

Note 20. Funds from Dedicated Collections

Funds from Dedicated Collections as of September 30, 2017¹

(In billions of dollars)	Federal Old-Age and Survivors Insurance Trust Fund	Federal Hospital Insurance Trust Fund (Medicare Part A)	Federal Disability Insurance Trust Fund	Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D)	All Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)
Assets:						
Cash and other monetary assets	-	-	-	-	65.0	65.0
Fund balance with Treasury	(0.1)	0.8	(0.2)	27.5	139.1	167.1
Investments in U.S. Treasury securities, net of unamortized premiums/discounts	2,820.2	197.8	69.7	70.6	271.6	3,429.9
Other federal assets	20.4	37.9	0.5	36.0	18.5	113.3
Non-federal assets	2.5	11.7	4.8	39.0	112.1	170.1
Total assets	<u>2,843.0</u>	<u>248.2</u>	<u>74.8</u>	<u>173.1</u>	<u>606.3</u>	<u>3,945.4</u>
Liabilities and net position:						
Due and payable to beneficiaries	71.3	30.1	27.4	30.6	14.8	174.2
Other federal liabilities	5.1	38.6	1.1	43.2	72.6	160.6
Other non-federal liabilities	-	1.1	-	0.7	189.4	191.2
Total liabilities	<u>76.4</u>	<u>69.8</u>	<u>28.5</u>	<u>74.5</u>	<u>276.8</u>	<u>526.0</u>
Total net position	<u>2,766.6</u>	<u>178.4</u>	<u>46.3</u>	<u>98.6</u>	<u>329.5</u>	<u>3,419.4</u>
Total liabilities and net position ...	<u>2,843.0</u>	<u>248.2</u>	<u>74.8</u>	<u>173.1</u>	<u>606.3</u>	<u>3,945.4</u>
Change in net position:						
Beginning net position	2,746.4	174.1	20.8	94.5	338.5	3,374.3
Prior-period adjustment	-	-	-	-	0.2	0.2
Beginning net position, adjusted	<u>2,746.4</u>	<u>174.1</u>	<u>20.8</u>	<u>94.5</u>	<u>338.7</u>	<u>3,374.5</u>
Investment revenue	84.1	7.4	1.7	2.4	4.0	99.6
Individual income taxes	702.1	259.7	166.0	-	-	1,127.8
Other taxes and miscellaneous earned revenue	-	0.5	-	4.2	142.3	147.0
Other changes in fund balance (e.g., appropriations, transfers)	27.7	23.4	(0.8)	278.0	(1.2)	327.1
Total financing sources	<u>813.9</u>	<u>291.0</u>	<u>166.9</u>	<u>284.6</u>	<u>145.1</u>	<u>1,701.5</u>
Program gross costs and non- program expenses	793.7	290.8	141.4	366.1	205.4	1,797.4
Less: program revenue	-	(4.1)	-	(85.6)	(51.1)	(140.8)
Net cost	<u>793.7</u>	<u>286.7</u>	<u>141.4</u>	<u>280.5</u>	<u>154.3</u>	<u>1,656.6</u>
Ending net position	<u>2,766.6</u>	<u>178.4</u>	<u>46.3</u>	<u>98.6</u>	<u>329.5</u>	<u>3,419.4</u>

¹ By law, certain expenses (costs), revenues, and other financing sources related to the administration of the above funds are not charged to the funds and are therefore financed and/or credited to other sources.

