



**Congressional
Research Service**

Informing the legislative debate since 1914

Congress and the Budget: 2016 Actions and Events

name redacted

Analyst in Public Finance

name redacted

Specialist on Congress and the Legislative Process

March 23, 2016

Congressional Research Service

7-....

www.crs.gov

R44347

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.

It is important to note, however, that 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 on current events that unfold in each category during 2016. 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.

Contents

Recent Actions.....	1
CBO’s Budget and Economic Outlook.....	1
The President’s Budget Request.....	3
The Budget Resolution.....	3
Budget Reconciliation Legislation.....	5
Appropriations Legislation.....	6
Mandatory Spending Legislation.....	6
Revenue Legislation.....	7
Debt Limit Legislation.....	7
Legislation Related to Budgetary Enforcement.....	8
Chronological List of Events.....	8

Contacts

Author Contact Information.....	9
---------------------------------	---

Recent Actions

Summary of Events at the End of 2015

At the end of 2015, Congress acted on several pieces of significant budgetary legislation.

- FY2016 and FY2017 discretionary caps for defense and nondefense spending were modified in the *Bipartisan Budget Act of 2015* (P.L. 114-74, enacted November 2, 2015). The Bipartisan Budget Act of 2015 also suspended the statutory debt limit until March 15, 2017.¹
- Full-year appropriations were enacted for FY2016 in the *Consolidated Appropriations Act, 2016* (P.L. 114-113, enacted December 18, 2015). This funding expires at the end of the current fiscal year (September 30, 2016).²
- A tax extenders package was enacted in the *Protecting Americans from Tax Hikes Act of 2015* (PATH; P.L. 114-113, enacted December 18, 2015). Section I of the PATH Act of 2015 extended or made permanent 56 tax provisions that expired at the end of tax year 2014, which had been extended several times in recent years.³

Most Recent Actions in 2016

- The House Budget Committee voted to report H.Con.Res. 125, a budget resolution for FY2017, on March 16, 2016.
- The Office of Management and Budget (OMB) submitted the President's Budget for FY2017 to Congress on February 9, 2016.
- The Congressional Budget Office (CBO) released *The Budget and Economic Outlook: 2016 to 2026* on Monday, January 25, 2016.
- The House passed the *Restoring Americans' Healthcare Freedom Reconciliation Act of 2015* on January 6, 2016, which had been passed by the Senate on December 3, 2015. This budget reconciliation bill, which was subsequently vetoed by the President, was the result of the reconciliation process triggered by the FY2016 budget resolution.

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

¹ For more information, see CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by (name redacted) .

² For more information, see CRS Insight IN10415, *Brief Summary of the FY2016 Omnibus and the Historical Frequency of Omnibus Appropriations*, by (name redacted) .

³ For more information, see CRS Report R43898, *Tax Provisions that Expired in 2014 ("Tax Extenders")*, by (name redacted) .

estimate of federal spending and receipts under current law, referred to as *the baseline*. The baseline covers the current fiscal year, as well as the future 10-year period.

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 assist them in developing 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, with updates typically occurring in March (following the release of the President's Budget) and August.

Actions in 2016

CBO released *The Budget and Economic Outlook: 2016 to 2026* on Monday, January 25.⁴ The forecast includes federal budget deficit projections of \$544 billion in FY2016 and \$561 billion in FY2017, equivalent to 2.9% of annual gross domestic product (GDP) in each year. Those totals represent an increase in the deficit total from FY2015, which was \$439 billion (2.5% of GDP). CBO projects that budget deficits will continue to increase in the ensuing decade, rising to \$1,366 billion (4.9% of GDP) in FY2026, the final year of the budget window.

The outlook projects a cumulative deficit from FY2016 through FY2025 of \$8.556 trillion, a 22% increase from projections over the same period in the August 2015 baseline.⁵ The deficit increase is primarily attributable to projected decreases in federal revenues, which accounted for 79% (\$1.226 trillion) of the total change. The remaining adjustments (21%, or \$0.323 trillion) were attributable to increased federal spending.

CBO reported that roughly half of the adjustments were due to enactment of legislation in late 2015. More than half (57%) of the legislative adjustments resulted from reductions to federal revenues; projected increases in federal expenditures were responsible for the remaining changes (43%). Newly incorporated legislation with budgetary effects included the Bipartisan Budget Act of 2015 (P.L. 114-74), the Consolidated Appropriations Act, 2016 (P.L. 114-113), and the Protecting Americans from Tax Hikes Act of 2015 (P.L. 114-113). Economic revisions accounted for roughly 30% of the change in deficit projections, and about 20% of the deficit changes were attributable to technical modeling adjustments.

