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Overview of Funding Mechanisms in the Federal Budget Process, and Selected Examples

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Summary

Every year, Congress considers numerous pieces of legislation that would create or modify federal government programs and activities. The variety of approaches used across the federal budget to fund these programs and activities involve different timelines for budgetary decisionmaking, and different processes (and committees) within Congress to make those decisions. How a particular funding mechanism is structured requires tradeoffs between the frequency of congressional review and the predictability of funding for the program. The purpose of this report is to explain these approaches, illustrating them with examples of how they have been applied in practice.

When attempting to understand the mechanism through which a program is funded, one of its most basic elements is the type of law that controls that funding. Such laws—and the provisions within them—can be distinguished based on whether their primary purpose is to create or modify federal government programs or activities ("authorizations"), or whether their purpose is to fund those activities ("appropriations").

Discretionary spending programs generally are established through authorization laws, but the annual appropriations process determines the extent to which those programs will actually be funded, if at all. Examples of discretionary spending discussed in this report include the Office of Apprenticeship (Department of Labor; DOL) and the Violence Against Women Family Research and Evaluation program (Department of Justice).

Mandatory spending is controlled by authorization laws. For this type of spending, the program usually is created and funded in the same law, often on a multiyear or permanent basis. Examples of this type of funding mechanism that are discussed in this report include the State Children's Health Insurance Program (Department of Health and Human Services; HHS), Technical Assistance for Tribal Child Welfare Programs (HHS), and Social Security Disability Insurance (Social Security Administration; SSA). Alternatively, a mandatory spending program might be created in an authorization law but funded annually through an appropriations act; this is often referred to as "appropriated mandatory" spending. Examples of appropriated mandatory spending include the Social Services Block Grant (HHS) and Supplemental Security Income (SSA).

In some cases, including the federal Health Center Program (HHS) and the Child Care and Development Fund (HHS), federal government programs are funded using a combination of mandatory and discretionary spending.

Besides the type of law that controls the spending, another important aspect of any funding mechanism is what the source of that funding will be. This is because there is a distinction between the authority to expend funds and the source of the funds themselves. Revenue and other collections made by the federal government are generally deposited in the *General Fund* (GF) of the Treasury, which is the default source of spending for many different types of federal government activities. Examples of funding mechanisms that utilize the GF include the Office of Apprenticeship (DOL) and the Maternal, Infant, and Early Childhood Home Visiting program (HHS). Spending also may be funded by *dedicated collections* that result from the business-like activities that the federal government undertakes. Both the legal authority to make these collections, and the legal authority to expend them, may be provided either through authorization or appropriations acts, and may support either mandatory or discretionary spending. Examples of dedicated collections that are discussed in this report include those associated with the Immigration Examinations Fee Account (Department of Homeland Security), the Manufactured Housing Standard Program (Department of Housing and Urban Development), and the Health Surveillance and Program Support account (HHS). In some cases, including Medicare Part A and

B (HHS) and the Prescription Drug User Fee Act activities undertaken by the Food and Drug Administration (HHS), programs are funded using a combination of the GF and dedicated collections.

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Introduction

Every year, Congress considers numerous pieces of legislation that would create or modify federal government programs and activities. In many instances, the scope, duration, and area of focus intended for a program are factors that may influence how it will be funded. The reverse can also be the case—that how Congress seeks to fund a program can inform how it is structured. Once a program is established, the way in which it is funded continues to be relevant to Congress for at least two reasons. First, how a program's funding is structured may lead the population that it serves, as well as other stakeholders, to make certain assumptions about how stable its level of benefits or services will be in future years.[1] Second, how often—and in what type of legislation—funding decisions are made creates different opportunities for Congress to exercise its power of the purse.

The legislative framework for establishing and funding the activities of the federal government is based on a fundamental distinction between two types of laws (and provisions within those laws)—"authorizations" and "appropriations."[2]

- *Authorizations* provide legal authority for the government to act, usually by establishing, continuing, or restricting a federal agency, program, policy, project, or activity.
- *Appropriations* provide both the legal authority to obligate the government to make future payments from the Treasury, and also the ability to subsequently make those payments.[3]

Under the congressional budget process, a funding mechanism for a particular program or purpose generally can be distilled to two essential elements—the type of funding that is provided and the source of that funding. The funding type can be distinguished based on whether an authorization or appropriations act controls the level of spending. In the case of *mandatory spending*, an authorization act not only establishes the program but also requires certain payments to be made, and thus determines the level of funding for that program. For *discretionary spending*, in general, an authorization act establishes the program but the decision of how much to fund that program, if at all, is subsequently made by appropriations laws. The funding source for either mandatory or discretionary spending may be the *General Fund* of the Treasury, which is where revenue and other collections made by the federal government are generally deposited. In some cases, spending also may be funded through a dedicated revenue source or other types of collections that result from the business-like activities that the federal government undertakes

[1] Such stakeholders could include executive branch departments, organizations that provide direct services, and (as mentioned) the populations that programs serve. See, for example, Allen Schick, *Congress and Money: Budgeting Spending and Taxing*, (Washington, D.C.: The Urban Institute, 1980), pp. 211-212; and Irene S. Rubin, *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing*, 7th Ed. (Thousand Oaks, CA: CQ Press, 2014), p. 69.

[2] For general information about the role of authorizations and appropriations in the budget process, see CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by James V. Saturno; CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup and James V. Saturno; and CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*, by Jessica Tollestrup and Brian T. Yeh.

[3] An appropriation is a type of budget authority. *Budget authority* is authority provided by federal law to enter into contracts or other financial *obligations* that will result in immediate or future expenditures (or *outlays*) involving federal government funds. For a further explanation of these terms, see Government Accountability Office (GAO), A Glossary of Terms Used in the Federal Budget Process, GAO-05-734SP, September 2005, pp. 20-21, http://www.gao.gov/new.items/d05734sp.pdf.

(referred to for the purposes of this report as *dedicated collections*).[4] The funding source within a funding mechanism may be established through either authorization or appropriations laws.

When seeking to understand how a particular program or activity is funded, the extent to which the funding mechanism involves an authorization act, an appropriations measure, or both is significant for a variety of reasons. For instance, appropriations acts are enacted annually, whereas authorizations may be enacted as needed, on a multiyear or permanent basis. In addition, Congress has chosen to vest control over authorizations and appropriations in separate committees, so that the House and the Senate appropriations committees have exclusive jurisdiction over annual appropriations acts, and the other legislative committees in each chamber have jurisdiction over authorizations. As a result, funding mechanisms (and the elements within them) that involve appropriations acts will generally be subject to a different schedule, committee process, and method of legislative review than funding mechanisms that involve authorization acts.

The range of options that exists for funding government programs and activities has resulted in a variety of approaches across the federal budget. The purpose of this report is to discuss these approaches and illustrate them with examples of how they have been applied in practice. The first part of the report describes the two general funding types—discretionary and mandatory—based on the contrasting roles that authorizations and appropriations play for each type. It also discusses how both approaches might be used to fund a single purpose ("mixed approaches"). The second part of the report explains the various budget process options that exist for the source of funds. The report concludes by summarizing the general issues for Congress when it evaluates a funding mechanism, both those that are proposed and those that already exist.

While this report describes general budget process principles as to how programs are funded, it is not exhaustive as to all possible variations that occur in practice. In addition, while it summarizes the implications of mandatory and discretionary funding mechanisms in terms of the general budget process framework that governs them, it does not describe the budget rules that enforce that framework. Though these budget enforcement rules are outside the scope of this report, they may play a significant role in the funding mechanism that Congress prefers for a particular program.[5] Other issues that are also outside the scope of the report are types of budget authority, periods of availability for funding,[6] and specific budget execution implications of each option (such as program operations when funding lapses).

Funding Types

Under the congressional budget process, funding mechanisms are generally classified as either discretionary or mandatory spending. The distinction between these two approaches relates to

[4] Generally, such business-like transactions occur when the federal government provides goods or services to certain recipients that are above and beyond what would normally be available to the public. For further information, see Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 188-190.

[5] These rules are explained in a number of CRS reports. See, for example, CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*, by Bill Heniff Jr.; CRS Report R40472, *The Budget Resolution and Spending Legislation*, by Megan S. Lynch; CRS Report R41408, *Rules and Practices Governing Consideration of Revenue Legislation in the House and Senate*, by Megan S. Lynch; CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup and James V. Saturno; and CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*, by Jessica Tollestrup and Brian T. Yeh.

[6] The "period of availability" for an appropriation is the amount of time that the funding is available for obligation (e.g., one year, more than one year, or without fiscal year limitation). For further information, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup and James V. Saturno.

what type of law controls the authority to obligate the federal government to make payments (as illustrated in **Figure 1**). The discretionary spending approach creates general or specific authority for an activity through an authorization law, but it leaves the decision as to how much that activity will actually be funded, if at all, to the annual appropriations process. In other words, the authorization law for a discretionary spending activity neither funds that activity nor requires that funding for that activity be provided in the future. Instead, appropriations laws are what control discretionary spending. In contrast, mandatory spending for an activity is controlled by an authorization act, usually because that activity is established and funded in the same law. Alternatively, a mandatory spending activity might be created in an authorization law that also contains provisions that legally require that funding be provided in the future. While appropriations that finance these types of funding requirements are provided in appropriations laws, they are not technically controlled by those laws. This alternative approach is often referred to as "appropriated mandatory" spending.

Figure 1. Illustration of Funding Types

Source: CRS.

Notes: The parenthetical examples in this figure are discussed in the report section that follows. Apprenticeship=Office of Apprenticeship; CHIP=State Children's Health Insurance Program; SSBG= Social Services Block Grant; CCDF=Child Care and Development Fund.

The following section explains the contrasting roles of authorizations and appropriations in discretionary and mandatory funding mechanisms. This discussion includes a number of examples of funding mechanisms for various federal government programs to illustrate both basic principles and variation in practice. Because, in practice, certain programs are funded by more than one type of mechanism, this section also explains and illustrates mixed approaches. Finally, each discussion of the different funding types concludes with a general summary of their implications for budgetary decisionmaking within Congress, and how each navigates tradeoffs between frequent congressional review and funding predictability.[7]

Discretionary Spending

Discretionary spending was roughly 31% of federal spending in FY2016.[8] It funds numerous activities across the federal government, including many grants, purchases of equipment and

[7] The tradeoffs between frequent congressional review and funding predictability have long been recognized as an inherent challenge that Congress must navigate in budgetary decisionmaking. See, for example, House Budget Committee, *Congressional Control of Expenditures*, Committee Print (Washington, D.C.: U.S. Government Printing Office, January 1977); and Allen Schick, *Congress and Money: Budgeting Spending and Taxing*, (Washington, D.C.: The Urban Institute, 1980), pp. 571-572, 575-577.

[8] Congressional Budget Office (CBO), *Updated Budget Projections: 2016-2026*, March, 2016, p. 2, https://www.cbo.gov/publication/49973.

other assets, and almost all spending on defense. This type of spending also is used for general government operations, including the vast majority of spending on federal wages and salaries.[9]

For programs funded via discretionary spending, congressional control over money and policy decisions is divided between the authorization and appropriations processes. While "policy" decisions may occur on an as-needed basis through the enactment of authorization laws, or on a periodic basis as expiring authorization provisions are renewed, "money" decisions generally occur each year through the enactment of appropriations laws. However, this separation between money and policy decisions is not always observed in practice. Moreover, the differing frequency with which authorization and appropriations decisions may occur makes discretionary funding mechanisms particularly complex and subject to variation from program to program. And while this approach tends to allow for a more regular congressional review of the use of funds, it also has a greater potential for year-to-year instability in the level of budgetary resources that are available for a given program or activity.

Role of Authorizations and Appropriations in Discretionary Spending

Under the congressional budget process, the authority for a discretionary spending program or purpose is to be established before it is funded. This authority may be specific to that program or purpose, or may more generally encompass a class of authorized activities. For example, provisions in the National Apprenticeship Act, which was enacted in 1939, generally grant the Secretary of Labor the authority to oversee apprenticeships:

> The Secretary of Labor is authorized and directed to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices, to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, to bring together employers and labor for the formulation of programs of apprenticeship, to cooperate with State agencies engaged in the formulation and promotion of standards of apprenticeship, and to cooperate with the Secretary of Education in accordance with section 17 of title 20. [29 U.S.C. 50]

Pursuant to this authority, the Office of Apprenticeship within the Department of Labor (DOL) registers employers' apprenticeship programs as being in compliance with federal standards, and engages in other related activities.[10] Legislative review of this authority has occurred on an as-needed basis, with the most recent changes to that law being enacted in 1973.[11] However, congressional decisionmaking with regard to how much to fund this program has occurred each fiscal year through the annual appropriations process. In FY2016, the appropriations provisions that provided funding for the program included the following:[12]

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> $90,000,000 to expand opportunities relating to apprenticeship programs registered under the National Apprenticeship Act, to be available to the Secretary to carry out activities

[9] For information on historical trends in discretionary spending, see CRS Report RL34424, *The Budget Control Act and Trends in Discretionary Spending*, by D. Andrew Austin.

