

# NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



## THESIS

### CONGRESSIONAL BUDGET REFORM AND THE 103RD CONGRESS

by

Andrew J. Turnley

December, 1995

Thesis Advisor:

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DTIC QUALITY INSPECTED 1

19960322 043

REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.				
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE December 1995	3. REPORT TYPE AND DATES COVERED Master's Thesis		
4. TITLE AND SUBTITLE CONGRESSIONAL BUDGET REFORM AND THE 103RD CONGRESS		5. FUNDING NUMBERS		
6. AUTHOR(S) Andrew Joseph Turnley		8. PERFORMING ORGANIZATION REPORT NUMBER		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey CA 93943-5000		10. SPONSORING/MONITORING AGENCY REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.		
12a. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution is unlimited.		12b. DISTRIBUTION CODE		
13. ABSTRACT (maximum 200 words) Only three times during this century has the United States Congress undergone a bipartisan, bicameral review of its internal operations. Those three reviews were conducted in 1946, 1970 and most recently in 1992. The 102nd Congress enacted legislation in 1992 establishing a Joint Committee on the Organization of Congress. Many factors indicated that the time was right to enact major congressional reforms, including major budget reforms. This study focused specifically on budget reform issues addressed by the 103rd Congress. The three primary factors associated with successful reform--an existing problem, public support and a catalyst which inspires reform--were present, suggesting that reform would be successful. The failure of the 103rd Congress to enact significant budget reform legislation can be attributed to the disintegration of those three factors during the Joint Committee's existence in 1993.				
14. SUBJECT TERMS Congressional Budget Reform			15. NUMBER OF PAGES 108	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL	

NSN 7540-01-280-5500

Standard Form 298 (Rev. 2-89)  
Prescribed by ANSI Std. Z39-18 298-102



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THE 103RD CONGRESS**

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Submitted in partial fulfillment  
of the requirements for the degree of

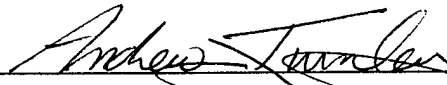
**MASTER OF SCIENCE IN MANAGEMENT SCIENCE  
(FINANCIAL MANAGEMENT)**

from the

**NAVAL POSTGRADUATE SCHOOL**

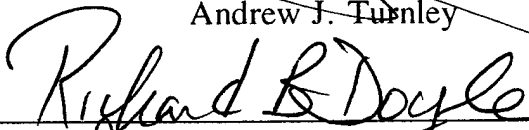
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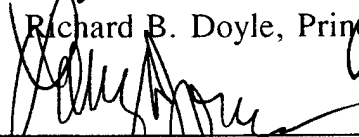


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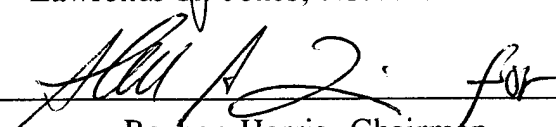
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## ABSTRACT

Only three times during this century has the United States Congress undergone a bipartisan, bicameral review of its internal operations. Those three reviews were conducted in 1946, 1970 and most recently in 1992. The 102nd Congress enacted legislation in 1992 establishing a Joint Committee on the Organization of Congress. Many factors indicated that the time was right to enact major congressional reforms, including major budget reforms. This study focused specifically on budget reform issues addressed by the 103rd Congress. The three primary factors associated with successful reform--an existing problem, public support and a catalyst which inspires reform--were present, suggesting that reform would be successful. The failure of the 103rd Congress to enact significant budget reform legislation can be attributed to the disintegration of those three factors during the Joint Committee's existence in 1993.



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## **I. INTRODUCTION**

### **A. BACKGROUND**

The United States Congress has undergone only three significant bipartisan, bicameral reviews of its internal operations during the twentieth century (Hamilton, 1993, p.1). Those three reviews were conducted in 1946, 1970 and most recently in 1992. But only twice in this century, in 1921 and 1974, has Congress specifically dealt with major congressional budget reform issues (Boren, 1993, p.111).

In 1992, the 102nd Congress enacted legislation directing the 103rd Congress to once again review its internal operations. During this third bipartisan, bicameral review, many factors were present that indicated the time was right to enact major congressional reforms, including major budgetary reforms. Was the reform effort of the 103rd Congress as successful as previous congressional reform efforts? The results of this effort, and its implications for future congressional reforms, are the focus of this study.

### **B. PURPOSE**

The primary purpose and goal of the study is to explain the outcome of the budget reform initiatives undertaken by the 103rd Congress. To achieve that result, a review of previous successful budget reforms is required to determine what factors were present to stimulate change. It will also be determined whether those factors were present during the reform effort of the 103rd Congress, and if so, whether the outcome was as successful.

### **C. SCOPE OF RESEARCH**

The scope of the research will be to examine the congressional reform efforts initiated by the 102nd Congress and acted upon by the 103rd Congress. The intent is to focus specifically on budgetary reform issues. According to Lynch, "Budgeting is largely a story of relative legislative-executive strength," (1995, p. 41) and that theme will be common throughout this study. An historical review of previous congressional budget reform efforts, specifically the Budget and Accounting Act of 1921 and the Congressional Budget and Impoundment Control Act of 1974 establishes the foundation for the remainder of the study. Other significant procedural reforms of Congress discussed include the Legislative Reorganization Acts of 1946 and 1970. To explore the congressional budget reform package proposed by the 103rd Congress, an analysis of the political environment surrounding the attempt at reform by the 103rd Congress is necessary.

### **D. METHODOLOGY**

An archival strategy was used because of its advantage in analysis of a vast quantity of information. The sources of information were primarily secondary. An extensive literature search of historical background information included significant works by two Congressional budget reform experts, Allen Schick and Aaron Wildavsky. The historical perspective of congressional budget reform provided the groundwork for the remainder of the study.

The primary sources for the reform efforts proposed by the 103rd Congress were congressional records and published articles written on the subject as it was occurring. The final report of the Joint Committee on the Organization of Congress was thoroughly reviewed to examine the budget reform process in 1992-93, and to test the validity of the hypothesis: When three primary factors associated with reform--an existing problem, public support and a catalyst that inspires reform--are present, successful reform occurs.

#### **E. ORGANIZATION**

To provide some measures to examine the reform efforts of the 103rd Congress, Chapter II will provide a historical review of other successful congressional budgetary reforms. Entitled Historical Account of Budget Reform, it will focus on two major budget reform efforts of the twentieth century.

The Budget and Accounting Act of 1921 was the first such reform and provided Congress with its first definitive budget innovation in the twentieth century. The second major budget reform did not occur for over fifty years, but its impact has been dramatic. The Congressional Budget and Impoundment Act of 1974 is possibly the single most significant change in the congressional budgetary process made during this century (Lynch, 1995, p.54).

Historical Success Factors, the title of Chapter III, will review those factors which may explain why the two major budget reforms discussed in Chapter II were successful. The effectiveness of the reforms and the reasons underlying their

success are important factors or criteria to apply in succeeding chapters.

What constitutes successful reform? The answer depends on a variety of complex issues and opinions. For this study successful reform is defined as the enactment of legislation which significantly changes the budget process.

Chapter IV, entitled The Political Environment in 1992, will describe the mood of American voters and the factors that compelled the 102nd Congress to initiate reform. The environment will be examined in some detail to gain insight into the nature of the reform and the mood of the American electorate.

A detailed description of the reform effort proposed by the 103rd Congress is contained in Chapter V. A history of the proceedings provides the focal point of this chapter, entitled Budget Reforms of the 103rd Congress.

Outcome of the Reform Effort, the title of Chapter VI, reviews in detail the actions taken on the Joint Committee's recommendations. The factors that appear to explain the success of reform efforts in 1921 and 1974 are employed to examine the outcomes of the 1993 reform effort. The chapter also summarizes the findings of the research and provides analysis on congressional budget reform. Finally, areas for future research are identified and discussed.

## II. HISTORICAL ACCOUNT OF BUDGET REFORM

### A. BACKGROUND

The architects of the Constitution, specifically James Madison, developed a budget process that was designed "to prevent the abuse of power, not be efficient." (White, 1989, p.1) During George Washington's administration, his Secretary of the Treasury, Alexander Hamilton, supported a strong executive role in the federal budget process. However, under Albert Gallatin, a former Congressman, and President Thomas Jefferson's Secretary of the Treasury, the legislative branch became the dominant branch of government in federal budget matters, and remained so until the twentieth century.

According to Lynch (1995, p.41), federal budgeting is largely a story of relative legislative-executive strength. Twice, in 1921 and 1974, major Congressional budget reforms addressed the balance of power between legislative and executive branches in the federal budget process.

One of the two major budget reforms, the Budget and Accounting Act of 1921, changed the landscape by increasing the power of the president, at the expense of Congress. The other, the Budget and Impoundment Control Act of 1974, limited the President's power concerning expenditures and formalized a fragmented congressional budget process.

The Budget and Accounting Act of 1921 created two significant government agencies, the General Accounting Office and the Bureau of Budget (now the Office of Management and

Budget). More importantly, the Budget and Accounting Act introduced the concept of a National Budget to be submitted annually by the President.

The second significant budget reform occurred over fifty years later when Congress passed the Congressional Budget and Impoundment Act of 1974. This law resulted from previous reform efforts launched in 1970 and as a response to both President Nixon's impoundment actions and the fragmented nature of congressional budgeting. The solution, "...was to coordinate and centralize congressional consideration of the budget." (Rieselbach, 1994, p.65)

Among the significant results of the Budget and Impoundment Act was the strengthening of the congressional budget process through centralization of the responsibility for budgetary planning. House and Senate Budget Committees were established to coordinate the budget process in each chamber, and a neutral non-partisan office was created to provide critical cost information and analysis concerning the budget and the overall US economy. The Congressional Budget Office (CBO), as it is known, is not the legislative equivalent of Office of Management and Budget (OMB), as many people believe. Its role is to be a source of non-partisan expertise for Congress, whereas OMB serves the President.

The Budget and Impoundment Act also introduced the concurrent resolution which gave Congress the ability to coordinate various portions of the budget, and to consider the



broad outlines of the budget earlier in the budget process. In other words, the resolution established a means of setting general parameters or targets for congressional committee action on individual taxation, authorization and spending bills. Both of these landmark budget reforms will be examined in much greater detail later in this chapter.

#### **B. PRELUDE TO THE BUDGET AND ACCOUNTING ACT**

The movement towards presidential participation in the federal budget process began as part of the progressive reform movement of the early 20th century. Early in his administration (1910), President Taft recognized a need for a National Budget and appointed a Commission on Economy and Efficiency to study methods of transacting governmental business. During that time, executive agencies still followed the Jeffersonian tradition from the early 1800's of preparing their budget estimates and forwarding them to the Department of the Treasury for delivery to Congress. Deficiency spending was freely permitted, (or at least not prevented) and Congress usually felt obliged to appropriate additional funds to correct these deficiencies. Furthermore, congressional committees were each responsible only for specific executive agencies, which led to little or no budget coordination in Congress. Of more significance, though, was the total absence of the chief executive, the President, in the overall governmental budget process.

The Taft Commission on Economy and Efficiency considered a wide variety of issues over the next year and in 1912, President Taft released their report to Congress. The report, titled "*Need for a National Budget*," suggested that the President should be responsible for collecting budget inputs for all executive agencies and submitting a unified budget to Congress. The Commission's rationale incorporated two themes (1) economy and efficiency, and (2) strengthening democracy. (Lynch, 1995, p.40)

Taft believed that a unified budget would allow the President to plan governmental activities to maximize resources and improve efficiency. Politically, according to Taft, a presidential budget would strengthen the role of the executive branch of government by bringing the budget into politics as a campaign issue for presidential candidates. Voters could then support those presidential candidates whose programs they would sponsor.

