

How does the budget process work?

Ideally, following submission of the president's budget proposal, Congress passes a concurrent budget resolution setting total spending, revenue, and deficit targets for at least the next five years, and then passes annual appropriation bills to fund discretionary programs and legislation to enact changes to mandatory programs and taxes. The process has typically broken down at various points in recent years, however, with Congress failing to pass a concurrent resolution or completing action on appropriations.

The President's Budget

The congressional budget process begins each year with the president submitting a budget for the following fiscal year. The president's budget proposes spending levels for federal programs whose funding is determined annually (discretionary programs) and may recommend policy changes to ongoing programs that do not require annual appropriations (mandatory programs) and to the tax code.

Congressional Budget Resolution

Within the six weeks following submission, the various congressional committees report to the House and Senate budget committees outlining how their spending and revenue proposals will differ from the president's budget. After each budget committee compiles this information, Congress is required to pass a concurrent budget resolution setting out total spending, revenue, and deficit targets for at least the next five years. Concurrent resolutions are endorsed by both the House and the Senate, yet lack the force of law and do not require the president's signature—which, of course, implies that the president cannot veto them, either.

The budget resolution divides total spending among the main functions of government, such as defense, transportation, and health, through spending allocations to individual congressional committees. The House and Senate appropriations committees further divide their spending allocations among their subcommittees.

The budget resolution allows individual congressional committees to decide the details of their budgets, program by program, consistent with the aggregate targets.

In practice, however, the debate over the resolution often becomes a debate over individual program budgets and their implications.

The Senate and the House have not always successfully hammered out a single budget resolution. In early 2015, they agreed to a resolution for fiscal 2016—the first time they'd been successful since fiscal 2010.

That said, the Congress frequently violates spending and revenue targets specified by the resolution. Nevertheless, economists believe that the resolution exerts some discipline over tax and spending policy.

Appropriations Process

After the budget resolution passes, the House Appropriations Committee may begin the appropriations process. If a budget resolution is not passed by May 15, the House Appropriations Committee may begin appropriations in its absence.

If appropriations are not complete by October 1—and that is common—federal agencies are funded under continuing resolutions. These typically cover spending for only part of a year but Congress sometimes extends them to cover the whole fiscal year. Continuing resolutions typically limit spending to last year's level.

The Congressional Budget Office (CBO) provides the Congress with technical, nonpartisan advice on budget matters. Every bill Senate and House committees report to the floor must include a CBO cost estimate that covers at least five years (and more recently, 10 years) to show whether the proposed spending matches the budget resolution targets.

Reconciliation

Congress occasionally uses a special procedure called reconciliation to fast-track revenue and spending legislation. A reconciliation bill combines spending and revenue provisions into a single piece of legislation.

FURTHER READING

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