Federal Accounting Standards Advisory Board

October 7, 2019

MEMBER ACTIONS REQUESTED:

- Provide responses to the questions on page 2 by October 18, 2019

Memorandum

To: Members of the Board

From: Ross Simms, Assistant Director

Through: Monica R. Valentine, Executive Director

Subject: Reporting Model – **Tab E** [1]

MEETING OBJECTIVE

The objective of this session is to determine the issues that should be addressed during the research phase of the project.

BRIEFING MATERIALS

The briefing materials include the proposed project research plan and the following appendices:

- Appendix I: Example Comparison Schedule provides an example of a budget to actual spending comparison.
- Appendix II: Comparison of Actual to Estimated Totals shows the comparison of budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for 2018. The Office of Management and Budget (OMB) publicly presents the comparison.
- Appendix III: Screenshot from USAFACTS shows how intermediaries are accessing detailed budgetary data, developing their own data illustrations, and sharing with the public.
- Appendix IV: Budget Spending to Accrual Costs illustrates complexities involved in the relationship between component reporting entity budget spending and accrual costs.

You may electronically access all of the briefing material at https://fasab.gov/board-activities/briefing-materials/.

[1] The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of FASAB or its staff. Official positions of FASAB are determined only after extensive due process and deliberations.

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BACKGROUND

During the June 2019 meeting, Board members noted that, while the project is in the early stages, additional details regarding the planned research and possible outputs should be discussed in the plan. Given the rapid changes in technology, members discussed the need for more timely results than communicated in the plan. Also, although the proposed plan was intended to focus on component reporting entity issues, members agreed that the project should consider a framework that includes the government-wide perspective as well as component reporting entities.

NEXT STEPS

The next steps for the project will be determined during the meeting.

QUESTIONS FOR THE BOARD

1. What issues/questions should be addressed during this research phase?
2. Would the Board prefer to conduct focus group discussions during the research or conduct user interviews and possibly conduct focus group discussions based on the user interview results?

MEMBER FEEDBACK

If you have any questions or comments, please contact me by telephone at (202) 512-2512 or by email at simmsr@fasab.gov with a cc to Ms. Valentine at valentinem@fasab.gov.

IMPROVING THE REPORTING MODEL

RESEARCH WORK PLAN

OCTOBER 2019

RESEARCH DESCRIPTION

The objective of this phase of the reporting model project is to determine whether currently required financial statements are meeting users' need for budgetary information. The research will provide the Board with information to consider either new standards or revisions to existing standards.

BACKGROUND

Currently, Statement of Federal Financial Accounting Standards (SFFAS) 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, provides guidance for reporting the unified budget information in the Consolidated Financial Report of the U.S. Government (CFR). The standard requires a financial statement that reconciles net operating revenue (or cost) and the annual unified budget surplus (or deficit). The financial statement informs users about significant differences between net operating revenue (or cost) and the budget surplus (or deficit) and provides information such as how much the federal government spent on acquiring capitalized assets.

In addition, SFFAS 24 requires a financial statement that explains how the annual unified budget surplus or deficit relates to the change in the government's cash. This statement informs users on items such as the amount of cash spent to pay interest on debt held by the public, the amount of cash the federal government borrowed from the public, and the amount of cash the federal government used to make repayments of debt held by the public.

The Board determined that citizens and citizen intermediaries would be the primary users of the CFR and, for citizen intermediaries, the CFR may serve as a starting point toward more detailed reports.[2] Component reporting entities (CREs) would generally provide users with additional details.

With respect to CREs, the Board determined that users needed different measures regarding the federal government's budget system. The Board noted that resources differ between the government as a whole and CREs. While the government as a whole receives exchange and non-exchange revenue and borrows from the public, CREs are not economic entities. They must receive budget authority from Congress before obligating the federal government to make cash outlays for their activities and budget

[2] Statement of Federal Financial Accounting Concepts (SFFAC) 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*.

authority, obligations, and outlays are the key measures of the federal government's budget control system.[3]

Budget authority provides CREs with the authority to enter into obligations for specified purposes and its common forms include appropriations, contract authority, and borrowing authority. The obligations CREs incur result in outlays or payments made to liquidate the obligations.

Statement of Federal Financial Accounting Standards (SFFAS) 7: *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* provides reporting guidance for CREs receiving budget authority through the legislative process. The Statement requires CREs to present the following information:

- total budgetary resources available to the reporting entity during the period
- the status of those resources, including obligations incurred
- outlays

CREs present this required information in a statement of budgetary resources (SBR).

Also, SFFAS 7 requires CREs to disclose the following:

- the amount of budgetary resources obligated for undelivered orders at the end of the period
- available borrowing and contract authority at the end of the period
- repayment requirements, financing sources for repayment, and other terms of borrowing authority used
- material adjustments during the reporting period to budgetary resources available at the beginning of the year and an explanation thereof
- existence, purpose, and availability of permanent indefinite appropriations
- information about legal arrangements affecting the use of unobligated balances of budget authority such as time limits, purpose, and obligation limitations
- explanations of any material differences between the information required (budgetary resources available to the entity, the status of those resources, and outlays) and the amounts described as "actual" in the Budget of the United States Government
- the amount, and an explanation that includes identification of balance sheet components, when recognized unfunded liabilities do not equal the total financing sources yet to be provided
- the amount of any capital infusion received during the reporting period

To help users understand their relationship between the SBR and accrual-based financial statements, SFFAS 7 requires a reconciliation that explains the relationship between the CREs' net cost of operations and net outlays during the reporting period;

[3] Budget of the U.S. Government, *Analytical Perspectives*, FY 2020.

the budget and accrual reconciliation (BAR). OMB provides guidance on whether the BAR should be presented as a basic financial statement or as a schedule in the notes to the basic financial statements.

