

The Government records money collected in one of two ways. It is either recorded as a governmental receipt and included in the amount reported on the receipts side of the budget or it is recorded as an offsetting collection or offsetting receipt, which reduces (or “offsets”) the amount reported on the outlay side of the budget. Governmental receipts are discussed in the previous chapter of this volume, “Governmental Receipts.” The first section of this chapter broadly discusses offsetting collections and offsetting receipts. The second section discusses user charges, which consist of a subset of offsetting collections and offsetting receipts and a small share of governmental receipts. The third section describes the user charge proposals in the 2027 Budget.

Offsetting collections and offsetting receipts are recorded as offsets to spending so that the budget totals

for receipts and (net) outlays reflect the amount of resources allocated by the Government through collective political choice, rather than through the marketplace.¹ This practice ensures that the budget totals measure the transactions of the Government with the public, and avoids the double counting that would otherwise result when one account makes a payment to another account and the receiving account then spends the proceeds. Offsetting receipts and offsetting collections are recorded in the budget in one of two ways, based on interpretation of laws and longstanding budget concepts and practice. They are offsetting collections when the collections are authorized to be credited to expenditure accounts. Otherwise, they are deposited in receipt accounts and called offsetting receipts.

¹ Showing collections from business-type transactions as offsets on the spending side of the budget follows the concept recommended by the Report of the President’s Commission on Budget Concepts in 1967 and is discussed in the “Budget Concepts” chapter of this volume.

Background

There are two sources of offsetting receipts and offsetting collections: from the public and from other budget accounts. Like governmental receipts, offsetting receipts and offsetting collections from the public reduce the deficit or increase the surplus. In contrast, offsetting receipts and offsetting collections resulting from transactions with other budget accounts, called intragovernmental transactions, exactly offset the payments made by these accounts, with no net impact on the deficit or surplus. In 2025, offsetting receipts and offsetting collections from the public were \$928 billion, while receipts and collections from intragovernmental transactions were \$1,737 billion, for a total of \$2,665 billion Government-wide.

As described above, intragovernmental transactions are responsible for the majority of offsetting collections and offsetting receipts, when measured by the magnitude of the dollars collected. Examples of intragovernmental transactions include interest payments to funds that hold Government securities (such as the Social Security trust funds), general fund transfers to civilian and military retirement pension and health benefits funds, and agency payments to funds for employee health insurance and retirement benefits. Although receipts and collections from intragovernmental collections exactly offset the payments

themselves, with no effect on the deficit or surplus, it is important to record these transactions in the budget to show how much the Government is allocating to fund various programs. For example, in the case of civilian retirement pensions, Government agencies make accrual payments to the Civil Service Retirement and Disability Fund on behalf of current employees to fund their future retirement benefits; the receipt of these payments to the Fund is shown in a single receipt account. Recording the receipt of these payments is important because it demonstrates the total cost to the Government today of providing this future benefit.

Offsetting receipts and collections from the public comprise approximately one-third of total offsetting collections and offsetting receipts, when measured by the magnitude of the dollars collected. Most of the funds collected through offsetting collections and offsetting receipts from the public arise from business-like transactions with the public. Unlike governmental receipts, which are derived from the Government’s exercise of its sovereign power, these offsetting collections and offsetting receipts arise primarily from voluntary payments from the public for goods or services provided by the Government. They are classified as offsets to outlays for the cost of producing the goods or services for sale, rather than as governmental receipts. These activities include the sale of postage