Funds from Dedicated Collections as of September 30, 2016¹

(In billions of dollars)	Federal Old-Age and Survivors Insurance Trust Fund	Federal Hospital Insurance Trust Fund (Medicare Part A)	Federal Disability Insurance Trust Fund	Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D)	All Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)
Assets:						
Cash and other monetary assets	-	-	-	-	63.2	63.2
Fund balance with Treasury	(0.1)	2.1	(0.1)	51.8	122.1	175.8
Investments in U.S. Treasury securities, net of unamortized premiums/discounts	2,796.7	192.2	45.9	63.3	277.3	3,375.4
Other federal assets	21.2	35.9	0.3	40.3	15.9	113.6
Non-federal assets	2.5	8.0	4.3	21.2	115.8	151.8
Total assets	<u>2,820.3</u>	<u>238.2</u>	<u>50.4</u>	<u>176.6</u>	<u>594.3</u>	<u>3,879.8</u>
Liabilities and net position:						
Due and payable to beneficiaries	69.2	27.7	28.5	36.2	10.8	172.4
Other federal liabilities	4.7	35.1	1.1	45.0	63.4	149.3
Other non-federal liabilities	-	1.3	-	0.9	181.6	183.8
Total liabilities	<u>73.9</u>	<u>64.1</u>	<u>29.6</u>	<u>82.1</u>	<u>255.8</u>	<u>505.5</u>
Total net position	<u>2,746.4</u>	<u>174.1</u>	<u>20.8</u>	<u>94.5</u>	<u>338.5</u>	<u>3,374.3</u>
Total liabilities and net position ...	<u>2,820.3</u>	<u>238.2</u>	<u>50.4</u>	<u>176.6</u>	<u>594.3</u>	<u>3,879.8</u>
Change in net position:						
Beginning net position	2,720.4	170.5	18.0	76.3	262.5	3,247.7
Prior period adjustment	-	-	-	-	-	-
Beginning net position, adjusted ...	<u>2,720.4</u>	<u>170.5</u>	<u>18.0</u>	<u>76.3</u>	<u>262.5</u>	<u>3,247.7</u>
Investment revenue	88.1	7.9	1.4	2.0	3.4	102.8
Individual income taxes	679.6	250.5	147.6	-	-	1,077.7
Other taxes and miscellaneous earned revenue	-	0.8	-	2.9	147.3	151.0
Other changes in fund balance (e.g., appropriations, transfers)	23.7	22.2	(1.9)	301.7	63.8	409.5
Total financing sources	<u>791.4</u>	<u>281.4</u>	<u>147.1</u>	<u>306.6</u>	<u>214.5</u>	<u>1,741.0</u>
Program gross cost and non-program expenses	765.4	281.4	144.3	365.7	187.5	1,744.3
Less: program revenue	-	(3.6)	-	(77.3)	(49.0)	(129.9)
Net cost	<u>765.4</u>	<u>277.8</u>	<u>144.3</u>	<u>288.4</u>	<u>138.5</u>	<u>1,614.4</u>
Ending net position	<u>2,746.4</u>	<u>174.1</u>	<u>20.8</u>	<u>94.5</u>	<u>338.5</u>	<u>3,374.3</u>

¹ By law, certain expenses (costs), revenues, and other financing sources related to the administration of the above funds are not charged to the funds and are therefore financed and/or credited to other sources.

Generally, funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources, provided to the government by non-federal sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes and must be accounted for separately from the government's general revenues. Funds from dedicated collections generally include trust funds, public enterprise revolving funds (not including credit reform financing funds), and

special funds. Funds from dedicated collections specifically exclude any fund established to account for pensions, other retirement benefits, other postemployment or other benefits provided for federal employees (civilian and military). In the federal budget, the term “trust fund” means only that the law requires a particular fund be accounted for separately, used only for a specified purpose, and 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. In the private sector, trust fund refers to funds of one party held and managed by a second party (the trustee) in a fiduciary capacity. The activity of funds from dedicated collections differs from fiduciary activities primarily in that assets within funds from dedicated collections are government-owned. For further information related to fiduciary activities, see Note 21—Fiduciary Activities.

Public enterprise revolving funds include expenditure accounts authorized by law to be credited with offsetting collections, mostly from the public, that are generated by and dedicated to finance a continuing cycle of business-type operations. Some of the financing for these funds may be from appropriations.

Special funds are federal funds dedicated by law for a specific purpose. Special funds include the special fund receipt account and the special fund expenditure account.

The tables above depict major funds from dedicated collections chosen based on their significant financial activity and importance to taxpayers. All other government funds from dedicated collections not shown separately are aggregated as “all other.”

Total assets represent the unexpended balance from all sources of receipts and amounts due to the funds from dedicated collections, regardless of source, including related governmental transactions. These are transactions between two different entities within the government (for example, monies received by one entity of the government from another entity of the government).