POSSIBLE REPORTING ENHANCEMENTS

Enhancements may be developed to improve the reporting of budgetary information in general purpose federal financial reports (GPFFRs). Enhancements could include requiring additional details of the deficit to facilitate discussions of trade-offs among services, such as categorizing amounts by sub-function. In addition, users may need to be informed of the distinction between mandatory and discretionary spending.[4]

Also, although CREs have discretion in determining how to display budgetary information, the format of the SBR could be improved. During the Board's December 2014 discussions with budget experts, the Board learned the following:

- External SBR users have difficulty understanding the statement, primarily because the terms are unique and stocks and flows are displayed in a single statement. Presentations that are complex could adversely affect users' perceptions about the credibility of the report.
- Internal users believe that the statement is too aggregated.
- Some analysts note that budgetary information is already available from a variety of government sources.[5]

Potential users preferred OMB's publicly available presentations because the OMB presentations provided more detail than the SBR. The OMB presentations provide detail on programs and appropriation accounts and are intended to be used by the appropriations committees. Congress uses a committee structure for determining appropriations and authorizations and different committees seek different items of data.

In addition, providing users with access to granular budget authority and outlay data facilitates the analysis of trends. For example, in some cases, declining new budget authority and increasing outlays may indicate that future program activity is likely to diminish because resources are being used up faster than they are being replaced.

Moreover, tools have been developed to help users better understand and share information. The federal government's USASpending.gov website uses graphs, plain language, and a glossary to present the budgetary resources of federal departments and agencies. Graphs show the amount of the CREs' budgetary resources and how the CREs' budgetary resources compare with the total for the federal government. Potential users can also access the glossary to search for the definition of terms. Figure 1: Example of Budgetary Resources Presentation provides a screenshot of the USASpending.gov presentation.

[4] According to the Budget of the U.S. Government FY 2020, in 2018, about 31 percent of outlays were discretionary and 69 percent were mandatory and net interest.
[5] FASAB Minutes, December 17, 2014.

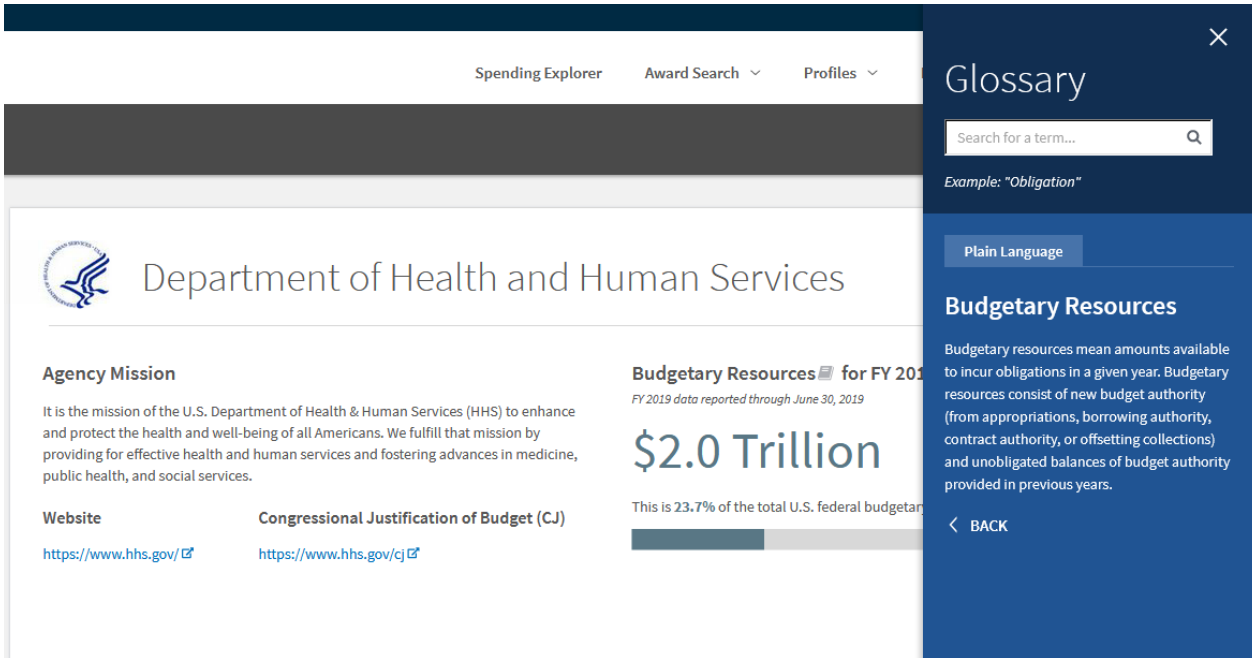


Figure 1: Example of Budgetary Resources Presentation

Users may also benefit from a presentation to assist them in evaluating budget assumptions, such as a budget to actual comparison. State and local governments and other countries provide budget to actual comparisons as part of their financial reports and other accounting standards-setters provide guidance to assist in presenting the comparison. This widespread effort indicates the level of expectation that appears to call for such information. Appendix I: Example Comparison Schedule provides an example of a comparison that also integrates performance information.

Despite the value a budget to actual comparison might appear to offer, there are some concerns. In particular, there may be some challenges in helping users understand the comparison because the duration of budget authority can vary (one year, multiple years, or no year) and outlays today could relate to budgets approved over the past several years. Analysts may therefore be interested in the "spendout" rate or the proportion of budget authority that will become outlays during the period. See Figure 2: Relationship of Budget Authority to Outlays for an illustration adapted from the *Budget of the United States FY 2020*.