Table 09—1. Offsetting Collections and Offsetting Receipts from the Public

In Billions of Dollars

	Actual 2025	Estimate	
		2026	2027
Offsetting collections (credited to expenditure accounts):			
User charges:			
Postal Service stamps and other Postal Service fees (off-budget)	81.1	82.1	84.9
Sale of energy:			
Tennessee Valley Authority	67.0	70.6	65.5
Bonneville Power Administration	4.3	4.5	4.8
Deposit Insurance	32.8	20.9	43.0
Employee contributions for employees and retired employees health benefits funds	22.7	26.0	27.8
Pension Benefit Guaranty Corporation fund	14.7	7.6	9.8
Federal Crop Insurance Corporation Fund	7.3	7.0	7.0
Defense Commissary Agency	4.8	6.6	6.6
Passenger Security Fee	3.1	3.5	5.2
Patent and Trademark fees	4.5	5.0	5.2
National Flood Insurance Fund	4.4	4.5	4.8
All other user charges	42.5	42.7	43.2
Subtotal, user charges	289.2	281.0	307.9
Other collections credited to expenditure accounts:			
Commodity Credit Corporation fund	6.4	7.3	7.6
Supplemental Security Income (collections from the States)	3.4	3.4	3.5
Other collections	64.5	7.9	9.2
Subtotal, other collections	74.3	18.6	20.3
Subtotal, offsetting collections	363.5	299.6	328.2
Offsetting receipts (deposited in receipt accounts):			
User charges:			
Medicare premiums	159.9	181.3	195.8
Outer Continental Shelf rents, bonuses, and royalties	5.8	6.3	6.3
Immigration fees	8.5	7.6	8.0
Spectrum auction, relocation, and licenses
All other user charges	32.0	34.1	35.4
Subtotal, user charges deposited in receipt accounts	206.3	229.3	245.6
Other collections deposited in receipt accounts:			
Military assistance program sales	64.0	63.8	65.7
Interest received from credit financing accounts	55.8	70.6	70.9
Government-sponsored enterprise (GSE) guarantee fees	6.4	6.5	6.7
Student loan receipt of negative subsidy and downward reestimates	152.4	75.4	3.4
All other collections deposited in receipt accounts	79.3	75.2	60.1
Subtotal, other collections deposited in receipt accounts	358.0	291.5	206.8
Subtotal, offsetting receipts	564.3	520.8	452.4
Total, offsetting collections and offsetting receipts from the public	927.8	820.4	780.6
Total, offsetting collections and offsetting receipts excluding off-budget	846.5	738.1	695.5
ADDENDUM:			
User charges that are offsetting collections and offsetting receipts ¹	495.4	510.4	553.5
Other offsetting collections and offsetting receipts from the public	432.3	310.1	227.1

¹ Excludes user charges that are classified on the receipts side of the budget. For total user charges, see Table 9—3.

stamps, land, timber, and electricity; charging fees for services provided to the public (e.g., admission to National parks); and collecting premiums for healthcare benefits (e.g., Medicare Parts B and D). As described above, treating offsetting collections and offsetting receipts as offsets to outlays ensures the budgetary totals represent governmental rather than market activity.

A relatively small portion (\$28 billion in 2025) of offsetting collections and offsetting receipts from the public is derived from the Government’s exercise of its sovereign power. From a conceptual standpoint, these should be classified as governmental receipts. However, they are classified as offsetting rather than governmental receipts either because this classification has been specified in law or because these collections have traditionally been classified as offsets to outlays. Most of the offsetting collections and offsetting receipts in this category derive from fees from Government regulatory services or Government licenses, and include, for example, charges for regulating the nuclear energy industry, bankruptcy filing fees, and immigration fees.

The final source of offsetting collections and offsetting receipts from the public is gifts. Gifts are voluntary contributions to the Government to support particular purposes or reduce the amount of Government debt held by the public.

The spending associated with the activities that generate offsetting collections and offsetting receipts from the public is included in total or “gross outlays.” Offsetting collections and offsetting receipts from the public are subtracted from gross outlays to the public to yield “net outlays,” which is the most common measure of outlays cited and generally referred to as simply “outlays.” For 2025, gross outlays to the public were \$7,939 billion, or 26.2 percent of GDP and offsetting collections and offsetting receipts from the public were \$928 billion, or 3.1 percent of GDP, resulting in net outlays of \$7,011 billion or 23.1 percent of GDP. Government-wide net outlays reflect the Government’s net disbursements to the public and are subtracted from governmental receipts to derive the Government’s deficit or surplus. For 2025, governmental receipts were \$5,236 billion, or 17.3 percent of GDP, and the deficit was \$1,775 billion, or 5.9 percent of GDP.

Although both offsetting collections and offsetting receipts are subtracted from gross outlays to derive net outlays, they are treated differently when it comes to accounting for specific programs and agencies. Offsetting collections are usually authorized to be spent for the purposes of an expenditure account and are generally available for use when collected, without further action by the Congress. Therefore, offsetting collections are recorded as offsets to spending within expenditure accounts, so that the account total highlights the net flow of funds.

