

May 4, 2017

The Federal Budget Process Explained

Federal agencies must begin developing their budgets 18 months ahead of the next fiscal year in order to receive funding. Agencies must also monitor the progress of their requests as they are pushed and pulled through the White House, House of Representatives and Senate. The budget has target dates for when an action is to be completed, but deadlines are often missed and there is no penalty for missing any.

FEDERAL BUDGET PROCESS UNDER 'REGULAR ORDER'

BUDGET PROCESS SCHEDULE



The Federal Budget process begins in the executive branch of government. The budget sets fiscal policy, proposing how much should be spent on public programs, how much revenue should be generated through taxes and how much of a deficit — or surplus — should be tolerated.

1 Agencies and Office of Management and Budget begin the work on future budgets.

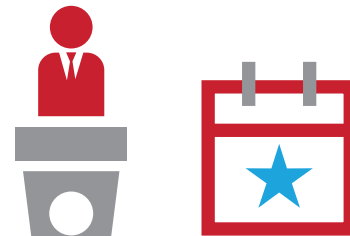


THREE CATEGORIES OF SPENDING



Social Security, national defense and Medicare are the top three spenders of the federal budget.

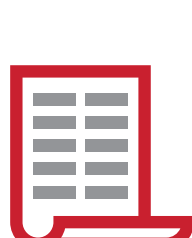
2 The president sends the proposed budget to Congress on or before the first Monday in February.



BUDGET PROCESS SCHEDULE



3 Congressional Budget Office submits economic and budget reports to congressional budget committees **by Feb. 15.**



HOUSE



SENATE

FEBRUARY TO MARCH

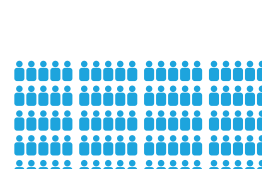
The House and Senate Budget committees hold concurrent hearings, question administration officials and draft a budget resolution.

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The House budget resolution goes to the floor for a vote.



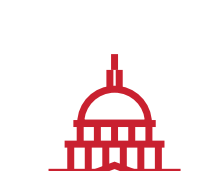
The Senate budget resolution goes to the floor for a vote.



5 By April, the House-Senate conference committee should have resolved any differences between the two resolutions.



BUDGET PROCESS SCHEDULE



HOUSE



SENATE

ON OR BEFORE APRIL 15

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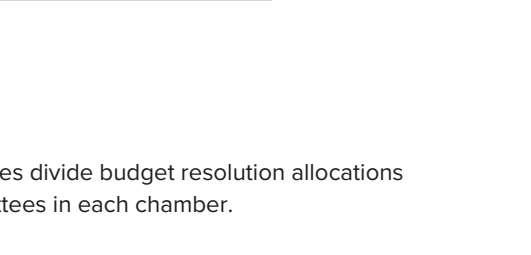
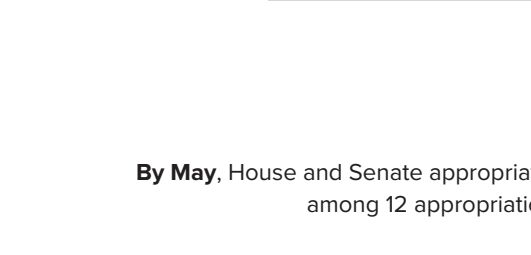
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The House votes on the conference report, which passes with a simple majority.

The Senate votes on the conference report. The resolution passes with a simple majority and cannot be filibustered.

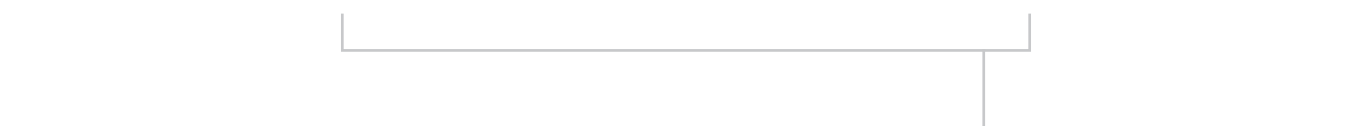


7 By May, House and Senate appropriations committees divide budget resolution allocations among 12 appropriations subcommittees in each chamber.

