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Budget Actions in 2017

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Summary

The Constitution grants Congress the power of the purse, but does not dictate how Congress must fulfill this constitutional duty. Congress has, therefore, developed certain types of budgetary legislation, along with rules and practices that govern its content and consideration. This set of budgetary legislation, rules, and practices is often referred to as the congressional budget process.

There is no prescribed congressional budget process that must be strictly followed each year, and Congress does not always consider budgetary measures in a linear or predictable pattern. Such dissimilarity can be the result of countless factors, such as a lack of consensus, competing budgetary priorities, the economy, natural disasters, military engagements, and other circumstances creating complications, obstacles, and interruptions within the policymaking process.

Since the budget process will vary significantly each year, it is better understood not as a definite set of actions that must occur annually, but instead as an array of opportunities for affecting the federal budget. This report seeks to assist in (1) anticipating what budget-related actions might occur within the upcoming year, and (2) staying abreast of budget actions that occur this year. It provides a general description of the recurrent types of budgetary actions, and reflects recent events that have unfolded in each category during 2017. In addition, it includes information on certain events that may affect Congress's work on the budget, such as the President's budget request and the Congressional Budget Office's budget and economic outlook. The most-recent budget actions will be noted at the beginning of the report.

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Recent Actions

Most Recent Actions in 2017

- From July 25 to July 28, 2017, the Senate agreed to proceed to consideration of the American Health Care Act, considered several amendments to the bill, and then agreed to place the bill back on the Senate calendar.
- The House Budget Committee reported H.Con.Res. 71, a budget resolution for FY2018 on July 21, 2017.
- CBO released *An Update to the Budget and Economic Outlook: 2017 to 2027* on June 29, 2017.
- OMB released the Trump Administration's FY2018 Budget on May 23, 2017.
- The President signed the Consolidated Appropriations Act, 2017 (P.L. 115-31) into law on May 5, 2017, providing discretionary appropriations funding for the remainder of FY2017.
- The House passed H.R. 1628, the American Health Care Act, on May 4, 2017.
- On April 28, 2017, the President signed a continuing resolution, providing further continuing appropriations for FY2017 through May 5, 2017.
- CBO released *The 2017 Long-Term Budget Outlook* on March 30, 2017.
- The Office of Management and Budget released summary information for the FY2018 President's Budget on March 16, 2017.
- The statutory debt limit was reinstated at $19.809 trillion on March 16, 2017.
- Secretary Mnuchin informed Congress of Treasury's intent to invoke extraordinary measures to stay under the statutory debt limit upon its reinstatement on March 8, 2017.
- CBO released *The Budget and Economic Outlook: 2017 to 2027* on January 24, 2017.
- The House and Senate agreed to a budget resolution for FY2017 (S.Con.Res. 3) in early January, triggering the budget reconciliation process.

Summary of Events at the End of 2016

At the end of 2016, Congress acted on several pieces of significant budgetary legislation.

- A number of tax provisions, which had previously been extended by the Protecting Americans from Tax Hikes Act of 2015 as part of the Consolidated Appropriations Act, 2016 (P.L. 114-113), expired on December 31, 2016. Those provisions have been extended on several occasions in the past, at times in the calendar year following their expiration.[1]
- The House and Senate passed H.R. 2028, a continuing resolution (CR) that provides funding through April 28, 2017, for the programs covered by 11 of the

[1] For more information, see CRS Report R44677, *Tax Provisions that Expired in 2016 ("Tax Extenders")*, by (name red acted) .

12 regular appropriations bills. The bill was signed into law (P.L. 114-254) by President Obama on December 10, 2016.

CBO's Budget and Economic Outlook

Description

Each year, the Congressional Budget Office (CBO) releases a projection of budgetary and economic outcomes titled *The Budget and Economic Outlook*. These projections include an estimate of federal spending and receipts under current law, referred to as *the baseline*. The baseline covers the current fiscal year and the 10 subsequent fiscal years.

Congress uses the baseline in many ways as it makes budgetary decisions. For example, the baseline assists Congress in assessing the current budget and economic situation to develop a budget resolution for the upcoming fiscal year. In addition, the baseline provides a benchmark against which Congress can measure the budgetary impact of legislative proposals. This is used not only to weigh the merits of legislation, but also to enforce budgetary constraints.

Changes in budget projections between baselines are sorted into three categories: (1) legislative changes, which are adjustments due to enacted laws since the last baseline publication; (2) economic changes, which are reflective of shifts in underlying economic conditions; and (3) technical changes, which are modeling adjustments made in an effort to improve the accuracy of projections.

The Budget and Economic Outlook is generally released in January, and updates are typically issued both following the release of the President's Budget and in August.

Actions in 2017

June Update

CBO released *An Update to the Budget and Economic Outlook: 2017 to 2027* on June 29. That forecast projected an FY2017 budget deficit of $693 billion (3.6% of GDP), which represented an increase of $134 billion from its January forecast. Those changes were due almost entirely to economic and legislative changes in the forecast. The increased deficit projection was due to an $89 billion decrease in FY2017 revenues, driven largely by lower than expected receipt levels in early 2017, and an increase of $45 billion in FY2017 outlays, primarily due to increases in the subsidy costs of federal loans issued to the public.

The June forecast projected a cumulative deficit from FY2018 to FY2027 of $10.112 trillion, an increase of $686 billion from the January forecast. A $624 billion increase in projected outlays accounted for most of the increased deficit projection, with a $62 billion decline in revenues making up the rest of the difference from the January baseline. The June forecast projected a deficit of $563 billion (2.8% of GDP) in FY2018 and a deficit of $1,463 billion (5.2% of GDP) in FY2027 under current law.

