

Y 4
1046
B 85
93/4
R 86/2
B 85

FEDERAL BUDGET CONTROL BY THE CONGRESS

GOVERNMENT

DOCUMENTS

Storage

FEB 25 1974

THE LIBRARY
KANSAS STATE UNIVERSITY

HEARING

BEFORE THE

SUBCOMMITTEE ON

STANDING RULES OF THE SENATE

OF THE

COMMITTEE ON

RULES AND ADMINISTRATION

UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

ON

S. 1541

TO PROVIDE FOR THE REFORM OF CONGRESSIONAL PROCEDURES WITH RESPECT TO THE ENACTMENT OF FISCAL MEASURES; TO PROVIDE CEILINGS ON FEDERAL EXPENDITURES AND THE NATIONAL DEBT; TO CREATE A BUDGET COMMITTEE IN EACH HOUSE; TO CREATE A CONGRESSIONAL OFFICE OF THE BUDGET; AND FOR OTHER PURPOSES

JANUARY 15, 1974

Printed for the use of the
Committee on Rules and Administration



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1974

27-630 O

COMMITTEE ON RULES AND ADMINISTRATION

HOWARD W. CANNON, Nevada, *Chairman*

CLAIBORNE PELL, Rhode Island

ROBERT C. BYRD, West Virginia

JAMES B. ALLEN, Alabama

HARRISON A. WILLIAMS, Jr., New Jersey

MARLOW W. COOK, Kentucky

HUGH SCOTT, Pennsylvania

ROBERT P. GRIFFIN, Michigan

MARK O. HATFIELD, Oregon

WILLIAM MCWHORTER COCHRANE, *Staff Director*

HUGH Q. ALEXANDER, *Chief Counsel*

JOSEPH E. O'LEARY, *Professional Staff Member (Minority)*

JOHN P. CODER, *Professional Staff Member*

SUBCOMMITTEE ON STANDING RULES OF THE SENATE

ROBERT C. BYRD, West Virginia, *Chairman*

HOWARD W. CANNON, Nevada

ROBERT P. GRIFFIN, Michigan

ADDITIONAL STAFF FOR STUDY OF S. 1541

Consultants: Herbert N. Jasper, Committee on Labor and Public Welfare; Allan Schick, Congressional Research Service.

Additional Counsel: James H. Duffy and James S. Medill, Subcommittee on Privileges and Elections.

Information Specialists: Thomas P. McGurn and Anthony L. Harvey (LC), Subcommittee on Computer Services.

Editorial Assistant: Jack L. Sapp (GPO).

CONTENTS

Opening statement of Hon. Robert C. Byrd, chairman of the Subcommittee on Standing Rules of the Senate-----	Page 1
Statement of—	
Hon. Robert P. Griffin, minority member of the Subcommittee on Standing Rules of the Senate-----	2
Hon. Bill Brock, a U.S. Senator from the State of Tennessee-----	8
Elmer B. Staats, Comptroller General of the United States, accompanied by Phillip S. Hughes, Assistant Comptroller General-----	42
Roy L. Ash, Director, Office of Management and Budget; accompanied by Dale McOmber, Assistant Director, Budget Review-----	59
Hon. Lee Metcalf, a U.S. Senator from the State of Montana-----	81
Charles L. Schultze, senior fellow, the Brookings Institution; and Alice M. Rivlin, senior fellow, the Brookings Institution, Washington, D.C., jointly-----	117
Robert A. Wallace, vice chairman of the board, Exchange National Bank of Chicago (former assistant secretary of the Treasury)-----	134
Senators Jackson, Magnuson, Moss, Randolph, and Hartke, jointly, read by M. Barry Meyer, chief clerk and chief counsel, Senate Committee on Public Works-----	146
Written statement of—	
Hon. Bill Brock, a U.S. Senator from the State of Tennessee-----	8
Hon. John C. Stennis, chairman of the Senate Committee on Armed Services-----	151
Hon. Vance Hartke, chairman of the Senate Committee on Veterans' Affairs-----	152
Letters to—	
Hon. Howard W. Cannon, chairman of the Committee on Rules and Administration, from—	
Hon. J. W. Fulbright, chairman of the Senate Committee on Foreign Relations-----	154
Hon. William Proxmire, vice chairman of the Joint Economic Committee-----	155
Allen E. Pritchard, Jr., executive vice president; and John J. Gunther, executive director, National League of Cities and U.S. Conference of Mayors, Washington, D.C., jointly-----	156
Hon. Robert C. Byrd, chairman of the Subcommittee on Standing Rules of the Senate, from—	
Hon. Frank E. Moss, chairman of the Senate Committee on Aeronautical and Space Sciences-----	4
Senators Henry M. Jackson, Warren G. Magnuson, Frank E. Moss, Jennings Randolph, and Vance Hartke, jointly-----	6
Hon. Harrison A. Williams, Jr., chairman, Senate Committee on Labor and Public Welfare, together with questions concerning S. 1541-----	149
Hon. John Sparkman, Chairman of the Senate Committee on Banking, Housing and Urban Affairs-----	155
Hon. Thomas F. Eagleton, chairman of the Senate Committee on the District of Columbia-----	155

IV

Miscellaneous—

Examples of major Federal programs affected by title VIII of S. 1541—a study by the Congressional Research Service-----	Page 18
Title VI—Review of Federal Grant-in-Aid Programs, submitted by the Comptroller General of the United States-----	43
Excerpts from existing authorizing legislation, submitted by the Office of Management and Budget-----	61
Timetable for preparation of the President's budget, submitted by the Office of Management and Budget-----	69
Additional views of Senator Lee Metcalf and Senator William Saxbe, an excerpt from the Senate Committee on Government Operations' report to accompany S. 1541 (S. Rept. 93-579)-----	87
Congressional Budget and National Priorities Act of 1973—Amendment, from the Congressional Record, September 26, 1973-----	90

APPENDIX

Text of S. 1541-----	161
----------------------	-----

FEDERAL BUDGET CONTROL BY THE CONGRESS

TUESDAY, JANUARY 15, 1974

U.S. SENATE,
SUBCOMMITTEE ON STANDING RULES OF THE SENATE
OF THE COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C.

The subcommittee met at 10:37 a.m., in room 301, Russell Senate Office Building, Hon. Robert C. Byrd (chairman of the subcommittee), presiding.

Present: Senators Byrd and Griffin.

Also present: Senators Brock and Metcalf.

Staff present: William McWhorter Cochrane, staff director; Hugh Q. Alexander, chief counsel; John P. Coder, professional staff member; Joseph E. O'Leary, professional staff member (minority); Peggy Parrish, staff assistant; Jack L. Sapp, editorial assistant; James H. Duffy, chief counsel; and James S. Medill, minority counsel, Subcommittee on Privileges and Elections; and Thomas P. McGurn, staff director, Subcommittee on Computer Services.

OPENING STATEMENT OF HON. ROBERT C. BYRD, CHAIRMAN OF THE SUBCOMMITTEE ON STANDING RULES OF THE SENATE

Senator BYRD. The subcommittee will come to order.

Senator Cannon will not find it possible to be present for this hearing today.

Improving congressional control over the Federal budget is a legislative matter of great concern to all members of Congress. The hearing which we are holding today on S. 1541, reported by the Senate Committee on Government Operations and referred by the Senate to the Senate Committee on Rules and Administration, reflects the importance assigned to this measure by the leadership of the Senate. S. 1541, entitled the "Federal Act to Control Expenditures and Establish National Priorities," asserts the necessity to do these things:

(1) establish a congressional budgetary system which facilitates the establishment of national goals and priorities to meet the needs of a modern society and economy;

(2) create budget committees with responsibility to oversee and establish fiscal guidelines for the proper implementation of such national goals and priorities; and

(3) develop a means for systematic review of existing programs to assure that they are achieving the national objectives for which they were created.

These are ambitious and admirable goals. The total achievement of these goals, both through more forceful execution of present legislation and through the enactment of new legislation, presents tasks of

great magnitude with difficult timetables. S. 1541, a bill of 10 titles and 80 pages, contains complex new rules and procedures which would require considerable changes in the operation of the Senate, and of all its standing committees.

I would like to emphasize that the Committee on Rules and Administration and the Subcommittee on the Standing Rules of the Senate are in agreement with the objectives of this bill.

However, the subcommittee has been assigned the responsibility of conducting limited further hearings thereon before the bill is reported back to the Senate for action.

In other words, we want to do everything in our power to make sure that there are no deficiencies or omissions which would make the bill operate in a manner not intended or not deemed desirable.

As elected representatives of the people of the United States we must be responsive to their, and our own, growing apprehension over: the size of the Federal budget; the actions of the executive branch in not carrying out the will of the Congress as expressed in the appropriation bills enacted; the unwillingness of the executive branch to provide Congress with the information and analyses used to formulate the Federal budget and the alternatives considered by the Federal Government in the budget preparation process; the ability of the Congress to assimilate and analyze the information that is available to it in a thorough and meaningful way; the number of Federal programs not funded or not fully funded; the inability of the executive branch to accurately estimate Federal revenues and thus create huge and unanticipated budget deficits; and the rules and procedures which Congress uses in the execution of the legislative budget process.

I look forward to hearing the views of the distinguished witnesses who are appearing before the Subcommittee today regarding this most important legislation.

I very much appreciate the presence of those who will testify on this important bill.

I would venture to say there is no more complex, no more important legislation before this session of the Congress than the subject matter which is to be considered today by this Subcommittee.

This is an extremely complex bill. It looks good on paper. I am not so sure that it is not overly cumbersome, and that some features of it might not, indeed, be unworkable, considering all of the practicalities of the situation.

The time of the subcommittee will be limited because the subcommittee is acting under the direction of the Senate to report the bill back to the Senate in a very limited time, and we will do our best.

I want to express appreciation for the cooperation of those who will make contributions by way of statements and responses to questions raised by the subcommittee.

Senator Griffin, perhaps you would like to make a statement at this time.

Please proceed to do so, if you care to.

STATEMENT OF HON. ROBERT P. GRIFFIN, MINORITY MEMBER OF THE SUBCOMMITTEE ON STANDING RULES OF THE SENATE

Senator GRIFFIN. Mr. Chairman, I want to associate myself with the opening statement you made. I commend you for scheduling these

hearings on this very important complex legislation. I know that the Senate Committee on Government Operations has labored long and hard on this bill. It is most appropriate that the Rules Committee consider it and move with as much speed as possible so that the matter can come to the Senate floor quickly.

The importance of budget reform is underscored, I suggest, by the fact that early reports indicate that the Federal Government will spend in excess of \$300 billion in the next fiscal year, and also underscored by the fact that some 250 bills and resolutions relating to budget reform were introduced in 1973, indicating the widespread interest of Congress about this subject.

I understand that Congress has not addressed itself to comprehensive budget reform since 1921. In the past 16 of the last 20 fiscal years we have seen a Federal deficit. We have seen the budget process get out of control to the extent that nearly 75 percent of the budget is relatively uncontrollable, and only 44 percent of the budget is now subject to the appropriations process.

All of these factors and developments certainly point to the need for the action that the Government Operations Committee has taken, that this committee will seek to take, and hopefully that the Senate and the House will take.

While the Rules Committee will be interested in the bill as a whole, we are going to focus primarily on the changes in the rules that are proposed, or that may be desirable as a result of this legislation. I think it would be well to suggest to the witnesses that they particularly focus on any rule changes, or comment about rule changes that they have in addition to other discussions about the merits of the bill.

I know there are a considerable number, and certainly an impressive list, of witnesses to appear before the committee. I join the chairman in welcoming those who have the interest and who are willing to take the time to come before this committee and testify.

Thank you, Mr. Chairman.

Senator BYRD. Thank you Senator Griffin.

Senator Griffin has quite properly stated that the primary responsibility of this subcommittee in connection with these hearings will be focused largely on the impact on the rules of the Senate that the passage of this bill would have.

I think that the overall change in the legislative process would be so profound if this bill were to be passed as it is presently written that we are, by necessity, on this subcommittee, forced to at least give some attention to the areas of the bill which do not on their surface indicate amendments to the standing rules of the Senate.

I would suggest to witnesses that the Subcommittee is not interested in rhetoric, because there is nobody on this Subcommittee who needs to be persuaded of the necessity for some action on the part of Congress to improve its appropriations and budget evaluation process.

What we need is your help, your contributions in the way of advice as to changes that in your judgment may be needed; your answers to questions, if we have such, which will help us to better understand the feasibility and the workability of this legislation.

I would dare say that this bill ought to have at least six months of thorough hearings by this Committee because of its profoundness, and far reaching aspects of this legislation, and so we do desire your most serious cooperation.

There may be further hearings by this Subcommittee. Although the need for such is apparent, I am not so sure as to the amount of time this Subcommittee can devote to this legislation. It is a bill which will certainly require, and which deserves, the attention of all 100 Senators. I believe that when more of our colleagues are made fully aware of the contents of this bill they will give it more attention than they have thus far.

Without objection, I will insert in the record the text of S. 1541 as referred to the Committee on Rules and Administration. It will be inserted as an exhibit in the appendix to the hearing.

[The text of S. 1541 appears in the appendix of these hearings, p. 161.]

Senator BYRD. I will also, without objection, insert in the record a letter addressed to me by Senator Moss, the junior Senator from Utah; and a joint letter by Senators Jackson, Magnuson, Moss, Randolph, and Hartke, but the latter letter, at the request of those Senators, will be read by a staff member of the Public Works Committee later in the hearing.

There are other letters which will be inserted, from time to time, as they are received.

[The letters referred to follow:]

U.S. SENATE,
COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES,
Washington, D.C., January 10, 1974.

HON. ROBERT C. BYRD,
*Chairman, Subcommittee on Standing Rules of the Senate,
Committee on Rules and Administration,
Washington, D.C.*

DEAR MR. CHAIRMAN: Senator Cannon's letter of December 19, 1973, suggested that I forward to you my views on budgetary reform and specifically S. 1541, now pending before your Subcommittee.

I have long supported, and continue to strongly support, reform in federal budget procedures, including reforms within the Legislative Branch to enable us to deal more effectively and efficiently with the difficult judgments on national priorities implicit in annual budget actions.

I believe budget reform is essential in a number of areas. The most important of these include:

1. *Opening up the process of budget formulation in the Executive Branch.*—As I have frequently complained, the Budget and Accounting Act of 1921 as presently interpreted seems to mean that the public and the Congress are the last to know what the Executive proposes for the coming fiscal year. As "outsiders", we have little influence and virtually no information on this most critical governmental process until it is completed.

2. *Reforming the budget structure to make it more informative and susceptible of analysis.*—The overall budget as it comes to us, and as we deal with it, is a hodgepodge of unrelated and often unrelatable elements—apples and oranges—which could and should be more clearly and uniformly related to national goals and objectives.

3. *Changing the fiscal year, as S. 1541 proposes, to a time better suited to the legislative cycle and the needs of the people.*—The July 1–June 30 fiscal year is an anachronism that ill serves state and local program planning and implementation, particularly in education, and that the Congress demonstrably cannot support with any degree of regularity.

4. *Strengthening Congressional staffs* to enable the Senate and the House to better analyze, shape and authorize the federal budget. The larger staffs which the House and Senate would need to cope with the complexity of S. 1541 would serve the taxpayers better, in my opinion, by focusing more closely on budget priorities within existing or more modestly varied procedures.

5. *Curtailing Presidential impoundment of funds authorized and appropriated by the Congress.*—The Senate took the lead last year in urging such action. Control over the budget means little if the Executive Branch can ignore the

expressed will of Congress by simply refusing to implement approved and funded programs.

6. *Continuing review in both Houses of Committee jurisdiction, with a view toward more efficient balancing of work load and more sensible groupings of responsibilities.*

While I feel the need for these reforms is urgent, I do not believe S. 1541 provides them in its present form. Instead, I believe this bill would impose upon the Senate unnecessarily cumbersome, if not unworkable, procedures that would make the situation even worse than it is today.

I have listed several key areas where, in my opinion, reform is most critically needed and now wish to indicate briefly several examples of the stumbling blocks S. 1541 would place in the path toward careful budget review and approval.

Sharing your great respect for the Committee on Government Operations, and knowing of the painstaking detail in which budget reform was considered before it was reported by that Committee, I suspect that some of the pitfalls I perceive were considered and may well be avoided by other provisions, or proposed interpretation, of this complex bill. But even if this is so, the massive complexities of the rules it would establish are at the heart of the difficulties I perceive with the bill.

The central provisions of the bill, Title III, would lay down a strict timetable and rigid rules with which I doubt the Congress could often comply in an orderly manner. Even given a Presidential budget submission later (February 1) than is now the usual practice, authorizing committees could perhaps usually meet the deadline for authorization (May 31), though at the cost of larger staff and perhaps less thorough review. But in order to do so, it would be necessary for authorizing legislation to have highly privileged status, and strictly limited debate, neither of which the bill could provide. Even with such advantages, which many might oppose, no guarantees could be made of enactment by May 31, particularly in the light of possible veto. Thus there would be a need for one form or another of extraordinary action to waive authorization and proceed with appropriations, or the penalty spelled out on page 60 of Report 93-579 for failure to meet the deadline, would mean closing, for one year, of agencies like NASA and the National Science Foundation, which require total annual authorization under existing law. Through the authorization process and related oversight activities. Congress has its most thorough review into federal programs. These benefits should not be lightly foregone.

My views on the other potentially adverse effects of Title III of S. 1541 are well summarized by Senators Metcalf and Saxbe in the portion of their additional views on pages 97 through 99 of the Report accompanying the bill. I might add that I would fear this unduly rigid, mechanistic approach might cause irreparable harm to many of the programs I have supported throughout my service in the Senate, including those of most direct benefit in meeting critical domestic problems. Of particular concern is the enhanced status Title III would lend to Presidential vetoes. With deadlines imminent, the threat or the reality of a veto would be more harsh than ever. With a stroke of the pen, a President could undo, in the closing days of a session, most of what a Congress had accomplished in 10 months.

Section 604 would summarily replace Section 252 of the Legislative Reorganization Act of 1970 (which I had thought was working quite well) with an untried procedure to be implemented by the new Budget Office. This new procedure offers a profound opportunity for delay in both authorization and appropriation bills. No exception, of the type granted in Section 304(a) for other matters, is granted here. The accompanying report gives no substantive reason for this departure from the procedure adopted by the Congress only three years ago.

Titles VII and VIII bear only indirectly on the budget process, yet would enact sweeping requirements of general applicability. As Senator Cannon's letter points out, these provisions would, to the extent not redundant with existing law, increase the work load of legislative committees and executive agencies. It is not clear to me that they would result in commensurate economies. Title VIII is particularly unclear. For example, in terms of the authorizing jurisdiction of my Committee, is a "program" the Viking spacecraft program, the total planetary exploration program, the overall space science program, or NASA itself? Although we review and authorize each annually, I foresee these titles and the deadlines of Title III working at cross purposes. I urge further study before provisions of this broad character are imposed across the board.

As I indicated above, the foregoing are merely examples of my concerns. It has been my experience that the legislative process works best when it is not under the gun of artificially imposed, rigid deadlines. Unnecessary haste not only makes waste; in the Senate it can conceivably allow a tiny minority to impose unjustified views on the majority seeking to act in the clear public interest. S. 1541 as presently drawn would place the Senate in frequent jeopardy of this unfortunate result. And by enhancing the veto power, it would decrease rather than strengthen Congressional budget control.

I hope that these views will be helpful to your Subcommittee in its deliberation. If you need any further information, please let me know.

Sincerely,

FRANK E. MOSS, *Chairman.*

U.S. SENATE,

Washington, D.C., January 14, 1974.

HON. ROBERT C. BYRD,
Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR BOB: Thank you very much for asking our views on S. 1541, the Federal Act to Control Expenditures and Establish National Priorities. Several of us have similar concerns on S. 1541. We, therefore, send a joint letter in response to your request.

At the outset we state our total agreement with the stated objectives of this important legislation. It is essential that the Senate, as an institution, improve its capability to identify and implement through the budgetary process those programs and legislative initiatives at funding levels which the Congress, as the direct representative of the American people, determines to be most beneficial to the national interest. To accomplish this end we recognize the need for professional staff assistance which can generate reliable information independent of the Executive Branch. We also understand that Congress should develop spending needs and relate those needs to reliable, independent revenue projections and careful evaluations of the present state of the economy. We also feel the need to improve legislative procedures whereby programs are authorized and funds are appropriated. For these reasons we concur with the objectives of S. 1541.

We are concerned, however, that the bill as reported may not meet some of these objectives. In developing a sound Congressional fiscal policy, it will be necessary to focus not only on spending ceilings but also on the revenue generation picture and the general state of the economy. We are not convinced that S. 1541 sufficiently emphasizes the revenue side of the fiscal policy equation.

There are a number of other areas of critically needed budget reform which are not addressed in the present provisions of S. 1541. The format and the manner in which the budget is presented to the Congress, the nature and content of the information provided, and the ability of members of Congress to get background information from the Executive Branch about specific budget items are major problems which require more attention. The bill currently contains no provision which would require the Executive Branch to identify and explicitly state program goals and standards to measure performance. The bill does not require disclosure and justification of the factual information which underlies the major decisions of national policy which specific budget items represent.

We also doubt that the mandate for independent information gathering is as explicit as it might be. It seems that the Congressional Office of the Budget (COB) serves only as a critic of the President's budget rather than as an initiator of a congressional alternative. There is no specific requirement that the COB develop its own information gathering capability or that the new budget committee engage in its own independent budget evaluations.

We are uncertain that the goal of professionalism in the Congressional Office of the Budget is assured in S. 1541. By making the COB responsible to all members of Congress it may become responsible to no one. This becomes important particularly in such sections as 604 which would preclude floor consideration of any measure on which the Congressional Office of the Budget had not commented. We also think the Rules Committee should carefully examine the way in which the Director of COB is selected and give consideration to adding a nominating procedure, and a fixed tenure.

The intention of S. 1541 is to strengthen Congress' role in the development of fiscal policy, but there are provisions which could produce the opposite result. The bill provides that the budget ceiling figures of the President would auto-

matically take effect and serve as the Congressional budget ceiling if both Houses of Congress failed to adopt the required first concurrent resolution by July 1st. This could create incentives to delay consideration of the concurrent resolution and obstruct action by Congress. Even in a situation where there is no deliberate attempt to delay, Congress might be confronted with a "crisis" in the month of June which would require its complete attention. This could result in the implementation of the President's budget ceiling. This particular "club" to encourage Congressional action may be more of a club than is intended and should be thoroughly reviewed.

S. 1541 requires Congress to enact appropriation bills by September 20th of each year. The President would individually approve or veto each appropriations measure. If the President vetoed a bill, Congress would have to pass another bill which the President was willing to sign before the ceiling enforcement legislation could be passed and the Congress could adjourn. There are a number of difficult questions relating to the relationship between the Executive and Congress raised by such procedures. What kinds of pressures could the President exert on Congress by vetoing a particular appropriations bill just before the October 1 deadline? Would continuing resolutions be in order following enactment of S. 1541? What would happen if the President vetoed a ceiling enforcement bill? Could the President use this as a vehicle for keeping Congress in session to prevent members of Congress from returning to their states to campaign? What happens if Congress passes a budget much more limited than the President's budget and the President vetoes the ceiling enforcement bill to force higher spending.

These questions concern us and should be clarified because of the implications they raise concerning the relationship between Congress and the Executive in the formulation of fiscal policy, and because they highlight certain procedural impediments in the appropriations process—procedural impediments that S. 1541 was intended to eliminate, not augment. Other possible procedural impediments include the provision for 100 hours of debate in June on the first concurrent resolution which may have to be duplicated in September in light of the revised GNP forecasts, revenue and expenditure estimates, and congressional actions on appropriation bills. In addition the application of the "rule of consistency" during the second consideration on the floor of a concurrent resolution could complicate the parliamentary situation and produce insoluble tangles.

We are worried that the input by the legislative committees to the Congressional Office of Budget and to the Budget Committee is not properly timed. We would recommend that the Rules Committee carefully study the ways in which the legislative committees would interact with the Congressional Office of the Budget and the new Budget Committee.

We also urge that some consideration be given to whether there is need to create a new Standing Committee on the Budget to perform the duties set forth in the bill. Since the new Committees on the Budget are not to be "super committees" but are rather to be concerned only with processing and reporting the Congressional Budget Resolutions, do we need them at all? Might we not instead establish by statute a Permanent Subcommittee on the Budget of the Committee on Appropriations? It seems that some existing standing or joint committee might carry out the new fiscal policy reviews and recommend overall revenue and spending levels without the necessity for creating yet another Committee.

Not only does S. 1541 concern us because it may not meet some of the important objectives of Congressional budget reform legislation, but it also concerns us because it carries with it certain excess baggage. For example, why should we be prohibited from considering a bill in the Senate until such time as the Congressional Office of Budget offers its views on the fiscal implications of the proposed bill. Section 604 of S. 1541 should be substantially modified to prevent the Director of the Congressional Office of the Budget from controlling the legislative process.

We are also troubled by the language in the bill requiring "program evaluation and pilot testing". We are not sure that these provisions should be included in a budget reform bill. Reading of the provisions would suggest that they provide a further weakening of Congressional prerogatives and a strengthening of Executive prerogatives. We believe Title VII and VIII require close scrutiny.

We also question the approach to contract authority taken in the proposed legislation, and the status of loan guarantees in S. 1541 appears ambiguous. S. 1541 seems to include in the definition of advance budget authority all loan guarantee programs, even those not presently considered in the President's budget.

We are confident that many of the concerns we have expressed have been fully and carefully considered by the Government Operations Committee and there are answers to the questions we raise. We are convinced, however, that there are certain areas which require very detailed study and further legislative refinement. We urge the members of the Rules Committee to carefully review S. 1541 and we are ready to assist you in any appropriate way we can to develop the most responsible approach to independent Congressional fiscal policy development within a manageable legislative framework.

Sincerely yours,

HENRY M. JACKSON,
Chairman, Interior and Insular Affairs Committee.
 WARREN G. MAGNUSON,
Chairman, Commerce Committee.
 FRANK E. MOSS,
Chairman, Aeronautical and Space Sciences Committee.
 JENNINGS RANDOLPH,
Chairman, Public Works Committee.
 VANCE HARTKE,
Chairman, Veterans' Affairs Committee.

Senator BYRD. Senator Griffin, do you have any letters or other materials to be inserted?

Senator GRIFFIN. No, Mr. Chairman.

Senator BYRD. Very well, the first witness was to have been Senator Metcalf, but he has indicated that he will be here later. We will proceed at this time to hear Senator Brock.

Senator Brock, do you have a prepared statement?

STATEMENT OF HON. BILL BROCK, A U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator BROCK. If I may, Mr. Chairman, I would like to submit a statement for the record, and make some very brief comments in response to any questions you might have.

Senator BYRD. Thank you. Without objection, your statement will be included in the record in full at this point.

[The written statement of Senator Brock follows:]

STATEMENT OF HON. BILL BROCK, A U.S. SENATOR FROM THE STATE OF TENNESSEE

I am very pleased to testify today on S. 1541. This is a piece of legislation of truly major significance. It has been obvious for a considerable period of time that the Congressional role in budgeting is in a state of confusion and disarray. Eighteen months ago, I submitted S. 40 which proposed the first comprehensive budget reform in many years. After my bill was introduced, the Joint Study Committee was created and the Senate Government Operations Committee began their study of budget reform. Hearings were held. Many hours of careful deliberation of members and staff of the Government Operations Committee were spent in marking-up this legislation. We faced many difficult and sensitive issues and worked them out in a spirit of genuine compromise. The result is, I think, an effective, workable and responsible answer to the problems Congress faces in the budgeting area. I am proud to say that the five major points in my bill, S. 40, were incorporated into S. 1541.

This must be regarded in an historical context. The Congressional spending process became extremely fragmented after World War I. Appropriations Committees existed, but were responsible for less than one half of all appropriations bills. Agencies went to one set of Committees for appropriations, to another set for supplementals. More than a dozen committees shared responsibility for appropriations. No one was responsible for the overall budget. Spending was beyond control and on the rise.

The solution to this situation was to transfer budgetary supremacy to the President. The Bureau of the Budget was created and this agency did, for a time, serve to bring coherence and discipline to budgetary choices. But during

the post-war period, public spending has grown rapidly. We deliver a phenomenally greater range of goods and services to the people than had been envired in the twenties. As the budget grew, so did the importance of the Bureau of the Budget. The Bureau became the O.M.B. and the scope of its influence over vital decisions of spending priorities grew.

Meanwhile, Congress developed no comparable agency for evaluation of budgetary matters. We did not provide ourselves with the expert staff and informational resources needed to form our decisions. Revenue and expenditure measures were considered independently and no Congressional office had responsibility for examining the budget as a whole.

The situation became untenable. It is the role of elected officials to debate and set national priorities. It should not be the role of O.M.B. to do so. Differences of opinion between members of Congress and the President as to appropriate spending levels and priorities brought the problem clearly to light in very recent years.

To meet this fundamental problem and to begin to reassert Congressional Control over spending decisions a Joint Study Committee for Budget Control was formed in 1972 and worked diligently to redress this problem. The Subcommittee on Budgeting, Management and Expenditures followed the Joint Study Committees report with further study and hearings. Widespread agreement concerning the deficiencies of the spending process emerged.

First, Congress lacked expert staff which could provide analysis of budgetary matters independent of executive agencies.

Second, there was no deadline for authorizing legislation. Failure to authorize caused delay in appropriations.

Third, no one in the Congress has the responsibility for being concerned about the overall spending and revenue raising activities of the government. The appropriations process is fragmented and decisions taken do not really relate to questions of national priorities.

Fourth, practices of open-ended authorization of spending has led to the uncontrollability of expenditures, at least on an annual basis.

Because of those and other problems, it became clear that Congress was unable to make use of the budget as an instrument of social and economic policy. Budgetary reform called for more than simple measures to hold expenditures down or to discourage impoundment. What we needed was a thorough change in the way Congress has been doing its business.

S. 1541 calls for the needed changes. It provides Congress with the tools to determine the spending and revenue totals consistent with good fiscal policy and further will provide Congress with the information and analysis necessary to inform debate about the allocation of public funds among competing needs.

In general, S. 1541 would establish Budgetary Committees in the Senate and House whose role it would be to look at the budget comprehensively. They would recommend appropriate totals for spending and revenue and would suggest target appropriation levels in the form of a concurrent resolution.

It would further establish a professional, non-partisan staff of expert budgetary analysts. This Congressional Office of the Budget would serve the Budget Committees on fiscal matters and could assist and advise other committees and members on matters of interest to them.

It would call for five year projections of program expenditures in order to give Congress better information as to the budgetary picture in future years.

It would further call upon authorizing committees to pilot test new programs, where that would be feasible, or to otherwise generate analysis as to purposes of new programs, how strategy of the program relates to its purposes, projected costs and benefits, and so on. This feature would hopefully increase the attention given the authorizing committees program planning function.

And it would further limit authorizations to three years. This step is written so as to require that committees perform a rigorous evaluation of all major programs in order to insure that they are performing as expected. This would eliminate most forms of backdoor spending as well as improve committee oversight.

Thus, S. 1541 includes the basic principles of good budgeting procedure. It is not merely a bill to control expenditures. It is a package of measures which will allow Congress to reassert its power of the purse in ways which will result in better public policy.

The details of the process of legislating the Congressional Budget are in the committee report, so I will not consume time to review them. I would like to emphasize, however, that the translation of the Committees' general concepts into

administrative detail did involve many hard choices and required much thought and study of members and staff. The bill as reported is the result of a great deal of cooperation and compromise. Senator Ervin and Senator Muskie worked hard to keep us moving ahead together at many points. Their fine efforts were especially productive. Senator Metcalf, Senator Percy, Senator Javits, and Senator Nunn all made valuable contributions. S. 1541 is a compromise bill and I think it is a practical and workable outcome thanks to the diligence and patience of the members of the Government Operations Committee.

I welcome the consideration of the Rules Committee. The bill is a complex and important measure and it will certainly benefit from your careful deliberations.

Senator BYRD. You may proceed, Senator Brock.

Senator BROCK. Mr. Chairman and gentlemen of the committee, I introduced the first major and comprehensive piece of congressional legislation reform some 18 months ago.

To be perfectly honest, I had questioned in my own mind whether or not it was primarily an exercise in futility because of the progress of events and the apparent attitudes of a lot of people about our problems. Yet, all of a sudden, the Congress began to respond to what I think is something of vast importance. That is the reestablishment of its constitutional role in terms of controlling spending and determining our national needs and priorities.

The Congress included in its debt ceiling bill a provision creating the Joint Study Committee on Budget Control. The joint committee consisted of 30 distinguished Members of Congress, most of them drawing from appropriations and revenue committees. They did an outstanding and remarkable job in analyzing the nature of the problem and formulating positive alternatives.

We began in the Government Operations Committee to consider my bill and a number of others.

Senators on both sides of the aisle contributed their ideas on the issues. Again I wondered if it was possible to take a subject matter this complex and resolve it. But I think we have, Mr. Chairman. I think we have come a long way.

I was most impressed, Mr. Chairman, with your initial description of the feeling of most Members of this body and the other body, that they must be informed about the bill and the way it developed. More than anything else on our committee, I have been impressed with a willingness of people to work together in a spirit of compromise and accommodation. Knowing that none of us are going to achieve every crossed "t" and every dotted "i" that we seek in a bill. We must realize that constructive change requires joint effort.

Senator Ervin, Senator Metcalf, Senator Roth, Senator Percy, Senator Nunn, Senator Muskie—well, the list is the whole committee—and everyone has given enormously of their time and talent to what I think is a bill of real consequence.

I really believe this is the most important piece of legislation to be considered, not just in this session of Congress, in my entire tenure in the Congress. I hope that the enormous talent of your committee can be directed toward resolving any major difficulties that may lie in the bill.

We recognize it is not perfect, Mr. Chairman, but we feel we made a great step forward. We do not need to repeat the rhetorical arguments about controlling Federal spending. But I do think that it is important to express what this bill does.

It does more than control spending. It does more than establish a procedure for determining national priorities. It does more than reassert the congressional oversight responsibility.

This bill, to my mind, is the most significant step taken since 1921 to reassert the role of the Congress in presenting and reflecting the wishes and faith of the majority of the people of this country.

Mr. Chairman, there simply is no way today that the Congress can compete with the Executive in terms of information gathering. As you point out, we cannot compete in terms of analyzing and evaluating properly the enormous load of information placed upon us. We do not have the staff. We do not have the structure.

I do believe we have the will. If so, we can find a mechanism by which we can return to the Congress its traditional role under the Constitution: the power to determine our national needs and priorities, and to allocate the limited resources of this country so as to serve the best interest of all its people in terms of human needs as well as social needs.

With that, Mr. Chairman, I would be delighted to respond to the specific questions you might have on the subject matter.

Senator BYRD. How many days of hearings were conducted by the Committee on Government Operations on this bill?

Senator BROCK. Mr. Chairman, I sat on the subcommittee and the full committee, and I honestly lost count. I do not really know. We would have to get that from the committee staff.

I am not so sure whether the full public hearings would be as pertinent a figure as the full number of sessions. We operated somewhat out of tradition in the sense that we brought in experts to work with the committee as we discussed certain sections of it. This was not what you would call a hearing process. It was almost a markup session. Yet it was a full and extensive debate during the session, and could be categorized in either sense. I just really do not know how many hours were involved, but a huge quantity.

Senator BYRD. The hearings indicate that there were 6 or 7 days of hearings: April 2, April 9, April 11, April 12, 1973; May 1 and August 1, 1973.

Now, when you say that you brought in experts, what do you mean by that? What kind of experts were they? What were their credentials as experts on this subject?

Senator BROCK. Well, either personally, in the committee, or in the subcommittee, we had people such as Walter Crowder, the Director of the Library, and people of that type who have done intensive studies on the procedures and processes of the Congress.

We talked to people like Charles Schultze, former Director of the Budget, who I consider a remarkably able student of the budget process and of how Congress can relate to the Executive with respect to budgetary matters.

They are the type of people I am speaking of.

Senator BYRD. Is the bill before the subcommittee today—and which was reported by the Committee on Government Operations—a complete substitute for the original bill on which the hearings were held?

Senator BROCK. No, a great deal of material in the bill today was held in common by the original as well as other bills considered. I do

not know that I can recall the subject matter that was not considered in the hearings which is in the bill, but I am sure there is some.

Senator BYRD. The bill before the committee appears to be a complete substitute.

Senator BROCK. I am sorry. In the sense that it was resubmitted, yes. But the language is not dissimilar.

Senator BYRD. The original text of the bill, which covered 20 pages, was stricken, and in lieu thereof there were inserted 80 pages.

Senator BROCK. Some of us felt that was not adequate, but go ahead, Mr. Chairman.

Senator BYRD. The question I am asking is this: Were the hearings conducted on the 20 pages that were stricken, or were the hearings conducted on the 80 pages that were inserted?

Senator BROCK. Both. The 20 pages really constituted a concept, which was broadly stated, but it incorporated some of the things that we felt were crucial: The need for rescheduling the congressional process, the need for additional staff support, and so on. These items were considered in the hearings.

Senator BYRD. But my question is this, Senator Brock. The experts who appeared and testified on this bill testified on the 20 pages—the text that was stricken—and a result of the testimony, the committee drew up a new bill in the form of a substitute containing 80 pages.

Senator BROCK. I think that is so. But you must remember that the hearings also considered over a dozen other major budget bills. These bills included all the provisions found in S. 1541 as finally reported.

Senator BYRD. Very well. Do you feel that it might be a good idea for the Government Operations Committee to now conduct a hearing on the bill as it is presently written? In other words, if the bill were recommitted to the Committee on Government Operations, do you feel that—in the long run—it might be wise procedure to have hearings in considerable depth on the bill as it is now written?

Senator BROCK. Mr. Chairman, I have no objection whatsoever to extensive debate on a matter of this magnitude or to consideration of hearings, or whatever.

I do think that in considering that kind of suggestion, though, it is important to take into account the almost desperate sense of urgency the people in this country feel for the Congress to respond to what they see as a serious problem. I would hope that no such action would lead to untoward delay or, in fact, to no response at all. That would be tragic.

Senator BYRD. I hope that there will be some action. I join with you in that, but it also would be tragic if we passed an unworkable bill.

Senator BROCK. I completely agree with that.

Senator BYRD. We would have done a disservice to the Congress and the Nation. It is our common objective to explore and to inquire to the extent that we can, so that we might be able to pass legislation that would achieve our objective and at the same time not be cumbersome and unworkable.

Senator BROCK. I accept the wisdom of that statement.

Senator BYRD. Do you think calling for pilot testing or other extensive analysis before allowing the full funding of programs would tend to reduce the ability of Congress to respond rapidly to the need and desires of the public for a particular new program?

Senator BROCK. By no means. I think the pilot testing section, which was one of the sections of my original legislation S. 40, is crucial to giving the Congress the kind of information it must have in order to pass legislation that is beneficial to the American people.

One of the great frustrations people have in this country lies in the fact that Government, at least to them, seems to promise more than it delivers.

The Harris poll, recently conducted for the Government Operations Committee, is markedly illustrative of this point. I think perhaps part of that reason is that we do respond to the pressure of special groups or large political groups in passing national legislation. Often because a program has not been tested in either the administrative or conceptual sense, the objective—the remedy—does not reach the people for whom it is designed.

It seems to me the utilization of pilot testing is an established procedure in education and as well as industry and in our private and quasi-private institutions. I do not understand why the Federal Government cannot utilize it as a tool to make our programs more responsive and, frankly, to give the Congress more control over how these programs are run.

Senator BYRD. The Senate bill would limit any new major outlay program to a three-year authorization.

What is meant by "major outlay program"?

Senator BROCK. We have a broadly stated definition of any program which accumulates over \$180 million over the triennium. But, to be frank, that definition probably is going to be subject to the judgment of the committee itself and how it wants to establish definitions of the programs it authorizes.

It is a complex issue and there are overlapping areas that are going to be difficult to categorize. But we frankly found no other definition that was satisfactory.

Senator BYRD. Would this include a reservoir costing \$125 million as estimated by the Army Corps of Engineers? Would this be a "major outlay program" in the context of this bill, thus requiring a limitation on any such program to a three-year authorization?

Senator BROCK. Yes, we did leave some latitude in the language to allow that to be treated separately if the committee so desired as a specific, categorical program which would then be subject to the limitation, or it could be incorporated in an overall public works program and the entire program would be subject to the three-year restriction.

Senator BYRD. I have visions of this bill—with one stroke—wiping out virtually all permanent legislation, except that financed by user taxes.

Now, as a practical matter how do you think our 98 colleagues are going to react to this provision, those who are chairmen of legislative committees, those who are members of authorizing committees?

How is the general public going to react to this provision once it is aware of what it means?

How are the veterans' organizations going to react?

How are the coal miners who are receiving black lung benefit payments going to react?

One could go on and on and on and refer to scores upon scores of acts that have been enacted by the Congress over the years.

I recognize that this provision has some merit, but how do you think the people are going to react to this provision and how are their representatives in Congress going to react once they are fully aware that it will negate and annul and repeal and wipe out, with one stroke, hundreds of programs that are permanent programs enacted by the Congress in years before you and I came to the Senate and subsequent thereto?

Senator BROCK. There are two problems with this. There is the political problem of those groups that have a permanent program in which they have a direct personal interest.

There is also the problem that you mentioned with our colleagues and the workload that we have in the Senate. Let me address them separately, if I may.

The first question that you asked deals with how are people like veterans going to react or the coal miners in Tennessee and West Virginia going to react to the proposal zero based budget for their program, and that is what time limitation on authorizations is, zero based budgeting on a triennium basis.

Mr. Chairman, I think that most of those people are going to look at this and say a reevaluation of my program could mean it could be improved in 3 years.

I do not think any of them are going to feel like if they have got a good program it is going to be cancelled. And I do not think anybody challenges black lung as being rightfully considered as essential within our public responsibility.

What we are requiring is not the cancellation but the reevaluation of those programs in order to bring them into line with the situation as it will exist in 3 years.

It is simply recognition that Congress has an oversight responsibility for every single law it passes. We cannot hide from our obligations to continue to reevaluate those programs no matter whether they have been on the books 5, 10, or 50 years.

Senator BYRD. You used the word "reevaluate."

Senator BROCK. Yes.

Senator BYRD. Does not the legislation require, instead, a reenactment of those programs? It is not just a reevaluation.

Senator BROCK. Yes, sir, because we do not know any other way to force the reevaluation other than to say the program will terminate unless you have completed your reevaluation and resubmit it to the Congress so we can judge it on its merits—is it serving the people for whom it was designed. I think if people in this country felt like we were not reevaluating our programs, they would be most upset. And the fact is that we are not in all instances doing a fully adequate job in that area. That is a rather presumptuous statement. This is an effort to insist upon reevaluation.

Senator BYRD. As to the second half of the question regarding how our colleagues would react, what is your answer?

Senator BROCK. That might be more difficult.

Senator BYRD. I suggest that we leave that for the moment.

Senator Griffin, did you have some questions?

Senator GRIFFIN. Senator Brock, first of all I want to commend you on the record for the careful work you have done on this subject over the years and the leadership you have provided in bringing this legislation to the point where the Rules Committee is considering it and particularly for the contribution that you made with respect to titles VII and VIII of this bill.

I must say I share some of the concern that the chairman has expressed.

I also recognize with respect to title VIII, for example, that if we do not have a three-year authorization, then what can we do? It seems to me we must do something.

I am not a member of the Appropriations Committee, but it seems almost self-evident that the Appropriations Committee is not structured and cannot really provide the oversight for all of these functions to the extent that really is required.

Senator BROCK. Senator, should they anyway? Is it not the authorizing committee that has the continuing competence, the breadth and the experience to do an oversight function, to review the viability, the feasibility of these programs as they impact on human life in this country?

Are we not today burdening the Appropriations Committee with an enormous task and should not those who serve on legislative committees accept the fact that it is our responsibility to see that these programs work in the manner in which they were intended?

Senator GRIFFIN. Have you been able, perhaps through the Library of Congress or staff, to compile any kind of an inventory of various programs that would be affected by title VIII?

Senator BROCK. Yes, sir; according to the figure I have from the Budget Bureau which defines the programs that would fall within this category, we have 190 programs. Of those 190, if there are 15 legislative committees that is 13 per committee.

Senator GRIFFIN. Are there altogether 190 programs without any time limitation?

Senator BROCK. All together that would fit within this limitation.

Senator GRIFFIN. I see. But there are a number of programs which now do have a time limit in their authorization.

Senator BROCK. Yes, sir; but let us take them all, and talk about the maximum possible load.

If you do that, that is 13 per legislative committee. Now, obviously they are not equally dispersed, but let us assume they are.

That means that each standing legislative committee would have to review four per year.

If they have four subcommittees, that is one per subcommittee, one reevaluation per year.

I do not think that is an inordinate task when we have, in all honesty, continuing competence in the area. Furthermore, we are providing for the Congress, and particularly for the committee, the new tool of the staff of the Congressional Office of the Budget and the GAO that can assist them in field audits and evaluations so that they can perform their legislative oversight function with a minimum of time.

You know, I understand that this particular section is a lightning rod for a lot of peoples' attention, but Senator, I also serve on the Subcommittee on Government Operations that commissioned the Lew Harris survey of American public attitudes toward Government, and I think that every public servant ought to read that survey. It is one of the most impressive pieces of work I have ever seen.

If you can read that and not come away terrified about the prospect of the breaking of the social compact between this Government and its people, then I do not think you can believe those figures. They show that there is an enormous erosion of public confidence in this country today, not in the inherent ability of the system to respond to the people, but in the way it is responding today. There is a deep belief on the part of the American people that Government can be made to work right, can be made to respond—

Senator BYRD. Can I interrupt there? Both of us are sold on this point you are making, 100 percent, but we are trying, and we have a job to do here, to determine the workability of this bill, and we want your help, because you are a member of the subcommittee that drew up this legislation.

Senator BROCK. Well, Senator, I would be delighted to try as best I can.

I was trying to point out that we have tried to break down this workload factor to see if it was impacting to an excessive degree.

My conviction it is not, but if you can suggest a better method of getting through the evaluation function, that is fine. I have no price of authorship. That is an amendment I offered.

Senator GRIFFIN. I thank you, Senator Brock, for your testimony. I think it has been most helpful. I am sure we will have other witnesses who will address themselves to some of these questions. I imagine you could have a long and complete set of hearings on titles VII and VIII alone, and on what the consequences and impact would be. I think that you have made a very important contribution in focusing attention on this problem, and I certainly hope that something will come of it that will require reevaluation of programs.

Senator BROCK. May I make just one quick point, and that is that in my original bill we required pilot testing of all new programs. But

we quickly came to the conclusion that that simply is not possible, so we did, for example, in title VII allow the legislative committee the option of using alternative methods of evaluation, or of finding that the pilot testing was not an acceptable device.

We do try in title VII, as we do throughout the bill, not to inhibit or overburden the committee structure, but to strengthen it.

Senator BYRD. Senator Brock, I want to congratulate you on having brought this issue to the attention of the Congress.

As I understand it, this feature of the bill was taken from legislation which you introduced earlier.

Senator BROCK. That is correct.

Senator BYRD. This is why I am particularly interested in your reaction to the practical difficulties, the problems that will confront the Congress if this provision is enacted, how many pieces of legislation on the statute books as of today would have to be reenacted, and when would they have to be reenacted if this provision is included in the bill that hopefully will be enacted finally.

Senator BROCK. The high figure that I have seen, and I think it is less than this, but the high figure I had is 190 that fall within the broad range of this description.

Senator BYRD. Where did you get that figure?

Senator BROCK. From the Office of Management and Budget. I asked for their analysis of how this would impact. I asked when it would take place on legislation of less than 3 years. It would have to take place within 3 years. On legislation which has a specific time-frame of more than 3 years they would have to do it within 4 years. On legislation which is so-called permanent and has no time limit, it would have to be done within 5 years, and then every 3 years thereafter.

Senator BYRD. Now, how will this be broken down? Have you analyzed the breakdown of this legislation as to committee jurisdiction to determine what committees would have the major burden of bringing such legislation on the floor?

Senator BROCK. We have a study from the Library of Congress submitted by the Division Chief, Mr. Kenneth Gray, and if you would like I would submit this for the record. It details each committee and its legislation by type.

Senator BYRD. Very well. I understand that the Congressional Research Service furnished you a copy of the study, which had been prepared at the request of this committee. That information, without objection, will be included in the record at this point.

[The document referred to follows:]



The Library of Congress

Congressional Research Service

Washington, D.C. 20540

January 11, 1974

TO: Senate Rules and Administration Committee

FROM: Government and General Research Division;
Kenneth E. Gray, Division ChiefResearch by -- Joseph E. CantorSubject -- Examples of Major Federal Programs
Affected by Title VIII of S. 1541, the
Senate Budget Reform Bill

In accord with your instructions, we have prepared the attached report which indicates how Senate committees and the programs and agencies under their jurisdiction might be affected by Title VIII of S. 1541, as reported from the Senate Government Operations Committee on November 20, 1973. The list of programs by authorizing committee, along with other pertinent information, can probably be better understood by an explanation of our research procedure.

Title VIII provides for a three-year limit on authorization of all major Federal programs. We agreed that the Congressional Research Service would provide examples of major Federal programs which would be affected by the three-year limit, listed under the authorizing committees which have jurisdiction over them. The listing we have prepared goes beyond this to provide a fairly complete list of the status of all authorizations, including those which are for three years or less and therefore would not be directly affected by Title VIII.

While "major" is clearly defined in the legislation as involving the expenditure of \$100,000,000 or more in a three year period, "program"

is not defined either in the bill or the committee print. Consequently there is room for disagreement over what actually constitutes Federal programs; activities, agencies, or other budgetary categories. As a general rule, the funds for most agencies (ordinarily for the salaries and operating expenses of the agency) are permanently authorized by the legislation which created them. In some cases, we distinguish between an agency, the funds for which are permanently authorized, and some of its programs, which have limited terms of authorization.

In classifying major programs, we relied primarily on the 1974 Federal Budget. We defined as "major" all Budget Accounts with "budget authority" proposed for fiscal year 1974 in amounts of approximately \$33 million or more (thereby producing an estimate of \$100 million over three years). We dealt only with Federal funds, and excluded trust funds such as the Highway and Social Security Funds.

In some cases we combined several entries under a category or subcategory of an agency to reflect a \$33 million-plus program; in others we employed the most detailed entry (provided it met the \$33 million minimum) if it alone seemed to constitute a program apart from the other entries in the category. In each case the purpose was to have a reasonably consistent definition of programs.

Assigning major programs to the Senate Committees with jurisdiction over them also presented some difficulties. When questions arose over a program's slot, we checked with the Senate Parliamentarian's

Office or with committee staff members. We should caution, however, that some programs matched with a given committee may also contain funds for subprograms within the scope of another committee.

To determine the length of authorization of program, we contacted committee staff or budget or information offices in the agencies. While this approach was dependent on human judgment, it afforded us the possibility to cover the greatest amount of ground in a relatively short period of time. Only in cases of serious questions or incongruous information did we check the actual statutes.

Considerable difficulty was encountered in determining what constitutes an authorization and its duration. One reason is that authorizations come in many forms and that in some of the forms there may not be a clearcut distinction between the authorization and appropriation stages. A second problem occurs when the authorization is permanent but its effective operation is dependent upon the availability of funds. Thus the authorization may be without limitation of time, but when there is a money limit the permanence may have little effect. A third problem is that certain programs and their specifications may be intertwined with one another so that the operation of one program is contingent upon meeting conditions set in some other program.

We hope that the information set forth will be of value to you. Should you desire further investigation or clarification of any aspect of this work, please do not hesitate to contact us.

COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
National Aeronautics and Space Administration	
Research and Development	1 YEAR
Construction of facilities	1 YEAR
Research and program management	1 YEAR

COMMITTEE ON AGRICULTURE AND FORESTRY

<u>ACCOUNTS</u>	<u>AUTHORIZATION</u>
Agriculture Departmental Management	PERMANENT
Agriculture Research Service	PERMANENT
Animal and Plant Health Inspection Service	PERMANENT
Cooperative State Research Service	PERMANENT
Extension Service	PERMANENT
Agricultural Economics	PERMANENT
Foreign Agricultural Service	PERMANENT
Foreign Assistance and Special Export Programs	4 YEARS
Agricultural Stabilization and Conservation Service	PERMANENT
Commodity Credit Corporation Price Support - Reimbursement for Net Realized Losses most (i. e. -wheat, feed grain programs) are 4 years authori- zations; some are permanent however	primarily 4 YEARS
National Wool Act	4 YEARS
Rural Electrification Administration	PERMANENT
Farmer's Home Administration Salaries and Expenses	PERMANENT
Agriculture Credit Insurance Fund	PERMANENT
Rural Development Insurance Fund	PERMANENT

ACCOUNTS

Soil Conservation Service

Agriculture Marketing Service

Forest Service

Child Nutrition Programs:

School lunch

Free and reduced-price lunch

School breakfast

Special food service

Food Stamp Program

AUTHORIZATION

PERMANENT

PERMANENT

PERMANENT

PERMANENT

PERMANENT

2 YEARS

2 YEARS

4 YEARS

COMMITTEE ON ARMED SERVICES

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Military Personnel	PERMANENT
Retired Pay, Defense	PERMANENT
Operations and Maintenance	PERMANENT
Procurement	1 YEAR
Research and Development	1 YEAR
Military Construction	1 YEAR
Family Housing	1 YEAR
Civil Defense	PERMANENT
Allowances	PERMANENT
Canal Zone Government - operating expenses	PERMANENT
Selective Service	PERMANENT

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

<u>ACCOUNTS</u>	<u>AUTHORIZATION</u>
Housing and Urban Development Department Management	PERMANENT
Research and Technology	PERMANENT
Securities and Exchange Commission	PERMANENT
Homeownership Assistance - Section 235	PERMANENT
Rental Housing Assistance - Section 236	PERMANENT
Rent Supplement Program	PERMANENT
Low-rent Public Housing	PERMANENT
Comprehensive Planning Grants	PERMANENT*
Urban Renewal Fund	PERMANENT
Federal Housing Administration Fund	1 YEAR
Small Business Administration Loan and Investment Fund	PERMANENT
Disaster loan fund	PERMANENT

* Although this program has permanent authorization, there is a dollar-limit and an additional authorization is required if the payment is to exceed that limit.

COMMITTEE ON COMMERCE

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
General Administration (Commerce Dept.)	PERMANENT
Domestic and International Business Administration (Salaries)	PERMANENT
Patent Office, National Bureau of Standards, National Technical Information Service, Office of Telecommunications	PERMANENT
Maritime Administration	
Ship Construction	1 YEAR
Operating - Differential Subsidies	1 YEAR
Operations and Training	1 YEAR
Office of the Secretary (Transportation Dept.)	PERMANENT
Coast Guard	1 YEAR
Federal Aviation Administration	PERMANENT
Civil Aeronautics Board	PERMANENT
Consumer Product Safety Commission	PERMANENT
Corporation for Public Broadcasting	1 YEAR
Federal Communications Commission (salaries and expenses)	PERMANENT
Federal Trade Commission	PERMANENT
Interstate Commerce Commission	PERMANENT
Federal Power Commission	PERMANENT

COMMITTEE ON DISTRICT OF COLUMBIA

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Federal Payment to D. C.	PERMANENT*
Loans to D. C. for capital outlay	PERMANENT
Repayable Advances to D. C. general fund - Permanent, indefinite	PERMANENT
Washington Metropolitan Area Transit Authority	PERMANENT

*Although this program has permanent authorization, there is a dollar-limit and an additional authorization is required if the payment is to exceed that limit.

COMMITTEE ON FINANCE

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Bureau of Customs	PERMANENT
Bureau of the Public Debt	PERMANENT
Internal Revenue Service	PERMANENT
Interest on the Public Debt	PERMANENT
General Revenue Sharing	5 YEARS
Sugar Act Program	PERMANENT
Treasury Department	
Office of the Secretary	PERMANENT
Bureau of Accounts	PERMANENT
Bureau of Alcohol, Tobacco, and Firearms	PERMANENT
Secret Service	PERMANENT
Social and Rehabilitation Services	
Grants to States for public assistance: Public Assistance (Aid to Families with Dependent Children)	PERMANENT
Grants to States for public assistance: Providing or financing medical services (Medicaid)	PERMANENT
Grants to States for public assistance: Social and individual services	PERMANENT
Work Incentives	PERMANENT

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Social Security Administration	
Payments to S.S. Trust Funds:	
Providing or financing medical services	PERMANENT
Payments to S.S. Trust Funds:	
Retirement and Social Insurance	PERMANENT
Supplemental security income program	PERMANENT

COMMITTEE ON FOREIGN RELATIONS

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
International Security Assistance	
Military Credit Sales to Israel	1 YEAR
Military Assistance	1 YEAR
Foreign Military Credit Sales	1 YEAR
Security Supporting Assistance	1 YEAR
Multilateral Assistance	
International Financial Institutions	1 YEAR
International Organizations and Programs	1 YEAR
Bilateral Assistance	
Grants and other programs	2 YEARS
Alliance for Progress (Development loans)	2 YEARS
Development loans (Revolving fund)	2 YEARS
Overseas Private Investment Corporation	PERMANENT
President's Foreign Assistance Contingency Fund	2 YEARS
State Department Administration	1 YEAR
International organizations and conferences	1 YEAR
Educational Exchange	1 YEAR
Peace Corps, ACTION international programs	1 YEAR
U. S. Information Agency	1 YEAR
International Radio Broadcasting activities	1 YEAR

COMMITTEE ON GOVERNMENT OPERATIONS

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
General Services Administration	PERMANENT
General Accounting Office	PERMANENT

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Bureau of Land Management	
Management of lands and resources	PERMANENT
Payments to counties, Oregon and California land grants	PERMANENT
Payments to States from receipts under Mineral Leasing Act	PERMANENT
Bureau of Indian Affairs	
Educational Assistance, facilities and services	PERMANENT
Welfare and guidance services	PERMANENT
Employment assistance	PERMANENT
Resources management	PERMANENT
Construction	PERMANENT
Road construction: permanent contract authority (under Highway Act)	2 YEARS
Alaska Native Claims	11 YEARS
Bureau of Outdoor Recreation	
Land and water conservation: assistance to States	25 YEARS
Land and water conservation: Federal programs	25 YEARS
Trust Territory of the Pacific Islands	2 YEARS
Geologic Survey	
Topographic surveys and mapping	PERMANENT

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Geological and mineral resource surveys and mapping	PERMANENT
Water resources investigations	PERMANENT
Bureau of Mines: Mineral Resources Development	PERMANENT
Office of Coal Research	PERMANENT
Bureau of Sport Fisheries and Wildlife Wildlife resources (Resource management)	PERMANENT
Federal aid in Wildlife restoration	PERMANENT
National Park Service: Park management	PERMANENT
Bureau of Reclamation Central Valley project, California Pick-Sloan Missouri Basin program	PERMANENT PERMANENT
Bonneville Power Administration Construction	PERMANENT
Operations and maintenance	PERMANENT
Office of the Secretary (Interior Dept.)	PERMANENT

COMMITTEE ON JUDICIARY

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Federal Judiciary	PERMANENT
Legal Activities and General Administration (Justice Dept.)	PERMANENT
Federal Bureau of Investigation	PERMANENT
Immigration and Naturalization Service	PERMANENT
Federal prison system	PERMANENT
Law Enforcement Assistance Administration	3 YEARS

COMMITTEE ON LABOR AND PUBLIC WELFARE

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Office of the Secretary - Health, Education and Welfare	PERMANENT
Food and Drug Administration	PERMANENT
Health Services and Mental Health Administration*	
Mental Health:	
General Mental Health	1 YEAR
Drug Abuse	PRIMARILY 1 YEAR
Alcoholism	PRIMARILY 1 YEAR
Health Services Planning and Development:	
Health Services Research and Development	1 YEAR
Comprehensive Health Planning	1 YEAR
Medical Facilities Construction	1 YEAR
Health Services Delivery:	
Comprehensive Health Services	1 YEAR
Maternal and Child Health	1 YEAR
Family Planning	1 YEAR
Patient Care and Special Health Services	1 YEAR
Indian Health Services - Patient Care	PERMANENT
Indian Health Facilities	PERMANENT
National Institutes of Health (exceptions are National Cancer Institute and National Heart and Lung Institute)	largely PERMANENT

<u>AMOUNT</u>	<u>AUTHORIZATION</u>
Public Health Service Hospitals	PERMANENT
National Institute of Education	4 YEARS
Office of Education	
Elementary and Secondary Education	3 YEARS
Emergency School Assistance	3 YEARS
School Assistance in Federally Affected Areas:	
Part A Impact Aid	PERMANENT
Others	3 YEARS
Education for the Handicapped	3 YEARS
Vocational and Adult Education	4 YEARS
Higher Education (Land Grant Colleges -PERMANENT)	4 YEARS
Student Loan Insurance Fund	4 YEARS
Howard University	PERMANENT
Manpower Revenue-sharing	3 1/2 YEARS (CURRENTLY)
Federal unemployment benefits and allowances	PERMANENT
Federal grants to states for employment services	PERMANENT
Employment Standards Administration	
Salaries and Expenses	PERMANENT
Federal Civilian Employees' Benefits	PERMANENT
Occupational Safety and Health Administration	PERMANENT

<u>AMOUNT</u>	<u>AUTHORIZATION</u>
Bureau of Labor Statistics	PERMANENT
Department of Labor - Management	PERMANENT
Action - operating expenses, domestic Programs	3 YEARS
Equal Employment Opportunity Commission	PERMANENT
National Labor Relations Board	PERMANENT
National Endowment for the Arts and Humanities	3 YEARS
National Science Foundation	1 YEAR

*Although most programs under this agency are currently extended for one year their usual length of authorization is multi-year.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Records Activities - National Archives	PERMANENT
Civil Service Commission	
Salaries and Expenses	PERMANENT
Government payment for annuitants, employee health benefits	PERMANENT
Payment to civil service retirement and disability fund	PERMANENT
Payment to Postal Service Fund	2 YEARS

COMMITTEE ON PUBLIC WORKS

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Disaster Relief Fund (now under Federal Disaster Assistance Administration)	PERMANENT
Environmental Protection Agency (Clean Air Act, Encouraging development of low emission vehicles, and other programs have 3 year authorizations)	PERMANENT
Public Buildings Service	PERMANENT
Appalachian Regional Development Programs (except for highway programs which are 5 years)	4 YEARS

COMMITTEE ON RULES AND ADMINISTRATION

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Senate	PERMANENT
Legislative Branch - joint items	PERMANENT
Library of Congress	PERMANENT
Government Printing Office	PERMANENT
Smithsonian Institutions	PERMANENT

COMMITTEE ON VETERANS' AFFAIRS

<u>ACCOUNT</u>	<u>AUTHORIZATION</u>
Veterans Administration	
Veterans' service-connected compensation	PERMANENT
Veterans' non-service-connected pension	PERMANENT
other veterans' income security programs	PERMANENT
Readjustment benefits	PERMANENT
Medical care	PERMANENT
Medical and prosthetic research	PERMANENT
Medical administration and misc. operating expenses	PERMANENT
General operating expenses	PERMANENT

Senator BYRD. Would you just indicate for the record at the moment—take three committees, the three committees that would have the lion's share of the legislation to be reenacted over the period of the next 5 years.

