

## Note 21. Funds from Dedicated Collections

### Funds from Dedicated Collections as of September 30, 2020

(In billions of dollars)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Medicare Insurance Trust Funds (Part A, B, D) (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)	Funds from Dedicated Collections Eliminations	Total Funds from Dedicated Collections (Consolidated)
<b>Assets:</b>							
Cash and other monetary assets .....	-	-	-	69.9	69.9	-	69.9
Accounts receivable, net ...	2.1	3.3	12.3	22.4	40.1	-	40.1
Direct loans and loan guarantees receivable, net	-	-	-	2.7	2.7	-	2.7
Inventory and related property, net .....	-	-	-	1.6	1.6	-	1.6
General property, plant and equipment, net .....	-	-	0.2	35.5	35.7	-	35.7
Securities and investments.	-	-	-	41.9	41.9	-	41.9
Other assets .....	-	-	103.6	28.0	131.6	-	131.6
Investments in Treasury securities, net of unamortized premiums/discounts .....	2,811.2	97.2	221.2	197.9	3,327.5	-	3,327.5
Other federal assets .....	17.7	0.5	183.5	272.0	473.7	(159.9)	313.8
<b>Total assets .....</b>	<b>2,831.0</b>	<b>101.0</b>	<b>520.8</b>	<b>671.9</b>	<b>4,124.7</b>	<b>(159.9)</b>	<b>3,964.8</b>
<b>Liabilities and net position:</b>							
Accounts payable .....	-	-	0.1	6.8	6.9	-	6.9
Federal employee and veteran benefits payable ...	-	-	-	2.8	2.8	-	2.8
Environmental and disposal liabilities .....	-	-	-	25.9	25.9	-	25.9
Benefits due and payable ..	83.7	21.4	70.1	13.5	188.7	-	188.7
Insurance and guarantee program liabilities .....	-	-	-	9.0	9.0	-	9.0
Other liabilities .....	-	-	0.5	152.2	152.7	-	152.7
Federal liabilities .....	6.3	1.0	85.2	171.8	264.3	(159.9)	104.4
<b>Total liabilities .....</b>	<b>90.0</b>	<b>22.4</b>	<b>155.9</b>	<b>382.0</b>	<b>650.3</b>	<b>(159.9)</b>	<b>490.4</b>

**Funds from Dedicated Collections as of September 30, 2020, continued<sup>1</sup>**

(In billions of dollars)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Medicare Insurance Trust Funds (Part A, B, D) (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)	Funds from Dedicated Collections Eliminations	Total Funds from Dedicated Collections (Consolidated)
<b>Net position:</b>							
Total net position .....	2,741.0	78.6	364.9	289.9	3,474.4	-	3,474.4
Total liabilities and net position .....	2,831.0	101.0	520.8	671.9	4,124.7	(159.9)	3,964.8
<b>Change in net position:</b>							
Net position, beginning of period .....	2,740.2	78.6	297.9	387.9	3,504.6	12.5	3,517.1
Adjustments to beginning net position							
Changes in accounting principle .....	-	-	-	-	-	(12.5)	(12.5)
Beginning net position, adjusted .....	2,740.2	78.6	297.9	387.9	3,504.6	-	3,504.6
Individual income taxes and tax withholdings .....	841.7	142.9	299.1	0.1	1,283.8	-	1,283.8
Other taxes and miscellaneous earned revenue .....	-	0.1	(1.3)	107.0	105.8	-	105.8
Other changes in fund balance (e.g., appropriations, transfers) ..	29.5	(1.0)	429.6	98.0	556.1	(0.5)	555.6
Federal non-exchange revenue .....	74.6	2.8	2.1	28.2	107.7	-	107.7
Total financing sources .....	945.8	144.8	729.5	233.3	2,053.4	(0.5)	2,052.9
Program gross costs and non-program expenses .....	945.0	144.8	779.8	392.5	2,262.1	0.4	2,262.5
Less: program revenue .....	-	-	117.3	61.2	178.5	0.9	179.4
Net cost .....	945.0	144.8	662.5	331.3	2,083.6	(0.5)	2,083.1
Ending net position .....	2,741.0	78.6	364.9	289.9	3,474.4	-	3,474.4

<sup>1</sup>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, 2019

(In billions of dollars)	SSA's Funds from Dedicated Collections (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)
<b>Assets:</b>			
Cash and other monetary assets .....	-	66.1	66.1
Accounts receivable, net .....	7.6	38.7	46.3
Direct loans and loan guarantees receivable, net .....	-	3.1	3.1
Inventory and related property, net.....	-	1.2	1.2
General property, plant and equipment, net.....	-	35.4	35.4
Securities and Investments .....	-	33.6	33.6
Other assets .....	-	20.1	20.1
Federal assets .....	3,023.3	978.0	4,001.3
Total assets .....	<u>3,030.9</u>	<u>1,176.2</u>	<u>4,207.1</u>
<b>Liabilities and net position:</b>			
Accounts payable .....	-	7.2	7.2
Federal employee and veteran benefits payable .....	-	7.0	7.0
Environmental and disposal liabilities .....	-	26.1	26.1
Benefits due and payable .....	102.5	73.6	176.1
Insurance and guarantee program liabilities .....	-	4.4	4.4
Other liabilities .....	-	147.6	147.6
Federal liabilities.....	109.6	212.0	321.6
Total liabilities .....	<u>212.1</u>	<u>477.9</u>	<u>690.0</u>

