

Biden on April 6, 1977. This is the first hearing on the bill. Because S. 1244 has not received the publicity that S. 2 has received, I would like to take a moment to point out to the committee that S. 1244 seems to be directly responsive to suggestions in the Rules Committee's report on S. 2925 last year. In that report, the Rules Committee suggested that if permanent authorizations and authorizations for indefinite sums are somehow a problem, that the appropriate remedy might be to simply prevent permanent authorizations and "such sums" authorizations. This would thus subject all programs to the reconsideration that is a part of the reauthorization process now. The committee pointed out, however, that a bar on permanent authorizations ought not necessarily be absolute, but that Congress ought to consider retaining the flexibility to use that technique if a majority of Members of both Houses deemed it appropriate.

S. 1244 establishes 4 years as the maximum time period for program authorizations. The enforcement technique is simply to make it not in order to consider bills or resolutions making appropriations for programs in cases where the authorizations for the appropriations are for more than 4 fiscal years, unless such longer periods of time are enacted after the passage of S. 1244.

Flexibility is provided in that exemptions from the restriction on consideration of such measures are treated as resolutions to waive the rule, with such resolutions referred to the Rules Committee and the Appropriations Committee for 10 days consideration. There is no automatic termination of agencies or programs in the manner proposed by S. 2. Terminations, if and when they occur, are the result of the operation of the authorization bills themselves, not the direct result of the provisions of S. 1244.

S. 1244 does establish a program review requirement as a component of reports of committees to accompany reauthorization bills. The bill is considerably shorter than S. 2 and seems to accord considerable flexibility to the Congress and its committees.

Senator Biden, we are happy to welcome you here and we would be glad to have you proceed in any manner you desire.

TESTIMONY OF HON. JOSEPH R. BIDEN, JR., A U.S. SENATOR FROM THE STATE OF DELAWARE, AND SPONSOR OF S. 1244

Senator BIDEN. I would like to thank the chairman and ask if I may that a longer and thoroughly detailed statement may be submitted for the record in its entirety, and I will not take much of the committee's time. I have a four- or five-page statement here, and I will be happy to respond to questions in writing or afterwards.

I know the committee has a crush of work, and so I will perfectly understand if you merely listen to my statement and submit questions to me.

The CHAIRMAN. Your statement will be made a part of the record. [The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF HON. JOSEPH R. BIDEN, JR., A U.S. SENATOR FROM THE STATE OF DELAWARE AND SPONSOR OF S. 1244

I am most pleased that your Committee has begun hearings on spending control legislation. When I first introduced a spending control bill in July 1975, the idea had not received the publicity it is now getting. In the past two years,

awareness of the need for a mechanism to stem the growth of the Federal budget has become apparent to almost everyone. It is my hope that we can put together a process for individual program review that will be as effective as the Congressional budget process that was adopted in 1974.

I am sure you all know, and that other witnesses will tell you, why we need legislation like this. Rather than repeating the rationale for such legislation and giving you a detailed review of S. 1244, the bill which I introduced, I would ask that my introductory statement on S. 1244 be included in the Committee's record of these hearings.

I regard this spending control legislation as a continuation of the self-appraisal of its fiscal process that Congress began when it drew up and adopted budget reform legislation. The Congress has established a process to control budget totals. The Next logical thing is to make sure the Congress has firm control over the pieces that make up those totals.

I am anxious to strengthen the spending authorization part of our budget system here in Congress, which is what spending control legislation really does. I believe that placing the initial responsibility for setting cost ceilings in committees concerned with program development rather than in a fiscally oriented committee is wise. In my judgement, that process may be in jeopardy.

I say that because it is clear that there is growing sentiment around the country for less government, more efficient government, less costly government, and less intrusion into people's lives by government. I do not believe that this sentiment is going to go away. In fact, I think it may get stronger. It is our responsibility to meet this feeling with action.

