

001257

TESTIMONY BY SENATOR HUBERT H. HUMPHREY

BEFORE THE JOINT STUDY COMMITTEE ON BUDGET CONTROL

WASHINGTON, D. C.

MARCH 6, 1973

THE JOINT COMMITTEE ON BUDGET CONTROL IS CHARGED WITH
MAKING A FULL STUDY AND REVIEW OF

- PROCEDURES TO IMPROVE CONGRESSIONAL CONTROL OF BUDGETARY
OUTLAYS AND RECEIPT TOTALS, AND TO
- SUGGEST NEW MECHANISMS THAT WILL ALLOW CONGRESS TO
PERFORM EFFECTIVELY ITS CONSTITUTIONAL FUNCTION OF
POWER OF THE PURSE.

I AM -- AS ARE OTHER MEMBERS -- HOPEFUL THAT FROM THE
COMMITTEE DELIBERATIONS WILL COME MEANINGFUL BUDGETARY REFORMS
THAT WILL DO FOR THE CONGRESS WHAT THE BUDGETING AND ACCOUNTING
ACT OF 1926 DID FOR THE EXECUTIVE BRANCH.

-2-

THIS COMMITTEE HAS JUST ISSUED ITS INTERIM REPORT.

I AM IN SYMPATHY WITH THAT REPORT.

I BELIEVE THAT THE PROBLEM AREAS ARE PINPOINTED.

RECOMMENDATIONS SUCH AS THE CREATION OF A MECHANISM TO DETERMINE PROPER LEVELS OF EXPENDITURES, LIMITS ON BOTH EXPENDITURES AND OBLIGATION AUTHORITY, THE SETTING OF A BUDGET CEILING, THE ALLOCATION OF EXPENDITURE AND BUDGET AUTHORITY TO THE VARIOUS COMMITTEES, AND ADEQUATE STAFFING -- ALL OF THESE PRELIMINARY PRINCIPLES MAKE A GREAT DEAL OF SENSE.

AS A SENATOR, AND AS A FORMER MEMBER OF THE EXECUTIVE BRANCH, I WOULD ASK THIS COMMITTEE TO FOLLOW TWO PRIMARY GUIDELINES AS WORK PROGRESS ON THE FINAL SET OF RECOMMENDATIONS:

FIRST, I BELIEVE THAT CONGRESS MUST SET THE FRAMEWORK FOR ITS OWN INDEPENDENT ANALYSIS OF POLICIES, PROGRAMS, AND SPENDING.

WE MUST BE IN A POSITION TO ACT INDEPENDENTLY, TO MAKE OUR OWN CHOICES, GATHER OUR OWN DATA, DO OUR OWN ANALYSIS, AND PROPOSE OUR OWN POLICY ALTERNATIVES.

SECOND, CONGRESS MUST RESPECT ANY PRESIDENTIAL SUGGESTED BUDGET CEILING; BUT WE MUST REMEMBER -- THAT CEILING IS ADVISORY ONLY, *and*

CONGRESS MUST SET ITS OWN CEILING -- IN LIGHT OF ITS DETERMINATION OF PRIORITIES AND THE NEEDS OF THE AMERICAN PEOPLE.

-4-

CONGRESS CAN AND MUST SEEK A PARTNERSHIP WITH THE
PRESIDENT, THAT IS THE WAY GOVERNMENT OUGHT TO OPERATE,
BUT WE CANNOT AND MUST NOT ALLOW ANY EXECUTIVE TO ASSUME
POWERS THAT ARE NOT HIS.

THIS WOULD BE NEITHER PRUDENT OR RESPONSIBLE.

AND, MAY I SAY THAT NO EXECUTIVE -- WITH EITHER A STRICT
CONSTRUCTIONIST OR LIBERAL VIEW -- OUGHT TO BE PERMITTED TO
TO ASSUME POWERS THAT ARE NOT HIS.

↳ THIS ALSO IS NOT PRUDENT OR RESPONSIBLE.

WITH THESE GUIDELINES IN MIND, CONGRESSMAN MOOREHEAD AND
I HAVE INTRODUCED THE FISCAL AND BUDGETARY REFORM ACT OF 1973.

I RECOGNIZE THAT THE HUMPHREY-MOOREHEAD BILL IS BUT ONE PROPOSAL BEFORE YOU. THAT IS THE WAY IT SHOULD BE. ALL OF YOU WANT TO GET THE WIDEST RANGE OF THINKING -- FOR YOUR RESPONSIBILITY IS GREAT.

I WOULD LIKE, HOWEVER, TO OUTLINE THE SPECIFIC OPERATING PRINCIPLES ON WHICH THIS BILL WAS DRAFTED.

