



July 2023

FEDERAL BUDGET

Government-Wide Inventory of Accounts with Mandatory Spending, Fiscal Years 2001–2021

Accessible Version

Why GAO Did This Study

From fiscal years 2001 through 2021, more than 60 percent of federal spending in any given year came from mandatory spending. Generally, Congress and the President control spending for mandatory programs indirectly—by defining eligibility for these programs, and setting the programs’ benefit or payment rules in the authorizing legislation—rather than directly through annual appropriations acts. As a result, mandatory spending may not undergo review as part of the annual appropriations process.

GAO was asked to review mandatory spending. This report describes trends among federal budget accounts with mandatory budget authority in fiscal years 2001–2021, among other things.

GAO analyzed Office of Management and Budget data to identify accounts with mandatory budget authority in fiscal years 2001–2021. GAO selected this time frame to provide historical context for federal spending, among other reasons.

To describe trends in mandatory spending, GAO analyzed gross mandatory budget authority data on accounts that comprised the top 99 percent of all gross mandatory budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets, such as fees members of the public pay to use national parks.

View [GAO-23-105674](#). For more information, contact Jeff Arkin at (202) 512-6806 or ArkinJ@gao.gov.

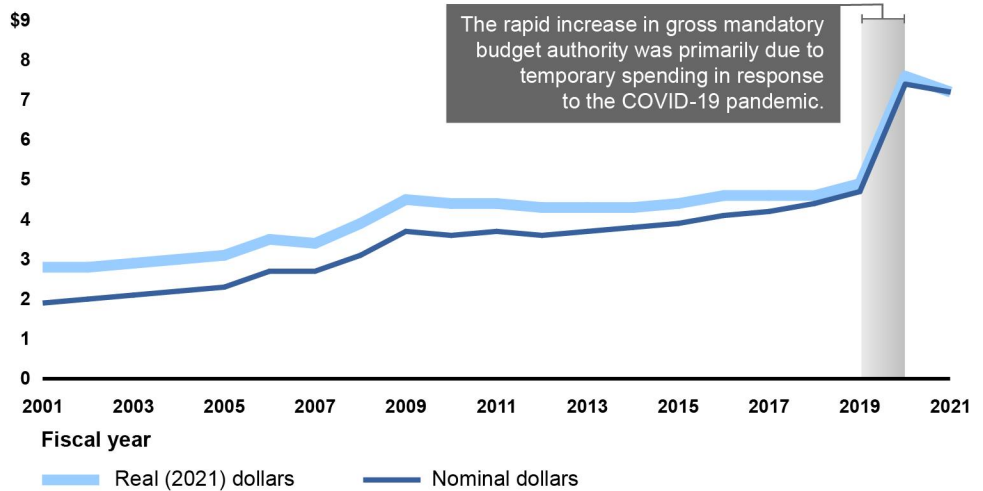
Government-Wide Inventory of Accounts with Mandatory Spending, Fiscal Years 2001–2021

What GAO Found

Mandatory spending refers to budget authority that is typically provided in laws other than appropriation acts. Mandatory budget authority grew from \$1.9 trillion in fiscal year 2001 to \$7.2 trillion in fiscal year 2021, an increase of 282 percent, or 160 percent adjusted for inflation in fiscal year 2021 dollars. As GAO has previously reported, demographic factors, rising health care costs, and legislative decisions have contributed to this increase in spending over time.

Government-Wide Gross Mandatory Budget Authority, Fiscal Years 2001–2021, in Nominal and 2021 Inflation-Adjusted Dollars

Gross mandatory budget authority (dollars in trillions)



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Note: GAO used the fiscal year 2021 gross domestic product price index to adjust for inflation.

Fiscal Year	Real (2021) dollars (Dollars in trillions)	Nominal dollars (Dollars in trillions)
2001	2.8	1.9
2002	2.8	2.0
2003	2.9	2.1
2004	3.0	2.2
2005	3.1	2.3
2006	3.5	2.7
2007	3.4	2.7
2008	3.9	3.1
2009	4.5	3.7
2010	4.4	3.6
2011	4.4	3.7
2012	4.3	3.6
2013	4.3	3.7
2014	4.3	3.8
2015	4.4	3.9

Fiscal Year	Real (2021) dollars (Dollars in trillions)	Nominal dollars (Dollars in trillions)
2016	4.6	4.1
2017	4.6	4.2
2018	4.6	4.4
2019	4.9	4.7
2020	7.6	7.4
2021	7.2	7.2

From fiscal years 2001 through 2021, the 10 budget accounts with the largest amount of gross mandatory budget authority primarily supported Social Security, Medicare, Medicaid, and interest on the public debt. These 10 accounts represented 64 percent of government-wide mandatory budget authority during this time. In fiscal years 2020 and 2021, the federal COVID-19 response resulted in increases in mandatory spending in accounts funding other programs, such as Economic Impact Payments.

A budget account's fund type indicates, among other things, the source of funding for the account. From fiscal years 2001 through 2021, the majority of mandatory budget authority came from general fund accounts and non-revolving trust fund accounts.

- **General fund accounts** hold all federal money not allocated by law to any other fund account. This fund type supported programs such as Medicaid.
- **Non-revolving trust fund accounts** are designated as "trust funds" by law and used to track receipts and spending for programs that have specific taxes or other revenues dedicated by law for their use. In some cases, they receive payments from general fund accounts. This fund type supported programs such as Social Security and unemployment benefits.

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Abbreviations

CBO	Congressional Budget Office
COVID-19	Coronavirus Disease 2019
MAX	Office of Management and Budget’s MAX A-11 Data Entry system
OMB	Office of Management and Budget

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July 12, 2023

The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate

The Honorable Mike Braun
United States Senate

Appropriation Act

A statute that generally provides legal authority for federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Regular annual appropriation acts that provide funding for the continued operation of federal departments, agencies, and various government activities are considered by Congress annually.

Budget Authority

Authority provided by federal law to enter into financial obligations that will result in immediate or future outlays involving federal government funds.

Source: GAO-05-734SP. | GAO-23 -05674

From fiscal years 2001 through 2021, more than 60 percent of federal spending in any given year came from mandatory spending. Mandatory spending, also known as direct spending, refers to budget authority that is typically provided in laws other than appropriation acts, and the outlays that result from such budget authority.¹ Generally, Congress and the President control spending for mandatory programs indirectly—by defining eligibility for these programs, and setting the programs’ benefit or payment rules in the authorizing legislation—rather than directly through annual appropriations acts. As a result, mandatory spending may not undergo review as part of the annual appropriations process.

Mandatory spending funds certain entitlement programs, such as Social Security, Medicare, and Medicaid.² We have previously reported that federal health care programs, such as Medicare and Medicaid, as well as Social Security, are expected to drive most of the long-term increase in noninterest federal spending.³ Mandatory spending also funds other

¹In some cases, budget authority in annual appropriations acts for certain programs, such as Medicaid, is treated as mandatory. These types of accounts are called “appropriated entitlements” or “appropriated mandatories.”

²Entitlement authority is authority to make payments to any person or unit of government if, under the provisions of the law containing such authority, the United States is legally required to make the payments to persons or governments that meet the eligibility criteria established by law. 2 U.S.C. § 622(9).

³GAO, *The Nation’s Fiscal Health: Road Map Needed to Address Projected Unsustainable Debt Levels*, [GAO-23-106201](#) (Washington, D.C.: May 8, 2023). Social Security provides retirement and disability benefits, among other benefits.

programs, interest on the national debt, and certain tax provisions (including refundable tax credits, such as the Earned Income Tax Credit).⁴

You asked us to develop an inventory of federal mandatory spending and to identify trends in mandatory spending over time. This report describes (1) trends among federal budget accounts with mandatory budget authority in fiscal years 2001 through 2021, and (2) characteristics of selected budget accounts with mandatory budget authority. Budget accounts are accounts used to record resources for obligation and outlay.

Obligation

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future.

Outlay

The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation.

Source: GAO-05-734SP. | GAO-23-105674

To address the first objective, we downloaded data on all budget accounts that used mandatory budget authority in any fiscal year from 2001 through 2021 from the Office of Management and Budget's (OMB) MAX A-11 Data Entry System (MAX).⁵ This time frame allowed us to use the most recent budget data available when we began this work (fiscal year 2021).

We then created a two-part dataset:

1. A primary inventory, containing identifying information and budget data, such as gross and net budget authority amounts, on the 256 budget accounts that comprised 99 percent of all mandatory budget authority in any fiscal year from 2001 through 2021.⁶
2. A list of additional accounts containing the remaining 742 budget accounts that used mandatory budget authority in any fiscal year from 2001 through 2021, with identifying information about each account (for example, agency, account name).

This dataset can be accessed on our public website at <https://www.gao.gov/products/gao-23-105674>.

⁴Unlike with nonrefundable tax credits, where the amount of credit a taxpayer can claim is limited to the taxpayer's tax liability, refundable tax credits are payable to the taxpayer as a refund to the extent that the tax credit exceeds the taxpayer's tax liability.

⁵MAX is a computer system used to collect and process most of the information required for preparing the President's Budget for the federal government.

⁶For the purposes of this report, gross mandatory budget authority refers to total budget authority before reduction by applicable offsets. Net mandatory budget authority refers to gross budget authority minus offsetting collections (see background section). Unless otherwise noted, this report uses "budget authority" as a generic term to refer to gross budget authority.

To assess the reliability of these data, we reviewed relevant documentation and sent data collection instruments to each agency in our primary inventory to confirm that the data matched agency records. We found the data to be reliable for the purposes of identifying budget accounts with mandatory budget authority and analyzing trends in mandatory budget authority. To describe trends in mandatory budget authority over time, we used data analysis software to calculate descriptive statistics and analyze trends in our primary inventory.

To address the second objective, we selected a nonrepresentative sample of 10 budget accounts from the primary inventory. The 10 accounts included no more than one account from each agency, and a variety of sizes, funding sources, and funding histories. For more information on our scope and methodology, see appendix I.

We conducted this performance audit from January 2022 to July 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings based on our audit objectives.

Background

Federal spending falls into two categories: mandatory and discretionary. Mandatory spending includes programmatic spending and net interest.⁷ Discretionary spending refers to outlays from budget authority that is provided in and controlled by appropriation acts, which Congress and the President generally consider annually. Figure 1 illustrates the share of federal funding in each of these two categories and highlights the portion of mandatory spending on net interest.

