

Third Edition
**A Glossary Of
Terms Used In The
Federal Budget Process**

And Related Accounting, Economic, and Tax Terms

March 1981

United States General Accounting Office
Washington, D.C.

PAD-81-27

Library of Congress Cataloging in Publication Data
Main entry under title:

A Glossary of terms used in the federal budget process and related accounting, economic, and tax terms.

"March 1981."

"PAD-81-27."

Previous ed. published in 1977 as: Terms used in the budgetary process.

Bibliography: p.

Includes index.

1. Budget--United States--Dictionaries. 2. Finance, public--United States--Dictionaries. I. United States. General Accounting Office. II. Terms used in the budgetary process.

HJ2052.G6 1981

353.0072'2'0321

81-607987

FOREWORD

The Federal budget amounts to about one-fifth of our nation's gross national product. As the basic planning document of the United States Government, it exerts a strong influence on our economy and represents countless decisions made by the American people through their elected representatives—decisions that affect present and future resources of all kinds. The budget is the principal policy statement of the President's fiscal priorities and proposals for allocating expenditures and taxes to promote a vigorous economy. The annual congressional review of the budget gives Congress the opportunity to endorse or modify the President's proposals and to judge the effectiveness of Federal programs.

Since the Federal budget process involves making decisions about social and economic issues that affect all Americans, a prerequisite to participating in those decisions is an understanding of how the budget process works. With this objective in mind, in 1974 Congress directed the Comptroller General of the United States to publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information.¹

This third edition of *A Glossary of Terms Used in the Federal Budget Process* is part of the General Accounting Office's (GAO) efforts to fulfill its statutory responsibilities. Our purpose is to provide a basic reference document of standardized definitions for use by Congress, Federal agencies, and all others interested in the process of Federal budgetmaking and to improve communication between the Government and the public. As in our previous editions,² the emphasis here is on budget terms, but relevant accounting, economic, and tax terms are also defined to help the user appreciate the dynamics of the process. For this edition, we have updated and expanded all the terms published in 1977 and have added 97 terms to the budget section. New features in this edition of the *Glossary* are an illustrated overview of the Federal budget process and four appendixes that supplement many of the definitions.

The *Glossary* is by no means an exhaustive list of all budget terms; our decision to include a term rested primarily on whether the term is frequently used. The Department of the Treasury, the Office of Management and Budget (OMB), and the Congressional Budget Office (CBO) helped us choose and define the terms, and they thoroughly reviewed our first and second drafts for accuracy, precision, and clarity. Suggestions were also pro-

¹The Legislative Reorganization Act of 1970, as amended by Title VIII of the Congressional Budget and Impoundment Control Act of 1974.

²U.S. General Accounting Office, *Budgetary Definitions*, OPA-76-8, Nov. 1975; *Terms Used in the Budgetary Process*, PAD-77-9, July 1977.

vided by many congressional committees, the Congressional Research Service, and individual budget experts. The work of compiling the *Glossary* was done by the program and budget information group of GAO's Program Analysis Division.

We welcome users to recommend changes to the definitions and to suggest additional terms to be included in future editions.

ELMER B. STAATS

**COMPTROLLER GENERAL OF THE
UNITED STATES**

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OVERVIEW



Overview of the Federal Budget Process

The Federal budget, like all public budgets, reflects what is proposed to be done for a specific period of time in the future, usually 12 months. It is a plan concerned with managing public funds, and it deals with how much Government will spend and how those expenditures will be financed. When passed by Congress and signed by the President, the budget becomes law. The amount of funds specified in the legislation is then legally binding for all Federal agencies for a given fiscal year. Agencies cannot spend more than is specified unless they are able to get supplemental or deficiency appropriations through the same legal channels as the original budget.

The budget, of course, is much more than a legally binding financial plan. Since funds are always limited, the act of budgetmaking becomes a process of choosing among alternative expenditures, and the budget document itself becomes a description of national goals and priorities. The budget process, then, entails political decisions (choices) as well as financial and economic analyses. In the United States that process is lengthy and complex. What our Federal budget actually contains in any given fiscal year is the result of the interplay between the executive branch, and its many departments and agencies, and Congress, with its system of committees and subcommittees.

Although the Constitution (Article I, section 1) gives Congress the responsibility for budget decisions, by law the executive branch is charged with preparing and submitting the budget. Under the Budget and Accounting Act of 1921, every year the President transmits a proposed Federal budget to Congress within 15 days after it convenes in the new calendar year. Until 1976, the President's annual budget message contained the proposed budget for the fiscal year that began July 1 and ended June 30. The Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) changed those dates. The Federal fiscal year now runs from October 1 through September 30. The Act has not directly altered the executive budget process—agency officials continue to channel their budget requests through the cabinet level, and in turn through the Office of Management and Budget, which reviews the requests in light of the President's proposed budget initiatives—but the Act has strengthened the legislative side of budgetmaking by introducing changes that have helped Congress form a clearer perspective of fiscal policy requirements.

Although Federal budgeting is a continuous process, it can be understood and studied in terms of four phases: (1) executive preparation and submission, (2) congressional action or the congressional budget process, (3) implementation and control of the enacted budget, and (4) review and audit. Our discussion of these phases augments Figure 1, which describes and identifies the activities and actors in the Federal budget process. Most of our discussion is devoted to phase 2 because, with the passage of the 1974 Budget Act, Congress acquired a new budget process. Rather than acting on the executive's budget

Executive Branch Budget Timetable

Timing	Action to be completed:
April-June (March)	Conduct spring planning review to establish presidential policy for the upcoming budget.
June	OMB sends policy letters to the agencies.
September 1	Smaller agencies submit initial budget request materials.
September 15	Cabinet departments and major agencies submit initial budget request materials.
October 15	Legislative branch, judiciary, and certain agencies submit initial budget request materials.
September-January (September)	OMB and the President review agency budget requests and prepare the budget documents.
January	The President transmits the budget during the first 15 days of each regular session of Congress.
January-February	OMB sends allowances letters to the agencies.
April 10 (February)	The President transmits an update of the budget estimates. (Note: transmittal is often requested to be made earlier than the required date.)
July 15 (June)	The President transmits an update of the budget estimates. (Note: transmittal is often requested to be made earlier than the required date.)

Source: OMB Circular No. A-11, Rev. (June 3, 1980)

proposals in a piecemeal fashion, as had been done in the past, Congress now has a system for looking at the budget as a unified proposal early in the budget cycle. The Act has given both Houses the opportunity to determine if the budget is consistent with national priorities.

Phase 1: Executive Preparation and Submission

Preparing the President's budget starts many months before it is submitted to Congress in late January. Formulation begins at the agency level, where individual organizational units review current operations, program objectives, and future plans in relation to the upcoming budget. Throughout this preparation period, there is a continuous exchange of information among the various Federal agencies, OMB, and the President. Agency officials receive help in the form of revenue estimates and economic outlook projections from the Treasury Department, the Council of Economic Advisers, the Departments of Commerce and Labor, and OMB. The budget timetable above highlights the key steps involved in preparing the President's budget and transmitting it to Congress. The months in parentheses indicate when agencies are expected to submit review materials to OMB.

Phase 2: The Congressional Budget Process (An Illustrative Overview)

The Budget of the United States Government, published each January, contains the President's proposals for the Federal Government's outlays and budget authority for the ensuing fiscal year. Congress can act as it wishes on these proposals. It can change funding levels, modify or eliminate programs, or add new ones not requested by the President, and it can act on legislation determining tax rates. The final outcome of Congress' actions is the expenditure (outlay) of Federal funds. However, Congress does not act (vote) on outlays directly, but rather on requests for budget authority. Through the appropriations bills it passes, Congress grants budget authority to agencies, which permits them to incur obligations and hence to spend Federal funds.

Before a request for budget authority can be considered, Congress must first enact legislation authorizing an agency to carry out a particular program, such as revenue sharing or food stamps. Authorizing legislation can set a limit on the funds for a given program or call for "such sums as may be necessary," but it cannot stipulate the dollar amount to be spent on the program. Some major programs, like space,

defense procurement, and foreign affairs, are reauthorized by the standing legislative committee every year, while other programs are authorized for several years in advance.

How much money each department, agency, or program receives is determined by the House and Senate Appropriations Committees and their subcommittees, each of which has jurisdiction over specific numbers of Federal agencies. Money bills (i.e., appropriations) may be for 1 year (the most common form), which allows an agency to spend only during 1 fiscal year, or they may be multiyear appropriations. The Constitution requires that all revenue (tax) bills originate in the House, and by custom the House also originates appropriations measures.¹

Since appropriations are not usually considered until authorizing legislation is passed, in recent years many Federal agencies have received their appropriations after the new fiscal year has begun. When an agency does not receive its appropriation before the old one lapses, it operates under a continuing resolution passed by Congress. A continuing resolution usually allows an agency to spend at the previous year's rate.

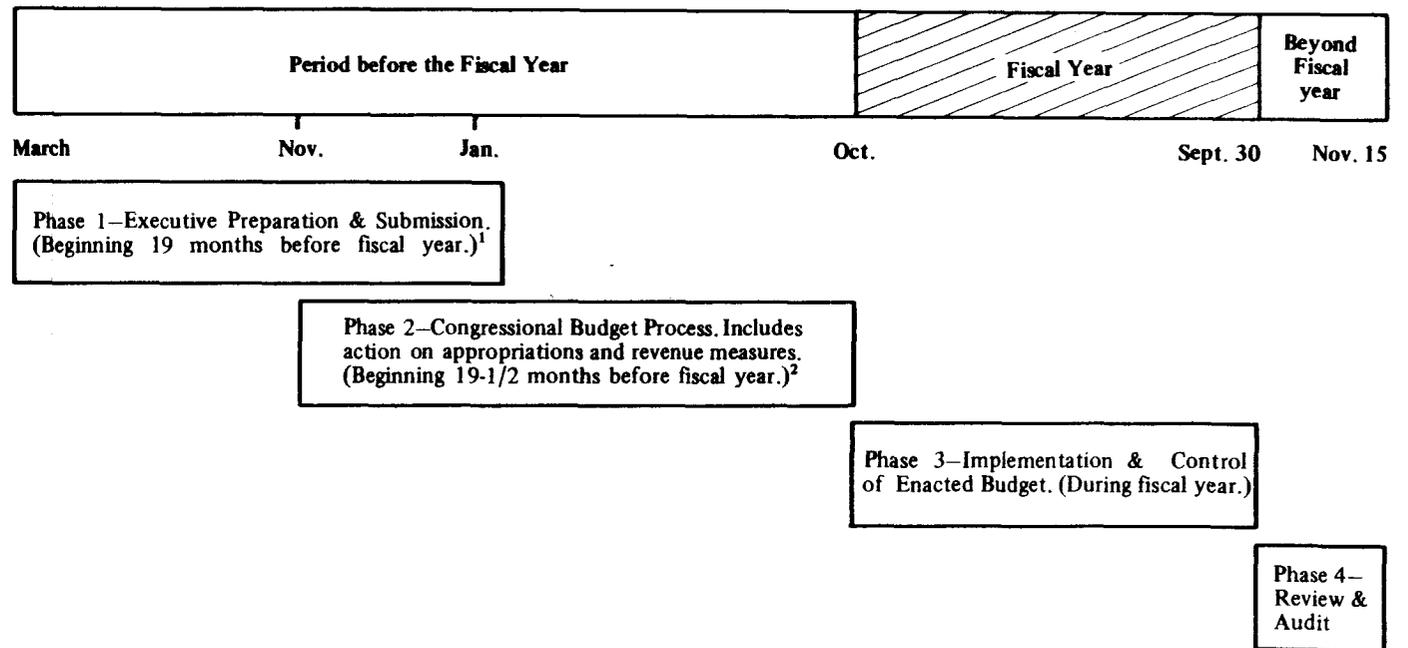
The 1974 Budget Act has introduced the following changes into the congressional budget process:

- 1) It requires Congress, before it enacts any appropriation bills, to adopt concurrent budget resolutions. The first resolution sets target totals for budget authority, outlays, receipts, and the public debt. These targets serve as a guide for Congress' subsequent considerations of appropriations and tax measures. The resolution also subdivides the targets into 17 functional spending categories, such as defense and health, which represent broad national priorities.
- 2) It established the House and Senate Budget Committees and has charged them with the responsibility of reporting the concurrent budget resolutions. The Committees also keep track of individual authorization, appropriations, and revenue decisions that Congress makes during the budget process.

¹Passage of revenue bills follows the same general procedure as appropriation bills, except that revenue measures are reported by the Ways and Means Committee in the House and by the Finance Committee in the Senate.

Figure 1. The Federal Budgetmaking Process

SUMMARY OF MAJOR STEPS IN THE BUDGET PROCESS



¹ The President's budget is transmitted to Congress within 15 days after Congress convenes.

² If appropriation action is not completed by Sept. 30, Congress enacts temporary appropriation (i.e., continuing resolution).

PHASE I - EXECUTIVE PREPARATION AND SUBMISSION

APPROXIMATE TIMING AGENCY OFFICE OF MANAGEMENT AND BUDGET THE PRESIDENT

BUDGET POLICY DEVELOPMENT

MARCH
(or earlier in some agencies)

Reviews current operations, program objectives, issues, and future plans in relation to upcoming annual budget. Submits projections of requirements that reflect current operations and future plans, supporting memoranda and related analytic studies that identify major issues, alternatives for resolving issues, and comparisons of costs and effectiveness.

Develops economic assumptions. Obtains forecasts of international and domestic situations. Prepares fiscal projections.*

APRIL
MAY

Issues policy guidance on material to be developed for Spring planning review.

Discusses budgetary outlook and policies with the Director of OMB and with the Cabinet as appropriate.

MAY

Discusses program developments and management issues, and resulting budgetary effects, with agencies.

Compiles total outlay estimates for comparison with revenue estimates. Develops recommendations for President on fiscal policy*, program issues, and budget levels.

Discusses with the Director of OMB and others as necessary, general budget policy, major program issues, budgetary planning targets, and projections.

JUNE

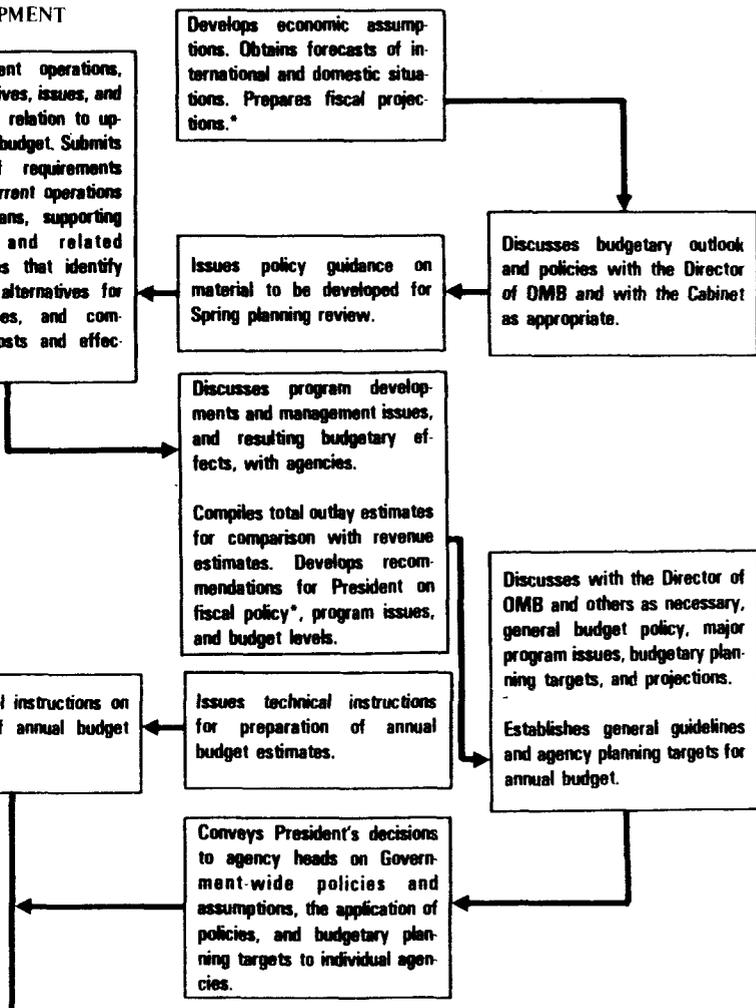
Issues internal instructions on preparation of annual budget estimates.

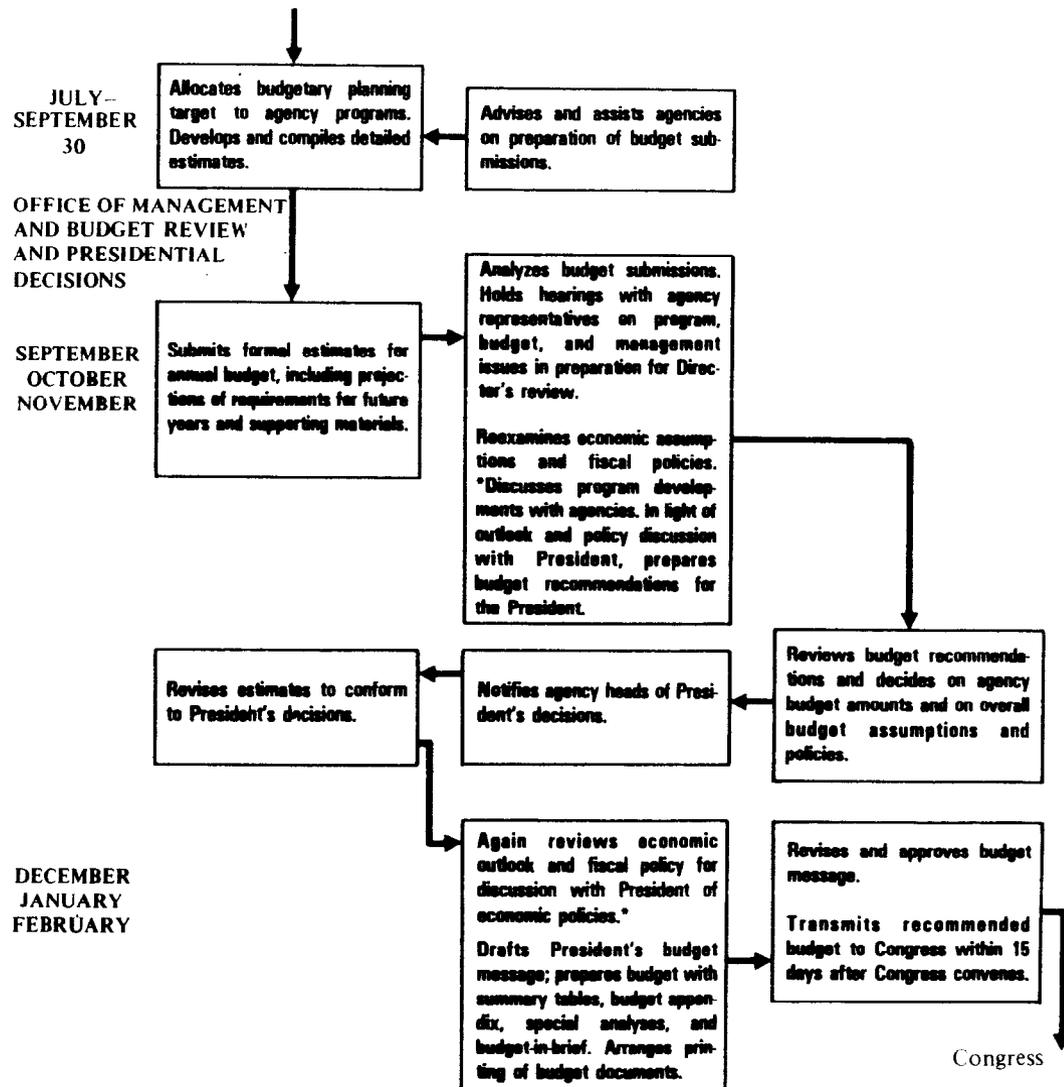
Issues technical instructions for preparation of annual budget estimates.

Establishes general guidelines and agency planning targets for annual budget.

