



Biennial Budgeting: An Improvement to Current Budget and Appropriation Process

Joint Select Committee on Budget & Appropriations Process Reform

May 9, 2018

Written Testimony of G. William Hoagland*

Co-Chairs Womack and Lowey and members of the Committee, thank you for the opportunity to appear before the Committee.

In 1985 on the 10th anniversary of the Congressional Budget and Impoundment Control Act, a young House Minority whip and member of the House Rules Committee, wrote:

“The budget process has been attacked from both within and without as a repugnant, redundant, irrelevant, meaningless, misleading, phony, funny-money, number-cooking, smoke-and-mirror system. To an extent it is all those things at different times. But it also provides a framework for congressional decision making that is real and meaningful.”¹

Thirty-three years later, those words of former Congressman Trent Lott still apply.

You, your fellow legislators and most importantly the public know that the current federal budgeting and appropriation process has not been and is not working effectively today. But its survival nearly half a decade, speaks to the fundamental need for Congress to maintain a fiscal framework for its decision making.

Out of the last 10 years, Congress has failed to adopt what I consider to be a real conference reports on a budget resolution 7 times. Only 4 times in the previous 34 years did Congress fail in this responsibility.

In fairness, I do not consider the last two resolutions for FY 2017 or FY 2018 to be real resolutions as envisioned by the Budget Act. Both were adopted well after their due date and only as a means to the end of creating a fast track process to create a non-filibuster proof bill in the U.S. Senate.

Our current budget procedures, rules, concepts and processes are so complex that members and their staffs find them hard to understand, let alone the American taxpayer.

Nonetheless, I do not think anyone believes today, even if a budget resolution conference agreement were reached annually on April 15 as the current law requires that Congress is capable of completing 12 appropriation bills within -- effectively -- the four months remaining before the new fiscal year begins.

¹ “The Need to Improve the Budget Process: A Republican’s View”. Trent Lott. *Crisis in the Budget Process, Exercising Political Choice*, by Alan Schick. American Enterprise Institute, Washington, D.C., 1986.

Further continuing resolutions, weaken the power of the purse, and Omni or Cromni appropriation bills disenfranchise members. They are written by a small group of people at the last minute and enacted well into the fiscal year, as was the case this fiscal year and last.

My testimony, therefore, focuses on the long-debated, but never agreed to, biennial budget and appropriation reform proposal.

Biennial budgeting and appropriations proposals have a long-bipartisan-history in this Congress, beginning almost simultaneously with the enactment of the Congressional Budget Act in 1974. The then Republican Whip Trent Lott in 1985 said Congress should have biennial budgeting.

Congressman Leon Panetta in his first year in office authored the first biennial reform bill in 1977 and proceeded to do so every year when he became a member of the budget committee. Later as Secretary of Defense in 2012, he again expressed his support for a biennial budget and appropriation process as a basis for better government planning and execution.

All Presidents from Ronald Reagan to Barack Obama have supported biennial budgets. In his confirmation hearing before the Senate Homeland Security and Governmental Affairs Committee, Mr. Mulvaney was asked if he supported biennial budgeting. He responded affirmatively.

The 97th Congress in 1982 first held hearings on biennial budgeting and every Congress from the 100th to the previous 114th Congress and now this one has followed suit.

Separately the Pearson-Ribicoff Commission in 1984 recommended a form of biennial budgeting (consider half appropriation bills each year). Similarly, the National Performance Review Commission (the Gore Commission) and the U.S. National Economic Commission in 1989 recommended a biennial budget process on the argument that “considerable time could be saved and used more effectively in both the executive and legislative branches of government if budgets and appropriations were moved to a biennial cycle.

In the 103rd Congress (1993), the Joint Committee on the Organization of Congress recommended biennial budgeting, including 2-year budget resolution and a biennial appropriations cycle whereby the budget resolution and all appropriation legislation would be adopted in the first session of Congress and authorization legislation would be enacted in the second session.

In the 104th Congress, the Biennial Budgeting Act of 1995 was introduced by Senators Thomas, Dole, Domenici, Simpson, Thompson, Kassebaum and importantly, Thad Cochran. The legislation devoted the first year of the biennium to adopting a budget resolution and completing appropriations for two years, the second year of the biennium being reserved to authorizations.

In 2014, the then Chairman of the House Budget Committee, Paul Ryan introduced and reported the Biennial Budgeting and Enhanced Oversight Act. That legislation would have provided that in odd-numbered years, Congress would adopt a budget resolution and appropriations for each of the following

two-years in the biennium. The even numbered year would be reserved for oversight and consideration of authorizations.

In 2016, both the House and Senate Budget Committee Chairmen, Mr. Enzi and Mr. Price advanced biennial budget proposals. However, unlike previous versions, while the budget resolution would be adopted in the first session setting forth 302(a) appropriation allocations for the next two fiscal years, both proposals split the 12 appropriation bills into half, six appropriations being considered in the first year of the biennium and six in the second session. Mr. Price's legislation specified the first tranche of appropriation bills to include: Defense, Energy & Water, Financial Services, Homeland Security, Interior, and Labor-HHS.

Most recently, the Convergence Center for Policy Resolution concluded that given elections are a primary motivator among politicians, setting aggregate discretionary spending levels for two years was the best approach for budgeting.

Indeed, as I look back over the history of the current Budget Act, as early as 1987 a bipartisan agreement between the Congress and President Reagan was reached setting two-year caps on discretionary spending. This was followed with similar bipartisan agreements in 1990 and 1997.

