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Congressional Budget Actions in 2005

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Congressional Budget Actions in 2005

Summary

During the first session of the 109th Congress, the House and Senate will consider many different budgetary measures. Most of them will pertain to fiscal year (FY) 2006 and beyond, but some will make adjustments to the budget for FY2005. As the session progresses, this report will describe House and Senate actions on major budgetary legislation within the framework of the congressional budget process and other procedural requirements.

Congress typically begins its annual budget process once the President submits his budget for the upcoming fiscal year. On February 7, 2005, President Bush submitted his FY2006 budget to Congress.

The congressional budget process provides for an annual concurrent resolution on the budget to provide the framework for the consideration of budgetary legislation. The budget resolution sets forth aggregate spending and revenue levels, and spending levels by major functional area, for at least five fiscal years. Budget resolution policies are implemented through the enactment of reconciliation bills, revenue and debt-limit legislation, and appropriations and other spending measures. They are enforced by points of order that may be raised when legislation is pending on the House and Senate floor.

In preparation for action on the FY2006 budget resolution, on January 25, the Congressional Budget Office released its annual report on budget baseline projections, *The Budget and Economic Outlook: Fiscal Years 2006-2015*.

The House considered its version of the FY2006 budget resolution (H.Con.Res. 95) over the course of two days, March 16 and 17. After considering and rejecting four amendments, three of which were amendments in the nature of a substitute, the House agreed to H.Con.Res. 95 by a vote of 218-214 on March 17. The Senate considered its version (S.Con.Res. 18) over the course of four days, March 14-17. After considering several amendments, adopting most and rejecting others, the Senate agreed to S.Con.Res. 18, as amended, by a vote of 51-49 on March 17. The House and Senate, subsequently, agreed to the conference report to the FY2006 budget resolution (H.Rept. 109-62) by votes of 214-211 and 52-47, respectively, on April 28.

This report will be updated as actions occur during the session.

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Congressional Budget Actions in 2005

Most Recent Developments

On April 28, 2005, the House and Senate agreed to the conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) by votes of 214-211 and 52-47, respectively. The budget resolution includes reconciliation directives instructing several House and Senate committees to recommend changes to existing law to reduce mandatory spending by about \$35 billion and reduce revenues by \$70 billion over the five-year period covering FY2006-FY2010, as well as to increase the statutory limit on the public debt by \$781 billion. In addition, the budget resolution provides for about \$843 billion in discretionary spending (i.e., spending provided in the annual appropriations acts).

Introduction

During the first session of the 109th Congress, the House and Senate will consider many different budgetary measures. Most of them will pertain to FY2006 (referred to as the “budget year”) and beyond. In addition, some will make adjustments to the budget for FY2005 (referred to as the “current year”). As the congressional session progresses, this report will describe House and Senate action on major budgetary legislation within the framework of the congressional budget process and other procedural requirements.¹

Within this procedural framework, Congress will consider various budget-related legislation in the context of what is arguably an unfavorable budget outlook. According to the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO), current budget projections under existing law, without any legislative changes, show annual deficits in the unified budget (i.e., including federal funds and trust funds) in each of the next several fiscal years. For example, OMB projects that the FY2005 unified budget deficit will be \$390 billion (\$427 billion if the supplemental request is included), with deficits continuing but declining through FY2010. Similarly, CBO projects that the FY2005 unified budget deficit will be \$368 billion, with a surplus not returning until FY2012.²

¹ For information on budget actions during the second session of the 108th Congress, see CRS Report RL32246, *Congressional Budget Actions in 2004*, by Bill Heniff Jr.

² For further information on the current budget deficit projections, see (1) Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2006* (Washington: GPO, 2005), Table S-1, pp. 343, 363; (2) Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2006-2015* (Washington: CBO, 2005), Summary Table 1, p. xiv; and (3) CRS Report RL32812, *The Budget for Fiscal Year 2006*, by Philip D. (continued...)

Overview of the Congressional Budget Process

The congressional budget process consists of the consideration and adoption of spending, revenue, and debt-limit legislation within the framework of an annual concurrent resolution on the budget.

Congress begins its budget process once the President submits his budget. The President is required by law to submit a comprehensive federal budget no later than the first Monday in February (31 U.S.C. 1105). The President's budget includes estimates of direct spending and revenues under existing laws (with certain adjustments), as well as estimates of any proposed legislative changes affecting direct spending and revenues. In addition, the President's budget contains requests, in specific dollar amounts, for discretionary spending (i.e., funds controlled through the appropriations process) for the upcoming fiscal year. Although Congress is not bound by the President's budget, congressional action on spending and revenue legislation often is influenced by his recommendations, as well as subsequent budgetary activities by the President during the year. OMB assists the President in formulating and coordinating his budget policies and activities.

On February 7, 2005, President Bush submitted his FY2006 budget to Congress. As is the usual practice, the President's budget was submitted as a multi-volume set consisting of a main document that includes the President's budget message and information on his 2006 proposals (*Budget*) and supplementary documents that provide special budgetary analyses (*Analytical Perspectives*), historical budget information (*Historical Tables*), and detailed account and program level information (*Appendix*), among other things.³ In addition, on February 11, OMB made available a supplementary document, *Major Savings and Reforms in the President's 2006 Budget*, outlining program terminations and reductions proposed in the President's FY2006 budget.

The President may revise his budget request any time during the year; revisions requested before Congress has acted on the initial request are submitted as budget amendments. In addition, the President also may request supplemental appropriations for the current fiscal year for unanticipated needs; President Bush has submitted two requests for supplemental appropriations for FY2005 (see section "Supplemental Appropriations," below).⁴

The Congressional Budget Act (CBA) of 1974 (Titles I-IX of P.L. 93-344, 88 Stat. 297-332) established the congressional budget process, including a timetable for congressional action on budgetary legislation (see **Table 1**). The congressional budget process provides for an annual concurrent resolution on the budget to provide the framework for the consideration of budgetary legislation. The budget resolution

² (...continued)
Winters.

³ These documents are available at [<http://www.whitehouse.gov/omb/budget/fy2006/>].

⁴ The President's FY2005 budget amendments and supplemental requests are available online at [<http://www.whitehouse.gov/omb/budget/amendments.htm>].

sets forth aggregate spending and revenue levels, and spending levels by major functional area, for at least five fiscal years. Due to the fact that the budget resolution is a concurrent resolution, it is not presented to the President for his signature, and thus does not become law. Instead, it is an agreement between the House and Senate on a congressional budget plan, providing a framework for subsequent legislative action on the budget during each congressional session.

Table 1. The Congressional Budget Process Timetable

| Date | Action |
|--|---|
| First Monday in February | President submits budget to Congress. |
| February 15 | Congressional Budget Office submits economic and budget outlook report to Budget Committees. |
| Six weeks after President submits budget | Committees submit views and estimates to Budget Committees. |
| April 1 | Senate Budget Committee reports budget resolution. |
| April 15 | Congress completes action on budget resolution. |
| May 15 | Annual appropriations bills may be considered in the House, even if action on budget resolution has not been completed. |
| June 10 | House Appropriations Committee reports last annual appropriations bill. |
| June 15 | House completes action on reconciliation legislation (if required by budget resolution). |
| June 30 | House completes action on annual appropriations bills. |
| July 15 | President submits mid-session review of his budget to Congress. |
| October 1 | Fiscal year begins. |

Source: Section 300 of the Congressional Budget Act of 1974, as amended (P.L. 93-344, 2 U.S.C. 631).

