

## Chapter I INTRODUCTION

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## Chapter I - INTRODUCTION

### Section 1 -- Handbook Authority, Purpose, Organization, and Responsibilities

#### **A. Authority**

The Budget and Program Analysis Handbook is issued pursuant to Department Administrative Order 203-8, which provides for the issuance and maintenance of a Budget and Program Analysis Handbook for the Department of Commerce.

The Office of Budget is the organization primarily responsible for coordinating the development, presentation, execution and control of the Department of Commerce budget.

#### **B. Purpose**

The purpose of this Handbook is to provide the basic guidelines and instructions on the formulation, presentation, execution and control of the budget of the Department of Commerce. It establishes Department-wide budget procedures, practices and standards for all aspects of the budget process and provides guidance for all bureaus and offices in preparing budget materials.

This Handbook provides Commerce Department-specific guidance and instructions beyond that found in OMB Circular A-11. For additional Federal budget guidance and instructions, refer to the latest version of OMB Circular A-11 which can be found at <http://www.whitehouse.gov/OMB>.

Annual and supplementary instructions may be issued to budget officers for those aspects of the Department of Commerce budget process for which procedures vary from year to year. Instructions for special, one-time requirements will be issued as needed. Revisions to the Handbook will be made in such a manner as to allow timely preparation of budget materials.

#### **C. Organization**

The major parts of the Handbook correspond to the key elements of the budget process: formulation and presentation of the Secretarial Budget, the OMB Budget, the President's/Congressional Budget; the Congressional review and appropriations action; and budget execution.

## **D. Responsibilities**

Responsibilities of Departmental officials in the various phases of the budget process are set forth in applicable sections of the Handbook. Responsibilities relating to the Handbook are as follows:

1. Heads of operating units are responsible for establishing procedures which support the proper preparation and timely submission of materials required by the Handbook.
2. The Office of Budget is responsible for:
  - a. the timely issuance and revision of sections of the Handbook; and
  - b. the interpretation of policies, standards, criteria and instructions incorporated in the Handbook.

The Office of Budget is responsible for reviewing all materials prepared pursuant to the requirements of the Handbook for conformance to specifications. The Office of Budget must assure that end products meet Handbook, as well as OMB Circular A-11, specifications, and may, in the absence of satisfactory material received from operating units, revise the material.

Requests for exceptions to the guidelines or procedures set forth in the Handbook must be made in writing to the Director, Office of Budget.

## **Section 2 -- Budget Process**

The following tables highlight the major events in each of the phases of the budget process. Much of this is cited from OMB Circular A-11. These tables show the planned timing or, when applicable, the timing specified in law. The actual timing may vary. For example, Congress frequently does not enact all appropriations acts by the start of the fiscal year, and on several occasions a President has submitted the budget later than specified for various reasons, including late enacted appropriations for the previous fiscal year.

Budget schedules with more specific activities and due dates are issued throughout the fiscal year by the Office of Budget.

Table A: Major Steps in the Formulation Phase

Table B: Major Steps in the Congressional Phase

Table C: Major Steps in the Execution Phase

**TABLE A**

**MAJOR STEPS IN THE FORMULATION PHASE**

<b>Action</b>	
<p>The Secretary issues budget guidance to heads of bureaus and calls for a Secretarial budget request to be delivered to the Office of Budget.</p> <p>OMB issues Spring planning guidance to Executive Branch agencies for the upcoming budget. The OMB Director issues a letter to the head of each agency providing policy guidance for the agency's budget request. Absent more specific guidance, the outyear estimates included in the previous budget serve as a starting point for the next budget.</p>	Spring
<p>The Office of Budget performs a review of bureau budgets with senior Departmental management in light of Administration and Secretarial guidance. A passback is issued; bureaus may appeal; and a final budget is decided by the Secretary which becomes the OMB budget submission.</p> <p>OMB releases revised Circular A-11.</p>	Summer  July
<p>Executive Branch agencies make initial budget submissions to OMB.</p>	September
<p>OMB conducts its Fall review. The OMB staff analyzes agency budget proposals in light of presidential priorities, program performance, and budget constraints. The Office of Budget and bureaus cooperate with and assist OMB staff during this period.</p>	October — November
<p>OMB briefs the President and senior advisors on proposed budget policies. The OMB Director recommends a complete set of budget proposals to the President after OMB has reviewed all agency requests and considered overall budget policies.</p>	Late November
<p>OMB issues their passback to all Executive Branch agencies at the same time about the decisions on their budget requests.</p>	Late November
<p>All agencies enter MAX computer data and submit print materials and additional data. This process begins immediately after passback and continues until OMB must "lock" agencies out of the database in order to meet the printing deadline.</p>	Late November to early January
<p>Executive Branch agencies may appeal to OMB and the President. An agency head may ask OMB to reverse or modify certain decisions. All appeals are coordinated through the Office of Budget and subject to final review by the Secretary.</p>	December
<p>Agencies prepare and OMB reviews congressional budget justification materials. Agencies prepare the budget justification materials they need to explain their budget requests to the responsible congressional subcommittees. All justifications are provided to the Office of Budget for review and final distribution to Congress.</p>	January
<p>President transmits the budget to Congress.</p>	First Monday in February

**TABLE B**

**MAJOR STEPS IN THE CONGRESSIONAL PHASE**

<b>Action</b>	
Congressional Budget Office (CBO) reports to Budget Committees on the economic and budget outlook.	January
CBO reestimates the President's budget based on their own economic and technical assumptions.	February
Other committees submit "views and estimates" to House and Senate Budget Committees. Committees indicate their preferences regarding budgetary matters for which they are responsible.	Within 6 weeks of budget transmittal
Congress completes action on the concurrent resolution on the budget. Congress commits itself to broad spending and revenue levels by passing a budget resolution.	April 15
Congressional appropriations committees hold hearings and report on their respective bills. The Office of Budget and bureaus assist the Secretary in preparing for this hearing and provide answers to congressional inquiries resulting from any hearings. All information provided to congressional staff related to bureau budget requests is also coordinated through the Office of Budget.  House may consider appropriations bills even in the absence of a concurrent resolution on the budget.  House Appropriations Committee reports last appropriations bill.  Congress completes action on reconciliation legislation.  House completes action on appropriations bills.	Spring  May 15  June 10  June 15  June 30
Congress needs to complete action on appropriations bill for the upcoming fiscal year. Congress completes action on regular appropriations bills or passes a "continuing resolution" (a stop-gap appropriation law).	September 30

**TABLE C**

**MAJOR STEPS IN THE EXECUTION PHASE**

<b>Action</b>	
Bureaus submit initial apportionments, to Office of Budget reporting those amounts available without further action by Congress, i.e. permanent appropriations, unobligated balances, reimbursements, and recoveries of prior year obligations.	August 14
Office of Budget forwards approved initial apportionments to OMB.	August 21
Fiscal year begins.	October 1
OMB apportions funds made available in the budget process. Agencies submit apportionment requests with financial plans to OMB for each budget account through the Office of Budget, and OMB approves or modifies the apportionment, which specifies the amount of funds agencies may use by time period, program, project, or activity.	September 10 (or within 30 days after approval of a spending bill)
<p>Bureaus submit apportionments requiring changes to a current quarter.</p> <p>Fifteen days prior to the end of the quarter</p> <p>Agencies incur obligations and make outlays to carry out the funded programs, projects, and activities. Agencies hire people, enter into contracts, enter into grant agreements, etc. in order to carry out their programs, projects, and activities.</p> <p>Throughout the fiscal year</p> <p>Bureaus provide staffing plans to Office of Budget.</p> <p>January 20 (or within 30 days after approval of a spending bill)</p> <p>Bureaus submit financial reports with variance explanations to the Office of Budget.</p> <p>Seven weeks after the end of the reporting period</p>	
Fiscal year ends.	September 30

## Glossary

### Budget Terms and Definitions

#### **Account**

Something for which appropriations are made in an appropriation act. For spending that is not provided in an appropriation act, an account is an item for which there is a designated budget account identification number in the president's budget.

