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The Executive Budget Process Timeline: In Brief

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Contents

Introduction 1
Development of the President's Budget 1
Submission and Justification of the President's Budget 2
Execution of Enacted Budgetary Legislation 3
Budget Process Timeline in the Context of the 117th Congress 5

Figures

Figure 1. Executive Budget Process Milestones Before and After Annual Submission to Congress 3
Figure 2. Example of Appropriated Funds Lifecycle 4
Figure 3. Executive Budget Process and the Congressional Budget Process for FY2022 5
Figure 4. Concurrent Budget Planning for Multiple Fiscal Years 6

Contacts

Author Information 7

Introduction

The federal budget sustains government functions and plays an important role in shaping policy decisions. In practice, the process for developing and executing the federal budget is multifaceted. The Constitution vests Congress with the power of the purse, with provisions that refer to congressional authority to levy taxes, authorize the issuance of debt, and make appropriations to fund the federal government.[1] The Constitution does not provide an explicit role for the President in the budget process. Rather, the executive budget process exists primarily due to statutes enacted by Congress, and it specifies roles for the President, the Office of Management and Budget (OMB), and executive agencies.

The executive budget process is a complex set of activities that includes (1) development of the President's budget proposal, (2) submission and justification of the President's budget proposal, and (3) execution of enacted appropriations and other budgetary legislation. While some of the activities must be completed by specific dates, many follow a more flexible schedule established by formal and informal rules and procedures.

This report provides a brief overview of the phases of the executive budget process. For a more detailed overview of the development, submission, and justification of the President's budget proposal, see CRS Report R47019, *The Executive Budget Process: An Overview*, by Dominick A. Fiorentino and Taylor N. Riccard. CRS has also published a suite of "In Brief" products covering components of the executive budget process including:

- CRS Report R47089, *The Role of the Office of Management and Budget (OMB) in Budget Development: In Brief*, by Taylor N. Riccard;
- CRS Report R47092, *The Role of the President in Budget Development: In Brief*, by Taylor N. Riccard;
- CRS Report R47091, *The Role of Executive Agencies in Budget Development: In Brief*, by Dominick A. Fiorentino;
- CRS Report R47090, *Executive Agency Justification of the President's Budget: In Brief*, by Dominick A. Fiorentino; and
- CRS Report R47088, *The Executive Budget Process Timeline: In Brief*, by Dominick A. Fiorentino (this report).

Development of the President's Budget

The development of the President's budget begins approximately 10 months before the President must submit the proposal to Congress, about 18 months prior to the start of the fiscal year that the budget will cover. As Congress begins action on appropriations bills and other budgetary legislation for the upcoming fiscal year, OMB and agencies have already begun planning for the subsequent fiscal year.

Early in the development phase of the executive budget process, OMB usually issues a budget planning guidance memorandum that observers refer to as the "spring guidance."[2] This memorandum provides executive agencies with detailed instructions and deadlines for submitting

[1] See CRS Report R46240, *Introduction to the Federal Budget Process*, by James V. Saturno.

[2] OMB, memorandum from Mick Mulvaney, Director of OMB, M-17-28, "Fiscal Year 2019 Budget Guidance," July 17, 2017, https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-28.pdf.

their budget requests and supporting materials.[3] OMB typically has administratively set the annual submission dates for September, which occurs 13 months before the beginning of the forthcoming fiscal year. Agencies rely on internal processes and analysis to formulate their budget requests, which may vary from agency to agency.

Agency budget requests are submitted to OMB in early fall, approximately four to five months before the President must submit the budget to Congress. Agency requests are reviewed by the OMB program examiners responsible for the associated policy areas. Examiners' recommendations are reviewed by more senior OMB officials, culminating in review and approval by the OMB director and the President.[4] Agencies are notified of OMB's decisions through a process known as "passback." During passback, OMB officials notify agencies of their approved budgetary levels, which may differ from the agencies' budget requests.[5] For a timeline containing milestones related to the development of the President's budget, see **Figure 1**.

