

## **APGOVPOL**

# **Chapter 14: The Congress, the President, and the Budget: The Politics of Taxing and Spending**

### **Key Words and Terms, Defined**

appropriations bill: an act of Congress that actually funds programs within limits established by authorization bills; appropriations usually cover one year

authorization bill: an act of Congress that establishes, continues, or changes a discretionary government program or an entitlement; it specifies program goals and maximum benefits for discretionary programs (compare appropriations bill)

budget: a policy document allocating burdens (taxes) and benefits (expenditures)

budget resolution: a resolution binding Congress to a total expenditure level, supposedly the bottom line of all federal spending for all programs

Congressional Budget and Impoundment Control Act of 1974: an act designed to reform the congressional budgetary process; its supporters hoped that it would also make Congress less dependent on the president's budget and better able to set and meet its own budgetary goals

Congressional Budget Office: a counterweight to the president's Office of Management and Budget (OMB); the CBO advises Congress on the probable consequences of budget decisions and forecasts revenues

continuing resolutions: when Congress cannot reach agreement and pass appropriations bills, these resolutions allow agencies to spend at the level of the previous year

deficit: an excess of federal expenditures over federal revenues

entitlement programs: policies for which expenditures are uncontrollable because Congress has, in effect, obligated itself to pay X level of benefits to Y number of recipients; each year, Congress's bill is a straightforward function of the X level of benefits times the Y number of beneficiaries; Social Security benefits are an example of this

expenditures: federal spending of revenues; major areas of such spending are social services and the military

federal debt: all the money owed by the federal government over the years and still outstanding; today, the federal debt as of July, 2004 is more than \$7 trillion – approximately \$25,000 per person in the United States; since September 30, 2003, the federal debt has increased an average of \$1.68 billion each day (see the U.S. National Debt Clock online at [http://www.brillig.com/debt\\_clock/](http://www.brillig.com/debt_clock/) )

Gramm-Rudman-Hollings: named for its sponsors and also known as the Balanced Budget and Emergency Deficit Act, legislation mandating maximum allowable deficit levels each year until 1991, when the budget was to be balanced; in 1987, the balanced budget year was shifted to 1993, but the Act was abandoned in 1991

House Ways and Means Committee: the House of Representatives committee that, along with the Senate Finance Committee, writes the tax codes, subject to the approval of Congress as a whole

income taxes: shares of individual wages and corporate revenues collected by the government; the first income tax was declared unconstitutional by the Supreme Court in 1895, but the Sixteenth Amendment, ratified in 1913, explicitly authorized Congress to levy a tax on income (see also Internal Revenue Service)

incrementalism: the belief that the best predictor of this year's budget is last year's budget, plus a little more (an increment); according to Aaron Wildavsky, "Most of the budget is a product of previous decisions"

Internal Revenue Service (IRS): the office established to collect federal income taxes, investigate violations of the tax laws, and prosecute tax criminals

Medicare: a program added to the Social Security program in 1965 that provides hospitalization insurance for the elderly and permits older Americans to purchase inexpensive coverage for doctor fees and other expenses

reconciliation: a congressional process through which program authorizations are revised to achieve required savings; it usually also includes tax or other revenue adjustments

revenues: the financial resources of the federal government; the individual income tax and the Social Security tax are two major sources of revenue (compare expenditure)

Senate Finance Committee: the Senate committee that, along with the House Ways and Means Committee, writes the tax codes, subject to the approval of Congress as a whole

Sixteenth Amendment: the constitutional amendment ratified in 1913 that explicitly permitted Congress to levy an income tax

Social Security Act: a 1935 law passed during the Great Depression that was intended to provide a minimum level of sustenance to older Americans and thus save them from poverty

tax expenditures: defined by the 1974 Budget Act as "revenue losses attributable to provisions of the federal tax laws which allow a special exemption, exclusion, or deduction" – tax expenditures represent the difference between what the government actually collects in taxes and what it would have collected without special exemptions

uncontrollable expenditures: expenditures that are determined by how many eligible beneficiaries there are for some particular program; according to Lance Leloup, an expenditure is classified as uncontrollable "if it is mandated under current law or by a previous obligation" – three-fourths of the federal budget is uncontrollable; Congress can change uncontrollable expenditures only by changing a law or existing benefit levels