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The President's Budget: Overview and Timing of the Mid-Session Review

Updated August 2, 2016

Congressional Research Service
https://crsreports.congress.gov
RL32509

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

The Budget and Accounting Act of 1921 established for the first time the requirement that the President annually submit a budget proposal to Congress. Under current law (31 U.S.C. §1105(a)), the President is required to submit the budget proposal to Congress on or after the first Monday in January, but no later than the first Monday in February. For further information, see CRS Report R43163, *The President's Budget: Overview of Structure and Timing of Submission to Congress*, by Michelle D. Christensen.

For nearly half a century after the 1921 act took effect, Presidents submitted their annual budgets to Congress toward the beginning of the session but were not required to update their budget submissions later in the session. As the federal budget became larger and more complex, Congress felt a need for more extensive and updated budgetary information from the President.

Section 221(b) of the Legislative Reorganization Act of 1970 requires the President to submit to Congress an update of the budget proposal in the middle of the legislative session. This update, commonly referred to as the *mid-session review* (or MSR), was first required for FY1973. The mid-session review for FY2017 is available at http://www.whitehouse.gov/omb/budget/MSR.

Pursuant to 31 U.S.C. §1106, the mid-session review must include, in part, (1) any substantial changes to estimated receipts or expenditures, (2) changes resulting from enacted or pending appropriations, and (3) estimated end-of-year Treasury figures. Presidents also have some discretion regarding additional content and overall structure of the mid-session review. For example, in addition to the required elements, some Presidents have included updates to their original budget request or discussion of the potential effects that pending legislative proposals may have on their budgetary estimates.

Since the first year the mid-session review was required, each President has submitted at least one mid-session review on time and at least one late. Controversy has occasionally surfaced regarding the timing of its submission to Congress. At times, some Members of Congress have suggested that the President has timed submission of the mid-session review in order to gain a political or legislative advantage over Congress.

Delayed Submission of the Mid-Session Review. During the 45 years that the President has been required to submit a mid-session review, it has been submitted, on average, 8 calendar days late. In 23 of the 45 years, the mid-session review was submitted after the deadline, with delays ranging from 1 to 52 days. When the mid-session review was submitted late, it was delayed, on average, 21 calendar days.

Timely and Accelerated Submission of the Mid-Session Review. In 22 of the 45 years, the mid-session review was submitted on time. Seven of the 22 timely submissions were made on the deadline, including FY2017. In 11 instances, the mid-session review was submitted fewer than 10 days before the deadline. In the remaining four instances, the mid-session review was submitted at least two weeks before the deadline. For FY1978, FY2000, and FY2001, the mid-session review was submitted in late June—16, 17, and 19 calendar days ahead of the deadline, respectively. For FY1999, it was submitted on May 26, 1998—50 calendar days ahead of the deadline.

This report, which provides an overview of the mid-session review and analysis of the timing of the mid-session review, will be updated annually or as developments warrant.

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Background

The Budget and Accounting Act of 1921 (P.L. 67-13; 42 Stat. 20-27) established for the first time the requirement that the President annually submit a budget proposal to Congress. The President's budget proposal, or the *Budget of the United States Government* as it is referred to in Section 1105(a) of the *U.S. Code*, consists of estimates of spending, revenues, borrowing, and debt; policy and legislative recommendations; detailed estimates of the financial operations of federal agencies and programs; and other information supporting the President's recommendations. Initially, the 1921 act required the President to include budget information for the upcoming fiscal year, as well as for the most recently completed and current fiscal years.

Under the 1921 act, the deadline for submission was set as "the first day of each regular session" of Congress. Budgets during the Administrations of Presidents Harding, Coolidge, and Hoover were submitted in December; during the Administrations of President Franklin D. Roosevelt and subsequent Presidents, budgets were submitted in January or February. The deadline was changed in 1950, 1985, and 1990, but always required that the budget be submitted either in January or February. Under current law (31 U.S.C. §1105(a)), the President is required to submit the annual budget on or after the first Monday in January, but no later than the first Monday in February.[1]

Origin of the Mid-Session Review

For nearly half a century after the 1921 act took effect, Presidents submitted their annual budgets to Congress toward the beginning of the session but were not required to update the budget submissions later in the session. As the federal budget became larger, more complex, and more dynamic, Congress felt a greater need for more extensive and updated budgetary information from the President. This view was expressed by the House Rules Committee in its report on the Legislative Reorganization Act of 1970 (P.L. 91-510; 84 Stat. 1140):

> Very often, as the appropriations process moves forward, conditions relating to the President's budget change. Frequently, Members are not fully informed about such changes and what effect they will have on the total Budget. No official Executive pronouncements are made subsequent to the Budget submission; no supplementary budgetary information is presented; no firm foundation except the January Budget is available in the Congress. This inexact, imprecise, and haphazard system must be substantially improved if the Congress is to analyze effectively the President's program and, with any degree of accuracy, forecast the expenditure and revenue levels of the National Government.[2]

The Legislative Reorganization Act of 1970 made several changes in the federal budget process in response to Congress's request for more budgetary information from the President, chiefly by requiring that the President's budget cover not just the upcoming fiscal year but also the four ensuing fiscal years.