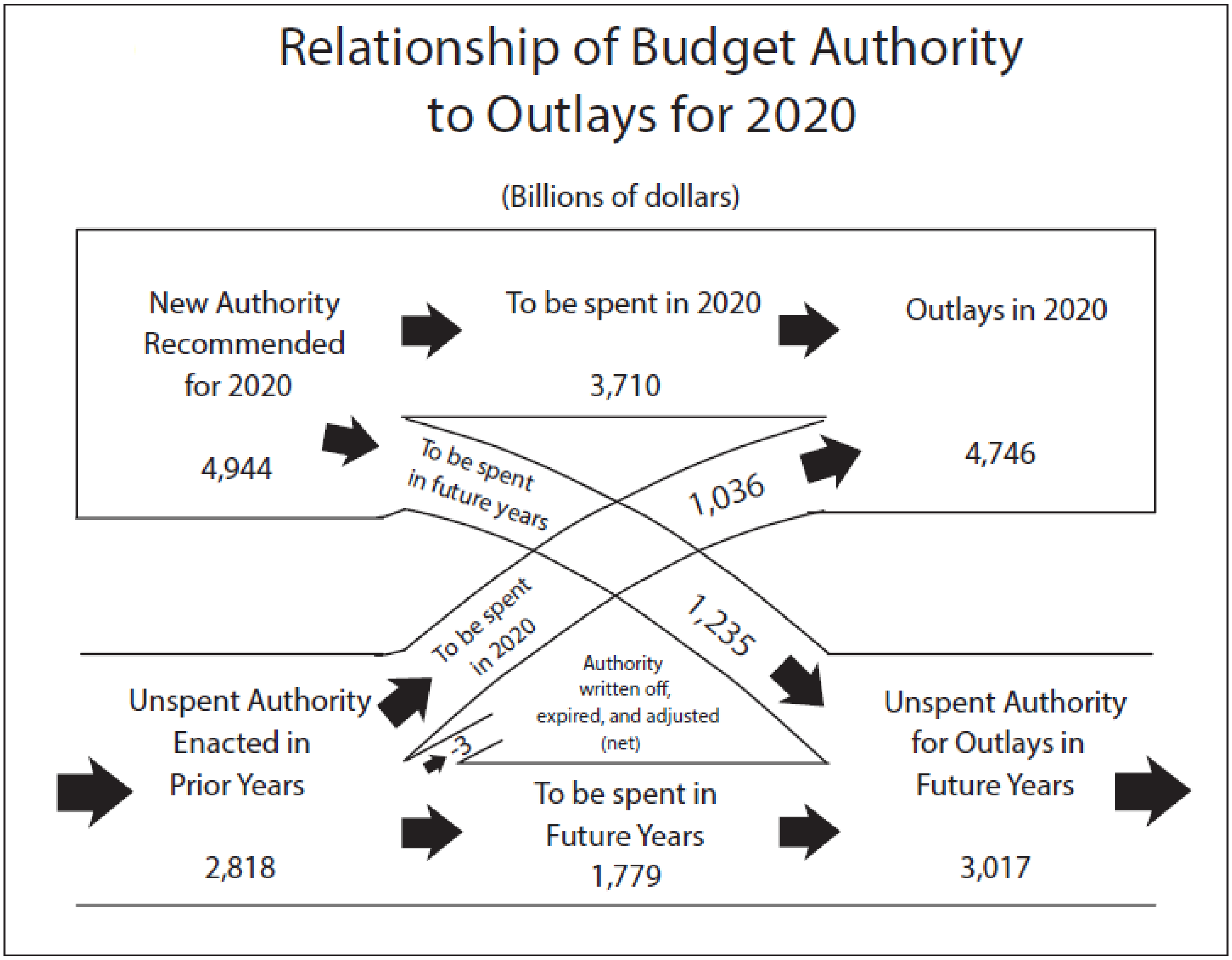


Figure 2: Relationship of Budget Authority to Outlays

In addition, OMB presents a comparison of actual to estimated totals. See Appendix II: Comparison of Actual to Estimated Totals for an example.

Another consideration for enhancing the usefulness of budgetary information is to reflect the evolution of the budget and comparison to accrued amounts. For instance, the presentation would have the following columns:

- the original budget request;
- the original budget approved by Congress;
- any budget modifications throughout the year;
- the final budget amount;
- a comparison of budgetary receipts and outlays to the budget;
- the effect of accruals; and

- accrual-based net revenue/cost.

Readers could see how the budget evolved, budgetary surplus and deficit, and amounts accrued but not paid. The presentation would also link budget information to the financial information. The Board discussed this and similar presentations in the past, but did not pursue their development.

Another alternative that has not been discussed involves replacing the SBR with the BAR. This alternative benefits both the CFR and CREs. Unlike the SBR, the BAR aligns with the CFR statement that reconciles the deficit and net cost of operations because the deficit is based on receipts and oulays rather than obligations. Users can continue to obtain data on CREs budget authority and obligations from OMB presentations and tools can be used to improve access, use, and distribution of the information.

A review of non-government websites indicates an expectation for detailed budget data and the types of technologies that can be employed. For instance, USAFACTS.org accesses data and developes data illustrations to inform discussions on government finances. Appendix III: Screenshot from USAFACTS shows how a data visualization is used to present different levels of aggregated data.