The timing of Taft's submission and his budget reform proposals was extremely unfortunate. His desire for a national budget and for general budget reform were unsuccessful because Congress was opposed to the concept of an executive budget and, therefore, failed to seriously consider the Commission's recommendations. Congressional leaders insisted on direct submission of executive department and agency budgets to Congress as a way of maintaining minimal presidential budget authority.

In November 1912, Taft was defeated in the presidential elections by his democratic challenger, Woodrow Wilson, and with the defeat came a major setback for Taft's budget reform proposals. Wilson's early priorities were the appointment of his cabinet; he subsequently became concerned with the pending war in Europe. As a result, the budget reforms proposed by Taft would have to wait for another nine years before they were enacted.

### **C. THE BUDGET AND ACCOUNTING ACT OF 1921**

As World War I drew to a close in 1918, the House of Representatives was undergoing a significant fiscal crisis. Prior to World War I, federal government revenues and expenditures were below \$800 million. However, by the end of the war, expenditures reached \$18.5 billion in fiscal year 1919 and they were estimated to be \$6.4 billion in 1920. (OMB, 1993, p. 278) Congressional leaders finally realized that the budget mechanisms had to be reorganized to gain significant control over national fiscal policy. (Burkhead, 1956, p. 25)

In 1919, the House of Representatives established a Select Committee to consider alternatives to numerous problems of fiscal control. The committee had three major objectives: (1) To determine the feasibility of an executive budget; (2) To create a government agency responsible to Congress which would audit executive agencies; and (3) To internally consolidate the congressional budget system. The Select

Committee agreed early in its existence that a national budget system was not only required, but that the need was urgent. The issue then became what type of agency should be established to administer the national budget. Two opposing viewpoints developed, one group supporting the creation of a new governmental agency, a Bureau of the Budget, to handle budgeting for the President, the other believing that the Department of the Treasury could handle the program for the President.

A central issue in the debate was the transfer of budget power away from federal agencies. Many felt that the creation of a presidential budget would concentrate too much control in the Executive branch of government and that the budget would no longer represent the desires of the voters of the country. This viewpoint was held by many prominent members of the House of Representatives, including, Frederick H. Gillet (R-Mass), the powerful Speaker of the House.

On October 21, 1919, those who feared a presidential role in the budget process were overwhelmingly defeated by those who felt that an executive budget system would "...strengthen and improve the ability of Congress to control national finances." (Burkhead, 1956, pp.26-27) To overcome the objections of many members of the House, and to offset the gain of power by the executive branch through the establishment of the Bureau of Budget, the legislation also created the General Accounting Office (GAO).

As the House of Representatives was passing this landmark legislation, the Senate was entangled in deliberations over the extremely controversial Treaty of Versailles. The Senate eventually put the budget legislation on their 1920 agenda, and it was passed with little fanfare or national interest.

Enactment of the legislation into law was further delayed by a Presidential veto in the summer of 1920. President Wilson objected to a specific provision in the bill concerning the Comptroller General. Wilson opposed the idea that the head of the Government Accounting Office, the Comptroller General, would serve for fifteen years and could not be discharged by the President. Later, in the November presidential elections, Wilson was defeated by Warren G. Harding, and the legislation was given a second chance. The bill was resubmitted for Presidential signature early during the Harding administration, and the Budget and Accounting Act was signed into law on June 10, 1921. It has been characterized by some as "...probably the greatest landmark of our administrative history." (Emmerich, 1971, p. 40)

By enacting the Budget and Accounting Act, Congress attempted to gain fiscal control over national expenditures and at the same time yield to the growing interest in returning to a more businesslike approach to federal budgeting. A review of the significant provisions of the legislation follows.

## **1. Presidential Budget Submission**

The legislation provided the procedural framework for the submission of a presidential budget working within the constraints of the constitutional requirements for the separation of powers between the Legislative and Executive branches. The first step required the President, with the assistance of the new Bureau of Budget, to prepare an annual unified budget for the federal government. The budget was to be submitted to Congress in January, so that it could undertake the second step in the process.

The second step required Congress to review the budget and authorize the funds for the programs which it supported and approved. Governmental expenditures (spending) were the third step of the process. The final step required the newly created Government and Accounting Office (GAO) to audit the federal accounts and submit routine reports to Congress concerning the budget expenditures.

## **2. Bureau of the Budget**

The new legislation created the Bureau of Budget (BOB) within the Department of the Treasury. The role of the Bureau of the Budget is defined in section 909 of the legislation, which states:

The Bureau, when directed by the President, shall make a detailed study of the departments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of public service) would be made in (1) the existing organizations, activities, and methods of business of such

departments or establishments, (2) the appropriations, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matter covered thereby.

This legislation significantly strengthened the President and created a very powerful agency, the Bureau of the Budget (BOB), as a tool for the President. Federal agencies were required to submit their budget proposals with supporting documentation and analysis directly to BOB, and were prevented from direct liaison with Congress. Additional measures required federal agencies to submit proposed legislation through BOB for critique and analysis. This role alone greatly increased presidential power because it became a tool for the President to ensure that all executive agencies were supporting his administration's policies.

### **3. General Accounting Office**

The General Accounting Office (GAO) was originally intended to be an extension of Congress. It was envisioned as an auditing agency of Congress, which could routinely examine and investigate the expenditures of funds by the agencies of the executive branch. In this way, Congress might be ensured greater legislative control over federal expenditures and policy.

As a non-partisan nonpolitical agency, Congress believed that the General Accounting Office could and would act as an

independent government auditor. In addition to its auditing responsibilities, GAO was given powers to develop procedures for governmental accounting, and in his annual report to Congress, the Comptroller General was encouraged to make recommendations to improve governmental efficiency in the areas of public budgeting.

But the establishment of the GAO did not compensate for the power shift to the executive branch. GAO pre-audit responsibilities, including an examination of the budget to determine its legitimacy, failed to materialize. Since its inception, the GAO has been limited primarily to post-audit functions, such as the determination of how efficiently federal funds are administered.

#### **D. THE LEGISLATIVE REORGANIZATION ACT OF 1946**

During World War I, the federal budget ballooned from a pre-war spending of \$850 million to a budget of \$18.5 billion in FY 1919. However, during World War II, the federal budget underwent even more profound expansion. Federal revenues increased from a pre-war level of less than \$7 billion in 1940, to more than \$50 billion in 1945. (Schick, 1990, p.19) To finance the war, taxes were increased and record deficits (\$55 billion in 1943) were incurred. (OMB, 1993, p. 278)

The Legislative Reorganization Act of 1946 made an attempt to solve many budget issues. It called for the creation of a Joint Budget Committee (JBC), composed of members of the revenue and appropriations committees of both



the House and Senate. The JBC was intended to coordinate spending and revenue generation while simultaneously minimizing the differences between House and Senate budget legislation. Although the JBC attempted legislative budgets in both 1947 and 1948, both were unsuccessful because the committee lacked sufficient staff and the resources necessary to create a complete budget. Since it never met any of its intended objectives it stopped meeting in 1949. The history of the Joint Budget Committee was summarized as follows:

"The first year, 1947, they failed to agree. The second, they reached an agreement but failed to abide by it, and the third, they simply gave up trying." (Washington Post, 1988. p. A14)

There are many reasons for the failure of the JBC, but the most significant is that the committee membership was too large, over seventy members, making it difficult to manage or obtain consensus. Furthermore, there were no procedures for the establishment of spending ceilings and no mechanisms to enforce them. Many were more concerned with issues in their own chamber's committees where they maintained their significant power base than they were with the JBC.

The attempts made by the 1946 Legislative Reorganization Act formed the basis for additional reform efforts following World War II, and the Act had a number of more specific impacts. The legislation did succeed in many ways. Among the most significant of changes, it prompted requirements that

lobbyists register, a reduction in the number of committees, and creation of a professional staff for committees.

#### **E. THE LEGISLATIVE REORGANIZATION ACT OF 1970**

The Legislative Reorganization Act of 1970 resulted from a 1965-1966 Joint Committee on the Organization of Congress, created to conduct a major review of internal congressional operations. The legislation was signed into law by President Nixon on October 20, 1970. Insofar as budgeting is concerned, the Legislative Reorganization Act provided some changes.

Congress became more open to the public through two specific and interesting changes. First, more coverage of votes and specific positions taken by the members of Congress was available to the American public. Secondly, the legislation allowed more radio and television coverage of committee hearings in the House, bringing it more in line with the Senate. (Boren, 1993, p. 1)

With regard to budgeting issues, the legislation provided some fiscal controls which attempted to integrate Congress' fragmented approach to budgeting. It provided for a broader approach to fiscal policy and tools for analyzing the total impact of federal budget expenditures.

The major provisions contained in the legislation are found under Title II, Fiscal Controls. These measures:

(1) Directed the Secretary of the Treasury to develop and maintain a standardized data processing system for budgetary and fiscal data.

(2) Directed the Secretary of the Treasury to furnish data on federal programs, activities receipts and expenditures to congressional committees when requested.

(3) Required the President to send Congress a five year fiscal forecast of every new and existing federal program.

(4) Required the President to develop a midyear budget review and transmit a supplemental budget with the revisions to Congress by June 1 every year.

(5) Directed the House Appropriations Committee to hold hearings on the budget within thirty days of receipt.

(6) Required that committee reports include five year cost estimates for any program affected by the committee's legislation.

As the political landscape changed during the late 1960's and early 1970's, the budget process changes contained in the Legislative Reorganization Act of 1970 laid the framework for the Congressional Budget and Impoundment Act of 1974. A thorough review of that landmark legislation is the focus of the remainder of this chapter.

#### **F. PRELUDE TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT**

The Congressional Budget and Impoundment Control Act of 1974 was a major attempt to overhaul the congressional budget process, and to regain congressional control over governmental spending. Increased spending for programs initiated during the Great Society, combined with escalating expenditures for the war in Vietnam, heightened concern in Congress about budget

deficits and spending controls. (Boren, 1993, p. 112) The legislation built upon the reforms initiated by the Legislative Reorganization Act of 1970, and responded directly to President Nixon's impoundment actions in the early 1970's.

Many scholars, including Lynch (1995, p.54), believe the legislation, "...created a unified congressional budget reform, and it made the Congress a coequal branch with the executive on budgetary matters." By early 1973, Nixon was tied to the Watergate conspiracy and many felt that this was a perfect opportunity to strengthen the legislative branch at the expense of the executive branch. Nixon's continuing battles with Congress, and accusations that he was abusing his presidential power through refusal to spend funds appropriated by Congress, were key factors in the development of important provisions in the legislation.

#### **G. CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974**

The ten titles of the Congressional Budget and Impoundment Control Act established a more coherent congressional budget process and revised many procedures in an attempt to limit presidential impoundment. Although each of the ten titles deals with an important issue, the major provisions may be summarized under the four headings below.

##### **1. Congressional Budget Committees**

Title I creates a budget committee in each chamber responsible for handling all budget resolutions, studying the effects of outlays on both existing and proposed legislation,

evaluating revenue expenditures, and exercising oversight of the Congressional Budget Office (created under Title II).

To assist them, the Budget Committees receive recommendations from the respective legislative committees but, in the final analysis, it is the Budget Committees that determine overall budget planning targets. The centralization of spending and revenue planning was believed to be a vital tool to reduce fragmentation and regain congressional control over the federal budget. (Lynch, 1995, p. 56)

## **2. Congressional Budget Office**

The purpose of the Congressional Budget Office was to provide critical information on budget matters to the two newly created budget committees. One of the important responsibilities of the CBO was to review the President's budget, to discuss the fiscal implications of the budget, and provide alternative funding solutions.

Prior to the creation of CBO, Congress lacked the resources to conduct similar analysis to that conducted by OMB for the executive branch and, therefore, was at a disadvantage in formulating a coherent fiscal policy. The CBO provided Congress with a non partisan professional cadre of analysts whose forecasts and analysis allow Congress to base its decisions on timely and reliable information.

## **3. Creation of a New Budget Process**

The procedures for the major portion of the legislation, the creation of a congressional budget process, are contained

in Title III of the legislation. A congressional timetable was designed to coordinate the appropriations process and authorizations with spending totals in the budget. The timetable for the new process is contained in Table 1.

