

Federal Budget Glossary

Appropriations: The process by which Congress provides budget authority, usually through the enactment of 12 separate appropriations bills.

Budget authority: Permission, provided by law, for federal agencies to spend or otherwise obligate money.

Budget outlays: Money that is actually spent in a given fiscal year, as opposed to money that is appropriated for that year. One year's budget authority can result in outlays over several years, and the outlays in any given year result from a mix of budget authority from that year and prior years. Budget authority is similar to putting money into a checking account; outlays occur when checks are written and cashed.

Discretionary spending: Spending for programs that Congress finances as it chooses through annual appropriations. About one-third of all federal spending falls into this category. Examples include the military; the operations of all federal agencies, Congress, the White House and the federal court system; and programs that support education, space exploration, scientific research, child nutrition, housing, transportation and foreign aid.

Fiscal 2008: The budget year that runs from Monday, Oct. 1, 2007, through Tuesday, Sept. 30, 2008.

Mandatory spending: Spending mostly on entitlement programs, whose eligibility requirements are written into law. Any person who meets those requirements is entitled to the money until Congress changes the law. Examples include Social Security, Medicare, Medicaid, unemployment benefits, food stamps and federal pensions. Another major category of mandatory spending is interest paid to holders of federal government bills, notes and bonds. Both Social Security and interest payments on the debt are permanently appropriated. Although budget authority for some other mandatory programs is provided through the appropriations process, appropriators have little or no control over the money. Mandatory spending accounts for about two-thirds of all federal spending.

Off-budget: An accounting convention that relates to spending and receipts for a few programs — in particular, the Social Security trust funds and the Postal Service — that are not counted for some specific budget calculations. Generally, however, most references are to the so-called unified budget that includes all programs.

Reconciliation: The process by which tax laws and spending programs are changed, or reconciled, to reach outlay and revenue targets set in the congressional budget resolution. Established by the 1974 Congressional Budget Act ([PL 93-344](#)), reconciliation was first used

in 1980. The most recent reconciliation bill completed by Congress was a \$70 billion tax measure (PL 109-222) that cleared in May.

Rescission: The cancellation of previously appropriated budget authority — a common way to save money that has already been appropriated. To take effect, a rescissions bill must be passed by Congress and signed by the president (or enacted over his veto), just as an appropriations bill.

Revenue: Income taxes paid by individuals and corporations, taxes on estates, excise taxes on tires and fuels, Customs duties and some user fees account for most receipts collected by the federal government. Some receipts and user fees show up as “negative outlays,” however, and do not count as revenue.

Source: **CQ Today**