

The Federal Budget and Appropriations Process

The Federal Budget and Appropriations process takes place each year and has a significant impact on the funding that education, health and other critical children's programs receive. In order to be the most effective advocate possible, it is a good idea to familiarize yourself with this process.

Definitions: Here are some budget terms you need to know to understand the process:

Authorization: The amount of money that federal law allows a budget item to be funded at. This is determined by the Budget Committee, which is called an authorizing committee because they determine the maximum amount of money that can be spent, or authorized, in a budget.

Allocation: The amount of money actually provided for a budget item. This is determined by the Appropriations Committee. While appropriators can fund less than what was authorized by the Budget Committee, they may not allocate more.

Discretionary: Programs that must have their funding renewed each year in order to continue operating. Examples of discretionary programs include the budgets for K-12 education, housing, and most defense operations. Collectively, discretionary programs make up approximately one third of all federal spending.

Mandatory: Programs that are not considered annually and are not controlled by the annual appropriations process. However, Congress or the administration may consider changes to these programs which would alter the overall federal spending required for their operation. Examples include Medicare, Social Security, and Temporary Assistance to Needy Families (TANF).

Earmark: A legislative provision that directs approved funds to be spent on specific projects, or that directs specific exemptions from taxes or mandated fees.

Continuing Resolution (CR): A temporary spending authorization that allows the government to remain funded until a budget can be passed. The CR may authorize diminished, current, or expanded funding.

The Federal Budget Process: The Authorization of Spending

The President's Budget Request

The federal government operates on a fiscal year that runs from October 1 through September 30. Each fiscal year, the President must submit a budget request to Congress, usually by the first Monday in February. However, in years where there is a change of administrations the budget request is usually submitted later. The budget request, developed by the President's Office of Management and Budget (OMB), is a long, detailed document that illustrates how the Federal budget would best be utilized to reflect the administration's goals. This proposal covers how much the Federal Government should spend on a variety of public purposes, such as education, defense, and health, as well as how much it should take in as tax revenues.

The administration is required to ask for spending levels for all discretionary programs. The President's budget request may also include changes to mandatory programs, also referred to as entitlement programs. The budget request may include proposed changes to the federal tax code in order to affect federal revenues available for funding programs.

The Congressional Budget Resolution

After receiving the President's Budget Proposal, the House and Senate Budget Committees hold hearings in which officials from the administration are questioned about their budget requests. Once these hearings have been completed, the committees draft their own budget proposals for the fiscal year, and the full Senate and full House take up their respective versions of the budget. After each chamber of Congress has finalized a budget, a House-Senate conference committee reconciles the differences between the two versions of the bill. Because the Federal Budget is a concurrent congressional resolution, which means that it does not have the force of law but is rather used as a guide for appropriations, it does not go back to the President for his or her signature after it passes the House and Senate.

Although Congress is supposed to approve a budget by April 15, it often does not happen this quickly. If Congress is unable to agree on a budget for the coming fiscal year, no new budget is adopted and the previous year's budget, which includes

provisions for the next five years, is used. It is also important to note that just because a program funding amount is approved by Congress during the budget process, it does not necessarily mean that the appropriations committee will allocate that sum. Rather, the budget acts as a ceiling for spending that directs the appropriations committee.

The Federal Appropriations Process: The Allocation of Money

Determining Committee Assignment

Every final budget resolution, as passed by Congress, separates federal spending into many broad spending categories known as budget functions. Also included with the budget is a report that details how federal spending is to be divided up by congressional committee. This committee-specific number is known as a 302(a) allocation. These allocations differ slightly for House and Senate committees, since committee jurisdictions vary somewhat between the two chambers.

The committees with jurisdiction over mandatory spending programs each receive an allocation representing the total dollar amount, or budget authority, for all of the legislation that they produce for the entire year. All approved spending for discretionary programs are included in a single allocation that goes to the Appropriations Committee in each chamber. The Appropriations Committees then decide how to divide this funding up among their various subcommittees. This subcommittee-specific number is known as a 302(b) allocation.

Committee Process

For every appropriations bill, the Chairman of the subcommittee with jurisdiction proposes a draft bill, known as the chair's mark. The subcommittee then has an opportunity to debate then offer and vote on amendments, a process called a mark-up. Once this process has been completed and the appropriations bill has been passed by the subcommittee, it comes before the full Appropriations Committee for consideration. The Appropriations Committee holds its own mark-up of the bill passed by the subcommittee. The bill passed by the Appropriations Committee then comes before the full House or Senate where it can once again be amended before it is finally passed.

Typically, the Senate waits until an appropriations bill has been passed by the full House of Representatives before the appropriate subcommittee takes up the bill, offering their own substitute and beginning the markup process for themselves. However, this is not always the case.

Once both chambers of Congress have passed their versions of an appropriations bill, these two versions must be reconciled in a House-Senate conference committee. The resulting, single bill is then once again voted upon in each chamber. If passed, the bill is then sent to the president to be signed into law.

Other Important Notes about the Federal Budget

Continuing Resolutions

Sometimes the Administration and Congress have difficulties agreeing on a budget and appropriations plan. When Congress fails to authorize and appropriate a new budget for the next fiscal year, it must pass what is called a Continuing Resolution, or CR, in order to keep the government operating. A Continuing Resolution is legislation in the form of a congressional joint resolution, typically passed when a fiscal year is about to begin or has begun, to allow federal agencies and programs to continue to operate at their current funding levels through the next fiscal year. A continuing resolution must be passed by both houses of Congress and signed into law by the president.

While a Continuing Resolution can apply to a full fiscal year, Congress can and does pass short-term CRs that last for a few days up to a few months. Short-term CRs are usually passed when Congress believes they may be able to reach a longer-term solution but need to pass funding legislation to avoid a government shut-down.

National Debt Limit

The debt limit, or ceiling, is the total amount of money that the United States government is authorized to borrow to meet its existing financial obligations. It is important to note that legislation to raise the debt ceiling is different than appropriation or authorization bills (which fund programs). Accordingly, legislation to raise the debt ceiling neither prevents new deficits from being incurred nor permits new spending commitments. Instead, it allows the government to finance existing legal obligations. When the debt ceiling is approached, the Treasury Department must take what is called "extraordinary measures" to keep the United States from defaulting on its existing debt. While these measures will keep the government from defaulting for a short period of time, it is not a permanent solution and Congress must act by raising, or not raising, the debt ceiling.

Budget and Appropriations Process Timeline

