

# **CIRCULAR NO. A-11**

## **PART 1**

# **PREPARATION AND SUBMISSION OF BUDGET ESTIMATES**



**EXECUTIVE OFFICE OF THE PRESIDENT**

**OFFICE OF MANAGEMENT AND BUDGET**

**JULY 1999**

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**10.1 What is the budget?**

In this Circular, the term *budget* means the President's budget – *The Budget of the United States Government*. It consists of several volumes that set forth the President's financial proposal with recommended priorities for allocating resources. The main *Budget* volume contains the President's budget message and other broad statements of policy. The *Appendix* contains detailed information by agency, bureau or program group, budget accounts, programs, and activities. Other volumes, such as *Analytical Perspectives* and *Historical Data*, provide different views of the budget. Most of the information contained in the budget is, or is based on, information you submit for your agency and programs in response to this Circular.

The term budget can mean other things in other contexts. Some refer collectively to the budget resolution and revenue and spending bills that Congress passes, which we describe below, as the "congressional budget." Ultimately, Congress and the President enact many laws that control the Government's revenue and spending, which we sometimes refer to collectively as the budget, as in "executing the budget."

This section provides a broad overview of the budget process. You can read more about the budget process in a chapter of the *Analytical Perspectives* volume of the most recent budget, "Budget System and Concepts and Glossary," which is also available as a separate pamphlet. You can order budget documents, including the pamphlet, from the Government Printing Office, or you can view or download them at the following Internet address:

[www.access.gpo.gov/usbudget](http://www.access.gpo.gov/usbudget)

**10.2 Why prepare a budget?**

A law requires the President to submit a budget (see section 15.2). The President formally transmits his financial proposals to Congress through the budget. Congress considers the recommendations and uses the information included in the budget as it drafts and passes laws that affect spending and revenue. Through this process the Government decides how much money to spend, what to spend it on, and how to raise the money it has decided to spend.

**10.3 What kinds of information does the budget provide?**

The budget focuses primarily on the budget year — the upcoming fiscal year for which Congress needs to make appropriations. However, it includes data on and may propose changes for the current year. It also covers at least the four years following the budget year (outyears) in order to reflect the effect of budget decisions over

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the longer term and includes data on the most recently completed fiscal year to permit comparisons of budget estimates to actual accounting data.

The budget provides actual data or estimates (in millions or billions of dollars, depending on the context) for the following:

- C The amount that each agency may obligate the Government to pay (budget authority) and to actually pay (outlays) by account and for the agency in total.
- C The amount of receipts each agency collects from various sources.
- C Budget authority, outlays, and receipts by major function of Government (such as national defense). (This is why we assign each budget account a functional classification code or codes.)
- C Total budget authority, outlays, and receipts for the Government.
- C The amount of a surplus (when receipts exceed outlays) or a deficit (when outlays exceed receipts).

The budget divides the Government totals for budget authority, outlays, and receipts into “on-budget” amounts and “off-budget” amounts. The off-budget amounts include the transactions of the Social Security trust funds and the Postal Service, which are excluded from the budget totals by laws.

The budget arrays data in many different ways. For example, a part of the budget discusses current operating expenditures versus capital investment. Also, while the budget focuses primarily on dollars, it also includes data on other resources, such as Federal employment levels.

### 10.4 What agencies does the budget cover?

The budget covers the agencies of all three branches of government – Executive, Legislative, and Judicial – and provides information on Government-sponsored enterprises. In accordance with law or established practice, OMB includes information on agencies of the Legislative Branch, the Judicial Branch, and certain Executive Branch agencies as submitted by those agencies without change. By longstanding practice, the budget presents information for the Board of Governors of the Federal Reserve System, but doesn’t include amounts for the Board in the budget totals, even though it is a Government agency, because of the independent status of the System. The budget includes information about the Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae), but doesn’t include them in the budget totals because they are privately owned. (Section 25 discusses the applicability of Part 1 of this Circular to various agencies.)

### 10.5 What happens during the Federal budget process and when?

The budget process occurs in three main phases:

- C *Formulation.* During this phase, the Executive Branch prepares the President’s budget. OMB and the Federal agencies begin preparing the next budget almost as soon as the President has sent the last one to Congress. OMB normally starts the process officially by

sending planning guidance to Executive Branch agencies sometime in the Spring. The President completes this phase by sending the budget to Congress, normally on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons.

- C *Congressional.* This phase starts in late January or February, about the time the Congress receives the President’s budget. Congress doesn’t vote on the President’s budget itself, and it doesn’t enact a budget of its own, as such. It considers the President’s budget proposals, passes an overall revenue and spending plan called a “budget resolution,” and enacts appropriations acts and other laws that control spending and receipts.
  
