



Follow the Money: The U.S. Budget and You

1. Introduction

What is this toolkit?

This toolkit is about the federal budget. It will explain:

- What the federal budget is.
- What taxes are.
- How the federal budget process works.
- What happens when the federal budget process doesn't work right.

How can I use this toolkit?

You can read this toolkit from beginning to end. You can also go straight to the parts that you want to know more about.

"What is the federal budget?" explains what the federal budget is.

"What are taxes?" explains what taxes are.

"The Budget Process" explains how the federal budget process works.

"Does the budget process work?" talks about what happens when the budget process doesn't work.

"What can we do?" explains what you can do to change the federal budget.

2. What is the federal budget?

A **budget** is a plan for getting and spending money. A budget has four main parts:

1. The amount of money you want to have
2. How you plan to get the money.
3. What you want to buy with the money.
4. How much money you want to spend on each thing

Anyone can have a budget. You might have a budget to keep track of how much money you spend on things you want or need.

The government has budgets too. **State governments** are in charge of one state, like Texas or Florida. The **federal government** is in charge of our entire country. State governments and the federal government each have their own different budgets. This toolkit will focus on the federal government.

The federal government uses its budget to decide how much money to spend on:

- Medicaid
- Roads
- Police
- Science research to look for cures for diseases

The federal government makes a budget every year. The year the budget is for is called the **fiscal year**.

A fiscal year starts and stops at different times than a regular year. A normal year is like a calendar. A normal year starts in January and ends in December. The federal government's fiscal year is different. The fiscal year starts in October and ends in September. For example, the normal year for 2019 starts in January 2019 and ends in December 2019. The fiscal year for 2019 starts in October of 2018 and ends in September of 2019.

Normal year: January-December

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Fiscal year: October-September

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3. What are taxes?

We live in a country together. As a country, we have decided that some things are important to all of us. For example:

- Safe roads to travel on
- Good schools
- Clean water to drink
- Services for people with disabilities

A long time ago, our country decided that the government should be in charge of making sure these important things happen.

Making important things happen costs money. Paying teachers costs money. Building roads costs money. Services for people with disabilities costs money.

The government needs money to pay for these important things. Since everyone needs these things, we all pay the government a small amount of money. The money that we pay the government is called "**taxes.**"

There are many different kinds of taxes. For example:

- A business gives the government some of the money it makes. This is called a **corporate tax.**
- If you have a job, you have to give some of the money you make to the government. The money you make is called "income," so this kind of tax is called an **income tax.**
- When you buy something, part of the money you spend goes to the government. This is called a **sales tax.**

These are only some of the kinds of taxes. There are many other kinds of taxes.

Remember, governments use the money they get from taxes to pay for many different things. Taxes pay for things like:

- Roads
- Schools
- Police
- Science research to look for cures for diseases

Taxes also pay for disability services and benefits you might use every day, like:

- Medicaid or Medicare might pay for your health care. This includes going to the doctor or any medicine you might need.
- Social Security might help you pay for food, rent, and toilet paper.
- The Low Income Home Energy Assistance Program (LIHEAP) might help you pay for light and heat at home.
- The Supplemental Nutrition Assistance Program (SNAP) might help you pay for food.
- Section 8 housing vouchers might help you pay rent so you have a place to live.
- You might get help finding a job from Vocational Rehabilitation.
- The Food and Drug Administration checks to make sure the food you eat is clean and safe. Sometimes the Food and Drug Administration is called the FDA.

- The National Institutes of Health study new cures for diseases. Sometimes the National Institutes of Health is called the NIH.
- Protection and Advocacy can help you get a lawyer if you are in trouble or if someone is hurting you.

These are only some of the things that tax money pays for.

If the government gets less tax money, then the government can't pay for all of these things. If the government gets more tax money, then the government can pay for more things.

For example, imagine you are at the store. You want to buy soup to eat. If you have more money, you can buy more cans of soup. If you have less money, you can't buy as many cans of soup. It is the same for the government. The government can spend more money on services when it has more money from taxes.

