The Budget & Appropriations Process
How the Congress Funds Public Health Programs

Step One: The President’s Budget Request
The President submits a detailed budget to Congress that includes his priorities for the federal government.

Step Two: The Congressional Budget Resolution
Congress holds hearings on the President’s budget, then develops its own budget resolution that reflects the priorities of Congress. This is done by House & Senate Budget Committees, whose “budget resolution” can be amended by the majority of either the House or Senate. It then goes to a House/Senate conference committee to resolve any differences, and a conference report is passed by both houses. The budget resolution does not need to be signed by the President, nor can it be filibustered in the Senate.

The budget resolution simply contains a set of numbers that dictate how much Congress is allowed to spend (known as “allocations”) across the different functions of government. The budget resolution also contains revenue figures. The difference between the two figures (spending and revenue) is the deficit or surplus.

The budget resolution may also include a “reconciliation directive” that instructs House and Senate authorizing committees to change existing laws in order to decrease spending, increase revenue, or achieve certain tax targets.

Step Three: The Appropriations Process
The House and Senate Appropriations Committees decide funding levels for the multiple federal programs, within the overall allocations set by the budget resolution. Each appropriation bill must be signed by the President. Failure to do so requires a “Continuing Resolution” to continue the operation of the federal government.

Step Four: The Reconciliation Process
When a budget resolution contains a reconciliation directive, House and Senate authorizing committees must hold hearings and approve changes to existing law that meet certain revenue or spending targets. These changes are bundled into a single Reconciliation Bill and passed by the House and Senate, with only limited opportunity for amendments. If approved, the bill is signed by the President. A reconciliation bill cannot be filibustered in the Senate, making it easier to pass. But a reconciliation bill cannot contain any “extraneous” provisions unrelated to the budget.
Glossary of Terms

**Appropriation**: Authority for programs to withdraw funds from the federal Treasury for specified purposes. Similar to “writing a check” drawn on a federal “checking account.” Appropriations are limited by the overall amount allocated by the budget resolution.

**Authorization**: Authority for a federal program to perform certain tasks dictated by Congress. Authorizing committees can set limits on how much funding is available. Similar to “depositing money” into a federal “checking account” for a specific purpose or program. Authorizing committees can also pass legislation that obligates the government to spend money, called mandatory spending, which isn’t subject to the yearly appropriations process. The Social Security program is an example of mandatory spending.

**Budget Proposal**: The President’s projection of income & expenditures, including his funding priorities for the next year.

**Budget Resolution**: Congress’ spending allocations and income projections, which reflect the priorities of House and Senate members. Budget resolutions set overall limits on how much can be appropriated during the year (called “allocations”) and can also direct authorizing committees to change existing laws to conform to revenue or spending targets (called “reconciliation directives”).

**Byrd Rule**: Named after Senator Robert Byrd (D-WV), the Byrd Rule prohibits “extraneous material” from being attached to budget bills.

**Continuing Resolution**: Temporary appropriations legislation designed to maintain the operation of the federal government when the regular appropriation bill has not been enacted.

**Debt**: Cumulative deficits create a national debt. The Congress has authorized the borrowing of $8.18 trillion dollars (known as the “debt limit”).

**Deficit**: Expenditures exceed revenues in a given fiscal year. A surplus is when revenues exceed expenditures in a given fiscal year.

**Discretionary Spending**: Federal spending that is subject to yearly review through the appropriations process. (See Mandatory Spending.)

**Filibuster**: A provision allowed by Senate rules that creates an unlimited debate that can be effectively used to block or delay the passage of a bill. Senate rules require at least a 3/5ths vote (60 members) to end debate. Budget resolutions and reconciliation bills are exempt from the Senate filibuster rule. There is no filibuster in the House of Representatives.

**Fiscal Year**: For the federal government, the fiscal year begins October 1 and ends September 30. Fiscal year 2005 began on October 1, 2004, and ends on September 30, 2005.

**Hearings**: Meetings where congressional committees hear testimony, gather information, and learn about particular issues—usually in preparation to act on specific legislation. (See Markup.)

**Mandatory Spending**: Federal spending that is governed by formulas or criteria set forth in authorizing legislation, rather than by appropriations. Examples include Social Security, Medicare, and Medicaid. Because their budgets are based on formulas, instead of a yearly appropriations review, many of these programs are known as “entitlements.” (See Discretionary Spending.)

**Markup**: Meetings where congressional committees debate, rewrite, negotiate, and compromise on the language of bills or resolutions.

**Reconciliation Process**: A process designed to reconcile the pending budget to existing law, in terms of mandatory spending. The budget committee directs the authorizing committees to change existing law for the purpose of decreasing spending or increasing revenues by a specified amount.