73-92E

AN OUTLINE OF BUDGET REFORM CONCEPTS AND ISSUES PRESENTED BEFORE THE JOINT STUDY COMMITTEE ON BUDGET CONTROL, MARCH 1973

JOHN B. BRADEN
Economic Analyst
Economics Division

April 26, 1973

AN OUTLINE OF BUDGET REFORM CONCEPTS AND ISSUES PRESENTED BEFORE THE JOINT STUDY COMMITTEE ON BUDGET CONTROL, MARCH 1973

Table of Contents

AN OUTLINE OF BUDGET REFORM CONCEPTS AND ISSUES PRESENTED BEFORE THE JOINT STUDY COMMITTEE ON BUDGET CONTROL, MARCH 1973

I. Introduction

The issue of budget reform has received a great deal of attention over the past year, primarily as a result of major budgetary initiatives taken by the executive branch during that period. The Joint Study Committee on Budget Control was formed as a result of the intense debate surrounding President Nixon's proposed spending ceiling for fiscal year 1973 which occurred late in 1972. The Committee was charged with the review of "...procedures which should be adopted by the Congress for the purpose of improving Congressional control of budgetary outlay and receipt totals..."[1/] The importance of its function has been reemphasized by the recently submitted Presidential budget documents for fiscal year 1974 in which the Administration has proposed the revision, cutback, or abolition of several currently operating Federal programs and agencies.

As revealed in testimony before the Joint Study Committee on Budget Control, March 6 through 15, 1973, it appears to be the general consensus, both inside and outside of Congress, that erosion has occurred in Congress' prerogative to initiate and control budget matters. Many observers feel that effective control of Federal finances now rests largely in the executive branch. It is also generally agreed that Congress should take action to refurbish the budgetary authority which is constitutionally vested in its hands. Although proposals vary with respect to the best way in which to move, or how drastically or quickly to act, almost all

---

1/ Improving Congressional Control Over Budgetary Outlay and Receipt Totals; Interim Report by the Joint Study Committee on Budget Control, February 7, 1973, Government Printing Office, p. 1.

suggestions do express the belief that the key to regaining financial control rests with the reform of Congress' own method for handling budgetary matters. Discontent with the present decentralized and fragmented Congressional procedure for dealing with Federal finances is widespread, and substantial cross-party support for significant reform of Congressional budget procedure presently exists in the Congress.

This paper is written with the purpose of outlining the various types of proposals which have been submitted to the Joint Study Committee on Budget Control. The paper will discuss reform measures categorically by the element of the budget process with which each proposes to deal and the mechanisms which might be used for these purposes. However, it will not discuss whole legislative proposals nor will it offer thorough evaluations of reform ideas. This paper is intended to serve as a brief outline of, and not as a compendium on, budget reform proposals.

II. Budget Ceilings: Mechanics and Enforcement

The setting of budget ceilings, and the closely related matter of formulating a comprehensive legislative budget which will include and conform to such ceilings, has dominated the discussion of budget reform in the 93rd Congress. Budget ceilings (upper limits on the amount of Federal money which may be expended in a given fiscal period as well as limits on the authority to incur future obligations -- budget authority -- which may be granted by Congress during the fiscal period) are proposed in the expectation that they will serve numerous functions:

(1) Budget ceilings are an effective way in which Congress can slow the spiraling cost of Federal programs and can slow the relative growth of the public sector of the economy;

(2) By fixing an expenditure ceiling, and by evaluating the revenue to be generated by current economic conditions and tax laws, the Federal fiscal policy for the ensuing period can be calculated with accuracy. This assumes that tax laws change slowly over time, that the ceiling will be relatively rigid, and that projections regarding economic conditions are reliable. Should these assumptions be met, calculation of a deficit, surplus, or balanced fiscal result should be feasible;

(3) A ceiling on future budget authority will serve to make the prospective path of Federal commitments clearer, and as a consequence, program planning should be improved;

(4) The imposition of a budget ceiling will force Congress to consider the aggregate financial status of the Federal government with respect to the current and newly proposed magnitude of national indebtedness;

(5) A budget ceiling on expenditures will force Congress to evaluate the merits of programs relative to one another. Program desirability would not be sufficient criteria for funding; Congress would be forced to develop relative priorities so that the limited available funds are directed toward the areas of most beneficial use.