FIRST, WE WANTED TO DESIGN A MECHANISM THAT WOULD UTILIZE TO THE FULLEXT EXTENT POSSIBLE SOME OF THE MORE ADEQUATE TOOLS NOW AVAILABLE TO THE CONGRESS.

UNDER OUR PROPOSED LEGISLATION, AN OFFICE OF BUDGET ANALYSIS AND PROGRAM EVALUATION WOULD BE CREATED AS PART OF THE STRUCTURE OF THE JOINT ECONOMIC COMMITTEE.

I BELIEVE THAT THE JOINT ECONOMIC COMMITTEE IS A NATURAL LOCATION FOR SUCH AN OFFICE.

THE JOINT ECONOMIC COMMITTEE IS PROVIDED FOR BY THE 1946 FULL EMPLOYMENT LAW AS A SUPERVISORY, ANALYTICAL, AND FORECASTING ENTITY. IT REGULARLY HOLDS HEARINGS.

THE EMPLOYMENT ACT OF 1946 ~~CALLS FOR THE PRESIDENT~~
~~TO~~ ESTABLISH A VERY BROAD JURISDICTION ~~FOR THE JEC.~~ *for the JEC*

IT CALLS, IN SEC. 5 OF THE ACT, FOR THE JEC "TO MAKE A CONTINUING STUDY OF MATTERS RELATING TO THE ECONOMIC REPORT." THUS THIS COMMITTEE IS MANDATED TO STUDY AND MAKE POLICY RECOMMENDATIONS REGARDING LEVELS OF EMPLOYMENT, PRODUCTION AND PURCHASING POWER; AND IT IS MANDATED TO REVIEW THE ECONOMIC

-7-

PROGRAM OF THE FEDERAL GOVERNMENT, AND TO REVIEW ECONOMIC
CONDITIONS AFFECTING EMPLOYMENT.

SECONDLY, THE ACT ALSO CALLS FOR THE JEC TO "STUDY MEANS
OF COORDINATING PROGRAMS IN ORDER TO FURTHER THE POLICY OF
THIS ACT."

THE ACT THUS CALLS FOR THE JEC NOT ONLY TO BE THE ARM
OF THE CONGRESS IN APPRAISING THE GOVERNMENT'S ECONOMIC POLICY;
BUT ALSO TO REVIEW ALL PROGRAMS WHICH AFFECT THAT GOVERNMENT
ECONOMIC POLICY.

CLEARLY, WITH GOVERNMENT SPENDING AT MORE THAN $1/4$ OF THE
268.7 Billion
GNP, THESE GOVERNMENT PROGRAMS ARE A MAJOR INSTRUMENT OF
GOVERNMENT ECONOMIC POLICY.

MOREOVER, MANY OF THEM ARE MAJOR INSTRUMENTS FOR ALLOWING PEOPLE TO BECOME EMPLOYABLE. HEALTH, EDUCATION, MANPOWER TRAINING AND OTHER PROGRAMS ARE CLEARLY ESSENTIAL TO A FULLY PRODUCTIVE SOCIETY. ~~WE CANNOT FULLY EMPLOY A LABOR FORCE WHICH IS SICK, WHICH IS UNEDUCATED, WHICH IS UNSKILLED.~~

THE JOINT ECONOMIC COMMITTEE HAS ~~THE EXPERTISE IN~~

by its membership of professional staff

competence in ECONOMIC ANALYSIS. IT SYSTEMATICALLY MAKES ANALYSES OF CURRENT AND PROJECTED ECONOMIC CONDITIONS, REVENUE ESTIMATES, FISCAL POLICIES, AND EFFECTS OF GOVERNMENT EXPENDITURES ON THE SOCIAL INSTITUTIONS AND ECONOMY.

IT HAS THE PRESTIGE AND BACKING OF MEMBERS OF THE
ACADEMIC, ECONOMIC, TAX, AND ACCOUNTING PROFESSIONS, PLUS
THE RECOGNIZED SUPPORT OF CONGRESSMEN AND SENATORS.

ITS MEMBERSHIP CONSISTS OF MEMBERS OF CONGRESS WHO
HAVE RESPONSIBILITIES IN THE LEGISLATIVE AND APPROPRIATION
COMMITTEES.

↳ IT IS AN ONGOING STRUCTURE -- OF BOTH HOUSES -- WITH
A BROAD FOCUS FOR THE INTEGRATION OF THE THINKING OF MANY
MEMBERS OF THE CONGRESS.

IN SHORT, THE JOINT ECONOMIC COMMITTEE -- ITS DIRECTORS
AND ITS STAFF -- HAVE A HISTORY OF PERFORMING THE KINDS OF
FUNCTIONS SO ABLY DESCRIBED IN YOUR INTERIM REPORT.

