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Executive Agency Justification of the President's Budget: In Brief

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Introduction

The federal budget sustains government functions and plays an important role in shaping policy decisions. In practice, the process for developing and executing the federal budget is multifaceted. The Constitution vests Congress with the power of the purse, with provisions that refer to congressional authority to levy taxes, authorize the issuance of debt, and make appropriations to fund the federal government.[1] The Constitution does not provide an explicit role for the President in the budget process. Rather, the executive budget process exists primarily due to statutes enacted by Congress, and it specifies roles for the President, the Office of Management and Budget (OMB), and executive agencies.

The executive budget process is a complex set of activities that includes (1) development of the President's budget proposal, (2) submission and justification of the President's budget proposal, and (3) execution of enacted appropriations and other budgetary legislation. While some of the activities must be completed by specific dates, many follow a more flexible schedule established by formal and informal rules and procedures.

After the submission of the President's budget request, each executive agency bears the responsibility for justifying its budget request to gain approval from Congress. Executive agencies typically justify their budget requests in three main ways:

1. ***Budget Appendix.*** Each agency provides the supporting materials for the account and program detail in the budget *Appendix* volume.
2. **Congressional budget justification documents.** An agency's budget justification builds upon the information included in the *Appendix* and generally consists of a detailed description of agency budgetary accounts.
3. **Agency testimony before Congress.** Hearings before appropriations subcommittees provide a venue where agency officials can justify and explain their budget requests to Congress. These hearings often focus on the information included in agency budget justification documents.

This report focuses on the justification of requests for spending provided through the annual appropriations process (i.e., discretionary spending). For a more detailed overview of the development, submission, and justification of the President's budget proposal, see CRS Report R47019, *The Executive Budget Process: An Overview*, by Dominick A. Fiorentino and Taylor N. Riccard. CRS has also published a suite of "In Brief" products covering components of the executive budget process, including the following:

- CRS Report R47089, *The Role of the Office of Management and Budget (OMB) in Budget Development: In Brief*, by Taylor N. Riccard;
- CRS Report R47092, *The Role of the President in Budget Development: In Brief*, by Taylor N. Riccard;
- CRS Report R47091, *The Role of Executive Agencies in Budget Development: In Brief*, by Dominick A. Fiorentino;
- CRS Report R47090, *Executive Agency Justification of the President's Budget: In Brief*, by Dominick A. Fiorentino (this report); and
- CRS Report R47088, *The Executive Budget Process Timeline: In Brief*, by Dominick A. Fiorentino.

[1] See CRS Report R46240, *Introduction to the Federal Budget Process*, by James V. Saturno.

Agency Information Included in the Annual Budget *Appendix*

The President is statutorily required to provide certain information in the budget submission to Congress, which is typically included in the following volumes: the *Budget of the U.S. Government*, *Analytical Perspectives*, *Historical Tables*, and the *Appendix*.[2]

The *Appendix* volume includes detailed budget estimates and financial information on individual programs and appropriations accounts, proposed text of appropriations language, and information on the legislative and judicial branch appropriations that are not included in other volumes of the President's budget proposal.[3]

Agencies play a significant role in developing material to be included in the *Appendix*. *OMB Circular No. A-11* contains detailed instructions on their preparation to ensure they adhere to standardized conventions and formats.[4] These materials in the *Appendix* are prepared in support of an agency's initial budget submission to OMB and then, if necessary, revised to conform to the decisions made by OMB and the President. For a timeline of the executive budget process milestones after the President's budget submission, see **Figure 1**.

The major elements of these *Appendix* materials for each account include

- proposed appropriations language for the upcoming fiscal year;[5]
- a program and financing schedule, which includes the obligations for specific activities and programs and the sources of budget authority;[6]
- an object classification schedule, which reflects the nature of things or services purchased;[7]
- an employment summary;[8] and
- a narrative statement of the program and its performance.[9]

Both the program and financing schedules and the object classification schedules state the dollar amounts of appropriations and other sources of budgetary resources. They show actual dollar amounts for the previous fiscal year, enacted amounts for the current fiscal year, and proposed amounts for the upcoming fiscal year, reflecting the President's requests.

[2] See CRS Report R43475, *FY2023 Budget Documents: Internet and GPO Availability*, by Carol Wilson.

[3] The President and OMB play no role in the development of legislative and judicial branch requests. Instead, entities in the legislative and judicial branches transmit their budget requests to the President, who is then required to include them in the budget submission to Congress without modification (31 U.S.C. §1105(b)).

[4] OMB, *Circular No. A-11, Preparation, Submission and Execution of the Budget*, August 2021, https://www.whitehouse.gov/omb/information-for-agencies/circulars/.

