8	48.9	49.1
Base increases	0.3	-1.8	-4.0	0.3	-1.8	0.3	0.3	0.3	0.3	-1.8	-1.8	-1.8	-1.8	-4.0	-4.0	-4.0
Other	46.7	49.0	50.2	50.5	52.2	50.5	50.5	50.5	50.4	51.4	52.1	52.5	52.7	52.8	52.9	53.1
Supplementary medical insurance	56.7	58.7	64.4	57.3	59.1	57.0	57.2	57.4	57.6	58.7	58.9	59.2	59.4	65.5	65.9	66.3
Unemployment insurance	46.8	53.8	57.8	46.3	50.1	45.9	46.2	46.4	46.5	50.8	50.1	49.8	49.7	54.1	54.5	54.8
Health care insurance ⁴	0.0	0.0	5.6	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	7.5	7.5	7.5
Other	12.8	13.8	14.4	12.8	14.1	12.6	12.7	12.8	12.9	13.4	13.9	14.5	14.5	14.3	14.1	13.9
Rest of the world	5.1	5.0	5.5	5.2	4.9	5.1	5.2	5.2	5.2	4.8	4.8	4.9	4.9	5.6	5.6	5.6
Income receipts on assets	50.1	52.0	64.6	45.2	52.1	41.8	44.0	47.6	47.5	47.7	49.9	53.0	57.6	61.0	63.2	64.8
Interest receipts	27.1	27.5	35.4	25.6	29.4	24.4	25.3	26.3	26.4	26.8	27.9	29.6	33.3	35.2	36.5	37.3
Dividends	18.1	19.2	22.0	17.0	19.9	14.9	16.3	18.6	18.2	18.3	19.5	20.7	21.2	22.0	22.2	22.6
Rents and royalties	5.0	5.2	7.1	2.7	2.7	2.5	2.5	2.7	2.9	2.5	2.5	2.6	3.1	3.8	4.4	4.9
Current transfer receipts	70.4	66.6	66.9	59.8	54.8	60.2	59.1	60.5	59.3	56.4	55.3	54.5	52.8	52.9	53.5	54.7
From business	49.4	47.6	47.3	39.9	36.2	40.3	39.1	40.5	39.8	37.7	37.0	36.1	34.0	33.6	33.9	35.0
From persons	21.0	18.9	19.6	19.9	18.6	19.9	20.0	20.0	19.5	18.6	18.3	18.4	18.9	19.3	19.6	19.7
Current surplus of government enterprises	-5.7	-6.9	0.3	-4.3	-3.4	-3.4	-4.2	-4.9	-4.5	-4.9	-3.7	-3.0	-2.0	0.9	1.7	2.0
Postal Service	-7.5	-9.9	-6.1	-7.1	-7.3	-6.7	-7.2	-7.4	-7.2	-8.0	-7.3	-7.1	-6.6	-4.8	-4.2	-3.7
Federal Housing Administration	0.6	0.6	4.6	3.0	3.9	3.3	3.1	2.7	2.8	3.1	3.5	4.1	4.8	6.0	6.4	6.5
Tennessee Valley Authority	1.1	1.1	0.9	0.8	0.2	0.7	0.8	0.9	0.8	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Other	0.1	1.4	1.0	-0.9	-0.3	-0.8	-0.9	-1.1	-0.9	-0.4	-0.3	-0.2	-0.2	-0.4	-0.6	-0.8
Current expenditures	3,660.7	3,921.6	3,892.8	3,718.9	3,922.4	3,637.1	3,701.2	3,760.7	3,776.7	3,848.3	3,966.8	3,958.5	3,915.8	3,893.3	3,845.0	3,828.5
Consumption expenditures	1,040.7	1,130.0	1,115.1	1,043.5	1,135.3	1,017.3	1,038.5	1,061.6	1,056.6	1,087.3	1,138.4	1,164.5	1,150.9	1,129.3	1,097.6	1,071.0
National defense	692.0	743.3	728.9	698.3	749.5	684.0	695.2	711.2	702.7	718.0	753.3	765.3	761.5	749.9	728.6	703.6
Pay raises and locality pay .....	.....	1.2	2.7	.....	1.6	.....	.....	.....	.....	1.6	1.6	1.6	1.6	3.0	3.0	3.0
January 2011 .....	.....	1.2	1.6	.....	1.6	.....	.....	.....	.....	1.6	1.6	1.6	1.6	1.6	1.6	1.6
January 2012 .....	.....	.....	1.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.4	1.4	1.4
Other	692.0	742.1	726.3	698.3	747.9	684.0	695.2	711.2	702.7	716.4	751.7	763.7	759.9	746.9	725.6	700.6
Nondefense	348.7	386.8	386.2	345.2	385.8	333.3	343.3	350.4	353.9	369.3	385.1	399.2	389.4	379.4	369.0	367.4
