

**H.R. 114, THE BIENNIAL BUDGETING AND
APPROPRIATIONS ACT OF 2011**

**LEGISLATIVE HEARING
(RHRG-112-A)**
BEFORE THE
SUBCOMMITTEE ON
LEGISLATIVE AND BUDGET PROCESS
OF THE
COMMITTEE ON RULES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

JANUARY 24, 2012

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H.R. 114, THE BIENNIAL BUDGETING AND APPROPRIATIONS ACT OF 2011

TUESDAY, JANUARY 24, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LEGISLATIVE AND BUDGET PROCESS,
COMMITTEE ON RULES,
Washington, DC.

The subcommittee met, pursuant to call, at 10:15 a.m. in Room H-313, The Capitol, Hon. Pete Sessions (chairman of the subcommittee) presiding.

Present: Representatives Sessions, Foxx, Dreier, and Polis.

OPENING STATEMENT OF THE HONORABLE PETE SESSIONS, CHAIRMAN OF THE SUBCOMMITTEE ON LEGISLATIVE AND BUDGET PROCESS

The CHAIRMAN. The subcommittee will come to order. I want to welcome everyone today to our first subcommittee hearing of the 112th Congress, and I want to thank Ranking Member Hastings for helping me with his continued assistance for the subcommittee. I also want to say that I am sorry that Alcee is not well today and that Jared Polis will be in his stead. Welcome, and thank you for taking time to be here.

Mr. DREIER. Very sad.

The CHAIRMAN. I also want to thank the young chairman of the Rules Committee, David Dreier, who is an energetic proponent for biennial budgeting and is a sponsor, the lead sponsor of this measure that we are considering today. And I think that as we hear from David and others on this panel, we will see where this is an idea that not only has great merit but one which we should be moving forthrightly through this Congress.

This hearing before the Subcommittee on Legislative and Budget Process will examine H.R. 114, the Biennial Budgeting and Appropriations Act of 2011. Biennial budgeting has been a topic of reform since 1977 in the United States, and we will see the interest that surrounds that and the ideas which I believe today make it very important for us to discuss for not only the success of our budgeting process but the success of the American people. Perhaps John Adams may have exaggerated a bit when he said, and I quote, "But when progress has been made, it has been because policymakers have absorbed lessons from past experience and applied them in ways that have improved our processes for governance."

Ladies and gentlemen, that is a good quote, and we should learn from not only the past but also good ideas for the future. The budget process can be an effective tool and in fact should be done more

effectively. But, as we see, biennial budgeting alleviates, I think, the burden that this Congress faces every year to beat multiple deadlines in both the budget and appropriations processes. That is the question and the test: Can we make both of these processes work to better our circumstances?

So the hearing today is going to examine that question. We have several distinguished Members of Congress, and obviously outside witnesses, who would choose to make comments and provide us with policy aspects for this important issue. This hearing is not intended for the analysis of budget specifics, funding initiatives or priorities, but, rather, to step back and to look at the budget process and to look at recent interaction between the houses of Congress with the executive branch and to find out where we can be more effective in this process.

Most of us who are sitting on the dais or testifying this morning have a fairly established belief that biennial budgeting will or could be seen as a useful tool. I don't know whether our fiscal house would be better or worse by its use, but we want to examine that. But I do know that today marks the 1000th day since the Democratic-controlled Senate has passed a budget, meaning it is a tough process, and meanwhile Congress has failed to pass appropriations bills in a timely manner since fiscal year 1997, which was 15 years ago. Once again, that tells you how difficult the process is.

Are we at a point where the consensus of this legislative body is where we no longer should make hard choices to support the fiscal health of this Nation? That is a good question. And, obviously, if the process has not worked for 15 years, it is a question that we should answer. I think we do need to look at the process and make the hard choices to ensure that our government works properly.

Do we employ further reforms such as biennial budgeting in an effort to reverse the course of the last 1000 days? I would say we should build in some process that works well and that the American people can count on, as well as the two bodies as we move forward.

I understand all too well the need for ideological attentiveness. I do understand that we have and see things from different lenses and different angles, but at least the current House leadership has put forward ideas allowing for a deliberative process.

On January 17th of this new year, Majority Leader Harry Reid's deputy chief of staff and policy director all but admitted that Senate Democrats would again not even begin the work on a budget in the Senate. I think that is a betrayal of congressional process. I believe we need a clear record that the American people can have confidence in and that both bodies should find a way to work together through proper planning.

Most importantly, we must become more efficient as a government. And I am a cosponsor of H.R. 114 because I believe that utilizing the same long-term planning, just as I did in the private sector for 16 years, allows us to prepare more effectively for the future. If we intend for government to be effective and efficient, we need to give them not just the tools, but the money and the authority to work properly.

The Congress cannot direct this country on a day-to-day or month-to-month existence, focusing not on the best fiscal practices,

but really just on the short-term needs of the two parties. Longer Federal contracts provide the best opportunity to save taxpayers' dollars and dedicating more time to oversight. However, we have effective people in our government who can manage their business. We need to give them the tools where they can do that and make long-term decisions in the best interests of not just the American people but the taxpayer also.

I believe that at a time of skyrocketing debt and unparalleled spending, we must look for other solutions. We must look above the deadlock of partisanship that has mired our budgetary process, and we must make progress. Biennial budgeting may be just one of those solutions, and I will commit that this subcommittee will continue to pursue not only this idea but other ideas or plans that others, Members of Congress or those outside of Congress, have.

I am looking forward to listening to our colleagues and experts so that I can hear their testimony. And obviously I want us to know that Chairman David Dreier has pushed this idea for many, many years, and he today has made sure that he would make himself available for any remarks and to help us to understand his great idea.

[The statement of Mr. Sessions follows:]

PREPARED STATEMENT OF THE HONORABLE PETE SESSIONS, CHAIRMAN,
SUBCOMMITTEE ON LEGISLATIVE AND BUDGET PROCESS

The Subcommittee will come to order.

Good morning and thank you for coming to our first Subcommittee hearing of the 112th Congress. I would like to welcome Ranking Member Hastings and thank him for his continued assistance as this Subcommittee moves forward with hearings. I would also like to thank Chairman Dreier who is an energetic proponent for biennial budgeting, and is the sponsor of the measure we will be considering today. I hope he finds this hearing informative.

This hearing before the Subcommittee on Legislative and Budget Process will examine H.R. 114, the Biennial Budgeting and Appropriations Act of 2011. Biennial budgeting has been a topic of reform since 1977 in the United States and as we see from the interest in this hearing, it continues today.

Perhaps John Adams may have exaggerated a bit when he said, "But when progress has been made, it has been because policymakers have absorbed lessons from past experience and applied them in ways that have improved our processes for governance." The budget process can be an effective tool. But can biennial budgeting alleviate the burden that this Congress faces every year to meet multiple deadlines in both the budget and appropriations processes? That is the question that our hearing today will seek to answer through the testimony of several distinguished Members of Congress and our outside witnesses.

This hearing is not intended for the analysis of budget specifics, funding initiatives and priorities, but rather to step back and look at the budget process, to look at the recent interactions between the Houses of Congress, and with Executive Branch, to see where we can provide for more effectiveness.

Most of us who are sitting at the dais or testifying this morning have a fairly established belief that biennial budgeting will or will not be a useful tool. I don't know whether our fiscal house would be better or worse as a result of its use. But, I do know that today marks the 1,000th day since the Democratic-controlled Senate last passed a Budget. And meanwhile, Congress has failed to pass appropriations bills in a timely manner since Fiscal Year 1997; 15 years ago.

Are we at a point where the consensus of this legislative body is that we no longer should make hard choices to support the fiscal health of this Nation? Do we employ further reforms, such as biennial budgeting, in an effort to reverse the course of the last 1,000 days, or should we resign the budget process to the scrapheap of historical Congressional reforms?

I understand all too well the need for ideological attentiveness. But, at least the current House Leadership has put forward ideas and allowed for a deliberative process. On January 17th of this New Year, Majority Leader Harry Reid's Deputy Chief of Staff and Policy Director all but admitted that Senate Democrats would again not even begin work on a budget. That is a shameful betrayal of a Congressional process that has a clear track record of driving down wasteful spending through proper planning.

Most importantly, we must become more efficient as a government. I am a cosponsor of H.R. 114 because I believe that utilizing the same long-term planning as the private sector allows us to prepare more effectively for the future. The Congress cannot direct this country on a day-to-day or month-to-month existence, focused not on the best fiscal practices, but by short-term spending bridges. Longer federal contracts provide the best opportunity to save taxpayer dollars, while dedicating more effort to oversight.

I believe that at this time of skyrocketing debt and unparalleled spending, we must look for solutions. We must rise above the deadlocked partisanship that has mired our budgetary planning in hopelessness. Biennial budgeting may just be one of the solutions and I will commit that this subcommittee will continue to pursue any and every proposed plan that will restore order to our fiscal house.

I am looking forward to listening to our colleagues and experts testify so I will yield back my time and recognize Chairman Dreier, a staunch supporter of biennial budgeting during his tenure in Congress, for any opening remarks he may have.

The CHAIRMAN. So at this time I would like to, if I can, defer to the gentleman, Mr. Polis.

**OPENING STATEMENT OF THE HONORABLE JARED POLIS, A
MEMBER OF THE COMMITTEE ON RULES**

Mr. POLIS. Thank you, Mr. Chairman. I join Chairman Sessions in welcoming our distinguished witnesses here today. Thank you for appearing before our subcommittee hearing on H.R. 114, the Biennial Budgeting and Appropriations Act of 2011, so welcome to our subcommittee. Again, I think this idea certainly has some merits. I, however, don't believe it is a fix-all or somehow remedies all the problems we have with our budgetary process; and certainly while it has advantages, it also has disadvantages, and I look forward to exploring those here today. And many Members will benefit from this information because I think it will be a close call between the advantages and the disadvantages that we will explore over the course of this hearing. Ultimately, it doesn't solve the primary issues with the dysfunction around our budgetary process. It doesn't mean that it is not or can't be a constructive step in its own right. Obviously if this body wanted to, we could agree to a budget in 1 day or 1 week, but the budget process by its very nature is intensely political. We bring different values to that discussion, and we have vociferous debates about the merits of our respective budgets.

Even under this proposal in the off years, Congress would still be required to make necessary changes, consider supplemental spending, and would continue to argue over authorizations and other revisions within the budget. So, too, the fundamental challenge that this Congress has to balance the budget is not affected one way or the other by this particular proposal, and I would hope that Congress and perhaps even the subcommittee can, in fact, take up reforms that would lead to a balanced budget and not just more predictability over time and some of the other factors that this affects.

If both parties want to work together to ensure a smooth budget process, they can do so now. They could also do so under this proposal. This does not in any way, in my opinion, lead to a better outcome with regard to budgeting. But, again from a predictability perspective and other factors, we look forward to exploring both the benefits and the costs of this particular approach.

We know that in a Federal budget process, we have a political debate, and making the Federal budget biennial won't stop those debates. It won't necessarily reduce our workload. It will, for better or worse, transfer some power to the executive branch, which would have additional leeway during the off years, and that is a theme to explore here.

We have ample evidence from the States which we will look forward to discussing during the hearing as well. It is my understanding that 19 States have a biennial process, some of which only have a legislature that meets biennially; others have a legislature that meets both years, but the budget process is only biennial. And we will look forward to receiving and being the beneficiaries of some of the learning from those States that have both processes.

My home State of Colorado has an annual budgeting process, but we will look forward to hearing about the evidence from the States about whether this leads to less time spent on budgeting, less overhead for budgeting, a better budget, a more balanced budget, et cetera.

We really should be discussing the ways to use a Federal budget to create jobs, order our economy, and balance the budget, and I believe some structural changes to our budgetary process are needed to lead to a better outcome. Again, this discussion today should be an interesting one. I look forward to receiving the testimony about whether our budgetary process should be annual or biennial, and I am hopeful that we can subsequently engage in a discussion of some of the more serious issues concerning our lack of success in balancing our Federal budget and in getting the House, the Senate, and the President on one page. I thank the chairman for his time, and I yield back.

The CHAIRMAN. I thank the gentleman from Colorado not only for his comments, I recognize he has private sector experience where he has seen the attributes of not only necessary and early budgeting but also perhaps an opportunity to have an open mind that he has. Today I am also honored to have the chairman of the full committee, a man who is dedicated to making sure that we follow not only regular order, but have ideas that are shared among not just our colleagues but really the general public as well, and I would like to recognize the gentleman for such time as he would wish to—

Mr. DREIER. Do you want to recognize Ms. Foxx first?

The CHAIRMAN. I would. I will go to the gentlewoman from Grandfather, North Carolina, the gentlewoman, Ms. Foxx.

Ms. FOXX. Thank you very much, Mr. Chairman. I agree with you that we should defer to the chairman of the full committee. I have no comments. I would be happy to hear from Chairman Dreier.

**OPENING STATEMENT OF THE HONORABLE DAVID DREIER,
CHAIRMAN OF THE COMMITTEE ON RULES**

Mr. DREIER. Thank you very much, Mr. Chairman, and let me say this is a very interesting perspective, sitting where I am right now. I have never sat in this chair before in my life, but it is nice to be here. And I want to just make a couple of very brief comments.

I thank you, Chairman Sessions, and Mr. Polis. I think that for the record we should say that Mr. Hastings, whom we are sorry is not well, the ranking member of the subcommittee, is an enthusiastic supporter of this issue, and I am—

Mr. POLIS. Would the gentleman yield for a moment?

Mr. DREIER. I am happy to yield.

Mr. POLIS. I am not sure that that characterization is correct. I think he, too, like myself, has an open mind, but I would not—I have not received word from the ranking member that is a strong supporter of this initiative.

Mr. DREIER. Well, I have. I have received that word, if I could reclaim my time, and I have been told that Mr. Hastings is an enthusiastic supporter of the notion of biennial budgeting. And obvi-

ously if he were here, he could speak for himself, and so anyway—but if I could proceed, I just, in thinking about this issue, I am here because of a couple of appropriators. One, the former chairman of the committee who is sitting before us, and the other a former member and chairman of the Subcommittee on Health and Human Services, Mr. Regula.

Mr. Young and Mr. Regula approached me probably a decade and a half ago when we were talking about the issue of biennial budgeting, and I was surprised because traditionally there has been opposition from members of the Appropriations Committee on this issue, believing somehow that going to a biennial process undermines the sword of Damocles, the power over the purse, as Madison put it in Federalist number 48, to do it on an annual basis, and that is the only way to adequately do oversight. When these two great appropriators, Chairman Young and Chairman Regula, indicated to me that they believed not only could it save money but it would enhance the ability for the Appropriations Committee to do greater oversight on this issue—and if you look at the 1974 Budget Impoundment Act, I ran for Congress just actually three years after the 1974 Budget Impoundment Act was put into place. And if you look at what has happened since that time, Democrats and Republicans alike recognize the budget process itself is broken. Steps need to be taken. And we all know the overused Einstein quote: The definition of insanity is doing the same thing over and over and over again, expecting a different result.

But the fact of the matter is, how many times since the establishment of the 1974 Budget Impoundment Act have we successfully been able to complete the entire budget and appropriations process? Very, very rarely has that happened.

Now, I will say that I understand that there is a wide range of views. I have read the opposition. I just last night read the study from the Center on Budget Policy, I have read from the Council of State Legislatures, there has been a mixed view from that Laboratory of the States on this. Some States have gone from annual to biennial, some have gone from biennial back to an annual process, and so I think that it is important to have an open mind on this.

I think it is also important for us to realize that there are a number of people who have been opponents in the past and are now enthusiastic backers. Ed Whitfield and Charlie Bass and lots of other people, lots of Democrats have joined working together on this issue in the past. We worked with Pete Domenici, the former chairman of the Budget Committee, and you remember, Ed, those meetings we had repeatedly with Chairman Domenici as we were working to pass this measure—and you do, too, Bill—in the early part of this decade. Actually it was May 16th of 2000, we got over 200 votes, the highest number of votes we have ever gotten on any budget process reform measure on the House floor when we offered this as an amendment 12 years ago this coming May. And one of the strong opponents of biennial budgeting has been the current chairman of the Senate Budget Committee, Kent Conrad. Kent Conrad has done a 180-degree. He and I have had several discussions in which he said, I was a strong opponent of biennial budgeting, but I believe that it is absolutely essential for us to move towards a biennial process if we are going to have a chance to tackle

the challenges that Mr. Polis has correctly raised that need to be done.

Obviously, job creation and economic growth are very, very important. Working towards fiscal responsibility is important. Our constitutionally mandated responsibility of congressional oversight is critically important, and so there are so many things that I believe we can do. Biennial budgeting is not a panacea to all the ailments of society. I am the first to admit that. But I do believe that these, exploring new ideas—I don't know that we are going to end up with a complete, complete process that is biennial. Maybe we begin with incremental steps on this. Maybe that is a first step because States have had a mixed view on this. But I do believe that it is time for us to really get off the dime and move ahead because of what we recognize. I mean, Virginia is wearing the 1000 days button, Pete talked about the fact that we have gone 1000 days without action in the Senate.

You know what? We all have responsibility for the problems that have taken place. I mean, I happen to think that this past year we have done pretty well. We passed a budget. We have tried our doggonedest to get the appropriations process through, but with our hands tied it has been difficult for all of us. So I want to express my appreciation to Bill Young and to Ed Whitfield, whom I know are both here, Mr. Chairman, as proponents of this. And my very dear friend David Price is not as enthusiastic on this issue, I know, as a member of the Appropriations Committee, but we very much wanted to hear from him. We are going to hear from Reid Ribble, who is a member of the Budget Committee and has embraced this notion as well, and Mr. Lilly is here, and I know we are going to have other witnesses.

We wanted to have both perspectives, and so you have put together what I think will be an interesting first subcommittee hearing that we have had in this Congress, and I appreciate that and look forward to hearing from our witnesses, Mr. Chairman. Thank you.