The legislation directed Congress to approve a first concurrent budget resolution (by May 15), which was designed to set spending targets on the nineteen functional categories

Table 1  
Timetable for the Congressional Budget Process Under the  
Congressional Budget and Impoundment Act of 1974  
(Source: P.L. 93-344)

Deadline	Action to be Completed
November 10	President submits current budget
15th day after Congress meets	President submits his budget to Congress
March 15	Committees submit reports to budget committees
April 1	CBO submits report to budget committees
April 15	First concurrent resolution to each chamber
May 15	Committees report bills and resolutions creating new budget authority. Congress completes action on first concurrent resolution
7th day after Labor Day	Congress completes action on bills and resolutions creating new budget and spending authority
September 15	Congress completes action on second concurrent resolution
September 25	Congress completes action on reconciliation bill and implements second required concurrent resolution
October 1	Fiscal Year begins

in the budget. The targets were to be used as a guide by the legislative committees in the preparation of authorizing and revenue legislation. New budget authority or increases in the public debt were not to be considered until after the first concurrent resolution was passed. The legislation also set a nonbinding limit on five specific categories within the budget: outlays, budget authority, revenues, surplus (or deficit), and the public debt ceiling.

The Budget Committees use data provided by the CBO concerning the state of the economy and prepare the second budget resolution. The second resolution was intended to take into account significant developments in the economy or legislation enacted since the first resolution was enacted. The second resolution was to be passed by September 15, and it set binding limits on budget totals.

Congress also added a procedure called reconciliation, to bring spending or revenues within the established budget ceilings. Reconciliation requires the Budget Committees to instruct the other committees on increased revenues or savings required to meet the ceilings. The committees then recommend program changes to assemble into a single omnibus reconciliation bill to be passed by September 25.

#### **4. Other Important Issues**

The Congressional Budget and Impoundment Act also changed the budget landscape in many other ways. First, the beginning of the fiscal year was changed from July 1 to October 1, to

allow both chambers of Congress sufficient time to enact a federal budget before the fiscal year began. The legislation also standardized items to be included in the presidential budget, and directed a standardized system for budgetary data reporting.

Possibly the most intriguing change dealt with the approach Congress took towards proposed rescissions and deferrals of budget authority. If the president chose to rescind or defer funds, he was now required to submit to Congress a message explaining his justifications and the fiscal impact of his actions. In the case of rescissions, if Congress failed to take any action, the funds had to be spent. For deferrals, either chamber may pass a resolution disapproving the deferral and thereby releasing the funds for obligation by the executive agencies. If no action is taken by Congress, the deferral remains in effect.

This impoundment approach is an example of how Congress was attempting to diminish presidential power in the budget process. Many of the proponents of these reforms believed that Nixon's impoundment actions of the early 1970's violated the spirit of the Constitution and therefore wanted to prevent future occurrences. (Lynch, 1995, p.59)

#### **H. SUMMARY**

The Budget and Accounting Act of 1921 provided Congress with its first definitive budget reform since the days of



Thomas Jefferson, and transferred significant budget power from the legislative branch to the executive branch.

The Congressional Budget and Impoundment Control Act of 1974 centralized and strengthened congressional budget planning while simultaneously limiting the President's power of impoundment.

Why were these two major budget reforms successful? The reasons explaining the effectiveness of these reforms and their underlying successes are the subject of the next chapter.



### **III. HISTORICAL SUCCESS FACTORS**

#### **A. BACKGROUND**

The factors contributing to the success of the reforms discussed in Chapter II provide important criteria to apply in examination of the reform attempts of the 103rd Congress.

This first portion of this chapter describes three factors that may explain why the reforms were successful. Each of the three factors will be characterized in some detail to provide a thorough understanding of its role in fostering successful budget reform. The remainder of the chapter will employ these factors as part of a thorough examination of the political environment prior to the 1921 Budget and Accounting Act and the 1974 Congressional Budget and Impoundment Act. These factors will also be used to conduct a brief examination of the political environment in 1946 and 1970 prior to the two other legislative reform acts described in the last chapter.

#### **B. FACTORS ASSOCIATED WITH SUCCESSFUL REFORM**

Elmer B. Staats, the former Comptroller General of the United States, stated that, "...budgeting lies at the heart of our political process and is subjected to the pressures of the political arena and requirements of a changing society." (1980, p. 2) Considering that remark, what factors can be isolated to explain successful budget reform?

It appears that three factors explain why the two major budget reforms were successful. The factors alone will not guarantee

success, but when all three are present, reform has occurred. Those three factors are: (1) an existing budgetary problem to inspire reform; (2) public support for change; and (3) a catalyst to initiate the reform effort. Each is described in detail in the next three subsections below.

### **1. Existing Budgetary Problem To Inspire Reform**

Reforms typically do not occur without a significant problem to inspire change. Dissatisfaction with the budget process is not a new phenomenon. Enactment of the federal budget in fact is not accomplished through a single process, but a series of connected individual processes or cycles of administrative action and decision. Federal budgeting is complex and controversial, and has shown strains over the years that many believe could lead to a significant governmental breakdown. In fact, many involved with the federal budget process believe "...there is convincing evidence that the effectiveness of American budgeting has been seriously eroded." (Schick, 1990, p.1)

Few involved with the federal budget process (in either branch of government) are satisfied with its operation. Dissatisfaction with the process, the deficit and debt, vacillating spending priorities, and the time required to develop the federal budget, have made budget reform a major issue throughout this century.

The mere existence of budget process problems does not in itself promote reform. Many organizational scientists have recognized the significance of the problem. "As a precursor to change, a necessary precondition, is the need for the new

system..." (Argyris & Kaplan, 1994, p.86) In other words, once the budget process is identified as a problem in itself, the first step towards reform has been taken.

## **2. Public Support**

The government of the United States was established as a democracy, giving American voters a great deal of influence concerning the conduct of their elected officials. According to Gerald F. Seib, "Voters aren't motivated by some particular ideology regarding economic realism, but more a desire to see their leaders get things done." (Seib, 1995 p. A12)

Voters have been known to drastically change the political landscape at the polls, and many grass root movements have resulted in significant political reforms. Most recently, the "United We Stand Movement", initiated by Ross Perot, mobilized American voters against the bureaucracy of Washington, D.C. and "politics as usual". The growth rate of both the federal deficit and the national debt has resulted in an American electorate that wants its elected officials to stop overspending, and to balance the federal budget. Americans may not understand the complexities of the federal budget process, but they do understand its failures.

## **3. Catalyst to Initiate Reform**

The desire of the electorate to solve an existing governmental problem is, however, insufficient impetus to initiate or guarantee successful reform. A third element is required, and that element is a catalyst. The catalyst must capture the public's attention, and start the reform movement. In other words, once the first two

factors are present, some significant development or event must occur to trigger the reform process.

The catalyst may have a variety of features but, its intensity must be great enough to overcome the normal noise of the political milieu. It may be of almost any nature of crisis, but, it must be closely related to the existing problem which inspires the reform. The catalysts in 1921 and 1946 were similar but, they were drastically different from the catalysts of 1970 and 1974. Still, all were of sufficient intensity to cause successful reforms.

When the three factors are present, budget reforms have occurred this century. A review of how these factors stimulated reform is presented below.

#### **C. BUDGET AND ACCOUNTING ACT OF 1921**

The three success factors described above were all present during the late 1910's and early 1920's and laid the groundwork for the successful passage of the Budget and Accounting Act. As stated in chapter two, early in his administration, President Taft realized a need for a National Budget. His Commission on Economy and Efficiency identified significant problems with the federal budget process, including deficiency spending and the exclusion of the President. This is a clear indication that the first factor, a problem which inspires reform, was present.

In 1910, when President Taft presented the Commission's report to Congress it received only minimal attention. However, the budget process dilemma resurfaced in 1919, when the House of Representatives established a Select Committee to consider

alternatives to the problems of fiscal control. The problem had grown significantly during the nine-year period because of the costs of financing U.S. participation in World War I. It must be recalled that federal expenditures rose from below \$800 million in fiscal year 1914 to over \$18.5 billion in fiscal year 1919. Congressional leaders finally realized that budget mechanisms had to be reorganized to gain significant control over federal fiscal policy. This was the catalyst for the initiation of the Budget and Accounting Act of 1921.

Two factors were then present to stimulate reform, and only public support was needed to lead to successful reform. The support of the American people for "business minded reforms" was very strong immediately following World War I. (Burkhead, 1956, p. 26)

Shortly after World War I ended, most Americans wanted a return to normal business throughout the United States. In fact, Warren G. Harding ran on a ticket which included the campaign slogan "Return to Normalcy," referring to a pre-war return to a business-oriented government. Many voters believed that the federal government needed to be run in a more business-like manner. This belief resulted in public support for budget reforms that would prevent deficient spending. The idea had strong popular support and many members of Congress who objected to change were forced to go along with it. (White and Wildavsky, 1989, p. 8)

Taft's belief that a Presidential budget would allow citizens to vote for a candidate who could fulfill campaign promises was

also appealing to American voters. With the support of the American voters, the third factor predicting successful reform was in place, and in 1921 the legislation was passed into law.

The Budget and Accounting Act obviously did not solve the problems of control of the federal budget process or deficit spending. However, the opinion of many, the reforms contained in the Act provided the impetus for additional budgetary changes. (Cox, 1995, p. A10)

#### **D. LEGISLATIVE REORGANIZATION ACTS OF 1946 AND 1970**

After World War II, many of the same conditions that existed in 1920 were present. Federal budget process control had not been significantly improved and the potential for reform remained. Furthermore, after the war, many Americans supported a government that could help them attain the "American Dream," e.g., the purchase of a home and car. American voters supported free enterprise, and a government free from unnecessary budget burdens.

Two congressional actions during the early 1940's also inspired the public to support reform. First, in 1942 Congress enacted rationing legislation that greatly angered the American voters by excluding Congress from the gasoline rationing program. Secondly, the huge deficits incurred during the war had to be financed by significant tax increases, and the call for decreased taxes was a catalyst for the 1946 legislative reform.

In 1970, the political environment and budget situation was somewhat different from the post-World War II period. The budget process still had not been controlled, and the costs of President



Franklin Roosevelt's *New Deal* and President Lyndon Johnson's *Great Society* programs and the Vietnam war were beginning to impact the budget process. Between 1958 and 1969, the federal government suffered deficits in every year except 1960 and 1969. (Historical Tables, p. V-15) The first factor supporting reform, a major problem, was present.

The 1960s was also a period of social unrest in the United States, and political activism was at an all time high. Many Americans protested the Vietnam war with great frequency, and the establishment, particularly government, was being challenged by many members of society. Reforms to change the ways of "doing business" in Washington were of interest to American voters. The second criterion of public support was also present.

The catalyst for the reform was probably the high cost of the Vietnam War, both in terms of American lives and defense dollars. In 1967, the Johnson administration projected a 1968 deficit of five and a half percent of federal outlays, (\$25 billion). Furthermore, the deficit was projected to grow to eleven percent of federal outlays by fiscal year 1971. (White, Wildavsky, 1989, p. 11) The cost of the Vietnam War was to be significant.

Early in 1968, President Johnson suffered two embarrassing defeats in the first Democratic primaries, and shortly thereafter withdrew from the election. The American voters wanted to end the American involvement in Vietnam, and they had sent a very clear signal to their elected officials in Washington, to change the way they did business. Congress got the message and attempted to enact

change quickly. They drew upon their 1965 study of legislative reforms, updated them and passed them into law as the Legislative Reform Act of 1970. The three reform criteria were in place, and the Act was signed into law by President Nixon.

