

obligate funds without appropriations. Changes in entitlement programs were the major reason for economy-linked supplementals during 1975 and 1976. Extended unemployment benefits, those received from the 27th to 39th weeks of unemployment during times of high unemployment rates, required a \$5 billion supplemental in each of those years.

High unemployment and inflation may also create demand for supplementals for discretionary programs. During recessions the Congress may wish to provide further economic stimulus in the form of jobs programs. For example, the public service employment programs of the Comprehensive Employment and Training Act were used to help stimulate demand in 1977, and a \$9.5 billion supplemental was enacted. When the price of goods and services rises faster than expected, the costs for almost any federal program can rise above the original budget estimate. As a result, a large number of agencies may ask for supplementals in order to maintain their planned levels of operations. Most of these do not involve large amounts. An exception in 1980 was the \$2.7 billion supplemental appropriation for increased costs for the Defense Department (see Table 8 in Chapter II).

When the inflation-related requests are small and numerous, it is difficult to distinguish them from the other miscellaneous reasons for supplemental requests. For example, increased costs for a construction program might be attributable in part to higher material prices and in part to unexpected structural problems encountered in the midst of the project. Furthermore, higher procurement costs might be a convenient justification for an agency's supplemental request, even if the fundamental reason for the request were something else. There is, accordingly, no satisfactory measure of the impact of inflation on discretionary program supplementals. Supplementals of this sort are included in the figures and tables in this report in the existing law category, under the "other unforeseen needs" heading.

One question raised by high supplementals caused by economic conditions is why the proper amounts could not have been anticipated enough in advance for inclusion in regular appropriations, particularly in the case of entitlement programs. Estimating errors may arise simply because the science of projecting future claims is not exact. These errors are unavoidable and should not cause systematic bias toward underestimation of needs. When inflation and unemployment are an important part of the estimators' model, there may be a tendency, particularly on the part of Administration analysts, to rely on overly optimistic forecasts, which would lead to underestimation of the amounts needed in regular appropriations and higher supplemental requests later.

There are many arguments supporting the extensive use of supplementals to respond to economic conditions. The countercyclical effects of

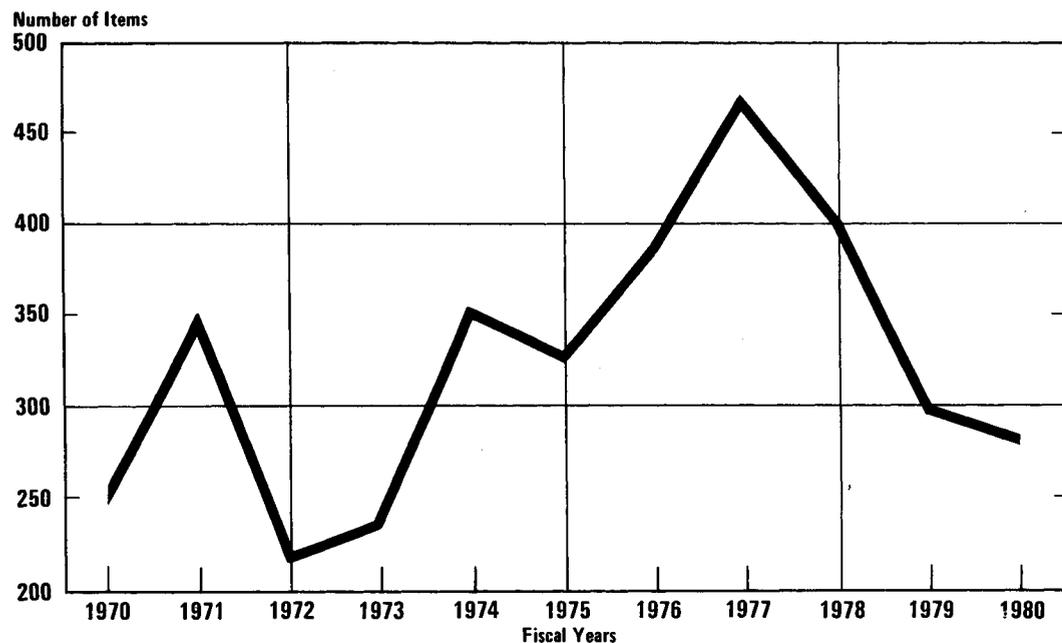
social program funding are an intended part of macroeconomic policy, and depend on speedy implementation for their effectiveness. The same can be said for the discretionary portions of economic stimulus--the employment programs--which are most successful when little time is lost between the identification of an economic problem and policy implementation. Automatic stabilizers are a reflection not of an inability to control spending during the regular appropriations process, but of explicit policy instituted in previous years by the Congress. They stem from a Congressional decision that government transfers should be used to counteract downturns in the business cycle. If the Congress decides such a policy has become too expensive, it may alter the characteristics of the programs. This is what it has attempted to do by placing a ceiling on the food stamp program. The ceiling has not reduced the amounts authorized for the program in supplementals, however. In spite of the fact that the effects of economic changes were anticipated in time for regular appropriations, large supplementals were required for food stamps in both 1979 and 1980, because previously authorized ceilings could not be raised in time. Legislation raising the ceiling to accommodate the new conditions was not passed until midway through both fiscal years.