#### **Accounts Payable**

Amounts owed to an account other than your own for goods and services purchased. Such amounts include disbursements owed to others.

#### **Accounts Receivable**

Amounts owed to an account for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable.

#### **Accrual Basis of Accounting**

A method of accounting in which revenues are recognized in the period earned and costs are recognized in the period incurred, regardless of when payment is received or made. (See also Cash Basis of Accounting.)

#### **Activity**

In general terms, any project, task, or process required to carry out a program. A combination of several activities, such as research and development, training of personnel, and distribution of information, may be elements in a particular program. Activities constituting a program vary with the nature and purpose of the program. In budget justifications and the Budget Appendix, activity is the first level below the appropriation.

#### **Adjustments-to-Base (ATBs)**

Uncontrollable resource changes required in 19BY to provide the same level of services as was requested/funded in 19CY. Examples of standard ATBs include pay raises, annualization of 19CY program increases, changes in benefit participation and contribution rates, and other known cost changes.

#### **Administrative Control of Funds**

Legally required procedures which: (1) restrict obligations against each appropriation or fund to the amount of the apportionments, allotments, or resources available involving such funds; and (2) enable the head of the agency to fix the responsibility for the creation of an obligation in excess of these levels. A system of administrative control of funds is required under 31 U.S.C. 1514.

**Advance Funding**

Budget authority provided in an appropriation act that allows funds to be spent during this fiscal year even though the appropriation actually is for the next fiscal year. Advance funding generally is used to avoid requests for supplemental appropriations for entitlement programs late in a fiscal year when the appropriations for the current fiscal year are too low.

**Aggregates**

The totals relating to the whole budget rather than a particular function, program, or line item. The budget aggregates are budget authority, outlays, revenues, deficit/surplus and the level of public debt.

**Allocation**

This term has two definitions: (1) For purposes of Government accounting, an allocation is the amount of obligational authority transferred from one agency, bureau, or account to another agency, bureau or account that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund. 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 the President; (2) for purposes of section 302(a) of the Congressional Budget Act of 1974, an allocation is the distribution of the total budget outlay or total new budget authority in a concurrent resolution on the budget to the various committees having spending responsibilities.

**Allotment**

Authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount pursuant to OMB apportionment or reapportionment account or other statutory authority making funds available for obligation.

**Allowances**

In the budget formulation/review processes, 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 a concurrent resolution on the budget, allowances represent a special functional classification designed to include amounts to cover possible requirements, such as civilian pay raises and contingencies, until they occur or become firm at which point applicable amounts are distributed to the appropriate other functional classification(s).

**Allowances, Office of Management and Budget**

The amount that OMB communicates to the Department as the amount which the President will request the Congress to appropriate to the Department for the budget year.

**Allowances, Secretary of Commerce**

The amount which the Secretary determines he will request for the budget from OMB.

**Annualization**

Full-year cost in 19BY of program changes requested/funded in 19CY. The difference between the amount funded in 19CY and the full-year cost in 19BY is the adjustment-to-base.

**Amendment**

A revision (either increase or decrease) to a budget submission that is requested while the original proposal is still under consideration by an appropriation subcommittee.

**Antideficiency Act**

Legislation enacted by Congress to: (1) prevent the incurring of obligations in excess of amounts available in appropriations or funds; (2) fix responsibility within an agency for the creation of any obligations or the making of any expenditure in excess of an apportionment or reapportionment or in excess of other subdivisions established pursuant to 31 U.S.C. 1514; and (3) assist in bringing about the most effective and economical use of appropriations and funds. Federal employees who knowingly and willfully violate the act are to be fined and/or imprisoned up to two years.

**Appeal**

A request to a decision-making official (the Secretary, the President, or Congress) that reconsideration be given to the amount of proposed budget authority or ceiling allocation that should be approved for a given program. This is usually accompanied by a statement of the impact of the decision on the activity.

**Apportionment (SF-132)**

A distribution by the Office of Management and Budget of amounts available for obligation in appropriation or fund accounts of the executive branch. The distribution makes amounts available on the basis of time periods (usually quarterly), programs, activities, projects, objects, or combinations thereof. The apportionment system is intended to achieve an effective and orderly use of funds.

**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 (Anti-deficiency Act, 31 U.S.C.1515). 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 and Supplemental Appropriation.)

## **Appropriation**

An act of Congress that allows federal agencies to incur obligations and make payments from the Treasury for specified purposes. An appropriation is the most common means of providing budget authority and usually follows the passage of an authorization. (See Budget Authority.)

Appropriations do not represent cash actually set aside in the Treasury for purposes specified in the appropriation act; they represent limitations of amounts which agencies may obligate during the time period specified in the respective appropriations acts. There are several types of appropriations that are not counted as budget authority, since they do not provide authority to incur additional obligation.

- o Appropriation to liquidate contract authority - congressional action to provide funds to pay obligations incurred against contract authority.
- o Appropriation to reduce outstanding debt - congressional action to provide funds for debt retirement.
- o Appropriation for refund of receipts.

## **Appropriation (or Fund) Account**

A summary account established in the Treasury for each appropriation and/or fund showing transactions to such accounts.

- o A one-year account is available for incurring obligations only during a specified fiscal year.
- o A multiple-year account is available for incurring obligations for a definite period in excess of one fiscal year.
- o A no-year account is available for incurring obligations for an indefinite period, usually until the objectives have been accomplished.
- o An unexpired account is one in which authority to incur obligations has not ceased to be available.
- o An expired account is one in which authority to incur obligations has ceased to be available but from which outlays may be made to pay obligations previously incurred as well as valid adjustments thereto.

## **Appropriation Act**

Statute under the jurisdiction of the Committees on Appropriations which provides authorization for Federal Agencies to incur obligations and to make payments out of the Treasury for specified purposes. From time to time Congress may also enact supplemental appropriation acts.

**Appropriation Limitation**

A statutory restriction in an appropriation act, which establishes the maximum or minimum amount which may be obligated and expended for specified purposes.

**Audit**

A review of (1) the operating, administrative, and financial activities of an agency for conformance with all legal and administrative requirements and conformance with the principles of economy and efficiency, or (2) selected claims, cost proposals, grants, loans or similar agreements entered into by an agency for conformance with the principles of economy and efficiency.