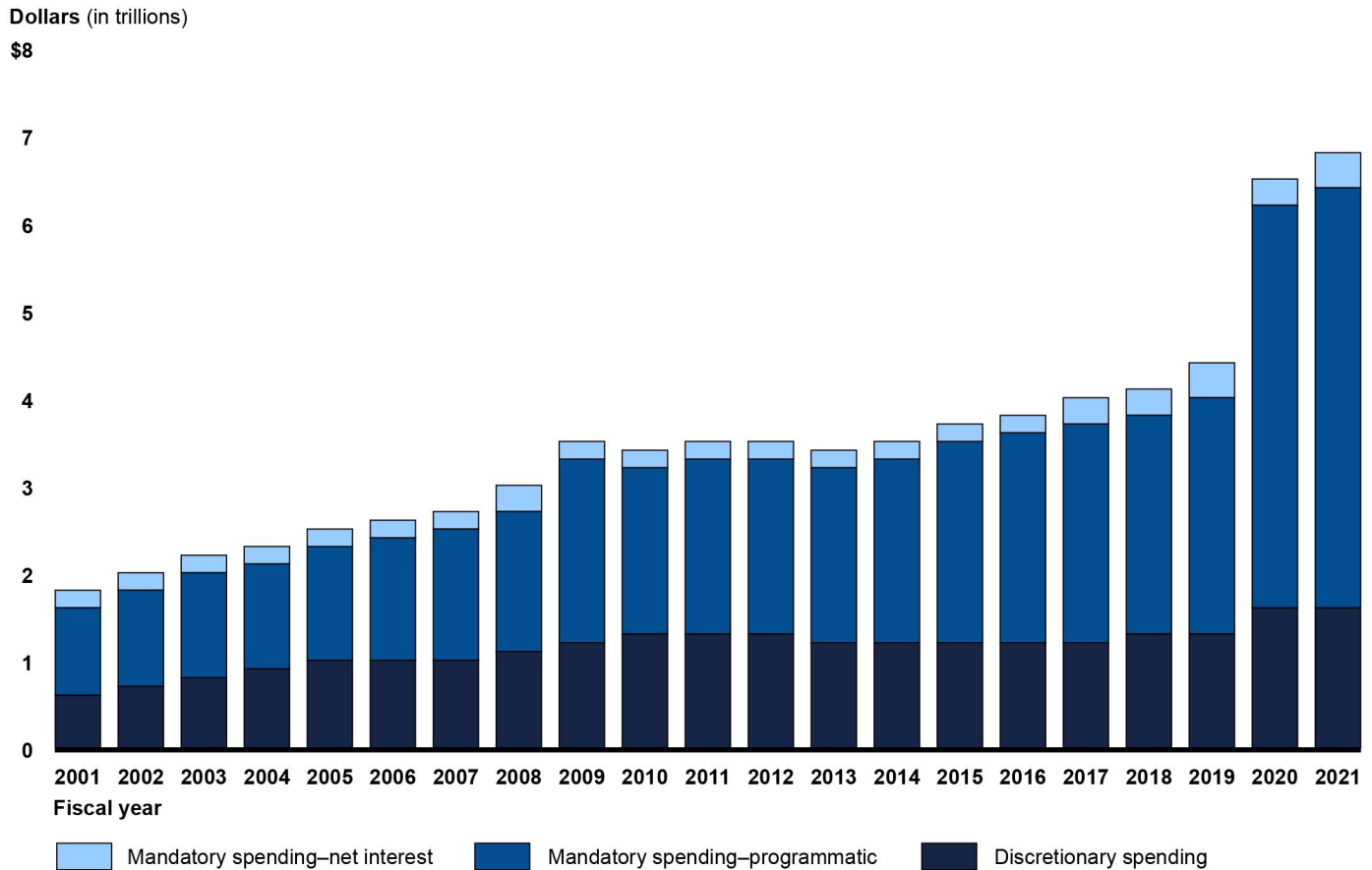
Net Interest

Net interest primarily encompasses the cost to the government of financing debt held by the public, net of certain income recognized from loans and other sources. Outlays related to net interest largely reflect the interest paid to holders of the debt that the Department of the Treasury issues to the public. In recent years, the federal government's net interest spending has represented a relatively small share of gross domestic product and total federal spending, primarily because interest rates have been relatively low. However, interest rates are projected to rise in the long term, and federal net interest spending is projected to increase.

Sources: [GAO-22-105376](#) and [GAO-23-106201](#). | [GAO-23-105674](#)

⁷In MAX, net interest is tracked as a separate budget enforcement category from mandatory budget authority. For this report, we are including net interest as part of mandatory budget authority since interest payments are reported as mandatory budget authority in a budget account for the Department of the Treasury in MAX and the President's Budget.

Figure 1: Federal Mandatory and Discretionary Outlays, Fiscal Years 2001–2021



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: Mandatory spending refers to budget authority that is typically provided in laws other than appropriation acts, and the outlays that result from such budget authority. Mandatory spending includes programmatic spending and net interest. Net interest primarily encompasses the cost to the government of financing debt held by the public, net of certain income recognized from loans and other sources. In some cases, budget authority in annual appropriations acts for certain programs, such as Medicaid, is treated as mandatory. These types of accounts are called “appropriated entitlements” or “appropriated mandatories.”

Discretionary spending refers to outlays from budget authority that is provided in and controlled by appropriation acts, which Congress and the President generally consider annually.

Outlays refer to the issuance of checks, disbursement of cash, or electronic transfer of funds (other than the repayment to the Treasury of debt principal) made to liquidate a federal obligation.

The large increase in mandatory spending in fiscal years 2020 and 2021 is from the federal government’s response to the COVID-19 pandemic.

Letter

Fiscal Year	Discretionary spending (Dollars in trillions)	Mandatory spending—programmatic (Dollars in trillions)	Mandatory spending—net interest (Dollars in trillions)
2001	0.6	1.0	0.2
2002	0.7	1.1	0.2
2003	0.8	1.2	0.2
2004	0.9	1.2	0.2
2005	1.0	1.3	0.2
2006	1.0	1.4	0.2
2007	1.0	1.5	0.2
2008	1.1	1.6	0.3
2009	1.2	2.1	0.2
2010	1.3	1.9	0.2
2011	1.3	2.0	0.2
2012	1.3	2.0	0.2
2013	1.2	2.0	0.2
2014	1.2	2.1	0.2
2015	1.2	2.3	0.2
2016	1.2	2.4	0.2
2017	1.2	2.5	0.3
2018	1.3	2.5	0.3
2019	1.3	2.7	0.4
2020	1.6	4.6	0.3
2021	1.6	4.8	0.4

Offsetting collections are amounts received by the federal government during the fiscal year that are credited to agencies' appropriation or expenditure accounts.⁸ They result from:

- business-like transactions with the public, such as fees members of the public pay to use national parks;
- transactions between federal agencies (intragovernmental transfers), such as payments from federal agencies to the Office of Personnel Management for providing human resources services; and

⁸The federal government uses expenditure accounts to record federal outlays. For example, it uses general fund expenditure accounts to record amounts appropriated by law for the general support of federal government activities and the subsequent expenditure of these funds.

-
- collections from the public that are governmental in nature, but required by law to be classified as offsetting, such as tax receipts, regulatory fees, or compulsory user charges.

Offsetting collections generally offset gross budget authority at the account level. We used offsetting collections to calculate net budget authority amounts for each account and reported those amounts in our online dataset.

Mandatory Budget Authority Increased while Primarily Funding a Few Purposes

Mandatory Budget Authority Gradually Increased from Fiscal Years 2001 through 2019, then Spiked in Fiscal Years 2020 and 2021 due to COVID-19-Related Spending

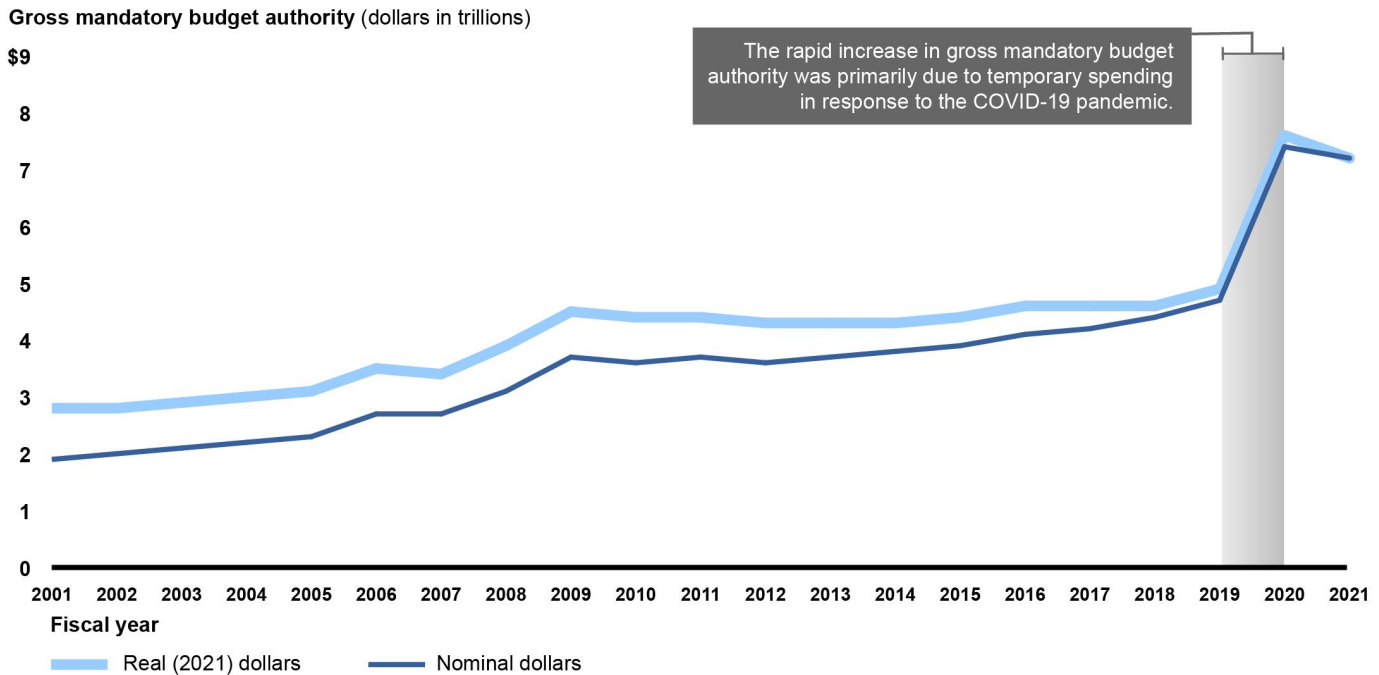
Total gross mandatory budget authority among accounts in our scope grew from about \$1.9 trillion in fiscal year 2001 to about \$7.2 trillion in fiscal year 2021 (see fig. 2).⁹ This was an increase of 282 percent in nominal terms, or 160 percent when adjusted for inflation using fiscal year 2021 dollars.¹⁰ As we previously reported, demographic factors, rising health care costs, and legislative decisions have all contributed to the increase in federal mandatory spending.¹¹

⁹For the purposes of this objective, our scope includes budget accounts that comprised the top 99 percent of gross mandatory budget authority in any fiscal year from 2001 through 2021.

¹⁰Discretionary spending also grew from 2001 through 2021. According to the Congressional Budget Office, discretionary outlays grew 152 percent in this time period from \$649 billion in fiscal year 2001 to \$1.6 trillion in fiscal year 2021 in nominal dollars. We adjusted the amount of mandatory budget authority for inflation using the gross domestic product price index for fiscal year 2021.

¹¹[GAO-23-106201](#).

Figure 2: Government-Wide Gross Mandatory Budget Authority, Fiscal Years 2001–2021, in Nominal and 2021 Inflation-Adjusted Dollars



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: This analysis includes budget accounts that comprised the top 99 percent of gross mandatory budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets. We adjusted the amount of mandatory budget authority for inflation using the gross domestic product price index for fiscal year 2021.

