

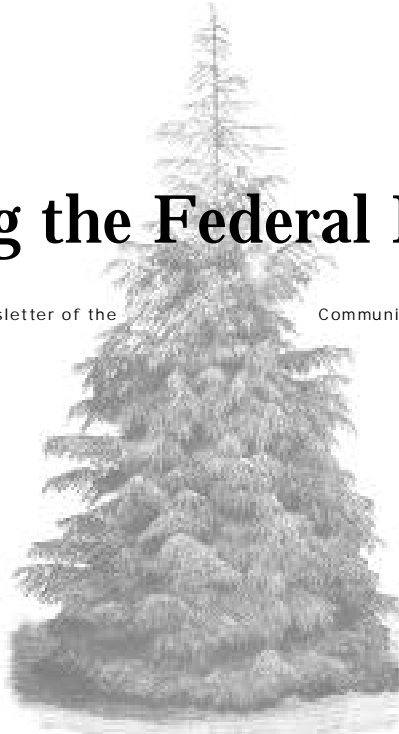


# Understanding the Federal Budget Process

A supplement to *Communities and Forests*, the newsletter of the

Communities Committee of the 7th American Forest Congress

Each year the federal government must establish a budget from which federal programs and agencies are funded. Both the executive and legislative branches play important roles in formulating the budget. An understanding of the budget process is useful for groups and individuals affected by or working with government agencies and programs. This Quick Guide will help community forest practitioners and activists understand the budget process and suggest ways to get involved and influence policy.



Vol. 1, No. 3 March 2000



## Overview

### Budget vs. appropriations

The budget and appropriations processes are part of the legislative process that funds the federal government and its various agencies and programs. There is significant overlap between the two, both in purpose and time in which they are completed.

The budget process outlines targets for spending and revenues and provides Congress with a set of priorities to allocate federal resources. This process prescribes overall spending limits for Congress in different areas. It sets the guidelines for the appropriations process.

Through the appropriations process Congress provides authority to federal agencies to allocate, and eventually expend, specified federal funds for particular purposes. The last major step in funding the government is the actual allocation of funds, which takes place within the various agencies.

### Budget basics

The budget process outlines federal budget targets for each Fiscal Year (FY). Unlike the calendar year, the fiscal year runs from October 1-September 30 (i.e., FY2001 is from October 1, 2000

September 30, 2001). Targets are outlined for two types of spending: mandatory and discretionary.

Mandatory spending accounts for two-thirds of all spending and is authorized by permanent laws, not by the annual budget and appropriations process. For mandatory programs, such as Social Security and Medicare, Congress is allowed to adjust the spending. However, it is not required to do so on an annual basis.

Discretionary spending must be determined annually by Congress and is the major focus of the budget and appropriations process. Discretionary funds cover areas such as national defense, foreign aid, education and housing, and natural resources, and provide the basis for annual appropriations to federal agencies.

The total federal budget for FY2000 is approximately \$1.4 trillion. The budget authority for non-defense discretionary for FY2000 totals \$246.3 billion. Of that budget, \$22 billion, or approximately 9 percent, has been allocated to natural resources and the environment. Resources for this discretionary spending come primarily from taxes. The government is spending your tax dollars, giving you the right to a voice in how it is spent. (The chart on page 2 shows the breakdown into mandatory and discretionary categories.)

## CONGRESSIONAL BUDGET PROCESS TIMELINE

- |          |  |
|----------|--|
| February | <ul style="list-style-type: none"> <li>• President submits his budget by the first Monday</li> <li>• Budget committees draft Budget Resolution</li> <li>• Budget committees hold hearings</li> </ul> |
| March    | <ul style="list-style-type: none"> <li>• Mark-ups</li> <li>• House and Senate each pass version of the Budget Resolution</li> <li>• Conference Committee begins work on Conference Report</li> </ul> |
| April    | <ul style="list-style-type: none"> <li>• Conference Committee releases Conference Report</li> <li>• Deadline for Congress to pass Budget Resolution is April 15</li> </ul>                           |



## ACTIONS IN CONGRESS

### Budget Process

#### (1) Budget Resolution

Congress begins the budget process after receiving the president's Budget Request by the first Monday in February. First, Congress creates the Budget Resolution, which must pass both the House of Representatives and the Senate. The Budget Resolution establishes guidelines and targets for spending and revenue that Congress uses to consider budget and appropriations legislation. The resolution is not public law; Congress uses the Budget Resolution to guide itself while formulating the federal budget. April 15 is the self-imposed deadline Congress sets for the final vote on the Budget Resolution.

