



## **CRS Report for Congress**

# **Formulation and Content of the Budget Resolution**

Bill Heniff Jr.

Analyst in American National Government  
Government and Finance Division

The Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, 88 Stat. 297-332) established the concurrent budget resolution as the centerpiece of the congressional budget process. The annual budget resolution is an agreement between the House and Senate on a budget plan for the upcoming fiscal year and at least the following four fiscal years. As a concurrent resolution, it is not sent to the President for his signature and thus does not become law. The budget resolution, however, provides the framework for subsequent legislative action on the annual appropriations bills, revenue measures, debt-limit legislation, reconciliation legislation (if required), and any other budgetary legislation. Consequently, the President may be drawn into negotiations with Congress on the budget resolution. For more information on the budget process, see [<http://www.crs.gov/products/guides/guidehome.shtml>].

## **Formulation of the Budget Resolution**

The House and Senate Budget Committees are responsible for developing and reporting the budget resolution. In formulating the budget resolution, the Budget Committees hold hearings and receive testimony from Members of Congress and representatives from federal departments and agencies, the general public, and national organizations. Three regular hearings include separate testimony from the director of the Office of Management and Budget (OMB), the director of the Congressional Budget Office (CBO), and the chair of the Federal Reserve Board. The OMB director provides an explanation of the President's budget submission; the CBO director presents an analysis of the President's budget proposals and independent baseline budget projections; and the Federal Reserve chair provides an assessment of the state of the national economy.

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, House and Senate committees are required to submit views and estimates of budget matters under their jurisdiction to their respective Budget Committees (Section 301(d) of the Budget Act). These views and estimates, frequently submitted in the form of a letter to the chair and ranking 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 or compiled as a separate committee print.

## **Content of the Budget Resolution**

Section 301(a) of the 1974 Budget Act, as amended, requires that the budget resolution include the following matters for the upcoming fiscal year and at least the ensuing four fiscal years:

- aggregate levels of new budget authority, outlays, the budget surplus or deficit, and the public debt;
- aggregate level of federal revenues and the amount, if any, by which the aggregate level of federal revenues should be increased or decreased by legislative action;
- amount of new budget authority and outlays for each of the major functional categories; and
- for purposes of Senate enforcement rules, Social Security outlays and revenues (although these amounts are not included in the budget surplus or deficit totals due to their off-budget status).

In addition, Section 301(b) of the Budget Act lists several other matters that may be included in the budget resolution. The most important of these optional matters is the inclusion of reconciliation directives. These instructions direct one or more committees to report legislation containing recommended changes to substantive law to meet the levels of spending, revenues, and the public debt limit set forth in the budget resolution.

Section 301(e)(2) of the Budget Act requires that the report accompanying the budget resolution include the following information:

- a comparison of total new budget authority, total outlays, total revenues, and the surplus or deficit for each fiscal year set forth in the budget resolution with those requested in the budget submitted by the President;
- the estimated levels of total new budget authority and total outlays, divided between discretionary and mandatory amounts, for each major functional category;
- the economic assumptions that underlie the matters set forth in the budget resolution and any alternative assumptions and objectives the Budget Committee considered;
- information, data, and comparisons indicating the manner in which, and the basis on which, the Budget Committee determined each of the matters set forth in the resolution;
- the estimated levels of tax expenditures by major items and functional categories for the President's budget and in the budget resolution; and
- the committee spending allocations, commonly referred to as Section 302(a) allocations after the applicable section of the Budget Act.