

**VOLUME IV – CONGRESSIONAL REVIEW AND ACTION ON THE PRESIDENT'S
BUDGET**

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SECTION 47 – THE CONGRESSIONAL BUDGET PROCESS

- A. The purpose of this chapter is to set forth and describe the stages of the congressional budget review process after the transmittal of the President's Budget.
- B. Budget Committees, Resolutions, and Reconciliation
- 1) Background and Procedures
 - i) The Congressional Budget and Impoundment Control Act of 1974, as amended, establishes the congressional budget process as the means by which the Congress coordinates the various budget-related decisions it makes in the course of the year. The process is centered around a concurrent resolution on the Budget which sets aggregate budget policies and functional priorities. Because it is not a law, the budget resolution does not have statutory effect; no money can be raised or spent pursuant to a budget resolution. The main purpose of the annual budget resolution is to establish the framework within which the Congress considers separate revenue, spending, and other budget-related activities.
 - ii) The congressional budget cycle begins with the presentation of the President's Budget. After its receipt, a number of actions lead to formulation of the budget resolution. These actions include issuance of reports on the economic outlook and budget options by the Congressional Budget Office and "views and estimates" reports by House and Senate committees on budget matters in their jurisdiction.
 - iii) The budget resolution sets forth total revenues and the amount by which the total is to be changed, total budget authority and outlays, the deficit or surplus and total direct loan obligations and guaranteed loan commitments. These estimates are allocated among the various functions in the budget. The Congress may also include reconciliation directives in the budget resolution which instruct designated committees to report changes in law necessary to meet outlay targets.
 - iv) Preparation of the budget resolution is guided by baseline projections prepared by CBO or OMB informing the Congress of estimated revenues and expenditures under CBO or OMB adopted economic assumptions without policy changes. The budget resolution is also influenced by congressional committee reports of views and estimates which provide the Budget Committees with information on the preferences and legislative plans of the congressional committees.
 - v) Prior to the development of the budget resolution for a fiscal year, the House and Senate Budget Committees hold extensive hearings which are published along with their reports. When a budget resolution is reported, each Budget Committee issues an accompanying report.

- vi) The Congressional Budget Office issues, early each year, several reports that assist the Budget Committees. These include; Economic and Budget Outlook, Spending and Revenue Options, and Analysis of the President's Budgetary Proposals. Updates occur periodically.

2) Budget Reconciliation

- i) Reconciliation is the process used by the Congress to conform the revenues and expenditures ensuing from existing law to the levels in the budget resolution. The process has two stages: (a) the adoption of reconciliation instructions in the budget resolution; and (b) the enactment of reconciliation legislation that implements changes in revenue or spending laws. Reconciliation has been used since 1980, but it is still evolving as a process and the procedures used in one year may differ from those applied in the next.
- ii) Reconciliation begins with a directive in the budget resolution instructing designated committees to report legislation changing existing law (or pending legislation). Instructions generally have three components: (a) they name the committees to report legislation; (b) they specify the amounts by which existing laws are to be changed; and (c) they usually set a deadline for reporting the changes.
- iii) When a budget resolution containing a reconciliation instruction has been approved by the Congress, the instruction has the status of an order by the House and Senate to designated committees to recommend legislation. It is expected that committees will carry out the instructions of their parent chamber. Proposed legislative changes are usually consolidated by the Budget Committees into an omnibus bill.
- iv) The 1980s and 1990s saw a number of major initiatives designed to eliminate or reduce the federal government's overall budget deficit. Original estimates of the time it would take to eliminate the deficit, and of the political conflicts and public involvement necessary to accomplish that goal, proved to be overly optimistic. Those earlier estimates also may have been predicated on successive years of little or no program growth coupled with increases in the amount of the debt to be retired. However, inflation and continued program growth as sponsored by both the Administration and the Congress have proven those earlier estimates to be unrealistic and unobtainable.
- v) The budget targets and procedural steps which were included in the groundbreaking Gramm-Rudman-Hollings (GRH) legislation passed early in the 1980s were revised periodically in the mid-to-late part of the decade to reflect updated economic and budget assumptions. Remaining within the GRH targets became impossible after one-two years of those targets being established as political

decisions on priority programs created a series of exceptions which effectively bypassed the targets and their restrictions. But the Omnibus Budget Reconciliation Act of 1990, which contained the Budget Enforcement Act (BEA), enacted another major change in the federal budget process.