Senator BROCK. I think Agriculture would have to be one of those three.

Senator BYRD. And how many would Agriculture have within its province?

Senator BROCK. Seventeen permanent. There are four more that have to be done within 4 years, and two within 2 years.

It looks as though Commerce would have to be one of the three.

Senator BYRD. How many would Commerce share the responsibility for?

Senator BROCK. Commerce has 11 permanent, five 1 year, and that is it.

Senator BYRD. Now, let us take just those two committees. How many of the 23 bills coming within the province of the Agriculture and Forestry Committee would have to be reenacted the first year?

Senator BROCK. None.

Senator BYRD. None?

Senator BROCK. No, sir, we have two that would have to be done within 2 years. The rest could be spread out over the 5 year period.

You have four more that come within 4 years, and the balance anytime within the 5 years.

Senator BYRD. All right, take the Commerce Committee to which you alluded. How many of the 16 laws originating in that committee, under the present jurisdictional setup, would have to be reenacted the first year?

Senator BROCK. Five, but that would occur today under the present law. They are 1 year authorizations. None of the balance would have to be done until at the end of 5 years, and they could be spread again over the 5 year period.

Senator BYRD. I have just one remaining question of you, Senator Brock.

Senator GRIFFIN. Mr. Chairman, do I understand correctly that is the only copy of that document? Has it been submitted for the record?

Senator BROCK. I asked if it could be placed into the record.

Senator GRIFFIN. Then I ask, Mr. Chairman, that maybe the staff can put this together from information already available? I would like a list of the permanent programs that do not have any time limit on them at the present time.

Senator BROCK. This is it here.

Senator GRIFFIN. There is such a list?

Senator BROCK. Yes, sir.

Senator GRIFFIN. Sorry for interrupting you.

Senator BYRD. If this legislation is enacted, Senator Brock, it would have an impact upon every committee of the Senate, the 17 standing committees.

It will particularly affect the operations of the Appropriations Committee and the Finance Committee.

How many members of the Finance Committee are represented on the Committee on Government Operations?

Senator BROCK. I would almost have to look at the list, Senator. I am not sure. There are two, I think.

Senator BYRD. Very well, let me read the list of Members who are on the Finance Committee.

We have Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Fulbright, and Mr. Ribicoff.

We also have Mr. Byrd of Virginia, Mr. Nelson of Wisconsin, Mr. Mondale, Mr. Gravel, and Mr. Bentsen.

Senator BROCK. Only one.

Senator BYRD. You have one Member from the Democratic side.

Going down the Republican side, we have Mr. Bennett, Mr. Curtis, Mr. Fannin, Mr. Hansen, Mr. Dole, Mr. McGee, and Mr. Roth.

Senator BROCK. One.

Senator BYRD. Very well; then there are two members of the Finance Committee who sat on the Government Operations Committee and who had some input into writing this bill.

Now, how many members of the Rules Committee sit on that committee?

Senator BROCK. I do not believe any of them.

Senator BYRD. Senator Allen, does he not sit on Government Operations?

Senator BROCK. Yes.

Senator BYRD. So there is one member of the Rules Committee on the Government Operations Committee.

How many members of the Appropriations Committee—and I will read those quickly for you—participated in this by virtue of their membership on the Government Operations Committee?

Mr. McClellan?

Senator BROCK. Yes.

Senator BYRD. Mr. Magnuson, Mr. Stennis, Mr. Pastore, Mr. Bible, Mr. Byrd of West Virginia, Mr. McGee, Mr. Mansfield, Mr. Proxmire, Mr. Montoya, Mr. Hollings of South Carolina, Mr. Eagleton, Mr. Bayh, and Mr. Chiles.

Senator BROCK. One. Well, that is two. Senator Chiles is the second.

Senator BYRD. Among the Republicans, Mr. Young, Mr. Hruska, Mr. Cotton, Mr. Case, Mr. Fong, Mr. Brooke, Mr. Hatfield, Mr. Stevens, Mr. Mathias, Mr. Schweiker, and Mr. Bellmon.

Senator BROCK. None so that is a total of two.

Senator BYRD. Then you have stated that there are two members of the Appropriations Committee, two members of the Finance Committee, and one member of the Rules Committee.

Senator BROCK. I might point out that the Joint Study Committee on Budget Control, which reported the bill, contained many of these Finance and Appropriation member a total of 14, so a great deal of original thought went into the basic language of the bill which was drafted by those members.

Senator BYRD. Thank you, Senator Brock. We appreciate so very much your courtesy and your cooperation in attending, and appreciate your fine statement. We may call on you again before the hearings are completed.

Senator BROCK. Mr. Chairman, I appreciate the opportunity and thank you so much.

Senator BYRD. Our next witness is the Honorable Elmer B. Staats, Comptroller General of the United States.

Mr. Staats, I believe you have a prepared statement.

STATEMENT OF HON. ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY PHILLIP S. HUGHES, ASSISTANT COMPTROLLER GENERAL

Mr. STAATS. I do have a very brief statement, Mr. Chairman.

Senator BYRD. I think the committee would be benefited if you took the time to read the statement in its entirety.

Mr. STAATS. Thank you very much, Mr. Chairman.

I would like to mention I have with me this morning Mr. Phillip S. Hughes, a longtime career officer in the Bureau of the Budget and formerly Deputy Director of the Budget and now Assistant Comptroller General.

Mr. Chairman and members of the committee, I appreciate this opportunity to discuss S. 1541 designed to improve congressional control over the Federal budget. In the past few months, we have given considerable thought to this general subject, and I have testified before the Joint Study Committee on Budget Control, the Senate Government Operations Committee, and the House Rules Committee.

At the outset, I wish to state that we strongly support the objectives and principles embodied in S. 1541. We believe that enactment of a measure along the lines of this bill would represent a major and greatly needed step to strengthen congressional control over the Federal budget. Having followed the work of the House and Senate closely during its consideration of this matter, I know of the great effort required to bring the proposal to its present stage. I am much encouraged by the progress which has been made in resolving the many difficult issues which are involved in this complex subject.

The General Accounting Office has worked closely with the Senate Government Operations Committee in the development of the bill before you. The provisions which relate to the GAO are generally workable, and we have only one change to suggest in regard to this point. We have a few comments on other provisions which may be helpful. In addition, I have attached copies of previous testimony for your convenience.

1. PILOT TESTS AND EVALUATIONS

Under title 7, pilot tests or evaluations of major programs are required to be completed no later than 3 years after the program is authorized. The authorizing committees would be required to evaluate and report on each of these tests and evaluations. Under title 8, the authorizing committees would be required to make a comprehensive review and study of each major program on a 3-year-cycle basis.

We fully support the need for testing and evaluations, and the comprehensive program studies. We think, however, that it might be advisable to allow more flexibility to the committees as to the frequency of their analyses and reports on the study because of the heavy workload involved and the possible varying need for evaluation depending on the type of program involved.

In that connection, we note that the Intergovernmental Cooperation Act of 1968 (Public Law 90-577) requires a study of grant-in-aid programs on a 4-year cycle. The act provides that:

A study of a grant-in-aid program * * * which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter.

Actually, it is over a 5-year period, because the law provides that evaluation be made in the fourth year after renewal of the authorization.

Now, this provision relates only to those grant-in-aid programs which do not have an expiration date, so that automatically those that do have an expiration date would come up for reconsideration on such evaluation as the Congress itself decided to make with respect to it.

We also feel, and I digress from my statement here just for a second, that there may be other options open to the Congress to get the flexibility that we think would be desirable.

For one thing, it could be an increase in the dollar cutoff.

Senator BYRD. Increase in what?

Mr. STAATS. Increase in the dollar amount of the program.

The law provides that if it costs \$100 million over a 3-year period, then it comes under the definition of an outlay. That is not a great deal of money in present-day terms.

Senator BYRD. So you are suggesting that the definition of "major programs" perhaps ought to be changed?

Mr. STAATS. Yes, that would be one option, and I think I would favor that.

Senator BYRD. Do you have a figure in mind?

Mr. STAATS. I do not have a dollar figure in mind, but it seems to me that I think you could increase this threefold and still achieve your objective.

A second type of flexibility that occurs to me would be to provide for reevaluation as against reauthorization. That is in line with what is in the Intergovernmental Cooperation Act of 1968.

I commend this to your attention because it seems to me the Intergovernmental Cooperation Act was thought through very carefully and does specify the kind of evaluations which are to be made with respect to these grant programs.

If you like, Mr. Chairman, I might insert that in the record at this point.

Senator BYRD. Without objection, that will be done.

[The material referred to follows:]

TITLE VI—REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS

[§ 14.572] CONGRESSIONAL REVIEW OF GRANT-IN-AID PROGRAMS

Sec. 601. (a) Where any Act of Congress authorizes the making of grants-in-aid and no expiration date for such authority has been specified by law, then prior to the expiration of each period specified in subsection (b) the Committees of the Senate and the House having legislative jurisdiction over such grants-in-aid shall, separately or jointly, conduct studies of the program under which

such grants-in-aid are made and advise their respective Houses of the results of their findings with special attention to—

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met;

(2) The extent to which the objectives of such programs can be carried on without further financial assistance from the United States;

(3) Whether or not any changes in purpose, direction or administration of the original program, or in procedures and requirements applicable thereto, shall be made; and

(4) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.

(b) (1) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted before the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year beginning after the date of enactment of this Act, and thereafter prior to the expiration of the fourth calendar year following the year during which a study of such program was last conducted under this paragraph.

(2) A study of a grant-in-aid program to which subsection (a) applies and which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter.

[§ 14.573] STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

Sec. 602. (a) Upon request of any committee having jurisdiction over a grant-in-aid program, the Comptroller General shall make a study of such program to determine among other relevant matters, the extent to which—

(1) such program conflicts with or duplicates other grant-in-aid programs; and

(2) more effective, efficient, economical, and uniform administration of such program can be achieved by changing certain requirements and procedures applicable thereto.

(b) In reviewing grant-in-aid programs the Comptroller General shall consider, among other relevant matters, the budgetary, accounting, reporting and administrative procedures applicable to such programs. [sic] Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

[§ 14.574] STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Sec. 603. Upon request of any committee having jurisdiction over a grant-in-aid program, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall conduct studies of the intergovernmental relations aspects of such program including (1) the impact of such program, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such program with State and local administration thereof, and shall report its findings and recommendations to such committee and to the Congress.

Mr. STAATS. A third type of flexibility, directed to workload considerations, would be to eliminate from this provision programs whose costs are administrative in nature. These programs get scrutinized by the Appropriations Committee year after year, including the regulatory agencies like the Federal Power Commission and the Library of Congress, and the General Accounting Office would have to be reauthorized; also the Office of Management and Budget.

There are many administrative types of operations which would fall within the definition of a major outlay program in the present bill and I question whether their inclusion was intended by the drafters of that provision.

I think they are quite different from, say, manpower training programs, agriculture subsidy programs, or housing programs. Some of the major programs tend to start small and then built up over a period of time.

Senator GRIFFIN. Mr. Chairman, may I interrupt there for a moment?

Senator BYRD. Yes.

Senator GRIFFIN. I interpret the legislation to require reauthorization of the various departments of the Government.

Mr. STAATS. Technically, it would if that agency were in excess of \$100 million over a 3-year period.

I do not really think this is the intent of the drafters.

Senator GRIFFIN. But as you interpret it we would have to reestablish the Department of Defense every 3 years.

Mr. STAATS. I believe so. I think the drafting can be improved here in a way as to meet the intent.

I think the most important question in my mind is whether reauthorization rather than reevaluation is necessary with respect to ongoing programs.

Senator BYRD. Now, the Social Security Act in all of its multitudinous aspects would have to be reenacted under the provisions of the bill.

Mr. STAATS. I think technically that would be correct.

Senator BYRD. Now the trust funds programs which are funded through trust funds, would they have to be reenacted under this bill?

Mr. STAATS. I believe they would, but congressional intent regarding the exemption of programs financed by user taxes should be clarified.

Senator BYRD. What about welfare programs and education programs; the education programs, some of them have termination dates, do they not?

Mr. STAATS. Yes; many of them are on a 1-year basis, 2 years or 3 years.

Senator BYRD. Veterans' pensions, for example, that legislation would have to be reenacted, would it not?

Mr. STAATS. That is correct. The virtue of the approach taken in the Intergovernmental Cooperation Act is that it does specify the kind of evaluations that should be made and specifies that those evaluations be made in the year prior to the expiration of the program, or every 5 years, so that there is some systematic and regular procedure without running into the difficulties of requiring that the program, as such, be reenacted.

I go to page 3 of my statement, Mr. Chairman.

Senator BYRD. Mr. Staats, could you supply to the committee your own analysis of legislation—that is, permanent legislation—that would require reauthorization under the written provisions of this bill?

Your analysis may differ from that which was included in the record by Senator Brock.

Mr. STAATS. A definition of what constitutes a program for this purpose would be desirable.

In our thinking on this matter we have been inclined to take a pragmatic approach on what a program represents—a statute that

either expands a program or establishes a new program. With that kind of a definition we could give you our own analysis.

Senator BYRD. Please indicate the committee breakdown so as to show what committees would have jurisdiction over the permanent legislation that would be required to be reenacted.

[The information referred to had not been received by the subcommittee at the time this hearing went to press.]

Mr. STAATS. The second point, Mr. Chairman, on page 3 of my statement, is the GAO assistance in developing evaluation requirements. We would also like to offer a suggestion regarding section 703 pertaining to the reviews and evaluations that we would be required to make for the Congress.

Section 703 would amend section 204 of the Legislative Reorganization Act of 1970 to require the Comptroller General to assist any committee of the House or Senate, any joint committee of the two Houses, and any Member of either House, upon their request in analyzing and assessing program reviews, evaluation studies or cost-benefit studies prepared by or for any Federal agency.

Because of the significant increase in workload that this could involve, we would prefer that we not be required by legislation to provide such assistance to individual Members of Congress. To the extent that our resources permit, we will of course willingly respond to Member requests.

Senator BYRD. You do that already, do you?

Mr. STAATS. We do that today. We would prefer to give the requests to the committees our first priority and be allowed some discretion in providing this type of assistance to individual Members. This change would make this provision consistent with a similar provision in the Intergovernmental Cooperation Act.

3. How and where should the congressional budget committees get staff support? There have been many different proposals for providing staff support for the budget committees. The House bill provides for a legislative budget staff, headed by a Legislative Budget Director, to support the two committees on the budget.

S. 1541 would create a Congressional Office of the Budget as an independent office in the legislative branch.

As I have stated in my earlier testimony, we strongly prefer the creation of a joint staff—as provided in the House bill—which would function very much as the current staff of the Joint Committee on Internal Revenue Taxation. We have recommended that this staff be kept quite small, believing that the capabilities of the General Accounting Office, the Congressional Research Service, and the Executive agencies can and should be called upon to support the proposed legislative budget committees and the joint staff.

As I understand, the major reason for a Congressional Office of the Budget as proposed in S. 1541, is the desire to have an independent office to serve all committees and Members. We see nothing in H.R. 7130 which would preclude the joint legislative budget staff from serving other committees and Members. If necessary to remove that objection, a specific provision could be made to assure that the joint committee staff would provide that service.

It is absolutely essential that there be a staff directly responsible to the Legislative Budget Committees giving first priority to their needs.

Otherwise, the individual budget committees may well need to create their own separate staffs as well and we will end up with three new budgetary support organizations which will further confuse and complicate the congressional budget process.

Senator BYRD. This is avoided, is it, by the House bill?

Mr. STAATS. Yes, sir.

Senator BYRD. You prefer the language of the House bill over the Senate bill in this respect?

Mr. STAATS. Yes, we have so testified before the House and Senate.

Mr. Chairman, we believe the most effective arrangement is to create a small permanent joint staff to serve the two committees. During the period when overall target figures are being established, and at other peak workload periods, individuals from the appropriations committees, the revenue committees and the Joint Economic Committee could also be assigned. Individuals assigned from the Congressional Research Service and the General Accounting Office and temporary and consultant personnel could also augment the staff.

In the attachments to this statement, we discuss more fully some of the ways the GAO can be of assistance to the budget committees.

Our fundamental point is the way the bill is drawn. Properly so, the legislative budget committees carry the main load and they have the responsibility. They are the ones that are going to be put on the spot by the Senate as a whole and we think therefore the staff ought to be at their command, be people that they have confidence in and give first priority to their needs.

That is our fundamental point.

4. Should any programs be excluded from the budget totals? S. 1541 does not have a provision concerning what Federal activities will be included in the budget, which could be interpreted to mean that the present arrangement is satisfactory. As you know, the exclusion of certain activities has been authorized during the last few years—specifically the Export-Import Bank and the Rural Electrification Administration lending programs. I believe that the objective of establishing control over overall budget totals and priorities within that total cannot be achieved if major programs are left out.

In 1967, the President's Commission on Budget Concepts, President Johnson's Commission, strongly recommended the adoption of the unified budget concept under which all Federal activities financed with Federal funds would be included. The Commission, of which I was a member, viewed this as its most important recommendation. A single budget was recommended to replace the three different budgets then in use which had caused confusion and misunderstandings.

President Johnson and later President Nixon accepted this recommendation and since 1969 we have had the unified budget with the exception of the two programs mentioned above. I emphasize this because, if the Congress is to exercise effective control over Federal expenditures it must include all programs which involve spending; it should resist efforts to remove Federal activities from the budget and take action to restore those expenditures presently excluded.

The REA loan program and the Export-Import Bank are the only programs which would be omitted under the terms of S. 1541. The fundamental purpose of a single budget is to bring together in one place competing needs so that priorities may be more readily estab-

lished and resources allocated with due regard to all potential demands on the Federal Treasury.

Senator BYRD. Now, Mr. Staats, how much of an impact do the expenditures in those two programs have?

Mr. STAATS. I would have to check and supply this for the record because I do not have the current figure in mind but it would be well over \$1 billion.

[The material referred to, subsequently received, follows:]

During Fiscal Year 1973, excluding the Export-Import Bank's receipts and disbursements from the budget understated the budgetary deficit from what it otherwise would have been by about \$498 million. This amount represented a sharp increase over the approximately \$145 million involved in the previous year.

We believe that the budgetary impact of Eximbank's operations will continue to grow in the future on the basis of the expansion of the Bank's operations that has already occurred. With additional expansion planned, an overstatement of the budgetary surplus or an understatement of a budgetary deficit could easily be billions of dollars in the near future.

Budget authority (authority to spend public debt receipts) for FY 1973 for the Rural Electrification Administration was estimated to be \$633 million in the FY 1974 budget (Appendix page 165). No new budget authority was requested for FY 1974.

The level of activity of these two programs in FY 1973 was about \$1.1 billion and will be higher in FY 1974.

Senator BYRD. Over \$1 billion, the combined total of the two programs?

Mr. STAATS. But we are also concerned about the principle because if you exclude these two, what about the SBA loan program, the Veterans' loan program, what about Farmers Home? You can go down the list and we have today outstanding loans from all of these organizations who qualify pretty much on the same basis as the REA and the Ex-Im Bank adding up to over \$30 million.

Senator GRIFFIN. If you can recall I think it would be of value for the record as to how these two programs were excluded.

[The material referred to, subsequently received, follows:]

Public Law 93-32, May 11, 1973, amends the Rural Electrification Act of 1936.

"Section 306 *** Provided, That any amounts guaranteed hereunder shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States."

Public Law 92-126, August 17, 1971, amends the Export-Import Bank Act of 1945.

Section 2(a) :

"(2) The receipts and disbursements of the Bank in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government. In accordance with the provisions of the Government Corporation Control Act, the President shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Bank, which budget shall also include the estimated annual net borrowing by the Bank from the United States Treasury. The President shall report annually to the Congress the amount of net lending of the Bank, including any net lending created by the net borrowing from the United States Treasury, which would be included in the totals of the budget of the United States Government if the Bank's activities were not excluded from those totals as a result of this section."

Mr. STAATS. They were included in the budget as of 2 years ago and were excluded on the recommendation of the executive branch and it was largely simply to remove them from any budgetary limitation.

I do not know if you could apply the same test to other programs. Where do you end up? I think the people who would be for the veterans' program and the small business program and the farmers home loan could make pretty much the same kind of plea.

Senator BYRD. Before you proceed to your last point, you indicated in your statement that S. 1541 does not have a provision concerning what Federal activities will be included in the budget.

Mr. STAATS. It is silent on that point.

Senator BYRD. What about the House bill?

Mr. STAATS. The House bill is in the same situation.

Senator BYRD. Also silent?

Mr. STAATS. That is right, and the reason it would not be included as we understand it technically the budget totals would be those submitted by the President and if they were not part of the President's budget I suppose administratively the legislative budget committees could pick them up.

I do not know of anybody who would say that would be a violation of the law but as the law is now drawn these would not be considered by the legislative budget committees as a part of the totals, you see.

Senator BYRD. Is it your concept of this legislation that the Congress, on its own, through the mechanism that would be established by this legislation, will be proceeding to deal with the entire budget, the outgo, the income entirely independent of the President's budget?

Mr. STAATS. That is correct.

Senator BYRD. Then is there any reason why these two programs should be omitted from the congressional mechanism?

Mr. STAATS. We do not think they should be omitted. The language of the bill possibly could be clarified by discussion on the floor or in the committee report; I do not think there is any restriction which is written in here which says the Congress must limit itself to the President's budget total.

Mr. Chairman, they could do this but as of now all I am saying is there is no provision in S. 1541 which would include these kinds of programs.

Now, the last point in my statement briefly is the greater use of multiyear appropriations. We believe there should also be greater use of advance authorizations and multiyear appropriations. This is especially important for grant programs which require matching funds.

States and local governments currently are not able to effectively plan and manage their programs and finances without much earlier notification of Federal decisions. Such delays are inevitably costly and slow down the administration of programs which otherwise must be financed through a continuing resolution.

In conclusion, I would like to emphasize our strong support for the objectives of the proposed congressional budgetary control legislation and that we will cooperate with and assist all involved organizations in any practical manner in carrying out new responsibilities.

Just on a kind of personal note I want to express my own view. This is a very complicated piece of legislation and a very complicated subject. It may be of some value to describe the experience that we had in the Budget Bureau when we first attempted to develop the same concept of looking first at the budget total, in a sense trying to get a trial balance. We started this back after World War II when the Govern-

ment grew so fast. We did this early in the year along about May or June where the budget was going to be submitted by the President the following January.

We found it necessary to arrive at some tentative totals early enough in the year to give policy guidance and to give priority guidance to those preparing the budget because otherwise each agency came in without reference to any kind of a total. They came in with totals 2, 3, or 4 times what the President ultimately submitted. We called the tentative totals budget targets and we made a tentative allocation of these targets to each of the major agencies early in the year against which detailed hearings were held and detailed analyses were made. This total was then adjusted by the President in November and December before he submitted his budget in January.

The problem to be handled here and the principle involved I think is very substantially the same. The reason I am bringing this up is we had to learn how to do this over a period of several years and it did not work too well the first 2 or 3 years we tried, but I think now it is established procedure and at least from the most recent years of my own experience it worked quite well.

Mr. Hughes here had experience with it.

Senator BYRD. Would you suggest, in the light of that experience, that the legislation here ought to provide for a more gradual approach to be taken step by step before the entire thrust of this legislation is realized?

Under this legislation almost everything happens the first year, with the exception of the reenactment of some of the legislation that would not have to be effectuated the first year.

Is there a way that we can get into this gradually, feel our way, knock out the bugs as we go along, but have overall legislation from the beginning that guarantees that we will move toward the ultimate?

Mr. STAATS. I have not addressed myself to that point, and in a sense it is not my business but the Congress business. If I were in a position to specify the timetable I would be inclined to answer your question as follows: It would be better initially to get the committees established and get the legislative budget director's position established, and give him some time to develop his staff. If you throw him into the situation where he has to bring this all out fullblown he will have serious trouble.

In other words, I think I would argue for a later effective date for it, but still put the statute on the books, get the committees established, get the staff arranged, and begin to develop the kind of information that will be needed to support the legislative committees.

That would be my recommendation to you, Mr. Chairman.

Senator BYRD. Senator Griffin, if I may take 5 or 10 minutes at this point, let us take the timetable and sequence of events as presented on page 18 of the report of the Government Operations Committee.

It reads as follows: "On or before December 1 a current servicing budget will be submitted."

Now, if I get into questions that go beyond your conversancy with this legislation let me know, but I take it that you are very conversant with this bill and with the timetable.

Mr. STAATS. I have been mostly concerned with those provisions which relate to our office, Mr. Chairman.

Senator BYRD. But in view of your past experience in the Bureau of the Budget, I think you can make some very valuable contributions in this connection.

By whom would the current service budget be submitted, and to whom?

Mr. STAATS. The bill provides that this will be submitted by the President, and would reflect the costs of current programs for a full year without regard to any modification by the President, or any additions, or deletions.

Senator BYRD. This goes beyond the budget?

Mr. STAATS. If I can express a personal view, based on my own background, and knowing the heavy workload involved in the President's Office, and in the Office of Management and Budget, it is not very realistic to expect a formally submitted current services budget by the President.

However, I do think it would be possible for the legislative budget Director, equipped with the technical staff, to work with the agencies directly, and get most of the needed information in a way which would be meaningful.

I am thinking particularly about ongoing programs where the workload is pretty much fixed, and which add up to 75 to 80 percent of the total budget. My question would be whether it is realistic to require the President to submit a formal current services budget on this date and still meet all the other workload.

Beyond that I think it is difficult for any President to submit on December 1, a current services budget and then show all the changes which are involved in that budget in the next month, in January.

I think it is very difficult politically for any President to do this, Mr. Chairman.

Senator BYRD. To whom would the President submit this budget?

Mr. STAATS. This is submitted to the Congress, just like the January budget, but it would, of course, go to the legislative committees.

Senator BYRD. This would be an additional budget document, over and above what he is now required to submit?

Mr. STAATS. That is my understanding.

Senator BYRD. Is our problem mainly with the date of December 1?

Mr. STAATS. If I were the legislative budget director I would want to be getting this information to the extent it was available, long before the first of December.

Senator BYRD. Your problem is not with the concept, but with the date?

Mr. STAATS. With the date, and the formality of it.

Senator BYRD. What would you suggest?

Mr. STAATS. I would suggest that the legislative budget director be authorized and directed by the Legislative and Budget Committees to work with the Executive agencies and the OMB to obtain the information that we need to inform those committees.

I am afraid the Congress might get a somewhat political document, knowing the President is going to have to come down the next month with his final budget.

Senator BYRD. On February 1 the President's budget will be submitted.

On April 15 the Joint Economic Committee and other committees, including the Appropriations, Ways and Means, and Finance, as well as legislative committees, in which basic legislative authorization is being considered, will submit reports and estimates to the budget committees.

Mr. STAATS. I do not have any particular problem with that, Mr. Chairman.

Senator BYRD. You may not have, but what about those legislative committees? They are required by April 15 to submit reports and estimates of what?

Mr. STAATS. Well, as I read the committee report, and this is again my personal reaction, I think that there should be an analysis made by all of the interested committees which would be fed into the work of the legislative budget committees.

The primary concern at the stage of the first concurrent resolution is the budget total. Does the Congress want to accept a budget of a given total, and if so, what does this mean in terms of the surplus, deficit, additional borrowing, effect on the economy? All of these kinds of considerations would be gone into, what overall priorities, defense versus nondefense, resources against other programs, and things of this type. I think it would be very useful to have the input of these other various committees into the committee's considerations.

Senator BYRD. Let us take the Judiciary Committee. Does this mean that by April 15 each year the Judiciary Committee would have to submit to the budget committee of the Senate under the Senate bill, where it says: "Report on and estimates of the costs involved in the implementation of the Victims of Crime Act * * *"

For example, would it also have to include estimates of future costs on legislative measures which have already been enacted in previous years?

Would it also have to include estimates with respect to legislation still before the committee, but which it anticipates would be enacted prior to the ensuing fiscal year?

Mr. STAATS. I believe this question could probably best be addressed to those who worked on the bill directly, but it is my understanding that this would be discretionary, and that all the April 15 does is provide a cutoff date at which time any comments made would be made available to the committee.

Senator BYRD. The next date set forth is May 1. It reads:

On May 1 the Congressional Office of the Budget submits its report to the Congress, and by May 31 all legislation authorizing the enacting of budget authority for the upcoming fiscal year will be enacted.

By May 1 the Congressional Office of the Budget submits its report to the Congress.

What report is that?

Mr. STAATS. I understand this would be the recommendations of the Congressional Office of the Budget with respect to budget totals.

Senator BYRD. On May 31, Congress completes action on legislation authorizing enactment of new budget authority.

Now, the very next day, on June 1, the Budget Committees report their first concurrent resolution on the budget.

Is this practical, in your judgment, that on one day the deadline expires for the enactment of authorizing legislation, and the very next

day the budget committee reports its concurrent resolution which must anticipate the estimates of costs of some of the legislation the deadline for which had just passed the previous day?

Mr. STAATS. I would assume, Mr. Chairman, as a practical matter, that legislation which would meet that May 31 date would have to be enacted somewhat earlier.

Senator BYRD. As a practical matter, looking at it from our standpoint, I am not so sure that the authorizing committees can gear up, and that the floorwork can be completed on all authorizing legislation by May 31.

It seems to me that it is not only a problem initially, but all of these laws have to be reenacted every 3 years. This is going to create a glut of authorizing legislation on the floor of the Senate, and it will give the opponents of the legislation a new opportunity every 3 years to oppose the legislation and conduct a filibuster. I wonder about the workability of this timetable.

Does this trouble you?

Mr. STAATS. It would obviously place a lot more emphasis on getting the authorizing legislation approved in the first 4 months of the session.

With respect to any authorizing legislation that may go through by the end of May, I suppose it could be picked up in the resolution based on a tentative estimate of what that would cost.

Senator BYRD. On June 20, each House completes action on the concurrent resolution on the budget.

That means that about 3 weeks will have been taken following the submission of the Budget Committee's report on the first concurrent resolution, by each House on such first concurrent resolution.

Now, by July 1, which is 10 days later, the conference must be completed—the conference between the two Houses on the first concurrent resolution, and by September 20 Congress completes action on legislation providing new budget authority.

That means appropriations bills, does it not?

Mr. STAATS. Yes.

Senator BYRD. Congress completes action on appropriations bills with the Senate having to await action first by the House on appropriations bills.

If custom is to be honored, it seems to me this is going to be a difficult goal.

Mr. STAATS. The House has an earlier date. The exact date escapes my memory at the moment, but the House does have an earlier date for the completion of its action on the appropriations bills.

Senator BYRD. Earlier than under the Senate bill?

Mr. STAATS. Right.

Senator BYRD. Under the Senate bill each House completes action on the first concurrent resolution on the budget by June 20.

By July 1, Congress completes action on the first concurrent resolution.

September 20, Congress completes actions on appropriations.

September 30, Congress completes actions on ceiling enforcement.

Senator GRIFFIN. Mr. Chairman, for the record, the date in the House bill for Congress to complete action on all appropriation bills is August 1.

Senator BYRD. Am I to understand by reading the committee report that what takes place in this period from September 20 and September 30 is the following: looking at page 21 on the reconciliation process, should the totals of new budget authority and outlays be at or within the limitations on total new budget authority and outlays in the budget resolution, then there is no problem, the Appropriations Committee will report a so-called ceiling enforcement bill, which will trigger the effectiveness of the previously enacted appropriations.

Although, I said there is no problem, this would give Senators who are opposed to some of the items in the appropriations bill a chance to have a second stab at that.

Mr. STAATS. The House bill does not have a similar provision.

Senator BYRD. Now, should the total of new budget authorities or outlays enacted exceed the limitation in the budget resolution, various reconciliation measures are provided.

First, the Appropriations Committees will report a ceiling enforcement bill which rescinds sufficient new budget authority to bring the total within the limitation in the budget resolution.

Each House will debate and amend this measure as it sees fit, making revisions in whatever area it chooses, and if such revisions are made, and the bill is enacted, it would trigger the previously enacted appropriations, minus revisions and the budget will have been reconciled all within a 10-day period.

Now, if Congress is unable to agree on such rescissions to come within the budget resolution—we are still operating in a 10-day period—if Congress is unable to agree with such rescissions to come within the budget resolution, and it may take 10 days to determine that Congress is unable to agree on sufficient rescissions—talking about both Houses—if Congress is adamant about spending in excess of the earlier established limits, the enforcement bill will be recommitted.

What if the Senate fails to recommit?

What if we cannot agree, but we will not recommit, and the Budget Committee will report a second budget resolution recognizing the desired higher level of spending?

Here we have the situation in which the enforcement bill comes out, Congress has to make rescissions; it fails to make the rescissions. And let us say the bill is recommitted, the Budget Committee then has to report a second budget resolution which will be subject to debate, all within a 10-day period.

Do you feel that this presents a workable approach, Mr. Staats?

Mr. STAATS. Not having been involved in the drafting of this, perhaps I should not be expressing a view on what is feasible in the legislation process.

I perhaps should not express an opinion on it, Mr. Chairman.

Senator BYRD. Very well. Let us complicate the situation a little bit further.

Let us say that the second budget resolution recommends the raising of revenues.

On page 22 this could be done. This is one of the approaches that may be taken in dealing with the second budget resolution. So higher revenues are recommended.

I personally cannot envision the Ways and Means Committee and the Finance Committee marching to the drum of this approach, and enacting higher revenues within this 10-day period.

Well, these are some of the questions that occur to me as I view this bill. It is not that I want to oppose the legislation; I merely feel it is my duty as a member of this committee to be critical of it in a constructive way, and attempt, if we can here, to find the weaknesses in the bill.

Do you have any comment on this area, in general?

Mr. STAATS. I would think the options that the Congress would have under these circumstances would be quite limited.

I think that is what the House bill finally came out with. They started out with a much more mandatory provision in line with the Joint Study Committee recommendation that in the event it exceeded the total there would have to be new revenues.

I have some doubt about the feasibility about that, but if they cannot get a vote that reduces the total, I think the real option the Congress has at that stage is to raise the total.

Senator BYRD. So we are back where we are now, almost.

Mr. STAATS. Well, I would not think so, necessarily.

I think the whole process has to be looked at in terms of the value of the initial debate, the initial targets which are established, and the priorities, rough as they may be.

My own observation has been that the Congress difficulty in part has been in not working against an end objective. I think the scorekeeping report has improved tremendously, and I think it should be used more as individual bills come up, but still the leaders of the Congress and the committee chairmen are not working against any kind of agreed upon objective, and I hope that is what this bill will do.

Senator BYRD. When I say we will be back where we are now, politically I think we would. We would be back to favoring the programs, but not favoring the increased revenues to carry them on, and so we just increase the deficit spending.

Mr. STAATS. There would be a difference, though, it seems to me. If the Congress increases the deficit at this point it would be doing this knowingly and consciously, and against an earlier total which had been agreed upon as an objective. Today you have to wait until you are all through, and then you add it up before you really know what the total will be. This way I think the Congress would be knowing a lot more.

Senator BYRD. I think it would have that advantage.

Senator Griffin?

Senator GRIFFIN. Mr. Staats, for the record, what do you think of the October 1 date for the beginning of the fiscal year?

Mr. STAATS. I am very much for it. I would be for it even if you were not considering this bill, because a continuing resolution has become a common thing now.

They are expensive, and they are costing the Government money, in my opinion. I would be for it even if you were not considering this legislation.

Senator GRIFFIN. What about the calendar year?

Mr. STAATS. I would be opposed to the calendar year. Most usefully, the budget as submitted ought to reflect the completed results of the previous fiscal year.

The only way to do that if you used the calendar year would be to delay the submission of the budget for at least 3 months. Unless you

want to change and go back to the old March type session of Congress, I do not think that is realistic. However, you can still submit the President's budget, his economic message, and his State of the Union Message, and develop his legislative program working against an October 1 date.

You could not do that with the January 1 date, so I strongly support the October 1 date.

The Commission on Government Procurement which I was a member of, looking at procurement operations from the standpoint of having to procure against continuing resolutions, concluded it was costing the Government a great deal of money by not having certainty with respect to the amount of authorization or the appropriation.

Senator GRIFFIN. Mr. Staats, I understand from your testimony that you do not favor the establishment of the Congressional Office of the Budget, is that correct?

Mr. STAATS. That is correct. My position on this has been stated in open testimony.

Senator GRIFFIN. What about the provision in the Senate bill providing for coordination among various congressional support organizations, GAO, and Congressional Reference Services?

Mr. STAATS. We have no problem with that, and have worked closely with the committee working out those relationships ourselves and others, and we think those are quite satisfactory.

Senator GRIFFIN. Do you see any way that the creation of a Congressional Office of the Budget infringes upon the existing jurisdiction of the GAO?

Mr. STAATS. Not on jurisdictional grounds.

My only feeling with respect to this point is that I would think the Legislative Budget Director could be most effective if he were drawing on experts, wherever they were available, in the legislative branch, including the Congressional Research Service, our office, and the committees that have a direct interest in it.

This would be in the interest of partly keeping the staff very small and very flexible, and to enable them to meet peak loads, and that type of thing. But it does not infringe on our jurisdiction, no, sir.

Senator GRIFFIN. Mr. Chairman, for the record, a member of my staff has called my attention to the fact that on page 62 of the bill, at line 17, it provides that there would be an automatic recommitment by the presiding officer without further motion. I do share the Chairman's concern on the matter that the resolution which would recommend higher revenues does not involve any enactment of taxation. I suppose we would not have to provide how the moneys would be raised, but just recommend that there be higher revenues and thereby discharge our responsibilities.

It would seem an easy way to evade the whole objective of the legislation. I take it that the answer on the other side, which Mr. Staats has provided, is that even with faults and inadequacies, some definite benefit can come from the fact that we set the goals.

Mr. STAATS. Yes, sir, I believe you made the statement earlier that this probably is the most fundamental change being considered since the Budget Accounting Act of 1921, and I share that view.

Again, I simply would like to emphasize that although there may be problems and imperfections, some of which can be eliminated before enactment, I believe that overall, what you are trying to achieve man's concern on the matter which would recommend higher revenues here is very important.

I am impressed with the fact that in the last 5 years we have accumulated over \$100 billion of new deficits.

President Johnson's first budget 10 years ago was under \$111 billion. The budget this year, the total at least, is going to be over \$300 billion. Within this framework, I hope that maybe this approach, which is very similar to the approach the executive branch had to come to about 15 years ago, will be helpful.

I believe it is much more complicated to make it work in the legislative branch, but the basic approach is an improvement.

Senator GRIFFIN. Mr. Staats, I wonder if you have a copy of the bill before you?

Mr. STAATS. Of the Senate bill?

Senator GRIFFIN. Yes.

Would you take a look at page 67, where the term Advance Budget Authority is defined?

I take it in light of your testimony that you do not feel that that language would apply to and cover the rural electrification program, and the Export-Import Bank.

Mr. STAATS. I do not believe so. We will take another look at it, if you like, but I do not believe it does, simply because it would not be part of the President's budget.

Senator GRIFFIN. I do not really see any reference to the President's budget. Also looking at subparagraph (D) on page 68 it seems to me underscores one point, and that is there cannot be any question about what is supposed to be in there. As I see it, we ought to spell it out very carefully.

Mr. STAATS. It may well be this could be cleared up in the dialog on the floor to make it clear what the intent is.

Senator GRIFFIN. I think your testimony has been extremely valuable. Mr. Staats, and I appreciate it.

I think you made some very excellent points, and I hope that you will be available to the committee in the future, because we may have further questions of you.

Mr. STAATS. Be happy to come at any time.

Senator BYRD. I note the provisions that have been pointed out to me by my colleague provide for automatic recommitment of the ceiling enforcement bill by the presiding officer.

This would not be a question I will address to you, Mr. Staats, but it is a question that I think must be gone into by this committee with the Parliamentarian who will possibly be called as a witness later.

The provision providing for recommitment by the Presiding Officer could be waived or suspended only by a two-third vote of the Senate.

If a point of order were made against the Presiding Officer's action, it would take a two-thirds vote to overrule his decision. At what point would the Presiding Officer recommit?

The legislation says if after amendments proposed in either House have been considered, such bill does not meet the requirement of section 309 (c) (2), it shall be recommitted by the Presiding Officer with-

out further motion. That is quite an onerous burden to place on the Presiding Officer, but I have no questions of you.

Senator GRIFFIN. I would only observe, Mr. Chairman, that you put your finger, I think, on one important aspect of the bill. There are other areas of the bill as well which would require significant changes in the rules, and there is no question that these are points that need a lot of consideration.

Senator BYRD. There has to be 1 day's notice, unless they are waived and suspended by unanimous consent, and whether or not unanimous consent can be gotten here remains to be seen.

If the Senate is to follow its other rules with respect to the waiving and amending of the Standing Rules of the Senate, it would require 1 day, in writing, on the motion to suspend this rule that the Presiding Officer be allowed to recommit the bill.

As I understand it, the 100 hours are allowed on the first concurrent resolution on the budget.

There is no provision made for limitations to date on the second concurrent resolution. There are 10 hours on the conference report, 100 on the first concurrent resolution, no limitations to date on the second concurrent resolution, should one be necessary; and 30 hours on the ceiling enforcement bill.

Talking about the ceiling enforcement bill, 30 hours of debate are allowed on that, but there is no provision made for limitation of debate on motions in regard thereto, amendments thereto, appeals from rulings of the Chair, et cetera.

These are areas that we will want to get into at some later date.

Mr. Staats, I thank you for a very fine presentation, and we would hope to call on you further if the need should arise.

Mr. STAATS. Thank you for inviting me, Mr. Chairman.

Senator BYRD. The list of witnesses would indicate that there are four yet to be heard: Senator Metcalf; Mr. Roy Ash, Director, Office of Management and Budget; Mr. Charles L. Schultze, former Director of the Budget, together with Mrs. Revlin, and Dr. Robert A. Wallace, vice chairman of the board, Exchange National Bank of Chicago.

The subcommittee, with the indulgence of these additional witnesses, is prepared at this time to take a recess, and if agreeable to you, the subcommittee would resume its hearing at 2 o'clock. Any objections to this arrangement? If not, the subcommittee will stand in recess until the hour of 2 p.m. today.

[Whereupon, at 12:40 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Senator BYRD. The subcommittee will resume its hearing. The Chair will insert in the record a written statement received from Senator Vance Hartke with respect to the pending measure.

[The written statement of Senator Hartke appears on p. 152.]

Senator BYRD. The first witness at the resumed hearings this afternoon is Mr. Roy L. Ash, Director of the Office of Management and Budget.

Mr. Ash, you have a prepared statement, 12½ pages in length, and I think it would be very beneficial, if you have the time, if you read this statement in its entirety, allowing interruptions from time to time when necessary.

STATEMENT OF ROY L. ASH, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, ACCOMPANIED BY DALE McOMBER, ASSISTANT DIRECTOR, BUDGET REVIEW

Mr. ASH. Thank you, Mr. Chairman.

I appreciate that opportunity. I certainly do have the time for this very important purpose.

Senator BYRD. May I say—pardon me for interrupting you at this point—Senator Metcalf is here, and it is with his understanding that we are proceeding with Mr. Ash at this time.

Mr. ASH. Mr. Chairman, I welcome this opportunity to discuss S. 1541, the proposed "Federal Act to Control Expenditures and Establish National Priorities."

In his last three budget messages, the President has encouraged the Congress to review and reform its procedures for consideration of the Federal budget. Congress has done very considerable work of its own toward this end, thus this bill is tangible evidence of the Congress' efforts to move toward such reform.

This administration has long stressed the need for the Congress to relate individual action on appropriation bills or other spending measures to action on budget totals. S. 1541 not only provides that system, but also establishes a timetable for congressional action on authorizing legislation and appropriation bills and provides for a reconciliation process to bring appropriation bills into conformance with the prescribed overall budget limitations. As a result, this bill remedies many of the major shortcomings of the congressional budgetary process which have received considerable attention in recent years.

While changes in congressional procedures are, of course, up to the Congress to decide, the manner in which the Congress reviews the budget impinges heavily on the management of the executive branch. Therefore, even as we believe that S. 1541 is basically sound legislation, we are concerned about several provisions which affect the role of the President and his responsibility for efficient administration of the executive branch.

We intend to comment on these.

First, we want to share with you particularly our concern about the change in the fiscal year proposed under this bill. Title V establishes a new fiscal year beginning October 1 and ending September 30.

As this committee undoubtedly knows, the Congress has often considered a change in the fiscal year, usually involving a shift which would make the fiscal and calendar years coincide. In 1969, a special subcommittee of the House Committee on Rules received testimony on the subject from a number of witnesses and concluded that such a change was not justified.

In 1971, the Joint Committee on Congressional Operations held extensive hearings on the subject. In its report, the Joint Committee noted that prior to the hearings, a majority of the 10 members of the

committee cosponsored legislative proposals for a change in the fiscal year. Yet despite that fact, the Joint Committee recommended against the change on the basis of "evidence developed during the hearings and supplementary research."

Senator BYRD. Mr. Ash, in the references that you have made to the consideration of this subject from time to time in previous Congresses, was there in any instance the particular change to which this bill addresses itself; to wit, the October 1-September 30 fiscal year?

Mr. ASH. I believe that there was no such reference, Mr. Chairman. I think in most cases the alternative considered was the January 1; that is, date for beginning the fiscal year, the calendar year and fiscal year were made to coincide.

Senator BYRD. So you do not recall any instance, I take it, in which consideration has been given by Congress to this particular revision of the fiscal year?

Mr. ASH. That is right, Mr. Chairman.

Senator BYRD. All right.

Mr. ASH. We recognize that the proposal in this bill for a fiscal year ending September 30 is an integral part of a detailed timetable for action on the Federal budget, but I urge the committee to consider this step very seriously.

When the Joint Committee on Congressional Operations reviewed the fiscal year change in 1971, they noted particularly the evidence indicating that the change would require complex technical and costly conversions which the committee compared with a change to the metric system.

Senator BYRD. Would you give us one example?

Mr. ASH. I think my comments later will point out some of those—if I may reserve that until I come to the prepared statement. But there are many, many pieces of legislation that in one way or another are tied to the fiscal year and would require amendment in order to conform to a changed fiscal year, whatever it might be.

Senator BYRD. At the moment could you think of a "costly conversion"?

Mr. ASH. I think a "costly" and time-consuming conversion would be required to go through virtually every single piece of legislation that ties various other events to the fiscal year period, a change in the fiscal year would change the whole process of many other ongoing activities of the Government that tie various steps to the fiscal year.

Formula grants, I guess, is one area we might identify in particular. We would have to recalculate all of those.

I would be the first to say that all of these things could be done. I am merely pointing out, and I will make the point again later, that they involve a very complex task. Another point that I will be making later is that if we were to go to such a fiscal year, we should allow ourselves more time to do all of the work necessary that is more than 1 year before the change becomes effective.

I want to emphasize the difficult problems—this is one of the things we were talking about concerning the many provisions in existing legislation which are geared to a June 30 fiscal year.

Title V provides for blanket conversion of laws authorizing an appropriation to the new fiscal year. However, there are numerous other statutes which require administrative actions, including reports

to the Congress, financial reports and determinations of entitlements under formula grants—that later I particularly call attention to.

Senator BYRD. Could you give for the record later more precise information as to the number of formula grants, administrative actions and so on which you have reference to here?

Mr. ASH. All right, sir. We can do it more simply for formula grants. In order to do it for all of these other actions, we would have to go through virtually every piece of legislation and search them out. That is one of the major tasks of conversion—to do that very thing, to search them out.

I think we can give you that information on formula grants, and make the best estimates we can short of taking all this time we talk about.

Senator BYRD. All right.

Mr. ASH. We will then give you the best we have available at the present time.

Senator BYRD. All right.

[The Office of Management and Budget subsequently submitted the following information for the record:]

There are currently 80 formula-type grant programs authorized by the Congress. (A listing is furnished at the end of this insert.) Because of the number of programs and the complexity of the authorizing legislation, there is insufficient time to analyze the language of every provision of law to determine whether a change in the fiscal year would necessitate an amendment.

In some instances, authorizations for formula-type grant programs are revised annually. In other instances, references are made to "the fiscal year" without explicitly defining the term. In still others, the Secretary or other administrator of the program is given discretion in allocating grants to States or other grantees. Authorizations with provisions such as these are flexible or broad enough not to require amendment, if the fiscal year is changed.

On the other hand, the need for a change in statute is required in many cases where actions are tied to a calendar date which coincides with the beginning of the present fiscal year. The following excerpts from existing authorizing legislation illustrate the problem:

DEPARTMENT OF AGRICULTURE

PAYMENTS TO AGRICULTURE EXPERIMENT STATIONS UNDER HATCH ACT

7 U.S.C. 361c.—*Payment of allotments to State agricultural experiment stations; etc.*

"Sums available for allotment to the States under the terms of sections 361a to 361i of this title, excluding the regional research fund authorized by section 361c (c) (3) of this title, shall be paid to each State agricultural experiment station in equal quarterly payments beginning on the first day of July of each fiscal year upon vouchers approved by the Secretary of Agriculture."

7 U.S.C. 361g.—*Secretary of Agriculture; powers and duties; etc.*

"On or before the first day of July in each year after the passage of sections 361a to 361i of this title, the Secretary of Agriculture shall ascertain as to each State whether it is entitled to receive its share of the annual appropriations for agricultural experiment stations under said sections and the amount which thereupon each is entitled, respectively, to receive."

DEPARTMENT OF COMMERCE

COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT

16 U.S.C. 779c.—*Apportionment of funds among States; etc.*

"Funds appropriated pursuant to section 779b(a) of this title shall be apportioned among the States, by the Secretary, on July 1 of each year or as soon as practicable thereafter, on a basis determined by the ratio which the average of

the value of raw fish harvested by domestic commercial fishermen and received within the State (regardless where caught) for the three most recent calendar years for which data satisfactory to the Secretary are available plus the average of the value to the manufacturer of manufactured and processed fishery merchandise manufactured within each State for the three most recent calendar years for which data satisfactory to the Secretary are available. However, no State may receive an apportionment for any fiscal year of less than one-half of 1 per centum of funds or more than 6 per centum of the funds."

DEPARTMENT OF THE INTERIOR

WILDLIFE RESTORATION

16 U.S.C. 669c.—Apportionment of funds; etc.

"The term fiscal year as used in this chapter shall be a period of twelve consecutive months from July 1 through the succeeding June 30, except that the period for enumeration of paid hunting-license holders shall be a State's fiscal or license year."

DEPARTMENT OF TRANSPORTATION

HIGHWAY RESEARCH, PLANNING AND CONSTRUCTION

23 U.S.C. 104, as amended by Public Law 93-87.—Apportionment

"On or before January 1 next preceding the commencement of each fiscal year, except as provided in paragraphs (4) and (5) of this subsection, the Secretary, after making the deduction authorized by subsection (a) of this section, shall apportion the remainder of the sums authorized to be appropriated for expenditure upon the Federal-aid systems for that fiscal year, * * *."

ENVIRONMENTAL PROTECTION AGENCY

WATER POLLUTION CONTROL-STATE AND INTERSTATE PROGRAM GRANTS

33 U.S.C. 1256(f).—Conditions

"Grants shall be made under this section on condition that—

(3) Such State (or interstate agency) submits within one hundred and twenty days after October 18, 1972, and before July 1 of each year thereafter for the Administrators' approval its program for the prevention, reduction, and elimination of pollution in accordance with purposes and provisions of this chapter in such form and content as the Administrator may prescribe."

FORMULA TYPE GRANT PROGRAMS¹

DEPARTMENT OF AGRICULTURE

- 10.202 Cooperative Forestry Research
- 10.203 Payments to Agriculture Experiment Stations Under Hatch Act
- 10.500 Cooperative Extension Service
- 10.550 Food Distribution
- 10.552 Special Food Service Program for Children
- 10.553 School Breakfast Program
- 10.554 Nonfood Assistance for School Food Service Programs
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.650 State and Private Forestry Cooperation

DEPARTMENT OF COMMERCE

- 11.407 Commercial Fisheries Research and Development
- 11.506 State Marine Schools

DEPARTMENT OF DEFENSE

- 12.315 Civil Defense—Personnel and Administrative Expenses

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

- 13.207 Comprehensive Health Planning—Grants to States
- 13.210 Comprehensive Public Health Services—Formula Grants

¹ The numbers are the numbers assigned to the program in the latest Catalog of Federal Domestic Assistance.

- 13.211 Crippled Children's Services
- 13.220 Health Facilities Construction—Grants
- 13.232 Maternal and Child Health Services
- 13.257 Mental Health—Alcohol Formula Grants
- 13.269 Mental Health—Drug Abuse Formula Grants
- 13.400 Adult Education—Grants to States
- 13.408 Construction of Public Libraries
- 13.427 Educationally Deprived Children—Handicapped
- 13.428 Educationally Deprived Children—Local Educational Agencies
- 13.429 Educationally Deprived Children—Migrants
- 13.420 Educationally Deprived Children—State Administration
- 13.431 Educationally Deprived Children in State Administered Institutions
Serving Neglected or Delinquent Children
- 13.449 Handicapped Preschool and School Programs
- 13.453 Higher Education—Land-Grant Colleges and Universities
- 13.455 Higher Education Academic Facilities—State Administration
- 13.463 Higher Education—Work Study
- 13.464 Library Services—Grants for Public Libraries
- 13.465 Library Services—Interlibrary Cooperation
- 13.478 School Assistance in Federally Affected Areas—Maintenance and Operation
- 13.480 School Library Resources, Textbooks, and Other Instructional Materials
- 13.483 Strengthening Instruction Through Equipment and Minor Remodeling
- 13.486 Strengthening State Departments of Education—Grants to States
- 13.493 Vocational Education—Basic Grants to States
- 13.494 Vocational Education—Consumer and Homemaking
- 13.495 Vocational Education—Cooperative Education
- 13.498 Vocational Education—Research
- 13.499 Vocational Education—Special Needs
- 13.500 Vocational Education—State Advisory Councils
- 13.501 Vocational Education—Work Study
- 13.502 Vocational Education—Innovation
- 13.511 Educationally Deprived Children—Special Grants for Urban and Rural Schools
- 13.512 Educationally Deprived Children—Special Incentive Grants
- 13.519 Supplementary Educational Centers and Services, Guidance, Counseling, and Testing
- 13.609 Special Programs for the Aging
- 13.707 Child Welfare Services
- 13.714 Medical Assistance Program
- 13.724 Public Assistance—State and Local Training
- 13.746 Rehabilitation Services and Facilities—Basic Support
- 13.748 Work Incentive Program—Child Care—Employment-Related Supportive Services
- 13.753 Developmental Disabilities—Basic Support
- 13.754 Public Assistance—Social Services
- 13.761 Public Assistance—Maintenance Assistance (State Aid)

DEPARTMENT OF INTERIOR

- 15.400 Outdoor Recreation—Acquisition and Development
- 15.401 Outdoor Recreation State Planning—Financial Assistance
- 15.605 Fish Restoration
- 15.611 Wildlife Restoration
- 15.951 Water Resources Research—Assistance to States for Institutes

DEPARTMENT OF JUSTICE (LEAA)

- 16.500 LEA—Comprehensive Planning Grants
- 16.502 LEA—Improving and Strengthening Law Enforcement

DEPARTMENT OF LABOR

- 17.225 Unemployment Insurance—Grants to States
- 17.232 Comprehensive Manpower Programs

DEPARTMENT OF TRANSPORTATION

- 20.004 Boating Safety—Financial Assistance
- 20.201 Forest Highways
- 20.204 Highway Beautification—Landscaping and Scenic Enhancement
- 20.205 Highway Research, Planning and Construction
- 20.600 State and Community Highway Safety
- 20.700 Gas Pipeline Safety

CIVIL SERVICE COMMISSION

- 27.012 Intergovernmental Personnel Grants

NATIONAL FOUNDATION OF THE ARTS AND THE HUMANITIES

- 45.007 Promotion of the Arts—State and Community Operations

VETERANS ADMINISTRATION

- 64.014 Veterans State Domiciliary Care
- 64.015 Veterans State Nursing Home Care
- 64.016 Veterans State Hospital Care

WATER RESOURCES COUNCIL

- 65.001 Water Resources Planning

ENVIRONMENTAL PROTECTION AGENCY

- 66.015 Construction Grants for Waste Water Treatment Works
- 66.017 Water Pollution Control—State and Interstate Program Grants

Mr. ASH. It is doubt that all necessary changes in these requirements can be covered by a single omnibus provision of law. That is, we may find in a particular situation, that we may require a change that is a little different than the general change that may be made applicable to most statutes. Special circumstances may fit the calendar year in some different way or fit various events in a way which differs from that provided for in the omnibus bill changing the fiscal year.

And then, of course, the changeover would require numerous adjustments by State and local governments that now conform many of their activities to our fiscal year.

Senator BYRD. How many of the States operate on a fiscal and calendar year that are similar?

Mr. ASH. I do not know. I think we all know that many of the fiscal activities of the States and cities are geared to the Federal Government processing of all of the programs that relate to them, whether or not their fiscal years have been geared around the Federal Government's fiscal year. But if it would serve a purpose, we can provide a list of the fiscal years for each of the States.

Senator BYRD. If you would.

Mr. ASH. All right, sir, we will do that.

[The Office of Management and Budget subsequently submitted the following information for the record:]

Of the 50 States, 47 use the same fiscal year as the Federal Government. One of the remaining three has a fiscal year beginning on October 1.

STATE GOVERNMENTS' FISCAL YEARS

Other Than July 1 Starting Date: April 1—New York; Sept. 1—Texas; Oct. 1—Alabama.

July 1 Starting Date Fixed by Constitution, Not Subject To Change by Statute: Arizona, California, Georgia, Mississippi, Missouri, Nevada, and South Carolina.

July 1 Starting Date, Subject To Change By Statute: The remaining 40 States.

Mr. ASH. One of the most disruptive features of the shift is the date for transmittal of the annual budget. Title V would require the submission of the budget on February 1, just 4 months after the close of the fiscal year.