January Update

CBO released *The Budget and Economic Outlook: 2017 to 2027* on January 24, 2017.[2] The forecast included federal budget deficit projections of $559 billion in FY2017, equivalent to 2.9% of annual gross domestic product (GDP). That total represents a decrease in the deficit total from FY2016, which was $587 billion (3.2% of GDP). CBO projected that the budget deficit would then fall in FY2018 to 2.4% of GDP but increase in subsequent years, rising to $1,408 billion (5.0% of GDP) in FY2027, the final year of the budget window.

The outlook projected a cumulative deficit from FY2017 through FY2026 of $8.577 trillion, a 0.1% increase ($0.006 trillion) from projections over the same period in the August 2016 baseline.[3] The deficit increase was attributable to projected decreases in federal revenues (by $315 billion) that were slightly higher than projected decreases in outlays (by $310 billion).

Legislation enacted in late 2016 increased the projected deficit by $127 billion from FY2017 to FY2026, with nearly all of that change resulting from increased outlays. Technical changes to the baseline reduced budget deficits by a combined $133 billion through outlay reductions that exceeded revenue reductions over the 10-year window. Finally, economic adjustments to the baseline increased budget deficits by $12 billion from FY2017 through FY2026, as revisions to the economic forecast were quite small by historical standards.

CBO's Long-Term Budget Outlook

Description

In addition to the budget and economic outlook, CBO also releases a long-term budget outlook, typically on an annual basis. This forecast uses a similar set of assumptions employed in the Budget and Economic Outlook to project federal spending and revenue levels through at least 25 years beyond the current fiscal year. Information included in the long-term budget outlook includes projections of publicly held debt and key macroeconomic indicators, as well as calculations on how federal spending goals would need to change in order to hit certain public debt benchmarks at the end of the forecast. Though the long-term outlook does not affect the budgetary impact of legislative proposals, it helps to inform Congress about the long-term trends of certain budgetary components under current law.

Actions in 2017

CBO released *The 2017 Long-Term Budget Outlook* on March 30, 2017.[4] The forecast includes budget and debt projections through FY2047. The current outlook increased its projection of long-term publicly held debt as compared with the previous forecast, as estimated publicly held debt in FY2046 (the last year estimated in each publication) rose from 141% of GDP to 146% of GDP. The long-term projections include a deficit to 9.8% of GDP in FY2047, the final year of the forecast, with publicly held debt equal to 150% of GDP in that year.

[2] Congressional Budget Office, *The Budget and Economic Outlook: 2017 to 2027*, January 2017, available at https://www.cbo.gov/publication/52370.

[3] This total excludes projections for FY2027, which were included in the January summary but were not estimated in the August 2016 baseline.

[4] Congressional Budget Office, *The 2017 Long-Term Budget Outlook*, March 2017, available at https://www.cbo.gov/publication/52480.

Publicly held debt is currently estimated to be 77% of GDP, well above the 50-year historical average of 40% of GDP. CBO projects that policy changes that would increase revenues or decrease noninterest spending by 1.9% of GDP in each year relative to the baseline forecast would be required for publicly held debt to remain at its current level in 2047. CBO also projects that policy adjustments that would increase revenues or decrease noninterest spending by 3.1% of GDP in each year would be needed for publicly held debt to equal its 50-year historical average of 40% of GDP in 2047.

The President's Budget Request

Description

The Budget and Accounting Act of 1921 (P.L. 67-13), as amended, requires the President to submit a budget request to Congress for the upcoming fiscal year.[5] The budget is required to include (1) estimates of spending, revenues, borrowing, and debt; (2) detailed estimates of the financial operations of federal agencies and programs; (3) the President's budgetary, policy, and legislative recommendations; and (4) information supporting the President's recommendations.[6]

The budget request, which is submitted by the Office of Management and Budget (OMB), is required to be submitted on or after the first Monday in January, but no later than the first Monday in February. The President's budget has been submitted after the statutory deadline on several occasions.[7] Following the initial submission, the President then often sends Congress an updated request in the second half of the fiscal year, with revisions to prior estimates.

Actions in 2017

Full Budget Release

The Trump Administration released the FY2018 version of the President's Budget on May 23, 2017.[8] Consistent with past versions of the President's Budget, the publication included a number of policy proposals along with OMB estimates of budgetary outcomes under both current law and if the policy proposals were fully implemented. The proposals with the largest budgetary impact included (1) reductions in outlays for nondefense discretionary programs, Medicaid, and other mandatory programs; and (2) unspecified proposals devoted to repeal and replacement of the Affordable Care Act and to individual and corporate tax changes.

If the policies proposed in the budget were fully implemented, the Administration estimates that total FY2018 outlays would be $4,094 billion (20.5% of GDP) and revenues would be $3,654 billion (18.3% of GDP), resulting in a budget deficit of $440 billion (2.2% of GDP). Under the proposed budget, OMB estimates that deficits would steadily decrease from FY2019 through

[5] Under Title 31 of the U.S. Code.

[6] As stated in CRS Report R43163, *The President's Budget: Overview of Structure and Timing of Submission to Congress*, by (name redacted) . Refer to this report for more information on the President's budget request.

[7] Ibid. See also CRS Report RS20752, *Submission of the President's Budget in Transition Years*, by (name redact ed) .

[8] Office of Management and Budget, *Budget of the U.S. Government: A New Foundation for American Greatness, Fiscal Year 2018*, May 2017, available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/budget.pdf.

FY2026, and produce a budget surplus of $16 billion (0.1% of GDP) in FY2027. The net budget deficit from FY2018-FY2027 totals $3.15 trillion.

