NATIONAL ASSOCIATION OF
GRADUATE- PROFESSIONAL STUDENTS

NAGPS

PRIMER ON THE FUNDING PROCESS

Of the three branches of government, Congress - and Congress alone - has authority to authorize and approve government spending. However, that doesn't mean they do this alone. This annual process is complex, and at any given time, there are three budgets in play - the budget that currently funds the government, the budget for the next year that is being negotiated by Congress, and the budget proposal for the following year that the Executive branch is preparing. Knowing this process - the structure, the players, the timing - is vital for effective advocacy.

THE STRUCTURE

There are two types of expenditures: "mandatory spending" and "discretionary spending." Mandatory spending, which funds "entitlement programs," is not subject to annual changes in the budget and are based on eligibility criteria for those receiving the funds (they are "entitled" to those funds). This includes Social Security, Medicare, and Medicaid, and funds for mandatory programs automatically increase with increased need. Demographic composition plays a significant role in mandatory spending. Approximately two-thirds of spending is mandatory.

Discretionary spending is the amount of spending that is determined through annual funding cycles. It is also split into two types: defense and non-defense. Defense spending encompasses all military-related expenses (usually going to the Department of Defense) and includes salaries, health care, research, facilities, and more. Non-defense spending goes to other federal agencies and funds a variety of programs including infrastructure, international affairs, health, education, and scientific research. Priorities on defense and nondefense spending are usually split along party lines, and these priorities are often the root of disagreements and delays in the funding process. Specifically, Republicans usually want increased defense spending, and Democrats equal domestic, or non-defense, spending.

THE PLAYERS

There are several important entities in the budgetary process. Not all have equal power, but all are important.

Executive Branch

Departments and Agencies

There are fifteen departments within the executive branch, each with a Secretary that serves on the President's cabinet. Within the departments, you find agencies, or entities that are responsible for carrying out specific missions (note: there are some independent agencies that report to commissions or boards whose heads are appointed by the President). Both the Secretaries as well as the top officials of the agencies are appointed by the President (and confirmed by the Senate), but many of those in the agencies are specialists in that field. There are many agencies (somewhere between 150 and 250), and while they are led by the President's agenda, Congress has oversight over them.