**Authority to Spend Debt Receipts**

Statutory authority for an agency to incur obligations and make payments for specified purposes out of borrowed moneys, composed of public debt authority or agency debt authority.

**Authorization Act (Authorizing Legislation)**

Legislation under the jurisdiction of a committee other than the House and Senate Committees on Appropriations that establishes or continues the operation of a federal program or agency, either indefinitely or for a specified period of time. An authorization act may suggest a level of budget authority needed to fund the program or agency, which then is provided in a future appropriation act. However, for some programs, the authorization itself may provide the budget authority.

**Authorizing Committee**

A standing committee of the House or Senate with legislative jurisdiction over the subject matter of those laws that establish or continue the operation of federal programs or agencies.

The authorizing committee also has spending responsibility in those instances where the budget authority ("backdoor authority") is also provided in the basic substantive legislation.

**Balanced Budget**

When annual revenues equal annual outlays, measured by fiscal years. (See Budget Deficit and Budget Surplus.)

**Balances of Budget Authority**

Balances may be classified as:

**Unexpended Balance**

The amount of budget authority unspent and still available for conversion into outlays in the future; the sum of the obligated and unobligated balances.

**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.

**Unobligated Balance**

The portion of budget authority that has not yet been obligated. In one-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 specifically rescinded by law or until the purposes for which it was provided have been accomplished.

**Base Budget**

The cost of performing the same services or conducting the same program in the budget year as is planned for the current year. Normally, the only differences between the base budget and the current year budget are costs which cannot be avoided or which are non-recurring.

**Baseline**

In general, a baseline is a projection of the federal revenues and spending that will occur under certain specified assumptions. This is not a forecast of a future budget, only a benchmark against which proposed changes in taxes or spending can be measured. The Budget Enforcement Act of 1990 defined its baseline as "a projection of current-year levels of new budget authority, outlays, receipts and the surplus or deficit into the budget year and the outyears on laws enacted...".

**Borrowing Authority**

A form of budget authority that permits a federal agency (other than the Treasury and Federal Financing Bank) to borrow funds from the public or another federal fund or account and to incur obligations and make payments for specified purposes out of that borrowed money. Borrowing authority differs from an appropriation, which permits a federal agency to incur obligations and make payments directly from the Treasury. Borrowing authority is a type of backdoor spending. Section 401 of the Congressional Budget Act of 1974 limits new borrowing authority (except for certain instances) to such extent or in such amounts as are provided in appropriation acts.

**Breach**

The amount by which new budget authority or outlays within a category of discretionary spending is above that category's discretionary spending limit. (See Category.)

**Budget Activity**

Categories included in the Program and Financing Schedule of the Budget Appendix for each appropriation and fund account which identify the services to be performed under the appropriation or fund for which the budget estimate (or request) is being made.

**Budget Authority**

The authority granted to a federal agency in an appropriations bill to enter into commitments that result in immediate or future spending. Budget authority is not necessarily the amount of money an agency or department actually will spend during a fiscal year but merely the upper limit on the amount of new spending commitments it can make. The three basic types of budget authority are appropriations, borrowing authority and contract authority.

Budget authority may be classified by the period of availability (one-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).

**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.

**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.

**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. It is possible to distinguish between "fully permanent" authority (such as interest on the public debt), where no subsequent action is required, and "conditionally permanent" authority

(such as general revenue sharing), where authority expires after a set period of time unless it is reenacted. (See also Controllability.)

### **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.)

### **Budget Deficit**

The amount by which the Government's budget outlays exceed its budget receipts for any given period. Deficits are financed primarily by Treasury borrowing from the public. (See Budget Surplus.)

### **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.

### **Budget Execution**

The process by which the financial resources made available to an agency are directed and controlled toward achieving the purposes and objectives for which budgets were approved.

### **Budget Formulation**

The process by which the resources necessary to accomplish goals and objectives are determined and justified to decision makers (the Secretary, the President and the Congress). As the amount of available resources is determined, goals and objectives may have to be revised.

### **Budget Justification**

A narrative and tabular description of goals and objectives and the costs of achieving them which is given to decision makers and their staffs.

### **Budget Receipts**

Amounts received by the federal government from the public that arise from:

- o The exercise of governmental or sovereign power (consisting primarily of tax revenues, but also including receipts from premiums of compulsory social insurance programs, court fines, certain license fees, and the like).
- o Premiums from voluntary participants in Federal social insurance programs (such as deposits by States for unemployment insurance and for social security for their employees) that are closely related to compulsory social insurance programs.
- o Gifts and contributions.

Excluded from budget receipts are Offsetting Receipts, which are counted as deductions for budget authority and outlays rather than as budget receipts.

### **Budget Supplemental**

An additional amount requested for appropriation for the current year after enactment of the regular appropriation. Supplementals are submitted for pay raise costs and unforeseen needs of an urgent nature.

### **Budget Surplus**

The amount by which the Government's budget receipts exceed its budget outlays for any given period.

### **Budget Year (BY)**

The fiscal year that starts on October 1 of the calendar year in which the current session of Congress begins. In effect, the budget year is the budget that Congress is currently working on. (See Current Year and Outyear.)

### **Bulletin**

A memorandum from OMB establishing a temporary or one-time requirement for a report.

### **Carryover**

The unobligated amounts at the end of a fiscal year for unexpired accounts.

### **Cash Basis of Accounting**

A method of accounting in which revenue is recognized at the time the payment is received and costs are considered incurred at the time the payment is made. (See also Accrual Basis of Accounting.)

### **Ceilings**

The maximum limit of an item as determined by OMB or Congress. Ceilings are often established each year for employment and are sometimes implemented for travel, consulting services and the like.

**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 OMB Circular No. A-22. ( See also Cost-Based Budgeting.)

**Circulars**

Permanent OMB instructions and requirements for reports. These are designated by "A" and a number, such as A-11, A-76, etc.

**Circular A-11**

The basic OMB instruction on the preparation and submission of annual budget estimates and instructions on budget execution.

**Civil Service Retirement System** (see CSRS)**COLA** (Cost of Living Adjustment)

Annual increases in federal government pay scales tied to the employment cost index (ECI); also described as a "general pay raise".

**Collections**

Any moneys received by the Government. Depending upon the nature of the transaction, collections may be treated as budget receipts, offsetting receipts refunds, or credits to a deposit fund. (See Budget Receipts, Offsetting Collections, Refunds and Deposit Fund.)

**Commitments**

A preliminary action which will ultimately result in an obligation to the government if carried through, such as purchase orders, estimated travel orders, or unsigned contracts/grants.

**Concurrent Resolution on the Budget**

Legislation passed by Congress that establishes, reaffirms or revises the congressional budget for a fiscal year. The congressional budget resolution is expected to pass by April 15. This resolution establishes binding figures for the aggregate levels of budget authority, outlays, revenues and deficit or surplus, the appropriate level of the public debt and an estimate of the budget authority and outlays for each of the budget functions. If needed, subsequent budget resolutions for a fiscal year may be adopted at any time after the passage of the April 15

resolution. A budget resolution does not require the president's signature to become effective.

