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TESTIMONY BEFORE THE HOUSE SELECT COMMITTEE ON COMMITTEES
ON REFORM OF HOUSE COMMITTEES

by

LUCY WILSON BENSON

President, League of Women Voters of the United States

I am Lucy Wilson Benson, President of the League of Women Voters of the U.S., a political action and education organization whose purpose is to increase citizen participation in government. We have approximately 150,000 members in 1300 local Leagues in every state plus Puerto Rico, the Virgin Islands and the District of Columbia.

I am honored to have the opportunity to appear before this Select Committee on Committees chaired by you, Mr. Bolling. Through your books and thoughtful consideration of Congressional reform over the years, you have made a major contribution to understanding of the problems Congress faces and the opportunities for change. I commend you and your colleagues in the House for recognizing the urgent need for reform, and the members of this Committee for their dedication in dealing with the highly sensitive and difficult matter of change from within. I was pleased to note in the September 18th Washington POST that the Committee plans to have its recommendations ready to submit early next year. It will serve the best interests of the House and the general public if bold new proposals for strengthening the committee system of the House can be enacted prior to election of the 94th Congress.

The League celebrated its 50th anniversary in 1970. Our organization has a long history of concern about the way Congress works. For example, in 1944 League members adopted an action position in support of measures to improve the legislative process and the relationship between Congress and the executive. We worked actively on behalf of the Legislative Reorganization Act of 1946.

Our most recent activity began in 1970 when League members undertook a new study aimed at understanding how Congress works and at reaching consensus on action for congressional reform. We concluded that the structures, procedures, and practices of the U.S. Congress must be characterized by greater accountability, representativeness, decision-making capability and effective performance. That's a pretty large order, and comprises a set of goals to which almost everyone can subscribe in theory. The League, however, is not out simply to propound theories or ideals. Our aim is specific reforms to bring goals and practice into closer alignment.

In early 1973, the League published a Community Guide to congressional reform titled appropriately, we hope, "Congress: A Time of Renewal." In this, we set forth some of the problems of the committee system and noted with satisfaction the changes achieved in the first days of this session designed to liberalize the process of selecting committee members and chairmen, to open House committee hearings to the public, and to modify the closed rule procedure. A copy is attached for your information.

Before I discuss specific recommendations today, I would like to emphasize that League members approach this knotty problem with a mixture of humility and confidence. We do not profess the theoretical knowledge of your academic witnesses or the pragmatic expertise of the Members of Congress who have testified before you. Instead, we

bring to this hearing an independent viewpoint and insight based on our experience as an organization which lobbies actively. We bring, in addition, a conviction that the present procedures and committee structures of Congress frustrate not only the desire and ability of members to achieve what they believe to be in the best national interest, but make it almost impossible for citizens and public interest organizations to fulfill their responsibilities.

We do have the further advantage of representing views of concerned citizens whose primary focus is the public interest, and without whose understanding and support representative government cannot function democratically. Special interests are, of course, essential ingredients of our system of government, and we do not downgrade their importance. But the public interest, which is to say the general well-being of the nation and all of its people, cannot be served by a mere balancing of, and trading off between, special interests. The overall general national welfare is a special component which is slighted at grave risk to us all.

The need for congressional reform is not new to members of this Select Committee, but at least three recent developments have generated a new focus on the problems.

First came the Presidential reorganization and expansion of the White House and Executive Office staffing and functions which had the effect of bypassing established departments over which Congress had traditionally exercised oversight. Coincidental with that development were the executive branch's aloofness from Congress and the imperative to secrecy imposed on executive personnel.

Secondly, there was the executive branch's excessive impoundment of funds legally authorized and appropriated for such programs as water pollution control and educational impact aid, and unilateral executive actions to end such programs as rural housing, OEO community action agencies, and urban renewal.

Lastly, there came the revelations of Watergate which have provided a new and immediate focus on the problems of legislative-executive relations and power alignments.

The erosion of congressional power, however, cannot be attributed to events of the past few years or to the fact of a Republican Administration and a Democratic Congress. It is related to the constant pressures of hot and cold war crises prevailing since World War II, to an ever-present concern with national security (real and imaginary), and to the increasing aspirations and goals of our citizens and those of other countries.

These and other factors point up the seriousness and urgency of the job this Committee and the Congress face. The challenge is not simply a matter of re-aligning power between the legislative and executive branches in the United States. In addition, Congress is right up against the absolute necessity to equip itself to serve the public interest efficiently and insightfully and to do so with maximum awareness of national and international problems and opportunities. The Congress simply cannot afford to postpone action much longer.

All of those words are easy to say, but we recognize that nothing is more difficult than internal change undertaken by those who must do the changing and who will also be affected by it. Restructuring of the committee system is only one step. But it is an essential step toward enabling Congress to re-establish and reassert its authority as a co-equal branch of government. It is a must if the House is to carry its full legislative responsibility for determining national priorities and restoring confidence in the legislative branch. For our part, I can pledge to you a continuing support from the League for changes to enable Congress to be more effective.

Some specific areas the League is concerned about include: inefficient and overlapping committee jurisdictions, the need for new committees to deal with problems of the seventies and eighties, the necessity for more rational and expeditious management of the budget and appropriations, and the need for more adequate staff and information resources for House committees and members.

I. COMMITTEE JURISDICTION

League program action covers the gamut of domestic programs such as housing, adequate income and services to alleviate poverty, clean air, water pollution control, as well as foreign trade, and long range development programs for lesser developed countries. In lobbying and in stimulating citizens to take action, we run head-on into irrational complexities of the legislative system.

Take the matter of peripheral jurisdiction. Many committees have assumed, or had thrust upon them, legislative assignments which are actually peripheral to their major responsibilities, yet central to those of other committees. Examples with which the League has been directly involved include the Ways and Means jurisdiction over social services and day care for federal public assistance recipients, Agriculture Committee jurisdiction over food stamps and P.L. 480 programs, Banking and Currency Committee jurisdiction over international development institutions. These jurisdictional conflicts, however rational they may have seemed at one time, work against legislative efficiency and make constituent response difficult.

To illustrate my point, I will expand on the problems inherent in Ways and Means jurisdiction over day care for children of public assistance recipients. We understand how this situation came about and our objection to it in no way implies that Ways and Means Committee members are less sympathetic to the needs of children than are members of any other committee. The point is that the Ways and Means Committee's major assignment in the 92nd Congress was reform of the public assistance system. Another committee (Education and Labor) was working simultaneously on a new federal system for child care programs. To place jurisdiction over "welfare" children in Ways and Means and over other children in Education and Labor is not rational or necessary; it stands in the way of developing a cohesive federal policy for child care. The split jurisdiction itself served to deepen the separation between disadvantaged and more advantaged people. And, from a practical point of view, the day care provisions in HR 1 undermined support for the major welfare reform proposals developed by the committee. So neither program was served by the arrangement.

Now, to the example of Banking and Currency Committee jurisdiction over international development institutions. For many years, the League has worked for closer coordination of bilateral and multilateral assistance programs, and yet the first basic legislative step remains to be taken: unified committee jurisdiction. The present division of responsibility between the Foreign Affairs and Banking Committees makes it harder for committee members and the House as a whole to consider the full range of development aid problems coherently, and thereby weakens the capacity of the House to exert the leadership expected of it in this matter.

Take the matter of clearcut responsibilities. For example, some of the subcommittees, instead of having clearly defined areas of responsibilities, have very broad jurisdictions and are sometimes responsible for programs which have very little relation to each other. Two of the Appropriations subcommittees come to mind: the marriage of agriculture, environment and consumer protection in one subcommittee, and HUD, space, science, and veterans in another. The appropriations bill developed by the latter subcommittee boggles the mind of constituents interested in each separate field and defies sound budgeting practice. The result is that Congressmen have difficulties in dealing with each set of problems in a rational way, or in a way that truly reflects their opinions or positions. It is little wonder that most citizens feel terribly remote from and frustrated by the processes of Congress.

II. COMMITTEE ALIGNMENT TO DEAL WITH TODAY'S PROBLEMS

The present House committees were set up over 25 years ago. Are they flexible enough to handle the problems of the 70s and the 80s, or do we need to have new committees specifically mandated to deal with such problems as education, urban life, international development and energy?

On the other side of the coin, do we still need all the committees that were set up in 1946? Are some of them overworked and some not busy enough?

These are the kinds of questions League members raised as they reviewed the organization of Congress, and they are the kinds of questions with which this committee will have to come to grips. We join many Congressmen who have indicated to you their convictions that the present committee structure is not set up to cope with problems of the 70s: new areas of concern have developed and old ones have faded away.

As you know, the number of standing committees has remained pretty much the same since the passage of the Legislative Reorganization Act of 1946 -- only two new ones, Science and Astronautics and Standards of Official Conduct having been added. But subcommittees have multiplied rapidly. The House had 106 in 1945 and now has almost 150. New subcommittees are, of course, necessary for Congress to cope with new problems, but the proliferation itself reflects a need for change in the standing committee structure. A multiplicity of subcommittees perpetuates little fiefdoms which are highly vulnerable to special-interest pressures.

This committee knows very well the major new areas for which consolidated consideration may be required. The whole field of energy, about which we have been hearing so much recently, certainly comes to mind. The Committees on Science and Astronautics and Public Works have subcommittees on energy; the Interior Committee has a subcommittee on Water and Power Resources, and the Commerce Committee has one on Communications and Power. Are all of these separate subcommittees really necessary and productive?

Responsibility for national environmental and land use policies is fragmented among too many different committees. And it would seem to us that the problems of the cities and education require the concerted congressional attention that only exclusive committee jurisdiction can provide.

A growing number of persons inside and outside Congress are agreed that the Committee on Internal Security no longer serves a useful purpose. Questions have also been raised as to whether or not the Post Office and Civil Service Committee has sufficient work to warrant its continuation as a separate entity.

III. COMMITTEE RESPONSIBILITY FOR THE FEDERAL BUDGET AND SPENDING

The problems of executive-legislative relations, staffing, and information availability and priorities are all tied up in the congressional budgetary process. Special attention has been devoted to this issue during the 93rd Congress and the League agrees that changes must be made. House members themselves have been among the first to acknowledge that Congress lacks effective mechanisms and procedures for dealing with its fiscal responsibilities in a coordinated fashion. Congress must itself create the structure and find the resources needed to establish national priorities by dealing with total programs, with budget expenditures and revenue as a whole, rather than in bits and pieces. Conflicting interests must be weighed, one against the other, and reconciled for the good of all by a Congress with the knowledge, resources and determination to make the necessary hard choices.