#### (2) Hearings

As Congress develops the Budget Resolution, it holds public hearings to examine the federal budget and the programs it funds. It also uses these hearings to look at the president's budget in more detail.

- Budget Committees: The House Budget Committee and Senate Budget Committee hold public hearings to receive testimony on the president's budget after its release in February.

Administration officials and heads of agencies testify at these hearings.

- Other Congressional Committees: House and Senate committees and subcommittees also review the president's budget with regard to the programs under their jurisdiction. For example, the House Resources Committee holds hearings to examine the part of the president's budget that funds programs and agencies dealing with natural resources and their management.

Additionally, the Congressional Budget Office (CBO) provides the committees with reports analyzing the president's budget request, the existing budget, and economic outlooks.

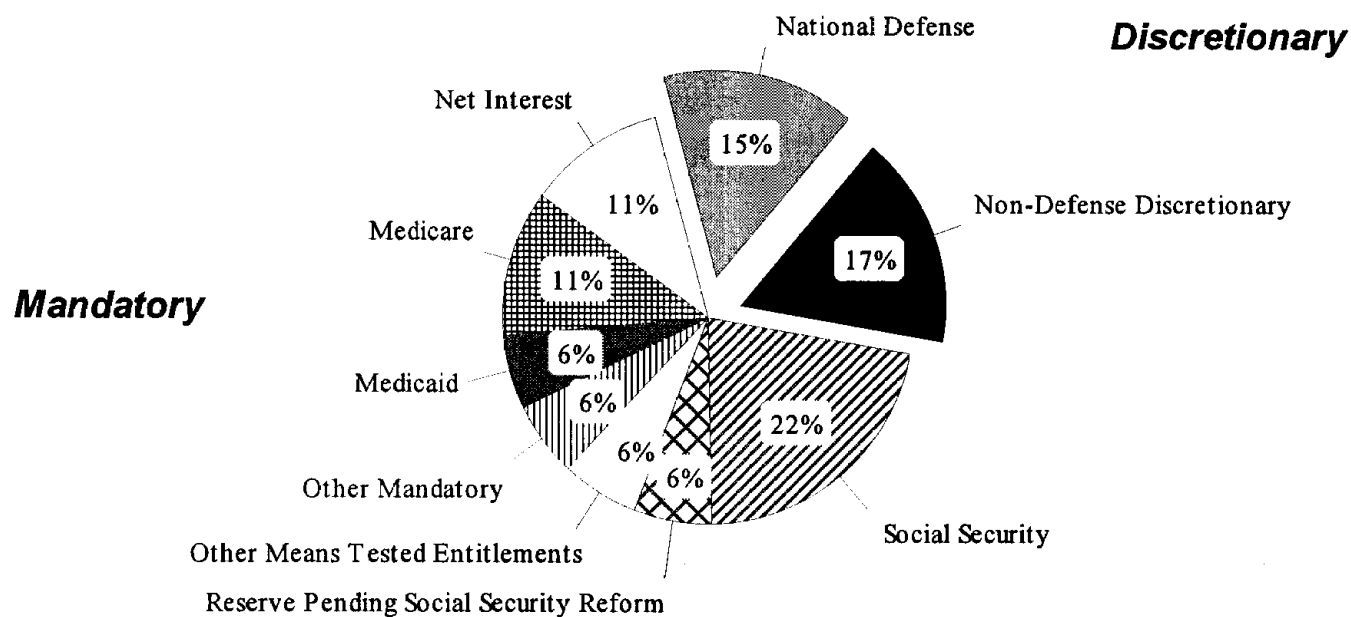
#### (3) Mark-up

In March, the House and Senate Budget Committees hold a series of public meetings called mark-ups to work on the language and numbers contained in resolutions and legislation affecting the federal budget. The committees use the information from the hearings, other committees, and CBO reports to draft a Budget Resolution and congressional budget plan.

#### (4) Conference Committee

The House and Senate must each pass its respective version of the Budget Resolution. Afterward, a conference committee is convened to resolve differences. This committee releases its compromise-the Conference Report on the Budget Resolution-and each house votes on the resolution. The deadline for this vote is April 15.