### **Conference Committee**

A committee composed of members of the Senate and House of Representatives who reconciles differences between similar legislation passed by the two Houses.

### **Conference Report**

The recommendation of the conference committee to the House and the Senate for a bill reconciling the differences between similar bills previously passed by the two Houses.

### **Constant Dollars**

The dollar value of goods and services adjusted for inflation. Constant dollars are determined by dividing current dollars by an appropriate price index, a process generally known as "deflating". Constant dollars are used to discount increases or decreases in prices when comparing transactions over a period of time.

### **Congressional Budget**

The budget established by Congress in the concurrent resolution on the budget. The resolution shall include:

- (1) the appropriate level of total budget outlays and of total new budget authority;
- (2) an estimate of budget outlays and new budget authority for each major functional category, for contingencies, and for undistributed offsetting receipts based on allocations of the appropriate level of total budget outlays and of total new budget authority;
- (3) the amount, if any, of the surplus or deficit in the budget;
- (4) the recommended level of the Federal revenues; and
- (5) the appropriate level of the public debt.

### **Contingent Liability**

A conditional commitment which may become an actual liability because of a future event beyond the control of the Government. Contingent liabilities include such items as guaranteed loans and insured bank deposits.

### **Continuing Resolution**

Legislation enacted by the Congress to provide budget authority for specific ongoing activities in cases where the regular fiscal year appropriation for such activities has not been enacted by the beginning of the fiscal year. The continuing resolution usually specifies a maximum rate at which the agency may incur obligations, based

on the rate of the prior year, the President's budget request, or an appropriation bill passed by either or both Houses or the Congress.

### **Contract Authority**

A type of budget authority that permits a federal agency to incur obligations before appropriations have been passed or in excess of the amount of money in a revolving fund. Contract authority must be funded subsequently by an appropriation so that the commitments entered into can be paid.

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 appropriations to liquidate obligations incurred under the contract authority, or by the collection and use of receipts.) (See also Backdoor Authority.)

### **Controllability**

The ability to increase or decrease spending for a particular program in the fiscal year in question. "Relatively uncontrollable" refers to spending that will occur without any new action by Congress and usually refers to spending that results from entitlements and other open-ended programs, permanent appropriations and commitments now coming due from budget authority enacted in previous years. "Relatively controllable" refers to spending that will occur if an appropriation is enacted.

### **Cost-Based Budgeting**

Budgeting in terms of costs to be incurred, i.e., the resources to be consumed in carrying out a program regardless of when the funds to acquire the resources were obligated or paid. Cost-based budgeting, in addition to reflecting the obligational requirements for the program, presents the cost of what is planned to be accomplished. (Obligation-based budget is expressed in terms of obligations to be incurred, regardless of when the resources acquired are to be consumed.)

### **Credit Program Account**

The budget account into which an appropriation to cover the cost of a direct loan or loan guarantee program is made and from which such cost is paid to the financing account.

### **Credit Reform**

A system of budgeting for federal credit activities that focuses on the cost of subsidies conveyed in federal credit assistance. The system was established by the Federal Credit Reform Act of 1990.

**Credit Subsidy**

The estimated long-term cost to the federal government of a direct loan or loan guarantee. That cost is calculated on the basis of net present value, excluding federal administrative costs and any incidental effects on revenues or outlays. For direct loans, the subsidy cost is the net present value of loan disbursements minus repayments of interest and principal, adjusted for estimated defaults, prepayments, fees, penalties, and other recoveries. For loan guarantees, the subsidy cost is the net present value of estimated payments by the government to cover defaults and delinquencies, interest subsidies, or other payments, offset by any payments to the government, including origination and other fees, penalties, and recoveries.

**CSRS**

Prior to January 1, 1984 most employees were covered by the Civil Service Retirement System since that date new employees of the federal government are enrolled under FERS.

**Crosswalk**

A procedure for translating budget information from one form to another - for example, from a budget resolution to an authorization or appropriations bill.

**Current**

The projections and estimates of spending and revenue consistent with the economic and technical assumptions on which the president's budget is based.

**Current Dollars**

The dollar value of a good or service in terms of the prices prevailing at the time the good was sold or service rendered.

**Current Level**

The amounts provided or required by law as a result of permanent appropriations, advance appropriations, existing entitlement authority and previous-year outlays from discretionary appropriations. (See Controllability and Baseline.)

**Current Policy**

An estimate of the budget authority and outlays needed to continue to operate this year at the same level as in the past year, adjusted for inflation and including anticipated changes in the number of beneficiaries and changes previously enacted in law.

**Current Policy Budget**

Projections of the estimated budget authority and outlays for the upcoming fiscal year to operate Federal programs at the level implied by enacted appropriations and authorizations for the current fiscal year without policy changes, but adjusted for inflation, changes in the numbers and kinds of beneficiaries, and in some instances to reflect the continuation of certain programs scheduled to terminate.

**Current Services**

An estimate of the budget authority and outlays that would be needed in the next fiscal year to continue federal programs at their current levels. These estimates reflect the anticipated costs of continuing programs at their present spending levels without any policy changes, that is, ignoring all new presidential and congressional initiatives that have not been enacted into law. (See Current Level and Baseline.)

**Current Services Estimates**

Estimated budget authority and outlays for the upcoming fiscal year based on continuation of existing levels or service, i.e., assuming that all programs and activities will be carried on at the same level as in the fiscal year in progress and without policy changes in such programs and activities. 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, and 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 by November 10 of each year.

**Current Year (CY)**

The fiscal year in progress. Technically, current year refers to the fiscal year that immediately precedes the budget year. (See Budget Year and Outyear.)

**Debt Held by the Public**

See Federal Debt.

**Debt Subject to Statutory Limitation**

See Federal Debt.

**Deductible Receipts**

Receipts deposited in Treasury accounts which are credited or offset against agency outlays.

**Deferral**

An action by the president that temporarily withholds or delays the obligation or expenditure of budget authority. A deferral must be reported by the president to Congress and the comptroller general in a deferral message. A deferral may not extend beyond the end of the fiscal year in which the message reporting it is transmitted to Congress.

**Deferral of Budget Authority**

Any action or inaction by any officer or employee of the United States that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority, including the establishment of reserves under the Antideficiency Act as amended by the Impoundment Control Act. Section 1013 of the

Impoundment Control Act of 1974 requires a special message from the President to the Congress reporting a proposed deferral of budget authority. 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. Deferrals are permissible only for contingencies, savings resulting from changed requirements or greater efficiency and if specifically provided by law.

**Deficiency Appropriation**

An appropriation made to an expired account to cover obligations incurred in excess of the available budget authority.

**Deficit**

When annual outlays exceed annual revenues, measured by fiscal years.

**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.

**Definite Authority**

See Budget Authority.

**Deobligation**

A downward adjustment of previously recorded obligations. This may be attributed to cancellation of a project or contract, price revision, or corrections of amounts previously recorded as obligations.

**Department Orders/Primary Directives**

The primary directive system set forth the basic management structure, organizational arrangement, and administrative instructions of the Department. The system also ensures effectiveness and compliance with applicable laws, regulations, and delegations of authority. Procedures for initiating, preparing, distributing, and maintaining the individual directive series are contained in DAOs 200-1, 200-2, 200-3, and 200-5. The system consist of the following series:

**Department Organizational Orders (DOOs)**

DOOs set forth the mission, functions, and organization of a unit within the Department.