Whether or not powerful new Budget Committees should be established before your Committee has evaluated the total structure is something you and your colleagues must work out in the months to come. The League supports coordination of the overall budgetary/appropriation process. We do have major reservations with respect to bills presently before the House. Our reservations are based on our members' concern that these decisions be made in a way that assures democratic and full participation by all Members of Congress and does not hamper expeditious action.

The League's prime concern is less with budget control as a method of containing federal expenditure, however, than with coordination of revenues and expenditures to make possible a rational and humane allocation of available resources.

Certainly, there will always be conflicts among needs and hard choices to be made. It is our belief, nonetheless, that given a rational committee structure along with technical and professional means for evaluating needs in relation to resources and revenues, the Congress can determine priorities and appropriate funds to meet the needs of people.

Until such a system is devised, however, the House and its appropriations committees must give high priority to passing appropriations bills on time. Otherwise, state and local governments cannot plan rationally for the administration of programs Congress has authorized. Last year, for example, Leagues which had acted as sponsors of the Emergency School Assistance (ESAP) agencies in their communities were caught without funds. This was due primarily to the hiatus between enactment of the new Title VII Emergency School Assistance Act (ESAA) and passage of appropriations for that program. During recent years, Leagues have worked hard to support Title I programs for disadvantaged children and then found educational agencies did not get funds in time to carry out carefully developed plans. We are well aware that this kind of frustration was exacerbated this year by Executive-branch fund impoundments or enforced reductions in spending; but the problem of late funding has been pretty routine, and has indeed been an important factor in undermining public confidence in the Congress.

To make the requisite budgetary/appropriations decisions intelligently and with due regard for a reasonable resolution of conflicting demands, Congress must find answers to a number of difficult problems:

1. Great power will rest in committees which propose total budget allocations in the light of revenue and the economic picture. For this reason, their membership should be representative of the Congress as a whole. It is desirable, of course, that the appropriations and taxing committees should be represented but not in the overwhelming numbers recommended in HR 7130, HR 8876, or other similar proposals;
2. Adequate facilities, resources, and professional staff must be provided to serve members as budget decisions are made. By adequate, we mean that there must be enough technical backup for a large and professionally trained staff to analyze administration proposals and national needs, and to present realistic alternatives for current consideration;
3. The calendar under which budget committees and Congress are to operate and the rules and procedures for committee and floor action must be flexible enough to facilitate citizen response to proposals, as well as knowledgeable and effective floor debate by all Members of Congress. Indeed, we want to expand the opportunities for important participation in the priority setting process by Congress as a whole and by the public. At present, the irrationality of the overlapping budgetary/appropriations process makes it nearly impossible for the public to know what is going on or to have a voice in the decisions made.

4. The recent experience with the fiscal 1973 Labor/HEW Appropriations bill furnishes a dramatic example of the hazards inherent in funding major programs for a year under continuing resolutions. The President and the Office of Management and Budget used the lack of a regular appropriations bill to claim that the Administration's lower Budget Request for FY 73 in fact constituted the legitimate appropriation for health, education, manpower, etc. programs. The argument was specious, of course, but the executive branch used it to justify a \$1.8 billion reduction in spending for those programs. The damage to programs serving human needs is obvious. But the Congress itself suffers too. It is difficult for Members of Congress to defend themselves or the Congress successfully against such highly technical claims and to make the legislative position clear to the public. Thus, confidence in the House and Congress as a whole is undermined.

IV. COMMITTEE NEEDS FOR SPECIAL RESOURCES

League members are convinced that special assistance must be provided to members of the House and its committees to enable them to cope more readily with the complexities of today's problems. A specific example of League experience leading us to that conclusion is the two-year struggle for welfare reform. As you are well aware, the Ways and Means Committee spent long months of hard and dedicated work in two sessions of Congress developing legislation.

The Committee faced a difficult job in resolving major philosophical disagreements on this highly controversial matter. In addition, it experienced difficulty in getting accurate and up to date information. Members needed to know, for example, how the public assistance system actually operated, the practical impact of cash assistance and in-kind services relative to the incomes of lower-income working people, and the realistic costs necessary to serve people in need and to meet desired goals.

The Ways and Means Committee is in the same boat with most other committees: it does not have the staff or funds to oversee programs of the magnitude of the federal/state welfare systems. For program evaluation and current data, therefore, this committee had to rely primarily on the Department of Health, Education and Welfare which had a point of view to promote and whose data was not as current as was needed. Witnesses, including state and county welfare administrators, of course, supplied information about their programs, and there were proposals and findings from independent organizations, such as the Brookings Institution. But findings and reports yielded conflicting information and did not seem to the League to provide an adequate or a standard base for making the refined judgments necessary to developing a complex new national alternative to the present welfare system.

It has been suggested to this Committee that one of the reasons the executive branch has more influence and power than the Congress is that the Presidency and administrative agencies have far better facilities for getting and using information about public problems than does Congress. There is no question that a better informed Congress would be in a stronger position to assert itself on a co-equal basis with the executive branch.

The 1970 Legislative Reorganization Act took several steps forward in that regard. It provided new opportunities for enlarging and training committee staffs, for strengthening the Congressional Research Service, the General Accounting Office and the House information systems. House committees have not taken maximum advantage of those advances, however, and that can be done without further legislation. Cannot the House insist also that the central data and information retrieval service available to the executive and legislative branches be operated under a mutually agreed upon and equally available system, and that a standard system for programming information be established?

V. MEMBERSHIP AND ORGANIZATION AND OPENNESS OF COMMITTEES

While League members recognize the importance of expertise in the subject matter of committee concern, we believe that safeguards must be provided against over-dependence on information supplied by special interests. One such safeguard is deliberate action to assure that members on each committee represent diverse attitudes, interests, experiences and constituencies. The present system tends to freeze members on committees and to prevent the infusion of new blood. Some of the 1970 Act reorganization requirements and new seniority rules adopted this year point the direction to be taken.

I am not in a position to propose new specific recommendations about how committee membership should be determined or committee work organized. I would, however, like to pose a few questions indicative of those League members ask:

- Why cannot substantive and appropriations committees hold joint hearings periodically, especially at the point of determining and assessing facts about national needs? Would this not save time and make it easier for the public to participate in the process?
- Is it possible for committees to organize themselves in pre-Congressional sessions, so that the work of each new Congress can be expedited?
- Cannot some system be devised for rotating committee membership and the chairmanship, to guard against entrenched and powerful special interest groups gaining an undesirable amount of influence, and to give new members greater opportunity?
- Cannot greater use be made of joint meetings by House committees that have similar and/or overlapping jurisdictions and between comparable House and Senate committees? [Sometimes, we wonder how federal administrators have the time to carry on their duties, in the face of all the duplicated appearances they must make before Congressional committees.]
- Why cannot appropriations committees be abolished or combined with legislative committees to eliminate one step in a highly duplicative and complex process?

A special point I would like to make is that Congressional decisions must be made in the most open and democratic way possible. As we all know, nothing undermines public confidence more than the appearance that deals are being made behind closed doors. People are frustrated if they don't know what decisions have been made or the impact of those decisions on their lives. And when they're frustrated they become angry and distrustful. Democracy is not very effective under these conditions. Progress has been made in opening up committee deliberations to the public. But further steps must also be taken to make full and timely information on committee proceedings available.

Finally, I would like to recommend that this committee set up procedures whereby an automatic and regular review of House committee structure will occur in the future. What worked in 1946 doesn't work in 1973. And what works today or next year certainly cannot be guaranteed to work even in 1980 much less 2000.

In summary, the League recommends for this committee's consideration:

- 1) consolidation of committees with overlapping jurisdiction; abolition of unnecessary committees; reduction of subcommittees;

- 2) establishment of committees in important new program areas;
- 3) representation of diverse interests and constituencies on committees;
- 4) coordination of the budget process permitting full participation by every Member and the public;
- 5) increased professional staffing and improved information systems;
- 6) as far as possible, open meetings and full, timely publication of proceedings;
- 7) automatic and regular review of committee structure and jurisdiction.

Again, I thank you for the opportunity of testifying before this Select Committee on Committees and reiterate the pledge of continuing League support for measures to strengthen the House committee system and House procedures.

#

Attachment: "Congress: A Time of Renewal" published by the League of Women Voters Education Fund.

The coming of revenue sharing funds
and citizens' growing determination
to share in community goal-setting have sent citizens
off to city hall to dig out budget figures
and into council meetings to speak their piece.
Too often they have found themselves at a loss--
raising the wrong points with the wrong people
at the wrong time.

Here are two pamphlets that can change that.

THE CITIZEN AND THE BUDGET PROCESS: OPENING UP THE SYSTEM
and (#482, 35¢)

THE BUDGET PROCESS FROM THE BUREAUCRAT'S SIDE OF THE DESK
(#483, 35¢)

offer two perspectives on how to
be effective when you set out to

- change your city's (or state's) priorities,
- find out if money is raised, spent, accounted for fairly,
- change the process, to give citizens a greater voice,
- check up on where and how revenue sharing funds are spent.

The first tells, in easy-to-read style, where revenues come
from...how they are allocated...how citizens can get their
oar in...how to decode the language...how to build support
for your ideas...plus a sample budget with explanations.

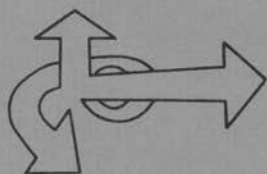
The second, adapted from a speech made by a former city
budget director, is full of flavorful hints on how to track
down money, whom to see, where the bodies might be buried,
when to get involved.

Both are published by the League of Women Voters Education
Fund.

Get them for your own groups. Let others know about them
--taxpayers associations, neighborhood councils, school
groups, human relations organizations, cause groups, local
officials.

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[1974]



THE CITIZEN AND THE BUDGET PROCESS: OPENING UP THE SYSTEM

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Understanding a budget

Why aren't we getting our street lights replaced more quickly?

Why aren't there stop signs on the corner of . . . ?

The garbage collection on our street is terrible. The plastic bags on the curbs get torn before they're collected. We're beginning to have a rat problem. What can be done?

Why can't the school playgrounds near us be open? The park is too far away.

This town was a lot better when the cops knew the kids. How come they're always riding past in cars instead of walking the beat?

We can't pay half our paycheck in rent! What can be done so that we can find a place we can afford?

