



BUDGET BULLETIN

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Establishing a Fiscal Year 2017 Senate Budget Framework

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by Dan Kowalski, Deputy Staff Director

EDITOR’S NOTE: All years are fiscal years unless otherwise stated.

Producing a Senate Budget Framework Before a Congressional Budget Arrives

The Bipartisan Budget Act of 2015 (BBA-15, [P.L. 114-74](#)) requires the chairman of the Senate Budget Committee to set, or “name,” the budgetary levels necessary for the Senate to have a fully functioning budget process for 2017. Complying with this directive in section 102 of the law will allow the Senate to advance appropriations measures while Congress continues its work toward a budget resolution.

Similar language was included in the Bipartisan Budget Act of 2013 (BBA-13, [P.L. 113-67](#)) and the Budget Control Act of 2011 (BCA, [P.L. 112-25](#)), which also provided two-year deals for discretionary spending limits. Thus, it has become routine to require the chairman of the Senate Budget Committee to name the budget levels in the year following a budget deal.

Prior committee chairmen complied with this directive. Chairman Kent Conrad (D-ND) exercised this authority on March 20, 2012, with respect to the BCA (*Congressional Record*, pages [S1832-S1833](#)), while Chairman Patty Murray (D-WA) designated levels on May 5, 2014, for BBA-13 (*Congressional Record*, pages [S2640-S2643](#)). Now Chairman Mike Enzi (R-WY) plans to set the budget levels after April 15 and by May 15, 2016, as required by BBA-15.

In addition, prior to the BCA, the Senate named budget levels for 2007, 2005, and 1999. For 2007 and 2005, the Senate only named allocations to the Appropriations Committee; for 1999,

the Senate named all levels needed to have a fully functioning budget process. By contrast, the Senate did not name any budget levels for 2011 and 2003, two other years for which Congress did not adopt a concurrent budget resolution.

Fiscal Impact of No Budget

There would be three immediate impacts in the Senate if no action were taken to set levels:

No Spending Allocation to the Appropriations Committee:

In the Senate, a budget resolution is in effect until superseded, but a budget resolution only provides a spending allocation to the Appropriations Committee for the upcoming year. The 2016 concurrent budget resolution finalized by the Senate on May 5, 2015, only included an allocation to the Appropriations Committee for 2016. Thus without further action, there can be no allocation to the Appropriations Committee for 2017, even when the subsequent enactment of the BBA-15 budget deal suggests general agreement on the appropriate levels for discretionary spending for two years. *Importantly, this means no congressional enforcement limit on the amount that can be provided in individual appropriations bills.* While technically, statutory limits on discretionary spending would still be enforced through sequestration – an executive branch action – practically speaking there would be no enforcement mechanism to keep Congress within those limits.

Reduced Budget Window for Authorizing Committees, Revenue Legislation, and Senate PAYGO:

The Congressional Budget Office (CBO) and Joint Committee on Taxation are currently scoring legislation for the 11-year period of 2016-2026, but without further action *there can be no mechanism to enforce the 2026 numbers in the Senate.* Absent a budget agreement or directive to name levels, budget authority and outlay totals for direct-spending legislation can only be enforced for 2016, 2016-2020, and 2016-2025. Similarly, the revenue floor can only be enforced for those three timeframes. For Senate Pay-As-You-Go (PAYGO), the available enforcement period would be the sum of 2016-2020 and 2016-2025. This mismatch would be confusing and could diminish budget discipline.

No Limit on Overall Spending for 2017:

After 2016, without further action the Senate loses its ability to enforce against legislation that would cause the total budget authority or outlays set forth in the resolution to be exceeded. The point of order that allows enforcement against breaches of the spending aggregates exists only for the budget year, similar to the point of order that applies to discretionary spending discussed above. *Consequently, there can be no congressional enforcement limit on the total amount to be spent in 2017.* Worse still, a breach of this limit would not automatically be enforced through sequestration as are the discretionary spending limits.