Under the present law, the budget must be sent to Congress 15 days after the beginning of each annual session—over 6 months after the close of the prior fiscal year. That 6-month period is used to accumulate detailed actual data for the prior fiscal year and to make final decisions on funding requests, program levels, and proposed legislation for the upcoming year.

S. 1541 would allow only 4 months between the close of the prior fiscal year and the February 1 date for transmittal of the President's budget.

Further, if the budget is to be transmitted on February 1, agency budget estimates must be received by the Office of Management and Budget no later than September 30. This means that agencies would prepare their budget estimates and OMB would review them without having actual past year data. We have learned through many years of experience that past year data is a very important guide in determining our course of action for the subsequent year. So clearly, then, our judgments and the budget estimates would become less reliable without the past year data.

Senator BYRD. Now, Mr. Ash, you say S. 1541 would allow only 4 months between the close of the prior fiscal year and the February 1 date for transmittal to the President's budget. And you say that the agencies now have 6 months?

Mr. ASH. Yes, sir.

Senator BYRD. Suppose they had 8 months?

Mr. ASH. Well, the key here is—

Senator BYRD. What I am saying is, they have got 6 months?

Mr. ASH. Yes, sir.

Senator BYRD. If they had 8 months, they would say they would not want to go back to 6 months. If they had 10 months, they would say it would be difficult to go back to 8 months. How about 4 months?

Mr. ASH. I think it is a valid question. I would appreciate elaborating on that one a bit.

It is not so much the time they have; it is what data they have in hand to make their best judgments and their best estimates about the future. One of those important pieces of data is that relating to the expenditures of the period just ended.

If they do not have that in hand, as they would not have under this proposed process, then they would be working from actual data from a period over a year old and not taking advantage of current and up-to-date information.

I might also ask Mr. McOmber to tell you of the events that take place during this 4- to 6-month period, so you can see the problem of time compression or time expansion, either way.

They key is what happens on the one hand in 6 months; and on the other hand, in 4 months. I think that will give you a better understanding of our problem.

Mr. McOmber, who is responsible for planning and implementing of that process and can describe it?

Senator BYRD. Would you identify yourself for the record?

Mr. McOMBER. My name is Dale McOmber, and I am Assistant Director for Budget Review, Office of Management and Budget.

The timetable runs something like this. Every month each agency is required to furnish the Treasury some very aggregate expenditure data. That data is reported approximately a month after the end of the fiscal year in a very aggregate fashion. However, agencies are now required to close their books and furnish detailed transaction information to the Department of the Treasury by September 30 each year, that is 3 months after the close of the fiscal year.

Now, if I can make a point here, it is probably true that the Treasury Department can speed up that process to some extent. However, their testing of the possible speedup would seem to indicate that they could not speedup that part of the process by more than 15 or 20 days. It simply takes agencies time to complete analyses of their farflung transactions and record them in all of the detail that we use in connection with the budget process.

To get back to the timetable, the normal timetable is September 30 for submission to Treasury of this information. As indicated, we can speed that up to some extent.

Generally, the Treasury puts that information together in a form—

Senator BYRD. May I interrupt you right there?

Mr. McOMBER. Yes, sir.

Senator BYRD. Remember where you are.

Mr. Ash says this, if the budget is to be transmitted on February 1, the agency estimate must be received by the Office of Management and Budget no later than September 30.

Is this what you are talking about?

Mr. McOMBER. No, sir.

Senator BYRD. With your reference to the September date, you are not talking about—

Mr. McOMBER. They happen to be coincident dates.

The present regulations and the law, in fact, requires the agencies to submit actual data on September 30 to the Treasury Department.

At the same time, the agencies are submitting their budget estimates to me by September 30.

In the period following September 30, Treasury puts the data together in a way that is useful. Ultimately that data is a part of the legally required report to the Congress, which is the "Combined Statement of Receipts, Expenditures, and Balances of the United States Government" provided by the Treasury Department to the Congress.

We use that information in the form of computer tapes to analyze the data that has come in from the agencies and to adjust it. In other words, to make estimates of the detailed transactions in the budget reliable, they must be based upon actual data. We receive actual data approximately the 20th of November. The entire month of December is used by us to reconcile the budget estimates for the prospective years with the actual data for the base year, and to work with the agencies in developing the detailed transactions that must appear in the "Appendix of the Budget of the United States."

Our point is simply that all of that is a very necessary part of the budget process. We believe we can compress the process to some extent, but compressing it to the extent that we can produce a budget within 4 months seems to us to be virtually impossible.

Senator BYRD. Mr. Ash, the budget estimates that would have to be received by OMB no later than September 30 under this bill are presently required to be received by what date?

Mr. McOMBER. The same date.

Mr. ASH. Yes, September 30. So the issue here is elapsed time from when we get them until we get them out.

Senator BYRD. So under present procedure, the receipt of the budget estimates is deadlined for September 30?

Mr. ASH. That is right.

Senator METCALF. Mr. Chairman, I cannot hear Mr. Ash.

Senator BYRD. Would you speak louder, Mr. Ash? And Mr. McOmber, also.

Now, you say that this means agencies would prepare their budget estimates and OMB would review them without having actual past year data.

At the present time OMB is able to—it has access to past year data?

Mr. ASH. Yes, sir.

Senator BYRD. Does it? Against which it can review the estimates?

Mr. ASH. That is right.

Senator BYRD. All right, go ahead, Mr. Ash.

Mr. ASH. Well, with those points that I made, for those reasons who would be opposed to changing the fiscal year. But as Mr. McOmber said, if the fiscal year must be changed to the days that you have indicated, we urge that the budget transmittal date be fixed no earlier than March 15. That at least our job would be possible, although much more difficult than it now is.

In effect, what we will be doing will be to reduce by 45 days our budget-processing cycle. We see it virtually impossible to reduce it by 90 days. So as Mr. McOmber indicated, we can get Treasury to speed things up a little. We will then reduce the total elapsed time for preparing the budget by 45 days from what it now is. But that is, in our own estimation, about as far as we can go and still get the job done, given the necessity or certainly the very high desirability of having actual past years data available to us when we prepare the budget for the succeeding year.

Senator BYRD. One paragraph you omitted because of my interruption, the last paragraph on page 4.

Mr. ASH. Yes. I did it largely because it is what Mr. McOmber followed and it said—I can read it here to make sure it is in the record—

Senator BYRD. Well, it will be in the record as though read.

Mr. ASH. All right, sir.

While the Treasury Department is able to provide preliminary aggregates of outlay figures about a month after the close of the fiscal year, it is unable to furnish figures on individual appropriation transactions for at least three months. In fact, present law gives agencies three months after the close of the fiscal year to close their books and report to Treasury on those transactions.

Senator BYRD. But let me ask you, you say this, in fact, present law gives agencies 3 months after the close of the fiscal year to close their books and report to Treasury on those transactions."

Why could that not be done in a shorter period?

Mr. ASH. That is a part of how we expect to save 6 weeks.

They do their work a little faster, Treasury does its work a little faster; we do our work a little faster, and hopefully we can pick up 6 weeks in the process.

So it will make the job possible, but difficult, by squeezing the whole process in order to provide a greater time for congressional consideration.

Senator BYRD. Is this information necessary for the preparation of the new budget?

Mr. ASH. Yes, sir. We believe it is very important.

We need, in the process of preparing a budget, three sets of information. We need what the agencies themselves propose to be spent for the year ahead, based on their best judgment. We need a view of congressional actions affecting the succeeding year's budget. And we need also—this is the important one that ties in here—a knowledge of what the actual expenditures had been in the period just completed in order to feel confident that we can put forth a budget that is supportable and justifiable. And, therefore, we believe that one of the important pieces of information that should be available to us in putting our budget together, and to the Congress, is actual data from the past year.

Senator BYRD. It is my understanding that Treasury said to Government Operations staff that they have the data within 99 percent accuracy by 10 days after the end of the year.

Mr. ASH. They probably are talking about the totals because they do not get it from the agencies in the degree of detail it has to go into the budget appendix until much later than that. In terms of grand totals, Mr. McOmber was observing they give us their grand totals early but the appendix—and all the detail with which we have to work—cannot really be worked effectively without having the data account by account. So that is not inconsistent; it is just a matter of which degree of detailed information we would be working with.

Mr. McOmber may want to add something further to that from his own experience.

Mr. McOMBER. Yes, just this, Mr. Chairman. I believe that reference is simply to the reports given by the agencies to the Treasury Department on outlays or spending. It does not refer to the detailed transactions, balances, sources of funds, et cetera, which are reported by the Treasury Department by September 30 each year.

Senator BYRD. Now, Mr. Ash, you have suggested that if there is to be a change, the budget transmittal date be fixed no earlier than March 15.

What would this do to our congressional timetable as set forth in this legislation?

Mr. ASH. Well, it has been or is presumptuous of me to suggest what it might do. For my own interest, see if it were possible, even as we were somewhat collapsing our own time periods, for the Congress to do the same within the proposed schedule. I have some dates out of my own head which may or may not be at all fitting, but I suggest it probably also would be difficult—but possible—with some changes in the congressional schedule.

In fact, it looks like what we need to do is share the difficulty. What I have done is to take a 3-month period and say we will take half of it and the congressional process will take half. Then we can see if both cannot squeeze the process and save 3 months.

Whether it is possible for the congressional process to deal with it, I do not know. It would be presumptuous for me to say, although I have gone through it and believe it would be possible.

Senator BYRD. You would say that to provide sufficient data, the budget date ought to be changed to March 15 and we could still meet the October 1 deadline?

Mr. ASH. Probably, with just about the same difficulty we would have in doing ours in that shorter time.

I think what we really have in front of us is the proposition that if we had 15-month years, we could all do well. Now we must learn how to do in 12 months what our added-together schedules equal 15 months.

Senator BYRD. Yes. I would only be 42 years old instead of 56.

Well now, let me ask you this, how about submitting for the record a more detailed sheet outlining what you can do and what Treasury can do to collapse that time by 45 days.

Mr. ASH. We will do that. We will submit to you a schedule that we would go through. We mean all the way back through the agencies, Treasury and ourselves, and how we now use the longer period of time, how we would change it into a shorter period of time. We will submit those two schedules in the record.

Senator BYRD. In other words, you will indicate for the record all of the things that can be done in your shop and Treasury to speed up the overall budget estimates, budget evaluation, and data-gathering process?

Mr. ASH. Yes, sir. In fact, through the agencies themselves, which are a part of it.

[The Office of Management and Budget subsequently submitted the following timetable for the record:]

If the ending of the fiscal year is changed from June 30 to September 30, past year actual data from the Treasury Department to reconcile agency submissions would not be available before January 1. For this reason the following timetable would represent the minimum time required for the preparation and transmission of the President's Budget:

TIMETABLE FOR PREPARATION OF THE PRESIDENT'S BUDGET

Steps	Present budget schedule	Revised budget schedule
End of fiscal year.....	June 30.....	Sept. 30.....
Initial agency budget submissions to the Office of Management and Budget.....	Sept. 15-30.....	Nov. 15-30.....
Review of agency budgets.....	Sept. 15-Nov. 30.....	Nov. 15-Jan. 20.....
Receipt and reconciliation of agency and Treasury actual data for the past year. ¹	Nov. 1-Dec. 15.....	Jan. 1-30.....
Final decisions on budget.....	Dec. 1-Jan. 20.....	Jan. 21-Mar. 3.....
Final printing by the Government Printing Office of budget documents.....	Jan. 21-30.....	Mar. 4-14.....
Transmittal to the Congress.....	Jan. 31.....	Mar. 15.....

¹ This would require a change in sec. 504 of S. 1541 to accelerate the date for closing agency accounts and withdrawing unobligated balances by giving agencies 45 to 60 days rather than the 90 days now permitted.

Senator BYRD. Now, if you will, please proceed, Mr. Ash.

Mr. ASH. Now to go on, let's see, the middle of page 5:

Title V provides for the transition of the new fiscal year by creation of a 15-month year beginning on July 1, 1974, and ending on September 30, 1975. Since the budget for the 12-month period beginning on July 1, 1974, is about to be transmitted, it seems obvious that any conversion to a new fiscal year should be deferred for at least a year.

Section 502 provides for a 25-percent increase in authorizations of appropriations for specified amounts in the transitional 15-month fiscal year. This assumes that all programs will use or need one-quarter of their appropriations in each calendar quarter. But this premise is invalid; in some cases the 25-percent increase would be too much, in other cases it would be too little.

That is another reason why if this is to go into effect, we should have one complete 15-month budget preceding it that has been worked out taking into account the substantial variations program-by-program, rather than merely an omnibus 25-percent increase to a calendar year budget.

Senator BYRD. Mr. Ash, you have addressed yourself to the proposed change in the fiscal year with some doubts.

Do you have another proposal? Would you substitute a January 1–December 31 fiscal year?

Mr. ASH. No, sir. I would not substitute that, but I would suggest something that would certainly fit us well—maybe just exactly contrary to your interests.

One of the things, it seems to me, that the Congress has been seeking, and I am only deducing it here, is a longer time to do its work. Maybe that can be done by compressing this same process that we are now talking about and leaving the fiscal year unchanged.

That is, we give some time, and you work out your process in 6 weeks less than it otherwise is. Maybe the fiscal year is not the key issue. Maybe the key issue is how to get 15 months of work into 12 months, regardless of when the fiscal year is.

That may not exactly fit the schedules of congressional sessions, and I have not really thought through that. But I did think through the real problem and found that it was trying to do 15 months in 12 months. It then occurred to me that a fiscal year change only seemed to be the answer, but it was not really any more of an answer than finding a solution to the problem using the same fiscal year.

Now, I must say I have not completed that thought to explore how it would fit the congressional cycle. It may not fit it at all.

To discuss another part of S. 1541, there is the problem that separate statutory spending limits may be imposed in each appropriation bill or other spending measure.

It is highly desirable for the Congress to set its own internal limitations on a fiscal year spending total as a guide in its deliberations on the budget.

Moreover, endorse the concept of an overall statutory limit on Government spending for the fiscal year. However, placing statutory sub-limits on agency spending would create severe administrative problems.

Senator BYRD. What is an example of what you are talking about?

Mr. ASH. Well, I think my prepared statement goes on further to explain it, but I can describe it without that in front of me. The statutory limits on actual cash expended requires that we set up a complete-

ly separate bookkeeping system—not just dealing with available obligational authority, but cash flow by program, and particularly the amount of cash flow which automatically becomes payable once that obligation is made.

We would now have to have two parallel statutory systems at work: one when making obligations and entering into contracts consistent with them and the other one when the cash would be paid out. Sometime when an obligation is made it is impossible to know exactly when the cash would be paid out or if the cash would be paid out only when the services are performed or goods are received. Yet if we were to put a second statutory limitation on cash, we would have to run two parallel detailed bookkeeping systems across the whole Government. At the same time we would have to enter into different forms of contracts which would say that the Government could enter into a contract consistent with authorities it now has but could only pay at a certain time no matter when the contracted work is performed. That would be the basic problem of running two detailed parallel control systems.

Senator BYRD. If I can go back to your first paragraph, you refer to separate statutory spending limits imposed in each appropriation bill or other spending measures.

It is my understanding that none of these appropriation bills would become effective until the final triggering mechanism was enacted in September. So does this take care of any problem with respect to "Separate statutory spending limits" in each bill?

Mr. ASH. No, sir. Maybe I did not describe fully what I was attempting to convey. As used in my statement "separate" means a separate limit on the cash outlays, distinct from the obligations incurred. This means that we would have to run two parallel control systems involving infinite detail.

Right now what we do is make an assumption, which is approximately right, based on the law of large numbers and the many transactions going on at once. We assume that the cash consequences of a set of obligations will occur at approximately a given time following the obligations. In fact, we have factors. We say, for this class of expenditure, an obligation made in this month will give rise to maybe 70 percent cash outlays next month, 20 percent the next, and say 10 percent the third month. In dealing with large numbers this comes out about right.

But when we have to deal with each individual program we would be required to control the cash flow in the same manner we control obligations. This would result in very complex parallel control systems that would not add much at all to the management of Government programs from the congressional point of view or from our own.

Mr. McOmber would like to add something that would make it even more clear.

Senator BYRD. Before Mr. McOmber does that, you express concern with the respect to separate statutory spending limits imposed in separate appropriation bills. Then you endorse the concept of an overall statutory limit.

Mr. ASH. Yes, sir.

Senator BYRD. Does not the triggering mechanism provided for in this bill bring the separate statutory spending limits in various appropriation bills around in the final analysis to the statutory overall limit

on Government spending? Because they would not be triggered until the final bill was passed, the practical result being that you will get an overall statutory limit by virtue of that triggering mechanism, rather than the separate statutory spending limits imposed in each appropriations bill, to which you have expressed opposition?

Mr. ASH. Well, if it works that way, that would be much better. If what we were bound by finally is the overall statutory limit, then that is workable and acceptable. But as I read the language, we also would need to run a system that required that each particular appropriation be subjected to its own limit even within that total.

Senator BYRD. What this overall statutory limit does, to which you subscribe, is make possible the impoundment of funds for programs, whereas the separate statutory spending makes such impoundment of funds more difficult, does it not?

Mr. ASH. Well, yes. I think Mr. McOmber has a thought he can express at this time that I think will be an answer to that.

Mr. McOMBER. Let me suggest to you, Mr. Chairman, that the opposite might be true if I can just go back one step.

What we are concerned about here are the provisions of title IV, which is, we recognize, permissive; that is, it has this subtitle which provides that budgetary authority legislation may be required to contain outlay limitations.

Now, as we understand this title, the overall resolution may specify that each appropriation bill, for example, contain a statutory limitation on outlays. It does not have to, as we interpret the bill, but it is permitted to do so.

Also as we interpret the bill, each program could have a statutory limitation on outlays, or each series of programs.

Now, our concern is what happens once we go beyond the overall outlay limitation, which we agree we can administer. Once we go beyond that, then we would have to set up—let's say it is on each appropriation—for the Labor-HEW appropriation bill, a series of limitations in order to meet that requirement.

That means that for the Department of Health, Education, and Welfare, for example, which happens to fall within five separate appropriation bills, we would, at the very least, have to have at least five separate sublimitations, in order to control spending under those limitations.

Senator BYRD. Is not the Appropriations Committee of the Senate going to have that responsibility?

Mr. McOMBER. Yes, sir, but if the appropriation bill contains a statutory limitation, then we would interpret this as meaning that the executive branch might be forced to hold back, perhaps impound, in order to live within the statutory limitation.

Senator BYRD. Well, you would not have to do that, would you, if the appropriations committees themselves determined those limitations and if in the second budget resolution decisions were made by the Congress—determining what the priorities are and determining whether cutbacks should be made? You would not have that problem?

Mr. McOMBER. Sir, I have a great deal of respect for the ability of the appropriations committees in coming up with figures. But I also have a considerable amount of experience in estimating expenditures.

And neither we nor the appropriations committees are very good in estimating expenditures.

We can just talk about ourselves. For example, last year in estimating expenditures, we provided the Congress an estimate on June 1, which we overestimated by over \$3 billion.

We were embarrassed by it. But none of us is very good at estimating expenditures because of their uncontrollable nature, and that is the essential problem.

Senator BYRD. So you are not in any better position to make the reductions than are the appropriations committees, because your estimates might not be any better than theirs?

Mr. ASH. Let me suggest the way in which the problems face us all quite practically. Let us assume the Appropriations Committee on any appropriation matter decided that there would be \$1 billion appropriated. At the same time, it estimated, given the lag between commitments and obligations of those funds and the cash that would flow out of it, that there would only be \$800 million disbursed during that particular fiscal year. Thus a \$1 billion appropriation would be in effect, but because there was a lag, only \$800 million would be spent. Now, that is an estimate of the lead and lag time from commitment to cash outlays.

We can very precisely deal with the \$1 billion, because there is a good, effective control system that runs right down to the last detail. The commitments add up to \$1 billion. But in the outside world, that interacts with those commitments and spends the cash in one way or another, we begin to get bills that do not add up to \$800 million but add up to \$900 million.

At that point our problem is, since we have a limit of \$800 million, what do we do? Do we not pay bills that have been obligated and say, "Sorry, we have used up the cash that was available for it."

Therein lies the problem—the ability to translate commitments to actual cash flow. When you are dealing with billions of dollars, we have working for us the law of large aggregate numbers. We have many little transactions that come out about right. However, you are required to work with each one, without going over the total, you will only find that you will be under in some cases and over in other cases. Let us assume that there are two \$1 billion appropriations and an overall outlay limitation of \$1,600,000. If one program developed outlays of \$900,000 and the other \$700,000, the totals would come out just right. But, if we were constrained with an \$800,000 limitation for each program, we would have outlays of \$800,000 for one and outlays of \$700,000 for the other. It would be a form of impoundment itself, because the net effect would always be to hold actual outlays below the amounts that were authorized or estimated to be spent under the statutory limitations. That would be the effect.

This would impose a constraint on outlays, never allowing more. Now we can deal with larger numbers and expect some to go over and some to go under in accordance with the vagaries of the real world.

Some programs lag a long time. Let's take an aircraft carrier. We are going to build an aircraft carrier and specify when the cash might go out. Sometimes construction gets off schedule and does not flow as originally intended. Then we must either adjust the cash outlays or make payments consistent with the planned schedule, which we know

is wrong because it does not fit the actual progress of work. These are the real problems of dealing on a program by program or appropriation by appropriation basis. Even though there are some smaller problems, as Mr. McOmber mentioned, dealing with an aggregate overall limitation, they are very much less than those resulting from separate outlay limitations on individual programs.

In dealing with individual programs, there will always be a very depressing effect on outlays. We can never go over the amount authorized. We will live with the ones that are lesser than that authorized.

Senator BYRD. Now would you begin with the current services budget, and the remainder of the preceding topic will be inserted in the record as though read.

Mr. ASH. All right, sir. Thank you.

The use of these sublimitations would require an elaborate system of allocations of outlay ceilings similar to but separate from the system now used for controlling obligations. Under the present system, obligations are controlled at the time they occur by designation of agency responsibility for appropriations and other budget authority, and by a detailed system of apportionment and allotment to responsible individuals in each agency. Under this system, obligations are controlled by time period; expenditures are not. Overspending of appropriations is prevented by validation of payments in relation to obligation documents.

There is good reason for this distinction. The action to obligate funds for future payment can generally occur at the discretion of the Government. But once the Government obligates itself to pay money upon receipt of goods or services, it is then also obligated to make the payments in a timely manner. Because goods and services cannot always be delivered on preplanned time schedules, it is not always possible to be precise about the timing of Government disbursements. What we can do is set an overall limit on Federal spending and then guide our actions so as to stay within that broad limit. However, if we try to set detailed limits below that level, an elaborate and costly system of administrative controls would be required. Furthermore, this control system would lower the efficiency of governmental operations and increase their costs.

We urge deletion of provisions of the bill that would create individual statutory limits for fiscal year outlays but support such limits applying to the Government-wide total.

Section 603 of S. 1541 requires the President to submit to the Budget Committee by December 1 of each year a current services budget of "estimated expenditures and proposed appropriations, by functional and subfunctional category." It further specifies that the estimates will be based on the same level of services as the fiscal year in progress and will not reflect policy changes.

We believe that it would be desirable to change the date for transmittal of the current services budget on the grounds that the December 1 date would interfere with the budget preparation process at a crucial stage. In fact, we would believe we may want to accelerate the submission of that current services budget.

We understand the desire of the Congress to get an early start. However, the problem both the Congress and the executive branch face is one of trying to accomplish a 15-month job in a 12-month time-frame.

We therefore propose further discussion at staff level to work out a schedule that meets both the needs of the Congress and the executive branch.

Senator BYRD. Do you agree with Mr. Staats, who earlier today indicated he would move this burden to other shoulders rather than those of the Chief Executive?

Mr. ASH. We think much can be gained for the purposes of the Congress, and for our own processes, if prior to the official submission of the budget there were extensive informal discussions and flow of information from our Office to the proper congressional committees, on what is here called current services budget data.

It would not be 100-percent accurate, but it would be good enough to work with. I think such procedures would serve the purposes intended without at the same time formalizing the data as a Presidential submission.

We would even do it earlier relative to the budget processing time, if it could be used earlier. From our point of view, if the December 1 deadline would make it fall right at the peak point of budget processing. We could not do quite as good a job then, as we could if we got it out of the way and into your hands while we still have more time to work on it. We are quite willing to work with you to find means that serve your purposes.

Senator BYRD. Does your problem go mainly to whether the President has responsibility for transmitting this current services budget, or does it go to the December 1 date, or does it go to both?

Mr. ASH. Well, it goes to both. I do not know how to weight them exactly, but I think there are problems with both.

In either event, we certainly would want to put into your hands the maximum amount of data that we have available.

I would think you also would be helped, although this is presumptuous, by not having in front of you such formalized data as there would be if the President were to submit it. Because once it becomes that formalized, you might bring on yourselves, let alone us, many more pressures than if the same data were informally made available to you.

Senator BYRD. Go ahead, Mr. Ash.

Mr. ASH. Now, as to titles VII and VIII, we also would like to make comments on their provisions.

We certainly agree with the basic amendments underlying the provisions of title VII on pilot testing and evaluation, and title VIII on limiting periods of authorization of major programs to 3 years.

Of course, the specific application of some of the general requirements in these provisions will need to be determined under actual operating conditions. We are pleased, however, to see in this bill provisions which recognize the administration's repeated contention that pilot programs and periodic review of existing programs are steps worthy of congressional action.

Title VII requires that within 3 years after enactment of any major program, a comprehensive and detailed pilot test or evaluation must be completed and results made available before either House can consider legislation to extend the program. In some cases, it might be impossible to gather the required data, make the analyses, and provide a meaningful test or evaluation in so short a time regarding a program with outlays of over \$100 million in a 3-year period. In the recently enacted Health Maintenance Organization demonstration program, for example, Congress decided to allow 5 years to determine its impact. In other cases, it might take even longer to fulfill the terms of the title.

This and other problems could, in practice, require the frequent use of the exception permitted in section 701(c).

Despite the probability of exceptions, however, we believe the principle underlying this provision is one worthy of consideration.

Title VIII requires that all authorizations for major Federal programs, except those funded by user taxes, must expire at the end of periods specified in the bill.

We agree that programs should be reviewed periodically, but believe that the far-reaching implications of title VIII need further examination to see whether this approach is the best way to achieve our mutual objective. We would be pleased to work with this Committee and the Congress to achieve the desirable objectives of title VIII.

Senator BYRD. Do you have any suggestions as of now?

Mr. ASH. I think the suggestions we have might not be quite to the point of being prospective solutions.

I think what we both should address ourselves to is finding a means to delineate between those kinds of programs that should have both of these program tests and those that we would all acknowledge are quite a different nature and could not possibly be subjected to such tests. That is where our problem is.

I think we all sense that we want to do the same thing. We need to find a way to make workable the application of titles VII and VIII to the appropriate programs, but we must realize that some programs really would not fit at all.

As an example of ones that would not fit, we can consider the affect of changing the benefits under social security. I do not think we need to test such a program ahead of time to see if that is a good change to make.

Obviously, we know that social security programs should not be included, yet because of the imprecise definition of "program" it would be included. Similarly, I do not think that we would want to have a 3-year expiration of social security legislation to review it and see if we are still doing the right thing.

I took an obvious example. There are others of various shades that move away from obvious exclusions into areas that we would all agree should be subjected to the form of testing required by both titles VII and VIII.

Senator BYRD. Instead of the 3-year period for automatic review, you apparently suggest some other period. You referred to the Health Maintenance Organization demonstration program under which 5 years are allowed.

Do you have any suggestions which, without further study, you would present in lieu of the 3 years?

Mr. ASH. No, sir, not a fixed time. I think programs are different, and if there would be some way—and I do not know exactly how to do it—in which we could express the joint sense of both the Congress and the administration to apply both of these principles where applicable, we would be all for that. The problem is to determine where applicable.

For example, I am sure we do not want a test program on an aircraft carrier before we build an aircraft carrier.

This is a matter of definition. If we could find a definition that sorts the ones that are clearly suitable for this type of testing—and we certainly agree with the objectives—from those we would probably all agree do not fit, then I think we can find the answer. I hope it would be something more than just the expression of intention, because that may be too vague for all of us.

We think it is a desirable objective. We will be very pleased to work to achieve it, but we do not know the answer.

Senator BYRD. All right.

Mr. ASH. Now, we can go to title IX. We recommend that the proposed amendments to the Legislative Reorganization Act of 1970 contained in title IX of S. 1541 be deleted for three reasons.

First, we question the propriety of requiring, as section 902 of S. 1541 would, that the President develop his budget using terminology, definitions, classifications, and codes developed by the Comptroller General of the United States.

Section 201(a) of the Budget and Accounting Act of 1921 states that the budget shall be presented "in such form and detail so the President may determine." We believe that removal of this authority from the executive raises serious questions about the proper roles of the executive and legislative branches.

Senator BYRD. Now, that language was not inserted by our forefathers at the Constitutional Convention. That was created by Congress. What Congress gives, it can take away.

Congress gave that authority in those words, "in such form and detail as the President may determine."

Congress may deem it, in the light of hindsight, to be advisable to do otherwise.

Mr. ASH. It certainly may, and we would absolutely agree. We would urge, however, re-examining the underlying reasoning.

If, for instance, we were attempting to find a standard terminology, definition, and classification that would, on the one hand, fit Medicaid, and on the other hand fit an aircraft carrier, we would probably lose an understanding of the important facts about each. We would have such generalized terminology that we would neither understand what we were doing about a carrier nor what we were doing about Medicaid.

Senator BYRD. What terminology do you have for impoundments?

Mr. ASH. Well, actually I think I can bring good news about impoundments. When you see the budget that you will have in front of you very soon, probably the last subject that we will find ourselves discussing this coming year, as we did last, will be the question of impoundment.

Senator BYRD. What have you been using?

Mr. ASH. The word "reserves" is the one we use. "Reserves" is a word of art.

"Impoundments" are what we all wish it to be and in fact we have all had a problem right there in just our language, because—

Senator BYRD. The problem has been with your word "reserves." [Laughter.]

Mr. ASH. True. I have learned what the difference is between "reserves" and "impoundments." "Impoundments" are reserves other people do not like us to make. [Laughter]

So, anyway, I think the problem is all moot in a practical sense, even though we probably all have memories of it. At least I will.

I arrived aboard and started defending the budget 4 days after it was made and found that the first thing I learned was "impoundments."

So, anyway, that is our worry. If we really want to understand useful information about an aircraft carrier, we need one kind of data. If we want to understand about Medicare, we probably need to have some other type of data to describe it. We probably could find the least common denominator of those, but such data may not help us understand anything.

I think that probably covers what I wanted to say about standardized classification systems. In fact, what you said in particular, and what I said may cover the rest of that main paragraph on page 10.

Senator BYRD. That would all be included in the record as if read.

Mr. ASH. I think I should pick up here in the middle of page 11.

We believe that removal of this authority from the Executive raises serious questions about the proper roles of the executive and legislative branches. We feel strongly that the President should retain the authority to present the budget in a manner he desires, so long as the information needed by the Congress is also provided. This responsibility is an important corollary to the clear authority of the Congress to determine amounts to be appropriated.

Second, the objectives of the Congress as we understand them can be better met through the existing law. In June of 1973, the Office of Management and Budget and the Department of the Treasury, in cooperation with the General Accounting Office, undertook an intensive effort to gain a better understanding of the information needs of the Congress and to identify ways to improve the flow of information. This effort has resulted in the development of plans for responding to various information needs of the Congress previously identified by the Comptroller General. A report to the Congress on these activities is currently being prepared and should be available to you shortly. We believe this report will demonstrate that your objectives can be achieved under the current law.

Third, we do not believe that some provisions of Title IX are either appropriate or workable. Specifically:

(a) We question the desirability, as well as the propriety, of requiring use of standardized systems for all fiscal, budgetary and program-related data and information. We also question the principle of prescribing the details of how an agency shall collect and process information to meet its program management needs. Use of a standardized classification system for the entire Government would require very broad categories to arrive at common denominators which could be applied across such a broad spectrum. In doing this, we would lose data which would be more useful and relevant for the management of individual governmental activities. We believe the approach of prescribing principles and standards for agency systems and leaving the development of the systems within the framework of such criteria to the agencies, as provided for by the Budget and Accounting Procedures Act of 1950, is a far sounder approach.

Senator GRIFFIN. Mr. Chairman, may I interrupt—Mr. Ash, referring to page 10 of your printed statement we feel strongly that the President should retain authority to budget in the manner he desires. There was testimony this morning by Mr. Staats concerning the fact that the budget submitted the last 2 years, has not included the rural electrification program and the Export-Import Bank.

Mr. Staats said the budget includes everything but those items. Apparently there was a determination by the Executive not to include those in the budget.

Mr. ASH. My understanding—that goes back before my time—was that it was an initiative of the President to exclude the Export-Import Bank from the budget totals.

It was the President's acquiescence to congressional actions that dealt with the exclusion of REA.

We should believe that the congressional budget should include them all. Even though the Export-Import Bank is outside the budget totals, we are quite mindful of it and look at much data presented about it. But, we would agree that all off-budget agencies should be in the congressional budget, and we would make available—just as we make available information about other parts of our budget—all data that we have about them.

So I think we divided that up evenly—one apiece—as to how those came about to be out of the budget.

Senator GRIFFIN. I still am left with a bit of a problem.

If I were to end up here with the Executive submitting a budget in certain terms, with a congressional budget prepared in other terms, we would have apples and oranges to compare, would we not?

Mr. ASH. Fortunately there are very few of these exceptions.

Senator GRIFFIN. But I conceive of the fact that if we acknowledge the principle that these differences would grow wider—

Mr. ASH. Well, I guess I can say the institutional bias of OMB, if there is one, would be to bring the Export-Import Bank into the budget. It is other forces other than OMB that have taken it out.

We include, and will continue to include a fair amount of data about the Export-Import Bank. It merely is not included in the budget totals. But I am sure that the process of reconciliation would be quite a simple one.

There are many different definitions that are used even within our own budget for different people and we find that we can reconcile them quite simply.

This would be one very obvious reconciliation we could make. I think it would not really give up any trouble; because, fortunately, there are not too many such issues where there would be any difference at all.

Senator GRIFFIN. I will not pursue it. But I would imagine Congress would feel strongly that it would like to have the same rules apply to the President's budget and the congressional budget.

Mr. ASH. I do not want to lobby for our institutional interests; but if it were imposed upon us, I suppose we would have to accept reinclusion.

Senator BYRD. I think Senator Griffin has made a salient point here. Congress is going to be dealing with a budget and is going to have to consider the President's budget.

It seems to me the terminology should be common in both places so that we are talking about the same thing in both places.

Mr. ASH. These agencies and activities that are included versus these that are excluded?

Senator BYRD. No. Without regard to the exclusion of the two agencies.

I think maybe the purpose the committee had in mind—when it questioned the propriety of the President developing his own terminology in his own budget, his definitions, his classifications, and his codes—is that the committee feels there ought to be a common set of terminology, codes, definitions, et cetera, so that the same set can be applied to both budgets.

Mr. ASH. Yes, sir. We agree exactly as to that. Our comment was not to that.

We have been working, as you know, with GAO to develop that common terminology. That is a little different than legally prescribing a standard classification.

We could agree upon terminology about aircraft carriers; we could agree with terminology about medicare; but we could not use a standard classification of data to discuss the two simultaneously when in fact different types of data are needed to better understand each. However, we agree with you, yes, sir, that terminology should be consistent. Your example of impoundment and reserve is a good example that we could spend sometime in agreeing upon terminology there without standardizing anything.

Senator BYRD. I would rather we spend the time on your impounding of West Virginia projects and see if we could not agree upon release of those reserves.

Senator GRIFFIN. It is reserves when the acts were from prior administrations. It is impoundment under this administration.

Mr. ASH. There is a correlation, yes, sir. [Laughter.]

Senator BYRD. Now would you address yourself to paragraph (b) on page 12.

Mr. ASH. This deals with section 902. It would also require executive branch agencies to prepare and provide program evaluation data upon any request by a congressional committee, the Comptroller General, or the Director of the Congressional Office of the Budget.

While we will continue to be responsive to the information needs of any committee of Congress, the prescriptive and open-ended nature of this requirement is inappropriate. There are no constraints on the demands for information that would result.

This section could impose an inordinate workload on the executive branch, one that could consume all the resources appropriated for fiscal, budgetary, and program-related data systems.

Again, here it is merely a question of how we read the language and expect it to be implemented. Even as we pointed out that it could be done, we recognize that it would not necessarily accomplish what Congress has in mind. So we are calling attention to what it could be in order to feel more comfortable with the sense of the Congress.

Senator BYRD. What is the standard you presently follow with regard to requests by congressional committees? Which do you honor and which do you not honor?

Mr. ASH. Well, I think we honor them all, do we not? Can you think of one we—

Senator BYRD. Then what is the objection to this provision?

Mr. ASH. It seems to us that one interpretation could cover a lot. Since we are not sure of the intent, we are pointing this section out. This could be read as an invitation to ask for information whose cost/benefit ratio may not be worth the cost for any of us.

I could make the comment that this could be no more of a problem than it now is. The only observation we are making is that it could be quite a different—bigger problem than it now is.

Senator BYRD. Are you not required by law now, is not any agency of the Government required by Federal statutes to supply whatever information may be required by a committee?

Mr. ASH. I guess what I see is what we find so often—an existing informal system with which we are satisfied, and believe the Congress is satisfied, but which may be jeopardized by a shift to a highly formalized request/response system.

We think that the present system is a very effective one. We know of no inadequacies in the flow of data that now takes place in this highly informal, very extensive system. We would hope that this informal system would continue to be the mode, rather than changing it into a system of formal requests and responses at a higher level. Such a change might not help—and could even hurt. We are not sure that this would happen; we are just calling attention to it. We believe the process of staff to staff flow of information works well, works expeditiously, and allows interpretation, reinterpretation, discussion, and discourse. Where it is formalized, people tend to be more restrained and less responsive.

We think an intensive and extensive informal flow will provide you more useful information than one on which we take a public posture. This is because a highly formal request and a highly formal response might well inhibit some of the risks that might be taken otherwise. That is really the point that we want to make in this particular case.

Senator Griffin, do you have anything?

Senator GRIFFIN. I do not think so, Mr. Chairman. I appreciate the statement.

I have read it, even though I was not here to listen to all of it. It certainly is very useful and I think it makes an important contribution to our hearings. I appreciate your making it, Mr. Ash.

Mr. ASH. Thank you, sir.

Senator BYRD. We certainly appreciate your offer to share staff with the committee staff here to help work out some of the problems that present themselves in this legislation. We may be calling on you.

Mr. ASH. Thank you, sir.

Even though my comments are presented, I want to particularly express our great hope and expectation that the general thrust of this will result in the kinds of objectives you have in mind, because we think that the whole Government and the whole country would benefit. We are very willing to work with you to see if we can help you achieve your objectives.

Thank you, Senator.

Senator BYRD. Thank you, and thank you, Mr. McOmber.

The next witness is Senator Lee Metcalf.

Senator Metcalf, we appreciate your patience and appreciate your presence in the room while other witnesses are testifying.

We would be glad to hear your statement. You may read it in its entirety or hit the high points, whatever you desire.

STATEMENT OF HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator METCALF. Mr. Chairman, I appreciate your giving me an opportunity to delay my testimony.

A few days ago, in recess, I arrived at Montana at 27° below zero and it did not get above zero any of the days I was out there until yesterday, and then it was 24° below in the morning and 45° above at night. And so I had a little delay getting here.

I am delighted to be here, of course, and pleased to testify.

I had intended, when I talked to you, Mr. Chairman, on the floor, about testifying, to limit my comments to the composition of the new Budget Committee. But I am prepared to answer questions on other aspects of S. 1541, as well. I have a prepared statement that I would like to read.

Senator BYRD. Very well.

Senator METCALF. Mr. Chairman, I am delighted to appear here today in support of legislation equipping Congress to deal sensibly with the Nation's budget and fiscal policy.

Certainly, while the long-needed effort to improve congressional budgetary control has been overshadowed in recent months—by Watergate, the selection of a new Vice President, and the energy crisis—this issue must have top priority for legislative action.

To reassure the American people, to reassert a constitutional prerogative of the Congress, to provide adequate machinery for determining the level and direction of Federal spending, we must act—and act now—on budgetary control.

Congress has a constitutional responsibility to determine the fiscal policy of the United States through, among other things, its powers to levy and collect taxes, to borrow money, to pay the debts, to regulate the value of money, to regulate commerce, and to appropriate money from the Federal Treasury.

What Congress lacks at this time is a mechanism for exercising these powers in a comprehensive and coordinated manner, and a parliamentary procedure for obtaining the collective judgment of the legislative majority as to what the overall fiscal and budgetary policies should be and how they should be implemented.

Where Congress has not acted decisively and effectively in establishing these policies, the executive branch has moved in to fill the void. It provides us every year with a veritable telephone book of budgetary figures which we are incapable of verifying or assessing in the light of economic and monetary implications. It impounds or refuses to spend the money we appropriate to meet the people's priorities. It asserts policies and practices which manipulate our revenue structure and affect the value and supply of money. It has established its own computerized models of sophisticated economic and monetary assessment which are too often wrong, and which we are powerless to challenge.

Mr. Chairman, I commend your committee's willingness to move S. 1541 forward expeditiously. Those of us who have spent long hours over the past 10 months on this bill are painfully aware of the complexities of the congressional budget process and the uncertainties involved in adjustments to it.

I know that all Senators on the Government Operations Committee share my gratitude to you and your committee for your dedication in holding these hearings during the recess in order to report legislation in the opening weeks of this session. And that has already been indicated by the fact Senator Brock has testified here this morning.

It was concern for congressional reassertion of control of the budget that led to the establishment of the Joint Study Committee on Budget

Control in 1972, and to that committee's comprehensive report and recommendations of last year.

It was the same concern that led to hundreds of bills being introduced in the 93d Congress. Similarly, the Senate Committee on Government Operations established a new subcommittee, the Subcommittee on Budgeting, Management, and Expenditures, to hold hearings on and consider many of these bills, and the Joint Study Committee's recommendations.

The subcommittee held 8 days of hearings, heard from more than 30 witnesses, and spent hundreds of hours of staff and members' time in framing a bill.

At the full committee level, the process of debate and readjustment in the substance of the legislation was more intense. The result was S. 1541, as you have it today, a far better, more creative approach than that which was recommended by the Joint Study Committee on Budget Control.

May I add, Mr. Chairman, that the Joint Study Committee bill, introduced as a result of the activity of that committee, is one of the bills that was considered in subcommittee.

Senator Ervin and I cosponsored another bill which was substantially different from the Joint Study Committee's bill, and this also was considered. Senator Brock, Senator Roth, Senator Percy and others all had ideas about budgetary controls which were considered in subcommittee and again in the full committee.

In my opinion the bill that finally came out of the committee is a better bill than any of the bills that were initially considered. S. 1541 contains a more workable and more flexible approach than those earlier bills.

Now, as reported, S. 1541 includes ideas from most of the bills which were considered. Some were taken from one bill, some taken from the other.

I wish you could have participated in the full committee markup where somebody would say now this is what they said in the hearings to sustain support of a certain proposition or certain section. And somebody else would say, "Well, this is in the background material." And so while we never held hearings specifically on the text of S. 1541, as reported, because it is one of those things that had been hammered out in committee, every single proposition that is contained therein has certainly been thrashed out and has certainly been supported by testimony before the subcommittee and by background material we developed in conjunction with our hearings.

I am convinced that the many months of painstaking work in the Senate Government Operations Committee and in the House Rules Committee, whose own version of budget control legislation has been passed by the House, has been very constructive.

Senator BYRD. Senator Metcalf, why was it that the legislation in the House was not taken up by the Government Operations Committee?

Senator METCALF. Well, the Government Operations Committee—I do not know exact timing—but as I recall we had practically completed our work on the Senate bill.

Now, Mr. Chairman, I know you and Senator Griffin are both familiar with S. 1541 and you know that Senator Saxbe's and my amend-

ments—where some of the propositions in this bill are conceived—are closer to the House bill than they are to title III of the Senate bill. In any event, the full committee reported S. 1541 to the Senate on November 30. H.R. 7130 did not pass the House and come over to the Senate until December 7.

So the bill now before your committee had already been reported and re-referred to your committee before the House had acted on H.R. 7130.

Senator BYRD. I do not think I made my question clear.

Am I to understand that the legislation in the House was handled by the Rules Committee rather than by the Government Operations Committee?

Senator METCALF. I do not know precisely how the jurisdictional question was worked out there.

You recall that in 1970 the House Rules Committee set up a special subcommittee to handle the Legislative Reorganization Act, and I think it was because of that—and because of the work on committee jurisdiction being done under the chairmanship of Congressman Bolling—that this bill was handled by Rules rather than Government Operations.

I said that our hearings had been constructive. And I say constructive because we have moved in both the Senate and House committees from a completely rigid budget control approach, which we found to be truly unworkable and politically unpalatable, to more flexible approaches, providing for greater congressional discretion in budget reconciliation after the appropriation process has worked its way.

Mr. Chairman, while we have come a long way and while I supported S. 1541, and I continue to support it—it was reported unanimously by the Senate Government Operations Committee—I would be less than candid if I did not say that there are still some problems in S. 1541 which deserve your attention.

First, the bill calls for enactment of a budget resolution by July 1, which would include firm overall spending totals, and specific subceilings as “targets.” Consideration of these subceilings, to cover each individual appropriations bill, is likely to take the budgetary emphasis off broad economic and fiscal issues and plunge the budget debate into a maze of procedural questions and detailed amendments related to funding levels for particular programs and activities.

And I did not hear Senator Brock this morning, but I will wager that his presentation, he gave you just exactly the opposite point of view, which demonstrates the various points of view that were thoroughly discussed and threshed out in the Government Operations Committee.

Although labeled as “targets,” once enacted, the subceiling will reflect a sense of Congress which may well inhibit the work of the Appropriations Committees where competing program priorities and interests must be hammered out.

Second, the most cumbersome and unworkable procedures contained—

Senator BYRD. May I interrupt you there, Senator?

Senator METCALF. Sure. I think this is very important, to consider this first proposition.

Senator BYRD. Yes, so do I. Now, in view of your concern about this provision, may I ask you, was there any effort in the Government Operations Committee markup to amend this provision to bring it into consonance with your viewpoint?

Senator METCALF. Yes, sir. In the subcommittee, an effort was made by Senator Muskie and as I recall, the vote was 4 to 3 against a more flexible approach. And then in the full committee, Senator Saxbe and I together—Senator Saxbe incidentally was the ranking minority member of the Budgeting and Management Subcommittee—offered what we felt was a more flexible and a less rigid approach and had a rather extensive debate. And that was voted down by the full committee.

Senator BYRD. By what vote?

Senator METCALF. By the full committee.

Senator BYRD. By what vote, do you recall?

Senator METCALF. I did not call for a rollcall vote because I think Mr. Saxbe and I were the only supporters of our amendment and did not want to have it rather overwhelmingly voted down. However, Mr. Chairman, the House bill does contain an approach very close to ours and has some flexibility and relieves some of the rigidity Senator Saxbe and I thought would prove so difficult in practice.

The thing that I am concerned about is that, when we begin debating an initial budget resolution, containing overall spending ceilings and targets for the individual appropriations bills as well, each of us is going to say, "Now, what is going to happen to this sort of specific program? Or that sort of a program of interest to my State?" And you will lose sight of the basic economic issues and broad national priorities that we think should be debated under this bill. Instead, we will have a debate focusing on whether or not we should include a program or a project in Montana or West Virginia, Michigan, or wherever. And the debate will bog down in specifics, such as "Well, I want another \$1.4 million for mosquito control up in the Glasgow, Mont., area," or something of that kind, and we want to avoid such issues in the early debate on fiscal policy and the budget. It should be a debate and should be one of the great debates every year in Congress on broad national priorities, on where we are going to spend—and how much, by broad general categories—as these relate to conditions and requirements, of the Nation's economy. And that is why we did not want to focus attention on enactment of appropriation bill "targets" in the budget resolution.

Senator BYRD. The House provision is more to your liking?

Senator METCALF. The House provision is closer to the approach that we wanted.

Senator BYRD. And your proposition was defeated by a very close vote in subcommittee, 4 to 3?

Senator METCALF. Yes, and opposition to it was more substantial in full committee, as I recall.

Senator BYRD. Go ahead, Senator.

Senator METCALF. Now, second, the most cumbersome and unworkable procedures contained in S. 1541 are designed to force Congress to vote, at the September budget reconciliation stage, on spending cuts in keeping with an overall spending ceiling established months earlier a ceiling established in June and July.

The Senator knows that we would have been tied and handicapped, enacting emergency legislation in the closing days of Congress, if we had decided where our ceilings were and where our spending priorities were going to be 6 months earlier.

What is needed is a second look at the budget before reconciliation of spending legislation, to review spending totals in light of changing economic and social conditions, actual appropriation decisions, and revised revenue and outlay estimates.

Senator BYRD. Let me ask you at this point, Senator Metcalf, are you suggesting then that there be another budget resolution subsequent to the first one and prior to the—

Senator METCALF. I am suggesting that in the first resolution that we do not get down to detail to set targets on. We just set targets on overall budget totals.

I am suggesting that we take a second look at the budget, in another budget resolution, prior to reconciliation. The reconciliation in S. 1541 is so rigid—and the two-thirds majority required to waive the procedures involved, as the Senator knows, would be almost impossible to get, so that we would be locked into a procedure at the end of the session, or we would repeat a very arduous and tortuous process near the end of the session, and set ourselves up for a Presidential veto.

Senator BYRD. Now, Senator Metcalf, under the timetable that is set forth on pages 18 and 19 of the Senate Government Operations Committee report, the date of June 20 has been established as the date on which each House completed action on the first concurrent resolution on the budget.

The date on which the Congress would complete action on the ceiling enforcement bill, that is the triggering resolution would be September 30. July 1 would be the date on which Congress would complete action on the first concurrent resolution on the budget. September 30 would be the date on which Congress would complete action on the ceiling enforcement bill, so there would be a period of 3 months between the enactment of the first concurrent resolution on the budget and the enactment of the triggering enforcement bill.

Now, at some point in between—I take it from your testimony—there should be another action which would get into greater detail if, indeed, as you propose the first concurrent resolution on July 1, was less detailed and more general in nature?

If I understand you correctly, about when would you crank in this additional—

Senator METCALF. September— my objection, Mr. Chairman, is that by and large it seems to me that in S. 1541 we have already locked ourselves in, before the September ceiling enforcement bill and we have such rigidity that either House can completely stymie any further appropriations over and above the budget resolution total enacted in June–July. The procedure involved is an open invitation to veto—or to use the veto threat—by the President, and I think we should have another chance earlier—earlier than the September, second step enforcement bill—to review the overall budget before we make a final determination on spending totals September 30.

Senator BYRD. You used the date of September 2. Do you mean September 30?

Senator METCALF. No. If my approach were adopted, by September, Congress would have completed action on legislation providing for

new budget authority, but I would have us come in early in September and look at the Appropriation Committees' action and have an opportunity to act on a second budget resolution in September rather than acting first on a ceiling enforcement bill.

Senator Saxbe and I, as you know, filed additional views, and introduced a substitute amendment on this matter, and the approach we urged is described there in some detail.

Senator BYRD. Without objection, the additional material will be inserted in the record of this hearing.

Senator METCALF. Very well.

Senator BYRD. I think it will be important that they be included.

[The material referred to above follows:]

[Excerpt from the Senate Committee on Government Operations report to accompany S. 1541 (S. Rept. 93-579)]

ADDITIONAL VIEWS OF SENATOR LEE METCALF AND SENATOR WILLIAM SAXBE

While S. 1541, as reported, contains many desirable features, this bill is unfortunately deficient in two critically important areas:

First, the bill establishes procedures and requirements to provide for a "priorities" debate that in fact may inhibit meaningful discussion of and action on national priorities.

Second, the bill severely limits Congressional discretion at the budget reconciliation stage, placing undue emphasis on spending cuts and ignoring other budget elements such as needed revenue and tax changes.

We believe we can—and must—correct these deficiencies, to improve the prospects for final passage of a workable and effective budget control bill.

THE PROBLEM OF THE PRIORITIES DEBATE

Title III of S. 1541 calls for enactment of a first budget resolution by 1 July, including "firm" overall spending totals and "target" subceilings allocating spending by appropriation bill categories. Prior to final passage of this resolution, amendments are governed by intricate procedures designed to ensure that the sum of the parts (the targets for appropriations bills) equals the overall spending ceiling.

We question whether voting upon subceiling in the first budget resolution is either necessary or desirable.

Those advocating this approach argue that enactment of subceilings is necessary to stimulate a "priorities" debate. It is generally agreed, however, that such a debate should not be concerned with detailed funding considerations for particular Federal programs and activities. Rather, it should be focused insofar as possible on fiscal policy and its relationship to broad national priorities (e.g., health, education, defense, etc.). Yet, by dividing the budget pie on the basis of appropriations bill categories, S. 1541 virtually guarantees that the primary emphasis during debate of the first budget resolution will be on individual program interests.

The "target" subceilings must be enacted prior to action on appropriations. Once enacted, they reflect the "sense of Congress" on spending within appropriations subcommittee jurisdictions and for various program areas. Members of Congress, in their representative capacity, cannot be and should not be expected to vote for limitations on program subcategories, however, designated, without knowing specifically what the ceilings on these will permit or deny. To reflect the interests of their States and Districts they will therefore seek through amendments to establish funding floors for programs or activities of concern to them.

The result will be to defeat the purpose intended by S. 1541. Meaningful debate and action on national priorities and fiscal policy will be lost in a maze of conflict over procedural questions and detailed amendments designed to protect particular Federal programs and activities. In the best of circumstances, it will be exceedingly difficult for Congress to look simultaneously at each and every Federal program or activity and decide spending priorities among them on their merits. After acting on all appropriations bills, in September, this will have to be done—implicitly—as part of the budget reconciliation process.

By then, however, Congress will have the benefit of the detailed consideration of all these programs and activities through hearings and reports on appropriations and other spending measures. Because of the number, complexity, and diversity of Federal programs, because of the unavailability of detailed information about their status and requirements, and because of the lack of generally accepted standards for evaluating their relative worth, such an overall review and decision process is simply not possible to achieve by July 1.

In committee, we urged elimination of the subceilings from the budget resolution (see our printed amendment No. 550, introduced September 26, 1973). Instead we recommended that they be included only in the report of the Budget Committee accompanying the budget resolution. This report then would indicate how the committees arrived at overall spending ceilings and would serve as one set of assumptions for debate of national priorities and fiscal policy. But the amounts for various programs and sources would not be subject to floor amendments during consideration of the Budget Resolution.

At a minimum, we believe Congress should not require—from the beginning—enactment of subceilings in the initial budget resolution. In S. 1541 we are contemplating a significant departure from past practices in deciding the spending questions that are at the heart of the congressional decision process. Congress should gain experience with a more modestly conceived budget resolution, utilizing the Budget Committees' reports in the debate on spending priorities. Then, if this proves inadequate, the Budget Committees may wish to experiment further with the inclusion of dollar amounts for appropriate subcategories in the budget resolution.

THE PROBLEM OF BUDGET RECONCILIATION

The first budget resolution, reported early in the annual session, should establish a tentative congressional budget. It should set forth overall spending limitations based on the best revenue projections (including needed tax changes) and estimates of national economic needs available at the time of its enactment. Subsequently, after spending decisions have been made through the appropriations process, Congress should have an opportunity to consider spending cuts and revenue changes in light of actual appropriations decisions, firmer revenue estimates, and other conditions obtaining near the beginning of the budget year.

But S. 1541 is designed, at the reconciliation stage in September, to force Congress to vote *first* on spending cuts in keeping with an overall ceiling established months earlier in the first budget resolution. And it is this feature—and the tortuous procedures involved—which we believe to be the most impractical aspect of S. 1541. For example:

If, at the end of the process in which Congress decides spending priorities—through enactment of authorizing and appropriations bills—total spending is over the “firm” ceiling established prior to July 1, then the appropriations committees in both Houses must report “ceiling enforcement” legislation rescinding spending authority to get below the ceiling. Each of these committees is required to report such legislation “cold,” presumably without any direction through a resolution of its parent body reported after appropriations have been voted upon and approved. In acting on this ceiling enforcement legislation, amendments accepted by either House which again add up to a spending total beyond that of the original ceiling constitute rejection of the bill by that House.

If either House so rejects this legislation—by approving amendments that raise the total above the July 1 spending ceiling—the other House must go to the next step, a new concurrent resolution. Thus, if the Senate votes to approve the appropriate rescission of appropriations but the House does not, the Senate's action on its “ceiling enforcement” bill apparently becomes null and void. The Budget Committee must report—and the Senate must act on—a new concurrent resolution.

Subsequently, after both Houses have acted on a new concurrent resolution, presumably with revised totals and target sub-ceilings, the appropriations committees may be required to re-report ceiling enforcement bills. In the event the total ceiling of the new concurrent resolution is still breached, the process is repeated.

Finally, if the two Houses fail to adopt a concurrent resolution, the appropriations committees must report a bill calling for pro-rata spending cuts, with constraints on amendments similar to those placed on ceiling enforcement bills.

A successful presidential veto of either a ceiling enforcement bill or the pro-rata bill would force Congress to repeat this reconciliation process. Congress can

neither adjourn nor recess for more than three days until reconciliation of spending (approved budget authority and outlays equal to total ceilings in a concurrent resolution) has been enacted into law.

The potential for deadlock between the Houses and between the President and Congress, in the closing days of each annual session, is obvious.

Moreover, these procedures ignore the possibility that at the end of the congressional budget process, the Nation's economy may be determined to require stimulation through a tax cut or larger deficit or, alternatively, cooling off through a tax increase or smaller deficit. Instead, Congress is securely locked into a procedural straightjacket. Congress *must* first vote on specific spending cuts. If such cuts are rejected, Congress *must* then vote to increase overall spending ceilings. Failing this, Congress *must* vote on pro-rata program cuts.

The July budget resolution does provide for recommending revenue increases. But at the reconciliation stage there is no mechanism for ensuring that Congress will in fact have an opportunity to consider the tax legislation required to implement this or any subsequent budget resolution. The result may well be—even with approval of spending cuts in a ceiling enforcement bill—a deficit greater than was determined desirable, because of Finance Committee failure to report necessary revenue legislation.

Taken together, these provisions of S. 1541 place undue emphasis on spending reductions. Responsible Congressional budget control requires equal consideration of the Nation's tax structure and revenue needs.

We urged in committee—and continue to recommend—a budget reconciliation process that is neutral in its operations; favoring neither those who would cut nor those who would increase Federal spending for various programs.

Such a process would require reporting by the Budget Committees (on September 15) of a second Budget Resolution containing the same elements as the first, tentative budget resolution. However, the spending totals would reflect actual appropriations experience and firmer estimates of the costs of supplementals and uncontrollables (e.g., interest on the national debt), along with more accurate revenue projections.

In adopting the second budget resolution, Congress may determine:

- that total new budget authority and outlays, as approved by Congressional action, are necessary, but that revenue changes are necessary to support these totals and hold the appropriate deficit. Or it may decide that such revenue changes are not needed and the increased deficit—total outlays over estimated revenues—will not affect the Nation's economy adversely; or
- that total spending is too large, because it results in too great a deficit, and that it is necessary to limit spending—by rescinding new budget authority or reserving outlays—or to combine such limitations with a more modest revenue change; or
- that in the light of the new totals, the deficit is too small, and that a tax cut is in order. (By the time the second resolution is considered, we will know, first, what the country needs by way of expenditures; and second, what the economy can afford.)

If the second budget resolution, as approved by either House, directs spending recisions or tax changes, the appropriations and finance committees have 15 days to report the necessary legislation. Unlike the directive in the budget resolution, it will specify where any spending cuts are to be made or how additional revenue is to be raised. However, if these committees fail to report such legislation the Budget Committees are authorized to do so.

We believe that this approach—which, as noted above, is similar to that of the House bill—will prove to be both workable and effective. It will give Congress an opportunity for a second look at the budget. It will give Congress an equal opportunity to consider tax changes *and* spending cuts at the budget reconciliation stage. And it will not limit congressional discretion or operate to prevent a majority from acting on fiscal and budgetary matters.

CONCLUSION

Last Spring, when the Subcommittee on Budgeting, Management and Expenditures began hearings, its members were seeking an approach which would strengthen the hand of Congress in controlling Federal spending and determining national priorities. Moreover, the Subcommittee sought to devise a system that would be truly neutral in operation.

We remain committed to the achievement of these objectives. But we believe that S. 1451 as reported, is much too rigid, that it would establish a lockstep budget process unlikely to survive its first real test, and that its failure would once again give the impression of congressional impotence where vital fiscal and budgetary matters are concerned.

