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Congressional budget reform

Diane M. Precour

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CONGRESSIONAL BUDGET REFORM

A Thesis
Presented to the
Faculty of
California State College
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master's of Public Administration

By
Diane M. Precour
July 1980
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Approved by:

Chairman, Department of Public Administration

Date
# TABLE OF CONTENTS

ACKNOWLEDGMENTS ............................................. v

INTRODUCTION ................................................. 1

Chapter
I. HISTORY OF THE LEGISLATIVE BUDGET ............... 5
   Budget and Accounting Act of 1921 ..................... 6
   Expansion of the Executive Branch Role in the Federal Budget Process .......... 9
   Decline of Congressional Budget Control ............. 13
   Legislative Reorganization Act of 1946 ............... 14
   Reasons for the Failure of the Legislative Reorganization Act of 1946 .... 19
   Omnibus Appropriations Bill ......................... 22

II. THE CONGRESSIONAL BUDGET AND IMPOUNDMENT
    CONTROL ACT OF 1974 ............................... 26
   Roots of Reform ..................................... 26
   The Congressional Budget Act ...................... 32

III. IMPLEMENTING THE NEW PROCEDURES .............. 41
   Trial Run - 1975 .................................. 41
   The Second Year - 1976 ............................ 47
   The Third Year - 1977 ............................. 54
   The Fourth Year - 1978 ........................... 58
   The Fifth Year - 1979 ............................. 67

IV. EFFECTIVENESS OF THE NEW INSTITUTIONS ....... 76
   House Budget Committee ......................... 77
   Senate Budget Committee ....................... 85
   The Congressional Budget Office ................ 90

V. FURTHER BUDGET REFORM PROPOSALS ........... 96
   Altering the Budget Timetable .................... 96
   Budget Committee Reforms ....................... 99
   Scope of the Budget ............................ 100
   Budget Studies .................................. 105
VI. CONCLUSIONS AND RECOMMENDATIONS

108

Setting Fiscal Policy.......................... 109
Determining Spending Priorities............. 109
Adherence to Budget Timetable.............. 110
Congressional Budget Education............. 111
Budget Equality with Executive............. 112
Recommendations......................... 113

BIBLIOGRAPHY.............................. 115
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INTRODUCTION

In July, 1974 Congress passed into law the Congressional Budget and Impoundment Control Act of 1974. This Act required Congress to do what it had never before accomplished: to fit isolated, unrelated fiscal decisions into a framework of a logical, coherent budget process, which would allow Congress to deal with the Federal budget as a rational whole. The purpose of this research effort is to evaluate the reforms of the Congressional Budget Act. In particular, this paper will evaluate the budget process, established by the 1974 Budget Act, in terms of its policy-making function. Hence, the analysis will not concern itself with the economics of the new budget process, but instead will examine the new budget process as a Congressional policy-making tool. It will seek to determine whether the Congressional budget process has satisfied its legislative objectives; whether it has ensured effective Congressional control over the budget process and the establishment of national budget priorities. Further, it will analyze Congressional efforts to implement the budget timetable, to establish budgetary information within Congress, and to establish Congress as an equal partner with the Executive branch in the
making of Federal budget policy.

The scope of this analysis will be limited due to several constraints. First, the Congressional budget process is yet in its infancy and any attempt to provide a complete and thorough evaluation is still premature. In addition, the politics of the Congressional budget process preclude a thorough evaluation. The issues are complex, and practical considerations mandate that this analysis present but an overview of the Congressional process as established by the 1974 legislation. The ensuing discussion will not delve into the provisions of impoundment control. Indeed, the subject of impoundment control reform could be the topic of an entire research project itself.

In attempting to evaluate the reform provisions of the 1974 Budget Act, this research project will be divided into three major sections. The first section will include Chapters I and II, and will provide background information regarding Congressional budget reform. Chapter I examines the historical roots of the Congressional budget functions. The discussion focuses upon the specific legislative actions which have led to the reform of 1974. Chapter II investigates the factors which caused Congress to re-examine its role in the budget process. It discusses in some detail the specific provisions of the 1974 Congressional Budget Act.
The second major section of this research effort consists of the analysis of the implementation of the new budget process in Congress, again focusing upon the policy implications of the process. Chapter III 'Implementing the New Procedures' provides a chronological analysis of Congressional implementation of the new budget procedures beginning with the 1975 'trial run' through the fifth year of operation - 1979. Chapter IV examines the effectiveness of the institutions established by the 1974 Budget Act, namely the Congressional Budget Committees and the Congressional Budget Office. The chapter focuses specifically upon the many factors which have acted to affect the effectiveness of each of these institutions in performing their respective functions.

The final section of this research project encompasses Chapters V and VI. Chapter V discusses many of the proposals which have been suggested to further reform the Congressional budget process, including proposed changes of the budget timetable, reforms of the Budget Committees, alterations of the scope of the Congressional budget, and reforms of budget studies. Chapter VI, the concluding chapter of this study, evaluates the success with which Congress has achieved the legislative objectives of the 1974 Budget Act. An attempt is made to determine whether Congress has successfully implemented the provisions of the Budget Act, and hence utilized the
policy tool which it has provided. Finally, the chapter concludes with some subjective recommendations based upon the evaluation.
CHAPTER I

HISTORY OF THE LEGISLATIVE BUDGET

Section 8 of Article I of the Federal Constitution enumerates the specific powers of the Congress in the realm of public policy. This section empowers Congress to act in eighteen particular fields. The revenue, borrowing, and coinage powers of section 8 constitute the Congressional power of the purse. Specifically, the Constitution empowered Congress to lay and collect taxes, duties, imposts and excises; to pay the debts and to provide for the common defense and general welfare of the United States (Article I, section 8); to borrow money on the credit of the United States; and to make appropriations (section 9).¹ "In the Federalist Papers, Alexander Hamilton envisioned this power would enable Congress to overcome 'all the overgrown prerogatives of the other branches of the government. This power of the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people'."² In actuality the Congressional role in the budget process became

¹U.S. Const. art. I, sec. 8 and sec. 9.

secondary to that of the Executive. This chapter will examine the evolving nature of the budget process in Congress. Discussion will center upon specific legislative actions which have impacted the Congressional budget process, and which led to the reform of the Congressional budget process with the 1974 Congressional Budget and Impoundment Control Act.

Despite the predictions of Alexander Hamilton that Congress would effectively command the constitutional power of the purse, early in the history of the United States, Congress set in motion the committee structure which would dictate the decentralized Congressional budget approach. Congress divided the budget responsibility among its many committees. The income authority became vested in one committee in the House, another in the Senate. Control over spending was divided among thirteen appropriations committees in each house and ten or fifteen other committees. This lack of coordination in the Congressional fiscal machinery would continue to hamper Congressional control of the budget into the twentieth century.

Budget and Accounting Act of 1921

Following the close of World War I a shift toward centralization of budget responsibilities occurred as a result of the huge budget deficits incurred in the war.

3Ibid.
Congress passed into law the Budget and Accounting Act of 1921 which centralized budget authority in the Executive branch. Prior to this, budget requests were sent directly to Congress. The Budget and Accounting Act established a Bureau of the Budget in the Treasury Department with responsibility of coordination of all Executive budget requests. Congress, although it had constitutional authority, had permitted the Executive agencies to determine appropriations in practice. In fact, until July, 1920 a total of nine committees in the House shared the authority to report appropriations bills. This situation was altered in 1920 when House rules were amended to form a single Appropriations Committee. Thus, the continued sense of frustration involved in efforts both to control estimates and to give adequate review to expenditures, together with a new budgetary situation at the conclusion of World War I, caused Congress to turn to new solutions. The return of the Republicans to office provided the final impetus for passage of the Budget and Accounting Act of 1921.

Under the provisions of the Budget and Accounting Act, the President was given the responsibility for trans-

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5 Ibid.
mitting to the Congress, at the beginning of each session, a national budget. In addition, the President was authorized to submit supplemental or deficiency estimates as necessary due to laws enacted subsequent to transmittal of the budget. The Act created the Bureau of the Budget headed by a Director of the Budget appointed by the President and directly responsible to him. Section 207 of the Act empowered the Bureau to "assemble, correlate, revise, reduce or increase" the estimates of the Federal departments. Section 209 provided the Bureau with authority to complete studies of the departments to enable the President to determine necessary changes in the Federal Executive structure. 6

Congress provided a broad role for the newly formed General Accounting Office (GAO) in the budgetary process. The GAO assumed powers and duties previously exercised by the Comptroller of the Treasury and the six auditors of the Department of the Treasury including the power to settle or adjust all claims and demands; the power to investigate all matters relating to the receipt, disbursement, and application of public funds; and to make regular reports to Congress with recommendations looking to greater economy of efficiency in public expenditures. 7

6 Ibid., p. 115.
7 Ibid., p. 116.
Although the GAO was created by the Budget and Accounting Act of 1921 as an agency of Congress and part of the legislative branch of government, Congressional expectations of the GAO participation were not realized.

(Representative) Good anticipated three positive results. First, the GAO would inform Congress as to 'the actual conditions' surrounding the expenditure of public funds in every department of the government. Second, it would serve as 'a check on the President and those under him in the preparation of the budget.' Third, it would help Congress to locate waste and extravagant use of funds and to place responsibility on the appropriate cabinet officer. 8

Expansion of the Executive branch role in the Federal budget process

The Budget and Accounting Act of 1921 marked the beginning of Executive dominance in the budget process. Although Congress had intended the President to centralize and coordinate the Executive agencies' budget requests to Congress, it is equally clear that Congress envisioned the GAO as a powerful Congressional aid in providing for a greater degree of Executive branch accountability in budget execution and coordination. The Commission on Organization of the Executive Branch of the Government in the Task Force Report on Fiscal, Budgeting, and Accounting Activities stated:

To carry Executive accountability for the execution of the budget one step further, the Executive branch of the Government should have the authority through

8 Ibid., pp. 116-7.
the proper agencies to prescribe administrative accounting systems, and to settle and adjust all claims. These are now functions of the General Accounting Office, an agency over which the President has practically no control. It is widely understood at present that in drafting the Budget and Accounting Act of 1921, it was a mistake to have given these functions to that Office. This improper distribution of fiscal authority has hampered the President and the administrative agencies through 27 years and, even worse, has prevented the General Accounting Office from becoming, as it should have, a powerful congressional aid in ferreting out extravagance and misuse of funds and in bringing the Executive to account for the execution of the budget. Instead of that, the Office has spent time over these years in auditing and settling millions of vouchers and claims, which had already been administratively audited and paid, and in legal hairsplitting over what was fitting and proper down to the minutest detail. Congress should be quite critical of the paucity of substantial reports and audits, which its committees could actually get their teeth into, that have come from the General Accounting Office since its establishment.

In contrast, the 1921 Act equipped the President with his own budget staff in the form of the Bureau of the Budget and gave him broad powers to superintend agency expenditures. Subsequently there were enlargements of the scope and power of the President's role in the budget process which were achieved mainly through Executive orders and reorganizations. Soon after passage of the 1921 Act, President Harding appointed Charles G. Dawes as the first director of the Budget Bureau. Dawes issued Budget Circular 49 which initiated the process of central clearance of budget requests. "The circular stated that

all agency proposals for legislation 'the effect of which would be to create a charge upon the public treasury or commit the government to obligations which would later require appropriations,' must be submitted to the Budget Bureau before congressional action was sought.¹⁰ Although Harding did not actively utilize the central clearance power, it became an important tool of President Calvin Coolidge. Coolidge used the central clearance in effecting reduced public expenditures and greater economy in government. This style of clearance policy review was continued in practice with the Hoover Administration.

In response to the Great Depression and subsequent social programs of the 1930's, President Roosevelt took a more active budget-making role. In 1933, Roosevelt issued Executive Order 6166, which modified the Antideficiency Act of 1905. The Antideficiency Act had placed the authority with department heads to apportion funds throughout the fiscal year to prevent premature expenditure of funds and resulting budget deficiencies. The 1933 order transferred the functions of 'making, waiving, and modifying apportionments of appropriations' from department heads to the budget director.¹¹

In 1934, Roosevelt announced at a National Emergency


¹¹Ibid., p. 17.
Council meeting that he wanted all proposals for legislation to be cleared before going on to Congress, not just those concerning expenditures. Budget Circular 336 provided that legislation solely concerning policy matters be referred to the President through the staff of the National Emergency Council. Roosevelt utilized the new process by categorizing proposed legislation as unacceptable, acceptable, or 'must' legislation, with only the latter category receiving presidential support.  

With the decline of New Deal legislation, the role of the National Emergency Council as a legislative clearance agency was abolished. However, the role of the Budget Bureau was enlarged to provide the legislative clearance function with the enactment of Budget Circular 344 in 1937. By 1939, the Budget Bureau included a full time staff which coordinated legislation and controlled all agency recommendations concerning the signature or veto of enrolled bills.  

In 1937, President Roosevelt's Committee on Administrative Management consisting of Louis Brownlow, Charles E. Merriam, and Luther Gulick submitted its report on the management of the Federal government. The Committee recommendations included the proposed expansion of the White

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12 Ibid.

House staff, the development of the managerial agencies of government, an extension of the merit system, the institution of independent agencies into one of several major Executive departments, and the establishment of independent postaudits of all fiscal transactions by an auditor general. The Reorganization Act of 1939 incorporated some of the Brownlow Committee recommendations in that the Act provided that the President could propose plans to Congress to transfer functions from one agency to another, to consolidate functions, or to abolish agencies. The Act created the Executive Office of the Presidency and placed the Budget Bureau within it. The result of this Act, and the previously mentioned developments of the 1930's, was a greatly expanded role for the Budget Bureau including coordination of all governmental activities, the clearance of recommendations to the President, and the investigation of administrative problems throughout the Federal government.