In addition, Section 221(b) of the act requires the President to submit to Congress an update of the budget in the middle of the legislative session. The requirement, which was first effective in 1972, is codified at 31 U.S.C. §1106 (see this report's **Appendix** for the current text of the

[1] Since the 1990 change to the due date for the submission of the President's budget, the submission for newly elected Presidents has often been late. See CRS Report RS20752, *Submission of the President's Budget in Transition Years*, by Michelle D. Christensen.

[2] U.S. Congress, House Rules, *Legislative Reorganization Act of 1970*, report to accompany H.R. 17654, 91st Cong., 2nd sess., June 17, 1970, H.Rept. 91-1215, p. 12.

statutory requirement). The update is commonly referred to as the *mid-session review* (or MSR), but sometimes is referred to as the *supplemental summary of the budget*.[3] The most current mid-session review (FY2017) is available at https://www.whitehouse.gov/omb/budget/MSR.

Subsequent Modifications

Congress and the President have made two changes since 1972 pertinent to the requirement for a mid-session review. First, in conjunction with a change in the start of the fiscal year from July 1 to October 1, made by the Congressional Budget Act of 1974 (CBA, P.L. 93-344; 88 Stat. 299-300), the deadline for submission of the mid-session review was changed from June 1 to July 15.[4] The CBA also provided for a transition quarter "commencing July 1, 1976, and ending on September 30, 1976" for which the President was required to prepare, as soon as practicable, budget estimates "in such formal detail as he may determine."[5]

The second change pertained to the budget enforcement procedures established on a temporary basis by the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA).[6] Under Section 241 of BBEDCA, the President was required, in the preparation of the annual budget, to adhere to statutory deficit targets that were enforced by sequestration.[7] Section 242 of BBEDCA extended the same constraint to the preparation of the mid-session review. The restriction expired at the end of FY1995, along with the deficit targets themselves.

Content of the Mid-Session Review

Under 31 U.S.C. §1106, the mid-session review must include, in part

> (A) substantial changes in or reappraisals of estimates of expenditures and receipts; (B) substantial obligations imposed on the budget after its submission; (C) current information on matters referred to in section 1105(a)(8) and (9)(B) and (C) of this title; and (D) additional information the President decides is advisable to provide Congress with complete and current information about the budget and current estimates of the functions, obligations, requirements, and financial condition of the United States Government.[8]

The content and structure of the mid-session review has varied by President. Generally, Presidents have included both required and optional elements such as (1) technical re-estimates of expenditures and receipts, (2) updates to economic assumptions and forecasts, (3) changes to the estimated condition of the Treasury, (4) revised versions of select the summary tables from the original budget request, and (5) discussion of the potential effects of enacted and proposed appropriations. It is not uncommon for legislative or economic changes to occur close to the

[3] The FY1985 update was referred to as the *mid-season review*.

[4] §501 of the Congressional Budget Act of 1974 (CBA, P.L. 93-344; 88 Stat. 321) changed the start of the fiscal year to October 1. §602 of the CBA (88 Stat. 324) changed the deadline for submission of the mid-session review to July 15.

[5] See §502 of the CBA (P.L. 93-344; 88 Stat. 321).

[6] Title II of P.L. 99-177; 99 Stat. 1038.

[7] The Office of Management and Budget (OMB) defines sequestration as "the cancellation of budgetary resources." Office of Management and Budget, Circular No. A-11, "Preparation, Submission, and Execution of the Budget," July 1, 2016, p. 20-9, at https://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/a11_2016.pdf. For information on statutory deficit limits under BBEDCA, see CRS Report R41901, *Statutory Budget Controls in Effect Between 1985 and 2002*, by Megan S. Lynch.

[8] 31 U.S.C. §§1106 (a)(1)(A)-(D). Note that §1105(a)(8) requires estimates of expenditures, receipts, appropriations, and proposed appropriations, and §§1105(9)(B) and (C) require estimates of the condition of the Treasury.

deadline for submission of the mid-session review. In such cases, the President may be unable to provide a detailed review of the effects they may have on the estimates included in the President's original budget submission.[9]

The President's mid-session review may include changes to the amount of budget authority requested in the original budget submission. Any such changes must be accompanied by a statement of the potential effects of those changes and "supporting information as practicable."[10] The mid-session review may also include discussion of the potential effects of pending budgetary reforms or other legislative proposals that have not been enacted.