### DISTRIBUTION OF FEDERAL FUNDS





In reality, the Budget Resolution rarely passes before April 15. However, if the Budget Resolution is not passed by the deadline, no official procedure is necessary to extend it. The process continues until the Budget Resolution officially passes, although this may cause delays in the appropriations process. In contrast, if appropriations bills are not passed by their September deadline, Congress must pass a continuing resolution to temporarily fund the government. Ultimately, the area most affected by delays is allocations (see section below). Often agencies must begin the fiscal year guessing what funds are available for allocation, readjusting after all bills have passed. This causes additional work throughout the year.

**(5) Committee Allocations**

The Budget Resolution defines the amount of money allocated to the House and Senate Appropriations Committees. It outlines caps for spending and targets for revenues. Following the guidelines set by the Budget Resolution, the House and Senate Appropriations Committees allocate funds to each of the 13 subcommittees.

**(6) Appropriations**

The appropriations process begins before the Budget Resolution passes. Starting in March, appropriations subcommittees hold public hearings to examine the budget, and the process continues until all 13 appropriations bills are passed, usually by the end of September. For more detailed information about this process, please refer to the Quick Guide "The Federal Appropriations Process."



**GETTING INVOLVED**

The budget process is less accessible than the appropriations process. For instance, the budget process does not allow outside public witnesses to testify at hearings. Because the budget process deals with big picture spending and revenues among major budget areas, the challenge for community forest practitioners is finding ways to work in broad coalitions to build support for more funding for natural resources within the non-defense discretionary funds. The earlier you get involved in the process, the easier it is to influence policy. Community groups, activists, and practitioners who want to influence the Congressional Budget process should

1. Build relationships with congressional members and staff.
  - Identify members and staff of the budget committees. Individual citizens often do not target these committees.
  - Identify supporters of your issues.
  - Be an accessible, reliable, and accurate source of information.
  - Understand their motivations: votes, money, programs and projects in their district.

- Understand the congressional calendar. Based on the congressional calendar for the budget process, February and March are critical months. However, relationship-building takes time and requires a long-term commitment to really have an impact.
2. Build coalitions with other groups and organizations.
    - Work with traditional and non-traditional allies.
    - Find common ground.
    - Demonstrate a wide base of support for your cause. This strengthens your ability to influence policy, especially if you encompass a diverse range of interests.
    - Coordinate efforts targeting the budget committees.
  3. Write letters.
    - Write to representatives (in D.C. and in your home district), chairs of the relevant congressional committees and subcommittees, and heads of relevant agencies, targeting individuals likely to be called to testify before a committee.
    - An effective letter addresses why federal funding is critical for the program, discusses the program's past successes, explains why the congressional member or agency representative should be interested, states how much money the program needs, and suggests any changes needed in the program.
    - Follow up with phone calls.
  4. Meet with your representatives in person.
    - Arrange a meeting at their district offices when they are in town or in Washington, D.C.
  5. Testify before an appropriations subcommittee.
    - Write a letter to the relevant subcommittee chair requesting to testify at a specific appropriations hearing.
    - Send copies of your letters to your representatives, both in D.C. and in your home district.

**CHAIRS OF THE BUDGET COMMITTEES**

Senate  
The Honorable Pete Domenici  
Senate Budget Committee  
SD-621  
Washington, DC 20510

House  
The Honorable John Kasich  
House Budget Committee  
309 CHOB  
Washington, DC 20515

**FOREST SERVICE BUDGET TIMELINE FOR FISCAL YEAR 2002**

<i>Year</i>	<i>Month</i>	<i>Action</i>
2000	February	Agency leadership identifies priorities for FY2002
	March	Program Budget Instructions sent to Forest Service (FS) field
	April	Field responds with recommendations
	May	Agency leadership develops Agency Request
	July	Agency Request transmitted to U.S. Department of Agriculture (USDA)
	August-September	USDA evaluates plan and forwards the budget request to the Office of Management and Budget (OMB)
	October-December	OMB passes back the budget with recommendations, and the Forest Service considers any need to appeal  OMB provides the final decision on the president's budget
2001	January	FS prepares Budget Justifications for the President's Budget
	February	President's budget must be submitted to Congress by the first Monday in February
	February-October	Budget and Appropriations processes take place in Congress
	October-December	FY2002 funds are allocated to the field and implementation begins, based upon congressional direction, earmarks, and FS allocation criteria
2002	January-September	Continue implementation of FY2002  In March the FS has a mid-year review
	October	Begin performance evaluations and reporting on FY2002