COMPILATION AND SUBMISSION OF AGENCY ESTIMATES

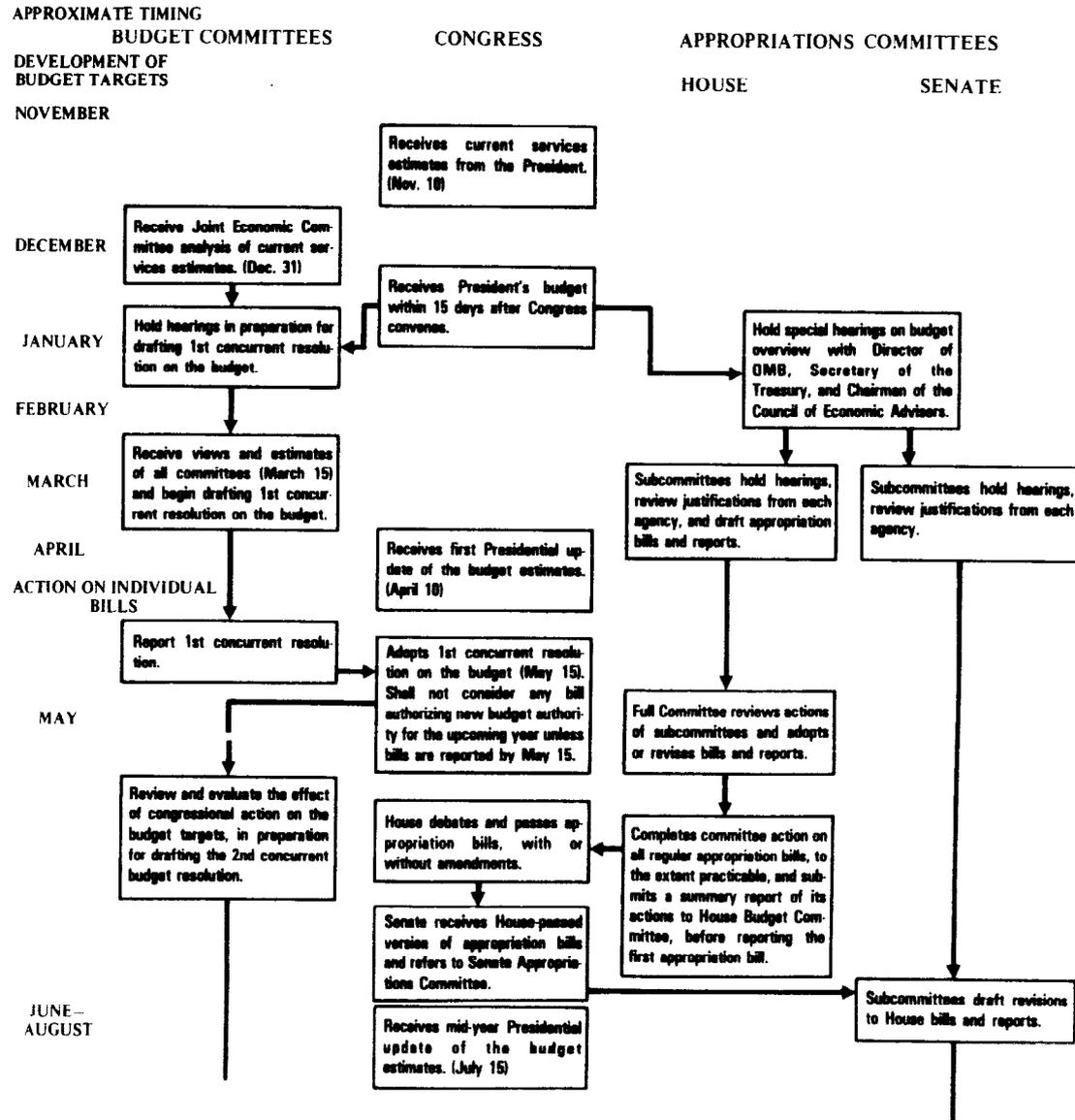
Conveys President's decisions to agency heads on Government-wide policies and assumptions, the application of policies, and budgetary planning targets to individual agencies.

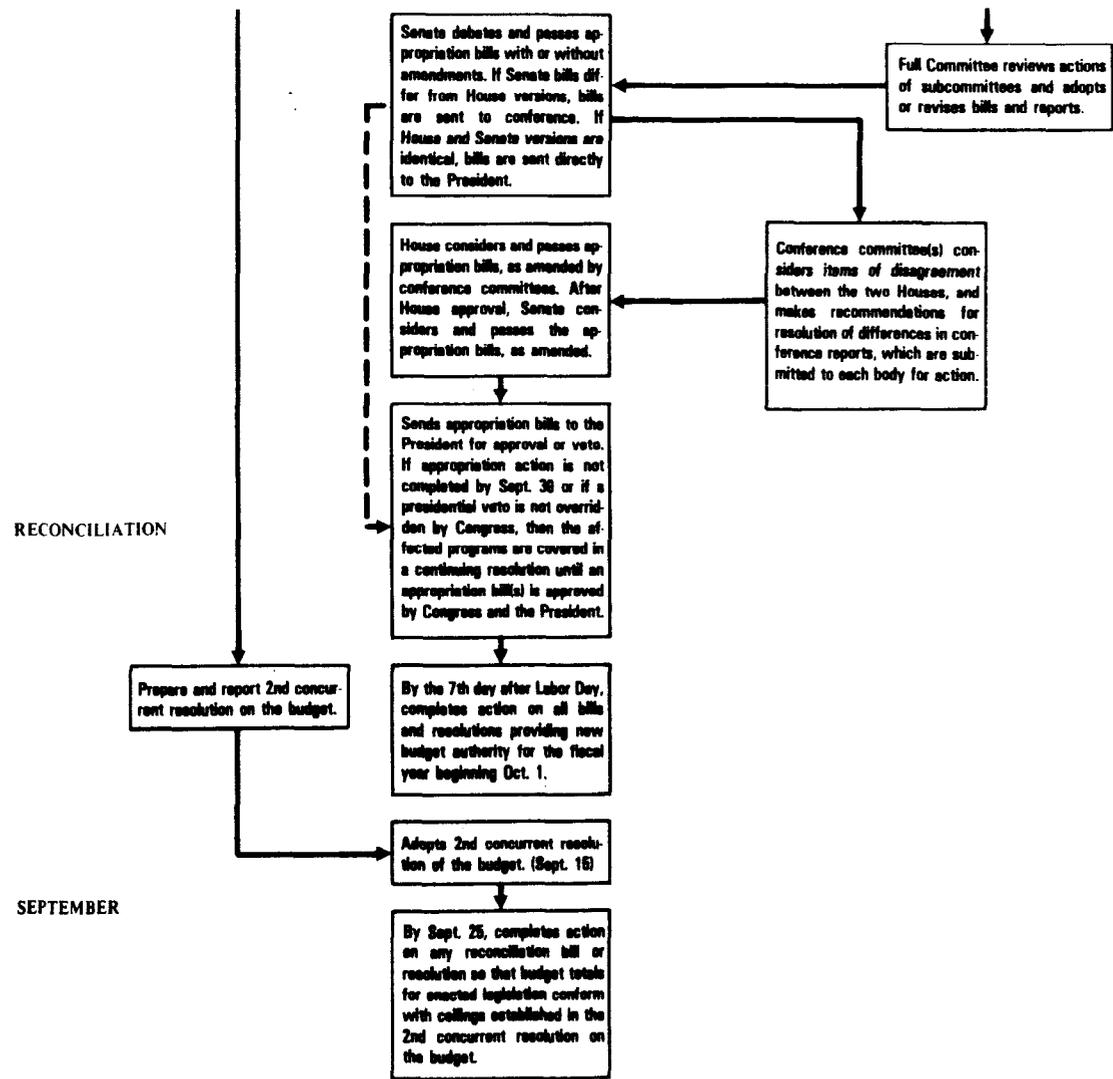




*In cooperation with the Treasury Department and Council of Economic Advisers

PHASE 2—CONGRESSIONAL BUDGET PROCESS





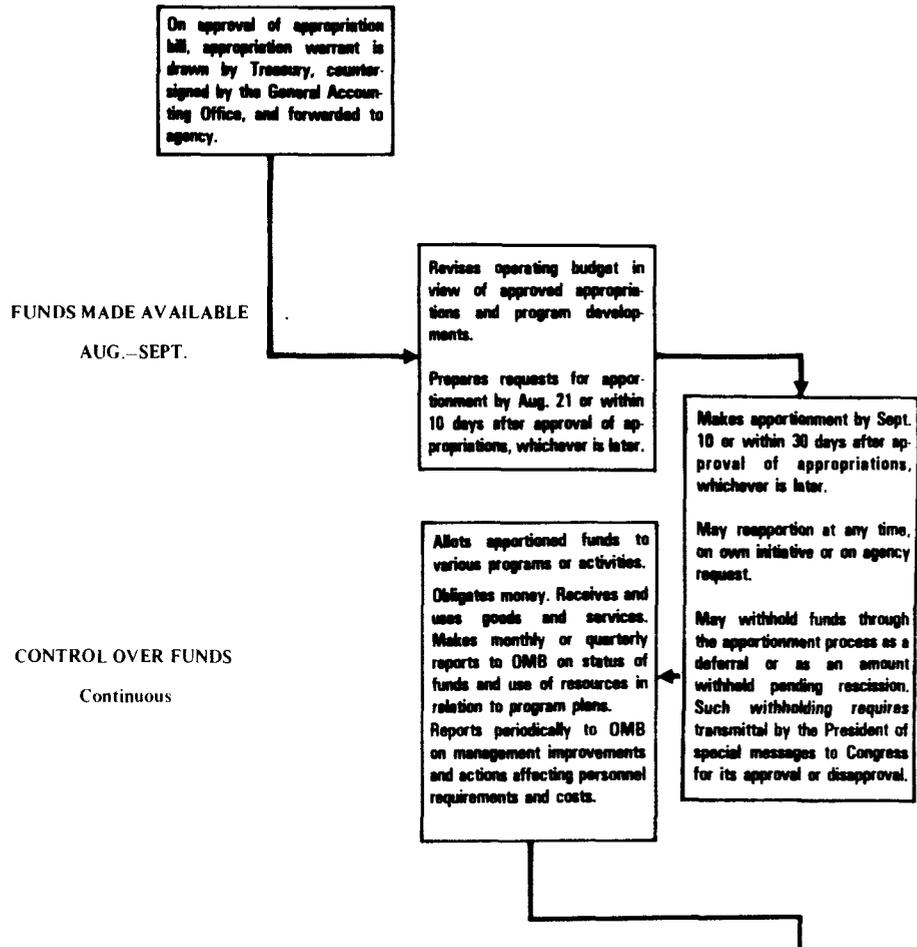
PHASE 3—IMPLEMENTATION AND CONTROL OF ENACTED BUDGET

APPROXIMATE TIMING

TREASURY- GENERAL
ACCOUNTING OFFICE

AGENCY

OFFICE OF
MANAGEMENT AND BUDGET



EXPENDITURE OF FUNDS

As bills become payable

Treasury issues checks (except for certain agencies which issue their own) and reports on financial transactions in Monthly Treasury Statement, Treasury Bulletin, and Combined Statement of Receipts, Expenditures and Balances of the United States Government.

Prepares and certifies vouchers and invoices for payment.

Examines reports on status of funds in relation to apportionments. Analyzes reports on use of resources and relationship of accomplishments and costs. Reports to the President periodically on budget and program status, personnel, management improvements, and cost reductions.

PHASE 4—REVIEW AND AUDIT

APPROXIMATE TIMING

TREASURY-GENERAL ACCOUNTING OFFICE

AGENCY

OFFICE OF MANAGEMENT AND BUDGET

PROGRAM EVALUATION, MANAGEMENT APPRAISAL, AND INDEPENDENT AUDIT

Periodic

General Accounting Office performs independent audit of financial records, transactions, and financial management, generally. "Settles" accounts of certifying and disbursing officers. Makes reports to Congress including reports on special messages on deferrals and proposed rescissions.

Reviews compliance with established policies, procedures, and requirements. Evaluates accomplishment of program plans and effectiveness of management and operations.

Reviews agency operations and evaluates programs and performance. Conducts or guides agencies in organization and management studies. Assists President in improving management and organization of the executive branch.

- 3) By creating the Congressional Budget Office (the congressional counterpart to OMB) and granting it broad authority to obtain data from executive agencies, the Act has provided Congress with a mechanism for obtaining impartial policy and cost analyses and 5-year budget projections. CBO provides Congress with all available information related to the budget and conducts budget-related studies at Congress' request. It also monitors individual spending bills and issues periodic scorekeeping reports showing the status of congressional action on these bills.
- 4) It has provided Congress with a firm budget timetable that coordinates the authorization and appropriations cycles with the overall congressional budget as embodied in the concurrent budget resolutions.
- 5) It has changed the rules on presidential impoundment of funds by establishing a procedure for congressional involvement. The Act requires that any money not spent must be reported to Congress in rescission or deferral messages. Impoundments take effect unless they are disapproved by both Houses within 45 days of the President's notification. Deferrals (temporary withholding of funds from obligation) are effective until overturned by either House.

The congressional timetable laid down in Title III of the Act is illustrated in Figure 1. Congress' activities with respect to the timetable are summarized below.

Congressional Budget Timetable

November 10

Congressional review of the budget begins when the President submits estimates of the current services budget, a 5-year projection of Federal spending based on current programs and existing funding levels, exclusive of any new programs. The Joint Economic Committee assesses these estimates, spelling out the economic assumptions (inflation, unemployment, rate of economic growth) that underlie them, and reports its evaluation to Congress by December 31. Congress uses the current services budget as a basis for examining the President's January budget submission.

January (15 days after Congress convenes)

Following the submission of the President's budget, the Senate and House Budget Committees begin hearings to examine the President's economic assumptions and

spending priorities in preparation for drafting the first concurrent resolution on the budget.

March 15

Authorization and appropriations committees report to the Budget Committees their views and estimates of new budget authority to be enacted for the ensuing fiscal year. Some committees hold formal markup sessions to draft these views and estimates. The reports are used by the Budget Committees to gauge the total and functional spending estimates contained in the first concurrent budget resolution.

April 1

The Congressional Budget Office submits its report detailing alternative spending patterns and revenue levels associated with different budget options and their budgetary implications to the Budget Committees. The CBO report, which in theory is used in drafting the first budget resolution, presents Congress with spending scenarios above and below the President's.

April 15

The Budget Committees of both Houses report the first concurrent budget resolution to Congress. This initial resolution establishes targets for: (a) the appropriate level of total outlays (money to be spent in the ensuing fiscal year) and total new budget authority (money to be spent in the ensuing fiscal year and in future fiscal years) both in the aggregate and by functional category, (b) the appropriate budget surplus or deficit, (c) the recommended level of Federal revenues, and (d) the appropriate level of public debt.

May 15

Budget Committees report legislation proposing new budget authority to the House and Senate. If a committee fails to meet this deadline, the legislation cannot be considered by the House or Senate unless a waiver is reported by the House Rules Committee or the Senate Budget Committee.

May 15

Congress completes action on the first budget resolution. Until the first budget resolution has been finalized, setting a “target” spending ceiling and revenue floor for the fiscal year, neither House can consider any spending or revenue measures that would take effect in that fiscal year.

September (7th day after Labor Day)

Congress completes action on all regular authorization and appropriations measures. The only exception to this rule is consideration of bills that have been delayed because necessary authorizing legislation has not been enacted in time. When this happens, Federal departments and agencies exist on “continuing resolutions”—the prior year’s funding levels—until their regular appropriations are passed.

September 15

There is no deadline for reporting the second budget resolution, but it normally occurs before the annual August recess (or immediately after), and it must be made final by September 15. In the first resolution, the total and functional spending levels are “targets,” but in the second resolution they are “binding.” This has the effect of “locking in” a congressional spending ceiling and revenue floor. Once the second budget resolution is in place, no legislation can be passed that would breach these limits, unless Congress passes a subsequent budget resolution.

September 25

Congress completes final actions on reconciliation for second budget resolution, which either affirms or revises the budget targets set in the first resolution. The House and Senate Budget Committees report any changes to the floor in the form of a reconciliation bill. Congress cannot adjourn for the year until the reconciliation legislation is passed.

October 1

The fiscal year begins.

Phase 3: Implementation and Control of the Enacted Budget

After the budget is approved by Congress, the President is responsible for executing it. Under law, most of the budget authority granted to the agencies of the executive branch is converted into outlays through an apportionment system regulated by the Office of Management and Budget. The Director of OMB apportions (distributes) budget authority to each agency by time periods (usually quarters) or by activities over the duration of the appropriation. This ensures both the economical and effective use of funds and obviates the need for agencies having to ask for supplemental authority. However, changes in law or economic conditions during the fiscal year may necessitate the enactment of additional budget authority. When this happens, supplemental requests are sent to Congress for its consideration. On the other hand, the executive branch, under the Antideficiency Act (31 U.S.C. 665), may establish reserves to fund contingencies or to effect savings made possible by more efficient operations or by changes in requirements.

Title X of the 1974 Budget Act permits the President to withhold appropriated funds for fiscal or other policy reasons, or because the President has determined that all or part of an appropriation is not needed to carry out a program. When these circumstances arise, the President sends a special message to Congress requesting that the budget authority be rescinded. If Congress does not pass a rescission bill within 45 days of continuous session, the budget authority is made available for obligation.

In order to defer—temporarily withhold—budget authority, the President must also send a special message to Congress indicating the reasons for the proposed delay in spending. Either House may, at any time, pass a resolution disapproving the President's request for deferral of budget authority, thus requiring that the funds be made available for obligation. When no congressional action is taken, deferrals may remain in effect until, but not beyond, the end of the fiscal year. If continued deferral is desired into the new fiscal year, the President must transmit a new special message to Congress.

Phase 4: Review and Audit

Individual agencies are responsible—through their own review and control systems—for making sure that the obligations they incur and the resulting outlays adhere to the provisions in the authorizing and appropriations legislation, as well as to other laws and regulations governing the obligation and expenditure of funds.

OMB exercises its review responsibility by appraising program and financial reports and by keeping abreast of agencies' efforts to attain program objectives.

In addition, the General Accounting Office, as an agency responsible to Congress, regularly audits, examines, and evaluates Government programs. Its findings and recommendations for corrective action are made to Congress, to OMB, and to the agencies concerned. GAO also monitors the executive branch's reporting of messages on proposed rescissions and deferrals. It reports to Congress any differences it may have with the classifications (i.e., rescissions or deferrals) of the President's requests for withholding funds. Should the President fail to make budget authority available in accordance with the 1974 Budget Act, GAO may bring civil action to obtain compliance.

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GLOSSARY

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Budget Terms and Definitions

ACCRUED EXPENDITURES

Charges during a given period that reflect liabilities incurred and the need to pay for: (a) services performed by employees, contractors, other Government accounts, vendors, carriers, grantees, lessors, and other payees; (b) goods and other tangible property received; and (c) amounts becoming owed under programs for which no current service or performance is required (such as annuities, insurance claims, other benefit payments, and some cash grants, but excluding the repayment of debt, which is considered neither an obligation nor an expenditure). Expenditures accrue regardless of when cash payments are made, whether invoices have been rendered, or, in some cases, whether goods or other tangible property have been physically delivered. (*See also* Accrual Basis of Accounting and Liabilities defined in the Accounting Terms section of this glossary.)

ACTIVITY

A specific and distinguishable line of work performed by one or more organizational components of a governmental unit for the purpose of discharging a function or subfunction for which the governmental unit is responsible. For example, food inspection is an activity performed in the discharge of the health function. (*See also* Budget Activity; Functional Classification.)

ADVANCE APPROPRIATION

Budget authority provided in an appropriation act to become available in a fiscal year, or more, beyond the fiscal year for which the appropriation act is passed. The amount is not included in the budget totals of the year in which the appropriation bill is enacted but it is included in the budget totals for the fiscal year in which the amount will become available for obligation. For examples and further discussion of this term, see Part V of *The Budget of the United States Government, Appendix*. (For distinction, see Advance Funding; Forward Funding *under* Budget Authority.)

ADVANCE FUNDING

Budget authority provided in an appropriation act to obligate and disburse funds during a fiscal year from a succeeding year's appropriation. The funds so obligated increase the budget authority for the fiscal year in which obligated and reduce the budget authority of

the succeeding fiscal year. Advance funding is a device for avoiding supplemental requests late in the fiscal year for certain entitlement programs should the appropriations for the current year prove to be too low. For examples and further discussion of this term, see Part V of *The Budget of the United States Government, Appendix*. (For distinction, see Advance Appropriation; Forward Funding *under* Budget Authority.)

ADVANCES

Amounts of money prepaid pursuant to budget authority in contemplation of the later receipt of goods, services, or other assets. Advances are ordinarily made only to payees to whom an agency has an obligation, and not in excess of the amount of the obligation. A common example is travel advances which are amounts made available to employees prior to the beginning of a trip for costs incurred in accordance with the Travel Expense Act of 1949 and in accordance with standardized Government travel regulations. (See also Undelivered Orders.)

AGENCY

There is no single definition of the term agency. Any given definition usually relates to specific legislation. Generally, executive agency means any executive branch department, independent commission, board, bureau, office or other establishment of the Federal Government, including independent regulatory commissions and boards. (The term sometimes includes the municipal government of the District of Columbia.) Federal agency is a broader term, encompassing executive agencies and establishments in the judicial and legislative branches (except the Senate, the House of Representatives, and activities under the direction of the Architect of the Capitol).