Questions like these are reason enough for a citizen to start asking questions about government budgets. No one has to be a CPA to dig for answers, to ask for improved services or new ones, changes in emphasis. Citizens have a right to call to account those who budget and spend public money—federal, state, local government; school districts; special districts of many sorts. Governments exist for them—not for elected officials, employees, appointees, the most influential citizens, but for everyone.

Citizens are entitled to more than an accurate accounting of money in and money out. They are also entitled to an understandable explanation of the figures themselves and the reasons behind choices and decisions.

Budgets reflect—and set—priorities

Make no mistake. Government budgets *do* reflect choices. Budget making reflects what the budget makers think is important to a "community." But a community isn't necessarily single-minded about what it needs or what it wants. So the budget is also a compromise among a great many visions of what's important *now* and what has been important in the past. Not all demands get equal consideration. Sometimes budgets reveal the "peck order" among claims made on public money. They often reveal a "peck order" in who has to foot the bills, too.

When you demand a new service or more support for an old one—use of school grounds or more low-cost housing or better garbage service or more foot policemen—you are asking for a reordering of priorities, a redefinition of what is and what isn't important. You need not be shy about saying, singly or in concert, what you want. The compromises that get worked out are very often strongly affected by those who speak up effectively—whether at public

hearings, to elected leaders, or through any other of the communications channels between citizens and the officials whose job it is to represent and serve them. As a matter of fact, citizen action sometimes focusses on opening up the process so that citizens can have their say, and have it *early* instead of after the fact.

Whatever you want to do or say about items in the budget, about the way it is put together, about priorities within a budgeted department, you are likely to do a better job if you have some insight about how budgets are developed and a few pointers to enable you to look sharp and to ask the right questions of the right people at the right time. That's what this handbook is all about. It's for those taking their first look at a government budget, and for the experienced who want to be more effective in examining budgets and in seeking change.

A little homework helps

First off, get copies of the budget—the proposed budget, if you're jumping into the cycle at proposal time. Get copies also of the last available statement of *actual* expenditures and income. Reaching back a year or two—even five years—is a good idea. The materials you want are public information. They should be readily available to you. Some states have laws requiring their availability and most require their publication in the newspaper.

Don't let the language confuse you. Like every trade, budget making has its jargon. Like all jargon, it can be either a help or a hindrance. You don't *have* to master the special language; but a little homework will help you get where you want to go.

Let's say you have an interest in police services. You may want to get officers out of police cars and back on foot patrols. Or you may think your Maple Hills neighborhood is short-changed in total police services. Or perhaps you are convinced that the police in your town urgently need more training in getting along with people.

It's unlikely that you can make a beeline to one budget figure and demand that it be increased, in order to get what you want. You're not going to find a single figure for "Police services for the Maple Hills subdivision." Getting more police on foot patrol may require a management study. Where in the budget might that fit in? Or training in police-community relations may require several budget adjustments: money for trainers, for more staff so that everyone can be freed to attend training sessions, for setting up a program of police-citizen meetings. On the other hand, better management of existing resources and staff might make possible more foot patrolmen or training—or both—at no higher cost.

You're going to have to find in the budget where all the bits and pieces of money that fund an existing service are scattered. Then figure out where your demands could fit and what would have to change.

"Decoding Budgets" (see pages 6 and 7) offers some tips on reading different types of budgets. Most governments have people whose job it is to answer your questions, too.

In every governmental office, there's one person who knows the most about how the budget is put together. When you're all set with the questions

you want answered (after you've found out as much as you can on your own), find out from the city manager, your county commissioner or executive, the school superintendent, who it is that *really* puts the figures together.

Where the money comes from

Nobody can talk for long about spending money without facing the question of where to get the money to spend. So if you're coming in with ideas about spending changes, it's wise to make a quick canvass of the income picture.

Options open to local and state governments are surprisingly few. In consequence, all or almost all available forms of raising money show up in every government budget on the revenue side.

- ☐ Governments can *levy taxes*—property taxes, income taxes, sales taxes (limited by constitutional and/or statutory provisions).
- ☐ Governments can *charge for services*, licenses, or permits.
- ☐ Governments can *float bonds*, for capital expenditures, but repayment and interest come from tax money.

Which method of revenue raising a government chooses can make a big difference in which sector of the community bears the biggest burden. Furthermore, different choices arouse different citizen reactions. For instance, experts agree that the sales tax, particularly if applied to all retail sales, penalizes the poor. Yet, because it is paid in small dribbles, there is seldom organized opposition. Property owners, an identifiable group who get a large bill once or twice a year, are very often organized and effective in opposing a rise in the property tax. Yet a city council seldom hears from renters—even though they obviously will have to pay more rent to cover the owners' larger tax bill.

Boundaries of the various taxing districts will, of course, not coincide. The county, township, municipality, school district, for example, will all share in property tax revenues. In each of these taxing districts the money to be derived from the property tax is separately computed on the basis of the total assessed value of the property within that district and the millage required to raise the needed revenue. Your total property tax bill will be computed by adding the millages and multiplying the assessed value of your property by the total millage (see page 7).

Government officials, who usually have to think about getting reelected, devote a lot of attention to deciding which sources of revenue to tap, within the framework of those permitted by state law.

Where the money goes

Governments are limited not only in their sources of money but also in the uses they can make of money from specific sources. For example, many user fees such as public electric utility charges must by law be used solely to maintain and improve that service. Proceeds from bonds approved by the voters may be used only for the capital improvement specified on the ballot. In addition, state laws may put a ceiling on how many mills may be levied on property for schools; for libraries; for county, city, township expenditures.

(continued on page 8)

Decoding budgets

As long as the information you want is available, in understandable language, understanding the ever-changing budgetary terms is not important. The following table, which shows three different forms in which the same amount of money for a city building inspection department might be presented, illustrates the three principal kinds of budgets. In each case, the department has a budget of \$69,600.

Building Inspection Department*

1) Line-Item Approach

Personal services	\$60,200
Contractual services	7,800
Supplies	1,400
Outlay	200
Total Budget	\$69,600

2) Program Approach

Examination of plans	\$12,300
Building inspection	40,300
Code updating	800
Training and education	700
General administration	15,500
Total Budget	\$69,600

3) Performance Approach

Plan examination	\$12,300
No. of plans examined—520	
Cost per plan—\$23.65	
Building inspection	40,300
No. of inspections—2,810	
Cost per inspection—\$14.34	
All other	17,000
Total Budget	\$69,600

Comments:

A *line-item budget* lists expenses just the way they're paid out: pay-checks show up in one line, paper and pencils in another, carpet cleaning in another. It will not show whether an increase from last year is needed because the work load is greater, the cost of labor and fringe benefits is higher, or the efficiency of workers has

declined or a combination of any two or all of them. A narrative description on a page opposite the line items can, however, fill this lack and give the citizen the reasons for increases or decreases.

A *program budget* shows what services a department provides and what each service costs. The staff, the supplies, the contractual services, often overhead such as rent and central switch-board, are distributed into each program on a percentage basis.

A *performance budget*, in addition to identifying services, is based on measurable services or goals. Sometimes performance goals can be shown, in part, by listing work loads projected, compared to last year's work load. A park budget, for example, would state the number of sites to be maintained, the number of park users, the attendance at the various programs or centers, etc.

*From *Budgeting in Smaller Wisconsin Villages and Cities*, June 1973. Project sponsored by Wisconsin Dept. of Local Affairs and Development and the federal Dept. of Housing and Urban Development.

The property tax

When a government wants to increase its revenue from the property tax, it can travel three routes:

1) It can try to get onto the tax rolls property that will bring in more taxes than it will cost in services by

- ☐ promoting building of expensive homes, on large lots, in the hope of more tax revenue and fewer children in a given area.
- ☐ encouraging industry to come in, hoping for increased job opportunities as well as increased tax revenues.
- ☐ selective annexation.

2) It can raise the *assessment*. Property is usually assessed at a percentage of its market value (the price it would bring if it were to be sold). For the property tax to be equitable, assessments must bear a reasonable uniform relationship to market value not only throughout the local taxing district but, most experts agree, throughout the state.

3) It can raise the *tax rate* or *millage*. This is the rate of tax, which, when multiplied by the assessed value of your property, will be your property tax. A mill is $\frac{1}{10}$ of 1 cent (\$.001). It may be expressed as so many dollars per \$100 or per \$1000 of assessed value. A tax of 50 mills will be \$5 per \$100 or \$50 per \$1000 of assessed value.

State law may deny entirely certain revenue sources—local sales or income taxes—or restrict the rate.

Checking out the ground rules that apply to your community may save you some trouble. Information about state laws or simplified outlines about sources of revenue and limits on expenditures may be available from city or county offices, taxpayers' leagues, or state departments or commissions of finance (or revenue or taxation, as they may be called in your state).

There is one more severe limit on officials' freedom as they plan budgets: certain kinds of expenses are inescapable—

- ☐ debt service and retirement of bonds.
- ☐ normal increases in costs of services (pay raises, higher prices of goods, longer distances to haul trash to a dump).
- ☐ increases in normal service requirements (more traffic congestion, more disposable goods—trash—per family).
- ☐ ongoing programs (police, fire protection, street maintenance, street lighting, etc.).
- ☐ programs partially funded by state and/or federal money.

The context for change

"All right," you may be saying, "I've done my homework. I've mulled over recent budgets and 'actuals'—statements of what was actually spent—and the proposed budget. I've compared proposed with previous adopted budgets and with 'actuals.' I've ferreted out from here and there in the budget the money to support the program I'm concerned about (or I've found there's no support). I've found out about limits on revenues—restrictions on property taxes, on kinds of revenues—and on expenditures. I've faced the fact that there's little leeway in the existing budget, so much is locked in, so much required just to keep services as is, to stay even with the board. Where do I go from here, to persuade the city government to put more policemen on foot patrol?"

You can, as an individual, tell your representatives what you want, and why, either one-to-one or at a commission or council or committee meeting. To increase your chances for success:

- ☐ You can get your ideas for your priority together in an organized fashion. Perhaps you can show how they can be paid for within the amount budgeted for the appropriate department—or failing that, why any new money available should be used.
- ☐ You might back up your request by gathering data from other communities that have been putting more patrolmen back on the beat, showing that certain other savings have resulted—less vandalism, decline in certain kinds of crime, etc.
- ☐ You can present your ideas well, coherently, reasonably.

Sometimes a well-done one-person, one-time presentation does the trick. The need is acknowledged, the remedy welcomed, the plan put into effect. But not often.

