



Submission of the President's Budget in Transition Years

Robert Keith

Specialist in American National Government

March 10, 2009

Congressional Research Service

7-5700

www.crs.gov

RS20752

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

At the time of a presidential transition, one question commonly asked is whether the outgoing or incoming President submits the budget for the upcoming fiscal year.

Under past practices, outgoing Presidents in transition years submitted a budget to Congress just prior to leaving office and incoming Presidents usually revised them. Six incoming presidents—Eisenhower, Kennedy, Nixon, Ford, Carter, and Reagan—revised their predecessor's budget shortly after taking office, while only two Presidents during this period, Johnson and George H. W. Bush, chose not to do so.

The deadline for submission of the President's budget, which has been changed several times over the years, was set in 1990 as "on or after the first Monday in January but not later than the first Monday in February of each year." The change made it possible for an outgoing President, whose term ends on January 20, to leave the annual budget submission to his successor.

The three outgoing Presidents since the 1990 change—George H. W. Bush, Clinton, and George W. Bush—exercised this option. Accordingly, the budget was submitted in 1993 and 2001 by the three incoming Presidents (Bill Clinton for FY1994 and George W. Bush for FY2002), and will be submitted by President Barack Obama for FY2010.

Before President Obama, the last three incoming Presidents that submitted a budget or revised their predecessor's budget (Reagan, Clinton, and George W. Bush) did not submit detailed budget proposals during their transitions until early April; however, each of them advised Congress regarding the general contours of their economic and budgetary policies in a special message submitted to Congress in February concurrently with a presentation made to a joint session of Congress.

President Obama is following a comparable approach. He delivered an address on his economic and budget plan to a joint session of Congress on February 24, 2009, and submitted an overview document two days later. His advisors have indicated that the detailed budget submission will be made no earlier than March 30.

This report will be updated as developments warrant.

Contents

Is the Outgoing or Incoming President Required to Submit the Budget?	1
Transition Budgets in Recent Years: Timing and Form.....	2

Tables

Table 1. Timing and Form of Presidential Budget Submissions in Transition Years: Incoming Carter Through Obama Administrations	3
---	---

Contacts

Author Contact Information	5
----------------------------------	---

When a new Congress convenes in January, one of its first orders of business is to receive the annual budget submission of the President. Following receipt of the President's budget, Congress begins the consideration of the budget resolution and other budgetary legislation for the upcoming fiscal year, which starts on October 1.¹

The transition from one presidential administration to another raises special issues regarding the annual budget submission. Which President—the outgoing President or the incoming one—is required to submit the budget, and how will the transition affect the timing and form of the submission? The purpose of this report is to provide background information that addresses these questions.

Is the Outgoing or Incoming President Required to Submit the Budget?

The Budget and Accounting Act of 1921,² as amended, requires the President to submit a budget annually to Congress toward the beginning of each regular session (31 U.S.C. 1105(a)). This requirement first applied to President Warren G. Harding for FY1923.

The deadline for submission of the budget, first set in 1921 as “on the first day of each regular session,” has changed several times over the years:

- in 1950, to “during the first 15 days of each regular session”;
- in 1985, to “on or before the first Monday after January 3 of each year (or on or before February 5 in 1986)”; and
- in 1990, to “on or after the first Monday in January but not later than the first Monday in February of each year.”

The 20th Amendment to the Constitution, ratified in 1933, requires each new Congress to convene on January 3 (unless the date is changed by the enactment of a law) and provides a January 20 beginning date for a new President's four-year term of office. Therefore, under the legal framework for the beginning of a new Congress, the beginning of a new President's term, and the deadline for the submission of the budget, all outgoing Presidents prior to the 1990 change were obligated to submit a budget.³

The 1990 change in the deadline made it possible for an outgoing President to leave the annual budget submission to his successor, an option which the three outgoing Presidents since then (George H. W. Bush, Bill Clinton, and George W. Bush) took.

¹ For more information on the federal budget process, see CRS Report 98-721, *Introduction to the Federal Budget Process*, by Robert Keith.

² The 1921 act is P.L. 67-13 (June 10, 1921); 42 Stat. 20.

³ For more detailed information on this matter, see CRS Report 93-672 GOV, *Budget Submissions of Outgoing Presidents*, by Robert Keith. (The report is archived and may be obtained from the author.) The 1990 change was made by Section 13112(c)(1) of the Budget Enforcement Act of 1990 (104 Stat. 1388-608 and 609), which was included in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508).