The CHAIRMAN. Chairman Dreier, thank you very much. I think that there are perhaps—and if we had given you another 10 minutes, I am sure you would have alluded to it—I think the American public has a say in how we are seen, that we should understand that the public needs to have confidence in what we do. And secondly, managers of the government, the business of all the agencies, they need the assurance that Congress cannot only hear from them, but give them the necessary tools to act efficiently.

Obviously, the vice chairman of this subcommittee, the gentlewoman, Ms. Foxx, has a dynamic and distinguished background in the free enterprise system as well as government, and I want to thank her for not only being here today but lending her time and talent to this effort.

Without objection, I would like to enter into the record two statements, one from the gentleman Kent Conrad and a joint letter of Patty Murray and Jeb Hensarling. Without objection, that will be entered into the record.

[The statement of Senator Conrad follows:]

[The joint letter from the Senate Committee on the Budget follows:]

PREPARED STATEMENT OF THE HONORABLE KENT CONRAD, A SENATOR IN CONGRESS
FROM THE STATE OF NORTH DAKOTA

I want to thank Chairman Dreier and Ranking Member Slaughter for inviting me to submit testimony to the House Rules Committee on the subject of biennial budgeting.

Throughout my tenure as Senate Budget Committee Chairman, I have been focused on ways we could improve and reform the congressional budget process. For years, I opposed reforms that involved moving to a biennial budget, because I felt the federal government, like any large business or organization, needed to establish a budget each year. But I now believe the time for biennial budgeting has come.

This past fall, I held a hearing focused on biennial budgeting. Based on testimony at that hearing and further discussions with Budget Committee Members, both Democrats and Republicans, Ranking Member Sessions (R-AL) and I sent a letter to the Joint Select Committee on Deficit Reduction recommending a switch to biennial budgeting. I am submitting a copy of that joint letter and request that it be included in the Committee record for this hearing.

My reason for supporting biennial budgeting is clear. The current budget process is simply not working. It has become increasingly difficult to pass and conference a budget resolution, particularly during election years. Year after year, we face continuing resolutions, omnibus bills, supplementals, and, increasingly, threats of shutting down the government. At the same time, we see far too little oversight of federal agencies and programs. Biennial budgeting won't solve all of these problems. But it could help.

It is important to remember that Congress has effectively moved to biennial budgeting already. In fact, since 1998, budgets have been passed in only two election years—in 2000 when Senator Domenici was Chairman of the Senate Budget Committee and 2008 when I was Chairman.

Moving to biennial budgeting would allow Congress to spend more time on oversight. Under the current system, as soon as the budget process ends for one fiscal year, the next year's process has begun. This leaves little time for Congress to focus on authorizations and oversight, or to examine mandatory spending and tax policy with the rigor that these parts of the budget require. Biennial budgeting would appropriately shift Congress's attention to longer-term budgetary issues and the oversight that is critically needed in this era of constrained federal resources. It would result in more accountability from the Executive Branch—ensuring that scarce federal resources are being used efficiently and effectively.

Moving to biennial budgeting could also result in a reduction in the use of continuing resolutions and omnibus bills. And it would allow for better long-term planning by federal agencies and programs.

Several variations of biennial budgeting have been proposed. As Senator Sessions and I noted in our joint letter, we believe the most effective biennial budgeting framework would include the following elements: In odd-number years, the President would submit a two-year budget and Congress would pass a two-year budget resolution. Congress would focus on authorizations and oversight when not budgeting. The Budget Committees would conduct performance-based reviews of federal programs. These reviews would examine discretionary and mandatory spending programs, as well as tax expenditures and other revenue-related policies. And the Budget Committees would issue a report and other materials in the off year detailing the findings and conclusions of the Committee, including recommendations regarding underperforming federal programs.

The Senate Budget Committee did not have agreement on whether appropriation bills should be enacted on one- or two-year cycles, or a combination of one- and two-year cycles. However, many members of the Committee support biennial appropriations as well as biennial budgets.

As I noted, biennial budgeting won't solve all of our budget problems. Ultimately, the nation's long-term fiscal imbalance will only be solved with a bipartisan, comprehensive, and balanced deficit and debt reduction agreement. But biennial budgeting could make a positive contribution toward fiscal discipline. And there is growing bipartisan support in both the House and Senate for changing to a biennial budget cycle.

Again, I want to thank Chairman Dreier and Ranking Member Slaughter for inviting me to submit testimony on this critical budgeting issue.

KENT CONRAD, NORTH DAKOTA, CHAIRMAN
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United States Senate

COMMITTEE ON THE BUDGET
 WASHINGTON, DC 20510-6100

October 14, 2011

The Honorable Patty Murray, Co-Chair
 The Honorable Jeb Hensarling, Co-Chair
 Joint Select Committee on Deficit Reduction
 824C Hart Senate Office Building
 Washington, DC 20510

Dear Senator Murray and Representative Hensarling:

This letter provides recommendations of the Chairman and Ranking Member of the Senate Committee on the Budget to the Joint Select Committee on Deficit Reduction pursuant to section 401(b)(3)(A)(ii) of the Budget Control Act of 2011.

The current budget process frustrates Senators. In recent years it has become increasingly difficult to pass and conference a budget resolution, particularly during election years. We believe the Joint Committee's legislation provides Congress an opportunity to rededicate itself to an effective budget process. Based on testimony before the Budget Committee, and in consultation with the Committee's members, we encourage the Joint Committee to adopt the following recommendations to implement biennial budgeting and modify Senate procedures for consideration of the budget resolution and reconciliation legislation.

These proposals are not the only budget process reforms that merit serious review and consideration, and the Budget Committee will continue to evaluate those reforms. Biennial budgeting, however, has broad bipartisan support in the Budget Committee, and bicameral support as well. Experience in the Senate with Budget Act procedures has also shown that transparency can be improved without hindering debate on important budgetary matters. These reforms can immediately improve our stewardship of budgetary resources and therefore deserve the Joint Committee's careful consideration.

Biennial Budgeting

Biennial budgeting is an idea whose time has come. Congress spends an inordinate amount of time each year on the budget and appropriation bills under our current system. As soon as the budget process ends for one fiscal year, the next year's process has begun. This leaves little time for Congress to focus on authorizations and oversight, or to examine mandatory spending and tax policy with the rigor that these parts of the budget require. Biennial budgeting would appropriately shift Congress's attention to longer-term budgetary issues and the oversight that is critically needed in this era of constrained federal resources.

Several variations of biennial budgeting have been proposed. We believe the most effective biennial budgeting framework would include the following elements:

- In odd-numbered years, the President submits a two-year budget and Congress passes a two-year budget resolution.
- Congress focuses on authorizations and oversight when not budgeting.
- The Budget Committees conduct performance-based reviews of federal programs. This includes reviews of discretionary and mandatory spending programs as well as tax expenditures and other revenue-related policies.
- The Budget Committees issue a report and other materials in the off year detailing the findings and conclusions of the Committee, including recommendations regarding underperforming federal programs. Many members of the Committee favor a more formal process.

The Committee does not have agreement on whether appropriation bills should be enacted on one- or two-year cycles or a combination of one- and two-year cycles. However, many members of the Committee support biennial appropriations as well as biennial budgets.

This recommendation envisions a new role for the Budget Committees after they have produced a budget resolution. The Budget Committees would use existing performance data provided by the Government Performance and Results Act and the Government Accountability Office's annual report on program duplication, hearings, and on-site visits to review federal expenditures by budget function and across committee jurisdictions. These performance reviews should be formal and based on clear standards of accountability.

Consideration of Budgetary Matters in the Senate

Under the Congressional Budget Act, the majority party in the Senate can pass a budget resolution or reconciliation bill without the threat of a filibuster. The "vote-a-rama" is a unique Senate process that has evolved to protect the rights of the minority during the consideration of these measures. Although the right to debate a budget resolution or reconciliation bill is limited, the right to offer amendments to them is not. As a result, the Senate continues to vote on amendments until every one of 100 Senators decides to stop offering amendments and demanding a vote.

We have both served in the minority and appreciate the importance of the right to offer amendments. At its best, this right allows the minority to offer a competing vision for the budget, prompting a healthy debate on the country's fiscal future. In reconciliation, this right is even more important because reconciliation bills can include broad changes to entitlement programs and the tax code.

However, too often Senators are forced to vote on amendments that they have little or no chance to review. Many believe this demeans the Senate as an institution and undermines the public's faith in our budget process. The reforms we recommend would provide order and increase transparency during the Senate's consideration of a budget. We note that none of these reforms limit the number of amendments a Senator may offer. Specifically, we recommend:

- creating filing deadlines for 1st and 2nd degree amendments, with the filing deadline for 1st degree amendments no earlier than 30 hours into the floor debate;
- increasing the number of amendments debated prior to vote-a-rama by reducing time on each amendment;
- requiring a one-day layover at the end of debate to review remaining amendments before vote-a-rama begins;
- prohibiting the yielding back of time except by unanimous consent; and
- increasing reconciliation debate time to 50 hours.

Another procedural change that has broad support in our Committee is establishing stronger incentives for the Senate to take up a budget resolution. These could include:

- Strengthening the right of Senators to proceed to debate on a budget resolution if the Budget Committee or Senate fails to act. Specifically, this would include codifying the right of any Senator to introduce a budget resolution and get it placed on the calendar if the Senate Budget Committee hasn't reported a resolution by April 1, and establishing the right of any Senator to move to proceed to a budget resolution that is on the calendar.
- Establishing a 60-vote point of order against all legislation with budgetary effects until the Senate passes a budget resolution.

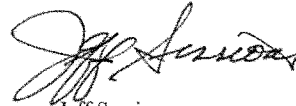
These changes would increase the likelihood that the Senate has a debate on the budget and our fiscal future.

The Joint Select Committee has a unique opportunity to advance policies that could significantly improve our country's fiscal future. We believe the recommendations we have outlined here will contribute to that goal by strengthening the congressional budget process. We appreciate you giving them careful consideration.

Sincerely,



Kent Conrad
Chairman
Senate Budget Committee



Jeff Sessions
Ranking Member
Senate Budget Committee

The CHAIRMAN. At this time I would like to acknowledge and welcome the first panel that we have, obviously three distinguished Members of Congress, as Chairman Dreier had alluded to. Perhaps they come with agreement or not, but they come with ideas, and this subcommittee hearing today, and what we are trying to do in this process is to hear from people who are deeply engaged in that process.

As a former member of the Budget Committee, I have my own opinion, but today we are going to look at those who have their opinions based upon vast service to this United States Congress. And I would like to welcome Congressmen Bill Young, Ed Whitfield, and David Price as they come to testify today.

And by way of introduction, Chairman Young, thank you for taking time to address this important issue. You were the last chairman of the Appropriations Committee to oversee a balanced annual budget. That is important. And those who have a steady hand on that wheel understand how hard that is. He is also cosponsor of the biennial budgeting bill that is before us today.

Congressman Ed Whitfield serves on the Energy and Commerce Committee, and obviously he is a long-time advocate for the biennial budgeting and has worked with David Dreier to introduce H.R. 114.

And I am delighted to have David Price, our friend who is a well respected member of the Appropriations Committee, currently serving as the ranking member of the Subcommittee on Homeland Security. Congressman Price is also co-chair of the Democratic Budget Group. So we welcome all three of you. I would like to acknowledge the gentleman, Mr. Young.

STATEMENT OF THE HONORABLE C.W. BILL YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. YOUNG. Mr. Chairman, thank you very much. I think that it is appropriate that this subject be discussed openly and in a legislative forum because it certainly has a lot of merit. At least I believe so. And Chairman Dreier and I have worked together on this issue now for many, many years, and we don't see any political advantage or political disadvantage. This has nothing to do with politics. It has to do with getting our work done.

Article I, Section 9 of the Constitution makes it very clear that appropriations bills are must-pass legislation. Too often we end up not passing an appropriations bill, but we pass a CR or we lump a lot of appropriations bills into an omnibus or a mini-omnibus. In my opinion, that is not a good practice, whether it is a governmental agency, whether it is the Defense Department—and they would be very big on this issue—or private business or even in your home. You have got to be able to plan. You can't just jump from one issue to another when you are planning your financial stability in your family, your business, or your government agency.

If appropriations bills don't pass, it is hard to plan. Now, we have passed 2-year appropriations bills. This is not something that is new. I would give you this example. In calendar year 2010 we didn't pass appropriations bills. We ended up in 2011 and passed most of the appropriations bills from the previous year on a CR. One of the few exceptions was the defense appropriations bill. So

we actually introduced that bill, it became part of H.R. 1. It was conferenced with the Senate in the regular process, and we did pass a good bill. I want to give my friend and my colleague Congressman Norman Dicks a lot of credit. He was chairman after Jack Murtha's untimely death. Norm Dicks was chairman of the subcommittee, and as usual we worked together to produce a bill. Whoever is chairman or ranking member, we work together to produce the defense bill. The problem was that Chairman Dicks had a good defense bill, but couldn't get it on the floor. Leadership wouldn't even let him go to the full committee with it. And so that didn't pass.

So the early part of 2011, we did take up H.R. 1, which was the defense bill for fiscal year 2011. Then after we completed that, we began the process for the 2012 defense bill, and we passed that. We went through the regular order, we went to the Senate and conferenced with our Senate colleagues. We had a good bill. We had a very large bipartisan vote in the House and the Senate, and so we actually did pass in 1 year 2 years of appropriations for national defense.

With regard to being able to plan ahead, one of the issues that we have in defense budgeting is you start a project, you stop a project, you terminate the project. Termination costs are very expensive. By being able to budget for at least 2 years, you can plan ahead a little better and try to avoid having these programs that stop-start-stop-start, which, as I said, are very, very expensive.

Now, there are some who might think the Constitution says, well, you must appropriate every year. It doesn't say that. To the contrary, I looked very closely to make sure that my recollection was accurate, because I read the Constitution on a regular basis, especially the part about appropriations.

The founders of our great system, our constitutional system, included in Article I, Section 8 of the Constitution this language: "To raise and support armies, but no appropriation of money to that use shall be for a longer term than 2 years." Now, the founders didn't say you had to do it for 2 years, but they did say you can't do it for longer than 2 years. This says to me that they made it possible for a 2-year budget process and for 2-year appropriations bills. So I think we are on good constitutional grounds to do this, and I think the effectiveness of a 2-year budget should be pretty much recognized.

But I would just close on this one point, Mr. Chairman. For those of us, especially who are appropriators, we get criticized in the media considerably; well, why did this happen, why did that happen? This contract really blew out of proportion or this contract doesn't work.

In order to get the proper oversight, you have got to have time. Getting a bill written, with all of the hearings, with all of the process of going to subcommittee, going to the full committee, going to the floor, and then going to conference with the Senate, it is very time consuming. Now, if we had a 2-year process, we could spend 1 year doing the oversight that we get criticism about for not doing enough oversight. Well, there are only so many hours in a day. We should do more oversight, and I would like to do more oversight on the subcommittee that I chair. If we had a 2-year process, I could

spend a whole year doing oversight and finding out about those problems, hopefully, finding out about those problems that might come back to bite us later on. But when your time constraints are a problem, that is not always possible.

So you could appropriate one year and do a year's worth of oversight, which in my opinion would be very, very cost productive for the taxpayer and would make much more efficient Federal agencies that could plan ahead a little bit more than they can plan ahead today, especially with the use of so many CRs and a lot of uncertainty in where we are going.

That is my story today, Mr. Chairman. Thanks for the opportunity to relate it.

The CHAIRMAN. Chairman Young, thank you very much, and I am sure you are going to stick to the process that you have outlined because there should be a better result that comes from that. I want to thank you for taking time to be with us today to lend your not only insight but the advantages of your service to this great Nation, and in particular to the men and women of our military who protect this great Nation every single day.

The gentleman Mr. Price is recognized.

STATEMENT OF THE HONORABLE DAVID E. PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. PRICE. Thank you, Mr. Chairman. It was almost a dozen years ago that I testified before this distinguished committee about a proposal very similar to the one before us today. Circumstances, however, are very different. There had been multiyear budgeting—budget agreements enacted in 1990, 1993, and 1997—and the economy was doing very well. All this had produced several years of balanced budgets, and we were paying down more than \$400 billion of this Nation's debt.

Now it is not the same. Following a decade of net zero economic growth, trillions of dollars in lost tax revenues, two unpaid-for wars, a necessary but expensive government response to the great recession, and after a year in which admittedly worst of congressional budget politics has been on full display, it is understandable that the idea of biennial budgeting would once again hold some appeal for Members in search of solutions to our current woes.

I, in particular, have deep respect for my good friend David Dreier who has championed this proposal. There is no question that his concern for the well-being of our institution is as great as any Member of this House. But I have to say that I believe this is a flawed remedy, a remedy that might actually be worse than the disease.

I am, of course, the first to agree that the congressional budget and appropriations processes have eroded significantly. The pressures of divided government, a polarized electorate, the increased use of the Senate filibuster, and the general subjugation, I fear, of Congress' power of the purse to partisan political consideration have greatly delayed the enactment of our annual spending bills and have increased our reliance on bloated omnibus packages. But biennial budgeting would do nothing to address the underlying causes of this dysfunction and would likely make matters worse by

weakening congressional oversight of the executive, by jacking even more decisions up to the leadership of both parties, and by increasing our reliance on supplemental appropriations bills considered outside the regular order.

Most importantly, biennial budgeting would weaken Congress' power to shape national priorities by conducting effective oversight of the executive branch. Proponents of biennial budgeting claim that it would, quote, "free up Congress to conduct oversight in the off year."

Now, that claim is supremely ironic, for the most careful and effective oversight Congress conducts is through the annual appropriations process where an agency's performance and needs are reviewed program by program, line by line. That is oversight. It is probably the best oversight we conduct. An off-year oversight would be less, not more, effective, because it would be, in a word, impotent, further removed from actual funding decisions.

