FAQ: Rescissions and the Deficit

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What is a rescission?

Budget authority provided by an appropriations bill that has not yet been obligated by an agency can be canceled by a new law passed by Congress, preventing the funds from being obligated and spent. This cancelation of budget authority is called a rescission.

How can a rescission be initiated?

Rescissions can be initiated by the President or by Congress.

The Impoundment Control Act (ICA) creates an expedited rescissions process that is initiated by the President. The ICA requires the President to propose rescissions of budget authority to Congress via a "special message" whenever he determines that it will not be required or that he believes it should be rescinded for any reason. These Presidential rescissions are considered by Congress under a fast-track legislative process that bypasses the Senate filibuster.

Alternatively, Congress can initiate and pass rescissions just like any other legislation. Rescissions of previously enacted budget authority are often included in annual appropriations bills. Rescissions initiated by Congress do not get to bypass the Senate filibuster.

How common are rescissions?

Congressionally initiated rescissions are common. Presidentially initiated rescissions have been rare in recent decades, although President Trump has shown a renewed interest in using this authority.

Between fiscal year (FY) 2000 and 2020, Congress initiated and enacted 2,019 rescissions, an average of 96 per year, according to data compiled by the Government Accountability Office (GAO).

No Presidentially initiated rescissions were accepted from FY 2000 until 2025. After President Trump proposed 21 rescissions of foreign aid and funding for the Corporation for Public Broadcasting, Congress passed H.R. 4, the Rescissions Act of 2025, which was signed into law on July 24, 2025.

How do rescissions affect the deficit?

Standalone rescissions bills, including Presidentially initiated rescissions, reduce the deficit. For example, the Rescissions Act of 2025 reduced outlays by $9 billion.

However, certain rescissions included in appropriations bills do not result in deficit reduction and could even increase net outlays. Under the scoring rules, rescissions of previously enacted budget authority can be used as an offset for higher spending elsewhere in the bill. In instances where this tactic is used, the ultimate budget effect is not in the rescinded budget authority that would otherwise reduce outlays, but in the enabling of other policies that have a cost.

For example, the Senate's proposed FY 2026 Commerce, Justice, and Science bill includes six rescissions totaling $305 million. These $305 million in reductions allow the Appropriators to add $305 million in new budget authority for other programs in the bill without exceeding the subcommittee topline.

If the old budget authority was not needed by the agency and was never going to be spent, the budget authority rescinded can exceed the reduction in projected outlays (actual spending). However, the new budget authority for other programs made possible by the offsetting rescission will likely be spent. Therefore, while the budget authority from the rescission and the new appropriation may cancel out on paper, actual expenditures from the Treasury would be higher, increasing the deficit.

Rescission Offset Example			
	Rescission of Old, Unneeded Funds	New Appropriations	Net Effect
Budget Authority	-100	+100	0
Outlays	-25	+100	+75

In this hypothetical example, the Appropriations Committee rescinds $100 of old budget authority. Those funds were not needed by the Agency, which was only going to spend $25. That rescission "offsets" $100 in new budget authority for another program, which the Agency plans to spend. The net result is $75 in higher outlays.