

KEY QUESTIONS

the big six

6



What are important decision-making opportunities in the United States' annual budget process?

ODA levels and main funding lines can be influenced at various times during the budget process

The US fiscal year runs from October 1 to September 30. The budget process begins 12 to 14 months (or more) prior to the start of the fiscal year. The majority of federal spending consists of ‘mandatory spending’ and ‘discretionary spending’ (see box); foreign assistance falls under discretionary spending. The budget process for discretionary spending can be categorized into three separate phases:

1. development of the president’s budget request,
2. congressional budgeting, and
3. congressional appropriations.

Phase 1: Development of the president’s budget request (May - February)

Government departments and agencies begin developing budgets in May and submit funding requests in September/October: From May to September, departments and agencies develop their budgets and set broad parameters for spending on specific programs. The US Agency for International Development (USAID) and the State Department, for example, negotiate major funding levels and policy decisions for each budget line and then share the proposal with the White House’s Office of Management and Budget (OMB). From September to November, OMB negotiates funding levels with the heads of government departments and agencies. Engagement with OMB from August to September is important. At this time, it can receive external input to inform its engagement and negotiation with departments and agencies.

Under normal circumstances negotiations can take between two and four weeks before the OMB officially passes back the budget request for agency review. In recent years, this stage has taken months rather than weeks, delaying the release of the budget request.

OMB works to finalize budget request in late fall and president submits it in February: In November/December, the OMB finalizes the budget request before the president signs off in late December/early January. Traditionally, the president submits his budget request to Congress the first Monday in February. This date is often delayed, particularly when a new administration takes office.

Types of spending in US federal budget

- **Mandatory spending** – refers to programs such as Social Security and other social programs, for which legislation defines criteria for participation, and the government allocates funds for all who are eligible regardless of annual costs to the Treasury.
- **Discretionary spending** – refers to the share of the budget that Congress decides annually in an appropriations process. This is further divided into defense and non-defense discretionary spending (including foreign and development assistance).

Phase 2: Congressional budgeting (February - April) Congress sets spending limits for main budget areas:

Once the president’s budget request is submitted to Congress, the Congressional Budget Office (CBO) evaluates the request. Then, the House and Senate each develop, debate, and (in theory) pass a joint congressional budget resolution before April 15. The resolution sets the overall level of discretionary funding for the next fiscal year. This ceiling (called a “budget cap”) is sent to the House and Senate Appropriations Committees. Unlike the president’s budget request, which is a detailed proposal – the budget resolution is a short, high level document. It is not a bill that is signed into law, but instead provides the binding budget cap that appropriators use in allocating discretionary spending. The president’s budget request is a key opportunity for advocates to engage in discussion on the foreign affairs budget with key stakeholders including with Congress, government agencies and departments, and the White House, through meetings, letters, and media outreach.

Phase 3: Congressional appropriations (April - September)

Congress considers appropriations bills that allocate funding to government functions, including foreign assistance, from April 15 to September: After the final budget resolution is agreed to, or after April 15 (whichever comes first), Congress must draft, debate, and pass 12 different appropriations bills, which correspond to different government functions. This includes the appropriations bill for State-Foreign Operations (SFOPs),

which funds most development programs (see Question 4: ‘How is the US’ ODA budget structured?’). During the spring, each of the relevant committees and subcommittees holds several hearings on the president’s budget request to debate, amend, and rewrite (‘mark-up’) the appropriations bills. Prior to this phase, there are a number of advocacy opportunities, including meetings on Capitol Hill, letters to Appropriations Committee chairs, events, and participation in hearings.