As shown in figure 2, mandatory budget authority generally rose gradually from fiscal years 2001 through 2019. It grew by about \$2.8 trillion—from about \$1.9 trillion in fiscal year 2001 to about \$4.7 trillion in fiscal year 2019. The exception to this trend occurred from fiscal years 2009 through 2013, when mandatory budget authority remained roughly flat—at around \$3.6 trillion to \$3.7 trillion. After peaking in fiscal year 2009, funding for federal programs designed to aid in the recovery from the Great Recession of 2007-2009 declined.

The federal response to the COVID-19 pandemic substantially increased mandatory budget authority. From fiscal year 2019 to fiscal year 2020, mandatory budget authority grew by about \$2.7 trillion—from about \$4.7 trillion to about \$7.4 trillion. Mandatory budget authority in fiscal year 2021 was similar to that in fiscal year 2020. According to the Congressional Budget Office (CBO), COVID-19-related mandatory spending declined in

fiscal year 2022, and is projected to continue to decrease through fiscal year 2025.¹²

Likewise, CBO projects that overall mandatory spending will decrease as a percentage of gross domestic product from 16.3 percent in fiscal year 2022 to 14 percent in fiscal year 2025. CBO projects that mandatory spending will then increase to 17 percent of gross domestic product by fiscal year 2052. The projected increase is largely due to projected spending on entitlement programs, specifically Social Security and health care programs such as Medicare and Medicaid.¹³

Mandatory Budget Authority Primarily Funded Health Care, Social Security, Income Security, and Net Interest from Fiscal Years 2001 through 2021

One way to examine the composition of mandatory spending across the federal government is by budget function. Budget functions group all federal budget authority by the national need the spending addresses and provide a comprehensive way to examine federal spending by purpose. The budget functions of Medicare, health (non-Medicare), Social Security, income security and net interest were the largest, in terms of mandatory budget authority, in most years from fiscal years 2001 through 2021.¹⁴ For example, in fiscal year 2019, budget accounts under those budget functions made up 83 percent of budget authority in our scope. In fiscal years 2020 and 2021, the distribution of mandatory budget authority by budget function changed primarily because of spending associated with the COVID-19 pandemic. For example, the share of total mandatory budget authority for the income security budget function was higher in those years than it was in fiscal years 2001 through 2019.¹⁵ See figure 3 for the trends in gross mandatory budget authority by budget function from fiscal years 2001 through 2021.

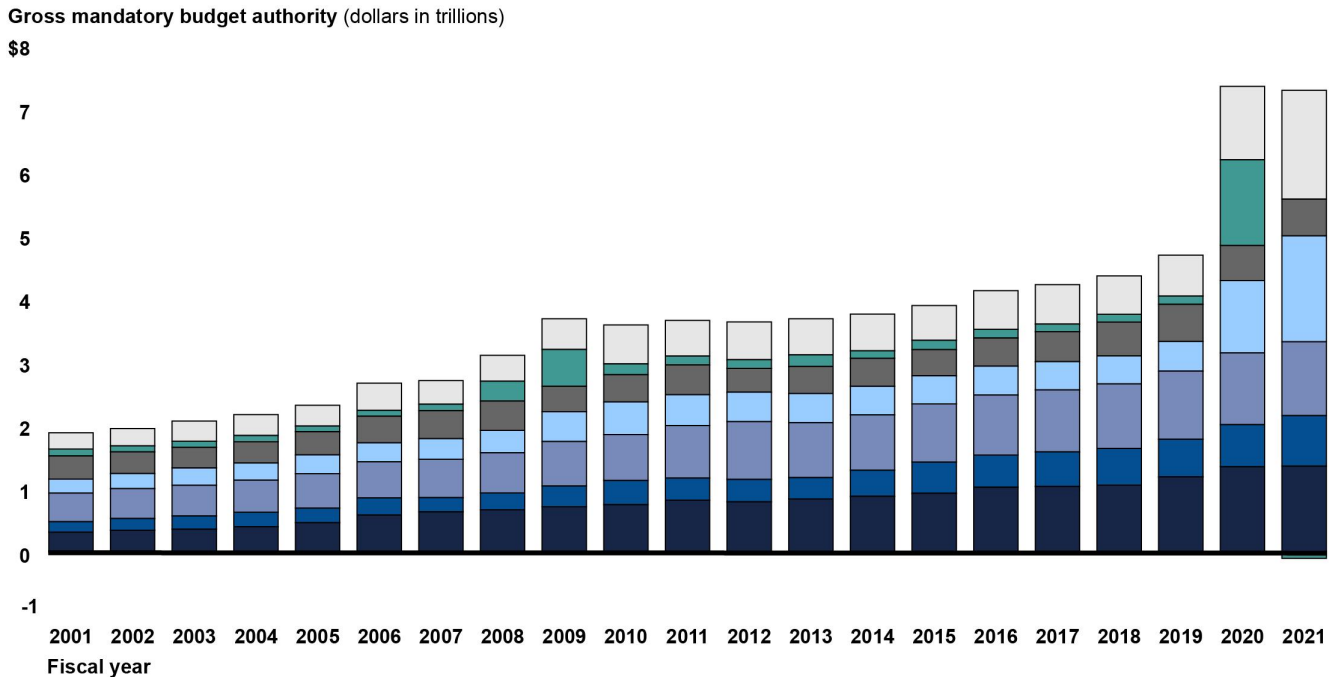
¹²Congressional Budget Office, *The Budget and Economic Outlook: 2023 to 2033* (February 2023).

¹³Congressional Budget Office, *The 2022 Long-Term Budget Outlook* (July 2022).

¹⁴The “health” budget function includes Medicaid and the Children’s Health Insurance Program, among other programs.

¹⁵The income security budget function supports accounts that fund, for example, unemployment benefits, the Supplemental Nutrition Assistance Program, and the Earned Income Tax Credit.

Figure 3: Government-wide Gross Mandatory Budget Authority by Budget Function, Fiscal Years 2001–2021



- Other** – All other budget functions, including accounts that have multiple budget functions.
- Commerce and housing credit** – Accounts that fund programs for the promotion and regulation of commerce and the housing credit and deposit insurance industries. Examples include funding for the U.S. Postal Service, small business support programs, and the Department of Housing and Urban Development’s mortgage programs.^a
- Net interest** – Accounts that primarily encompass the cost to the government of financing debt held by the public, net of certain income recognized from loans and other sources.
- Income security** – Accounts that fund support payments (including associated administrative expenses) to persons for whom no current service is rendered. Income Security does not include Social Security accounts. Examples include unemployment benefits, the Supplemental Nutrition Assistance Program, and the Earned Income Tax Credit.
- Social security** – Accounts funding federal Old-Age and Survivors and Disability Insurance Trust Funds, along with General Fund subsidies of these funds and associated offsetting collections.
- Health** – Programs other than Medicare whose basic purpose is to promote physical and mental health, including the prevention of illness and accidents.
- Medicare** – Accounts funding federal hospital insurance and federal supplementary medical insurance, along with General Fund subsidies of these funds and associated offsetting receipts.

Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: This analysis includes budget accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets. Some of the gross budget authority amounts may be offset by offsetting collections.

An account’s budget function reflects the major, or most important, purpose of a budget account. There are 20 budget functions within the federal budget.

^aBudget accounts under the Commerce and Housing Credit budget function had negative total budget authority in fiscal year 2021. This was primarily due to a negative \$478 billion in mandatory appropriations reported by the Department of the Treasury in the Economic Stabilization Program budget account because of a permanent reduction or cancellation of new appropriations and unobligated balances of appropriations (balances carried over from prior fiscal years) in fiscal year 2021.

Gross mandatory budget authority (dollars in trillions)

Fiscal Year	Medicare –Accounts funding federal hospital insurance and federal supplementary medical insurance, along with General Fund subsidies of these funds and associated offsetting receipts.	Health – Programs other than Medicare whose basic purpose is to promote physical and mental health, including the prevention of illness and accidents.	Social security – Accounts funding federal Old-Age and Survivors and Disability Insurance Trust Funds, along with General Fund subsidies of these funds and associated offsetting collections.	Income security – Accounts that fund support payments (including associated administrative expenses) to persons for whom no current service is rendered. Income Security does not include Social Security accounts. Examples include unemployment benefits, the Supplemental Nutrition Assistance Program, and the Earned Income Tax Credit.	Net interest – Accounts that primarily encompass the cost to the government of financing debt held by the public, net of certain income recognized from loans and other sources.	Commerce and housing credit – Accounts that fund programs for the promotion and regulation of commerce and the housing credit and deposit insurance industries. Examples include funding for the U.S. Postal Service, small business support programs, and the Department of Housing and Urban Development’s mortgage programs.	Other –All other budget functions, including accounts that have multiple budget functions.
2001	0.317	0.166	0.45	0.221	0.367	0.108	0.257
2002	0.348	0.184	0.472	0.238	0.342	0.095	0.273
2003	0.364	0.208	0.486	0.271	0.327	0.097	0.318
2004	0.403	0.229	0.506	0.271	0.333	0.101	0.33
2005	0.465	0.231	0.544	0.296	0.365	0.092	0.327
2006	0.586	0.272	0.57	0.299	0.419	0.094	0.428
2007	0.636	0.227	0.604	0.327	0.44	0.103	0.372
2008	0.669	0.268	0.633	0.354	0.462	0.313	0.409
2009	0.717	0.328	0.704	0.47	0.4	0.581	0.486
2010	0.75	0.383	0.724	0.515	0.429	0.171	0.616
2011	0.823	0.348	0.828	0.487	0.47	0.141	0.563
2012	0.797	0.352	0.912	0.465	0.375	0.138	0.595
2013	0.842	0.336	0.867	0.459	0.429	0.182	0.571
2014	0.883	0.411	0.875	0.45	0.442	0.119	0.579
2015	0.932	0.491	0.918	0.444	0.414	0.147	0.547
2016	1.026	0.509	0.947	0.455	0.444	0.137	0.61
2017	1.038	0.547	0.978	0.446	0.471	0.122	0.622
2018	1.059	0.58	1.019	0.44	0.535	0.123	0.606
2019	1.189	0.594	1.077	0.466	0.587	0.13	0.647
2020	1.349	0.664	1.133	1.143	0.551	1.354	1.158
2021	1.359	0.796	1.166	1.672	0.58	-0.084	1.718

In terms of budget accounts, from fiscal years 2001 through 2021, the 10 largest budget accounts primarily supported Social Security, Medicare, Medicaid, the U.S. Postal Service, unemployment benefits, and interest on the public debt. These accounts represented 64 percent of government-wide mandatory budget authority during this time. See table 1.

Table 1: Ten Budget Accounts with the Largest Amount of Gross Mandatory Budget Authority, Fiscal Years 2001–2021

Account name and number	Agency	Total gross mandatory budget authority (in USD)	Percent of government-wide gross mandatory budget authority	Purpose or programs funded by the account
Federal Old-Age and Survivors Insurance Trust Fund (28-8006)	Social Security Administration	13.2 trillion	17.2	Social Security benefit payments
Grants To States for Medicaid (75-0512)	Department of Health and Human Services	6.0 trillion	7.8	Medicaid
Interest On Treasury Debt Securities (Gross) (20-0550) ^a	Department of the Treasury	5.8 trillion	7.6	Net Interest
Federal Hospital Insurance Trust Fund (75-8005)	Department of Health and Human Services	5.2 trillion	6.8	Medicare
Payments To Health Care Trust Funds (70-0580)	Department of Health and Human Services	5.2 trillion	6.8	Medicare
Federal Supplementary Medical Insurance Trust Fund (75-8004)	Department of Health and Human Services	5.0 trillion	6.5	Medicare
Interest Paid To Trust Fund Receipt Accounts - Shadow Account (20-0555) ^a	Department of the Treasury	2.9 trillion	3.7	Net Interest
Federal Disability Insurance Trust Fund (28-8007)	Social Security Administration	2.5 trillion	3.2	Social Security disability payments
Postal Service Fund (18-4020)	Postal Service	1.6 trillion	2.0	Postal Service
Unemployment Trust Fund (16-8042)	Department of Labor	1.5 trillion	2.0	Unemployment benefits

Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: This analysis includes budget accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets. Some of the gross budget authority amounts may be offset by offsetting collections.

^aThis is one of four budget accounts that pays interest on the federal debt held by the public and by federal accounts. In the President’s Budget, the budget authority amounts for all four accounts are aggregated under the “Interest On Treasury Debt Securities (Gross)” account (20-0550). According to

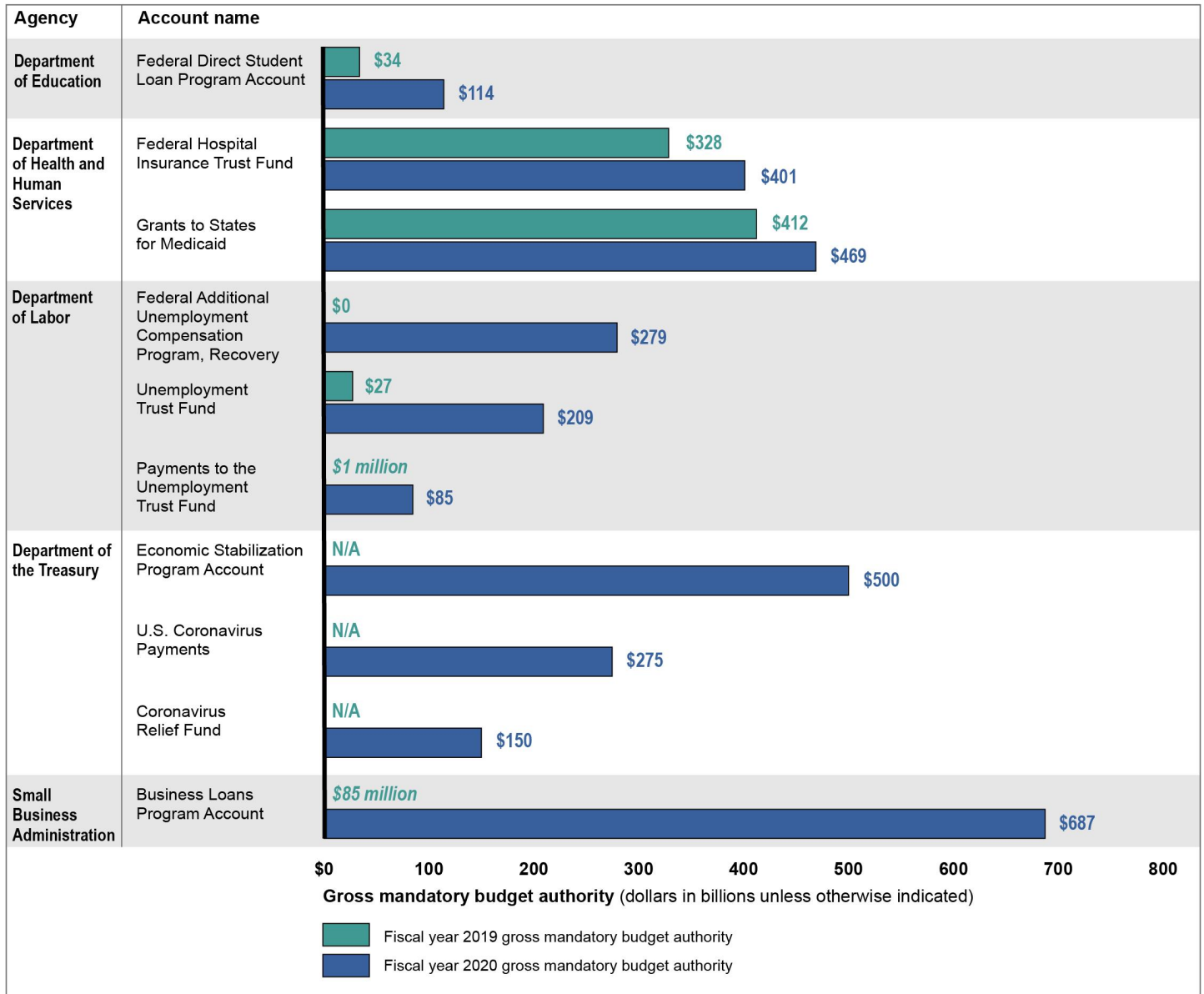
Office of Management and Budget staff, the other three accounts exist only for purposes of the MAX budget database.

As previously discussed, total mandatory budget authority increased substantially from fiscal year 2019 to fiscal year 2020 as the federal government responded to the COVID-19 pandemic. Figure 4 below shows the accounts with the largest increases in mandatory budget authority from fiscal year 2019 to 2020. Several of the budget accounts that received the largest increases in mandatory budget authority in fiscal year 2020, such as the U.S. Coronavirus Payments account—which funded Economic Impact Payments—and the Coronavirus Relief Fund account were created as part of the pandemic response.¹⁶ Other accounts with large increases, such as the Unemployment Trust Fund and the Business Loans Programs Account, predated the pandemic. Government-wide pandemic-related mandatory spending in fiscal year 2021 was similar to fiscal year 2020, but the amounts of spending in specific accounts varied.¹⁷

¹⁶Economic Impact Payments were made to eligible individuals to address financial stress due to the pandemic. The Coronavirus Relief Fund provided direct assistance to tribal governments, states, localities, the District of Columbia, and U.S. territories to help cover costs of their response to the COVID-19 pandemic.

¹⁷For example, gross mandatory budget authority in the Business Loans Programs Account decreased by more than \$500 billion in fiscal year 2021 compared with fiscal year 2020. Gross mandatory budget authority in the U.S. Coronavirus Payments and Coronavirus Relief Fund accounts increased by about \$300 billion and \$200 billion, respectively. The U.S. Coronavirus Payments account grew primarily because the federal government issued additional Economic Impact Payments. In fiscal year 2020, Congress and the President provided \$150 billion in gross mandatory budget authority within the Coronavirus Relief Fund account to fund the Coronavirus Relief Fund. In fiscal year 2021, Congress and the President provided \$350 billion in gross mandatory budget authority within the Coronavirus Relief Fund account to fund the Coronavirus State and Local Fiscal Recovery Fund. This fund provides payments to similar jurisdictions as the Coronavirus Relief Fund. Congress and the President also provided an additional \$12 billion within that account for other purposes.

Figure 4: Ten Accounts with the Largest Increases in Gross Mandatory Budget Authority from Fiscal Year 2019 to Fiscal Year 2020



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets. This analysis includes budget accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021.

N/A for fiscal year 2019 gross mandatory budget authority indicates that the account was created as part of the federal response to the COVID-19 pandemic. The Federal Additional Unemployment

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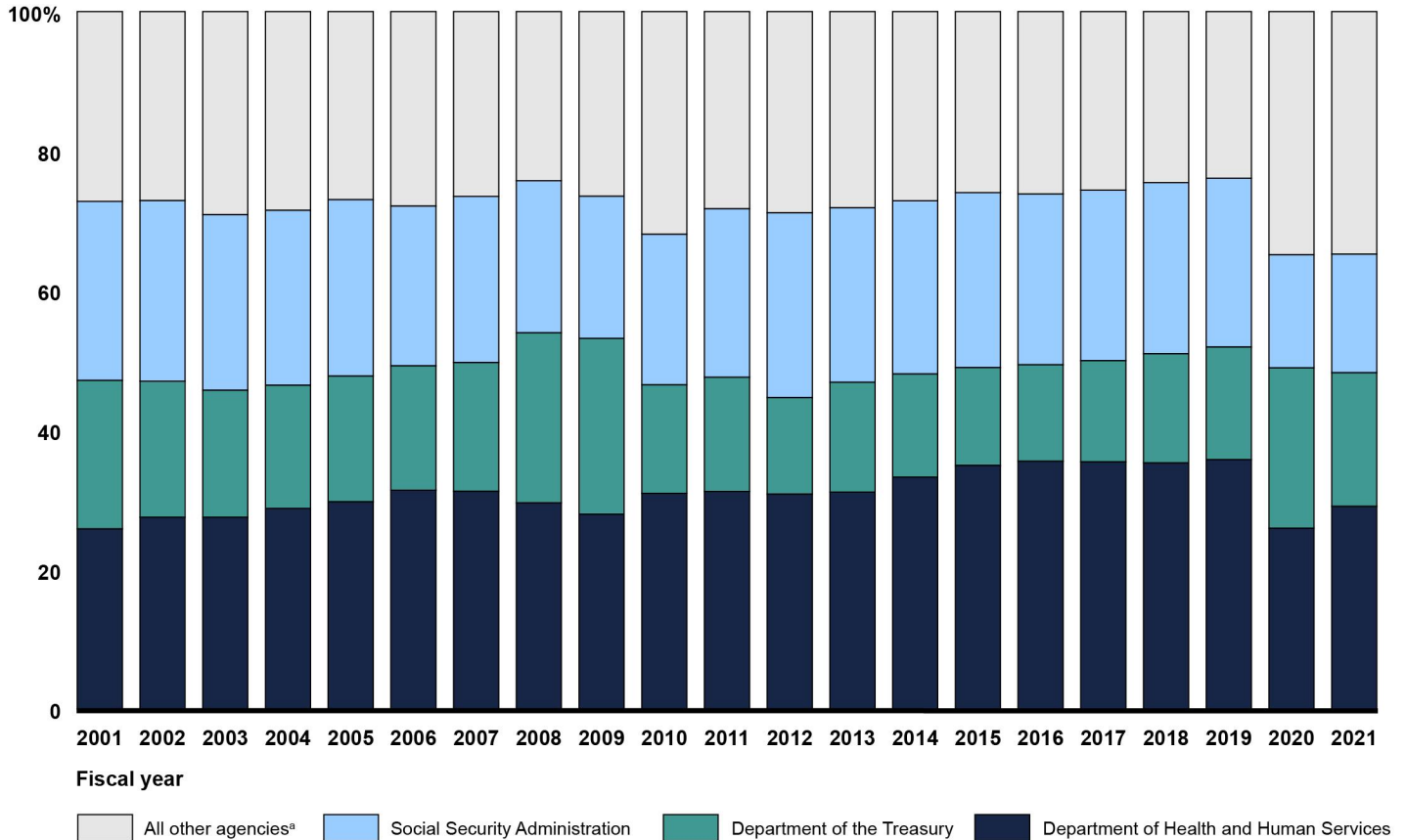
Compensation Program, Recovery account used \$0 in gross mandatory budget authority in 2019. This account existed prior to the COVID-19 pandemic.

