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Congressional Budget Actions in 2005

Bill Heniff, Jr., Government and Finance Division

January 20, 2006

Abstract. During the first session of the 109th Congress, the House and Senate considered many different budgetary measures. Most of them pertained to fiscal year (FY) 2006 and beyond, but some made adjustments to the budget for FY2005. This report describes 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. President George W. Bush submitted his FY2006 budget to Congress on February 7, 2005.

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Summary

During the first session of the 109th Congress, the House and Senate considered many different budgetary measures. Most of them pertained to fiscal year (FY) 2006 and beyond, but some made adjustments to the budget for FY2005. This report describes 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. President George W. Bush submitted his FY2006 budget to Congress on February 7, 2005.

The congressional budget process provides for an annual concurrent resolution on the budget to serve as a 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.

The House considered its version of the FY2006 budget resolution (H.Con.Res. 95) over a period of two days, March 16 and 17. After considering and rejecting four amendments 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 a period 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.

The FY2006 budget resolution provided for three reconciliation measures: (1) to cut direct (or mandatory) spending by about \$35 billion; (2) to cut taxes by \$70 billion; and (3) to increase the statutory debt limit by \$781 billion. When the Congress adjourned sine die on December 22, 2005, the House and Senate had passed but had not completed action on spending (S. 1932/H.R. 4241) and tax (H.R. 4297/S. 2020) reconciliation measures. No action was taken on a debt-limit reconciliation measure.

When FY2006 began on October 1, the House had passed 11, and the Senate had passed eight, of the regular appropriations acts for FY2006. Only two of these had been signed into law. Congress completed action on the regular appropriations acts for FY2006 when the Senate, on December 21, agreed to the conference reports to the Defense Appropriations Act (H.R. 2863, H.Rept. 109-359) and the Labor, Health and Human Services, and Education Appropriations Act (H.R. 3010, H.Rept. 109-337).

This report will no longer be updated.

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Congressional Budget Actions in 2005

Concluding Actions

The Congress adjourned sine die on December 22, 2005. Prior to adjourning, the Congress completed action on the regular appropriations acts for FY2006 when the Senate, on December 21, agreed to the conference reports to the Defense Appropriations Act (H.R. 2863, H.Rept. 109-359) and the Labor, Health and Human Services, and Education Appropriations Act (H.R. 3010, H.Rept. 109-337). On December 30, President Bush signed H.R. 2863 and H.R. 3010 into law (P.L. 109-148 and P.L. 109-149, respectively), thereby bringing action on the FY2006 regular appropriations acts to a close.

The Congress, however, did not complete action on the three reconciliation measures provided for in the FY2006 budget resolution. On December 19, 2005, the House agreed to the conference report on the spending reconciliation measure (S. 1932, the Deficit Reduction Act of 2005). In the Senate, however, the conference report failed when a point of order under the Byrd rule (Section 313 of the Budget Act) against three provisions in the conference report was sustained. Subsequently, the Senate on December 21 agreed to a motion to concur in the House amendment to S. 1932 with a further amendment containing the text of the conference report with the violating provisions stricken. The House did not act on the further amendment to S. 1932 before adjourning sine die. The House is expected to consider the further amendment some time after it returns for the second session of the 109th Congress the week of January 31, 2006.

The Senate passed the revenue reconciliation measure (S. 2020, the Tax Relief Act of 2005) in the early morning of November 18. The House passed its revenue reconciliation measure (H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005) on December 8. Before adjourning sine die, the Senate and the House did not take any further action on these revenue reconciliation measures.

Neither the House or the Senate took action on a reconciliation measure changing the statutory limit on the public debt.

Introduction

During the first session of the 109th Congress, the House and Senate considered many different budgetary measures. Most of them pertained to FY2006 (referred to as the “budget year”) and beyond. In addition, some made adjustments to the budget for FY2005 (referred to as the “current year”). This report describes 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 considered various budget-related legislation in the context of what was 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, showed annual deficits in the unified budget (i.e., including federal funds and trust funds) in each of the next several fiscal years. For example, at the beginning of the year, OMB projected that the FY2005 unified budget deficit would be \$390 billion (\$427 billion if the supplemental request is included), with deficits continuing but declining through FY2010. Similarly, CBO projected that the FY2005 unified budget deficit would be \$368 billion, with a surplus not returning until FY2012.²

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.

The President's 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

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. Winters.

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. During 2005, President Bush submitted five budget amendments, five requests for supplemental appropriations for FY2005, one request for supplemental appropriations for FY2006, one request reallocating supplemental appropriations, and one request for a package of rescissions (see section "Discretionary Spending," below).⁴

By July 15 of each year, the President is required to submit an update of his budget, commonly referred to as the mid-session review.⁵ On July 13, 2005, President Bush submitted his *Mid-Session Review* of the budget to Congress. The report contains revised estimates of the budget deficit/surplus, receipts, outlays, and budget authority for FY2005 through FY2010, reflecting changed economic conditions and assumptions and congressional actions.

The Budget Resolution: Implementation and Enforcement. The Congressional Budget Act 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 serve as a 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. As a concurrent resolution, the budget resolution 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.

³ All of the President's FY2006 budget documents are available at [<http://www.gpoaccess.gov/usbudget/fy06/browse.html>].

⁴ These requests are available at [<http://www.gpoaccess.gov/usbudget/fy06/amndsup.html>].

⁵ For background information on the mid-session review, see CRS Report RL32509, *The Mid-Session Review of the President's Budget: Timing Issues*, by Robert Keith.

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.⁶ 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.

Expired Budget Enforcement Procedures. 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.⁷ 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.⁸ If Congress and President Bush enact budget enforcement procedures such as these applicable to budget legislation in 2005, this report will incorporate them accordingly.

⁶ 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.

⁷ 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).

⁸ 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.

