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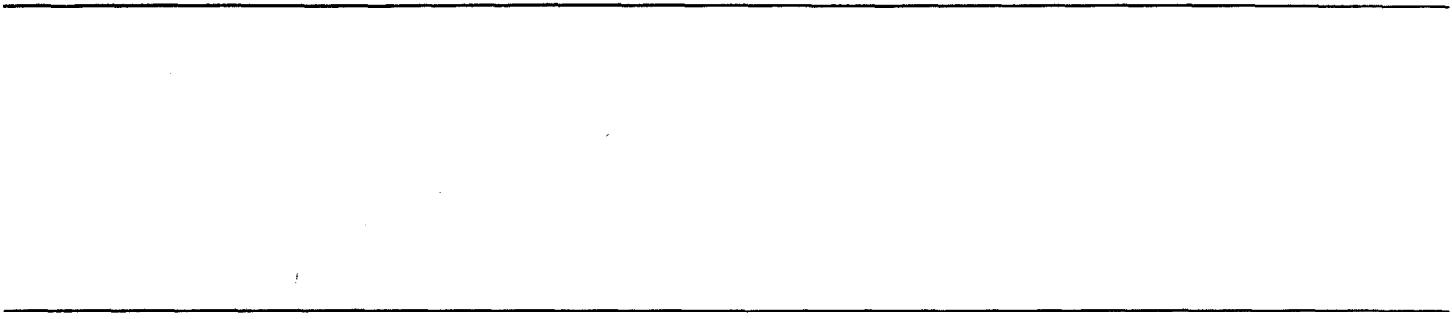
Briefing Report to the Chairman,
Committee on Government Operations,
House of Representatives

June 1989

BUDGET ISSUES

Biennial Budgeting Bills in the 101st Congress







United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

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June 20, 1989

The Honorable John Conyers, Jr.
Chairman, Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

As requested, we briefed the staff of your committee on March 30, 1989, on the status of biennial budgeting in the 101st Congress. Specifically, we provided

- a listing and description of the individual biennial budgeting bills introduced in the 101st Congress, including how each bill schedules the different budget-related activities (oversight, authorizations, and appropriations) within the budget process and
- a summary of GAO's work and its position on biennial budgeting.

RESULTS IN BRIEF

Six biennial budgeting bills with various features have been introduced in the 101st Congress. GAO has long advocated reform that would streamline the congressional budget process and has long been interested in biennial budgeting as a possible means of accomplishing this. We believe that macro-level biennial budgeting offers perhaps the best opportunity for streamlining the budget process.

The following summarizes the content of the briefing. This information was still current as of the end of April 1989.

BIENNIAL BUDGETING BILLS INTRODUCED IN THE 101ST CONGRESS

As of the end of April 1989, six biennial budgeting bills have been introduced in the 101st Congress. Two of the bills, H.R. 272 and H.R. 1262, can be termed "stretch" model biennial budgeting bills because they propose to "stretch" the current process by having the Congress complete all budget-related actions over the 2 years of a Congress. These proposals call for the biennium to start on October 1 of the second session of a Congress.

Three proposals, S. 29, H.R. 786, and H.R. 1401, can be termed "split-sessions" model biennial budgeting bills because they assign congressional budget-related actions to either the first or second session of a Congress. These proposals call for the biennium to start on October 1 of the first session of a Congress.

A final proposal, S. 391, can be termed a "summit" model biennial budgeting bill because it is patterned after the November 1987 legislative-executive budget summit held between former President Reagan and the Congress. This proposal calls for a macro-level joint budget resolution in the first session of a Congress. Appropriation activity would remain on an annual basis.

SUMMARY OF GAO'S WORK AND
POSITION ON BIENNIAL BUDGETING

GAO has long advocated budget reform that would result in a streamlining of the congressional budget process and has long been interested in biennial budgeting as a possible means of streamlining the process. We have addressed this matter in several reports,¹ and our position on biennial budgeting is summarized below.