In addition, technologies such as machine learning algorithms are evolving to help address challenges that hinder the development of useful metrics such as data from different sources and in different formats. Also, others, such as the European Council (EC), are experimenting with Blockchain technology to facilitate reporting. The EC is launching the European Financial Transparency Gateway Pilot Project to promote cross-border investment and provide investors with access to regulated financial information of companies listed on the European Union's regulated markets. The project uses a Blockchain platform infrastructure to increase access to regulated information.[6]

RESEARCH ISSUES

The research would consider the relevance of the existing standards, identify enhancements to the budgetary information presented in GPFFRs, and determine how the information should be communicated. Suggested issues to address include the following:

- What would make budgetary information in GPFFRs more useful? Possible alternatives include:
    - Replacing the SBR with the BAR
    - Requiring disclosures to help users understand the CREs’ fund balance with Treasury and its role in the federal government budget process
    - Requiring supplemental information on the status of budgetary resources and where users can access additional information

  A model of these alternatives could be developed and used to facilitate discussion with potential users.

[6] See https://eftg.eu.

- What role can generally accepted accounting principles (GAAP) continue to play in driving integrated cost, budget, and performance information? The Chief Financial Officers Act (CFO) Act called for the systematic measurement of performance, the development of cost information, and the integration of accounting, program and budget systems and information.[7] Budget information may be more useful if related to program cost and performance.
- What information might GPFFRs present that informs users of the relationship among CFEs, other CREs, and the government as a whole? Appendix IV: Budget Spending to Accrual Cost illustrates the complexities regarding the relationship between CREs budget spending and accrual cost.
- Should forward-looking information be considered to help inform users of future program costs and budget pressures? In times of a crisis, the federal government's role and budget deficit may expand. Users may benefit from information on economic, social, and natural indicators that may lead to federal government action.
- How might Blockchain, artificial intelligence (AI), or other technologies be used to help integrate information and develop meaningful measures for public access and decision-making?

Question 1

1. What issues/questions should be addressed during this research phase?

RESEARCH STEPS

Suggest conducting focus group discussions rather than conducting user interviews and developing personas[8] of individual users. This approach would require less time and resources.

1) Focus Group Discussions (October 2019 – January 2020). The objective of the focus group discussions would be to obtain potential user views on how existing budgetary presentations might be enhanced.
    a) Prepare focus group discussion guide including illustrative potential enhancements and discussion questions
        i) Develop model (illustration of potential improvements) to facilitate focus group discussion
        ii) Develop focus group discussion questions
            (1) To consider how to improve the usefulness of budgetary information, pose the following:

[7] Public Law 101-576.
[8] Personas are considered representations key audience segments and could be used as a reference for constructing a model. See https://www.usability.gov/how-to-and-tools/methods/personas.html.

(a) Ideally, what budgetary information do you wish was available? An example might be integrated with cost and performance information.

(b) How would you use the information?

(c) What sources do you use currently, and why?

(d) What are the opportunities for improving the current sources to achieve the model envisioned?

(i) Content

(ii) Timeliness

(iii) Reliability

(iv) Systems

(v) Other

(e) How might the opportunities for improvement be addressed (through Blockchain, AI, other)?

(f) What are your reactions to the draft model (prepared in step i)?

iii) Discuss with focus group

(1) the possible role of GAAP with respect to integrating cost, budget, and performance information

(2) the possible need for information that informs users of the relationship among CFEs, other CREs, and the government as a whole

(3) the possible need for forward-looking information

(4) improvements that could be made possible through Blockchain, AI, or other technologies

b) Identify focus group participants

c) Conduct focus group discussions

2) Prepare and present summary of focus group discussion results (February 2020)

a) suggest reporting enhancements that may be needed

b) suggest potential changes to existing standards

Question 2

2. Would the Board prefer to conduct focus group discussions during the research phase or conduct user interviews and possibly conduct focus group discussions based on the user interview results?

Appendix I: Example Comparison Schedule

Comparison Schedule
($ amounts in millions)

(A) Line Item - Program, Function, Object	(B) FY Performance Goal	(C) Period of Funding Availability	(D) Budget Authority Brought Forward[9]	(E) FY Budget Authority[10]	(F) Obligations During FY	(G) Actual Outlays During FY	(H) Net Costs Incurred During FY	(I) Unobligated Balance, End of Year[11]	(J) FY Performance Results
Program STAR	Increase access to mental health services	2017-2018		5,800	5,800	3,000	8,500	0	Served XX consumers during the period
		2016-2017				825			
		2015-2016				200			
		2014-2015				325			
		2013-2014				250			
		2012-2013				450			
		2011-2012				50			
	Construct X,XXX mental health facilities	No Year	4,000	3,500	4,300	2,500		3,200	Started XXX, and completed XXX facilities
		Subtotal Program STAR	4,000	9,300	10,100	7,630	8,500	3,200	

[9] Unobligated budget authority and unliquidated obligations.
[10] Appropriations, increases and rescissions in borrowing authority or new contract authority.
[11] Unobligated balances for expired fiscal year accounts are not available for obligation. No-year or unexpired multiple year accounts are available for obligation.

28. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

The Budget is required by statute to compare budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for that year. This chapter meets that requirement by comparing the actual receipts, outlays, and deficit for 2018 with the current services estimates shown in the 2018 Budget, published in May 2017.[1] It also presents a more detailed comparison for mandatory and related programs, and reconciles the actual receipts, outlays, and deficit totals shown here with the figures for 2018 previously published by the Department of the Treasury.

Receipts

Actual receipts for 2018 were $3,330 billion, $377 billion less than the $3,707 billion current services estimate in the 2018 Budget, which was published in May 2017. As shown in Table 28–1, this decrease was the net effect of legislative changes, economic conditions that differed from what had been expected, and technical factors that resulted in different tax liabilities and collection patterns than had been assumed.