Budget resolution policies are implemented through the enactment of revenue and debt-limit legislation, appropriations and other spending measures, and, if required by the budget resolution, one or more reconciliation bills (see **Table 2**). Congress enforces budget resolution policies through points of order on the floor of each chamber and the reconciliation process. For example, any legislation that would cause the aggregate levels to be violated is prohibited from being considered. Further, the total budget authority and outlays set forth in the budget resolution are allocated among the House and Senate committees having jurisdiction over specific spending legislation. Any legislation, or amendment, that would cause these committee allocations to be exceeded is prohibited. Finally, the House and Senate Appropriations Committees subdivide their allocations among their respective subcommittees. A point of order may be raised against any appropriations act, or

amendment, that would cause one of these subdivisions to be exceeded.⁵ The budget resolution also contains spending levels by functional categories (e.g., national defense), but these are not enforceable. Congress also may use reconciliation legislation (discussed further below) to enforce the direct spending, revenue, and debt-limit provisions of a budget resolution.

In addition, the Senate is constrained by limits on discretionary spending and a “pay-as-you-go” (PAYGO) requirement for direct spending and revenue legislation, which are enforced through points of order while legislation is being considered on the Senate floor (both explained further below). The House does not provide for similar points of order.

For FY1991 through FY2002, Congress and the President also were constrained by statutory limits on discretionary spending and a statutory PAYGO requirement for direct spending and revenue legislation.⁶ Unlike the enforcement procedures associated with the budget resolution, which are employed while legislation is considered on the floor of each chamber, the discretionary spending limits and PAYGO requirement were enforced by a sequestration process, generally after legislative action for a session of Congress ended. If either of these budget constraints were violated, then the President was required to order a sequestration, which involved largely across-the-board spending cuts in non-exempt programs, by the amount of any violation. These budget enforcement mechanisms, however, expired at the end of FY2002 (i.e., September 30, 2002).

President Bush, among others, has proposed setting new discretionary spending limits and restoring a modified version of the PAYGO requirement, in addition to several other budget process reforms.⁷ If Congress and President Bush enact budget enforcement procedures such as these applicable to budget legislation in 2005, this report will incorporate them accordingly.

⁵ For more detailed information on these points of order and their application, see CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno.

⁶ These constraints were first established by the Budget Enforcement Act of 1990 (Title XIII of P.L. 101-508, Omnibus Budget Reconciliation Act of 1990, 104 Stat. 1388-573-1388-630), which amended the Balanced Budget and Emergency Deficit Control Act of 1985 (Title II of P.L. 99-177, 99 Stat. 1038-1101).

⁷ In his FY2006 budget, President Bush proposed to set discretionary spending limits for FY2006 through FY2010 and to restore the PAYGO requirement for direct spending legislation only, among other budget reform initiatives. See Office of Management and Budget, *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2006*, pp. 235-242. For a contextual discussion of budget process reform, see CRS Report RS21752, *Federal Budget Process Reform: A Brief Overview*, by Bill Heniff Jr. and Robert Keith.

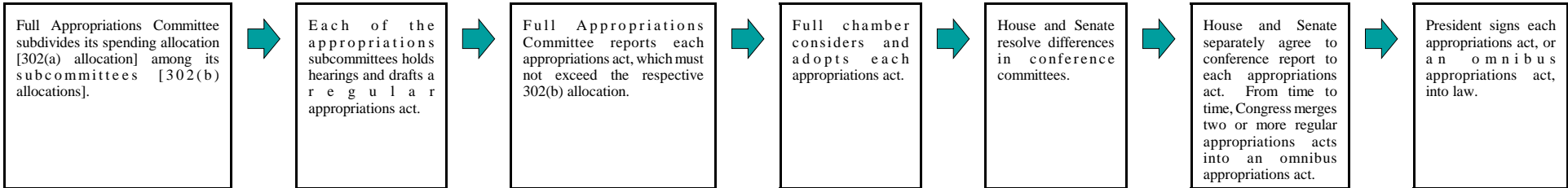
Table 2. Mapping Spending and Revenue Legislation through the Congressional Budget Process

The annual **budget resolution** functions as the centerpiece of the congressional budget process by setting forth aggregate spending and revenue levels for at least five fiscal years. Budget resolution policies are implemented through the enactment of appropriations and other spending measures, revenue legislation, and, if required by the budget resolution, one or more reconciliation bills. Each of these types of measures follows a separate process but must comply with the budget policies set forth in the budget resolution.



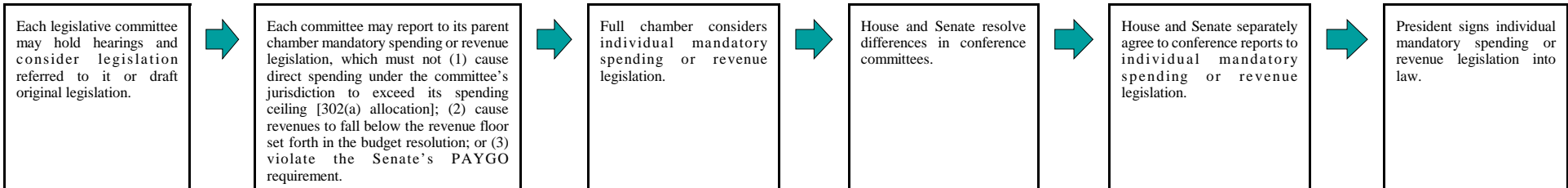
Discretionary spending policies in the budget resolution are implemented through the appropriations process.

Annual Appropriations Process: Congress considers and adopts each year regular appropriations acts providing budgetary authority for the upcoming fiscal year.

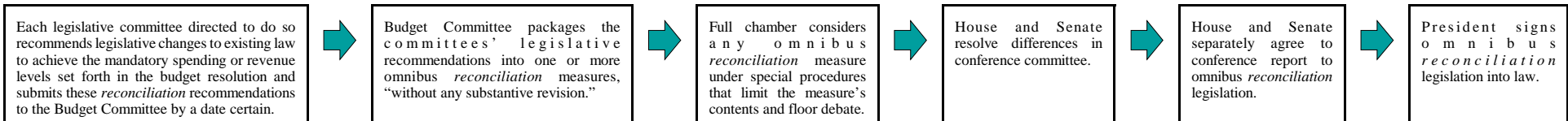


Mandatory spending, revenue, and debt-limit policies in the budget resolution are implemented through the regular legislative process or the reconciliation process.

Regular legislative process: Congress may consider and adopt individual mandatory spending, revenue, or debt-limit legislation.



Reconciliation Process: Congress may include in the budget resolution reconciliation instructions directing one or more committees to recommend legislative changes to existing law in order to bring mandatory spending, revenues, the debt-limit, or a combination of these, into compliance with the budget resolution policies.



Budget Resolution

The Congressional Budget Act, as amended, establishes the concurrent resolution on the budget as the centerpiece of the congressional budget process.⁸ The budget resolution sets forth aggregate spending and revenue levels, and spending levels by major functional area, for at least five fiscal years. Once adopted, it provides the framework for subsequent action on budget-related legislation.

Following the submission of the President's budget early in the year, Congress begins formulating the budget resolution. The House and Senate Budget Committees are responsible for developing and reporting the budget resolution. In formulating it, the Budget Committees hold hearings and receive testimony from Members of Congress and representatives of federal departments and agencies, the general public, and national organizations. Two regular hearings include separate testimony from the CBO director and the OMB director. On February 1, 2005, CBO Director Douglas Holtz-Eakin presented CBO's baseline budget projections for FY2006-FY2015 during testimony to the Senate Budget Committee.⁹ On February 8 and 9, OMB Director Joshua B. Bolten provided an overview of President Bush's budget request before the House and Senate Budget Committees, respectively.¹⁰

The congressional budget resolution, like the President's budget, is based on budget baselines (see **Table 3**). The budget baseline is a projection of federal revenue, spending, and deficit or surplus levels based upon current policies, assuming certain economic conditions. Baseline projections provide a benchmark for measuring the budgetary effects of proposed policy changes. The President's budget baseline, referred to as current services estimates, is included in the budget documents submitted to Congress.¹¹ The President's baseline usually differs from CBO's baseline, referred to as baseline budget projections, because of different economic and technical assumptions. On January 25, CBO released its annual report on budget baseline projections, *The Budget and Economic Outlook: Fiscal Years*

2006-2015.¹² On March 8, CBO released its revised budget baseline projections in its report *An Analysis of the President's Budgetary Proposals for Fiscal Year 2006*. The report also contains estimates of the President's proposals using CBO's

⁸ For historical information on budget resolutions, see CRS Report RL30297, *Congressional Budget Resolutions: Selected Statistics and Information Guide*, by Bill Heniff Jr.