Finally, the mid-session review may include other legislative proposals or administration initiatives. For example, President George W. Bush's FY2003 mid-session review included a chapter discussing the President's management agenda and other government-wide management initiatives, including several E-Government reforms.[11] President Barack Obama's FY2013 mid-session review included a section discussing the effects of several enacted and proposed initiatives intended to create jobs and economic growth, such as the Hiring Incentives to Restore Employment Act (P.L. 111-147; 124 Stat. 71).[12]

Timing of Submission: FY1973-FY2017

Since the first year the mid-session review was required (FY1973), each President has submitted at least one mid-session review on time and at least one late. Controversy has occasionally surfaced regarding the timing of its submission to Congress. On more than one occasion, some Members of Congress have suggested that the President has timed submission of the mid-session review in order to gain a political or legislative advantage over Congress.[13]

Table 1 provides information on the timing of submission of the mid-session review for FY1973-FY2017. The 45-year period identified in **Table 1** covers all or part of the Administrations of eight Presidents, including the last three years of the Nixon Administration; the full terms of the Ford, Carter, Reagan, George H. W. Bush, Clinton, and George W. Bush Administrations; and the eight years of the Obama Administration. During this period, the mid-session review was submitted, on average, 7.80 calendar days late.[14]

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[9] For example, the mid-session review for FY1986 discussed, but did not fully estimate, the effects of the concurrent budget resolution (S.Con.Res. 32), which was agreed to less than 30 days prior to President Reagan's submission of the mid-session review. See Office of Management and Budget, *Mid-Session Review of the 1986 Budget*, August 30, 1985 (H.Doc. 99-99).

[10] 31 U.S.C. §1106 (b).

[11] Office of Management and Budget, *Fiscal Year 2003 Mid-Session Review, Budget of the United States Government*, July 15, 2002, pp. 23-40, http://www.gpo.gov/fdsys/pkg/BUDGET-2003-MSR/pdf/BUDGET-2003-MSR.pdf.

[12] Office of Management and Budget, *Fiscal Year 2013 Mid-Session Review, Budget of the U.S. Government*, July 27, 2012, pp. 1-2, http://www.gpo.gov/fdsys/pkg/BUDGET-2013-MSR/pdf/BUDGET-2013-MSR.pdf.

[13] See, for example, Steny Hoyer, House Democratic Whip, "Mid-Session Review Brings No Good News," press release, July 30, 2004, http://www.democraticwhip.gov/content/hoyer-mid-session-review-brings-no-good-news and John Boehner, Speaker of the U.S. House of Representatives, "Statement on White House Decision to Delay Mid-year Budget Review," press release, July 19, 2009, http://www.speaker.gov/press-release/boehner-statement-white-house-decision-delay-mid-year-budget-review.

[14] The number of calendar days includes weekends and holidays. It is important to note that the deadline for submission of the mid-session review fell on a Saturday or Sunday on 12 occasions. However, in only one of these cases (FY1991) was the mid-session review submitted the following Monday. This report considers the mid-session review for FY1991 year to have been submitted by the deadline.

For FY1973, FY1974, and FY1975, the deadline for submission of the mid-session review was June 1. The Congressional Budget Act of 1974 (CBA), enacted on July 12, 1974, changed the deadline for submission of the mid-session review from June 1 to July 15. In addition, Section 502 of CBA established a transition period "commencing July 1, 1976, and ending on September 30, 1976" for which the President was required to prepare, as soon as practicable, budget estimates "in such form and detail as he may determine."[15]

Table 1. Dates of Submission of the Mid-Session Review: FY1973-FY2017

Fiscal Year	Date of Submission	Submitted on Time?	No. of Days Before (-) or After Deadline	President	House Document[a]	
					Number	Date
1973	06-05-1972	No	4	Nixon	92-306	06-05-1972
1974	06-01-1973	Yes	0	Nixon	93-110	06-04-1973
1975	05-30-1974	Yes	-2	Nixon	93-312	06-03-1974
1976	05-30-1975	Yes[b]	NA[b]	Ford	—	—
1977	07-16-1976	No	1	Ford	94-552	07-19-1976
1978	06-29-1977	Yes	-16	Carter	95-180	07-11-1977
1979	07-06-1978	Yes	-9	Carter	95-366	07-10-1978
1980	07-12-1979	Yes	-3	Carter	96-163	07-16-1979
1981	07-21-1980	No	6	Carter	96-344	07-22-1980
1982	07-15-1981	Yes	0	Reagan	97-73	07-15-1981
1983	07-30-1982	No	15	Reagan	97-220	08-02-1982
1984	07-25-1983	No	10	Reagan	98-87	07-26-1983
1985	08-15-1984	No	31	Reagan	98-251	09-05-1984
1986	08-30-1985	No	46	Reagan	99-99	09-04-1985
1987	08-06-1986	No	22	Reagan	99-254	08-06-1986
1988	08-17-1987	No	33	Reagan	100-99	09-09-1987
1989	07-28-1988	No	13	Reagan	100-217	07-28-1988
1990	07-18-1989	No	3	Bush (41)	101-86	07-21-1989
1991	07-16-1990	Yes[c]	0	Bush (41)	101-217	07-18-1990
1992	07-15-1991	Yes	0	Bush (41)	102-115	07-17-1991
1993	07-24-1992	No	9	Bush (41)	102-365	07-24-1992
1994	09-01-1993[d]	No	48	Clinton	103-133	09-01-1993
1995	07-14-1994	Yes	-1	Clinton	—	—
1996	07-28-1995[e]	No	13	Clinton	—	—
1997	07-16-1996	No	1	Clinton	104-247	07-18-1996
1998	09-05-1997	No	52	Clinton	105-129	09-15-1997
1999	05-26-1998	Yes	-50	Clinton	—	—

[15] §502 of the CBA (P.L. 93-344; 88 Stat. 321).

