CONGRESSIONAL BUDGET REVIEW--WHERE HAVE WE BEEN AND WHERE ARE WE GOING(U)
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STUDENT REPORT

CONGRESSIONAL BUDGET REVIEW-
WHERE HAVE WE BEEN
AND WHERE ARE WE GOING

MAJOR JOSEPH B. NELSON  86-1845

"insights into tomorrow"

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**Abstract:** The project contains selected readings on the congressional budget review process. The project starts with a reading on how Congress passes laws. Included is a discussion of the key money committees, the subcommittee system, congressional reporting, floor debate, and passage of a bill. The remaining readings discuss why the current congressional budget review process was adopted, the principle elements of the process, an evaluation of the process, and changes that may take place in the future.
This research project provides selected readings on the congressional budget review process for the Leadership and Management Development Center's Professional Military Comptroller School (PMCS) curriculum. The readings are designed to provide comptroller students: a framework by which they can understand how Congress provides funding; an understanding of the current congressional budget review process; an assessment of the process; and changes to the process which may occur in the future. The research project sponsor believed these readings would be effective supplements to current classroom time devoted to the budget enactment portion of the school curriculum. The author used Instructional Systems Development to prepare the readings.

The author would like to thank Major M. David Foster, the project advisor, for reviewing this project, providing constructive comments, and always being available when help was needed.

Thanks also go to Lt Col Charles E. Daugherty, the project sponsor, for his open willingness to accept this project into the PMCS curriculum.

A special thanks goes to the author's wife, Alberta, who patiently typed many drafts of this project and provided the moral support necessary for the project to be completed.
ABOUT THE AUTHOR

Major Joe Nelson, a student in the 1986 class of Air Command and Staff College (AFSC), has a Master of Business Administration Degree from Pepperdine University and a Bachelor of Science Degree in Accounting from the University of Illinois. Before coming to ACSC, he completed the program by correspondence and attended Squadron Officer School in residence. He held various assignments in the Air Force Audit Agency for much of his career, but his assignment to the National Guard Bureau (NGB) Budget Branch gave him the experience needed to complete this project. As the NGB Chief of Budget Enactment, he tracked all legislation affecting the Air National Guard Directorate, prepared the Director's Posture Statement for presentation to Congress, and monitored congressional progress during budget enactment. He was also the NGB representative to the Air Force Issues Team.
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Chapter One

INSTRUCTIONAL SYSTEMS DEVELOPMENT (ISD) DOCUMENTATION

The purpose of this research project is to provide selected curriculum readings dealing with the congressional budget review process to the Leadership and Management Development Center's Professional Military Comptroller School (PMCS). Selected curriculum readings were chosen as the most effective method of presenting the material because additional classroom time is not available to cover the subject. The readings are designed to provide comptroller students from each of the services a framework by which they can understand how Congress deals with money issues along with future changes which may occur in the congressional budget review process. To provide this framework, the author used the five ISD steps as discussed below.

DEFINITION OF NEED

The PMCS is an eight week school specifically designed for Department of Defense comptroller personnel. The congressional budget review process portion of the curriculum is limited to a two hour class discussion with an Air Force officer from the HQ USAF Budget Directorate, Budget Enactment Branch, and another two hour class discussion with a professional staff member from the United States House of Representatives. The purpose of both discussions is to inform the students on how Congress is progressing through the congressional budget review process along with some estimates of what budget request items will be funded, and which ones would probably be disapproved. Since time is limited by the wide variety of subjects covered, no curriculum has been developed which enables the students to understand the congressional budget review process prior to the two aforementioned class discussions. In spite of the time limitation constraint, the PMCS staff believes that the congressional budget review phase of the curriculum needs to be expanded because of the rapidly growing interest the Congress has in scrutinizing the Department of Defense budget.

Comptroller personnel have more involvement in budget preparation than personnel in other career fields. Even though budget preparation is most visible at the headquarters level, it
also extends down the chain to unit level. Headquarters level budgets are submitted for congressional review; however, these budgets comprise the funding necessary for major commands and bases to implement the programs (e.g., flying hours, procurement, construction) approved by the Congress. In addition, Congress may impose restrictive language in their reports which must be abided by not only at the headquarters, but also at the lower organizational levels. Not only do comptroller personnel at all organizational levels need to understand the congressional budget review process, comptroller personnel in the various career disciplines also need to understand the process.

Budget personnel need to understand the congressional budget review process because the budget document they produce is the one document actually scrutinized by members of Congress. Auditors also have a need to understand the process because they monitor legislation for compliance by the services, and selected audit reports are used by Congress to reduce requested funding levels. Management analysts need to understand the role of Congress if they are to provide commanders a worthwhile analysis of the effectiveness of operations, which may be of importance to Congress. Finance officers also need to understand what Congress is doing because of the many areas of congressional concern in pay, allowances, and other benefits affecting military personnel. All disciplines within the comptroller career field are in one way or another involved or affected by the congressional budget review process. For this primary reason, comptroller personnel need to know how Congress operates, especially, when it comes to financial or financially related matters.

Comptroller personnel also need to know more about the congressional budget review process because of the increased interest Congress has given to Department of Defense operations. The following excerpt is a vivid example of the increased congressional interest.

Along with the Pentagon's wish list in the 1985 defense budget, Congress asked for a little paperwork on the side.

First, the Defense Department had to supply more than 20,000 pages of detailed justifications for the money requested.

Piled atop that were 440 reports and 247 studies demanded by Congress on such national security arcane as "Military Jacket Linings," "Protection of Marine Corps Name and Insignia," "Hawaiian Milk," and the lyrical "Acquisition of Power Operated Collators for Use in Facilities Other Than Printing Plants."
Furthermore, before a dispirited Pentagon stopped counting in 1983, Defense Department witnesses in one year logged 1,453 hours of testimony before 91 Congressional Committees and Subcommittees. During the same year, the military responded to 84,148 written queries from Capitol Hill and 592,150 telephone requests, numbers most officials believe are on the rise (12:1).

Even though the above newspaper article seems far-fetched, from the author's professional experience, the demands placed upon the Department of Defense by Congress for information are indeed enormous, and affect many comptroller personnel. Also, in the author's professional opinion, this demand for information will not subside.

Finally, comptroller personnel need to know and understand more about the congressional budget review process because PMCS graduates stated they wanted to know more as suggested in course critiques. They responded that information was limited and difficult to comprehend. This project will satisfy that need by providing the students with easy to understand readings on the congressional budget review process.