THE OFFICE OF BUDGET ANALYSIS AND PROGRAM EVALUATION WOULD HAVE FOUR SECTIONS: (1) AN INFORMATION SECTION EQUIPPED WITH THE MOST UP-TO-DATE COMPUTER FACILITIES FOR PROVIDING MEMBERS WITH INSTANT ANALYSIS AND READ-OUTS ON BUDGET AND FISCAL MATTERS; (2) AN ANALYTIC OFFICE, TO PERFORM OVER BOTH SHORT AND LONG RANGE PERIODS, THE NECESSARY ECONOMIC AND FISCAL POLICY STUDIES AND TO ACT AS LIAISON WITH THE VARIOUS APPROPRIATION AND AUTHORIZATION COMMITTEES; (3) AN EVALUATION SECTION TO EXAMINE AND EVALUATE BOTH ON-GOING AND PROPOSED PROGRAMS; AND (4) A SPECIAL STUDIES DIVISION -- TO UNDERTAKE LONGER RANGE STUDIES.

-11-

SECOND, WE WANTED TO DESIGN A PROCEDURE FOR SETTING A BUDGET
CEILING T
CEILING THAT WAS BACKED BY THE POWER OF IN-DEPTH ANALYSIS,
HAD THE FORCE OF LAW, AND AT THE SAME TIME WAS NOT SO RIGID
THAT IT COULD NOT BE RECONSIDERED IF FUTURE CONDITIONS
WARRANTED.

UNDER THE PROCEDURE ESTABLISHED BY THE BILL, PRIOR TO
RECEIVING THE BUDGET, THE OFFICE OF BUDGET ANALYSIS AND PROGRAM
EVALUATION WOULD PREPARE A REVENUE ESTIMATE; THE JOINT
ECONOMIC COMMITTEE WILL THEN HOLD HEARINGS, AND REPORT TO THE
CONGRESS ON A PROPOSED LIMIT OF TOTAL AMOUNT OF NEW OBLIGATION
AUTHORITY, TOTAL OF NEW OBLIGATION AUTHORITY, FUNCTIONAL *(Housing, Educ
Health - etc*
CATEGORIES, TOTAL OUTLAYS, AND A LIMIT ON AMOUNT OF OUTLAYS
FOR EACH FUNCTIONAL CATEGORY.

-12-

UPON RECEIVING THIS REPORT, THE APPROPRIATIONS COMMITTEES OF THE SENATE AND HOUSE WILL, WITHIN FIFTEEN DAYS, REPORT TO THE FLOOR OF THEIR RESPECTIVE HOUSES A BILL WITH TOTAL OBLIGATION AUTHORITIES AND TOTAL OUTLAYS.

UPON PASSAGE AND PRESIDENTIAL SIGNATURE, THIS WOULD BE THE BUDGET CEILING.

ANY FUTURE RECONSIDERATION OF THE BUDGET CEILING WOULD FOLLOW THE SAME PROCESS -- AS THE JOINT ECONOMIC COMMITTEE WOULD BE CHARGED WITH THE PREPARATION OF INTERIM REPORTS.

IT IS EXPECTED THAT DURING THE TWO HEARINGS PERIODS THAT CHAIRMEN OF THE AUTHORIZATION COMMITTEES WOULD TESTIFY AND OUTLINE THEIR NEEDS, AS BEST THEY COULD FORESEE THEM, TO THE JOINT ECONOMIC COMMITTEE AND THE APPROPRIATIONS COMMITTEES.

WE
A THIRD PRINCIPLE I WANTED TO EMBODY IN THE BILL WAS A
MORE CONSCIOUS EFFORT AT POLICY AND PROGRAM EVALUATION.

THAT IS WHY THE OFFICE OF THE BUDGET ANALYSIS AND PROGRAM
EVALUATION IS EXPLICITLY CHARGED WITH EVALUATION, AND THAT IS

We
WHY I HAVE INCLUDED A PROVISION OF THE BILL THAT WOULD LIMIT
ALL AUTHORIZATIONS TO THREE YEARS, WITH YEARLY FUNDING REVIEW
BY THE APPROPRIATIONS COMMITTEES.

FINALLY, NO NEW BUDGETARY PROPOSAL WOULD BE COMPLETE
WITHOUT ATTEMPTING TO INCREASE PUBLIC AND CITIZEN AWARENESS
IN BUDGET AND TAXING MATTERS.

we
FOR THAT REASON, I HAVE INCLUDED IN THE LEGISLATION A
RATHER SIGNIFICANT SECTION ON OPEN BUDGETING. WE SIMPLY CANNOT
AFFORD TO PREPARE A BUDGET IN SECRET.