**Department Administrative Orders (DAOs)**

DAOs set forth continuing policies, standards requirements and procedures prescribed by the Office of the Secretary for Departmentwide application or for application to two or more major program areas of the Department. DAOs cover

substantive program matters as well as administrative management, legal, or special staff functions.

### **Departmental Notices**

These are used to communicate policies, procedures, requirements, and general information usually having no continuing, long-term, value.

### **Secretary's Circulars**

Circulars are used by the Secretary for communicating special matters of continuing importance and direct concern.

### **Deposit funds**

Accounts established to facilitate the accounting for collections that are either (a) held in suspense temporarily and later refunded or paid into some other fund of the Government 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 discretion of the depositor. These accounts are not included in the budget totals and they are not available for expenses of the government, although they do provide a means of financing the budget.

### **Direct Appropriations**

Appropriations requiring specific Congressional action.

### **Disbursements**

In budgetary usage, gross disbursements represent the amount of checks issued, cash, or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided. (See Expenditures and Outlays.)

### **Discretionary Appropriations**

Budgetary resources provided in appropriations acts, except for those that are provided to fund direct-spending programs.

### **Discretionary Spending Limits**

Limits or "caps" placed on certain categories of discretionary spending. Separate caps exist for both budget authority and outlays. These limits are set forth in section 251 of the Deficit Control Act, as amended.

### **Economic Assumptions**

Estimates of how the national economy will behave. The four main economic assumptions that affect the budget are unemployment, inflation, growth in the gross national product (GNP) and interest rates.

### **Emergency Appropriation**

Discretionary appropriations that the president designates as "emergency requirements" and which are similarly designated in legislation subsequently enacted into law. Any spending designated as an emergency will result in the spending cap for that category being adjusted to accommodate the additional spending. A sequester will not, therefore, be triggered that year because of the emergency appropriation.

### **Employer's Contributions**

The Federal Government's cost of making its share of contributions for employee benefits, i.e., FEGLIA (life insurance), health plans and retirement (Civil Service, FERS Thrift Plan and Social Security).

### **Entitlements**

Legislation that requires the payment of benefits to all who meet the eligibility requirements established in the law. Examples of entitlement programs are Social Security, Medicare and veterans pensions. (See Backdoor Authority and Controllability.)

### **Evaluation**

An assessment of the effectiveness of a program in achieving its goals and objectives in the most efficient way.

### **Executive Session**

A meeting of a Congressional Committee which is not open to the public.

### **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.

### **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 Non-expenditure Transactions and Transfer Appropriation Account.)

### **Expenditures**

Actual spending, generally interchangeable with outlays. (See Outlays.)

### **Expired Appropriation**

An appropriation that is no longer available for obligation but is still available for payment of existing obligations. (See "M" Accounts.)

### **Federal Telecommunications Systems (FTS)**

A network of telephone lines leased by the Federal Government to provide low cost, long distance telephone communications between Federal offices in different cities.

### **Federal Debt**

Federal debt consists of public debt and agency debt.

### **Public Debt**

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

### **Agency Debt**

That portion of the Federal debt incurred when a Federal agency authorized by law, other than Treasury or the Federal Financing Bank (FFB), borrows 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.

There are three basic concepts or tabulations of Federal debt: (1) gross Federal debt, (2) debt held by the public, and (3) debt subject to statutory limit.

### **Gross Federal Debt**

The sum of all public and agency debt issues outstanding.

### **Debt Held by the Public**

That 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**

Defined by the Second Liberty Bond Act of 1917, as amended. At present virtually all public debt, but only small portion of agency debt, is included in debt subject to statutory limit.

### **Federal Employee Retirement System (see FERS)**

**Federal Fund Accounts**

Accounts in which the Government credits receipts which it collects, owns, and uses solely for its purposes. They are composed of two classes of receipt accounts: 1) general fund receipt accounts and 2) special fund receipt accounts; and four classes of appropriation (expenditure) or fund accounts: 1) general fund appropriations, 2) special fund appropriations, 3) public enterprise revolving funds, and 4) intragovernmental funds.

**General Fund Receipt Accounts**

Accounts credited with all receipts that are not earmarked by law for a specific purpose.

**Special Fund Receipt Accounts**

Accounts credited with receipts from specific sources that are earmarked for a specific purpose.

**General Fund Appropriation Accounts**

Accounts established to record amounts appropriated by the Congress to be expended for the general support of the Government.

**Special Fund Appropriation Accounts**

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

**Public Enterprise Revolving Fund Accounts**

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

**Intragovernmental Fund Accounts**

Accounts established to facilitate financing transactions within and between Federal agencies. These funds may be classified as intragovernmental revolving funds or management funds.

**Intragovernmental Revolving Fund Accounts**

Funds authorized by law to carry out a cycle of intragovernmental business-type operations. These funds are credited with offsetting collections from other agencies and accounts.

**Management Fund Accounts**

Funds authorized by law to credit collections from two or more appropriations in order to finance a common purpose or project not involving a continuing cycle of business-type operations.

**Federal Intrafund Transactions**

See Offsetting Receipts.

**Feeder Account**

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

**FERS**

New Federal Government employees hired after December 31, 1983 are automatically covered by this retirement plan. The number of employees covered by FERS continues to rise as employees covered by CSRS leave.

**FICA (Federal Insurance Contribution Act)**

FICA includes Old-Age, Survivors and Disability Insurance (OASDI) and Medicare.

**Financing Account**

The non-budget account associated with each credit program account, which holds balances, receives the cost payment from the credit program account and also includes all other cash flows to and from the federal government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991.

**Fiscal Policy**

Federal policies on taxes, spending, and debt management, to promote the nation's economic goals, particularly with respect to employment, gross national product, inflation and balance of payments.

**Fiscal Year (FY)**

Any yearly accounting period. The fiscal year for the federal government begins on October 1 and ends on September 30. The federal fiscal year is designated by the calendar year in which it ends; for example, fiscal year 1993 begins on October 1, 1992 and ends on September 30, 1993.

**Foreign Currency Account**

An account 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. 480. These currencies may be expended without charge to dollar appropriations. They may be available for obligation without further congressional action, or Congress may appropriate these foreign currencies. (See also Special Foreign Currency Program Appropriation.)

**Forward Funding**

Budget authority provided in an appropriations act that allows funds to be committed to a specific purpose (obligated) this year for programs that will be implemented

next year. Forward funding often is used for education programs so that grants can be made by the federal government before the start of the school year and local schools officials can plan their budgets.

**FTE (Full-Time Equivalents)**

Compensable workyears for all Federal personnel, calculated by dividing the total number of hours (worked or to be worked) by the number of compensable hours applicable to each fiscal year (8 X the number of compensable days in each fiscal year.) For a fiscal year with 260 days, the divisor is 2080; for 261 days, 2088; for 262 days, 2096.

