

Federal Budget Process 101

Key terms, process, and historical information

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Key terms

Mandatory Spending



Mandatory spending, or entitlement spending, is not controlled by annual appropriations; the government allocates funds to all who are eligible regardless of cost to the Treasury; includes Social Security and Medicare

Discretionary Spending



Discretionary spending, or appropriated spending, must be renewed each year in order for the programs to continue operating; includes Defense and Education

Budget Resolution



Passed by the Senate and the House, sets overall spending limits but does not decide funding for specific programs

Deeming Resolution



Legislation used when the House and Senate have not agreed on a budget resolution; establishes enforceable budget levels for a budget cycle

Continuing Resolution



Legislation that permits a government agency to continue to operate at existing funding levels if a new appropriations bill to fund its operations has not been adopted by the start of the fiscal year (October 1)

Regular Order



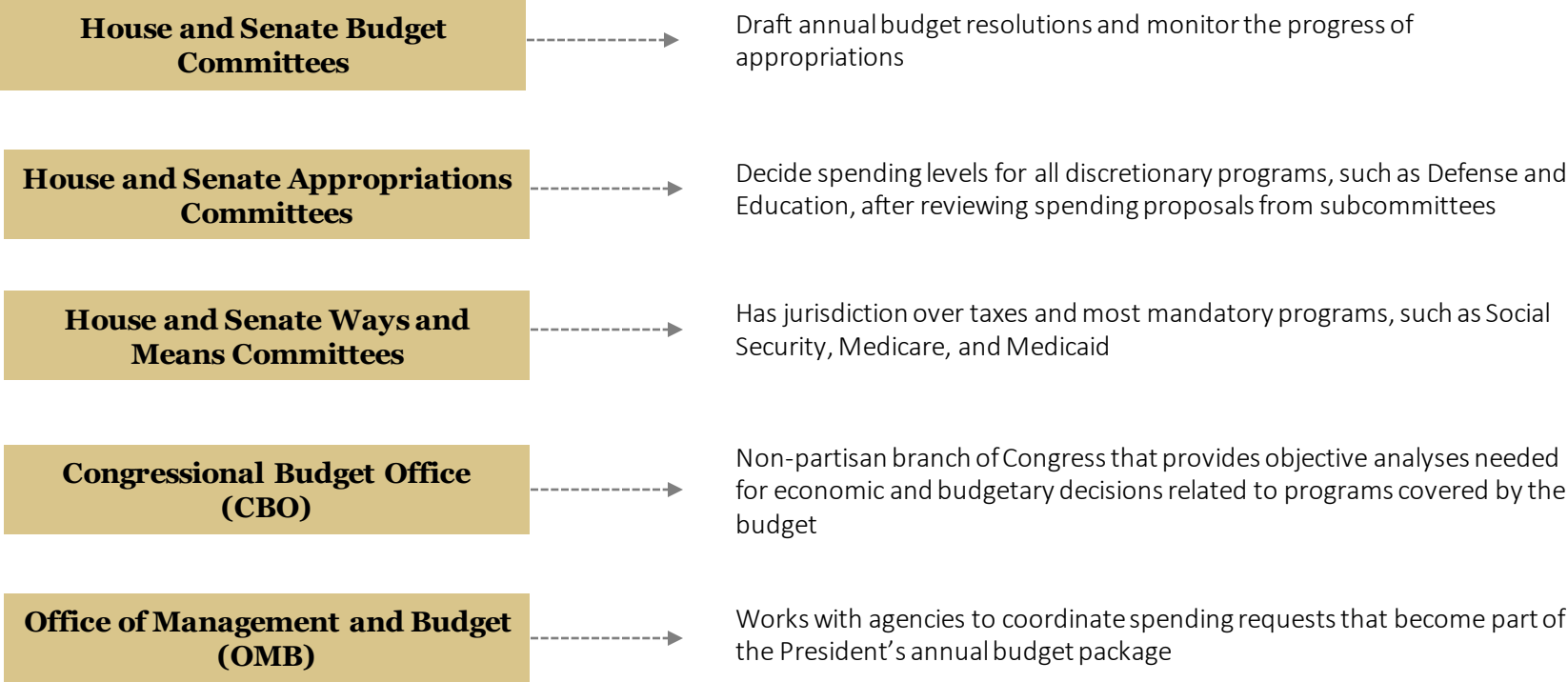
Full passage of appropriations bills through both chambers by the start of the fiscal year on October 1

Omnibus Bill



Combined package of appropriations bills that leadership in both chambers negotiate in order to pass a comprehensive budget

Key offices and committees involved



The budget process has six steps

The Federal Budget Process (In Theory)



1
In early February, OMB, after reviewing agency proposals, submits the President’s annual budget request, detailing the administration’s goals for federal revenue and spending, program-by-program funding levels, and project deficits and surpluses.