## THE PRESIDENT'S BUDGET

The federal budget process on the executive branch side begins two or three years before its actual implementation. For example, the development of the budget for FY2002 starts early in 2000. The president must complete his FY2002 Budget Request and submit it to Congress by February 2001, so Congress can finish budget and appropriations before the beginning of the fiscal year. The president must submit a request for all of the federal administrative agencies. This Quick Guide examines only the formulation of the Forest Service budget, because community forestry activists and forest practitioners will most likely interact with that federal agency on a regular basis.

The timeline for the Forest Service budget for FY2002 is outlined on page 4. At any given time the Forest Service works on the budget for four different years, in one of the following main stages: formulating, justifying, implementing, or reporting. Unfortunately, because of certain factors (such as a delay in appropriations), this timeline is not always followed throughout the process.

### Agency Actions

#### (a) National Headquarters

The first steps in creating the Forest Service budget begin at its headquarters in Washington, D.C. When the agency leadership starts to develop the budget, they consider a number of factors:

- What are the agency's priorities and goals for natural resource management (for example, should the Forest Service focus on watershed health or road maintenance and reconstruction)?
- What programs have succeeded in achieving past goals?
- What programs have not succeeded?
- What benefits are gained by funding particular programs?
- What are the consequences of reducing funding for, or not funding, particular programs?

Information about the previous year's activities and accomplishments is essential in determining strategic plan priorities. The strategic plan also considers national trends and political priorities and accounts for realities in the field.

#### (b) Field Units

Program Budget Instructions (PBI) are sent to the Forest Service field units in March. The PBI outlines current, reduced, and enhanced levels of funding for various programs. These funding levels are centered around performance-based budgeting.

For each level of funding a target number of indicators should be achieved (for example, the miles of trails reconstructed or built will vary for each level of funding). The PBI asks the field units, usually the forest supervisor, district ranger, or area director, to provide feedback on these funding levels and the expected performance indicators for each level.

The amount of feedback that the forest supervisors and district rangers provide varies from region to region. The type of information the field units provide can include

- Levels of funding they find appropriate for specific programs.
- The amount of money needed to achieve a certain number of indicators.
- The priorities and goals they have for their region.
- Requests for additional funds.

This feedback is returned to the program budget staff in Washington, D.C., and they attempt to incorporate some of this information into the budget. It is then passed to the agency leadership, who formulates the Agency Request. Then the Agency Request is transmitted to the U.S. Department of Agriculture, which evaluates the budget before sending it to the Office of Management and Budget (OMB).

### Office of Management and Budget

The Agency Request is sent to OMB for review. OMB oversees the preparation of the federal budget and helps set funding priorities for the administration. It also helps the president supervise the management of the budget within executive branch agencies. OMB may change the Forest Service budget request, although the agency has the opportunity to appeal. OMB makes the final decision on the Agency Request, which then becomes part of the president's budget.

### Budget Justifications

The Forest Service prepares the Budget Justifications after OMB finalizes the president's budget. This large document accompanies the Budget Request when it is submitted to Congress in February. The Budget Justification outlines the Forest Service's priorities, describes ongoing programs and activities, provides examples of on-the-ground projects, and explains additional funding requests.

Congress uses the Budget Justification as a reference during the budget and appropriations process. The Forest Service Budget Justification is an extremely useful document for anyone who may want to dig deeper into the agency's program budget priorities. Contact the Forest Service to request a copy (see Resources section for phone numbers).



### Allocations

The Forest Service allocates funding to the field after the completion of the budget and appropriations processes. Allocations are based upon the requirements set by Congress, any earmarks (see explanation below), and the Forest Service's allocation criteria. The allocation criteria are revisited annually by the agency, and they only affect non-earmarked funds. The Forest Service has limited flexibility if it is dissatisfied with the congressional appropriation.

Funds may be reallocated from one program to another, but the reallocation is limited to either a specific amount—which in recent years ranged from \$250,000 to \$3 million—or 10 percent per program area, whichever is less.

