

Case for Amending U.S. Constitution: Federal Budget Timeline

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Overview. This short paper attempts to provide a simple and objective explanation for the basis of adding an amendment to the U.S. Constitution that addresses the need to have an established Federal Budget Timeline. It serves as a *starting and reference point* to inform further discussion and development of the final amendment structure.

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The federal government lacks discipline to pass a timely federal budget each fiscal year, and an amendment to the U.S. Constitution is necessary to rectify this situation. The potential amendment can simply be written in the following manner.

- Section 1: The fiscal year begins on October 1st of a given year, and it concludes on September 30th of the following year.
- Section 2: The annual budget process begins with Congress, and a complete fiscal year budget consists of a full resolution with all applicable appropriations. Congress shall adopt a complete fiscal year budget no later than the first Monday in May for the following fiscal year, and it shall submit the budget to the President for consideration.
- Section 3: If Congress fails to adopt a complete fiscal year budget and the President fails to sign the budget into law prior to the start of a new fiscal year, then the previous fiscal year's budget conditions automatically continue into the new fiscal year. On October 1, Congress shall assemble and remain in session until adopting a complete fiscal year budget and signed into law by the President. No other form of legislation will be permitted until after a complete fiscal year budget becomes law.
- Section 4: This amendment shall take effect in the third fiscal year after its ratification.

In Article I of the U.S. Constitution, there are certain fiscal powers granted to Congress, and these fiscal powers also have inherent responsibilities that accompany them. Congress has both the power of the purse and responsibility for the financial discipline of the United States. Section 9 explains some of these powers and inherent responsibilities, and it is critical to note that it helps to describe how a complete fiscal year budget involves appropriations.

- Section 9 states “No Money shall be drawn from the Treasury, but in the Consequences of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.”
- Currently, there are 12 total appropriations in a fiscal year.¹

Beginning in the early 1920s, Congress realized it lacked the institutional capacity to create, coordinate, and enforce budgetary requirements for the United States, and it could not fulfill its Constitutional responsibilities. As a result, the Budget and Accounting Act of 1921 was established and gave the President overall budget planning responsibility that required the executive branch to submit an annual budget to Congress for approval. In this instance, the U.S. Congress delegated its responsibility for establishing a federal budget to the President.²

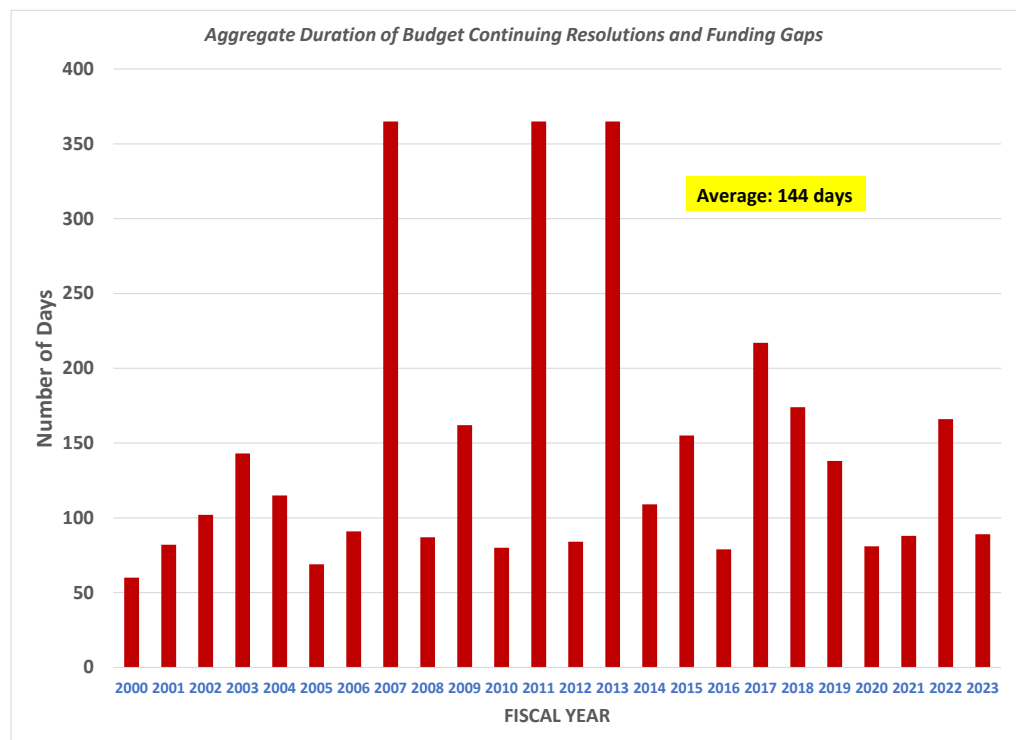
¹ 12 Appropriations: 1. Agriculture, Rural Development, Food and Drug Administration, 2. Commerce and Justice, Science, 3. Defense, 4. Energy and Water Development, 5. Financial Services and General Government, 6. Homeland Security, 7. Interior, Environment, 8. Labor, Health and Human Services, and Education, 9. Legislative Branch, 10. Military Construction and Veterans Affairs, 11. State, Foreign Operations, and Related Programs, 12. Transportation, Housing and Urban Development

² See <https://www.cbo.gov/history>. The history of the Congressional Budget Office (CBO) originated from a need for the U.S. Congress to expand its staffing capability that it did not have as an institution.