[10] For further information, see CRS Report R44174, *Apprenticeship in the United States: Frequently Asked Questions*, by Benjamin Collins.

[11] Section 771(b) of P.L. 93-198 inserted a provision clarifying that "State" includes the District of Columbia.

[12] The DOL Office of Apprenticeship also receives funds from another account ("program administration") for operational expenses. For further information about this account, see DOL, *FY2017 Budget in Brief*, p. 28-29, https://www.dol.gov/sites/default/files/documents/general/budget/FY2017BIB_0.pdf.

> through grants, cooperative agreements, contracts and other arrangements, with States and other appropriate entities. [P.L. 114-113, Division H, Title I]

An appropriation may be provided for purposes that were generally authorized or for more specific purposes under the auspices of (or in addition to) that general authority. In the example above, appropriations for the activities generally authorized by the National Apprenticeship Act are also specifically made available to the Secretary to carry out those purposes through grants, cooperative agreements, contracts, and other arrangements.

Implicit Versus Explicit Authorizations of Appropriations

By themselves, authorization provisions that establish the authority for a program or purpose *implicitly* authorize future appropriations for that purpose. In other words, in such instances the authorization addresses the policy aspects of the program but does not include an indication of the funding level that might be necessary to carry out that program.[13] The establishment of that program or purpose in law, however, authorizes Congress to take legislative action to fund the program or purpose at a later time. Besides the implicit authorization of appropriations that is provided by the National Apprenticeship Act (above), further examples of this type of arrangement include the DOL Wage and Hour Division[14] and many of the departmental offices that were established at the inception of the Department of Homeland Security in 2002.[15]

In addition to provisions that establish the parameters of federal government activities, authorization laws may also include provisions that *explicitly* authorize future appropriations. While authorizations of appropriations do not actually provide funding, the specific dollar amounts that are authorized to be appropriated may be viewed as signifying the level of funding that was regarded as necessary or optimal for a particular purpose at the time of the authorization's enactment.[16] The actual level of funding, however, is subsequently determined through an appropriations law. From the perspective of congressional rules, explicitly authorizing a specific dollar amount also has the effect of placing a procedural limit on the amount that may be appropriated, although Congress may later choose to set aside its rules and provide a greater amount.[17] For example, the authorization for the Child Care and Development Block Grant (CCDBG) at Health and Human Service (HHS) includes provisions that explicitly authorize appropriations each fiscal year between FY2015-FY2020:

> There is authorized to be appropriated to carry out this subchapter $2,360,000,000 for fiscal year 2015, $2,478,000,000 for fiscal year 2016, $2,539,950,000 for fiscal year 2017, $2,603,448,750 for fiscal year 2018, $2,668,534,969 for fiscal year 2019, and $2,748,591,018 for fiscal year 2020. [42 U.S.C. 9858]

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[13] Government Accountability Office (GAO), Office of the General Counsel, *Principles of Federal Appropriations Law*, Volume I, p. 2-55 (4th ed. 2016), at http://www.gao.gov/legal/redbook/redbook.html (hereinafter, "GAO Red Book").

[14] 29 U.S.C. 1-8.

[15] 6 U.S.C. 112, 113, and 341-345.

[16] Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 171, 207-208.

[17] House and Senate rules restrict the consideration of "unauthorized appropriations" under certain circumstances. Unauthorized appropriations generally include both appropriations in excess of their authorized level and appropriations when the relevant authorization of appropriations has expired. A point of order must be raised and sustained, however, during consideration of appropriations measures in order to enforce these restrictions. The House and Senate also have mechanisms to waive their rules. For further information, see CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*, by Jessica Tollestrup and Brian T. Yeh, pp. 4-8.

Subsequent legislative action through the appropriations process each fiscal year determines the actual amount of funding that will be available to the CCDBG, which in practice may be higher or lower than the amount that was authorized to be appropriated.[18] For instance, the FY2016 CCDBG appropriation was as follows:

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> For carrying out the Child Care and Development Block Grant Act of 2014 (''CCDBG Act''), $2,761,000,000 shall be used to supplement, not supplant State general revenue funds for child care assistance for low-income families: Provided, That, in addition to the amounts required to be reserved by the States under section 658G of the CCDBG Act, $127,206,000 shall be for activities that improve the quality of infant and toddler care. [P.L. 114-113, Division H, Title II]

In contrast to the example discussed above, sometimes the amount of funding that is explicitly authorized is *indefinite*. (Indefinite authorizations of appropriations can be either permanent or limited to specific fiscal years.) The Violence Against Women and Family Research and Evaluation program at the Department of Justice (DOJ)[19] illustrates the typical form of such an authorization:

> There are authorized to be appropriated such sums as may be necessary to carry out this section. [P.L. 106-386, Division B, Title IV, Sec. 1404(b)]

This language has the effect of asserting the role of authorizations in budgetary decisionmaking while preserving procedural flexibility for the appropriations process to determine the specific amount that should be appropriated. The appropriation for FY2016 was as follows:

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> $5,000,000 is for the National Institute of Justice for research and evaluation of violence against women and related issues addressed by grant programs of the Office on Violence Against Women, which shall be transferred to `Research, Evaluation and Statistics' for administration by the Office of Justice Programs. [P.L. 114-113, Division B, Title II]

As was mentioned previously, the statutory authority to administer a program or engage in an activity also provides an implicit authorization to appropriate funds for such a program or activity, even in the absence of an explicit authorization of appropriations. Furthermore, there is no constitutional or general statutory requirement that an appropriation must be preceded by a specific act that authorized it.[20] If an explicit authorization of appropriations is present, however,

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[18] If an appropriation is enacted that exceeds its authorization, such an appropriation generally may be expended. Declining to enact an appropriation for an authorized purpose does not repeal the authorization, but it may have practical implications for the ability of the agency to carry out that authorized purpose. For a further discussion of this issue, see CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*, by Jessica Tollestrup and Brian T. Yeh, pp. 8-12.

[19] The program is intended to promote the safety of women and family members, and to increase the efficiency and effectiveness of the criminal justice system's response to crimes against this population. It is administered by the National Institute of Justice within DOJ. For further information, see CRS Report RL33111, *Department of Justice Reauthorization: Provisions to Improve Program Management, Compliance, and Evaluation of Justice Assistance Grants*, by Nathan James; and CRS Report R42499, *The Violence Against Women Act: Overview, Legislation, and Federal Funding*, by Lisa N. Sacco.

[20] GAO Red Book, p. 2-55.

it may expire even though the underlying authority to administer the program does not. If that explicit authorization of appropriations is not renewed, subsequent appropriations are often regarded for the purposes of congressional rules as being unauthorized.[21]

The expiration of an explicit authorization of appropriation usually does not affect the underlying legal authority for the federal government to engage in the programs and activities to which that authorization of appropriations relates.[22] When appropriations are provided for programs with an expired authorization of appropriations, federal agencies usually have sufficient legal authority to implement and operate these programs.[23] This is because an authorization of appropriations is "basically a directive to Congress itself, which Congress is free to follow or alter (up or down) in the subsequent appropriation act."[24] Ultimately, it is through the appropriations acts themselves that Congress decides the level of funding that will be available for federal government programs.

General Implications

Congress divides the responsibility for discretionary spending programs between the authorization and appropriations processes, with each process having a different role in budgetary decisionmaking. Authorization laws, which are under the jurisdiction of the various legislative committees in each chamber, are responsible for establishing the parameters of the programs. Appropriations laws, which are under the exclusive jurisdiction of the House and the Senate appropriations committees, are responsible for deciding how much should be spent on each discretionary spending program. While the structure of a program and its schedule of review may have an indirect effect on spending decisions, it is ultimately through the appropriations process that the relative budgetary priority for that program is determined and discretionary funding for that program is provided.

The congressional budget process does not establish a set schedule for authorization laws to be considered or enacted, and there is considerable variation in practice from program to program.[25] The laws that control program authorities are usually enacted on a permanent basis and are only revised as needed.[26] Congress may choose to include provisions in authorization laws that are temporary, whether they involve program authorities[27] or an explicit authorization of

[21] See footnote 17.

[22] There can be exceptions to this rule, such as the actions taken by the Department of Education between September 30, 2015, and December 18, 2015, to curtail the operations of the federal Perkins Loan program, in part, because the department considered the authorization of appropriations provision under the Higher Education Act Section 461(b)(1) to control the duration of the program. For further information, see CRS Report R44343, *The Federal Perkins Loan Program Extension Act of 2015: In Brief*, by Alexandra Hegji.

[23] According to the Government Accountability Office (GAO), "as a general proposition, the appropriation of funds for a program whose funding authorization has expired ... provides sufficient legal basis to continue the program during that period of availability, absent indication of contrary congressional intent." GAO Red Book, p. 2-69.

[24] Ibid, p. 2-56.

[25] The factors that may influence authorizing activity in Congress are discussed further in Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 200-202.

[26] Legislation that would make changes to an existing authorization is often referred to as a "reauthorization." For example, this term is frequently used when an explicit authorization of appropriations is about to expire. Note, however, that there is no universal definition for this term. It is sometimes applied to legislation that would enact new authorizations of appropriations. In other instances, it also encompasses legislation that would make any changes to the underlying program authorities. In still others, it only includes legislation that would provide a more comprehensive legislative review of a particular law or entity.

[27] Programs with authorities that sunset include the Export-Import Bank Charter (see charter, 12 U.S.C. §635f) and Terrorism Risk Insurance. For further information, see CRS Report R43671, *Export-Import Bank: Frequently Asked Questions*, coordinated by Shayerah Ilias Akhtar, pp. 40-47; and CRS Report R43849, *Terrorism Risk Insurance*

appropriations, to provide an occasion for more regular legislative action with regard to that authorization.[28] For instance, the provisions that authorize appropriations in the National Defense Authorization Act generally are for a single fiscal year, and congressional action to reauthorize those provisions and make needed changes to defense-related programs has occurred each fiscal year since 1962.[29] In current practice, however, regular enactment of annual authorization laws occurs only in limited instances.

In part because the expiration or absence of an explicit authorization of appropriations generally has no legal effect on the underlying authority for a program, Congress might not necessarily renew those provisions before they expire.[30] For example, provisions that authorize appropriations for the Elementary and Secondary Education Act (ESEA) have tended to be renewed for roughly five-year intervals, and they have sometimes lapsed for a number of months or even years before being renewed due to extended congressional deliberations concerning K-12 education policy.[31] In general, the programs and purposes authorized by the ESEA continued to receive funding through the appropriations process each fiscal year even after the authorizations of appropriations expired.[32]

The decisions made through the authorization process related to the nature of federal government programs and the populations they serve have indirect implications for discretionary spending decisionmaking. The mission and structure of an individual program may be such that various funding levels may be provided, or such that the program will not function properly below a certain level of funding.[33] In addition, if a program has an explicit authorization of appropriations, the level of funding indicated may inform congressional decisionmaking about that program but is not a guarantee that such funding will be provided.[34]

Legislation in the 114th Congress: Issue Summary and Side-by-Side Analysis, by Baird Webel.

[28] CRS Report R43862, *Changes in the Purposes and Frequency of Authorizations of Appropriations*, by Jessica Tollestrup; Alan Schick, *Legislation, Appropriations, and Budgets: The Development of Spending Decision-making in Congress*, Congressional Research Service, May 1984; and Louis Fisher, "Annual Authorizations: Durable Roadblocks to Biennial Budgeting," *Public Budgeting and Finance*, Spring, 1983.

[29] For further information about the history of the National Defense Authorization Act, see Pat Towell, "Congress and Defense," in *Congress and the Politics of National Security*, ed. David P. Auerswald and Colton C. Campbell (Cambridge, MA: Cambridge Press, 2012), p. 86-87; and Colleen J. Shogan, "Like Clockwork: Senate Consideration of the National Defense Authorization Act," Congressional Research Service, *CRS Centennial Series: The Evolving Congress*, Washington, DC, December 2014.

[30] The Congressional Budget Office (CBO) compiles an annual list of appropriations with expired authorizations of appropriations. In FY2016, this list identified a total of 256 laws with expired authorizations of appropriations. (CBO, *Unauthorized Appropriations and Expiring Authorizations*, January 15, 2016, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51131-UAEA-Appropriations.pdf).

