

(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.)

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## 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.)

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## E

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## 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