

CRS Report for Congress

Received through the CRS Web

Overview of the Authorization- Appropriation Process

Bill Heniff Jr.

Analyst in American National Government
Government and Finance Division

A primary avenue for exercising Congress's power of the purse is the authorization and appropriation of federal spending to carry out government activities. While the power over appropriations is granted to Congress by the U.S. Constitution, the authorization-appropriation process is derived from House and Senate rules. The formal process consists of two sequential steps: (1) enactment of an authorization measure that may create or continue an agency or program as well as authorize the subsequent enactment of appropriations, and (2) enactment of appropriations to provide funds for the authorized agency or program.¹

The authorizing and appropriating duties in this two-step process are carried out by a division of labor within the committee system. Legislative committees, such as the House Committee on Armed Services and the Senate Committee on Commerce, Science, and Transportation, are responsible for authorizing legislation related to the agencies and programs under their jurisdiction; most standing committees have authorizing responsibilities. The Appropriations Committees of the House and Senate have jurisdiction over appropriation measures. As discussed below, House and Senate rules generally prohibit the encroachment of these committee responsibilities by the authorizers and appropriators.

Agencies and programs funded through the annual appropriation process, referred to as discretionary spending, generally follow this two-step process. Not all federal agencies and programs, however, are funded through this authorization-appropriation process. Funding for some agencies and programs is provided by the authorizing legislation, bypassing this two-step process. Such spending, referred to as direct spending, currently constitutes about two-thirds of all federal spending. Some direct spending, mostly entitlement programs, is funded by permanent appropriations in the authorizing law. Other direct spending (referred to as appropriated entitlements), such as Medicaid, is funded in appropriation acts, but the amount appropriated is controlled by the authorizing legislation

¹ For a more thorough discussion of this process, see: U.S. Library of Congress, Congressional Research Service, *Manual on the Federal Budget Process*, by Robert Keith and Allen Schick, CRS Report 98-720 GOV (Washington: August 28, 1998), chapters 6 and 7.

.Authorizing Legislation

An authorizing measure can establish, continue, or modify an agency or program for a fixed or indefinite period of time. It also may set forth the duties and functions of an agency or program, its organizational structure, and the responsibilities of agency or program officials.

Authorizing legislation also authorizes the enactment of appropriations for an agency or program. The amount authorized to be appropriated may be specified for each fiscal year or may be indefinite (providing “such sums as may be necessary”). The authorization of appropriations is intended to provide guidance regarding the appropriate amount of funds to carry out the authorized activities of an agency.

Appropriation Measures

An appropriation measure provides budget authority to an agency for specified purposes. Budget authority allows federal agencies to incur obligations and authorizes payments to be made out of the Treasury. Discretionary agencies and programs, and appropriated entitlement programs, are funded each year in appropriation acts.

The 13 subcommittees of the Appropriations Committees of the House and Senate are each responsible for one of the *regular appropriation acts*. The regular appropriation acts provide budget authority for the next fiscal year, beginning October 1. Congress usually adopts one or more *supplemental appropriation acts* to provide additional funding for unexpected needs while the fiscal year is in progress. If the regular appropriation acts are not completed by October 1, then Congress must adopt a *continuing appropriation act*, commonly referred to as a continuing resolution, providing stop-gap funding. In some years, instead of adopting the regular appropriation measures individually, Congress may include several in an omnibus appropriation measure, or a continuing appropriation bill providing funding for the full fiscal year.

Enforcing the Authorization-Appropriation Process

The separation between the two steps of the authorization-appropriation process is enforced through points of order provided by rules of the House and Senate. First, the rules prohibit appropriations for unauthorized agencies and programs; an appropriation in excess of an authorized amount is considered an unauthorized appropriation. Second, the rules prohibit the inclusion of legislative language in appropriation measures. Third, the House, but not the Senate, prohibits appropriations in authorizing legislation.

While the rules encourage the integrity of the process, a point of order must be raised to enforce the rules. Also, the rules may be waived by suspension of the rules, by unanimous consent, or, in the House, by a “special rule.” If unauthorized appropriations are enacted into law through circumvention of House and Senate rules, in most cases the agency may spend the entire amount.