Agency	Account Name	Fiscal year 2019 gross mandatory budget authority (dollars in billions unless otherwise indicated)	Fiscal year 2020 gross mandatory budget authority (dollars in billions unless otherwise indicated)
Department of Education	Federal Direct Student Loan Program Account	\$34	\$114
Department of Health and Human Services	Federal Hospital Insurance Trust Fund	\$328	\$401
	Grants To States for Medicaid	\$412	\$469
Department of Labor	Federal Additional Unemployment Compensation Program, Recovery	\$0	\$279
	Unemployment Trust Fund	\$27	\$209
	Payments To the Unemployment Trust Fund	\$1 million	\$85
Department of the Treasury	Economic Stabilization Program Account	N/A	\$500
	U.S. Coronavirus Payments	N/A	\$275
	Coronavirus Relief Fund	N/A	\$150
Small Business Administration	Business Loans Program Account	\$85 million	\$687

Consistent with trends in mandatory budget authority by budget function and account, the Department of Health and Human Services, the Social Security Administration, and the Department of the Treasury were responsible for the majority of mandatory budget authority in fiscal years 2001–2021. These agencies administer most of the programs funded by the 10 largest budget accounts. See figure 5.

Figure 5: Percentage of Government-wide Gross Mandatory Budget Authority by Agency, Fiscal Years 2001–2021

Percentage of government-wide gross mandatory budget authority



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: This analysis includes budget accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets.

^aAll other agencies includes all agencies responsible for accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021 other than the Department of Health and Human Services, the Department of the Treasury, or the Social Security Administration.

Percentage of government-wide gross mandatory budget authority.

Fiscal Year	Department of Health and Human Services	Department of the Treasury	Social Security Administration	All other agencies
2001	25.81	21.29	25.69	27.22
2002	27.47	19.53	25.89	27.11
2003	27.46	18.22	25.19	29.13
2004	28.75	17.65	25.11	28.50
2005	29.70	18.04	25.28	26.98
2006	31.36	17.82	22.92	27.90
2007	31.21	18.47	23.83	26.50
2008	29.53	24.40	21.81	24.25
2009	27.89	25.23	20.40	26.48
2010	30.91	15.57	21.60	31.93
2011	31.18	16.37	24.17	28.28
2012	30.79	13.85	26.50	28.86
2013	31.09	15.75	25.02	28.14
2014	33.21	14.80	24.85	27.14
2015	34.90	14.05	25.08	25.97
2016	35.51	13.84	24.48	26.17
2017	35.43	14.49	24.47	25.61
2018	35.27	15.65	24.55	24.53
2019	35.74	16.14	24.22	23.89
2020	25.90	22.99	16.22	34.89
2021	29.04	19.17	16.99	34.80

The federal response to the COVID-19 pandemic slightly altered the distribution of mandatory budget authority by agency in fiscal years 2020 and 2021. For example, the Department of Labor received approximately \$595 billion more mandatory budget authority in fiscal year 2021 compared with fiscal year 2019, while the Small Business Administration received approximately \$232 billion more. As a result, in fiscal years 2020 and 2021, the Department of Health and Human Services, the Social Security Administration, and the Department of the Treasury accounted for a combined 65 percent of mandatory budget authority in our scope, compared with more than 76 percent in 2019. As discussed earlier, the Congressional Budget Office projects that mandatory COVID-19 spending will decrease. This decrease will likely affect the proportion of mandatory budget authority by agency in future years.

General Fund and Trust Fund Accounts Used Almost All Mandatory Budget Authority in Fiscal Years 2001 through 2021

Since fiscal year 2001, the majority of mandatory budget authority came from general fund accounts and non-revolving trust fund accounts (see fig. 6).

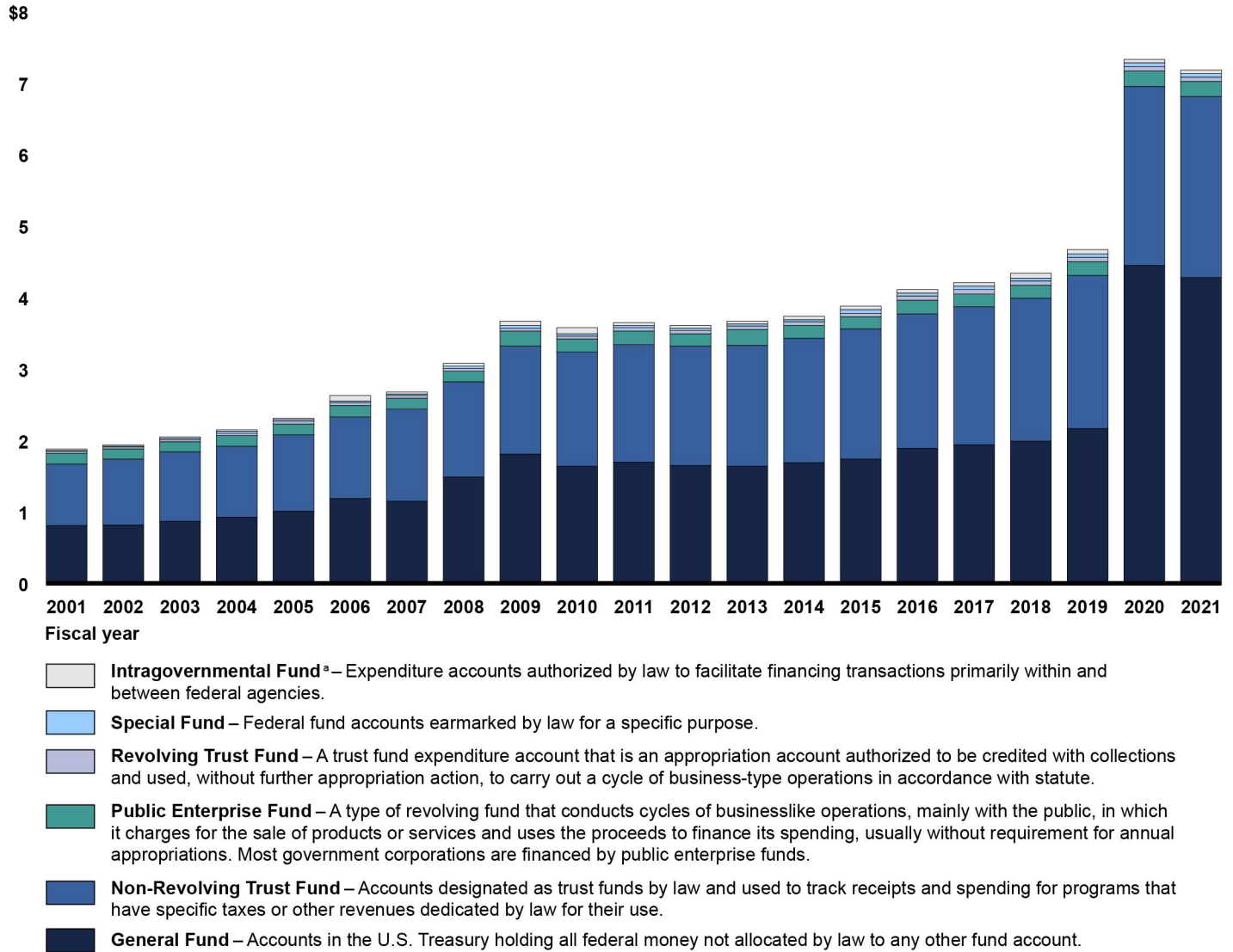
Fund Type

A budget account's fund type indicates whether it is a federal fund or a trust fund, the source of funding for the account, and whether it is involved in business-like transactions. Fund types include non-revolving trust fund, revolving trust fund, general fund, intragovernmental fund, special fund, and public enterprise fund.

Source: [GAO-05-734SP](#). | GAO-23-105674

Figure 6: Government-Wide Gross Mandatory Budget Authority by Fund Type, Fiscal Years 2001–2021

Gross mandatory budget authority (dollars in trillions)



Source: GAO analysis of Office of Management and Budget data. | GAO-23-105674

Notes: This analysis includes budget accounts that comprised the top 99 percent of gross budget authority in any fiscal year from 2001 through 2021. Gross mandatory budget authority refers to total mandatory budget authority before reduction by applicable offsets.

^aIn the Office of Management and Budget’s MAX A-11 Data Entry system and our online dataset, this fund type is referred to as Intragovernmental Revolving or Management Fund.

Gross mandatory budget authority (dollars in trillions).

Fiscal Year	General Fund – Accounts in the U.S. Treasury holding all federal money not allocated by law to any other fund account.	Non-Revolving Trust Fund – Accounts designated as trust funds by law and used to track receipts and spending for programs that have specific taxes or other revenues dedicated by law for their use.	Public Enterprise Fund – A type of revolving fund that conducts cycles of businesslike operations, mainly with the public, in which it charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. Most government corporations are financed by public enterprise funds.	Revolving Trust Fund – A trust fund expenditure account that is an appropriation account authorized to be credited with collections and used, without further appropriation action, to carry out a cycle of business-type operations in accordance with statute.	Special Fund – Federal fund accounts earmarked by law for a specific purpose.	Intragovernmental Fund – Expenditure accounts authorized by law to facilitate financing transactions primarily within and between federal agencies.
2001	0.83	0.86	0.15	0.03	0.01	0.02
2002	0.84	0.92	0.14	0.03	0.01	0.02
2003	0.89	0.97	0.14	0.03	0.02	0.02
2004	0.95	0.99	0.15	0.03	0.03	0.02
2005	1.03	1.07	0.15	0.04	0.02	0.02
2006	1.21	1.14	0.16	0.04	0.02	0.08
2007	1.17	1.29	0.15	0.04	0.02	0.03
2008	1.51	1.33	0.15	0.04	0.03	0.04
2009	1.83	1.51	0.21	0.04	0.04	0.06
2010	1.66	1.60	0.18	0.04	0.03	0.09
2011	1.72	1.64	0.19	0.05	0.03	0.04
2012	1.67	1.67	0.17	0.05	0.03	0.04
2013	1.66	1.69	0.22	0.05	0.03	0.04
2014	1.71	1.74	0.18	0.05	0.03	0.05
2015	1.76	1.82	0.17	0.05	0.05	0.05
2016	1.91	1.88	0.19	0.06	0.04	0.05
2017	1.96	1.93	0.18	0.06	0.05	0.05
2018	2.01	2.00	0.18	0.06	0.04	0.07
2019	2.19	2.14	0.19	0.06	0.05	0.06
2020	4.47	2.50	0.22	0.06	0.05	0.05
2021	4.30	2.53	0.21	0.06	0.05	0.05

The increase in mandatory budget authority beginning in fiscal year 2020 came primarily through general fund accounts. In total, general fund accounts used about \$2.3 trillion more mandatory budget authority in fiscal year 2020 than in fiscal year 2019. The increase was primarily due to COVID-19-related spending.¹⁸

From fiscal years 2001 through 2021, the 10 general fund accounts with the largest amount of gross mandatory budget authority funded

- Medicaid;
- payments on federal debt (net interest);
- Medicare (the Payments to the Health Care Trust Funds account, which makes payments to trust fund accounts for medical and drug benefits for beneficiaries and administrative expenses);
- income security programs (the Supplemental Nutrition Assistance Program, the Supplemental Security Income program, the Earned Income Tax Credit, and Economic Impact Payments);
- veterans' benefits; and
- military retirement benefits.

