Appropriations Primer

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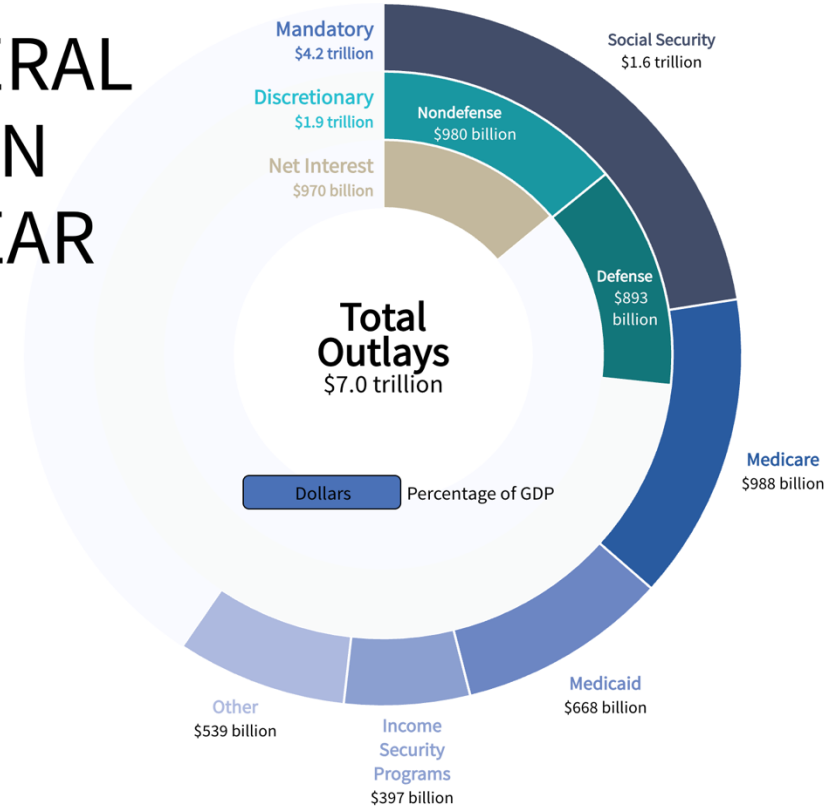
Budget and Appropriations Overview

- Budget
  - Divides spending totals into **21 functional categories** and may include reconciliation instructions to designated House or Senate committees
    - The education category is “500: Education, Training, Employment, and Social Services”
- Appropriations
  - Annual decisions made by Congress about how the federal government spends its **authorized** money for **discretionary** portions of the budget
- Process
  - Funding is convoluted with a lot of jargon, procedures, and deadlines that are rarely met
  - Congress is supposed to produce a budget resolution and **12 appropriations bills** for the fiscal year before Oct. 1
  - Begins with the President’s annual budget request to Congress
    - A large document with economic projects for revenues and programs
    - Not meant to be used by Congress entirely, but it’s instead used to **show an administration’s values and priorities**

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Overview of Government Spending

THE FEDERAL BUDGET IN FISCAL YEAR **2025**



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Congressional Budget Process

- Congressional Budget Resolution
  - A “blueprint” that guides fiscal decision-making in Congress
  - A budget resolution binds Congress, but is not a law
  - Also used to send a message about priorities
- House and Senate Committees on the Budget
  - Set total levels of discretionary spending by drafting budget resolutions

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Budget Allocations

- 302(a) allocations - topline
  - A table that takes the spending totals laid out by budget function in the budget resolution and distributes them by congressional committee instead
    - Represents a total dollar limit on all of the legislation each committee produces that year
  - Both the House and the Senate Appropriations Committees receive a single 302(a) allocation for all programs
- 302(b) allocations
  - A table that takes all 302(a) allocations and divides the funding among the 12 appropriations subcommittees

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Committee Appropriation Process

- House and Senate Committees on Appropriations
  - Generate 12 separate appropriations bills in 12 subcommittees
- Labor, Health, Human Services, Education & Related Agencies Appropriations Bill (Labor-H) covers education
- Defense covers Military

