Center for American Progress Action Fund

Improving Oversight and Review of Federal Agencies

A Line-by-Line Approach to Getting More for Each Tax Dollar

Testimony of
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There is no function in any organization that is more critical to its success than the intelligent allocation of resources. By far the biggest resource allocation process in the world is the massive effort that occurs each year in putting together the budget of the U.S. government. That budget touches the lives of every American in numerous ways. But in my judgment and the judgment of a good many other people who have spent their lives preparing, reviewing, negotiating, and enacting federal budgets, this budget process has deteriorated as an effective means of identifying low-performing programs, setting necessary priorities, and allocating resources.

While there are no clear metrics that measure whether or not deterioration has occurred, my research indicates that the perception of deterioration is widely shared by a wide range of participants in the federal budget process, including career civil servants at various levels of government and long-term staff who serve on congressional committees. My testimony today features not only my own impressions but those of a variety of career budget analysts who worry that the taxpayer is getting less for his money than he should.

Before detailing that research, however, let me get straight to the point. The consequences of this deterioration are severe. Critical programs are likely to be denied the resources necessary to achieve their objectives. Inferior, nonperforming, and wasteful programs continue to get funds that they either don't need or can't use effectively. In either case, the taxpayer gets less than he deserves or should expect.

In my judgment, this deterioration occurred in both executive and legislative branches and evolved over a period of years. Factors contributing to the deterioration include the requirement for and inclusion of large amounts of formulized but largely meaningless data in program and agency budget submissions as mandated under the Government Performance and Results Act. Equally destructive is the chaos created

by the excessive use of supplemental appropriations, which essentially results in the government having no effective decision-making tool at any single point in time. If enough funds were not taken from the Treasury in the initial appropriations process, then more (much more) could be taken later on in the year. The excessive use of supplementals not only breaks down discipline but also breaks the bureaucracy necessary to make intelligent choices. One need look no further than what has happened to the staffing of the Defense Department Comptroller's office to get a clear picture of what I mean.

While the executive branch may have made major blunders that impede a serious line-by-line approach in examining programs and spending priorities, the legislative branch has made even larger blunders—and it is the legislative branch that is vested with the power of the purse. Furthermore, it is the legislative branch that is the check against executive branch excess. It is my strong feeling that federal budgeting works as well as the Congress demands that it work.

A huge mistake was made in maintaining Congress's capacity to play that role in the late 1990s continuing on through the middle of the last decade. The use of congressional earmarks exploded. Earmarking became the preoccupation of members of both bodies of this institution responsible for overseeing the entire budget, not just the selected projects for which special credit could be claimed in districts across the nation. This happened not only with respect to appropriation bills but with respect authorizations, tax legislation, and entitlements. Appropriation bills that had never or rarely been earmarked quickly evolved into a litany of special projects. Other bills that had historically contained a modest number of earmarks saw that number increase—sometimes by tenfold or more.

Look at the biggest domestic appropriation bill, the Labor-HHS-Education bill. In 1995 there were no earmarks in that bill. In 1996 there were nine earmarks that cost $33 million. Two years later there were 47 earmarks totaling $97 million, and two years after that there were 475 earmarks totaling $453 million. By 2002 there were 1,600 earmarks consuming $1 billion in agency budgets.

Between 1995 and 2004 earmarking exploded on the biggest appropriation bill, the Defense bill. During that period earmarking for the various operation and maintenance accounts at the department grew from 33 to 232. Earmarks for procurement grew from 55 to 285. But the biggest growth was in Defense Research and Development, where the number of earmarks grew from 219 to 1,299.

Members of the Armed Services Committee were anxious to stay abreast of these changes and the work of the appropriators was paralleled in defense authorizations. But the most astounding use of earmarks was by the Transportation and Infrastructure Committee. In 1991 many were appalled about a highway bill that contained 538 earmarks. The 1998 highway bill more than tripled that record with 1,850 earmarks. But that was nothing compared to what came back from conference in 2005. That bill had 6,371 earmarks controlling $23 billion. Think about it. In 1991 we had about 1 earmark for every member of the House and Senate. By 2005 we had almost 12.

My purpose in discussing this record is not to deride the waste of member-directed spending. Contrary to much of the rhetoric that surrounds this issue, the vast majority of these projects were carefully considered, highly beneficial to the communities that received them, and reasonably effective investments. My problem is that in taking direct control over about 2 percent of the discretionary

budget, Congress gave up its capacity to oversee the other 98 percent—a deal that any White House would readily accept.

During consideration of the 2006 Labor-HHS appropriation, for example, the subcommittee received more than 15,000 separate requests for earmarks. If each earmark requested from that subcommittee had been written on a single sheet of paper, the requests would have created a stack of paper more than 10 feet high. All of these had to be logged into computer databases, matched against other projects, and reviewed to determine if there is legal authority to appropriate funds for the activity requested. There were numerous conversations that took place between a representative or senator requesting the earmark and his or her staff and the chairman or ranking member of the subcommittee of jurisdiction. Ultimately the ability of subcommittee members or staff to focus on a line-by-line review of more than 500 separate programs and line items in this bill was eviscerated. And the same was true of virtually every other subcommittee and most authorizing committees.

We are now shed of earmarks, and there are signs of some refocusing of institutional responsibility—as I think this hearing demonstrates. But while the reality of earmarking has vanished, the culture of earmarking seems to endure. Rather than using the valuable time reclaimed by eliminating this practice for line-by-line review of administration spending requests, this Congress decided to go on vacation.