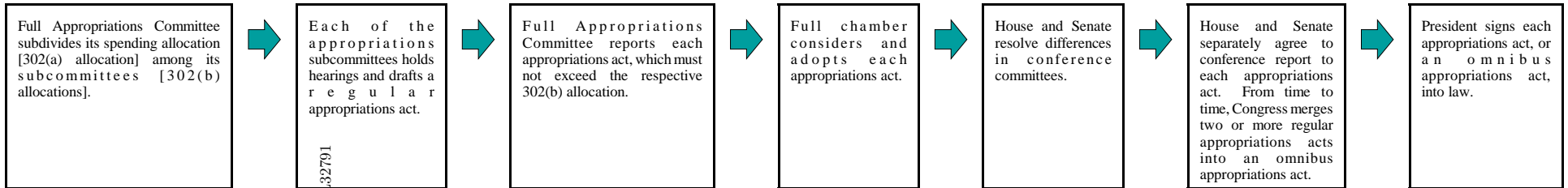
Table 2. Mapping Spending and Revenue Legislation through the Congressional Budget Process

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.



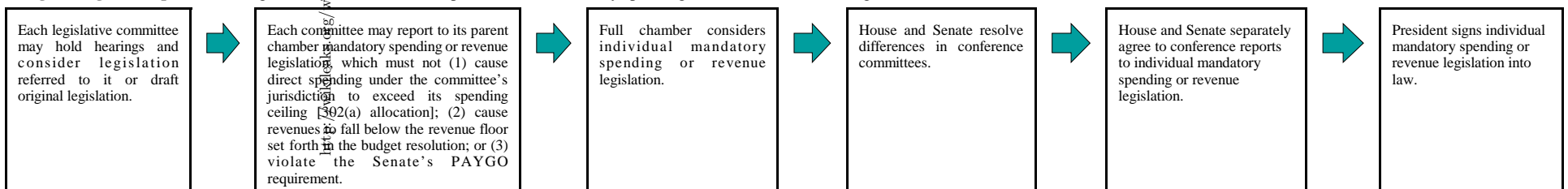
Discretionary spending policies in the budget resolution are implemented through the appropriations process.

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

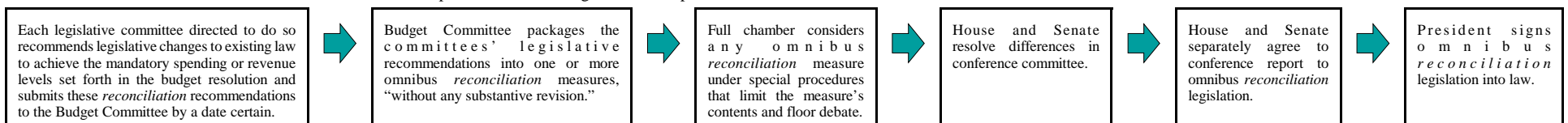


Mandatory spending, revenue, and debt-limit policies in the budget resolution are implemented through the regular legislative process or the reconciliation process.

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.⁹ 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.¹⁰ 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.¹¹

The congressional budget resolution, like the President's budget, is based on budget baselines (see **Table 3**).¹² 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.¹³ The President's baseline usually differs from CBO's baseline, referred to as baseline budget projections, because of different economic and technical assumptions. In preparation for action on the FY2006 budget resolution, on January 25, 2005, CBO released its annual report on budget baseline

⁹ For historical information on budget resolutions, see CRS Report RL30297, *Congressional Budget Resolutions: Selected Statistics and Information Guide*, by Bill Heniff Jr.

¹⁰ Mr. Holtz-Eakin's written testimony to the Senate Budget Committee is available at [<http://www.cbo.gov/ftpdocs/60xx/doc6065/Outlook2006-2015Testimony.pdf>].

¹¹ Mr. Bolton's written testimony to the House Budget Committee is available on its website, at [<http://www.house.gov/budget/hearings/boltenstmnt020805.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>].

¹² For further information on the current budget baseline projections, see CRS Report RL32812, *The Budget for Fiscal Year 2006*, by Philip D. Winters.

¹³ 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*.

projections, *The Budget and Economic Outlook: Fiscal Years 2006-2015*.¹⁴ Subsequently, 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 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 — July 2005 [revised current services estimates]							
Outlays	2,471	2,571	2,666	2,767	2,884	3,031	13,919
Revenues	2,140	2,273	2,429	2,598	2,744	2,914	12,958
Surplus/Deficit (-)	-331	-299	-237	-169	-140	-117	-962
On-budget	-507	-497	-445	-398	-385	-382	-2,107
Off-budget ^a	176	198	208	229	246	265	1,146
Congressional Budget Office — August 2005 [revised budget baseline projections]							
Outlays	2,473	2,595	2,721	2,860	2,997	3,134	14,306
Revenues	2,142	2,280	2,396	2,526	2,675	2,817	12,695
Surplus/Deficit (-)	-331	-314	-324	-335	-321	-317	-1,612
On-budget	-507	-503	-528	-554	-556	-564	-2,706
Off-budget ^a	176	189	203	219	234	248	1,094

Sources: Office of Management and Budget, *Mid-Session Review, Budget of the United States Government, Fiscal Year 2006* (Washington: GPO, 2005), p. 42; Congressional Budget Office, *The Budget and Economic Outlook: An Update*, Aug. 2005, p. 4.

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

¹⁴ CBO documents are available at [<http://www.cbo.gov/>].

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.¹⁵ 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.¹⁶

The congressional budget process timetable sets April 15 as a target date for final adoption of the budget resolution.¹⁷ The Budget Act prohibits the consideration

¹⁵ 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.

¹⁶ 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.

¹⁷ 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.

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 218-214.¹⁸

The Senate considers the budget resolution under the procedures set forth in the Budget Act, 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.¹⁹ The Senate considered its version of the FY2006

¹⁷ (...continued)

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.

¹⁸ 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, H1627-H1674.

¹⁹ 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
(continued...)

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.²⁰

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 28.²¹ **Table 4** provides a comparison of several components contained in the House, Senate, and conference versions of the FY2006 budget resolution.

¹⁹ (...continued)

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.

²⁰ 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.

