“No money shall be drawn from the Treasury but in Consequence of Appropriations made by Law...”
– US Constitution, Article 1, Section 9

Understanding Appropriations

Dale Oak
Oak Federal Solutions, LLC
February 21, 2019
“Budget Nerd 101”

→ The Basics
→ Appropriations Process
Terms to Know

Appropriation – Congress provides spending authority to an agency to run a program

Authorization – Congress sets up a program and governs policy

"$10,000,000 is authorized to be appropriated…"
Terms to Know

Budget authority – The authority provided in law for federal agencies to pay employees, purchase goods, enter into contracts, make grants, etc.

Outlays – Payments made by the government to liquidate obligations incurred by federal agencies as a result of budget authority Congress provides.
Terms to Know

Bill language – Includes program funding levels and direction that becomes law

Report language – Describes how funding should be used or brings attention to an issue
Terms to Know

Discretionary spending – Funding in annual appropriations acts. Money only available if yearly appropriations are enacted.

Mandatory spending – Funding provided by laws other than appropriations acts; permanent law spending including Medicare, Social Security, and Medicaid.

• Money available without annual congressional action.
Discretionary Spending: Funding the Basic Functions of Government

- Health programs
- Space exploration and research
- Bureau of the Census
- Transportation infrastructure
- Education
- Federal law enforcement
- National defense

Appropriations Committee controls discretionary spending
Discretionary Budget is Getting Squeezed

FY 1962 Budget Outlays
$106.8 billion

FY 2018 Budget Outlays
$4.2 trillion

Interest on the debt
$6.9B
$322B

Mandatory
$27.9B
$2.6T

Discretionary
$72.1B
$1.3T

Source: OMB Historical Tables

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FY 2018-FY 2020 Discretionary Caps
FY 2020: $71B Defense cut; $54B Nondefense cut

Budget Authority in billions of dollars

FY 2017: $551
FY 2018: $629
FY 2019: $647
FY 2020: $576

Defence: $519, $579, $597, $576
Nondefence: $-71B, $-54B

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The Appropriations Process
Budget Process Timeline

Congressional Budget Act Timeline

First Monday in February
President’s budget submitted to Congress

APR 15
Congress completes budget resolution

JUN 30
House completes appropriations bills

OCT 1
Fiscal year begins

FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN

FEB-MAY
Appropriations Committees hold budget hearings; prepare for markups

APR-MAY
Budget Res. considered

APR-JUN
Appropriations Committees mark up bills

MAY-SEP
Appropriations bills on House and Senate floor

OCT 1
Continuing resolution required in most years

NOV-JAN
OMB and agencies finish preparations for next year’s budget

OCT-???
Completion of annual appropriations bills

Real-World Timeline

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Steps in the Appropriations Process

Enactment

Adopt conference report
House-Senate conference
Floor consideration
Rules Committee (House)
Full Committee markup
Subcommittee markup
302(a) & 302(b) caps
Request database
Hearings
President’s budget
President’s Budget Request

- Budgets in Brief (BIBs)
- Congressional Budget Justifications (CBJs)
  - Detailed information - thousands of pages
- Find online at agency budget office websites
Congressional Budget Resolution

• Sets overall **302(a) budget allocation** for the Appropriations Committee:
  
  $1.3$ trillion in FY 2019

• 302(a) used for congressional enforcement of discretionary spending

• A budget resolution is not always necessary!
  
  ➢ (Unless Leadership wants a budget reconciliation bill)
  
  ➢ Bipartisan Budget Act of 2018 set 302(a) for FY18/19
302(b) Budget Allocations

The Appropriations Committee divides up $1.3 trillion

302(b) allocations - Each subcommittee gets a piece of the total

12 Subcommittees:
- Agriculture
- Commerce, Justice, Science
- Defense
- Energy and Water
- Financial Services
- Homeland Security
- Interior and Environment
- Labor, HHS, Education
- Legislative
- Military Construction-VA
- State/Foreign Operations
- Transportation/HUD

FY19 Labor-HHS-Ed 302(b):
- House reported bill: $179.0B
- Senate reported bill: $181.2B
- Final bill: $180.0B

Source: CBO
Appropriations Subcommittee Markup

• Usually no amendments are offered
• Very quick (less than 30 minutes)
Appropriations Full Committee Markup

- Many amendments may be offered
- No limitations on what amendments may be offered
- Most votes are party-line
- Markups may last for hours
House Rules Committee

• Receives testimony on bills and possible amendments
• Sets the terms for consideration of Appropriations bills in the House
• Three basic types of special rules:
  • Open rules
  • Structured rules
  • Closed rules
Floor Consideration

- Appropriations bills used to be considered in the House under open rules (any amendment could be offered)
- Recently, bills brought up under structured rules
Floor Amendments
Opportunities to change the bill

Member offices should work with:
• Legislative Counsel
• Parliamentarian
• Congressional Budget Office
• Appropriations Subcommittee
• Rules Committee
• If a structured rule, meet the Rules Committee deadline
Potential Problems with Amendments

“Points of Order”

- Legislating on appropriations
- Increase $ for unauthorized program
- Budget Act violation (exceeds 302(b))
- Transfer amendment increases either budget authority or outlays

- Structured rule – amendment will not be made in order by Rules Committee if subject to a Point of Order
- Open rule – amendment may be ruled out of order on the floor
U.S. Senate

• Similar process in Subcom. and Committee
• Bills don’t go through Rules Committee
• **60 votes** needed to overturn a budget point of order
House-Senate Conference

• Differences reconciled – final bill presented to House and Senate
  • Trade-offs on 100’s of open items
• No floor amendments
• Up or down vote, then on to the President
• Final bills are often omnibus bills (multiple appropriations bills rolled into one)
SHOW ME THE OMNI
Where does FY 2020 Appropriations Process Stand?

- President’s Budget Request
  - Release set for week of March 11
  - Details (Budget Appendix, Congressional Budget Justifications): week of March 18

- House and Senate Markups
  - House markups to begin right after Easter recess? (No schedule set yet)

- Need a budget deal for FY 2020 and FY 2021
  - Also: debt ceiling reinstated on March 1 (likely late summer before action on debt ceiling is necessary)