[31] For instance, ESEA reauthorizations were enacted 1988, 1994, and 2001. Most recently, many of the ESEA authorizations of appropriations lapsed in FY2008, and were not renewed until calendar year 2015. (That most recent renewal reauthorized appropriations starting in FY2017.)

[32] For further information about the ESEA, including its latest reauthorization, see CRS Report R44297, *Reauthorization of the Elementary and Secondary Education Act: Highlights of the Every Student Succeeds Act*, by Rebecca R. Skinner and Jeffrey J. Kuenzi.

[33] These and other potential considerations that may inform Congress's assessment of reductions to discretionary funding levels for individual programs are summarized in Aaron Wildavsky, *The Politics of the Budgetary Process*, 4th Ed. (Boston: Little, Brown, and Company, 1984), pp. 102-108.

[34] Congressional Budget Office (CBO) cost estimates for discretionary authorizations include both a summary of any amounts explicitly authorized to be appropriated and the amount of additional discretionary budgetary resources that might be required in the future to implement the policies in the bill. For further information, see CBO, *Frequently Asked Questions About CBO Cost Estimates*, available at https://www.cbo.gov/about/products/ce-faq.

Ultimately, appropriations decisionmaking with regard to discretionary spending occurs within a "top-down" funding structure. The total level for such spending is decided first, and then programs compete against each other for budgetary resources within that limited amount of spending.[35] It is through this process that the actual funding for each discretionary spending program is decided, in light of its authorized purposes and the extent to which Congress decides that those purposes should be prioritized within the current budgetary constraints.

In practice, Congress may also regard appropriations decisionmaking as an opportunity to directly affect the parameters of federal government programs and activities in certain instances. This may be because the comparatively greater frequency of appropriations decisionmaking provides a convenient vehicle to make these policy changes. In such instances, policy provisions may be used to impose new requirements on programs or curtail activities that otherwise might have occurred.[36] For example, the FY2014 appropriations law that funded the Department of Housing and Urban Development included a provision that changed how local public housing authorities must set flat rents in their public housing programs.[37] Provisions in that same law redefined the term "extremely low-income," which is used for targeting federal rental assistance, to set a national floor based on the federal poverty guidelines.[38]

Using an annual decisionmaking process to establish funding levels, as is the case for discretionary spending, also has general implications for both the recipients of the funds and Congress's legislative evaluation of those funds. The discretionary spending funding type may cause funding levels to be less predictable from year to year for funding recipients, as programs may be increased or decreased (or not funded at all) each fiscal year depending on a variety of factors mentioned above. However, Congress may decide that such an approach is appropriate for programs (or program elements) that can make adjustments to the scope of their activities based on the level of budgetary resources that are ultimately provided. For instance, much of the spending on federal government salaries and expenses is discretionary. If an agency's discretionary spending for salaries and expenses is less than the current program needs, that agency might choose to reduce its number of employees, forestall hiring, or shrink expenditures on travel and training.[39] Moreover, if Congress opts for a discretionary spending approach in a particular instance, that would allow it to revisit an agency or program on a frequent basis (each fiscal year) and respond to changing circumstances through the allocation of budgetary resources.

[35] Discretionary spending is subject to certain statutory and procedural limits. A discussion of these limits is outside the scope of this report. For further information, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup and James V. Saturno.

[36] While such language is legally effective once enacted, it is often considered to be "legislative" in nature and may be subject to restrictions under House Rule XXI and Senate Rule XVI. For further information, see CRS Report R41634, *Limitations in Appropriations Measures: An Overview of Procedural Issues*, by Jessica Tollestrup and James V. Saturno.

[37] Section 210, Title II, Division L of P.L. 113-76. In most cases, this change served to increase flat-rate amounts.

[38] Ibid, Section 238. For further information with regard to Section 210 and Section 238, see CRS Report R42734, *Income Eligibility and Rent in HUD Rental Assistance Programs: Responses to Frequently Asked Questions*, by Libby Perl and Maggie McCarty.

[39] Such actions occur in many agencies, for instance, when annual appropriations are not enacted by the start of the fiscal year and its operations are financed by interim continuing appropriations; CRS Report RL34700, *Interim Continuing Resolutions (CRs): Potential Impacts on Agency Operations*, by Clinton T. Brass; and Government Accountability Office (GAO), *Budget Issues: Effects of Budget Uncertainty from Continuing Resolutions on Agency Operations*, GAO-13-464T, March 13, 2013.

Mandatory Spending

Mandatory spending (also referred to as "direct spending") was projected to be roughly 63% of federal spending in FY2016.[40] In contrast to discretionary spending, mandatory spending usually funds entitlement programs, such as Social Security, Medicare, Medicaid, Temporary Assistance for Needy Families, unemployment insurance, some veterans' benefits, federal military and civilian retirement and disability, and the Supplemental Nutrition Assistance Program.[41]

For programs funded by mandatory spending, both money and policy decisions are controlled by authorization acts. While the policy side of the law may be modified as needed, the appropriations to fund those policies each fiscal year may be provided on a variety of schedules, and for specified or indefinite amounts. Mandatory spending appropriations are usually provided in the authorization acts themselves. In some instances, however, the authorization incurs obligations for future mandatory spending, but the necessary appropriations to finance those obligations are enacted through the annual appropriations process. This multiplicity of potential approaches to mandatory spending has implications for the role of authorizations and appropriations for congressional budgetary decisions; these implications differ from those previously discussed for discretionary spending. In addition, while mandatory spending also navigates tradeoffs between the frequency of congressional review and the stability of the funding, how it does so in a particular instance depends on the characteristics of the funding structure.

Role of Authorizations and Appropriations in Mandatory Spending

Mandatory spending authorizations are responsible for determining the parameters of entities, programs, or policies, and also for controlling the funding for those purposes. Typically, this funding control is accomplished by including the necessary appropriation to fund the program in the authorization act. Mandatory appropriations themselves vary with regard to how the amount of the appropriation is stated, and the number of fiscal years for which it is provided:

- The appropriation can be for a dollar amount that is specified or for an amount that is determined via a formula; and
- The appropriation can be provided only for a defined fiscal year (or period of fiscal years) or for each fiscal year into the future indefinitely.

The State Children's Health Insurance Program (CHIP) at HHS is illustrative of one way that such spending may be provided in practice. CHIP is a means-tested program that provides health coverage to targeted low-income children and pregnant women in families that have annual income above Medicaid eligibility levels but no health insurance.[42] The federal appropriation for CHIP allotments to states is provided by the Social Security Act through a set dollar amount tied to specific fiscal years:

[40] Congressional Budget Office (CBO), *Updated Budget Projections: 2016-2026*, March 2016, p. 2, https://www.cbo.gov/publication/49973. Payments on interest to service the national debt are accounted for separately from mandatory and discretionary spending.

[41] For further information with regard to historical trends in mandatory spending, see CRS Report RL33074, *Mandatory Spending Since 1962*, by D. Andrew Austin and Jeffrey M. Stupak.

[42] For further information, see CRS Report R43627, *State Children's Health Insurance Program: An Overview*, by Evelyne P. Baumrucker and Alison Mitchell.

> (a) For the purpose of providing allotments to States under this section, subject to subsection (d), there is appropriated, out of any money in the Treasury not otherwise appropriated—
>
> (19) for fiscal year 2016, $19,300,000,000; and
>
> (20) for fiscal year 2017, for purposes of making 2 semi-annual allotments—
>
> (A) $2,850,000,000 for the period beginning on October 1, 2016, and ending on March 31, 2017; and
>
> (B) $2,850,000,000 for the period beginning on April 1, 2017, and ending on September 30, 2017. [42 U.S.C. 1397dd]

The lump sum amount for each fiscal year is divided amongst the states based on a formula established in the law. Because the CHIP authorization only contains appropriations for specific fiscal years, additional appropriations must be enacted if funding is to continue beyond the final year currently specified in the law (which ends on September 30, 2017). The other important aspect of this program's funding structure—that a specific amount is appropriated—means that if that amount does not ultimately align with the needs of the program for that fiscal year, altering the amount of that appropriation also would require the enactment of law.[43]

A further example of mandatory spending for a specific amount is the appropriation provided by the Social Security Act for the HHS Technical Assistance for Tribal Child Welfare Programs account:

> There is appropriated to the Secretary, out of any money in the Treasury of the United States not otherwise appropriated, $3,000,000 for fiscal year 2009 and each fiscal year thereafter to carry out this subsection. [42 U.S.C. 676]

This amount is to be available to fund technical assistance and implementation services dedicated to improving the "services and permanency outcomes for Indian children and their families."[44] Like the example above, in the event that $3 million each fiscal year is insufficient for the needs of the program, that amount could be altered only through the enactment of a new law; likewise, if the amount of spending for the program is to be reduced below $3 million, that also would require a change in the law. Because the appropriation is permanent, however, there is no need for Congress to periodically consider mandatory spending legislation that would renew it.[45]

In contrast to the definite amounts in the examples above, mandatory spending also might be provided for an indefinite amount that is based on a formula. This is often the case for mandatory spending that is to fund benefits where the total amount of benefits that must be paid each year and the number of individuals that are eligible for them are variable and difficult to precisely predict. By providing an appropriation that is based on the formula for those payments, there is no need for Congress to adjust the appropriation so that it is sufficient to make the payments. An example of this is the Social Security Disability Insurance (SSDI) program, which is funded by

[43] Examples of mandatory spending for specific fiscal years and set dollar amounts include the Temporary Assistance for Needy Families (TANF) state entitlement to a family assistance grant (42 U.S.C. 603); the Child Care Entitlement to States (CCES) (42 U.S.C. 418); the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program (42 U.S.C. 711); and the World Trade Center Health Program Fund (42 U.S.C. 300mm-61).

[44] For further information, see CRS Report R43458, *Child Welfare: An Overview of Federal Programs and Their Current Funding*, by Emilie Stoltzfus, p. 17.

[45] Examples of permanent mandatory spending for set dollar amounts include three permanent appropriations that were enacted as part of the Affordable Care Act: the Prevention and Public Health Fund (PPHF) (42 U.S.C. 300u-11); Center for Medicare and Medicaid Innovation (42 U.S.C. 1315a); and Environmental Health Screening and Education (42 U.S.C. 1397h).

mandatory appropriations that are available to make payments to disabled workers who meet the eligibility requirements and their qualified dependents.[46] The SSDI formula translates a worker's average earnings in Social Security-covered employment into benefit payments.[47] Because the amount of the appropriation is open ended, the amount of SSDI spending each year depends on the level of benefits that need to be paid.[48] For instance, the total spending on SSDI benefits was $141.3 billion in FY2014 and $142.9 billion in FY2015.[49] If Congress wanted to change the amount of spending for future years, legislative action to change the mechanics of the benefit formula would be required.

Appropriated Mandatory Spending

In the examples of mandatory funding mechanisms discussed above, the authorization law controls the amount of spending and also contains an appropriation to fund it. In contrast, for "appropriated mandatory" spending, which is sometimes referred to as "appropriated entitlement" spending, the authorization law controls the amount of spending but does not contain the necessary appropriation to fund it. Instead, such appropriations are provided through the annual appropriations process. The appropriated mandatory funding type is used for a number of federal programs, including the Supplemental Nutrition Assistance Program, Grants to States for Medicaid, the Trade Adjustment Assistance for Workers program, Special Benefits for Disabled Coal Miners, and veterans' disability compensation and pensions.

Appropriated mandatory authorizations establish the program or activity but require that future funding be provided separately. This is because the authorization establishes an entitlement[50] to payments or other funding requirement that such payments be made. The amount of the payments may be based on an eligibility criteria or payment formula (such as in the example of the SSDI program above) or may be an amount specified in the statute. This is discussed further below. However, that entitlement or other requirement is not accompanied by appropriations language that provides the means for financing those payments. This creates a need for the authority to be enacted in appropriations acts.

While the funding for appropriated mandatory spending is provided in annual appropriations acts, those acts do not control the level of appropriations that are provided therein. This is because the level of appropriated mandatory spending, like other entitlements, is derived from authorization law, and the amount provided in appropriations acts is based on meeting this level. In other words, the authorizing statute for an appropriated entitlement establishes a legal obligation to

[46] 42 U.S.C. 401 (b). For further information, see CRS Report R42035, *Social Security Primer*, by Dawn Nuschler; and CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by William R. Morton.

[47] The Federal Old-Age and Survivors Insurance Trust Fund operates based on a similar principle (42 U.S.C. 401 (a)). Another example of such a funding structure is the Crime Victim's Fund, which was established by the Victims of Crime Act (42 U.S.C. 10601).

