

## PETERSON-PEW COMMISSION ON BUDGET REFORM

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CHARLIE STENHOLM

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## Introduction

The Commission needs to decide whether to try to change the overall structure of the budget, authorization, and appropriations processes, and if so, which features of five models it prefers.

This memo examines the ways in which the concurrent budget resolution, authorization processes, and appropriations processes interact in order to establish a budgetary framework, allocate resources among competing priorities, and generate receipt levels to support its obligations. The memo then examines five proposals purporting to improve budgetary decision-making.

For all practical purposes, Congress has never established a single, integrated process for formulating a budget framework granting the legal authority to incur financial obligations. Instead, multiple processes and multiple frameworks operate – sometimes simultaneously, sometimes in conflict with one another –to develop a budget resolution that ultimately binds only Congress, sets parameters that are easily violated, and duplicates decisions that are actually made elsewhere in the legislative process.

## The Budget Processes Today

Three overlapping legislative processes constitute the method by which the government budgets: appropriations, authorizations, and budget. The key functions are summarized on the next page:

### PRESIDENT

MAYA MACGUINEAS

### PROJECT DIRECTOR

JIM BATES

**Fig. 1 Comparison of Budget, Appropriations, Authorizations, and Budget Enforcement Act (BEA)**

<b>Budget Resolution</b>	<b>Appropriations</b>	<b>Authorizations</b>	<b>Reconciliation/BEA</b>
<b>Discretionary Spending</b>			
Sets overall spending floor (discretionary & mandatory) and revenue ceiling enforceable through points of order			Previous bills have included statutory limits on discretionary spending enforceable through sequestration
Sets government-wide limit on total discretionary spending (302(a) allocation) enforceable through point of order	Subdivides 302(a) across its 12 subcommittees, enforceable by a point of order		Broad limits, enforceable through sequestration, have generally been set on major categories of federal spending (i.e., defense, non-defense, & international).
Includes unenforceable “illustrative” distribution of discretionary spending across 13 functions	Provides appropriations (making the funds legally available for obligation) at the program, project, and activity levels	Authorizes unenforceable levels for subsequent appropriations	More targeted, enforceable, limits have been set for certain trust funds, including Highway Trust Fund, aviation trust fund, Land & Water Trust Fund, & Violent Crime Trust Fund.
		Enabling or organic law establishes programmatic infrastructure	
Occasionally includes procedures allowing Appropriations to increase appropriations for specified programs under specified conditions			
<b>Direct Spending</b>			
Sets limits on the amount legislation can increase an entitlement (302(a) allocation)			Reconciliation may include legislation reducing direct spending
May include directives to authorizing committees to report legislation reducing mandatory spending			Previous bills have included PAYGO requirements to require offsets for measures that increase mandatory spending. Could include other procedural limits on direct spending
<b>Tax</b>			
Sets floor on revenue			Previous bills have included PAYGO requirements to require offset tax cuts. Could include other procedural limits on revenue
May include optional directives to authorizing committees to report legislation reducing mandatory spending			

Debt			
Includes recommended levels of debt		Increases limit on debt subject to limit	Reconciliation may include change in statutory debt limits
Under House rules, House passage of budget triggers automatic engrossment of bill increasing debt limit			

**The Congressional Budget Resolution and Reconciliation** The Congressional Budget Act of 1974 (CBA) established procedures for Congress to adopt its own budgetary framework to guide subsequent spending and tax bills. The framework is effectively a joint rule of Congress, and hence does not have the force of law and is not binding on the executive branch.

The budget resolution sets aggregate targets for spending, revenue, deficits, and debt. Under rules set forth in the CBA, Congress can theoretically block consideration of legislation that exceeds the spending and revenue level established in the budget resolution. It also includes an illustrative distribution of spending across 20 functional categories.

Two of the most important elements of the budget resolution are actually in the accompanying legislative report: a limit on total discretionary spending for the upcoming fiscal years, and a committee-by-committee limit on the amount that bills can increase direct spending or appropriate discretionary spending – the so-called 302(a) allocation. Any legislation that breaches these allocations is subject to a point of order.