DEFINITION OF EDUCATION AND TRAINING REQUIREMENTS

The audience for the congressional budget review process readings are students attending the PMCS at the Leadership and Management Development Center. These students are both military and civil service employees from each of the military services. The military students are normally majors and lieutenant colonels, and have approximately 12 to 17 years of commissioned service. The civilian students are normally GS-12s and GS-13s with 8 to 15 years of federal civil service experience; however, the number of years with the Department of Defense may be significantly lower. The students come from all organizational levels even though most have had experience above base level. Considering their grades and years of experience, the students are considered as middle managers with reasonably good potential for increased responsibility.

The author's discussions with the research project sponsor and fellow comptroller personnel indicated that students at the PMCS have, in general, a rather limited understanding of the congressional budget review process. Students have a basic understanding of how laws are made; however, they are not quite sure of the path of legislation from subcommittee hearings through executive signature. The students also have not been exposed to the real reasons why appropriations bills are often not enacted into law by the beginning of a new fiscal year.
In addition, the students are not certain of the relationships between the roles of the Budget, Armed Services, and Appropriations Committees. Most students have negative impressions of the congressional budget review process and consider it a necessary evil. They lack sufficient background information to know what congressional limitations exist which cause negative impressions, and they fail to realize that the current process is better than what existed several years ago. Finally, the students have only been provided with limited information on some changes that may occur in the future to modify the way in which Congress reviews the budget.

The author's discussions with PMCS graduates revealed that most information they have read on the congressional budget review process is difficult to understand and relate to current events. The sponsor warned that students tend to lose interest if readings are more than eight double spaced pages because there are simply too many subjects to cover in an eight week course. With this in mind, the author and the sponsor agreed on several short readings on the congressional budget review process. Some readings will be mandatory and others will be optional. The overall purpose is to provide the students with easily understood information in the least amount of words.

DEVELOP OBJECTIVES AND TESTS

The basic purpose of this research project is for PMCS students to comprehend the process by which Congress reviews the federal budget. This purpose is very broad and must be broken down into various objectives which cumulatively will provide the students a thorough, but easy to read understanding of the subject. Each of the objectives are discussed below.

The first objective is for the student to comprehend how Congress passes laws. This objective is of primary importance because it provides the basic framework for the remainder of the project. To accomplish the objective, the author will explain how Congress operates with emphasis on the key money committees. The committee/subcommittee system will be explained along with how legislation proceeds from subcommittee hearings to floor debate. The next section will explain the relationship between the House and the Senate to iron out differences and provide a bill to the President for signature into law. This objective will concentrate on the authorization and appropriation aspects of legislation. When the student has finished the reading for this objective, he or she will be able to explain how Congress passes laws, and be able to follow the path of legislation.
The second objective is for the student to understand the current congressional budget review process. Accomplishing this objective will be divided into two phases. First, will be an explanation of why the current process was adopted by Congress. Second, will be an explanation of the current process itself as adopted by Congress in 1974. This objective is important because it serves as a bridge between the first objective and the objectives that follow (i.e., evaluation of the process and possible future changes in the process).

The third objective involves the student comprehending the pros and cons of the congressional budget review process. Pros and cons will be presented, and the student will be able to form an opinion as to whether the process is good, bad, or possibly a combination of the two.

The final objective is for the student to comprehend some possible changes in the congressional budget review process which may occur in the future. The student need not agree with these possible changes; however, the research project and awareness of current events should enable the student to form some opinion of the likelihood of changes.

The sponsor does not intend to test the objectives; therefore, test questions were not developed. The sponsor merely desired that students have a better understanding of the congressional budget review process and be better able to comprehend the two guest speakers.

**PLANNING, DEVELOPMENT, AND VALIDATION OF INSTRUCTION**

Since available classroom time was a constraint, the sponsor requested that the author develop reading material for the students to use in increasing their understanding of the congressional budget review process. In addition, the sponsor did not want to create classroom time because the research project subject may not be as important to the students as what would have to be eliminated from the curriculum. Instead, the sponsor intended to assign the readings outside of classroom time, with some readings being mandatory and the remainder being optional. By assigning the readings this way, the students having a greater interest would read all readings and the ones with limited interest would only read the mandatory ones. This flexible approach would allow students to pursue areas where they have a genuine interest. The sponsor specifically did not want to overload the students with too much material, which would possibly discourage many students.
The sponsor believed that the combination of the readings and the two guest speakers, previously discussed, would provide the students adequate information. Therefore, no additional effort was made to develop a lecture, seminar, or videotape.

A draft of the readings, resulting from this research project, was provided to the sponsor at the PMCS. In addition, the author asked a PMCS student to read the draft. The purpose of providing the draft was to determine if the sponsor was satisfied that the research project's objectives were accomplished, and if a selected student increased his understanding of the congressional budget review process. Their comments were used in finalizing the readings that were provided to the sponsor.

**CONDUCT AND EVALUATION**

The author did not perform this step of Instructional Systems Development, as it was not required by the Research Program. In addition, the sponsor stated that students would not be evaluated on their comprehension of the subject.
Chapter Two

LESSONS LEARNED

Several lessons were learned during research of this project. The primary lesson learned is that Congress is an extremely complex organization with a rule to cover almost any situation. If a rule does not exist to cover something Congress wants to do, a rule can be made up. What applies during one congressional cycle may not apply during the next cycle. To provide Professional Military Comptroller School students with readings they can understand requires keeping to the general process, and not expanding into a historical expose of what actually happened. Discussing every possibility would be extremely boring, defeat the purpose of the developed readings, and be impossible. Determining which rules were important and which ones were not so important was a difficult task because of the various terms used in Congress. The best way to make the congressional budget review process seem simple is to have had some experience in following legislation. The author's experience and understanding of how Congress operates along with review of source materials highlighted several other lessons learned as discussed below.

This project does not require reviewing every book that is available on the subject. There are a few good sources for material and the other sources support the major ones. Many sources did not contain new ideas, but merely cited other books or articles. For example, the author found six references in the library that discussed the events leading up to the need for budget reform in the early 1970s (i.e., President Nixon's demands for a spending ceiling and his use of impoundments). All were similar.