²¹ 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	<p>Two reconciliation measures:</p> <p><i>Submissions to slow the growth in mandatory spending and to achieve deficit reduction</i></p> <p>(1) September 16, 2005; (2) nine House committees; (3) -7,847 (FY2006); -68,557 (FY2006-FY2010)</p> <p><i>Submission providing for changes in revenue</i></p> <p>(1) June 24, 2005; (2) one House committee; (3) -16,623 (FY2006); -45,000 (FY2006-FY2010)</p>	<p>Three reconciliation measures:</p> <p><i>Spending reconciliation instructions</i></p> <p>(1) June 6, 2005; (2) six Senate committees; (3) -2,460 (FY2006); -17,006 (FY2006-FY2010)</p> <p><i>Revenue reconciliation instructions</i></p> <p>(1) September 7, 2005; (2) one Senate committee; (3) -19,016 (FY2006); -128,580 (FY2006-FY2010)</p> <p><i>Increase in statutory debt limit</i></p> <p>(1) September 16, 2005; (2) one Senate committee; (3) +446,464</p>	<p>Three reconciliation measures:</p> <p><i>Spending reconciliation instructions</i></p> <p>(1) September 16, 2005; (2) eight House and eight Senate committees; (3) -1,519 (FY2006); -34,658 (FY2005-FY2010)</p> <p><i>Revenue reconciliation instructions</i></p> <p>(1) September 23, 2005; (2) one House and one Senate committee; (3) -11,000 (FY2006); -70,000 (FY2006-FY2010)</p> <p><i>Increase in statutory debt limit</i></p> <p>(1) September 30, 2005; (2) one House and one Senate committee; (3) +781,000</p>
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 Budget Act.²² The reconciliation process has two stages. First, Congress includes reconciliation directives in a budget resolution directing one or more committees in each chamber to recommend changes in statute to achieve the levels of direct spending, revenues, debt limit, or a combination thereof, agreed to in the budget resolution.

Second, each instructed committee develops legislative recommendations to meet its reconciliation directives and reports its legislative recommendations to its respective chamber directly or transmits such recommendations to its respective budget committee. Section 310(b) of the Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, 88 Stat. 297-332) specifies two options for the submission of legislative recommendations to comply with reconciliation directives: (1) if one committee is instructed, the committee reports its legislative recommendations to its parent chamber directly; or (2) if two or more committees are instructed, the committees submit their legislative recommendations to their respective Budget Committee. In the latter case, the legislative language recommended by committees is packaged “without any substantive revision” into one or more budget reconciliation bills, as set forth in the budget resolution, by the House and Senate Budget Committees.

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; (2) to cut taxes by \$70 billion; and (3) to increase the statutory debt limit by \$781 billion. **Table 5** provides further information on the reconciliation directives to the House and Senate committees. (For an extensive discussion of reconciliation legislation in 2005, see CRS Report RL33132, *Budget Reconciliation Legislation in 2005*, by Robert Keith.)

During the week of September 12, 2005, the chairmen of the Senate and House Budget Committees announced a delay in the reconciliation process so that authorizing committees could devote their attention to Hurricane Katrina-related legislation.²³ Senator Judd Gregg, Chairman of the Senate Budget Committee (SBC), announced that the SBC would report the omnibus spending reconciliation measure on October 26. Similarly, Representative Jim Nussle, Chairman of the House Budget Committee (HBC), informed authorizing committees that the HBC intended to report the omnibus spending reconciliation measure the week of October 24, which was later extended to the week of October 31.

²² For a full discussion of the reconciliation process, see CRS Report RL33030, *The Budget Reconciliation Process: House and Senate Procedures*, by Robert Keith and Bill Heniff Jr.

²³ See (1) Steven T. Dennis, “Recalibrating Reconciliation,” *CQ Weekly* (Sept. 19, 2005), p. 2503; and (2) Steven T. Dennis, “House Delays Reconciliation Deadlines a Second Time,” *CQ Today* (Oct. 11, 2005).

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 (originally due by September 16)^b			
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 (originally due by September 23)^b			
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 (originally due by September 30)^b			
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.

b. During the week of September 12, 2005, the chairmen of the Senate and House Budget Committees announced a delay in the reconciliation process so that authorizing committees could devote their attention to Hurricane Katrina-related legislation. See text of report for further information on the timing of the reconciliation measures.

Once the reconciliation legislation is reported in the House or Senate, consideration is governed by special procedures. These procedures serve to limit what may be included in reconciliation legislation, prohibit certain amendments, and 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 Budget Act requires that amendments to reconciliation legislation be germane and not increase the deficit. Also, the Budget Act 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 Budget Act, commonly referred to as the Byrd rule, prohibits extraneous matter in a reconciliation bill.²⁴

Spending Reconciliation Legislation. Instructed Senate committees marked up and voted to submit their legislative recommendations pursuant to the reconciliation directives in the FY2006 budget resolution to the Senate Budget Committee between October 18 and 25.²⁵ The Senate Budget Committee, on October 26, voted to report an original Senate bill, S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005, incorporating the committee recommendations, without any substantive revision, by a vote of 12-10 (S.Prt. 109-37).

The Senate considered S. 1932 for four days from October 31 to November 3. During consideration of the spending reconciliation measure, the Senate considered 42 amendments: 20 amendments were adopted; nine amendments were rejected; nine amendments fell on points of order; and four amendments were withdrawn. On November 3, the Senate passed S. 1932, as amended, by a 52-47 vote.²⁶ As passed by the Senate, according to CBO, the spending reconciliation measure was projected

²⁴ For detailed information on the Byrd rule, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate's "Byrd Rule,"* by Robert Keith.

²⁵ For background on and actions by each Senate committee related to the reconciliation submissions, see U.S. Congress, Senate Committee on the Budget, *Deficit Reduction Omnibus Reconciliation Act of 2005*, committee print, 109th Cong., 1st sess., S.Prt. 109-37, Oct. 2005 (Washington: GPO, 2005).