Biennial budgeting can be carried out at two levels--the macro level (that is, for major categories of spending, such as defense and major domestic programs) and the appropriation account level. While recent proposals have concentrated on the appropriation level, recent success with biennial budgeting has occurred at the macro level.

Macro-level biennial budgeting offers perhaps the best opportunity for streamlining the budget process. The November 1987 legislative-executive branch budget summit agreement set 2-year spending levels for major programs, demonstrating the success possible for this kind of budgeting. This agreement streamlined the budget process significantly, and appropriation bills were enacted without the need for continuing resolutions for the first time in 12 years. Macro-level biennial budgeting permits the Congress to focus on broad policy issues without getting bogged down in the innumerable details that must be settled in arriving at the exact amount to be appropriated. It can also be carried out in conjunction with annual appropriations.

¹See footnote 1, appendix I, for a list of reports discussing this issue.

At the same time, biennial budgeting at the appropriation account level also warrants some consideration as a possible means of reducing the congressional budget workload and allowing more time for oversight and other legislative activities. However, as discussed in appendix I, state experiences with this kind of biennial budgeting show mixed results.

In addition, if the Congress decides to implement a 2-year budget at the appropriation account level, it should proceed cautiously by testing it on a limited basis. In an initial test of the concept, the Department of Defense, as directed by the Congress, submitted a biennial budget for fiscal years 1988-89. The results of this test were disappointing. The authorization committees did not approve a full 2-year budget and the appropriation committees did not take up the second year submission. These results were not completely surprising since the Congress was faced with the fiscal realities of deficit budgets and the need to respond to a changing economic and political environment.

We have previously reported that other selected agencies and programs could have more positive experiences with biennial budgeting. Good candidates for further testing of the concept are those organizations with operations and programs which are relatively stable and have no obvious impediments to biennial budgeting. Impediments could be activities such as major reorganizations or major changes underway in financial management systems. Continued testing of the biennial budgeting concept on a case-by-case basis could be pursued as a potential way to reduce the congressional workload.

As we have also reported previously, if biennial budgeting at the appropriation account level is adopted, we prefer an approach which concentrates budget activity in the first session of each Congress and oversight in the second session. It would also permit budgets to be adopted during the first year of a President's term and at the start of a new Congress, thus giving a new President and Congress the ability to more quickly enact their programs rather than having to operate for 2 years under an earlier approved budget. A possible drawback to biennial budgeting is that it may lessen congressional budget control, but this could be offset by increased oversight activities.

OBJECTIVES, SCOPE, AND METHODOLOGY

To accomplish our objectives, we used SCORPIO, the Library of Congress' computer-based retrieval system, to identify

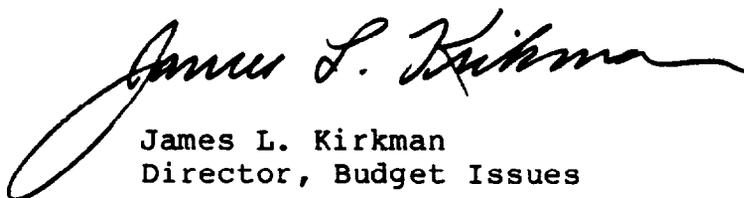
biennial budgeting legislation introduced in the 101st Congress through the end of April 1989. The terms "stretch" and "split-sessions," used to classify models of biennial budgeting bills, were developed in previous literature.² We used the term "summit" to describe how this type of bill attempts to change the congressional budget process. The tables in appendix II detailing the scheduling of the budget-related activity of each bill are based on information contained in each bill. To present GAO's position on biennial budgeting, we identified relevant material in prior GAO testimonies and reports and incorporated it into this report. We performed our work in March and April 1989.

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In addition to this letter, this report contains three appendixes. Appendix I provides a background discussion of biennial budgeting and analyzes the types of biennial budgeting bills introduced in the 101st Congress. Appendix II compares the schedules of the biennial budgeting bills. Appendix III lists the major contributors to this report.

