

TOWARDS FISCAL RESPONSIBILITY

The Congress this year began in earnest the implementation of the Congressional Budget and Impoundment Control Act of 1974. The Act established a new budget process for Congress which would set spending priorities, outlay ceilings, and achieve a balance between budget targets and government revenues. In fiscal year 1976, the Congress established a spending ceiling of \$408 billion. With less than two months remaining in FY'76, it appears that the Congress is on course with its projected spending limits. \$401.9 billion has been appropriated so far. In this week's column I would like to discuss the way in which implementation of the Budget Act and the proposed passage of zero-base budgeting legislation will further the goal of spending reform and fiscal responsibility.

Prior to the passage of the Budget Act of 1974, government spending and revenue proposals were viewed as separate entities and not considered as part of a total package. The result of such procedures, which isolated individual votes on expenditures, was a tendency toward inflated spending. Each bill could be considered without regard to a balancing of priorities or the relationship of outlays to revenues. In 1975 Congress exercised a trial run of the Budget Act. Proceeding according to the prescribed time table, the Congress established spending ceilings and revenue goals for FY'76. This year the Budget Act has become legally binding. By May 15 both the Senate and House had prepared their budget reports, voted on their separate Budget Resolutions, and accepted the First Concurrent Budget Resolution. This Resolution, intended as a broad outline of spending and revenues, totalled \$413 billion. This package is intended for the new fiscal year 1977 and the preceding transition quarter of July 1 to September 30, 1976.

Budget Procedures Reformed

The House Budget Committee designed its budget proposal with a primary goal of sustaining economic recovery and is expected to reduce the unemployment rate to 6 percent by the end of 1977, well below the President's forecast, and aims to maintain an inflation rate averaging 5.5 percent during 1977. The resolution rejects the President's proposal for an additional tax cut of \$11 billion for corporations and individuals and his proposal to increase Social Security payroll taxes. Instead, the resolution assumes that Congress will extend the 1975 tax cuts -- providing across the board relief to individual taxpayers -- and contains a direct economic stimulus to sustain the recovery.

Before September 15, the Congress must pass the second Budget Resolution which would fix spending ceilings and would permit any Member of Congress to block legislation which exceeded the ceilings by a simple point of order.

The commitment of the Congress to follow through on responsible spending as mandated in the 1974 Budget Act is evidence of broad bipartisan concern that the federal government avoid the kind of financial disaster encountered in New York City and a dedication to the goal of abolishing deficit

spending. House Budget Committee Chairman Brock Adams has predicted that the Congress will achieve a balanced budget in 2 years. There is further evidence that Congress is dedicated to measured government spending. I have recently cosponsored the Government Economy and Spending Reform Act, a bill which builds upon the Budget Act. The purpose of this legislation is to require frequent periodic review and justification of the existence of federally-funded programs. This legislation is commonly known as the "Sunset" bill, because it requires that federally-funded programs periodically come under review; if that review indicates these programs are no longer warranted, they would not receive renewed funding and would indeed fade into the sunset.

This legislation, therefore, would initiate what is called zero-base budgeting for all government programs except in certain limited categories of health and retirement programs. It would further require the Government Accounting Office to conduct an immediate study of programs which may be duplicative or inactive, and to report to committees on possible elimination or consolidation. It also requires the GAO to pursue audits of programs which indicate some deficiency. Authorizing committees would receive continuing reports from GAO and the Congressional Budget Office for the purpose of review prior to zero-base estimates. Review would be aimed at the efficiency of federal programs and the possibility that these programs might be duplicated.

The sponsor of "Sunset" legislation in the Senate, Senate Budget Committee Chairman Edmund Muskie has taken aim at the proliferation of federal programs. Muskie has noted that the 1975 Catalog of Federal Domestic Assistance listed 1,030 programs -- 228 health programs, 156 income security and social service programs, and 83 housing programs. The Government Manual lists 44 independent agencies and 1,240 advisory boards, committees, commissions and councils besides the 11 cabinet departments. Further, Muskie points out that in 1974, 85 governmental bodies were established and only three subsequently terminated. Clearly there is a need to sharply tailor our bloated bureaucracy; I believe that the Government Economy and Spending Reform Act is a significant step in that direction.

Senate hearings on this legislation have already concluded, and the Senate Intergovernmental Relations Subcommittee is prepared to act on the bill. On the House side, the Rules Committee reportedly anticipates hearings on this legislation in a month. Nearly 100 members of Congress have cosponsored this bill.

Spending reform is a primary concern of many elected officials not only in Washington but elsewhere. Similar legislation has already been enacted in the State of Colorado where all state regulatory agencies will terminate in seven years, barring the introduction of legislation to continue specific programs. Colorado has more than 40 boards and commissions which regulate the various occupations. This legislatively mandated review will serve to insure that these commissions will act in an independent and efficient manner. If they have not demonstrated their responsiveness and worth, they will be terminated.

Currently, the base point for budget decisions on government agencies is generally the previous year's budget. Increases or decreases are established with regard to that figure. This proves to be a disincentive for reduction or elimination of any government agencies or programs. The zero-base approach will facilitate the identification of unnecessary programs and help to insure the priority status of valuable programs.

Hopefully other state and local governments will learn from this attempt to reign spending and ultimately better serve the interests of the people who pay for government.