# INTRODUCTION

## STRUCTURE, COVERAGE AND CONCEPTS

*Historical Tables* provides budget users with a wide range of data on Federal Government finances. Many of the data series begin in 1940 and include estimates of the President's budget for 1999–2004. Additionally, Table 1.1 provides data on receipts, outlays, and surpluses or deficits for 1901–1939 and for earlier multi-year periods.

### Structure

This document is composed of 17 sections, each of which has one or more tables. Each section covers a common theme. Section 1, for example, provides an overview of the budget and off-budget totals; Section 2 provides tables on receipts by source; and Section 3 shows outlays by function. When a section contains several tables, the general rule is to start with tables showing the broadest overview data and then work down to more detailed tables. The purpose of these tables is to present a broad range of historical budgetary data in one convenient reference source and to provide relevant comparisons most likely to be of assistance. The most common comparisons are in terms of proportions (e.g., each major receipt category as a percentage of total receipts and of the gross domestic product).

Section notes explain the nature of the activities covered by the tables in each section. Additional descriptive information is also included where appropriate. Explanations are generally not repeated, but there are occasional cross-references to related materials.

Because of the numerous changes in the way budget data have been presented over time, there are inevitable difficulties in trying to produce comparable data to cover many years. The general rule is to provide data in as meaningful and comparable a fashion as possible. To the extent feasible, the data are presented on a basis consistent with current budget concepts. When a structural change is made, insofar as possible the data are adjusted for all years.

One significant change in recent years concerns the budgetary treatment of Federal credit programs, which was changed by the Federal Credit Reform Act of 1990. Previously the budget recorded the cost of direct and guaranteed loans on a cash basis. Under credit reform, the budget only records budget authority and outlays for the subsidy cost of direct and guaranteed loans made in 1992 and subsequent years. The subsidy is defined as the net estimated cash flows to and from the Government over the life of the loan, discounted to the present. The cash transactions are recorded as means of financing the deficit. Because it was impossible to convert the pre–1992 loans to a credit reform basis, the data are on a cash basis for pre–1992 loans and on a credit reform basis for loans made in 1992 and subsequent years.

### Coverage

The Federal Government has used the unified or consolidated budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. The basic guidelines for the unified budget were presented in the *Report of the President's Commission on Budget Concepts* (October 1967). The Commission recommended the budget include all Federal fiscal activities unless there were exceptionally persuasive reasons for exclusion. Nevertheless, from the very beginning some programs were perceived as warranting special treatment. Indeed, the Commission itself recommended a bifurcated presentation: a "unified budget" composed of an "expenditure account" and a "loan account." The distinction between the expenditure account and the loan account proved to be confusing and caused considerable complication in the budget for little benefit. As a result, this distinction was eliminated

starting with the 1974 budget. However, even prior to the 1974 budget, the Export-Import Bank had been excluded by law from the budget totals, and other exclusions followed. The structure of the budget was gradually revised to show the off-budget transactions in many locations along with the on-budget transactions, and the off-budget amounts were added to the on-budget amounts in order to show total Federal spending.

The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) repealed the off-budget status of all then existing off-budget entities, but it also included a provision moving the Federal old-age, survivors, and disability insurance funds (collectively known as social security) off-budget. To provide a consistent time series, the budget historical data show social security off-budget for all years since its inception, and show all formerly off-budget entities on-budget for all years. The Omnibus Budget Reconciliation Act of 1989 (OBRA 1989) moved the Postal Service fund off-budget, starting in fiscal year 1989. Prior to that year, the Postal Service fund is shown on-budget.

Though social security and the Postal Service are now off-budget, they continue to be Federal programs. Indeed, social security currently accounts for about one-fourth of all Federal receipts and one-fifth of all Federal spending. Hence, the budget documents include these funds and focus on the Federal totals that combine the on-budget and off-budget amounts. Various budget tables and charts show total Federal receipts, outlays, and surpluses and deficits, and divide these totals between the portions that are on-budget and off-budget.

