



## Budget Digest – Week of May 15<sup>th</sup>

### THE PRESIDENT’S BUDGET IN CONTEXT

President Trump’s formal budget submission, expected early next week, will provide substantive details about his policy agenda and his fiscal and economic plans. Like any administration’s budget, however, it is only a proposal, *or request*. Here are some key points about the role of the President’s plan in the overall budget process.

**Why is the Budget Late?** The budget submission date provided in law – “on or before” the first Monday in February – is often too soon after Inauguration Day for a new administration to meet. The past three presidents all submitted preliminary fiscal blueprints sometime in February of their first year, and their fully fleshed-out budgets later. President Trump is following a similar pattern.

**How Did the Executive Budget Come to Be?** The Federal Government’s first formal budget process was established by the Budget and Accounting Act of 1921. It called for the administration to present a comprehensive fiscal plan each year. The law also created the Bureau of the Budget (which became the Office of Management and Budget in 1970) and the General Accounting Office (renamed the Government Accountability Office in 2004).

**What Was the Impact on Congress’s ‘Power of the Purse’?** Even after the Budget and Accounting Act, Congress retained its constitutional authority over fiscal policy; spending and taxing still could occur only through laws passed by the House and Senate. Nevertheless, the President’s budget was, and remains, a powerful platform for expressing his agenda. Historically, the executive budget process generally corresponded with what some historians called the era of the “imperial presidency.”

**How Did the Congressional Budget Process Change Things?** After several years of fiscal conflicts with the White House, Congress in 1974 passed the Congressional Budget and Impoundment Control Act, aimed principally at reasserting Congress’s budgetary authority. Although it retained the President’s budget, the Act created, among other things, the congressional *budget resolution* as the official blueprint for the government’s fiscal policy. The resolution provides guidelines for all subsequent appropriations, authorizations, changes in tax laws (if any), and possibly reconciliation legislation. While lawmakers should take the President’s budget seriously, only Congress can determine the fiscal policy of the Federal Government.