Decline of Congressional Budget Control

Paralleling the growth of the Executive role in the budgetary process was the corresponding decline of Congressional budget control. In 1920, Congress had placed the management of all appropriations bills within

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14 Pfiffner, p. 18.
15 Ibid., p. 19.
the purview of the two Appropriations Committees' responsibilities. However, Congress soon found alternative ways of locating spending authority in other committees. In 1932 the Reconstruction Finance Corporation was authorized to borrow money directly from the Treasury. This action occurred without the opportunity of an Appropriations Committee review of the bill. Other legislation was passed, such as the 1935 Social Security legislation, which made permanent appropriations for programs entitling individuals to Federal benefits. This 'backdoor spending,' which was the term for spending enacted without Appropriations Committee action, was to grow for the next forty years and account for about one-third of the total Federal budget.\(^{16}\)

**Legislative Reorganization Act of 1946**

Congress attempted to reassert its role in the budget process by passing the Legislative Reorganization Act of 1946. This Act introduced an important new procedure in Federal budgeting - Congressional determination of an appropriation and expenditure ceiling. Prior to passage of the Act the various committees on tax and expenditure had no opportunity to secure a unified view of Federal financial activities. The House Ways and Means Committee and the Senate Finance Committee had acted upon

\(^{16}\)Havemann, p. 9.
revenue measures without knowledge of the size and character of appropriations under consideration by the House and Senate Appropriations Committees. The twelve committees of the House Appropriations Committee had operated in virtual isolation from the rest of Congress. There had been no opportunity for consideration of the total impact of appropriations measures. The 1946 Act was Congress' attempt to rectify this situation.

The Legislative Reorganization Act of 1946 (LRA) had the following objectives:

1. To streamline and simplify Congressional committee structure.
2. To eliminate the use of special or select committees.
3. To clarify committee duties and reduce jurisdictional disputes.
4. To regularize and publicize committee procedures.
5. To improve Congressional staff aids.
6. To reduce the work load on Congress.
7. To strengthen legislative oversight of administration.
8. To reinforce the power of the purse.
9. To regulate lobbying.
10. To increase the compensation of Members of Congress and provide them with retirement pay.

The Act also intended to provide the occasion for an overall review of the budget. Dr. George B. Galloway, staff director for the LaFollette-Monroney Committee which drafted the 1946 legislation, contended the procedure was a necessary modernization of Congressional budget planning.

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degree of Congressional budget supervision. The Committee on the Reorganization of Congress (LaFollette-Monroney Committee) stated, "The Executive has mingled appropriations, brought forward and backward unexpended and anticipated balances, incurred coercive deficiencies and otherwise escaped the rigors of Congressional control."19

Closely linked with this reassertion of Congressional budgetary control was the argument that the legislative budget would achieve economy by balancing the budget annually. Both the Secretary of the Treasury and the Director of the Bureau of the Budget supported the concept of the legislative budget. Upon signing into law the Legislative Reorganization Act of 1946, President Truman stated, "The legislative budget and the provisions on the handling of appropriations will undoubtedly result in a clearer and more realistic relationship between the income and expenditure sides of the budget."20

The Legislative Reorganization Act of 1946, section 138, created a Joint Committee on the Budget. The Joint Committee was composed of members of the two Appropriations Committees, the House Ways and Means, and Senate Finance Committees. The Committee was charged with the responsibility of meeting at the beginning of each Congressional...

19 92 Congressional Record Part 8, p. 10047 (July 25, 1946).
20 92 Congressional Record, p. 10777 (August 2, 1946).
session to study the President's budget and report a legislative budget for the ensuing fiscal year, including the estimated over-all Federal receipts and expenditures. This report, which was due for delivery to the respective houses by February 15, was to contain a recommendation for the maximum amount to be appropriated, and would be accompanied by a concurrent resolution adopting this budget and fixing the appropriations ceiling. 21

In the first session of the 80th Congress, the Joint Committee on the Legislative Budget met and after considerable debate agreed to trim $6 billion from the President's budget. This decision was duly reported to the House, which passed a resolution of intent to implement the decision. However, the Senate refused to adopt the resolution, the majority insisting upon a budget cut of no more than $4.5 billion. Thus, Congress failed to agree on a legislative budget the first year.

With the close of the 1947 session, Congressman Monroney reviewed the progress achieved under the Legislative Reorganization Act and stated the reason the legislative budget had been a failure was due to the lack of staff work prior to the convening of Congress in January, 1947. In September, 1947, Senator Bridges announced that staff representatives of the House and Senate Appropriations

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Committees would attend upcoming Bureau of the Budget hearings on the Executive budget. The information thus gathered would enable Congress to make intelligent decisions regarding the budget. The Bureau of the Budget, however, refused to allow Congressional staff attendance and with no more preliminary budget review than the first session, the second session of Congress under the provisions of the LRA fared little better. The Joint Committee eventually agreed on a $2.5 billion cut in the Presidential budget. This was reported to Congress and enacted by Senate resolution on February 18 and on February 27 in the House. Nevertheless, Congress voted funds in excess of this legislative ceiling.

Both the majority and minority members of Congress were extremely critical of the legislative budget. Congressmen criticized the concurrent resolution as being too general to be of assistance to the financial committees. Complaints were voiced that the February deadline was much too early in the session to determine an expenditure ceiling with any degree of accuracy, that savings could actually be achieved only through the work of the Appropriations Committees and that it was incorrect to claim a savings before it was realized. When Congress


23 Senate Concurrent Resolution 42; House Resolution 485, 80th Congress, 2d session (1948).

24 Congressional Record 1453-62 (February 18, 1948); Ibid., 1939-50 (February 27, 1948).
attempted for the third time in 1949 to formulate the legislative budget, it extended the reporting deadline from February 15 to May 1. Nevertheless this deadline came and went without Congressional action. The outcome was that Section 138 remained a dead letter for the next two decades until repealed by the Legislative Reorganization Act of 1970.

Reasons for the Failure of the Legislative Reorganization Act of 1946

The 1946 Legislative Reorganization Act proved to be faulty in concept and impractical in operation. First, there was a lack of time and information, both of which were necessary to meet the tight deadline of February 15. The mid-February deadline provided the Joint Committee adequate opportunity to affect the level of appropriations and expenditures, but an inadequate amount of time for budget review. Congress could not intelligently establish a budgetary total until the components were examined in detail, and this would have required a Congressional staff to provide Congress with additional budget information.

The Joint Committee was also criticized for recommending large reductions in the spending level without any specifications concerning which programs would be reduced. There was no itemized estimate of major program reductions included in the Joint Committee's first session
report or in the concurrent resolution, despite the fact that the House proposed a $6 billion reduction and the Senate a $4.5 billion cut. This spending reduction represented a major policy decision, but there was not the slightest indication on how it should be executed.\textsuperscript{25}

Another factor which frustrated implementation of the Legislative Reorganization Act of 1946 was the failure of the House and Senate to agree on the disposition of anticipated budget surpluses. The Act had called for debt retirement, but the Joint Committee had recommended that only 'a portion' of the expected surplus be applied to the debt in 1947. This left an ideal opportunity for a tax cut which the Republicans favored.\textsuperscript{26} The Senate proposed other methods of disposing of the anticipated surplus. The result was the conference committee became deadlocked mainly on the debt retirement issue, the concurrent resolution was allowed to die in conference, and the legislative budget failed to materialize in 1947.

The large size of the Joint Committee (102 members) proved to be unwieldy. This was somewhat alleviated when the Committee decided to operate through a subcommittee of twenty, with five members taken from each committee. The creation of the subcommittee made the Joint Committee


\textsuperscript{26}Ibid.
more workable, but it also provoked criticism that the Joint Committee was reduced essentially to 'a pro forma ratification of the recommendations of the subcommittee.' In addition to the large committee size, there was a void of permanent staff to enable the Joint Committee to make independent studies of budget estimates. Thus, Congress was severely dependent upon the President and the Bureau of the Budget for information. Further, the February deadline forced the Joint Committee to act on the basis of the initial agency estimates prior to the time that the departments offered their revised estimates and budget amendments. This meant a legislative budget would be formulated which would most likely be in considerable error.

Finally, the political atmosphere in 1947-48 was a contest between a Republican Congress and a Democratic President. "One of the main reasons for the failure to implement the legislative budget successfully is that it was perceived as a political tool to be used against the opposition party. Representative Clarence Cannon argued that the Republican party 'attempted to use the legislative budget as a stepping stone in pursuit of its tax program.'" As will be discussed in the next chapter,

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27 Ibid.
28 Pfiffner, pp. 111-2.
the framers of the 1974 Act carefully reviewed the 1946 experience in attempting to overcome the faults inherent in Section 138 of the Legislative Reorganization Act of 1946.

**Omnibus Appropriations Bill**

In 1950 a short-lived attempt to consolidate all general appropriations bills into one package was undertaken. The omnibus procedure was inaugurated in 1950 by the House Appropriations Committee under Representative Cannon's leadership. The Omnibus Bill was divided into chapters which corresponded to the regular appropriations acts of previous years. The Senate Appropriations Committee agreed to cooperate in the attempt to give this new procedure a try. In early 1950, Congress began reviewing appropriations for fiscal year 1951 with the Senate and House Appropriations subcommittees holding hearings simultaneously. Within each Appropriations Committee the procedure was much the same as prior years. Each committee member reviewed one chapter of the Omnibus Bill, then the chapters were consolidated by an executive subcommittee. The bill was approved by House Appropriations Committee on March 21, 1950 with the vote being strictly along party lines. All the voting Republicans opposed the measure as appropriating too much money, while all the Democrats voted for the bill. The full committee had
discussed the Omnibus Bill for but three hours.\textsuperscript{29}

As reported to the full House, the Omnibus Appropriations Bill (H.R. 7786) was 431 pages in length. Debate on the Bill commenced on April 3, 1950, was terminated on April 6, and thereafter the Bill was considered chapter by chapter. The House approved the Omnibus Bill on May 10, 1950 at $1.2 billion below the Executive budget request.\textsuperscript{30}

The Senate Appropriations Committee did not complete action on the Bill until July 8. After four weeks consideration, the Senate approved the Omnibus Bill with modifications. The Conference Committee reported on August 25, and the Senate approved it on August 28. The Bill was signed by President Truman on September 6, 1950. Although this was two months earlier than budget action had been completed in 1949, the new fiscal year had already begun July 1. Hence, before the Omnibus Bill finally became law, Congress had to enact three joint resolutions providing interim funds for the continued government operations.\textsuperscript{31}

Evaluations of the new procedure were mixed. Chairman Cannon stated, "the single appropriation bill offers

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\textsuperscript{30} Ibid., pp. 279-80.

\textsuperscript{31} Ibid., p. 280.
the most practical and efficient method of handling the annual budget and the national fiscal program." Other Congressmen were overwhelmed by the complex, voluminous single appropriations bill. Senator Kenneth McKellar of the Senate Appropriations Committee declared that reviewing it was "the most terrible experience I have had in my whole life." Representative William S. Cole confessed to being "perplexed, bewildered, befuddled, and bemused." Congress had succeeded in reducing the President's budget in 1950 by more than $2 billion. However, in fiscal 1951 a total of five deficiency and supplemental appropriations acts had to be passed. While some of these were due to the unexpected Korean War, the purpose of the single appropriations bill was not fulfilled. When the House Appropriations Committee met in January, 1951 they voted to abandon the single bill appropriations process. The Senate Appropriations Committee also opposed the omnibus system.

Thus, the history of budget-making in the United States is a history of interaction between the Executive and Legislative branches of the government. Legislative budget reformers in the 1970's learned valuable lessons from the previous years of Congressional budgeting. Since

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33 Havemann, p. 23.
34 Ibid.
35 Pfiffner, pp. 113-4.
passage of the Budget and Accounting Act of 1921, which established Executive dominance of the budgetary process, Congress has made numerous attempts to reassert its role. The culmination of these efforts occurred in 1974 with the passage of the Congressional Budget and Impoundment Control Act. An understanding of the events which led to passage of the 1974 Act is essential. The framers of the 1974 Act carefully reviewed and studied previous Congressional attempts at a Legislative budget. The next chapter will focus upon the development of the 1974 Act and the new budget procedures enacted into law with passage of the Act.
CHAPTER II

THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

The Congressional Budget and Impoundment Control Act of 1974 charged Congress to do what had never been done previously: to fit isolated, unrelated fiscal decisions into a logical, coherent process, treating the Federal budget as a rational whole. The need for that reform had been widely recognized in Congress as discussion in the previous chapter indicated. However, the immediate stimulants to Congressional budget reform were the deteriorating economy of the 1970's and the unprecedented use of presidential impoundments. The purpose of this chapter is to investigate the factors which caused Congress to re-examine its role in the budget process and to discuss the provisions of the Congressional Budget Act as enacted into law by Congress in 1974.

Roots of Reform

Prior to passage of the 1974 Act the history of budgeting in Congress could be best characterized as fragmented. Congress would take the Executive budget, divide and subdivide it into small parcels and apportion each
part among many committees and subcommittees. Each committee and subcommittee would then work on its section with little, if any, regard for the impact its decisions would have upon the total budget. This fragmented approach to the budget resulted in many problems which increasingly hampered the Congressional budget process.

By the early 1970's, it was obvious that Congress lacked overall fiscal control. The reasons for this were many and complex, and corresponded to the growth and complexity of the American society itself. First, the size of the Federal budget and its impact on the American economy had increased tremendously. The budget had grown from $3 billion to over $300 billion in less than 50 years; in forty years, and since the turn of the century, the national debt had risen from $1 billion to nearly $500 billion. Although the budget had become the principal tool for determining Federal goals and economic policy, Congress in 1970 still lacked a comprehensive mechanism for establishing priorities among goals and for determining economic policy through the budget process.36

Second, past budget reform efforts had enhanced and centralized budget authority in the Executive branch while permitting increased fragmentation of budget authority

within Congress. The Budget and Accounting Act of 1921 had vested responsibility with the President for the preparation and submittal of an Executive budget to the Congress. It also established the Bureau of the Budget within the Executive branch to administer the new budget system. These Congressional decisions permitted the Executive to achieve a great concentration of financial and policy-making authority, first, in the Budget Bureau, and, recently, in the Office of Management and Budget. 37

Budget responsibility in Congress had remained dispersed, despite periodic attempts to centralize budget authority in the appropriations committees and to enact an overall legislative budget. Congressional budget actions, because of the piecemeal committee process, never explicitly determined the size of the budget, whether it should be in a surplus or deficit condition, and specifically by what amount. In fact, the Congressional budget process was merely the sum of many isolated and usually unrelated actions, sometimes having the effect of stimulating the economy when restraint was required, and visa versa.

Third, the nature and timing of Congressional budget actions was ineffectual. Appropriations bills were rarely completed prior to the beginning of the fiscal year.

