A Few Budget Terms

Fiscal year vs. calendar year:

Projected spending, revenue and deficits are measured in fiscal years, which begin Oct. 1 and run through Sept. 30. Economic forecasts span calendar years, which begin Jan. 1.

Budget authority vs. outlays:

Budget authority, or BA, and outlays are both ways to describe spending. BA represents the authority to obligate or spend money. Outlays are recorded when dollars are actually spent. Spending projections typically show projected outlays.

Discretionary spending vs. mandatory spending:

Discretionary spending pays for defense and non-defense programs, including the operation of federal departments and agencies. It is determined each year through the annual appropriations process. It accounts for about one-third of total spending. Mandatory spending is also called direct or automatic spending. It pays for Social Security, Medicare, Medicaid and other programs that pay benefits and grow automatically based on eligibility. Mandatory spending accounts for about two-thirds of spending.

What is a baseline?

A baseline is an estimate of what spending, revenue and deficits would be, usually over 10 years. A baseline usually assumes the continuation of current laws but sometimes is based on the continuation of current policies.

CBO baseline vs. President’s budget:

The CBO baseline – the agency’s projection of spending, revenue and deficits - is based on the assumption that current laws generally remain in place. Similarly, the CBO economic forecast assumes that current laws generally remain in place. By contrast, in the President’s budget, the spending, revenue and deficit projections, as well as the economic forecast, are based on the assumption that all the proposals in the budget are enacted.

Key elements of the President’s budget:

“The Budget.” This summarizes the president’s proposals. It also includes Summary Tables, which provide detailed lists of spending and revenue numbers.

“Appendix.” The appendix is the thickest volume of the budget and it is aimed at the Appropriations Committees. It includes detailed proposed language for all 12 appropriations bills.

“Historical Tables.” Budget numbers going back to 1901 and in some cases even before.