Policy differences. Legislated tax changes enacted after May 2017 reduced 2018 receipts by a net $193 billion relative to the 2018 Budget current services estimate. An Act to provide reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, also referred to as the Tax Cuts and Jobs Act (P.L. 115-97), provided comprehensive tax reform for individuals and corporations and repealed the individual mandate under the Affordable Care Act; it was signed into law by President Trump on December 22, 2017, and accounted for almost all of the net reduction in receipts, reducing 2018 receipts by an estimated $177 billion. The Bipartisan Budget Act of 2018 (P.L. 115-123), provided tax relief to certain individuals and businesses in the areas affected by the California wildfires and areas affected by Hurricanes Harvey, Irma, and Maria; extended expiring provisions providing tax relief for families and individuals; incentives for growth, jobs, investment, and innovation; and incentives for energy production and conservation; and extended funding for the Children's Health Insurance Program and extended several Medicare provisions, among other health provisions. This Act was signed into law on February 9, 2018, and reduced 2018 receipts by an estimated $13 billion. Other legislation enacted after May 2017, which included the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (P.L. 115-63), and an Act making further continuing appropriations for the fiscal year ending September 30, 2018, and for other purposes (P.L. 115-120), reduced 2018 receipts by an estimated $3 billion.

Economic differences. Differences between the economic assumptions upon which the current services estimates were based and actual economic performance reduced 2018 receipts by a net $32 billion below the May 2017 current services estimate. Wage and salary income was lower in 2018 than initially projected, which reduced individual income tax and social insurance receipts by $22 billion and $14 billion below the February 2017 estimate, respectively, and accounted for most of the net reduction in receipts attributable to economic differences. Different economic factors than those assumed in May 2017 had a

[1] The current services concept is discussed in Chapter 26, "Current Services Estimates." For mandatory programs and receipts, the May 2017 current services estimate was based on laws then in place, adjusted for certain expiring provisions. For discretionary programs, the current services estimate was based on the discretionary spending limits enacted in the Budget Control Act of 2011 (BCA). Spending for Overseas Contingency Operations, was estimated based on annualizing the amounts provided in the 2017 appropriations and increasing for inflation. The current services estimates also reflected the effects of discretionary and mandatory sequestration as required by the BCA following failure of the Joint Select Committee on Deficit Reduction to meet its deficit reduction target. For a detailed explanation of the 2018 estimate, see "Current Services Estimates," Chapter 22 in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2018.*

Table 28–1. COMPARISON OF ACTUAL 2018 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (May 2017)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Individual income taxes	1,836	–101	–22	–29	–152	1,684
Corporation income taxes	355	–90	2	–63	–150	205
Social insurance and retirement receipts	1,223	....	–14	–38	–52	1,171
Excise taxes	106	–5	*	–6	–11	95
Estate and gift taxes	24	....	2	–3	–1	23
Customs duties	40	....	1	1	2	41
Miscellaneous receipts	124	2	–1	–14	–12	112
Total receipts	3,707	–193	–32	–152	–377	3,330

* $500 million or less

smaller effect on other sources of receipts, increasing collections by a net $4 billion.

Technical factors. Technical factors decreased receipts by a net $152 billion relative to the February 2017 current services estimate. These factors had the greatest effect on corporate income taxes, decreasing collections by $63 billion. Decreases in social insurance and retirement receipts and individual income tax receipts of $38 billion and $29 billion, respectively, accounted for most of the remaining changes in 2018 receipts attributable to technical factors. The models used to prepare the February 2017 estimates of individual and corporation income taxes were based on historical economic data and then-current tax and collections data that were all subsequently revised and account for the net decrease in these two sources of receipts attributable to technical factors. The majority of the difference in the original estimate of individual income taxes relative to actuals relates to lower-than-projected tax year 2017 liability, which was due in part to lower-than-expected taxable income from pass-through businesses and capital gains realizations. In addition, both individual income and corporation income taxes may have decreased due to taxpayers shifting income into the future to maximize the benefits of comprehensive tax reform.

Outlays

Outlays for 2018 were $4,109 billion, $9 billion less than the $4,118 billion current services estimate in the 2018 Budget. Table 28–2 distributes the $9 billion net decrease in outlays among discretionary and mandatory programs and net interest.[2] The table also shows rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy differences. Policy changes are the result of legislative actions that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation, which may themselves be in response to changed economic conditions. For 2018, policy changes increased outlays by $119 billion relative to the initial current services estimates, which included the impacts of Bipartisan Budget Act of 2018 (Public Law 115-123) and increased spending for response and recovery efforts. That law enacted an increase to the level of discretionary funding allowable for both defense and non-defense spending. The combined policy changes from final 2017 and 2018 appropriations, including Overseas Disaster Contingency Operations, increased discretionary outlays by $109 billion. Policy changes increased mandatory outlays by a net $9 billion above current law, largely due to Public Laws 115-120 and 115-123 which funded the continuation of expiring health programs. Debt service costs associated with all policy changes increased outlays by less than $1 billion.

Economic and technical factors. Economic and technical estimating factors resulted in a net decrease in outlays of $128 billion. Technical changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. The final enacted 2018 appropriations allowed for lower discretionary outlays than the rates included in the May 2017 estimate. Increases in discretionary outlays due to legislation, as discussed above, were offset by a $66 billion decrease in net outlays resulting from technical changes. Outlays for mandatory programs decreased $70 billion due to economic and technical factors. There was a net decrease in outlays of $8 billion as a result of differences between actual economic conditions versus those forecast in May 2017. Outlays for Social Security were $23 billion lower than anticipated in the 2018 Budget largely due to lower-than-estimated number of beneficiaries and cost-of-living adjustments. Income security program outlays were a combined $13 billion lower, while the remaining changes were in veterans benefits and services, deposit insurance, and other programs. Outlays for net interest were approximately $9 billion higher due to economic and technical factors, primarily higher interest rates than originally assumed.