Submission and Justification of the President's Budget

Under current law, the President must submit a consolidated budget to Congress no later than the first Monday in February prior to the start of the upcoming fiscal year.[6] Although the President's budget is not legally binding, it usually initiates the congressional budget process. It provides Congress with recommended spending levels for agency programs, projects, and activities funded through the annual appropriations acts. In practice, the President does not always meet this submission deadline, particularly during transition years.[7]

Once the President has submitted the budget, OMB and agency officials explain and justify the request to Congress. Early in the congressional budget process, the OMB director and other Cabinet officials may provide testimony regarding the President's budgetary objectives before congressional committees. Agencies also submit written justification of their budget requests to the appropriations committee and subcommittees of jurisdiction in each chamber. The form and content of agency budget justifications (also referred to as congressional budget justifications or "CBJs") have been shaped by appropriations committee and subcommittee norms and practices.

The President may also update the budget proposal by submitting revisions to the original request and, in the wake of key events, supplemental requests to Congress.[8] Under current law, the President is required to submit a supplemental summary of the budget, commonly referred to as

[3] The budget planning guidance memorandum is usually issued in mid- to late spring, nearly a year before the President submits the budget proposal to Congress. However, the memorandum has been issued as late as August.

[4] Shelley Lynne Tomkin, *Inside OMB: Politics and Process in the President's Budget Office* (New York: M.E. Sharpe, 1998), pp. 120-130.

[5] Tomkin, *Inside OMB*, p. 131.

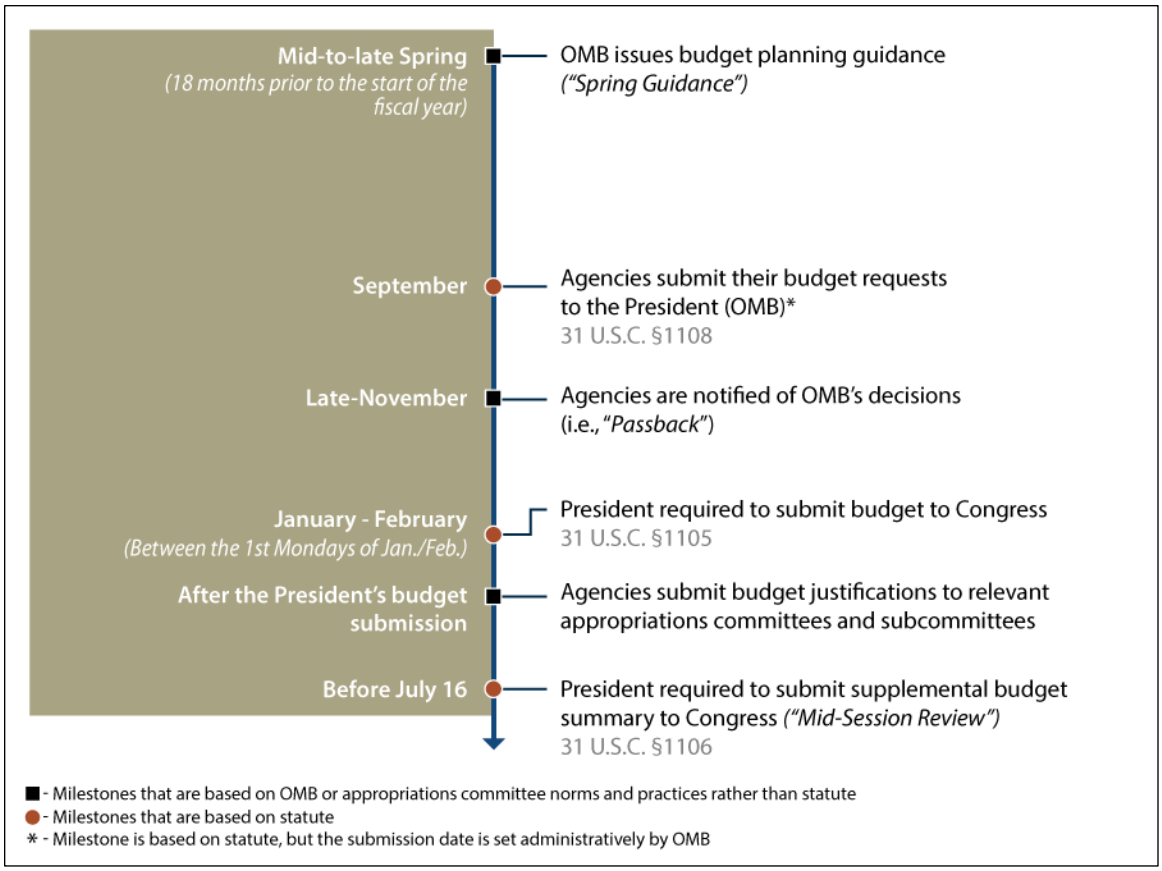
[6] 31 U.S.C. §1105. The President's budget includes budget requests for all executive departments and agencies as well as budget requests for entities in the legislative and judicial branches. The President and OMB play no role in the development of legislative and judicial branch requests. Instead, entities in the legislative and judicial branches transmit their budget requests to the President, who is then required to include them in the budget submission to Congress without modification (31 U.S.C. §1105(b)).

