



Demystifying the Federal Budget Formulation and Grants Process –

Authorization, Appropriations, and Federal Programs

**National Indian Nations Conference
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Creating a Federal Program



- **Federal programs are created and funded in two stages:**

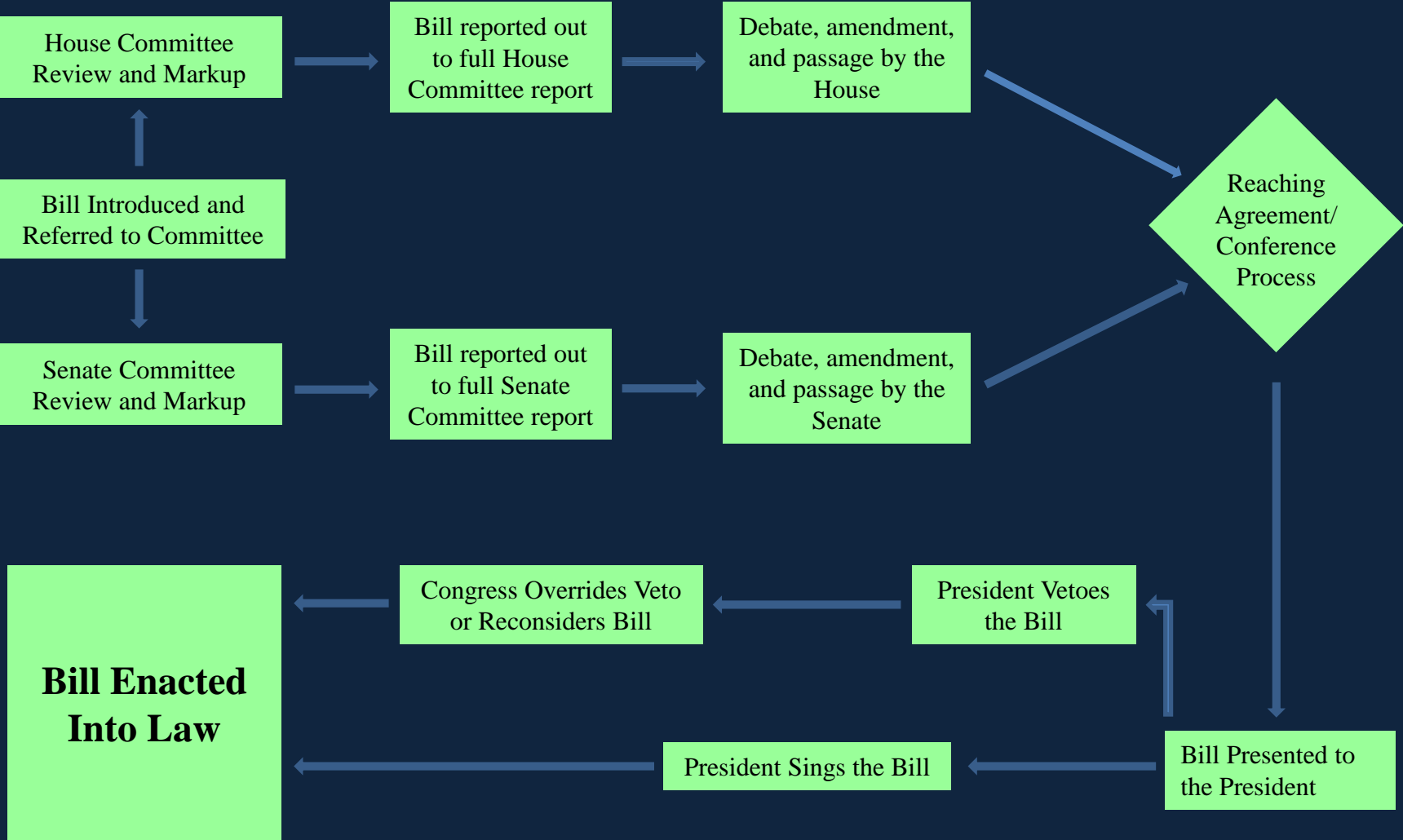
- Authorization (establishing a program)
- Appropriations (funding a program)

- Congress and the Executive Branch (the President and Federal agencies) share responsibility for creating and managing Federal programs
- Different Congressional committees oversee each stage of the process