[48] The SSDI appropriation is also contingent on the amount that is available in the fund. How the funding source of spending might affect the amount of appropriations that are available to be expended is discussed further in the section of the report entitled "Funding Source."

[49] Social Security Administration, Office of the Chief Actuary, "Time Series for Selected Financial Items," May 25, 2016, https://www.ssa.gov/OACT/ProgData/tsOps.html. As of the date of this report, total SSDI spending for FY2016 has not yet been determined because the program will continue to pay out benefits through the end of the fiscal year.

[50] Entitlements, including appropriated entitlements, are programs that require payments to persons, state or local governments, or other entities if specific eligibility criteria established in the authorization law are met. Entitlement payments are legal obligations of the federal government, and eligible beneficiaries may have legal recourse if full payment under the law is not provided.

make payments, and the funding in annual appropriations acts is provided as a means to fulfill that legal financial obligation.

In some cases, the total amount of the appropriation for an appropriated mandatory spending program is specified in authorizing statute, as exemplified by the HHS Social Services Block Grant (SSBG). The broad purpose of the SSBG funding for states and territories is to encourage economic self-sufficiency and support among families; prevent or remedy neglect, abuse, and exploitation of children and adults; prevent or reduce inappropriate institutional care by supporting community- and home-based care; and secure referral or admission for institutional care when other forms of care are not appropriate. States and territories use SSBG funds to support a wide variety of social services, including child care, foster care, and special services for the disabled. The authorizing statue for the SSBG specifies the following with regard to the funding for the program:

> (a)(1) Each State shall be entitled to payment under this subtitle for each fiscal year in an amount equal to its allotment for such fiscal year, to be used by such State for services directed at the goals set forth in section 1397 of this title, subject to the requirements of this division.
>
> (b) The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this division. [42 U.S.C. 1397a]

The authorizing statute further specifies that the total amount of these payments to states and territories for FY2001 and each fiscal year thereafter shall be $1,700,000,000 (42 U.S.C. 1397b), but it does not provide an appropriation for that purpose. Instead, the SSBG appropriation is provided each fiscal year through the annual appropriations process, as was the case for FY2016:

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> For making grants to States pursuant to section 2002 of the Social Security Act, $1,700,000,000. [P.L. 114-113, Division H, Title II]

Because the authorization law controls the amount of the SSBG appropriation and specifies that amount in statute, the role of appropriations acts each fiscal year is to provide funding sufficient to satisfy that amount.[51]

For other appropriated mandatory programs for which the authorization provides a formula, determining the amount and structure of the appropriation can be more complicated. An example of appropriated mandatory spending based on a formula is the Supplemental Security Income (SSI) program, which provides a basic level of income support to needy aged, blind, or disabled individuals.[52] Benefit levels and eligibility are based on an individual's citizenship or immigration status, age, income, and other criteria. The SSI authorization does not place an aggregate limit on benefits:

[51] In previous fiscal years, and most recently in FY2013, additional appropriations above the amount specified in 42 U.S.C. 1397b have been provided through the appropriations process. For a discussion of such "changes in mandatory spending," see "General Implications" within this section of the report and footnote 55. For further information about the SSBG program, including a comparison of amounts authorized and appropriated, see CRS Report 94-953, *Social Services Block Grant: Background and Funding*, by Karen E. Lynch.

[52] The entitlement to SSI benefits is in 42 U.S.C. 1381a. ("Every aged, blind, or disabled individual who is determined under part A of this subchapter to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this subchapter, be paid benefits by the Commissioner of Social Security.")

> For the purpose of establishing a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title. [42 U.S.C. 1381]

Because the total number of SSI beneficiaries and the level of payments to which they are entitled vary from year to year, the funding that is provided through the annual appropriations process is based on a projection of benefits for the relevant fiscal year. The appropriation for FY2016 was as follows:

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, $46,305,733,000, to remain available until expended... Provided further, That not more than $101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act, and remain available through September 30, 2018.
>
> For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary. [P.L. 114-113, Division H, Title IV]

The SSI appropriation is structured to include a definite amount for SSI benefits and administrative costs, and also an indefinite appropriation for any costs incurred for the current fiscal year after June 15.[53] This second component allows the Social Security Administration (SSA) to continue to pay SSI benefits in the event that benefit obligations are greater than expected during the last months of the fiscal year. (In the event that the definite appropriation is greater than the amount that ultimately is needed for benefits, the excess amount of the appropriation would go unspent.)

General Implications

Unlike the role of authorizations for discretionary spending, mandatory spending authorizations control both the policy and spending aspects of decisionmaking. This approach has particular implications for congressional budgetary decisionmaking because both money and policy decisions generally occur within the same process. For most mandatory spending, the authorizing committees both control the program and directly provide the spending. However, for appropriated mandatory spending, although the appropriations committees do not control the level of spending, annual appropriations laws are used to provide the necessary appropriations to finance the obligations already incurred by authorization acts.

The timing of authorization decisions for mandatory spending may be affected by the need to alter or extend the funding. For example, the Balanced Budget Act of 1997 (P.L. 105-33) established special diabetes programs at the Indian Health Service and the National Institutes of Health and funded each of them with mandatory appropriations for FY1998-FY2002 (42 U.S.C. 254c-2 and c-3). In 2000, the amount of the initial appropriation was increased and further

[53] SSI also is usually provided an advance appropriation for the first quarter of the next fiscal year. The concept of advance appropriations, including potential rationales for them, is discussed in CRS Report R43482, *Advance Appropriations, Forward Funding, and Advance Funding: Concepts, Practice, and Budget Process Considerations*, by Jessica Tollestrup.

appropriations were provided for FY2003 (P.L. 106-554). Next, appropriations were extended for five fiscal years, through FY2008 (P.L. 107-360). Since that time, further appropriations extensions have been enacted for comparatively shorter time intervals—between one or two fiscal years at a time—necessitating congressional action to renew them on a more frequent basis.[54]

When mandatory spending is permanent, changes to the amount or duration of that spending may still occur but are typically enacted on an as-needed basis. For example, the Affordable Care Act (P.L. 111-148, as amended) established the Prevention and Public Health Fund at HHS as a permanent mandatory appropriation in 2010 (see 42 U.S.C. 300u-11).[55] That permanent appropriation for the period of FY2013 through FY2021 was reduced less than two years later through enactment of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96). In practice, the annual enactment of appropriations may provide Congress an opportunity to further specify or make adjustments to the appropriated mandatory spending programs that are funded therein, as well as mandatory appropriations in authorization acts. In some instances, provisions are included in appropriations acts that impose additional program requirements (or waive existing ones), provide additional authorities, or set aside portions of the mandatory appropriation for certain purposes.[56] In the SSI example above, the appropriations language includes a limit of $101 million for research and demonstrations, which is in addition to the program requirements in the authorization law.[57]

In general, mandatory spending decisionmaking is decentralized within Congress, and the total amount of spending each fiscal year that is a result of that decisionmaking depends on a number of factors. Unlike discretionary spending, which is entirely controlled by the House and the Senate appropriations committees, there is no one committee, lawmaking decision, or process that establishes an aggregate level of mandatory spending each year.[58] Instead, the spending that occurs each fiscal year is due to an accumulation of mandatory funding decisions that were made as those authorization laws were enacted, sometimes a number of years in the past.[59] In addition,

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[54] P.L. 110-173 extended appropriations through FY2009; P.L. 110-275 extended appropriations through FY2011; P.L. 111-309 extended appropriations through FY2013; P.L. 112-240 extended appropriations through FY2014; P.L. 113-93 extended appropriations through FY2015; and P.L. 114-10 extended appropriations through FY2017.

[55] For further information about the Prevention and Public Health Fund, see CRS Report R44505, *Public Health Service Agencies: Overview and Funding (FY2015-FY2017)*, coordinated by C. Stephen Redhead and Agata Dabrowska.

[56] When appropriations provisions have the effect of altering the level of spending that would otherwise be provided in or pursuant to the underlying authorization laws, such provisions are referred to as "changes in mandatory spending programs" or CHIMPs. Such provisions can affect the level of appropriated mandatory spending and mandatory appropriations that are provided in authorization acts. For example, in recent years CHIMP provisions have reduced the levels of mandatory spending for the Crime Victims Fund and various agriculture conservation programs. For further information, see CRS Report R42672, *The Crime Victims Fund: Federal Support for Victims of Crime*, by Lisa N. Sacco; and CRS In Focus IF10041, *Reductions to Mandatory Agricultural Conservation Programs in Appropriations Law*, by Megan Stubbs.

[57] Another example of this type of language can be found in the Centers for Medicare & Medicaid Services—grants to states for Medicaid account ("Payment under such title XIX may be made for any quarter with respect to a State plan or plan amendment in effect during such quarter, if submitted in or prior to such quarter and approved in that or any subsequent quarter."). While such language is legally effective once enacted, it is usually considered to be "legislative" in nature and may be subject to restrictions under House Rule XXI and Senate Rule XVI. For further information, see CRS Report R41634, *Limitations in Appropriations Measures: An Overview of Procedural Issues*, by Jessica Tollestrup and James V. Saturno.

[58] For a discussion of the issues associated with imposing limits on mandatory spending, see CRS Report R41938, *Statutory Limits on Total Spending as a Method of Budget Control*, by Megan S. Lynch.

[59] Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 209- 212.

while the exact dollar amount of funding for some mandatory spending programs is specified in the authorization laws, others are funded via a formula. For formulaic mandatory spending, factors outside the direct control of Congress might affect the number of beneficiaries who are eligible for the program in a given year and the level of payments that must be made.[60] This also has an effect on the total amount of mandatory spending that occurs during that year.

As mentioned previously, one inherent difference between discretionary and mandatory spending is that mandatory spending funding decisions tend to be made with a comparatively longer time horizon. This has implications for the tradeoff between stability in funding for beneficiaries and the legislative opportunity for Congress to reevaluate.[61] Congress may choose to fund a program via mandatory spending if it wants the funding levels to be more predictable and to ensure that such funding will be provided in future fiscal years. This is especially important if programs involve an entitlement to benefits. For instance, in recent congressional debates over spending on Medicare many observers have stated that any changes to the spending that would have ramifications for the benefits should be phased in for future beneficiaries.[62]

Although the mandatory spending mechanism tends to involve budgetary decisions that are made on a longer time horizon than discretionary spending, there is variation in the degree to which this is the case. If a mandatory funding mechanism must be renewed periodically because it only provides appropriations for a set number of fiscal years at a time, this has the potential to create an opportunity for Congress to reevaluate both the program and the funding before the funding expires. The number of years for which funding is provided would usually correspond to the frequency with which budgetary decisions are expected to occur. The approach of providing appropriations for set fiscal years, however, also has the potential to make funding less predictable for the funding recipients, even if Congress intends that the funding will be extended before it lapses.[63] At the other end of the spectrum, when mandatory funding is provided permanently there is no scheduled lapse in appropriations to encourage legislative action by a particular deadline, even though Congress can legislatively revisit the funding as frequently as it wants.

Mixed Approaches

While individual programs tend to be funded with either mandatory or discretionary spending, some programs (or closely related purposes) are funded with both types of spending. Mandatory and discretionary approaches may be used to fund identical purposes, closely related purposes within a program, or multiple programs with closely related missions. Examples of programs that are funded with a mixed approach include the Pell Grant program at the Department of Education

[60] Allen Schick, *Congress and Money: Budgeting Spending and Taxing*, (Washington, D.C.: The Urban Institute, 1980), pp. 216-217.

[61] Ibid, pp. 306-307.

[62] See, for example, Kaiser Family Foundation, *Policy Options to Sustain Medicare for the Future*, January 29, 2013, section 1, available at http://kff.org/medicare/report/policy-options-to-sustain-medicare-for-the-future/; and American Academy of Actuaries, Medicare Steering Committee of the Health Practice Council, *Medicare Reform Options*, June 2007, available at http://www.actuary.org/pdf/medicare/options_june07.pdf. For a more general discussion, see Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 313-315.

[63] The impending expiration of a mandatory spending program can require that temporary extensions be enacted to prevent the spending from lapsing before Congress and the President can agree to more lasting program changes. See, for example, the multiple extensions to the Temporary Assistance for Needy Families block grant program listed in Tables A-1 and A-2 in CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

(ED),[64] as well as Promoting Safe and Stable Families[65] and the various Teen Pregnancy Prevention programs at HHS.[66] In addition, a number of entitlement programs are structured so that the benefits are mandatory spending but the administration of the benefits is funded through discretionary spending.[67] Both budgetary and policy considerations may lead Congress to prefer a mixed approach to fund a particular program or purpose. In addition to the tradeoffs between funding predictability and legislative evaluation of the funding, the choice of a mixed approach has potential implications for both the authorization and appropriations processes, as each will have a role in determining how much funding will be provided.