Supporters also like to note that four recent Presidents, George W. Bush, Bill Clinton, George H.W. Bush and Ronald Reagan, all supported biennial budgeting. Why are we not surprised? Of course they did. If this suggests that the proposal is not a partisan issue, it should warn us it definitely is an institutional issue. Of course, Presidents would support a free pass every other year from a legislative process that could make or break their agenda, just as they tend to support the line-item veto. They love it. A ban on congressional earmarks, they love that, too, and other challenges to Congress' authority vis-à-vis the executive branch.

Now, I am aware of the charge that opponents of biennial budgets are merely defending Appropriations Committee turf. I am sensitive to that, because I am a senior appropriator. But the annual work of appropriations serves the entire institution and its place in the constitutional balance of power. That is the fundamental truth about appropriations if it works the way it should, and in one respect it could make the work of appropriations leaders less accountable. Faced with outdated and unworkable funding levels for individual programs in the second year of a biennial appropriation, each Federal department will be forced to present the Appropriations Committee with countless requests to reallocate or reprogram their annual budgets. Typically, those requests are granted or denied solely by the Appropriations subcommittee chairmen and ranking members without debate, without amendments, without votes, without public scrutiny.

Off-year budget problems that could not be handled through reprogramming requests would necessitate supplemental appropriations bills. We already enact supplemental bills when unforeseen emergency needs crop up after an appropriations bill has been enacted.

Budgeting 2 years in advance can only lead to a greater mismatch between the country's needs and agency budgets. In fact, the whole purpose of a biennial budget could be undermined by the proliferation of supplementals in off-years. Perversely, we would have replaced the deliberative and democratic process of annual appropriations with supplemental bills that are sporadic, rushed, and heavily controlled by leadership.

In fact, our experience last year should lead us to conclude, if anything, that the annual appropriations process might be the best chance we have for the kind of bipartisan cooperation that will be required to get a handle on our long-term fiscal situation.

Where the supercommittee failed to come to agreement even on the basic terms of a long-term deficit reduction package, the Appropriations Committee produced two year-end appropriations packages that, while far from perfect, produced significant budget savings. And they were drafted, considered, and approved on a bipartisan basis, and both Chairman Rogers and Ranking Member Dicks are due a great deal of credit for that.

So for reasons practical as well as institutional, biennial budgeting isn't any better an idea today than it was a decade ago. It would be a mistake to allow recent budget disagreements to lure us toward a supposed remedy that actually would make the appropriations process less systematic, less flexible, and less potent. It isn't the congressional budget process that is in need of repair, it is our collective will to make difficult and politically costly decisions.

So I urge colleagues to reject the siren song of biennial budgeting, to redouble our efforts to address the underlying causes of our long-term fiscal challenges. Thank you.

The CHAIRMAN. Mr. Price, thank you very much not only for your ideas but also your voice today. This subcommittee, as well you know, the Rules Committee is the sounding board for Members as part of the process who agree and disagree, and your testimony years ago as well as your testimony today is something that I believe we have to take into account. With that said, we also believe looking at the issue and the idea to make it better is important. So thank you for taking time to be with us today.

[The statement of Mr. Price follows:]

PREPARED STATEMENT OF CONGRESSMAN DAVID E. PRICE (NC-04)

A dozen years ago next month, I testified before this distinguished Committee about a proposal very similar to the one you are considering today. The circumstances could have not been more different: the enactment of multi-year budget agreements in 1990, 1993, and 1997, coupled with a growing economy, had produced several years of balanced budgets and allowed us to pay down more than \$400 billion of the national debt. The consequences of the George W. Bush Administration's fiscal policies had not yet been foreseen.

Following a decade of zero net economic growth, trillions of dollars in lost tax revenue, two unpaid-for wars, and a necessary but expensive government response to the Great Recession—and after a year in which the worse of congressional budget politics have been on full display—it is understandable that the idea of biennial budgeting would once again hold some appeal for well-intentioned Members in search of solutions to our current woes. I have a deep respect for my good friend Chairman Dreier, whose concern for the well being of our institution is as great and as genuine as any member of this House. But this is truly a case in which the remedy is worse than the disease.

I am the first to agree that the congressional budget and appropriations processes have eroded significantly in recent years. The pressures of divided government and a polarized electorate, the increased use of the Senate filibuster, and the general subjugation of Congress's "power of the purse" to partisan political considerations have greatly delayed the enactment of our annual spending bills and have increased our reliance on bloated omnibus packages.

But biennial budgeting would do nothing to address the underlying causes of this dysfunction—and would likely make matters worse by weakening congressional oversight of the executive, jacking even more decisions up to the leadership of both parties, and increasing our reliance on supplemental appropriations bills considered outside of the regular order.

Most importantly, biennial budgeting would weaken Congress's power to shape national priorities by conducting effective oversight of the Executive Branch. Proponents of biennial budgeting claim that it would "free up" Congress to conduct oversight in the off year. That claim is surprisingly ironic, for the most careful and effective oversight Congress conducts is through the annual appropriations process, when an agency's performance and needs are reviewed program by program, line by line. Off-year oversight would be less, not more, effective because it would be, in a word, impotent, further removed from actual funding decisions.

Supporters like to note that four recent presidents—George W. Bush, Bill Clinton, George H.W. Bush, and Ronald Reagan—all supported biennial budgeting. Of course they did! If this suggests that the proposal is not a partisan issue, it should warn us that it is definitely an institutional power issue. Of course Presidents would support a free pass every other year from a legislative process that could make or break an administration's agenda—just as they tend to support the line-item veto, a ban on congressional earmarks, and other challenges to Congress's authority vis-à-vis the Executive Branch.

It is often asserted that opponents of biennial budgeting are merely defenders of Appropriations Committee turf. As a senior appropriator, I am naturally sensitive to these charges. But the annual work of appropriations serves the entire institution and its place in the constitutional balance of power. And in one respect it could make the work of appropriations leaders less accountable: faced with outdated and unworkable funding levels for individual programs in the second year of a biennial appropriation, each federal department will be forced to present the Appropriations Committee with countless requests to reallocate, or "reprogram," their annual budgets. Typically, those requests are granted or denied solely by the Appropriations Subcommittee Chairmen and Ranking Members without debate, amendments, or votes—and without public scrutiny.

Off-year budget problems that could not be handled through reprogramming requests would necessitate supplemental appropriations bills. We already enact supplemental bills when unforeseen emergency needs crop up after an appropriations bill has been enacted. Budgeting two years in advance will only lead to a greater mismatch between the country's needs and agency budgets. In fact, the whole purpose of a biennial budget could be undermined by the proliferations of supplemental in the off-years. Perversely, we would have replaced the deliberative and democratic process of annual appropriations with supplemental bills that are sporadic, rushed, and heavily controlled by leadership.

In fact, our experience last year should lead us to conclude, if anything, that the annual appropriations process may be the best chance we have of the kind of bipartisan cooperation that will be required to get a handle on our long-term fiscal situa-

tion. Where the Supercommittee failed to come to agreement even on the basic terms of a long-term deficit reduction package, the Appropriations Committee produced two year-end appropriations packages that—while far from perfect—produced significant budget savings and were drafted, considered, and approved on a bipartisan basis.

For reasons practical as well as institutional, biennial budgeting isn't any better an idea today that it was a decade ago. It would be a mistake to allow recent budget disagreements to lure us toward a supposed "remedy" that would make the appropriations process less systematic, less flexible, and less potent. It isn't the congressional budget process that is in need of repair—it is our collective will to make difficult and politically costly decisions. I urge all of my colleagues to reject the siren song of biennial budgeting and redouble their efforts to address the underlying causes of our long-term fiscal challenges.

The CHAIRMAN. Our next witness is from Kentucky, a senior member of the Energy and Commerce Committee, and I want to thank Mr. Whitfield for his long-term support not only of this bill, but really working with David Dreier as he has moved forward on the ideas to make sure that they are well balanced, that they include not just Appropriations members, but also those who are in close association with the commerce of this country to keep it moving forward. There may be lessons learned, but I want to thank the gentleman and would ask that he go ahead and present his testimony now, the gentleman Mr. Whitfield.

STATEMENT OF THE HONORABLE ED WHITFIELD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. WHITFIELD. Chairman Sessions, thank you very much, and Mr. Polis, Ms. Foxx, and my friend David Dreier. This is one of those issues that people do have very strong views on, and I am really pleased to have the opportunity to testify on the Biennial Budget and Appropriation Act of 2011.

I would say that in 1974 when Congress passed the Congressional Budget and Impoundment Act, which was intended to give the President and Congress a timeline on which to base a budget and appropriations bill, that during the 36 years since that time Congress has met the deadline for completion of a budget resolution only six times. And just last year the House passed a fiscal year 2012 budget, the Senate was unable to act; and of course the Congress before that, that Congress was unable to act. So we have gone for over 1000 days without a Federal budget. And I might also say that according to CBO, Congress has provided \$290 billion in fiscal year 2010 for programs whose authorizations have expired.

Now, I don't see this as a panacea to solve our economic problems, our unemployment problems, the partisanship problems that we have in the U.S. Congress. But I do firmly believe in the discussions that I have had with a lot of people in my district, recognizing that Kentucky is only one small rural State, but Congress gets such bad publicity when they do not finish their appropriation process, when they do not have a budget, and I genuinely believe that part of the reason people have such little respect for this institution is the fact that every time we fail to do this—and we fail to do it frequently—the national news media totally focuses on the inability to pass a budget, to finish appropriation bills.

And I had asked my staff, evidently the last time that we actually finished all appropriation bills in the House and the Senate, signed by the President, was 1997. We did it in 1995 and 1989. But there is something broken about this system, and I have the greatest respect for my chairman of the Appropriations Committee, Mr. Rogers of Kentucky, and Mr. Price of North Carolina, and all of them who serve on the appropriation process, but I genuinely believe in my view that the appropriators drive the Congress.

Now, we all know that leadership can do anything that it wants to do, and I can't imagine the leadership of the Congress being any stronger than it has been in the last 6, 7, 8 years, because the leadership controls everything. But in my view this gives opportunity—one of the things I find so frustrating, I have talked to a lot of appropriators, not Mr. Price on this issue, but talk about how when

they are unable to finish their appropriation bill, they go on an omnibus bill or they go to a supplemental or whatever, a CR or whatever. Inevitably, since everyone knows that this bill has to move, all sorts of authorized legislation is put in there without adequate oversight, without adequate hearings, and I believe that it contributes significantly to bad legislation that we pass, bad changes that we pass without sufficient forethought of the consequences of it. And if you have—as Chairman Young said, the people who wrote our Constitution certainly had in mind that we could go to 2 years if we wanted to, and there is no question with the complexity of government today, with the amount of money being involved, I would think the appropriators would love to have an opportunity to one year focus on budget, focus on appropriation, and then next year do their oversight, which would also give the authorizing committees more time because every single year the whole Congress, the whole administration, is caught up in the budget process, the appropriations process. And as I said a while ago, I genuinely believe that this is a major reason why the American people have such little respect for the United States Congress as an institution.

And I know it is not a panacea, but Mr. Dreier mentioned that in 2000 we did have the vote, and I remember how pleased we were that Mr. Young, as chairman at that time, voted for the legislation. The vote was 201 to 217, and I do remember certain Democrats who were really quite vocal at that time. Mr. Doggett of Texas was one. Mr. DeFazio was one. I remember Bobby Clement of Tennessee who is no longer with us. But, I mean, I could talk about this issue for a long time, as I know all of you could. And I am delighted that some of the freshmen members are going to be here testifying today, too, but I do thank the Rules Committee for providing us an opportunity, because whether we go to a biennial system or not, I think it is important for the American people to at least have the debate and have the transparency of what is perceived to be the problem by many of us. And with that, Mr. Chairman, thank you for the opportunity to be here.

The CHAIRMAN. Mr. Whitfield, thank you very much.

[The statement of Mr. Whitfield follows:]

PREPARED STATEMENT OF CONGRESSMAN ED WHITFIELD (KY-01)

Thank you, Mr. Chairman, and thank you, Members of the Committee, for giving me the opportunity to be here to testify before you today.

As you know, we currently find ourselves in the midst of uncertain and difficult economic times.

Our challenged budget process, which led us to the brink of a government shut-down earlier this year, hampers our ability to effectively solve these economic problems.

While the White House says we are on the road to economic recovery, families in my District, the First Congressional District of Kentucky, are still struggling to hold onto their jobs, their home and their health care.

While the national unemployment rate has fallen to 8.5%, Kentucky's unemployment rate remains at an alarming 9.4%.

In fact, many counties in my District have an unemployment rate that is even higher than Kentucky's state average.

Adding to our economic troubles is the national debt, which has skyrocketed over the past few years, reaching almost \$15.3 trillion today.

In fact, Doug Elmendorf, the Director of the Congressional Budget Office, said that "U.S. fiscal policy is on an unsustainable path to an extent that it cannot be solved by minor tinkering."

So, in order to maintain our global competitiveness it is essential that we drastically reduce our federal spending.

One way to eliminate wasteful government spending is to reform and streamline our budget process.

In 1974, Congress passed the Congressional Budget and Impoundment Act, which was intended to give the President and Congress a timeline on which to base a budget and appropriations bills.

As we well know, even when followed, the Budget Act has resulted in an annual rush which results NOT ONLY in a poor process, but also reduces the amount of time available for careful oversight and management of existing federal programs.

During the 38 year history of the Budget Act, Congress has met the deadline for completion of a budget resolution only six times.

Just last year, the House passed a Fiscal Year 2012 budget; however the Senate failed to act and Congress has gone for over 1,000 days without a federal budget.

With these procedural problems in mind, I joined Representative Dreier in introducing H.R. 114, the Biennial Budgeting and Appropriations Act of 2011.

I started working on biennial budgeting with my friend and colleague Chairman Dreier back in the 106th Congress, when he offered a biennial budget proposal as an amendment to H.R. 853, the Comprehensive Budget Process Reform Act of 1999. The amendment vote was close, 201 to 217, and I haven't stopped supporting the idea since. I am very pleased that the issue is gaining momentum again.

Specifically, H.R. 114 will require the President to submit a two-year budget and Congress would consider a two-year budget resolution and a two-year appropriations cycle.

I believe that a biennial budget cycle will result in better scrutiny of federal spending and the elimination of wasteful and duplicative government programs because in one year the House can focus on making the programs better or eliminating them, and in the next year the House can focus on the spending levels for those programs.

Such oversight is badly needed. According to CBO, Congress provided \$290.8 billion in Fiscal Year 2010 appropriations for 250 statutes whose authorizations had expired.

That money should be scrutinized more thoroughly by Congress, especially if the authorizing committees allowed the authorizations to expire.

Streamlining the budget process will allow Congress more time to concentrate on other important legislative issues, such as reducing overall federal spending and spurring economic growth so that America will remain globally competitive and our economy will get back on track.

Thank you again, Mr. Chairman and Members of the Committee, for permitting me to testify before you today.

At this time, I would be happy to answer any questions you may have.

The CHAIRMAN. And for each of you who have taken time to be here today, I want to thank you for your words. I also would note that you have written remarks, and I would ask, without objection, that those be entered into the record, and I want to thank you. I would go first to the gentlewoman, the vice chairman of the committee, Ms. Foxx.

Ms. FOXX. I just want to say that I have learned a lot this morning from the presentations that have been made by the panel members. It has been very enlightening, and I want to thank you all for the effort that you have put into working to improve the process that we are working under. I think we have a lot of work to do to educate Members, as well as the public, about our process and about the challenges that we face, so I just want to say thank you to you all for what you are doing.

I think, as Chairman Dreier has said, it is important that we hear all the perspectives that are out there, and I think that the hearings that this subcommittee is going to hold and that the Rules Committee will hold also, will help bring to the fore some important issues that we need to be dealing with.

It is distressing to me that we see the polls that say Congress is held in such low esteem. I don't think they are warranted because I think we have great people here on both sides of the aisle who want to do good things, who come here with the intention of making the process better and serving the people that they represent. So I hope that we can do some things that will improve our status in the eyes of the American people, because we learn how to do things more effectively. So thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlewoman. Mr. Polis.

Mr. POLIS. Yeah I just have a couple questions for the panel.

First, I would like to ask Mr. Price, I think one of the items of discussion is how this proposal changes the balance between the executive and legislative branch. What powers in practice do you see as being transferred to the executive branch if this is—if this becomes the way that we do our budgets?

Mr. PRICE. Legally no direct transfer of powers would occur. Practically and politically, I believe that relaxing on that second year of scrutiny and oversight and moving to more and more appropriations bills that are removed from the subcommittee level and jacked up to leadership would enhance the power of the party leaders in this institution and probably also increases the incoming fire from the partisan warfare outside to the appropriations process, neither of which is a desired result. That has already gone farther than it should. And, to the extent that occurs, it also, of course, brings in the White House, whoever the President is.

The trend toward omnibus bills, of course, does some of this, and we need to return to regular order. Again, I give Chairman Rogers and Ranking Member Dicks a lot of credit for the extent to which we did that this year. Omnibus bills do this, certainly supplementals do, and certainly the kind of corrections that the agencies ask for in terms of reprogramming funds. All involve much more party leadership up here and much more White House involvement from downtown.

Mr. POLIS. Thank you. A question for Mr. Whitfield. You mentioned that something is broken about the system. I think, you

know, with the statistics you indicated about the relative rarity of a budget ever being agreed to, I think we all agree that the system needs to be improved. But it seems to me that, you know, what is being discussed here today is saying, well, let's parade our failure less often in front of the American public. I think you mentioned that perhaps the yearly failure kind of feeds into the perception of the American public that Congress is dysfunctional. To show our failure off half as often, you argued, could potentially help improve the reputation of this body to get things done.

