

## XVI. NATIONAL INCOME AND PRODUCT ACCOUNT PRESENTATION

The National Income and Product Accounts (NIPAs) are an integrated set of measures of aggregate economic activity that are prepared by the Department of Commerce. One of the many purposes of the NIPAs is to measure the Nation's total current production of goods and services, known as gross national product (GNP), and the incomes generated in its production. Because the NIPAs are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions.

GNP is the sum of the net products of the household, business, government, and foreign sectors. Federal transactions are included in the NIPAs as part of the government sector. The concepts for the Federal sector have been designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, for it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. Rather, it is an accounting translation of the budget to meet specialized and important needs, chiefly the measurement of the impact of Federal receipts, outlays, and the deficit on the national economy. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

GNP is a measure of final output which excludes intermediate product to avoid double counting. Government purchases of goods and services are included in GNP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other Federal expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not part of final output. Rather, they are transfers of income to others, whose consumption, investment, purchases, or transactions with foreigners are part of final output. An entire set of receipt and expenditure transactions of the Federal Government is prepared as one sector of the NIPAs; however, when the accounts for all the sectors are consolidated into a summary account for the Nation as a whole, transfer payments, grants, subsidies, and net interest expenditures are canceled out by receipt of those payments as income in other sectors. This leaves only purchases to be included in final output.

### Differences Between the NIPAs and the Budget

Federal transactions in the NIPAs are measured according to NIPA accounting rules in order to be compatible with the purposes of the NIPAs and other transactions recorded in the NIPAs. As a result they differ from the budget in netting, timing, and coverage. These

differences cause total receipts and expenditures in the NIPAs to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the deficit to differ. Netting differences have the same effect on both receipts and expenditures and thus have no effect on the deficit. Besides these differences, the NIPAs combine transactions into different categories from those used in the budget.

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPAs (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as Governmental receipts. However, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for employee retirement is one example. The budget offsets these payments against outlays while the NIPAs treat the Federal Government as any other employer and show contributions for employee social insurance as expenditures by the employing agencies and receipts to the appropriate social insurance funds. The NIPAs also include certain imputations which the budget does not. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPAs impute social insurance contributions by employing agencies to finance these benefits.

The budget also offsets against outlays any income that arises from voluntary business-type transactions with the public. The budget classifies Medicare Part B premiums as business-type transactions, whereas the NIPAs record them as receipts.

Timing differences occur for receipts because the NIPAs generally record personal taxes and social insurance contributions when they are paid and business taxes when they are accrued, while the budget records all receipts when they are received. The principal timing difference between NIPA expenditures and budget outlays occurs because purchases are recorded on a delivery basis in the NIPAs, but when cash is disbursed in the budget. This difference can be large for major defense purchases because progress payments are recorded as outlays in the budget, while the NIPAs do not record expenditures until delivery is made. The NIPAs count work in progress as part of business inventories until delivery is made to the Government.

The budget and the NIPAs also have coverage differences. The NIPAs include off-budget Federal entities and exclude transactions with U.S. territories. The NIPAs also exclude the proceeds from the sales of assets such as land. Bonuses paid on Outer Continental Shelf oil leases are shown as offsetting receipts in the budget and are deducted from budget outlays. In the

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NIPAs these transactions are excluded as an exchange of assets.

Financial transactions such as loans, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPAs on the grounds that such transactions involve an exchange of assets with no production involved. Through 1991, in contrast, the budget recorded loans as outlays when disbursed and as offsets to outlays when repaid or sold. With the enactment of the Federal Credit Reform Act of 1990, the budget will make a fundamental change in the way that it records lending transactions. For direct loan obligations and loan guarantee commitments made after 1991, the budget will record the estimated subsidy cost of the direct loan or loan guarantee when the direct loan or guaranteed loan is disbursed. The nonsubsidized cash flows will be recorded in nonbudgetary accounts as a means of financing the budget deficit rather than as budgetary transactions themselves. The new treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but that part is normally a subsidy to the borrower. The new treatment also recognizes the subsidy normally granted by loan guarantees. (For further discussion, see Chapter VIII.A, "Recognizing and Reducing Federal Underwriting Risks"). In the NIPAs, neither the subsidies nor the loan transactions are included; however, the NIPAs will continue to include all interest transactions with the public, including interest paid to the new financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPAs on the grounds that there are no offsetting current income flows from these transactions. For the 1992

budget, this exclusion is the largest difference between the NIPAs and the budget.