2
By April 15, Senate and House Budget Committees draft budget resolutions to set total levels of discretionary funding available for the next fiscal year. If a resolution fails to pass both chambers, a chamber will pass a “deeming resolution” to establish enforceable budget levels.



3
Working within the discretionary funding limits set by the budget resolutions, House and Senate Appropriations Committees assign to each of their twelve subcommittees the task of determining program-by-program funding.



4
The Appropriations Committees amend and pass subcommittee appropriations bills.



5
Senate and House leadership negotiate passing all unfinished subcommittee bills together in an omnibus bill. If Congress fails to do this by October 1, it must pass a continuing resolution to keep programs funded, or face partial government shutdown.



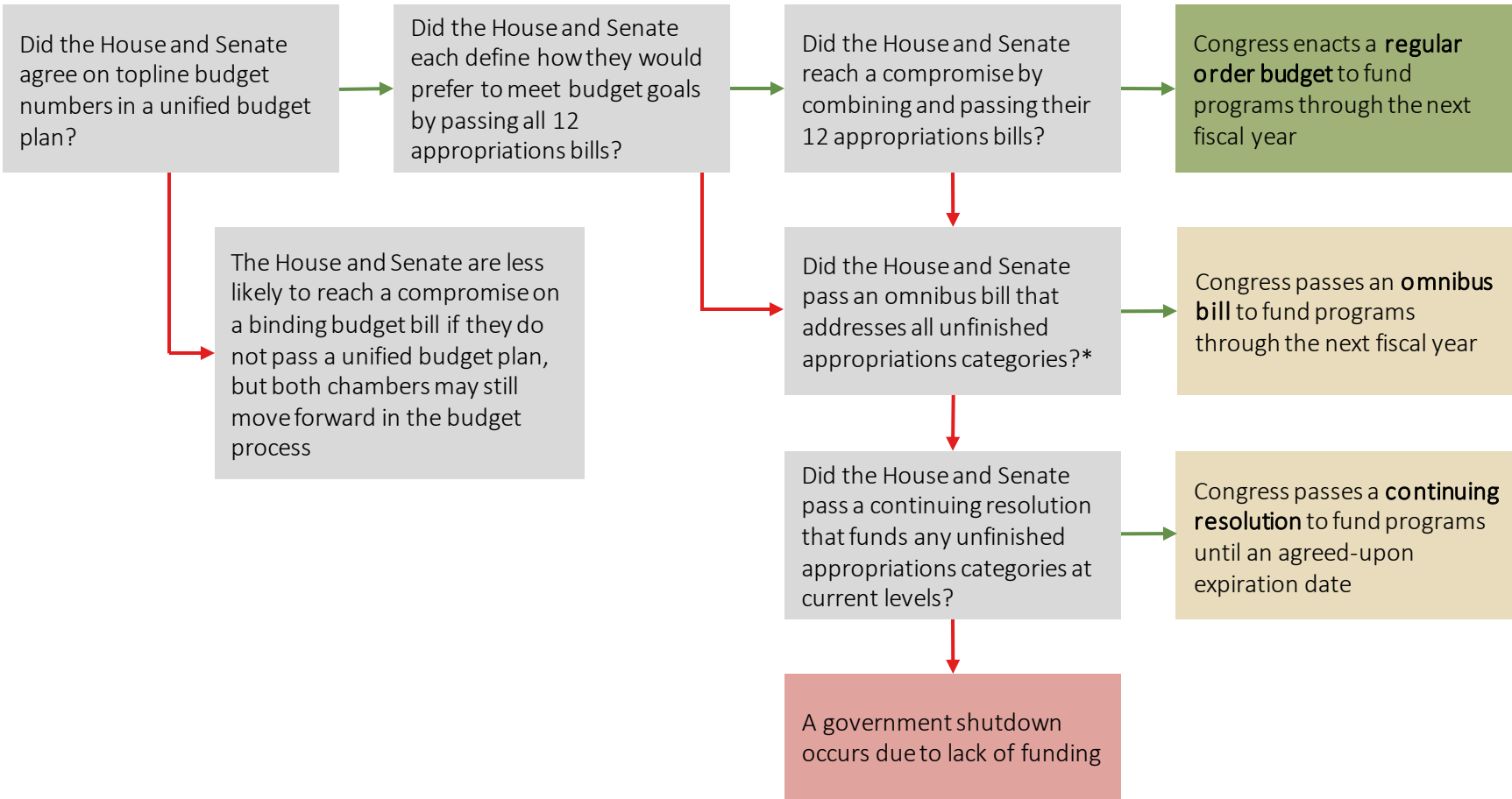
6
The President signs the omnibus bill or continuing resolution.

Source: American Council on Education, 2013.

