

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

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Summary of Changes

Clarifies how certain IT spending should be classified in Schedule C (section [84.2](#)).

84.1 What is the purpose of the character classification system?

Character classification is used to distinguish between funding for investment and non-investment activities in the Budget and also to distinguish funding for grants-in-aid from funding for direct Federal programs. Character classification is used to capture gross spending on these activities even when they are financed by offsetting collections within an account. Character classification is recorded in schedule C of MAX A-11 DE. See exhibit [84](#) for a summary of character classification line numbers in schedule C and see section [79](#) for more information about MAX A-11 DE. The data entered in schedule C are used in the production of tables for the Historical Tables volume of the budget as well as special analysis in the budget.

84.2 What are the different character classifications and how are they used?

Investment activities in schedule C are coded as Construction and rehabilitation (lines 1311-1314); Major equipment (lines 1321-1324); Commodity inventories (line 1330); Purchases and sales of land and structures for Federal use (line 1340); Other physical assets (lines 1351-1352); Conduct of research and development (lines 1411-1432); and Conduct of education and training (lines 1511-1512).

Non-investment activities are coded as Grants, other than shared revenues (line 2001); Grants, shared revenues (line 2003); and Direct Federal programs (line 2004).

In every classification series, grants are coded on odd numbered lines while direct Federal programs are coded on even numbered lines. See section [84.4](#) for detailed descriptions of all of the line numbers that you must use to report character classification.

- (a) Federal Investment (character class codes 1xxx)

Federal investment is spending for programs and activities that will yield benefits largely in the future.

- (b) Physical Assets (character class codes 13xx)

Physical assets are land, structures, equipment, and intellectual property (e.g., software or applications) that have an estimated useful life of two years or more; or commodity inventories. This character class code is used to enter amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of

physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location for its intended use. Within this character class code, agencies are also required to identify spending for research and development (R&D) facilities and major equipment.

For reporting Construction and Rehabilitation, R&D facilities (lines 1311 and 1312), include the following:

- Construction of facilities that are necessary for the execution of an R&D program. This may include land, major fixed equipment, and supporting infrastructure such as a sewer line, or housing at a remote location. Many laboratory buildings will include a mixture of R&D facilities and office space. The fraction of the building directly related to the conduct of R&D may be calculated as a percentage of the building's total square footage.

Exclude:

- Construction of other facilities, such as office space (which should be reported in the other construction and rehabilitation category on line 1313 or 1314).
- Major movable R&D equipment.

For reporting Major Equipment, R&D equipment (lines 1321 and 1322), include the following:

- Acquisition, design, or production of major movable equipment, such as mass spectrometers, research vessels, DNA sequencers, and other movable major instruments for use in R&D activities.
- Programs of \$1 million or more that are devoted to the purchase or construction of R&D major equipment (see section [84.3\(a\)](#)).

Exclude:

- Minor equipment purchases, such as personal computers, standard microscopes, and simple spectrometers.

For reporting Other Major Equipment (non-R&D, lines 1323 and 1324), include the following:

- Software, applications, and other information technology (see section [55](#)) that have an estimated useful life of two years or more, not used for R&D activities.
- Acquisition, design, integration, recapitalization, improvement or production of major movable equipment, not used for R&D activities.
- User demonstrations where the cost and benefits of a system are being validated for a specific use case.
- Pre-production development, which is defined as non-experimental work on a product or system before it goes into full production.

For reporting Other Physical Assets (lines 1351 and 1352), include the following:

- Amounts for all physical assets not captured under another category, such as conservation, reforestation, and range improvements; grants to State or local governments for the purchase of land or structures; and amounts for certain privately held assets, including improvements to private farms, land, and sales of such land and structures.
- Offsetting receipts collected from the sale of physical assets not used by the Federal Government.

Exclude:

- The operation and maintenance of land and structures.

(c) Conduct of Research and Development (character class codes 14xx)

Research and experimental development activities are defined as creative and systematic work undertaken in order to increase the stock of knowledge—including knowledge of people, culture, and society—and to devise new applications using available knowledge.

For reporting R&D activities, include the following:

- Administrative expenses for R&D, such as the operating costs of research facilities and equipment and other overhead costs.

Exclude:

- Investments in physical assets such as major equipment and facilities that support R&D programs. These investments should generally be reported under physical assets (13xx), discussed above.
- Routine product testing, quality control, collection of general-purpose statistics, routine monitoring, and evaluation of an operational program (when that program is not R&D). Spending of this type should generally be reported as non-investment activities (2xxx).
- Training of scientific and technical personnel should be reported as conduct of education and training (15xx). However, if an activity includes a mixture of R&D objectives as well as the education of graduate students, agencies should report under the lowest relevant line number in the 14xx series (see section [84.3\(a\)](#)).