People sometimes argue about taxes. People disagree about what is fair and what the government should do. Some people think we should give the government less money, even if that means the government gives us fewer services. Other people think the government should give us more services, even if that means we need to give the government more more money.

4. The Budget Process

The **federal budget process** is the way the federal government decides how to spend money. There are 5 main steps.

1. The President sends a **budget request** to Congress.
2. Congress writes and votes on **budget resolutions**
3. House and Senate Appropriations subcommittees **markup** bills
4. The House and Senate vote on appropriations bills and turn them into one big bill.
5. The President signs all of the different appropriations bills. The budget becomes law.

In this section, we will go over each step in more detail.

Why are there so many steps in the budget process?

In 1974, Congress was worried that the President had too much power. Congress did not like how the President spent tax money. Congress passed a law to give Congress more control over the budget than the President.

1. The President sends a budget request to Congress.

The President's budget request is what the President wants the budget to be. A budget request shows what the President thinks is important to spend money on.

The President starts by listening to budget requests from different departments in the government, like the Department of Education or the Department of Labor. Each department tells the President how much money they need.

The President listens to all of the Departments. Then the President decides how much money to ask Congress for in the budget request.

The President's budget request needs to say:

- How much money the President wants to spend.
- How much money the government wants to get from taxes.
- If the government is going to spend more or less money than it gets from taxes.

If the government spends more money than it gets from taxes, this is called a **deficit**. If there is a deficit, then the government will need to borrow extra money to pay for everything. We will explain this in the section, "Does the budget process work?"

If the government spends less money than it gets from taxes, this is called **surplus**. If the government has a surplus, that means they have extra money left over at the end of the fiscal year. This has not happened in a long time.

The President is supposed to send the budget request to Congress before the first Monday in February.

2. Congress writes and votes on a *budget resolution*.

Congress is made of two parts: The House of Representatives and the Senate. Sometimes we will call the House of Representatives just the House.

After Congress gets the President's budget request, the House and the Senate write and vote on their own separate **budget resolutions**. A budget resolution is a plan for how the government will spend money.

A budget resolution shows what the Congress thinks is important.

Sometimes, the President and Congress disagree on what is important. That means that the budget resolutions can end up looking very different from the President's budget request. Congress gets to make the final decision about the federal budget.

If the House and the Senate disagree on what is important, they will write different budget resolutions. If the House and the Senate write different budget resolutions, they have to agree on a final version.

Whenever the House and the Senate disagree, they have 3 choices:

- The Senate can get rid of their own bill and pass the House's version
- The House can get rid of their own bill and pass the Senate's version
- They can compromise

When the House and the Senate compromise on a bill, it is called **going to conference**. The people who meet are called the **conference committee**. The conference committee looks at the two different budget resolutions from the House and the Senate. Then, the conference committee turns them both into one final budget resolution.

The Senate and the House vote one more time on the final budget resolution. If the Senate and House both vote for the same budget resolution, then that budget resolution passes. Remember, the budget resolution is just a plan. Passing the budget resolution doesn't mean anything happens. A plan doesn't work if you don't follow it. That's the next step.

Congress is supposed to pass the budget resolution by April 15. It usually takes longer than that. Sometimes, Congress does not pass a budget resolution at all.

If Congress does not pass a budget resolution, they lose some things they want. For example, the members of Congress might not be allowed to take time off from work. We will talk more about this in the next section.

3. The House and the Senate write appropriations bills. Appropriations bills explain how to spend the money in the budget.

The House and the Senate both have a lot of small groups, called **committees**. Committees pay special attention to different topics, like education or the army. The committee that pays attention to how to spend the money in the budget is called the **Appropriations Committee**. The House and the Senate both have their own Appropriations Committees.

The Appropriations Committees decide how much money to spend on some things the government does. They do not decide how much money to spend on everything the government does. That is because there are two different kinds of government spending.

