

# The Executive Memorandum

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## THE SPRATT-STENHOLM ENHANCED RESCISSION BILL NEEDS ENHANCEMENTS

The House of Representatives this week is scheduled to consider several proposals to fix the process by which Congress reviews presidential requests to rescind wasteful spending. Currently, Congress can defeat a rescission—a request to repeal previously approved spending—simply by taking no action on it. The “enhanced rescission” measure likely to be considered this week would remedy this by forcing Congress to vote on presidential requests within a specified time. The lead reform measure, H.R. 1578, introduced by Democrats John Spratt of South Carolina and Charles Stenholm of Texas, contains several flaws which limit its utility in controlling federal spending:

- ✓ a simple majority in either house of Congress could stop spending cuts;
- ✓ appropriations committees could blur clear-cut decisions by presenting packages rivaling presidential cut proposals; and,
- ✓ Congress could avoid cuts by changing or ignoring the internal congressional rules designed to guarantee action on presidential spending cut requests.

The “Legislative Line-item Veto” proposed by Republicans Michael Castle of Delaware and Gerald Solomon of New York, which will be offered as an alternative to H.R. 1578, would address these flaws, giving the President a more powerful tool to restrict pork barrel spending.

**Budget Hemorrhage.** The 1993 federal deficit, projected to be \$322 billion, rivals the total value of goods and services produced annually in New England—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut—combined. The American economy cannot survive, let alone prosper, with such an ongoing budget hemorrhage. Pork barrel spending by Congress is one cause of continuing deficits. The habit of attaching unjustified spending to appropriations bills essential to major government functions, such as defense and Medicaid, has led to calls by President Clinton and others for a line-item veto. While the President must sign or veto an entire bill, governors in 43 states have varying degrees of authority to single out objectionable provisions while approving bills overall. Bill Clinton enjoyed this authority as governor of Arkansas. The strongest form of line-item veto would require a constitutional amendment. It is also possible to strengthen the President’s powers over spending through changes in laws and congressional procedures governing rescissions.

The record of the current rescission process is a testament to its shortcomings. Only a third of rescissions proposed since the 1974 Budget Act have been approved, leaving uncut \$48 billion in wasteful spending. The possibility of savings through presidential initiatives is illustrated by the history of “impoundments,” the refusal to spend appropriated funds, by which Presidents cut spending unilaterally until this tool was out-

lawed by the 1974 Budget Act. In 1967 President Johnson eliminated 6.7 percent of government outlays, the equivalent of \$97 billion today, or almost a third of the 1993 deficit.

H.R. 1578 would change procedures under the 1974 Budget Act to force Congress to address certain rescissions. Supporters emphasize that the bill does not expand presidential powers, but merely ensures action on spending cut proposals. The President could submit a single package of spending cuts within three days of signing an appropriations bill. The House would have to vote up or down on the cuts within ten days, and the Senate within an additional ten days, preventing death by inaction. This process, however, allows a bare majority in either chamber to block proposed spending cuts. Further, a last-minute amendment to H.R. 1578 allows the appropriations committees to offer an alternative to spending cuts proposed by the President, should the President's package be defeated. Similar bait-and-switch tactics were used to defeat rescissions proposed by President Bush last year. Floating competing packages of cuts allows Congressmen to vote to reduce spending while guaranteeing that gridlock will stymie any real cuts. Finally, the guaranteed vote provisions of H.R. 1578 are not enforceable, but merely additions to the 1974 Budget Act establishing internal procedures for Congress. Congress could change these rules at any time, and, despite provisions to the contrary, Congress could "waive" (vote to ignore) these provisions as well. The House waived the existing Budget Act constraints 61 times during the 102nd Congress.

**Stronger Package.** The Castle-Solomon Legislative Line-item Veto alternative would significantly strengthen the President's power to curb pork barrel spending. Instead of requiring Congress to act on a bill affirming presidential spending cuts, Castle-Solomon would give Congress a twenty-day deadline to pass a law ("Resolution of Disapproval") denying the President his proposed cuts; otherwise spending cuts would go into effect. Inaction and gridlock thus would result in budget cuts rather than preserving pork. More important, because the President could veto a resolution of disapproval, two-thirds majorities of both houses would be required to reverse requested cuts—the same majority which would be required under a line-item veto constitutional amendment. Finally, because Castle-Solomon would be a statute, and not an internal congressional rule, Congress could not avoid cuts by waiving or ignoring the law.

An amendment to be offered by House Republican Leader Bob Michel would further strengthen Castle-Solomon by giving the President authority to eliminate special interest provisions from tax laws. According to Michel's office, tax loopholes in just one bill last year cost \$2.5 billion in lost revenue. Giving the President power to eliminate loopholes in newly passed tax bills, through the same procedures by which he could propose spending cuts, could significantly reduce the deficit.

During the campaign, President Clinton requested a line-item veto, calling it "one of the most powerful weapons we could use in our fight against out-of-control deficit spending," and declaring "I'm a Democrat who believes in the line-item veto and believes in cutting out wasteful government spending." Many members of Congress were elected on promises of real reform on Capitol Hill. It is time for Congress to live up to the promises it made and give the President what he asked for—a workable line-item veto. The Castle-Solomon Legislative Line-item Veto would give the President the power he needs to cut pork and stop special interests.

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