

Government Receipts and Expenditures

Third Quarter of 2014

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$852.9$ billion in the third quarter of 2014, decreasing $\$27.2$ billion from $-\$825.7$ billion in the second quarter of 2014.

Net federal government saving was $-\$621.1$ billion in the third quarter, decreasing $\$22.5$ billion from $-\$598.6$ billion in the second quarter (see page 2). Current receipts and current expenditures accelerated in the third quarter.

Net state and local government saving was $-\$231.8$ billion in the third quarter, decreasing $\$4.7$ billion from $-\$227.1$ billion in the second quarter (see page 3). Current receipts decelerated in the third quarter, and current expenditures accelerated.

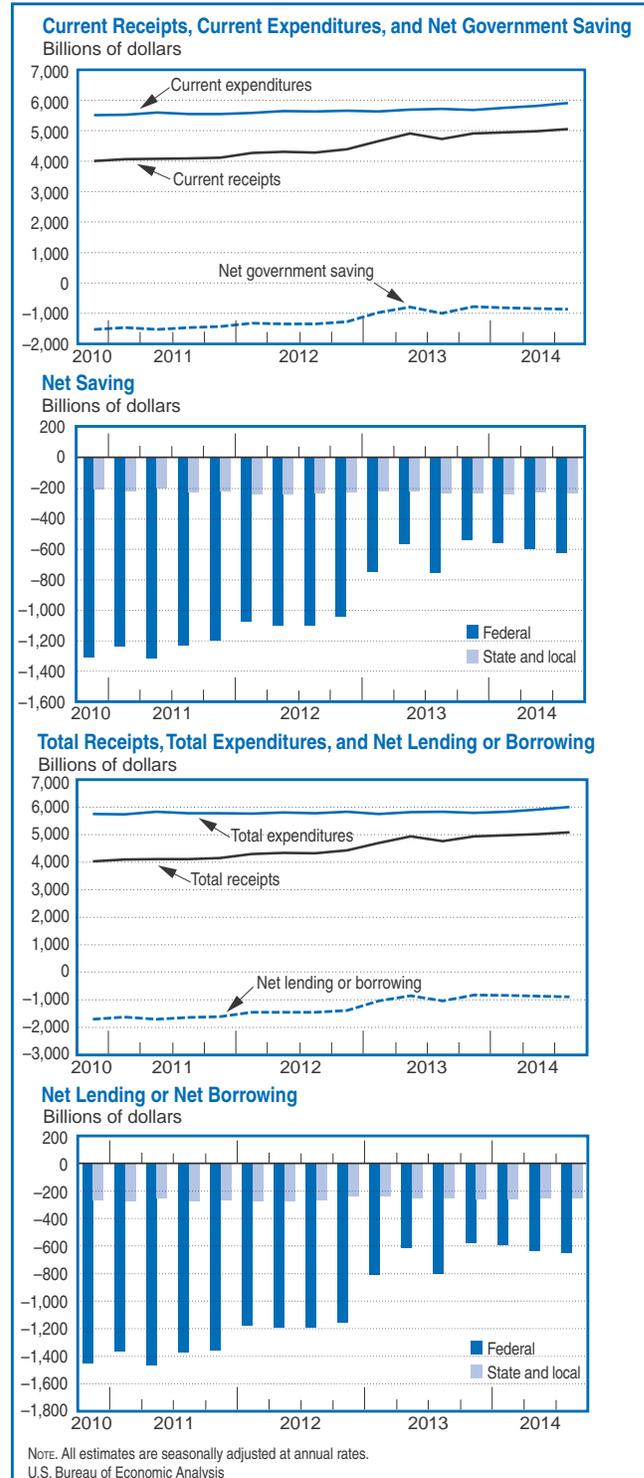
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was $\$908.5$ billion in the third quarter, increasing $\$17.4$ billion from $\$891.1$ billion in the second quarter. Federal government net borrowing was $\$654.0$ billion in the third quarter, increasing $\$17.6$ billion from $\$636.4$ billion in the second quarter. State and local government net borrowing was $\$254.5$ billion, decreasing $\$0.2$ billion from $\$254.7$ billion in the second quarter.