These prospective advantages must be juxtaposed to the disadvantages of budget ceilings. Primary among these liabilities is the risk, borne out by past experience, that the attempt to impose ceilings on outlays and budget authority will end up to be an exercise in futility. The Legislative Reorganization Act of 1946 called for budget ceilings which were then attempted for three years (1947-1949) with a marked lack of success. The procedure was effectively abandoned after 1949. Three reasons for this failure stand out: (1) insufficient alteration in traditional Congressional procedure and committee activities to force observance of the ceilings, (2) the speculative nature of the economic projections upon which the ceilings were based, and (3) the lack of sufficient staff and information processing facilities to carry out the needed budget analysis and budget formulation effectively.

Another possible liability of budget ceilings is related to the usual practice of exempting certain critical or unpredictable programs from limitation. If such a precedent is established, there is a very definite risk that ceilings will be taken lightly and that they will play little more than a cosmetic role. To be effective, budget ceilings must prevent overspending and allow for contingencies to be met within a planned expenditure limit. As a matter of practice, the easier it is to circumvent such a barrier, the less effective the barrier will be.

A budget ceiling is a mechanism for dealing with aggregate budget conditions, i.e. overall levels of Federal expenditures and debt. In order for a budget ceiling to be useful, a procedure must exist by which comprehensive budgetary information can be accumulated, processed, and organized into an intelligible blueprint of our Federal financial house. This capability exists in the executive branch as the function of the Office of Management and Budget. No institution exists to serve Congress as a counterpart to the OMB. Quite clearly, if Congress is to make effective critical evaluations of Federal finances, it must establish some source of expertise of the kind provided by the OMB.

Most proposals set before the Joint Study Committee on Budget Control accept the need for budget ceilings and improved financial expertise in the legislative branch. However, a wide variety of mechanisms have been suggested as the most appropriate solutions. These mechanisms will be discussed under the following categories: A. The establishment of a Congressional budget committee(s) and staff to formulate a comprehensive budget; B. Specification and implementation of budget ceilings; and C. Enforcement and revision of budget ceilings.

A. A Budget Committee(s), Staff, and the Formulation of a Comprehensive Legislative Budget.

As stated previously, the need to build up Congressional expertise with respect to Federal finances is widely appreciated. There are two major categories of proposals dealing with a committee and staff structure for handling a Congressional budget. First, Senators Brock, Humphrey, and Percy, among others, have proposed the formation of some type of Joint Budget Committee designed to include members from both Houses of Congress and whose function would be to recommend to Congress a single legislative budget, including ceilings on outlays and budget authority. The composition of such a committee is variously proposed to include representatives of: (a) each of the finance-related committees (e.g. revenue and appropriations) in each House, (b) the legislative committees of each House, (c) either of the preceding two plans plus at large representatives from each House, and (d) a proportional cross-section of each House with respect to criteria such as committee membership, seniority, geographic location of State or district, and party affiliation. Likewise, the proposals with respect to committee size vary from a joint membership of all four full finance-related committees (S. 758, Senator Beall) to a committee composed of only 18 members, 9 from each House (S. 40, Senator Brock). It is clear that each of these proposals has its political advantages and disadvantages. Suffice it to say that the degree to which the current appropriation committees have representation on a joint committee is of significant import both to members of the appropriations committees and to those who feel that those committees already wield a disproportionate influence over budgetary matters. At the same time, the size of a joint committee is important with respect to the efficiency and speed with which it is able to operate and the number of competing interest groups in Congress which it accommodates.

A joint committee would likely necessitate a joint staff of budget analysts and experts as well as a centralized information processing unit in Congress. Despite the existing differences over the type of budget formulating committee(s), there is widespread agreement among most interested parties that a single centralized budget staff and data-processing unit should serve the one (or more) budget committee(s). Likewise, there is agreement that the staff should be non-partisan in composition. The consensus in these areas appears to come in response to a recognition that the integrity and objectivity of such a budget staff must remain above political pressures, and that continuity of such a staff's operation over time is a necessity if it is to prove effective.

There have been suggestions that a legislative budget staff would not need to be maintained at full size year-round because of the seasonal nature of its work. For example, Comptroller General Elmer Staats believes that a smaller core staff could be supplemented by the use of General Accounting Office and Congressional Research Service personnel during the peak periods of budget analysis and formulation. On the other hand, some have suggested that the work of a Congressional budget staff will be significant and complex enough to occupy a large staff for the full year.