[2] Discretionary programs are controlled by annual appropriations, while mandatory programs are generally controlled by authorizing legislation. Mandatory programs are primarily formula benefit or entitlement programs with permanent spending authority that depends on eligibility criteria, benefit levels, and other factors.

Table 28–2. COMPARISON OF ACTUAL 2018 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES
(In billions of dollars)

	Estimate (May 2017)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Discretionary:						
Defense	600	35	....	–13	22	623
Nondefense	618	74	....	–53	21	639
Subtotal, discretionary	1,219	109	....	–66	43	1,262
Mandatory:						
Social Security	1,005	....	–1	–22	–23	982
Other programs	1,578	9	–23	–23	–38	1,540
Subtotal, mandatory	2,583	9	–25	–45	–61	2,522
Net interest	316	1	33	–25	9	325
Total outlays	4,118	119	8	–137	–9	4,109

Appendix II: Comparison of Actual to Estimated Totals

Table 28–3. COMPARISON OF THE ACTUAL 2018 DEFICIT WITH THE INITIAL CURRENT SERVICES ESTIMATE
(In billions of dollars)

	Estimate (May 2017)	Changes			Total Changes	Actual
		Policy	Economic	Technical		
Receipts	3,707	–193	–32	–152	–377	3,330
Outlays	4,118	119	8	–137	–9	4,109
Deficit	411	312	41	15	368	779

Note: Deficit changes are outlays minus receipts. For these changes, a positive number indicates an increase in the deficit.

Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual Federal government receipts and outlays for 2018. This section combines these effects to show the net deficit impact of these differences.

As shown in Table 28–3, the 2018 current services deficit was initially estimated to be $411 billion. The actual deficit was $779 billion, which was a $368 billion increase from the initial estimate. Receipts were $377 billion lower and outlays were $9 billion less than the initial estimate. The table shows the distribution of the changes according to the categories in the preceding two sections. The net effect of policy changes for receipts and outlays increased the deficit by $312 billion. Economic conditions that differed from the initial assumptions in May 2017 increased the deficit by $41 billion. Technical factors increased the deficit by an estimated $15 billion.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2017

This section compares the original 2018 outlay estimates for mandatory and related programs in the current services estimates of the 2018 Budget with the actual outlays. Major examples of these programs include Social Security and Medicare benefits, Medicaid and unemployment compensation payments, and deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

A number of factors may cause differences between the amounts estimated in the Budget and the actual mandatory outlays. For example, legislation may change benefit rates or coverage, the actual number of beneficiaries may differ from the number estimated, or economic conditions (such as inflation or interest rates) may differ from what was assumed in making the original estimates.

Table 28–4 shows the differences between the actual outlays for these programs in 2018 and the current services estimates included in the 2018 Budget.[3] Actual outlays for mandatory spending and net interest in 2018 were $2,847 billion, which was $52 billion less than the current services estimate of $2,899 billion in May 2017.

As Table 28–4 shows, actual outlays for mandatory human resources programs were $2,522 billion, $61 billion less than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences. Most significantly, outlays for mandatory human resources programs decreased by $64 billion due to economic, legislative and technical factors. The overall reduction in outlays for these programs was partially offset by lower than projected dividends originating from GSEs and upward re-estimates in FHA accounts and a $7 billion decrease in Undistributed offsetting receipts. Mandatory outlays for programs in functions outside human resources were $3 billion lower than originally estimated.

Outlays for net interest were $325 billion, or $9 billion higher than the original estimate. As shown on Table 28–4, interest payments on Treasury debt securities increased by $20 billion. Interest earnings of trust funds increased by $10 billion, decreasing net outlays, while net outlays for other interest further decreased net outlays by $2 billion.

Reconciliation of Differences with Amounts Published by the Treasury for 2018

Table 28-5 provides a reconciliation of the receipts, outlays, and deficit totals for 2018 published by the Department of the Treasury in the September 2018 Monthly Treasury Statement (MTS) and those published in this Budget. The Department of the Treasury made no adjustments to the estimates for the Combined Statement of Receipts, Outlays, and Balances. Additional adjustments for the 2020 Budget increased receipts by $1,159 million and increased outlays by $1,301 million. Most of these adjustments were for financial transactions that are not reported to the Department of the Treasury but are included in the Budget, including those for the Affordable Housing Program, the Electric Reliability Organization, the Federal Financial Institutions Examination Council Appraisal Subcommittee, Federal Retirement Thrift Investment Board Program Expenses, the Public Company Accounting Oversight Board, the Securities Investor Protection Corporation, fees and payments related to the Standard Setting Body, and the United Mine Workers of America benefit funds. There was also an adjustment for the National Railroad Retirement Investment Trust (NRRIT), which relates to a conceptual difference in reporting. NRRIT reports to the Department of the Treasury with a one-month lag so that the fiscal year total provided in the Treasury Combined Statement

[3] See footnote 1 for an explanation of the current services concept.

covers September 2017 through August 2018. The Budget has been adjusted to reflect transactions that occurred during the actual fiscal year, which begins October 1. In addition, the Budget also reflects agency adjustments to 2018 outlays reported to Treasury after preparation of the Treasury Combined Statement.