37 Ibid., p. 2.
About 75 percent of the budget is regarded as 'relatively uncontrollable under existing law,' and uncontrollables have been the fastest rising part of the total budget. Backdoor spending represented more than half of all spending. Outlays were completely uncontrolled by Congress since Congressional budget actions reached only to the authority to obligate funds, resulting in little direct relationship between Congressional budget actions and actual expenditures in any given year by the Executive branch. Thus, Congress lacked a fiscal policy; it could not pursue a fiscal policy because total levels of taxation, spending and the deficit or surplus were not determined. The inevitable result was large deficits fueled by the political process. These factors formed the roots of budget reform in Congress.

While reform of the Congressional budget process had been an issue of continuing concern since World War II, it was not until 1972 that Congress took steps toward meaningful, permanent reform. A unique series of circumstances occurred which influenced Congressional action in 1972. The normal disagreements between the President and Congress over the budget, such as partisan differences and the shifting of blame for deficits, assumed an aura of constitutional crisis with the Nixon presidency. A breakdown of comity occurred in many areas and particularly with regard to budget control.

Arguing over fiscal policy is a traditional game played by the two branches, with each claiming that it is responsible for saving more money than the

38Ibid., p. 2.
other. Presidential advisor John Ehrlichman spoke about the 'credit-card Congress' that was recklessly spending money without regard for the revenue necessary to cover outlays. President Nixon made accusations of Congressional fiscal irresponsibility.\(^\text{39}\)

Congress reacted to the Executive branch accusations by continuing to pursue its own fiscal priorities while recognizing the deficiencies of the Congressional budget process. Legislation was introduced to limit the President's use of impoundments and requiring the Senate confirmation of the director of the Office of Management and Budget.

The immediate precipitant for the 1974 budget reform was a dispute over President Nixon's spending ceiling proposal in the fall of 1972. "In a message to Congress in July 1972 President Nixon argued that the current budget crisis was caused by the fiscal irresponsibility of Congress and asked for authority to hold fiscal 1973 spending to $250 billion."\(^\text{40}\) This request stimulated much debate in Congress concerning the issue of constitutional responsibility for the power of the purse. If Congress enacted the ceiling as requested, it would have to make some difficult decisions about which programs to cut, or give the President the authority to impound funds as he chose. If Congress refused the President's request,

\(^{39}\)Pfiffner, p. 120.

\(^{40}\)Ibid., p. 122.
Nixon would counter by terming the Democratic Congress a group of reckless spenders, this with the election but a few months away. The issue caused considerable debate in Congress with the result being a Congressional denial of the request for Presidential authority to hold fiscal 1973 spending to $250 billion. At the same time Congress, recognizing the accuracy of the criticism of its inability to control spending, established a Joint Study Committee on Budget Control. The mission of the Joint Study Committee was to review "the procedures which should be adopted by the Congress for the purpose of improving Congressional control of budgetary outlay and receipt totals, including procedures for establishing and maintaining an overall view of each year's budgetary outlays which is fully coordinated with an overall view of the anticipated revenues for that year..."  

The Joint Study Committee was composed of thirty-two members, seven from each of the Senate and House spending and tax committees, and four representing the remainder of the House and Senate. The Committee met for the first time January 10, 1973. An interim report was issued by the Committee on February 7, 1973 delineating the goals to be achieved, and analyzing the various defects in the Congressional budget process to be revamped. The

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41 Debt Ceiling Act, Statutes at Large 86, section 301 (b), 1324 (1972).
Committee began with the assumption that Congress should have a more coherent budget process in order to permit an enhancement of its position in relation to the President and to provide a better mechanism to handle the general problems of Federal revenue and spending. The Joint Committee published its final report in April 1973 and legislation was introduced in both Houses to implement the Committee recommendations. Following significant modification by both House and Senate committees, including the addition of anti-impoundment procedures originally considered in separate legislation, both Houses overwhelmingly approved the budget reform legislation. Final action in both Houses was not completed until June 1974, with the bill being signed into law July 12, 1974 as Public Law 93-344.

The Congressional Budget Act

The 1974 Act contained ten titles establishing: new Committees on the Budget in both the House and the Senate, an independent Congressional Budget Office, a budget timetable and new procedures for various phases of the Congressional budget process, a new fiscal year, improvements in budget terminology, program review and evaluation procedures, and procedures for Congressional review of Presidential impoundment actions. Titles I and II provided for the establishment of the House and Senate Budget Committees and the Congressional Budget Office.
The House Committee was to be composed of twenty-five members, with five members from the Ways and Means Committee, five from the Appropriations Committee, thirteen from other standing committees and one member each from the majority and minority leadership. This membership composition recognized the need for coordination of revenue and expenditure actions by eliciting the membership of Ways and Means and Appropriations Committees. The Senate Budget Committee was to consist of sixteen members, selected from the Senate at large in the same manner as the other Senate standing committees.

The House and Senate Committees were entrusted with the responsibilities of: (1) reporting to their respective Houses the matters required by Title III of the Act relating to concurrent resolutions on the budget; (2) performing continuing studies of the effect on budget outlays of relevant existing and proposed legislation; (3) requesting and evaluating continuing studies of tax expenditures and methods of coordinating tax expenditures with direct budget outlays; and (4) reviewing the operations of the Congressional Budget Office. Section 306 of the Act grants the Budget Committees exclusive jurisdiction over any bill, resolution, or amendment which deals with any matter covered by a concurrent resolution on the budget.

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The Budget Committees were created to guide the Congress in the new tasks of establishing levels of total spending, revenue, and debt. These functions had not previously been performed by any other committee. Additionally, the Budget Committees were not instituted with the intent of diminishing the responsibilities or functions of other committees. However, some shifting of Congressional power centers has occurred since implementation of the 1974 Act, as will be discussed in subsequent chapters.

The Congressional Budget Office, CBO, was established as a single agency by the Budget Act to: (1) monitor the economy and estimate its impact upon Congressional actions; (2) improve the amount and quality of budgetary information; and (3) analyze the costs and effects of budgetary choices. The CBO was to be headed by a Director appointed by the Speaker of the House and the President pro tempore of the Senate after receiving recommendations from the House and Senate Committees.

Title III of the Budget Act established a timetable for the various phases of the Congressional budget process, prescribing the actions to occur at each date (see Table I). The first element of the timetable is the submission of a current services budget by the President to Congress. The current services budget is an estimate of the cost of maintaining all current programs in the forthcoming fiscal year. The purpose of this action is to provide the CBO
and the Budget Committees at the earliest date possible
with detailed information with which to begin analysis
and preparation of the upcoming fiscal year's budget.

### Table I

**BUDGET PROCESS TIMETABLE**

<table>
<thead>
<tr>
<th>On or before:</th>
<th>Action to be completed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 10</td>
<td>President submits current services budget</td>
</tr>
<tr>
<td>15th day after Congress meets</td>
<td>President submits his budget</td>
</tr>
<tr>
<td>March 15</td>
<td>Committees and joint committees submit reports to Budget Committees</td>
</tr>
<tr>
<td>April 1</td>
<td>Congressional Budget Office submits report to Budget Committees</td>
</tr>
<tr>
<td>April 15</td>
<td>Budget Committees report first concurrent resolution on the budget to their houses</td>
</tr>
<tr>
<td>May 15</td>
<td>Committees report bills and resolutions authorizing new budget authority</td>
</tr>
<tr>
<td>May 15</td>
<td>Congress completes action on first concurrent resolution on the budget</td>
</tr>
<tr>
<td>7th day after Labor Day</td>
<td>Congress completes action on bills and resolutions providing new budget authority and new spending authority</td>
</tr>
<tr>
<td>September 15</td>
<td>Congress completes action on second required concurrent resolution on the budget</td>
</tr>
</tbody>
</table>

\(^{43}\) Ibid., section 300.
TABLE I-Continued

On or before:  

Action to be completed:

September 25................. Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.

October 1...................... Fiscal year begins.

Shortly after submission of the President's budget to Congress, the Budget Committees begin hearings on the budget, economic assumptions, the economy and the national budget priorities. The first formal action by Congress is the March 15 submission of reports by all committees with jurisdiction over spending or tax legislation of the types of programs other Congressional committees desire in the coming fiscal year.

The Budget Act established, as a budget tool, concurrent resolutions which require adoption by both the House and the Senate, but not Presidential confirmation. The first budget resolution sets targets designed to guide Congress as it proceeds through action on spending bills. Using the March 15 reports, the President's budget, the CBO report and other information developed during hearings, the Budget Committees prepare the resolution. The resolution includes five budget totals - outlays, budget authority, revenue, deficit, and public debt level. The conference report on the resolution, written jointly by the Budget Committees, allocates outlays and budget authority.
among Congressional committees, establishing committee targets for total spending.\textsuperscript{44}

The committees must report legislation authorizing spending in subsequent appropriations bills no later than May 15. Appropriations and tax bills may not be debated by the full House or Senate until Congress adopts the first budget resolution setting spending and revenue targets. By May 15, after a one month period for floor consideration in each House, a conference on the resolution, and the adoption of the conference reports, Congress must pass the first budget resolution. Then, in the interim between adoption of the first budget resolution and a week after Labor Day, Congress is required to act on all regular spending and tax legislation. September 15 and 25 are, respectively, the dates for adoption of the second resolution and completion of the reconciliation process, the final phase of the new budget process. The second resolution affirms or revises, on the basis of new information and data, changed economic circumstances, and Congress' spending actions, the matters contained in the first resolution. The second resolution is binding; upon adoption, Congress may not enact a spending bill which would require spending in excess of the resolution's total or a tax bill which would decrease revenue below the level specified in the resolution. In

\textsuperscript{44}Havemann, pp. 35-6.
addition, the second resolution may direct the appropriate committees to determine and make any changes in legislation required by the resolution. The reconciliation bill would have the effect of reversing spending and revenue decisions already made by Congress. The reconciliation bill, if necessary, is to be enacted by September 25 and the new fiscal year begins on October 1.

Title IV of the Budget Act established new procedures for the enactment of contract and borrowing authority in order to promote a more comprehensive and consistent control over spending actions. Effective January 1976 all new contract authority and borrowing authority legislation must contain a provision that the new authority will be effective only to the extent or in such amounts as are provided in subsequent appropriations acts. Thus, the Act prohibits new 'backdoor spending.'

The Congressional budget timetable, together with the new controls on backdoor spending, established a tightly woven yet flexible set of new budget procedures in Congress. By beginning the consideration of the budget in November, with the submission of the President's current services budget, and changing the start of the fiscal year to October 1, Congress now had nearly eleven months to process the budget.

Titles V through IX of the Budget Act provided for a change in the fiscal year; made various improvements in
budget terminology and matters to be included in the President's budget; provided for improved program review and evaluations procedures; and specified the effective dates for various provisions of the Act. Title X dealt with the issue of impoundment control, a companion measure tacked onto the Budget Act. The title recognized two types of impoundment actions by the Executive branch: rescissions and deferrals. The President is required to propose rescissions to Congress whenever he determines that: all or part of any budget authority will not be needed to fulfill the objectives of a particular program; budget authority should be rescinded for fiscal reasons; or all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. Unless both Houses of Congress complete action on a rescission bill within 45 days, the budget authority must be made available for obligation. Deferrals must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. The President is required to make such budget authority available for obligation if either House passes an 'impoundment resolution' disapproving the proposed deferral. 45

Thus, in 1972, Congress, with an awareness of the disturbing national fiscal situation and the gross inade-

The inaccuracies of the Congressional budget process, took steps toward meaningful, permanent reform. The Joint Study Committee on Budget Control concluded that Congress should revamp its budget process to permit an enhancement of its position in relation to the President and to provide a mechanism whereby overall fiscal policy decisions could be made and executed. The result was the passage in 1974 of the Congressional Budget and Impoundment Control Act. The Act established separate House and Senate Budget Committees and an independent Congressional Budget Office. It mandated a new Congressional budget timetable. Thus, the intent of the 1974 Budget Act was to provide Congress with the framework to make budgeting decisions based upon the budget as a whole. It represented an attempt to evaluate the successes and failures of previous Congressional endeavors to modify the budget process. Has the 1974 legislation resulted in a Congressional ability to determine the government's spending priorities or to set fiscal policy? Has Congress been able to effectively adhere to the newly established Congressional budget timetable? These questions will be the subject of the ensuing chapter 'Implementing the New Procedures.'
CHAPTER III

IMPLEMENTING THE NEW PROCEDURES

The 1974 Budget Act established a complicated set of procedures for Congress to follow in enacting the national budget. If effectively implemented, the Budget Act could assist Congress in establishing greater control over the budget totals, improve the assessment of relative priorities among budget programs, and enhance the legislative role in fiscal policy decision making. However, the complex and elaborate procedures were yet to be tested. This chapter will examine Congressional implementation of the procedures enacted into law with the passage of the 1974 Congressional Budget and Impoundment Control Act. The analysis of Congressional implementation will be accomplished chronologically beginning with the 1975 'trial run' of the new process through the fifth year of operation - 1979.

Trial Run - 1975

Although the Budget Act was passed in 1974, full implementation of its provisions did not occur until Congress considered the fiscal year 1977 budget. In 1975, however, several elements of the Act were put into operation
on a 'trial run' basis. The Budget Committees and Congressional leadership, in order to acquaint Congress with the new procedures, decided to implement major parts of the Budget Act for fiscal 1976. The 1975 implementation plan called for enactment of the first and second budget resolutions. The first budget resolution setting spending targets was to be enacted according to the timetable established with passage of the Budget Act. However, the first resolution was to contain only five total budget figures: outlays, budget authority, revenue, deficit and the amount of the public debt. The Budget Committee reports explaining the resolutions would divide the spending total among the sixteen budget functions. But the reports were not to allocate spending totals among the various Congressional committees with authority over spending legislation as the Budget Act provided. The plan also required the adoption of the second resolution no later than September 15 "if practicable." Thus, while the two budget resolutions would be less complete than those that would follow in later years, they would have the same legal force, and would serve to familiarize Congress with the new procedures.