- vi) Acknowledging the difficulty in eradicating the Federal deficit totally, the BEA's focus is on spending limitations rather than on reduction targets (as found in GRH). The BEA sets spending ceilings, or "caps" on various types of mandatory and discretionary funds -- domestic, international, and defense. The BEA requires the identification of offsetting program cuts or revenue increases whenever program growth causes those spending caps to be exceeded. Failure to do so could trigger automatic sequesters. Thus this provision is known as "Pay-As-You-Go" or "PAYGO".
- vii) Managing under the PAYGO process may remain unclear initially. The Congress has not set aside specific amounts for each agency within each of the caps, so it is not possible to say that Commerce (or any other agency) has exceeded "its" cap -- there are no specific agency caps, only the categorical cap.
- viii) Budget Resolution spending allocations are published in the statement accompanying the conference report of the budget resolution. These allocations, known as "section 302(b) allocations" are divided among all House and Senate committees with jurisdiction over part of the budget. The House and Senate Appropriations Committees then allocate the amount provided to them among their subcommittees. Per the BEA, the Congress is expected to complete a budget resolution by April 15. If a budget resolution is not adopted by this date, the amounts included in the President's Budget may be used as allocations to the respective committees.
- ix) CBO cost estimates are included in committee reports accompanying legislation. The main documents in the reconciliation process are the House and Senate reports issued with the budget resolution and reconciliation legislation.
- x) The initial and final reports on sequestration, prepared jointly by OMB and CBO, are printed in the Federal Register.

C. The Authorization Process

1) Background and Procedures

- i) An authorization act is legislation that: (1) provides for the establishment, operation, or continuation of a Federal agency or program; and (2) authorizes appropriations for the agency or program, providing the basis under the rules of the House and Senate for later appropriations to be made.

- ii) Government programs and agencies operate under the terms and conditions authorized in legislation. Under the rules of the House and Senate, funds are usually provided in appropriation acts, not in authorizing legislation. The rules contemplate a two-step process: (1) an authorization act is enacted for a program or agency and then (2) appropriations are made for the authorized purposes. (Relevant House and Senate rules are set forth in Volume II of this *Handbook*.)
- iii) Authorizations can be classified into three categories, depending on their duration. Permanent authorizations do not have any time limit and continue in effect until they are changed by the Congress. An agency having a permanent authorization need only obtain appropriations to continue in operation. Multi-year authorizations are typically in effect for a two to five year period and have to be renewed when they expire. Annual authorizations are for a single year and, usually, for a fixed amount of money. These authorizations have to be renewed each year.
- iv) Under House and Senate rules, an authorization for a fixed amount of money establishes a ceiling on the budget authority that may be appropriated by the Congress. However, if the Congress sets aside its rules and appropriates in excess of the authorized amount or for unauthorized purposes, the full appropriation is available for expenditure (except when a law prohibits the obligation or expenditure of such unauthorized funds).
- v) The reports of House and Senate committees that accompany the authorizing legislation are major sources on information on authorizing legislation. Many committees also provide information on the authorizations in their jurisdiction in the views and estimates reports they make to the Budget Committees.

2) Examples of Types of Authorizations

- i) The following are examples of authorization language for the various types of authorizations.
 - (a) Permanent
 - (1) Sec. 8. There are authorized to be appropriated such sums as may be necessary to carry out this Act. (Source: P.L. 97-108)
 - (b) Multi-year
 - (1) Sec. 101. AUTHORIZATIONS OF APPROPRIATIONS
 - (2) The following amounts are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and

responsibilities in the conduct of the foreign affairs of the United States and for other purposes authorized by law:

- (i) Administration of Foreign Affairs - For "Administration of Foreign Affairs". \$1,828,088,000 for the fiscal year 1986 and \$1,873,790,000 for the fiscal year 1987.
 - (ii) International Organizations and Conferences - For "International Organizations and Conferences", \$534,074,000 for the fiscal year 1986 and \$534,074,000 for the fiscal year 1987.
 - (iii) International Commissions - For "International Commissions", \$28,704,000 for the fiscal year 1986 and \$25,824,000 for the fiscal year 1987. (Source: P.L. 99-93)
1. (In this example, the act authorized State Department activities at increasing, constant, and decreasing levels).

(c) Annual

- (1) Sec. 2. (a) There are authorized to be appropriated to the Secretary of Commerce (hereinafter referred to as the "Secretary") for fiscal year 1986, to carry out activities performed by the National Bureau of Standards, the sums set forth in the following line items:
- (i) Measurement Research and Standards, \$36,843,000.00;
 - (ii) Materials Science and Engineering, \$21,943,000.00;
 - (iii) Engineering Measurements and Standards, \$33,555,000.00;
 - (iv) Computer Science and Technology, \$9,657,000.00;
 - (v) Center for Fire Research, \$5,827,000.00
- (2) (Source: P.L. 99-73).