The budget resolution is enforceable only through congressional rules that Congress frequently waives. In order to enforce a budget rule, a member must actively raise a point of order against any legislation that violates the rule. Congress, however, can and does waive these points of order.

The budget resolution may also include special directions, called reconciliation instructions, to authorizing committees to report legislation to make changes in direct spending programs designed to achieve a specified amount of savings (or spending increase). Similarly, it can include directions to the tax-writing committees to make the changes in tax law necessary to meet revenue targets.

### **Reconciliation and the Budget Enforcement Act**

If the budget resolution includes the above reconciliation instructions, the authorizing committees must make the actual changes in tax and entitlement law necessary to meet whatever changes in revenue or in direct spending are assumed in the budget resolution. The authorizing committees are generally free to determine the policy and programmatic mix needed to achieve the targets in the budget resolution. The same is true for the tax-writing committees in meeting any revenue targets.

If more than one committee marks up reconciliation legislation, the budget committee generally consolidates the various versions into a single bill before it is taken up on the House and Senate

floors. The bill is considered under expedited procedures that are intended to assist its passage in the Senate. Most importantly, the bill requires only a simple majority for Senate passage.

Occasionally Congress incorporates budget enforcement mechanisms within reconciliation bills, as was the case with the Budget Enforcement Act of 1990 (P.L. 101-508) and the Balanced Budget Act of 1997 (P.L. 105-33). Such legislation has taken the form of statutory pay-as-you-go (PAYGO) requirements and discretionary spending caps. These controls were enforced through automatic spending cuts in a process known as sequestration.

However, these budget enforcement provisions are not protected from filibuster in the Senate, and can be stricken from the bill through a point of order supported by a simple majority.

**The Authorization Process** From a budgetary perspective, there are three types of authorizing legislation: legislation that establishes the basic infrastructure of programs subject to annual appropriations; legislation that authorizes specific sums to be appropriated in subsequent appropriations bills; and legislation that governs entitlements and other direct spending programs, such as eligibility requirements and payment rules for entitlements, in which the programs' appropriations flow from the underlying authorization rather than annual appropriations acts.

Authorization legislation can establish a federal agency or program's responsibility and restrictions, including guidance on how the agency or program should spend subsequently appropriated funding. Authorization legislation containing direction on how to spend appropriated funds essentially constitutes a congressional directive on how to spend resources. Under House and Senate rules, federal agencies and programs should be "authorized" via legislation before an appropriations bill can provide budget authority. These rules, however, are not self-enforcing, require a member to raise a point of order to preclude consideration of unauthorized appropriations, and can be waived in both chambers. Currently, there is no statutory or constitutional requirement that appropriations acts be preceded by an authorization act.

Authorizing legislation also provides the authority to incur financial obligations without the need for a separate appropriation; when it does so, it is called direct spending.<sup>1</sup> Direct spending is budget authority created by legislation other than an appropriations bill. The vast majority of direct spending programs are entitlement programs for which the substantive law gives eligible recipients the right to legal payments. These payments are not controlled through the appropriations process.

**The Appropriations Process** Through appropriations legislation, Congress provides funding for most federal agencies and many programs. Appropriations acts provide the legal authority for federal agencies to incur obligations and to make payments out of the Treasury for specified purposes.

<sup>1</sup> Mark Champoux and Dan Sullivan, *Authorizations and Appropriations: A Distinction Without a Difference?*, Harvard Law Review, 2006.

The total amount that Congress can appropriate for a given year is established in the report accompanying the budget resolution – the so-called 302(a) allocation. After the budget resolution is adopted, the appropriations committees determine how much is available to each of their 12 subcommittees when they set 302(b) allocations.