⁴ Congressional Budget Office, *The Budget and Economic Outlook: 2016 to 2026*, January 2016, available at <https://www.cbo.gov/publication/51129>.

⁵ This total excludes projections for FY2026, which was included in the January summary but was not estimated in the August 2015 baseline.

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.⁶ 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.⁷

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.⁸

Actions in 2016

The President's Budget for FY2017 was submitted to Congress on February 9, 2016. The submission includes estimates of the budgetary effects of the policy and legislative recommendations set forth in the budget request. The proposed budget projects deficits of \$616 billion (3.3% of GDP) in FY2016 and \$503 billion (2.6% of GDP) in FY2017, which are both greater than the recorded deficit of \$438 billion (2.5% of GDP) in FY2015. It projects average real deficits (measured as a share of GDP) from FY2018 through FY2026 to remain relatively level, averaging 2.6% of GDP in that period. As compared with FY2015, it projects real increases in both revenues and spending over time. It projects that real receipts will rise from 18.3% of GDP in FY2015 to 20.0% of GDP in FY2026, while projecting that real outlays increase from 20.7% of GDP to 22.8% of GDP over the same period.

The President's Budget also includes current baseline projections, which in its view is a realistic outlook of the federal fiscal situation. Under the current budget, real deficits are projected to be higher than those in the proposed budget in each year of the budget window. Under the current budget, real budget deficits would increase throughout the period, rising from 3.2% of GDP in FY2017 to 5.0% of GDP in FY2026. Revenues are projected to be reduced from FY2017 through FY2026 by \$3.4 trillion relative to proposed budget estimates, and outlays are projected to increase by \$0.3 trillion.

The Budget Resolution

Description

The Congressional Budget Act of 1974 (the Budget Act) provides for the annual adoption of a budget resolution.⁹ The budget resolution reflects an agreement between the House and Senate on

⁶ Under Title 31 of the U.S. Code.

⁷ 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.

⁸ Ibid.

⁹ Titles I-IX of P.L. 93-344, as amended; 2 U.S.C. 601-688.

a budgetary framework for the upcoming fiscal year, designed to establish parameters within which Congress will consider subsequent budgetary legislation.

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.¹⁰ Once the budget resolution has been agreed to by both chambers, certain levels contained in it are enforceable through points of order.¹¹

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 Budget Act directs 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.¹²

Actions in 2016

On March 16, 2016, the House Budget Committee held a markup on a budget resolution for FY2017, and subsequently voted to report the resolution by a vote of 20-16. The committee estimated that the budget resolution, H.Con.Res. 125, would reduce projected deficits relative to CBO’s January 2016 baseline. Over the FY2017-FY2026 period, the Budget Committee estimated that H.Con.Res. 125 would reduce federal outlays by \$9.3 trillion and increase revenues by \$0.4 trillion relative to the latest CBO budget projections.

The committee-reported budget resolution also contains 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 require between \$15 million and \$1 billion in savings from each committee, totaling \$8.315 billion in deficit reduction over the 10-year period.¹³ In addition

¹⁰ 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.

¹¹ 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.

¹² For more information, see CRS Report R44296, *Deeming Resolutions: Budget Enforcement in the Absence of a Budget Resolution*, by (name redacted).

¹³ 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.

to reconciliation instructions, the resolution includes a policy statement declaring that the House will 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-FY2026.¹⁴

Deeming Resolutions

As described above, Congress sometimes employs a substitute for a budget resolution, referred to as a deeming resolution. Occasionally, Congress will take steps in advance to provide for the opportunity to use a deeming resolution for an upcoming budget year, without precluding congressional action on a budget resolution for that budget year. For example, the Bipartisan Budget Act of 2015 (P.L. 114-74) included a provision directing the Senate Budget Committee chair to file in the *Congressional Record* levels that will then become enforceable in the Senate as if they had been included in a budget resolution for FY2017. The Senate Budget Committee chair is directed to file such levels after April 15, 2016, but not later than May 15, 2016. Again, this provision in no way precludes the House or Senate from acting on a budget resolution, but provides the option for a Senate substitute for a budget resolution in the event that the chambers have not reached agreement on a budget resolution.¹⁵

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 annual budget resolution. These directives trigger the second stage of the process by instructing individual committees to develop and report legislation that would change laws within their respective jurisdictions related to mandatory spending, revenue, or the debt limit.

