

A Glossary of Commonly Used Federal Budget Terms

Annual Defense Budget — The annual budget of the Department of Defense (DoD), also known as the “base” budget. It does NOT include money for the Pentagon funded through special “Supplemental” spending bills.

Authorization Bill — This bill, reviewed by the House and Senate, gives a government agency approval for its programs, recommends funding levels, and includes policy guidelines. The bill must be adopted by the full House and Senate before being signed by the President. Government programs can be authorized on an annual, multi-year, or permanent basis.

Appropriations Bill — Reviewed by the corresponding subcommittees of the Appropriations committees in both the House and Senate, this bill allocates the funds approved by an authorization bill to the individual agency. It specifies how much money can be spent on a given program, and grants the government ***budget authority*** to enter into ***obligations*** that are later paid in ***outlays***. Appropriations bills must also be approved by the full House and Senate before being signed by the President.

Budget Authority — The legal authority given to a federal agency to ***obligate*** funds.

Obligations — Binding agreements with suppliers to buy goods and services.

Outlays — Actual money spent in a given ***fiscal year***. Outlays can come from three sources: new budget authority, multi-year budget authority, or funds obligated in a previous year but not yet spent.

Fiscal Year — The federal budget year begins on October 1 of the previous calendar year.

Budget Resolution — Legislation initiated in the House and Senate Budget committees that determines ceilings for budget authority for major spending categories.

Continuing Resolution — Legislation that permits a government agency to continue to operate at existing funding levels if an appropriations bill has not been adopted by the start of the fiscal year.

Discretionary Spending — The money the President must request and Congress must approve each year. *As opposed to...*

Mandatory Spending — The money the federal government spends automatically unless the President and Congress change the laws that govern it. Includes “entitlements,” money or benefits such as Social Security, Medicare, Medicaid and food stamps provided directly to individuals who meet a specified criteria of eligibility. Also includes interest on the national debt.

Gross Domestic Product (GDP) — The combined dollar value of all the goods and services produced inside the United States in any given year.

Supplemental Appropriation — A special spending package in addition to the annual appropriations package, necessitated usually as a result of an unanticipated event such as a natural disaster or military operations.