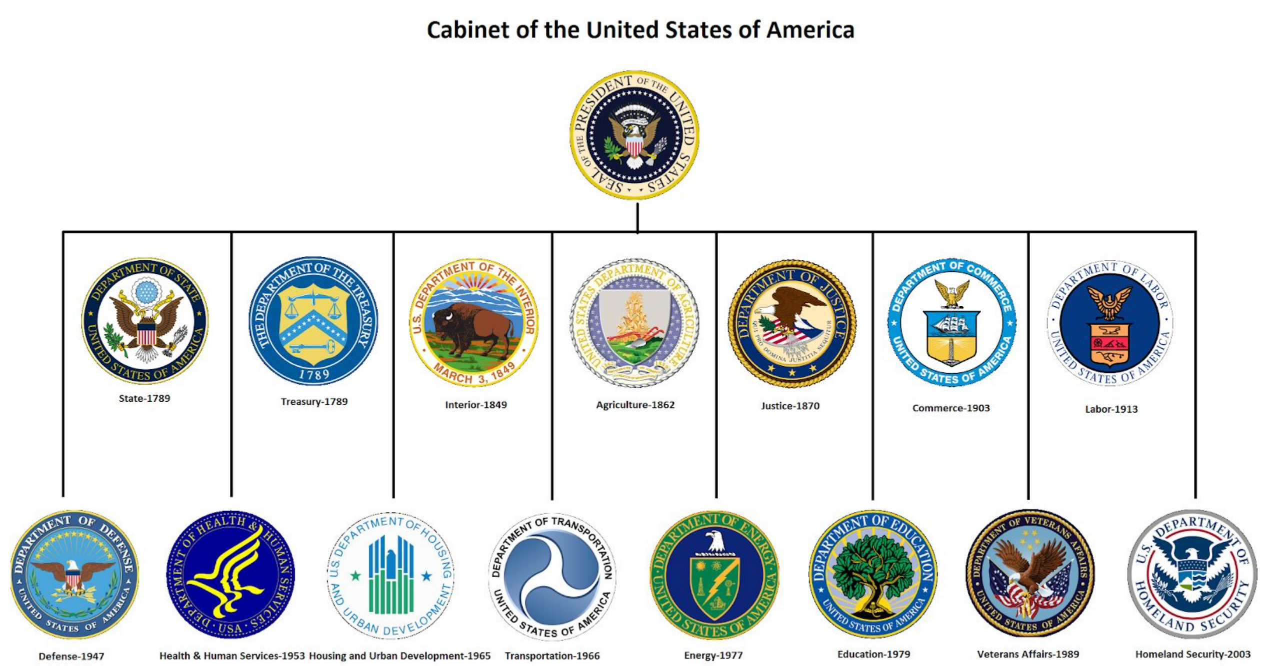

Image from the University of Illinois at Chicago

Executive Office of the President

This office is at the center of the executive branch and is composed of several key agencies and offices as well as White House Office staff. It is led by the White House Chief of Staff and includes the National Security Council, the Office of Management and Budget, and the Office of Science and Technology Policy (among others). The Office of Management and Budget (OMB) is responsible for overseeing the federal agencies and for creating the President's budget proposal.

Legislative Branch

Budget Committee (House and Senate)

The Budget committee is responsible for overseeing the budgetary process. One of the most important duties is to create the annual Concurrent Resolution, also known as the "budget resolution," a type of budget blueprint that must be followed. The Budget committee also is responsible for reviewing all legislation related to the budget or the budgetary process. It also reviews any supplemental budget requests, requests that come separately from the budget resolution, which occur in the case of emergencies.

One of the major jobs of the Budget committee is to negotiate and approve automatic spending cuts, known as sequestration caps. These spending cuts were implemented as part of the Budget Control Act, a law that was passed as a means of resolving the 2011 debt-ceiling crisis. The debt ceiling is the maximum amount of money that the United States Treasury is allowed to borrow. In the event that the debt ceiling is not raised, the Treasury would either default on its payments or would cut payments to various government programs, resulting in at least a partial government shutdown.

Until 2011, raising the debt ceiling has not been partisan. However, the Republican Party took control of the House of Representatives in 2010 and, in 2011, refused to raise the debt ceiling unless legislation passed that implemented a series of complex automatic spending cuts that would impact future spending. This was done in the Budget Control Act.

The intent of the Budget Control Act was to enact measures so severe and so disliked by both parties that it would ensure bicameral and bipartisan negotiation. Actual implementation of the sequestration caps was never its purpose.

Appropriations Committee (House and Senate)

The Appropriations committee is one of the most powerful committees in Congress and is responsible for allocating the budget resolution into twelve separate bills, called spending or funding bills. These bills are created by the twelve subcommittees of the Appropriations committee, led by chairs known as “Cardinals,” who have a lot of influence and who are strongly guided by their own interests. Usually, appropriators (those who serve on the Appropriations committee) are not allowed to serve on any other committee.

The Appropriations committee is distinct from the Finance/Ways and Means Committees (Senate/House, respectively), which are responsible for tax policies. It is also separate from Authorizing committees, committees responsible for authorizing programs and spending for different agencies and programs. Both the Appropriating committee and the respective authorizing committees must approve programs; programs can be funded but not authorized, or authorized but not funded, and thus never come to fruition.

THE TIMELINE

Each budget is proposed for a fiscal year (FY), the year that it is in effect. For example, the budget for 2020 is known as FY2020 (or FY20). The budget for each fiscal year has to be approved by October 1st of the year before (2019). If not, then a continuing resolution (CR) has to be passed that allows spending to continue temporarily at the levels most recently passed.

Because there are so many players with so many levels of oversight, each fiscal year’s budget begins in the year *before* it is approved by Congress, meaning it’s in the works for over two years before it is ever implemented.

“The President Proposes…”

The budget that will go into effect in 2020 began in 2018, in the Executive Branch. The Office of Management and Budget (OMB) sends budget guidelines to each of the federal agencies in the spring, which the agencies use as they craft their budget proposal over the summer. These proposals not only incorporate the guidelines sent from the OMB, but also the general mission of the agency and current research and social priorities. While the agencies craft their budget proposals, the OMB and the Office of Science and Technology Policy (OSTP) release a joint statement on their own priorities. The agency budget proposals are submitted to the OMB in September, and the revision process (called “passbacks”) begins. The degree to which the budget proposal is determined by “top down” administration priorities compared to “bottom up” agency priorities depends on the President.

Once the revisions are complete, the White House releases its "budget proposal." While this proposal is non-binding, it does signal the President's priorities, and since the President will have to sign the final spending bills, Congress does pay attention to the request. The budget proposal is due in Congress in February of the year before it goes into effect.

"...and Congress disposes"

The process in Congress begins in the Budget committee and its creation of a budget resolution. This document sets overall spending, revenue, and deficit targets that must be met.

