

# Government Receipts and Expenditures

## Estimates for the First Quarter of 2007

**N**ET GOVERNMENT saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was  $-\$171.6$  billion in the first quarter of 2007, decreasing  $\$32.4$  billion from  $-\$139.2$  billion in the fourth quarter.

Net Federal Government saving was  $-\$133.7$  billion in the first quarter, decreasing  $\$13.0$  billion from  $-\$120.7$  billion in the fourth quarter (see page 12). Current receipts accelerated, and current expenditures turned up.

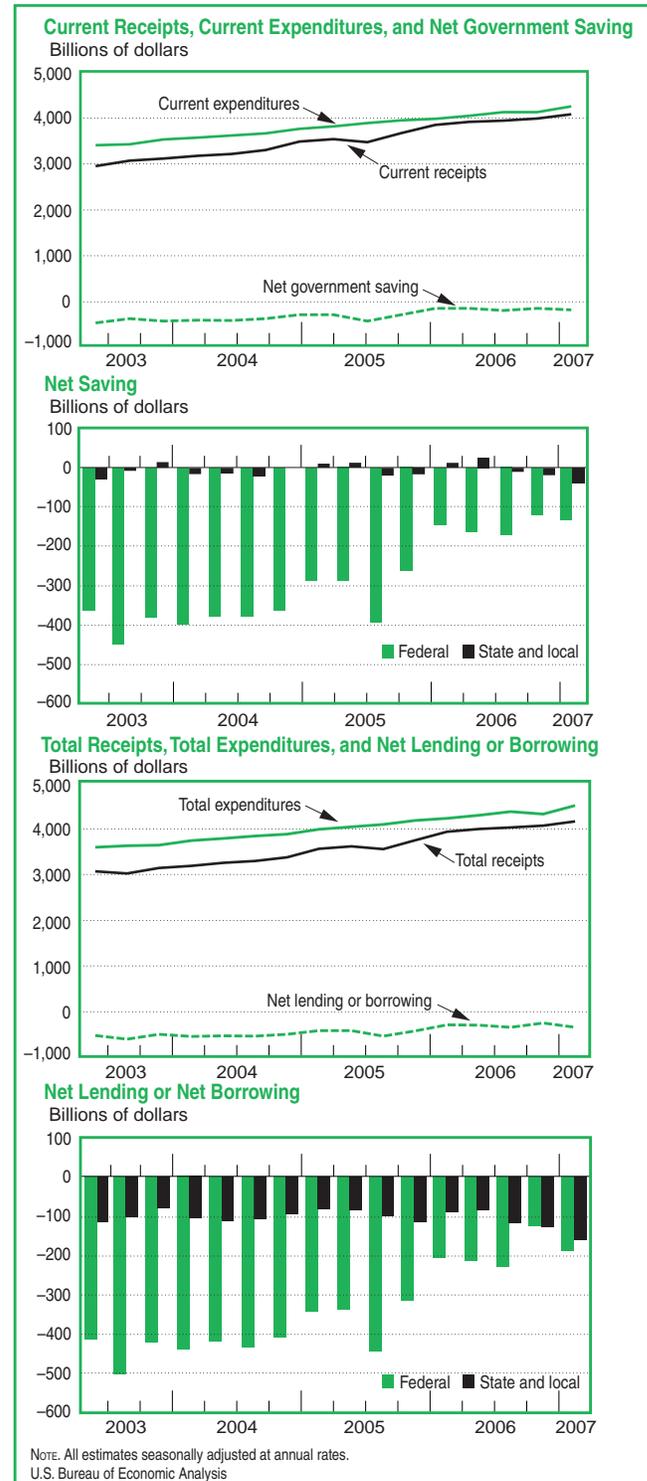
Net state and local government saving was  $-\$37.9$  billion in the first quarter, decreasing  $\$19.5$  billion from  $-\$18.4$  billion in the fourth quarter (see page 13). Current receipts and current expenditures accelerated.

Net borrowing was  $\$349.5$  billion in the first quarter, increasing  $\$96.3$  billion from  $\$253.4$  billion in the fourth quarter. Federal Government net borrowing was  $\$188.1$  billion in the first quarter, increasing  $\$62.6$  billion from  $\$125.5$  billion in the fourth quarter. State and local government net borrowing was  $\$161.4$  billion in the first quarter, increasing  $\$33.7$  billion from  $\$127.7$  billion in the fourth 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			
	2007	2006			2007
	I	II	III	IV	I
Current receipts .....	4,129.1	66.5	28.7	44.2	94.6
Current expenditures .....	4,300.8	69.3	74.9	0.2	127.1
<b>Net government saving .....</b>	<b>-171.6</b>	<b>-2.6</b>	<b>-46.4</b>	<b>44.1</b>	<b>-32.4</b>
Federal .....	-133.7	-16.1	-9.9	52.3	-13.0
State and local .....	-37.9	13.4	-36.3	-8.2	-19.5
<b>Net lending or net borrowing (-) .....</b>	<b>-349.5</b>	<b>-5.5</b>	<b>-47.1</b>	<b>94.2</b>	<b>-96.3</b>
Federal .....	-188.1	-9.9	-14.4	104.9	-62.6
State and local .....	-161.4	4.4	-32.7	-10.7	-33.7