Additional discussion and examples of activities to include or exclude are available in the [R&D Reporting Community of Practice page in the MAX Community](#).

Agencies should use these character classifications to identify three different types of R&D:

1. *Basic research (character class codes 141x)*. Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts. Basic research may include activities with broad or general applications in mind, such as the study of how plant genomes change, but should exclude research directed towards a specific application or requirement, such as the optimization of the genome of a specific crop species.
2. *Applied research (character class codes 142x)*. Original investigation undertaken in order to acquire new knowledge. Applied research is, however, directed primarily towards a specific practical aim or objective.

3. *Experimental development (character class codes 143x)*. Creative and systematic work, drawing on knowledge gained from research and practical experience, which is directed at producing new products or processes or improving existing products or processes. Like research, experimental development will result in gaining additional knowledge.

For reporting experimental development activities, include the following:

- The production of materials, devices, and systems or methods, including the design, construction and testing of experimental prototypes.
- Technology demonstrations, in cases where a system or component is being demonstrated at scale for the first time, and it is realistic to expect additional refinements to the design (feedback R&D) following the demonstration. However, not all activities that are identified as "technology demonstrations" are R&D.

Exclude:

- User demonstrations where the cost and benefits of a system are being validated for a specific use case. This includes low-rate initial production activities.
- Pre-production development, which is defined as non-experimental work on a product or system before it goes into full production, including activities such as tooling, and development of production facilities. For example, exclude activities and programs that are categorized as "Operational Systems Development" in the Department of Defense's budget activity structure. Activities and programs of this type should generally be reported as investments in other major equipment (1323 or 1324).

- (d) Conduct of education and training (character class codes 15xx)

Conduct of education and training includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. This character classification excludes training of military personnel or other persons in Government service.

- (e) Grants to State and local governments, also known as grants-in-aid (character class codes xxx1 or xxx3)

For preparing character classification data, State or local governments include the following:

- The 50 States and the District of Columbia.
- Cities, counties, townships, municipalities, school districts, special districts, and other local governmental units, as defined by the Bureau of the Census.
- Puerto Rico, the Virgin Islands, and other U.S. territories.
- The Federated States of Micronesia, Marshall Islands, and Palau, if the payments are in an account that has grants to other State or local governments.
- Indian Tribal governments when:

- ▶ The legislation authorizing the payment includes such entities within the definition of eligible State or local units.
- ▶ The Tribal government acts as a nonprofit agency operating under State or local auspices.
- Quasi-public nonprofit entities, such as community action agencies, when the boards of such entities must either be elected in State or local elections, or must include significant representation of State or locally elected officials.

Report budget authority and outlays as grants to State and local governments if the Federal Government's resources support State or local programs of government operations or provision of services to the public. For reporting character classification data for grants, include the following:

- Direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee.
- Payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions (e.g., school lunch programs).
- Payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments, for example, payments to the Corporation for Public Broadcasting, or to the American Printing House for the Blind.
- Payments to regional commissions and organizations that are redistributed at the State or local level to provide public services.
- Payments to State and local governments for research and development that is an integral part of the State and local governments' provision of services to the general public (e.g., research on crime control financed from law enforcement assistance grants, or on mental health associated with the provision of mental rehabilitation services; see discussion below for exclusions related to research and development and payments for services rendered).
- Direct loan or loan guarantee subsidies to State or local governments.
- Shared revenues. These include payments to State or local governments that are computed as a percentage of the proceeds from the sale of certain Federal property, products, or services (e.g., payments from receipts of Oregon and California grant lands). Tax or other collections by the Federal Government that are passed on to State or local governments (e.g., internal revenue collections for Puerto Rico) are also included.

Exclude the following:

- Federal administrative expenses associated with grant programs.
- Grants directly to profit-making institutions, individuals, and nonprofit institutions not covered above, for example, payments to Job Corps centers and trainees.
- Payments for research and development not directly related to the provision of services to the general public, for example, basic research awarded via competitive grants.
- Payments for services rendered, for example, utility services, training programs and expenses for Federal employees, research and development for Federal purposes conducted under contracts, grants, or agreements by such agencies as the National Institutes of Health (NIH), the National

Science Foundation (NSF), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD).

- Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions (e.g., the administrative expenses of the Appalachian Regional Commission).

(f) Direct Federal programs (character class codes xxx0, xxx2, or xxx4)

Federal programs that are not classified as grants to State and local governments will be classified as direct Federal programs. Direct Federal programs include both programs operated directly by Federal employees and programs operated through contract or by grants to non-Federal entities not included in the definition of "State and local governments" under (e).

84.3 What do I need to know about reporting the data and relationships with other data requirements?

(a) General requirements

- If an account has only one character class code, MAX A-11 DE will automatically generate the amounts for schedule C.
- OMB does not control centrally the addition or deletion of character classification codes of expenditure accounts. If the nature of an account changes or otherwise requires the use of different character classes, you may add (or delete) the appropriate code and enter gross budget authority and outlays in MAX A-11 DE in that code without advance approval from OMB.
- Report gross budget authority and gross outlays on character classification lines 1311-2003. Use line 2004 to capture non-investment and non-grant amounts, as well as non-investment offsetting collections, and balance the totals for schedule C with net BA and outlay amounts in schedule X.
- Report rescissions on the same line as the original funding. For example, if funding appropriated for the construction of a new Federal facility is rescinded, the funding and the rescission should be recorded on line 1314.
- Budget authority and outlay totals for each subfunction must be consistent across all schedules and transmits. If an account has multiple subfunctions, report budget authority and outlays by subfunction. See section [81](#) for more information on entering estimates of budget authority, outlays, and receipts.
- Character classifications should be used consistently across all transmits, but can change to properly reflect program proposals (e.g., an account with investment funding on line 1512 under current law, could also have a mandatory proposal for a new grant on line 1511 in a transmit 4).
- If a transaction fits into more than one classification, report it in the classification category with the lowest numerical character classification code. For example, record amounts for construction of research and development facilities in the appropriate 13xx grouping, not in the 14xx grouping.
- If an account contains activities that fall under two or more character classifications, omit any classification involving less than \$1 million in each of the three fiscal years (PY, CY, and BY), and include the amounts in the next largest classification in that particular account.

- When entering a new grant line (an odd numbered line) in schedule C, the correct Budget Enforcement Act (BEA) category (i.e. discretionary or mandatory) for those amounts should be selected. The BEA category for amounts on non-grant lines is not recorded in schedule C.
- In some cases, grants to State and local governments allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such as in community development block programs. In such instances, record all of the budget authority and outlays for grants in the category where the majority of the funds are anticipated to be used.
- Avoid double counting. If an appropriation is made to a Federal fund and transferred to a Trust fund, only code the funding as investment once in the account that makes the investment (usually the Trust Fund). See also (c) below.
- If a correction in MAX A-11 DE to the character classification of current or prior year funding is necessary, it is required that the agency also provide corrected historical amounts for years prior to the current budget exercise's PY.

(b) Reporting offsetting collections (expenditure accounts)

In almost all cases, offsetting collections in the account should be included in character class Direct Federal Programs, non-investment as part of a net total on line 2004. An exception would be offsetting collections from the sale of physical assets (e.g., land, structures, equipment, or commodities), which should be reported as negative amounts in the correct physical asset character class code.

The gross budget authority and outlays for investments and grants should be identified first and classified with the appropriate character class code (i.e., character class codes 1xxx, 2001, or 2003). For the remaining spending and offsetting collections, use character class code 2004 as a residual balancing entry to ensure that the sum of entries in schedule C add to total net budget authority and outlays in schedule A by subfunction. This means that, in appropriate cases, character class code 2004 amounts may be negative.

As an example, consider an account with gross BA and outlays of \$100 million that receives \$20 million in offsetting collections from the public and spends all of it. If \$70 million of the funds in the account are for the construction of a non-R&D Federal facility (character class code 1314) and \$30 million for direct Federal non-investment activities (character class code 2004), then schedule C would show \$70 million in gross BA and outlays on line 1314, and character class code 2004 would show a net \$10 million. The net \$10 million can be thought of two ways: as a residual balancing entry to ensure that total net outlays in schedule C equal total net outlays in schedule X (in this case \$80 million), or as the sum of \$30 million for direct Federal non-investment spending, and -\$20 million for collections from the public. The sum of all character class codes would add to net outlays and, in this example, would be \$80 million.

