

Supplemental Information

DEPARTMENT OF THE TREASURY

TOTAL TREASURY DEPARTMENT BUDGET

Treasury's FY 2001 budget request covers the following areas:

- **INTEREST PAYMENTS -- \$366.7 billion**

These are funds for interest payments needed to finance the public debt (\$359.5 billion); interest payments by the IRS on refunds of taxes to taxpayers (\$3.3 billion); and selected interest payments on special accounts handled through the Treasury (\$3.9 billion).

- **PERMANENT AUTHORITY APPROPRIATIONS AND TRUST FUNDS -- \$30.3 billion**

These are funds for special accounts for which the Congress has given the Department permanent authority to expend appropriations. These accounts include primarily repayments of taxes collected for Puerto Rico, payments made when the earned income credit exceeds the taxpayer's tax liability, payments to the Resolution Funding Corporation, reimbursements to Federal Reserve Banks, special claims and damage payments required as a result of judgments against the U.S. government, and payments to Presidential candidates and their parties in accordance with Federal Election Commission certification.

- **OFFSETTING COLLECTIONS -- -\$19.7 billion**

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

- **ANNUAL OPERATING APPROPRIATIONS [FUNDING FOR ALL TREASURY BUREAUS] -- \$13.992 billion**

These are funds for the Treasury bureaus' activities. Funding for these require appropriation action by the Congress. Details of bureau operating budgets are provided in the section titled, "Analysis of FY 2001 President's Budget."

DEPARTMENT OF THE TREASURY
FUNDING LEVELS IN THE FY 2001 PRESIDENT'S BUDGET 1/
(dollars in millions)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	Percent Increase/ Decrease
ANNUAL APPROPRIATIONS.....	12,135	12,461	13,992	12.3%
INTEREST PAYMENTS:				
Interest on Public Debt.....	353,511	358,980	359,536	0.2%
Refunding Internal Revenue Collections, Interest.....	2,724	3,157	3,307	4.8%
Interest on Uninvested Funds.....	5	8	8	0.0%
Net Interest Paid to Loan Guar. Fin. Accts.....	3,617	3,795	3,858	1.7%
Fed. Interest Liabilities to State.....	20	14	13	-7.1%
MENTS.....	359,877	365,954	366,722	0.2%
TRUST FUNDS AND OTHER:				
Federal Financing Bank.....	1,155	21	22	4.8%
Payments to Farm Credit System.....	3	—	—	0.0%
Payment to Resolution Funding Corp.....	2,328	1,072	1,728	61.2%
Check Forgery Insurance Fund.....	—	4	2	-50.0%
Ref., Trans., & Exp. Abandoned Goods.....	4	5	5	0.0%
Subtotal, TRUST FUNDS AND OTHER.....	3,490	1,102	1,757	59.4%
PERMANENT AUTHORITY APPROPRIATIONS:				
Pres. Election Campaign Fund.....	61	61	61	0.0%
Sallie Mae Assessments.....	—	1	1	0.0%
Customs Services at Small Airports.....	2	2	2	0.0%
Treasury Forfeiture Fund.....	347	240	240	0.0%
Claims, Judgements & Relief Acts.....	1,859	725	712	-1.8%
Federal Reserve Bank Reimbursement by —				
FMS.....	124	127	129	1.6%
BPD.....	138	139	162	16.5%
Government Losses in Shipment.....	1	1	1	0.0%
Collection of Taxes for Puerto Rico by —				
ATF.....	235	253	315	24.5%
USCS.....	100	112	114	1.8%
COBRA.....	274	300	320	6.7%
IRS New and Existing Fees.....	88	90	90	0.0%
Payment where Child Credit exceeds liab. for tax.....	445	550	520	-5.5%
Payment where EIC exceeds liability for tax.....	25,632	25,676	25,799	0.5%
Contrib. for Annuity Benefits.....	80	100	110	10.0%
Subtotal, PERMANENT AUTH. APPROP.....	29,386	28,377	28,576	0.7%
OFFSETTING COLLECTIONS.....	-16,778	-18,570	-19,685	6.0%
TOTAL, DEPARTMENT OF THE TREASURY.....	388,110	389,324	391,362	0.5%

1/ This chart does not include funding associated with legislative proposals.