**Chart 1. Government Fiscal Position**



Pamela A. Kelly 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			
	2007	2006	2006			2007
			I	II	III	IV
<b>Current receipts</b> .....	<b>2,662.7</b>	<b>32.3</b>	<b>34.0</b>	<b>34.7</b>	<b>70.8</b>	
Current tax receipts .....	1,640.1	28.3	26.0	17.2	43.7	
Personal current taxes .....	1,134.7	10.7	14.8	27.3	42.7	
Taxes on production and imports .....	97.8	1.9	-1.7	-3.4	-0.1	
Taxes on corporate income .....	395.8	15.1	12.4	-13.3	7.3	
Taxes from the rest of the world .....	11.7	0.5	0.4	6.7	-6.3	
Contributions for government social insurance .....	966.8	2.2	6.4	16.6	29.7	
Income receipts on assets .....	26.9	0.9	1.2	1.6	-0.1	
Current transfer receipts .....	32.5	0.6	0.8	-0.6	-0.5	
Current surplus of government enterprises .....	-3.5	0.3	-0.4	-0.1	-1.9	
<b>Current expenditures</b> .....	<b>2,796.4</b>	<b>48.3</b>	<b>44.0</b>	<b>-17.5</b>	<b>83.7</b>	
Consumption expenditures .....	825.3	-1.3	6.8	8.0	8.2	
National defense .....	552.7	0.0	1.6	13.7	-0.3	
Nondefense .....	272.6	-1.3	5.2	-5.8	8.6	
Current transfer payments .....	1,618.6	24.6	18.2	6.3	47.5	
Government social benefits .....	1,217.3	17.6	8.8	16.3	25.8	
To persons .....	1,214.1	17.6	9.0	16.3	25.7	
To the rest of the world .....	3.2	0.1	-0.2	0.1	0.0	
Other current transfer payments .....	401.4	7.0	9.3	-10.0	21.8	
Grants-in-aid to state and local governments .....	370.5	5.7	8.6	-7.4	12.3	
To the rest of the world .....	30.9	1.2	0.8	-2.6	9.5	
Interest payments .....	302.8	27.9	19.5	-31.0	28.9	
Subsidies .....	49.7	-2.8	-0.5	-0.8	-0.9	
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0	
<b>Net Federal Government saving</b> .....	<b>-133.7</b>	<b>-16.1</b>	<b>-9.9</b>	<b>52.3</b>	<b>-13.0</b>	
Social insurance funds .....	52.1	-13.6	-0.5	4.4	5.6	
Other .....	-185.8	-2.5	-9.4	47.9	-18.6	
<b>Addenda:</b>						
<b>Total receipts</b> .....	<b>2,685.0</b>	<b>31.2</b>	<b>32.8</b>	<b>35.3</b>	<b>66.0</b>	
Current receipts .....	2,662.7	32.3	34.0	34.7	70.8	
Capital transfer receipts .....	22.3	-1.1	-1.2	0.6	-4.8	
<b>Total expenditures</b> .....	<b>2,873.1</b>	<b>41.1</b>	<b>47.2</b>	<b>-69.7</b>	<b>128.7</b>	
Current expenditures .....	2,796.4	48.3	44.0	-17.5	83.7	
Gross government investment .....	117.8	-0.8	0.7	2.5	-2.8	
Capital transfer payments .....	67.2	-2.8	0.9	-0.9	-2.0	
Net purchases of nonproduced assets .....	-1.3	-2.5	3.1	-52.9	50.8	
Less: Consumption of fixed capital .....	107.0	1.3	1.4	0.9	1.0	
<b>Net lending or net borrowing (-)</b> .....	<b>-188.1</b>	<b>-9.9</b>	<b>-14.4</b>	<b>104.9</b>	<b>-62.6</b>	

Personal current taxes accelerated, reflecting an acceleration in withheld and nonwithheld income taxes.

Contributions for government social insurance accelerated because of administrative changes that took effect in January. Contributions for social security by employers, employees, and the self-employed accelerated as a result of an increase in the maximum taxable wage base to \$97,500 in 2007 from \$94,200 in 2006. Contributions for supplementary medical insurance accelerated because of an increase in the monthly premiums paid by participants of Medicare Part B; beginning in 2007, one monthly premium has been replaced by five premium rates based on income, ranging from \$93.50 to \$161.40 a month.

National defense consumption expenditures turned down, primarily reflecting a downturn in spending for services.