(c) Classifying activities financed by offsetting collections from Federal sources

If grants to State or local governments or investments are financed by payments from one Federal account to a second Federal account (e.g., offsetting collections from Federal sources), you must ensure that the amounts are recorded as grants or investments only once (i.e., ensure that they are not double-counted). In general, the amounts should be recorded as follows:

- For all grants to State or local governments, record the grants in the second account (i.e., the account that actually makes the payment to the State or local government). Record the payment from the first account to the second account as direct Federal spending.

- For direct Federal investment (which includes all investments except those through grants to State or local governments), record the investment in the account that is primarily responsible for funding the investment. (Note that grants to research institutions are classified as direct Federal investment, not as grants to State or local governments.) This is usually the initial account. For example, if the Environmental Protection Agency (EPA) provides funds to the National Science Foundation (NSF) for research, record the R&D in the EPA account that funds the research, not in NSF. In this example, the NSF spending should be coded as non-investment spending (line 2004) rather than as spending for research. However, in certain cases, primary responsibility might occur in the second account. For example, regarding rental payments to the GSA Federal Buildings Fund, some of the rental receipts may ultimately be used for construction by GSA. In these situations, the investment should be recorded in the second account because primary responsibility for the investment would be in that account.

(d) Reporting offsetting receipts (receipt accounts)

You must also report offsetting receipts for PY through BY by character class in Schedules K (baseline) and R (policy). Classify offsetting receipts in receipt accounts as Federal investment to report:

- proceeds from the sale of physical assets (e.g., land, structures, equipment, or commodities) in the corresponding physical asset character classes; and
- credit reform offsetting receipts for downward reestimates and negative subsidies for investment-related credit programs (i.e., for physical assets or for the conduct of education and training) on the appropriate investment line number (i.e., 13xx or 1512).

OMB controls the character classification of offsetting receipts centrally. When setting up a new receipt account, discuss the usage of a character classification with your OMB representative. And to change the classification, you must get approval before you can enter data under a different code. (See section [79.4](#) for proposing changes to budget account classifications.)

For general guidance on reporting collections deposited in offsetting receipt accounts in Schedules K and R use the instructions in section [81.3\(b\)](#).

(e) Credit programs

For credit program accounts, classify subsidies and subsidy reestimates for direct loans and loan guarantees and their administrative expenses according to the purpose of the program in schedule C and on the appropriate character class line. For example, credit subsidies for construction should be in the character class for construction and rehabilitation (131x), and credit subsidies for the conduct of education should be in the character class for the conduct of education and training (15xx). Classify direct loans and loan guarantees to State or local governments on a grant line. Do not report character class for credit financing accounts.

(f) Outyear projections

Agencies should enter character class data in MAX A-11 DE for PY through BY. MAX A-11 DE will automatically generate outyear projections of grant outlays through BY+9 based on in-year data. Other entries will be shown through BY only.

For the projection of grant outlays, MAX A-11 DE will assume, using an algorithm, that the percentage of grant outlays estimated for the outyears is the same as that reported in the BY. For example, if 18 percent of outlays in the account are on line 1511-02 (grant outlays for education and training) in BY, then 18

percent of net outlays will be estimated on line 1511–02 for each outyear. Agencies may view these outyear projections on-screen. If projections do not accurately reflect outyear policy, contact your OMB representative to request permission to override the projections in MAX A-11 DE.

(g) Relationships with other data requirements

You should be able to reconcile information reported in this schedule for the conduct of R&D with information reported in the National Science Foundation's *Survey of Federal Funds for R&D* (see description of line 14xx), and with information provided in the supplemental R&D data request described in (h) below. R&D spending reported in schedule C should also be consistent with financial reporting on R&D, as required by A-136 Section II.4.10 and the Statement of Federal Financial Accounting Standards 8, Chapter 7.

You should also be able to reconcile the total reported in this schedule for the construction of R&D facilities (1311 or 1312) and major movable R&D equipment (1321 or 1322) with information reported in the National Science Foundation's *Survey of Federal Funds for R&D* as R&D plant.

(h) Additional research and development reporting requirements

Crosscutting R&D data for specific topics, such as climate change research, and nanotechnology R&D, will be requested in order to meet Congressional reporting requirements. These data are collected outside of MAX A-11 DE in an online MAX Collect exercise (see section [25.5](#)). Annual reports that complement the budget data are issued by components of the National Science and Technology Council. Detailed instructions and definitions will be distributed by OMB through a Budget Data Request.

84.4 How do I report character classification in MAX A-11 DE?

In schedules C, K, and R, character class data are identified by a line number that consists of a four-digit number and a two-digit suffix (xxxx–xx). The line number identifies data as investment or non-investment, and as grants or direct Federal programs.