[7] For more information about the submission of the President's budget during transition years from FY1977 to present, see CRS Report RS20752, *Submission of the President's Budget in Transition Years*, by Taylor N. Riccard.

[8] OMB, "Supplementals, Amendments, and Releases," https://www.whitehouse.gov/omb/supplementals-amendments-and-releases/.

the "Mid-Session Review" (MSR), after the January/February budget submission deadline but before July 16 of each year. The MSR contains supplemental budget estimates and changes, including substantial changes in estimates of expenditures and receipts, as well as substantial changes to obligations imposed (i.e., entitlements) within the current fiscal year.[9] For a timeline containing milestones related to the submission and justification of the President's budget, see **Figure 1**.

Figure 1. Executive Budget Process Milestones Before and After Annual Submission to Congress



Sources: CRS analysis of *U.S. Code*, OMB guidance documents, and Presidents' budget submissions. Milestones that are established by law are also indicated by listing relevant *U.S. Code* citations.

Execution of Enacted Budgetary Legislation

The Constitution provides that federal spending may occur only through appropriations passed by Congress and enacted into law. Accordingly, agencies cannot begin to execute the budget until Congress has enacted appropriations bills and the President has signed them into law.[10] The

[9] 31 U.S.C. §1106.

[10] In the event that an agency's regular appropriations act has not become law prior to the start of the fiscal year, a temporary continuing appropriations act (i.e., a continuing resolution or CR) may be enacted. This allows the agency to continue operating programs funded with annual appropriations for the period of time covered by the CR. See CRS Report R46595, *Continuing Resolutions: Overview of Components and Practices*, coordinated by Kevin P. McNellis.

President, OMB, and agencies execute the budget in accordance with the budgetary laws that have been enacted. Once appropriations and other budgetary legislation have been enacted, OMB apportions available funds to executive agencies by time period, program, project, or activity.[11] Throughout the fiscal year, agencies allocate, obligate, and expend funds. They possess limited authority to make spending adjustments after appropriations and other spending legislation have been enacted.

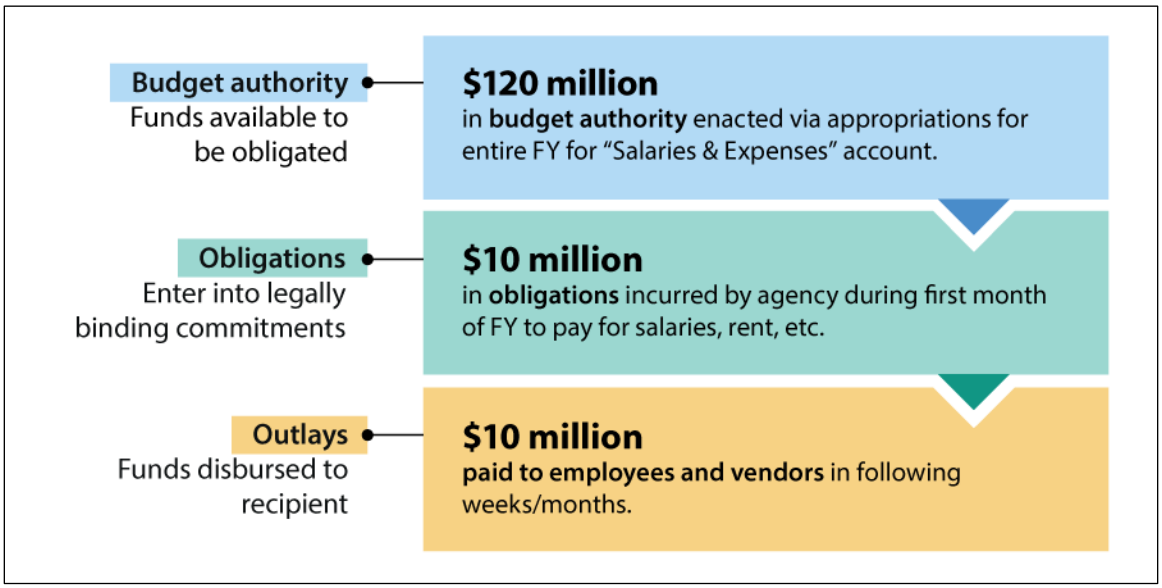
Budget execution occurs in multiple steps:

