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Federal Budget Tip Sheet: The Federal Budget Process

Key Fact: The federal budget process is meant to be a participatory process carried out by Congress that reflects the priorities of the American people. The vision of democracy is that the federal budget reflects the values of the majority of Americans. Here's a look at the five key steps in the federal budget process as it's supposed to go:

Step 1 - The President Submits a Budget Request: The president is required by federal law to submit a budget request in the first week of February every year, for the coming fiscal year, which begins Oct. 1. The president's budget is important because it reflects input from all federal agencies about which programs are important and deserve sustained or expanded funding as well as those programs that can be trimmed or eliminated. The budget also reflects the president's priorities for the coming year and beyond.

Step 2 - The House and Senate Pass Budget Resolutions: Once the president has submitted his budget request, the House Committee on the Budget and the Senate Committee on the Budget each writes a budget resolution. A budget resolution sets overall annual spending limits for federal agencies. After both the House and Senate pass their resolutions, they iron out differences between the two versions.

Step 3 - House and Senate Subcommittees "Markup" Appropriations Bills: The Appropriations Committees in both the House and Senate are responsible for determining the precise funding levels for all discretionary programs. Each committee is broken into 12 smaller Appropriations subcommittees, and each subcommittee writes an appropriations bill for the programs under its jurisdiction. Once the bill has passed the subcommittee, it goes to the full Appropriations Committee. After the full committee reviews it, each of the bills goes to the full House or Senate for consideration.

Step 4 - The House and Senate Vote on Appropriations Bills and Reconcile Differences: The full House and Senate then debate and vote on the appropriations bills from each of the 12 subcommittees. After both the House and Senate pass their versions of the bills, a conference committee meets to resolve differences between the House and Senate versions. After the conference committee produces a reconciled version of the bill, the House and Senate vote on the bill again, but this time on a bill that is identical in both chambers. After passing both the House and the Senate, each appropriations bill goes to the president's desk for signature.

Step 5 - The President Signs Each Appropriations Bill and the Budget Becomes Law: The president must sign each of the appropriations bills after it has passed Congress in order for the bill to become law. Once all 12 bills are signed, the budget process is complete.

And It's Even More Complicated: In practice, the budget process is even messier than it sounds. In recent years the president has submitted his budget late, and we have relied on continuing resolutions, which provides agencies with temporary funding until new appropriations bills become law. This is not how the process should work, but knowing that is the first step in holding our lawmakers accountable for their actions. For more recent history in the federal budget process, see bit.ly/budghistory.

More About the Federal Budget Process: bit.ly/NPPbudgetprocess