The President's budget uses economic projections in its calculations that differ from those used in congressional budget operations. The budget projects that the real economic growth rate (measured as the percentage change in GDP) will rise from 1.6% in FY2016 to 3.0% per year over the FY2021 through FY2027 period. The increased growth accounts for improved economic outcomes under the President's budget, reducing deficits by $2.06 trillion over the FY2018 to FY2027 window.[9] CBO released their analysis of the President's Budget on July 13.[10] CBO's forecast includes a much smaller reduction in federal deficits if the policy proposals were fully implemented, projecting a federal deficit of $720 billion (2.9% of GDP) under that scenario. Lower economic growth assumptions account for much of the difference in projections relative to OMB estimates.[11]

Summary Information Release

Summary information for the FY2018 President's Budget was submitted to Congress on March 16, 2017. The submission included overall discretionary budget authority levels for FY2017 and FY2018 and topline budget requests for most federal agencies. Specifically, the budget allows for $1,182 billion in total FY2017 discretionary budget authority, which represents an increase of $14 billion (or 1.2%) from discretionary budget authority provided for in FY2016. The budget provides for $1,152 billion in FY2018 discretionary budget authority, a $30 billion (or 2.5%) decrease relative to its FY2017 figure.

Taken together, the budget authority requested represents a decrease of $14 billion (or 0.6%) relative to the totals included in CBO's January 2017 current law baseline. In both FY2017 and FY2018, the President's Budget includes increases in defense budget authority and decreases in nondefense budget authority, as defined by the Budget Control Act of 2011 (P.L. 112-25) as amended.

The Budget Resolution

Description

The Congressional Budget Act of 1974 (the Budget Act) provides for the annual adoption of a budget resolution.[12] The budget resolution reflects an agreement between the House and Senate on a budgetary framework for the upcoming fiscal year, designed to establish parameters within which Congress will consider subsequent budgetary legislation.

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[9] The way economic differences are incorporated into the President's Budget has also attracted attention. The budget includes both a line item in the list of proposals for the budgetary effects of increased growth while also appearing to use increased growth assumptions as a budgetary offset for tax reform. Some outside analysts, including former Secretary of the Treasury and National Economic Council Director Lawrence Summers, contend that the Administration therefore double-counted the deficit reduction attributable to its economic growth, using it both to make policies such as tax reform deficit neutral and then again as a separate line-item.

[10] CBO, *An Analysis of the President's 2018 Budget*, July 2017, available at https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52846-apb.pdf.

[11] For a more detailed assumption of the budgetary assumptions used in recent OMB and CBO publications, see CRS Report R44881, *The Federal Budget: Overview and Issues for FY2018 and Beyond*, by (name redacted) .

[12] Titles I-IX of P.L. 93-344, as amended; 2 U.S.C. 601-688.

The budget resolution does not become law: therefore, no money is spent or collected as a result of its adoption. Instead, it is meant to assist Congress in considering an overall budget plan.[13] Once the budget resolution has been agreed to by both chambers, certain levels contained in it are enforceable through points of order.[14]

The budget resolution is required to include a spending limit for each committee, referred to as "302(a) allocations."[15] Each appropriations committee is then responsible for subdividing its 302(a) allocation among its 12 subcommittees. These allocations, referred to as 302(b) subdivisions, establish the maximum amount that each of the 12 appropriations bills can spend.

The budget resolution is under the jurisdiction of the House and Senate Budget Committees, and its content, consideration, and implementation are shaped primarily by requirements in the Budget Act. While the timetable in the Budget Act states that Congress is to complete action on a budget resolution by April 15, Congress often does so later than April 15. Furthermore, since the current timetable for action on the budget resolution was established in 1985, there have been nine years when the House and Senate did not reach agreement on a budget resolution. In such years, Congress often employs alternative legislative tools to serve as a substitute for a budget resolution. These substitutes are typically referred to as "deeming resolutions," because they are deemed to serve in place of an annual budget resolution for the purposes of establishing enforceable budget levels for the upcoming fiscal year.[16]

Actions in 2017

FY2017 Actions in Calendar Year 2016

On March 16, 2017, the House Budget Committee held a markup on a budget resolution for FY2017, and subsequently voted to report the resolution (H.Con.Res. 125) by a vote of 20-16 (no floor action occurred on this budget resolution). The committee estimated that H.Con.Res. 125 would reduce projected deficits relative to CBO's January 2016 baseline. Over the FY2017-FY2026 period, the outlays reported in H.Con.Res. 125 were $7.2 trillion lower than the projections in the latest CBO baseline, and the revenues in H.Con.Res. 125 were $0.3 trillion higher than the latest CBO budget projections.

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[13] The Budget Act requires that the budget resolution include the following budgetary levels for the upcoming fiscal year and at least four out years: total spending, total revenues, the surplus/deficit, new spending for each major functional category, and the public debt. The Budget Act also requires that the aggregate amounts of spending recommended in the budget resolution be allocated among committees.

[14] This means that if legislation is being considered on the House or Senate floor that would violate certain levels contained in the budget resolution, a Member may raise a point of order against the consideration of that legislation. Points of order are not self-enforcing, meaning that if no Member raises a point of order, a chamber may consider and pass legislation that would violate levels established in the budget resolution. In addition, either chamber may waive the point of order. The process for waiving points of order, and the number of Members required to waive points of order, varies by chamber. Generally, such points of order can be waived in the House by a simple majority of Members and in the Senate by three-fifths of all Senators.

[15] These totals are named after Section 302(a) of the Budget Act, which requires that the total budget authority and outlays set forth in the budget resolution be allocated to each House and Senate committee that has jurisdiction over specific spending legislation. Section 302 allocations are included in the committee report or joint explanatory statement of the budget resolution.