1. "Budget authority" is enacted into law by appropriations legislation. Budget authority provides agencies with the legal basis to incur obligations.
2. "Obligations" are incurred when agencies enter into legally binding commitments such as employing personnel or awarding contracts for the provision of goods or services.
3. "Outlays" are payments made to liquidate these obligations.[12]

For an illustrative example of how appropriated funds are executed through these three steps, see **Figure 2**.

Figure 2. Example of Appropriated Funds Lifecycle

Relationship Between Budget Authority, Obligations, and Outlays



Source: CRS Analysis

Notes: This graphic serves as an illustrative example and does not represent a particular appropriations account or appropriated amount. In a given fiscal year, outlays may pay for obligations incurred within the same fiscal year or during prior fiscal years.

[11] The collection of statutes commonly referred to as the Antideficiency Act have been codified in multiple sections of Title 31 of the *U.S. Code* (31 U.S.C. §§1341-1342, 1349-1350, 1511-1519). Selected government entities are exempted from the apportionment requirements of the Antideficiency Act, including the Senate, the House of Representatives, congressional committees, and the Office of the Architect of the Capitol (31 U.S.C. §1511(b)(3)).

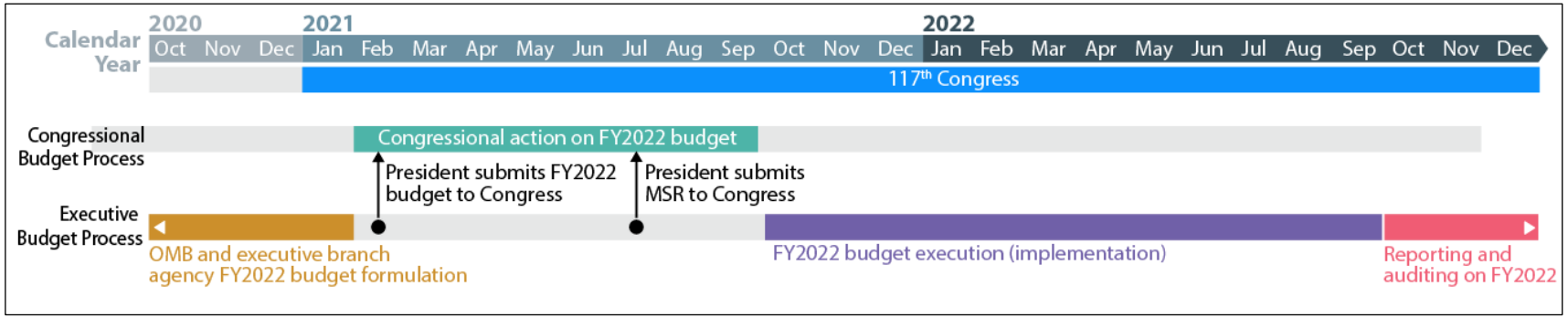
[12] U.S. Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 2005, p. 105, https://www.gao.gov/products/gao-05-734sp.

Budget Process Timeline in the Context of the 117th Congress

This section presents more detailed graphical representations of how the executive budget process overlaps with the congressional budget process, as well as how agencies concurrently plan and execute budgets for multiple fiscal years.

FY2022 was the only fiscal year to fully elapse within the confines of the 117th Congress (i.e., January 2021-January 2023). **Figure 3** provides a timeline of the FY2022 budget process compared to the 2021 and 2022 calendar years and executive budget process milestones. FY2022 began on October 1, 2021, but executive agency budget planning for FY2022 began 18 months prior in the spring of 2020. By statute, the President was required to submit the consolidated FY2022 budget to Congress no later than the first Monday in February 2021. In the case of FY2022, President Biden submitted the budget to Congress on May 28, 2021.[13]

Figure 3. Executive Budget Process and the Congressional Budget Process for FY2022



Sources: CRS analysis of *U.S. Code*, OMB guidance documents, and President's budget submissions.

Notes: In practice, budgetary submission and milestone dates for FY2022 may differ from statutory deadlines. Congressional action on the FY2022 budget extended beyond September 30, 2021, with enactment of a continuing resolution.