### Federal Sector Receipts

Tables XVI-1 and XVI-3 show Federal receipts in the four major categories used in the NIPAs, which are similar to the budget categories but with significant differences.

Personal tax and non-tax receipts is the largest category. It is composed primarily of personal income taxes, but also includes estate and gift taxes, fees, fines, and other receipts.

Corporate profits tax accruals differ in classification from the corresponding budget category primarily because the NIPAs include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the NIPAs and the budget, as discussed above, is especially large for this category of receipts.

Indirect business tax and nontax accruals are composed of excise taxes, customs duties, royalties, fines, and other receipts.

Contributions for social insurance differ from the corresponding budget category primarily because: (1) the NIPAs include Federal employer contributions for employee retirement in this category as a Government receipt, while the budget offsets the contributions against outlays as undistributed offsetting receipts; (2) the NIPAs include premiums for social insurance programs including Part B of medicare as Government receipts, which the budget also nets against outlays; and (3) the NIPAs include imputations for Federal employees' unemployment insurance and workers' compensation.

Table XVI-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1981-1992

(In billions of dollars)

Description	Actual										Estimate	
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>RECEIPTS</b>												
Personal tax and nontax receipts .....	289.6	310.0	292.5	302.5	340.4	357.0	400.8	411.3	457.6	483.0	503.2	543.7
Corporate profits tax accruals .....	69.4	52.1	55.7	75.3	74.6	81.1	99.1	108.1	113.8	113.6	113.4	120.0
Indirect business tax and nontax accruals .....	53.4	50.0	50.2	54.9	55.9	50.9	53.5	55.6	57.8	58.8	70.4	74.8
Contributions for social insurance .....	211.4	231.1	247.3	279.2	305.8	326.1	345.9	382.6	412.6	439.6	461.5	498.6
<b>Total receipts .....</b>	<b>623.8</b>	<b>643.3</b>	<b>645.7</b>	<b>711.9</b>	<b>776.8</b>	<b>815.2</b>	<b>899.4</b>	<b>957.6</b>	<b>1,041.9</b>	<b>1,094.9</b>	<b>1,148.4</b>	<b>1,237.2</b>
<b>EXPENDITURES</b>												
Purchases of goods and services .....	231.8	264.4	287.4	297.2	341.5	368.6	375.4	377.8	399.0	416.1	449.9	438.9
Defense .....	(160.7)	(187.3)	(210.4)	(228.5)	(252.7)	(275.4)	(290.0)	(296.3)	(301.3)	(309.1)	(327.6)	(308.3)
Nondefense .....	(71.1)	(77.1)	(77.0)	(68.7)	(88.8)	(93.2)	(85.4)	(81.5)	(97.7)	(107.0)	(122.3)	(130.6)
Transfer payments .....	281.3	312.8	347.5	352.2	374.0	394.6	411.1	433.2	462.0	504.7	536.4	590.9
Domestic ("to persons") .....	(274.6)	(305.6)	(339.8)	(342.2)	(360.6)	(380.4)	(399.3)	(420.5)	(448.5)	(488.2)	(535.0)	(573.5)
Foreign .....	(6.7)	(7.2)	(7.7)	(9.9)	(13.4)	(14.3)	(11.8)	(12.8)	(13.5)	(16.5)	(1.4)	(17.4)
Grants-in-aid to State and local governments .....	90.1	83.4	85.7	90.7	97.8	107.4	103.1	108.3	115.8	128.3	148.1	160.2
Net interest paid .....	66.7	82.2	90.6	109.7	128.3	134.6	139.3	148.8	167.7	182.1	199.1	209.3
Subsidies less current surplus of Government enterprises .....	12.5	13.0	20.9	23.3	20.7	22.8	31.1	33.6	27.7	22.0	18.6	19.7
Wage disbursements less accruals .....	-0.1	*	0.4	-0.1	0.1	.....	-0.1	0.1	.....	.....	.....	.....
<b>Total expenditures .....</b>	<b>682.4</b>	<b>755.9</b>	<b>832.4</b>	<b>873.0</b>	<b>962.3</b>	<b>1,028.0</b>	<b>1,060.0</b>	<b>1,101.8</b>	<b>1,172.2</b>	<b>1,247.9</b>	<b>1,353.0</b>	<b>1,419.4</b>
<b>Deficit (-) .....</b>	<b>-58.5</b>	<b>-112.6</b>	<b>-186.7</b>	<b>-161.0</b>	<b>-185.5</b>	<b>-212.8</b>	<b>-160.7</b>	<b>-144.1</b>	<b>-130.3</b>	<b>-158.2</b>	<b>-203.6</b>	<b>-181.8</b>

\*\$50 million or less.