Incoming Presidents, except for Harding, Clinton, George W. Bush, and Barack Obama, assumed their position with a budget of their predecessor in place. Under the 1921 act, Presidents may submit budget revisions to Congress at any time. Six incoming Presidents chose to modify their predecessor's policies by submitting budget revisions shortly after taking office: Eisenhower, Kennedy, Nixon, Ford, Carter, and Reagan.⁴ Four Presidents—Roosevelt, Truman, Johnson, and George H. W. Bush—chose not to submit budget revisions.

Because President George H. W. Bush chose not to submit a budget for FY1994 (and was not obligated to do so), President Clinton submitted the original budget for FY1994 rather than budget revisions. Similarly, the budget for FY2002 was submitted by the incoming President George W. Bush, rather than by outgoing President Clinton. The Office of Management and Budget (OMB) provided considerable advance notice of the plan for FY2002.⁵

President George W. Bush indicated early on that he would not submit a budget for FY2010, which was subject to a deadline of Monday, February 2, 2009. In announcing the decision, then-OMB Director Jim Nussle stated:

The FY2010 budget will be submitted by the next President. In order to lay the groundwork for the next Administration, we intend to prepare a budget database that includes a complete current services baseline and to gather information to develop current services program estimates for FY2010 from which the incoming Administration can develop its budget proposals.⁶

President Obama's advisors have indicated that he will submit a detailed budget for FY2010 within a month or so.

Transition Budgets in Recent Years: Timing and Form

During the period beginning with the full implementation of the congressional budget process (in FY1977), six transitions of presidential administration have occurred. As **Table 1** shows, the three outgoing Presidents required to submit a budget during this period (Ford, Carter, and Reagan) did so on or before the statutory deadline.

Once the original budget for a fiscal year has been submitted, a President or his successor may submit revisions at any time. Two of the incoming Presidents during this period (Carter and Reagan) submitted budget revisions and one (George H. W. Bush) did not. The FY1978 revisions by President Carter (a 101-page document) were submitted on February 22 and the FY1982 revisions by President Reagan (an initial 159-page document and a subsequent 435-page document) were submitted on March 10 and April 7, respectively.

⁴ U.S. Library of Congress, Congressional Research Service, *The President's Budget Submission: Format, Deadlines, and Transition Years*, by Virginia A. McMurtry and James V. Saturno, CRS Report 88-661 GOV (Washington: October 7, 1988), pages 17-26. (The report is archived and may be obtained from the authors.)

⁵ See OMB Memorandum M-00-12, *Requirements for Development of the FY2002 Transition Budget*, June 2, 2000, 3 pages.

⁶ Office of Management and Budget, OMB Memorandum 08-17, *Requirements for the FY 2010 Budget Process*, April 7, 2008, p. 1, available at <http://www.whitehouse.gov/omb/memoranda/fy2008/m08-17.pdf>.

Table 1. Timing and Form of Presidential Budget Submissions in Transition Years: Incoming Carter Through Obama Administrations

Outgoing President ^a					Incoming President ^a		
Fiscal Year	President	Submitted a Budget?	Deadline ^b	Date of Submission	President	Submitted a Budget or Budget Revisions?	Date of Submission
1978	Ford	Yes	01-19-1977	01-17-77	Carter	Yes (budget revisions) ^c	02-22-1977
1982	Carter	Yes	01-20-1981	01-15-81	Reagan	Yes (budget revisions and further details) ^d	03-10-1981 04-07-1981
1990	Reagan	Yes	01-09-1989	01-09-89	G.H.W. Bush	No ^e	—
1994	G.H.W. Bush	No	02-01-1993	—	Clinton	Yes (budget)	04-08-1993
2002	Clinton	No	02-05-2001	—	G.W. Bush	Yes (budget)	04-09-2001
2010	G.W. Bush	No	02-02-2009	—	Obama	Yes (budget)	[expected no earlier than 03-30-2009]

Source: Prepared by the Congressional Research Service.