The Federal Legislative Process





Authorization

- Any member of Congress may propose a bill authorizing (creating) a Federal program
- Sources of legislative proposals
- Authorizing legislation:
 - Typically authorizes the operation of a program for a fixed period of time (often 5 years)
 - Defines the program's purpose and may establish eligibility criteria, program restrictions, or funding formulas
 - May enable the Attorney General to take discretionary (voluntary) actions, such as issuing regulations or setting aside funding for certain purposes
- For DOJ and its agencies, authorizing committees are the House and Senate Committees on the Judiciary and Homeland Security





Federal Budget and Appropriations Process

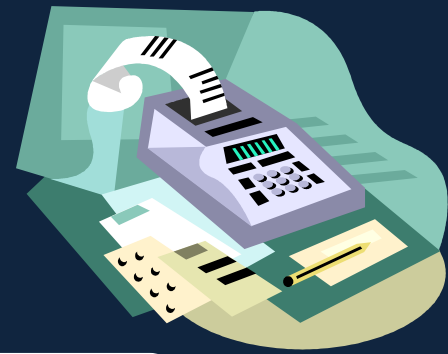
- Without appropriations, Federal agencies cannot implement their programs, even if they are authorized



- Most Federal programs are funded by annual discretionary appropriations
- Federal agencies begin preparing their budgets well in advance (typically 18 months before the start of a fiscal year) and invest considerable time and effort in justifying their funding requests
- Federal agency budgets are an important planning tool for the coming fiscal year – determine not only program funding, but also funding for Federal personnel and support operations



Department of Justice Budget Formulation Process



Department Budget Submission

- ▶ OJP develops a budget request, forwards to DOJ for review (February-June)
 - ▶ **Focus on proposals for new programs or changes to existing programs**
- ▶ DOJ budget staff review request, provide feedback (passback) to OJP (June-July)

OMB Budget Submission

- ▶ OJP revises budget request to reflect DOJ passback (July to September)
 - ▶ **Focus on Department, Attorney General budgetary and program priorities**
- ▶ DOJ budget staff compile Department budget request, forwards to OMB for review (September)

The President's Budget

- ▶ OMB provides passback on all funding and program request to DOJ (November)
 - ▶ **Final decisions on all budget requests,**
 - ▶ **Focus on incorporating the President's budgetary and program priorities**
- ▶ OMB compiles budget requests from all Federal departments and agencies into the President's annual budget request (January to February)



Appropriations

- Congressional appropriations process is designed to run from early February to late September of each Federal fiscal year, but often takes longer
- Begins with the release of the **President's Budget** to Congress and the public (usually in the first week of February)
- Budget hearings held by the House and Senate Committees on Appropriations (February to March)
- House and Senate Committees on the Budget prepare the **concurrent budget resolution**:
 - Serves as a blueprint for the budget process, setting overall levels of revenue and spending for the coming fiscal year





Appropriations (continued)

