Down the Rabbit Hole: The Congressional Budget Process

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Overview

- What's to come:
  - Budget background
  - Congressional budget resolution
  - Appropriations
  - Reconciliation

- Apologies:
  - Very general discussion
  - Wordy slides

- Note: Both parties use the same procedures
Legislative Procedure: “Short Form”

Bill introduced

- Referred to Committee

- Reported to Floor
  - Hearing
  - Mark up

- Reported to Other Chamber
  - Debate
  - Amendments
  - Vote
  - Engrossed

- Referred to Committee

- Conference:
  - Chamber differences resolved

- Reported to Floor
  - Debate
  - Amendments
  - Vote
  - Engrossed

- Presented to President

- Debat
- Vote
- Enrolled
Congressional Budget Process: Broken
The Budget: What Is It?

- Budget: Statement of anticipated revenues & spending during specific period
  - Period: Fiscal Year, Oct. 1 – Sept 30

- Budget authority: Statutory authority to make financial obligations resulting in outlays of federal funds
  - Authority/authorization: Permission to make obligation
  - Obligation: Commitment to pay for goods & services
  - Outlay: Satisfaction of obligation

- Budgetary authority conferred through process[es]
  - Executive
  - Legislative
Federal Budget FY2020

Revenues: $3.4 Trillion

- Individual Income Taxes: $1.6 Trillion
- Payroll Taxes: $1.3 Trillion
- Corporate Taxes: $289 Billion
- Other: $212 Billion

Outlays: $6.6 Trillion

- Direct/Mandatory Spending: $4.6 Trillion
- Discretionary Spending: $1.6 Trillion
- Interest on Debt: $345 Billion

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Not Process but Processes

- Discretionary Spending
  - Budget authority conferred by annual appropriations
  - Under jurisdiction of House and Senate Appropriations Committees

- Direct Spending
  - Budget authority conferred automatically by existing laws
    - E.g. Social Security, Medicare, Unemployment Insurance, Military Retirement, etc.
  - To change spending, must change law
  - Under jurisdiction of authorizing committees

- Each has different process
Sources of Process: Constitution

- “The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts....” U.S. Const. Art I, § 8

- “All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills. U.S. Const. Art I, § 7

- “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law....” U.S. Const. Art I, § 9, cl. 7
Sources of Process

- **Statutes:**
  - Congressional Budget and Impoundment Control Act of 1974 (CBA)
  - Regulation of president, e.g. Budget and Accounting Act of 1921
  - Regulation of Congress, e.g. spending controls

- **Congressional rules, especially**
  - House: Rules Committee rule setting rules for debate
  - Senate: Cloture, 60 votes to close debate

- **Executive action, e.g. President’s budget & veto**
President’s Budget & Congressional Budget Resolution
President submits budget

House Budget Committee reports budget resolution

Senate Budget Committee reports budget resolution

House floor

Senate floor

Agree

Passing Congressional Budget Resolution
President Submits Budget

- **Deadline:** First Monday in February (often missed)

- **Contains:**
  - Statutorily mandated information
    - Estimated revenue & expenditures
    - Public debt
    - Program information
  - Whatever the executive wants

- **Significance:**
  - Expression of President's goals
  - Non-binding
  - Begins process
Question

- What’s wrong with this headline?

“Biden to Release Full Budget Proposal on May 27” -- The Hill, May 13, 2021
Congress Passes Budget Resolution

- Deadline: April 15 (often missed)

- What is it?
  - Blueprint for appropriations
  - Concurrent resolution, not law
  - Enforced through points of order

- Contains:
  - Budgetary authority & outlays
    - Total
    - 20 functional categories, e.g. National Defense, Transportation, etc.
  - Revenues
  - Surplus & deficits
  - Public Debt
  - Reconciliation instructions (more later)
Budget Committees consider information from:
- President’s budget
- Hearings
- Congressional Budget Office (CBO) analysis
- Committees with jurisdiction

Budget Committees report resolutions to their chambers
- Resolution text
- Report
- Maybe committee print
- Policy recommendations
Congress Passes Budget Resolution

- **House consideration**
  - CBA procedure, BUT
  - Usually considered through special rule

- **Senate consideration**
  - CBA procedure
  - Debate limit: 50 hours (no filibuster)
  - Amendments must be germane

- **Chambers must agree**
  - Conference Committee
  - Debate limit in Senate: 10 hours
Question

- What’s wrong with this headline?