**Full Employment Budget**

The estimated receipts, outlays, and surplus or deficit that would occur if the economy were continually operating at a rate defined as being at full capacity (traditionally defined as a certain percentage unemployment rate for the civilian labor force.)

**Full Funding**

Providing the budget authority to cover the total cost of a program or project at the time it first is approved. This differs from partial, incremental or annual funding, where budget authority is provided only for those obligations of the program or project that are likely to be incurred in the coming fiscal year.

**Full-time Equivalent (see FTE)**

**Function or Functional Classification**

The system of presenting budget authority, outlays and tax expenditures in terms of the principal purposes the programs are intended to serve. Each program is placed in the single functional category that best represents its major purpose, regardless of the department that administers it. Both the president's budget and the congressional budget resolutions are presented primarily by function.

**Fund**

To provide the obligation authority for some work (direct or indirect). The financing mechanism or account for certain activities which do not receive an annual appropriation, but are financed from consolidated working fund or special purpose fund. Reimbursable, advances, and chart sales are examples of these activities.

**Galley**

The first stage of printing after the typed manuscript. This is followed by the page proof. There may be more than one galley depending upon the number of changes necessary in the first galley.

**General Fund Accounts**

See Federal Fund Accounts.

**Government-Sponsored Enterprises**

Enterprises with completely private ownership, such as Federal land banks and Federal home loan banks, established and chartered by the Federal Government to perform specialized functions. These enterprises are not included in the budget totals, but financial information on their operations is published in a separate part of the appendix to the President's budget.

**Grant**

A cash award given by the federal government to a state or local government or other recipient. The two major forms of Federal grants are "block" and "categorical". Block grants are awarded primarily to general purpose governments, are distributed to them according to formulas established in the law and can be used by the recipient for any activities that fall within the purpose of the grant as stated in the law. Categorical grants can be used only for a specific purpose and usually are limited to narrowly defined activities.

**Hearings**

Meetings held in connection with budget requests to the Secretary, OMB or Congress at which witnesses clarify and justify to the satisfaction of the Secretarial staff, OMB, or the Appropriations Subcommittees, items contained in the budget submissions.

**House Action**

A vote by the House of Representatives on a bill or a portion thereof.

**Identification Code**

An 11-digit number assigned to each appropriation or fund account included in the budget. The identification code identifies the agency, the appropriation or fund account symbol, the timing of the transmittal (regular, supplemental), the type of fund (general, special), and the functional classification of each account. (See OMB Circular A-11.)

**Impoundment**

Any action by the president that prevents the obligation or expenditure of budget authority. Deferrals and rescissions are the two types of impoundments. (See Deferral of Budget Authority and Rescission.)

**Impoundment Resolution**

A resolution of the House of Representatives and the Senate disapproving a deferral of budget authority set forth in a special message ordinarily transmitted by the President under section 1013 of the Impoundment Control Act of 1974. Passage of an impoundment resolution by either House of Congress has the effect of overturning the deferral and requires that such budget authority be made available for obligation.

**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.)

**Item Veto**

The veto of a specific item in a bill enacted by Congress without vetoing the entire bill. This is not permitted for the Federal Government under present law.

**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 difference 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 are also 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.

**Liability**

Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed, and amounts received but not as yet earned.

Current liabilities include 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 include bonded debt and notes payable of the funds authorized to borrow in the market, and liabilities for which it is a Government-wide practice to obtain appropriations and recognize the obligations at a later time (e.g., accrued annual leave in the case of appropriation accounts).

**Line Item**

The lowest level of data required to be presented in formal budget documents. It is the level below the subactivity level.

**Liquidating Account**

The budget account that includes all cash flows to and from the federal government resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991.

**Loan Guarantee Authority**

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. (See also Direct Loans.)

**Loan Guarantee Commitment**

A binding agreement by a federal agency to guarantee a loan.

**Loan Guarantees**

An agreement by which the government pledges to pay part or all of the loan principal and interest if the borrower defaults.

**Look-back**

A new sequester created by the Budget Enforcement Act of 1990 that reduces the limit set for a particular category of discretionary spending or mandatory spending next fiscal year by the amount that the current year's limit has been exceeded. A look-back discretionary sequester can only be triggered if legislation is enacted that breaches the current year cap after June 30.

**Mandate**

A program specifically initiated or supported by Congressional or Presidential action.

**Mark**

See Allowances.

**Markup**

Refers to the determination by Appropriations committees of the House and Senate allowances. The allowances are written on the proposed bill which is then "marked up".

**National Needs**

Those Federal functions which describe the end purposes being served by budget authority, outlays, and tax expenditures, without regard to the means that may be chosen to meet those purposes. National needs, in current budgetary usage, may be assumed to be synonymous with "function".

**Net Lending**

The amount of disbursements for loans less the amount of loan repayments on sums previously disbursed.

**Non-Deductible Receipts**

Receipts deposited in Treasury accounts which are not credited against gross agency outlays.

**Non-Expenditure Transaction**

The transfer of a portion of the budget authority of one agency to another agency for obligation and disbursement.

**OASDI (Old-Age, Survivors and Disability Insurance)**

Colloquially known as social security. As the percentage of payroll covered by FERS rises, the cost of OASDI contributions is also expected to increase.

**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, or equipment) without regard to the agency involved or the purpose of the programs for which they are used. (General instructions are provided in OMB Circular No. A-11.)

**Obligated Balance**

The amount of budget authority appropriated but not yet actually spent.

**Obligational Authority**

The total available to an agency in a given fiscal year. Obligational authority is the sum of the budget authority newly provided in a fiscal year, the balance of budget authority from previous years that has not yet been obligated and amounts authorized to be credited to a specific fund or account during that year, including transfers between accounts.

**Obligations**

Spending commitments by the federal government that will require outlays either immediately or in the future. For example, amounts of orders placed, contracts awarded, services rendered, or other commitments made by Federal agencies during a given period, which will require outlays during the same or some future period. (See 31 U.S.C. 1501.)

**Off-Budget**

Programs and agencies whose transactions have been excluded by law from the unified federal budget.

**Off-Budget Federal Entities**

Entities, federally owned or controlled whose transactions have been excluded from the budget totals under provisions of law, (e.g., the Federal Financing Bank). The fiscal activities of these entities are not included in either budget authority or outlay totals, but are presented in a separate part of the budget appendix and as memorandum items in various tables in the budget.

### **Offsetting Collections**

Moneys received by the Government as a result of business-type transactions with the public (sale of goods and services) or as a result of a payment from one Government account to another. Such collections are netted in determining budget outlays. (See Offsetting Receipts and Reimbursements.)

### **Offsetting Receipts**

Money collected by the federal government that is deducted from budget authority and outlays because it comes from market-oriented government activities or intragovernmental transactions. Offsetting receipts usually are displayed in the function in which they occur and are deducted from the functional or agency budget authority and outlays.

Offsetting receipts are subdivided into two major categories:

#### **Proprietary Receipts From the Public**

Those collections from the public deposited in receipt accounts which arise from the conduct of business-type activities.