Theoretically the bills are taken up separately, although recently, the trend has been to merge them on the floor into an omnibus bill. Each bill (and any amendment to it) is limited to the 302(b) allocation for that subcommittee. Any amendment that would exceed the subcommittee's allocation is subject to a point of order that precludes its consideration.

The allocations are enforced through points of order. If an amendment proposes to increase the bill's spending above the reporting subcommittee's allocation, any member can raise a point of order to block its consideration.<sup>2</sup> Generally, the House leadership does not waive points of order during the initial House consideration of the bill.

## **Problems with the Current Budget Process**

### **The Congressional Budget Resolution and Reconciliation**

*Absence of budgetary framework binding both branches.* The absence of a single budgetary framework agreed upon by both Congress and the administration has profound implications. First, there is never a clear statement of the nation's fiscal policy. If neither the presidential or congressional statement of fiscal policy – the president's budget request or the budget resolution – is acted upon by both Congress and the president, then the public has no law or other document that truly represents the position of federal government on fiscal policy.

Second, it allows policymakers to take inconsistent positions on budgetary matters. If the president does not have to live within his budget request, the administration can submit a budget that reflects one set of fiscal policies and ultimately sign tax and spending bills that are inconsistent with his policies. Similarly, if members of Congress do not have to stick to the discretionary levels reflected in the budget resolution on the assumption that the levels can be easily circumvented, they are free to vote for a budget resolution with one level of discretionary spending and for appropriations bills with higher spending levels.

Third, it makes it difficult to shape fiscal policy. The two available statements of fiscal policy have limited value because they lack legal standing and the legitimacy that comes from approval by both branches. The remaining vehicles –the appropriations, entitlement, and tax bills – reflect only components of the federal budget and not its overall framework. The choices presented to policymakers are very different in a budget resolution, where the trade-off is between higher appropriations bills and increased taxes

<sup>2</sup> U.S. Government Accountability Office, *Principles of Federal Appropriations Law, Third Edition*, January 2004, available at: <http://www.gao.gov/special.pubs/d04261sp.pdf>

or borrowing, and an appropriations bill, where the trade-off is between individual programs.

***Failure to reach agreement on the budget resolution.*** In recent years Congress has increasingly failed to pass any concurrent budget resolution. In four of the last 10 years, it has not reached agreement on a conference report, and each chamber had to adopt “deeming” measures that treated its own version of the budget as a conference report. In 2002, the Senate did not consider the Senate Budget Committee’s bill on the floor, let alone consider a joint budget resolution conference report.

***Weak enforcement.*** Congressional budget priorities are notoriously difficult to enforce. Since the budget resolution does not have the force of law, it cannot be enforced by the executive branch or the courts. Rather, as an exercise in congressional rulemaking, the budget resolution is enforced through points of order that can be raised against spending and tax bills that would breach its levels.

The weaknesses in the enforcement procedures arise from the nature of rulemaking, the majoritarian governing structure of the House, and the ability to designate emergencies and utilize other gimmicks to evade budgetary limits.

Rulemaking is exclusively a congressional function, and as such, rules can easily be waived or modified within the Senate or House without input from the executive or the other chamber. In practice, this means either the Senate or the House may waive any rule enforcing the levels set forth in the budget.

Additionally, the House is a majoritarian institution, meaning that choices are made by a majority of the legislature, and minority rights are relatively proscribed. In the House, members of the majority are expected to vote for all rules providing for the consideration of budget-related bills and other measures. These rules can include waivers for budget points of order that would allow members to enforce the budget. It is unrealistic to expect rank-and-file members of the majority to oppose these rules.

To take one example of the extent to which Congress resorts to gimmicks in order to fund priorities outside the budget, the amount of appropriations designated as emergency spending has dramatically increased in recent years. According to the Congressional Research Service, Congress designated as emergency spending \$160.4 billion for FY 2005, \$93.4 billion for FY 2006, \$120 billion for FY 2007, and \$138.7 billion for FY 2008 – with these figures ranging from 4.2–6.3 percent of total budget authority for their respective fiscal years.

