CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 5, 1999

S. 92
Biennial Budgeting and Appropriations Act

As ordered reported by the Senate Committee on Governmental Affairs on March 4, 1999

SUMMARY

CBO estimates that shifting the federal budgetary and appropriations process from an annual to a biennial cycle, as required by S. 92, would not result in any significant cost or savings to the federal government. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. S. 92 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would have no impact on state, local, or tribal governments.

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

Under S. 92, the Congress and the President would act on budgetary matters every other year. The first session of each Congress would be devoted to budgetary actions–the President's budget, the budget resolution, and appropriation and reconciliation acts–under a schedule that parallels the current annual timetable. The second session would generally be reserved for nonbudgetary activities, including planning, oversight, and authorizing legislation, and for any needed adjustments in budget laws enacted in the first session or in earlier years. CBO and the Office of Management and Budget would be required to prepare reports of updated budget estimates during this second session.

A biennium composed of two separate fiscal years would become the standard fiscal period. The fiscal biennium would begin on October 1 of each odd-numbered year, and end on September 30 two years later. The first biennium would begin October 1, 2001(the start of fiscal year 2002). Budgets would cover two-year periods. The President's budget and the Congressional budget resolution would cover three successive bienniums (a six-year period), and regular appropriation acts would be required to provide funds for a full biennium. Various rules and procedures in the Senate and the House would be established to enforce the biennial budget process. S. 92 also would conform the Government Performance and Results Act of 1993 to the two-year budget cycle.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

In many respects, the proposed budget process would not differ significantly from current practice. The President now prepares multiyear revenue and spending estimates in his annual budget, and budget resolutions includes recommended levels revenue and spending levels for the next five fiscal years. Further, most revenue and spending law is permanent and would not be affected by any changes that S. 92 would trigger in the annual appropriations process. Relative to current law and practices, it is the annual appropriation process–in which lawmakers both act on and provide funds one year at a time–that biennial budgeting would affect most significantly.

Biennial budgeting has the potential to streamline the budget process, thereby freeing up time for the Congress to conduct oversight reviews of programs and for executive branch agencies to focus more on long-range planning and program management. Over time, some costs for staff and other resources used to prepare an annual budget might decrease by moving to a biennial cycle. Initially, however, S. 92 would likely increase federal costs. In fiscal year 2002, preparing precise budget estimates for two years instead of one would probably necessitate an increase in agency effort. Although the first year of the biennium would be expected to continue to consume the larger portion of the workload associated with budget preparation, costs in the first year of the biennium should decline somewhat after 2002.

In the second year of the biennium, Congressional and federal agencies would continue to monitor, and in some cases, revise budgetary estimates and requests in order to respond to changes in the economy and to fund emergencies and other unanticipated events. Based on a study analyzing the experience in states with biennial budgeting, concrete estimates of time savings in the second year are hard to substantiate. CBO cannot to quantify the precise budgetary impact of adopting biennial budgeting at the federal level, but we expect that any such impact would not be significant. Costs or savings in the preperation or execution of the budget would primarily affect discretionary spending and thus would be subject to appropriation action.

CBO assumes that enacting S. 92 would not change the period of availability or the amount of appropriated funds. In recent years, annual appropriations have already included multiple-year or no-year funding for about two-thirds of the accounts within the jurisdiction of the appropriations committees. In some cases, advance appropriations are made available. If, for example, the Congress were to change its procedures to allow agencies to use funds not spent in the first year of the biennium in the second year, total spending could increase, and the timing of outlays could shift. However, we have no basis for assuming that the Congress would change the period of time for which funds would be made available to agencies under the biennial budgeting process. If the discretionary spending caps are in place and enforced, such controls would effectively limit the total of any such spending through, regardless of the year in which the authority was provided.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 92 contains no intergovernmental or private-sector mandates as defined in UMRA and would have no impact on state, local, or tribal governments.

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