



The Daily Dish

Your Federal Budget, Complicated

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Eakinomics: Your Federal Budget, Complicated

Politicians often invoke the homey image of a family sitting around the kitchen table when discussing the need for a federal budget that sets priorities and lives within its means. Unfortunately, federal budgeting is hardly that simple. First of all, 70 percent of federal spending (in fiscal 2017) was either mandatory programs or interest costs. The former operate on budgetary autopilot: Criteria are set, individuals qualify, and money is sent from the Treasury. The latter are a legacy of the past and hardly an optional expenditure.

The remaining 30 percent is discretionary spending determined by the annual appropriations process. While the fact that this 30 percent is under direct congressional control might imply that these \$1.2 trillion are available annually for new priorities and programs, this is hardly the case either. At the request of the Joint Select Committee on Budget and Appropriations Process Reform (“Joint Select Committee”), the Congressional Budget Office (CBO) produced an [analysis](#) of discretionary spending in 2017. It notes that:

Discretionary budget authority generally is designated as:

- Annual authority, which expires at the end of the first year in which an appropriation is made available (unless explicitly stated otherwise, funds provided in appropriation acts are available for one year only);
- Multiyear authority, which expires at the end of a designated period of more than one year; or
- ‘No-year’ authority, which does not expire but remains available until the funds are expended.

Put differently, in the annual appropriations process Congress can do far more than make money available for the next fiscal year. It can make money available for multiple years or even indefinitely. But does it?

The CBO lays out the numbers. Of the \$1.2 trillion in 2017, only 51 percent were from plain-vanilla annual appropriations. The remaining 49 percent came from either 2-year (19 percent), 3-or-more-year (14 percent), or “no-year” (15 percent) appropriations. Indeed, no major cabinet agency ran exclusively on annual appropriations; the Department of Treasury came the closest at 92 percent. The only entities operating according to the simple annual model are commissions (e.g., Advisory Council on Historic Preservation) and the like.

These figures indicate that the vast majority of the budget — 85 percent — is set on a multi-year basis. They also suggest that as a way to streamline the budgeting process, the Joint Select Committee may consider options for Congress to forego doing every single appropriation every single year. Instead, the appropriations process could take up those multi-year decisions less than annually and focus the process on the decisions that truly have to be made each year.