## Changes in Historical Budget Authority, Outlays, Receipts and Deficits

The major budget totals for 1997 have changed from those published in the 1999 Budget due to corrections reported to the Treasury. Budget authority and outlays are higher due to a $3 million reduction in offsetting receipts for interest on loans for railroad rehabilitation and improvement. An increase of $6 million in offsetting receipts in Treasury's budget clearing account (suspense) was also made. As a result of these two changes, total budget authority, outlays and the deficit for 1997 are reduced by $3 million. Further, but offsetting, changes to 1997 budget authority result from the removal of discretionary budget authority (and addition of corresponding amounts of mandatory budget authority) for various transportation trust funds that were proposed to have a conceptual change in the 1999 Budget to show budget authority in lieu of obligation limitations. The proposed conceptual change should have been reflected in the budget data only for prospective years. Discretionary budget authority is reduced (and mandatory budget authority is increased) by $24,141 million.

Conceptual changes were made to budget authority for the medicare catastrophic insurance trust funds in 1989 and 1990 to make them consistent with the Budget Enforcement Act definition of budget authority for social insurance trust funds. As a result, budget authority for medicare is reduced by $1,563 million in 1989 and by $414 million in 1990. A correction reduces budget authority for medicare's hospital insurance trust fund in 1978 by $54 million.

Other changes were made to the functional or Budget Enforcement Act category classifications of certain accounts as a result of joint consultations among congressional committees, the Congressional Budget Office and the Office of Management and Budget. The agency structure shown in this year's budget reflects the proposed reorganization of various international agencies. In particular, the United States Information Agency and the Arms Control and Disarmament Agency are now shown as part of the State Department rather than as Other Independent Agencies.

## Note on the Fiscal Year

The Federal fiscal year begins on October 1 and ends on the subsequent September 30. It is designated by the year in which it ends; for example, fiscal year 1995 began on October 1, 1994, and ended on September 30, 1995. Prior to fiscal year 1977 the Federal fiscal years began on July 1 and ended on June 30. In calendar year 1976 the July-September period was a separate accounting period (known as the transition

quarter or TQ) to bridge the period required to shift to the new fiscal year.

## Concepts Relevant to the Historical Tables

*Budget (or "on-budget") receipts* constitute the income side of the budget; they are composed almost entirely of taxes or other compulsory payments to the Government. Any income from business-type activities (e.g., interest income or sale of electric power), and any income by Government accounts arising from payments by other Government accounts is offset against outlays, so that total *budget outlays* are reported net of offsetting collections. This method of accounting permits users to easily identify the size and trends in Federal taxes and other compulsory income, and in Federal spending financed from taxes, other compulsory income, or borrowing. *Budget surplus* refers to any excess of budget receipts over budget outlays, while *budget deficit* refers to any excess of budget outlays over budget receipts.

The terms *off-budget receipts, off-budget outlays, off-budget surpluses,* and *off-budget deficits* refer to similar categories for off-budget activities. The sum of the on-budget and off-budget transactions constitute the consolidated or total Federal Government transactions.

The budget is divided between two fund groups, Federal funds and trust funds. The Federal funds grouping includes all receipts and outlays not specified by law as being trust funds. All Federal funds are on-budget except for the Postal Service fund starting with fiscal year 1989. All trust funds are on-budget, except the two social security retirement trust funds, which are shown off-budget for all years.

The term *trust fund* as used in Federal budget accounting is frequently misunderstood. In the private sector, "trust" refers to funds of one party held by a second party (the trustee) in a fiduciary capacity. In the Federal budget, the term "trust fund" means only that the law requires the funds be accounted for separately and used only for specified purposes and that the account in which the funds are deposited is designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent. The determining factor as to whether a particular fund is designated as a "Federal" fund or "trust" fund is the law governing the fund.

The largest trust funds are for retirement and social insurance (e.g., civil service and military retirement, social security, medicare, and unemployment benefits). They are financed largely by social insurance taxes and contributions and payments from the general fund (the main component of Federal funds). However, there are also major trust funds for transportation (highway and airport and airways) and for other programs financed in whole or in part by *user charges.*

The budget documents do not separately show user charges. Frequently there is confusion between the concept of user charges and the concept of offsetting collections. User charges are charges for services rendered. Such charges may take the form of taxes (budget receipts), such as highway excise taxes used to finance the highway trust fund. They may also take the form of business-type charges, in which case they are offsetting collections—offset against budget outlays rather than being recorded as budget receipts. Examples of such charges are the proceeds from the sale of electric power by the Tennessee Valley Authority and medical insurance premiums paid to medicare's supplementary medical insurance trust fund. User charges may go to the general fund of the Treasury or they may be "earmarked". If the funds are earmarked, it means the collections are separately identified and used for a specified purpose—they are not commingled (in an accounting sense) with any other money. This does not mean the money is actually kept in a separate bank account. All money in the Treasury is merged for efficient cash management. However, any earmarked funds are accounted for in such a way that the balances are always identifiable and available for the stipulated purposes.