If you are speaking just for yourself and your priorities, you are usually competing with other individuals with conflicting wishes and desires. Often such a discord allows officials to keep right on developing a budget in line with *their* priorities and *their* preferences instead of in line with citizen needs and priorities negotiated in a community dialogue.

Even in an ideal setting, individual citizens, citizen groups, and officials may honestly differ about needs and differ even more in how to meet them. For example, as you pursue your idea of getting more foot patrolmen, you will probably have little trouble getting people to agree that the crime rate is too high. If you then talk in terms of *preventive* value in more patrolmen on the beat, you'll find you've lost some cohorts—some will say it's too late for that remedy, others that control works better than prevention; that faster appearance of police at scene of crime, more sophisticated weapons and detection equipment, better communications systems are better routes to crime reduction. Even among those favoring prevention, neither citizens nor experts are likely to leap to instant agreement on foot patrolmen as the best preventive measure.

To take another instance, teachers in a school may have priorities for spending school funds quite different from those of administrators, of the parents, of the community—yet all may be concerned with better schools and better education for the pupils.

Ideally, the budget-making process should be a way to learn about and accommodate different views of needs and how to meet them.

Ideally, citizens, although they may come to the "bargaining table" with tunnel vision about their individual and immediate needs, should learn that there must be a fair treatment of competing needs and that responsible officials must have a vision of the future as well as a concern for next year.

Ideally, the goal of officials and of citizens, too, should be equitable access to good public services.

But ideal conditions seldom prevail.

You may find officials who are busy protecting their turfs—their own wards, or the needs and demands of one sector of the community—rather than balancing needs and setting priorities equitably.

You may find the proposed budget all but impossible to understand, with no information or figures from past budgets with which to compare the current proposals.

You may find that the budget-making process is a closed one, with no time the right time for citizen input.

You may find yourself alone. Other citizens may be hostile to your suggestions because they disagree, or officials may brush you off.

If any of these conditions prevail, then you have to think about shifting gears—working skillfully, perhaps alone but more likely with others, in a planned campaign to get the changes you want.

Strategies for change

You may decide rather early in the game that your best chance for success lies not in pounding away at the *specific* service you want but in taking a less direct route.

- ☐ You might back away from a particular demand and *work for better ways to establish priorities*:
 - earlier and wider citizen access in the budget planning stages, *before* final decisions are made.
 - networks of neighborhood discussions.
 - system of quid pro quo—"Your neighborhood wants garbage collected more often. Would you be willing to exchange that for a longer wait for new curbs?"
- ☐ You can ask for changes in the process:
 - more understandable budgets.
 - easier access to data and officials.
- ☐ You can ask for changes in raising money:
 - reassessment of property.
 - wider use of user charges.
 - better investment of "idle" money.
 - more cooperative arrangements with other jurisdictions.
- ☐ You can look for allies. Most of the time, you'll need them.

Tools for change

The uses of questions

Whether you work alone, in your neighborhood, or as a member of a city- or county-wide citizen's group, you'll find that asking questions is useful, whether in a budget hearing or in talking to elected officials. Here are some that might start you, your group, or the officials on a course of action.

Re operating expenses and services

Are citizens assured of reasonably equal access to services? Is there any group or area in the community that is being shortchanged? For instance are solid waste disposal services provided with the same frequency (i.e., twice a week) for all citizens? for businesses? If on different frequencies, why? On what basis are all protective services allocated? Can/Should costs for special services be identified and charged to those especially benefited?

Are there any possibilities to improve services (or to economize) by changing the way things are done? Could cooperation among governmental units raise the level of service (for example, in sewage treatment, solid waste disposal or recycling and retrieval, police work, central purchasing arrangements)? Could cooperative provision of services by several governmental units avoid duplication and hold governmental costs down? If such arrangements already exist, what does the experience show as to their effectiveness?

About utility type services (water, sewage treatment, trash and garbage collection) that bring in user fees: On what basis are charges for the services

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made? Are there "minimum" user fees? Does any business or individual pay less than the "minimum?"

About personnel: Are there incentives for employees to improve services? to minimize cost? How are personnel selected? evaluated?

How do fire insurance and theft and car insurance rates compare with those in comparable cities?

What plans are there for future development and acquisition of park/open space/recreation areas? Are school playgrounds open after school, on holidays, in summers, on weekends? Are parks available and within access of all areas? Are there small parks? Has any study been made about who uses parks? the library? What efforts are made to attract children and young people to parks and the library? How successful? Are the library and park open hours attuned to public use rather than to convenience of public employees?

Does the local government get earnings from temporary investments of funds? If so, how are these investments chosen? Where are these funds now invested? At what interest?

What part of basic school revenues is derived from state support? What special program funds does the school receive either directly or through state distribution and for what purpose are they spent? How much is spent for girls' physical education? boys'? Are there in-service training programs for teachers and other public employees? How is personnel performance measured?

Re public building programs

These are questions you might ask *before* a bond issue is put on the ballot.

Where is the new library (school, city hall, fire department, swimming pool) to be located? Why that particular site? Does the consideration of lower cost of land (or desire to build a civic complex or whatever reasons given) overbalance considerations of convenience for all segments (or most segments) of the community? How will needs of those for whom the building is not easily accessible be met?

What kinds of planning went into the choice of site (or architecture, construction) and how were the community's future needs for this facility determined? Did the expected users of the building (teachers and students in a school, for example) and the community have any input into the planning?

What is the effect of the building program on traffic patterns? the nearby community? the overall quality of life?

How do we pay for the building? What will it cost us in annual debt service and operating expenses after it's completed? Is this what we want?

*According to *Wall Street Journal*, October 2, 1973, Kansas City (Mo.) trash crews get a day's pay for each six months in which they avoid "preventable" accidents.

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A city budget designed for citizen understanding

The following section from the 1973-74 annual budget of the City of Eugene, Oregon is one a citizen can understand. We have reproduced* from the Department Service Summary for the Fire Department.

Note the "yardsticks" below—expenditures for two years past (1 and 2), budget for preceding year (3). Note that expenditures are characterized in two ways—(4 and 5). Note that sources for the proposed budget are included near the expenditures summary (6).

The next page outlines the positions, salary range (monthly rates), number of employees for 1972-73 (yardstick) and 1973-74.

The last two pages list the goals and their administrative and equipment service needs.

The projected costs neatly add up to \$2,569,127, the projected expenditure as cited in the adopted budget (page 57). On page 60 note also the *Work Load Indicators* (the performance estimates) plus the 1972-73 yardstick.

CITY OF EUGENE

DEPARTMENTAL SERVICE SUMMARY

FIRE

EXPENDITURES	Actual Expenditures		Budget	Adopted
	1970-71 (1)	1971-72 (2)	1972-73 (3)	1973-74
PERSONAL SERVICES	1,676,870	1,808,699	1,967,979	2,190,667
CONTRACTUAL SERVICES	148,717	146,704	319,460	307,225
MATERIALS & SUPPLIES	41,945	41,571	27,405	31,315
CAPITAL OUTLAY	75,597	42,208	60,345	39,920
TOTALS	\$ 1,943,129	\$ 2,039,182	\$ 2,375,189	\$ 2,569,127 (4)

DIVISIONS

General Administration	85,242
Fire Suppression	2,356,403
Fire Prevention	127,482
	\$ 2,569,127 (5)

SOURCE OF FUNDS

General Fund	2,532,427
Revenue Sharing Fund	15,254
Equipment Service Fund	21,446
	\$ 2,569,127 (6)

ANNUAL BUDGET

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CITY OF EUGENE

DEPARTMENTAL SUMMARY OF AUTHORIZED POSITIONS

FIRE

1972-73 Budget			Personnel Classification	1973-74 Budget		
Budget	No. of Employees	Salary Range		Salary Range	No. of Employees	Budget
\$ 17,800	1		Fire Chief		1	\$ 18,604
16,300	1		Assistant Fire Chief			
13,550	1		Administrative Assistant		1	16,407
15,650	1		Fire Marshall		1	17,035
			Senior Inspector	902-1158	1	13,890
			Fire Inspector	858-1102	5	64,862
			Training Officer		1	13,890
62,646	4		Battalion Chief		4	64,992
110,268	9	795-1021	Fire Lieutenant	817-1050	9	151,140
40,536	3	877-1126	Fire Captain II	902-1158	3	41,688
360,192	28	835-1072	Fire Captain I	858-1102	22	290,928
10,210	10/12		Fire Equipment Mechanic	817-1050	1	12,600
			Fire Dispatcher	817-1050	3	37,800
452,556	39	757-976	Engineer	778-994	37	441,336
331,200	30	722-920	Fireman B	742-946	26	295,074
221,004	21	687-877	Fireman A	706-902	29	292,604
			Secretary III	531-678	1	7,451
7,128	1	463-541	Secretary II			
3,000	6/12	422-541	Secretary I			
			Clerk Typist II	432-551	1	5,295
9,084			Extra Help			12,000
31,800			Overtime			41,600
18,500			Volunteers			25,000
\$1,721,424	140 2/12				146	\$1,864,196

ANNUAL BUDGET

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*Permission to reproduce granted by Loren L. Stubbett, budget officer, city of Eugene, Oregon.

A city budget designed for citizen understanding

CITY OF EUGENE

FIRE DEPARTMENT

281 Fire Prevention

To reduce the incidence of fire through aggressive enforcement of the Fire Prevention Code, provide a fire prevention inspection program which includes semi-annual inspections of all commercial properties and apartments in the low conflagration areas and three inspections annually of all commercial properties and apartments in the high conflagration areas, provide a public education program in fire prevention and home inspections when requested by the occupants.

Subprograms: Administration and Investigation, Inspections, Public Education

- Objectives:
1. Develop a plan to identify and reduce the major causes of high loss fires.
 2. Develop a year-round program of teaching fire safety in the home.
 3. To immediately investigate fire causes.

Personnel	118,747
Other Expenses	<u>8,735</u>
	\$ 127,482

282 Fire Suppression

To minimize the loss of lives and property caused by fire and carry out those services which the department may be called upon to provide at times of emergency or disaster.

Subprograms: Shift Strength, Administration, Training, Communications, Station and Equipment Maintenance, Volunteers.

- Objectives:
1. Update standards of operating procedures and departmental rules and regulations.
 2. Fire suppression forces to spend more time on semi-annual inspections in the low conflagration areas

Personnel	1,989,222
Other Expenses	<u>345,735</u>
	\$ 2,334,957

ANNUAL BUDGET

CITY OF EUGENE

283 Administration

Coordinate and guide all activities of the fire department, provide the leadership required to analyze the effectiveness of the department and correlate its development with changing conditions in the City so as to provide an effective and efficient fire department.