#1: Mandatory spending

There are some things that the government has to pay for all the time. These things are called **mandatory spending**. Medicaid, Medicare, and Social Security are mandatory spending. The Appropriations Committees do not get to make any decisions about mandatory spending.

#2: Discretionary spending

There are some things that the Appropriations Committees *do* get to decide on every year. These things are called **discretionary spending**. Some examples of discretionary spending are: housing programs, protection and advocacy, national parks, the military, and scientific research.

The Appropriations Committee is made of even smaller groups called **subcommittees**. Right now, there are 12 subcommittees. Subcommittees focus on different things that the federal government does.

There are two subcommittees that handle most of the programs for people with disabilities. These subcommittees are called:

- Labor, Health and Human Services, Education, and Related Agencies
- Transportation, Housing and Urban Development

Each subcommittee has a meeting where they talk to different people in charge of different parts of the federal government. Then, each subcommittee decides how much money is spent on their part of the government. Each subcommittee writes a bill to tell the Appropriations Committee what they decided.

The Appropriations Committee gets a bill from each subcommittee. Then the Appropriations Committee **marks up** the bills. “Mark up” means that the committee can make changes to the bills. If someone on the committee wants to make a change, the change is called an **amendment**.

Once the Appropriations Committee is done making changes, they vote on the bill. If the bill gets enough votes, the appropriations bill goes on to the next step.

The Appropriations Committee must do this whole process 12 times, once for each of the 12 different subcommittees.

The House and The Senate both have their own separate Appropriations Committees. They both use the same process for writing appropriations bills, but they might not do it at the same time. Usually, the House goes first.

4. The Senate and House vote on all of the different appropriations bills.

Once the House Appropriations Committee has voted for a bill, the whole House gets a chance to vote on the bill. If the bill gets enough votes in the House, then it goes to the Senate.

Sometimes the Senate writes their own bills while the House is still writing the House bill. Usually, the Senate waits for the House to finish their appropriations bills first.

When the House appropriations bills are ready, the Appropriations Subcommittees in the Senate look at the House appropriations bills. The Senate Appropriations Subcommittees decide if they want to make any changes.

Then they give the new version of the bills to the Senate Appropriations Committee. The bills get marked up again, which means that Senate Appropriations Committee can make more changes.

The Senate Appropriations Committee votes on the bills. Finally, the whole Senate gets a chance to vote for the bills.

Remember, in order for a bill to pass, the Senate and the House both have to vote on the same version. If one side makes changes to the bill, the other side has to vote for the bill again. It can take a very long time to make 12 bills everyone agrees on. Because of this, there can be up to 24 different appropriations bills at the same time (12 in the Senate + 12 in the House = 24). That's a lot!

It is normal if this sounds confusing and complicated. It is confusing and complicated even for people who have been in Congress for a long time.

5. Congress sends their final appropriations bills to the President. The President can say “yes” or “no” to the bills.

If the President says yes, the budget process is finished. If the President says “no,” the Congress needs to start over. When the President says “no” to a bill, it is called a **veto**. The president can only veto at the end of the budget process.

The budget process is supposed to finish by September 30 because of the **fiscal year**. Remember, a fiscal year starts and stops at different times than a regular year. A normal year starts in January and ends in December. The federal government’s fiscal year starts in October and ends in September.

5. Does the budget process work?

The budget process is confusing and complicated. This is true even if the President and everyone in Congress works together. But the President and everyone in Congress often don't work together. They might have different ideas about what's important.

If the President and Congress can't agree on a budget, the budget process breaks. The budget process breaks a lot.

Shutdown

If Congress doesn't finish the budget process on time, then the government runs out of money. If the government runs out of money, it has to close. This is called a **shutdown**.

In a shutdown, many people who work for the government stop going to work. Some services stop. The longer the shutdown goes, the more services stop. Here are some services that stop when a shutdown happens:

- The National Institutes of Health will not get money for research to cure diseases.
- Most people who work for the federal government will not get paid.
- National parks close. That means nobody gets to visit the Grand Canyon.

