THE PATH TO A FEDERAL BUDGET...

Constructing the federal budget is a lengthy process involving the US. House of Representatives, the U.S. Senate, and the President. While there are laws with formal deadlines, in reality the process tends to be much looser, in which slippage and overlaps frequently occur.

The president’s budget is not binding and is considered the President’s proposal and request. Generally submitted the first Monday in February, this document provides good insight into an Administration’s priorities.

The House and Senate both develop and vote on their own budget resolutions, which do not have the power of law. Once both chambers have acted, a conference committee hammers out the differences between the two versions and the final version must again be approved by both the House and the Senate.

The final product is a concurrent budget resolution, agreed to by both chambers, which is not formally a law and does not require the President’s signature. However, both the House and Senate have enforcement procedures to ensure that the directives in the budget resolution are followed.

The authorizing committees draft provisions to make changes in various laws affecting taxes, entitlement programs (such as Social Security, Medicare) and other mandatory spending programs to comply with the budget resolution. Like the appropriations bills, the reconciliation bill starts in the House, then goes to the Senate. A conference committee hammers out the differences between the two bills and comes up with a final version, which must be approved of again by a majority of both the House and the Senate. The bill then goes to the President for his signature or veto. Reconciliation bills are sometimes called “budget bills,” although they do not address discretionary funding, which is done in appropriations bills.

Timeline…

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GLOSSARY OF BUDGET TERMS

APPROPRIATIONS: The process by which Congress spends money on discretionary programs (those not mandated, such as Social Security, Medicare, or Veterans’ benefits). There are usually 13 appropriations bills, although several can often be rolled together into one or there is, occasionally, a “supplemental” appropriations bill and can occur at any point in the process which spends money on needs that had not been anticipated. The 13 appropriations bills are: Agriculture and related agencies, Departments of Commerce, Justice and State and the Judiciary, Department of Defense, District of Columbia, Energy and Water Development, foreign Operations (which includes almost all foreign assistance), the Department of Interior, the Departments of Labor, Health and Human Services and Education, the Legislative Branch, Military Construction, the Department of Transportation, the Department of Treasury and General Government (including the Postal Service), and the Department of Veterans’ Affairs, Housing and Urban Development and Independent Agencies (such as NASA).

AUTHORIZATIONS: Laws that affect policy, such as who qualifies for Social Security, hate crime prevention, housing issues and which missiles the Pentagon should buy.

BUDGET RESOLUTION: An agreement between the US House and the US Senate that sets general revenue, spending and other budgetary targets but is not formally a law and does not require the President’s signature or even his agreement. However, the House and Senate both have enforcement procedures to ensure that the directives of the budget resolution are met. The budget resolution sets into motion the enactment of legislation that, once signed by the President, does have the power of law.

CONFERENCE COMMITTEE: Selected Members of the House and Senate who are named by the leadership of the two houses to get together to hammer out the differences between bills that passed the House and the Senate that address the same subject. Once a final version is developed by the conference committee, it must again pass both the House and the Senate before it can be sent to the President for his signature or considered completed.

CONTINUING RESOLUTION: Legislation, usually temporary, that provides funding for non-essential federal government services so that they may continue to operate if the relevant appropriations bill has not been signed into law prior to the beginning of the new fiscal year.

DISCRETIONARY SPENDING: Money that is spent on federal government programs subject to legislation developed by the Congress and signed into law by the President. Programs that fall into this area are subject to refunding every year, and are thus dependent upon the approval of Congress and the President.

ENTITLEMENTS: Programs where the government is legally required to make payments to all eligible recipients. Laws defining eligibility and setting or changing the rate of payment must be approved by Congress and signed into law by the President. Entitlement programs include Social Security, Medicare, Medicaid, unemployment benefits, food stamps and federal and veterans’ benefits. These are also called mandatory spending programs.

FISCAL YEAR: The budget year that runs from October 1 through September 30 of the following year (i.e., fiscal year 2003 begins October 1, 2002 and ends September 30, 2003).

RECONCILIATION: The process by which authorizing committees make changes to existing laws governing taxes and entitlement programs to meet the requirements established in the budget resolution.

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