Last December the new House Majority Leader Eric Cantor (R-VA) promised he would create "certainty" for "members, family, staff, and constituents." The schedule he promised had the House meeting 123 days, which he claimed was "consistent with first session in years past." In fact, the House has met far more than 123 days during every first session for the past decade. The first session of the previous Congress met 159 days; two years earlier the House met for 164. In the five first sessions since the turn of the century, the House averaged 148 days of session.

That meant that in the early part of the year when the budget is transmitted and the oversight work is at hand, the Congress was gone. In February, when the budget was transmitted, the House was in session two weeks and out two weeks. In March—when the Congressional Budget Resolution is to be reported and all of the committees in the House have filled their schedules with hearings in which agencies under their jurisdiction explain what is in their budgets and how they expected to proceed in using the funds they have requested—the House instituted the first-ever St. Patrick's Day recess. It was in session for 14 of the 23 weekdays of the month and out of session for nine.

Those numbers get even worse when you consider that 6 of the 14 "workdays" were partial days in which the House did not have votes before 6:00 in the evening or promised to be in recess by 3:00 in the afternoon. At best, hearings were possible on only 11 of the 23 workdays—in the month that traditionally had the heaviest hearing schedule.

But April was even worse with a two-week "Spring Recess." Of the 21 weekdays that most Americans worked in April, the House was in session only 10, and four of those were partial workdays. In May the schedule allowed the House to be in 13 of 22 days, with a full week off in the middle of the month. But 6 of the 13 were partial days, leaving only seven full days in the entire month for hearings, briefings, and

meetings directed at line-by-line examination of spending proposals and the impact of possible reductions in agency budgets.

For every one of the 31 years I worked on the Hill, June was appropriations month. If the committee could queue up enough bills in May and the House was able to meet four or five days a week and meet late into the evening at least several times a week, it was possible that all of the appropriation bills could be passed and sent to the Senate by the 4th of July Recess. That usually didn't happen but every chairman I worked with (from George Mahon to Jerry Lewis) made every effort within his power to see that it did. Chairman Rogers didn't have a chance. The House leaders' schedule had a remarkable two weeks of vacation scheduled in the month that all of the bills needed to come to the floor. The House was in session for only 11 of 22 weekdays, with 5 of the 11 days they were in session partial days and only six full workdays in the month of June.

There are other reasons that line-by-line decision making has vanished from the congressional budget process. One is staff resources. One might expect that a Congress determined to "focus on places where money can be saved, where we can literally close agencies or subagencies or programs" as Chairman Issa promised before the beginning of this session, or to use "the whole Appropriations Committee" as an "efficiency committee, where it's finding and eliminating waste" as incoming House Whip Kevin McCarthy promised, would expand staff resources for those committees. Staff cuts always make for good press releases but they weaken Congress's ability to identify waste and hold executive agencies accountable.

Finally, both the Congress and the executive branch have mouthed about the importance of line-by-line budgeting but in fact both had attempted to create budget discipline through top down decision making that frequently destroys budget discipline rather than instilling it. In Congress, the top down numbers are determined by the House Budget Committee, which is largely made up of members who have no responsibility in delivering on the spending and revenue plan they are charged with creating.

That process leads to posturing over how fiscally tough Congress is going to be, yet in most years that posturing is not only meaningless but it prevents a rational and methodical process of line-by-line review. During most years in the past decade, that document was meaningless because Congress simply sidestepped it with virtually unlimited supplemental spending. In much of the previous decade, it created caps so unrealistically tight that they made appropriation bills nearly impossible to pass and resulted in a final product—a massive omnibus spending measure—that blew through the ceilings and represented priorities totally unrelated to the plan the budget committee had put forward.

On the executive side, top down budgeting has created severe distortions that Congress has spent far too little time and effort understanding or correcting. For years the Justice Department attempted to fund the initiatives that the attorney general or the White House thought would be useful politically but deliberately short-funded the Bureau of Prisons. As both the General Accountability Office and the Surveys and Investigations Staff of the House Appropriations Committee finally documented, the bureau has an excellent system for projecting the number of prisoners that will be under their management on a year-by-year basis. They are very good at projecting the cost to the taxpayer of incarcerating each

prisoner. So why was the Congress forced repeatedly to produce supplementals in order to prevent a shutdown of the prison system? Because those data were not only ignored but suppressed. The Justice Department deliberately moved money out of the bureau's budget to spend it elsewhere and stay within the top down limits given to them by the Office of Management and Budget.

Such shenanigans at Justice look like child's play compared to the daily exercises that occur at the Department of Defense. When we discovered that injured soldiers returning from Iraq were being housed in sIum-like conditions at Walter Reed National Military Medical Center, did anyone ask why Commanders and Army budget personnel didn't request the funds to do what nearly everyone would agree was the right thing? The simple answer was that they were not given that option. Top down budgeting is now so routine and so engrained that most people who man the day-to-day delivery of government services don't even think they are supposed to have a say in what resources they need or how they might most effectively be used. While the private sector has shifted increasingly to decentralizing these decisions to the worker level, the U.S. government has increasingly centralized them.

Line-by-line budgeting is hard work—perhaps too hard for a Congress that now must spend such an inordinate amount of time fundraising. But if Congress does not recapture this responsibility, this government will not work in a manner that resembles what the founding fathers intended.

Line-by-line budgeting can offer political rewards to the party that really makes an effort to make individual programs better and more efficient. But using what only appears to be a serious effort at congressional oversight for cheap shots and partisan press releases is not simply unhelpful to improving government, it is incompatible with line-by-line budgeting—it destroys any hope for the level of candor or the free flow of information on which effective line-by-line budget review depends.

I congratulate the subcommittee for bringing this important matter to greater public attention and will be happy to answer questions.