

## THE FEDERAL BUDGET DEFINED

The United States federal budget is a spending budget for each fiscal year. The budget must be approved by Congress and the President. The federal budget operates on a fiscal year (FY) starting on October 1 and ending September 30 of the following year.

## THE FEDERAL BUDGET PROCESS

### *Step 1: The President Submits Budget Proposal*

The President and Cabinet decide policy priorities. Based on these priorities, the Office of Management and Budget (OMB), which is part of the Executive Branch, gives guidelines to federal agencies instructing them how to prepare their strategic plans and budgets. Agencies then submit budget requests to the OMB for assessment. The White House uses OMB's assessment to build the budget.

### *Step 2: Congress Passes a Budget Resolution*

After the President submits his budget, the House and Senate spend early spring preparing budget resolutions for mid-April. A budget resolution is a framework for making budget decisions regarding spending and taxes. Budget resolutions set spending limits. They do not decide programs.

### *Step 3: Congressional Subcommittees 'Markup' Appropriation Bills*

The Appropriation Committee appoints subcommittees to review budget requests submitted by each federal agency. Strict reviews and follow-ups with the agencies are conducted by subcommittees. Each subcommittee then writes a first draft of the appropriations bill, also called the "Chairman's Mark."

### *Step 4: The House & Senate Vote on Appropriation Bills and Reconcile Differences*

The two versions of the appropriation bills (House and Senate) are reconciled by a conference committee. A conference report is then established for each bill after a vote by the House and Senate.

### *Step 5: The President Signs Appropriations Bills*

Once the bills pass Congress, the president signs each bill in order for the budget to be enacted. The objective is to complete the entire process by October 1, the first day of the fiscal year.

## MANDATORY VS DISCRETIONARY

The federal budget is divided into two spending categories: mandatory and discretionary.

**Mandatory** spending, about two-thirds of the full budget, is money used to comply with existing laws that govern specific programs or functions such as:

- Social Security and other retirement funds
- Medicare
- Medicaid
- Supplemental Nutrition Assistance Program

Funding for these programs is automatic unless Congress changes a program or new laws are proposed.

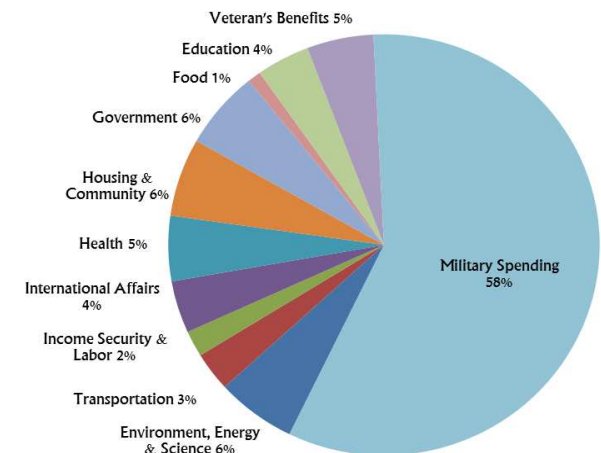
**Discretionary** spending accounts for about one third of the federal budget. This portion of the budget includes programs such as:

- Environment, Energy and Science
- Housing, Health and Education
- Military Spending

## THE IMPORTANCE OF THE DISCRETIONARY BUDGET

While the discretionary budget is about one-third of total federal spending, it is the part of the budget Congress can adjust each year. Individuals can advocate about how to prioritize this part of the budget. For example: in FY2011, 58% of the discretionary budget is directed to the Military, 6% to Housing and Community, and 4% to Education. Does this distribution reflect your priorities or values?

### Proposed Discretionary Budget Authority, FY 2011



## HOW NPP CAN HELP YOU ENGAGE IN THE BUDGET PROCESS

National Priorities Project (NPP) provides individuals, community groups and national organizations with concrete tools to shape federal budget and policy priorities that promote social and economic justice.

*Some of our most popular tools include:*

**The President's Budget:** This publication offers a look at federal budgets spanning multiple years. People are encouraged to reconcile the spending priorities in the budget with the President's message to the public.

**The Federal Priorities Database:** The NPP Database breaks down federal expenditures on education, energy, health, housing, hunger, labor, and poverty to the state level.

**Trade-offs:** This tool allows users to compare different spending options in ways that are easy to understand.

**Tax Day Report:** This publication illustrates how income-tax dollars are spent.

**Military Recruitment Report:** NPP releases research summaries, tables, and charts regarding military recruiting with ZIP code, county, state and high school level data.

**Out of Balance:** This is the first webinar in our Data for Democracy series. It provides a critical look at the link between federal funds and state and local budgets and offers a solid and accessible critique of national spending priorities.

*Most reports available in Spanish*

## TIMELINE FOR ACTION

Budgeting is not just for Congress. The process includes several pivotal stages when concerned community members can make their voices heard.

WHEN	BUDGET ACTION	WHAT TO DO
Early February	President submits budget request	Use NPP's tools to learn what is in the budget and to educate others
Early Spring	Congress reaches budget resolution	Contact your elected officials. Let them know how you want your tax dollars spent.
Fall	Budget is enacted	Follow up. Let your representatives know how you feel about the choices they made. Make sure they know you'll be back next year.

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# Federal Budget 101

## An Introduction To The Federal Spending Process