Congress is extremely dynamic and research data today could be obsolete tomorrow. Books and articles written about Congress can become outdated quickly. Fortunately for this research project, most writings about the congressional budget review process in the last 12 years are still generally valid today. Anything written before 1974 was of little value to this research project.
The final lesson learned concerns the timing of the research project. Project objectives of providing the student with an evaluation of the congressional budget review process and possible changes, could not have been adequately accomplished a few years ago. Waiting longer to do this project also could have meant that some possible changes would become reality before the project was completed. Thus, the timing of the project was ideal. For example, only in the last several years has Congress delayed passage of appropriation bills well into the affected fiscal year. This criticism could not have been effectively substantiated until the delay in passage became a significant and annual event. Also, only in the last few years has Congress gotten more actively involved in carefully scrutinizing the Department of Defense's budget request. Everyone wants to get involved today which simply bogs down the process. In addition to these two criticisms of the process, which have positive impact on the timing of this research project, a few more recent events have also had a positive timing impact. First, while this project was in the early research phase, the House and Senate were debating the need for a balanced budget by 1991. Second, the Administration was interested in line item veto which would allow the President to veto certain portions of a bill without vetoing the entire bill. Third, both the House and the Senate in their reports accompanying the FY 1986 Department of Defense Authorization Bill recommended that the Department institute two year budgeting. Each of these recent events were discussed in this research project.
APPENDICES

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CONGRESSIONAL BUDGET REVIEW

THE PATH OF LEGISLATION - A SIMPLISTIC OVERVIEW

How does Congress pass laws? More specifically, how does Congress pass laws that establish spending levels for the Department of Defense (DOD)? The answer is more complex than what is seen on C-SPAN where Congressmen debate issues on the House floor and then vote. To answer how Congress passes laws involves backing up many months before the floor debate and voting seen on television. Congress actually devotes many hours to scrutinizing the DOD budget to determine spending levels for the upcoming fiscal year (FY). The purpose of this reading is to examine the process Congress (both the Senate and the House of Representatives) uses to provide funds for the DOD to operate. Included will be a discussion of the key money committees (Budget, Armed Services, and Appropriations), the subcommittee system, congressional reporting, floor debate, and ultimately, passage of a bill for presidential signature into law. Even though the process is extremely complex and dynamic, the basic concept and way Congress addresses spending issues can be easily understood. This reading will specifically concentrate on congressional actions affecting DOD only.

The path of legislation begins when the President delivers the federal budget to Capitol Hill within 15 days after Congress convenes (2:48). At this time, members of Congress and their staffs have an opportunity to review the budget in preparation for the upcoming congressional hearing cycle. The Budget Committees of both the House and Senate are usually the first committees to hear testimony from key government officials (normally the Director of the Office of Management and Budget and the Secretary of Defense). These officials explain and defend the programs and spending levels included in the Defense portion of the budget so that Congressmen can understand the necessity of providing funds to DOD. During the hearings, the Budget Committees are not particularly interested in specific programs or detailed explanations of requested spending levels; their primary purpose is to pass two annual budget resolutions (2:53). These budget resolutions are extremely important because they view the federal budget on a macro level, which provides some overall direction for the American government for the year to come.
The budget resolutions as proposed by the Budget Committees have several key elements. The first resolution establishes targets while the second resolution sets a binding spending ceiling and a revenue floor (2:52-53). The first resolution establishes targets for: total outlays (money to be spent in the upcoming year) and total new budget authority; the amount of a budget surplus or deficit; the level of federal revenue; and the level of public debt (7:229). Quite simply, revenue less outlays equals a surplus (or deficit if negative). According to the congressionally approved timetable, action on the first budget resolution must be completed by 15 May (2:51). This resolution not only establishes a total spending level for the entire government, it also breaks the total down by functional area. National defense is the functional area of prime importance to the congressional committees that approve programs and provide funds for DOD. These committees should not approve programs or provide funds which would exceed the budget resolution target. The second resolution locks in spending and revenue estimates. Action on this resolution should be completed in September just prior to the beginning of the fiscal year (2:53). While the Budget Committees are busy working on the federal budget from a macro viewpoint, other committees are also getting involved in more detailed reviews of the budget.

The programs and funding requested by each federal agency included in the budget are reviewed by an authorizing committee. The purpose of an authorizing committee is to recommend authorization to spend funds for specific programs (2:49). For DOD, this is the Armed Services Committees of both the House and Senate. The Armed Services Committees not only recommend authorization for new programs or continuance of existing programs, they also normally recommend funding limits on these programs (5:84). The Armed Services Committee's recommended authorizations and funding limits must be approved by both chambers of Congress and signed into law by the President. For example, for FY 1986, Congress authorized $2,625.8 million for the Air Force to procure 180 F-16 aircraft. This amount is the maximum the law would allow the Air Force to spend on this program. In addition, the Air Force cannot procure more than the 180 aircraft as specified by Congress (10:309). The end result of Congress authorizing a program seems simple, but how they got there is a little more complex.

Money bills originate in the House of Representatives (2:5-6). After members of the House Armed Services Committee and their staffs review the DOD portion of the federal budget,
hearings are held to receive testimony on the budget request. The Secretary of Defense testifies before the House Armed Services Committee to explain and defend the Department's programs and answer questions from the committee members. After the Secretary has appeared before the entire committee, the House gets into more detail and review via subcommittees.

The House Armed Services Committee has seven subcommittees which also hold hearings and each have specific areas of responsibility. For example, the Readiness Subcommittee of the House Armed Services Committee is concerned with the Operation and Maintenance (O&M) appropriations of each of the military services. In addition to this subcommittee, the House Armed Services Committee has subcommittees responsible for: military personnel; procurement; research, development, test and evaluation (RDT&E); seapower; investigations; and military construction (4:385-387). To adequately answer the specific subcommittee questions, the services send witnesses to testify. These witnesses normally come from the Pentagon; however, unified and specified commanders also testify regularly. For example, the Air Force Deputy Chief of Staff for Personnel could be asked to testify before the House Armed Services Military Personnel & Compensation Subcommittee regarding a requested increase in Air Force military manning. Similarly, the US Commander in Chief, Europe, could be asked to testify regarding overall troop strengths in Europe. The subcommittees hold many hearings and discuss some extremely political and sensitive issues with the express purpose of approving or disapproving the programs included in the DOD portion of the federal budget. Once their work is done, the subcommittees' recommendations are forwarded to the full House Armed Services Committee.

The House Armed Services Committee receives recommendations from its subcommittees, discusses the issues surfaced by the subcommittees, prepares a report containing overall committee recommendations for DOD programs and maximum levels of funding, and prepares a bill which will be voted on by the entire House. Each member of the House is provided a copy of the House Armed Services Committee proposed bill and report prior to floor debate.

Before moving on to floor debate, a couple of examples may be beneficial in illustrating the type of issues and detail included in a House Armed Services Committee report. In the FY 1986 budget, DOD requested $2,836.7 million to procure 180 F-16 aircraft for the Air Force. The committee report contained a section on the F-16 which provided a brief narrative description of the aircraft, its armament, and a committee recommendation for procurement. In this case, the committee recommended
authorization of $2,336.7 million to procure 150 aircraft. No rationale was provided for the 30 aircraft reduction from the budget request, nor was there an explanation for the $181,000 per aircraft cost decrease. There was simply a $500 million and 30 aircraft reduction (9:89). As another example, DOD requested $237.0 million for preparation and site activation of two sectors of the West Coast Over-The-Horizon Backscatter (OTH-B) Radar System. The committee's report cited that no test data was made available on the first three sectors being constructed in Maine. For that reason, and for budgetary constraints, the committee recommended an authorization of $127.0 million to procure only one West Coast OTH-B sector (9:111).