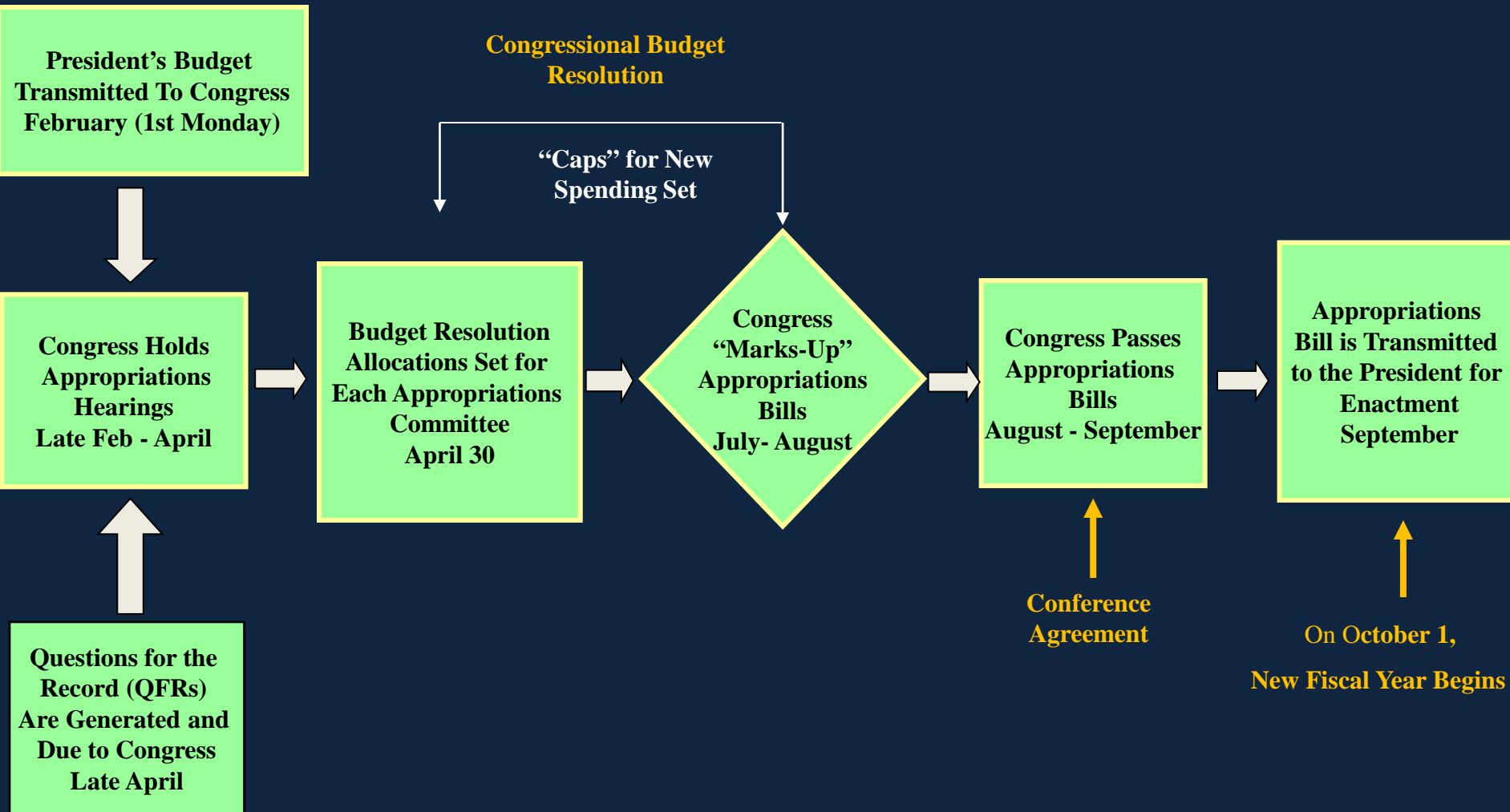


- Subcommittees of the House and Senate Appropriations Committees begin review and discussion of the budget proposals from the agencies they are responsible for (March to September)

- If Congress fails to pass appropriations bills by October 1:
 - It can pass a **continuing resolution (CR)** to give itself more time to work on appropriations bills, or
 - **Most government agencies would have to cease operations** because they can no longer pay their employees or spend on program activities
- Continuing resolutions:
 - May last anywhere from a few days to an entire Federal fiscal year
 - Typically place tight restrictions on Federal spending during the time the CR is in effect
- For DOJ and its agencies, appropriations committees are the House and Senate Committees on Appropriations, Subcommittees on Commerce, Justice Science, and Related Agencies



The Appropriations Process





Congressional Oversight

- Once created, programs and appropriations are subject to ongoing review:

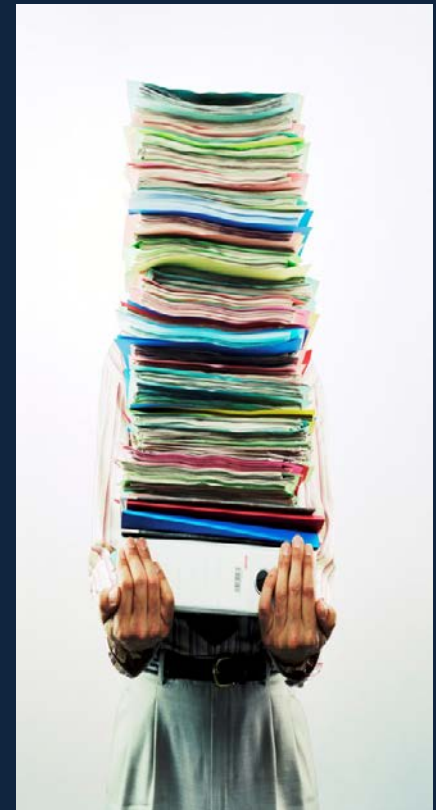
- **Spending plans**

- Required by appropriations acts funding DOJ agencies
- Provides a detailed summary of how DOJ agencies plan to use funds appropriated by Congress
- OJP spend plans detail how much funding the agency will use for grants, training and technical assistance, research and statistic, administrative operations, and other activities

- **Congressional report language and reporting requirements**

- Committee reports accompanying appropriations acts may provide additional guidance on OJP programs or require the agency to report to Congress on specific programs or topics