Isn't it more important, though, to actually enact reforms that lead to a more successful outcome? Whether that is an annual or biennial success, isn't that more successful? And do you see this proposal as leading to a more successful outcome or just parading our failure less often in front of the American public?

Mr. WHITFIELD. I see this proposal as leading us to being more able to complete our work. I don't view it as displaying our failures less often. I genuinely believe that this reform would significantly improve the product of the U.S. Congress both substantively as well as on the appropriation budget's size.

I have had a lot of discussions with people at CBO as well as OMB. And Mr. Price is right; every President in recent memory supported this proposition, because in my discussions with OMB, they are talking about how they are so inundated each year with the appropriation process that they are just swamped, and if they could do it over 2 years, recognizing sometimes you have emergencies you have to intervene with, that I just feel it would free up the Congress. We wouldn't be clogged up every year with this race to finish the job. So I genuinely believe it would improve the product of the Congress.

Mr. POLIS. Thank you. Mr. Chairman, I would also ask, as is customary, that we keep the record open for 24 hours to allow Mr. Hastings to submit a statement.

The CHAIRMAN. Without objection, we will hold the record open. I thank the gentleman.

[The statement of Mr. Hastings follows:]

PREPARED STATEMENT OF THE HONORABLE ALCEE L. HASTINGS, A MEMBER OF THE
COMMITTEE ON RULES

Chairman Sessions, on January 24, 2012, Rules Chairman David Dreier noted during a Legislative and Budget Process Subcommittee Hearing, that I was “enthusiastic” about his bill H.R. 114, the Biennial Budgeting and Appropriations Act of 2011.

While I am certainly not opposed to Congress debating the merits of biennial budgeting, and do not believe that biennial budgeting is necessarily a bad idea, I do think that its disadvantages outweigh its advantages, and that it ultimately will not work with a budget as complex and as fraught with partisanship as ours.

Furthermore, I would beg to differ with my colleague from California’s assessment of my “so called” enthusiasm for his legislation—I am not even a co-sponsor of his bill. During the recent subcommittee hearing, he made that assertion and I would like the record to reflect his enthusiasm for his own bill is not shared by me.

Mr. Chairman, I also do not see how we can completely transform the federal budget process in this manner without first trying out a few test cases. If we are really serious about biennial budgeting, we ought to identify a few federal programs we can test this out on for a few budget cycles, before imposing it on the entire federal structure.

The problem with our annual budget and appropriations debates is not the timeline, but rather the political leadership. Smoothing out a few procedures here and there is not going to magically make our budget debates any easier.

I suspect there is a correlation between interest in biennial budgeting and the level of partisanship here in the House.

If this body really wanted to, we could agree on a budget in one day. Or even in one week. But the budget is an intensely political process and that’s not going to change if we do it every year or every other year. And even in the “off” years, we would still be required to make necessary changes, consider supplemental spending, and argue over authorizations and other revisions.

If Republicans were truly committed to working with Democrats and the President to ensure a smooth budget process, they would do so. Rather than tying our hands in convoluted budgetary procedures.

If ensuring a smooth process means that Republicans are not going to try to eliminate Medicare, or pass tax cuts for the wealthiest Americans, or threaten to default on our national debt, then by all means let’s pass these reform bills.

But we all know the reality of the situation and that is, nothing is going to happen. Making the federal budget biennial will not stop the political debates, will not reduce our workload, and will ultimately result in a huge transfer of power to the Executive Branch, which by necessity will have greater leeway with the purse strings.

We ought to be about the business of finding ways in the federal budget to create jobs, to support struggling Americans, and to ensure that we are not leaving those with the least in these difficult times to fend for themselves.

In 1940, 44 states practiced biennial budgeting. This number is down to 19. It is clear that so many states have abandoned biennial budgeting over the last decade; you cannot responsibly implement a meaningful budget two to three years in advance.

In closing, I believe that this budget process gimmickry isn’t going to make the Republican Party any more willing to work with Democrats and the President on these matters. And therefore, I find this process completely futile.

Mr. YOUNG. Mr. Chairman, I would like to just add one quick word. I don't want to parade our failures. That is not what I am about. I want to prevent our failures. I want to get the job done. And that is what I think we were all sent here to do. So parading failures, unless you just want to run against Congress and say, gee, look how bad they are, I don't do that and I don't think it is really good politics to do that, but some people do it. We want to prevent the failures, and to do that we have to work together.

This is not a political thing. This is not a partisan issue. I don't have any political interest in how we do this. I am just thinking of a way to get the job done more efficiently for the Congress, but also for the agencies that we appropriate for and especially, in my case, the Department of Defense. That is one place we just don't want a lot of inefficiencies and make a lot of mistakes.

The CHAIRMAN. Mr. Chairman, I am going to give my comments in just a minute, but I think I read your text, and those were just words as opposed to writing them down. But I completely agree with you, and that is once again why we are here and perhaps why a man with insight who aims at trying to make it a better process, we are glad you are here.

I would like to recognize, if I can at this time, the gentleman Mr. Dreier, the chairman of the Rules Committee.

Mr. DREIER. Thank you very much, Mr. Chairman, and let me first say that I look forward to reading Mr. Hastings' statement that he as the ranking member of this subcommittee will submit for the record. And if I exaggerated his level of enthusiasm and support, I was under the impression that he was supportive. But I think that Mr. Young makes a very important point. I do know that Peter DeFazio and Lloyd Doggett and lots of Democrats are very, very, very enthusiastic supporters of this notion. Again, not believing it is a panacea, and again I think we need to soberly look at this, but I do believe that it does—it is something that is more than worthy of exploration, and that is why I appreciate the leadership of this subcommittee pursuing this with the kind of enthusiasm that you have.

I think that one of the things that led me to introduce this beyond the inspiration that I got from Bill Young and Ralph Regula, Ed Whitfield, and so many others has been the fact that there is a potential for us to bring about great savings. And I think it gets to what Mr. Whitfield just raised on this OMB question. I looked at some numbers here last night as I was perusing this. According to CBO in fiscal year 2010, Congress appropriated \$290.8 billion for 250 expired laws, laws that weren't even on the books. And I think that that just underscores the imperative for this kind of oversight.

And it is interesting as I listen to the two appropriators at the table, Mr. Price and Mr. Young, who share the same goal, but obviously, I mean, Mr. Price believes that if we don't do this annually that we undermine the ability for oversight; Mr. Young believes that if we could do this on a biennial way, we have more time and opportunity for oversight. And, you know, I, like Mr. Price, am a proud institutionalist, and I do think that there is a valid point to look at this Presidential support and the struggle between the two branches of government. I think that is a very, very fair and important question to raise.

And I used in my opening remarks the sword of Damocles does in fact—you know, in Madison's power over the purse, which is the wording that they used, is that undermined? I mean, I have just come to the conclusion that the executive branch knows that we do have that power, and the fact that we would expend that year engaging in even greater scrutiny is something that I think in and of itself poses a situation which would create even greater concern and necessity for them to respond to the oversight questions that are raised.

Now, Mr. Price said that this was not an issue of process, Mr. Chairman; it had to do with the will, our will. And one of the things that I found when I first introduced this, again, nearly a decade and a half ago, was that virtually everybody acknowledged the 1974 Budget Impoundment Act has been a failure. And I would just like to ask Mr. Price if in fact he believes that there need to be changes to the 1974 Budget and Impoundment Act?

You know, one could infer from the testimony by saying that this is not about process, but rather our will, one could infer that you believe that we don't need to make changes. And what I am trying to do is I am trying to explore and look at ways in which we can do this.

Mr. Whitfield correctly pointed out that only in 3 years since the establishment of it, have we gone through and completed the process without continuing resolutions to keep the government open. So I guess I would ask the question that frankly most of my colleagues, Democrat and Republican alike, have said to me that the system is broken. What do you think?

Mr. PRICE. I am not a huge fan of the budget process, and I think in many ways it does not serve us well. I believe, though, that the heart of the system—the heart of the power of the purse—remains appropriations. And, I see nothing in the biennial budgeting proposal that would really change the way appropriations is working except just to cut the process in half. In other words, I don't see anything here that would make it easier to adhere to the regular order in terms of subcommittee performance, the hearings, the markups, the reporting and passage of bills. They would still take place in that same 9-month time frame. There would still be—unless we address the political divisions and dysfunction—I think that biennial budgeting would be a formula for once again having the process collapse in the fall and having to revert to omnibus bills. They would just be 2-year omnibus bills, not 1-year omnibus bills. I don't see any way here that the basic difficulties that we have had would be directly addressed.

Mr. DREIER. What about this notion of—I mean the point that I made, you know, \$290.6 billion, over a quarter of a trillion dollars, appropriated for 250 programs that didn't even exist. It would seem to me that if you had that year, that if the Appropriations Committee as well as the authorizing committees did realize that to really—as Mr. Young has said so well—to really hone in on these issues and ensure that we very, very, very carefully expend each taxpayer dollar would be—I mean, I remember Ralph Regula telling me about the potential savings. I mean if we are talking about fiscal responsibility, the one that Ralph—you remember this, Bill—used to regularly point to is energy costs. If we had the abil-

ity to have a 2-year process and could expend and could negotiate contracts over a 2-year period of time versus doing it annually, the savings to the taxpayer dollars would be tremendous.

And so I mean you look at these kinds of things that can go a long way toward helping us achieve this goal, and I think that process-wise as well as getting to what we all share our concern about, the lack of fiscal responsibility that has emanated from this place, would be addressed.

Mr. PRICE. Just a quick three-part response. First of all, the system does have the flexibility to allow multiyear budgeting in certain areas. I think it would be fine to move toward a more multiyear perspective with our budget resolutions. And, I think Mr. Young's example is a good one. In defense areas, with the Corporation for Public Broadcasting, and certain veterans areas, we have done multiyear budgeting. And, in those targeted instances, I think there is a lot to be said for that. But our current system has the flexibility to permit that now without a wholesale switch to biennial budgeting.

Secondly, your point about authorizations is very, very important. It is a scandal that hundreds of programs are unauthorized. But, I am not sure what conclusion we draw from that. Do we go to a different authorization process? In many ways, as Mr. Whitfield says, appropriations becomes the only vehicle available to fix difficulties with authorizations. And believe me, when that is done on appropriations bills, it is with the assent of the authorization leaders.

You know, appropriations isn't just free-wheeling here and adding measures willy-nilly to appropriations bills. This is often, and usually done, in cooperation with the authorization leaders.

If we are talking about what has bogged down around here, let's think about the Elementary and Secondary Education Act, let's think about the transportation authorization. Often it is the annual appropriations that gives us some vehicle for doing things we need to do on the authorization side.

And finally, when you talk about what kind of oversight has clout, I can tell you that oversight has more clout when it is tied to funding decisions. Many, many times—I will just speak about the Homeland Security bill here—the way we will deal with problems we uncover in the hearings or in our inquiries into agency behavior is to tie appropriations to performance. We will say this money will not be released until we get a report on A, B, and C.

Mr. DREIER. See, I would argue that you are not actually giving up that power, though, because the notion that somehow the Appropriations Committee is just folding is a preposterous one, because there still is going to be, even though it doesn't exist at that moment, you still have that power over the purse, as you correctly say, which is there. You are just saying it needs to be done immediately.

And I think what Mr. Young and Mr. Whitfield and I are arguing is that expending more time on this oversight, while they know full well that they are going to have to contend with the question of their funding process through you down the road, I just—I mean you want it to be closer. We are saying that to have a little more leeway would actually enhance the final product.

Mr. PRICE. Well, all I know is that we have a very full hearing schedule on the year that we are appropriating, which is every year.

Mr. DREIER. Right.

Mr. PRICE. I don't think it would be or could be much fuller in the off year. And in answer to your question, of course it makes a difference. If these agencies know that you are writing the bill right that minute, and that there are going to be some things in that bill that they care about in terms of conditions they have to meet, performance they have to display, or that money simply isn't going to be there, you bet that is more powerful, much more powerful than the implied notion that you might do something about it a year from now.

Ms. FOXX. Would the gentleman from California yield?

Mr. DREIER. Sure. I am happy to yield.

Ms. FOXX. I thought about saying this even before Congressman Price raised the issue of the Elementary and Secondary Education Act, but it certainly makes it even more relevant. I have advocated for a long time that we could do a much better job of oversight of Federal expenditures. And I am a huge fan of accountability and having results-oriented projects. We could do that if we studied the Constitution a little more and do what Mr. Young was saying, go back to the Constitution and devolve to the States most of what we do in the Federal Government now. We would have plenty of time to do oversight if we weren't doing education, health care, and all of those things that are not mandated for the Congress to do by the Constitution.

So if we want to have lots of time to do oversight and lots of time to have accountability, then simply get out of doing the things the Constitution doesn't tell us to do. And the Constitution does it. We have got the enumerated powers.

And then as an added emphasis, the Founders put in the 10th Amendment. And they said if we didn't tell you to do it, don't do it. It is up to the States, it is up to the individuals.

So, Mr. Price, I think the example you used is a perfect one to say to us we have no business doing this. We will never be able to give proper oversight as long as we are trying to run every aspect of everyone's lives in this country. And that is not what we should be doing. If we would do what the Constitution tells us to do, and not go beyond that, or extraordinarily carefully go beyond that by things that compel us that can't be done by the States, we would be fine in doing our oversight.

Thank you, Mr. Chairman. I am sorry, I have to go away for another meeting, but I will return.

The CHAIRMAN. I thank the gentlewoman.

Mr. DREIER. Let me just reclaim my time and thank my friend for her thoughtful contribution. And to say, in conclusion, Mr. Chairman, for this very important panel, and I look forward to hearing our other panelists in just a few minutes, that I am—again, I have read about the opposition and concern that has been raised. And I think that there are valid concerns. And Mr. Polis is absolutely right; this is in no way, and I said this repeatedly myself, a panacea. I mean we need to look at this very soberly.

I am willing, I don't know that all the cosponsors of my legislation would go along with this, but I am more than willing to look at the idea of exploring something that again opponents of biennial budgeting have said is worth exploring, and that is maybe building on what Mr. Young talked about in his testimony, maybe having two or three Cabinet-level agencies of the Federal Government proceed with a 2-year process to see how it works. Because I know, again, I read the study from the National Council of State Legislatures, and at the end they go through a litany of those States that have gone from biennial to annual back to biennial, biennial back to annual, and they have gone back and forth, back and forth. And some have liked it, some haven't liked it. Some have moved just recently to biennial over the last several years.

So I mean again, I think that the idea of experimenting with this idea that has emerged from the laboratory, as the framers put it, that being the States, is something that I would be willing to support to ensure that we address some of the valid concerns that Mr. Price and others have raised.

So thank you very much for that, Mr. Chairman. Thank you again for having this. This is a very important panel, not that others aren't, but to have the wisdom of these three gray-hairs is something that I value and appreciate. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Dreier. I earned all the gray hair I have got. I too have an opinion about this, which I will give in 1 minute or less, I hope. And that is I believe that this process has given lots of good ideas. I am for transparency; that the American people would see benefit of what Congress is there and to get their job done. And I think we have heard the gentleman, Mr. Dreier, talk about there would be seen as no advantage to any party, but rather the advantage to the American people. I believe that they should have confidence in our system. This is simply an experiment. That is all constitutional government is. And if we dwindle down or take advantage of that trust that the public has put us in, then we in fact give away our advantage of a constitutional government, the ability to have people have confidence not just in what we do, but the outcome therein.

When I was in business I used to have a vision statement and a mission statement. I haven't spent a lot of time figuring it out on this, but I believe the vision statement should be with respect to this that it be for no one's advantage or disadvantage; however, that the American people would have confidence in our work product that we could deliver on a timely basis. And a mission statement should be something to enable the government to spend the necessary and needed resources to run the government efficiently and to follow the Constitution.

And I think that we have to transcend where we are, and look at perhaps in a better, brighter way, how we can fix not just ourselves, but also look at ourselves at the same time and say we are not in this for power, we are not in this for power against the President, we are not in this for power against any agency, but rather the benefit of commonsense utilization of us working together in at least three sides. There are Republicans and Democrats, and then there is just those that vote "no" on everything.

And I think we have to find a way to let the American people know that we have accepted this job.

All serious daring begins from within us. And that is why you are here. You still share the belief, I am sure, the same reason, Bill, when you were elected, David and Ed, and I know David Dreier shares this. The same spirit that brought him to Congress resides deep within him today to make the American people a little bit better.

I want to thank each of you for your time today, and I will dismiss this group, this panel at this time.

I would like to at this time welcome a second panel made up of two freshmen who are not only Members of Congress in the spirit of constitutional authority, but come, I believe, with the spirit of what brought them here still very alive and burns deeply within them.

I would like to, if I can, to have the gentlemen come to the table. First, Congressman Reid Ribble is a Member of the House Budget Committee and sponsor of H.R. 3577, the Biennial Budget and Enhancement Oversight Act of 2011, who along with our great Budget Chairman, Paul Ryan from Wisconsin, will push this idea. His legislation shares many of the goals that I believe Mr. Dreier's bill has before us today.

And also the gentleman, Congressman Steve Stivers, who is a distinguished Member of this body, is a member of the Financial Services Committee, a bright young voice about ideas that come from those back home who elected us. He is focused on debt and government spending in his first term, and he is a leading advocate for H.R. 114.

Without objection, your prepared remarks will be submitted to the record. And I welcome your testimony at this time. I would refer first to the gentleman, Mr. Ribble.

STATEMENT OF THE HONORABLE REID J. RIBBLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. RIBBLE. Okay. Chairman Sessions, Ranking Member Polis, and members of the committee, thank you for providing me the opportunity to testify today on my legislation, the Biennial Budgeting and Enhanced Oversight Act, number H.R. 3577. I introduced this bipartisan bill in December with Chairman Ryan, Chairman Jeb Hensarling, and several of my colleagues on the Budget Committee, including Representatives Marlin Stutzman, Todd Rokita, and Frank Guinta. This bill is part of the Budget Committee's broader process reform effort, and it currently has 30 cosponsors.