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### Special Note on GDP and Constant Dollar Amounts in the FY2001 *Historical Tables*

The Gross Domestic Product (GDP) figures and the deflators used to produce constant dollar amounts have only been partially revised to reflect the benchmark revisions to the National Income and Product Accounts (NIPA) data published by the Dept. of Commerce's Bureau of Economic Analysis. The Bureau has only published revisions back to calendar year 1959. Quarterly and annual GDP revisions on a not seasonally adjusted basis, the basis the Office of Management and Budget (OMB) uses to produce fiscal year GDP and fiscal year Federal Sector NIPA totals, are expected to be available in the spring. For the tables in this document that display GDP, percentage of GDP, deflators, or constant dollar data, fiscal years prior to 1960 use pre-benchmark revision, not seasonally adjusted GDP and OMB estimates of deflators (adjusted to produce the same percentage year-to-year change prior to 1960 as the pre-benchmark revision deflators do). The time series available in the tables in Sections 14 and 15 have also been shortened due to lack of post-benchmark revision data. Section 15 starts with fiscal year 1960 and Section 14 covers only fiscal years 1999 through 2001.

### Special Note on the President's Social Security and Medicare Solvency Proposals

Under the President's proposals, most of the budget surpluses shown in various tables in the *Historical Tables* would be allocated to debt reduction and other uses to assure the continued solvency of Social Security and Medicare. A combination of solvency transfers to these trust funds and a substantial reduction in Federal debt held by the public would increase the Government's ability to pay future Social Security and Medicare benefits. Specific uses or allocations of the on- and off-budget surpluses for these purposes are presented in the Table S-1 (Summary Tables) in Part 6 of the FY2001 *Budget*.

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## Changes in Historical Budget Authority, Outlays, Receipts and Deficits

The major budget totals for 1998 and earlier years have changed from those published in the 2000 Budget due to corrections reported to the Treasury. Budget authority for 1998 is lower by $37 million due to

an increase in offsetting receipts in Treasury's budget clearing account (suspense). This change also reduces outlays and increases the surplus for 1998. Additional changes to 1998 outlays include a $56 million increase to several special and trust fund accounts in the Dept. of Interior's Office of Special Trustee for American Indians, a $35 million increase to Impact Aid in the Dept. of Education, and a $3 million increase in Coast Guard operating and construction accounts. In total, net outlays for 1998 are increased (and the surplus is reduced) by $59 million. Changes to earlier years were also made in the special and trust fund accounts under the Office of Special Trustee for American Indians, increasing outlays in 1983 by $4 million and increasing outlays for each year, starting with 1990, by amounts ranging from $2 million in 1992 to $171 million in 1994, dropping back to an increase of $50 million by 1997.

Other changes were made to the functional or Budget Enforcement Act (BEA) category classifications of certain accounts as a result of joint consultations among congressional committees, the Congressional Budget Office and the Office of Management and Budget. The most significant of these changes is the reclassification of Treasury's offsetting receipt account that receives prepayment premiums from the Federal Financing Bank (FFB). This account was reclassified to the net interest function and BEA category. For 1998, this change reduces net interest budget authority and outlays by $2.2 billion and increases other mandatory and general government function budget authority and outlays.

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Sometimes there is confusion between budget receipts and offsetting receipts and offsetting collections. Receipts are income that results from the Government's exercise of its sovereign power to tax, or otherwise compel payment, or from gifts of money to the Government. They are also called governmental receipts or budget receipts. Offsetting collections and offsetting receipts result from either of two kinds of transactions: business-like or market-oriented activities with the public and intragovernmental transactions, the receipt by one Government account of a payment from another account.

For example, the budget records the proceeds from the sale of postage stamps, the fees charged for admittance to recreation areas, and the proceeds from the sale of Government-owned land, as offsetting collections or offsetting receipts. An example of an intragovernmental transaction is the payments received by the General Services Administration from other Government agencies for the rent of office space. These are credited as offsetting collections in the Federal Buildings Fund. Offsetting collections and offsetting receipts are deducted from gross budget authority and outlays, rather than added to receipts. This treatment produces budget totals for receipts, budget authority, and outlays that represent governmental transactions with the public rather than market activity.