From fiscal years 2001 through 2021, the 10 non-revolving trust fund accounts with the largest amount of gross mandatory budget authority funded

- Social Security (old-age and survivors insurance and disability benefits);
- Medicare (the Federal Hospital Insurance Trust Fund; the Federal Supplementary Medical Insurance Trust Fund; and the Medicare Prescription Drug Account, Federal Supplementary Insurance Trust Fund which help pay for physician care, hospital stays, skilled nursing facilities, and hospices for eligible beneficiaries);
- unemployment benefits;
- federal employee and military retirement and disability benefits;
- highway programs; and
- sales of U.S. military goods and services to certain foreign countries.

¹⁸The largest COVID-19-related general fund accounts in fiscal year 2020 funded the Paycheck Protection Program, the Economic Stabilization Fund, unemployment benefits, Economic Impact Payments, and the Coronavirus Relief Fund.

In some cases, non-revolving trust fund accounts receive additional funds from general fund accounts. For example, the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, which partly fund Medicare, receive payments from the general fund account called Payments to the Health Care Trust Funds.

Selected Budget Accounts Illustrate Variety of Programs, Funding Sources, and Other Characteristics among Accounts with Mandatory Budget Authority

We selected 10 budget accounts to highlight the variety of agencies and programs that use mandatory budget authority and the diversity of funding sources for that authority.¹⁹ Table 2 provides an overview of these selected accounts.

Table 2: Overview of Selected Budget Accounts

Account name (account number)	Agency, bureau	Programs and activities the account funds ^a	Funding sources for the account ^b	Enactment year ^c	Fund type ^d
Assessment Funds (20-8413)	Department of the Treasury, Office of the Comptroller of the Currency	Fully funds all activities of the Office of the Comptroller of the Currency, such as ensuring that national banks are appropriately managing risks.	Fees collected from financial institutions that the Office of the Comptroller of the Currency regulates and supervises, revenue from investments in Treasury securities, and other income.	1875	Revolving Trust Fund
Central Liquidity Facility (25-4470)	National Credit Union Administration	Fully funds all activities of the National Credit Union Administration's Central Liquidity Facility, which is a source of liquidity for both federal and state chartered credit unions.	Central Liquidity Facility membership fees in the form of stock subscriptions, loan repayments from credit union members that borrowed from the Central Liquidity Facility, and earnings on investments.	1978	Public Enterprise Fund

¹⁹The selected accounts are not a representative sample of all budget accounts with mandatory budget authority. For additional details on our account selection methodology, see appendix I.

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Account name (account number)	Agency, bureau	Programs and activities the account funds ^a	Funding sources for the account ^b	Enactment year ^c	Fund type ^d
Expenses, Public Law 480, Foreign Assistance Programs, Agriculture Liquidating Account (12-2274)	Department of Agriculture, Foreign Agricultural Service	Loans made primarily to developing countries to purchase American agricultural commodities under favorable financing terms.	Loan repayments (principal and interest) from loan recipients (e.g., developing countries).	1992	General Fund
Highway Traffic Safety Grants (69-8020)	Department of Transportation, National Highway Traffic Safety Administration	Partially funds three programs intended to encourage behavioral road safety throughout the United States, tribal governments, and U.S. territories.	Highway Trust Fund, which is funded primarily by taxes, penalties, and interest on investments, as well as by general revenue. ^e	1966	Non-Revolving Trust Fund
National Flood Insurance Reserve Fund (70-5701)	Department of Homeland Security, Federal Emergency Management Agency	Partially funds the National Flood Insurance Program, which seeks to minimize flood-related property losses by making flood insurance available on reasonable terms and encouraging its purpose.	Insurance premiums for flood insurance, paid by policy-holders who are residential and commercial property owners.	2012	Special Fund
Revolving Fund (24-4571)	Office of Personnel Management	Fully funds human resources services the Office of Personnel Management provides to other federal agencies contractually, and Inspector General oversight of these activities.	Federal agencies' payments to the Office of Personnel Management for human resources services.	1966	Intragovernmental Fund ^f
Rivers and Harbors Contributed Funds (96-8862)	Corps of Engineers, Civil Works	Funds water resources development studies and projects for navigation and flood control around rivers and harbors.	Funds received from nonfederal entities, such as states and localities, for their cost-share portions of water resources development studies and projects.	2014	Non-Revolving Trust Fund
State Grants and Demonstrations (75-0516)	Department of Health and Human Services, Centers for Medicare and Medicaid Services	Funds a variety of Medicaid and Children's Health Insurance Program demonstration programs that serve various populations.	The large majority of the funding comes from general revenue. The remainder comes from states, territories, and the District of Columbia for their cost-share portions of certain demonstration programs.	2001	General Fund

Account name (account number)	Agency, bureau	Programs and activities the account funds ^a	Funding sources for the account ^b	Enactment year ^c	Fund type ^d
Student Financial Assistance (91-0200)	Department of Education, Office of Federal Student Aid	Partially funds the Pell Grant program, which provides grants for college costs primarily to students from low-income families.	Funding from general revenue.	2007	General Fund
TV Broadcaster Relocation Fund (27-5610)	Federal Communications Commission	Fully funds (1) reasonable expenses that TV and radio stations, among others, incurred as a result of certain TV stations being involuntarily relocated to new channels following a broadband spectrum auction; and (2) payments to educate consumers about these channel changes.	Proceeds from an auction of broadband spectrum. Subsequently, received funding from general revenue.	2012	Special Fund

Source: GAO analysis of legal documents, and agency documents and information. | GAO-23-105674

^aPrograms and activities the account funds refers only to the programs and activities funded by the mandatory budget authority in the account, not the discretionary budget authority. Some accounts may have both types of budget authority. In those cases, the discretionary budget authority may fund the same or different programs and activities.

^bFunding sources for the account refers only to the sources of mandatory budget authority, not discretionary budget authority. Some accounts may have both types of budget authority.

^cEnactment year refers to the calendar year in which legislation first authorized mandatory budget authority for the account (the earliest enactment year).

^dFund type indicates whether the account is a federal fund or a trust fund, the source of funding for the account, and whether it is involved in business-like transactions.

^eGeneral revenues are held in general fund accounts, which hold all federal money not allocated by law to any other fund account.

^fIn the Office of Management and Budget's MAX A-11 Data Entry system and our online dataset, this fund type is referred to as Intragovernmental Revolving or Management Fund.

Mandatory Budget Authority in Selected Budget Accounts Comes from Designated Sources, General Revenue, or a Mixture of Sources

As shown in table 2, the mandatory budget authority within the 10 selected accounts comes from (1) designated funding sources, such as fees or payments from other agencies or external entities; (2) general revenue; and (3) a mixture of sources.²⁰

²⁰Some selected accounts may receive discretionary budget authority in addition to mandatory budget authority.

Designated funding sources. Six of the 10 selected accounts have designated funding sources. For example, mandatory funding for the Office of Personnel Management’s Revolving Fund account comes entirely from payments other federal agencies make to the Office of Personnel Management for human resources services, such as hiring and training. By law, the Office of Personnel Management is not to profit from providing these services, but is to generally operate on a break-even basis over a reasonable period.²¹ The agency sets its own rates to achieve this balance.

Designated funding can come from sources outside the federal government as well. For example, the National Flood Insurance Reserve Fund account, which was created to help meet the expected future obligations of the National Flood Insurance Program, is funded entirely by insurance premiums for flood insurance.²² Policyholders, who are residential and commercial property owners, pay these premiums.²³ The National Flood Insurance Program has been on our High-Risk List since 2006 because of challenges related to meeting competing program goals of keeping flood insurance affordable and keeping the program fiscally solvent.²⁴ We have made recommendations to the Federal Emergency Management Agency, and suggestions for congressional action, to help address the National Flood Insurance Program’s fiscal issues, among other areas. As of April 2023, the Federal Emergency Management Agency has implemented a number of these recommendations, though some remain open, and matters for Congress to consider have not been addressed.

²¹5 U.S.C. § 1304(e)(1).

²²42 U.S.C. § 4017a(c)(4).

²³Rates for insurance premiums consist of a flat surcharge—\$250 for nonresidential properties or residential property that is not the primary residence of an individual, and \$25 for other types of properties—and an assessment of 15 or 18 percent of the policyholder’s insurance premium, depending on when the policy became effective. See 42 U.S.C. § 4015a.

²⁴Our High Risk List is a list of federal programs and operations that are vulnerable to fraud, waste, abuse, and mismanagement, or need transformation. The list is issued every 2 years at the start of each new session of Congress. It has led to more than \$675 billion in financial benefits to the federal government over the past 17 years. For the full list, see GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

General revenue. In one of the 10 selected accounts—the Department of Education’s Student Financial Assistance account—the mandatory budget authority is funded only by general revenue.²⁵ This account funds grants provided under the Pell Grant program, which help students from low-income families pay for college including tuition and room and board.²⁶ The Pell Grant award amount a student receives is based on a formula that compares the estimated cost to attend a specific college or university with a student’s expected family contribution.²⁷

Mixture of sources. Three of the 10 selected accounts are funded by a mix of designated funding sources and general revenue. For example, mandatory funding for the Highway Traffic Safety Grants account comes from the Highway Trust Fund, which is funded primarily by taxes, penalties, interest on investments, as well as by general revenue. The taxes and penalties come from federal fuel taxes, federal taxes on truck users, and penalties for safety-related violations, among other sources. Rates for these taxes and penalties are set by law. Generally, commercial entities pay these taxes and pass along their cost to consumers through their charges for goods and services. In addition, the Department of the Treasury invests a portion of the Highway Trust Fund’s balance in interest-bearing public debt securities. Interest from those investments is deposited into the trust fund.

Congress and the President have provided funds to the Highway Trust Fund since fiscal year 2008, primarily from the general fund, to maintain its solvency. Since 2007, we have included “Funding the Nation’s Surface Transportation System” on our High-Risk List primarily due to the erosion of the fund’s designated funding sources and the federal government’s lack of a long-term sustainable plan for funding surface transportation.²⁸ In 2008, we suggested that Congress consider addressing the imbalance between federal surface transportation revenues and spending.²⁹ A

²⁵General revenues are held in general fund accounts, which hold all federal money not allocated by law to any other fund account.

²⁶Generally, Pell Grant awards must be used for undergraduate studies. 20 U.S.C. § 1070a(a)(1).

²⁷The maximum Pell Grant award for the 2023–2024 school year is \$7,395.

²⁸[GAO-23-106203](#).

²⁹GAO, *Surface Transportation: Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs*, [GAO-08-400](#) (Washington, D.C.: Mar. 6, 2008).

sustainable solution to this funding issue would balance revenues to and spending from the Highway Trust Fund. That matter has not been addressed as of April 2023.

