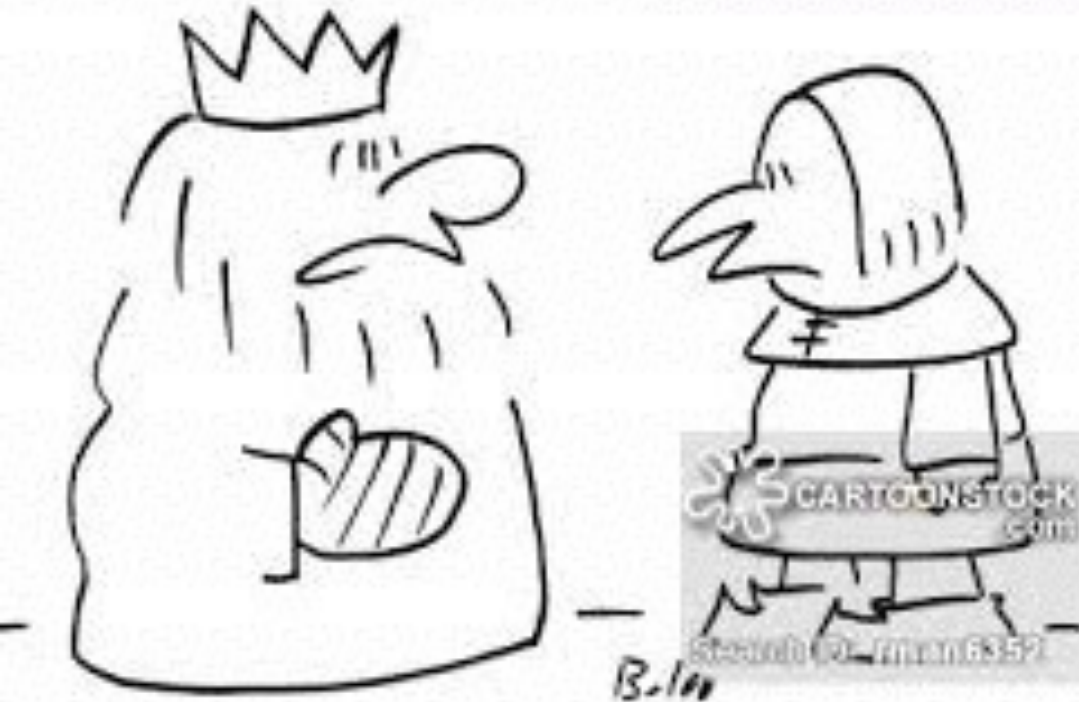


The Budget

- Chapter 13



"I cut myself slashing the budget!"