AGENCY MISSIONS

Responsibilities assigned to a specific agency for meeting national needs.

Agency missions are expressed in terms of the purpose to be served by the programs authorized to carry out functions or subfunctions which, by law, are the responsibility of that agency and its component organizations. In contrast to national needs, generally described in the context of major functions, agency missions are generally described in the context of subfunctions. (See also Functional Classification; Mission Budgeting; National Needs.)

ALLOCATIONS

For purposes of Government accounting, an allocation is the amount of obligational authority transferred from one agency, bureau, or account that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund. (The account to which the appropriation is made is called the parent account.) For example, allocations are made when one or more agencies share the administration of a program for which appropriations are made to only one of the agencies or to the President. Transactions involving allocation accounts appear in the Object Classification Schedule with the corresponding Program and Financing Schedule in *The Budget of the United States Government, Appendix*. (For detailed discussion on the treatment of Object Classification—with Allocation Accounts, see OMB Circular No. A-11, revised.)

For purposes of section 302(a) of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344; 31 U.S.C. 1323), an allocation is the distribution of total budget outlays or total new budget authority in a concurrent resolution on the budget to the various committees having spending responsibilities. (See also Crosswalk; Object Classification; Transfer Appropriation Accounts *under* Appropriation (Expenditure), Receipt, and Fund Accounts; Transfer Between Appropriation/Fund Accounts; Transfer of Funds.)

ALLOTMENT

An authorization by the head (or other authorized employee) of an agency to his/her subordinates to incur obligations within a specified amount. An agency makes allotments pursuant to the requirements stated in OMB Circular No. A-34. The amount allotted by an agency cannot exceed the amount apportioned by the Office of Management and Budget. (See also Apportionment; Reapportionment.)

ALLOWANCES

Amounts included in the President's budget request or projections to cover possible additional proposals, such as statutory pay increases and contingencies for relatively uncontrollable programs and other requirements. As used by Congress in the concurrent resolutions on the budget, allowances represent a special functional classification designed to include amounts to cover possible requirements, such as civilian pay raises and contingencies. Allowances remain undistributed until they occur or become firm, then they are distributed to the appropriate functional classification(s). For a more

detailed discussion, see Part 5, Meeting National Needs: The Federal Program by Function, *The Budget of the United States Government*. (See also Controllability.)

ANTIDEFICIENCY ACT

Legislation enacted by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds; to fix responsibility within an agency for the creation of any obligation or the making of any expenditure in excess of an apportionment or reappropriation or in excess of other subdivisions established pursuant to 31 U.S.C. 665(g); and to assist in bringing about the most effective and economical use of appropriations and funds. The Act is sometimes known as Section 3679 of the Revised Statutes, as amended. (See also Apportionment; Budgetary Reserves; Deferral of Budget Authority; Deficiency Apportionment; Deficiency Appropriation; Fund Accounting defined in the Accounting Terms section of this glossary; Supplemental Appropriation.)

APPLIED COSTS

- The financial measure of resources consumed or applied within a given period of time to accomplish a specific purpose, such as performing a service, carrying out an activity, or completing a unit of work or a specific project, regardless of when ordered, received, or paid for. (For further discussion of this term, as it applies to the budgetary process and to particular types of transactions, see OMB Circular No. A-34.)

APPORTIONMENT

A distribution made by the Office of Management and Budget of amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account. Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred. In apportioning any account, some funds may be reserved to provide for contingencies or to effect savings, pursuant to the Antideficiency Act; or may be proposed for deferral or rescission pursuant to the Impoundment Control Act of 1974 (Title X of the Congressional Budget and Impoundment Control Act, P.L. 93-344, 31 U.S.C. 1400, et seq.).

The apportionment process is intended to prevent obligation of amounts available within

an appropriation or fund account in a manner that would require deficiency or supplemental appropriations and to achieve the most effective and economical use of amounts made available for obligation. In this regard, Federal agency obligations may not be incurred in excess of the amount of budget authority apportioned. (*See also* Allotment; Antideficiency Act; Budgetary Reserves; Deferral of Budget Authority; Deficiency Apportionment; Deficiency Appropriation; Reapportionment; Rescission; Supplemental Appropriation.)

APPROPRIATION ACCOUNT/FUND ACCOUNT

A summary account established in the Treasury for each appropriation and/or fund showing transactions to such accounts. Each such account provides the framework for establishing a set of balanced accounts on the books of the agency concerned.

APPROPRIATION ACT

A statute, under the jurisdiction of the House and Senate Committees on Appropriations, that generally provides authorization for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act, the most common means of providing budget authority, generally follows enactment of authorizing legislation unless the authorizing legislation itself provides the budget authority.

Currently, there are 13 regular appropriation acts enacted annually. From time to time, Congress also enacts supplemental appropriation acts. (*See also* Budget Authority; Supplemental Appropriation.)

APPROPRIATION (EXPENDITURE), RECEIPT, AND FUND ACCOUNTS

Expenditure and Receipt Accounts

There are a number of expenditure, receipt, and other accounts used by the Federal Government. The expenditure and receipt accounts used for budget and accounting purposes are those that record the Federal and trust fund amounts. (*See also under* Collections.)

In addition to the above, some accounts are used only for accounting purposes. These include transfer appropriation accounts, foreign currency accounts, receipt clearing accounts, and deposit fund accounts.

The Federal and trust fund amounts (except those specifically excluded by law) comprise the President's budget.

Federal Fund Accounts

General Fund Receipt Accounts. Those accounts credited with all collections that are not earmarked by law for a specific purpose. These collections are presented in *The Budget of the United States Government* as either budget (governmental) receipts or offsetting collections.

General Fund Expenditure Accounts. Appropriation accounts established to record amounts appropriated by Congress to be expended for the general support of the Federal Government.

Public Enterprise Revolving Fund Accounts

Expenditure accounts authorized by Congress to be credited with collections, primarily from the public, that are generated by, and earmarked to finance, a continuing cycle of business-type operations.

Intragovernmental Fund Accounts

Expenditure accounts specifically authorized by law to facilitate financing transactions within and between Federal agencies.

Intragovernmental Revolving Fund Accounts. Authorized by law to carry out a cycle of intragovernmental business-type operations. They are similar to public enterprise revolving fund accounts except they are credited with offsetting collections primarily from other Federal agencies and accounts. Some examples are working capital fund, stock fund, industrial fund, and supply fund.

Management Fund Accounts. Authorized by law to credit collections from two or more appropriations to finance activity not involving a continuing cycle of business-type operations. Such accounts do not generally own a significant amount of assets (e.g., supplies, equipment, loans, etc.), nor do they have a specified amount of capital provided (a corpus of the fund).

Consolidated Working Fund Accounts. Included under management fund accounts, these are special working funds established under the authority of Section 601 of the Economy Act (31 U.S.C. 686) to receive advance payments from other agencies or accounts. Consolidated working funds are not used to finance the work directly, but only to reimburse the appropriation or fund account that will finance the work to be performed. Amounts in consolidated working fund accounts are available for the same periods as those of the accounts advancing the funds.

Special Fund Accounts

Special Fund Receipt Accounts. Those accounts credited with collections from specific sources that are earmarked by law for a specific purpose. These collections are presented in *The Budget of the United States Government* as either budget (governmental) receipts or offsetting collections.

Special Fund Expenditure Accounts. Appropriation accounts established to record appropriated amounts of special fund receipts to be expended for special programs in accordance with specific provisions of law.

Trust Fund Accounts

Usually recorded in separate receipt and expenditure accounts. In a few cases, namely trust revolving funds, collections are authorized to be credited to an expenditure account.

Trust Fund Receipt Accounts. Credited with collections generated by the terms of a trust agreement or statute. These collections are presented in *The Budget of the United States Government* either as budget (governmental) receipts or offsetting collections.

Trust Fund Expenditure Accounts. Appropriation accounts established to record appropriated amounts of trust fund receipts to be used to finance specific purposes or programs under a trust agreement or statute.

Trust Revolving Fund Accounts. Expenditure accounts used to carry out a cycle of business-type operations (e.g., the Federal Deposit Insurance Corporation) in accordance with a trust agreement or statute. They are authorized to be credited with offsetting collections.

In addition to the Federal and trust funds, there exist the following kinds of accounts for purposes other than budget presentation:

Foreign Currency Fund Accounts

Established in the Treasury for foreign currency that is acquired without payment of United States dollars, primarily in payment for commodities (such as through the Agricultural Trade Development Assistance Act, P.L. 83-480). (For distinction, see Special Foreign Currency Program Appropriation.)

Receipt Clearing Accounts

Set up to hold general, special, or trust fund receipts temporarily, pending credit to the applicable Federal or trust fund receipt accounts.

Deposit Fund Accounts

Expenditure accounts established to account for collections that are either (a) held temporarily and later refunded or paid upon administrative or legal determination as to the proper disposition thereof, or (b) held by the Government as banker or agent for others and paid out at the direction of the depositor. (For example, savings accounts for military personnel; Federal, State, and local income taxes withheld from Federal employees' salaries; and payroll deductions for the purchase of savings bonds by civilian employees of the Government. Deposit funds are accounted for as liabilities of the Federal Government. These accounts are not included in the budget totals because the amounts are not available for Government purposes. However, since the cash in the accounts is used by the Treasury to satisfy immediate cash

requirements of the Government, deposit fund balances are shown as a means of financing the deficit in the budget.

Transfer Appropriation Accounts

Established to receive and disburse allocations. Such allocations and transfers are not adjustments to budget authority or balances of budget authority. Rather, the transactions (including any adjustments therein) are treated as nonexpenditure transactions at the time the allocation is made. The accounts carry symbols that identify the original appropriation from which monies were advanced. Transfer appropriation accounts are symbolized by adding the receiving agency's department prefix to the original appropriation or fund account symbol. In some cases a bureau suffix is added to show that the transfer is being made to a particular bureau within the receiving department. For budget purposes, transactions in the transfer accounts are reported with the transactions in the parent accounts. (*See also* Allocations; Nonexpenditure Transactions.)

APPROPRIATION LIMITATION

A statutory restriction in appropriation acts that establishes the maximum or minimum amount that may be obligated or expended for specified purposes.

AUTHORIZING COMMITTEE

A standing committee of the House or Senate with legislative jurisdiction over the subject matter of those laws, or parts of laws, that set up or continue the legal operations of Federal programs or agencies. An authorizing committee also has jurisdiction in those instances where backdoor authority is provided in the substantive legislation. (*See also* Oversight Committee; Spending Committee.)

AUTHORIZING LEGISLATION

Substantive legislation enacted by Congress that sets up or continues the legal operation of a Federal program or agency either indefinitely or for a specific period of time or sanctions a particular type of obligation or expenditure within a program.

Authorizing legislation is normally a prerequisite for appropriations. It may place a limit on the amount of budget authority to be included in appropriation acts or it may authorize the appropriation of "such sums as may be necessary." In some instances authorizing legislation may provide authority to incur debts or to mandate payment to particular persons or political subdivisions of the country. (*See also* Backdoor Authority; Entitlements; Spending Legislation; Substantive Law.)

BACKDOOR AUTHORITY

Budget authority provided in legislation outside the normal (appropriations committees) appropriations process. The most common forms of backdoor authority are authority to borrow (also called borrowing authority or authority to spend debt receipts) and contract authority. In other cases (e.g., interest on the public debt), a permanent appropriation is provided that becomes available without any current action by Congress. Section 401 of the Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1351) specifies certain limits on the use of backdoor authority. (*See also* Authorizing Legislation; Appropriations *under* Budget Authority; Spending Authority; Spending Committees; Spending Legislation.)

BALANCED BUDGET

A budget in which receipts are equal to or greater than outlays. (*See also* Budget Deficit; Budget Surplus.)

BALANCES OF BUDGET AUTHORITY

Balances of budget authority result from the fact that not all budget authority enacted in a fiscal year is obligated and paid out in that same year. Balances are classified as follows:

Obligated Balance

The amount of obligations already incurred for which payment has not yet been made. This balance can be carried forward indefinitely until the obligations are paid. (*See also* "M" Account.)

Unobligated Balance

The portion of budget authority that has not yet been obligated. In 1-year accounts

the unobligated balance expires (ceases to be available for obligation) at the end of the fiscal year. In multiple-year accounts the unobligated balance may be carried forward and remain available for obligation for the period specified. In no-year accounts the unobligated balance is carried forward indefinitely until (1) specifically rescinded by law, or (2) until the purposes for which it was provided have been accomplished, or (3), in any event, whenever disbursements have not been made against the appropriation for 2 full consecutive years. (*See also* Merged Surplus Accounts.)

Unexpended Balance

The sum of the obligated and unobligated balances.

BUDGET ACTIVITY

Categories within most accounts that identify the purposes, projects, or types of activities financed. They are presented in the Program by Activities section in the Program and Financing schedule of *The Budget of the United States Government, Appendix*. (*See also* Activity.)

BUDGET AMENDMENT

A revision to some aspect of a previous budget request, submitted to Congress by the President before Congress completes appropriation action. (*See also* Presidential Statement of Budgetary Amendments or Revisions.)

BUDGET AUTHORITY

Authority provided by law to enter into obligations that will result in immediate or future outlays involving Federal Government funds, except that budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority may be classified by the period of availability (1-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).

Forms of Budget Authority

Appropriations. An authorization by an act of Congress that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation usually follows enactment of authorizing legislation. An appropriation act is the most common means of providing budget authority, but in some cases the authorizing legislation itself provides the budget authority. (See Backdoor Authority.) Appropriations do not represent cash actually set aside in the Treasury for purposes specified in the appropriation act: they represent limitations of amounts that agencies may obligate during the period of time specified in the respective appropriation acts. Several types of appropriations are not counted as budget authority, since they do not provide authority to incur additional obligations. Examples of these include:

- Appropriations to liquidate contract authority—congressional action to provide funds to pay obligations incurred against contract authority;
- Appropriations to reduce outstanding debt—congressional action to provide funds for debt retirement; and,
- Appropriations for refunds of receipts. (See also Refunds.)

Authority To Borrow. Also called borrowing authority or authority to spend debt receipts. Statutory authority that permits a Federal agency to incur obligations and to make payments for specified purposes out of borrowed monies. (See also Debt, Federal.)

Contract Authority. Statutory authority that permits obligations to be incurred in advance of appropriations or in anticipation of receipts to be credited to a revolving fund or other account. (By definition, contract authority is unfunded and must subsequently be funded by an appropriation to liquidate obligations incurred under the contract authority, or by the collection and use of receipts.) (See also Backdoor Authority.)

Determination of Amount

Definite Authority. Authority which is stated as a specific sum at the time the authority is granted. This includes authority stated as “not to exceed” a specified amount.

Indefinite Authority. Authority for which a specific sum is not stated but is determined by other factors, such as the receipts from a certain source or obligations incurred. (Authority to borrow that is limited to a specified amount that may be outstanding at any time, i.e., revolving debt authority is considered to be indefinite budget authority.)

Period of Availability

One-Year (Annual) Authority. Budget authority that is available for obligation only during a specified fiscal year and expires at the end of that time.

Multiple-Year Authority. Budget authority that is available for a specified period of time in excess of one fiscal year. This authority generally takes the form of 2-year, 3-year, etc., availability, but may cover periods that do not coincide with the start or end of a fiscal year. For example, the authority may be available from July 1 of one year through September 30 of the following fiscal year (15 months). This type of multiple-year authority is sometimes referred to as “forward funding.” (For distinction, see Advance Appropriation and Advance Funding. See also Full Funding; Multi-Year Budget Planning.)

No-Year Authority. Budget authority that remains available for obligation for an indefinite period of time, usually until the objectives for which the authority was made available are attained.

Extensions of Budget Authority

Reappropriations. Congressional action to continue the obligational availability, whether for the same or different purposes, of all or part of the unobligated portion of budget authority that has expired or would otherwise expire. Reappropriations are counted as budget authority in the year for which the availability is extended. (For distinction, *see* Restoration.)

Continuing Resolution. Legislation enacted by Congress to provide budget authority for Federal agencies and/or specific activities to continue in operation until the regular appropriations are enacted. Continuing resolutions are enacted when action on appropriations is not completed by the beginning of a fiscal year. The continuing resolution usually specifies a maximum rate at which the obligations may be incurred, based on the rate of the prior year, the President's budget request, or an appropriation bill passed by either or both Houses of the Congress.

Timing of Congressional Action

Current Authority. Budget authority enacted by Congress in or immediately preceding the fiscal year in which it becomes available.

Permanent Authority. Budget authority that becomes available as the result of previously enacted legislation (substantive legislation or prior appropriation act) and does not require current action by Congress. Authority created by such legislation is considered to be "current" in the first year in which it is provided and "permanent" in succeeding years. (*See also* Controllability.)

BUDGET DEFICIT

The amount by which the Government's budget outlays exceed its budget receipts for a given fiscal year. (*See also* Balanced Budget; Budget Surplus.)

Budget Terms _____

BUDGET ESTIMATES

Estimates of budget authority, outlays, receipts, or other budget measures that cover the current and budget years, as reflected in the President's budget and budget updates. (*See also* Budget Updates; President's Budget; Projections.)

BUDGET SURPLUS

The amount by which the Government's budget receipts exceed its budget outlays for a given budget/fiscal year. (*See also* Balanced Budget; Budget Deficit.)

BUDGET UPDATES

Amendments to, or revisions in, budget authority requested, estimated outlays, and estimated receipts for the ensuing fiscal year. The President is required by the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 11(g)) to transmit such statements to Congress by April 10 and July 15 of each year; however, the President may also submit budget updates at other times during the fiscal year. (*See also* Budget Estimates; President's Budget; Presidential Statement of Budgetary Amendments or Revisions.)

BUDGETARY RESERVES

Portions of budgetary resources set aside (withheld from apportionment) by the Office of Management and Budget by authority of the Antideficiency Act (31 U.S.C. 665) to (a) provide for contingencies, or (b) effect saving whenever savings are made possible by, or through changes in, requirements or greater efficiency of operations. Budgetary resources may also be set aside as specified by particular appropriation acts or other laws.

Except as specifically provided by law, no reserves shall be established other than as authorized under the Antideficiency Act (31 U.S.C. 665). Reserves established are reported to Congress in accordance with the Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1401 et seq.). (*See also* Antideficiency Act; Apportionment; Deferral of Budget Authority; Rescission.)

CAPITAL BUDGET

A divided budget with investment in capital assets excluded from calculations of the budget surplus or deficit, is often referred to as a capital budget. A capital budget provides for separating financing of capital or investment expenditures from current or operating expenditures.

The Federal Government has never had a capital budget in the sense of financing capital or investment-type programs separately from current expenditures. However, Federal expenditures of an investment nature are presented in Special Analysis D of the *Special Analyses, Budget of the United States Government*. (See also Capital defined in the Economic Terms section of this glossary.)

CHANGE IN SELECTED RESOURCES

An adjustment representing the bridge between program costs and obligations. It represents an increase or decrease in (a) those assets and liabilities that have been recorded as obligations but have not yet been consumed (e.g., inventories), and (b) those assets and liabilities which have become costs but have not yet become obligations (e.g., accrued annual leave).

This measure is shown as an entry in the Program and Financing Schedule of *The Budget of the United States Government, Appendix*. Details for computing change in selected resources are explained in section 32.3 of OMB Circular No. A-11. (See also Cost-Based Budgeting.)

COLLECTIONS

Amounts received by the Federal Government during the fiscal year. (See also Appropriation (Expenditure), Receipt, and Fund Accounts.) Collections are classified into two major categories:

Budget Receipts

Collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary Federal social insurance programs. These collections, also called governmental receipts, consist primarily of tax receipts and social insurance premiums, but also include receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts. Budget receipts are compared with total outlays in calculating the budget surplus or deficit.

Offsetting Collections

Collections from Government accounts or from transactions with the public that are of a business-type or market-oriented nature. They are classified into two major categories: (a) collections credited to appropriation or fund accounts, and (b) offsetting receipts (i.e., amounts deposited in receipt accounts). In general, the distinction between these two major categories is that "collections credited to appropriation or fund accounts" normally can be used without appropriation action by Congress, whereas funds in "receipt accounts" cannot be used without being appropriated. Offsetting collections are deducted from disbursements in calculating total outlays. Corresponding offsets are made in arriving at total budget authority and net obligations incurred. The two categories of offsetting collections are defined as follows:

Collections Credited to Appropriation or Fund Accounts. These occur in two circumstances:

Reimbursements. When authorized by law, amounts collected for materials or services furnished are treated as reimbursements to appropriations. For accounting purposes, earned reimbursements are also known as *revenues*. These collections are netted in determining outlays from such appropriations. (For distinction, see Refunds. See also Unfilled Customers' Orders.)

