



FUNDING FOREST POLICY: Budget and Appropriations Process

Federal Funding Overview

The Congressional Checkbook

The federal government, as the single largest spender in the U.S. economy, has a well defined process for the management of its finances within the U.S. Treasury. The federal budget and appropriations process represent the legislative manifestation of this financing authority.

Budget vs. Appropriations

While the budget and appropriations processes are heavily interrelated, they each have their own distinct purpose. The budget process sets general limits on federal spending for broad policy areas. The appropriations process determines how funds established through the budget process are allocated amongst individual federal agencies and programs.

Funding Authority in Congress

Chamber	Budget Authority	Appropriations Authority
House	House Budget Committee	House Appropriations Committee
Senate	Senate Budget Committee	Senate Appropriations Committee

The Budget Process

Budget Basics

- The budget process outlines targets for federal government spending and provides Congress with a set of priorities for the allocation of federal resources
- Budget allocations represent the upper limits for Congressional spending in defined policy areas
- The budget process establishes the guidelines for the appropriation of federal funds

Two Types of Spending

The budget process outlines spending for both **mandatory** and **discretionary** accounts:

Mandatory spending is authorized permanently by laws, not by the budget or appropriations process and accounts for a majority of all federal expenditures. **Mandatory** spending can be, but is not required to be, adjusted by Congress on an annual basis and covers programs like Social Security and Medicare.

Discretionary spending must be determined annually by Congress and is the major focus of the budget and appropriations process. **Discretionary** spending covers areas such as national defense, foreign aid, education, housing, and natural resources.

The Appropriations Process

Authorization

- **Authorizing** legislation provides the legal basis for government programs or agencies and determines general policy
- **Authorizing** legislation recommends spending levels needed to carry out a defined policy, but these funding levels are not binding
- **Authorizations** may be annual, multi-year, or permanent
- Expiring programs require reauthorization and House and Senate rules require that authorizes are in place before funding decisions may be made

Appropriations

- **Appropriating** legislation provides the legal authority needed to spend or obligate U.S. Treasury funds
- **Appropriating** legislation is divided amongst 13 separate appropriations bills which together fund the entire federal government
- **Appropriations** must be enacted prior to the start of the new fiscal year (Oct. 1) in order for the federal government to continue functioning

The Budget and Appropriations Timeline

The road from individual agency requests to a final appropriations law is a long one. The dates for Congressional action are estimates, and the flow of funding legislation is irregular at best.

April, Year X:	Federal agencies submit budget requests to their respective Departments after months of developing program priorities and areas of emphasis.
May – December, Year X:	After receiving budget requests from individual agencies, Departments transfer their unified budget request to the Office of Management and Budget (OMB) and negotiations commence. The OMB provides a “passback” budget level to the Department, which becomes the President’s budget request.
February, Year X+1:	<p>The President submits his budget on the first Monday in February. This budget is not binding, and represents the administration’s proposal and request for funds. It is accompanied by justifications and documents that help Congress consider the request.</p> <p>The House and Senate Budget Committees formulate their Budget Resolutions and hold hearings on the President’s request.</p>
March, Year X+1:	The House and Senate Budget Committees mark-up their Budget Resolutions and pass them. A Conference Committee, composed of leading committee members from both chambers, convenes to iron out differences between the House and Senate versions.

April, Year X+1:	The Conference Committee releases its Conference Report representing the consensus agreement between the chambers. The concurrent Budget Resolution is not law; however it sets other tax and spending legislation into motion. Both chambers must pass the Budget Resolution by April 15.
May, Year X+1:	The House Appropriations Committee begins to mark-up its appropriations bill.
June, Year X+1:	The Senate Appropriations Committee begins to mark-up its appropriations bill. The House Appropriations Committee passes its bill, and the measure goes to the House floor for debate and a vote.
July, Year X+1:	The Senate Appropriations committee passes its bill, and the measure goes to the Senate floor for debate and a vote.
September, Year X+1:	After a Conference Committee convenes to negotiate between each chamber's 13 appropriations bills, the concurrent appropriations measures are passed by both Houses and signed into law by the President.

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