

SPENDING REFORM

The question of fiscal responsibility is one which concerns most members of Congress. The ongoing financial crisis which New York City faces is a constant reminder that government spending must be responsible if the federal government is to avert such a crisis.

Freshman Democrats, in particular, are concerned about spending reform within the Congress. Recently the Freshman Democrats' Executive Committee, of which I am a member, circulated a list of 23 reform proposals designed to trim the excesses from House Administration spending. The House Democrats followed this action with a commitment to 12 major House administration reforms.

This week I have invited a fellow freshman Democrat to share his view of the Congressional budget process. Rep. Butler Derrick of South Carolina is a member of the House Budget Committee. This Committee has done much in the past year and a half to insure the fiscal integrity of Congressional spending. His remarks follow.

THE CONGRESSIONAL BUDGET PROCESS

Congress is currently implementing a process designed to win back control over federal expenditures from the Executive Branch. The new congressional budget process is the latest -- and most far-reaching -- effort by the Congress to regain a measure of equality with the Executive Branch. In many respects, it is the most important, for it deals with the power of the purse, a power given to the Congress by the Constitution, but which has been seriously eroded in recent decades. Throughout recent years, the Executive Branch has gradually arrogated budgetary powers originally vested in Congress. Instead of making outlays as directed by Congress, recent Presidents have increasingly circumvented Congressional intent, culminating in President Nixon's wholesale impoundments of Congressionally authorized funds and his failure to fund entirely one Congressionally mandated program. Past budget reform efforts have merely served to centralize budget authority in the Executive Branch while permitting increased fragmentation of budget authority in Congress.

The Congressional Budget and Impoundment Control Act of 1974 sets up a timetable and a procedure which allows Congress to make Comprehensive budget and economic decisions. The new process is as follows.

The budget process begins on November 10 for the following fiscal year (beginning on October 1) when the President submits to Congress a current services budget. This new document tells the Congress what it would cost to carry on in the next fiscal year the same programs and activities being carried on during the current fiscal year. This document makes it much easier for the Congress to spot the policy changes proposed by the President in his upcoming budget.

In January the President's budget, which remains a critical part of the new process, is required to be submitted 15 days after the Congress convenes. It contains the President's detailed spending and revenue proposals for all Federal programs and activities, five-year projections of program costs, and the economic assumptions underlying the President's proposals. The House and Senate Budget Committees immediately hold hearings on these budget and economic proposals.

By March 15 all committees of the two Houses report to the Budget Committees their views on the President's budget and their plans for spending and revenue legislation for the fiscal year ahead. The Budget Committees report a first-budget resolution to their respective Houses on April 15. This resolution sets target levels of spending, revenues, deficit/surplus, and the public debt for the fiscal year. These targets are intended to guide and influence Congress' actual spending and revenue decisions, which will be made in the months ahead.

The House and Senate must adopt the first budget resolution by May 15. This includes both overall spending and revenue targets and targets for spending in each of 16 major spending areas -- such as defense, health, education, and so forth. During the period of May 15 to Labor Day, the various tax and spending bills are enacted by the Congress, and each is measured against the Congress' own targets set in the first resolution.

For the first time, Congress has set a deadline for completing all of its budget actions. Seven days after Labor Day, Congress must have completed action on all spending and tax legislation for the fiscal year beginning October 1.

On September 15, after all budget legislation is completed, Congress adopts a second budget resolution. This resolution sets a ceiling on spending for the fiscal year

and a floor under revenues. That is, after this resolution is adopted, any bill which would raise spending above the ceiling, or lower taxes below the revenue floor, would be subject to a point of order. Of course, if economic conditions change, or a major national emergency emerges, the ceilings would be revised as needed. With all budget actions completed, the new fiscal year begins on October 1.

For fiscal year 1976 Congress partially implemented the Budget Act and established a spending ceiling. In May we passed the First Budget Resolution for fiscal year 1977. This Resolution will reduce the Federal deficit by one-third, support the economic recovery, produce a lower level of unemployment and inflation. The Resolution calls for savings in several programs, e.g., food stamps, AFDC, holds the line on spending for most programs, and targets selective spending increases in defense, job creation, and energy. The Congress is now acting on the various spending and tax bills and the Budget Committees are carefully monitoring each piece of legislation against the targets set in the First Resolution.

The success of the Budget Reform Act depends in large measure on Congress' commitment to reform the budget process. Full cooperation among the Appropriations, Legislative and Budget Committees is of paramount importance. Any delays in the budget timetable will prevent action on a wide variety of legislation. Jurisdictional rivalries between Appropriations and Legislative Committees could tie up the budget process.

I am personally committed to the success of the Budget Process. If Congress is to continue to exercise the power of the purse, it must be prepared to act responsibly. During the next few years circumstances will force us to make difficult choices. We will have to choose among various programs competing for scarce resources. We must identify and eliminate wasteful, inefficient, and outmoded programs. And we must have the foresight to create new, innovative programs which are more responsive to the people's needs. The Budget Process will allow Congress to meet these challenges.