Revolving Funds. In the three types of revolving funds—public enterprise, intra-governmental, and trust revolving—collections are netted against spending and outlays are reported as the net amount.

Offsetting Receipts. Amounts deposited in receipt accounts (i.e., general funds, special funds, or trust funds). These receipts generally are deducted from budget authority and outlays by function and/or subfunction, and by agency. Offsetting receipts are subdivided as follows:

Proprietary Receipts from the Public. Collections from the public deposited in receipt accounts of the general fund, special funds, or trust funds as a result of the Government's business-type or market-oriented activities (e.g., loan repayment, interest, sale of property and products, charges for nonregulatory services, and rents and royalties). Such collections are not counted as budget receipts, and with one exception, are offset against total budget authority and outlays by agency and by function. The exception consists of receipts from rents and royalties from Outer Continental Shelf lands that are deducted from total budget authority and outlays for the Government as a whole rather than from any single agency or function. (*See also* Undistributed Offsetting Receipts.)

Intragovernmental Transactions. Payments into receipt accounts from Federal appropriations or fund accounts. They are treated as an offset to budget authority and outlays, rather than as a budget receipt. Intragovernmental transactions may be intrabudgetary (where both the payment and receipt occur within the budgetary universe) or they may result from the payment by an off-budget Federal entity whose funds are excluded from the budget totals. Normally, intragovernmental transactions are deducted from both the outlays and the budget authority for the agency receiving the payment. However, in two cases, these transactions are not deducted from the figures of any agency or function. Instead, intragovernmental transactions that involve agencies' payments (including payments by off-budget Federal entities) as employers into employee retirement trust funds and the payment of interest to nonrevolving trust funds appear as special deduct lines in computing total budget authority and outlays for the Government.

Intrabudgetary transactions are further subdivided into three categories: (1) inter-fund transactions, where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) Federal intrafund transactions, where the payment and receipt both occur within the Federal fund group; and (3) trust intrafund transactions, where the payment and receipt both occur within the trust fund group.

CONCURRENT RESOLUTION ON THE BUDGET

A resolution passed by both Houses of Congress, but not requiring the signature of the President, setting forth, reaffirming, or revising the congressional budget for the United States Government for a fiscal year.

Two such resolutions are required before the start of a fiscal year. The first, due by May 15, establishes the congressional budget targets for the next fiscal year; the second, scheduled to be passed by September 15, sets a ceiling on budget authority and outlays and a floor on receipts. Additional concurrent resolutions revising the previously established budget levels may be passed by Congress at any time. (*See also* Congressional Budget; First Concurrent Resolution on the Budget; Second Concurrent Resolution on the Budget.)

CONGRESSIONAL BUDGET

The budget as set forth by Congress in a concurrent resolution on the budget. By law the resolution includes:

- the appropriate level of total budget outlays and of total new budget authority;
- an estimate of budget outlays and new budget authority for each major functional category, for undistributed intergovernmental transactions, and for such other matters relating to the budget as may be appropriate to carry out the purposes of the 1974 Congressional Budget and Impoundment Control Act;

—the amount, if any, of the surplus or deficit in the budget;

—the recommended level of Federal receipts; and

—the appropriate level of the public debt.

(*See also* Concurrent Resolution on the Budget; President's Budget.)

CONSOLIDATED DECISION PACKAGES

Packages prepared at higher organizational and program levels that summarize and supplement information contained in decision packages received from subordinate units in an agency. Consolidated packages may reflect different priorities, including the addition of new programs or the abolition of existing ones. (*See also* Decision Package; Zero-Base Budgeting.)

CONTROLLABILITY

The ability of Congress and the President to increase and decrease budget outlays or budget authority in the year in question, generally the current or budget year. Relatively uncontrollable refers to spending that the Federal Government cannot increase or decrease without changing existing substantive law. For example, outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statute or by contract or other obligations. (*See* Permanent Authority *under* Budget Authority.)

Controllability, as exercised by Congress and the President, is determined by statute. In the case of Congress, all permanent budget authority is uncontrollable. For example, most trust fund appropriations are permanent, as are a number of Federal fund appropriations, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. In the case of the President, relatively uncontrollable spending is usually the result of open-ended programs and fixed costs (e.g., social security, medical care, veterans benefits—outlays generally mandated by law), but also includes payments coming due resulting from budget authority enacted in prior years, such as entering into contracts. (*See also* Allowances; Contract Authority; Entitlements.)

COOPERATIVE AGREEMENT

A form of assistance award from the Federal Government to a State or local government or other recipient to support and stimulate an activity or venture to accomplish a public purpose, and in which the Federal Government will be substantially involved during the performance of the contemplated activity. (*See also* Grants; Grants-in-Aid.)

COST-BASED BUDGETING

Budgeting in terms of costs to be incurred, that is, the resources to be consumed in carrying out a program, regardless of when the funds to acquire the resources were obligated or paid, and without regard to the source of funds (i.e., appropriation). For example, inventory items become costs when they are withdrawn from inventory, and the cost of buildings is distributed over time, through periodic depreciation charges, rather than in a lump sum when the buildings are acquired.

Cost-based budgeting, in lieu of reflecting the obligational requirements for programs, reflects costs expected to be incurred during the budget year. When the program and financing schedules in the appendix to the President's budget are stated in terms of cost, additional entries are used to present the obligations required for inventories and other items that are not costed in the period. (*See also* Change in Selected Resources. For distinction, *see* Obligation-Based Budgeting.)

CROSS AGENCY RANKING

A process of ranking, on a Government-wide basis, the decision packages that fall within a specified margin of the President's budget total. The purpose of cross agency ranking is to help assure that diverse programs of the same priority are considered for inclusion within the budget total recommended by the President. (*See also* Decision Package; Ranking; Zero-Base Budgeting.)

CROSSWALK

Any procedure for expressing the relationship between budgetary data from one set of classifications to another, such as between appropriation accounts and authorizing legis-

lation or between the budget functional structure and the congressional committee spending jurisdictions. (*See also* Allocations.)

CURRENT SERVICES ESTIMATES

Presidential estimates of budget authority and outlays for the ensuing fiscal year based on continuation of existing levels of service. These estimates reflect the anticipated costs of continuing Federal programs and activities at present spending levels without policy changes, that is, ignoring all new initiatives, presidential or congressional, that are not yet law.

These estimates of budget authority and outlays, accompanied by the underlying economic and programmatic assumptions upon which they are based (such as the rate of inflation, the rate of real economic growth, the unemployment rate, program caseloads, and pay increases) are required to be transmitted by the President to the Congress with the President's budget. (For a more detailed discussion of this term, see Special Analysis A of the *Special Analyses, Budget of the United States Government.*)

DEBT, FEDERAL

There are three basic tabulations of Federal debt: gross Federal debt, debt held by the public, and debt subject to statutory limit. (*See also* Authority To Borrow *under* Budget Authority.)

Gross Federal Debt

Consists of public debt and agency debt and includes all public and agency debt issues outstanding.

Public Debt. That portion of the Federal debt incurred when the Treasury or the Federal Financing Bank (FFB) borrows funds directly from the public or another fund or account. To avoid double counting, FFB borrowing from the Treasury is not included in the public debt. (The Treasury borrowing required to obtain the money to lend to the FFB is already part of the public debt.)

Agency Debt. That portion of the Federal debt incurred when a Federal agency, other than the Treasury or the Federal Financing Bank, is authorized by law to borrow funds directly from the public or another fund or account. To avoid double counting, agency borrowing from Treasury or the FFB and Federal fund advances to trust funds are not included in the Federal debt. (The Treasury or FFB borrowing required to obtain the money to lend to the agency is already part of the public debt.) Agency debt may be incurred by agencies within the Federal budget (such as the Tennessee Valley Authority) or by off-budget Federal entities (such as the Postal Service). Debt of Government-sponsored, privately owned enterprises (such as the Federal National Mortgage Association) is not included in the Federal debt.

Debt Held by the Public

Part of the gross Federal debt held by the public. (The Federal Reserve System is included in "the public" for this purpose.) Debt held by Government trust funds (e.g., Social Security Trust Fund), revolving funds, and off-budget Federal entities is excluded from debt held by the public.

Debt Subject to Statutory Limit

As defined by the Second Liberty Bond Act of 1917, as amended, it currently includes virtually all public debt. However, only a small portion of agency debt is included in this tabulation of Federal debt.

Under Public Law 96-78, approved September 29, 1979, an amendment to the Rules of the House of Representatives makes possible the establishment of the public debt limit as a part of the congressional budget process.

DEBT MANAGEMENT

Operations of the U.S. Treasury Department that determine the composition of the Federal debt. Debt management involves determining the amounts, maturities, other terms and conditions, and schedule of offerings of Federal debt securities and raising new cash to finance the Government's operations. The objective of debt management is to raise the money necessary for the Government's operations at least cost to the taxpayer.

and in a manner that will minimize the effect of Government operations on financial markets and on the economy.

DECISION PACKAGE

In zero-base budgeting, a brief justification document containing the information managers need to judge program or activity levels and resource requirements. Each decision package presents a level of request for a decision unit, stating the costs and performance associated with that level. Separate decision packages are prepared for incremental spending levels:

- Minimum Level—performance below which it is not feasible for the decision unit to continue because no constructive contribution could be made toward fulfilling the unit's objectives.
- Intermediate Level—performance between the minimum and current levels. There may be more than one intermediate level.
- Current Level—performance that would be reflected if activities for the budget year were carried on at current year service or output levels without major policy changes. This level permits internal realignments of activities within existing statutory authorizations.
- Enhancement Level—where increased output or service are consistent with major objectives and where sufficient benefits are expected to warrant the serious review of higher authorities.

A series of decision packages are prepared for each decision unit. Cumulatively, the packages represent the total budget request for that unit. (*See also* Consolidated Decision Packages; Cross Agency Ranking; Decision Package Set; Decision Unit; Decision Unit Overview; Ranking; Zero-Base Budgeting.)

DECISION PACKAGE SET

Consists of decision unit overview and the decision packages for the decision unit. (*See also* Decision Package; Decision Unit; Decision Unit Overview; Zero-Base Budgeting.)

DECISION UNIT

In zero-base budgeting, that part (or component) of the basic program or organizational entity for which budget requests are prepared and for which managers make significant decisions on the amount of spending and the scope or quality of work to be performed. (See also Decision Package; Decision Package Set; Zero-Base Budgeting.)

DECISION UNIT OVERVIEW

The part of a decision package set that provides information necessary to evaluate and make budget decisions on each of the decision packages, without repeating the same information in each package. (See also Decision Package; Decision Package Set; Zero-Base Budgeting.)

DEFERRAL OF BUDGET AUTHORITY

Any action or inaction by an officer or employee of the United States Government that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority, including authority to obligate by contract in advance of appropriations as specifically authorized by law. Deferrals consist of (a) amounts reserved for contingencies pursuant to the Antideficiency Act (31 U.S.C. 665), and (b) amounts temporarily withheld for other reasons pursuant to the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344; 31 U.S.C. 1403).

Deferrals may not extend beyond the end of the fiscal year in which the message reporting the deferral is transmitted and may be overturned by the passage of an impoundment resolution by either House of Congress. (See also Antideficiency Act; Apportionment; Budgetary Reserves; Impoundment; Impoundment Resolution; Rescission.)

DEFICIENCY APPORTIONMENT

A distribution by the Office of Management and Budget of available budgetary resources for the fiscal year that anticipates the need for supplemental budget authority. Such apportionments may only be made under certain specified conditions provided for in law (Antideficiency Act, 31 U.S.C. 665(e)). In such instances, the need for additional

budget authority is usually reflected by making the amount apportioned for the fourth quarter less than the amount that will actually be required. Approval of requests for deficiency apportionment does not authorize agencies to exceed available resources within an account. (See also Antideficiency Act; Apportionment; Deficiency Appropriation; Supplemental Appropriation.)

DEFICIENCY APPROPRIATION

An appropriation made to an expired account to cover obligations that have been incurred in excess of available funds.

Deficiency appropriations are rare since obligating in excess of available funds generally is prohibited by law. Deficiency appropriation is sometimes erroneously used as a synonym for supplemental appropriation. (See also Antideficiency Act; Apportionment; Deficiency Appropriation; Supplemental Appropriation.)

DEFICIT FINANCING

A situation in which the Federal Government's excess of outlays over receipts for a given period is financed primarily by borrowing from the public.

DEOBLIGATION

A downward adjustment of previously recorded obligations. This may be attributable to the cancellation of a project or contract, price revisions, or corrections of estimates previously recorded as obligations.

DIRECT LOANS

A direct loan is a disbursement of funds (not in exchange for goods or services) that is contracted to be repaid—with or without interest—on any of the following transactions:

- direct Federal participation in loans privately made or held;
- purchase of private loans through secondary market operations; and,

—acquisition of guaranteed private loans or collateral in satisfaction of default or other guarantee claims.

For informational purposes, transactions similar to direct loans are sometimes displayed in the budget. For example:

—sale of Federal assets on credit terms for more than 90 days duration;

—investments in obligations or preferred stock of any privately owned enterprises; and,

—deferred or delinquent interest that is capitalized.

Direct loans, unlike loan guarantees, are included (net of repayments) as outlays in the budget. For a more detailed discussion, see Federal Credit Programs in Special Analysis F of the *Special Analyses, Budget of the United States Government*. (See also Loan Guarantee; Loan Insurance.)

ENTITLEMENTS

Legislation that requires the payment of benefits (or entitlements) to any person or unit of government that meets the eligibility requirements established by such law. Authorizations for entitlements constitute a binding obligation on the part of the Federal Government, and eligible recipients have legal recourse if the obligation is not fulfilled. Budget authority for such payments is not necessarily provided in advance, and thus entitlement legislation requires the subsequent enactment of appropriations unless the existing appropriation is permanent. Examples of entitlement programs are social security benefits and veterans compensation or pensions. Section 401(b) of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1351(b)) imposes certain limits on the use of entitlements. (See also Authorizing Legislation; Controllability; Spending Authority; Spending Legislation.)

EXCHANGE OF ASSETS

The movement of money between the International Monetary Fund (IMF), or similar organizations, and the Department of Treasury.

The Government's deposits with the IMF are considered to be assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not in itself considered a receipt or an outlay, borrowing or lending. Changes in these holdings are outlays only to the extent that there is a realized loss, and are offsetting collections only to the extent that there is a realized profit on the exchange.

EXPENDED APPROPRIATION

The amount of expenditures (outlays) during the current fiscal year net of refunds to the appropriation made from general funds, special funds, and trust funds.

EXPENDITURES

With respect to provisions of the Antideficiency Act (31 U.S.C. 665) and the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1301, note), the term expenditures has the same definition as outlays. (*See also* Outlays. For distinction, *see* Accrued Expenditures.)

EXPENDITURE TRANSACTIONS

For accounting and reporting purposes, transactions between appropriation and fund accounts which represent payments, repayments, or receipts for goods or services furnished or to be furnished. Expenditure transactions are recorded as obligations/outlays of the transferring accounts and as reimbursements/receipts of the receiving accounts. (*See also* Nonexpenditure Transactions; Transfer Between Appropriation Accounts; Transfer of Funds.)

EXPIRED ACCOUNT

An account in which authority to incur obligations has lapsed but from which outlays may be made to pay existing obligations and liabilities previously incurred, as well as valid adjustments thereto. This includes successor accounts established pursuant to 31 U.S.C. 701-708. (*See also* "M" Account.)

FEEDER ACCOUNT

Certain appropriation and revolving fund accounts whose resources are available only for transfer to other specified appropriation or revolving fund accounts.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The resolution, containing Government-wide budget targets of receipts, budget authority, and outlays that guides Congress in its subsequent consideration of appropriations and revenue measures. It is required to be adopted by both Houses of Congress no later than May 15, pursuant to the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1324). (*See also* Concurrent Resolution on the Budget; Second Concurrent Resolution on the Budget.)

FISCAL POLICY

Federal Government policies with respect to taxes, spending and debt management, intended to promote the nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing Federal fiscal policy. The other major component of Federal macroeconomic policy is monetary policy. (*See also* Monetary Policy defined in the Economic Terms section of this glossary.)

FISCAL YEAR

Any yearly accounting period, without regard to its relationship to a calendar year.

The fiscal year for the Federal Government begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends; for example, fiscal year 1980 is the year beginning October 1, 1979, and ending September 30, 1980. (Prior to fiscal year 1977, the Federal fiscal year began on July 1 and ended on June 30.)

Budget Year

The fiscal year for which the budget is being considered; the fiscal year following the current year.

Current Year

The fiscal year in progress.

Prior Year

The fiscal year immediately preceding the current year.

FULL EMPLOYMENT BUDGET

The estimated receipts, outlays, and surplus or deficit that would occur if the U.S. economy were continually operating at full capacity (traditionally defined as a certain percentage of the unemployment rate of the civilian labor force). (*See also* Employment and Labor Force defined in the Economic Terms section of this glossary.)

FULL FUNDING

Provides budgetary resources to cover the total cost of a program or project at the time it is undertaken.

Full funding differs from incremental funding, where budget authority is provided or recorded for only a portion of total estimated obligations expected to be incurred during a single fiscal year. Full funding is generally discussed in terms of multi-year programs, whether or not obligations for the entire program are made in the first year. For further discussion of this term, see U.S. General Accounting Office, *Further Implementation of Full Funding in the Federal Government*, PAD-78-80, September 7, 1978. (For distinction, see Incremental Funding. *See also* Multiple-Year Authority under Budget Authority; Multi-Year Budget Planning.)

FUNCTIONAL CLASSIFICATION

A system of classifying budget resources by function so that budget authority and outlays of budget and off-budget Federal entities, loan guarantees, and tax expenditures can be related in terms of the national needs being addressed.

Budget accounts are generally placed in the single budget function (e.g., national defense, health) that best reflects its major end purpose addressed to an important national need, regardless of the agency administering the program. A function may be divided into two or more subfunctions, depending upon the complexity of the national need addressed by that function.

For budget presentation purposes, each budget function is described in the context of national needs being served, and the subfunctions are described in the context of the major missions devoted to meeting national needs. For a presentation of the budget in terms of functional classification, see Appendix B in this glossary. (For distinction, see Object Classification. See also Activity; Agency Missions; National Needs.)

GOVERNMENT-SPONSORED ENTERPRISES

Enterprises established and chartered by the Federal Government to perform specific functions under the supervision of a Government agency. Since they are private corporations, they are excluded from the budget totals. Detailed budgets and explanatory statements of these enterprises are presented in Part VI of *The Budget of the United States Government, Appendix*. (For distinction, see Mixed-Ownership Government Corporation and Wholly-Owned Government Corporation. See also Off-Budget Federal Entities.)

GRANTS

Assistance awards in which substantial involvement is not anticipated between the Federal Government and the State or local government or other recipient during the performance of the contemplated activity. Such assistance is not limited to a State or local government as in the case of grants-in-aid. (See P.L. 95-224, Federal Grant and Cooperative Agreement Act of 1977.)

The two major forms of Federal grants are block and categorical. Block grants are given primarily to general purpose governmental units in accordance with a statutory formula. Such grants can be used for a variety of activities within a broad functional area. Examples of Federal block-grant programs are Omnibus Crime Control and Safe Streets Act of 1968, Comprehensive Employment and training Act of 1973, Housing and Community Development Act of 1974, and the 1974 Amendments to the Social Security Act of 1935 (Title XX).

Categorical grants can be used only for a specific program and are usually limited to narrowly defined activities. Categorical grants consist of formula, project, and formula-project grants.

Formula grants allocate Federal funds to States or their subdivisions in accordance with a distribution formula prescribed by law or administrative regulation.

Project grants provide Federal funding for fixed or known periods for specific projects or the delivery of specific services or products. (*See also* Cooperative Agreement; Grants-in-Aid.)

GRANTS-IN-AID

For purposes of the budget, grants-in-aid consist of budget outlays by the Federal Government to support State or local programs of governmental service to the public. Grants-in-aid do not include purchases from State or local governments or assistance awards to other classes of recipients (e.g., outlays for research or support of Federal prisoners). (*See also* Cooperative Agreement; Grants; Revenue Sharing.)

IDENTIFICATION CODE

Each appropriation or fund account in *The Budget of the United States Government* carries an 11-digit code that identifies: (a) the agency, (b) the account, (c) the timing of the transmittal to Congress, (d) the type of fund, and (e) the account's functional classification. For a detailed explanation of the account identification code, *see* Appendix C in this glossary.

IMPOUNDMENT

Any action or inaction by an officer or employee of the United States Government that precludes the obligation or expenditure of budget authority provided by Congress. (*See also* Deferral of Budget Authority; Impoundment Resolution; Rescission.)

