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A Consideration of Biennial Budgeting

Executive Summary

Biennial budgeting is a commonly proposed solution to Congress' current subverted and broken budgeting/appropriating process. The main change biennial budgeting would implement if enacted would be that Congress would only pass one budget per Congress, as opposed to the current two. There are three main variations of biennial budgeting: split session, stretch, and hybrid. Split session would have lawmakers pass one budget bill and one set of appropriations bills in the first year of the Congress and it would provide funding for two years while the second session would be focused on oversight. Stretch would have the current annual process stretched out over a two-year period and have the budget/appropriations provide for the following two years. The hybrid model discussed in this paper would use a single budget, as is in the split session model, and annual appropriation bills, as is in the current process. In order to properly consider biennial budgeting, one must recognize the goals of any Congressional budgeting reform should be: (1) more thoughtful consideration of each expenditure Congress makes, (2) increased meaningful oversight of programs that Congress authorized and appropriated for, and (3) a significant reduction or elimination of threatened and realized government shutdowns. After weighing each method, the hybrid biennial budgeting turns out to be the best of the three methods. Re-examining it against the stated goals of Congressional budgeting reform and finds that hybrid biennial budgeting does not meet those goals.

On June 12th, 1974 the Congressional Budget and Impoundment Act of 1974 (also known as the Congressional Budget Act of 1974 or CBA) went into effect over President Nixon's veto (Congressional Budget and Impoundment Control Act of 1974, 1974). This legislation formalized Congressional budgeting and laid out the timeline and process by which the federal government would be funded. Since the enactment of the CBA, Congress has passed all necessary appropriations bills in the established time frame and usually passes less than one-third of the bills on time (DeSilver, 2018). This says nothing of the all-night budget battles, toxic messaging, evasive parliamentary procedures, and aggressive use of reconciliation which mar yearly budget and appropriation legislation; it is widely agreed that the Congressional budgeting system is broken. One periodically popular solution to the mess that is modern Congressional budgeting is biennial budgeting (Katz, 2018). Broadly speaking, biennial budgeting is a proposal that would amend the Congressional Budget Act of 1974 so that Congress would pass budget/appropriations bills that would fund the government for two years rather than one, meaning lawmakers would pass only one budget per Congress.

Before an in-depth consideration of biennial budgeting, it is important to first determine what is desired in a new budgeting process. Without goals, it is impossible to decide on the advisability of a new process. The three 'must-haves' in a new Congressional budgeting procedure are (a) more thoughtful consideration of each expenditure Congress makes, (b) increased meaningful oversight of programs that Congress authorized and appropriated for, and (c) significantly reduce or elimination of threatened and realized government shutdowns due to budget standoffs. These three goals provide for a more efficient government and some recovery of power in the legislative body through oversight of executive branch agencies. In addition to the 'must-haves', it would be worthwhile for a new budgeting procedure to provide for the

consideration of long-term issues, specifically tax expenditures, mandatory spending, and debt ceiling induced shutdown or scares. Though they are not necessarily part of the ‘normal’ scope of budgeting in Congress, addressing the issues surrounding the aforementioned policies would provide for a more thoughtful and stable future for the country (Domenici & Rivlin, 2015).

Biennial budgeting proposals come in three main forms: split session, stretch, and hybrid. Though there are no technical definitions associated with each version, they propose to make budgeting a two-year process in very different ways. The first, split session biennial budgeting, is the most popular based on proposals that have made it to the House and Senate floor. This method would mandate that the budget process be changed to provide funds for two years rather than one, having budgets be considered only in odd-numbered (non-election) years and reserving the even-numbered (election) years for oversight of executive branch agencies by their authorizing and appropriating committees. To accomplish this, the Congressional Budget Act of 1974 would need to be amended to change any mention of ‘annual’ to ‘biennial’ and prohibit appropriations that do not extend authority/funds beyond a single year (unless the program is due to expire after a single year) (Biennial Budgeting and Appropriations Act, 2017). Further amendments would need to be included to better define when and how supplemental/emergency appropriations could be used.