In both of the above examples, the House Armed Services Committee reduced the DOD budget request. In the first example, no rationale was made for the cuts while rationale was provided in the second example. Even though specific programs are addressed in the committee report, the same may not be true in the proposed committee bill. In most cases, only one dollar amount for all of a service's aircraft procurement will be included in the proposed bill. For example, the House bill proposed $26,165.5 million for Air Force aircraft procurement (9:311). The $2,336.7 million for the F-16 was included in the total without reference to an amount for each weapon system. The important point to remember is that the bill is fairly general in nature, while the report is detailed, even though it may not provide rationale for committee decisions; consequently, the bill and the report must be viewed together to determine which programs were authorized and at what level. With this in mind, the bill and report are then reviewed by the entire House.

During floor debate, each Congressman has an opportunity to amend the bill proposed by the House Armed Services Committee. This floor debate could go on for several days or weeks, and each amendment is voted on separately. After all amendments have been acted upon, and either added to the proposed bill or rejected, the full House votes on the entire bill. The objective is to pass a House bill, not merely a House Armed Services Committee bill. Once the bill has been passed by the House, it is sent to the Senate.

Many of the procedures used in the House are also used in the Senate. The Senate receives the House approved bill and refers it to the appropriate committee. In this case, the Senate Armed Services Committee has Senate jurisdiction for the DOD portion of the federal budget. Just as in the House Armed Services Committee, the Senate Armed Services Committee holds hearings and receives testimony from key government officials. The detailed review of the budget is performed by the six
subcommittees of the Senate Armed Services Committee. The subcommittees are structured similarly to the House but normally have different names. As pointed out earlier, the House Armed Services Committee Readiness Subcommittee reviews the O&M budget requests of each of the services. The Preparedness Subcommittee performs this function for the Senate Armed Services Committee (4:198-200). After all hearings are completed, the subcommittees draft amendments to the House bill to provide to the full committee. The subcommittees make recommendations to the full committee just as the subcommittees in the House made recommendations to the full House Armed Services Committee. The full Senate Armed Services Committee adopts or revises the subcommittees' amendments and prepares a marked up bill and report for the entire Senate. Before reviewing their work however, tracking the two examples discussed earlier may be helpful in understanding this part of the process and the part which follows later.

The Senate Armed Services Committee report for FY 1986 contained sections on the F-16 and the OTH-B radar as did the House Armed Services Committee report. The F-16 section described the aircraft, discussed current enhancement capabilities, and provided a recommended authorization of $2,761.7 million to procure 180 aircraft. The report stated that the $75 million reduction from the budget request was strictly the result of budgetary constraints and was made without prejudice (11:94). In another part of the report, the committee discussed the OTH-B radar. The committee report pointed out the importance of the system and recommended authorization of the full amount requested (i.e., no reduction from the budget) (11:117). Once the bill and report have been approved by the Senate Armed Services Committee; they are provided to the full Senate for review, floor debate, and voting.

Actions in the Senate to pass a bill are similar to those in the House. The bill provided to the Senate is actually the House bill which has been amended by the Senate Armed Services Committee. The House amended bill is issued to save the Senate time in drafting their own bill, and to provide a common document for both the House and Senate to work with until a bill becomes law. In addition to the bill, each Senator has the Senate Armed Services Committee report which provides additional details. During floor debate, each Senator can offer amendments and each amendment is voted on. After Senate passage, the Senate has their version of an authorization bill. At this time, there is a House bill and a Senate bill which provide authorizations for DOD; however, only one bill can become law.
Since DOD has so many programs requiring congressional authorization, the House and Senate versions of the same bill will contain significant differences which need to be resolved. To iron out these differences a conference is called. The conferees are made up of members of the House and Senate Armed Services Committees, and their purpose is to prepare one bill for passage by both chambers of Congress. In many cases, differences are settled by essentially splitting the difference, while in other cases either the House or Senate will recede (i.e., give in). Programs that were approved identically by both the House and Senate are not open to conference committee consideration. From the previous examples, the House and Senate did not identically approve authorizations for the F-16 and the OTH-B, meaning these programs were conference items needing some sort of congressional agreement. In the report prepared by the conference committee for FY 1986 programs, the report cited previous House and Senate reductions, and recommended an authorization of $2,625.8 million for procurement of 180 aircraft. In this case, the House receded on their 30 aircraft reduction, and the conferees agreed to a monetary reduction of $210.9 million (i.e., somewhere in between the House and Senate reductions) (10:309). For the OTH-B, the conference report also cited previous House and Senate reductions and contained a compromise solution. The compromise solution was to provide $167.0 million to fund one sector and, due to budgetary constraints, to provide $40 million for advance procurement of parts required for the two remaining West Coast sectors to be procured in the future (10:335). These two examples show that there are no clear cut ways to come to agreement. The end result however, is a compromised agreement which is then presented to the full House and Senate for floor debate and voting.

The full House and full Senate work on passing the conference bill. Once again, there is floor debate and any Congressman or Senator can offer amendments. In some cases the House and/or the Senate will pass the conference committee bill as is, but in others the bill is not passed. If the conference committee bill is not passed, the conferees meet again to iron out the differences for subsequent House and Senate vote. Generally, conference bills are accepted as is, resulting in one congressionally approved bill which is sent to the President for signature.

Presidential signature means that the DOD Authorization Bill becomes law. The President has the option of vetoing the bill, but eventually an authorization bill will pass, thus a discussion of the mechanics of a veto is not necessary. The path of legislation for a DOD Authorization Bill is now complete; however, DOD does not have the authority to obligate funds until an appropriation bill is also signed into law.
Authorizations allow DOD to continue or start programs with some dollar limitations while appropriations permit DOD to incur obligations (2:58). The process for passing appropriation bills is very similar to passing authorization bills. The House of Representatives initiates the appropriation process by referring the DOD budget request to the House Appropriations Committee. The House Appropriations Committee, in turn, refers the DOD budget request to subcommittees which review the request, receive testimony from DOD officials, make recommendations, and draft a bill with an accompanying report, which goes to the full House Appropriations Committee for approval. The purpose of the Appropriations Committee is to determine how much can actually be obligated. The dollar amount approved for appropriation must be equal to or less than the amount authorized by the authorization bill. After full committee approval, the bill goes to the full House for floor debate, amendment, and eventual approval. Once approved, the House bill is sent to the Senate to undergo the same process as an authorization bill. Upon passage of the Senate bill and the subsequent compromise between the House and Senate versions, a congressionally approved appropriation bill is sent to the President for signature into law.