One last issue arises in the discussion of a legislative budget committee staff. This is the suggestion that such a staff might grow out of, or include, currently existing committees in Congress. Most often mentioned, in this respect, is the conversion of the currently operating Joint Economic Committee into a full-fledged budget analysis committee whose staff would then be correspondingly upgraded and enlarged. It has also been suggested that the Joint Committee on the Reduction of Federal Expenditures should be integrated into a joint budget committee and that its staff and functions should be likewise included.

The second category of proposals dealing with the Congressional budget committee(s) concept would establish a multiple-committee structure. The most prominent suggestion of this sort has been the formation of a budget committee in each house. The two budget committees would then share a single staff. Problems of composition, use of currently existing joint committees, and size of the budget committees would exist as described above. The most significant rationales for the two-committee structure would be: a) compatibility with current legislative procedure and two-chamber process, and b) the assertion on the part of the House of Representatives of its prerogative to initiate all legislation involving Federal spending.

Other proposals which fit under the multiple-committee umbrella, but which do not recommend the two-committee format described above, have been advanced. For example, Senator Stevenson's bill S. 905 calls for a budget formulation process undertaken under the present committee structure, i.e. the revenue committees in each house would be responsible for estimates of Federal revenues, the Joint Economic Committee would coordinate revenue projections with economic indicators, and the separate appropriations committees should then be responsible for setting appropriate expenditure ceilings. Differences between House and Senate measures would undergo the normal resolution by conference committee. Representative Paul Findley's H. Res. 141 would establish a similar procedure in the House, although estimates of appropriate revenue and debt levels would follow the setting of budget ceilings.

Other suggestions have been made with respect to budget committee and staff functioning. One of the most attentively received proposals, presented by Representative Thomas Rees, derives from the use of a "legislative analyst" in the formulation of the California State budget. The legislative analyst is a non-partisan appointee of the California State Legislature whose functions include the review and analysis of State finances and the Governor's annual budget, evaluation of the goals, effectiveness, and progress of each and every State agency, long-term program and budget projections, and recommended adjustments and cuts in State programs. The legislative analyst is effectively similar on a State level to an integration of the Comptroller General and a Congressional OMB director at the Federal level. The analyst is responsible to a joint bipartisan legislative budget committee. Thus, a Federal parallel to the California legislative analyst would indicate the formation of a Congressional budget directorship and staff to be vested with very significant discretion over the formulation of a legislative budget. Such a staff might be expected to assume many of the evaluative functions now carried on by the GAO. A Federal equivalent to the office of the legislative analyst would be responsible to Congress or a committee thereof, and would accept guidance from Congress.

Suggestions have also been made to the effect that Congressional budget control will require a closer working relationship between the executive and legislative branches. Some (e.g. Senator Tunney in testimony and Senator Muskie in S. 1214) feel it will be necessary to require that all budget information generated by Federal departments and agencies should be routed to the Congress at the same time it is sent to the OMB. Likewise, it would save much duplication if arrangements could be made between the OMB and a counterpart Congressional office to exchange budget data and analyses. However, such an arrangement would seem to raise questions with respect to the separation of powers. Most proposals have avoided this difficulty by completely separating Congressional efforts from the executive budget process.

B. Specification and Implementation of Budget Ceilings.

Several questions arise with regard to the way in which ceilings are to be specified and implemented. This territory will be covered by asking first, what time schedule should be adopted for the setting of budget limits? Second, to what types of spending and borrowing will the limits apply? Third, how should the budget provide for the setting of priorities? And fourth, how rigidly should ceilings be imposed?

The prospective time schedule for setting a budget ceiling depends largely on the role which Congress is expected to play vis-a-vis the executive. If the Congress is envisioned as a budget initiator, then it follows that Congress will be prepared to do background work approximating that currently done by the OMB. Budget preparation would begin long before the President's budget was released and budget limits, or ceiling estimates, could be prepared as the general budget assumptions are formulated. On the other hand, if the Congress is to be regarded as responsive to executive initiatives, the consideration of a Congressional budget could not take place until after the President's budget was released. In such a case, the meat of Congressional work would consist of an evaluation of executive priorities which could not begin until approximately six months before the advent of the new fiscal year (given that other budget practices remain unchanged). This is largely the current status of Congressional operation.