⁹ Mr. Holtz-Eakin's written testimony to the Senate Budget Committee is available at [<http://www.cbo.gov/ftpdocs/60xx/doc6065/Outlook2006-2015Testimony.pdf>].

¹⁰ Mr. Bolton's written testimony to the House Budget Committee is available on its website, at [<http://www.house.gov/budget/hearings/boltenstrmnt020805.pdf>]; his written testimony to the Senate Budget Committee is available on its website, at [<http://www.senate.gov/~budget/republican/hearingarchive/testimonies/2005/20050209-OMB.pdf>].

¹¹ See the summary table S-11 in the main *Budget* volume, p. 363, and chapter 25 of the *Analytical Perspectives* volume, pp.389-404, for the current services estimates. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2006*.

¹² CBO documents are available at [<http://www.cbo.gov/>].

economic and technical assumptions, and provides an analysis of the potential macroeconomic effects of the President's budgetary proposals.

Table 3. Budget Baselines, FY2005-FY2010
(in billions of dollars)

| | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | Total FY2006- FY2010 |
|---|--------|--------|--------|--------|--------|--------|----------------------------|
| Office of Management and Budget — February 2005 | | | | | | | |
| [current services estimates (without President Bush's proposals)] | | | | | | | |
| Outlays | 2,443 | 2,539 | 2,650 | 2,770 | 2,897 | 3,048 | 13,904 |
| Revenues | 2,053 | 2,178 | 2,347 | 2,518 | 2,668 | 2,841 | 12,552 |
| Surplus/Deficit (-) | -390 | -361 | -303 | -251 | -229 | -207 | -1,351 |
| On-budget | -552 | -534 | -500 | -469 | -462 | -462 | -2,427 |
| Off-budget ^a | 162 | 173 | 197 | 218 | 233 | 256 | 1,077 |
| [President Bush's budget proposals added to current services estimates] | | | | | | | |
| Outlays | 2,479 | 2,568 | 2,656 | 2,758 | 2,883 | 3,028 | 13,893 |
| Revenues | 2,053 | 2,178 | 2,344 | 2,507 | 2,650 | 2,821 | 12,500 |
| Surplus/Deficit (-) | -427 | -390 | -312 | -251 | -233 | -207 | -1,393 |
| On-budget | -589 | -560 | -506 | -466 | -463 | -460 | -2,455 |
| Off-budget ^a | 162 | 170 | 194 | 215 | 230 | 252 | 1,061 |
| Congressional Budget Office — March 2005 | | | | | | | |
| [revised budget baseline projections] | | | | | | | |
| Outlays | 2,422 | 2,511 | 2,625 | 2,754 | 2,881 | 3,008 | 13,779 |
| Revenues | 2,057 | 2,213 | 2,357 | 2,508 | 2,662 | 2,807 | 12,547 |
| Surplus/Deficit (-) | -365 | -298 | -268 | -246 | -219 | -201 | -1,232 |
| On-budget | -539 | -487 | -477 | -473 | -463 | -461 | -2,361 |
| Off-budget ^a | 175 | 189 | 209 | 227 | 244 | 260 | 1,129 |
| [CBO's estimate of the President's budget for 2006] | | | | | | | |
| Outlays | 2,451 | 2,542 | 2,629 | 2,742 | 2,872 | 2,999 | 13,783 |
| Revenues | 2,057 | 2,210 | 2,350 | 2,492 | 2,625 | 2,770 | 12,447 |
| Surplus/Deficit (-) | -394 | -332 | -278 | -250 | -246 | -229 | -1,336 |
| On-budget | -569 | -517 | -484 | -474 | -487 | -486 | -2,449 |
| Off-budget ^a | 175 | 186 | 206 | 224 | 241 | 257 | 1,113 |

Sources: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006* (Washington: GPO, 2005), pp. 362-363; Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2006*, Mar. 2005, p. 3, 23.

Note: Details may not add to totals due to rounding.

a. Off-budget surpluses comprise surpluses in the Social Security trust funds as well as the net cash flow of the Postal Service.

Also in preparation for upcoming congressional budget actions, CBO released its periodic report on the budgetary implications of policy choices, *Budget Options*, on February 15. The report provides background information and the estimated 10-year budgetary effects of 185 spending options and 53 revenue options.

Another source of input comes from the “views and estimates” of congressional committees with jurisdiction over spending and revenues. Within six weeks after the President’s budget submission, each House and Senate committee is required to submit views and estimates of budget matters under its jurisdiction to its respective Budget Committee. These views and estimates, frequently submitted in the form of a letter to the chair and ranking minority Member of the Budget Committee, typically include comments on the President’s budget proposals and estimates of the budgetary impact of any legislation likely to be considered during the current session of Congress. The Budget Committees are not bound by these recommendations. The views and estimates often are printed in the committee report accompanying the budget resolution in the Senate and compiled as a separate committee print in the House.

The budget resolution was designed to provide a framework for making budget decisions, leaving specific program determinations to House and Senate Appropriations Committees and other committees with spending and revenue jurisdiction. In many instances, however, particular program changes are considered when the budget resolution is formulated. Program assumptions sometimes are referred to in the reports of the House and Senate Budget Committees and usually are discussed during floor action. Although these program changes are not binding, committees may be strongly influenced by the recommendations when formulating appropriations bills, reconciliation measures, or other budgetary legislation.

On March 9, 2005, the House Budget Committee marked up and voted to report the House version of the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-17) by a vote of 22-15. During markup, the committee considered 25 amendments to the chairman’s mark; one amendment was adopted, 20 amendments were rejected, and four amendments were withdrawn.¹³ On March 10, the Senate Budget Committee marked up and voted to report the Senate version of the FY2006 budget resolution (S.Con.Res. 18, S.Prt. 109-18) by a vote of 12-10. During markup, the committee considered 26 amendments to the chairman’s mark; seven amendments were adopted, 16 amendments were rejected, and three amendments were withdrawn.¹⁴

¹³ For a description of the amendments and the roll call votes, see U.S. Congress, House Committee on the Budget, *Concurrent Resolution on the Budget — Fiscal Year 2006*, report to accompany H.Con.Res. 95, 109th Cong., 1st sess., H.Rept. 109-17, Mar. 11, 2005 (Washington: GPO, 2005), pp. 91-111.

¹⁴ For a description of the amendments and the roll call votes, see U.S. Congress, Senate Committee on the Budget, *Concurrent Resolution on the Budget FY2006*, committee print to accompany S.Con.Res. 18, 109th Cong., 1st sess., S.Prt. 109-18, Mar. 2005 (Washington: GPO, 2005), pp. 52-60.

The congressional budget process timetable sets April 15 as a target date for final adoption of the budget resolution.¹⁵ The CBA prohibits the consideration of spending, revenue, or debt-limit legislation for the upcoming year until the budget resolution has been adopted, unless the rule is waived or set aside. The House and Senate consider the budget resolution under procedures generally intended to expedite final action.