Fiscal Year	Date of Submission	Submitted on Time?	No. of Days Before (-) or After Deadline	President	House Document[a]	
					Number	Date
2000	06-28-1999	Yes	-17	Clinton	—	—
2001	06-26-2000	Yes	-19	Clinton	—	—
2002	08-22-2001	No	38	Bush (43)	—	—
2003	07-15-2002	Yes	0	Bush (43)	107-245	07-16-2002
2004	07-15-2003	Yes	0	Bush (43)	—	—
2005	07-30-2004	No	15	Bush (43)	—	—
2006	07-13-2005	Yes	-2	Bush (43)	—	—
2007	07-11-2006	Yes	-4	Bush (43)	109-122	07-17-2006
2008	07-11-2007	Yes	-4	Bush (43)	110-46	07-16-2007
2009	07-28-2008	No	13	Bush (43)	—	—
2010	08-25-2009	No	41	Obama	—	—
2011	07-23-2010	No	8	Obama	111-143	09-16-2010
2012	09-01-2011	No	48	Obama	—	—
2013	07-27-2012	No	12	Obama	—	—
2014	07-08-2013	Yes	-7	Obama	—	—
2015	07-11-2014	Yes	-4	Obama	—	—
2016	07-14-2015	Yes	-1	Obama	—	—
2017	07-15-2016	Yes	0	Obama	—	—
Average			**7.80**			

Source: Table prepared by the Congressional Research Service. Mid-session reviews for FY1999-FY2017 were obtained from the U.S. Government Publishing Office, http://www.gpo.gov. The remaining fiscal years were obtained from the Legislative Information System (LIS), http://www.congress.gov; ProQuest Congressional, http://congressional.proquest.com; the printed Congressional Record; or the Office of Management and Budget.

Note: "Bush (41)" refers to President George H. W. Bush, the 41st President, and "Bush (43)" refers to President George W. Bush, the 43rd President.

a. In some sessions, the mid-session review was formally transmitted to Congress as an Executive Communication and recorded, and numbered, as a House Document. For example, the FY2011 mid-session review was transmitted to Congress on September 16, 2010, and was labeled with House Document number 111-143.

b. The CBA changed the deadline for submission of the mid-session review from June 1 to July 15 and established a transition period for which the President was required to prepare budget estimates "as soon as practicable." (88 Stat. 321). President Ford submitted transition quarter estimates, revised FY1975 estimates, and tentative FY1976 estimates to Congress on May 30, 1975, two days prior to the original deadline of June 1. This report, therefore, considers the mid-session review for FY1976 to have been submitted fewer than 10 days before the deadline, though it is not possible to calculate by exactly how many days. Office of Management and Budget, *Mid-Session Review of the 1976 Budget*, May 30, 1975, pp. 1-2.

c. The July 15 deadline for submission of the FY1991 mid-session review fell on a Sunday. This report considers the mid-session review for this year to have been submitted by the deadline.

d. "Preliminary" materials relating to the mid-session review were submitted on July 15, 1993. Preliminary materials generally include some, but not all, of the required elements. Though preliminary materials are not considered timely, they provide Congress with partial data that Members may examine and utilize until the remaining information is made available.

e. "Preliminary" materials were submitted on July 14, 1995, and printed as H. Doc. 104-98 (July 17, 1995).

Delayed Submission of the Mid-Session Review

Since the first year the mid-session review was required it was submitted, on average, 8 calendar days late. In 23 of the 45 years, the mid-session review was submitted after the deadline, with delays ranging from 1 to 52 calendar days. When the mid-session review was late, it was delayed, on average, three weeks (20.96 calendar days).

