

Congress of the United States
House of Representatives
Washington, DC 20515

May 11, 2000

VOTE NO ON BIENNIAL BUDGETING PROCESS

Dear Democratic Colleague:

Next week, the House will be considering an amendment to the budget process bill calling for the government to switch from annual to biennial budgeting. We understand and share Members' frustration with the problems we have seen during the appropriations process these past two years. However, we are not convinced that biennial budgeting will resolve those problems. Biennial budgeting represents a fundamental change in the current federal budget process and raises a number of important issues we hope you will consider.

First, biennial budgeting could weaken Congress' hand in shaping national priorities and holding the executive branch accountable. Members of Congress would write appropriations bills only in the early months of a term and would be fiscal "lame ducks" thereafter, with significantly less leverage in getting agencies to change their policies or practices. The most careful oversight that Congress gives the executive branch is through the annual appropriations process, when agency budgets, performance, and needs are gone over line by line, program by program. Off-year oversight under biennial appropriations would be less intense, less systematic, and have far fewer teeth. It is no coincidence that virtually every President, including President Clinton, has endorsed biennial budgeting. Biennial budgeting can mean less Congressional oversight and more power for the executive branch at the expense of Congress. As the Committee on the Budget's recent hearing on waste, fraud, and abuse illustrated, Congress must remain vigilant in maintaining efficiency within the management and operations of executive agencies. According to GAO Associate Director Susan Irving, "A two-year appropriation cycle would change—and could lessen—congressional influence over program and spending matters, since the process would afford fewer scheduled opportunities to affect agency programs and budgets."

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Second, biennial budgeting would lengthen the already long lead time that exists between budget formulation and execution, resulting in decisions which may quickly become outdated. Agencies would begin writing budgets for the second year of a two-year cycle at least 28 months before the year starts and 40 months before the year ends. Congress would consider budget resolutions that would be in effect for a period ending 28 months after Congress passes the resolution. Economic conditions, surplus projections, the nation's needs, and the views of Congress can change dramatically during that period. Biennial budgeting would make it more difficult for Congress to respond to these changes. The underlying bill recognizes the continuing problem posed by the need for supplementals to respond to emergencies and other circumstances. Biennial budgeting will aggravate the problem by requiring the enactment of more supplementals, thereby making fiscal control more difficult. This difficulty in projecting economic conditions so far in advance is highlighted by a CBO study which shows that such two-year projections expected a smaller annual surplus than actually existed by an average of \$170 billion per year.

Third, authorizing committees are not hindered in conducting agency oversight, whether or not Congress adopts biennial budgeting. Some supporters of biennial budgeting assert that it would give authorizing committees more time to conduct rigorous oversight. But authorizing committees can be as involved with the details of program implementation and the oversight of their agencies as they wish. Authorizing committees are not unduly hampered by the fact that some floor time is annually devoted to budget resolutions and appropriations bills. The General Accounting Office noted that "It is not necessary to change the budget and appropriations cycle to have effective congressional oversight."

Finally, Congress should look at state government experiences with biennial budgeting. In 1940, approximately 40 states used biennial budgeting while today less than half do. According to GAO, the reason state officials gave for switching from biennial to annual budgeting included "gaining greater accuracy in estimating revenues and financial needs, improving legislative control over budgetary matters, and being better able to respond to rapid changes in revenues and program needs."

Additionally, it must be pointed out that the states who claim successful biennial frameworks operate within power structures that do not resemble the federal scheme. Ohio, for example, has a Control Board that is vested with far-reaching powers to make the appropriate adjustments during the biennium. The

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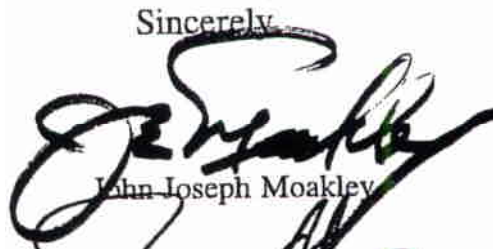
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lack of such a body within the federal government makes any comparison with Ohio's system inherently inapplicable. Other states, such as Connecticut, operate within a lopsided governmental structure whereby the governor is delegated great amounts of authority to manage the state's finances. The governor of Connecticut has the ability to reduce overall appropriations up to 3 percent of the entire appropriation of any fund or up to 5 percent of any appropriation account where a deficit is expected. Presently, the federal structure is effective in keeping each branch in check with regard to the nation's finances, but the practical environment is sure to change under a biennial budgeting scheme.

Congress already has the authority to adopt multi-year budget plans, which have been an important instrument of advance planning and fiscal discipline. We hope you will consider this approach before you endorse proposals mandating biennial budget resolutions and appropriations bills.

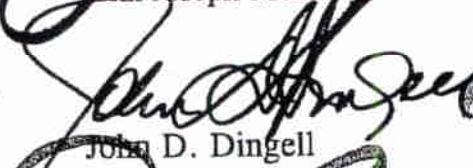
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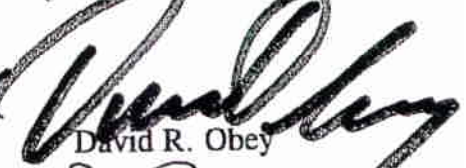

John M. Spratt, Jr.


John Joseph Moakley

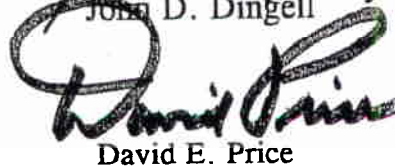

Charles B. Rangel

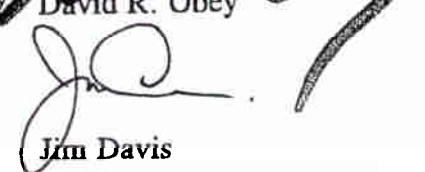

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Martin Frost


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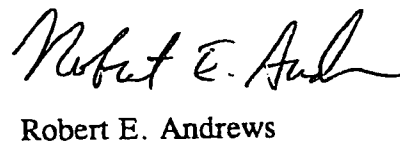

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