We are sending copies of this report to the Director, Office of Management and Budget; the Director, Congressional Budget Office; interested congressional committees; and other interested parties. Copies will also be made available to others upon request. If you have any questions about the contents of this report, please contact me at (202) 275-9573.

Sincerely yours,



James L. Kirkman
Director, Budget Issues

²See footnote 7, appendix I.

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ABBREVIATIONS

CBO	Congressional Budget Office
GAO	General Accounting Office

BIENNIAL BUDGETING CONCEPT AND BILLS
INTRODUCED IN THE 101ST CONGRESS

Under current procedures, stipulated in the Congressional Budget and Impoundment Act of 1974 (Public Law 93-344), as amended, the Congress undertakes to start and complete a series of budget related actions in the first 9 months of each session of a Congress. The act, as amended, calls for the Congress between January and September of each year to pass a concurrent resolution on the budget that establishes broad fiscal targets (mainly on receipts, budget authority, and outlays), appropriation bills, and any authorization legislation required by the budget resolution. These actions are to fund a 1-year budget going into effect on October 1 of each year. Biennial budgeting would shift the federal government from a 1-year to a 2-year budget process.¹

BACKGROUND

As we have previously stated,² many congressional observers find the current budget process excessively time-consuming. The percentage of budget-related roll calls in the Senate increased from an average of 43 percent in the 1955 to 1975 period to an average of 60 percent over the 1980 to 1985 period. With all of this time devoted to budgeting, deadlines are still missed, funding gaps sometimes occur between fiscal years, and omnibus continuing resolutions are passed (with little debate) in place of regular appropriation bills. Since 1960, continuing resolutions have been used in over 90 instances when the Congress lacked sufficient time to complete action on individual appropriations bills before the start of the new fiscal year. Resolutions have been used increasingly in place of regular appropriations bills. For fiscal year 1989, however, appropriation bills were enacted without the need for continuing resolutions for the first time in 12 years.

We have also stated that part of the problem is that the process has become increasingly layered with many participants over the years. The Congressional Budget and Impoundment Control Act of 1974 provided a needed, top-down budgeting procedure. However, it also added another layer of budget review to the already multilayered process by creating the budget committees to

¹See Transition Series: Financial Management Issues (GAO/OCG-89-7TR, November 1988), Budget Issues: Current Status and Recent Trends of State Biennial and Annual Budgeting (GAO/AFMD-87-53FS, July 1987), and Biennial Budgeting: The State Examples--Summary of the Major Issues (GAO/PAD-83-14, December 1982) for previous GAO discussions on biennial budgeting.

²Budget Reform for the Federal Government (GAO/T-AFMD-88-13, June 1988.)

provide guidance to the existing authorization and appropriation committees. Currently, six spending-related processes with different leadership structures, immense coordinative problems, and numerous revisited decisions can be involved in enacting spending legislation. Authorization, appropriations, and budget committees all perform annual budgeting functions. Added to these are activities related to the periodic debt ceiling extension, the annual Gramm-Rudman-Hollings process, and, in both 1987 and 1989, the congressional and executive branch budget summit.

Some members of the Congress have proposed biennial budgeting as a way to streamline the budget process and free up time for more oversight and authorizing activities. Representative Leon Panetta introduced the first biennial budgeting bill in 1977.³ Eleven bills were introduced in the 100th Congress that called for a 2-year budget cycle. Six bills have been introduced in the 101st Congress that provide for a 2-year budget cycle.⁴ In addition, both former President Reagan and President Bush called for biennial budgeting in their fiscal year 1990 budget submissions.

It is important to note that state experiences with one type of biennial budgeting, appropriation account level, have been mixed.⁵ Of the 19 states that currently have biennial budgeting, 7 have legislatures that meet biennially and therefore cannot have an annual cycle. Furthermore, the trend has been toward annual budgeting rather than biennial. During the past 20 years, 15 states changed their budget cycles, with 12 switching to annual budgeting and 3 to biennial. However, in states with biennial budgeting, off-year budget adjustments did not consume as much time as regular budgeting, leaving more time for other legislative activities.