The intragovernmental assets are comprised of fund balances with Treasury, investments in Treasury securities—including unamortized amounts, and other assets that include the related accrued interest receivable on federal investments. These amounts were eliminated in preparing the principal financial statements. The non-federal assets represent only the activity with individuals and organizations outside of the government.

Most of the assets within funds from dedicated collections are invested in intragovernmental debt holdings. The government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the General Fund, which uses the cash for general government purposes. Treasury securities are issued to federal agencies as evidence of its receipts. Treasury securities are an asset to the federal agencies and a liability to the U.S. Treasury and, therefore, they do not represent an asset or a liability in the *Financial Report*. These securities require redemption if a fund’s disbursements exceeds its receipts. Redeeming these securities will increase the government’s financing needs and require more borrowing from the public (or less repayment of debt), or will result in higher taxes than otherwise would have been needed, or less spending on other programs than otherwise would have occurred, or some combination thereof. See Note 11—Federal Debt Securities Held by the Public and Accrued Interest for further information related to the investments in federal debt securities.

Depicted below is a description of the major funds from dedicated collections shown in the above tables, which also identifies the government agencies that administer each particular fund. For detailed information regarding these funds from dedicated collections, please refer to the financial statements of the corresponding administering agencies. For information on the benefits due and payable liability associated with certain funds from dedicated collections, see Note 14—Benefits Due and Payable.

Federal Old-Age and Survivors Insurance Trust Fund

The Federal Old-Age and Survivors Insurance Trust Fund, administered by the SSA, provides retirement and survivors benefits to qualified workers and their families.

Payroll and self-employment taxes primarily fund the Federal Old-Age and Survivors Insurance Trust Fund. Interest earnings on Treasury securities, federal agencies’ payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits provide the fund with additional income. The law establishing the Federal Old-Age and Survivors Insurance Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

Federal Hospital Insurance Trust Fund (Medicare Part A)

The Federal Hospital Insurance Trust Fund, administered by HHS, finances the Hospital Insurance Program (Medicare Part A). This program funds the cost of inpatient hospital and related care for individuals age 65 or older who meet certain insured status requirements, and eligible disabled people.

The Federal Hospital Insurance Trust Fund is financed primarily by payroll taxes, including those paid by federal agencies. It also receives income from interest earnings on Treasury securities, a portion of income taxes collected on Social Security benefits, premiums paid by, or on behalf of, aged uninsured beneficiaries, and receipts from fraud and abuse control activities. Section 1817 of the *Social Security Act* established the Medicare Hospital Trust Fund.

Federal Disability Insurance Trust Fund

The Federal Disability Insurance Trust Fund provides assistance and protection against the loss of earnings due to a wage earner's disability in form of monetary payments. The SSA administers this fund.

Like the Federal Old-Age and Survivors Insurance Trust Fund, payroll taxes primarily fund the Federal Disability Insurance Trust Fund. The fund also receives income from interest earnings on Treasury securities, federal agencies' payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits. The law establishing the Federal Disability Insurance Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D)

The Federal Supplementary Medical Insurance Trust Fund, administered by HHS, finances the Supplementary Medical Insurance Program (Medicare Part B) and the Medicare Prescription Drug Benefit Program (Medicare Part D). These programs provide supplementary medical insurance for enrolled eligible participants to cover physician and outpatient services not covered by Medicare Part A and to obtain qualified prescription drug coverage, respectively. Medicare Part B financing is not based on payroll taxes; it is primarily based on monthly premiums, income from the General Fund, and interest earnings on Treasury securities. Medicare Supplementary Medical Insurance Trust Fund was established by Section 1841 of the *Social Security Act*.

Medicare Part D was created by the *Medicare Modernization Act of 2003* (P.L. No. 108-173). Medicare Part D financing is similar to Part B; it is primarily based on monthly premiums and income from the General Fund, not on payroll taxes. The fund also receives transfers from States.