***Inefficiencies.*** Considerable time is wasted on debating insignificant budgetary decisions such as authorized levels for discretionary programs and transfers between budget functions within the budget resolution that have no bearing on the actual allocation of resources.

For instance, during the markup of the FY 2009 budget resolution in the House Budget Committee, fewer than half of the 31 offered amendments would have changed overall

spending or revenues levels. On the Senate floor in the same year, out of more than a hundred amendments offered, fewer than a quarter made meaningful changes to the resolution such as changing the overall levels of spending and revenue, the total amount of discretionary spending, and reconciliation instructions to change entitlements or tax law.

***Political polarization.*** It is frequently argued that a decline in the number of politically moderate members may be contributing to Congress' inability to agree on a common budgetary framework. Since FY1981, Congress has considered and passed 22 reconciliation bills, some of which contained significant budget enforcement provisions.

In FY 1991, Congress passed a major budget amendment reducing deficits through a combination of entitlement cuts, tax increases, and budget enforcement mechanisms. The act attracted 44 minority votes in the House, and 19 minority votes in the Senate. In FY 1998, Congress passed the Balanced Budget Act of 1997, extending and modifying the budget enforcement tools. The act attracted 153 minority votes in the House, and 43 votes in the Senate. These two bills included both changes to direct spending programs and budget enforcement procedures. In contrast, the more recent Deficit Reduction Act of 2005 achieved savings in Medicare, Medicaid, and certain education subsidies and other programs, but did not include budget enforcement provisions. The act did not attract a single minority vote in either House or Senate.

In a similar vein, budget resolutions themselves are drawing far fewer bipartisan votes as times goes on. Prior to FY 1999, the budget resolution's final passage drew an average of 27 minority votes in the House and 15 minority votes in the Senate. After that fiscal year, final passage drew an average of two votes in the House and one vote in the Senate.

***Divergence between budget and appropriations.*** Since the early 1990s there has been a growing divide between votes on the budget resolution and on the actual spending and tax bills. The budget resolution has assumed symbolic importance of almost a party platform while the appropriations bills remain the practicable vehicle for members to direct resources to their districts. The congressional leadership has exploited this divide by encouraging members to support the ideological position of their party on the budget resolution but to support their districts on the appropriations bills.

This has led to budget resolutions with unrealistic levels of spending because members can appeal to their conservative or liberal base on the assumption that the appropriation committees will find a way to evade the limits on the actual appropriations bills.

## **Authorizations**

***Unauthorized appropriations.*** Committees with legislative jurisdiction over a federal agency or program frequently authorize specific sums to be appropriated for individual agencies, programs, and sometimes projects. These levels do not bind Congress, which can appropriate any amount it wants later.

However, many programs are not reauthorized on schedule. In fairness to Congress, until recently, most authorizations were indefinite and the need to re-authorize programs is a relatively new and time-intensive endeavor. Still, House and Senate rules generally prohibit Congress from considering appropriations that have not been authorized. As with many chamber budget rules, these rules are not self-enforcing and can be waived. According to the Congressional Budget Office, between \$160 billion and \$170 billion in spending is for unauthorized programs – roughly 15 percent of total discretionary spending.

## **Appropriations**

***Appropriations delays.*** While most routine functions of departments and agencies are funded through the enactment of appropriations bills, the enactment of the 12 appropriations bills is regularly delayed beyond the beginning of the new fiscal year, and Congress and the president rely on stop-gap continuing resolutions.

Continuing resolutions take a uniform, formulaic approach to budgeting – frequently keying off the actual levels of the preceding fiscal year or the lower of the House- and Senate-passed levels for the budget year. Under a continuing resolution, agencies are generally limited to operational expenditures and generally preclude capital investments, impeding financial planning and creating uncertainty in long-term projects.