Like governmental receipts, offsetting receipts are credited to receipt accounts, and any spending of the receipts is recorded in separate expenditure accounts. As a result, the budget separately displays the flow of funds into and out of the Government. Offsetting receipts may or may not be designated for a specific purpose, depending on the legislation that authorizes their collection. If

Table 09–2. Summary of Offsetting Receipts by Type

In Millions of Dollars

Receipt Type	Actual 2025	Estimate	
		2026	2027
Intragovernmental	1,250,791	1,395,048	1,299,601
Receipts from non-Federal sources:			
Proprietary	545,801	502,229	434,557
Offsetting governmental	18,492	18,592	17,815
Total, receipts from non-Federal sources	564,293	520,821	452,372
Total, offsetting receipts	1,815,084	1,915,869	1,751,973

designated for a particular purpose, the offsetting receipts may, in some cases, be spent without further action by the Congress. When not designated for a particular purpose, offsetting receipts are credited to the general fund, which contains all funds not otherwise allocated and which is used to finance Government spending that is not financed out of dedicated funds. In some cases where the receipts are designated for a particular purpose, offsetting receipts are reported in a particular agency and reduce or offset the outlays reported for that agency. In other cases, the offsetting receipts are “undistributed,” which means they reduce total Government outlays, but not the outlays of any particular agency.

Table 9-1 summarizes offsetting collections and offsetting receipts from the public. The amounts shown in the table are not evident in the commonly cited budget measure of outlays, which is already net of these collections and receipts. For 2027, the table shows that total offsetting collections and offsetting receipts from the public are estimated to be \$781 billion, or 2.3 percent of GDP. Of these, an estimated \$328 billion are offsetting collections and an estimated \$452 billion are offsetting receipts. Table 9-1 also identifies those offsetting collections and offsetting receipts that are considered user charges, as defined and discussed below.

As shown in the table, major offsetting collections from the public include proceeds from Postal Service sales, electrical power sales, loan repayments to the Commodity Credit Corporation for loans made prior to enactment of the Federal Credit Reform Act, and Federal employee payments for health insurance. As also shown in the table, major offsetting receipts from the public include premiums for Medicare Parts A, B and D, proceeds from military assistance program sales, rents and royalties from Outer Continental Shelf oil extraction, and interest income.

Tables 9-2 and 9-3 provide further detail about offsetting receipts, including both offsetting receipts from the public (as summarized in Table 9-1) and intragovernmental transactions. Table 9-5, “Offsetting Receipts by Type,” and Table 9-6, “Offsetting Collections and Offsetting Re-

Table 09–3. Gross Outlays, User Charges, Other Offsetting Collections and Offsetting Receipts from the Public, and Net Outlays

In Billions of Dollars

	Actual 2025	Estimate	
		2026	2027
Gross outlays to the public	7,938.9	8,363.5	8,874.1
Offsetting collections and offsetting receipts from the public:			
User charges ¹	495.4	510.4	553.5
Other	432.3	310.1	227.1
Subtotal, offsetting collections and offsetting receipts from the public	927.8	820.4	780.6
Net outlays	7,011.1	7,543.1	8,093.5

¹ \$5.5 billion of the total user charges for 2025 were classified as governmental receipts, and the remainder were classified as offsetting collections and offsetting receipts. \$5.5 billion and \$5.6 billion of the total user charges for 2026 and 2027 are classified as governmental receipts, respectively.

ceipts, Detail–2027 Budget,” which is a complete listing by account, are available in the *Analytical Perspectives* volume online. In total, offsetting receipts are estimated to be \$1,752 billion in 2027; \$1,300 billion are from intragovernmental transactions and \$452 billion are from the public. The offsetting receipts from the public consist of proprietary receipts (\$435 billion), which are those resulting from business-like transactions such as the sale of goods or services, and offsetting governmental receipts, which, as discussed above, are derived from the exercise of the Government’s sovereign power and, absent a specification in law or a long-standing practice, would be classified on the receipts side of the budget (\$18 billion).

User Charges

User charges or user fees refer generally to those monies that the Government receives from the public for market-oriented activities and regulatory activities. In combination with budget concepts, laws that authorize user charges determine whether a user charge is classified as an offsetting collection, an offsetting receipt, or a governmental receipt. Almost all user charges, as defined below, are classified as offsetting collections or offsetting receipts; for 2027, only an estimated 1.1 percent of user charges are classified as governmental receipts. As summarized in Table 9–3, total user charges for 2027 are estimated to be \$559 billion with \$553 billion being offsetting collections or offsetting receipts, and accounting for more than three-quarters of all offsetting collections and offsetting receipts from the public.

Definition

In this chapter, user charges refer to fees, charges, and assessments levied on individuals or organizations directly benefiting from or subject to regulation by a Government program or activity, where the payers do not represent a broad segment of the public such as those who pay income taxes.

