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## Appropriations 101 July 8, 2020

### What are appropriations?

Appropriations are annual decisions made by Congress about how the federal government spends some of its money. In general, the appropriations process addresses the *discretionary* portion of the budget – spending ranging from national defense to food safety to education to federal employee salaries – but excludes mandatory spending, such as Medicare and Social Security, which is spent automatically according to formulas.

### How does Congress determine the total level of appropriations?

After the President submits the Administration's budget proposal to Congress, the House and Senate *Budget Committees* are each directed to report a budget resolution that, if passed by their respective houses, would then be reconciled in a budget conference (see [Q&A: Everything You Need to Know About a Budget Conference](#)).

The resulting budget resolution, which is a concurrent resolution and therefore not signed by the President, includes what is known as a *302(a) allocation* that sets a total amount of money for the *Appropriations Committees* to spend. For example, the conferenced budget between the House and Senate set the 302(a) limit for Fiscal Year (FY) 2016 at \$1.017 trillion.

In the absence of a budget resolution, each chamber may enact a deeming resolution that sets the 302(a) allocation for that chamber. Both the Bipartisan Budget Act of 2018 (BBA18) and the Bipartisan Budget Act of 2019 (BBA19) gave the Chairs of the Budget Committees authority to set the 302(a) allocation for the Appropriations Committees at the statutory discretionary spending cap levels set by those budget deals for four consecutive fiscal years, including for the upcoming fiscal year (FY 2021). Specifically, the BBA19 allowed for the Chairs of the Budget Committees to set the 302(a) allocations at [\\$1.298 trillion for FY 2021](#). Both the House and Senate Budget Committee Chairs filed 302(a) allocations at that level in early May.

Discretionary spending has been subject to statutory spending caps since 2013, though this upcoming year will be the last those caps will be in effect. The Budget Control Act of 2011 set discretionary caps through 2021, which have been modified by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018, and the Bipartisan Budget Act of 2019.



## How does Congress allocate appropriations?

Once they receive 302(a) allocations, the House and Senate Appropriations Committees set 302(b) allocations to divide total appropriations among the 12 subcommittees dealing with different parts of the budget. The subcommittees then decide how to distribute funds within their 302(b) allocations. The 302(b) allocations are voted on by the respective Appropriations Committees, but they are not subject to review or vote by the full House or Senate. The table below lists the FY 2020 regular (non-war, non-disaster) appropriations along with the House and Senate FY 2021 302(b) allocations. The table will be regularly updated as both the House and Senate Appropriations Committees release their 302(b) allocations.

Regular Appropriations (Budget Authority)			
Subcommittee	FY 2020 Appropriation	FY 2021 House Committee	FY 2021 Senate Committee
Agriculture	\$23.5 billion	\$24.0 billion	N/A
Commerce, Justice, Science	\$70.7 billion	\$71.5 billion	N/A
Defense	\$622.7 billion	\$626.2 billion	N/A
Energy and Water	\$48.3 billion	\$49.6 billion	N/A
Financial Services and General Government	\$23.8 billion	\$24.6 billion	N/A
Homeland Security	\$50.5 billion	\$50.7 billion	N/A
Interior and Environment	\$36.0 billion	\$36.8 billion	N/A
Labor, HHS, Education	\$183.0 billion	\$182.9 billion	N/A
Legislative Branch	\$5.0 billion	\$5.3 billion	N/A
Military Construction and VA	\$103.5 billion	\$102.6 billion	N/A
State, Foreign Operations	\$46.7 billion	\$47.9 billion	N/A
Transportation, HUD	\$74.3 billion	\$75.9 billion	N/A
<b>TOTAL</b>	<b>\$1.288 trillion</b>	<b>\$1.298 trillion</b>	<b>\$1.298 trillion</b>

Source: [CBO estimate of H.R. 1158](#), [CBO estimate of H.R. 1865](#), [House Appropriations Committee](#). The Senate Appropriations Committee has not yet approved 302(b) allocations.