We believe that Congress cannot afford to fail at a time when the credibility of Federal institutions is being questioned.

We are convinced that, to be both workable and effective, the congressional budget process must remain relatively flexible. And to be flexible, it must be free from procedural devices that would deny the will of the majority at crucial points in the process.

[From the Congressional Record, Sept. 26, 1973]

CONGRESSIONAL BUDGET AND NATIONAL PRIORITIES ACT OF 1973—AMENDMENT

AMENDMENT NO. 550

(Ordered to be printed and referred to the Committee on Government Operations.)

TARGETS FIRST, BUDGET ACTION LATER: AN ALTERNATIVE FOR CONGRESSIONAL BUDGET CONTROL, METCALF-SAXBE AMENDMENT TO S. 1541, BUDGET CONTROL BILL

Mr. METCALF. Mr. President, the Senator from Ohio (Mr. SAXBE) is the ranking minority member of the Subcommittee on Budgeting, Management, and Expenditures of the Committee on Government Operations. Recently that subcommittee recommended an amended version of S. 1541, the congressional budget control bill, for consideration by the full committee. There follows an alternative approach to S. 1541 which I submit today, with Senator SAXBE as a cosponsor, as an amendment in the nature of a substitute.

1. PURPOSE AND EXPLANATION OF THE AMENDMENT

The purpose of this amendment is to establish procedures by which Congress can examine and determine appropriate budgetary requirements for each fiscal year, and provide the maximum flexibility to committees and Members to identify national priorities within these requirements and to legislate such controls over spending, revenues, and debt as may be necessary to meet such priorities and budgetary requirements. The approach here—which differs measurably from S. 1541—is to provide the legislative committees and the Congress with adequate time and information to develop their spending and revenue programs in line with budgetary targets or guidelines, and then after all of the legislation is completed, to provide for a second look at the budgetary requirements, and reconcile by legislation spending and revenues to conform to an appropriate deficit or surplus in line with program needs and economic conditions.

Such purpose and approach would be accomplished by, among other things, the following features in the substitute amendment:

The executive departments and agencies will be required to submit their general budget estimates for the coming fiscal year to a new Congressional Office of the Budget—COB—by September 15. These estimates should identify separately, first, the cost of existing programs, activities, and services; second, and the cost of proposed new and expanded programs, activities, and services.

The budget committees and legislative committees will then begin hearings and studies on the forthcoming budget 9 months before the beginning of the new fiscal year.

The COB will report to Congress not later than November 1 on alternative levels of revenues and outlays based on its own estimates. Such report shall include the amount of revenue loss attributable to "tax expenditures," estimated costs of current services and programs, the estimated costs of new services and programs, and such other information as may be required for preparation of a congressional budget.

The President will submit his budget to Congress as at present. This should also include "the current services budget," plus 5-year projections for expenditures and revenues, including "tax expenditures." Tax expenditures are authority provided by law to allow any exclusion or deduction from gross income, or which provides a preferential rate of tax or a deferral of tax liability, and which results in Federal revenue losses.

The budget committees will hold hearings on the President's budget 15 days after its submission.

The COB and congressional committees will make reports to budget committees, which shall prepare and submit the first concurrent resolution to respective Houses by March 1.

2. BUDGET COMMITTEES

There will be separate budget committees for the House and Senate. Members will be selected by party caucus in the Senate. The House may choose any method of appointing the members to the budget committee that it may desire. To the greatest extent possible they should be representative of the legislative committees, including the appropriations and finance committees, but their composition should be a total membership decision. To insure broad participation, membership on budget committees shall be limited to 6 successive years, with members serving staggered terms.

The budget committees will be given jurisdiction over five basic areas of budget control: First, the concurrent resolutions—congressional budget; second, legislation exercising new backdoor spending; third, legislation reconciling all spending measures with the total ceilings set forth in the congressional budget—where appropriations or finance committees do not act; fourth, legislation exercising new tax-expenditure authority; and fifth, concurrent resolutions on Presidential impoundment messages.

3. CONGRESSIONAL BUDGET PROCESS

The first concurrent resolution—budget resolution—would be passed by April 15. It will set overall "targets" for guidance of the Congress in action on spending and revenue legislation effective for the coming fiscal year. It will include: First, total limitations on new budget authority and outlays; second, estimated revenues; third, estimated deficit or surplus; fourth, appropriate deficit or surplus based on economic conditions; and fifth, appropriate levels of revenue and the public debt.

The report accompanying the first concurrent resolution will contain a breakdown of spending categories—appropriation bills, Federal programs and services, and permanent appropriations—arrived at in establishing the total limitations on new budget authority and outlays. It will also set forth the amount, if any, by which revenues or the debt limit should be increased or decreased.

Floor action. The concurrent resolution would be handled on the floor under existing rules and procedures.

Authorizations for new budget authority must be completed prior to beginning of the fiscal year—by June 30. The Congress can waive this requirement by enacting a resolution reported by the budget committees to meet emergencies and unforeseen contingencies.

Scorekeeping. Appropriation measures and bills exercising new backdoor spending go forward, but they would be subject to extensive scorekeeping procedures to keep Congress informed as to how its actions correspond to the recommended targets in the first concurrent resolution.

The second concurrent resolution revising or reaffirming the totals in the first concurrent resolution, on the basis of changes in economic conditions, revenue estimates, and spending actions must be reported by the budget committees by September 15.

The totals here would reflect the new budget authority and outlays already approved by Congress, as well as amounts estimated for supplemental appropriations and for uncontrollables.

If, based on the total outlays and the estimated total revenues set forth in such resolution, the amount of the deficit or surplus is different from that set forth as the appropriate deficit or surplus, the resolution shall specify and direct the amount by which Federal revenue shall be increased or decreased by legislation reported by the tax-writing committees, or the amount by which new budget authority or outlays shall be decreased by legislation reported by the appropriations committees, or a combination of both.

The report accompanying the second concurrent resolution could recommend those areas of new budget authority which should be rescinded or reserved, to bring total spending in line with expenditure ceiling in the second concurrent resolution. It could also recommend the sources of any changes to be made in revenue legislation to meet the appropriate deficit figure.

If either House's appropriations or revenue committees fail to report legislation called for by concurrent resolution within 15 days of its approval, the Committee on the Budget of that House is authorized to report such legislation.

4. ANTI-IMPOUNDMENT

This would provide that any impoundments initiated by the President must be reported to Congress, and Congress is given 60 days to ratify such action, otherwise such impoundments cannot be continued. This title follows closely S. 373, except that the budget committees have jurisdiction for reporting resolution on the President's impoundment messages.

Thus, Congress can establish its own priorities by passing a spending reconciliation bill or revenue legislation, to conform to its budget, but if it fails to act, and the initiative for fiscal control shifts to the President, any action by him would still be subject to congressional review and potential action.

5. OTHER PROVISIONS

The amendment provides for 5-year budget authority and expenditure projections, evaluation of existing programs, and pilot testing of new programs as a means of budget control. It further provides for congressional control leadership in development of Federal fiscal, budgetary and program-related data and information systems, including the standardization of terminology and classifications, and the ready availability of such information to Congress.

COMMENT

The advantage of the budget approach is the flexibility it would give to the Congress in developing spending and revenue policy, with a minimum of procedural roadblocks.

After going through the authorization/appropriation process, Congress would then have a range of options when it comes to consider the definitive budget—the second concurrent resolution. For instance, it might determine that the total new budget authority and outlays as approved by congressional action were necessary. It might decide that revenue changes were necessary to support these totals and hold the appropriate deficit. Or it might decide that such revenue changes were not needed, and the increased deficit—total outlays over revenues—would not sufficiently disturb the economic situation.

On the other hand, Congress might determine that the total of spending action was too large, or that it resulted in too great a deficit, and that it would be necessary to limit the spending—by rescission or reserving expenditure—or to combine such limitations with a more modest revenue change.

Conversely, Congress might determine that in the light of the new totals, the deficit would be too small, and that a tax cut might be in order. By the time the second concurrent resolution is considered, we will know, first, what the country needs by way of expenditures; and second, what the economy can afford. The debate on this concurrent resolution would involve this dialog.

Thus, there would be a constant interplay between the Executive and the Congress on these alternatives since the action by Congress in reconciling the budget is accomplished by legislation which must go to the President. Furthermore any action relating to impoundments taken by the President would come back to Congress for review.

REASONS BEHIND THE AMENDMENT

Even though Senator Saxbe has joined me in the sponsorship of the amendment in the form of a substitute to S. 1541, the following commentary is mine alone.

Mr. President, the Subcommittee on Budgeting, Management and Expenditures was established by the Senate Government Operations Committee to investigate and prepare legislation with respect to the broad field of budget and management control. One of the subcommittee's first tasks was to hold hearings and consider legislation—20 bills—directed to improving congressional control over the Nation's budget. Some 30 witnesses testified to a range of alternatives from the recommendations of the Joint Study Committee on Budget Control to the suggestion that no budget reform was needed.

Early in the subcommittee consideration, it became evident that a decision had to be made on the general approach which a congressional budget process would take.

The Joint Study Committee had recommended a procedure in which ceilings for major spending categories were fixed by concurrent resolution early in the session and were binding on all money bills for the coming fiscal year unless waived by a two-thirds vote. Such ceilings—which were in the nature of rules—could be changed by subsequent concurrent resolutions as the needs and economy of the Nation might require, but the basic objective here was to establish expenditure limits in line with fixed revenue and debt levels and require the Congress to stay within this predetermined budget.

S. 1541, which was introduced by Chairman ERVIN, became the basic vehicle for subcommittee consideration. Except for certain modifications relating to the makeup of budget committees, amendment procedures and backdoor spending, it still contained a relatively rigid approach to budget control very similar to that recommended by the Joint Study Committee.

At least four of the nine members of the subcommittee objected to the rigidity of this approach. Their objections reflected the concerns being expressed by many others in and out of Congress, both liberal and conservative, that the procedures required by the bill would frustrate the work of appropriations and legislative committees and would probably bog down in their own complexity and rigidity.

Many knowledgeable members argued that Congress did not have enough time and information to make such decisions that would lock in the legislative and appropriations committees to a set of priorities before the work of Congress had really begun. They saw a dangerous shift of power to the new budget committees which were given sole authority to propose the spending and revenue limitations. They saw this danger compounded if the membership of such committees were unrepresentative of Congress as a whole.

They further argued that the establishment of early ceilings, rather than objectives, particularly subceilings with respect to appropriation subcommittees and program categories, would place Congress in a straitjacket on spending before its appropriations process had been given a chance to review and complete its own order of priorities. Appropriations subcommittees would be reduced to the role of cutting and shifting funds under arbitrary limitations, rather than reflecting changing needs.

They pointed out that the rules in S. 1541 and in S. 1641, the Joint Study Committee bill, for amending the concurrent resolutions—budget limitations—and the spending bills provide for complicated “consistency” requirements which could result in legislative entanglements, untoward debate, and even budget or spending priorities counter to the will of the majority.

The nature of the process, they said, could possibly lead to undue control in the hands of a few to the detriment of the many who sought a more liberal approach to budget setting and spending, and revenue policy.

Finally, it was suggested that as a first step toward budget reform, such comprehensive and controversial changes in the rule of each House, as imposed by S. 1541, might result in no budget reform at all.

Despite these objections to the Joint Study Committee approach the subcommittee voted to adopt it in S. 1541 by a vote of 5 to 4, a close vote, and to report the bill to the full committee where it is presently scheduled to markup. I voted against this approach, but I voted for the bill in order to have it reported for committee, and I hope, Senate consideration.

Two major alternative approaches were debated at length in the subcommittee, and were rejected. They reflected an effort to find a more flexible mechanism for arriving at a budget, and following its requirements.

One alternative would have established by concurrent resolution budget totals—spending, revenues, appropriate deficit or surplus—early in the session which would be “targets” or recommendations to guide the authorizing and appropriations committees and Congress. Recommended targets for spending categories could be contained in the resolution report. Elaborate scorekeeping procedures would keep Members informed of how they were doing as they went along. There could be a “second look” at these recommendations in the fall to take into consideration economic changes and program needs. However, action in line with these recommendations would be up to Congress, and the only incentive to follow the budget would be the possibility of Presidential fiscal action.

Another suggested approach was more restrictive, but not as severe as in S. 1541. This would establish by resolution budget totals, including subtotals for

appropriations committees and spending categories, again early in the session which would provide targets for the committees and for floor action. However, it would require that all spending and revenue action for the fiscal year be reconciled with the budget totals. This reconciliation process would allow Congress to take a look at its action subsequent to the adoption of a recommended budget, and adjust its spending and revenues in response to what it then determines to be its priorities and economic needs. Reconciliation could take several forms: An omnibus appropriation bill; a bill rescinding or reserving already enacted spending measures; revenue legislation; or various combinations of all three. The reconciliation legislation could come in response to a second concurrent resolution—reaffirming or revising the first concurrent resolution, or it could in itself reflect these budgetary decisions through its readjustment of the spending and revenue commitment for the fiscal year.

Another approach which was discussed at subcommittee sessions, but not acted upon, was the suggestion that the appropriations process be strengthened to provide budgetary overview and spending control. The Appropriations Committee would report its bills—appropriations and “backdoor” spending measures, under this approach—and Congress would act as it now does, but the legislation would be returned to the Appropriations Committee. After all the spending measures had been acted upon, the committee would be required to bring back an omnibus appropriation measure which would include the appropriations and backdoor spending action taken plus a substitute amendment containing what it believed to be the necessary changes which should be made in the light of fiscal and economic realities at the time. A variation of this would include revenue changes reported by the finance committees, or would provide an open rule for revenue amendments. In any event, this would give Congress a chance to act through debate and amendment on all spending for the fiscal year in line with the appropriate deficit—or surplus—revenue, debt, and other budget requirements.

The range of the debate on this omnibus appropriations-budget bill boggles the mind, but there is ample precedent for the approach in the legislative budget process of State governments. The danger, of course, is that too many basic matters may get buried in the complexity of the legislation.

Proponents of these alternatives to the Joint Study Committee approach all express the intent—or hope—that action on authorization and appropriations bills be completed before, or shortly after the beginning of the fiscal year.

To lengthen the time span, it has been suggested that the fiscal year be pushed up, or as in the case of S. 1541, the President's budget be pushed back. The fiscal year change has gained a range of support recently in connection with budget reform. The Comptroller General has recommended an October 1 date. Others see the calendar year—January 1 to December 31—as more appropriate.

Under the calendar year approach, it was suggested that the President send up his budget in January for a year ahead, and Congress proceed to debate and adopt its budget for that following fiscal year. During the session the authorization and appropriations process can go forward and budgetary adjustments can be made over a 10-month period without the anxiety of legislating for a fiscal year which has already begun. It has been further suggested that year-advance budgeting could be expanded to 2- and 3-year advance budgets, subject to yearly adjustments. Similarly, it is argued that where necessary, adjustments can be made in present fiscal year budgets while Congress is working on the year ahead.

A change in the fiscal year and advance budgeting may be alien to the conventional pace and mode of congressional political action. It may be difficult for Members to concentrate on hypothetical budgets 2 and 3 years away—when they may not even be in Congress to enjoy them. Our style has been to deal with the immediate crises and the immediate political and economic realities. But these innovations deserve serious attention by the Congress, particularly when it is reaching for a new and flexible process for budget control.

With these alternatives in mind, Senator SAXBE and I have tried to fashion an approach which would provide for the greatest amount of flexibility commensurate with budgetary responsibility, under the least amount of procedural complexity and restraint. I am not wedded to this approach in all its particular. I certainly welcome any criticism or improvements with respect to the legislation. I want an effective, responsible budget control bill. I doubt if S. 1541 is the right way to go about congressional budget reform. I feel we should explore very carefully the other approaches before we embrace in any manner the Joint Study Committee recommendations, or modifications thereof as are incorporated in S. 1541 as amended.

Mr. President, I ask unanimous consent that the proposed amendment to S. 1541 in the nature of a substitute be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows :

AMENDMENT No. 550

Strike out all after the enacting clause and insert the following :

That this Act may be cited as the "Congressional Budget and National Priorities Act of 1973".

DEFINITIONS

SEC. 2. For purposes of this Act—

(1) The terms "budget outlays" and "outlays" mean, with respect to any fiscal year expenditures of funds under budget authority during the fiscal year.

(2) The term "budget authority" means authority provided by law to enter into obligations which result in immediate or future outlays.

(3) The term "tax expenditure authority" means authority provided by law to allow any exclusion or deduction from gross income, or which provides a preferential rate of tax or a deferral of tax liability, and which results in Federal revenue losses.

TITLE I—ESTABLISHMENT OF SENATE AND HOUSE BUDGET COMMITTEES

BUDGET COMMITTEE OF THE SENATE

SEC. 101. (a) Paragraph 1 of Rule XXV of the Standing Rules of the Senate is amended by adding at the end thereof the following new subparagraph :

"(r) (1) Committee on the Budget, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to—

"(A) Establishment of limitations on budget outlays and on new budget authority of the United States Government.

"(B) Determination of the amount, if any, by which budget outlays should exceed revenues, or revenues should exceed budget outlays, considering economic conditions and such other factors as may be relevant to such determination.

"(C) Determination of the appropriate level of Federal revenues, and the appropriate level of public debt of the United States.

"(D) The exercise of new advance budget authority within the meaning of section 402 of the Congressional Budget and National Priorities Act of 1973.

"(E) The exercise of new tax expenditure authority within the meaning of Section 403 of the Congressional Budget and National Priorities Act of 1973.

"(F) The control of impoundment in accordance with provisions of Title VI of the Congressional Budget and National Priorities Act of 1973.

"(2) Such committee shall have the additional duty to—

"(A) Study on a continuing basis the operation of the Congressional budget process and recommend to the Senate improvements in such process with a view toward strengthening Congress and enabling it better to meet its responsibilities under the Constitution of the United States.

"(B) Study on a continuing basis the effect of existing and proposed legislation on budget outlays and report the results of such studies on the Senate, and

"(C) Review on a continuing basis the functions and operation of the Congressional Office if the Budget."

(b) Rule XXV of the Standing Rules of the Senate is amended by adding at the end thereof the following new paragraph :

"8. (a) The Committee on the Budget shall consist of fifteen members.

"(b) The provisions of paragraph 6 relating to membership on committees, shall not apply to service of a Senator on the Committee on the Budget.

"(c) (1) Membership on the Committee on the Budget shall be divided into three classes with five seats in each class. The members first elected to the committee shall, by lot, determine the class to which their seats are assigned. Thereafter, members elected to the committee shall be elected to a seat in one of the three classes.

"(2) A member assigned or elected to a seat in the first class during the 93rd, 94th or 95th Congress shall not be eligible to serve on the committee during the 96th Congress. A member elected to a seat in the first class during any period of three consecutive congresses beginning with the 96th Congress and every fourth congress thereafter, shall not be eligible to serve on the committee during the congress immediately following such period.

"(3) A member assigned or elected to a seat in the second class during the 93rd or 94th Congress shall not be eligible to serve on the committee during the 95th Congress. A member elected to a seat in the second class during any period of three consecutive congresses beginning with the 95th Congress and every fourth congress thereafter shall not be eligible to serve on the committee during the congress immediately following such period.

"(4) A member assigned or elected to a seat in the third class during the 93rd Congress shall not be eligible to serve on the committee during the 94th Congress. A member elected to a seat in the third class during any period of the consecutive congresses, beginning with the 94th congress and every fourth congress thereafter, shall not be eligible to serve on the committee during the congress immediately following such period."

BUDGET COMMITTEE OF THE HOUSE OF REPRESENTATIVES

SEC. 102. (a) Clause 1 of Rule X of the Rules of the House of Representatives is amended by redesignating paragraphs (e) through (u), inclusive, as paragraphs (f) through (v), respectively, and by inserting after paragraph (d) of the following new paragraph:

"(e) Committee on the Budget, to consist of ——— members."

(b) Rule XI of the Rules of the House of Representatives is amended by redesignating clauses 5 through 33, inclusive, as clauses 6 through 34, respectively, and by inserting after clause 4 the following new clause:

"5. Committee on the Budget

"(a) Establishment of limitations on budget outlays and on new budget authority of the United States Government.

"(b) Determination of the amount, if any, by which budget outlays should exceed revenues, or revenues should exceed budget outlays, considering economic conditions and such other factors as may be relevant to such determination.

"(c) Determination of the appropriate level of Federal revenues, and the appropriate level of the public debt of the United States.

"(d) The exercise of new advance budget authority within the meaning of section 403 of the Congressional Budget and National Priorities Act of 1973.

"(e) The exercise of new tax expenditure authority within the meaning of Section 403 of the Congressional Budget and National Priorities Act of 1973.

"(f) The control of impoundment in accordance with provisions of Title VI of the Congressional Budget and National Priorities Act of 1973.

"(g) Such committee shall have the additional duty to—

"(1) Study on a continuing basis the operation of the congressional budget process and recommend to the House improvements in such process with a view toward strengthening Congress and enabling it better to meet its responsibilities under the Constitution of the United States.

"(2) Study on a continuing basis the affect of existing and proposed legislation on budget outlays and reports the results of such studies to the House, and

"(3) Review on a continuing basis the functions and operation of the Congressional Office of the Budget."

TITLE II—CONGRESSIONAL OFFICE OF THE BUDGET

ESTABLISHMENT OF OFFICE

SEC. 201. (a) IN GENERAL.—There is hereby established an office of the Congress to be known as the Congressional Office of the Budget (hereafter in this title referred to as the "Office"). There shall be in the Office a Director and a Deputy Director who shall be appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate with the approval of the Senate and the House of Representatives, given by resolution of each House. The Deputy Director shall perform such duties as may be assigned to him by the Director, and during the absence or incapacity of the Director, or during a vacancy in that office, shall act as the Director.

(b) The Director and Deputy Director shall be appointed without regard to political affiliation and solely on the basis of their fitness to perform their duties.

(c) The Director and Deputy Director shall serve at the pleasure of the Senate and the House of Representatives and may be removed by either House by resolution.

(d) The Director shall receive the same compensation as the Comptroller General of the United States. The Deputy Director shall be paid at the highest

rate of basic pay set forth in the General Schedule of section 5332 of title 5, United States Code.

(e) **PERSONNEL.**—The Director shall appoint and fix the compensation of such professional, technical, clerical and other personnel as may be necessary to carry out the duties and functions of the Office. All personnel of the Office shall be appointed without regard to political affiliation and solely on the basis of their fitness to perform their duties. For purposes of pay and employment benefits, rights, and privileges, personnel of the office shall be treated as if they were employees of the House of Representatives.

(f) **EXPERTS AND CONSULTANTS.**—In carrying out the duties and functions of the Office, the Director may procure the temporary (not to exceed one year) or intermittent services of experts or consultants or organizations thereof by contract as independent contractors, or in the case of individual experts or consultants by employment at rates of pay not in excess of the daily equivalent of the highest rate of pay set forth in the General Schedule of section 5332 of title 5, United States Code.

(g) **UTILIZATION OF SERVICES, ETC.**—In carrying out the duties and functions of the Office, the Director may, as agreed upon with the head of any department, agency, or establishment of the executive branch of Government or regulatory agency or commission, utilize the services, facilities, and personnel of such department, agency, or establishment or such regulatory agency or commission. The utilization of such services, facilities, and personnel may be with or without reimbursement of the Office as may be agreed to.

(h) **APPROPRIATIONS.**—There are hereby authorized to be appropriated to the Office for each fiscal year such sums as may be necessary to enable it to carry out its duties and functions.

Until sums are first appropriated to the Office pursuant to the preceding sentence, the expenses of the Office shall be paid, upon vouchers approved by the Director, one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives.

DUTIES AND FUNCTIONS

SEC. 202. (a) **ASSISTANCE TO BUDGET COMMITTEES.**—It shall be the duty and function of the Office to provide information to the Committees on the Budget of both Houses with respect to the budget, appropriation bills, other bills authorizing or providing budget authority, revenues, receipts and estimated future revenues and receipts, and changing revenue conditions. The Office shall also provide to the Committee on the Budget of either House such other information as such committee may request. At the request of the Committee on the Budget of either House, personnel of the Office shall be assigned, on a temporary basis, to assist such committee.

(b) **ASSISTANCE TO OTHER COMMITTEES AND MEMBERS.**—At the request of any other committee of the Senate or the House of Representatives, any joint committee of the Congress, or any Member of the Senate or the House, the Office shall provide to such committee, joint committee, or Member any information compiled in carrying out the first sentence of subsection (a) and shall, to the extent practicable, provide other information requested with respect to the budget, appropriation bills, other bills authorizing or providing budget authority, revenues, receipts, estimated future revenue and receipts changing revenue conditions, and related information. At the request of any such committee, joint committee, or Member, personnel of the Office may be assigned, on a temporary basis, to assist such committee, joint committee, or Member with respect to matter directly related to the items enumerated in the preceding sentence.

(1) The Office shall review, on a continuing basis, the needs of the various committees and Members of Congress for fiscal, budgetary, and program information and shall recommend to the Congress and to the executive agencies, as appropriate, improvements in developing and reporting such information to meet these needs most effectively.

(2) The Office shall develop, establish, and maintain an up-to-date inventory and directory of information sources and systems, including but not limited to such systems operated by executive agencies, containing fiscal, budgetary, and program data and information, and shall provide upon request assistance to committees, joint committees, and Members of Congress, in securing and analyzing such information from the sources identified in such inventory and directory.

(c) **USE OF COMPUTERS AND OTHER TECHNIQUES.**—The Director is authorized to purchase, lease, or otherwise utilize computer capability, to obtain the serv-

ices of experts and consultants in modern data processing technology, and to develop techniques for the evaluation of budgetary requirements in carrying out the duties and functions of the Office.

(1) The Director shall, to the extent he deems necessary, develop, establish, and maintain a central file or files of the data and information required to carry out the purposes of this act. Such a file or files shall be established to meet recurring requirements of the Congress for fiscal, budgetary and program data and information and shall include, but not be limited to, data and information pertaining to budget requests, congressional authority to obligate and spend apportionment and reserve actions, and obligations and expenditures. Such a file or files and their indexes shall be maintained in such a manner as to facilitate their use by the committees of both Houses, joint committees, and other congressional agencies through modern data processing and communications techniques.

REPORTING REQUIREMENTS

SEC. 203. (a) REPORT ON REVENUES AND OUTLAYS.—Not later than November 1 of each year, and based on his estimates of revenues expected to be received by the United States Government during the ensuing fiscal year, the Director shall report to the Congress with respect to alternate levels of revenues and outlays for the fiscal year. Such report shall also set forth—

(1) The amounts of revenue losses attributable to provisions of the Federal tax laws which allow an exclusion or deduction from gross income or which provide a preferential rate of tax or a deferral of tax liability (commonly referred to as "tax expenditures").

(2) The estimated costs of existing programs, activities and services, the estimated costs of proposed new programs, and the estimated costs of changes in or expansion of existing programs, activities, and services, as submitted to the Office by the officers and employees of the departments and establishments in accordance with requirements of sections 502, 503, and 505 of this Act.

(b) The District may at any time thereafter submit subsequent reports to the Congress revising the report required by subsection (a).

(c) PROJECTION OF REVENUES AND BUDGET OUTLAYS.—The Director shall develop information with respect to the affect of existing laws on revenues and outlays during the current fiscal year and the ensuing four fiscal years and shall report such information to the Congress as he deems necessary.

(d) TRANSFER OF FUNCTIONS OF JOINT COMMITTEE ON REDUCTION OF FEDERAL EXPENDITURES.—The duties and functions of the Joint Committee on Reduction of Federal Expenditures are transferred to the Office, and the Joint Committee is hereby abolished.

POWERS TO OBTAIN DATA

SEC. 204. (a) SECURING OF DATA.—The Director is authorized to secure from any executive department, office, board, bureau, agency, independent establishment, or instrumentality of the Government, information, data, estimates, and statistics required by the Office to carry out its duties and functions or the purposes of this Act.

(b) FURNISHING OF DATA.—Executive departments, offices, boards, bureaus, agencies, independent establishments and instrumentalities are authorized and directed to furnish such information, data, estimates, and statistics to the Director, upon request made pursuant to this section.

(c) SERVICES OF OTHER CONGRESSIONAL AGENCIES.—The Director is authorized to obtain all existing information, data, estimates, and statistics developed by the General Accounting Office, the Library of Congress, and the Office of Technology Assessment in the normal course of their operations and activities. Requests for information, and the compliance with such requests, pursuant to this subsection, shall be in accordance with procedures to be developed and agreed upon between the Director and the Comptroller General, the Librarian of Congress, and the Technology Assessment Board, respectively.

(1) In carrying out the duties and functions of the Office, the Director may, as agreed upon with the Comptroller General, the Librarian of Congress, and the Technology Assessment Board, utilize the services, facilities, and personnel of the General Accounting Office, the Library of Congress, and the Office of Technology Assessment, as the case may be. The utilization of such services, facilities, and personnel may be with or without reimbursement by the Office as may be agreed to.

(2) The Comptroller General, the Librarian of Congress, and the Technology Assessment Board are authorized to provide the Office such services, facilities and personnel under this subsection.

(3) Except as otherwise specifically provided, nothing in this title shall be construed as modifying any existing authorities or responsibilities of the General Accounting Office, the Library of Congress, and the Office of Technology Assessment.

TITLE III—ADOPTION OF RESOLUTION ON THE BUDGET

ACTION ON CONCURRENT RESOLUTION

SEC. 301. (a) ACTION TO BE COMPLETED ABOUT APRIL 1.—On or before April 1 of each year, the Congress shall complete action on a concurrent resolution setting forth for the fiscal year beginning on July 1 of that year—

(1) limitations on total new budget authority and total budget outlays;

(2) the estimated revenues to be received and the major sources thereof, and the estimated surplus or deficit, if any, based upon such estimated revenues and the limitation on outlays set forth pursuant to paragraph (1);

(3) the amount, if any, by which revenues should exceed budget outlays or budget outlays should exceed revenues considering economic conditions and such other factors as may be relevant to such determination;

(4) the appropriate level of Federal revenues and the public debt based upon the amount of surplus or deficit set forth pursuant to paragraph (3);

(5) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.

(b) HEARINGS BY COMMITTEES ON THE BUDGET.—Within fifteen days after its transmittal to the Congress each year, the Committees on the Budget of each House shall begin hearings on the Budget of the U.S. Government.

(1) In holding such hearings, the committee shall receive testimony from the Director of the Office of Management and Budget, the Secretary of the Treasury, the Chairman of the Council of Economic Advisors, and such other persons as the committees deem appropriate.

(2) Prior to such hearings, the Committees on Appropriations and Finance of the Senate shall submit their views and estimates to the Committee on the Budget of the Senate, the Committee on Appropriations and Ways and Means of the House of Representatives shall submit their views and estimates to the Committee on the Budget of the House, and the Joint Economic Committee and the Joint Committee on Internal Revenue Taxation shall submit their views and estimates to the Committees on the Budget of the Senate and House, with respect to all matters set forth in subsection (a) and which relate to matters within the respective jurisdictions or functions of such committees and joint committees. All other standing committees of the Senate and House shall also submit to the Committee on the Budget of their House, and any other joint committee on the Budget of both Houses, their views and estimates with respect to all matters set forth in such subsection which relate to matters within their jurisdiction.

(c) Hearings pursuant to paragraph (b), or any part thereof, may be held before joint meetings of the Committees on the Budget of the House and the Senate in accordance with such procedures as the two committees jointly may determine.

(d) Section 242(c) of the Legislative Reorganization Act of 1970 is hereby repealed.

(e) REPORTING.—On or before March 1 of each year, the Committee on the Budget of each House shall report a concurrent resolution on the budget for the fiscal year beginning on July 1 of that year. The report accompanying such concurrent resolutions shall include, but not be limited to—

(1) The economic assumptions and objectives which underlie the limits on total new budget authority and total budget outlays set forth in such concurrent resolution;

(2) The amount, if any, by which the aggregate level of Federal revenues is to be increased or decreased by legislation reported by the Committee on Finance of the Senate and the Committee on Ways and Means of the House;

(3) The amount, if any, by which the statutory limit on the public debt is to be increased or decreased by legislation reported by the Committee on Finance of the Senate and the Committee on Ways and Means of the House;

(4) A comparison of revenues and major sources thereof, as estimated for purposes of the concurrent resolution, with those estimated in the budget submitted by the President;

(5) A comparison of tax expenditures, as estimated for purposes of the concurrent resolution, with those set forth in the budget submitted by the President;

(6) A comparison of the limits on total new budget authority and total budget outlays set forth in such concurrent resolution with total new budget authority requested and total budget outlays estimated in the budget submitted by the President;

(7) A comparison of the amounts of new budget authority and budget outlays, as estimated for purposes of the concurrent resolution, allocated to the various Government programs, activities and services with the new budget authority requested and the budget outlays estimated for such programs, activities, and services in the budget submitted by the President.

REAFFIRMATION OR REVISION OF RESOLUTION ON THE BUDGET

SEC. 302. (a) **REQUIRED REPORT OF REAFFIRMATION OR REVISION.**—On or before September 15 of each year, the Committee on the Budget of each House shall report a concurrent resolution which reaffirms or revises the concurrent resolution adopted pursuant to section 301. If, based upon the total outlays and the estimated total revenues for the fiscal year set forth in such resolution, the amount of deficit or surplus is different than that set forth in such resolution as the appropriate amount of deficit or surplus, such resolution shall also direct—

(1) the Committee on Finance, in the case of the Senate, and the Committee on Ways and Means, in the case of the House, to report legislation increasing or decreasing Federal revenues by a specified amount; or,

(2) the Committees on Appropriations of the respective Houses to report legislation rescinding or reserving a specified amount or amounts of budget authority and outlays to be made available during the fiscal year; or,

(3) a combination of the measures specified in subparagraphs (1) and (2).

(b) Any committee of either House which has been directed to report legislation by a concurrent resolution adopted pursuant to paragraph (a) of this section and which has not reported such legislation within fifteen days of the approval of such a resolution by the House of which it is a part shall be considered to have been discharged from further consideration of such legislation, and the Committee on the Budget of that House shall be authorized and directed to report such legislation.

(c) **PERMISSIBLE REVISIONS.**—At any time after the concurrent resolution for a fiscal year has been adopted pursuant to section 301, and before the close of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises the concurrent resolution on the budget most recently adopted for that fiscal year.

RULES FOR CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 303. (a) **PROCEDURE AFTER REPORT OF COMMITTEE.**—

(1) A concurrent resolution on the budget reported in either House shall be highly privileged. It shall be in order at any time after the fifth day following the day on which the report accompanying such a concurrent resolution is available to move to proceed to its consideration (even though a previous motion to the same effect has been disagreed to). Such a motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on any concurrent resolution on the budget, and all amendments thereto, shall be limited to not more than sixty hours. A motion further to limit debate is not debatable.

(b) **DECISIONS WITHOUT DEBATE ON MOTION TO POSTPONE OR PROCEED.**—

(1) Motions to postpone, made with respect to the consideration of any concurrent resolution on the budget, and motions to proceed to the consideration of other business, shall be decided without debate.

(2) Appeals from the decisions of the Chair relating to the application of the Rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

(c) ACTION OF CONFERENCE REPORTS.—

(1) The conference report on any concurrent resolution on the budget shall be highly privileged in each House. It shall be in order at any time after the third day following the day on which such a conference report is reported and is available to move to proceed to its consideration (even though a previous motion to the same effect has been disagreed to). Such a motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on the conference report shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the conference report. A motion to recommit the conference report shall not be in order and it shall not be in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(3) Motions to postpone, made with respect to the consideration of such conference report and motions to proceed to the consideration of other business, shall be decided without debate.

FLOOR AMENDMENTS TO CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 304. (a) During the consideration in either House of any concurrent resolution on the budget, an amendment shall not be in order unless—

(1) it is germane; and,

(2) it is accompanied by a statement which either (A) contains an estimate of the effect (if any) of such amendment on new budget authority and outlays, or revenues, or both; or (B) states reasons why such an estimate has not been made.

(b) The Director of the Congressional Office of the Budget shall, insofar as practicable, make available a statement containing an estimate of the effect (if any) of any amendment on new budget authority and outlays, or revenues, or both, prior to the time of consideration of such an amendment.

(c) Daily analysis by Congressional Office of the Budget.—At the close of each day on which a concurrent resolution on the budget is under consideration in either House, the Director of the Congressional Office on the Budget shall prepare, and make available before that House meets on the following day, an analysis of the effect, if any, of each amendment agreed to as of the close of such day on matters contained in such concurrent resolution.

TITLE IV—RULES FOR CONSIDERATION OF BUDGET AUTHORITY AND REVENUE LEGISLATION

COMPARISONS IN COMMITTEE REPORTS

SEC. 401. (a) IN GENERAL.—It shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution which provides—

(1) new budget authority for a fiscal year,

(2) an increase or decrease in revenues to become effective during a fiscal year, or

(3) an increase or decrease in the public debt limit to become effective during a fiscal year,

unless the committee report accompanying such bill or resolution contains a statement either—

(A) comparing such new budget authority, as described in subparagraph (1), and the outlays expected to result therefrom, with the applicable amounts of new budget authority and outlays, as estimated for purposes of the concurrent resolutions on the budget reported in both Houses;

(B) analyzing the effect (if any) of such an increase or decrease in revenues, as described in subparagraph (2), on the amount of surplus or deficit, or the appropriate level of public debt set forth in the most recent concurrent resolution on the budget adopted by the Congress; or

(C) comparing such an increase or decrease in the public debt limit, as described in subparagraph (3), with the level of public debt set forth in the most recent concurrent resolution on the budget adopted by Congress.

(b) It shall not be in order in either the Senate or the House of Representatives to consider any amendment to any bill or resolution which provides the authority specified in paragraph (a) of this section, subparagraphs (1), (2), or (3), unless it is accompanied by statement which either contains the applicable information

specified in subparagraphs (A), (B), or (C) of paragraph (a) of this section, or states reasons why such information has not been made available.

(c) The Director of the Congressional Office of the Budget, insofar as practicable, shall make available a statement containing the applicable information, as specified in paragraphs (a) and (b) of this section, prior to the time of consideration of any bill or resolution or amendment thereto which provides the authority specified in paragraph (a) of this section, subparagraphs (1), (2), or (3).

(d) The requirements of this section, as applied to consideration of any such bill, resolution, or amendment in either House, may be waived only by resolution reported by the Committee on the Budget of that House.

LIMITATION ON NEW ADVANCE BUDGET AUTHORITY

SEC. 402. (a) **LEGISLATION SUBJECT TO POINT OF ORDER.**—It shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution which provides new advance budget authority (or any amendment which provides new advance budget authority) unless such bill or resolution, or such amendment, also provides that the new advance budget authority is to be exercised for any fiscal year only to such extent or in such amounts as are provided for such fiscal year in laws enacted after the enactment of such bill or resolution.

(b) **NEW ADVANCE BUDGET AUTHORITY DEFINED.**—For purposes of subsection (a)—

(1) **NEW ADVANCE BUDGET AUTHORITY.**—The term “new advance budget authority” means advance budget authority provided by law enacted after the date of enactment of this Act, including any increase in, or addition to, any advance budget authority provided by law in effect on the date of enactment of this Act.

(2) **ADVANCE BUDGET AUTHORITY.**—The term “advance budget authority” means authority provided by law, whether on a temporary or permanent basis—

(A) to enter into contracts, under which the United States is obligated to make outlays, which have not been provided for in advance by appropriation Acts,

(B) to incur indebtedness, for the repayment of which the United States is liable (other than indebtedness incurred under the Second Liberty Bond Act), which has not been provided for in advance by appropriation Acts,

(C) to guarantee on behalf of the United States the repayment of indebtedness (other than indebtedness described in subparagraph (B)), which has not been provided for in advance by appropriation Acts,

(D) to make payments (including loans and grants), which have not been provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law, and

(E) to obligate the United States to make outlays by any other means which has not been provided for in advance by appropriation Acts.

LIMITATION ON NEW TAX EXPENDITURE AUTHORITY

SEC. 403. (a) **LEGISLATION SUBJECT TO POINT OF ORDER.**—It shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution which provides new tax expenditure authority (or any amendment which provides new tax expenditure authority) unless such bill or resolution, or such amendment, also provides that the new tax expenditure authority is to be exercised for any fiscal year only to such extent or in such amounts as are provided for such fiscal year in laws enacted after the enactment of such bill or resolution.

(b) **NEW TAX EXPENDITURE AUTHORITY DEFINED.**—For purposes of subsection (a), the term “new tax expenditure authority” means tax expenditure authority

provided by law enacted after the date of enactment of this Act, including any increase in, or addition to, any tax expenditure authority provided by law in effect on the date of enactment of this Act.

SEC. 404. **REFERENCE OF BILLS AND RESOLUTIONS.**—All bills and resolutions introduced in the Senate which authorize the exercise of new advance budget authority, new tax expenditure authority, or both, shall be referred to the Committee on the Budget of the Senate. No committee of the Senate other than the Committee on the Budget shall have jurisdiction to report any bill or other measure which authorizes the exercise of new advance budget authority or new tax expenditure authority. All bills and resolutions introduced in the House of Representatives which authorize the exercise of new advance budget authority,

new tax expenditure authority, or both, shall be referred to the Committee on the Budget of the House. No committee of the House other than the Committee on the Budget shall have jurisdiction to report any bill or resolution which authorizes the exercise of new advance budget authority or new tax expenditure authority.

REQUIREMENT OF ADVANCE AUTHORIZATION BY LEGISLATIVE COMMITTEE

SEC. 404 (a). It shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution (or conference report thereon) authorizing the enactment of new budget authority for any fiscal year after such fiscal year has begun.

(b) The requirements of this section, as applied to consideration in either House of any bill or resolution (or conference report thereon) authorizing the enactment of new budget authority for any fiscal year after such fiscal year has begun, may be waived only in the event of unforeseen emergency situations by resolution reported by the Committee on the Budget of that House.

TITLE V—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921, AND ANALYSES

PRESIDENTIAL BUDGET INCLUDES SAME ELEMENTS AS CONGRESSIONAL BUDGET AND TAX EXPENDITURES

SEC. 501. Section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is amended—

(1) by adding at the end thereof the following new subsections:

“(d) The budget transmitted pursuant to subsection (a) for each fiscal year shall set forth separately the items enumerated in subsection (a) of section 301 of the Congressional Budget and National Priorities Act of 1973.

“(e) The budget transmitted pursuant to subsection (a) for each fiscal year shall set forth the amounts of revenue losses attributable to provisions of the Federal tax laws which allow an exclusion or deduction from gross income or which provide a preferential rate of tax or a deferral of tax liability (commonly referred to as ‘tax expenditures’).”

(2) by inserting after “ensuing fiscal year” in subsection (a) (5) “and the four fiscal years immediately following the ensuing fiscal year”;

(3) by striking out “such year” in subsection (a) (5) and inserting in lieu thereof “such years”;

(4) by inserting after “ensuing fiscal year” in subsection (a) (6) “and the four fiscal years immediately following the ensuing fiscal year”; and

(5) by inserting after subsection (a) (12) the following new paragraph:

“(13) the estimated expenditures and proposed appropriations for existing programs, activities, and services, and the estimated expenditures and proposed appropriations for proposed new programs, activities, and services and proposed changes in or expansion of existing programs, activities, and services.”

SEC. 502. Section 215 of the Budget and Accounting Act, 1921 (31 U.S.C. 23), is amended by striking out “Bureau on or before a date which the President shall determine,” and inserting in lieu thereof “Office of Management and Budget and the Congressional Office of the Budget on or before September 15.”

SEC. 503. Section 216(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 24), is amended by adding at the end thereof the following new sentence: “Such requests shall separately identify the estimated costs of existing programs, activities and services and the estimated costs of proposed new programs, activities, and services, and proposed changes in or expansion of existing programs, activities, and services.”

SEC. 504. Section 206 of the Budget and Accounting Act, 1921 (31 U.S.C. 15) is hereby repealed.

SEC. 505. The Budget and Accounting Act 1921, (31 U.S.C.), is amended by adding at the end thereof the following new title:

“TITLE IV—PROVISION OF INFORMATION TO THE CONGRESS

“SEC. 401. Whenever any officer or employee of any department or establishment submits any estimate or request for appropriations to the President or the Office of Management and Budget, he shall concurrently transmit a copy of such estimate or request, together with copies of any documents submitted with such

estimate or request, to the Congressional Office of the Budget. No officer or employee of the United States shall have authority to approve, or to require any department or establishment, or any officer or employee thereof, to submit any estimate or request for appropriations for approval, prior to the submission of such estimate or request to the Congressional Office of the Budget."

ANALYSES BY CONGRESSIONAL OFFICE OF THE BUDGET

SEC. 506. (a) With respect to each bill or resolution of a public character reported by any committee of the Senate or the House of Representatives (except the Committee on Appropriations and the Committee on the Budget of each House), the Director of the Congressional Office of the Budget shall prepare and make available—

(1) an estimate of the costs which would be incurred in carrying out such bill or joint resolution in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for each such estimate;

(2) a comparison of the estimate of costs described in paragraph (1) with any estimate of costs made by such committee and any Federal agency; and

(3) a list of existing and proposed Federal programs which provide or would provide financial assistance for the objectives of the program or programs authorized by the bill or resolution.

(b) It shall not be in order in either the Senate or the House of Representatives to consider any bill or joint resolution unless the report accompanying such bill or resolution contains the material described in subsection (a) prepared by the Director of the Congressional Office of the Budget.

(c) Section 252 of the Legislative Reorganization Act of 1970 is hereby repealed.

TITLE VI—IMPOUNDMENT CONTROL PROCEDURES

SPECIAL MESSAGE REQUIRED ON IMPOUNDMENT ACTIONS

SEC. 601 (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department, or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to subsection (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses as the President of the Senate, and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority,

following which he shall notify both Houses of Congress within 15 days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C. 665), commonly referred to as the "Antideficiency Act", the provisions of sections 602 and 604 shall not apply: *Provided, however* That the Committee on the Budget of either House may submit, within five days after receipt of the opinion of the Comptroller General, a report of disagreement to the House of which it is a part, and the provisions of sections 602 and 604 shall apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 602 and 604 of this Act shall apply.

(d) If any information contained in a special message submitted pursuant to subsection (a) is subsequently reviewed, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 602. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 604, of this Act: *Provided, however*, That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concurrent resolution within the sixty-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer or employee from reimposing the specific budget authority set forth in the special message which the Congress by the action or failure to act has thereby rejected.

SEC. 603. For purposes of this Act, the impounding of budget authority includes—

(1) withholding, delay, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available.

(2) withholding delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in order to permit the budget authority to be expended or obligated).

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of the budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 604. (a)—All bills or resolutions introduced in the Senate which approve or disapprove any impoundment in whole or in part shall be referred to the Committee on the Budget of the Senate. No committee of the Senate other than the Committee on the Budget shall have jurisdiction to report any bill or other measure which approves or disapproves any impoundment in whole or in part. All bills or resolutions introduced in the House which approve or disapprove any impoundment in whole or in part shall be referred to the Committee on the Budget of the House. No committee of the House other than the Committee on the Budget shall have jurisdiction to report any bill or other measure which approves or disapproves any impoundment in whole or in part.

(b) (1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or House of Representatives, as the case may be, which is introduced at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated —, Senate (House) Document No. —."

(3) The matter after the resolving clause of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated —, Senate (House) Document No. — (in the amount of \$—)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die because of an adjournment of more than three days to a day certain shall be excluded in the computation of the sixty day period.

(c) (1) a resolution reported in either House shall be highly privileged. It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. Such motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

SEC. 605. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this Act, and the President fails to report such impounding action to the Congress as required by this Act, the Comptroller General shall report such impounding action with any available information concerning it to both Houses of Congress, and the provisions of this Act shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: *Provided, however,* That the sixty-day period provided in section 602 of this Act shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impoundment action was taken.

SEC. 606. Nothing contained in this Act shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 607. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this Act, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be necessary or appropriate to

secure compliance with the provisions of this Act by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 608. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this Act.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this Act or by the Antideficiency Act (31 U.S.C. 665), he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 609. If any provision of this Act, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

TITLE VII—EVALUATION AND PILOT TESTING OF PROGRAMS

LEGISLATION SUBJECT TO POINT OF ORDER

SEC. 701. (a) Except as provided in subsection (b), it shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution—

(1) which establishes a new major outlay program unless such bill or resolution provides, or a prior law has provided) for a pilot test of such program which meets the requirements of this title, or

(2) which authorizes the enactment of budget authority to implement any major outlay program established by law passed by the Congress after the effective date of this title (other than budget authority to carry out a pilot test of such program which meets the requirements of this title) until the appropriate committee of the Senate or the House, as the case may be, has submitted to that House a report on the pilot test of the program pursuant to section 703(a) and a report to the Committee on the Budget of that House pursuant to section 703(c).

(b) Subsection (a) shall not apply to a bill or resolution if the committee report accompanying it contains a statement, together with an explanation, that the committee has given full consideration to pilot testing and, in its judgment, pilot testing would not be feasible or desirable for the program established, or for which budget authority is authorized, by the bill or resolution.

REQUIREMENTS

SEC. 702. (a) In order to meet the requirements of this title, a pilot test of a major outlay program must—

(1) entail a test of the program which consists of a replica, as nearly as possible, of the conditions that would exist if the program were implemented on a permanent basis,

(2) be conducted for at least two complete fiscal or calendar years (excluding any period for planning and preparation),

(3) be conducted by a department or agency of the Government or a public or private organization specified in the law providing for the pilot test, and

(4) require the department, agency, or organization which conducts the test, and the Comptroller General of the United States, to report the results of the test, as soon as practicable after its conclusion, to the committees of the Senate and the House of Representatives which have jurisdiction to report legislation authorizing the enactment of budget authority to implement the program.

(b) Nothing contained in this title shall preclude simultaneous multiple pilot tests of a major outlay program to determine the most feasible alternative before national implementation.

(c) The Comptroller General of the United States shall have full authority to monitor any pilot test conducted pursuant to the requirements of this title.

COMMITTEE EVALUATION

SEC. 703. (a) Upon receipt of the reports of a pilot test of a major outlay program, each committee to which the reports are submitted shall conduct a compre-

hensive study to evaluate the results of the pilot test and shall, as soon as practicable, submit a report thereon to the Senate or the House of Representatives, as the case may be. In conducting such study, the committee shall receive testimony and evidence in hearings open to the public. The committees of the two Houses may conduct such hearings jointly.

(b) The report of a committee on the evaluation of a pilot test of a major outlay program shall include (but not be limited to) the following matters:

(1) Suitability of the Federal Government to implement such a program on a national scale.

(2) A cost-benefit analysis of the program in relation to other alternative measures.

(3) In the event the program would change a current method of dealing with a specific problem, a comparison of the current method used and the method used in the test, and an analysis in terms of relative effectiveness.

(c) In addition to the report required by subsection (a), the committee shall submit to the Committee on the Budget of its House a separate report containing a detailed cost-benefit analysis.

REVIEW AND EVALUATION BY THE COMPTROLLER GENERAL

SEC. 704. Part 1 of title II of the Legislative Reorganization Act of 1970 (84 Stat. 1167; Public Law 91-510; 31 U.S.C. 1151 and following) is amended by striking out section 204 and inserting in lieu thereof the following:

"REVIEW AND EVALUATION

"SEC. 204. (a) The Comptroller General shall review and evaluate the results of Government programs and activities carried on under existing law when ordered by either House of Congress, or upon his own initiative, or when requested by any committee of the House of Representatives or the Senate, or any joint committee of the two Houses, having jurisdiction over such programs and activities.

"(b) The Comptroller General upon request of any committee or Member of either House of Congress shall—

"(1) assist such committee or Member in developing a statement of legislative objectives, goals, and methods for assessing and reporting actual program performance in relation to such legislative objectives and goals. Such statements will include but not be limited to recommendations as to methods of assessment, information to be reported, responsibility for reporting, frequency of reports, and feasibility of pilot testing, and

"(2) assist such committee or Member in analyzing and assessing program reviews or evaluation studies prepared by or for any Federal agency.

"(c) The Comptroller General shall develop and recommend to the Congress standards for review or evaluation of Government programs or activities carried on under existing law. Such recommendations shall be reported semiannually to both Houses of the Congress on or about March 1 and September 1."

TITLE VIII—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

SEC. 801. That part of title II of the Legislative Reorganization Act of 1970 which precedes section 201 thereof (84 Stat. 1167; Public Law 91-510; 31 U.S.C. chapter 22) is amended by striking out—

"TITLE II—FISCAL CONTROLS

"PART 1—BUDGETARY AND FISCAL INFORMATION AND DATA

and inserting in lieu thereof—

"TITLE II—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

"PART 1—FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION"

SEC. 802. Part 1 of title II of the Legislative Reorganization Act of 1970 (84 Stat. 1167; Public Law 91-510; 31 U.S.C. 1151 and following) is amended by striking out sections 201, 202, and 203 and inserting in lieu thereof the following:

"FEDERAL FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION SYSTEMS

"SEC. 201. The Secretary of the Treasury and the Director of the Office of Management and Budget, in cooperation with the Director of the Congressional Office of the Budget, shall develop, establish, and maintain, for use by all Federal agencies, standardized data and information systems for fiscal, budgetary, and program-related data and information. The development, establishment, and maintenance of such systems shall be carried out so as to meet the needs of the various branches of the Federal Government and, insofar as practicable, of governments at the State and local level.

"STANDARDIZATION OF TECHNOLOGY, DEFINITIONS, CLASSIFICATIONS, AND CODES FOR FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"SEC. 202. (a) The Director of the Congressional Office of the Budget, in cooperation with the Secretary of the Treasury and the Director of the Office of Management and Budget, shall develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes, for Federal fiscal, budgetary, and program-related data and information. The authority contained in this part shall include, but not be limited to, data and information pertaining to Federal fiscal policy, revenues, receipts, expenditures, functions, programs, projects, and activities and shall be carried out so as to meet the needs of the various branches of the Federal Government and, insofar as practicable, of governments at the State and local level. The standard terms, definitions, classifications, and codes shall be used by such fiscal, budgetary, and program-related data and information systems operated by executive departments and agencies as the Director of the Congressional Office of the Budget deems necessary to carry out the purposes of this title.

"(b) The Director of the Congressional Office of the Budget shall submit to both Houses of the Congress, within six months of the date of enactment of this Act, a report containing the initial standard terms, definitions, and classifications, as described in this part.

"(c) Thereafter, the Director of the Congressional Office of the Budget, in reports to both Houses of the Congress, shall publish the effective terminology, definitions, classifications, and codes semiannually on March 1 and September 1.

"AVAILABILITY TO AND USE BY THE CONGRESS OF FEDERAL FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"SEC. 203. (a) Upon request of any committee of either House, of any joint committee of the two Houses, or of the Director of the Congressional Office of the Budget, the Secretary of the Treasury, the Director of the Office of Management and Budget, or the heads of the various executive agencies shall—

"(1) furnish to the congressional committee, the joint committee, or the Director of the Congressional Office of the Budget, information as to the location and nature of available fiscal, budgetary, and program-related data and information;

"(2) prepare summary tables of such data and information and any related information deemed necessary by the requesting committee, joint committee, or the Director of the Congressional Office of the Budget; and

"(3) furnish any program evaluations conducted or commissioned by any executive agency as deemed necessary by the requesting committee, joint committee, or the Director of the Congressional Office of the Budget.

SEC. 803. The table of contents of title II of the Legislative Reorganization Act of 1970 (84 Stat. 1140; Public Law 91-510; 31 U.S.C. chapter 22) is amended by striking out—

"TITLE II—FISCAL CONTROLS

"PART 1—BUDGETARY AND FISCAL INFORMATION AND DATA

"Sec. 201. Budgetary and fiscal data processing system.

"Sec. 202. Budget standard classifications.

"Sec. 203. Availability to Congress of budgetary, fiscal, and related data."

and inserting in lieu thereof—

"TITLE II—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

"PART 1—FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

- "Sec. 201. Federal fiscal, budgetary, and program-related data and information systems.
- "Sec. 202. Standardization of terminology, definitions, classifications, and codes for fiscal, budgetary, and program-related data and information.
- "Sec. 203. Availability to and use by the Congress of Federal fiscal, budgetary, and program-related data and information."

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

CONFORMING AMENDMENTS TO STANDING RULES OF THE SENATE

SEC. 901. Paragraph 1 of Rule XXV of the Standing Rules of the Senate is amended—

(1) by inserting after "Government" in subparagraph (c) ", except as provided in subparagraph (r) (1),";

(2) by striking out "Revenue" in subparagraph (h)1 and inserting in lieu thereof "Except as provided in subparagraph (r) (1), revenue";

(3) by striking out "The" in subparagraph (h)2 and inserting in lieu thereof "Except as provided in subparagraph (r) (1), the"; and

(4) by striking out "Budget" in subparagraph (j) (1) (A) and inserting in lieu thereof "Except as provided in subparagraph (r) (1), budget".

CONFORMING AMENDMENT TO HOUSE RULES

SEC. 902. Rule XI of the Rules of the House of Representatives is amended by inserting immediately below clause 21 thereof the following new clause:

"21A. The respective areas of legislative jurisdiction under this rules are modified by title I of the Congressional Budget and National Priorities Act of 1973".

AMENDMENTS TO LEGISLATIVE REORGANIZATION ACT OF 1946

SEC. 903. (a) Section 133 of the Legislative Reorganization Act of 1946 (2 U.S.C. 190a) is amended—

(1) by inserting "and the Committee on the Budget" after "Appropriations" in subsections (d) and (f), and

(2) by inserting "or the Committee on the Budget" after "Appropriations" in subsection (h).

(b) Section 133A of such Act (2 U.S.C. 190a-1) is amended by inserting "and the Committee on the Budget" after "Appropriations" each place it appears in such section.

(c) Section 134(c) of such Act (2 U.S.C. 190(b)) is amended by inserting "or the Committee on the Budget" after "Appropriations".

(d) Section 136(c) of such Act (2 U.S.C. 190d) is amended by striking out "Committee on Appropriations of the Senate and the Committees on Appropriations," and inserting in lieu thereof "Committees on Appropriations and the Budget of the Senate and the Committees on Appropriations, the Budget,".

AMENDMENTS TO LEGISLATIVE REORGANIZATION ACT OF 1970

SEC. 904. (a) Section 232 of the Legislative Reorganization Act of 1970 (31 U.S.C. 1172) is amended by renumbering paragraphs (2) and (3) as (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) the Committees on the Budget of the Senate and House,".

(b) Section 236 of such Act (31 U.S.C. 1176) is amended by inserting "and the Budget" after "Appropriations" in paragraph (2).

(c) Section 242(a) of such Act (2 U.S.C. 190h) is amended by inserting "or the Committee on the Budget" after "Appropriation".

(d) Section 243 of such Act (2 U.S.C. 190i) is amended by inserting "(a)" immediately after "243" and by adding at the end thereof the following new subsection:

"(b) The provisions of subsection (a) shall also apply to the Committee on the Budget of the Senate."

EXERCISE OF RULEMAKING POWERS

SEC. 905. The provisions of this title (except section 906) and titles I, III, IV, and VII (except section 702(c) and section 704), and section 506(b) of title V, and section 604 of title VI are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House respectively, or that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner, and to the same extent as in the case of any other rules of such House.

EFFECTIVE DATES

SEC. 906. (a) Titles I, II, VI, VIII, and IX shall take effect on the date of the enactment of this Act.

(b) Except as otherwise provided therein, title III, IV, and V shall apply with respect to the fiscal year ending June 30, 1975, and succeeding fiscal years.

(c) Title VII shall take effect on the first day of the first session of Congress following the date of enactment of this Act.

Amend the title so as to read: "A bill to improve congressional procedures for control of Federal expenditures and establishment of national priorities; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes."

Senator METCALF. Throughout our deliberations, all members of the Government Operations Committee were acutely aware of the urgent need for new sources of fiscal and budgetary data and analysis. We broke new ground in provisions for new congressional Office of the Budget to support not only the information requirements of the Budget Committees, but all other committees and individual Senators and Representatives as well.

We include provisions designed to insure congressional access to better quality information in the executive branch. And we provided for extensive budget scorekeeping so that Members of both Houses will be fully informed of the impact of fiscal and budgetary decisions at every stage of the congressional budget process.

Information resources and reporting capabilities such as these are essential to the success of our effort to exercise the purse power more effectively and responsibly. Without them, we will surely fall far short of what the Nation has every right to expect of us in these difficult times

Equally critical—if we are to significantly improve our handling of budgetary decisions—is the method of selection and composition of the Committee on the Budget. No other aspect of this budgetary control legislation received more careful committee review. I am sure we considered every realistic alternative—including the possibility of having no such committee—before deciding on the provisions for this important new committee that are contained in S. 1541.