Social Security, Medicare and Medicaid are never shut down because they are **mandatory spending**.

Some services are considered **essential**. That means they need to happen no matter what. For example, air traffic controllers need to tell airplanes where to go. Without air traffic controllers, airplanes won't be able to go anywhere.

During a shutdown, people with essential jobs have to work. Most services are not considered essential, even though they are very important.

Continuing Resolutions

Shutdowns are bad, and no one wants them to happen. But sometimes, Congress still cannot pass a budget the way it's supposed to. To make sure the government doesn't run out of money, Congress can pass a **continuing resolution**, or "CR." A continuing resolution is a bill that says the government should keep paying the same amount for everything for a little while.

A continuing resolution is not a budget, but it keeps the government from shutting down. A continuing resolution gives Congress more time to finish the budget process. There is no limit on how long a continuing resolution can go on for, but they are usually only for a couple of months.

October 1 is the start of the fiscal year. If the budget isn't ready by October 1, Congress needs to pass a continuing resolution or the government shuts down. Some years Congress just passes one continuing resolution after another, and we never finish the budget for that year.

Omnibus

In the regular budget process, the Senate and the House both need to pass 12 different appropriations bills from their Appropriations subcommittees. These are the bills that explain how to spend the money in the budget.

To save time, Congress can bundle together appropriations bills. That way, Congress can vote for all of the bills at the same time instead of voting on each bill separately. The combined bill is called an **omnibus bill**. Using omnibus bills makes the budget process go faster.

Congress relies on continuing resolutions and omnibuses a lot. The last time Congress actually passed every single appropriations bill was in 2002.

Reconciliation

For a bill to pass the House, it has to get at least half of the votes, plus one. It is harder to pass bills in the Senate. In the Senate, there are 100 Senators, and at least 60 of them have to vote in order for a bill to pass. That means that more than half of the Senators all have to agree. This can make it very difficult to pass a budget.

Congress decided to make an exception for some kinds of budget bills. The exception is called **reconciliation**. When the Senate decides to use reconciliation, they only need 51 votes to pass a bill.

The Senate can use reconciliation for:

- Bills about most kinds of mandatory spending (like Medicaid)
- Bills about taxes

The Senate cannot use reconciliation for:

- Appropriations bills
- Bills that are not about the budget
- Bills about Social Security

The Senate is not allowed to use reconciliation for bills about Social Security, because of a special rule.

Most of the time, Congress doesn't use reconciliation. Reconciliation only happens when a bill about mandatory spending or a bill about taxes is very unpopular and the Senate can't agree.

Deficits

If the budget spends more money than the government gets from taxes, we say that the budget has a **deficit**. If there is a deficit, then the government will need to borrow extra money to pay for everything.

When you borrow money, you need to pay it back later. When the government borrows money, the government also has to pay it back. The amount of money that the government needs to pay back is called the **national debt**.

The national debt is all the deficits from past years, added together. Whenever there is a deficit in the budget, the national debt gets bigger. Some people think that the national debt getting bigger is a big problem. Other people think it is okay.

Sequestration

Congress has rules to control deficits in the federal budget. The first rule is called **PAYGO**. PAYGO is short for “pay-as-you-go.” PAYGO limits the amount of money the government can spend so that the deficit and the national debt don’t get bigger.

PAYGO means that every time Congress decides to do something that costs money, they have to explain how they will pay for it. They can decide to spend less money on something else, or collect more money in taxes, or both.

Sometimes, Congress does not explain how they will pay for something. If this happens, the PAYGO rules decide for them. The rules automatically take money out of a lot of different programs. This is called **PAYGO sequestration**.

Sequestration is a word for spending less money. Sequestration means that Congress puts limits on how much it spends on programs. Sometimes this is called “**capping**” spending. The limits or caps are usually lower than what the government is already spending. That means that sequestration usually cuts spending.

If spending is cut, the government can do fewer things and offer less programs and services. This means that sequestration is bad for the people who need government programs and services, like people with disabilities.

