

GLOSSARY

Accrual Method of Measuring Cost

This accounting method records cost when the liability is incurred. As applied to Federal employee retirement benefits, cost is recorded when the benefits are earned rather than when they are paid or at some other time.

Appropriation

An appropriation provides legal authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Thirteen regular appropriations bills are considered every year by the Congress and supplemental appropriations are considered from time to time.

Authorization

An authorization is an act of the Congress that establishes or continues a Federal program or agency, and sets forth the guidelines to which it must adhere.

Balanced Budget

A balanced budget occurs when total receipts equal total outlays for a fiscal year.

Budget Authority (BA)

Budget authority is the authority provided by law to incur financial obligations that will result in outlays.

Budget Enforcement Act (BEA) of 1990

The BEA is a recently expired law that was designed to limit discretionary spending while ensuring that any new entitlement program or tax cut did not increase deficits. It set annual limits on spending.

Budget Resolution

The budget resolution is the annual framework that the Congress uses to set targets for total, discretionary and mandatory spending, total revenues, and the deficit, as well as allocations within the spending targets. These targets guide the appropriations committees' deliberations. A budget resolution does not become law and is not binding on the Executive Branch.

Cap

A "cap" is a legal limit on annual discretionary spending. See Discretionary Spending.

Continuing Resolution

A continuing resolution provides for the ongoing operation of the Government in the absence of enacted appropriations, usually at the same spending rate as the prior year.

Debt

Debt Held by the Public—The cumulative amount of money the Federal Government has borrowed from the public and not repaid.

Debt Held by Government Accounts—The debt Treasury owes to other accounts within the Federal Government. Most of it results from the surpluses of the Social Security and other trust funds, which are required by law to be invested in Federal securities.

Debt Limit—The maximum amount of Federal debt that may legally be outstanding at any time. It includes both the debt held by the public and the debt held by Government accounts. When the debt limit is reached, the Government cannot borrow more money until the Congress has enacted a law to increase the limit.

Deficit

A deficit is the amount by which outlays exceed receipts in a fiscal year.

Discretionary Spending

Discretionary spending is what the President and the Congress decide to spend through annual appropriations bills. Examples include money for such activities as the FBI, the Coast Guard, housing and education, space exploration, highway construction, defense, and foreign aid. See Mandatory Spending.

Entitlement

An entitlement program is one in which the Federal Government is legally obligated to make payments or provide aid to any person who meets the legal criteria for eligibility. Examples include Social Security, Medicare, Medicaid, and Food Stamps.

Fiscal Year

The fiscal year is the Federal Government's accounting period. It begins on October 1 and ends on September 30. For example, fiscal year 2005 begins on October 1, 2004 and ends on September 30, 2005.

Full-time Equivalents (FTEs)

Civilian employment in the Executive Branch is measured on the basis of full-time equivalents. One FTE is equal to one work year or 2,080 non-overtime hours. Thus, one full-time employee counts as one FTE, and two half-time employees also count as one FTE.

Gross Domestic Product (GDP)

GDP is the standard measure of the size of the economy. It is the total production of goods and services within the United States.

Mandatory Spending

Mandatory spending is provided by permanent law rather than annual appropriations. An example is Social Security. The President and the Congress can change the law with respect to the eligibility criteria or the payment formula, and thus change the level of spending on mandatory programs, but they don't have to take annual action to ensure the continuation of spending. See Discretionary Spending.

Offsetting Collections and Offsetting Receipts

Offsetting collections and offsetting receipts are income that are deducted from outlays, rather than counted on the receipts side of the budget. They result from business-like activities such as the sale of stamps by the Postal Service.

Off-Budget

By law, Social Security and the Postal Service are accounted for separately from all other programs in the Federal Government and are accorded this separate treatment.

On-Budget

Those programs not legally designated as off-budget.

Outlays

Outlays are the amount of money the Government actually spends in a given fiscal year.

PART

The Program Assessment Rating Tool is an analytical device used to evaluate program effectiveness and inform budget, management, and legislative decisions. It consists of a series of questions about program purpose and design, strategic planning, management, and results. Answers to PART questions require specific evidence to prove program effectiveness.

Pay-As-You-Go

Created by the Budget Enforcement Act, pay-as-you-go refers to requirements that new mandatory spending proposals or tax reductions must be offset by cuts in other mandatory spending or by tax increases. The purpose of these rules is to ensure that the deficit does not rise or the surplus does not fall. See Budget Enforcement Act.

President's Management Agenda

A strategy to improve the management and performance of the Federal Government in areas with the greatest need. The Agenda includes five Government-wide initiatives and multiple program-specific initiatives.

Budget and Performance Integration—Allocates budgetary and human capital resources by comparing historical and expected future performance levels with the full cost of producing desired program outcomes as defined in agencies' strategic goals and objectives.

Competitive Sourcing—A management initiative to make Government more market-based, allowing the public sector to embrace the principles of competition, innovation, and choice. It determines the most effective method of obtaining services available in the commercial marketplace. One commonly used process is found in OMB Circular A-76 and may result in a public-private competition or the conversion of in-house work to the private sector.

E-Government—Refers to the Federal Government's use of information technologies (such as Wide Area Networks, the Internet, and mobile computing) to exchange information and services with citizens, businesses, and other arms of government.

Financial Performance—A management initiative to upgrade the accuracy and timeliness of financial information. Meeting requirements and standards while supporting day-to-day operations is central to this initiative. Areas of emphasis include reducing erroneous payments and strengthening the management of Government-held assets.

Human Capital—Refers to the education, knowledge, skills, and competencies of the personnel of an agency.

Receipts

Receipts are the collections of money that primarily result from taxes and similar Government powers to compel payment. Examples of receipts include income taxes, payroll taxes, excise taxes, and customs duties. They do not include collections from the Federal Government's business-like activities, such as the entrance fees at national parks. Business-like collections are subtracted from total spending to calculate outlays for the year.

Surplus

A surplus is the amount by which receipts exceed outlays in a fiscal year.

Trust Funds

Trust funds are Federal Government accounts designated as "trust funds" by law to record receipts and spend them for specified purposes.

Unified Budget

The unified budget includes receipts from all sources and outlays for all programs of the Federal Government. It is the most comprehensive measure of the Government's finances.

Unobligated Balance

Funding that has been approved or is available, but not yet committed to any particular purpose.