[16] For more information, see CRS Report R44296, *Deeming Resolutions: Budget Enforcement in the Absence of a Budget Resolution*, by (name redacted) .

The committee-reported budget resolution also contained reconciliation instructions to 12 House committees, directing them to report legislation that would reduce the deficit over the period of FY2017 to FY2026. The directives required between $15 million and $1 billion in savings from each committee, totaling $8.315 billion in deficit reduction over the 10-year period.[17] In addition to reconciliation instructions, the resolution included a policy statement declaring that the House would consider legislation, early in the second session of the 114th Congress, to achieve mandatory spending savings of not less than $30 billion over the period of FY2017 and FY2018 and $140 billion over FY2017-FY2026.[18]

No further action was taken on the committee-reported budget resolution.

FY2017 Actions in Calendar Year 2017

Soon after the 115th Congress convened, the House and Senate adopted a budget resolution for FY2017 (S.Con.Res. 3).[19] Congressional leaders stated that action was taken on the FY2017 budget resolution primarily to trigger the budget reconciliation process in an effort to pass legislation making changes to the Affordable Care Act using the expedited procedures of the budget reconciliation process.[20] Further, congressional leaders stated that instead of adopting solely a budget resolution for FY2018 in the spring, as would be done traditionally, the House and Senate were planning to adopt two budget resolutions in calendar year 2017—one for FY2017 (to be adopted in January), and one for FY2018 (to be adopted in the spring).[21] (Using two budget resolutions in one year increases the potential number of bills that Congress may consider under the expedited procedures of the budget reconciliation process.)[22]

S.Con.Res. 3 was introduced in the Senate on January 3, 2017, by Senate Budget Committee Chairman Senator Enzi. Pursuant to Senate precedent, the Budget Committee was automatically discharged from consideration of the budget resolution, and the budget resolution was placed on the Calendar.[23] On January 4, the Senate began consideration of the budget resolution, and on

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[17] Committee on Agriculture ($1 billion), Committee on Armed Services ($100 million), Committee on Education and the Workforce ($1 billion), Committee on Energy and Commerce ($1 billion), Committee on Financial Services ($1 billion), Committee on Homeland Security ($15 million), Committee on the Judiciary ($1 billion), Committee on Natural Resources ($100 million), Committee on Oversight and Government Reform ($1 billion), Committee on Transportation and Infrastructure ($100 million), Committee on Veterans Affairs ($1 billion), and the Committee on Ways and Means ($1 billion). Committees are directed to report such legislation to the House Budget Committee within 90 days of adoption of the budget resolution.

[18] The provision stated that five committees (Agriculture, Energy and Commerce, Financial Services, Judiciary, and Ways and Means) would consider legislation to achieve the savings and that major reforms should be included in the legislation (such as "recovering improper Obamacare subsidy payments," "eliminating enhanced Medicaid payments," and "Ending Medicaid payments for lottery winners").

[19] This was the first time that such congressional action has been taken on a budget resolution that pertains to the fiscal year that began in a previous calendar year.

[20] Rep. Woodall, House debate, *Congressional Record*, daily edition, vol. 163, part 1 (January 13, 2017), p. H477. Senator Enzi, Senate debate, *Congressional Record*, vol. 163, part 1 (January 4, 2017), p. S33.

[21] Senate Majority Leader Mitch McConnell, "C-Span Press Conference, The Republican Agenda," press release, December 12, 2016, https://www.c-span.org/video/?420023-1/announcing-probe-majority-leader-says-russians-friends.

[22] Section 310 of the Budget Act recognizes three types of reconciliation legislation that committees may be directed to report: spending, revenue, and debt limit. Under current Senate practice, this provision has been interpreted to mean that no more than one reconciliation measure of each type is permitted per budget resolution.

[23] Pursuant to Senate precedent and interpretation of Section 300 of the Budget Act, the Senate will discharge the Budget Committee of any budget resolution submitted after April 1 (of the calendar year in which the relevant budget year begins October 1) until the Budget Committee has reported a budget resolution for the relevant fiscal year. See *Congressional Record*, daily edition, vol. 137, part 2 (March 29, 1990), p. S4489.

January 11 the Senate adopted the resolution without amendment, by a vote of 51-48. On January 13, the House considered the budget resolution pursuant to the special rule reported from the House Rules Committee, H.Res. 48. The special rule provided for two hours of debate, and made in order one substitute amendment, which was defeated, offered by the ranking member of the House Budget Committee, Representative Yarmuth. The House adopted the resolution the same day by a vote of 227-198.

S.Con.Res. 3 recommends total levels for federal revenues and outlays in FY2017 through FY2026 that are consistently lower than those projected in CBO's January 2017 baseline. From FY2017 through FY2026, S.Con.Res. 3 recommends federal revenue totals that are $8.99 trillion lower than the CBO forecast, and federal outlay totals that are $9.65 trillion lower than CBO's latest baseline. FY2017-FY2026 nominal deficits in S.Con.Res. 3 sum to $7.92 trillion, which is $0.66 trillion lower than CBO's January 2017 nominal deficit projections over the same period.

FY2018 Actions

On July 21, the House Budget Committee reported H.Con.Res. 71, a budget resolution for FY2018. The budget resolution includes reconciliation instructions to 11 committees, directing them to report by October 6, legislation that would collectively achieve a total of more than $200 billion in deficit reduction over the period of FY2018-FY2027.

Budget Reconciliation Legislation

Description

Budget reconciliation is an optional congressional process that operates as an adjunct to the budget resolution. If Congress intends to use the reconciliation process, reconciliation directives (also referred to as reconciliation instructions) must be included in the budget resolution. These directives trigger the second stage of the process related to mandatory spending, revenue, or the debt limit.