Selected Accounts Have Different Amounts and Durations of Mandatory Budget Authority, which Can Affect Program Administration

By enacting appropriations and other statutes into law, Congress and the President determine the amount of mandatory budget authority an account receives, as well as the duration of that authority. The amount of budget authority may be definite—a specified amount at the time the authority is enacted—or indefinite—an unspecified amount at the time of enactment. The duration of the authority is the period during which agencies can obligate funds before they expire. Duration can take the form of 1-year, multiple-year, or no-year authority.³⁰ The determined amount and duration of the authority affect how the agencies use the mandatory budget authority in administering the programs and activities associated with the budget accounts. Two of the selected accounts provide examples of how differing amounts and durations of mandatory budget authority can affect program administration.

The Department of Education’s Student Financial Assistance account. This account, which funds Pell Grant awards, receives both definite and indefinite mandatory budget authority.³¹ The definite mandatory budget authority is used to fund Pell Grant awards along with the discretionary appropriations the program receives each year.³² According to Department of Education officials, it is impossible to predict exactly how many students will qualify and apply for Pell Grant awards in

³⁰A 1-year authority is budget authority available for obligation only during a specific fiscal year that expires at the end of that fiscal year. Multiple-year authority (also known as multi-year) is budget authority available for a fixed period of time in excess of 1 fiscal year. This authority generally takes the form of 2-year authority, 3-year authority, and so forth. However, it may cover periods that do not coincide with the start or end of a fiscal year. No-year authority is budget authority that remains available for obligation for an indefinite period of time. A no-year appropriation is usually identified by language such as “to remain available until expended.”

³¹20 U.S.C. § 1070a(a)(1), (b)(7).

³²20 U.S.C. § 1070a(b)(7)(A). For example, in fiscal year 2022, the student financial assistance account received more than \$24 million in discretionary appropriations. Pub. L. No. 117-103, div. H, tit. III, 136 Stat. 49, 480 (2022).

any given year. Thus, they cannot predict exactly how much funding they will need. The officials added that the indefinite budget authority helps the agency fund the increase in the maximum award amounts each year for all eligible students. The Pell Grant award year, which runs from July 1 to June 30, spans 2 fiscal years. The mandatory budget authority in this account is available for 2 fiscal years, which tracks with the award year and the academic calendar for the students.

The Federal Communications Commission’s TV Broadcaster Relocation Fund account. This account received \$1.75 billion in definite mandatory budget authority from the proceeds of an auction of broadband spectrum in fiscal year 2017.³³ The purpose of the funding was to reimburse broadcast television stations, among others, for reasonable expenses they incurred as a result of certain television stations being involuntarily relocated to new channels following the auction.³⁴ This funding was available for obligation for 3 years after the completion of the auction—the same amount of time set in law for the Federal Communications Commission to provide the reimbursements.³⁵

In fiscal year 2018, this account received an additional \$1 billion in mandatory budget authority. It also received an extension of the duration of all mandatory budget authority in the account to July 2023 or when the commission certifies that all relevant reimbursements have been made.³⁶ In addition to the original purpose of the funding, the law authorized this funding for reimbursements to television translator stations and low-power TV stations, FM broadcast stations, and consumer education related to the reorganization of broadcast television spectrum.³⁷ According to Federal Communications Commission officials, Congress and the President provided this additional \$1 billion and expanded how all the funds in the account could be used after the agency received estimates for reasonable expenses incurred due to relocations following the auction. The officials said the estimates indicated that (1) the original \$1.75 billion would not be sufficient to cover all eligible expenses, and (2) the original

³³Pub. L. No. 112-96, tit. IV, § 6402, 126 Stat. 224 (2012). According to agency officials, the purpose of the auction was to help address the nation’s increased needs for cell phone service and home internet, among other needs.

³⁴Pub. L. No. 112-96, tit. IV, § 6403(b)(4)(A), 126 Stat. at 226.

³⁵Pub. L. No. 112-96, tit. IV, § 6403(b)(3)(d),(d)(4), 126 Stat. at 226-227.

³⁶Pub. L. No. 115-141, § 511, 132 Stat. 348, 563 (2018), *codified at* 47 U.S.C. § 1452(j).

³⁷Pub. L. No. 115-141, § 511, 132 Stat. at 563, *codified at* 47 U.S.C. § 1452(j)-(l).

authorizing legislation did not provide authority to reimburse all entities that were incurring expenses, as it excluded low-power TV stations and FM radio stations.

Two of the 256 Budget Accounts in Our Primary Inventory Switched from Discretionary to Mandatory Budget Authority

Two of the 256 accounts in our primary inventory switched from being funded primarily with discretionary budget authority to being funded primarily with mandatory budget authority from fiscal years 2001 through 2021.³⁸ Congress and the President make federal spending decisions through appropriations and other statutes. Agencies input federal spending information into MAX, which is reported in the President's Budget, and record the form of budget authority—discretionary, mandatory, or a combination of the two. According to OMB staff, when necessary, OMB will correct the misclassification of a type of funding or consult with the budget committees and CBO to determine or notify them of a change in classification.³⁹

- **Office of Personnel Management's Revolving Fund account.** From fiscal years 2001 through 2010, the budget authority data for this account show that the account received only discretionary budget authority. Beginning in fiscal year 2011, the budget authority data for this account, as reported in MAX and the President's Budget, showed a change to mandatory budget authority for the entire account. When asked about this change, Office of Personnel Management officials said that OMB staff determined that the switch from discretionary to

³⁸We used MAX data to identify the budget authority amounts in our primary inventory of accounts. Our primary inventory contains budget accounts that comprised the top 99 percent of gross mandatory budget authority in any fiscal year from 2001 through 2021. Our analysis of the accounts that switched from being funded primarily with discretionary budget authority to being funded primarily with mandatory budget authority was limited to accounts in our primary inventory. For details on our methodology for determining which accounts switched from being funded with discretionary to mandatory budget authority, and for developing our primary inventory, see appendix I. MAX is a computer system used to collect and process most of the information required for preparing the President's Budget for the federal government.

³⁹For these two accounts, we did not identify any information about these changes in classification in legislation, related reports, or publicly available documents that would have prompted changes to legal authority. OMB staff told us they did not have information on these changes in classification. For additional details on the searches we conducted, and the types of documents we reviewed, see appendix I.

mandatory budget authority was the appropriate course of action. Office of Personnel Management officials said they did not have any agency documentation to provide additional support or context on this change.

- **National Credit Union Administration’s Central Liquidity Facility account.** From fiscal years 2001 through 2005, the budget authority data for this account show that the account received only discretionary budget authority. Beginning in fiscal year 2006, the budget authority data for this account, as reported in MAX and the President’s Budget, showed a change to mandatory budget authority for the entire account. National Credit Union Administration officials told us that OMB, in consultation with CBO and congressional staff, decided to switch the classification of the account from discretionary to mandatory budget authority as part of the annual scorekeeping review process.⁴⁰ National Credit Union Administration officials said that the switch may have occurred because annual appropriations acts had set limits on the agency’s use of discretionary funding for making new loans and for administrative costs. These limits could have caused inefficiencies, particularly in situations where the agency would need to quickly make large liquidity loans or increase its administrative expenses to provide services and continue to meet its mission during unexpected situations, such as financial crises. National Credit Union Administration officials said they did not have any agency documentation to provide additional support or context on this change.

Agency Comments

We provided a draft of this report to OMB for review and comment. OMB provided technical comments, which we incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Director of OMB, the secretaries and agency heads of the departments and agencies in our review, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

⁴⁰Scorekeeping means measuring the budget effects of legislation in terms of budget authority, governmental receipt, and outlays, for purposes of measuring adherence to the President’s Budget, other budget targets, or budget enforcement laws.

If you or your staff have questions about this report, please contact me at (202) 512-6806 or ArkinJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

A handwritten signature in black ink, appearing to read "Jeff Arkin". The signature is fluid and cursive, with a long horizontal flourish at the end.

Jeff Arkin
Director, Strategic Issues

Appendix I: Objectives, Scope, and Methodology

Our objectives were to describe (1) trends among federal budget accounts with mandatory budget authority in fiscal years 2001 through 2021 and (2) characteristics of selected budget accounts with mandatory budget authority. We selected fiscal years 2001 through 2021 based on our determination that the time frame would be sufficient to provide historical context for federal spending; would allow us to report consistent, reliable information for each account across the range of years; would include years of both budget surplus and deficit; and include multiple Congresses and presidential administrations.

Identification of Budget Accounts with Mandatory Budget Authority

We downloaded data from the Office of Management and Budget's (OMB) MAX A-11 Data Entry system (MAX). MAX is a computer system used to collect and process most of the information required for preparing the President's Budget for the federal government. To assess the reliability of these data, we reviewed relevant OMB budget guidance to agencies. Agencies develop their budget information and enter the data into MAX. The data undergo rigorous review by OMB. MAX contains numerous edit checks to help ensure data consistency. We also verified each data point in our scope with federal agencies.¹ We found the data to be sufficiently reliable for the purposes of our reporting objectives.

To identify accounts that used mandatory budget authority, we used the MAX variable BEACAT that categorizes the Budget Enforcement Act Category of a budgetary resource as net interest, mandatory, or discretionary. For our report, we combined net interest and mandatory. We are including net interest as part of mandatory budget authority since it is reported as mandatory budget authority in a budget account for the Department of the Treasury in MAX and the President's Budget. We used the Program and Financing Schedule's Budgetary Resources line number

¹See Data Confirmation section below for details on this process.

descriptions in OMB Circular A-11—OMB’s guidance to agencies for preparing and submitting budget information—to select the line numbers in MAX that correspond with gross and net mandatory budget authority.²

To identify the amount of gross mandatory budget authority used by each account in each year, we totaled all budgetary resources that represented mandatory budget authority for each account and year in MAX. To identify net mandatory budget authority used by each account in each year, we subtracted offsetting collections from that total.

We created a two-part dataset with the mandatory budget authority data we pulled from MAX:

1. A primary inventory, containing budget accounts that comprised the top 99 percent of gross mandatory budget authority in any fiscal year from 2001 through 2021. This dataset includes identifying information (for example, agency, account name) and budget data, including gross and net mandatory budget authority in each fiscal year from 2001 through 2021 for each account. This inventory contains more than 10,000 data points from 256 budget accounts associated with 34 agencies.³
2. A list of additional accounts containing the remaining budget accounts that used mandatory budget authority in any fiscal year from 2001 through 2021 with identifying information about each account (for example, agency, account name). This dataset contains 742 budget accounts associated with 86 agencies.⁴

To determine which accounts comprised the top 99 percent of mandatory budget authority in any fiscal year from 2001 through 2021, we took the following steps for each fiscal year:

- Ranked the budget accounts from largest to smallest based on the amount of gross mandatory budget authority provided to them.

²Office of Management and Budget, *Circular No. A-11: Preparation, Submission, and Execution of the Budget*, Section 79 (Washington, D.C.: August 2022).

³For the purposes of this report, our definition of “agency” includes departments, agencies, government corporations, offices, boards, commissions, and other entities. While, generally, these are listed as “agencies” in MAX, many are listed as “Other Independent Agencies” or as separate bureaus in MAX under the Executive Office of the President, legislative branch, or judicial branch.