In 2011, Congress decided that PAYGO sequestration wasn't enough. Congress decided that even when they explained how they would pay for everything, they were still spending too much money. They wanted sequestration to happen no matter what. Congress passed the Budget Control Act. The Budget Control Act used sequestration to cap most programs and services. The Budget Control Act was supposed to last for 10 years, until 2021.

The sequestration caps hurt a lot of people. To fix this, Congress allowed the government to spend more money on important programs. This is called **raising the caps**. Every year or 2, Congress has to decide whether or not to raise the caps again.

Congress could also decide to get rid of the caps if they wanted to. If Congress got rid of the caps, more people could get important services. A lot of advocates think this would be a good idea.

6. What can we do?

During every step of the budget process, we get a chance to tell Congress what we think the budget should be. The budget process has a lot of steps. This means we have lots of chances to tell Congress what we think.

You can find out what part of the process is happening by listening to the news. Disability organizations will also send out emails about budget ideas that could hurt or help disabled people. At every step, you can call your Members of Congress.

EXAMPLE SCENARIO: Sally wants to get bee houses funded again

In our toolkit on talking to your elected officials, we used a made-up story. The story was about Sally Jones, a woman who lives in Normaltown, CA. In her town and in towns all over the United States, swarms of angry bees were showing up everywhere.

Sally asked Congress to fix the problem. She called, emailed, and met with her elected officials. Because of Sally's hard work, Congress passed the Beekeeping Act. This law paid people to find the bees places to live. They found places for the bees to live that were not near cities and towns.

The law also paid for people to set up bee houses in those places. The law paid for people to keep taking care of the bee houses. Now the bees do not swarm people's towns anymore.

The bee houses worked really well, but they cost money. It costs \$50 million every year to keep the bee houses going. Now, money to take care of the bee houses is running out. Sally wants to make sure the government puts money in the budget for bee houses.

We will show you how Sally can get involved in the budget process. We will show all the parts of the process where Sally can have a say.

1. The President sends a budget request to Congress.

The President's budget request doesn't ask for more money to take care of the bee houses. Without more money, the bee house programs will shut down. No one will take care of the bee houses anymore. Then, the bees might swarm again. They might go back to Sally's town and other towns.

What can Sally do?

Sally calls her Members of Congress. She tells them that the people in Normaltown want to keep the bee houses going.

Sally knows that Congress will be writing budget resolutions. She asks her Members of Congress to make sure money for bee houses is part of the budget resolutions.

2. Congress writes and votes on a budget resolution

The House and the Senate each write their budget resolutions. The House passes their budget resolution. The House resolution includes new money for bee houses. Yay!

Then, the Senate passes their budget resolution. The Senate version does not include any money for bee houses. Oh no! The House and Senate decide to work together to combine their budget resolutions. They work together in a conference committee.

Sally's Representative, Anne Smith, is on the conference committee. One of Sally's Senators, Dan Jones, is on the conference committee too.

What can Sally do?

Sally calls Representative Smith and Senator Jones. She tells them both that the final budget resolution needs to include money for bee houses.

The conference committee sends the final budget resolution back to the House and the Senate. This new budget resolution does not have any money for the bee houses.

The House and the Senate both have to pass the same version of the budget resolution. If either one makes any changes, they will have to make a new conference committee.

Sally calls her Representative and both of her Senators. She tells them all to vote NO on any budget resolution that doesn't include money for bee houses.

The House and the Senate both vote to pass the budget resolution without making any new changes. Sally is disappointed, but there is more she can do. Now, the budget resolution will get sent to the House and Senate Appropriations Committees.

Remember, the budget resolution is just a plan. Congress still has to decide how to spend the money. It is time for the House and Senate Appropriations Committees to get to work.

3. House and Senate Appropriations subcommittees markup bills

The House

Sally's Representative, Anne Smith, is on the House Appropriations Committee. The House Appropriations Committee has different subcommittees for each part of the government. The part of the government that handles the bee house is the U.S. Department of Agriculture (USDA).