Character class line numbers include the following:

- Investment activities:
 - ▶ Lines 13xx, physical assets.
 - ▶ Lines 14xx, research and development (R&D).
 - ▶ Lines 15xx, education and training.
- Non-investment activities:
 - ▶ Lines 2xxx.

Classify all investment activities in the 1xxx series and all non-investment activities in the 2xxx series. The two-digit suffix differentiates among budget authority, outlays, and offsetting receipts, as follows:

- 01—Budget authority
- 02—Outlays
- 03—Offsetting receipts

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Use the guidance in section [84.2](#) to ensure that data are reported in the correct categories. Only some of the following codes apply to offsetting receipts; they are specifically noted below with an asterisk (*). All of the line numbers apply to budget authority and outlays.

For grants to State and local governments lines (odd numbered lines) make sure to select the appropriate BEA category when entering a new line. Use guidance in section 79.4(c) to assist. For non-grants lines MAX A-11 DE does not code amounts by BEA category. Also, for grants to State and local governments, MAX A-11 DE will automatically calculate outlays in the outyears. No outyear data is stored in MAX A-11 DE for direct federal investment lines.

You can see the previous year's character class data under "Historical reports" on the [Budget Season Reports](#) page.

The following table lists the line numbers used to report character classification and provides a description of each line. See exhibit [84](#) for a summary of the coding structure.

Entry	Description
1xxx INVESTMENT ACTIVITIES	Budget authority, outlays, or offsetting receipts for programs that yield benefits largely in the future.
13xx Physical assets:	Amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. Physical assets are land, structures, equipment, and intellectual property (e.g., software or applications) that have an estimated useful life of two years or more; and commodity inventories. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its use.
131x Construction and rehabilitation:	Amounts for construction and rehabilitation, including both grants and direct Federal programs. Construction and rehabilitation means the design and production of fixed works and structures or substantial alterations to such structures or land. Includes new works and major additions, alterations, improvements to and replacements of existing works. Excludes preliminary surveys, maintenance, repair, administration of such facilities and other Federal operating expenses.
Research and development facilities:	Amounts for the construction and rehabilitation of R&D facilities. (See sections 84.2(e) and 84.2(f) for further information.)
1311-xx Grants to State and local governments	
1312-xx Direct Federal programs	
Other construction and rehabilitation:	Amounts for all other construction and rehabilitation.
1313-xx Grants to State and local governments	
1314-xx Direct Federal programs	
132x Major equipment:	Amounts for identifiable items of major equipment, including, vehicles, ships, machine tools, aircraft, tanks, satellites and other physical assets in space, and nuclear weapons. Includes purchases of software and

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Entry	Description
	other information technology (see section 55 for definitions). Excludes routine purchases of ordinary office equipment or furniture and fixtures. However, where there are major programs for acquisition of equipment, such as ammunition and missiles, includes all equipment purchases.
<p>Research and development equipment:</p> <p>1321–xx Grants to State and local governments</p> <p>1322–xx Direct Federal programs</p>	Amounts for major moveable equipment for research and development. (See sections 84.2(e) and 84.2(f) for further information.)
<p>Other major equipment:</p> <p>1323–xx Grants to State and local governments</p> <p>1324–xx Direct Federal programs</p>	Amounts for all other major equipment, including pre-production development.
<p>Commodity inventories:</p> <p>1330–xx* Direct Federal programs</p> <p>Proceeds from the sale of commodities</p>	<p>Amounts for federally-owned commodities held for resale or in stockpiles.</p> <p>Offsetting receipts collected from the sale of federally-owned commodities that were previously purchased by the Government or from reduction in stockpiles.</p>
<p>Purchases and sales of land and structures for Federal use:</p> <p>1340–xx* Direct Federal programs</p> <p>Receipts from sales of property or assets</p>	<p>Amounts for purchase, including lease-purchases, of land and structures for use by the Federal Government and sales of such land and structures. Includes office buildings and park and forest lands. Does not include land or structures acquired as temporary inventory, such as collateral on defaulted loans.</p> <p>Offsetting receipts collected from sales of federally-owned property or assets used by the Federal Government. Includes office buildings and park and forest lands.</p>
<p>Other physical assets:</p> <p>1351–xx Grants to State and local governments</p> <p>1352–xx* Direct Federal programs</p> <p>Receipts from sales of other physical assets</p>	<p>Amounts for all physical assets not captured under another category, such as conservation, reforestation and range improvements; grants to State or local governments for the purchase of land or structures; and amounts for certain privately-held assets, including improvements to private farms, and sales of such land and structures. Does not include operation and maintenance of land and structures.</p> <p>Offsetting receipts collected from the sale of physical assets not used by the Federal Government.</p>
<p>14xx Conduct of research and development (R&D):</p> <p>Basic research:</p> <p>1411–xx Grants to State and local governments</p> <p>1412–xx Direct Federal programs</p>	<p>Research and experimental development (R&D) activities are defined as creative and systematic work undertaken in order to increase the stock of knowledge—including knowledge of people, culture, and society—and to devise new applications using available knowledge. (See section 84.2(c) for further information.)</p> <p>Basic research is defined as experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and</p>