Table 28–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW
(In billions of dollars)

	2018		
	Estimate	Actual	Change
Mandatory outlays:			
Human resources programs:			
Education, training, employment, and social services:			
Higher Education	6	–4	–10
Other	7	6	–1
Total, education, training, employment, and social services	13	3	–11
Health:			
Medicaid	408	389	–18
Other	98	101	2
Total, health	506	490	–16
Medicare	582	582	*
Income security:			
Retirement and disability	144	147	3
Unemployment compensation	33	28	–5
Food and nutrition assistance	96	92	–4
Other	165	159	–6
Total, income security	439	426	–13
Social security	1005	982	–23
Veterans benefits and services:			
Income security for veterans	85	86	*
Other	17	15	–2
Total, veterans benefits and services	103	101	–2
Total, mandatory human resources programs	2,647	2,583	–64
Other functions:			
Agriculture	21	16	–5
International	2	–1	–4
Mortgage credit	–21	1	23
Deposit insurance	–12	–16	–4
Other advancement of commerce	16	11	–5
Other functions	34	27	–8
Total, other functions	40	37	–3
Undistributed offsetting receipts:			
Employer share, employee retirement	–91	–87	4
Rents and royalties on the outer continental shelf	–5	–5	*
Other undistributed offsetting receipts	–9	–6	3
Total, undistributed offsetting receipts	–104	–98	7
Total, mandatory	2,583	2,522	–61
Net interest:			
Interest on Treasury debt securities (gross)	501	522	20
Interest received by trust funds	–141	–150	–10
Other interest	–45	–46	–2
Total, net interest	316	325	9
Total, outlays for mandatory and net interest	2,899	2,847	–52