D. Appropriations

1) Background

- i) An appropriations act is a law passed by the Congress that provides Government agencies legal authority to incur obligations and the Treasury Department authority

to make payments for designated purposes. Appropriations provide budget authority to agencies.

- ii) The power of appropriation derives from the Constitution, which provides that "no money shall be drawn from the Treasury but in consequence of appropriations made by law". The power to appropriate is exclusively a legislative power -- it was seen by the framers of the Constitution as a limitation on the executive branch. An agency may not spend more than the amount appropriated to it, and it may use the funds only for the purposes and according to the conditions provided by the Congress. Appropriations have been viewed as mandates that the funds be used to carry out the activities intended by the Congress. Appropriated funds must be apportioned by OMB before they are available to an agency for obligation (See Volume V of this *Handbook*).
- iii) Established practices recognized in the rules of the House and Senate provide that appropriations are to be made only in appropriations measures which are distinct from other types of legislation.
- iv) The President requests annual appropriations in his budget submission each year. In support of the President's appropriations requests, agencies submit "justifications" to the House and Senate Appropriations Committees. These justifications provide more detailed information than that contained in the President's Budget and are used, in part, to support agency testimony during Appropriations subcommittee hearings on the President's Budget. Volume III, Chapter 5 of this *Handbook* provides instructions on preparing congressional justifications.

2) Appropriations Measures

- i) The Congress passes three main types of appropriations measures. Regular appropriations bills provide budget authority to agencies for a specified fiscal year. Supplemental appropriations provide additional budget authority when the regular appropriation is insufficient or for activities not funded in the regular appropriation. Continuing appropriations measures provide stop-gap funding for agencies that have not received a regular appropriation by the start of the fiscal year. (These are also called continuing resolutions.)
- ii) Jurisdiction over the appropriations measures is vested in the House and Senate Appropriations Committees, which are divided into 12 subcommittees. Each subcommittee has jurisdiction over one of the regular appropriations bills. The Department of Commerce falls within the jurisdiction of the House appropriations subcommittee covering Commerce, Justice, Science and Related Agencies, and within the jurisdiction of the Senate appropriations subcommittee covering Commerce, Justice, Science and Related Agencies. See the committee websites at <http://appropriations.house.gov/> and <http://appropriations.senate.gov/>.

- iii) Continuing appropriations measures have become increasingly important in recent years and their scope has become much broader than was the case in the past. For example, the major continuing appropriations act for fiscal year 2007 covered 10 of the 12 regular appropriations bills for that year. Moreover, rather than providing interim funding until the regular appropriations bills were enacted, that act provided funds for the entire fiscal year. In effect, the continuing resolution became an omnibus appropriations act for fiscal year 2007.

3) Procedures

- i) By precedent, appropriations measures originate in the House of Representatives. In the House, most appropriations measures are originated directly by the Appropriations Committee (when it marks up and reports the legislation), rather than being introduced by a Member beforehand. Because general appropriations bills are privileged, they can be brought to the House floor without first obtaining a "special rule" through the Rules Committee. However, most appropriations measures come to the House under a rule waiving one or more of the standing rules, such as the rule against unauthorized appropriations.
- ii) The Senate considers appropriations measures after they have been passed by the House, though the Senate Appropriations Committee marks up these measures before the House has completed action on them. When the Senate changes a House passed appropriations measure, it does so by inserting consecutively numbered amendments. The Conference, to resolve differences in the measures passed by the two chambers, considers each of the numbered amendments.
- iii) Most appropriations accounts encompass a number of activities or projects. Detailed information on how these funds are to be spent, along with other directives or guidance, is provided in the reports accompanying the various appropriations measures. Government agencies ordinarily abide by report language in spending the funds appropriated by the Congress. Appropriations acts often contain substantive limitations on Government agencies through the use of "General Provisions." (See Section 59 for information on congressional directives.)

4) Documents

- i) The House and Senate Appropriations Committees and their subcommittees conduct extensive hearings, publish the hearings, and issue reports to accompany the regular, supplemental, and continuing appropriations measures. The text of all appropriations acts enacted in a particular session of the Congress, along with a comparison of budget estimates and appropriations enacted, are published in an annual report of the Appropriations Committees, printed as a Senate document.