Although some may disapprove of the large supplementals appropriated for entitlement programs or of the use of public service employment programs, the legitimate focus for concern is the substance of the programs themselves, not the fact that they were funded through supplemental appropriations. The large supplementals should be seen as signs that the government's built-in and discretionary fiscal policy mechanisms are operating as intended. They are artifacts of fiscal policy choices and of an economy that since 1975 has made accurate macroeconomic forecasting very difficult. Whenever the economy does not perform as expected, these supplementals will again be large. They should be understood as a symptom of underlying economic problems, not of inadequate budgetary control.

#### CHANGE OF ADMINISTRATIONS

After taking office in January 1977, the Carter Administration relied heavily on supplemental appropriations to promote economic recovery and to reorient the fiscal year 1977 budget it inherited towards its own objectives. In 1977 these actions appeared in the large amount of supplemental budget authority authorized under new legislation (see Figure 3 in Chapter II). The effect of the change of Administrations shows even more clearly in the number of individual items passed than in the supplemental totals. In 1977 the number of items was far higher than in any other year during the decade (see Figure 5).

Figure 5.  
Number of Items in Supplemental Appropriations Bills,  
Fiscal Years 1970-1980



Since the transition from President Nixon to President Ford did not involve a commitment to a new set of initiatives, one would assume that there was no increase in supplementals resulting from that transition. The Carter election, however, involved a return to a Democratic president after eight years of a Republican. Though the extra number of bills may have placed an added burden on the Congress, and may have used valuable time, the Congress has generally been willing to cooperate expeditiously with a new President in making changes and redirecting government activities according to the President's program objectives. In 1977, because the White House and the Congress were controlled by the same party, Congressional willingness was even greater. In mid-Administration years, the number of separate supplemental requests should subside, as happened in 1979 and 1980, though in 1978 the number of items was still high.



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## CHAPTER IV. SUPPLEMENTAL APPROPRIATIONS IN THE CONGRESSIONAL BUDGET PROCESS

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The Congressional Budget Act of 1974 established new procedures to help Congress manage the work of budgeting, set relative priorities among major federal activities, and make the budget consistent with fiscal policy goals. The act did not explicitly alter the supplemental appropriations process, but some of its provisions could have a potential impact on their use. Some observers have suggested recently that the Budget Act reforms have contributed to increased use of supplemental appropriations. The charge is based primarily on the coincidence of the new budget procedures and the large supplemental appropriations of the mid-1970s. The large supplementals during those years were due primarily to volatile economic conditions, as discussed in Chapter III, and therefore cannot be attributed to changes in the budget process. The new procedures have, however, resulted in focusing greater attention on supplementals, and have affected the number and timing of supplemental bills.

### SCHEDULING CHANGES

A principle feature of the Congressional Budget Act is the establishment of a timetable for the phases of the Congressional budget process. The beginning of the fiscal year was changed from July 1 to October 1 in order to give the Congress more time to finish its authorizing and appropriating business before the budget year begins. The Congressional deadlines leading up to the beginning of the fiscal year start with May 15, the deadline both for passage of the first budget resolution setting budgetary targets and for reporting all bills authorizing new budget authority. Action on the thirteen regular appropriation bills is to be completed by the seventh day after Labor Day, in time for the second budget resolution which sets spending ceilings and revenue floors and is scheduled to be passed by September 15. The May 15 reporting deadline is intended to ensure that authorizations are passed before appropriations so that appropriations will not be delayed for lack of authorizing legislation. That and the appropriations deadline were intended to avert the frequent need for continuing resolution funding when the appropriations were delayed beyond the start of the fiscal year.

If the May 15 reporting deadline had been completely successful, and all authorizations were passed in time for inclusion of funding for them in

regular appropriations, there would be no need for later supplementals because of delayed authorizations. The last several years have witnessed a continuation of the trend toward annual, rather than multiyear, authorizations, which has multiplied the workload of authorizing committees. Thus, the authorizing committees have found it impossible to complete action on all bills before appropriations bills must be prepared. As a result, the category of supplementals attributable to late authorization still exists, and there were large supplementals of this type during 1977 and 1978. Although the Budget Act reform did not solve this problem, neither has it exacerbated it.

It is possible that the deadline for passage of appropriations acts leads to larger supplemental requests later. Before the Budget Act, there was no requirement in law for the Appropriations Committees to complete their business before a certain date, and appropriations were frequently delayed until after the start of the fiscal year. The Budget Act schedule, which has set up such a requirement, may have increased the time pressure on the Appropriations Committees. In the rush to enact a bill on time, the Appropriations Committees may omit some items or fund what they know to be only part of the need, knowing that the requests can be considered at greater leisure in supplemental bills several months hence. If this does happen, it is a marginal effect only, as it has not shown up in shifts in the types of programs authorized by supplementals (see Chapter II).

The most significant changes brought about by the new budget process schedule arise from the change in the beginning of the fiscal year. Under the new schedule, the President's January budget, containing all appropriation requests, is submitted not five but eight months in advance of the beginning of the fiscal year. These extra months may introduce greater chance for error in the estimates of program needs, which will have to be corrected later through supplementals. This could lead to increases in the volume of supplemental appropriations. Such a change is likely to be small, however, because the Appropriations Committees continue to accept revised estimates of program needs until shortly before the bills are passed.

The far more important change attributable to the new date for the start of the fiscal year is not the amount of budget authority approved through supplementals but the number of separate bills enacted. Prior to the establishment of the new budget process, there were usually two omnibus supplemental bills per year, the "wrap-up" supplemental at the end of a session and a second, or spring, supplemental (usually including federal pay raises), nearer the end of the fiscal year (see the Appendix for dates of passage of supplemental bills). The two-bill pattern disappeared in 1977, 1979, and 1980 (see Table 10). In these three years, there was one omnibus bill, the spring supplemental, plus several single purpose bills, the largest

being the 1977 Economic Stimulus Supplemental. Though this shift in pattern is relatively new, Congressional budgeteers think it may continue.

TABLE 10. SUPPLEMENTAL BILLS BY TOTAL NUMBER, BUDGET AUTHORITY, AND NUMBER OF ITEMS, FISCAL YEARS 1970-1980

Fiscal Year	Total Number of Bills	Budget Authority		Number of Items in All Bills	
		Greater than \$1 Billion	Less than \$1 Billion	More than 20	Less than 20
1970	2	1	1	2	0
1971	4	3	1	2	2
1972	7	4	3	2	5
1973	5	4	1	2	3
1974	5	3	2	2	3
1975	7	3	4	2	5
1976	7	4	3	2	5
1977	11	3	8	2	9
1978	10	2	8	2	8
1979	3	1	2	1	2
1980	4	2	2	1	2

This new pattern is largely the result of moving the beginning of the fiscal year so that it occurs near the end of the Congressional session. As long as the fiscal year began in July, the Congress had several months in which to gather and act on supplemental requests before the session ended in the fall. When the Congress reconvened after its Christmas recess, more requests had accumulated and the Congress again had several months to collect and act on them. The second supplemental was usually passed in May or June before the fiscal year ended.

Now there are only one or two months left in the session after the fiscal year starts in October, not time enough for supplemental requests to be transmitted and acted upon, especially given the end-of-session crush of business. The Executive Branch has held its supplemental requests for inclusion in the January budget for the next fiscal year. When the Congress reconvenes in January, it spends several months in organizing its leadership (during the first session) and on preparing for the year's business (in both sessions). This pushes the spring supplemental back until early summer. After the spring supplemental, there are only

three to four months remaining in the fiscal year and the Appropriations Committees have been attempting to handle any supplemental needs in this period through single item bills, perhaps to avoid the additional time it might take to push a multipurpose bill through the Congressional process. Thus, the change in budgetary scheduling partially accounts for the increase in the number of separate bills passed during the last several years.