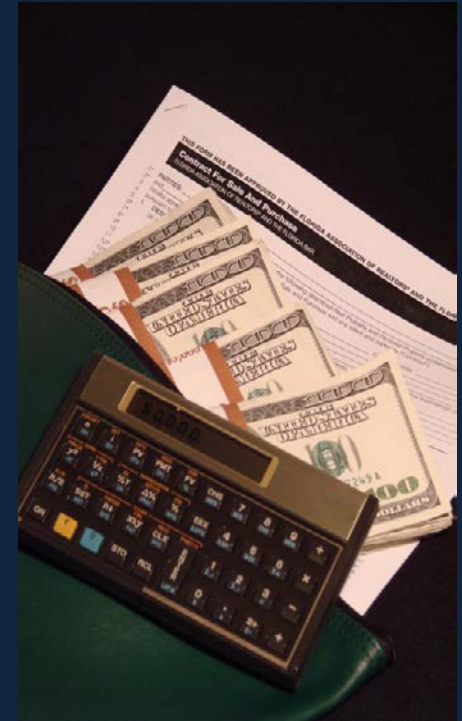
- **Oversight hearings by authorizing committee**





Appropriations Law: Managing Federal Funds

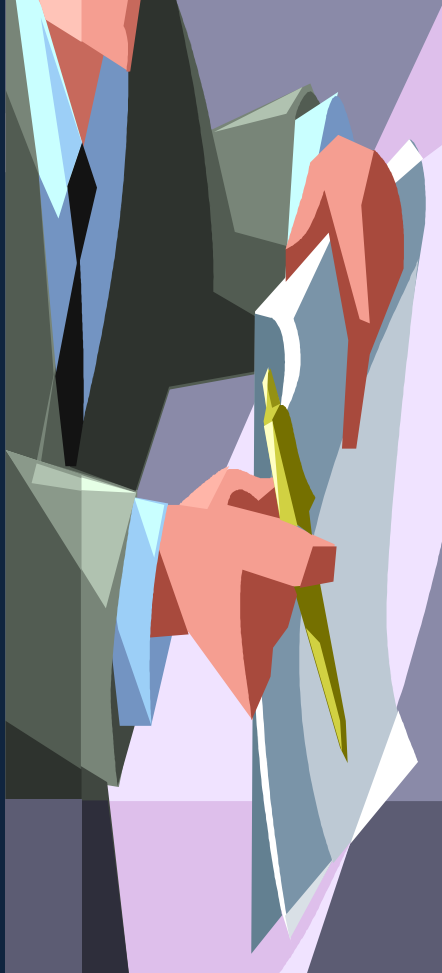
- **All spending on federal programs must be authorized in law:**
 - Budget authority provided for specific purposes
- **The Anti-Deficiency Act**
 - Agencies must use budget authority as Congress intended
 - Purpose, time, and amount
- **Earmarks**
 - Congressionally-directed spending that benefits a specific recipient
 - Controversial – popular with some Member of Congress and recipients, but sharply criticized by others due to lack of competitive funding process and accountability
 - Currently prohibited by House and Senate legislative rules





Appropriations Law: (continued)

- Obligations
 - Grant award and acceptance (documented by acceptance paperwork) creates an obligation
 - Grant reporting requirements – financial reporting, quarterly reports, performance measures, evaluations – document delivery of services
 - Properly concluding (closing out) obligations is vital – closeout paperwork, extension
 - Congress may rescind (take away) unobligated funding
- Audits and Program Reviews
 - Agency-level program and financial audits
 - Department-level OIG
 - OMB (federal financial and grants management practices)
 - GAO
- Accountability to the Public
 - Transparency reporting requirements
 - Freedom of Information Act (FOIA)





Relations Between Congress and Federal Agencies

- Some tension between the Legislative Branch (Congress) and the Executive Branch (President and Federal agencies) is common
- **Appropriations (the “power of the purse”) is a key Congressional power**
- To function in this environment, Federal agencies must be:
 - **Unified** - supporting their Department’s leadership and collaborating with other agencies and stakeholders to develop the best budget proposals and programs possible
 - **Impartial** – treating both parties in Congress equally and balancing the needs of many different interest groups in its policy and budget decisions
 - **Responsive** – taking into account the interests of the many interest groups involved in their programs and designing programs that respond to as many of these as practical
- **Federal agencies do not have exclusive control over programs they administer; they may provide information and suggestions to Congress, but are only one of many influences on the federal legislative process**



QUESTIONS?

Office of Justice Programs

