



Fact Sheet on the Federal Budget Process

The funding for 2017 runs out October 1. Congress is currently planning on being on recess until September at which point when they return they will have four weeks to pass a budget. If they are unsuccessful in passing a budget, we will have another government shutdown. The federal budget is a tricky process that seems to confuse most folks. Let's look at its history and what the current status of the budget is.

How it's supposed to work:

Let's simplify it down to the basic five steps, which are supposed to occur on an annual basis:

1. The President submits a budget request to Congress
2. The House and Senate pass budget resolutions
3. House and Senate Appropriations subcommittees "markup" appropriations bills
4. The House and Senate vote on appropriations bills and reconcile differences
5. The President signs each appropriations bill and the budget becomes law

There are twelve appropriations subcommittees that have jurisdiction over a specific portion of the federal government: Agriculture, Rural Development, and Food and Drug Administration, Commerce, Justice, and Science, Defense, Energy and Water, Financial Services and General Government, Homeland Security, Interior and Environment, Labor, Health and Human Services, and Education, Legislative Branch, Military Construction and Veterans Affairs, State and Foreign Operations, and Transportation, and Housing and Urban Development. These appropriations subcommittees develop 12 spending bills for each portion of the federal government.

The annual congressional budget process is also called the appropriations process. A few more important terms here that you will hear tossed around:

Appropriations bills specify how much money will go to different government agencies and programs.

Authorization bills are legislation that provides the federal government the legal authority to actually spend the money. Authorizations often cover multiple years, so authorizing legislation does not need to pass Congress every year the way appropriations bills do. When a multi-year authorization expires, Congress often passes a reauthorization to continue the programs in question.

Mandatory spending is federal government spending that is not subject to the yearly appropriation process. Authorizations provide the legal authority for this spending. Federal spending for Social Security and Medicare benefits is part of mandatory spending, because according to the authorization, the government must by law pay out benefits to all eligible recipients.

Discretionary spending is the federal government spending decided by the appropriation process each year. The biggest category of discretionary spending is typically the Pentagon and related military programs.



Continuing resolutions are a method for Congress to provide temporary funding for federal agencies until new appropriations bills become law.

Omnibus bill is a single funding bill that encompasses all 12 funding areas.

There is more detail here, if you want to read more the National Priorities website has a great summary <https://www.nationalpriorities.org/budget-basics/federal-budget-101/federal-budget-process/>

A few other items that constrain the budget process:

- **PAYGO.** Under the 2010 Statutory Pay-As-You Go (PAYGO) Act, any legislative changes to taxes or mandatory spending that increase multi-year deficits must be “offset” or paid for by other changes to taxes or mandatory spending that reduce deficits by an equivalent amount. Violation of PAYGO triggers across-the-board cuts (“sequestration”) in selected mandatory programs to restore the balance between budget costs and savings.
- **Discretionary funding caps.** The 2011 Budget Control Act (BCA) imposed limits or “caps” on the level of discretionary appropriations for defense and for non-defense programs in each year through 2021. Appropriations in excess of the cap in either category trigger sequestration in that category to reduce funding to the capped level.
- **BCA sequestration.** On top of any sequestration triggered by PAYGO or funding cap violations, the BCA also requires additional sequestration each year through 2021 in discretionary and select mandatory programs, split evenly between defense and non-defense funding. This BCA sequestration was implemented as a result of a BCA-created congressional joint select committee’s failure to propose a legislative plan that would reduce deficits by \$1.2 trillion over ten years. In the case of discretionary programs, for 2014 and after this special sequestration mechanism operates by reducing the appropriations caps below the level that the BCA originally set. <https://www.cbpp.org/research/policy-basics-introduction-to-the-federal-budget-process>

If budget legislation violates these statutes, the relevant sequestration penalties apply automatically, unless Congress also modifies the requirements, which they have done several times.

So where are we today.

Congress has not met the deadline to approve all of its annual spending bills since 1996. From 2011 to 2015 Congress did not pass a budget, but continued government funding through continuing resolutions. In 2015, the Republican Congress passed a non-binding resolution including instructions to use budget reconciliation to repeal the ACA. Short-term funding bills funded the federal government through most of 2016 and 2017. In May 2017, Congress averted a shutdown by passing a short-term spending bill to keep the government funded through September 2017, which is the deadline coming up today.

<https://www.nytimes.com/2017/07/27/us/politics/house-spending-bill-border-wall.html>

In terms of the Budget process, Trump did release his proposed budget May 23, 2017. Typically, the President’s budget is used to direct priorities for Congress. The budget Trump proposed keeps spending similar to the previous year, but cuts are proposed for domestic programs focused on science and research, the arts and, most notably, social welfare programs, while spending increases are proposed for



defense spending (10%). More than half of the increase in border security funds would be directed toward the construction of a "new and replacement" border wall.

President Trump's fiscal 2018 budget proposal would completely eliminate 66 federal programs, for a savings of \$26.7 billion. Some of the programs would receive funding for 2018 as part of a phasing-out plan. The departments facing cuts and the amount proposed are listed here:

Agriculture Department — \$855 million
Commerce Department — \$633 million
Education Department — \$4.976 billion
Energy Department — \$398 million
Health and Human Services — \$4.834 billion
Homeland Security — \$235 million
Housing and Urban Development — \$4.123 billion
Interior Department — \$122 million
Justice Department — \$210 million
Labor Department — \$527 million
State Department and USAID — \$4.256 billion
State Department, USAID, and Treasury Department — \$1.59 billion
Transportation Department — \$499 million
Treasury Department — \$43 million
Environmental Protection Agency — \$493 million
National Aeronautics and Space Administration — \$269 million
Other Independent Agencies — \$2.683 billion
<http://thehill.com/policy/finance/334768-here-are-the-66-programs-eliminated-in-trumps-budget>

Most of this was ignored as most Presidential budgets are by Congress. The House leadership facing the budget deadline decided to focus on four of the 12 annual government spending bills prior to the August recess. The four spending bills are known as the "Make America Secure Appropriations Act," and are for the Defense, Legislative Branch, Military Construction/Veterans Affairs, and Energy and Water portions of the federal government. The bill also includes an amendment that will be added to fully fund the President's request for the border wall. The House intends to take up the remaining eight bills in September.

Spending includes in the four spending bills include

- \$182.3 billion for the Department of Veterans Affairs
- \$13.9 billion for nuclear security
- \$29 million for increased security on Capitol Hill
- \$658 billion for the Pentagon. That amount exceeds sequester caps imposed in 2011 in hopes Congress soon will agree to eliminate them. The defense funds include a 2.4 percent pay raise for the military and more than \$34 billion to cover health care.
- \$1.6 billion for a border wall



The highly partisan package now heads to the Senate, where it is expected to be substantially reshaped, if not ignored altogether, as spending bills in the upper chamber require Democratic votes.