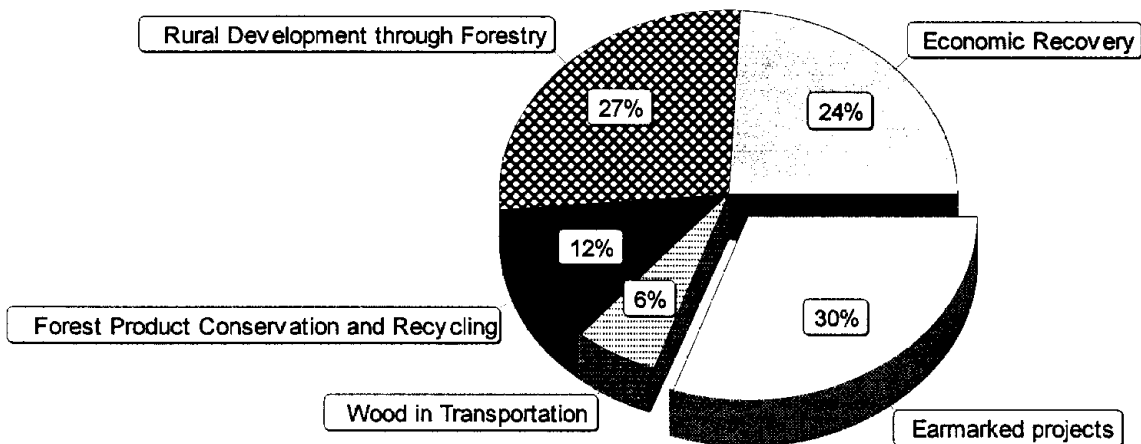
### EARMARKS

During the congressional appropriations process, Congress may direct agencies to give certain local programs or projects a specific amount of money. These so-called earmarks affect the amount of money agencies have the authority to allocate within a program because they are part of the total program budget. Usually earmarks are written into program budgets based on the influence of members of Congress to gain funding for projects or programs that benefit their constituency.

For example, as illustrated in the chart below, almost one-third of the budget for Economic Action Programs (EAP) is tied to earmarks (for example, a \$500,000 New York City watershed project, \$1.17 million for the Dalles riverfront trail in Oregon, and \$500,000 for the Nordic Ski Center in Alaska). The FY2000 Appropriations Conference Report shows a total of 11 projects with earmarked funds, amounting to \$6.1 million or approximately 30 percent of the total EAP budget of \$20.1 million.

Earmarked funding for a specific program or project can be beneficial, allowing agencies to plan ahead because they have a more secure amount of funding. However, these earmarks are taken out of the final budget allotted to the agency, reducing its flexibility to determine funding priorities based on situations and conditions.

#### EARMARKS AS A PERCENTAGE OF ECONOMIC ACTION PROGRAM FUNDING



Total appropriated funds: \$20.1 million; earmarked funds: \$6.1 million



## GETTING INVOLVED

Getting involved with the agency portion of the budget involves many of the same techniques as influencing the legislative side. You can

- (1) Build relationships with federal agency employees.
  - Get to know forest supervisors, district rangers, and field office directors.
  - Meet in person, when possible.
  - Be an accessible, reliable, and accurate source of information.
  
  - This is critical on the local level.
- (2) Monitor local plans and proposed actions.
  - Be aware of real-world examples of success or failure in your area, particularly with regard to national trends and priorities.
  - Local data can provide strong support for issues on the national level.
- (3) Build coalitions with other groups and organizations, both locally and nationally.
- (4) Write letters.
  - Write to your forest supervisor, district ranger, or field office director.
  - Write agency representatives in Washington, D.C.
  - An effective letter uses real-world examples.



## RESOURCES

A Citizen's Guide to the Federal Budget: Budget of the United States Government Fiscal Year 2000  
<http://www.access.gpo.gov/usbudget/fy2000/guidetoc.html>

House of Representatives Budget Committee  
(202) 226-7270  
<http://www.house.gov/budget>

Senate Budget Committee  
(202) 224-0642  
<http://www.senate.gov/~budget>

Thomas, the Library of Congress Legislative Information on the Internet  
<http://thomas.loc.gov>

"The Federal Appropriations Process," Quick Guide for Community Activists. Communities Committee of the Seventh American Forest Congress.

"Innovations in Forestry: Funding Forest Plans." University of Colorado School of Law, Natural Resources Law Center.

USDA Forest Service  
General Information: (202) 205-8333  
Budget Staff: (202) 205-0987  
<http://www.fs.fed.us/>



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