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Federal budgeting process

PAD 642

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Legal Framework

- The Budget and Accounting Act of 1921
  - It created a requirement that the president submit a budget to congress each year
  - It created the Bureau of the Budget (now the Office of Management and Budget, OMB) to assist the president in preparing the budget
  - It created the General Accounting Office (now the Governmental Accountability Office, GAO), initially to help control agency spending by later do programmatic and performance audits of federal agencies and programs.

Legal Framework

- The Congressional Budget and Impoundment Control Act of 1974
  - Created the budget resolution to express the overall will of congress on budget issues
  - Created the House and Senate Budget Committees to develop and guide the budget resolution through Congress
  - Created the Congressional Budget Office (CBO) to provide congress with information on the budget and the economy
  - Changed the start of the fiscal year from July 1st to October 1st
  - Established a new procedure to deal with presidential impoundment: rescission proposals and deferral proposals

Authorization and appropriation

- Substantive committees are responsible for substantive legislation. These committees develop authorizing legislation, which establishes departments, agencies, and programs and defines what they are allowed to do. An authorization may also set a funding ceiling.
- The Ways and Means Committee and the Finance Committee handle revenue legislation, such as taxes and other revenue sources for government programs.
- Some major entitlement programs, such as Medicare and Social Security, are authorized in permanent law, and funding is provided more or less automatically under that law.
- Discretionary spending is provided through appropriations acts approved by the appropriations committees in each house.
- In general, a program needs both authorization and appropriation.

Budget resolution

- The budget resolution represents a “blueprint” for the budget, showing:
  - aggregate budget numbers — revenues
  - budget authority — the authority to commit the government to spending money
  - outlays — the actual spending of funds from the Treasury
  - the overall target — the projected budget deficit or surplus, and public debt
- The budget resolution may also include reconciliation instructions. Reconciliation is a process in which committees are directed to adjust spending and revenue measures upward or downward to conform to the overall budget plan.

The congressional budget process

- Subcommittee action: hearings are held, and initial funding levels are set for each appropriations bill.
- Full committee action: the full Appropriations Committee in each chamber reviews and approves the subcommittee bills.
- Floor action: each chamber, the House and the Senate, debates and votes on the appropriations bills.
- Conference action: members from both chambers resolve differences between the House and Senate versions of the bills, and the final conference report is approved by both houses.
- Presidential action: the President signs or vetoes the appropriations bills.

Congressional Budget Act Timetable

On or before:	Action to be completed:
First Monday in February	President submits budget.
February 15	Congressional Budget Office submits report (on the economic and budget outlook) to Budget Committees.
Not later than 6 weeks after President submits budget	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports concurrent resolution on the budget (budget resolution).
April 15	Congress completes action on budget resolution.
May 15	Annual appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.

Note that this timetable highlights statutory deadlines in the Congressional Budget Act. The Budget Act sets target dates for the House to complete action on regular appropriations bills for the upcoming fiscal year. It sets no such target date for the Senate, even though both the House and Senate must pass appropriations bills.

Two major issues

- Congress fail to pass a budget resolution and/or appropriations bills before the start of the fiscal year, forcing the government to rely on a continuing resolution to fund agencies temporarily.
- A structural imbalance between revenues and spending has produced persistent budget deficits, increased the national debt, showing no sign of slowing down.

Timing of Budget Resolution Adoption and Enactment (or Veto) of Reconciliation Legislation



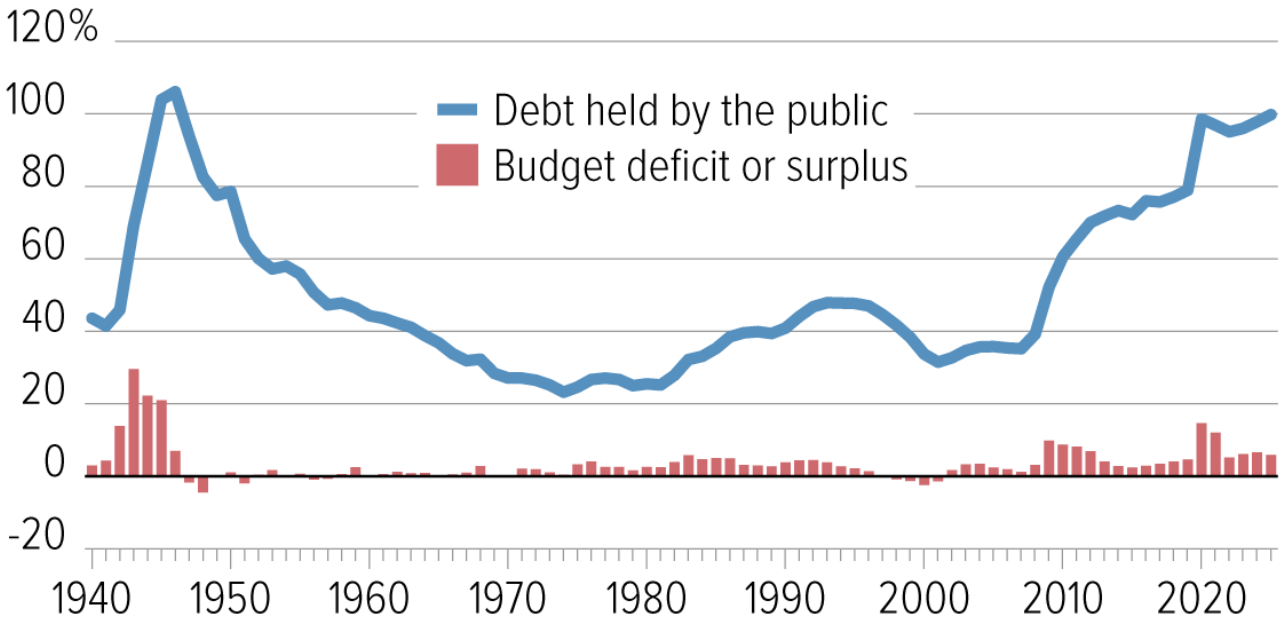
Number and Duration of Interim Continuing Resolutions (CRs): FY2015-FY2025