The second, stretch biennial budgeting, is not widely promoted but represents an important school of thought behind the push for biennial budgeting. This method would simply extend (stretch) the deadlines of the current budget process and have the amounts appropriated extend for two years after their passage (Burgat, 2018). This proposal speaks to the idea that Congresspeople simply do not have enough time to pass budgets and appropriations in the current timeframe, in large part due to the increased complexity of today’s federal expenditures.

Stretch biennial budgeting is unrealistic because new Congresses (and every four years, Presidents) would be forced to operate on the previous Congress' budget and appropriations until October of their second session. To implement stretch biennial budgeting, Congress would amend the Congressional Budget Act of 1974 to reflect a two-year version of the current deadline structure with the final appropriations signed into law by October 1st of the second session of each Congress. Again, additional amendments would have to be included to better define when and how supplemental/emergency appropriations could be passed.

The third form, hybrid biennial budgeting, has no singular form but generally combines different parts of split session and stretch biennial budgeting as well as aspects of the current budget system. For the purposes of this paper, hybrid biennial budgeting will be defined as a method of Congressional budgeting where Congress passes a budget resolution containing funding for two years (similar to the split session method) and passes appropriations bills annually (mirroring current budget process) (Pelosi, 2018). To implement this method Congress would have to amend the CBA to instruct Congresspeople to pass a budget which provides two years of funding and can only be passed in the first session of that Congress. For all three methods additional amendments would have to be made to the United States code, but none as concentrated as the Congressional Budget Act of 1974.

Those who advocate biennial budgeting herald a number of wonderful changes to legislative behavior. For all three methods, proponents claim that federal agencies would be better able to predict their budgets and make more efficient choices as a result, lawmakers would have more time to devote to other meaningful legislation and engage in additional oversight, lawmakers would also be better able to address long-term spending changes outside of election years and with a more foresighted vision (Young, 2018). Proponents also point to the fact that

Congress currently operates on two-year budgets due to the politics and recent statutory regulations on spending as a reason to enact biennial budgeting (Greenstein & Horney, 2006). Specific benefits for each method are touted by supporters; split session would increase time for oversight, decrease the number of times the government could get shut down, and free the budget process from the oncoming elections in the second session (Katz, 2018). Stretch would give lawmakers more time to consider spending choices and give new Congressmembers more time to familiarize themselves with the complex process. A hybrid model would limit the major budget battles to only once per Congress while keeping appropriators in close control of department's budgets and give executive department leaders a more stable forecast while keeping them accountable to Congress.

Opponents of biennial budgeting disagree that implementing any of these methods would be an improvement on the current system. Addressing each individually, opponents argue that split session would (a) lead to gross overuse of emergency/supplemental appropriating in the second session due to changing conditions in the economy and political opportunism (Boccia, 2018), (b) budget/appropriations fights would be twice as intense as they currently are and lawmakers would be less willing to compromise due to the higher stakes (Committee for a Responsible Federal Budget, 2013), and (c) Congressional oversight would suffer from appropriators not having immediate financial punitive measures for misbehaving executive departments (Boccia, 2018). Opponents also fear that lawmakers would not take the second session to actually conduct additional oversight, rather lawmakers would ignore larger budgetary issues in 'off' years (Dody, 2018). For the stretch method, opponents of biennial budgeting point out that new Congresses and Presidents would have to operate on budgets set by previous administrations/Congresses which means they would not be able to quickly implement the

programs/positions they were elected on (GAO, 1984). Additionally, opponents contend that when lawmakers are not sitting during the majority of the implementation of their budgets they would act less responsibly and would decline to address ‘tough questions’ during the appropriation process due to it being an election year. Looking at the hybrid method, opponents point out that much like the split session method, the budget fight would be much more intense, and lawmakers would be less willing to compromise due to the higher stakes and such a fight could crowd out meaningful appropriation discussion during the first session.

Holistically, opponents of biennial budgeting argue that implementing any method of biennial budgeting would have a negative impact on the budgeting/appropriations process because economic and tax forecasts, off which dollar amounts are determined, will be less accurate at this increased range (Committee for a Responsible Federal Budget, 2009), lawmakers would not be able to appropriately respond to large changes in the economy (wars, crashes, booms, or recessions) quickly, and Congresspeople would generally have fewer opportunities to debate fiscal concerns.