#### **E. CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974**

The Congressional Budget and Impoundment Control Act of 1974 also was stimulated by the three factors during the reform effort. Throughout his first term in office, President Nixon continually battled with Congress over his authority to impound money that was already authorized and appropriated for expenditure. Nixon believed it was the duty of the chief executive, and routinely impounded federal money authorized and appropriated by Congress. The continual budget battles between the executive and legislative branch indicate clearly that the budget process had underlying problems which needed to be resolved. The first criterion was in place in 1974.

Nixon's second term resulted from a landslide victory in the November, 1972 presidential election; the Watergate scandal was still in its infancy. In 1973, Nixon used his landslide victory to propel his policy concerning federal spending. "This Congress has not been responsible on money,.....the difficulty is that the Congress represents special interests." (Cranford, 1995, p. 2339)

This battle between the President and Congress over the purse strings actually began during Nixon's first term. By mid-1973, Nixon was linked to the Watergate scandal, and the mood of the American voters became one of distrust towards the President. He

was called a criminal by early 1974 and impeachment was considered by many members of Congress. By the summer of 1974, President Nixon's credibility was destroyed, and many American voters were calling for reform to check the chief executive's authority. Voters would not stand for a President who considered himself to be above the law. The second criterion, voter support, was present.

The catalyst for the reform effort was also the result of President Nixon's actions. His repeated impoundments for policy reasons and his blatant battles with Congress led many to believe that his actions and presidential power in general needed to be checked. Public support for Nixon was weak, but, "...the sense that Congress had to get its fiscal house in order was nonetheless widespread." (Cranford, 1995, p. 2340)

During the 1972 election campaign, President Nixon asked Congress for authority to cut federal spending at his own discretion to stay below the \$250 billion debt ceiling for fiscal year 1973, a ceiling that he recommended. The House supported his actions, but the Senate refused to support the ceiling. The President responded by vetoing legislation he felt was inflationary, which escalated the crisis. Some vetoes were overridden, but shortly thereafter, Nixon began impounding funds. Among the major impoundments were \$6 billion for sewage treatment grants to the states, and over \$2.5 billion appropriated from the highway trust fund.

Although impoundment had been a common practice of Presidents since the early days of the nation, Nixon's approach was much more

aggressive in a policy sense than that of his predecessors. Many scholars viewed his actions as unnecessarily antagonistic. According to White and Wildavsky (1989, p. 12):

"If Nixon could get away with massive impoundments, what could he not do? If the power of the purse could be defied, what was left for Congress? The world had been stood on its head. Since the time of the royal governors and their civil lists, the legislature's problem had been to restrain the executive, limiting its funds. Now, it faced an executive who wanted to spend too little, who defied the legislature (which so far as Congress was concerned, meant the people)..."

The Act redefined the President's impoundment authority and by doing so, this power of the executive branch was greatly reduced. As stated by Representative Ullman, "The answer to impoundment can't be merely political... It's got to be structural in the Congress." (Cranford, 1995, p. 2340) Nixon's actions resulted in decreasing the power of the President, and were the catalyst that initiated passage of the Budget and Impoundment Act of 1974.

#### **F. SUMMARY**

Three factors help to explain why the two major budget reforms discussed in Chapter II were enacted. Those factors are perception of an existing budgetary problem, public support for change, and a catalyst to initiate the reform effort. These three factors are criteria to be used in the examination of the reform attempts of the 103rd Congress.

The same approach will be applied in the next chapter, entitled The Political Environment in 1992. The roles that these factors played during the reform effort of the 103rd Congress are of considerable importance to this study.

#### **IV. THE POLITICAL ENVIRONMENT IN 1992**

##### **A. BACKGROUND**

The political environment in 1992 provides many clues about the nature of the reform effort proposed by the 102nd Congress. What was the mood of the American electorate? Were they willing to support substantial reform, or were they disinterested in the federal budget process? Was there a catalyst to initiate a major congressional reform effort? This chapter addresses those questions, and explains why Congress was compelled to initiate reform in 1992.

Significant problems such as the federal deficit and debt, decision gridlock and the ineffectiveness of Congress led to emergence of a major populist reform movement in 1992. By the early 1990's the federal debt was over \$3 trillion and Congress received a great deal of blame for this burden on taxpayers. Congress also had experienced several major scandals that caused many of its most talented members to retire early. Each of these were instrumental to stimulate the 102nd congressional reform legislation and each will be examined in significant detail.

##### **B. GRIDLOCK**

By the late 1980s there was a perception among American voters that their federal elected officials could not solve the problems facing the nation. This inability to solve major issues, especially the deficit problem, is known as gridlock.

Gridlock actually results from three separate factors-divided government, rejection of business as usual, and the complexity of the issues facing politicians today.

The distinction between separation of powers and divided government is important to the understanding of the electorates mood in 1992. The founders of the Constitution strongly believed in a government where powers were dispersed among the three branches, legislative, executive and judicial. On the other hand, divided government is defined as the executive and legislative branches under control of two different political parties. There have been very few times during the last fifty years where America has not lived under divided government. Having lived under divided government since 1980, Americans opted to put the Democratic party in control of both ends of Pennsylvania Avenue as a way of ending gridlock.

The Democratic party's ability to gain control of both the White House and Congress in 1992 was due in large part to their ability to overcome a great deal of political rhetoric. Throughout the 1980's the Democrats were effectively labeled as a party of liberals whose fiscal philosophy was "tax and spend". By mid-1992, during the height of the presidential election, Americans were becoming increasingly fed up with the political finger-pointing and increased rhetoric, and began to look to Washington outsiders for help. The call for change was demonstrated at the polls. Over twenty percent of the

House Members of the incoming 103rd Congress would be freshmen, a result of retirement and a rejection of incumbents. In contrast, only 14 of 406 House incumbents were defeated in the 1990 election. (Congress and the Nation, 1992, p. 354)

The final element contributing to gridlock was the number and complexity of issues facing the government, especially fiscal issues. During the Reagan-Bush years the federal deficit ballooned and became a major political issue. Table 2 reflects the growth of the deficit over that period. The inability of Congress and the White House to correct the budget process and resolve the deficit during those years was

Table 2  
Federal Budget Deficit 1981 - 1991  
(Source: OMB, Historical Tables, Budget of the US Government)

Fiscal Year	Deficit (\$ in mils)	As % of GNP	As % of Outlays
1981	78,936	2.6	11.6
1982	127,940	4.1	17.2
1983	207,764	6.3	25.0
1984	185,324	5.0	21.8
1985	212,260	5.4	22.4
1986	221,167	5.3	22.3
1987	151,436	3.4	22.5
1988	153,920	3.2	22.1
1989	155,100	3.0	22.1
1990	218,380	4.0	22.9
1991	270,096	4.8	23.5

strong evidence to many American voters that Washington was in gridlock and unable to solve the nation's problems.

The deficit and gridlock were not the only problems facing politicians in the early 1990's. As already mentioned, Congress was suffering through two significant problems, internal dissatisfaction and a series of scandals which hurt its effectiveness. Congressional effectiveness is the subject of the next section of this chapter.

### **C. EFFECTIVENESS OF CONGRESS**

Congress, as an institution, has been and remains an enigma to much of the American public. Americans do not understand its complicated committee system, nor do many understand the bicameral system created by the founders of the Constitution. This lack of understanding has often kept American voters uninterested in Congressional effectiveness or reform.

Public ignorance and apathy aside, two significant developments have hurt the effectiveness of Congress. First, members' disillusionment has led to an internally driven reform movement and early retirement of many. Secondly, "Congress bashing" resulted from five significant scandals that began in the late 1980's and continued into the 1990's. These factors helped put Congress in a, "...dark period of introspection that could produce the biggest push for institutional reform in a generation." (Hook, 1992, p. 1579) Each will be reviewed in this chapter.



## **1. Internal Disappointment**

Because of low public opinion ratings and the inability of Congress to accomplish significant results, many members have become increasingly reform-minded. By early 1992, many of the most respected members of both the House and Senate were calling for major changes in the way Congress completes its legislative agenda. (Hook, 1992, p. 1579) The call for change is a clear indication that members are generally dissatisfied with the workings of Congress.

Early calls for reform in 1992 were widespread and included every facet of congressional operations. Many supported the idea of a Joint Committee on the Organization of Congress which would develop a bipartisan solution to improve the legislative operations of Congress. The same approach was effective in 1946 and 1970 as described in previous chapters.

The need to streamline the legislative process was incredibly evident during the passage of the Clean Air Act in 1990. The Bill was handled by seven committees in the House alone, and over 140 House members were involved in the conference committee with the Senate before the final legislation was determined and sent to President Bush for signature.

Senator Pete Domenici, (R-NM), was one of the first to admit reform was necessary. Considered to be the most knowledgeable Senator on issues regarding the federal budget process and deficit, he was quoted as feeling utterly

powerless to reduce the deficit. (Hook, 1992, p. 1579) In the early 1990's Domenici criticized Congress for being inefficient and unproductive, noting that only 6.3 percent of bills introduced became public law during the 101st Congress (1989-1990). (Pauls, 1992, p. 3)

Members of the House of Representatives were equally frustrated during the same period. Representative Lee Hamilton, (D-IN) noted that American voters were losing faith in Congress, and that the time had come for another comprehensive examination of how Congress works or fails to work. (Pauls, 1992, p. 4)

Other members of both chambers were less optimistic than their contemporaries and opted to retire instead of remaining aboard the "sinking ship". Prominent members of both the House and Senate retired early, and offered as the reason, the inability of Congress to accomplish any meaningful legislation or agenda. By the November 1992 elections, 53 House members, and eight senators had voluntarily retired, and another 19 House members and one senator were unseated by their constituents. The Freshman Class of the 103rd Congress would be greatly affected by the scandals that led to many of those departures.

## **2. External Pressures**

By 1992, American voters were frustrated with congressional scandals. Five significant scandals helped propel American voters towards reform during the election year

of 1992. The Savings and Loan collapse and the subsequent bailout was still haunting many Americans, and they were in no mood for additional improprieties by their elected officials. The American public soon was aware of four major scandals, two in each chamber. These scandals helped instigate a major reform movement in 1992. Each of the five scandals will be reviewed in some detail to accurately establish the mood of the electorate in 1992.

a. *The Savings and Loan Crisis*

The Savings and Loan crisis was first uncovered in May 1988 when a General Accounting Office report found 505 of the nation's 3,147 thrifts were insolvent at the end of 1987. The insolvent thrifts were primarily located in the Southwest where the depressed oil industry was hit the hardest.

Within a month of his inauguration, President Bush proposed legislation overhauling the \$100 billion thrift industry. The bill dramatically restructured federal regulations concerning thrifts and created the Resolution Trust Corporation (RTC). The RTC was initially provided \$50 billion over three years to sell off the insolvent savings institutions, and was created to take over any additional failed thrifts and sell their assets. From its inception until 1993, the RTC took control of 727 failed savings and loans at a cost of more than \$86 billion. (Congress and the Nation, 1992, p. 116)

The Senate entangled itself in two significant public affairs "nightmares" in 1991. First, the Keating Five scandal led the Senate Ethics Committee to rebuke five senators for improper contacts with federal regulators concerning a financially troubled savings and loan institution. Later that same year, the Senate immersed itself in the debacle over the confirmation hearings of Supreme Court nominee Clarence Thomas.

*b. Keating Five Scandal*

The Keating Five scandal dated back to the mid 1980s and involved five Senators who were charged with doing favors for a wealthy campaign contributor, Charles Keating. Keating was the head of Lincoln Savings and Loan Association that failed in 1989 and cost taxpayers over \$2 billion. The five senators, Alan Cranston, (D-CA), Dennis DeConcini, (D-AZ), John McCain (R-AZ), John Glenn, (D-OH), and Donald Riegle Jr., (D-MI) received over \$1.5 million from Keating and all denied wrongdoing.

The Senate began televised ethics hearings in November 1990, and concluded them two months later. Just prior to the commencement of the hearings, Cranston announced he was retiring, and would not seek reelection in 1992. The five senators were admonished by the Ethics Committee but Cranston was the only one punished for his role in the affair. Keating was eventually found guilty on 73 counts of fraud and racketeering and sentenced to more than 525 years in prison.