There is general consensus among Congressmen and interested observers that, in the present procedure, there is insufficient time to consummate the budget process. The use of budget ceilings would require a greater degree of financial expertise than Congress currently has the time or resources to exercise. Solutions for this problem usually take one of two forms. First, Congress can make many financial decisions earlier than it does at present. For example, Senator Tunney proposed in testimony before the Joint Committee, that agency budget requests should be submitted to Congress by October of the previous year. This would allow Congress to complete a significant amount of work before the President's budget is submitted in January. At the same time, Senator Tunney proposes that all committee recommendations with respect to outlays and obligational authority be completed by November 1. Tunney believes that justifiable ceilings could be recommended no more than two weeks after the President's budget is delivered, and the whole process of setting ceilings could be completed by the middle of March. Senator Tunney clearly regards Congress as a budgetary initiator.

The second genre of commonly mentioned solutions is to switch the fiscal year back six months so it will correspond with the calendar year (e.g. Representative Stratton's H.R. 2443, Senator Beall's S. 758). The implications of this sort of reform are uncertain because of the possibility that the whole process might come to be dislocated backward by six months. If this were to occur, the result would be no net change in the temporal structure of budget consideration. On the other hand, the earlier all budget steps are taken, the greater is Congress' chance to seriously evaluate budget matters. If guarantees were made to assure that budget functions were not moved back six months, switching the fiscal year could serve to extend the time frame of budget consideration.

Other proposals have been forwarded which respond to slightly different temporal matters. Robert Mayo, former director of the Bureau of the Budget, testified before the Joint Committee that ceilings and the Congressional budget should be formulated before the beginning of any authorization or appropriation activity so as to lend some concrete guidance to those processes. Senator Brock's bill, S. 40, would not allow action on any appropriations for the coming fiscal year until after submission of the legislative budget. This sort of provision would force revenue and expenditure committees and subcommittees to conform to aggregate conditions in establishing expenditure priorities and in reporting out appropriations.

Another suggestion, made strongly by Senator Tunney before the Joint Study Committee, would establish a very definite schedule for action on budget matters. Tunney's proposal would automatically establish Presidential budget figures as binding should Congress fail to meet the predetermined schedule.

To what types of spending will ceilings apply? It is generally agreed that, unless they are comprehensive, ceilings stand little chance of being effective. In order to control outlays during the fiscal year, ceilings would have to cover all forms of backdoor and contract spending as well as funds expended through the regular appropriations process. Permanent, multi-year, and open-ended appropriations must also be fitted beneath the ceiling, though the Federal funds allocated in these ways are likely to be relatively uncontrollable in any given year and must be regarded as a virtually fixed component of total expenditures in the short run. A ceiling on current year spending implies a limit on all Federal outlays during the present fiscal year.

There is general consensus that a limit on current year spending can be reinforced through controls on budget authority granted by Congress. Since budget authority, in many cases, applies to spending in future years as well as the current fiscal period, a ceiling on budget authority would give Congress a jump on controlling spending in future years. However, because authority granted in past years may continue over to the current year, a ceiling on budget authority must be viewed as a longer-term control intended to hold the line on Federal commitments made for the future. In this regard, such a ceiling would also be expected to cover all types of regularly enacted budget authority as well as backdoor authority, contract authority, and multiple-year authorizations. Some have suggested (e.g. Senator Brock) that no authorizations should be made on an open-ended basis. Such grants of budget authority for an indefinite period, it is argued, seriously reduce the potential effectiveness of a ceiling over budget authority. Open-ended or permanent authorizations tend to put money in the "pipeline" without any automatic mechansm for assuring that it is either used, or returned to the Treasury. This could result in an uncontrollable build-up of authorized, but unexpended, funds.

In testimony before the Joint Study Committee, Eugene Rinta, Executive Director of the Council of State Chambers of Commerce, suggested that a third type of budget ceiling should be considered. In addition to the ceilings on budget authority and outlays, Mr. Rinta proposed that control be levied over obligations incurred by the Federal government. The reasoning behind a limit on obligations incurred derives from the fact that it is these actions which translate budget authority into actual Federal outlays. Consequently, a ceiling on obligations incurred would place a limit on the total amount of appropriated funds (budget authority) which could be actually tapped in the given budget year.