When funds are earmarked, it means the receipts or collections are separately identified and used for a specified purpose—they are not commingled (in an accounting sense) with any other money. This does not mean the money is actually kept in a separate bank account. All money in the Treasury is merged for efficient cash management. However, any earmarked funds are accounted for in such a way that the balances are always identifiable and available for the stipulated purposes.

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The major budget totals for 1998 and 1999 have changed from those published in the 2001 Budget in part due to corrections reported to the Treasury. Outlays for 1998 increased by $8 million for Coast Guard operating expenses. Outlays for 1999 increased by a net of $2 million, resulting from changes in the Department of Health and Human Services, the Department of Transportation, and the Department of the Treasury. In addition, outlays for 1999 have been reduced by $167 million to reflect reclassification of guaranty agency reserves of the Department of Education's student loan program as budgetary.

Other changes were made to the functional or Budget Enforcement Act (BEA) category classifications of certain accounts as a result of joint consultations among congressional committees, the Congressional Budget Office and the Office of Management and Budget. The most significant reclassification shifted a portion of Federal Housing Administration mutual mortgage insurance negative subsidies from mandatory to discretionary. This has the effect of reducing net budget authority for discretionary programs in every year from 1992 through 1999. Other smaller changes in classification affect discretionary and mandatory totals back to 1986. A revision in scoring (that now treats as new budget authority certain defense transfers of funds that would otherwise lapse) results in an increase in discretionary and total budget authority starting in 1995. Another significant change was the reclassification as discretionary the budget authority for accounts classified in the mass transit BEA category. Because the treatment of these accounts has changed several times in recent years, the net effect of fully reflecting the latest scoring is to reduce discretionary budget authority in 1998 by $2,000 million and increase it in 1999 by $1,504 million.

## Constant Dollar Amounts and Percents of GDP

The time series for fiscal year nominal Gross Domestic Product (GDP) has been revised back to 1930 to incorporate the benchmark revisions to this series and other National Income and Product Account (NIPA) data completed last year by the staff of the Bureau of Economic Analysis in the Department of Commerce. As a result, historical budget data expressed as a percent of GDP have also been revised. In addition, the method used to calculate deflators for expressing budget data in constant dollars has been revised. Rather than using fixed-price constant dollar amounts to derive implicit deflators from various components of

GDP, such as the Federal and State and Local Government sectors, the constant dollar amounts are now derived using chain-type price indexes (converted to Fiscal Year 1996 as the base year). The chain-type price indexes are used as input deflators to calculate the composite deflators for various outlay categories. The major outlay categories are described in the Notes on Section 6 (Composition of Federal Goverment Outlays) in the Section Notes. Each of the major outlay categories are subdivided into capital and non-capital spending, and then deflated to Fiscal Year 1996 dollars by applying the relevant chain-price index. After aggregating the nominal and constant dollar amounts into the major composition of outlay categories, composite (or implicit) outlay deflators are then derived for each category. The use of chain-type price indexes results in significantly different constant dollar amounts in the 1940s and the early 1950s (and smaller differences thereafter) than the previous method.

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# INTRODUCTION

## STRUCTURE, COVERAGE AND CONCEPTS

*Historical Tables* provides a wide range of data on Federal Government finances. Many of the data series begin in 1940 and include estimates of the President's budget for 2002–2007. Additionally, Table 1.1 provides data on receipts, outlays, and surpluses or deficits for 1901–1939 and for earlier multi-year periods.

### Structure

This document is composed of 17 sections, each of which has one or more tables. Each section covers a common theme. Section 1, for example, provides an overview of the budget and off-budget totals; Section 2 provides tables on receipts by source; and Section 3 shows outlays by function. When a section contains several tables, the general rule is to start with tables showing the broadest overview data and then work down to more detailed tables. The purpose of these tables is to present a broad range of historical budgetary data in one convenient reference source and to provide relevant comparisons likely to be most useful. The most common comparisons are in terms of proportions (e.g., each major receipt category as a percentage of total receipts and of the gross domestic product).

