

Federal Budget Fact Sheet

Overview

The federal budget sets our nation's priorities. Though millions of Americans rely on government programs for nutritional assistance, health care, and education, women and their families are at higher risk of poverty, and therefore disproportionately rely on federal programs to protect their health, obtain quality child care and higher education, and meet basic needs as they age. The National Council of Jewish Women (NCJW) believes that a federal budget should protect low-income and vulnerable individuals, promote job creation and strengthen the economy, increase revenues from fair sources, and seek responsible savings by reducing waste in the Pentagon and elsewhere.

Background

Each year, the president submits a detailed federal budget request to Congress on the first Monday in February. In it, the president lays out the Administration's priorities for federal discretionary programs, the changes to mandatory program spending or tax policy, and any new investment recommendations. Around this time, the House of Representatives and Senate each introduce a budget resolution. Congress must iron out the differences between the president's budget request and the two budget bills, and adopt a budget resolution by April 15. If a budget resolution is not passed, Congress can pass a continuing resolution (CR) that permits agencies to continue to operate at current fiscal year (FY) funding levels. The federal fiscal year begins on October 1. The budget process determines how much money Congress will spend each year.

Process

- **Budget**

The federal budget process occurs in two stages: authorizations, which direct how federal funds should (or should not) be used, and appropriations which set overall spending limits by agency or program. Appropriation and authorization provisions are typically made for single fiscal years.

- **Appropriations**

The annual appropriations cycle is initiated with the president's budget submission. This is followed by congressional consideration of a budget resolution that, in part, sets spending ceilings for the upcoming fiscal year. Committee and floor consideration of the annual 12 appropriations bills occurs during the spring and summer months and may continue through the fall and winter until annual appropriations are enacted. In general, the appropriations process addresses the discretionary portion of the budget — national

defense, homeland security, and education — but excludes mandatory spending, such as Medicare and Social Security.

Sequestration

[The Budget Control Act of 2011 \(BCA\)](#), enacted in August 2011 and implemented in March 2013, capped the amount of money that the federal government could spend on discretionary programs. The BCA reduced spending through automatic across-the-board budget cuts, known as sequestration, scheduled to be in effect through 2021. Under sequestration, every aspect of the budget is subject to the same percentage cuts. Congress has increased the spending caps each year since 2013. Congress effectively put an end to sequestration by lifting the previously enacted spending caps in the [Bipartisan Budget Act of 2019 \(HR 3877\)](#), signed into law on August 2, 2019.

Debt Ceiling

The debt ceiling caps the amount of money that Congress can borrow from the US Treasury. The money borrowed from the US Treasury pays for spending obligations such as Social Security, Medicare, government salaries, and tax refunds. Congress must vote to increase the debt ceiling whenever the government hits its previously agreed-upon limit.

Key Terms

- **Appropriations:** Annual decisions made by Congress about how the federal government spends a portion of its money. Supplemental appropriations bills provide additional appropriations during a fiscal year, such as funding for disaster relief.
- **Authorization:** A statutory provision that obligates funding for a program or agency. An authorization may be effective for one year, a fixed number of years, or an indefinite period, and it be for a definite amount of money or unspecified.
- **Budget Control Act of 2011 (BCA):** Enacted August 2, 2011, the BCA ended the 2011 debt-ceiling crisis and prevented the US from defaulting on its debts. It also set the conditions for sequestration beginning on January 2, 2013, which was moved to March 2013.
- **Continuing Resolution (CR):** Legislation that permits government agencies to continue to operate at existing funding levels if a new appropriations bill has not been enacted for a new fiscal year.

- **Debt Ceiling:** The maximum amount of debt that the federal government can assume, as determined by Congress. If the debt reaches the ceiling limit, the government shuts down and defaults on its existing loans. Congress may raise the debt ceiling, which has happened over 70 times since 1962.
- **Non-Defense Discretionary Programs (NDD):** Domestic and international programs outside of national defense that Congress funds on an annual basis. These programs are called “discretionary” because Congress must set funding levels for them each year through the appropriations process. NDD programs include a wide variety of priorities such as education, scientific research, infrastructure, national parks and forests, environmental protection, some low-income assistance, public health, as well as many basic government operations including law enforcement, courts, and tax collection. Also included are many programs related to national security, including foreign aid, homeland security, and services for veterans.
- **Mandatory Programs:** Federal programs or a provision of law outside of the appropriations process that requires payments to any person or unit of government that meets the eligibility criteria established by law. They are a binding obligation on the part of the federal government, and eligible recipients have legal recourse if the obligation is not fulfilled. Entitlement benefits such as Social Security, Medicare, and veterans’ compensation and pensions are examples of mandatory programs.

Sources: Center on Budget and Policy Priorities, Congressional Research Service, and National Women’s Law Center.