

# An ePamphlet on Understanding The Federal Budget Process

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Midwest Almanac Publishing



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## I. Preface

Public opinion polls show that Americans want big federal programs, but a smaller federal budget. They favor reductions in total federal spending but oppose reductions in particular programs. Development of the federal budget takes up a significant part of Congressional duties. Politicians on both sides of the aisle wield budget issues like a sword to recklessly bloody each other in the arena of public opinion. The public needs facts about how the budget process works so that they can honestly judge the value of the choices Congress makes to achieve a balanced national budget. How does Congress go about giving the public the most bang for its tax dollars?

## II. A Summary of the Budget Process for Discretionary Spending

We've provided a brief summary of the steps in creating the federal budget for discretionary spending. The budget process starts with the President's budget submission to Congress:

February – **President Submits His Budget to Congress**

February/March – **Senate and House Budget Committees Create a Budget Resolution that sets Spending Limits for Federal Agencies**

February/March – **Full Appropriation Committee Reviews the Allocations in the Budget Resolution in House and Senate**

February/April – **Appropriations Subcommittee Hearings Held**

May/July – **Section 302(b) Allocations Made by the Appropriations Committees**

May/July – **Subcommittee Markup**

May/July – **Full Appropriations Committee Reports the Bill**

May/July – **House Floor Action**

July/August – **Senate Floor Action**

September/October – **Conferences and Final Passage**

## III. Definitions

Since the federal budget process is complex, we recommend that readers review the definitions below before moving on to the more detailed explanations of each stage of the process.

According to the President's budget proposal for fiscal year 2013, spending for the largest mandatory programs are estimated to be as follows:

- Social Security - \$820 billion
- Medicare - \$528 billion

- Medicaid - \$283 billion
- TARP - \$12 billion
- All other mandatory programs totaled \$654 billion. These programs include Food Stamps, Unemployment Compensation, Child Nutrition and Tax Credits, Supplemental Security for the Disabled and Student Loans.

Table 1. List of Mandatory Programs

Social Security

Medicare

Medicaid

Income Security

- SNAP (Supplemental Nutrition Assistance Program)
- Unemployment Compensation
- Supplemental Security Income
- Earned Income and Child Tax Credits
- Family Supporting
- Child Nutrition
- Foster Care
- Making Work Pay and Other Tax Credits

Civilian and Military Retirement

- Federal Civilian
- Military
- Other

Other Programs

- Fannie Mae and Freddie Mac
- TARP (Troubled Asset Relief Program)
- Agriculture
- MERHCF (Medicare-Eligible Retirees Health Care Fund)
- Higher Education
- Universal Service Fund
- CHIP (Children's Health Insurance Program)
- Social Services
- Deposit Insurance
- Other

Table 4. Mandatory and Discretionary Spending As a Percentage of the Total Budget

Social Security - 1%

National Defense - 21%

Medicare - 13%

Interest on the Debt - 8%  
Medicaid & Children's Health Insurance Program - 7%  
Other Income Security - 6%  
Retirement & Disability - 4%  
Transportation - 3%  
Other Healthv - 2%  
Education, Training & Employment - 2%  
Food, Nutrition Assistance - 2%  
Administration of Justice - 2%  
Unemployment Assistance - 2%  
Housing Assistance - 1%  
National Resources & Environment - 1%  
International Affairs - 1%  
Space, Science & Technology - 0.9%  
Commerce & Housing Credit - 0.9%  
Community & Regional Development - 0.8%  
General Government - 0.7%  
Higher Education - 0.6%  
Agriculture - 0.6%