

Budget & Appropriations Q&A

1. What is the federal fiscal year?
October 1- September 30 of each year

2. How does the process start?
The submission to Congress of the President's annual budget request initiates the budget and appropriations process. This occurs in February prior to the beginning of the next fiscal year (i.e. the President's FY05 budget was submitted earlier this month; FY05 begins on October 1).

3. What is the difference between the President's Budget Request and the Congressional Budget Resolution?
The President's budget request highlights the administration's priorities, particularly overall spending limits for the federal government, but it is not binding on Congress. In passing its budget resolution, Congress may follow the President's guidelines or it may completely dispense with the President's request. Much depends on the political environment and the relationship between Congress and the President.

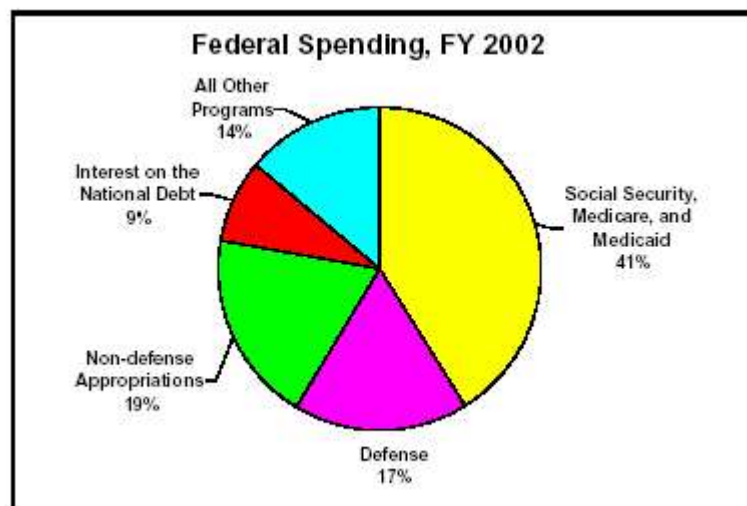
4. What is the process for drafting the Congressional Budget Resolution?
After the President's budget is submitted to Congress, the House and Senate Budget Committees begin drafting their respective versions of the budget resolution. After each chamber has passed its version, leaders of the Budget Committee in both houses meet to work out a conference report, a single resolution that must be passed by both houses. Both the House and Senate are supposed to pass the conference report by April 15, but this date often slips.

5. What does the federal budget actually do?
It establishes the revenue and spending ability of the federal government for each year. It is a plan for spending and how to pay for such spending. In many ways it is a list of the nation's priorities. It provides overall funding allocations for broad categories, such as health, defense, and transportation. Actual spending decisions are made by the appropriations committees (see questions below).

6. What is the practical effect of the budget on federal spending?
Once passed, the budget resolution sets firm constraints on federal spending. The overall spending level in the budget cannot be breached unless the additional spending is deemed an "emergency." The amounts of money to be spent by function are translated into actual spending amounts allocated to Congressional Appropriations committees for further detail. Each agency of the federal government receives its annual spending allowance from Congressional appropriations committees. In practical terms for cancer programs, it is virtually impossible to realize substantial appropriations increases for OVAC's priority

programs if the budget allocation for health care is inadequate.

7. What is the difference between “mandatory” and “discretionary” spending?
Mandatory spending is also known as entitlement spending and goes to programs like Social Security, Medicare and Medicaid. Discretionary spending must be approved by the Congress every year in the appropriations process and, unlike most mandatory spending, is subject to a predetermined limit each year.
8. What does the money in the federal budget go towards?
The majority of federal money goes to mandatory programs including Social Security and other federal retirement programs, federal health plans such as Medicare and Medicaid, interest on the federal debt, and other means-tested entitlement programs. Discretionary spending, both defense and domestic, makes up the balance, accounting for approximately one-third of federal spending. Non-defense discretionary spending, which includes OVAC’s priority programs, accounts for less 20% of the federal budget (see chart below).



9. What is the Congressional process once the budget resolution has been passed?
After the budget resolution has passed, the issue of spending passes to the Appropriations Committees in the House and Senate. The committees have authority over discretionary spending in the form of the 13 annual spending bills that must be passed in order to fund the government for the following year. The committees’ allocations must stay within the bounds of the budget resolution.
10. What is the difference between the budget and appropriations?
The budget is a planning document that sets broad parameters for federal spending. Decisions on how to spend the discretionary funding included in the budget are made in the appropriations process. The annual appropriations bills include funding for thousands of programs, from Cabinet-level departments

(Defense, Health & Human Services, Education) to local community projects.

11. How does the appropriations process work?

The House and Senate Appropriations Committees divide the allocations included in the budget resolution among their 13 subcommittees which correspond with the 13 annual appropriations bills that must be passed. In each house, the subcommittees hold “mark up”, or draft, and pass their version of the bill; the bill must also be passed by the full Appropriations Committee in each house, then by the full chamber. A conference committee, comprised of members of the House & Senate Appropriations committees, is convened after the House and Senate have both passed their version of a particular appropriations bill. The conference committee works out a compromise version of the bill, which must be passed by both the House and Senate and sent to the President for his signature.
12. What happens if Congress does not pass all 13 appropriations bills by October 1, the beginning of the fiscal year?

If Congress fails to complete its work on the appropriations bills by October 1, it passes a Continuing Resolution, or CR, to fund those agencies and programs whose bills have not yet passed. A CR maintains funding for the programs at the level of the previous fiscal year. Congress may pass many CRs each year if the appropriations process stalls. For example, appropriations for Fiscal Year 2004, which began on October 1, 2003, were not completed until January 2004.
13. What is an Omnibus?

An omnibus combines several of the 13 annual appropriations bills into a single bill. This generally occurs when the appropriations process drags on past the start of the fiscal year. As noted above, Fiscal Year 2004 appropriations were not completed until January 2004 when an Omnibus was passed by Congress and signed by the President.