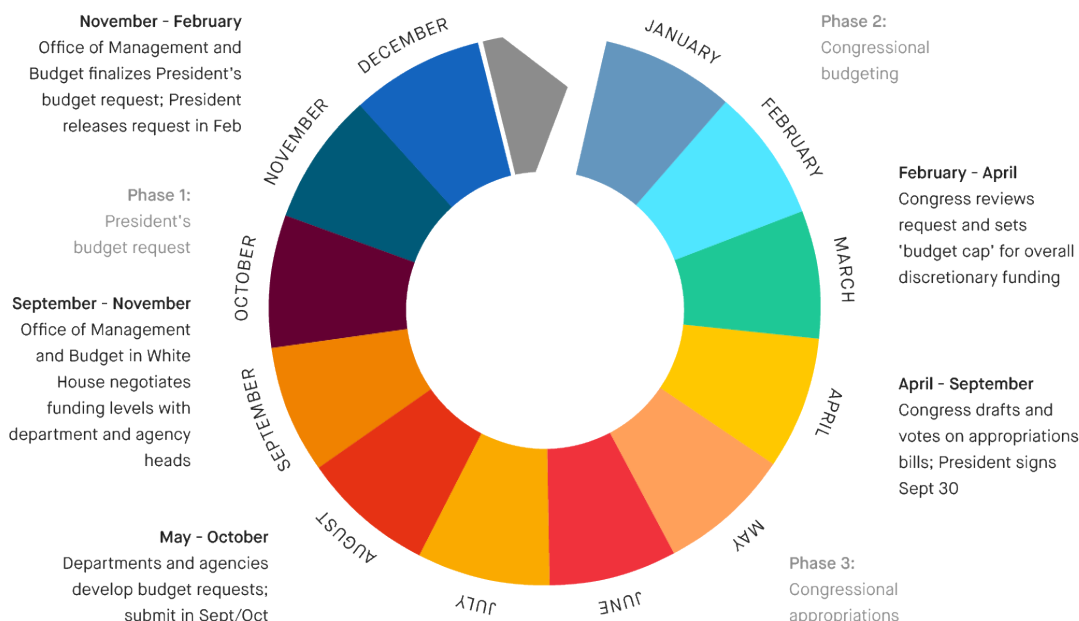
House and Senate negotiate final budget; president signs: Once an appropriations bill has passed the House and Senate, a conference committee is formed with representatives from the Appropriations Committees to negotiate the differences between the House and Senate-passed bills. If the House and Senate cannot find an agreement by the end of September, Congress needs to enact an emergency short-term measure – usually a ‘continuing resolution’ – to provide temporary funding to ensure the government continues to operate while the appropriations bills are finalized. Any spending bills are then sent to the president for approval or for veto; vetoes are rare and require an override from two-thirds of both chambers of Congress.

Examples of appropriations bills

An **appropriations bill** is legislation that allocates funding to federal departments, agencies, and programs in the US government. Appropriations bills are passed by the House Committee on Appropriations and the Senate Committee on Appropriations. Bills must originate in the House of Representatives and be passed by both chambers of Congress before being signed by the president. The main types are:

- **Regular appropriations bills:** 12 bills covering funding for the government for one fiscal year (October 1-September 30).
- **Omnibus bill:** A single appropriations bill that combines any number of individual appropriations bills on diverse subjects into one large bill. Because of their size and scope, omnibus bills limit opportunities for debate and scrutiny. SFOPs is often part of such an omnibus funding measure.
- **Continuing resolution (CR):** If Congress has not passed a regular appropriations bill in time, it can pass a CR, which generally continues pre-existing funding levels set during the previous year’s budget.
- **Supplemental appropriations:** These add additional funding beyond what was originally appropriated at the beginning of the year; often used for things like disaster relief.

THE US' ANNUAL BUDGET PROCESS



Further readings

- 1Congressional Research Service, State, Foreign Operations Appropriations: A Guide to Component Accounts (2017). <<https://fas.org/sgp/crs/row/R40482.pdf>
- Congressional Research Service, Foreign Aid: An Introduction to US Programs and Policy (2016), <https://fas.org/sgp/crs/row/R40213.pdf>
- Senate, State, Foreign Operations, and Related Programs Appropriations Bill, 2019, <https://www.congress.gov/115/crpt/srpt282/CRPT-115srpt282.pdf>
- US Global Leadership Coalition, Budget Center, <http://www.usglc.org/budget-center/>
- Organisation for Economic Co-operation and Development (OECD), OECD Development Cooperation Peer Reviews, United States, 2016, http://www.keepeek.com/Digital-Asset-Management/oecd/development/oecd-development-co-operation-peer-reviews-united-states-2016_9789264266971-en#.WZHaAVFJbcs
- US Department of State and US Agency for International Development (USAID), Joint Strategic Plan FY2018-2022 (February 2018), <https://www.state.gov/documents/organization/277156.pdf>
- US Global Leadership Coalition, Analysis of the Administration's FY20 International Affairs Budget Request (2019), <https://www.usglc.org/media/2019/03/USGLC-FY20-Budget-Analysis.pdf>
- Congressional Research Service, The Congressional Appropriations Process: An Introduction (2016), <https://www.senate.gov/CRS-pubs/8013e37d-4a09-46f0-b1e2-c14915d498a6.pdf>