

Government Receipts and Expenditures

First Quarter of 2014

NET GOVERNMENT saving, the difference between current receipts and current expenditures of the federal government and state and local governments, was $-\$966.2$ billion in the first quarter of 2014, decreasing $\$82.8$ billion from $-\$883.4$ billion in the fourth quarter of 2013.

Net federal government saving was $-\$728.9$ billion in the first quarter, decreasing $\$75.9$ billion from $-\$653.0$ billion in the fourth quarter (see page 2). Current receipts turned down, and current expenditures turned up in the first quarter.

Net state and local government saving was $-\$237.3$ billion in the first quarter, decreasing $\$7.0$ billion from $-\$230.3$ billion in the fourth quarter (see page 3). Both current receipts and current expenditures accelerated in the first quarter.

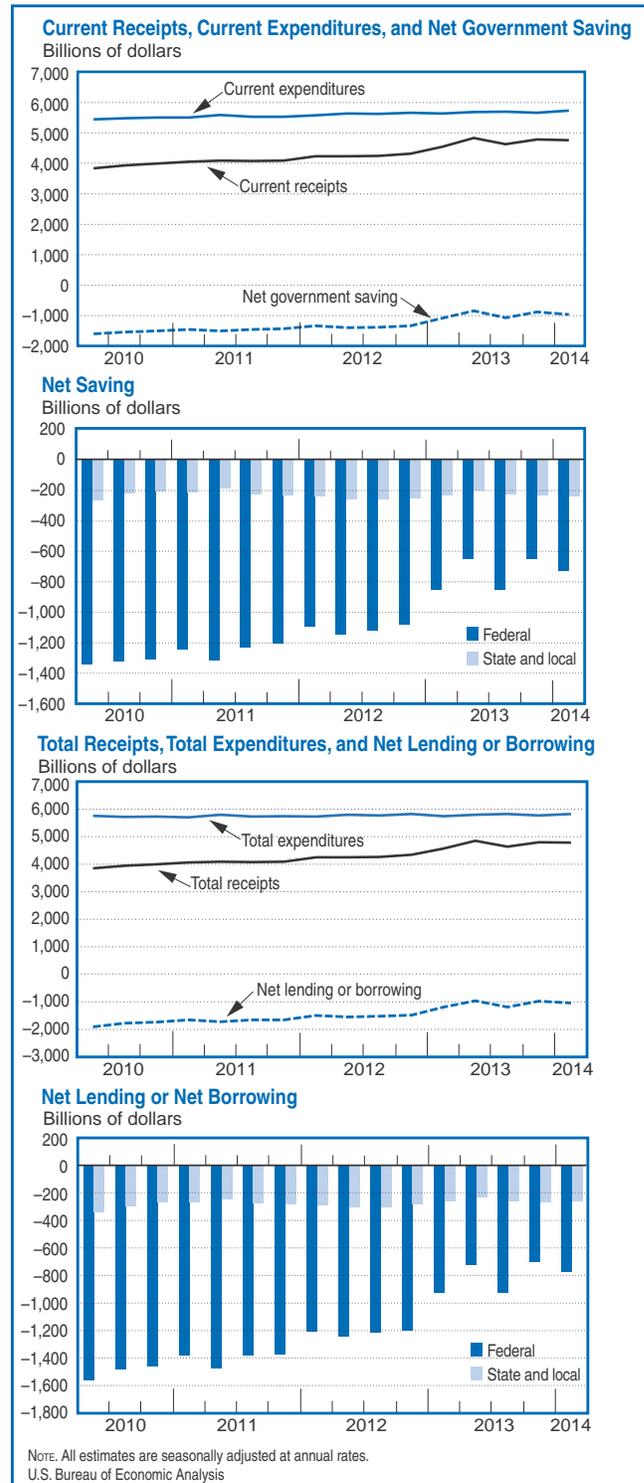
“Net lending or net borrowing (–)” is an alternative measure of the government fiscal position. Net borrowing is the financing requirement of the government sector, and it is derived as net government saving plus the consumption of fixed capital and net capital transfers received less gross investment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