- Objectives:
1. Maintain our present fire insurance classification and strive to lower it to a Class 2.
 2. Determine location for fire station on north side of City and purchase the site.
 3. Determine location for new drill and training facility and purchase the site.
 4. Start remodeling Station #5 and purchase new ladder truck.

Personnel	61,252
Other Expenses	<u>23,990</u>
	\$ 85,242

395 Equipment Service

Maintain and service all motor vehicles and equipment to ensure safe operation. Conduct a preventative maintenance program to reduce downtime. Perform all minor repairs expeditiously and provide for major repairs to be completed with a minimum of downtime interruption.

Personnel	21,446
Other Expenses	<u>-0-</u>
	\$ 21,446

Work Load Indicators

	1972-73	1973-74
First aid and rescue alarms	182	200
Hours per man spent in co. inspec.	108	140
Number of fire alarms	1411	1500
Fires investigated for Cause	299	325
Incendary fires investigated	33	40
Fire prevention inspections	8370	10000
Hazards noted	3209	3200
Corrections made	1934	2500

ANNUAL BUDGET

The uses of revenue sharing

There's a good opportunity right now for you to get into the budget making process.

Beginning in December 1972, with the passage of the *State and Local Fiscal Assistance Act of 1972*, (HR 14370), the federal government began providing billions of dollars of general revenue sharing funds to state and local governments. The total amount, \$30.2 + billion, is to be expended over a five year period, will run to December 31, 1976. (The first year's payments were retroactive to January 1972.)

Each state is allocated a share based on its population, income, and revenue effort. The state government gets one-third of the yearly grant and local governments share the remaining two-thirds. The state may spend its share for any legal purpose.

Local governments (county, city, township) may spend only in certain categories for:

- ☐ public safety (including police and fire protection, building inspection),
- ☐ environmental protection (including sewage disposal, garbage collection),
- ☐ public transportation (including transit systems and streets),
- ☐ health,
- ☐ recreation,
- ☐ social services for the aged and poor,
- ☐ financial administration,
- ☐ libraries,
- ☐ capital expenditures, if authorized by state or local law.

Your city (and/or township, county) received some money and will continue to. How it has spent what it has received so far will tell you something about its priorities.

- ☐ If it used the money to cover normal increases in usual expenses in the categories allowed and thereby avoided raising taxes, the priority was *no tax increase*.
- ☐ If it used the money in a way to require less money from local sources and thereby cut tax rates, the priority was *tax reduction*.
- ☐ If it used the money for capital expenditures, the priority may have been one of several—
 - to save interest normally paid on bonds for capital expenditures.
 - to improve a certain area in the city.
 - to give priority to certain building needs.
- ☐ If it used the money to continue programs begun by state or federal grants now either impounded (not released) or discontinued for other reasons, the priority was *continuation of the programs*.

Were the city officials' priorities your priorities? your neighborhood's?

your civic association's? There's money still to come. How do you want it spent?*

The time is right for you to ask that citizens have a say on the spending of these, as well as other, funds. Clamor for public hearings now!

The uses of public hearings

Increasingly, governmental bodies or school boards hold open budget hearings, but a great many do not. If not, insist they be held. Among the arguments for public hearings:

- ☐ Officials have a chance to explain the budget and thus let citizens know how their money is spent and get a better understanding of the budget.
- ☐ Citizens can tell what their priorities are.
- ☐ Officials can learn what service gaps there are.
- ☐ Officials can get an idea of what neighborhoods want.
- ☐ Officials can outline their ideas for the future of the community.
- ☐ Officials can explain the process of balancing one set of needs against another.
- ☐ Open hearings can help restore the citizens' currently waning trust in government.

If hearings are held, see that they are well attended.

- ☐ Get the word around.
- ☐ Find allies.
- ☐ Work together and plan your strategy.
- ☐ Get as many citizens as possible to talk to the appropriate officials *before and after* the hearings.
- ☐ Interest the media.

Organizing for change

By now, you may see that a chorus makes more noise than a single voice. So—

- ☐ Find out which individuals and which groups want to sing in your choir.
- ☐ Get them together.
- ☐ Agree on a single or a very few issues on which to act.
- ☐ Be willing to accept some compromises in return for more voices.
- ☐ Plan your joint strategy to arouse the interest of the officials, the media, the public.

Following are examples of several approaches.

Delaware: Improving the system

The League of Women Voters of Delaware spent a year studying the mechanics and sequence by which the state government determines how much is to be spent on what. They attended the budget director's hearings, and

*If all present and anticipated revenue sharing funds are already committed to capital expenditures, you and other citizens are probably too late to have an impact.

observed as much as they were permitted of the Joint Finance Committee's deliberation. They also listened to the final action on the House and Senate floor. These observations were supplemented by interviews, outside consultations, and much reading.

Out of this arduous experience, the League concluded that:

- ☐ The governor's annual budget proposal might do better if it were better understood.
- ☐ Time spent on establishing priorities and evaluation is meager—in fact, most spending goes on because it has in the past.
- ☐ Every program, old or new, should be asked to answer three questions:
 - What was the program supposed to do?
 - How successful has it been (answers to this one would require setting up of standards in each program)?
 - Are any adjustments necessary (should program be maintained, altered, dropped)?

There had been many such studies—most left to gather dust on the shelves. This one, however, got some results: it was citizen-initiated, it got some good press coverage, and a letter outlining the study and recommendations went to every legislator.

The results so far: The Joint Finance Commission of the General Assembly put the League's letter on its agenda for its mid-September meeting. If nothing earthshaking happens in the next legislative session, the next steps might include: finding other groups to hammer away from this starting point; continuing to insist on more open meetings and public hearings; working for setting performance standards in each state project or for better checking to see if objectives are being met; and assigning monitoring tasks among the groups in several places around the state, in an agreed-upon program.

However, budgetary *procedures* don't have much sex appeal and are not likely to stir up wide public interest unless the monitoring turns up some good, newsworthy stories.

Indianapolis: Involving citizens in budget hearings

The Leagues of Women Voters of both Indianapolis and Cincinnati set up projects to increase citizen interest in priority setting in the city budget. They used two quite different approaches.

In Indianapolis, the plan was to increase community participation in city budget hearings held in August 1973. First, the League set up an all-day conference in late July, attended by about 150 representatives of 30 neighborhood associations and 23 city-wide organizations. The purpose was to explain the budget process, to explore ways to get involved, and to begin

early before the departments put their budget requests on paper. 250 workpapers were distributed to the participants, to members of the city government and the media, and to other interested citizens. The media ran "spots," encouraging attendance at budget hearings; several radio and community service programs devoted half-hour segments to try to provide information; and 20,000 copies of a specially prepared pamphlet, *You and the Budget*, were distributed.

A slightly larger public attendance at budget hearings resulted, though citizens' attention remained principally on specific areas of concern.

Cincinnati: Amplifying the neighborhood role

In Cincinnati, the League of Women Voters tried another route. They made the neighborhood the focus of their project and worked to encourage neighborhood groups to set their priorities for city spending and transmit them to the city's bureaucracy. League members talked personally with representatives of the neighborhood organizations to get cooperation and some commitment to the project. Many of those groups were cynical and distrustful of achieving any tangible results and a few flatly refused to participate (though some of these later asked to be included). By late June, 1973, representatives of a fairly large number of groups came to a general meeting and turned in their requests, which were submitted to the city manager and analyzed in his office.

By October, five neighborhoods could point to changes made in response to their priority lists: a pedestrian bridge, some street resurfacing, an incinerator, additional traffic signs, and a transfer in the budget of funds for demolition or razing of about 125 buildings. In addition, decisions on which buildings to demolish in 1974 were based on neighborhood input.

Other meetings of neighborhood organization representatives have been held since. The city manager, members of his budget and/or services staff, and the League's representatives have been there. At all the meetings, the people from neighborhood councils wanted to know *how* they could get information, *who* was responsible for getting it to them, *when* to plug into budget hearings.

Soon after this project had begun, the city set up seven evaluation task forces, which mesh into the project. A neighborhood group roster is kept up to date at city hall and regular mailings go to all listed organizations. The League continues to act as liaison.

These examples, different though they are in their approaches, have one point in common: success in any efforts for citizen input into governmental budgets is likely to come only after some homework, some planning and compromising and long, enduring, persistent effort. Even in Cincinnati, where there are encouraging signs of early response to neighborhood priorities, unless effort is maintained, unless consideration is given to subsequent requests (and thoughtful explanations given as to why some must be denied, others delayed), unless there is continuing exchange among the groups themselves and between them and the city government, the bridges between the citizens and the government will collapse. Bringing about citizen input into setting of priorities via the budget process is not for the short-winded. ☐

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Congress and the Budget: from chaos to control

Passage of the Congressional Budget and Impoundment Control Act in 1974 has given Congress an opportunity to reassert its role in formulating the national budget. That role had long been eclipsed by the executive branch's domination of the budget-making process, but Congress can now move back into a decisive position in the process. Under the new act, Congress can:

- ☐ examine the budget as a whole—that is, consider spending and revenues together;
- ☐ evaluate economic conditions and then establish in the budget congressional fiscal policy and budget priorities.

Completion of the budget for fiscal year 1977 (which began October 1, 1976) marks the first full year of congressional experience with the new process. Observers of Congress have been watching closely to see how well the new procedures work, superimposed as they are on the ongoing, traditional patterns of congressional activity. This **CURRENT FOCUS** explains the changes made by the new act, the problems that gave rise to the changes, and unanswered questions about the extent of congressional budget reform.

The power of the purse: executive versus legislative authority

Budgetary powers, like many other powers in government, are shared by the legislative and executive branches and are subject to checks and balances between the two. The Constitution gives the basic "power of the purse" to Congress when it stipulates, in Article II, Section 9, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law"—that is, by act of Congress. However, it is the executive branch that actually manages government programs and spends the money.

Through the years, the proper budget-making role of each has been an issue between the two branches. Before 1921, each government agency sent its budget request directly to Congress, which made budget decisions through the appropriations process. Although Congress technically had the upper hand, it never fully exercised its powers because it considered appropriations through a fragmented committee system and because it failed to approach the budget as a total entity. Recognizing its inability to generate a coherent budget and hoping that the Executive could exert effective controls on spending, Congress authorized the President to initiate budget proposals—and thus to shape national priorities—in the Budget and Accounting Act of 1921.