A BUDGET IS THE MOST POWERFUL TOOL OF GOVERNMENT FOR
SETTING SOCIAL AND ECONOMIC POLICY.

IT OUGHT TO BE AS BROADLY FORMULATED -- CONSISTENT WITH
PRUDENT AND RESPONSIBLE FINANCIAL DECISION MAKING -- AS POSSIBLE.

WE
I HAVE PROPOSED THAT ELECTED OFFICIALS BE GIVEN THE
OPPORTUNITY TO TESTIFY BEFORE FEDERAL BUDGET AND DEPARTMENT
OFFICIALS ABOUT THEIR NEEDS. *we* AND, I HAVE MANDATED THAT THE
CONGRESS BE PROVIDED WITH TRANSCRIPTS OF BUDGET MEETINGS AMONG
DEPARTMENT HEADS AND BUDGET EXAMINERS SO THAT WE WILL BE AWARE

OF THE TRADE-OFFS IN PROGRAMMATIC TERMS THAT ARE MADE AMONG APPOINTED OFFICIALS.

THE OTHER PART OF MY OPEN BUDGET AND TAXING PROPOSALS CONSISTS OF MAKING ALL TAXPAYERS AWARE OF EXACTLY WHERE THEIR TAX DOLLARS ARE SPENT.

I HAVE OFFERED THIS PROPOSAL BEFORE. IT SIMPLY SAYS THAT THE INTERNAL REVENUE SERVICE WOULD SEND TO EVERY TAXPAYER A BREAKDOWN -- ALONG VARIOUS FUNCTIONAL CATEGORIES -- AS TO EXACTLY HOW GOVERNMENT SPENDS HIS TAX DOLLARS.

I HAVE BEEN TOLD BY THE INTERNAL REVENUE SERVICE THAT THE TOTAL COST OF THIS EFFORT WOULD BE LESS THAN \$4 MILLION.

MR. CHAIRMAN, THAT IS THE ESSENCE OF THE BILL.

I BELIEVE THAT THIS LEGISLATION STRENGTHENS THE ANALYTIC
HAND OF THE CONGRESS.

IT PROVIDES A CONTINUOUS OVERVIEW OF THE ENTIRE SPENDING
PICTURE -- OUTLAYS AND OBLIGATIONS.

IT STRENGTHENS THE HAND OF THE APPROPRIATION COMMITTEES
BY MAKING THEM MORE RESPONSIBLE FOR ACTUAL FUNDING AND
PLACING PRESSURE ON AUTHORIZATION COMMITTEES TO LIMIT FINANCING.

IT USES EXISTING STRUCTURES, RECOGNIZED BY SENATORS,
CONGRESSMEN, AND EXPERTS AS HAVING A LEGITIMACY OF JURISDICTION
AND THE EXPERTISE AND PRESTIGE.

AND, IT PROVIDES A MECHANISM FOR INTEGRATING THE
ACTIVITIES OF THE GENERAL ACCOUNTING OFFICE, THE LIBRARY
OF CONGRESS, AND THE RESOURCES AVAILABLE FROM THE VARIOUS
CONGRESSIONAL COMMITTEES.

ALLOW ME TO ADD THIS ONE FINAL THOUGHT.

TOO OFTEN WHEN CHANGES ARE MADE IN CONGRESS, THE POTENTIAL
FOR GREAT THINGS LIES WITHIN THE CHANGE, BUT IN REALITY, THE
CHANGE IS ALMOST NEGLIGIBLE.

WHAT I AM SAYING IS THIS:

DO NOT CREATE ANOTHER COMMITTEE OR OFFICE WITH ALL THE
POTENTIAL IN THE WORLD AND THEN PROVIDE IT WITH TOO FEW STAFF
PEOPLE AND AN OPERATING BUDGET THAT CRIPPLES THE OFFICE.

IF WE ARE NOT GOING TO EQUIP OURSELVES -- IF CONGRESS
IS GOING TO REMAIN THE POOR BOY OF GOVERNMENT -- THEN ALL OUR
EFFORTS WILL GO FOR NAUGHT.

WE SIMPLY CANNOT FULFILL OUR RESPONSIBILITY TO OUR
CONSTITUENTS AND TO THE CONSTITUTION BY SKIMPING ON STAFF,
ON UP-TO-DATE TECHNOLOGY, ^{OR} ON FACILITIES.

LET'S GIVE OUR ORGANIZATION THE SUPPORT NECESSARY TO DO
A FIRST-CLASS JOB FOR US.



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