Before I discuss my bill, I would like to commend Chairman Dreier, Representative Whitfield, and Representative Timothy Johnson for their work on this matter and for putting forth two remarkable biennial budgeting bills. I am a proud cosponsor of both of them. The three of us have taken slightly different approaches with our legislation, but we all support what is important: moving to a biennial budgeting process in order to fix our broken budget system. I look forward to working with these two gentlemen and others on the committee to reform how the Federal Government spends hardworking taxpayer dollars.

I came to Congress just over a year ago with a cynical view of this institution. Having spent a year here, I can report that my view hasn't changed much. If anything, I am even a bit more cynical today. It has now been 17 years since Congress passed all 12 of its appropriations bills under regular order. We continue to budget and appropriate Federal dollars through continuing resolutions and omnibuses, failing to allocate taxpayer money in a deliberate way. With our national debt over \$15.2 trillion, we in Congress cannot afford to treat Americans' tax dollars with such callous disregard.

The budget process is the perfect platform to have an honest discussion with the American people about our spending priorities. But that discussion does not happen with a broken budget process. To put us on the right track, the Biennial Budgeting and Enhanced Oversight Act will help control spending by ending the ad hoc budgeting process, while at the same time increasing oversight of how taxpayer dollars are spent.

Under my bill, a biennial budget and all appropriations bills covering both years in the biennium would be passed in the odd-numbered years. Congress would conduct oversight and pass multiyear authorization bills in the even-numbered years. Authorization bills would cover no less than 2 years. The basis for my bill was the Spending Deficit and Control Act of 2009, as introduced by Chairmen Ryan and Hensarling. This bill contained a number of budget reforms, including a biennial budget.

In my bill, the Biennial Budgeting and Enhanced Oversight Act, a timetable for the biennial budget and appropriations bills would follow the timetable for the Congressional Budget Act of 1974, with Congress being required to complete a concurrent budget resolution by April 15. This would give appropriators, I believe, the necessary time to complete their work.

The budget timetable is one of the primary differences between my bill and Chairman Dreier's, and Representative Whitfield's bill, as well as Representative Johnson's bill, both of which will push the date back for Congress to finish action on the biennial budget from April 15 to May 15. Last year, the House passed our budget on April 15, meeting the required deadline. While I am sure we on the Budget Committee wouldn't mind having more time to do our work, I believe it is equally important to give the appropriators ample time to complete the 12 appropriations bills. By budgeting and appropriating in a calmer, wiser way, we could end the threat of government shutdowns, with which we all are too familiar.

The Biennial Budgeting and Enhanced Oversight Act would help agencies and businesses to plan their future as well. A biennial budget will allow agencies to plan for multiyear programs and projects, reducing procurement costs. This approach will help businesses that work with the various agencies and need the certainty that comes from a stable budget environment. The Federal Government has become adept at creating uncertainty for businesses over the years, and this needs to stop.

Prior to coming to Congress, I owned my own roofing company for over 30 years. While I owned my small business, I crafted 3-year budgets because I needed to plan for the future. By doing this, I was able to buy goods in an orderly manner and reduce costs. I

would have had a difficult time succeeding had I not taken the time to project what my costs would be in the coming months and years and then plan accordingly. If I had run my business the way the Federal Government spends money, stumbling from budget to budget, the uncertainty would have decimated my company. This is why I decided to introduce the Biennial Budgeting and Enhanced Oversight Act, to try to bring commonsense budgeting practices to Congress.

I thank you once again for inviting me to testify at this hearing today. I look forward to working with members on the committee on this very important issue, and I will be happy to answer any questions you have.

The CHAIRMAN. I appreciate the gentleman from Green Bay being here this morning and lending his private sector experience to his job and performance in Congress. I want to thank you very much.

[The statement of Mr. Ribble follows:]

PREPARED STATEMENT OF CONGRESSMAN REID J. RIBBLE (WI-08)

Chairman Sessions, Ranking Member Hastings, and Members of the Committee, thank you for providing me with the opportunity to testify today on my legislation, the Biennial Budgeting and Enhanced Oversight Act, numbered H.R. 3577. I introduced this bipartisan bill in December with Chairman Paul Ryan, Chairman Jeb Hensarling, and several of my colleagues on the Budget Committee, including Representatives Marlin Stutzman, Todd Rokita, and Frank Guinta. This bill is part of the Budget Committee's broader process reform effort, and it currently has over 30 cosponsors.

Before I discuss my bill, I would like to commend Chairman Dreier, Representative Ed Whitfield and Representative Timothy Johnson for their work on this matter and for putting forth two remarkable biennial budgeting bills. I am a proud cosponsor of both of them. The three of us have taken slightly different approaches with our legislation, but we all support what is important—moving to a biennial budgeting process in order to fix our broken budget system. I look forward to working with these two gentlemen and others on the Committee to reform how the federal government spends hardworking taxpayer dollars.

I came to Congress just over a year ago with a cynical view of the institution. Having spent a year here, I can report that my view has not changed. If anything, I am even more cynical today. It has now been 17 years since Congress passed all 12 of its appropriations bills under regular order. We continue to budget and appropriate federal dollars through continuing resolutions and omnibuses, failing to allocate taxpayer money in a deliberate way. With our national debt over \$15.2 trillion, we in Congress cannot afford to treat Americans' tax dollars with such callous disregard.

The budget process is the perfect platform to have an honest discussion with the American people about our spending priorities, but that discussion does not happen with a broken budget process. To put us on the right track, the Biennial Budgeting and Enhanced Oversight Act will help control spending by ending the ad-hoc budgeting process, while at the same time increasing oversight of how taxpayer dollars are spent. Under my bill, a biennial budget and all appropriation bills, covering both years in the biennium, would be passed in the odd-numbered years. Congress would conduct oversight and pass multi-year authorization bills in the even-numbered years. Authorization bills would cover no less than two years.

The basis for my bill was the Spending, Deficit, and Control Act of 2009 as introduced by Chairmen Ryan and Hensarling. This bill contained a number of budget reforms, including moving to a biennial budget. Under my bill, the Biennial Budgeting and Enhanced Oversight Act, the timetable for the biannual budget and appropriation bills would follow the timetable in the Congressional Budget Act of 1974, with Congress being required to complete a concurrent budget resolution by April 15. This would give appropriators, I believe, the necessary time to complete all of their work.

The budget timetable is one of the primary differences between my bill and Chairman Dreier's and Representative's Whitfield's bill and Representative Johnson's bills, both of which push back the date for Congress to finish action on the biennial budget from April 15 to May 15. Last year, the House passed our budget on April 15, meeting the required deadline. While I'm sure we on the Budget Committee would not mind having more time to work, I believe it is equally important to give the appropriators ample time to complete the 12 appropriations bills. By budgeting and appropriating in a calmer, wiser way, we could end the threat of government shutdowns, with which we all are all too familiar.

The Biennial Budgeting and Enhanced Oversight Act would help agencies and businesses to plan for their future as well. A biennial budget will allow agencies to plan for multi-year programs and projects, reducing procurement costs. This approach will help businesses that work with various agencies and need the certainty that comes from a stable budget environment. The federal government has become adept at creating uncertainty for businesses over the years, and this needs to stop.

Prior to coming to Congress, I owned my own roofing company for over 30 years. While I owned my small business, I crafted three year budgets because I needed to plan for the future. By doing this, I was able to buy goods in an orderly manner, reducing my costs. I would have had a difficult time succeeding had I not taken the time to project what my costs would be in the coming months and years and then planned accordingly. If I had run my roofing company the way the federal government spends money, stumbling from budget to budget, the uncertainty would have decimated my company. This is why I decided to introduce the Biennial Budgeting and Enhanced Oversight Act, to try to bring common-sense budgeting practices to Congress.

I thank you once again for inviting me to testify at this hearing today. I look forward to working with Members on this Committee on this important issue, and I will be happy to answer any questions you may have.

The CHAIRMAN. Mr. Stivers.

**STATEMENT OF THE HONORABLE STEVE STIVERS, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO**

Mr. STIVERS. Thank you, Mr. Chairman. I would like to thank Chairman Sessions and Ranking Member Polis for allowing me to testify. I would also like to thank Chairman Dreier and Representative Whitfield for their work on H.R. 114, and Representative Ribble for his work on H.R. 3577. I am a cosponsor of both bills.

Just as a matter of background, before I came to Congress I was a State senator for 6 years in Ohio, where we have a biennial budget. I was vice chair of the Finance Committee in Ohio, which has the same jurisdiction as the Budget Committee and the Appropriations Committee rolled into one in Ohio. So I have some background working with biennial budgets. And I can tell you from a perspective as somebody who has done it in a State that is fairly large and complex with a \$50 billion 2-year biennial budget, it can be done, and there are advantages.

And I have looked at some of the background from some of the folks who oppose this as well. And they talk about some of the planning and other problems. I did not experience any of those. I did experience that it worked. Ohio balanced its budget. Ohio made tough choices.

You know our current budget process here in Washington is broken. And I think that is evidenced by the fact that we haven't had a budget for a thousand days. We have been operating under continuing resolutions for multiple years. And the last time that the budget process worked as it was scheduled to was fiscal year 1997. So just as a way of looking back, that was 15 years ago, and I was 31 years old at the time. All of us were a lot younger back then. But that is a long time for the process not to work.

Even before I came to Congress, I advocated for a biennial budget. And I think that the bill that Chairman Dreier and Representative Whitfield sponsored would fix the process, although not be a panacea.

As I said, in Ohio we have a biennial budget. Nineteen States have biennial budgets, including Ohio and Texas, that are fairly large and complex. You know, in the first year of that biennial budget, Ohio passes the budget. In the second year, the Finance Committee focuses on oversight. There usually is a budget corrections bill which we would probably call a supplemental here. But in fact, it does give the Finance Committee in Ohio time to do the oversight of the important State agencies. And that would happen here at the Federal Government as well. And, you know, just like at the Federal Government, that State budget is broken into two separate annual budgets, but we passed the biennial budget and it works. I think it has created sound fiscal policy in Ohio, and it has worked for decades.

It does decrease the opportunity for politics to override policy decisions, in my opinion. And I think H.R. 114 and 3577 lay out that fiscally sound path. I don't think it would shift power between the administration and the Congress.

I would love to address Congressman Polis' question, if he gets a chance to ask it again. And I think if we look at the record of Congress as an institution since the Budget Act of 1974, Congress has only met its responsibility under the Budget Act 17 percent of the time. And so I don't think that we could make it much worse than it is today.

You know, I did think it was interesting, Chairman Dreier talked about maybe a hybrid system for a little while to put them next to each other. I think that would be an interesting thing. And I think there is nothing wrong with trying some new things. When you are succeeding 17 percent of the time, in any other business that would not be good. In the business of government, unfortunately, we put up with it far too long. But I am glad to hear that there are a lot of people really looking at it.

I do think that biennial budgeting does lead to business savvy, just as Representative Ribble talked about, because you can lock in longer term contracts. I know that that was discussed on the previous panel, too. And I think that gets better deals for taxpayers in the long run. It does require looking ahead a little further. I know the biennial budget group talked about they were concerned that you would have to look ahead 30 months. Well, I would be concerned about any entity that can't look forward 30 months.

And will it be perfect? No. In the budget projections that we have in Ohio in our experience are not perfect, but they work, and at the end of the biennium we balance the budget. So it does require some work in the second year, but, you know, I don't think the appropriators would have a problem with working in the second year. They are doing it now, and I think we can make that work.

You know, the other thing that some people bring up is, you know, there might be a loss of ability to respond to natural disasters, national security, or other events. There is nothing in a biennial budget that prevents supplemental or budget correction bills, just like we do today. I don't think they are any more prevalent than they would be in an annual appropriations process.

And of course let's again bring out that the annual appropriations process is broken. We end up with continuing resolutions more often than not, where we don't actually set the budget priorities, but we just continue on the spending decisions of previous Congresses. And I don't think that is good for the people or our Republic. So while I don't think biennial budgeting is a panacea, I do think it is a step in the right direction, and I think it can give us another tool in the toolbox that will work. It has worked in the States, including my home State of Ohio, where I have experience. And I hope we will continue to look at it in some form or another.

And I don't claim to come here with all the answers to all the questions, but if we can work together I think we can find a process that will actually be good for our Republic, good for our taxpayers. And I don't think it is about not parading our failures in front of folks, I think it is about moving toward success. And that is what we should be about. And when our success rate is 17 percent on budgeting, successfully completing the required tasks in the 1974 Budget Act, that is nothing to brag about. And I think there are things we can do to fix it, and I think this is one.

Again, I want to thank the chairman and the ranking member for allowing me to testify. I look forward to answering any of the questions that any members may have.

[The statement of Mr. Stivers follows:]

PREPARED STATEMENT OF CONGRESSMAN STEVE STIVERS (OH-13)

I would like to thank Chairman Pete Sessions (R-TX) and Ranking Member Jared Polis (D-CO) for holding this hearing on biennial budgeting today, and appreciate this discussion on ways we can make the Federal government fiscally sound. Additionally, I would like to thank Chairman David Dreier (R-CA) and Representative Ed Whitfield (R-KY) for their leadership on H.R. 114, the Biennial Budgeting and Appropriations Act of 2011.

Since coming to Congress last year, I have been working with Chairman Dreier and Representative Whitfield to reform our budget process and explain the merits of biennial budgeting and how this reform would improve the current Congressional budget process.

The current budget process is completely broken. As you may know, today marks 1,000 days since the Senate has passed a budget. This failure and Congress' inability to pass appropriations legislation in regular order shows that the Congressional budget process needs reform. Fiscal Year 1997 was the last year Congress passed appropriations in regular order.

Before coming to Congress, I advocated for a biennial budget. As an Ohio State Senator and Vice Chair of the Finance Committee, I had time to extensively review the state budget given the two-year budget cycle. Ohio is one of 19 states that operate on a biennial budget, and Texas and Ohio are two examples of large states with complex budgets that use biennial budgeting.

In Ohio, the biennium begins on July 1 of odd-numbered years and ends 24 months later on June 30. Within a biennium are two separate fiscal years, each beginning on July 1 and ending on June 30. This two-year budget process in Ohio has allowed for long-term planning of state programs and has decreased opportunities for politics to override sound fiscal policy decisions.

In the current budget process, Congress has only met its responsibility to pass appropriations in a regular order 17 percent of the time—17 percent is simply not good enough. Under H.R. 114, Congress would be spending the second session of Congress reviewing expired laws, and conducting aggressive oversight of federal programs to ensure taxpayer dollars are spent efficiently and effectively.

Biennial budgeting is also business savvy, as it allows the federal government to procure contracts with private companies and vendors in two-year increments potentially increasing the federal government's ability to lock in the best deal for the taxpayer.

I also want to point out that when Congress needs to act in response to a natural disaster, national security threat or war, H.R. 114 also includes provisions that will allow Congress to act swiftly.

Mr. Chairman, I believe the Ohio experience with the two-year budget has been successful, and a biennial budget at the federal level would be a useful tool in our continued efforts to cut wasteful government spending. Biennial budgeting is not a panacea, but it is a step in the right direction. Again, I thank the Chairman for this dialogue as we work to improve the federal budget process.

The CHAIRMAN. Your voices, strong as they are today, it is my hope that you will not have to look back 10 or 12 or 15 years, as our previous panel did, and say I gave testimony 15 or 17 years ago about this idea. I think your ideas are very appropriate for today. And so keep your words today, and let's see if we can move this idea along.

Mr. Dreier.

Mr. DREIER. Thank you very much, Mr. Chairman. And let me just express my appreciation to Messrs. Ribble and Stivers, both of whom as new Members bring a very important perspective. The perspective of the private sector that you bring, Mr. Ribble, is an important one. And as a senator in that laboratory of ideas, as I mentioned earlier, as the Framers put it, of a State that has taken this issue on and done so with a great deal of success is something that I hope we can learn from here. I would like to think that the legislation that we put together does allow us to do that, and I appreciate your support for the idea of our doing what opponents to biennial budgeting have said we ought to explore, and that is the notion of taking some incremental steps on the road towards laying the groundwork to see if in fact it is successful. And some of the questions that are out there that I recognize are more than valid can be addressed in some ways.

So I just again thank you both for being enthusiastic, hard-working, diligent champions of the goal that we all in a bipartisan way share, and that is to make this institution more responsive and representative to the will of the people to get our fiscal House in order, and to do the right thing on behalf of the people whom we represent. So thank you very much.

Mr. STIVERS. And Mr. Price did mention earlier that we do that in some cases now on multiyear budgeting. We need to do a better job of doing that I think. And I believe it would work everywhere. But if we want to look a few places to start and then compare to see the 2-year process versus the 1-year process, I think that is a great first step.

Mr. DREIER. Great. Great. Thanks. Thank you, Mr. Chairman.

The CHAIRMAN. Good point. Thank you, Mr. Chairman.

Mr. Polis.

Mr. POLIS. Yes, just a brief statement. I know that Mr. Ribble mentioned that his roofing company had 3-year budgets. And in my private sector experience in the technology sector and startups, 1-year budgeting is more the norm. Those are early stage growth start-up companies. Obviously, when you have larger enterprises that are more predictable, you can move to multiyear budgeting.

But there is no—just as we have in the public sector between the States, some States that have 1-year and some that have 2-year, I think in the private sector as well, you find a wide array of different kinds of companies. And it usually makes sense to come up with what best suits that company.

So it is really a discussion for what best suits the Federal Government. And certainly we all agree it is better to succeed in the process, whether you do it annually or biennially. But it has been very informative to hear some of the merits of doing it biennially. I yield back.