In its first attempt to enact a first resolution of the budget, Congress beat the deadline of May 15 by one day.°46

day. The new process faced its most serious challenge in the House, whose membership faces re-election every two years and seemed less willing than Senators to compromise their economic beliefs to draw a consensus. When the House Budget Committee met to begin preparation of the first resolution, acting upon the recommendation of Committee Chairman Brock Adams, (D.) Washington, they decided that the approach of the House Committee in this first year would be to simply forecast the spending and revenue legislation that Congress was likely to adopt during the legislative session. This approach was a conciliatory move designed to neutralize the hostility of other committees. The result was that the budget process had little impact on spending and revenue legislation in the House in its first year.\textsuperscript{47}

House Committee members reviewed the proposed budget items in great detail, debating the merits of one program versus another. The Committee, however, was unable to arrive at a consensus on the first draft of the first resolution. All eight Republicans and three southern Democrats opposed the deficit of $73.2 billion as being too large, and they were joined in opposition by two liberal Democrats who felt that the resolution provided too much funding for defense and too little for social

\textsuperscript{47}Havemann, p. 45.
programs. The stalemate was resolved when two Republican Committee members switched their votes so that the issue could be acted upon by the entire House.

The first resolution adopted by the House Budget Committee faced another serious challenge on the House floor. There was substantial Republican opposition to the resolution, led by the ranking minority member of the House Budget Committee, Delbert L. Latta, (R.) Ohio. In the full House vote on the first resolution May 1, an almost solid bloc of Republicans and 35 southern Democrats, most of whom objected to the size of the deficit, united with liberal Democrats to nearly defeat the resolution. The vote was 200-196. Thus, the reluctance of political and ideological blocs in the House to compromise their views nearly wrecked the new budget process.

In contrast to the situation with the House Budget Committee, the Senate Committee members consciously attempted to set economic policy and explored the budget in much less programmatic detail. Unlike his counterpart in the House, Senate Budget Committee Chairman Edmund Muskie, (D.) Maine, was able to gain, early in the process, the key support of the Senate Budget Committee's ranking Republican, Henry Bellmon, (R.) Oklahoma, a fiscal conservative. The Committee's recommendations for targets and ceilings were supported by many Senate Republicans.

encouraged by the support of Bellmon and most other Committee Republicans. Thus, substantial minority support, combined with an overwhelming Democratic backing, allowed the first resolution to pass in the Senate by a comfortable margin. Differences between the House and Senate versions of the first resolution were resolved by a conference committee, composed of members of the two Budget Committees, without much difficulty. The reconciled budget resolution set a total spending target of $367 billion and a budget deficit of $68.8 billion. This marked the first time Congress had ever determined spending levels.

With the spending levels established, Congressional committees set upon their traditional tasks of acting upon all budget and spending authority bills. The responsibilities of overseeing that the committees enacted spending bills within the guidelines established by the first budget resolution were mainly left to the individual committees themselves, and the Budget Committees. Budget Committee chairmen quickly assumed an active role in the process, regularly appearing on the House and Senate floors when spending bills were being debated to notify their colleagues of the relationship between the bills and the budget resolution. In the House, Chairman Adams attempted to divert committee action which would violate the budget

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49 Ibid.
resolution guidelines. His staff made efforts to discover bills in conflict with the targets of the first resolution before the bills were sent to the House floor. In contrast, Senate Chairman Muskie did not hesitate to oppose legislation on the Senate floor.  

In 1975 the passage of the second resolution was quite different than the 1974 Budget Act provisions. Congress did not enact the second resolution until December 12, nearly three months later than provided in the Budget Act. This occurred for several reasons. The change of the fiscal year to October 1 was not to occur until 1976, so the 1976 fiscal year had begun on July 1 and it was impossible to pass the second resolution prior to the beginning of the fiscal year. Also, Congress had not completed work on the regular spending and revenue legislation by September, since the 1975 partial implementation of the Act did not require the Appropriations Committees to adhere to their deadlines for the enactment of spending legislation. By the time Congress passed the second resolution the fiscal year was nearly half over, and hence Congress had little effectiveness in making meaningful adjustments to the first resolution totals. The second resolution placed a ceiling of $374.9 billion on spending and a floor of $300.8 billion upon revenues.  

50 Havemann, p. 50  
51 "New Budget System Survives First Year Intact," p. 2863.
These totals corresponded closely with those of the first resolution primarily because the spending and revenue bills which had been enacted met the targets set by the first resolution.

While the new budget system was not without difficulties in its first year, it appeared to have succeeded in coordinating spending and revenue legislation within the framework of over-all goals. The economy in late 1975 and early 1976 was recovering from recession and thus actual spending was reduced; even with an additional emergency appropriation of $2.3 billion in short-term loans for New York City, actual spending for fiscal 1976 fell below the spending ceiling established by the second resolution. Thus, Congress had succeeded in its partial implementation of the Budget Act provisions.

The Second Year - 1976

As the new budget process began its second year of operation, it faced a significant challenge - that of implementing the full package of provisions of the 1974 Budget Act. The coming fiscal year would be changed from July 1 to October 1, and Congress would attempt to enact all spending and revenue legislation prior to that time. The Congressional authorization committees were required to be prepared for floor debate of spending bills by May 15. The new timetable mandated that the Appropriations Committees complete action of their massive workload in
less time.

The first required action of the new budget process was the November 10 submittal of the Office of Management and Budget's current services budget showing the cost of maintaining all current government services for the next fiscal year. Unfortunately, the current services report was of little usefulness to the Congressional Budget Committees, since the estimates proved dated and inaccurate.

In Congress, the first action mandated by the Budget Act was the submittal, to the Budget Committees by March 15, of the Congressional committee reports. All committees were able to comply with the deadline, although the Budget Committees found themselves examining reports with a wide variety of interpretations as to what should be included. However, without exception the committees reports took care to include all possible spending programs that had even a slight chance of enactment. On March 15 the Congressional Budget Office presented to the Budget Committees the first annual report of budget options for the ensuing fiscal year. Unfortunately, like the OMB current services report, the CBO report was deemed too general by the Budget Committees to serve much usefulness in making decisions upon specific budget issues. Thus, the Budget Committees relied nearly exclusively upon the

52 Havemann, p. 61.
March 15 committee reports as informational tools in the budget process. May 15 was the deadline established for committees to report legislation authorizing appropriations for the next fiscal year. All the House authorizing committees and nearly all those of the Senate met this deadline. Hence, for the first time in many years, the House and Senate Appropriations Committees were able to begin action on spending legislation with some indication of the programs which would be funded by Congress.

Consideration of the first resolution in the House Budget Committee followed the same pattern as the previous year. Chairman Adams presented his proposal for the first resolution, which included increases in the President's budget for domestic programs and decreases in defense. The Budget Committee increased Adams' defense proposal and added an additional package of domestic programs proposed by Committee member Thomas P. O'Neill, Jr. (D.) Massachusetts. The House Budget Committee Republicans held together in solid opposition to the Committee's proposed first resolution. Thus, Adams had to gain strong support from Committee Democrats, which he did and the budget resolution was sent to the House floor by a vote of 14 - 10.  

After near defeat, in the House, of the Budget Committee's resolution in 1975, Chairman Adams approached

53 Havemann, p. 65.
the 1976 budget process with an overriding concern to elicit support in the House for the new process. He actively sought the support of House Republicans and committee chairmen. His efforts paid off when the House passed the first budget resolution with a 66 vote margin.54

In the Senate, Chairman Muskie came face to face with Finance Committee Chairman Russell Long, (D.) Louisiana, over the Finance Committee's tax bill. The Senate Budget Committee debated a first resolution which included $2 billion in revenue to be collected by eliminating tax expenditures. When Senator Long voiced his opposition to this part of the resolution as exceeding the jurisdiction of the Budget Committee, Muskie replied that "it was perfectly within the Committee's jurisdiction to make recommendations on such broad issues as the size of a tax cut and the magnitude of tax reform."55 The Senate Budget Committee version of the first resolution was similar to that of the House Committee. The Senate Committee sided with Chairman Muskie on the issue of the $2 billion tax reform. The full Senate easily passed the Committee version of the first resolution by a 62 - 22 vote. The minor differences between the House and Senate versions of the first resolution were quickly reconciled by the


55 Havemann, p. 59.
the conference committee. Thus, in the second year of implementation of the Budget Act, the budget procedures appeared to be establishing themselves in Congress. The final vote on the first resolution was taken on May 13, two days prior to the May 15 deadline.

With the passage of the first resolution, Congress embarked upon action on spending and revenue bills. In the House, Chairman Adams, encouraged by House support of the budget resolution, adopted a more active role than 1975 in making the targets of the first resolution hold. He tried to enforce the resolution by encouraging several committees and subcommittees to enact cost-cutting legislation. The majority of the cost-cutting items had been proposed in the March 15 reports by committees which desired to trim spending. However, in two cases Adams pushed for the legislation which would trim spending. The first case involved the repeal of the "1-percent kicker," a provision which gave retired Federal workers an additional 1-percent increase in their pension benefits with each cost-of-living raise. The second target was a spending limit on highway construction. The House Appropriations Committee, with the support of the House Budget Committee, had included a $7.2 billion outlay ceiling for highway construction. When Representative James J. Howard, (D.) New Jersey, chairman of the House Public Works and Transportation Subcommittee on Surface Transportation, proposed
an amendment on the House floor to delete the ceiling, the House supported the amendment. However, the Senate included a ceiling in its version of the transportation appropriations bill. When the bill went to a conference committee of House and Senate Appropriations Committee members, Adams pushed for inclusion of the ceiling and was successful.  

In the Senate, Chairman Muskie continued his battle with the Finance Committee and its tax bill. The tax bill reported to the Senate floor included marginal reform and provided for tax cut extensions only for nine months of fiscal 1977. Muskie did not hesitate in challenging the bill on the Senate floor as being a serious violation of the first budget resolution. However, when Muskie and Senator Henry Bellmon, the ranking Republican on the Senate Budget Committee, tried to increase the tax cut to make it conform with their interpretation of the budget resolution, they were defeated by a 49 - 42 vote.

Unlike 1975, adherance to the budget timetable and prompt action on the spending and tax bills enabled the Budget Committees to prepare the second budget resolution on schedule. Congress had completed nine of its thirteen regular appropriations bills and action on the other four

56 Havemann, pp. 70-2.

was near completion by the budget deadline of seven days after Labor Day. The legislation enacted during the summer was close to the targets of the first resolution. Thus, the Budget Committees wrote a second resolution nearly identical to that of the first. The second resolution was quickly passed by both Houses, a conference committee reconciled the two versions, the Senate adopted the conference report on September 15, the deadline set by the Budget Act, and the House adopted it one day later.

Despite the relative ease with which the Congress had enacted the second resolution, it proved not to be the end of the fiscal 1977 budget cycle. The economy had slumped, a new President had been elected and Congress, upon convening in January 1977, set about preparation of a third budget resolution. The House Budget Committee, under the leadership of its new chairman, Robert Giaimo, (D.) Connecticut, began consideration of ten proposals designed to stimulate the economy. The Senate Budget Committee, proceeding in a typical manner, considered the President's proposals for economic stimulation and the package prepared by Senate Republicans. These proposals elicited discussion of fiscal policy. The result was the passage of the third budget resolution on March 3, 1977.

But this action was not to be the end of the matter. Soon after adoption of the third resolution,
President Carter withdrew support of the proposal which would have given a $50 rebate to individual taxpayers, stating the economy was improving on its own. OMB reported that fiscal 1977 outlays were less than estimated. Hence, the third resolution's revenue total was $10 billion lower than necessary and the outlay total was $9 billion too large. The Budget Committees combined a revised third resolution with the reporting of the first resolution for fiscal 1978, and this fourth resolution was adopted when Congress approved the first resolution for fiscal 1978. Thus, the fiscal 1977 budget cycle finally was completed on May 17, 1977, more than a full year after adoption of the first resolution for fiscal 1977.

The Third Year - 1977

1977 proved to be a disturbing year for the budget process. Problems with the budget timetable began to become evident in 1977 and 1978. A serious problem was recognized in the deadlines established by the budget process for authorization and appropriations bills. While the deadlines caused friction between the Appropriations Committees and the authorizing committees, this had been a recurring problem prior to enactment of the 1974 Act. For years, the Appropriations Committees had complained that they had to postpone action while they were waiting for the authorizing committees to enact legislation. The problem was aggravated by the Budget Act's establishment
of tight deadlines for final action on appropriations bills. Hence the Appropriation Committee claimed they could not meet the deadlines because the authorizing committees acted too slowly. The result was that often the Appropriations Committees approved spending for unauthorized programs, much to the dismay of the authorization and Budget Committees.  

On the other hand the authorization committees found the March 15 deadline for submission of advance estimates of outlays and budget authority for the next fiscal year too stringent. Also, although the authorizing committees had generally been able to meet the May 15 deadline for reporting bills to Congress, Congress had been slow to enact authorization legislation. Thus, when appropriations bills came up for consideration in the House in mid-June many of the authorization measures were still to be enacted. The absence of sufficient authorizing legislation left but two choices to the Appropriations Committees. They could leave gaping holes in their bills or they could elect to ignore the absence of authorizing legislation and appropriate funds regardless, which would in essence render the authorization process meaningless.

As in the previous years, once Congress had estab-

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lished the budget resolution targets, the responsibility of enforcing them was thrust upon the Budget Committees. Senator Henry Bellmon, the ranking Republican on the Senate Budget Committee, summarized action in the Senate by stating that the Budget Committee lost more significant tests of the budget process in 1977 than in the previous two years. Senate Budget Chairman Muskie pointed out that on 11 key votes in 1977 in which Congressional budget guidelines were at stake, the Senate voted against the budget eight times. Muskie stated that only fifteen Senators had voted for the budget more often than against it.

The third year of the new budget process in the Senate was dominated by a battle between the Budget Committee and the Finance Committee. After passage of the second budget resolution, the Senate Finance Committee reported an energy tax bill to the Senate floor. While the bill contained no new taxes, it provided deductions and credits to encourage energy conservation. The Senate Budget Committee calculated that the bill would leave Federal revenue for fiscal 1978 some $800 million below the lower limit of $397 billion that Congress had approved.


with passage of the second budget resolution.\textsuperscript{61} The bill conflicted with two provisions of the Budget Act. The Act prohibits legislation which would reduce the revenue below the level approved in the second budget resolution, and also provides that bills initiating entitlement programs be routed to the Appropriations Committees for possible amending. In order to evade the possible ruling of the bill as violating the Budget Act, the Finance Committee included in the bill a provision which directed the Secretary of the Treasury to postpone the effective dates of the revenue-losing sections in order to maintain the total 1978 fiscal revenue level as established by the budget resolution. Chairman Muskie regarded the Finance Committee action as a flagrant violation of the Budget Act provisions. The Senate approved the bill after the measure had been amended to bring the revenue-losing provisions within $300 million of the budget resolution floor. The Appropriations Committee, after becoming aware of the entitlements in the Finance Committee's bill, met and voted to seek removal of the entitlements from the energy tax bill. However, the Committee lost on the Senate floor by a 30 - 47 vote. Thus, Finance Chairman Russell Long had succeeded in gaining Senate approval of a bill which violated two provisions of the Budget Act.