²⁶ For the consideration and adoption of S. 1932, see *Congressional Record*, daily edition, vol. 151 (Oct. 31-Nov. 3, 2005), pp. S12065-S12073, S12079-S12122, S12149-S12219, S12291-S12345.

to reduce direct spending by \$34.6 billion over the five-year period of FY2006-2010.²⁷

In the House, instructed committees marked up and voted to submit their legislative recommendations pursuant to reconciliation directives in the FY2006 budget resolution to the House Budget Committee between September 29 and October 28.²⁸ The House Budget Committee, on November 3, voted to report an original House bill, H.R. 4241, the Deficit Reduction Act of 2005, incorporating the committee recommendations, without any substantive revision, by a vote of 21-17 (H.Rept. 109-276).

On November 17, the House considered H.R. 4241 under a closed rule (H.Res. 560, H.Rept. 109-303) reported by the House Rules Committee. The House agreed to H.Res. 560 by voice vote, after agreeing to an amendment to the resolution by Representative Adam Putnam by voice vote.²⁹ The special rule provided for the consideration of H.R. 4241 and that an amendment printed in the report of the House Rules Committee, as modified by a provision in the special rule, be considered as adopted. Later that day, the House passed the spending reconciliation measure, as amended, by a vote of 217-215. Subsequently, to facilitate conference action, the House agreed by unanimous consent to pass S. 1932, the Senate's spending reconciliation bill, as amended by the text of H.R. 4241, as passed by the House.³⁰ According to CBO, the House-passed spending reconciliation measure was projected to reduce direct spending by \$49.9 billion over the five-year period of FY2006-2010.³¹

The Senate and House agreed to resolve the legislative differences in the two versions of the spending reconciliation measure (S. 1932) in a conference committee, appointing conferees on December 15 and 16, respectively. A conference report (H.Rept. 109-362) on S. 1932, renamed the Deficit Reduction Act of 2005, was filed on December 19 (legislative day, December 18). The House agreed to the conference

²⁷ [<http://www.cbo.gov/ftpdocs/68xx/doc6886/SenatePassedRecon.pdf>].

²⁸ For background on and actions by each House committee related to the reconciliation submissions, see U.S. Congress, House Committee on the Budget, *Deficit Reduction Act of 2005*, committee report to accompany H.R. 4241, 109th Cong., 1st sess., H.Rept. 109-276, Nov. 7, 2005 (Washington: GPO, 2005).

²⁹ Prior to the consideration of H.Res. 560, Representative Jim McDermott raised a point of order against the consideration of the special rule under Section 426 of the Budget Act (which relates to the waiving of a point of order under the Unfunded Mandates Reform Act). Pursuant to the provisions of this section of the Budget Act, the House agreed to consider H.Res. 560 by a vote of 224-198. See *Congressional Record*, daily edition, vol. 151 (Nov. 17, 2005), pp. H10531-H10534.

³⁰ For the consideration and adoption of H.Res. 560, H.R. 4241, and S. 1932, see *Congressional Record*, daily edition, vol. 151 (Nov. 17, 2005), pp. H10531-H10534, H10537-H10749.

³¹ [<http://www.cbo.gov/ftpdocs/68xx/doc6885/HousePassedRecon.pdf>].

report on December 19 (legislative day, December 18) by a vote of 212-206.³² During the consideration of the conference report in the Senate, however, a point of order under the Byrd rule (Section 313 of the Budget Act) was raised against four provisions in the conference report. A motion to waive the point of order was rejected by a 52-48 vote, and the point of order subsequently was sustained against three of the four provisions in the conference report. As prescribed by the Budget Act, upon the ruling of the presiding officer sustaining the point of order under the Byrd rule, the Senate proceeded to consider a motion to concur in the House amendment to S. 1932 with a further amendment containing the text of the conference report with the violating provisions stricken. The Senate agreed to the motion by a 51-50 vote (with Vice President Richard B. Cheney voting in the affirmative to break the tie) on December 21, 2005.³³

Before adjourning sine die, the House did not act on the further amendment to S. 1932. The House is expected to consider the further amendment some time after it returns for the second session of the 109th Congress the week of January 31, 2006.

Revenue Reconciliation Legislation. After completing initial action on its version of the spending reconciliation measure, both chambers turned to legislation implementing the revenue component of the reconciliation directives in the FY2006 budget resolution.

On November 15, 2005, the Senate Finance Committee marked up and voted to report an original Senate bill, S. 2020, the Tax Relief Act of 2005, by a vote of 14-6 (without written report). The Senate considered S. 2020 on November 16, 17, and 18, passing the measure in the early morning of November 18 by a 64-33 vote. During consideration of the revenue reconciliation measure, the Senate considered 30 amendments: seven amendments were adopted; four amendments were rejected; 18 amendments fell on points of order; and one amendment was withdrawn.³⁴ As passed by the Senate, according to the Joint Committee on Taxation (JCT), S. 2020 is projected to reduce revenues by \$57.8 billion over the five-year period of FY2006-2010.³⁵

In the House, on November 15, the Ways and Means Committee marked up and voted to report H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005, with an amendment in the nature of a substitute, by a vote of 24-15 (H.Rept. 109-304).

³² The House considered the conference report under a special rule (H.Res. 640, H.Rept. 109-636), which it agreed to by voice vote. The special rule waived all points of order against the conference report and its consideration. For the House consideration of H.Res. 640 and the conference report to S. 1932, see *Congressional Record*, daily edition, vol. 151 (Dec. 18, 2005), pp. H12233-H12241, H12269-H12277.

³³ The Senate considered the conference report to S. 1932 on December 19-21, 2005. See *Congressional Record*, daily edition, vol. 151 (Dec. 19-21, 2005), pp. S14015-S14024, S14068-S14069, S14073-S14164, S14202-S14221.

³⁴ For the consideration and adoption of S. 2020, see *Congressional Record*, daily edition, vol. 151 (Nov. 16-17, 2005), pp. S12923-S12940, S13072-S13145.

³⁵ [<http://www.house.gov/jct/x-82-05r.pdf>].