Another point to be considered in determining exactly which aspects of Federal finances require control is the status of public borrowing activity. Representative Charles Vanik and former Budget Director Robert Mayo are among those who agree on the necessity of placing limits on public borrowing authority. Vanik contends that several types of borrowing authority currently being used by the Government and its departments and agencies circumvent either the whole budget process, annual appropriations actions, the yearly authorization process, or all three. Departmental "participation certificates", other types of agency loans, and loan insurance offered by the Federal government tend to inflate actual and contingency public debt beyond officially acknowledged levels. Uncontrolled Federal borrowing also tends to inflate money markets and to reduce the effectiveness of monetary policy. Vanik would add on overall borrowing ceiling to other types of limits as a means of identifying and controlling all public indebtedness.

A final proposal relating to budget controls would identify the "foreign-exchange costs" of the annual Federal budget and specification of a program for financing the foreign-exchange costs of Federal initiatives. This was the suggestion of Joseph Barr, former Secretary of the Treasury, before the Joint Study Committee. Barr would have the budget analyzed for all Federal expenditures involving payments to foreign countries, and would subject the total of those expenditures to Congressional review and control.

How should the budget provide for the setting of priorities? Part of the rationale for the imposition of overall budget ceilings is the hope that such controls will force Congress to examine the various objectives of Federal spending relative to one another. The absence of a mandatory limit on Federal spending and Federal commitments in the present system is often given as the reason that

Congress can approve programs with regard to absolute merit as opposed to relative merit. And this, it is said, leads to overspending.

Most budget ceiling proposals offered before the Joint Study Committee share the conviction that budget ceilings will, or should, force Congress to set priorities. The very fact that most proposals call for the formulation of a Congressional budget would necessitate that priorities be set, at least tentatively, by Congress or some agent thereof.

The success of any budget ceiling effort rests in large part on the success with which planned priorities are carried out in action. For this reason, most proponents of budget ceilings forward three types of mechanisms designed to assure that ceilings are respected and that priorities are set. First, it is generally agreed that ceilings should be set in their completed form before any final action on appropriation is initiated. Most proposals would prohibit any floor action on appropriations before a comprehensive budget is adopted by Congress. Second, most reform plans would require that ceilings be exceeded only in unusual circumstances, such as natural disasters or war, and then only by special action of Congress (usually a 2/3 vote of both houses). As stated previously, the inverse relationship between the enforceability of a ceiling and the number of budget line-items exempted from control is axiomatic. In order for a ceiling to be sufficiently impermeable to be effective, all loopholes through it, and all means of circumnavigating it, must be carefully controlled.

A third mechanism involves the imposition of budgetary sub-ceilings, as well as overall limits. Aggregate ceilings would be broken down to apply to the various types of Federal expenditures so as to delineate Congressional priorities more precisely and more firmly. Three types of sub-ceiling structures have been proposed: (a) by functional categorization of Federal programs, (b) by legislative category (e.g. as defined by the jurisdictions of the various legislative and appropriating committees and sub-committees), and (c) by the type of appropriation measure (e.g. programs subject to annual appropriations and programs not so subject). These structures are not mutually exclusive and could be used simultaneously or in combination to more rigidly defined budget priorities.

One last widely offered suggestion pertains to the setting of priorities: The requirement that 3-5 year budget projections for all Federal programs be included in the annual Congressional budget would provide greater dimension and direction to the setting of national priorities than has existed in the past. The President's budget for fiscal year 1974 has taken the first step of projecting Federal spending through 1975. Most observers feel that this is a foundation which can be usefully built upon.

Finally, how rigidly should ceilings be imposed? The overriding issue here is whether binding aggregate and categorical ceilings should be set very early in the budget process, or whether flexible targets should be established initially and subjected to revision during the course of the year. How much status should be given to early budget figures if the chances are that they will have to be altered later in Congressional deliberations?

