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Budgetary Decisionmaking in Congress

Understanding the Congressional Budget Process

The Constitution grants Congress the power of the purse. It does not, however, establish specific types of budgetary legislation or procedures by which Congress must consider such legislation. Instead, Congress has developed certain types of budgetary measures as well as rules and practices that govern the content and consideration of budgetary legislation under each chamber's constitutional authority to "determine the Rules of its Proceedings." There is no prescribed process, however, that must be strictly followed each year.

> The congressional budget process may be better understood not as a definite set of actions that must occur annually but instead as an array of potential legislative opportunities for affecting the federal budget.

Within the assortment of legislative opportunities available to Congress for making changes to the federal budget, great variation exists. For example, some types of legislation may create or alter programs, while other legislation provides a program's funding. Further, some legislation does not spend or collect money at all but instead reflects a budgetary plan to be implemented through subsequent legislation.

When Congress uses such legislative opportunities, varying requirements and restrictions may shape their actions. These requirements and restrictions are derived from a continually growing patchwork of rules, laws, constitutional requirements, and customs that have developed over the past two centuries. Adding complexity to the process is the fact that different requirements and restrictions apply to different types of budgetary legislation.

This variation—both in the type of budgetary measure and the particular rules and requirements specific to them—can sometimes cause confusion. Adding to this confusion is the fact that Congress seldom considers budgetary measures each year in a predictable pattern. Such dissimilarity can be the result of countless factors, such as political dynamics, competing budgetary priorities, the economy, natural disasters, and military engagements. These factors not only shape congressional priorities but can also create complications, obstacles, and interruptions within the policymaking process.

> Anticipating what may occur within an upcoming annual congressional budget cycle requires consideration of the varying types of legislative opportunities and their specific constraints, as well as the ever-changing practical and political influences inherent in budgetary decision-making.

Primary Types of Legislation Used by Congress to Affect the Budget

Below is a summary of general types of budgetary legislation that Congress typically uses.

The Budget Resolution

The annual budget resolution reflects an agreement between the House and Senate on a budgetary framework. It is privileged for fast-track consideration—particularly in the Senate—and therefore does not require support of three-fifths of Senators. The budget resolution does not become law, and therefore no money is spent or collected as a result of its adoption. Instead, it is meant to assist Congress in executing an overall budget plan. It is under the jurisdiction of the House and Senate Budget Committees, and its content, consideration, and implementation are shaped primarily by the Congressional Budget Act of 1974.

Direct Spending Legislation

Direct spending programs are generally federal programs that provide payments to those beneficiaries that meet the requirements established by law. Such programs—also referred to as mandatory spending programs or entitlement programs—generally continue annually without any congressional action required. Most legislative committees have jurisdiction over some type of direct spending program. The content and consideration of direct spending legislation are shaped primarily by House and Senate rules, the budget resolution, and the Budget Act. Each year, Congress typically considers legislation that affects direct spending in varying degrees.

Appropriations Legislation

Spending not mandated by existing law is determined in appropriations legislation that authorizes agencies to obligate a specific amount of money and directs the Treasury to make the payments for such obligations. Appropriations in some form must be enacted by the beginning of a new fiscal year (October 1) or a government shutdown may occur. Appropriations, also known as discretionary spending, are under the jurisdiction of the Appropriations Committee. The appropriations process contemplates annual enactment of 12 regular appropriations bills providing funding for various categories of federal programs, but Congress regularly employs continuing resolutions to continue funding programs in the absence of the enactment of regular appropriations measures. The content and consideration of appropriations measures are shaped primarily by House and Senate rules, levels in the budget resolution, the Budget Act, and statutory limits on annual discretionary spending.

Authorizations of Appropriations Legislation

Authorization legislation establishes, continues, or alters a federal program and creates the legal foundation for the program's existence, but it does not provide the program's funding. Funding is provided separately by appropriations measures, described above. Most legislative committees have jurisdiction over such authorizations. The content and consideration of authorizing legislation are shaped primarily by House and Senate rules as well as House leadership protocols. Each year Congress passes legislation creating or altering some federal programs in varying degrees.

Revenue Legislation

Revenue legislation provides authority for the collection of taxes 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 existing provisions, extends expiring provisions, or creates new provisions. The Constitution requires that revenue legislation originate in the House. 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.

Budget Reconciliation Legislation

Budget reconciliation legislation is developed and considered as a result of reconciliation directives included in the budget resolution. Reconciliation legislation may include legislative language concerning direct spending, revenue, and changes to the debt limit developed by legislative committees as a result of these directives, and it is eligible for consideration under expedited legislative procedures. The content and consideration of budget reconciliation legislation is shaped primarily by the budget resolution and the Budget Act.

Budget Enforcement Legislation

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 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 2010 Congress passed the Statutory Pay-As-You-Go Act, and in 2011 Congress passed the Budget Control Act. Both laws articulated certain budgetary objectives as well as statutory enforcement in the form of a sequester that requires automatic spending cuts in the event the specified budgetary requirement is violated. In addition, Congress has sometimes developed language proposing to amend the Constitution to create specific budgetary objectives. 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.

Debt Limit Legislation

Federal debt accumulates as the Treasury sells debt to finance federal obligations during a deficit and issues debt to government accounts (such as the Social Security, Medicare, and Transportation trust funds) as required by law. The debt issued by the Treasury is controlled by legislation in the form of (1) a limit on total debt permitted to be issued by the Treasury or (2) a suspension of the debt limit through a specified period. A debt limit suspension will expire on March 1, 2019, reinstating the debt limit at a level that accommodates the debt incurred during the suspension period. 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.

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