*c. Clarence Thomas Confirmation Hearings*

In October 1991, the Senate once again became embroiled in a wild spectacle, the televised confirmation hearings of Supreme Court nominee Clarence Thomas. Thomas, President Bush's nominee to succeed Thurgood Marshal, was thought to be an easy confirmation, but two days before the scheduled vote Thomas was accused of sexual harassment by Anita Hill, a former employee. The vote was delayed, and three days of television hearings began October 11, 1991. The hearings became a major satire and source of public scorn for the Senate.

Hill recounted numerous humiliating sexual harassment incidents during the early 1980s when she worked for him. Hill's testimony was believed by many senators, but Republican senators and the White House attacked her credibility. Thomas responded as a man wrongly accused, with his reputation and family destroyed. Thomas was eventually confirmed by the closest margin in history, 52-48.

The House of Representatives was also suffering through two embarrassing scandals. First, the House Post Office scandal began as a small investigation and exploded into a major scandal involving several prominent members. The second scandal involved the House Bank. The American public learned in 1991 that hundreds of current and former members took advantage of the House bank and were routinely overdrawn without penalty. The scandal mushroomed and eventually

involved more members than any other ethics controversy in congressional history. (Congress and the Nation, 1992, p. 346)

*d. House Post Office Scandal*

The House Post Office scandal resulted from a minor investigation and eventually led to the demise of a major House member, Ways and Means Committee Chairman Dan Rostenkowski. The investigation turned up allegations of improper loans and check-cashing. Members of the House were accused of submitting phony stamp transactions and pocketing the cash. Rostenkowski purchased over \$27,672 worth of stamps between January 1986 and March 1992. The inquiry continued well into 1993, and Rostenkowski was voted out of office in the 1994 congressional elections and later tried in court because of his involvement.

*e. House Bank Scandal*

In 1991 the public became aware of the House Bank scandal in which hundreds of current and former members of the House routinely overdrew their House checking accounts without penalty. In September 1991, the General Accounting Office, in a follow-up audit from 1988, disclosed that 8,331 bad checks had been written by members during a one year period in 1990. The House Ethics Committee released the list of members who were routinely overdrawn. The elections of 1992 indicated public displeasure with the House members involved in the scandal. Over 25 percent (77 of 269) of the current members

involved in the scandal had retired or been defeated. (Congress and the Nation, 1992, p. 346)

By early 1992, the election rhetoric was heating up and American voters were looking for a change and an "unconventional" candidate. Many Americans were bitter that their elected officials could not break the gridlock and solve the budget deficit. In response, Ross Perot and his "United We Stand" movement was created in 1992.

#### **D. UNITED WE STAND MOVEMENT**

In 1992 a Texas billionaire, Ross Perot became the catalyst for a populist reform movement across the United States. Perot campaigned on the belief that both Republicans and Democrats lacked the will and ability to address the major issues facing America. Perot's main selling points were the federal deficit and the inability of federal politicians to work together to solve other major problems. He also appealed to many Americans by suggesting the elimination of special interest group participation in campaign financing.

Perot took a plain talking approach with a simple message for change to the American people. Perot often stated that if the voters of America wanted to get down to business, they should vote for him, if they wanted to "talk and slow dance" they should vote for Bush or Clinton. (Seib, 1995, p. A12)

Perot's message struck a chord with many American voters and many became Perot volunteers. During the early days of the campaign season, Perot drew major support. Exit polls in

three major primaries in New Jersey, Ohio and California found Perot drawing significant support from delegates supporting Bill Clinton, the leading Democratic candidate and incumbent Republican President George Bush.

Many volunteers gathered signatures to add Perot to the federal ballot in all fifty states and the District of Columbia. By early June, Perot had hired two major campaign managers, Democrat Hamilton Jordan and Republican Edward Rollins. Each had experience running a successful major presidential election campaign. By the early days of summer, Perot was projected as drawing over thirty percent of the popular vote in a three way race.

Perot's campaign was unique because he made no campaign appearances. He relied instead on talk-show appearances, and was a pioneer in the use of "infomercials," 30 minute campaign commercials.

By mid-summer, Perot's support began to falter and he suddenly withdrew from the election in July. His official rationale was objection to intense political scrutiny of his personal life. Almost as abruptly, he reentered the race in October, allowing him to participate in the three presidential debates. His performance in the debates was mixed, but he did gain in the polls during the final weeks of the campaign. Perot's impact is still felt today through his "United We Stand America" volunteer organization and as a catalyst for reform.



The volunteer organization, United We Stand America is still active today. This organization had more than sixty major offices across the United States and each was given \$7,500 a month from Perot's personal fortune. By the November election, many estimate that Perot had spent approximately \$18 million of his own money for the election. (Congress and the Nation, 1992, p. 25)

As a catalyst for reform, Perot had even more impact. The agenda of most of his supporters included balancing the budget and reforming the way the federal government worked. Both of those items became major campaign issues by the fall of 1992, and continued throughout the 102nd Congress.

On election day, Perot won 19 percent of the popular vote, but no electoral votes. Perot's candidacy is credited with increasing voter participation. Compared to the 1988 election, voter turnout increased by over 13 million votes, the largest increase in over forty years. The 1992 election drew over 104 million voters, the first time in American history that voter turnout exceeded 100 million. The Voter Research and Surveys (VRS), using exit polling, found that approximately 15 percent of Perot's voters would not have voted had Perot not run.

Perot's calls for reform were well received across the nation. He drew more than 10 percent of the popular vote in 49 states, and drew more than 20 percent in 30 states.

(Congress and the Nation, 1992, p. 23) He also finished ahead of Bush and Clinton in one state each.

#### **E. SUMMARY**

Significant problems including the growing federal deficit and debt, decision gridlock, and the ineffectiveness of Congress led to development of a major populist reform movement in 1992. Congress had been the victim of several major scandals that caused many talented members to retire. A charismatic third party candidate, Ross Perot, was the catalyst for the nationwide reform movement. The congressional reform effort proposed by the 103rd Congress is the subject of the next chapter.

## **V. BUDGET REFORMS OF THE 103RD CONGRESS**

### **A. BACKGROUND**

As already stated in Chapter IV, the time was right in 1992 for a major institutional review of congressional procedures. More than twenty years had passed since the last reorganization act and nearly fifty years since the post World War II reforms. Most of the issues facing Congress during the last fifty years had changed drastically, yet the internal organization and structure of Congress had not.

Americans were increasingly frustrated with the perceived inability of Congress to solve the nation's problems. By the early 1990's many members of both chambers opted to resign rather than remain members of such an ineffective legislature. The disenchantment was not contained to members of the House and Senate. By the summer of 1992, public opinion polls indicated that seventy-seven percent of Americans disapproved of Congress. (Congress and the Nation, 1992, p. 341)

### **B. ENACTING LEGISLATION**

In response to both the internal and external pressure, four members of Congress introduced legislation to create a Joint Committee on the Organization of Congress. The House legislation, House Concurrent Resolution 192, was sponsored by Representative Lee H. Hamilton, (D-IN), and Representative Bill Gradison, (R-OH), and its companion in the Senate, Senate

Concurrent Resolution 57, was sponsored by Senator David L. Boren, (D-OK), and Senator Pete V. Domenici, (R-NM).

The resolutions received little negative publicity, and moved quickly through both chambers. The House passed the legislation by a vote of 412-4 in mid June 1992. The Senate approved the legislation on July 30, 1992, with one amendment. The conference committee resolution was quickly produced, and the final bill was the version approved by the Senate. On August 6, 1992 the legislation was formally adopted as House Congressional Resolution 192 of the 102nd Congress.

The legislation required Congress to, "...make a full and complete study of the organization and operation of the Congress of the United States". (House Congressional Resolution 192 of the 102nd Congress) A 28 member temporary committee was formed to address how to make Congress more effective, accountable, and credible. This Joint Committee was to recommend improvements to strengthen the effectiveness of Congress, simplify its operations, improve its relationships with and oversight of other branches of the government, and improve the orderly consideration of legislation. Interestingly enough, the legislation did not grant the Joint Committee any legislative authority to report a bill directly to the floor.

#### **1. Effectiveness**

How difficult is it to make Congress more effective? The answer is, surprisingly difficult! Issues that needed to be

examined included committee assignments, the budget process, time available to review legislation, and staffing levels.

Prior to the first meetings of the Joint Committee, many difficult questions had to be addressed, such as: Is Congress making adequate use of information technology to help in the lawmaking process? Do members spend serve on too many committees? Does Congress spend too much time making the same budget decisions and too little time reviewing how the money is spent and policy is executed?

## **2. Accountability**

Many observers have argued that Congress is not held accountable for its action. Yet the voters seldom hold Congress accountable during elections, returning most incumbents to office. The issue of public accountability was a major focus of the Joint Committee, and generated such issues as: Does the complexity of the budget process make accountability difficult? Is there sufficient accountability concerning entitlement spending and the federal deficit?

## **3. Credibility**

The perceived credibility of Congress is greatly affected by the first two issues, effectiveness and accountability. Improvements in these two areas could lead to significant improvement in credibility. Public criticism of Congress, although at an all time high in 1992, was in response to a series of congressional scandals over the previous decade. Congress's inability to comply with the laws it passes for

others, and the ethical violations of some members were factors affecting low public opinion. The Joint Committee certainly had a wide range of issues to consider.

### C. ORGANIZATION AND METHODOLOGY OF THE JOINT COMMITTEE

Membership of the twenty-eight member Joint Committee was determined by the party leaders in both chambers. The co-chairmen were Senator David L. Boren and Representative Lee H. Hamilton. Vice chairmen positions were assigned to Senator Pete V. Domenici and Representative Bill Gradison. In addition to the membership contained in Table 3, the majority and minority party leaders in both chambers were granted ex officio, voting membership on the committee.

Table 3  
Joint Committee on the Organization  
of Congress Membership  
(Source: Report On The Organization of Congress, House  
Report 103-413/Senate Report 103-215, Vol II)

Senate Members	House Members
Jim Sasser (D-TN)	David Obey (D-WI)
Wendell H. Ford (D-KY)	Al Swift (D-WA)
Harry Reid (D-NV)	Sam Gejdenson (D-CT)
Paul S. Sarbanes (D-MD)	John M. Spratt, Jr. (D-SC)
David Pryor (D-AR)	Eleanor Holmes Norton (D-DC)
Nancy Kassenbaum (R-KS)	Robert S. Walker (R-PA)
Trent Lott (R-MS)	Gerald B. H. Solomon (R-NY)
Ted Stevens (R-AK)	Bill Emerson (R-MO)
William S. Cohen (R-ME)	Wayne Allard (R-CO)
Richard D. Lugar (R-IN)	Jennifer Dunn (R-WA)

Shortly after the first organizational meeting on January 6, 1993, the committee membership underwent a significant change. Representative Gradison resigned from the House of Representatives on January 31, and was replaced by Representative David Dreier (R-CA) as House Vice Chairman.

During the first organizational meeting the committee established its schedule. During the first six months of 1993, the committee scheduled over 30 hearings, and intended to solicit testimony from more than 200 witnesses. To support their efforts, the committee also anticipated participating in several symposia and outside studies. To ensure a high quality product, the committee also surveyed both members of Congress and their staffs, and communicated with numerous other agencies and groups to obtain their inputs on reform.

The committee agreed to focus their efforts into eight major areas concerning congressional reform: ethics process and institutional integrity; the federal budget process; committee system; floor deliberation and scheduling; staffing; working relationships between the branches, parties and chambers; public understanding of Congress; and information technology and its use in the law making process. As mentioned in Chapter I, this study will focus only on those issues concerning the budget process. The primary recommendations of the Joint Committee concerning budget reform are contained in the next section of this chapter.