The CHAIRMAN. Thank you very much. I want to thank both of you for not only sharing your ideas, but taking your time in a very busy day that I know today represents, with the President of the United States will be before the United States Congress, a joint session of Congress and the American people to talk about his priorities for the new year. And perhaps none are more important than the budget which the President and this Congress do present to the American people, which lay out the responsibilities of government to produce things for the American people.

I want to thank both of you for being here today. I think you have been value added, and I appreciate you taking time do this. This panel is now excused.

Mr. STIVERS. Mr. Chairman, is there any chance I could respond to something that Mr. Price said earlier about Homeland Security in the context that Mr. Polis talked about?

The CHAIRMAN. I would welcome the gentleman's comment.

Mr. STIVERS. He did talk about when they stood up the Homeland Security Department, how important it was for some of that give and take early on.

Mr. Polis just referred to when he started up—was it Green Mountain Greetings or whatever, I apologize.

Mr. POLIS. Blue Mountain.

Mr. STIVERS. Blue Mountain Greetings, I am sorry, wrong color. But startups obviously do require a little more attention. And annual appropriations on things like Homeland Security that we are just starting up, I don't have a problem with. But the Federal Government is a very complex, large organization that has multiyear budget processes in place for most of these departments already. So I think moving to a biennial budget for most of the Federal Government, you know—the Federal Government is not really a start-up. It is hard for us to say that after 230 years. But I do think that most of the Federal Government would be fairly simple to move to a biennial process, although I certainly understand that there are opponents who think the benefits aren't there.

But I would love to at least try to move some agencies, including the Defense Department, which has a lot of issues with appropriations for technology, and for contracts for building systems, moving some of those large, more complex departments to a multiyear, much more stable appropriations process, I think there would be some real value to starting there.

Mr. POLIS. Could I have more time for a follow-up question?

The CHAIRMAN. Sure.

Mr. POLIS. Along those lines, aren't there times in fact when there are savings that can be recognized from the predictability? I mean when you have contracts that may or may not go on, and they are kind of artificially across the year, sometimes there are additional premiums built into work that others are doing for the Federal Government as a result of 1-year budgeting? Is that an issue that you see?

Mr. STIVERS. Yes, sir. And we have seen that in the Defense Department a lot, and in a lot of the acquisitions processes. If it goes across a Federal appropriations year, then usually there are added costs built in because of the uncertainty. And in fact, it is public information, you can see that, where the contractors build in costs

because of the uncertainty of the appropriations years crossing over. So I think the multiyear process could save some money. And that is not, again, going to happen in every case, but it could really save some money. So I appreciate the question.

The CHAIRMAN. Perhaps for sure it would stop what the testimony earlier—the starting and stopping, starting and stopping, as Congress does its job, and with more predictability to the success. Good. Thank you very much. I want to thank both of you, and dismiss this panel at this time.

Our third panel that we have today is from a distinguished group that we have tried to gather together here for this hearing. And I want to welcome Maya MacGuineas and Scott Lilly.

Maya MacGuineas is president of the Committee for a Responsible Federal Budget, and director of the Fiscal Policy Program at the New America Foundation. Her areas of expertise include the budget, entitlements, and tax policy. Before coming to the New America Foundation, Maya worked as a Social Security adviser to the McCain Presidential campaign. Prior to that, she worked at the Brookings Institute, Concord Coalition, and on Wall Street.

And Scott Lilly—who I welcomed earlier when he walked in today, Scott, welcome. Chairman Dreier and I and Mr. Polis are delighted that you are here also—is a senior fellow at the Center for American Progress who writes and researches on a wide range of areas, including government, Federal budgeting, national security, and the economy. He joined the Center in March of 2004, after 31 years of service to this body, the United States Congress. He served as a clerk and staff director for the House Appropriations Committee, minority staff director of that committee, executive director of the House Democrat Study Group, executive director of the Joint Economic Committee, and chief of staff to the gentleman who has just retired, the gentleman David Obey, who was a regular visitor here. And I know the Rules Committee is something that you have seen and enjoyed your experiences with us each time you would come before this committee. So I want to welcome both of you.

The gentlewoman, Ms. MacGuineas, is recognized at this time.

STATEMENT OF MAYA C. MACGUINEAS, PRESIDENT, COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET AND DIRECTOR, FISCAL POLICY PROGRAM, NEW AMERICA FOUNDATION

Ms. MACGUINEAS. Thank you. Thank you for having me here today. I am happy to testify on biennial budgeting and improving the budget process overall. I am the president of the Committee for a Responsible Federal Budget, which is a bipartisan organization. And our co-chairs are former Members Frenzel, Stenholm, Penny, and Nussle. And we have a board of people who have run OMB, and CBO, and the Fed and Treasury.

We also work on something called the Peterson-Pew Commission on Budget Reform, which came up with a number of recommendations. In the past we supported biennial budgeting, along with a lot of other budget reforms. Recently we have been focusing on how to come up with fiscal targets, filling that in with policy plans and triggers in order to keep the budget reforms in place.

So I share the belief, as I assume many of you do, that our budget process certainly needs major reform, that an improved process can both help force and enforce improved actions, and that process reforms are not a silver bullet with regard to fixing our looming fiscal crisis. So the only way we are going to fix that is if we put in place a large and comprehensive fiscal plan which addresses our major fiscal challenges. And the sooner we enact such a plan, the better it would be for the fiscal and economic well-being of the U.S.

But not only are our policies off track, our process is certainly broken and a mess. Deadlines exist in name only in many instances. Appropriations continuously fall behind schedule, leading to unwanted mini- and omnibuses. Gimmicks are regularly employed. And these problems only exist for the small portion of the budget that lawmakers annually mark up. The vast majority of our spending and tax policies are really on autopilot, leading to a system where our national priorities are neither fully thought out nor fully funded.

So today's hearing is specifically on biennial budgeting, which we support. Biennial budgeting would give Congress additional time for evaluation and oversight. Fixing our fiscal problems will require going through our spending and tax policies with a fine-tooth comb and determining what works, what could work better, and what does not work.

In addition to giving additional time, Congress would have more of an ability to conduct the type of needed oversights and work them into the budget process. Right now we collect an awful lot of information through evaluation and oversight, but it isn't really incorporated into the entire budget process. So in a time of limited resources, this will all become essential. And we just cannot afford wasteful spending when we are being forced to cut back on priority spending and increase revenues. A longer process would also provide more of the stability that we certainly need in our budgetary environments.

We should also consider—and this is something we have recommended in our recent reports—multiyear budgeting, in that right now the country really does need a fiscal plan that will get us to sustainable debt levels. That is going to take certainly a decade, if not more, to bring us back to, say, the neighborhood of the mid-sixties debt to GDP, and then over time back to our traditional levels of below 40 percent of GDP.

Given that so much of the purpose of putting in place a multiyear plan is to reassure markets, and provide economic stability, you need to know that any budget reforms that we put in place will actually stay on track. And so we want to find as many ways to make these reforms credible and enforceable, and provide the needed stability and security to the markets, to businesses, to households, and to policymakers.

We also know that we are going to want to put a multiyear fiscal plan in place immediately, and allow many of the changes to phase in more gradually. So you put them in place now, you budget for them, but you give them time to make changes.

So we basically, bottom line, have always supported biennial budgeting. We think that in many ways 2 years would help recognize the shortcomings.

I am very encouraged to hear in the discussion today the openness of sort of trying this out in incremental or different ways and seeing if it works. Because I don't think anybody thinks this is going to be the cure-all to any of the budgetary problems, but it certainly has the ability to make improvements, particularly in the oversight area. And giving that a try in some areas makes an awful lot of sense to me.

I also find something very appealing about an idea that does have widespread bipartisan support. And I have had the chance to testify in the Senate as well, and seeing how many Members have come on board to this idea. And I think there is something to be said for moving forward with things that do have bipartisan support in this very tough area of budget and fiscal reforms.

So I would conclude by reiterating how much of our current budget process is really failing the American people. We have nearly a dozen short-term continuing resolutions, we have had them over the past 2 years. This is no way to inspire confidence in Washington's ability to effectively govern at a time where we so desperately do need to have confidence that we can. The instability doesn't even stop there. There is still no consensus on other budgetary matters such as expiring and expired tax extenders, the doc fix, the AMT, the payroll tax holiday, the sequester, the tax cuts. We need to find a way to put more stability into this process, along with the necessary budget improvements for the fiscal situation.

So there is no question that when it comes to the budget there is an awful lot of work to be done. And I applaud the committee and the sponsors of this legislation for looking into biennial budgeting as one of those possible improvements. Thank you for inviting me today.

The CHAIRMAN. Maya, thank you very much.
[The statement of Ms. MacGuineas follows:]

PREPARED STATEMENT OF MS. MAYA C. MACGUINEAS

Good morning, Mr. Chairman and members of the Committee. Thank you for the opportunity to testify today on the important topic of fixing the budget process. It is a privilege to appear before the committee.

I am the President of the Committee for a Responsible Federal Budget. Our Co-Chairs are Bill Frenzel, Jim Nussle, Tim Penny and Charlie Stenholm, and our Board is comprised of many of the past Directors of the Office of Management and Budget, the Congressional Budget Office and the Chairs of the Federal Reserve Board and the House and Senate Budget Committees. I was also a member of the Peterson-Pew Commission on Budget Reform, which spent three years developing a collection of recommendations to reform the budget process, which can be a helpful component in overcoming our fiscal challenges. The Commission released a plethora of papers and two reports—Red Ink Rising and Getting Back in the Black that focused on the need to adopt multi-year budgetary targets, automatic triggers as well as many other budgetary reforms.

I share a belief with many of you and other members of Congress that (1) our budget process needs major improvements; (2) an improved process can both help force and enforce better policies; and (3) process reform is not a silver bullet with regard to fixing our looming fiscal crisis, but it can help. The only way to fix that is to put in place a large, comprehensive fiscal plan addressing our major fiscal challenges, and the sooner we enact such a plan, the better it will be for the fiscal and economic wellbeing of the United States.

Our budget process is just not working. Deadlines exist in name only; appropriations continuously fall behind schedule leading to unwanted mini and omnibus legislation, and gimmicks are regularly employed. And these problems only exist for the small portion of the budget that lawmakers annually mark up and decide. The vast majority of our spending and tax policies are on autopilot, leading to a system where our national priorities are neither fully thought out nor fully funded.

The Committee for a Responsible Federal Budget and the Peterson-Pew Commission have crafted a number of budget reform recommendations, which we call the 3-Ts of Targets, Triggers and Transparency, which we believe would enhance the current budget process. Among these are:

- Setting a medium-term debt target and a glide path of annual debt and savings targets to achieve it.
- Using broad-based budget triggers with no programmatic exemptions to ensure that targets are met.
- Following the enactment of a deficit reduction plan to stabilize the debt, using additional triggers and spending and tax expenditure caps to keep any plan on track.
- Requiring the President to issue annual progress reports on the effects of all newly issued legislation and progress towards longer-term fiscal goals.
- Presenting new budget allocations compared to the previous year's levels as well as other baselines Reforming the way for which emergencies are budgeted.
- Presenting tax expenditures by area alongside other spending in the same categories.
- Increasing the level of scrutiny and oversight on tax expenditures.

Today's hearing is more specifically about the budget reform known as biennial budgeting, a reform that the Committee for a Responsible Federal Budget supports. I will also spend some time speaking about an extension of this policy, multi-year budgeting, something the Committee finds particularly important right now.

H.R. 114, the specific bill we are discussing today, would move the discretionary budget from an annual appropriations cycle to a two-year budget cycle. The most popular argument in support of such a regime would be the additional time Congress would now have freed up to conduct other business—from additional program review and evaluation to a more careful look at our budget and budget programs currently on auto-pilot. Fixing our fiscal problems will require going through our spending and tax policies with a fine-toothed comb and determining what works, what could worked better, and what does not work. If given additional time, Congress would have more ability to conduct this type of needed oversight. In a time of limited resources, this becomes essential—we cannot afford wasteful spending when we are being forced to cut back on priority spending and/or raising taxes.

Over the years, Congress has mandated that agencies collect a significant amount of data to develop and track performance metrics. However, because of the compressed schedule and political realities, the budget is more and more rushed and legislators have less and less time to adequately use the wealth of data they receive to better align the nation's priorities with what programs we choose to fund and to remove waste and create efficiencies. Moving to a biennial system would give mem-

bers an entire year to better conduct program evaluation and better set spending and tax levels. Members would then have more time to find under-performing or duplicative programs and eliminate or reform them, or even find over-performing programs and allocate additional funds.

At the same time, a two-year cycle would give the executive branch and its agencies more time to craft their budgets. Adding an additional year would allow these agencies to operate on a more stable funding ground, preventing un-needed payments for fear of reductions in the following year's budget, and by allowing better longer-term planning. Much like how families and businesses would appreciate the stability added by having more certain taxing and spending policies (instead of the current system of short-term extensions, and the fear of looming tax increases and spending cuts created by the lack of a multi-year budget), giving additional time would add stability to executive planning.

Biennial budgeting is not without its flaws, though. There are a number of fears that go along with this reform, not unlike any specific reform policy, as this is not a silver bullet. From a legislator's perspective, moving to a two-year cycle would mean fewer times agency heads would have to justify their appropriations. Thus, agencies might be less accountable to Congress.

Additionally, there are real questions as to how biennial budgeting would work in practice—would the old annual appropriations process continue to exist because of a surge in supplemental appropriations bills? This is a real concern and it would require political will to prevent this from occurring. While supplemental funding bills are sometimes necessary due to the nature of government and the need to respond to emergencies or unforeseen events, creating a new budget cycle to see it exist in name only due to appropriators' desire to stay on a de-facto one year cycle would in fact only create more havoc and less stability. This could be avoided through more stringent definitions of what constitutes emergency spending and what could be part of a supplemental, or through other budget reforms.

Some of the budgeting work for the next nine years has already been done through the passage of the discretionary caps seen in the Budget Control Act. There is, in fact, no need for a top line discretionary funding level to be agreed to legally if the caps are followed—which is not to say that this Congress, or future Congresses, cannot change these levels. Nevertheless, adoption of these levels has removed a large part of the annual budget work and has added another impetus to move away from the annual system.

I would now like to highlight what I believe are some of the things that can be done with an additional year of budgeting within a two-year cycle.

As intimated previously, one possible use of Congress' time in light of a biennial regime would be increased oversight and exploration of federal programs, the tax code and possible waste and inefficiencies all related to the budget. But beyond that, one possible thing that we at the Committee have long supported would be to create a budget concepts commission. Such a commission would look into a number of issues, including many of those I mentioned earlier in my remarks, such as better accounting, particularly for long-term spending programs, fiscal exposures, insurance programs, and programs that are intended to be pre-funded; improving the construction and use of budget baselines; capital budgeting and dynamic scoring issues; tax expenditures; accounting for private securities; leasing and public-private partnerships; and trust funds. As the nature of budgeting continues to evolve, a freestanding budget concepts commission would likely prove immensely beneficial.

A second possible or additional matter Congress could address with additional time is a more careful review of national priorities. Congress could conduct a more detailed analysis of our taxing and spending policies and rank them versus what our national needs. This budget concept is known in other countries as portfolio budgeting and would focus on connecting the entire budget and tax programs with their intended objective. Time would be devoted towards ranking the programs, and the corresponding national priorities, to reflect what should be taxed and how much as each objective spending program receives. This would allow lawmakers more ability to have a transparent budget process over what the priorities are and how best to achieve them.

Related to this would be using the off years to engage in broader strategic planning for the nation. As of now, we do not have a national fiscal roadmap and no broader strategic path. We could use this time to identify long, medium and short-term strategic goals, take note of threats and new opportunities, political and economic changes etc. This would help guide policymakers as they hopefully engage in a more thoughtful budget process and allow them to take a step back on a regular basis from the nuts and bolts aspects of crafting a national budget. Not only do we not have a strategic plan, but we seem to be operating in the opposite with constant short-term measures, extenders and a never-ending political fight.

And finally, we could produce topical reports about the fiscal health of the country. Australia issues its Intergenerational Report every five years, which assess the implications of current policies over a longer time horizon and looks at the effects of demographic change on economic growth. Past efforts in the United States to integrate generational accounting have been, while technically challenging, extremely illuminating. A deeper dive into topics such as the interconnectedness between federal, state, and local budgets or fiscal exposures due to contingent liabilities and implicit budget commitments would be immensely useful in identifying, and hopefully avoiding, future budgetary challenges. Rising Medicaid costs, increased state pension liabilities and local government bankruptcies have the potential to impact the federal fiscal outlook—preparing for these events would lessen the negative consequences and all the federal government to better respond. Overall, there are numerous beneficial uses the additional time allowed would provide if the federal government moved to a two year cycle.

Related to biennial budgeting, but with significantly more upside, would be to develop a multi-year budget—something I'd like to take some time to discuss. Right now the country needs a fiscal plan to get us to a sustainable debt level with the debt on a declining path relative to the economy. Such a plan will probably need to span a full decade, which is a reasonable amount of time to make progress on reducing the debt to around 65 percent of GDP—though beyond that, we need to continue to make changes to bring it back closer to its historical level of below 40 percent. Ideally, we would put such a plan in place immediately and allow many of the changes to phase-in more gradually both to allow people to adjust as needed and to allow the economy to continue to recover. But in order to be credible, there has to be a real commitment to sticking to the plan in subsequent years. So if such a multi-year plan is adopted as so many fiscal experts have recommended, the policy then should be to assume that ten-year plan remains in place for the decade, though with enough flexibility to make necessary changes along the way to account for external changes that arise without derailing the overall glide path to an improved fiscal situation. One of the purposes of putting a plan in place is to reassure credit markets and rating agencies, and provide families and businesses with the stability they need to plan, invest, and help grow the economy. If this plan is seen as something that can be changed dramatically year-to-year, it will not provide that security or stability.