Section notes explain the nature of the activities covered by the tables in each section. Additional descriptive information is also included where appropriate. Explanations are generally not repeated, but there are occasional cross-references to related materials.

Because of the numerous changes in the way budget data have been presented over time, there are inevitable difficulties in trying to produce comparable data to cover many years. The general rule is to provide data in as meaningful and comparable a fashion as possible. To the extent feasible, the data are presented on a basis consistent with current budget concepts. When a structural change is made, insofar as possible the data are adjusted for all years.

One significant change made in the early 1990s concerns the budgetary treatment of Federal credit programs, which was changed by the Federal Credit Reform Act of 1990. Previously the budget recorded the cost of direct and guaranteed loans on a cash basis. Under credit reform, the budget only records budget authority and outlays for the subsidy cost of direct and guaranteed loans made in 1992 and subsequent years. The subsidy is defined as the net estimated cash flows to and from the Government over the life of the loan, discounted to the present. The cash transactions are recorded as a means of financing item. Because it was impossible to convert the pre–1992 loans to a credit reform basis, the data are on a cash basis for pre–1992 loans and on a credit reform basis for loans made in 1992 and subsequent years.

This year's budget proposes to have all agencies fund retirement and retiree health costs on an full accrual basis. Most of the impact of this proposal is felt in salary and expense accounts. In addition, certain new trust fund accounts are created to finance certain retirement benefits, which had previously been on pay as you go basis. The proposed change does not affect the budget aggregates but it does change the distribution by Budget Enforcement Act category, agency, and function. To allow for comparability across years covered by the budget horizon, the budget estimates are adjusted beginning in 2001 as if they reforms had taken effect then. Earlier years in the historical tables have not been adjusted causing a disconnect between 2001 and previous years.

### Coverage

The Federal Government has used the unified or consolidated budget concept as the foundation for its budgetary analysis

and presentation since the 1969 budget. The basic guidelines for the unified budget were presented in the *Report of the President's Commission on Budget Concepts* (October 1967). The Commission recommended the budget include all Federal fiscal activities unless there were exceptionally persuasive reasons for exclusion. Nevertheless, from the very beginning some programs were perceived as warranting special treatment. Indeed, the Commission itself recommended a bifurcated presentation: a "unified budget" composed of an "expenditure account" and a "loan account." The distinction between the expenditure account and the loan account proved to be confusing and caused considerable complication in the budget for little benefit. As a result, this distinction was eliminated starting with the 1974 budget. However, even prior to the 1974 budget, the Export-Import Bank had been excluded by law from the budget totals, and other exclusions followed. The structure of the budget was gradually revised to show the off-budget transactions in many locations along with the on-budget transactions, and the off-budget amounts were added to the on-budget amounts in order to show total Federal spending.

The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) repealed the off-budget status of all then existing off-budget entities, but it also included a provision moving the Federal old-age, survivors, and disability insurance funds (collectively known as social security) off-budget. To provide a consistent time series, the budget historical data show social security off-budget for all years since its inception, and show all formerly off-budget entities on-budget for all years. The Omnibus Budget Reconciliation Act of 1989 (OBRA 1989) moved the Postal Service fund off-budget, starting in fiscal year 1989. Prior to that year, the Postal Service fund is shown on-budget.

Though social security and the Postal Service are now off-budget, they continue to be Federal programs. Indeed, social security currently accounts for about one-fourth of all Federal receipts and over one-fifth of all Federal spending. Hence, the budget documents include these funds and focus on the Federal totals that combine the on-budget and off-budget amounts. Various budget tables and charts show total Federal receipts, outlays, and surpluses and deficits, and divide these totals between the portions that are on-budget and off-budget.

## Changes in Historical Budget Authority, Outlays, Receipts and Deficits

The major budget totals for 1989 and 1999 have changed from those published in the 2002 Budget due to corrections reported to the Treasury. Outlays for 1989 increased by $12 million for international monetary programs. Outlays for 1999 decreased by $943 million, resulting from changes in the Department of Education's Federal Family Education Loans liquidating account.

Other changes were made to the functional or Budget Enforcement Act (BEA) category classifications of certain accounts as a result of joint consultations among congressional committees, the Congressional Budget Office and the Office of Management and Budget. The most significant reclassificaton shifted foster care and adoption assistance from the social services subfunction to the other income security subfunction. These grants to States were also reclassified as payments to individuals in tables showing the composition of outlays. The change affects outlays and budget authority beginning in 1981.