Cumulatively, the Joint Committee held 36 hearings containing more than 110 hours of testimony during the first six months of 1993. Eight of those hearings were general, designed to solicit input and comments from current and former members and staff about various reform measures. The remainder of the hearings were focused on the eight topic areas listed above. The final report of the Joint Committee lists a total of 243 witnesses: 133 House Members, 37 Senators, 14 former members, 15 staff members, and 44 outside experts. A summation of the hearings concerning budget reform is provided later in this chapter.

The hearings sponsored by the Joint Committee were supported by a variety of other information gathering activities. The Joint Committee organized four roundtable discussions, on the budget process, the committee system, staffing and legislative-executive relationships. These discussions were organized with the assistance of The American University and The Council on Excellence in Government. During the four symposia more than 100 participants provided their ideas on reform. A brief summary of the roundtable discussions is contained in this chapter.

In addition to the hearings and symposia, the Joint Committee surveyed members and their staff on specific reform proposals and issues which should be brought to the attention of the Committee. The Congressional Research Service and the Congressional Management Foundation were the primary



assistants in this project. The validity of the surveys was hindered by the low return rate among members. Only thirty percent of members returned the questionnaires, whereas almost fifty percent of staff members responded. The viewpoints of the respondents are provided in this chapter.

Input from American citizens was considered a very high priority, and the Joint Committee made a significant effort to keep the public informed of its activities. Committee hearings were televised on C-SPAN, and letters were sent to 1,600 daily newspapers requesting readers to let the Committee know their opinions concerning reform. More than 1,000 letters were received from citizens in response to the C-SPAN hearings and newspaper articles.

Three prestigious institutions, the Brookings Institute, the American Enterprise Institute, and the Carnegie Commission on Science, Technology and Government also greatly assisted the work of the Joint Committee. These three agencies provided significant recommendations concerning the potential use of advanced information technologies in Congress. Recommendations included areas of video conferencing, information preservation, and technology available to make it easier for members to follow floor action when engaged elsewhere.

The Joint Committee also consulted with numerous other groups and individuals concerning reform proposals. Party leaders, support agency representatives, academics, state

government officials and "think tanks" provided a great deal of information to the members of the Joint Committee.

The committee staff also conducted a series of research projects and wrote a series of reports on the various issues submitted for consideration. At the conclusion of the hearings phase, the Joint Committee retreated to the United States Naval Academy in Annapolis, Maryland for two days of review and discussions. After the retreat, the Joint Committee finalized its efforts and began to issue its recommendations. Although the Joint Committee did not have the legislative authority to report a bill directly to the floor, the Joint Committee leaders agreed to mark up legislative language and include it with their final reports.

Senate Members of the Committee began markups in early November, and the House followed between November 16 and ended on November 22. The final recommendations of each chamber differ concerning many of the issues, and those differences will be identified on a case by case basis in the final section of this chapter.

#### **D. BUDGET REFORM HEARINGS**

The Joint Committee held a series of eight hearings on the budget process during March and April, 1993. Representative Lee Hamilton began the hearings by describing the budget process as highly complex. Representative Wayne Allard summed up the general objective of the committee when he stated "...one of the major things we could do to make the

budget process better is to make it simpler...so that it is more easily understood." (Joint Committee Budget Process Hearings, March 4, p. 1)

The Joint Committee called a total of 223 witnesses, including the Chairman and Ranking Member of the House Budget Committee, the Chairman of the House Appropriations Committee, nine other members of the House, four Senators, and five experts, including the Director of the Congressional Budget Office. The opinions expressed ranged from advocates of the current system who supported minor changes, to those who believed a structural overhaul of the budget process was required.

Supporters of the existing budget system included Representative Martin Sabo, Chairman of the House Budget Committee. Sabo argued that the problem was a lack of political agreement, and not the procedure itself. Dr. Robert Reischauer, the Director of the Congressional Budget Office, also supported the current system, and stated, "...the process we have now would look a lot better if a \$300 billion deficit was not staring us in the face. But, we should keep in mind that the process is not responsible for that \$300 billion deficit." (Joint Committee Hearings, March 4, p. 6)

Advocates of major reform also voiced their opinions, and many witnesses proposed specific modifications to the budget process. Although a wide variety of budget issues were

discussed during the hearings, nine received major attention. Each is addressed in detail below.

#### **1. Two Year Budget Resolutions and Authorizations**

The first major budget reform proposed concerned biennial budgeting. As defined in the committee hearings, biennial budgeting includes a 2-year budget resolution and 2-year authorizations. The reform was designed to allow authorizing committees more time on budget oversight, and less on budget authorization. Supporters included Joint Co-Chairman Senator David Boren, and Senators William Roth and Pete Domenici.

A major benefit of multi-year budgeting, according to Representative William Natcher, was that the authorization would be established before the appropriations process began. That would eliminate much of the duplication of the authorization and appropriation efforts, and was also rationalized because many programs and agencies are funded without annual authorization bills.

Most witnesses supported the biennial budget process, but some significant opposition developed. Representative George Brown, Jr., Chairman of the House Science, Space and Technology Committee, argued that multi-year budgeting would decrease the participation of authorizers in the annual budget process. Programs would have to wait longer for implementation if they were proposed in non-authorization years. Dr. Reischauer also expressed concerns concerning multi-year budgeting, and his arguments were very convincing

to many members of the Joint Committee. He stated, "...as one who knows how uncertain budget estimates are, even for 1-year out, I shudder at the thought of budgeting for a 2-year time period..." (Joint Committee Hearings, March 4, p. 5)

## **2. Two Year Appropriations**

Many of the witnesses who favored multi-year authorizations also favored multi-year appropriations. Unlike authorizations, many appropriations do not change substantially from year to year and, therefore, a great deal of time is spent with little result. Furthermore, advocates argued that biennial appropriations might also result in spending reductions because wasteful end-of-year practices would be eliminated. Federal agencies would no longer rush to spend money before it expired at the end of a fiscal year. Proponents also argued that 2-year appropriations would eliminate redundant debates on the same issues every year, allowing more time for budget oversight.

Supporters of biennial appropriations included Senator Roth and former Vice-President Walter Mondale. Mondale suggested that 2-year appropriations make sense and that, "I would bet that 85 or 90 percent of an appropriations bill does not change in policy. The heart of the appropriations remains essentially the same." (Joint Committee Hearings, Jul 1, pp. 24-25)

Because the fiscal stakes would be much higher, many opponents, including Dr. Reischauer, suggested that the multi-

year appropriations process would actually end up consuming more time and become more political. Critics argued that since the government is in a fiscal crisis, appropriations must be reviewed and approved annually. House members serving two-year terms also objected because biennial budgeting would allow them only one decision point during the process. A leading opponent, Senator Robert Byrd, was quoted as saying that, "We don't spend an inordinate amount of the Senate's time on the 13 appropriations bills and supplementals; we get those done expeditiously." (Joint Committee Hearings, Feb 2, p. 26)

### **3. Elimination of a Layer in the Budget Process**

The current budget system allows debate on spending issues during the three phases of the budget process--the budget resolution, authorizations and appropriations. Many members of the committee argued for the elimination of a stage of the budget process by combining the authorization and appropriations process. Senator Nancy Kassenbaum, the leading proponent, suggested such a change would eliminate repetition in the system, and help the general public better understand the process. The strongest and most eloquent argument in favor of combining the two processes was provided by former Senator Henry Bellmon. Bellmon suggested that "Authorizing committees, in my experience, have minimal spending restraint.....It is obvious that the authorizing committees have very little concept about what is available to spend.

And by putting those together, that awareness should be enhanced." (Joint Committee Hearings, Mar 30, p.22)

Many members of the committee, as well as witnesses, had an opposing viewpoint. Opponents such as Senator Domenici argued that the two function as important fiscal checks in the legislative system, and that Congress "...didn't want all the eggs in one basket." (Joint Committee Hearings, Jan 26, p. 78) Opponents suggested that removal of a layer would put the entire budget in the same dire situation as mandatory spending, monitored but uncontrolled.

#### **4. Development of a Leadership Committee**

Senator Kassenbaum also supported the development of a leadership committee which would replace the Budget Committees. The leadership committee was intended to be more directive in nature concerning spending issues in Congress. The fiscal directives from the committee would be carried out by the authorizing committees. This change is significantly different from the current blueprints issued by the Budget Committees, but often ignored by Authorizing Committees. Former Senator Bellmon also supported a leadership committee as a tool to give the budget process more clout.

Opponents of the leadership committee, including House Minority Leader, Representative Bob Michel, suggested that congressional leaders were already heavily engaged in other committees and, therefore, unable to provide additional time to the budget process. They also pointed out that such a

program would restrict the participation in the budget process and concentrate a great deal of power in the hands of a few.

#### **5. Waiving Budget Rules**

The issue of waiving budget rules probably received more attention than any other budget reform considered by the Joint Committee. The rules of both chambers concerning the budget process are very clear, and yet one of the most vocal complaints was how often budget rules and procedures are waived or overridden. For instance, both chambers require that authorizing committees legislate, and then the appropriations committees provide the funding. Often though, for the sake of expediency, appropriations bills are passed before any authorizing legislation is considered. Both chambers came under fire, as did both authorizers and appropriators.

Witnesses supporting the claim that there are too many exemptions to the rules blamed the Rules Committees. Representative Michel stated in his March 30 testimony, "It has gotten to the point that the House Rules Committee provides blanket waivers and doesn't bother to specify which points of order are being violated." (Joint Committee Hearings, March 11, p. 15)

Many authorizers in the House expressed concern about the Senate and its Appropriations Committees. In the House, membership is exclusive, but in the Senate some Senators chair both an authorizing committee and its relevant appropriations



subcommittee. Appropriation bills are easier to legislate because members can avoid amendments and lengthy debates. Therefore, the Senate has found a procedure that excludes authorizers in both chambers from the policymaking process, and causes significant problems when the legislation goes to conference. Speaker of the House Thomas Foley summed up the problem quite well, "...it is difficult sometimes to ...(move authorizations through) the Senate because of the tendency of the Senate to move these questions through the appropriations process."(Joint Committee Hearings, Jan 26, p. 12)

The authorization-appropriations process is also corrupted by numerous interpretations of the rules. Co-Chairman Boren suggested that often authorizing committee chairmen contact appropriation chairmen in an attempt to include certain legislation in the appropriations bill which they could not enact in the authorization bill. Appropriators are not obliged to support such a request, but often the request is honored in exchange for future votes from the authorizing committee chairman, i.e., logrolling.

#### **6. Sunsetting Entitlement Legislation**

A distinction between entitlement and discretionary funding is required for the remainder of this section. Entitlement programs (trustfund spending) provide beneficiaries with a commitment from the federal government to provide some quantity of financial assistance through existing legislation. Entitlement programs include Social Security,

Medicare and Medicaid. Discretionary spending is money not already promised through legislation, and includes defense and other domestic spending such as highways and education.

Mandatory, or entitlement spending continues to grow faster than discretionary spending, and already accounts for more than half of federal expenditures. In order to reduce the federal deficit, entitlement spending must be reduced.

Many of the witnesses testified in support of controlling entitlement spending, and proposed that the programs be reviewed every few years to determine which are still worthwhile, and hence subject to renewal. Programs not deemed worthwhile would be cancelled, sunseting the legislation. Supporters of sunset legislation, including Vice-Chairman Drier and Dr. Reischauer, argued that this legislation would give Congress more spending choices by freeing up some money considered off limits under an entitlement program.

Other issues considered included periodic reviews of entitlement programs. Co-Chairman Boren recommended that mandatory programs be limited by growth rates of appropriate measures, such as the cost of living or population growth rates. Others argued for termination dates for entitlement programs, unless Congress took action to renew them every few years.

#### **7. Baseline Budgeting**

Baseline budgeting is a projection of future expenditures

determined by expected inflation and mandated changes in the program. The problem with baseline budgeting is that budget cuts are usually calculated from the projected baseline rather than the previous year's spending levels. This gives politicians a way to appear to cut programs without actually cutting spending.