Note.—The estimates for 1990-92 are preliminary; revisions will be published in the February 1991 issue of the *Survey of Current Business*.

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Table XVI-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

(In billions of dollars)

	1986	1987	1988	1989	1990	1991	1992
<b>Receipts</b>							
Unified budget receipts .....	769.1	854.1	909.0	990.7	1,031.3	1,091.4	1,165.0
Government contributions for employee retirement (grossing) .....	33.7	35.4	38.6	41.3	44.5	48.4	52.0
Other netting and grossing .....	12.6	13.9	16.3	19.9	19.1	20.5	21.6
Timing adjustments .....	1.3	-2.5	-4.7	-8.4	2.0	-9.8	0.8
Geographic exclusions .....	-1.5	-1.7	-1.6	-1.8	-2.0	-2.2	-2.3
Other .....	*	0.1	0.1	0.1	.....	.....	.....
NIPA receipts .....	815.2	899.4	957.6	1,041.9	1,094.9	1,148.4	1,237.2
<b>Expenditures</b>							
Unified budget outlays .....	990.3	1,003.8	1,064.1	1,144.1	1,251.7	1,409.6	1,445.9
Government contributions for employee retirement (grossing) .....	33.7	35.4	38.6	41.3	44.5	48.4	52.0
Other netting and grossing .....	12.6	13.9	16.3	19.9	19.1	20.5	21.6
Lending transactions .....	-14.0	1.4	-0.4	1.3	-7.2	-8.5	-10.6
Deposit insurance and other financial transactions .....	3.2	-3.0	-12.8	-23.4	-57.1	-110.2	-83.8
Defense timing adjustment .....	4.1	6.8	4.8	-4.9	5.3	-0.9	-0.4
Other timing adjustments .....	1.0	6.4	-3.1	0.4	2.8	-0.4	0.2
Geographic exclusions .....	-5.4	-5.4	-5.5	-6.0	-6.2	-6.8	-7.1
Bonuses on outer continental shelf land leases .....	2.1	1.6	1.3	0.9	0.7	1.1	0.5
Other .....	0.4	-0.8	-1.5	-1.4	-0.4	-0.7	0.7
NIPA expenditures .....	1,028.0	1,060.0	1,101.8	1,172.2	1,253.2	1,352.1	1,419.0

**Federal Sector Expenditures**

Tables XVI-1 and XVI-3 show expenditures in the six major NIPA categories, which are very different from the budget categories.

Purchases of goods and services include the goods and services purchased by the Federal Government, including employee compensation. This category is divided into defense and non-defense components.

Transfer payments is the largest expenditure category. Domestic transfer payments are mainly for income security programs, such as social security and medicare. Foreign transfer payments include grants to foreign governments and payments under social security and other similar programs to individuals living abroad.

Grants-in-aid to State and local governments are designed to help finance a range of programs. Grants are for income security, capital expenditures for infrastructure, and other purposes.

Net interest paid is the interest paid by the Government on its borrowing, less interest received on its lending.

Subsidies less current surplus of Government enterprises consists of two elements: (1) subsidy payments for resident businesses (including farms); and (2) the current surplus (or deficit) of "Government enterprises", such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. NIPA subsidies do not include the imputed credit subsidies estimated as part of credit reform in the budget. Rather, they are categorized as financial transactions and are excluded from the NIPAs.

Wage disbursements less accruals is an adjustment that is necessary when wages are earned in a different period than they are paid.