Therefore, the Committee for a Responsible Federal Budget has been focused on how to put a multi-year budget plan in place, as well as incorporate the necessary enforcement mechanism to keep such a plan in place. Besides adding the desperately needed stability, multi-year plans have the advantage of becoming the de-facto budget—they stay in place until an entirely new multi-year budget is agreed upon. As a result, our current practice of constantly missing deadlines, endless extensions, consistent fears of a government shut-down and the specter of a fiscal crisis, would end.

Nevertheless, I must emphasize that while I am fully in favor of budget process reforms that move the process in a more positive direction, they are in no way a replacement for the tough budget policy choices that have to be made. The Joint Select Committee on Deficit Reduction failed in making these tough choices, and we now have a \$1.2 trillion spending trigger that is set to go off January 1st of next year—something some are discussing ways to turn off with no corresponding savings. Turning off the trigger completely would send a signal to markets and the American people that Washington is unwilling to make any tough choices—it might even risk another downgrade. Even with savings equal to the trigger, though, that will be insufficient to prevent debt from continuing to rise as share of the economy this decade, and particularly insufficient to stabilize long-term debt based on our current trajectory. We need to focus on the largest problems in the budget, particularly entitlement spending on health care and retirement and an outdated and inefficient tax code, and come up with larger savings in order to bring the debt down to sustainable levels.

While fixing our broken budget process would certainly help achieve these goals and are critical to making them stick, the actual decisions made on policy choices regarding what and how much spending to cut and what and how much revenue to raise are the only ways to actually fix the real problems with our budget.

I would like to conclude by once again reiterating how much our current budget process is failing the American people. We have had nearly a dozen sort-term continuing resolutions over the past two years—this is no way to inspire confidence in Washington's ability to effectively govern or in the fiscal policies that will be in place going forward. This adds significant instability to the economy at a time when the recovery is still fragile. But the instability doesn't stop there. There is still no consensus on other budgetary matters, such as expiring and expired tax extenders,

the 'doc fix', the alternative minimum tax, the payroll tax holiday, the sequester and the looming 2001/2003/2010 tax cut expiration. If moving to a biennial system gives the added time needed to focus on important fiscal policies decisions, then we should move to it. Because we need a better process so we all can better serve the American people and also help our economy, we need a multi-year fiscal plan to address our fiscal issues.

Relying on a more rational timeframe for budgeting is one of the process changes we believe will have positive results. Accordingly, while I would urge Congress not to focus on process as a replacement for policy, biennial budgeting or multi-year budgeting would be a useful tool in helping to deal with America's significant budgetary and fiscal challenges.

Thank you again for the to testify today and to the many members of this Committee for your leadership on these critical issues. I look forward to your questions.

The CHAIRMAN. The gentleman, Mr. Lilly, is recognized.

**STATEMENT OF SCOTT LILLY, SENIOR FELLOW,
CENTER FOR AMERICAN PROGRESS**

Mr. LILLY. Thank you, Mr. Chairman, Mr. Chairman, Ranking Member. I guess I am going to try to build on what Dave Price said earlier. I find some aspects of a biennial budget attractive, but I find the downsides much more unattractive.

I have got three basic points I want to make. The first is that biennial budgeting will not help ease gridlock. There are two basic things that are driving the gridlock that we have in this institution. I would say that there have been several references to the last time we passed all the appropriations bills on time. In 1996, Bill Livingstone was able to get an omnibus approps bill in at the end of September, which President Clinton signed in October, a couple weeks into the fiscal year. The only time in the last 60 years that we have passed all 13 bills independently and had them signed into law at the beginning of the fiscal year was in 1994. And I was clerk of the Appropriations Committee when that happened. So I know what kind of a struggle it is. And I also have a real appreciation of how important it is to give agencies the time to effectively obligate funds.

But having said that, I think what makes it impossible for the people who run the Appropriations Committee today to meet that standard is the very deep ideological divide in this institution. You have got about half of the House and half of the Senate that want to significantly reduce government, and another half that do not. And that is not something that process can solve. I think biennial budgeting simply ups the stakes and makes compromise more difficult.

Very often when we have had trouble moving appropriations bills, we agree to a shorter time frame in order to get a greater consensus and more time to argue, more time to resolve differences. There is no question in my mind that that is what would happen with this. A 2-year appropriation is much higher stakes than a 1-year appropriation. Furthermore, there is a lot more time to maneuver. If it is for 2 years and you end up arguing for the first 12 months of the 2 years, you really don't hit the brick wall. Repeatedly, there has been an attempt to move the brick walls that the legislative process faces in order to resolve timing differences. That almost never works because it is the brick wall that causes Congress to ultimately act. And I think that is what you face here.

The second thing that I think, and I am amazed that this discussion hasn't gotten into this, the real problem with appropriations through the years has not been in the House at all. Even when the House had less ideological divisions, it has been the Senate that has failed to act. Time and time again, Chairman Young and Chairman Lewis were able to move all of the appropriations bills through the House in the month of June, or at least by the middle of July, only to have them languish for months and months in the Senate.

Now, the perfect example of why that happens is the 2010 energy and water appropriations bill. The bill passed the House overwhelmingly, went to the Senate with broad support, attempted to

bring it up, there was a hold placed on it. The majority leader tried repeatedly to get the hold lifted. Finally, at the end of July, just before the August recess, filed cloture, was able to wait the amount of time and collect the number of votes to move that bill, which then passed 85 to 7.

Now, if you have that repeatedly you just simply can't get the bills through. And that is, with the leadership of both parties in the Senate, the problem they face. They cannot move legislation. This has always been possible under the Senate rules. But until the last decade, it was never practiced. So unless the Senate changes those rules—and I did a proposal last year for different Senate rules—no matter what the House does, you are going to end up languishing appropriations bills and not acting. And it will only be when you have finally hit the final end that the Senate will turn around and say, okay, we didn't bring these bills up, but we will agree to an omnibus that we put together. And I think you just have to face that problem.

And I think it is destructive to reaching a solution to that problem to pretend like there is another problem. There isn't another problem. It is the failure of the Senate rules to allow the Senate to act in an expeditious manner.

Now, the second thing I think is important here is we don't have enough information to reliably make intelligent decisions about spending levels this far out. Let me give you an example. We are going to start spring training in about 3 weeks with the pitchers and catchers reporting. That is about the same time that the budget officers start going to meet with section chiefs throughout the Federal Government. They are not going to be working on the budget that will take place or go into effect at the time of the World Series. They are going to be working on the budget that will go into effect a year from then. All right. Much of that money will actually not be spent until the end of the fiscal year, because that is the way it works. Most obligations of contracts or grants tend to take place in the last 3 months of the year. So we are talking about July, August and September of 2014. Nobody in this room knows what the unemployment rate is going to be, which programs are going to show up with serious management flaws in that time frame. And that is the time frame we are working on now. And we are talking about extending that another 12 months.

I don't think that is good management. I don't think that the board of directors of this organization, which is the Congress, should give the executive branch that much latitude.

Now, I would say the record of the States is much less mixed than I have heard described in this room. At the end of World War II, there were only four States that had annual budgets. In 2000, when the hearing on this legislation was held, I helped work on testimony, and it had risen to 29 States. It is now 31 States that have moved from biennial to annual budgeting. So they recognize that they can't see that far in the future, that they are giving some agencies too much money and other agencies not enough money to provide vital services.

Now, the other thing I would say about that is look at what has happened to the Congress in the last 10 years. The last time, 12 years ago, when this hearing was held, Congress was doing a pret-

ty good job holding to an annual budget. In the 10 years that preceded that hearing, we had \$100 billion in supplemental appropriations over that period. Now, that is probably too much. Half of that was the Gulf War, which was money that was paid back into the Treasury. But even if you count the money that was paid back, we only had about \$100 billion, which was about 2 percent of all discretionary spending.

What happened in the decade since then when we were looking at biennial budgeting? We went to biannual budgeting. In fact, you might even say we went to bimonthly budgeting. This committee reported 29 resolutions waiving points of order under the Budget Act for supplemental appropriations that amounted to \$1 trillion in the last 10 years, about \$100 billion a year, 10 percent of discretionary spending every year.

I don't know why anybody would be worried about when the budget resolution is passed, given the lack of deference that is given to that resolution in this body. We have just simply walked right past the budget resolution. We have no plan. We simply appropriate what we think we need, and then if we need more we appropriate more. That is the way we have operated. Part of that I think was just an abuse of process. We should have gotten away from that. But part of it is that an awful lot of these things can't be seen that far in the future.

I worked for a long time when I was here on trying to improve the computer system at the FBI. On 9/11 they couldn't send digital photographs to their field offices. Now, we put millions and millions of dollars into that system, and it took years to get off. And it is still struggling. Those kinds of programs need to be looked at all the time. And they need to be funded on a year-to-year basis, and they need to be cut when they are not ready.

Mr. Young talked about the need to give multiyear funding to the Defense Department. The best thing that the Appropriations Committee did the entire time I served on it was when Jerry Lewis cut the F-22 significantly. Now, it wasn't that we lost planes, it was we sent a warning shot to the Air Force: Straighten this program out or you are going to lose it. And we have a much better plane today because the Congress did that.

Now, the third thing I want to talk about is the balance of powers and the role of the Congress. I think that is a much bigger issue today than it was 12 years ago. I think the Congress is really failing to play its role under the Constitution. And I think the deep concern that the Founding Fathers had that the executive branch could get away from the American people, and the reason they created a Congress and gave them this power, was very well justified and justified by what the executive has done over the last decade.

And if there is one thing that I would like to leave with the committee it is the fact that the power of the purse is relatively meaningless unless the Congress knows exactly what the money that they are appropriating is being spent for. And today I do not think that is true. I am amazed at how much the view that the executive branch is a benevolent partner in this relationship. That has been my experience, and we have had nine Presidents since I was first an intern on Capitol Hill, and none of them was anxious to share information with the Congress. It was hard-fought all the time,

(every time,) and it was particularly hard-fought on programs that were in trouble, programs where there was a disagreement between the Congress and the executive branch. And I think it has gotten worse, not better.

I think the last administration was outrageous in their willingness to just absolutely deny information that the Congress deserved. And I wish that I could say there had been more improvement under this administration.

I am doing a project with somebody outside for the Center for American Progress on the information available to budget makers both in the executive branch and the legislative branch. And one person, a senior staffer on the House Appropriations Committee, told us in the interview we did, "I am struck with how little useful information the committee now gets in making funding decisions. We are getting more and more pages, there has certainly been no decrease in the number of pages, but the amount of useful information is really very little." And in referring to one agency said, "It is essentially a \$10 billion black box."

Now, if we have that problem with year-to-year annual appropriations, I think that problem is going to get a lot worse. Think about the schedule that you are going to have. A Member gets elected in November. He comes here in January to be sworn in. In February he gets the President's budget. In March and April he has got an opportunity to comment to the Appropriations Committee. In June he votes on the budget and he is done. Why does anybody in the executive branch need to call him after that?

A lot of these people, these agency heads that you are talking about, they are going to be gone by the time you get reelected. And you know, my experience is they are not very cooperative at all, even when they know that you have a chance to go after them. The fact that we haven't been going after them often enough means—is the reason that it has gotten worse, in my judgment.

So I think that there are many areas of reform that we need to look at. The system clearly is not working the way any of us would want to, but I don't think the biennial budget is the road to go down. Thank you.

The CHAIRMAN. Thank you very much.
[The statement of Mr. Lilly follows:]

PREPARED STATEMENT OF MR. SCOTT LILLY

There are some of us on both sides of the biennial budgeting issue who feel that this is exactly what Yogi Berra meant when he said, “Deja vu all over again.” It seems that this committee has been having hearings on this issue since I was a young Hill staffer and Abraham Lincoln was president. Twelve years ago I worked on testimony for my former boss, David Obey, for a hearing on a very similar bill introduced by the gentleman from California who chaired this committee then as he does today.

Obey argued that state governments were turning away from biennial budgets because the long time horizon required in a biennial budget led to faulty decisions about funding levels leading to excessive appropriations in some instances and loss of needed services in others. He pointed out that only four states used annual budgets at the end of World War II but that number had grown to 29 by 2000. Today it has grown to 31.

The move to biannual budgeting

The biggest change that has taken place in the time frame for budgeting has been at the federal level. In the decade prior to the 2000 hearing, Congress had been fairly successful in sticking with annual budgets. During that entire decade less than \$100 billion was provided in spending outside the regular appropriation bills. More than half of that was funding for the First Gulf War, and that money was repaid to the Treasury through contributions from other countries. But even counting the money that was repaid as supplemental spending, average annual discretionary spending outside of regular appropriation measures was less than \$10 billion per year, or about 2 percent of total discretionary.

Since the 2000 hearings on biennial budgeting, we have shifted dramatically away from annual budgets—but toward biannual or one might even argue bimonthly budgeting. In the decade following those hearings, this committee reported 29 resolutions waiving budget act points of order on supplemental appropriations totaling more than \$1 trillion. On average, supplementals have accounted for about \$100 billion a year in spending above the amount permitted by budget resolutions of that period or a little more than 10 percent of discretionary.

That has had a profound effect on our government. We in effect have not had a budget process. We agree to not spend above a certain level until we decide to spend more.

Anticipating resource needs too far into the future

The experience of the past decade also makes it clear that it is difficult to anticipate needs even within the current annual time horizon for budgeting.

In about three weeks pitchers and catchers will start reporting for spring training to get ready for the 2012 Major League Baseball season. At about the same time, federal budget officers across the government will start putting together the president’s annual budget request—not for the fiscal year that begins at the end of this baseball season but a full year after that. Since much of the grant and contract money will be obligated at the end of that fiscal year—which will be August and September of 2014—there will be a 33-month time lag between the beginning of the current budget process and the much of the spending that it will facilitate. Biennial budgeting will add 12 months to that timeframe and simply speaking, nobody’s crystal ball is that good.

Nobody in this room really knows what employment in this country will be like in the summer of 2015 or what types of security threats we will face, or how much the management of troubled programs will be improved or diminished, or how much revenue the Treasury is likely to collect.

It denies the Congress, and indeed the American people, the opportunity to move resources to emerging priorities, and, equally important, it denies the opportunity to cut funding in a timely way for programs that are underperforming or are no longer relevant to the problems we face as a nation.

Protecting checks and balances

Another point that was made in the 2000 Obey testimony was important then but it is much more important today: the impact that biennial budgeting has on the ability of Congress to play its role as a coequal branch of government.

The founding fathers would be incredulous at what now stands on the banks of the Potomac, the seat of a government of more than 300 million people—nearly 80 times the population represented by the delegates of the Constitutional Convention. The real per-capita GDP of those 300 million is about 40 times that of the 4 million Americans who lived in the colonies at the signing of the Constitution. The govern-

ment of this country now both facilitates and regulates commercial activity that is more than 3,000 times greater than it was in the beginning.

Those who gathered in Philadelphia had two central concerns. First, that we create an executive vested with the power that would make it capable of governing a country as large as the 13 colonies and, of equal importance, that such a government would not become so powerful that the American people would lose control over it. That is why you people (members of Congress) occupy this building. You were created to be a check on the misuse and abuse of power by the executive. And to the extent that was an issue in 1789, it is an issue that is about 3,000 times bigger today.

The founding fathers gave Congress certain tools that they hoped would counterbalance the authorities granted to the executive or, if you will, would make Congress an even match for the president. The most fundamental of those tools was the power of the purse.

What we are discussing today is a very fundamental change in the way Congress is able to use that power. It deserves thorough and serious deliberation.

If I could leave you with only one point to consider today, it would be that the power of the purse is meaningless if Congress does not understand how the money the executive branch is requesting is likely to be spent, and getting that information is never easy. Today it is harder than ever. We have had nine presidents since I first worked as an intern in the House of Representatives, and not one of them was anxious to share his plans or explain his programs. But based on research I have been doing over the past two years, I am convinced the quality of information Congress gets has deteriorated significantly. Some presidents have gone to extraordinary links to keep Congress in the dark, and I would single out the previous administration in that regard. At the same time it is often more difficult to get good information because the agencies themselves don't have the facts necessary for good management or decisions about resource allocation.

Among the dozens of budget professionals in both the legislative and executive branch that my colleague and I spoke with on this matter in recent years, a House Appropriations staffer made the point succinctly:

I am struck by how little useful information the committee now gets in making funding decisions. We are getting more and more pages. There has certainly been no decrease in the number of pages. But the amount of useful information is really very little.

Referring to one agency he had responsibility over he said, "It is essentially a \$10 billion black box."

Among those we interviewed we found a clear consensus that the quality of information now being used in decisions about resource allocation has deteriorated, and in certain agencies even that is not available to Congress.

But the founding fathers expected presidents to overreach. That is why they gave Congress the extraordinary powers that are guaranteed in the Constitution. But only Congress can assert those powers. It is the fault of Congress that so much of the federal budget flows into accounts that are poorly understood and go to programs that lack clear goals and clear records of performance. It is the fault of Congress that far less relevant information is contained in the annual budget justifications submitted by executive agencies today than was true in the past.

If Congress has allowed its authority to demand the truth to slip away under a system of annual budgeting, I ask you to speculate on what would happen if agency heads walked away in October of odd-numbered years with all the money they need for the next 24 months, as is proposed by the legislation before this committee? Let's think about that schedule for a minute. A member is elected to represent his district in November; sworn in as a member of the House in January; gets the president's budget requests in February; has a chance to testify or make recommendations to the appropriations committee in March and April; and in June votes on all 12 appropriation bills. That is it. He or she is done for the Congress. Why would an agency head return a phone call? There will be 20 months before the next budget is submitted, and a member of Congress will have to get re-elected before the White House or any agency will likely need anything a member of Congress—or a committee of Congress, for that matter—can offer.