This legislative milestone had one salutary effect: the Executive formulated and proposed a coordinated federal budget for Congress to consider each

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year. The act also gave the President an important staff resource by establishing the Bureau of the Budget (BOB) (at first under the Treasury Department; after 1939 in the Executive Office of the President). In 1970 the BOB became the Office of Management and Budget (OMB). OMB prepares the President's budget, evaluates departmental programs, clears departmental budget requests, and assists departments in organizational and management matters.

Besides using the delegated power of budget initiation, recent presidents also have shaped national priorities through their broad discretionary power over spending decisions, notably through impoundment. Former President Nixon's impoundments of public works, agriculture, housing, clean water and other funds that Congress had appropriated—though by no means the first—were so sweeping that they gave added impetus to congressional efforts to shift the balance back toward legislative control over the budget. The result was the 1974 budget reform act.

The new process for legislative consideration of the national budget set up:

- ☐ new House and Senate Budget Committees;
- ☐ a Congressional Budget Office with a permanent staff of budget analysts;
- ☐ new dates for the fiscal year;
- ☐ a strict timetable for congressional action on the budget;
- ☐ controls on so-called "back-door" spending (see box);
- ☐ a method for imposing a ceiling on the amount of money the government can spend, establishing a floor below which revenues should not fall, and specifying the size of the deficit it can create;
- ☐ procedures under which Congress can disapprove an executive branch impoundment of funds previously authorized and require their expenditure.

Authorizations and appropriations

Under both the old and the new process, Congress must first authorize programs and then appropriate funds for those programs (for definitions, see box p. 2). Authorization bills are processed by various legislative committees. For example, foreign aid authorizations go to the House International Relations Committee and the Senate Foreign Relations Committee before being sent to the floor in each house. If budget authority is not provided in the authorization, appropriations bills giving budget authority for various programs then go through the Appropriations Committees, beginning in the House. (The Constitution states that all *revenue* bills must originate in the House; the principle has been extended by tradition to all "money" bills, including appropriations.) The tax bills that raise revenue to cover government

Current focus



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Budget terminology

Before the government can spend money, Congress must pass authorizing legislation and budget authority. Below are some terms related to this process.

□ An **authorization** is the substantive law that sets up or continues a federal program or agency. It usually does not, by itself, provide budget authority. Authorizations may limit the amount of money that can later be spent on a program or they may allow the appropriation of amounts "necessary." Authorizations may be for a specific time or may last indefinitely.

□ Before agencies are allowed to spend, however, Congress must create **budget authority**—the authority to incur an obligation to pay out money. Budget authority is not to be confused with authorizations; budget authority itself actually allows an agency to start spending.

□ The most common form of budget authority is an **appropriation act**. Appropriation acts permit federal agencies to incur obligations for specific purposes and actually to make payments. Congress makes most of its spending decisions by this process.

□ **"Back-door" spending authority** either bypasses the appropriations process or limits the Appropriations Committees' power to control funding amounts for a program. Back-door authority has in the past placed about one-third of the budget outside the normal appropriations process. Examples of back-door spending categories are:

- **contract authority**, which permits an agency to incur obligations in advance of appropriations. Appropriations must be made later when funds are required to liquidate the obligation (e.g. for construction grants for waste treatment facilities under federal water pollution legislation).

- **borrowing authority**, which permits an agency to incur obligations and to pay these with money raised by borrowing, either from the Treasury or from the public.

- **mandatory entitlement programs**, which come from authorizations and require the federal government to make payments to any government or person meeting eligibility requirements stated in the legislation (e.g. food stamp program, veterans pension increase). The entitlement programs require an appropriation and, in this way, obligate part of the budget regardless of other factors.

- **permanent appropriations**, which make budget authority available without current action by Congress (e.g. trust funds for social security or highway aid).

□ Money actually paid out by a government department or agency is called a **budget outlay**.

OMB and economic analysts in the Council of Economic Advisors) sent his proposed budget to Capitol Hill, there was no congressional committee or staff to examine it closely as a *whole* and to propose a coherent congressional alternative. Rather, the President's proposed budget was parcelled out in numerous pieces corresponding to the jurisdictions of congressional committees, where each made isolated decisions on its own segment without knowing what the other committees were doing. Each house of Congress then voted separately on each bill creating budget authority as it was reported out of each committee, with no certain idea of how much it was all adding up to—until the end of the next fiscal year, when the Executive tallied the total amount spent that year.

□ Not only did Congress lack a workable way to compare anticipated income with planned spending, but decisions on whether to increase or lower taxes or to change the tax structure were also made without this rudimentary information. Thus, Congress was never able to make a conscious choice on the size of the deficit, a situation that left Congress with no real control over national fiscal policy—the particular mix of government spending and taxing that would contribute the most to a healthy economy.

□ With Congress convening in January and the fiscal year beginning on July 1, Congress used to have little time to consider all the bills creating budget authority for that fiscal year. Often Congress gave up trying to meet the July 1 deadline. Instead, it resorted to passing continuing resolutions providing temporary funding at the levels of the preceding year, just to keep many government offices from having to close down. Not one regular 1974 appropriation bill was enacted before fiscal year 1974 started.

□ These problems were further complicated by the fact that close to 75 percent of all budget outlays are for items classified as "uncontrollable under present law," because of entitlement legislation, the carryover of obligated balances from prior years, and permanent appropriations that become available without current congressional action. Further, back-door authority placed about one-third of the budget outside the normal appropriations process.

□ Congress often used "supplemental" appropriations bills to increase appropriations for a program after the regular appropriation was passed.

□ Agencies did not always spend the full amount appropriated for a program in a given fiscal year. Each year, then, there were—and still are—carryover balances from budget authority previously given by Congress, in addition to outlays from budget authority newly provided for the current year.

While the federal budget was growing tremendously, Congress was without a mechanism for determining the nation's goals and economic policy. The President, on the other hand, had gained increasing power over spending, not only through the ability to generate his own budget, which Congress could only deal with piecemeal, but also through the practice of impoundment: not spending money Congress had appropriated. A growing sense of frustration over this lopsided state of affairs led Congress to pass the Congressional Budget and Impoundment Control Act of 1974.

The new players

When it set up the new budget process, Congress also created several new actors to handle it: standing Budget Committees and their staffs in each house and a fledgling bureaucracy in the form of a joint Congressional Budget Office (CBO). All together, approximately 350 new staff positions were created, including clerical and other support personnel.

The two Budget Committees, which differ somewhat in makeup, are responsible for considering various budget alternatives and recommending to Congress a budget that has a distinctly congressional imprint. The House committee has 25 members, including five from the Ways and Means Committee, five from the Appropriations Committee, thirteen from other House standing committees, and one member each from the majority and minority leadership. Partially in an effort to keep it from becoming an entrenched power base, the House allows Budget Committee members to serve for no more than two out of five successive Congresses. The Senate

Budget Committee consists of 15 members, chosen at large from the whole Senate, with no limit on time of service.

The two committees are also responsible for studying the spending effects of current and proposed legislation, coordinating so-called tax expenditures (losses in revenue that come from giving a tax break of some sort), and reviewing the work of the Congressional Budget Office.

The job of the CBO is to give Congress, and particularly the Budget Committees, the information they need to make budget decisions. It provides analyses of economic conditions, alternative budgets and the projected costs of proposed legislation. It also handles scorekeeping on spending bills: tracking the myriad spending decisions Congress makes and keeping a running total of the estimated size of the outlays that are being authorized.

The CBO is headed by a director appointed on a nonpartisan basis for a four-year term by the Speaker of the House and the president *pro tempore* of the Senate on the recommendation of the two Budget Committees. The first director was Alice Rivlin, a former Brookings Institution economist. Early in her term, Dr. Rivlin explained that her office was "... going to be laying out issues and options in a way that makes clear what the choices are," providing policy analysis and budget analysis, so that Congress can consider alternatives.

The new process in four easy steps and two resolutions

The new four-stage budget process has two focal points: first and second concurrent congressional resolutions on the budget. These resolutions establish government totals for spending, new budget authority, revenues, the deficit and the level of the public debt. The resolutions also establish subtotals for spending and budget authority for each major budget function.

The First Concurrent Resolution merely sets targets for these categories, but the Second Concurrent Resolution, scheduled just before the new fiscal year starts on October 1, turns the targets into spending ceilings and a revenue floor. The passage of concurrent

budget resolutions allows Congress to debate and decide on overall national spending priorities. Regular individual spending and revenue bills are then considered within the framework of a total congressional budget.

Step one: preparation

The first step of the process is to prepare for the First Concurrent Resolution. It begins on November 10 when the President submits an estimate prepared by OMB of the expenditures needed during the next fiscal year if all existing government programs and activities were continued at current funding levels. This **current services budget**, as it is called, gives the CBO and the two Budget Committees a base line from which to start looking at any budget proposals. The Joint Economic Committee is required to review the President's current services budget and report its evaluation by December 31. Within 15 days after Congress convenes in January, the President submits the Administration's recommended budget. The Budget Committees hold hearings on the President's budget recommendations, the overall economic situation and national budget priorities.

Meanwhile, all the other standing committees are preparing their own estimates of the budget authority and resulting outlays they expect to recommend for programs under their purview. These committee reports are submitted to the Budget Committees by March 15, to give an overall indication of what the standing committees plan for the next fiscal year.