Opponents of baseline budgeting argued that such actions actually lead to a larger escalation in spending than would otherwise occur. Requiring committees to base their estimates on the previous year levels of spending, vice the baseline, might result in less pressure to allow program growth. However, since most entitlement spending automatically receives a cost of living allowance every year, baseline budgeting has become an institutional norm in both chambers of Congress.

#### **8. Line-Item Veto**

The Presidential line-item veto, a perennial request of Presidents Reagan and Bush, would allow the President to eliminate specific items in a spending bill without vetoing the entire bill. Supporters of the line-item veto suggest that the President does not have a small constituency like Senators and Representatives and, therefore, is more willing to slash wasteful spending from appropriation bills.

Opponents of the line-item veto suggest that such an instrument may violate the separation of powers clause of the Constitution. They argue that such a tool shifts power to

the President concerning spending cuts and, therefore, gives the Executive Branch the power of the purse. Representative Bill Orten stated, "I legitimately am concerned about giving the President that much power. We can barely get 218 votes on many of these things. If you have to get two-thirds, you can't do it. So the President would control the purse." (Joint Committee Hearings, March 18, p. 50)

It was argued that a line-item veto would allow Congress to avoid making tough cuts, therefore forcing the President to cut the programs. However, many argued that Congress has been able to cut spending through the rescission process, and that the President doesn't need to get involved in specific budget matters to that extent.

A modified line-item veto was suggested by Representative Stenholm during his testimony. His proposal avoided the constitutional question by allowing the President to sign an appropriation bill, and then send a list of proposed rescissions from the bill back to Congress. A simple majority vote would approve the rescission. Congress would have the option on acting on these proposed "suggestions."

#### **9. Balanced-Budget Constitutional Amendment**

"The best starting place for budget reform is a constitutional amendment requiring a balanced-budget." That statement, made by Representative Stenholm during his testimony (Joint Committee Hearings, Mar 4, p. 2), demonstrated that balancing the budget was a major priority

for the American public. Supporters argued that many attempts to fix the budget process have all failed because of loopholes in the budget process.

Opponents, including Dr. Reischauer, testified that a constitutional amendment would tie the hands of Congress, and would prevent flexibility for unforeseen occurrences, such as the Gulf War. In his March 4 testimony, Dr. Reischauer stated "...budget procedures are much better at enforcing compliance with previous decisions than at forcing predetermined goals." (Joint Committee Hearings, March 4, p. 6)

#### **E. ROUNDTABLE ON BUDGET PROCESS REFORM**

As mentioned earlier, in addition to the hearings on budget reform, the Joint Committee held a roundtable discussion concerning budget reform. The roundtable discussion was held at the United States Capitol on April 15, 1993. The discussion was moderated by James Thurber, the Director of the Center for Congressional and Presidential Studies. The roundtable was attended by a variety of current and former congressional staff, as well as outside experts and academics. A brief summary of the important points addressed at this forum is contained below.

##### **1. Budget Reform Necessity**

The first issue questioned the necessity of budget reform, and the group failed to come to a consensus on the matter. The famous quote from former CBO Director, Rudolph Penner, became the focal point of discussion: "The process

isn't the problem, the problem is the problem." (Boren, 1993, p. 205) The argument centered around the deficit, and many suggested that changing the process would not significantly impact the deficit. They suggested that the current process, although not ideal, certainly was capable of producing better budgetary results. Most believed that budget reform diverted Congress from more important issues.

The group was divided on the issue of budget reform, and one member suggested that the focus on budget reform reflected a much broader set of concerns facing Congress. He indicated that a fear of politics has resulted in a belief that the process is untouchable. To solve the budget problem he suggested that instead of reform, a new commission on budget concepts, similar to the commission of 1967, would be more responsive to the needs of Congress. The 1967 Commission was responsible for many successful procedures that improved federal budgeting, and some of their work appeared in subsequent legislation.

Leadership in the federal budget process was another area identified for improvement. Participants suggested a wide variety of ideas include making the process more political and, therefore, more responsive to leadership. Others suggested that since budgeting is a congressional-presidential process, a major leadership change is required if the system is expected to produce better results.

The discussion focused on the Congressional Budget and Impoundment Control Act of 1974 and its objectives. One member suggested that the Budget Act was designed to provide better budgetary information and coordination of the budget, not designed to eliminate deficits, and that to evaluate the process only on deficits was unreasonable.

A separate proposal included the possibility of eliminating the budget resolution and returning the procedure to the pre-1974 process. Many roundtable members agreed with the suggestion, and even implied that eliminating the budget resolution would probably cause more executive-legislative budget summits, that might help to reduce spending.

Other members suggested that the budget system should take advantage of institutional strengths. Congress had failed to perform the role of the executive branch to formulate successful budget policy, while allowing the President to abandon his responsibilities for budget policy. Congress's strength lies in readjusting priorities within a broad policy, not attempting to formulate the policy. Congress seldom has deviated significantly from the President's budget requests, and eliminating the congressional budget resolution could significantly improve the budget process and the work of the budget committees.

## **2. The Joint Committee's Role in Budget Process Reform**

The second formal question proposed by Dr. Thurber concerned the role of the Joint Committee in the budget reform

process. Although no one suggested that the Joint Committee had little business dealing with budget reform, they did indicate that energy was being wasted. Without authority to propose legislation for reform, many felt the Joint Committee's efforts would go for naught.

### **3. Biennial Budgeting**

The roundtable discussion turned to more specific issues and a variety of them received a great deal of discussion. The first, biennial budgeting, was considered impractical because they required budget projections that usually were three years into the future. Others felt that biennial budgeting was a way to reduce both the deficit and the congressional workload, but that it probably wouldn't reduce either.

One member of the roundtable indicated that budgeting is not annual, but that the process is annual. Any desire to make budget decisions every other year would be outweighed by the desire to avoid making bad decisions. An annual budget allows maximum flexibility, even if Congress only makes incremental budget changes.

### **4. Combining Authorizations and Appropriations**

The next issue concerned the possibility of combining authorizations and appropriations. The consensus was that such a reform was needed because of continuing conflict between authorizers and appropriators over who "gets to spend the money." One member pointed out that authorized levels for



most programs are substantially higher than the appropriations for those programs, and combining the two would result in greater spending instead of a reduction.

#### **5. Additional Comments On Budget Reform**

Members of the Roundtable were offered an opportunity to suggest additional areas for budget reform. Participants provided a number of suggestions, but the focus of their efforts concerned entitlement spending. Suggestions included limiting entitlements to appropriated amounts, and granting tax committees broad jurisdiction over both entitlements and revenues. Both of those suggestions were considered highly unlikely to occur.

In summary, the Roundtable panel implied that the best budget process allows Congress to decide which questions are important and which are not. In that context, reforms concerning appropriations were considered unnecessary and biennial budgeting a step in the wrong direction. Finally, they concluded that any reform which brought the tax committees directly into the budget process would have positive effects.

#### **F. SURVEY RESULTS**

One of the many tools used by the Joint Committee was a series of surveys sent to both members and their staff on specific reform proposals and issues that should be brought to the attention of the Committee. The Congressional Research Service and the Congressional Management Foundation were the

primary assistants in this project. The validity of the surveys was hindered by the low return rate among members. Only thirty percent of members returned the questionnaires whereas almost fifty percent of 3500 staff members responded. The responses of members are tabulated in Table 4.

Over seventy percent of the respondents supported the elimination of one of the steps in the budget process. Of those, forty percent indicated that the appropriations process should be eliminated and seventeen percent suggested combining authorizations and appropriations.

Table 4  
Congressional Members Survey Response  
(Source: Report on the Organization of Congress, House Report 103-413/Senate Report 103-215, Volume II)

	Favor	Neutral	Oppose
Make Budget Committee into a Leadership Committee	25.3%	13.0	51.9
Joint Budget Committee	28.8	19.0	42.5
"Sunset" Entitlement Programs	74.2	11.9	11.9
Two-Year Resolution/Authorization	69.0	5.1	17.7
Two-Year Authorization/Appropriation	56.9	10.5	20.9
Joint Budget Resolution	40.4	15.2	28.5
Eliminate Concurrent Resolution	31.2	21.4	31.2

Two specific budget reform proposals, "sunsetting" entitlement legislation and biennial budgeting, were strongly supported by more than two-thirds of the respondents. Of general interest, a greater number of junior members favored "sunsetting" entitlement programs. (Boren, 1993, p. 229)

Staff members were also surveyed, but were asked different questions than members. The results indicated support for two budget reform issues. Seventy-one percent favored a two-year budget process, and fifty-five percent supported the creation of a leadership committee. (Boren, 1993, p. 339)

#### **G. FINAL REPORT FINDINGS**

The final three months of the Joint Committee were not as successful as the first six months. Partisan disagreements, procedural difficulties and political gamesmanship paralyzed the Committee. Tensions between the House and Senate ran so high that they issued separate recommendations, even though many proposals were identical.

The Joint Committee anticipated completing its work by September, and Speaker of the House Foley promised to introduce many report recommendations to the floor in October. However, October passed without a single measure coming to the House floor.

##### **1. House Recommendations**

Disagreements between Democrats and Republicans slowed the recommendations of the House members of the Joint

Committee. After weeks of inaction, Representative Hamilton released his own recommendations on November 16. Vice-chairman Dreier called the recommendations "neither bipartisan nor comprehensive." (Congress and the Nation, 1993, p. 28)

Over the next few days, House members of the Joint Committee angrily debated 36 amendments, most from Republicans. The debates were often partisan and occasionally turned personal. On November 22, 1993, the House completed its markup, voting mostly along party lines, 8-4 to adopt the recommendations. Two Republicans, Vice-chairman Dreier and Representative Emerson broke ranks and supported the final bill.

The House members recommended five budget reforms in their final report. They supported biennial budgeting; quarterly CBO budget reports; development of fiscal and budget policy reports; a review of government user fees; and total of tax expenditures in budget resolutions. Two of these, biennial budgeting and quarterly CBO reports were also recommended by the Senate.

## **2. Senate Recommendations**

The Senators on the committee adopted their recommendations by a vote of 12-0 on November 10, after a single day of markup. They opted to defer any recommendations concerning ethics issues, while the Senate Ethics Committee Chairman Richard Bryan, studied the matter under a separate charter.

The Senate's report, S. R. 103-215, made five recommendations concerning budget reform. It recommended biennial budgeting and appropriating; multi-year authorizations; the development of quarterly deficit reports; clarification of section 313 of the Congressional Budget and Impoundment Control Act; and GAO assistance with oversight responsibility.

The final report of the Joint Committee was released three months later than expected, on December 9, 1993. In accordance with the authorizing legislation, the Joint Committee dissolved on December 31, 1993.

#### **H. SUMMARY**

The time appeared to be right in 1992 for a major institutional review and reform of congressional procedures. Americans were increasingly frustrated with Congress, and the result was a Joint Committee to make a full and complete study of the organization and operation of the Congress of the United States.

The Joint Committee was chartered to recommend improvements to strengthen the effectiveness of Congress, simplify its operations, improve its relationships with and oversight of other branches of the government and improve the orderly consideration of legislation. What became of the recommendations? How many of the reforms have been implemented? Those questions are the subject of the next chapter.



## **VI. OUTCOME OF THE REFORM EFFORT**

### **A. BACKGROUND**

The Joint Committee on the Organization of Congress was established to consider improvements to strengthen Congress, simplify its operations, improve its relationships with and oversight of other branches of the government and improve the orderly consideration of legislation. After six months of testimony, symposia and surveys, and three months of disagreements over conclusions, the final report was released in December 1993. By the close of 1993, the Joint Committee had spent over \$640,000 and produced a final report proposing only modest changes. (Carney, 1994, p. 1733)

### **B. HOUSE ACTION**

House members of the Joint Committee submitted their legislation and remained relatively optimistic about its chances. Representative Lee Hamilton noted that the 1965 Joint Committee did not get its package passed until 1970. He stated, "I think the package will be passed. Now, the tougher question is will it be passed in 1994? I don't know the answer to that." (Carney, 1994, p. 1737)

The final report of the House Members of the Joint Committee did not fare as well as Representative Hamilton had hoped. The report suffered a "quick" legislative death. House leaders first attempted to split the recommendations into two separate bills. One bill contained the bulk of the

reforms and the other contained only one, applying private sector laws to Congress. This division of the legislation eliminated much of the support for the more controversial recommendations, and effectively tabled the most important recommendations in the legislation.