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

	Level		Change from preceding quarter		
	2014	2013	2014		
	III	IV	I	II	III
Current receipts	5,042.1	178.5	35.4	36.1	76.5
Current expenditures	5,894.9	-30.3	65.5	60.8	103.6
Net government saving	-852.9	208.8	-30.1	-24.7	-27.2
Federal	-621.1	210.4	-20.7	-38.5	-22.5
State and local	-231.8	-1.7	-9.3	13.8	-4.7
Net lending or net borrowing (–) ...	-908.5	215.4	-9.1	-36.8	-17.4
Federal	-654.0	221.1	-10.0	-41.8	-17.6
State and local	-254.5	-5.8	1.0	5.0	0.2

Chart 1. Government Fiscal Position



Mary L. Roy prepared this article.

Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	2014	2013	2014		
	III	IV	I	II	III
Current receipts	3,333.2	163.2	35.5	34.3	56.3
Current tax receipts	2,038.1	51.1	97.1	58.1	17.3
Personal current taxes	1,374.4	23.8	21.0	15.9	18.2
Taxes on production and imports	135.2	2.6	8.5	1.4	1.8
Taxes on corporate income	508.4	25.0	66.8	43.5	-5.1
Taxes from the rest of the world	20.1	-0.3	0.8	-2.6	2.3
Contributions for government social insurance	1,151.3	9.6	29.3	7.6	9.2
Income receipts on assets	61.4	98.6	-85.4	-28.2	-17.2
Current transfer receipts	104.2	4.7	-5.5	-0.9	49.6
Current surplus of government enterprises	-21.7	-0.9	0.0	-2.4	-2.4
Current expenditures	3,954.3	-47.3	56.3	72.8	78.8
Consumption expenditures	988.1	-14.6	6.0	-1.6	32.6
National defense	641.3	-15.6	5.0	-0.1	30.9
Nondefense	346.8	1.0	1.1	-1.6	1.7
Current transfer payments	2,461.5	-18.7	43.8	19.8	74.4
Government social benefits	1,892.9	6.8	18.9	25.2	13.4
To persons	1,873.2	6.9	19.0	24.9	12.9
To the rest of the world	19.7	0.0	-0.1	0.3	0.5
Other current transfer payments	568.6	-25.5	24.9	-5.3	60.9
Grants-in-aid to state and local governments	518.3	-13.6	21.2	35.0	13.2
To the rest of the world	50.3	-11.9	3.8	-40.4	47.7
Interest payments	447.9	-12.3	7.6	54.8	-28.0
Subsidies	56.9	-1.7	-1.2	-0.2	-0.1
Net federal government saving	-621.1	210.4	-20.7	-38.5	-22.5
Social insurance funds	-270.4	0.1	18.4	-2.9	0.1
Other	-350.7	210.4	-39.2	-35.6	-22.6
Addenda:					
Total receipts	3,353.9	163.0	35.3	33.8	55.8
Current receipts	3,333.2	163.2	35.5	34.3	56.3
Capital transfer receipts	20.7	-0.2	-0.2	-0.5	-0.5
Total expenditures	4,007.9	-58.1	45.4	75.5	73.4
Current expenditures	3,954.3	-47.3	56.3	72.8	78.8
Gross government investment	253.3	-3.1	-14.1	4.0	-1.7
Capital transfer payments	82.1	-8.1	4.8	1.1	2.4
Net purchases of nonproduced assets	-6.5	2.4	0.0	-0.6	-4.6
Less: Consumption of fixed capital	275.3	1.9	1.7	1.6	1.6
Net lending or net borrowing (-)	-654.0	221.1	-10.0	-41.8	-17.6

Personal current taxes accelerated, reflecting accelerations in both withheld and nonwithheld income taxes.

Taxes on corporate income turned down, reflecting a deceleration in corporate profits.

Income receipts on assets decreased less, reflecting the pattern of dividend payments from Fannie Mae and Freddie Mac.

Current transfer receipts turned up sharply, reflecting \$12.4 billion (\$49.7 billion at an annual rate) in fines and penalties to be paid by Citigroup (\$4.2 billion) and Bank of America (\$8.2 billion) as part of settlement agreements between these corporations and the Department of Justice.

Consumption expenditures turned up, reflecting upturns in both defense and nondefense spending.

Government social benefits to persons decelerated, reflecting a deceleration in payments of health insurance premium tax credits related to the Affordable Care Act.

Current transfer payments to the rest of the world turned up, following large second-quarter receipts of \$11.6 billion (\$46.4 billion at an annual rate) in fines and settlements levied against the foreign banks Credit Suisse and BNP Paribas. (Receipts from the rest of the world are netted against payments.) (See page 3.)