In the House, the budget resolution usually is considered under a special rule, limiting the time of debate and allowing only a few amendments, as substitutes to the entire resolution. On March 16 and 17, the House considered H.Con.Res. 95 under a structured rule (H.Res. 154, H.Rept. 109-19) reported by the House Rules Committee. The special rule provided for the consideration of H.Con.Res. 95 and made in order only the four amendments, three of which were amendments in the nature of a substitute, printed in the House Rules Committee report. The House agreed to H.Res. 154 by a vote of 228-196 after agreeing to order the previous question by a vote of 230-202. During consideration of the FY2006 budget resolution, the House rejected the four amendments made in order by the special rule. The House subsequently agreed to H.Con.Res. 95 by a vote of 218-214.¹⁶

¹⁵ In years when Congress is late in adopting, or does not adopt, a budget resolution, the House and Senate independently may adopt “deeming resolution” provisions for the purpose of enforcing certain budget levels. Deeming resolution provisions, typically included in a simple resolution, specify certain budget levels normally contained in the budget resolution, including aggregate spending and revenue levels, spending allocations to House and Senate committees, spending allocations to the Appropriations Committees only, or a combination of these. In some cases, an entire budget resolution, earlier adopted by one chamber, may be deemed to have been passed. Under a deeming resolution, the enforcement procedures related to the Congressional Budget Act, discussed later in this report, have the same force and effect as if Congress had adopted a budget resolution. For further information on “deeming resolutions,” see CRS Report RL31443, *The “Deeming Resolution”: A Budget Enforcement Tool*, by Robert Keith.

In 2004, for example, Congress did not complete action on a FY2005 budget resolution; while the House agreed to the conference report to the FY2005 budget resolution (S.Con.Res. 95, H.Rept. 108-498), the Senate never considered it. In the absence of an agreement, the House and Senate separately adopted “deeming resolution” provisions for budget enforcement purposes. The House included a provision in the special rule (Section 2 of H.Res. 649) governing the consideration of the conference report to the FY2005 budget resolution “deeming” the conference report to have been agreed to by Congress. The Senate, in contrast, included provisions in the Defense Appropriations Act, 2005 (H.R. 4613, P.L. 108-287) setting forth the FY2005 spending allocations for the Senate Appropriations Committee. Senate committees other than the Appropriations Committee, however, continued to be limited by the spending allocations [302(a)s] associated with the FY2004 budget resolution (H.Con.Res. 95, H.Rept. 108-71).

At the beginning of the 109th Congress, the House agreed to deem the FY2005 budget resolution (S.Con.Res. 95, H.Rept. 108-498) adopted by the House during the 108th Congress to have been adopted by the 109th Congress.

¹⁶ For the consideration and adoption of H.Res. 154 and H.Con.Res. 95, see *Congressional Record*, daily edition, vol. 151 (Mar. 16 and 17, 2005), pp. H1536-H1545, H1547-H1598, (continued...)

The Senate considers the budget resolution under the procedures set forth in the CBA, sometimes as modified by a unanimous consent agreement. Debate on the initial consideration of the budget resolution, and all amendments, debatable motions, and appeals, is limited to 50 hours. Amendments, motions, and appeals may be considered beyond this time limit, but without debate. (Consideration of the conference report is limited to 10 hours.) On March 10, before the Senate began consideration of the FY2006 budget resolution, it agreed by unanimous consent to limit the debate to 45 hours.¹⁷ The Senate considered its version of the FY2006 budget resolution on March 14, 15, 16, and 17. During consideration of S.Con.Res. 18, the Senate considered 73 amendments; 48 amendments were adopted, 24 amendments were rejected, and one amendment was withdrawn. On March 17, the Senate agreed to S.Con.Res. 18, as amended, by a 51-49 vote.¹⁸

After resolving the differences between their respective versions, the House and Senate agreed to the conference report to accompany the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) by votes of 214-211 and 52-47, respectively, on April 28.¹⁹ **Table 4** provides a comparison of several components contained in the House, Senate, and conference versions of the FY2006 budget resolution.

¹⁶ (...continued)
H1627-H1674.

¹⁷ Of the 45 hours, 22 hours was to be controlled by the majority and 23 hours was to be controlled by the minority. See *Congressional Record*, daily edition, vol. 151 (Mar. 10, 2005), p. S2499. On Mar. 11, the Minority Leader, Senator Harry Reid, explained that the Senate “in effect, agreed to use five hours of the time on the budget” on the Friday before the Senate began consideration of S.Con.Res. 18 on Monday, Mar. 14. See *Congressional Record*, daily edition, vol. 151 (Mar. 11, 2005), p. S2505.

¹⁸ For the consideration and adoption of the Senate version of the FY2006 budget resolution, see *Congressional Record*, daily edition, vol. 151 (Mar. 14-17, 2005), pp. S2587-S2641, S2661-S2728, S2759-S2841, S2875-S2897, S2899-S2926, S2929-S2967.

¹⁹ The House considered the conference report under a special rule (H.Res. 248), which it agreed to by voice vote, after agreeing to order the previous question by a 228-196 vote. For the House consideration of H.Res. 248 and the conference report to H.Con.Res. 95, see *Congressional Record*, daily edition, vol. 151 (Apr. 28, 2005), pp. H2693-H2716. For the Senate consideration of the conference report to H.Con.Res. 95, see *Congressional Record*, daily edition, vol. 151 (Apr. 28, 2005), pp. S4481-S4527.

Table 4. Comparison of Selected Components of the House, Senate, and Conference Versions of the FY2006 Budget Resolution

(amounts in millions of dollars for FY2006, except where noted)

| | House version (H.Con.Res. 95) | Senate version (S.Con.Res. 18) | Conference version (H.Con.Res. 95) |
|--|--|--|--|
| Total revenues | 1,589,905 | 1,588,646 | 1,589,892 |
| Total spending | | | |
| Budget authority (discretionary) | 2,135,290 (843,020) | 2,141,801 (848,063) | 2,144,384 (843,020) |
| Outlays (discretionary) | 2,154,404 (917,053) | 2,145,684 (916,405) | 2,161,420 (916,836) |
| Deficit (on-budget) | -564,499 | -557,038 | -571,528 |
| Debt subject to limit | 8,635,000 ^a | 8,637,186 | 8,645,000 |
| Reconciliation directives: (1) deadline; (2) number of committees involved; (3) total amount of changes | Two reconciliation measures: <i>Submissions to slow the growth in mandatory spending and to achieve deficit reduction</i> (1) September 16, 2005; (2) nine House committees; (3) -7,847 (FY2006); -68,557 (FY2006-FY2010) <i>Submission providing for changes in revenue</i> (1) June 24, 2005; (2) one House committee; (3) -16,623 (FY2006); -45,000 (FY2006-FY2010) | Three reconciliation measures: <i>Spending reconciliation instructions</i> (1) June 6, 2005; (2) six Senate committees; (3) -2,460 (FY2006); -17,006 (FY2006-FY2010) <i>Revenue reconciliation instructions</i> (1) September 7, 2005; (2) one Senate committee; (3) -19,016 (FY2006); -128,580 (FY2006-FY2010) <i>Increase in statutory debt limit</i> (1) September 16, 2005; (2) one Senate committee; (3) +446,464 | Three reconciliation measures: <i>Spending reconciliation instructions</i> (1) September 16, 2005; (2) eight House and eight Senate committees; (3) -1,519 (FY2006); -34,658 (FY2006-FY2010) <i>Revenue reconciliation instructions</i> (1) September 23, 2005; (2) one House and one Senate committee; (3) -11,000 (FY2006); -70,000 (FY2006-FY2010) <i>Increase in statutory debt limit</i> (1) September 30, 2005; (2) one House and one Senate committee; (3) +781,000 |
| Reserve or contingency funds (#) | 1 | 16 | 10 |
| Declaratory provisions (#) | 1 | 28 | 7 |

Notes: Amounts are for FY2006, except where noted. The total budget amounts in the budget resolution do not include the off-budget financial transactions of the Social Security Trust Funds and the U.S. Postal Service.

a. For FY2006, the actual text of the House-passed H.Con.Res. 95 specifies \$5,071,000 million for the “debt subject to limit” (Section 101(5)) and \$8,635,000 million for the “debt held by the public” (Section 101(6)). Currently, the statutory limit on the public debt is \$8,184,000 million (31 U.S.C. 3101). Presumably, the actual text of the House-passed FY2006 budget resolution reflects a drafting error.