**Differences in the Estimates.**

Since the introduction of the unified budget in January 1968, NIPA receipts have exceeded budget receipts in each year, due principally to the imputed employer contributions for employee retirement. NIPA expenditures have usually been higher than budget outlays for the same reason. However there are two components of budget outlays that are sometimes sufficiently large to overwhelm the grossing adjustments. These are financial transactions and payments to U.S. territories. Budget outlays were greater in 1980, 1989, and 1990. With the enactment of credit reform, effective in 1992, lending activity with the public as recorded in the budget will be treated in a way that is closer to the NIPA treatment. Disbursement and repayment of loans will occur outside the budget as in the NIPAs, and only imputed credit subsidies will remain as budget outlays. However, this narrowing of differences in lending activity is likely to be overwhelmed by large increases in other financial transactions, principally outlays for the resolution of failed financial institutions.

Since 1968, the consolidated on-budget plus off-budget surplus or deficit has exceeded the Federal surplus or deficit as measured in the NIPAs in all but three years. In 1992, the consolidated budget deficit is estimated to be \$280.9 billion, while the NIPA deficit is estimated to be \$181.8 billion.

Table XVI-1 displays Federal transactions using NIPA concepts with actual data for the years 1981-1990 and estimates for 1991 and 1992 consistent with the Administration's budget proposals. Table

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XVI-2 displays the reasons for differences between the data using budget concepts and NIPA concepts. Table XVI-3 displays quarterly data using NIPA concepts beginning in October 1989. Annual NIPA data from

1947-1992 are published in Part Seven, tables 14.1 and 14.2. Additional details will be published in the February 1991 issue of the Department of Commerce publication, *Survey of Current Business*.

Table XVI-3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPAs, QUARTERLY, 1990-92

(In billions of dollars; seasonally adjusted at annual rates)

Description	Actual				Estimate							
	Oct.-Dec. 1989	Jan.-Mar. 1990	Apr.-June 1990	July-Sept. 1990	Oct.-Dec. 1990	Jan.-Mar. 1991	Apr.-June 1991	July-Sept. 1991	Oct.-Dec. 1991	Jan.-Mar. 1992	Apr.-June 1992	July-Sept. 1992
<b>RECEIPTS</b>												
Personal tax and nontax receipts .....	469.6	473.6	492.1	500.0	507.1	495.9	503.9	515.1	525.9	534.7	546.1	557.5
Corporate profits tax accruals .....	101.3	106.5	109.2	114.2	111.9	118.0	109.7	113.9	118.4	120.0	119.4	122.4
Indirect business tax and nontax accruals .....	58.7	60.6	60.5	61.0	64.9	72.7	72.7	72.7	73.3	75.0	75.3	75.6
Contributions for social insurance .....	426.1	439.9	444.0	450.6	452.2	464.2	468.2	474.5	482.5	497.1	504.7	512.2
<b>Total receipts .....</b>	<b>1,055.7</b>	<b>1,080.6</b>	<b>1,105.8</b>	<b>1,125.9</b>	<b>1,136.1</b>	<b>1,150.8</b>	<b>1,154.5</b>	<b>1,176.1</b>	<b>1,200.0</b>	<b>1,226.7</b>	<b>1,245.4</b>	<b>1,267.6</b>
<b>EXPENDITURES</b>												
Purchases of goods and services .....	399.9	410.6	421.9	425.8	438.5	470.9	463.0	431.2	427.0	438.6	442.6	447.6
Defense .....	(299.2)	(307.2)	(309.6)	(312.6)	(326.5)	(350.5)	(336.2)	(301.4)	(297.1)	(307.5)	(311.8)	(317.2)
Nondefense .....	(100.7)	(103.4)	(112.3)	(113.2)	(112.0)	(120.4)	(126.8)	(129.8)	(129.9)	(131.1)	(130.8)	(130.4)
Transfer payments .....	487.9	503.4	510.4	513.2	509.7	532.8	546.1	556.1	573.6	592.7	596.0	599.4
Domestic ("to persons") .....	(470.5)	(490.3)	(491.4)	(496.1)	(508.7)	(536.8)	(544.5)	(549.1)	(554.7)	(575.8)	(579.1)	(582.5)
Foreign .....	(17.3)	(13.1)	(18.9)	(17.0)	(1.0)	(-4.0)	(1.6)	(7.0)	(18.9)	(16.9)	(16.9)	(16.9)
Grants-in-aid to State and local governments .....	121.5	128.5	131.5	129.8	132.5	146.3	154.3	159.0	158.8	159.4	160.5	161.8
Net interest paid .....	175.2	178.1	184.3	189.8	193.1	197.5	201.5	204.3	206.3	208.3	210.3	212.3
Subsidies less current surplus of Government enterprises .....	21.3	28.3	23.8	13.1	26.1	16.6	15.9	15.5	20.1	19.0	19.9	19.5
<b>Total expenditures .....</b>	<b>1,205.8</b>	<b>1,248.8</b>	<b>1,271.7</b>	<b>1,271.6</b>	<b>1,299.9</b>	<b>1,364.1</b>	<b>1,380.8</b>	<b>1,366.1</b>	<b>1,385.8</b>	<b>1,418.0</b>	<b>1,429.3</b>	<b>1,440.6</b>
<b>Deficit .....</b>	<b>-150.1</b>	<b>-168.3</b>	<b>-166.0</b>	<b>-145.7</b>	<b>-163.8</b>	<b>-213.4</b>	<b>-226.2</b>	<b>-190.0</b>	<b>-185.8</b>	<b>-191.2</b>	<b>-183.8</b>	<b>-172.9</b>