Even though the House and Senate Appropriations Committees have subcommittees, there are not as many affecting DOD as there are in the Armed Services Committees. The House and Senate Appropriations Committees each only have two subcommittees which review the DOD budget--Defense and Military Construction (4:195-198 - 380-385). The Defense Subcommittees look at all defense funding requests for O&M, Military Personnel, Procurement, and RDT&E. These functions were broken out by different subcommittees in the Armed Services Committee structure. Even though there are only four appropriations subcommittees affecting DOD in both the House and the Senate, they can provide a very detailed explanation of recommended budget reductions. For example, the House Appropriations Committee Defense Subcommittee was very specific in appropriating funds for the F-16 for FY 1986. The subcommittee recommended a $351.6 million reduction from the budget request. This reduction included: deferral of $169.0 million for the Airborne Self Protection Jammer which has experienced technical difficulties; reduction of $77.0 million to the weapon system propulsion line based on contract costs; inflation savings of $90.6 million on F-16 contracts with economic price adjustment clauses, as reported by the Congressional Budget Office; and a reduction of $15.0 million for excessive engineering change orders based on Air Force testimony that $100,000 per unit was budgeted above the FY 1985 appropriated level (8:242).
Congress is dynamic and the process of passing laws is time consuming. Even though the President submits the budget to Congress normally in early February, Congress takes at least seven months to pass budget resolutions and authorization and appropriation bills. With this much time it would seem that one part of the process can be completed before the next one starts. On the contrary, Budget, Armed Services, and Appropriations Committees all hold hearings during the same time. For example, the House Appropriations Committee Defense Subcommittee began hearings on the FY 1986 budget request on 26 February 1985 (8:5). The process does have to be staggered somewhat because of the interrelationships in the process. For example, by 15 March the authorization and appropriation committees must report their estimates of new budget authority to the Budget Committees (2:52). These reports are used by the Budget Committees to help determine spending estimates to be contained in the first budget resolution. In addition, as was previously discussed, the amount contained in an appropriation bill must be equal to or less than the amount authorized in the authorization bill, which must be equal to or less than the amount approved in the budget resolutions. In some cases this rule is not followed, but that situation is beyond the scope of this reading.

The path of legislation begins with the President's submission of the federal budget to Congress. Congress reviews the budget request, holds hearings, and establishes targets for federal spending with a budget resolution. These targets guide the authorization and appropriations committees in approving or establishing programs, and in providing the funding necessary to support the programs. Most of the process is performed by subcommittees with subsequent recommendations to full committees. Full committee bills are provided to each member of Congress for floor debate, amendment, and eventual approval. Differences between the House and the Senate versions of bills are resolved through a conference committee with subsequent approval by both chambers. After this approval, a congressionally approved bill is sent to the President for signature into law. The process is fairly complex, virtually continuous, and covers many months. This reading has discussed the process in general terms without getting encumbered in a discussion of technical terms and the many rules used by Congress to pass legislation, and provide for programs and associated funding. The remaining readings will describe why Congress established the current budget review process, provide an assessment of the process, and offer some changes that may occur in the future.
The congressional budget review process as we know it today was formulated by the Congressional Budget and Impoundment Control Act of 1974. Several events took place prior to 1974 that led Congress to believe that change was necessary and these changes, as specified by the 1974 Budget Act, remain virtually intact today. The purpose of this reading is to briefly examine why Congress believed a change to the process was necessary, and to explain the key elements of the 1974 Budget Act. This reading will be fairly general in nature, and will bridge the gap between how Congress passes laws and how well the process works.

Budgeting battles between the President and Congress had raged for years but the battle between President Nixon and Congress in 1972 precipitated the need for change. In 1972, President Nixon wanted Congress to impose a $250 billion ceiling on federal outlays for fiscal year 1973. In addition, he impounded funds appropriated for social programs (6:17). The presidential demand for a spending ceiling and the impoundments basically told Congress that the President would do as he pleased. Congress could pass an appropriation bill imposing the $250 billion ceiling requested by the President, or they could pass a higher amount. Passage of a higher amount could result in presidential impoundment, meaning that the appropriated money would not be obligated or expended by the agency receiving it. In effect, this allowed the President to keep spending down to the level he wanted and it also allowed him to adjust the level of spending by government agency.

President Nixon used impoundment quite extensively, and was able to severely reduce or eliminate programs he did not want funded (1:54). President Nixon contended he used impoundment as a management tool to slow inflation. Congress, on the other hand, characterized impoundments as giving the President line item veto over programs he did not want funded. Impoundments became a conflict over which branch should have final authority over how government funds should be spent—the executive or the legislative (1:53). Impoundment took much control away from the
Congress, and they believed some control had to shift back to the legislative branch. For this reason, and others discussed below, the need for congressional action grew.

In addition to the Nixon demand for a spending ceiling and the threat of impoundments, Congress had other misgivings about the budget process. From 1965 to 1973 there was a budget deficit every year except for 1969. This was particularly disturbing to Congress because there had been no decline in federal spending after the Vietnam War as had happened so drastically after previous wars. In fact, the level of spending rose annually without even a one year decline after Vietnam. This increased spending level had the negative impact of creating annual budget deficits. These deficits ranged from $1.6 billion to $25.2 billion with an average deficit of almost $13 billion per year. The federal debt had also risen from $323.2 billion in 1965 to $468.4 billion in 1973—a 45 percent increase in eight years (6:26-27). Congress was not only concerned with the annual deficit and rapidly escalating debt, they were also concerned that no mechanism existed to view federal revenues and spending in their entirety.

A Joint Study Committee, established to look into the reasons for excessive budget deficits, concluded that no one seemed to be in charge of matching revenue and spending before the beginning of a fiscal year. There was no linkage or coordination between the revenue and appropriations committees of Congress. Revenue committees would determine how much money should be raised, while the appropriations committees would independently determine how much should be spent (7:191,198). The size of a deficit, therefore, would not be known until all revenue and appropriations bills had been passed by Congress and enacted into law. At this time, the deficit would be established; however, it was too late to make any changes to lower it. One other reason for the rise in the deficit was due to the growth in uncontrollable outlays.

Congress was concerned with rising uncontrollable outlays which are monies spent that cannot be controlled except by additional legislation. These uncontrollables include Social Security payments, civilian and military retirement, food stamps, and other entitlement or welfare type programs which have been legislated into law. The percent of uncontrollable outlays as a percentage of total government outlays rose from 59 percent in 1967 to 70 percent in 1973. Of the $88.8 billion increase in total outlays in this period, 90 percent was for uncontrollable outlays (6:27). Congress was clearly losing ground in the percentage of government outlays they could control and thus the size of the deficit. New programs had to
be funded and existing obligations (e.g., Social Security) had to be met. Congress was indeed ready to do something to regain control. Because of the impoundment issue, the annual deficit, the growing public debt, the lack of visibility, and the increase in uncontrollables, Congress passed the Congressional Budget and Impoundment Control Act of 1974.