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Entry	Description
	observable facts. Basic research may include activities with broad or general applications in mind, but should exclude research directed towards a specific application or requirement.
Applied research:	Applied research is defined as original investigation undertaken in order to acquire new knowledge.
1421–xx Grants to State and local governments	Applied research is, however, directed primarily towards a specific practical aim or objective.
1422–xx Direct Federal programs	
Experimental development:	Experimental development is defined as creative and systematic work, drawing on knowledge gained from research and practical experience, which is directed at producing new products or processes or improving existing products or processes. Like research, experimental development will result in gaining additional knowledge.
1431–xx Grants to State and local governments	
1432–xx Direct Federal programs	
15xx Conduct of education and training:	Amounts for programs whose primary purpose is education, training, and vocational rehabilitation. Includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. Excludes training of military personnel or other persons in Government service. Also excludes amounts for physical assets, which are classified in 13xx, and amounts for the conduct of research and development, which are classified in 14xx.
1511–xx Grants to State and local governments	
1512–xx* Direct Federal programs	
Receipts from education and training	Offsetting receipts for negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.
2xxx NON-INVESTMENT ACTIVITIES	Amounts that are not classified as investment activities.
Grants to State and local governments:	Grant amounts that are not classified as investment activities.
2001–xx Other than shared revenues	
2003–xx Shared revenues	
2004–xx* Direct Federal programs	Amounts for all other non-investment activities, including offsetting collections (see section 84.3(b) for exceptions). This is a residual balancing entry to ensure that the sum of all items in schedule C equals total budget authority and outlays net of offsetting collections. Includes transactions related to credit liquidating accounts.
All other offsetting receipts	Offsetting receipts collected and deposited in receipt accounts that are not otherwise classified.

Summary of Character Classification Codes (Schedule C)

4 digit prefix	Standard titles	Schedule C's 6 digit line numbers are comprised of a 4 digit prefix and a 2 digit suffix.
INVESTMENT ACTIVITIES		
	Physical assets:	
	Construction and rehabilitation:	
1311-xx ¹	Research and development facilities: Grants	2 digit suffix: xxxx-01 Budget authority xxxx-02 Outlays xxxx-03 Offsetting receipts
1312-xx	Research and development facilities: Direct Federal programs	
1313-xx ¹	Other construction and rehabilitation: Grants	
1314-xx	Other construction and rehabilitation: Direct Federal program	
	Major equipment:	
1321-xx ¹	Research and development equipment: Grants	Totals for budget authority and outlays reported in schedule C must equal those reported in schedule A net of offsetting collections.
1322-xx	Research and development equipment: Direct Federal programs	
1323-xx ¹	Other major equipment: Grants	
1324-xx	Other major equipment: Direct Federal programs	
1330-xx	Commodity inventories: Direct Federal programs	
1340-xx	Purchases and sales of land and structures for Federal use: Direct Federal programs	
1351-xx ¹	Other physical assets: Grants	
1352-xx	Other physical assets: Direct Federal programs	
	Conduct of research and development:	
1411-xx ¹	Basic research: Grants	The ten shaded categories should add to the agency's R&D total.
1412-xx	Basic research: Direct Federal programs	
1421-xx ¹	Applied research: Grants	
1422-xx	Applied research: Direct Federal programs	
1431-xx ¹	Experimental Development: Grants	
1432-xx	Experimental Development: Direct Federal programs	
	Conduct of education and training:	
1511-xx ¹	Grants	
1512-xx	Direct Federal programs	
NON-INVESTMENT ACTIVITIES		
2001-xx ¹	Grants-other than shared revenues	¹ You must report budget authority and outlays for grants by BEA subcategory (e.g. discretionary or mandatory).
2003-xx ¹	Grants-shared revenues	
2004-xx	Direct Federal programs (residual)	