All Other Funds from Dedicated Collections

The government is responsible for the management of numerous funds from dedicated collections that serve a wide variety of purposes. The funds from dedicated collections presented on an individual basis in the above tables represent the majority of the government's net position attributable to funds from dedicated collections. All other activity attributable to funds from dedicated collections is aggregated in accordance with SFFAS No. 27, *Identifying and Reporting Funds from Dedicated Collections*, as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*. The funds from dedicated collections within the "all other" aggregate, along with the agencies that administer them, include the following:

- Highway Trust Fund and Airport and Airway Trust Fund—administered by DOT.
- Unemployment Trust Fund (UTF) and Black Lung Disability Trust Fund (BLDTF)—administered by DOL.
- Land and Water Conservation Fund, Reclamation Fund, and Water and Related Resources Fund—administered by DOI.
- Exchange Stabilization Fund—administered by Treasury.

- National Flood Insurance Program—administered by DHS.
- Railroad Retirement Trust Fund—administered by RRB.
- Uranium Enrichment Decontamination and Decommissioning Fund—administered by DOE.
- Government National Mortgage Association—administered by HUD.
- Crime Victims Fund—administered by DOJ.
- Harbor Maintenance Trust Fund—administered by DOD.

In accordance with SFFAS No. 43, any funds established to account for pension, other retirement, or other post-employment benefits to civilian or military personnel are excluded from the reporting requirements related to funds from dedicated collections.

Gulf Coast Ecosystem Restoration Council and Department of Housing and Urban Development contributed to the \$0.2 billion in prior-period adjustments for fiscal year 2017.

Other Taxes and Miscellaneous Earned Income

Unemployment Taxes

The Unemployment Trust Fund (UTF), within the “all other” aggregate, represents all the unemployment tax revenues attributable to funds from dedicated collections shown on the consolidated Statement of Operations and Changes in Net Position.

UTF provides temporary assistance to workers who lose their jobs. The program is administered through a unique system of federal and state partnerships, established in federal law, but executed through conforming state laws by state officials. DOL administers the federal operations of the program.

Employer taxes provide the primary funding source for the UTF and constitute the largest portion of unemployment tax revenues attributable to funds from dedicated collections as shown on the consolidated Statement of Operations and Changes in Net Position. However, interest earnings on Treasury securities also provide income to the fund. For the years ending September 30, 2017, and 2016, UTF unemployment tax revenues were \$44.1 billion and \$46.9 billion, respectively. Appropriations have supplemented the fund’s income during periods of high and extended unemployment. UTF was established under the authority of Section 904 of the *Social Security Act of 1935*.

Excise Taxes

There are 11 funds from dedicated collections within the “all other” aggregate that represent all of the dedicated excise tax revenue attributable to funds from dedicated collections shown on the consolidated Statement of Operations and Changes in Net Position. The Highway Trust Fund and the Airport and Airway Trust Fund, combined, represents 90 percent of all dedicated excise tax revenues. Both of these funds are administered by the DOT. For more information, please refer to DOT’s financial statements.

The Highway Trust Fund was established to promote domestic interstate transportation and to move people and goods. The fund provides federal grants to states for highway construction, certain transit programs, and related transportation purposes. The Highway Trust Fund was created by the *Highway Revenue Act of 1956*. Funding sources include designated excise taxes on gasoline and other fuels, the initial sale of heavy trucks, and highway use by commercial motor vehicles. For the years ending September 30, 2017, and 2016, Highway Trust Fund excise tax revenues were \$41.0 billion and \$41.3 billion, respectively. As funds are needed for payments, the Highway Trust Fund corpus investments are liquidated and funds are transferred to the Federal Highway Administration, the Federal Transit Administration, or other DOT entities, for payment of obligations.

The Airport and Airway Trust Fund provides for airport improvement and airport facilities maintenance. It also funds airport equipment, research, and a portion of the Federal Aviation Administration’s administrative operational support. The Airport and Airway Trust Fund was authorized by the *Airport and Airway Revenue Act of 1970*. Funding sources include aviation-related excise tax collections from:

- Passenger tickets,
- Passenger flight segments,
- International arrival/departures,
- Cargo waybills, and
- Aviation fuels.

For the years ending September 30, 2017, and 2016, Airport and Airway Trust Fund excise tax revenues were \$15.1 billion and \$14.4 billion, respectively.

Miscellaneous Earned Revenues

Miscellaneous earned revenues due to activity attributable to funds from dedicated collections primarily related to royalties retained by various funds within DOI.