Pay raises and locality pay .....	.....	0.0	0.0	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2011 .....	.....	0.0	0.0	.....	0.0	.....	.....	.....	.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2012 .....	.....	.....	0.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.0	0.0	0.0
Other	348.7	386.8	386.2	345.2	385.8	333.3	343.3	350.4	353.9	369.3	385.1	399.2	389.4	379.4	369.0	367.4
Current transfer payments	2,288.7	2,404.7	2,338.7	2,328.4	2,391.6	2,292.3	2,311.4	2,352.3	2,357.5	2,384.7	2,439.2	2,392.2	2,350.2	2,336.3	2,306.2	2,302.4
Government social benefits	1,720.1	1,793.4	1,766.9	1,740.4	1,784.8	1,715.2	1,732.6	1,755.9	1,757.9	1,764.9	1,830.4	1,776.2	1,767.7	1,749.9	1,746.6	1,744.7
To persons	1,702.5	1,774.5	1,748.1	1,724.3	1,768.2	1,699.5	1,716.5	1,739.4	1,741.6	1,748.6	1,813.8	1,759.2	1,751.2	1,733.8	1,730.4	1,728.0
Social Security	683.9	710.1														

Receipts and Expenditures

quarters at seasonally adjusted annual rates]

	Fiscal year estimates ¹			Calendar year		Quarter										
				Published ²	Estimated	Published ²				Estimated						
	2010		2011			2010		2011		2011			2012			
	2010	2011	2012	2010	2011	I	II	III	IV	I	II	III	IV	I	II	III
Regular.....	683.9	710.1	737.6	690.1	719.7	678.4	688.2	693.9	699.8	707.6	715.5	723.6	731.9	738.1	742.2	744.2
Benefit increases.....		0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.6	6.6	6.6
January 2011.....		0.0	0.0		0.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2012.....			5.0											6.6	6.6	6.6
Medicare.....	516.0	561.6	564.9	523.8	551.0	512.9	519.9	529.6	532.9	545.1	552.3	554.6	552.0	549.9	548.5	547.9
Unemployment benefits.....	140.3	123.8	86.4	137.7	109.0	147.1	137.9	136.9	128.9	123.4	115.4	105.0	92.1	82.4	75.9	72.7
Veterans benefits.....	55.8	62.7	64.6	60.2	65.9	56.7	59.2	62.0	62.8	64.6	65.8	66.5	66.5	66.9	66.9	66.9
Railroad retirement.....	11.0	11.2	11.4	10.8	11.0	10.7	10.8	10.8	10.8	10.9	10.9	11.0	11.0	11.1	11.2	11.2
Military medical insurance.....	9.0	10.1	11.1	8.9	9.6	8.8	8.9	8.9	8.9	9.2	9.5	9.8	10.1	10.3	10.4	10.4
Food stamps.....	64.7	73.0	73.6	67.2	72.8	64.8	66.2	68.1	69.5	71.7	73.0	73.5	73.0	72.6	72.4	72.3
Black lung benefits.....	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Supplemental security income.....	43.7	45.9	48.4	44.1	46.9	43.0	43.6	44.6	45.3	45.9	46.6	47.2	47.8	48.8	49.1	49.2
Earned income and child tax credits.....	77.6	68.0	71.8	73.0	63.5	73.0	73.0	73.0	73.0	63.5	63.5	63.5	63.5	67.3	67.3	67.3
All other.....	100.0	107.7	73.0	108.0	118.5	103.5	108.3	111.1	109.3	106.2	160.7	104.1	103.0	79.5	79.5	78.9
To rest of the world.....	17.6	18.9	18.7	16.2	16.6	15.8	16.1	16.5	16.3	16.3	16.6	17.0	16.5	16.1	16.3	16.7
Grants-in-aid to state & local governments.....	523.1	549.8	507.9	529.6	541.7	514.6	525.0	539.3	539.5	545.4	548.8	551.9	520.6	507.3	498.3	492.0