Some feel that if budget estimates are made too flexible, they will be stretched beyond the point of effectiveness. H.R. 4831, sponsored by Senator Humphrey and Representative Moorhead, proposes the establishment of a ceiling "...backed by the power of in-depth analysis, [having] the force of law, and at the same time...not so rigid that it could not be reconsidered if future conditions warranted."[1/] The Humphrey-Moorhead ceiling would be submitted for Congressional passage and Presidential approval early in the budget process and

---

1/ Testimony of Senator Humphrey before the Joint Study Committee on Budget Control, March 6, 1973.

would be relatively rigid. Other proposals have similar provisions. Senator Tunney calls for early enactment of ceilings with the provision that proposed limits would become binding if not acted upon or altered by Congress. Representative Paul Findley and John Rousselot would establish ceilings by resolution, before commencing with the appropriations process, and then allow revision or breaching of established ceilings only upon a 2/3 vote. The actual ceiling structure would not be subject to mid-term revision. It is the feelings of Representatives Findley and Rousselot that to permit such late-term review would be to introduce serious complications with program planning, and might even induce agencies and departments to inflate budget estimates as a hedge against late-term revisions. They also feel that to open Congress to another round of budget manipulations each year would serve only to prolong and complicate the process unnecessarily.

On the other end of the spectrum is the suggestion, by the Comptroller General Staats among others, that early budget estimates should be considered meaningful "target" figures but not "inflexible and rigid limitations". This argument accepts the likelihood of the need for budget changes subsequent to the adoption of an aggregate Congressional budget, and attempts to deal with such changes in a way that will cause minimal disruption to overall budget control. For example, Representative Henry Reuss would have Congress adopt a "Tentative Budget Resolution" early in the term to provide guidance for the appropriation process, and a "Final Budget Statute" later in the term to permit revision of appropriated funds to more closely conform to overriding budget objectives. Other suggestions would set overall ceiling targets, permit a relatively unconstrained appropriation session, and then either revise the ceilings to correspond with the results, or revise appropriations across the board to conform to the aggregate ceiling.

Other systems offering different approaches to the rigidity-flexibility issue have been proposed. For example, overall ceilings might be binding while functional sub-ceilings were adjustable. Thus, while overall totals remain inviolate, Congress might wish to alter its original evaluation of Federal priorities sometime during the budget process. Another proposal, by Eugene Rinta of the Council of State Chambers of Commerce, would establish flexible targets for uncontrollable programs in which there is an implied contract with the public (e.g. interest on the public debt and Social Security), but would place binding limits on all other programs appropriations.

Professor Gerard Brannon of Georgetown University would split appropriation amounts into guaranteed and contingency sums. Thus, each department or agency would submit figures for minimum and maximum program operation. In the appropriation process, Congress would establish the minimum, or guaranteed, funding for each program and would establish a scale which would permit the subsequent allocation of left-over or contingency funds to programs up to a maximum amount. After all guaranteed appropriations have been made, Congress would then allocate any remaining funds to programs according to their contingency funding schedules. This system would provide for mid-term review of the budget status as well as for a possible realignment of priorities through the appropriation of contingency funds later in the budget year.

C. Enforcement and Revision of Budget Ceilings.

Closely related to the problems encountered in implementing budget ceilings are questions of how to assure their effectivenes. Some responses to these issues were mentioned in the preceding section. This section will discuss those responses, as well as some related variations and miscellaneous other mechanisms designed to keep spending within defined limits.

Categorical sub-ceilings would serve a dual function in terms of budgetary control: They have an obvious role in setting priorities, and a less obvious role in protecting the integrity of aggregate budget conditions. Categorical ceilings would serve as protective insulation for overall ceiling for they force priority decisions to be made at lower levels than would otherwise be true. It follows that if categorical ceilings are met through lower level decisions, the overall ceiling will be that much easier to enforce.

We have also discussed proposals which advocate a mandatory 2/3 vote on any measure calling for appropriations which would penetrate and exceed a ceiling. Representative Rousselot would extend this provision to categorical ceilings, giving an added layer of protection and an extra means of enforcing a ceiling.

Various "automatic" enforcement measures have been suggested to the Joint Study Committee. For example, Senator Tunney calls for the automatic implementation of Congressionally determined overall and categorical ceilings if Congress fails to act upon those ceilings by certain prescribed dates. In the same vein, Senator Stevenson (S. 905) would have changes in ceilings, requested by the President, become binding if Congress should fail to act upon those Presidential standards. Stevenson also suggests that any upward revision in one budgetary item, taking place after Congressional passage of a comprehensive budget and budget ceilings, should trigger the automatic reduction in other program funding or spontaneous revision in the proposed Federal revenue program. Former Senator John Williams would agree to this automatic mechanism and would further require that an upward revision in one program's appropriation be balanced either by a reduction elsewhere in the budget or the automatic levy of income tax surcharges. Williams would require any bill proposing upward revision of expenditures to specify measures designed to pay for the increases. Senator Nunn on the other hand, favors a late-session review in which budget ceilings are automatically restored through the use of across the board percentage cuts in all appropriations to get rid of Federal expenditures in excess of budget limits.

