“Understanding How Legislators Make Policy and Budget Decisions”
A Federal Appropriations Primer
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“BIG PICTURE”

The Appropriations Process
“BIG PICTURE”
The Power of the Purse

“No money shall be drawn from the Treasury but in Consequence of Appropriations made by Law…”

– US Constitution, Article 1, Section 9
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 flows if yearly appropriations are in place.

**Mandatory spending** – Funding provided by laws other than appropriations acts; consists primarily of entitlement spending for Medicare, Social Security, and Medicaid. Money flows without annual congressional action.
Discretionary Spending: Funding the Basic Functions of Government

• Census, BLS, and other statistical agencies
• Space exploration and research
• Health research
• 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
- Interest on the debt: $6.9B
- Mandatory: $27.9B
- Discretionary: $72.1B

FY 2017 Budget Outlays
$4 trillion
- Interest on the debt: $263B
- Mandatory: $2.5T
- Discretionary: $1.2T

Source: OMB Historical Tables
## FY18-FY20 Discretionary Caps

* Bipartisan Budget Act of 2018 set new caps for FY18 & FY19
  (Budget Authority, in billions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Defense</td>
<td>$629B</td>
<td>$647B</td>
<td>$576B</td>
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<tr>
<td>Non-Defense</td>
<td>$579B</td>
<td>$597B</td>
<td>$542B</td>
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<tr>
<td>Total</td>
<td>$1,208B</td>
<td>$1,244B</td>
<td>$1,118B</td>
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*Breaching spending caps results in an automatic sequester to lower spending to the cap level.*
The Appropriations Process
Budget Process Timeline

Conessional Budget Act Timetable

First Monday in February
President’s budget submitted to Congress

FEB

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

DEC

JAN

APR 15
Congress completes budget resolution

JUN 30
House completes appropriations bills

OCT 1
Fiscal year begins

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

APR-JUN
Appropriations Committees mark up bills

JUN-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 Timetable
The Process and the Points of Impact

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

To have the most impact, engage early
302(a) Budget Allocation

• Sets overall discretionary spending:

$1.244 trillion in FY 2019

• Usually set in the congressional budget resolution

• Used for congressional enforcement of spending
302(b) Budget Allocations

The Appropriations Committee divides up $1.244 trillion

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

FY19 CJS 302(b):
Senate: $63B
House: $62.5B

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
Appropriations Committee
Oversight and Budget Hearings

FY19, House Appropriations:
- 74 budget and oversight hearings
- 272 witnesses testified

Advocates can work to raise issues at hearings
Subcommittee Markup

• Usually no amendments are offered
• Very quick (less than 30 minutes)
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
Floor Consideration

• Appropriations bills used to be considered in the House under “open rules” (any amendment could be offered)

• Now a much more structured process...
House Rules Committee

• Receives testimony on bills and possible amendments
• Sets the terms for consideration of Appropriations bills in the House
• “Structured rules” – only amendments permitted by the Rules Committee are in order on the floor
Potential Problems with Amendments

“Points of Order”

➢ Legislating on appropriations
➢ Unauthorized program
➢ Budget Act violation (exceeds 302(b))

An amendment will not be made in order by Rules Committee if subject to a Point of Order
U.S. Senate Floor

• 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
  • Most work done behind closed doors
  • No amendments (ideally)
• Last chance to influence a bill – until the next appropriations cycle
• Final bills are often omnibus bills (multiple appropriations bills rolled into one)
Questions?