Gradually over time, the 1921 law became an issue, and Congress had to reclaim back some of its Constitutional powers. Thus, the Congressional Budget and Impoundment Control Act (ICA) of 1974 became law that established procedures and a timeline for the creation of a federal budget. The ICA also created the House and Senate Budget Committees and Congressional Budget Office (CBO), and this helped address the lack of institutional capacity experienced by Congress in the early 1920s.³ In the ICA, the President initiates the annual budget process by submitting it to Congress on the first Monday in February. Both chambers of Congress review the President’s budget and complete concurrent resolutions on the budget by mid-April. Finally, Congress completes all appropriations for the budget by end of June for it to become effective by October 1 (start of the fiscal year).⁴ After the ICA became law in 1974, the standard fiscal year (FY) was set from October 1 through September 30 starting with FY1977, and this standard timeframe has been the norm for the last 48 years.⁵

Since the ICA has been in effect, Congress and the President passed a complete fiscal year budget with full resolutions and all appropriations before October 1 in only three fiscal years (1989,1995&1997). In other words, the federal government met the budget process and timeline described in the ICA in 3 of 48 years (or 6.25% of the time).⁶ For the other 45 years, Congress has adopted a practice of passing one or more continuing resolutions (CR) in the absence of a federal budget to

avoid government shutdowns or gaps in funding. Even with this practice, there has not been a consistent timeframe for the duration of CRs before establishing a federal budget. The graph depicts FY2000-2023 and the duration of their respective CR(s) before establishing a federal budget.⁷



³ See <https://democrats-budget.hous.gov/resources/reports/> for additional background for creation of ICA.
⁴ The *Congressional Budget Process Timeline*, July 27, 2023. Congressional Research Service (CRS) report R47235, p2. See <https://crsreports.congress.gov>
⁵ CRS Report R47235, p7.
⁶ CRS Report R47235, p7.
⁷ CRS Report R47235, p8.

Over the course of the last 100+ years, the U.S. Congress has not fulfilled its inherent responsibility to lead the federal budget process for the United States, and it delegated this responsibility to the President. In addition, there has not been a consistent federal budget timeline that provided predictability and certainty, and a 6.25% success rate for passing a complete fiscal year budget on time is a very poor record. As seen in the examples of budgets for FY2000-2023, the federal government demonstrated even further unpredictability and uncertainty through the inconsistent time durations of CRs. Overall, this historical record is both unconstitutional and undisciplined.

The proposed Federal Budget Timeline amendment resolves multiple issues identified within this poor historical record. First, it clearly defines the fiscal year timeframe, and it prevents Congress and the President from attempting to change it with legislation. Second, it holds Congress accountable for its inherent Constitutional responsibility for initiating the budget process, and it clearly defines a complete fiscal year budget. Third, the amendment eliminates the need for passing CRs if a complete fiscal year budget is not signed into law on time, and it describes the consequence for not finishing it and the solution to rectify it.

As a second order consequence, Members of Congress will not be able to easily campaign for re-election in the month of October during election years because the amendment mandates a special session to develop a federal budget. Essentially, this second order consequence becomes an accountability mechanism for Members of Congress, and it is a clear way for American voters to pressure Members of Congress to finish a federal budget in accordance with the amendment. Otherwise, they are in danger of not being able to campaign for re-election in the last critical month of an election year and potentially losing altogether. There are other possible consequences to describe in this amendment if there is no federal budget passed at the beginning of the new fiscal year, and one example is an automatic flat percentage cut in spending across the entire federal budget. However, this possible consequence does not necessarily impact each Member of Congress personally, and it most likely hurts typical American citizens instead. Most importantly, it is very difficult to enforce. Thus, the consequence to mandate Members of Congress to meet on October 1 to develop a federal budget is easier to enforce, and it impacts Members of Congress more personally.

Finally, this Federal Budget Timeline amendment complements an overall Balanced Budget amendment. However, there is no guarantee both amendments will become part of the U.S. Constitution. It is possible for this Federal Budget Timeline amendment to be adopted without the Balanced Budget amendment, and this potential result is still better than the status quo. Therefore, the introduction of two distinct but related amendments ensure a greater probability of success to improve the overall federal budget than if both were compiled into one “mega” amendment.