

How the Annual Government Spending Process is Supposed to Work

Creating a budget is just one step in financing the federal government. Specific decisions about government spending are made through an annual process called *appropriations*. Here are answers to key questions to better understand the process.

What are appropriations?

Appropriations refers to the annual process by which Congress decides how funds budgeted for the coming fiscal year are to be allocated (appropriated).

Do appropriations cover all government spending?

No. The appropriations process generally involves *discretionary* spending, which includes all the various departments (Department of Defense, Department of State, etc.) and federal agencies such as the Environmental Protection Agency. It does *not* cover *mandatory* (or direct) spending, which is based on eligibility requirements and funding formulas mandated by law. The predominant mandatory programs are Medicare, Medicaid, and Social Security. More than two-thirds of government spending is outside of the appropriations process and is essentially on autopilot, with no annual votes required to approve the spending.

How are spending levels set?

The concurrent budget resolution dictates the total amount that can be appropriated for the given year, known as a *302(a) allocation*. In the absence of a budget, Congress can issue a *deeming resolution* that sets the topline 302(a) allocation in order to start the appropriations process. The Senate and House of Representatives each have an Appropriations Committee that divides the topline spending number among 12 categories of discretionary spending, known as the *302(b) allocation*. There is a subcommittee in both chambers for each category that writes legislation detailing how much funding is to be appropriated to each agency under its jurisdiction, often with specific guidance on how the funds should be spent. Ideally, the House and Senate approve of all 12 appropriations bills and they are signed by the president.

When is this all supposed to happen?

Congress is supposed to approve of a concurrent budget resolution for the coming fiscal year by April 15 in order to begin the appropriations process. The 12 spending bills must be enacted before the new fiscal year begins on October 1.

What happens if the process breaks down?

Unfortunately, this happens all too often. Instead of enacting the 12 spending bills separately, they are often all lumped together into a massive package called an omnibus. Omnibuses are often voted on with little time for lawmakers to read through them entirely. Sometimes smaller packages involving a few bills, called minibuses, are used. If any appropriations bills are not enacted by October 1, non-essential government functions in those areas will be shut down until funding is approved. As a stopgap measure to prevent a government shutdown, a *continuing resolution (CR)*, can be enacted that usually continues funding at current levels for a specified period of time. Continuing resolutions have become commonplace in recent years and have sometimes been relied on for several months at a time.

Congressional Budget Process Timetable	
Deadline	Action to be completed
First Monday in February	President submits budget to Congress
February 15	CBO submits report on economic and budget outlook to Budget Committees
Six weeks after submission of President's budget	Committees submit reports on views and estimates to Budget Committees
April 1	Senate Budget Committee reports budget resolution
April 15	Congress completes action on budget resolution
May 15	Annual appropriations bills may be considered in the House
June 10	House Appropriations Committee reports last regular appropriations bill
June 15	Congress completes action on reconciliation legislation (if required by budget resolution)
June 30	House completes action on annual appropriations bills
July 15	President submits mid-session review of his budget to Congress
October 1	Fiscal year begins