Net borrowing was $\$1,036.5$ billion in the first quarter, increasing $\$67.8$ billion from $\$968.7$ billion in the fourth quarter. Federal government net borrowing was $\$775.3$ billion in the first quarter, increasing $\$73.2$ billion from $\$702.1$ billion in the fourth quarter. State and local government net borrowing was $\$261.2$ billion, decreasing $\$5.4$ billion from $\$266.6$ 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			
	2014	2013			2014
	I	II	III	IV	I
Current receipts	4,761.4	284.7	-208.7	157.3	-19.2
Current expenditures	5,727.6	52.6	16.6	-35.3	63.6
Net government saving	-966.2	232.2	-225.2	192.5	-82.8
Federal	-728.9	200.0	-196.9	197.0	-75.9
State and local	-237.3	32.2	-28.4	-4.3	-7.0
Net lending or net borrowing (–) ...	-1,036.5	234.6	-228.7	210.3	-67.8
Federal	-775.3	204.9	-200.8	219.2	-73.2
State and local	-261.2	29.8	-27.9	-8.9	5.4

Chart 1. Government Fiscal Position



Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter			
	2014	2013			2014
	I	II	III	IV	I
Current receipts	3,092.3	266.8	-191.1	143.7	-27.2
Current tax receipts	1,846.3	31.5	18.1	34.6	51.1
Personal current taxes	1,323.8	23.7	16.3	19.6	12.2
Taxes on production and imports	132.7	-0.2	0.7	4.6	8.8
Taxes on corporate income	368.0	7.7	0.6	9.6	29.1
Taxes from the rest of the world	21.7	0.2	0.6	0.8	0.9
Contributions for government social insurance	1,121.1	9.5	5.5	8.9	15.5
Income receipts on assets	104.2	225.5	-206.2	97.6	-86.8
Current transfer receipts	50.3	3.5	-6.4	5.3	-6.0
Current surplus of government enterprises	-29.6	-3.2	-2.1	-2.7	-1.0
Current expenditures	3,821.2	66.9	5.6	-53.2	48.7
Consumption expenditures	959.0	-6.3	-3.6	-19.0	5.6
National defense	602.3	-4.0	-0.8	-17.1	4.5
Nondefense	356.7	-2.3	-2.8	-1.9	1.1
Current transfer payments	2,388.4	19.9	24.9	-21.3	37.7
Government social benefits	1,883.7	0.9	13.8	4.0	16.9
To persons	1,865.2	0.9	13.6	4.2	16.8
To the rest of the world	18.4	0.0	0.3	-0.3	0.0
Other current transfer payments	504.8	18.9	11.1	-25.4	21.0
Grants-in-aid to state and local governments	462.9	14.2	10.0	-12.7	19.9
To the rest of the world	41.9	4.8	1.1	-12.7	1.1
Interest payments	417.4	52.3	-15.7	-12.6	7.3
Subsidies	56.3	1.0	0.1	-0.4	-1.9
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0
Net federal government saving	-728.9	200.0	-196.9	197.0	-75.9
Social insurance funds	-300.7	10.5	-7.9	2.5	10.1
Other	-428.2	189.4	-188.9	194.4	-86.0
Addenda:					
Total receipts	3,112.0	267.1	-189.4	145.9	-29.3
Current receipts	3,092.3	266.8	-191.1	143.7	-27.2
Capital transfer receipts	19.7	0.2	1.8	2.3	-2.2
Total expenditures	3,887.3	62.2	11.4	-73.2	43.8
Current expenditures	3,821.2	66.9	5.6	-53.2	48.7
Gross government investment	262.1	3.9	2.2	-7.5	-9.2
Capital transfer payments	76.1	-7.2	4.9	-10.1	5.1
Net purchases of nonproduced assets	-1.3	-0.2	-0.3	-0.2	0.0
Less: Consumption of fixed capital	270.9	1.2	1.0	2.1	1.0
Net lending or net borrowing (-)	-775.3	204.9	-200.8	219.2	-73.2

Personal current taxes decelerated as a result of a deceleration in both withheld and nonwithheld income taxes.

Taxes on corporate income accelerated, reflecting an acceleration in nonfinancial domestic corporate profits with inventory valuation adjustment.

Contributions for government social insurance accelerated, reflecting accelerations in both FICA and SECA contributions.

Income receipts on assets turned down as the result of a downturn in dividend payments from Fannie Mae and Freddie Mac.