The House Subcommittee on Agriculture gets to decide how much money the USDA gets for different things, including the bee houses. Sally's Representative isn't a member of the Subcommittee on Agriculture. So, Representative Smith isn't part of the markup process.

The Subcommittee on Agriculture finishes their markup process and makes a bill. The bill is called H.R. 8335, the Agriculture Appropriations Act. H.R. 8335 does not include funding for the bee houses.

The Subcommittee sends H.R. 8335 back to the full Appropriations Committee. Now, the members of the Appropriations Committee can introduce amendments to H.R. 8335.

What can Sally do?

Sally calls Representative Smith. She asks her to introduce an amendment to H.R. 8335. The amendment can put in funding for bee houses.

Representative Smith promised she would support the bee houses – and she does! Representative Smith introduces an amendment to H.R. 8335. The amendment changes H.R. 8335 so that it pays the USDA to keep taking care of the bee houses.

The other members of the House Appropriations Committee make more changes to the bill.

Now, the Appropriations Committee will vote on the bills from each of the subcommittees. Sally calls Representative Smith to ask her to vote YES on H.R. 8335. The House Appropriations Committee votes to pass H.R. 8335. This bill includes the money that the bee houses need!

The Senate

Now, the Senate Appropriations Committee will look at the appropriations bills that the House committee voted on. One of Sally's Senators is on the Senate Appropriations Committee. Neither of Sally's Senators are on the Senate Subcommittee on Agriculture.

The subcommittee finishes the markup process and makes their own version of the Agriculture Appropriations Act, named S.B. 8222. This bill includes the \$50 million that the USDA needs for the bee houses. The subcommittee sends S.B. 8222 back to the Senate Appropriations Committee.

What can Sally do?

Sally calls Senator Jones to ask him to vote YES on S.B. 8222.

Both the House version of the Agriculture Appropriations Act (H.R. 8335) and the Senate version (S.B. 8222) pass out of the Appropriations Committees. The two bills look exactly the same. They both include funding for the bee houses.

4. The Senate and House vote on all of the different appropriations bills.

Now, the entire House and the entire Senate get to vote on all the different appropriations bills that came from the committees.

What can Sally do?

Now that the entire House is voting, Sally calls Representative Smith again. Sally asks her to vote YES on H.R. 8335. Because the whole Senate will be voting, Sally calls both her Senators. She asks them to vote YES on S.B. 8222.

The Agriculture Appropriations Act is passed in both the House and the Senate. Once the Agriculture Appropriations Act is signed into law, the bee houses will have the money they need. Sally and millions of other Americans will still be safe from bees!

5. The President signs all of the different appropriations bills. The budget becomes law.

What Budget Issues Will We Need to Watch Out for in 2019 and Beyond?

Every year, the government spends more money on programs and services, including services for people with disabilities. Here are 3 big reasons why:

1. Lots of things get a little more expensive every year. That is normal.
2. There are more people in our country every year. Every year, more people are born. Some people move here. More people means that our country needs more programs and services.
3. People are living for a longer time. That means there are more people every year who need services and programs for elderly people.

Because the government spends more money every year, the deficit also gets bigger every year. Whenever the deficit gets bigger, some people say that the government should spend less money. Other people don't think it's a problem. Another group of people say that the government should raise taxes so that it has more money to spend.

At the end of 2017, Congress passed a law that cut taxes. That means the government will have less money.

When the government has less money, some people think we should spend less money. That usually means they want to cut important programs. Many Members of Congress have already said they plan to cut Medicaid, Medicare, and Social Security. This would be very bad for people with disabilities.

There are also some Members of Congress who want to spend more money on different things, like building bridges, helping people after hurricanes, and the military. Some Members of Congress think we should spend more money on these things, and less money on people with disabilities.

Remember, your Members of Congress work for you! If you think programs for people with disabilities are important, you can tell them that. We made this toolkit so that people with disabilities can understand how the budget works, and how to advocate for ourselves. We will all need to work hard to protect programs for people with disabilities!