Nondefense consumption expenditures turned up, reflecting an upturn in compensation of employees because of the January 2007 pay raise, which boosted compensation \$1.9 billion, and an upturn in civilian employment.

Government social benefits to persons accelerated, reflecting the 3.3-percent cost-of-living adjustment that boosted benefits for social security, veterans' pensions, supplemental security income, and other programs by \$21.0 billion in January.

Other current transfer payments to the rest of the world turned up, reflecting a \$2.5 billion increase (\$10.0 billion at an annual rate) in economic support payments to Israel and Egypt.

Interest payments turned down, reflecting the downturn in interest paid on Treasury Inflation-Protected Securities.

Net purchases of nonproduced assets turned up following large receipts from spectrum auctions in the fourth 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 transac-

tions 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/bea/dn/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/bea/dn/nipaweb/nipa_underlying/Index.asp).

Each year, BEA prepares an article that compares NIPA estimates and the Federal budget.<sup>1</sup> For a historical time series of this comparison, see NIPA table 3.18B.

1. See Mary L. Roy and Andrew P. Cairns, "Federal Budget Estimates for Fiscal Year 2008," *SURVEY OF CURRENT BUSINESS* 87 (March 2007): 10–21.

## 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		
	2007	2006		2007	
	I	II	III	IV	I
<b>Current receipts</b> .....	<b>1,836.9</b>	<b>40.1</b>	<b>3.2</b>	<b>2.1</b>	<b>36.1</b>
Current tax receipts .....	1,265.2	32.0	-7.4	7.8	21.5
Personal current taxes .....	314.8	17.7	-13.3	2.4	14.6
Taxes on production and imports .....	881.0	11.9	3.9	7.8	6.0
Taxes on corporate income .....	69.3	2.4	2.1	-2.4	0.8
Contributions for government social insurance .....	25.1	-0.1	0.0	0.1	0.3
Income receipts on assets .....	78.9	0.7	0.5	0.3	0.7
Current transfer receipts .....	477.6	7.8	10.5	-5.5	14.30
Federal grants-in-aid .....	370.5	5.7	8.6	-7.4	12.3
Other .....	107.1	2.0	2.0	2.0	1.9
Current surplus of government enterprises .....	-9.9	-0.4	-0.5	-0.7	-0.5
<b>Current expenditures</b> .....	<b>1,874.8</b>	<b>26.7</b>	<b>39.5</b>	<b>10.3</b>	<b>55.6</b>
Consumption expenditures .....	1,342.0	24.5	19.3	16.5	25.5
Government social benefits .....	435.0	1.3	19.3	-5.5	29.5
Interest paid .....	97.5	0.8	0.9	-0.7	0.7
Subsidies .....	0.4	0.0	0.0	0.0	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>-37.9</b>	<b>13.4</b>	<b>-36.3</b>	<b>-8.2</b>	<b>-19.5</b>
Social insurance funds .....	5.4	-0.4	-0.3	-0.2	0.1
Other .....	-43.3	13.9	-36.1	-8.1	-19.5
<b>Addenda:</b>					
<b>Total receipts</b> .....	<b>1,887.7</b>	<b>40.4</b>	<b>5.1</b>	<b>1.0</b>	<b>30.1</b>
Current receipts .....	1,836.9	40.1	3.2	2.1	36.1
Capital transfer receipts .....	50.8	0.4	2.0	-1.1	-6.1
<b>Total expenditures</b> .....	<b>2,049.1</b>	<b>36.1</b>	<b>37.8</b>	<b>11.8</b>	<b>63.7</b>
Current expenditures .....	1,874.8	26.7	39.5	10.3	55.6
Gross government investment .....	333.5	11.8	1.5	5.9	12.6
Capital transfer payments .....					
Net purchases of nonproduced assets .....	12.5	0.2	0.1	0.1	0.1
Less: Consumption of fixed capital .....	171.7	2.5	3.3	4.6	4.6
<b>Net lending or net borrowing (-)</b> .....	<b>-161.4</b>	<b>4.4</b>	<b>-32.7</b>	<b>-10.7</b>	<b>-33.7</b>

Personal current taxes accelerated, reflecting an acceleration in state income taxes.

Taxes on corporate income turned up, reflecting an upturn in corporate profits.

Federal grants-in-aid turned up, reflecting an upturn in Medicaid grants.

Consumption expenditures accelerated, reflecting an upturn in spending for nondurable goods.

Government social benefit payments turned up, reflecting an upturn in benefit payments for Medicaid.

Gross government investment accelerated, reflecting an acceleration in investment for 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 quinquennial census of governments 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/bea/dn/nipaweb/nipa\\_underlying/Index.asp](http://www.bea.gov/bea/dn/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 now 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); see “Newly Available NIPA Tables” in the October 2006 SURVEY.

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