**Funds from Dedicated Collections as of September 30, 2019, continued<sup>1</sup>**

(In billions of dollars)	SSA's Funds from Dedicated Collections (Combined)	All Other Funds from Dedicated Collections (Combined)	Total Funds from Dedicated Collections (Combined)
<b>Net position:</b>			
Total net position .....	2,818.8	698.3	3,517.1
Total liabilities and net position .....	3,030.9	1,176.2	4,207.1
<b>Change in net position:</b>			
Net position, beginning of period .....	2,815.6	665.1	3,480.7
Individual income taxes and tax withholdings .....	932.4	286.2	1,218.6
Other taxes and miscellaneous earned revenue .....	0.1	146.4	146.5
Other changes in fund balance (e.g., appropriations, transfers) .....	24.7	381.3	406.0
Federal non-exchange revenue .....	81.7	13.8	95.5
Total financing sources .....	1,038.9	827.7	1,866.6
Program gross costs and non-program expenses .....	1,035.9	959.2	1,995.1
Less: program revenue .....	0.2	164.7	164.9
Net cost .....	1,035.7	794.5	1,830.2
Ending net position .....	2,818.8	698.3	3,517.1

<sup>1</sup>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, ORB, OPEB, 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 to 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 additional information related to fiduciary activities, see Note 22—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.

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 or intradepartmental (for example, monies received by one entity of the government from another entity of the government).

The federal 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 excluded in preparing the principal financial statements. The non-federal assets include activity with individuals and organizations outside of the government.

Most of the assets within funds from dedicated collections are invested in intra-governmental 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 entities as evidence of its receipts. Treasury securities are an asset to the federal entities and a liability to 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 12—Federal Debt and Interest Payable for additional information related to the investments in federal debt securities.

**Funds from Dedicated Collections as of September 30, 2019 <sup>1</sup>**

(In billions of dollars)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Hospital Insurance Trust Fund (Medicare Part A) (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D) (Combined)
Total assets .....	2,905.8	236.9	125.1	141.3
Total liabilities .....	165.6	78.3	46.5	72.3
Total net position .....	2,740.2	158.6	78.6	69.0
Gross cost .....	893.2	321.0	142.7	346.8
Program revenues .....	-	4.1	-	102.6
Net cost .....	893.2	316.8	142.7	244.2
Total financing sources .....	3,633.4	475.4	221.3	313.2
Changes in net position .....	2,740.2	158.6	78.6	69.0

<sup>1</sup>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.

Depicted in the table above is a breakout of OASI, HI, DI and SMI Trust Funds for FY 2019. These funds are major funds from dedicated collections chosen based on their significant financial activity and importance to taxpayers.

Depicted below is a description of the major funds from dedicated collections shown in the above tables, which also identifies the government entities that administer each particular fund. For additional information regarding funds from dedicated collections, please refer to the financial statements of the corresponding administering entities. For additional information on the benefits due and payable liability associated with certain funds from dedicated collections, see Note 15—Benefits Due and Payable.

## Federal Old-Age and Survivors Insurance Trust Fund

The OASI Trust Fund, administered by SSA, provides retirement and survivors benefits to qualified workers and their families.

Payroll and self-employment taxes primarily fund the OASI Trust Fund. Interest earnings on Treasury securities, federal entities' 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 OASI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

## Federal Disability Insurance Trust Fund

The DI Trust Fund, administered by SSA, provides assistance and protection against the loss of earnings due to a wage earner's disability in form of monetary payments.

Like the OASI Trust Fund, payroll taxes primarily fund the DI Trust Fund. The fund also receives income from interest earnings on Treasury securities, federal entities' 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 DI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

## Federal Medicare Insurance Trust Funds (Medicare Parts A, B and D)

The HI Trust Fund, administered by HHS, finances 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 individuals younger than age 65 with certain disabilities.

The HI Trust Fund is financed primarily by payroll taxes, including those paid by federal entities. 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.

The SMI Trust Fund, administered by HHS, finances the Medicare Part B and the Medicare Prescription Drug Benefit Program (Medicare Part D). These programs provide SMI benefits 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. The Medicare SMI 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.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 majority entities with funds from dedicated collections within the "all other" aggregate, include the following:

- DOT
- DOC
- DOI
- Treasury
- DOD
- RRB
- DOE
- HUD
- DOJ

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

The U.S. government elected to implement a change in accounting principle in FY 2020. SFFAS No. 27 allows disclosure of Funds from Dedicated Collections amounts to be shown combined or consolidated. In FY 2019 the Funds from Dedicated Collections disclosure used the combined method. In FY 2020 Funds from Dedicated Collections amounts are reported as consolidated as shown in the table above and on Statements of Operations and Changes in Net Position. This change in accounting principle increased Funds from Dedicated Collections eliminations by \$12.5 billion and decreased Funds from Dedicated Collections beginning net position by \$12.5 billion. In prior years changes in accounting principles and corrections of errors were reported as a combined total under adjustments to beginning net position. In FY 2020, to provide additional clarity these amounts are broken out and reported separately.