Once a specified committee develops legislation, that legislation is eligible to be considered under expedited procedures in both the House and Senate. It is privileged for fast track consideration, particularly in the Senate, and therefore does not require the support of three-fifths of Senators to invoke cloture in order to reach a final vote on a reconciliation bill in the Senate.

As with all legislation considered through reconciliation, any differences in the legislation passed by the two chambers must be resolved.

Congress has not employed the reconciliation process annually. Since 1980, it has passed 24 bills through reconciliation.[24]

[24] For more information, see CRS Report R40480, *Budget Reconciliation Measures Enacted Into Law: 1980-2010*, by (name redacted) .

Actions in 2017

FY2017 Actions

As described above, in early January 2017, the House and Senate agreed to a budget resolution for FY2017 (S.Con.Res. 3) which included reconciliation instructions to four congressional committees. In the House, the two committees directed to engage in reconciliation are the Committee on Ways and Means and the Energy and Commerce Committee. In the Senate, the two committees directed to engage in reconciliation are the Finance Committee and Committee on Health, Education, Labor and Pensions. The committees were directed to submit their reconciliation legislation to their respective Budget Committee.

The reconciliation instructions included in S.Con.Res. 3 instruct each of the four committees to report, by January 27, 2017, legislation within their jurisdiction that would reduce the deficit by $1 billion over the period of FY2017 through FY2026.

On March 6, 2017, the Committee on Ways and Means and the Energy and Commerce Committee independently held markups, and then each voted to transmit legislative text to the House Committee on the Budget in response to their reconciliation instructions. Combined, the legislative text has been referred to as the American Health Care Act (AHCA). For more information on the AHCA, see CRS Report R44785, *H.R. 1628: The American Health Care Act (AHCA)*, coordinated by (name redacted)

On March 13, 2017, CBO and the Joint Committee on Taxation (JCT) published an estimate of the budgetary effects of the AHCA. CBO and JCT estimated that the AHCA would reduce budget deficits in FY2017-FY2026 by a combined $337 billion, or an average of 0.15% of GDP per year.[25] That $337 billion decrease reflects a decrease in outlays of $1,219 billion and a decrease in revenues of $883 billion over the FY2017-FY2026 period.

On March 16, 2017, the House Committee on the Budget held a markup and voted to report a reconciliation bill, H.R. 1628, American Health Care Act (AHCA) of 2017.[26] On March 22, the House Rules Committee held a hearing on the AHCA, and on March 24, the Rules Committee reported H.Res. 228, providing for the consideration of the AHCA. H.Res. 228, which was agreed to by the House on March 24, provided for four hours of debate on the AHCA and automatically amended the AHCA to incorporate five "manager's amendments" described as making technical and policy changes to the version of AHCA as reported by the House Budget Committee.[27] After debate occurred on the bill, the Speaker pro tempore postponed further consideration of the bill.

On April 6, the House Rules Committee reported H.Res. 254, which provided that should the House return to consideration of the AHCA, an additional amendment would be automatically agreed to upon adoption of the resolution.[28] H.Res. 254 was subsequently tabled, however, and as a result is no longer available to be considered by the House.[29] On May 3, the House Rules

[25] This GDP estimate was calculated by CRS using the January 2017 CBO baseline.

[26] U.S. Congress, House Committee on the Budget, *American Health Care Act of 2017*, 115th Cong., 1st sess., March 20, 2017.

[27] The House Rules Committee Manager's Amendments (Amendment #4 and #24, Technical Changes) and (Amendment #5, #25, and #31, Policy Changes) as posted on the Rules Committee website on March 24, 2017, at https://rules.house.gov/bill/115/hr-1628.

[28] The House Rules Committee Amendment #32 as posted on the Rules Committee website on April 6, 2017, at https://rules.house.gov/bill/115/hr-1628.

[29] On April 27, the House agreed to H.Res. 275, a resolution that included a provision laying H.Res. 254 upon the table. (continued...)

Committee reported H.Res. 308, providing for further debate of the AHCA, as amended by H.Res. 228. H.Res. 308, which was agreed to by the House on May 4, provided for one hour of further debate on the AHCA and automatically amended the AHCA (as amended by H.Res. 228) to incorporate three further amendments (one of which had previously been included in H.Res. 254).[30] The House subsequently passed the AHCA on May 4, by a vote of 217 to 213.[31] An estimate of the budgetary effects of the AHCA as passed by the House has not yet been issued by CBO and JCT.

In early June, the AHCA was placed on the Senate Calendar, and on July 25 the Senate agreed to proceed to consideration of the bill by a vote of 51-50. Over the next few days, the Senate considered several amendments to the bill, and on July 28, the Senate agreed by unanimous consent to place the bill back on the calendar. The bill is currently still privileged for consideration under the expedited procedures specified in the Congressional Budget Act.

FY2018 Actions

This section will be updated to reflect actions on budget reconciliation as they occur.

Appropriations Legislation

Description

Appropriations legislation provides authority to agencies to obligate a specific amount of money and directs the Treasury to make the payments for such obligations. Appropriations, also known as discretionary spending, are under the jurisdiction of the House and Senate Appropriations Committees. The appropriations process contemplates annual enactment of 12 regular appropriations bills providing funding for various categories of federal programs.

As described above, the budget resolution is required to include a spending limit for each committee, referred to as "302(a) allocations."[32] Each appropriations committee is then responsible for subdividing its 302(a) allocation among its 12 subcommittees. These allocations, referred to as 302(b) subdivisions, establish the maximum amount that each of the 12 appropriations bills may include, and are enforced through points of order on the House and Senate floor.

