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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.

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.

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Recent Actions

Most Recent Actions in 2016

- The House and Senate passed H.R. 5325 (P.L. 114-223), a continuing resolution (CR) that provides funding through December 9, 2016, for the programs and activities covered by 11 of the 12 regular appropriations bills. The legislation also included the Military Construction and Veterans Affairs Appropriations bill for all of FY2017, as well as emergency funds to combat the Zika virus and provide relief for flood victims. On September 29, 2016, the bill was signed into law by the President (P.L. 114-223).
- Previously, each chamber had, separately, passed several of the 12 regular appropriations bills, as well as supplemental appropriations related to the Zika virus, although the chambers had not yet reached agreement on any of the bills.
- CBO released *An Update to the Budget and Economic Outlook: 2016 to 2026* on August 23, 2016.
- The Office of Management and Budget (OMB) submitted the Mid-Session Review to Congress on July 15, 2016.
- The Congressional Budget Office (CBO) released *The 2016 Long-Term Budget Outlook* on July 12, 2016.
- Senate Budget Committee Chairman Enzi filed budgetary levels in the *Congressional Record*, pursuant to the Bipartisan Budget Act of 2015, that are enforceable in the Senate as if they had been included in an FY2017 budget resolution, on April 18, 2016.
- The House and Senate Appropriations Committees began reporting appropriations bills to their respective chambers in mid-April.
- CBO released *Updated Budget Projections: 2016 to 2026* on March 24, 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.
- 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.

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]

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 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 develop 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

January Update

CBO released *The Budget and Economic Outlook: 2016 to 2026* on Monday, January 25.[4] The forecast included federal budget deficit projections of $544 billion in FY2016 and $561 billion in

[1] For more information, see CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by Grant A. Driessen.

[2] For more information, see archived CRS Insight IN10415, *Brief Summary of the FY2016 Omnibus and the Historical Frequency of Omnibus Appropriations*, by Jessica Tollestrup.

[3] For more information, see CRS Report R43898, *Tax Provisions that Expired in 2014 ("Tax Extenders")*, by Molly F. Sherlock.

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

FY2017, equivalent to 2.9% of annual gross domestic product (GDP) in each year. Those totals represented an increase in the deficit total from FY2015, which was $439 billion (2.5% of GDP). CBO projected that budget deficits would continue to increase over the ensuing decade, rising to $1,366 billion (4.9% of GDP) in FY2026, the final year of the budget window.

The outlook projected a cumulative deficit from FY2016 through FY2025 of $8.556 trillion, a 22% increase ($1.549 trillion) from projections over the same period in the August 2015 baseline.[5] The deficit increase was primarily attributed 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). As for non-legislative changes, economic revisions accounted for roughly 30% of the larger deficit projections, and about 20% of the deficit changes were attributable to technical modeling adjustments.

March Update

CBO released *Updated Budget Projections: 2016 to 2026* on Thursday, March 24.[6] The forecast includes a projection of a $534 billion budget deficit in FY2016, a $10 billion decrease from the projection in the January 2016 forecast ($544 billion). The projected cumulative deficit from FY2017 to FY2026 was $9.283 trillion, which is $95 billion lower than the January 2016 projections ($9.378 trillion). That reduction is due to higher revenue projections, which increased by $79 billion, and lower outlays, which decreased by $15 billion relative to the January forecast.

August Update

CBO released *An Update to the Budget and Economic Outlook: 2016 to 2026* on Tuesday, August 23.[7] That forecast projects the budget deficit to be $590 billion in FY2016, which represents a $56 billion increase from the estimate in March.[8] That change follows from projected declines in FY2016 revenues by $87 billion and declines in FY2016 outlays by $31 billion relative to the March estimate. The cumulative deficit from FY2017 through FY2026 is projected to be $8.573 trillion, which represents a $712 billion decline from the March estimate. Changes to the economic forecast, which include revisions to projected interest rates, inflation, GDP, and the unemployment rate, represented the largest contribution to the revision.

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

[6] Congressional Budget Office, *Updated Budget Projections: 2016 to 2026*, March 2016, available at https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51384-MarchBaseline.pdf.

[7] Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2016 to 2026*, August 2016, available at https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51908-2016_Outlook_Update-2.pdf.