Note.—Because of the methods normally used to seasonally adjust NIPA data, the average of seasonally adjusted data for the 4 quarters of a fiscal year may not be equal to the unadjusted fiscal year total.

## 27. NATIONAL INCOME AND PRODUCT ACCOUNT PRESENTATION

The National Income and Product Accounts (NIPAs) are an integrated set of measures of aggregate economic activity that are prepared by the Department of Commerce. One of the many purposes of the NIPAs is to measure the Nation's total current production of goods and services, known as gross domestic product (GDP) and the incomes generated in its production.<sup>1</sup> Because the NIPAs are widely used in economic analysis, it is important to show the NIPA presentation of Federal transactions.

GDP is the sum of the net products of the household, business, government, and foreign sectors. Federal transactions are included in the NIPAs as part of the government sector. The concepts for the Federal sector have been designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, for it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. Rather, it is an accounting translation of the budget to meet specialized and important needs, chiefly the measurement of the impact of Federal receipts, outlays, and the deficit on the national economy. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

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<sup>1</sup> Until last year, the most widely used measure of national production was gross national product (GNP). When the Department of Commerce released its benchmark revisions of the NIPAs in December, it began to feature gross domestic product (GDP) as the preferred measure of national production. This is the concept that most countries in the world also emphasize. Accordingly, the budget has adopted GDP as its preferred measure of total national production. For the United States, GDP is very nearly as large as GNP (99.8 percent of GNP in 1990, for example). The distinctions between GNP and GDP are discussed at length in the August 1991 issue of the Department of Commerce publication *Survey of Current Business*.

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this exclusion is the largest difference between the NIPAs and the budget.

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Corporate profits tax accruals differ in classification from the corresponding budget category primarily because the NIPAs include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the NIPAs and the budget, as discussed above, is especially large for this category of receipts.

Indirect business tax and nontax accruals are composed of excise taxes, customs duties, royalties, fines, and other receipts.

Contributions for social insurance differ from the corresponding budget category primarily because: (1) the NIPAs include Federal employer contributions for employee retirement in this category as a Government receipt, while the budget offsets the contributions against outlays as undistributed offsetting receipts; (2) the NIPAs include premiums for social insurance programs including Part B of medicare as Government receipts, which the budget also nets against outlays; and (3) the NIPAs include imputations for Federal employees' unemployment insurance and workers' compensation.

Table 27-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1982-1991

(in billions of dollars)