General public service.....	2.6	2.8	2.8	2.3	2.6	2.1	2.3	2.2	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
National defense.....	4.0	4.3	4.2	4.1	4.4	3.8	4.1	4.4	3.9	4.2	4.4	4.5	4.3	4.1	4.3	4.1
Public order and safety.....	6.5	5.5	6.1	6.5	5.2	5.7	6.3	6.8	7.0	6.1	5.1	4.6	5.0	6.3	6.8	7.1
Economic affairs.....	18.3	26.0	23.9	15.6	27.3	15.3	16.4	16.6	14.0	19.8	26.7	33.9	28.8	25.0	18.8	13.7
Transportation ⁵	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Space.....	0.2	0.2	0.2	0.3	0.4	0.5	0.3	0.2	0.2	0.3	0.4	0.4	0.4	0.3	0.3	0.2
Other economic affairs.....	17.9	25.6	23.5	15.2	26.8	14.7	16.0	16.3	13.7	19.4	26.2	33.3	28.2	24.5	18.3	13.3
General economic and labor affairs.....	5.4	6.5	7.6	6.0	8.6	6.1	6.4	7.1	4.4	6.3	8.2	10.1	9.9	9.2	7.8	6.3
Agriculture.....	1.3	2.1	1.8	1.4	2.4	1.4	1.3	1.7	1.0	1.7	2.3	2.8	2.6	1.8	1.4	1.0
Energy.....	6.4	11.5	9.0	3.2	10.4	2.4	3.0	3.8	3.4	6.3	10.3	14.5	10.3	8.4	4.1	1.6
Natural resources.....	4.8	5.5	5.2	4.7	5.5	4.8	5.3	3.8	4.8	5.1	5.4	5.9	5.4	5.1	5.0	4.4
Housing and community services.....	22.7	28.1	26.7	23.2	29.4	20.4	23.9	25.2	23.4	26.5	29.6	31.7	29.6	27.9	25.1	22.9
Health.....	299.0	303.4	298.7	308.8	293.7	290.9	304.5	311.9	327.7	309.1	292.7	283.5	289.3	295.8	301.2	307.7
Medicaid.....	272.4	275.8	268.8	281.4	265.3	267.3	271.9	284.4	302.0	282.3	265.1	254.0	259.7	266.2	271.5	277.6
Prescription drug plan clawback.....	-4.5	-6.8	-8.3	-4.0	-7.4	-5.6	-0.2	-4.5	-5.8	-6.4	-7.3	-7.7	-8.0	-8.3	-8.5	-8.3
Other.....	31.1	34.4	38.2	31.4	35.7	29.3	32.9	32.0	31.5	33.2	34.9	37.3	37.5	37.9	38.2	38.5
Recreation and culture.....	0.5	0.5	0.4	0.6	0.5	0.5	0.5	0.7	0.7	0.6	0.5	0.4	0.5	0.5	0.5	0.6
Education.....	73.4	79.0	50.8	72.1	79.5	82.1	72.1	73.5	60.5	75.9	87.2	91.3	63.4	50.9	46.1	41.9
Income security.....	96.1	100.2	94.3	96.6	99.3	93.8	94.9	98.0	99.7	100.5	100.1	99.3	97.2	94.2	92.8	91.5
Disability.....	2.4	2.7	2.9	2.6	2.7	2.5	2.6	2.6	2.8	2.8	2.7	2.6	2.8	2.9	3.0	3.2
Welfare and social services.....	86.6	85.5	81.9	83.2	84.5	81.1	81.5	84.0	86.0	85.9	85.1	84.0	83.0	81.7	81.6	80.6
Unemployment.....	5.6	5.2	4.5	5.3	4.8	5.3	5.3	5.3	5.3	5.1	4.9	4.7	4.5	4.3	4.2	4.1
Other.....	5.4	6.9	4.9	5.5	7.3	4.8	5.5	6.1	5.7	6.8	7.4	8.0	7.0	5.4	3.9	3.5
Other current transfer payments paid to the rest of the world.....	45.5	61.6	63.9	58.4	65.1	62.5	53.8	57.1	60.1	74.5	59.9	64.1	61.9	79.0	61.3	65.7
Federal interest paid.....	276.4	314.2	360.2	289.6	327.3	271.6	294.9	289.8	301.9	311.4	321.5	332.2	343.9	356.0	368.8	382.3
Subsidies.....	54.9	72.6	78.8	57.5	68.3	55.8	56.4	57.0	60.7	64.8	67.7	69.6	70.9	71.7	72.3	72.8
Agricultural.....	12.6	12.9	13.1	12.4	12.2	12.6	12.5	12.5	12.0	12.1	12.2	12.2	12.3	12.3	12.3	12.3
Housing.....	33.6	34.9	35.3	33.6	34.8	33.1	33.3	33.6	34.2	34.5	34.8	34.9	34.8	34.9	35.2	35.4
Other.....	8.7	24.8	30.4	11.5	21.3	10.2	10.6	10.9	14.5	18.1	20.8	22.4	23.9	24.4	24.8	25.0
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