Interest payments turned down in the third quarter, reflecting a downturn in inflation expense payments on Treasury Inflation-Protected Securities.

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 transac-

tions by component are published annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available on [BEA's Web site](#).

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.

1. See Mark S. Ludwick and Andrea L. Cook, "NIPA Translation of the Fiscal Year 2015 Federal Budget," *SURVEY OF CURRENT BUSINESS* 94 (April 2014).

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		
	2014	2013	2014		
	III	IV	I	II	III
Current receipts	2,227.1	1.7	21.1	36.8	33.3
Current tax receipts	1,494.6	9.6	2.7	0.6	14.2
Personal current taxes	365.5	2.8	2.7	-12.4	6.4
Taxes on production and imports	1,071.4	6.0	0.3	12.1	6.8
Taxes on corporate income	57.8	0.7	-0.2	0.9	1.0
Contributions for government social insurance	17.6	0.0	0.0	0.0	-0.1
Income receipts on assets	81.3	0.3	0.2	0.4	0.4
Current transfer receipts	648.3	-8.3	18.2	36.0	19.2
Federal grants-in-aid	518.3	-13.6	21.2	35.0	13.2
Other	130.1	5.3	-3.0	1.0	6.1
Current surplus of government enterprises	-14.7	0.0	0.0	-0.2	-0.4
Current expenditures	2,458.9	3.4	30.4	23.0	38.0
Consumption expenditures	1,628.6	4.7	12.5	9.2	12.0
Government social benefits	635.8	-1.2	19.2	15.3	28.0
Interest payments	193.9	0.0	-1.3	-1.4	-2.2
Subsidies	0.5	0.0	0.0	0.0	0.0
Net state and local government saving	-231.8	-1.7	-9.3	13.8	-4.7
Social insurance funds	4.4	0.0	0.1	0.0	0.0
Other	-236.1	-1.7	-9.4	13.8	-4.6
Addenda:					
Total receipts	2,303.8	-3.5	21.3	38.7	37.9
Current receipts	2,227.1	1.7	21.1	36.8	33.3
Capital transfer receipts	76.7	-5.2	0.3	1.9	4.5
Total expenditures	2,558.3	2.3	20.3	33.7	37.7
Current expenditures	2,458.9	3.4	30.4	23.0	38.0
Gross government investment	337.8	1.1	-8.0	12.5	1.7
Capital transfer payments					
Net purchases of nonproduced assets	8.2	-0.1	-0.3	-0.2	-0.2
Less: Consumption of fixed capital	246.5	2.1	1.7	1.6	1.8
Net lending or net borrowing (-)	-254.5	-5.8	1.0	5.0	0.2

Personal current taxes turned up in the third quarter because of an upturn in personal income taxes.

Federal grants-in-aid decelerated in the third quarter. Second-quarter grants-in-aid were boosted \$5.2 billion (\$20.8 billion at an annual rate) because of fines and settlements levied against Credit Suisse and BNP Paribas that were payable to the state government of New York. (The NIPA tables currently do not display a category to record a transfer payment directly from the rest of the world to the state and local government sector, so the full value of these transactions was recorded as received by the federal government sector; then, a current transfer payment from the federal government to the state and local government sector was recorded as a federal grant-in-aid to state and local governments. See also the FAQ "How are fines, penalties, and legal settlements paid by foreign corporations to governments in the United States classified in the national income and product accounts?")

Consumption expenditures accelerated in the third quarter, reflecting the acceleration in the purchases of nondurable goods.

Government social benefits accelerated in the second quarter as a result of an acceleration in Medicaid benefits.

Gross investment decelerated reflecting a deceleration in investment in structures.

Estimates of State and Local Government Receipts and Expenditures

The estimates of state and local government current receipts and expenditures and total receipts and expenditures are mainly based on compilations of data for state and local government finances. The Census Bureau produces the primary source data: the census of governments that is conducted in years that end in a 2 or a 7 and the Government Finances series of surveys for the other years. In addition, other sources of Census Bureau data are from the *Quarterly Summary of State and Local Government Tax Revenue* and the monthly *Value of Construction Put in Place*. Data sources from the Bureau of Labor Statistics include the Quarterly Census of Employment and Wages and the Employment Cost Index.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and

local government transactions by component are available annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available on [BEA's Web site](#). For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

Annual estimates of receipts and expenditures of state governments and of local governments are available in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures).¹

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