\textsuperscript{61} Joel Havemann, "Trimming the 'Thanksgiving Turkey'," \textit{National Journal} 9(November 5, 1977): 1733.
The Senate Budget Committee also challenged the Senate Agriculture, Nutrition and Forestry Committee over a costly farm bill. The Budget Committee challenged the bill on the grounds that it was $700 million higher than the level permitted by the second budget resolution. For the first time the Budget Act's reconciliation process was operationalized with the Agriculture Committee being required to report a new bill reducing spending to the level allowed in the second resolution. However, the Agriculture Committee was able to amend the budget resolution on the Senate floor thereby escaping the reconciliation process. Thus, 1977 was marked by a disturbing trend of Congress to disregard the Budget Act provisions, and a year of frustration for both the House and Senate Budget Committees.

The Fourth Year - 1978

Senate Budget Committee Chairman Muskie remarked in March, 1978, "I am not sure how long this budget process is going to survive this kind of situation." Muskie was referring to the tendency, begun in 1977, for Congress to disregard the Budget Act provisions. In March, 1978 the Senate debated an emergency farm bill which combined three possibly inconsistent approaches to increased

benefits for farmers. Muskie felt the bill was not understandable and he complained that the hasty passage of the bill by the Senate on March 21 precluded any examination of its budgetary impacts. However, 1978 would prove to be a year when the budget process indisputably influenced the spending and tax legislation that Congress enacted. By the end of the budget process cycle, Muskie, in contrast to his earlier remarks, would claim, "I am much more hopeful now that the budget process is really taking hold in this Congress." 63

Passage of the first budget resolution proceeded in a fairly typical manner. The House Budget Committee approved budget targets which were nearly identical to those recommended by Chairman Robert Giaimo. The first challenge to Giaimo's recommendations was a proposal by Committee Republicans to enact a smaller Social Security tax cut than the chairman recommended. This proposal suffered defeat at Committee hands, as did a similar Republican move for a larger overall reduction in revenues. Giaimo's spending recommendations included increased spending over the President's budget for agriculture, commerce and housing credit, education, employment, social service programs, veteran's benefits, and transportation. He proposed reductions from the President in defense and interest costs. Despite criticism from a number of

63 Ibid.
Republicans concerning the public service employment programs, the only major spending change in Giaimo's recommendations, which were approved by the Committee, involved an additional $2.5 billion in budget authority and $.3 billion in outlays for accelerated public works.  

The Committee version of the first resolution proved to be quite controversial when presented for action to the full House. The House overruled the Budget Committee by endorsing the concept of tuition tax credits for parents with children in elementary and secondary schools and in college. Veterans' Affairs Committee Chairman Ray Roberts (D.) Texas managed to increase the Budget Committee's recommendations for veterans' programs by $1.1 billion in budget authority and $844 million in outlays, over the strong opposition of Budget Chairman Giaimo. The strongest challenge to the Committee recommendations came from House Republicans and was aimed at the Committee targets. Representative Marjorie Holt (R.) Maryland proposed an amendment to reduce the budget authority target by $21.4 billion, the outlays target by $13.1 billion, and the revenue ceiling by $3.2 billion, resulting in a deficit some $9.9 billion below the level proposed by the Budget Committee. The amendment received overwhelming Republican support with

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but one Republican defector, and some 58 Democrats joined them in a vote which spelled a very narrow defeat of the measure, 197 - 203.  

The Senate Budget Committee followed a slightly different procedure in drafting their first resolution targets than did their counterpart in the House. The Senate Committee divided each function into a number of "missions," and each mission into a number of "issues." The Committee then decided on each issue and added up the resulting totals to arrive at mission figures which corresponded to the functional categories of the budget resolution. In addition to the fiscal 1979 targets, the Senate Committee also considered the five-year implications of various decisions.  

The Senate Budget Committee approved the tuition tax credit over the vehement objections of chairman Muskie. Muskie argued successfully against the use of general revenues to finance the Social Security system. The Senate Budget Committee position on these two controversial tax issues was diametrically opposite from the position adopted by the House Committee. When the full Senate debated the Committee's proposals for budget


66 Conte, "Committees Approve Fiscal '79 Budget Targets," p. 901.
targets for fiscal 1979, they approved a first resolution which set spending and revenue targets identical to the Committee's recommendations, a solid victory for the Senate Committee and its chairman, Edmund Muskie. The only challenge to the Committee's recommendations which came close to gaining Senate approval were proposals by Senators McGovern, (D.) South Dakota, and Eagleton, (D.) Missouri, to cut spending targets for national defense. Thus, there were indications at the outset of the 1978 budget year of the growing strength of the Budget Committees.

The budget compromise drafted by the conference committee was approved within two days of the May 15 deadline set by the Budget Act. The Senate approved the first resolution May 12 with a voice vote; the House followed May 17 with a 201 - 198 vote. When President Carter and Congress agreed to reduce the administration's proposed tax cut and delay its effective date by three months, final approval of the first resolution in Congress was encouraged. The Budget Committees, in analyzing the President's proposed $25 billion tax cut had warned that it would be more effective and less inflationary for the government to concentrate efforts instead, upon programs to eliminate structural unemployment. Senate Committee Chairman Muskie and House Committee Chairman Giaimo met with President Carter, with the result being the new
agreement on fiscal policy. For the first time in the
new budget process, Congress had succeeded in influencing
the spending and tax legislation.

Once again the Budget Committees set about their
task of ensuring that Congress adhered to the first res-
olution budget targets when it acted upon spending and
revenue legislation. Especially in the Senate, the Budget
Committees succeeded in enforcing the budget targets on
any number of issues. An example of this is shown with
the tuition tax credit bill. The Senate Finance Committee
had prepared a bill to provide a tax credit of up to $500
a year for families of elementary, secondary and college
students. The complicated provisions of the bill required
waivers from three provisions of the Budget Act, and the
section of the bill providing cash refunds for the poor
had to be reviewed by the Appropriations Committee. The
Senate Budget Committee refused to approve the waivers and
the Appropriations Committee voted against the refunds.
Thus, the Finance Committee was forced to rewrite the
bill removing the disallowed sections and cutting the cost
of the bill by $2.3 billion. Finance Committee Chairman
Long tried to reinsert the sections through an amendment,
but was voted down handily by the Senate. He then proposed
to suspend the Budget Act in order to pass his amendment,
and was again voted down. 67

67 Havemann, "A Good Year for the Congressional Budget
The Senate Budget Committee also succeeded in reducing the impact aid program which provides Federal aid to school districts where many students have parents who either live on Federal land or who work for the Federal government. Senators Thomas Eagleton and Henry Bellmon offered a bill to remove students whose parents are merely employed by the Federal government from inclusion in the program, but were defeated 20 - 66. However, Bellmon then proposed to eliminate a provision which forced the Appropriations Committee to allot funds to all other kinds of school districts before it reserves funds for the neediest districts—those with many parents who live on Federal property and pay no property tax. Bellmon's proposal was enacted by the Senate by a 57 - 35 vote.\(^68\)

Both Budget Committees were victorious during the debate of legislation authorizing loans to the Witteveen Financing Facility of the International Monetary Fund, which is designed to supply loans to countries with large trade deficits. The House Budget Committee persuaded the Banking, Finance and Urban Affairs Committee to amend the bill to require Congressional action on annual appropriations before providing any funds to the Witteveen unit. A similar successful amendment was passed in the Senate.\(^69\)

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\(^68\) Ibid., pp. 1502-3.

\(^69\) Ibid., p. 1503.
The House approved by a 217 - 178 margin the second resolution of the budget. In doing so, the House passed a resolution nearly the same as the Budget Committee recommendation. This second resolution lowered the spending ceiling some $9 billion below the level approved by the House in the first budget resolution. Budget Chairman Giaimo estimated that $5.5 billion of the difference reflected lower estimates of the program costs, and about $2.5 billion reflected Congressional decisions to reduce expected spending.  

In the Senate, the second budget resolution received easy approval on September 6. As in the House, the second resolution spending totals were lower by some $9.3 billion than the first resolution figures. After passage of the second resolution, Muskie stated, "This second budget resolution is...a signal to our citizens and to the private economy that the Federal government will lead the way toward reducing inflation without sacrificing jobs."  

The House and Senate conference committee was not able to arrive at a compromised version of the second budget resolution until September 21. Congress did not

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complete action setting binding totals for spending and revenues until September 23 with Senate approval of the conference version of the second resolution. The budget conference committee had been delayed by a dispute over public works spending. Both the House and Senate had included President Carter's labor-intensive public works legislation in the first budget resolution totals. However, the Senate Budget Committee had reversed itself and opposed the program later in the year stating that declining unemployment and accelerating inflation made the reduction of the deficit more important. When the House conferees insisted upon inclusion of the public works program in the second resolution, Muskie requested a Senate vote on that specific line item and succeeded. The conference committee was then hopelessly deadlocked over the public works issue until Muskie proposed a solution. He proposed that the conferees accept the Senate combined budget figure for public works and disaster relief, which the Senate could interpret as involving no funding for public works and a $1.2 billion funding for disaster relief. The House, on the other hand, could interpret the action as including $700 million for public works and some $430 million for disaster relief. With such ambiguity, the second resolution establishing binding totals for spending.

and revenues was finally adopted on September 23, some eight days beyond the deadline set by the Budget Act. But this was not yet the end to action on the fiscal 1979 budget. In May, 1979 Congress had to revise the 1979 second resolution figures due to higher than expected costs and various supplemental appropriations. This was accomplished with the passage of the first budget resolution for fiscal 1980. Nevertheless, 1978 proved to be a good year for the Congressional budget process. Senate Budget Committee Chairman Muskie, who in March had doubted the survivability of the budget process, in September remarked, "I am much more hopeful now that the budget process is really taking hold in this Congress."73

The Fifth Year - 1979

The most serious challenges to the Congressional budget process were to occur in 1979. The year was to be marked by an ever-increasing desire of Congress to cut spending and move toward a balanced Federal budget. Combined with the faltering economy of 1979 was President Carter's pledge to restrain the Federal deficit below $30 billion. Hence, after but four years of existence the House and Senate Budget Committees found themselves encountering the major domestic policy battle of 1979-the budget conflict.

Budget activities began in the Senate with the presentation in March of a proposal designed to break the deadlock on legislation to increase the limit on the public debt. The proposal, drafted by Finance Committee Chairman Long, Budget Chairman Muskie, and Senator Bob Packwood, (R.) Oregon, would require the Budget Committees to report on April 15, 1979 a balanced budget for fiscal 1981 and 1982, and to explain the effects of balancing the budget on revenues, spending, employment, inflation and national security. The proposal would further require the Budget Committees to report balanced first resolutions for fiscal 1981 and 1982. The proposal, which was offered as an alternative to a series of balanced budget amendments, was approved by Congress on April 2.

When the House Budget Committee began preparation of the first budget resolution in 1979, it did so without recommendations from Committee Chairman Giaimo. Instead, Giaimo summoned Committee Democrats into a caucus which met to prepare recommendations. This approach was utilized to involve Committee Democrats in a majority building effort. The first resolution recommended by the House Budget Committee cut the Federal deficit to below $25 billion by cutting defense spending and eliminating the general revenue sharing for the states. In addition, the Committee's recommendations restored some of the President's proposed cuts in jobs, education, health, and
social service programs.\textsuperscript{74} Passage of the first budget resolution in the House proved particularly vexing in 1979. House leaders had scheduled debate on the Budget Committee's recommended targets for three days, but it took nine days of debate before the House approved a first resolution. The House had considered nearly 40 floor amendments, prompting Representative Morris Udall (D.) Arizona to term the House a 'fast breeder reactor for amendments.' Udall commented that "Every morning when I come to my office, I find there are 20 new amendments. We dispose of 20 or 25 amendments, and it breeds 20 more amendments."\textsuperscript{75}

Despite the length of the House debate, the Budget Committee was generally successful in the floor battles. The House voted to reject Republican plans to further cut the proposed deficit some $4.9 billion and defeated a measure which would have enacted tax cuts in 1979 and 1980. The House rejected a bid by liberal Democrats to transfer funds from defense to various domestic programs. The first resolution, which the House approved, contained the Budget Committee recommendation to eliminate funds for revenue sharing for the states. The House did approve

\textsuperscript{74}Christopher R. Conte, "House Budget Unit Reduces Carter Deficit by $3.5 Billion," Congressional Quarterly Weekly Report 37(April 7, 1979): 669.

a last-minute amendment by Representative Joseph Fisher (R.) Virginia which enacted an across-the-board spending cut of .5 percent.  

The Senate Budget Committee began deliberating for the first time under the provisions of the new three-year budget procedure established by the debt limit legislation. The Senate Committee concluded that Congress could either balance the budget or cut taxes in fiscal 1981, but not both actions. The Committee recommended balancing the budget and postponing action of the tax cut until 1982. In addition, the Committee made recommendations for the fiscal 1980 first resolution which slashed spending to a level below that of President Carter and the House Committee recommendations.

On April 25 the Senate approved a three-year spending plan which was essentially the same as the policy recommendations of the Budget Committee. Under the provisions of the new debt limit law, the Senate had the option of following the Committee's recommendation of balancing the budget in 1981 and reserving a tax cut for 1982, or enacting the alternative plan. However, the Senate never considered the alternative.