On December 8, the House considered H.R. 4297 under a structured rule (H.Res. 588, H.Rept. 109-330) reported by the House Rules Committee.³⁶ The special rule provided for the consideration of H.R. 4297, provided that the amendment in the nature of a substitute recommended by the Ways and Means Committee be considered as adopted, and made in order an amendment in the nature of a substitute offered by Representative Charles Rangel. During the consideration of H.R. 4297, the House rejected the amendment offered by Representative Rangel by a 192-239 vote and a motion to recommit with instructions also offered by Representative Rangel by a 193-235 vote. Subsequently, the House passed the revenue reconciliation measure, as amended, by a vote of 234-197.³⁷ As passed by the House, according to the JCT, H.R. 4297 is projected to reduce revenues by \$56.1 billion over the five-year period of FY2006-2010.³⁸

Statutory Debt Limit Reconciliation Legislation. During the first session of the 109th Congress, neither the House or the Senate took action on a reconciliation measure changing 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.

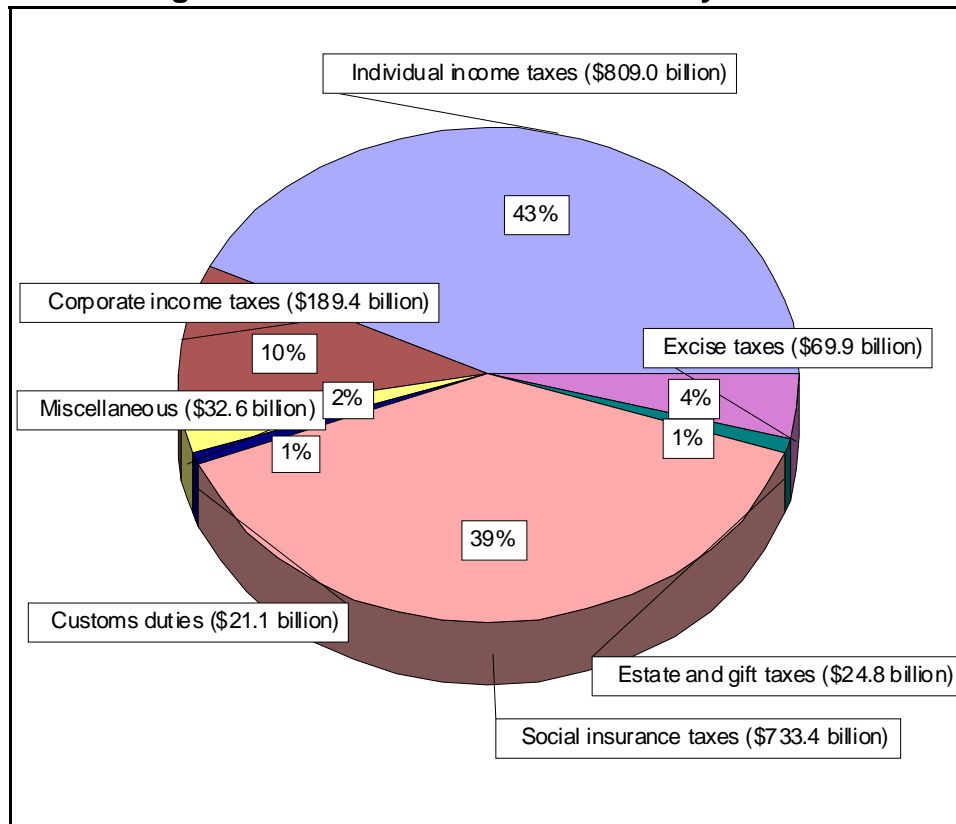
Most of the laws establishing the federal government's revenue sources are permanent and continue year after year without any additional legislative action (see **Figure 1**).³⁹ Congress, however, typically enacts revenue legislation, changing some portion of the existing tax system or renewing expiring provisions, every year. Revenue legislation may include changes to individual and corporate income taxes, social insurance taxes, excise taxes, or tariffs and duties.

³⁶ The House agreed to H.Res. 588 by voice vote.

³⁷ For the consideration and adoption of H.Res. 588 and H.R. 4297, see *Congressional Record*, daily edition, vol. 151 (Dec. 8, 2005), pp. H11227-H11264.

³⁸ [<http://www.house.gov/jct/x-81-05.pdf>].

³⁹ 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.

Figure 1. Actual FY2004 Revenues by Source

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.⁴⁰

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

⁴⁰ [<http://www.house.gov/jct/>].

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.⁴¹

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.⁴² A motion to waive the point of order requires a three-fifths vote.

During 2005, the Congress acted on several measures affecting revenues. The revenue reconciliation measures considered by the House and Senate had the largest projected impact on revenues, reducing revenues by \$56.1 billion and \$57.8 billion, respectively, over the five-year period of FY2006-2010. (For information on the consideration of these measures, see section “Revenue Reconciliation Legislation,” above.)

In addition, the House and Senate considered several other measures affecting revenues, such as those relating to transportation (H.R. 3), energy (H.R. 6), pensions (H.R. 2830 and S. 1783), individual alternative minimum tax (AMT) relief (H.R. 4096), and hurricane relief (H.R. 3768, H.R. 4440, and S. 1969). Of these measures, the Congress completed action on those related to transportation (P.L. 109-59, August 10, 2005), energy (P.L. 109-58, August 8, 2005), and hurricane relief (P.L. 109-73, September 23, 2005, and P.L. 109-135, December 22, 2005). (The transportation and energy bills also affected mandatory spending. For further procedural information related to these bills, see section “Mandatory Spending,” below.)

⁴¹ Total level of revenue reductions is based on Section 101(1)(B) of H.Con.Res. 95 (H.Rept. 109-62).

⁴² 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.⁴³

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.⁴⁴ 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

⁴³ 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.

⁴⁴ For further information, see CRS Report RL31913, *Developing Debt-Limit Legislation: The House's "Gephardt Rule,"* by Bill Heniff Jr.

of FY2006.⁴⁵ Therefore, Congress and the President will likely need to increase the statutory limit in late 2005 or early 2006.⁴⁶

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).