“Congress Approves Budget, Paving Way for Biden’s COVID–19 Relief Package”—NPR, Feb. 5, 2021
Discretionary Spending

The Appropriations Process
Types of Laws in Process

- **Authorization:**
  - Law granting authority for program/agency to
    - Exist—For period or continually
    - Receive appropriations & suggest how much
  - Under jurisdiction of authorizing committees

- **Appropriation:** Provides budget authority
  - Made in 12 appropriations bills
    - Cover different subject areas, e.g. Defense, Homeland Security, Congress
  - Under jurisdiction of Appropriations Committees

- **Why?** Division of policy and spending decisions
House Appropriation Committees draft appropriations bills

House Appropriation Subcommittees draft appropriations bills

Senate Appropriation Committees draft appropriations bills

Budget Resolution

Agree

President signs

Passing Appropriations Bills

House floor

House Appropriation Committees draft appropriations bills

Senate floor
Congress Completes Appropriations Bills

- **Deadlines**
  - House Passage: June 30 (Often missed)
  - Full Passage: October 1 (Often missed)

- Appropriations Subcommittees consider & report bills to full committee
  - Divide allocation given by Appropriations Committees

- Full Appropriations Committees consider & report bills
Congress Passes Appropriations Bills

- **House consideration**
  - CBA, rules & precedents but...
  - Usually considered through special rule

- **Senate consideration**
  - CBA, rules & precedents
  - Enforce points of order, e.g. exceeding budget authority in budget resolution
  - Waivable, e.g. 3/5ths majority or unanimous consent

- **Must pass same version**
  - E.g. Conference committee
In what year did Congress last pass all 12 appropriations bills on time?
Omnibus/consolidated appropriations act:
Several appropriations bills combined into one

Continuing resolution: Provides budget authority
- For certain period
- At certain rate

Supplemental resolution: Additional budget authority
- E.g. for emergencies
The Reconciliation Process
House authorizing committee[s] draft bill[s] → House Budget Committee bundles bills → House floor

Senate authorizing committee[s] draft bill[s] → Senate Budget Committee bundles bills → Senate floor

Budget Resolution

Passing Reconciliation Bill

President signs

Agree

Single bill
Reconciliation

- Procedure to make direct spending conform with budget resolution
  - Optional
  - Expedited

- Intended to curb deficit not create policy and cut taxes

- Today mostly used to create policy and cut taxes
Instructions to Authorizing Committees

- Find savings or increase deficit:
  - By changing laws under jurisdiction
  - By certain amount
  - Over a certain time
  - By deadline (not enforced)

- Report to
  - Chamber if one committee instructed
  - Budget Committee if more than one
    - Bundles into omnibus
    - Makes no changes
Floor Consideration

- **House:** Special rule

- **Senate:**
  - Privileged, non-debatable
  - Debate limited to 20 hours
  - Cannot contain unrelated provisions (Byrd Rule)
    - Must be related to budget resolution instructions
  - Amendments must be germane

- **Differences resolved in conference committee**

- **Final vote**
  - House: Special rule
  - Senate: Privileged & limited debate
S. Con. Res 13 & Report: Budget resolution with reconciliation instructions

H. Education & Labor

H.R. 3200, as reported from H. Education

H. Ways & Means

H.R. 3200, as reported from H. Ways & Means

H. Energy & Commerce

H.R. 4872, Reconciliation Act of 2010

S. HELP

S. Finance

H.R. 3200, as reported from H. Education

April, 2009

October, 2009

March 2010

Student loan reform

U.S. Code Congressional & Administrative News

OOPS!!
Two amendments to H.R. 4872 (considered adopted):
1. Amendment in nature of substitute
2. Amendment to amendment
Do You Want to Know More?

- Congressional Research Service
- Congressional Budget Office
- Law Library of Congress: Appropriations and Budget Resources
- GPO:
  - Compendium of Laws and Rules of the Congressional Budget Process
  - House and Senate rules and precedents
- A Glossary of Terms Used in the Federal Budget Process (GAO)
Questions