Discretionary and Mandatory Spending for Identical or Related Purposes

Both mandatory and discretionary funds may be provided for the same program or purpose, or for purposes that overlap with one another. Sometimes this occurs for reasons that are budgetary in nature. An example is the federal Health Center Program at HHS, which awards grants to support outpatient primary care facilities that provide care to primarily low-income individuals or individuals located in areas with few health care providers.[68] Total funding for this program has increased over the past decade—from $1.7 billion in FY2005 to $5.1 billion in FY2016. This increase was initially due to growth in discretionary appropriations, which had historically been its only funding source. Starting in FY2011, however, the Affordable Care Act created the Community Health Center Fund (CHCF), which included a total of $9.5 billion in mandatory appropriations between FY2011 and FY2015 for health center operations. The purpose of this new mandatory funding was to assure that budgetary resources would be available for the program at levels that were increasingly higher than FY2008, even if discretionary appropriations ultimately were eliminated.[69] Most recently, the Medicare Access and CHIP Reauthorization Act of 2015 (P.L. 114-10) extended the CHCF through FY2017, providing a total of $7.2 billion to support health center operations.

A mixed funding approach for a program also may be adopted for reasons that are more programmatic in nature. An example of this is the HHS Child Care and Development Fund (CCDF), which provides subsidies to assist low-income families in obtaining child care so that parents can work or participate in education or training activities.[70] Prior to 1996, four separate federal programs specifically supported child care for low-income families. Three of these were associated with the cash welfare system and funded with mandatory spending. The fourth

[64] 20 U.S.C. 1070a. For further information about the Pell Grant program, see CRS Report R42446, *Federal Pell Grant Program of the Higher Education Act: How the Program Works and Recent Legislative Changes*, by Cassandria Dortch.

[65] 42 U.S.C. 634, 636, and 637. For further information about the Promoting Safe and Stable Families program, see CRS Report R41860, *Child Welfare: Funding for Child and Family Services Authorized Under Title IV-B of the Social Security Act*, by Emilie Stoltzfus.

[66] For further information about the Teen Pregnancy Prevention programs, see CRS Report RS20301, *Teenage Pregnancy Prevention: Statistics and Programs*, by Carmen Solomon-Fears.

[67] See, for example, the Federal Employees Compensation Act (5 U.S.C. Sections 8101 et seq.) and Unemployment Insurance (42 U.S.C. 501 and 502). For further information, see CRS Report R42107, *The Federal Employees' Compensation Act (FECA): Workers' Compensation for Federal Employees*, by Scott D. Szymendera.

[68] The Health Center Program is authorized in Section 330 of the Public Health Service Act (42 U.S.C. §§201 et seq.) and administered by the Health Resources and Services Administration within HHS. For further information, see CRS Report R43937, *Federal Health Centers: An Overview*, by Elayne J. Heisler.

[69] CRS Report R43911, *The Community Health Center Fund: In Brief*, by Elayne J. Heisler.

[70] This summary of the historical development of the CCDF is largely drawn from CRS Report R44528, *Trends in Child Care Spending from the CCDF and TANF*, by Karen E. Lynch. Please see this report for further information.

program was the Child Care and Development Block Grant (CCDBG, discussed above), which was funded with discretionary spending and designed to support child care for low-income families who were not connected to the cash welfare system. The 1996 welfare reform law repealed the three mandatory spending child care programs and created a new consolidated block of mandatory funding, the Child Care Entitlement to States. Like the three earlier programs, the new block grant was largely targeted toward families on, leaving, or at risk of receiving welfare (now Temporary Assistance for Needy Families).[71] In addition, the 1996 law instructed that the new mandatory funding be transferred to each state's lead agency managing the discretionary CCDBG funding and be administered according to CCDBG rules. One of the purposes of the consolidation was to address concerns about the effectiveness and efficiency of child care programs. The four previous child care programs had different rules regarding eligibility, time limits on the receipt of assistance, and work requirements. The policy changes and new approach to funding were intended to streamline the federal role, reduce the number of federal programs and conflicting rules, and increase the flexibility provided to states.

General Implications

A portion of the spending for programs that receive a mixed funding approach is subject to the annual appropriations process, while the rest is subject to congressional review on a longer time horizon. This generally means that some of the funding for a program or purpose—the mandatory spending portion—will be more predictable than the discretionary spending portion. Combining these two approaches can provide some medium- or long-term predictability in budgetary resources for the mandatory spending purposes but allow annual reevaluation of the portion of the spending that is provided through the appropriations process. This is particularly the case for programs where mandatory spending funds the benefits but discretionary spending funds administration of the benefits. For example, the SSA's administrative costs associated with the OASI, SSDI, and SSI programs (among others) are funded through the Limitation on Administrative Expenses (LAE) discretionary account.[72] As a consequence of this funding structure, Congress can use the opportunity provided by the annual appropriations process to provide instructions as to what administrative activities SSA should pursue or curtail. For instance, the House Appropriations Committee report language that accompanied the FY2016 LAE appropriation directed SSA to work with the National Institutes of Health to revise the agency's guidelines for evaluating Huntington's disease.[73]

One notable difference between mixed approaches and the others discussed in this report is that both the authorization and appropriations processes control aspects of the funding. When both types of spending fund the same purposes, what is available through mandatory spending can inform what is provided through the annual appropriations process to supplement that funding. For example, in the case of the federal Health Center Program the mandatory funding through the CHCF that was added in FY2011 assured a level of funding for that program that would continue to increase above the FY2008 level. Since that time, discretionary appropriations have slowly decreased from a high of $2.2 billion in FY2011 to $1.5 billion in FY2016. Alternatively, it is possible that the separate funding decisions made through the authorization and appropriations processes can reflect different congressional intentions or program priorities, especially because

[71] P.L. 104-193. The mandatory spending was consolidated and provided under Section 418 of the Social Security Act.

[72] For further information about this account, see CRS Report R41716, *The Social Security Administration (SSA): Budget Request and Appropriations*, by William R. Morton.

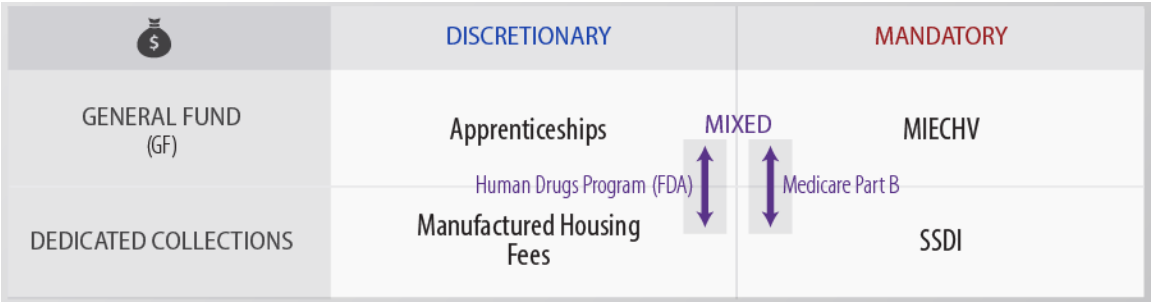
[73] H.Rept. 114-195, p. 153.

mandatory and discretionary spending are subject to different budget control mechanisms.[74] In addition, if a mandatory spending funding stream is only provided for a certain number of fiscal years and not renewed after it lapses, this can create a sudden decline in budgetary resources for a program.[75] For both of these reasons, the combination of mandatory and discretionary spending for a program has the potential to result in inconsistent funding outcomes from year to year.

Funding Sources

In general, funding mechanisms have two categories of funding sources (as illustrated by **Figure 2**). The first is the General Fund of the Treasury (GF), which is the default place where federal government collections[76] are deposited and thereafter are available to be used by the Treasury to meet spending obligations. The second category is dedicated collections that fund specific programs or activities and are not deposited into the GF. Those collections may be authorized on a permanent basis or for a specified period of time. Both types of funding sources may be used to fund either mandatory or discretionary spending. In the case of dedicated collections, the authority to make the collections and the authority to expend them may be controlled by the same law or by different laws.

Figure 2. Illustration of Funding Sources



Source: CRS.

Notes: The examples in this figure are discussed in the report section that follows. Apprenticeship=Office of Apprenticeship; MIECHV= Maternal, Infant, and Early Childhood Home Visiting program; SSDI= Social Security Disability Insurance; FDA= Food and Drug Administration.

[74] In general, budget control mechanisms that apply to mandatory and discretionary spending are outside the scope of this report. For further information, see CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by James V. Saturno; and CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup and James V. Saturno.

[75] For example, this issue recently arose in connection with a number of the temporary mandatory appropriations associated with the Affordable Care Act, including CHCF. For further information, see CRS Insight IN10185, *Congress Faces Calls to Address Expiring ACA Funds for Primary Care*, by Elayne J. Heisler and C. Stephen Redhead (available to congressional clients from the authors).

[76] This report does not discuss the authority that provides for federal collections. In general, collections come from two different types of governmental actions. First, there are collections that arise from the government's sovereign power to tax or otherwise compel payments for certain purposes. This type of collection includes taxes, duties, fines, and penalties, and is usually referred to as "revenue" for the purposes of the congressional budget process. The second type of collection arises from the payments for the goods and services that the government provides to the public or other government entities. These types of collections, which result from these business-like transitions of the government, include user fees, premiums, and royalties for the use of government-owned resources. For further information about the distinction between revenue and other types of collections, see CRS Report 98-471, *Revenue Legislation in the Congressional Budget Process*, by Bill Heniff Jr.; and CRS Report RL31399, *The Origination Clause of the U.S. Constitution: Interpretation and Enforcement*, by James V. Saturno.

This section explains the two types of funding sources and how they fit within the framework of discretionary and mandatory spending. Examples of each of these funding source types are included to illustrate the variety of options that exist across the federal government. Because a program may have more than one type of funding source, this section also includes a discussion of mixed sources. The general implications of each type of funding source for budgetary decisionmaking in Congress, and their tradeoffs between frequent congressional review and funding predictability, are also summarized.

General Fund of the Treasury

When funds are collected by an entity within the government, unless that entity has been given the legal authority to retain the funds, federal law generally requires that the funds be deposited into the GF.[77] Once deposited, those funds are comingled within the GF and become budgetary resources that are available to meet obligations incurred pursuant to appropriations from that funding source. In essence, they are used to pay for spending out of the GF.[78]

The GF is a funding source for both discretionary and mandatory spending. In the case of discretionary spending, the GF is the default source of funding for all appropriations in appropriations measures, unless otherwise specified. An example of discretionary spending from the GF, as noted earlier in this report, is the appropriation for the National Apprenticeship Act (DOL):

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> $90,000,000 to expand opportunities relating to apprenticeship programs registered under the National Apprenticeship Act, to be available to the Secretary to carry out activities through grants, cooperative agreements, contracts and other arrangements, with States and other appropriate entities. [P.L. 114-113, Division H, Title I]

In this example, the provision in Section 5 (at the beginning of the appropriations act) provides that the appropriations in the act are of "any money in the Treasury not otherwise appropriated" (i.e., the GF). Because the appropriation for the National Apprenticeship Act that appears later in the text does not specify an alternative funding source, the source of the appropriation is the GF.

The GF also may be the funding source of mandatory appropriations. An example of a program funded in this manner is the Maternal, Infant, and Early Childhood Home Visiting program (MIECHV) at HHS, which supports home visiting services for families with young children who reside in communities that have concentrations of poor child health and other risk indicators.[79] The mandatory appropriation for this program in the Social Security Act is as follows:

> (1) Out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Secretary to carry out this section ...

[77] 31 U.S.C. 3302(b) requires, "(b) Except as provided in section 3718(b) [1] of this title, an official or agent of the Government receiving money for the Government from any source shall deposit the money in the Treasury as soon as practicable without deduction for any charge or claim." The authority to collect and retain funds is discussed further in the report section "Dedicated Collections."

[78] The GF also is funded through proceeds from the sale of debt. For more information about the accounting associated with the GF, see the explanation provided by the Bureau of the Fiscal Service at the Department of the Treasury ("The General Fund of the US Government"), https://www.fiscal.treasury.gov/fsservices/gov/acctg/genFund/genFund_home.htm.

[79] For further information, see CRS Report R43930, *Maternal and Infant Early Childhood Home Visiting (MIECHV) Program: Background and Funding*, by Adrienne L. Fernandes-Alcantara.

(F) for fiscal year 2015, $400,000,000;

(G) for fiscal year 2016, $400,000,000; and

(H) for fiscal year 2017, $400,000,000. [42 U.S.C. 711(j)]

Note that because the funding source for MIECHV also is the GF, the appropriations language for that program is similar to the language for the National Apprenticeship Act (above).