Current transfer receipts turned down, following a fourth-quarter civil penalty paid by JP Morgan Chase to settle Justice Department claims under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).

Consumption expenditures turned up mostly as a result of an upturn in defense spending.

Government social benefits to persons accelerated, reflecting a 1.0 percent cost-of-living adjustment that boosted benefits for social security, veterans pensions, and supplemental security income. Benefits were also boosted by the introduction of health insurance premium tax credits that provide assistance to individuals who purchase health insurance through the public exchanges established by the Affordable Care Act. Unemployment benefits decreased more because of the expiration of the emergency unemployment compensation program at the end of 2013.

Grants-in-aid to state and local governments turned up, reflecting an upturn in Medicaid grants.

Interest payments turned up in the first quarter, reflecting an increase 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 transactions by component are published annually in NIPA tables

3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available at www.bea.gov; under “National” and Supplemental Estimates,” see “Underlying Detail Tables.”

Each year, BEA translates the information in the federal budget into a NIPA framework.¹ For a historical time series of these estimates, see NIPA table 3.18B, which was published in the January 2014 SURVEY.

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
	I	II	III	IV	I
Current receipts	2,132.0	32.1	-7.6	1.0	27.8
Current tax receipts	1,465.9	15.9	-20.0	6.8	9.8
Personal current taxes	374.5	16.0	-27.5	1.3	7.6
Taxes on production and imports	1,039.8	-1.7	9.5	4.7	5.4
Taxes on corporate income	51.6	1.5	-2.0	0.7	-3.1
Contributions for government social insurance	18.4	0.1	0.2	0.3	0.5
Income receipts on assets	83.5	0.7	1.0	0.8	0.8
Current transfer receipts	580.2	15.7	11.5	-6.7	17.0
Federal grants-in-aid	462.9	14.2	10.0	-12.7	19.9
Other	117.3	1.5	1.6	5.9	-2.9
Current surplus of government enterprises	-15.9	-0.3	-0.3	-0.2	-0.2
Current expenditures	2,369.3	-0.1	20.8	5.3	34.8
Consumption expenditures	1,568.5	-1.6	9.4	6.5	11.2
Government social benefits	592.4	3.6	13.0	-0.3	23.8
Interest payments	207.9	-2.1	-1.6	-0.9	-0.2
Subsidies	0.5	0.0	0.0	0.0	0.0
Net state and local government saving	-237.3	32.2	-28.4	-4.3	-7.0
Social insurance funds	6.4	0.3	0.5	0.7	0.7
Other	-243.7	31.9	-28.9	-5.0	-7.7
Addenda:					
Total receipts	2,201.5	29.5	-1.3	-5.2	28.6
Current receipts	2,132.0	32.1	-7.6	1.0	27.8
Capital transfer receipts	69.5	-2.7	6.3	-6.2	0.8
Total expenditures	2,462.7	-0.3	26.6	3.7	23.2
Current expenditures	2,369.3	-0.1	20.8	5.3	34.8
Gross government investment	326.6	1.7	7.8	0.7	-9.7
Capital transfer payments					
Net purchases of nonproduced assets	9.0	-0.2	-0.2	-0.2	-0.2
Less: Consumption of fixed capital	242.3	1.7	1.7	2.3	1.7
Net lending or net borrowing (-)	-261.2	29.8	-27.9	-8.9	5.4

Personal current taxes accelerated in the first quarter because of an acceleration in personal income taxes.

Federal grants-in-aid turned up in the first quarter. The upturn reflects an expansion of Medicaid eligibility in 26 states and Washington DC, as allowed by the Affordable Care Act.

Current transfer receipts from business turned down following the fourth quarter settlement between JP Morgan Chase and several state governments.

Consumption expenditures accelerated in the first quarter, reflecting accelerations in both nondurable goods and services.

Government social benefits turned up in the first quarter as a result of an upturn in Medicaid benefits.

Gross investment turned down, reflecting a larger decrease in structures and a downturn in equipment.

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 at www.bea.gov; under “National” and Supplemental Estimates,” see “Underlying Detail Tables.” For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from Government Finances, see NIPA table 3.19.

BEA also prepares annual estimates of receipts and expenditures of state governments and of local governments.¹ These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); they were published online in the [February 2014 SURVEY](#).

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