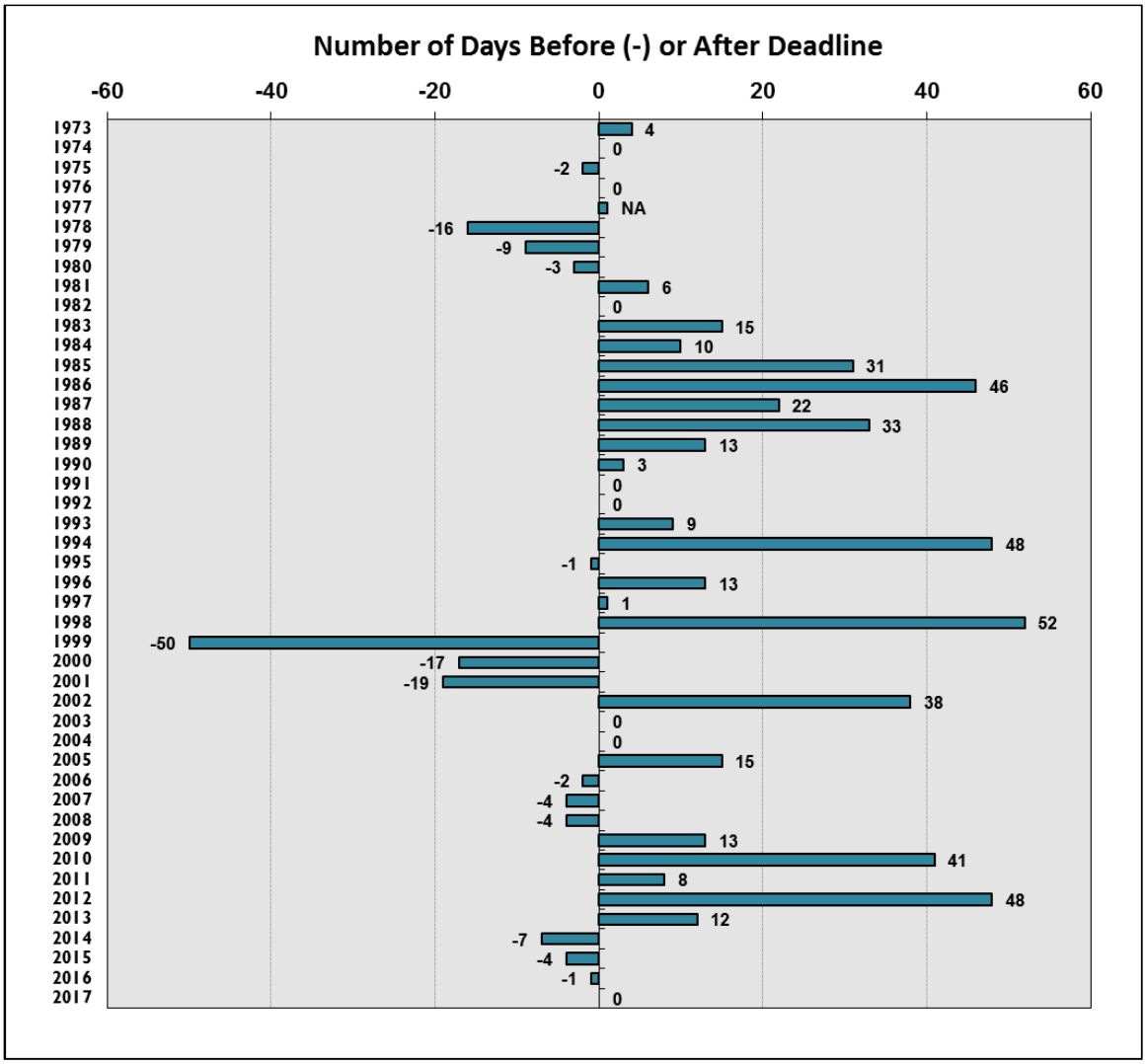
Timely and Accelerated Submission of the Mid-Session Review

In 22 of the 45 years, the mid-session review was submitted on or before the deadline. Seven of the 22 timely submissions were made on the deadline. In 11 instances, the mid-session review was submitted fewer than 10 days before the deadline.[16] In the remaining four instances, the mid-session review was submitted at least two weeks before the deadline. For FY1978, FY2000, and FY2001, the mid-session review was submitted in late June—16, 17, and 19 calendar days ahead of the deadline, respectively. For FY1999, it was submitted on May 26, 1998—50 calendar days before the deadline.

Figure 1 shows the number of days the mid-session review was submitted before or after the deadline for each year from FY1973-FY2017.

[16] The CBA changed the deadline for submission of the mid-session review from June 1 to July 15 and established a transition period for which the President was required to prepare budget estimates "as soon as practicable." (88 Stat. 321). President Ford submitted transition quarter estimates, revised FY1975 estimates, and tentative FY1976 estimates to Congress on May 30, 1975, two days prior to the original deadline of June 1. This report, therefore, considers the mid-session review for FY1976 to have been submitted fewer than 10 days before the deadline, though it is not possible to calculate by exactly how many days. Office of Management and Budget, *Mid-Session Review of the 1976 Budget*, May 30, 1975, pp. 1-2.

Figure 1. Timing of Submission of the Mid-Session Review: FY1973-FY2017



Source: Prepared by the Congressional Research Service.

Circumstances of Selected Delayed Submissions

The submission of the mid-session review was delayed for more than three weeks on nine occasions:

- FY1985, FY1986, FY1987, and FY1988 under the Reagan Administration;
- FY1994 and FY1998 under the Clinton Administration;
- FY2002 under the George W. Bush Administration; and
- FY2010 and FY2012 under the Obama Administration.

The delays for FY1994, FY2002, and FY2010 occurred in presidential transition years. The circumstances surrounding the instances where submission was delayed longer than three weeks are discussed in further detail below.

