

Budget 101



Quite possibly more than you ever
really wanted to know about the
federal budget

When

February: President's budget released (1st Monday except for 1st budget). House and Senate Budget Committees hold hearings; other committees prepare letters to Budget Committees with proposed spending estimates (all delayed this year).

March-April: Committees submit "views and estimates" of spending proposals to Budget Committees. House and Senate work on budget resolutions: supposed to be completed by April 15.

Mid-April-July: Appropriations Committees divide up discretionary funding among subcommittees; begin work developing subcommittee appropriations bills. If budget resolution is not agreed to, House Appropriations Committees may begin divvying up funding on **May 15**. If budget resolution had reconciliation instructions, committees with jurisdiction work on those.

September – October: Finish work on appropriations, reconciliation bills by October 1, beginning of new fiscal year.

Or not.

(deadlines a little iffy – stop-gap appropriations bills sometimes needed to prevent government from shutting down.)

The Budget Resolution in Budgetese

- Agreement between House and Senate that guides spending decisions on **discretionary** and **mandatory** programs, revenue choices, and level of deficit.
- Not a law; is not signed (or vetoed) by President.
- Time-limited debate in Senate; no filibuster, passes with 51 votes.
- May have **reconciliation directives**.
- May have **reserve funds** to allow for new direct/mandatory spending, to be paid for by revenues or savings.
- Sets total for discretionary spending; divided by defense and non-defense (the **302(a)** allocation);
- Spending also divided by **budget function**.

Translated into English

Discretionary programs: Those that need annual appropriations; when funding runs out, the program stops. (military, veterans, housing, WIC, Head Start, most education, job training...)

Mandatory programs: Those that don't need annual appropriations – funding flows to carry out program rules established through legislation (Social Security, Medicare, Medicaid, SNAP, TANF, some child care, some child welfare...) AKA “entitlements,” or “direct” spending.

Budgetary Function: categories of use that cut across agencies (such as health, income security, education...)

More Budgetese, translated

Reconciliation directives: Congress may choose to include in the budget resolution instructions with the intent of reducing the budget deficit. Committees with jurisdiction over **mandatory** programs or **revenues** are directed to come up with legislation providing for ***net savings***: such as, a combination of tax cuts and revenue raisers that gains more revenue than it loses, or spending increases plus a larger amount saved from other cuts in spending. Deadlines for producing legislation usually set.

Reconciliation Bills

- Budget Resolution may call upon several committees to carry out reconciliation instructions – their provisions are compiled in an **omnibus** bill by Budget Committee.
- If committees do not follow instructions, Budget Committee may create its own alternative.
- Debate on reconciliation bills limited to 20 hours in Senate (10 hours for conference reports) – no filibuster; can pass with simple majority.
- **BUT:** provisions must be germane to the deficit reduction purpose of reconciliation bills.

Byrd Rule



Point of order to exclude
“**extraneous**” items in
reconciliation bill if:

- No change in outlays or revenues, or changes which increase outlays/decrease revenues
- Change in outlays/revenues only incidental to non-budgetary provisions of bill
- Deficit would increase in years beyond bill “window”
- Changes made to Social Security

Strategic Opportunities

Within Budget Resolution:

- **Reserve Funds:** set goals, commit to finding means of paying for goal, sometimes requiring cooperation across committees
- **Discretionary total:** it's binding!
- **Reconciliation** directives (pro's and con's)

More Opportunities

Appropriations:

- After discretionary total is provided to Appropriations Committees (302(a)), full Committees divvy up total among dozen Subcommittees (302(b) allocations).
- Subcommittee appropriations bill decision-making; at that point, zero-sum game.

Questions?

- See Congressional Research Service publications, such as “Introduction to the Federal Budget Process” Updated March 7, 2008 (find at www.opencrs.com)
- Don't be a stranger! Contact Debbie Weinstein at dweinstein@chn.org; 202-223-2532 x111



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