Proposals have been offered which would work toward the enforcement of limits through continuous issuance of information regarding the status of Congressional appropriations relative to current spending ceilings. Representative Rousselot, among others, would require each bill to specify how it affects the overall and the relevant categorical ceilings. Senator Humphrey calls for the complete openness of the entire budget process, partially to ensure informed public opinion with regard to the level of overall Federal spending. Senator Tunney suggests running progress reports on how ceilings are being followed.

Representatives Alphonzo Bell and John Rousselot are among those who would hope to alter the appropriation process in order to assure respect for aggregate ceilings among the various appropriation sub-committees. They would require that all appropriation bills be considered before any such bill is reported to the floor. The omnibus appropriation format supported by Senator Stevenson would accomplish the same objective, though it calls for the single reporting of a comprehensive appropriation bill. Presumably, an omnibus bill would be formulated with strict adherence to predetermined budget limits.

Perhaps the most complex suggestion for preserving budget ceilings is the one offered before the Joint Study Committee by Senator Beall. His proposal would require that uniform percentage changes in program budgets be authorized according to the percentage change in the overall level of Federal spending. However, any deviation from targeted levels of change for one program would result in a recalculation of the permissible limits of change in approved spending for all remaining programs awaiting appropriation. Thus, if program A received a larger increase in funds than indicated by overall Federal spending trends, the guidelines for increases in program B and all subsequent appropriation measures would be reduced.

Through this process, the ceiling on overall spending would presumably be retained.

This concludes this paper's discussion of budget ceilings and related issues. Ensuing sections will discuss other proposals which would in some way reform the Congressional budget process.

III. Alteration of the Authorization-Appropriation Process

Various proposals which would effectually alter the currently separate processes of authorizing and appropriating Federal spending have been brought to the attention of the Joint Study Committee on Budget Control. For the most part, these proposals incorporate ideas that are not new, but which may be especially appropriate or favorably received at this time of Congressional commitment to reform.

Some suggestions would alter the time frame within which the authorization-appropriation process takes place. Senator Bellmon, for example, would split the Congressional schedule into two parts. In the first part of each session, appropriation legislation for the upcoming fiscal year would receive the entire attention of Congress. In the second half of each session, authorizations for the ensuing fiscal year would be deliberated and acted upon. Several witnesses concurred with Senator Bellmon in that they would allow only appropriation bills to undergo floor action before the commencement of the new fiscal year. Authorizing legislation could then be dealt with in the latter part of each session.

Mr. Rinta supports a system by which all authorization bills would be enacted at least a year in advance of appropriation action. This corresponds to a recommendation advocated by the Joint Study Committee in its interim report.

One of the more popular proposals which would affect the authorization process is to initiate multiple-year, staggered authorizations. Senators Brock and Bentsen believe that three-year terms for authorizations would improve program planning, continuity, and congressional oversight and review of Federal programs. They maintain that a reduction in authorization decisions demanded of Congress will lead to qualitative improvement in its ability to handle budget matters.

Similar changes in the appropriation process have been proposed. Senators Bellmon and Nunn would require that all appropriations be made for a period of two years each. Senator Brock, on the other hand, would make all appropriations annually. Both suggestions are designed to impose uniformity on the current patch work of appropriation measures of varying duration.

Another alteration of present appropriation procedure would be for some sort of categorical ceilings to be placed over the appropriations handled by each appropriations sub-committee. Comptroller General Staats believes that the budget should be presented in a form corresponding to sub-committee jurisdictions, and further, that all appropriation measures be reviewed before any are reported out. Others have proposed the reformulation of appropriation committee and legislative committee structures by establishing parallel appropriation sub-committees and legislative committees, with corresponding functions, in both Houses. Professor Brannon's suggestion of guaranteed and contingency appropriations would have a clear impact on the workload of functioning appropriation committees in addition to its other ramifications.