[5] OMB, *Circular No. A-11*, §95.5

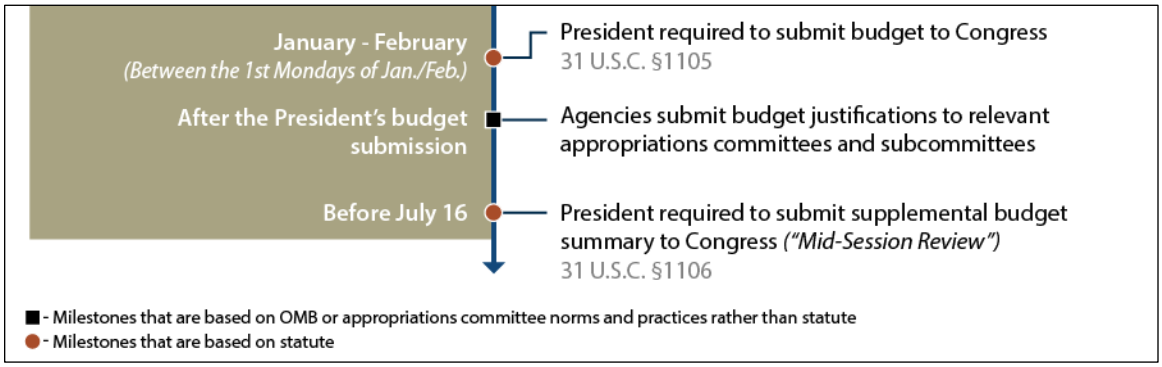
[6] OMB, *Circular No. A-11*, §185.

[7] OMB, *Circular No. A-11*, §83.

[8] OMB, *Circular No. A-11*, §85.

[9] OMB, *Circular No. A-11*, §95.11.

Figure 1. Executive Budget Process Milestones After Annual Submission to Congress



Sources: CRS analysis of *U.S. Code*, OMB guidance documents, and Presidents' budget submissions. Milestones that are established by law are also indicated by relevant *U.S. Code* citations.

Congressional Budget Justification Documents

Executive agencies submit written justifications of their budget requests to the appropriations committee and subcommittees of jurisdiction in each chamber. An agency's budget justification generally consists of a detailed description of each program activity and its purpose. The budget justifications' descriptions of budgetary accounts are much more detailed than the President's budget submission and provide the appropriations subcommittees with information about how agencies are using the funds within each account. Agencies also include explanations of proposed changes for the next fiscal year, often concentrating on the increase or decrease in spending. This additional information helps the appropriations committees better evaluate the budgetary resources that have been requested for the upcoming fiscal year.

Appropriations committee and subcommittee norms and practices have shaped the form and content of agency budget justifications (also referred to as congressional budget justifications or "CBJs"). Instructions from the appropriations committees as to the content of budget justifications for future fiscal years are often included in report language. These instructions may specify to agencies the level of detail that should be provided for each account, as well as specific directions for certain programs or activities.[10]

OMB also provides guidance for the creation of CBJs in *Circular No. A-11*.[11] The written justifications vary in form and content with each agency and appropriations subcommittee, reflecting the ongoing relationships between them. CBJs may be divided into multiple volumes by agency component or by subject area.[12]

[10] See CRS Report R44124, *Appropriations Report Language: Overview of Components and Development*, by Kevin P. McNellis.

[11] OMB, *Circular No. A-11*, §22.6.

[12] For an illustrative example of a CBJ divided by agency component, see Department of Commerce, *FY2022 Congressional Bureau Justification*, May 2021, https://www.commerce.gov/about/budget-and-performance/FY-2022-congressional-bureau-justification. For an illustrative example of a CBJ divided into multiple volumes by subject area, see Department of Veterans Affairs, *FY2022 Budget Submission*, May 2021, https://www.va.gov/budget/products.asp.

Congressional Budget Justification Transparency Act of 2021 (P.L. 117-40)

In 2021, Congress passed legislation that, for the first time, required agencies to make their congressional budget justifications available to all Members of Congress and the public in a centralized location.[13] Prior to the enactment of this law, statutory provisions that established key aspects of the executive budget process in Title 31 of the *U.S. Code* were relatively silent on agency budget justifications that are submitted to Congress.[14] In practice, this silence left considerable discretion in the creation of these documents.[15]

Among other things, P.L. 117-40 defined in statute that agency budget justification materials are "the annual budget justification materials of a Federal agency, or a component of a Federal agency, that are submitted, in conjunction with" the President's annual submission.[16] These materials are required to be posted on USAspending.gov, subject to OMB-developed data standards, within two weeks of being provided to Congress.[17] Separately, the President's budget submission is also required to include a "tabular list" of the justifications.

