

APPENDIX

BUDGET CONCEPTS AND DEFINITIONS

The fiscal activities of the Federal Government can be summarized in several ways. Some alternative budget concepts and the relationships between them are discussed in this appendix. A table reconciling these budget concepts is given, with data for fiscal 1966-68 used for illustration.

ADMINISTRATIVE BUDGET

The administrative budget is the basic planning document of the Federal Government, covering receipts and expenditures of funds that it owns. Its main purpose is to serve as a guide to executive and legislative program planning, review, and enactment. The administrative budget is in fact the only Federal "budget" in the sense of a financial plan. All other "budgets" discussed here are summary statements of receipts and expenditures classified in various ways for purposes other than administrative planning.

Those agencies for which Congress makes regular appropriations are included in the administrative budget. Public enterprises¹ are included while trust funds² and Government-sponsored agencies³ are not.

Expenditures and receipts are generally recorded on a cash basis, i.e., on the date of actual receipt or payment. Interest expense is on an accrual basis.

CASH BUDGET

The consolidated cash budget is a summary statement of cash flow between the Federal Government and other sectors of the economy. Included are activities of the regular Government agencies found in the administrative budget plus the activities of trust funds and Government-sponsored agencies. Because activities of some agencies (e.g., the post office) are recorded on a net basis, the full magnitude of cash flows between the Federal Government and other sectors of the economy is not measured by the cash budget.

The cash surplus or deficit serves as a measure of the direct impact of Federal Government spending and taxation on the financial assets of the private sector of the economy (including state and local governments). Surpluses or deficits in this budget indicate changes in the public debt and/or changes in the Treasury's cash balance.

NATIONAL INCOME ACCOUNTS BUDGET

The national income accounts budget summarizes the receipts and expenditures of the Federal Government sector as an integrated part of the recorded activities (i.e., the national income accounts) of all

¹ Commodity Credit Corporation, Federal National Mortgage Association, Export-Import Bank, etc.

² Federal old-age and survivors insurance, unemployment trust fund, highway trust fund, etc.

³ Federal home loan banks, Federal land banks, Federal intermediate credit banks, and banks for cooperatives.