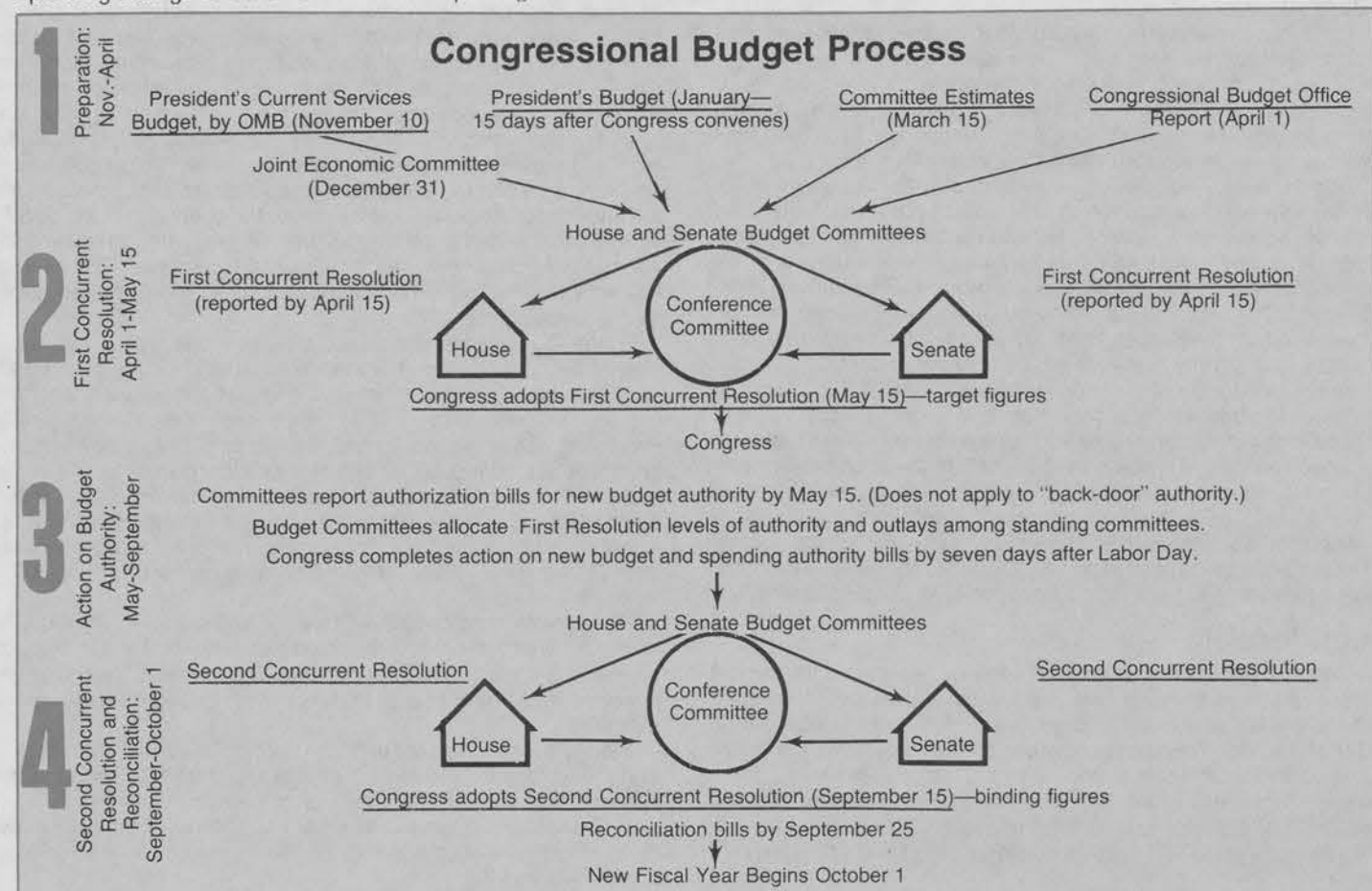
The CBO completes the preparation stage by April 1, when it submits its major budget report, which analyzes:

□ the national economic outlook for the next year,

□ the probable economic effect of different fiscal policies that could be followed (including the specific mix of spending and taxing recommended by the President), and

□ several different spending and taxing alternatives.

This analysis, along with the President's budget, the current services budget and the committee estimates, constitute the major documents for the Budget Committee as they prepare the First Concurrent Resolution.



Step two: passing a First Concurrent Resolution

By April 15, just two weeks after the deadline for receipt of the CBO report, the two Budget Committees each recommend budgets to their respective houses in the form of concurrent resolutions that establish the next fiscal year's target figures for:

□ the appropriate levels of *budget authority* and estimated *outlays*, both for the overall budget and for each of 17 major government functions—

National Defense

International Affairs

General Science, Space and Technology

Natural Resources, Environment and Energy

Agriculture

Commerce and Transportation

Community and Regional Development

Education, Training, Employment and Social Services

Health

Income Security

Veterans Benefits and Services

Law Enforcement and Justice

General Government

Revenue Sharing and General Purpose Fiscal Assistance

Interest

Allowances (e.g. pay raises for certain federal personnel)

Undistributed Offsetting Receipts (not a spending category; includes intragovernmental payments and receipts from the public, such as loan repayments, which offset or reduce both total budget authority and total outlays);

□ the recommended level of federal revenue;

□ the appropriate budget surplus or deficit based on money raised compared to estimated outlays (*not* compared to budget authority);

□ the appropriate level of the public debt.

By law, the committee reports accompanying these resolutions must also contain more specific information, including: economic assumptions and objectives; a comparison of the recommended spending and revenue estimates with those of the President; a breakdown of the recommended level of revenues among the major revenue sources (for example, personal income taxes, corporate income taxes, excise taxes); a five-year projection of spending, revenues, tax expenditures and deficits or surpluses; an indication of how much spending would be relatively controllable and how much relatively uncontrollable; funds intended for assistance to state and local governments; and other pertinent information.

The two houses of Congress must then agree on a concurrent resolution on or before May 15. This is also a key date for other reasons. All new authorization bills must be reported by their respective committees by May 15. And special waivers are required for either house to consider any authorization bill that was *not* reported out of committee by May 15.

Step three: action on budget authority

May 15 also marks the start of the third stage, when the full House and Senate can begin acting on authorization bills and budget and entitlement authority for the next fiscal year. Waiting until May 15 means that budget authority action will not occur until *after* Congress has the targets of the First Concurrent Resolution to guide its decisions on individual spending and taxing items.

During the summer months, Congress works to pass authorizing legislation and bills providing budget authority. The budget control act stipulates that the Appropriations Committees should have completed work on *all* the appropriations bills before reporting out any of them and should submit a summary report to accompany the bills. This enables Congress to see at one time how the appropriations bills fit together and how they relate to the First Concurrent Resolution.

One complication in the new budget process is that while targets are set for spending in the 17 functional categories, the same categories OMB has been using for a number of years, these functional divisions do not correspond to the traditional standing

committee and subcommittee structure and the bills they handle. One bill might contain budget authority under several different functional categories; conversely, each category includes spending that will be authorized by numerous bills through several committees and subcommittees. The Budget Committees have, however, provided to the other committees backup materials showing each committee's share of the budget for each budget function.

When the First Concurrent Resolution is passed, it is accompanied by a conference report allocating budget authority and outlays among the various committees of the House and the Senate. Each committee then subdivides its allocation among its subcommittees or major programs and reports this division to its house, along with an indication of the amount of each allocation that is controllable and uncontrollable. Making these allocations to committees is called "cross-walking."

After passage of the First Concurrent Resolution, the CBO issues scorekeeping reports, periodically comparing the targeted amounts and the effect of committee action to date, so Congress can know continuously what is happening to the levels of budget authority, revenue and debt. CBO also prepares five-year projections of costs for all bills except appropriation bills.

Back-door spending authority is restrained by several controls in the new budget act. With certain exceptions, principally trust funds and general revenue sharing, bills may not provide new contract authority or borrowing authority except to the extent provided for in the normal appropriations process. Spending bills that authorize payments under mandatory entitlement formulas that do not exceed the levels set out for them in the committee's subdivision report under the Concurrent Resolution may go right to the floor, without Appropriations Committee action. However, entitlement legislation that *does* exceed the targets must be referred to the Appropriations Committee for not more than 15 days before being considered by the whole House or Senate.

To have time to pass a second concurrent resolution before the start of the new fiscal year, Congress is required to complete action on all regular budget authority and entitlement bills by the seventh day after Labor Day. That leaves only about three weeks to complete the fourth, and final, stage of the process before the new fiscal year begins.

Step four: the Second Concurrent Resolution and reconciliation

By September 15 Congress must complete passage of a Second Concurrent Resolution. It covers the same ground as the first resolution, but this time the dollars will not be target figures but firm data—a revenue floor (below which legislation may not reduce revenue) and ceilings on budget authority, outlays, the deficit and the level of debt. These September 15 figures may be the same as those in the First Concurrent Resolution, or they may be different—revised in light of new information on the economy and actions Congress took over the summer. If the amounts adopted in the second resolution's figures require any changes in legislation already acted on, the act provides for a "reconciliation process," in which the relevant committees are directed to recommend changes, which could include amending appropriations, raising or lowering taxes, or changing the debt ceiling. Reconciliation bills or resolutions incorporating these changes are supposed to be acted on by September 25, just five days before the start of the fiscal year. Congress has a strong incentive to meet the deadline: it may not adjourn before it passes the Second Concurrent Resolution and completes the reconciliation process.

Once the Second Concurrent Resolution is passed it is not in order for Congress to consider any legislation that would "bust the budget"—break through the spending ceilings or the revenue floor, unless the second resolution is revised. If a sudden need for a supplemental appropriation arises or changing economic conditions warrant, Congress may pass a later concurrent resolution changing any or all of the required ceilings and floors.

Problems and prospects

Despite general support for the goals of budget reform, the new process has not been without its problems and critics. Though the

provisions of the law did not go into full effect until 1976 (for fiscal 1977), Congress decided to give at least part of the process a trial run in 1975 (for fiscal 1976). They picked a tough year, with little time to get organized and explain the process. In the midst of a recession, most economists were calling for a large federal deficit. And in fact, the fiscal 1977 deficit was a whopping \$74.1 billion, compared, for example, to \$23 billion just five years earlier for fiscal 1971 or to \$43.6 billion in fiscal 1975.

In the Senate, Budget Committee Chairman Edmund Muskie (D-ME) managed fairly early to establish a good working relationship with the ranking minority member, Senator Henry Bellmon (R-OK). With bipartisan support, the Senate passed the fiscal 1976 Second Concurrent Resolution, 74-19. In the House, however, Budget Committee Chairman Brock Adams (D-WA) never got the support of Republican committee members. A coalition made up of conservative representatives appalled at the record deficit and of liberals wanting higher spending levels nearly defeated the Second Concurrent Resolution in the House, where it squeaked by with a margin of only two votes (189-187).

When fiscal 1976 ended on June 30, 1976, however, the process was still intact, the CBO estimates had proven fairly accurate, and it looked as if outlays would come in at well below the projected deficit level.

Budget making for fiscal 1977 proceeded more smoothly. The First Concurrent Resolution, embodying different taxing and spending goals than the President's proposed budget, passed both houses easily in May 1976. The Senate vote was 65-29; approval in the House was by vote of 224-170, a far cry from the narrow margin of the previous year. The targets set in the First Concurrent Resolution were generally met in House and Senate versions of the Second Concurrent Resolution on September 9, 1976 (see table). A conference committee settled differences, and the conference version of the Second Concurrent Resolution was adopted in a timely manner by the Senate on September 15 by a vote of 66-20, and by the House on September 16 by a vote of 234-143. Significantly, Congress had developed its own version of the budget and its own economic priorities, rather than reacting piecemeal to budget recommendations from the White House.