⁴Most of the agencies in the primary inventory also had accounts included in the list of additional accounts.

- Summed the amount of gross mandatory budget authority provided to each budget account to determine the total amount of gross mandatory budget authority provided.
- Calculated the percentage of this total amount that each account represented.
- Summed the percentages in order of the account rankings we determined in step 1 to calculate the cumulative percentage of total amount of gross mandatory budget authority provided.
- Identified the accounts that were in the top 99 percent of total gross budget authority.

We excluded budget accounts associated with the District of Columbia from the scope of this engagement because of its unique legal status.

Data Confirmation

To confirm that the data we downloaded from OMB MAX were consistent with agency records, we created a data collection instrument for each agency in our scope. This instrument contained budget data and information for each budget account in our primary inventory associated with that agency. We then sent those data collection instruments to each agency to verify and, if necessary, correct the data and information. We had conversations with agency officials, as needed, to discuss the data.

After agencies submitted their completed data collection instruments, we determined whether to accept agency corrections on the data and information, based on documentation agencies submitted. Documentation included SF 133s (*Reports on Budget Execution and Budgetary Resources*), congressional budget justifications, and outputs from OMB databases.

We accepted 81 corrections from agencies to the more than 10,000 budget data points in our primary inventory. Fifty-two of the 81 corrections were within \$1 million of the value we downloaded. Such differences may have been due to differences in agencies' approach to rounding when they originally entered their data in MAX compared to when they reviewed their data and submitted corrections to us.⁵ Other corrections were due to

⁵For example, in one case, an agency changed a value of \$748 million to \$749 million when its records indicated an exact value of \$748,776. In cases like this one, we accepted the agency's value.

differences between the data in MAX and agencies' budget data, which are recorded in SF 133s, congressional budget justifications, and OMB data systems. We also accepted a correction to the bureau name of an account associated with a bureau created after the account was created. After determining which corrections to accept, we used data analysis software to update the corrected values in the original dataset we downloaded from MAX to produce our final primary inventory. These changes were only applied to our primary inventory and not to MAX.

Online Dataset

We created an online dataset, which includes the primary inventory and a list of additional accounts, as a supplement to this report. It can be accessed on our public website at <https://www.gao.gov/products/gao-23-105674>. Table 3 lists the variables and definitions used in the dataset.

Table 3: Variables in Our Online Dataset of Federal Budget Accounts

Variable	Definition
Agency	The name of the agency that updates the budget data for the budget account, as presented in the President's Budget. In the Office of Management and Budget's MAX A-11 Data Entry system each budget account is associated with one or more agencies.
Bureau	The subagency that oversees the budget account.
Account number	The unique identifier for the budget account. We listed the two-digit Treasury Agency Code and four-digit account symbol.
Account name	The name of the budget account in the President's Budget. Account names are not necessarily unique across agencies; two or more accounts with different account numbers may have the same name.
Budget function	The primary purpose of the program(s) that the budget account funds. There are 20 budget functions within the federal budget. In cases where an account's budget function varies over time, we only list the most recent budget function. In cases where an account has multiple budget functions, we list all budget functions from the most recent year in which the account received mandatory budget authority.
Fund type	Values can be Non-Revolving Trust Fund, General Fund, Public Enterprise Fund, Revolving Trust Fund, Intragovernmental Revolving or Management Fund, or Special Fund. In some cases, the fund type of an account changed over time. We list only the most recent fund type.
Fiscal year gross mandatory budget authority ^a	The total amount of mandatory budget authority authorized for the account in a given fiscal year before the reduction of applicable offsets. Blank cells indicate \$0 in gross mandatory budget authority in that fiscal year. All budget authority values are in millions of U.S. dollars.
Fiscal year net mandatory budget authority ^b	The total amount of mandatory budget authority authorized for the account in a given fiscal year, less any offsetting collections authorized for the account in that year. Blank cells indicate \$0 in net mandatory budget authority in that fiscal year. All budget authority values are in millions of U.S. dollars.

Appendix I: Objectives, Scope, and Methodology

Variable	Definition
Has offsetting collections	Indicates if the account had offsetting collections in any fiscal year from 2001 through 2021. Values are yes or no. Accounts with yes had at least one fiscal year in which net mandatory budget authority was not equal to gross mandatory budget authority.
Switched from discretionary to mandatory	Based on our analysis, indicates whether an account switched from being funded primarily with discretionary budget authority to primarily with mandatory budget authority during fiscal years 2001 through 2021. Values are yes or no.

Source: GAO. | GAO-23-105674

^aGross budget authority includes reappropriations, if applicable. A reappropriation is legislation permitting an agency to obligate, whether for the same or different purposes, all or part of the unobligated portion of budget authority that has expired or would otherwise expire if not reappropriated. In the President’s Budget, reappropriations of expired balances are counted as new budget authority or balance transfers depending on the year for which the amounts are reappropriated. For example, the gross mandatory budget authority for the Department of Health and Human Services’ “Contingency Fund” account (account number 75-1522) was entirely reappropriations in fiscal years 2002-2005.

^bNet mandatory budget authority does not include offsetting receipts. Offsetting receipts are collections received by the government that offset gross budget authority at the agency level, or whole of federal government level, rather than at the account level. They are recorded in receipt accounts, which are not in the scope of this report. Only expenditure accounts are in our scope. For example, the Department of Transportation’s “Payment to the Highway Trust Fund” account (account number 69-0534) is an expenditure account that receives transfers from the General Fund equal to estimated revenue from the motor fuel tax and other taxes paid by highway users. This fund then provides payments to an agency receipt account. The relevant amounts in the two accounts taken together would net to zero budget authority. However, our online dataset does not include receipt accounts, so only the budget authority from the expenditure account is reflected.

For accounts in the primary inventory, we created a variable indicating whether an account switched from being primarily funded with discretionary budget authority to primarily funded with mandatory budget authority at any point in fiscal years 2001–2021. We identified these accounts using the following criteria:

- most (more than 50 percent) of the account’s gross budget authority was mandatory in its most recent year of nonzero budget authority from fiscal years 2001 through 2021;
- for at least 2 fiscal years before the most recent year of nonzero budget authority (or 1 fiscal year, if the first year of mostly mandatory budget authority occurred in fiscal year 2002) and with no gaps in between, most of its gross budget authority was discretionary; and
- the mandatory authority in the years in which the majority of budget authority for that account was mandatory must have, at least to some extent, replaced the earlier discretionary authority, not simply supplemented it. In other words, discretionary authority must have decreased by at least 50 percent of the amount that mandatory authority increased.

Two budget accounts out of the 256 budget accounts in our primary inventory had these characteristics: the Office of Personnel

Management's Revolving Fund account (24-4571) and the National Credit Union Administration's Central Liquidity Facility Account (25-4470). Both of these accounts switched from being reported as entirely discretionary budget authority to entirely mandatory budget authority during our period of review.

Analyses of Trends in Mandatory Spending

To describe trends in mandatory spending from fiscal years 2001 through 2021, we used data analysis software to calculate descriptive statistics and analyze trends in our primary inventory. We analyzed change in the amount of government-wide mandatory spending over time, the concentration of mandatory budget authority by agency and account, the purpose of the accounts (through the budget function variable), and the funding sources of the accounts (through the fund type variable). We adjusted the amount of mandatory budget authority for inflation using the gross domestic product price index for fiscal year 2021.

Description of Selected Accounts with Mandatory Budget Authority

To describe characteristics of selected budget accounts with mandatory budget authority, we selected a nonrepresentative sample of 10 budget accounts from the primary inventory. We narrowed our selectable population of accounts to exclude topics about which we have extensively reported in prior work:

- the largest budget accounts, defined as accounts that received more than \$100 billion in gross mandatory budget authority in fiscal years 2017, 2018, 2019, 2020, or 2021; and
- budget accounts associated with funding specific to the COVID-19 pandemic, the Great Recession, Social Security, Medicare, Medicaid, the Children's Health Insurance Program, and subsidies and cost sharing for insurance purchased through the federal health insurance exchanges.

We also narrowed our selectable population of accounts to exclude accounts that

- did not have at least 3 years of continuous funding from fiscal years 2001 through 2021 to ensure that the selected accounts would reflect a sustained presence in the federal budget;
- did not receive mandatory budget authority in at least one fiscal year from 2019 through 2021 to ensure that the selected accounts would be as relevant as possible to congressional decision-making; and
- fund the legislative or judicial branches of the federal government or interest payments on the national debt, because we are focused on accounts that directly fund executive branch agencies.⁶

From this narrowed population, we selected the two budget accounts that switched from being funded with discretionary budget authority to being funded with mandatory budget authority. We then randomly selected eight budget accounts guided by a goal to include accounts with a variety of fund types and accounts with and without offsetting collections. We also selected no more than one account from any agency.

To describe the characteristics of selected budget accounts, we reviewed relevant laws, our previously issued work, and documents from the Congressional Research Service, OMB, and the agencies responsible for selected accounts. We also searched CQ.com, Govinfo.gov, and Westlaw Edge for information on the two selected accounts that switched from being funded primarily with discretionary budget authority to being funded primarily with mandatory budget authority. Our search terms included relevant agency and account names (such as “Office of Personnel Management” and “revolving fund”) and relevant budget terms (such as “discretionary budget” and “mandatory budget”). We conducted these searches for 2 calendar years before and after the fiscal year when each account switched from discretionary to mandatory budget authority. For the Office of Personnel Management account, these years were 2009 through 2013. For the National Credit Union Administration account, the years were 2004 through 2008.

In addition, we sent a data collection instrument to each agency for the 10 selected accounts requesting

⁶In the primary inventory, there were no accounts that funded judicial branch agencies. In addition, there was one account that funded the Government Publishing Office, a legislative branch agency.

- the U.S. Code citation authorizing the mandatory budget authority provided for the budget account, as well as any information on amendments or repeals to the authorization;
- the calendar year in which the mandatory budget authority in the account was first authorized (the earliest enactment year);
- the funding sources for the account, including offsetting collections or dedicated taxes;
- the programs funded by the account from fiscal years 2016 through 2021, with any entitlement programs identified; and
- a list of any other budget accounts that fund the programs funded by the account, if any.

After receiving information from agencies and reviewing related documents, we interviewed agency officials from the agencies with the selected accounts to clarify the information they provided and to obtain additional budgetary, programmatic, and legal information about the selected accounts. We also reviewed and verified the legal information agencies provided.

We conducted this performance audit from January 2022 to July 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Janice Latimer (Assistant Director), Colenn Berracasa (Analyst-in-Charge), Peter Kramer, and Meredith Moles made key contributions to this report. Additional assistance in their areas of expertise was provided by Jieun Chang, Marisol Cruz Cain, Melissa Emrey-Arras, Elizabeth Erdman, Jessica Farb, Rebecca Gambler, Robert Gebhart, Richard Geiger, Jose Gomez, Susan Irving, Cardell Johnson, Samantha Lalian, John Mingus, Katherine D. Morris, Steven Putansu, Tyler Spunaugle, Sara Vermillion, Carolyn Voltz, Patrick Ward, Steven Westley, Alicia White, and Mercedes Wilson-Barthes.

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