SECTION 48 – APPROPRIATION ACTION

A. General Procedures

- 1) The House and Senate Committees on Appropriations conduct a full inquiry into the President's Budget Request. This is accomplished through a series of hearings in which Executive Branch officials and others present testimony to the Congress on the President's Budget. In the hearings, Commerce officials have the opportunity to clarify, supplement, and update their budget justifications through prepared statements and a question and answer session on matters of special concern to the Congress and, if necessary, through written responses to questions from Members.
- 2) The House and Senate Committees on Appropriations have 12 subcommittees respectively, each responsible for at least one regular appropriation bill. The Committee on Appropriations (in the 110th Congress), is one of 20 standing committees in the House and one of 16 standing committees in the Senate -- the House Committee consists of 66 members; the Senate committee of 29 members.
- 3) The general procedure of the subcommittee is to conduct informal business through designated staff assistants working with the Office of Budget staff. Formal communications generally take place between the subcommittee Chairman and the Secretary or the Chief Financial Officer/Assistant Secretary for Administration (hereafter, Assistant Secretary).

B. Subcommittee Hearings

- 1) Procedures applicable to both House and Senate
 - i) Because of the recurring, demanding nature of Appropriations Committee work, the House and Senate permit these committees more latitude than other committees with respect to procedure. The major exception allows Appropriations subcommittees to conduct hearings while the House and Senate are in session, and to have priority on the calendar. Most Department of Commerce hearings and meetings with the Appropriations Committees are held in the Capitol building to permit members to attend roll calls and to vote with a minimum of disruption to the hearings process. Verification of this data can be found on the Internet on the Appropriations Committee websites.
 - ii) Space in the hearing room is limited; witnesses and their staffs should wait in the corridor outside the hearing room, or in a waiting room as directed by the Office of Budget and subcommittee staff until it is their turn to enter the hearing room.
 - iii) After identification of the item under consideration and the witnesses, the person designated as the principal witness is given the opportunity to make an opening

statement highlighting and emphasizing the salient features of the budget request. The Chairman, followed by other subcommittee members, addresses questions to the principal witness, first on the opening statement and then on other elements of each appropriation request. If principal witnesses cannot answer, or wishes their response to be amplified, they may refer questions to other witnesses present or offer to supply additional data.

- iv) Ordinarily, supporting witnesses do not participate in testimony unless called upon by the principal witness or the Chairman. However, such witnesses may interject themselves, if it is obviously necessary to do so, by requesting permission of the Chairman, such as:
 - (a) "Mr. Chairman, perhaps I can respond to your inquiry-."
 - (b) "Mr. Chairman, if I may be permitted to supplement Mr. 's remarks--"; or
 - (c) "Mr. Chairman, I think I might be able to clarify this matter---".
- v) Supporting witnesses should never interject themselves unless the procedure has been agreed to in advance with the principal witness and the supporting witness is absolutely certain (no mistakes allowed) that they can provide a fully satisfactory response to an unanswered question, or can clarify an obvious and material misunderstanding.
- vi) If exhibits or documents are requested or called for in response to questions from the Chairman or other subcommittee members, the exhibits or documents must in all cases be offered to the Chairman (handed to the subcommittee clerk) rather than directly to another subcommittee member. For example: "Mr. Chairman, I have here a table which I think contains the information requested." To the extent that the need for exhibits and documents to be submitted can be anticipated, the subcommittee staff should be furnished copies in advance through the Departmental Budget Officer. This will assure a minimum of surprises and a more effective hearing.
- vii) It is considered a prerogative of the Chairman as to whether or not exhibits or documents are placed in the record. Witnesses should not offer exhibits "for the record," but only "in response to your request," or "for the information of the Committee."

2) House Procedures

- i) The House may conduct separate hearings on Commerce bureaus. Hearings are normally open to the public and a limited number of public seats are available. Attendance by Departmental personnel should be limited to witnesses and essential

staff support to permit a maximum number of seats to be used by the public. Hearings are not normally conducted unless both majority and minority representatives are present.

3) Senate Procedures

- i) Under current practice, the Senate holds fewer hearings than the House. Senate hearings are generally limited to an overview appearance by the Secretary with perhaps one or two of the larger Commerce operating units receiving a separate hearing. Again, these hearings are normally open to the public and attendance by non-essential personnel should be limited to permit maximum public attendance. Although every effort is made to have maximum representation and participation by the members of the subcommittee at all hearings, they may be conducted with only one member of the subcommittee present.

