OFTEN MISCONSTRUED BUDGET TERMINOLOGIES

1. What is the difference between appropriation and allotment?

Appropriation refers to an authorization made by law or legislative enactment directing payment out of government funds under specified conditions or for specific purposes.

On the other hand, *allotment* is an authorization issued by the DBM to an implementing agency to incur obligations for specified amounts contained in a legislative appropriation.

2. How is an appropriation distinguish from the budget?

An *appropriation* refers to an authorization made by law or legislative enactment directing payment out of government funds under specified conditions or for specific purposes. On the other hand, the *budget* may be construed as the total amount of appropriations programmed to be spent during the budget year and that can be supported by available resources in accordance with the fiscal program to enable the national government to enter into contract for the delivery of goods and services to the public.

3. How do distinguish obligation from disbursements?

Obligations are liabilities legally incurred and committed to be paid for by the government either immediately or in the future.

Disbursements refer to the actual withdrawal of cash from the Bureau of the Treasury due to the encashment of checks issued by agencies and payment of budgetary obligations.

4. What is the difference between the expenditure program and the financing program?

The *expenditure program* refers to the ceiling on the obligation that can be incurred by the government in a given budget year. Said ceiling is supported by estimated financial resources.

The *financing program* pertains to the projected revenues from both existing and new measures, the payment of debt principal due, as well as the planned borrowings to finance budgetary transactions.

5. How do we distinguish the obligation budget from the cash budget?

The obligation budget is the proposed amount of commitments that the government may incur or enter into for the delivery of goods and services in a fiscal year.

On the other hand, cash budget is the aggregate of revenues, borrowings and disbursements of the National Government. It shows the actual deposits and withdrawals of cash of national government agencies from the BTR for payment of current and previous year's obligations.

6. How do we differentiate between programmed appropriations and unprogrammed appropriations?

Programmed appropriations are appropriations with definite/identified funding as of the time the budget is prepared while *unprogrammed appropriations* are those which provide standby authority to incur additional agency obligations for priority programs or projects when revenue collection exceed targets, and when additional grants or foreign funds are generated.

7. What is the difference between expenditure authorized by the annual general appropriations and the obligation program?

The *obligation program* refers to a portion of total appropriations programmed for the fiscal year, unutilized prior years accounts, payments for automatic and continuing accounts that can be supported by available resources in accordance with the fiscal program.

The *annual general appropriations* refers to the appropriations authorized under the General Appropriations Act or the new legislative authorizations enacted and approved by Congress. This appropriation level includes Programmed and Unprogrammed Appropriations.

8. What is the difference between the disbursement program and the cash release program?

The *disbursement program* refers to the actual withdrawal of cash from the Treasury due to the encashment of checks issued by agencies and from payment of other obligations.

The *cash release program* refers to the program of Notice of Cash Allocation (NCA) releases to be made by the DBM based on the Agency Work and Financial Plan and the cash available in the Bureau of the Treasury. The NCA provides the authority for the maximum amount of withdrawals that an agency can make from government servicing banks for the month indicated.

9. How do we distinguish capital expenditures from infrastructure expenditures?

Capital expenditures refer to expenditures for capital goods or durable goods which are used for productive purposes such as the construction of roads and bridges, dams, power and irrigation works, schools and hospitals. It is also known as capital outlays, referring to the purchase of equipment and fixed assets, the benefits of which extend beyond the budget year and which add to the assets of the government.

Infrastructure expenditures, however, is a subcomponent of capital outlays which refer to spending for the construction of various basic public works, such as roads, ports, airports, water supply, irrigation and other capital investments particularly of the Department of Public Works and Highways, the Department of Transportation and Communication, the school building program of DECS and the national irrigation projects of the Department of

Agriculture.

10. How do we differentiate the national budget from the public sector budget?

The *national budget* refers to the totality of the budget of the various departments of the national government including support to LGUs and GOCCs.

The *public sector budget* or the *consolidated public sector budget* is the aggregate of revenues, expenditures and indebtedness of all units of government, including the national government and its agencies and instrumentalities, local government units, and government-owned and/or controlled corporations.