

BUDGET AND APPROPRIATIONS DEFINITIONS

Appropriations Act - Legislation under the jurisdiction of the House and Senate Committees on Appropriations. Appropriations acts provide budget authority – the authority to spend money - for discretionary programs. Discretionary programs are those for which fixed amounts of funds are provided on a year-by-year basis. When necessary, Congress may adopt continuing or supplemental appropriations [see below]. Appropriations acts must be passed by both Houses of Congress, and signed by the President, to become law.

Authorization - Legislation that establishes, changes, or continues a Federal program or agency. Authorizing legislation normally is a prerequisite for appropriations. For some programs, mainly entitlements, the authorizing legislation itself provides the authority to incur obligations and make payments. Like appropriations acts, authorizing legislation must be passed by both Houses of Congress, and signed by the President, to become law.

Congressional Budget Office [CBO] - CBO is a nonpartisan office serving Congress. CBO's role is to provide independent, technical economic and budgetary information to Congress. CBO was created by the Congressional Budget Act of 1974 to free Congress from relying on the administration's Office of Management and Budget [OMB] for budgetary and economic information. But CBO is not a mirror image of OMB. OMB serves the President and acts as an advocate for the President's policies. The Congressional Budget Office is intended to be independent and objective with regard to policy proposals. [See also Office of Management and Budget, and scoring.]

Continuing Resolution - An appropriations act intended to continue funding for certain programs when the normal appropriations legislation for those programs has not been enacted by the start of the fiscal year.

Budget Authority - The legal authority to incur financial obligations that will result in the spending of Federal Government funds. When budget authority is translated into an actual disbursement of funds, the disbursements are called outlays. Budget authority may be provided in an authorization act or an appropriations act.

Budget Function - One of 20 areas into which Federal spending and credit activity are divided. Each function also is accompanied by a function number and is further divided into subfunctions. The functions include areas such as Education [Function 500]; National Defense [Function 050]; Transportation [Function 400]; Medicare [Function 570]; Social Security [Function 650]; and Veterans Benefits and Services [Function 700].

Concurrent Budget Resolution - A resolution, which must be passed in identical form by both the House and Senate, that sets forth a congressional budget plan. The resolution does not require the President's signature and does not become law. To be implemented, its directives must be carried out through subsequent legislation, including appropriations and changes in tax and entitlement laws. Nevertheless, the Congressional Budget Act of 1974 established a number of mechanisms that are designed to hold spending and revenues to the guidelines in the budget resolution.

Direct Spending (A synonym for mandatory spending)- The Budget Enforcement Act of 1990 defines direct spending as: first, budget authority provided by an authorization (in other words, authority to spend funds without the need for an appropriations act); second, entitlement authority, including mandatory spending contained in appropriations acts; and third, the Food Stamp Program.

Discretionary Spending - Spending for programs, including adult education and Even Start, whose funding levels are determined through appropriations acts. In these programs, Congress has the discretion each year to determine how many dollars will be devoted to continuing current programs and funding new ones.

Entitlements - Programs that are required to make payments to any person, business, or unit of government that seeks the payments and meets the criteria set in law. Congress controls spending levels for these programs indirectly by defining eligibility and setting the benefit or payment rules. Once these criteria are established, however, the Government is legally required to make the payments to eligible recipients. The best known entitlements are the major benefit programs such as Social Security and Medicare. [See also direct spending.]

Mandatory Spending - Another term for direct spending.

Means-Tested Programs - Programs that provide cash or services to people who meet a test of need based on income and assets. Most means-tested programs are entitlements -such as Medicaid, the Food Stamp Program, Supplemental Security Income [SSI], family support, and veterans' pensions - but a few, such as subsidized housing and various social services, are funded through discretionary appropriations.

Office of Management and Budget [OMB] - The chief budget office in the executive branch of the Federal Government, which provides technical economic and budgetary information to the President and advocates the President's policies.

Outlays - Spending to fulfill a Federal obligation, generally by issuing a check or disbursing cash. Unlike outlays for other categories of spending, outlays for interest on the public debt are counted when the interest is earned, not when it is paid. Outlays may be for payment obligations incurred in previous fiscal years 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 during the current year.

Reconciliation - A legislative process Congress uses to make tax and spending legislation conform to the targets set forth in the budget resolution - that is, to reconcile tax and spending legislation with the budget. The budget resolution may contain reconciliation instructions directing certain congressional committees to achieve deficit reduction through changes in tax or spending programs under their jurisdictions. Legislation to implement the reconciliation instructions is usually combined in one comprehensive bill, but may be divided into two or more bills. The reconciliation process primarily affects taxes, entitlement spending, and offsetting receipts. As a rule, decisions on discretionary programs are determined separately through the appropriations process, which also is governed by allocations in the budget resolution; but a reconciliation bill may include limits on total multiyear discretionary spending.

Rescission - Rescissions cancel previously enacted budget authority. Rescissions are an expression of changed or differing priorities. They can be used to offset increases in budget authority for other activities, such as Hurricane Katrina.

Revenues - Funds collected from the public. Revenues consist of receipts from income taxes (individual and corporate), excise taxes, and estate and gift taxes; social insurance contributions; customs duties; miscellaneous receipts such as Federal Reserve earnings, gifts, and contributions; and fees and fines.

Scoring - An estimate of the budget impact of proposed or enacted legislation, formally provided in a commentary from the Congressional Budget Office.