Since FY 1977, Congress has relied on continuing resolutions for some period of time in all but four years. Further, the Congressional Research Service notes that the government has employed continuing resolutions for increasingly longer periods and occasionally for an entire fiscal year – although this method largely has been replaced with omnibus appropriation measures.<sup>3</sup> As recently as FY 2009, a continuing resolution funded major government departments and agencies for almost five months, as the Congress and president could not agree on spending levels in nine of the appropriations bills.

***Increase in omnibus appropriations.*** More often than not, Congress fails to consider and provide oversight on the 12 individual appropriations bills, and instead combines two or more into an omnibus bill, reducing the opportunity to review and consider the measure’s contents. Often this “bundling” of bills occurs at the conference stage.

While the CBA presumes that Congress will report, consider, and potentially amend 12 individual appropriations bills, in recent practice, only rarely has Congress done so. Since FY 1996, Congress has used omnibus appropriations bills all but only three times – resulting in 11 fiscal years where an omnibus bill was used to complete the appropriations process. This may change with Democratic control of the White House and both houses of Congress.

<sup>3</sup> Congressional Research Service Report RL30343, *Continuing Resolutions: Latest Action and Brief Overview of Recent Practices*, Sandy Streever.

The use of omnibus appropriations bills has significant drawbacks. Instead of reviewing 12 individual bills in committee and then on the floor, with an opportunity to hold hearings and propose amendments to each bill, members are presented with an omnibus bill that is larger than an individual appropriations bill by many times over – with less time to examine it. As a result, members have a much shorter period in which to review the contents of the bill and a limited opportunity to offer amendments.

***Weak linkage between funding and performance.*** Congress does not systematically connect program performance to funding for large portions of the federal budget. A first step was taken toward performance budgeting with the Government Performance and Results Act (GPRA) in 1993, which mandated that federal agencies set goals, measure results, and report their progress. Later, the Program Assessment Rating Tool (PART) was developed in 2002 by the Office of Management and Budget to assess and improve program performance. These programs have assisted in examining the performance of discretionary spending-funded programs, but there is no data that the appropriations committees incorporate these performance tools as a factor in their decision-making.

Also, Congress has not adequately utilized performance budgeting for entitlements, the largest and most rapidly expanding component of federal spending. CBO notes, for instance, that Congress does not yet use performance-budgeting evaluations to inform funding priorities in health care.<sup>4</sup>

## **Five Models for Budget Reform**

The five models would significantly change the relationship between the budget, appropriations, and authorization processes. The models are intended to address a number of problems, some overlapping, others not. These include: minimizing polarization, increasing the likelihood of an agreement on the budget, producing a more realistic framework that will hold when the actual spending and tax measures are considered, freeing up the time for increased oversight, reducing the time devoted to budgeting, and strengthening budget enforcement.

The first model would convert the budget resolution into a joint budget resolution that would be signed by the president and have the force of law. The second model would collapse the appropriations and authorizing committees. The third model would convert the budget committees into a joint committee and comprise its membership as the chairs and ranking members of the budget, appropriations and tax-writing committees together with selected other authorizing committees and senior members of the congressional leadership. The fourth model would put the budget and appropriations process on a two-year cycle. The fifth model would consolidate all fiscal and budgetary legislation into a bill and discontinue the practice of producing a separate budget.

<sup>4</sup> Peter Orszag, *Performance Budgeting: Applications to Health Insurance Programs and Tax Policy*, testimony before the House Committee on the Budget, Sept. 20, 2007, available at: <http://www.cbo.gov/ftpdocs/86xx/doc8642/09-20-Budgeting.pdf>