Dedicated Collections

While the revenues or other types of collections that are received by federal government entities are usually deposited in the GF by default, sometimes the law instead directs that they be dedicated to a specific purpose, which is referred to for the purposes of this report as "dedicated collections." (In some cases, the law may direct that these collections be made by the agency responsible for carrying out that purpose, or by the Department of the Treasury itself.) Such collections are usually credited to and expended from places in the Treasury other than the GF, such as a specific account.[80] Accounts in the Treasury that are separate from the GF and contain funds that are specified in law for certain purposes are sometimes referred to as "special fund" or "trust fund" accounts.[81] A funding source housed in one of these accounts may be used to fund either mandatory or discretionary spending. How a collection is structured and the type of law that controls it vary depending on whether the collection supports mandatory or discretionary spending.

Mandatory Spending

In general, if a mandatory spending program is funded by a dedicated collection, the authorization act provides three essential authorities:

- the authority to make the collection;
- the authority to retain the collection; and
- the authority to expend the collection for the purposes of that program.

An example of a mandatory spending dedicated collection is the fees that are collected and expended by the United States Citizen and Immigration Service (USCIS) for its adjudication of immigration and naturalization petitions.[82] The legal authority to collect fees associated with that purpose is provided by the Immigration and Nationality Act of 1952 (INA).[83] Currently, the INA provides general authority to establish the level of such fees (subject to certain restrictions) and directs that all fees that are collected be deposited in a particular account (the "Immigration Examinations Fee Account"), and not the GF:

> Notwithstanding any other provisions of law, all adjudication fees as are designated by the Attorney General[84] in regulations shall be deposited ... into a separate account entitled

[80] These types of accounts might be established for the purposes of receiving collections (receipt accounts) or for the purposes of both receiving and expending collections (expenditure accounts).

[81] Trust fund accounts are designated as such by law, and a discussion of their defining characteristics is outside the scope of this report. For further information, see CRS Report R41328, *Federal Trust Funds and the Budget*, by Mindy R. Levit.

[82] For further information, see CRS Report R44038, *U.S. Citizenship and Immigration Services (USCIS) Functions and Funding*, by William A. Kandel.

[83] P.L. 82-414, §281.

[84] The responsibilities conferred on the Attorney General by Section 1356(m) are now held by the Secretary of Homeland Security.

> ''Immigration Examinations Fee Account'' in the Treasury of the United States, whether collected directly by the Attorney General or through clerks of courts.
>
> Provided further, that fees for providing adjudication and naturalization services may be set at a level that will ensure recovery of the full costs of providing all such services, including the costs of similar services provided without charge to asylum applicants or other immigrants. Such fees may also be set at a level that will recover any additional costs associated with the administration of the fees collected. [8 U.S.C. 1356(m)]

In addition, the INA contains the authority to expend those fees for certain adjudication and naturalization-related activities.

> All deposits into the ''Immigration Examinations Fee Account'' shall remain available until expended to the Attorney General to reimburse any appropriation the amount paid out of such appropriation for expenses in providing immigration adjudication and naturalization services and the collection, safeguarding and accounting for fees deposited in and funds reimbursed from the ''Immigration Examinations Fee Account.'' [8 U.S.C. 1356(n)]

Note that this mandatory appropriation is not explicitly limited as to the dollar amount that can be expended. Consequently, the amount ultimately expended in a fiscal year will depend on the total amount available in the account and how much of that amount USCIS decides to expend on the functions that are funded by those collections. In addition, while the authority to make and expend the collections is permanent, that authority could be altered through the enactment of law.[85]

Mandatory spending for benefits also may be funded through dedicated collections, as it is in the SSDI program (discussed earlier in this report).[86] The Social Security Act provides that the primary funding source for SSDI—Federal Insurance Contributions Act taxes and Self-Employment Contributions Act taxes—be deposited in the Federal Disability Insurance (DI) Trust Fund. It also appropriates those amounts for the purposes of the program:

> There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Disability Insurance Trust Fund". The Federal Disability Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in subsection (i)(1) of this section, and such amounts as may be appropriated to, or deposited in, such fund as provided in this section. There is hereby appropriated to the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1957, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of ...
>
> > (1)(S) [Federal Insurance Contributions Act taxes] 2.37 per centum of the wages (as so defined) paid after December 31, 2015, and before January 1, 2019, and so reported, and (T) 1.80 per centum of the wages (as so defined) paid after December 31, 2018, and so reported.
> >
> > (2)(S) [Self-Employment Contributions Act taxes] 2.37 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2015, and before January 1, 2019, and (T) 1.80 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2018. [42 U.S.C. 401(b)]

[85] A further example of collections that fund mandatory spending is the H-1B education and training fee that supports job training activities by the Department of Labor pursuant to Section 414 of the American Competitiveness and Workforce Improvement Act of 1998, as amended. The authority to collect the fee is codified at 8 U.S.C. 1356(s)(2) and DOL's use of the funds is governed by 29 U.S.C. 3224a.

[86] For further information, see CRS Report R42035, *Social Security Primer*, by Dawn Nuschler.

As is the case for the Immigration Examinations Fee Account, the amount that is expended from the DI trust fund each fiscal year cannot exceed the total collections that are in the fund, and also will depend on how much is needed to pay the benefits that are funded through the collections. An important difference between the two examples, however, is that the formula for the DI trust fund collections is specified (e.g., 1.8% of wages and self-reported income after December 31, 2018) and not left up to the relevant agency to determine. If the formula does not yield a sufficient level of collections, legislative action would be required to alter it.[87]

Discretionary Spending

Unlike dedicated collections that fund mandatory spending, the authority to expend dedicated collections that fund discretionary spending is provided in appropriations acts. The authority to make those collections, however, could be provided in either authorization or appropriations acts. In other words, discretionary spending that is funded through dedicated collections can be configured one of two ways:

- the authority to collect is provided by an authorization act on either a time-limited or permanent basis, but the authority to expend is provided each fiscal year in an appropriations act; or
- the authority to collect and expend is provided each fiscal year in an appropriations act.

The Manufactured Housing Standards Program is an example of both types of configurations.[88] The National Manufactured Housing Construction and Safety Standards Act of 1974 authorizes the Department of Housing and Urban Development (HUD) to receive dedicated collections (fees paid by manufacturers) to pay for the cost of monitoring and enforcement activities related to standards for manufactured housing:

> In carrying out inspections under this chapter, in developing standards and regulations pursuant to section 5403 of this title, and in facilitating the acceptance of the affordability and availability of manufactured housing within the Department, the Secretary may- (1) establish and collect from manufactured home manufacturers a reasonable fee, as may be necessary to offset the expenses incurred by the Secretary in connection with carrying out the responsibilities of the Secretary under this chapter. [42 U.S.C. 5419(a)].

The act also specifies allowable uses for the fees, which include conducting inspections and monitoring, providing funding to the states for the administration and implementation of approved state plans, and staffing for the program. Further, the act establishes the Manufactured Housing Fees Trust Fund, provides that fees collected under this act must be deposited into the fund, and makes their availability for expenditure subject to the annual appropriations process:

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[87] Further examples of dedicated collections that are the funding source for mandatory spending benefits include the Federal Old-Age and Survivors Insurance Trust Fund (42 U.S.C. 401(a)), and the Railroad Retirement Account (45 U.S.C. 231n). An example of appropriated mandatory spending that is funded via dedicated collections is the Black Lung Disability Trust Fund (26 U.S.C. 9501); for further information, see CRS Report R42035, *Social Security Primer*, by Dawn Nuschler; and CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*, by Scott D. Szymendera. The activities associated with the Black Lung Disability Trust Fund are summarized in the FY2016 Congressional Budget Justification for the fund, available at https://www.dol.gov/sites/default/files/documents/general/budget/2016/CBJ-2016-V2-08.pdf.)

[88] The activities associated with the Manufactured Housing Standards Program are summarized in the FY2016 Congressional Budget Justification for the program, available at http://portal.hud.gov/hudportal/documents/huddoc?id=29-Manuf.HSNG.Stan.Prog.pdf.

> There is established in the Treasury of the United States a fund to be known as the "Manufactured Housing Fees Trust Fund" for deposit of amounts from any fee collected under this section. Such amounts shall be held in trust for use only as provided in this chapter.
>
> Amounts from any fee collected under this section shall be available for expenditure only to the extent approved in advance in an annual appropriations Act. [42 U.S.C.5419(e)]

Annual appropriations acts make a specific amount of the collections available for expenditure each fiscal year, as illustrated by the FY2016 appropriation:[89]

> The following sums in this Act are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2016. [P.L. 114-113, Sec. 5]
>
> For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), up to $10,500,000, to remain available until expended, of which $10,500,000 is to be derived from the Manufactured Housing Fees Trust Fund [P.L. 114-113, Division L, Title II][90]

Annual appropriations acts also provide HUD with authority to both collect and expend an additional fee for the program:

> Provided further, That for the dispute resolution and installation programs, the Secretary of Housing and Urban Development may assess and collect fees from any program participant: Provided further, That such collections shall be deposited into the Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620, for necessary expenses of such Act. [P.L. 114-113, Division L, Title II]

In sum, appropriations language provides HUD both the authority to expend the collections that are made and deposited into the fund pursuant to the National Manufactured Housing Construction and Safety Standards Act of 1974, and also the authority to collect and expend an additional fee that may be charged for the dispute resolution and installation programs. (All of those fees are to be deposited into the fund, are available for the same purposes as the rest of the collections in the fund, and are subject to the same overall cap on expenditures.)

The collections that are authorized in appropriations acts each fiscal year as part of the Substance Abuse and Mental Health Services Administration (SAMHSA) Health Surveillance and Program Support account at HHS operate on a similar principle to the HUD manufactured housing dispute resolution and installation fees.[91] This SAMHSA appropriations account generally funds many of the behavioral health data systems, national surveys, and surveillance activities that support work undertaken by agency grantees, the field, and the public. (These activities are funded with an appropriation from the GF.) Sometimes, however, SAMHSA is asked to undertake additional data

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[89] Other examples of provisions or entities where the authorization act provides the authority for dedicated collections that fund discretionary spending include the private health insurance collections made by the Indian Health Service (IHS) to reimburse the cost of services (42 U.S.C. 1641), the Department of Veterans Affairs Medicare Care Collections Fund (38 U.S.C. 1729A), the fees collected by the Patent and Trademark Office (35 U.S.C. 41, 42), and the Harbor Maintenance Trust Fund (26 U.S.C. 9505). For further information, see CRS Report R44040, *Indian Health Service (IHS) Funding: Fact Sheet*, by Elayne J. Heisler, CRS Report R44241, *Department of Veterans Affairs FY2016 Appropriations: In Brief*, by Sidath Viranga Panangala; CRS Report RS20906, *U.S. Patent and Trademark Office Appropriations Process: A Brief Explanation*, by Glenn J. McLoughlin; and CRS Report R43222, *Harbor Maintenance Finance and Funding*, by John Frittelli.

[90] In some previous fiscal years, such as FY2014, the Manufactured Housing Standards Program has been provided funds from the GF, in addition to the authority to expend collections in the Manufactured Housing Fees Trust Fund.

[91] For further information, see CRS Report R44510, *Substance Abuse and Mental Health Services Administration (SAMHSA): Agency Overview*, by Erin Bagalman.

runs or analysis of data collected in SAMHSA's usual surveillance activities, or to ship large orders of publications. To enable SAMHSA to engage in this additional work, the annual appropriations language for the Health Surveillance and Program Support account authorizes the agency to both collect and expend fees from entities that make these requests:

> Provided further, That, in addition, fees may be collected for the costs of publications, data, data tabulations, and data analysis completed under title V of the PHS Act and provided to a public or private entity upon request, which shall be credited to this appropriation and shall remain available until expended for such purposes. [P.L. 114-113, Division H, Title II]

When the authority to make a dedicated collection is provided in an appropriations act, it is temporary in nature and only lasts for the duration of the act (one fiscal year), unless otherwise specified.[92] Consequently, the authority to collect must be included in the relevant appropriations act each fiscal year in order for it to continue to be in effect.

Mixed Sources

Like the Health Surveillance and Program Support account discussed above, some programs or purposes are funded by both the GF and dedicated collections. In many cases, the rationale for a mixed funding source is that the program undertakes two broad types of activities—those that are "general government" in nature, and also those that involve services or benefits that are more business-like in nature (and for which recipients may choose to opt in). In other cases, a program that serves a specific population might be structured so that collections cover only a portion of the costs, with the remainder of the costs effectively being subsidized by the GF. Such mixed funding sources may be used for either mandatory or discretionary spending, as illustrated below.