The Congressional Budget and Impoundment Control Act of 1974 established the process Congress uses today to provide funds for the federal government to operate. This portion of the reading will discuss the key elements of the 1974 Budget Act.

The Act established House and Senate Budget Committees to oversee the overall budget process. These committees were established to look at revenues and spending in total as opposed to the piecemeal approach used before 1974. To guide the committees, a timetable was established so that all funding actions could be completed by the beginning of the fiscal year. The start of the fiscal year was changed from 1 July to 1 October to give the Budget Committees time to do their work and for Congress to have more control. This three month change was necessary for Congress to accomplish all the actions on the timetable. The House and Senate Budget Committees' roles were to be as overseers of the new process, and along with them came budget resolutions.

A major element of the new process was the first budget resolution. The purpose of this resolution was for Congress (through recommendations of the Budget Committees) to establish targets for: outlays and new budget authority for the upcoming year; the surplus or deficit; recommended levels of federal revenue; and the level of public debt. Each authorization and appropriation committee was required to report their estimates of new budget authority to the Budget Committees (2:52). These estimates would be used by the Budget Committees to develop the first budget resolution. The first budget resolution is important because prior to the 1974 Budget Act there was no procedure for determining how spending and revenue legislation contributed to a budget surplus or deficit (6:30). As previously discussed, the amount of a surplus or deficit would not be known until all appropriations had been passed by Congress. At this time, it was too late to make any changes. The 1974 Budget Act, however, established targets early in the process and divided outlays into major categories of which national defense is one. According to the rules, the committees providing authorization and appropriations for national defense are guided, but not bound, by the targets in the first budget resolution (1:58). In addition to the first budget resolution, Budget Committees are required to report and pass a second budget resolution.
The purpose of the second budget resolution is to evaluate the latest economic conditions and fix spending and revenue levels by establishing a spending ceiling and a revenue floor. According to the rules, no authorization or appropriation bills can be passed which exceed the spending ceiling levels in the second budget resolution. The 1974 Budget Act required committees to conform to the binding totals in the second budget resolution. Any bill that did not conform to the second budget resolution needed to be changed either by a reconciliation resolution or bill. A reconciliation resolution directs changes to proposed legislation. It requires passage by both chambers, but not presidential approval. A reconciliation bill is required for all legislation that has already been signed into law. The reconciliation bill in effect changes the legislation to conform with the second budget resolution. It requires enactment by both chambers of Congress and presidential approval (2:67). The two budget resolutions were designed to provide Congress overall visibility they had not experienced before 1974. In addition to the resolution procedures, the 1974 Budget Act also addressed the impoundment problem, which was another major reason for the need to change the budget process.

The 1974 Budget Act provided for congressional involvement in presidential impoundments (2:54). The Act required the President to notify Congress of an impoundment. Congress then had an opportunity to pass an impoundment resolution which in effect overturned the impoundment and required the funds be made available for obligation (6:587). Only one chamber of Congress needed to pass an impoundment resolution for it to take effect. This portion of the Act in actuality provided a checks and balances procedure in the budget process, which was lacking during the Nixon Administration.

Congress seemed to accomplish much by passing the Congressional Budget and Impoundment Control Act of 1974. The start of the fiscal year was changed to provide Congress time to approve budget resolutions and more time to pass appropriation bills. Budget Committees were established to oversee the entire process and a timetable would hopefully keep the process on schedule. Impoundment procedures were tightened to give more control to the legislature. Most major causes of the need for budget reform had indeed been resolved by the 1974 Budget Act. The next reading will provide an assessment of how well Congress implemented the budget review process.
More than 10 years have passed since the Congressional Budget and Impoundment Control Act of 1974 was enacted into law. The process established by the Act has remained virtually intact over the years, but how well has the Act enabled Congress to control the budget process? This reading will examine the good and the not so good of the 1974 Budget Act. The purpose is not to pass judgement on the Act. Instead, the real purpose is to point out there are some positive as well as negative aspects that make an overall assessment a subjective decision open to differing opinions.

Perhaps the most widely held opinion of the congressional budget process is that it is not timely. Authorization and appropriation bills are frequently not enacted by the beginning of the fiscal year. Continuing resolutions have become an annual method of keeping the government in operation, while appropriation bills are being debated sometimes well into the affected fiscal year. From 1980 through 1983, Congress passed only 11 percent of all appropriations by the beginning of the fiscal year (5:16). One reason for the delay in passing appropriations is that Congress is so overloaded with money bills that there is not enough time to deal with them along with all of the other nonmoney issues needing congressional attention (5:13). In addition, appropriation bills have contained nonmoney issues such as abortion and bussing, which leads to long drawn out debates (7:291). A recent example further supports the contention that the process is not timely.

In 1984, both the House and Senate Armed Services Committees had individually finished their work on the 1985 Department of Defense Authorization Bill in sufficient time to allow for the Conference Committee to make its recommendations, obtain congressional approval, and send the bill to the President before the beginning of 1985. Instead, the Conference Committee deliberations came to a standstill because of the level of funding for the MX missile. Various attempts by the conferees to resolve the issue stalemated, resulting in the conference adjourning. Not until the Speaker of the House and the Senate Majority Leader became personally involved did the conferees
devise a compromise decision. The end result was an Authorization Bill that did not become law until approximately 45 days after the fiscal year had begun.

The congressional budget process has been criticized for not providing a balanced budget or limiting federal expenditures. This is true; however, it is an unfounded criticism. The 1974 Budget Act was not intended to provide a balanced budget or limit expenditures. Instead, the Act provided for budget resolutions which would target outlays and revenues early in the process so that a surplus or deficit would be known when the authorizing and appropriating committees held their deliberations. The amount of a deficit was to be whatever was appropriate (7:221). In the 1974 Budget Act, the Congress could have required a balanced budget and/or limited federal expenditures; however, this was clearly not the intent of the Budget Act. The intent of the 1974 Budget Act was to give the power of the purse back to the legislative branch (6:569-570).