My concern is that if we do not better utilize the existing committee system and make more and better use of the program reviews that are already being made, then demand will grow for a process to supervise or even supercede the present system of authorizing spending ceilings. Many, probably most, committees have oversight of existing programs as a major function of the committee. Some of that oversight comes to the Senate floor in the form of modified programs and new authorizations. Much of the work, however, never gets to the Senate because the committee concludes that no changes are required and therefore reports no legislation to the floor. I think this leads many to believe that there is less oversight than there is. I believe it is more appropriate to let the Congress as a whole make the decision as to whether a program should continue along its existing course rather than having that decision made in committee. This legislation meets this issue by requiring periodic reauthorization legislation accompanied by a report on the result of oversight.

The other thing that spending control legislation will do is to increase the importance and urgency of conducting oversight. It is perfectly natural, when a committee is involved in developing new program initiatives, that program reviews may be neglected at least temporarily. This legislation will increase the urgency of acting and should assure the same priority for reviewing existing legislation as new legislation receives.

I hope that some form of legislation to strengthen the authorization process can receive the support of the committees in this Congress. I believe that it is in their own self interest to do so.

Spending control legislation will benefit the taxpayers of the country. It should help assure better service for the dollar and fewer dollars spent. However, it is important to know what this legislation will not do. This legislation is not going to cancel every government program or balance the budget overnight. Few people would argue that we should not have an adequate defense; that we need not educate our children; that we must not assure adequate health care for everyone; or that we should not help those who cannot help themselves. And the bulk of our Federal spendings goes for these purposes. But this legislation will save money. Exactly how much cannot be predicted. Equally important it should remove some of those irritating, silly things that government does that taxpayers find so exasperating.

In addition to saving money this legislation should serve to improve the services government provides for people. I get the impression that some people regard this legislation as being basically negative in its approach to government services. I don't look at it that way. When I see an opportunity to save money while assuring that government services more fully meet the people's needs, then I believe we should take it. That is what this legislation can do, and I hope this Committee will approach it in that spirit.

I have some specifics I would like to discuss with the Committee, but before I do, I would like to discuss the issue of automatic termination of programs. I do not use the word "sunset" in my bill, S. 1244, because I think it overdramatizes the intention of the bill. The intention is to terminate some that deserve it; to modify others to achieve better results for less money; and to continue many in their existing form. The purpose is spending control—and I emphasize control. The termination mechanism is simply a way of assuring that the program will be reviewed—a trigger mechanism which guarantees a review of most programs.

In the staff paper attached to the Chairman's letter, another alternative to automatic termination is set forth. Briefly summarized, that alternative is a mandate by the Senate through resolution to each committee to review certain programs. This is an interesting proposal and one that I believe deserves further study. My concern about this approach is what triggers action after the study is complete. How do we assure that the whole Senate has a chance to consider and act as a body on the results? I believe there must be some mechanism like automatic termination to assure that a good report will be prepared and considered by the full Senate. Automatic termination may not be the only answer. I happen to believe it is a good one. But we must not confuse setting up just another study process—call it what you will—with the establishment of an action program for spending control and program improvement.

There are many differences in the procedures that the two bills before you (S. 2 and S. 1244) propose to use to meet their common objective—effective control over Federal spending programs. Your staff has raised additional possibilities in the paper that accompanied the Chairman's letter. I am sure that your Committee will be studying alternative processes carefully before you report legislation. I do not propose today, at least, to argue for one particular procedure although I do believe that S. 1244 does offer a relatively simple and flexible way to approach the problem within the framework of our committee system. Certainly, I would welcome the opportunity, as you review these bills, to work with you on the details of the process. My staff and I stand ready to do so.

Today, however, in your opening hearing, I would rather focus on three or four significant differences between the two bills with the hope that you would consider these carefully as you are studying the details of the spending control process.

The first issue revolves around the question of how much and what kind of review will be given to new spending programs proposed for enactment. I see little point in establishing a review process to weed out existing ineffective programs if we do not protect ourselves from adopting new ineffective ones. I do not mean to imply that all the new programs we adopt are ineffective: Clearly that is not so. Nor do I mean that we do not study needs for programs before we adopt them. Clearly we do. What is too often missing is an analysis of what other programs exist to meet the same or similar problems and how they would mesh with the new program. Some of the questions that should be asked and answered are:

1. Would this bill establish a new bureaucracy to carry on programs that could be administered by an existing agency conducting similar programs?
2. How do the benefits or services provided under the new law mesh with existing ones? Would they overlap and provide duplicate benefits? Are there gaps in coverage where some group that needs service will not get it?
3. Could we combine several existing programs with this new one to come up with one consolidated program effort that might be of more service for less money?