President Ronald Reagan: FY1985-FY1988

During the first three years of his Administration, President Reagan submitted the mid-session review either on time or no more than 15 days late. During the next four years of his Administration, however, growing and persistent deficits made his relationship with Congress on budgetary matters especially turbulent, marked by delay and gridlock in all phases of legislative action on the budget.[17] The mid-session reviews for four consecutive years, FY1985-FY1988, were submitted between 22 and 46 days late.

On September 29, 1987, the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Title I of P.L. 100-119) was enacted, which in part amended the Balanced Budget and Emergency Deficit Control Act of 1985 (Title II of P.L. 99-177) to modify the sequestration process. A requirement was added that the President include in the mid-session review preliminary sequestration estimates as well as the economic and technical assumptions that would be used in the initial sequestration report for the fiscal year due in August.

The joint explanatory statement accompanying the conference report on the 1987 act noted:

> For FY 1989 and beyond, the President's July 15 mid-session budget report must provide an estimate of the deficit excess and net deficit reduction computed using the economic and technical assumptions that he will use in the initial sequestration report for that fiscal year. It is imperative that the Director of OMB actually deliver this mid-session report by July 15. When he issues the initial sequestration report, he is required to use those same economic and technical assumptions.[18]

The increased significance given to the mid-session review by virtue of this change in the sequestration process may account, in part, for the improved record of submission beginning with FY1989. President Reagan's mid-session review for that year was 13 days late. The improved record of submission continued for all four years of the George H. W. Bush Administration, covering FY1990-FY1993.

The requirement under the 1985 Balanced Budget Act was effective for three years (FY1989-FY1991), but was terminated under revisions made by the Budget Enforcement Act (BEA) of 1990.[19]

President Bill Clinton: FY1994

On July 15, 1993, the Clinton Administration notified Congress that it would delay the submission of the mid-session review for FY1994 so that it would reflect the impact of the Omnibus Budget Reconciliation Act (OBRA) of 1993, which was then pending before the House and Senate.[20] On that date, the Administration provided preliminary mid-session estimates of the

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[17] See Allen Schick, *Federal Budget: Politics, Policy, Process*, 3rd ed. (Washington, DC: Brookings Institution Press, 2007), pp. 109-113.

[18] U.S. Congress, House Committee on Ways and Means, *Increasing the Statutory Limit on the Public Debt*, 100th Cong., 1st sess., September 21, 1987, H.Rept. 100-313, p. 53.

[19] The BEA of 1990 is Title XIII of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508, signed into law on November 5, 1990). President George H. W. Bush used the mid-session review for FY1992 and FY1993, at his own initiative, as a vehicle for apprising Congress of the status of legislation under two new enforcement tools established by the BEA of 1990—discretionary spending limits and a pay-as-you-go (PAYGO) requirement covering revenues and mandatory spending. See Office of Management and Budget, *Mid-Session Review of the Budget [FY1992]*, July 15, 1991, pp. 11-13, and Office of Management and Budget, *Mid-Session Review: The President's Budget and Economic Growth Agenda [FY1992]*, July 24, 1992, pp. 11-17.

[20] The White House, Office of the Press Secretary, "Press Briefing by Dee Dee Myers," July 15, 1992, transcript

deficit. President Clinton signed OBRA of 1993 into law on August 10 (as P.L. 103-66) and transmitted the mid-session review for FY1994 to Congress on September 1, 48 days late.

President Clinton's action stirred controversy in Congress, in part, because some Members wanted an updated assessment of the budgetary situation before voting on the conference report on OBRA of 1993. On July 20, 1993, the Senate tabled an amendment (by a vote of 56 to 43) offered by Senator Pete Domenici to H.R. 20, the Hatch Act Reform Amendments.[21] Senator Domenici's amendment stated:

> It is the sense of the Senate that the President should submit the supplementary budget as required by law no later than July 16 and the requisite information therein required, but in no event later than July 26, 1993.

Senator Larry Craig discussed various patterns in the timing of submission of the mid-session review during years in which the House and Senate considered reconciliation legislation.[22]

President Clinton used the mid-session review for FY1994 in part to recount the actions that led to the enactment of OBRA of 1993 and to discuss the features of that act.[23]

President Bill Clinton: FY1998

As had been the case for FY1994, the submission of the mid-session review for FY1998 was delayed until after Congress completed action on reconciliation legislation. The delay in this case, until September 5, 1997, was the longest incurred in the more than 25-year history of the mid-session review—52 days. Unlike the experience for FY1994, however, the delay was not accompanied by controversy.

In May 1997, the Clinton Administration and congressional leaders reached agreement on a plan to balance the budget by FY2002. On August 5, President Clinton signed into law the two reconciliation acts that implemented most of the balanced-budget policies.[24] The delayed issuance of the mid-session review for FY1998 allowed President Clinton to render a final accounting with respect to the budgetary impact of the two measures, which amounted to $247 billion in savings over five years (yielding an estimated surplus of $63 billion for FY2002).[25]

President George W. Bush: FY2002

The issuance of the mid-session review again was associated with controversy in 2001, although possibly more for its contents than the timing of its release. President George W. Bush submitted his transition budget for FY2002 to Congress on April 9 (reflecting the delay that typically occurs in a presidential transition year). His budget recommended, among other things, that Congress

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[21] The final disposition of Domenici Modified Amendment No. 597 is found in the *Congressional Record*, July 20, 1993, pp. S8920-S8924. Senator Domenici offered and then modified the amendment on July 15 (see the *Congressional Record* of that date at pages S8795 and S8808, respectively).