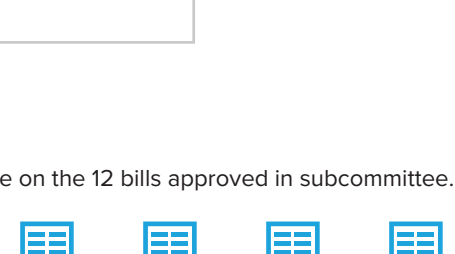
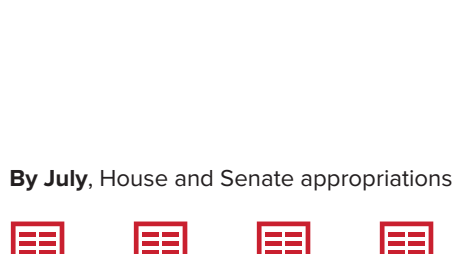


8 By June, 12 appropriations subcommittees in the House and 12 appropriations subcommittees in the Senate hold public hearings and prepare appropriations bills. Discretionary spending limits are set by the budget resolution, which also constrains tax or entitlement bills.

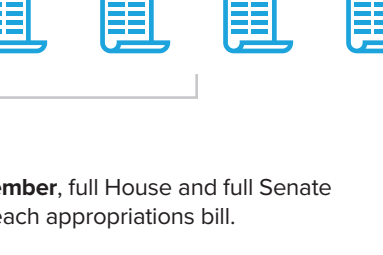
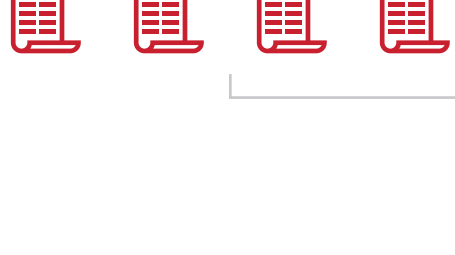
BUDGET PROCESS SCHEDULE



9 By July, House and Senate appropriations committees each vote on the 12 bills approved in subcommittee.

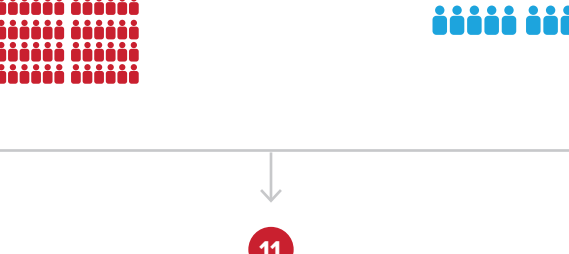


10 By September, full House and full Senate vote on each appropriations bill.



The president can either sign or veto each appropriations bill. If the bill does not pass before Oct. 1, or ends in a veto, Congress must pass — and the president must sign — a continuing resolution or an omnibus bill that contains any unfinished funding measures, which would prevent a government shutdown.

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Keeping the Budget on Track

Congress uses several tools that help move along the budget process and prevent it from derailing.



BUDGET RECONCILIATION BILLS

Driven by budget committees, these expedited bills modify existing laws so that taxes, mandatory spending or debt limit will conform to the budget resolution. The Senate largely forbids the use of such bills if they result in deficit increases, and the House prohibits their use if they increase mandatory spending.



FORTIFYING THE BUDGET RESOLUTION

Any member of the House or the Senate can raise a "point of order" on the floor to stop an appropriations bill that strays from the budget resolution. In the House, such a move can be waived by a simple majority vote, but the Senate requires 60 votes to waive a point of order.



OMNIBUS SPENDING BILLS

If Congress fails to complete its individual appropriations bills, congressional leaders and the White House often arrange to lump all remaining spending together into a massive omnibus appropriation, which moves through each chamber and is signed by the president.



STATUTES AGAINST THE DEFICIT

Several laws passed since 2010 have sought to curb the deficit, including through automatic across-the-board cuts in selected mandatory and discretionary spending. This sequestration is split evenly between defense and non-defense discretionary funding. However, without a significant boost in revenues or cuts in spending, recent "sequestration relief" bills will once again begin growing the deficit.