Mandatory Spending

An example of mandatory spending that is funded by both the GF and dedicated collections[93] is the Medicare federal insurance program administered by the Centers for Medicare & Medicaid Services within HHS, which pays for covered health care services of qualified beneficiaries.[94] The sources of the collections that fund each portion of Medicare, the purposes of the collections, and the extent to which they are supplemented by transfers from the GF differ for each part of the program, however, as illustrated by the following summaries of Parts A and B.[95]

Medicare Part A provides insurance for hospital services, skilled nursing facility services, home health visits, and hospice services. This insurance is primarily funded through dedicated collections (payroll taxes) that are credited to the Hospital Insurance (HI) trust fund. Generally, individuals are entitled to Part A benefits if they or their spouse paid Medicare payroll taxes for at least 40 quarters, are at least 65 years old or under 65 with a permanent disability, and are a citizen or permanent resident of the United States. Additional dedicated collections that are deposited in the HI trust fund are the premiums paid by voluntary enrollees who are not entitled to premium-free Part A coverage, and a portion of federal income taxes that individuals pay on

[92] GAO Red Book, p. 2-59.

[93] Medicare revenues are collected by the Treasury and credited to the relevant trust fund.

[94] For general information about Medicare, see CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga.

[95] For additional information about Medicare financing, see CRS Report R43122, *Medicare Financial Status: In Brief*, by Patricia A. Davis.

their Social Security benefits.[96] The collections for Part A are intended to be the sole funding source of the program. In the event that the amount of HI trust fund income (payroll taxes and other income) is insufficient to make the benefit payments required by law,[97] legislative action would be required to change the amount or source of the collections so that full benefits could continue to be paid.

Medicare Part B is an optional program that provides insurance for a broad range of medical services, including physician services, laboratory services, durable medical equipment, and outpatient hospital services. The funding source for Part B is a combination of collections (premiums paid by individuals that elect to enroll in Part B) and the GF, both of which are deposited in the Supplementary Medical Insurance (SMI) trust fund. Unlike Part A, dedicated collections are not intended to be the sole source of funding for Part B, and the funding is structured so that the SMI will have sufficient budgetary resources for the benefit formula indefinitely. This is because the law requires the HHS Secretary to set premiums at a rate that covers 25% of the estimated cost of the program each year, with the appropriation from the GF automatically covering the remaining cost. While legislative action to make changes to Part B could occur for a variety of policy or budgetary reasons, the need to address a funding shortfall to cover program benefits generally would not be one of them.

For Part A and Part B, both the authority to collect and the authority to expend are provided on a permanent basis.[98] However, the differing structure of the funding sources is such that while one could operate indefinitely as it is constituted in current law (Part B), the other might require future legislative action if its funding source becomes insufficient (Part A).[99]

Discretionary Spending

The discretionary spending for the Food and Drug Administration (FDA) review of human drugs, human medical devices, and veterinary drugs is also an example of activities with a funding source that is a mixture of dedicated collections and the GF.[100] Prior to the 1990s, the process of reviewing these drugs and devices was funded entirely through discretionary appropriations from the GF. Starting in 1992, however, the funding source for these activities was gradually transitioned to a mixed approach through a series of authorization laws that were enacted between 1992 and 2012.

The first of these FDA activities to be funded by both dedicated collections and the GF was the review of human drug applications for prescription drugs. In the late 1980s, the median time for FDA to approve a new drug application was 29 months—an amount of time that industry,

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[96] Interest on securities held by the HI trust fund are also credited to the fund.

[97] The health care provider and supplier reimbursement methodologies, which are what determine the payments that must be made from the HI trust fund, are specified in law.

[98] The authority for the collections and expenditures from the HI trust fund is in 42 U.S.C. 1395i. The requirement for the collections and expenditures from the SMI trust fund is in 42 U.S.C. 1395t. (The authority for the HHS Secretary to establish the level of the Part B premiums each fiscal year is in 42 U.S.C. 1395r.)

[99] For a discussion of projections of both the HI and SMI trust funds' financial status, see CRS Report R43122, *Medicare Financial Status: In Brief*, by Patricia A. Davis.

[100] In addition to the fees for the review of medical products, FDA collects indefinite fees for mammography facility inspection, and color and export certifications. Most recently, fees were authorized to support several food-related activities. The agency's Tobacco Program, first authorized in 2009, is funded entirely by user fees. For a list of FDA user fees, see Department of Health and Human Services (HHS), Fiscal Year 2017 Food and Drug Administration: Justification of Estimates for Appropriations Committees, "All Purpose Table—User Fees," pp. 17-20, http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/BudgetReports/UCM485237.pdf.

consumer groups, and the FDA agreed was unacceptably long. Patient advocates argued that a drug in review—and therefore not available for sale—could be the difference between life and death. Manufacturers argued that prolonged review times affected their ability to recoup the costs of research and development. On the other hand, the FDA argued that it had insufficient appropriations to hire additional scientists to review new and backlogged drug applications. Negotiations between interested parties led to the enactment of the Prescription Drug User Fee Act (PDUFA, P.L. 102-571) in 1992, which gave the FDA an additional funding source of dedicated collections (user fees paid by the pharmaceutical industry) that could be used to support "the process for the review of human drug applications."[101]

The PDUFA user fees are structured to supplement discretionary appropriations from the GF. This is ensured because the FDA is authorized to collect the fees only if the GF appropriations for the activities involved in the review of human drug applications (and for FDA activities overall) remain at a level at least equal (adjusted for inflation) to the pre-PDUFA budget for those activities. In addition, the FDA is required to negotiate with industry to establish certain performance goals, which set target completion times for various review processes. Finally, while the PDUFA sets up the legal framework that governs the FDA user fees, the necessary authority for the FDA to actually collect and expend them is provided each year through appropriations acts.[102]

The authority for user fees in the PDUFA is provided five years at a time. Each five-year authorization sets a total amount of fee revenue for the first year and provides a formula for annual adjustments based on inflation and workload changes. As a consequence, the PDUFA funding mechanism has two elements that encourage regular legislative review—the five-year reauthorization cycle, and the annual appropriations process. The initial PDUFA authority expired in 1997 and has been renewed four times, by PDUFA II (1997; P.L. 105-115), PDUFA III (2002; P.L. 107-188), PDUFA IV (2007; P.L. 110-85), and PDUFA V (2012; P.L. 112-144). This most recent reauthorization extends the authority to collect the user fees through September 30, 2017.[103]

Since the PDUFA, the FDA has been authorized to collect fees for additional activities related to the review of brand and generic human drugs, biologics, and medical devices, as well as brand and generic veterinary drugs:

- In 2002, the Medical Device User Fee and Modernization Act (P.L. 107-250; MDUFMA) was enacted to provide the FDA the authority to collect user fees to support the approval of human medical devices, which are a wide range of products that are used to diagnose, treat, monitor, or prevent a disease or condition in a patient.[104]

[101] This summary of the history of PDUFA user fees is largely drawn from CRS Report R42366, *Prescription Drug User Fee Act (PDUFA): 2012 Reauthorization as PDUFA V*, by Susan Thaul. Please see this report for further information.

[102] Ibid.

[103] Ibid. PDUFA V is Title I of the Food and Drug Administration Safety and Innovation Act (P.L. 112-144).

[104] The MDUFMA has been reauthorized twice since that time, in 2007 (P.L. 110-85) and 2012 (P.L. 112-144). Prior to its first reauthorization, MDUFMA was amended twice by the Medical Device Technical Corrections Act of 2004 (MDTCA; P.L. 108-214) and the Medical Device User Fee Stabilization Act of 2005 (MDUFSA; P.L. 109-43). For further information, see CRS Report R44517, *The FDA Medical Device User Fee Program: MDUFA IV Reauthorization*, by Judith A. Johnson.

- In 2003, the Animal Drug User Fee Act (ADUFA I; P.L. 108-130) gave the FDA the initial authority to collect user fees from sponsors for the review of animal drug applications. That authority was expanded to include animal generic drugs in the subsequent ADUFA reauthorization (P.L. 110-316, Title II: Animal Generic Drug User Fee Act) in 2008.[105]
- In 2009, the Biologics Price Competition and Innovation Act of 2009 (BPCIA; Title VII of P.L. 111-148) established a new regulatory authority within the FDA by creating a licensure pathway for biosimilar drugs.[106] The associated FDA user fee program was fully implemented in the Biosimilar User Fee Act of 2012 (P.L. 112-144).[107]
- In 2012, the Generic Drug User Fee Amendments (GDUFA; P.L. 112-144) gave the FDA the authority to collect user fees for the approval of generic prescription drugs for humans.[108]

All of these dedicated collections are currently structured similarly to the PDUFA, in that they require a minimum level of GF appropriations as a trigger for the user fee authority, the user fees are authorized for a specific amount over a five-year period,[109] and the authority to expend the user fees is provided in annual appropriations acts. The most recent authorization for these dedicated collections also was provided by various titles in the Food and Drug Administration Safety and Innovation Act (P.L. 112-144), which authorizes the collections through September 30, 2017.[110]

General Implications

The choice of whether to use the GF as the funding source for a program or set up a dedicated collection often is made based on a number of general considerations related to the nature or purpose of the program. The GF is usually the source for mandatory and discretionary spending that funds general government purposes. In contrast, a dedicated collection may be used to fund government activities that are more business-like in nature, or to enable a particular population to receive additional government services in exchange for paying a user fee.[111] Alternatively, such a dedicated collection might be set up to enable the government to pursue activities that it otherwise would have lacked the budgetary resources to engage in if relying solely on the GF.

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[105] These user fee authorities were most recently reauthorized in 2012 (P.L. 112-144). For further information, see CRS Report RL34459, *Animal Drug User Fee Programs*, by Sarah A. Lister.

[106] A biosimilar is a biological product that is highly similar to a brand-name (innovator) biological product made by a pharmaceutical or biotechnology company. For further information, see CRS Report R44132, *Specialty Drugs: Background and Policy Concerns*, by Suzanne M. Kirchhoff.

[107] For further information, see CRS Report R42540, *Proposed FDA User Fee Acts: Generic Drug User Fee Amendments of 2012 (GDUFA) and Biosimilar User Fee Act of 2012 (BSUFA)*, by Susan Thaul and Judith A. Johnson; and CRS Report R42680, *The Food and Drug Administration Safety and Innovation Act (FDASIA, P.L. 112-144)*, coordinated by Susan Thaul.

[108] Ibid.

[109] In some cases, an amount of collections is specified for the first fiscal year and then adjusted for inflation for the four subsequent fiscal years. For further information, see ibid.

[110] For a list of FDA user fees, see Department of Health and Human Services (HHS), Fiscal Year 2017 Food and Drug Administration: Justification of Estimates for Appropriations Committees, All Purpose Table, pp. 17-20, at http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/BudgetReports/UCM485237.pdf.

[111] Alan Schick, *The Federal Budget: Politics, Process, and Policy*, 3rd Ed. (Washington, D.C.: Brookings Institution Press, 2007), pp. 188-190.

And in some instances, when multiple such considerations are at work, a mixed approach might be chosen.

The way that a dedicated collection is structured has implications with regard to the process that controls the funding source and the timing of budgetary decisionmaking. In particular, these implications include whether the authority to collect and expend is provided through one process or different processes, and whether the congressional decisionmaking for those authorities occurs on the same schedule or different schedules. In the case of mandatory collections, one or both of the authorities can be permanent or temporary. For instance, it is possible for the authority to collect to be permanent but the authority to expend to be provided for a set number of fiscal years and subject to periodic renewal. In addition, the formula or specific amount for the collection might need to be adjusted on occasion if it does not provide a sufficient level of budgetary resources for the purpose that it funds. For example, in 2015 it was estimated that the formula for the SSDI collections would stop generating enough budgetary resources to fully fund the program by the end of 2016.[112] This was due to a number of causes, including the aging of the baby-boomer generation and changes in opportunities for work and compensation, which contributed to a rise in the number of SSDI beneficiaries. The Bipartisan Budget Act of 2015 (P.L. 114-74) authorized a reallocation of the Social Security payroll tax to increase the SSDI's share of the collections temporarily to address the program's funding issues. This change was projected to extend the sufficiency of the SSDI funding source until 2023, at which time the formula for the collections (or the level of benefits funded by those collections) might need to be revisited.[113]

In the case of discretionary collections, while the timing of budgetary decisions with regard to the authority to collect and expend also can occur at the same time or different times, one or both of those authorities always involves the annual appropriations process. The authority to make collections that fund discretionary spending could be provided on a multiyear or permanent basis through authorization acts or each year through appropriations acts. Regardless, because the annual appropriations process provides the authority to expend the funding, this may also create an opportunity for Congress to simultaneously specify or restructure aspects of the funding source. For example, the appropriation of the dedicated collections for the Manufactured Housing Standard Program also contains provisions that modify the amount of the collections so that they will be sufficient to fund the amount that is appropriated each fiscal year.[114]

The structure of a funding source adds another layer of complexity to the inherent tradeoff within a funding mechanism between the frequency of congressional decisionmaking and the stability of the funding for the program. Because a mandatory funding source generally allows the spending of collections to occur automatically, this approach lends itself toward comparatively greater funding stability than discretionary spending collections. However, such mandatory funding sources can be structured so as to provide the opportunity for a greater degree of congressional control if the authorization law specifies or caps the amount of the collections or limits the authority to collect to a set time period. As for discretionary collections that are established through an authorization, the authority to collect also can be provided for a set number of fiscal

[112] For further information on the funding source for the SSDI before and after the Bipartisan Budget Act of 2015, see CRS Report R43318, *The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status*, by William R. Morton.