(...continued)

This means that H.Res. 254 has been disposed of and is no longer available to be considered. It is likely that the House tabled H.Res. 254 because under House Rule XIII, clause 6(d), if a special rule reported from the House Rules Committee has been on the House calendar for seven legislative days without being called up for consideration, any member of the committee (including a minority-party member) may call it up provided that the Member gives one calendar day of an intention to do so.

[30] The House Rules Committee Amendments # 32, #33, and # 34, as posted on the Rules Committee website on May 3, 2017, at https://rules.house.gov/bill/115/hr-1628.

[31] For more information on the AHCA, see CRS Report R44785, *H.R. 1628: The American Health Care Act (AHCA)*, coordinated by (name redacted).

[32] These totals are named after Section 302(a) of the Budget Act, which requires that the total budget authority and outlays set forth in the budget resolution be allocated to each House and Senate committee that has jurisdiction over specific spending legislation. 302 allocations are included in the committee report or joint explanatory statement of the budget resolution.

Appropriations in some form must be enacted by the beginning of a new fiscal year (October 1) or a government shutdown may occur. The content and consideration of appropriations measures are shaped primarily by House and Senate rules, amounts in the budget resolution, the Budget Act, and statutory limits on annual discretionary spending. Congress regularly employs continuing resolutions (or CRs) to continue funding programs in the absence of the enactment of regular appropriations measures.[33]

Actions in 2017 and Late 2016

FY2017 Budget

Congress has concluded their work on regular appropriations for FY2017. One regular appropriations bill was enacted for FY2017 before the beginning of FY2017, the Military Construction and Veterans Affairs Appropriations bill. All other appropriations for FY2017 were provided in the form of three continuing resolutions (spanning October 1-May 5), followed by the enactment of an omnibus appropriations bill.

On September 28, the House and Senate each passed H.R. 5325, a continuing resolution (CR) that provided funding through December 9, 2016, for the programs and activities covered by 11 of the 12 regular appropriations bills. The legislation also included the Military Construction and Veterans Affairs Appropriations bill for all of FY2017, as well as emergency funds to combat the Zika virus and provide relief for flood victims. On September 29, 2016, the bill was signed into law by President Obama (P.L. 114-223).

For activities funded through December 9, 2016, the continuing resolution provided for funding at a level 0.496% below FY2016 levels. The Budget Control Act of 2011 (BCA; P.L. 112-25) as amended allows for increases in FY2017 discretionary cap levels relative to their FY2016 values.[34] The BCA provides for a FY2017 discretionary cap on defense budget authority of $551.068 billion, or 0.543% greater than the FY2016 value, and a FY2017 discretionary cap on nondefense budget authority of $518.531 billion, or 0.008% above its FY2016 value.

For more information on H.R. 5325, see CRS Report R44653, *Overview of Continuing Appropriations for FY2017 (H.R. 5325)*, coordinated by (name redacted) .

On December 8, 2016, the House and Senate each passed H.R. 2028, a CR that provided funding through April 28, 2017, for the programs and activities covered by the 11 appropriations bills without full-year appropriations. On December 10, the bill was signed into law by President Obama (P.L. 114-254). For activities funded through April 28, 2017, H.R. 2028 provided for funding at a level 0.1901% below FY2016 levels. For more information on H.R. 2028, see CRS Report R44723, *Overview of Further Continuing Appropriations for FY2017 (H.R. 2028)*, coordinated by (name redacted) .

On April 28, 2017, the House and Senate each passed and the President signed H.J.Res. 99, a CR that provided funding through May 5, 2017, for the programs and activities covered by the 11 appropriations bills without full-year appropriations (P.L. 115-30).

On May 5, the President signed H.R. 244, the Consolidated Appropriations Act, 2017 (P.L. 115-31), an omnibus appropriations bill that consists of 11 appropriations bills providing funding for

[33] For more information on the appropriations process, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, coordinated by (name redacted) .

[34] The BCA was amended most recently by the Bipartisan Budget Agreement of 2015 (P.L. 114-74).

the remainder of FY17. The House passed the bill on May 3 by a vote of 309-118, and the Senate passed the bill on May 4 by a vote of 79-18.

CBO estimates that the Consolidated Appropriations Act, 2017 will provide for FY2017 discretionary budget authority that exactly complies with the BCA as amended: $551.068 in defense discretionary budget authority and $518.531 billion in nondefense discretionary budget authority. Those estimates match the projections of FY2017 discretionary budget authority issued in CBO's January 2017 baseline.

The Consolidated Appropriations Act, 2017 also provides for a total of $118 billion in FY2017 discretionary budget authority that is classified as an upward adjustment to the discretionary caps established by the BCA as amended. That level of upward adjustment, which includes activities classified as Overseas Contingency Operations and Global War on Terror (OCO/GWOT), disaster relief, program integrity, and emergency requirements, represents a $20 billion increase in funding relative to CBO's latest baseline projections.

Other provisions in the Consolidated Appropriations Act, 2017 were estimated by CBO and JCT to result in direct spending and revenue changes that increased budget deficits from FY2017 through FY2027 by a combined $0.249 billion.

For more information on committee and floor action related to FY2017 appropriations in calendar year 2016, see CRS Report R44347, *Congress and the Budget: 2016 Actions and Events*, by (name redacted) and (name redacted) .

FY2018 Budget

On July 27, the House passed H.R. 3219, the Defense, Military Construction, Veterans Affairs, Legislative Branch, and Energy and Water Development National Security Appropriations Act of 2018. In addition to including 4 of the 12 regular appropriations bills, H.R. 3219 also includes the Department of Homeland Security Border Infrastructure Construction Appropriations Act, 2018, which provides funding to U.S. Customs and Border Protection for the construction of fencing and a wall along the southern border, as well as additional Overseas Contingency Operations/ Global War on Terrorism funding.