[8] The Administration released a statement on October 14, 2016, that estimated the FY2016 budget deficit to be $587 billion. For the full statement, see U.S. Department of the Treasury, "Joint Statement of Jacob J. Lew, Secretary of The Treasury, and Shaun Donovan, Director of The Office of Management and Budget, on Budget Results for Fiscal Year 2016," October 14, 2016, available at https://www.treasury.gov/press-center/press-releases/Pages/jl0583.aspx.

CBO's Long-Term Budget Outlook

Description

In addition to the budget and economic outlook, CBO also releases a long-term budget outlook, typically every year. This forecast uses a similar set of assumptions employed in the Budget and Economic Outlook to project federal spending and revenue levels through at least 25 years beyond the current fiscal year. Information included in the long-term budget outlook includes projections of publicly held debt and key macroeconomic indicators, as well as calculations on how federal spending goals would need to change in order to hit certain public debt benchmarks at the end of the forecast. Though the long-term outlook does not affect the budgetary impact of legislative proposals, it helps to inform Congress about the long-term trends of certain budgetary components under current law.

Actions in 2016

CBO released *The 2016 Long-Term Budget Outlook* on July 12, 2016.[9] The forecast includes budget and debt projections through FY2046; the 30-year span covered by the forecast is an increase from the 25-year span used in past publications. The current outlook increased its projection of long-term publicly held debt as compared with the previous forecast, as estimated publicly held debt in FY2040 (the last year estimated in each publication) rose from 107% of GDP to 122% of GDP. Reductions in projected economic output and increases in federal spending were responsible for the majority of that change.

Publicly held debt is currently estimated to be 75% of GDP, well above the 50-year historical average of 39% of GDP. CBO projects that policy changes that would increase revenues or decrease noninterest spending by 1.7% of GDP in each year relative to the baseline forecast would be required for publicly held debt to equal its current level in 2046. CBO also projects that policy adjustments that would increase revenues or decrease noninterest spending by 2.9% of GDP in each year would be needed for publicly held debt to equal its 50-year historical average in 2046.

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.[10] 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.[11]

[9] Congressional Budget Office, *The 2016 Long-Term Budget Outlook*, July 2016, available at https://www.cbo.gov/publication/51580.

[10] Under Title 31 of the U.S. Code.

[11] As stated in CRS Report R43163, *The President's Budget: Overview of Structure and Timing of Submission to Congress*, by Michelle D. Christensen. Refer to this report for more information on the President's budget request.

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.[12] Following the initial submission, the President then typically sends Congress an updated request in the second half of the fiscal year, with revisions to prior estimates.

Actions in 2016

The President's Budget for FY2017 was submitted to Congress on February 9, 2016. The submission included estimates of the budgetary effects of the policy and legislative recommendations set forth in the budget request. The proposed budget projected deficits of $616 billion (3.3% of GDP) in FY2016 and $503 billion (2.6% of GDP) in FY2017, which were both greater than the recorded deficit of $438 billion (2.5% of GDP) in FY2015. It projected 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 projected real increases in both revenues and spending over time. It projected that real receipts would rise from 18.3% of GDP in FY2015 to 20.0% of GDP in FY2026, and projected that real outlays increase from 20.7% of GDP to 22.8% of GDP over the same period.

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

Since the submission of the FY2017 budget, the President, on February 22, submitted a request for emergency supplemental appropriations of approximately $1.9 billion "to address the Zika virus both domestically and internationally."[13]

On July 15, 2016, the President submitted the mid-session review to Congress.[14] The revised budget included a projected deficit of $600 billion in FY2016. That total was $16 billion lower than the FY2016 budget OMB projected in the February forecast, due to lower outlay projections more than offsetting reduced receipt estimates. The revised forecast also includes lower combined deficits from FY2017 through FY2026 by a total of $881 billion. Much of that revision can be attributed to reduced net interest costs (by a total of $770 billion), with reduced noninterest spending (by $547 billion) offsetting reduced revenues (by $436 billion) accounting for the remainder of those changes.

[12] Ibid.

[13] https://www.whitehouse.gov/sites/default/files/omb/assets/budget_amendments/emergency_supplemental_2-22-16_zika.pdf

[14] Office of Management and Budget, *Mid-Session Review*, July 2015, available at https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/17msr.pdf.