[22] See his remarks in the *Congressional Record*, August 5, 1993, pp. S10523-S10529.

[23] Office of Management and Budget, *Mid-Session Review of the Budget [FY1994]*, September 1, 1993, pp. 23-26.

[24] Balanced Budget Act of 1997 (P.L. 105-33; 111 Stat. 251) and Taxpayer Relief Act of 1997 (P.L. 105-34; 111 Stat. 788).

[25] Office of Management and Budget, *Mid-Session Review of the 1998 Budget*, September 5, 1997, pp. 1-4, http://www.gpo.gov/fdsys/pkg/BUDGET-1998-MSR/pdf/BUDGET-1998-MSR.pdf.

enact a 10-year tax cut of approximately $1.6 trillion while at the same time preserving the entire surplus in the Social Security trust funds.[26]

In May, Congress adopted the budget resolution for FY2002 (H.Con.Res. 83), affirming its commitment to a somewhat smaller tax cut (about $1.35 billion) and to preserving the Social Security surplus. The on-budget surplus, which excludes the transactions of the Social Security trust funds, was estimated at that time to be about $30 billion for FY2001 and $48 billion for FY2002. These amounts represented the resources that could be allocated during the remainder of the session for additional defense spending and other budget priorities (principally under "reserve fund" procedures) without violating the pledge to preserve the Social Security surplus.

Following the adoption of the budget resolution, the House and Senate agreed to a revenue reconciliation measure providing the recommended level of tax cuts; President Bush signed it into law on June 7.[27] During the remainder of June and into July, the House and Senate focused on the consideration of the regular appropriations bills.

The FY2002 mid-session review was issued on August 22 (38 days late), while the House and Senate were in recess. It indicated that, owing largely to unexpected weakness in the economy, the estimates of the on-budget surpluses for FY2001 and FY2002 had dropped to $1 billion for each year.[28] Accordingly, the amount available for allocation to defense spending and other priorities had been reduced significantly. The returning House and Senate faced the prospect of completing action on the regular appropriations measures for FY2002 with less than a month before the beginning of the fiscal year (on October 1) and under much tighter budgetary constraints than had previously been assumed.

President Barack Obama: FY2010

The FY2010 mid-session review was issued on August 25 (41 days late), while the House and Senate were in recess. It showed a reduction in the FY2009 deficit estimate in the May budget submission of $262 billion (from $1.841 trillion to $1.580 trillion), owing largely to a $250 billion reduction in the placeholder for a financial stabilization reserve, but an increase of $243 billion in the FY2010 deficit estimate (to $1.502 trillion, an amount equal to 10.4% of the Gross Domestic Product).[29]

The timing of budget submissions by President Obama in 2009 for FY2010 was affected by several factors. First, 2009 was a presidential transition year, which led to the President submitting his budget proposal on May 7. OMB also claimed that rapidly changing economic conditions made it difficult to develop stable economic assumptions or reliable budgetary estimates.[30] Some Members, however, expressed the view that the announced delay in the

[26] Office of Management and Budget, *Fiscal Year 2002: Budget of the United States Government*, April 9, 2001, pp. 7-8, http://www.gpo.gov/fdsys/pkg/BUDGET-2002-BUD/pdf/BUDGET-2002-BUD.pdf.

[27] Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16; 115 Stat. 38).

[28] Office of Management and Budget, *Fiscal Year 2002 Mid-Session Review*, August 22, 2001, p. 4, http://www.gpo.gov/fdsys/pkg/BUDGET-2002-MSR/pdf/BUDGET-2002-MSR.pdf. On August 28, 2001, the Congressional Budget Office issued *The Budget and Economic Outlook: An Update*, indicating that the on-budget surplus for FY2002 had fallen to $2 billion (and had become an on-budget deficit of $9 billion for FY2001).

[29] Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2010, Mid-Session Review*, August 25, 2009, p. 7. The FY2009 reduction of $250 billion for the financial stabilization reserve was estimated to be largely offset by increases over the ensuing decade (see p. 19).