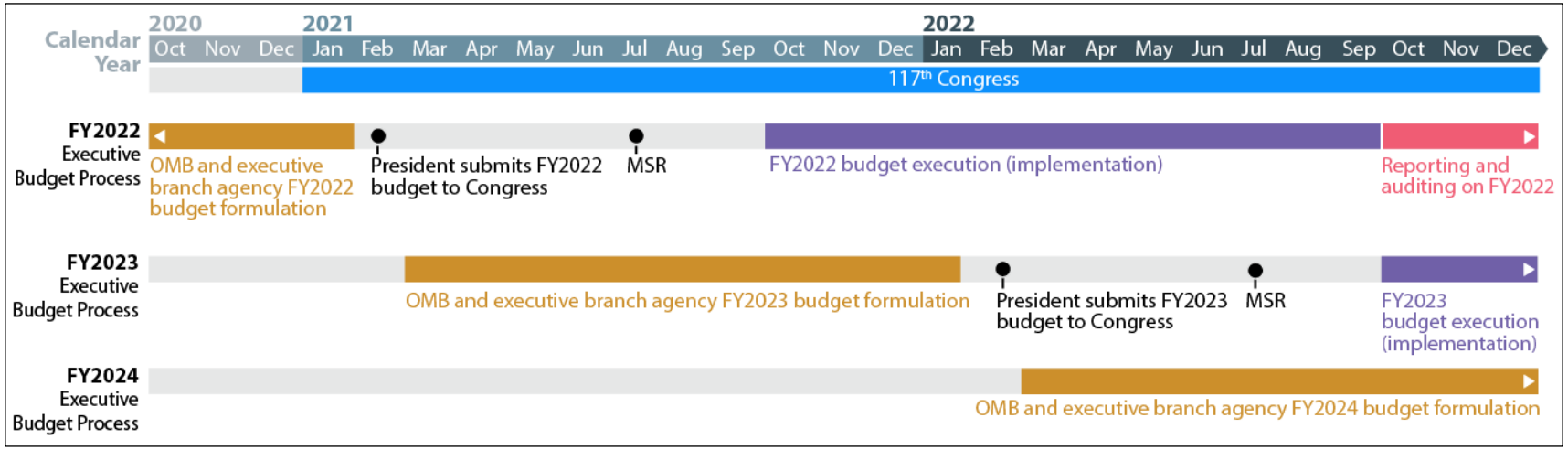
[13] OMB, *Budget of the United States, Fiscal Year 2022*, May 2021, https://www.govinfo.gov/app/collection/budget/2022. For additional information about the submission of the FY2022 budget request, see CRS Insight IN11655, *Budget Submission After a Presidential Transition: Contextualizing the Biden Administration's FY2022 Request*, by Taylor N. Riccard.

Congress continued to provide for appropriations for the fiscal year beginning October 1, 2021. While Congress deliberated on FY2022 appropriations, the President submitted the MSR. By statute, this must be submitted before July 16 each year, but many such submissions are provided later than this date. The FY2022 MSR was submitted on August 27, 2021.[14]

FY2022 began on October 1, 2021, ending on September 30, 2022. Obligations incurred during FY2022 may not result in outlays until after the end of the fiscal year. Additionally, budgetary and financial reporting associated with FY2022 will continue after September 30, 2022.

As Congress began action on appropriations bills and other budgetary legislation for FY2022, OMB and agencies had already begun planning for subsequent fiscal years. **Figure 4** shows that budget-related activities for FY2022, FY2023, and FY2024 may occur simultaneously for agencies at a given point in time (e.g., during May 2022) and may provide opportunities for Congress to engage with agencies, OMB, and the President for all three of these fiscal years within the two years of the 117th Congress.

Figure 4. Concurrent Budget Planning for Multiple Fiscal Years



Sources: CRS analysis of OMB guidance documents, President's budget submissions, and *U.S. Code*.

Notes: In practice, budgetary submission and milestone dates for FY2022, FY2023, and FY2024 may differ from statutory deadlines.

[14] OMB, *Budget of the United States, Fiscal Year 2022, Mid-Session Review*, August 2021, https://www.whitehouse.gov/wp-content/uploads/2021/08/msr_fy22.pdf.

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Mari Y. Lee, Visual Information Specialist, and Brion A. Long, Visual Information Specialist, collaborated on the report's figures.

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