COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

Appropriations 101

June 6, 2024

What are appropriations?

Appropriations are decisions made by Congress about how to allocate a portion of federal spending. In general, the appropriations process addresses the ***discretionary*** portion of the federal 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 chambers, would then be reconciled in a budget conference (to learn more, 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 Fiscal Year (FY) 2016 budget between the House and Senate set the 302(a) limit for that year 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. Leaders of the House and Senate Budget Committees may propose deeming resolutions at whatever level they find necessary to fund discretionary priorities and to officially set 302(a) allocations for the fiscal year. Both the House and Senate top-line discretionary numbers for FY 2025 adhere to the $1.606 trillion level included in the Fiscal Responsibility Act (FRA). The House has approved interim 302(b) allocations and may forgo a formal process for setting 302(a) allocations. The Senate formally filed its 302(a) allocations at the $1.606 trillion level in May, with $895 billion for defense and $711 billion for nondefense, using deeming authority included within the FRA.

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The appropriations process for the current fiscal year, FY 2024, was completed in March 2024. While the House passed a FY 2023 deeming resolution by a simple majority vote, neither a deeming resolution nor 302(a)s were ever filed for FY 2024. The House Appropriations Committee, however, approved 302(b)s in June 2023 and approved 10 of its 12 bills in June and July last year. The full House passed one appropriations bill over the summer and six more in the fall, three of which passed after the beginning of the new fiscal year.

For the current fiscal year, the Senate filed 302(a) allocations in June 2023 in accordance with the FRA. The Senate Appropriations Committee approved 302(b)s in June 2023 and approved all 12 of its bills in June and July last year. The full Senate did not pass any bills before the new fiscal year, but it passed a three-bill minibus in November 2023 after the new fiscal year started. Lawmakers ultimately agreed to a laddered appropriations package with the enactment of two so-called "minibus" bills in March 2024 that provided $1.590 trillion in base discretionary spending, a decrease of about 1 percent from the comparable FY 2023 level.

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 2024 regular (non-emergency) appropriations along with the House and Senate FY 2025 302(b) allocations. The table will be updated as both the House and Senate Appropriations Committees release their 302(b) allocations for FY 2025.

Fig. 1: Budget Authority Allocations by Appropriations Subcommittee (billions)

Subcommittee	FY 2024 Appropriation	FY 2025 President's Budget	FY 2025 House Committee	FY 2025 Senate Committee
Agriculture	$26.2 billion	N/A	$25.9 billion	N/A
Commerce, Justice, Science	$66.5 billion	N/A	$78.3 billion	N/A
Defense	$824.5 billion	N/A	$833.1 billion	N/A
Energy and Water	$58.2 billion	N/A	$59.2 billion	N/A
Financial Services and General Government	$13.7 billion	N/A	$23.6 billion	N/A
Homeland Security	$61.8 billion	N/A	$64.8 billion	N/A
Interior and Environment	$38.6 billion	N/A	$37.7 billion	N/A
Labor, HHS, Education	$194.4 billion	N/A	$186.6 billion	N/A

Legislative Branch	$6.8 billion	N/A	$7.1 billion ($5.5 billion in House-only spending proposed)	N/A
Military Construction and VA	$153.9 billion	N/A	$147.5 billion	N/A
State, Foreign Operations	$55.8 billion	N/A	$51.7 billion	N/A
Transportation, HUD	$89.5 billion	N/A	$90.4 billion	N/A
Nondefense Shifted Base Funding	*N/A*	*-$23.2 billion**	*N/A*	*N/A*
Total Base Funding	**$1.590 trillion**	**$1.606 trillion***	**$1.606 trillion^**	**$1.606 trillion^**

Sources: House Appropriations Committee, Senate Appropriations Committee, CBO estimate for FY 2024 Consolidated Appropriations Act, CBO estimate for FY 2024 Further Consolidated Appropriations Act, Office of Management and Budget.

*The President's FY 2025 budget includes certain amounts designated as emergency requirements that are for base activities, described as nondefense "shifted base."

^The House and Senate totals are expected to adhere to the cap as enacted in the Fiscal Responsibility Act.

Each subcommittee proposes a bill that ultimately must pass both chambers of Congress and be signed by the President to take effect. Although the budget process calls for 12 individual bills, all 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 discretionary spending to exceed any statutory spending cap in place (if applicable), 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. Statutory spending caps come with even stricter rules and can result in consequences aimed at correcting violations, such as across-the-board cuts to put spending in line with the overall caps or other mechanisms to ensure fiscal responsibility. For FY 2024 and FY 2025, the caps enacted under the Fiscal Responsibility Act will be enforced through sequestration.

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 Presidents have no power to set appropriations, they influence 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, presidents must sign or veto each of the appropriations bills, giving them additional influence over what the bills look like.

What is the timeline for appropriations?

The 1974 Budget Act calls for the Administration to submit its 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. Action on appropriations bills is supposed to be completed 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 when the next fiscal year begins on October 1. 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 fiscal 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. The Fiscal Responsibility Act includes a penalty for the use of a CR in FY 2025, reducing both the defense and nondefense caps by 1 percent if appropriations bills are not enacted by January 1, 2025, which would take effect by April 30, 2025. (A similar penalty and timeline also applied for FY 2024.)

What happens during a government shutdown?

A shutdown represents a lapse in available funding. During a shutdown the government stops most non-essential activities related to the discretionary portion of the 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?

Congress began appropriations work for FY 2025 in April, and the House began scheduling markups for individual appropriations bills in May. In March, the Biden Administration released its full FY 2025 budget with a base discretionary funding request of $1.629 trillion, 1.7 percent more than the comparable FY 2024 level.

As it did for FY 2024, the Fiscal Responsibility Act is designed to shape appropriations work for FY 2025, capping defense spending at $895 billion and nondefense spending at $711 billion, for a total of $1.606 trillion. (The House may deviate from FRA "side deals," resulting in a lower effective level for nondefense spending outside of the $711 billion cap.) There is also a penalty for failure to enact regular appropriations by January 2025 in the form of 1 percent reductions to the defense and nondefense caps (to take effect by April 30, 2025), which is intended to aid the budget process and deter excessive reliance on CRs.

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 Fiscal Responsibility Act includes instructions for the House Budget Committee chair to formally submit discretionary spending limits for purposes of section 302 budget enforcement in lieu of a true budget resolution.

Once a 302(a) allocation is adopted through a budget resolution or through a deeming resolution, spending totals for each of the 12 appropriations bills, or 302(b) allocations, must be formally adopted by the House and Senate Appropriations Committees. The House approved interim 302(b) allocations in late May and began passing bills in June. As in previous years, the House is expected to take the lead on marking up and passing appropriations bills over the summer. Last year, the Senate marked up its FY 2024 appropriations bills in June and July but didn't pass any until after the start of the new fiscal year.

To follow the progress of appropriations throughout this process, see our Appropriations Watch: FY 2025.

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