4) Time Schedule

- i) The Office of Budget is responsible for developing, with subcommittee staff, the time schedule for the appearance of witnesses, coordinating changes in the schedule, and keeping principal witnesses and designated budget officers advised. House and Senate hearings are usually held between February and April. The exact time schedules for each operating unit are provided by memorandum from the Office of Budget.
- ii) The time constraints on the Appropriations Committees must be considered in setting time schedules for hearings, and, except for extraordinary situations in which the public interest would be manifestly jeopardized, agency officials must adjust their personal time schedules to meet subcommittee requirements. Usually, within the general time constraint, the initial hearing is set at a date convenient to the Secretary with other time schedules following immediately thereafter.
- iii) It is rare that either the House or Senate is able to exactly maintain the initial schedule. Agency officials must take this into account and keep their own schedules sufficiently flexible to accommodate delays. In cases where this is not possible, agency officials should advise the Office of Budget of their problem and the reasons for it. The Office of Budget will review the problems with Departmental officials and subcommittee staff to work out the best possible solution.
- iv) Witnesses should not request a change in the time for which they are scheduled except in the most urgent circumstances. Any deviation from the schedule requires the subcommittee staff to coordinate changes with members who often schedule their attendance for selected witnesses or programs. Schedule changes also require changes for other operating units which cannot always be made on short notice. If a

change appears necessary, it must be arranged by the Director of the Office of Budget through the clerk of the subcommittee. Operating units should not take up such problems directly with the subcommittee.

5) Witness preparation

i) General

- (a) Witnesses at appropriations hearings represent the entire executive branch and are expected to support the President's budget decisions to the best of their ability. All witnesses must be familiar with the provisions of [Section 22 of OMB Circular A-11](#) relating to agency testimony before, and communications with, the Congress on budgetary matters (see Volume III, Chapter 5 of this *Handbook*).
- (b) Witnesses are expected to be thoroughly familiar with the contents of the justification material for the items being considered and with the programs which they represent. Subcommittees expect the principal witness to be able to answer most questions. There are times, however, when there are questions on details with which the principal witness could not be expected to be familiar, and these may be properly referred to a supporting witness.
- (c) Witnesses should also review and be prepared to comment on legislative proposals presented by the Administration or Members of Congress, GAO reports, Inspector General and internal audits, communications within the Administration which have been made public, and any magazine, newspaper, radio or television reports relating to the agency's programs which may be of interest to the Subcommittee.
- (d) Witnesses can prepare themselves by having special briefings from operating unit program and budget staff and by examination of previous hearing records for problems or questions which have been of particular concern to the subcommittees in the past. Frequently, the examination of these records brings to mind potential problem areas for which specially prepared data may be required by the subcommittee.

ii) Preparation of Supporting Materials

- (a) Operating unit budget officers are responsible for preparing all materials needed by witnesses to support their testimony, briefing witnesses on the contents, and having the materials available at the hearings. It is not possible, of course, to be able to anticipate all questions which a subcommittee might raise, but subcommittees expect witnesses to be fully prepared on the budget request. Unless otherwise directed, Microsoft Word files of the written statement and

the biography of the testifying witnesses should be emailed to the Office of Budget 5 days prior to the hearing. The Office of Budget will transmit these files to the Subcommittee 2 days prior to the hearing date. Forty copies of the written statement and biography should be brought to the hearing room day of the hearing. Witnesses are expected to be prepared for questions on:

- (1) information in the Budget and Appendices to the Budget, the Commerce Budget in Brief, justifications, witness statements, and the other material provided to the Committee; and
- (2) subjects listed for coverage in the dry run hearings.

iii) Guidelines

- (a) The basic guideline for witnesses is to be frank and responsive in all presentations to the committees. Witnesses should place their primary concern on being fully responsive, and should watch for opportunities to clarify obvious misunderstandings.
- (b) Witnesses should also consider the following guidelines:
 - (1) The Department's case is expected to be made in the justification material and in the principal witnesses' opening statements. Opportunity is often afforded to strengthen the Department's case in response to subcommittee questions, but it is generally a mistake to depend on expectations of favorable questions from the subcommittee as the primary basis for justifying a budget.
 - (2) Witnesses must support the details of the official justifications as presented to the Committee and provide explanations of requirements consistent with the terms of the printed justifications.
 - (3) It is usually a good idea in responding to questions to state what is in the justifications or, when appropriate, even to read from them -- testimony not related to the justifications before the Committee, or not consistent with them, can result in confusion and misinterpretation or misunderstanding of the item under consideration.
 - (4) Answers to questions should be concise and to the point.
 - (5) Do not try to anticipate the next question and answer it: the subcommittee Chairman and members usually like to develop their own lines of inquiry.