Another reason for the long period between the start of the Congressional session and the spring supplementals in 1977, 1979 and 1980 was that the budget authority requested in these bills was large enough to violate the ceilings on the budget enacted in the second budget resolutions. Revised budget resolutions, thus, were required before the supplementals could be acted on. This interaction is discussed at greater length in the following section.

### THE BUDGET RESOLUTIONS

The concurrent budget resolutions are the heart of the new procedures instituted by the Congressional Budget Act of 1974. In May the Congress passes a first resolution setting targets for aggregate and functional budget totals for the coming fiscal year. In the September second resolution, it revises the totals and makes them binding ceilings. If it becomes necessary to expand the budget above the ceiling, a third budget resolution is needed. The budget resolutions allow the Congress to act collectively on the budget as a whole rather than separately on individual pieces of legislation as it had before the Budget Act.

The ceilings of the second budget resolution place a new kind of limit on supplemental appropriations, which fits awkwardly with the timing of supplemental consideration. The Congress is caught in a bind when preparing the second budget resolution. If a margin of allowance is left in the budget resolution for supplemental appropriations, the charge could be raised that the needs were anticipated in advance, and therefore should have been included in regular appropriations. The margin of allowance might then be interpreted as a tacit approval by the Congress of supplemental budget requests, which might encourage Executive agencies to submit the full measure of the margin in supplemental requests rather than moderating their demands. If no allowance is made in the second resolution, supplemental appropriations necessitate a third resolution and disturb the carefully planned agreements of the Congressional budget.

In fact, since the new budget process was implemented, the Congress has encountered both problems. Despite inclusion of allowances for

additional appropriations, a third resolution or revised second resolution has been needed to accommodate supplemental requests for every year except 1978. In the 1980 second resolution, for example, a margin of about \$10.7 billion was allowed, but the eventual supplemental total was over \$19 billion. A margin is provided for several reasons. First, and most important, estimates of budget authority needs cannot be precise, particularly in the case of mandatory programs that depend on macro-economic forecasts. Second, although the need for an omnibus supplemental bill can be predicted ahead of time, the exact amounts cannot be, nor can the distribution of the supplemental needs among agencies be accurately anticipated. Federal pay raises, for example, are an anticipated source of supplemental requests.

As stated in the House Budget Committee's explanation of the Budget Act:

The framers of the Budget Act anticipated that, in addition to the May and September resolutions, Congress may adopt at least one additional resolution each year, either in conjunction with a supplemental appropriations bill or in the event of sharp revision in revenues or spending estimates brought on by major changes in the economy. 1/

These revisions are a reflection of the fact that conditions affecting the federal budget are constantly changing, much more so in recent years than predicted at the time the budget resolutions have been passed.

The need for a third budget resolution may offer an opportunity for additional control over supplemental appropriations. The Budget Committees are the vehicle for that control; if they wish to limit the size of supplemental appropriations, they can hold down their recommendation for the revised ceiling. The Budget Committees represent an additional layer of Congressional review not available before passage of the Budget Act. In 1979 the Budget Committees attempted to limit the revision to accommodate changes for inflation and other economic problems. In 1980 the Budget and Appropriations Committees agreed to raise the budget ceiling by as small an amount as possible, meeting supplemental requests through transfers from other programs rather than new budget authority.

The revised second budget resolutions have generally been passed at the same time as the first resolution for the next fiscal year, which has

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1/ The Congressional Budget and Impoundment Control Act of 1974: A General Explanation, House Committee on the Budget, 94:2 (August 1976), p. 10.

delayed consideration of the major supplemental bill until May or June. The Congress could pass a revised resolution earlier, if it so desired. It has, however, found it easier to move the revision through with the new first resolution, and this has not caused problems in the supplemental appropriations process.

Even before adoption of the Budget Act, large changes from the planned budget occurred, as evidenced by the supplemental appropriations required each year. If the Budget Act had not been in place in 1977, for example, the large supplementals could still have been passed. The budget resolutions, as mentioned above, were designed to allow for such changes, but require that the changes be explicitly approved. Large supplemental appropriations did not receive the intensive Congressional and public scrutiny they now receive as a result of the new Congressional budget process. The need for budget resolution revisions has changed the unpredictability of budget needs from a technical problem to an issue of public concern. Supplemental appropriations, as the proximate cause of the budget resolution revisions, are also brought into bolder relief. In this way, the Budget Act has contributed to the perception of a problem without actually contributing to the problem.