ANALYSIS OF BIENNIAL BUDGETING BILLS INTRODUCED IN THE 101ST CONGRESS

We found that each of the six biennial budgeting bills introduced in the 101st Congress can be placed into one of three

³See Michael D. Margeson and James Saturno, Congressional Approaches to Biennial Budgeting, Congressional Research Service, Report No. 87-653GOV (Washington: 1987), pp. 19-20, for a list of biennial budgeting proposals introduced from 1977 to 1987.

⁴As of the end of April 1989.

⁵See Budget Issues: Current Status and Recent Trends of State Biennial Budgeting (GAO/AFMD-87-53FS, July 1987) for a detailed treatment of biennial budgeting at the state level.

biennial budgeting models⁶ depending upon scheduling and other features of the bills (described below).⁷ The three biennial budgeting bill models are

- the "stretch" model,
- the "split-sessions" model, and
- the "summit" model.

The Stretch Model

The stretch model differs from the current process in two ways. First, it "stretches" the process out and has the Congress start and complete a series of budget-related actions over the 2 years of a Congress. The idea is that by allotting more time for the process--essentially, by adding more time between budget-related actions--the Congress has more time for oversight and authorization activities.

In the stretch model proposals, oversight and partial authorization activity take place in the first session (the odd-numbered year) of a Congress. Additionally, these bills require the Congress to set receipt, budget authority, and outlay targets in a first concurrent resolution on the budget prior to the completion of authorization activities. In the second session (even-numbered year), the Congress sets receipt, budget authority, and outlay ceilings in a second concurrent resolution on the budget after the completion of authorization activities. The remainder of the second session is then devoted to appropriations.

The second way that the stretch model differs from the current practice is that it provides appropriations for a 2-year period (the biennium) rather than for a 1-year period. The biennium starts on October 1 of the second session of a Congress. Under this model, a newly elected President and Congress, taking office in January of the first session of a Congress, have to wait almost 2 years (21 months) for their budget to be put into effect. Additionally, under this model, most budget decisions take place in even-numbered, election years.

⁶Some of the biennial budgeting bills have additional budget reform features. These are detailed in appendix II.

⁷For a discussion of the stretch and split-sessions biennial budgeting bill types, see Roy T. Meyers, "Biennial Budgeting by the U.S. Congress," Public Budgeting and Finance, Vol. 8, No. 2 (1988), pp. 21-31.

Two stretch model biennial budgeting bills have been introduced in the 101st Congress. They are H.R. 272, introduced by Representative Marilyn Lloyd, and H.R. 1262, introduced by Representative Timothy J. Penny.

The Split-Sessions Model

The split-sessions model concentrates congressional budget resolution and appropriations actions to the first session of a Congress, leaving oversight and authorization activities (for instance, tax legislation or entitlements) for the second session of a Congress.⁸ The aim is to free up an entire year for congressional oversight and authorization activities.

The appropriations enacted under this model, like those under the stretch model, are for a 2-year period. However, under the split-sessions model, the biennium starts October 1 of the first session of a Congress. Under this model, a new President and Congress have an approved budget in October of their first year in office. Additionally, most budget decisions take place in odd-numbered, nonelection years.

Three split-sessions model biennial budgeting bills have been introduced in the 101st Congress. They are S. 29, introduced by Senator Wendell H. Ford; H.R. 786, introduced by Representative Earl Hutto; and H.R. 1401, introduced by Representative Ralph Regula.