I am sure that these questions—and many similar ones—are in the minds of committees and their staffs as they work on new programs. But I see little sign of an orderly review process aimed at uncovering the relationships between new programs and existing ones.

I suppose one could argue that adopting a new review process for existing programs will create enough new workload without undertaking to devise a process for new ones also. I would argue that it is essential that the two go together, for two reasons. First, it seems counter-productive to establish an elaborate process to control spending in existing programs if we are not doing the best we can to avoid future problems when we create new programs. Second, the review processes for new and existing programs would complement each other. The study of a new health care program should lead to a careful review and modification of existing

health programs. Both the existing and the new programs would benefit. And the committee would not duplicate its own efforts by studying new programs one year and related existing programs another.

In fact, I am so convinced of the importance of examining new and old programs together that I am concerned about any review system that would impose arbitrary review dates for existing programs. I would like to keep the flexibility of reviewing old programs when the need for a new one arises.

S. 1244 has language in Section 6 that would mandate such coordinated studies of new and existing programs. I hold no brief for the specific language, but I believe the idea is sound and is central to building a total program of spending review and control. I hope your Committee will study the concept carefully and incorporate it in your final product.

One of the real problems in program review and analysis—what we in the Senate call oversight—is determining what the goals and objectives of a program were at the time it was adopted and how they have evolved since that time. It is still possible of course to measure a program against what we would like it to achieve today—not what its authors intended. This is important and should be done. But in the long run effort to improve our ability to design programs to achieve our objectives, it is important to know the goals originally intended of a piece of legislation and be able to see how far the legislation has taken us toward those goals.

For this reason we need to strengthen our ability to set forth the objectives of a piece of legislation. S. 1244 has two provisions to meet this need. The first is Section 6 that I have just referred to. Section 6, in addition to requiring a study of related programs, requires "an identification of the objectives and purposes of the new program and the problems or needs that the new program is intended to address" and also "a projection of the anticipated needs for and accomplishments of the program, including an estimate of when, and the conditions under which, the program will have fulfilled the objectives for which it was established." The Senate should have this information in order to decide whether it wants to adopt a piece of legislation. The agency of the executive branch that will administer the program should have it as a guide. In addition, it should be available as a guide for legislative oversight of the program.

However, because there are two Houses of Congress, even statements of program intent in committee reports are not enough. The authorizing committee in each House may report legislation with differing provisions and varying objectives. Then these Committee proposals may be amended on the floor. Finally, a conference committee will work out a common ground, usually accepting parts of each version. At this point, it is important that the conferees be charged not just with arriving at a numerical or some other compromise. The conferees should be charged with including in their report a statement of what achievements they believe can be expected from the bill adopted in conference. A provision such as this is in S. 1244, Section 7. This is similar to a requirement in the Budget Act, and while it has not worked perfectly, it has helped to clarify intent and permit measurement of new legislation against budget targets. I think a similar requirement in any spending control bill would be most useful.

Now for a moment I would like to turn to the subject of tax expenditures. As you all know, one of the proposals for sunset has been to include a periodic review of all tax expenditures—the special economic incentives and social programs built into our tax structure. I personally favor such a periodic review of tax expenditures. However, I am pessimistic about achieving it in the near future.

However, I think there is one aspect of tax expenditure review that should be included in any bill passed. The provisions of any spending control bill which spell out the criteria for periodic review should require that the program being reviewed be compared not only with other similar spending programs, but with tax expenditure programs intended to achieve the same objectives. For example, if the issue is how to encourage exports, the study should include not just the subsidy offered through the Export-Import Bank but also the effectiveness of the tax subsidy available through the deferral of income taxes on certain income from exports.

To fail to look at the tax subsidies available is to look at only half the picture.