#### **Intragovernmental Transactions**

All collections or deposits into receipt accounts in which the payment is made by a federal agency. Intragovernmental transactions may represent either Receipts from Off-Budget Federal Entities, where a payment comes from a Federal entity whose funds are excluded from the budget totals, or Intrabudgetary Transactions, where both the paying and the receiving accounts are within the budget. Intrabudgetary transactions in turn are further subdivided into three groups:

- o Interfund transactions, where the payment is from a Federal to a trust fund or vice versa.
- o Federal intrafund transactions, where both the paying and receiving accounts are Federal funds.
- o Trust intrafund transactions, where both the paying and receiving accounts are trust funds.

### **Open-Ended Programs**

Entitlement programs under which actual obligations and resultant outlays are limited only by the number of eligible persons meeting eligibility requirements fixed by law who apply for benefits and the actual benefits received, e.g., Medicaid.

**Open Session**

A meeting of a Congressional committee which is open to the public.

**Outlays**

The actual amount of dollars spent for a particular activity. Total outlays in any year result from both new budget authority provided this year and from unexpended balances of budget authority provided in previous years.

**Outyear**

Any of the fiscal years that follow the budget year, through fiscal 1995. For example, the 102nd Congress will convene in January 1991 and will be debating the 1992 budget. This means that the current year is fiscal 1991, the budget year is fiscal 1992, and the outyears are fiscal 1993-1995. Fiscal 1995 is the last outyear currently recognized because that is when the pending limitation provisions of the Budget Enforcement Act of 1990 expire.

**Oversight Committee**

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

**Page Proof**

The second stage of printing after the typed manuscript. This is preceded by the galley and followed by the true folio.

**Past Year (PY)**

The last completed fiscal year, two years before the "budget year".

**Pay-as-you-go**

A new enforcement mechanism created by the Budget Enforcement Act of 1990 that requires any enacted legislation that either reduces revenues or increase mandatory spending above the baseline to be offset by equal revenue increases or mandatory spending reductions. The offsets must be enacted by the date Congress adjourns, not at the time the original revenue reductions or spending increases are adopted. If a full offset is not enacted, then a pay-as-you-go sequester will be triggered fifteen days after Congress adjourns.

**Permanent Authority**

Budget authority made available each year by virtue of one time or standing legislation, which does not require subsequent action by Congress. (See Budget Authority.)

### **Periods of Availability**

- o One-year (Annual Authority) - Budget authority that is available for obligation only during a specified fiscal year and expired at the end of that time.
- o Multiple-year Authority - Budget authority that is available for a specified period of time in excess of one year.
- o 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.

### **Personnel Benefits**

Amounts associated with cash benefits for employees other than Personnel Services. Some examples are employer's contribution to retirement plans and cost-of-living allowance. (See Employer's Contributions.)

### **Personnel Services**

Amounts associated with regular pay for permanent employees, regular pay for other than permanent employees, other personnel compensation (i.e., overtime, night work differential), leave surcharge, and special personnel services payments (i.e., shore leave earned, compensatory leave earned).

### **President's Budget**

The proposal sent by the president to Congress each year as required by the Budget and Accounting Act of 1921, as amended.

Some elements of the budget, such as the estimates for the legislative branch and the judiciary, are required to be included without review by the Office of Management and Budget or approval by the President.

### **Program**

An organized set of activities directed toward a common purpose or goal, undertaken by a federal agency to carry out its responsibilities.

### **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, (1) achieve their stated objectives, (2) meet the performance perceptions and expectations of responsible Federal officials and other interested groups, and (3) 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 current or currently proposed programs and legislation for an indefinite period of time. These include alternative program and policy strategies and ranges of possible budget amounts. They generally should not be regarded as firm estimates of what actually will occur in future years nor as recommendations regarding future budget decisions.

**Real Economic Growth**

Growth in the gross national product (GNP), adjusted for inflation, consistent with the Department of Commerce definitions.

**Reapportionment**

A revision by the Office of Management and Budget of a previous apportionment of budgetary resources for an appropriation or fund account. A revision would ordinarily cover the same period, project, or activity covered in the original apportionment. Reapportionments are sent by the Bureau Budget Officer to the Office of Budget. After Office of Budget review and approval, reapportionments are sent to OMB for final approval.

**Reappropriation**

Congressional action to restore the obligational availability, whether for the same or different purposes, of all or part of the unobligated portion of budget authority in an expired account. Obligational availability in a current account may also be extended by a subsequent appropriation act.

**Receipt Accounts**

Accounts established for recording collections deposited into the Treasury for appropriation by the Congress. These accounts may be classified as general, special, or trust fund receipt accounts. (See Federal Fund Accounts and Trust Funds.)

**Reconciliation**

The process used by Congress to force its committees to comply with the fiscal policy established in the budget resolution.

**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 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 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 conform 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.)

### **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 adjustments 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.

### **Refund**

The return of an advance or the recovery of an erroneous disbursement from an appropriation or fund account that is directly related to, and a reduction of, previously recorded outlays from the account. It is also the return of excess collections deposited in receipt accounts that are treated as a reduction of receipts.

### **Reimbursable Agreement**

A formal agreement or contract by which an agency will perform a service because of its unique expertise and be paid for all costs by another Federal, State or private organization. Reimbursable work should be accepted only if it can be accomplished without adversely affecting regular programs and if the task cannot be performed as economically by the party or by other agencies.

### **Reimbursable Earnings**

Additional obligational authority accruing to an agency from the billing of all direct and distributed costs to reimbursable sponsors. Such additional funding may be used to support distributable elements. In addition, charges for depreciation against reimbursable tasks result in additional "earnings" which may be allowed to the Line/Staff Offices.

### **Reimbursable Task**

A service performed or product provided to another Federal agency, state, or local government, foreign government, international organization, or non-Federal interest.

### **Reimbursements**

Sums received by the Government 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.

### **Rental Payment to GSA**

(1) Cost payable to the General Services Administration for space based on the actual square footage of space utilized. (2) Surcharge which is applied to the total direct labor or reimbursable tasks so that sponsors are charged for the cost of space used. (Formerly referred to as SLUC.)

### **Reprogramming**

Utilization of funds in an appropriation account for purposes other than those contemplated at the time of appropriation. Reprogramming is generally accomplished pursuant to consultation between the Federal agencies and the appropriate Congressional Committees and require the latter's concurrence before implementation.

### **Rescission**

An action of the president that cancels previously appropriated budget authority. A proposed rescission must be reported to Congress and the comptroller general by the president in a rescission message. If both houses do not approve of the proposed rescission within forty-five days, the president must obligate the budget authority as it was intended by Congress.

### **Rescission Bill**

A bill or joint resolution that provides for cancellation, in whole or in part, of budget authority previously granted by the Congress. Under Section 1012 of the Impoundment Control Act of 1974, unless Congress approves a rescission bill within 45 days of continuous session after receipt of the proposal, the budget authority must be made available for obligation. (See Rescission.)

### **Research & Development**

Research is systematic, intensive study directed toward fuller scientific knowledge or understanding of the subject studied. Development is the systematic use of 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--educations 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 operations program, and the training of scientific and technical personnel.

### **Restoration**

Restorations are items requested in the budget year for programs that were proposed for reduction in the current year to maintain the same program level of effort.

