

Budget Digest – Week of February 8th

What is a Budget Resolution?

What is a budget resolution? The budget resolution is the only legislative vehicle that provides both a comprehensive view of the federal government's finances and a plan for Congress to address the nation's fiscal challenges. The budget itself is not a law signed by the President; rather, it is a concurrent resolution agreed to by the House and Senate only. The policies and spending/revenue targets assumed within the budget must be passed as individual bills and signed by the President to become law. The contents of the budget resolution typically include four main components:

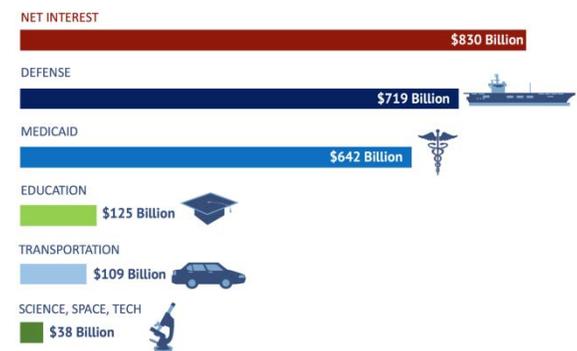
1. Targets for spending, taxes, deficits or surplus, and debt
2. Budget enforcement provisions and spending allocations for committees
3. Reconciliation instructions
4. Illustrative policy examples to reform programs

Why should Congress pass a budget?

Federal finances are on an unsustainable path. The national debt is at a post-World-War II high and interest costs are projected to grow three times faster than the economy at an average annual rate of 12.7 percent. In eight years, interest costs will become the 3rd largest item in the budget—more than defense, Medicaid, education, transportation and science (see figure). Passing a budget shows how Congress would address these challenges.

INTEREST VS. OTHER SPENDING

(In 2026 Under Current Law)



Authorized by Chairman Tom Price, M.D., House Budget Committee

Source: CBO

What happens if Congress does not pass a budget? Failing to pass a budget would irresponsibly ignore a fast approaching debt crisis and put current and future generations of Americans increasingly at risk. It forfeits the powerful reconciliation tool which is the only means to put substantial deficit reduction and reform legislation on the President's desk. It also sets Congress on a path to ignore regular order in the appropriations process making omnibus bills or continuing resolutions more likely and diminishing individual lawmakers' influence over spending priorities.