



The Federal Fiscal Year

Bill Heniff Jr.

Analyst on the Congress and Legislative Process

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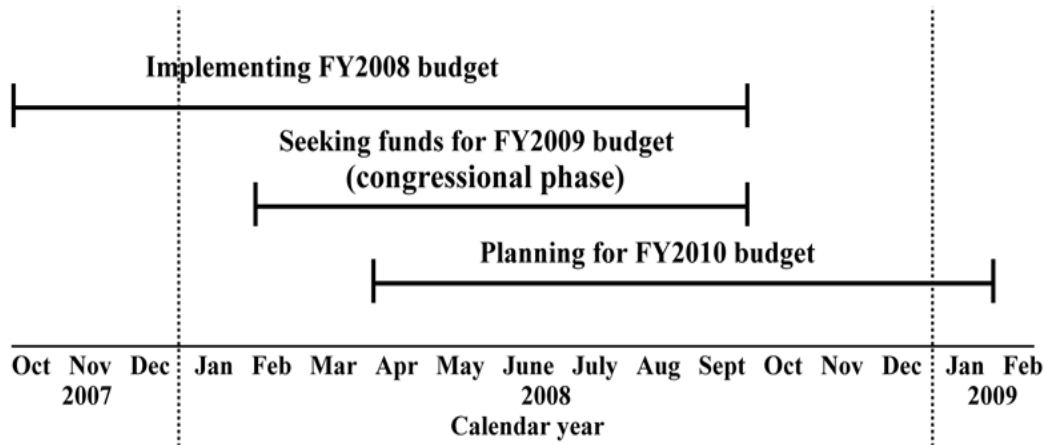
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The fiscal year is the accounting period of the federal government. It begins on October 1 and ends on September 30 of the next calendar year. Each fiscal year is identified by the calendar year in which it ends and commonly is referred to as “FY.” For example, FY2008 began October 1, 2007, and ends September 30, 2008. For more information on the budget process, see the CRS Guides to Congressional Processes at <http://www.crs.gov/products/guides/guidehome.shtml>.

Initially, the federal fiscal year coincided with the calendar year. In 1842, President John Tyler signed legislation changing the fiscal year to a July 1 to June 30 cycle. Beginning with FY1977, the Congressional Budget Act of 1974 (Section 501 of P.L. 93-344, currently codified at 31 U.S.C. 1102) changed the fiscal year to its current cycle. In both instances, the intent was to provide Congress with more time to process appropriations legislation, particularly to avoid continuing resolutions. Establishing the most appropriate budget cycle continues to be the subject of some legislative proposals that would change the current fiscal year to a biennial (two-year) period.

Figure 1. The Fiscal-Year Budgets of a Typical Federal Agency



Federal agencies simultaneously work on three fiscal-year budgets at any given time. **Figure 1** illustrates these three fiscal-year budgets. First, agencies implement budgetary legislation for the current fiscal year. Second, they support the President’s budget proposals during congressional consideration of budgetary legislation for the coming fiscal year, referred to as the “budget year.” Third, federal agencies develop their budgets for the following fiscal year, which the President will submit to Congress in February of the next calendar year. For example, in May 2008, agencies were implementing the FY2008 budget, seeking funds for the FY2009 budget, and beginning to develop the FY2010 budget.

Author Contact Information

(name redacted)
 Analyst on the Congress and Legislative Process
 /redacted/@crs.loc.gov, 7-....

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