IMPOUNDMENT RESOLUTION

A resolution by either the House of Representatives or the Senate that expresses disapproval of a proposed deferral of budget authority set forth in a special message transmitted by the President as required under Sec. 1013(a) of the Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1403).

Whenever all or part of any budget authority provided by Congress is deferred, the President is required to transmit a special message to Congress describing the deferrals. Either House may, at any time, pass a resolution disapproving this deferral of budget authority, thus requiring that the funds be made available for obligation. When no congressional action is taken, deferrals may remain in effect until, but not beyond, the end of the fiscal year. If the funds remain available beyond the end of a fiscal year and continued deferral of their use is desired, the President must transmit a new special message to Congress. (*See also* Deferral of Budget Authority; Impoundment.)

INCREMENTAL FUNDING

The provision (or recording) of budgetary resources for a program or project based on obligations estimated to be incurred within a fiscal year when such budgetary resources will cover only a portion of the obligations to be incurred in completing the program or project as programmed. This differs from full funding, where budgetary resources are provided or recorded for the total estimated obligations for a program or project in the initial year of funding. (For distinction, *see* Full Funding.)

JOINT RESOLUTION

A joint resolution requires the approval of both Houses of Congress and the signature of the President, just as a bill does, and has the force of law if approved. There is no real dif-

ference between a bill and a joint resolution. The latter is generally used in dealing with limited matters, such as a single appropriation for a specific purpose.

Joint resolutions also are used to propose amendments to the U.S. Constitution. These do not require presidential signature, but become a part of the Constitution when three-fourths of the States have ratified them.

LOAN GUARANTEE

A loan guarantee is an agreement by which the Government pledges to pay part or all of the loan principal and interest to a lender or holder of a security, in the event of default by a third party borrower. If it becomes necessary for the Government to pay part or all of the loan principal or interest, the payment is a direct outlay. Otherwise, the guarantee does not directly affect Federal budget outlays. For a more detailed discussion, see Federal Credit Programs in Special Analysis F, of the *Special Analyses, Budget of the United States Government*. (See also Direct Loans; Loan Insurance.)

LOAN INSURANCE

A type of loan guarantee whereby a Government agency operates a program of pooled risks, pledging the use of accumulated insurance premiums to secure a lender against default on the part of the borrower. (See also Direct Loans; Loan Guarantee.)

"M" ACCOUNT

A successor account into which obligated balances under an appropriation are transferred (merged) at the end of the second full fiscal year following expiration. The "M" account remains available for the payment of obligations and liabilities charged or chargeable to various year appropriation accounts. (See also Expired Account; Merged Surplus Accounts; Obligated Balance *under* Balances of Budget Authority.)

MEANS OF FINANCING

Ways in which a budget deficit is financed or a budget surplus is used.

A budget deficit may be financed by Treasury (or agency) borrowing, by reducing Treasury cash balances, by allowing unpaid liabilities to increase, or by certain equivalent

transactions. Conversely, a budget surplus may be used to repay borrowings or to build up cash balances.

MERGED SURPLUS ACCOUNTS

Accounts that are part of the Treasury's general fund. They represent undisbursed and unobligated balances of previously appropriated monies for prior fiscal years which can be made available (restored) for disbursements under certain circumstances. The accounts are maintained by appropriation type (i.e., salaries and expenses for X agency) without regard to the fiscal year in which the appropriation was made. Restorations are made once each year and represent amounts needed to pay obligations contained in the "M" accounts. (See also "M" Account; Unobligated Balance *under* Balances of Budget Authority; Restoration; Withdrawal.)

MISSION BUDGETING

A budget approach that focuses on output rather than input and directs attention to how well an agency is meeting its responsibilities. By grouping programs and activities according to an agency's mission or end purposes, mission budgeting makes it easier to identify similar programs. Missions at the highest level in the budget structure represent basic end-purpose responsibilities assigned to an agency. Descending levels in the budget structure then focus more sharply on the specific components of the mission and the programs needed to satisfy them. At the lowest levels are line items—that is—the supporting activities necessary to satisfy the missions. For further discussion of this term, see U.S. General Accounting Office, *A Mission Budget Structure for the Department of Agriculture—A Feasibility Study*, PAD-80-08. (See Also Agency Missions.)

MIXED-OWNERSHIP GOVERNMENT CORPORATION

A federally chartered enterprise or business activity designated by statute (31 U.S.C. 856) as a mixed ownership government corporation. Mixed-ownership government corporations are subject to audits by the General Accounting Office as required by the Government Corporation Control Act, as amended (31 U.S.C. 857). They are also required to submit annual business-type budget statements to the Treasury and to the Office of Management and Budget in accordance with the Treasury Fiscal Requirements Manual, I-2-4100 and OMB Circular A-11, Sec. 37.1.

Although off-budget entities are excluded from the budget, some of the outlays related to their operations are included. The Rural Telephone Bank is an example of a mixed-ownership corporation and an off-budget Federal entity whose fiscal activities appear in the budget documents. (*See also* Government Sponsored Enterprises; Wholly-Owned Government Corporations; Off-Budget Federal Entities.)

MONTHLY TREASURY STATEMENT (MTS)

A summary statement prepared from agency accounting reports and issued by the Department of Treasury. The MTS presents the receipts, outlays, and resulting budget surplus or deficit for the month and the fiscal year to date. (*See also* Treasury Combined Statement.)

MULTI-YEAR BUDGET PLANNING

A budget planning process designed to make sure that the long-range consequences of budget decisions are identified and reflected in the budget totals. Currently, multi-year budget planning in the executive branch encompasses a policy review for a 3-year period beginning with the budget year, plus projections for the subsequent 2 years. This process provides a structure for the review and analysis of long-term program and tax policy choices. (*See also* Forward Funding *under* Budget Authority; Full Funding; Projections.)

NATIONAL NEEDS

Broad areas established to provide a coherent and comprehensive basis for analyzing and understanding the budget, in terms of the end purposes being served, without regard to the means that may be chosen to meet those purposes. The budget resources devoted to meeting national needs are classified by budget functions so that budget authority and outlays of budget and off-budget Federal entities, loan guarantees, and tax expenditures can be grouped in terms of the national needs being addressed. National needs are generally described in the context of major functions, whereas agency missions devoted to serving national needs are generally described as subfunctions. (*See also* Agency Missions; Functional Classification.)

NEW SPENDING AUTHORITY

Spending authority not provided by law on the effective date (January 19, 1976) of Section 401 of the Congressional Budget and Impoundment Control Act of 1974 (P.L.

93-344, 31 U.S.C. 1351), including any increase in or addition to spending authority provided by law on such date. However, this term does not apply to insured or guaranteed loan programs. (*See also* Spending Authority.)

NONEXPENDITURE TRANSACTIONS

For accounting and reporting purposes, transactions between appropriation and fund accounts that do not represent payments for goods and services received or to be received but serve only to adjust the amounts available in the accounts for making payments, except that transactions between accounts within the budget and deposit funds (which are outside the budget) will always be treated as expenditure transactions. Nonexpenditure transactions may not properly be recorded as obligations or outlays of the transferring accounts or as reimbursements or receipts of the receiving accounts.

The statutory restrictions on the purpose, availability, and use of appropriated funds by administrative agencies require that no change be made in the availability of funds by agencies through the use of nonexpenditure transactions unless specifically authorized by law. (*See also* Expenditure Transactions; Transfer Appropriation Accounts *under* Appropriation (Expenditure), Receipt, and Fund Accounts; Transfer Between Appropriation/Fund Accounts; Transfer of Funds.)

OBJECT CLASSIFICATION

A uniform classification identifying the transactions of the Federal Government by the nature of the goods or services purchased (such as personnel compensation, supplies and materials, and equipment), without regard to the agency involved or the purpose of the programs for which they are used. Data according to object classification are provided in the Object Classification Schedule along with the corresponding Program and Financing Schedule, in *The Budget of the United States Government, Appendix*. *See* Explanation of Estimates in Part I of the *Budget Appendix* for detailed discussion. General instructions are provided in OMB Circular No. A-12, revised. (*See also under* Allocations. For distinction, *see* Functional Classification.)

OBLIGATIONAL AUTHORITY

The sum of (a) budget authority provided for a given fiscal year, (b) balances of amounts brought forward from prior years that remain available for obligation, and (c) amounts

authorized to be credited to a specific fund or account during that year, including transfers between funds or accounts.

OBLIGATION-BASED BUDGETING

Financial transactions involving the use of funds are recorded in the accounts primarily when obligations are incurred, regardless of when the resources acquired are to be consumed. (For distinction, *see* Cost-Based Budgeting.)

OBLIGATIONS INCURRED

Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or a future period. Such amounts will include outlays for which obligations had not been previously recorded and will reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations. (For legal basis of Obligations Incurred, *see* 31 U.S.C. 200. *See also* OMB Circular A-34.)

OFF-BUDGET FEDERAL ENTITIES

Certain federally owned and controlled entities whose transactions (e.g., budget authority or outlays) have been excluded from budget totals under provisions of law. The fiscal activities of these entities, therefore, are not reflected in either budget authority or budget outlay totals. However, the outlays of off-budget Federal entities are added to the budget deficit to derive the total Government deficit that has to be financed by borrowing from the public or by other means. Off-budget Federal entities are discussed in Part 6, Perspectives on the Budget, of *The Budget of the United States Government*. Schedules and financial statements are presented in Part IV of *The Budget of the United States Government, Appendix*. (*See also* Government-Sponsored Enterprises; Mixed-Ownership Government Corporation; Off-Budget Outlays; Wholly-Owned Government Corporation.)

OFF-BUDGET OUTLAYS

Outlays of off-budget Federal entities whose transactions have been excluded from the budget totals under provisions of law, even though these outlays are part of total Government spending. (*See also* Off-Budget Federal Entities; Outlays.)

OUTLAYS

Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays. In lieu of issuing checks, obligations may also be liquidated (and outlays occur) by the maturing of interest coupons in the case of some bonds, or by the issuance of bonds or notes (or increases in the redemption value of bonds outstanding).

Outlays during a fiscal year may be for payment of obligations incurred in prior years (prior-year outlays) or in the same year. Outlays, therefore, flow in part from unexpended balances of prior-year budget authority and in part from budget authority provided for the year in which the money is spent.

Total budget outlays are stated net of offsetting collections, and exclude outlays of off-budget Federal entities. (*See under* Collections.)

The terms expenditure and net disbursement are frequently used interchangeably with the term outlays. (*See also* Off-Budget Outlays.)

OVERSIGHT COMMITTEE

The congressional committee charged with general oversight of the operation of an agency or program. In most cases, but not all, the oversight committee for an agency is also the authorizing committee for that agency's programs. (*See also* Authorizing Committee.)

PERSONAL SERVICES AND BENEFITS

Personnel Compensation

Comprises gross compensation (before deduction for taxes and other purposes) for services of individuals, including terminal leave payments. This classification covers all payments (salaries, wages, fees) for personal services rendered to the Government by its officers or employees, either civil or military, and compensation for special services rendered by consultants or others.

Personnel Benefits

Comprises cash allowances paid to civilian and military employees incident to their employment and payment to other funds for the benefit of employees. Prerequisites provided in kind, such as uniforms or quarters, and payments to veterans and former employees resulting from their employment are excluded.

Benefits to Former Personnel

Pensions, annuities, or other benefits due to former employees or their survivors based (at least in part) on the length of their services to the Government, other than benefits paid from funds financed from employer and/or employees contributions and premiums. Includes Federal payments to funds that provide benefits to former employees. Excludes benefits provided in kind, such as hospital and medical care, and indemnities for disability or death of former employees. (*See also* Wages and Salaries defined in the Economic Terms section of this glossary.)

PRESIDENTIAL STATEMENT OF BUDGETARY AMENDMENTS OR REVISIONS

A statement of all amendments to or revisions in the budget authority requested, the estimated outlays, and the estimated receipts for the ensuing fiscal year as set forth in the President's budget transmitted to Congress pursuant to the Budget and Accounting Act of 1921, as amended (31 U.S.C. 11(a)). The presidential statement is required on or before April 10 and July 15 pursuant to 31 U.S.C. 11(g), and may include any previous amendments or revisions proposed on behalf of the executive branch that the President deems necessary and appropriate.

The presidential statement transmitted on or before July 15 of any year may be included in the supplemental summary required to be transmitted during such year pursuant to the Budget and Accounting Act of 1921, as amended (31 U.S.C. 11(b)). The budget transmitted to Congress pursuant to 31 U.S.C. 11(a) for any fiscal year, or the supporting detail transmitted in connection therewith, must also include a statement of all such amendments and revisions with respect to the fiscal year in progress made before the date of transmission of such budget. (*See also* Budget Amendment; Budget Updates; President's Budget; Supplemental Summary of the Budget.)

PRESIDENT'S BUDGET

The document sent to Congress by the President in January of each year in accordance with the Budget and Accounting Act of 1921, as amended, estimating Government receipts and outlays for the ensuing fiscal year and recommending appropriations in detail. Estimates for the legislative and judicial branches of the Federal Government are "transmitted without revision" (31 U.S.C. 11). (*See also* Budget Estimates; Budget Updates; Congressional Budget; Presidential Statement of Budgetary Amendments and Revisions; Tax Expenditures Budget defined in the Tax Terms section of this glossary.)

PROGRAM

Generally defined as an organized set of activities directed toward a common purpose, or goal, undertaken or proposed by an agency in order to carry out its responsibilities. In practice, however, the term program has many uses and thus does not have a well-defined, standard meaning in the legislative process. Program is used to describe an agency's mission, programs, functions, activities, services, projects, and processes.

PROGRAM EVALUATION

In general, the process of assessing program alternatives, including research and results, and the options for meeting program objectives and future expectations. Specifically, program evaluation is the process of appraising the manner and extent to which programs

- achieve their stated objectives,
- meet the performance perceptions and expectations of responsible Federal officials and other interested groups,
- produce other significant effects of either a desirable or undesirable character.

PROJECTIONS

Estimates of budget authority, outlays, receipts, or other budget amounts that extend several years into the future. Projections generally are intended to indicate the budgetary implications of continuing or proposed programs and legislation for an indefinite period

of time. These include alternative program and policy strategies and ranges of possible budget amounts. Projections usually are not firm estimates of what will occur in future years, nor are they intended to be recommendations for future budget decisions. The third and fourth years beyond the current budget year (BY + 3 and BY + 4) are considered projections in the President's Budget.

The statutory basis for preparing and submitting projections are spelled out in the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), section 603 for the President's projections, and sections 308 and 403 for Congress' and the Congressional Budget Office's projections. (*See also* Budget Estimates; Multi-Year Budget Planning.)

RANKING

In zero-base budgeting, the process by which higher level managers evaluate and array program or activity levels (as shown in decision packages) in decreasing order of priority. The ranking process results in a relative priority assigned to each decision package in the budget request. (*See also* Cross-Agency Ranking; Decision Package; Zero-Base Budgeting.)

REAPPORTIONMENT

A revision by the Office of Management and Budget of a previous apportionment of budgetary resources for an appropriation or fund account. Agency requests for reapportionment are usually submitted to OMB as soon as a change in previous apportionment becomes necessary due to changes in amounts available, program requirements, or cost factors. (For exceptions, see OMB Circular A-34, sec. 44.4.) A reapportionment would ordinarily cover the same period, project, or activity covered in the original apportionment. (*See also* Allotment; Apportionment.)

RECONCILIATION PROCESS

A process used by Congress to reconcile amounts determined by tax, spending, and debt legislation for a given fiscal year with the ceilings enacted in the second required concurrent resolution on the budget for that year. Section 310 of the Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1331) provides that the second concurrent resolution on the budget, which sets binding totals for the budget, may direct committees to determine and recommend changes to laws, bills, and resolutions, as required to con-

form with the binding totals for budget authority, revenues, and the public debt. Such changes are incorporated into either a reconciliation resolution or a reconciliation bill. (See also Concurrent Resolution on the Budget.)

Reconciliation Bill

A bill, requiring enactment by both Houses of Congress and approval by the President, making changes to legislation that has been enacted or enrolled.

Reconciliation Resolution

A concurrent resolution, requiring passage by both Houses of Congress but not the approval of the President, directing the Clerk of the House or the Secretary of the Senate to make specified changes in bills or resolutions that have not yet reached the stage of enrollment.

RECOVERIES OF PRIOR-YEAR OBLIGATIONS

Amounts made available in no-year and unexpired multi-year accounts through (a) downward adjustments of prior-year obligations, including amounts returned from prior-year advances to consolidated working funds; (b) downward adjustment for the difference between obligations previously recorded and outlays made in payment thereof; and (c) refunds due to the recovery of erroneous payments or accounting adjustments.

REFUNDS

Returns of advances or recoveries of erroneous disbursements from appropriation or fund accounts that are directly related to, and reductions of, previously recorded payments from the accounts. Also considered refunds are returns to the taxpayers of receipt collections in excess of liabilities (i.e., tax refunds). These refunds are recorded only if the cash is actually disbursed to the taxpayer. If the taxpayer chooses to apply credits for tax refunds to succeeding tax liabilities, the transaction is not recorded as a refund. In certain cases, payments are made under refund authority that exceed tax liabilities. Such excesses over liabilities are treated as budget outlays rather than refund of receipts. (For distinction, see Reimbursements. See also Appropriations under Budget Authority; Refundable Tax Credits and Tax Credits defined in the Tax Terms section of this glossary.)

REIMBURSEMENTS

Sums received by the Federal Government as a repayment for commodities sold or services furnished either to the public or to another Government account that are authorized by law to be credited directly to specific appropriation and fund accounts. These amounts are deducted from the total obligations incurred (and outlays) in determining net obligations (and outlays) for such accounts.

Anticipated reimbursements are, in the case of transactions with the public, estimated collections comprising advances expected to be received and reimbursements expected to be earned. In transactions between Government accounts, anticipated reimbursements consist of orders expected to be received but for which no orders have been accepted. (For distinction, *see Refunds. See also Offsetting Collections under Collections; Unfilled Customers' Orders.*)

REPROGRAMMING

Utilization of funds in an appropriation account for purposes other than those contemplated at the time of appropriation.

Reprogramming is generally preceded by consultation between the Federal agencies and the appropriate congressional committees. It involves formal notification and, in some instances, opportunity for disapproval by congressional committees.

RESCISSION

The consequence of enacted legislation that cancels budget authority previously provided by Congress before the time when the authority would otherwise lapse (i.e., cease to be available for obligation).

The Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344; 31 U.S.C. 1402) specifies that whenever the President determines that all or part of any budget authority will not be needed to carry out the full objectives or scope of programs for which the authority was provided, the President will propose to Congress that the funds be rescinded. Likewise, if all or part of any budget authority limited to a fiscal year—that is, annual appropriations or budget authority of a multiple-year appropriation

in the last year of availability—is to be reserved from obligation for the entire fiscal year, a rescission will be proposed. Budget authority may also be proposed for rescission for fiscal policy or other reasons. Generally, amounts proposed for rescission are withheld for up to 45 legislative days while the proposals are being considered by Congress.

All funds proposed for rescission, including those withheld, must be reported to Congress in a special message. If both Houses have not completed action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation. (*See also* Apportionment; Budgetary Reserves; Deferral of Budget Authority; Impoundment; Rescission Bill.)

RESCISSION BILL

A bill or joint resolution that cancels, in whole or in part, budget authority previously granted by Congress.

Rescissions proposed by the President must be transmitted in a special message to Congress. Under section 1012 of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), unless both Houses of Congress complete action on a rescission bill within 45 days of continuous session after receipt of the proposal, the budget authority must be made available for obligation. (*See also* Rescission.)

RESEARCH AND DEVELOPMENT

Research is systematic, intensive study directed toward fuller scientific knowledge or understanding of the subject studied. Development is the systematic use of the knowledge and understanding gained from research, directed toward the production of useful materials, devices, systems or methods, including the design and development of prototypes and processes.

Research and development is a broad term that embraces the work performed by Federal Government agencies and private individuals or organizations under contractual or grant arrangements with the Government. It includes all fields—education and the social sciences, as well as the physical sciences and engineering.

Research and development excludes routine product testing, quality control, mapping, collection of general purpose statistics, experimental production, routine evaluation of an operational program, and the training of scientific and technical personnel.

RESTORATION

An unobligated amount previously withdrawn by administrative action that is again made available for obligation and outlay. (For distinction, *see* Reappropriations *under* Budget Authority. *See also* Merged Surplus Accounts.)

REVENUE SHARING

Federal funds distributed by formula to States and general-purpose local governments with few or no limits on the purposes for which the funds may be used and few restrictions on the procedures which must be followed in spending the funds. (*See also* Grants-in-Aid.)