BBA-15 Requirements

The 2015 budget deal's language for naming levels contains several significant provisions that align in two distinct ways, each of which significantly impacts Senate budget work:

The Requirement to Provide a Mechanism for 2017 Budget Enforcement:

BBA-15 specifically directs the Senate Budget Committee chairman to file committee spending allocations, aggregate spending levels, aggregate revenue levels, and Social Security spending and revenue levels so that senators may raise points of order against legislation on the Senate floor. These include points of order established in the Congressional Budget Act of 1974 and in prior concurrent resolutions on the budget.

Under the Budget Act, points of order would lie against bills or amendments if they cause total spending to exceed the level contemplated for the upcoming year (known as the budget year); total revenues to fall below the level contemplated for the budget year, the next 5 years, and the next 10 years; or spending to exceed the levels allocated to the authorizing or appropriations committees.

For the authorizing committees, which deal with entitlement, or mandatory, spending such as Medicare and food stamps, the levels are the budget year, the next 5 years, and the next 10 years; for the appropriations committee, which deals with annual discretionary spending, the levels are for the budget year only. In addition, a point of order would lie against bills or amendments if they worsen the net cash flows of the Social Security program for the budget year, the next 5 years, and the next 10 years.

Under prior budget resolutions, points of order would lie against legislation (other than appropriations bills) that increases the annual deficit by more than \$10 billion in any year over the next 10 years, except when it is completely offset over that period; legislation that increases the deficit by more than \$5 billion in any of the four 10-year periods after the end of the budget window; and direct spending or revenue legislation that increases the deficit over the first 6 years or full 11 years of the current budget baseline (Senate PAYGO).

The Requirement to Set Levels Equal to Those in BBA-15 and the Most Recent CBO Baseline:

For the Committee on Appropriations, BBA-15 directs the chairman to name allocations consistent with the discretionary spending limits set in the act. That legislation established budget authority limits of \$551 billion for defense spending and \$519 billion for nondefense spending (\$1,070 billion total).

For other committees, the chairman must name figures consistent with the March 2016 CBO baseline, adjusted for any legislation enacted after the baseline was released. The same requirement to be consistent with the March baseline is imposed for revenues and Social Security spending and revenue levels.

Regarding the overall 2017 spending limit, the law directs the chairman to sum the allocations established above to the Appropriations Committee and authorizing committees, including any debt-service effects that stem from setting allocations consistent with the BBA-15 level.

In addition to these requirements, BBA-15 allows the chairman to retain all the reserve funds established by Congress in last year's budget resolution conference agreement, updated by one year.

The Benefits of Naming Budgetary Levels

Requiring the Budget Committee chairman to name an allocation to the Appropriations Committee allows Congress to function under regular order while other elements of a budget resolution remain to be negotiated. The directive eliminates the mismatch between the enforcement window and the CBO baseline that would otherwise exist, and allows points of order to be enforced on a neutral "do no harm" basis, using the best information for the full 11 years for which CBO makes detailed budget projections.

If the chairman exercises the authority to retain the reserve funds and update their budget window, legislation that is offset for which there is a reserve fund likely would avoid budgetary points of order. This may facilitate Senate passage of broadly popular legislation.

In addition, the chairman's filing does not prevent the Senate from completing a budget resolution. Indeed, if adopted, a budget resolution conference agreement would supersede the named levels immediately under the terms of section 102 of BBA-15.

BudgetSpeak

Budget Functions

A numbered classification system of core purposes of the federal government. Used in the federal budgeting process to assign budget authority, outlays, receipts, and the outlay portion of tax expenditures. The concurrent resolution on the budget contains these functional categories: national defense (050); international affairs (150); science and technology (250); energy (270); environment and natural resources (300); agriculture (350); commerce and housing credit (370); transportation (400); community and regional development (450); education (500); health (550); Medicare (570); income security (600); Social Security (650); veterans benefits and services (700); administration of justice (750); general government (800); net interest (900); allowances (920); undistributed offsetting receipts (950); and overseas contingency operations (970). Complex budget functions may be divided into subfunctions. Budget functions often apply to more than one committee of jurisdiction and provide a more comprehensive view of federal spending priorities.