

The Federal Budget and Appropriations Process

The federal budget process consists of the President's request, Congressional budget resolutions, and appropriations.

The President's Budget Request

The President by law is required to submit a budget request to Congress each year by the first Monday in February, which includes spending and revenue plans for federal agencies for the next fiscal year. The federal fiscal year runs October 1-September 30. Planning for the President's budget begins months and months in advance of the release of the budget and is often done parallel to the Congress finalizing the previous fiscal year's spending levels.

Congressional Budget Resolutions

Once the President has released his or her budget request, the House and Senate each go to work to create non-binding budget resolutions that will guide the rest of the process. The resolutions are not laws, and therefore not signed by the President.

Once the House and Senate have agreed on their own budget resolutions, they meet to reconcile their differences and approve a conference report. The conference report becomes binding once both the House and Senate have approved it.

The budget resolution is structured along budget categories of spending called functions. Education falls under function 500, for example. Each spending category contains both discretionary spending and mandatory spending.

Discretionary Spending- Discretionary spending requires annual appropriations bills, such as the discretionary maximum Pell Grant award.

Mandatory Spending- Mandatory spending is also known as entitlement programs, such as the student loan programs. Mandatory spending does not require annual action, but Congress can modify mandatory spending through the "budget reconciliation" process.

Appropriations

Once a budget resolution is adopted, the appropriations committees begin their work of appropriating funds to authorized federal programs¹. There are about a dozen funding bills, depending on how each Congress decides to organize the appropriations process. Most higher education spending is found in the Labor-Health and Human Services-Education (Labor H) appropriations bills. Higher education institutions that participate in research may also be interested in the Department of Defense or Science, State, Justice, Commerce (SSJC) appropriations bills.

After the House and Senate have agreed to an appropriations bill, it is sent to the President to be signed into law. If Congress does not complete an appropriations bill or a set of bills by September 30, the Congress must pass "continuing resolutions" in order for those federal programs to continue operating until the appropriations bills are signed into law.

¹ Appropriation bills versus authorization bills- there are committees with jurisdiction to authorize federal programs and committees with jurisdiction to appropriate federal monies to authorized programs. Just because a program is authorized doesn't mean it has money appropriated to it. The appropriators must provide money- up to the maximum authorized levels set by the authorizing committee.