



THE CONGRESSIONAL BUDGET AND APPROPRIATIONS PROCESS

This document is intended to provide you with a basic understanding of the budget process and how it works. It addresses the three basic elements of the budget process in Congress: the budget resolution, authorizing and entitlement legislation, and appropriations.

THE BUDGET RESOLUTION: SETTING A FRAMEWORK

The core of Congress's annual budget process centers on legislation known as the budget resolution. Shortly after the President sends his annual budget plan to Congress, usually in late January or early February, the House and Senate budget committees develop legislation--called a budget resolution--that places aggregate limits on federal spending in broad functional categories, sets tax policy and imposes changes on so-called entitlement programs like Medicare and Medicaid. Other congressional committees usually determine exactly how the terms of a budget resolution are carried out later in the year. For example, the budget resolution will set an overall limit on discretionary spending for health. But the task of deciding exactly how that spending is allocated among specific health programs will fall to the appropriations committees.

AUTHORIZING LEGISLATION

No federal funds can be spent for any program until a law authorizes the program. Authorizing legislation is a bill that creates a new federal program or extends the life of an existing one. It typically establishes a program and prescribes the terms and conditions under which the program will operate. Authorizing legislation also sets annual limits on appropriations that can be made to a program, although it sometimes authorizes "such sums as may be appropriated," in which case there is no limit. It is important to understand, however, that authorizing legislation only sets the framework for a federal program. A program cannot become operational unless and until the appropriations committees decide to allocate funds to it.

ENTITLEMENT LEGISLATION

Entitlement legislation also establishes programs. But it differs from authorizing legislation in that an entitlement program **mandates** spending and does so usually without any time limits. Programs like Medicare and Medicaid are entitlements because the government is obligated to make payments regardless of the circumstances, if the recipients meet eligibility standards included in the law.

APPROPRIATIONS LEGISLATION

In the legislative arena, appropriations legislation is where the rubber meets the road. And the responsibility for drawing up that legislation rests with the House and Senate appropriations committees, or, more specifically, with the appropriations subcommittees that have jurisdiction over discrete government programs. Once work on the budget resolution is completed, each appropriations subcommittee is told how much money it has available to spend. At that point, the House appropriations subcommittees begin developing funding recommendations for the programs within their jurisdiction. Once the legislation passes the subcommittee level, the appropriations bill will be forwarded to the full appropriations committee to be ratified and then sent to the full House, where it will be debated, amended, and passed. The bill is then sent to the Senate appropriations subcommittee, where the entire process is repeated. Invariably, there will be differences between the House and Senate appropriations bills. To resolve those differences, a conference committee consisting of members of both the House and Senate subcommittees that originated the bill will be assigned the task of working out a compromise. Once that is done, the full House and Senate will vote on a conference report. After both chambers pass the conference report, the appropriations bill will be sent to the President for approval. Theoretically, appropriations must be enacted by October 1, the start of the federal government's fiscal year. As a practical matter, however, Congress rarely completes its work by the October 1 deadline. To permit federal programs to continue operating until final appropriations are enacted, Congress must pass, and the president must approve, a stopgap appropriations bill called a Continuing Resolution.