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. As noted above, however, neither the House or the Senate took action on a reconciliation measure changing the statutory limit on the public debt in 2005.

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.

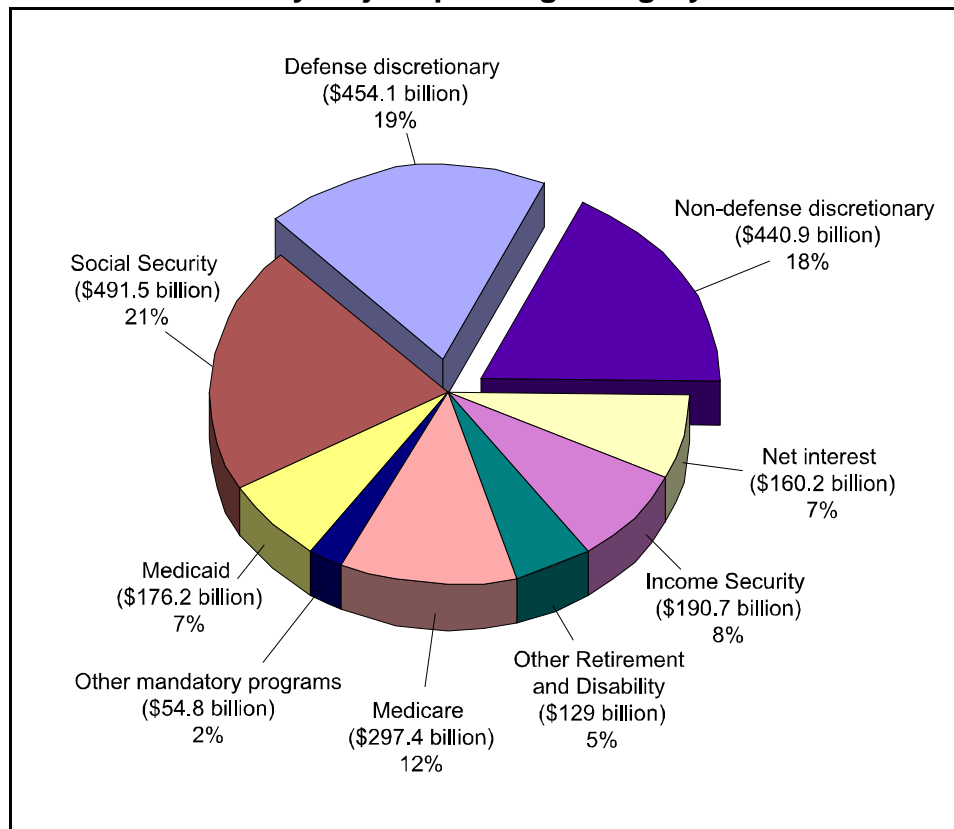
Actual FY2004 federal outlays totaled \$2,292 billion (see **Figure 2**).⁴⁷ Of this total amount, \$895 billion, or 39%, was discretionary spending (exploded slices in **Figure 2**), while \$1,397 billion, or 61%, was mandatory spending.

⁴⁵ OMB, *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2006*, p. 247.

⁴⁶ The Department of the Treasury, at the end of 2005, indicated that it would not be able to finance government operations beyond mid-March 2006 without an increase in the statutory limit on the public debt. See, for example, Jonathan Nicholson, "Snow Seeks Boost in Debt Limit In Advance of Mid-February Deadline," *BNA's Daily Report for Executives* (Jan. 3, 2006), p. A-17.

⁴⁷ 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.⁴⁸ 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

⁴⁸ 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 1.⁴⁹ (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.

⁴⁹ 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 continues to be responsible for one regular appropriations act, and the full Committee is 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.

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.⁵⁰

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.⁵¹ Subsequently, these spending allocations were adjusted to levels effectively consistent to those allocated to the House Appropriations Committee.⁵² The allocations to the House and Senate Appropriations Committees were consistent with the total FY2006 discretionary spending amount supported by the Administration.⁵³

On May 12, 2005, the House Appropriations Committee reported its initial subcommittee spending allocations (H.Rept. 109-78) and revised these subdivisions three times (H.Rept. 109-85, H.Rept. 109-145, and H.Rept. 109-264). On June 9, the Senate Appropriations Committee reported its initial subcommittee spending allocations (S.Rept. 109-77) and revised these subdivisions five times (S.Rept. 109-95, S.Rept. 109-115, S.Rept. 109-176, S.Rept. 109-184, and S.Rept. 109-207). As mentioned above, these subdivisions [or so-called 302(b) allocations] serve as spending ceilings for the individual regular appropriations measures and are enforced by points of order on the floor of each chamber.

⁵⁰ 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 November 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).

⁵¹ 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.

⁵² The initial spending allocations to the Senate Appropriations Committee were revised to \$843,020 million in budget authority and \$916,836 million in outlays on July 28, 2005, by Senate Budget Committee Chairman Judd Gregg, under the authority of Section 404(b) of H.Con.Res. 95. See *Congressional Record*, daily edition, vol. 151 (July 28, 2005), pp. S9274-S9275.

⁵³ See, for example, the Statements of Administration Policy for any of the FY2006 regular appropriations acts, available at [<http://www.whitehouse.gov/omb/legislative/sap/109-1/index-apps.html>].

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.⁵⁴ A motion to waive the point of order requires a three-fifths vote (i.e., 60 Senators if there are no vacancies).

The House and Senate began consideration of the regular appropriations bills for FY2006 during the weeks of May 16 and June 20, respectively.⁵⁵ When FY2006 began on October 1, the House had passed 11, and the Senate had passed eight, of the regular appropriations acts for FY2006. Only two of these had been signed into law.

Consequently, Congress passed and President Bush signed into law a continuing resolution (H.J.Res. 68, P.L. 109-77) to provide temporary appropriations through November 18, 2005, for agencies and programs funded in the remaining regular appropriations acts not yet enacted. Subsequently, Congress and President Bush extended the temporary funding through December 17 (H.J.Res. 72, P.L. 109-105) and through December 31 (H.J.Res. 75, P.L. 109-128).