The Budget Resolution

Description

The Congressional Budget Act of 1974 (the Budget Act) provides for the annual adoption of a budget resolution.[15] The budget resolution reflects an agreement between the House and Senate on 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.[16] Once the budget resolution has been agreed to by both chambers, certain levels contained in it are enforceable through points of order.[17]

The budget resolution is required to include a spending limit for each committee, referred to as "302(a) allocations."[18] Each Appropriations Committee is then responsible for subdividing its 302(a) allocation among its 12 subcommittees. These allocations, referred to as 302(b) subdivisions, establish the maximum amount that each of the 12 appropriations bills can spend.

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.[19]

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

[16] 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.

[17] 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.

[18] These totals are named after Section 302(a) of the Budget Act, which requires that the total budget authority and outlays set forth in the budget resolution be allocated to each House and Senate committee that has jurisdiction over specific spending legislation. Section 302 allocations are included in the committee report or joint explanatory statement of the budget resolution.

[19] For more information, see CRS Report R44296, *Deeming Resolutions: Budget Enforcement in the Absence of a Budget Resolution*, by Megan S. Lynch.

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 outlays reported in H.Con.Res. 125 were $7.2 trillion lower than the projections in the latest CBO baseline, and the revenues in H.Con.Res. 125 were $0.3 trillion higher than 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.[20] In addition 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.[21]

No further action has been taken on the committee-reported budget resolution.

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. This was the case for FY2017, as 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 be enforceable in the Senate as if they had been included in a budget resolution for FY2017. No such provision was included for the House. On April 18, Senate Budget Committee Chairman Enzi filed such levels.[22] The Senate Appropriations Committee subsequently reported 302(b) sub-allocations for each of the 12 regular appropriations measures.[23] These sub-allocations act as an enforceable cap on each of the individual appropriations measures as they are considered on the Senate floor.

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[20] 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.

[21] 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").

[22] Sen. Michael Enzi, *Congressional Record*, vol. 162 (April 18, 2016), p. S2121.The Bipartisan Budget Act directed the Senate Budget Committee chair to file such levels after April 15, 2016, but not later than May 15, 2016.

[23] U.S. Congress, Senate Committee on Appropriations, *ALLOCATION TO SUBCOMMITTEES OF BUDGET TOTALS*, 114th Cong., 2nd sess., April 18, 2016, S.Rept. 114-238. These have since been revised five times, the most recent of which is U.S. Congress, Senate Committee on Appropriations, *FURTHER REVISED ALLOCATION TO SUBCOMMITTEES OF BUDGET TOTALS FOR FISCAL YEARS 2016 AND 2017*, 114th Cong., 2nd sess., June 27, 2016, S.Rept. 114-286.

The levels filed by the Senate Budget Committee are consistent with the discretionary spending limits established by the Budget Control Act (P.L. 112-25) as amended by the Bipartisan Budget Act of 2015, and provide for $551.068 billion in FY2017 discretionary defense budget authority (subject to the limits) and $518.531 billion in FY2017 discretionary non-defense budget authority.[24] These levels set the total FY2017 discretionary budget authority level as $1,069.6 billion (5.54% of GDP), which would represent a real decline in budget authority relative to FY2016 levels ($1,066.2 billion, or 5.77% of GDP).[25]

In the House, no such enforceable levels yet exist. In the absence of a budget resolution or deeming resolution, the House Appropriations Committee has adopted "interim 302(b) sub-allocations" for each individual appropriations bill.[26] Such levels would *not* act as an enforceable cap on appropriations measures when they are considered on the floor. A separate order adopted by the House as a part of H.Res. 5 (114th Congress), however, prohibits floor amendments that would increase spending in a general appropriations bill, effectively creating a cap on individual appropriations bills when they are considered on the floor.[27]

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.[28]

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

[24] For more information on the discretionary spending limits established in the Budget Control Act, see CRS Report R42506, *The Budget Control Act of 2011 as Amended: Budgetary Effects*, by Grant A. Driessen and Marc Labonte.

[25] GDP projections were taken from the Congressional Budget Office, *Updated Budget Projections: 2016 to 2026*, released in March 2016.

[26] These levels are available on the House Appropriations Committee website. The most recent version was released July 14, 2016, and can be accessed here: http://appropriations.house.gov/uploadedfiles/07.14.16_revised_suballocation_of_budget_allocations_for_fy_2017.pdf

[27] Specifically, H.Res. 5, §3(d)(3) states, "It shall not be in order to consider an amendment to a general appropriation bill proposing a net increase in budget authority in the bill (unless considered en bloc with another amendment or amendments proposing an equal or greater decrease in such budget authority pursuant to clause 2(f) of rule XXI)."