**Fig. 2 Problems Addressed by Proposed Models for Budget Reform**

<b>Proposed Model</b>	<b>Joint budget resolution</b>	<b>Consolidate appropriations &amp; authorization committees</b>	<b>Joint Budget Committee</b>	<b>Biennial budgeting</b>	<b>Omnibus budget bill</b>
<b>Problems addressed</b>	<p>Encourage president and Congress to agree on common framework</p> <p>If agreement is reached on the overall budgetary parameters, it should be easier to reach agreement on subsequent spending and tax bills</p> <p>Make agreed-upon levels enforceable through sequestration</p> <p>Make budget framework more realistic</p> <p>Elevate importance of budget resolution because statutory caps/PAYGO would have a direct effect on spending and tax legislation</p>	<p>Promote realistic authorization levels and converge authorization and appropriations levels</p> <p>Produce a discretionary spending limit sufficient to pass &amp; enact appropriations bills</p>	<p>Facilitate engagement between members of both parties</p> <p>Get “buy in” (or cover) from leadership and key committees</p> <p>Make budget more realistic</p>	<p>Reduce time devoted to budgeting</p> <p>Use time saved from annual consideration of appropriations bills to increase oversight (typically in second year of each Congress)</p>	<p>Permit trade-offs between appropriations, entitlements &amp; taxes</p> <p>Reduce time devoted to budgeting [add period here or add line space?]</p> <p>Ensure realistic budget, appropriations, and authorization levels</p> <p>Time saved could be devoted to enhanced oversight</p>

The five models employ four basic methods to achieve the desired changes: changing the legislative vehicle that constitutes the budget, restructuring the committee system, changing the timing of budgetary decisions, and changing the budget committees’ membership.

While each model draws on only one method – with the exception of the empowered budget committees – it might make sense to combine elements of multiple approaches. For example, a consolidated appropriations and authorizations committee might lead to biennial budgeting in which the committee reports appropriations in the first year and authorization bills in the second.

The chart below summarizes these basic methods:

**Fig. 3 Methods Employed by Proposed Models for Budget Reform**

	<b>Joint budget resolution</b>	<b>Consolidate appropriations &amp; authorization committees</b>	<b>Joint budget committee</b>	<b>Biennial budgeting</b>	<b>Omnibus budget bill</b>
<b>Legislative vehicle</b>	Convert concurrent resolution into a law presented to the president				Combine 12 regular appropriations bills and [with?]tax and direct spending measures; obviates need for budget resolution
<b>Restructured committee system</b>		Merge appropriations subcommittees with appropriate authorizing committees	Budget committees reestablished as a joint House-Senate committee (similar to Intelligence)		
<b>Committee Membership</b>			Membership changed to include representatives of leadership, Ways & Means/Finance & Appropriations		
<b>Timing of budgetary decisions</b>				Consider regular appropriations in the first session of each Congress, in the off-years reauthorize	

## Pros and Cons

**Joint Budget Resolution** This model converts the concurrent budget resolution into a joint budget resolution, requiring the president’s signature and giving the budget agreement the force of law.

### Pros

- *Presidential buy-in* – with the Congress and the Executive Branch forced to agree on budget totals, subsequent appropriation, tax and direct spending bills would be easier to enact.
- *Strengthened enforcement procedures* – since the joint resolution would have the force of law, the levels could be enforced through sequestration, the judiciary, or other means.
- *Simplification* – the public would be presented with a single vehicle constituting the budget, which might put more pressure on Congress to address fiscal problems.
- *More politically feasible* – a joint resolution would not require a change in current committee structures

- *Cooperation* – institutionalizes budget summitry among congressional leaders and between Congress and the president

### **Cons**

- *Makes agreement on a budget more difficult* – the higher stakes of enacting a law will make it much more difficult to get a budget resolution
- *Delegated authority to executive* – granting the president the ability to sign the budget would be perceived as an abrogation of Congress’ “power of the purse”
- *Political track record* – previous attempts to require a joint budget resolutions were defeated; may jeopardize other committee recommendations

**Consolidating Appropriations and Authorization Committees** This model contemplates merging the authorization and appropriations functions into a single committee. Stated otherwise, the committee with legislative jurisdiction necessary to consider an organic authorizing bill would also provide budget authority for programs established under that bill.