Reconciliation Legislation

Congress may implement changes to existing law related to direct spending, revenues, or the debt limit through the reconciliation process, under Section 310 of the CBA.²⁰ The reconciliation process has two stages. First, Congress includes reconciliation directives in a budget resolution directing one or more committees to recommend changes in statute to achieve the levels of spending, revenues, and debt limit agreed to in the budget resolution. Second, the legislative language recommended by these committees is packaged “without any substantive revision” into one or more reconciliation bills, as set forth in the budget resolution, by the House and Senate Budget Committees. In some instances, a committee may be required to report its legislative recommendations directly to its chamber.

As indicated in **Table 4**, the conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) provides for three reconciliation measures: (1) to cut direct (or mandatory) spending by about \$35 billion (due by September 16); (2) to cut taxes by \$70 billion (due by September 23); and (3) to increase the statutory debt limit by \$781 billion (due by September 30). **Table 5** provides further information on the reconciliation directives to the House and Senate committees.

Once reconciliation legislation is reported, it is considered under special procedures. These special rules serve to limit what may be included in reconciliation legislation, to prohibit certain amendments, and to encourage its completion in a timely fashion. In the House, as with the budget resolution, reconciliation legislation usually is considered under a special rule, establishing the time allotted for debate and what amendments will be in order. In the Senate, debate on a budget reconciliation bill, and on all amendments, debatable motions, and appeals, is limited to not more than 20 hours. After the 20 hours of debate has been reached, consideration of amendments, motions, and appeals may continue, but without debate.

In both chambers, the CBA requires that amendments to reconciliation legislation be deficit neutral and germane. Also, the CBA prohibits the consideration of reconciliation legislation, or any amendment to a reconciliation bill, recommending changes to the Social Security program. Finally, in the Senate, Section 313 of the CBA, commonly referred to as the Byrd rule, prohibits extraneous matter in a reconciliation bill.²¹

²⁰ For further information on reconciliation, see CRS Report RL30458, *The Budget Reconciliation Process: Timing of Legislative Action*, by Robert Keith.

²¹ For detailed information on the Byrd rule, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate’s “Byrd Rule,”* by Robert Keith.

Table 5. Reconciliation Directives to House and Senate Committees Contained in the FY2006 Budget Resolution

| House Committee | Amount of Spending, Revenue, or Deficit Increase (+) or Decrease (-) ^a (in millions of dollars) | Senate Committee | Amount of Spending, Revenue, or Deficit Increase (+) or Decrease (-) ^a (in millions of dollars) |
|---|---|--|---|
| Spending reconciliation instructions (due by September 16) | | | |
| Agriculture | FY2006: -173 (O) FY2006-2010: -3,000 (O) | Agriculture, Nutrition, and Forestry | FY2006: -173 (O) FY2006-2010: -3,000 (O) |
| Education and the Workforce | FY2005-2006: -992 (O) FY2005-2010: -12,651 (O) | Banking, Housing, and Urban Affairs | FY2006: -30 (O) FY2006-2010: -470 (O) |
| Energy and Commerce | FY2006: -2 (O) FY2006-2010: -14,734 (O) | Commerce, Science, and Transportation | FY2006: -10 (O) FY2006-2010: -4,810 (O) |
| Financial Services | FY2006: -30 (O) FY2006-2010: -470 (O) | Energy and Natural Resources | FY2006-2010: -2,400 (O) |
| Judiciary | FY2006: -60 (O) FY2006-2010: -300 (O) | Environment and Public Works | FY2006: -4 (O) FY2006-2010: -27 (O) |
| Resources | FY2006-2010: -2,400 (O) | Finance | FY2006-2010: -10,000 (O) |
| Transportation and Infrastructure | FY2006: -12 (O) FY2006-2010: -103 (O) | Health, Education, Labor, and Pensions | FY2005-2006: -1,242 (O) FY2005-2010: -13,651 (O) |
| Ways and Means | FY2006: -250 (D) FY2006-2010: -1,000 (D) | Judiciary | FY2006: -60 (O) FY2006-2010: -300 (O) |
| Revenue reconciliation instructions (due by September 23) | | | |
| Ways and Means | FY2006: -11,000 (R) FY2006-2010: -70,000 (R) | Finance | FY2006: -11,000 (R) FY2006-2010: -70,000 (R) |
| Statutory debt limit reconciliation instructions (due by September 30) | | | |
| Ways and Means | Increase statutory limit on the public debt by 781,000. | Finance | Increase statutory limit on the public debt by 781,000. |

Source: U.S. Congress, Committee on Conference, *Concurrent Resolution on the Budget for Fiscal Year 2006*, conference report to accompany H.Con.Res. 95, 109th Cong., 1st sess., H.Rept. 109-62 (Washington: GPO, 2005), pp. 11-14.

a. The budgetary components are represented in this column by the following initials: O=outlays; R=revenues; and D=deficit. The spending directives call for changes in laws providing direct spending. Also, as noted, the reconciliation directives instruct the House Ways and Means Committee and the Senate Finance Committee to report legislation to change the statutory limit on the public debt.

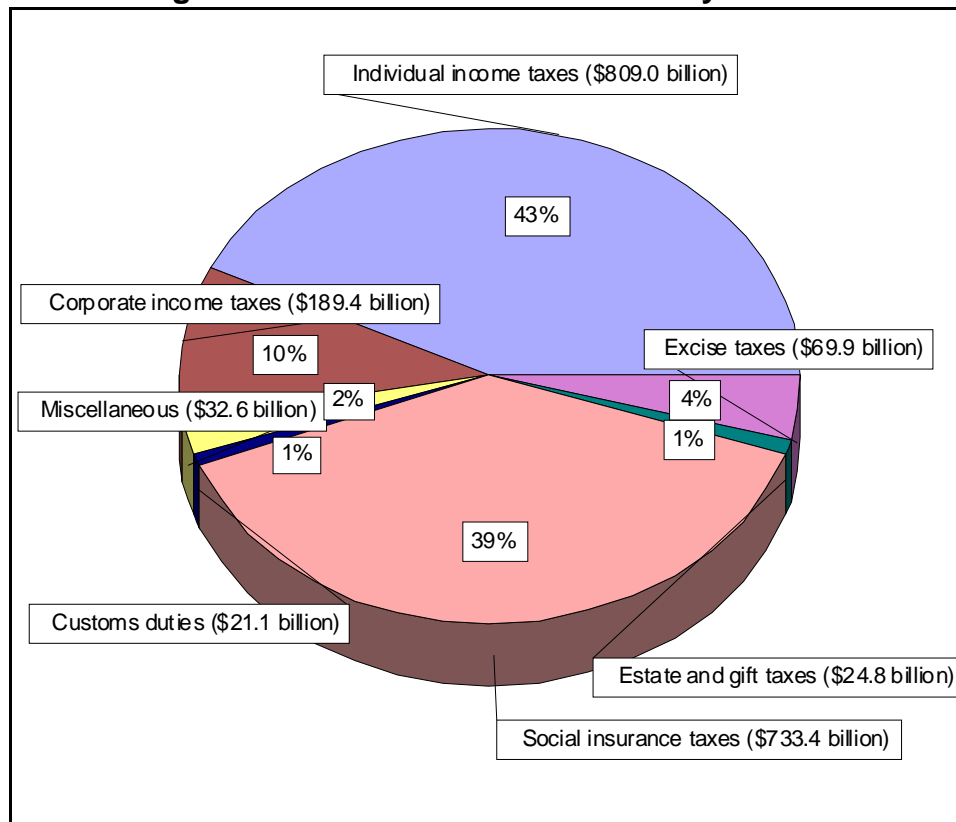
Revenue and Debt-Limit Legislation

Congress may adopt individual revenue and debt-limit measures without employing the optional reconciliation process as well.