DETAIL OF OTHER ACCOUNTS

INTEREST PAYMENTS

- INTEREST ON THE PUBLIC DEBT:

The Government's current deficit and outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation. This appropriation is permanent, indefinite, meaning that an annual appropriation request is not required to obtain this budget authority.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (which includes foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

The Federal Government both pays and receives interest and in some cases pays itself. As a result, a better picture of the Federal Government's interest cost is seen in net interest outlay estimates, comprised of:

- Interest on the public debt, plus interest on tax collection refunds; and
- Interest collections from Federal agencies and the public (interest on loans to the Federal Financing Bank is the largest item of offsetting interest collections), and interest received by Federal trust funds for securities held by these funds.

- INTEREST ON IRS REFUNDS:

Under certain conditions set forth in the tax law, IRS must pay interest on Internal Revenue collections which must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

- INTEREST ON UNINVESTED FUNDS:

Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated for payment to the proper fund receipt accounts.

- NET INTEREST PAID TO LOAN GUARANTEE FINANCING ACCOUNTS:

Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505(c) of the Federal Credit Reform Act of 1990.

- **FEDERAL INTEREST LIABILITIES TO THE STATES:**

As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when Federal funds are not transferred timely. Further, states are reimbursed for specific costs.

TRUST FUNDS AND OTHER

- **FEDERAL FINANCING BANK:**

The Federal Financing Bank (FFB) was created in 1973 to ensure the coordination of Federal and federally assisted borrowing from the public in a manner least disruptive to private financial markets and institutions. FFB loans are now used primarily to finance direct agency activities such as resolution of failed thrift institutions by the deposit insurance agencies, construction of Federal buildings by the General Services Administration, and meeting the financial requirements of the U.S. Postal Service. The FY 1999 budget provided funding to liquidate the FFB's accumulated deficit that resulted when FFB paid a prepayment premium on the underlying obligations to the Treasury Department while FFB borrowers were allowed to prepay at par.

- **PAYMENTS TO FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION:**

The Agricultural Credit Act of 1987 (Public Law 100-233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for payment to the Farm Credit System Financial Assistance Corporation (FAC).

Treasury payments annually reimburse the FAC for interest expense on FAC debt, which is authorized to be issued through 1993. Treasury is authorized to pay all or part of FAC interest for the first ten years on each 15-year FAC debt issuance. Debt proceeds are used to provide assistance to financially troubled Farm Credit System lending institutions.

- **PAYMENT TO RESOLUTION FUNDING CORPORATION:**

The Financial Institutions reform, recovery, and Enforcement Act of 1989 authorized and appropriated to the Secretary of the Treasury, for fiscal year 1989 and thereafter, such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise \$31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

- **CHECK FORGERY INSURANCE FUND:**

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery insurance Fund (Fund). The Fund will facilitate timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund will recoup disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks through reclamation procedures by this office. If the U.S. Treasury is unable to recover funds, the account sustains the loss.

- **REFUNDS, TRANSFERS AND EXPENSES; UNCLAIMED AND ABANDONED GOODS:**

Unclaimed and abandoned goods are held in storage under Customs Service's custody for one year from the date of importation. At the end of that period, all merchandise upon which duties, storage and other charges have not been paid is appraised and sold at public auction. The expenses shown in this fund represent the net expenses associated with holding this merchandise after receipts from public auction.

PERMANENT AUTHORITY APPROPRIATIONS

- **PRESIDENTIAL ELECTION CAMPAIGN FUND:**

The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election -- appropriations shown represent collections from the check-off.

- **SALLIE MAE ASSESSMENTS:**

The Secretary of the Treasury is authorized by the FY 1997 Omnibus Consolidated Appropriations Act to establish and collect from the Sallie Mae Association an annual assessment of up to \$800,000 (adjusted for each fiscal year ending after September 30, 1997 by the CPI) to cover the expenses related to providing financial oversight of the Association.

CUSTOMS SERVICES AT SMALL AIRPORTS

The Customs Service charges fees at certain small airports where the volume or value of business is insufficient to justify the availability of Customs services. The funds generated from these fees are applied to expenditures incurred in providing Customs services at each of these designated small airports. The Treasury, Postal Service, and General Government Appropriations Act of 1998 (Public Law 105-284) made permanent the provision that Customs services at small airports may be derived from fees collected.

