

Government Receipts and Expenditures

Estimates for the Fourth Quarter of 2006

NET government saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was $-\$149.6$ billion in the fourth quarter of 2006, increasing $\$33.7$ billion from $-\$183.3$ billion in the third quarter.

Net Federal Government saving was $-\$131.2$ billion in the fourth quarter, increasing $\$41.8$ billion from $-\$173.0$ billion in the third quarter (see page 8). Current receipts decelerated, and current expenditures turned down.

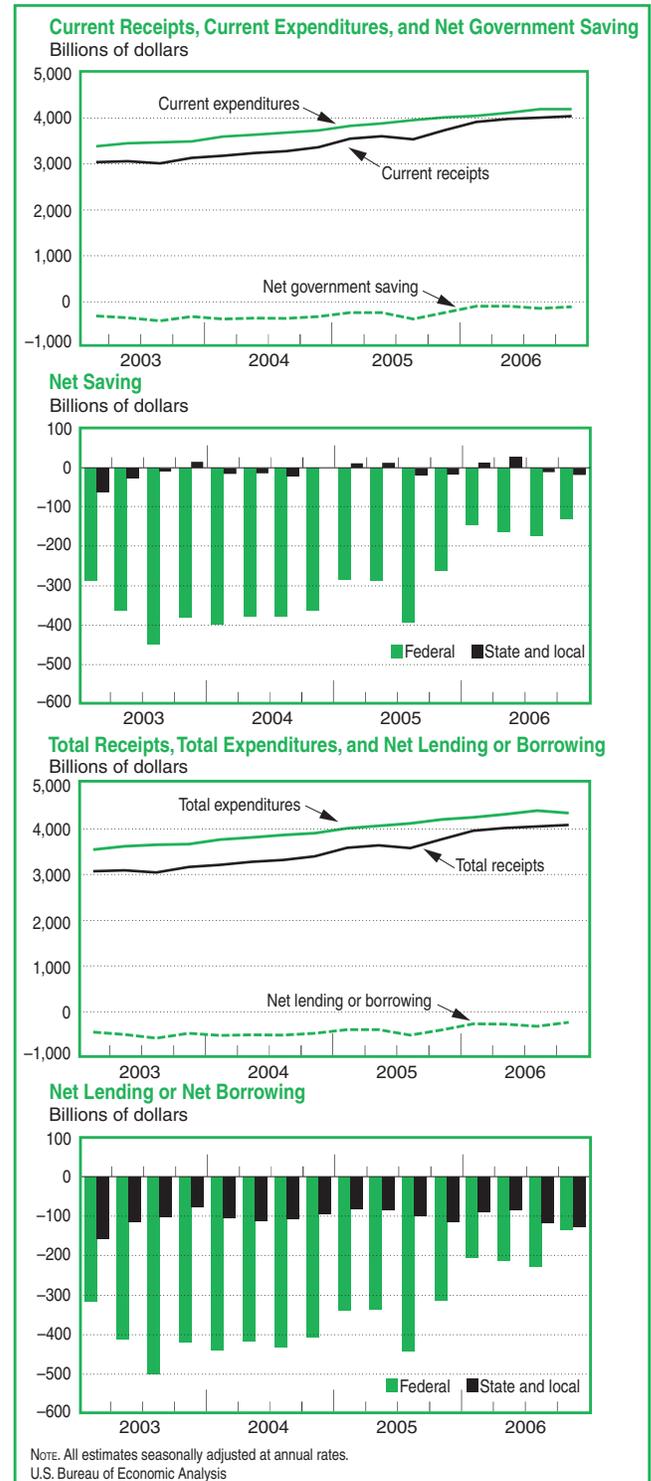
Net state and local government saving was $-\$18.4$ billion in the fourth quarter, decreasing $\$8.2$ billion from $-\$10.2$ billion in the third quarter (see page 9). Current receipts and current expenditures decelerated.

Net borrowing was $\$263.7$ billion in the fourth quarter, decreasing $\$83.7$ billion from $\$347.4$ billion in the third quarter. Federal Government net borrowing was $\$135.9$ billion in the fourth quarter, decreasing $\$94.5$ billion from $\$230.4$ billion in the third quarter. State and local government net borrowing was $\$127.7$ billion in the fourth quarter, increasing $\$10.7$ billion from $\$117.0$ billion in the third 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				
	2006	2006				
	IV	I	II	III	IV	
Current receipts	4,024.1	182.6	66.5	28.7	33.8	
Current expenditures	4,173.7	36.0	69.3	74.9	0.2	
Net government saving	-149.6	146.5	-2.6	-46.4	33.7	
Federal	-131.2	116.6	-16.1	-9.9	41.8	
State and local	-18.4	29.9	13.4	-36.3	-8.2	
Net lending or net borrowing (-) ...	-263.7	136.7	-5.5	-47.1	83.7	
Federal	-135.9	110.5	-9.9	-14.4	94.5	
State and local	-127.7	26.2	4.4	-32.7	-10.7	