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The 12 Appropriations Bills

1. Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
2. Commerce, Justice, Science, and Related Agencies
3. **Defense**
4. Energy and Water Development
5. Financial Services and General Government
6. Homeland Security
7. Interior, Environment, and Related Agencies
8. **Labor, Health, and Human Services, Education, and Related Agencies**
9. Legislative Branch
10. Military Construction, Veteran Affairs, and Related Agencies
11. State, Foreign Operations, and Related Programs
12. Transportation, Housing and Urban Development, and Related Agencies

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Appropriations Bills

- Appropriations bills are supposed to be passed in "regular order" by September 30th
  - Given disagreements between the House and the Senate, this rarely happens
- Instead, Congress passes "continuing resolutions" (CRs) to avoid shutdown, or some combination of an Omnibus, Minibus, or CRomnibus
- Policy is often reflected in the language
  - e.g., "no money to be spent on the President's immigration policy"

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FY26 Appropriations

- Through multiple minibus bills, Congress managed to pass all 12 required appropriations bills
  - This did not however come without multiple partial government shutdowns

Appropriations Bill	House	Senate	President
Agriculture	Passed chamber on 222-209 vote on 11/12/2025	Passed chamber on 60-40 vote on 11/10/2025	Signed into law on 11/12/2025
Commerce, Justice and Science	Passed chamber on 397-28 vote on 1/8/2026	Passed full chamber on 82-15 vote on 1/15/2026	Signed into law on 1/23/2026
Defense	Passed chamber on 217–214 vote on 2/3/2026	Passed full chamber on 1/30/2026 vote on 1/30/2026	Signed into law on 2/3/2026
Energy and Water Development	Passed chamber on 397-28 vote on 1/8/2026	Passed full chamber on 82-15 vote on 1/15/2026	Signed into law on 1/23/2026
Financial Services	Passed chamber on 217–214 vote on 2/3/2026	Passed full chamber on 1/30/2026 vote on 1/30/2026	Signed into law on 2/3/2026
Homeland Security	Passed chamber by voice vote on 4/30/2026	Passed by voice vote on 4/2/2026	Signed into law on 4/30/2026
Interior and Environment	Passed chamber on 397-28 vote on 1/8/2026	Passed full chamber on 82-15 vote on 1/15/2026	Signed into law on 1/23/2026
Labor, HHS and Education	Passed chamber on 217–214 vote on 2/3/2026	Passed full chamber on 1/30/2026 vote on 1/30/2026	Signed into law on 2/3/2026
Legislative Branch	Passed chamber on 222-209 vote on 11/12/2025	Passed full chamber on 60-40 vote on 11/10/2025	Signed into law on 11/12/2025
Military Construction and Veterans Affairs	Passed chamber on 222-209 vote on 11/12/2025	Passed full chamber on 60-40 vote on 11/10/2025	Signed into law on 11/12/2025
State and Foreign Operations	Passed chamber on 217–214 vote on 2/3/2026	Passed full chamber on 1/30/2026 vote on 1/30/2026	Signed into law on 2/3/2026
Transportation and HUD	Passed chamber on 217–214 vote on 2/3/2026	Passed full chamber on 1/30/2026 vote on 1/30/2026	Signed into law on 2/3/2026