I am not recommending here any authority to act on tax expenditures or any automatic review of termination of them. I simply believe the authorizing committees should be able to compare the effectiveness of their spending programs with tax subsidy programs to determine which is the more appropriate way

to achieve the objectives. If the tax expenditure route should appear the most feasible, the Committee could forward a recommendation to the Finance Committee for its consideration.

The kind of language to which I refer appears in several places in S. 1244. Let me just quote an example from the provisions of Section 5 setting forth criteria for committee review of programs. The Committee is charged with studying:

"The feasibility of alternative programs and methods, including tax expenditures, for meeting the objectives of the program under consideration. . . ."

I believe that specific reference to this is essential to assure adequate authority for authorizing committees to study tax expenditure programs and to assure the cooperation in this work by the Ways and Means and Finance Committees.

Finally, on a related issue, I would recommend that any spending authorization bill be required to authorize a specific sum, not an open ended amount. I realize that this poses problems, particularly for entitlement programs where the spending ceiling may depend upon economic or other circumstances. On the other hand, if the authorizing committee does not make an estimate, the Appropriations Committee still must. I think we should put the initial burden of estimating costs back on the Committee that proposes the program in the first instance. We should not vote to put programs in place when we are not prepared to write into the law the cost of the program. As I said, I know this poses problems, but my staff and I would be glad to work with you to achieve a workable proposal if you believe the basic idea has merit.

These are a few of the major differences between my bill and the one sponsored by Senator Muskie. (I might just add that I am a cosponsor of his bill too.) In general, I believe that S. 1244 offers a flexible but effective approach to a system of spending control operating within our existing committee system.

If the work that your Committee did on the Budget Act is any example, I am sure that your review of these proposals will be thorough and penetrating. What is more, the hearings that you held last fall on the spending control process provided many useful insights into the operation of such a process. Those were most helpful to me in drafting my bill.

I am looking forward to seeing and acting on the final results of your work. This is one of the most important issues before Congress and it is urgent that we move ahead with it. If I can be of any assistance to you in your work, I will be most pleased to help.

Senator BIDEN. Thank you, Mr. Chairman.

You indicated in your opening remarks with regard to my legislation that this has not received the publicity S. 2 has. I think that is correct, and I think it is understandable. It is difficult for an author of a bill to shepherd a bill through a committee when he is not on that committee.

I am most pleased that your committee has begun hearings on spending control legislation. When I first introduced a spending control bill in July 1975, the idea had not received the publicity it is now getting. In the past 2 years, awareness of the need for a mechanism to stem the growth of the Federal budget has become apparent to almost everyone.

Rather than repeating the rationale for such legislation and giving you a detailed review of S. 1244, the bill which I introduced, I would ask that my introductory statements of S. 1244 be included in the committee's record of these hearings.

I regard this spending control legislation as a continuation of the self-appraisal of its fiscal processes that Congress began when it drew up and adopted budget reform legislation.

I am anxious to strengthen the spending authorization part of our budget system here in Congress, which is what spending control legislation really does. I believe that placing the initial responsibility for setting cost ceilings in committees concerned with program development rather than in a fiscally oriented committee in a wise approach.

It is clear that there is growing sentiment around the country for less government, more efficient government, less costly government, and less intrusion into people's lives by government. I do not believe that this sentiment is going to go away. In fact, I think it may get stronger. It is our responsibility, as I see it, to meet this feeling with action.

Spending control legislation will benefit the taxpayers of the country. It should help assure better service for the dollar and fewer dollars spent. This legislation will save considerable amounts of money.

In addition to saving money, this legislation should serve to improve the services Government provides for people. When I see an opportunity to save money while assuring that Government services more fully meet the people's needs, then I believe we should take it. That is what this legislation can do. I hope this committee will approach it in that spirit.

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Today, however, in your opening hearing, I would rather focus on three or four significant differences between the two bills with the hope that you would consider these carefully as you are studying the details of the spending control process.

The first issue revolves around the question of how much and what kind of review will be given to new spending programs proposed for enactment. I see little point in establishing a review process to weed out existing ineffective programs if we do not protect ourselves from adopting new ineffective ones. I do not mean to imply that all the new programs we adopt are ineffective—clearly that is not so. Nor do I mean that we do not study needs for programs before we adopt them. Clearly we do.