Government shutdown occurs if budget is not passed

Congressional budget process flowchart

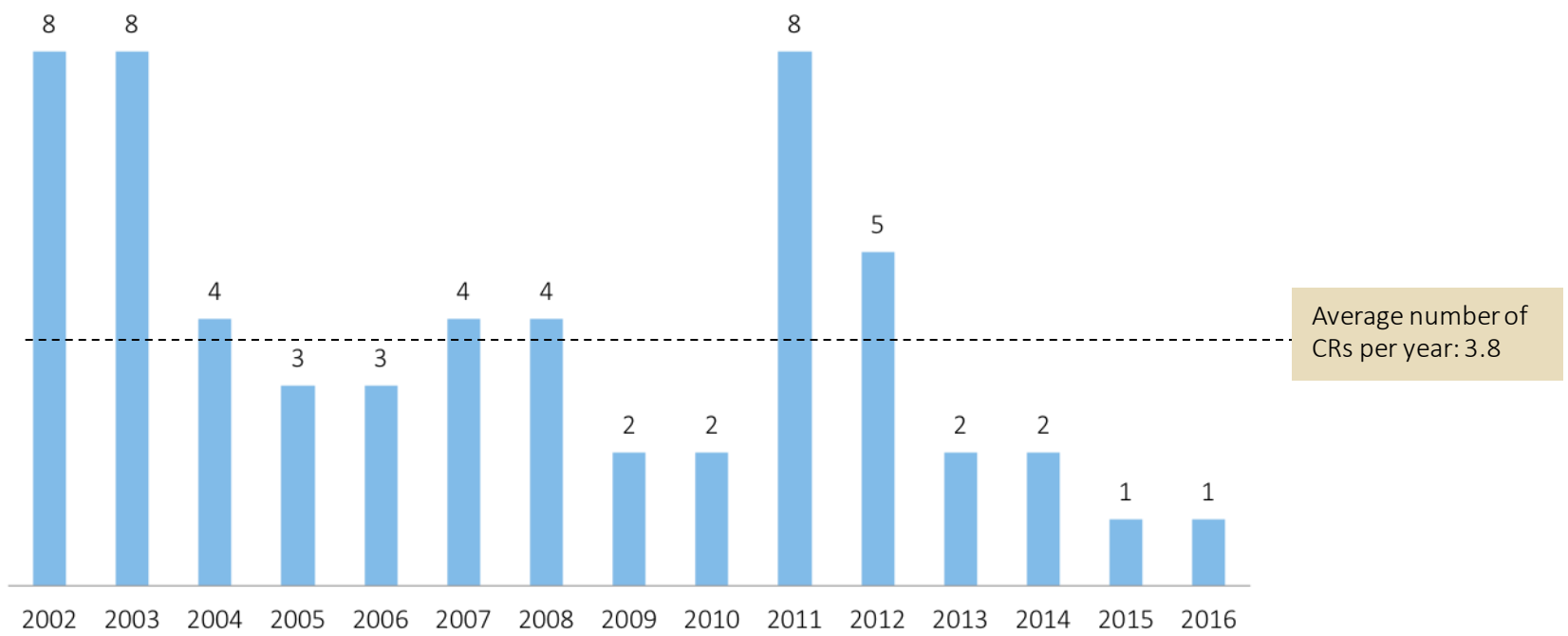
→ Yes → No



Source: Bill Heniff Jr., "Congressional Budget Resolutions: Historical Information," Congressional Research Service, February 7, 2014; "Appropriations Legislation for the Years 1998-2014," Library of Congress, October 2014; Billy House and Sarah Mimms, "Spending, Immigration, and Tax Fights will Dominate Final Days of Session," National Journal, November 30, 2014.

In practice, continuing resolutions now common

Number of continuing resolutions passed, by fiscal year



Source: Kenneth Chamberlain, "Congress' Use of Continuing Resolutions Is a Common Practice," National Journal, Sept. 11, 2013; "Continuing Resolutions: CRs in a Nutshell," Department of the Treasury, 2012; National Journal Research, 2016.

FY2004 was the last time congress adopted the budget resolution by the target date

Budget resolution outcomes in congress, FY 2004-2016

■ Budget Resolution Passed on Time
 ■ Budget Resolution Passed After Deadline
 ■ Budget Resolution Not Passed

Fiscal Year	Final Resolution Passed	Met April 15 th Deadline?	# of Days After Deadline
2004	4/11/03	✓	-4
2005	X	X	NA
2006	4/28/05	X	13
2007	X	X	NA
2008	5/17/07	X	32
2009	6/5/08	X	51
2010	4/29/09	X	14
2011	X	X	NA
2012	X	X	NA
2013	X	X	NA
2014	X	X	NA
2015	X	X	NA
2016	05/05/2015	X	20

Source: Bill Heniff Jr., "Congressional Budget Resolutions: Historical Information," Congressional Research Service, November 16, 2015.