House and Senate conferees were able to agree May 18 to a first resolution which reduced the Federal deficit

to $23 billion and set the stage for a balanced budget in 1981. As usual, the conference was dominated by the debate over the relative levels of spending for defense and domestic programs. The conferees were able to agree to a proposal which split their differences. However, when the conference version of the first resolution returned to the House floor for approval, it was defeated by a wide margin on the grounds that the totals provided too much funding for defense and too little for "function 500" which includes funds for education, training, employment and social services programs. With the defeat of the conference totals, House conferees proposed a $200 million cut in defense and a $50 million cut in international relations, with a $300 million increase in function 500. The Senate refused to compromise defense funding and instead proposed a $350 million increase in function 500 only. And it was thus that Congress was finally able to pass a first budget resolution on May 24, nine days past the Budget Act deadline.77

By mid-summer economic experts were raising estimates of inflation and unemployment and were forecasting a recession. With the dim economic news in the forefront, the Senate Budget Committee met in late July to begin preparation of the second resolution. Chairman Muskie

informed the Committee that "many Senate committees have failed to meet the first budget resolution mandate to make savings and economies." Further, Muskie warned that the appropriations process might add an additional $2 billion in outlays to the first resolution figure. In a precedent-setting action, the Senate Committee voted to order the six legislative committees in question to make cuts as necessary to bring the programs within the first resolution targets. This recommendation of reconciliation would not be made binding unless the full Senate and House granted its approval and made it a part of the second budget resolution. The Committee modified spending totals in its second resolution recommendations to correspond to the uncontrollable economy-related spending increases.

The Senate approved a second budget resolution which included large increases in the defense budget for the next three years. The reconciliation issue had been resolved, in favor of the Budget Committee, when key committee chairmen had agreed to cut some $3.6 billion of the $4 billion which the Budget Committee had insisted upon cutting. The compromise left the committees a degree of freedom to determine which of the programs would be reduced. The agreement permitted a 30 day period during which the committees were required to make the cuts.  

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78"Binding Budget Levels," 1979 Congressional Quarterly Almanac 35: 177.
The House Budget Committee did not report its version of the second resolution to the full House until September 14. The House Committee had retreated from taking reconciliation action against House committees, as had their Senate counterpart. The resolution reported by the House Committee made few substantive policy changes from the first resolution, although the spending figure was some $17 billion greater than that of the first resolution, mainly due to the altered economic outlook and cost re-estimates.

When the House attempted to pass the second resolution, it was surprisingly rejected. The lateness of the hour, a breakdown in order, and the unexpected swiftness with which the resolution moved through the House all contributed to the defeat. A second attempt at passage of the second resolution succeeded on September 27 by a slim 6-vote margin.

When the House and Senate Budget conferees met to resolve the second budget resolution, they found themselves faced with a monumental task. Billions of dollars which the Senate had targeted for defense spending and similar amounts which the House reserved for social programs separated the conferees. In addition, they were divided on the issues of reconciliation and multi-year budgeting. Hence, it took the conferees a total of 23 days to draft

79 Ibid., p. 180.
a compromise second resolution. The compromise set a $29.8 billion budget deficit and provided for both increased defense and social spending. The compromise resolution also contained instructions to six authorizing committees to cut $1.8 billion from already passed legislation and ordered House and Senate Appropriations Committees to reduce 1980 spending by $2.55 billion. The House conferees opposed the reconciliation provision, however. 80

The budget debate was not to be resolved yet. The House and Senate agreed with the budget ceilings set by the conference committee, but the House refused to agree to the reconciliation process incorporated into the resolution. The second budget resolution was not to be enacted in 1979 until November 28. The final version was fashioned when the Senate agreed to a reconciliation issue compromise, which replaced the formal enforcement orders with a warning that Congress would not bail out committees that failed to meet their spending limits. 81

Thus, after four years of existence, in 1979, the budget process found itself embroiled in the battle of the budget. With the mounting inflation and a strong possibility of a recession, the Congressional policy-makers


recognized the budget as providing a useful mechanism for setting spending and revenue priorities. If five years of the budget process had demonstrated anything, it was the key role that politics played in the process, and the overwhelming determination of the Budget Committees' chairmen to make the process viable. Both are key factors in analyzing the effectiveness of the process, as the subsequent chapter will demonstrate.
CHAPTER IV

EFFECTIVENESS OF THE NEW INSTITUTIONS

To achieve the objectives of the 1974 Congressional Budget and Impoundment Control Act, the House and Senate Budget Committees, and the Congressional Budget Office were established. In drafting the Budget Act the sponsors took care in establishing Budget Committees strong enough to implement the new budget procedures. At the same time, the Budget Committees were established so as not to conflict with the existing Congressional structure. Generally, the Budget Committees have proven to be neither omnipotent nor powerless. While the 1974 Act established identical duties for both the House Budget Committee and the Senate Budget Committee, the two Committees have differed greatly in their approach, reflecting their different rules and politics of the house. Generally, it has been observed that the House Budget Committee has been weaker, and that the budget process itself has been characterized by a greater degree of partisanship in the House.

The Congressional Budget Office (CBO) was established by the 1974 Act to supply Congress with the budgetary information necessary to implement the new
budget process. In drafting the 1974 Act, the House version provided for the establishment of a joint Budget Committee staff to prepare budget estimates. The Senate pressed for a CBO that would provide budget estimates and also policy analyses, studies of the pros and cons of alternative policies. The Senate won the battle and appointed Dr. Alice Rivlin as director of the CBO.

From the outset, the Budget Committees and the CBO have performed essential roles in the implementation of the Budget Act. In this chapter, the effectiveness of these institutions will be examined. Specifically, the analysis will focus upon the many factors which have acted to influence the effectiveness of each of these institutions in performing their respective functions. Discussion will be limited to effectiveness as it relates to the budget process, rather than the effectiveness of the Budget Act in meeting its objectives, which will be covered in the concluding chapter of this study.

House Budget Committee

The House Budget Committee has operated quite differently from its counterpart in the Senate. One of the major factors which has influenced the effectiveness of the House Budget Committee is the nature of the House itself. Because they face re-election every two years, Representatives seem less willing to compromise their political and ideological views for the sake of the budget
process. This has made the nature of the budget process in the House one of partisan politics. House Republicans have consistently refused to support the Budget Committee through almost the entire history of the new process. Unable to rely upon any Republican support for the Congressional budget in the House, the House Budget Committee has been forced to build a majority exclusively within the Democratic party. And that has required that concessions be made to Democratic liberals, who have consistently pressed for increases in social spending. Early in the budget process, House Budget Committee leadership recognized that there were two kinds of resolutions which the full House would approve: conservative ones supported by Republicans and conservative and moderate Democrats, and more liberal ones backed by moderate and liberal Democrats. They rejected the former option, which was similar to the course followed in the Senate, and attempted the latter.\textsuperscript{82}

Another factor which influenced the effectiveness of the House Budget Committee was the make-up of the Committee itself. Under the rules of the 1974 Budget Act, the House Budget Committee was to consist of 23 members, who would be limited to serving no more than four years in any ten year period. In addition, Title I of the Budget Act specified that the Committee would include: five

\textsuperscript{82}Havemann, p. 86.
members from the House Appropriations Committee; five
members from the House Ways and Means Committee; eleven
members from other standing committees; one member from
the leadership of the minority party; and one member from
the leadership of the majority party.\textsuperscript{83} The rules were
modified when Committee membership was expanded to
twenty-five members in 1975, with thirteen members
selected from standing House committees. In 1978, the
House agreed to a change in the length of the term for
the Committee members; the term was extended from four
to six years.

Observers agree that the membership rules in the
House have weakened that chamber's Committee, making it
less independent of the other spending and tax committees
and of the House leadership.\textsuperscript{84} With twelve members of
the Budget Committee also serving other powerful House
committees, the Committee was restricted from developing
too much power of its own. One House Committee staffer
stated that the House feared that the Budget Committee
would become a 'super committee' and hence the House rules
establishing the Budget Committee differed significantly
from those of the Senate.\textsuperscript{85} The result was that the

\textsuperscript{83} \textit{Congressional Budget and Impoundment Control Act

\textsuperscript{84} Conte, "Budget Committees at Center of Crucial

\textsuperscript{85} Telephone Interview with Rosalee N. Roberts,
Budget Assistant to Congressman Bill Nelson, Washington,
D.C., 29 February 1980.
Committee members representing the other powerful legislative committees attempted to ensure that the Budget Committee didn't become a power center in the House.

Neal Smith (D.) Iowa of the Appropriations Committee fought a generally losing battle to keep the Budget Committee from recommending spending targets for individual appropriations accounts. Otis G. Pike (D.) New York of the Ways and Means Committee helped keep the Budget Committee from proposing specific tax policy in its third resolution for fiscal 1977. 

Thus, the House Budget Committee often acted as an agent for the other powerful House committees, sometimes the Appropriations Committee and other times the Democratic leadership.

By limiting the length of time a member could serve on the House Budget Committee, the House lessened the importance of such a Committee assignment. The chairman was unable to use the Committee to develop a permanent power base in the House. The mandatory rotation of members discouraged the development of expertise among Committee members. Delbert Latta, the Committee's Republican leader, stated, "Many Committee members feel, 'This is a temporary assignment, so why should I give it my full time?'." Hence, the House Budget Committee was restricted from developing into the kind of independent force within the House due, in large part, to

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86 Havemann, p. 83.
87 Ibid., pp. 81-2.
the rules establishing the Budget Committee.

The chairmen of the Budget Committees developed quite distinctive approaches to Congressional budget making in their respective houses. Following passage of the Budget Act, in the summer of 1974, Representatives and Senators had to choose members and chairmen for the new Budget Committees. In the House, Democrats caucused to elect the Budget Committee chairman. The candidates included Brock Adams, a liberal, and Al Ullman (D.) Oregon, the second-ranking Democrat on the Ways and Means Committee. Representative Ullman defeated Adams and served as Budget Committee chairman until the end of 1974 when he replaced Wilbur Mills as chairman of the Ways and Means Committee. The caucus then selected Representative Adams to replace Ullman as Budget Committee chairman. Ullman had served in the House for eighteen years in contrast to his successor, Brock Adams, who had been in the House for but ten years. The only prior committee chairmanship experience which Adams possessed was as the chairman of a subcommittee of the District of Columbia Committee. Hence, the House operated at some disadvantage from the outset.

The approach developed by Chairman Adams in the House Budget Committee was in great contrast to that of his counterpart in the Senate, Edmund Muskie. Adams was reluctant to risk the Committee's reputation in a floor

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88 Havemann, p. 41.
fight over spending or tax issues. He decided that he could be most effective by working behind the scenes with the House committees. 89 Representative Robert Giaimo succeeded Adams as chairman of the Budget Committee in 1977. Giaimo had served eighteen years in the House, but had not served as a committee chairman. Giaimo continued the basic approach of operating behind the scenes, which Adams had developed. Thus, neither Adams nor Giaimo had experience dealing with powerful House committee chairmen who treated them with deference. This was an important factor in the effectiveness of the House chairmen in the development of the majority for adoption and implementation of the budget resolutions.

After five years of existence, the House Budget Committee seems to have gained the acceptance of most of the other Congressional committees. Adams, chairman of the House Budget Committee in the first years, made a concerted effort to enlist the support of the committee which was likely to resent the new power base of the Budget Committee, the Appropriations Committee. Representative George Mahon, (D.) Texas, chairman of the House Appropriations Committee, at the outset issued a warning to the Budget Committee not to usurp the functions of the Appropriations Committee. Adams took several steps to

89 Havemann, "The Congressional Budget Committees—High Marks After the First Years," p. 1348.
ensure the loyalty of the Appropriations Committee and Chairman Mahon. He faithfully enforced the Budget Act's prohibitions against any new 'backdoor spending.' The House Budget Committee also attempted to work for reductions in spending for programs which the Appropriations Committee had also sought.  

The House Budget Committee had several clashes with the Ways and Means Committee. The major dispute between the two committees occurred in early 1976, as Representative Corman, (D.) California, chairman of the Unemployment Compensation Subcommittee, attempted to pass a bill which would extend unemployment benefits and increase unemployment tax paid by employers. This bill conflicted with the provision of the Budget Act which forbids action on spending legislation prior to the passage of the first budget resolution. The Budget Committee was successful in delaying action on the measure until that summer.

Another factor which has influenced the effectiveness of the House Budget Committee has been the nature of the Committee's budget review. The House Committee has tended to labor through the budget item by item, which has elicited the criticism of Congress.

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90 Ibid., p. 1350.
The House Budget Committee was convinced that its approach was the only way to prepare a Congressional budget. Adams said there was no way to decide how much money the government should spend in total without asking how much it should spend for the programs that make up that total.\textsuperscript{91}

The House Appropriations Committee was particularly critical of the Budget Committee's approach.

House Appropriations Chairman Jamie L. Whitten, (D.) Mississippi, stated, "We are greatly distressed about the increasing tendency of the Budget Committee to construct their recommendations for overall aggregate targets on the basis of individual program line items. While line item recommendations in the budget resolution process have no actual effect, they obscure the overall macroeconomic responsibilities of the Budget Committee and needlessly duplicate the hearings and deliberations that are the responsibility of the authorizing and appropriating committees...I am afraid we are losing sight of the basic objective of the Budget Act."\textsuperscript{92}

Many conservatives expressed a similar frustration with the Budget Committee in the House. Representative Latta, the ranking Republican on the House Budget Committee, expressed the belief of many House Republicans when he stated that "the Committee acted like an adding machine without a subtract button."\textsuperscript{93} Instead of setting overall fiscal guidelines, the Budget Committee was criticized for simply adding up individual line items. However, the political situation in the House mandated that the Budget Committee act in this manner.

\begin{footnotesize}
\textsuperscript{91} Havemann, p. 95.
\textsuperscript{92} Conte, "House Bogs Down in Budget Amendments," p. 878.
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Committee adopt an approach which would yield adopted budget resolutions. Hence, the House Budget Committee has been compelled to take action which was bound to make it unpopular within the different factions of the House.

**Senate Budget Committee**

The major factor which has influenced the abilities of the Senate Budget Committee has been the bipartisan support which the Senate has proffered. In contrast to the House, the Senate Budget Committee was to consist of fifteen members chosen by the Democratic and Republican caucuses, as were all other committees. Additionally, the Senate established permanent Budget Committee membership. The Senate Committee was open for membership to all Senators whose party leadership would appoint them to a seat. Thus, membership on the Senate Budget Committee was regarded as valuable as was evidenced by the fact that twenty-seven of the Senate's forty-two Republicans applied for the six Republican seats on the Budget Committee. With six Republicans serving on the Committee, the Committee did not develop the partisan division which characterized the House Committee. The Senate Republicans were able to form a powerful alliance with southern Democrats which led to the bipartisanship which characterized the Senate Committee. Thus, the Senate
Committee was able to consistently command support for the budget resolutions developed by the Committee in the full Senate, as the previous chapter has demonstrated.

