

EXPLANATION OF BUDGET CONCEPTS

Administrative budget

The administrative budget is the basic planning document of the Federal Government. Receipts and expenditures of funds owned by the government are included, and are generally recorded on a cash basis. Interest expense, however, is recorded on an accrual basis.

Cash budget

The cash budget measures the cash flow between the Federal Government and the rest of the economy. In addition to the activities included in the administration budget, receipts and expenditures of the trust funds and government-sponsored agencies are included. Surpluses or deficits in the cash budget indicate changes in cash borrowing from the public 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 sectors of the economy. Primary difference between the cash budget and the national income accounts budget are (1) on the expenditure side, spending is recorded when delivery is made to the government, and purchases and sales of existing real and financial assets are excluded, and (2) on the receipts side, taxes are in large measure recorded when the tax liability is incurred.

High employment budget

The high-employment budget is an estimate of the national income accounts budget which would prevail at a specified constant rate of resource use. By eliminating the major built-in stabilizer effects (i.e., the effect of changing levels of economic activity on Government receipts and expenditures), the high-employment budget indicates the impact of changes in tax laws and legal provisions for expenditures.