For example, we considered and rejected language limiting Budget Committee members to 6 years' service, a limitation I favored, to insure that the committee—which has responsibilities affecting all other committees—would remain representative, reflecting the diversity of interests, geographical areas, and seniority groups in the Senate.

As you know, H.R. 7130, the House bill, includes such a provision limiting service on the House Budget Committee to two Congresses in any 10-year period.

The House measure also allots 10 seats on the 23-member Budget Committee to the Appropriations and Ways and Means Committees, with these financial committee representatives to be selected, also by the caucuses, "at large," and 2 seats will go to members of the majority and minority party leadership.

Provision in S. 1541 for a 15-member Senate Budget Committee, selected in the usual manner—and classified as a "major" but not "exclusive" committee—is a compromise approach. As was the case where proposals for limiting terms of service were concerned, we considered and rejected various formulas for allotment of seats to the financial committees. However, it was—and is—our expectation that, in the normal course of events, the respective party caucuses will select Senators whose experience on these committees equips them to contribute the kind of expertise that the Budget Committee must have if it is to function properly.

Let me emphasize this point: Classification of the Budget Committee with the major standing committees in paragraph 2 of rule 25 of the Standing Rules of the Senate is essential.

I strongly support retention of this status for the Budget Committee, with full applicability of paragraph 6 of rule 25.

In accordance with the rule, Senators selected to serve on the Budget Committee can serve on only one other of the "major" committees named in paragraph 2. This does not preclude Appropriations and Finance Committees members from serving on the Budget Committee. However, it does mean that a member of either committee, if he desired to continue on Appropriations or Finance, would have to relinquish any other paragraph 2 committee he might be on in order to serve on the Budget Committee. The same principle applies where other paragraph 2 committees are concerned.

Mr. Chairman, any amendment that would permanently waive application of paragraph 6 to the Budget Committee—and I am almost certain that there will be some sentiment for such an amendment—will seriously diminish the effectiveness of this committee.

Surely, the time of most Senators is too heavily committed now. Simply adding on another committee responsibility would spread the time and attention of the Senators selected to serve even more thinly.

The problem of meeting conflicts—and the already grave difficulty of getting members together for a quorum on some committees—would be exacerbated.

The unique character and functions of the Budget Committee cannot help but demand the continuing attention and interest of individual Senators serving on it. Will Senators already discharging important responsibilities—holding subcommittee chairmanships, for example—on two other major committees have the time or energy to devote to a new "add-on" Budget Committee? In most instances, the answer is "No"—and, whatever the skill and dedication of its staff, the prospects for effective performance by this committee would suffer accordingly.

I recognize the difficulties in applying paragraph 6; adjustments will be required in the size of some standing committees, because 15 Senators going on the Budget Committee will be leaving one of their major committee assignments. And for the Senator presently serving on two major committees in which he has an important State interest

or in which he has attained considerable seniority, the choice could well be a painful one to make.

Nevertheless, there are compelling reasons for forcing such hard choices. Surely, as the time and other pressures continue to increase for the individual Senator, we ought to be distributing the workload—and important responsibility—more widely throughout the Senate.

We must insure that the Budget Committee includes the less senior Senators who are not now fully preoccupied with myriad other committee duties and who can therefore devote the necessary attention to its important functions. I believe that applicaiton of paragraph 6 will contribute toward this objective.

Mr. Chairman, there should be no mistake on this: While dramatic events recently have dominated the evening news, the American people are highly concerned over mismanagement of the Nation's economic affairs.

They are likely to become even more so during this election year, with the prospects for a continuing energy crisis, staggering inflation, widespread unemployment, and recession.

They do not want government by impoundment.

It is to the Congress, not the Executive, that the American people are looking today for creative leadership—the kind of leadership we can supply only if we are equipped to deal sensibly with budgetary questions and national priorities.

I appreciate the opportunity to appear here today and look forward with confidence to the product of your committee's efforts to improve the congressional budget process.

Thank you, Mr. Chairman.

Senator BYRD. Thank you, Senator Metcalf.

Assuming the possibility that the legislation in its entirety would prove to be ineffective—meanwhile 15 members of other major committees would have relinquished their claims on such in order to serve on the Budget Committee.

Let's say within a year or so it was determined that this approach is really unworkable, just as has been the case in a few instances in the past, in which efforts have been made to streamline the appropriations and budgetmaking process, and they have come to naught. There was a joint committee, you will recall, created in the late 1940's—I think it functioned 2 or 3 years.

Let's say that all of this comes to pass. Those 15 members in the meantime will have given up major committees, and suppose the Budget Committee, along with this whole budget system, collapses, and those 15 members can no longer go back to their major committees.

Do you feel, Senator Metcalf, that there ought to be a period of time, say 2 or 3 years, in which those 15 members would be able to retain their two major committees, thus allowing sufficient time and experience to determine whether or not this new procedure is really going to be an improvement, so that indeed if it is not, they would still retain their seniority on their two committees.

In other words, not require them to make that choice immediately upon assignment to the Budget Committee?

Senator METCALF. In stating the question, the chairman has made one of the most persuasive arguments for making the Budget Committee a subparagraph 3 committee. That is the status of your com-

mittee, of course, which is comprised of some of the most prestigious Members of the Senate on both the majority and minority side.

I would not be averse to saying that for the next Congress, until the end of the next Congress, the Budget Committee would be a subparagraph 3 committee and then Members serving on it would have to choose.

I would want to say I think it is most urgent and most imperative that legislation of this type be passed, and it is most imperative that we make it work.

Now, there is going to be a great deal of discipline involved and each of us, as individual Senators, and each of us a member of a substantive committee, and each of us as committee chairmen, those who are, are going to have to make sacrifices and yield some of the power and authority we have in order to make this work.

But it seems to me most important and most imperative that the bill work.

So I am not going to grant the thesis that the chairman is propounding that this legislation is going to be passed and then collapse.

I think that we are determined, in this Congress, that we are going to recover our authority over the budgetary process and we are going to discipline ourselves accordingly.

Senator BYRD. But granted that, Senator Metcalf, should we not allow those Members who are—

Senator METCALF. I think that would be a good idea.

Senator BYRD. Some grace period?

Senator METCALF. They have a period—we did that when we created the Space Committee, as the Senator will recall—although we are just beginning to get out of that difficulty right now. But we put men on this new committee who are skillful and experienced and knowledgeable about it, and then let them have the experience and give them the choice, after a grace period, of whether they want to leave Commerce, or Labor and Public Welfare, or Interior to stay on Budget, or whether they feel that their responsibility to their States and their interest in other areas are such that they must relinquish the Budget Committee assignment. I have no quarrel with that. I think that would be a good way to get the new committee off to a good start.

But let's not put it on the basis that maybe this legislation is going to collapse. Let's put it on the basis we are going to get experienced and skillful and knowledgeable men to start this committee off.

Senator BYRD. Well, I like to be optimistic also, but I buy fire insurance just in case my house burns down. [Laughter.]

Now, Senator Metcalf, with reference to the May 31 deadline for action on authorization bills, while this may be less difficult, in the second year of the Congress, do you feel that we might have some problem in the first year of a new Congress in meeting that May 31 deadline because there is reorganization of the membership and staff, and perhaps, changes in the subcommittee structure that have to be done by the committee to get things rolling—things that do not have to be done in the second year?

Senator METCALF. If I was sitting over in the House of Representatives where we all sat at one time, my answer to you would be yes, there is going to be substantial difference starting anew every new Congress. But I think that there is more continuity where the Senate is concerned.

I do not look forward to any difficulty—any more difficulty in one session than in the other. I think we can make that May 31 deadline.

Senator BYRD. Except, Senator Metcalf, there are various authorization bills that are submitted by the administration and we might have that problem even in the Senate, especially in the first year of a new Congress?

Senator METCALF. We have problems with authorizations. I was interested in your discussion with Mr. Ash about authorizations. Senator Griffin, I can remember when you and I were on the Education and Labor Committee and we put through Lee Bailey's impact aid bill. You remember the distinguished Congressman from West Virginia, Senator Byrd. And we made a permanent authorization, remember, for those category A boys and girls. And then we authorized the so-called category B every 1 year or 2 years, and so forth.

I suppose, someday somebody is going to stand up and make a point or order that there is not any authorization for the Department of Agriculture or the Department of the Interior, or something. If this bill were passed, we would have to enact new authorizing legislation at least every 3 years.

We would have to reauthorize everything. I do not know whether—in my own mind, I think there should be some ongoing and permanent authorization. We should go back and look at it from time to time.

But I believe we must do something about delays of authorizations.

We do not get the authorization for foreign aid, for example, until way late in the session, just barely in time to pass on appropriation bill. So I think it would be a good thing to force authorizations to come through earlier in the year.

Senator BYRD. You would see no—

Senator METCALF. And to have more time for consideration by the Appropriations Committee.

Senator BYRD [continuing]. Then you would see no problem in the Senate with respect to the May 31 deadline, any more so in the first session than in the second?

Senator METCALF. No; I would not anticipate any more problems. In fact, I think the benefits to be gained are much more than the problems that would ensue.

Senator BYRD. Senator Griffin?

Senator GRIFFIN. Mr. Chairman, I may have missed some of this, but—

Senator METCALF. You did not miss much. [Laughter.]

Senator GRIFFIN. I am sure I did.

This business about whether or not there would have to be new authorization for the Department of Justice, and so forth, we certainly have to clear that up so there is no question about it. Would you agree?

Senator METCALF. Oh, sure. Legal purists might come in and say:

Five years have elapsed since this program was authorized, 5 years have ensued and there has been no reauthorization. The Department of the Interior can't spend any more money for it.

Senator METCALF. I think all of those matters have to be cleared up.

I would believe a parliamentarian would lean back in his chair and say, "Point of order is sustained."

I am inclined to believe that most authorizations should expire from time to time, so that the various Federal programs will be reviewed periodically in enacting a new law. And I think maybe the Rules Committee should look at this problem and put it into S. 1541, a recommendation that all legislation committees look at their various authorizations, and, where appropriate, set an expiration date for them.

In any event, I do not think that the interests of the people of America are served by legislative committees holding hearings, making determinations, and finding out about something that needs to be done, and then along late in the session, in September, passing an authorization bill and rushing over to the Appropriation Committee and saying, "Now it is authorized, we have to appropriate money." Because that is just as wrong as for the Appropriations Committee to try to write legislation in the appropriation bills. It is just not in accordance with good government and good practice.

Senator GRIFFIN. I appreciate your appearance before the committee today. In a sense, you could be called Mr. Reform. You have been at this job of reform for so long, Senator Metcalf. I mentioned the work that we had a chance to do together in the Education-Labor Committee years ago. We also worked on the Joint Committee on Congressional Operations, and there I have one question and then I will quit.

You are the chairman of that committee, and I understand that in 1971 that committee recommended against a change of fiscal year. What do you think about the proposal in this legislation for the fiscal year to begin on October 1?

Senator METCALF. Mr. Chairman, Congressman Brooks and I alternate as chairman, as you know, in the way that joint committees operate, and both of us in that joint committee felt that we should have hearings on whether or not we should change from a fiscal year to a calendar year. I was one of those who felt we should go to a calendar year budget cycle.

As a result of the hearings, as a result of testimony, rather lengthy, it was the recommendation of the committee—and I joined in that recommendation, of course—that we do not go to the calendar year.

Senator GRIFFIN. That was essentially the choice you were considering, the calendar year or the present fiscal year?

Senator METCALF. That is right. But when this matter was brought up in Government Operations Committee—Senator Percy was a strong advocate for a change over to a calendar year—I pointed out that there was testimony before the joint committee in the 1971 hearing suggesting we could live with an October 1 fiscal year. And an October fiscal year is more consistent with the way the Congress operates.

We come in, in January, and we go out toward the end of the year—hopefully in October or November—and it gives us an opportunity to take the full time for authorization-appropriations actions.

As I said, there was testimony—Comptroller General Staats was one of those who suggested consideration of an October 1st fiscal year—and the October 1st fiscal year was adopted by the Government Operations Committee after considering the Joint Committee's findings.

So that we would have a longer stretch of time to consider the budget and to complete our appropriations, I concurred in the October date, although I would not concur in legislation changing over to calendar year.

Senator GRIFFIN. I think that it is well to have that in the record in view of the fact that the Joint Committee on Congressional Operations—

Senator METCALF. I think I participated every day in those hearings.

Senator GRIFFIN. It could be interpreted as a firm conclusion that the fiscal year should not be changed, but it was not necessarily, as I understand it.

Senator METCALF. No, sir.

If it were an adversary proceeding, and it was not, but if it were, it were be a fiscal year as against a calendar year. And as a result of the testimony, this other evidence came in and that is why we adopted October 1.

Senator GRIFFIN. Thank you very much.

Senator BYRD. Thank you, Senator Metcalf.

Senator METCALF. Thank you very much.

I can assure you and the members of the staff of the subcommittee, I am always ready to work with you in working out—

Senator BYRD. The subcommittee appreciates that assurance, and the staff may be calling on you for such help.

Senator METCALF. Thank you.

Senator BYRD. Thank you.

The next witnesses are two in number and they will work together. They will present themselves at the witness table.

Dr. Charles Schultze, Former Director, Bureau of the Budget, now with the Brookings Institution; and Mrs. Alice Rivlin, of the Brookings Institution.

Dr. Schultze, let me express to you our thanks for coming today. We have had many occasions when we had the benefit of your advice and counsel over the past years. And we appreciate the fact that we can continue in this proceeding.

The subcommittee appreciates also the fact that you have a joint statement. Are you going to toss heads or tails to see who reads it, or does "women's lib" come out first?

Mr. SCHULTZE. It depends on whether you think going first or last is best.

Senator BYRD. You make the choice.

**JOINT STATEMENT OF CHARLES L. SCHULTZE, SENIOR FELLOW,
THE BROOKINGS INSTITUTION; AND ALICE M. RIVLIN, SENIOR
FELLOW, THE BROOKINGS INSTITUTION, WASHINGTON, D.C.**

Mr. SCHULTZE. Thank you, Senator.

It is a brief statement even though it is in three parts.

First, it reviews the basic objectives of congressional budget reform. Second, it examines the principal strengths and weaknesses of the budget procedures incorporated in S. 1541, and suggests one major set of changes in those procedures. Third, it discusses the timing of congressional action with respect to the budget year, and offers a substantially different alternative to the timing pattern proposed in S. 1541.

I would like to cover the first point, and my colleague, Mrs. Rivlin, will take the other two. We will respond to questions as you see fit.

We will start with the basic objectives.

The budget of the U.S. Government is the principal document through which the American people express their choices about what their Government should do and how it should do it.

Implicitly or explicitly, the budget reflects decisions about the share of national product to be devoted to Federal activities; about the relative importance of various national problems—foreign versus domestic threats to national well-being or inadequate health care versus environmental pollution; about the relative needs of groups in the population—old people, children, veterans; about the way in which the burden of paying for Government services should be shared among groups of taxpayers; and about the appropriate role of Federal fiscal policy in influencing the level of economic activity.

Giving careful and informed consideration to budget decisions ought to be among the most important things the Congress does. Indeed, it is nothing short of preposterous that the Congress does not now have a workable procedure for considering and debating the budget and the priorities reflected in it.

As this committee well knows, the current congressional budget process has two glaring weaknesses.

First, it is fragmented—the Congress never considers or acts on the budget as a whole. Revenue and expenditure decisions are usually made separately. There is no opportunity for the Congress to consider whether an expected surplus or deficit represents a fiscal policy appropriate to the state of the economy.

There is no chance to ask, do we want these expenditures badly enough to recommend additional taxes to pay for them, or do we want this tax cut badly enough to live with the future spending limitations that it implies?

Moreover, spending measures are considered one by one. Committees, subcommittees, and individual Members vote for or against particular spending measures, but never get an opportunity to express priorities by explicitly considering proposals to move funds from one major objective to another.

The second fundamental weakness in the current process is that the Congress acts too late on budget decisions, rarely completing its budget actions until well into the fiscal year to which they pertain. This lateness creates terrible uncertainties for the recipients of funds and leads to wasteful, ineffective use of Federal money.

State and local agencies find it especially difficult to plan their programs and to use Federal funds to maximum advantage because they are usually far into their own budget year before they know what the Federal contribution will be.

But a much more important effect of the lateness is that it precludes the Congress itself from making or even considering decisions to alter budget priorities in a major way. It is virtually impossible to cut back or eliminate programs in the current fiscal year or the one that is just about to begin, replacing them with programs judged to have higher priority.

The disruption of plans and the human cost of rapid changes in budget priorities are very real and, as you know, loudly expressed.

Hence, the fact that the Congress is always working on short-run decisions locks current programs into place, reduces the chances of adopting superior programs, and virtually precludes major shifts in priorities. The lateness of the hour makes it inevitable that one year's budget will look much like the last. Moreover, it puts the administration in the driver's seat, giving Congress barely enough time to react quickly to administration priorities, never enough time to formulate major alternatives of its own.

Hence genuine reform of the congressional budget process must be aimed at two equally important objectives.

First, it must give the Congress a mechanism for considering the budget as a whole and making explicit decisions, both on its fiscal policy implications, and on the priorities it reflects.

The process cannot substitute for intensive examination of particular spending and revenue measures by committees expert in particular areas, but must supplement the regular process of authorizations, appropriations, and revenue legislation.

Second, any reform must alter the timing of the budget cycle so that the Congress makes budget decisions while there is still time to make major changes in priorities.

The bill before this committee, S. 1541, addresses both of these objectives.

In our opinion, the major strength of S. 1541 is that it provides a procedure for congressional consideration of the budget as a whole, although we do have some suggestions for improving that procedure.

The bill's serious weakness is that it does not give Congress enough leadtime to exert effective control over budget priorities.

Mrs. RIVLIN. In our opinion, S. 1541 takes some major steps toward providing the Congress with a workable procedure for making informed decisions on the budget as a whole.

First, it creates Budget Committees in each House specifically charged with considering the fiscal impact of the budget as a whole and the priorities implied in it.

Second, it creates a Congressional Office of the Budget to assist the Congress with the difficult task of projecting future implications of budget decisions and analyzing alternatives so that they can be intelligently debated.

Incidentally, we would agree with what Mr. Staats said this morning, that this staff should be responsible to the Budget Committees rather than to the Congress as a whole.

Third, in the first concurrent resolution—to be passed by July 1—it provides a mechanism for considering and debating overall budget priorities before detailed actions are taken on appropriations and revenue measures.

We believe this early debate can be useful and give the Appropriations and other committees a framework in which to operate and a sense of where the Congress as a whole wants to put its emphasis.

Senator BYRD. You are agreeing with Senator Metcalf in that regard?

Mrs. RIVLIN. I think we are coming in somewhere between Senators Brock and Metcalf. We would like to emphasize, as the bill now does, that these are targets, and to keep it very clear in everybody's mind that they really are targets and not ceilings.

We also believe the bill now gives too much emphasis to the priorities debate on the first concurrent resolution and not enough to the final reconciliation process.

While the early debate can be useful, we believe better informed debate on priorities may take place after the appropriations process has been completed.

Hence, somewhat less time might be allocated to the early debate—perhaps requiring that action on the first concurrent resolution be completed by June 15 or even June 1—in order to leave more time at the end for the reconciliation process.

While the procedures outlined in S. 1541 go a long way toward meeting the objectives of budget reform, the bill is, we believe, defective in the way it proposes to deal with the budget after the appropriations bills have been passed.

If the budget authorities and outlays provided in individual appropriations and other acts exceed the totals agreed upon in an earlier budget resolution, S. 1541 provides a "ceiling enforcement procedure" under which the Appropriations Committees of both Houses are required to report a bill rescinding sufficient budget authority to bring the totals back into line with the budget resolution.

If Congress cannot agree on such a set of rescissions, then the Budget Committees take over and report out bills which can require adjustments, not only in appropriations, but in revenues or debt, as a means of reconciling individual program spending with desired budget totals.

Finally, if this second bill fails to pass, pro rata cuts are required in all controllable appropriations and outlays. Under the S. 1541 timetable, only 10 days are allowed for all of the activities—two sets of reports, floor debates and amendments in each House, possible recommitals, conference actions and final passage.

The initial step in this procedure—a rescission bill by the Appropriations Committees—in our opinion, gives too much emphasis to appropriations reductions as the sole element in a final reconciliation process.

Once it has passed the individual appropriations bills and finds it must take some actions to reconcile them with a set of budget totals, Congress should have full freedom to consider all possible means of reconciliation—increasing taxes, lifting the debt limit, or raising some appropriations while lowering others.

For this reason, the end-of-session reconciliation process should not be confined in the first instance simply to reductions in appropriations nor initiated by the Appropriations Committee.

Rather, the Budget Committees should draw up and report to the floor reconciliation bills, after considering all of the options mentioned above. In so doing, of course, the Budget Committees should ask for the participation of the Appropriations Committees insofar as changes in budget authority and outlays are concerned and the participation of the Ways and Means and Finance Committees, should tax changes be contemplated.

There are a number of ways in which these latter committees could participate with the Budget Committees in drafting a reconciliation bill, and we would be glad to discuss some alternative approaches should you desire.

The dangers inherent in the reconciliation approach envisaged in S. 1541 can be illustrated by reference to the budgetary history of the current fiscal year.

In January of last year, the President estimated Federal expenditures in fiscal 1974 at \$269 billion. There seemed to be little desire on the part of the Congress at that time to propose total outlays higher than that; all of the various congressional expenditures control bills introduced earlier in the session carried expenditure limits below the President's total.

Had S. 1541 been in operation, therefore, it is very unlikely that the first budget resolution would have set expenditures above the administration's total.

Recently, however, the Joint Economic Committee has estimated that fiscal 1974 expenditures will be not \$269 billion but \$272 or \$273 billion.

Were the Congress operating under S. 1541, it would have been necessary last September for the Appropriations Committees to bring in a rescission bill cutting some \$3 or \$4 billion from 1974 outlays.

To effect such a cut in outlays during fiscal 1974, appropriate reductions for perhaps \$6 or \$8 billion would have been needed.

But, given the rise in the costs of carrying on Government during the past year and the undesirability of sharp cutbacks in Federal activities at a time of growing unemployment, a majority of the Congress would almost surely have deemed such a rescission measure unwise policy. At best, it would have been rejected, wasting precious time in the process. At worst, it would have created sufficient pressure to secure enactment, without the Congress having the prior opportunity of considering other alternatives.

Under the procedure we have suggested, this situation could not develop, since the end-of-session reconciliation bill would be reported out by the Budget Committees, which could consider all the options as could the Congress itself in debating and amending the Budget Committees' bill.

Senator BYRD. May I just interrupt you there?

Let us take that hypothetical situation in which the end-of-session reconciliation bill, as you point out, is reported out by the Appropriations Committee.

Mrs. RIVLIN. In the current bill there are two steps.

In the first instance, the Appropriations Committee has a crack at it, and it is not exactly a reconciliation bill. They have only the choice of reducing appropriations.

Then, if that does not work, the Budget Committee goes—takes a second crack at it essentially and has other options in addition to cutting appropriations including raising of taxes and raising of the debt limit.

Mr. SCHULTZE. That is under S. 1541.

Senator BYRD. What will be the Finance Committee's action on taxes under a mechanism where the proposal did not originate in the House Committee on Ways and Means?

Do we run into constitutional problems?

Suppose the Senate committee decides that there should be a tax increase, the Constitution requires that revenue measures be initiated in the House? What happens?

Mrs. RIVLIN. I believe the House bill has a sentence that takes care of that one. And I believe you need a constitutional lawyer rather than an economist to tell you whether they are right or not.

Senator GRIFFIN. Mr. Chairman, I wonder if under this reported bill, S. 1541, the only thing that needs to be done if they do not pass the reconciliation or enforcement measure is to recommend that the tax committee should act.

Senator BYRD. But I believe she was recommending a change that would involve the action itself.

Senator GRIFFIN. I was going to ask her whether she meant that by her testimony at one point. It does say taxes, and I was going to come back and ask you, do you mean that you have to increase taxes to satisfy the terms of the ceiling resolution, or are you saying merely to recommend action?

Mrs. RIVLIN. I think "recommend" is the appropriate word.

We are not trying to rewrite the bill in its entirety, but take one step out of the reconciliation process and go immediately to the second step.

Senator GRIFFIN. I am sorry, Mr. Chairman, for the interruption.

Senator BYRD. No; it is a good point.

Although not required by the Constitution, custom lays its equally heavy hand on the Senate with respect to appropriation measures.

Now, is the Senate going to have to wait until the House passes a reconciliation measure before the Senate can act on it's own under S. 1541?

Mr. SCHULTZE. I do not know whether either of us could answer the question as to what S. 1541 intends with respect to a number of these areas.

A lot of it can be simultaneous, in terms of hearings and deliberation, but I am not competent to answer what the constitutional and procedural timing will be.

In either version, however, that problem arises and presumably needs to be made explicitly clear.

Senator BYRD. Yes.

Mr. SCHULTZE. May I also point out that there are a number of ways in which the Ways and Means Committee and the Appropriations Committee could participate with the Budget Committee in this final reconciliation bill.

There are a number of versions. You do not have to cut them out.

Senator BYRD. Of course we run into a problem there of 26 members on the Appropriations Committee, 15 on the Budget Committee, which makes 41—then you have the other 15 members on the Budget Committee, which makes 56 members. That is more than half the members.

Mr. SCHULTZE. I cannot beat that.

Mrs. RIVLIN. There is no way to make this easy. At the moment we are merely suggesting a way of making it a little simpler than it is in the current bill.

Senator Byrd. Excuse me for the interruption.

Mrs. RIVLIN. Turning to the problems of timing, S. 1541 changes the beginning of the fiscal year from July 1 to October 1, and sets up a timetable designed to have the congressional budget completed by that date. This tinkering with the date of the fiscal year, however, does not meet the needs of the Congress for a number of reasons.

It fails to get Congress into budget decisions early enough.

As we pointed out earlier, the apparent uncontrollability of the budget stems principally from the fact that both Congress and the Executive focus their attention almost solely on the budget year immediately ahead. But, by that time, past decisions have already determined the shape of most of the budget.

S. 1541 does almost nothing to correct this fundamental problem.

The time schedule outlined in the bill fails to give either Federal agencies or State and local grant recipients the opportunity to plan their activities in accordance with the appropriations provided by Congress.

State and local school budgets, for example, are usually made up in early spring for the school year beginning in September. If school officials must wait until after October to know what they are getting from the Federal Government, they cannot plan the use of those funds intelligently.

Changing the date of the fiscal year will be a costly process, especially in the transition. For a large gain in better budget control, the cost might be worthwhile. But, a 3-month shift in the date of the fiscal year promises negligible improvement.

During election years, there may be no option but to provide a budget process which is completed by early October. But such a compressed timetable is not necessary in other years and is unlikely to be observed.

Since S. 1541 adds a number of steps to the current budget process, every effort should be made to provide sufficient time for the process to be completed before the fiscal year begins. Otherwise, you will again find appropriations and other budget decisions dragging on into the new fiscal year—that is after the 1st of October.

There is a way to meet all of these problems. During the current calendar year, the Congress should decide appropriations and other budget actions for the fiscal year beginning the next July 1.

Were such a process currently in force, for example, Congress in calendar year 1974 would appropriate for the fiscal year beginning July 1, 1975.

Senator BYRD. Would Congressmen run afoul of the constitutional prohibition against one Congress binding another Congress?

Mrs. RIVLIN. I do not think so.

You would simply be asking the Executive to submit its budget a year earlier.

Senator BYRD. Do you think that would be realistic, that Congress try to contemplate this year what the budgetary needs are going to be July 1 of next year and going to June 30 of the following year?

I don't think you could—I have my doubts. If it can be foreseen 2 years ahead, why not make appropriations 2 years ahead?

Mrs. RIVLIN. You might be able to do that, but it seems realistic that by the end of the calendar year, say, December, 1973, one could have appropriated for the fiscal year beginning 6 months from now, beginning in July. Indeed it seems to me unrealistic that one should continue to do what the Congress is now doing.

Senator BYRD. Mr. Schultze, based on your experience, what do you think of the idea of acting in 1974 on a budget which would begin on July 1, 1975, carrying through until June 30, 1976?

Mr. SCHULTZE. Well, one of the major things that I came away from the job of Budget Director with, the impression I came away with, is precisely the need to get ahold of things a bit in advance.

Let me try to give you a couple of examples.

First, any new program you pass very seldom has any significant impact the first year.

As a consequence of which you pass new programs looking at the budget a year ahead, and you never really know what it means to the budget. You are never looking at it in the context of when its costs really bite. Conversely, the other way around. On very, very many of the budget components, you can go through blood, sweat, and tears to cut them and, lo and behold, it shows very little results in the next year's budget.

For example, recently we went through various exercises of analyzing the impact of reducing pieces here and there in the defense budget. You can knock out a substantial weapons system or a substantial operation and maintenance type of expenditure and yet find that in the first fiscal year there is virtually no impact on expenditures because of the momentum of these kinds of programs.

Almost every time that the Budget Bureau goes through a cutting exercise, the President and the Congress concentrate on what the results are going to be for the next fiscal year. Hence, you necessarily emphasize cutting things that have an immediate impact.

But very often the things that have an immediate impact are not the things that should have the highest priority in cutting.

Next, the whole essence of budgeting, and getting your hands on priorities, is to recognize you have to do two things.

You have to act early enough so that you can get your hands around the budget, and, quite frankly, you then have to be willing to go back and, at least on the margin, revise.

Now, you can do what the Congress and the Executive now do, and minimize the revision so you don't have to change your mind very much. You can look only at the year immediately ahead. But then, lo and behold, we get the cry the budget is uncontrollable.

It is uncontrollable because we try to grab hold of the tail of the elephant after it has gone by—or the donkey, depending on your proclivities.

It is essential to plan further ahead, quite frankly facing the fact that you then have to do some more supplementals and revisions.

Senator BYRD. Take the case of coal research.

It seems to me it would be much more difficult to contemplate from 18 to 30 months in advance what the status of coal research would be and what stage Project Gasoline would be in, or Project Bootstrap, or whatever it might be.

Would not we be getting ourselves in a situation where we would be appropriating moneys for certain research programs 24 months or 30 months in advance? I do not know whether the agencies really do this or not, but might there be a proclivity on their part to obligate all these funds?

Mr. SCHULTZE. No, sir, the money would be appropriated for obligation in the year starting July 1, 1975. It would be appropriated for use beginning as of the date of the fiscal year to which the appropriation applies. It is true there are certain changes in research and devel-

opment that come about and you might have to make some revision, but conversely, a large part of research and development requires detailed and longer range planning and I am not sure you would not be better off the other way, so that research agencies know what they are going to have in advance, and can work toward planning its use.

Right now, as it turns out, a research effort knows what it is going to get in October, to do research in the year beginning the prior July, whereas it would be much better off to get a research plan underway if they had 6 months between the time the money became available and the time they had to use the money.

One does not crank research plans out easily.

Senator BYRD. How could one anticipate the need for the welfare budget on a welfare caseload, say, 30 months in advance?

Mr. SCHULTZE. May I try my hand at that?

Frankly one does not.

What one does with welfare is the following. The Congress legislates entitlements. Operating on those entitlements, actions of States and individuals determine how much the actual caseload is going to cost. The Appropriation Committee then simply, quite frankly, rubberstamps how much appropriation is needed to pay for that.

The same thing is true with veterans' pensions. Whether your fiscal year is 6 months further out or not, you have that major problem that the amount that is actually spent under those programs is only in part determined by what you do and in part determined by the world outside.

Mrs. RIVLIN. I think you could find some other examples, Senator, clearly a disaster which strikes is one, or any kind of new emergency. On the other hand, why should one treat the whole budget as an emergency or disaster situation?

Why not treat it somewhat further ahead and then deal with those kinds of emergencies as they arise?

Under our approach, the problems outlined above would either disappear, or be substantially lessened: (1) By appropriating further in advance, Congress would gain substantially greater control over budget totals and priorities. It is rumored, for example, that President Nixon will submit in his January budget for fiscal 1975 a new health insurance proposal, adding perhaps \$5 or \$6 billion to net budgetary costs. But few of these additional costs would show up in the fiscal 1975 budget totals, since a new health insurance program cannot be started overnight. The first major costs would appear in the 1976 budget. Yet under the current procedures, as well as those contemplated in S. 1541, the Congress would be voting on this program without having in front of it the overall budgetary figures into which this new program must fit.

Senator BYRD. But under the requirement of this legislation, together with the requirements of, I guess the Legislative Reorganization Act, is not Congress supposed to have in front of it the overall budget estimates, the estimates of cost for 4 or 5 years beyond the ensuing fiscal year?

Mrs. RIVLIN. But you are not making decisions on them.

I think you would not take those forward costs very seriously unless you have to sit down and make budget decisions on them.

Under the procedure we have suggested, however, the Congress would this year be considering the fiscal 1976 budget and could relate a major new insurance proposal to the budget in which its costs first appear.

(2) Making appropriations and other budget decisions during 1974 for the fiscal year beginning in the middle of 1975 would provide Federal agencies and State and local governments with timely congressional decisions about the scope of their programs, grant funds, and thereby contribute to more effective and efficient use of the taxpayer's money.

(3) If the congressional budget were related to a fiscal year beginning 6 months after the end of the session, Congress would have more time—at least in nonelection years—to deal with the necessarily complex and time-consuming budget process outlined in S. 1541.

(4) No costly changes in the date of the fiscal year need be made under this proposal. Congress would be making, in effect, advance appropriations but for a fiscal year defined in the same way as the current one.

If Congress made its budget decisions 1 fiscal year ahead, it would indeed have to be ready to amend or revise some of those decisions as economic or other circumstances changed. But this is precisely what a reasonable budget process demands: On the one hand planning far enough ahead to get control of the budget, and on the other, making some changes in the initial decisions as unforeseen economic events take place.

Putting together something as large and complicated as the Federal budget necessarily involves a series of successive approximations. On the one hand, you can't make final decisions on the individual components of the budget and on its totals without careful and detailed examination. On the other hand, you can't simply follow the present course of examining the budget details committee by committee with no initial concept of where you are going. As a consequence, some initial targets have to be set for totals and broad priorities. More detailed examination of individual programs by individual committees will inevitably require revision of the initial targets. And finally, when the pieces are all put together at the end, still further revisions in prior decisions will have to be made to fit all the parts together into a responsible total.

Inevitably, therefore, the success of budget reform will depend upon the willingness of the Congress to revise earlier decisions. If the initial targets contained in the first budget resolution are treated as sacrosanct, then the process will fail. But if, at the other extreme, they are treated as simply so much rhetoric, with no impact on the subsequent budget process, you will simply have wasted time to no end. Similarly, if the individual appropriation acts are treated as virtually untouchable once passed, the subsequent reconciliation process at the end of the session will degenerate into a statistical exercise in which the Congress merely rubberstamps its previous actions.

Politically, it will be very difficult to treat initial budget resolutions and appropriations bills, which have gone through the blood, sweat, and tears of floor debate, amendment, conference negotiations, and final passage, as only tentative decisions subject to later modifications. And yet, unless the Congress views the budget process in this

manner, no set of procedures will work. The attitude of the Congress in operating under the new procedures will be equally as important as the procedures themselves in determining whether real budget reform will take place.

Senator BYRD. Thank you.

Let us take the timetable on pages 18 and 19 of the committee report.

How and in what respect will that timetable be changed if the fiscal year were to be changed as you have suggested, if it begins on July 1 of the year ahead?

When would the present budget be submitted?

Mrs. RIVLIN. We would not change this timetable, really at all, except for going back to a fiscal year that begins on July 1.

We would have the President's budget submitted as it is now, in January, but it would be the budget for the fiscal year beginning 18 months—not 6 months—later.

Mr. SCHULTZE. I think you might add one other point.

I went back and looked at when the Congresses adjourned every year for the past 20 years and the key problem is election year.

And fundamentally, the Congresses adjourned the middle of October.

There were two exceptions. One, the 28th of October, and once it came back again after election. So, one could—if the fiscal year began next July—one could move the October 1 up to October 15. That gives you 2 more weeks and still be under what you need for an election year.

Secondly, as Mrs. Rivlin suggested earlier, you may want to shift the internal timing so that that congressional resolution, concurrent resolution, would be coming on June 1 or rather than July 1, and give yourself more than 10 days and shift the September 20 date up earlier so that you have more than 10 days for final reconciliation.

But fundamentally, the fundamentals of the timetable would not change.

You could stretch the time out a little bit but the fact of shifting to an advance appropriation concept, would not change the basic timing structure.

Senator BYRD. Senator Griffin?

Senator GRIFFIN. I have no questions.

Senator BYRD. Mr. Schultze, do you believe that there is sufficient justification for adopting the provisions of titles VII and VIII, and do you believe they are now essential for the purposes of the bill, in view of the fact that the hearing record in the Government Operations Committee contains so little discussion of those titles?

Mr. SCHULTZE. Well, you put me in a difficult position that both pilot testing and evaluation are very good things to have. They have been increasing substantially. More is needed but probably it is not a good idea to legislate it this way as a requirement.

In part, because in order to legislate as a requirement, there has to be such a generous waiver that the thing may degenerate into a sham and it does not mean anything.

Therefore, I guess my fundamental judgment will be the waiver is so broad I do not think you can do any harm in that sense.

Senator BYRD. Which waiver are we talking about?

Mr. SCHULTZE. My understanding is, if I remember S. 1541, there was a fairly substantial waiver—am I right, where the committee can

state specific reasons why the pilot testing or evaluation need not be applied.

What I am saying is, if the title VII language was tight it would be too restrictive, since there are all kinds of unforeseen circumstances.

If you put a waiver in, then it becomes not terribly important. I think we are making progress in this area and probably you are better off not to write it in this bill.

Senator BYRD. Suppose the committee might be willing to waive the requirements?

Suppose the Senate itself adopts it?

Mr. SCHULTZE. I guess if it got to the point where this became a matter of specific controversy on the floor, and the Senate and the House thought that it was important to require pilot testing in a particular program, then by all means put it in.

The Congress ought to be free to put in any requirement it wants into a particular program. I am not sure you need title VII to do it.

Senator BYRD. Do you really believe that titles VII and VIII are workable, feasible, and advisable, at this point, without further hearings in depth on those two titles?

Mr. SCHULTZE. The short answer is no. An elaborate answer would be, title VII bothers me but I do not think the roof would cave in.

I just do not think it would be a good idea to put it in.

On title VIII, I think I agree with Comptroller General Staats. One might begin to approach the idea in title VIII, in that we need a mandatory requirement to reexamine existing programs. But you need to do a lot of work to separate organic legislation which creates an agency from discrete programs. What you want to do is make sure that you mandatorily reevaluate programs every so often.

But, I do not think one can overnight write the kind of language which would make that distinction.

Senator BYRD. The short answer is the real answer here.

The answer is no?

Mr. SCHULTZE. That is right.

Senator BYRD. Now, that being the case, is the rest of the bill workable and is the overall objective achievable if we eliminate that area of back door spending which title VIII would reach and which makes up such a great portion of the budget deficit?

Mr. SCHULTZE. I guess the short answer to that is yes, it is worth it.

Senator BYRD. No, is it workable—not worth it?

Is it workable?

Mr. SCHULTZE. I am sorry.

Well, obviously, I want to start by saying we both believe the amendments we have suggested will make it workable. With those, I think we can agree clearly; yes, it is workable.

Senator BYRD. How can it be——

Mr. SCHULTZE. Or can I——

Senator BYRD. Yes.

Mr. SCHULTZE. Granted the difficulty of predicting the consequences of very substantial change in procedures.

I think the chances are significantly better than 50-50.

Senator BYRD. Granted that titles VII and VIII have bugs in them; difficult bugs that the most modern insecticide will not cure, do you not

think it is almost imperative that we find some way to get a handle on this backdoor spending before we can obtain the overall objective of the bill?

We might obtain some objectives, speeding up the appropriations progress. But do we get a hold on these budget deficits?

Do we indeed work within our earnings unless we control those areas to which titles VII and VIII addresses itself?

Mrs. RIVLIN. I want to clarify what we are talking about.

In talking about the titles VII and VIII being somewhat difficult to apply at the moment, what Mr. Schultze and I were talking about were the requirements for pilot testing and evaluation. These requirements seem to me to be kind of side issues.

One could put them into this bill or not, but it does not make very much difference to the workability of the whole budget process. I think what you are getting to, is the periodic review of authorizations.

Senator BYRD. Exactly.

Mrs. RIVLIN. Which is not what we thought we were talking about.

Senator BYRD. I am sorry. That is what I have in mind.

Mrs. RIVLIN. It does seem to me that a periodic review of all authorizations is probably a good thing.

Senator BYRD. This talks to reenactment, not review.

Mrs. RIVLIN. However one accomplishes it, the Congress should look every once in a while at what it has set up permanently and say, do we really want to do this? That seems to me a laudable objective, however accomplished.

Mr. SCHULTZE. May I make a point, Senator? I think I am beginning to understand a little better. There are two issues with respect to backdoor spending. In some broad sense, these are two ways of dealing with backdoor spending—to one of those title VIII very peripherally goes in the long run. I think the whole point of reenactment is to make sure they're at least reviewed periodically.

There is a whole other section of the bill which goes to the current control of backdoor spending. The approach in S. 1541 is, in effect, to require all backdoor spending to go through the Appropriations Committee.

These are two separate things, I believe, and I think as Mrs. Rivlin pointed out, title VIII is separable from the rest of the bill without getting at or violating the backdoor spending approach in the front part of the bill.

Senator BYRD. When it is all boiled down, is that not the thing that we ought to really address ourselves to, better control of this backdoor spending, reviewing the legislation that has been enacted 10, 15 years ago, whose costs continue to have to be met? Are we ever really going to get hold of this thing; are not we going to have to come to grips with this area, Mr. Schultze?

Mr. SCHULTZE. Well, maybe the only way to answer that is to be concrete about it. Let us look at the key areas of backdoor spending. First, there is one type which is the highway expenditures and the pollution control expenditures—big construction outlays which, by different devices, do not run through the Appropriations Committee, and I am not sure that one necessarily has to get control of those only by restating the basic legislation.

Now, that is one way, but there are other ways.

Secondly, there are those kinds of programs which, either in trust funds or not in trust funds, provide benefits to individuals. Once they are passed, they are hard to control through appropriations.

You do not have much option, you are not about to take benefits away from the social security recipients or the veterans by failing to pass appropriations.

Again, there are ways to deal with this, and this bill tries at least to get at that. I am not sure that the only way to do it is to revise the fundamental legislation, although that is important.

Those are the two kinds of backdoor, and it is not so much I am disagreeing with you. I guess what I am really saying is that in the very long run, yes, you are right.

But one does not have to say that budget control is impossible, unless you put the title VIII in.

Senator BYRD. Do you favor the Senate bill, generally speaking, over the House-passed bill?

Mr. SCHULTZE. Generally speaking, yes, sir.

Senator BYRD. How about you?

Mrs. RIVLIN. In some respects, but I do not think they are really terribly different.

Senator BYRD. Senator Griffin?

Senator GRIFFIN. Mr. Chairman, I would like a clarification in only one area. What is the effect of the Government Operations Committee's reported bill insofar as it would apply to backdoor spending, aside from titles VII and VIII?

Title III, for example, which begins on page 38 of the bill, sets up the congressional budget process and refers in section 301 to the adoption of the concurrent resolution.

The total budget outlay and the total new budget referred to there and later defined, would include, as I understand it, backdoor spending, is that what you understand?

Mrs. RIVLIN. Yes. I think it is important that it be so.

Senator GRIFFIN. So that the bill does bring backdoor spending into the process without reference to titles VII and VIII.

I do have one point. You suggested that we consider an amendment which would provide for appropriation in 1 calendar year for the fiscal year beginning the next July 1. The Chairman asked when would we be acting on the budget submitted by the executive branch, or when would it be submitted. The response was, it would be submitted at the same time. This is confusing to me, because at the present time the budget is submitted in January for a fiscal year to begin in the same calendar year, and you would be asking the executive to submit a budget for a fiscal year to begin a year from that date.

Mr. SCHULTZE. That is exactly right, we are proposing changing the whole thing by 1 full year and having them submit.

Senator GRIFFIN. Mr. Schultze, you may have already answered this, but your having been Director of the Budget, do you think that is feasible and practical and possible?

Mr. SCHULTZE. I guess, to be honest, had you asked me this question 5 or 6 years ago, it would have caused me a lot of trouble.

But, I do not think causing a Budget Director—

Senator GRIFFIN. Now that you do not have the job, it does not cause you any trouble.

Mr. SCHULTZE. I do not think causing a Budget Director trouble, while it ought to be taken into account, ought to be the central point.

Less facetiously, to say in a different way what I responded to Senator Byrd, after having been in the job and gotten away from all the firefighting and the day-to-day problems, if there is any one thing that impressed me about the difficulty of both the Executive—the President, and his Budget Director—and the Congress, really getting a handle on this budget, is by the time you come around to the fiscal year that we are now making decisions on, it is too late. The pipeline is so big. The momentum is so great I remember just literally time after time, struggling to get the budget within a certain total and having to make cuts which really were not the cuts that ought to be made in terms of the longrun view of what the Nation ought to be doing and in the viewpoint of the President, but simply because that was something that I could cut in a hurry.

That is, if I cut it now, it would show up very quickly.

If you cut things that are like O. & M., supplies, people, you get a quick response. If you want to cut some programs, however, that deal with architectural drawings, or long leadtime research, you take on a great amount of political heat and cut \$1 billion out of the appropriation, and lo and behold, it saves you \$50 million the first year. Where it saves the big money is the second year down the pike.

In some cases, it is the third or fourth year. If I had to say there is one lesson that came out with me, it would be that lesson.

Again, I hasten to point out that our proposal requires the Congress and the executive to look further ahead. We are not terribly good forecasters. But is it clearly practical to come back and say, look, we need to make some changes. We do it now anyway.

We come back with amendments and supplementals. There would be more of them. This would cause trouble, but I think the net result with the pluses and the minuses, the pluses would far outweigh the minuses, but there would be some minuses.

Senator BYRD. Under this procedure, the Government would today be operating on the basis of appropriations that was enacted in 1972.

Mr. SCHULTZE. That is right.

Senator BYRD. And we would consider budget measures this year which would reach as far as June 30, 1976, into the future.

Do you not think there is an incredible amount of guesswork that would have to be cranked into that type of operation?

Do you really think that is feasible and workable?

If it is, why would not it even be better, Mr. Schultze, to appropriate 2 years at a time? Why not have one bill that would provide for 2-year appropriation, and cut out half of this operation in the meantime? Whereas the agency heads, and others, have to come up before the committees on the Senate side every year, and appear on the House side every year; why would it not be better to proceed on a 2-year appropriation bill basis with supplementals in the meantime?

Mrs. RIVLIN. A lot of State legislatures do, as you know, appropriate for a biennium.

I think the main answer is that in the second year you are back in the same trouble that you are in now. It seems to me more sensible to be always planning 1 year ahead of where you are, than to plan 2 years

ahead and then do nothing for a year, and then plan 2 years ahead again, which is what a biannual State legislature does.

Senator BYRD. Do you recommend the House-passed anti-impoundment provision, Mr. Schultze?

Mr. SCHULTZE. Let me answer your question.

I like it better than the Senate—

Senator BYRD. You like the House-passed bill better in that respect?

Mr. SCHULTZE. That is, it is a reorganization approach rather than the requirement of a positive vote as I recall.

The House bill essentially gives the Congress veto power whereas the Senate bill requires a positive response for the impoundment to take effect.

Senator BYRD. There is nothing in the Senate bill?

Mr. SCHULTZE. I did not mean S. 1541, but there is a prior Senate bill which does that.

Senator BYRD. Do you recommend that the Senate include in its bill the House-passed provision dealing with impoundment?

Mr. SCHULTZE. To be honest with you, I am never sure what impoundment means, and I am not sure I have seen any definitions that do the following.

It seems to me what is ideal, even though I do not know how to draft this, is that for purposes of program efficiency, changing circumstances, the President, looking at particular programs, should not have to spend every dime. On the other side, it seems to me that multi-billion dollar impoundments which clearly change the sense of priorities in the budget from what the Congress provided are not warranted. If the Congress passes a reform bill, then the President ought to get congressional approval either in the House sense, or some other sense. But what the specific procedures ought to be I do not know. I am not saying it cannot be done, but I have not seen any language which makes the distinction between efficiency impoundment and basic philosophical judgments in priority impoundment.

I think such a language might be written. If it could be written, I would like to see it put in, but I hesitate to say yes or no, because I have not seen such language.

Senator BYRD. Very well, I have no further questions, unless Senator Griffin has.

Senator GRIFFIN. Well, I have a kind of tongue-in-cheek question.

I cannot really let this opportunity go by, Mr. Schultze, without picking up on your answer about impoundment.

Were not there instances when you were Budget Director when you had to follow instructions not to spend money that was appropriated by the Congress for specific projects?

Mr. SCHULTZE. Yes, sir, we did.

Senator GRIFFIN. Was it bombers, aircraft carriers?

Mr. SCHULTZE. Highway impoundment, yes, sir, we did impound.

If you want, I can elaborate on that a little bit.

It seems to me, up until—

Senator GRIFFIN. So it did not begin with this administration?

Mr. SCHULTZE. It did not begin with this administration. There were major impoundments in the prior administration.

But, since you press me, I am going to sound partisan, and I cannot help it.

There has been, up until recently, a nice, healthy ambiguity about the President's impoundment authority.

What actually happened, was the President did impound, the Congress raised hell. There were negotiations. He let some go and kept some and, in general, by the end of the year, he probably got a third of his way.

I would say that was, crudely the way it worked. I would not want to have to document that statistically, because there was a give and take, the current impoundment situation is different in part perhaps because the President is of one party—and the Congress of another party. The impoundments of recent years have appeared to be generally absolute.

There was none of this informal negotiation or very little of it.

Senator GRIFFIN. Not enough of it.

Mr. SCHULTZE. I generally got the feeling that there clearly was a difference, when you added it all up, and looked at the spirit and the flavor and the magnitude, that there is enough of a difference to make it a major issue. But, yes, prior Presidents did impound.

They impounded a lot of the same areas that this President is impounding, but the spirit and the magnitude and everything else were somewhat different.

The Congress earlier had about half of the voice in what finally happened.

Senator GRIFFIN. In terms of legality, constitutional power or however you phrase it, you would have a difficult time, would you not, saying that precious Presidents were legally impounding and this President illegally impounding?

Mr. SCHULTZE. All I know is, I have a hard enough time being an economist—

Senator BYRD. Could I get you both off the hook by saying that we appear to be straying a little far afield.

Senator GRIFFIN. I agree.

Senator BYRD. Thank you very much, Mr. Schultze.

I will read the following letter which has been received, co-signed by Senator Ervin, Senator Percy, and Senator Muskie, dated January 14, 1974.

We wish to thank you for expediting Rules Committee consideration of S. 1541, the "Federal Act to Control Expenditures and Establish National Priorities." We regret that we are unable to appear before your Subcommittee to testify for the bill, which represents months of effort both by the Subcommittee on Budgeting, Management and Expenditures and by the full Committee on Government Operations.

In our absence, we have asked the Committee's senior consultant, Dr. Robert A. Wallace, to testify on the bill. Dr. Wallace has worked closely with the Committee since the Subcommittee began consideration of the bill ten months ago, and he is well qualified to present the reasoning behind those provisions of the bill about which questions may be raised.

We feel certain that the procedures in the bill will stand up under scrutiny.

Dr. Robert A. Wallace, vice chairman of the board, Exchange National Bank of Chicago, Chicago, Ill., will you step forward and give your statement. I believe you have a statement.

I want to express appreciation to you for waiting at the end of today's line, but we certainly welcome you and we are delighted to have your testimony.

Your statement is only five pages in its total length.

Perhaps you would like to read it in its entirety, or you may deal with it in any way that you wish.

STATEMENT OF ROBERT A. WALLACE, VICE CHAIRMAN OF THE BOARD, EXCHANGE NATIONAL BANK OF CHICAGO, CHICAGO, ILL. (FORMER ASSISTANT SECRETARY OF THE TREASURY)

Mr. WALLACE. Thank you very much, Mr. Chairman.

I appreciate the invitation to testify on S. 1541 as reported by the Senate Government Operations Committee. For the past 10 months I have worked closely with both the subcommittee and full committee in developing this complex but vital legislation. As consultant to the Government Operations Committee, I am happy to discuss the measure with you.

In all my 10 months of work on this bill, I never heard a single person deny the genuine need for more effective congressional spending controls. The central issue, as has been brought out in testimony here, is how to provide a budget tough enough to be meaningful, yet flexible enough to meet changing national needs. Fiscal policy must foster economic stability with high employment and real growth, while at the same time counteracting the economic fluctuations between recession and inflation. Within these parameters, Congress must allocate available funds among competing needs for the national defense and the civilian programs it determines to be vital to the Nation.

By creating a Budget Committee in each House and a Congressional Office of the Budget, S. 1541 would give Congress the organization and expertise to formulate and enforce its own budget. In this respect, the system parallels the Executive's budget-making process. In the executive branch, setting the budget is a four-stage process.

1. Technicians in Treasury, Council of Economic Advisors and Office of Management and Budget prepare economic models with projections based on alternative policy choices.

2. The Secretary of Treasury, SEA Chairman and OMB Director—the Troika—review these projections and make recommendations to the Chief Executive.

3. The Chief Executive makes the final decisions with respect to total spending and revenue levels.

4. Within the limits set by the President, the OMB prepares the budget, subject, of course, to final decisions on each program by the Chief Executive.

Now, the problem is, how do we do that with 435 Congressmen and 100 Senators instead of a single executive.

S. 1541 would give Congress a parallel organization to make its own budget as follows:

1. The Congressional Office of the Budget prepares economic models with projections.

2. The Budget Committees review these projections and make recommendations to the Congress.

3. Congress makes the decision on spending and revenue levels by enactment of a concurrent resolution.

4. Within the limits set by concurrent resolution, the amounts to be allocated to the various programs are enacted by Congress, based on the recommendations of the Appropriations Committees.

As in the case of the executive branch, the congressional budget process would be a year around, continuing process.

To make the organization effective, S. 1541 (a) separates the authorizing and appropriation functions and (b) changes the fiscal year to conform with the congressional sessions. During the early part of each session, Congress would set authorization levels, fix total new budget authority, and set targets for the major categories of spending. During the latter part of each session Congress would enact appropriations within the total spending level agreed upon. The fiscal year would begin October 1 to make this possible.

New back door spending, which escapes scrutiny by the Appropriations Committees, would be eliminated.

The Congressional Office of the Budget would be the congressional equivalent of the OMB, providing a constant stream of expert information on both economic conditions and program operations. This information would be used not only by the Budget, Appropriations, and Tax-writing Committees, but also by all other committees and individual members as well.

Mr. Chairman, these are the main features of S. 1541. The full committee has tried to take account of the various objections to the bill as reported by the subcommittee. S. 1541 now represents a compromise in this respect, but the committee thinks it will work and will vastly improve the present system.

The Rules Committee has provided an effective forum for committee chairmen and others to comment on the measure. The bill's sponsors, their staffs and the committee staff will be happy to work with your committee to iron out whatever problems are presented. We have already held some staff discussions and, most, if not all, of the objections raised can be met satisfactorily in my opinion.

I will address myself to three major points of differences between the committee bill and the House bill, H.R. 7130.

ENFORCEMENT PROCEDURES

The House bill would allow any spending measures not in excess of recommended subceilings to go to the President and become law. Because the Government often commits itself to outlays immediately upon the effectiveness of a spending measure, such outlays become locked in and are not available for later rescission as part of the reconciliation or enforcement process. The effect of allowing some spending to become effective before the budget process is complete is to vastly decrease the spectrum across which adjustments can be made.

Permitting appropriations bills which are under the targeted ceiling to go forward would confront Congress with the need to find all cut-backs only among those bills that have exceeded recommended levels and have been held at the desk. These would be the bills with the least downward flexibility, making the rescission, or enforcement process, more difficult.

MAJOR CATEGORIES

The House bill does not require that major categories of spending be included in the concurrent resolution—only in the committee report.

The intention of the Government Operations Committee is that there should be debate both on the fiscal policy aggregates—total

spending, revenues, debt—and on the major components of total spending—recommended subceilings. The committee and subcommittee considered this problem in some detail. Both concluded that a major shortcoming of the present system is that the Senate and House are unable to debate major spending priorities in any meaningful way. Putting subceilings in the first concurrent resolution itself, rather than in the report on the concurrent resolution, will more likely insure a thorough debate about major priorities. Moreover, the committee felt that a concurrent resolution debate devoted strictly to the aggregate amounts for spending, et cetera, would result in too much downward pressure on spending.

As Ms. Rivlin has pointed out, if you have a total ceiling, Members try to cut the ceiling because they do not consider what goes into the total. It is very easy to cut an overall figure by \$1 billion if you do not need to specify where the cut must come from.

If you are looking at what categories are included in this total it will not be so easy to make an arbitrary meat ax cut.

In the absence of full Senate consideration about the actual needs for spending for major programs, there would be a natural inclination to set unrealistically low spending totals. Therefore, debate on aggregates should be made in terms of the major categories.

IMPOUNDMENT

The Government Operations Committee, which developed and reported the Senate-passed impoundment bill, did not believe that the impoundment title should be added to the budget bill. In this decision, the committee was guided by Senator Ervin, who felt that the budget bill provides the fundamental answer to the issue of impoundments.

It may be recalled that when the President made some impoundments earlier, he charged that Congress was not fiscally responsible; therefore, it was up to him to make these impoundments. We believe that if this bill were in operation, it would be difficult to charge the Congress with fiscal irresponsibility.

With respect to other features of the bill, we shall certainly cooperate in helping the committee to identify the issues so that you can make the final decisions on the bill. It is obviously much better for your committee to thrush out as many of these issues as possible so that when the bill comes before the Senate, it will not be burdened with extensive debate over matters which can be worked out in committee. Thank you very much.

Mr. Chairman, I would like to trace the history of this measure. Senator Metcalf touched on that.

Let me point out, the Joint Study Committee made its report last April. There was a bill introduced in both House of Congress to carry out the purposes of that report. In the Senate it was S. 1641, not 1541.

S. 1641 was a very tough bill. It not only provided that major categories ceilings be included in the concurrent resolution, but also that the Appropriations Committees must operate within those ceilings.

Moreover, S. 1641 provided that if the ceilings were exceeded, there would be an automatic tax surcharge applied.

Well, that was a pretty tough—and it was not acceptable in our subcommittee. In S. 1541, the subcommittee softened the measure by taking out the automatic tax increase features and provided a method of reconciliation for the major categories ceilings.

However, the subcommittee bill did provide for the category ceilings to apply to the major appropriations bills. When the measure came before the full committee, the decision was to make those major categories in forms of targets, giving the Appropriations Committees the responsibility for holding spending totals within the total amount of the concurrent resolution.

So this further modified it, giving still more flexibility to the bill. Yet, it still maintains the overall ceiling and gives guidance to the Appropriations Committees. They have a framework in which to work, although they are not held specifically to that framework; they could report one measure that was under the target ceiling and one which is over it; their only constraint would be the total.

With respect to fiscal year, there has been some discussion about that. The subcommittee bill did not change the fiscal year.

On the other hand, it did move the budget process backward instead of forward. It provided that the budget would be presented October 15 in order to give the Congress time and a framework within which they could operate and finish their work before the fiscal year began.

The main objection to this approach was that the budget would be presented in the midst of an election campaign, at least every other year. There would also be a problem of Members making decisions who had not been reelected to Congress. Some feel that this would not be appropriate. Therefore, in the full committee, it was decided to move the fiscal year itself to October 1. That seemed like an excellent idea because it makes the fiscal year conform almost precisely with the congressional calendar, and after all, it is Congress which needs the time to do the work that is necessary.

By ending the fiscal year on September 30, the bill would avoid the problem that many Members have of getting back to their districts in an election year, as well as lameduck Congressmen making decisions which might bind a future Congress.

With respect to backdoor spending, except for the provision of title VIII, we did not attempt to control existing backdoor spending—only new backdoor spending.

It seemed such an incredibly complicated task to get control of existing backdoor spending, that we did not try.

I would like to point out that in the past 10 years, the total Federal expenditures have tripled, from \$100 billion to \$300 billion. If spending triples again in the next 10 years, we are going to be close to a trillion dollar annual budget. Therefore, controlling new backdoor spending will become more and more important, even though we do not get complete control of past backdoor spending. At least prospective backdoor spending would go the appropriate route through the Appropriations Committees.

Senator GRIFFIN. Mr. Chairman, I think it is now clear that the bill as written does not control all backdoor spending, but only new backdoor spending.