[30] See Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2010, Mid-Session Review*, August 25, 2009, pp. 9-11 for the Administration's explanation of the challenges OMB encountered when

submission of the mid-session review until the August recess reflected an effort to withhold unfavorable news about economic and budgetary developments that could impede the consideration of priority legislation.[31]

President Barack Obama: FY2012

Many of the economic and fiscal conditions that existed during President Obama's first year in office had persisted, to varying degrees, until the submission of the FY2012 mid-session review. In addition, the submission deadline for the FY2012 mid-session review coincided with the negotiations between the President and Congress over the debt ceiling,[32] which culminated in the enactment of the Budget Control Act of 2011 (BCA, P.L. 112-25) on August 2, 2011. The FY2012 mid-session review was submitted on September 1, 2011, one month after the enactment of the BCA, and reflected, in part, the changes resulting from that legislation.[33]

The FY2012 mid-session review projected a lower deficit for FY2012 and each of the following 9 years covered by the 10-year budget window than the President's budget had estimated in February. [34] According to the mid-session review, the reductions in projected deficits were due primarily to the terms of the BCA.[35]

Circumstances of Selected Accelerated Submissions

The mid-session review was submitted more than three weeks before the deadline on one occasion: FY1999 under the Clinton Administration.

In 1998, President Clinton submitted the mid-session review for FY1999 nearly two months (50 days) early—on May 26. In February 1998, the President's budget for FY1999 estimated a $10 billion deficit for the current year, FY1998. The mid-session review revised this estimate to a surplus of $39 billion, which the Administration referred to as "an historic achievement" in a press statement announcing the release of the FY1999 mid-session review.[36]

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preparing the economic assumptions for FY2010.

[31] For example, then House Minority Leader John A. Boehner said in a statement, "Let's be honest about what this is: an attempt to hide a record-breaking deficit as Democratic leaders break arms to rush through a government takeover of health care." John Boehner, Speaker of the U.S. House of Representatives, "Statement on White House Decision to Delay Mid-year Budget Review," press release, July 19, 2009, http://www.speaker.gov/press-release/boehner-statement-white-house-decision-delay-mid-year-budget-review. The President's Press Secretary, Robert Gibbs, however, noted that the timing of the submission merely adhered to past practice of other President's in their first years in office, and stated "I think the notion that this is somehow motivated by anything other than a transition from one administration to the next is a little on the silly side." The White House, Office of the Press Secretary, "Press Briefing by Press Secretary Robert Gibbs," July 20, 2009, http://www.whitehouse.gov/the-press-office/briefing-white-house-press-secretary-robert-gibbs-7-20-09.

[32] See CRS Report R41633, *Reaching the Debt Limit: Background and Potential Effects on Government Operations*, by D. Andrew Austin et al.

[33] Information on deficits and funding levels for certain program categories were revised based on the terms of the BCA. Some estimates, such as select figures in Table 2 (Economic Assumptions), were based on information that was available in June or July of 2011. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2010, Mid-Session Review*, September 1, 2011. See, for example, pp. 5-7 and 52-54.

[34] Ibid, Table 1 (Changes in Deficits from the February Budget), p. 6.

[35] Ibid, p. 1.

[36] The White House, Office of the Press Secretary, "From an Era of Deficits to an Era of Surpluses: An Estimated Budget Surplus of $39 Billion in 1998," press release, May 26, 1998, http://clinton6.nara.gov/1998/05/1998-05-26-president-and-vice-president-announce-budget-surplus-for-1998.html.

The prospect of the first surplus in nearly three decades, and growing surpluses in the following years, sparked congressional interest in acting on sizeable tax-cut legislation during the session. President Clinton argued instead that the budget surpluses should be "reserved" until changes could be made in the Social Security program to strengthen its long-term financial soundness, and some have suggested that, by releasing the mid-session review early, President Clinton was able to use the favorable budgetary news to improve his position during policy negotiations with Congress.[37]

[37] For example, see Allen Schick, *Federal Budget: Politics, Policy, Process*, 3rd ed. (Washington, DC: Brookings Institution Press, 2007), pp. 111-112.

Appendix. Statutory Requirement for a Mid-Session Review of the President's Budget (31 U.S.C. §1106)

Section 1106. Supplemental budget estimates and changes.—

(a) Before July 16 of each year, the President shall submit to Congress a supplemental summary of the budget for the fiscal year for which the budget is submitted under section 1105(a) of this title. The summary shall include—

(1) for that fiscal year—

(A) substantial changes in or reappraisals of estimates of expenditures and receipts;

(B) substantial obligations imposed on the budget after its submission;

(C) current information on matters referred to in section 1105(a)(8) and (9)(B) and (C) of this title;

and (D) additional information the President decides is advisable to provide Congress with complete and current information about the budget and current estimates of the functions, obligations, requirements, and financial condition of the United States Government;

(2) for the 4 fiscal years following the fiscal year for which the budget is submitted, information on estimated expenditures for programs authorized to continue in future years, or that are considered mandatory, under law; and

(3) for future fiscal years, information on estimated expenditures of balances carried over from the fiscal year for which the budget is submitted.

(b) Before July 16 of each year, the President shall submit to Congress a statement of changes in budget authority requested, estimated budget outlays, and estimated receipts for the fiscal year for which the budget is submitted (including prior changes proposed for the executive branch of the Government) that the President decides are necessary and appropriate based on current information. The statement shall include the effect of those changes on the information submitted under section 1105(a)(1)-(14) and (b) of this title and shall include supporting information as practicable. The statement submitted before July 16 may be included in the information submitted under subsection (a)(1) of this section.

(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.

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Acknowledgments

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