[113] Social Security and Medicare Boards of Trustees, Status of the Social Security and Medicare Programs: A Summary of the 2016 Annual Reports, June 22, 2016, https://www.ssa.gov/oact/TRSUM/tr16summary.pdf.

[114] For example, the FY2016 appropriation of $10.5 million in those collections also specified that "fees ... shall be modified as necessary to ensure such a final fiscal year 2016 appropriation" ("payment to manufactured housing fees trust fund" account in P.L. 114-113, Division L, Title II). Amounts collected in excess of $10.5 million would not be available to the agency until subsequently appropriated.

years or for a set dollar amount. In addition, because the expenditure of all discretionary collections generally is controlled through the appropriations process, there is an annual opportunity to specify the amount that may be expended and place conditions on that spending.

Summary of General Implications of Funding Mechanisms

As discussed and illustrated throughout this report, how Congress chooses to structure a funding mechanism in a particular context may be based on a number of budget process and programmatic considerations.

The congressional budget process considerations for funding mechanisms are generally related to the relative roles that authorizations and appropriations may assume in spending decisionmaking. Whether Congress prefers that control over spending be vested in one, the other, or both processes depends on a number of factors. For instance, what Congress views to be the optimal time interval for budgetary decisions—annual, multiyear, or as needed—may influence whether discretionary or mandatory funding is provided. Another issue is the budget process context in which spending should be decided—whether it should be in competition with other programs that are funded through the appropriations process, or whether it should be funded through a mandatory funding mechanism that is evaluated separately as part of the authorization process.[115]

Congress also may assess the potential funding sources for a program in light of budget process considerations. The use of the GF as a funding source indirectly associates that funding mechanism with broader budgetary decisions about the amount of general revenue that the government collects. In contrast, the decision to establish a dedicated funding source might have the effect of narrowing the context for budgetary decisionmaking so that it focuses more specifically on that program. In such instances, Congress must decide whether the authorization process or the appropriations process is better suited to control the dedicated funding source, and whether the timing of decisionmaking should match that of the spending with which it is associated.

When selecting a funding mechanism, Congress also may take into account programmatic considerations, particularly the level of stability or predictability in funding that best supports how a program is intended to function. To some extent, this may depend on the purpose of the program, such as whether it directly or indirectly provides benefits to individuals, provides services to a specific population, or supports general government activities. Other considerations may include the extent to which program needs from year to year are expected to vary or be difficult to predict. Ultimately, Congress has a range of options, from structuring the funding mechanism so that it guarantees funding to meet whatever program needs arise to providing funding in such a way that the program is required to adapt to set funding levels that vary from year to year.

Program needs also might be a factor in determining the most appropriate funding source for a program. In some cases, user fees or other dedicated collections to support a program might be an option. In others, Congress might seek to set up a special tax or revenue stream to provide a stable source of budgetary resources for the future. Or, Congress might prefer that the program be

[115] The creation of new mandatory spending also may require offsets under both statutory and procedural budget enforcement rules. For further information, see , for example, CRS Report RL31943, *Budget Enforcement Procedures: The Senate Pay-As-You-Go (PAYGO) Rule*, by Bill Heniff Jr.; and CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*, by Bill Heniff Jr.

funded through the GF. For all of these options, the time interval for which the funding source is established also affects the extent to which the funding mechanism for a program promotes either funding predictability for the program that it funds, or regular congressional review.

In summary, some of the many factors that Congress may take into consideration when it is assessing potential funding mechanisms for a new or existing program include

- the nature of the government program or service to be provided;
- whether funding stability or a guarantee of budgetary resources to meet whatever needs arise is important for the purposes or operation of the program;
- whether the program could adapt and still fulfill its mission if year-to-year funding levels are variable;
- how accurately the future funding needs of the program can be forecast;
- how often, and by what types of legislative vehicles, the parameters of the program (including its funding) should be reevaluated by Congress;
- what funding sources besides the GF could be used for the program;
- whether a program's dedicated funding source and spending from that source should be evaluated on the same or different schedules, and in the same or different legislative vehicles; and
- whether congressional control over various aspects of the funding itself, including the source of the funding, should be vested in one or more authorization committees, vested in the appropriations committees, or split between both types of committees.

This report has discussed some of the inherent tensions that exist between how frequently Congress makes funding decisions for a program and how stable that funding is for the program. However, policymakers may perceive these tensions differently and have differing perspectives as to how they should be reconciled. The actual funding mechanism that is chosen in a particular instance may be the result of a compromise between Congress and the President or within Congress itself. As policymakers' perceptions of these tensions evolve and change over the course of a program's existence, the funding mechanism also may be altered to better reflect the needs of the program and the needs of Congress in budgetary decisionmaking.[116]

[116] Irene S. Rubin, *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing*, 7th Ed. (Thousand Oaks, CA: CQ Press, 2014), pp. 68-69.

Appendix. Summary of Examples

Table A-1 and **Table A-2** summarize the examples of various funding types and funding sources that were discussed in this report. For further information about each of these examples, please see the relevant portion of the report:

- Office of Apprenticeship, pp. 4-5, 19
- Child Care and Development Block Grant (CCDBG), pp. 5-6, 17
- Violence Against Women Family Research and Evaluation, p. 6
- State Children's Health Insurance Program (CHIP), p. 10
- Technical Assistance for Tribal Child Welfare Programs, pp. 10-11
- Social Security Disability Insurance (SSDI), pp. 11, 21-22
- Social Services Block Grant (SSBG), p. 12
- Supplemental Security Income (SSI), p. 13
- Health Center Program, pp. 16-17
- Child Care and Development Fund (CCDF), Child Care Entitlement to States, p. 17
- Maternal, Infant, and Early Childhood Home Visiting (MIECHV), pp. 19-20
- Immigration Examinations Fee Account, pp. 20-21
- Manufactured Housing Standard Program, pp. 22-23
- Health Surveillance and Program Support, extraordinary surveillance activities, pp. 23-24
- Medicare Part A and B, pp. 24-25
- Prescription Drug User Fee Act (Food and Drug Administration), pp. 25-27

Table A-1. Funding Type: Summary of Examples

Program[a]	Funding Type	Appropriation			Authorization of Appropriations		
		Location	Amount[b]	Duration	Form	Amount	Duration
Office of Apprenticeship (29 U.S.C. 50)	Discretionary	Appropriations Act	Definite	Annual	Implicit	—	Permanent
Child Care and Development Block Grant (42 U.S.C. 9859)	Discretionary	Appropriations Act	Definite	Annual	Explicit	Definite	Multiyear
Violence Against Women Family Research and Evaluation (P.L. 106-386, Division B, Title IV, §1404(b))	Discretionary	Appropriations Act	Definite	Annual	Explicit	Indefinite	Permanent
State Children's Health Insurance Program (CHIP) (42 U.S.C. 1397dd)	Mandatory	Authorization Act	Definite	Multiyear	—	—	—
Technical Assistance for Tribal Child Welfare Programs (42 U.S.C. 676)	Mandatory	Authorization Act	Definite	Permanent	—	—	—
Social Security Disability Insurance (SSDI) (42 U.S.C. 401(b))	Mandatory	Authorization Act	Indefinite	Permanent	—	—	—
Social Services Block Grant (SSBG) (42 U.S.C. 1397a)	Mandatory	Appropriations Act	Definite	Annual	Explicit	Definite	Permanent
Supplemental Security Income (SSI) (42 U.S.C. 1381 and 1381a)	Mandatory	Appropriations Act	Definite and Indefinite	Annual	Explicit	Indefinite	Permanent
Health Center Program (42 U.S.C. 201 et. seq. and 42 U.S.C. 254b)	Mandatory	Authorization Act	Definite	Multiyear	—	—	—
	Discretionary	Appropriations Act	Definite	Annual	Explicit	Indefinite	Permanent
Child Care and Development Fund (42 U.S.C. 618 and 42 U.S.C. 9858)	Mandatory	Authorization Act	Definite	Multiyear[c]	—	—	—
	Discretionary	Appropriations Act	Definite	Annual	Explicit	Definite	Multiyear

Source: CRS analysis.

a. For programs funded by discretionary funding, the statutory authority cited is the implicit or explicit authorization of appropriations. The statutory authority cited for mandatory programs is the appropriation (or other funding-related instructions in the case of appropriated mandatory spending) in the authorization law.

b. Definite appropriations are specified in terms of a total dollar amount. Indefinite appropriations are for "such sums as necessary"; in such instances, the actual amount of spending that occurs may be based on an eligibility criteria and payment formula.

c. The initial appropriation was established for a five-year period, but in recent years this funding stream has been operating under a series of temporary extensions.

Table A-2. Funding Source: Summary of Examples

Program[a]	Funding Source	Funding Type	Authority to Collect			Authority to Expend		
			Location	Amount	Duration	Location	Amount[b]	Duration
Office of Apprenticeship	General Fund	Discretionary	—	—	—	Appropriations Act	Definite	Annual
Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) (42 U.S.C. 711(j))	General Fund	Mandatory	—	—	—	Authorization Act	Definite	Multiyear
Immigration Examinations Fee Account (42 U.S.C. 1356(m) and (n))	Dedicated Collections	Mandatory	Authorization Act	Agency Determines	Permanent	Authorization Act	Indefinite	Permanent
Social Security Disability Insurance (SSDI) (42 U.S.C. 401(b))	Dedicated Collections	Mandatory	Authorization Act	Statutory Formula	Permanent	Authorization Act	Indefinite	Permanent
Manufactured Housing Standard Program, inspections (42 U.S.C. 5419(a) and (c))	Dedicated Collections	Discretionary	Authorization Act	Agency Determines	Permanent	Appropriations Act	Definite	Annual
Manufactured Housing Standard Program, dispute resolution and installation	Dedicated Collections	Discretionary	Appropriations Act	Agency Determines	Annual	Appropriations Act	Definite	Annual
Health Surveillance and Program Support, extraordinary surveillance activities	Dedicated Collections	Discretionary	Appropriations Act	Agency Determines	Annual	Appropriations Act	Definite	Annual
Medicare Part A (42 U.S.C. 1395i)	Dedicated Collections	Mandatory	Authorization Act	Statutory Formula	Permanent	Authorization Act	Indefinite	Permanent
Medicare Part B (42 U.S.C. 1395t)	Dedicated Collections	Mandatory	Authorization Act	Statutory Formula	Permanent	Authorization Act	Indefinite	Permanent
	General Fund	Mandatory	—	—	—	Authorization Act	Indefinite	Permanent
Human Drugs Program (Food and Drug Administration) (P.L. 112-144)	Dedicated Collections	Discretionary	Authorization[c]	Statutory Formula[c]	Multiyear[c]	Appropriations Act	Definite	Annual
	General Fund	Discretionary	—	—	—	Appropriations Act	Definite	Annual

Source: CRS analysis.

a. For programs funded by the general fund, any statutory authorities to expend that are provided by an authorization law are listed. For programs funded by dedicated collections, the statutory authority cited is the authority to collect. In such instances, any statutory authorities to expend that are provided by an authorization law are also listed. (No citation is listed when the authority to collect is provided through annual appropriations acts.)

b. Authority to expend that is definite is specified in terms of a total dollar amount; when the authority to expend is indefinite, there is no explicit dollar limit on the amount that may be expended except the total amount of collections available.

c. While an authorization act establishes the legal framework for the collection of the fees associated with the Human Drugs Program, that act also provides that the collection and availability of those fees for obligation may only occur to the extent and in the amount provided in advance in appropriations acts. (Federal Food, Drug, and Cosmetic Act, §736(a)(2)(A))

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