

Testimony before the Budget Committee
July 19, 2001
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Mr. Chairman and Members of the Committee, it is a pleasure for me to return to these historic and familiar surroundings to appear before you on the issue of the Budget. I deeply appreciate the invitation to appear, and welcome the opportunity to join my long time friend and colleague, Bill Frenzel, with a little insight into the mysteries of this all-important process.

As a former Member of Congress for 22 years, a Member of the Appropriations Committee for 19 of those years, and as the Chairman of that committee for 4 years, I have some strong views on the process, some of which might be worth heeding, and others which likely belong in the circular files of other long forgotten testimony.

But for whatever its worth let me say that I have long felt that far too much attention is spent in a calendar year on the budget. I truly believe that the issue of the budget need not cover a span of 10 years, or even 5 years, since conditions in the country change so rapidly, that predictions today are often overridden in 6 months, let alone 5 or 10 years. Analyses of tax bills and appropriations based on such long term outlooks are generally not worth the paper they are written on, since when things go awry, Congress can always rally and change the premise on which they are written in a matter of days, weeks and most certainly months, without regard to the rationale for previous legislation. Budgets should be projected for 2 or 3 years at the most; beyond that, nothing really matters.

I have frequently joked that to set a budget for the government, we need only spend a couple of hours assessing: A) How much did we raise last year; B) How much did we spend; C) How much do we expect to raise this year; and D) How much of that (or more) do we want to spend? Then let the Ways and Means and Appropriations Committees confine themselves to the amounts expected of them, and be done with it. Now I realize that this is a gross simplification of the necessary process, but not that gross, and not really that far from reality.

Assuming for the sake of argument that this will not be the order of process anytime in the near future, then there are some other rules that I think are worthy of consideration. One important one is the need for reconsideration of the whole process. Congress passes 13 Appropriations Bills, and some odd number of Continuing resolutions, Omnibus Spending bills, and Emergency Spending Bills every year. The

Budget Committee, the Press, and the opposing Political Parties spend billions of man-hours condemning the Appropriators for either spending too much or too little.

But when one considers that the Appropriations Process only governs the Discretionary portion of the Budget, and that that portion has shrunk from over 2/3 of the Budget in the early 60's, to less than 1/3 of what the Government spends today, something is woefully wrong. Entitlements, those programs which have become for whatever reason, some good and some worthless, entrenched and eternally engraved in the process without review or diminution, are slowly consuming all available cash in the Federal Budget. When the rest of the world argues over small portions of the Discretionary Budget, they are in essence quibbling about angels on the head of a pin, instead of striking at the heart of Budget imbalances. The real threat to the long-term fiscal stability of the United States is not the Appropriated Discretionary Budget, which is shrinking as a percentage of the whole pie while it is interminably scrutinized every year, but rather those entitlement programs, which are locked in and are rarely if ever scrutinized or reigned in.

That being said, the Discretionary budget is not without its faults, and can most certainly be reduced in a bipartisan fashion, were Congress to go on a witch-hunt for truly inoperable, wasteful, unnecessary, unproductive, redundant programs. And they are everywhere. Do we really need 200 drug programs, or almost 500 education programs, or thousands of other programs, which do little for American citizens other than select special interests and lobbyists who support them? I think not, but it takes the collective will of Congress in bipartisan fashion to weed out those programs and eliminate them, or they will surely never be eliminated. That's too bad, because by their continuation, less money is available for the truly necessary, productive and helpful programs, of which there are many indeed.

Cutting the budget across the board by restraining overall numbers is counter-productive to the growth and survival of truly necessary programs, since the good get cut with the bad. Conversely, raising spending limits without prioritizing the increases does nothing for efficiency, and again, the bad programs prosper, to the detriment of the good ones. I will not in this discourse single out programs which are good or bad to be cut by Congress, for that is the role of the Congress, with or without the concurrence of the President, since the Constitution endowed Congress with the power of the purse for the nation. But without proper oversight of individual programs, whether discretionary or mandatory, adequate prioritization cannot be had, and efficiencies in the budget process are unattainable. Seek out the wasteful programs and repeal them! That is the only way to get the process under control!

I have never been a proponent of gimmicks, like biannual budgets, lockboxes, and other gimcracks, which keep Congress from asserting priorities in the spending process. Biannual budgets are proposed by those who think we spend too much time on the Appropriations process. But that process is one of oversight, and if we don't do it in one way, we'll have to invent another to do the same thing. By not appropriating every year, do we really think there won't be emergency supplementals to cover the additional costs incurred by a society as complex as our own? And if you make a process for appropriating every two years, what makes you think the Congress will hold the hearings that must be held, especially when there are no deadlines to meet. And if they don't hold hearings, how do they ever weed the productive programs from the nonproductive? The truth is that by trying to solve a much more complex problem by waiving a wand and saying that instead of working on it every year, we will work on it only every other year, Congress will be lapsing from indolence to wholesale irresponsibility. "We can't fix it today, so we'll fix it tomorrow!" is the quintessential "Manana" approach, and it won't work.

. The Lockbox is another idea to avoid doing what is essentially the job of Congress...to set priorities. Putting Money aside in the midst of the Appropriation process only prevents the negotiators in the Appropriations Process from exerting the leverage they need to confect deals that may in fact lead to curtailing spending.

There is one major exception to this rule that I not only support; I helped start it. That's the concept of a "lockbox" for Social Security and Medicare. In effect, the lock boxes are meaningless, since there is no real tangible account into which money is poured to provide for benefits for our elderly populations. But from 1969 until the surpluses began in about 1997, the government had no concern for the IOU's it was racking up in these programs, and receipts from these programs were used to offset existing spending demands without regard to the future. Only in 1999, did the Congress say "Enough!" and begin setting aside enough of the surplus so that programmatic receipts were no longer flowing in to the abyss of the federal debt. Now, Congress is rightly concerned that those programs not be shoved further into the degree of insolvency they were facing only a few short years ago. But to hear some Members cry about the threat to the sanctity of the programs when for 30 years they were not especially concerned with the excessive spending habits of Congress and it's impact on those programs is somewhat amusing.

In keeping with the sentiment for saying what I support, as well as what I oppose, let me say that I think it would be most helpful to change the budget blueprint from a concurrent resolution to a joint resolution which would require the President's signature. By having the President be a party to the annual overall budget plan, Congress would

avoid the potential for vetoed bills and continuing resolutions. The process would require some strict limits against the President or Congress imposing too high a level of detail in the budget plan, but if set forth in general but definitive terms, and approved by both legislative and executive branches, the process would become binding, and the chances for subsequent disputes would be minimized.

And, that brings me to the final, and I would think obvious point that unfortunately has proven the exception rather than the rule over the last 50 years. That is the simple dictate that Congress should to the best of its ability live within its means, and should in turn govern the country in like manner. In a budget running into the trillions of dollars, that has only been thought possible in the last few years, but we now see that it is possible, and in fact is happening. But it's terribly important to get the Budget Process under control through legitimate reform if we are to stay that way. If the process is not reigned in, we will be most certainly looking at billion, nay, trillion dollar deficits in the future. That would be disastrous for our children and their children, so I pray that does not happen, and I wish you all much luck. Thank you.