- (6) If answers to questions are not known, witnesses should frankly say so and offer to supply the information as soon as possible.
- (7) If a question calls for a yes or no answer, witnesses are expected to respond accordingly and then request permission to elaborate, if desired.
- (8) Witnesses should not attempt to answer questions of Departmental policy which fall within the purview of another Departmental official.
- (9) Witnesses should avoid being argumentative.
- (10) Witnesses are expected to support decisions of the President, OMB and the Secretary.
- (11) Only the principal witness should answer questions unless he refers the question to a supporting witness, or the question is specifically directed to another witness.
- (12) Occasionally, a witness is asked a question which he thinks may involve matters of national security, or other matters which should not be made public. When this is so, the witness should ask the Chairman: "May I go off the record for a moment before I respond to your question?" Explain to the Chairman the reasons for the concern. Appropriations Committee members and staff are usually cleared for security data and are sensitive to information which should not be made public. The general approach should be full willingness to give sensitive information to the committee, even though it should not be made public. This situation sometimes puts the witness in a dilemma since he must maintain the integrity of security classification, but permission of the Chairman is needed to go off the record.
- (13) Agency witnesses are assigned to one side of the table.
- (14) If other agencies are involved, witnesses must share responsibility for joint decisions and should be cautious in testifying not to cast blame, criticize, or otherwise jeopardize other parts of estimates or appropriations or the operations of other agencies.
- (15) All witnesses must be available at the Committee room promptly at the time scheduled.
- (16) No one not listed on the witness list will be permitted inside the hearing room during closed hearings without specific permission of the Chairman.

(17) In closed hearings, participants must treat as confidential all proceedings until the printed hearings are released.

6) Materials Submitted Prior to Hearings

i) Witness Lists

(a) The names and titles of prospective witnesses are to be submitted to the Office of Budget by memorandum at least five days prior to the scheduled hearing. It is not always possible to make room at the hearing for all of the witnesses that an agency may wish to attend. Committees are not favorably impressed with large numbers of witnesses who are not expected to participate, and in particular with those who do not have answers when questions are directed their way. No one should be included on the witness list who is not expected or prepared to either testify or to provide supporting data.

ii) Witness Written Statements

(a) Each principal witness is expected to present a summary written statement of the budget proposal for which he is responsible. However, the statement should present clearly and concisely what the budget proposal is and the justification for it; its figures should be readily consistent with summary tables in the justifications, and its content should follow the same order as the justifications or make it clear why a different order is followed. Center heads should be inserted whenever the subject matter changes and as necessary to highlight important points.

(b) In both the House and Senate, statements are usually placed in the record and highlighted. Copies of these statements and of any statement which is read must be made available to the Committee through the Office of Budget and brought to the hearing to be made available to the public. No set rules regarding the length of the statement are made because of the wide variation among Department operating units in the size and complexity of the basic programs and the budget requests. Typically, each significant element of the budget request is expected to be dealt with in the statement. Effective statements sometimes can be presented in three or four pages where there are few changes from the current year appropriation. The committees prefer short statements to maximize the time for their questions.

iii) Biographic Sketches

(a) Each principal witness testifying for the first time before an appropriations subcommittee should have a biographic sketch available. Thirty (30) copies

should be delivered to the Office of Budget five (5) days prior to the scheduled hearings.

7) Materials Printed for Publication

- i) The Office of Budget provides annual detailed instructions on editing transcripts and preparing inserts for the record. The annual guidance supplements the guidance contained here.
- ii) Transcripts
 - (a) Shortly after individual hearings are completed, one copy of the hearings transcript is picked up from the subcommittee by the Office of Budget. A limited time is allowed to proofread and correct any errors in the transcript. Time available is limited because the House cannot mark up the budget request until their hearings are published. It is the Department's responsibility to return the edited transcript within the specified time limits.
 - (b) Changes or notations in the transcript must be made in medium soft black pencil. A flag should be attached to each page on which a correction is made. Changes are restricted to correction of grammatical or other obvious errors and omissions. The intent of testimony must not be altered. The subcommittee reserves the right to delete editorial changes violating these principles. Under no circumstances shall testimony of subcommittee members be altered. Marginal notes should be used to indicate obvious typographical errors in members' testimony. If there is a misstatement of fact or some other reason which you believe justifies making a change, attach a note indicating the page and the proposed change.
 - (c) Descriptive headings, commonly called center heads, which briefly identify the subject matter being discussed should be inserted in the center of the page at appropriate places. As a general guide, headings should be inserted at least every three pages of transcript and whenever the subject matter changes. Where the transcript calls for an insert to be placed in the record, the insert should be identified by a brief heading. If the subject matter following the insert changes, a new heading is required as explained above.
- iii) Inserts for the Record
 - (a) Material to be inserted in the record for the House or Senate must be prepared on letter size paper (8 1/2 by 11 inches), and attached to the transcript (as indicated below) when it is returned to the Office of Budget, together with a listing of all items to be furnished, showing the title of the insert and page number. The insert should be numbered in the upper right-hand corner with the

