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NEW CONGRESSIONAL BUDGET
PROCESS UNDERWAY

Another major step in reform of the Congressional budget making process has been achieved with the completion of first-ever recommendations from the new House and Senate Budget Committees.

The committees were established under the Congressional Budget Act of 1974 and this first year of operation is considered to be only a "dry run." Nonetheless, the proposals of the committees will be instructive to the Congress and provide guidance during the appropriations process for fiscal year 1976.

The Senate resolution, completed on April 11th, sets a spending goal of \$365 billion for FY76. This suggests a budget deficit of \$69.6 billion, premised on a projection of \$295.4 in total federal revenues.

The House resolution was completed on March 26th. It has somewhat different projections. The deficit anticipated by the House is larger, \$73.7 billion, as is total recommended spending, at \$366.7 billion, and projected revenues are smaller, \$293.0 billion.

Either deficit figure is staggering, and much higher than I and many of my colleagues would like to see. The likely size of the gap between revenues and outlays in the coming fiscal year, however, only seems to underscore the need for firm fiscal restraint now, and for better coordination of the appropriations process -- the job of the budget committees -- in the future.

The next step in the process is for House and Senate each to vote on their respective committee's recommendations and then for a House-Senate Conference to work out the differences and produce a joint resolution that would for the first time set an overall spending ceiling for the Congress. Under law, a final vote must be taken by May 15th.

The recommendations of the Budget committees have less force this year than they may have in the future, for several reasons. First, because under the law, this year is to be only a trial run. Second, because the Congressional Budget Office, set up to provide the committees and the Congress as a whole with independently developed budget and economic data, has not yet been fully staffed. Third, because the committees were therefore reliant upon Executive Branch data and economic assumptions. In future years, Congress will be able to exercise more fully independent judgement in its budget making activities but it is apparent to me that the potential usefulness of this new approach is already well demonstrated by this first and limited experience.

Congress has been forced to look at the budget as a whole -- spending, revenues, new spending authority totals and deficits. And, for the first time, it is developing the capacity to do so. In the future, it will look not just at the next fiscal year, but will make forecasts for at least the immediate five years ahead which should make more effective and more rational planning possible.

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In addition, it is evident from the deliberations in this first year, that the budget committees have the potential for doing much more than reconciling columns of figures. In future years, they will be recommending spending priorities to the Congress among sixteen broad functional categories. And, in addition, the committee's broad focus on the federal budget is sure to stimulate new ideas.

As a case in point, it has been proposed that additional revenue sharing funds be voted during periods like the current one, of economic downturn. This "countercyclical revenue sharing" concept would attempt to extend the fiscal stimulus of additional government spending to the states and localities in times when it is needed.

The concept is now being discussed. It has not yet been adopted, but is likely to be considered during this session of Congress. As always, I would welcome the comments of Kansas' local government officials on this idea.