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APPENDIX. SUPPLEMENTAL APPROPRIATION LEGISLATION, FISCAL  
YEARS 1970-1980

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TABLE A-1. SUPPLEMENTAL APPROPRIATION LEGISLATION, FISCAL YEARS 1970-1980 (Budget authority in millions of dollars)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
1970				
91st, 1st	Supplemental, 1970 (H.R. 15209)	91-166	12/26/69	278
91st, 2nd	Second Supplemental, 1970 (H.R. 17399)	91-305	7/06/70	5,715
1971				
91st, 2nd	Supplemental, 1971 (H.R. 19928)	91-665	1/08/71	1,853
92nd, 1st	Unemployment Compensation Supplemental, 1971 (H.J. Res. 465)	92-4	3/17/71	51
92nd, 1st	Urgent Supplemental, 1971 (H.J. Res. 567)	92-11	4/30/71	1,038
92nd, 1st	Second Supplemental, 1971 (H.R. 8190)	92-18	5/25/71	6,928
1972				
92nd, 1st	Summer Feeding Program Supplemental, 1972 (H.J. Res. 744)	92-35	6/30/71	17
92nd, 1st	Emergency Employment Assistance Supplemental, 1972 (H.J. Res. 833)	92-72	8/09/71	1,000
92nd, 1st	Department of Labor Supplemental, 1972 (H.J. Res. 915)	92-141	10/15/71	271
92nd, 1st	Supplemental, 1972 (H.R. 11955)	92-184	12/15/71	3,406
92nd, 2nd	Urgent Supplemental, 1972 (H.J. Res. 1097)	92-256	3/21/72	957
92nd, 2nd	Gold Revaluation, 1972 (H.J. Res. 1174)	92-301	5/18/72	1,600
92nd, 2nd	Second Supplemental, 1972 (H.R. 14582)	92-306	5/27/72	4,348

(Continued)

TABLE A-1. (Continued)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
1973				
92nd, 2nd	Supplemental for Disaster Relief (H.J. Res. 1238)	92-337	7/01/72	200
92nd, 2nd	Disaster Relief Supplemental (H.J. Res. 16254)	92-393	8/20/72	1,587
92nd, 2nd	Supplemental, 1973 (H.R. 17034)	92-607	10/31/72	4,921
92nd, 2nd	Supplemental, 1973 (H.J. Res. 496)	93-25	4/26/73	1,342
93rd, 1st	Second Supplemental, 1973 (H.R. 9055)	93-50	7/01/73	3,321
1974				
93rd, 1st	Gold Revaluation Appropriations, 1974 (H.J. Res. 748)	93-142	10/26/73	2,203
93rd, 1st	Supplemental, 1974 (H.R. 11576)	93-245	1/03/74	3,317
93rd, 2nd	Veterans Administration Supplemental, 1974 (H.J. Res. 941)	93-261	4/11/74	750
93rd, 2nd	Second Supplemental, 1974 (H.R. 14013)	93-305	6/08/74	8,347
93rd, 2nd	Further Urgent Supplemental for the Veterans' Administration (H.J. Res. 1061)	93-321	6/30/74	179
1975				
93rd, 2nd	Supplemental, 1975 (H.R. 16900)	93-554	12/27/74	6,280
93rd, 2nd	Urgent Supplemental (H.J. Res. 1180)	93-624	1/03/75	4,575

(Continued)

TABLE A-1. (Continued)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
94th, 1st	Further Urgent Supplemental, 1975 (H.J. Res. 210)	94-6	2/28/75	143
94th, 1st	Additional Supplemental for the Veterans' Administration, 1975 (H.J. Res. 375)	94-17	4/24/75	639
94th, 1st	Vietnam Refugee Assistance (H.R. 6894)	94-24	5/23/75	405
94th, 1st	Second Supplemental, 1975 (H.R. 5899)	94-32	6/12/75	15,072
94th, 1st	Summer Youth Employment Supplemental, 1975 (H.J. Res. 492)	94-36	6/16/75	473
1976				
94th, 1st	Continuing Appropriations, 1976 (H.J. Res. 499)	94-41	6/27/75	2,380
94th, 1st	Supplemental, 1976 (H.R. 10647)	94-157	12/18/75	10,300
94th, 2nd	Legislative Supplemental, 1976 (H.J. Res. 811)	94-226	3/09/76	33
94th, 2nd	Railroad Supplemental, 1976 (H.J. Res. 801)	94-252	3/30/76	587
94th, 2nd	Further Continuing Appropriations, 1976 (H.J. Res. 857)	94-254	3/31/76	a/
94th, 2nd	Emergency Supplemental, 1976 (H.J. Res. 890)	94-266	4/15/76	1,942
94th, 2nd	Second Supplemental, 1976 (H.R. 13172)	94-303	6/01/76	9,396
1977				
94th, 2nd	Guam Supplemental (H.J. Res. 1096)	94-438	9/30/76	250