### **Revenues**

Money collected by the federal government from duties, taxes, user fees or premiums from social insurance programs. A term commonly used interchangeable with budget receipts. (See Budget Receipts.)

### **Revolving Fund**

A fund established to finance a cycle of operations through amounts received by the fund. There are three types of revolving funds; public enterprise, intragovernmental revolving, and trust revolving funds. (See also Federal Fund Accounts and Trust Funds.)

### **Scorekeeping**

A procedure used by the Congressional Budget Office for up-to-date tabulations and reports of congressional budget actions on bills and resolutions providing new budget authority and outlays and changing revenues and the public debt limit for a fiscal year. Such reports shall include, but not be limited to, status reports on the effects of these congressional actions to date and 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 by sections 308(b) of the Congressional Budget Act of 1974.

### **Senate Appeal**

A request to the Senate that they restore reductions or reduce increases granted by the House of Representatives in an appropriation bill.

### **Sequestration**

The terms "sequester" and "sequestration" refers the cancellation of budgetary resources provided by discretionary appropriations or a direct spending law. The sequestration process was originally created by the Balanced Budget and Emergency Deficit Control Act of 1985 to cut spending if Congress and the president did not enact laws to reduce the projected deficit to the maximum deficit amount set for that year.

Under the procedures established by the Budget Enforcement Act of 1990, a sequester will occur if a discretionary spending limit is breached, if revenues are cut below or mandatory spending is increased above the baseline without offsetting changes that will eliminate any impact on the deficit or if the deficit maximum set for the year is exceeded. Defined in Section 401 (c) (2) of the Congressional Budget Act of 1974; and obligation limitations.

### **Sequestrable Resource**

The term "sequestrable resource" means new budget authority; unobligated balances; new direct loan obligations, commitments or limitations; new loan guarantee commitments or limitations, spending authority as defined in Section 401 (c) (2) of the Congressional Budget Act of 1974; and obligation limitations for budget accounts, programs, projects and activities that are not exempt from reduction or sequestration.

### **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 Treasury. The appropriation is made in general fund dollar amounts which are 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. (See also Foreign Currency Account.)

### **Special Fund Accounts**

See Federal Fund Accounts.

### **Spending Authority**

As defined by the Congressional Budget Act of 1974, a collective designation for borrowing authority, contract authority, and entitlement authority, for which the budget authority is not provided in advance by appropriation acts. These are also commonly referred to as backdoor authority. (See Backdoor Authority.)

### **Spending Committees (Spending Responsibility)**

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 authorization legislation permits the obligation of funds (backdoor authority) without an appropriation and so the authorization committees have the spending power. The revenue-raising committees (House Ways and Means and Senate Finance) are also spending committees when they deal with spending programs within their jurisdiction.

### **Spending Legislation (Spending Bill)**

A term used in budget scorekeeping to indicate legislation that directly provides budget authority or outlays. The term 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 which establishes conditional entitlements, where recipients are entitled to payments only to the extent that funds are made available in subsequent appropriations legislation).

**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 Authorization Legislation.)

**Supplemental Appropriation**

An act appropriating funds in addition to the thirteen regular annual appropriations. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act). Supplemental appropriations are supposed to be enacted when the need for additional funds is too urgent to be postponed until the next regular appropriation is considered, although they are often enacted for other reasons as well.

**Surplus**

The amount by which annual revenues exceed annual outlays measured in fiscal years.

**Tax Expenditures**

Losses of revenues attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, preferential rate of tax, or a deferral of tax liability.

**Tax Expenditures Budget**

An enumeration of revenue losses resulting from "tax expenditures" under existing law for each fiscal year.

**Transfer Appropriation Account**

A separate account established to receive and disburse allocations from another appropriation or fund account to carry out the purposes of the parent account or fund. The subsequent transactions of the transfer appropriation account are reported with the transactions of the parent account.

**Transfer Between Appropriation Accounts**

A transaction that, pursuant to law, withdraws budget authority or balances from one appropriation account for credit to another. Payments to other accounts for goods or services received, or to be received, are not transfers but are outlay transactions.

**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 that nature of the transfer, these charges and credits will be treated as either expenditure transfers or non-expenditure transfers. (See also Allocations; Expenditure Transactions; Non-Expenditure Transaction; Transfer Appropriation Accounts, Transfer between Appropriation Accounts.)

### **Trust Funds**

Funds collected and used by the Federal Government for carrying out specific purposes and programs according to terms of a trust agreement or statute, such as the social security and unemployment trust funds. Trust funds are administered by the Government in a fiduciary capacity and are not available for the general purposes of the Government. Trust fund receipt accounts are credited with receipts generated by the terms of the trust agreement or statute. Trust fund receipts that are not anticipated to be used in the immediate future are generally invested in interest-bearing Government securities and earn interest for the trust fund. Trust fund expenditure accounts record amounts appropriated from trust fund receipts to be expended in carrying out the specific purposes or programs under the trust agreement or statute. A special category of trust funds called trust revolving funds is used to carry out a cycle of business-type operations, e.g., the Federal Deposit Insurance Corporation.

### **Trust Intrafund Transaction**

See Offsetting Receipts.

### **Trust Revolving Funds**

See Trust Funds and Revolving Fund.

### **TSP (Thrift Savings Plan)**

Employees covered under CSRS and FERS may participate in TSP, a tax-deferred plan. CSRS employees may contribute to this plan at no cost to the government. For FERS employees, the government is required to contribute a minimum of 1% but no more than 5% of each employee's salary, determined by the amount of the employee's contribution.

### **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.

### **Undesignated Carryover**

Funds carried over from prior years which are not identified for a specified project or program. Funds unobligated due to unplanned events - contract cancellations, personnel freeze, decreasing labor costs, etc..

**Undistributed Offsetting Receipts**

Money collected by the federal government from various activities that are not distributed to the function which best describes their substantive role but are instead listed in a separate function and used as offset to total spending. (See Offsetting Receipts.)

**Unexpended Balance**

The amount of budget authority previously granted to an agency but still unspent and available for future spending. The unexpended balance is equal to the sum of the obligated and unobligated balances.

**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 and, 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.

**Unliquidated Obligations**

Amounts which have been committed for specific purpose but for which there has been no disbursement of funds.

**Unobligated Balance**

The amount of budget authority previously granted to an agency in an appropriation that has not yet been committed to a project and so continues to be available for future spending.

**Veto**

Refers to the refusal of the President to sign legislation approved by the Congress. The Congress may override a veto by a two-thirds vote of each House.

**Warrant**

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

**WIGS**

An acronym for the changes in the base budget due to within-grade step increases.

**Working Capital Fund**

A revolving fund operating as an accounting entity in which the assets are capitalized and in which all income is in the form of receipts derived from its operations and available in their entirety to finance the fund's continuing cycle of

operations without fiscal year limitation. A working capital fund is a type of intragovernmental revolving fund.

**Write-Off**

The amount of no-year authority that is withdrawn from availability for obligations by administrative action, pursuant to 31 U.S.C. 1555. This excludes amounts withdrawn from expired accounts pursuant to the Act of July 25, 1956 (31 U.S.C. 1551-1556) and amounts rescinded by the Congress.