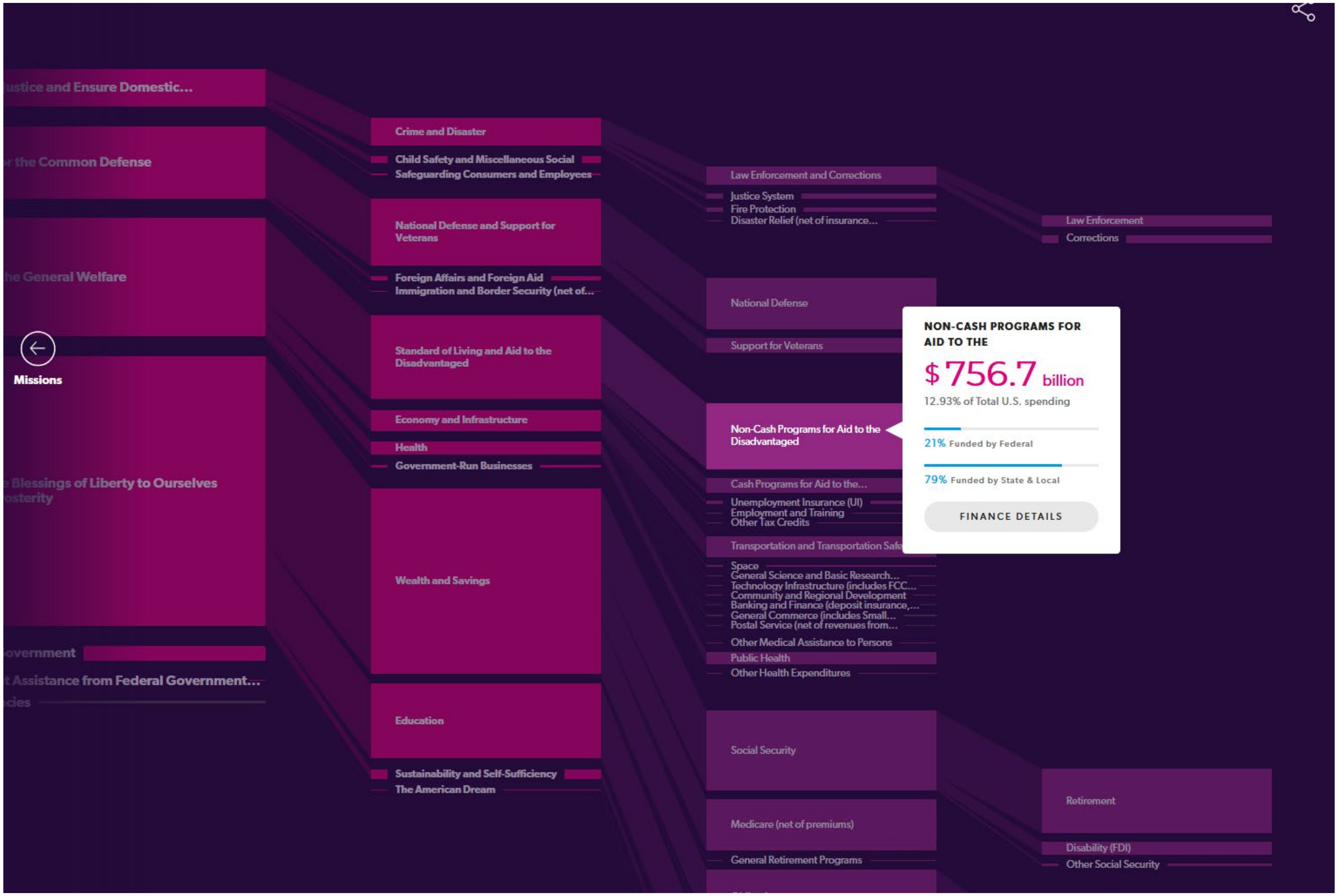
* $500 million or less

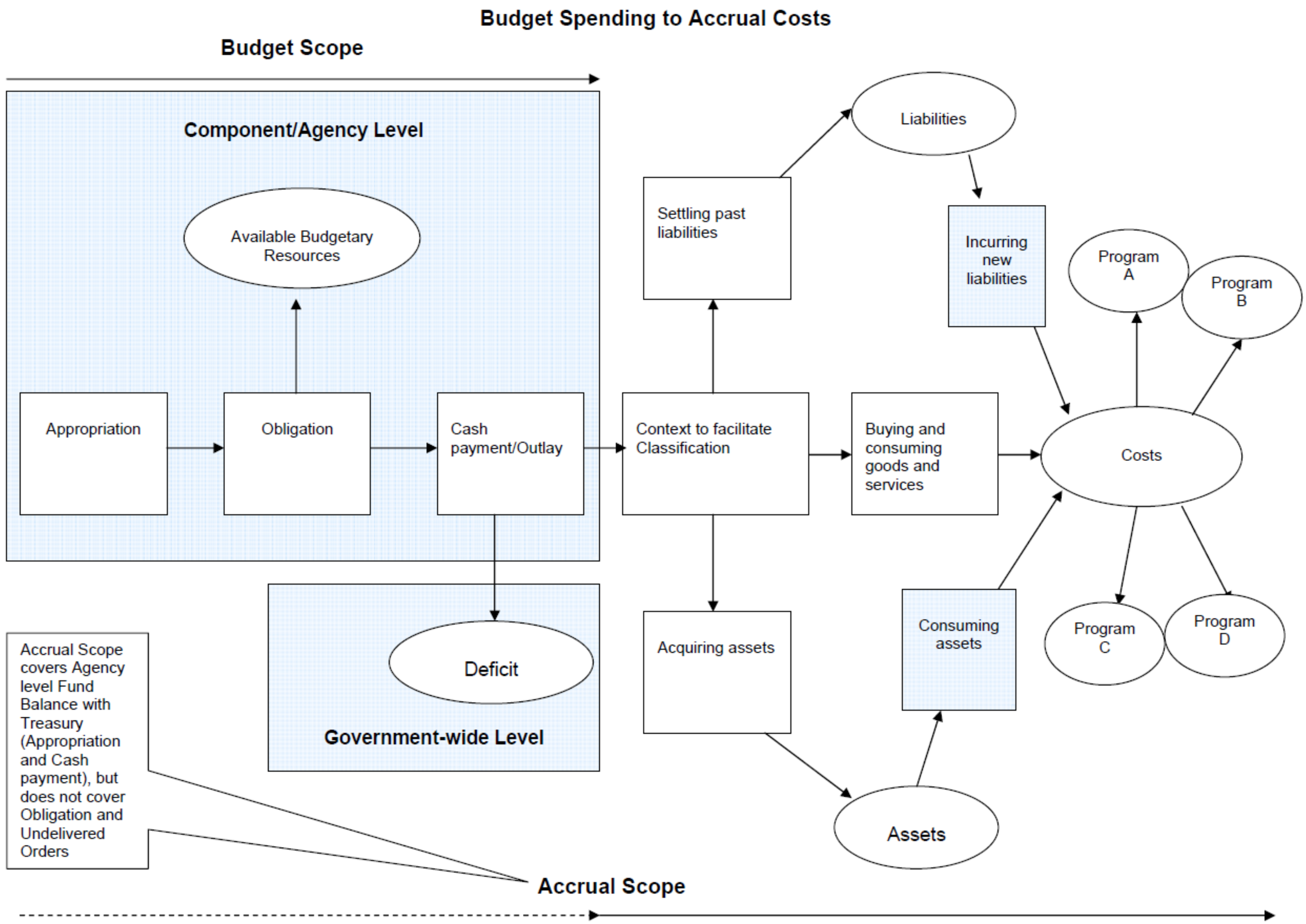
Appendix II: Comparison of Actual to Estimated Totals

Table 28–5. RECONCILIATION OF FINAL AMOUNTS FOR 2018
(In millions of dollars)

	Receipts	Outlays	Deficit
Totals published by Treasury (September MTS)	3,328,745	4,107,741	778,996
Miscellaneous Treasury adjustments	....	....	....
Totals published by Treasury in Combined Statement	3,328,745	4,107,741	778,996
Affordable Housing Program	392	392	......
Electric Reliability Organization	412	412	....
Federal Financial Institutions Examination Council Appraisal Subcommittee	100	100	....
Federal Retirement Thrift Investment Board Program Expenses	22	20	–2
Public Company Accounting Oversight Board	....	–14	–14
Puerto Rico Oversight Board	239	230	–9
Securities Investor Protection Corporation	60	60	....
Standard Setting Body	292	75	–217
United Mine Workers of America benefit funds	29	29	....
National Railroad Retirement Investment Trust	19	19	....
Other	–14	36	50
Total adjustments, net	1,159	1,301	142
Totals in the Budget	3,329,904	4,109,042	779,138
MEMORANDUM:			
Total change since year-end statement	1,159	1,301	142

Appendix III: Screenshot from USAFACTS




Budget Spending to Accrual Costs
Budget Scope
Component/Agency Level
Available Budgetary Resources
Appropriation
Obligation
Cash payment/Outlay
Deficit
Government-wide Level
Accrual Scope covers Agency level Fund Balance with Treasury (Appropriation and Cash payment), but does not cover Obligation and Undelivered Orders
Accrual Scope
Settling past liabilities
Liabilities
Incurring new liabilities
Context to facilitate Classification
Buying and consuming goods and services
Costs
Program A
Program B
Program C
Program D
Acquiring assets
Consuming assets
Assets