



Environmental Information

THE FEDERAL BUDGET: A NEW LOOK

The Congressional Budget and Impoundment Control Act of 1974
(Public Law 93-344)

Purpose of the Act

- To assure effective congressional control over the budgetary process.
- To provide congressional determination each year of the appropriate level of Federal revenues and expenditures.
- To provide for a system of impoundment control.
- To establish national budget priorities.
- To provide for the furnishing of information by the executive branch in a manner that will assist the Congress in discharging its duties.

Timing

P.L. 93-344 was enacted on July 12, 1974. It changes the beginning of the fiscal year from July 1 to October 1, starting with fiscal year 1977 on October 1, 1976. It establishes a detailed timetable for completing congressional action on the necessary budgetary legislation before October 1 and the beginning of a new fiscal year. Although the provisions of the Act are effective for fiscal year 1977, Congress is now going through the new process on a trial basis for the fiscal year 1976 budget.

New Budget Machinery

1. The Act established a Budget Committee in the Senate and in the House. During the 94th Congress, the Senate Committee comprises 16 members and the House unit 25 members. The Act also created a Congressional Budget Office with a Director and Deputy Director appointed for a four-year term by the Speaker of the House and President Pro Tem of the Senate.
 - a. The Budget Committees will be the central point for all information and analyses on formulating fiscal policies and budget priorities in Congress. They will be responsible for recommending a Congressional budget to their respective Houses on April 15 each year. Their resolutions will specify total spending figures, spending priorities, total revenue, and the appropriate budget surplus or deficit for the coming fiscal year.

b. The Congressional Budget Office (CBO) will comprise a non-partisan staff authorized to obtain all relevant budgetary information from Federal departments and agencies and provide the information to the Budget Committees and to other committees and members of Congress. The Budget Office will fully advise the Budget Committees on such matters as projected spending, taxation, and budget priorities and their overall relationship to balanced growth and development of the Nation. Hopefully, CBO, in short, will provide Congress with the kind of expertise now provided to the Executive Branch of the Federal Government by the Office of Management and Budget.

New Budget Procedures: Timetable Deadlines

Nov. 10--The President will submit to Congress a Current Services Budget. The budget will show estimated expenditures and proposed appropriations if all existing programs and activities were to be continued for the ensuing fiscal year (beginning the following Oct. 1) at existing levels with no policy change.

January--(15 days after Congress reconvenes)--The President will present his budget to Congress as he now does.

March 15--Standing committees of the House and Senate, the Joint Economic Committee and the Joint Committee on Internal Revenue Taxation will submit budgetary recommendations to the House and Senate Budget Committees.

April 1--The Congressional Budget Office will report its recommendations to the House and Senate Budget Committees.

April 15--Budget Committees will report the first concurrent resolution on the budget to House and Senate. The resolution will include total budget outlays and new budget authority by major categories such as housing, education, defense, health, etc.; amount of surplus or deficit, if any, in the budget; recommended level of Federal revenues and totals to be increased or decreased, if any, by appropriate committees; level of the public debt and how much, if any, the statutory limit should be increased or decreased. The Budget Committees will hold hearings before approving the resolution and its accompanying report.

The Budget Committees' report will include: comparisons of revenues, total outlays, and budget authority in the budget proposals of the President and the Committees; five-year projections of revenues, surpluses or deficits, new budget authority, and budget outlays, significant changes in proposed levels of Federal assistance to State and local governments; revenue estimates by major

source and the underlying economic assumptions and objectives upon which they are based.

May 15---Congress will complete action on the first concurrent resolution on the budget--the Congressional Budget.

September 15-Congress will complete action on the second concurrent budget resolution of the Budget Committees. The second resolution will reaffirm or revise the first resolution, taking into account the most recent economic data and individual committee actions on budget proposals of the Congressional Budget Committees.

September 25-If it is necessary for previous Congressional actions on spending or revenue measures to be reconciled with the second concurrent budget resolution, Congress will enact a reconciliation bill. Congress may not recess for more than three days until a reconciliation bill is approved.

Impoundment Actions

The Act limits the President's ability to impound funds in three ways:

1. It limits the President's statutory basis for withholding appropriated funds by deleting the "other developments" clause of the Anti-Deficiency Act. This clause has been employed frequently by the President to justify controversial impoundments. The language of the Anti-Deficiency Act now permits budgetary reserves solely to provide for contingencies or to effect savings.
2. It requires the President to request--and both Houses to pass--a rescission bill if the President would terminate or cancel a program or delay the obligation of a one-year appropriation to the end of the fiscal year in which it is available.
3. It delegates only limited authority to the President to defer the obligation of appropriated funds for no longer than the end of the fiscal year in which the deferral occurs. However, the President must notify Congress that he proposes to defer funds and the deferral will be subject to the disapproval of either House by approval of an impoundment resolution. If either House passes such a resolution, the President must make the funds available for obligation.

Backdoor Spending

The Act requires that all new spending measures which provide government agencies with contract or borrowing authority

go through the regular appropriations process. Present contract or borrowing authority is not affected.

The Act creates special procedures for limiting spending under new entitlement programs, programs which commit the Federal Government to pay benefits to all eligible recipients. If an entitlement bill exceeds the spending target set for it in the first Congressional budget resolution, it must be referred to the Appropriations Committee for not more than 15 days, after which the Committee must report it, amended or not, to the floor. However, if the bill's spending total does not exceed the limit set in the budget resolution, it may be considered on the floor without going through the Appropriations Committee.

Impact on EPA

The new budget procedures will significantly affect EPA and other Federal agencies through establishment of Congressional controls over possible future impoundment actions by a President.

The new budget law also will mean:

- Change in the beginning of the fiscal year from July 1 to October 1.
- Tighter deadlines for budget submissions.
- Provision of budget data directly to Congress through CBO.
- Participation in Budget Committee hearings.
- Extended projections for budget needs.
- Tighter Congressional controls over Agency's new contract and borrowing activities.
- A need for new, revised budgetary information systems, terms, definitions, codes, etc.

April 1975