But I see little sign of an orderly review process aimed at uncovering the relationships between new programs and existing ones.

S. 1244 has language in section 6 that would mandate such coordinated studies of new and existing programs. I hold no brief for the specific language, but I believe the idea is sound and is central to building a total program of spending review and control. I hope your committee will study the concept carefully and incorporate it in your final product.

One of the real problems in program review and analysis—what we in the Senate call oversight—is determining what the goals and objectives of a program were at the time it was adopted and how they have evolved since that time.

For this reason, I feel the need to strengthen our ability to set forth the objectives of a piece of legislation. S. 1244 has two provisions to meet this need. The first is section 6 that I have just referred to. Section 6, in addition to requiring a study of related programs, requires

"an identification of the objectives and purposes of the new program and the problems or needs that the new program is intended to address."

Parenthetically, Mr. Chairman, we both have served on committees and we find that the final product that comes out bears little resemblance to the bill introduced in the first place. Then we have to go back and rewrite the introductory remarks as to what this program was intended to do, and include new statements of purpose in the committee report.

However, because there are two Houses of Congress, even statements of program intent in committee reports are not enough. The authorizing committee in each House may report legislation with differing provisions and varying objectives. Then these committee proposals may be amended on the floor.

Finally, a conference committee will work out a common ground usually accepting parts of each version. At this point, it is important that the conferees be charged not just with arriving at a numerical or some other compromise. The conferees should be charged with including in their report a statement of what achievements they believe can be expected from the bill adopted in conference. A provision such as this is in S. 1244, section 7.

Now, for a moment, I would like to turn to the subject of tax expenditures. I personally favor a periodic review of tax expenditures. However, in my 5 years in the Senate, I am pessimistic about achieving it in the near future.

However, I think there is one aspect of tax expenditure review that should be included in any bill passed. The provisions of any spending control bill which spell out the criteria for periodic review should require that the program being reviewed be compared not only with other similar spending programs, but with tax expenditure programs intended to achieve the same objective. To fail to look at the tax subsidies available is to look at only half the picture.

Finally, Mr. Chairman, on a related issue, I would recommend that any spending authorization bill be required to authorize a specific sum, not an opened amount. I realize that this poses problems, particularly for entitlement programs where the spending ceiling may depend upon economic or other circumstances. On the other hand, if the authorizing committee does not make an estimate, the Appropriations Committee still must. I think we should put the initial burden of estimating costs back on the committee that proposed the program in the first instance.

These are a few of the major differences between my bill and the one sponsored by Senators Muskie and Roth. I might just add that I am a cosponsor of that bill, too.

In general, I believe that S. 1244 offers a flexible but effective approach to a system of spending control operating within our existing committee system, and I emphasize, within our existing committee system. There may be a better procedure to operate, but I suggest that there is not a better one within our committee system, and that is a fait accompli. That is not going to change, at least in the near future.

So I think we have to take that into consideration in any spending control legislation.

If the work that your committee did on the Budget Act is any example, I am sure that your review of these proposals will be

thorough and penetrating. What is more, the hearings that you held last fall on the spending control process provided many useful insights into the operation of such a process. Those were most helpful to me in drafting my bill.

I am looking forward to seeing and acting on the final results of your work. This is one of the most important issues before Congress, and it is urgent that we move ahead with it.

If I can be of any assistance to you in your work, I will be most pleased to help.

The CHAIRMAN. Thank you very much, Senator Biden. We appreciate your statement and we will look forward to working together on this matter, and I am sure that our staff will be calling on your staff for work in connection with that.

Senator BIDEN. Mr. Chairman, with your permission, since you are not going to have a chance to ask questions because of the vote, I would like to take the liberty of submitting for your staff, or for the record, a comparison of the two bills which my staff has done, and suggested questions that they had written for me to be able to anticipate your questions, which may be helpful. Maybe we will have anticipated some of the questions that your staff would have.

The CHAIRMAN. Fine. We will be glad to make that a part of the record.