Fiscal Year	Number of Interim CRs	Total Duration in Days	Final Expiration Date
2015	5	156	03-06-2015
2016	3	83	12-22-2015
2017	3	216	05-05-2017
2018	5	173	03-23-2018
2019	3	138	02-15-2019
2020	2	81	12-20-2019
2021	5	88	12-28-2020
2022	4	166	03-15-2022
2023	3	91	12-30-2022
2024	4	160	03-08-2024
2025	2	165	03-14-2025

Federal budget deficits (CBPP, 2025)

Budget Deficits and Debt Held by the Public

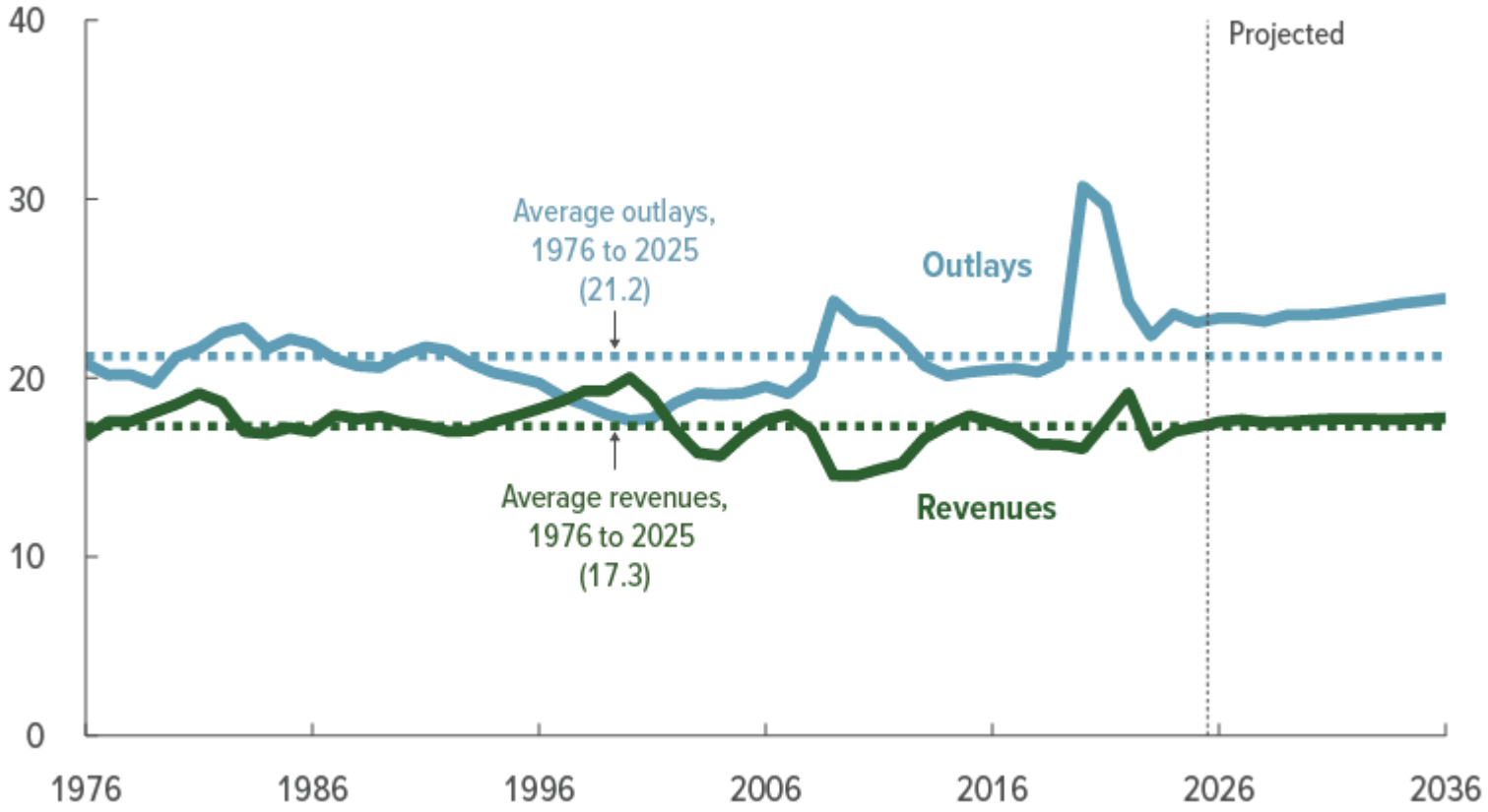
Percent of GDP



Source: 1940-2024 figures from the Office of Management and Budget; 2025 figures from Treasury and the Congressional Budget Office. This chart shows debt and deficits as positive amounts, and surpluses as negative amounts. CBPP has adjusted the deficits to smooth the timing of certain payments, but the adjustment does not change total deficits over time.

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Total Outlays and Revenues (CBO, 2026)



Federal Budget spending, revenue, and deficit (CBPP 2024)

