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Testimony of
Senator Hubert H. Humphrey
before the
Subcommittee on Budgeting, Management, and Expenditures
of
Senate Government Operations Committee

April 9, 1973

The question before this subcommittee is simply stated but profound in its implications:

What must Congress do to assert its rightful and Constitutional control over the Power of the Purse?

Asking this question is easy. Answering for the Congress is difficult.

Unlike the Executive Branch, Congress is a deliberative body, a representative body, close to the people and a reflection of them.

Americans are a diverse people: ethnically, religiously, racially, and ideologically. Congress has the responsibility to harmonize and rationalize the claims and needs of a diverse people on the total national resources.

This is no small task--certainly not a task in which "efficiency of operations" is the sole judging criteria.

Today, the Congress of the United States faces a great test of its responsiveness to public needs and of its rightful constitutional powers:

The Executive branch, and the Executive Office of the President in particular,--by using the need to establish

a budget ceiling--has unilaterally asserted power to impound congressionally appropriated funds, and in the process to concentrate in the Executive Power over the Purse.

The Executive Branch, and in particular the Executive Office of the President, has asserted the right to an item veto--a right denied by the Constitution.

The Executive Branch, and in particular the Executive Office of the President, has demanded the right to force its definitions of National Priorities on the Congress and the American people.

Mr. Chairman, our government ought not to be based on confrontation. There must be a partnership relationship between Congress and the Executive. And that requires consultations, coordination, and cooperation.

Mr. Chairman, that is why I view the work of this Subcommittee as more than just establishing new rules, procedures and mechanisms for the congressional consideration of budget.

This Subcommittee is considering legislation that will create the mechanism by which this Congress will decide national priorities, fund the programs designed to implement those priorities, and monitor the operations of the programs to see that the needs of our people are met.

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Mr. Chairman, I believe that the Congress must set the framework for its own independent analysis of budget policies, programs and spending.

We must be in a position to be an effective working partner, to make our own choices, to gather our own data, to do our own analysis, and if necessary, propose our own policy alternatives.

To do so--and to do so effectively, means reorganizing congressional machinery.

Reorganization is nothing new to the Congress. We have reorganized ourselves in 1946, 1970; and again at the beginning of this congressional session.

I propose today that this Subcommittee take the lead in reorganizing the Congress once again.

Reorganization ought to be a two pronged effort.

We must reorganize the Committee system of the Congress. The House of Representatives already has begun to study committee jurisdiction and responsibilities. The Senate must promptly move to do the same.

In January, I introduced Senate Concurrent Resolution 5 that would direct the Joint Committee on Congressional Operations--of which the distinguished Chairman of this

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Subcommittee is Chairman--to begin a study of Senate Committee jurisdiction and recommend changes along functional lines.

I would hope that the Senate would have an opportunity to act on that resolution shortly.

But the overwhelmingly important immediate decision we must make--and one which occupies the initial attention of this Subcommittee is how to reform our Budget procedure.

It is to that problem I would like to address the balance of my statement.

On February 27, I introduced in the Senate, and Congressman William Moorhead introduced in the House, the Fiscal and Budgetary Reform Act of 1973.

I would like to outline to you the specific operating principle on which this bill was drafted.

First, we wanted to design a mechanism that would utilize to the fullest extent possible some of the more adequate tools now available to the Congress.

Under our proposal, an Office of Budget Analysis and Program Evaluation would be created as part of the structure of the Joint Economic committee.

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 conduct, 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.

The Joint Economic Committee is the right location for this responsibility.

It is provided for by the Employment Law of 1946. It regularly holds hearings; it is mandated to study and make policy recommendations regarding levels of employment, production, and purchasing power; it is directed to study the program of the Federal Government and review economic conditions facing that government.

It has a long history of performance in reviewing the economic recommendations of the Executive branch. And it does analyze and project the impact of governmental expenditures on the economy.

The Joint Economic Committee has the expertise, the prestige, and backing of members of the academic, tax, economic, and accounting professions plus the recognized support of Congressmen and Senators.

It is an on-going structure--of both Houses--with a broad focus for the integration of the thinking of many members of Congress.

Under our legislation, the Office of Budget Analysis and Program Evaluation would coordinate its activities with the General Accounting Office. These two offices could provide both a pre and post audit of the Presidential budget.

Mr. Chairman, there is vast unused potential in the GAO. The GAO could assist this Office through an analysis of the Executive Branch budget justifications and requests; assisting in the evaluation of programs as well as the auditing of those programs; ~~and working~~ with this new office in examining the budget assumption and underlying theories of the Presidential budget; and periodic observation and analysis of the management functions of the Executive. The GAO could and should expand its evaluations and audits of both the impact and the administration of current programs.

A second guideline we wanted to follow, Mr. Chairman, was to design a procedure for setting a budget ceiling

backed by the power of in depth-analysis, force of law, and at the same time allow for reconsidered if future economic conditions warranted.

To do this effectively, it is necessary for the Congress to establish ceilings on both budget expenditures and new obligational authority.

This last point is critical: The President is requesting this year a spending ceiling of \$268.7 billion. The Senate last week passed a ceiling of \$268. But, the President's budget is actually not \$268.7. That is only this year's expenditures. His actual budget is \$288 billion in new obligational authority.

Any ceiling mechanism must control both spending and new obligational authority.

In the Fiscal and Budgetary Reform Act, we have outlined a procedure that we believe will rationalize this ceiling setting problem.

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, and a limit on amount of total outlays.

Any future reconsideration of the budget 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.

A third principle we sought to embody in the bill is a more conscious effort at policy and program evaluation.

That is why the Office of Budget Analysis and Program Evaluation is explicitly charged with evaluation, and that is why we have noted the important contribution that we believe the General Accounting Office could provide toward program evaluation.

Finally, no new budgetary proposal would be complete without attempting to increase public and citizen awareness in budgeting and taxing matters.

For that reason, included in the legislation is a significant section on open budgeting.

Mr. Chairman, a Budget is the most powerful tool of government for setting social and economic policy.

We simply cannot afford to prepare a budget in secret.

It ought to be broadly formulated--consistent with prudent and responsible financial decision making--as possible.

We have proposed that elected officials be given the opportunity to testify before federal budget and departmental officials about their needs. And, we 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 programmatic trade offs that are made among appointed officials, such as the new Nixon Supercrats.

The other part of my Public awareness proposal 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.

Allow me to add one final thought.

We must not create another Committee or Office to deal with a budget that is almost one quarter of the total GNP, and then provide it with too few staff and an operating budget that cripples it before it begins.

If we are not going to equip ourselves--if Congress is going to remain the poor boy of government--then all the efforts of this committee will go for naught.

Indeed, the Constitutional Crisis will be over and lost by default.

We simply can not fulfill our responsibility by skimping on staff, technology, or facilities. To do so would be to deceive both ourselves and the public. Let us give our organization the support necessary to do a first class job for us.



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