Mr. WALLACE. Well, except for the implied control over old backdoor spending through title VIII.

Senator GRIFFIN. I see.

Mr. WALLACE. Titles VII and VIII were added by amendments offered in committee by Senator Brock.

Senator GRIFFIN. Yes, I understand, but I am merely referring back to some questions asked of a previous witness. I think this is helpful to clarify the record still further. Thank you.

Senator BYRD. Thank you, Senator.

Dr. Wallace, have you followed this bill since its inception?

Mr. WALLACE. Yes, sir.

Senator BYRD. You are thoroughly aware of all the features of it?

Mr. WALLACE. Some of the provisions with respect to controlling the debate and so forth were worked out with the help of Harry Littell, and the legislative drafting service.

We rely very heavily on him to help us in that part of the bill.

Senator BYRD. The bill provides that any rule established by the legislation could only be waived by two-thirds vote?

Mr. WALLACE. That is right.

Senator BYRD. Is that two-thirds vote the number of those elected or a two-thirds vote of those present?

Mr. WALLACE. I believe the Senate rule——

Senator BYRD. No, I am not talking about the present Senate rules. You are establishing a new rule here.

Mr. WALLACE. Well, the intention was two-thirds of those present and voting.

Senator BYRD. Also, it would take a two-thirds vote to overrule any decision on a point of order.

Does this not set up numerous blockage points at which a determined minority can slow the business of the Senate and make it impossible for the Senate to execute its will?

Mr. WALLACE. Well, it is much more difficult if you have two-thirds requirement than a simple majority.

The attempt was made to put this in the form of Senate rules, in order to provide the needed framework within which to control the budget.

Senator BYRD. No question about that.

But, are you not setting up a series of situations in which—if certain conditions prevail, the requirement of two-thirds of the Senate to do thus——

Mr. WALLACE. I see what you mean.

You mean in debating the motion to overrule the Chair, whether that could be subject to extended debate?

Senator BYRD. Yes. And take a two-thirds vote to overrule any decision on any point of order.

Mr. WALLACE. I think that is something that should be looked at.

We did want some constraints within which debate could be carried out.

If you had a motion to overrule the Chair, does that count as part of the controlled debate or not? I am not sure.

Senator BYRD. I do not know for sure. That may be—we will explore that.

Ordinarily, in our unanimous-consent agreements, if we simply get a time limitation on debate on a bill of 10 hours, and we do not get specific time limitations on motions or appeals, we run into problems.

Mr. WALLACE. So, when you get unanimous consent for limited debate you ask that it apply to total debate, including all motions affecting the measure being debated?

Senator BYRD. Yes; in our unanimous-consent agreements we ask for totals specifically on the bill, on amendments, on amendments to amendments, debatable motions, and appeals.

Mr. WALLACE. That should be included here if we want to avoid the filibuster problem.

Senator BYRD. It is an area that requires some study. Also, this bill would provide that—appeals on the ruling of the Chair—

Mr. WALLACE. I understood this was drafted in a way to conform as closely as possible to existing Senate rules; that was certainly the intent of the committee.

Senator BYRD. Senator Griffin, do you have any further questions at this point?

Senator GRIFFIN. Doctor, you were in the room when the previous witnesses, Mr. Shultze and Mrs. Rivlin, took exception to the October 1 fiscal year.

Do you think a fiscal year beginning on October 1 is practical? Mrs. Rivlin said that such a change would not coincide too well with the planning of such local units of government as school districts.

Do you have any comments to make on that?

Mr. WALLACE. Yes; we consulted with the Governors' Conference on this and they had no objection to October 1.

Of course school districts would love to be able to plan 2 years ahead. I listened to Mrs. Rivlin's comments and certainly have a great deal of sympathy for her point of view. However, having spent 8 years in the Treasury Department in the Troika, I tend to the other side. While there are certainly planning problems, I think the biggest need is to get control over spending. That is a year-by-year process because of its very real effect on the national economy.

It is lovely and nice for everybody to plan ahead, not only 2 years, but many years ahead. Unfortunately, we have these economic fluctuations in the national economy. In times of rising unemployment a deficit is certainly appropriate. On the other hand, there are times when this is not appropriate. I make specific reference to a mistake I believe the administration, of which I was a part, made in 1966. We did not call for a tax increase and we delayed a year in asking for one. Congress then delayed for another year. By that time we were up to a \$25 billion deficit which cranked in economic imbalances which we are still living with today.

It is not that a fiscal mistake hurts you at the time it happens. During that particular year, 1966, I do not think inflation was over 3 percent. But the pressures caused inflation to come later. That is the type of thing I think people are concerned about, where Congress may be open to criticism because they do not consider the budget as a whole, and relate it to the fiscal needs of the Nation.

It is natural for Members of Congress to concentrate on programs because that is their political lifeblood. But I think every Congressman and every Senator is also very concerned about the total fiscal impact. While this bill is not an attempt to take away all the flexibility with respect to the various programs that need to be funded, it does put in the element of an overall look.

For example, during the closing days of Congress, right before the fiscal year begins, it may be that Congress would want to increase the deficit because of the program considerations. But if they do, they will do it knowing that they're busting the budget.

They will have to weigh the program needs against what the national economic needs are, and they will have to make a decision. The point is not to keep Congress from making decisions, but to let them make a decision within a fiscal framework.

Senator GRIFFIN. I suspect that will essentially answer the next question that I was going to raise.

I was going to refer back to your testimony as it contrasts the procedures on reconciliation between the House and Senate bills.

Did the committee recommend that there be an automatic surcharge?

Mr. WALLACE. The Joint Study Committee did recommend an automatic surcharge, if total expenditures exceeded the amount set in the current resolution.

Senator GRIFFIN. In the Senate bill, as it has been reported, if the total is too high, there is an effort to go back to the Appropriations Committee and get a rescission.

But if that is not adopted by the Congress, then all you have to do is recommend higher taxes.

Mr. WALLACE. Yes, the Budget Committee, if the appropriations committee cannot get approval—

Senator GRIFFIN. That seems to be a pretty weak answer, is it not? Suppose the Budget Committee recommends higher taxes?

Mr. WALLACE. They could recommend an increase in the debt level but—

Senator GRIFFIN. What if neither one could be enacted?

Mr. WALLACE. I do not think you could really keep Congress from working its will. I do not think that it is the intent of the bill to say that you cannot exceed the budget unless you raise taxes.

The point is that when Congress makes a judgment, it is made in a fiscal framework.

Senator GRIFFIN. I understand your answer. I am having a little trouble agreeing with it.

Mr. WALLACE. In some respects, I think the provision for automatic increases in tax would be preferable.

Senator GRIFFIN. No; I am not thinking of automatic increases. Isn't there another alternative?

You would not necessarily have to have an alternative. Would not reconciliation be required with the resolution unless there was action taken to change it?

Mr. WALLACE. On taxes?

Senator GRIFFIN. Yes.

Mr. WALLACE. Personally, I would like that, but on the other hand, we are trying to work out a bill which will be workable, acceptable, and enacted.

Senator GRIFFIN. Thank you.

Senator BYRD. Dr. Wallace, both bills, both the Senate and the House bill, provide that Congress cannot adjourn without action on the reconciliation bill, am I correct?

Mr. WALLACE. That is correct.

Senator BYRD. In order to waive that rule, the bill would require a two-thirds majority, is that correct?

Mr. WALLACE. That is correct.

Senator BYRD. Are you not requiring adjournment in certain situations by two-thirds of the Senate?

Mr. WALLACE. If they cannot reconcile the budget.

Senator BYRD. Then you're flying in the face of the will of the majority, which, under present practice, can adjourn the Senate.

Mr. WALLACE. You mean as far as the Senate is concerned?

Senator BYRD. Yes.

Mr. WALLACE. It poses a stumbling block to adjournment.

I think the Congress would not want to adjourn if they had not taken action on appropriation measures.

Senator BYRD. Well, of course. But how much consideration was given to this provision that Congress cannot adjourn without completing action on the reconciliation bills.

Mr. WALLACE. I think there was not too much consideration because it would be very difficult for Congress to want to adjourn if not a single funding measure had been enacted before the fiscal year begins.

In other words, you reach your deadline of October 1, and then you are saying that the only way that they could adjourn without having funded the various programs would be to get a two-thirds vote. But I do not think it ever occurred to anybody that they would want to adjourn if they had not performed any funding functions for the entire Government.

Senator BYRD. Well, are you not jumping over a lot of hurdles with one broad sweep in your answer?

Is there not provision in the bill whereby, if no reconciliation measures are agreed upon, then there will be a pro rata reduction, across-the-board, of controllable items?

Mr. WALLACE. That is one of the fall backs that can be taken, but that is only one alternative.

I think the first fall back, if you're over the ceiling—

Senator BYRD. No; I am not interested in that.

Is that not a fall back—

Mr. WALLACE. It is an alternate fall back.

Senator BYRD. So, that we never get into the situation that you referred to?

Mr. WALLACE. If they use the pro rata there would be no need to avoid adjournment.

Senator BYRD. You said Congress would not want to adjourn until it had agreed on a reconciliation bill?

Mr. WALLACE. What I meant was that the pro rata would be a form of a reconciliation bill.

Senator BYRD. Is there another provision whereby if Congress fails to act, then the President's budget—

Mr. WALLACE. That is in the concurrent resolution.

Senator BYRD. The President's budget would then—

Mr. WALLACE. If the resolution is not enacted by July 1, the first fall back would be to use the limits set in the resolution which one of the Houses had passed.

The second fall back position, if neither House had passed a concurrent resolution, would be to use the limits set by the President's budget.

In other words, the President's budget is third down the line.

Senator BYRD. Are you talking with reference to the Senate bill?

Mr. WALLACE. Resolution.

Senator BYRD. As provided in the Senate bill?

Mr. WALLACE. Yes; S. 1541.

Senator BYRD. Do you feel that the deadlines of September 20, for completing actions on appropriations bills and September 30, for enactment of the ceiling enforcement bill are consistent with the intent to make continuing resolutions unnecessary?

Mr. WALLACE. Well, I think that they were trying to get a maximum amount of time to reach these decisions, but it is my opinion that the committee would consider changing the September 20 date.

I do not think they were wedded to that particular time frame; it could probably be moved to early September to provide more time, that is possible.

There are timing differences between the Senate bill and the House bill.

Senator BYRD. But the subcommittee is only addressing itself to the Senate bill at this point.

Mr. WALLACE. Yes, I understand.

Senator BYRD. What if the President should veto the enforcement bill and, say, the enforcement bill is enacted on September 30? Let us say that he vetoes the enforcement bill, and thereby nullifies all the appropriations bills that he has received, would continuing resolutions be permitted under the bill?

Mr. WALLACE. I believe they would.

On page 57 of the bill, line 10, it says that:

On or before September 20 preceding the beginning of a fiscal year all bills and resolutions providing new budget authority for such fiscal year [then in parenthesis] other than supplemental, deficiency, and continuing appropriations bills and resolutions.

Then over on page 58 under "Report by the Congressional Office of the Budget" it makes the same exception.

Senator BYRD. Would the Congress be giving the President additional veto power by virtue of the fact that he could veto the enforcement bill and that would be tantamount to vetoing 13 appropriations bills?

Mr. WALLACE. It is possible. A history of the debates over the omnibus appropriation bill indicate that the President has objected to the omnibus bill unless he were given the item veto power.

The President could veto this final bill and cause a crisis which might mean that Congress would have to come back and do it—enact a continuing resolution—and if they could not just let the President run the country as best he could without any money.

It would really be, I think, a major crisis for such a thing to occur, but it is possible.

Senator BYRD. I am particularly concerned about the two-thirds requirement.

In light of the complexity of this bill, before we have had a chance to live with it do you think we ought to give a one-third minority the right to insist on procedures and deadlines which might have to be unreasonable or even unworkable?

Mr. WALLACE. I think it is appropriate for the Rules Committee to look at this very carefully.

I say the provisions in the bill affecting the application of the rules came primarily from boiler plate language. The committee tried to hold as consistently as possible to existing Senate rules.

Senator BYRD. Well, this bill in many respects is 180° away from existing Senate rules.

Mr. WALLACE. Well, I am glad that you are getting a chance to review it.

Senator BYRD. I am not happy to have that—

Mr. WALLACE. But with respect to the bill itself, I think there is widespread agreement about the need for budgetary controls of this type.

The committee made compromises. Some are not happy because the bill is not tough enough, others because it is too tough and still others are unhappy about some of the titles which have been added to it. However, it is my opinion that we could work with your committee and the questions that have been raised, I think, can be met, whether it is adjusting the rules or adjusting the time frames or whether it is adjusting the dates.

For example, we have heard complaints that May 31 is not a logical date to complete all legislation on the authorization bills. But I think that all things should be taken up and discussed. Insofar as the bill can be improved without, hurting its basic thrust—it can be done.

Senator BYRD. Well, the interest of this subcommittee is to strive, if it can, to find the weaknesses in the bill and to recommend changes therein so as to make the measure workable.

Mr. WALLACE. I appreciate that. May I just say, Senator Byrd, that it is obvious in a hearing of this type, that you are going to hear all of the things that people do not like about the bill.

As you say, you do not want chamber of commerce rhetoric and I can understand that. You want to get down to the nitty-gritty and say, what does this bill need? I would hope, however, that in searching for flaws no observers would get the feeling that it is being nitpicked to death.

I do not think that is anybody's intention. I think that many of the things that have been raised here today are certainly valid points and adjustments can be made. I think the committee would be glad to make them.

I think that there are certain basic things which would be difficult, but most of the objections that I have heard and the discussions that I have held are not too difficult to meet.

Senator BYRD. The problem here is that the whole concept looks good on paper. We are all in favor of the objective. Look at the beautifully drawn little book that has been passed around, showing how the process will work so smoothly.

It all looks very nice, but I am afraid that those who have to work with these matters from day to day want to be reassured that the procedure is really going to be practical.

Mr. WALLACE. My role is not to speak for the committee, other than to explain and answer questions. But I hope that the committee will not feel that there is nonsupport for the bill because there has not been a parade of witnesses defending it.

For example, some witnesses preferred a legislative budget office to the congressional office of the Budget. However, there are many reasons why the committee chose the latter approach.

If you need fuller discussion on that type of thing, I am here to answer questions as best I can.

Senator BYRD. Let me ask you this:

The Senate bill requires that appropriation bills be completed by September 20—I understand that the House bill requires that the appropriations be completed by August 1.

Does the House bill also require that none of these appropriation bills may be reported until all have been approved by the committee?

Mr. WALLACE. That is correct.

Senator BYRD. That means then, according to custom, that the Senate will receive none of the regular appropriation bills from the House until all have been approved by the committee.

I take it that is the Budget Committee of the House or——

Mr. WALLACE. The Appropriations Committee.

Senator BYRD. Does not this, in your viewpoint, present a real problem?

Mr. WALLACE. Well——

Senator BYRD. Let us say, 13 appropriation bills come over from the House of Representatives on August 1, and they are all dumped on the Senate simultaneously.

And then let us consider the Senate bill, which requires that the appropriations bills be completed on September 20. Then there are only 10 days left in which to pass the reconciliation bill. Suppose the President vetoes that reconciliation bill, automatically vetoing all the regular appropriation bills.

Where does that leave us?

Mr. WALLACE. Well, as I say, I think that would occur only in a crisis situation but on the other hand, it could happen. So in that context I think that perhaps the schedule could be fixed to permit a vote to override a Presidential veto in case that should occur.

Senator BYRD. Senator Griffin?

Do you have any questions?

Senator GRIFFIN. No, except that I am trying to conceive how this might work.

Following along with the questions, I could conceive of a situation where, in the reconciliation process, Congress failed to adopt decisions to cut back. Congress would then be content with recommending, as a method of reconciliation, a tax increase without specifying what kind of tax increase and without enacting a tax increase and sending it to the President.

I think it might be very likely and altogether responsible for the President to veto the measure and send it back saying, "I will not sign this unless you cut back on the amount of spending or enact the taxes to pay for it."

Senator BYRD. May I add one thing to that.

Under this bill, no tax legislation can be passed—am I correct in this, Dr. Wallace—until the first budget resolution setting a ceiling has been enacted?

Mr. WALLACE. That is correct.

Senator BYRD. Suppose Congress "passes the buck" on the tax business and, in so doing, meets the definition of reconciliation; goes home, comes back in January, and no tax legislation can be passed until the new budget ceiling resolution is enacted.

Mr. WALLACE. If there were recommendations for a tax increase in the concurrent resolution, it would be for the applicable fiscal year. Thus tax legislation could be enacted after Congress recovers this following January.

I think the point of putting a constraint on tax legislation was that such legislation should be enacted as a part of overall fiscal policy.

It may be that the budget committees in the current resolutions would recommend a cut in taxes or an increase in taxes as a part of the total fiscal policy picture.

But if, as a part of a second concurrent resolution, they recommended a tax increase, you would then be in the current fiscal year, and it would be under the aegis of the current resolution enacted after consideration by the budget committees.

Senator BYRD. Would the automatic taking effect of the figures in the President's budget, if both Houses fail to adopt a resolution by July 1, encourage those Members of the Senate and the House who favor the President's budget to delay?

Mr. WALLACE. All Members of Congress have one vote apiece, and in fact if a majority of the Members of Congress favor the President's budget more than what has been reported, such a delay is possible. But at least Congress would be making the decision.

We think now in terms of the President belonging to one party and the Congress controlled by the other. That is ordinarily not the case. The time may come when the majority would want to hold to the President's budget. But Congress should make the decision.

Senator BYRD. Dr. Wallace, we thank you for your statement and for your additional testimony.

It is quite probable that the subcommittee would want to hear from you further, due to the fact that you have been conversant with the legislation over a long period.

Senator GRIFFIN. I think it should be noted for the record, Mr. Chairman, that Dr. Wallace brings the perspective not only of the Chamber of Commerce, but perhaps, to some extent, the perspective gained from his past service in the Executive branch of the Government and his legislative service on Capitol Hill. I can see how he would have been of great help to the Government Operations Committee, and I want to indicate to him that the Rules Committee also appreciates his contribution and looks forward to talking to him again if necessary.

Mr. WALLACE. Thank you very much, Senator Griffin.

May I just add a footnote?

I did my doctoral thesis in the 1950's on congressional control of spending. The main point was that the Congress needed more information when it enacted the various spending measures. But then, having spent 8 years in the Treasury Department dealing with overall fiscal policy, I became even more concerned with the overall fiscal picture. That is why I am so happy to see this legislation moving along.

Senator BYRD. Thank you, Dr. Wallace.

I have a letter addressed to me by Senator Jackson, Senator Randolph, Senator Magnuson, Senator Hartke, and Senator Moss, setting forth various views on the Senate bill, S. 1541.

It is my understanding that they wish Mr. Barry Meyer, the chief counsel of the Committee on Public Works, to read the letter into the record.

The subcommittee would be very happy to have you do so, Mr. Meyer.

If you will take the seat at the table and proceed, please.

STATEMENT OF SENATORS JACKSON, MAGNUSON, MOSS, RANDOLPH, AND HARTKE, JOINTLY, READ BY M. BARRY MEYER, CHIEF CLERK AND CHIEF COUNSEL, SENATE COMMITTEE ON PUBLIC WORKS

Mr. MEYER. Thank you, Mr. Chairman.

The letter reads:

At the outset we state our total agreement with the stated objectives of this important legislation. It is essential that the Senate, as an institution, improve its capability to identify and implement through the budgetary process those programs and legislative initiatives at funding levels which the Congress, as the direct representative of the American people, determines to be most beneficial to the national interest. To accomplish this end we recognize the need for professional staff assistance which can generate reliable information independent of the executive branch. We also understand that Congress should develop spending needs and relate those needs to reliable, independent revenue projections and careful evaluations of the present state of the economy. We also feel the need to improve legislative procedures whereby programs are authorized and funds are appropriated. For these reasons we concur with the objectives of S. 1541.

We are concerned, however, that the bill as reported may not meet some of these objectives. In developing a sound congressional fiscal policy, it will be necessary to focus not only on spending ceiling but also on the revenue generation picture and the general state of the economy. We are not convinced that S. 1541 sufficiently emphasizes the revenue side of the fiscal policy equation.

There are a number of other areas of critically needed budget reform which are not addressed in the present provisions of S. 1541. The format and the manner in which the budget is presented to the Congress, the nature and content of the information provided, and the ability of Members of Congress to get background information from the executive branch about specific budget items are major problems which require more attention. The bill currently contains no provision which would require the executive branch to identify and explicitly state program goals and standards to measure performance. The bill does not require disclosure and justification of the factual information which underlies the major decisions of national policy which specific budget items represent.

We also doubt that the mandate for independent information gathering is as explicit as it might be. It seems that the Congressional Office of the Budget (COB) serves only as a critiquer of the President's budget rather than as an initiator of a congressional alternative.

There is no specific requirement that the COB develop its own information-gathering capability or that the new Budget Committee engage in its own independent budget evaluations.

We are uncertain that the goal of professionalism in the Congressional Office of the Budget is assured in S. 1541. By making the COB responsible to all Members of Congress it may become responsible to no one. This becomes important particularly in such sections as 604 which would preclude floor consideration of any measure on which the Congressional Office of the Budget had not commented. We also think the Rules Committee should carefully examine the way in which the Director of COB is selected and give consideration to adding a nominating procedure, and a fixed tenure.

The intention of S. 1541 is to strengthen Congress role in the development of fiscal policy, but there are provisions which could produce the opposite result. The bill provides that the budget ceiling figures of the President would automatically take effect and serve as the congressional budget ceiling if both Houses of Congress failed to adopt the required first concurrent resolution by July 1. This could create incentives to delay consideration of the concurrent resolution and obstruct action by Congress. Even in a situation where there is no deliberate attempt to delay, Congress might be confronted with a "crisis" in the month of June which would require its complete attention. This could result in the implementation of the President's budget ceiling. This particular "club" to encourage congressional action may be more of a club than is intended and should be thoroughly reviewed.

S. 1541 requires Congress to enact appropriation bills by September 20 of each year. The President would individually approve or veto each appropriations measure. If the President vetoed a bill, Congress would have to pass another bill which the President was willing to sign before the ceiling enforcement legislation could be passed and the Congress could adjourn. There are a number of difficult questions relating to the relationship between the Executive and Congress raised by such procedures. What kinds of pressures could the President exert on Congress by vetoing a particular appropriations bill just before the October 1 deadline? Would continuing resolutions be in order following enactment of S. 1541? What would happen if the President vetoed a ceiling enforcement bill? Could the President use this as a vehicle for keeping Congress in session to prevent Members of Congress from returning to their States to campaign? What happens if Congress passes a budget much more limited than the President's budget and the President vetoes the ceiling enforcement bill to force higher spending.

These questions concern us and should be clarified because of the implications they raise concerning the relationship between Congress and the Executive in the formulation of fiscal policy, and because they highlight certain procedural impediments in the appropriations process—procedural impediments that S. 1541 was intended to eliminate, not augment. Other possible procedural impediments include the provision for 100 hours of debate in June on the first concurrent resolution which may have to be duplicated in September in light of the revised GNP forecasts, revenue and expenditure estimates, and congressional actions on appropriation bills. In addition the application of the "rule of consistency" during the second consideration on the floor of a con-

current resolution could complicate the parliamentary situation and produce insoluble tangles.

We are worried that the input by the legislative committees to the Congressional Office of Budget and to the Budget Committee is not properly timed. We would recommend that the Rules Committee carefully study the ways in which the legislative committees would interact with the Congressional Office of the Budget and the new Budget Committee.

We also urge that some consideration be given to whether there is need to create a new Standing Committee on the Budget to perform the duties set forth in the bill. Since the new committees on the budget are not to be "supercommittees" but are rather to be concerned only with processing and reporting the congressional budget resolutions, do we need them all? Might we not instead establish by statute a Permanent Subcommittee on the Budget of the Committee on Appropriations? It seems that some existing standing or joint committee might carry out the new fiscal policy reviews and recommend overall revenue and spending levels without the necessity for creating yet another committee.

Not only does S. 1541 concern us because it may not meet some of the important objectives of congressional budget reform legislation, but it also concerns us because it carries with it certain excess baggage. For example, why should we be prohibited from considering a bill in the Senate until such time as the Congressional Office of Budget offers its views on the fiscal implications of the proposed bill. Section 604 of S. 1541 should be substantially modified to prevent the Director of the Congressional Office of the Budget from controlling the legislative process.

We are also troubled by the language in the bill requiring "program evaluation and pilot testing." We are not sure that these provisions should be included in a budget reform bill. Reading then of the provisions would suggest that they provide a further weakening of congressional prerogatives and a strengthening of Executive prerogatives. We believe titles VI and VIII require close scrutiny.

We also question the approach to contract authority taken in the proposed legislation, and the status of loan guarantees in S. 1541 appears ambiguous. S. 1541 seems to include in the definition of advance budget authority all loan guarantee programs, even those not presently considered in the President's budget.

We are confident that many of the concerns we have expressed have been fully and carefully considered by the Government Operations Committee and there are answers to the questions we raise. We are convinced, however, that there are certain areas which require very detailed study and further legislative refinement. We urge the members of the Rules Committee to carefully review S. 1541, and we are ready to assist you in any appropriate way we can to develop the most responsible approach to independent congressional fiscal policy development within a manageable legislative framework.

Senator BIRD. Thank you, Mr. Meyer, for reading the letter into the record.

The letter raises many pertinent questions which deserve consideration, and the subcommittee will endeavor to get into these areas if it can. Thank you very much.

The subcommittee will stand adjourned awaiting the call of the Chair.

[Whereupon, the subcommittee was adjourned at 6 p.m., subject to the call of the Chair.]

[Statements and letters subsequently received for the hearing record from individuals and organizations that could not attend the hearing are as follows:]

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., January 21, 1974.

HON. ROBERT C. BYRD,
Chairman, Subcommittee on Standing Rules of the Senate, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR BOB: I am pleased that the Chairman, Senator Cannon, has requested all Committee Chairmen to furnish you their views on S. 1541, a bill to provide new procedures for Congressional budget control. I believe it is one of the most important bills now before the Congress.

It is essential that we improve our capacity for dealing effectively with taxing and spending issues. However, it would be most unfortunate if we were to adopt a new and complex system without fully assessing its effect on the operating methods of the House and Senate, their committees and their members. If we should enact an unrealistic or unworkable bill, we might actually impair the operations of the Congress and strengthen the powers of the Executive. The Committee on Rules and Administration is especially suited to review the impact of the bill's provisions on the way the Senate conducts its business.

Although this subject was under consideration in the Government Operations Committee for eight months, I understand that the reported bill (which differs markedly from the bill approved by a subcommittee) was before the full Committee for only a brief period. Thus, its provisions did not become widely known until very recently. Since then, serious concerns have been expressed about: the degree to which the bill might deny a majority of the Senate the opportunity to "work its will"; the creation of numerous blockage points in the legislative process; undue restrictions or burdens placed upon authorizing committees; unrealistic time schedules; and possible enhancement of the veto power. In order to assist in evaluating these concerns, I am enclosing a list of specific questions which have been raised about the bill.

It is evident from the scope and complexity of these questions that there are a number of troubling provisions in the bill. I fear that hasty action on it could seriously damage both the functioning and the reputation of the Congress. However, it should be possible to design procedures which will accomplish the bill's objectives without doing such damage. In fact, I think it is vital that we do so. Our constituents share our desire to reform the budget process—in both branches—so as better to serve the public interest. Toward that end, and as a Member of the Committee on Rules and Administration, I stand ready to assist you in the evaluation of the issues which have been posed and in the development of the needed amendments.

Sincerely,

HARRISON A. WILLIAMS, Jr.,
Chairman.

Enclosure.

QUESTIONS CONCERNING S. 1541

A. STRUCTURAL CHANGES

1. If the new budget committees are no longer intended to be the "super committees" envisioned in the proposals of last April, do we need them at all, or could some standing or Joint Committees carry out the new fiscal policy reviews and recommend aggregate revenue and spending levels?

2. Since the role and influence of the new Budget Committee will be somewhat unclear until we have had experience with it, should we defer for a while (say, one to three years) the decisions by newly-appointed members and the new chairman as to what major Committee memberships or chairmanship they shall relinquish?

3. To whom would the proposed Congressional Office of the Budget be accountable and would it be responsive to the needs of the Congress?

B. TIMETABLE

4. A fiscal year beginning on October 1 would be more realistic than the present situation, but would a shift to the calendar year (which would coincide with the revenue calendar) make more sense?

5. A May 31 deadline for action on authorization bills (with respect to programs for the following fiscal year) may be workable for the second session of each Congress but would it allow sufficient time for action in the first session, wherein several months are usually consumed in Committee re-assignments, organization and staffing?

6. In any event, should there not be some provision to waive the foregoing deadline in cases of unexpected needs or emergent situations?

7. Are deadlines of September 20 (for completing initial actions on appropriations bills) and September 30 (for enactment of a ceiling enforcement bill) consistent with the intent to make continuing resolutions unnecessary? Would not this timetable greatly enhance the veto power because, if the President should veto the enforcement bill, he could nullify with one stroke all the appropriations bills which had been passed?

8. Does the provision for a three day lay-over, before the Senate acts on a concurrent budget resolution, afford members adequate opportunity to familiarize themselves with its content and effects? Would the three day rule be subject to further reduction by agreement of the joint leadership?

C. PROCEDURES

9. Since the "sub-ceilings" in the first concurrent resolution are actually "targets" and are not binding, would not placing them in the Committee report, instead of in the resolution itself, facilitate action on the resolution, and focus the needed attention on fiscal policy issues, including both revenue and expenditure questions?

10. Should the Congress be expected to enact a bill by September 30 to enforce ceilings set three months earlier (and presumably reducing previously-approved appropriations) without, first, reviewing the July first totals in the light of revised GNP forecasts, revenue and expenditure estimates, and Congressional actions on appropriations bills?

11. Would the automatic taking-effect of the figures in the President's budget, if both Houses fail to adopt the first concurrent resolution by July 1, encourage those who favor his figures to delay and obstruct action by the Congress?

12. Should the Congress deny itself the right to adjourn if, because of legislative-executive stalemate or other factors, it is unable to enact into law a bill reconciling appropriations actions with ceilings set in a concurrent resolution?

13. Would the application of a "rule of consistency" during the second consideration on the Floor of a concurrent resolution lead to hopelessly complicated or even insoluble parliamentary tangles?

14. Would the introduction of numerous point-of-order situations, and the requirement of a two-thirds vote (or unanimous consent) to waive the new and complicated procedures established by the bill, prevent a majority of the Senate from "working its will"?

D. POWERS OF AUTHORIZING COMMITTEES

15. Why should a committee be barred from reporting a bill if the Congressional Office of the Budget fails to perform the functions assigned to it by section 604?

16. Although we understand that controls on "backdoor spending" are intended to apply only to new programs, would not section 401 (a) permit the retroactive application of Appropriations Committee controls to such programs?

17. Would not section 402 (c) (in conjunction with the definitions in section 402 (b)) effectively impose, retroactively, Appropriations Committee controls on existing entitlement, contract, borrowing, and guarantee programs by covering increases or additions to such authorizations?

18. Would not the Title VIII provisions—revoking permanent authorizations (except trust funds and those costing less than \$100 million over three years)—

provide, retroactively, for Appropriations Committee controls over existing back-door spending, or "uncontrollable" programs?

19. Would compliance with the Title VII provisions concerning extension of a program, after the "pilot test" or "program evaluation" period had ended, (which requirements could not be waived) be so cumbersome as to encourage authorizing committees routinely to exercise their discretion to waive the use of these methods in the first place? Would this, therefore, actually discourage such efforts and, at the same time, subject committees to needless criticism?

20. Would the Title VIII provisions, revoking most permanent authorizations, so burden authorizing committees with cumbersome requirements upon the extension of legislation that their ability to discharge their responsibilities in a timely and effective manner would be jeopardized? Would this frustrate the objective of the bill to speed up the authorization and appropriations processes?

21. Since the hearing record and committee report have so little discussion of Titles VII and VIII, is there sufficient justification for adopting these provisions now and are they essential to the purposes of the bill?

E. NEED FOR EXECUTIVE REFORM

22. Should not the bill require vitally needed reforms in the Executive budget process, which would open it up to scrutiny by the Congress and the public?

23. Should the bill provide a means to assure that the Executive budget will adequately serve the needs of the Congress?

24. Should not the bill require the Executive budget to explain fully the inaccuracies of previous years' estimates (especially as to revenues and "uncontrollable" programs) so that the Congress can better evaluate the estimates in the current budget?

F. REVENUES

25. Why does the Senate bill not provide for a directive to the Finance Committee to report a bill raising such revenues as may be needed to finance the approved level of program outlays, as is done in the House bill?

G. IMPOUNDMENT

26. Since the bill might encourage the President to impound funds in order to conform to our own ceilings, should we not add the Senate's previously-passed anti-impoundment bill to this bill, as the House has done with its own version?

STATEMENT OF HON. JOHN C. STENNIS, CHAIRMAN, SENATE ARMED SERVICES COMMITTEE

Mr. Chairman, I appreciate you making this statement a part of your record on S. 1541, which provides for the reform of Congressional procedures regarding Federal expenditures.

I would like to make clear at this point that I fully support the basic purpose of this legislation which is to increase and improve Congressional control and review of the entire Federal budget process. I was a member of the original Joint Committee on the Budget appointed to recommend reform on this subject matter, although I was unable to attend the meetings last year. I believe we should move forward as fast as practicable on this entire matter.

My concern with S. 1541 in its present form relates to its relationship with the legislative authorization process. As you know, the Senate Armed Service Committee is required as a matter of law under the so-called Section 412 legislation to annually authorize certain major functions of the Department of Defense as a condition precedent to the appropriation of funds for these activities. These include major procurement systems, research and development, the combined total of which exceeds \$20 billion per year, together with the numerical end strengths for both military and civilian personnel whose combined cost is reaching two-thirds of the entire Defense budget.

Specifically, my first concern is with the explicit provision of S. 1541 which requires that any authorization measure be enacted as a matter of law not later than May 31 of each year. Moreover, the bill provides that it will be out of order for either the Senate or the House to consider authorizing legislation after May 31. Specifically, Section 403 provides as follows:

"It shall not be in order in either the Senate or the House of Representatives to consider any bill or resolution (or conference report thereon) authorizing the enactment of new budget authority for any fiscal year after May 31 preceding the beginning of such fiscal year."

The May 31 deadline in view of the legislative realities of the Senate and Congress is highly likely to produce two results.

First, since it is unlikely that a bill could be enacted by this date we can anticipate the likelihood that there would be no authorizing legislation at all, even though the authorizing requirement is mandated as a matter of law. Second, even if the May 31 enactment could be met, the short period of time would not permit meaningful debate and consideration on the many issues that have been considered in connection with this legislation at least during the past four years.

I would like to elaborate briefly on the time problem. There is usually delay in the submission of the budget, just as we are now witnessing in the FY 1975 program, which will now not be received until February 4. The detailed hearings required in Committee normally extend over three months. The printed hearings last year totalled over six thousand pages. In the last four years the Floor debate on this measure has ranged from four to nine weeks as the pending business. This result is due, as you know, to the fact that much of the Floor consideration is devoted to amendments relating not directly to military procurement but to the larger foreign and military issues. The time required for conference with the other Body has ranged from two to four weeks, plus additional time for Presidential signature.

Incidentally, other provisions of this S. 1541 would add to the workload of the authorization process since, A) the bill requires a pilot test program and report by the Committee for every program costing over \$100 million over a three-year period, and B) all authorization expires after a three-year period and must be reauthorized with a Committee report required in connection with this re-authorization activity.

In summary, we are, therefore, confronted with a number of delays which could disrupt the process. These delays would include delay in the submission of the budget, in debate on the Floor, in conference, and in Presidential signature.

Although I have not reached any firm conclusion, one possible change could be a requirement that the bill must be reported out of Committee by May 31 which would impose a form of deadline, but not run the strong risk of nullifying the authorization process.

The other major area of concern are the ambiguities of the bill as it relates to Defense authorization. The bill itself does not repeal or amend Section 412 in any explicit manner. There are, however, a number of questions which arise because of provisions in the bill that could affect Section 412. I would point out these questions for your consideration:

If the Defense budget ceilings established by the new Budget Committee should exceed the authorization bill limitations which legislation would control the final appropriation process?

What effect, if any, would the budget ceilings have on the specific line items in the authorization bill?

What effect would the new control on outlays, as distinguished from budget authority, have on the authorization process?

Does the bill in any way inhibit limitations which might be adopted in the authorization bill with regard to specific weapons systems or other activities?

In summary, Mr. Chairman, I urge the Rules Committee to consider such changes as may be necessary to enable the Senate Armed Services Committee to continue meeting its statutory requirement under current law with respect to the authorization process.

At the same time, I reiterate my strong support for providing budget reform legislation which would establish a stronger Congressional role.

STATEMENT OF HON. VANCE HARTKE, CHAIRMAN, SENATE COMMITTEE ON
VETERANS' AFFAIRS

Mr. Chairman, the subject before you is one of the profoundest and most far-reaching which has been before the Congress in recent years.

During the past three decades, the executive branch has developed the capability to amass and evaluate budgetary information which Congress has not. The budget is a policy document; within its vast number of pages are hundreds of

decisions which lie within the Constitutional purview of Congress. Yet, Congress has been unprepared to deal with the complexities of the budgetary process. We have been less than effective in our efforts to oversee existing programs to determine their effectiveness; we have been unable to make our own projections of expected revenues; we have made our appropriations decisions on an annual basis rather than on a 3 or 5-year basis; and we have not possessed the technical capability to make a thorough analysis of appropriations decisions.

I do not make these statements to denigrate the work of any congressional committee. We have all labored to pass authorizing legislation as early during the session as possible. The appropriations committees have done an excellent job in reporting most bills out prior to the beginning of the new fiscal year. And the Senate Finance and House Ways and Means Committees have both done commendable work in considering legislation which affects Federal revenues. Despite all of these efforts, we have been forced to act without a view of the total economic picture. To the extent that the *Federal Act to Control Expenditures and Establish National Priorities Act* establishes procedures which make it possible to bring order and rationality to this fiscal chaos, it has my enthusiastic support.

I am constrained, however, to voice my concern about several provisions contained in S. 1541 which may be ill-conceived and which I trust will be considered by the Rules Committee before the bill is reported to the Senate floor.

1. COMPLEXITY OF PROCEDURE

There has been a trend in recent years to adopt highly complex formulas for meeting needs and solving problems. This complexity makes it difficult for the people to understand the operations of government, and that difficulty in turn discourages them from seeking to involve themselves in the governmental process. At this point in time, it is essential that we foster public understanding of Congress and not obfuscate their knowledge of what we are doing. To attempt to explain to a constituent, for example, that an appropriation has been passed by both houses of Congress but that it does not become effective until "triggered" by another law is to bring layered bureaucracy to the halls of the legislative branch of the Federal government.

2. ELIMINATION OF IMPOUNDMENT PROVISIONS

The bill as reported by the Senate Government Operations Committee contains no anti-impoundment provisions. I see budget control legislation not only as a measure of achieving fiscal responsibility, but also as a means of helping to re-establish Congress as a co-equal branch of the Federal government. We cannot establish this latter objective unless the budget control legislation we pass contains effective provisions to assure that any impoundment of duly appropriated funds by the executive branch could be overridden by Congress.

3. NEED FOR A "SAFETY VALVE"

S. 1541, Section 403, completely restricts the reporting of new authorizations after May 31st. While it is essential that we adopt an overall procedure for timely congressional consideration of new authorizing legislation, we should also adopt a "safety valve" provision similar to Section 143(b) of the House bill. I would also suggest that the concurrent resolution include a contingency fund to enable the enactment of new authorizations after May 31st.

4. "BACK DOOR SPENDING"

Although it has been said that S. 1541 is intended to provide "back door spending" controls on new programs only, the provisions of Section 401 (a) (2) could be construed to apply those controls to all programs. Many of the programs of concern to veterans are in the form of mandatory entitlements (education and pensions, for example). While recognizing the need to put reasonable controls on "back door spending", many of these programs provide benefits which people count on over a period of time. Plans are made based upon the expectation of benefits to be received. We would be doing a disservice to the people we represent if we were to enact the provisions of S. 1541 as they now stand with all of the uncertainty which would be caused. Most of the programs involved simply do not lend themselves to annual appropriations.

I would hope that your committee would have an opportunity to give consideration to the role of the authorizing committees in relation to the Appropria-

tions Committee. There are many serious areas of concern within this topic which deserve more thought and deliberation.

5. JURISDICTION OF THE FINANCE COMMITTEE

S. 1541 raises several questions about the jurisdiction and power of the Senate Finance Committee. Section 404 of the bill appears to remove jurisdiction over the methods employed for raising revenue (see subsections (c) through (f) of Section 404, Section 2, and Section 1001). If it is the intent of the bill that the Budget Committee shall set the ceiling for revenues to be raised from various taxes, then it will be the responsibility of the Finance Committee merely to draft a bill which effects the mandate of the Budget Committee.

6. CONGRESSIONAL OFFICE OF THE BUDGET

I would hope that your committee would have an opportunity to look into the scope of powers given to the Congressional Office of the Budget. Perhaps what is needed is some guarantee that Congress will have access to information it needs to know in order to perform its constitutional responsibilities.

7. LEGAL COUNSEL FOR CONGRESS AND OFFICE OF CONSTITUENT ASSISTANCE

S. 1541 has been called a "reform" bill. As your Committee considers the reforms proposed by this bill, I urge that you consider the possibility of expanding its scope by including a provision to establish a Counsel General for Congress to act as our attorney (much as the Attorney General acts as the attorney for the executive branch) and an Office of Constituent Assistance to help each office in the House and Senate respond more effectively to serious constituent problems. These two proposals of mine can be found in amendment #473 and #468 to S. 1541.

Mr. Chairman, all of us are committed to the need for congressional budgetary reform, and we all want to see a bill enacted as early as possible this year. The questions I have raised reflect some of my concerns about the bill now before your committee. I believe that we can work together to improve upon that bill in order to promote greater fiscal responsibility and to improve the ability of congress to meet its responsibilities.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., January 23, 1974.

HON. HOWARD W. CANNON,
*Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letter of December 19, 1973, respecting the "Federal Act to Control Expenditures and Establish National Priorities" which had been referred to the Senate Rules Committee after having been reported by Government Operations.

The Committee on Foreign Relations made this bill its first order of business Tuesday and I wish to inform you that the general thrust of the bill was commended by those members present. Particularly the need for Congress to have machinery to establish its system of priorities for national spending was recognized and so was the need that all authorizations bills be adopted before the appropriations process began. The Committee also concluded that the impact of the bill on the operations of the Foreign Relations Committee would not be sufficiently significant to cause any problems for the Committee.

The Committee, of course, was unable to go over S. 1541 section by section, so these comments are necessarily stated in broad terms, reserving individual members their usual rights to support or oppose various possible amendments on the floor.

The Committee appreciates your courtesy in seeking its views.

Sincerely yours,

J. W. FULBRIGHT,
Chairman.

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
Washington, D.C. January 18, 1974.

HON. ROBERT C. BYRD,
Chairman, Subcommittee on Standing Rules of the Senate,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: This letter is in response to Senator Cannon's letter in which he requested Chairmen of Standing Committees of the Senate to send to you their comments on S. 1541, the Congressional Budget Control Bill.

I am in agreement with the objectives set forth in this legislation. However, it is not clear at this time what impact Titles 7 and 8 would have on existing committee responsibilities. I am concerned that, if these provisions are enacted into law, they may disrupt our committee processes. They may, I fear, impose an additional workload on committees and might impair our effectiveness in carrying out our legislative responsibilities.

I would like to congratulate the committee on the work that has been done on this bill. I would appreciate your making this letter a part of the record of your hearings on the bill.

With best wishes, I am
Sincerely,

JOHN SPARKMAN, *Chairman.*

U.S. SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C., January 17, 1974.

HON. ROBERT C. BYRD,
Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR BOB: Thank you very much for asking for my comments on S. 1541, the Federal Act to Control Expenditures and Establish National Priorities.

It is my understanding that several Senators, including Senators Jackson, Magnuson, and Randolph, have submitted a letter to you dated January 14, 1974, on S. 1541 which raises a number of questions regarding S. 1541 and the effects that such legislation will have on the work of the standing committees of the United States Senate. Rather than setting forth these questions again, I should like to associate myself generally with the views contained in that letter.

Best personal regards,
Sincerely,

THOMAS F. EAGLETON,
Chairman.

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., January 18, 1974.

HON. HOWARD W. CANNON,
Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR HOWARD: I deeply appreciate your request for my views on the Budget Control bill, S. 1541.

The problem of increasing Congress' own capability to control the budget has always been an important one to me as I have stressed in my work as alternating Chairman of the Joint Economic Committee and as a member of the Appropriations Committee.

I am very much in favor of the bill. It is my belief that it will be a major contribution to the competence and prestige of the United States Congress and greatly benefit the country. The fact is that we have been too long at the mercy of executive budget control.

By reason of my work on the Joint Economic Committee, I am particularly pleased to see that the bill contains a provision whereby the Joint Economic Committee is required to report to the newly constituted committees on the budget its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946, including, where appropriate, recommendations with regard to major categories of new budget authority and outlays. Likewise, the bill provides that the budget committees utilize the aforementioned reports of the Joint Economic Committee in making their determinations.

As you know, the Employment Act of 1946, which established the Joint Economic Committee, sets forth as a declaration of policy the objective of "maximum employment, production and purchasing power." Among other things, it

requires that the Joint Economic Committee conduct a continuing study of matters relating to the Economic Report of the President; that it study means of coordinating programs to further the policy of the Act; and, as a guide to several committees of the Congress dealing with legislation relating to the Economic Report, that it file a report with the House and Senate not later than March 1 of each year setting forth its findings and recommendations on each of the recommendations set forth in the Economic Report of the President. The Act also requires that the Joint Economic Committee, from time to time, make such other reports and recommendations to the Senate and House of Representatives.

The Federal spending level and the relationship between spending and revenues is extremely important to the entire economy. As a matter of fact, it is one of the crucial factors that governs the degree to which the nation achieves high employment and full use of resources. For this reason, the question of appropriate fiscal policy, i.e., the level of spending, the level of revenues, the relative desirability of a deficit or surplus and related questions, are intimately concerned with the economic welfare.

The spending mix can also have a great effect on the performance of the economy. Moreover, the general economic outlook has a substantial effect on the levels of revenues and expenditures. For example, the prospect of a drop-off in our rate of economic growth next year and a possible recession will have the effect of reducing revenue receipts and automatically increasing the deficit. In a parallel manner, the drop-off will automatically result in increased expenditures for such activities as social security, unemployment compensation, welfare, etc.

In the circumstances, it is very desirable that the Joint Economic Committee provide the new budget committee with its findings on these basic matters. It should also be noted that the Joint Economic Committee looks into the economic aspects of various programs. For example, our Fiscal Policy Subcommittee, as you know, is conducting an extensive welfare study. We have also, in the past, looked into various Federal subsidy programs and into the various aspects of productivity in the Federal sector.

In respect to procedure, we note that Section 506(b) changes the filing date of the Joint Economic Committee's Annual Report to the Congress from March 1 to March 20. We believe this to be a desirable change. However, the time table set forth in Title III of the bill calls for the Joint Economic Committee Report to the budget committees by April 15. We do not believe this time lag to be essential. The Joint Economic Committee could make its report to the budget committees at approximately the same time that it reports to the Congress and certainly before March 30. This would make possible a stepped up time table and a more expeditious processing of the budget in the Congress.

One other point: Section 603 provides for submission of a "current services" budget by December 1. Our own experience with projecting a budget for current programs suggests the need for explicit statement of the conditions which should govern such projections. For example, should allowance be made for price increase? For higher or lower work loads? For other changes in basic program determinants? The section as currently drafted does not make clear the legislative intent respecting such matters.

You may be sure of my wholehearted support toward the successful passage of this urgently needed bill.

Sincerely yours,

WILLIAM PROXMIRE,
Vice Chairman.

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
Washington, D.C., January 23, 1974.

HON. HOWARD W. CANNON,
Chairman, U.S. Senate, Committee on Rules and Administration,
Washington, D.C.

DEAR MR. CHAIRMAN: The National League of Cities and the United States Conference of Mayors, representing more than 15,000 municipal governments are strongly opposed to certain sections of S. 1541, the Federal Act to Control Expenditures and Establish Priorities. If enacted into law, this bill would seriously impair the general revenue sharing program and would undermine the capacity of local government to manage and solve the complex urban problems that confront them. The Senate of the United States must recognize that in reforming the federal budgetary process its decisions will significantly impact

upon state and local governments. In order to achieve the goal of Congressional budgetary reform and in order to insure that revenue sharing will not be endangered by these reforms, we urge you to incorporate the amendments we have outlined below.

We applaud the Senate in recognizing that the present Congressional budgetary process is fragmented, inefficient, and often fiscally unresponsive to fluctuating economic conditions. The leaders of our nation's cities know first hand the consequences of this archaic budgetary process. When we enter a new fiscal year and three-quarters of the appropriation bills have not been completed, it is impossible for us to effectively budget and plan for our own operations. When the President impounds three billion dollars in water pollution control funds and accuses the Congress of being fiscally irresponsible, we at the local level must cope with the realities of that decision. When inflation rises at such a rate as to more than offset the increased level of federal assistance, we are the ones who must tell our citizens that their local taxes are going up. Federal budgetary reform, both within the Executive branch and within Congress, is imperative. But reform of a 300 billion dollar enterprise must take into account the repercussions that will occur throughout our federal system.

During the past 10 years, Congress has grown increasingly sensitive to the problems of local government. Many vital pieces of legislation have been enacted into law. Not only has the level of federal assistance dramatically increased, but fundamental reforms have been made in the delivery of that assistance. Particularly, multiyear funding through a streamlined federal bureaucracy has been recognized as a crucial ingredient in providing federal aid to local government.

In 1972, with the enactment of the general revenue sharing bill, Congress achieved a fundamental breakthrough in intergovernmental relations. The Congress, through this historic legislation, made a major commitment to urban America. It recognized that city governments had exhausted their fiscal capacities—no longer could their own limited tax bases secure the revenues that were needed to manage and operate their essential city services. With city after city experiencing deterioration in these basic services, the Congress chose to act. Congress recognized that the certainty of annual funding was of utmost importance. Under the revenue sharing law, neither the Congress nor the Executive branch could interrupt the flow of dollars without additional statutory authority. It must be recognized that this crucial decision was debated at length. Some claimed that the Appropriations Committees should have jurisdiction over the annual funding arrangement. The Congress, however, determined that the urgent fiscal needs of our cities could not be met if the Congress through the annual appropriations process, could alter the flow of revenue sharing funds. Without the guarantee of specific annual allocations, it is impossible for local officials to successfully incorporate such funds in their own diverse budgetary cycles.

Additionally, the Congress determined that the program should run for five years. During those years it would be thoroughly evaluated—by Congressional committees, the General Accounting Office, research institutes and universities. Based on these evaluations Congress would decide whether to continue, modify or curtail the program. While local officials would have preferred a lengthier period of funding, they agreed to the reasonableness of the five-year limitation, and clearly stated that they would be accountable for the success or failure of the program.

The nation's mayors and other elected officials believe that revenue sharing is accomplishing its objectives. They are confident, if given the opportunity, they will persuade the Congress to extend the program beyond the five years. Local officials are prepared to present their revenue sharing accomplishments to the U.S. Congress.

However, the Senate Rules Committee is now considering legislation that would severely limit the options available to the Congress when revenue sharing comes up for re-authorization. In the name of Congressional budgetary reform, the Rules Committee could conceivably report a bill which would produce fiscal chaos at the local level, and would negate the fundamental intergovernmental reforms that have been so painstakingly achieved during the past decade. We do not believe that the Senate Rules Committee wishes to take such action. We, therefore, draw to your attention the following sections of the bill and urge you to either amend the legislation or report it back to the Government Operations Committee for further consideration.

Section 305(b)

This section provides the opportunity for multi-year funding for programs providing assistance to state and local governments.

National League of Cities and U.S. Conference of Mayors' Position.—We welcome the incorporation of this section but are convinced that its objectives are almost entirely negated by other provisions in the bills. These sections follow.

Section 308(b)

This section states that any bill providing new budget authority must contain a delaying clause. Such a clause would prohibit the President from spending the funds until final Congressional action on the budget is completed. Congress would retain authority to rescind all, or part thereof, any new budget authority already enacted into law if such a rescission is necessary to bring expenditures in line with Congressional budgetary objectives.

National League of Cities and U.S. Conference of Mayors' Position.—This section would enable Congress, based on the recommendations of the Appropriations Committees, to rescind already enacted budget authority. General revenue sharing would be subjected to this rescission mechanism. Local officials would have no guarantee of federal revenue sharing dollars until one week, or perhaps one hour, before the start of the new fiscal year. Without the element of certainty, revenue sharing funds cannot be incorporated into the local budget. While perhaps creating order within the Congressional budget, this provision would produce havoc at the local level. Tax rates could not be established, expenditures could not be accurately planned for, and promised of funding to local agencies would have to be made conditional.

This section negates the principle objective of 305(b). We urge you to amend this section with the following language: Section 308(b) shall not apply to new budget authority which provides multi-year funding for state and local governments as defined in 305(b).

Section 309

Under this section, the Appropriations Committee is entitled to recommend rescissions in already enacted budget authority if such cuts are necessary to comply with Congressional budgetary objectives. If the Congress fails to approve such rescissions for specific programs, then pro rata rescissions would be made in order to achieve the budgetary objectives.

National League of Cities and U.S. Conference of Mayors' Position.—For the reasons previously stated, revenue sharing must not be subjected to this rescission mechanism. We urge you to amend this section with the following language: Section 309 shall not apply to new budget authority which provides multi-year advance funding for state and local governments as defined in Section 305(b).

Section 401

This section grants the Congress, through the use of the concurrent budget resolution to require that outlays authorized under permanent budget authority be approved by the Appropriations Committees.

National League of Cities and U.S. Conference of Mayors' Positions.—Under this section the certainty of the revenue sharing allocations would be eliminated. The program would be annually subjected to the wishes of the Appropriations Committees. Not only would revenue sharing be subjected to annual review, but all outlays under permanent budget authority would be controlled by the Appropriations Committee. It should be pointed out that the Government Operations Committee in its report on the legislation noted the difficulty in matching outlays with budget authority. Because of this, and its impact on revenue sharing, we urge that this section be deleted.

Section 402

This section requires that all new budget authority (budget authority provided after the enactment of the bill) would only become available through subsequent action by the Appropriations Committees.

National League of Cities and U.S. Conference of Mayors' Position.—Congress in 1972 made the decision that revenue sharing should not be subject to the Appropriations Committees. Congress recognized that the guarantee of five-year funding would be compromised if the bill went to the Appropriations Committees. Congress should have the right to make that decision again if that is the only way to secure multi-year funding. We urge you to amend this section with the following language: Section 402 shall not apply to new budget authority which provides multi-year advance funding to state and local governments as defined in Section 305(b).

Section 404

This section would change the Senate and House rules to provide the Appropriations Committee control over all new advance budget authority.

National League of Cities and U.S. Conference of Mayor's Position.—We urge you to amend this section with the following language: Section 404 shall not apply to new budget authority which provides multi-year advance funding to state and local governments as defined in Section 305(b).

Title VIII

This section would require that all major programs—except those funded by user taxes—would expire no less than once every three years.

National League of Cities and U.S. Conference of Mayors' Position.—The consequences of this section would be to limit multi-year funding to three years, and to require re-authorization at the end of each three-year period. Under this type of restriction, the revenue sharing program would be damaged beyond repair. Title VIII must be deleted. Issues of re-authorization and evaluation should be left to the legislative committee which has responsibility for the program.

The concerns outlined above are of the utmost importance to the nation's cities. We would only add that there are other provisions in the legislation, namely Title VII and the proposed budgetary timetable, that raise additional questions. Since these concerns have been more than adequately articulated by other groups, we shall not elaborate further.

Given the great danger that this legislation poses to the general revenue sharing program, and given the many difficulties that have already been addressed before the Rules Committee hearing on January 5, we would urge the Committee to recommend that the bill be referred back to the Government Operations Committee for additional hearings and revisions. If, however, the Rules Committee should decide to report the bill to the Senate for a vote, then we strongly urge you to incorporate our amendments into the legislation.

In 1972 the Congress made a commitment to state and local governments—that commitment pledged 30 billion dollars over a five-year period. At the end of that period, the revenue sharing program would be thoroughly evaluated and Congress would decide its future course. We urge you to allow Congress to make that decision in 1976, based on the merits of the program. The Congressional budgetary process is in need of reform, but reform must not close the door on the general revenue sharing program.

We appreciate the consideration that this letter will receive.

Sincerely,

JOHN J. GUNTHER,
Executive Director.
ALLEN E. PRITCHARD, Jr.,
Executive Vice President.

APPENDIX

93^d CONGRESS
1ST SESSION

S. 1541

IN THE SENATE OF THE UNITED STATES

APRIL 11, 1973

Mr. ERVIN (for himself, Mr. METCALF, Mr. PERCY, Mr. NUNN, Mr. BROCK, Mr. MUSKIE, Mr. CHILES, Mr. HUDDLESTON, Mr. RIBICOFF, Mr. ALLEN, Mr. JAVITS, Mr. GURNEY, Mr. SAXBE, Mr. MANSFIELD, and Mr. CRANSTON) introduced the following bill; which was read twice and referred to the Committee on Government Operations

NOVEMBER 20, 1973

Reported by Mr. ERVIN, with an amendment, and ordered to be placed on the calendar

[Strike out all after the enacting clause and insert the part printed in italic]

NOVEMBER 30, 1973

Referred to the Committee on Rules and Administration with instructions to report back to the Senate not later than January 2, 1974

A BILL

To provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~That this Act may be cited as the "Congressional Budgetary~~
4 ~~Procedures Act of 1973".~~

5

DEFINITIONS

6

SEC. 2. For purposes of this Act, "budget outlays" means

7

Federal expenditures and net lendings in the fiscal year to

1 which the budget relates; "budget authority" means congres-
2 sionally enacted permission for the Government departments
3 and establishments to enter into obligations requiring either
4 immediate or future payment of money; "budget" means the
5 budget of the United States Government transmitted to Con-
6 gress by the President pursuant to the Budget and Account-
7 ing Act, 1921.