SCOREKEEPING

Procedures for tracking the status of congressional budgetary actions. Examples of scorekeeping information include up-to-date tabulations and reports on congressional actions affecting budget authority, receipts, outlays, surplus or deficit, and the public debt limit, as well as outlay and receipt estimates and reestimates.

Scorekeeping data published by the Congressional Budget Office (CBO) include, but are not limited to, status reports on the effects of congressional actions (and in the case of scorekeeping reports prepared for the Senate Budget Committee, the budget effects of potential congressional actions), and comparisons of these actions to targets and ceilings set by Congress in the budget resolutions. Periodic scorekeeping reports are required to be produced by the CBO pursuant to section 308(b) of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1329).

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The resolution adopted by Congress containing budget ceilings classified by function for budget authority and outlays and a floor for budget receipts. This resolution may retain or revise the levels set earlier in the year, and can include directives to the appropriations committees and to other committees with jurisdiction over budget authority or entitlement authority. The second resolution may also direct the appropriate committees to recommend changes in budget receipts or in the statutory limit on the public debt.

Changes recommended by various committees pursuant to the second budget resolution are to be reported in a reconciliation bill (resolution, in some cases) on which Congress must complete action by September 25, a few days before the new fiscal year commences on October 1. (*See also* Concurrent Resolution on the Budget; First Concurrent Resolution on the Budget; Reconciliation Process.)

SEIGNIORAGE

The difference between the face value of minted coins and the cost of their production. Seigniorage arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from budget receipts and treated as a means of financing a budget deficit, or as a supplementary amount to be applied to reduce debt or to increase the cash in the Treasury in the years of a budget surplus.

SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATION

An appropriation made available to incur obligations for which payments must be made only in U.S.-owned foreign currencies that are declared in excess of the normal requirements of the United States by the Secretary of the Treasury. The appropriation is made in general fund dollar amounts credited to the account or fund generating the currency, or to miscellaneous receipts of the Treasury, as appropriate. The appropriated dollars are thereby exchanged for excess foreign currency (held in Treasury foreign currency fund accounts) that is used to make the necessary payments. (For distinction, *see* Foreign Currency Fund Accounts *under* Appropriation (Expenditure), Receipt, and Fund Accounts.)

SPENDING AUTHORITY

As defined by the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1323), a collective designation for appropriations, borrowing authority, contract authority, and entitlement authority for which the budget authority is not provided in advance by appropriation acts. The latter three are also commonly referred to as backdoor authority. (*See also* Backdoor Authority; Entitlements; New Spending Authority; Spending Committees; Spending Legislation.)

SPENDING COMMITTEES

The standing committees of the House and Senate with jurisdiction over legislation that permits the obligation of funds. For most programs, the House and Senate Appropriations Committees are the spending committees. For other programs, the authorizing legislation itself permits the obligation of funds (backdoor authority). When this is the case, the authorizing committees are then the committees with spending responsibility. (*See also* Authorizing Committee; Backdoor Authority; Spending Authority; Spending Legislation.)

SPENDING LEGISLATION (SPENDING BILL)

A term used in the budget scorekeeping of the Congressional Budget Office to indicate legislation that directly provides budget authority or outlays. Spending legislation includes (1) appropriations legislation, (2) legislation that provides budget authority directly without the need for subsequent appropriations action, and (3) entitlement legislation which, while requiring subsequent appropriations action, essentially "locks in" budget authority at the time of authorization (except legislation that establishes conditional entitlements, where recipients are entitled to payments only to the extent that funds are made available in subsequent appropriations legislation). (*See also* Authorizing Legislation; Backdoor Authority; Entitlements; Spending Authority; Spending Committees.)

SUBFUNCTION

Subdivisions of a budget function. For example, health care services and health research are subfunctions of the function Health. For a presentation of the budget in terms of subfunctions, see Appendix B in this glossary. (*See also* Functional Classification.)

SUBSIDY

Generally, a payment or benefit made by the Federal Government for which there is no current charge. Subsidies are designed to support the conduct of an economic enterprise or activity, such as ship operations. They may also refer to provisions in the tax laws that provide certain tax expenditures and to the provisions of loans, goods, and services to the public at prices lower than market value, such as interest subsidies. (*See also* Tax Expenditures defined in the Tax Terms section of this glossary.)

SUBSTANTIVE LAW

Statutory public law other than appropriation law; sometimes referred to as basic law. Substantive law usually authorizes, in broad general terms, the executive branch to carry out a program of work. Annual determination as to the amount of the work to be done is usually thereafter embodied in appropriation law. (*See also* Authorizing Legislation.)

SUPPLEMENTAL APPROPRIATION

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill. Supplementals may sometime include items not appropriated in the regular bills for lack of timely authorizations. (*See also* Antideficiency Act; Apportionment; Appropriation Act; Deficiency Apportionment; Deficiency Appropriation.)

SUPPLEMENTAL SUMMARY OF THE BUDGET (MID-YEAR OR MID-SESSION REVIEW)

A supplemental summary of the budget for the ensuing fiscal year transmitted to Congress by the President on or before July 15 of each year pursuant to the Budget and Accounting Act of 1921, as amended (31 U.S.C. 11(b)). With respect to that ensuing fiscal year, the summary reflects (a) all substantial alterations in or reappraisals of the estimates of expenditures and receipts, (b) all substantial obligations imposed on that budget after its transmission to Congress, (c) the actual or proposed appropriations made during the fiscal year in progress, and (d) the estimated condition of the Treasury at the end of the fiscal year if the financial proposals contained in the budget are adopted. The summary also contains any information the President considers necessary or advisable to provide the Congress and a complete and current estimate of the functions, obligations, requirements, and financial condition of the Government for that ensuing fiscal year. (*See also* Presidential Statement of Budgetary Amendments or Revisions.)

TRANSFER BETWEEN APPROPRIATION/FUND ACCOUNTS

A transaction that, pursuant to law, withdraws budget authority or balances from one appropriation account for credit to another.

Withdrawals that are adjustments to obligational authority are treated as "adjustments of budgetary resources" rather than as payments. Payments to other accounts for goods or services received, or to be received, are not transfers but are outlay transactions. (*See also* Allocations; Expenditure Transactions; Nonexpenditure Transactions; Transfer Appropriation Accounts *under* Appropriation (Expenditure), Receipt, and Fund Accounts; Transfer of Funds.)

TRANSFER OF FUNDS

When specifically authorized in law, all or part of the budget authority in one account may be transferred to another account. Depending upon the nature of the transfer, these charges and credits will be treated as either expenditure transfers or nonexpenditure transfers. (*See also* Allocations; Expenditure Transactions; Nonexpenditure Transactions; Transfer Appropriation Accounts *under* Appropriation (Expenditure), Receipt, and Fund Accounts; Transfer Between Appropriation/Fund Accounts.)

TRANSITION QUARTER (TQ)

The 3-month period (July 1 to September 30, 1976) between the end of fiscal year 1976 and the beginning of fiscal year 1977 resulting from the change from a July 1 through June 30 fiscal year to an October 1 through September 30 fiscal year beginning with fiscal year 1977.

TREASURY COMBINED STATEMENT

An annual statement of budgetary results on a cash basis presented at the individual receipt and appropriation account level. It supports in detail the fiscal year-end results published in the *Monthly Treasury Statement*. (*See also* Monthly Treasury Statement.)

UNDELIVERED ORDERS

The value of goods and services ordered and obligated, but which have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. This term is synonymous with unliquidated obligations. (*See also* Advances; Withdrawal.)

UNDISTRIBUTED OFFSETTING RECEIPTS

Composed of (a) payments to trust funds by Government agencies, as employer, for their employees' retirement; (b) interest paid to trust funds on their investments in Government securities; and (c) proprietary receipts from rents and royalties on the Outer Continental Shelf lands. Undistributed offsetting receipts are included as a separate category in the Functional Classification. (See Appendix B in this glossary.) For a more detailed discussion, see Part 5, Meeting National Needs, The Federal Program by Function, *The Budget of the United States Government*. (See also *Offsetting Receipts under Collections*.)

UNFILLED CUSTOMERS' ORDERS

The amount of orders accepted from other accounts within the Government for goods and services to be furnished on a reimbursable basis. In the case of transactions with the public, amounts advanced or collected for which the account or fund has not yet performed the service or incurred its own obligations for that purpose. (See also *Reimbursements*.)

UNIFIED BUDGET

The present form of the budget of the Federal Government adopted beginning with the 1969 budget, in which receipts and outlays from Federal funds and trust funds are consolidated. When these fund groups are consolidated to display budget totals, transactions that are outlays of one fund group for payment to the other fund group (i.e., interfund transactions) are deducted to avoid double counting. By law, budget authority and outlays of off-budget entities are excluded from the unified budget, but data relating to off-budget entities are displayed in the budget documents.

WARRANTS

The official documents issued pursuant to law by the Secretary of the Treasury that establish the amount of money authorized to be withdrawn from the Treasury.

WHOLLY-OWNED GOVERNMENT CORPORATION

A federally chartered enterprise or business activity designated by statute (31 U.S.C. 846) as a wholly-owned government corporation. Each such corporation is required to submit

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YEAR-AHEAD REQUESTS

Any request for the enactment of legislation authorizing new budget authority to continue a program or activity for a fiscal year. Year-ahead requests must be submitted to Congress no later than May 15 of the year preceding the year in which such fiscal year begins. Any request for the enactment of legislation authorizing the enactment of new budget authority for a new program or activity which is to continue for *more than 1* fiscal year is required to be submitted for at least the first 2 fiscal years. (P.L. 93-344, 31 U.S.C. 11c.)

ZERO-BASE BUDGETING

A process emphasizing management's responsibility to plan, budget, and evaluate. Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort. It places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources. (See also Consolidated Decision Packages; Cross Agency Ranking; Decision Package; Decision Package Set; Decision Unit; Decision Unit Overview; Ranking.)

Accounting Terms and Definitions

ACCOUNTING SYSTEMS

The total structure of records and procedures that record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, balanced account groups, and organizational components.

Each executive agency is required to establish and maintain adequate systems of accounting to provide information on obligations, accrued expenditures, applied costs, and outlays, as needed for management purposes. Such systems must be consistent with the standards and principles prescribed by, and have the approval of, the Comptroller General of the United States. (*See also* Internal Control.)

ACCOUNTS PAYABLE

Amounts owed to others for goods and services received and assets acquired.

For reporting purposes under OMB Circular A-34, "accounts payable, net," consists of: (a) the amount owed by an account for goods received and services performed but not yet paid for; (b) the amount of income that has been received by an account but not yet earned; and, (c) as offsets, accounts receivable and the amount of advances made by the account for which goods have not yet been received or services performed. (*See also* Accounts Receivable.)

ACCOUNTS RECEIVABLE

Amounts due from others for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable. (*See also* Accounts Payable.)

ACCRUAL BASIS OF ACCOUNTING

The basis of accounting under which revenues are recorded when earned and expenditures are recorded when goods are received and services performed even though the receipt of the revenue or the payment of the expenditure may take place, in whole or part, in another accounting period.

The accrual basis of accounting can contribute materially to effective financial control over resources and cost of operations, and it is essential to the development of adequate

cost information. (*See also* Accrued Expenditures defined in the Budget Terms section of this glossary; Cash Basis of Accounting.)

ASSETS

Any item of economic value owned by a governmental unit. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value. (*See also* Liabilities.)

CASH BASIS OF ACCOUNTING

The basis of accounting whereby revenues are recorded when received in cash and expenditures (outlays) are recorded when paid, without regard to the accounting period to which the transactions apply. (*See also* Accrual Basis of Accounting.)

CONTINGENT LIABILITY

An existing condition, situation, or set of circumstances involving uncertainty as to a possible loss to an agency that will ultimately be resolved when one or more future events occur or fail to occur.

For the purpose of Federal credit programs, a contingent liability is a conditional commitment that may become an actual liability because of a future event beyond the control of the Government. Contingent liabilities include such items as loan guarantees and bank deposit insurance. (*See also* Liabilities.)

COST ACCOUNTING STANDARD

A statement promulgated by the Cost Accounting Standards Board, which becomes effective unless disapproved by Congress. These statements are intended to achieve uniform and consistent standards in the cost accounting practices followed by Defense contractors.

DEPRECIATION

The systematic and rational allocation of the costs of equipment and buildings (having a life of more than 1 year) over their useful lives. To match costs with related revenues in

measuring income or determining the costs of carrying out program activities, depreciation reflects the use of the asset(s) during specific operating periods.

FUND ACCOUNTING

The legal requirement for Federal agencies to establish accounts for segregating revenues and other resources, together with all related liabilities, obligations, and reserves, for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Fund accounting, in a broad sense, is required in the Federal Government to demonstrate agency compliance with requirements of existing legislation for which Federal funds have been appropriated or otherwise authorized.

One of the most important laws requiring Federal agencies to adhere to fund accounting concepts is the Antideficiency Act. (*See also* Antideficiency Act defined in the Budget Terms section of this glossary.)

HOLDBACK

The amount of money withheld from periodic payments to contractors to assure compliance with contract terms. Usually the amount to be withheld is expressed as a percentage in the contract provisions. The amounts withheld are paid to the contractor after a designated official certifies that the contractor has completed work pursuant to the contract terms.

INDIRECT COST

Any cost incurred for common objectives and therefore cannot be directly charged to any single cost objective. These costs are allocated to the various classes of work in proportion to the benefit to each class. Indirect cost is also referred to as overhead or burden cost.

INTERNAL CONTROL

The plan of organization and all of the coordinate methods and measures adopted within a Federal agency to safeguard the agency's assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The system of internal control must be developed with appropriate regard to the size and nature of the particular agency or organizational unit that is to be served. (See also Accounting Systems.)

LIABILITIES

Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned.

Included are amounts owed for goods in the hands of contractors under the constructive delivery concept (when the records of the agency provide such information), and amounts owed under grants, pensions, awards, and other indebtedness not involving the furnishing of goods and services. The two classifications occurring most frequently are the following:

Current Liabilities

Liabilities that will be due within a short time (usually 1 year or less) and that are to be paid out of current assets.

Includes all amounts owed on the basis of invoices or other evidence of receipt of goods and services, other amounts owed for the purchase of goods and services even if not "due and payable," and deferred income (received but not earned).

Long-term and Unfunded Liabilities

Liabilities that will not be due for a comparatively long time (usually more than 1 year). However, as they come within the 1-year range, and are to be paid, such liabilities become current.

Includes bonded debt, notes payable, and liabilities that will not become obligations until a later time (e.g., accrued annual leave in the case of appropriation accounts). (See also Accrued Expenditures defined in the Budget Terms section of this glossary; Assets; Contingent Liability.)

LIQUIDITY

The ease with which an asset can be converted to cash at prevailing prices. For example, demand deposits (checking accounts) are more liquid than time (savings) deposits, but both are more liquid than real estate or plant and equipment.

REVENUES

Revenues represent the increase in assets (or decrease in liabilities) that result from operations. Revenues result from (1) services performed by the Federal Government, (2) goods and other tangible property delivered to purchasers, and (3) amounts becoming owed to the Government for which no current performance by the Government is required.

Contingencies that might result in gains should not be recorded in the accounts since to do so would recognize revenue prior to its realization. Contingencies that might result in gains should be carefully explained in financial statements.

The term revenues is commonly used interchangeably with the term collections. (*See Collections defined in the Budget Terms section of this glossary.*)

Economic Terms and Definitions

ABILITY TO PAY

The principle that the tax burden should be distributed according to a person's income. It is based on the assumption that as a person's income increases, the person can and should contribute a larger percentage of his/her income to support government activities. The progressive Federal income tax is based on this principle.

AUTOMATIC STABILIZER (BUILT-IN STABILIZER)

A mechanism having a countercyclical effect that automatically moderates changes in incomes and outputs in the economy without specific decisions to change government policy. *Unemployment insurance and the income tax are among the most important of the automatic stabilizers in the United States. (See also Countercyclical.)*

BALANCE OF PAYMENTS

A statistical record of economic transactions between one country, for example, the United States, and the rest of the world. The balance of payments accounts normally distinguish among transactions involving goods, services, short-term capital, and long-term capital.

BUSINESS CYCLES

The recurrent phases of expansion and contraction in overall business activity, evidenced by fluctuations in measures of aggregate economic activity, notably real gross national product. Although business cycles are recurrent, both the duration and the magnitude of individual cycles vary greatly.

CAPITAL

The designation applied in economic theory to one of the three major factors of production, the others being land and labor. Capital can refer either to physical capital, such as plant and equipment, or to the financial resources required to purchase physical capital. (*See also Capital Budget defined in the Budget Terms section of this glossary.*)

CONSTANT DOLLAR

A dollar value adjusted for changes in prices. Constant dollars are derived by dividing current dollar amounts by an appropriate price index, a process generally known as deflating. The result is a constant dollar series as it would presumably exist if prices and transactions were the same in all subsequent years as in the base year. Any changes in such a series would reflect only changes in the real volume of goods and services. Constant dollar figures are commonly used for computing the gross national product and its components and for estimating total budget outlays. (*See also* Current Dollar.)

CONSUMER PRICE INDEX (CPI)

Either of two measures of the price change of a fixed "market basket" of goods and services customarily purchased by urban consumers. CPI-U is based on a market basket determined by expenditure patterns of *all urban households*, while the market basket for CPI-W is determined by expenditure patterns of *urban wage-earner and clerical-worker families*. The level of the CPI shows the relative cost of purchasing the specified market basket compared to the cost in a designated base year, while the current rate of change in the CPI measures how fast prices are currently rising or falling. Current rates of change can be expressed as either monthly or annual rates. Although the consumer price index is often called the "cost-of-living index," it measures only price changes, which is just one of the several important factors affecting living costs. Both CPI-U and CPI-W are published monthly by the Bureau of Labor Statistics.

COST-BENEFIT ANALYSIS

An analytical technique that compares the social costs and benefits of proposed programs or policy actions. All losses and gains experienced by society are included and measured in dollar terms. The net benefits created by an action are calculated by subtracting the losses incurred by some sectors of society from the gains that accrue to others. Alternative actions are compared to choose one or more that yield the greatest net benefits, or ratio of benefits to costs.

The inclusion of all gains and losses to society in cost-benefit analysis distinguishes it from cost-effectiveness analysis, which is a more limited view of costs and benefits. (For distinction, *see* Cost-Effectiveness Analysis.)

COST-EFFECTIVENESS ANALYSIS

An analytical technique used to choose the most efficient method for achieving a program or policy goal. The costs of alternatives are measured by their requisite estimated dollar expenditures. Effectiveness is defined by the degree of goal attainment, and may also (but not necessarily) be measured in dollars. Either the net effectiveness (effectiveness minus costs) or the cost-effectiveness ratios of alternatives are compared. The most cost-effective method chosen may involve one or more alternatives.

The limited view of costs and effectiveness distinguishes this technique from cost-benefit analysis, which encompasses society-wide impacts of alternatives. (For distinction, see Cost-Benefit Analysis.)

COUNTERCYCLICAL

Actions aimed at smoothing out swings in economic activity. Countercyclical actions may take the form of monetary and fiscal policy (such as countercyclical revenue sharing or jobs programs). Automatic (built-in) stabilizers have a countercyclical effect without necessitating changes in governmental policy. (See also Automatic Stabilizer; Stabilization.)

CROWDING OUT

Most commonly refers to the displacement of private investment expenditures by increases in public expenditures financed by sales of Federal Government securities. The extent of the displacement depends on such factors as the responsiveness of private saving and investment to changes in interest rates and the degree to which the Federal Reserve monetizes the increase in public debt.

CURRENT DOLLAR

The dollar value of a good or service in terms of prices current at the time the good or service was sold. This is in contrast to the value of the good or service in constant dollars. (See also Constant Dollar.)

DEFLATION

A decrease in the general price level, usually accompanied by declining levels of output, increasing unemployment, and a contraction of the supply of money and credit. A price level decline during the contraction phase of the business cycle has not occurred in the United States since the end of World War II. Some attribute this to institutional barriers that prevent downward adjustments in wages and prices. Declines in output with increases in unemployment, however, are themselves sometimes referred to as deflationary changes.

DEVALUATION

The lowering of the value of a nation's currency in relation to gold, or to the currency of other countries, when this value is set by government intervention in the exchange market. Devaluation normally refers to fixed exchange rates. In a system of flexible rates, if the value of the currency falls, it is referred to as depreciation; if the value of the currency rises, it is referred to as appreciation.

DISCOUNT RATE

The interest rate that a commercial bank pays when it borrows from a Federal Reserve Bank. The discount rate is one of the tools of monetary policy used by the Federal Reserve System. The Federal Reserve customarily raises or lowers the discount rate to signal a shift toward restraining or easing its money and credit policy. (*See also* Monetary Policy.)

