

CRS Report for Congress

Received through the CRS Web

Overview of the Congressional Budget Process

Bill Heniff Jr.

Analyst in American National Government

Government and Finance Division

The congressional budget process, in the broadest sense, consists of the consideration and adoption of spending, revenue, and debt-limit legislation within the framework of an annual concurrent resolution on the budget. Under the Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, 2 U.S.C. 601-688), the House and Senate Budget Committees develop the budget resolution, assisted by the nonpartisan Congressional Budget Office.

Congress begins its budget process once the President submits his budget; the President is required by law to submit a comprehensive federal budget no later than the first Monday in February. For an overview of the timetable of this process, see CRS report 98-472 GOV, *The Congressional Budget Process Timetable*. Congress is not bound by the President's budget, and through its budget process may adopt budgetary legislation reflecting different priorities than the President's.

Budget Resolution

The budget resolution, the centerpiece of the congressional budget process, sets forth aggregate spending and revenue levels, and functional levels of spending, for the upcoming fiscal year and at least the following four fiscal years. As a concurrent resolution, it is not presented to the President for his signature, and, thus, does not become law. By setting forth a comprehensive statement of congressional priorities on budgetary matters, however, the budget resolution provides a framework for subsequent legislative action on the budget during each congressional session.

The Budget Committees of the House and Senate develop the annual budget resolution, after receiving testimony from executive branch officials, Members of Congress, and the public, and receiving "views and estimates" statements from other congressional committees with jurisdiction over spending and revenues. For more information on the formulation of the budget resolution, see CRS report 98-512 GOV, *Formulation and Content of the Budget Resolution*.

The 1974 CBA sets April 15 as a target date for completion of the annual budget resolution. The House and Senate consider budget resolutions under expedited procedures. No spending, revenue, or debt-limit legislation for the upcoming fiscal year may be considered before a budget resolution has been adopted unless a waiver of the

rules is granted. However, the House may consider annual appropriations bills without a waiver after May 15 if a budget resolution has not been adopted by then.

Once a budget resolution has been adopted, Congress may enforce its provisions through a complex set of points of order. For example, any legislation, or amendment, that would cause the aggregate levels to be violated is prohibited from being considered. Further, the total budget authority and outlays set forth in the budget resolution are allocated to each House and Senate committee that has jurisdiction over specific spending legislation. Any legislation, or amendment, that would cause these committee allocations to be exceeded is prohibited. Finally, the House and Senate Appropriations Committees subdivide their allocations among their respective 13 subcommittees. A point of order may be raised against any appropriations act, or amendment, that would cause these subdivisions to be exceeded. Congress also may use reconciliation legislation (discussed below) to enforce direct spending, revenue, and debt-limit provisions of a budget resolution. For more on these enforcement procedures, see CRS report 98-815 GOV, *Budget Resolution Enforcement*.

Subsequent Budgetary Legislation

About one-third of all federal spending is considered *discretionary* and is provided through the annual appropriations process. The House and Senate Appropriations Committees have jurisdiction over appropriations measures. The 13 subcommittees of each Appropriations Committee are each responsible for one of the regular appropriations acts. The regular appropriations acts provide budget authority for the next fiscal year. If the regular appropriations acts are not completed by October 1, Congress must adopt a continuing resolution providing stop-gap funding. For more on the appropriations process, see CRS report 97-684 GOV, *The Congressional Appropriations Process: An Introduction*.

Revenues and the remaining federal spending referred to as *direct spending* (which funds mostly entitlements) are determined largely by existing law. No action is necessary by Congress for them to continue, although Congress usually modifies some revenue and direct spending programs each session. Congress may include reconciliation directives in a budget resolution in order to initiate necessary changes in revenue, direct spending, and debt-limit laws. Reconciliation directives instruct one or more committees to recommend legislative language necessary to achieve the levels of revenues, direct spending, and debt limit agreed to in the budget resolution. The legislative language recommended by committees is packaged by the House and Senate Budget Committees “without substantive revision” into one or more reconciliation bills. In some instances, reconciliation instructions may direct a committee to report its legislative recommendations directly to its house. Reconciliation legislation is considered under expedited procedures that limit debate and place restrictions on amendments. For more on the reconciliation process, see CRS report 98-814 GOV, *Budget Reconciliation Legislation: Development and Consideration*.

Congress also may adopt revenue, direct spending, and debt-limit measures individually. The substantive provisions of such legislation must comply with the budget policies set forth in the budget resolution. Any freestanding budgetary legislation is subject to the points of order mentioned above.