Revenue Legislation. Revenue and debt-limit legislation is under the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee. Article I, Section 7, of the U.S. Constitution requires that revenue legislation originate in the House of Representatives, but the Senate has considerable latitude to amend a revenue bill received from the House.

Most of the laws establishing the federal government's revenue sources are permanent and continue year after year without any additional legislative action (see **Figure 1**).²² Congress, however, typically enacts revenue legislation, changing some portion of the existing tax system or renewing expiring provisions, every year. Revenue legislation may include changes to individual and corporate income taxes, social insurance taxes, excise taxes, or tariffs and duties.

Figure 1. Actual FY2004 Revenues by Source



²² Chart created by CRS based on data from Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2006-2015* (Washington: CBO, 2005), p. 136.

Revenue legislation is not considered automatically in the congressional budget process on an annual basis. Frequently, however, the President proposes and Congress considers changes in revenue laws to effect adjustments in the rates of taxation or the distribution of the tax burden, or for other purposes. An initial step in the congressional budget process is the publication of revenue estimates of the President's budget by CBO. These revenue estimates usually differ from the President's, since they are based on different economic and technical assumptions (e.g., growth of the economy and change in the inflation rate). Cost estimates of any congressional revenue proposals are prepared by CBO, based on revenue estimates made by the Joint Committee on Taxation (JCT). They are published in committee reports or in the *Congressional Record* and are available on JCT's website.²³

The budget resolution recommends yearly revenue levels, based on baseline estimates of federal government revenues based on the continuation of existing laws and any proposed policy changes to them. Revenue levels in the budget resolution provide the framework for any action on revenue measures during the session. A point of order may be raised against consideration of legislation that causes revenues to fall below the agreed upon levels for the first fiscal year or the total for all fiscal years in the budget resolution. This point of order may be set aside by unanimous consent, or waived by a special rule in the House or by a three-fifths vote in the Senate (i.e., 60 Senators if there are no vacancies).

The conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62), agreed to by the House and Senate on April 28, allows for revenue reductions of about \$106 billion, of which \$70 billion is included in reconciliation directives, as mentioned above, for the period FY2005-FY2010, below the budget baseline projected levels.²⁴

A Senate "pay-as-you-go" (PAYGO) point of order, under Section 505 of the FY2004 budget resolution (H.Con.Res. 95, 108th Congress), also may be raised against any revenue legislation *not assumed in the most recently adopted budget resolution* that would increase or cause an on-budget deficit for the first fiscal year, the period of the first five fiscal years, or the following five fiscal years, covered by the most recently adopted budget resolution.²⁵ A motion to waive the point of order requires a three-fifths vote.

²³ [<http://www.house.gov/jct/>].

²⁴ Total level of revenue reductions is based on Section 101(1)(B) of H.Con.Res. 95 (H.Rept. 109-62).

²⁵ The chair of the Senate Budget Committee maintains a scorecard of the existing balance of the deficit increase resulting from direct spending or revenue policy assumptions included in the most recently adopted budget resolution. The joint explanatory statement of the committee of conference on the FY2006 budget resolution indicates that the budget resolution assumed deficit increases of \$436 million for FY2005, \$16.849 billion for FY2006, \$75.580 billion for the five-year period FY2006-FY2010, and \$274.999 billion for the next five-year period FY2011-FY2015. See U.S. Congress, Committee on Conference, *Concurrent Resolution on the Budget for Fiscal Year 2006*, conference report to accompany H.Con.Res. 95, 109th Cong., 1st sess., H.Rept. 109-62 (Washington: GPO, 2005), pp. 89-90.

Debt-Limit Legislation. The amount of money the federal government is allowed to borrow generally is subject to a statutory limit (31 U.S.C. 3101). From time to time, Congress considers and adopts legislation to change this limit.²⁶

Federal debt consists of debt held by the public plus debt held by government accounts. The debt held by the public represents the total net amount borrowed from the public to cover all or most of the federal government's budget deficits. By contrast, the debt held by government accounts represents the total net amount of federal debt issued to specialized federal accounts, primarily trust funds (e.g., Social Security). Trust fund surpluses by law must be invested in special (non-negotiable) federal government securities, and thus are held in the form of federal debt. The combination of both types of debt is subject to the statutory public debt limit. Therefore, budget deficits or trust fund surpluses may contribute to the federal government reaching the existing debt limit.

The annual congressional budget resolution specifies the appropriate level of the public debt for each fiscal year covered by the resolution. Although the budget resolution does not become law itself, the specified debt limits serve as a guide for any necessary debt-limit legislation.

Congress may develop debt-limit legislation in any of three ways: (1) under regular legislative procedures; (2) under House Rule XXVII; or (3) as part of reconciliation legislation (as described above). Regardless of the process by which debt-limit legislation is developed, the House Ways and Means Committee and the Senate Finance Committee maintain exclusive jurisdiction over debt-limit legislation.

Under House Rule XXVII (commonly referred to as the Gephardt rule after its author, former Representative Richard Gephardt), a joint resolution specifying the amount of the debt limit contained in the budget resolution automatically is engrossed and deemed to have passed the House by the same vote as the conference report on the budget resolution, thereby avoiding a separate vote on the debt-limit legislation.²⁷ The Senate has no comparable automatic engrossment procedure; if it chooses to consider a House-passed joint resolution, it does so under the regular legislative process.

The most recent increase in the public-debt limit was enacted as an independent measure (P.L. 108-415, 118 Stat. 2337) in November 2004. The debt-limit measure increased the statutory limit by \$800 billion, from \$7.384 trillion to \$8.184 trillion. President Bush's FY2006 budget projects that the debt subject to the statutory limit will increase to \$8.673 trillion, almost \$500 billion over the current limit, by the end

²⁶ For further information on debt-limit legislation, see CRS Report RS21519, *Legislative Procedures for Adjusting the Public Debt Limit: A Brief Overview*, by Robert Keith and Bill Heniff Jr.; and CRS Report RL31967, *The Debt Limit: The Ongoing Need for Increases*, by Philip D. Winters.

²⁷ For further information, see CRS Report RL31913, *Developing Debt-Limit Legislation: The House's "Gephardt Rule,"* by Bill Heniff Jr.

of FY2006.²⁸ Therefore, Congress and the President will likely need to increase the statutory limit in late 2005 or early 2006.

Pursuant to House Rule XXVII, upon the adoption of the FY2006 budget resolution by Congress, the House Clerk engrossed and transmitted to the Senate a joint resolution (H.J.Res. 47) increasing the public debt limit by \$781 billion, to \$8.965 trillion. H.J.Res. 47 was deemed to have been adopted by the House on April 28 by a vote of 214-211 (i.e., the vote upon which the House agreed to the conference report to the FY2006 budget resolution).

As noted above, the conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) also contains a reconciliation directive to the House Ways and Means Committee and the Senate Finance Committee to report, by September 30, legislation increasing the statutory debt limit by \$781 billion.