8 ~~SEC. 3. (a) There is hereby established a standing com-~~
9 ~~mittee of the Senate to be known as the Committee on the~~
10 ~~Budget (hereafter in this section referred to as the "com-~~
11 ~~mittee").~~

12 ~~(b) The committee shall consist of fifteen members who~~
13 ~~shall be selected in the same manner as other standing com-~~
14 ~~mittees of the Senate except that—~~

15 ~~(1) three members shall also be members of the~~
16 ~~Committee on Appropriations, and~~

17 ~~(2) three members shall also be members of the~~
18 ~~Committee on Finance, and~~

19 ~~(3) the remaining nine members shall not be mem-~~
20 ~~bers of either the Committee on Appropriations or the~~
21 ~~Committee on Finance.~~

22 ~~(c) The committee shall have the jurisdiction con-~~
23 ~~ferred on it by this Act and shall perform such other func-~~
24 ~~tions and duties as may be prescribed by this Act or as may~~
25 ~~hereafter be prescribed by the Senate.~~

26 ~~(d) The committee shall be chaired, in each even-~~

1 ~~numbered Congress, by one of its members from the Appro-~~
2 ~~priations Committee, and in each odd-numbered Congress by~~
3 ~~one of its members from the Finance Committee.~~

4 ~~(c) All provisions of law and rules and orders of the~~
5 ~~Senate applicable to standing committees of the Senate shall~~
6 ~~apply to the committee in the same manner and to the same~~
7 ~~extent as other standing committees.~~

8 ~~(f) For purposes of paragraph 6 of rule XXV of the~~
9 ~~Standing Rules of the Senate, services of a Senator as a~~
10 ~~member of the committee, or as chairman of the committee,~~
11 ~~shall not be taken into account.~~

12 ~~SEC. 4. (a) There is hereby established a standing com-~~
13 ~~mittee of the House of Representatives to be known as the~~
14 ~~Committee on the Budget (hereafter in this section referred~~
15 ~~to as the "committee").~~

16 ~~(b) The committee shall consist of fifteen members who~~
17 ~~shall be selected in the same manner as other standing com-~~
18 ~~mittees of the House except that—~~

19 ~~(1) three members shall also be members of the~~
20 ~~Committee on Appropriations, and~~

21 ~~(2) three members shall also be members of the~~
22 ~~Committee on Ways and Means, and~~

23 ~~(3) the remaining nine members shall not be mem-~~
24 ~~bers of either the Committee on Appropriations or the~~
25 ~~Committee on Ways and Means.~~

1 ~~(e) The committee shall have the jurisdiction conferred~~
2 ~~on it by this Act and shall perform such other functions and~~
3 ~~duties as may be prescribed by this Act or as may hereafter~~
4 ~~be prescribed by the House.~~

5 ~~(d) The committee shall be chaired, in each even-~~
6 ~~numbered Congress, by one of its members from the Ways~~
7 ~~and Means Committee, and in each odd-numbered Congress~~
8 ~~by one of its members from the Appropriations Committee.~~

9 ~~(c) All provisions of law and rules and orders of the~~
10 ~~House applicable to standing committees of the House shall~~
11 ~~apply to the committee in the same manner and to the same~~
12 ~~extent as other standing committees.~~

13 ~~SEC. 5. (a) For purpose of this section—~~

14 ~~(1) The term "advance obligation authority"~~
15 ~~means authority provided by law, whether on a tem-~~
16 ~~porary or permanent basis—~~

17 ~~(A) to enter into contracts, under which the~~
18 ~~United States is obligated to make outlays, prior to~~
19 ~~the time that appropriation or other budget author-~~
20 ~~ity for such outlays has been made available,~~

21 ~~(B) to incur indebtedness for the repayment~~
22 ~~of which the United States is liable (other than~~
23 ~~indebtedness incurred under the Second Liberty~~
24 ~~Bond Act),~~

25 ~~(C) to guarantee on behalf of the United States~~

1 ~~the repayment of indebtedness incurred by any per-~~
2 ~~son, and~~

3 ~~(D) to make payments (including loans and~~
4 ~~grants) to any person if, under the provisions of the~~
5 ~~law containing such authority, the United States is~~
6 ~~obligated to make such payments to persons who~~
7 ~~meet the requirements established by such law.~~

8 ~~(2) The term "new advance obligational authority"~~
9 ~~means advance obligational authority provided by law~~
10 ~~enacted after the effective date of this Act, including any~~
11 ~~increase in, or addition to, any advance obligational au-~~
12 ~~thority provided by law on the effective date of this Act.~~

13 ~~(3) The term "person" includes a government and~~
14 ~~a subdivision or agency of a government.~~

15 ~~(b) It shall not be in order in either the Senate or the~~
16 ~~House of Representatives to consider any bill or other meas-~~
17 ~~ure which provides new advance obligational authority, or~~
18 ~~any amendment which provides new advance obligational~~
19 ~~authority, unless such bill or measure, or such amendment,~~
20 ~~also provides that the new advance obligational authority~~
21 ~~may be exercised for any fiscal year only to the extent au-~~
22 ~~thorized for such fiscal year by laws enacted after the enact-~~
23 ~~ment of such bill or other measure.~~

24 ~~(c) All bills and other measures introduced in the~~
25 ~~House of Representatives which authorize the exercise of~~

1 ~~new advance obligational authority shall be referred to the~~
2 ~~Committee on the Budget of the House (hereafter in this~~
3 ~~Act referred to as "House Budget Committee" or "Budget~~
4 ~~Committee"). No committee of the House other than the~~
5 ~~Budget Committee shall have jurisdiction to report any bill~~
6 ~~or other measure which authorizes the exercise of new ad-~~
7 ~~vance obligational authority. All bills and other measures in-~~
8 ~~troduced in the Senate which authorize the exercise of new~~
9 ~~advance obligational authority shall be referred to the Com-~~
10 ~~mittee on the Budget of the Senate (hereafter in this Act~~
11 ~~referred to as "Senate Budget Committee" or "Budget Com-~~
12 ~~mittee"). No committee of the Senate other than the Budget~~
13 ~~Committee shall have jurisdiction to report any bill or other~~
14 ~~measure which authorizes the exercise of new advance obli-~~
15 ~~gational authority.~~

16 ~~(d) It shall not be in order in either the Senate or the~~
17 ~~House of Representatives to consider any bill or other meas-~~
18 ~~ure, or amendment thereto, which authorizes the exercise~~
19 ~~of new advance obligational authority for a period in excess~~
20 ~~of one fiscal year.~~

21 ~~SEC. 6. (a) It shall not be in order in either the Senate~~
22 ~~or the House of Representatives to consider, on or after the~~
23 ~~first day of May of any calendar year (beginning with the~~
24 ~~calendar year 1974), any bill or other measure which au-~~

1 ~~thorizes the enactment of budget authority for the fiscal year~~
2 ~~commencing in such calendar year.~~

3 ~~(b) The provisions of subsection (a) shall not apply~~
4 ~~to any bill or other measure if—~~

5 ~~(1) the report accompanying such bill or other~~
6 ~~measure sets forth the existence of an emergency or other~~
7 ~~unusual circumstance which requires its consideration;~~
8 ~~and~~

9 ~~(2) the Senate or the House of Representatives, as~~
10 ~~the case may be, by a two thirds majority of the Mem-~~
11 ~~bers present and voting on a rolleall vote, waives the~~
12 ~~application of subsection (a) to such bill or other~~
13 ~~measure.~~

14 ~~SEC. 7. (a) There is hereby created a Congressional~~
15 ~~Office of the Budget (hereafter in this Act referred to as~~
16 ~~“Office”). The Director and Deputy Director of the Office~~
17 ~~shall be appointed by the Speaker of the House without~~
18 ~~regard to political affiliation and solely on the basis of their~~
19 ~~fitness to perform their duties. The Director and Deputy~~
20 ~~Director thus appointed shall receive the same compensation~~
21 ~~as the Comptroller General and the Assistant Comptroller~~
22 ~~General, respectively.~~

23 ~~(b) The Director of the Office shall—~~

24 ~~(1) appoint such other personnel and consultants as~~

1 ~~may be necessary to carry out the duties and functions~~
2 ~~of the Office, all such personnel and consultants to be ap-~~
3 ~~pointed without regard to political affiliation and solely~~
4 ~~on the basis of their fitness to perform their duties;~~

5 ~~(2) equip the Office with up to date computer capa-~~
6 ~~bility, and obtain the services of experts and consultants~~
7 ~~of computer technology.~~

8 ~~(c) It shall be the duty and function of the Office to pro-~~
9 ~~vide information to the Budget Committees of the two~~
10 ~~Houses, and to other committees of the two Houses on re-~~
11 ~~quest, with respect to the budget, appropriation bills, other~~
12 ~~bills authorizing or providing budget authority, revenue, re-~~
13 ~~ceipts, and estimated future revenues, and changing revenue~~
14 ~~conditions and such other information as may be deemed~~
15 ~~appropriate by the Director, or the Budget Committees.~~

16 ~~(d) The Joint Committee on Reduction of Federal Ex-~~
17 ~~penditures shall cease to exist and its staff and functions shall~~
18 ~~be subsumed into the Office.~~

19 ~~(e) (1) In the performance of its duties and functions,~~
20 ~~the Office shall be empowered to coordinate and utilize both~~
21 ~~the General Accounting Office and the Library of Congress~~
22 ~~resources as provided under the Legislative Reorganization~~
23 ~~Act of 1970.~~

24 ~~(2) Each department, agency, and instrumentality of~~
25 ~~the executive branch of the Government, to the extent per-~~

1 mitted by law, shall furnish to the Office upon request made
2 by the Director, such information as the Director considers
3 necessary to carry out the duties and functions of the Office.

4 ~~SEC. 8. (a) The Office shall make estimates of the tax~~
5 ~~revenues and other revenues expected to be received by~~
6 ~~the United States Government with respect to each fiscal~~
7 ~~year, including an itemization by major revenue sources. The~~
8 ~~Office may thereafter revise such estimates from time to~~
9 ~~time as it considers appropriate. Such estimates, and revi-~~
10 ~~sions thereof, shall be made available to the Budget Com-~~
11 ~~mittees of the two Houses of Congress.~~

12 ~~(b) Not later than ten days after the budget with~~
13 ~~respect to such fiscal year has been transmitted to Congress,~~
14 ~~and, based on the estimate of the Office of revenues expected~~
15 ~~to be received by the United States Government with re-~~
16 ~~spect to such year, the Office shall recommend to the Budget~~
17 ~~Committees of the two Houses of Congress the amount, if~~
18 ~~any, by which budget outlays of the United States Govern-~~
19 ~~ment should exceed revenues expected to be received, or~~
20 ~~the amount, if any, by which such revenues should exceed~~
21 ~~such budget outlays, in order to provide for appropriate~~
22 ~~growth and stability of the economy of the United States.~~

23 ~~(c) The Budget Committees are authorized to hold~~
24 ~~hearings on such estimates and recommendations for the~~

1 ~~presentation of facts and views by, among others, consultants~~
2 ~~or organizations thereof.~~

3 ~~Sec. 9. (a) Each Budget Committee shall—~~

4 ~~(1) receive and give consideration to the estimates,~~
5 ~~recommendations, reports, and analyses of the Office and~~
6 ~~consider the budget, the Economic Report, and the Na-~~
7 ~~tion's economic condition, including gross national prod-~~
8 ~~uct, employment, business investment, consumer spend-~~
9 ~~ing, international trade, the availability of credit and the~~
10 ~~state of Federal expenditures and revenues; and~~

11 ~~(2) hold hearings for the purpose of gathering addi-~~
12 ~~tional information should the Budget Committee deem~~
13 ~~it necessary.~~

14 ~~(b) Based upon factors enumerated in subsection (a)~~
15 ~~of this section, as well as any other information deemed rele-~~
16 ~~vant the Budget Committees shall, not later than March 1 of~~
17 ~~each year report to their respective Houses a concurrent~~
18 ~~resolution which shall—~~

19 ~~(1) estimate revenues to be received in the ensuing~~
20 ~~fiscal year and the major sources thereof;—~~

21 ~~(2) recommend, for the ensuing fiscal year, the~~
22 ~~amount, if any, by which budget outlays should exceed~~
23 ~~revenues, or revenues should exceed budget outlays, in~~
24 ~~order to promote the general welfare and to provide~~
25 ~~maximum employment, production, and purchasing~~

1 ~~power consistent with national economic stability, and~~
2 ~~recommend an appropriate limit on the public debt;~~

3 ~~(3) establish for the ensuing fiscal year, a limit on~~
4 ~~total budget outlays consistent with paragraph (2)~~
5 ~~above; a limit on total budget authority which will re-~~
6 ~~sult in budget outlays within the established limit;~~

7 ~~(4) establish, with respect to the ensuing fiscal~~
8 ~~year, for each committee having jurisdiction to report~~
9 ~~legislation providing budget authority, limits on budget~~
10 ~~authority and budget outlays in major categories to be~~
11 ~~designated by the Budget Committees;~~

12 ~~(5) establish, with respect to the ensuing fiscal~~
13 ~~year, a limit on the amount by which the revenues and~~
14 ~~receipts of the Government may be reduced by any bill~~
15 ~~or other measure.~~

16 ~~(c) The report accompanying the concurrent resolution~~
17 ~~shall include, but not be limited to, a comparison of revenues~~
18 ~~and major sources thereof as estimated in the concurrent~~
19 ~~resolution with those estimated in the budget; and a com-~~
20 ~~parison of the limits on total budget authority and total~~
21 ~~budget outlays established in such concurrent resolution with~~
22 ~~total budget authority requested and total budget outlays~~
23 ~~estimated in the budget.~~

24 ~~(d) Not later than September 1 of each year, the~~
25 ~~Budget Committees shall review the provisions of the con-~~

1 ~~current resolution provided for in subsection (b) of this sec-~~
2 ~~tion, and report a new concurrent resolution providing any~~
3 ~~revisions the committees deem appropriate.~~

4 (c) ~~The limits on total budget outlays and total budget~~
5 ~~authority established by concurrent resolution enacted pur-~~
6 ~~suant to this section may be revised by succeeding concurrent~~
7 ~~resolutions enacted pursuant to procedures as set forth in this~~
8 ~~section.~~

9 (f) (1) ~~A concurrent resolution reported under subsec-~~
10 ~~tion (b), (d), or (c) of this section shall be highly privileged~~
11 ~~in each House. It shall be in order at any time after the~~
12 ~~third day following the day on which such a concurrent res-~~
13 ~~olution is reported to move to proceed to its consideration~~
14 ~~(even though a previous motion to the same effect has been~~
15 ~~disagreed to). Such a motion shall be highly privileged and~~
16 ~~shall not be debatable. An amendment to the motion shall~~
17 ~~not be in order, and it shall not be in order to move to re-~~
18 ~~consider the vote by which the motion is agreed to or dis-~~
19 ~~agreed to.~~

20 (2) ~~No amendment increasing the limits on total out-~~
21 ~~lays or total budget authority or increasing the limits on~~
22 ~~budget outlays or budget authority in major categories estab-~~
23 ~~lished in the concurrent resolution shall be in order except~~
24 ~~those which specify (a) a reduction in the limits on budget~~
25 ~~outlays or budget authority in other major categories not in~~

1 excess of the amount by which the limits on budget outlays or
2 budget authority would be increased by such amendment or
3 (b) a provision recommending increased revenues through
4 additional taxation or public debt or both. No amendment de-
5 creasing tax revenues or receipts shall be in order except
6 those which specify (a) a reduction in the limits on budget
7 outlays, or budget authority by major category by an amount
8 not less than such decrease in tax revenues or receipts or
9 (b) a provision recommending an increase in the public debt.

10 (3) Debate on such concurrent resolution shall not
11 exceed ten hours, which shall be divided equally between
12 those favoring and those opposing the concurrent resolution.
13 Debate on amendments shall not exceed two hours, divided
14 equally between those favoring and those opposing the
15 amendment. Once debate has begun, no other matter or meas-
16 ure may be considered by that House. A motion to recommit
17 the concurrent resolution shall not be in order and it shall
18 not be in order to move to reconsider the vote by which the
19 concurrent resolution is agreed to or disagreed to.

20 (4) Motions to postpone, made with respect to the con-
21 sideration of such a concurrent resolution and motions to
22 proceed to the consideration of other business, shall be decided
23 without debate.

24 (5) Appeals from decisions of the Chair relating to
25 the application of the rules of the Senate or the House of

1 Representatives, as the case may be, to the procedure relat-
2 ing to such a concurrent resolution shall be decided without
3 debate.

4 (6) If, prior to the passage by one House of a concur-
5 rent resolution of that House, that House receives from the
6 other House a concurrent resolution of such other House,
7 then—

8 (A) the procedure with respect to the concurrent
9 resolution of the first House shall be the same as if no
10 concurrent resolution from the other House had been re-
11 ceived; but

12 (B) on any vote on final passage of the concurrent
13 resolution of the first House the concurrent resolution
14 from the other House shall be automatically substituted.

15 (g) (1) There shall be a conference of the two Houses
16 to resolve any differences between the concurrent resolution
17 as passed by each House.

18 (2) The conference report shall be highly privileged
19 in each House. It shall be in order at any time after the third
20 day following the day on which such a conference report is
21 reported to move to proceed to its consideration (even
22 though a previous motion to the same effect has been dis-
23 agreed to). Such a motion shall be highly privileged and
24 shall not be debatable. An amendment to the motion shall
25 not be in order, and it shall not be in order to move to recon-

1 sider the vote by which the motion is agreed to or disagreed
2 to.

3 ~~(3) Debate on the conference report shall be limited to~~
4 ~~four hours, which shall be divided equally between those~~
5 ~~favoring and those opposing the conference report. A motion~~
6 ~~to recommit the conference report shall not be in order and~~
7 ~~it shall not be in order to move to reconsider the vote by~~
8 ~~which the conference report is agreed to or disagreed to.~~

9 ~~(4) Motions to postpone, made with respect to the~~
10 ~~consideration of such conference report and motions to~~
11 ~~proceed to the consideration of other business, shall be de-~~
12 ~~cided without debate.~~

13 ~~(5) Appeals from decisions of the Chair relating to~~
14 ~~the application of the rules of the Senate or the House of~~
15 ~~Representatives, as the case may be, to the procedure re-~~
16 ~~lating to such conference report shall be decided without~~
17 ~~debate.~~

18 ~~(6) The concurrent resolutions reported under (b)~~
19 ~~and (d) of this section shall be agreed to by March 30~~
20 ~~and September 30, respectively.~~

21 ~~SEC. 10. (a) Except as provided in subsection (b),~~
22 ~~it shall not be in order, in either the Senate or the House~~
23 ~~of Representatives, to consider any bill or joint resolution~~
24 ~~providing budget authority for any fiscal year prior to the~~
25 ~~date on which the two Houses agree to a concurrent reso-~~

1 lution pursuant to section 9 (b) prescribing limits on budget
2 outlays and budget authority with respect to such fiscal year.

3 (b) The provisions of subsection (a) shall not apply
4 to any bill or other measure if—

5 (1) the report accompanying such bill or other
6 measure sets forth the existence of an emergency or
7 other unusual circumstance which requires its consider-
8 ation; and

9 (2) the Senate or the House of Representatives, as
10 the case may be, by a two thirds majority of the Mem-
11 bers present and voting on a rollcall vote, waives the
12 application of subsection (a) to such bill or other
13 measure.

14 (c) Subsection (a) shall not be construed to preclude
15 the holding of hearings or other consideration by any com-
16 mittee of the Senate or the House of Representatives, or
17 any joint committee of the two Houses, with respect to
18 proposed budget authority, proposed outlays and estimated
19 revenues set forth in the budget.

20 SEC. 11. (a) Section 201 (a) of the Budget and Ac-
21 counting Act, 1921 (31 U.S.C. 11), is amended—

22 (1) by inserting after “ensuing fiscal year” in
23 paragraph (5) “and the two fiscal years immediately
24 following the ensuing fiscal year”;

25 (2) by striking out “such year” in paragraph (5)
26 and inserting in lieu thereof “such years”;

1 ~~(3) by inserting after "ensuing fiscal year" in para-~~
2 ~~graph (6) "and the two fiscal years immediately follow-~~
3 ~~ing the ensuing fiscal year".~~

4 ~~(b) Section 201 of such Act is amended by adding at~~
5 ~~the end thereof the following new subsection:~~

6 ~~"(d) The budget shall include (1) with respect to each~~
7 ~~of the major categories as designated by the Budget Commit-~~
8 ~~tees, an examination of proposed expenditures and appropria-~~
9 ~~tions for the ensuing fiscal year and each of the two fiscal~~
10 ~~years immediately following such year, and (2) the bases~~
11 ~~used for the proposed expenditures and appropriations by~~
12 ~~major categories for the ensuing fiscal year and each of the~~
13 ~~two fiscal years immediately following such fiscal year."~~

14 ~~SEC. 12. (a) All bills or joint resolutions providing~~
15 ~~budget authority with respect to any fiscal year (beginning~~
16 ~~with the fiscal year ending June 30, 1975) shall provide a~~
17 ~~limit on budget outlays in such fiscal year under such budget~~
18 ~~authority.~~

19 ~~(b) Each bill or joint resolution providing budget au-~~
20 ~~thority shall be accompanied by a report prepared by the~~
21 ~~Office which shall include but not be limited to—~~

22 ~~(1) a comparison of total budget authority in each~~
23 ~~major category provided by the bill—~~

24 ~~(A) with budget authority requested in such~~
25 ~~major categories in the budget; and~~

1 ~~(B) with budget authority limits in such major~~
2 ~~categories prescribed in the concurrent resolution~~
3 ~~agreed to under section 9 then in effect;~~

4 ~~(2) a comparison of budget outlays as limited by~~
5 ~~the bill or joint resolution during the fiscal year to which~~
6 ~~the budget relates—~~

7 ~~(A) with the budget outlays estimated for that~~
8 ~~purpose in the budget for that fiscal year; and~~

9 ~~(B) with limits on budget outlays in relevant~~
10 ~~major categories prescribed in the concurrent resolu-~~
11 ~~tion agreed to pursuant to section 9 then in effect;~~

12 ~~(3) a comparison of estimated budget outlays under~~
13 ~~budget authority provided by the bill or joint resolution~~
14 ~~in each of the two years following the fiscal year to~~
15 ~~which the budget relates with estimated budget outlays~~
16 ~~for each such year as projected in the budget.~~

17 ~~(c) It shall not be in order for either House to con-~~
18 ~~sider any bill or other measure, or amendment thereto,~~
19 ~~providing, with respect to a fiscal year, budget authority or~~
20 ~~budget outlays which exceed the limits on budget authority~~
21 ~~or budget outlays established for such fiscal year by concu-~~
22 ~~rent resolution agreed to under section 9 of this Act and~~
23 ~~in effect at the time such bill or other measure is being~~
24 ~~considered.~~

1 ~~(d) The provisions of subsection (c) shall not apply~~
2 ~~to any bill or other measure if—~~

3 ~~(1) the report accompanying such bill or other~~
4 ~~measure sets forth the existence of an emergency or~~
5 ~~other unusual circumstance which requires its considera-~~
6 ~~tion; and—~~

7 ~~(2) the Senate or the House of Representatives, as~~
8 ~~the case may be, by a two thirds majority of the Mem-~~
9 ~~bers present and voting on a rollcall vote, waives the~~
10 ~~application of subsection (c) to such bill or other~~
11 ~~measure.~~

12 ~~SEC. 13. The provisions of this Act, other than sections~~
13 ~~7 and 11 are enacted by the Congress—~~

14 ~~(1) as an exercise of the rulemaking powers of the~~
15 ~~Senate and the House of Representatives, respectively,~~
16 ~~or of that House to which they specifically apply; and~~
17 ~~such rules shall supersede other rules only to the extent~~
18 ~~that they are inconsistent therewith; and~~

19 ~~(2) with full recognition of the constitutional right~~
20 ~~of either House to change such rules (so far as relating~~
21 ~~to the procedure in such House) at any time, in the~~
22 ~~same manner and to the same extent as in the case of~~
23 ~~any other rule of such House, except that such House~~
24 ~~may change the provisions of such sections with respect~~

(1) The terms "budget outlays" and "outlays" mean, with respect to any fiscal year, expenditures of

1 *funds under budget authority during the fiscal year.*

2 (2) *The term "budget authority" means authority*
3 *provided by law to enter into obligations which will*
4 *result in immediate or future outlays.*

5 (3) *The term "tax expenditures" means those rev-*
6 *enue losses attributable to provisions of the Federal tax*
7 *laws which allow a special exclusion, exemption, or de-*
8 *duction from gross income or which provide a special*
9 *credit, a preferential rate of tax, or a deferral of tax lia-*
10 *bility representing a deviation from the normal tax struc-*
11 *ture for individuals and corporations. The term "tax*
12 *expenditures budget" means the enumeration of such tax*
13 *expenditures as published by the House Ways and Means*
14 *Committee in "Estimates of Federal Tax Expenditures".*
15 *Such enumeration shall correspond to the functional clas-*
16 *sifications shown in the most recent budget of the United*
17 *States.*

18 (4) *The term "permanent budget authority" means*
19 *budget authority which becomes available from time to*
20 *time without further action by the Congress.*

21 (5) *The term "concurrent resolution on the budget"*
22 *means a concurrent resolution referred to in section 301*
23 *or 302.*

1 *TITLE I—ESTABLISHMENT OF SENATE AND*
2 *HOUSE BUDGET COMMITTEES*

3 *BUDGET COMMITTEE OF THE SENATE*

4 *SEC. 101. (a) Paragraph 1 of rule XXV of the Stand-*
5 *ing Rules of the Senate is amended by adding at the end*
6 *thereof the following new subparagraph:*

7 *“(r) (1) Committee on the Budget, to which committee*
8 *shall be referred all proposed legislation, messages, petitions,*
9 *memorials, and other matters relating to the following sub-*
10 *jects:*

11 *“(A) The establishment of limitations on total*
12 *budget outlays and on total new budget authority of the*
13 *United States Government.*

14 *“(B) The establishment of appropriate levels of*
15 *budget outlays and new budget authority for each com-*
16 *mittee of the Senate which has jurisdiction over legisla-*
17 *tion providing budget authority, based on allocations of*
18 *the total budget outlays and total new budget authority*
19 *referred to in clause (A), and the further subdivision of*
20 *such allocations among the subcommittees of such com-*
21 *mittees or on the basis of major program groupings. In*
22 *carrying out this function, the committee shall review and*
23 *consider existing tax expenditures in each area of alloca-*
24 *tion and subdivision.*

25 *“(C) The determination of the amount, if any, by*
26 *which budget outlays should exceed revenues, or revenues*

1 *should exceed budget outlays, considering economic con-*
2 *ditions and all other relevant factors.*

3 *“(D) The determination of the appropriate level of*
4 *Federal revenues and the appropriate level of the public*
5 *debt of the United States.*

6 *“(E) The determination of the amount, if any, by*
7 *which the aggregate level of Federal revenues should be*
8 *increased or decreased and the statutory limit on the*
9 *public debt should be increased or decreased.*

10 *“(F) The determination of the existing levels of tax*
11 *expenditures (the tax expenditures budget), and con-*
12 *sideration of their effect on Federal revenues and their*
13 *relationship to the matters set forth above.*

14 *“(G) The determination of the extent, if any, to*
15 *which section 401 of the Federal Act to Control Ex-*
16 *penditures and Establish National Priorities is to apply.*

17 *“(2) Such committee shall have the duty—*

18 *“(A) to report during each regular session of Con-*
19 *gress at least one concurrent resolution dealing with*
20 *the matters specified in clauses (A) through (G) of*
21 *subparagraph (1), utilizing, in connection with the re-*
22 *porting of each such concurrent resolution, the reports*
23 *of the Joint Economic Committee made under section*
24 *301(b) of the Federal Act to Control Expenditures and*
25 *Establish National Priorities,*

26 *“(B) to make continuing studies of the effect on*

1 *budget outlays of relevant existing and proposed legisla-*
 2 *tion and to report the results of such studies to the Senate*
 3 *on a recurring basis,*

4 *“(C) to make continuing studies of tax expenditures*
 5 *and methods of coordinating the categories of tax expend-*
 6 *itures policies and programs and direct budget outlays,*
 7 *and to report the results of such studies to the Senate on*
 8 *a recurring basis, and*

9 *“(D) to review, on a continuing basis, the conduct*
 10 *of its functions and duties by the Congressional Office of*
 11 *the Budget.”*

12 *(b) The table contained in paragraph 2 of rule XXV*
 13 *of the Standing Rules of the Senate is amended by inserting*
 14 *after—*

“Banking, Housing and Urban Affairs----- 15”

15 *the following:*

“Budget ----- 15”.

16 *(c) Each meeting of the Committee on the Budget of*
 17 *the Senate, or any subcommittee thereof, including meetings*
 18 *to conduct hearings, shall be open to the public, except that a*
 19 *portion or portions of any such meeting may be closed to the*
 20 *public if the committee or subcommittee, as the case may be,*
 21 *determines by record vote of a majority of the members of*
 22 *the committee or subcommittee present that the matters to be*
 23 *discussed or the testimony to be taken at such portion or*
 24 *portions—*

1 (1) will disclose matters necessary to be kept secret
2 in the interests of national defense or the confidential
3 conduct of the foreign relations of the United States;

4 (2) will relate solely to matters of committee staff
5 personnel or internal staff management or procedure;

6 (3) will tend to charge an individual with crime or
7 misconduct, to disgrace or injure the professional stand-
8 ing of an individual, or otherwise to expose an individual
9 to public contempt or obloquy, or will represent a clearly
10 unwarranted invasion of the privacy of an individual;

11 (4) will disclose the identity of any informer or
12 law enforcement agent or will disclose any information
13 relating to the investigation or prosecution of a crim-
14 inal offense that is required to be kept secret in the
15 interests of effective law enforcement; or

16 (5) will disclose information relating to the trade
17 secrets or financial or commercial information pertain-
18 ing specifically to a given person if—

19 (A) an Act of Congress requires the informa-
20 tion to be kept confidential by Government officers
21 and employees, or

22 (B) the information has been obtained by the
23 Government on a confidential basis, other than
24 through an application by such person for a spe-
25 cific Government financial or other benefit, and is

1 required to be kept secret in order to prevent undue
2 injury to the competitive position of such person.

3 (d) Paragraph 7(b) of rule XXV of the Standing
4 Rules of the Senate and section 133A(b) of the Legislative
5 Reorganization Act of 1946 shall not apply to the Com-
6 mittee on the Budget of the Senate.

7 BUDGET COMMITTEE OF THE HOUSE OF REPRESENTATIVES

8 SEC. 102. (a) Clause 1 of rule X of the Rules of the
9 House of Representatives is amended by redesignating para-
10 graphs (e) through (u), inclusive, as paragraphs (f)
11 through (v), respectively, and by inserting after paragraph
12 (d) the following new paragraph:

13 “(e) Committee on the Budget, to consist of ———
14 members.”

15 (b) Rule XI of the Rules of the House of Representa-
16 tives is amended by redesignating clauses 5 through 33, in-
17 clusive, as clauses 6 through 34, respectively, and by insert-
18 ing after clause 4 the following new clause:

19 “5. Committee on the Budget.

20 “(a) The establishment of limitations on total budget
21 outlays and on total new budget authority of the United
22 States Government.

23 “(b) The establishment of appropriate levels of budget
24 outlays and new budget authority for each committee of the
25 House which has jurisdiction over legislation providing budget
26 authority, based on allocations of the total budget outlays

1 and total new budget authority referred to in paragraph (a),
2 and the further subdivision of such allocations among the
3 subcommittees of such committees or on the basis of major
4 program groupings. In carrying out this function, the com-
5 mittee shall review and consider existing tax expenditures in
6 each area of allocation and subdivision.

7 “(c) The determination of the amount, if any, by which
8 budget outlays should exceed revenues, or revenues should
9 exceed budget outlays, considering economic conditions and
10 all other relevant factors.

11 “(d) The determination of the appropriate level of Fed-
12 eral revenues and the appropriate level of the public debt
13 of the United States.

14 “(e) The determination of the amount, if any, by which
15 the aggregate level of Federal revenues should be increased
16 or decreased and the statutory limit on the public debt should
17 be increased or decreased.

18 “(f) The determination of the existing levels of tax ex-
19 penditures (the tax expenditures budget), and consideration
20 of their effect on Federal revenues and their relationship of
21 the matters set forth above,

22 “(g) The determination of the extent, if any, to which
23 section 401 of the Federal Act to Control Expenditures and
24 Establish National Priorities is to apply.

25 “(h) The committee shall have the duty—

26 “(1) to report during each regular session of Con-

1 gress at least one concurrent resolution dealing with the
2 matters specified in paragraphs (a), (b), (c), (d), (e),
3 (f), and (g), utilizing, in connection with the reporting
4 of each such concurrent resolution, the reports of the
5 Joint Economic Committee made under section 301(b) of
6 the Federal Act to Control Expenditures and Establish
7 National Priorities,

8 “(2) to make continuing studies of the effect on
9 budget outlays of relevant existing and proposed legisla-
10 tion and to report the results of such studies to the House
11 on a recurring basis,

12 “(3) to make continuing studies of tax expenditures
13 and methods of coordinating the categories of tax expend-
14 itures policies and programs and direct budget outlays,
15 and to report the results of such studies to the House
16 on a recurring basis, and

17 “(4) to review, on a continuing basis, the conduct
18 of its functions and duties by the Congressional Office
19 of the Budget.”

20 TITLE II—CONGRESSIONAL OFFICE OF THE
21 BUDGET

22 ESTABLISHMENT OF OFFICE

23 SEC. 201. (a) IN GENERAL.—There is hereby estab-
24 lished an office of the Congress to be known as the Congres-
25 sional Office of the Budget (hereafter in this title referred to
26 as the “Office”). The Office shall be headed by a Director

1 *and there shall be in the Office a Deputy Director who shall*
2 *perform such duties as may be assigned to him by the Direc-*
3 *tor and, during the absence or incapacity of the Director*
4 *or during a vacancy in that office, shall act as the Director.*
5 *Both the Director and Deputy Director shall be appointed by*
6 *the Speaker of the House of Representatives and the Pres-*
7 *ident pro tempore of the Senate with the approval of the*
8 *Senate and the House of Representatives, given by resolu-*
9 *tion of each House. The Director and Deputy Director shall*
10 *each serve at the pleasure of the Senate and the House of*
11 *Representatives and may be removed by either House by*
12 *resolution. The Director and Deputy Director shall each be*
13 *appointed without regard to political affiliation and solely*
14 *on the basis of his fitness to perform his duties. The Director*
15 *shall receive the same compensation as the Comptroller Gen-*
16 *eral of the United States, and the Deputy Director shall*
17 *receive compensation at the highest rate of basic pay payable*
18 *under the General Schedule of section 5332 of title 5, United*
19 *States Code.*

20 (b) *PERSONNEL.—The Director shall appoint and fix*
21 *the compensation of such professional, technical, clerical,*
22 *and other personnel as may be necessary to carry out the*
23 *duties and functions of the Office. All personnel of the Office*
24 *shall be appointed without regard to political affiliation and*
25 *solely on the basis of their fitness to perform their duties.*
26 *The Director may delegate to personnel of the Office au-*

1 *thority to perform any of the duties and functions imposed*
2 *by this Act on the Office or on the Director. For purposes*
3 *of benefits, rights, and privileges other than pay, the Director*
4 *and Deputy Director shall be treated as if they were em-*
5 *ployees of the Senate. All other personnel of the Office shall*
6 *be treated as if they were employees of the House of*
7 *Representatives.*

8 (c) *EXPERTS AND CONSULTANTS.*—*In carrying out*
9 *the duties and functions of the Office, the Director may pro-*
10 *cure the temporary (not to exceed one year) or intermittent*
11 *services of experts or consultants or organizations thereof*
12 *by contract as independent contractors, or in the case of*
13 *individual experts or consultants by employment at rates of*
14 *pay not in excess of the daily equivalent of the highest rate*
15 *of basic pay payable under the General Schedule of section*
16 *5332 of title 5, United States Code.*

17 (d) *RELATIONSHIP TO EXECUTIVE BRANCH.*—

18 (1) *SECURING OF INFORMATION, ETC.*—*The Di-*
19 *rector is authorized to secure all information, data,*
20 *estimates, and statistics developed by the various de-*
21 *partments, agencies, and establishments of the execu-*
22 *tive branch of Government and regulatory agencies and*
23 *commissions of the Government in the normal course of*
24 *their operations and activities. All such departments,*
25 *agencies, and establishments and regulatory agencies*

1 *and commissions shall cooperate with the Director by*
2 *furnishing to him that material which he determines*
3 *to be necessary in the performance of his duties and*
4 *functions.*

5 (2) *UTILIZATION OF SERVICES, ETC.—In carrying*
6 *out the duties and functions of the Office, the Director*
7 *may, as agreed upon with the head of any department,*
8 *agency, or establishment of the executive branch of*
9 *Government or regulatory agency or commission of the*
10 *Government, utilize the services, facilities, and personnel*
11 *of such department, agency, or establishment or such*
12 *regulatory agency or commission. The utilization of such*
13 *services, facilities, and personnel may be with or without*
14 *reimbursement by the Office as may be agreed to.*

15 (3) *FURNISHING OF INFORMATION, SERVICES,*
16 *ETC.—The head of each department, agency, and estab-*
17 *lishment in the executive branch, or regulatory agency or*
18 *commission, is authorized to provide the Office such serv-*
19 *ices, facilities, and personnel under this subsection.*

20 (e) *RELATIONSHIP TO OTHER AGENCIES OF CON-*
21 *GRESS.—*

22 (1) *COORDINATION OF OPERATIONS.—The Office,*
23 *the General Accounting Office, the Library of Congress,*
24 *and the Office of Technology Assessment shall fully co-*

1 *ordinate and cooperate in planning and conducting their*
2 *operations to utilize most effectively the information, serv-*
3 *ices, and capabilities of all congressional agencies in*
4 *carrying out the various responsibilities assigned to each*
5 *agency.*

6 (2) *OBTAINING INFORMATION, ETC.—In carrying*
7 *out duties and functions of the Office, the Director is*
8 *authorized to obtain all information, data, estimates,*
9 *and statistics developed by the General Accounting Office,*
10 *the Library of Congress, and the Office of Technology*
11 *Assessment in the normal course of their operations and*
12 *activities. Requests for information, and the compliance*
13 *with such requests, pursuant to this subsection shall be*
14 *in accordance with procedures to be developed and*
15 *agreed upon between the Director and the Comptroller*
16 *General, the Librarian of Congress, and the Technology*
17 *Assessment Board, respectively.*

18 (3) *UTILIZATION OF SERVICES, ETC.—In carry-*
19 *ing out the duties and functions of the Office, the Director*
20 *may, as agreed upon with the Comptroller General, the*
21 *Librarian of Congress, and the Technology Assessment*
22 *Board, utilize the services, facilities, and personnel of the*
23 *General Accounting Office, the Library of Congress, and*
24 *the Office of Technology Assessment, as the case may be.*
25 *The utilization of such services, facilities, and personnel*

22 *SEC. 202. (a) ASSISTANCE TO BUDGET COMMIT-*
23 *TEES.—It shall be the duty and function of the Office to pro-*
24 *vide to the Committees on the Budget of both Houses informa-*
25 *tion with respect to the budget, appropriation bills, other bills*

1 *authorizing or providing budget authority or tax expendi-*
2 *tures, and with respect to revenues, receipts, estimated future*
3 *revenues and receipts, and changing revenue conditions. The*
4 *Office shall also provide to the Committee on the Budget of*
5 *either House such other related information as such commit-*
6 *tee may request. At the request of the Committee on the*
7 *Budget of either House, personnel of the Office shall be as-*
8 *signed, on a temporary basis, to assist such committee.*

9 (b) ASSISTANCE TO OTHER COMMITTEES AND MEM-
10 BERS.—*At the request of any other committee of the Senate*
11 *or the House of Representatives, any joint committee of the*
12 *Congress, or any Member of the Senate or the House, the*
13 *Office shall provide to such committee, joint committee, or*
14 *Member any information compiled in carrying out the first*
15 *sentence of subsection (a) and shall, to the extent practicable,*
16 *provide other information requested with respect to the budget,*
17 *appropriation bills, other bills authorizing or providing budget*
18 *authority or tax expenditures, and with respect to revenues,*
19 *receipts, estimated future revenue and receipts, changing rev-*
20 *enue conditions, and related information. At the request of*
21 *any such committee, joint committee, or Member, personnel*
22 *of the Office may be assigned, on a temporary basis, to assist*
23 *such committee, joint committee, or Member with respect to*
24 *matters directly related to the items enumerated in the pre-*
25 *ceding sentence.*

1 (c) *TRANSFER OF FUNCTIONS OF JOINT COMMITTEE*
2 *ON REDUCTION OF FEDERAL EXPENDITURES.*—The duties
3 and functions of the Joint Committee on Reduction of Federal
4 Expenditures are transferred to the Office, and the Joint
5 Committee is hereby abolished.

6 (d) *REPORT ON REVENUES AND BUDGET OUTLAYS.*—
7 On or before May 1 of each year, and based on his estimates
8 of revenues expected to be received by the United States Gov-
9 ernment during the fiscal year beginning on October 1 of
10 such year, the Director shall report to the Congress with
11 respect to alternative levels of revenues and outlays for such
12 fiscal year. Such report shall also set forth the existing levels
13 of tax expenditures (the tax expenditure budget) and an
14 estimate, based on projected economic factors, of any antici-
15 pated change in the level of tax expenditures for such fiscal
16 year. The Director may at any time thereafter submit sub-
17 sequent reports to the Congress revising the report required
18 by this subsection.

19 (e) *PROJECTION OF REVENUES AND BUDGET OUT-*
20 *LAYS.*—The Director shall develop information with respect
21 to the effect of existing laws on revenues and existing authori-
22 zations and budget authority on outlays during the current
23 fiscal year and the ensuing four fiscal years. Such informa-
24 tion shall include the effect of tax expenditures on revenues

1 and outlays, and the effect of existing laws and existing au-
2 thorizations and budget authority on tax expenditures.

3 (f) *USE OF COMPUTERS AND OTHER TECHNIQUES.*—

4 The Director may equip the Office with up-to-date computer
5 capability, obtain the services of experts and consultants in
6 computer technology, and develop techniques for the evalua-
7 tion of budgetary requirements, including the establishment of
8 data files as required by section 902 of this Act.

9 PUBLIC ACCESS TO BUDGET DATA

10 SEC. 203. (a) *RIGHT TO INSPECT AND COPY.*—Ex-
11 cept as provided in subsections (c) and (d), the Director
12 shall make all information, data, estimates, and statistics
13 obtained under sections 201(d)(1) and 201(e)(2) avail-
14 able for public inspection and copying during normal busi-
15 ness hours. To the extent possible, he shall at the request of
16 any person, furnish a copy of any such information, data,
17 estimates, or statistics requested, upon payment by such per-
18 son of the cost of making and furnishing such copy.

19 (b) *INDEX.*—The Director shall develop and maintain
20 filing, coding, and indexing systems that identify the informa-
21 tion, data, estimates, and statistics to which subsection (a)
22 applies and shall make such systems available for public use
23 during normal business hours.

24 (c) *EXCEPTIONS.*—Subsection (a) shall not apply to
25 information, data, estimates, and statistics—

1 (1) which are specifically exempted from disclosure
2 by Act of Congress; or

3 (2) which the Director determines will disclose—

4 (A) matters necessary to be kept secret in the
5 interests of national defense or the confidential con-
6 duct of the foreign relations of the United States;

7 (B) information relating to the trade secrets or
8 financial or commercial information pertaining spe-
9 cifically to a given person if the information has been
10 obtained by the Government on a confidential basis,
11 other than through an application by such person for
12 a specific Government financial or other benefit, and
13 is required to be kept secret in order to prevent undue
14 injury to the competitive position of such person; or

15 (C) personnel or medical data or similar data
16 the disclosure of which would constitute a clearly
17 unwarranted invasion of personal privacy,

18 unless the portions containing such information have
19 been excised.

20 (d) INFORMATION OBTAINED FOR COMMITTEES AND
21 MEMBERS.—Subsection (a) shall apply to any information,
22 data, estimates, and statistics obtained at the request of any
23 committee or Member of the Senate or the House of Repre-
24 sentatives, or any joint committee of the Congress, unless the
25 committee, Member, or joint committee making the request has

1 instructed the Director not to make such information, data,
 2 estimates, or statistics available for public inspection and
 3 copying.

4 TITLE III—CONGRESSIONAL BUDGET

5 PROCESS

6 The timetable with respect to the congressional budget
 7 process for any fiscal year shall be as follows:

<i>On or before:</i>	<i>Action to be completed:</i>
<i>December 1</i> -----	<i>Current services budget to be submitted.</i>
<i>February 1</i> -----	<i>President's budget to be submitted.</i>
<i>April 15</i> -----	<i>Joint Economic Committee reports, and Joint Committee on Internal Revenue Taxation, Appropriations, taxing, and other committees submit estimates, to Budget Committees.</i>
<i>May 1</i> -----	<i>Congressional Office of the Budget submits report to Congress.</i>
<i>May 31</i> -----	<i>Congress completes action on legislation authorizing enactment of new budget authority.</i>
<i>June 1</i> -----	<i>Budget Committees report first concurrent resolution on the budget.</i>
<i>June 20</i> -----	<i>Each House completes action on first concurrent resolution on the budget.</i>
<i>July 1</i> -----	<i>Congress completes action on first concurrent resolution on the budget.</i>
<i>September 20</i> -----	<i>Congress completes action on legislation providing new budget authority.</i>
<i>September 30</i> -----	<i>Congress completes action on ceiling enforcement bill.</i>
<i>October 1</i> -----	<i>Fiscal year begins.</i>

8 ADOPTION OF CONCURRENT RESOLUTION

9 SEC. 301. (a) ACTION TO BE COMPLETED BY
 10 JULY 1.—On or before July 1 of each year, the Con-
 11 gress shall complete action on a concurrent resolution setting
 12 forth for the fiscal year beginning on October 1 of such year—

13 (1) TOTAL BUDGET OUTLAYS AND TOTAL NEW

1 *BUDGET AUTHORITY.—Limitations on total budget out-*
2 *lays and total new budget authority;*

3 (2) *ALLOCATIONS OF TOTALS.—Appropriate levels*
4 *of budget outlays and new budget authority for each*
5 *committee of the Senate and House which has juris-*
6 *isdiction over legislation providing budget authority, based*
7 *on allocations of the total budget outlays and total new*
8 *budget authority, which allocations may be further sub-*
9 *divided among the subcommittees of such committees or on*
10 *the basis of major program groupings;*

11 (3) *ESTIMATED REVENUES.—Estimated revenue*
12 *receipts and their major sources;*

13 (4) *RECOMMENDED SURPLUS OR DEFICIT.—The*
14 *amount, if any, by which revenues should exceed budget*
15 *outlays, or by which budget outlays should exceed reve-*
16 *nuues, considering economic conditions and all other*
17 *relevant factors;*

18 (5) *TAX EXPENDITURES BUDGET.—The existing*
19 *levels of tax expenditures (the tax expenditures budget)*
20 *by major budget categories;*

21 (6) *LEVEL OF TOTAL REVENUES AND TOTAL*
22 *DEBT.—The appropriate level of Federal revenues and*
23 *the public debt;*

24 (7) *RECOMMENDED CHANGE IN REVENUES.—The*
25 *amount, if any, by which the aggregate level of Federal*

1 revenues should be increased or decreased by legislation
2 to be reported by the appropriate committees;

3 (8) *RECOMMENDED CHANGE IN PUBLIC DEBT*
4 *LIMIT.*—The amount, if any, by which the statutory
5 limit on the public debt should be increased or decreased
6 by legislation reported by the appropriate committees;
7 and

8 (9) *SPENDING BILLS TO SPECIFY OUTLAYS.*—
9 The extent (if any) to which section 401 (relating to re-
10 quirement that budget authority legislation contain limita-
11 tion on outlays) shall apply for the fiscal year.

12 (b) *REPORTS BY JOINT ECONOMIC COMMITTEE.*—On
13 or before April 15 of each year, the Joint Economic
14 Committee shall report to the Committees on the Budget of
15 both Houses its recommendations as to the fiscal policy ap-
16 propriate to the goals of the Employment Act of 1946, includ-
17 ing where appropriate recommendations with regard to major
18 categories of new budget authority and budget outlays. The
19 joint committee shall also, from time to time, report to the
20 Committees on the Budget of both Houses such other rec-
21 ommendations as it deems advisable.

22 (c) *VIEWS AND ESTIMATES OF OTHER COMMIT-*
23 *TEES.*—On or before April 15 of each year, the Committees
24 on Appropriations and Finance of the Senate shall submit
25 their views and estimates to the Committee on the Budget of

1 the Senate, the Committees on Appropriations and Ways and
2 Means of the House of Representatives shall submit their
3 views and estimates to the Committee on the Budget of the
4 House, and the Joint Committee on Internal Revenue Taxa-
5 tion shall submit their views and estimates to the Com-
6 mittees on the Budget of both Houses, with respect to all
7 matters set forth in subsection (a) which relate to matters
8 within the respective jurisdictions or functions of such commit-
9 tees and joint committees. Any other committee of the Senate
10 or House may submit to the Committee on the Budget of its
11 House, and any other joint committee of the Congress may
12 submit to the Committees on the Budget of both Houses, its
13 views and estimates with respect to all matters set forth in
14 subsection (a) which relate to matters within its jurisdiction
15 or function.

16 (d) *REPORTING.*—On or before June 1 of each year, the
17 Committee on the Budget of each House shall report to its
18 House a concurrent resolution on the budget referred to in
19 subsection (a) for the fiscal year beginning on October 1 of
20 such year. The report accompanying such concurrent resolu-
21 tion shall include, but not be limited to—

22 (1) a comparison of revenues and major sources
23 thereof as estimated for the purposes of such concurrent
24 resolution with those estimated in the budget submitted
25 by the President;

1 (2) a comparison of the limitations on total budget
2 outlays and total new budget authority set forth in such
3 concurrent resolution with total budget outlays estimated
4 and total new budget authority requested in the budget
5 submitted by the President;

6 (3) the economic assumptions and program objec-
7 tives which underlie the limitations, appropriate levels,
8 estimates, deficits, or surpluses, and levels of revenue and
9 public debt set forth in such concurrent resolution, and
10 the alternative economic assumptions and program ob-
11 jectives which the committee considered in formulating
12 such concurrent resolution;

13 (4) specific projections, not limited to the following,
14 for the next five fiscal years, of—

15 (A) the estimated levels of total budget outlays
16 and new budget authority for each fiscal year in
17 such period,

18 (B) the estimated revenues to be received and
19 the major sources thereof, and the estimated surplus
20 or deficit, if any, for each fiscal year in such period,
21 based upon such estimated revenues and the estimated
22 levels of total budget outlays and new budget author-
23 ity set forth pursuant to subparagraph (A), and

24 (C) the estimated levels of tax expenditures by
25 major budget categories; and

1 (5) *an explanation of any significant changes in*
2 *the proposed levels of Federal assistance to State and*
3 *local governments.*

4 *Such report shall also contain the recommendations of the*
5 *Joint Economic Committee as reported pursuant to sub-*
6 *section (b) and the separate views of other committees and*
7 *joint committees as submitted pursuant to subsection (c).*

8 (e) *FLOOR ACTION.*—*On or before June 20 of each*
9 *year, each House shall complete action on a concurrent res-*
10 *olution on the budget referred to in subsection (a) for the*
11 *fiscal year beginning on October 1 of such year (except for*
12 *action on any conference report on such concurrent resolu-*
13 *tion).*

14 (f) *EFFECT OF CERTAIN ADJOURNMENTS.*—*When-*
15 *ever after June 1 of any year, either House is not in session*
16 *because of an adjournment or recess more than three days*
17 *to a day certain, then in applying subsection (e) to such*
18 *House, there shall be substituted for June 20 that date which*
19 *follows June 20 by the same number of days (not exceeding*
20 *seven in the aggregate) as the number of days after June 1*
21 *and before June 20, on which such House was not in ses-*
22 *sion because of any such adjournment or recess.*

23 (g) *EXTENSION WHERE SPECIFIED DATE FALLS ON*
24 *SATURDAY, SUNDAY, OR HOLIDAY.*—*When any date spec-*
25 *ified in subsection (d) or (e) (as modified by subsection (f))*

1 falls on a Saturday, Sunday, or legal holiday in the District
2 of Columbia in any year, there shall be substituted for that
3 date the next succeeding date which is not a Saturday, Sun-
4 day, or legal holiday in the District of Columbia.

5 (h) EFFECT OF FAILURE TO ADOPT CONCURRENT
6 RESOLUTION BY JULY 1.—If the Congress fails to com-
7 plete action on the concurrent resolution on the budget re-
8 ferred to in subsection (a) on or before July 1 of any year,
9 then, until such action is completed—

10 (1) if each House has agreed to such a concurrent
11 resolution, the figure for each matter set forth pursuant
12 to paragraph (2) of subsection (a) for the fiscal year
13 shall be deemed to be the lower figure contained in the
14 concurrent resolution agreed to by either House, and the
15 limitations on total outlays and total new budget authority
16 set forth pursuant to paragraph (1) of such subsection
17 shall be the sums of such lower figures;

18 (2) if one House has agreed to such a concurrent
19 resolution, the figures for the matters set forth pursuant
20 to subsection (a) for the fiscal year shall be deemed
21 to be the figures contained in that concurrent resolution;
22 and

23 (3) if neither House has agreed to such a concurrent
24 resolution, the figures for the matters set forth pursuant
25 to subsection (a) for the fiscal year shall be deemed to

1 be the respective figures therefor set forth in the budget
2 submitted for the fiscal year pursuant to section 201(d)
3 of the Budget and Accounting Act, 1921 (31 U.S.C.
4 11), as added by section 601 of this Act.

5 For any period for which paragraph (1), (2), or (3) ap-
6 plies, there shall be deemed to have been adopted a concurrent
7 resolution on the budget referred to in this section which
8 contains the figures referred to in the applicable paragraph.

9 ADDITIONAL CONCURRENT RESOLUTIONS ON THE
10 BUDGET

11 SEC. 302. (a) REQUIRED REAFFIRMATION OR RE-
12 VISION.—When required under section 309(d), the Com-
13 mittee on the Budget of each House shall report a concurrent
14 resolution which reaffirms or revises the concurrent resolution
15 adopted pursuant to section 301 for a fiscal year, or, if a
16 concurrent resolution for such fiscal year has been adopted
17 pursuant to subsection (b), which reaffirms or revises the
18 most recently adopted concurrent resolution on the budget for
19 such fiscal year.

20 (b) PERMISSIBLE REVISIONS.—At any time after the
21 concurrent resolution for a fiscal year has been adopted pur-
22 suant to section 301, and before the close of such fiscal year,
23 the two Houses may adopt a concurrent resolution on the
24 budget which revises the most recently adopted concurrent
25 resolution on the budget for such fiscal year.

1 RULES FOR CONSIDERATION OF CONCURRENT RESOLU-
 2 TIONS OF THE BUDGET

3 SEC. 303. (a) PROCEDURE AFTER REPORT OF COM-
 4 MITTEE.—

5 (1) *A concurrent resolution on the budget reported*
 6 *in either House shall be highly privileged. It shall be in*
 7 *order at any time after the third day following the day*
 8 *on which the report accompanying such a concurrent*
 9 *resolution is available to move to proceed to its considera-*
 10 *tion (even though a previous motion to the same effect has*
 11 *been disagreed to). Such a motion shall be highly privi-*
 12 *leged and shall not be debatable. An amendment to the*
 13 *motion shall not be in order, and it shall not be in order*
 14 *to move to reconsider the vote by which the motion is*
 15 *agreed to or disagreed to.*

16 (2) *Debate on any concurrent resolution on the*
 17 *budget, and all amendments thereto, shall be limited to*
 18 *not more than one hundred hours (twenty hours, in the*
 19 *case of a concurrent resolution reported after recommit-*
 20 *tal pursuant to section 304(c)). General debate shall*
 21 *be divided equally between the majority and minority*
 22 *parties. Debate on any amendment shall be limited to not*
 23 *more than four hours, which shall be equally divided be-*
 24 *tween those favoring and those opposing the amendment.*
 25 *A motion further to limit debate is not debatable. A motion*

1 to recommit the concurrent resolution is not in order, and
 2 it is not in order to move to reconsider the vote by which
 3 the concurrent resolution is agreed to or disagreed to. An
 4 amendment to a concurrent resolution reported after
 5 recommittal pursuant to section 304(c) shall be in order
 6 only if it is in order under section 304(f).

7 (b) DECISIONS WITHOUT DEBATE ON MOTION TO
 8 POSTPONE OR PROCEED.—

9 (1) Motions to postpone, made with respect to the
 10 consideration of any concurrent resolution on the budget,
 11 and motions to proceed to the consideration of other busi-
 12 ness, shall be decided without debate.

13 (2) Appeals from the decisions of the Chair re-
 14 lating to the application of the rules of the Senate or
 15 the House of Representatives, as the case may be, to
 16 the procedure relating to any concurrent resolution on
 17 the budget shall be decided without debate.

18 (c) PROCEDURE AFTER PASSAGE BY ONE HOUSE.—
 19 If, prior to the passage by one House of a concurrent resolu-
 20 tion of that House, that House receives from the other House
 21 a concurrent resolution of such other House, then—

22 (1) the procedure with respect to the concurrent
 23 resolution of the first House shall be the same as if no
 24 concurrent resolution from the other House had been
 25 received; but

1 (2) on any vote on final passage of the concurrent
2 resolution of the first House the concurrent resolution
3 from the other House shall be automatically substituted.

4 (d) ACTION ON CONFERENCE REPORTS.—

5 (1) The conference report on any concurrent resolu-
6 tion on the budget shall be highly privileged in each
7 House. It shall be in order at any time after the third
8 day following the day on which such a conference report
9 is reported and is available to move to proceed to its
10 consideration (even though a previous motion to the
11 same effect has been disagreed to). Such a motion shall
12 be highly privileged and shall not be debatable. An
13 amendment to the motion shall not be in order, and it
14 shall not be in order to move to reconsider the vote by
15 which the motion is agreed to or disagreed to.

16 (2) Debate on the conference report shall be limited
17 to not more than ten hours, which shall be divided
18 equally between those favoring and those opposing the
19 conference report. A motion to recommit the conference
20 report shall not be in order and it shall not be in order
21 to move to reconsider the vote by which the conference
22 report is agreed to or disagreed to.

23 (3) Motions to postpone, made with respect to the
24 consideration of such conference report and motions to

(4) Appeals from decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to such conference report shall be decided without debate.

10 *SEC. 304. (a) INITIAL FLOOR CONSIDERATION.—*
11 *During the consideration in either House of any concurrent*
12 *resolution on the budget, an amendment shall not be in order*
13 *unless—*

24 Paragraph (2) shall not apply to any amendment if, at

1 *the time such amendment is proposed, the Member proposing*
2 *such amendment states that an analysis was requested (giving*
3 *the date of such request), but has not been received, from*
4 *the Director of the Congressional Office of the Budget.*

5 (b) *FLOOR AMENDMENTS ALWAYS IN ORDER TO*
6 *MAKE CONCURRENT RESOLUTION CONSISTENT.*—*Notwith-*
7 *standing any other rule (other than those provided in this*
8 *section), an amendment, or series of amendments, to a con-*
9 *current resolution on the budget proposed in either the Senate*
10 *or the House of Representatives shall always be in order if*
11 *such amendment or series of amendments proposes to change*
12 *any figure or figures then contained in such concurrent res-*
13 *olution so that such concurrent resolution would (if such*
14 *amendment or series of amendments were adopted) not be*
15 *inconsistent within the meaning of subsection (d).*

16 (c) *PROCEDURE IF FLOOR AMENDMENTS MAKE CON-*
17 *CURRENT RESOLUTION INCONSISTENT.*—*If after all amend-*
18 *ments proposed to a concurrent resolution on the budget have*
19 *been considered, such concurrent resolution is inconsistent*
20 *within the meaning of subsection (d), it shall be recommitted*
21 *by the presiding officer, without further motion, to the Com-*
22 *mittee on the Budget with instructions to report such concur-*
23 *rent resolution back to the Senate or the House of Represent-*
24 *atives, as the case may be, within three days (not counting*

1 any day on which that House is not in session) in a form
2 which meets the requirements of subsection (e).

3 (d) *MEANING OF INCONSISTENCY.*—For purposes of
4 this section, a concurrent resolution on the budget is inconsis-
5 ent if, with respect to the figures described in and set forth
6 pursuant to section 301(a)—

7 (1) with respect to budget outlays or new budget
8 authority, the sum of the allocation of totals does not
9 equal total budget outlays or total new budget authority,
10 as the case may be, or

11 (2) the appropriate level of total revenues less the
12 recommended surplus or plus the recommended deficit
13 does not equal the total budget outlays, or

14 (3) the estimated revenues combined with the change
15 in revenues does not equal the appropriate level of total
16 revenues, or

17 (4) the change in public debt limit is not sufficient
18 to allow implementation of the appropriate level of total
19 debt, or

20 (5) any combination of (1), (2), (3), and (4)
21 above.

22 (e) *ACTION BY BUDGET COMMITTEE AFTER RECOM-*
23 *MITTAL.*—When a concurrent resolution on the budget is

1 recommitted to the Committee on the Budget of the Senate
2 or the House of Representatives pursuant to subsection (c),
3 such committee shall report such concurrent resolution back
4 to its House in a form which is not inconsistent and which
5 preserves, to the greatest extent practicable, the spirit and
6 letter of the floor amendments previously adopted.

7 (f) FLOOR AMENDMENTS AFTER RECOMMITTAL.—
8 During the consideration in either the Senate or the House
9 of Representatives of a concurrent resolution on the budget
10 reported back after recommitment pursuant to subsection (c),
11 an amendment, or series of amendments, shall not be in order
12 unless it preserves the concurrent resolution in a form which
13 is not inconsistent.

14 (g) RECORD AND ANALYSIS OF EFFECT OF FLOOR
15 ACTION.—During the consideration in either the Senate or
16 the House of Representatives of a concurrent resolution on
17 the budget, the Director of the Congressional Office of the
18 Budget shall maintain a record of the effect (if any) which
19 floor amendments adopted would have on budget outlays and
20 new budget authority and the figures set forth pursuant to
21 section 301(a). On each day on which a concurrent resolu-
22 tion on the budget is under consideration in either the Senate
23 or the House of Representatives, the Director shall make
24 available to Members of that House, before the House meets

1 on such day, the record so maintained by him as of the close
2 of the preceding day.