DISPOSABLE PERSONAL INCOME

Personal income less personal taxes and nontax payments to the Federal Government. It is the income available to persons for consumption or saving.

ECONOMIC GROWTH

An increase in a nation's productive capacity leading to an increase in the production of goods and services. Economic growth usually is measured by the annual rate of increase in real (constant dollars) gross national product.

ECONOMIC INDICATORS

A set of statistical series that have had a systematic relationship to the business cycle. Each indicator is classified as leading, coincident, or lagging, depending on whether the indicator generally changes direction in advance of, coincident with, or subsequent to changes in the overall economy. Although no one indicator or set of indicators is a wholly satisfactory predictor of the business cycle, taken as a whole they are valuable tools for identifying and analyzing changes in business cycles.

EMPLOYMENT

In economic statistics, employment refers to all persons who, during the week when the employment survey was taken, did any work for pay or profit, or who worked for 15 hours or more without pay on a farm or in a business operated by a member of the person's family. Also included as employed are those who did not work or look for work, but had a job or business from which they were temporarily absent during the week. (*See also* Full Employment Budget defined in the Budget Terms section of this glossary.)

GNP GAP

The difference between the economy's output of goods and services and its potential output at full employment—that is, the difference between actual GNP (gross national product) and potential GNP.

GROSS NATIONAL PRODUCT (GNP)

The market value of all final goods and services produced by labor and property supplied by residents of the United States in a given period of time. Depreciation charges and other allowances for business and institutional consumption of fixed capital goods are subtracted from GNP to derive net national product. GNP comprises the purchases of final goods and services by persons and governments, gross private domestic investment (including the change in business inventories), and net exports (exports less imports). The GNP can be expressed in current or constant dollars. (*See also* Net National Product; Potential Gross National Product.)

IMPLICIT PRICE DEFLATOR (GNP DEFLATOR)

A price index for all final goods and services produced in the economy, derived by calculating the ratio of the gross national product in current prices to the gross national product in constant prices. It is a weighted average of the price indexes used to deflate the components of current-dollar GNP, the implicit weights being expenditures in the current period.

INFLATION

A persistent rise in the general price level that results in a decline in the purchasing power of money.

LABOR FORCE

Those persons who are employed plus those who are seeking work but are unemployed. The total labor force consists of civilians and members of the U.S. armed forces stationed either in the United States or abroad. (*See also* Full Employment Budget defined in the Budget Terms section of this glossary.)

MACROECONOMICS

The branch of economics concerned with aggregate economic analysis in contrast to microeconomics, which is the analysis of individual economic units, markets, or industries. For example, macroeconomics includes the study of the general price level, national output or income, and total employment, rather than the prices of individual commodities or particular incomes and the employment of individual firms. (*See also* Microeconomics.)

MICROECONOMICS

The branch of economics concerned with analysis of individual economic units, markets, or industries as opposed to aggregates. For example, microeconomics deals with the division of total output among industries, products, and firms; with the allocation of resources among competing uses; and with the determination of relative prices of particular goods. (*See also* Macroeconomics.)

MONETARY POLICY

Policies, which affect the money supply, interest rates, and credit availability, that are intended to promote national macroeconomic goals—particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. Monetary policy is directed primarily by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee. Monetary policy works by influencing the cost and availability of bank reserves. This is accomplished through open-market operations (the purchase and sale of securities, primarily Government securities), changes in the ratio of reserves to deposits that commercial banks are required to maintain, and changes in the discount rate. (*See also* Discount Rate; Fiscal Policy defined in the Budget Terms section of this glossary.)

MONEY SUPPLY

The amount of money in the economy variously defined.

M1-A consists of currency (coin and paper notes) plus demand deposits at commercial banks, exclusive of demand deposits held by other domestic banks, foreign banks, and official institutions, and the U.S. Government. M1-B consists of M1-A plus other checkable deposits, including negotiable orders of withdrawal and automatic transfers from savings accounts at commercial banks and thrift institutions, credit unions' share draft accounts, and demand deposits at mutual savings banks.

M-2 consists of M1-B plus savings and small denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than Caribbean branches of member banks, and money market mutual fund shares.

M-3 consists of M-2 plus large denomination time deposits at all depository institutions and term repurchase agreements at commercial banks and savings and loan associations.

NATIONAL INCOME ACCOUNTS

Accounts prepared and published quarterly and annually by the Department of Commerce, providing a detailed statistical description of aggregate economic activity within the U.S. economy. These accounts depict in dollar terms the composition and use of the nation's output and the distribution of national income to different recipients. The ac-

counts make it possible to trace trends and fluctuations in economic activity. The data that measure the nation's total output are estimated in two principal ways:

- The value of the goods and services produced by the economy—referred to as the product side of the account. This is divided into the major uses for the output of the economy: consumer purchases, business investment, exports, and government purchases.
- The costs incurred and types of income earned in producing those goods and services—referred to as the income side. This presents wages and salaries, profits, and other forms of income, indirect taxes, and capital consumption allowances generated in the production process.

Because the national income accounts offer a consistent picture of the economy, they are basic analytical tools used in quantifying past and current performance of the economy and also in forecasting future economic developments. Furthermore, this quantitative framework makes these accounts of great importance in the formulation of national economic policies. (*See also* Personal Income; Transfer Payments.)

NET NATIONAL PRODUCT (NNP)

The net market value of final goods and services produced by labor and property supplied by the residents of the United States. Net national product equals gross national product less capital consumption allowances, which are estimates of the value of the capital goods "used up" in producing the gross national product. (*See also* Gross National Product; Potential Gross National Product.)

OPEN-MARKET OPERATIONS

The purchase and sale of various securities, chiefly marketable Federal Government securities, by the Federal Reserve System in the open market for the purpose of implementing Federal Reserve monetary policy. Open-market operations, one of the most flexible instruments of monetary policy, affects the reserves of member banks, and thus the supply of money and the availability and cost of credit. (*See also* Reserve Requirements.)

PERSONAL INCOME

In the national income accounts, personal income is the income received by persons (i.e., individuals, nonprofit institutions, private noninsured welfare funds, and private trust funds) from all sources. These sources consist of participation in production transfer payments from government and business and government interest, which is treated like a transfer payment. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, personal interest income, and transfer payments, less personal contributions for social insurance. (*See also* National Income Accounts.)

POTENTIAL GROSS NATIONAL PRODUCT

An estimate of how much the economy could produce with full utilization of its productive resources and existing technology. Full utilization has conventionally been defined in terms of a benchmark unemployment rate. In 1979, the benchmark was an unemployment rate of 5.1 percent. (*See also* Gross National Product; Net National Product.)

PRIME RATE

The rate of interest charged by commercial banks for short-term loans to their most creditworthy customers.

PRODUCER PRICE INDEXES (FORMERLY WHOLESALE PRICE INDEX)

A set of measures of average changes in prices received in all stages of processing by producers of commodities in the manufacturing, agriculture, forestry, fishing, mining, gas and electricity, and public utilities sectors. These indexes can be organized either by commodity or by stage-of-processing. Stage-of-processing indexes—finished goods, intermediate materials, and crude materials—are more useful for analyzing general price trends. These indexes are published monthly by the Bureau of Labor Statistics. Changes in these indexes from one month to another are usually expressed as percent changes representing either monthly or annualized rates of change.

RECESSION

A decline in overall business activity that is pervasive, substantial, and of at least several months duration. Historically, recessions have been identified by a decline in real gross national product for at least two consecutive quarters.

RESERVE REQUIREMENTS

The percentage of deposit liabilities that U.S. commercial banks are required to hold as a reserve at their Federal Reserve bank, as cash in their vaults, or as directed by State banking authorities. The reserve requirement is one of the tools of monetary policy. Federal Reserve authorities can control the lending capacity of the banks (thus influencing the money supply) by varying the ratio of reserves to deposits that commercial banks are required to maintain. (*See also* Open-Market Operations.)

STABILIZATION

The maintenance of high-level economic activity with an absence of severe cyclical fluctuations. Stability is usually measured by an absence of fluctuations in production, employment, and prices, three aspects of economic activity that tend to fluctuate in a cyclical fashion. (*See also* Countercyclical.)

STAGFLATION

The simultaneous existence of high unemployment and high inflation.

TRANSFER PAYMENTS

In the national income accounts, payments made by the Federal Government or business firms to individuals or organizations for which no current or future goods or services are required to be provided in return. Government transfer payments include social security benefits, unemployment insurance benefits, Government retirement and veterans benefits, and welfare payments. Transfer payments by business firms consist mainly of gifts to nonprofit institutions. It is also common to include as business transfer payments the debts of their customers that remain unpaid and are thus considered to be bad debts.

While these debts were clearly not intended to be transfer payments when they were incurred, once they are written off the books of the business firm, the original transaction meets the definition of a transfer payment. (*See also* National Income Accounts.)

TREASURY BILLS

The shortest term Federal security. Treasury bills have maturity dates normally varying from 3 to 12 months and are sold at a discount from face value rather than carrying an explicit rate of interest.

UNEMPLOYMENT

Persons who, during a specified week, had no employment but were available for work and had sought employment within the past 4 weeks, were laid off from a job, or were waiting to report to a new job within 30 days.

UNEMPLOYMENT RATE

The number of unemployed persons expressed as a percentage of the civilian labor force.

UNEMPLOYMENT RATE, INSURED

The number of insured unemployed as a percentage of covered employment—that is, those persons who are eligible to receive unemployment compensation benefits.

WAGES AND SALARIES

Monetary remuneration of employees, including the compensation of corporate officers, commissions, tips, bonuses, and receipts in kind that represent income to the recipients. (*See also* Personal Services and Benefits defined in the Budget Terms section of this glossary.)



Tax Terms and Definitions

REFUNDABLE TAX CREDITS

Certain tax credits are refundable to the taxpayer. The tax credit is first to be applied against tax liability. If the amount of the credit is greater than the tax liability, the excess is treated as an overpayment of taxes and is refunded to the taxpayer. An example is the Earned Income Tax Credit payment in excess of tax liability. (*See also* Refunds defined in the Budget Terms section of this glossary; Tax Credits.)

TAX CREDITS

Tax credits include any special provision of law that results in a dollar-for-dollar reduction in tax liabilities that would otherwise be due. In some cases, tax credits may be carried forward or backward from one tax year to another, while other tax credits lapse if not used in the year earned. Tax credits may result in a reduction of tax collections or an increase in the value of tax refunds. (*See also* Refundable Tax Credits; Refunds defined in the Budget Terms section of this glossary; Tax Expenditures.)

TAX EXPENDITURES

Revenue losses attributable to provisions of the Federal income tax laws that allow a special exclusion, or deduction from gross income, or that provide a special credit, preferential tax rate, or deferral of tax liability.

Tax expenditures may be considered Federal Government subsidies provided through the tax system to encourage certain activities and to assist certain groups. For example, capital formation is encouraged by permitting businesses to claim some portion of the cost of an investment as a credit on their income taxes, and the unemployed are aided by excluding unemployment benefits from taxable income. Tax expenditures involve no transfer of funds from the Government to the private sector. Rather, the U.S. Treasury Department forgoes some of the receipts that it otherwise would have collected, and the beneficiary taxpayers pay lower taxes than they otherwise would have had to pay. (*See also* Subsidy defined in the Budget Terms section of this glossary; Tax Credits; Tax Expenditures Budget.)

TAX EXPENDITURES BUDGET

A list of legally sanctioned tax expenditures for each fiscal year which the 1974 Congressional Budget and Impoundment Control Act (P.L. 93-344, sec. 601(e)) requires be part of the President's budget submission to Congress. (*See also* President's Budget defined in the Budget Terms section of this glossary; Tax Expenditures.)

TAXES

Sums imposed by a government authority upon persons or property to pay for government services.

The power to impose and collect Federal taxes is given to Congress in Article I, Section 8 of the Constitution. As the collections arise from the sovereign and regulatory powers unique to the Federal Government, they are classified as governmental (budget) receipts, which are compared with budget outlays in calculating the budget surplus or deficit. Major tax legislation is contained in the United States Code, Title 26, Internal Revenue Code.

APPENDIXES





Appendix A The Federal Budget Documents

The official data and analyses relating to the Federal budget are published in four documents:

The Budget of the United States Government

The United States Budget in Brief

The Budget of the United States Government, Appendix

Special Analyses, Budget of the United States Government

The Budget of the United States Government contains the President's budget message and an overview of the President's budget proposals. It explains spending programs in terms of national needs, agency missions, and basic programs, and it analyzes estimated receipts and discusses the President's tax program. This document also describes the budget system and presents summary tables on the budget as a whole.

The United States Budget in Brief is designed for the general public. It provides a more concise, less technical overview of the budget than the full *Budget*. Summary and historical tables on the Federal budget and debt are provided, together with graphic displays.

The Budget of the United States Government, Appendix contains information on the various appropriations and funds that compose the budget. For each agency the *Appendix* includes the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, proposed general provisions applicable to the appropriations of entire agencies or groups of agencies, and schedules of permanent positions. Supplementals and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget total.

Special Analyses, Budget of the United States Government highlights specific program areas and other significant presentations of Federal budget data. It presents alternative views of the budget, that is, current services and national income accounts; economic and financial analyses of the budget covering Government finances and operations as a whole;

and Government-wide program and financial information for Federal civil rights and research development programs.

These documents are for sale in paper covers only, by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Appendix B Budget Functional Classification

The functional classification system is a way of grouping budgetary resources so that all budget authority and outlays of budget and off-budget Federal entities, loan guarantees, and tax expenditures can be presented according to the national needs being addressed. National needs are grouped in 17 broad areas to provide a coherent and comprehensive basis for analyzing and understanding the budget. Three additional categories—Interest, Allowances, and Undistributed Offsetting Receipts—do not address specific national needs but are included to cover the entire budget.

To the extent feasible, functional classifications are made without regard to agency or organizational distinctions. Each Federal activity is placed in a functional classification that best defines the activity's most important purpose, even though many activities serve more than one purpose. This is necessary so that the sum of the functional categories equals the budget totals. The functional classifications are also the categories that Congress uses in the concurrent resolutions on the budget, pursuant to the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1322).

A function may be divided into two or more subfunctions, depending upon the complexity of the national need addressed by that function. A three-digit code represents each functional/subfunctional category. The functional codes also make up the last three digits of the Account Identification Code. (See Appendix C in this Glossary.)

The following outline of the functional classification structure is taken from the *Budget of the United States Government, Fiscal Year 1981*, adjusted for changes in the 1982 Budget. (See Summary of Changes at the end of this appendix.) The definitions for the subfunctional structure are from the Office of Management and Budget technical staff paper: *The Functional Classification in the Budget* (1979 Revision), Executive Office of the President, OMB February 22, 1979, Technical Paper Series BRD/FAB 79-1.

Code
No. Function Title & Subfunction

050 NATIONAL DEFENSE

Pertains to programs directly related to the common defense and security of the United States. It encompasses the:

- raising, equipping, and maintaining of armed forces (including civilian supporting activities), development and utilization of weapons systems (including nuclear weapons), and related programs;
- direct compensation and benefits paid to active military and civilian personnel; contributions to their retirement, health, and life insurance funds; and cash benefits for military retirement pay;
- the conduct of defense research, development, testing, and evaluation; and
- procurement, construction, stockpiling, and other activities undertaken to directly foster national security.

Excluded from national defense are

- benefits or compensation to veterans and their dependents. (Veterans benefits are generally available to personnel who served the country in national emergencies; benefits for career military personnel are generally charged as a cost to the national defense function);
- the peaceful conduct of foreign relations;
- foreign military, economic, and humanitarian assistance;
- subsidies to business by civilian agencies (such as maritime subsidies) that may be partially justified as promoting national security; and
- research and operations of agencies (such as space research) whose program missions are not directly designed to promote national defense but which could result in some significant benefits to our national security.

051 Department of Defense—Military

The entire agency is included in this subfunction.

053 Atomic Energy Defense Activities

Programs of the Department of Energy devoted to national defense, such as naval ship reactors and nuclear weapons.

054 Defense-Related Activities

Miscellaneous defense activities, such as the expenses connected with selective service and with defense stockpiles outside of the Departments of Defense and Energy.

150 INTERNATIONAL AFFAIRS

Concerned with maintaining peaceful relations, commerce, and travel between the United States and the rest of the world, and with promoting international security and economic development abroad.

Excluded from international affairs are outlays from domestic programs that may tangentially affect foreign relations or the citizens of other nations.

151 Foreign Economic and Financial Assistance

Humanitarian assistance, development assistance, security supporting assistance, grants to and investments in international financial and development institutions, and the costs associated with concessionary agricultural exports.

152 Military Assistance

Involves the transfer of defense articles and services to foreign governments, including grants, credit sales, and training. Excluded is the military sales trust

fund, which is classified under subfunction 155 (international financial programs).

153 Conduct of Foreign Affairs

The diplomatic and consular operations of the Department of State, assessed contributions to international organizations, and closely related activities in other agencies (such as the Arms Control and Disarmament Agency).

154 Foreign Information and Exchange Activities

Student and cultural exchange programs and foreign library, radio, or other media information activities designed to promote mutual understanding between the people of the United States and other nations.

155 International Financial Programs

Export credit, the military sales trust fund, international commodity agreements, international monetary programs, and other programs designed to improve the functioning of the international financial system.

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Budget resources allocated to science and research activities of the Federal Government that are not an integral part of the programs conducted under any other function, including the research conducted by the National Science Foundation, all space programs conducted by the National Aeronautics and Space Administration (NASA), and general science research supported by the Department of Energy. Research and technology programs that have diverse goals and cannot readily be classified into one specific function are also placed here to avoid detailed splitting of accounts.

251 General Science and Basic Research

The expenses of conducting the National Science Foundation programs and the general science activities of the Department of Energy.

253 Space Flight

Devoted to the development and operation of space transportation systems.

254 Space Science, Applications, and Technology

Devoted to basic scientific research connected with outer space, research and demonstrations designed to promote terrestrial applications of technology developed through space research, and development of new space technologies for future flight missions.

255 Supporting Space Activity

The costs of tracking and data relay support for NASA space science and applications for flight missions.

270 ENERGY

Programs that promote an adequate supply and appropriate use of energy to serve the needs of the economy. Included are the energy programs of the Department of Energy and its predecessor agencies. Excluded are atomic energy defense activities and general science research not closely related to energy.

271 Energy Supply

Programs designed to increase the supply of energy through the development of domestic resources and systems capable of using them. Includes the costs of research and demonstration of supply systems.

272 Energy Conservation

Programs designed to encourage the prudent use of energy resources.

274 Emergency Energy Preparedness

Programs associated with developing and maintaining a stockpile of energy resources (currently confined to petroleum) to meet emergency needs and associated contingency planning activities.

276 Energy Information, Policy, and Regulation

The unallocable overhead activities of the Department of Energy plus the costs of energy information and regulation activities.

300 NATURAL RESOURCES AND ENVIRONMENT

Programs whose primary purpose is to develop, manage, and maintain the nation's natural resources and environment. Excluded are the outlays for community water supply programs, basic sewer systems, and waste treatment plants, which are part of a community or regional development (rather than an environmental enhancement) program or are part of the cost of operating a Federal facility (such as a military installation).

301 Water Resources

Water protection, conservation, irrigation, and related activities, including the total costs of multi-purpose water projects where it is not feasible to separate out the transportation (navigation) or energy (power) segments of these projects.

302 Conservation and Land Management

The costs of maintaining the public domain and national forests, payments to encourage conservation of private land, and surface mining reclamation efforts.

303 Recreational Resources

The acquisition, improvement, and operation of recreational lands and facilities, including fish and wildlife and parks; also outlays for preserving historic areas.

304 Pollution Control and Abatement

Outlays for controlling and reducing air, water, and land pollution, or programs that are specifically funded to enhance the environment. Excluded are water resources programs, water treatment plants, and similar programs that are not funded as part of an environmental enhancement activity.

306 Other Natural Resources

Miscellaneous natural resources programs not classified in other subfunctions, such as marine, earth, and atmosphere-related research, and the cost of geological surveys and mapping.

350 AGRICULTURE

Programs that promote the economic stability of agriculture and the nation's capability to maintain and increase agricultural production.

Excluded are programs which, though related to rural development, are not directly related to agriculture, such as rural environmental and conservation programs classified in the natural resources function. Also excluded are the costs connected with concessionary food export sales or food donations, whether overseas or for domestic income support purposes.

351 Farm Income Stabilization

Loans, subsidies, and other payments for purposes of stabilizing agricultural prices at an equitable level. This subfunction includes the cost of acquiring and storing agricultural commodity stockpiles, but does not include the cost of foreign agricultural export losses (classified in the international affairs function) or domestic donations of food (part of an income support, rather than a farm price support, program).