Net federal government saving.....	-1,305.1	-1,520.7	-1,046.6	-1,332.8	-1,502.9	-1,314.2	-1,336.5	-1,343.4	-1,337.1	-1,494.5	-1,582.0	-1,540.0	-1,395.1	-1,064.2	-928.0	-843.3
Addenda:																
Gross investment ⁶	167.6	190.6	192.6	170.8	189.9	160.8	168.2	172.3	181.7	193.0	184.5	192.0	189.9	188.9	190.8	189.7
National defense.....	115.4	134.6	136.1	119.5	136.7	112.4	117.9	119.6	127.9	139.9	131.7	138.9	136.4	135.2	137.0	135.7
Nondefense.....	52.2	56.0	56.5	51.3	53.1	48.4	50.3	52.7	53.8	53.1	52.8	53.1	53.5	53.6	53.8	53.9
Consumption expenditures and gross investment.....	1,208.3	1,320.6	1,307.7	1,214.3	1,325.2	1,178.1	1,206.7	1,233.9	1,238.3	1,280.4	1,323.0	1,356.4	1,340.8	1,318.2	1,288.4	1,260.7
National defense.....	807.4	877.8	865.0	817.7	886.3	796.3	813.0	830.8	830.6	857.9	885.0	904.2	897.9	885.2	865.7	839.3
Nondefense.....	400.9	442.8	442.7	396.6	438.9	381.8	393.7	403.1	407.7	422.5	438.0	452.2	442.9	433.0	422.8	421.3
Total receipts.....	2,374.2	2,412.9	2,859.6	2,401.6	2,432.4	2,345.1	2,384.2	2,433.1	2,443.8	2,361.2	2,398.2	2,434.1	2,535.9	2,842.4	2,932.6	2,998.8
Current receipts.....	2,355.5	2,400.8	2,846.1	2,386.1	2,419.5	2,322.8	2,364.7	2,417.3	2,439.6	2,353.8	2,384.8	2,418.5	2,520.7	2,829.1	2,917.0	2,985.2
Capital transfer receipts.....	18.7	12.0	13.4	15.5	12.9	22.2	19.6	15.8	4.2	7.4	13.4	15.6	15.2	13.3	15.7	13.6
Total expenditures.....	3,877.7	4,162.5	4,095.8	3,912.7	4,156.8	3,828.7	3,936.3	3,935.6	3,950.3	4,104.1	4,210.9	4,207.5	4,104.5	4,083.7	4,040.5	4,024.7
Current expenditures.....	3,660.7	3,921.6	3,892.8	3,718.9	3,922.4	3,637.1	3,701.2	3,760.7	3,776.7	3,848.3	3,966.8	3,958.5	3,915.8	3,893.3	3,845.0	3,828.5
Gross government investment.....	167.6	190.6	192.6	170.8	189.9	160.8	168.2	172.3	181.7	193.0	184.5	192.0	189.9	188.9	190.8	189.7
Capital transfer payments.....	177.5	184.6	153.3	152.4	181.0	158.3	196.4	130.9	124.0	196.2	194.5	193.3	139.9	143.8	148.1	151.2
Net purchases of nonproduced assets.....	0.0	0.1	-3.7	0.3	-0.9	-0.1	-0.7	1.9	0.1	0.1	0.1	0.1	-3.7	-3.7	-3.7	-3.7
Less: Consumption of fixed capital.....	128.1	134.3	139.2	129.7	135.6	127.3	128.8	130.2	132.3	133.5	135.0	136.4	137.5	138.6	139.8	140.9
Net lending or net borrowing (-).....	-1,503.5	-1,749.7	-1,236.2	-1,511.2	-1,724.4	-1,483.6	-1,552.1	-1,502.5	-1,506.4	-1,742.9	-1,812.7	-1,773.4	-1,568.6	-1,241.3	-1,107.9	-1,026.0

5. Most transportation grants-in-aid to state and local governments are classified as capital transfers paid (see the addenda), but water and railroad transportation grants are still classified as current-account transactions.
 6. 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 2012 and the Bureau of Economic Analysis.
 FICA Federal Insurance Contributions Act
 NIPAs National income and product accounts
 SECA Self-Employment Contributions Act