### **Pros**

- *Improved effectiveness* – since the same committee would determine authorization and appropriations levels, authorized levels would be more realistic, which increases the likelihood that appropriations would be at authorized levels
- *Improved oversight* – the same committee designing programmatic parameters would also decide how to fund those programs; agencies may be more responsive to oversight concerns if the oversight committee also controlled the funding

### **Cons**

- *Politically infeasible* – a reorganization of the standing committees threatens many entrenched positions of influence; it is highly unlikely Congress would agree to this change
- *Increased appetites* – a newly combined authorization/ appropriations committee might overpower the budget committees, which would not be in the interests of budget discipline

**Empowered budget committee** This model would either elevate the committee into a joint committee and/or change its membership to include members of the political leadership, and the chairs and ranking members of the budget, appropriations and tax-writing committees, together with selected authorizing committee leadership

### **Pros**

- *Mainstream majority* – marginalizes the members in both parties who are most likely to oppose a budget for partisan reasons
- *Leadership buy-in* – empowers the party leaders, who generally have a better understanding of the policy and process

### **Cons**

- *Less democratic* – top-down approach to budgeting seems somewhat undemocratic although the budget would still have to be approved by the full House and Senate
- *Potential to weaken budget discipline* – the combined influence of the appropriations and tax-writing leadership might overwhelm the budget committee leadership and its fiscal concerns
- *Minimizes input* – intentionally minimizes the role of rank-and-file members in establishing budget priorities.

**Biennial Budgeting** This approach essentially staggers consideration of the appropriations and authorization processes – in the first year Congress passes a two-year budget and two-year appropriations, and in the second year Congress provides oversight through authorization legislation. It is practiced widely in the states.<sup>5</sup>

#### **Pros**

- *More time for oversight* – frees up time for congressional oversight
- *Politically feasible* – does not threaten the underlying jurisdiction of the appropriations and authorization committees as do several other options.
- *Less partisan* – if appropriations and budgeting occurred in non-election years, it might reduce partisan posturing
- *Codifies status quo* – recently, Congress has only managed to agree on a budget resolution every other year

#### **Cons**

- *Delegates authority to executive* – Congress would have to delegate considerable discretion to the agencies by providing lump-sum appropriations and broad reprogramming authority. Congress guards jealously the “power of the purse” and any perceived abdication of that power could meet strong resistance
- *It will not work* – Neither Congress nor the president can anticipate budget needs two years in advance. Consequently, Congress would end up enacting separate appropriations bills in the first session and an omnibus appropriations or supplemental appropriations bill in the second year. Omnibus appropriations measures and supplemental appropriations bills are more subject to logrolling
- *Less control* – if the fundamental budget problem is the lack of control over mandatory spending, it would be ironic to put appropriations on autopilot for years at a time

**Omnibus Budget Bill** Widely practiced in the states, this model combines all fiscal action into one legislative vehicle. A budget resolution would be less necessary because all budgetary decisions would be rolled up into a single legislative package.

<sup>5</sup> Ronald K. Snell, *Annual and Biennial Budgeting: The Experience of State Governments*, The National Conference of State Legislatures, available at: <http://www.ncsl.org/programs/fiscal/annlbien.htm>

## **Pros**

- *Permits trade-offs* – with entitlements, discretionary spending, taxes and deficits all rolled into one vehicle, policymakers could make trade-offs between the three parts of the budget and would be forced to set priorities with limited resources
- *Legislative efficiency* – the omnibus bill would replace the budget resolution, 12 appropriations bills, and at least some direct spending bills; freeing up congressional time and resources for oversight and other tasks
- *Simplification* – the public would be presented with a single bill constituting the budget, thereby increasing pressure on policymakers to complete action on the budget and enact policies acceptable to the public

## **Cons**

- *Practically infeasible* – the federal budget is many multiples larger than the nearest state budget, and it is an open question as to whether the myriad of federal programs, agencies, and revenues would be amenable to budgeting in one vehicle
- *Potential increase in executive power* – where it has worked in the states, the governor's budget generally carries enormous weight. Congress has increasingly resisted deferring to the president since the early 1970s