Description	Actual									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
<b>RECEIPTS</b>										
Personal tax and nontax receipts .....	308.4	290.7	300.4	337.0	353.1	396.3	403.8	455.7	472.2	474.5
Corporate profits tax accruals .....	51.6	56.4	75.1	75.0	80.4	99.4	107.6	116.7	113.1	103.2
Indirect business tax and nontax accruals .....	51.5	52.0	57.0	59.1	53.8	57.9	59.6	62.2	63.7	75.6
Contributions for social insurance .....	231.2	247.3	279.3	305.9	326.5	345.5	384.1	412.5	438.9	462.9
<b>Total receipts .....</b>	<b>642.7</b>	<b>646.4</b>	<b>711.7</b>	<b>777.0</b>	<b>813.8</b>	<b>899.1</b>	<b>955.1</b>	<b>1,047.1</b>	<b>1,087.9</b>	<b>1,116.2</b>
<b>EXPENDITURES</b>										
Purchases of goods and services .....	259.5	289.8	302.2	335.2	363.7	379.9	386.3	399.0	416.4	445.8
Defense .....	(187.3)	(210.2)	(228.2)	(251.7)	(274.3)	(287.6)	(295.1)	(299.2)	(308.4)	(325.9)
Nondefense .....	(72.2)	(79.6)	(74.0)	(83.5)	(89.3)	(92.2)	(91.2)	(99.8)	(108.1)	(119.9)
Transfer payments .....	311.4	346.3	351.1	372.2	393.1	409.3	430.9	459.4	502.0	505.3
Domestic ("to persons") .....	(305.6)	(339.8)	(342.4)	(360.7)	(380.6)	(399.4)	(420.7)	(448.5)	(488.9)	(534.2)
Foreign .....	(5.8)	(6.5)	(8.7)	(11.5)	(12.5)	(9.9)	(10.2)	(10.9)	(13.0)	(-28.9)
Grants-in-aid to State and local governments .....	83.4	86.2	91.5	98.6	108.3	103.4	108.4	115.8	128.3	146.3
Net interest paid .....	81.8	89.6	107.5	125.2	130.5	133.6	143.8	160.3	175.3	185.2
Subsidies less current surplus of Government enterprises .....	11.5	16.8	23.0	21.6	22.1	24.9	28.9	27.6	23.7	22.8
Wage disbursements less accruals .....	*	0.4	-0.1	0.1	-0.1	-0.1	0.1	-*	-*	-*
<b>Total expenditures .....</b>	<b>747.6</b>	<b>829.2</b>	<b>875.3</b>	<b>952.9</b>	<b>1,017.6</b>	<b>1,051.1</b>	<b>1,098.5</b>	<b>1,162.1</b>	<b>1,245.6</b>	<b>1,305.4</b>
<b>Deficit (-) .....</b>	<b>-105.0</b>	<b>-182.8</b>	<b>-163.6</b>	<b>-175.9</b>	<b>-203.9</b>	<b>-151.9</b>	<b>-143.3</b>	<b>-115.0</b>	<b>-157.8</b>	<b>-189.2</b>

\*\$50 million or less.

## 27. NATIONAL INCOME AND PRODUCT ACCOUNT PRESENTATION

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Table 27-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

(In billions of dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991
<b>Receipts</b>									
Unified budget receipts .....	600.6	666.5	734.1	769.1	854.1	909.0	990.7	1,031.3	1,054.3
Government contributions for employee retirement (grossing) .....	28.3	29.7	32.3	33.7	35.4	38.7	41.2	44.2	47.2
Other netting and grossing .....	9.5	11.6	13.0	10.6	11.1	14.1	14.7	17.8	21.3
Timing adjustments .....	9.2	5.2	-1.2	2.7	* -1.8	-5.1	1.5	-3.9	-5.0
Geographic exclusions .....	-1.3	-1.4	-1.5	-1.6	-1.8	-1.4	-1.5	-1.6	-1.7
Other .....	0.2	0.2	0.3	-0.6	0.1	*	0.6	0.1	0.1
NIPA receipts .....	646.4	711.7	777.0	813.8	899.1	955.1	1,047.1	1,087.9	1,116.2
<b>Expenditures</b>									
Unified budget outlays .....	808.4	851.8	946.4	990.3	1,003.9	1,064.1	1,144.2	1,251.8	1,323.0
Government contributions for employee retirement (grossing) .....	28.3	29.7	32.3	33.7	35.4	38.7	41.2	44.2	47.2
Other netting and grossing .....	9.5	11.6	13.0	10.6	11.1	14.1	14.7	17.8	21.3
Lending transactions .....	-16.0	-11.7	-31.9	-14.3	-0.5	-3.5	-2.1	-14.2	-14.0
Deposit insurance and other financial transactions .....	-2.3	-3.6	-0.9	-3.2	-2.9	-12.5	-22.8	-56.7	-66.7
Defense timing adjustment .....	*	0.3	-0.2	2.8	4.0	3.2	-7.3	4.4	3.1
Other timing adjustments .....	-0.8	-0.8	-1.4	-0.7	4.1	-0.3	0.5	3.8	-2.0
Geographic exclusions .....	-4.8	-5.1	-5.3	-5.4	-5.4	-5.6	-6.0	-6.5	-6.8
Bonuses on outer continental shelf land leases .....	7.5	3.4	1.9	2.1	1.6	1.3	0.9	1.1	0.9
Other .....	-0.4	-0.4	-1.1	1.8	-0.4	-1.0	-1.1	-0.2	-0.6
NIPA expenditures .....	829.2	875.3	952.9	1,017.6	1,051.0	1,098.5	1,162.1	1,245.6	1,305.4

**Federal Sector Expenditures**

Table 27-1 shows expenditures in the six major NIPA categories, which are very different from the budget categories.