Once a specified committee develops legislation, it is eligible to be considered under expedited procedures in both the House and 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.¹⁶

Actions in 2016

On January 6, 2016, the House passed the *Restoring Americans' Healthcare Freedom Reconciliation Act of 2015*, which had been passed by the Senate on December 3, 2015. This budget reconciliation bill, which was subsequently vetoed by the President, was the result of the

¹⁴ The provision states that five committees (Agriculture, Energy and Commerce, Financial Services, Judiciary, and Ways and Means) will 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”).

¹⁵ Ibid.

¹⁶ For more information, see CRS Report R40480, *Budget Reconciliation Measures Enacted Into Law: 1980-2010*, by (name redacted).

reconciliation process triggered by the FY2016 budget resolution. This action would not preclude a budget resolution for FY2017 from triggering another reconciliation process.

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.

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.

Full-year appropriations were enacted for FY2016 in the Consolidated Appropriations Act of 2016 (P.L. 114-113, enacted December of 2015). This funding expires at the end of the fiscal year (September 30, 2016).

Actions in 2016

This section will be updated to reflect actions on appropriations legislation as they occur.

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 2016

This section will be updated to reflect actions on mandatory spending legislation as they occur.

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. 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 are scheduled to remain in effect through 2016.

Actions in 2016

This section will be updated to reflect actions on revenue legislation as they occur.

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 federal debt limit.¹⁷ Debt subject to limit is more than 99% of total federal debt, and 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.

¹⁷ The debt limit is codified at 31 U.S.C. §3101.

Actions in 2016

The Bipartisan Budget Act of 2015 suspended the debt limit until March 15, 2017 (P.L. 114-74).¹⁸ As a result, the Treasury may continue to sell U.S. debt instruments through 2016 and, therefore, no debt limit event is anticipated in 2016.

Current law dictates that the debt limit be increased upon reinstatement as needed to exactly accommodate any additional federal borrowing undertaken to date. Absent legislative action, the debt limit will be reached shortly following reinstatement if (1) an increase in the debt limit is required and (2) federal debt subject to the limit is increasing.

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.¹⁹ Most recently, the Bipartisan Budget Act of 2015 (P.L. 114-74, enacted in November of 2015) increased discretionary spending limits for FY2016 and FY2017, among other things.²⁰

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

Actions in 2016

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.²¹

Chronological List of Events

Date	Budget Action
November 2, 2015	Enactment of the Bipartisan Budget Act of 2015 (P.L. 114-74). The Bipartisan Budget

¹⁸ For more information on recent debt limit events, see CRS Report R43389, *The Debt Limit Since 2011*, by (name redacted) .

¹⁹ For more information, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by (name redacted) .

²⁰ For more information, see CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by (name redacted) .

²¹ Ibid.

December 18, 2015	Act of 2015 modified FY2016 and FY2017 discretionary caps for defense and nondefense spending, and suspended the statutory debt limit until March 15, 2017.
December 18, 2015	Enactment of the Consolidated Appropriations Act, 2016 (P.L. 114-113), which included full year appropriations for FY2016.
December 18, 2015	Enactment of the Protecting Americans from Tax Hikes Act of 2015 (P.L. 114-113). The Protecting Americans from Tax Hikes Act extended or made permanent 56 tax provisions that expired at the end of tax year 2014, and which had been extended several times in recent years.
January 6, 2016	House passage of the Restoring Americans' Healthcare Freedom Reconciliation Act of 2015, as passed by the Senate on December 3, 2015. The President subsequently vetoed the bill.
January 19, 2016	CBO release of a summary of The Budget and Economic Outlook: 2016 to 2026.
January 25, 2016	CBO release of The Budget and Economic Outlook: 2016 to 2026.
February 9, 2016	OMB release of the President's FY2017 budget request.
March 16, 2016	The House Budget Committee voted to report H.Con.Res. 125, a budget resolution for FY2017.

Author Contact Information

(name redacted)
Analyst in Public Finance
redacted@crs.loc.gov , 7-....

(name redacted)
Specialist on Congress and the Legislative Process
redacted@crs.loc.gov 7-....

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.