Examples of business-type or market-oriented user charges and regulatory and licensing user charges include those charges listed in Table 9–1 for offsetting collections and offsetting receipts. User charges exclude certain offsetting collections and offsetting receipts from the public, such as payments received from credit programs, and interest, and also exclude payments from one part of the Federal Government to another. In addition, user charges do not include dedicated taxes (such as taxes paid to social insurance programs or excise taxes on gasoline) or customs duties, fines, penalties, or forfeitures.

Alternative definitions

The definition for user charges used in this chapter follows the definition used in OMB Circular No. A–25, “User Charges,” which provides policy guidance to Executive Branch Agencies on setting the amount for user charges. Alternative definitions may be used for other purposes. Much of the discussion of user charges below—their purpose, when they should be levied, and how the amount should be set—applies to these alternative definitions as well.

A narrower definition of user charges could be limited to proceeds from the sale of goods and services, excluding the proceeds from the sale of assets, and to proceeds that are dedicated to financing the goods and services being provided. This definition is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. (See the Congressional Record, January 3, 1991, p. H31, item 8.) The definition of user charges could be even narrower by excluding regulatory fees and focusing solely on business-type transactions. Alternatively, the user charge definition could be broader than the one used in this chapter by including beneficiary- or liability-based excise taxes.

What is the Purpose of User Charges?

User charges are intended to improve the efficiency and equity of financing certain Government activities. Charging users for activities that benefit a relatively limited number of people reduces the burden on the general taxpayer, as does charging regulated parties for regulatory activities in a particular sector.

User charges that are set to cover the costs of production of goods and services can result in more efficient resource allocation within the economy. When buyers are charged the cost of providing goods and services, they make better cost-benefit calculations regarding the size of their purchase, which in turn signals to the Government how much of the goods or services it should provide. Prices in private, competitive markets serve the same purposes. User charges for goods and services that do not have

special social or distributional benefits may also improve equity or fairness by requiring those who benefit from an activity to pay for it and by not requiring those who do not benefit from an activity to pay for it.

When Should the Government Impose a Charge?

Discussions of whether to finance spending with a tax or a fee often focus on whether the benefits of the activity accrue to the public in general or to a limited group of people. In general, if the benefits of spending accrue broadly to the public or include special social or distributional benefits, then the program should be financed by taxes paid by the public. In contrast, if the benefits accrue to a limited number of private individuals or organizations and do not include special social or distributional benefits, then the program should be financed by charges paid by the private beneficiaries. For Federal programs where the benefits are entirely public or entirely private, applying this principle can be relatively easy. For example, the benefits from national defense accrue to the public in general, and according to this principle should be (and are) financed by taxes. In contrast, the benefits of electricity sold by the Tennessee Valley Authority accrue primarily to those using the electricity, and should be (and predominantly are) financed by user charges.

In many cases, however, an activity has benefits that accrue to both public and private groups, and it may be difficult to identify how much of the benefits accrue to each. Because of this, it can be difficult to know how much of the program should be financed by taxes and how much by fees. For example, the benefits from recreation areas are mixed. Fees for visitors to these areas are appropriate because the visitors benefit directly from their visit, but the public in general also benefits because these ar-

ea protect the Nation’s natural and historic heritage now and for posterity. For this reason, visitor recreation fees generally cover only part of the cost to the Government of maintaining the recreation property. Where a fee may be appropriate to finance all or part of an activity, the extent to which a fee can be easily administered must be considered. For example, if fees are charged for entering or using Government-owned land then there must be clear points of entry onto the land and attendants patrolling and monitoring the land’s use.

What Amount Should be Charged?

When the Government is acting in its capacity as sovereign and where user charges are appropriate, such as for some regulatory activities, current policy supports setting fees equal to the full cost to the Government, including both direct and indirect costs. When the Government is not acting in its capacity as sovereign and engages in a purely business-type transaction (such as leasing or selling goods, services, or resources), market price is generally the basis for establishing the fee. If the Government is engaged in a purely business-type transaction and economic resources are allocated efficiently, then this market price should be equal to or greater than the Government’s full cost of production.