352 Agricultural Research and Services

All other costs of agricultural programs, including expenses for programs such as agricultural research and extension services.

370 COMMERCE AND HOUSING CREDIT

The promotion and regulation of commerce and the housing credit and thrift insurance industries, which pertain to the:

- collection and dissemination of social and economic data (unless they are an integral part of another function, such as health);
- general purpose loans and subsidies to business and direct loans and other credit incentives to the housing industry; and
- subsidy to the Postal Service and any budgetary expenses of the Federal Financing Bank (including the off-budget activities of these entities).

In general, credit and insurance programs are included in this function; however, if such programs are a means of achieving the basic objectives of another function and are an integral part of the programs of that function, they are classified in the other function.

Excluded are regional economic development programs, even if they use credit or insurance to achieve a community development objective. Also excluded are other insurance or loan programs (such as railroad loans) that are an integral part of other functions.

371 Mortgage Credit and Thrift Insurance

Homeownership and related loan and insurance programs; insurance programs protecting depository thrift institutions.

372 Postal Service

Any net outlays of the Postal Service included in the budget (or off-budget).

376 Other Advancement and Regulation of Commerce

Loan programs to aid specialized forms of business (such as small business) that are not included elsewhere in the functional structure.

Also included are the costs of collecting and disseminating economic and demographic statistics (such as census data) and regulating business.

400 TRANSPORTATION

All programs with the primary aim of providing for the transportation of the general public and/or their property, regardless of whether local or national and regardless of the particular mode of transportation. This classification includes:

- construction of facilities;
- purchase of equipment;
- research, testing, and evaluation;
- provision of communications directly related to transportation (e.g., air traffic control by the Federal Aviation Administration);
- operating subsidies for transportation facilities (such as airports) and industries (such as railroads); and
- regulatory activities directed specifically toward the transportation industry rather than toward commerce (business).

Excluded are the:

- costs of moving personnel or equipment as part of the operation of other government services;
- provision of foreign economic assistance that may involve assisting transportation facilities or programs abroad;
- construction of roads, trails, etc. as an integral part of the operation of public lands, parks, forests, or military reservations, unless they are specifically funded as a part of a broader transportation program;
- construction of roads or other transportation facilities as an integral part of a broad community facility or regional development program where the clear intent of the program is regional development and the provision of transportation facilities is only an incidental by-product or means to attain the objective of regional development;

—research and technology activities devoted to space research (except for aeronautical technology), even though this research may eventually rebound to the advantage of general transportation.

401 Ground Transportation

Outlays to aid and/or regulate the various modes of ground transportation, such as roads and highways, railroads, and urban mass transit.

402 Air Transportation

Outlays to aid and/or regulate air transportation, including aeronautical research conducted by NASA.

403 Water Transportation

Outlays to aid and/or regulate maritime commerce.

407 Other Transportation

Outlays for general transportation programs and overhead not readily allocable into any of the preceding subfunctions.

450 COMMUNITY AND REGIONAL DEVELOPMENT

Generally confined to the development of physical facilities or financial infrastructures designed to promote viable community economies. Transportation facilities developed as an integral part of a community development (rather than transportation) program are also included. Aids to businesses are not usually included in this function unless such aids (e.g., the National Development Bank proposed in the 1980 budget) promote the economic development of depressed areas and are not designed to promote particular lines of business for their own sake.

Human development and services programs are usually excluded from this function.

451 Community Development

Grants and related programs designed to aid largely urban community development. Included are community development block grants, urban development action grants, and predecessor activities such as the urban renewal and model cities programs. These programs are generally carried out by the Department of Housing and Urban Development.

452 Area and Regional Development

Grants, loans, subsidies, and related aids for the economic development of depressed areas that are generally either rural or are more regional than the community development programs. Area and regional development programs are generally carried out by agencies other than the Department of Housing and Urban Development, such as the Farmers Home Administration, Economic Development Administration, and Bureau of Indian Affairs.

453 Disaster Relief and Insurance

Those Federal programs uniquely devoted to helping communities and families recover from natural disasters.

500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Outlays to promote the extension of knowledge and skills, to enhance employment and employment opportunities, to protect workplace standards, and to provide public services to the needy.

This function excludes education or training undertaken as an integral part of the achievement of other functions (such as training military personnel; veterans education, training, and rehabilitation; or training of health workers in a health program). Nutrition or food service programs funded separately from social services or education are not part of this function; they are classified as income security.

501 Elementary, Secondary, and Vocational Education

Pre-school, elementary, secondary, and vocational education programs.

502 Higher Education

College-level and graduate school education programs.

503 Research and General Education Aids

Education research and assistance for the arts, the humanities, educational radio and television, public libraries, and museums.

504 Training and Employment

Programs of job or skill training, employment services and placement, and payments to employers to subsidize employment.

505 Other Labor Services

Aids to or regulation of the labor market (including gathering labor statistics and mediation and conciliation services) other than employment and training programs, and other than occupational safety and health programs.

506 Social Services

Composed of two forms of activities: (a) programs that provide a broad range of services to individuals to help them improve their vocational capabilities (vocational rehabilitation) or family status, and (b) services to the poor and elderly that are not primarily for income support and that are not an integral part of some other function (e.g., community action programs).

550 HEALTH

Programs whose basic purpose is to promote physical and mental health, including the prevention of illness and accidents.

Excluded from the health function are Federal health care costs that are for military personnel and for veterans. General scientific research that has medical applications

(such as that conducted by the National Science Foundation) and health programs financed through foreign assistance programs are also excluded.

551 Health Care Services

The costs of financing the provision of medical services to individuals and families, whether such services are provided directly by the Federal Government or financed through grants, contracts, insurance, or reimbursements.

552 Health Research

Includes the costs of all research programs—whether basic or applied—that are financed specifically as health or medical research. It excludes research that is an integral part of other functions (such as biomedical research in the space program).

553 Education and Training of the Health Care Workforce

Any education or training program specifically funded as a health program and restricted to training individuals who work, or expect to work, in health or health-related fields.

554 Consumer and Occupational Health and Safety

Programs such as meat and poultry inspection, food and drug inspection, consumer product safety, and occupational safety and health.

600 INCOME SECURITY

Payments for or to persons for which no current service is rendered, including retirement (excluding military retired pay), disability, unemployment, and welfare payments and associated administrative costs. Also included in this function are the food stamp, special milk, and child nutrition programs (whether the benefits are in cash or kind);

both Federal and trust fund unemployment compensation and workers compensation; public assistance cash payments; benefits to the elderly and to coal miners; and low- and moderate-income housing benefits.

Excluded are financial assistance for education, provision or reimbursement for child care services and stipends, medical care (whether in cash or kind), and subsidies to businesses (such as farm price supports), even though they may end up as income to persons. Also excluded are income security programs restricted to veterans and their dependents.

601 General Retirement and Disability Insurance

Non-needs-tested retirement and disability programs, except those specifically restricted to Federal employees. This subfunction is normally subdivided into two major components for purposes of budget presentation: (a) *social security*, which is composed of the old age, survivors, and disability insurance trust funds except for payments made to the railroad retirement fund and (b) *other*, which is composed mainly of the railroad retirement fund and special benefits for coal miners.

602 Federal Employee Retirement and Disability

All *funded* retirement and disability programs restricted to Federal employees. In those cases where there are no retirement funds (such as in the cases of military and Coast Guard retired pay), the cash benefits are included in the function where the employees were employed (in these cases national defense and transportation), because otherwise those functions would never be charged for the retirement costs of their employees.

603 Unemployment Compensation

Benefits for unemployed workers that are not conditioned by needs tests. Excluded are other benefits (such as food stamps) that an unemployed person might be eligible for under any other program.

604 Housing Assistance

Federal income support and related expenses (but not loans, loan guarantees, or insurance) that are specifically for financing or providing housing for individuals and families.

605 Food and Nutrition Assistance

Federal income support and related expenses that are specifically for and limited to financing or providing food or nutritional assistance to individuals and families.

609 Other Income Security

Income security programs not included in any other subfunction. Composed primarily of either direct payments or grants-in-aid to finance direct payments that constitute cash income to low-income individuals and families. Also includes refugee assistance and both administrative expenses and offsetting collections in the income security function that are not part of any other subfunction.

700 VETERANS BENEFITS AND SERVICES

Consists of programs providing benefits and services, the eligibility for which is related to prior military service but the financing of which is not an integral part of the costs of national defense.

As a normal rule, the outlays in this function are similar to those in the broader general purpose functions (such as income security or health), but are restricted to veterans, their dependents, and their survivors. Earned rights of career military personnel that are a cost of the defense budget (such as military retired pay or medical care) are excluded.

701 Income Security for Veterans

Veterans compensation, pensions, burial benefits, and life insurance.

702 Veterans Education, Training, and Rehabilitation

Composed primarily of the "GI bill" readjustment and vocational rehabilitation benefits.

703 Hospital and Medical Care for Veterans

Medical care and research financed by the Veterans Administration.

704 Veterans Housing

Housing loan and guarantee programs for veterans and dependents.

705 Other Veterans Benefits and Services

Mainly the administrative expenses of the Veterans Administration.

750 ADMINISTRATION OF JUSTICE

Programs to provide judicial services, police protection, law enforcement (including civil rights), rehabilitation and incarceration of criminals, and the general maintenance of domestic order. It includes the provision of court appointed counsel or other legal services to individuals.

Excludes the costs of the legislative branch, the narrow-purpose police or guard activities to protect Federal property, or activities that are an integral part of a broader function (such as postal inspectors, tax collection agents, and Park Service Rangers). The costs of National Guard personnel and military personnel who are called upon occasionally to maintain public safety and the costs of military police are included under the national defense function rather than this function.

751 Federal Law Enforcement Activities

The costs of operating the FBI, the Bureau of Customs, the Immigration and Naturalization Service, the Drug Enforcement Administration, and police and

crime prevention activities in other programs. Also includes the readily identifiable enforcement costs of civil rights activities.

752 Federal Litigative and Judicial Activities

The cost of the judiciary, the cost of prosecution, and Federal expenses connected with financing legal defense activities.

753 Federal Correctional Activities

Covers the costs of incarceration, supervision, parole, and rehabilitation of Federal prisoners.

754 Criminal Justice Assistance

Grants to State and local governments to assist them in operating and improving their law enforcement and justice systems.

800 GENERAL GOVERNMENT

The general overhead costs of the Federal Government, including legislative and executive activities; provision of central fiscal, personnel, and property activities; and the provision of services that cannot reasonably be classified in any other major function. As a normal rule, all activities reasonably or closely associated with other functions are included in those functions rather than listed as a part of general government.

801 Legislative Functions

The costs of the legislative branch except for the Tax Court, the Library of Congress, and the Government Printing Office revolving fund.

802 Executive Direction and Management

The Executive Office of the President (unless some major grants or operating programs should be included in the EOP); occasionally some closely related spending outside the EOP is also included in this subfunction.

803 Central Fiscal Operations

Covers the general tax collection and fiscal operations of the Treasury Department. Includes any residual Federal Financing Bank transactions (i.e., nonlending activities.)

804 Central Property and Records Management

Most of the operations of the General Services Administration (net of reimbursements from other agencies for services rendered).

805 Central Personnel Management

Most of the operating costs of the Office of Personnel Management (formerly the Civil Service Commission) and related agencies (net of reimbursements from other agencies for services rendered).

806 Other General Government

Miscellaneous other costs, such as Federal costs of territorial governments. For Indian tribal funds, see Summary of Changes at the end of this Appendix.

850 GENERAL PURPOSE FISCAL ASSISTANCE

Federal aid to State, local, and territorial governments that is available for general fiscal support. Also included are grants for more restricted purposes when the stipulated purposes cross two or more major budgetary functions and the distribution among those functions is at the discretion of the recipient jurisdiction rather than the Federal Government. It includes payments in lieu of taxes, broad-purpose shared revenues, general revenue sharing, and the Federal payment to the District of Columbia. Payments specifically for community development or social services programs are not included in this function.

851 General Revenue Sharing

The general revenue sharing program.

852 Other General Purpose Fiscal Assistance

All other programs in this function, which are mainly shared revenues, countercyclical fiscal assistance whenever there is such a program, and the Federal payment to the District of Columbia.

900 INTEREST

Interest is the cost attached to borrowing or lending money. It is not an objective in and of itself, but rather a result of seeking to fulfill other objectives. The other objectives can normally be identified in two broad groupings: (a) those in which the transactions directly give rise to interest payments or income (lending) and (b) the general shortfall or excess of outgo over income arising out of fiscal, monetary, and other policy considerations and leading to the creation of interest-bearing debt instruments (normally the public debt).

The interest function includes interest on the public debt, on uninvested funds, on tax refunds, and interest recorded in budgetary receipt (proprietary or intragovernmental) accounts (except for interfund interest received by trust funds).

901 Interest on the Public Debt

Outlays for interest on the public debt. (Where this interest is paid to the public, it is on an accrual basis; all other interest outlays in the budget are on a cash basis.)

902 Other Interest

All other interest expenditures and offsetting receipts. The principal expenditure in this subfunction normally is interest on refunds of receipts. Since offsetting interest receipts are included in this subfunction, the subfunction totals are usually negative.

920 ALLOWANCES

The budget always includes estimates for allowances for future years. Since Congress never appropriates money for "allowances" but only for specific programs, there are never any budget authority or outlay totals for allowances in any past periods. However, this category is needed to permit the budget to reflect the total estimated budget authority and outlay requirements for future years.

In addition to the budget authority and outlays in each of the functional classifications, the President's budget normally includes some budget authority and outlays classified as allowances. The allowance categories in the budget are as follows:

921 Civilian Agency Pay Raises

The anticipated additional budget authority and outlays needed to finance pay raises for all agencies except the Department of Defense, Military. The Defense Department pay allowances are included in subfunction 051.

922-926 Contingencies for Specific Requirements

The specific line entries will vary from budget to budget, depending on what projections are required. Projections for the FY 1980 budget included an allowance for welfare reform (starting with FY 1981) and an allowance for nondefense purchase (price) inflation for each of the years beyond the budget year.

927 Contingencies for Relatively Uncontrollable Programs

Normally estimated at zero since the probability of the actual requirements being higher or lower than the budget estimates is normally assumed to be equal.

928 Contingencies for Other Requirements

The budget also includes the traditional contingency allowance to cover unanticipated requirements and future initiatives.

950 UNDISTRIBUTED OFFSETTING RECEIPTS

A large portion of the offsetting receipts is included as deductions at the subfunction level. However, every major function except two (general purpose fiscal assistance (850) and interest (900)) also has a separate entry for "deductions for offsetting receipts" that are offset against the major function but not at the subfunction level. In addition, three groups of offsetting receipts are classified as undistributed offsetting receipts rather than being included in any of the other functions.

951 Employer Share, Employee Retirement

Interfund transactions and receipts from off-budget Federal entities.

952 Interest Received by Trust Funds

Composed of trust interfund interest deposited in receipt accounts. It does not include interest received by trust revolving funds (e.g., the Federal Deposit Insurance Corporation).

953 Rents and Royalties on the Outer Continental Shelf

Those receipts derived from rents, royalties, and bonuses on Outer Continental Shelf land leases.

SUMMARY OF CHANGES FOR THE 1982 BUDGET
(FUNCTIONAL CHANGES SINCE FY 1981)

- That portion of receipt subaccount 8365.35 (Indian tribal funds) that derives from payments by the State of Alaska under terms of the Alaska Native Claims Settlement Act was shifted from subfunction 452 (area and regional development) to 806 (other general government). This matches the functional treatment of the outlays these collections finance. There will be no further collections beyond 1980 under this program.
- The subfunctional "attribution" of the Federal Financing Bank has been incorporated as an official functional split of the FFB. Subfunction 374 (the Federal Financing Bank)

was abolished; any residual FFB transactions (i.e., non-lending activities) were moved into subfunction 803 (other general government).

—Subfunction 604 (public assistance and other income supplements) was split into three new subfunctions:

- 604 Housing assistance
- 605 Food and nutrition assistance
- 609 Other income security

Any offsetting collections previously offset at the major functional level are offset in 609 unless they are collected by the Department of Housing and Urban Development (604) or Department of Agriculture (605).

Appendix C Budget Account Identification Code

Each account, or group of accounts, in the Federal budget is assigned an 11-digit identification code, as follows:

XX-XXXX-x-x-xxx

The first two digits designate the agency code assigned by the Department of the Treasury.

xx-XXXX-x-x-xxx

The third through sixth digits designate the appropriation or fund account symbol assigned by the Treasury Department.

xx-xxxx-X-x-xxx

The seventh digit identifies the timing of estimates:

- 0-Regular budget schedule
- 1-Supplemental under existing legislation
- 2-Proposed for later transmittal under proposed legislation
- 3-Proposed for later transmittal under existing legislation
- 4-Supplemental or additional authorizing legislation required
- 5-Rescission proposal
- 6-Supplemental request pending

xx-xxxx-x-X-xxx

The eighth digit identifies the type of fund:

- 1-General
- 2-Special
- 3-Public enterprise
- 4-Intragovernmental
- 7-Trust (nonrevolving)
- 8-Trust revolving

Budget Account Identification Code _____

xx-xxxx-x-x-XXX

The last three digits designate functional classification as used in the latest budget documents, unless noted otherwise by OMB. In cases where an account is split between two or more subfunctions: (a) if all subfunctions are in the same major function the digits indicate the major function or, (b) if two or more major functions are involved, "999" is used.

The identification code appears at the head of the program and financing schedule in the *Appendix to the Budget of the United States Government*. (See also Appendix D, Program and Financing Schedule, in this Glossary.)

Appendix D Program and Financing Schedule

Most of the details of budget data are presented in the Program and Financing Schedule in the *Appendix to the Budget of the United States Government*. This schedule consists of program by activities, financing, and relation of obligations to outlays.

In the program by activities section, costs, or obligations, are classified by purpose, program, type of activity, or project. This classification is developed for each appropriation or fund, and is not uniform on a Government-wide basis. Where it is of significance, capital investment is shown by activity. Otherwise, the total for each year is disclosed by footnote.

The financing section shows the sources of funds, budget authority, and other means of financing the activities covered by the account and the disposition of unobligated amounts not used during the year.

The section on relation of obligations to outlays shows obligations net of offsetting collections, obligated balances at the start and end of the year, and other items that affect the relation of obligations to outlays. All program and financing schedules carry an 11-digit identification code, generally, placed at the head of the schedule. (See Appendix C, Budget Identification Code, in this glossary.)

The Program and Financing Schedule is preceded by the appropriation language of the appropriation acts (FY 1981 in the sample shown below), and is printed following the account title, that is, salaries and expenses. The language of the previous year's appropriation acts, printed in roman type, is used as a base. Brackets enclose material proposed for deletion; italic type indicates proposed new language. When an appropriation has not been enacted at the time the budget is submitted, the language relates only to the fiscal year in question and is italicized, with no brackets shown. In a few cases, the language from unenacted appropriation bills, printed in roman type, is used as a base. In such cases, the language is followed by an explanatory note.

At the end of the final appropriation language paragraph, and printed in italics within parentheses, are citations to any relevant authorizing legislation and to the appropriation act from which the basic text of the language is taken.

Program & Financing Schedule
(Executive Budget)

THE WHITE HOUSE OFFICE
Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary for the White House Office as authorized by law, including not to exceed \$3,850,000 for services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 105, and other personal services as authorized by 3 U.S.C. 105; including subsistence expenses as authorized by 3 U.S.C. 105, which shall be expended and accounted for as provided in that section; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed \$100,000 to be expended and accounted for as provided by 3 U.S.C. 103); and not to exceed **[\$15,000] \$17,000** for official entertainment expenses, to be available for allocation within the Executive Office of the President; **[\$18,210,000] \$20,627,000.** (*Executive Office Appropriations Act, 1980.*)

Program and Financing (in thousands of dollars)

Identification code	11-0110-0-1-802	1979 actual	1980 est.	1981 est.
Program by activities:				
10.00	Administration (costs—obligations)	17,129	18,973	20,627
Financing:				
25.00	Unobligated balance lapsing	34		
	Budget authority	17,163	18,973	20,627
Budget authority:				
40.00	Appropriation	17,163	18,210	20,627
44.20	Supplemental for civilian pay raises		763	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	17,129	18,973	20,627
72.40	Obligated balance, start of year	86	1,771	1,889
74.40	Obligated balance, end of year	-1,771	-1,889	-1,990
77.00	Adjustments in expired accounts	465		
90.00	Outlays, excluding pay raise supplemental	15,909	18,136	20,482
91.20	Outlays from civilian pay raise supplemental		719	44

Source: *The Budget of the United States Government, Appendix, Fiscal Year, 1981.*

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*U.S. GOVERNMENT PRINTING OFFICE: 1981-O-720-023/4841