Chart 1. Government Fiscal Position



Gilda D. Lee 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				
	2006	2006				
		IV	I	II	III	IV
Current receipts	2,581.5	141.1	32.3	34.0	24.3	
Current tax receipts	1,590.6	96.5	28.3	26.0	11.4	Personal current taxes accelerated, reflecting an acceleration in withheld income taxes.
Personal current taxes	1,086.2	70.8	10.7	14.8	21.5	Taxes on corporate income turned down, reflecting a decrease in corporate profits.
Taxes on production and imports	97.9	-0.5	1.9	-1.7	-3.4	Taxes from the rest of the world accelerated, reflecting an increase in taxes paid by U.S. affiliates of foreign corporations.
Taxes on corporate income	388.5	27.2	15.1	12.4	-13.3	
Taxes from the rest of the world	18.0	-1.0	0.5	0.4	6.7	
Contributions for government social insurance	932.4	38.1	2.2	6.4	11.9	Contributions for government social insurance accelerated, as contributions by employers and employees for social security accelerated.
Income receipts on assets	27.0	1.0	0.9	1.2	1.6	
Current transfer receipts	33.0	1.6	0.6	0.8	-0.6	
Current surplus of government enterprises	-1.6	4.0	0.3	-0.4	-0.1	
Current expenditures	2,712.7	24.6	48.3	44.0	-17.5	
Consumption expenditures	817.1	32.5	-1.3	6.8	8.0	National defense consumption expenditures accelerated, as spending for services turned up.
National defense	553.0	20.8	0.0	1.6	13.7	
Nondefense	264.0	11.7	-1.3	5.2	-5.8	Nondefense consumption expenditures turned down, primarily reflecting downturns in spending for hurricane relief and for research and development.
Current transfer payments	1,571.1	19.6	24.6	18.2	6.3	
Government social benefits	1,191.5	52.1	17.6	8.8	16.3	Government social benefits to persons accelerated, reflecting an acceleration in Medicare benefits.
To persons	1,188.4	52.0	17.6	9.0	16.3	
To the rest of the world	3.2	0.0	0.1	-0.2	0.1	
Other current transfer payments	379.6	-32.4	7.0	9.3	-10.0	Grants-in-aid to state and local governments turned down, reflecting a downturn in Medicaid grants.
Grants-in-aid to state and local governments	358.2	-15.5	5.7	8.6	-7.4	
To the rest of the world	21.4	-16.9	1.2	0.8	-2.6	
Interest payments	273.9	-19.6	27.9	19.5	-31.0	Interest payments turned down, reflecting the downturn in interest on the public debt paid on Treasury Inflation-Protected Securities.
Subsidies	50.6	-8.0	-2.8	-0.5	-0.8	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving	-131.2	116.6	-16.1	-9.9	41.8	
Social insurance funds	41.9	-12.3	-13.6	-0.5	-0.2	
Other	-173.1	128.8	-2.5	-9.4	42.0	
Addenda:						
Total receipts	2,608.5	143.6	31.2	32.8	24.8	
Current receipts	2,581.5	141.1	32.3	34.0	24.3	
Capital transfer receipts	27.1	2.5	-1.1	-1.2	0.6	
Total expenditures	2,744.4	33.1	41.1	47.2	-69.7	
Current expenditures	2,712.7	24.6	48.3	44.0	-17.5	
Gross government investment	120.6	3.1	-0.8	0.7	2.5	
Capital transfer payments	69.2	7.2	-2.8	0.9	-0.9	
Net purchases of nonproduced assets	-52.1	0.2	-2.5	3.1	-52.9	
Less: Consumption of fixed capital	106.0	1.7	1.3	1.4	0.9	
Net lending or borrowing (-)	-135.9	110.5	-9.9	-14.4	94.5	

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>.

Each year, BEA prepares an article that compares NIPA estimates and the Federal budget.¹ 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			
	2006		2006			
	IV	I	II	III	IV	
Current receipts	1,800.8	25.8	40.1	3.2	2.1	
Current tax receipts	1,243.7	35.0	32.0	-7.4	7.8	
Personal current taxes	300.2	14.1	17.7	-13.3	2.4	Personal current taxes turned up as a result of an up- turn in state income taxes.
Taxes on production and imports	875.0	15.7	11.9	3.9	7.8	
Taxes on corporate income	68.5	5.1	2.4	2.1	-2.4	Taxes on corporate income turned down, reflecting a decrease in corporate profits.
Contributions for government social insurance	24.8	-0.4	-0.1	0.0	0.1	
Income receipts on assets	78.2	0.4	0.7	0.5	0.3	
Current transfer receipts	463.3	-9.3	7.8	10.5	-5.5	Federal grants-in-aid turned down, reflecting a down- turn in Medicaid grants.
Federal grants-in-aid	358.2	-15.5	5.7	8.6	-7.4	
Other	105.2	6.3	2.0	2.0	2.0	
Current surplus of government enterprises	-9.4	0.1	-0.4	-0.5	-0.7	
Current expenditures	1,819.2	-4.1	26.7	39.5	10.3	
Consumption expenditures	1,316.5	12.8	24.5	19.3	16.5	
Government social benefits	405.5	-16.9	1.3	19.3	-5.5	Government social benefit payments turned down as a result of a downturn in Medicaid expenditures.
Interest payments	96.8	0.0	0.8	0.9	-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	
Net state and local government saving ...	-18.4	29.9	13.4	-36.3	-8.2	
Social insurance funds	5.3	-0.6	-0.4	-0.3	-0.2	
Other	-23.8	30.5	13.9	-36.1	-8.1	
Addenda:						
Total receipts	1,857.6	27.7	40.4	5.1	1.0	
Current receipts	1,800.8	25.8	40.1	3.2	2.1	
Capital transfer receipts	56.9	1.8	0.4	2.0	-1.1	
Total expenditures	1,985.4	1.4	36.1	37.8	11.8	
Current expenditures	1,819.2	-4.1	26.7	39.5	10.3	
Gross government investment	320.9	7.7	11.8	1.5	5.9	
Capital transfer payments						
Net purchases of nonproduced assets	12.4	0.2	0.2	0.1	0.1	
Less: Consumption of fixed capital	167.1	2.4	2.5	3.3	4.6	
Net lending or borrowing (-)	-127.7	26.2	4.4	-32.7	-10.7	

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>. 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.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 2006 SURVEY.

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