same number as the transcript page calling for the insert, plus the letter "a", i.e., 745a, and placed immediately after page 745. If the transcript calls for more than one insert on the same page, then each insert will be numbered with the letters "a", "b", "c", etc.: i.e., the first insert will be 745a; the second, 745b; the third, 745c; and so on, and all pages will be placed immediately following page 745 of the transcript. If the material to be inserted is short (such as an explanation requiring only a few words or not more than one or two lines), this information can be written in at the appropriate place in the transcript in pencil, rather than attaching a separate sheet. Under unusual circumstances, where it is physically impossible to submit the material with the transcript, the list should indicate the expected submission date. A copy of each insertion, together with the list, must be furnished for Departmental budget files. Material to be inserted in the record should not be reduced before attaching to the transcript.

8) Questions for the Record (QFRs)) (AKA "Questions and Answers" (Q&A))

- i) The Office of Budget provides annual detailed instructions on answering questions for the record from the House and Senate appropriations committees. The annual guidance supplements the guidance contained here.
- ii) Format
 - (a) Answers to questions for the record must adhere to the requirements described below.
 - (1) Documents should be prepared in Microsoft Word using Times New Roman font, size 12;
 - (2) Left margin should be set at 1.6", right margin at 1.2", top and bottom margins at 1";
 - (3) All text should be single-spaced with double-spacing between paragraphs, topics, and center heads;
 - (4) A center head in CAPS identifying the senator or representative for each member's set of questions should be included;
 - (i) QUESTIONS SUBMITTED BY [INSERT REPRESENTATIVE OR SENATOR'S NAME].
 - (5) The topic of the question should be identified and underlined following the center head;
 - (6) Questions should be restated verbatim in bold type;

- (7) Succinct answers with a minimum of one complete sentence per question should be prepared;
 - (i) “Yes” or “No” answers are not acceptable.
 - (8) “QUESTION:” should precede each question; “ANSWER:” should precede each answer (both must be in all caps); and
 - (i) Indentations are not permitted.
 - (9) There should be a new page for each member's set of questions (a set of questions encompasses all of the member's questions).
- iii) Questions requiring input from multiple bureaus must be coordinated by the lead bureau assigned to the question.
 - iv) Completed “Questions and Answers” should be emailed to the appropriate BCRD analyst who will be identified each year.
 - v) A Questions for the Record example is provided in Appendix A of this volume.
- 9) QFR, Transcript, and Transcript Insert Clearance Process
- i) Transcripts and QFRs are reviewed and subsequently cleared by multiple offices. The Office of Budget (OB) is the coordination point for all transcripts and QFRs issued by the appropriation committees. The process for the review of transcripts and QFRs is described below. For convenience, “documents” will be used to denote the QFRs, transcripts, and transcript inserts.
 - (a) OB receives the documents from the congressional committee with the applicable due date noted. OB forwards the documents to the responsible operating units with due dates and any other necessary guidance. Operating units then provide their input to OB.
 - (b) OB reviews the documents and requests clarification from the operating units when necessary. OB forwards the documents to OMB for review. Any questions OMB may have will go through OB who will work with operating units to ensure responses are timely and responsive. Operating units should refrain from contacting OMB directly without the involvement of OB.
 - (c) Subsequent to OMB clearance, OB will forward the documents to the Secretarial staff offices for review. Upon clearance by Secretarial staff, OB transmits the documents to the congressional committee.

