

Biennial Budgeting: An Improvement to Current Budget and Appropriation Process

Select Committee on the Modernization of Congress

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Written Testimony of G. William Hoagland

Chairman Kilmer and Vice Chairman Graves and members of the Select Committee, thank you for the opportunity to appear before the Committee. The Bipartisan Policy Center applauds your work and the recommendations you have adopted to date.

Failed Budget Process

Out of the last 12 years, Congress has failed 8 times (two-thirds of the time) to adopt a conference report for a concurrent budget resolution. Most recently, of course, by not adopting a budget blueprint for the upcoming FY 2020. This is in contrast only 4 times in the previous 36 years Congress failed in this fundamental responsibility.

Worse, I do not consider the last two concurrent 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-an-end creating a fast track process to create non-filibuster proof bills in the U.S. Senate for repealing the ACA and passing tax reform.

In short, the congressional budget process is dead. 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. See Figure 1 attached.

Nevertheless, I do not believe that even if a budget resolution conference agreement were reached annually on April 15 as the current law requires that Congress could complete 12 appropriation bills within -- effectively -- the four months remaining before the new fiscal year begins. The last time all appropriations bills were completed before the beginning of the fiscal year was in 1996.¹

My testimony, therefore, focuses on one possible solution to getting your work done in a timely manner -- the long-debated, but never agreed to, biennial budget and appropriation reform proposal.

Before I review the history of the federal budget as it relates to this issue, I must note Mr. Chairman and Representatives DelBene, Newhouse, Brooks, and Pocan that your states of Washington, Indiana and Wisconsin join 20 other states with functioning biennial budgets.²

¹ In 1996, for FY 1997, 13 regular appropriation bills were enacted before October 1 (the beginning of the fiscal year) but this was accomplished by combining six regular acts to form an omnibus appropriations act and then enacting the other seven bills individually.

² Of the 20 states that have a biennial budget process, 17 adopt appropriations for two individual fiscal years and

History of Federal Biennial Budgeting & Appropriations Proposals

At the federal level, 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 to be OMB Director for President Trump, 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 through this Congress has conducted hearings on the subject.

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 then chairman of the Senate Appropriation Committee. 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

three states enact 24-month appropriations. There are hybrid nuances among them: adopting a capital or bond funded project budget in alternating years, or budgeting for the major state agencies and programs in one legislative session and smaller agency budgets in the other. Source: John Hicks, Executive Director, National Association of State Budget Officers, Senate Budget Committee; June 19,2019.

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.

And of course, the Joint Select Committee on Budget and Appropriations Process Reform last December considered a recommendation to establish a biennial budget resolution with annual appropriations. However, as both you Mr. Chairman and Representative Woodall know, as a member of that Select Committee, the final vote failed to achieve the necessary supermajority of votes to pass.

Finally, most recently this July, Senator Enzi, Chairman of the Senate Budget Committee proposed among other changes to the Budget Act that the budget and appropriations processes be moved to a biennial cycle.

Two Year Appropriation Spending Caps – Biennial Budgeting De Facto

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, 2018 in two-year tranches and of course, most recently here before the August recess.

In other words, 2 years seems to have become 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.

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.

As I have said, the Joint Select Committee on Budget and Appropriations Process Reform last year, recommended the adoption of a concurrent budget resolution by May 15 of the first session of a Congress. This resolution once adopted would establish a biennial budget for that session of Congress setting in place the top line 302(a)s for the following 2 years. The House Appropriation Committee was then charged with reporting annual appropriation bills in each session of the 2-year biennium.

I must note that the Select Committee's proposal permitted a revision of the concurrent resolution any time during the biennium and allowed for an annual reconciliation bill to be triggered for each of the fiscal years in the biennium.

Bipartisan Policy Center Proposals

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.

The benefits ascribed to a biennial budget process include:

- A longer-term planning horizon into the decision-making process.
- Predictability and increased budget certainty for agencies and programs.
- Increased opportunity for oversight and authorization processes.
- Greater flexibility to program managers to realign resources and spending.
- Increased time for program evaluation and performance review.

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.

While debated in the Select Committee various “sticks” – primarily prohibiting adjournment or expenditures for official travel or requiring live quorums – if Congress failed to adopt a budget resolution by May 1st in the first year of the biennium, no amendments were adopted. I must acknowledge, however, that both you Mr. Chairman and Mr. Woodall supported Senator Ernst’s amendments to provide these “sticks”.

Further, the Select Committee’s proposal did not include any incentives other than the promise of completing appropriations on time. One suggestion I would have is if 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.

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.

When the Congressional Budget Office last week 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.³

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

³ Congressional Budget Office, *An Evaluation of CBO’s Past Deficit and Debt Projections*. September 2019.

and governing is challenging. But I do believe if you want to find consensus on reasonable, doable reforms to the budget and appropriation process, biennial budgeting should be given serious consideration.

¹Senior 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.