The Congress completed action on the regular appropriations acts for FY2006 when the Senate, on December 21, agreed to the conference reports to the Defense Appropriations Act (H.R. 2863, H.Rept. 109-359) and the Labor, Health and Human Services, and Education Appropriations Act (H.R. 3010, H.Rept. 109-337).⁵⁶ On December 30, President Bush signed H.R. 2863 and H.R. 3010 into law (P.L. 109-148 and P.L. 109-149, respectively), thereby bringing action on the FY2006 regular appropriations acts to a close.

⁵⁴ 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. Like the spending allocations to the Senate Appropriations Committee, these discretionary spending limits for FY2006 were adjusted on July 28, 2005. See *Congressional Record*, daily edition, vol. 151 (July 28, 2005), pp. S9274-S9275.

⁵⁵ For the up-to-date status of and further information on the FY2006 appropriations bills, see [<http://www.crs.gov/products/appropriations/apppage.shtml>], the CRS Appropriations website.

⁵⁶ On December 21, the Senate rejected a motion to invoke cloture on the conference report to the Defense Appropriations Act (H.R. 2863) by a 56-44 vote. Subsequently but prior to agreeing to the conference report to H.R. 2863, the Senate agreed to a concurrent resolution (S.Con.Res. 74) correcting the enrollment of H.R. 2863. S.Con.Res. 74 directed the Clerk of the House to strike Division C (relating to the Arctic National Wildlife Refuge (ANWR)) and Division D (relating to the distribution of ANWR proceeds and disaster assistance) in the enrollment of H.R. 2863. The Senate then agreed to the conference report to H.R. 2863 by a 93-0 vote. The Senate also agreed by unanimous consent that if the House did not agree to S.Con.Res. 74, the passage by the Senate of the Defense Appropriations Act be vitiated. See *Congressional Record*, daily edition, vol. 151 (Dec. 21, 2005), pp. S14233-S14254. The House, subsequently, adopted S.Con.Res. 74 by unanimous consent on December 22. See *Congressional Record*, daily edition, vol. 151 (Dec. 22, 2005), pp. H13181-H13183.

Although Congress did not complete action on most of the regular appropriations acts prior to the start of the fiscal year, it did pass the regular appropriations acts as freestanding measures instead of incorporating two or more of them into an omnibus measure as it did in the past three years.⁵⁷

In addition, as in the past three years, Congress included an across-the-board spending cut to adhere to the discretionary spending levels assumed in the FY2006 budget resolution and to offset emergency spending related to previously-enacted hurricane assistance. Section 3801 of the Defense Appropriations Act, 2006, provides for a 1% spending cut that applies to all programs, projects, and activities contained in the regular appropriations acts for FY2006 (except FY2006 discretionary appropriations designated as an emergency requirement or made available to the Department of Veterans Affairs).⁵⁸ According to the House Appropriations Committee, the 1% across-the-board spending cut will result in savings of \$8.5 billion.⁵⁹

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.⁶⁰ 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.

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

⁵⁷ For further information on this practice, see CRS Report RL32473, *Omnibus Appropriations Acts: Overview of Recent Practices*, by Robert Keith.

⁵⁸ For further information on this practice, see CRS Report RL32153, *Across-the-Board Spending Cuts in Omnibus Appropriations Acts*, by Robert Keith.

⁵⁹ [http://appropriations.house.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=532].

⁶⁰ 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>].

May 5 by a 368-58 vote. The Senate agreed to the conference report on May 10 by a 100-0 vote. President Bush signed the measure into law (P.L. 109-13) on May 11.

The supplemental appropriations were designated as emergency requirements, pursuant to Section 402 of S.Con.Res. 95 (108th Congress), 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.

In addition, President Bush submitted two additional requests for supplemental appropriations for hurricane-related disaster assistance.⁶¹ First, on September 2, 2005, the House and Senate passed H.R. 3645, Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005, by voice vote and unanimous consent, respectively, and President Bush signed it into law (P.L. 109-61). P.L. 109-61 provides \$10.5 billion in supplemental appropriations. Second, on September 8, the House and Senate passed H.R. 3673, Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005, by votes of 410-11 and 97-0, respectively, and President Bush signed it into law (P.L. 109-62). P.L. 109-62 provides \$51.8 billion in supplemental appropriations.

Like the supplemental appropriations enacted earlier in the year, the supplemental appropriations were designated as emergency requirements pursuant to section 402 of H.Con.Res. 95, the FY2006 budget resolution, thereby exempting the appropriations from the spending constraints associated with the budget resolution, as mentioned above.

On October 28, 2005, President Bush submitted to Congress a request to reallocate \$17.1 billion of the \$51.8 billion in supplemental appropriations provided in P.L. 109-62.⁶² In response to this request, the Congress included a reallocation of hurricane-related funds in the Defense Appropriations Act, 2006 (H.R. 2863, P.L. 109-359). Division B (the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006) of H.R. 2863, however, reallocated \$23.4 billion of the previously-enacted supplemental appropriations instead of the \$17.1 billion requested by the President.

Rescission Request. In addition to the request to reallocate previously-enacted supplemental appropriations, on October 28, President Bush also submitted to Congress a request to rescind \$2.3 billion in previously-enacted appropriations to help defray the costs associated with disaster relief efforts. Like the reallocation of funds, the Congress included several rescissions in the Defense Appropriations Act, 2006 (H.R. 2863, P.L. 109-359). Division B (the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic

⁶¹ For further information, see CRS Report RS22239, *Emergency Supplemental Appropriations for Hurricane Katrina Relief*, by Jennifer E. Lake and Ralph M. Chite.

⁶² The request and the subsequent legislation rescinded the previously-enacted \$17.1 billion to the Federal Emergency Management Agency and appropriated \$17.1 billion to various agencies for purposes of disaster relief, effectively reallocating the funds.

