



*Plain Text Edition*

# **Follow the Money: The U.S. Budget and You**

**Part 5: Does the budget  
process work?**

## 5. Does the budget process work?

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The budget process is confusing and complicated. This is true even if the President and everyone in Congress works together. But the President and everyone in Congress often don't work together. They might have different ideas about what's important.

If the President and Congress can't agree on a budget, the budget process breaks. The budget process breaks a lot.

### Shutdown

If Congress doesn't finish the budget process on time, then the government runs out of money. If the government runs out of money, it has to close. This is called a **shutdown**.

In a shutdown, many people who work for the government stop going to work. Some services stop. The longer the shutdown goes, the more services stop. Here are some services that stop when a shutdown happens:

- The National Institutes of Health will not get money for research to cure diseases.
- Most people who work for the federal government will not get paid.
- National parks close. That means nobody gets to visit the Grand Canyon.

Social Security, Medicare and Medicaid are never shut down because they are **mandatory spending**.

Some services are considered **essential**. That means they need to happen no matter what. For example, air traffic controllers need to tell airplanes where to go. Without air traffic controllers, airplanes won't be able to go anywhere.

During a shutdown, people with essential jobs have to work. Most services are not considered essential, even though they are very important.

## Continuing Resolutions

Shutdowns are bad, and no one wants them to happen. But sometimes, Congress still cannot pass a budget the way it's supposed to. To make sure the government doesn't run out of money, Congress can pass a **continuing resolution**, or "CR." A continuing resolution is a bill that says the government should keep paying the same amount for everything for a little while.

A continuing resolution is not a budget, but it keeps the government from shutting down. A continuing resolution gives Congress more time to finish the budget process. There is no limit on how long a continuing resolution can go on for, but they are usually only for a couple of months.

October 1 is the start of the fiscal year. If the budget isn't ready by October 1, Congress needs to pass a continuing resolution or the government shuts down. Some years Congress just passes one continuing resolution after another, and we never finish the budget for that year.

## Omnibus

In the regular budget process, the Senate and the House both need to pass 12 different appropriations bills from their Appropriations subcommittees. These are the bills that explain how to spend the money in the budget.

To save time, Congress can bundle together appropriations bills. That way, Congress can vote for all of the bills at the same time instead of voting on each bill separately. The combined bill is called an **omnibus bill**. Using omnibus bills makes the budget process go faster.

Congress relies on continuing resolutions and omnibuses a lot. The last time Congress actually passed every single appropriations bill was in 2002.

## Reconciliation

For a bill to pass the House, it has to get at least half of the votes, plus one. It is harder to pass bills in the Senate. In the Senate, there are 100 Senators, and at least 60 of them have to vote in order for a bill to pass. That means that more than half of the Senators all have to agree. This can make it very difficult to pass a budget.

Congress decided to make an exception for some kinds of budget bills. The exception is called **reconciliation**. When the Senate decides to use reconciliation, they only need 51 votes to pass a bill.

The Senate can use reconciliation for:

- Bills about most kinds of mandatory spending (like Medicaid)
- Bills about taxes

The Senate cannot use reconciliation for:

- Appropriations bills
- Bills that are not about the budget
- Bills about Social Security

The Senate is not allowed to use reconciliation for bills about Social Security, because of a special rule.

Most of the time, Congress doesn't use reconciliation. Reconciliation only happens when a bill about mandatory spending or a bill about taxes is very unpopular and the Senate can't agree.

## Deficits

If the budget spends more money than the government gets from taxes, we say that the budget has a **deficit**. If there is a deficit, then the government will need to borrow extra money to pay for everything.

When you borrow money, you need to pay it back later. When the government borrows money, the government also has to pay it back. The amount of money that the government needs to pay back is called the **national debt**.

The national debt is all the deficits from past years, added together. Whenever there is a deficit in the budget, the national debt gets bigger. Some people think that the national debt getting bigger is a big problem. Other people think it is okay.

## Sequestration

Congress has rules to control deficits in the federal budget. The first rule is called **PAYGO**. PAYGO is short for “pay-as-you-go.” PAYGO limits the amount of money the government can spend so that the deficit and the national debt don’t get bigger.

PAYGO means that every time Congress decides to do something that costs money, they have to explain how they will pay for it. They can decide to spend less money on something else, or collect more money in taxes, or both.

Sometimes, Congress does not explain how they will pay for something. If this happens, the PAYGO rules decide for them. The rules automatically take money out of a lot of different programs. This is called **PAYGO sequestration**.

**Sequestration** is a word for spending less money. Sequestration means that Congress puts limits on how much it spends on programs. Sometimes this is called “**capping**” spending. The limits or caps are usually lower than what the government is already spending. That means that sequestration usually cuts spending.

If spending is cut, the government can do fewer things and offer less programs and services. This means that sequestration is bad for the people who need government programs and services, like people with disabilities.

In 2011, Congress decided that PAYGO sequestration wasn't enough. Congress decided that even when they explained how they would pay for everything, they were still spending too much money. They wanted sequestration to happen no matter what. Congress passed the Budget Control Act. The Budget Control Act used sequestration to cap most programs and services. The Budget Control Act was supposed to last for 10 years, until 2021.

The sequestration caps hurt a lot of people. To fix this, Congress allowed the government to spend more money on important programs. This is called **raising the caps**. Every year or 2, Congress has to decide whether or not to raise the caps again.

Congress could also decide to get rid of the caps if they wanted to. If Congress got rid of the caps, more people could get important services. A lot of advocates think this would be a good idea.