During the August recess, the House Rules Committee released legislative text in the form of a committee print, signaling an intention to bring a bill to the House floor consisting of the remaining eight regular appropriations bills. The committee print is titled, "Interior and Environment, Agriculture and Rural Development, Commerce, Justice, Science, Financial Services and General Government, Homeland Security, Labor, Health and Human Services, Education, State and Foreign Operations, and Transportation, Housing and Urban Development Appropriations Act, 2018."

Mandatory Spending Legislation

Description

Mandatory spending programs are generally those federal programs under which beneficiaries that meet the requirements established by law are entitled to receive payments. Such programs, also referred to as direct spending programs or entitlement programs, generally continue annually without any congressional action required. Most legislative committees have jurisdiction over some type of mandatory spending program. The content and consideration of mandatory spending legislation are shaped primarily by House and Senate rules, the budget resolution, and the Budget

Act. Each year, Congress typically considers some legislation that affects mandatory spending in varying degrees.

Actions in 2017

See the American Health Care Act as described above in the section titled "Budget Reconciliation Legislation."

Revenue Legislation

Description

Revenue legislation provides authority for the collection of taxes, fees, and tariffs to fund the federal government. Most revenue is collected by the federal government as a result of previously enacted law that continues in effect without any need for congressional action. Congress, however, routinely considers revenue legislation that repeals or modifies existing provisions, extends expiring provisions, or creates new provisions. Generally revenue is under the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee. The content and consideration of revenue measures is shaped primarily by House and Senate rules and the budget resolution. Each year Congress passes legislation that affects revenue in varying degrees.

Congress has extended a number of short-term tax provisions several times in recent years (some of which included retroactive extensions). In late 2015, legislation was enacted that extended 56 expiring tax provisions which had expired at the end of tax year 2014 in Section I of the Protecting Americans from Tax Hikes (PATH) Act of 2015 (P.L. 114-113), with some of the provisions made permanent. All tax provisions in the PATH Act were scheduled to remain in effect through 2016.

Actions in 2017

See the American Health Care Act as described above in the section titled "Budget Reconciliation Legislation."

Some of the short-term revenue provisions last extended by the PATH Act expired on December 31, 2016. Several proposals have been introduced in the 115th Congress that would extend some or all of these tax provisions.[35]

Debt Limit Legislation

Description

The Constitution allows Congress to restrict the amount of federal debt that may be incurred as part of its power of the purse. Under current law Congress exercises this power through the statutory debt limit.[36] Debt subject to the limit is more than 99% of total federal debt, and

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[35] For more information on these tax provisions, see CRS Report R44677, *Tax Provisions that Expired in 2016 ("Tax Extenders")*, by (name redacted) .

[36] The debt limit is codified at 31 U.S.C. §3101.

includes debt held by the public (which finances budget deficits and the federal loan portfolio) and intragovernmental debt (which represents money borrowed from federal trust funds and other federal accounts).

When debt levels approach the statutory debt limit, Congress can choose to (1) leave the debt limit in place; (2) increase the debt limit to allow for further federal borrowing; (3) maintain the current debt limit and require the implementation of "extraordinary measures" that will postpone (but not prevent) a binding debt limit from being reached; or (4) temporarily suspend or abolish the debt limit.

The House Ways and Means Committee and the Senate Finance Committee have jurisdiction over debt limit legislation generally. Consideration of debt limit legislation is shaped largely by House and Senate rules as well as the budget resolution and the Budget Act.

Actions in 2017

The Bipartisan Budget Act of 2015 (P.L. 114-74) suspended the debt limit until March 15, 2017, and dictates that the debt limit be increased upon reinstatement as needed to exactly accommodate any additional federal borrowing undertaken up to that point.[37] On March 16, 2017, the debt limit was reinstated at $19.809 trillion.

On March 8, Secretary Mnuchin sent a letter to congressional leadership stating Treasury's intent to undertake extraordinary measures upon debt limit reinstatement on March 16, 2017, and requested a raise of the debt limit.[38] The implementation of extraordinary measures does not typically require legislative action.[39] In the past, the Treasury Secretary has notified Congress when preparing to adopt extraordinary measures.[40]

Extraordinary measures were previously adopted in March 2015, when Congress was also faced with a debt limit reinstatement to exactly accommodate federal borrowing needs. Coupled with short-run budget surpluses in March and April of that year (which result primarily from the receipt of annual income tax returns), those measures were estimated to be exhausted in early November 2015, or shortly after the most recent debt limit suspension.[41] The latest CBO budget forecast projects a larger nominal budget deficit in FY2017 ($693 billion) than the federal deficit in FY2015 ($466 billion). Such an increase may reduce the length of time extraordinary measures would postpone a binding debt limit relative to what was experienced in 2015. In a July 28 letter to Congress, Secretary Mnuchin indicated that the ability to use extraordinary measures will be exhausted by September 29, 2017.[42]

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[37] For more information on recent debt limit events, see CRS Report R43389, *The Debt Limit Since 2011*, by (na me redacted) .

[38] U.S. Treasury, "Secretary Mnuchin Sends Debt Limit Letter to Congress," March 8, 2017, available at https://www.treasury.gov/initiatives/Documents/DL_SLGS_20170308_Ryan.pdf.

[39] For more information on extraordinary measures, see CRS Report RL31967, *The Debt Limit: History and Recent Increases*, by (name redacted) .