## Constant Dollar Amounts and Percents of GDP

The time series for fiscal year nominal Gross Domestic Product (GDP) has been revised back to 1998 to incorporate the benchmark GDP revisions completed by the staff of the Bureau of Economic Analysis in the Department of Commerce. Corresponding revisions were made to the price indexes of various components of GDP. As a result, historical budget data expressed as a percent of GDP or in constant dollars have also been revised.

## Note on the Fiscal Year

The Federal fiscal year begins on October 1 and ends on the subsequent September 30. It is designated by the year in which it ends; for example, fiscal year 2001 began

on October 1, 2000, and ended on September 30, 2001. Prior to fiscal year 1977 the Federal fiscal years began on July 1 and ended on June 30. In calendar year 1976 the July-September period was a separate accounting period (known as the transition quarter or TQ) to bridge the period required to shift to the new fiscal year.

## Concepts Relevant to the Historical Tables

*Budget receipts* constitute the income side of the budget; they are composed almost entirely of taxes or other compulsory payments to the Government. Any income from business-type activities (e.g., interest income or sale of electric power), and any income by Government accounts arising from payments by other Government accounts is offset against outlays, so that total *budget outlays* are reported net of offsetting collections. This method of accounting permits users to easily identify the size and trends in Federal taxes and other compulsory income, and in Federal spending financed from taxes, other compulsory income, or borrowing. *Budget surplus* refers to any excess of budget receipts over budget outlays, while *budget deficit* refers to any excess of budget outlays over budget receipts.

The terms *off-budget receipts, off-budget outlays, off-budget surpluses,* and *off-budget deficits* refer to similar categories for off-budget activities. The sum of the on-budget and off-budget transactions constitute the consolidated or total Federal Government transactions.

The budget is divided between two fund groups, Federal funds and trust funds. The Federal funds grouping includes all receipts and outlays not specified by law as being trust funds. All Federal funds are on-budget except for the Postal Service fund, which is off-budget starting with fiscal year 1989. All trust funds are on-budget, except the two social security retirement trust funds, which are shown off-budget for all years.

The term *trust fund* as used in Federal budget accounting is frequently misunderstood. In the private sector, "trust" refers to funds of one party held by a second party (the trustee) in a fiduciary capacity. In the Federal budget, the term "trust fund" means only that the law requires the funds be accounted for separately and used only for specified purposes and that the account in which the funds are deposited is designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent. The determining factor as to whether a particular fund is designated as a "Federal" fund or "trust" fund is the law governing the fund.

The largest trust funds are for retirement and social insurance (e.g., civil service and military retirement, social security, medicare, and unemployment benefits). They are financed largely by social insurance taxes and contributions and payments from the general fund (the main component of Federal funds). However, there are also major trust funds for transportation (highway and airport and airways) and for other programs financed in whole or in part by beneficiary-based, earmarked taxes.

Sometimes there is confusion between budget receipts and offsetting receipts and offsetting collections. Receipts are income that results from the Government's exercise of its sovereign power to tax, or otherwise compel payment, or from gifts of money to the Government. They are also called governmental receipts or budget receipts. Offsetting collections and offsetting receipts result from either of two kinds of transactions: business-like or market-oriented activities with the public and intragovernmental transactions, the receipt by one Government account of a payment from another account.

For example, the budget records the proceeds from the sale of postage stamps, the fees charged for admittance to recreation areas, and the proceeds from the sale of Government-owned land, as offsetting collections or offsetting receipts. An example of an intragovernmental transaction is the payments received by the General Services Administration from other Government agencies for the rent of office space. These are credited as offsetting collections in the Federal Buildings Fund. Offsetting collections and offsetting receipts are deducted from gross budget authority and outlays, rather than added to

receipts. This treatment produces budget totals for receipts, budget authority, and outlays that represent governmental transactions with the public rather than market activity.

When funds are earmarked, it means the receipts or collections are separately identified and used for a specified purpose—they are not commingled (in an accounting sense) with any other money. This does not mean the money is actually kept in a separate bank account. All money in the Treasury is merged for efficient cash management. However, any earmarked funds are accounted for in such a way that the balances are always identifiable and available for the stipulated purposes.