Delays in passing budget resolutions can be disruptive to the entire budget review process. This element was designed to be the stepping stone of the budget process that set the authorization and appropriation actions in progress. Any delays in adopting the first budget resolution could delay action on appropriation bills and be disruptive of the whole process (5:70). This has in fact happened in the last few years with a Democratic-controlled House and a Republican-controlled Senate unable to reach timely agreement on the target amount of federal outlays and new budget authority. For example, the first resolution which is supposed to pass by 15 May was not passed until mid to late June in 1983 and 1984. In 1981, the second resolution which should have been completed by 15 September was still before the Senate on 8 December (7:291-292). The authorization and appropriations committees, however, do not simply stop and wait for a budget resolution to be passed. Instead, they continue with their deliberations, but cannot finalize their recommendations until the Budget Committee allocates their portions of the spending pie. The amount of disruption is dependent on the budget resolution's length of delay. If the budget resolution can be blamed for being untimely, it can also be praised for providing overall visibility.

The budget resolution procedure provided much needed visibility. The first budget resolution is analogous to knowing how much money you have, how much you make, how many bills you have, and how much you have to borrow to buy a new car. Most people do not attempt to buy a car without knowing how these factors affect what to buy, how much to spend, and what impact it will have on the future. Prior to the 1974 Budget Act, no
one put these factors together in one process until the effects of the impact were too late to do anything about. Consequently, additional revenues could not be raised to meet high outlays that were already signed into law by appropriation bills, and appropriation bills already signed into law could not be repealed so that outlays could be reduced. If the outlays already approved could be repealed, who would decide which programs would be affected? This type of thinking resulted in the need for the first budget resolution. Establishing targets early in the cycle via the first budget resolution permitted Congress to know how much would be spent, how much would be raised, how much would be left over, or how much would have to be borrowed. This is a major accomplishment of the 1974 Budget Act. However, the budget resolutions are not legally binding, they do not raise revenues, and they do not allow the government to incur obligations (5:70). Thus, the true advantage of the first budget resolution can only be realized if it is self-enforced by Congress. In total, the first budget resolution is more positive than negative. The same cannot be said of the second budget resolution.

The second budget resolution has come under fire in recent years. The purpose of this resolution is sound—revise the first resolution based on economic changes and establish binding spending ceilings and revenue floors. This will ensure any actual surplus will be greater than anticipated and any actual deficit will be less than anticipated. Experience has shown however, that a second budget resolution is too late to be able to make changes without substantial delays in passage of appropriation bills (5:72-73). Authorization and appropriations committees begin work early in the process by putting together bills based on spending targets included in the first budget resolution. Any substantial reductions from these targets, incorporated in a mid-September binding ceiling, could cause serious concern. Congress would have to decide, and then agree on which major functional areas to reduce. This could take some time considering the political impacts of the decision. Once the functional areas have been decided and the total adjusted, the affected appropriations committees would then have to decide which specific programs to reduce. This also can be a very time consuming decision. The problem is further compounded when a second budget resolution is not passed on time. Congress overcame this obstacle in 1982 when they established a procedure for that year making the first budget resolution binding if a second budget resolution was not adopted by 1 October (5:73).

A previous reading indicated that one of the reasons Congress wanted to change the budget process was because of the rise in uncontrollable outlays. The outlays were uncontrollable because they were tied to permanent legislation such as Social Security and military and civil service retirement (3:12).
After the Congressional Budget and Impoundment Control Act of 1974 was passed, the amount of uncontrollable outlays as a percentage of total outlays increased even more. Even though this is a valid criticism, the rise (and hopefully limit) of uncontrollables is not without an advantage. Trying to pass all legislation in Congress is a very cumbersome and time-consuming process. Since the uncontrollables have been established by permanent legislation, passing the same legislation annually would be almost impossible (6:572). The pressures on Congress would be enormous because of the concerns of the people affected (e.g., Social Security recipients) that the programs promised and legislated in previous years would continue.

A final criticism of the congressional budget review process is that Congress is being overburdened with so many money issues that there is little time left for other legislative proposals (5:81). For example, the purpose of an authorization committee is to authorize the continuance or establishment of new programs for the government. At one time, the authorization committees dealt solely with the need for a program and left the funding decision (i.e., how much to spend) up to the appropriations committees. But over the years, authorization committees have increasingly imposed dollar amounts necessary to fund a program (5:84). In addition, there has been an increasing trend by the appropriations committees to include legislative provisions and limitations in appropriation bills (5:84-85). These trends can lead to serious dilemmas for federal agencies and be a source of conflict.

The potential for conflict between the authorization and appropriation committees grows whenever one committee infringes upon the responsibilities of the other. These conflicts take time to resolve and result in a clash over the direction of federal programs and spending levels. An example will help clarify this point. Every year the Department of Defense (DOD) analyzes differences between authorization and appropriation bills. The primary purposes of the analysis are to determine which programs had more funds appropriated than authorized, and to find any other issues included in the appropriation bill that were not authorized in the authorization bill. The dilemma for DOD is which of the two laws to follow. This dilemma causes the authorization and appropriations committees to decide which bill should be followed. The discussion in Congress can be time consuming and result in unnecessary delays in the level at which DOD continues a particular program.
This reading has examined some of the criticisms of the congressional budget review process. There are many other criticisms, but the major ones have been addressed. The current congressional budget review process is a much better process than the process that existed prior to the 1974 Budget Act. It has its faults, but some of them are unfounded criticisms. Using this reading and the ones previous to it, the final reading will address some changes to the congressional budget review process that may occur in the future.
CONGRESSIONAL BUDGET REVIEW

WHERE DO WE GO FROM HERE

Much can be done to improve the congressional budget review process. Many people have expressed their ideas. Some of these ideas may seem unrealistic while others seem very realistic. No changes can be made however, unless Congress wants to make changes. After all, it is the congressional budget review process. Congress has to live with the process they created and only Congress has the power to either change the rules or change the law. The Administration can propose legislation to change the process, but the 535 members of Congress must approve the legislation before it can become reality. This reading will examine some of the ways in which the congressional budget review process can be changed. The list of changes included here is only a sample of changes that could happen. Some changes may actually occur, while others may occur far into the future, or not at all. Finally all changes examined in this reading have advantages and disadvantages. Only the reader can determine whether the advantages outweigh the disadvantages, and the probability of change is open to differing opinions.