[28] For more information, see CRS Report R40480, *Budget Reconciliation Measures Enacted Into Law: 1980-2010*, by Megan S. Lynch.

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.

As described above, the budget resolution is required to include a spending limit for each committee, referred to as "302(a) allocations."[29] Each Appropriations Committee is then responsible for subdividing its 302(a) allocation among its 12 subcommittees. These allocations, referred to as 302(b) subdivisions, establish the maximum amount that each of the 12 appropriations bills can spend, and are enforced through points of order on the House and Senate floor.

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.[30]

Full-year appropriations were enacted for FY2016 in the Consolidated Appropriations Act of 2016 (P.L. 114-113, enacted December 18, 2015). This funding expired at the end of the fiscal year (September 30, 2016).

Actions in 2016

On September 28, the House and Senate each passed H.R. 5325 (P.L. 114-223), a continuing resolution (CR) that provides funding through December 9, 2016 for the programs and activities covered by 11 of the 12 regular appropriations bills. The legislation also includes the Military Construction and Veterans Affairs Appropriations bill for all of FY2017, as well as emergency funds to combat the Zika virus and provide relief for flood victims. On September 29, 2016, the bill was signed into law by the President (P.L. 114-223).

For activities funded through December 9, 2016, the continuing resolution provides for funding at a level 0.496% below FY2016 levels. The Budget Control Act of 2011 (BCA; P.L. 112-25) as amended allows for increases in FY2017 discretionary cap levels relative to their FY2016 values.[31] The BCA provides for a FY2017 discretionary cap on defense budget authority of

[29] These totals are named after Section 302(a) of the Budget Act, which requires that the total budget authority and outlays set forth in the budget resolution be allocated to each House and Senate committee that has jurisdiction over specific spending legislation. 302 allocations are included in the committee report or joint explanatory statement of the budget resolution.

[30] For more information on the appropriations process, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup.

[31] The BCA was amended most recently by the Bipartisan Budget Agreement of 2015 (P.L. 114-74).

$551.068 billion, or 0.543% greater than the FY2016 value, and a FY2017 discretionary cap on nondefense budget authority of $518.531 billion or 0.008% above its FY2016 value.

For more information on the FY2017 CR, see CRS Report R44653, *Overview of Continuing Appropriations for FY2017 (H.R. 5325)*, coordinated by James V. Saturno.

Because the funding provided in the CR expires on December 9, Congress will likely take legislative action on appropriations legislation around that time, after the presidential and congressional elections of 2016. For information on past action on appropriations measures after an election, see CRS Report RL34597, *The Enactment of Appropriations Measures During Lame Duck Sessions*, by Megan S. Lynch.

Earlier in the year, in February 2016, House and Senate Appropriations Committee subcommittees began holding hearings on FY2017 appropriations, and in March and April 2016, began reporting appropriations measures to their respective committees.[32] In mid-April, both the House and Senate Appropriations Committees began reporting appropriations bills to their respective chambers. Each chamber passed several individual appropriations measures, although no individual measures were sent to the President. In addition, the chambers considered supplemental appropriations to address the Zika virus.[33]

While the House and Senate have not yet agreed upon an FY2017 budget resolution, the appropriations process has moved forward. In the Senate, Senate Budget Committee Chairman Enzi filed enforceable budgetary levels, pursuant to the Bipartisan Budget Act of 2015 (see section on "Deeming Resolutions" above), which included a committee spending allocation (known as a 302(a) allocation) for the Senate Appropriations Committee. The Senate Appropriations Committee subsequently reported 302(b) sub-allocations for each of the 12 regular appropriations measures.[34] These sub-allocations act as an enforceable cap on each of the individual appropriations measures as they are considered on the Senate floor.

In the House, no such enforceable levels yet exist. In the absence of a budget resolution or deeming resolution, the House Appropriations Committee has adopted "interim 302(b) sub-allocations" for some individual appropriations bills.[35] Such levels would *not* act as an enforceable cap on appropriations measures when they are considered on the floor. A separate order adopted by the House as a part of H.Res. 5 (114th Congress), however, prohibits floor amendments that would increase spending in a general appropriations bill, effectively creating a cap on individual appropriations bills when they are considered on the floor.[36]

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[32] The House subcommittee on Military Construction-Veterans Affairs reported to the House Appropriations Committee on March 22, 2016. Other subcommittees began reporting in mid-April.