Classification of User Charges in the Budget

As shown in the note to Table 9–3, most user charges are classified as offsets to outlays on the spending side of the budget, but a few are classified on the receipts side of the budget. An estimated \$5.5 billion of user charges in 2027 are classified on the receipts side and are included in the governmental receipts totals described in the previous chapter, “Governmental Receipts.” They are classified as

Table 09–4. User Charge Proposals¹

Estimated Collections in Millions of Dollars

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027-2031	2027-2036
OFFSETTING COLLECTIONS AND OFFSETTING RECEIPTS												
Discretionary:												
<i>OFFSETTING COLLECTIONS</i>												
Department of Health and Human Services												
Food and Drug Administration (FDA) Establish Foreign Food Facilities Registration fee.....	71	73	75	77	79	81	83	85	87	89	375	800
Small Business Administration												
Establish an upfront administrative fee	158	158	158	158	158	158	158	158	158	158	790	1,580
Commodity Futures Trading Commission (CFTC)												
Establish CFTC user fee	410	410	410	410	410	410	410	410	410	410	2,050	4,100
<i>OFFSETTING RECEIPTS</i>												
Department of State												
Extend Western Hemisphere Travel Initiative Surcharge	565	565	565	565	565	565	565	565	565	565	2,825	5,650
Total, user charge proposals	1,204	1,206	1,208	1,210	1,212	1,214	1,216	1,218	1,220	1,222	6,040	12,130

¹ A positive sign indicates an increase in collections.

receipts because they are regulatory charges collected by the Federal Government by the exercise of its sovereign powers. Examples include filing fees in the United States courts and agricultural quarantine inspection fees.

The remaining user charges, an estimated \$554 billion in 2027, are classified as offsetting collections and offsetting receipts on the spending side of the Budget. As discussed above in the context of all offsetting collections and offsetting receipts, some of these user charges are collected by the Federal Government by the exercise of its sovereign powers and conceptually should appear on the receipts side of the budget, but they are required by law or a long-standing practice to be classified on the spending side.

Available Online ↗

<https://www.whitehouse.gov/omb/information-resources/budget/analytical-perspectives/>

Table 09-5. Offsetting Receipts by Type

Table 09-6. Offsetting Collections and Offsetting Receipts, Detail by Source, BEW Category, Type, and Account

USER CHARGE PROPOSALS

As shown in Table 9–1, an estimated \$328 billion of user charges for 2027 will be credited directly to expenditure accounts and will generally be available for expenditure when they are collected, without further action by the Congress. An estimated \$452 billion of user charges for 2027 will be deposited in offsetting receipt accounts and will be available to be spent only according to the legislation that established the charges.

As shown in Table 9–4, the Administration is proposing new or increased user charges that would, in the aggregate, increase collections by an estimated \$1 billion in 2027 and an estimated total of \$12 billion from 2026 through 2034. These estimates reflect only the amounts to be collected; they do not include related spending.

Discretionary User Charge Proposals

OFFSETTING COLLECTIONS

Department of Health and Human Services

- *Food and Drug Administration (FDA): Establish Foreign Food Facilities Registration Fee.* This proposal would establish a biennial registration fee for all foreign human and animal food facilities. Currently, FDA is not authorized to collect registration fees from foreign facilities that are required under law to register with FDA although resources required to conduct foreign food facility inspections and oversight activities are significant. FDA relies on registration data such as type of food manufactured to inform foreign inspections and to target import screening. This proposal would align with current registration renewal requirements and provide vital additional funding to support FDA’s human and animal food program work abroad, including its

food chemical safety program, thus ensuring the safety of foods imported into the United States.

Small Business Administration (SBA)

- *Establish an upfront administrative fee.* The Budget proposes a legislative change to authorize SBA to assess an administrative fee on lenders for the guaranteed business loan programs.

Commodity Futures Trading Commission (CFTC)

- *Establish CFTC user fee.* The Budget proposes an amendment to the Commodity Exchange Act (Public Law 74–675) authorizing the CFTC to collect user fees to fund the Commission’s activities, like other Federal financial and banking regulators. Fee funding would shift the costs of services provided by CFTC from the general taxpayer to the primary beneficiaries of CFTC oversight. Contingent upon enactment of legislation authorizing the CFTC to collect fees, the Administration proposes that collections begin in 2027 to fully offset CFTC’s annual appropriation.

OFFSETTING RECEIPTS

Department of State

- *Extend Western Hemisphere Travel Initiative surcharge.* The Administration proposes to permanently extend the authority for the Department of State to collect the Western Hemisphere Travel Initiative surcharge. The surcharge was initially enacted by the Passport Services Enhancement Act of 2005 (Public Law 109–167) to cover the Department’s costs of meeting increased demand for passports, which resulted from the implementation of the Western Hemisphere Travel Initiative. 🌿