Purchases of goods and services include the goods and services purchased by the Federal Government, including employee compensation. This category is divided into defense and non-defense components.

Transfer payments is the largest expenditure category. Domestic transfer payments are mainly for income security programs, such as social security and medicare. Foreign transfer payments include grants to foreign governments and payments under social security and other similar programs to individuals living abroad.

Grants-in-aid to State and local governments are designed to help finance a range of programs. Grants are for income security, capital expenditures for infrastructure, and other purposes.

Net interest paid is the interest paid by the Government on its borrowing, less interest received on its lending.

Subsidies less current surplus of Government enterprises consists of two elements: (1) subsidy payments for resident businesses (including farms); and (2) the current surplus (or deficit) of "Government enterprises", such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. NIPA subsidies do not include the imputed credit subsidies estimated as part of credit reform in the budget. Rather, they are categorized as financial transactions and are excluded from the NIPAs.

Wage disbursements less accruals is an adjustment that is necessary when wages are earned in a different period than they are paid.

**Benchmark Revisions**

The benchmark revisions of the NIPAs, released in December, included a number of conceptual changes that affect the Government sector. Six Federal Government agencies were reclassified from their former designations as government enterprises to general government agencies, which added their operating expenses to Federal purchases (and GDP). Two agencies were shifted the other way.

The Panama Canal Commission was reclassified from a government enterprise to a foreign entity.

Receipts for providing certain services—including health and hospital charges, tuition, and park and recreation charges—are now offset against expenditures instead of being recorded as personal nontaxes, reducing both receipts and expenditures. This change has a substantially larger effect on State and local governments than on the Federal government.

Other changes that affect Federal government receipts and expenditures include recognition of court-mandated escrow accounts, reclassification of Commodity Credit Corporation commodity loans, and recording of non-resident tax payments as transfer payments. The changes are fully described in the September, 1991 issue of the *Survey of Current Business*.

Taken together, these changes lower the NIPA Federal deficit. Between 1980 and 1990, the deficit was lowered an average of 1.6 billion due to conceptual changes.

**Differences in the Estimates.**

Since the introduction of the unified budget in January 1968, NIPA receipts have exceeded budget receipts in each year, due principally to the imputed employer contributions for employee retirement. NIPA expenditures have usually been higher than budget outlays for the same reason. However there are two components of budget outlays that are sometimes sufficiently large

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THE BUDGET FOR FISCAL YEAR 1993

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to overwhelm the grossing adjustments. These are financial transactions and payments to U.S. territories. Budget outlays were greater in 1980 and 1991. With the enactment of credit reform, effective in 1992, lending activity with the public as recorded in the budget has been treated in a way that is closer to the NIPA treatment. Disbursement and repayment of loans now occur outside the budget as in the NIPAs, and only imputed credit subsidies will remain as budget outlays. However, this narrowing of differences in lending activity is likely to be overwhelmed, at least in the short run, by large increases in other financial transactions, principally outlays for the resolution of failed financial institutions.

Since 1968, the consolidated on-budget plus off-budget surplus or deficit has exceeded the Federal surplus or deficit as measured in the NIPAs in all but three years. In 1991, the consolidated budget deficit was \$268.7 billion, while the NIPA deficit was \$189.2 billion.

Table 27-1 displays Federal transactions using NIPA concepts with actual data for the years 1982-1991. These estimates reflect the effects of the comprehensive revisions of the NIPAs released in December 1991. Table 27-2 displays the reasons for differences between the data using budget concepts and NIPA concepts.

In previous years, a NIPA translation of the President's proposed budget has been published in the *Budget*. This year, these estimates will be published in a forthcoming issue of the *Survey of Current Business*. Next year, the NIPA translation of the President's Budget will return to the 1994 *Budget*.