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FY27 Appropriations

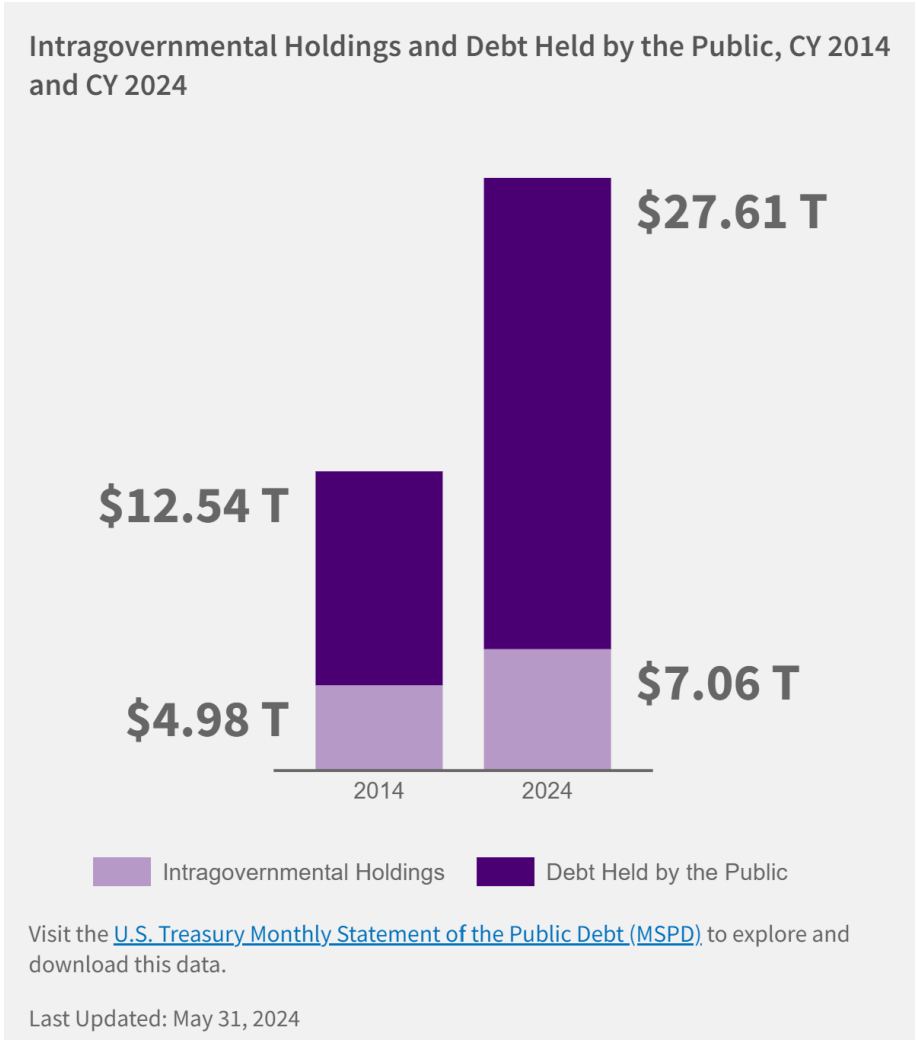
- House:
  - Labor-HHS-Education bill marked up in subcommittee on June 5th, full committee markup occurred on June 9th and recommended to full committee on 34-28 vote
  - Defense bill marked up on June 11th
- Senate:
  - Markup only scheduled for Agriculture, Rural Development, FDA; Military Construction, Veterans' Affairs, and Related Agencies

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The Future

- First 8 Months of FY26 had deficit at $1.25 Trillion
- Deficit for FY25 was $1.8 Trillion

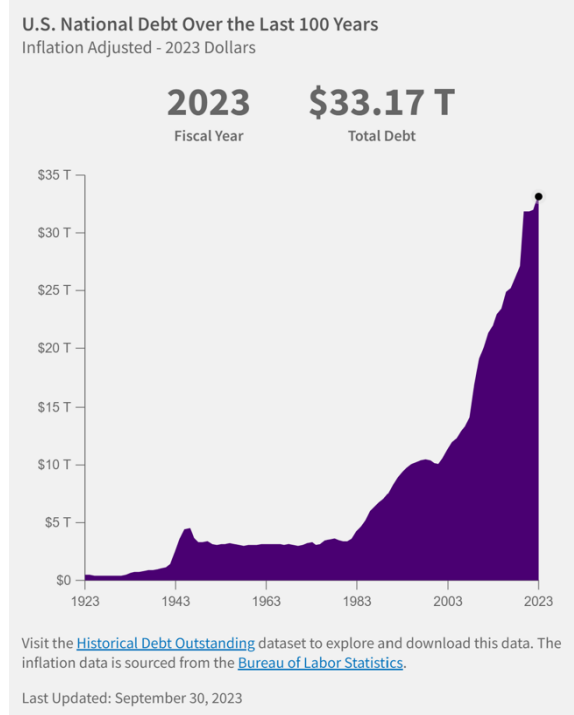
Current		
Debt [Trillions]	GDP [Trillions]	Debt as a percentage of GDP
$39.284	$31.819	123.5%



