
law other than appropriations acts. Direct spending may be temporary or permanent, definite or indefinite (as to amount) but it is an appropriation or other budget authority made available to agencies in an act other than an appropriation act. Under expired Budget Enforcement Act (BEA) provisions, new direct spending was subject to pay-as-you-go (PAYGO) requirements. (*See also* Balanced Budget and Emergency Deficit Control Act of 1985; Entitlement Authority; Mandatory; Pay-as-You-Go. For a distinction, *see* Discretionary.)

Disbursements

Amounts paid by federal agencies, by cash or cash equivalent, during the fiscal year to liquidate government obligations. “Disbursement” is used interchangeably with the term “outlay.” In budgetary usage, gross disbursements represent the amount of checks issued and cash or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided. (*See also* Outlay; Expenditure.)

Discount Rate (Economics Term)

One of the following:

(1) The interest rate used to determine the present value of a future stream of receipts and outlays, or in cost-benefit analysis, of benefits and costs. This use of the term is completely distinct from that in monetary policy, and the interest rates involved are generally not those charged by Federal Reserve Banks.

Discount rate policies of the three major oversight and budget agencies—the Government Accountability Office (GAO), the Office of Management and Budget (OMB), and the Congressional Budget Office (CBO)—are consistent with basic economic principles but vary significantly in their formulations for different analyses. GAO’s *Discount Rate Policy* ([GAO/OCE-17.1.1](#)), May 1991, describes different approaches and their applications.

In estimating net present values under credit reform, discount rate represents the average interest rate on marketable Treasury securities of similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made. (*See* Credit Subsidy Cost *under* Federal Credit.)

(2) The interest rate that a commercial bank pays when it borrows from a Federal Reserve Bank. The discount rate is one of the tools of monetary policy used by the Federal Reserve System. The Federal Reserve customarily raises or lowers the discount rate to signal a shift toward restraining or easing its monetary and credit policy. (*See also* Monetary Policy.)

Discretionary

A term that usually modifies either “spending,” “appropriation,” or “amount.” “Discretionary spending” refers to outlays from budget authority that is provided in and controlled by appropriation acts. “Discretionary appropriation” refers to those budgetary resources that are provided in appropriation acts, other than those that fund mandatory programs. “Discretionary amount” refers to the level of budget authority, outlays, or other budgetary resources (other than those which fund mandatory programs) that are provided in, and controlled by, appropriation acts. (*See also* Appropriation Act; Appropriations *under* Forms of Budget Authority *under* Budget Authority; One-Year Authority *under* Duration *under* Budget Authority; Gramm-Rudman-Hollings. For a contrast, *see* Entitlement Authority; Mandatory.)

E

Earmarking

Either of the following:

(1) Dedicating collections by law for a specific purpose or program. Earmarked collections include trust fund receipts, special fund receipts, intragovernmental receipts, and offsetting collections credited to appropriation accounts. These collections may be classified as budget receipts, proprietary receipts, or reimbursements to appropriations.

(2) Designating any portion of a lump-sum amount for particular purposes by means of legislative language. Sometimes, “earmarking” is colloquially used to characterize directions included in congressional committee reports but not in the legislation itself. (*See also* Special Fund Accounts *under* Federal Fund Accounts *under* Account in the President’s Budget; Trust Fund Accounts *under* Account in the President’s