[The following was received for the record:]

| Provision of bill | S. 1244 | S. 2 |
|---|---|---|
| Periodic review cycle..... | Every 4 yr..... | Every 6 yr. |
| Is there automatic termination of authorizations? | Yes..... | Yes. |
| How is schedule of programs to be terminated each year determined? | By each committee based on its workload and common objectives of programs. | According to a schedule in the bill, grouping programs by budget functions. |
| Are all programs reviewed in equal depth. | Not necessarily, committee determines depth of study. Bill requires "sufficiently complete" to justify reauthorization. | No. Certain programs designated every 2 years by resolution are only ones studied in depth. Others given quick study. |
| Does the bill permit authorization for more than 4/6 yr when type of program makes this logical? | Yes—by special resolution adopted by rollcall vote. Special oversight required on these programs. | No. |
| Can programs be exempted from automatic termination provision? | Yes—by special resolution adopted by rollcall vote. | No (except certain programs like interest, social security, etc. specifically exempted in the bill.). |
| Does review include regulatory agencies? | Yes..... | Only after 1987. Hope to pass a different "regulatory reform" act to sunset these agencies. |
| Provision to continue program blocked filibuster? | Yes. Automatic 2-yr phase down of unrenewed programs; or passage of resolution exempting program from termination. | Special privileged bill of reauthorization can be passed after 50 hrs debate on original reauthorization. |
| Is there provision to "phase down" terminated programs when desired? | Yes. 2 yr phase down of authorization to zero in 3d yr, unless Congress votes against phase down. | No. |
| Does bill require definition of objectives of programs against which to measure future performance? | Yes. Both in committee reports and in conference report on final version bill. | Only in committee reports, not in conference report on final version. |
| What committees oversee spending control process? | Rules and Appropriations..... | Budget. |
| Require comparison of new programs with similar existing programs. | Yes..... | No. |
| Prohibit open-ended authorization of funds? | Yes..... | No. |
| As part of study, specifically authorize comparison of spending programs with similar tax expenditure programs. | Yes..... | No. |
| Provide for complete inventory of programs by CBO? | No..... | Yes. |
| Provide for a Citizens Committee on the Organization and Operation of Government? | No..... | Yes. |

POSSIBLE QUESTIONS FROM RULES COMMITTEE ON SPENDING CONTROL BILL

Question 1. Does your bill cover all spending programs?

Answer. Yes, it is intended to. But there is a procedure whereby the Senate can exempt certain programs from time to time by passing a resolution to that effect by a roll call vote.

Question 2. Does your bill provide for automatic termination of spending programs? Why do you think this is necessary?

Answer. Yes, it provides for automatic termination of spending programs every 4 years. It requires an affirmative act of Congress to authorize spending for another period. The purpose of automatic termination is two-fold: first to provide a "trigger mechanism" that will force Congress to review spending programs; second to have all decisions on continuing or terminating programs made by the full Senate and House, not just committees.

Question 3. Why do you want to terminate all programs?

Answer. I don't want to and my bill does not intend that. The termination is just a way to assure that programs are reviewed. I do not expect most of them to be terminated.

Question 4. How frequently would programs have to be reviewed under your bill?

Answer. At least once every 4 years. However, it is the idea of periodic termination and review that is important, not the precise number of years. Senator Muskie's provides for review every 6 years. I could live with that.

Question 5. Don't you think the workload of reviewing all programs will be too heavy and require a lot of new staff?

Answer. I am sure it will add workload and require staff. But it will save money too. I have tried to avoid a big jump in workload and staff by first, allowing each committee to determine depth of the reauthorization study; and second, by allowing a year after the effective date of the act for committees to establish their procedures, allow the Rules Committee to review them, and let the Rules Committee recommend changes in the process if they are needed.

Question 6. What do you estimate the cost of this process to be?

Answer. The Congressional Budget Office estimated the cost of S. 2 to be about \$8 million the first year. I have no better figure.

Question 7. Is a uniform, maximum period of 4 or 6 years desirable? May there not be some programs, like the space program, where real results cannot be measured in that short a time?

Answer. My bill makes allowance for that. If the Senate feels a longer time than four years is appropriate, it can pass a waiver resolution by roll call vote setting a longer authorization period. If this is done, special oversight is required.

Question 8. Would you exempt certain programs, such as social security, interest payments on the debt, the judiciary, etc., from the termination provisions of spending control legislation?