This table excludes funding not subject to the spending caps, such as Overseas Contingency Operations (OCO) or disaster funding. The Bipartisan Budget Act of 2019 allowed for \$79.5 billion in OCO funding in FY 2020 and \$77 billion in FY 2021. In addition, the budget deal allowed for a \$2.5 billion cap adjustment for Census funding in FY 2020.

Each subcommittee must propose a bill that ultimately must pass both chambers of Congress and be signed by the President in order to take effect. Although the budget process calls for 12 individual bills, many of them are often combined into what is known as an *omnibus appropriations bill*, and sometimes a few are combined into what has been termed a *minibus appropriations bill*.



## How are appropriations levels enforced?

If any appropriations bill or amendment in either chamber exceeds the 302(b) allocation for that bill, causes total spending to exceed the 302(a) allocation, or causes total spending to exceed the statutory spending caps, any Member of Congress can raise a budget “point of order” against consideration of the bill. The House can waive the point of order by a simple majority as part of the bill’s rule for floor consideration, and the Senate can override it through a 60-vote majority. If, despite these points of order, Congress enacts legislation increasing spending beyond the defense or non-defense caps, then the President must issue a sequestration order to reduce discretionary spending across the board in the category in which the caps were exceeded, effective 15 days after Congress adjourns for the year. Importantly, certain types of discretionary spending – including OCO and designated emergencies – do not count against the statutory caps.

## What happens if funds are needed outside of the appropriations process?

After initial appropriations bills have been signed into law, Congress can pass a *supplemental appropriations bill* in situations that require additional funding immediately, rather than waiting until the following year’s appropriations process. Supplementals are often used for emergencies such as natural disasters or military actions. Occasionally, Congress has used supplemental appropriations to stimulate the economy or to provide more money for routine government functions after determining that the amount originally appropriated was insufficient. Supplemental appropriations bills are subject to the same internal and statutory spending limits as regular appropriations and require the same offsets to ensure they do not exceed spending limits unless designated as emergency spending.

## What role does the President play in the appropriations process?

Although the President has no power to set appropriations, he or she influences both the size and composition of appropriations by sending requests to Congress. Specifically, each year the President’s Office of Management and Budget (OMB) submits a [detailed budget proposal](#) to Congress based on requests from agencies. The appendix to the President’s budget submission contains much of the technical information and legislative language used by the Appropriations Committees. In addition, the President must sign or veto each of the appropriations bills, giving him or her additional influence over what the bills look like.

## What is the timeline for appropriations?

The 1974 Budget Act calls for the President to submit his or her budget request by the first Monday in February and for Congress to agree to a concurrent budget resolution by April 15. The House may begin consideration of appropriations bills on May 15 even if a budget resolution has not been adopted, and it is supposed to complete action on appropriations bills by June 30. (The process is generally designed for the House to take the lead on appropriations and the Senate to follow.) However, none of these deadlines are enforceable, and they are regularly missed. The



practical deadline for passage of appropriations is October 1, when the next fiscal year begins and the previous appropriation bills expire. For a full timeline of the budget process, read more [here](#).

## What happens if appropriations bills do not pass by October 1?

If appropriations bills are not enacted before the fiscal year begins on October 1, federal funding will lapse, resulting in a *government shutdown*. To avoid a shutdown, Congress may pass a *continuing resolution (CR)*, which extends funding and provides additional time for completion of the appropriations process. If Congress has passed some, but not all, of the 12 appropriations bills, a *partial government shutdown* can occur.

## What is a continuing resolution?

A continuing resolution, often referred to as a CR, is a temporary bill that continues funding for all programs based on a fixed formula, usually at or based on the prior year's funding levels. Congress can pass a CR for all or just some of the appropriations bills. CRs can increase or decrease funding and can include "anomalies," which adjust spending in certain accounts to avoid technical or administrative problems caused by continuing funding at current levels, or for other reasons.