Once the budget resolution is complete, it goes to the Appropriations committee whose chair allocates spending caps to each of the twelve subcommittees. Negotiation is key here, and you will often find initial drafts presented in the extremes – threatening to cut one area in order to garner support for another. This is especially true when you have a divided Congress (chambers with different parties in the Majority).

When subcommittees finish (and approve) their budgets, the Appropriations committee has to approve it before it goes to the chamber floor. Each chamber has to approve an identical budget, a process that often takes place in Conference Committees (with resulting legislation called Conference Resolutions). Once each spending bill passes both chambers, it is either signed (or not) by the President and goes into effect the following year.

Several events may trigger a partial or complete government shutdown, which occurs when at least portions of the government are not funded. This can happen if the government defaults on its loans (debt ceiling is not raised), if Congress cannot agree on a Budget or on Appropriations bills, or if the President does not sign them.

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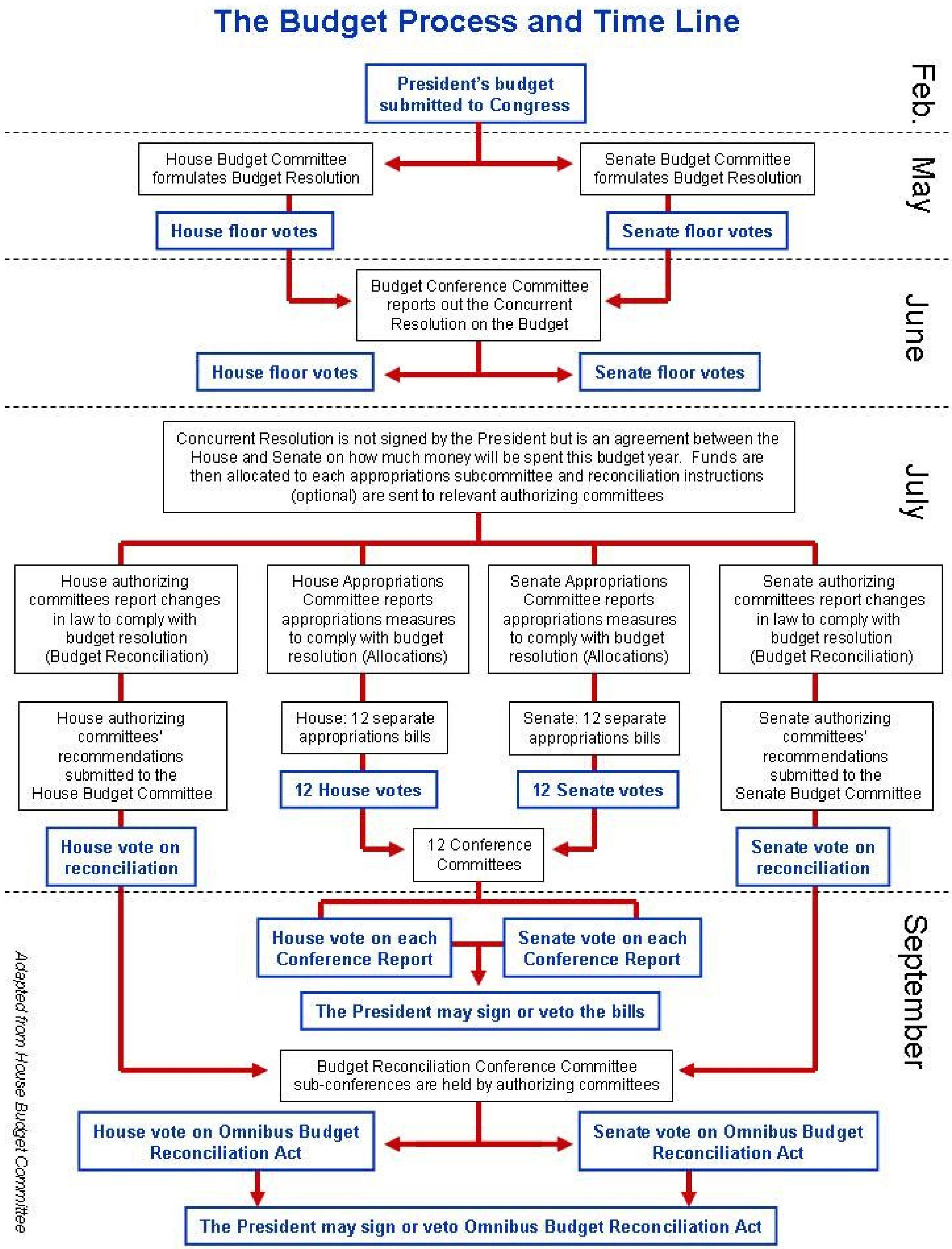

Image from the American Geosciences Institute