One of the most widely accepted suggestions having an impact on appropriation procedure is to require three to five year expenditure projections in the annual budget. Not only could this be expected to provide a greater sense of direction to the appropriation process, but it also would have the related effect of improving budgetary planning. A final reform measure, proposed by Senators

Stevenson and Bentsen, and Representative John Conlan, would institute an omnibus appropriation bill as a mechanism for forcing comprehensive review of aggregate budget conditions and priorities by the existing appropriations committees.

IV. Congressional Oversight and Program Review

The need for more effective Congressional mechanisms for reviewing the effectiveness and efficiency of Federal programs is a widely expressed matter among interested observers. Many reform proposals which would affect other areas more directly have improved program review as an ancillary objective. For example, multiple year authorizations would serve to reduce the workload of legislative committees and assertedly improve program planning. However, it would also give legislative committees more time to conduct thorough surveys of program performances with an eye toward assessing the real returns from Federal spending in each program.

Probably the most far-reaching suggestion in the area of budget oversight has been offered by Senator Brock and supported by Arthur Burns, Chairman of the Board of Governors of the Federal Reserve System. These two, among others, advance the concept of zero-base budgeting which, in essence, means that each program is subject to a periodic defense of its very existence. Every few years, a program up for renewal of its authorization would be expected to explain and support its presence, past effectiveness, and future objectives just as if it were a completely new program. Such a system would replace the present method which works largely by making adjustments in the currently existing authorization with little, it is argued, thorough review of the value of a given program's performance.

Similar proposals have been brought to the attention of the Joint Study Committee. Senator Tunney believes that all permanent appropriations should be subjected to periodic review. Comptroller General Staats contends that the

General Accounting Office already devotes a substantial portion of its work to program evaluation and is prepared to respond to Congressional calls for more frequent and comprehensive efforts in this area. Representative Ogden Reid would go to the extreme of empowering the GAO, and the Comptroller General, to revoke appropriated funds if he determines that they are being expended in violation of Congressional intent.

Senator Beall would provide for improvements in oversight capabilities through the establishment of special legislative sub-committees for legislative review. These sub-committees would be assigned the task of conducting extensive program reviews in the event that the legislative committees, in whose jurisdiction individual programs fall, fail to conduct such studies regularly. Senator Beall would have the GAO serve a back-up role to the special legislative sub-committees in the event that they lack the time or expertise to carry out their oversight functions.

Senator Brock would initiate a very different form of program review by requiring that every new Federal program undergo a two-year period of pilot-testing before being fully implemented and funded. Such a procedure would be expected to reveal the desirability of a program before full implementation is realized and before the full costs of the program are incurred.

A. L. Bolton, of the National Association of Manufacturers, proposes the use of an annual "Federal Economy Act" which would identify and revise or abolish low-priority or ineffective programs. This action would occur in a package fashion, i.e. one bill could include actions affecting numerous programs.

Various proposals would alter the traditional criteria used to judge Federal programs. For example, Senator Lawton Chiles suggests that programs should be evaluated in terms of their contributions toward the attainment of identified national goals. In fact, Senator Chiles believes that the Federal budget should be revised to break down Federal spending by the national objectives toward which it is directed. Mr. David Linowes, a private accountant and consultant, believes that qualitative values should be stressed in the evaluation of programs, as opposed to what he feels are values currently weighted toward quantitative measurements. For example, scales should be developed by which social programs might be measured for the improvement in competence or happiness of beneficiaries rather than related increases in employability or income.

Senator Beall proposes the annual publication of a "Federal Program Evaluation Digest" with the purpose of providing generally available material on the objectives, achievements, and other vital statistics of each Federal program. It is his hope that the availability of complete information on all programs will provide sounder bases for action by members of the appropriations committee.

V. Interim Budget Reform Measures

In conclusion, a couple of proposals should be noted, whose intention is to implement reform measures even before comprehensive changes are instituted. First, many witnesses have identified the need to immediately begin a review of "pipeline funds" (funds appropriated but unused) with the intention of revoking authority which is no longer needed or relevant to agency programs. It is widely believed that such a review would result in a significant reduction of currently outstanding budget authority available to departments and agencies. A second proposal, by Senator McGovern, would fund all programs at current levels through continuing resolutions until Congressional reform measures have been examined and implemented.

dd