## What happens during a government shutdown?

A shutdown represents a lapse in available funding, and during a shutdown the government stops most non-essential activities related to the discretionary budget. To learn more, see [Q&A: Everything You Should Know About Government Shutdowns](#).

## Do agencies have any discretion in how they use funds from appropriators?

Executive branch agencies must spend funds provided by Congress in the manner directed by Congress in the text of the appropriations bills. Appropriations bills often contain accompanying report language with additional directions, which are not legally binding but are generally followed by agencies. In some instances, Congress will provide for very narrow authority or use funding limitation clauses to tell agencies what they cannot spend the money on. That said, Congress often provides broad authority, which gives agencies more control in allocating spending. Agencies also have some authority to reprogram funds between accounts after notifying (and in some cases getting approval from) the Appropriations Committees.



## What is the difference between appropriations and authorizations?

*Authorization* bills create, extend, or make changes to statutes and specific programs and specify the amount of money that appropriators may spend on a specific program (some authorizations are open-ended). *Appropriations* bills then provide the discretionary funding available to agencies and programs that have already been authorized. For example, an authorization measure may create a food inspection program and set a funding limit for the next five years; however, that program is not funded by Congress until an appropriations measure is signed into law. The authorization bill designs the rules and sets out the details for the program, while the appropriations bill provides the actual resources to execute the program. In the case of mandatory spending, an authorization bill both authorizes and appropriates funding for a specific program without requiring a subsequent appropriations law.

## Where are the House and Senate in the current appropriations process?

In March, Congress began appropriations work for FY 2021 and the House is beginning to mark up individual appropriations bills. Discretionary spending levels are subject to caps that were modified by the [Bipartisan Budget Act of 2019](#), a two-year agreement which also increased caps for FY 2020 that would have otherwise been reduced under sequestration (see [Understanding the Sequester](#)).

Although Congress is supposed to [complete a budget resolution to lay out fiscal principles](#) and set an appropriations level, [lawmakers have not adopted one](#). The legislative response to the [COVID-19 pandemic](#) consumed much of the floor time in the spring, which delayed appropriations action. Lawmakers have used a [procedure known as "deeming,"](#) allowing the Appropriations Committees to begin their work assuming adherence to spending caps that were enacted under the [Bipartisan Budget Act of 2019](#), which set discretionary spending caps at \$1.288 trillion for FY 2020 and \$1.298 trillion for FY 2021.

The Bipartisan Budget Act of 2019, - which [increased caps by \\$153 billion](#) for FY 2021 from the level they would have otherwise fallen to under sequestration – has effectively superseded a budget resolution for the coming fiscal year. For FY 2021, the BBA19 set defense spending caps at \$671.5 billion and non-defense discretionary spending caps at \$626.5 billion.

House Budget Committee Chairman John Yarmuth (D-KY) formally submitted [top-line 302\(a\) allocations to the House Appropriations Committee on May 1](#), and Senate Budget Committee Chairman Mike Enzi (R-WY) [filed a deemed budget resolution on May 4](#) with discretionary appropriations levels identical to the House. Spending totals for each of the 12 appropriations bills, or 302(b) allocations, are expected to soon be formally adopted by the House Appropriations Committees, but consideration by the Senate Appropriations Committee has not yet been scheduled.



The House Appropriations Committee began markups of appropriations bills in early July, with floor debate expected to follow later in the month. The Senate Appropriations Committee was expected to begin markups in late June, although [action has now been delayed](#), reportedly due to disagreements over the process for amendments that may attempt to address additional COVID-19 aid and racial injustice and policing — targets of recent nationwide protests../

For a detailed explanation of how the chambers can move forward with appropriations without passing a budget resolution, see our blog [House and Senate Move Forward on Appropriations](#). To follow the progress of appropriations throughout the process, see our [Appropriations Watch: FY 2021](#).