Evaluating the arguments made by proponents and opponents of biennial budgeting, a few likely outcomes emerge from each method. Split session, though it is the most popular, would likely not make a significant positive change in the budgeting/appropriations process. Pushing the troubled budgeting process into a single session will only intensify the already red-hot fights. The second session would leave more time for oversight but considering the pressing time demands each Congressperson faces, it is more than likely that the extra time allotted will be spent elsewhere. Thinking to the feasibility of enacting split session biennial budgeting, the change would take a significant amount of power away from the appropriators, a group of legislators who would surely fight the change to keep their influence. The stretch method is a

non-starter on the fact that new Congresses and Presidents would have to wait over a year to begin to implement their promised budget and programs through the ‘normal’ process. A hybrid method would have the best chance of making a positive impact on the budgeting process. Changing the procedure to a single budget resolution shows a more long-term outlook and enables upper-level department officials the ability to make more farsighted plans while appropriators still retain their authority to serve as a check on executive agencies year-to-year. The answers to how reconciliation would be structured and how intense biennial budget battles would be vary depending on the character of the Congress. Considering the 115th Congress’ behavior, reconciliation would be used aggressively and the battles surrounding the passage would be incredibly destructive. Future Congresses may be more amiable and work better in this method, but such a Congress is not currently foreseeable.

Given the previously discussed strengths and weaknesses of the three biennial budgeting methods, hybrid biennial budgeting is the best contender. Therefore, it shall be assessed against the budgeting reform goals. Turning first to the desire for more thoughtful consideration, biennial budgeting confines a larger budgetary decision into the current timeframe and keeps the already contentious appropriations decisions in their current timeframe. This realization that more work is being forced into the current timeframe means there would be less consideration per expenditure decision rather than more. As previously stated, the extensive demands on Congresspeople’s time cast doubt on the idea that this liberated time would be used for additional oversight hearings as its intended purpose. Moreover, the idea that strictly more hearings are necessarily a better use of lawmaker’s time is questionable. There are already over 5 non-appropriation hearings a day on the average in-session day (Fichtner, Kuck, and Michel, 2016) and increasing their number without diving into the efficacy and efficiency of those

hearings would be unwise. Hybrid biennial budgeting could be pushed against and over set deadlines, exactly like the current system is; Congress' explicit decision to ignore its own rules is what leads to shutdowns and delays, and the same could be done with any biennial budget proposal. Only punitive measures – like elimination of all recess until a budget/appropriation is passed – would hold Congress to the deadline.

No biennial budgeting method would achieve the goals of budgeting reform, as explained above, nor would it address larger fiscal concerns. Biennial budgeting does not incentivize consideration of tax expenditures or mandatory spending – realistically it dis-incentivizes it. Proponents of biennial budgeting contend that the second session could be used to tackle these long-term issues, but their reasoning for putting budgeting/appropriations in the first session explains precisely why long-term fiscal problem solving would not take place in the 'off' year: it would be election time. Even more politically painful than regular budgeting/appropriating is making changes to two of the most popular government programs – Social Security and Medicare. To advocate for the changes that the two programs will ultimately need is political suicide, and putting it front and center in an election year is unthinkable. Additionally, reviewing tax expenditures is just as unpopular with the business community as reforming entitlements is with the public – not something a lawmaker up for reelection would be interested in. Looking finally at avoiding running into debt ceilings, biennial budgeting does not necessarily deal with this issue. Proponents argue that crafting a two-year budget would give lawmakers a more far-ranging view of the country's fiscal policy, but the opposite could also turn out to be true and legislators less exposed to the budget spend less time addressing its problems.

Congress is certainly in need of budgeting/appropriations reform, and taking a look at the Congressional Budget and Impoundment Act of 1974 is the way to begin. However, the answer

should not be biennial budgeting in any of its current forms. Biennial budgeting would not achieve any of the goals or desires of a reformed budgeting process. The reform needed must contain provisions that virtually guarantee more genuine consideration of expenditures, more meaningful oversight, and fewer threatened and realized government shutdowns. The reform should also contain measures that ensure lawmakers confront the long-term fiscal issues which currently face the United States. Budgetary reform is necessary, but biennial budgeting is not the answer.

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