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The Debt Ceiling

- Article I of the Constitution gives Congress the power to borrow money on the credit of the United States. Total amount of money that the government is authorized to borrow to meet its existing legal obligations.
- First enacted in 1917 through the Second Liberty Bond Act and was set at $11.5 billion.
- The Promoting Physical Activity for Americans Act passed on October 14, 2021 to raise the debt limit by $480 billion.
- Congress passed Senate Joint Resolution 23 (S.J.Res.33) on December 16, 2021 to raise the debt limit to $31.4 trillion.
- Fiscal Responsibility Act of 2023 suspends debt limit through January 1, 2025
- The One Big Beautiful Bill Act (OBBBA) raised the debt limit to $41.1 trillion
- Federal debt is currently at about $39.3 trillion.
- X-Date is the day on which the Treasury is expected to hit the debt ceiling and run out of money
    - Estimated to be Mid-Summer 2027



Prepared by Department of the Treasury's Data Lab

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Federal Debt FY26: $39.284 Trillion

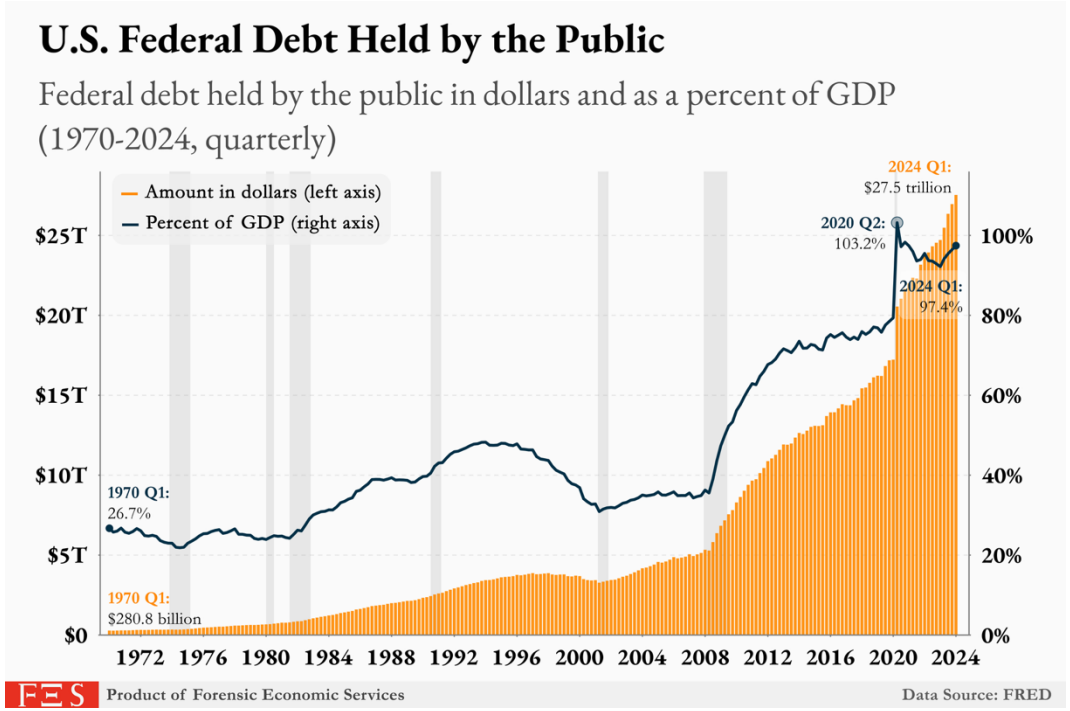


Table 5: Major Foreign Holders of Treasury Securities	
Holdings at end of time period	
Billions of dollars	
Link: https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/slt_table5.txt	
Country	2026-04
Japan	1209.9
United Kingdom	937.5
China, Mainland	651.1
Cayman Islands	471.6
Belgium	459.9
Luxembourg	431.1
Canada	397.1
France	393.3
Ireland	345.3
Taiwan	300.9
Switzerland	288.6
Singapore	277.5
Hong Kong	269.1
Norway	214.7
India	181.0
Brazil	168.6

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Reconciliation

- First, Congress must adopt a budget resolution to direct one or more committee(s) to begin the reconciliation process. This is also known as reconciliation instructions
  - Reconciliation instructions include the target budget for each committee
- Then, said committees must provide how they will increase or reduce their budget to meet said target in a reconciliation budget
- Section 313 of the Budget Act established the Byrd rule, allowing for reconciliation bills to pass Congress with only a majority of both houses of Congress

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Questions

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