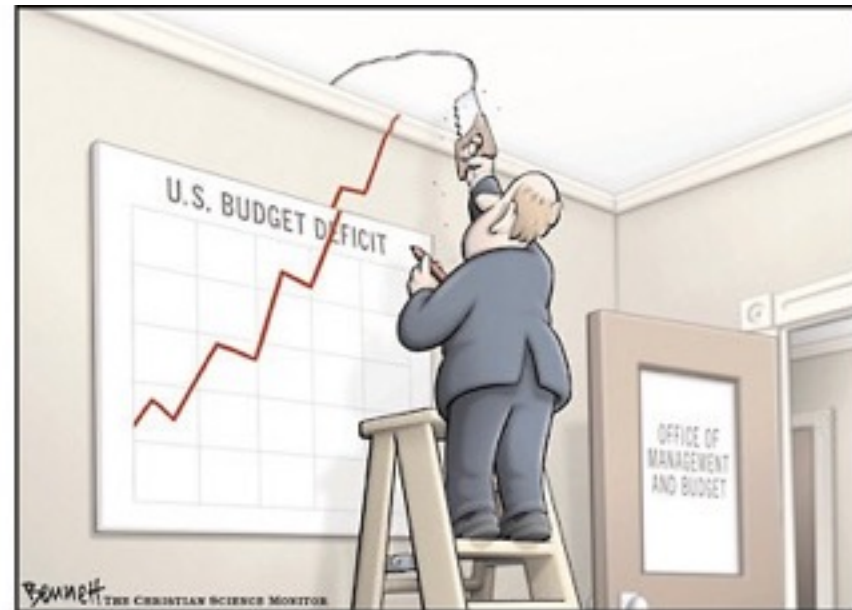
Definitions

- Budget:
 - A policy document allocating burdens (taxes) and benefits (expenditures)
- Deficit
 - An excess of federal expenditures over federal revenues (in a given year)



Definitions

- Expenditures:
 - What the government spends money on
- Revenues:
 - Sources of money for the government
 - The National Debt is the total amount owed by the federal government

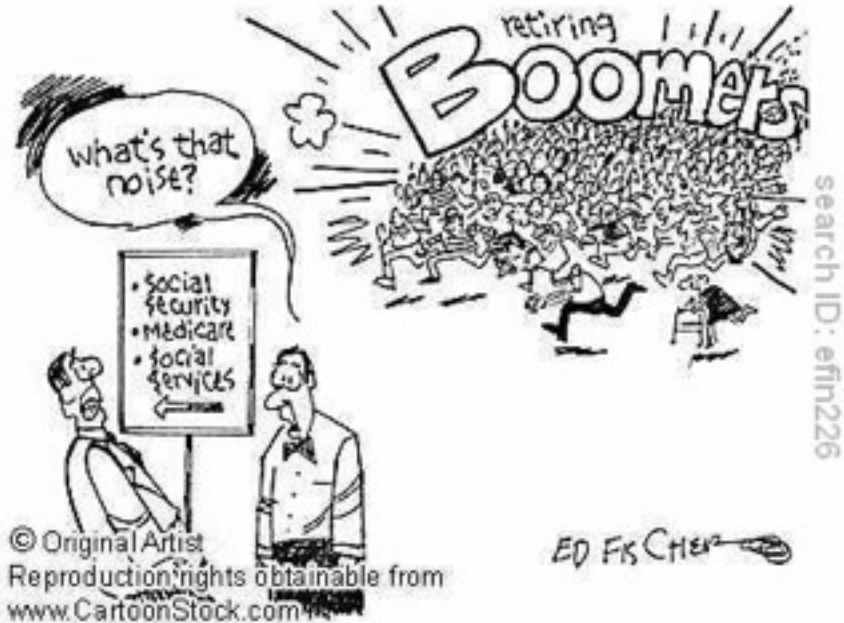


Progressive Taxation



THOSE WITH
MORE INCOME
PAY HIGHER
RATES OF TAX ON
THEIR INCOME.

Entitlement Spending



- Social Security has been expanded since 1935 to include disability benefits and Medicare.
- Social Security and Medicare face financial problems with more recipients living longer.

Uncontrollable Expenditures



- “SPENDING DETERMINED BY THE NUMBER OF RECIPIENTS, NOT A FIXED DOLLAR FIGURE. THE WAY TO CONTROL THE EXPENDITURES IS TO CHANGE THE RULES OF WHO CAN RECEIVE THEM.

The President and the Budget

NEGOTIATIONS OCCUR BETWEEN OMB,
THE PRESIDENT AND THE AGENCIES
ABOUT THEIR REQUESTS.



Congress and the Budget

- A budget resolution sets the bottom line for the budget.
- The current budget is then reconciled (adjusted to meet the resolution).
- The new budget is authorized and appropriated.



Congress and the Budget



"IT'S THE ONLY WAY THE TREE WOULD FIT IN THE NEW STAND."

- CONGRESS PASSES CONTINUING RESOLUTIONS TO KEEP THE GOVERNMENT GOING UNTIL IT PASSES A NEW BUDGET.
- OMNIBUS BUDGET BILLS OFTEN CONTAIN POLICIES THAT CAN'T PASS ON THEIR OWN.