[33] The legislative vehicles for supplemental appropriations related to the Zika virus have been the combined FY2017 Military Construction-Veterans Affairs and Transportation-Housing and Urban Development appropriations bills (H.R. 2577) and a stand-alone supplemental appropriations bill, H.R. 5243, Zika Response Appropriations Act, 2016 (114th). For more information on congressional action related to the Zika virus, see CRS Report R44460, *Zika Response Funding: Request and Congressional Action*, coordinated by Susan B. Epstein.

[34] U.S. Congress, Senate Committee on Appropriations, *ALLOCATION TO SUBCOMMITTEES OF BUDGET TOTALS*, 114th Cong., 2nd sess., April 18, 2016, S.Rept. 114-238. These have since been revised five times, the most recent of which is U.S. Congress, Senate Committee on Appropriations, *FURTHER REVISED ALLOCATION TO SUBCOMMITTEES OF BUDGET TOTALS FOR FISCAL YEARS 2016 AND 2017*, 114th Cong., 2nd sess., June 27, 2016, S.Rept. 114-286.

[35] These levels are available on the House Appropriations Committee website. The most recent version was released July 14, 2016, and can be accessed here: http://appropriations.house.gov/uploadedfiles/07.14.16_revised_suballocation_of_budget_allocations_for_fy_2017.pdf.

[36] Specifically, H.Res. 5, §3(d)(3) states, "It shall not be in order to consider an amendment to a general appropriation

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.

bill proposing a net increase in budget authority in the bill (unless considered en bloc with another amendment or amendments proposing an equal or greater decrease in such budget authority pursuant to clause 2(f) of rule XXI)."

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.[37] 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.

Actions in 2016

The Bipartisan Budget Act of 2015 suspended the debt limit until March 15, 2017 (P.L. 114-74).[38] 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.[39] Most recently, the Bipartisan Budget Act of 2015 (P.L. 114-74,

[37] The debt limit is codified at 31 U.S.C. §3101.

[38] For more information on recent debt limit events, see CRS Report R43389, *The Debt Limit Since 2011*, by D. Andrew Austin.

[39] For more information, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by Megan S. Lynch.

enacted November 2, 2015) increased discretionary spending limits for FY2016 and FY2017, among other things.[40]

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

This year, the House and Senate Budget Committees have held hearings and released papers related to reforming the congressional budget process. The House Budget Committee held a number of hearings and released a series of "working papers focused on the committee's effort to overhaul the Congressional Budget Act of 1974 and reform the congressional budget process."[41] The hearings and working papers can be accessed here: http://budget.house.gov/budgetprocessreform/.

Likewise, the Senate Budget Committee held a number of hearings, and released several "Budget Bulletins" related to budget process reform. The Budget Bulletins can be viewed here: http://www.budget.senate.gov/chairman/newsroom/budget-bulletins.

Also of note, 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.[42]

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 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*.

[40] For more information, see CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by Grant A. Driessen.

[41] House Committee on the Budget, "Budget Committee Releases Working Paper on Alternative Approaches to the Federal Budget," press release, August 30, 2016, http://budget.house.gov/news/documentsingle.aspx?DocumentID=394316.

[42] For more information, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by Megan S. Lynch.

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.
March 24, 2016	CBO release of *Updated Budget Projections: 2016 to 2026*.
Mid-April	The House and Senate Appropriations Committees began reporting appropriations bills to their respective chambers.
April 18, 2016	Senate Budget Committee Chairman Enzi filed budgetary levels in the Congressional Record, pursuant to the Bipartisan Budget Act of 2015, that are enforceable in the Senate as if they had been included in an FY2017 budget resolution.
May-July	The House and Senate began floor consideration of appropriations bills.
July 12, 2016	CBO release of *The 2016 Long-Term Budget Outlook*.
July 15, 2016	OMB release of the *Mid-Session Review*.
August 23, 2016	CBO released *An Update to the Budget and Economic Outlook: 2016 to 2026*.
September 28 & 29	The House and Senate passed, and the President signed, H.R. 5325 (P.L. 114-223), a continuing resolution (CR) that provides funding through December 9, 2016 for the programs and activities covered by 11 of the 12 regular appropriations bills. The legislation also included the Military Construction and Veterans Affairs Appropriations bill for all of FY2017, as well as emergency funds to combat the Zika virus and provide relief for flood victims.

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