Appropriations and Other Spending Legislation

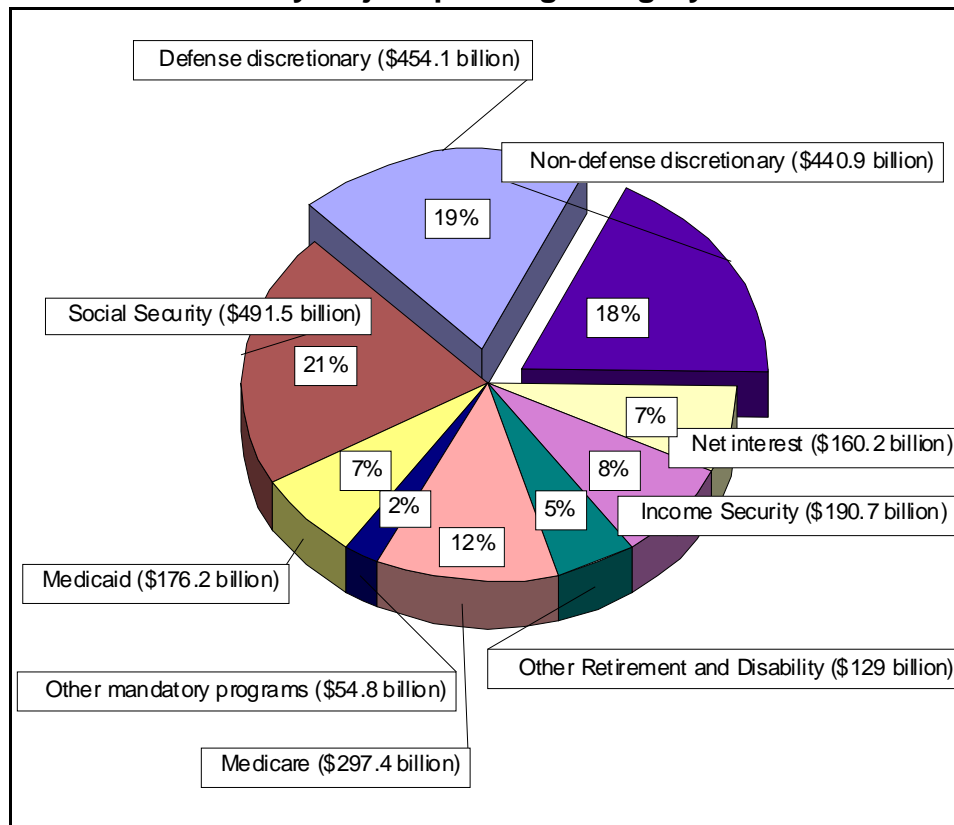
Federal spending is categorized into two different types: discretionary or mandatory spending. Discretionary spending is controlled through the annual appropriations acts, while mandatory or direct spending (which consists mostly of entitlement programs) is determined by existing substantive law.

Actual FY2004 federal outlays totaled \$2,292 billion (see **Figure 2**).²⁹ Of this total amount, \$895 billion, or 39%, was discretionary spending (exploded slices in **Figure 2**), while \$1,397 billion, or 61%, was mandatory spending.

²⁸ OMB, *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2006*, p. 247.

²⁹ Chart created by CRS based on data from CBO, *The Budget and Economic Outlook: Fiscal Years 2006-2015* (Washington: CBO, 2005), pp. 138, 140, and 142. The chart excludes offsetting receipts, which are treated as negative spending (i.e., they are deducted from spending in the budget totals); offsetting receipts totaled \$108.7 billion in FY2004. Percentages do not add to 100% due to rounding.

Figure 2. Actual FY2004 Outlays by Major Spending Category



As noted above, the total budget authority and outlays set forth in the budget resolution are allocated among the House and Senate committees with jurisdiction over specific spending legislation. These allocations, commonly referred to as 302(a) allocations after the applicable section of the Congressional Budget Act, are specified in the joint explanatory statement accompanying the conference report to the budget resolution.³⁰ A point of order may be raised against any legislation that would cause a committee's spending allocation to be exceeded. Like most points of order under the Congressional Budget Act, this point of order may be set aside by unanimous consent, or waived by a special rule in the House or by a three-fifths vote in the Senate (i.e., 60 Senators if there are no vacancies). The budget resolution typically provides for periodic revisions of these allocations if certain conditions, specified in reserve fund provisions, for instance, are met.

Discretionary Spending. Discretionary spending is under the jurisdiction of the House and Senate Appropriations Committees. Soon after the budget resolution is adopted by Congress, the House and Senate Appropriations Committees subdivide their spending allocations among their subcommittees and formally report these suballocations to their respective chambers. These suballocations, referred to

³⁰ See U.S. Congress, Committee on Conference, *Concurrent Resolution on the Budget for Fiscal Year 2006*, conference report to accompany H.Con.Res. 95, 109th Cong., 1st sess., H.Rept. 109-62 (Washington: GPO, 2005), pp. 85-89.

as 302(b) allocations after the applicable section of the Congressional Budget Act, effectively represent the spending ceilings on the individual regular appropriations acts. A point of order may be raised against the consideration of an appropriations measure, or any amendment, if it would cause the applicable appropriations subcommittee 302(b) allocations to be exceeded. This point of order, like others under the Congressional Budget Act, may be set aside by unanimous consent, or waived by a special rule in the House or by a three-fifths vote in the Senate (i.e., 60 Senators if there are no vacancies). During the appropriations process, these suballocations usually are revised several times.

Congress passes three main types of appropriations measures. *Regular appropriations acts* provide budget authority for the next fiscal year, beginning on October 1.³¹ (From time to time, Congress merges two or more of these regular appropriations acts into an omnibus appropriations act at the end of the year.) *Supplemental appropriations acts* provide additional funding for unexpected needs while the fiscal year is in progress. *Continuing appropriations acts*, commonly referred to as continuing resolutions, provide stop-gap funding for agencies that have not received regular appropriations by the start of the fiscal year.

The President's budget includes recommendations for the agencies, programs, and activities funded in the annual appropriations measures; account and program level detail about these recommendations is included in the *Appendix* volume of the President's budget documents. In addition, agencies submit justification materials to the House and Senate Appropriations Committees. The budget justifications provide more detailed information about an agency's program activities than is contained in the President's budget documents and are used in support of agency testimony during appropriations subcommittee hearings on the President's budget request.

The House and Senate appropriations subcommittees begin holding extensive hearings on appropriations requests shortly after the President's budget is submitted. By custom, appropriations measures originate in the House. In recent years, the Senate Appropriations Committee has adopted and reported original Senate appropriations measures, allowing the Senate to consider appropriations measures without having to wait for the House to adopt its version. Under this practice, the Senate version is considered and amended on the floor, and then inserted into the House-adopted version, when available, as a substitute amendment, thereby retaining the House-numbered bill for final action.

³¹ Each subcommittee of the House and Senate Appropriations Committees typically is responsible for one of the regular appropriations acts. On Feb. 15, the House Appropriations Committee voted to reduce the number of its subcommittees from 13 to 10 and adjust their jurisdiction. Each subcommittee presumably will continue to be responsible for one regular appropriations act, and the full Committee will be responsible for the accounts and programs of the Legislative Branch. On Mar. 2, Senator Thad Cochran, chairman of the Senate Appropriations Committee, announced a new subcommittee organization, including the elimination of one subcommittee, leaving 12 subcommittees. For additional information on changes to the appropriations subcommittee structure, see CRS Report RL31572, *Appropriations Subcommittee Structure: History of Changes from 1920-2005*, by James V. Saturno.

Appropriations for FY2006. The conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) provided for about \$843 billion in discretionary spending. Accordingly, the House Appropriations Committee received a spending allocation [its so-called 302(a) allocation] of \$843,020 million in budget authority and \$916,836 million in outlays, and the Senate Appropriations Committee received a spending allocation [its so-called 302(a) allocation] of \$842,265 million in budget authority and \$916,081 million in outlays, for the FY2006 regular appropriations measures.³²

The conference report to the FY2006 budget resolution also contains discretionary spending limits for each fiscal year covering FY2006 through FY2008 (Section 404 of H.Con.Res. 95), which may be enforced in the Senate by a point of order.³³ A motion to waive the point of order requires a three-fifths vote (i.e., 60 Senators if there are no vacancies).

Supplemental Appropriations. In addition to the regular appropriations acts, Congress typically acts on at least one supplemental appropriations measure during a session. On February 14, President Bush submitted a request for FY2005 supplemental appropriations for ongoing activities in Iraq and Afghanistan as well as for Indian Ocean tsunami relief and recovery efforts, among other things.³⁴ In response to the President's request, the House Appropriations Committee reported H.R. 1268, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (H.Rept. 109-16) on March 11. The House considered H.R. 1268 on March 15 and 16, and adopted the measure by a vote of 388-43. The Senate Appropriations Committee, subsequently, ordered reported H.R. 1268 with an amendment in the nature of a substitute (S.Rept. 109-52) on April 6. The Senate considered the FY2005 supplemental appropriations act on nine days between April 11 and April 21, adopting the measure, as amended, on April 21 by a 99-0 vote.