The Budget Control Act of 2011 set appropriation caps for 10 years through 2021. But those caps were adjusted by the Bipartisan Budget Acts of 2013, 2015, and most recently 2018. I predict that you will adjust the final two years of the 10 year caps again in 2019.

In other words, 2 years seems to be the operative time period for Congress to abide by any limits to discretionary spending. Therefore, institutionalizing what has become standard practice seems like a recommendation this committee could find consensus on.

There are various approaches to biennial budgeting as the history has shown. Over the years my own thinking on this has evolved from not supporting to today supporting a split biennial budget and appropriation process.

At the Bipartisan Policy Center working with two of my former bosses, the late Senator Pete Domenici and Dr. Alice Rivlin, we issued a brief paper in 2015 entitled "Proposal for Improving the Congressional Budget Process" that among other reform items recommended the adoption of a biennial budget cycle. Further in 2014 the Bipartisan Policy Center's Commission on Political Reform Co-Chaired by former Senators Trent Lott, Tom Daschle, Olympia Snowe and former Secretary Dan Glickman and Governor Dirk Kempthorne, similarly recommended that Congress adopt a biennial budget process.

The Domenici-Rivlin report emphasized three simple themes with 10 broad recommendations for reform:

- First, the budget process should include all federal spending and revenues. It should not leave entitlements or tax expenditures on automatic pilot;
- Second, the budget process should be transparent and completed on time; and

- Third, the budget process should have buy-in from the President and the leadership in the Congress.

The theme of transparency and timeliness led to their recommendation that Congress enact a biennial budget and appropriation process. Not surprising since Senator Domenici was an early proponent of the subject. The specific recommendation:

Enact legislation to establish a biennial budgeting cycle that would ensure that Congress adopts a budget and all appropriation bills in the first session (odd-numbered years) and frees up time in the second session for oversight and authorizations. Supplemental and emergency appropriations could occur as needed in either session. General oversight by authorizing committees would not be limited to any period.

A couple of final comments addressing skeptics of a biennial budgeting process. Incentives are important for Congress to do its work on time.

On the stick side of incentives -- in the private sector non-performance of a contract results in non-payment for work not performed. The Domenici-Rivlin biennial budget recommendation, concluded that constitutionally congressional pay of the current members of Congress could not be garnished for failure to complete work on time, but legislation could prevent all planned congressional recesses until a biennial budget resolution was adopted.

While this is consistent with existing statute that makes it out of order to consider any resolution in the House of Representatives that provides for an adjournment of more than three days unless they have completed action on a directed reconciliation bill for the upcoming fiscal year, a similar prohibition for all months could apply to both the Senate and House for failure to adopt a conference agreement on a biennial budget resolution.

If a constitutional mechanism could be found to withhold your pay until a biennial budget resolution is agreed to I would tie, no pay with no recess together as a powerful stick.

On the carrot side – once a biennial budget agreement is reached setting the two-year appropriation allocations, Senate rules could be adopted to eliminate the filibuster on the motion to proceed to consider appropriation bills. This would not jeopardize a Senator’s right to filibuster on the underlying legislation but would guarantee debate could proceed on the appropriation bill itself.

Finally, one of the reoccurring criticisms of biennial budgeting has been the argument that making accurate projections two-years in advance, indeed approximately 30 months in advance, is difficult. Inaccuracy would then result in on-going revisions to the budget resolution with supplemental appropriation bills and other off-year actions effectively undercutting any intended improvement in planning that biennial budgeting would bring.

In fact, Mr. Mulvaney in his confirmation hearing raised the issue that projections over a 2-year cycle could become inaccurate due to changes in economic conditions.

Nothing in a biennial budget process precludes funding or supplemental appropriations if needed for unanticipated and therefore unplanned emergencies. One off-year supplemental, however, is better than having to do 12 appropriation bills every year.

But I also remind the members that the Budget Act today requires at a minimum 5-year projections, and historically resolutions and reconciliation bills have been crafted over a 10-year projection period. And when the Congressional Budget Office last November examined its projections of both the economy and outlays they found not surprisingly that their budget year projections were generally close to actual amounts, and half of the outlay projections between 1984 and 2015 were within 2 percent of their actual amount.

Biennial budgeting proposals have had bipartisan support over the last nearly 35 years. Variations in their formulation and mechanics obviously exist. But I believe those differences can be resolved if members truly wish to find an alternative to the current failing budget and appropriation process.

Let me conclude with what so many others have stated before in numerous congressional hearings on this subject — no process changes will make your decisions any easier. Budgeting is governing and governing is challenging. But I do believe if you want to find consensus on reasonable, doable reforms to the budget and appropriation process, it is possible.

Failure is not an option. It would be unfortunate if, once again, this special committee established to address budget process reform, fails to find consensus on at least a limited set of recommendations.

However, limited those reforms might be perceived, failure to reach some consensus would once again telegraph to the American public that Congress was not willing to address its most obvious, fundamental, Article I responsibility and, the result would be a further erosion of confidence in this critical institution.

But if this committee could reach agreement on even limited changes to the process it could set the stage for even more fundamental, comprehensive changes in the next Congress. Your time is short and the litany of reform proposals is long. But I believe one of those bipartisan reform's time has come – biennial budgeting.

* Senior Vice President, Bipartisan Policy Center. The views expressed in this statement do not necessarily reflect those of staff, members, and officers of the Bipartisan Policy Center. U.S. Senate Staff 1981 to 2007; the U.S. Senate Budget Committee and Senate Majority Leader Bill Frist, M.D.