The Summit Model

One summit model biennial budgeting bill has been introduced in the 101st Congress: S. 391, by Senator Pete V. Domenici.⁹ This bill is patterned after the November 1987 legislative-executive budget summit held between former President Reagan and the Congress. The bill calls for a 2-year joint budget resolution in the first session of a Congress covering eight "major functional categories" for the allocation of budget authority, budget outlays, and credit authority. The categories include: (1) defense discretionary, (2) defense entitlement and mandatory, (3) domestic discretionary, (4) domestic entitlement and mandatory, (5) international affairs discretionary, (6) international affairs

⁸H.R. 786 calls for both appropriations and authorizations to take place in the first session of a Congress. The second session of a Congress is reserved for oversight activities.

⁹The proposed bill, S. 391, contains several budget reform proposals, including committee restructuring, a joint budget resolution, an automatic budget resolution, and automatic continuing appropriations. These features of the bill are detailed in appendix II.

entitlement and mandatory, (7) offsetting receipts, and (8) net interest.

As with the split-sessions model, the summit model concentrates budget related activities in the first session of a Congress. During the first session, the President and the Congress agree on a joint budget resolution. Any reconciliation legislation made necessary by the joint budget resolution is also passed in the first session. Unlike the split-sessions model, however, the summit model does not require biennial appropriations. Under this approach, a Congress completes action on annual appropriation bills in each of its sessions.

Table I.1 identifies the biennial budgeting bills introduced in the 101st Congress, their model type, and other key features.

Table I.1: Biennial Budgeting Bills Before the 101st Congress

<u>Bill</u>	<u>Model Type</u>	<u>Other Features</u>
H.R. 272 (Lloyd)	Stretch	
H.R. 786 (Hutto)	Split-sessions ^a	
H.R. 1262 (Penny)	Stretch	Line-item veto "Pay-as-you-go" budget ^b
H.R. 1401 (Regula)	Split-sessions	
S. 29 (Ford)	Split-sessions	
S. 391 (Domenici)	Summit	Joint Committee on the Budget ^c Continuing appropriations Sense of the Congress supporting a unified balanced budget excluding Social Security

^aCalls for the completion of authorization bills in the first session of a Congress.

^bRequires new spending to be matched with new revenues.

^cThis committee would be composed of nine members of the Senate and nine members of the House. The committee would report a joint resolution on the budget. If the Congress failed to pass a joint budget resolution by May 15, an automatic budget resolution would take effect.

SCHEDULE COMPARISON OF BIENNIAL BUDGETING
BILLS INTRODUCED IN THE 101ST CONGRESS

Table II.1 presents the schedules of the stretch model biennial budgeting bills introduced in the 101st Congress; table II.2 provides a comparison of the schedules of the split-sessions model biennial budgeting bills introduced in the 101st Congress; and table II.3 details the schedule of S. 391, the summit model biennial budgeting bill introduced in the 101st Congress.

Table II.1: The Schedules of the Stretch Model Biennial Budgeting Bills Introduced in the 101st Congress

First Session (Odd-Numbered Years)

<u>Action</u>	<u>H.R. 272 (Lloyd)</u>	<u>H.R. 1262 (Penny)</u>
President submits current services budget.	Jan. 3	Jan. 3
President submits budget.	15th day after Congress meets	
Committees complete oversight hearings.	June 30	June 30
Committees begin legislative work for 2-year period.	July 1	July 1
Committees/Joint Committees submit reports to Budget Committees.	Oct. 31	Oct. 31
CBO reports to Budget Committees.	Nov. 10	Nov. 10
Budget Committees in both Houses report first concurrent resolution for 2-fiscal-year budget period.	Nov. 30	Nov. 30
Committees report bills and resolutions authorizing new budget authority and providing new spending authority for 2-fiscal-year budget period.	Dec. 31	Dec. 31

(continued)

Table II.1: The Schedules of the Stretch Model Biennial Budgeting Bills Introduced in the 101st Congress
(cont.)