³² Section 404(b) provides for the upward adjustment of the Senate Appropriations Committee's allocations by \$755 million (in budget authority and outlays) for FY2006 if it reports appropriations bills that meet certain criteria involving continuing disability reviews, Internal Revenue Service tax enforcement, health care fraud and abuse control program, and unemployment insurance improper payments. This \$755 million accounts for the difference between the appropriations committees allocations.

³³ Section 404 of H.Con.Res. 95 also provides for the adjustment of the FY2006 discretionary spending limits to accommodate spending for continuing disability reviews, Internal Revenue Service tax enforcement, health care fraud and abuse control program, and unemployment insurance improper payments.

³⁴ For further information on the supplemental appropriations request, see CRS Report RL32783, *FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities*, by Amy Belasco and Larry Nowels. On Mar. 2, President Bush transmitted additional supplemental proposals for FY2005 requested by the legislative and judicial branches. Such requests of the other branches typically are transmitted to Congress by the President, without modification, "as a matter of comity." For the President's supplemental requests, see [<http://www.whitehouse.gov/omb/budget/amendments.htm>].

On May 3, a conference report to accompany H.R. 1268 was filed. According to the Appropriations Committees, H.R. 1268 would provide about \$82 billion in new budget authority for FY2005. The House agreed to the conference report on May 5 by a 368-58 vote. The Senate agreed to the conference report on May 10 by a 100-0 vote, clearing the supplemental appropriations act for the President.

The spending is designated as an emergency requirement, pursuant to Section 402 of S.Con.Res. 95, the FY2005 budget resolution, as made applicable to the House by H.Res. 5 (109th Congress) and to the Senate by Section 14007 of P.L. 108-287, and thereby exempt from the spending constraints mentioned above.

Continuing Resolutions. Congress also often adopts one or more continuing resolutions each year because of recurring delays in the appropriations process. For example, Congress passed three continuing resolutions before completing action on the FY2005 regular appropriations acts.³⁵

Mandatory Spending. Mandatory spending is under the jurisdiction of the various legislative committees of the House and Senate. Some entitlement programs, such as Medicaid and certain veterans' programs, are funded in annual appropriations acts, but such spending is not considered discretionary and is not controlled through the annual appropriations process.

In addition to the committee spending allocations, under the Section 302 process mentioned above, mandatory spending legislation is limited by the Senate's PAYGO requirement. As with revenue legislation mentioned above, a point of order, under Section 505 of the FY2004 budget resolution (H.Con.Res. 95, 108th Congress), may be raised against any mandatory spending legislation *not assumed in the most recently adopted budget resolution* that would increase or cause an on-budget deficit for the first fiscal year, the period of the first five fiscal years, or the following five fiscal years, covered by the most recently adopted budget resolution.³⁶ A motion to waive the point of order requires a three-fifths vote (i.e., 60 Senators if there are no vacancies).

³⁵ Initially, Congress passed, and President Bush signed into law, a continuing resolution (H.J.Res. 107, P.L. 108-309) to provide temporary appropriations through Nov. 20, 2004, for agencies and programs funded in the regular appropriations acts not enacted by the start of the fiscal year. Subsequently, Congress and President Bush extended the temporary funding through Dec. 3 (H.J.Res. 114, P.L. 108-416) and Dec. 8 (H.J.Res. 115, P.L. 108-434).

³⁶ The chair of the Senate Budget Committee maintains a scorecard of the existing balance of the deficit increase resulting from direct spending or revenue policy assumptions included in the most recently adopted budget resolution. The joint explanatory statement of the committee of conference on the FY2006 budget resolution indicates that the budget resolution assumed deficit increases of \$436 million for FY2005, \$16.849 billion for FY2006, \$75.580 billion for the five-year period FY2006-FY2010, and \$274.999 billion for the next five-year period FY2011-FY2015. See U.S. Congress, Committee on Conference, *Concurrent Resolution on the Budget for Fiscal Year 2006*, conference report to accompany H.Con.Res. 95, 109th Cong., 1st sess., H.Rept. 109-62 (Washington: GPO, 2005), pp. 89-90.

On several occasions in the past, Congress has included reserve funds in the budget resolution to accommodate specific mandatory spending legislation, often requiring that the legislation be deficit neutral. Under the provisions of a reserve fund, the chairmen of the House and Senate Budget Committees may revise the committee spending allocations and other budget resolution levels if certain legislation is reported by the appropriate committee. Without such an adjustment, mandatory spending legislation might be subject to points of order if it were not assumed in the budget resolution spending amounts.

The Senate-passed version of the FY2006 budget resolution (S.Con.Res. 18) contains 16 reserve funds (Sections 301-316) for such purposes as health information technology and pay-for-performance legislation and extension of treatment of combat pay for earned income and child tax credits legislation. The House-passed version (H.Con.Res. 95) contains one reserve fund, or “contingency procedure” (Section 301), for surface transportation legislation. As indicated in **Table 4**, the conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) contains 10 reserve funds (Sections 301-310) for such purposes of surface transportation legislation and the restoration of unexpended funds under the State Children’s Health Insurance Program. Four of these reserve funds apply to both the House and Senate; one applies to the House only; and five apply to the Senate only.

Chronology

- | | |
|------------------|--|
| April 28, 2005 | The House and Senate agreed to the conference report to the FY2006 budget resolution (H.Con.Res. 95, H.Rept. 109-62) by votes of 214-211 and 52-47, respectively. |
| March 17, 2005 | The House agreed to its version of the FY2006 budget resolution (H.Con.Res. 95) by a vote of 218-214; the Senate agreed to its version (S.Con.Res. 18) by a vote of 51-49. |
| February 7, 2005 | President Bush submitted his FY2006 budget to Congress. |
| January 25, 2005 | CBO released its annual report on budget baseline projections, <i>The Budget and Economic Outlook: Fiscal Years 2006-2015</i> . |

For Additional Reading

Congressional Hearings, Reports, and Documents

Congressional Budget Office. *An Analysis of the President's Budgetary Proposals for Fiscal Year 2006*. Washington: CBO, March 2005.

Congressional Budget Office. *The Budget and Economic Outlook: Fiscal Years 2006-2015*. Washington: CBO, January 2005.

Congressional Budget Office. *Budget Options*. Washington: CBO, February 2005.

U.S. Congress. House Committee on the Budget. *Concurrent Resolution on the Budget — Fiscal Year 2006*. Report to accompany H.Con.Res. 95. 109th Congress, 1st session. H.Rept. 109-17. Washington: GPO, 2005.

U.S. Congress. Senate Committee on the Budget. *Concurrent Resolution on the Budget FY2006*. Committee print to accompany S.Con.Res. 18. 109th Congress, 1st session. S.Prt. 109-18. Washington: GPO, 2005.

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CRS Products

CRS Report RL32246. *Congressional Budget Actions in 2004*, by Bill Heniff Jr.

CRS Report RL30297. *Congressional Budget Resolutions: Selected Statistics and Information Guide*, by Bill Heniff Jr.

CRS Report 98-721. *Introduction to the Federal Budget Process*, by Robert Keith and Allen Schick.

CRS Report 97-684. *The Congressional Appropriations Process: An Introduction*, by Sandy Streeter.

CRS Report RL30343. *Continuing Appropriations Acts: Brief Overview of Recent Practices*, by Sandy Streeter.

CRS Report RL32264. *The Budget for Fiscal Year 2005*, by Philip D. Winters.

CRS Report RL32812. *The Budget for Fiscal Year 2006*, by Philip D. Winters.