- C *Execution.* This phase lasts for a fiscal year. It pertains to funds appropriated for that fiscal year, to balances of appropriations made in prior years that remain available for obligation, and to outlays from obligated balances carried over from the previous year. At the beginning of the fiscal year, and at such other times as necessary, OMB apportions funds – that is, specifies the amount of funds that an agency may use by time period, program, project, or activity – to Executive Branch agencies. Throughout the year, agencies hire people, enter into contracts, enter into grant agreements, etc. in order to carry out their programs, projects, and activities. These actions use up the available funds by obligating the Federal government to make outlays, immediately or in the future. See OMB Circular No. A-34, “Instructions on Budget Execution,” for more information on this phase of the budget process. Circular No. A-34 is available at the following web site:

[www.whitehouse.gov/OMB/circulars/a034/toc97.html](http://www.whitehouse.gov/OMB/circulars/a034/toc97.html)

The following tables highlight the major events in each of the phases of the budget process. These tables show the planned timing or, when applicable, the timing specified in law. The actual timing may vary from this. For example, Congress frequently does not enact all appropriations acts by the start of the fiscal year, and on several occasions a President has submitted the budget later than specified for various reasons, including late enacted appropriations for the previous fiscal year. Note that budget cycles overlap, so we must begin the next cycle before completing the last one.

**MAJOR STEPS IN THE FORMULATION PHASE**

What happens?	When?
<i>OMB issues Spring planning guidance to Executive Branch agencies for the upcoming budget.</i> The OMB Director issues a letter to the head of each agency providing policy guidance for the agency’s budget request. Absent more specific guidance, the outyear estimates included in the previous budget serve as a starting point for the next budget. This begins the process of formulating the budget the President will submit the following February.	Spring
<i>OMB and the Executive Branch agencies discuss budget issues and options.</i> OMB works with the agencies to: <ul style="list-style-type: none"> <li>C Identify major issues for the upcoming budget;</li> <li>C Develop and analyze options for the upcoming fall review; and</li> <li>C Plan for the analysis of issues that will need decisions in the future.</li> </ul>	Spring and Summer

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<b>What happens?</b>	<b>When?</b>
<i>OMB issues Circular No. A-11 to all Federal agencies. This Circular provides detailed instructions to the agencies for submitting budget data and materials.</i>	Late June
<i>Executive Branch agencies (except those not subject to Executive Branch review) make initial budget submissions. See section 25.1 and 27.1.</i>	September 13
<i>Fiscal year begins. The just completed budget cycle focused on this fiscal year. It was the “budget year” in that cycle and is the “current year” in this cycle.</i>	October 1
<i>OMB conducts its Fall review. The OMB staff analyzes agency budget proposals in the light of presidential priorities, program performance, and budget constraints. They raise issues and present options to the Director and other OMB policy officials for their decisions.</i>	October — November
<i>OMB briefs the President and senior advisors on proposed budget policies. The OMB Director recommends a complete set of budget proposals to the President after OMB has reviewed all agency requests and considered overall budget policies.</i>	Late November
<i>“Passback.” OMB usually informs all Executive Branch agencies at the same time about the decisions on their budget requests.</i>	Late November
<i>All agencies enter MAX computer data and submit print materials and additional data. This process begins immediately after passback and continues until OMB must “lock” agencies out of the database in order to meet the printing deadline. See section 27.1.</i>	Late November to early January <sup>1</sup>
<i>Executive Branch agencies may appeal to OMB and the President. An agency head may ask OMB to reverse or modify certain decisions. In most cases, OMB and the agency head resolve such issues and, if not, work together to present them to the President for a decision.</i>	December <sup>1</sup>
<i>Agencies prepare and OMB reviews congressional budget justification materials. Agencies prepare the budget justification materials they need to explain their budget requests to the responsible congressional subcommittees.</i>	January
<i>President transmits the 2001 budget to Congress.</i>	First Monday in February

<sup>1</sup>OMB provides specific deadlines for this activity.

**MAJOR STEPS IN THE CONGRESSIONAL PHASE**

<b>What happens?</b>	<b>When?</b>
<i>Congressional Budget Office reports to Budget Committees on the economic and budget outlook. Among other things, CBO reestimates the President’s budget based on its own economic and technical assumptions.</i>	February 15
<i>Other committees submit “views and estimates” to House and Senate Budget Committees. Committees indicate their preferences regarding budgetary matters for which they are responsible</i>	Within 6 weeks of budget transmittal
<i>Congress completes action on the concurrent resolution on the budget. Congress commits itself to broad spending and revenue levels by passing a budget resolution</i>	April 15

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<b>What happens?</b>	<b>When?</b>
<i>Congress needs to complete action on appropriations bill for the upcoming fiscal year. Congress completes action on regular appropriations bills or provides a “continuing resolution” (a stop-gap appropriation law).</i>	September 30

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**MAJOR STEPS IN THE EXECUTION PHASE**

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<b>What happens?</b>	<b>When?</b>
<i>Fiscal year begins.</i>	October 1
<i>OMB apportions funds made available in the budget process. Agencies submit apportionment requests to OMB for each budget account, and OMB approves or modifies the apportionment, which specifies the amount of funds agencies may use by time period, program, project, or activity.</i>	September 10 (or within 30 days after approval of a spending bill)
<i>Agencies incur obligations and make outlays to carry out the funded programs, projects, and activities. Agencies hire people, enter into contracts, enter into grant agreements, etc. in order to carry out their programs, projects, and activities.</i>	Throughout the fiscal year
<i>Fiscal year ends.</i>	September 30

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