3 CONCURRENT RESOLUTION ON THE BUDGET MUST BE
4 ADOPTED BEFORE APPROPRIATIONS AND CHANGES IN
5 REVENUES AND PUBLIC DEBT LIMIT ARE MADE

6 SEC. 305. (a) IN GENERAL.—It shall not be in order
7 in either the Senate or the House of Representatives to con-
8 sider any bill or resolution (or amendment thereto) which
9 provides—

10 (1) new budget authority for a fiscal year,

11 (2) an increase or decrease in revenues to become
12 effective during a fiscal year, or

13 (3) an increase or decrease in the public debt limit
14 to become effective during a fiscal year,

15 until the concurrent resolution for such year referred to in
16 section 301(a) has been adopted by the Congress.

17 (b) EXCEPTION FOR MULTI-YEAR FUNDING.—In
18 order to provide for multiyear advance funding for pro-
19 grams where for planning purposes there is a need to know
20 in advance the amount of funds which will be available, par-
21 ticularly programs of Federal assistance to State and local
22 governments, subsection (a) shall not apply to new budget
23 authority which first becomes available in a fiscal year follow-
24 ing the fiscal year to which the concurrent resolution applies.

1 *LEGISLATION DEALING WITH CONGRESSIONAL BUDGET*
 2 *MUST BE HANDLED BY BUDGET COMMITTEES*

3 *SEC. 306. No bill or resolution, and no amendment to*
 4 *any bill or resolution, dealing with any matter which is*
 5 *within the jurisdiction of the Committee on the Budget of*
 6 *either House shall be considered in that House unless it is a*
 7 *concurrent resolution on the budget which has been reported*
 8 *by the Committee on the Budget of that House (or from the*
 9 *consideration of which such committee has been discharged)*
 10 *or unless it is an amendment to such a concurrent resolution.*

11 *SUMMARIES OF CONGRESSIONAL BUDGET ACTIONS*

12 *SEC. 307. (a) REPORTS ON LEGISLATION PROVIDING*
 13 *NEW BUDGET AUTHORITY OR LIMITING OUTLAYS.—*
 14 *Whenever a committee of either House reports a bill or res-*
 15 *olution to its House providing new budget authority or*
 16 *limiting budget outlays, or both, for a fiscal year, the report*
 17 *accompanying that bill or resolution shall contain a state-*
 18 *ment prepared in consultation with the Director of the*
 19 *Congressional Office of the Budget detailing—*

20 *(1) how the new budget authority in that bill or*
 21 *resolution compares with the limitations on, and the*
 22 *applicable appropriate levels of, new budget authority*
 23 *and*
 24 *budget outlays set forth in the most recently adopted con-*
 25 *current resolution on the budget for such fiscal year;*

1 (2) a projection for the period of five fiscal years
2 beginning with such fiscal year of the budget outlays
3 which will result from that bill or resolution in each fiscal
4 year in such period; and

5 (3) the impact on State and local governments of the
6 new budget authority and budget outlays authorized by
7 that bill or resolution.

8 (b) *UP-TO-DATE TABULATION OF CONGRESSIONAL*
9 *BUDGET ACTIONS.*—The Director of the Congressional Of-
10 fice of the Budget shall issue a daily report detailing and tab-
11 ulating the progress of congressional action on legislation pro-
12 viding new budget authority or limiting budget outlays for a
13 fiscal year. Specifically, such report shall include—

14 (1) an up-to-date tabulation comparing the new
15 budget authority and budget outlays in legislation on
16 which Congress has completed action to the limitations
17 on, and the appropriate levels of, new budget authority
18 and budget outlays set forth in the most recently adopted
19 concurrent resolution on the budget for such fiscal year;
20 and

21 (2) an up-to-date status report on all new budget
22 authority legislation for such fiscal year in both Houses.

23 (c) *FIVE-YEAR PROJECTION OF CONGRESSIONAL*
24 *BUDGET ACTION.*—After a bill required to be reported for a
25 fiscal year under section 309(b) has been enacted into law,

1 *the Director of the Congressional Office of the Budget shall*
2 *issue a report projecting for the period of five fiscal years*
3 *beginning with such fiscal year—*

4 (1) *total budget outlays and new budget authority*
5 *for each fiscal year in such period; and*

6 (2) *revenues to be received and the major sources*
7 *thereof, and the surplus or deficit, if any, for each fiscal*
8 *year in such period.*

9 (d) *REPORTS ON LEGISLATION PROVIDING NEW TAX*
10 *EXPENDITURES.—Whenever a committee of either House*
11 *reports a bill or resolution to its House providing new or*
12 *increased tax expenditures during a fiscal year, the report*
13 *accompanying that bill or resolution shall contain a statement*
14 *prepared in consultation with the Director of the Congres-*
15 *sional Office of the Budget detailing—*

16 (1) *how the new tax expenditures provided in that*
17 *bill or resolution will affect the existing levels of tax*
18 *expenditures as set forth in the most recently adopted*
19 *concurrent resolution on the budget for such fiscal year,*
20 *and a justification for any deviation from those levels;*

21 (2) *a projection for the period of five fiscal years*
22 *beginning with such fiscal year of the tax expenditures*
23 *which will result from that bill or resolution in each*
24 *fiscal year in such period; and*

25 (3) *the impact, if any, on State and local govern-*

1 ments of the tax expenditures provided by that bill or
2 resolution.

3 ACTION ON BILLS PROVIDING NEW BUDGET AUTHORITY

4 SEC. 308. (a) *BILLS TO BE ENACTED BEFORE BE-*
5 *GINNING OF FISCAL YEAR.*—In order to promote sound
6 fiscal policies and procedures, the Congress declares that—

7 (1) on or before September 20 preceding the be-
8 ginning of a fiscal year all bills and resolutions pro-
9 viding new budget authority for such fiscal year (other
10 than supplemental, deficiency, and continuing appro-
11 priations bills and resolutions) and all bills and resolu-
12 tions providing new tax expenditures during such fiscal
13 year shall be enacted into law; and

14 (2) before the beginning of a fiscal year, a bill re-
15 quired to be reported under section 309(b) shall be en-
16 acted into law.

17 (b) *REQUIRED PROVISION IN NEW BUDGET AUTHOR-*
18 *ITY LEGISLATION.*—Every bill or resolution providing new
19 budget authority for a fiscal year (other than supplemental,
20 deficiency, and continuing appropriations bills and resolu-
21 tions) shall contain a provision that the new budget authority
22 provided in such bill or resolution shall not become effective
23 until a bill required to be reported under section 309(b) has
24 been enacted into law.

1 (c) *LEGISLATION FAILING TO COMPLY SUBJECT TO*
 2 *POINT OF ORDER.*—It shall not be in order in either House
 3 to consider any bill or resolution providing new budget au-
 4 thority (or any conference report on any such bill or resolu-
 5 tion) which fails to comply with the provisions of subsection
 6 (b).

7 *ENFORCEMENT OF CEILINGS ON NEW BUDGET AUTHORITY*
 8 *AND BUDGET OUTLAYS*

9 *SEC. 309. (a) REPORT BY CONGRESSIONAL OFFICE*
 10 *OF THE BUDGET.*—As soon as possible after all bills and
 11 resolutions providing new budget authority for a fiscal year
 12 (other than supplemental, deficiency, and continuing appro-
 13 priations bills and resolutions) have been enacted into law,
 14 the Director of the Congressional Office of the Budget shall
 15 prepare and submit to the Committees on the Budget and
 16 the Committees on Appropriations of both Houses a report
 17 setting forth for such fiscal year the total amounts of new
 18 budget authority and outlays for such fiscal year and a break-
 19 down of such total amounts in such detail as such commit-
 20 tees may direct.

21 (b) *ACTION TO EFFECTUATE BILLS AND RESOLU-*
 22 *TIONS PROVIDING NEW BUDGET AUTHORITY.*—After all
 23 laws described in subsection (a) for a fiscal year have been
 24 enacted and when the total amounts of new budget authority
 25 and outlays provided in such laws for such fiscal year do not

1 exceed the limitations set forth in the most recently adopted
2 concurrent resolution on the budget for such fiscal year, the
3 Committee on Appropriations of each House shall, as soon
4 as possible, report to its House a bill providing that the new
5 budget authority provided in such laws shall become effective.

6 (c) ACTION IF CONCURRENT RESOLUTION CEILINGS
7 ARE EXCEEDED.—

8 (1) If, with respect to any fiscal year, the total
9 amount of new budget authority or outlays provided in
10 laws described in subsection (a) exceeds the limitation
11 on total new budget authority or outlays set forth in the
12 most recently adopted concurrent resolution on the budget
13 for such fiscal year, then the Committee on Appropria-
14 tions of each House shall, as soon as possible after all laws
15 described in subsection (a) have been enacted, report to
16 its House a bill, to be known as the ceiling enforcement
17 bill, which meets the requirements of paragraph (2).

18 (2) A ceiling enforcement bill meets the require-
19 ments of this paragraph only if it rescinds amounts of
20 new budget authority or other budget authority so that
21 the total new budget authority and outlays for such fiscal
22 year provided by laws described in subsection (a) do not
23 exceed the limitations on total new budget authority and
24 outlays, respectively, for such fiscal year set forth in the

1 most recently adopted concurrent resolution on the
2 budget.

3 (d) *REQUIRED REPORTING OF CONCURRENT RESO-*
4 *LUTION ON THE BUDGET.—If—*

5 (1) the ceiling enforcement bill reported under sub-
6 section (c) is recommitted, pursuant to section 310(c),
7 by either House to the Committee on Appropriations of
8 that House, or

9 (2) such bill is not so recommitted by either House,
10 but is not enacted into law,

11 the Committee on the Budget of each House shall report to its
12 House a concurrent resolution on the budget which revises or
13 reaffirms the most recently adopted concurrent resolution on
14 the budget for the fiscal year.

15 (e) *FINAL CONSIDERATION OF CEILING ENFORCE-*
16 *MENT BILL.—After a concurrent resolution on the budget*
17 *reported under subsection (d) has been adopted by Congress,*
18 *the Committee on Appropriations of each House shall report*
19 *to its House a ceiling enforcement bill or shall report the ceil-*
20 *ing enforcement bill reported under subsection (c) and re-*
21 *committed to it pursuant to section 310(c). Such ceiling en-*
22 *forcement bill shall rescind amounts of new budget authority*
23 *or other budget authority so that the total new budget au-*
24 *thority and outlays for the fiscal year do not exceed the limi-*
25 *tations set forth in such concurrent resolution.*

1 (f) *PRO RATA RESCISSION BILL*.—If for any fiscal
2 year—

3 (1) the Congress fails to adopt a concurrent res-
4 olution on the budget reported under subsection (d), or

(2) a ceiling enforcement bill reported under sub-
section (e) is not enacted into law,

7 the Committee on Appropriations of each House shall report
8 to its House a bill which meets the requirements of subsection
9 (c)(2) and in which all rescissions of budget authority are
10 on a pro rata basis applied to all available budget authority
11 (other than budget authority for outlays which are not con-
12 trollable).

13 (g) CONGRESS MAY NOT ADJOURN OR RECESS
14 UNTIL LAW IS ENACTED.—After September 30 of any
15 year, it shall not be in order in either the Senate or the House
16 of Representatives to consider any resolution providing for
17 the adjournment or recess of either House for a period of
18 more than three days, unless a bill required to be reported
19 under subsection (b) has been enacted into law for the fiscal
20 year beginning on October 1 of each year.

21 RULES FOR CONSIDERATION OF BILLS REPORTED UNDER

22 SECTION 309

23 SEC. 310. (a) SECTION 303 RULES TO APPLY.—Ex-
24 cept as provided in subsection (b), the rules provided in sec-
25 tion 303 for the consideration of concurrent resolutions on

1 the budget shall also apply to bills reported under section 309.

2 (b) *DEBATE LIMITATIONS.*—Debate on any bill re-
3 ported under section 309, and all amendments thereto, shall
4 be limited to not more than thirty hours, which shall be
5 equally divided between the majority and minority parties.
6 Debate on any amendment shall be limited to not more than
7 two hours, which shall be equally divided between those favor-
8 ing and those opposing the amendment. Debate on a conference
9 report on any such bill shall be limited to not more than ten
10 hours, which shall be equally divided between those favoring
11 and those opposing the conference report.

12 (c) *RECOMMITTAL OF CEILING ENFORCEMENT BILLS*
13 *REPORTED UNDER SECTION 309(c).*—If, after amend-
14 ments proposed in either House to a ceiling enforcement
15 bill reported under section 309(c) have been considered, such
16 bill does not meet the requirements of section 309(c)(2), it
17 shall be recommitted by the presiding officer, without further
18 motion, to the Committee on Appropriations of that House.

19 (d) *RECOMMITTAL OF CEILING ENFORCEMENT BILLS*
20 *REPORTED UNDER SECTION 309(e) AND PRO RATA RES-*
21 *CISSION BILLS REPORTED UNDER SECTION 309(f).*—If,
22 after all amendments proposed in either House to a bill re-
23 ported under section 309(e) or 309(f) have been considered,
24 such bill does not meet the requirements of those sections, it
25 shall be recommitted by the presiding officer without further

1 motion, in the form as then amended to the Committee on
2 Appropriations of that House with instructions to report the
3 bill back to that House within three days (not counting any
4 day on which that House is not in session) in a form which
5 meets the requirements of section 309(e) or 309(f), as the
6 case may be, and which preserves, to the greatest practicable
7 extent, the spirit and the letter of floor amendments previously
8 adopted.

9 (e) FLOOR AMENDMENTS AFTER RECOMMITTAL.—
10 During the consideration in either House of a bill reported
11 back after recommitment pursuant to subsection (d), an amend-
12 ment or series of amendments shall not be in order unless it
13 preserves the bill in a form which meets the requirements of
14 section 309(e) or 309(f), as the case may be.

15 (f) AMENDMENTS TO MEET REQUIREMENTS ALWAYS
16 IN ORDER.—Notwithstanding any other rule, if during the
17 consideration in either House of a bill reported under section
18 309 (c), (e), or (f) such bill does not, at any time, meet
19 the requirements of those sections, an amendment or series of
20 amendments which would, if adopted, make such bill meet
21 such requirements shall always be in order.

22 (g) CONFERENCE REPORTS.—It shall not be in order
23 in either House to consider a conference report on a bill re-
24 ported under section 309 (c), (e), or (f) if the bill as recom-

1 mended in the conference report does not meet the require-
2 ments of those sections.

3 SUPPLEMENTAL AND DEFICIENCY APPROPRIATIONS MUST
4 BE WITHIN CEILINGS

5 SEC. 311. After the bill required to be reported for a fiscal
6 year under section 309 (b) has been enacted into law, it shall
7 not be in order in either the Senate or the House of Repre-
8 sentatives to consider any bill or resolution providing addi-
9 tional new budget authority for such fiscal year, any amend-
10 ment to any such bill or resolution, or any conference report
11 on any such bill or resolution, if—

12 (1) the enactment of such bill or resolution as
13 reported,

14 (2) the adoption of such amendment and the enact-
15 ment of such bill or resolution as so amended, or

16 (3) the enactment of such bill or resolution in the
17 form recommended in such conference report,

18 would cause the limitation on total new budget authority or
19 the limitation on total budget outlays set forth in the most
20 recently adopted concurrent resolution on the budget for such
21 fiscal year to be exceeded.

1 *TITLE IV—ADDITIONAL RULES TO IMPROVE*
2 *FISCAL PROCEDURES*

3 *BUDGET AUTHORITY LEGISLATION MAY BE REQUIRED TO*
4 *CONTAIN OUTLAY LIMITATIONS*

5 *SEC. 401. (a) ACTION BY BUDGET COMMITTEES.—*
6 *Whenever a concurrent resolution on the budget for a fiscal*
7 *year so requires (and to the extent provided in such con-*
8 *current resolution)—*

9 *(1) bills and resolutions providing new budget au-*
10 *thority for that fiscal year reported in each House*
11 *shall also specify the amount of outlays which may be*
12 *made during that fiscal year both pursuant to the new*
13 *budget authority provided by the bill or resolution and*
14 *to any other available budget authority.*

15 *(2) legislation shall be reported by the Committee*
16 *on Appropriations in each House for that fiscal year*
17 *specifying the amount of outlays which may be made*
18 *during that fiscal year under permanent budget author-*
19 *ity, and*

20 *(3) amendments proposed in each House to bills*
21 *or resolutions providing new budget authority for that*

1 *fiscal year which increase or decrease the amount of any*
2 *budget authority shall also specify the amount of out-*
3 *lays which may be made during that fiscal year pursu-*
4 *ant to the budget authority so increased or decreased.*

5 (b) *LEGISLATION FAILING TO COMPLY SUBJECT TO*
6 *POINT OF ORDER.*—If any requirement referred to in sub-
7 *section (a) applies for a fiscal year, it shall not be in order*
8 *to consider in either House any bill, resolution, or amendment*
9 *which does not comply with such requirement.*

10 (c) *STUDIES AND ASSISTANCE BY CONGRESSIONAL*
11 *OFFICE OF THE BUDGET.*—The Director of the Congres-
12 *sional Office of the Budget shall undertake studies and provide*
13 *assistance to the committees of both Houses which have juris-*
14 *diction over legislation providing budget authority to enable*
15 *such committees to comply with the provisions of subsection*
16 *(a).*

17 *LIMITATION ON NEW ADVANCE BUDGET AUTHORITY*

18 *SEC. 402. (a) LEGISLATION SUBJECT TO POINT OF*
19 *ORDER.*—It shall not be in order in either the Senate or the
20 *House of Representatives to consider any bill or resolu-*
21 *tion which provides new advance budget authority (or any*
22 *amendment which provides new advance budget authority)*
23 *unless such bill or resolution, or such amendment, also pro-*
24 *vides that the new advance budget authority is to be exercised*
25 *for any fiscal year only to such extent or in such amounts as*

1 are provided for such fiscal year in appropriation Acts or
2 other laws enacted after the enactment of such bill or
3 resolution.

4 (b) NEW ADVANCE BUDGET AUTHORITY DEFINED.—
5 For purposes of subsection (a)—

6 (1) NEW ADVANCE BUDGET AUTHORITY.—The
7 term “new advance budget authority” means advance
8 budget authority provided by law enacted after the
9 date of enactment of this Act, including any increase in,
10 or addition to, any advance budget authority provided
11 by law in effect on the date of enactment of this Act.

12 (2) ADVANCE BUDGET AUTHORITY.—The term
13 “advance budget authority” means authority provided
14 by law, whether on a temporary or permanent basis—

15 (A) to enter into contracts, under which the
16 United States is obligated to make outlays, which
17 have not been provided for in advance by appropria-
18 tion Acts,

19 (B) to incur indebtedness, for the repayment of
20 which the United States is liable (other than in-
21 debtedness incurred under the Second Liberty Bond
22 Act), which has not been provided for in advance
23 by appropriation Acts,

24 (C) to guarantee on behalf of the United States
25 the repayment of indebtedness (other than indebted-

1 *ness described in subparagraph (B)), which has not*
2 *been provided for in advance by appropriation Acts,*
3 *(D) to make payments (including loans and*
4 *grants), which have not been provided for in ad-*
5 *vance by appropriation Acts, to any person or gov-*
6 *ernment if, under the provisions of the law containing*
7 *such authority, the United States is obligated to make*
8 *such payments to persons or governments who meet*
9 *the requirements established by such law, and*

10 *(E) to obligate the United States to make out-*
11 *lays by any other means which has not been provided*
12 *for in advance by appropriation Acts.*

13 *(c) REFERENCE OF BILLS AND RESOLUTIONS.—All*
14 *bills and resolutions introduced in the Senate which authorize*
15 *the exercise of new advance budget authority shall be re-*
16 *ferred to the Committee on Appropriations of the Senate. No*
17 *committee of the Senate other than the Committee on Appro-*
18 *priations shall have jurisdiction to report any bill or other*
19 *measure which authorizes the exercise of new advance*
20 *budget authority. All bills and resolutions introduced in*
21 *the House of Representatives which authorize the exercise*
22 *of new advance budget authority shall be referred to the*
23 *Committee on Appropriations of the House. No committee of*
24 *the House other than the Committee on Appropriations shall*

1 *have jurisdiction to report any bill or resolution which au-*
 2 *thorizes the exercise of new advance budget authority.*

3 *REQUIREMENT OF ADVANCE AUTHORIZATIONS BY*
 4 *LEGISLATIVE COMMITTEES*

5 *SEC. 403. It shall not be in order in either the Senate*
 6 *or the House of Representatives to consider any bill or resolu-*
 7 *tion (or conference report thereon) authorizing the enactment*
 8 *of new budget authority for any fiscal year after May 31*
 9 *preceding the beginning of such fiscal year.*

10 *JURISDICTION OF APPROPRIATION COMMITTEES*

11 *SEC. 404. (a) AMENDMENT OF SENATE RULES.—*
 12 *Subparagraph (c) of paragraph 1 of rule XXV of the*
 13 *Standing Rules of the Senate is amended to read as follows:*

14 *“(c) Committee on Appropriations, to which committee*
 15 *shall be referred all proposed legislation, messages, petitions,*
 16 *memorials, and other matters relating to the following*
 17 *subjects:*

18 *“1. Except as provided in subparagraph (r)1,*
 19 *appropriation of the revenue for the support of the*
 20 *Government.*

21 *“2. Rescission of appropriations.*

22 *“3. The amount of outlays for a fiscal year under*
 23 *permanent budget authority, to the extent section 401(a)*

1 (2) of the Federal Act To Control Expenditures and
2 Establish National Priorities applies for such fiscal year.

3 “4. The exercise of new advance budget authority
4 within the meaning of section 402 of the Federal Act to
5 Control Expenditures and Establish National Prior-
6 ities.”.

7 (b) AMENDMENT OF HOUSE RULES.—Clause 2 of rule
8 XI of the Rules of the House of Representatives is amended
9 be redesignating paragraph (b) as (e) and by inserting after
10 paragraph (a) the following new paragraphs:

11 “(b) Rescission of appropriations.

12 “(c) The amount of outlays for a fiscal year under
13 permanent budget authority, to the extent section 401(a)(2)
14 of the Federal Act To Control Expenditures and Establish
15 National Priorities applies for such fiscal year.

16 “(d) The exercise of new advance budget authority with-
17 in the meaning of section 402 of the Federal Act To Control
18 Expenditures and Establish National Priorities.”.

19 TITLE V—CHANGE OF FISCAL YEAR

20 FISCAL YEAR TO BEGIN OCTOBER 1

21 SEC. 501. Section 237 of the Revised Statutes (31
22 U.S.C. 1020) is amended to read as follows:

23 “SEC. 237. (a) The fiscal year of the Treasury of the
24 United States, in all matters of accounts, receipts, expendi-
25 tures, estimates, and appropriations—

1 “(1) shall, through June 30, 1974, commence on
2 July 1 of each year and end on June 30 of the follow-
3 ing year;

4 “(2) shall for the period commencing July 1,
5 1974, and ending on September 30, 1975, be for such
6 period; and

7 “(3) shall, beginning on October 1, 1975, com-
8 mence on October 1 of each year and end on September
9 30 of the following year.

10 “(b) All accounts of receipts and expenditures required
11 by law to be published annually shall be prepared and
12 published for each fiscal year as established by subsection
13 (a).”

14 SPECIAL AUTHORIZATION OF APPROPRIATIONS

15 SEC. 502. In the case of any law enacted before the
16 date of the enactment of this Act which authorizes the appro-
17 priation of a specified amount (or which authorizes the ap-
18 propriation of sums not to exceed a specified amount) for the
19 fiscal year commencing July 1, 1974, the amount so specified
20 is hereby increased by 25 percent.

21 TRANSMITTAL OF BUDGET

22 SEC. 503. Section 201(a) of the Budget and Accounting
23 Act, 1921 (31 U.S.C. 11), is amended by striking out the
24 first sentence and inserting in lieu thereof the following: “The
25 President shall transmit to the Congress the Budget which

1 shall set forth his budget message, summary data and text,
2 and supporting detail. The budget for any fiscal year be-
3 ginning before October 1, 1975, shall be transmitted dur-
4 ing the first fifteen days of that regular session of the Con-
5 gress which commences prior to the beginning of the fiscal
6 year, and the Budget for any fiscal year beginning on or
7 after October 1, 1975, shall be transmitted on or before
8 February 1 preceding the beginning of the fiscal year."

9

ACCOUNTING PROCEDURES

10 SEC. 504. (a) Subsection (a)(1) of the first section
11 of the Act entitled "An Act to simplify accounting, facilitate
12 the payment of obligations, and for other purposes", ap-
13 proved July 25, 1956, as amended (31 U.S.C. 701), is
14 amended to read as follows:

15 "(1) The obligated balance shall be transferred, at
16 the time specified in subsection (b)(1) of this section,
17 to an appropriation account of the agency or subdivi-
18 sion thereof responsible for the liquidation of the obliga-
19 tions, in which account shall be merged the amounts so
20 transferred from all appropriation accounts for the same
21 general purposes; and".

22 (b) Subsection (b) of such section is amended to read
23 as follows:

24 "(b)(1) Any obligated balance referred to in sub-
25 section (a)(1) of this section shall be transferred as follows:

1 “(A) for any fiscal year or years ending on or be-
2 fore June 30, 1974, on that June 30 which falls in the
3 first month of June which occurs twenty-four months
4 after the end of such fiscal year or years; and

5 “(B) for any fiscal year commencing on or after
6 July 1, 1974, on September 30 of the second fiscal year
7 following the fiscal year or years for which the appro-
8 priation is available for obligation.

9 “(2) The withdrawals required by subsection (a)(2)
10 of this section shall be made—

11 “(A) for any fiscal year ending on or before
12 June 30, 1974, not later than September 30 of the fiscal
13 year immediately following the fiscal year in which the
14 period of availability for obligation expires; and

15 “(B) for any fiscal year commencing on or after
16 July 1, 1974, not later than January 1 following the
17 fiscal year in which the period of availability for obliga-
18 tion expires.”

19 CONVERSION OF AUTHORIZATIONS OF APPROPRIATIONS

20 SEC. 505. Any law providing for an authorization of
21 appropriations commencing on July 1 of a year shall, if that
22 year is any year after 1974, be considered as meaning Octo-
23 ber 1 of that year. Any law providing for an authorization of
24 appropriations ending on June 30 of a year shall, if that
25 year is any year after 1974, be considered as meaning

1 September 30 of that year. Any law providing for an au-
 2 thorization of appropriation for the fiscal year 1975 or any
 3 fiscal year thereafter shall be construed as referring to that
 4 fiscal year ending on September 30 of the calendar year
 5 having the same calendar year number as the fiscal year
 6 number.

7 ECONOMIC REPORTS

8 SEC. 506. (a) Section 3 of the Employment Act of
 9 1946 (15 U.S.C. 1022), is amended by striking out "The
 10 President shall transmit to the Congress not later than Jan-
 11 uary 20 of each year" and inserting in lieu thereof the
 12 following: "Not later than January 20 of each year before
 13 1975, and not later than February 5 of each year after
 14 1974, the President shall transmit to the Congress".

15 (b) Section 5(b)(3) of such Act (15 U.S.C. 1024) is
 16 amended by striking out "(beginning with the year 1947)"
 17 and inserting in lieu thereof "before 1975 and not later
 18 than March 20 of each year after 1974,".

19 REPEALS

20 SEC. 507. The following provisions of law are repealed:

21 (1) The ninth paragraph under the headings "Legisla-
 22 tive Establishment", "Senate", of the Deficiency Appropria-
 23 tion Act, fiscal year 1934 (48 Stat. 1022; 2 U.S.C. 66);
 24 and

25 (2) The proviso to the second paragraph under the
 26 headings "House of Representatives", "Salaries, Mileage, and

1 *Expenses of Members*", of the Legislative-Judiciary Appro-
 2 priation Act, 1955 (68 Stat. 400; 2 U.S.C. 81).

3 TECHNICAL AMENDMENT

4 SEC. 508. (a) Section 105 of title 1, United States
 5 Code, is amended by striking out "June 30" and inserting
 6 in lieu thereof "September 30".

7 (b) The provisions of this section shall be effective with
 8 respect to Acts making appropriations for the support of the
 9 Government for any fiscal year commencing on or after
 10 July 1, 1974.

11 TITLE VI—AMENDMENTS TO BUDGET AND
 12 ACCOUNTING ACT, 1921, AND ANALYSES
 13 PRESIDENTIAL BUDGET TO INCLUDE SAME ELEMENTS AS
 14 CONGRESSIONAL BUDGET AND TAX EXPENDITURES

15 SEC. 601. Section 201 of the Budget and Accounting
 16 Act, 1921 (31 U.S.C. 11), is amended by adding at the end
 17 thereof the following new subsections:

18 "(d) The Budget transmitted pursuant to subsection (a)
 19 for each fiscal year shall set forth separately the items enu-
 20 merated in subsection (a) (other than paragraph (9)) of
 21 section 301 of the Federal Act to Control Expenditures and
 22 Establish National Priorities.

23 "(e) The budget transmitted pursuant to subsection (a)
 24 for each fiscal year shall set forth the existing levels of tax
 25 expenditures (the tax expenditures budget) by major budget
 26 categories, and an estimate, based on projected economic

1 *factors, of any anticipated change in the levels of tax expendi-*
2 *tures for that fiscal year. For purposes of this subsection,*
3 *the terms 'tax expenditures' and 'tax expenditures budget'*
4 *have the meanings given to them by section 2(3) of the Fed-*
5 *eral Act to Control Expenditures and Establish National*
6 *Priorities."*.

7 *FIVE-YEAR BUDGET PROJECTIONS*

8 *SEC. 602. (a) Section 201(a) of the Budget and*
9 *Accounting Act, 1921 (31 U.S.C. 11), is amended—*

10 *(1) by inserting after "ensuing fiscal year" in*
11 *paragraph (5) "and the four fiscal years immediately*
12 *following the ensuing fiscal year";*

13 *(2) by striking out "such year" in paragraph (5)*
14 *and inserting in lieu thereof "such years"; and*

15 *(3) by inserting after "ensuing fiscal year" in*
16 *paragraph (6) "and the four fiscal years immediately*
17 *following the ensuing fiscal year".*

18 *(b) Section 201 of such Act is amended by adding after*
19 *subsection (e) (as added by section 601 of this Act) the*
20 *following new subsection:*

21 *"(f) The budget transmitted pursuant to subsection (a)*
22 *for each fiscal year shall include (1) an examination of pro-*
23 *posed expenditures (including tax expenditures) and appro-*
24 *priations and estimated receipts within a comprehensive*
25 *framework of existing and proposed programs and (2) the*

1 bases used for the proposed expenditures (including tax
2 expenditures) and appropriations and estimated receipts.”

3 BUDGET DATA BASED ON CONTINUATION OF EXISTING
4 LEVEL OF SERVICES

5 SEC. 603. On or before December 1 of each year (be-
6 ginning with 1974), the President shall submit to the Com-
7 mittees on the Budget of the Senate and the House of Rep-
8 resentatives the estimated expenditures and proposed appro-
9 priations, by functional and subfunctional category, which
10 would be included in the budget to be submitted pursuant to
11 section 201 of the Budget and Accounting Act, 1921, for
12 the ensuing fiscal year if all programs and activities were
13 carried on during such ensuing fiscal year at the same level
14 as the fiscal year in progress and without policy changes in
15 such programs and activities.

16 ANALYSIS BY CONGRESSIONAL OFFICE OF THE BUDGET

17 SEC. 604. (a) With respect to each bill or resolution of a
18 public character reported by any committee of the Senate or
19 the House of Representatives (except the Committee on Ap-
20 propriations and the Committee on the Budget of each House),
21 the Director of the Congressional Office of the Budget shall
22 prepare and make available for inclusion in the report accom-
23 panying such bill or resolution—

24 (1) an estimate of the costs which would be incurred
25 in carrying out such bill or joint resolution in the fiscal

1 year in which it is to become effective and in each of the
2 four fiscal years following such fiscal year, together with
3 the basis for each such estimate;

4 (2) a comparison of the estimate of costs described in
5 paragraph (1) with any estimate of costs made by such
6 committee and any Federal agency; and

7 (3) a list of existing and proposed Federal pro-
8 grams, including assistance from tax expenditures, which
9 provide or would provide financial assistance for the ob-
10 jectives of the program or programs authorized by the bill
11 or resolution.

12 (b) It shall not be in order in either the Senate or the
13 House of Representatives to consider any bill or joint resolu-
14 tion unless the report accompanying such bill or resolution
15 contains the material described in subsection (a) prepared
16 by the Director of the Congressional Office of the Budget.

17 (c) Section 252 of the Legislative Reorganization Act
18 of 1970 is repealed.

19 TITLE VII—PILOT TESTING AND EVALUATION
20 OF PROGRAMS

21 PILOT TESTING OR EVALUATION OF MAJOR OUTLAY
22 PROGRAMS

23 SEC. 701. (a) Except as provided in subsection (c), it
24 shall not be in order in either the Senate or the House of Rep-
25 resentatives to consider any bill or resolution which estab-
26 lishes or extends a major outlay program unless such bill or

1 resolution provides (or a prior law has provided) for a pilot
2 test or an evaluation of such program, to be completed not
3 later than three years after the enactment of such bill or res-
4 olution.

5 (b) For the purpose of this title, a major outlay pro-
6 gram is any program (including a program involving tax
7 expenditures) estimated to cost more than \$100,000,000 for
8 the first three fiscal years of the program or extension thereof,
9 as indicated in the material prepared by the Director of the
10 Congressional Office of the Budget and included in the report
11 accompanying the bill or resolution under section 604 of this
12 Act.

13 (c) Subsection (a) shall not apply to a bill or resolution
14 if the committee report accompanying it contains a state-
15 ment, together with full reasons therefor, that the committee
16 has given full consideration to pilot testing and program
17 evaluation and, in its judgment, neither would be feasible or
18 desirable for the program established or extended.

19 (d) A pilot test of a major outlay program shall—

20 (1) specify the clear objectives of the program, as
21 well as the criteria which will be used in the measure-
22 ments,

23 (2) include a replica as nearly as possible of the
24 program if it were implemented on a permanent basis,

25 (3) be conducted for a defined period of time,

1 (4) be conducted by a department or agency of the
2 Government or a public or private organization specified
3 in the law providing for the pilot test,

4 (5) provide a valid comparison criterion for evalua-
5 tion, including one or more of the following: control
6 groups; base rates derived from prior time frames; or
7 other valid measurement, and

8 (6) test alternative options toward achievement of
9 the objectives specified in paragraph (1).

10 (e) The department, agency, or organization which con-
11 ducts the pilot test or program evaluation shall report the
12 results of the test or evaluation, and the data or other infor-
13 mation upon which the results are based, to the committees of
14 the Senate and the House of Representatives which have juris-
15 diction to report legislation implementing the program on a
16 broad scale or authorizing its further extension. Such report
17 shall be submitted in sufficient time to permit adequate consid-
18 eration by the Congress of legislation to implement the pro-
19 gram on a broader scale or to authorize its further extension.

20 (f) Nothing contained in this title shall preclude simul-
21 taneous multiple pilot tests of a major outlay program to deter-
22 mine the most feasible alternative before broader implementa-
23 tion.

24 (g) Each committee to which a report of a pilot test or
25 program evaluation with respect to a major outlay program

1 is submitted under subsection (e) shall submit to its House a
2 report on the test or evaluation. It shall not be in order in
3 either the Senate or the House of Representatives to consider
4 any bill or resolution which authorizes the enactment of budget
5 authority for the major outlay program, for any period after
6 the date for completion of the pilot test or program evalua-
7 tion of the major outlay program, until the committee or com-
8 mittees of that House have submitted the report required by
9 the preceding sentence.

10

COMMITTEE ANALYSIS

11 SEC. 702. (a) Each committee to which a report of a
12 pilot test or program evaluation, with respect to a major out-
13 lay program, is submitted under section 701 shall analyze
14 and consider the results of the test or evaluation in its con-
15 sideration of legislation to implement the major outlay pro-
16 gram on a broader scale or to extend authorization of the
17 program, as the case may be. Such analysis shall include a re-
18 view of the data and other information upon which the de-
19 partment, agency, or organization which conducted the test
20 or evaluation based its findings, results, and recommenda-
21 tions. In conducting such analysis, the committees of the two
22 Houses may conduct hearings jointly.

23 (b) The report of a committee on legislation to imple-
24 ment on a broader scale or extend authorization for a major

1 outlay program shall include (but not be limited) to the
2 following matters:

3 (1) Suitability of the Federal Government to imple-
4 ment such program on a broader scale or to continue the
5 conduct of such program.

6 (2) A summary of any available evaluations or
7 analyses of such program, including cost benefit studies,
8 in relation to other alternative approaches.

9 (3) In the event the legislation would change a
10 current method of dealing with a specific problem, a com-
11 parison of the current method used and the method used
12 in the test and an analysis in terms of relative effective-
13 ness.

14 REVIEW AND EVALUATION BY THE COMPTROLLER

15 GENERAL

16 SEC. 703. Part I of title II of the Legislative Reorgani-
17 zation Act of 1970 (84 Stat. 1167; Public Law 91-510;
18 31 U.S.C. 1151 and following) is amended by striking out
19 section 204 and inserting in lieu thereof the following:

20 "ASSISTANCE TO CONGRESS BY GENERAL ACCOUNTING

21 OFFICE

22 "SEC. 204. (a) The Comptroller General shall review
23 and evaluate the results of Government programs and activi-
24 ties carried on under existing law when ordered by either
25 House of Congress, or upon his own initiative, or when re-

1 requested by any committee of the House of Representatives or
2 the Senate, or any joint committee of the two Houses having
3 jurisdiction over such programs and activities.

4 “(b) The Comptroller General upon request of any com-
5 mittee of the House of Representatives or the Senate, any
6 joint committee of the two Houses, or any Member of either
7 House—

8 “(1) in developing specifications for legislative re-
9 quirements for executive branch evaluations of Federal
10 programs and activities, including reporting the results
11 of such evaluations to the Congress, and

12 “(2) in analyzing and assessing program reviews,
13 evaluation studies, or cost-benefit studies prepared by
14 or for any Federal agency or organization to assist such
15 committee in meeting the requirements of section 702 and
16 section 802 of the Federal Act to Control Expenditures
17 and Establish National Priorities.

18 “(c) The Comptroller General shall develop and pre-
19 scribe principles and standards for the evaluation of Federal
20 programs and activities, and submit an annual report.

21 “(d) The Comptroller General shall monitor the vari-
22 ous recurring reporting requirements of the Congress and
23 committees and make recommendations to the Congress and
24 committees for changes and improvements in these reporting
25 requirements to meet the congressional information needs

1 ascertained by the Comptroller General, to enhance their
2 usefulness to the congressional users, and to eliminate dupli-
3 cative or unneeded reporting.

4 “(e) In carrying out his responsibilities under this sec-
5 tion, the Comptroller General is authorized to establish an
6 Office of Program Review and Evaluation within the Gen-
7 eral Accounting Office. The Comptroller General is author-
8 ized to employ not to exceed ten experts on a permanent,
9 temporary, or intermittent basis and to obtain services as
10 authorized by section 3109 of title 5, United States Code,
11 but in either case at a rate (or the daily equivalent) for
12 individuals not to exceed that prescribed, from time to time,
13 for level V of the Executive Schedule under section 5316 of
14 title 5, United States Code.”

15 TITLE VIII—LIMITATION ON PERIOD OF AU-
16 THORIZATION OF NEW BUDGET AUTHOR-
17 ITY FOR MAJOR OUTLAY PROGRAMS;
18 REQUIRED REVIEWS

19 AUTHORIZATION OF NEW BUDGET AUTHORITY LIMITED
20 TO THREE FISCAL YEARS

21 SEC. 801. (a) No law enacted after the effective date
22 of this title which authorizes new budget authority for any
23 major outlay program may authorize such new budget au-
24 thority for a period of more than three fiscal years.

25 (b) All provisions of law in effect on the effective date

1 of this title which authorize new budget authority for any
2 major outlay program for a period of more than three fiscal
3 years, beginning with the first fiscal year which commences
4 after such date, shall cease to be effective at the end of the
5 fourth fiscal year beginning after such date.

6 (c) All provisions of law in effect on the effective date
7 of this title which authorize new budget authority for any
8 major outlay program for an unspecified number of fiscal
9 years shall cease to be effective at the end of the fifth year
10 beginning after such date.

11 (d) Subsections (a), (b), and (c) shall not apply to
12 any major outlay program funded in whole or major part by
13 user taxes.

14 (e) (1) For purposes of this title, the term "major
15 outlay program" means a program for which the sum of—

16 (A) the amount of new budget authority authorized
17 to be provided for the fiscal year in progress (or, if no
18 new budget authority has been authorized, the amount of
19 new budget authority requested for such fiscal year in
20 the budget submitted by the President), and

21 (B) the aggregate of the new budget authority pro-
22 vided for the two preceding fiscal years,
23 is more than \$100,000,000. Such term includes, for purposes
24 of subsection (a), a program enacted after the effective date of

1 *this title which is a major outlay program as defined in section*
2 *701(b).*

3 *(2) For purposes of this title, a program for which new*
4 *budget authority has not been provided or authorized (or re-*
5 *quested) for a period of three fiscal years, shall be treated*
6 *as a major outlay program (until new budget authority has*
7 *been provided or authorized (or requested) for three fiscal*
8 *years), if the sum of—*

9 *(A) the amount, if any, of new budget authority au-*
10 *thorized to be provided for the fiscal year in progress*
11 *(or, if no budget authority has been authorized, the*
12 *amount, if any, of new budget authority requested for*
13 *such fiscal year in the budget submitted by the*
14 *President),*

15 *(B) the new budget authority, if any, provided for*
16 *such program for any preceding fiscal year in such*
17 *period, and*

18 *(C) the estimated cost of such program (as deter-*
19 *mined by the Director of the Congressional Office of the*
20 *Budget) for any fiscal year in such period for which no*
21 *amount is applicable under paragraph (1) or (2),*
22 *is more than \$100,000,000.*

23 *COMPREHENSIVE REVIEW AND STUDY*

24 *SEC. 802. (a) (1) During the period prescribed in sub-*
25 *section (b), each committee of the Senate and the House of*

1 *Representatives which has jurisdiction to report legislation*
2 *authorizing new budget authority for a major outlay pro-*
3 *gram shall conduct a comprehensive review and study of*
4 *such program and shall submit a report thereon to the Senate*
5 *or the House, as the case may be. In conducting any such*
6 *review and study, the committee shall receive testimony and*
7 *evidence in hearings open to the public, except that such*
8 *hearings may be closed to the public upon the same terms*
9 *and conditions as hearings of the Committee on the Budget*
10 *of that House may be closed to the public.*

11 *(2) Prior to the beginning of the period (or as soon*
12 *thereafter as possible), during which any committee of the*
13 *Senate or the House of Representatives is to conduct a com-*
14 *prehensive review and study of a major outlay program, the*
15 *head of the department or agency of the Government which*
16 *administers the program (or any part thereof) shall submit to*
17 *the committee an evaluation and analysis of the program.*

18 *(b) (1) The period referred to in subsection (a) for*
19 *the first comprehensive review and study of a major outlay*
20 *program is—*

21 *(A) with respect to any major outlay program in*
22 *effect on the effective date of this title, the last fiscal year*
23 *commencing after such effective date for which new*
24 *budget authority is authorized for such program (after*
25 *the application of section 801), except that (i) such re-*

1 view and study may be conducted in a fiscal year pre-
2 ceding such last fiscal year if the committees of both
3 Houses required to conduct such review and study agree
4 to conduct it during such preceding fiscal year, and (ii)
5 if such last fiscal year precedes the third fiscal year com-
6 mencing after such date, such review and study may
7 be conducted during such third fiscal year if the commit-
8 tees of both Houses required to conduct such review and
9 study agree to conduct it during that fiscal year, and

10 (B) with respect to any major outlay program en-
11 acted after such effective date, the third fiscal year dur-
12 ing which the program is in effect.

13 For purposes of applying this paragraph, the provisions of
14 section 801 shall be applied without regard to subsection (d)
15 thereof.

16 (2) The period referred to in subsection (a) for the
17 comprehensive review and study of a major outlay pro-
18 gram (after the first such review and study) is the third
19 fiscal year following the period during which the preceding
20 review and study was conducted.

21 (c) Insofar as possible, the committees of the Senate
22 and House of Representatives which have jurisdiction over a
23 major outlay program shall conduct the review and study
24 required by subsection (a) at the same time. Such committees

1 may conduct the hearings required by such subsection
2 jointly.

3 (d) The report of a committee on a review and study
4 of a major outlay program shall contain an analysis of the
5 program and the committee's evaluation of the overall suc-
6 cess or failure of the program, and shall include (but not be
7 limited to) the following matters:

8 (1) Whether the program objectives are still rele-
9 vant.

10 (2) Whether the program has adhered to the orig-
11 inal and intended purpose.

12 (3) Whether the program has had any substantial
13 impact on solving the problems and objectives dealt with
14 in the program.

15 (4) The impact of the program on the functions and
16 freedom of the private sector of the economy.

17 (5) The feasibility of alternative programs and
18 methods for dealing with the problems dealt with in the
19 program and their cost effectiveness.

20 (6) The relation of all Government and private pro-
21 grams dealing with the problems dealt with in the
22 program.

23 (7) An examination of proposed legislation pending
24 in either House dealing with the problems being dealt with

1 in the program, including an examination of each pro-
2 posed legislation in the context of—

3 (A) existing laws,

4 (B) other proposed legislation,

5 (C) private efforts, and

6 (D) whether public efforts will hinder or help
7 private efforts.

8 COORDINATION WITH TITLE VII

9 SEC. 803. (a) If a committee of the Senate or the House
10 of Representatives which is required under section 802 to
11 conduct a comprehensive review and study of a major outlay
12 program is also (but for the provisions of this section) re-
13 quired under section 702, during the same period, to analyze
14 and consider the results of an evaluation of such program
15 under section 701, such committee shall conduct the compre-
16 hensive review and study of such program under section 802,
17 and the provisions of section 702 shall not apply with respect
18 to such evaluation.

19 (b) If a committee of the Senate or the House of Repre-
20 sentatives which (but for this subsection) is required under
21 section 702 to analyze and consider the results of an evalua-
22 tion of a major outlay program has conducted a comprehen-
23 sive review and study of such program during either of the

1 *two fiscal years preceding the period when such analysis is*
2 *otherwise required, the provisions of section 702 shall not*
3 *apply with respect to such evaluation.*

4 *LEGISLATION SUBJECT TO POINT OF ORDER*

5 *SEC. 804. It shall not be in order in either the Senate*
6 *or the House of Representatives to consider—*

7 *(1) any bill or resolution which authorizes the en-*
8 *actment of new budget authority for any major outlay*
9 *program for any fiscal year beginning after the period*
10 *during which the committee of that House which has juris-*
11 *isdiction over the program is required to conduct a com-*
12 *prehensive review and study under section 802, until that*
13 *committee has submitted the report thereon required by*
14 *such section, or*

15 *(2) any bill or resolution which authorizes the en-*
16 *actment of new budget authority for any major outlay*
17 *program for a period of more than three fiscal years.*

18 *TITLE IX—FISCAL AND BUDGETARY INFOR-*
19 *MATION AND CONTROLS*

20 *SEC. 901. That part of title II of the Legislative Re-*
21 *organization Act of 1970 which precedes section 201 thereof*
22 *(84 Stat. 1167; Public Law 91-510; 31 U.S.C. chapter*
23 *22) is amended by striking out—*

1 “TITLE II—FISCAL CONTROLS

2 “PART 1—BUDGETARY AND FISCAL INFORMATION AND
3 DATA”

4 *and inserting in lieu thereof—*

5 “TITLE II—FISCAL AND BUDGETARY INFOR-
6 MATION AND CONTROLS

7 “PART 1—FISCAL, BUDGETARY, AND PROGRAM-RELATED
8 DATA AND INFORMATION”

9 SEC. 902. Part 1 of title II of the Legislative Reorgani-
10 zation Act of 1970 (84 Stat. 1167; Public Law 91-510; 31
11 U.S.C. 1151 and following) is amended by striking out sec-
12 tions 201, 202, and 203 and inserting in lieu thereof the
13 following:

14 “FEDERAL FISCAL, BUDGETARY, AND PROGRAM-RELATED
15 DATA AND INFORMATION SYSTEMS

16 “SEC. 201. The Secretary of the Treasury and the Direc-
17 tor of the Office of Management and Budget, in cooperation
18 with the Comptroller General of the United States, shall de-
19 velop, establish, and maintain, for use by all Federal agencies,
20 standardized data and information systems for fiscal, budg-
21 etary, and program-related data and information. The de-
22 velopment, establishment, and maintenance of such systems
23 shall be carried out so as to meet the needs of the various
24 branches of the Federal Government and, insofar as prac-
25 ticable, of governments at the State and local level.

1 "STANDARDIZATION OF TERMINOLOGY, DEFINITIONS, CLAS-
2 SIFICATIONS, AND CODES FOR FISCAL, BUDGETARY,
3 AND PROGRAM-RELATED DATA AND INFORMATION

4 "SEC. 202. (a) *The Comptroller General of the United*
5 *States, in cooperation with the Secretary of the Treasury*
6 *and the Director of the Office of Management and Budget,*
7 *shall develop, establish, maintain, and publish standard*
8 *terminology, definitions, classifications, and codes, for Fed-*
9 *eral fiscal, budgetary, and program-related data and infor-*
10 *mation. The authority contained in this part shall include, but*
11 *not be limited to, data and information pertaining to Fed-*
12 *eral fiscal policy, revenues, receipts, expenditures, functions,*
13 *programs, projects, and activities and shall be carried out so*
14 *as to meet the needs of the various branches of the Federal*
15 *Government and, insofar as practicable, of governments at*
16 *the State and local level. Such standard terms, definitions,*
17 *classifications, and codes shall be used by all executive depart-*
18 *ments and agencies in supplying to the Congress fiscal, budg-*
19 *etary, and program-related data and information.*

20 "(b) *In carrying out this responsibility, the Comptroller*
21 *General of the United States shall cooperate with and give*
22 *particular consideration to the needs of the Committee on the*
23 *Budget of the House of Representatives and the Senate and*
24 *the Congressional Office of the Budget.*

25 "(c) *The Comptroller General of the United States*

1 shall submit to both Houses of the Congress, on or before
2 June 30, 1975, a report containing his recommendations for
3 the initial standard terms, definitions, and classifications, as
4 described in this part, and shall recommend legislation to
5 implement them as may be necessary.

6 “(d) The Comptroller General shall monitor the various
7 recurring reporting requirements of the Congress and com-
8 mittees and make recommendations to the Congress and
9 committees for changes and improvements in these reporting
10 requirements to meet the congressional information needs
11 ascertained by the Comptroller General, to enhance their
12 usefulness to the congressional users, and to eliminate dupli-
13 cative or unneeded reporting.

14 “AVAILABILITY TO AND USE BY THE CONGRESS AND STATE
15 AND LOCAL GOVERNMENTS OF FEDERAL FISCAL,
16 BUDGETARY, AND PROGRAM-RELATED DATA AND
17 INFORMATION

18 “SEC. 203. (a) Upon request of any committee of either
19 House, of any joint committee of the two Houses, of the Com-
20 ptroller General, or of the Director of the Congressional Office
21 of the Budget, the Secretary of the Treasury, the Director of
22 the Office of Management and Budget, or the heads of the
23 various executive agencies shall—

24 “(1) furnish to the congressional committee, the
25 joint committee, the Comptroller General, or the Direc-

1 *tor of the Congressional Office of the Budget, informa-*
2 *tion as to the location and nature of available fiscal,*
3 *budgetary, and program-related data and information;*

4 *“(2) prepare summary tables of such data and*
5 *information and any related information deemed neces-*
6 *sary by the requesting committee, joint committee, the*
7 *Comptroller General, or the Director of the Congres-*
8 *sional Office of the Budget; and*

9 *“(3) furnish any program evaluations conducted or*
10 *commissioned by any executive agency as deemed neces-*
11 *sary by the requesting committee, joint committee, the*
12 *Comptroller General, or the Director of the Congres-*
13 *sional Office of the Budget.*

14 *“(b) The Comptroller General, in cooperation with the*
15 *Director of the Congressional Office of the Budget, the Secre-*
16 *tary of the Treasury, and the Director of the Office of Man-*
17 *agement and Budget, shall—*

18 *“(1) develop, establish, and maintain an up-to-date*
19 *inventory and directory of sources and information sys-*
20 *tems containing fiscal, budgetary, and program-related*
21 *data and information and a brief description of their*
22 *content;*

23 *“(2) provide, upon request, assistance to commit-*
24 *tees, joint committees, and Members of Congress in*
25 *securing Federal fiscal, budgetary, and program-related*

1 *data and information from the sources identified in*
2 *the inventory and directory described in this part; and*
3 “(3) *furnish, upon request, assistance to committees,*
4 *joint committees, and Members of Congress in appraising*
5 *and analyzing fiscal, budgetary, and program-related*
6 *data and information secured from the sources iden-*
7 *tified in the inventory and directory described in this*
8 *part.*

9 “(c) *The Comptroller General and the Director of*
10 *the Congressional Office of the Budget shall, to the extent*
11 *they deem necessary, develop, establish, and maintain a*
12 *central file or files of the data and information required*
13 *to carry out the purposes of this title. Such a file or files*
14 *shall be established to meet recurring requirements of the*
15 *Congress for fiscal, budgetary, and program-related data*
16 *and information and shall include, but not be limited to,*
17 *data and information pertaining to budget requests, con-*
18 *gressional authority to obligate and spend, apportionment*
19 *and reserve actions, and obligations and expenditures. Such*
20 *file or files and their indexes shall be maintained in such a*
21 *manner as to facilitate their use by the committees of both*
22 *Houses, joint committees, and other congressional agencies*
23 *through modern data processing and communications*
24 *techniques.*

25 “(d) *The Comptroller General, in cooperation with*

1 the Director of the Congressional Office of the Budget, the
 2 Director of the Office of Management and Budget, the Ad-
 3 ministrator of the General Services Administration, and
 4 appropriate representatives of State and local governments,
 5 shall develop procedures to assure access by State and
 6 local governments to such fiscal, budgetary, and program
 7 information as may be necessary for the accurate and timely
 8 determination by these governments of the impact of Federal
 9 assistance upon their budgets.”.

10 SEC. 903. The table of contents of title II of the Legis-
 11 lative Reorganization Act of 1970 (84 Stat. 1140; Public
 12 Law 91-510; 31 U.S.C. chapter 22) is amended by strik-
 13 ing out—

“TITLE II—FISCAL CONTROLS

“PART 1—BUDGETARY AND FISCAL INFORMATION AND DATA

“Sec. 201. Budgetary and fiscal data processing system.

“Sec. 202. Budget standard classifications.

“Sec. 203. Availability to Congress of budgetary, fiscal, and related data.”

14 and inserting in lieu thereof—

“TITLE II—FISCAL AND BUDGETARY INFORMATION AND
 CONTROLS

“PART 1—FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND
 INFORMATION

“Sec. 201. Federal fiscal, budgetary, and program-related data and infor-
 mation systems.

“Sec. 202. Standardization of terminology, definitions, classifications, and
 codes for fiscal, budgetary, and program-related data and
 information.

“Sec. 203. Availability to and use by the Congress and State and local
 governments of Federal fiscal, budgetary, and program-
 related data and information.”.

1 *TITLE X—MISCELLANEOUS PROVISIONS;*2 *EFFECTIVE DATES*3 *CONFORMING AMENDMENTS TO STANDING RULES*4 *OF THE SENATE*

5 *SEC. 1001. Paragraph 1 of rule XXV of the Standing*
6 *Rules of the Senate is amended—*

7 (1) *by striking out “Revenue” in subparagraph*
8 *(h)1 and inserting in lieu thereof “Except as provided*
9 *in subparagraph (r)(1), revenue”;*

10 (2) *by striking out “The” in subparagraph (h)2*
11 *and inserting in lieu thereof “Except as provided in*
12 *subparagraph (r)(1), the”;* and

13 (3) *by striking out “Budget” in subparagraph (j)*
14 *(1)(A) and inserting in lieu thereof “Except as pro-*
15 *vided in subparagraph (r)(1), budget”.*

16 *CONFORMING AMENDMENT TO HOUSE RULES*

17 *SEC. 1002. Rule XI of the Rules of the House of*
18 *Representatives is amended by inserting immediately below*
19 *clause 22 (as renumbered by section 102(b) of this Act)*
20 *thereof the following new clause:*

21 *“22A. The respective areas of legislative jurisdiction*
22 *under this rule are modified by title I of the Federal Act*
23 *to Control Expenditures and Establish National Priorities.”*

24 *AMENDMENTS TO LEGISLATIVE REORGANIZATION ACT*25 *OF 1946*

26 *SEC. 1003. (a) Section 133 of the Legislative Reorgani-*
27 *zation Act of 1946 (2 U.S.C. 190a) is amended—*

1 (1) by inserting “and the Committee on the Budget”
2 after “Appropriations” in subsections (d) and (f), and
3 (2) by inserting “or the Committee on the Budget”
4 after “Appropriations” in subsection (h).

5 (b) Section 133A of such Act (2 U.S.C. 190a-1) is
6 amended by inserting "and the Committee on the Budget"
7 after "Appropriations" each place it appears in such section.

8 (c) Section 134(c) of such Act (2 U.S.C. 190b) is
9 amended by inserting "or the Committee on the Budget"
10 after "Appropriations".

(d) Section 136(c) of such Act (2 U.S.C. 190d) is amended by striking out "Committee on Appropriations of the Senate and the Committees on Appropriations," and inserting in lieu thereof "Committees on Appropriations and the Budget of the Senate and the Committees on Appropriations, the Budget,".

17 AMENDMENTS TO LEGISLATIVE REORGANIZATION ACT
18 OF 1970

19 *SEC. 1004. (a) Section 232 of the Legislative Reorgani-*
20 *zation Act of 1970 (31 U.S.C. 1172) is amended by re-*
21 *numbering paragraphs (2) and (3) as (3) and (4),*
22 *respectively, and by inserting after paragraph (1) the fol-*
23 *lowing new paragraph:*

24 " (2) the Committees on the Budget of the Senate and
25 House,".

26 (b) Section 236 of such Act (31 U.S.C. 1176) is

1 amended by inserting "and the Budget" after "Appropriations" in paragraph (2).

3 (c) Section 242(a) of such Act (2 U.S.C. 190h) is
4 amended by inserting "or the Committee on the Budget"
5 after "Appropriations".

6 (d) Section 243 of such Act (2 U.S.C. 190i) is
7 amended by inserting "(a)" immediately after "243" and
8 by adding at the end thereof the following new subsection:

9 "(b) The provisions of subsection (a) shall also apply
10 to the Committee on the Budget of the Senate."

11 EXERCISE OF RULEMAKING POWERS

12 SEC. 1005. (a) The provisions of this title (except section
13 1006) and titles I, III, IV, VII (except section 703),
14 and VIII are enacted by the Congress—

15 (1) as an exercise of the rulemaking power of the
16 Senate and the House of Representatives, respectively,
17 and as such they shall be considered as part of the rules
18 of each House, respectively, or of that House to which
19 they specifically apply; and such rules shall supercede
20 other rules only to the extent that they are inconsistent
21 therewith; and

22 (2) with full recognition of the constitutional right
23 of either House to change such rules (so far as relating
24 to the procedure in such House) at any time, in the same

1 manner, and to the same extent as in the case of any
2 other rule of such House.

3 (b) Any rule provided in this Act may be waived or
4 suspended by the Senate or the House of Representatives
5 only by a vote of two-thirds of the Members voting, a quorum
6 being present.

7 (c) If a point of order is made in either the Senate or
8 the House of Representatives, and sustained by the Presid-
9 ing Officer of that House, that any bill, resolution, amend-
10 ment, motion, or other matter is not in order by reason of any
11 rule provided in this Act, the decision of the Presiding Officer
12 may be overruled only by a vote of two-thirds of the Members
13 voting, a quorum being present.

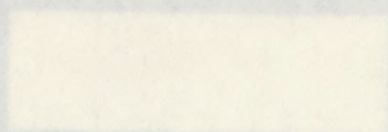
14 EFFECTIVE DATES

15 SEC. 1006. (a) Except as provided in subsections (a)
16 and (b), the provisions of this Act shall take effect on the date
17 of its enactment.

18 (b) Titles III and VI (except section 604) shall apply
19 with respect to the fiscal year beginning on October 1, 1975,
20 and succeeding fiscal years.

21 (c) Section 401, section 403, section 604, title VII
22 (except section 703), and title VIII shall take effect on the
23 first day of the first session of the Congress following the
24 date of the enactment of this Act.

1. ... and to the same extent as the ...
2. ...
3. ...
4. ...
5. ...
6. ...
7. ...
8. ...
9. ...
10. ...
11. ...
12. ...
13. ...
14. ...
15. ...
16. ...
17. ...
18. ...
19. ...
20. ...
21. ...
22. ...
23. ...
24. ...





A11600 762738