Answer. I do not think we can anticipate every possible situation now. Also I think the Senate as a whole should retain the right to exempt programs where automatic termination seems inappropriate. An example might be enforcement of civil rights. My bill provides for a waiver resolution for any such program when it seems appropriate. Of course, even if we exempted a program from automatic termination, we would still expect that it would be studied periodically.

Question 9. Isn't it too complicated to try to start out terminating and reviewing all programs every four years? Shouldn't we start with some "sample" programs to see how it works? How can we anticipate everything that may come up?

Answer. First my bill provides a year in which each committee can study the effect upon it and report to the Rules Committee. After the Rules Committee had all the reports, it could hold hearings and recommend changes or standardized procedures. In this way we would not be rushing into anything, but we would be committed to a spending control process of some sort.

Question 10. Won't periodic termination increase uncertainty for state and local governments receiving grant money?

Answer. Many, if not most, grant programs expire periodically now. Revenue sharing and education and housing occur to me as examples. It should not increase uncertainty much and it gives local governments a process by which to improve the operation of some grant programs.

Question 11. Might not the abrupt termination of some programs cause hardship and create chaos?

Answer. First, the basic provisions of law do not expire, just the spending authorization. Second, my bill contains a two year phase out of spending (80 percent first year, 50 percent second) unless Congress takes affirmative action to abolish. Of course any spending during the phase out period would depend on action by Appropriations Committees and House and Senate.

Question 12. Do you think that the lack of clear statements of the purpose and objectives of some Federal programs may create problems in reviewing the results?

Answer. Yes, I am sure this will be the case. However, I don't think we can give up on spending control reviews just because in the past the objectives of legislation were not clearly spelled out. To try to meet this problem in the future my bill requires the authorizing committees to spell out objectives on each new program they adopt. In addition, conference committees would be required to state the objectives of the compromise they adopt in the conference report.

Question 13. Do you think that a catalog of programs such as that proposed in Senator Muskie's bill would be useful in carrying on a review?

Answer. I think that is an excellent idea. Without the existence of an inventory of all Federal spending programs it will be difficult for the Committees to make up an agenda for reauthorizations.

Question 14. S. 2 provides a schedule for reviewing programs based on budget functions so that all programs in certain budget functions would be reviewed at the same time, regardless of committee jurisdiction. Do you think that is a good idea?

Answer. It would certainly make the process more orderly. It may be the only way to do it if you want to spell out a schedule of reauthorizations in the bill. On the other hand, I think there may be something to be said for letting each committee put together a program based on programs under its jurisdiction. This way, each committee will present a coordinated package of its programs. Trying to coordinate a study among several committees, and then bring a consolidated package to the Floor, may be too difficult, as the present energy situation indicates.

The CHAIRMAN. Our next witness is Mr. James L. Blum.

TESTIMONY OF JAMES L. BLUM, ASSISTANT DIRECTOR FOR BUDGET ANALYSIS, CONGRESSIONAL BUDGET OFFICE; ACCOMPANIED BY ALFRED B. FITT, GENERAL COUNSEL, CONGRESSIONAL BUDGET OFFICE

Mr. BLUM. Thank you, Mr. Chairman.

First, I want to express the regrets of Dr. Rivlin, who was unable to be here. She is very much interested in the objectives of this important legislation, and she asked that I represent her.

On my left is Mr. Alfred Fitt, the General Counsel for the Congressional Budget Office.

I am very pleased, Mr. Chairman, to be here today to discuss with you S. 2 and S. 1244, the two bills proposing systematic Government review of programs. Earlier this year, Dr. Rivlin testified before the Committee on Governmental Affairs on S. 2, the Program Evaluation Act of 1977, as it was introduced.

We appreciate the opportunity now to testify on the provisions of S. 2 as reported, as well as S. 1244, the Federal Spending Control Act of 1977.

During its deliberations, the Committee on Governmental Affairs made a number of significant changes to S. 2 that should improve its workability. New provisions allow authorizing committees to target a few programs from among those expiring during a Congress for intensive and thorough evaluation. The remaining programs do not, however, escape scrutiny.