



Plain Text Edition

Follow the Money: **The U.S. Budget and You**

Part 4: The Budget Process

4. The Budget Process

The **federal budget process** is the way the federal government decides how to spend money. There are 5 main steps.

1. The President sends a **budget request** to Congress.
2. Congress writes and votes on **budget resolutions**
3. House and Senate Appropriations subcommittees **markup** bills
4. The House and Senate vote on appropriations bills and turn them into one big bill.
5. The President signs all of the different appropriations bills. The budget becomes law.

In this section, we will go over each step in more detail.

Why are there so many steps in the budget process?

In 1974, Congress was worried that the President had too much power. Congress did not like how the President spent tax money. Congress passed a law to give Congress more control over the budget than the President.

1. The President sends a budget request to Congress.

The President's budget request is what the President wants the budget to be. A budget request shows what the President thinks is important to spend money on.

The President starts by listening to budget requests from different departments in the government, like the Department of Education or the Department of Labor. Each department tells the President how much money they need.

The President listens to all of the Departments. Then the President decides how much money to ask Congress for in the budget request.

The President's budget request needs to say:

- How much money the President wants to spend.
- How much money the government wants to get from taxes.
- If the government is going to spend more or less money than it gets from taxes.

If the government spends more money than it gets from taxes, this is called a **deficit**. If there is a deficit, then the government will need to borrow extra money to pay for everything. We will explain this in the section, "Does the budget process work?"

If the government spends less money than it gets from taxes, this is called **surplus**. If the government has a surplus, that means they have extra money left over at the end of the fiscal year. This has not happened in a long time.

The President is supposed to send the budget request to Congress before the first Monday in February.

2. Congress writes and votes on a *budget resolution*.

Congress is made of two parts: The House of Representatives and the Senate. Sometimes we will call the House of Representatives just the House.

After Congress gets the President's budget request, the House and the Senate write and vote on their own separate **budget resolutions**. A budget resolution is a plan for how the government will spend money.

A budget resolution shows what the Congress thinks is important.

Sometimes, the President and Congress disagree on what is important. That means that the budget resolutions can end up looking very different from the President's budget request. Congress gets to make the final decision about the federal budget.

If the House and the Senate disagree on what is important, they will write different budget resolutions. If the House and the Senate write different budget resolutions, they have to agree on a final version.

Whenever the House and the Senate disagree, they have 3 choices:

- The Senate can get rid of their own bill and pass the House's version
- The House can get rid of their own bill and pass the Senate's version
- They can compromise

When the House and the Senate compromise on a bill, it is called **going to conference**. The people who meet are called the **conference committee**. The conference committee looks at the two different budget resolutions from the House and the Senate. Then, the conference committee turns them both into one final budget resolution.

The Senate and the House vote one more time on the final budget resolution. If the Senate and House both vote for the same budget resolution, then that budget resolution passes. Remember, the budget resolution is just a plan. Passing the budget resolution doesn't mean anything happens. A plan doesn't work if you don't follow it. That's the next step.

Congress is supposed to pass the budget resolution by April 15. It usually takes longer than that. Sometimes, Congress does not pass a budget resolution at all.

If Congress does not pass a budget resolution, they lose some things they want. For example, the members of Congress might not be allowed to take time off from work. We will talk more about this in the next section.

3. The House and the Senate write appropriations bills. Appropriations bills explain how to spend the money in the budget.

The House and the Senate both have a lot of small groups, called **committees**. Committees pay special attention to different topics, like education or the army. The committee that pays attention to how to spend the money in the budget is called the **Appropriations Committee**. The House and the Senate both have their own Appropriations Committees.

The Appropriations Committees decide how much money to spend on some things the government does. They do not decide how much money to spend on everything the government does. That is because there are two different kinds of government spending.

#1: Mandatory spending

There are some things that the government has to pay for all the time. These things are called **mandatory spending**. Medicaid, Medicare, and Social Security are mandatory spending. The Appropriations Committees do not get to make any decisions about mandatory spending.

#2: Discretionary spending

There are some things that the Appropriations Committees *do* get to decide on every year. These things are called **discretionary spending**. Some examples of discretionary spending are: housing programs, protection and advocacy, national parks, the military, and scientific research.

The Appropriations Committee is made of even smaller groups called **subcommittees**. Right now, there are 12 subcommittees. Subcommittees focus on different things that the federal government does.

There are two subcommittees that handle most of the programs for people with disabilities. These subcommittees are called:

- Labor, Health and Human Services, Education, and Related Agencies
- Transportation, Housing and Urban Development

Each subcommittee has a meeting where they talk to different people in charge of different parts of the federal government. Then, each subcommittee decides how much money is spent on their part of the government. Each subcommittee writes a bill to tell the Appropriations Committee what they decided.

The Appropriations Committee gets a bill from each subcommittee. Then the Appropriations Committee **marks up** the bills. “Mark up” means that the committee can make changes to the bills. If someone on the committee wants to make a change, the change is called an **amendment**.

Once the Appropriations Committee is done making changes, they vote on the bill. If the bill gets enough votes, the appropriations bill goes on to the next step.

The Appropriations Committee must do this whole process 12 times, once for each of the 12 different subcommittees.

The House and The Senate both have their own separate Appropriations Committees. They both use the same process for writing appropriations bills, but they might not do it at the same time. Usually, the House goes first.

4. The Senate and House vote on all of the different appropriations bills.

Once the House Appropriations Committee has voted for a bill, the whole House gets a chance to vote on the bill. If the bill gets enough votes in the House, then it goes to the Senate.

Sometimes the Senate writes their own bills while the House is still writing the House bill. Usually, the Senate waits for the House to finish their appropriations bills first.

When the House appropriations bills are ready, the Appropriations Subcommittees in the Senate look at the House appropriations bills. The Senate Appropriations Subcommittees decide if they want to make any changes.

Then they give the new version of the bills to the Senate Appropriations Committee. The bills get marked up again, which means that Senate Appropriations Committee can make more changes.

The Senate Appropriations Committee votes on the bills. Finally, the whole Senate gets a chance to vote for the bills.

Remember, in order for a bill to pass, the Senate and the House both have to vote on the same version. If one side makes changes to the bill, the other side has to vote for the bill again. It can take a very long time to make 12 bills everyone agrees on. Because of this, there can be up to 24 different appropriations bills at the same time (12 in the Senate + 12 in the House = 24). That's a lot!

It is normal if this sounds confusing and complicated. It is confusing and complicated even for people who have been in Congress for a long time.

5. Congress sends their final appropriations bills to the President. The President can say “yes” or “no” to the bills.

If the President says yes, the budget process is finished. If the President says “no,” the Congress needs to start over. When the President says “no” to a bill, it is called a **veto**. The president can only veto at the end of the budget process.

The budget process is supposed to finish by September 30 because of the **fiscal year**. Remember, a fiscal year starts and stops at different times than a regular year. A normal year starts in January and ends in December. The federal government’s fiscal year starts in October and ends in September.