While Congress may be free to hold hearings during that period, what is the stick going to be for agencies that don't cooperate? As former Congressional Budget Office Director June O'Neill testified before this committee some years ago, "Congressional oversight that is divorced from the purse strings may be less effective than oversight conducted through annual appropriations hearings linked to agency funding requests." I would go further. The most troublesome agencies in the federal government—those proceeding with policies and approaches that the Congress disagrees

with—will be far less likely to cooperate once their biennial budget is in place with any hearing or oversight activity.

Theoretically Congress could extract all of the commitments they need from agencies before the June deadline for voting on appropriation matters has past. But that time period passes in a flash. It takes the better part of a year to put a good oversight investigation in place and by that time the opportunity to insure cooperation and extract the penalty for noncooperation will have expired.

Need for reform

I do not criticize this proposal because I am an old-time appropriator who is happy with the way things are or the way things used to be. There is plenty wrong with the way the system works and serious changes that need to be made. Appropriators need to be critics of the programs they oversee and not cheerleaders for those programs. The congressional schedule should accommodate the opportunity to have thorough hearings on each agency's budget request. The committee should have sufficient staff to fully monitor the justifications of each agency under its jurisdiction, and staff resources should not be squandered on earmark management. Oversight committees should discover the world of oversight—they might like it. The Senate must take steps necessary to ensure that expired authorizations can be brought to the Senate floor. CBO has just reported that of the \$640 billion in nondefense discretionary spending in the 2012 appropriations just enacted, \$241 billion, or 40 percent, is not authorized. My belief is that committees no longer charged with enacting legislation for programs within their jurisdiction are also no longer engaged in any real oversight.

There is a lot of work to do but unfortunately, biennial budgeting will add to our problems, not reduce them.

Biennial budgeting will exacerbate, not relieve, gridlock

I also want to address an argument that seems to be gaining more currency, an argument that I find somewhat remarkable: that two-year budgets will help Congress perform its work in a more expeditious and timely manner. Congress has two serious problems with respect to the timeliness of its actions on budget and appropriation measures. First, close to half the members of both houses of Congress favor dramatically smaller government and about half do not. There are not many people in between and in the Senate a 60 percent majority is required to break the deadlock. That issue will not get easier if Congress is voting on a two-year budget rather than a one-year budget—in fact it is likely to get harder and the timeframe allowed for its resolution is likely to grow.

The second problem involves Senate Rules. Even when there is broad consensus in the Senate, it is often impossible to move appropriation bills. A good example was the FY 2010 Energy and Water Appropriation on which a “hold” was exercised for much of the summer of 2009. After the majority leader finally introduced a cloture motion, waiting the requisite number of days and collecting the requisite number of votes, the bill passed 85 to 9.

This kind of obstruction has always been possible in the Senate but for most of our history it never happened. In 1994 the Senate passed a few appropriation bills in June and most of the rest in July. By September 30 we finished every conference report and delivered every bill as separate legislation to the president. But the old rules do not work with the current Senate membership. It is no longer possible for the Senate to consider all 12 appropriation bills—and in particular consider them before the beginning of the new fiscal year. They are now immaculately conceived in conference some months after the fiscal year has begun and without ever having been debated by the full Senate. Lengthen the fiscal year and you simply give the Senate more time to cogitate about when they will abandon their broken system. It would be far better to address the real problem.

In 1974 the Senate agreed to an important exception to the rule of unlimited debate—an exception that we now refer to as reconciliation. It is time for the Senate to adopt a second exception to ensure the deliberate and timely consideration of all appropriation measures. All debate on each measure could be limited to no more than 16 hours—except that each senator who chose to offer an amendment could do so even if the 16-hour time limit had been exceeded. Debate on a single amendment could be limited to one hour.

If this kind of reform were enacted, then most senators would have more say in appropriation matters than they do presently. The Senate would be able to pass funding bills and get their bills to conference committee with the House in time to send final legislation to the president before the beginning of the fiscal year. And a more orderly and structured approach to appropriations would free the Senate to spend more time on other important legislation.

Conclusion

We must be realistic about what we are capable of doing. We cannot see far enough over the horizon to effectively allocate resources three years in advance. We can and must restore a system of annual budgeting that will pose much less risk to the country than experimenting with a system that will almost certainly weaken a branch of this government that is too weak already.

The CHAIRMAN. You know, you made an analogy to baseball. Lots of championship playoffs are no longer with stalemate. They have rules now to where there are no ties, so you can't tie the game. There are provisions for what you do when you get into trouble or are unable to make a decision. And I think this would be one of those where we would give the power back to the people that need it. And if the process would work well, we would understand what it is and do it every other year, once again for the success. Thank you very much, both of you, for your testimony.

Mr. Dreier.

Mr. DREIER. Thank you very much, Mr. Chairman. Thanks to both of you for being here. And thanks, Ms. MacGuineas, for your support of our effort here.

And I would like to just engage Mr. Lilly, if I might, for a moment. First, I mean I disagree with a number of the arguments you made. First of all, no one on this panel, Democrat or Republican, has claimed that the States have been the perfect example. I don't know how you came to the conclusion that something is coming from this panel. I went through the fact there has been an exchange, a give-and-take on that. And some States have moved from annual to biennial, back to annual. Some have moved from biennial to annual, back to biennial.

Mr. LILLY. My only point was that a lot more have moved from biennial to annual.

Mr. DREIER. I understand that. I understand that. But the fact is, there has been this fluidity. And we did have an example of—if you look at large States like Texas and Ohio, I mean there are a number of large States, and I know there is this notion that it is only small States that have been involved in this, and that is not accurate.

The other thing that I would say is I think that you are wrong in claiming that half of the House and Senate would like to reduce the size of government and half wouldn't. I find many Democrats join in the effort to try and bring about—Mr. Polis being an example—the size and scope and reach of government, and they want a greater degree of fiscal responsibility.

While I acknowledge we have gridlock here, I mean I think that there are a number of things that have been done to address that. Much more needs to be done. As I look at the studies that have been done by the National Council of State Legislatures and then the study from the Center on Budget and Policy Priorities, and I go to their conclusion, the National Council of State Legislatures actually points to the fact that there may be enhanced oversight. And there is not a conclusion on this. And similarly, the other group here, the Center, talks about the idea of a pilot program.

What reaction do you have to what I threw out here of maybe just taking and building on what Mr. Young had talked about? Because I mean, I think I have made it pretty clear I don't see this as a panacea. I don't believe that all of the budget challenges that we have, I don't believe that the problems that exist out there are all of a sudden going to be solved if we do move to a biennial process. But I do think, again, back to what I started with, the Einstein quote, we have been doing this since 1974. You have to acknowledge that the 1974 Budget Impoundment Act has not worked. And

you know, you can point to the Senate. Listen, Kent Conrad is one who again was a virulent opponent, I mean to this notion, and he believes that this would go a long way towards doing it.

I understand the power of the hold and the changes to the rules in the Senate that need to be addressed. But I do think that for us to explore this by taking some incremental steps, which is what I have thrown out on the table as an alternative to this, is something that would be worthy. What thoughts do you have of our trying to look at that?

Mr. LILLY. Well, first of all, I think that the multiyear funding is actually more prevalent than even Mr. Young—I mean, I can't think of any time that we have funded an aircraft carrier that we didn't put the whole amount down. And that money is spent out over 5 years. If you go to the Public Buildings Office at the General Services Administration, one of the problems we have right now is this Congress cut back the leasing funds, and they have multiyear leases, so they are going to have to pay cancellations simply because of the changes. I don't think that is a good thing. I think that the Appropriations Committee ought to recognize that they are going to face those problems when they do that. It is not going to lessen when you have a multiyear or a single year.

But an awful lot of procurement is multiyear, an awful lot of the contracting the government does is multiyear. It is pretty sensible most of the time, although I think you can find areas where it is not. One area that I think that this addresses that could be very important, is when we extend, when we fail to pass appropriations bills on time and we let it go into January, February, as we did then, when the money is finally apportioned by OMB, agencies have about 6 months to obligate that money. That is not enough time to go through the regular contracting process. It results in short-circuiting that. So no-bid contracts become more prevalent. It doesn't allow as good a review of grant applications as you should have. And so I think we should try to address that.

My feeling is that the best way to address that is to put more pressure on the Congress to finish appropriations in time. The problem with going multiyear on the things that we don't already, is you tend to start getting into controversial issues when you do that.

Mr. DREIER. Would there be particular areas that you think we might be able to explore that are better than others?

Mr. LILLY. Let me give you an example of an information problem we have and a problem with implementation. You take the Bureau of Prisons. Now, that ought to be something, we kind of know how many cases are in court, we know that the prison population is likely to grow. We have repeatedly appropriated less money than we needed there. Now, the reason is the Justice Department doesn't allow that information to be transmitted because they don't want to allocate that much money to the prisons. They want to keep it for initiatives that the Attorney General has. So we end up with undercutting.

This has been verified both in GAO studies and the appropriations staff studies, that in fact Bureau of Prisons knew exactly what they wanted. Sure, we ought to just put them on pretty much automatic pilot and say this is something that we could go through

down the years. But there is an awful lot of manipulation of the numbers there. And I think that manipulation is likely to continue, whether you have biennial budgets or annual budgets. We fail to anticipate their needs in an annual budget.

Mr. DREIER. I just wondered if you might think about for us, as we look at possibly taking an incremental approach to this, if you might think about areas where we could address some of your valid concerns. I share your concern about economic prognostication and the economic conditions for the future.

I mean, I do think that though some people say we will have more continuing resolutions if we proceed with the biennial process, but you know what, we have continuing resolutions now. If conditions, economic conditions do change and we need to have the ability to address it, the fact that we have done this in a biennial way does not undermine the ability to address those changing economic conditions in the future. So I think that, you know, I mean it makes it challenging, I will acknowledge, but I think that there are also tremendous benefits.

Anyway, I would love to have, you know, any thoughts or recommendations that you might have, if you could take some time, and even, you know, with your think tank if you could explore steps because, again, it has been the opponents who have talked about the idea of maybe exploring this with an incremental approach, and if you could do that, I would very much appreciate it.

Mr. Chairman, thank you very much for allowing me to ask these distinguished panelists questions, and thanks again for holding this hearing. I think it has been very helpful, and again I agree with your argument that we hope very much that we don't have to, you know, a dozen years from now be dealing with the same thing, and be able to take some kind of action on this. Thanks to Mr. Polis, too, for his very thoughtful exploration of this issue.

The CHAIRMAN. Chairman Dreier, thank you for not only your leadership in this idea for the years that you have been in Congress, but also the time to apply the proper way to get it done now so that we can gain the—so the American people can have confidence in that which we do. Mr. Polis.

Mr. POLIS. I want to thank our panelists for being here.

Just one quick question. We all have our kind of pet causes with regard to the budget, and one that I have long been interested in is why we have no capital budget at the Federal level, and that is a separate issue.

Other than that, I am wondering if moving to biennial budgeting would, in fact, be a first step towards a capital budget insofar as it would allow capital projects to be expensed over 2 years under this proposal, rather than all in the year that they are made. If either of you know the answer. If not, we can find it elsewhere.

Ms. MACGUINEAS. I guess I will respond more broadly to the capital budget, which has always been something that we have been drawn to, because obviously, I mean, one of the biggest challenges we have is how do we repurpose our budget so that we focus more on investment and away from consumption? And part of the budget process, if it were to reward those changes, it would make it much easier to do that, because right now you don't get credit for investing in things that have returns over time and promote growth. I

think the risk has always been, of course, the political risk, which is that you start counting everything as investments, which just happens to be your favorite program. And we have seen this in so many ways, that something that is pro-growth in times when the economy is good suddenly becomes stimulus in times when the economy is bad. So I think that is the trade-off.

I am not sure that the expensing would be altered in terms of biennial budgeting because that would have to do with the tax laws. But do you know? I think that is a tax law issue more than it is the budgeting window.

Mr. LILLY. Yeah, I agree. I mean, I certainly think there has been a very destructive bias against investment in the Federal budget, and as entitlements grow and so forth, the appropriations process is squeezed down. That is one reason I think you hear so many complaints about the uncertainty of Federal budgeting, is that the small part of the budget which is discretionary spending, particularly domestic discretionary spending, absorbs all of the desires for cuts, and that really cuts into investments.

The question with the capital budgeting is, which investments are you going to call investment? I mean, is highway construction more of an investment than NIH research? And, you know, I would like to see something that is fairly broad and deals with intellectual capital as well as physical capital. But I also think Maya is right, that it is very hard to define.

Mr. POLIS. I would submit that there are ways that this is done in the private sector, and no matter where we draw the lines and how we do it, it is likely to lead to a better accounting of investment than how we do it now, which effectively denies the possibility of investment and treats investments and capital expenses as expenses, and obviously there is a debate about, as you said, where to draw the line. But, again, most methods of accounting that the private sector uses in this regard would—are better than the current version currently used by the Federal Government.

I will yield back to the gentleman, yield back the balance of my time.

The CHAIRMAN. Thank you very much. I want to thank not only the gentleman, Mr. Polis, for stepping in very ably today to represent Mr. Hastings, him bringing to the table his thoughts and ideas, his time that he has given us today to make sure that this hearing before the Rules Committee is done in a way that would bring stature to the idea, the opportunity for us to push it forward.

Obviously our panel today brought not only the expertise, but I think, brought some ideas about what we need to do to go mature the idea, what the intended impact would be. Don't answer the question, but the question came up in my mind: Does the Federal Government even follow tax law? If we had to live by—if the government had to live by the laws that everybody else did, I don't know the answer; whether the government follows accounting standards and practices that would be expected by those that they perhaps have within their—our owners. I brought up that question. So Maya, perhaps some day what I will do is I will ask you to come up here and we will explore that idea also.

Ms. MACGUINEAS. Sure.

The CHAIRMAN. I want to thank this entire panel for being here. Ms. MacGuineas, Mr. Lilly, your statements, we would like to take them, without objection, we will include those, not just your words, but whatever you brought, your statements.

Mr. LILLY. I would ask to revise and extend. I found some typos that need to be stricken.

The CHAIRMAN. I would allow the gentleman to do that. As has been noted earlier, we are going to hold the record open for 5 days, allowing other members to have that opportunity.

I would also like to, without objection, bring in a statement from the Bipartisan Policy Center and also Citizens Against Government Waste, who have asked that their ideas be presented as part of the record today.

[The statement of the Bipartisan Policy Center follows:]

[The statement of Citizens Against Government Waste follows:]



BIPARTISAN POLICY CENTER

April 15, 2011

Representative David Dreier
233 Cannon House Office Building
Washington, DC 20515

Dear Representative Dreier:

We are writing to voice our strong support for H.R. 114, the Biennial Budgeting and Appropriations Act. This practical reform would help instill fiscal responsibility and efficient governance into the currently problematic budget and appropriations process.

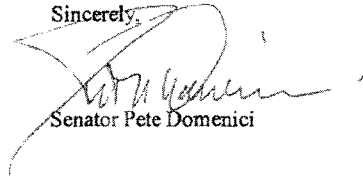
As evidenced by the intense budget fights over fiscal year 2011 appropriations legislation, the over-politicized budget process often puts politics in the way of responsible governing. The series of continuing resolutions passed this year have had damaging effects on nearly all federal agencies and programs, our economy, and the lives of everyday Americans. A move to biennial budgeting could help reduce the amount of time dedicated to a dysfunctional budgeting process and enable lawmakers to better focus their valuable time and resources.

Further, biennial budgeting could help provide more sound financial footing for federal agencies. With this added stability comes an increased capacity for long-term planning and the possibility to achieve forward-looking efficiencies and savings.

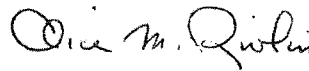
As you may know, the Bipartisan Policy Center's Debt Reduction Task Force, which we Co-Chaired, authored a report, *Restoring America's Future*, which recommended that Congress pass legislation to implement this important reform. For over two decades we have supported this measure, and this recommendation has received widespread support from all Democrat and Republican administrations since the 1980s, various bipartisan commissions, key congressional committees and majorities in surveys of the House and Senate.

We applaud your efforts and strongly support H.R. 114.

Sincerely,



Senator Pete Domenici



Dr. Alice Rivlin
Brookings Institution



Thomas A. Schatz
President

April 19, 2011

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative,

On behalf of the more than one million members of the Council for Citizens Against Government Waste (CCAGW), I urge you to support H.R. 114, Rep. David Dreier's (R-Calif.) Biennial Budgeting and Appropriations Act of 2011.

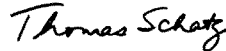
It has become customary for Congress to fiscal to pass a budget by the start of the fiscal year. Since 2000, it has taken the government at least sixty days beyond October 1 to pass a budget for the remainder of the corresponding fiscal year. Excessive reliance on continuing resolutions is not a fiscally responsible way to appropriate taxpayer dollars and prevents legislators from focusing on the many other important issues facing the country.

The creation of a biennial budget will allow lawmakers to perform their most critical responsibilities. Devoting the first session of each Congress to the budget and appropriations process will enable members to spend the second session on oversight, ensuring transparency and accountability in federal expenditures.

A two-year budget will save a great degree of time and resources that are being wasted in the current process. This reform will help streamline the budget process and yield savings from long-term procurement contracts.

Providing more opportunities to scrutinize federal spending and eliminate wasteful and duplicative programs will help lawmakers control the nation's growing debt. I strongly urge you to support the Biennial Budgeting and Appropriations Act of 2011. All votes on H.R. 114 will be among those considered for CCAGW's *2011 Congressional Ratings*.

Sincerely,



1301 Pennsylvania Avenue, N.W.
Suite 1075
Washington, D.C. 20004
202-467-5300

The CHAIRMAN. On behalf of the committee and the subcommittee, I want to thank each of you for being here today. This subcommittee hearing is now adjourned.

[Whereupon, at 12:17 p.m., the subcommittee was adjourned.]