C. Committee Action and Appeals

1) House Action

i) After the hearings, the House subcommittee meets and "marks up" the President's Budget with its own recommendations and drafts the appropriations bill and report. At this point, the bill receives a number (H.R.) which remains the bill number through all further stages leading to its enactment. The full committee then meets to review the subcommittee action, revise or adopt the bill and report, and order the bill reported to the House. The bill goes to the House floor, where it is passed with or without amendments. The House passed version of the bill is referred to the Senate Appropriations Committee.

ii) Impact Statements

(a) Policy

- (1) The basic rule on impact statements is that agencies are pledged to support the Budget as submitted by the President unless he/she or OMB approves its amendment. Concurrence with an appropriation change made by the House, either upward or downward, or a language change, is in effect agreeing to an amended budget, and needs OMB review and clearance.
- (2) The paramount factor in preparing impact statements is to maintain the integrity of the policies and priorities stated in the President's Budget, and the Economic and State of the Union messages. This leads to two general guidelines which OMB usually insists on:
 - (i) support the elimination of any increases made by the House which would call for expenditure in excess of amounts requested; and
 - (ii) justify the need for restoration of the full amount requested for important Administration initiatives.
- (3) Agencies are also expected to address any reduction which would impair programs essential to the public health and safety. The issue in these cases many times is whether a reduction did in fact compromise the President's policies and priorities, or actually impair an essential program. For example, the House may have no quarrel with a program, but feels it could be carried out for less money, or the passage of time or other factors make it unlikely that the full amount requested can be spent in the budget year.

- (4) To be taken into account are such matters as the relative priority of reductions compared with items allowed, whether programs are eliminated entirely or merely reduced in scope, whether it might be feasible to stretch out the time schedule for attaining objectives, and whether any arguments can be advanced for getting the Senate to take on the responsibility of changing the House position.

(b) Procedures

- (1) Within 48 hours of House full committee action, operating units submit to the Office of Budget a breakout of the totals included in the House report by activity and subactivity as shown on the Summary of Resource Requirements (salmon sheet). The timely submission of this information will be facilitated if the operating unit has developed an internal financial plan as recommended in Section 58 of this *Handbook*. Each subactivity includes figures for budget authority for the President's Budget and House allowance.
- (2) Summary statements accompany the tabular material. See Exhibit V.5.8. It is important to be specific as to what will happen to the program outputs and objectives if the House allowance is enacted. Statements should include narrative on the following.
 - (i) The overall programmatic impacts, such as the potential for reductions-in-force or furloughs, discontinued programs, etc.;
 - (ii) New restrictions or limitations and their impacts;
 - (iii) List of earmarks/unrequested projects;
 - (iv) Possible requirements for reprogrammings;
 - (v) Inconsistencies between appropriations and report language;
 - (vi) Technical errors; and
 - (vii) Outcome of House action on funding provided for adjustments-to-base and specific program changes requested in the President's Budget.

2) Senate Action

- i) Although the Senate Appropriations Subcommittee holds hearings on the budget request prior to the House report and action, it rarely reports or takes action until

after the House has held its "mark-up" and reported on the bill to the floor of the House.

- ii) The Senate subcommittee marks up and drafts its revisions to the House bill and prepares its own report. As in the House, the full committee then reviews the subcommittee action and adopts or revises the bill and report and orders the bill reported to the Senate. The Senate version of the bill as reported is voted on by the Senate and passed with or without amendments. Impact statements, as discussed in the previous section, will be due to the Office of Budget within 48 hours of Senate full committee action.

3) Appeals to the Conference Committee

- i) Once both houses have passed their versions of the bill, House and Senate "managers" or conferees are appointed by the presiding officers of both houses. If the House and Senate allowances for an item are different, the item is called "conferenceable." If the two allowances are the same, although they may be different from the President's Budget request, the item is "non-conferenceable." The same guidance on House and Senate impact statements applies to conference action except that tabular information includes columns for "Conference Action."
- ii) Impact statements for House and Senate allowances will be forwarded to congressional clerks for consideration.

4) Conference Action and Enactment

- i) The Conferees reconcile the differences between the two versions and issue a conference report which must then be approved by each house. This approval constitutes passage of the appropriation by the Congress. The bill is then sent to the President for signature.
- ii) When an appropriation bill is not passed by the Congress by the beginning of the fiscal year, all outstanding appropriation bills may be combined into one "Continuing Resolution" which carries a new bill number, H.J.Res. The new bill incorporates the provisions of the individual appropriation bills.

5) Report Requirements

- i) Specific requests or directives to agencies are often included in the House and Senate reports accompanying appropriations bills. These directives may require agencies to provide reports on the progress of specified activities or to provide additional information on identified topics. Under normal circumstances, only requests included in both House and Senate reports or adopted by reference in the Conference Report will be subject to action. Also, in the event that particularly

sensitive or critical items are requested in either the House or Senate reports, the Office of Budget will confer with bureaus to ensure that these reports that are treated appropriately.