7. Words to Know

amendment

An amendment is a change to a document.

appropriations bills

Appropriations bills explain how to spend the money in the budget.

Appropriations Committee

The Appropriations Committee decides how much money to spend on some things the government does.

The House of Representatives and the Senate both have their own Appropriations Committee.

bill

A bill is a draft version of a proposed law. It is not yet a law and it can be changed.

budget

A plan for saving and spending money.

budget process

See "federal budget process."

budget request

When the President explains what the President wants the budget to be.

budget resolutions

What Congress wants the budget to be.

capping

When the government “caps” spending, it puts limits on how much money is spent on programs.

caps

Limits to how much money can be spent on something

committees

A committee is a group of legislators who work on a specific set of issues, for example, a Committee on Gender Equality.

conference

When the House and the Senate combine two different bills into one bill for the President.

conference committee

A conference committee is a committee made up of members of both the House and the Senate.

Congress

The part of the federal government that makes laws.

continuing resolution

A bill passed by Congress to keep spending money at the same rates as the last fiscal year.

corporate tax

A business gives the government some of the money it makes. This is called a corporate tax.

deficit

When the government spends more money than it gets from taxes.

discretionary spending

Money the government can only spend when a budget bill is passed.

entitlement

The government pays for entitlement programs. These programs must give benefits to some groups of people.

essential

Some services are considered essential. That means they need to happen no matter what. The people who provide these services have “essential jobs.”

federal budget

The federal government's plan for how it will get money and spend money.

federal budget process

The federal budget process is the way the federal government decides how to spend money.

federal government

The government that is charge of the entire country and is based in Washington, D.C.

fiscal year

A fiscal year starts and stops at different times than a regular year. For example, a normal year starts in January and ends in December.

The federal government's fiscal year starts in October and ends in September.

House of Representatives

The House of Representatives is one of the two parts of Congress.

income tax

If you have a job, you have to give some of the money you make to the government. The money you make is called "income," so this kind of tax is called an income tax.

law

Laws are rules the government makes that everyone has to follow.

mandatory spending

There are some things that the government has to pay for all the time. These things are called mandatory spending.

markup

“Marking up” a bill means to make changes to the bill.

members of Congress

Members of Congress are the people who have the power to make federal laws.

national debt

The amount of money that the government needs to pay back.

omnibus bill

A bill that bundles together all the different budget resolutions, to make them easier to vote on. Omnibus bills are very long.

PAYGO

PAYGO is a rule that Congress made. PAYGO is short for “pay-as-you-go.”

PAYGO limits the amount of money the government can spend so that the national debt doesn't get bigger.

The PAYGO rule says that whenever Congress decides to do something that costs money, they have to explain how they will pay for it.

PAYGO sequestration

If Congress doesn't explain how they will pay for something, the PAYGO rules decide for them. The rules automatically take money out of many programs.

raising the caps

When the government raises the caps, it lets more money get spent on important programs.

reconciliation

Congress made a special process for some kinds of budget bills. Usually, a bill needs 60 votes to pass in the Senate.

When the Senate decides to use reconciliation, they only need 51 votes to pass a bill.

Representatives

Representatives are the elected officials in the House of Representatives.

sales tax

When you buy something, part of the money you spend goes to the government. This is called a sales tax.

Senate

The Senate is one of the two parts of Congress. There are 100 Senators in the U.S. Senate. There are two Senators for each state.

Senators

Senators are the elected officials in the Senate.

sequestration

Sequestration is a word for spending less money.

shutdown

When the government closes because Congress has not passed a budget bill.

state government

State governments are almost exactly the same as the federal government. State governments are just on a smaller scale. State governments make laws that apply to their states.

subcommittees

Smaller groups of people who are part of a larger committee. In Congress, subcommittees focus on different things that the federal government does.

surplus

A surplus is when the government spends less money than it gets from taxes.

taxes

Money that people have to pay to federal and state governments.

veto

To veto something is to reject it. Veto can also be used as a noun.