- **TREASURY FORFEITURE FUND:**

The Treasury, Postal Service, and General Government Appropriation Act, 1993 (P.L. 102-393) established this permanent appropriation, to be used to pay for all seizures and forfeiture costs, similar to the Customs Forfeiture Fund. The Fund has two components, a permanent, indefinite

appropriation for designated mandatory expenses and a discretionary appropriation, for other forfeiture-related expenses, funded from the Fund's receipts.

- **CLAIMS, JUDGMENTS AND RELIEF ACTS:**

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

- **REIMBURSEMENT TO FEDERAL RESERVE BANKS:**

Legislation was enacted in FY 1992 (Public Law 101-509) establishing a permanent, indefinite appropriation to reimburse Federal Reserve Banks for their services as fiscal agents for the Bureau of the Public Debt beginning in FY 1994.

The FY 1998 Treasury Appropriation Act (P.L. 105-61) established, beginning in fiscal year 1998 and thereafter, a permanent, indefinite appropriation for the Financial Management Service to reimburse Federal Reserve Banks in their capacity as depositaries and fiscal agents for the United States for all services required or directed by the Secretary of the Treasury to be performed by such banks on behalf of the Treasury or other Federal agencies.

- **GOVERNMENT LOSSES IN SHIPMENT:**

Payments are made for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of shipments effected pursuant to section 1 of the Government Losses in Shipment Act, as amended.

- **DUTIES, TAXES AND FEES (PUERTO RICO):**

Both the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms collect duties and excise taxes for Puerto Rico. These funds are deposited in a receipt account in the Treasury. After the bureaus deduct their cost of collecting these funds, the balance is refunded back to Puerto Rico through this account, which is shown as a Treasury outlay. In total, the activity (receipts/outlays) generally balances to zero, although the repayment is required to be included in total Treasury expenditures.

- **CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 (COBRA):**

COBRA established a user fee to cover the U.S. Customs Service's overtime cost for inspection. The fee is levied primarily as a \$6.50 per air passenger charge on those entering the country (reverting to \$5 in 1998 and excluding Canadian, Mexican, and Caribbean points of origin), but is also collected in varying amounts from different vessels and vehicles entering the United States. Fees are deposited in the Customs User Fee Account and are available without annual appropriation to reimburse the Customs Service's Salaries and Expenses appropriation.

- INTERNAL REVENUE SERVICE - NEW AND EXISTING FEES:

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS to increase receipts, where such fees are authorized by another law. The fees may be spent to supplement appropriations. This includes the fees collected to reimburse informants.

- PAYMENT WHERE CHILD CREDIT EXCEEDS LIABILITY FOR TAX:

The child credit (originally authorized under the Taxpayer Relief Act of 1997) calls for an additional payment to the tax filer. Only in those instances when the credit will exceed the amount of the tax liability owed through the individual income tax system.

- PAYMENT WHERE CREDIT EXCEEDS TAX LIABILITY (EARNED INCOME CREDIT):

The earned income credit (originally authorized under the Tax Reduction Act of 1975) calls for absolute tax credits to low income taxpayers who meet certain qualifications. Only when the tax credit exceeds the taxpayer's total liability for taxes is this account used, and then, only by the amount that the tax liability is exceeded.

- CONTRIBUTION FOR ANNUITY BENEFITS:

This fund reimburses the District of Columbia for benefit payments made from the revenue of the District of Columbia to or for members of the Secret Service Uniform Division under the Policemen and Firemen's Retirement and Disability Act (4 D.C. Code 521).

OFFSETTING COLLECTIONS

In general, amounts collected by the Government are classified in two major categories:

- Governmental receipts - arise from the sovereign and regulatory powers unique to the Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).
- Offsetting receipts - are all collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:
 - *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
 - *Intragovernmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
 - *Interfund Receipts* - These are amounts derived from payments between Federal and trust funds.
 - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).
 - *Offsetting Government Receipts* - These receipts are governmental in nature, since they offset agency budget authority and outlays, but they are required to be treated as offsetting receipts.

<i>(dollars in billions)</i>			
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Proprietary	10.5	12.1	13.4
Interfund	1.1	1.0	2.6
Intrafund	4.0	4.2	3.9
Offsetting Governmental	1.2	1.3	1.1
TOTAL	16.8	18.6	19.7

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