Majority Leader Steny H. Hoyer

Budget Primer

Timetable for Congressional Budget Process

Middle of January: Congressional Budget Office issues “Budget and Economic Outlook” setting out the baseline for spending, revenues and deficits projected under current law for the current fiscal year and the following ten fiscal years.

First Monday of February (February 5th): Submission of President’s budget.

February and March: Budget, Appropriations, Ways and Means and other committees hold hearings on President’s budget.

Early March: CBO issues estimate of President’s budget and updates the baseline.

No more than six weeks after the President's budget: Committees submit views and estimates regarding programs and policies with budgetary impact within their jurisdiction to the Budget Committee. (Budget Committee may set an earlier deadline.)

March 15th: Statutory deadline for House of Representatives to adopt Congressional Budget Resolution.

April 15th: Statutory deadline for adoption of a budget resolution conference report.

May 15th: House of Representatives may begin consideration of appropriations bills even if budget resolution conference report has not been adopted.

May, June, July: House consideration of annual appropriations bills, any reconciliation legislation required by the budget resolution as well as any other tax and entitlement legislation provided for in the budget resolution.

July 15th: Office of Management and Budget issues mid-session review of the budget updating projections for revenues, spending and deficits.

Mid-August: Congressional Budget Office issues updated budget projections.

October 1st: Beginning of the new fiscal year.

Explanation of Key Terms in Congressional Budget Process

Unified budget deficit: The amount by which total spending exceeds total revenues in a particular a fiscal year. The unified budget deficit includes all spending and revenues of the federal government, including spending and revenues for the Social Security trust fund. The size of the unified deficit essentially determines how much the government must borrow from the public in a given year.

On-budget deficit: The amount by which all spending excluding Social Security benefits exceeds all spending excluding revenues collected by the Social Security trust fund. Put another way, the on-budget deficit represents the budget deficit excluding the Social Security surplus.

Debt: The national debt is the accumulation of all debt issued to finance prior annual deficits. The amount borrowed by the government to finance a deficit in each year is added to the debt. Federal debt has two components: debt held by the public (savings bonds, t-bills and other federal debt notes held by nonfederal investors, including foreign investors) and debt held by government accounts (federal debt held by federal government trust funds such as Social Security, deposit insurance funds, and other federal accounts).

Statutory Debt Limit: The limit established in law by Congress on the amount of debt that the Treasury Department can issue. With a few exceptions, the total debt held by private investors and government accounts is subject to the debt limit. The administration periodically requests Congress increase the debt limit to allow for additional borrowing.

Trust fund: A fund established for a specific program which is credited with income from earmarked revenues or other receipts and charged with spending for that program. The federal government has more than 150 trust funds. The largest and best known finance major benefit programs (including Social Security and Medicare) and infrastructure spending (the Highway and the Airport and Airway Trust Funds). The receipts and outlays from trust funds are included in budget totals, but are accounted for separately within the budget.

Baseline: An estimate of spending, revenue, surplus or deficit expected during a fiscal year under current laws and policy. The baseline is used as a benchmark for measuring the budgetary effects of proposed changes in federal revenues or spending and preparing cost estimates of legislation for purposes of enforcing the House pay-as-you-go rule.

Discretionary appropriations: Discretionary spending is spending for programs whose funding levels are determined and controlled in annual appropriation bills. Almost all defense spending is discretionary, as are the budgets for K-12 education, health research, and housing, to name just a few examples. The Congress must provide funding for discretionary programs every year. If Congress does not affirmatively provide funding for a program in the appropriations bill the program is terminated for that year.

Budget Primer

Mandatory spending: Mandatory spending includes all spending provided under laws other than appropriations bills. Unlike discretionary spending, funding for mandatory programs automatically continues without annual appropriations. Mandatory spending generally involves a legal obligation of the Federal Government to provide funding based on a formula or other authorization established in law. The most common form of mandatory spending is for entitlement programs.

Entitlement spending: Entitlement programs create a legal obligation on the federal government to make payments to any person, business, or unit of government that meets the criteria set in law. Congress does not appropriate a specific level of funding for entitlement programs. The level of spending for entitlements is determined by the number of beneficiaries who meet the eligibility criteria. The best-known entitlements are the major benefit programs, such as Social Security and Medicare.

Authorization: A statute or legislation that establishes or continues a federal program or agency. Some authorization bills provide direct spending by creating or extending a mandatory program, but most authorization bills establish programs and set recommended funding levels which must be funded through the appropriations process.

Budget resolution: The budget resolution is a concurrent resolution that is not signed by the President. The budget resolution sets targets for Congress for the total planned cost of federal programs, of revenues, and of the surplus or deficit. The budget resolution establishes spending and revenue targets, but does not actually change tax or spending laws. Any policies assumed in the budget resolution are implemented through subsequent legislation, including appropriation acts and changes in laws that affect revenues and mandatory spending. It is up to Congress to enforce these budget targets by enacting funding and tax legislation that stays within the congressional budget resolution. Budget resolutions are agreed to annually, and cover the coming fiscal year and the next four years or sometimes the next nine years.

Reconciliation: A special legislative procedure established under the Congressional Budget Act of 1974 by which the Congress changes existing laws that affect revenues or mandatory spending to conform to the revenue and spending targets established in the budget resolution. The budget resolution may contain reconciliation instructions, which direct Congressional committees to make changes in revenue or direct spending programs under their jurisdiction to achieve a specified budgetary result. Under the rules package for the 110th Congress, the net effect of reconciliation legislation must reduce the deficit. The legislation to implement the instructions making changes in actual tax and spending laws to achieve the savings called for in the budget resolution is usually combined into one comprehensive reconciliation bill.

. For more information please contact: Ed Lorenzen in the Majority Leader's Office at 5-3130.