Second Session (Even-Numbered Years)

<u>Action</u>	<u>H.R. 272 (Lloyd)</u>	<u>H.R. 1262 (Penny)</u>
President submits current services budget.	Jan. 3	Jan. 3
Congress completes action on bills and resolutions authorizing new budget and spending authority for 2-fiscal-year budget period.	March 10	March 10
Congress completes action on concurrent resolution on budget for 2-fiscal-year budget period.	March 31	March 31
Appropriations Committee reports bills and resolutions providing new budget authority for 2-fiscal-year budget period.	April 15	April 15
Congress completes action on bills and resolutions providing new budget and entitlement authority for 2-fiscal-year budget period.	7th day after Labor Day	
Congress completes action on reconciliation bill or resolution implementing concurrent resolution.	Sept. 25	Sept. 25
2-fiscal-year budget period begins.	Oct. 1	Oct. 1

Table II.2: A Comparison of the Schedules of the Split-Sessions Model Biennial Budgeting Bills Introduced in the 101st Congress

First Session (Odd-Numbered Years)

<u>Action</u>	<u>H.R. 786 (Hutto)</u>	<u>H.R. 1401 (Regula)</u>	<u>S. 29 (Ford)</u>
President submits current services budget.	Jan. 3	----- Unspecified	----
President submits budget.	Feb. 1	First Monday after Jan. 3	
CBO reports to Budget Committees.	April 1	Feb. 15	Feb. 15
Committees/Joint Committees report views and estimates to Budget Committees.	March 15	Feb. 25	Feb. 25
Congress completes action on concurrent resolution for the biennial budget.	May 15	April 15	April 15
Congress completes action on the biennial appropriation bills/reconciliation.	Sept. 25 ^a	Sept. 30	Sept. 30
Two-fiscal-year budget period begins.	Oct. 1	Oct. 1	Oct. 1

(continued)

^aCalls for the completion of authorization bills by this date.

Table II.2: A Comparison of the Schedules of the Split-Sessions Model Biennial Budgeting Bills Introduced in the 101st Congress (cont.)

Schedule: Second Session (Even-Numbered Years)

<u>Action</u>	<u>H.R. 786 (Hutto)</u>	<u>H.R. 1401 (Regula)</u>	<u>S. 29 (Ford)</u>
President submits revised budget based on changed economic conditions.	-----	Unspecified	-----
CBO reports to Congress on budgetary conditions.	Unspecified	May 15	May 15
Congress completes action on bills and resolutions authorizing new budget authority for the succeeding 2-fiscal-year period.	Unspecified	The last day of session	

Table II.3: A Schedule Summary of S. 391, a Summit Model Biennial Budgeting Bill Introduced in the 101st Congress

First Session (Odd-Numbered Years)

<u>Action</u>	<u>Date</u>
President submits budget.	15th day of session
CBO reports to Joint Budget Committee. ^a	Feb. 15
Committees submit views/estimates to the Joint Committee.	March 15
Joint Budget Committee reports a joint resolution on the biennial budget. ^b	April 15
Congress completes action on joint resolution or automatic budget resolution takes effect.	May 15
House Appropriations Committee reports last annual appropriation bill.	June 10
Congress completes action on reconciliation legislation and appropriation bills. ^c	Sept. 30
Biennium begins.	Oct. 1

(continued)

^aThe proposed bill, S. 391, replaces the Senate and House Budget Committees with a Joint Committee on the Budget--18 members total, with 9 members from each House.

^bA joint resolution would require the President's signature, unlike the present concurrent budget resolution.

^cThe bill calls for continuing appropriations if any regular appropriation bill does not become law before the start of the fiscal year.

Table II.3: A Schedule Summary of S. 391, a Summit Model
Biennial Budgeting Bill Introduced in the 101st
Congress (cont.)

Schedule: Second Session (Even-Numbered Years)

<u>Action</u>	<u>Date</u>
President submits budget revisions.	15th day of session
CBO submits report to Budget Committees.	Feb. 15
House Appropriations Committee reports last annual appropriation bill.	June 10
Congress completes action on annual appropriation bills.	Sept. 30

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