An Introduction: The Federal Budget Process

The Hot Topic: Federal Budget!

Special education and early intervention policy has a number of areas that are all important, but one of the most highlighted topics that continues to be discussed throughout congressional sessions focuses around the FEDERAL BUDGET. What is the exact process of sorting out a federal budget? In this edition, we will go over a brief introduction to a legislative process that is one of the most highlighted.

The Budget Process in Three Steps:
1. The President's annual budget request is the start of the process;
2. The congressional budget resolution continues the budget process via the House and Senate Budget Committees draft and development of a budget resolution;
3. Legislation is enacted to enforce the budget including adoption of the budget resolution, consideration of annual appropriation bills, and reconciliation.

Step One: The President's Budget Request

The process starts when the President submits a detailed budget request for the coming fiscal year, which begins on October 1. It serves three primary purposes. First, it informs Congress of the President's recommends for overall federal fiscal policy. Second, the President's budget lays out relative priorities for federal programs and how much should be allocated within each budget “function” e.g. housing, health, education, etc. The third role of the President's budget is signaling to Congress the President's recommendations for spending and possible tax policy changes.
Step Two: The Congressional Budget Resolution

Next, Congress generally holds hearings to question Administration officials about their requests and then develops its own budget plan, called a "budget resolution." This work is done by the House and Senate Budget Committees, whose primary function is to draft and enforce the budget resolution. Once the Budget Committees pass their budget resolutions, the bills go to the House and Senate floors, where they can be amended (by a majority vote). A House-Senate conference then resolves any differences, and the budget resolution for the year is adopted when both houses pass the conference agreement. Congress is supposed to pass the budget resolution by April 15, but it often takes longer. In recent years it has been common for Congress not to pass a budget resolution at all. When that happens, the previous year's resolution, which is a multi-year plan, stays in effect.

Step Three: Enacting Budget Legislation

Enacting and enforcing budget legislation is the last step. A special mechanism known as “reconciliation” exists to expedite the consideration of mandatory spending and tax legislation. The reconciliation directive instructs committees to produce legislation by a specific date that meets certain spending or tax targets.

The main mechanism that prevents Congress from passing legislation that violates the terms of the budget resolution is the ability of a single member of the House or the Senate to raise a budget "point of order" on the floor to block such legislation. A point of order has not been particularly important in the House as it can be waived by a simple majority vote. However, the budget point of order is important in the Senate, where any legislation that exceeds a committee's spending allocation - or cuts taxes below the level allowed in the budget resolution - is vulnerable to a budget point of order on the floor that requires 60 votes to waive.

After the House and Senate resolve the differences between their competing bills, a final conference report is considered on the floor of each house and then goes to the President for signature or veto. If Congress does not complete action on an appropriations bill before the start of the fiscal year on October 1, it must pass, and the President must sign, a continuing resolution (CR) to provide stopgap funding for affected agencies and discretionary programs.

Resources: