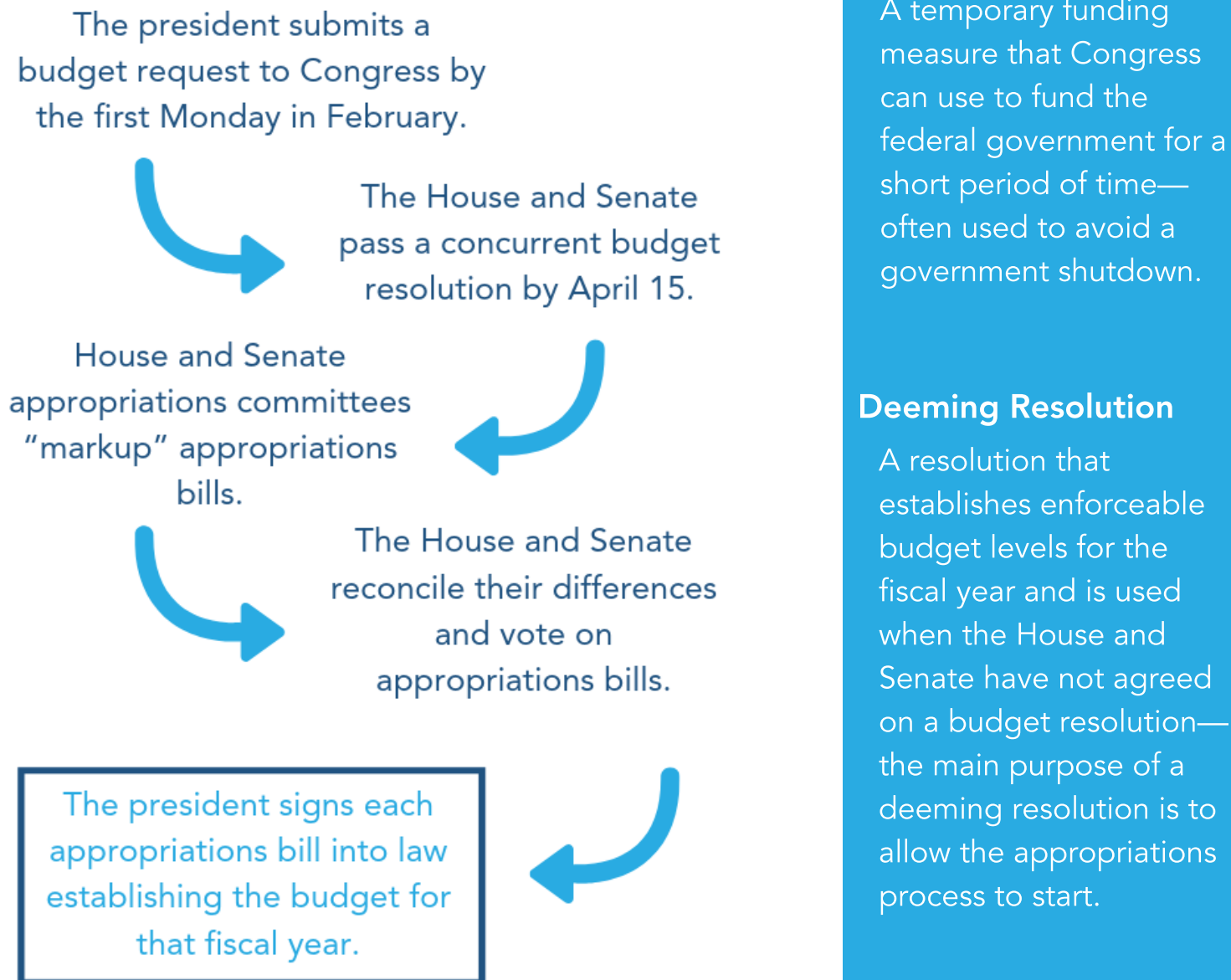




Introduction to the Budget Process

Every year, Congress is required to pass a new budget for our country. While the budget resolution does not have the force of law, lawmakers use it as a framework and guide for the annual appropriations process.

Here is how the yearly budget process **should** work, also known as regular order:



WORDS TO KNOW:

Appropriation Bill

A legislative measure that authorizes the government to spend money—it sets money aside for specific spending.

Continuing Resolution

A temporary funding measure that Congress can use to fund the federal government for a short period of time—often used to avoid a government shutdown.

Deeming Resolution

A resolution that establishes enforceable budget levels for the fiscal year and is used when the House and Senate have not agreed on a budget resolution—the main purpose of a deeming resolution is to allow the appropriations process to start.

The Heritage Foundation explains the purpose of the budget process:

“ The budget process provides the framework for the regular and orderly debate of fiscal issues with the goal of guiding legislative action. It determines the steps that are necessary for adopting a budget and for adopting or changing legislation. A properly functioning budget process should encourage debate on fiscal issues and set in motion negotiations over the trade-offs and considerations involved in congressional spending and taxing. ”

Despite this well-defined budget process, the enforcement mechanisms are weak so Congress has chosen to ignore the process. According to the Heritage Foundation:

“ Instead of engaging in open debate and the timely processing of legislation, Congress has ignored budget rules and deadlines, morphing the budget process into ad hoc funding decisions in response to self-imposed crises. This has led to an ongoing cycle of continuing resolutions and omnibus appropriations bills that lack accountability and fail to provide sufficient oversight of agency budgets and activities. This allows for unchecked spending and encourages the unfettered growth of federal government programs. ”

WORDS TO KNOW:

Discretionary Spending

This type of spending includes all programs that Congress annually appropriates funding for during the budget process and is divided into two categories: defense and non-defense.

Defense Discretionary

A type of funding that Congress appropriates annually and is only used for defense purposes.

Non-Defense Discretionary

A type of funding that Congress appropriates annually and is only used for non-defense purposes.

The Budget Control Act (BCA)

In an effort to rein in spending, Congress passed the Budget Control Act in 2011 as part of a deal to raise the nation's debt limit while curbing spending levels at the same time. Although the BCA has slowed the growth of discretionary spending, Congress has repeatedly undermined the law by busting through the BCA spending caps and increasing spending. As a result, out of control discretionary spending has contributed to our nation's enormous debt problem with the most recent agreement increasing spending by close to \$300 billion.

According to Romina Boccia and Justin Bogie, Heritage Foundation experts on the budget:

“Instead of engaging in open debate and the timely processing of legislation, Congress has ignored budget rules and deadlines, morphing the budget process into ad hoc funding decisions in response to self-imposed crises. This has led to an ongoing cycle of continuing resolutions and omnibus appropriations bills that lack accountability and fail to provide sufficient oversight of agency budgets and activities. This allows for unchecked spending and encourages the unfettered growth of federal government programs.”

To that end, it is important to remember that there are two caps included in the Budget Control Act: Non-Defense Discretionary (which goes towards non-defense activities) and Defense Discretionary. Any budget resolution should keep the total cap amount while lowering non-defense spending and increasing defense spending. If Congress spends above the caps, a “sequester” takes effect which cuts discretionary spending back down to the caps level.

WORDS TO KNOW:

Mandatory Spending

A type of spending required by law that must be used for specific programs like Social Security and Medicare.

Reconciliation

A legislative process that speeds up the passage of certain budgetary legislation.

Reconciliation provides a process to prevent the use of the Senate filibuster, allowing legislation to pass with 51 votes instead of 60.

What happens when a budget resolution is not reached?

In the event that Congress doesn't reach a budget resolution in time, the House and Senate usually enact separate budget targets known as "deeming resolutions" as a substitute for the budget resolution. Where a budget is a ten year plan for spending that contains a policy vision, these "deeming resolutions" simply establish a spending level for one year.

What should a fiscally responsible budget include?

A fiscally responsible budget should balance the budget within ten years and reform the budget process by implementing stronger enforcement measures such as the No Budget, No Pay Act, which would withhold lawmakers' salaries after Oct. 1 if they fail to pass a budget resolution and appropriations bills by that date. More specifically, any budget proposal should prioritize defense spending without exceeding the total cap on spending within the Budget Control Act, create a debt-free Social Security system, provide Americans with affordable health care alternatives, make tax cuts permanent, and give Americans more flexibility over their savings. A responsible budget should also implement reforms to slow the growth of the national debt and begin to pay it down as a share of the economy.

The Heritage Foundation recently released their "Blueprint for Balance, A Federal Budget for Fiscal Year 2020." If Congress were to implement the blueprint, it would balance the budget, cut taxes, rein in Washington's out of control spending, and prioritize national defense.

WORDS TO KNOW:

Regular Order

Refers to the procedures and processes that Congress has used for decades to conduct policymaking.

Sequester

A "sequester" takes effect when Congress spends above the established spending caps—it automatically cuts discretionary spending across the board to bring spending back down to the caps level.