Reluctantly, Speaker of the House Foley put the legislation on the House schedule, but placed it below other important issues facing the 103rd Congress. Among those issues were campaign finance reform, legislation banning lobbyists' gifts, and health care reform. When the 103rd Congress adjourned in late 1994, the congressional reform legislation was still waiting to be considered. In the view of many House members, Speaker Foley had effectively avoided the issue of congressional reform.

Republican House members saw a political opportunity caused by the delays and, led by Representative Newt Gingrich of Georgia, developed a "*Contract With America*." The contract encompassed many congressional reforms contained in the final House report of the Joint Committee. The November, 1994 elections provided sweeping changes, and the Republicans gained control of both chambers for the first time since the 1950's. The role that the "Contract" and its congressional reform portions has played in the 1994 elections remains to be studied.

#### **C. SENATE ACTION**

Although not enthusiastic about reform, Senate Majority



Leader Mitchell did not hinder the legislation as did Speaker Foley. Senate Rules Committee Chairman Wendell H. Ford took the recommendations from the final Senate Report and developed a legislative package for submission to the full Senate. Resistance was strong, especially from Senator Byrd, Appropriations Committee Chairman and a "guardian of Senate traditions". (Gettinger, 1994, p. 1503) Senator Byrd convinced the Rules Committee to delete the recommendation for a two-year budget cycle. The committee supported the recommendation for two-year authorizations, but deleted the recommendation for two-year appropriations. Such a proposal effectively amounts to no change at all.

The modest package of proposals designed to make the Senate function more efficiently was met with a great deal of disdain. Ford's committee eventually voted to drop most of the key recommendations from the Senate Report, and only minor elements made it to the Senate floor. Ford worked many days attempting to convince his colleagues, but admitted it was too difficult to change old habits on Capitol Hill. Senator Ford observed, "When you go up against the big bulls, the little bulls don't have much chance,..." (Carney, 1994, p. 173)

Why was the Senate leadership so reluctant to endorse the changes recommended by the Joint Committee? Senators such as Senator Byrd, were highly unlikely to support any recommendations that limited their influence among their

peers, and proposals such as biennial budgeting could greatly reduce their power.

Secondly, enthusiasm for congressional reform quickly evaporated when a more encompassing problem and its associated reform appeared on the political agenda. As the Joint Committee was completing its final report, President Clinton was proposing sweeping changes to the health care system in the United States. The health care debate would take center stage, and no other reforms could hold the attention of Congress or the nation. The Health care reform impact on the outcome of the final report of the Joint Committee is addressed below.

#### **D. WERE THE REFORM CRITERIA PRESENT IN 1993?**

We may reiterate from chapter III that three criteria appear to be required for successful reform to occur. These three criteria--perception of an existing problem, public support and a catalyst--were present in 1992 (as noted in chapter V). But, were they still present in 1993 when Congress began to act on the Joint Committee's recommendations? To answer that question, each of the criteria will be examined in some detail below.

##### **1. Existence of a Problem**

An interesting development happened during the summer of 1993 that impacted the first criterion for successful reform. Shortly after his inauguration in January 1993, President Clinton, at the insistence of many key advisors, proposed a

serious deficit reduction bill for Fiscal Year 1994. Clinton was concerned that the federal deficit comprised 4.9 percent of GNP in 1992. His advisors developed a complex budget plan that survived a bruising battle in Congress throughout the summer of 1993. The budget battle on Capital Hill did not end until August 6, 1993 with the passage of the reconciliation bill. The narrow, one-vote victory on the bill contributed to reducing the federal deficit from nearly \$290 billion in 1992 to \$250 billion in 1994 followed by a deficit of only \$157 billion in Fiscal Year 1995. (Morgan, 1995, p. 193)

Many Americans perceived the deficit reduction package as a serious effort by President Clinton to keep his campaign promises of cutting the deficit in half during his first term. This legislation may also have reduced public concern over the size of the federal deficit. Some Americans voters perceived that the problem was finally being resolved in Washington. However, Americans were unaware that later in the decade, the deficit was projected to grow to levels in excess of the large deficits of the 1980's. Therefore, the federal budget problem still remained, despite voter perception that the problem was less severe.

## **2. Public Support**

The second criterion, public support, also underwent a significant change during the 1992-1993 time period. As mentioned above, Clinton's deficit reduction package reduced

the anxiety level of American voters, and reduced their support for congressional budget reform. More importantly, though, public attention was shifted to a new source of reform, i.e., the health care system in the United States.

By some standards, the fiscal climate for health care reform was ideal for the 103rd Congress. The substantial deficit reduction package enacted in 1993, and a slowly but steadily improving economy produced improved forecasts for future deficits. (Doyle, 1994, p.15) Many members of Congress were optimistic about reform, and for the first time since the 1960's Congress was filled with a sense of enacting a piece of sweeping social legislation. However, health care reform's temporary gain was budget reform's loss.

### **3. Catalyst To Initiate Reform**

In 1993, health care reform exploded onto the political scene, drawing with it much of the public's attention. Health care reform first seriously appeared on the American political agenda in 1991. Harris Wofford used the issue to propel him to a come-from-behind victory in a special Senate election in the State of Pennsylvania. Wofford won because of his simple call for health care reform. "If criminals have the right to a lawyer, I think working Americans should have the right to a doctor," was the theme of his television advertisements. (Cook, 1994, p. 26) Wofford's victory shocked the political establishment, caught many Republicans off guard, and

provided the Democratic party the ammunition for national victories in 1992.

Bill Clinton defeated President Bush in the 1992 presidential elections for a wide variety of reasons, but among important issues was his call for health care reform.

In some ways, Clinton's attempt to reform America's health-care system was compared to the *New Deal* of President Franklin D. Roosevelt or the *Great Society* of President Lyndon B. Johnson. The effect was thought to be sweeping, and certainly it would impact Americans socially and economically.

Health care reform became the primary political issue of 1993. President Clinton's formal plan faced severe competition from several other health care reform alternatives. The debate over health care reform suppressed other legislation, including budget reform.

#### **E. FAILURE OF REFORM**

For all the lip service given to change at the start of the 103rd Congress, reform advocates on Capital Hill had surprisingly little to show for their efforts. There are four reasons why reform was unsuccessful. First, the few modest proposals that survived the Joint Committee process were killed by lack of support from party leaders in both chambers. Even members of the Joint Committee, such as Vice-Chairman Peter Domenici, a major advocate of reform, were quoted as saying, "I'm not very impressed with the product." (Carney, 1994, p. 1735)

The second cause of failure was a change in perception. Americans came to view the deficit problem as being addressed by the new president, and their fears were somewhat alleviated.

Thirdly, the issue of health care reform drew public attention away from congressional reform. Finally, although health care reform had been an important issue since 1991, it became a subject of great interest to most Americans in 1993, when President Clinton presented his formal plan to the nation. As a catalyst, it overwhelmed other legislation being considered by the 103rd Congress. It became the single most dominant issue in American politics, sweeping other reforms off the political agenda. Reforms such as campaign finance and congressional reform could not survive in the political arena dominated by health care issues.

This new catalyst and the fading interest in congressional budget reform were signals that the efforts of the Joint Committee were essentially futile. Ironically, Congress did not approve a health care reform bill during the 103rd Congress. Yet, congressional enthusiasm for health care reform caused other important legislation to be tabled indefinitely. The issues of health care reform and congressional budget reform, as well as many others, would be passed to the 104th Congress, elected in 1994, the first Republican-led Congress in more than forty years.

#### **F. CAN CONGRESSIONAL BUDGET REFORM EVER BE ACHIEVED?**

Are congressional budget reforms necessary, or can Congress control the budget under the current system? As stated, the call for major budget reforms can be related directly to the perception of inability to control the federal deficit and debt. Deficiencies in the 1974 Budget Act have contributed to a growing deficit. Of the nearly \$5 trillion national debt, nearly 90 percent has accumulated over the last twenty years. (Cox, 1995, p. A10) The fragmentation of the congressional budget process has been a significant contributor to the size of the national debt.

First, consider the recent growth of entitlement spending. It is obviously much harder to constrain entitlement spending than it is to cut discretionary spending. Few Americans realize that most of the growth in federal spending is due to entitlement spending.

According to Schick, (1995, p. 203) at least four major reforms would strengthen the executive's power in the budget process and, therefore, could improve federal budgeting. Those four are the line-item veto, biennial appropriations, enhanced rescission authority, and a statutory budget resolution. Too often, Schick notes, Congress is labeled the irresponsible branch of government. However, he points out that a strong case can be made that Presidents are more likely than Congress to ignore budget ceilings. "As long as Presidents plunge ahead with legislative agendas that break

the budget but Congress gets blamed for the damage, Americans will get the programs they want and the deficits they do not want." (Schick, 1995, p. 203)

On the other hand, some argue that selected budget reforms may be unconstitutional, and that Congress must work within the framework it already has established for itself. The solution to the federal budget problem may be for members to regain control of the substantive issues within the budget rather than reforming the process. According to Neal Devins, (1990, p. 1020) imploring the voters to hold Congress accountable for deficit spending is a better solution than structural reform because structural reform may alter the constitutional balance of power between the executive and legislative branches of government.

#### **G. WHERE DOES CONGRESS GO FROM HERE?**

Will the 104th Congress consider the final report of the Joint Committee? It appears that it may fall on "deaf ears" because of other budget process reforms now being considered by the Republican-led Congress. Nearly two hundred members of both the House and Senate have co-sponsored a Budget Process Reform Act, to be introduced in late 1995. The supporters, both Democrats and Republicans, are reintroducing this legislation after the 103rd Congress failed to take action on the bill.

The bill would require the President and Congress to commit together to a blueprint on the federal budget, and once



it was established, the President's detailed budget would be submitted to Congress. This would focus the budget at a macro-level, allowing details to be negotiated later. Congress would be prohibited from considering spending bills until the one-page budget is completed. Spending in excess of the budgeted amount would require a two-thirds vote. The plan allows members to vote for local funding issues, but if they are defeated on the vote, it provides political cover, allowing them to blame defeat on the system.

The bill also incorporates some creative solutions to difficult problems. A line-item reduction tool, similar to a line-item veto, is granted to the president to prevent over spending. The new process also is designed to check entitlement spending by adopting a proposal recently endorsed by President Clinton's bipartisan Entitlement Commission. Federal entitlement programs, except Social Security and interest on the debt, would have their spending levels decided by Congress annually. The administering agencies would then determine how to adjust benefits and stay within budget. Finally, the bill incorporates automatic continuing resolution authority in case Congress and the President fail to reach a timely budget agreement. (Cox, 1995, p. A10)

#### **H. AREAS OF FUTURE RESEARCH**

There are questions left unanswered by this study, and some may be interesting future research topics. Among the most notable are: What types of budget reform can be expected

from the 104th Congress? Which reforms will be major issues in the 1996 national elections? Does a line-item veto violate the Constitution? What factors affect the outcome of the Budget Process Reform Act? Are bipartisan efforts to reduce the growth of entitlement programs likely to succeed in a government environment where the President is from one party and Congress the other?

## **I. SUMMARY**

The Joint Committee completed its work in late 1993 and submitted separate reports to the two chambers of Congress. The final reports failed to reach the floor for debate in either chamber. House leaders split the recommendations into two separate bills, destroying much needed support, and Senate leaders let the report die in committee hearings. Although the first six months of the Joint Committee were relatively effective in articulating reform proposals, the final three months were characterized by bipartisan disputes and inter-chamber rivalries. The 103rd Congress adjourned with congressional budget process reform one of many important topics not really addressed in any serious way.

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