Agency Testimony Before Appropriations Subcommittees

Soon after the President's budget has been transmitted to Congress, the appropriations subcommittees hold hearings on the individual agency budget requests.[18] Agency officials are often called before the relevant appropriations subcommittees to justify and explain their budget requests to Congress. A central element of this testimony is the detailed written budget justifications prepared by an agency and submitted to the applicable subcommittee. The testimony and written justifications are usually published as part of the subcommittee's hearings.[19] The hearings may also be supplemented by meetings and communications between the subcommittee staff and agency officials.[20] Agency testimony and written justification materials facilitate dialogue and information sharing between federal agencies and congressional committees. Appropriations committees and subcommittees generally provide public access to video recordings of budget hearings as well as witnesses' written testimony on their websites.[21]

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[13] P.L. 117-40, Congressional Budget Justification Transparency Act of 2021, September 24, 2021 (135 Stat. 337), amending the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282); located at 31 U.S.C. §6101 note.

[14] Title 31, Section 1105, of the *U.S. Code* requires the President to submit an annual budget request to Congress. Prior to enactment of P.L. 117-40, the provision made no mention of agency-produced budget justifications.

[15] As part of the process for developing the President's submission, Title 31, Section 1108, of the *U.S. Code* requires agencies to submit budget requests to the President for potential modification. These agency-to-President submissions "shall be prepared and submitted in the form prescribed by the President under this chapter and by the date established by the President" (31 U.S.C. §1108(b)(1)).

[16] Federal Funding Accountability and Transparency Act of 2006, §3(b)(2).

[17] USASpending.gov, "Agency Profiles," https://www.usaspending.gov/agency.

[18] The House and Senate Appropriations Committees have jurisdiction over the 12 regular appropriations acts and other appropriations acts. The Appropriations Committees of each house have 12 parallel subcommittees, each of which is responsible for one of the 12 regular appropriations acts.

[19] For an example of appropriations subcommittee hearings related to agency budget requests, see U.S. Congress, House Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies, *Fiscal Year 2022 Budget Request for the Department of Justice*, 117th Cong., 1st sess., 2021, https://appropriations.house.gov/events/hearings/fiscal-year-2022-budget-request-for-the-department-of-justice.

[20] See CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, coordinated by James V. Saturno.

[21] For a list of House Appropriations Subcommittee hearings, see U.S. Congress, House Committee on Appropriations, "Hearings," https://appropriations.house.gov/events/hearings. For a list of Senate Appropriations Subcommittee

To help ensure that testimony and written justification materials are consistent with the President's policy objectives, OMB may review materials before agencies provide them to Congress. *Circular No. A-11* establishes guidelines regarding agency conversations with Congress or the public and emphasizes statutory restrictions on attempts to influence legislation outside of official channels.[22] In particular, most agencies must submit all budget-related materials, including the budget justifications, to OMB for clearance prior to transmittal to Congress.[23]

Issues for Congress

Although the President's budget is a set of recommendations, which Congress is not required to adopt, it creates a starting point for congressional revenue and spending actions. The budget process has been shaped by a series of laws that have centralized aspects of the executive budget process by creating explicit statutory roles for the President and OMB. In evaluating the existing budget process, Congress may consider the following issues:

- **OMB modification of agency budget requests.** Congress may desire greater insight into agency views of their budgetary needs in contrast with the views of OMB. Hearings and other discussions with an agency may provide Congress with additional information. Congress may also consider providing bypass authority to agencies so that Congress may review agency budget requests before they are modified by OMB.
- **Information included in agency budget justification documents.** Congress could legislate to require the inclusion of certain information in agency's budget justifications. Such items could include more detail about certain programs, projects, or activities and a discussion of potential tradeoffs among policy options.

Author Information

Dominick A. Fiorentino
Analyst in Government Organization and Management

hearings, see U.S. Congress, Senate Committee on Appropriations, "Hearings," https://www.appropriations.senate.gov/hearings.

[22] OMB, *Circular No. A-11*, §22.

[23] Some executive agencies submit budget requests directly to Congress by law or custom. For related discussion, see CRS Insight IN10715, *When an Agency's Budget Request Does Not Match the President's Request: The FY2018 CFTC Request and "Budget Bypass*," by Jim Monke, Rena S. Miller, and Clinton T. Brass (an example of an agency bypassing OMB and the President with a budget submission [available upon request for congressional clients]); also see OMB *Circular No. A-11*, §25.1 (listing certain agencies and programs whose budget requests are not subject to OMB modification "by law or custom").

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Mari Y. Lee, Visual Information Specialist collaborated on the report's figure.

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