A very significant influence in the effectiveness of the Senate Budget Committee has been the first and, until early 1980, the only chairman of the Committee, Senator Edmund Muskie. Senator Muskie was an aggressive Senator who had been a candidate for vice president in 1968 and a candidate for the Democratic Presidential nomination in 1972. Muskie, who at the time of his selection as Committee chairman had served in the Senate for sixteen years, had served as chairman of subcommittees of the Foreign Relations, Government Operations, and Public Works Committees. He had been the author of air and water pollution legislation and revenue sharing, as well as the 1974 Budget Act itself.94 Thus, Senator Muskie commanded a large measure of respect in the Senate, and had a great deal of experience working with the major committees of the Senate.

The non-partisan nature of the budget process in the Senate can be partially attributed to the cooperation between Chairman Muskie and the ranking Republican Committee member, Henry Bellmon. Their cooperation began in the spring of 1975, when the Committee reported its first

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94 Havemann, p. 80.
budget resolution to the Senate floor. Although neither Muskie nor Bellmon agreed with all the provisions of the resolution, they decided that the budget process demanded their support for the Committee's resolution on the floor of the Senate. From then on, Muskie and Bellmon consistently operated as a team in the Senate. As a result, Senate Committee budget resolutions drew support from Democrats as well as Republicans, and were consistently approved by wide margins.

Unlike the House Committee, the Republican members of the Senate Budget Committee were relatively junior Senators who believed that they could use their Committee membership to enhance their power in the Senate. Hence, they regularly voted with the Committee rather than with their own ideological views. Because the members of the Senate Budget Committee realized that their power in the Senate would be associated with the rise in stature and power of the Committee, it was in their interest to ascertain that the budget resolutions reported out by the Committee were successfully passed on the Senate floor. By cooperating with the Democrats, the Senate Committee Republicans were able to exert considerably more influence over the size and shape of budget resolutions than their counterparts in the House. Similarly, the Republicans had more influence over spending priorities in the Senate. The bipartisan support for budget resolutions in the
Senate also helped explain why the Senate Budget Committee was able to develop an aggressive stance in the implementation of the adopted budget resolutions. As the previous chapter has discussed, Muskie did not hesitate in taking a budget debate to the Senate floor, nor did he restrain himself from making public any dispute resulting from legislation which violated the budget targets.

In the Senate, the Budget Committee was able to elicit the support of the Appropriations Committee. In 1974, the Budget Committee and the Appropriations Committee engaged in a dispute over the Appropriation Committee's claim of jurisdiction over Presidential impoundment proposals. The dispute was settled when the committees agreed to joint jurisdiction, and the relationship has been cooperative since that time. John McClellan, chairman of the Senate Appropriations Committee, approved of the Senate Budget Committee's approach to the development of the budget resolutions, which did not include the programmatic detail of the House Committee. Thus, the relationship between the Appropriations and Budget Committees has been characterized as cooperative, based upon the developing recognition that their interests were common rather than competitive.

In contrast, the Budget Committee has repeatedly

95 Havemann, "The Congressional Budget Committees—High Marks After the First Years," p. 1351.
clashed with the Senate Finance Committee. The dispute between the Finance and Budget Committees began with differing interpretations of the Budget Committee's role in influencing tax legislation. The Budget Committee maintained that the Budget Act required the report accompanying the first resolution to specify how the revenue target should be reached. The Budget Committee was able to prevail in 1978 when it was able to force the Finance Committee to rewrite its original version of the tuition tax credit legislation. Hence, the Senate Budget Committee has not been overwhelmingly successful in establishing cooperative relationships with other Senate committees.

Another factor which has influenced the effectiveness of the Senate Budget Committee has been the nature of the budget review. In contrast to the House Committee approach, the Senate Budget Committee has steadfastly avoided debating the merits of individual programs. The Budget Committee review began with the presentation of the Congressional Budget Office's computations of the cost of maintaining current policy in each of the budget functions. Typically, Committee members would propose totals for budget authority and outlays which represented an increase or a decrease in current policy. The Committee consciously avoided specifying programs to be cut or augmented. The Committee was convinced that this approach permitted the budget process to focus upon the
broad issues of fiscal policy and spending priorities, as the Budget Act had intended.  

The Congressional Budget Office

The 1974 Budget Act established the Congressional Budget Office (CBO) to supply Congress with budgetary information necessary to implement the new budget process. The Budget Act directed the CBO to provide Congress with budget analyses and policy analyses. The budget analyses included: the scorekeeping function, which offered a comparison of how enacted legislation corresponded with the most recent budget resolution; a comparison of the tax and spending committees' legislation with the most recent budget resolution; five-year projections of the costs associated with implementing the provisions of every authorizing bill reported by a House or Senate committee; and issuance of an annual report projecting total spending, revenue and tax expenditures for the next five years. In the realm of the policy analyses, CBO was required to report annually by April 1 alternative budget options that Congress might pursue in the ensuing fiscal year; and to provide other such analyses of Federal policy to the Budget Committees.  

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96 Havemann, p.96.

The director of the CBO is Dr. Alice Rivlin, who was appointed by the Senate to head the agency established by the Budget Act to provide Congress its own source of budget information. Dr. Rivlin was an economist by training and had served as assistant secretary of Health, Education and Welfare Planning and Evaluation during the final year of the Johnson Administration. Just prior to her selection as CBO director, Dr. Rivlin performed budget analyses with the Brookings Institute. Dr. Rivlin was appointed to serve a four-year term initially, but it would require the adoption of a resolution in either house to effect her removal at any time. Dr. Rivlin recruited her initial staff of 193 employees from the Office of Management and Budget, Brookings Institute, and various universities.\(^\text{98}\)

Like the Budget Committees, the CBO has had its share of critics. Conservative Congressmen, especially in the House, have attacked the CBO studies or analyses as being liberal in orientation. On the other hand, many liberals have expressed disappointment that the CBO did not produce the type of broad, incisive analyses of national policy they would have liked. In addition, the CBO has had internal problems. Early in its existence Rivlin and her top aides misjudged the amount of work required for bill costing, providing cost estimates of

spending and tax bills and keeping budget scores for the Budget Committees. This error necessitated shifts in the staff. Despite the criticism, the CBO has won the respect of supporters and critics alike for its performance in supplying budgetary information to Congress.\textsuperscript{99}

CBO's budget analysis division has enabled Congress to rely upon its own spending and tax estimates, rather than a reliance upon the Executive branch. However, CBO's budget estimates have not often had a direct impact upon policy, but they have had an influence upon the outcome of a particular debate. The House Budget Committee utilizes the CBO's expertise much differently than the Senate Committee. The House views CBO as a service agency, just one of the resources available for use, while the Senate Committee views CBO as an extension of its own staff.\textsuperscript{100} For the Congressional Budget Committees, one of CBO's most important tasks is score-keeping, computing how enacted legislation compares to the most recent budget resolution. The Senate Budget Committee has used this feature more than the House Committee, which hired a staff to do much of this work itself. The Senate Committee has also availed itself more frequently of the CBO's annual five-year projection of Federal spending


\textsuperscript{100} Gregg, "Congressional Budget Experts Walk a Delicate Line on Hill," p. 2654.
and revenue as a starting point in its preparations of
the first budget resolution. Both Budget Committees
have found the CBO's budget analysis useful, except for
its failure to predict or explain the outlay shortfalls
in fiscal years 1976 and 1977.101

The CBO has had difficulty in projecting over
five years the budget impact of every authorization bill
reported by a Congressional committee due to time constraints.
In 1975, CBO did not attempt to meet this requirement as
it was just being organized. In 1976, it prepared estimates
for 282 authorization bills or 44 percent of those repor
ted. During the first part of 1977 the percentage improved
to 64 percent. Part of the problem in reporting the five
year impacts has been the considerable resistance CBO
has encountered from Congressional committees, who have
feared the CBO would reveal the high costs of their
legislation. But as CBO has become an established part
of Congress and won the respect of the members, the
Congressional committees have become more aware of and
less hostile to CBO.

If CBO's policy analyses have had a major defect
it is that Congress did not use them as much as CBO had
hoped. Especially in the House, which did not want CBO
to have a policy analysis function in the first place,

101 Joel Havemann, "After Two Years, CBO Gets
High Marks From Congress," National Journal 9 (August
there has been resistance. Part of the problem could be attributed to CBO. Some of the analyses were published too late to have an impact. The CBO's major piece of policy analysis, its annual report to the Budget Committees on budget options for the upcoming fiscal year failed to make a splash the first two years. The report was due by April 1, which made it too late to impact the first budget resolution. In 1977, Dr. Rivlin changed the format of the report, reducing it to 202 pages and supporting it with 28 separate publications analyzing specific issues in greater depth. The basic report was published in February, giving Congressional Budget Committees enough time to use the report in preparation of the first budget resolution. The Senate Committee staff mentioned the report once, the House Committee ignored it.102

Rivlin has tried techniques to bring CBO analyses to the attention of Congress. Often she has accompanied the release of a major report with a press conference. This strategy has caused many Congressmen, especially House members, to criticize Rivlin and the CBO. They believe CBO is staff of Congress and as such it should not seek public publicity. Other critics have complained that Congressional support agencies, which include the Congressional Budget Office, the Congressional Research

102 Ibid., pp. 1259-60
Service, the General Accounting Office, and the Office of Technology Assessment, have duplicated efforts. Such concerns led the House and Senate Appropriations Committees in 1975 to direct the four agencies to develop a research notification system as a means of informing each other of research efforts.\textsuperscript{103} Also, although CBO reports have generally been of high quality, the CBO has been hampered by the fact that it does not have access to the same information as does the Office of Management and Budget.\textsuperscript{104}

Thus, the effectiveness of the budget process has been largely a product of the institutions which the Budget Act established. The Budget Committees and the Congressional Budget Office have successfully contributed to providing a body of budgetary information where none existed previously. They also aided Congress in implementing the provisions of budget reform. The CBO made available to Congress its own source of policy analysis. Congress no longer was forced to rely upon the Executive branch for all Federal budget information. Thus, the Budget Committees and the CBO have performed essential roles in the implementation of the Budget Act.


\textsuperscript{104}Telephone Interview with Rosalee N. Roberts, Budget Assistant to Congressman Bill Nelson, Washington, D.C., 29 February 1980.
CHAPTER V

FURTHER BUDGET REFORM PROPOSALS

The previous chapters have discussed a number of problems which have hampered the 1974 Budget Act implementation. Further reforms of the Congressional Budget Act of 1974 have been a topic of great concern and debate. Both the House and Senate have established Task Forces on the Budget Process which have held hearings on the various issues. A number of bills to amend the budget process have been offered. This chapter will examine several of the proposals which have been suggested to further reform the Congressional budget process. The discussion will be limited to proposed changes in the budget timetable, reforms of the Budget Committees, alterations of the scope of the Congressional budget, and reforms of budget studies.

Altering the Budget Timetable

A number of proposals have been propounded which would modify the budget timetable established by the 1974 Budget Act. Perhaps the most difficult deadline which Congress has had to conform to has been the deadline established to ensure the prompt enactment of appropri-
ations bills. Since the first year of the budget process implementation, procedural problems were evident in the authorization process. The House had consistently been forced to appropriate funds prior to the enactment of authorizing legislation. This resulted in a situation in which the authorizing committees were required to spend virtually all their time on budget authorization. The budget timetable requirements left little time in the schedule of the authorization committees for oversight of the Congressional programs.

Representative Leon E. Panetta, (D.) California, introduced a bill in the House in September, 1977 entitled "The Biennial Budgeting Act" which would amend the Congressional Budget Act of 1974 to provide for a two-year budgeting cycle. The bill would provide one year to focus upon budgeting and upon Congressional oversight. The next year would be devoted to appropriations and new legislation. The advantage to this approach, according to Representative Panetta, is that the budget process would be slowed to such a pace that Congress would be able to focus upon oversight and review. It would enable Congress to prioritize new legislation and provide better budget planning. Thus, the biennial authorization system would provide the necessary time for effective oversight, effective planning and apportion the Congressional workload in
Other Congressmen have suggested modifying some of the deadlines of the budget timetable. Senator William Proxmire, (D.) Wisconsin, stated the requirement that authorizing committees provide the Budget Committees with advance estimates of outlays and budget authority for the next fiscal year by March 15 is too stringent. Proxmire has suggested dropping the March 15 deadline for advance estimates and require, instead, that all authorizing committees report authorizing bills by May 1. Along with this, he would require the Budget Committees to report the first budget resolution by May 15, instead of April 15. The Budget Committees would have the authorizing bills by this time and, hence, would have the opportunity to crystallize their position and make accurate determinations. Finally, Senator Proxmire's proposal would require final action on the first concurrent resolution of the budget by June 15.

Senator Muskie, in responding to Proxmire's proposal, has voiced concern that the proposed modifications would result in the passage of a budget resolution after

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106 U.S., Congress, Senate, Committee on the Budget, Can Congress Control the Power of the Purse? Hearings before the Committee on the Budget. 95th Congress, 2nd session, 1978, p. 23.
the other committees have taken action on programs. This would mean that, in effect, the budget process would lose the point of maximum influence on Congressional decisions. The authorizing committees, especially the subcommittees of the Appropriations Committee would have already made their decisions without the kind of interplay between the functions and priorities in the budget which was envisioned by the framers of the 1974 Budget Act. 107

**Budget Committee Reforms**

Internal changes have been suggested to reform the procedures of the Budget Committees. The Committees have already begun to schedule briefings on crucial issues to be presented by the Committee staff to Budget Committee members so that they can be informed before Congress makes crucial policy decisions. Senator Muskie has proposed that a greater degree of coordination and consultation with other Congressional committees would be a positive modification of the budget process. Muskie proposed that, prior to the March 15 committee reports being submitted to the Budget Committees, direct consultations between the chairmen of the authorizing committees and the chairmen and ranking members of the Budget Committees be accomplished. This could be done either

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107 Ibid., p. 28.
formally or on an informal basis, and would provide an advance opportunity for the committees to discuss future options. Then, in the interim between the time of these meetings and the April 15 deadline for reporting of the first resolution by the Budget Committees, the Budget Committees could focus upon specific estimates of program costs. Muskie stated that he believed that the quality of the Budget Committee process would be much improved with this proposed modification. Senator William Proxmire has echoed the sentiments of Muskie in his support of the concept.108

**Scope of the Budget**

There are other proposals which do not directly relate to reform of the Congressional budget process, but would affect the oversight ability of Congress. These proposals seek an enlargement of the scope of the Congressional budget. One criticism of the Budget Act is that it does not come to grips with several key obstacles to effective government budget-making. The bulk of non-military spending is plagued by "uncontrollables," the many programs that are protected from being cut during the budget process by special legislation. While the Budget Act was a step forward in control of the "uncontrollables," it is argued that the Act needs to go beyond

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108 Ibid., p. 32.
for a more complete control. Senator Proxmire has proposed that Congress conduct a thorough study of the degree to which it would be able to reduce spending over some period of time, so that Congress could determine 'a sense of the real meaning behind uncontrolables.'