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(Continued)

TABLE A-1. (Continued)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
94th, 2nd	Continuing Appropriations, 1977 (H.J. Res. 1105)	94-473	10/11/76	47
95th, 1st	Urgent Power Supplemental, 1977 (H.J. Res. 227)	95-3	2/16/77	6
95th, 1st	Urgent Disaster Supplemental, 1977 (H.J. Res. 269)	95-13	3/21/77	200
95th, 1st	Supplemental, 1977 (H.R. 4877)	95-26	5/04/77	28,923
95th, 1st	Economic Stimulus Appropriations, 1977 (H.R. 4876)	95-29	5/13/77	20,101
95th, 1st	Transportation Appropriations, 1978 (H.R. 7557)	95-85	8/02/77	12
95th, 1st	State, Justice, Commerce and the Judiciary Appropriations, 1978 (H.R. 7556)	95-86	8/02/77	212
95th, 1st	Legislative Branch Appropriations, 1978 (H.R. 7932)	95-94	8/05/77	21
95th, 1st	Agriculture Appropriations, 1978 (H.R. 7558)	95-97	8/12/77	50
95th, 1st	Foreign Assistance Appropriations, 1978 (H.R. 7797)	95-148	10/31/77	13
1978				
95th, 2nd	Supplemental, 1978 (H.R. 9375)	95-240	3/07/78	7,800
95th, 2nd	Urgent Power Supplemental 1978 (H.J. Res. 746)	95-246	3/15/78	13

(Continued)

TABLE A-1. (Continued)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
95th, 2nd	Disaster Relief Supplemental 1978 (H.J. Res. 796)	95-255	4/04/78	300
95th, 2nd	U.S. Railway Association Supplemental (H.J. Res. 859)	95-282	5/19/78	13
95th, 2nd	SBA Disaster Loan Supplemental (H.J. Res. 873)	95-284	5/21/78	821
95th, 2nd	Urgent Grain Inspection Supplemental (H.J. Res. 944)	95-301	6/26/78	6
95th, 2nd	Urgent Supplemental for the Department of Agriculture (H.J. Res. 1020)	95-330	7/31/78	57
95th, 2nd	Black Lung Supplemental (H.J. Res. 945)	95-332	8/02/78	254
95th, 2nd	Second Supplemental, 1978 (H.R. 13467)	95-355	9/08/78	6,775
95th, 2nd	Legislative Branch Appropriations, 1979 (H.R. 12935)	95-391	9/30/78	13
1979				
95th, 2nd	Continuing Appropriations, 1979 (H.J. Res. 1139)	95-482	10/18/78	4
96th, 1st	Supplemental, 1979 (H.R. 4289)	96-38	7/25/79	13,784
96th, 1st	Energy and Water Development Appropriations, 1980 (H.R. 4388)	96-69	9/25/79	57

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(Continued)

TABLE A-1. (Continued)

Fiscal Year and Session of Congress	Bill Title and Number	Public Law	Date Enacted	Budget Authority Enacted
1980				
96th, 2nd	Urgent Food Stamp Supplemental (H.J. Res. 545)	96-243	5/15/80	2,556
96th, 2nd	Federal Trade Commission Supplemental (H.J. Res. 554)	96-261	6/03/80	50
96th, 2nd	Selective Service Transfer (H.J. Res. 96-521)	96-282	6/25/80	b/
96th, 2nd	Supplemental Appropriations (H.R. 7542)	96-304	6/28/80	16,882
96th, 2nd	Export-Import Bank Supplemental (H.J. Res. 589)	96-334	8/18/80	128
96th, 2nd	Veterans' Administration Urgent Supplemental (H.J. Res. 607)	96-352	9/16/80	67

a/ Less than \$500,000.

b/ Transfer only; no additional budget authority.