Influenza, 2006) of H.R. 2863, however, rescinded only \$1 billion of previously-enacted appropriations instead of the \$2.3 billion requested by the President. (As noted above, however, the 1% across-the-board spending cut included in H.R. 2863 is projected to result in savings of \$8.5 billion.)

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.⁶³ A motion to waive the point of order requires a three-fifths vote (i.e., 60 Senators if there are no vacancies).

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

⁶³ 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.

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.

During 2005, in addition to the spending reconciliation measure (see section “Spending Reconciliation Legislation,” above), Congress acted on two major measures affecting mandatory spending relating to transportation (H.R. 3)⁶⁴ and energy (H.R. 6)⁶⁵ policy. In both cases, the Senate waived points of order under the Budget Act during their consideration.

First, on March 10, the House passed its version of the highway and transit program reauthorization legislation (H.R. 3). In the Senate, during consideration of the legislation, the Senate agreed to waive a point of order (under Section 302(f) of the Budget Act) against Senator James Inhofe’s amendment in the nature of a substitute (S.Amdt. 605) by a vote of 76-22; the point of order was raised because the amendment, if adopted, would have caused the legislation to exceed the spending amounts for transportation programs provided in the FY2006 budget resolution (H.Con.Res. 95).⁶⁶ The Senate, subsequently, agreed to the amendment and passed the bill, as amended, on May 17. After resolving the legislative differences between the two versions in a conference committee, the House and Senate agreed to the conference report to H.R. 3 on July 29. President Bush signed the legislation into law (P.L. 109-59) on August 10.⁶⁷

Second, on April 21, the House passed its version of the energy legislation (H.R. 6). In the Senate, during consideration of the legislation, the Senate agreed to waive a point of order (under Section 302(f) of the Budget Act) against Senator Pete Domenici’s amendment to modify the section relating to the coastal impact assistance program (S.Amdt. 891) by a vote of 69-26; the point of order was raised because the amendment, if adopted, would have caused the legislation to exceed the spending amounts under the jurisdiction of the Senate Energy and Natural Resources Committee provided in the FY2006 budget resolution (H.Con.Res. 95).⁶⁸ The

⁶⁴ For further information on the legislation, see CRS Report RL33119, *Safe, Accountable, Flexible, Efficient Transportation Equity Act — A Legacy for Users (SAFETEA-LU or SAFETEA): Selected Major Provisions*, by John W. Fischer.

⁶⁵ Background information is available in archived CRS Issue Brief IB10143, *Energy Policy: Comprehensive Energy Legislation (H.R. 6) in the 109th Congress*, by Robert L. Bamberger and Carl E. Behrens. (The archived issue brief is available from the author.)

⁶⁶ The contract authority provided in the legislation for transportation programs is treated as mandatory spending, while the resulting outlays are treated as discretionary spending. Therefore, the contract authority amounts are subject to the 302(a) spending limits allocated to the committees of jurisdiction by the FY2006 budget resolution. For the discussion on the Senate floor related to the point of order and the motion to waive it, see *Congressional Record*, daily edition, vol. 151 (May 11, 2005), pp. S4896-S4903.

⁶⁷ For a cost estimate, see [<http://www.cbo.gov/ftpdocs/66xx/doc6654/hr3paygo.pdf>].

⁶⁸ According to Senator Gregg, who raised the point of order, the amendment would have converted a discretionary program into an entitlement (i.e., mandatory spending) program, resulting in an increase in mandatory spending. For the discussion on the Senate floor related to the point of order and the motion to waive it, see *Congressional Record*, daily (continued...)

Senate, subsequently, agreed to the amendment on June 23 and passed the bill, as amended, on June 28. After resolving the legislative differences between the two versions in a conference committee, the House and Senate agreed to the conference report to H.R. 6 on July 28 and 29, respectively. In the Senate, during the consideration of the conference report, the Senate agreed to waive a point of order (under Section 302(f) of the Budget Act) against the conference report by a vote of 71-29.⁶⁹ President Bush, subsequently, signed the legislation into law (P.L. 109-58) on August 8.⁷⁰

⁶⁸ (...continued)
edition, vol. 151 (June 23, 2005), pp. S7210-S7233.

⁶⁹ According to Senator Russ Feingold, who raised the point of order, the conference report exceeded the amount allocated by the FY2006 budget resolution (H.Con.Res. 95). For the discussion on the Senate floor related to the point of order and the motion to waive it, see *Congressional Record*, daily edition, vol. 151 (July 29, 2005), p. S9374.

⁷⁰ For a cost estimate, see [<http://www.cbo.gov/ftpdocs/65xx/doc6581/hr6prelim.pdf>].

Chronology

- December 21, 2005 The Senate agreed by a 51-50 vote (with Vice President Cheney voting in the affirmative to break the tie) to a motion to concur in the House amendment to S. 1932 with a further amendment containing the text of the conference report with certain provisions stricken, sending the measure back to the House for further action.
- December 19
(legislative day,
December 18), 2005 The House agreed to the conference report to the spending reconciliation measure (S. 1932, H.Rept. 109-362) by a 212-206 vote.
- December 8, 2005 The House passed its revenue reconciliation measure (H.R. 4297) by a 217-215 vote.
- November 18
(legislative day,
November 17), 2005 The Senate passed its revenue reconciliation measure (S. 2020) by a 52-47 vote.
- November 17, 2005 The House passed its version of the spending reconciliation measure (H.R. 4241) by a vote of 217-215.
- November 3, 2005 The Senate passed its spending reconciliation measure (S. 1932) by a 52-47 vote.
- 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, *The Budget and Economic Outlook: Fiscal Years 2006-2015*.

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.

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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 RL33132. *Budget Reconciliation Legislation in 2005*, by Robert Keith.

CRS Report RL33127. *Speaker Hastert's Plan to Offset Spending: A Procedural Perspective*, by Robert Keith.

CRS Report RL33122. *Congressional Budget Resolutions: Revisions and Adjustments*, by Robert Keith.

CRS Report RL33030. *The Budget Reconciliation Process: House and Senate Procedures*, by Robert Keith and 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.