The budget process fails to address the off-budget Federal agencies, which have been excluded by law from the budget since enactment of the unified budget concept. It has been argued that there is no justification for the exclusion of these agencies from the budget and that the exclusion understates the true size of the Federal budget and deters Congressional oversight of the operations of these entities. Thus, it has been proposed that the off-budget Federal agencies be included in the budget.

The Budget Committees have been urged to prepare budgets for more than one year at a time. Dr. Alice Rivlin, director of the Congressional Budget Office, has suggested that the Budget Committees begin making decisions on the basis of five-year fiscal plans. She has recommended that the five-year targets be included in the Budget Committee report with it eventually being expanded so that the five-year targets would be made part of the actual resolutions voted upon by Congress. Dr. Rivlin has


Major changes in the economy cannot be achieved in a year or two. Several years of concerted budgetary policies are needed. Similarly, program goals may take years to accomplish. Social programs must be phased in gradually to avoid disruption. Research and development must be completed before new weapons systems can be deployed. The design of complex programs may require years of technical and political preparation. For all these reasons, it is necessary for the Congress to take actions today that are designed to bring about results in the future. Conversely, the Congress must also take into account now the fact that actions taken to achieve immediate ends may have budgetary or functional implications for the future. Decisions made to respond to needs in the short term can constrain the choices available to future Congresses. Making changes in national policy and keeping current decisions consistent with future goals could be made considerably easier if the Congress had a method for systematic reconciliation of future goals and current decisions. Such a method could be provided by shifting to a multi-year framework for budgetary decisions, with the Congress adopting budgetary targets for five years in advance. This would compel Congress to consider the future consequences of present actions. This in turn would give the Congress the opportunity to influence the size and composition of federal spending and revenues by choice rather than by accident.112

The Budget Act itself has included a number of provisions designed to force the Budget Committees and Congress to examine the budget in a multi-year setting. The Congressional Budget Office is required to project the five-year impact of every spending bill which is reported to the House and Senate floors. Additionally, CBO must report to Congress at the beginning of each fiscal year the spending, revenue, surplus or deficit.

112 U.S., Congress, Senate, Committee on the Budget, Can Congress Control the Power of the Purse? Hearings before the Committee on the Budget, p. 75.
and tax expenditures for the next five years. In 1978, the Senate began considering the five-year implications of various decisions in preparation of the first budget resolution. Therefore, the multi-year budgeting proposal is not a novel idea in Congress.

Representative Richard Bolling, (D.) Missouri, was one of the prime sponsors of a reform move which would have included a provision in the Humphrey-Hawkins full employment bill creating a new method for setting Congressional economic policy. The provision would have required Congress to adopt a resolution each year, written by the Joint Economic Committee, specifying the long-term economic goals of Congress. This would enable Congress to consider the complete range of economic policy in a long-range context. The proposal received the support of House Budget Committee Chairman Robert Giaimo, although most members of the House Budget Committee opposed it. They warned that it would obstruct the roles of the Budget Committees, reducing them to the mechanical tasks of setting fiscal policy aggregates which would meet the Joint Economic Committee goals. Muskie stated that the proposal would "destroy the credibility of economic policy."\(^\text{113}\)

In 1979, a series of amendments were proposed in Congress which would require in some form a balanced

\(^{113}\) Conte, "Budget Committees at Center of Crucial 1979 Policy Fight," p. 18.
Federal budget. One such piece of legislation, Senate Resolution 380, would have required a balanced budget in fiscal 1981. This amendment, along with many others, was modified by a proposal which was designed to break the deadlock in the Senate on legislation increasing the limit on the public debt. A proposal, drafted by Finance Committee Chairman Long, Budget Committee Chairman Muskie, and Senator Bob Packwood, required the Budget Committees to report on April 15, 1979 a balanced budget for fiscal 1981 and 1982. The report was also to explain the effects of balancing the budget on revenues, spending, employment, inflation and national security. The proposal would further require the Budget Committees to report balanced first resolutions for fiscal 1981 and 1982.

Other Congressmen have advocated reforms which would establish a statutory limit upon Federal spending. Representative James R. Jones, (D.) Oklahoma, acknowledged the advantages of such a Federal spending ceiling as being, first, not as rigid as a 'balanced budget,' yet would provide flexibility for Congress to deal with economic or national crises. A statutory spending ceiling would enable Congress to trim spending and deal effectively with the special interests who continually press for more programs and more funding.  

114 Larry Pressler, United States Senate, Washington, D.C., Personal Letter, 21 April 1980.

Budget Studies

Several reforms have been suggested to modify the approach of the Congressional Budget Office. A key suggestion to revamp the CBO would require that the budget analysis division and the policy analysis division be combined. Critics of the CBO's organization maintain that the tasks of budget analysis and policy analysis should have been combined in each functional area of the budget, as the Office of Management and Budget is organized. The Congressional Budget Committees have argued that there is considerable overlap between budget analysis and policy analysis and have urged Dr. Rivlin to combine these functions. Rivlin has resisted reorganization on the basis that the separation provides a method of keeping long-range fiscal analysis from being inundated by the daily cost estimate functions. Hence, CBO staffers work in six major departments: budget analysis, fiscal analysis, tax analysis, natural resources and commerce, human resources and community development, and national security and international affairs.\textsuperscript{116}

An internal reform undertaken by Dr. Rivlin has already contributed to CBO effectiveness. Dr. Rivlin decided the annual budget report of CBO came too late in the budget season to be useful to the Budget Committees.

\textsuperscript{116} Gregg, "Congressional Budget Experts Walk a Delicate Line on Hill," p. 2654.
Thus, the timing was altered and the report was published earlier in the year. This has been discussed in the chapter on implementation of the budget process.

Congressmen have suggested the need of a clarification of CBO's role. Each branch of Congress generally viewed CBO differently - the Senate considered CBO as an independent agency while the House viewed it essentially as a staff arm of Congress. Congressional hearings on the oversight of the CBO have pointed repeatedly to the need to clarify this issue by reforming the Budget Act.

Finally, Congressmen have voiced their concern that the Congressional Budget Office, the Congressional Research Service, the General Accounting Office and the Office of Technology Assessment have tended to duplicate efforts in pursuing their various responsibilities. The House Select Committee on Congressional Operations, which was disbanded in 1979, stated that the four agencies "have failed to realize the full potential of encouraging greater coordination, including the planning and development" of broad studies which involve at least two of the four agencies. Representative Giaimo, appearing before the Senate Budget Committee, has stated that, in the House, legislative oversight on the budgets of the

CBO, GAO, and CRS has continually stressed the need to ensure these agencies cooperate with each other to eliminate such a duplication of effort. Hence, steps have been taken in Congress which have ordered the four agencies to establish a more formal coordinating mechanism.

While the reform proposals discussed in this chapter in no way offer a complete analysis of the myriad reforms proposed since the passage of the Congressional Budget Act of 1974, it does provide an insight into some of the continuing budgetary issues which Congress must resolve. The next chapter will investigate how well Congress has succeeded in achieving the initial objectives of the Budget Act, and will offer some concluding comments regarding the merits of further reforming the Congressional budget process.

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118 U.S., Congress, Senate, Committee on the Budget, Can Congress Control the Power of the Purse? Hearings before the Committee on the Budget, p. 40.
CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

Has Congress achieved the legislative objectives of the 1974 Budget Act? When the Budget Act was passed by Congress in 1974, it was envisioned that the legislation would achieve the following objectives: (1) enable Congress to set fiscal policy; (2) enable Congress to determine the government's spending priorities; (3) establish a budget timetable which could be successfully implemented; (4) provide a budgetary education for Congressmen; and (5) establish Congress as an equal partner with the Executive branch in the making of Federal budget policy. If successful, the Budget Act would for the first time enable Congress to shape legislation into a coherent expression of budget policy.

This chapter will attempt to evaluate the success with which Congress has achieved the aforementioned objectives. Although a complete and thorough evaluation by a Congressional outsider is virtually impossible, a concerted effort will be made to determine whether Congress has been successful in implementing the provisions of the Budget Act, and hence has utilized the policy tool which it has provided. This chapter will conclude with some
subjective recommendations based upon the evaluation.

**Setting Fiscal Policy**

For the first time, the budget process enabled Congress to set fiscal policy. The Budget Act provided a mechanism that Congress successfully used to identify the outlines of the Federal budget. As it was designed, the Budget Act was successful in focusing Congressional attention on the budget totals — spending, revenue and the deficit. On the spending side of the budget, Congressional fiscal policy had great impact. Congress, for once, was kept aware of the deficit, and hence the budget process may have succeeded in dissuading spending that would have otherwise been enacted. Nevertheless, the budget process made Congress fully aware of the fiscal implications of budget policies and their impact upon the national economy.

**Determining Spending Priorities**

The budget process was less successful as a tool for the determination of spending priorities in Congress. The practical realities of Congressional politics precluded a full scale debate of spending priorities. However, the budget process did force Congress to become aware of the spending priorities which resulted from individual program decisions.

In establishing spending targets, Congress was
forced to deal with a budget which was basically predeter-
minded. The Budget Committees used the budget resolutions
mainly as a vehicle to predict spending and revenue for
the next fiscal year. Also, the Budget Act provided that
spending be divided into sixteen budgetary functions.
These categories did not correspond to the spending bills.
Thus, the potential to influence spending priorities was
substantially reduced. Nevertheless, the potential mech-
anism for determining spending priorities was established
in the Budget Act. As Congress strives in the next
several years to enact balanced budgets, it is more than
plausible that it will, of necessity, turn to debate of
spending priorities in implementing fiscal constraint.

Adherence to Budget Timetable

Congress has experienced mixed success in attempting
to implement the timetable established by the Budget Act.
Prior to budget reform, Congress had not enacted all its
regular appropriations bills before July 1, the start of
the fiscal year, since 1948. 1976 was the first year
that Congress attempted to enforce the budget timetable
and it was successful in doing so. In 1977, however,
Congress was not as successful, as serious problems with
the budget timetable began to become evident. Three of
the regular appropriations bills were delayed for nearly
three months beyond the start of the fiscal year in 1977.
In 1978, Congress completed action on the budget on September 23, some eight days beyond the budget timetable deadline but still prior to the start of the fiscal year, October 1. However, in May 1979 Congress had to revise the figures of the second resolution due to higher than expected costs and various supplemental appropriations. The Congressional budget process faced serious challenges in 1979 with the ever-increasing desire of Congress to cut spending and move toward a balanced Federal budget. The second budget resolution was not enacted in 1979 until November 28, primarily due to an impasse within the conference committee over funding for various programs.

**Congressional Budget Education**

If there has been one overwhelming success of the budget process, it has been in Congressional budget education. Congressmen, soon after passage of the Budget Act, found themselves immersed in debates of the fine points of economics. Liberals who had been inclined to favor increased spending learned from the budget process that funding was limited. At the same time, conservatives found that deficits were inevitable when high unemployment rates depressed income tax revenue and increased welfare spending. Congressmen quickly became informed of all the consequences of their budgetary decisions. In 1975 and 1976 when budget resolutions were reported to the House
floor, the most conservative Republicans regularly offered amendments to balance the budget by cutting spending. By 1977, they had realized that spending cuts alone were not sufficient, and they proposed tax cuts to stimulate the economy and reduce the government-controlled portion of the economy.\footnote{Havemann, p, 206.}

Six years following budget reform evidenced a much better informed Congress also. The Budget Committees' staffs and the Congressional Budget Office provided Congress with the necessary budget information to enable Congress to compute for itself the effect which individual spending and revenue decisions had upon the overall budget. No longer did Congress have to rely upon the Executive branch for budgetary information. The CBO also provided Congress its own source of policy analysis, and Congress no longer was forced to accept the Executive budget as the Bible.

**Budget Equality with Executive**

Many years of evaluation will be required to determine whether Congress has used budget reform to end Presidential domination of budget policy. The initial indication is that if the balance is shifting, it is doing so at a slow rate of speed. Congress still relies heavily upon the President's budget. Nevertheless, Congress has
been able to modify the President's budget.

**Recommendations**

A clear case can be established for enacting changes in the budget process. Timing seems to be a fundamental problem in an evaluation of the process. The notion of a two-year budget cycle is meritorious. It would enable Congress to deal quickly with routine budget decisions and provide additional time to debate the merits of complex issues. Any reform of the budget process should be balanced with the provision of an adequate amount of time for the now-existing process to become viable and to prove itself to be an effective mechanism. The Budget Committees have but recently begun to prove their effectiveness, and CBO is still encountering problems. Nevertheless, it is apparent that more budget oversight does and did lead to better control over the size and content of the budget. Any provisions for further reform need to be carefully examined regarding their impact upon the existing budget system.

In conclusion, it appears that the most significant challenges for the new budget process remain to be encountered in the 1980's. As Congress' main instrument for setting fiscal policy, it will have to resolve budget issues in an environment best characterized as a mix of continued inflation with an increasing recession. The
budget process will also be challenged by the intense pressure placed upon Congress to enact, for the first time in decades, balanced budgets. A few years ago, many would have doubted the new budget process could withstand the pressures the 1980's are sure to produce. But now it appears clear that the process will survive, and further that it will become strengthened by the challenges facing it.
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