In presenting the September 1976 conference report to the Senate, Senator Muskie stated his view of the importance of the budget reform: "Let there be no question about it. Had it not been for the congressional budget process, Federal spending and the Federal deficit for the two years during which we have been operating under the congressional budget would have been higher by a range of at least \$15 to \$30 billion."

Fiscal year 1977

(figures in billions of dollars)

	Pres. Budget OMB Revision July 1976	1st Concurrent Res.—Targets	2nd Concurrent Res.—Binding
Revenues	352.5	362.5	362.5
Outlays	400.0	413.3	413.1
Budget authority	431.4	454.2	451.5
Deficit or surplus	-47.5	-50.8	-50.6
Level of public debt	712.7	713.1	700.0

A rigorous timetable

Congress had trouble keeping up with partial implementation of the new timetable in 1975—partly because the July 1 date for the start of the federal fiscal year was still in force. Yet following the timetable is crucial to the overall system, since so many steps of the process are dependent on completion of the preceding ones. In 1976 the process, used in its entirety for the first time, went well, aided by the more realistic October 1 date for the start of fiscal year 1977.

As fiscal 1977 began, Congress had completed on time its first full implementation of the budget provisions in the 1974 reform act. Its remarkable adherence to the timetable surprised many critics of Congress and perhaps even some members. It proved that it is possible within a very tight time frame to make the complex decisions necessary to develop a national budget.

Nevertheless, a basic complaint is that Congress has too little time to consider spending decisions. Recesses and the chronic scheduling problems of legislators serving on numerous committees make the time period even shorter than it looks. In the past, Congress had a history of a leisurely start each year, with members often planning to be in Washington only two to three days a week in January and February. But with committee reports due in to the Budget Committees by March 15, committee spending and taxing plans have to be fairly firm by that date. Once the Budget Committees begin considering the first resolution on the basis of the recommendations they receive, the process is in motion and numbers begin to firm up.

Even though the figures of the First Concurrent Resolution are just targets, they may be difficult to revise. As a consequence, interest groups desiring to influence spending decisions have had to change their ways, too. Before, they could be active at any of several stages, even pushing quietly for supplemental appropriations after regular appropriations had passed. Now, they must enter the process much earlier—while the standing committees formulate their recommendations or, at the very latest, before the Budget Committees mark up the First Concurrent Resolution.

Although the resolution figures are supposed to be general aggregates and not deal with line item decisions, it is difficult to arrive at overall amounts without getting into at least some major line items. If the aggregate figure is too low to cover a particular item, that item will get short-changed later.

The summer schedule, which requires completing all authorizations and appropriations committee work before September 15, places a great burden on busy legislators. But the goal of passing the Second Concurrent Resolution by mid-September emphasizes the need to act expeditiously. But even if Congress meets all its deadlines, the process can still be thrown off if many of its spending bills are vetoed by the President and require reconsideration.

Juggling jurisdiction

From the beginning, it has been recognized that the creation of two new potentially powerful Budget Committees could infringe on the prerogatives and power of other committees, with resulting conflicts of jurisdiction and personality. For example, although the Appropriations Committees were actively involved in the original development of the new process, they both had something to lose in allowing a new committee to come in and specify the figures into which they must fit their appropriations. The House Appropriations Committee in its March 15, 1976 report to the Budget Committee warned that: *the Committee notes with concern the tendency (of the Budget Committee) to identify and make recommendations for specific line items. . . . The Committee considers decisionmaking concerning specific line items and programs to be a responsibility of the Congress to be achieved through the regular authorization and appropriations process.*

Other committees, particularly the House Ways and Means Committee and the Senate Finance Committee, which handle revenue legislation along with a number of measures that create budget authority, also have had their power affected by the new process. The Senate Finance Committee came into direct conflict with the Budget Committee over the 1976 tax reform bill, when it reported out a bill with \$1 billion less revenue through tax reform than had been anticipated by the First Concurrent Resolution. On paper it made up for this lost source of revenue by shortening the tax cut extension by three months.

When the tax reform bill was passed in differing versions by each house, this discrepancy remained in the Senate version. However, the final bill that was passed in September 1976, the product of a House-Senate conference committee, contained the House version, which raised \$1.6 billion in new revenues for fiscal year 1977 by closing some tax loopholes. The tax law finally corresponded to the revenue floor that was approved in the Second Concurrent Resolution, a floor very close to that proposed in the first resolution.

The Budget Committees have tried during this time of testing to minimize conflicts by making certain that other committees understood the process and the deadlines that would have to be met. A House Budget Committee staff member explained that potential floor fights have been avoided there by quietly pointing out prob-

lems with proposed legislation to committees beforehand. Despite relative calm at the start, however, jurisdictional problems could become more difficult in the future if the Budget Committees consolidate their power and begin to assert themselves more.

A burgeoning budget bureaucracy

The new process has meant more work for existing congressional staff. It has also required the hiring of new staff for the Appropriations Committees, as well as for the General Accounting Office and the Congressional Research Service (two agencies that service Congress), in addition to hundreds of new people for the new budget institutions themselves. Not only must the committees work faster, but there is also more to do—March 15 estimates, cross-walking, markup and passage of the parts of the budget resolutions that affect each of them, and so forth. A staff member of the Senate Foreign Relations Committee, which deals with foreign aid, estimates that his work has increased by one-third.

The Appropriations Committees coped with the new demands by using a computer for the first time. While there was initial skepticism about computerization, one staff member now claims it has "proved to be a tremendous boon. . . . Now we wonder what we did without it." He also expresses concern, however, about the growth in personnel. "One of the fallout is that a terrible bureaucracy has developed. . . . We wonder what all those people are doing that we're not doing. There's duplication."

The battle over priorities

Behind the neat timetables and carefully constructed sequences is the real battle—the issue of who gets how much money. The process has come under attack from two sides—those who think the resolutions have sanctioned too much government spending and those who complain they don't provide enough funds for particular priorities. Those in the latter group assert that the system focuses too much attention on the deficit and emphasizes process over substance—that there is more concern with compromising for the sake of a congressionally controlled budget than there is with what that budget contains.

Certainly, the process has resulted in some seemingly strange votes. Senator Muskie, a strong supporter of the new budget process, dramatically argued for Congress to reject efforts to spend more, not only for defense but also for a school lunch program, which he normally would have supported, in order to stick with its figures in the 1976 First Concurrent Resolution.

Some people express concern that it is the human welfare items—already low on the priority totem pole—such as food stamps, school lunch or international development aid, that get cut to fit into ceilings, while items such as weapons programs are fully funded. One staff member who deals with development aid commented: "The trick for us is not to be last in under the wire and be the one to bust the budget. Other areas can get a change in budget targets. Low priority items will get even lower under this system."

Americans for Democratic Action has argued that ". . . it appears that the old piecemeal approach may have been more conducive to the passage of social programs." But they go on to admit that it is not necessarily the process itself but rather the priorities of members of Congress implementing the process that cause this result. House Budget Committee General Counsel Linda Kamm comments that "it's taken awhile for people to understand that's the way it works and that it's not a politically liberal or conservative process. But it does give Congress the opportunity to consider policy."

Leadership

Another question mark in the long-range prospects for the budget process comes from the fact that the House Budget Committee chairmanship is due for a change at the beginning of the 95th Congress in 1977. Some fear the loss of continuity and expertise as Chairman Brock Adams steps down. Differing leadership techniques and views of the budget process can certainly affect the outcome of the reform. Bipartisan relations in the House Committee as well as House-Senate cooperation may be affected for good or ill.

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"Sunset" legislation

The emergence on the political horizon of "sunset" legislation, which was proposed in the 94th Congress, could be a critical issue affecting the future budget process. While budgets are generally made now by both Congress and the Executive within the broad outlines of recent national budget levels, sunset legislation would change the basic assumptions under which most ongoing governmental programs operate. Sunset bills would end nearly all existing governmental programs at the end of a period of time, usually five years, unless Congress expressly reviewed and reauthorized them. This concept is a move in the direction of zero-base budgeting, advocated by some as a way to force total review of the merits of every program periodically.

Advocates of the sunset approach claim that this is one means of affording new programs without greatly changing present levels of taxing and spending. Doing away with obsolete programs would free money to fund new programs. Critics of sunset legislation claim that it may have far-reaching and unforeseen effects, and fear that programs not so much obsolete as unpopular will be abolished. Some say that sunset bills are unnecessary because Congress has always had the power to abolish obsolete programs.

What's ahead?

Certainly there are still many unanswered questions about the workability of the new congressional budget process, but the prospects look bright, based on the fiscal 1977 experience. The ability to consider priorities rationally and to establish fiscal policy is what was missing under the old system, both for lack of information and for lack of adequate procedures. Now Congress, in adopting a federal budget, can state its view of the economic situation by choosing a particular fiscal policy, using the budget as a way to set particular revenue and spending levels.

While having the same overall goal—a healthy economy—Congress and the President may sincerely differ over the relative merits of the means to achieve that goal. For example, the two branches had differing assessments of the economy for fiscal year 1977—differences over the seriousness of unemployment, the rate of economic recovery and the possibility of renewed inflation. For fiscal 1977, Congress declined to cut revenues to the extent the administration proposed. Congress also expressed its view on spending by setting budget authority and outlays at levels somewhat higher than the President recommended in his proposed spending cuts (the two branches agreed substantially, however, on the level of defense spending). Further, the congressionally developed budget had a greater emphasis on jobs and job training to combat unemployment than the President proposed. The executive view was that growth in the private sector would provide jobs for the unemployed.

Future Congresses and Executives may differ, even radically, about how much to spend, and for what. The changes go beyond such questions. Congress now has a fiscal policy-making tool that can pit the congressional view of the economy against that of the President. Use of this tool is most likely to be put into play when the branches are controlled by different political parties or when an especially strong president occupies the White House. On the other hand, budgetary cooperation between the two branches is possible, particularly if election results stamp both White House and Capitol Hill with the same party label and a unified view of economic needs.

The reforms in process may have yet another effect, in addition to those already noted. The pressures created by the budget timetable may lead Congress to adopt long-range planning on policy issues so as to be able to work expeditiously within the yearly schedule.

The tools for change are in hand. They have been "roadtested." They have been shown to be effective in enabling Congress to impose some order on its approach to money matters. Only time will tell whether Congress will regain its "power of the purse" by continuing to accept the self-discipline of the new congressional budget process.

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, MN 55102 - March, 1978

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