[40] For example, Secretary Lew announced his intent to implement extraordinary measures on March 15, 2015, in a letter to Congress on March 6, 2015. That letter is available at https://www.treasury.gov/initiatives/Documents/Treasury%20Letter%20to%20Congress%20030615.pdf

[41] More information on seasonal changes in budget outcomes may be found in CRS In Focus IF10292, *The Debt Limit*, by (name redacted) .

[42] U.S. Treasury, "Secretary Mnuchin sends debt limit letter to Congress," July 28, 2017, available at https://www.treasury.gov/initiatives/Documents/Mnuchin%20to%20Ryan%20on%20DISP%20-%207-28-17%20(2).pdf.

A binding debt limit would prevent the Treasury from selling additional debt and could prevent timely payment on federal obligations, resulting in default. Possible consequences of a binding debt limit include (1) a reduced ability of Treasury to borrow funds on advantageous terms, resulting in further debt increases; (2) negative outcomes in global economies and financial markets; and (3) acquisition of penalties or fines from the failure to make timely payments. More broadly, a binding debt limit may also affect the perceived credit risk of federal government borrowing. Consequently, the federal "fiscal space," or the amount of borrowing that creditors are willing to finance, could decline. Because interest rates are presently lower than their historical averages, there is little concern that the federal government is in danger of running out of fiscal space in the short run.[43]

Legislation Related to Budgetary Enforcement

Congress may consider legislation designed to create new methods of budget enforcement or alter existing budget enforcement mechanisms. Such budgetary restrictions can take many forms. If they are to be enforced internally by the House and Senate they may be added to the House and Senate rules, included in a budget resolution, or included in a rule-making statute that becomes law. Congress has typically incorporated some type of internal budget enforcement in each recent Congress. Congress has also passed legislation that creates budgetary requirements that are enforced outside of the House and Senate. For example, in 2011 Congress passed the Budget Control Act creating discretionary spending limits, among other things. Since the enactment of the BCA, several pieces of legislation have been enacted making changes to the spending limits and the enforcement procedures.[44] Most recently, the Bipartisan Budget Act of 2015 (P.L. 114-74, enacted November 2, 2015) increased discretionary spending limits for FY2016 and FY2017, among other things.[45]

Such budget enforcement legislation is primarily within the jurisdiction of the House and Senate Budget Committees and often the Rules Committees as well. Consideration of such legislation is shaped primarily by House and Senate Rules as well as the Budget Act.

Actions in 2017

This year, the House and Senate Budget Committees have held hearings and released papers related to reforming the congressional budget process. The House Budget Committee held a number of hearings and released a series of "working papers focused on the committee's effort to overhaul the Congressional Budget Act of 1974 and reform the congressional budget process."[46] The hearings and working papers can be accessed here: http://budget.house.gov/budgetprocessreform/.

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[43] For more information on fiscal space, see CRS Insight IN10624, *"Fiscal Space" and the Federal Budget*, by (name redacted) and (name redacted) .

[44] For more information, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by (name redacted) .

[45] For more information, see CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by (name redacted) .

[46] House Committee on the Budget, "Proposed Rewrite of the Congressional Budget Process," November 30, 2016, http://budget.house.gov/uploadedfiles/bpr-longsummary-30nov2016.pdf.

Likewise, the Senate Budget Committee held a number of hearings, and released several "Budget Bulletins" related to budget process reform. The Budget Bulletins can be viewed here: http://www.budget.senate.gov/chairman/newsroom/budget-bulletins.

Also of note, the Bipartisan Budget Act of 2015 made changes to the discretionary spending caps for FY2017. In addition, it established spending targets for overseas contingency operations/global war on terrorism for FY2017 and amended the limits of adjustments allowed under the discretionary spending limits for Program Integrity Initiatives.[47]

Chronological List of Events

Date	Budget Action
December 10, 2016	Enactment of H.R. 2028 (P.L. 114-254), a continuing resolution (CR) that provides funding through April 28, 2017, for programs and activities covered by 11 of the 12 regular appropriations bills.
December 31, 2016	Expiration of a number of tax provisions that had been extended several times in recent years, at times in the calendar year following their expiration.
January 3 and January 11, 2017	The Senate and House (respectively) adopted a budget resolution for FY17 (S.Con.Res. 3).
January 24, 2017	CBO release of *The Budget and Economic Outlook: 2017 to 2027*.
March 8, 2017	Secretary Mnuchin informed Congress of his intent to invoke extraordinary measures to keep federal borrowing under the debt limit upon the limit's reinstatement on March 16, 2017, and asked that the limit be raised.
March 16, 2017	OMB release of *America First: A Budget Blueprint to Make America Great Again*.
March 16, 2017	Reinstatement of the statutory debt limit at $19.809 trillion.
March 30, 2017	CBO release of *The 2017 Long-Term Budget Outlook*.
April 28, 2017	Enactment of H.J.Res. 99 (P.L. 115-30), a continuing resolution (CR) that provides funding through May 5, 2017, for programs and activities covered by 11 of the 12 regular appropriations bills.
May 4, 2017	House passage of H.R. 1628, the American Health Care Act.
May 5, 2017	The President signed the Consolidated Appropriations Act, 2017 (P.L. 115-31) into law, providing discretionary appropriations funding for the remainder of FY2017.
May 23, 2017	OMB release of the Trump Administration's FY2018 budget.
June 29, 2017	CBO release of *An Update to the Budget and Economic Outlook: 2017 to 2027*.
July 21, 2017	The House Budget Committee reported H.Con.Res. 71, a budget resolution for FY2018.
July 25-28, 2017	Senate considers of the American Health Care Act and subsequent amendments, culminating in placement of the bill back on the Senate Calendar.

[47] For more information, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by (name redacted) .

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