The first budget resolution could be made binding, and the second budget resolution only required under special circumstances (5:72-74). Since the appropriations committees virtually treat the first budget resolution as binding, a second budget resolution which is too little, too late, would cause undue delays in appropriations and further overwork an already overworked Congress. Elimination of the second budget resolution does not mean that Congress would pass an appropriation bill by the beginning of the fiscal year; however, chances would certainly increase. A couple of areas of concern would need to be addressed. The new procedure would have to ensure that any amounts included in appropriation bills which were higher than the first budget resolution ceiling were due strictly to changes in the economic or financial conditions assumed in the first budget resolution. In addition, policy or legislative issues, settled in the first budget resolution, could not be reopened during the appropriations process (5:73). A second budget resolution would only be necessary to account for significant changes in economic conditions, technical reestimates, and unforeseen developments such as wars or natural disasters (5:73-74).
Two year budgeting could replace the annual budgeting process (3:36). This proposal is open to a wide variety of opinions as to its specific implementation. One method suggests a two year budget resolution, a two year appropriation, and an authorization that would last at least two years. This method decreases congressional workload and results in fewer hearings, reports, and votes. More time could be devoted to careful analysis of government programs in the authorization process (3:37; 5:78). Even though this change to the process may be appealing to the members of Congress, it might not be so appealing to the Administration because of the timing of the budget submission to Congress. If a new President provided his budget shortly after being sworn in, there may not be sufficient time to build an adequate two year budget reflecting new programs that may differ significantly with ones from the previous Administration. For example, budgeting two years for the B-1 bomber in the Reagan Administration would have been a difficult task because the Carter Administration had previously killed all funding for the program. Conversely, if the President had to wait a full year before presenting his budget proposal, he, and the citizens that elected him, would have to live with the programs and decisions of the previous Administration. The Congress has actually made a move toward two year budgeting. Both the House and the Senate Armed Services Committees have included language in their 1986 Department of Defense Authorization Bills requiring the Department of Defense (DOD) to institute a two year budget beginning in 1988 (10:168). So the move is in this direction.

The line item veto could become law. Even though line item veto is not a part of the congressional budget review process, it certainly would have an impact. Currently, the President has two options when receiving a congressionally passed bill. He can sign the bill into law or he can veto it. In some cases, the President reluctantly signs the bill into law even though he disapproves portions of it. Under a line item veto, the President could veto certain parts of a bill and approve the remainder. This would give the President more control and eliminate unneeded items Congress included in the bill. For example, Congress hopefully would not include abortion issues in a DOD Authorization Bill knowing that a President, opposing changes to abortion laws, but in favor of the DOD bill, could simply veto the abortion issue and sign the remainder of the bill. Line item veto power would probably speed up the authorization and appropriations portions of the budget review process.

A constitutional amendment or a change to law could be adopted requiring a balanced budget. Several attempts have been made in the past to adopt a constitutional amendment, but all
have failed (5:89). Proponents of the constitutional amendment agree that it is necessary because there is not sufficient internal pressure in Congress for the members to balance the budget on their own initiative. Opponents of the amendment argue that the current budget process could be strengthened without imposing additional constraints on Congress. Several other arguments support those opposing a constitutional amendment. A balanced budget would require too many adjustments during the year. If, for example, outlays were higher than planned six months into the year, something would need to be done to either slow the outlay rate or increase the revenue rate. Trying to agree on what action to take would be the subject of many debates, which would be extremely time consuming. A second argument is that creative budgeting would make the budget appear to be in balance when in actuality there would be a deficit (5:91). Finally, a balanced budget amendment would prevent the federal budget from acting as an automatic economic stabilizer (5:92). For example, weaknesses in the economy cause tax revenues to fall, thereby, contributing to a deficit. A balanced budget amendment would not allow this deficit when the economy is recovering even though a deficit may be the most beneficial fiscal policy to pump up the economy. The current impetus is to forget the constitutional amendment for now and change the law to require a balanced budget.

Changing the law to require a balanced budget is much easier than adopting a constitutional amendment. Also, the law is much easier for Congress to change again if the situation dictates. In the late fall of 1985, President Reagan did in fact sign a law requiring a balanced budget by 1991. This law was titled The Balanced Budget and Emergency Deficit Control Act of 1985, but, it is more commonly called Gramm-Rudman-Hollings. Details of this law are beyond the scope of this reading; however, a few points need addressing to have a basic understanding of how the budget balancing law will work.

Gramm-Rudman-Hollings requires a balanced budget by 1991. A deficit ceiling was established for each year up to 1991 and the established deficit ceiling will be reduced in $36 billion increments each year (i.e., $144 billion in 1987, $108 billion in 1988, $72 billion in 1989, and $36 billion in 1990). The deficit ceilings and annual reductions are based on decreases in outlays and are not based on budget or obligation authority. This means that a decrease in outlays will result in a much larger decrease in budget authority because outlays for some programs extend over more than one year. For example, to realize a $1 billion reduction in outlays for a weapon system procurement program, budget authority would have to be reduced by a much higher amount. This is because only a portion of the
budget authority results in an outlay during the first year of a program. The remainder of the budget authority results in outlays in future years as various portions of the procurement program are completed. Reductions in outlays for personnel accounts (e.g., pay and allowances) however, result in approximately the same dollar reductions in budget authority. This is because personnel account funds, in most cases, are obligated and monies are paid out at essentially the same time (i.e., monthly when people are paid). The concern over Gramm-Rudman-Hollings is based on how much of a budget authority reduction is necessary to achieve the established outlay reduction. Estimates of budget authority reductions vary due to identifying the magnitude of the programs that would be affected. Suffice it to say that budget authority reductions will be substantial. Gramm-Rudman-Hollings is subject to much controversy and some changes to the law may be made in the future. Congress may change details of the law but the basic impetus for the law will remain--balance the budget.

House and Senate committees could be consolidated. One possibility is to combine the authorization and appropriations committees. This possibility seems to make sense because over the years they have been performing similar functions. The primary advantage to a consolidation would be a drastic decrease in the amount of time required on spending issues. There would be fewer hearings, reports, and votes, which would allow Congress more time for other legislative matters. The disadvantages to consolidation are historical and practical. Historically, the need for legislation to establish a program should not be dependent on the amount of funding available, and the passage of an appropriation bill should not be dependent on creating legislation. On the practical side, opponents of the consolidation believe that the current separation is necessary for dispersing legislative power over money issues (5:84-85).

A second possibility is to consolidate the budget and appropriations committees. This would result in one less step in the process, provide timely appropriation bills, and essentially tie all funding matters together. The consolidation does have a major disadvantage in that the newly established committee simply would not be able to adequately handle macroeconomic functions (i.e., budget committee responsibility) and detailed funding matters (i.e., appropriation committee responsibility) (5:85-86).

If the committees discussed above cannot be consolidated, one other possibility exists to improve committee operations in the budget review process. This possibility would require the budget, authorization, and appropriations committees to eliminate overlap among their duties. Budget committees could
only address broad aggregates and would not be allowed to look at details. The authorization committees could only address legislation and would not be permitted to specify dollar amounts. Finally, the appropriations committees could only approve spending levels to fund the authorized programs. They would not be allowed to include legislative provisions in an appropriations bill (5:87).

These are but a few of the ways in which the congressional budget review process may change in the years to come. Some may actually occur while others probably will not. Whatever does happen will have to be initiated within Congress. It is their process and only Congress has the power to change it.
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