- a. The incoming President replaced the outgoing President on January 20 of the applicable year.
- b. The budgets for FY1978 and FY1982 were required to be submitted within 15 days after Congress convened; the budget for FY1990 was required to be submitted by the first Monday in January after Congress convened; and the budgets for FY1994, FY2002, and FY2010 were required to be submitted by the first Monday in February.
- c. The FY1978 budget revisions submitted by President Carter were printed as a 101-page document.
- d. Prior to submitting FY1982 budget revisions, President Reagan submitted a document containing an economic plan and initial budget proposals (*America's New Beginning: A Program for Economic Recovery*) in conjunction with an address to a joint session of Congress on February 18, 1981. With regard to the budget revisions, a 159-page budget document, *Fiscal Year 1982 Budget Revisions*, was submitted to Congress on March 10, and a 435-page budget document, *Fiscal Year 1982 Budget Revisions: Additional Details on Budget Savings*, was submitted to Congress on April 7.
- e. Although President George H.W. Bush did not submit a revision of President Reagan's FY1990 budget, he submitted a 193-page message to Congress (*Building a Better America*) in conjunction with a joint address to Congress on February 9, 1989. The message included revised budget proposals.

As stated previously, Presidents Clinton and George W. Bush submitted the original budgets for FY1994 and FY2002 as incoming Presidents (on April 8, 1993 and April 9, 2001, respectively), and President Obama is expected to submit the FY2010 budget no earlier than March 30, 2009.

In past years, Congress authorized the submission of a budget for a fiscal year after the statutory deadline by enacting a deadline extension in law. For example, the deadlines for submission of the budgets for FY1981, FY1984, and FY1986 were extended from mid-January to late-January or early-February by P.L. 96-186, P.L. 97-469, and P.L. 99-1, respectively. Beginning in the late 1980s, however, several original budgets have been submitted late without authorization. For FY1991, the budget was submitted a week after a deadline that already had been extended by law (P.L. 101-228); for FY1989 and the transition-year budget for FY1994, the budget was submitted after the deadline (by 45 and 66 days, respectively) without the consideration of any measure granting a deadline extension.

The experience with transition budgets during the period that the congressional budget process has been in operation is roughly comparable, in terms of timing, with the experience of earlier years. Presidents Eisenhower, Kennedy, and Nixon submitted their revised budget messages to Congress on April 30, March 24, and April 12, respectively.⁷

Like the budget itself, the revisions may take whatever form the President desires. They have ranged from piecemeal submissions in the earlier instances to consolidated budget messages beginning with President Ford.

Although Presidents Reagan, Clinton, and George W. Bush did not submit detailed budget proposals during their transitions until early April, each of them advised Congress regarding the general contours of their economic and budgetary policies in special messages submitted to Congress in February concurrently with a presentation made to a joint session of Congress:

- on February 18, 1981, President Reagan submitted a document containing an economic plan and initial budget proposals for FY1982, *America's New Beginning: A Program for Economic Recovery*, in conjunction with an address to a joint session of Congress;
- on February 17, 1993, President Clinton submitted to Congress a budgetary document, *A Vision of Change for America*, to accompany his address to a joint session of Congress. The 145-page document outlined the President's economic plan and provided initial budget proposals in key areas; and
- on February 28, 2001, President George W. Bush submitted a 207-page budget summary to Congress, *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities*, the day after his address to a joint session of Congress.

President Obama is following a comparable approach for the FY2010 budget. He delivered an address on his economic and budget plan to a joint session of Congress on February 24, 2009, and submitted a 134-page overview document, *A New Era of Responsibility: Renewing America's Promise*, on February 26.

⁷ *The President's Budget Submission*, *ibid.*, page 17.

Although President George H. W. Bush did not submit a revision of President Reagan's FY1990 budget, he submitted a 193-page message to Congress (*Building a Better America*) in conjunction with a joint address to Congress on February 9, 1989. The message included revised budget proposals.

To facilitate the development of the budget for the incoming Clinton Administration, President George H. W. Bush submitted to Congress, on January 6, 1993, a 573-page, single-volume budgetary document to Congress, *Budget Baselines, Historical Data, and Alternatives for the Future*. Instead of constituting a budget in the usual sense, this document provided historical data, baseline budget projections under the *status quo*, and illustrations of budget projections using alternative economic assumptions and different broad policy outlines.

Similarly, President Clinton prepared a "transition budget" for incoming President George W. Bush for FY2002 (*FY2002 Economic Outlook, Highlights From FY1994 To FY2001, FY2002 Baseline Projections*, January 16, 2001). The volume was comparable in scope to the one issued for FY1994 by President George H. W. Bush just before he left office, providing revised budget projections and an economic and programmatic update.

Author Contact Information

Robert Keith
Specialist in American National Government
rkeith@crs.loc.gov, 7-8659